

ANNUAL REPORT 2019



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பெருந்தோட்ட அமைச்சு
Ministry of Plantation

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சிலாபம் பெருந்தோட்ட நிறுவனம்
CHILAW PLANTATIONS LTD

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VISION

To maximize the contribution to the Sri Lankan economy through sustainable development of the Coconut Industry.

MISSION

Having utilized limited resources in effective and efficient manner to make sustainable development of coconut based industry and uplifting living standard of employee and general public through accepted policies.

VALUES

Honesty

Team Spirit

Integrity

Empowerment

Transparency

Innovative

Leadership

Professionalism

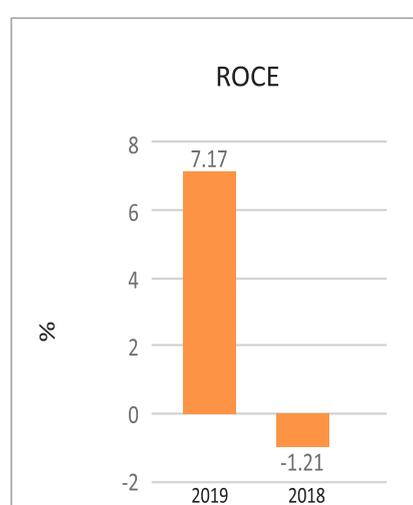
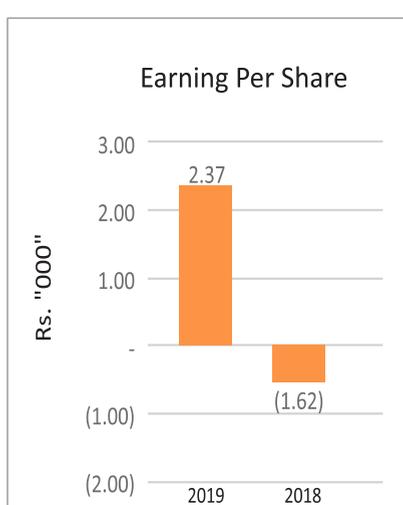
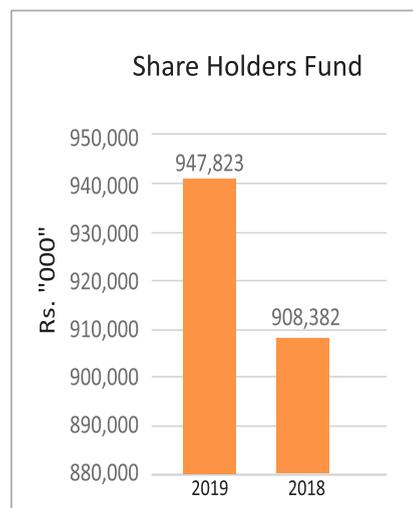
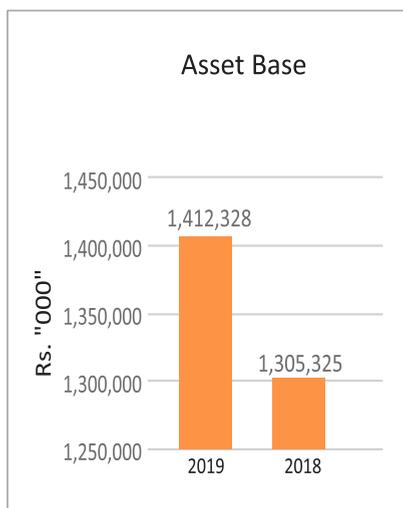
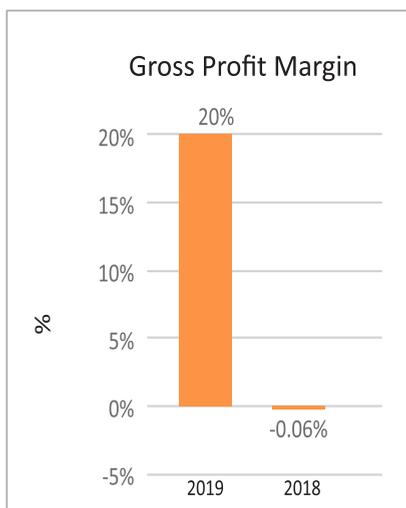
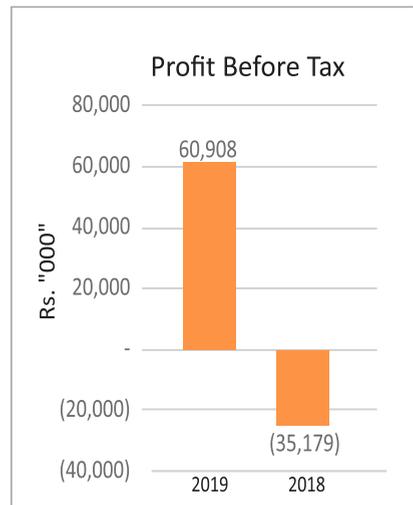
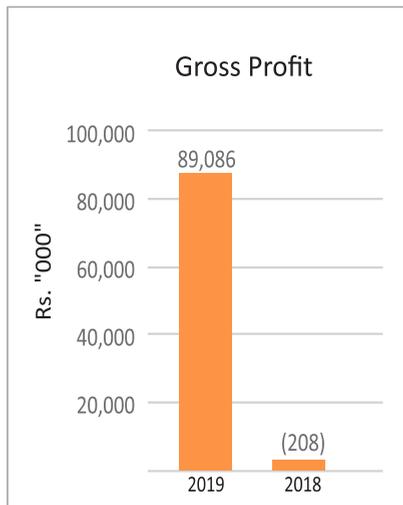
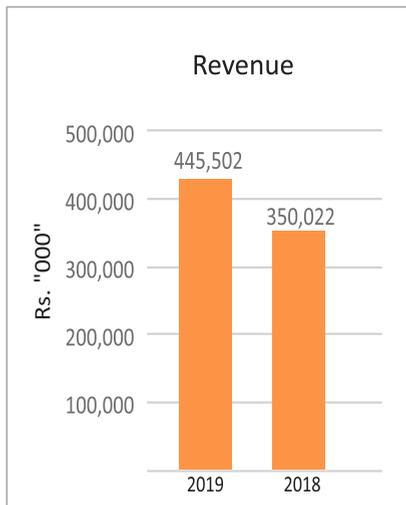
Responsibility & Accountability



FINANCIAL HIGHLIGHTS

| | 2019 | 2018 | Variance % |
|--|-----------|-----------|------------|
| Coconut Production Nuts '000 | 14,994 | 8,132 | 84 |
| Summary Results | | | |
| | Rs' 000 | Rs' 000 | % |
| Revenue | 445,502 | 350,022 | 27 |
| Gross Profit | 89,086 | (208) | 42,930 |
| Profit Before Interest and Tax | 89,951 | (14,529) | 719 |
| Profit Before Tax | 60,908 | (35,179) | 273 |
| Profit After Tax | 49,440 | (36,642) | 235 |
| Total Reserves | 747,823 | 708,382 | 6 |
| Timber Reserves | 130,655 | 95,398 | 37 |
| Dividend Total (1992-2018) | 466,650 | 456,650 | 2 |
| Financial Position | | | |
| Non Current Asset | 1,178,237 | 1,120,859 | 5 |
| Mature / Immature Plantations | 917,169 | 870,102 | 5 |
| Current Assets | 234,091 | 184,466 | 27 |
| Inventories | 67,383 | 56,610 | 19 |
| Short Term Investment (Fixed Deposits) | 105,000 | 80,625 | 30 |
| Total Assets | 1,412,328 | 1,305,325 | 8 |
| Current Liabilities | 157,011 | 107,101 | 47 |
| Non current Liabilities | 307,494 | 289,841 | 6 |
| Stated Capital | 200,000 | 200,000 | - |
| Shareholders' Funds | 947,823 | 908,382 | 4 |
| Key Indicators | | | |
| | Times/ % | Times/ % | Variance % |
| Current Ratio (Times) | 1.49 | 1.72 | (13) |
| Quick Ratio (Times) | 1.06 | 1.19 | (11) |
| Gross Profit Ratio % | 20 | (0.06) | 33,751 |
| Earning Per Share Rs. | 2.37 | (1.62) | 246 |
| Return on Average Equity (ROE) % | 5.33 | (3.95) | 235 |
| Return on Capital Employed (ROCE) % | 7.17 | 1.21 | 691 |
| Debt Ratio | 0.33 | 0.30 | 8 |
| Shareholders Fund Ratio % | 67.11 | 69.59 | (4) |
| Interest Cover - Times | 2.26 | (0.41) | 651 |





REVIEW OF THE CHAIRMAN

It is with pleasure, I give below my observations to all the Stake holders of Chilaw plantations limited pertaining to the performance of the company for the year 2019 as the newly appointed chairman/Chief executive officer. 2019 was a challenging year followed by comparatively low performed year of 2018. CPL determined to turn out 2019 a profitable year to ensure the Company is back in track. Conducive weather experienced in 2018 helped to go through 2019 specifically for coconut production.

Performance of Coconut

Chilaw Plantations Limited recorded a production of 14,993,952 coconuts in year 2019 recording increases in all eight estates. This was a commendable achievement compared to the previous year where an 84% increase in coconut production was recorded. Nevertheless, during the latter part of the year, the price of the coconut dropped drastically which hindered the performance and this led to minimize the profit against the high crop recorded. We ended up with a N.S.A of Rs. 25/-which has been the lowest for past 8 years.

Cashew

As a result de-amalgamation Thambapanni and Mangalaeliya Area Estates in year 2019, we were able to obtain the highest ever cashew crop of Chilaw Plantations Limited having recording a crop of 152 M.T. Appropriate supervision and good agricultural practices combined with stern security measures to protect the crop was the main reason for this achievement. We look forward a better year 2020 with further improvements of field and harvesting practices. Value added cashew has created a fairly large demand in the domestic market and Chilaw Plantations Limited made fullest efforts to fulfill these requirements.

Rain Water Harvesting

Being a Plantation Company where most of the estates are located in the dry zone in the country, it was understood by the management, the importance of maintaining the water tables in our estates. To harvest the maximum rain water available and to charge the ground water table, we commenced renovation of existing ponds in our estates, this effort will pay the dividends in years to come.

Irrigation Systems

A trial plot of hose irrigation was established in Seenugala estate to check the possibility of irrigating young coconut plantations available in the Company which are the future

plantations. This has shown promising results and further extensions are expected to be done in time to come.

Value Added Products & Marketing

Value added products such as coconut oil, cashew, curd and yoghurt are sold to the customers through our Sales Outlets and by Mobile vehicle. To extend this facility, Chilaw Plantations Limited commenced an Outlet in the Head office premises of Chilaw Plantations Limited in year 2019 which has become a popular Sales Center in the Area to buy fresh products of Chilaw Plantations Limited.

Welfare

Management of Chilaw Plantations Limited conducted various training programmes to the employees and awareness programmes to fulfill the training needs identified. Annual get-togethers were arranged to motivate the employees and their performances were evaluated and rewarded during the year.

The Way forward

Chilaw Plantations Limited has understood importance of diversification in order to be sustainable and several steps have been taken to have multiple income generation projects to be a competitive player in the trade. This will be further enhanced by the large scale diversification programmes suggested in the corporate plan in years to come. This will create the Chilaw Plantations Limited playing a prominent and important role in Plantation Industry in Sri Lanka whilst contributing to the national economy in a considerable way.

Acknowledgement

I take this opportunity to thank the Minister of Plantation Industry, The Secretary of the Ministry, The Board of Directors of CPL, for the guidance and support rendered in all the operations with regard to Chilaw Plantations Limited affairs. My thanks are given to General Manager and all dedicated staff of Chilaw Plantations Limited for untiring efforts to achieve this result of Chilaw Plantations Limited during the year under review.

Further, we hereby acknowledge the support given by the buyers, brokers, suppliers, Bankers Unions and the Community who helped us in numerous ways for our success.


Chairman/CEO
Chilaw plantations ltd

BOARD OF DIRECTORS



Mr. Jude Rukantha Perera
(B.A, M.A., H.S.D.)
Chairman/Chief Executive Officer

Mr. Jude Rukantha Perera was appointed as the Chairman/ CEO of Chilaw Plantations Limited on the 1st of January 2020.

Mr. Jude Perera comes from a respectable lawyer's family and he studied at the University of Colombo, Aquinas University College and University of Kelaniya and holds a Bachelor of Arts as well as a Master of Arts. He was also a Scholarship winner of American Field Services.

Mr. Jude Rukantha Perera was a former Mayor of Kegalle and was able to raise the urban council of Kegalle as the best urban council in Sri Lanka. He has played an active role in the state sector, having served as Coordinating Secretary and Media Secretary in many ministries throughout the past years. During 2009 - 2015 he has served the Kurunegala Plantations Limited as the Working Director where he has made a significant contribution which lead KPL to achieve profit records while reaching higher standards. He was also a member of the senior management in a reputed Private company. Hence, Mr. Jude Perera has made outstanding performances with impressive management and leadership skills in both government and private sector.



Mr H.G. Sumanasinghe
Director

Within this short period (nine months) under his leadership a rapid progress can be observed in the company in which the CPL has recorded its highest profit in the history by the end of July 2020. Currently the profit of Chilaw Plantations Limited has grown by 400% compared to the last year. At the same time Mr. Jude has implemented new projects for the upcoming year with the intention of expanding value added diversified products into the international market.

He is a well-educated, equipped with a sound knowledge on plantation sector and a well experienced person with outstanding management and leadership capabilities.

Mr.H.G Sumanasinghe was appointed to the Board of Chilaw Plantations Ltd on 05.02.2020 and function as the Board Director, representing the General Treasury. He serves in Director Boards of several Government Institutions in Sri Lanka.

At present Mr. Sumanasinghe is holding the position of Additional Secretary of Ministry of Finance and he is a Special Grade Officer in the Sri Lanka Administrative Service with 25 years' experience in Government service.

He holds a Bachelor of Commerce Degree from the University of Colombo and Master of Public Policy from Finders University, South Australia.



Mrs Aruni S Ranasinghe
Director

Mrs Aruni S. Ranasinghe performs as a member of the Board of Directors of the Chilaw Plantations Ltd since 14th February 2020, representing the Ministry of Plantation. She serves as a Board member in several government institutions.

She is the Additional Secretary (Administration) of the Ministry of Plantation at present. Mrs. Ranasinghe is a Special Grade Officer of the Sri Lanka Administrative Service with 22 years of Government service.

She has been graduated with a degree in Bachelor of Commerce (Special) Hons. of University of Sri Jayawardenapura and obtained a Masters in the field of Public Administration from Sri Lanka Institute of Development Administration (SLIDA)



Mr. Keerthi Pathirana
Director

Mr. Keerthi Pathirana was appointed as a member of the Board of Directors of Chilaw Plantations Ltd on 05th February 2020. Currently he performs his duties as the Chief Operating Officer at Lanka Sugar Company, Sevenagala.

During the period of 2013 to 2015 he was the Working Director of CPL and also he was an experienced accountant in the field of hotel management.



Mr. Nalinda Kasun Rajasinghe
Director

Mr Nalinda Rajasinghe was appointed as a Member of the Board of Directors of Chilaw Plantations Ltd on 05th February 2020. He serves on the Boards of several Government Institutions in Sri Lanka.

Currently he holds the position of Head of Operations & Business Development at SLPA, JCT Limited. He has been graduated with a Degree in Bachelor of Business Administration (Special), University of Colombo, Master of Business Administration, University of Sri Jayawardenapura & following the PhD at University of Colombo





Lt. Col. Ajanta Moonemalle
Director

Joined Chilaw Plantations Ltd., as a Board of Director on 05th February 2020.

Serves as Group Manager, Kegalle Plantations PLC., He carries 39 years' experience in the Plantations Sector.

He holds a Master Degree in Business Administration from the Institute of Chartered Financial Analysis of India. He also had followed many National and International Diplomas in related to Human Resources and Marketing Management.

He is a Commissioned Officer of the Sri Lanka Army holding the Rank of Lieutenant Colonel in Voluntary Force and a member of Institute of Personal Management Sri Lanka.



Mr. W.W.A.N.T.A Fernando
Director

Mr. Nirosh Fernando was appointed as a Member of the Board of Chilaw Plantations Ltd on 05th February 2020. He is a versatile businessman hailing from a traditional business family.

He has served as Board Director for many State Organizations.



Mr. I.S.J.P Gunawardena
Director

Mr. I.S.J.P Gunawardena joined as the member of Board of Directors of Chilaw Plantations Ltd on 05th February 2020.

He was a qualified banking officer at People's bank and retired as a Bank Manager. He has been completed the banking exams to make his career success.

Previous Board of Directors

| | |
|--|--------------------------------------|
| Mr. V.K.C. Herath (from 14.07.2016 - 31.12.2019) | Chairman |
| Mr. M.K.B. Senevirathne (From 08.05.2015- 05.02.2020) | Executive Director |
| Mr. P.C. Wijewardana (From 28.02.2019 – 05.02.2020) | Working Director |
| Mr. P.B.S.C. Nonis (from 05.09.2016 – 03.02.2020) | Director/Treasury Representative |
| Mr. A. Lakkathas (from 19.05.2016 – 28.02.2019) | Director |
| Mrs. Aruni S.Ranasinghe (from 28.02.2019 – 05.02.2020) | Director/ Ministry Representative |
| Mr. J.B.Kaluarachchi (From 31.01.2019 – 05.02.2020) | Director |
| Mr. Ananda Pushpakumara (From 19.03.2019 – 05.02.2020) | Director |
| Mr. H.M.N.C.Herath (From 20.03.2015 – 31.01.2019) | Director |
| Dr. S.Wijegoonewardene (From 24.07.2018 – 28.02.2019) | Director |

Senior Management Team

Head office

| | | | |
|-----|---------------------------|---|---------------------------------|
| 01. | Mr. R.W.M.J.S.R. Perera | - | Chairman/CEO |
| 02. | Mr. A.G.R.M.M.Ranaweera | - | General Manager |
| 03. | Mr. B. Hettiarachchi | - | AGM - Plantations |
| 04. | Mr. R.M.R.B. Rathnayake | - | Senior Accountant |
| 05. | Mr. H.P.M.W. Hemachandra | - | Chief Internal Auditor |
| 06. | Mr. A.A. Asoka Ananda | - | Manager Estate |
| 07. | Mr. W.K. Pradeep | - | Manager Tec. & Development |
| 08. | Mr. A.M.T.H.B. Athapattu | - | Manager HR/Admin |
| 09. | Mr. A.N.A.S. Karunathunga | - | Manager Marketing |
| 10. | Miss. P.N.N. Gunaseela | - | Manager - Planning & Monitoring |

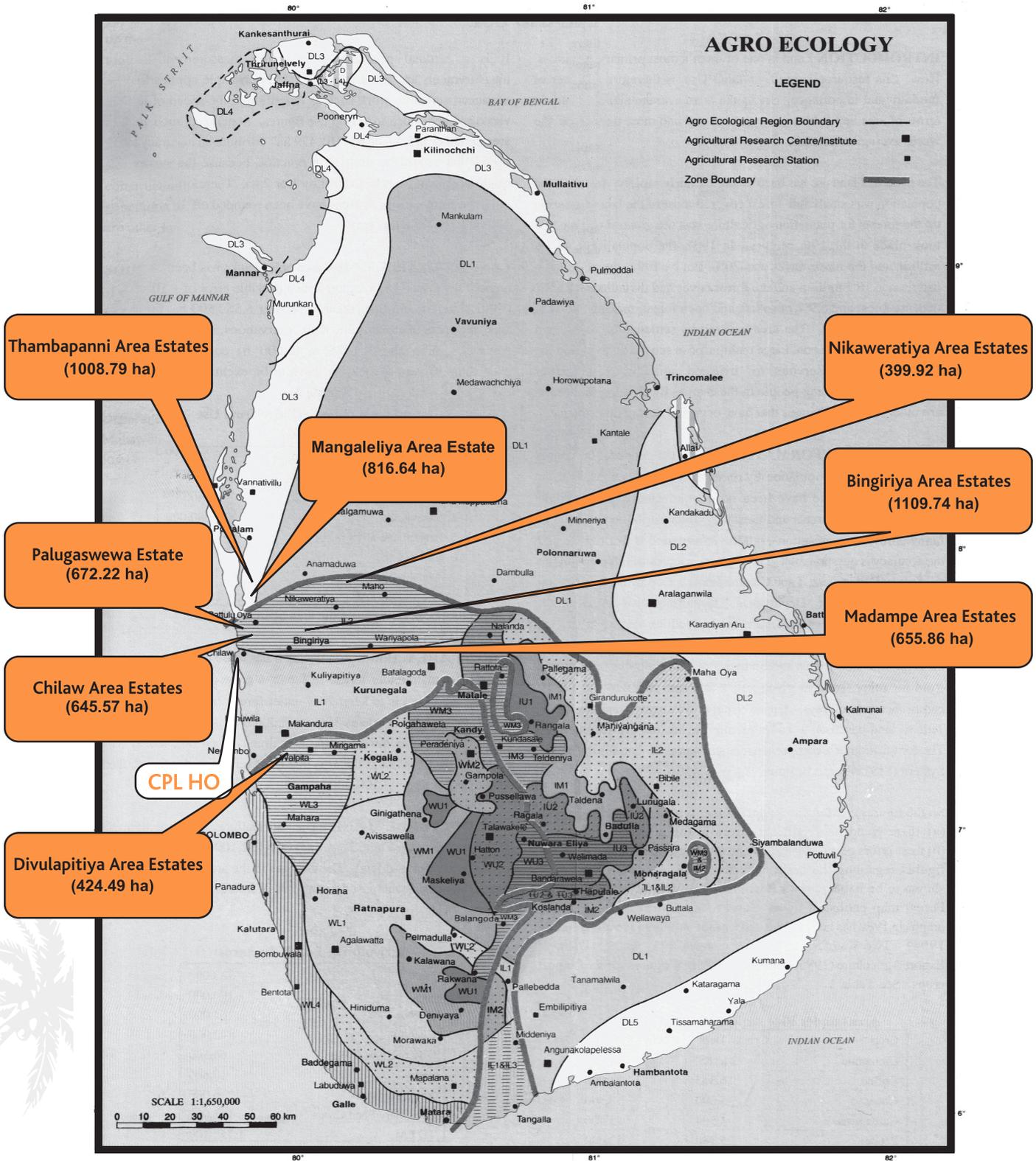
Estate Superintendents

| | | | |
|-----|---------------------------|---|---|
| 11. | Mr. J. H. Fernando | - | Superintendent, Palugaswewa Estate |
| 12. | Mr. M.G.C. Dias | - | Superintendent, Diulapitiya Area Estates |
| 13. | Mr. D.M.G.A.Dissanayake | - | Superintendent, Madampe Area Estate |
| 14. | Mr. B.M.U.B.Basnayake | - | Superintendent, Chilaw Area Estate |
| 15. | Mr. A.M.D. Gunathilake | - | Superintendent, Bingiriya Area Estate |
| 16. | Mr. H.T.S. Perera | - | Superintendent, Thambapanni Area Estates |
| 17. | Mr. B.A.P.D. Dharmasena | - | Superintendent, Mangalaeliya Area Estates |
| 18. | Mr. K.A.N.I. Karunarathna | - | Superintendent, Nikaweratiya Area Estates |



MANAGEMENT REVIEW

Estate Locations



Estate Information

| Area Estate | No. of Divisions | Extent Hectares | Main crop | Inter crops | Divisional Secretariat Division |
|---------------------------|------------------|-----------------|-----------------|---------------------------------------|--|
| Bingiriya Area Estates | 11 | 1,109.74 | Coconut | Dragon fruit, Cinnamon, Cashew | Bingiriya |
| Chilaw Area Estates | 12 | 645.57 | Coconut | Cashew, Cinnamon, Dragon fruit, Mango | Pallama, Arachchikattuwa, Rasnayakepura |
| Divulapitiya Area Estates | 14 | 424.49 | Coconut | Pepper, Rambutan, Cinnamon | Divulapitiya, Katana, Wennappuwa |
| Madampe Area Estates | 12 | 655.86 | Coconut | Dragon fruit, Pineapple, Cashew | Nattandiya, Chilaw, Bingiriya, Udubaddawa, Kuliypitiya |
| Mangalaeliya Area Estates | 11 | 816.64 | Coconut | Cashew | Puttalam, Mundel, Mahakubukkadawala |
| Nikaweratiya Area Estates | 13 | 399.92 | Coconut | Cashew | Kobeigane, Paduwasnuwara |
| Palugaswewa estate | 01 | 672.22 | Coconut | Dragon fruit, Cashew | Arachchikattuwa |
| Thambapanni Area Estates | 10 | 1,008.79 | Coconut, Cashew | Cashew | Puttalam, Wanathavilluwa, Kalpitiya |
| Total | 84 | 5,733.23 | | | |

Business Structure Agri Business Management

Chilaw Plantations Limited (CPL) manages 5,733.23 hectares of lands located in the districts of Puttalam, Kurunegala and Gampaha out of which lands 3,804.94 hectares have been cultivated with coconut. Being the main crop of coconut, the inter crops such as cashew, mango, rambutan, dragon fruit and spices such as cinnamon and pepper cultivation also have been undertaken in addition to animal husbandry. Most of the lands located in Kurunegala and Gampaha districts shows the intermediate and wet zone features whilst the lands located in the Puttalam district shows the features of dry zone. There are 84 estates in different extent scattered in the above districts which estates are being managed as eight Area Estates. The productivity

of these estates varies comparatively due to the location of such estates in different agro ecological zones. Due to the above circumstances comparatively low productivity is reported in the estates located in Puttalam district.

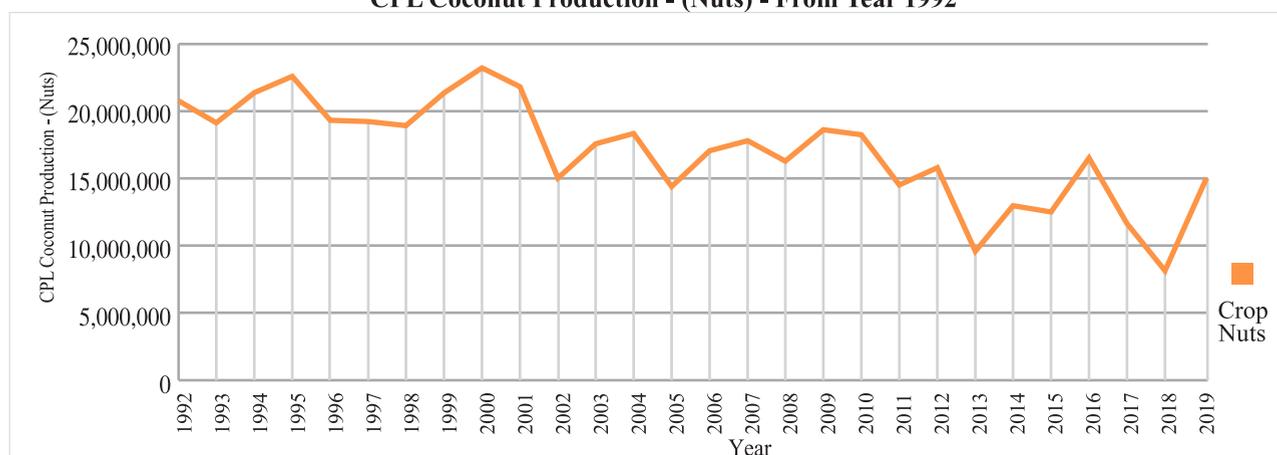


Coconut Production Details Year Wise

| Year | Cocount harvest (Nuts) | Difference | No. of bearing trees | Difference | Nuts per pulm | Sri Lanka's coconut Production (Million) | Difference |
|------|------------------------|------------|----------------------|------------|---------------|--|------------|
| 1992 | 20,782,648 | 0 | 421,875 | - | 49 | 2,296 | - |
| 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 | 09,595,275 | -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 |
| 2016 | 16,522,290 | 32% | 304,043 | 5% | 54 | 2,845 | -7% |
| 2017 | 11,651,155 | -29% | 282,005 | -7% | 41 | 2,450 | -14% |
| 2018 | 8,132,121 | -30% | 262,517 | -7% | 31 | 2,737 | +10% |
| 2019 | 14,993,952 | 84% | 259,808 | -1% | 58 | 3.106 | -13% |

In the year 2019, positive change of rainfall and its distribution has been reported as a result CPL has been achieved a considerably higher yield more than the previous year.

CPL Coconut Production - (Nuts) - From Year 1992



COCONUT UNDER - PLANTATIONS

During the year 2009 to 2013 CPL has increased the coconut under plantations having paid more attention to the agricultural practices. However, establishment of coconut under plantations have been limited in the recent past with the aim of up keeping the coconut under plantations already established by the end of the year 2019. Chilaw Plantations Limited owns 814.19 hectares of coconut under plantations

which is 27.22% of the coconut cultivated extent, the long dry weather conditions experienced in the dry and intermediate zones affect the continues growth of coconut seedlings in addition to the Red weevil threat affect the growth of the coconut seedlings as well.

| Area Estate | Coconut Bearing Extent (Hec.) | Coconut Immature Extent (Hec.) | Immature % |
|--------------|-------------------------------|--------------------------------|--------------|
| Bingiriya | 492.04 | 195.00 | 39.63 |
| Chilaw | 393.14 | 92.22 | 23.46 |
| Divulapitiya | 319.74 | 84.00 | 26.27 |
| Madampe | 496.95 | 106.7 | 21.47 |
| Mangalaeliya | 242.6 | 51.19 | 21.10 |
| Nikaweratiya | 255.91 | 76.96 | 30.07 |
| Palugaswewa | 456.16 | 161.00 | 35.29 |
| Thambapanni | 334.21 | 47.12 | 14.01 |
| Total | 2,990.75 | 814.19 | 27.22 |

CROP DIVERSIFICATION & ANIMAL HUSBANDRY

Crop Diversification

Cashew cultivation has been undertaken in the lands located in dry zone. Most of the cashew plantations are established in Puttalam area due to the suitability of the agro climatic conditions. The extent of which is 805.88 hectares, the highest cashew harvest compared to the previous years have been harvested in the year 2019 which is 151,542 kgs.

However, the crop such as Rambutan, Cinnamon, Pepper, Dragon fruit in addition to cashew have been cultivated under the coconut plantations using the soil qualities and rainfall to achieve maximum land utilization.

| Pepper (Rs.) | Rambutan (Rs.) | Dragon Fruit (Rs.) | Cinnamon (Rs.) | Pineapple (Rs.) | | | |
|--------------|----------------|--------------------|----------------|--------------------|----------------|-----------------|-------------|
| Estate | Cashew (ha.) | Pepper (ha.) | Rambutan (ha.) | Dragon Fruit (ha.) | Cinnamon (ha.) | Pineapple (ha.) | Mango (ha.) |
| Thambapanni | 399.25 | - | | - | - | - | - |
| Mangalaeliya | 317.24 | | | - | - | - | - |
| Bingiriya | 20.00 | - | | 4.40 | 0.81 | - | - |
| Nikaweratiya | 18.20 | | | - | - | - | - |
| Chilaw | 45.12 | - | | - | 1.6 | - | 1.6 |
| Madampe | 6.07 | - | | 3.64 | - | 0.4 | - |
| Divulapitiya | - | 16.06 | 20.00 | 4.00 | 11.40 | - | - |
| Palugaswewa | - | - | | 0.50 | - | - | - |
| Total | 805.88 | 16.06 | 20.00 | 12.54 | 13.81 | 0.4 | 1.6 |

Inter Crop Income - Year 2019

| Estate | Cashew (Rs.) | Pepper (ha.) | Rambutan (ha.) | Dragon Fruit (ha.) | Cinnamon (ha.) | Pineapple (ha.) |
|--------------|----------------------|-------------------|-------------------|---------------------|-------------------|------------------|
| Thambapanni | 32,762,851.50 | - | - | 17,250.00 | - | - |
| Mangalaeliya | 10,982,267.75 | - | - | - | - | - |
| Bingiriya | 459,840.00 | - | - | 717,720.00 | 157,813.00 | - |
| Nikaweratiya | 445,060.00 | - | - | 1,840.00 | - | - |
| Chilaw | 801,920.00 | - | - | 13,875.00 | - | - |
| Madampe | - | - | - | 356,182.50 | - | 38,239.50 |
| Divulapitiya | - | 239,715.00 | 500,000.00 | - | 501,000.00 | - |
| Palugaswewa | 665,088.00 | - | - | 82,686.50 | - | - |
| Total | 46,117,027.25 | 239,715.00 | 500,000.00 | 1,189,554.00 | 658,813.00 | 38,239.50 |

Animal husbandry

Buffaloe Project

The fresh milk obtained from the Buffaloe project established in Palugaswewa estate is used for the manufacture of Buffaloe curd and yoghurt which production has a high quality and are sold through the Sales outlets established in Palugaswewa estate and Head Office premises.



Sheep Project

There are two sheep projects located in Bingiriya and Madampe Area Estates. Main income from such projects is the sale of animals for breeding purposes based on the live weight of such animals. Additionally, sheep dung is used as a carbonic fertilizer to uplift the soil conditions of coconut under plantations.

| Estate | Buffaloes (Nos.) | Sheep (Nos.) |
|--------------|------------------|--------------|
| Palugaswewa | 187 | - |
| Chilaw | 12 | - |
| Divulapitiya | 43 | |
| Madampe | 2 | 114 |
| Bingiriya | - | 587 |
| Total | 244 | 711 |



Pond Renovation

A higher attention has been given to renovate the ponds located in the estates to retain maximum amount of rain water to raise the ground water levels to minimize the water scarcity during the dry spells.

Therefore, the cutting and renovating 9 ponds selected from 8 Area Estates have been commenced in the year 2019. It is expected that the above arrangements paves the way to store more rain water in ponds and improve the micro climatic conditions of the estates.

Environmental effect

Rainfall

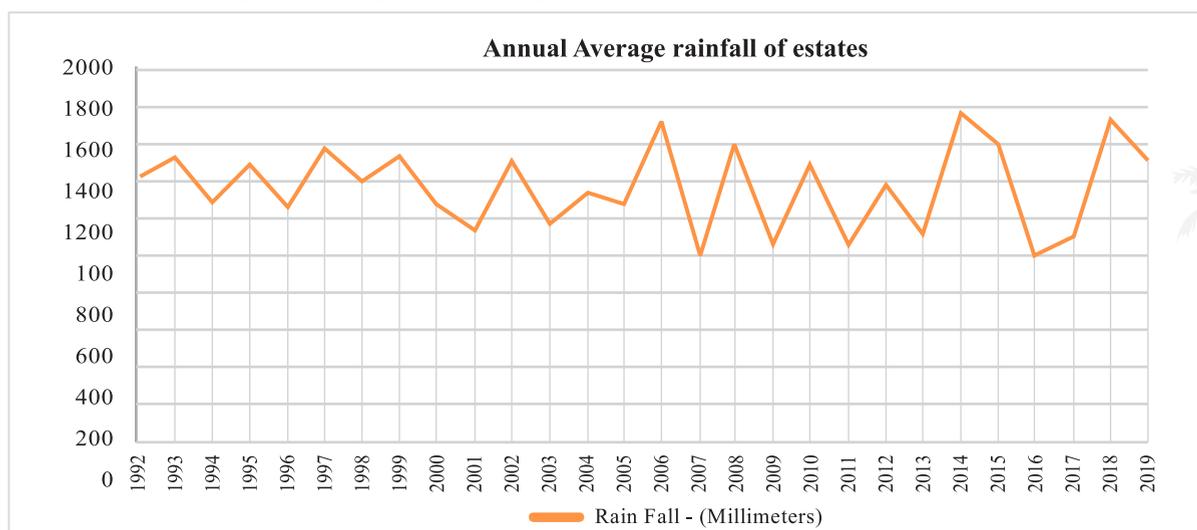
Annual rainfall is a very important fact for a coconut palm of which has a continuous growth during the year. It support to

keep soil moisture and establish a friendly soil environment for the root structure. Well distributed rainfall will supports the maintaining of soil moisture for a prolonged period.

Temperature

Environmental temperature is the main factor affecting the pollination of coconut flowers and fruit formation. increased temperature of the environment hinderers the pollination and affecting the fruit setting of the palms.

Estate that are located in the dry zone are prone to the effect of high temperature and this results low yields.



Innovative irrigation system

The requirement of water of the coconut seedlings is fulfilled from the rain water as well as the water supplied using the Bowers during the drought periods. Initiations were taken by the Chilaw Plantations Limited based on the recommendations of the CRI to establish pipe water supply systems in the coconut plantations. 75 acres of coconut plantations established in Seenugala estate of Chilaw Area Estates has been used for such a system in which estate a ground water resources in the initial stage. A water supply system covering an extent of 5 acres have been established in 2018 in order to extend it in 2019. The arrangements were made to lay down water pipes in an extent of 15 acres.

Additionally, in the Kinyama **Kapruwan** Seed Garden, arrangements were made by the CRI to establish a pipe water supply system covering a coconut under plantations of 143 acres.

Production of hybrid Coconut Seeds by Hand Pollination

With the technical knowhow from the CRI in Palugaswewa in 2012 production tall to Sandraman Cultivar of coconut by hand pollinating was started and is being continued. After selecting the coconut palm, which has high productivity and features and crossed with the Sanraman pollen obtained from the CRI, the tall to sanraman cultivar of coconut is produced. The number of seed nuts produced from the beginning of the project is as follows:

| Year | Manufacture of Coconut Seed |
|-------------------|-----------------------------|
| Upto 2012 to 2018 | 77,233 |
| 2019 | 5,846 |
| Total | 83,079 |



Kinyama Kapruwana Seed Garden

As per the Memorandum of understanding signed between CRI and CPL in 2012, the Kapruwana seed garden was established, the idea of this seed garden is the production of Kapruwana seed nuts in 2019. There are 200 bearing Kundira palms and started in pollinating in the garden.

Value Added Products

Cashew Processing

The sale of processed cashew is being undertaken successfully at present. In 2019 the marketing network was widened through the Welfare Societies in various government institutions and the sale is being undertaken. Initially, this cashew processing unit was established in Thambapanni estate and was later transferred to Palugaswewa estate for easy management. In 2019 the quantity of cashew processed is 4,282 kgs.



Coconut Oil Production

The production of pure coconut oil was started in 2012. It is expected to increase the production with the high productive equipments. Upto 2019 50,000 liters of coconut oil has been processed and sold to the consumers.



Our Special Occasions



Annual Pirith Ceremony & Alms giving



Establishment of Colombo Office at JEDB



Celebrating National coconut day & planting coconuts



Dansal for Poson poya



World Environmental day
Cleaning of Deduruoya and planting trees

Our Social Responsibilities

Sustainability

Sustainability Review

Sustainability can be defined as an effective management physical, biological and environmental resource in a Plantation. Environmental protection, social responsibility and economic policies are the normal objectives. By operating such objectives to cover the physical economic and social sustainability to the Company is built. The CPL based on an Agro environment has given priority to ecological balance and eco system conservation. We have been able to grant those benefits for many of the members of the CPL based on their mutual social commitments.

Sustainable Agriculture

5,733.23 Hac. Of lands is under the management of the CPL where we have been able to make maximum use of the lands by diversifying the biological resources while maintaining coconut cultivation as the main crop. Priority has been given to establish coconut plantations, inter cropping and animal husbandry. The extent of coconut under plantation which was 6% in 2008 is 27.22% at the end of 2019.

We have also taken steps to reduce production cost by expanding animal husbandry, refilling vacancies, planting bio fuel nitrogen fixing plants etc.,

Improving Soil Bio Activities

Application of organic manure substitutes the chemical fertilizers in building a sustainable environment. Land productivity and its sustainability have also being confirmed through the adoption and water conservation, strategies conservation of surface water at the establishment of water resources, increase of organic bio mass in soil by cover crops and atmospheric nitrogen fixation by plating gliricidia etc.,

Respecting and adhering to government policies

We have been working for many years to prevent the use of non bio degradable heavy metal herbicides as follows:

1. Systematic mechanical weed control instead of herbicide application, propagation of cover crops such as pureria and animal husbandry.
2. Establishment of peromone traps to prevent Redweevil damage to coconut seedlings.

3. Keeping the field clean by integrated methods resulting predator mites as recommended by the CRI to the areas where the coconut mite infestation is identified.

Using organic matter as fertilizer

Instead of applying chemical fertilizers directly as the only substitute for nutrient deficiencies, the Chilaw Plantations Limited is currently using organic fertilizers along with chemical fertilizers. This has made it possible to maintain some of the biological factors in the soil. Cattle dung in the Palugaswewa estate of the Chilaw Plantations Limited is used as organic fertilizer for the coconut seedlings in the same estate and sheep manure in the Kinyama, Andigedara and Heenmeliyagara estates is applied in addition to the chemical fertilizer to the coconut seedlings in those estates.

Addition of organic matter with chemical fertilizers improves soil texture and soil moisture conservation, preventing excess of nutrients from seeping into the soil and retaining the surface. It makes the investment more effective. Large quantities of soil nutrients are absorbed for this process, especially as the coconut plant shows growth with continuous production. The absorbed nutrients are applied back to the same plant as dried twigs and deposited in the field as coconut husk mulch and coconut husk pits. Coconut twigs are mulched and coconut husks are buried as follows for the year 2019.

| Area Estate | Fronnd Mulching (Farm) | Husk Mulching (Farm) | Burying Husk (Husk pit) |
|--------------|------------------------|----------------------|-------------------------|
| Chilaw | 78,495 | 717 | 750 |
| Bingiriya | 47,118 | 2,447 | 1,793 |
| Nikaweratiya | 37,875 | - | - |
| Divulapitiya | 90,855 | 2,903 | - |
| Madampe | 82,422 | 5,599 | - |
| Palugaswewa | 44,552 | 560 | 1,703 |
| Thambapanni | 36,232 | 720 | 500 |
| Mangalaeliya | 18,254 | 20 | - |
| Total | 435,803 | 12,966 | 4,746 |

Ecosystem conservation

Chilaw Plantations Limited owns 50 acres of Mawathagama Forest Reserve and 10 acres of Galkanda Forest Reserve. These forest systems represent the form of a wetland ecosystem, which has long been responsible for the conservation of biodiversity and sustainable land management. In addition, there are beds of various sizes within most of the estate divisions, most of which are organized as biosynthesis systems. Therefore, continuous efforts are being made to maintain such systems.

Timber cultivation and management

Chilaw Plantations Limited consists of 85 estate units, with a total of over 22,000 timber trees belongs to various species and stages of growth. Although most plantations are located within plantation boundaries, over time, systematic plantation have been established thus we have been able to resume teak cultivation on 12 hectares by increasing the teak extent in estates such as Kasamadu and Thambapanni.

In Environmental Management, Chilaw Plantations Limited is systematically expanding forestry, a biological resource, in stages. Chilaw Plantations Limited has prepared a “Five Year Forest Management Plan” in 2019 to manage the aforesaid and utilize its resources. The plan has been approved by the Ministry of Plantation Industries and the Forest Department.

Sustainable products

Carbon footprint

We would like to point out that as a result of the direct and indirect activities of the Chilaw Plantations Limited, we are working towards reducing the production of carbon dioxide or similar units. Replacing low-efficiency machinery with

high-efficiency, providing new machinery, not driving unnecessarily, allowing decomposing organic matter to be recycled back into the soil, Chilaw Plantations has collectively contributed to reducing the carbon footprint by improving unit productivity and minimizing the use of resources to improve employee attitudes and efficiency.

Employee and social relations

Employee benefits

Chilaw Plantations Limited can always be described as an institution that uplifts the attitudes of the employees and is most interested in the benefits that will be reaped for them. Recognizing the most valuable resource of an organization as a human resource, based on the performance in 2019, the Chilaw Plantations Limited was able to provide the employee incentive traditionally offered to its employees.

This has greatly contributed to human resource management strategic employee motivation, leading to increased productivity and growing commitment to the company.

Development of estate infrastructure

Chilaw Plantations Limited is committed to creating a conducive environment for employees to work in good health at all times, and has given priority to improving the infrastructure, especially for plantation workers.

Social responsibilities

Chilaw Plantations Limited regularly conducts its business by establishing co-operative relations with outsiders. The company has the opportunity to use its resources to build its standard of living for the betterment of the society. For most of the land owned by the company, dairy cattle belonging to low-income farmers around the estates have been given the

opportunity to graze the required grass. As a result, we are contributing to increase the overall milk production in the country as their standard of living improves. The company indirectly benefits from the use of weeds by animals, such as increasing the organic matter composition of the soil due to the addition of carcasses.

In addition, we provide many facilities requested by temples and shrines annually, where we provide timber for necessary activities, provide financial assistance, sponsor the company by providing copra for various temples and devala peraheras, as well as in the event of disasters in the country. Actively provides relief.

As a Plantation Company, we aspire to achieve sustainable development through ecological, social and economic balance, to engage in economically productive agricultural activities, to fulfill the aspirations of all employees and to contribute as an agribusiness company to the Chilaw Plantations Limited as a partner in the development of the country.





FINANCIAL REVIEW

The Financial Statement of the Company, which form a part of this Annual Report, set out the financial performance and the financial position of the Company. The Financial review discusses an overview of the Company's financial performance.

The reporting financial year for Chilaw Plantations Ltd has been a challenging year due to many adverse influences from the external environment. Low Net Sale Average reported in financial year and unfavorable condition influenced the agricultural operations of the Company. Despite such adverse impacts the Company was able to achieve a sound financial standing in the financial year 2019 when compared to the year 2018.

COMPANY FINANCIAL PERFORMANCE AT A GLANCE

| Item | 2019 | 2018 | Variance (2018 - 2019) | | |
|----------------------------|---------------|---------------|------------------------|-------|---|
| | | | | % | Key Factor |
| Coconut Nuts Mn | 14.9 | 8.1 | 6.8 | 84% | |
| NSA (Net Sale Average) Rs. | 25/= | 36/= | (11) | (30%) | |
| | Rs. Mn | Rs. Mn | Rs. Mn | | |
| Revenue | 445 | 350 | 95 | 27% | Increase of Crop |
| Cost of Sales | 356 | 350 | 6 | 2% | |
| Other Income | 94 | 72 | 22 | 31% | Increase of sundry income |
| Administrative Expenses | 93 | 86 | 7 | 8% | Non payment of performance incentive in 2018 |
| Finance Income | 11 | 15 | (4) | (26%) | Due to decrease of short term investment and interest rate |
| Finance Expenses | 40 | 36 | 4 | 11% | Lease interest on JEDB Asset has increased due to increase in annual GDP Deflator |

Revenue

In the year under review, company recorded revenue of Rs. 445 Million. This is an increase of 27% on the previous year. The increase was mainly due to increase of coconut and cashew crop compared to the previous year. However, coconut prices were declined by 30% compared to year 2018.

The composition of the revenue is as follows.

| | 2019 Rs. Mn. | 2018 Rs. Mn. |
|-------------------------|-----------------|-----------------|
| Coconut | 348 | 291 |
| Cashew | 46 | 24 |
| Livestock | 23 | 17 |
| Other crops and project | 28 | 18 |
| | 445 | 350 |

Gross profit

Gross profit for the year under review was Rs. 89 Million compared to loss of Rs. 207,522 recorded in 2018.

Segmental Gross profit

Coconut was the main contribution to gross profit, representing 73% amounting to Rs. 65 Million, while cashew contributed 17%, which represents Rs. 15 Million. Contribution from other sources was Rs 9 Million which is equal to 10%.

Gross Profit

| | 2019 Rs. Mn. | 2018 Rs. Mn. |
|-------------------------|-----------------|-----------------|
| Coconut | 65 | (3) |
| Cashew | 15 | (2) |
| Livestock | 2 | 2 |
| Other crops and project | 7 | 3 |
| | 89 | (.2) |

The gross profit margin for Coconut was 18.6% in the year 2019 and gross profit margin for cashew was 33%.

Profit Before tax (PBT)

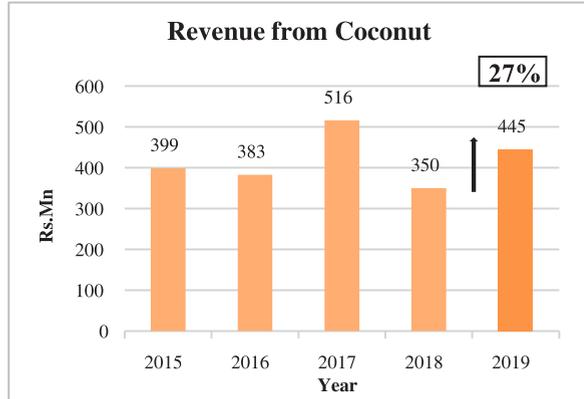
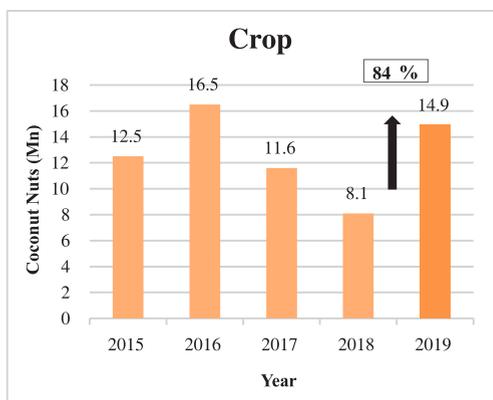
The company made a profit before tax of Rs. 61 Million in the year under consideration, compared to the loss of Rs.35 million recorded in 2018

Coconut Sector

Chilaw plantations ltd has an extent of 3804.94 hectares under coconut and these plantations are managed as eight area estates. Plantations are situated in the planting districts of Puttalam, Kurunegala and Gampaha.

Currently the Coconut immature plantation extent is 814.19 hectares, which is equal to 22% out of total coconut extent.

During the corresponding year CPL produced 14.9Mn nuts against to 8.1 Mn nuts in 2018, which is an increase of 84%. However, The Net Sale Average (NSA) has decreased from Rs. 36/= in 2018 to Rs25/=in 2019, recording a decrease of 30%.



Cost of Sales and Cost of Production of Coconut

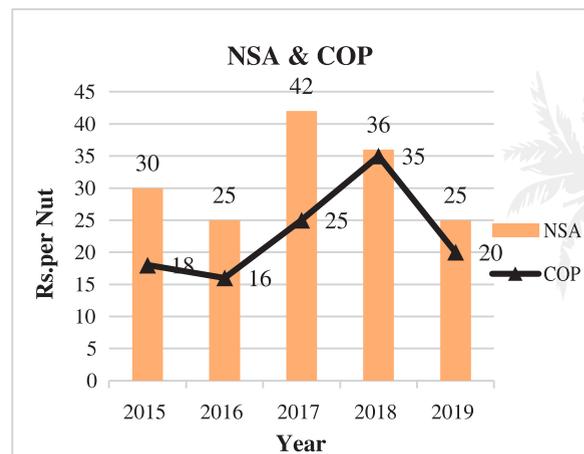
| | 2019 Rs. Mn. | 2018 Rs. Mn. |
|--------------------------|-----------------|-----------------|
| Cost Of Production | 306 | 290 |
| Opening Stock Adjustment | 29 | 33 |
| Closing Stock Adjustment | (51) | (29) |
| Cost of Sales | 284 | 294 |

Total cost of Production, for the year 2019 Was Rs. 306 Mn compared to Rs 290 Mn in year 2018, reflecting an increase of Rs.16 Mn. However, after adjustment of opening and closing stock to Cost of production, the cost of sale for the year 2019 was Rs. 284 Mn.

The main reasons for increase of cost of production of coconut can be outlined as follows.

- Due to revision of labour wage rates by the wages board w.e.f 01/10/2018 the total labour wages have increased by 23%. Total labour wages for the year 2018 was Rs.114.1 Mn and in the year 2019 it was Rs. 140.6Mn.
- Estate Executive staff and non executive staff salary has increased by 3.1 Mn due to annual salary increase as per management Service circular and collective agreement.
- Rs. 5 Mn additional cost charged to cost of production as Gratuity actuarial valuation adjustment as per LKAS 19.
- General charges apportion to mature area has increase by Rs. 8 Mn due to decrease of direct cost on immature plantation. (apportion of general charges have been made between immature plantation and mature plantation based on direct cost percentage on immature and mature plantations)
- Cost of fertilizer application to mature plantations has decreased from Rs.32Mn to Rs 5.5 Mn from 2018 to 2019 since fertilizer application was carried out only in limited area in 2019 due to unfavorable conditions prevailed.

NSA Vs COP of Coconut



Cashew cultivation

Chilaw Plantations Ltd, maintains 757.91 hectares as mature cashew cultivation and its annual cashew production was 151,542 Kg for the year 2019 compared to 91,196 Kg in 2018, this was the ever highest cashew crop recorded in CPL history. In the year 2019 company recorded revenue of Rs. 46 million from cashew compared to Rs. 24 million in 2018. Company has recorded Rs 15 Mn profit from cashew cultivation during the year 2019.

Other crops and Project

The company has established dragon fruit cultivation, cinnamon, rambutan, pepper, as main intercrop. CPL has established coconut oil mil at Palugaswewa estate to produce coconut oil by using high quality copra production in Palugaswewa estate. Cashew processing centre was established in Palugaswewa estate.

Other Operating Income

Other Operating income that consisted of sales of husks, timber, paddy, and sale of dead/senile trees etc. increased from Rs. 71.7Mn in 2018 to Rs 93.5Mn in 2019, which is an increase of 30%.

Details of other income sources are shown in the Note No. 21 for the financial statement.

Administrative and General Expenses

Administrative and General expenses have increased from Rs. 86 Mn in 2018 to Rs.93 Mn in 2019, which is an increase of 8%. During the year 2018 company was unable to make performance incentives to employees due to prevailed financial situation. However in the year 2019 CPL was in a position to pay sum of Rs. 7.2 Mn as performance incentives to employees, this was the main reason for increase in administrative expenditure during the year.

Finance Income

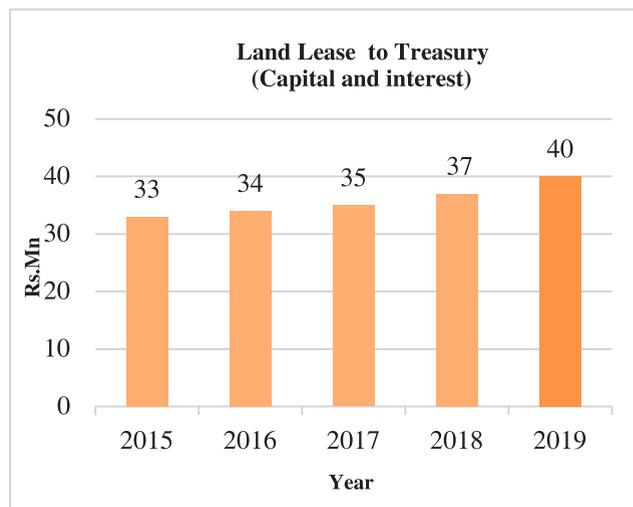
Finance income mainly represents the interest income from Short- term deposits and interest income on staff loans. When compared to the year 2018, interest income on short term deposits at BOC has decreased from Rs.13.9 Million to 9.7 Million due to the decline in interest rates and decrease of short term deposits. This deposit reduction is mainly due to the unfavorable financial situation reported in 2018.

Finance Cost

Finance cost mainly reflects the interest and contingent lease rental on JEDB Leasehold Assets. The respective cost

for the year 2019 was Rs. 37Mn, recording a 6 % increase compared to the last year, which increase annually based on the GDP deflator.

In addition to that the company has paid sum of Rs 2 Mn during the year 2019 as interest on temporary finance facility obtained from Bank of Ceylon for essential working capital requirement.



Net Profit

The company recorded a Net profit of Rs 49.4 Mn for the year under reference. This is as against the previous year profit/ (Loss) of (Rs 36.6 mn). It is pertinent to state here that the company has made these achievements when the Net Sale Average for the year was Rs.25 per nut whereas the Net Sale Average for the last year was as high as Rs 36/= Per Nut.

Dividend

Chilaw Plantations Ltd has paid a total dividend of Rs. 305Mn 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 2018 this is a significantly high amount. Thus the total dividends paid to the treasury by Chilaw Plantations from 1992 amount to Rs 467 Mn to end year 2018.

Earnings Per Share

The Earnings per Share of the company increased from negative of Rs. (1.62) in 2018 to Rs. 2.37 in 2019.



Current Ratio

The Current ratio reflects a downward movement for the year, showing a 1.5 times in the year 2019 compared to 1.7 times in previous year. This decrease is mainly due to increase in trade and other payable during the current year.

Asset Base

During the year under review, total asset of the company has increased by 8% to Rs 1,412 Mn in comparison to Rs. 1,305 Mn in 2018. The increases in both non- current assets and current assets have contributed towards the improvement on the total asset base.

In the case of non- current assets, the asset base has increased from Rs. 1,121 Mn in 2018 to Rs 1,178 Mn in 2019 which indicates an increase of 5% over the previous year. Increase is mainly due to the increase in bearer biological assets which resulted from the field development expenditure and increase of consumable biological asset on new valuation.

Mean while, the current asset base of the company has increased from Rs. 184 Mn in 2018 to Rs. 234 Mn in 2019 which indicates an increase of 27% over the previous year. Increase in trade and other receivable, Inventories and increase in short term deposits at the end of the year were the main reasons for this current assets increase.

| Asset Base | 2019 Rs. Mn. | 2018 Rs. Mn. |
|--|-----------------|-----------------|
| Leasehold Right to Bare Land of JEDB Estates | 68 | 71 |
| Leasehold Property Plant & Equipment of JEDB Estates | 1 | 1 |
| Leased Bearer Biological Assets of JEDB Estates | 18 | 21 |
| Bearer Biological Assets (Improvements to Lease hold property) | 899 | 849 |
| Consumable Biological Assets | 90 | 58 |
| Biological Assets- Livestock | 15 | 19 |
| Freehold Property Plant & Equipment | 81 | 95 |
| Other Finance Assets | 6 | 7 |
| Current Assets | 234 | 184 |
| Total Assets | 1,412 | 1,305 |

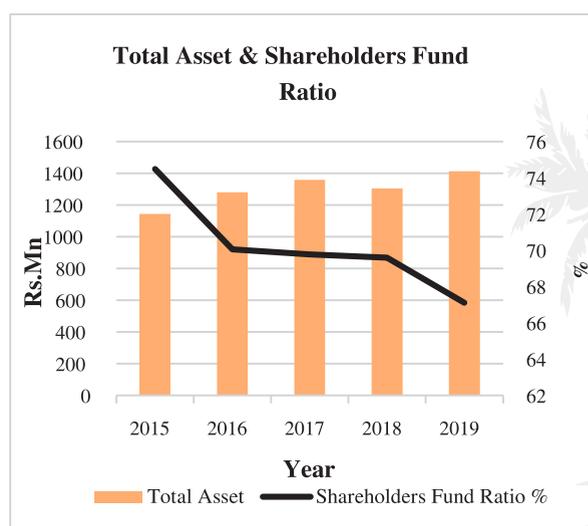
Equity

Equity Comprise of stated capital of Rs. 200 Mn and reserves of Rs. 748Mn. The composition of the reserves is stated bellow.

| | 2019 Rs. Mn. | 2018 Rs. Mn. |
|-----------------------|-----------------|-----------------|
| Retained Earnings | 617.1 | 612.9 |
| Timber Reserves | 130.6 | 95.3 |
| Total Reserves | 747.7 | 708.2 |

Shareholders Fund Ratio

Shareholders' fund ratio remained 67% during the year.



Current Assets and Current Liabilities



Working Capital

As at the reporting year end, the company's working capital recorded Rs. 77 Mn in comparison to Rs 77 Mn in the previous year

Cash flow

Net operating cash flows

The company has experienced a positive operating cash flow of Rs. 60 Mn during the year under review compared to a negative operating cash flow of Rs. 2.8 Mn in 2018. Better performance during the year of the company has led to the conversion of the negative operating cash flow in the previous year to a positive cash flow during the current year.

Capital Expenditure

The Company has incurred a sum of Rs 60 Mn during the year under review in respect of the field development of the plantation.

Accordingly, the company has spent Rs 59 Mn on new planting/under planting and management of immature area of coconut, in an extent of 814.19 hectares, Rs 1Mn spent on intercrop.

In addition to that the company has spent Rs 2 Mn on acquisition of property plant and equipment.

Net Cash flow generated

The Company has recorded a net cash flow of Rs 22 Mn during the year under review compared to a negative cash flow of (Rs. 84 Mn) in 2018.

Short term deposit and bank balance

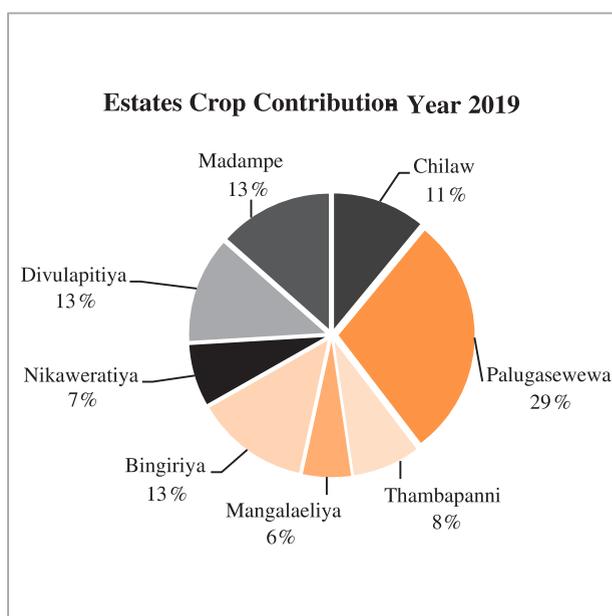
Cash and cash equivalent and short term deposits in BOC at the end of the year under review had been Rs. 111 Mn ,whereas in 2018 it was Rs. 89Mn , reflecting a increase of 23% compared to the previous year.

Last five years Coconut Production, NSA & Revenue

| Year | Coconut Nuts | N.S.A. Per nuts | Revenue Rs. |
|------|--------------|-----------------|-------------|
| 2014 | 12,969,381 | 29 | 374,850,643 |
| 2015 | 12,517,083 | 30 | 399,365,998 |
| 2016 | 16,522,290 | 25 | 383,089,914 |
| 2017 | 11,651,155 | 42 | 516,178,934 |
| 2018 | 8,132,121 | 36 | 291,313,372 |
| 2019 | 14,933,952 | 25 | 348,349,082 |

Estates Crop Contribution - Year 2019

| Estate | Crop Nuts |
|--------------|-------------------|
| Chilaw | 1,637,232 |
| Palugasewewa | 4,309,571 |
| Thambapanni | 1,204,903 |
| Mangalaeliya | 852,394 |
| Bingiriya | 2,001,491 |
| Nikaweratiya | 1,098,234 |
| Divulapitiya | 1,879,790 |
| Madampe | 2,010,337 |
| Total | 14,993,952 |



CORPORATE GOVERNANCE

The Board of the Chilaw Plantations Limited operates on the principles of honesty, 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 2019 the Board of Directors comprised Seven Directors including the Chairman and an Executive Director.

Board Meetings

Board Meetings are scheduled on a monthly basis. At these Meetings the Board sets out 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.

The board met 05 times during the year 2019.

Audit Committee

The Audit Committee is comprised of Three Directors, inclusive of two non- Executive Directors.

Mr. P.B.S.C. Nonis, being a non-executive Director functioned as the Chairman of the Audit Committee and conducted Five evaluations during the year. Officer of Auditor Generals' Department participated as Observer of Audit Committee meeting.

The Chairman, Executive Director, GM, AGM Plantations and Senior Accountant attended Audit Committee Meetings on invitation.

Compliance with Legal Requirement

The Board of Directors makes every endeavour to 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 and comply with the requirements of the companies Act No. 07 of 2007.

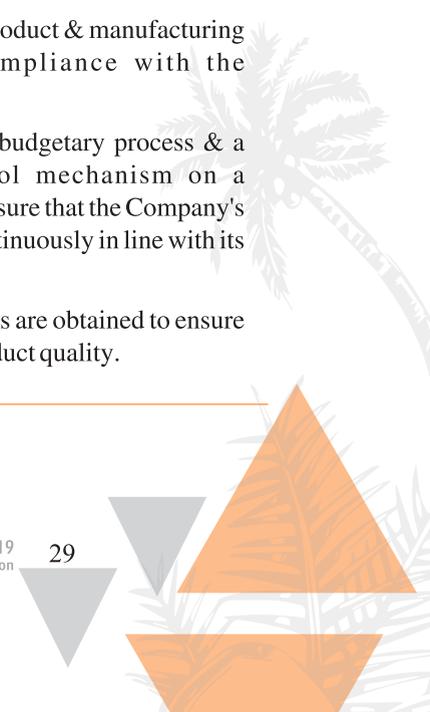
RISK MANAGEMENT

Risk management is very much vital to organizations of our nature involved in agri-business and agri based affairs. In this context one of the key problems we encounter is climate change. Changing the weather patterns have created an environmental where some of the routine agriculture practices cannot be executed as per the programmed, product fluctuations, market fluctuations which results by this and mitigating these are of paramount importance to the continuity of the organization, these identified risk assessment and mitigating methods therefore, importance for the betterment of the organization.

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. | <p>Undertaking increased soil moisture conservation work by way of husks buried in husk pits, more drains to trap rain water within the plantations soil, more low shades such as gliricidia and cover crops such as pureria being planted.</p> <p>More tanks are also renovated to collect 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.</p> <p>Irrigation systems are being implemented to ensure the water requirements of the plants are met.</p> |
| Impairment to production | <p>The other cause being due to a high percentage of the mature palms of the age of over 50 years turning into senile, dud or tapering.</p> <p>In addition, any unforeseen pest diseases and natural causes to the palms and plantation.</p> | <p>Undertaking New Plantings and Under Plantations to replace the over aged palms population.</p> <p>Established two mite labs at Palugaswewa estate and Divulapitiya area estates.</p> <p>Integrated pest management strategies.</p> |
| Commodity Cycle | <p>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.</p> <p>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</p> | <p>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.</p> <p>Concentrate to produce value added product</p> <p>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.</p> |
| Credit Risk | <p>The probability of having delays in the buyers settling the dues or failing to abide by the rules and regulations.</p> <p>Accumulation of dues.</p> | <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> |

| Risk Factor | Risk Assessment | Risk Mitigation Strategies |
|--------------------------|--|---|
| Management Personnel | <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 non financial incentives & fringe benefits.</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 & 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 to prevent fire spreading in to our lands from outside and other available precautionary measures.</p> <p>Carrying out frequent preventive maintenance programs fire drills etc.</p> <p>Adopting good agriculture practices</p> |
| Capital Investments Risk | <p>Risk of not meeting with profit expectations and not receiving the desired returns on investment.</p> | <p>Adopting a stringent approval procedure for Capital expenditure based on the level of investment and the expected pay back.</p> |
| 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>Lack 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 & manufacturing process and compliance with the standards.</p> <p>Having in place a budgetary process & a budgetary control mechanism on a monthly basis to ensure that the Company's performance is continuously in line with its targets.</p> <p>Customer feedbacks are obtained to ensure the service and product quality.</p> |



AUDIT COMMITTEE REPORT

An Important factor in the effectiveness of internal audit and its status in the company is the existence of an **Audit Committee** which is normally a subcommittee of the Board Directors and consists of at least three non-executive Directors. The chairman of the Committee is Treasury **Representative** or person possessing financial Management skills. The Committee must meet on a regular basis at least once in three months with the Chief Internal Auditor as convener of the Audit Committee **Meetings**.

The scope of this committee is as follows.,

- Determination of the responsibilities of the internal Audit unit and review of the annual audit **plan**.
- Review and evaluate internal control systems for all activities of the company.
- Liaise with Auditor General and follow up on Management **letters** of Auditor General
- Ascertain whether **the affairs of the company are compiled with** statutes, regulations, rules and circulars.
- Review financial statements, Internal/External audit reports and Management letter for remedial action.
- Review **progress of** implementation of recommendation/ directives of COPE.
- Review financial statements to ensure compliance with Accounting/Audit **standards**

In terms of the provisions of Public Enterprises circular no: 55 and Public Enterprises guidelines for good governance, the **Audit Committee** of Chilaw Plantation limited comprised of three Non – Executive Board members including the Treasury representative **as the chairman**.

The members of Audit committee and the committee summoned during the year 2019 as follows,

| Name of AMC Member | 11 th June | 24 th September | 01 st November |
|-----------------------|-----------------------|----------------------------|---------------------------|
| Mr.P.B.S.C.Nonis | √ | √ | √ |
| Mrs.Aruni S Ranasinha | √ | √ | √ |
| Mr.K.A.Jeewantha | √ | √ | - |

In addition to above committee members, the Working Director, the General Manager and some of member of senior management – CPL also attended for meeting by invitation. One of the Superintendents of **Audit** also participated for the meeting as an Observer, M/s Cooperative Advisory Services – Secretary of Board of Directors of Chilaw Plantation limited also functioned as Secretary to the Audit **Committee**. Mr.Wimal Hemachandhra - Chief **Internal Auditor** was the convener of Audit Committee Meeting

Summary of the activities of Audit Committee

During the year 2019, Audit Committee of Chilaw plantation executed the following duties.,

- Organized three **Audit Committee** meetings
- Review annual internal audit programme 2019 & 2020
- Review and discuss the Internal / External audit reports and replies given by the management and remedial actions taken by the management
- Review and evaluate **progress of** internal control systems, procedures, cost effectiveness, progress of agricultural activities and **whether the statutory payment have been properly settled etc...**

Further under mentioned Non-Executive Board members of Chilaw Plantation limited have been nominated as its Audit Committee 2020

Name of the Board Members

- 1) Mr.H.G.Sumanasinghe
- 2) Mrs. Aruni .S. Ranasinha
- 3) Mr.N.K.K.Rajasinghe


H.G.Sumanasinghe
 Chairman – Audit & Management Committee

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Board of Directors are pleased to present the Annual Report pertaining to the Chilaw Plantations Ltd, together with the Audited Financial Statement of the company for the year ended 31st December 2019 and the Auditor General's Report thereon.

Legal status

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 No 55/75, Vaxuall Lane, Colombo 02. Whilst the Plantations are situated in the planting districts of Puttalam, Kurunegala and Gampaha

Which are organized under the 08 planting Area Estate as described below.

- Palugaswewa Estate
- Chilaw Area Estates
- Thambapanni Area Estates
- Mangala Eliya Area Estates
- Divulapitiya Area Estates
- Madampe Area Estates
- Bingiriya Area Estates
- Nikawaratiya Area Estates

Principal Activities

The principal activities of Chilaw Plantations Ltd are cultivation, Production and sale of Coconuts, cashew, other agriculture produce and livestock.

Financial Statements

The Financial Statements, approved by the Board of Directors of the Company, at the board meeting held on 13th July 2020 are given on Pages from 43 to 80

Auditor's Report

The Auditor General's Report on the Financial Statements of the Company is given on pages 35 to 42

Accounting Policies

The accounting policies adopted in the preparation of the financial statements are given on pages 47 to 59 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

Directors of the Board, who served the Company during the year 2019, are given below:

Board of Directors - year 2019

| | |
|--|--------------------------------------|
| Mr. V.K.C. Hearth (from 14.07.2016 - 31.12.2019) | Chairman |
| Mr. M.K.B. Senevirathne (From 08.05.2015- 05.02.2020) | Executive Director |
| Mr. P.C. Wijewardana (From 28.02.2019 - 05.02.2020) | Working Director |
| Mr. P.B.S.C. Nonis (from 05.09.2016 - 03.02.2020) | Director/ Treasury Representative |
| Mr. A. Lakkathas (from 19.05.2016 - 28.02.2019) | Director |
| Mrs. Aruni S. Ranasinghe (from 28.02.2019 - 05.02.2020) | Director/ Ministry Representative |
| Mr. J.B. Kaluarachchi (From 31.01.2019 - 05.02.2020) | Director |
| Mr. Ananda Pushpakumara (From 19.03.2019 - 05.02.2020) | Director |
| Mr. H.M.N.C. Herath (From 20.03.2015 - 31.01.2019) | Director |
| Dr. S. Wijegoonewardene (From 24.07.2018 - 28.02.2019) | Director |

Present Board of Directors

| | |
|--|--------------------------------------|
| Mr. R.W.M.J.S.R. Perera (from 31.12.2019) | Chairman/ CEO |
| Mr. H.G. Sumanasinghe (From 03.02.2020) | Director/ Treasury Representative |
| Mrs. Aruni S. Ranasinghe (From 14.02.2020) | Director/ Ministry Representative |
| Mr. N.K.K. Rajasinghe (From 05.02.2020) | Director |
| Mr. O.P.K. Pathirana (from 05.02.2020) | Director |
| Mr. Ajantha Moonemalle (From 05.02.2020) | Director |
| Mr. I.S.J.P. Gunawardhana (From 05.02.2020) | Director |
| Mr. W.W.A.N.T.A. Fernando (From 05.02.2020) | Director |

Audit Committee

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

Audit Committee – 2019

| | |
|-------------------------------|----------------|
| Mr. P.B.S.C. Nonis | Chairman (AMC) |
| Mrs. Arini Shanika Ranasinghe | Member (AMC) |
| Mr. J.B. Kaluarachchi | Member (AMC) |
| Auditor General's Department | Observer |

Review of Performance

The review of the Company performance during the year and the 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 2019 is Rs. 445 Mn (2018 - Rs. 350 Mn) which is 27% increase over last year. Composition of the Revenue is given in notes no 19 to the Accounts. Increase in crop harvested during this year was the main reason for this favorable variance.

The other operating income for the year is Rs. 93Mn (2018- Rs 72Mn).

The interest income earned during the year is Rs. 11Mn. details of which are given in note 23 of Audited Financial Statements.

Financial Results

During the year under review, the Company has recorded a Profit Before Tax of Rs 60.9 Mn. This is as against the previous year (loss) of (Rs. 35.1) Mn.

Details of the financial results are given in the Statement of Comprehensive Income.

Fixed Assets

During the year 2019 the Company has invested Rs. 60.5Mn (2018: Rs. 80Mn) on New/Under Plantations, management of Immature Plantations and Rs. 2.3Mn Invested on Property Plant and equipment (2018: Rs.11.5Mn).

Net Book value of non-current assets (Property Plant & Equipment, Leasehold Right, Biological Asset etc.) as at the Balance Sheet date in year 2019 is Rs. 1,178 Mn (2018 : Rs.1,121Mn) and details are given in notes 04-08 and 11.1 of the Audited Financial Statements.

Short-term Investments

The Company's Short-term Investments are Rs.105 Mn at the end of 2019, compared to Rs.80.6Mn in year 2018. Details are given in notes no 12 of the financial statement

Reserves

The Company Reserves as at 31st December 2019 are represented by Retained Profit of Rs. 617Mn and Timber Reserves of Rs 131Mn.

The movement and composition of the Reserves are disclosed under the statement of changes in equity of the Audited Financial Statements.

Taxation

The company is liable to pay income tax at a rate of 14% on taxable income. However company shall be entitle to a tax exemption for agro farming subject to the new amendments to be introduced to the Inland Revenue Act No 24 of 2017 with effect from April 1, 2019. Further details of taxation are given in Note 24 to the Financial Statement.

Stated Capital

The total Stated Capital of the Company as at 31 December 2019 is Rs.200,000,010 comprising 20,000,001 Ordinary shares, inclusive of one Golden Share. No Share allotments were made during the year.

Capital Commitments & Contingent Liability

Contingent Liabilities and Capital Commitments are disclosed in Note No 28 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 Note no 26 to the financial Statements.

Directors' Interest in Contracts

The Directors have no direct or indirect interest in contracts with the company other than those declared in Note 27 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 with the Government Rules and Regulations for sustainable benefit of the Company. The Company also adheres to equal opportunity for all employees irrespective of gender, ethnicity, religion, marital status, political opinion, or physical stature and comply to the benefit of 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

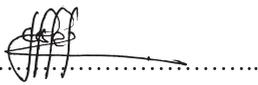
The Accounts for the year 2019 have been audited by the Auditor General. Audit opinion on the financial statement is given in the page no 35-42.

Annual General Meeting

The Annual General Meeting is scheduled to be held at the Palugaswewa Estate on 30th December 2020 on 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



Mr. R.W.M.J.S.R. Perera
Chairman/CEO



CORPORATE ADVISORY SERVICES(PVT)LTD
Secretaries - Chilaw Plantations Ltd
Colombo.



STATEMENT OF DIRECTORS' RESPONSIBILITIES

In keeping with provisions under the Companies Act No 7 of 2007, the Directors of Chilaw Plantations Ltd do acknowledge their responsibilities in relation to financial reporting of the Company, while the responsibilities of its Auditors, Auditor General' Department, are given in brief in their report.

The Financial Statements of the Company for the year ended 31st December 2019 included in this report, have been prepared and presented in accordance with the Sri Lanka Accounting 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 2019.

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 its 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 General, 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.

Chairman
Chilaw Plantations Limited

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Chilaw Plantations Limited for the year ended 31 December 2019 in terms of Section 12 of the National Audit Act, No. 19 of 2018

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Chilaw Plantations Limited (“Company”) for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 read in conjunction with provisions of the National Audit Act No. 19 of 2018. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Qualified Opinion

- (a) Even though 08 vehicles, 18 motor bicycles and agricultural vehicles, costed at Rs.130.3 million and that had been depreciated completely by the year 2018, were in their running condition further, action was not taken to state the accurate carrying value in the financial statements subsequent to revising the estimated error in terms of the Sri Lanka Accounting Standard No. 08 as the useful lives of non-current assets had not been reviewed annually in terms of Paragraph 51 of the Sri Lanka Accounting Standard No. 16.
- (b) Required adjustments had not been made in accounts to remove a land extent of 184.15 hectares worth Rs. 4.6 million that was lost to the Company owing to the unlawful acquisition, land allocation for common amenities and land allocation to meet government requirements by the end of the year under review, out of the land extent of 5733 hectares transferred to the Company by the Janatha Estate Development Board in the year 1992.
- (c) Even though a plantation of 3,850 cashew nut trees, which had been started by the Company in a land extent of 18.75 hectares in Mangalaeliya Estate in Puttalam at a cost of Rs. 4.45 million in the years 2013 and 2014 without carrying out a study on the land was destroyed fully by the year 2015, this expenditure had been capitalized in the financial statements for the year under review without making related adjustments in the accounts.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

As per Section 16 (1) of the National Audit Act No. 19 of 2018, the Company is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Company.

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

National Audit Act, No. 19 of 2018 and Companies Act, No. 7 of 2007 include specific provisions for following requirements.

- Except for the effect of the matters described in the Basis for Qualified Opinion paragraph, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Company as per the requirement of section 163 (2) (d) of the Companies Act, No. 7 of 2007 and Section 12 (a) of the National Audit Act, No. 19 of 2018.
- The financial statements of the Company comply with the requirement of Section 151 of the Companies Act, No. 07 of 2007.
- The financial statements presented is consistent with the preceding year as per the requirement of Section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.
- The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of Section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;

- to state that any member of the governing body of the Company has any direct or indirect interest in any contract entered into by the Company which are out of the normal cause of business as per the requirement of Section 12 (d) of the National Audit Act, No. 19 of 2018.
- to state that the Company has not complied with any applicable written law, general and special directions issued by the governing body of the Company as per the requirement of Section 12 (f) of the National Audit Act, No. 19 of 2018, except for the following observations;

| Reference to Law/ Direction | Description |
|--|--------------------|
|--|--------------------|

- | | |
|---|--|
| (a) Paragraph 02 of the Public Enterprises Circular No. 95 of 14 June 1994 | Budgeted allowances amounting to Rs. 1.72 million and allowances for drivers amounting to Rs. 2.12 million had been granted to 28 Senior Level Officers and Staff Officers of the Company and transport allowances amounting to Rs. 438,934 had been granted to nine managers in middle level and low level in contrary to Provisions of the Circular. |
| (b) Paragraph 02 of the Public Enterprises Circular No. 02/2015 of 25 May 2015 | A telephone allowance amounting to Rs. 102,167 had been paid to ten officers, who were not entitled to get a telephone allowance. |
| (c) Paragraph 3.3.2.1 of the Public Enterprises Circular No. 01/2015 of 25 May 2015 | The Chairman had obtained fuel amounting to Rs.352,690 exceeding the approved level of fuel without obtaining the approval of the Secretary of the Line Ministry. |
| (d) Guideline 2.14.1 of the National Procurement Agency | Even though the vehicle bearing No. KV-4068 had been repaired at the expenditure of Rs. 488,604, the approval of the Secretary of the Line Ministry had not |

Circular bearing No. been obtained for that purpose.

08 of 25 January 2006

- to state that the Company has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018;
- to state that the resources of the Company had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018, except for;
 - (a) There had been a shortage of 259 kg of finished cashew nuts valued at Rs. 551,581 between the documented stock balances and physical stock balances of the two sales outlets at Chilaw and Palugaswewa and the Palugaswewa Cashew Processing Centre as at 30 July 2019 and there had also been a shortage of 200 bottles of coconut oil worth Rs.76,860 at Palugaswewa and Head Office. Disciplinary action had not been taken against the officers responsible for these shortages even by 31 July 2020.
 - (b) There had been 35 vacancies for officers in 17 posts in senior and tertiary levels by the end of the year under review. Action had not been taken to fill these vacancies or to review the number of posts and the cadre on the basis of current exigencies of the service. Although the officers were recruited for the posts of Chief Internal Auditor, Assistant Manager and Assistant Accountant prior to 10 years, action had not been taken to get these Posts approved by the Department of Management Services even during the year under review and two drivers and two workers had been recruited by exceeding the approved cadre.

- (c) an amount of Rs. 707,991 for publishing newspaper advertisements related to a function held at Palugaswewa Estate on 05 of July in the year under review and for food and beverages, gifts and other expenses and the Company had also paid an amount of Rs.462,000 as day's pay for 616 estate workers entitled for day's pay and participated in this event.
- (d) Although the Company does not have the legal authority to lend money and the Corporations, Companies and Ministries mentioned herein do not have the legal authority to borrow money, action had not been taken by the Company to recover, even by the end of the year under review, the amount totalling to Rs.164.5 million, comprised of the loan amounting to Rs. 105 million granted in the year 2010 by the Company to Janatha Estate Development Board, Elkaduwa Plantations Limited, Sri Lanka State Plantations Corporation, Ministry of State Resources Enterprise Development and the Sri Lanka Rubber Manufacturing and Export Corporation Limited and the interest related thereto as at the end of the year under review.

W.P.C. Wickramaratne
Auditor General

(This report is an English translation of the Auditor Generals' report issued in Sinhala on 15th September 2020 to Chillaw Plantations Ltd)

STATEMENT OF COMPREHENSIVE INCOME

| For the year ended 31 st December | Notes | 2019 Rs. | 2018 Rs. |
|--|-------|-------------------|---------------------|
| Revenue | 19 | 445,502,499 | 350,021,923 |
| Cost of Sales | 20 | (356,416,322) | (350,229,446) |
| Gross Profit | | 89,086,177 | (207,522) |
| Other Operating Income and Gains | 21 | 93,596,807 | 71,737,039 |
| Administration and General expenses | 22 | (92,731,503) | (86,058,557) |
| Profit from Operations | | 89,951,481 | (14,529,041) |
| Net Finance Income /(Expenses) | 23 | (29,043,670) | (20,649,655) |
| Profit Before Tax | | 60,907,811 | (35,178,696) |
| Tax Expense (Provisions) | 24 | (13,511,396) | 2,876,786 |
| Profit for the Year | | 47,396,415 | (32,301,910) |
| Other comprehensive Income | | | |
| Defined benefit plan actuarial gains/(losses) | 16 | 2,043,520 | (4,339,689) |
| Total Comprehensive Income for the year, Net of Tax | | 49,439,935 | (36,641,599) |
| Basic Earning Per Share | 25.2 | 2.37 | (1.62) |

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 47 to 80 form an integral part of these Financial Statements.

Chilaw
July 13, 2020

STATEMENT OF FINANCIAL POSITION

| As at 31 st December | Notes | 2019 Rs. | 2018 Rs. |
|--|-------|-----------------------------|-----------------------------|
| ASSETS | | | |
| Non Current Assets | | | |
| Leasehold Right to Bare Land of JEDB Estates | 04 | 68,422,539 | 71,111,261 |
| Leasehold Property Plant & Equipment of JEDB Estates (Other than Right-to-Use-Land and Leased bearer biological assets) | 05 | 857,864 | 893,651 |
| Leased Bearer Biological Assets of JEDB Estates | 06 | 18,374,312 | 21,178,083 |
| Improvements to Leasehold property | 7.1 | 898,794,943 | 848,924,079 |
| Biological Assets -Livestock | 7.2 | 15,405,500 | 18,694,952 |
| Consumable Biological Assets | 7.3 | 89,830,484 | 57,845,660 |
| Freehold Property Plant & Equipment | 08 | 80,669,983 | 95,346,553 |
| Other finance assets | 11.1 | 5,881,336 | 6,864,344 |
| | | <u>1,178,236,961</u> | <u>1,120,858,583</u> |
| Current Assets | | | |
| Inventories | 09 | 67,383,469 | 56,610,036 |
| Trade and Other Receivables | 10 | 42,760,113 | 27,450,756 |
| Income Tax Receivable | | 8,535,353 | 6,001,154 |
| Financial facility to State Enterprises | 11 | | |
| Other Finance Assets | 11.1 | 3,588,140 | 3,705,156 |
| Other Current Assets | | 638,557 | 1,715,111 |
| Short Term Investment | 12 | 105,000,000 | 80,624,822 |
| Cash in Hand and at Bank | | 6,185,420 | 8,359,059 |
| | | <u>234,091,051</u> | <u>184,466,095</u> |
| Total Assets | | <u>1,412,328,012</u> | <u>1,305,324,678</u> |
| EQUITY & LIABILITIES | | | |
| Capital and Reserves | | | |
| Stated Capital | 13 | 200,000,010 | 200,000,010 |
| Retained Earnings | | 617,167,866 | 612,984,504 |
| Timber Reserves | | 130,654,898 | 95,398,324 |
| Total equity | | <u>947,822,774</u> | <u>908,382,839</u> |
| Non Current Liabilities & Deferred Income | | | |
| Deferred Tax Liability | 14 | 111,959,742 | 98,448,346 |
| Deferred Grants and Subsidies | 15 | 5,822,837 | 6,011,377 |
| Retirement Benefit Obligations | 16 | 89,414,823 | 82,684,532 |
| Liability to Make Lease Payment for the JEDB/SLSPC Estates | 17 | 100,296,963 | 102,696,807 |
| | | <u>307,494,365</u> | <u>289,841,062</u> |
| Current Liabilities | | | |
| Trade and Other Payables | 18 | 154,611,029 | 104,793,235 |
| Liability to Make Lease Payment for the JEDB/SLSPC Estates | 17 | 2,399,844 | 2,307,542 |
| | | <u>157,010,873</u> | <u>107,100,777</u> |
| Total Equity and Liabilities | | <u>1,412,328,012</u> | <u>1,305,324,678</u> |

The Accounting Policies and Notes on pages 47 to 80 form an integral part of these Financial Statements.

Certification

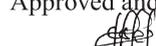
It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.



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. R.W.M.J.S.R. Perera

(Chairman/CEO)
Chilaw
July 13, 2020


Mr. N.K.K. Rajasinghe
(Director)

STATEMENT OF CHANGES IN EQUITY

For the Year ended 31st December, 2019

| Description | Stated Capital | Timber Reserve | Accumulated Profit | Total |
|--|--------------------|--------------------|--------------------|--------------------|
| | Rs. | Rs. | Rs. | Rs. |
| Balance as at 1st January 2018 | 200,000,010 | 82,327,840 | 662,696,587 | 945,024,437 |
| Profit for the Year 2018 | | | (32,301,910) | (32,301,910) |
| Other Comprehensive Income | - | | (4,339,689) | (4,339,689) |
| Transferred to Timber Reserve | - | 13,070,485 | (13,070,485) | |
| Balance as at 31st December 2018 | 200,000,010 | 95,398,324 | 612,984,504 | 908,382,839 |
| Dividends for 2017 | - | | (10,000,000) | (10,000,000) |
| Profit for the Year | | | 47,396,415 | 47,396,415 |
| Other Comprehensive Income | | | 2,043,520 | 2,043,520 |
| Transferred to Timber Reserve | | 35,256,574 | (35,256,574) | - |
| Total Comprehensive Income | 200,000,010 | 130,654,898 | 617,167,866 | 947,822,774 |
| Balance as at 31st December 2019 | 200,000,010 | 130,654,898 | 617,167,866 | 947,822,774 |

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 47 to 80 form an integral part of these Financial Statements.

Chilaw
July 13, 2020

STATEMENT OF CASH FLOW

| For the year ended 31st December | 2019 Rs. | 2018 Rs. |
|--|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before Tax | 60,907,811 | (35,178,696) |
| Adjustments for; | | |
| - Depreciation/Amortization | 33,124,829 | 34,179,685 |
| - Amortization of Grants | (188,540) | (384,524) |
| - Finance Expenses | 39,886,905 | 35,847,724 |
| - Finance Income | (10,843,235) | (15,198,069) |
| - Provision For Defined Benefit Plan Costs | 17,154,766 | 14,839,503 |
| - Profit on Disposal of Property, Plant and Equipment | (189,248) | - |
| - Gain (loss)-Consumable Biological Asset | (35,163,086) | (12,642,200) |
| - Profit on disposal of Coconut Trees | (23,667,318) | (17,647,958) |
| | 81,022,884 | 3,815,466 |
| Changes in: | | |
| - Inventories | (10,773,432) | 2,143,553 |
| - Dairy Livestock | 3,289,452 | (2,598,340) |
| - Consumable Biological Asset | | |
| - Trade and other Receivables | (15,602,897) | (929,693) |
| - Other Current Assets | 1,076,555 | 11,452 |
| - Trade and other Payables | 287,473 | (16,914,410) |
| Cash generated from operating activities | 59,300,034 | (14,471,971) |
| - Defined Benefit Plan Costs paid | (8,380,955) | (10,877,509) |
| - Finance costs Paid | (2,077,336) | (43,180) |
| - Finance Income Received | 10,549,984 | 16,545,896 |
| - Income Tax Paid | (2,534,199) | (3,354,313) |
| - Cash received from sales of valuable trees | 3,178,263 | 9,370,715 |
| Net Cash from Operating Activities | 60,035,791 | (2,830,361) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| - Additions of Property, Plant & Equipment | (2,310,154) | (11,530,663) |
| - Field Development Expenditure | (60,580,869) | (80,037,794) |
| - Cash received from sales of coconut trees | 23,756,233 | 17,766,094 |
| - Staff loan Granted | (3,300,000) | (3,730,000) |
| - Staff loan recovered | 4,400,025 | 4,569,031 |
| - Short Term Investment | (375,178) | 21,687,678 |
| - Proceeds from Disposal of Property, Plant and Equipment | 200,513 | |
| Net Cash used in Investing Activities | (38,209,430) | (51,275,654) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| - Dividends Paid | | (30,000,000) |
| - Capital settlement of Government Finance Lease | | |
| Net Cash Flows used in Financing Activities | - | (30,000,000) |
| Net Increase / (Decrease) in Cash & Cash Equivalents | 21,826,361 | (84,106,015) |
| A. Cash & Cash Equivalents at the Beginning of the Year | 8,359,059 | 92,465,074 |
| B. Cash & Cash Equivalents at the End of the Year | 30,185,420 | 8,359,059 |
| NOTE A | | |
| Cash & Cash Equivalents at the beginning of the Year | | |
| Short term Investments | | 88,000,000 |
| Cash in Hand and at Bank | 8,359,059 | 4,465,074 |
| | 8,359,059 | 92,465,074 |
| NOTE B | | |
| Cash & Cash Equivalents at the end of the Year | | |
| Short term Investments | 24,000,000 | |
| Cash in Hand and at Bank | 6,185,420 | 8,359,059 |
| | 30,185,420 | 8,359,059 |

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 47 to 80 form an integral part of these Financial Statements.

Chilaw
July 13, 2020

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 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, 2019 was authorized for issue in accordance with a resolution of the Board of Directors on 13th July 2020.

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.

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.

(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.

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 & Fitting | 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 |

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 after 8 years), 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 expenditure incurred on immature plantations which comes into bearing during the year, is transferred to mature plantations at the end of the year and is depreciated over their useful lives as follows.

The immature period and estimated useful life span for the current and comparative periods are as follows: (useful life span is counted after immature period)

| | Immature Period No. of Year | Lifespan No. of Year | Depreciation Rate (%) |
|--------------|--------------------------------|-------------------------|--------------------------|
| Coconut | 08 | 50 | 2.00 |
| Cashew | 08 | 25 | 4.00 |
| Dragon Fruit | 03 | 20 | 5.00 |
| Cinnamon | 04 | 20 | 5.00 |
| Pepper | 06 | 20 | 5.00 |
| Rambutan | 06 | 20 | 5.00 |
| Mango | 08 | 20 | 5.00 |

C) Consumable Biological Assets

Consumable timber trees are measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period are immaterial. The fair value of timber trees are measured using DCF method taking in to consideration the current market prices of timber, applied to expected timber content of a tree at the maturity by an independent professional valuer.

The gain or loss arising on initial recognition of Consumable Biological assets at fair value less cost to sell and from a change in fair value less cost to sell of Consumable Biological assets are included in profit or loss for the period in which it arises all other assumptions are given in Note 7.3.

The main variables in DCF model concerns.

| Variable | Comment |
|----------------------|--|
| Currency valuation | Sri Lankan Rupees (Rs.) |
| Timber content | Estimate based on physical verification of girth, height and considering the growth of each species in different geographical regions. Factor all the prevailing statutory regulations enforced for harvesting of timber coupled with forestry plan of the Company. |
| Economic useful life | Estimated based on the normal life span of each species by factoring the forestry plan of the Company. |
| Selling price | Estimated based on prevailing Sri Lankan market price. Factor all the conditions to be fulfilled in bringing the trees in to saleable condition. |
| Discount Rate | Future cash flows are discounted at following discount rates: <ul style="list-style-type: none"> - Age to harvest 5 or below years 14% Age to harvest 6-15 years 15% Age to harvest 15 years or above 16% |

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.

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 | Agricultural produce harvested from its biological assets are measured at their fair value less cost to sell at the point of harvest. 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. |
| 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 Instruments

3.1.5.1 Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not an FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3.1.5.2 Classification and subsequent measurement

3.1.5.2.1 Financial assets

i) Policy applicable from 1st January 2018

On initial recognition, a financial asset is classified as measured at; amortized cost; FVOCI – debt investment; FVOCI–equity investment; or FVTPL.

Financial assets are not reclassified subsequently to their recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL;

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL;

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

On the initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial assets that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

a) Business model assessment:

The Company makes an assessment of the objectives of the business model in which a financial asset is held as a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes;

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management.
- The risks that affect the performance of the business model (and the financial assets held within the business model) and how those risks are managed;
- The frequency, volume and timing of sales of financial assets in prior periods, the reason for such sale and expectation about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de recognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

b) Subsequent measurement and gains and losses:

| | |
|------------------------------------|--|
| Financial assets at FVTPL | These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. |
| Financial assets at amortised cost | These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on de recognition is recognised in profit or loss. |
| Debt investments at FVOCI | These assets are subsequently measured at fair value. Interest income calculated using the effective interest method and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On de recognition, gains and losses accumulated in OCI are reclassified to profit or loss. |
| Equity investments at FVOCI | These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. |

ii) policy applicable before 1st January 2018

The Company classified its financial assets into one of the following categories.

- Loans and receivables;
- Held to maturity;
- Available for sale and
- At FVTPL, and within this category as;
- Held for trading
- Designated as at FVTPL

a) Subsequent measurement and gains and losses:

| | |
|-------------------------------------|--|
| Financial assets at FVTPL | Measured at fair value and changes therein, including any interest or dividend income, were recognised in profit or loss. |
| Held-to-maturity financial assets | Measured at amortised cost using the effective interest method. |
| Loans and receivables | Measured at amortised cost using the effective interest method. |
| Available for sale financial assets | Measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognised in OCI and accumulated in the fair value reserve. When these assets were de-recognised, the gain or loss accumulated in equity was reclassified to profit or loss. |

3.1.5.2.2 Financial liabilities

i) Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost of FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on de-recognition is also recognised in profit or loss.

3.1.5.3 De-recognition

3.1.5.3.1 Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

3.1.5.3.2 Financial liabilities

The Company de-recognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and

the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.1.5.4 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.1.5.5 Impairment - Financial Assets

Non-derivative financial assets

Policy applicable from 1st January 2018

3.1.5.5.1 Financial instruments and contract assets

Loss allowances for trade receivables is always measured at an amount equal to lifetime Expected Credit Loss (ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 365 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
 - the financial asset is more than 180 days past due.
- Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

3.1.5.5.2 Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

3.1.5.5.3 Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is “credit impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset occurred.

Evidence that a financial asset is credit-impaired includes the following observable data;

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

3.1.5.5.4 Presentation of allowance for ECL in the statement of financial position

Loss allowance for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

3.1.5.5.5 Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Impairment Policy: applicable prior to 1 January 2018

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

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

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3.2.1. 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.

3.2.1.1. 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.

3.2.1.2. 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.

3.2.2. 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.

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 Recognition

SLFRS 15 provides a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced LKAS 18 Revenue, LKAS 11 Construction Contracts and related interpretations. Under SLFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when or as an entity transfers control of goods and services to a customer at the amount at which the entity expects to be entitled. Revenue principally comprises of Coconut and copra sales.

As per SLFRS 15, which became effective from January 1, 2018, the Company adopts principles based five step model for revenue recognition. Accordingly, revenue is recognized only when all of the following criteria are met.

- The parties to the contract have approved the contract/s;
- The entity can identify each party's rights regarding the goods or services to be transferred;
- The entity can identify the payment terms for the goods or services to be transferred;
- The contract has commercial substance;
- It is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

There is no significant impact on the Financial Statement of the Company resulting from the application of SLFRS 15

- a) **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.

b) **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.

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 25.1 to the Financial Statements and Geographical area of Plantations are as follows,

Group I Estates

Chilaw Area Estates
Palugaswewa Estate
Thambapanni Area Estates
Mangalaeliya Area Estates

Group II Estates

Bingiriya Area Estates
Divulapitiya Area Estates
Madampe Area Estates
Nikaweratiya Area Estates

4. LEASEHOLD RIGHT TO BARE LAND OF JEDB 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 25.5 years.

| | Gross Carrying Value | |
|------------------------------|---------------------------------|---------------------------------|
| | as at 31.12.2019 Rs. | as at 31.12.2018 Rs. |
| Leasehold Right to Bare land | 142,502,287 | 142,502,287 |

| | Amortization | | |
|------------------------------|---------------------------------|-----------------------------|---------------------------------|
| | as at 31.12.2019 Rs. | for the year Rs. | as at 01.01.2019 Rs. |
| Leasehold Right to Bare land | 74,079,748 | 2,688,722 | 71,391,026 |

| | Carrying Value | |
|------------------------------|---------------------------------|---------------------------------|
| | as at 31.12.2019 Rs. | as at 31.12.2018 Rs. |
| Leasehold Right to Bare land | 68,422,539 | 71,111,261 |

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

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 2019 are as follows.

| At Valuation | Improvements to Land Rs. | Other Vested Assets Rs. | Buildings Rs. | Machinery Rs. | Water Supply Rs. | 2019 Rs. | 2018 Rs. |
|---------------------------|--------------------------|-------------------------|---------------|---------------|------------------|----------------|----------------|
| Capitalized Value | 841,193 | 1,002,944 | 25,356,498 | 530 | 4,026,236 | 31,227,401 | 31,227,401 |
| Amortization | | | | | | | |
| As at 1 January | 63,482 | 887,004 | 25,356,498 | 530 | 4,026,236 | 30,333,749 | 30,266,897 |
| Amortization for the Year | 2,390 | 33,397 | - | - | - | 35,787 | 66,853 |
| As at 31 December | 65,872 | 920,401 | 25,356,498 | 530 | 4,026,236 | 30,369,536 | 30,333,749 |
| Carrying Amount | 775,321 | 82,543 | - | - | - | 857,864 | 893,651 |

6. LEASED BEARER BIOLOGICALASSETS OF JEDB/ESTATES

| Revaluation | 2019 Rs. | 2018 Rs. |
|---------------------------|-------------------|-------------------|
| Mature Plantation | 81,527,221 | 82,532,211 |
| Disposal Adjustment | (997,282) | (1,004,990) |
| | 80,529,939 | 81,527,221 |
| As at 01 January | 60,349,138 | 58,487,669 |
| Amortization for the Year | 2,714,856 | 2,748,323 |
| Disposal Adjustment | (908,367) | (886,853) |
| As at 31 December | 62,155,627 | 60,349,138 |
| Carrying Amount | 18,374,312 | 21,178,083 |

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 7.1. These Mature/Immature plantations were classified as bearer biological assets in terms of LKAS 41 - Agriculture.

7. BIOLOGICAL ASSETS

7.1 Improvements to Leasehold Property (Bearer Biological Assets)

| Cost | Mature Plantation | | | | 2019 Rs. | 2018 Rs. |
|-----------------------------------|------------------------------|--------------------|-------------------|------------------|--------------------|--------------------|
| | Immature Plantation (Rs.) | Coconut Rs. | Cashew Rs. | Other Rs. | | |
| At the beginning of the - Year | 480,917,631 | 344,742,382 | 87,056,399 | 6,658,115 | 919,374,527 | 839,388,467 |
| Additions | 60,580,869 | - | - | - | 60,580,869 | 79,986,060 |
| Transferred from Immature | - | 98,245,595 | - | 759,697 | 99,005,292 | 78,959,644 |
| Transferred to Mature | (99,005,292) | - | - | - | (99,005,292) | (78,959,644) |
| Written off | - | - | - | - | - | - |
| At the end of the Year | 442,493,208 | 442,987,977 | 87,056,399 | 7,417,812 | 979,955,396 | 919,374,527 |

Depreciation

| | | | | | | |
|--------------------------------|--------------------|--------------------|-------------------|-------------------|--------------------|--------------------|
| At the beginning of the - year | 35,812,666 | 33,550,836 | 1,086,945 | 70,450,448 | 61,345,593 | |
| Charge for the Year | 6,894,845 | 3,482,255 | 332,905 | 10,710,005 | 9,104,855 | |
| At the end of the Year | 42,707,511 | 37,033,091 | 1,419,850 | 81,160,453 | 70,450,448 | |
| Carrying Value | 442,493,208 | 400,280,465 | 50,023,307 | 5,997,962 | 898,794,943 | 848,924,079 |

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 capitalized during the year under Immature Plantations (2019 - Nil)

7.2 Biological Assets - Livestock

| | | 2019 Rs. | 2018 Rs. |
|-----------------|---------------|-------------------|-------------------|
| Dairy Livestock | 07.2.1 | 8,188,790 | 8,066,800 |
| Other Livestock | 07.2.2 | 7,216,710 | 10,628,152 |
| | | 15,405,500 | 18,694,952 |

7.2.1 Dairy Livestock

| | Immature Cows (Calves/ Heifers) Rs. | Mature Cows (Milking and Dry Cows) Rs. | 2019 Rs. | 2018 Rs. |
|---|--|---|------------------|------------------|
| As at 1 st January | 283,180 | 7,783,620 | 8,066,800 | 10,929,500 |
| Additions during the Year | 153,400 | | 153,400 | 108,000 |
| Gain/(Loss) on fair value for the Year | 501,350 | 481,191 | 982,541 | (266,200) |
| Value increase/decrease on physical changes | (12,770) | 346,480 | 333,710 | 579,100 |
| Death/Sales / trans out | (22,600) | (1,325,061) | (1,347,661) | (3,283,600) |
| As at 31 st December | 902,560 | 7,286,230 | 8,188,790 | 8,066,800 |

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

7.2.2 Other Livestock (Bearer Biological Assets)

| | Buffalos (Rs.) | Cart Bull Rs. | Stud Bulls Rs. | Sheep Rs. | Neat Cattle Rs. | 2019 Rs. | 2018 Rs. |
|---|-------------------|------------------|-------------------|------------------|--------------------|------------------|-------------------|
| As at 1st January | 3,415,065 | 1,430,550 | 346,080 | 4,638,057 | 798,400 | 10,628,152 | 5,167,112 |
| Additions during the year | 266,885 | | | 97,850 | 52,000 | 416,735 | 478,500 |
| Transfer in and Out | (231,315) | | 49,440 | | | (181,875) | 2,049,600 |
| Death/ Sales | (1,728,830) | (120,250) | (247,200) | (3,697,552) | (722,400) | (6,516,232) | (1,870,390) |
| Gain / Loss on fair Value for the year | 2,014,095 | 361,060 | 37,980 | 412,995 | 43,800 | 2,869,930 | 4,803,330 |
| | 3,735,900 | 1,671,360 | 186,300 | 1,451,350 | 171,800 | 7,216,710 | 10,628,152 |

7.3 Consumable Biological Assets - Timber Plantations

| | 2019 Rs. | | | 2018 Rs. | | |
|---|------------------|-------------------|-------------------|------------------|-------------------|-------------------|
| | Immature | Mature | Total | Immature | Mature | Total |
| Balance as at 1st January | 2,857,785 | 54,987,875 | 57,845,660 | 2,806,051 | 51,716,391 | 54,522,442 |
| Increase due to development/ Investment | - | | - | 51,734 | | 51,734 |
| Gain / (Loss) Arising from Changes in fair value less cost to sell | | 35,256,574 | 35,256,574 | | 13,070,485 | 13,070,485 |
| Decrease due to harvest | | (3,271,750) | (3,271,750) | | (9,799,000) | (9,799,000) |
| Balance as at 31st December | 2,857,785 | 86,972,699 | 89,830,484 | 2,857,785 | 54,987,875 | 57,845,660 |

Consumable Biological assets include timber trees grown in estates. The cost of immature trees is treated as approximate fair value particularly on the ground of little biological transformation has taken place and impact of the biological transformation on price is not material.

The valuation was carried by Mr. A.A.M. Fathihu, Chartered Valuation Surveyor, using Discounted Cash Flow (DCF) method. In ascertaining the fair value of timber a physical verification was carried out covering all the estates.

Key assumption used in Valuation

1. Based on the price list of the state timber corporation of timber logs
2. The Prices adopted are net of expenditure.
3. Discount rate - Age to harvest 5 or below years 14%
Age to harvest 6 -15 years 15%
Age to harvest 15 years or above 16%
4. Time period of maturity estimated at 30 years

The valuations, as presented in the external valuation models based on net present values, take into accounts the long term exploitation of the timber trees. Because of the inherent uncertainty associated with the valuation at fair value of the biological assets due to the volatility of the variables, their carrying value may differ from their realizable value. The Board of Directors retains their view that commodity markets are inherently volatile and that long term price projections are highly unpredictable

The company is exposed to the following risks relating to its timber trees.

Regulatory and environmental risks

The Company is subject to laws and regulations in Sri Lanka. The Company has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

Supply and demand risk

The Company is exposed to risks arising from fluctuations in the price and sales volume of timber. When possible, the Company manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analyses to ensure that the Company's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

Climate and other risks

The Company's timber trees are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces.



8. FREEHOLD PROPERTY PLANT & EQUIPMENTS

| | Buildings Rs. | Plant & Machinery Rs. | Motor Vehicles Rs. | Equipment Rs. | Furniture & Fittings Rs. | Fencing Rs. | Water Supply Rs. | 2019 Rs. | 2018 Rs. |
|--|------------------|-----------------------------|--------------------------|------------------|--------------------------------|----------------|---------------------|-------------------|-------------------|
| Cost/ Valuation | | | | | | | | | |
| As at 1 January | 50,221,405 | 7,839,761 | 160,374,028 | 52,052,424 | 10,739,822 | 23,924,265 | 10,299,673 | 315,451,378 | 302,574,753 |
| Additions | 91,400 | - | 476,288 | 477,615 | 113,318 | 1,249,388 | 285,407 | 2,693,415 | 12,876,625 |
| Transfers/Disposal | - | - | (1,735,380) | - | - | - | - | (1,735,380) | - |
| As at 31 December | 50,312,805 | 7,839,761 | 159,114,936 | 52,530,039 | 10,853,139 | 25,173,653 | 10,585,080 | 316,409,413 | 315,451,378 |
| Depreciation | | | | | | | | | |
| As at 1 January | 9,812,292 | 3,047,569 | 146,249,144 | 36,833,998 | 8,037,484 | 12,101,618 | 4,528,022 | 220,610,127 | 198,187,754 |
| Charge for the Year | 1,266,415 | 489,562 | 5,042,724 | 2,938,901 | 590,901 | 6,208,089 | 438,867 | 16,975,459 | 19,570,932 |
| Transfers/Disposal | - | - | (1,724,115) | - | - | - | - | (1,724,115) | - |
| Prior year Adjustment | | | | | | | | | 2,851,440 |
| As at 31 December | 11,078,707 | 3,537,131 | 149,567,753 | 39,772,899 | 8,628,386 | 18,309,707 | 4,966,889 | 235,861,471 | 220,610,127 |
| Net Value | | | | | | | | 80,547,942 | 94,841,251 |
| Capital Work-in-progress | | | | | | | | | |
| As at 1 January | | | | | | | | 505,302 | 1,851,264 |
| Additions during the Year | | | | | | | | 122,041 | 505,302 |
| Capitalized during the year & Transfer out | | | | | | | | 505,302 | 1,851,264 |
| As at 31 December | | | | | | | | 122,041 | 505,302 |
| Carrying amount | | | | | | | | 80,669,983 | 95,346,553 |

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.

9. INVENTORIES

| | 2019 Rs. | 2018 Rs. |
|--|-------------------|-------------------|
| Input Materials | 598,315 | 5,863,443 |
| Growing Crop - Nurseries | 5,355,033 | 5,514,647 |
| Harvested Crop | 54,699,808 | 37,436,385 |
| Consumables and Spares | 6,745,813 | 7,811,061 |
| | 67,398,969 | 56,625,536 |
| Impairment allowance for Obsolete Stocks | (15,500) | (15,500) |
| | 67,383,469 | 56,610,036 |

10. TRADE AND OTHER RECEIVABLES

| | 2019 Rs. | 2018 Rs. |
|---|-------------------|-------------------|
| Produce Debtors | 29,619,393 | 16,355,130 |
| Staff Debtors | 4,199,839 | 2,308,513 |
| Other Debtors | 9,772,094 | 9,352,491 |
| Wair-Coir Project | 13,325,233 | 13,325,233 |
| | 56,916,558 | 41,341,367 |
| Impairment allowances for Wair-Coir Project | (13,325,233) | (13,325,233) |
| Impairment allowances for Bad Debts | (831,212) | (565,378) |
| | 42,760,113 | 27,450,756 |

11. FINANCIAL FACILITY TO STATE ENTERPRISES

| | Amount Granted Rs. | 2019 Rs. | 2018 Rs. |
|---|--------------------------|---------------|---------------|
| Loan Receivables | | | |
| 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 |
| | 105,000,000 | 119,757,808 | 119,757,808 |
| Less: | | | |
| Impairment Loss | (105,000,000) | (119,757,808) | (119,757,808) |
| | - | - | - |

The Company has granted temporary financial facility to the above government enterprises amounting to LKR 105 Million in the year 2010. However, the outstanding dues were not settled up to the 31 December 2014 by 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.

Considering the fact that the company was unable to recover the interest income due from above state organizations, from the year 2010 to 2012, the board of directors of Chilaw Plantations Ltd decided not to recognize the unrecoverable interest income to the accounts of Chilaw Plantation limited from the year 2013. Subsequently the Board of Directors of Chilaw Plantations Limited resolved to make a full provision for impairment of financial assets for the year ended 2014. However, if interest income from 2013 to 2019 is taken in to the accounts, total loan receivable balance would be Rs. 164,557,808.21 as details given below.

CHILAW PLANTATIONS LTD
Notes to the Financial Statements
For the Year ended 31st December, 2019

| | |
|---|--------------------|
| Elkaduwa Plantations Ltd | 34,719,452 |
| Sri Lanka Rubber Manufacturing & Export Corporation Ltd | 10,000,000 |
| Sri Lanka State Plantations Corporation | 34,810,959 |
| Ministry of state Resources & Enterprise Development | 15,000,000 |
| Janatha Estate Development Board | 70,027,397 |
| | 164,557,808 |

11.1 Other Financial Assets

| | Loan given to Employees Rs. | Pre- paid Staff Benefit Rs. | Total Rs. |
|---------------------------------------|--|--|----------------------|
| Balance as at 01/01/2018 | 10,774,697 | 1,345,014 | 12,119,711 |
| Loan Granted During the Year 2018 | 3,228,404 | 501,596 | 3,730,000 |
| Loan Recovered During the year 2018 | (4,521,199) | (759,011) | (5,280,210) |
| Balance as at 31/12/2018 | 9,481,902 | 1,087,598 | 10,569,501 |
| Loan Granted During the year 2019 | 2,777,754 | 522,246 | 3,300,000 |
| Loan Recovered During the year 2019 | (3,766,745) | (633,280) | (4,400,025) |
| Balance as at 31/12/2019 | 8,492,911 | 976,564 | 9,469,475 |
| Non- Current Balance as at 31/12/2018 | 6,319,409 | 544,935 | 6,864,344 |
| Current Balance as at 31/12/2018 | 3,162,493 | 542,663 | 3,705,156 |
| Balance as at 31/12/2018 | 9,481,902 | 1,087,598 | 10,569,501 |
| Non- Current Balance as at 31/12/2019 | 5,387,194 | 494,142 | 5,881,336 |
| Current Balance as at 31/12/2019 | 3,105,717 | 482,422 | 3,588,140 |
| Balance as at 31/12/2019 | 8,492,911 | 976,564 | 9,469,476 |

The company provides loans to employees at concessionary rate of 5% per annum. These loans are recognized on fair value at their initial recognition. The fair value of the loans given to employees are determined by discounting expected future cash flows using market rates related to the similar loans. The difference between cost and fair value of loans given to employees is recognized as prepaid staff benefits. The loans given to employees are classified as loans and receivables and subsequently measured at amortized cost. The loans given to employees are secured and interest is charged at the following rates.

| | |
|------|--------|
| 2016 | 11.00% |
| 2017 | 14.00% |
| 2018 | 13.00% |
| 2019 | 12.50% |

12. SHORT TERM INVESTMENTS

| | 2019 Rs. | 2018 Rs. |
|--|--------------------|-------------------|
| Fixed Deposit - BOC (Over three months) | 81,000,000 | 80,624,822 |
| Treasury Bills and REPO (Below three months) | 24,000,000 | |
| | 105,000,000 | 80,624,822 |

Short-term deposits are made for varying periods of between one month and twelve months, depending on the 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. 89,414,823/-

13. STATED CAPITAL

| | | |
|--|------------|------------|
| Ordinary shares including one golden Shares held by the Treasury which have Special rights | 20,000,001 | 20,000,001 |
|--|------------|------------|

Value of Issued and Fully Paid Shares

| | | |
|--|--------------------|--------------------|
| Ordinary shares including one golden Shares held by the Treasury which have Special rights | 200,000,010 | 200,000,010 |
|--|--------------------|--------------------|

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

| | 2019 Rs. | 2018 Rs. |
|--------------------------------------|--------------------|-------------------|
| At the beginning of the Year | 98,448,346 | 101,325,132 |
| Charged / (reversal) during the year | 13,511,396 | (2,876,786) |
| At the end of the Year | 111,959,742 | 98,448,346 |

| | Temporary Difference Rs. | Tax Effect | |
|--|--------------------------------|----------------------|---------------------|
| | | 2019 Rs. | 2018 Rs. |
| - Property, Plant and Equipment | (51,522,631) | (7,213,168) | (6,864,218) |
| - Mature and Immature Plantation | (898,794,943) | (125,831,292) | (118,849,371) |
| - Consumable Biological Assets | (89,830,484) | (12,576,268) | (8,098,392) |
| - Impairment allowance for Obsolete Stocks | 15,500 | 2,170 | 2,170 |
| - Impairment allowances for Bad Debts | 14,156,445 | 1,981,902 | 4,010,779 |
| - Retirement Benefit Obligation | 89,414,823 | 12,518,075 | 11,575,834 |
| Carried forward Tax Losses | 136,848,847 | 19,158,839 | 19,774,852 |
| Carried forward Tax Credit | - | - | - |
| Deferred Tax Assets / (Liability) | (799,712,442) | (111,959,742) | (98,448,346) |
| Applicable Tax Rate for all temporary differences. | | 14% | 14% |

The effective tax rate used to calculate deferred tax liability for all the temporary difference as at 31 December 2019 is 14% for the Company.

15. DIFERRED GRANTS AND SUBSIDIES

| | 2019 Rs. | 2018 Rs. |
|----------------------------------|------------------|------------------|
| At the beginning of the Year | 6,011,377 | 6,395,901 |
| Less : Amortization for the Year | (188,540) | (384,524) |
| At the end of the Year | 5,822,837 | 6,011,377 |

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

| | 2019 Rs. | 2018 Rs. |
|--------------------------------|-------------------|-------------------|
| At the beginning of the year | 82,684,532 | 74,382,849 |
| Interest Cost | 9,508,721 | 7,810,199 |
| Current Services Cost | 7,646,045 | 7,029,304 |
| Gratuity Payments for the Year | (8,380,955) | (10,877,509) |
| Actuarial (Gain) / Loss | (2,043,520) | 4,339,689 |
| At the end of the Year | 89,414,823 | 82,684,532 |

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 2019 the actuarial present value of promised retirement benefits amounted to Rs.89,414,823. 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. 100,123,636.03. Hence, there is a contingent liability of Rs.10,708,813.03, 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 11.0% p.a.
- (ii) Rate of Salary Increase
 - Monthly paid Staff 10.0% 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. 740/-

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 | 133,030,651 | 159,062,651 | 165,570,651 |
| Less : Future Finance Charges | (4,108,156) | (15,433,516) | (43,332,172) | (58,765,688) | (62,873,844) |
| Net Finance Lease liability-2019 | 2,399,844 | 10,598,484 | 89,698,479 | 100,296,963 | 102,696,807 |
| Net Finance Lease liability-2018 | 2,307,542 | 10,190,850 | 92,505,957 | 102,696,807 | 105,004,349 |

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. 33,022,320/- which is based on GDP deflator of 4.3% (2018 - Rs. 30,804,154/- 8.2%)

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 | 1,761,598,741 |
| Finance Charges | (1,134,977,958) |
| Net Liability | 626,620,783 |

18. TRADE AND OTHER PAYABLES

| | 2019 Rs. | 2018 Rs. |
|---|--------------------|--------------------|
| Trade Creditors (Refund, CDA Marketing Lot fee) | 5,672,066 | 1,422,474 |
| Others (Fertilizer, Contractors etc.) | 50,784,154 | 45,570,317 |
| Holiday Pay | 3,952,908 | 3,350,111 |
| Accrued Expenditure | 9,223,077 | 7,258,323 |
| Audit Fee | 3,366,952 | 2,631,890 |
| 10% Profit Share Staff (RPC Agreement) | 1,587,139 | 14,065,709 |
| Dividend / Lease rental payable to Treasury | 80,024,732 | 30,494,412 |
| | 154,611,029 | 104,793,235 |

CHILAW PLANTATIONS LTD
Notes to the Financial Statements
For the Year ended 31st December, 2019

| | 2019 | 2018 |
|-------------------------------------|--------------------|--------------------|
| | Rs. | Rs. |
| 19. REVENUE | | |
| Coconut (Note 19.1) | 348,349,082 | 291,313,372 |
| Cashew | 46,117,027 | 23,896,490 |
| Livestock project (Note 19.2) | 22,673,106 | 17,217,241 |
| Dragon Fruit | 1,189,554 | 1,622,970 |
| Seedlings & Nursery | 12,149,045 | 3,051,012 |
| Pepper | 239,715 | 228,620 |
| Cinnamon | 658,813 | 685,690 |
| Rambuttan | 500,000 | 370,000 |
| Coconut Oil | 4,537,171 | 4,008,255 |
| Cashew processing | 8,961,687 | 7,390,972 |
| Others | 127,300 | 237,302 |
| | 445,502,499 | 350,021,923 |
| | | |
| 19.1 Coconut Income | | |
| Green Nuts | 328,521,199 | 255,388,735 |
| Copra | 19,827,883 | 35,924,637 |
| | 348,349,082 | 291,313,372 |
| | | |
| Production (Nuts) | 14,993,952 | 8,132,121 |
| Net Sales Average (per 1000 nuts) | 24,996 | 35,823 |
| | | |
| 19.2 Income from livestock | | |
| Income from Dairy livestock project | 11,788,735 | 8,130,177 |
| Other livestock | 6,410,285 | 3,864,834 |
| Gain/loss on fair value | 4,474,086 | 5,222,230 |
| | 22,673,106 | 17,217,241 |
| | | |
| 20. Cost of Sale | | |
| Coconut and Copra | 283,606,535 | 294,512,592 |
| Cashew | 30,790,882 | 26,110,961 |
| Livestock project | 20,296,251 | 14,956,822 |
| Dragon Fruit | 532,755 | 679,049 |
| Seedlings & Nursery | 7,471,519 | 1,718,196 |
| Pepper | 271,560 | 328,215 |
| Cinnamon | 621,091 | 538,163 |
| Rambuttan | 208,124 | 197,592 |
| Coconut Oil | 3,547,721 | 3,626,047 |
| Cashew processing | 8,985,570 | 7,470,025 |
| Others | 84,315 | 91,785 |
| | 356,416,322 | 350,229,446 |

20. OTHER INCOME AND GAINS

| | 2019 Rs. | 2018 Rs. |
|--|---------------------|---------------------|
| Amortization of Grant | 188,540 | 384,524 |
| Gain/(Loss) arising from changes in fair value less cost to sell -Consumable Biological assets | 35,163,086 | 12,642,200 |
| Coconut Palms | 23,667,318 | 17,647,958 |
| Coconut Husks & Shells | 10,840,824 | 29,160,735 |
| Penalty on delay payment and removal of coconut | 4,884,603 | 2,857,649 |
| Paddy | 2,377,790 | 2,368,502 |
| Fire wood | 1,957,906 | 1,722,123 |
| Desalting Tank (sale of Mud soil) | 2,035,981 | |
| Profit on Disposal of old Motor cycle & Scrap sales | 189,248 | |
| Other | 12,291,510 | 4,953,349 |
| | 93,596,807 | 71,737,039 |

22 ADMINISTRATION & GENERAL EXPENSES

| | | |
|----------------------------|-------------------|-------------------|
| Personal Direct expenses | 41,227,286 | 41,390,890 |
| Personal Indirect expenses | 14,823,933 | 15,008,190 |
| Office expenses | 32,575,179 | 28,682,515 |
| Other expenses | 4,105,105 | 976,963 |
| | 92,731,503 | 86,058,557 |

22 PROFIT BEFORE TAX IS STATED AFTER CHARGING

| | | |
|--|--------------------|--------------------|
| Depreciation | | |
| - Leasehold Right to bare land | 2,688,722 | 2,688,722 |
| - Immovable Leased Assets | 35,787 | 66,853 |
| - Freehold Property, Plant and Equipments | 16,975,459 | 19,570,932 |
| - Biological Assets | 13,424,861 | 11,853,178 |
| Directors Remuneration | 4,335,623 | 4,005,101 |
| Auditors Remuneration | 825,396 | 869,200 |
| Defined Benefit Plan Costs | 17,154,766 | 14,839,503 |
| Defined Contributions Plan Costs - EPF & ETF | 30,819,761 | 27,566,420 |
| Salaries & Wages | 220,190,923 | 197,402,103 |
| Employees' Bonus | 2,032,263 | - |
| | 308,483,562 | 283,201,701 |

23. FINANCE INCOME

| | | |
|--------------------------------------|-------------------|-------------------|
| Interest on Fixed Deposits | 9,383,659 | 11,554,045 |
| Interest on Treasury bill/REPO | 295,907 | 2,165,643 |
| Interest income on Savings Account | 101,963 | 176,908 |
| Interest on Loan given to Staff | 474,915 | 590,294 |
| Unwinding of Pre-paid Staff Benefits | 586,791 | 711,180 |
| | 10,843,235 | 15,198,069 |

FINANCE COST

| | | |
|--|-------------------|-------------------|
| Land & Buildings (JEDB) Variable Lease Rental to PMD(MPI) Treasury | 33,022,320 | 30,804,154 |
| Lands & Buildings (JEDB) Lease Rental Interests to PMD(MPI) Treasury | 4,200,458 | 4,289,210 |
| Interest Expense and Bank Charges | 2,077,336 | 43,180 |
| Amortization of Staff Cost | 586,791 | 711,180 |
| | 39,886,905 | 35,847,724 |
| Net Finance Income Expenses | 29,043,670 | 20,649,655 |

24. INCOME TAX EXPENSE

24.1 The major components of income tax expenses for the year ended 31 December 2019 are as follows.

| | 2019 | 2018 |
|--|-------------------|--------------------|
| | Rs. | Rs. |
| Current Tax Expenses | | |
| Current Income Tax (Note 24.2) | | |
| | - | - |
| Deferred taxation Provision / Reversal) (Note 14) | 13,511,396 | (2,876,786) |
| Income tax expense reported in the Income statement | 13,511,396 | (2,876,786) |

(The company is liable to pay income tax at a rate of 14% on in taxable income. However Company shall be entitle to a tax exemption for agro farming subject to the new amendments to be introduced to the Inland Revenue Act No 24 of 2017 with effect from April 1, 2019.)

24.2 Reconciliation Between Tax Expenses and the Product of Accounting Profit

| | | |
|---|--------------|---------------|
| Profit before tax | 60,907,811 | (35,178,696) |
| Income from other sources & exempt Income | (45,133,155) | (13,896,596) |
| | 15,774,656 | (49,075,292) |
| Aggregate disallowable items | 50,401,722 | 49,300,689 |
| Aggregate allowable items | (85,215,935) | (109,690,437) |
| Adjusted Business profit / (Loss) | (19,039,557) | (109,465,040) |



25.1 Segment Information

| Geographical Segment Results | Group 01 | | Group 02 | | Unallocated | | Total | |
|--|--------------------|---------------------|--------------------|--------------------|--------------------|--------------------|----------------------|----------------------|
| | 2019 Rs. | 2018 Rs. | 2019 Rs. | 2018 Rs. | 2019 Rs. | 2018 Rs. | 2019 Rs. | 2018 Rs. |
| Revenue | 270,602,629 | 170,578,237 | 174,899,870 | 179,443,686 | - | - | 445,502,499 | 350,021,923 |
| Revenue Expenditure | (182,081,846) | (184,679,290) | (142,234,827) | (135,899,530) | - | - | (324,316,673) | (320,578,820) |
| Depreciation | (19,613,074) | (19,132,539) | (12,486,575) | (10,518,087) | - | - | (32,099,649) | (29,650,626) |
| Segment Resu | 68,907,709 | (33,233,591) | 20,178,468 | 33,026,069 | - | - | 89,086,177 | (207,522) |
| Other Income and Gain | - | - | - | - | - | - | 93,596,807 | 71,737,039 |
| Unallocated Expenses | - | - | - | - | - | - | (92,731,503) | (86,058,557) |
| Finance Cost | - | - | - | - | - | - | (39,886,905) | (35,847,724) |
| Finance Income | - | - | - | - | - | - | 10,843,235 | 15,198,069 |
| Profit before Income Tax | - | - | - | - | - | - | 60,907,811 | (35,178,696) |
| Income Tax Expenses | - | - | - | - | - | - | (13,511,396) | 2,876,786 |
| Net Profit for the Year As at 31st December | 68,907,709 | (33,233,591) | 20,178,468 | 33,026,069 | - | - | 47,396,415 | (32,301,910) |
| Segment Assets | 617,856,533 | 590,942,362 | 657,943,711 | 601,089,170 | 136,527,769 | 113,293,146 | 1,412,328,012 | 1,305,324,678 |
| Non Current Assets | 549,678,316 | 543,664,162 | 619,605,358 | 566,797,834 | 8,953,287 | 10,396,587 | 1,178,236,961 | 1,120,858,583 |
| Current Assets | 68,178,216 | 47,278,200 | 38,338,353 | 34,291,336 | 127,574,482 | 102,896,559 | 234,091,051 | 184,466,095 |
| Segment Liabilities | 34,299,709 | 38,946,890 | 38,972,844 | 42,497,359 | 234,221,812 | 208,396,814 | 307,494,365 | 289,841,062 |
| Non Current Liabilities | 22,494,639 | 23,807,451 | 22,466,935 | 27,167,014 | 112,049,298 | 56,126,312 | 157,010,873 | 107,100,777 |
| Current Liabilities | 56,794,348 | 62,754,340 | 61,439,779 | 69,664,373 | 346,271,110 | 264,523,126 | 464,505,238 | 396,941,840 |

25.2 Earnings Per Share

25.2.1 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.

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

| Amounts used as the Numerator : | 2019 Rs. | 2018 Rs. |
|--|--------------------------|--------------------------|
| Net profit applicable to ordinary share holders for basic earnings per share | 47,396,415 | (32,301,910) |
| | <u>47,396,415</u> | <u>(32,301,910)</u> |
| Amounts used as the Denominator : | Number | Number |
| 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>(2.37)</u> | <u>(1.62)</u> |

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.

LKAS 24 'Related party Disclosures', Key Management personnel are those having authority and responsibility for planing, directing and controlling the activities of the entity. Accordingly, the Board of Directors (including Executive and Non- Executive Directors) as key management personnel of the Company have been classified as Key Management Personnel

| | 2019 Rs. | 2018 Rs. |
|---|-------------------------|-------------------------|
| Salaries and other Employment Benefits | <u>4,335,623</u> | <u>4,005,101</u> |

27.2. Related Party Transactions

There are no related party transaction during the year.

28. COMMITMENTS AND CONTINGENCIES

28.1 Capital Commitments

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

28.2 Contingent Liabilities

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

CHILAW PLANTATIONS LTD**Notes to the Financial Statements**For the Year ended 31st December, 2019**Legal case filed**

| Case No | Description | Present Status |
|---|---|-------------------|
| 1 DMR 03137/15 District Court Aluthkade | CPL is Claiming Rs. 2,963,522.15 the Cost for the Coconuts from Bee Pee & David Pvt. Ltd. | Matter is Pending |
| 2 28/2051/14 Labour Tribunal Chilaw | Mr. W.M.P Weerasekara a former Asst. Supdt. Claiming re employment | Matter is Pending |
| 3 28/2052/14 Labour Tribunal Chilaw | Mr. B.M.S.S Balasooriya a former Asst. Supdt Claiming re employment | Matter is Pending |
| 4 A 3536 Industrial Court - Colombo | S.C George and 8 Others Ex-Employees Claiming arrears on Salary Revision | Matter is Pending |
| 5 FR/343/2016 Supreme Court - Colombo | Mr. Anuruddha Dissanayake - Supdt. Claiming damages on his interdiction | Matter is Pending |
| 6 SC/FR/364 Supreme Court - Colombo | Mr. A.A Ananda, G.A Dissanayake, M.G.C Dias, W.K Pradeep Contesting the procedures adopted in interview for AGM Plantations | Matter is Pending |
| 7 IR/22/17/2013 Labour department - Narahenpita | Mrs. K.D.N Rajapaksha claiming payment arrears for Rs. 1,250/- | Matter is Pending |
| 8 IR/Com/01/W/2016/21 Labour Department - Narahenpita | Mr. S.L.J Paththinege a former Asst. Supdt. Claiming for establishment of prescribe Salary scale and relevant arrears | Matter is Pending |
| 9 A/112/2019 | Mr. S.K.D Gunawardhena a former Suptd. Claiming for relief from punishment and benefits of the assigned post | Matter is Pending |
| 10 CHW/101/C/2016 Chilaw Labour Office | Mr. M.M Merly a Manager Estate Claiming Salary Increment | Matter is Pending |
| 11 28/2334/18/ඔලා Labour Tribunal - Chilaw | Mr. Peduru Appuhami Former Watcher Claiming re employment | Matter is Pending |
| 12 350/RE Marawila | Kahatawila B - Land Case | Matter is Pending |
| 13 A/18/2018 | Ceylon Estate Staff Union Claiming Permanency of employment and arrears | Matter is Pending |
| 14 A/19/2018 | Ceylon Estate Staff Union Claiming Permanency of employment and arrears | Matter is Pending |
| 15 වයඹ/කලාප/01/කා.ආ/2019 | Mr. A. Dissanayake Supdt. Payment of a Special Allowance of Rs. 5000 for Covering Duties / Overlooking | Matter is Pending |
| 16 CHW/133/C/4/4/2018 | Mr. G.M.A Karunathilake a former Suptd. Claiming Payment arrears and placement of correct Salary Scale | Matter is Pending |
| 17 46/කුලි/26/2019/කුලියාපිටිය | Ceylon Estate Staff Union Claiming arrears & Reinstate of Ms. Geethani Baduraliya CC on Bingiriya Area Estate | Matter is Pending |
| 18 IR/COM/03/2016/133 | Mr. S.K.D Gunawardhena Vs. CPL | Matter is Pending |
| 19 46/කුලි/26/2019 | Ms. Geethani Baduraliya Claiming Reinstatement & Other Benefits | Matter is Pending |

CHILAW PLANTATIONS LTD
Notes to the Financial Statements
For the Year ended 31st December, 2019

| | Notes | 2019 Rs. | 2018 Rs. |
|---|-------|-------------------|---------------------|
| REVENUE | (i) | 445,502,499 | 350,021,923 |
| COST OF SALES | (ii) | (356,416,322) | (350,229,446) |
| GROSS PROFIT | | 89,086,177 | (207,522) |
| OTHER INCOME | (iii) | 93,596,807 | 71,737,039 |
| ADMINISTRATIVE EXPENSES | (iv) | (88,626,398) | (85,081,594) |
| OTHER EXPENSES | (v) | (4,105,105) | (976,963) |
| | | - | - |
| FINANCE COST | (vi) | (39,886,905) | (35,847,724) |
| FINANCE INCOME | | 10,843,235 | 15,198,069 |
| PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION | | 60,907,811 | (35,178,696) |



CHILAW PLANTATIONS LTD
Notes to the Financial Statements
For the Year ended 31st December, 2019

| | 2019 | 2018 |
|--|--------------------|--------------------|
| | Rs. | Rs. |
| (I) REVENUE | | |
| Coconut | 348,349,082 | 291,313,372 |
| Cashew | 46,117,027 | 23,896,490 |
| Livestock project | 22,673,106 | 17,217,241 |
| Dragon Fruit | 1,189,554 | 1,622,970 |
| Seedlings & Nursery | 12,149,045 | 3,051,012 |
| Pepper | 239,715 | 228,620 |
| Cinnamon | 658,813 | 685,690 |
| Rambuttan | 500,000 | 370,000 |
| Coconut Oil | 4,537,171 | 4,008,255 |
| Cashew processing | 8,961,687 | 7,390,972 |
| Others | 127,300 | 237,302 |
| | 445,502,499 | 350,021,923 |
| (ii) COST OF SALE | | |
| Coconut and Copra | | |
| General Charges | 192,020,748 | 168,813,997 |
| Field Work & Cultivation | 38,639,889 | 63,134,448 |
| Harvesting | 58,156,164 | 43,733,983 |
| Manufacture | 9,192,258 | 8,200,022 |
| Transport | 666,145 | 596,419 |
| Other Expenses | 7,590,998 | 5,169,646 |
| Cost Of Production | 306,266,202 | 289,648,513 |
| Opening Stock Adjustment | 28,565,110 | 33,429,189 |
| Closing Stock Adjustment | (51,224,778) | (28,565,110) |
| Cost of Sales Coconut | 283,606,535 | 294,512,592 |
| Cashew | 30,790,882 | 26,110,961 |
| Livestock project | 20,296,251 | 14,956,822 |
| Dragon Fruit | 532,755 | 679,049 |
| Seedlings & Nursery | 7,471,519 | 1,718,196 |
| Pepper | 271,560 | 328,215 |
| Cinnamon | 621,091 | 538,163 |
| Rambuttan | 208,124 | 197,592 |
| Coconut Oil | 3,547,721 | 3,626,047 |
| Cashew processing | 8,985,570 | 7,470,025 |
| Others | 84,315 | 91,785 |
| Cost of sales | 356,416,322 | 350,229,446 |
| (iii) OTHER INCOME | | |
| Amortization of Grant | 188,540 | 384,524 |
| Gain/(Loss) arising from changes in fair value less cost to sell -Consumable Biological assets | 35,163,086 | 12,642,200 |
| Coconut Palms | 23,667,318 | 17,647,958 |
| Coconut Husks & Shells | 10,840,824 | 29,160,735 |
| Penalty on delay payment and removal of coconut | 4,884,603 | 2,857,649 |
| Paddy | 2,377,790 | 2,368,502 |
| Fire wood | 1,957,906 | 1,722,123 |
| Desalting Tank (sale of Mud soil) | 2,035,981 | - |
| Auction Income | 189,248 | - |
| Other | 12,291,510 | 4,953,349 |
| | 93,596,807 | 71,737,039 |

| | Year Ended 2019 Rs. | Year Ended 2018 Rs. |
|--|------------------------------------|------------------------------------|
| (iv) ADMINISTRATIVE EXPENSES | | |
| PERSONAL DIRECT EXPENDITURE | | |
| Directors (Chairman, ED, WD) & Executive Staff Salaries/Allowances | 17,882,842 | 17,546,777 |
| Clerical & Other Staff Salaries & Allowances | 20,196,391 | 20,717,594 |
| Attendance Incentives | 46,725 | 51,875 |
| Retiring Gratuity | 1,141,488 | 1,111,960 |
| Over Time | 1,585,806 | 1,549,262 |
| Travelling & Subsistence | 300,934 | 333,412 |
| Payment for Unutilized Annual Leave for Retired Officers | 73,100 | 80,009 |
| | 41,227,286 | 41,390,890 |
| PERSONAL INDIRECT EXPENDITURE | | |
| Staff Welfare | 1,549,215 | 2,325,248 |
| Staff Uniform | 7,673 | 131,035 |
| Sorts expenses | 32,350 | 80,000 |
| Non Executive Medical Scheme | 1,318,054 | 1,071,955 |
| Directors (Chairman, ED, WD) , Executives Bungalow Expenses | 11,514,831 | 11,005,643 |
| Staff Quarters Maintenance | 20,681 | 26,366 |
| Canteen Expenses | 381,130 | 367,943 |
| | 14,823,933 | 15,008,190 |
| OFFICE EXPENDITURE | | |
| Electricity | 779,189 | 788,728 |
| Postage & Telegram | 121,941 | 130,852 |
| Telephone | 617,499 | 608,549 |
| Rates Assessment Tax and water | 172,754 | 177,672 |
| Building Upkeep | 1,110,371 | 2,684,086 |
| Equipment Upkeep | 297,869 | 428,847 |
| Computers Expenses | 201,787 | 243,575 |
| Furniture & Fitting Upkeep A/C | 1,500 | 9,468 |
| Conference Expenses | 60,591 | 267,683 |
| Printing & Stationery | 1,113,603 | 849,383 |
| Book, Periodicals and News Papers | 25,930 | 23,590 |
| Supervisory Field Vehicles-Fuel Costs | 3,392,406 | 3,485,155 |
| Supervisory Field Vehicles - Other Costs (Repairs & Maintenance) | 5,932,401 | 4,632,030 |
| Legal Expenses (Labour Tribunal, Lands) | 2,298,375 | 2,258,029 |
| Professional & Technical Consultancy Fees | 1,103,091 | 706,093 |
| Audit Fees | 100,000 | 120,000 |
| Insurance (Field Vehicles, Buildings, Medical) | 2,210,549 | 2,727,437 |
| Entertainment (Estate Field Progress Reviews, Workshops, Meetings) | 122,127 | 294,176 |
| Paper Advertisement (Papers - Procurements, Tenders, Recruitments) | 237,944 | 83,810 |
| Sundry Expenses | 125,202 | 57,145 |
| Junior Executive Development Program (NIPM, Workshops) | 48,600 | 158,395 |
| Business Promotion & CSR (Estate Temple, Kovil, Church, Schools) | 1,806,630 | 1,061,736 |
| Staff & Labour Performance Incentives | 7,231,000 | - |
| Subscription | 162,000 | 22,000 |
| Office Notification | - | - |
| | 29,273,359 | 21,818,437 |

| | Year Ended 2019 Rs. | Year Ended 2018 Rs. |
|--|------------------------------------|------------------------------------|
| (iv) ADMINISTRATIVE EXPENSES | | |
| OFFICE EXPENDITURE (Contd...) | | |
| Depreciation | 1,025,180 | 4,516,384 |
| Colombo Office Expenses / Building Rent | 1,538,371 | 1,718,822 |
| Other Board Meeting Expenses (Fees, Refreshments) | 738,269 | 628,871 |
| | <u>3,301,820</u> | <u>6,864,077</u> |
| Grand Total | <u>88,626,398</u> | <u>85,081,594</u> |
| (v) OTHER EXPENSES | | |
| Annual Bonus / 10% Profit Share Provision | 2,032,263 | |
| Previous year and other Adjustments | 2,072,842 | 976,963 |
| | <u>4,105,105</u> | <u>976,963</u> |
| (vi) FINANCE COSTS | | |
| Lands & Buildings (JEDB) Lease Rental Interests to PMD(MPI) Treasury | 4,200,458 | 4,289,210 |
| Land & Buildings (JEDB) Variable Lease Rental to PMD(MPI) Treasury | 33,022,320 | 30,804,154 |
| Amortization of Staff Cost | 586,791 | 711,180 |
| Interest Expenses and Bank Charges | 2,077,336 | 43,180 |
| | <u>39,886,905</u> | <u>35,847,724</u> |

Ten Year Summery

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|-------------------------------------|--------|-------|--------|--------|--------|--------|-------|--------|--------|--------|
| Coconut Production Nuts '000 | 14,994 | 8,132 | 11,651 | 16,522 | 12,517 | 12,969 | 9,595 | 15,808 | 14,528 | 18,256 |

| Trading Results | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
|--------------------------------|---------|----------|---------|---------|---------|----------|---------|---------|---------|---------|
| Revenue | 445,502 | 291,313 | 516,178 | 383,090 | 399,366 | 374,851 | 287,152 | 339,051 | 322,909 | 422,668 |
| Gross Profit | 89,086 | (3,199) | 205,574 | 148,707 | 148,748 | 152,726 | 112,890 | 123,733 | 163,228 | 172,166 |
| Profit Before Interest and Tax | 100,795 | 669 | 160,112 | 117,454 | 119,909 | (31,966) | 108,989 | 111,209 | 118,969 | 136,608 |
| Profit Before Tax | 60,908 | (35,179) | 126,415 | 84,817 | 88,293 | (61,273) | 81,820 | 86,225 | 95,771 | 114,163 |
| Profit After Tax | 49,440 | (36,642) | 82,149 | 70,764 | 81,444 | (61,680) | 72,919 | 77,975 | 77,670 | 75,256 |
| Reserves | 747,823 | 708,382 | 747,875 | 695,727 | 654,963 | 543,862 | 625,542 | 587,623 | 584,648 | 585,895 |
| Dividend Paid | | | 10,000 | 30,000 | 30,000 | | 20,000 | 35,000 | 75,000 | - |
| Dividend Total | 466,650 | 466,650 | 466,650 | 456,650 | 426,650 | 396,650 | 396,650 | 376,650 | 341,650 | 266,650 |

Financial Position

| | | | | | | | | | | |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Fixed Assets | 1,178,237 | 1,120,859 | 1,062,090 | 978,182 | 886,295 | 792,832 | 737,497 | 602,610 | 560,326 | 483,117 |
| Mature / Immature Plantations | 917,169 | 870,102 | 802,088 | 728,533 | 653,072 | 581,618 | 502,826 | 410,033 | 354,712 | 326,048 |
| Current Assets | 234,091 | 184,466 | 296,327 | 300,494 | 256,882 | 233,545 | 356,230 | 454,231 | 519,019 | 627,829 |
| Total Asset | 1,412,328 | 1,305,325 | 1,358,416 | 1,278,676 | 1,143,177 | 1,026,377 | 1,093,727 | 1,056,841 | 1,079,345 | 1,110,946 |
| Inventories | 67,383 | 56,610 | 58,754 | 100,759 | 47,613 | 73,432 | 71,398 | 82,606 | 94,295 | 28,526 |
| Short Term Investment - Fixed Deposit | 105,000 | 80,625 | 190,312 | 140,868 | 152,646 | 113,276 | 128,996 | 199,377 | 244,814 | 409,727 |
| Current Liabilities | 157,011 | 107,101 | 123,432 | 134,591 | 54,740 | 57,100 | 45,452 | 60,149 | 90,605 | 127,215 |
| Long term Liabilities | 307,494 | 289,841 | 287,108 | 248,358 | 233,474 | 225,414 | 222,734 | 209,070 | 204,092 | 197,836 |
| Stated Capital | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 |
| Shareholders' Funds | 947,823 | 908,382 | 947,876 | 895,727 | 854,963 | 743,861 | 825,542 | 787,623 | 784,648 | 785,895 |

| | | | | | | | | | | |
|---------------------------------------|-------|--------|-------|-------|-------|--------|-------|-------|-------|-------|
| Current Ratio (Times) | 1.49 | 1.72 | 2.40 | 2.23 | 4.69 | 4.09 | 7.84 | 7.55 | 5.77 | 4.94 |
| Quick Rattio (Times) | 1.06 | 1.19 | 1.92 | 1.48 | 3.82 | 2.80 | 6.27 | 6.18 | 4.69 | 4.71 |
| Gross Profit Ratio % | 20 | (1.10) | 39.83 | 38.82 | 37.25 | 40.74 | 39.31 | 36.49 | 44.71 | 40.73 |
| Earning Per Share Rs. | 2.37 | (1.62) | 4.07 | 3.48 | 3.93 | (3.10) | 3.69 | 3.90 | 3.88 | 3.76 |
| Return on Average Equity (ROE) - % | 5.33 | (3.95) | 8.91 | 8.08 | 10.19 | (7.86) | 8.80 | 9.92 | 9.86 | 10.06 |
| Return on Capital Employed (ROCE) - % | 7.17 | 0.06 | 12.96 | 10.27 | 11.02 | (3.30) | 10.40 | 11.16 | 11.97 | 13.89 |
| Interest Cover - (times) | 2.26 | (0.41) | 4.21 | 3.17 | 3.45 | (1.48) | 3.20 | 2.95 | 3.70 | 4.18 |
| Shareholders Fund Ratio % | 67.11 | 69.59 | 69.78 | 70.05 | 74.79 | 72.47 | 75.48 | 74.53 | 72.70 | 70.74 |
| Debt Ratio | 0.33 | 0.30 | 0.30 | 0.30 | 0.25 | 0.28 | 0.25 | 0.25 | 0.27 | 0.29 |

CHILAW PLANTATIONS LTD

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Chilaw Plantations Limited will be held at Palugaswewa Estate on 30th December 2020 on 1.30 Pm for the following Purposes.

AGENDA

1. To receive and consider the Statement of Accounts for the year ended 31st December 2019 with the Report of the Directors and Auditors thereon.
2. To appoint Auditor General's Department as Auditor of the company for year 2020.
3. To declare a final Dividend of Rs. 10 Mn Payable to Treasury from the profit for the year ending 31st December 2019

BY ORDER OF THE BOARD

CHILAW PLANTATIONS LIMITED



CORPORATE ADVISORY SERVICES (PVT) LTD

SECRETARIES - CHILAW PLANTATIONS LTD

Date 23.12.2020

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.

CHILAW PLANTATIONS LTD

FORM OF PROXY

I/We the undersigned.....

of

being a member/members of Chilaw Plantations Limited hereby appoint :

1. Mr. R.W.M.J.S.R. Perera or falling him
2. Mr. H.G. Sumanasinghe or falling him
3. Mrs. Aruni Shanika Ranasinghe or falling her
4. Mr. N.K.K. Rajasinghe or falling him
5. Mr. O.P.K. Pathiranaage or falling him
6. Mr. Ajanta Moonemalle or falling him
7. Mr. I.S.J.P. Gunawardhana or falling him
8. Mr. W.W.A.N.T.A. Fernando 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 30th December 2020 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.

| | FOR | AGAINST |
|---|--------------------------|--------------------------|
| 1. To receive and consider the Statement of Accounts for the year ended 31st December 2019 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 2020. | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. To declare a final Dividend of Rs. 10 Mn Payable to Treasury from the profit for the year ending at 31st December 2019 | <input type="checkbox"/> | <input type="checkbox"/> |

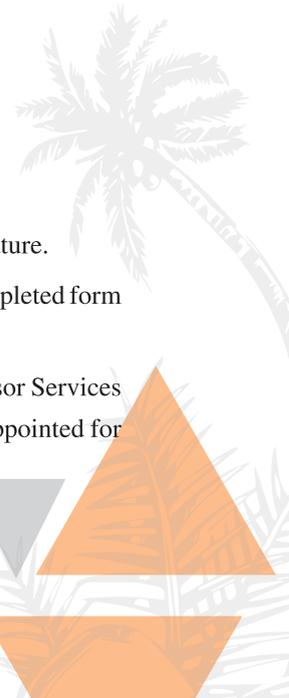
Signature of Shareholder's:.....

Shareholders NIC No:.....

Signed this day of2020

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the form of proxy by signing in the space provided and please fill in the date of signature.
2. 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.
3. 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.



CORPORATE INFORMATION

| | | |
|--------------------------|---|---|
| Name of the Company | : | Chilaw Plantations Limited (CPL) |
| Head Office | : | 'Kapruka Sewana', No 165,PuttalamRoad,CHILAW. 61000. |
| Colombo City Office: | : | No 55/75, Vaxuall Lane, Colombo 02. |
| Date of Incorporation | : | 11th June 1992 |
| Company Registration No. | : | PB 703 (under new Company Act 07 of 2007) |
| Legal Status | : | 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. |
| Shareholdings | : | Full Shares (100%) and the 'Golden Shareholder' Status are allotted to the 'Secretary to the Treasury'- Ministry of Finance, on- behalf of the State of the Democratic Socialist Republic of Sri Lanka. |
| Share Capital | : | 20,000,001 Shares of Rs. Ten (Rs. 10/=) including 'One Golden Share' held by the General Treasury with special rights. |

Present Board Of Directors 2020

| | | |
|-------------------------------|---|------------------------------------|
| Mr. R.W.M.J.S.R. Perera | - | Chairman |
| Mr. H.G. Sumanasinghe | - | Director (Treasury Representative) |
| Mrs. Aruni Shanika Ranasinghe | - | Director (Ministry Representative) |
| Mr. N.K.K.Rajasinghe | - | Director |
| Mr. O.P.K. Pathirana | - | Director |
| Mr. Ajanta Moonemalle | - | Director |
| Mr. I.S.J.P. Gunawardhana | - | Director |
| Mr. W.W.A.N.T.A. Fernando | - | Director |

| | | |
|-------------|---|---|
| Auditors | : | Auditor General's Department No. 306/72, Polduwa Road, Battaramulla. |
| Bankers | : | Bank of Ceylon |
| Secretaries | : | Corporate Advisory Services (Pvt) Ltd No. 47, Alexandra Place, Colombo 07. |



Head Office
CHILAW PLANTATIONS LIMITED
Company Reg:No. PB-703

"Kapruk Sewana", No. 165, Puttalam Road, Chilaw, 61000.
Tel: 032 5741273, 032 5741260 Fax 032 2222162
Email: cplmkt@sltnet.lk, cpl2@mobitelnet.lk

