



**ANNUAL  
REPORT  
*2015***



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## CORPORATE INFORMATION

<b>Name of the Company</b>	:	Chilaw Plantations Limited (CPL)
<b>Head Office</b>	:	'Kapruka Sewana', No 165, Puttalam Road, Chilaw. 61000.
<b>Colombo City Office</b>	:	J.R.Jayawardana Center No. 191, Dharmapala Mawata, Colombo 07.
<b>Date of Incorporation</b>	:	11th June 1992
<b>Company Registration No.</b>	:	PB 703 (under new Company Act 07 of 2007)
<b>Legal Status</b>	:	Chilaw Plantations Ltd.(the Company) is a limited liability Company incorporated and domiciled in Sri Lanka, under the Companies Act No. 17 of 1982 (The Company re-registered under the companies Act No 07 of 2007) in terms of the provisions of the Conversion of Public Corporations or Government Own Business Undertaking into Public Companies Act No. 23 of 1987.
<b>Shareholdings</b>	:	Full Shares (100% ) and the 'Golden Shareholder' Status are allotted to the 'Secretary to the Treasury', on-behalf of the State of the Democratic Socialist Republic of Sri Lanka.
<b>Share Capital</b>	:	20,000,001 Shares of Rs Ten (Rs 10/=) including 'One Golden Share' held by the General Treasury with special rights.
<b>Present Board of Directors</b>	:	
		Mr.Ravindra Herat - Chairman & CEO – Member (from 29.01.2015)
		Mr.Maneesha Senevirathne - Executive Director – Member (from 08.05.2015)
		Mr.K.G.Ananda Pushpakumara - Working Director – Member (from 20.03.2015)
		Mr.M.R.V.R.Meepura - Member (Treasury Representative) (from 10.03.2015)
		Mr.D.M.L.Bandaranayake - Member (from 10.03.2015)
		Mr.H.M.N.C. Herath - Member (from 20.03.2015)
		Mr.Ananda Punyakumara - Member (from 24.04.2015)
<b>Previous Board of Directors</b>	:	
		Mr.Gamini Rajakaruna - Chairman & CEO – Member (up to 26.01.2015)
		Mr.A.M. Chandrapala - Executive Director – Member (up to 02.02.2015)
		Mr.Keerthi Pathirana - Working Director – Member (up to 02.02.2015)
		Mr.R.R.M.Amarathunga - Member (up to 11.03.2015)
		Mr.K.B.Rathnayake - Member (up to 18.03.2015)
		Mr.Chandra Fernando - Member (up to 14.03.2015)
		Mr.I.M.R.Widanagama - Member (up to 09.01.2015)
		Mrs. Priyangani Liyanage - Member (Treasury Representative) (up to 18.03.2015)
<b>External Auditors</b>	:	M/s Aiyar & Co (Appointed by The Treasury & Auditor General) Chartered Accountants Havelock Central Building, No 104-4/1, Havelock Road, Colombo 05.
<b>Bankers</b>	:	Bank of Ceylon
<b>Secretaries</b>	:	Corporate Advisory Services (Pvt) Ltd No. 47, Alexandra Place, Colombo 07.



# VISION

To be the best scientifically & profitably managed coconut based plantation company in Sri Lanka

# MISSION

To achieve sustainable high profit & potential productivity  
THROUGH SCIENTIFIC & COMMERCIAL DEVELOPMENT OF  
COCONUT PLANTATION ASSETS & RESOURCES  
by highly competent, empowered, motivated & committed  
professional staff to benefit all stakeholders including employees,  
public, government, present & future generations, to partnering  
with our journey  
TO ATTAIN SRI LANKA AS 'THE WONDER OF ASIA'.

## FINANCIAL HIGHLIGHTS

Date of 31st December, 2015

	2015	2014	Variance %
Coconut Production Nuts '000	12,517	12,969	(3.48)
<b>Summary Results</b>	<b>Rs' 000</b>	<b>Rs' 000</b>	<b>Variance %</b>
Revenue	399,366	374,851	6.54
Gross Profit	148,748	152,726	(2.60)
Profit Before Interest and Tax	116,817	(31,966)	465.44
Profit Before Tax	85,782	(61,273)	240.00
Profit After Tax	78,934	(61,680)	228.00
Retained Profits	622,795	543,862	14.51
Total Dividends	396,650	396,650	-
<b>Financial Position</b>			
Non Current Assets	854,127	792,832	7.73
Mature / Immature Plantations	658,000	581,618	13.13
Current Assets	256,882	233,545	9.99
Inventories	47,613	73,432	(35.16)
Short Term Investment (Fixed Deposits)	152,646	113,276	34.75
Total Asset	1,111,009	1,026,376	8.24
Current Liabilities	54,740	57,100	(4.13)
Non Current Liabilities	233,474	225,414	3.57
Stated Capital	200,000	200,000	-
Shareholders' Funds	822,796	743,861	10.61
Current Ratio (Times)	4.69	4.09	14.67
Quick Ratio (Times)	3.82	2.80	36.43
Gross Profit Ratio %	37.25	40.74	(8.56)
Earnings Per Share Rs.	3.81	(3.10)	222.90
Return on Average Equity (ROE) - %	10.08	(7.86)	228.24
Return on Capital Employed (ROCE) - %	11.06	(3.30)	435.15
Current Liabilities to Total Asset	0.05	0.06	-16.6
Shareholders fund ratio	74.06	72.47	2.19
Interest Cover - (times)	3.76	(1.09)	444.95
Debt Ratio	0.26	0.28	(7.14)
Long Term Debts to Total Assets	0.21	0.22	(4.5)

## MESSAGE OF THE CHAIRMAN

It is with great pride and pleasure I wish to state that Chilaw Plantations is a profit making company. It's interesting to note that in comparison with other government enterprises, Chilaw Plantations is one of the few organizations that has been in operation from 2008 to present without being a burden to the General Treasury. I am saddened to state that in the recent past the tea and rubber plantations has not been performing to its fullest potential. As a result the government and semi government owned plantations have been a liability to the General Treasury.

Twenty two Regional Plantation Companies (RPCs) were formed by the government in 1992. At present out of the 22 RPCs, Chilaw and Kurunagala Plantations are fully owned and managed by the government, where as the rest of the 20 RPCs, the management is by the private sector. Chilaw Plantations was absorbed fully into the government sector in 2008. Prior to that, it was managed by the private sector.

Being a practicing lawyer when I was appointed to a plantation company it was a different field for me. But soon I realized that Chilaw Plantations had the resources and infrastructure already laid and I had minimum challenges. Chilaw Plantations generates its income mainly from coconut and related products. The other income is generated through cashew, dragon fruit, livestock, timber, pepper, cinnamon and rambutan. Value added products such as yoghurt and curd, pure coconut oil, processed cashew bring additional revenue to Chilaw Plantations.

Chilaw Plantations from 2008 has been contributing to the Treasury by way of high dividend and lease rentals in comparison with other RPCs. Even though Chilaw Plantations have been making profits along the years the golden era is yet to come. I say this because, Chilaw Plantation consists of 6 area estates spanning over

15 000 acres. During the private management period which was 1992 -2008 under planting and new planting was minimal. Soon after 2008 the management identified this shortcoming and immediately took steps to carryout under planting and replanting in more than 1000 hectares. The total coconut plantation consists of over 4400 hectares. It takes 8 years for the under planting and new planting to reach bearing. In order to have full bearing it takes 15 years.

The coconut plantation suffered a severe drought in 2012. As a result Chilaw Plantations lost approximately 25 000 palms. More than eighty per cent of our estates are in the dry zone & intermediate zone and were severely affected. However the management considering rain water harvesting has taken steps to desilt the existing water tanks in order to face future droughts.

The management has been vigilant to set up a laboratory in order to control the mite menace. The Chilaw Plantations marketing division has worked tirelessly to find markets for the value added products and coconut related products. As a result the entire management is concentrating on methods and technology to increase these products.

The management of the Chilaw Plantations has also thought about other investments such as pineapple cultivation, eco tourism and organic agriculture.

On-behalf of the Chairman



**Maneesha Senevirathna**

(Attorney-at-Law)

Executive Director

1. **Mr . Ravindra Herat**  
(Chairman / CEO & Board Member)  
No 87, Gettuwana Road, Kurunegala
2. **Mr. K.G. Ananda Pushpakumara**  
(Working Director & Board Member)  
"Pushpawila" Ambawa, Kuliypitiya
3. **Mr. Maneesha Senevirathna**  
(Executive Director & Board Member)  
No 14,Lady Gorden's , Kandy
4. **Mr. D.M.L Bandaranayake**  
(Board Member)  
Additional Secretary - Ministry of Plantation Industries
5. **Mr . S.M.Ananda Punyakumara**  
(Board Member)  
"Kirawewa" Ilukhena, Kuliypitiya
6. **Mr. H.M.N.C Herath**  
(Board Member)  
Ediwenne Watta, Welpalle (North West)
7. **Mr. M.R.V.R Meepura**  
(Board Member & Treasury Representative)  
(Department of Public Enterprise (PED), General Treasury)

1. **Mr. Gamini Rajakaruna** - Chairman/CEO (up to 26.01.2015)  
(Secretary, Ministry of Coconut Development & Janatha Estate Development)  
36/2, Galmaduwwawatta Housing Scheme, Galmaduwwawatta.
2. **Mr. A.M. Chandrapala** - Board Member & Executive Director (up to 02.02.2015)  
Former Secretary, Ministry of Provincial Councils, Retired SLAS Special Class Officer  
165/1A, Dutugamunu Street, Kohuwala
3. **Mr. O.P.P. Pathirana** - Board Member & Working Director (up to 02.02.2015)  
Walakadawatta, Uluvitike, Galle.
4. **Mrs. Priyangani Liyanage** - Board Member & Treasury Representative (up to 18.03.2015)  
Senior Manager, PED, Treasury
5. **Mr. Chandra Fernando** - Board Member (up to 14.03.2015)  
Rtd. Inspector General of Police (IGP), Senior Advisor to HE The President  
No 3, Shrubbery Gardens, Colombo 04.
6. **Mr. K.B. Rathnayake** - Board Member (up to 18.03.2015)  
No. 22, Dikyaya, Buththala.
7. **Mr. R.R. M. Amarathunga** - Board Member (up to 11.03.2015)  
No. 7/44, School Lane, Gangodawila, Nugegoda.
8. **Mr. I.M.R. Widanagamage** - Board Member (up to 09.01.2015)  
'Tharindu', Buddiyagama, Weeraketiya.

## SENIOR MANAGEMENT TEAM - CPL

1.	Mr. Ravindra Herat	Chairman/CEO
2.	Mr. Maneesha Senevirathna	Executive Director
3.	Mr. K.G. Ananda Pushpakumara	Working Director
4.	Mrs. T.V.D.D.S. Karunarathne	General Manager (Acting)
5.	Mr. D.G.A.R. De Silva	DGM Plantations
6.	Mr. W.L.D. Fernando	AGM Plant. Engineering
7.	Mr. B. Hettiarachchi	AGM Plantations
8.	Mr. R.M.R.B. Ratnayake	Senior Accountant
9.	Mr. H.P.M.W. Hemachandra	Chief Internal Auditor
10.	Mr. M.M. Merly	Manager Estate
11.	Mr. A.A. Ashoka Ananda	Manager Estate
12.	Mr. W.K. Pradeep	Manager Tec: & Develop:
13.	Mr. A.M.T.B. Attapattu	Manager HR/Admin
14.	Mr. M.K.N. Abeydeera	Manager Finance
15.	Mr. A.N.A.S. Karunathunga	Manager - Marketing
16.	Miss. P.N.N. Gunaseela	Manager - Planning & Monitoring
17.	Mr. J. H. Fernando	Superintendent, Palugaswewa Estate
18.	Mr. G.M.A. Karunathilaka	Superintendent, Chilaw Area Estate.
19.	Mr. D.M.G.A. Dissanayake	Superintendent, Bingiriya Area Estate.
20.	Mr. M.G.C. Dias	Superintendent, Diulapitiya Area Estate.
21.	Mr. B.M.U.B. Basnayake	Superintendent, Madampe Area Estate
22.	Mr. A.M.D. Gunathilake	Superintendent, Thambapanni Area Estate

## MANAGEMENT REVIEW

The government owned Chilaw Plantations Ltd. manages a total extent of 5733.23 Hectares of land identified under 85 estates coming under the purview of six area estates, namely Palugaswewa, Bingiriya, Chilaw, Divulapitiya, Madampe and Thambapanni Area Estates, located in the three main districts of Puttalam, Kurunegala and Gampaha. Whilst the ecological and climatic condition of each estate vary from one to another, only 15 estates out of the total 85 estates are in the Wet Zone and the other 70 estates are in the Dry and Intermediate Zones. Relatively, the rain falls also vary estate to estate, area to area and zone to zone whilst the annual rain fall also record variation and uneven as recorded during the last few years, which is also an important factor having an effect and impact on the cropping patterns and sustainability of the young and old palms.

Evidently, the irregular rainfalls and insufficient New Planting and Under Planting or Re planting undertaken during the private management from the year 1992 to 2008 had resulted in the declined population of bearing coconut

palms from 440,000 to 289,000. In order to overcome this situation and to avoid any further decline in the number of palms population, the management of the CPL, after the taking over back to the government, had commenced large scale of New planting and Under planting from the year of 2008 and thus have planted 138,325 seedlings on a total extent of 1017.09 hectares. It is expected that these newly planted seedlings would come in to full bearing by about the next 15 years. In order to increase the productivity and to protect the young and old palms from any unforeseen droughts, soil moisture conservation programs such as, by burying coconut husks in 4' X 4' pits, opening up new, developing old water tanks and application of organic fertilizer have been commenced and carried on as a regular field operation.

### Coconut land diversification and Value added products

Manufacturing of white copra which is considered as the number one and good copra is also being undertaken presently. Copra manufactured at Palugaswewa estate is turned out into quality oil at the oil mill established at Palugaswewa estate itself, and marketed through our sales outlets.

As there is a demand for processed cashew, we have started processing cashew nuts at the Thambapanni Cashew Processing Centre products of which are being marketed through our sales outlets. Whilst the total produce of cashew nuts harvested from our own plantations had been sold out totally and without processing hither to, now a part of the total crop is used as the raw material for the processing at the cashew processing centre. Our annual cashew crop amounts to about 60,000 to 70,000 kgs. from more than 800 hectares of cashew plantation owned and managed by the CPL.

On the other side, we have also looked in to the possibilities of utilizing the available land to the best and maximum advantage, by undertaking inter cropping, by which exercise we have undertaken planting of dragon fruit, pepper, cinnamon, rambutan and pineapple.

The coconut seed garden established in kiniyama estate in collaboration with coconut research institute is expected to produce high quality seedlings, which would also increase the productivity and sustainability.

The livestock project at Palugaswewa estate continues to be a success. The products such as curd and yoghurt sold through our sales outlet, are in demand and popular among the customers.

## Labor shortage and mechanization

The labour scarcity was tackled by out sourcing on contract, as done during the previous years, whilst plans are underway to mechanize a few field operations such as fertilizing.

## Risk in large scale coconut plantations

One of the major and unforeseen risks that the plantations industry is being affected is by the drought, and in this regard and in order to mitigate the effects by any short or long drought condition, we have taken measures to collect and store as much as possible rain water in our lands that would otherwise go in to the sea without having made use of, which would be used as a resource to preserve the soil moisture contents, whilst the water thus saved could also be used to irrigate the vegetation, such as the young seedlings in the UPs and NPs and the mature palms where necessary.

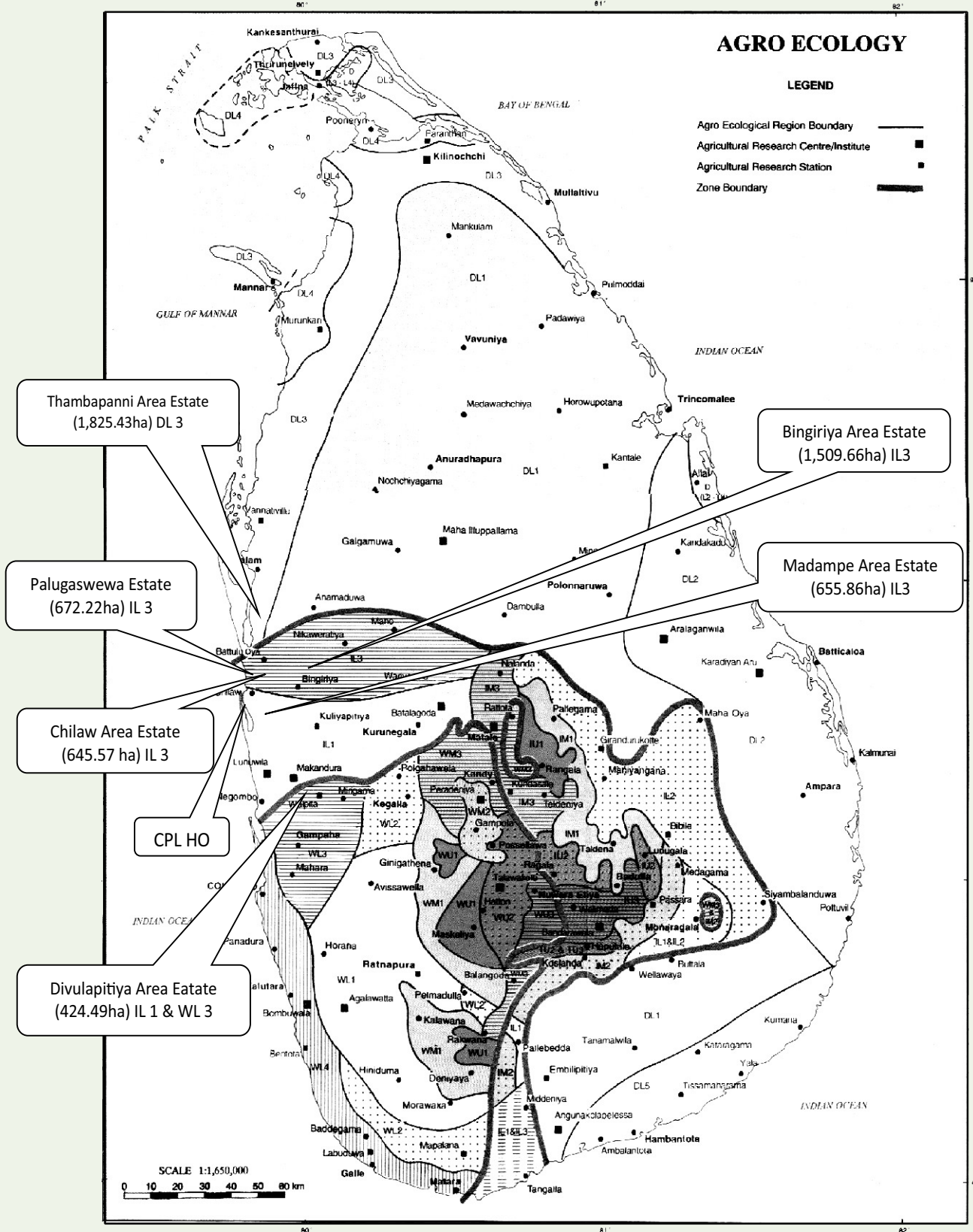
In this regard, we have been able to establish / develop 12 water tanks in our estates, such as, four in Galwagara and Heemeliyagara; two in Sembukatiya and Madampe; two water tanks in Divulapitya Katukenda estate; two in Sirilanda estate and two in Bingiriya Athurumanda estate.

In addition, cover crops such as Pureria which spreads on the ground and gliricidia which are bushes to provide shade and mulch as organic manure also facilitates soil moisture conservation.

The other risk that the coconut based industries in Sri Lanka faced with currently is the threat in the market caused by the substitutes, such as palm oil and vegetable oil imported in large scale, which also cause closure of many oil mills and DC mills whilst the substitutes like nylon and plastic are replacing the coir products thus causing closure of the coir industries, consequent to which the demand for coconut industries is on the decline, except for the curry nuts required by the local consumer.



# LOCATIONS OF OUR ESTATES & THEIR AGRO ECOLOGICAL POSITIONS





# MANAGEMENT REVIEW

## Coconut Productivity

The total extent of 5733.23 Hectares, of which 4416.29 Hectares in coconut, situated from Puttlam to Katunayaka on the coastal line and Nikaweratiya to Divulapitiya on the land line, managed by the CHILAW PLANTATIONS LTD.,

coming under the dominance of different weather and climatic conditions, such as, dry zone, intermediate zone and wet zone, are located as below:

	Estate	Extent (ha)	Zone
1	Bingiriya Area Estates	1,509.66	Intermediate
2	Chilaw Area Estates	645.57	Intermediate
3	Divulapitiya Area Estates	424.49	Wet
4	Madampe Area Estates	655.86	Intermediate
5	Palugaswewa Estate	672.22	Intermediate
6	Thambapanni Area Estate	1,825.43	Dry

Year	Cocount Yield (Nuts)	Variance	Bearing Palms (Nos)	Variance	Productivity (Nuts Per Palm)	Sri Lanka Production (Million)	Variance %
1992	20,782,648	0	421,875		49	2,296	0
1993	19,145,214	-8	407,512	-05%	47	2,164	-06%
1994	21,382,314	+12	426,722	+03%	50	2,622	+21%
1995	22,603,156	+6	441,379	+04%	51	2,275	+05%
1996	19,336,658	-14	421,716	-04%	46	2,546	-08%
1997	19,235,974	-1	412,006	-02%	47	2,630	+03%
1998	18,921,808	-2	415,718	+01%	46	2,522	-04%
1999	21,348,626	+13	393,360	-05%	54	2,828	+12%
2000	23,216,882	+9	399,454	+02%	58	2,396	+09%
2001	21,829,630	-06	395,435	-01%	55	2,769	-11%
2002	15,031,795	-31	413,465	+05%	36	2,392	-14%
2003	17,585,652	+17	402,937	-03%	44	2,562	+11%
2004	18,354,614	+04	401,162	00%	46	2,591	+01%
2005	14,391,265	-22	408,006	+02%	35	2,515	-03%
2006	17,070,324	+19	411,968	+01%	41	2,785	+11%
2007	17,815,317	+04	395,762	-04%	45	2,869	+03%
2008	16,280,051	-09	378,333	-04%	43	2,908	+01%
2009	18,632,247	+14	380,000	00%	49	2,762	-05%
2010	18,256,007	-2	340,586	-10%	54	2,317	-16%
2011	14,527,770	-20	353,113	+04%	41	2,808	+09%
2012	15,807,753	+09	312,456	-12%	51	2,940	+05%
2013	9,595,275	-39	313,048	+01%	31	2,513	-14%
2014	12,969,381	35	283,449	-9%	46	2,870	+14
2015	12,517,083	-3	288,951	2%	43	3,026	+5

### CPL Coconut Production - (Nuts) - Since 1992



### Number of Bearing Plams - Since 1992

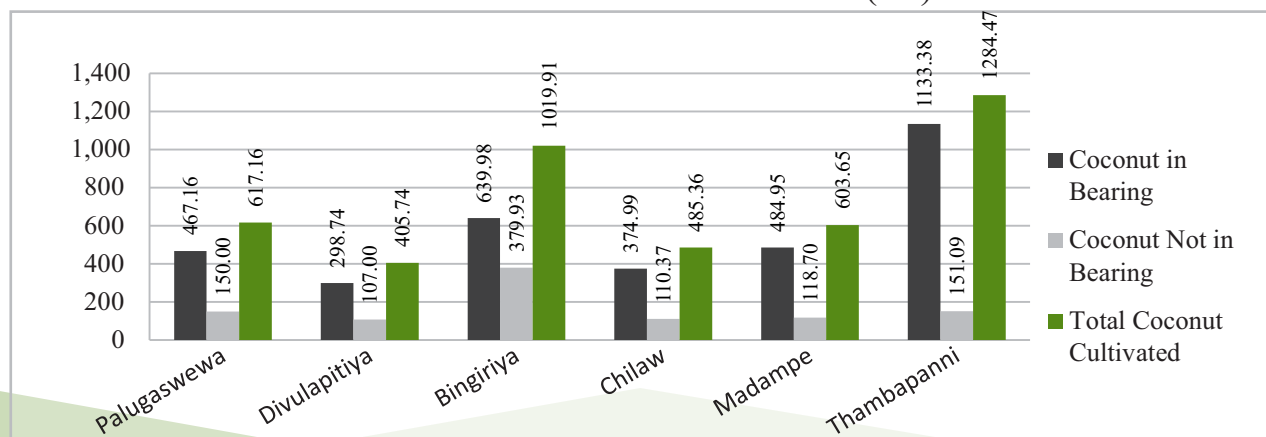


### Total Coconut Cultivated Extents (Ha)

End 31<sup>st</sup> December 2015

Area	Palugaswewa	Divulapitiya	Bingiriya	Chilaw	Madampe	Thambapanni	Total
Coconut in Bearing (Ha)	467.16	298.74	639.98	374.99	484.95	1,133.38	3,399.20
Coconut Not in Bearing (Ha)	150.00	107.00	379.93	110.37	118.70	151.09	1,017.09
Total Coconut Cultivated (Ha)	617.16	405.74	1019.91	485.36	603.65	1,284.47	4,416.29

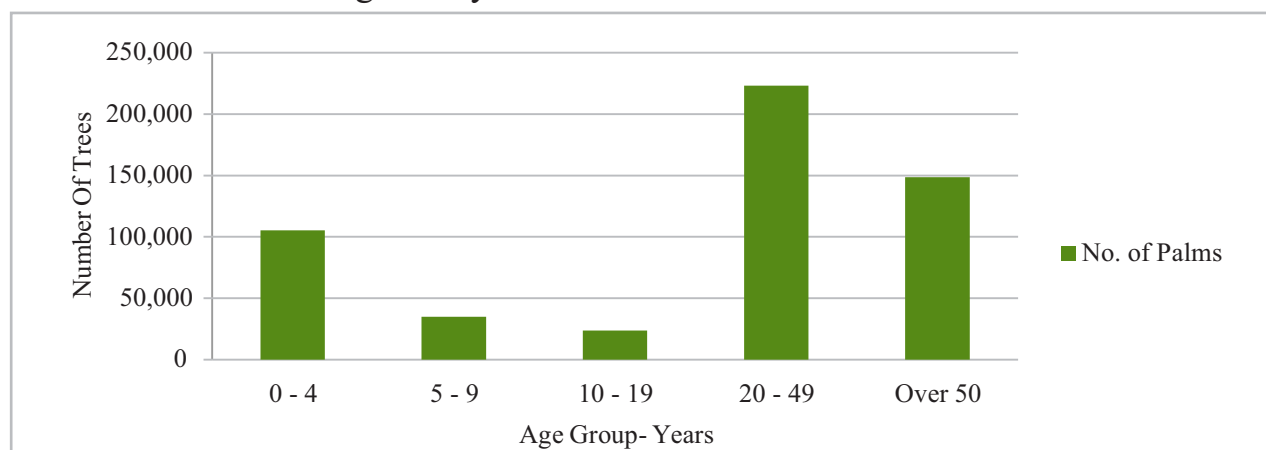
### Total Coconut Cultivated Extents (Ha)



## Age Analysis of CPL Coconut Palms 2015

Age Category	Over 50	20 - 49	10 - 19	5 - 9	0 - 4	Total
No. of Palms	148,531	223,215	23,654	34,989	105,334	535,723
% - Total	28%	42%	4%	6%	20%	

Age Analysis of CPL Coconut Palms - 2015

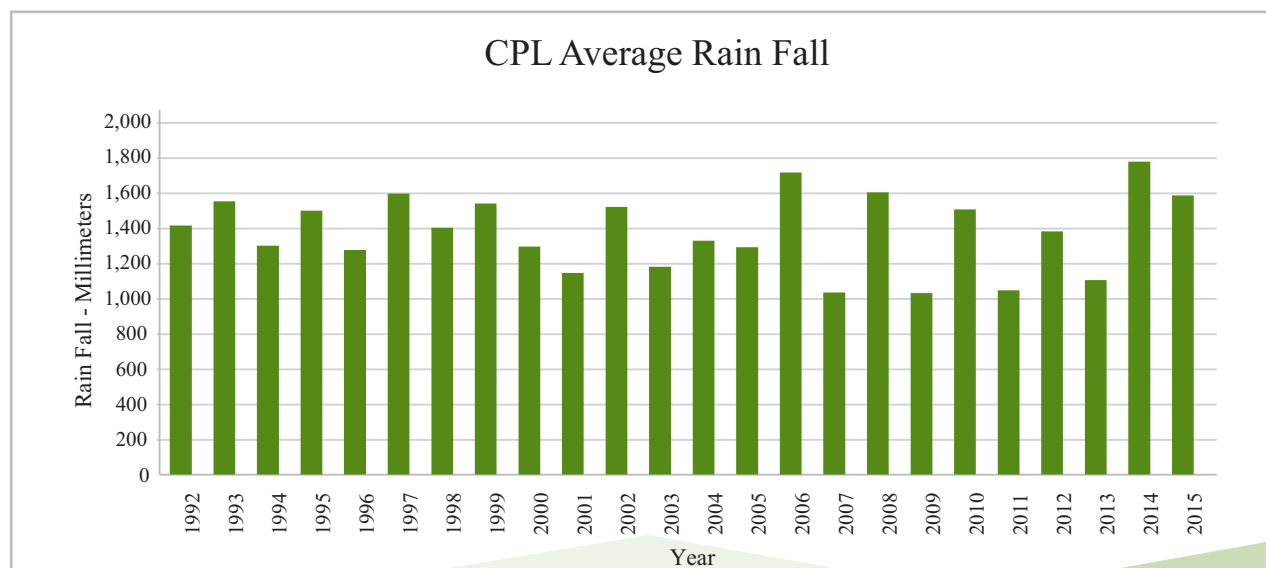


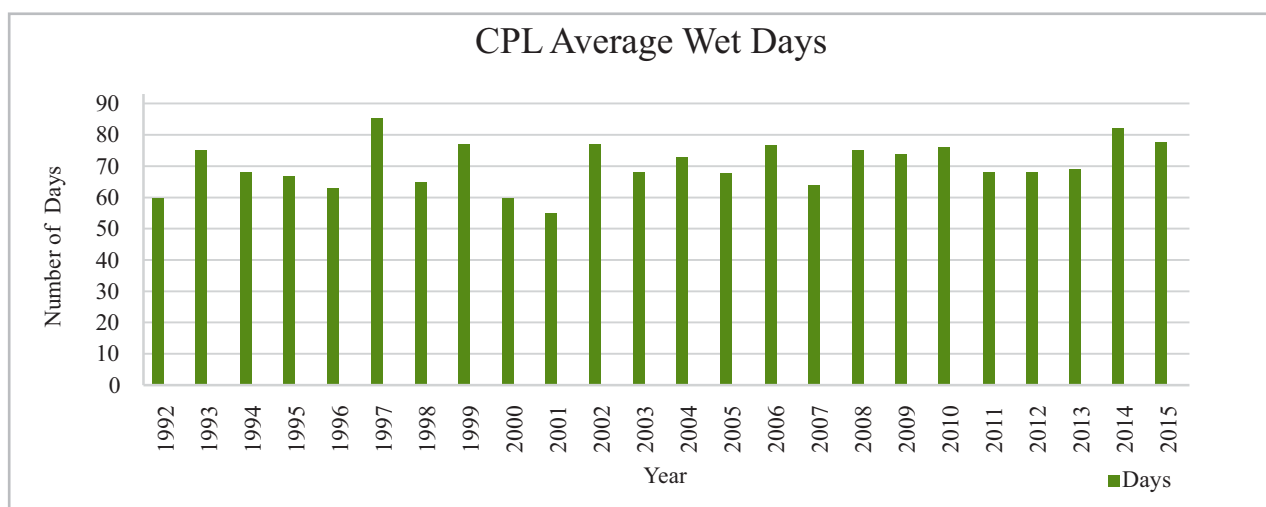
## WET DAYS AND RAIN FALL

Climatic condition turned towards better with better rainfalls during the year when compared with the last few years.

Estate	2015 Jan - Dec Rain Fall mm	2015 Jan - Dec Wet Days	2015 Dec Rain Fall mm	2015 Dec Wet Days
Bingiriya	1,298	79	156	9
Chilaw	1,704	73	248	7
Divulapitiya	1,688	86	276	11
Madampe	1,470	50	212	6
Paluugswewa	1,708	103	211	14
Thambapanni	1,596	76	281	12

CPL Average Rain Fall





## Hand pollination

Having realized the vital fact that the Coconut Industry needs healthy and high yielding palms, for higher productions and higher profits, areas and avenues in this regard were explored and as a result the need for premium seedlings was found as the basic requirement. Subsequently, ventured into raise healthy, high yielding and drought resistant seedlings.

The Hand Pollination project nursery established at Palugaswewa Estate successfully continues to produce hybrid seedlings. The seedlings thus derived and planted in the under plantations appear to be strong and well growing, promising and with all signs of a healthier and high yielding palms.



Production of Genetically Superior Seed Nuts by Hand Pollination

Year	Sanramon	Seed Nuts Harvested	Laid in Nursery
	Flowers	Nuts	Nuts
2013	4,098	16,121	20,968
2014	1,976	17,452	17,112
2015	1,956	13,446	11,634
<b>Total</b>	<b>8,030</b>	<b>47,019</b>	<b>49,714</b>

## Seed Garden

Production of Hybrid 'Kapruwana' Cultivar of Coconut Seed nuts / Seedlings (Hand-pollinated genetically screened/selected green Dwarf + San Ramon) Seed Garden at Kinyama Estate CRI-CPL Joint Project

(Started in 2012) appears to be a successful project where the growing seedlings appear to be strong and promising.

## INVESTMENT PORTFOLIO

### NEW PLANTATIONS AND UNDER PLANTATIONS

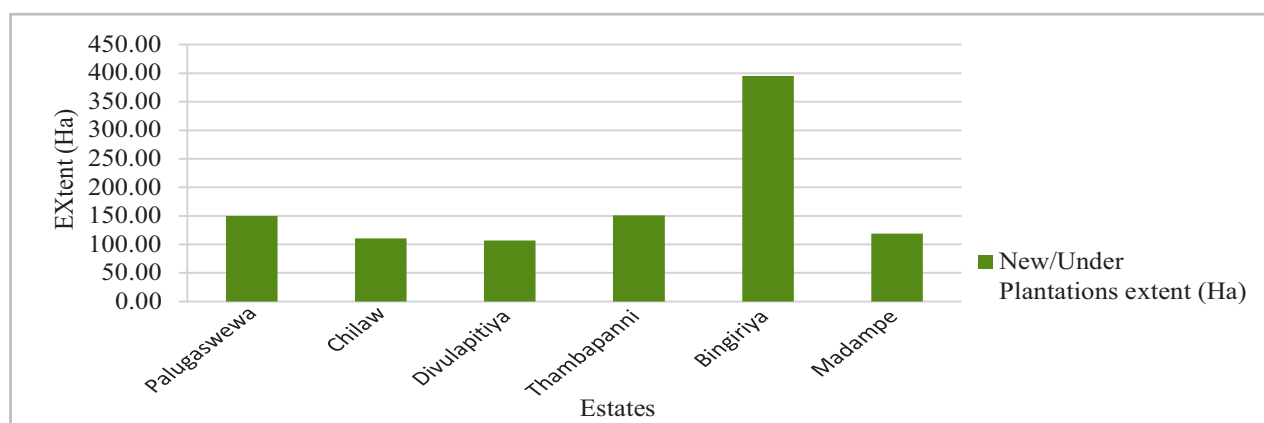
New plantations and under plantations are the main investment for Chilaw Plantation Limited. Large scale New Plantations and Under Plantation were given priority as this aspect was not given due attention previously. Most of the coconut palms are over 50 years and more than 148,531 palms from the total plantation, which is nearly 28% from total palms. Therefore productivity is very low at the

moment and we have planted more than 1017.09. Nearly 140,323 young plants in new plantings and under plantations after 31<sup>st</sup> May 2008. These new plantings and under plantings will come to bearing in another five years time. This investment done after the management taken over by government.

Accumulated Investment on New/Under Plantation (Immature Plantation) as at 31/12/2015

Estate	New/Under Plantation Extent (Ha)	Total Investment to and December 2015 (Rs.)
Palugaswewa	150.00	51,021,298
Chilaw Area	110.37	43,646,076
Divulapitiya Area	107.00	42,832,120
Thambapanni Area	151.09	63,179,468
Bingiriya Area	394.93	138,011,895
Madampe Area	118.70	43,509,722
<b>Total</b>	<b>1032.09</b>	<b>382,200,579</b>

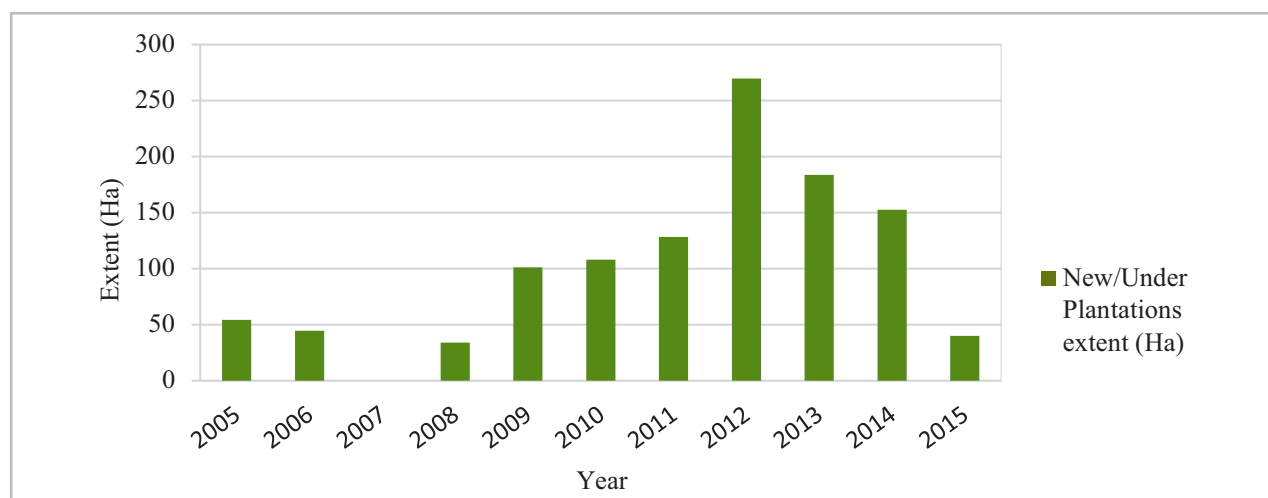
New/Under Plantations Extent from 2008 to 2015



Under Plantation and New Plantation from 2005 to 2015

Year	New/Under Plantations Extent (Ha)	Number of Seedlings
2005	54.35	8,592
2006	44.50	7,791
2007	0	0
2008	33.94	5,354
2009	101.10	15,563
2010	107.93	16,821
2011	128.17	19,022
2012	269.62	36,089
2013	183.76	23,922
2014	152.57	16,794
2015	40.00	4,780
<b>Total</b>	<b>1,115.94</b>	<b>154,728</b>

## New/Under Plantations Extent Since - 2005



### Intercropping and Livestock

#### Buffalo Project

Situated in Palugaswewa estate.

No. of Buffaloes - 144.

No. of Milking cows - 179.

Total Milk Production - 32,314.51 Ltrs

Total milk converted into curd and yoghurt - 23,005.88 Ltr

Upgrading the standards of the herd and diary is underway, in line with the advice of the Officials from Netherlands. A milking parlor with milking machines would be constructed in due course.

#### Sheep Project

Bingiriya Area Estates - Kinyama estate.

No. of Sheep - 788.

Sheep dung is used for under plantations and dragon fruit.





## Rambutan Plantations

Situated in Divulapitiya Area Estates Kopiwatte Estate.

Estate	Planting - Extent (Ha.)	Number of Plants	Number of Plants in bearing
Divulapitiya - Kopiwatte - 1996	10.00	113	113
Divulapitiya - Kopiwatte - 2005	10.00	477	477
<b>Total</b>	<b>20.00</b>	<b>590</b>	<b>590</b>

Income generated from Rambutan Project is Rs. 365,000/-

## Pepper Plantations

Situated in Divulapitiya Area Estate

Estate	Planting - Extent (Ha.)	Number of Plants	Number of Plants in bearing
Divulapitiya - Weeranishshankamalla - 1998	2.02	879	879
Divulapitiya - Weeranishshankamalla - 1999	2.02	1,094	1094
Divulapitiya - Weeranishshankamalla - 2011	2.02	666	
Divulapitiya - Hemamali - 2012	5.00	660	
Divulapitiya - Hemamali - 2013	10.00	1287	
Divulapitiya - Katukenda - 2013	2.50	660	
Divulapitiya - Saddatissa - 2013	4.00	700	
Divulapitiya - Weeranishshankamalla - 2014	2.50	700	
<b>Total</b>	<b>30.06</b>	<b>6,646</b>	<b>1,973</b>

Income generated in 2015 is Rs. 466,050/-

## Cinnamon Plantations

Situated in Divulapitiya Area Estates Dombawinna and Saraswathi estates and Bingiriya Area

Estate	Planting - Extent (Ha.)	Number of Plants	Number of Plants in bearing
Divulapitiya - Saraswathie - 2011	3.00	6,665	6,665
Divulapitiya - Dombawinna - 2011	3.00	17,700	17,770
Divulapitiya - Dombawinna - 2012	2.00	9,600	
Divulapitiya - Dombawinna - 2014	1.40	5,400	
Bingiriya - Kolomunuoya/Siyambalawewa - 2011	1.21	7,200	
<b>Total</b>	<b>10.61</b>	<b>46,565</b>	<b>24,435</b>

Income generated is Rs. 165,770/-

## Dragon Fruit Plantations

As the Project at Bingiriya planted in 2008 has shown good results by offering a steady income, profit having already surpassed the total expenditure / investment on this, this

project was expanded to the other estates also as detailed below:

Estate	Planting - Extent (Ha.)	Number of Plants	Number of Plants in bearing
Palugaswewa - F. No. 3 - 2011	0.25	50	50
Bingiriya - Kinyama - 2008	0.50	450	450
Bingiriya - Kinyama - 2012	4.05	2250	2250
Divulapitiya - Saraswathie - 2012	4.00	900	900
Madampe - Galvagara - 2011	0.20	50	50
Madampe - Galvagara - 2012	2.02	400	
Madampe - Heemmaliyagara - 2014	1.42	350	
<b>Total</b>	<b>12.44</b>	<b>4,450</b>	<b>3,700</b>



Income generated in 2015 is Rs. 1,350,002.55

## Processing, Further Processing and Value added Products and Marketing.

### Cashew Project

#### Cashew Processing Centre at Thambapanni Area Estates

The Budded Cashew Plant Nursery established in Thambapanni Area Estates continues to cater to the cashew cultivators with high yielding plants.

Total cashew harvested in year 2015 was 67,164.5 kgs. and the raw nuts received favorable prices in the market. A part of the cashew crop is being processed at the Thambapanni Area Estates Cashew Processing Centre and sold to the customers.

Income generated from the cashew project amounts to nearly Rs. 20 M with a profit amounting to Rs. 135,336

Total extent of cashew plantation own by Chilaw Plantations Limited will be approx 800hec. Specially, the cashew plantation has been expansive around the estates situated in the Puttalam District namely Thambapanni Area Estates, Palugaswewa Estate and Chilaw Area Estates. Locating the cashew plantation in the Puttalam district will



be a major advantage for us as a company since the Puttalam District is an exclusive for the cashew plantation in Sri Lanka.

Presently, the cashew has an incomparable demand with in the country. Presently annual production is around 10,000 metric tons and our company contribution will be around 0.8% out of it. The company has planned to increase the share of the contribution up to 1.5% in 2020.

**The objectives of the cashew processing project.**

1. Getting a higher price for the raw cashew of Chilaw Plantations Limited
2. Introduce of value added products
3. Discover the International market to the production
4. Getting the SLS/GMP/ISO certification for the products of Chilaw Plantations Limited

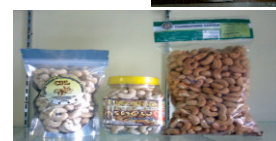
**Future company expectations through Cashew Processing project are as follows**

1. Increase the bulk production of processed cashew from 5000Kg s to 30,000Kg
2. Get the contribution of the company level and external parties
3. Sell products for the export network
4. Expand the market network
5. Provide a good quality and satisfied production for customers

**Cashew plantation (Mature)**

Estate	No. of Plants
Thambapanni - 726.55 ha	52,534
Chilaw	1,871
Palugswewa	352
Bingiriya	3,748
Madampe	1,050
<b>Total</b>	<b>59,555</b>

Before the year 2012, the cashew harvest of Chilaw Plantations Limited has given to the external sellers and in 2012 we have enter to the local market by processing our harvest by our own. The cashew processing center of Thambapanni Area has been established in 2012 and the management was decided to maintain in under productive and beneficial manner.



**Rain Water Harvesting**



Rain water harvesting which is given priority as a risk management step and to increase the moisture content in the

soils. Tanks in the six Area Estates were developed and de-silted.

## Company Financial Performance at a Glance

Item	2015 Rs.m	2014 Rs.m	Variance Rs.m	Variance %	Key Factor
Coconut Nuts Mn	12.6	12.9	(0.3)	(2%)	Crop drop
Revenue	399	375	24	6%	NSA has increased by 10%
Cost of Sales	251	222	29	13%	Net Effect of high opening stock and low closing stock
Other Income	78	37	41	110%	Sale of valuable trees, Dud/ senile coconut trees ,income generated from sale of silt from de-silting tank
Administrative Expenses Other operating Exp	106 13	104 9	6	5%	Increase of salaries and other administration exp, etc.
Finance Income	10	11	(1)	(9%)	Lower interest rates realized for Fixed deposits
Finance Expenses	31	29	2	7%	Lease interest on JEDB Asset has increase due to increase of annual GDP Deflator

### Revenue

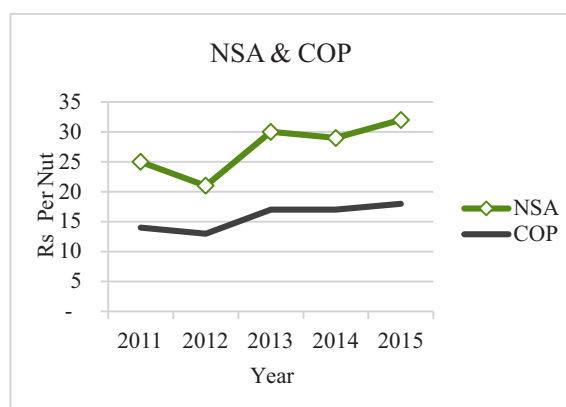
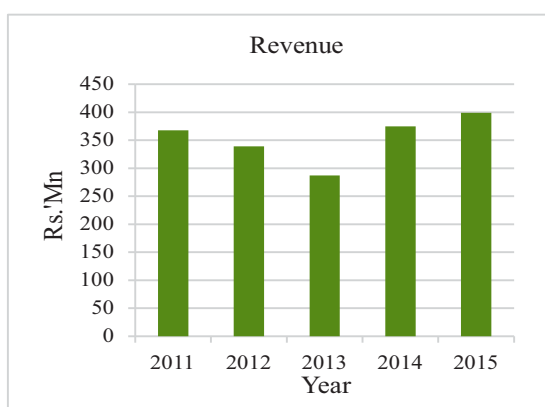
The Company recorded a Revenue of Rs. 399 mn during the financial year 2015, from coconut production and depicts a 6% increase compared to Rs. 375 mn in the previous year.

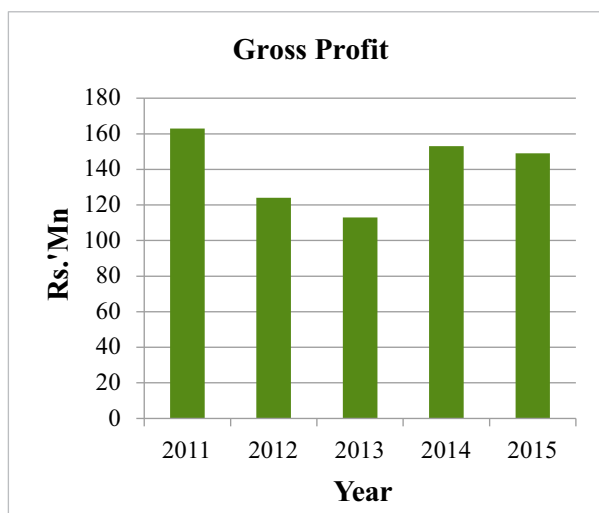
During the year, total coconut production was at 12.6 mn nuts indicating a slight drop of 2% as compared to previous year. Average sale price (NSA) of coconut increased from Rs. 28.90 to Rs. 31.90 per nut while the cost of production also increased from Rs 17.35 to Rs. 18.14 per nut during the year under review.

### Cost of Sales

The Cost of Sales for the year under review was Rs 250 mn compared to Rs 222 mn in previous year.

		2015	2014
Cost of Production	Rs. mn	227	227
+ Opening Stock	Rs. mn	45	40
- Closing stock	Rs.mn	(22)	(45)
Cost of Sales	Rs.mn	250	222





### Gross Profit

Gross profit for the period under review was Rs. 148.7 mn compared to Rs. 152.7 mn in 2014, which is a decline of 2%., was mainly due to crop drop.

### Other Operating Income

Other Operating income that consisted of sales of Cashew, Husks, Timber, Paddy, Livestock, and dead/senile Trees increased from Rs. 37 mn to Rs 78 mn, compared to the previous year.

During the year company has earned sum of Rs 22 Mn from Sale of Valuable Timber trees, Rs.19.6 mn from sale of dead senile coconut trees and Rs 12.6 mn from Desilting tank (sale of mud soil). Details of other income sources are shown in the Note no 20 for the financial statement.

### Administration Expenses

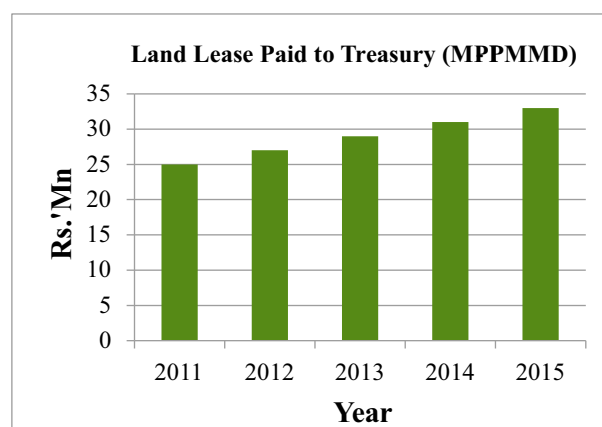
Administrative expenses for the year 2015 is Rs. 106 mn, which was Rs. 104 mn, in the year 2014, reflecting an increase of Rs.2mn.

### Finance Income

Finance income represents the interest income from Fixed deposits. When compared to the year 2014, interest income from short term deposits has decreased from 11.3 million to 9.8 million mainly due to the decline in FD interest rates.

### Net Finance Cost

Finance cost reflects the interest & contingent lease rental paid to Government on JEDB Leasehold Assets. The respective cost for the year 2015 was Rs. 31mn, recording a 7% increase compared to Rs. 29 mn for the year 2014 resulting from the increase in GDP deflator.



### Financial Position

The Company's financial position continued to strengthen further during the year under review. Noncurrent assets and current assets increased by Rs. 62 mn and Rs. 23 mn respectively during the year.

Cash position of the Company further expanded to Rs. 160 mn as compared to Rs. 115 mn as at 31 December 2014. Net working capital position also improved from Rs. 176 mn in 2014 to Rs. 202 mn in 2015, mainly due to the improved cash position of the Company.

### Cash Flow

The net cash generated from operating activities during the year was Rs. 146 mn as against Rs.98 mn in the previous year.

During the year under review, the company has invested Rs. 87 Mn on New/under plantation and Rs. 13 Mn on property plant and equipment which ultimately resulted in creating a net cash outflow from investing activities.

However, Cash and Cash equivalent at the end of the year has increased to Rs.160 mn from Rs. 116 mn in 2014 which comprised of Fixed Deposits at Bank of Ceylon, Treasury Bills and cash and bank balances.

### Dividend

Whilst many of the Government Organizations depend on state funds, Chilaw plantations Ltd has paid a total dividend of Rs. 235 million to the Treasury/Golden share holder, after the taking over the management back to the Government in May 2008. In comparison to the profit earned by the company from year 2008 to 2014 this is a significantly high amount. Thus the total dividends paid to the treasury amount to Rs 396 mn to end year 2014.

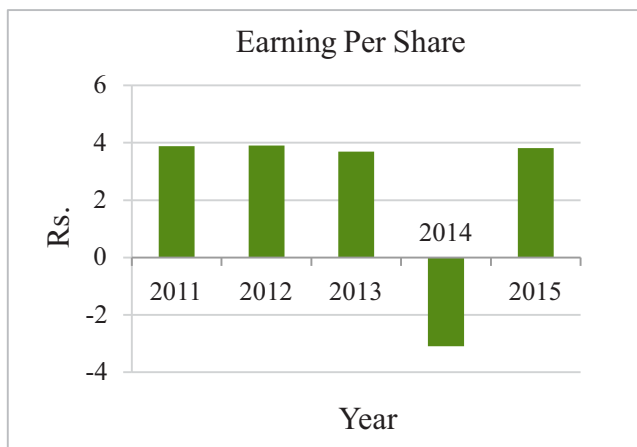
### Service Recognition of Human Resource

Being strongly aware that the human resource is the most important asset in an organization, the company paid Rs15 mn in the year 2015 as performance incentive to employees compared to the Rs.13 mn in the last year, as a motivation factor.

In addition to that, a provision of Rs 8.8 mn was also made in the year 2015, for the payment of employees' 10% profit share, as per the agreement related to the establishment of regional plantation companies (RPCs) in 1992, including the CPL.

### Earnings Per Share

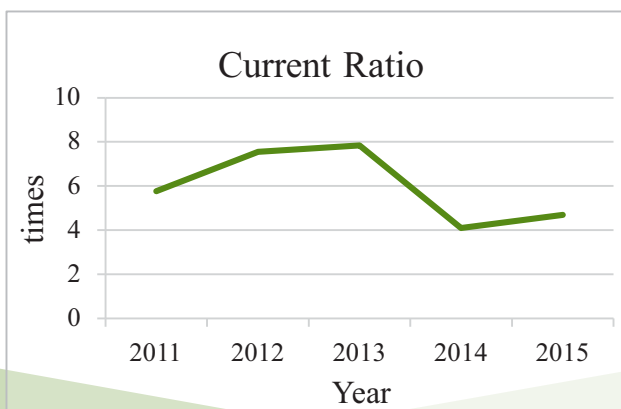
The Earnings per Share of the company increased from (Rs 3.10) to Rs. 3.81 in 2015.



### Current Ratio

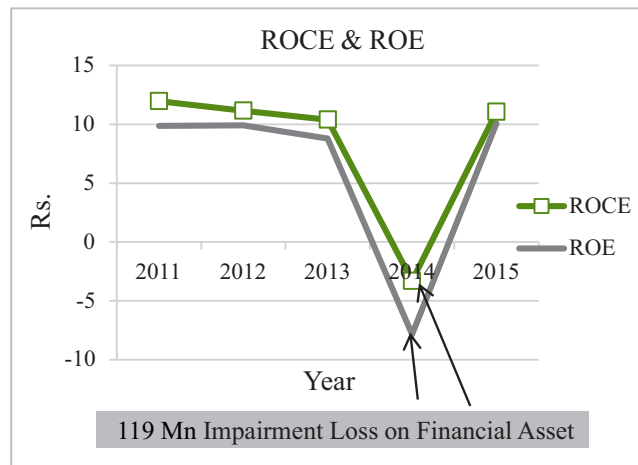
The current ratio has increased to 4.7 times in the period under review, compared to 4 times in previous year.

The current ratio of 4.7 for the year is a meaningful level that enables the company to adequately meet the short term liquidity requirements.



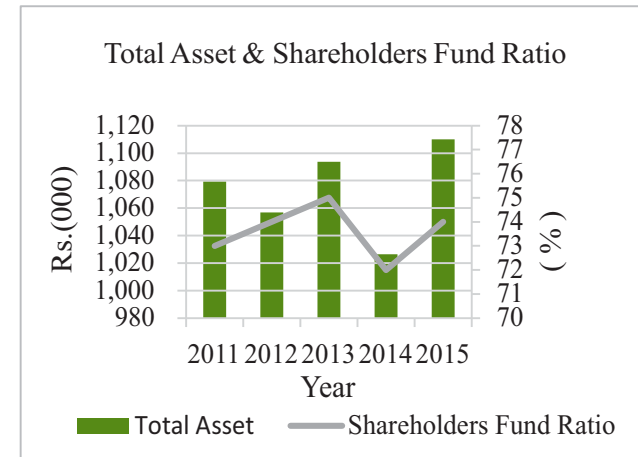
### Return on Capital Employed (ROCE) and Return on Equity (ROE)

ROCE increased from -3% to 11% and ROE has increased from -8% to 10%.



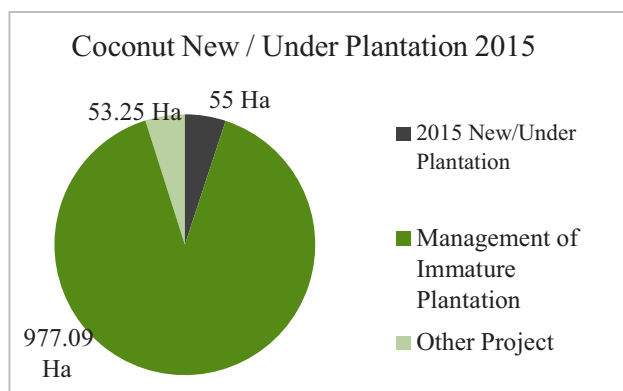
### Shareholders Fund

The shareholders fund in the Capital Structure increased by 11 % from Rs.744 mn in 2014 to Rs.823mn. Shareholders' fund is equivalent to 74% of the total assets in the year under review.



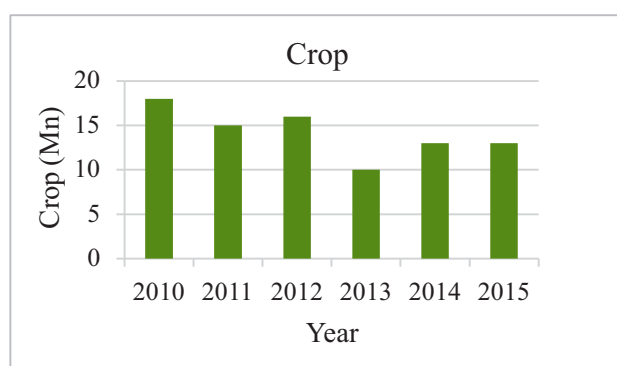
## Capital Investment on New & Under Plantations

During the year 2015 the company has invested Rs. 86 Mn on Coconut New planting/Under planting and management of immature area, in an extent of 1032 Hectares. In addition to that the company has invested Rs.1 Mn on other perennial plantations during the year.



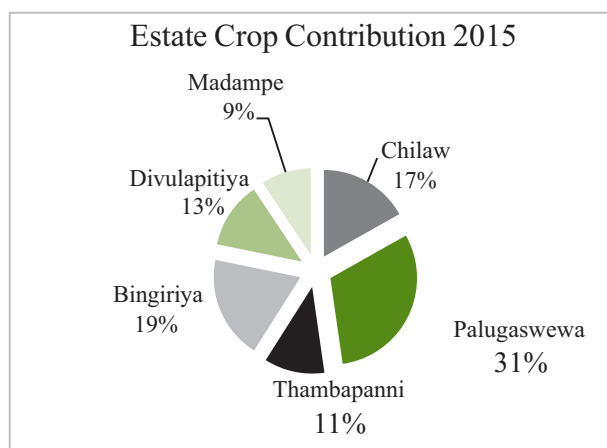
## Coconut Nuts Production, NSA & Revenue

Year	Coconut Nuts	N.S.A Per 1000 nuts	Revenue Rs.
2010	18,256,007	23,152	422,668,428
2011	14,527,770	22,227	322,908,950
2012	15,807,753	21,448	339,050,649
2013	9,595,315	29,926	287,152,154
2014	12,969,381	28,903	374,850,643
2015	12,517,083	31,906	399,365,998



## Estates Crop Contribution - Year 2015

Estate	Crop Nuts
Chilaw	2,107,250
Palugasewewa	3,866,933
Thambapanni	1,410,575
Bingiriya	2,405,000
Divulapitiya	1,556,620
Madampe	1,170,705
<b>Total</b>	<b>12,517,083</b>



## DIRECTORS REPORT

The Board of Directors are pleased to present the Annual Report of the Company together with the Audited Accounts for the year ended 31<sup>st</sup> December 2015 and the Summarized

Amalgamated Financial Statements are given below for easy reference.

### Summarized Amalgamated Financial Statements

	Year ended 31.12.2015 Rs.	Year ended 31.12.2014 Rs.
<b>Coconut Production (Nuts)</b>	12,517,083	12,969,381
Revenue	399,365,998	374,850,643
Cost of Sales	(250,617,694)	(222,124,184)
<b>Gross Profit</b>	<b>148,748,305</b>	<b>152,726,458</b>
Other Operating Income and Gain	78,274,685	37,371,708
Administration Expenses	(106,517,139)	(104,412,082)
Other Operating Expenses	(13,492,529)	(9,199,104)
<b>Profit from Operations</b>	<b>107,013,322</b>	<b>76,486,980</b>
Finance Income	9,803,760	11,304,731
Finance Expenses	(31,034,573)	(29,306,794)
Impairment Loss on Financial Assets	-	(119,757,808)
<b>Profit Before Taxation</b>	<b>85,782,509</b>	<b>(61,272,891)</b>
Tax Expenses	(9,610,612)	(799,013)
<b>Profit for the year</b>	<b>76,171,897</b>	<b>(62,071,904)</b>
Other Comprehensive Income	2,761,980	391,711
<b>Total Comprehensive Income for the year, Net of Tax</b>	<b>78,933,877</b>	<b>(61,680,193)</b>
Basic Earnings Per Share	3.81	(3.10)
<b>Stated Capital</b>	<b>200,000,010</b>	<b>200,000,010</b>



## Principal Activities

The principal activities of the Company consists of cultivation, production, processing and marketing produce of coconut, other agricultural crops, and livestock, as well as non-crop diversification initiatives.

## Financial Statements

The Financial Statement of the Company are given on Page 36-63

## Auditor's Report

The Auditor's Report on the Financial Statements of the Company is given on page 34-35

## Accounting Policies

The accounting policies adopted in the preparation of the financial statements are given on page 40 to 51 and there were no changes in the Accounting Policies adopted compared to the previous years.

## Going Concern

The Board of Directors is satisfied that the Company has adequate resources to continue its operation in the foreseeable future. Accordingly the financial statements are prepared on the 'Going Concern' Concept.

## Directors of the Board

Directors of the Board, who served the Company during the year are given below and brief profile of the Directors are given on previous pages.

### Board of Directors of the year 2015

Mr. Ravindra Herat  
Chairman / CEO – Member (from 29.01.2015)

Mr. Maneesha Senevirathne  
Executive Director Member (from 08.05.2015)

Mr. K.G. Ananda Pushpakumara  
Working Director – Member (from 20.03.2015)

Mr. M.R.V.R. Meepura  
Member (Treasury Representative)  
(from 10.03.2015)

Mr. D.M.L. Bandaranayake  
Member (from 10.03.2015)

Mr. H.M.N.C. Herath  
Member (from 20.03.2015)

Mr. Ananda Punyakumara  
Member (from 24.04.2015)

## Previous Board of Directors

Mr. Gamini Rajakaruna  
Chairman & CEO – Member (up to 26.01.2015)

Mr. A.M. Chandrapala  
Executive Director – Member (up to 02.02.2015)

Mr. Keerthi Pathirana  
Working Director – Member (up to 02.02.2015)

Mr. R.R.M. Amarathunga  
Member (up to 11.03.2015)

Mr. K.B. Rathnayake  
Member (up to 18.03.2015)

Mr. Chandra Fernando  
Member (up to 14.03.2015)

Mr. I.M.R. Widanagamage  
Member (up to 09.01.2015)

Mrs. Priyangani Liyanage  
Member (Treasury Representative)  
(up to 18.03.2015)

## Audit Committee

Following Directors of the Board served on the Audit Committee and conducted four evaluations during the year.

### Audit Committee - 2015

Mr. M.R.V.R. Meepura Chairman

Mr. D.M.L. Bandaranayaka Member

Mr. H.M.N.C. Herath Member

Mr. A. Punyakumara Member

## Review of Performance

The review of the Company performance during the year and important management and development programs are given under the Chairman's Review, Management Review and Financial review.

## Revenue

The Revenue of the Company for the year was Rs 399 mn and details are given under the Audited Financial Statements.

## Financial Results

The company has recorded net profit of Rs. 78.9 mn (after tax) for the year under review. Details of the financial results are given in the audited financial statements.

## Fixed Assets

During the year 2015 the Company has invested Rs 87 Million (2014: Rs 89 Mn) on New/under plantations, management of Immature Plantations and Rs 13 Mn Invested on Property Plant and equipment (2014 : Rs 7 mn).

Net Book value of non-current assets (property plant & equipment, leasehold Right, Biological Asset etc.) as at the Balance Sheet date in year 2015 was Rs 854 mn (2014 : Rs 792 mn) and details are given in Notes of the Audited Financial Statements.

## Short-term Investments

The Company's Short-term Investments were Rs 153 Mn at the end of 2015, compared to Rs 113 Mn in year 2014. This investments comprises Rs 59 Mn Fixed Deposits at Bank of Ceylon and Rs 94 Mn in Treasury Bills at Bank of Ceylon.

## Reserves

The Company reserves are totally represented by the Retained Profit and were Rs 623 Mn, as at 31 December 2015 (2014 : Rs 544 Mn).

The movement and composition of the Reserves are disclosed under the Statement of Changes in Equity of the Audited Financial Statements.

## Stated Capital

The total Stated Capital of the Company as at 31 December 2015 was Rs 200,000,010, comprises 20,000,001 Ordinary shares, inclusive of one Golden Share. No Share allotments were made during the year.

## Liabilities & Capital Commitments

Contingent Liabilities and Capital Commitments are disclosed in Notes of the Audited Financial Statements.

## Events After The Balance Sheet Date

There were no events subsequent to the Balance Sheet date, which would have any material effect on the Company, other than disclosed in this report.

## Directors' Interest in Contracts

The Directors have no direct or indirect interest in contracts with the company other than those declared in Notes to the Accounts.

## Directors' Share Holdings

No Director of the Company or his/her spouse holds any shares in the Company.

## Employment

The Company practices the Equal opportunity Policy in relation to all its activities including employment related selection, training, promotions, disciplinary proceedings, etc. based on merits, while complying the with Government Rules and Regulations for sustainable benefit of the Company. The Company also adhering to equal opportunity for all employees irrespective of gender, ethnicity, religion, marital status, political opinion, or physical stature and comply to the benefit the Company.

## Statutory Payments

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

## Auditors

The Accounts for the year 2015 have been audited by M/s Aiyar & Co, Chartered Accountants on behalf of the Auditor General.



## Annual Report

The Board of Directors has approved the Audited Financial Statements for the year 2015 at the Board Meeting on 16th June 2016.

## Annual General Meeting

The Annual General Meeting is scheduled to be held at the Grand Oriental Hotel,

No. 02, York Street, Colombo 01 on 8<sup>th</sup> December 2016 at 1.30 pm.

Notice of the Annual General Meeting and Form of Proxy are attached hereto.

For and On-behalf of the Board of Directors of the Chilaw Plantations Ltd



Maneesha Senevirathna

Executive Director



CORPORATE ADVISORY SERVICES (PVT) LTD

Secretaries - Chilaw Plantations Ltd

Colombo.

## RISK MANAGEMENT

The Company in an evolving environment and is exposed to different types of risks, especially being in the Agriculture Sector, which is very sensitive to weather patterns and the market fluctuations. Our risk management processes intend to ensure that risks are taken knowingly and with forethought

### Risk mitigation strategies

Risk Factor	Risk Assessment	Risk Mitigation Strategies
Climate Changes	Yields of Coconut, Cashew & other perennial Crops fluctuate unexpectedly due to adverse weather condition mainly due to the unforeseen and elongated drought that prevails continuously for months.	Undertaking increased soil moisture conservation work by way of husks buried in jumbo drains, more drains to trap rain water within the plantations soil, more low shades such as gliricidia and cover crops such as pureria being planted.  More tanks are also renovated to harvest rain water, which could later be used for irrigation whilst such collected water also feed the roots of the palms by maintaining the soil moisture in the vicinity of the tanks.
Impairment to production	The other cause being due to a high percentage of the mature palms of the age of over 50 years turning into senile, dud and tapering.  In addition, any unforeseen diseases and natural causes to the palms and plantation.	Undertaking New Plantings and Under Plantations to replace the over aged palms population.  Established two mite labs at Palugaswewa estate and Divulapitiya area estates.
Commodity Cycle	Impaired prices and unsteady sales, depending on the consumer's demand, due to the increase in substitutes causing declined demand for coconut edible products, resulting in large quantities of nuts in the estates lying on the ground with a possibility to spoil if not alternative measures taken.  Competition from close substitutes such as palm oil etc, to which more consumers are being attracted to, due to low cost, affect demand and prices	The Coconuts unsold at the Colombo CDA auction are sold through a fortnight company level sale named 'Pol Pola' at the Head Office, in addition to the weekly CDA Coconut auction.  Concentrate to produce value added product  The nuts not sold at both these auctions are turned into copra, a part of which is sold through auction and the other or major part turned into pure coconut oil at Palugaswewa oil mill.

Risk Factor	Risk Assessment	Risk Mitigation Strategies
Credit Risk	The probability of having delays in the buyers settling the dues or failing to abide by the rules and regulations.	<p>Ensuring collection of dues from the buyers, by a closely monitored procedure.</p> <p>Seek the Authorities intervention on the long delayed settlements or on the buyers who don't response.</p> <p>Government lease payment are closely monitored and settled without a delay.</p>
Personnel Management	<p>Lack of motivation and lack of knowledge of the job, resulting in poor productivity and outputs.</p> <p>Employees leaving for other industries or companies for better remunerations and higher positions.</p>	<p>Workshops and training programs undertaken.</p> <p>Improving employee benefits by way of financial incentives and welfare activities.</p> <p>Maintaining healthy relationships with trade unions through regular dialogues.</p> <p>Ensure compliance with all regulatory requirements with regard to the benefits applicable to the employees.</p> <p>Ensuring promotions from within, to senior positions as far as possible and depending on the suitability.</p>
Assets Risk	<p>Risks from fire, theft and breakdown of machinery &amp; equipment.</p> <p>Natural disaster, such as, caused by lightning, floods, insects, animals and elements.</p>	<p>Obtaining comprehensive insurance covers for all tangible assets.</p> <p>Adoption of stringent procedures with regard to the moving of assets from one location to another.</p> <p>Establishing fire gaps and other available precautionary measures.</p> <p>Carrying out frequent preventive maintenance programs.</p>
Capital Investments Risk	Risk of not meeting with profit expectations and not receiving the desired returns on investment.	Adopting a stringent approval procedure for Capital expenditure based on the level of investment and the expected pay back.

Risk Factor	Risk Assessment	Risk Mitigation Strategies
Reputation Risk	<p>Insufficient and improper knowledge of principles, procedures, standards, rules and regulations pertaining to employments, tradings and other procedures of an establishment.</p> <p>Produces not meeting with consumer or market demands and standards.</p> <p>Lacking of knowledge pertaining to the performance, targets and standards.</p>	<p>Ensuring effective communication with various stakeholders such as employees, bankers, customers, regulators,</p> <p>Ensure quality in product &amp; manufacturing process and compliance with the standards.</p> <p>Having in place a budgetary process &amp; a budgetary control mechanism on a monthly basis to ensure that the Company's performance is continuously in line with its targets.</p>

## STATEMENT OF CORPORATE GOVERNANCE

The Board of the Chilaw Plantations Limited operates on the principles of integrity, corporate fairness, transparency and accountability, and these governing principals would be the foundation on which it will endeavor to build strong relationship with all stakeholders and nurture the environment within which the Company operates.

The Company's activities are conducted with the ethical standards and in the best interest of stakeholders. This commitment is supported with the right roles, structure, information and resources which are embodied with policies, procedures and process that are designed not only to ensure regulatory compliance and sustainability of business but also to enhance business value.

## BOARD OF DIRECTORS

The Board of Directors is ultimately accountable and responsible for the performance of the company and is the focal point of the corporate governance process.

## RESPONSIBILITY

It sets key policies and strategic objectives and ensures their implementation. The Board also bears the ultimate responsibility for the integrity of the financial information, the effectiveness of the Company's systems of internal control.

## COMPOSITION

In 2015 the Board of Directors comprised eight Directors including the Chairman and an Executive Director.

## BOARD MEETINGS

The Board Meetings are scheduled on a monthly basis, as per the scheduled dates adhering to the Annual Programmed Events Calendar prepared and approved at the beginning of the year 2015. At these Meetings the Board sets the strategic direction of the Company, reviews the annual budgets, the progress of all activities the recurrent and the capital expenditure programs.

The Board members are given appropriate documentation in advance of each Meeting.

## AUDIT COMMITTEE

The Audit Committee is comprised of four Directors, inclusive of three non- Executive Directors.

Mr M.R.V.R. Meepura, being a non-executive Director functioned as the Chairman of the Audit Committee and conducted four evaluations during the year.

The Chairmen, DGM Plantations, Senior Accountant attended Audit Committee Meetings on invitation.

## COMPLIANCE WITH LEGAL REQUIREMENT

The Board of Directors ensured that the Company complies with the Memorandum and Articles of Association of the Company and other rules and regulation as applicable to state-owned business undertakings of the Country.

The Board ensures that the financial statements of the company are prepared in accordance with the Sri Lanka Accountings Standards.

## STATEMENT OF DIRECTOR'S RESPONSIBILITIES

Adhering to the provisions under the Companies Act No 7 of 2007, the Directors of Chilaw Plantations Ltd acknowledge their responsibility in relation to financial reporting of the Company, while the responsibilities of its Auditors, Messrs Aiyar & Co, are given in brief in their report.

The Financial Statements of the Company for the year ended 31st December 2015 included in this report, have been prepared and presented in accordance with the Sri Lanka financial reporting standards and they provide the information as required by the Companies Act No. 7 of 2007, Sri Lanka Accounting Standards.

The Directors confirm that suitable accounting policies have been used and applied consistently, and that all applicable accounting standards have been followed in the preparation of the Financial Statements. All material deviations from these standards if any, have been disclosed and explained. The judgments and estimates made in the preparation of these Financial Statements are reasonable and prudent.

The Directors confirm their responsibility for ensuring that Company maintains accounting records, which are sufficient to prepare Financial Statements to disclose with reasonable accuracy, the financial position of the Company. They also confirm their responsibility towards ensuring that the Financial Statements presented in the Annual Report give a true and fair view of the state of affairs of the Company as at 31st December 2015.

The overall responsibility for the Company's internal control systems lies with the Directors. Whilst recognizing the fact that system of internal control that could provide absolute assurance against material misstatements and fraud, the Directors confirm that the prevalent internal control systems instituted by management comprised internal checks, internal audit, financial and other controls so designed that, there is reasonable assurance that all assets are safeguarded and transactions properly authorized and recorded, so that material misstatements and irregularities are either prevented or detected within a reasonable period of time.

The Directors are of the view that the Company has adequate resources to continue operations in the foreseeable future and have continued to use the going-concern basis in the preparation of these Financial Statements.

The Directors have provided the Auditors, Messrs Aiyar & Co, Chartered Accountants, with every opportunity to carry out review and tests that they consider appropriate and necessary for the performance of their responsibilities.

The Auditors, have examined the Financial Statements together with all financial records and related data and expressed as Independent Auditors Opinion, which is included in this Annual Report with relevant financial details.

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

By Order of the Board,



CORPORATE ADVISORY SERVICES (PVT) LTD

Secretaries - Chilaw Plantations Limited.

## AUDIT AND MANAGEMENT COMMITTEE

Audit and management Committee of Chilaw Plantations Ltd was established in terms of public Enterprises Guidelines of Good Governance dated 2<sup>nd</sup> June 2013 and circular number PED/55 dated 14<sup>th</sup> December 2010 of Department of Public Enterprise

Four Audit Committee Meetings were held during the year 2015 on following dates:

- 23<sup>rd</sup> April 2015
- 26<sup>th</sup> June 2015
- 21<sup>st</sup> October 2015
- 17<sup>th</sup> December 2015

Members of Audit committee are as below.

Name of the office	Designation
Mr. M.R.V.R. Meepura	Chairman - Audit Committee - CPL
Mr.D.M.I. Bandaranayaka up to 17 <sup>th</sup> December 2015	Member Audit Committee- CPL
Mr. H.M.N.C. Herath	Member Audit Committee- CPL
Mr. S.M.A. Punyakumara from 17 <sup>th</sup> December 2015	Member Audit Committee - CPL

Sixty eight Audit and investigation reports submitted to Audit Committee of Chilaw Plantations Limited during the year 2015 were as follows.

Date of Audit Committee Meeting	Number of Audit & Investigation Reports Taken for Discussion
23 <sup>rd</sup> April 2015	14
26 <sup>th</sup> June 2015	17
21 <sup>st</sup> October 2015	16
17 <sup>th</sup> December 2015	21





**විගණකාධිපති දෙපාර්තමේන්තුව**  
**கணக்காய்வாளர் தலைமை அபிபதி திணைக்களம்**  
**AUDITOR GENERAL'S DEPARTMENT**



මගේ අංකය  
எனது இல. }  
My No. }

පිටුපිටි/පි/පි/01/15/01

ඔබේ අංකය  
உமது இல. }  
Your No. }

දිනය  
திகதி }  
Date }

2016 ජූලි 28 දින

The Shareholders,  
Chilaw Plantations Limited.

**Report of the Auditor General on the Financial Statements of the Chilaw Plantations Limited for the year ended 31 December 2015**

The audit of the financial statements of the Chilaw Plantations Limited for the year ended 31 December 2015 comprising the statement of financial position as at 31 December 2015 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. In carrying out this audit, I was assisted by a firm of Chartered Accountants in public practice. My comments and observations on the above financial statements appear in this report.

**Board's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing Standards consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000-1810). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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





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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements give a true and fair view of the financial position of the Chilaw Plantation Limited as at 31 December 2015 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

### **Report on Other Legal and Regulatory Requirement**

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

- a. The basis of opinion and scope and limitations of the audit are as stated above.
- b. In my opinion :
  - I have obtained all the information and explanations that were required for the audit and as far as appears from my examination, proper accounting records had 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 2015, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards, and
  - The financial statements of the Company comply with the requirement of Section 151 of the Companies Act, No. 07 of 2007.

### **Report to Parliament**

My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

**H.M. Gamini Wijesinghe**  
**Auditor General**

# CHILAW PLANTATIONS LTD

## Statement of Comprehensive Income

For the year ended 31 <sup>st</sup> December	Notes	2015	2014
		Rs.	Rs.
Revenue	19	399,365,998	374,850,643
Cost of Sales		(250,617,694)	(222,124,184)
<b>Gross Profit</b>		<b>148,748,305</b>	<b>152,726,458</b>
Other Operating Income and Gains	20	78,274,685	37,371,708
Administrative Expenses		(106,517,139)	(104,412,082)
Other Operating Expenses		(13,492,529)	(9,199,104)
<b>Profit from Operations</b>		<b>107,013,322</b>	<b>76,486,980</b>
Finance Income		9,803,760	11,304,731
Finance Expenses	21	(31,034,573)	(29,306,794)
Impairment Loss on Financial Assets		-	(119,757,808)
Profit before Tax	22	<b>85,782,509</b>	<b>(61,272,891)</b>
Tax Expense (Provisions)	23	(9,610,612)	(799,013)
<b>Profit for the Year</b>		<b>76,171,897</b>	<b>(62,071,904)</b>
<b>Other comprehensive Income</b>		2,761,980	391,711
<b>Total Comprehensive Income for the year, Net of Tax</b>		<b>78,933,877</b>	<b>(61,680,193)</b>
Basic Earning Per Share	24	<b>3.81</b>	<b>(3.10)</b>

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 40 to 63 form an integral part of these Financial Statements.

**Chilaw**

**June 16, 2016**

# CHILAW PLANTATIONS LTD

## Statement of Financial Position

As at 31 <sup>st</sup> December	Notes	2015	2014
		Rs.	Rs.
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Leasehold Right to Bare Land of JEDB/SLSPC Estates	04	79,177,427	81,866,149
Leasehold Property Plant & Equipment of JEDB/SLSPC Estates (Other than Right-to-Use-Land and Leased bearer biological assets)	05	2,484,859	3,534,906
Leased Bearer Biological Assets of JEDB/SLSPC Estates	06	34,043,972	37,481,845
Biological Assets (Other than Leased Bearer Biological Assets)	07	633,462,743	551,970,575
Freehold Property Plant & Equipment	08	104,957,876	117,978,069
		<u>854,126,879</u>	<u>792,831,545</u>
<b>Current Assets</b>			
Inventories	09	47,613,234	73,431,573
Trade and Other Receivables	10	44,752,874	43,244,837
Financial facility to State Enterprises	11	-	-
Other Current Assets		4,453,242	1,259,779
Short Term Investment	12	152,646,142	113,275,930
Cash in Hand and at Bank		7,416,487	2,332,902
		<u>256,881,980</u>	<u>233,545,022</u>
<b>Total Assets</b>		<b><u>1,111,008,858</u></b>	<b><u>1,026,376,567</u></b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Capital and Reserves</b>			
Stated Capital	13	200,000,010	200,000,010
Retained Earnings		622,795,500	543,861,623
<b>Total equity</b>		<u>822,795,510</u>	<u>743,861,633</u>
<b>Non Current Liabilities &amp; Deferred Income</b>			
Deferred Tax Liability	14	49,092,652	41,266,324
Deferred Grants and Subsidies	15	7,190,426	7,619,584
Retirement Benefit Obligations	16	67,834,120	65,120,485
Liability to Make Lease Payment for the JEDB/SLSPC Estates	17	109,356,591	111,407,987
		<u>233,473,789</u>	<u>225,414,380</u>
<b>Current Liabilities</b>			
Trade and Other Payables	18	54,880,651	56,831,606
Income Tax Payable		(2,192,488)	(1,703,549)
Liability to Make Lease Payment for the JEDB/SLSPC Estates	17	2,051,396	1,972,497
		<u>54,739,559</u>	<u>57,100,554</u>
<b>Total Equity and Liabilities</b>		<b><u>1,111,008,858</u></b>	<b><u>1,026,376,567</u></b>

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 40 to 63 form an integral part of these Financial Statements.

### Certification

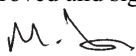
It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.



Mr. R.M.R.B. Ratnayake  
Senior Accountant


The Board of Directors is responsible for the preparation and fair presentation of these Financial Statements.

Approved and signed for and on behalf of the Board of Directors of Chilaw Plantations Limited.



Mr. M.K.B. Seneviratne  
(Executive Director)

Chilaw  
June 16, 2016



Mr. M.R.V.R. Meepura  
(Director)

# CHILAW PLANTATIONS LTD

## Statement of Changes in Equity

For the Year ended 31<sup>st</sup> December, 2015

Description	Stated Capital	Accumulated Profit	Total
	Rs.	Rs.	Rs.
<b>Balance as at 1<sup>st</sup> January 2014</b>	200,000,010	625,541,816	825,541,826
Profit/(Loss) for the Year	-	(62,071,904)	(62,071,904)
Other Comprehensive Income	-	391,711	391,711
Total Comprehensive Income	-	(61,680,193)	(61,680,193)
Dividend Paid	-	(20,000,000)	(20,000,000)
<b>Balance as at 31<sup>st</sup> December 2014</b>	<b>200,000,010</b>	<b>543,861,623</b>	<b>743,861,633</b>
Profit for the Year	-	76,171,897	76,171,897
Other Comprehensive Income	-	2,761,980	2,761,980
Total Comprehensive Income	200,000,010	622,795,500	822,795,510
<b>Balance as at 31<sup>st</sup> December 2015</b>	<b>200,000,010</b>	<b>622,795,500</b>	<b>822,795,510</b>

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 40 to 63 form an integral part of these Financial Statements.

**Chilaw**

**June 16, 2016**

# CHILAW PLANTATIONS LTD

## Statement of Cash Flow

For the year ended 31st December	2015 Rs.	2014 Rs.
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before Tax	85,782,509	(61,272,891)
<b>Adjustments for;</b>		
- Depreciation/Amortization	40,139,139	39,412,876
- Provision for Employee Profit Share	8,868,397	5,711,685
- Amortization of Grants	(429,158)	(429,158)
- Finance charge on Government Finance Lease	31,034,573	29,306,794
- Bad Debts Provision	546,258	-
- Finance Income	(9,803,760)	(11,304,731)
- Provision For Defined Benefit Plan Costs	12,432,089	11,876,634
- Profit on Disposal of Property, Plant and Equipment	(294,015)	-
- Impairment Loss on Financial Assets	-	119,757,808
- Property, Plant and Equipment Written Off	-	161,256
	168,276,032	133,220,273
<b>Changes in:</b>		
- Inventories	25,818,339	(2,033,916)
- Dairy Livestock	(1,672,000)	605,000
- Trade and other Receivables	(2,808,477)	(15,175,213)
- Other Current Assets	(3,193,463)	171,011
- Trade and other Payables	(5,105,917)	10,909,672
<b>Cash generated from operating activities</b>	181,314,513	127,696,826
- Defined Benefit Plan Costs paid	(6,956,474)	(5,144,442)
- Employee Profit Share Paid	(5,713,435)	(5,349,495)
- Finance costs Paid	(31,034,573)	(29,306,793)
- Finance Income Received	10,557,943	12,025,778
- Income Tax Paid	(2,273,223)	(1,756,353)
<b>Net Cash from Operating Activities</b>	145,894,751	98,165,521
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
- Additions of Property, Plant & Equipment	(12,830,427)	(6,717,623)
- Field Development Expenditure	(86,932,070)	(88,795,799)
- Proceeds from Disposal of Property, Plant and Equipment	294,040	-
<b>Net Cash used in Investing Activities</b>	(99,468,457)	(95,513,422)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
- Dividends Paid	-	(20,000,000)
- Capital settlement of Government Finance Lease	(1,972,497)	(1,896,631)
<b>Net Cash Flows used in Financing Activities</b>	(1,972,497)	(21,896,631)
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	44,453,797	(19,244,532)
<b>A. Cash &amp; Cash Equivalents at the Beginning of the Year</b>	115,608,832	134,853,364
<b>B. Cash &amp; Cash Equivalents at the End of the Year</b>	<b>160,062,629</b>	<b>115,608,832</b>
<b>NOTE A</b>		
Cash & Cash Equivalents at the beginning of the Year		
Short term Investments	113,275,930	128,995,973
Cash in Hand and at Bank	2,332,902	5,857,391
	<b>115,608,832</b>	<b>134,853,364</b>
<b>NOTE B</b>		
Cash & Cash Equivalents at the end of the Year		
Short term Investments	152,646,142	113,275,930
Cash in Hand and at Bank	7,416,487	2,332,902
	<b>160,062,629</b>	<b>115,608,832</b>

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 40 to 63 form an integral part of these Financial Statements.

**Chilaw**  
**June 16, 2016**

## Notes to the Financial Statements

Year ended 31<sup>st</sup> December, 2015

### 1 CORPORATE INFORMATION

#### 1.1 Reporting Entity

##### 1.1.1 Domicile and Legal Form

Chilaw Plantations Limited (the Company) is a limited liability Company incorporated and domiciled in Sri Lanka, under the Companies Act No. 17 of 1982 (The Company re-registered under the companies Act No 07 of 2007) in terms of the provisions of the Conversion of Public Corporations or Government Own Business Undertaking into Public Companies Act No. 23 of 1987.

The registered office of the Company is located at No. 165, Puttalam Road, Chilaw and the Colombo office is located at J.R.Jayawardene Centre, 191, Dharmapala Mawatha,, Colombo 07 and the Plantations are situated in the planting districts of Puttalam, Kurunegala and Gampaha.

##### 1.1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Company were cultivation of coconut, manufacture of copra and sale of green nuts and copra.

##### 1.1.3 Parent enterprise and Ultimate parent Enterprise

The company's parent undertaking is the Government of Sri Lanka

#### 1.2 Date of Authorization for Issue

The Financial Statements of Chilaw Plantations Ltd for the year ended December 31, 2015 was authorized for issue in accordance with a resolution of the Board of Directors on June 16, 2016.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

The Financial Statements have been prepared in accordance with Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, which requires compliance with Sri Lanka Accounting Standards (SLFRS/LKAS) promulgated by The Institute of Chartered Accountants of Sri Lanka (CASL), and with the requirements of the Companies Act No. 07 of 2007.

#### 2.2 Basis of Measurement

These Financial Statements have been prepared in accordance with the historical cost convention other than leased assets of JEDB/SLSPC estates, which have been revalued as described in Note 04, 05 and 06 to the Financial Statements. Where appropriate, specific policies are explained in the succeeding notes and no adjustments have been made for inflationary factors in the Financial Statements.

#### 2.3 Functional and Presentation Currency

The Financial Statements are presented in Sri Lanka Rupees (Rs.), which is the Company's functional and presentation currency. All financial information presented in Sri Lankan Rupees has been given to the nearest rupee.



## Notes to the Financial Statements

Year ended 31st December, 2015

### 2.4 Use of Estimates and Judgments

The preparation of the financial statements in conformity with SLFRS/LKAS requires Management to make judgments, estimates and assumptions that influence the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Judgments and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual experience and results may differ from these judgments and estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period and any future periods affected.

### 2.5 Going Concern

The Management of the company has made an assessment of the company's ability to continue as a going concern and is satisfied that the company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

### 2.6 Comparative Information

The accounting policies have been consistently applied by the company and, are consistent with those used in the previous year unless otherwise stated and previous year's figures and phrases have been rearranged wherever necessary to conform to the current year's presentation.

### 2.7 Events occurring after the Reporting date

All material events occurring after the reporting date have been considered and where appropriate adjustments to or disclosures have been made in the Financial Statements.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Assets and Bases of their Valuation

Assets classified as current assets in the Statement of Financial Position are cash and those which are expected to realize in cash, during the normal operating cycle of the Company's business, or within one year from the reporting date, whichever is shorter. Assets other than current assets are those, which the Company intends to hold beyond a period of one year from the reporting date.

#### 3.1.1 Property, Plant & Equipment

##### 3.1.1.1 Recognition and Measurement

Items of Property, Plant & Equipment are measured at cost (or at valuation in the case of Leasehold Right to Bare Land), less accumulated depreciation and accumulated impairment losses, if any.

## Notes to the Financial Statements

Year ended 31st December, 2015

### (a) Owned Assets

The cost of Property, Plant & Equipment includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other cost directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalized as apart of that equipment.

When significant parts of Property, Plant & Equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the Statement of comprehensive income as incurred.

Capital work-in-progress is transferred to the respective asset accounts at the time of first utilization or at the time the asset is commissioned.

### (b) Leased Assets

Assets obtained under the finance lease, (which effectively transfer substantial risks and benefits incidental to ownership of the leased item) are capitalized at an amount equal to the lower of their fair value and the present value of minimum lease payments at the inception and depreciated/amortized over the period the Company is expected to benefit from the use of the leased assets.

The corresponding principal amount payable to the lessor is shown as a liability. The interest element of the rental obligation applicable to each financial year is charged to the Statement of Comprehensive Income over the period of the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The cost of improvements to the leased property is capitalized and depreciated over the unexpired period of the lease or the estimated useful lives of the improvements whichever is shorter.

#### 3.1.1.2 Subsequent Cost

The cost of replacing part of an item of Property, Plant & Equipment is recognized in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of those parts that are replaced is de-recognized in accordance with the de-recognition policy given below. The costs of the day-to-day servicing of Property, Plant & Equipment are recognized in profit or loss as incurred.

#### 3.1.1.3 De-recognition

The carrying amount of an item of Property, Plant & Equipment is de-recognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on de-recognition are recognized in profit or loss and gains are not classified as revenue.

## Notes to the Financial Statements

Year ended 31st December, 2015

### 3.1.1.4 Depreciation and Amortization

#### (a) Depreciation

Depreciation is recognized in Statement of Comprehensive Income on a straight-line basis over the estimated useful economic lives of each part of an item of Property, Plant & Equipment. The estimated useful lives for the current and comparative periods are as follows:

	No. of Years	Rate (%)
Buildings	40	2.50
Plants & Machinery	15	6.67
Furniture & Fittings	10	10.00
Motor Vehicles	05	20.00
Equipment	08	12.50
Permanent Land development	30	3.33
Fencing	03	33.33
Water Supply	20	5.00

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date on which the asset is classified as held for sale or is de-recognized. Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted prospectively, if appropriate.

#### (b) Amortization

Assets held under finance leases are amortized over the shorter of the lease term and the useful lives of equivalent owned assets unless it is reasonably certain that the Company will have ownership by the end of the lease term. Lease period of land acquired from JEDB/SLSPC will be expired in the year 2045.

The leasehold rights of assets taken over from JEDB/SLSPC are amortized in equal amounts over the shorter of the remaining lease periods and the useful lives and the estimated useful lives for the current and comparative periods are as follows:

	No. of Years	Rate (%)
Leasehold right to bare Land	53	1.89
Improvements to Land	30	3.33
Other Vested Assets	30	3.33
Buildings	25	4.00
Machinery	15	6.67
Water Supply	20	5.00

## Notes to the Financial Statements

Year ended 31st December, 2015

### 3.1.2 Biological Asset

#### 3.1.2.1 Immature and Mature Plantations

##### A) Immovable Leased Bearer Biological Assets (Immature and Mature Plantations)

In terms of the ruling of the UITF of Institute of Chartered Accountants of Sri Lanka prevailed at the time of privatization of plantation estates, Immovable Leased Bearer Biological Assets (Immature and Mature Plantations) in the JEDB/SLSPC estates under finance leases have been taken into the books of the Company retroactive with effect from 22nd June 1992.

Amortization on Immovable Leased Bearer Biological Assets is recognized in Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of the asset and the estimated useful life for the current and comparative periods is as follows:

	No. of Years	Rate (%)
Mature Plantations	30	3.33

##### B) Improvements to Leasehold Property (Immature and Mature Plantations)

The cost of land preparation, rehabilitation, new planting, replanting, inter-planting and fertilizing, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads. The expenditure incurred on bearer biological assets (i.e. Coconut) which comes into bearing during the year, is transferred to mature plantations.

Depreciation on Improvements to Leasehold Property is recognized in Statement of Comprehensive Income on a straight-line basis over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is shorter.

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

	No. of Years	Rate (%)
Coconut	50	2.00
Cashew	25	4.00
Others	20	5.00

#### 3.1.2.2 Dairy Live Stock

Dairy Live Stocks are measured at their fair value less costs to sell. The fair value of livestock is determined in accordance with the circulars issued by the National Livestock Development Board.

#### 3.1.3 Non-Current Assets Held for Sale

Non-current assets, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are measured at lower of their carrying amount and fair value less cost to sell. Non-current assets are classified as held for sale only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Property, Plant & Equipment once classified as held for sale are not depreciated or amortized.

## Notes to the Financial Statements

Year ended 31st December, 2015

### 3.1.4 Inventories

Inventories are valued at lower of cost and estimated net realizable value, after making due allowances for obsolete and slow moving items. Net realizable value is the price at which inventories can be sold in the ordinary course of business after allowing for cost of realization and/or cost of conversion from their existing state to saleable condition.

The cost incurred in bringing inventories to its present location and conditions are accounted using the following cost formula.

Input Material Consumables & Spares	At actual cost on FIFO basis
Growing Crop – Nurseries	At the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads.
Harvested Crop	<p>Agricultural produce harvested from its biological assets are measured at their fair value less cost to sell at the point of harvest.</p> <p>The finished and semi-finished inventories from agriculture produce are valued by adding the cost of conversion to the fair value of the agricultural produce.</p>
Live stocks	Dairy Live Stocks are measured at their fair value less costs to sell. The fair value of livestock is determined in accordance with the circulars issued by the National Livestock Development Board.

### 3.1.5 Financial Assets

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

The Company's financial assets include cash, short-term deposits and investments, trade and other receivables, loans provided to state enterprises.

#### 3.1.5.1 Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit and loss are carried in the Statement of Financial Position at fair value with changes in fair value recognized in finance income or finance expense in the Statement of Comprehensive Income.

The Company has not designated any financial assets upon initial recognition at fair value through profit or loss.

## Notes to the Financial Statements

Year ended 31st December, 2015

### 3.1.5.2 Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate (EIR) method, less allowance for impairment.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortization is included in finance income in the Statement of comprehensive Income. The losses arising from impairment are recognized in the Statement of Comprehensive Income in finance costs.

Loans and receivables comprise of trade receivables, amounts due from related parties, deposits, advances and other receivables and cash and cash equivalents.

#### Trade and Other Receivables

Trade and other receivables are initially measured at fair value and, after initial recognition, at amortized cost less allowance for impairment, if any except for the following receivables.

- Interest free loans made to related parties without any fixed repayment terms or the effect of discounting being immaterial, that are measured at cost less impairment losses for bad and doubtful debt, if any
- Short term receivables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount less impairment losses for bad and doubtful debt, if any.

#### Cash and Cash Equivalents

In additionally cash in hand and at bank, fixed deposits and saving deposits also considered as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

### 3.1.5.3 Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. The EIR amortization is included in finance income in the Income Statement. The losses arising from impairment are recognized in the Statement of Comprehensive Income in finance costs.

The Company have held-to-maturity investments in year 2015 Rs. 152,646,142/- (2014 Rs.113,275,930/-) shown under short term Investments.

### 3.1.5.4 Available-for-Sale Financial Investments

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of the financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognized in other comprehensive income and presented in the fair value reserve in equity. Interest income



## Notes to the Financial Statements

Year ended 31st December, 2015

on available-for sale debt securities is calculated using the effective interest rate method and is recognized in profit or loss. When investments derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

The Company does not have Available-for-Sale Financial Investments in year 2015 (2014 - Nil).

### 3.1.5.5 Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired and if such has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows.

## 3.2 Liabilities and Provisions

Liabilities classified as current liabilities on the Statement of Financial Position are those which fall due for payment on demand or within one year from the Statement of Financial Position date. Non current liabilities are those balances that fall due for payment after one year from the Statement of Financial Position date. All known liabilities have been accounted for in preparing these Financial Statements. Provisions and liabilities are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation.

### 3.2.1. Financial Liabilities

#### Initial Recognition and Measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, carried at amortized cost. This includes directly attributable transaction costs.

The Company's financial liabilities include trade and other payables.

#### 3.2.1.1. Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

Gains or losses on liabilities held for trading are recognized in the Income Statement.

The Company has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

#### 3.2.1.2. Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the Income Statement when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process.

Other financial liabilities comprise trade and other payables, and income tax payables.

## Notes to the Financial Statements

Year ended 31st December, 2015

### 3.2.2. Financial Risk Management Objectives and Policies

The Company principal financial liabilities comprise trade and other payables, and income tax payables. The main purpose of these financial liabilities is to finance the Company operations. The Company has loans provided to state enterprises and Trade and other receivables and cash and short-term deposits that arrive directly from its operations.

Accordingly the Company has exposure to namely Credit Risk, Liquidity Risk, Currency Risk and Interest Rate Risk from its use of financial instruments.

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

#### 3.2.2.1. Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arise principally from the Company's receivable from customers.

#### 3.2.2.2. Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

### 3.2.3. Employees' Benefits

#### (a) Defined Contribution Plans - Provident Fund and Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognized as an expense in profit and loss in the periods during which services are rendered by employees.

The Company contributes 12% on consolidated salary of such employees to Employees' Provident Fund (EPF) and 3% on the consolidated salary of such employees to the Employees' Trust Fund.

#### (b) Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The cost of defined benefit plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases and staff turnover. Due to the long-term nature of these obligations, such estimates are subject to significant uncertainty. Details of the key assumptions used in the estimates are contained in Note 16.

The liability is externally funded in fixed deposits with Bank of Ceylon.

## Notes to the Financial Statements

Year ended 31st December, 2015

### 3.3. Deferred Income

#### Grants and Subsidies

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Grants related to Property, Plant & Equipment are initially deferred and allocated to income on a systematic basis over the useful life of the related Property, Plant & Equipment as follows:

Assets are amortized over their useful lives or unexpired lease period, whichever is less.

Buildings	40 years
Water Supply	20 years
Motor Vehicles	05 years
Furniture and Fittings	10 years
Equipments	08 years

### 3.4. Income and Expenses

For the purpose of presentation of Income Statement, the function of expenses method is adopted, as it represents fairly the elements of the Company's performance.

#### 3.4.1. Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes.

- a) **Revenue from the sale of goods** is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue is recorded at invoice value net of brokerage, sale expenses and other levies related to revenue.
- b) **Gains and losses on disposal of an item of Property, Plant & Equipment** are determined by comparing the net sales proceeds with the carrying amounts of Property, Plant & Equipment and are recognized within 'other operating income' in the Income Statements.
- c) **Interest income** is recognized using the Effective Interest Method as set out in LKAS 39.
- d) **Other Incomes** are recognized on accrual basis.

#### 3.4.2. Expenses

All expenditure incurred in the running of the business and in maintaining the Property, Plant & Equipment in a state of efficiency is charged to revenue in arriving at the profit/(loss) for the year.

## Notes to the Financial Statements

Year ended 31st December, 2015

### 3.5. Income Tax

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

#### (a) 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 adjustments to tax payable in respect of previous years.

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

#### (b) Deferred Tax

Deferred tax is recognised using the Balance Sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting or taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

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

Tax withheld on dividend income from subsidiaries and Associates is recognised as an expense in the Consolidated Income Statement at the same time as the liability to pay the related dividend is recognised.

### 3.6. Segment Reporting

Segmental information is provided for the different business segments of the Company. Business segmentation has been determined based on the Geographical area of Plantations are situated. The activities of the segments are described in the Note 19 to the Financial Statements and Geographical area of Plantations are as follows,

#### Group I Estates

Chilaw Area  
Palugaswewa Estate  
Thambapanni Area

#### Group II Estates

Bingiriya Area  
Divulapitiya Area  
Madampe Area

## Notes to the Financial Statements

Year ended 31st December, 2015

### 3.7. Standards Issued But Not yet Effective

Standards issued but not yet effective up to the date of issue of the financial statements are set out below. The Company will adopt these standards when they become effective. Pending a detailed review the financial impact is not reasonably estimable as at the date of publication of these financial statements.

**(i) SLFRS 9 - Financial Instruments:**

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

Recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from LKAS 39. SLFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

**(ii) SLFRS 15 - Revenue from Contracts with Customers**

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, LKAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. This standard is effective for the annual periods beginning on or after 01 January 2018.

**(iii) Amendment to LKAS 41 - Agriculture & LKAS 16 - Property, Plant & Equipment**

This amendment define a bearer plant and accordingly, require bearer plants to be accounted for as Property, Plant and Equipment and include within the scope of LKAS 16, instead of LKAS 41. Entities are required to apply the amendments for annual periods beginning on or after 1 January 2016.

However, this amendment has no impact on Company current accounting treatment on recognition and measurement. Since, currently the Company continued to recognise and measure bearer plant in accordance with LKAS 16. Further, the above amendment requires entity to recognise agricultural produce at fair value separately from its bearer plants prior to harvest. Determining the point at which to recognise agricultural produce separately, will require judgment.

Pending the detailed review of such standards and interpretations, the extent of the impact has not been determined by the management.

## Notes to the Financial Statements

Year ended 31<sup>st</sup> December, 2015

### 4. LEASEHOLD RIGHT TO BARE LAND OF JEDB/SLSPC ESTATES

Leases have been executed for all estates for a period of 53 years. All of these leases are retroactive with effect from June 22, 1992 the date of formation of the Company. The leasehold right to the land on all these estates have been taken into the books of the Company on June 22, 1992 immediately after the formation of the Company, in terms of the ruling on this matter obtained from the Urgent Issue Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka. For this purpose the Board decided at its meeting on 08th March 1995 that this bare land would be revalued at the value established for this land by valuation specialist, D.R.Wickramasinghe just prior to the formation of the company.

These assets are taken into the Balance Sheet as at 22nd June 1992 and amortized by equal amounts over a 53 year period and the unexpired period of the lease as at the Reporting date is 29.5 years.

	Gross Carrying Value	
	as at 31.12.2015 Rs.	as at 31.12.2014 Rs.
Leasehold Right to Bare land	<u>142,502,287</u>	<u>142,502,287</u>

	Amortization		
	as at 31.12.2015 Rs.	for the year Rs.	as at 01.01.2015 Rs.
Leasehold Right to Bare land	<u>63,324,860</u>	<u>2,688,722</u>	<u>60,636,138</u>

	Carrying Value	
	as at 31.12.2015 Rs.	as at 31.12.2014 Rs.
Leasehold Right to Bare land	<u>79,177,427</u>	<u>81,866,149</u>



# CHILAW PLANTATIONS LTD

## Notes to the Financial Statements

Year ended 31<sup>st</sup> December, 2015

### 5. IMMOVABLE LEASED ASSETS OF JEDB ESTATES (OTHER THAN RIGHT-TO-USE LAND AND LEASED BEARER BIOLOGICAL ASSETS)

In terms of the ruling of the UITF of Institute of Chartered Accountants of Sri Lanka prevailed at the time of privatization of plantation estates, all immovable Assets in the JEDB/SLSPC estates under finance leases have been taken into the books of the Company retroactive with effect from 22nd June 1992. For this purpose the Board decided at its meeting on March 08, 1995 that these assets would be taken at their book values as they appear in the books of the JEDB/SLSPC, on the day immediately preceding the date of formation of the Company. These assets are taken into the 22nd June 1992 Balance Sheet and the amortization of immovable estate assets up to 31st December 2015 are as follows.

At Valuation	Improvements	Other Vested	Buildings Rs.	Machinery Rs.	Water Supply Rs.	2015 Rs.	2014 Rs.
	to Land Rs.	Assets Rs.					
Capitalized Value	841,193	1,002,944	25,356,498	530	4,026,236	31,227,401	31,227,401
<b>Amortization</b>							
As at 1 January	53,922	753,416	22,858,391	530	4,026,236	27,692,494	26,642,447
Amortization for the Year	2,390	33,397	1,014,260	-	-	1,050,047	1,050,047
As at 31 December	56,312	786,813	23,872,651	530	4,026,236	28,742,541	27,692,494
<b>Carrying Amount</b>	<b>784,881</b>	<b>216,131</b>	<b>1,483,847</b>	<b>-</b>	<b>-</b>	<b>2,484,859</b>	<b>3,534,906</b>

### 6. LEASED BEARER BIOLOGICAL ASSETS OF JEDB/SLSPC ESTATES

Revaluation	2015 Rs.	2014 Rs.
Mature Plantation	103,239,426	103,239,426
	<b>103,239,426</b>	<b>103,239,426</b>
As at 01 January	65,757,581	62,319,708
Amortization for the Year	3,437,873	3,437,873
As at 31 December	69,195,454	65,757,581
<b>Carrying Amount</b>	<b>34,043,972</b>	<b>37,481,845</b>

Investment in plantation assets which were immature at the time of handing over to the company by way of estate leases are shown under immature plantations (revalued as at 22nd June, 1992), all of which have been transferred to mature plantations as at the reporting date. Investment by the Company on mature and immature plantations is shown separately under Improvements to Leasehold Property (Mature / Immature Plantation) in Note 7.2. These Mature/Immature plantations were classified as bearer biological assets in terms of LKAS 41 - Agriculture.

# CHILAW PLANTATIONS LTD

## Notes to the Financial Statements

Year ended 31<sup>st</sup> December, 2015

### 7. BIOLOGICAL ASSETS (OTHER THAN LEASED BEARER BIOLOGICAL ASSETS)

		2015 Rs.	2014 Rs.
Dairy Livestock	07.1	9,506,500	7,834,500
Improvements to Leasehold Property (Mature / Immature Plantation)	07.2	623,956,243	544,136,075
		<u>633,462,743</u>	<u>551,970,575</u>

#### 7.1 Dairy Livestock

	Immature Cows (Calves/ Heifers) Rs.	Mature Cows (Milking and Dry Cows) Rs.	2015 Rs.	2014 Rs.
As at 1 <sup>st</sup> January	364,000	7,470,500	7,834,500	8,439,500
Additions during the Year	144,000	-	144,000	76,000
Gain/(Loss) on fair value for the Year	136,500	2,168,000	2,304,500	-
Transfer- In /Out	(152,000)	127,500	(24,500)	276,500
Death	(107,000)	-	(752,000)	(957,500)
As at 31 <sup>st</sup> December	<u>385,500</u>	<u>9,121,000</u>	<u>9,506,500</u>	<u>7,834,500</u>

Livestock are measured at their fair value less costs to sell. The fair value of livestock is determined in accordance with the circulars issued by the National Livestock Development Board

#### 7.2 Improvements to Leasehold Property (Mature/Immature Plantation)

Cost	Mature Plantation				2015 Rs.	2014 Rs.
	Immature Plantation (Rs.)	Coconut Rs.	Cashew Rs.	Other Rs.		
At the beginning of the - Year	318,320,610	177,053,145	87,056,397	967,096	583,397,247	494,762,703
Additions	86,932,070	-	-	-	86,932,070	88,795,799
Transferred from Immature	-	-	-	942,388	942,388	32,999,896
Transferred to Mature	(942,388)	-	-	-	(942,388)	(32,999,896)
Written off	-	-	-	-	-	(161,256)
At the end of the Year	<u>404,310,292</u>	<u>177,053,145</u>	<u>87,056,397</u>	<u>1,909,484</u>	<u>670,329,318</u>	<u>583,397,247</u>

Depreciation	Immature Plantation (Rs.)	Coconut Rs.	Cashew Rs.	Other Rs.	2015 Rs.	2014 Rs.
At the beginning of the - Year		19,535,628	19,580,480	145,065	39,261,172	32,856,386
Charge for the Year		3,541,062	3,475,367	95,474	7,111,902	6,404,786
At the end of the Year		<u>23,076,690</u>	<u>23,055,846</u>	<u>240,539</u>	<u>46,373,075</u>	<u>39,261,172</u>
Carrying Value		<u>404,310,292</u>	<u>153,976,455</u>	<u>64,000,551</u>	<u>623,956,243</u>	<u>544,136,075</u>

## Notes to the Financial Statements

Year ended 31st December, 2015

### Note

These are investments in immature/mature plantations since the formation of the Company. The assets (including plantations assets) taken over by way of estate leases are set out in Notes 4, 5 and 6 to the Financial Statements. Further investment in immature plantations taken over by way of leases are shown in this Note. When such plantations become mature, the additional investments since taken over to bring them to maturity will be moved from immature to mature under this Note. A corresponding movement from immature to mature of the investment undertaken by JEDB/SLSPC on the same plantation prior to the lease will be carried out under Note No. 6.

The requirement of recognition of bearer biological assets at its fair value less cost to sell under LKAS 41 was superseded by the ruling issued on 02 March 2012, by The Institute of Chartered Accountants of Sri Lanka. Accordingly, the Company has elected to measure the bearer biological assets at cost using LKAS 16 - Property Plant & Equipment.

Specific borrowings have not been obtained to finance the planting expenditure. Hence, borrowing costs were not capitalised during the year under Immature Plantations (2014/15 - Nil)

## Notes to the Financial Statements

Year ended 31<sup>st</sup> December, 2015

### 8. FREEHOLD PROPERTY PLANT & EQUIPMENTS

Cost/ Valuation	Buildings Rs.	Plant & Machinery Rs.	Motor Vehicles Rs.	Equipment Rs.	Furniture & Fittings Rs.	Fencing Rs.	Water Supply Rs.	2015 Rs.	2014 Rs.
As at 1 January	38,526,435	7,839,761	139,913,756	34,890,170	8,758,715	2,594,648	7,424,694	239,948,180	236,674,129
Additions	1,748,283	-	8,311,900	4,508,605	543,742	2,303,779	1,036,659	18,452,969	3,274,051
Transfers/Disposal	-	-	2,248,128	-	-	-	-	2,248,128	-
As at 31 December	<u>40,274,718</u>	<u>7,839,761</u>	<u>145,977,528</u>	<u>39,398,776</u>	<u>9,302,457</u>	<u>4,898,427</u>	<u>8,461,353</u>	<u>256,153,021</u>	<u>239,948,180</u>
<b>Depreciation</b>									
As at 1 January	5,423,891	1,088,901	87,131,600	24,886,360	5,487,902	1,985,934	2,918,637	128,923,224	103,091,776
Charge for the Year	976,709	489,667	20,399,712	2,554,506	569,288	500,491	360,222	25,850,595	25,831,448
Transfers/Disposal	-	-	2,248,103	-	-	-	-	2,248,103	-
As at 31 December	<u>6,400,601</u>	<u>1,578,568</u>	<u>105,283,209</u>	<u>27,440,865</u>	<u>6,057,190</u>	<u>2,486,424</u>	<u>3,278,859</u>	<u>152,525,715</u>	<u>128,923,224</u>
<b>Net Value</b>									
<b>Capital Work-in-progress</b>									
As at 1 January								6,953,113	3,509,541
Additions during the Year								794,494	3,443,572
Capitalized during the year & Transfer out								(6,417,036)	-
As at 31 December								<u>1,330,571</u>	<u>6,953,113</u>
<b>Carrying amount</b>								<u>104,957,876</u>	<u>117,978,069</u>

#### Note

The assets shown above are those movable assets vested in the Company by Gazette notification on the date of formation of the Company (22.06.1992) and all investment in tangible assets by the company since its formation. The assets taken over by way of estate leases are set out in Notes 4 and 5 and 6.

Further, the valuation of immovable JEDB / SLSPC estate assets on finance lease (other than leasehold property) and tangible assets other than immature / mature plantations taken over on 22 June 1992 is based on net book values obtained from the State Plantations Corporation and Janatha Estate Development Board as at such date. These values were not made available to us by individual asset.

# CHILAW PLANTATIONS LTD

## Notes to the Financial Statements

Year ended 31<sup>st</sup> December, 2015

### 9. INVENTORIES

	2015 Rs.	2014 Rs.
Input Materials	2,816,452	2,509,061
Growing Crop - Nurseries	4,038,701	3,231,351
Harvested Crop	29,274,915	56,033,169
Consumables and Spares	7,221,568	7,086,032
Livestock	4,277,098	4,587,460
	<u>47,628,734</u>	<u>73,447,073</u>
Impairment allowance for Obsolete Stocks	(15,500)	(15,500)
	<u><b>47,613,234</b></u>	<u><b>73,431,573</b></u>

### 10. TRADE AND OTHER RECEIVABLES

	2015 Rs.	2014 Rs.
Produce Debtors	25,815,410	23,976,789
Staff Debtors	10,529,346	9,238,953
Other Debtors	9,394,753	10,469,473
Wair-Coir Project	13,325,233	13,325,233
	<u>59,064,742</u>	<u>57,010,448</u>
Impairment allowances for Wair-Coir Project	(13,325,233)	(13,325,233)
Impairment allowances for Bad Debts	(986,636)	(440,378)
	<u><b>44,752,874</b></u>	<u><b>43,244,837</b></u>

### 11. FINANCIAL FACILITY TO STATE ENTERPRISES

	Amount Granted Rs.	2015 Rs.	2014 Rs.
<b>Loan Receivables</b>			
Elkaduwa Plantations Ltd	20,000,000	23,519,452	23,519,452
Sri Lanka Rubber Manufacturing & Export Corporation Ltd	10,000,000	10,000,000	10,000,000
Sri Lanka State Plantations Corporation	20,000,000	23,610,959	23,610,959
Ministry of Estate Resources & Enterprise Development	15,000,000	15,000,000	15,000,000
Janatha Estate Development Board	40,000,000	47,627,397	47,627,397
	<u>105,000,000</u>	<u>119,757,808</u>	<u>119,757,808</u>
<b>Less:</b>			
Impairment Loss	<u>(105,000,000)</u>	<u>(119,757,808)</u>	<u>(119,757,808)</u>
	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-</b></u>

The Company has granted temporary financial facility to the government enterprises amounting to LKR 105 Million in the year 2010. However company has unable to recover these dues up to the 31 December 2014 from the respective parties and the amount with accumulated interest totalling to LKR 119,757,808/-. The Board of Directors of Chilaw Plantation Limited resolved to make a full provision for impairment for the year ended 2014.

## Notes to the Financial Statements

Year ended 31<sup>st</sup> December, 2015

### 12. SHORT TERM INVESTMENTS

	2015 Rs.	2014 Rs.
Fixed Deposit - BOC	58,646,142	107,275,930
Treasury Bills and REPO	94,000,000	6,000,000
	<u>152,646,142</u>	<u>113,275,930</u>

Short-term deposits are made for varying periods of between six month and twelve months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

The above fixed deposits with Bank of Ceylon represent ,Plan assets in respect of gratuity liability amounting to Rs. 67,834,120/-

### 13. STATED CAPITAL

#### Issued and Fully Paid Number of Shares

Ordinary shares including one golden Shares held by the Treasury which have Special rights	<u>20,000,001</u>	<u>20,000,001</u>
--	-------------------	-------------------

#### Value of Issued and Fully Paid Shares

Ordinary shares including one golden Shares held by the Treasury which have Special rights	<u>200,000,010</u>	<u>200,000,010</u>
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Stated Capital represents the amount paid to the company in respect of issuing 20,000,001 ordinary shares including one Golden share which has special rights. With the enactment of the Companies Act No. 07 of 2007 which is applicable with effective from 03 May 2007, the concept of authorized share capital and par value is no longer applicable.

### 14. DEFERRED TAX LIABILITY

At the beginning of the Year	41,266,324	42,524,772
Provision for the Year	7,826,328	(1,258,448)
At the end of the Year	<u>49,092,652</u>	<u>41,266,324</u>

	Temporary Difference Rs.	Tax Effect Rs.
Temporary difference of,		
-Property, Plant and Equipment	(45,146,981)	(4,966,168)
-Mature and Immature Plantation	(623,956,243)	(62,395,624)
-Impairment allowance for Obsolete Stocks	15,500	1,705
-Impairment allowances for Bad Debts	29,069,677	3,197,664
-Retirement Benefit Obligation	67,834,120	7,461,753
Carried forward Tax Losses	68,804,931	7,568,542
Carried forward Tax Credit	358,866	39,475
<b>Deferred Tax Assets / (Liability)</b>	<u><b>(503,020,130)</b></u>	<u><b>(49,092,652)</b></u>

The effective tax rate used to calculate deferred tax liability for all the temporary differences other than Mature and Immature Plantation as at 31 December, 2015 is 11% for the Company.

The effective tax rate used to calculate deferred tax liability for Mature and Immature Plantation as at 31 December, 2015 is 10% for the Company.



## Notes to the Financial Statements

Year ended 31<sup>st</sup> December, 2015

### 15. DIFERRED GRANTS AND SUBSIDIES

	2015 Rs.	2014 Rs.
At the beginning of the Year	7,619,584	8,048,742
Less : Amortization for the Year	<u>(429,158)</u>	<u>(429,158)</u>
At the end of the Year	<u><b>7,190,426</b></u>	<u><b>7,619,584</b></u>

Grants were received from the Plantation Housing and Social Welfare Trust for the development of workers facilities such as re-roofing of Line rooms, Latrines, Water supply and Sanitation etc.

The amount spent is capitalised under relevant classification of Property, Plant & Equipment. Corresponding grant component is reflected under Deferred Grants and Subsidies and amortised over the useful life span of the asset.

### 16. RETIREMENT BENEFIT OBLIGATION

	2015 Rs.	2014 Rs.
At the beginning of the year	65,120,485	58,780,004
Interest Cost	6,512,049	6,171,900
Current Services Cost	5,920,040	5,704,734
Gratuity Payments for the Year	(6,956,474)	(5,144,442)
Actuarial (Gain) / Loss	<u>(2,761,980)</u>	<u>(391,711)</u>
At the end of the Year	<u><b>67,834,120</b></u>	<u><b>65,120,485</b></u>

LKAS 19 requires the use of actuarial techniques to make a reliable estimate of the amount of retirement benefit that employees have earned in return for their service in the current and prior periods and discount that benefit using the Projected Unit Credit Method in order to determine the present value of the retirement benefit obligation and the current service cost. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates about demographic variables and financial variables that will influence the cost of the benefit. The following key assumptions were made in arriving at the above figure.

According to the actuarial valuation report issued by the actuarial valuer as at 31 December 2015 the actuarial present value of promised retirement benefits amounted to Rs. 67,834,120. If the company had provided for gratuity on the basis of 14 days wages and half months salary for each completed year of service, the liability would have been Rs. 77,632,461/-. Hence, there is a contingent liability of Rs. 9,798,341/-, which would crystallise only if the company ceases to be a going concern.

The key assumptions used by Messrs Actuarial & Management Consultants (Pvt) Ltd. include the following;

- (i) Rate of Interest 10.5% p.a.
- (ii) Rate of Salary Increase
  - Monthly paid Staff 8.0% p.a.
  - Daily Paid Staff 9.0% p.a.
- (iii) Retirement Age
  - Monthly paid Staff 60 years
  - Daily Paid Staff 60 years
- (iv) Daily Wage Rate Rs. 455/-

# CHILAW PLANTATIONS LTD

## Notes to the Financial Statements

Year ended 31<sup>st</sup> December, 2015

### 17. LIABILITY TO MAKE LEASE PAYMENT FOR THE JEDB / SLSPC ESTATES

	Repayable within 1 year Rs.	Repayable after one year		Sub Total Rs.	Total Rs.
		Repayable within two to five years Rs.	Repayable after five years Rs.		
Gross Finance Lease Liability	6,508,000	26,032,000	159,062,651	185,094,651	191,602,651
Less : Future Finance Charges	(4,456,604)	(16,972,372)	(58,765,688)	(75,738,060)	(80,194,664)
Net Finance Lease liability-2015	<u>2,051,396</u>	<u>9,059,628</u>	<u>100,296,963</u>	<u>109,356,591</u>	<u>111,407,987</u>
Net Finance Lease liability-2014	<u>1,972,497</u>	<u>8,711,180</u>	<u>102,696,807</u>	<u>111,407,987</u>	<u>113,380,484</u>

The leases of the estates have been amended, with effect from 22nd June 1996 to an amount substantially higher than the previous lease rental of Rs. 500/= per estate per annum. The rental payable under the revised basis is Rs. 6.508 million per year. This amount is to be inflated annually by the Gross Domestic Product (GDP) deflator, and is in the form of a contingent rental.

The contingent rental during the current year charged to the Income Statement amounted to Rs. 26,499,070/- which is based on GDP deflator of 6.7% (2014 - 24,695,425/- 6.7%)

The Statement of Recommended Practice (SoRP) for Right-to-use of Land on Lease was approved by the Council of the Institute of Chartered Accountants of Sri Lanka on 19 December 2012. Subsequently, the amendments to the SoRP along with the modification to the title as Statement of Alternative Treatment (SoAT) were approved by the Council on 21 August 2013. The Company has not reassessed the Right-to-use of Land because this is not a mandatory requirement. However, if the liability is reassessed according to the alternative treatment (SoAT) on the assumption that the lease rent is increased constantly by GDP deflator of 4% and discounted at a rate of 13% , liability would be as follows.

Gross	=	1,891,689,763
Finance Charges	=	(1,272,201,621)
Net Liability	=	<u>619,488,142</u>

The above reassessed liability is not reflected in these Financial Statements.

### 18. TRADE AND OTHER PAYABLES

	2015 Rs.	2014 Rs.
Trade Creditors (Refund, CDA Marketing Lot fee)	1,967,193	1,798,485
Others (Fertilizer, Contractors etc.)	32,019,132	38,766,471
Holiday Pay	3,068,655	3,071,535
Accrued Expenditure	5,168,818	3,748,316
Audit Fee	926,000	870,908
10% Profit Share Staff (RPC Agreement)	11,730,853	8,575,891
	<u>54,880,651</u>	<u>56,831,606</u>

## Notes to the Financial Statements

Year ended 31<sup>st</sup> December, 2015

### 19. REVENUE

#### 19.1 Summary

	2015 Rs.	2014 Rs.
Coconut	367,424,020	322,426,966
Copra	31,941,978	52,423,676
	<b>399,365,998</b>	<b>374,850,643</b>

#### 19.2 Segment Information

	Group 01		Group 02		Unallocated		Total	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
<b>Geographical Segment Results</b>								
Revenue	226,281,163	191,532,229	173,084,835	183,318,414	-	-	399,365,998	374,850,643
Revenue Expenditure	(131,018,445)	(108,792,040)	(105,242,774)	(99,364,736)	-	-	(236,261,219)	(208,156,776)
Depreciation	(7,747,901)	(7,730,991)	(6,608,574)	(6,236,417)	-	-	(14,356,475)	(13,967,408)
Segment Results	<b>87,514,817</b>	<b>75,009,198</b>	<b>61,233,487</b>	<b>77,717,260</b>	-	-	<b>148,748,304</b>	<b>152,726,458</b>
Other Income and Gain							78,274,685	37,371,708
Unallocated Expenses							(120,009,667)	(113,611,186)
Impairment Loss on Financial Assets							-	(119,757,808)
Finance Cost							(31,034,573)	(29,306,794)
Finance Income							9,803,760	11,304,731
Profit before Income Tax							85,782,509	(61,272,891)
Income Tax Expenses							(9,610,612)	(799,013)
<b>Net Profit for the Year</b>							<b>76,171,897</b>	<b>(62,071,904)</b>
<b>As at 31st December,</b>								
<b>Segment Assets</b>								
Non Current Assets	417,924,251	387,973,262	403,988,360	357,936,989	32,214,267	46,921,295	854,126,878	792,831,546
Current Assets	54,969,186	69,074,659	25,875,597	34,863,539	176,037,197	129,364,632	256,881,980	233,302,830
<b>Total Assets</b>	<b>472,893,437</b>	<b>457,047,921</b>	<b>429,863,957</b>	<b>392,800,528</b>	<b>208,251,464</b>	<b>176,285,927</b>	<b>1,111,008,857</b>	<b>1,026,134,376</b>
<b>Segment Liabilities</b>								
Non Current Liabilities	33,173,983	33,067,277	31,144,786	30,088,865	169,155,021	162,258,238	233,473,790	225,414,380
Current Liabilities	16,434,541	11,701,338	16,818,299	11,595,633	21,486,719	33,803,583	54,739,559	57,100,554
<b>Total Liabilities</b>	<b>49,608,524</b>	<b>44,768,615</b>	<b>47,963,085</b>	<b>41,684,498</b>	<b>190,641,740</b>	<b>196,061,821</b>	<b>288,213,349</b>	<b>282,514,934</b>

# CHILAW PLANTATIONS LTD

## Notes to the Financial Statements

Year ended 31<sup>st</sup> December, 2015

### 20. OTHER INCOME AND GAINS

	2015 Rs.	2014 Rs.
Amortization of Grant	429,158	429,158
Profit from Livestock Project	1,512,581	(888,243)
Valuable Trees	22,355,425	(48,286)
Profit on Disposal of unusable vehicles & Scrap sales	294,015	-
Coconut Palms	19,682,141	8,645,408
Coconut Husks & Shells	7,030,610	7,716,752
Penalty	3,332,878	3,961,313
Seedlings & nursery plant	3,004,008	779,086
Paddy	2,406,640	2,346,910
Fire wood	1,475,821	2,161,795
Cashew	135,336	5,924,466
Desalting Tank (sale of Mud soil)	12,644,387	-
Other	3,971,685	6,343,348
	<b>78,274,685</b>	<b>37,371,708</b>

### 21. FINANCE COST

Land & Buildings (JEDB) Variable Lease Rental to PMD(MPI) Treasury	26,499,070	24,695,425
Lands & Buildings (JEDB) Lease Rental Interests to PMD(MPI) Treasury	4,535,503	4,611,369
	<b>31,034,573</b>	<b>29,306,794</b>

### 22 PROFIT BEFORE TAX IS STATED AFTER CHARGING

<b>Depreciation</b>		
- Leasehold Right to bare land	2,688,722	2,688,722
- Immovable Leased Assets	1,050,047	1,050,047
- Freehold Property, Plant and Equipments	25,850,595	25,831,448
- Biological Assets	10,549,775	9,842,659
Directors Remuneration	2,633,312	3,625,534
Auditors Remuneration	926,000	862,521
Defined Benefit Plan Costs	9,670,109	11,484,923
Defined Contributions Plan Costs - EPF & ETF	21,456,264	21,105,091
Salaries & Wages	165,495,210	152,940,464
Employees' 10% Profit Share	8,868,397	5,711,685
	<b>249,188,431</b>	<b>235,143,094</b>

### 23. INCOME TAX EXPENSE

#### 23.1 The major components of income tax expenses for the year ended 31 December 2015 are as follows.

<b>Current Tax Expenses</b>		
Current Income Tax (Note 23.2)	1,784,284	2,057,461
Over provision of previous year Income Tax	-	-
Deferred taxation Charges / Provision	7,826,328	(1,258,448)
<b>Income tax expense reported in the Income statement</b>	<b>9,610,612</b>	<b>799,013</b>

#### 23.2 Reconciliation between tax expenses and the product of accounting profit

Profit before tax	85,782,509	(61,272,891)
Aggregate disallowable items	65,622,549	181,075,826
Aggregate allowable items	(159,333,115)	(132,789,229)
Adjusted Business profit / (Loss)	(7,928,058)	(12,986,294)
Interest Income	9,803,760	11,304,731
Statutory Income	9,803,760	11,304,731
Less: Qualifying Payment		
Deductions U.S 32	(3,431,316)	(3,956,656)
Taxable Income	<b>6,372,444</b>	<b>7,348,075</b>
Standard Rate - 28% (2013 - 28% )	1,784,284	2,057,461
Current Income Tax Expenses	<b>1,784,284</b>	<b>2,057,461</b>

# CHILAW PLANTATIONS LTD

## Notes to the Financial Statements

Year ended 31<sup>st</sup> December, 2015

### 24. EARNINGS PER SHARE

**24.1** The calculation of the basic earnings per share is based on after tax profit for the year divided by the weighted average number of ordinary shares outstanding during the period.

**24.2** The following reflects the income and share data used in the computation of basic earnings per share.

<b>Amounts used as the Numerator :</b>	<b>2015 Rs.</b>	<b>2014 Rs.</b>
Net profit applicable to ordinary share holders for basic earnings per share	76,171,897	(62,071,904)
	<u>76,171,897</u>	<u>(62,071,904)</u>
<b>Amounts used as the Denominator :</b>	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares in issue applicable to basis earnings per share	20,000,001	20,000,001
	<u>20,000,001</u>	<u>20,000,001</u>
Basic Earning per share	<u>3.81</u>	<u>(3.10)</u>

### 25. COMMITMENTS AND CONTINGENCIES

#### 25.1 Capital Commitments

There have been no significant Capital Commitment as at the reporting date.

#### 25.2 Contingent Liabilities

There were no contingent liabilities other than disclosed in Note No. 16 as at the reporting date.

### 26. EVENTS AFTER THE REPORTING PERIOD

There have been no material events occurring after the reporting date that require adjustments or disclosures in the Financial Statements.

### 27. RELATED PARTY DISCLOSURES

Details of significant Related Party Disclosures are as follows.

#### 27.1 Transactions with the key management personnel of the company and parent

There were no material transactions with the key management personnel of the Company other than those disclosed in Note 22 to these Financial Statements.

#### 27.2 Related Party Transactions

There are no related party transactions other than those disclosed in Note No 11 to these Financial Statements.

## TEN YEAR SUMMERY

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Coconut Production Nuts '000</b>	12,517	12,969	9,595	15,808	14,528	18,256	18,632	6,280	17,815	17,070

<b>Trading Results</b>	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Revenue	399,366	374,851	287,152	339,051	322,909	422,668	312,687	310,990	291,202	171,088
Gross Profit	148,748	152,726	112,890	123,733	163,228	172,166	115,805	171,458	141,612	62,150
Profit Before Interest and Tax	116,817	(31,966)	108,989	111,209	118,969	136,608	141,201	53,070	122,167	60,264
Profit Before Tax	85,782	(61,273)	81,820	86,225	95,771	114,163	120,693	35,271	106,869	46,496
Profit After Tax	78,934	(61,680)	72,919	77,975	77,670	75,256	98,097	10,509	105,403	36,902
Retained Profits	622,795	543,862	625,542	587,623	584,648	585,895	510,639	442,542	432,033	326,629
Dividend Paid			20,000	35,000	75,000	-	75,000	30,000		
Dividend Total	396,650	396,650	396,650	376,650	341,650	266,650	266,650	191,650	161,650	161,650

<b>Financial Position</b>										
Fixed Assets	854,127	792,832	737,497	602,610	560,326	483,117	436,721	392,322	374,790	362,861
Mature / Immature Plantations	658,000	581,618	502,826	410,033	354,712	326,048	287,333	250,444	237,592	222,599
Current Assets	256,882	233,545	356,230	454,231	519,019	627,829	496,056	476,434	501,906	381,727
Inventories	47,613	73,432	71,398	82,606	94,295	28,526	44,770	50,041	54,799	39,007
Short Term Investment - Fixed Deposit	152,646	113,276	128,996	199,377	244,814	409,727	387,174	373,501	395,195	284,638
Total Asset	1,111,009	1,026,376	1,093,727	1,056,841	1,084,615	1,110,946	932,777	868,756	876,696	744,588
Current Liabilities	54,740	57,100	45,452	60,149	90,605	127,215	60,125	61,675	84,699	50,670
Long Term Liabilities	233,474	225,414	222,734	209,070	204,092	197,836	162,012	164,539	159,964	167,258
Stated Capital	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Shareholders Funds	822,796	743,861	825,542	787,623	784,648	785,895	710,639	642,542	632,033	526,629

Current Ratio ( Times)	4.69	4.09	7.83	7.55	5.77	4.94	8.25	7.72	5.93	7.53
Quick Ratio (Times)	3.82	2.80	6.27	6.18	4.69	4.71	7.51	6.91	5.28	6.76
Gross Profit Ratio %	37.25	40.74	39.31	36.49	44.71	40.73	37.04	55.13	48.63	36.33
Earning Per Share Rs.	3.81	(3.10)	3.69	3.90	3.88	3.76	4.90	0.53	5.27	1.85
Return on Average Equity (ROE)%	10.08	(7.86)	8.80	9.92	9.86	10.06	14.50	1.65	18.19	7.26
Return on Capital Employed (ROCE)%	11.06	(3.30)	10.40	11.16	11.97	13.89	16.18	6.58	15.43	8.68
Total Asset to Current Libities	0.05	0.06	0.04	0.06	0.08	0.11	0.06	0.07	0.10	0.07
Shareholders Fund Ratio	74.06	72.47	75.48	74.53	72.34	70.74	76.19	73.96	72.09	70.73
Interest Cover - (Times)	3.76	(1.09)	3.98	4.45	5.13	6.09	6.89	2.98	7.99	4.38
Debt Ratio	0.26	0.28	0.25	0.25	0.27	0.29	0.24	0.26	0.28	0.29
Long Term Debts To Total Assets	0.21	0.22	0.20	0.20	0.19	0.18	0.17	0.19	0.18	0.22

## NOTICE OF ANNUAL GENERAL MEETING


NOTICE IS HEREBY GIVEN that the Annual General Meeting of Chilaw Plantations Limited will be held at Grand Oriental Hotel, No 2, York Street, Colombo 01 on 08th December 2016 at 1.30 Pm For the following Purposes.

### AGENDA

1. To receive and consider the Statement of Accounts for the year ended 31st December 2015 with the Report of the Directors and Auditors thereon.
2. To appoint Auditor General's Department as Auditor of the company for year 2016.

BY ORDER OF THE BOARD

CHILAW PLANTATIONS LIMITED



CORPORATE ADVISORY SERVICES (PVT) LTD

SECRETARIES - CHILAW PLANTATIONS LTD

Date: 11<sup>th</sup> November 2016

### NOTES

1. A shareholder/member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead.
2. A Proxy need not be a member of the Company.
3. A Form of Proxy is enclosed for this purpose.



## FORM OF PROXY

I/We the undersigned.....  
of.....  
being a member/members of Chilaw Plantations Limited hereby appoint :

- |  |                |
|--|----------------|
| 1. Mr. Victor Kumara Charles Herath                      | or falling him |
| 2. Mr. Maneesha Kithsiri Bandara Seneviratne             | or falling him |
| 3. Mr. Ananda PushpaKumara Kuliypiti Gamlathge           | or falling him |
| 4. Mr. Asai Lakkathas                                    | or falling him |
| 5. Mr. Herath Mudiyanseelage Nilantha Chandimal Herath   | or falling him |
| 6. Mr. Paththinikuttige Bernard Sarath Christopher Nonis | or falling him |

.....  
As my/our proxy to represent me/us and to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 08th December 2016 at 1.30 pm and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

**Please indicate your preference by placing a 'X' against the Resolution No.**

- |   | <b>FOR</b>               | <b>AGAINST</b>           |
|---|--------------------------|--------------------------|
| 1. To receive and consider the Statement of Accounts for the year ended 31st December 2015 with the Report of the Directors and Auditors thereon. | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. To appoint Auditor General's Department as Auditor of the company for year 2016.   | <input type="checkbox"/> | <input type="checkbox"/> |

Signature of Shareholder's:.....

Shareholders NIC No:.....

Signed this ..... day of .....2016

### INSTRUCTIONS AS TO COMPLETION

- Kindly perfect the form of proxy by signing in the space provided and please fill in the date of signature.
- If the proxy is signed by an attorney the relative power of attorney should also accompany the completed form of proxy if it has not already been registered with the Company.
- The completed form of proxy should be deposited at the Secretaries' Office (i.e. Corporate Advisor Services (Private) Limited, No. 47, Alexandra Place, Colombo 7 not less than 48 hours before the time appointed for the holding of the meeting.