ANNUAL REPORT 2020

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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

Integrity

Transparency

Leadership

Team Spirit

Empowerment

Innovative

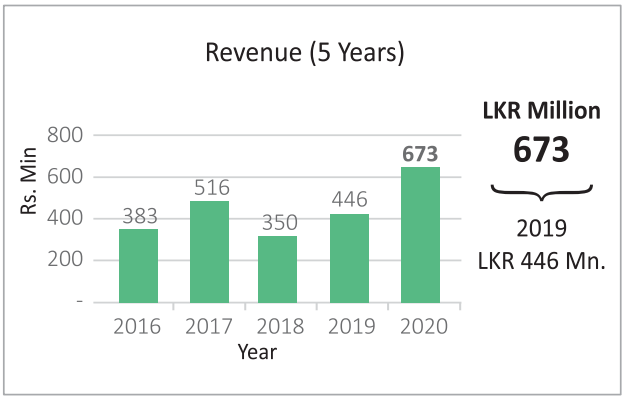
Professionalism

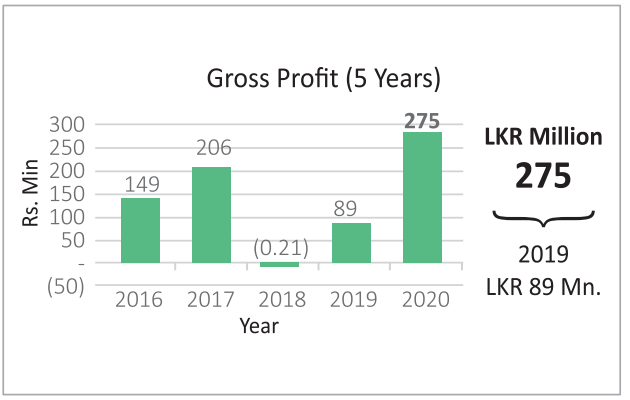
Responsibility & Accountability

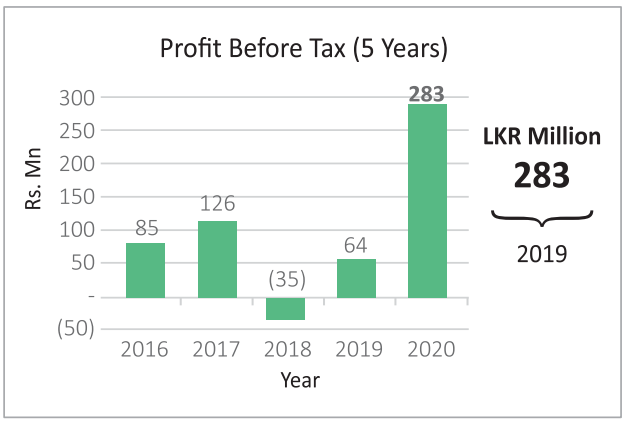
FINANCIAL HIGHLIGHTS

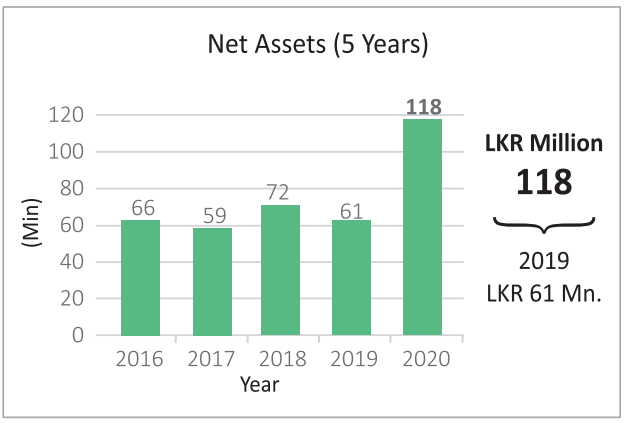
	2020	2019	Variance %
Coconut Production Nuts '000	11,943	14,994	(20.35)
Summary Results	**Rs' 000**	**Rs' 000**	**%**
Revenue	672,967	445,502	51
Gross Profit	274,615	89,086	208
Profit Before Interest and Tax	309,119	93,055	232
Profit Before Tax	283,100	64,010	342
Profit for the Year (after tax)	265,645	50,499	426
Total Comprehensive income	364,691	52,543	594
Total Reserves	1,118,657	763,965	46
Financial Position			
Non Current Asset	1,360,410	1,178,237	15
Mature / Immature Plantations	969,823	917,169	6
Current Assets	524,867	250,233	110
Inventories	61,248	67,383	(9)
Short Term Investment (Fixed Deposits)	380,167	105,000	262
Total Assets	1,885,277	1,428,470	32
Current Liabilities	232,244	157,011	48
Non current Liabilities	334,377	307,494	9
Stated Capital	200,000	200,000	-
Shareholders' Funds	1,318,657	963,965	37
Key Indicators	**Times/ %**	**Times/ %**	**Variance %**
Current Ratio (Times)	2.26	1.59	42
Quick Ratio (Times)	1.90	1.06	79
Gross Profit Ratio %	40.81	20.00	104
Earning Per Share Rs.	13.28	2.52	427
Return on Average Equity (ROE) %	23.28	5.39	331
Return on Capital Employed (ROCE) %	18.70	7.32	156
Debt Ratio	0.30	0.33	(8)
Shareholders Fund Ratio %	69.95	67.48	4
Interest Cover - Times	7.87	2.33	237

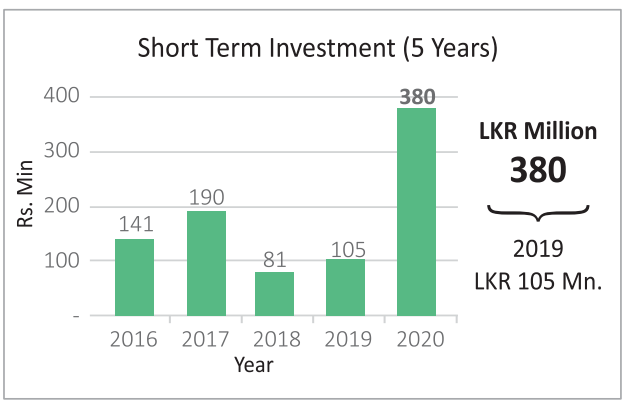
EVER HIGHEST ACHIEVEMENT OF CPL IN 2020

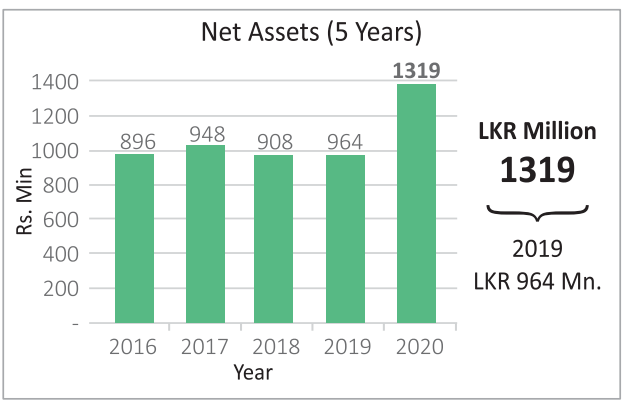


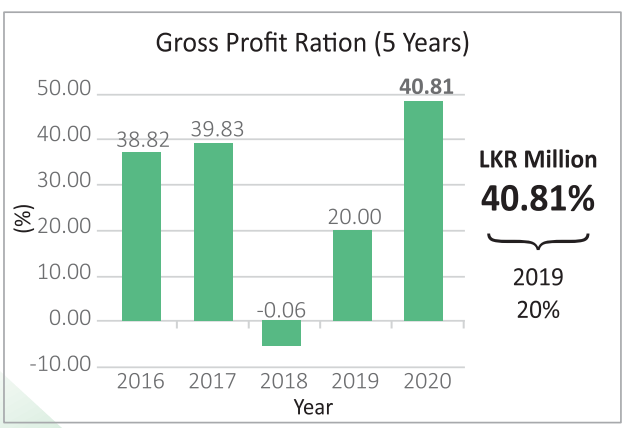


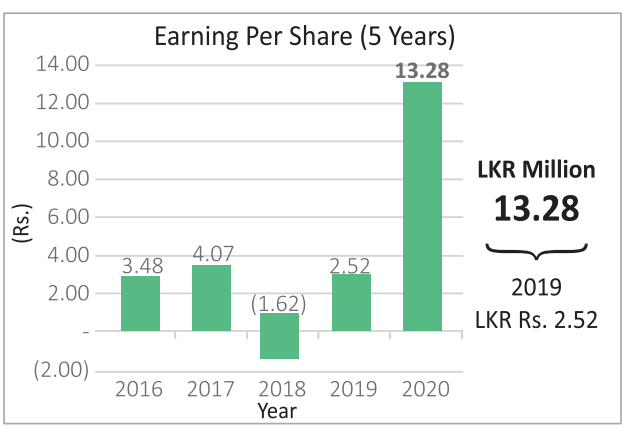












REVIEW OF THE CHAIRMAN

It is with great satisfaction I present this massage after completing another remarkable and memorable financial year for chilaw plantations which ended 31st December 2020.

A the time of taking over the duties as the Chairman/CEO of the company, it was my determination to make the highest ever profit in the year and it was my open invitation to all the employees of CPL to rally around me to achieve these results as a team for the benefit of self, Organization and as a nation as a whole. As CPL plays a major role in coconut industry being one of the largest coconut producing organization our performance as a government organization sets an example to the other organizations also to perform better and through a professional approach any organization can achieve remarkable performance boost in short span of time. It is worthwhile mentioning we set our long term and short term goals and objectives at the beginning of the year and these were elaborated to the employees to get their focus to the expected profit of Rs 200Million at the beginning of the year. Nevertheless we were able to make a profit before tax of Rs 283 Million to become the best performed government owned plantation company of the year. This has been the highest ever profit made by CPL. The revenue recorded for the year was Rs 672.9 Million which was the highest ever recorded revenue in the history of CPL .

Covid 19 pandemic

The Management successfully handled Covid 19 pandemic situation and glad to state none of our employees were diseased by the virus and stern controls were adopted in employing them throughout the year and transport facilities were provided to all the head office employees to safeguard them from the pandemic. During the lockdown and curfew periods necessary arrangements were made to continue the estate operations without interruption. The support received from the staff of all level is worth commending which enabled us to achieve the expected results.

Coconut production and Marketing

Irrespective of the considerable drop of national coconut production recorded, Chilaw plantation secured a higher volume of crop in year 2020 comparatively. At the beginning of the year the selling price of coconuts were low and the requirement of a new mechanism was understood by the management. Further due to covid situation the main CDA coconut auction was not held in certain instances and the online auction was found to be far from successful.CPL adopted few strategies to overcome this issue by selling its produce to the public directly and various methods ware adopted for this operation such as delivering by our own lorries, by offering agent ships to the interested parties having followed proper procedures. Further institutes such as Lanka sathosa were provided with coconuts by CPL. Government organizations were supplied with their requirement of coconut on the request throughout the year. All these times CPL issued the goods at government approved prices and not more.

Value added coconut products

CPL produced 193030 Kgs of copra and the average selling price of copra was Rs 286 in the year. Out of total production 26000 kgs were used to manufacture coconut oil and the oil produced was 16000 l during the year.

A coconut trickle project was established in Madampe area estates and as this was found to be profitable. expansion of the same is expected in the year 2021. Similar project will be commenced in other area estates as well in ensuing years.

Cashew

Chilaw plantation managed to obtain the highest ever cashew production in the year of 2020 apart from of all the barriers and became the highest cashew producer of the country exceeding 200 MT of cashew production The Profit made from this project was Rs 15 Million. Further our value added cashew production increased to 3746 kgs during the year .

Ensuing food security

In par with the 'Saubhgye dakma" programme we undertook cultivation of annual crops in our estates to ensure food security of the country and the produce was sold at a reasonable rate to the general public. Each estate participated in this programme having selected the best suitable crop to grow as per the agro climatic conditions.

Land productivity

To increase the land productivity CPL initiated a programme to sublease the lands owned by CPL to outside parties who are interested in cultivating short term crops and animal husbandry etc. This was the first time such an initiative was taken by CPL to increase the productivity of the land .This subleasing programme will create a substantial income to the organization and helps to increase the coconut productivity. Further it indirectly helps to increase the food production of the country. In the year 2020, an extent of 1200acres were utilized for this purpose.

Lands that are not suitable for cultivations have been earmarked to undertake suitable commercial projects and eco-tourism projects as applicable.

Human Resource Development.

Chilaw platation rewarded its ever highest performance incentive to the employees which was equalent to 4 months' salary. This was the highest in all RPC's for the year 2020.

The collective agreement signed with CESU provided 20% salary increase to the staff covered by the same. Further, we suggested to increase the salaries of such staff whenever the government salary increases are taken place.

The Way Forward

In next year we look forward to initiate more value addition in the proposed state of the art integrated factory and entering in to export market to capitalize the opportunity readily available for value added coconut products. This impactful diversifications will ensure our future success and this will pave way for the organization to reach another level as a global player in the industry. we expect over 1 billion annual profit from the project and US$ 10m foreign income to the nation.

Land development plan will ensure the future developments to be taken place with time frames and commercially valuable lands will be developed to get the maximum benefit to the organization.

Sustainability and the financial stability of the company is aimed to be achieved having reached new avenues of income without depending on a single source. 20 new projects are planned under this initiative and few of them have already commenced.

It was my determination to improve the financial capacity during the 1st two years to implement good agricultural practices in next three years to achieve a 30% crop boost by 20205.

Appreciation

I would like to take this opportunity to express my sincere gratitude to the, Minister of Plantations Industries, Hon. Dr. Ramesh Pathirana and the state Minister of coconut, Kithul and Palmyra cultivation promotion and related industrial product manufacturing and export divarication Hon. Arundika Fernando, secretary to the ministry of Plantations Industries Mr. Ravindra Hewawitharana and the Secretary to the state Ministry Mr. Thissa Hewavithana, and the Secretary and staff of the Treasury and all the officials of the ministry who extended support towards CPL. Further I also thank all the members of the Board of Directors for the enthusiastic participation in all the board affairs and untiring support extended to me at all times. I would also like to express my thanks to the management team and other officials of Chilaw Plantations Limited for their commitment during the year.

In conclusion I thank our Customers, Brokers, Suppliers, Bankers, Trade unions and all other stakeholders who placed their trust in us, throughout our journey.

Mr. R.W.M.J.S.R. Perera
(Chairman /C.E.O)
Chilaw Plantations Limited

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 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. In the period 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 has made outstanding performances with impressive management and leadership skills in both government and private sector.

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 December 2020. The profit of Chilaw Plantations Limited has increased by 425% 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
Director

Mr.H.G Sumanasinghe was appointed to the Board of Chilaw Plantations Ltd on 05th February 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 Flinders 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 Industries. 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 Pathiranage
Director

Mr. Keerthi Pathiranage 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 Jayewardenepura & following the PhD at University of Colombo.

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.

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 40 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, Marketing and Management.

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

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

Our Crops

Crop diversification is the most appropriate strategy to minimize the risk of over-dependence on few crops

Estate Information

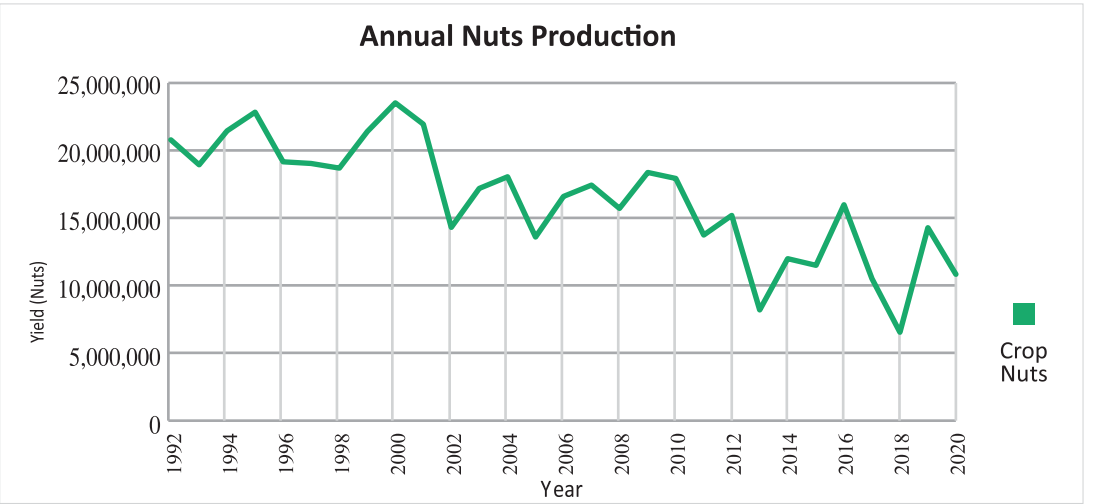
Area Estate	No. of Divisions	Extent Hectares	Main crop	Inter crops	Divisional Secretariat Division
Bingiriya Area Estates	11	1,109.74	Coconut	Dragon fruit, Cinnamon, Cashew	Bingiriya
Chilaw Area Estates	12	645.57	Coconut	Cashew, Cinnamon, Dragon fruit, Mango	Pallama, Arachchikattuwa, Rasnayakepura
Divulapitiya 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, Kuliyapitiya
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 Plantation Limited (CPL) manages 5,733.23 hectares of lands and such lands are located in Puttalam, Kurunegala and Gampaha districts. Out of the total extent 37%, 56% and 7% of lands are located in Kurunagala, Puttalam and Gampaha districts respectively. There are 84 coconut estates managed under 8 area estates which are located in such districts. Due to the variances in agro climatic conditions of the location, productivity of these plantations differ comparatively. Being the main crop of coconut, inter crops such as cashew mango, Rambutan, dragon fruit as fruits and cinnamon and pepper as spices have also been cultivated in addition to the animal husbandry. The lowest productivity is evident in the estate units in Puttalam and Mundalam areas district which belongs to the dry zone.

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%
2020	11,943,494	-20%	273,429	5%	44	2818	-9%



Coconut under - plantations

CPL had 702.02 hectares of coconut under-plantations by 2020. This is 23% of the total coconut cultivated extent. Although many new coconut plantations and new coconut under plantations were commenced during the period of year 2009 to 2013. Undertaking new/under plantations were reduced as the success rate of previous new/under plantations were low due to various environmental factors.

Area Estate	Bearing Extent (Hec.)	Non bearing Extent (Hec.)	(%) on total cultivation
Bingiriya	538.04	149.00	22
Chilaw	412.31	73.05	15
Divulapitiya	348.74	49.00	12
Madampe	496.95	106.7	18
Mangalaeliya	246.6	47.19	16
Nikaweratiya	255.91	76.96	23
Palugaswewa	456.16	161.00	26
Thambapanni	344.21	39.12	10
Total	**3,098.92**	**702.02**	**23**

Crop, land diversification and animal husbandry

Crop Diversification

Out of the total land extent of Chilaw Plantations Limited, 56% is located in Puttalam district. Although the soil conditions of the lands in Puttalm district is suitable for coconut cultivation, most of the coconut plantations located beyond Mundal in the Puttalam district were destroyed due to a severe drought experienced in ten years ago. Due to the said reason, at present the contribution received from the estates in Puttalam area for the total crop has been low. This is further contributed by diminution of land extent under coconut in the said area due to adverse climatic conditions in the years under preview.

Divulapitiya Area Estates shows high rainfall distribution compared to other Area estates and due to the said reasons Rambutan, Pepper and Cinnamon have been cultivated in the said Area Estates prior to year 2010. However, cashew, which can be planted in dry areas have been planted in the Thambapanni and Mangalaeliya Areas in Puttalam district. We manage 810.88 hectares of such cashew plantations at present.

T J C Mango Project

After having identified the lands that could be diversified, Mango cultivations were commenced in year 2020.A total of 850 plants have been planted in Seenugala estate (4 acres) of Chilaw area and Heemmaliyagara estate (5 acres) of Madampe area. The harvest is expected in next 4 years, as there is a huge demand for TJC Mango in the market this cultivation was commenced.

Information of Cultivation - Inter Crops

Estate	Cashew (Ha.)	Pepper (Ha.)	Rambutan (Ha.)	Dragon Fruit (Ha.)	Cinnamon (Ha.)	Pineapple (Ha.)	Mango (Ha.)
Thambapanni	404.25	-		-	-	-	-
Mangalaeliya	317.24			-	-	-	-
Bingiriya	20.00	-		4.40	0.81	-	-
Nikaweratiya	18.20			-	-	-	-
Chilaw	45.12	-		-	1.6	-	2.83
Madampe	6.07	-		1.6	-	0.4	1.60
Divulapitiya	-	16.06	20.00	4.00	11.40	-	-
Palugaswewa	-	-		0.50	-	-	-
Total	**810.88**	**16.06**	**20.00**	**10.5**	**13.81**	**0.4**	**4.43**

Inter cropping income except cashew by 2020

Estate	Cashew (Rs.)	Pepper (Rs.)	Rambutan (Rs.)	Dragon Fruit (Rs.)	Cinnamon (Rs.)	Pineapple (Rs.)
Thambapanni	23,972,750/-	-	-	3,410/-	-	-
Mangalaeliya	12,448,373/-	-	-	-	-	-
Bingiriya	499,092/-	-	-	486,150/-	96,130/-	-
Nikaweratiya	-	-	-	1,380/-	-	-
Chilaw	-	-	-	-	-	-
Madampe	214,200/-	-	-	632,792/50	-	26,980/-
Divulapitiya	-	100,975/-	665,100/-	-	523,150/-	
Palugaswewa	218,275/-	-	-	34,603/-	-	
Total	**37,352,690/-**	**100,975/-**	**665,100/-**	**1,158,335/50**	**619,280/-**	**26,980/-**

Vegetable Cultivation

Arrangements were made to cultivate vegetable covering Estates with the aim of contributing to the 'Saubhagya' National Cultivation Campaign, under the short term crop cultivation programme, in collaboration with the Ministry of Coconut Cultivation and Export Agriculture and the Department of Agriculture. Accordingly, in Divulapitiya, Madampe, Bingiriya, Chilaw, Nikaweratiya, Mangalaeliya and Thambapanni Area Estates, manioc, Brinjal, chilli, maize, catfish, ladies fingers, gourd, watermelon and peanut etc., were cultivated.

For the entire cultivation in the year 2020 Rs. 4.54 Million was invested. The income earned was Rs. 2.4 Million. All these cultivations were started after the month of May and manioc harvest is not included in this. The income from brinjal and certain vegetables and chilli cultivation were received in the year 2020 and further the harvest of such cultivations are due to be received in the year 2021.

For the 'Saubhagya' home gardening campaign which is a government policy, CPL contributed in large scale and we are glad that we were able to contribute towards the scarcity of vegetables that is expected to be resulted in the country due to Covid-19 pandemic.

Becoming a Cashew Pioneer

Chilaw Plantations Limited in the 2020 by achieving 203 MT of cashew harvest became the Sri Lanka Cashew pioneer over powering all the cashew Institutions. Employees who contributed towards this achievement were evaluated and incentives were awarded.

Appointment of Provincial Sales Agents

With the intention of distributing CPL products such as coconut, coconut oil, cashew, coconut treacle, coconut seedlings and cashew plants to the consumers without the intervention of outside parties, arrangements were made to establish a marketing network of sales agents all over the country.

Sub Lease of Lands

There are 14,733.23 acres of land available with the CPL and out of such lands 9,000 acres are under coconut. Having identified the lands that are under-utilized and available for inter crop cultivation, a programme of subleasing of the same was commenced. Under this programme 5 acres of land is given to outside parties for a maximum period of five years on a minimum rental of Rs.1,000/- per acre per month after entering into an agreement.

An amount Rs.16.3 Million has been received by subleasing 1063 acres of lands to outsiders. CPL expects an income of Rs.99.8 Million in next five years. By leasing out lands, there are additional benefits such as maintaining the same without additional expenditure, development of lands which have been not cultivated so far, receipt of nutritional inputs used in such cultivations to our coconut plantations and avoiding land acquisition etc.,

The leased out lands are cultivated with vegetables, maize, grasses and fruits which encourages the domestic production and that will in directly contribute to reduce the importation.

Production of Coconut treacle

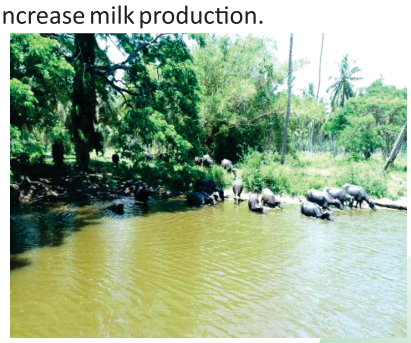
The production of treacle is a new project commenced in this year. The main idea of this project is to increase the profitability of low profitable areas, generating new jobs, supporting the programme of encouraging inland productions, encourage using inland resources productively and sustainably whilst giving healthy and environment friendly products to the consumers.

Animal Husbandry

Buffaloe Management

The fresh milk obtained from the Buffalo Project of Palugaswewa estate is used for the manufacturing of curd and yoghurt which sold through the Sales centers located at Palugaswewa estate and the Head office to the community.

Although these Buffaloes have been artificially inseminated, there was no successful breeding and therefore in the future, successful breeding is expected by introducing stud bulls with high genetic features. It has been planned to introduce Buffaloes with high production to the herds and increase milk production.



Sheep Management

There are two sheep management projects at Kiniyama estate of Bingiriya Area Estates and Heenmeliyagara estate of Madampe Area Estates and the main income is the sale of such animals at live weight. Additionally it helps to improve increase carbonic contents of the soil by applying animal dung as a carbonic fertilizer.

Although, there were high number of sheep at Kiniyama estate, condition of the herd was decreased due to self breeding. Therefore, more number of female and male animals were removed in 2020. 20 female sheep were purchased from the National Livestock Development Board and added to the herd newly. By doing so, it is expected to increase the quality of the breed.

Goat Management

This was started as a new project in Kasamadu estate of Thambapanni Area Estates. The Goat Management is done provincially in the Puttalam district successfully. By monitoring and evaluating the high potential exists for goat management in the district, this project was started at Kasamadu estate under the supervision of a Veterinary Surgeon.

Estate	No. of Cattles	No. of Sheep	No. of Goats
Palugaswewa	222	-	
Chilaw	12	-	
Madampe	-	136	
Bingiriya	-	48	
Thambapanni	26	-	
Mangalaeliya	19	-	16
Total	**279**	**184**	**16**

Renovation of Water Ponds

With the intention of storing rain water inside the estate and to reduce the runoff in order to protect the moisture in subsoil, renovation of ponds of various sizes which were not renovated for prolonged period were commenced. This enhances the water storage inside the estate to be used in dry spells. As such in 2019, renovation of nine ponds were started and in year 2020 another ten ponds were renovated.

Effects of Environmental Factors

Rainfall

Rainfall is an important factor for coconut, being a palm which produces nuts throughout the year. Well spreaded rainfall attributes to healthy root system and soil environment. Non presence of long dry presence and reasonable rainfall helps to protect the moisture in the soil.

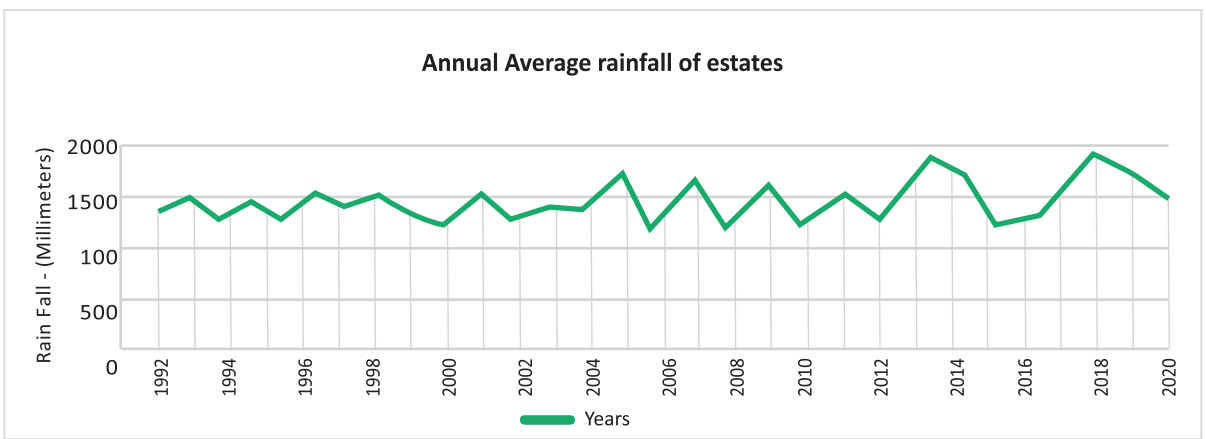
The estates belongs to CPL are located in dry zone and intermediate zone. Therefore considering average rainfall for all the estates is not practical.

Environmental Temperature

Temperature of the environment is a main factor affecting the vitality of the fallen and fruit setting. With the increase of environmental temperature, pollination is limited and due to increased evaporation, soil moisture is minimized and the general conditions of trees are deteriorated.

As all our estates are located in dry and intermediate zones and as a result these estates are facing a long dry spells period during inter monsoonal dry period. This is further enhanced as we are merely depending on rain water which adversely effects the photosynthesis and in turn production of coconut.

The immature nut fall due to high temperature is about 30% .This creates an inverse effect on coconut production.



Adding New Technology for Water Supply

Water supplying to the immature coconut plantations are fulfilled by rain-fed water and using water Bowsers during the drought. To get rid from this situation, attention has been given to water supply methods by adopting new technology.

Accordingly, Arrangements have been made to install CRI recommended pipe supply water system which is convenient and user friendly under which, piping has been completed in 20 acres in a field of 75 acres at Chilaw Area Estates.

Additionally, the CRI has made arrangements to install a pipe water supply system in Kapruwana seed garden started at Kiniyama estate as an integrated joint-venture between the CRI and CPL.

Production of genetically improved coconut seeds by hand pollination

By the hand pollination started in 2012 at Palugswewa estate with the technical assistance from the CRI, the production improved coconut cultivar of CRISL98 is undertaken continuously. For this, by selecting highly productive tall variety of coconut palms with best features and pollinating with the Sanraman Pollen obtained from the CRI which produces the improved coconut variety. Number of seed nuts produced from the beginning of the project has been detailed below:

Year	Production of Seed Coconut (nuts)
From 2012 to 2019	83,079
2020	2,498
Total	**85,577**

Kiniyama 'Kapruwana' Seed Coconut Garden

In 2012 as per the Memorandum of understanding entered into with the CRI and CPL, allowing the naturally pollinated Kiniyama Seed garden was established for the production Kapruwana variety of coconut seeds. Although it has been allowed to produce coconut seeds under natural pollination process due to the variety of environmental issues affected at various times. The entire plantation has not become to the maturity level. In 2019 by selecting 200 Sanraman palms and undertaking hand pollination. The production of Kapruwana Coconut seeds started and by the end of 2020, 500 Kapruwana seeds have been produced and laid in the nursery.

Value Added Products

Cashew processing

Having given, due attention to the value addition CPL is marketing it's cashew production successfully. The marketing network has been extended through the country by a mechanism of selling the produce through the welfare societies and the state institutional level. Cashew production of 2020 was 3746 kg's.

Coconut Oil Production

Production of coconut oil was commenced in Palugaswewa estate in year 2012 under the product diversification programme. In year 2020, CPL had produced 15,771 liters of coconut oil with high standard which has gained consumer reliability.

Our Special Occasions

The Chairman/C.E.O Mr. Jude Rukantha Perera assumed duties

Evaluating the skills of Assistant Superintendents

Celebrating International Coconut day

Our Social Responsibilities

Sustainability

Review of the Sustainability

Sustainability can be introduced as the management of bio resources to keep them alive. Its main objectives are the environmental protection, social responsibility and economic policies. The company physical, economic and social sustainability is developed by controlling these objectives individually and collectively. The top priority has been given for environmental balancing the conservation of environmental systems the Chilaw Plantations Limited (CPL) has been established based on an agricultural environment.

We have been able to grant the economic benefits developed conserving the environmental systems to the various parties living close to the estates based on the interrelation social responsibilities.

Sustainable Agriculture

There are 5,733.23 hectares managed under the CPL and the main crop is being the Coconut Planting, we have been able to utilize the land maximally by bio resource diversification. The priority has been given to establish the coconut under plantations, intercropping and Animal husbandry. Coconut under plantations ratio in the bearing plantations which was 6% in 2008 when the management of CPL was taken over by the government, has now been increased to 23% by the end of the year under preview.

We have been in a position to revealed the cost per unit by creating an environment which encourages planting of Nitrogen fixing plants, re-planting, increasing livestock projects and other ways of creating a sustainable environment.

Development of Soil Biological Activity

Land used efficiency and sustainability has been proved by introducing organic fertilizer as a substitute for inorganic fertilizer, increase of soil erosion, texture, microbiological activity by applying cow and sheep dung to the seedlings, adopting water conservation activities, water reserving in fronds, the increase of organic bio mass in the soil by establishing cover crops, and planting nitrogen fixing trees such as gliricidia.

CPL has not been using banned, harmful weedicides which contents heavy metals for past few years. Instead,

1. Control of weeds by mechanical weeding, ploughing, establishment of cover crop such as pureria and harboring buffalo and sheep in the fields are undertaken.
2. For the control of red weevil attacks in the coconut plantations, the application of pheromone traps in the fields are undertaken.
3. Keeping the field clean by following the scientific methods in order to control coconut mites the release of predator mites on the recommendation of the Coconut Research Institute in the areas where the intensive damages are identified.

Use of Organic Material as Fertilizer & Recycling

CPL uses inorganic fertilizer integrated with organic fertilizer at present instead of applying artificial fertilizer along for nutrient deficiencies of coconut palms. By doing so it has been possible to retain the bio substances in the soil The application of cow dung obtained from the Buffaloes of Palugaswewa estate is applied to the plantings in the same estate as organic fertilizer, sheep dung collected from Kiniyama, Andigedera and Heenmeliyagara ia applied to the plantings in the same estates in addition to the inorganic fertilizer.

Mawathagama estate of CPL which has an extent of 100 acres is being maintained as an organic plantation for past 6 years. We are in the process of obtaining national and international organic certification for the same.

By the application of organic fertilizer with inorganic fertilizer the soil texture is improved and the soil moisture is conserved and therefore the leaching of soil nutrition to the bottom of the soil is controlled. Therefore the investment made in this aspect is more productive. Especially the coconut palm show a continued growth and production and huge amount of nutrients are absorbed for same thus a part of such nutrients are supplied by the way of fond mulching, Husk mulching and burial of coconut husk .

The expenditure incurred in this for year 2020 is given below

Serial No	Agricultural Activity	Completed Amount (Rs.)
1	Frond mulching (palm)	459,028/-
2	Husk mulching (palm)	18,232/-
3	Husk burying (pits)	7,975/-
4	Field ploughing (acres)	618

Conservation of Bio Mass System

There are small forest reserves as bio mass resources such as 50 acres at Mawathagama and 10 acres at Galkanda estate. These forest reserves shows wet zone environmental features and are protected by us for a long time for the conservation of bio diversification which ensures the sustainable land management. Additionally, the ponds situated in most of our estates serves as natural bio systems and we take steps to conserve them to protect them constantly.

Timber Cultivation Management

CPL consists of 85 estates and there are about 22,000 timber trees of various species and growth levels available in such estates. Though, Most of the trees have been established in the boundaries of the estates in some areas such trees have spreaded into the land creating small timber areas which areas are identified and managed as timber blocks. These trees are cut and removed when the required growth level are reached on a planned programme. In addition to the same 12 hectares of teak planting at Kasamadu and Thambapanni estates have been undertaken.

In year 2019 CPL completed preparing a 5 year forestry management plan in order to develop forestry management in the company which contains reforestation, timber felling and environment protection etc.

As per the forestry management plan in 2020 CPL felled 729 timber trees where as we planted 4108 timber and conservation plants.

Sustainable production

Chiaw plantation is marketing its value added products in the market for past few years. Coconut oil produced at Palugaswewa estate from high quality copra, processed “Thambapanni” Cashew, Curd and yoghurt produced at Palugaswewa are some of such products. By this an opportunity is given to the consumers to use high quality products.

To ensure our products are reaching the customers well in time arrangements have been made to market the products corporate societies and sales center in Colombo. Our aim of this effort is to provide high-quality products to the customers.

Carbon Foot Print

The CPL is working with an objective of reducing the production of carbon dioxide and other harmful gases directly or indirectly. We have contributed to the

decrement of carbon foot print by using high efficient equipment, preventing the use of vehicles for unproductive work, allow the degrading carbonic material for recycling, and simultaneously by the development of employees attitude and productivity.

Employee & Social Connection

Employee benefits

Chilaw plantations is a company which always consider the human resource as its biggest strength. As per the performance of the company in the year 2020 CPL managed to reward the employees by an elevated incentive of 675% compared to that of year 2019.

A new mechanism was started to market produce of coconut especially during the period of pandemic when the coconut auction was stopped. Under this scheme the executives and the staff involved in the marketing were rewarded by an incentive due to which the nuts were sold without any interruption.

CPL managed to get the highest cashew production of the history in year 2020 for which the staff involved also rewarded.

Issuing of coconut at a concessionary rate, Insuring the entire workforce, Distress loan facility, contributions for annual awareness programmes of the estates, are some of the benefits given to the employees of CPL which enhances the productivity and the profitability of the company.

Social Responsibility

Chilaw Plantations Limited is undertaking the activities whilst developing the interconnections with out-side parties. Opportunity has been given to use the Company lands by permitting nearby villagers to grace their cattle in out lands. As such, we contribute to increase their living standards and to increase the milk production of the country. Gracing cattle in turn help to control the weeds and to increase carbon content in the soil.

Additionally, the request made by the Religious places in the area is entertained and help them by as much as possible releasing the items such as dead coconut palms, and copra for Perahera etc., Further we assist the communities in natural disasters by way of providing relief facilities of various kind.

As an Agri-Business company and stakeholder of the country development, our objective is to obtain the environmentally, socially and economically balanced sustainability by engaging economically productive agricultural practices fulfilling the wishes of all employees too.

FINANCIAL REVIEW

The financial year 2020 for Chilaw Plantations ltd has been another challenging year due to covid 19 pandemic situation. Under the covid 19 pandemic situation Chilaw Plantation was able to achieved ever highest financial performance during the year 2020.

COMPANY FINANCIAL PERFORMANCE AT A GLANCE

Rs. Mn

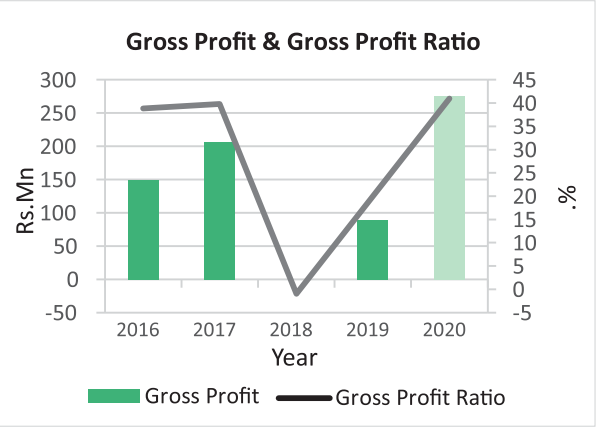
Item	2020	2019	Variance	%	Key Factor
Coconut Nuts Mn	11.9	14.9	(3)	(20%)	unfavorable weather
NSA (Net Sale Average) Rs.	47.90	25/=	22.90	92%	
COP (Per nut) Rs.	26.08	20.43	5.65	27%	Decrease of crop
Revenue	673	445	228	51%	Increase in NSA of coconut by 92%
Cost of Sales	398	356	42	12%	Due to adjustment of high opening stock and low closing stock to cost of production
Gross Profit	275	89	186	209%	
Other Income	118	61	57	93%	Increase of other income Ref. note no.21
Administrative and General Expenses	135	93	42	45%	Provision of Rs 48 Mn has been made for incentive payment compared to Rs 7.2 Mn in previous year
Finance Income	13	11	2	18%	Due to Increase of FD Balance
Finance Expenses	39	40	(1)	(2.5%)	Decrease of loan interest

Revenue

The company recorded total revenue of Rs 672.9 Mn for the year under review, a 51% increase compared to the Rs 445.5 Mn recorded in the previous financial year. This increase was mainly due to the increase in revenue from the coconut as result of high NSA recorded in corresponding year. Revenue from coconut was the main component of the total revenue and which represented for 88% of the total revenue amounting to Rs 592 Mn, while cashew contributed 5%, which represents Rs 37 Mn. Contribution from other sources such as livestock, nursery, other perennial crop and project was Rs 44Mn which is equal to 7%.

Gross Profit

Gross profit for the year under review was Rs 274.6 Mn an increase of 208.5% compared to Rs 89Mn reported in the previous year. The CPL was able to improve its gross profit margin to 41%in 2020 from 20% in 2019.

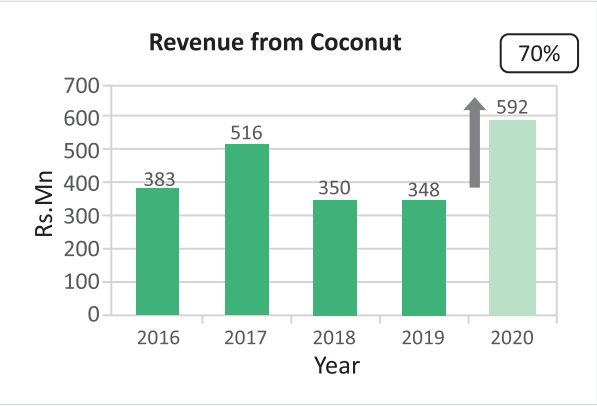


Coconut Sector

Chilaw plantations ltd has an extent of 3808.94 hectares under coconut and these plantations are managed under the eight area estates. Plantations are situated in the planting districts of Puttalam, Kurunegala and Gampaha.

Currently the Coconut immature plantation extent is 718.12 hectares, which is equal to 19% out of total coconut extent.

Total revenue generated from Coconut was Rs. 592Mn, an increase of 70% over last year. During the year, total coconut production was at 11.9 Mn nuts indicating a drop of 20% as compared to prior year. However average sale price increased from Rs. 24.99 to 47.90 per nut.



Cost of Sales and Cost of Production of Coconut

The total cost of production for the year 2020 was Rs. 312 Mn compared to Rs. 306 Mn in 2019, reflecting an increase of Rs 6 Mn. However, after adjustment of opening and closing stock to cost of production, the cost of sale for the year 2020 was Rs. 334Mn compared Rs 284 Mn in previous. Impact of opening and closing stock adjustment were resulted to increase cost of sales of the company as details given below.

	2019 Rs. Mn.	2018 Rs. Mn.
Cost of Production of coconut	**312**	**306**
Opening Stock Adjustment	15	29
Closing Stock Adjustment	(29)	(51)
Cost of Sales of coconut	**334**	**284**

Other Operating Income

Other income mainly comprises from sale of Husks, Timber, leasing of Paddy land, Sale of dead/senile trees, income from desilting tank etc. This income has increased from Rs. 61.1Mn in 2019 to Rs 117.9 Mn in 2020. In comparison to the previous year, income from sale of timber trees increased from Rs. 2.7 Mn to Rs 15.1 Mn, income from husk and shells increased from Rs 10.8 mn to Rs 28Mn, income from coconut trees increase from Rs. 23.6 Mn to Rs. 34.3 Mn and income from desilting tank increased from Rs. 2 Mn to Rs. 16 Mn .

Administration and General Expenses

Administration expenses relate to expenses of the head office which include items such as salaries and related expenses, rent, electricity costs, vehicle maintenance costs, building maintenance costs, printing and stationary has decreased from Rs 81.4 Mn in 2019 to Rs 76.5 Mn in 2020.

However due to the payments of performance incentives and annual bonus to all category of employees during the year under review, total administration and general expenses has increased from Rs. 92.7 Mn in 2019 to Rs. 135.5 Mn. During the corresponding year company has spent Rs 48.7 Mn for incentive payment and Rs 8.9 Mn for annual bonus compared to Rs. 7.2 Mn and Rs. 2 Mn respectively in previous year.

Finance Income

The finance income of the company consists of interest income earned from short-term investments and interest income on staff loan.

During the year under review, the finance income increased by 22% to Rs. 13.2 Mn Compared to Rs. 10.8 Mn received in the previous year. The increase was mainly due to the increase of Short term investment during the year on remarkable financial performance.

Finance Cost

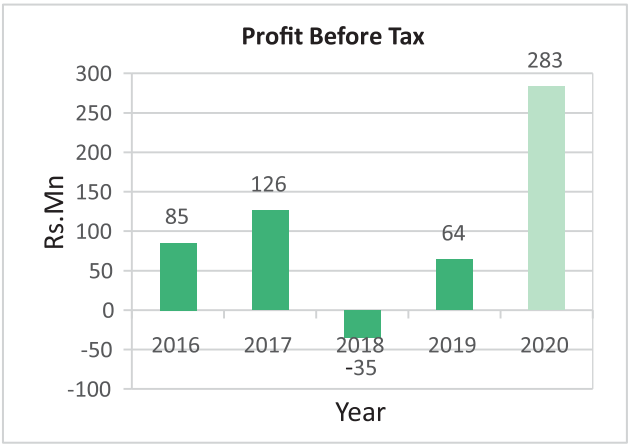
Finance cost mainly reflects the interest and contingent lease rental on JEDB Leasehold Assets. The respective cost for the year 2020 was Rs. 38.3Mn, recording a 3% increase compared to Rs 37.2mn in last year, which increase annually based on the GDP deflator.

Finance cost on short term borrowings has decreased from Rs 2 Mn in 2019 to Rs 0.4 Mn in 2020.

Profit Before Tax

The Profit Before Tax (PBT) of the company has increased by 342% during the 2020 from Rs 64 Mn recorded in 2019 to Rs 283Mn in 2020, which is the ever highest profit recorded in CPL history. Improvement was mainly due to the increase of coconut revenue and increment of other operating income during the year 2020.

The company was able to control operating cost during the year under review through stringent cost control measures implemented.



Taxation

During the year under review the Company recorded tax provision of Rs 17.4 Mn compared to Rs 13. 5 Mn recorded in previous year. (Refer note no 24 for tax computation)

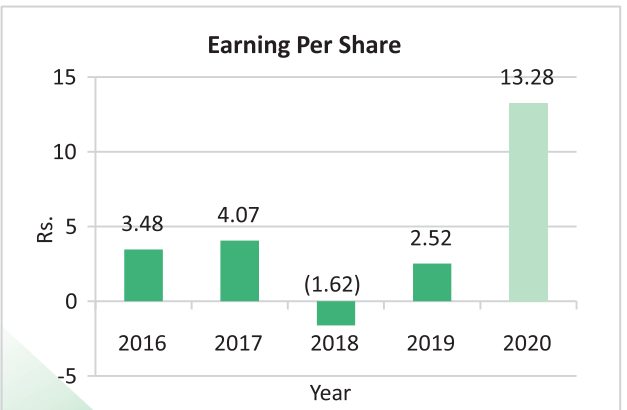
Service Recognition of Human Resource

Being strongly aware that the human resource is the most important asset in an organization, the company paid Rs 48.7Mn in the year 2020 as performance incentive to employees compared to the Rs.7.2 Mn in the year 2020.This would un doubtfully encourage the employees to perform better.

In addition to that, a sum of Rs 8.9Mn was paid in the year 2020 as a bonus to the employees as per PED Circular no PED/3/2020 compared to Rs 2 Mn paid in previous year.

Earnings Per Share (EPS)

During the financial year, the company has generated Rs 13.28 profit for each unit of share (EPS), which is an increase of 426% compared to Rs 2.52 recorded in previous year. From the time of the inception of CPL this has been the highest earning per share recorded.

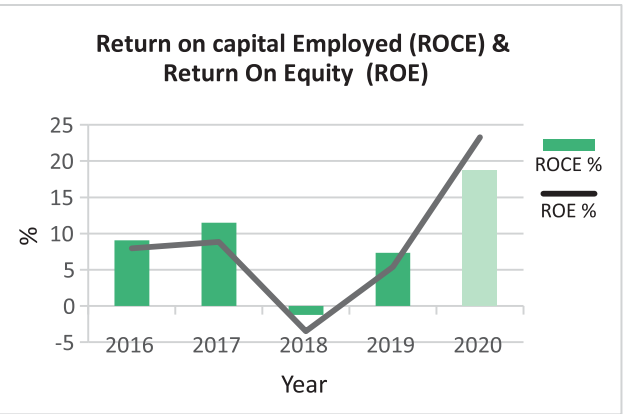


Dividend

Chilaw Plantations Ltd has paid a total dividend of Rs. 315Mn 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 2019 this is a significantly high amount. Thus the total dividends paid to the treasury by Chilaw Plantations from 1992 amounts to Rs 477 Mn to end year 2019.

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

Return On Capital Employed increased to 18.7 % in the financial year 2020 from 7.32% in the year 2019 which was affected mainly due to the higher profitability in the year under review. Consequently, Return on Average Equity has also been affected by the same reason, which has increased from 5.39% to 23.28 % in the current financial year.



Total Assets

The total assets of the company at the end of year 2020 recorded Rs 1,885 Mn with non-current assets of 72% and 28% of current assets. Total assets have increased by 32% during the year mainly due to increase in freehold property plant and equipment on new valuation of motor vehicle, increase of consumable biological assets on new valuation, increase in bearer biological assets which resulted from the field development expenditure and increase of short term deposits on investment in FD and Treasury bills.

Asset Base	2020 Rs. Mn.	2019 Rs. Mn.
Leasehold Right to Bare Land of JEDB Estates	66	68
Leasehold Property Plant & Equipment of JEDB Estates	1	1
Leased Bearer Biological Assets of JEDB Estates	16	18
Bearer Biological Assets (Improvements to Lease hold property)	954	899
Consumable Biological Assets	130	90
Biological Assets- Livestock	17	15
Freehold Property Plant & Equipment	171	81
Other Finance Assets	6	6
Current Assets	525	250
Total Assets	**1885**	**1,428**

Company Assets Base is mainly comprised of bearer biological assets which is 51% of total assets. Timber trees are represented by Consumable biological assets which is 7% of the total assets.

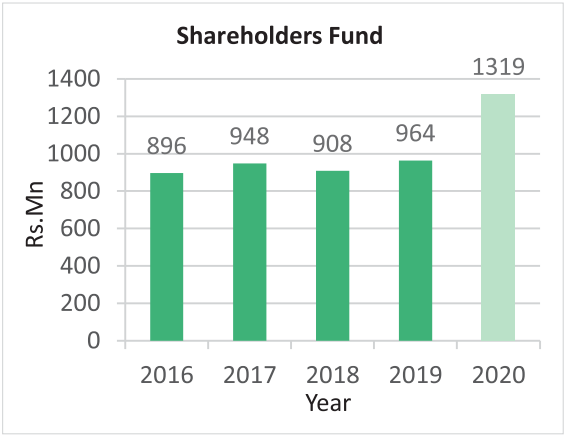
Motor vehicle valuation

Motor vehicles of the company are revalued at fair value on the date of 31st December 2020 as per the valuation report dated15th February 2021issued by department of the valuation. As per the valuation report, valuation gain of motor vehicle for the year was Rs. 98.8 Mn.

Revaluation surplus is recognized in other comprehensive income and accumulated in equity in the asset revaluation reserve. Motor vehicle revaluation note describe under the note No 3.1.1.1to the financial statement.

Shareholders Fund

The shareholders fund in the Capital Structure increased by 37% from Rs 964 Mn in 2019 to Rs 1,319 Mn. Increase is mainly due to increase in revaluation reserves and increase in retained earnings. Shareholders' fund is equivalent to 70% of total assets in the year under review.



Liquidity Position

	2020 Rs. (Mn.)	2019 Rs. (Mn.)
Total Current assets	525	250
Total Current Liability	232	157
Net Working Capital	293	93
Current Ratio	2.2	1.6

Net working capital position of the company has increased from Rs.93 Mn at the end of 31st December 2019 to Rs.293 Mn at 31st December 2020, mainly due to increase in short term investment.

Current Ratio

The Current ratio reflects an upward movement as it has increased to 2.2 times in the year under review, relatively to 1.6 times in the previous year. This is mainly due to increase in short term investment during year under review.

The current ratio of 2.2 for the year is a meaningful level that enables the company to adequately meet the short term liquidity requirements.

Cash flow

The company reported Net cash inflow of Rs 355 Mn from its operating activities during the year 2020 against net cash inflow of Rs. 60 Mn in the previous financial year. Better performance during the year of the company has led to increase net operating cash flow by 492% compared to previous financial year.

Cash flow from investing activities reported a net cash outflow of Rs.138Mn in the current year compared to a net cash outflow of Rs. 38Mn in the previous year.

During the year under review, the company has invested Rs68 Mn on field development, Rs. 6Mn in Property Plant and Equipment and the company has invested Rs 98 Mn in Short term deposits for the maturity period over three months, which ultimately resulted in creating a net cash outflow from investing activities.

Cash flows from financing activities depict a net cash out flow of Rs 30 Mn during the year under review. Dividend paid to treasury which amounted to Rs 10 Mn, settlement of lease rental arrears Rs 38 Mn to treasury and temporary loan facility Rs 23 Mn obtained during the year and repayment is represent the finance activities.

As at 31st December 2020, overall cash and cash equivalents and short term deposits of the company were Rs. 396 Mn compared to Rs111Mn as at 31st December 2019.

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 2020 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 11 times during the year 2020.

Audit committee

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

Mr.H.G. Sumanasinghe 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 programmed. Price fluctuations, market fluctuations are also important areas to be concerned. Mitigating these are of paramount importance to the continuity of the organization. These identified risks assessments and mitigating strategies are highly necessary 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.	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. 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. Irrigation systems are being implemented to ensure the water requirements of the plants are met.
Impairment to production	The other cause being due to a high percentage of the mature palms of the age of over 50 years turning into senile, dud or tapering. In addition, any unforeseen pest diseases and natural causes to the palms and plantation.	Undertaking New Plantings and Under Plantations to replace the over aged palms population. Established two mite labs at Palugaswewa estate and Divulapitiya area estates. Integrated pest management strategies.
Commodity Cycle	Impaired prices and unsteady sales, depending on the consumer's demand, due to the increase in substitutes causing declined demand for coconut edible products, resulting in large quantities of nuts in the estates lying on the ground with a possibility to spoil if not alternative measures taken. Competition from close substitutes such as palm oil etc, to which more consumers are being attracted to, due to low cost, affect demand and prices	The Coconuts unsold at the Colombo CDA auction are sold through a mechanism introduced by the management to sell the same at estate level, additionally company level 'Pol Pola' also is in operation, in addition to the weekly CDA Coconut auction. The company has introduced district sales agent ship to sell the coconut and other value added products to the community. Concentrate to produce value added product The nuts not sold at all 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.
Credit Risk	The probability of having delays in the buyers settling the dues or failing to abide by the rules and regulations. Accumulation of dues.	Ensuring collection of dues from the buyers, by a closely monitored procedure. Seek the Authorities intervention on the long delayed settlements or on the buyers who don't response. Government lease payment are closely monitored and settled without a delay.

Risk Factor	Risk Assessment	Risk Mitigation Strategies
Management Personnel	Lack of motivation and lack of knowledge of the job, resulting in poor productivity and outputs. Employees leaving for other industries or companies for better remunerations and higher positions.	Workshops and training programs undertaken. Improving employee benefits by way of financial non financial incentives & fringe benefits. Maintaining healthy relationships with trade unions through regular dialogues. Ensure compliance with all regulatory requirements with regard to the benefits applicable to the employees. Ensuring promotions from within, to senior positions as far as possible and depending on the suitability.
Assets Risk	Risks from fire, theft and breakdown of machinery & equipment. Natural disaster, such as, caused by lightning, floods, insects, animals and elements.	Obtaining comprehensive insurance covers for all tangible assets. Adoption of stringent procedures with regard to the moving of assets from one location to another. Establishing fire gaps to prevent fire spreading in to our lands from outside and other available precautionary measures. Carrying out frequent preventive maintenance programs fire drills etc. Adopting good agriculture practices
Capital Investments Risk	Risk of not meeting with profit expectations and not receiving the desired returns on investment.	Adopting a stringent approval procedure for Capital expenditure based on the level of investment and the expected pay back.
Reputation Risk	Insufficient and improper knowledge of principles, procedures, standards, rules and regulations pertaining to employments, tradings and other procedures of an establishment. Produces not meeting with consumer or market demands and standards. Lack of knowledge pertaining to the performance, targets and standards.	Ensuring effective communication with various stakeholders such as employees, bankers, customers, regulators, Ensure quality in product & manufacturing process and compliance with the standards. 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. Customer feedbacks are obtained to ensure the service and product quality.

AUDIT COMMITTEE REPORT

Overview

Audit Committee of Chilaw Plantation Limited is a subcommittee of Board of Directors consisting three non-executive Directors who are qualified and well experienced in the field of Accounting & Administration. The primary purpose of the Audit Committee is to provide the Board of Directors an independent assessment of financial reporting process, risk management process, internal control procedures and compliance with rules & regulation. The committee meets regularly atleast once in a quarter with Chief Internal Auditor, External Auditors and Senior Management of Chilaw Plantation to discuss matters of concern that may arised.

Responsibilities of the Audit Committee

Department of Public Enterprises time to time issues circular in relation to conduct Audit Committee in Public Enterprises. The Audit charter of the committee consists scope of responsibilities, authorities and specific duties of committee.

Some of the key responsibilities of audit committee are as follows.,

- Ensure the consistency of accounting policies and compliance with accounting standers,concept,rules & regulations.
- Review adequacy and existence of internal control procedures imposed by the management of Chilaw Plantations.
- Monitoring of accounting policies and principles of company
- Overseeing the financial reporting and disclosure process
- Discussing risk management policies and approve the annual internal audit programme etc.

Audit committee meetings.,

The audit committee of Chilaw Plantation Limited consists of three non-executive Directors representatives from the General Treasury and the Ministry of Plantation Industries. The Audit Committee has held four meetings in the year 2020. An Audit Superintendent was participating on behalf of the Audit Commission Generals Department.

The Audit Committee summoned during the year 2020 as follows,

Name of	Date of meetings			
AMC Member	22.05.2020	08.07.2020	20.10.2020	30.12.2020
Mr.H.G. Sumnasinghe	√	√	√	√
Mrs. Aruni S. Ranasinhe	√	√	√	√
Mr. N. Rajasinghe	√	√	√	√

Key activities of Audit Committee meeting hold during the year 2020

- Discussed internal audit reports and remedial actions taken by the Management of Chilaw Plantation Limited.
- Discussed Auditor General' sreports, Management letter and viewed replies of the Management with External Auditors
- Overseeing the performance of the Internal Audit Department

Summary of the key activities carried out by the Internal Audit Division during the year 2020

- Reviewed and evaluated the existing internal control procedures, identified weakness and proposed preventive measures
- Implemented the internal audit programme bases on available physical & human resources for Internal Audit Division
- Carried out for some investigations with concurrence of the top management.
- Checked & recommended gratuity vouchers of staff and co-ordinatedthe Audit Committee meetings.

Conclusion

An independent Audit Committee is a fundamental component of good coporate governance. The audit committee is usually established by the Board of Director as a subcommittee of board and its authorities are delegated by the Board Members.

H.G. Sumanasinghe
Chairman – Audit & Management Committee

ANNUAL REPORT OF THE BOARD OF DIRECTORS

Annual Report pertaining to the Chilaw Plantations ltd, together with the Audited Financial Statement of the company for the year ended 31st December 2020 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 08 planting Area Estates as described below.

- Palugaswewa Estate
- Chilaw Area Estates
- Thambapanni Area Estates
- Mangala Eliya Area Estates
- Divulapitiya AreaEstates
- 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

Financial statements of the Company for the year ended 31st December 2020 have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs/LKASs) and are set out on pages 46 to 86 of the Annual Report.

Auditor's Report

The Auditor General's Report on the Financial Statements of the Company is given on pages 39 to 45

Accounting Policies

All significant accounting policies adopted in the preparation of the financial statements are given on pages 50 to 63 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 2020, are given below:

Board of Directors - Year 2020

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 Shanika Ranasinghe (From 14.02.2020)	Director
Mr. N.K.K.Rajasinghe (From 05.02.2020)	Director
Mr.O.P.K. Pathiranage (from 05.02.2020)	Director
Mr. Ajantha Munemalle (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 four evaluations during the year.

Audit Committee – 2020

Mr. H.G. Sumanasinghe	Chairman (AMC)
Mrs. Aruni Shanika Ranasinghe	Member (AMC)
Mr. N.K.K. Rajasinghe	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 on pages 05 to 06 and the, Management Review and Financial review on the pages 11 to 30

Revenue

The Revenue of the Company for the year 2020 is Rs.672.9 Mn (2019 - Rs. 445.5 Mn) which is 51% increase over last year. Composition of the Revenue is given in notes no 19 to the Accounts. Increase in Average selling price of coconut during this year was the main reason for this favorable variance.

Other operating Income

The other operating income for the year is Rs. 117.9Mn (2019-Rs 61.1Mn). Increased income from sale of timber trees , sale of dead senile coconut palm, sale of husk, income from desilting tank in 2020 were the main reasons for this favorable variance. Details of other income are provided in notes no 21 to the financial statements.

The interest income earned during the year 2020 is Rs.13.2 Mn compared to Rs 10.8 Mn in previous year details of which are given in note no 23 of Audited Financial Statements.

Financial Results

During the year under review, the Company has recorded a Profit before tax of Rs 283 Mn and Profit after tax of Rs 265.6 Mn. This is as against the previous year PBT of 64 Mn and PAT of Rs 50.4 Mn.

The Company's total comprehensive income net of tax for the financial year 2020 was Rs. 364.6Mn (2019 - Rs. 52.5Mn).

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

Fixed Assets

During the year 2020 the Company has invested Rs. 68Mn (2019: Rs. 60.5Mn) on New/Under Plantations, management of Immature Plantations and Rs.6.4Mn Invested on Property Plant and equipment (2019: Rs.2.3Mn).

Net Book value of non-current assets (Property Plant & Equipment, Leasehold Right, Biological Asset etc.) as at the Balance Sheet date in year 2020 is Rs. 1,360 Mn (2019 : Rs.1,178Mn) and details are given in notes 04-08 and 11.1 of the Audited Financial Statements.

Valuation of of Motor vehicle

Motor vehicles were revalued by Valuation department as of 31st December 2020 and results of such valuation were incorporated in the Financial Statements as at that date. Details of valuation of Motor vehicle are provided in notes 3.1.1 and 8 to the Financial Statements on pages 52 and 69 respectively.

Short-term Investments

The Company's Short-term Investments are Rs.380.1 Mn at the end of 2020, compared to Rs.105 Mn in year 2019. Details are given in notes no 12 of the financial statement

Reserves

The Company Reserves as at 31st December 2020 are represented by Retained Profit of Rs. 845Mn, Timber Reserves of Rs 174Mn and revaluation reserves of motor vehicle Rs 99 Mn.

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

Taxation

A detailed statement of the income tax rates applicable to the Company and a reconciliation of the accounting profits with the taxable profits are given in note 24 to the financial statements on pages 78.

Stated Capital

The total Stated Capital of the Company as at 31 December 2020 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 29 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 25.2 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 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 2020 have been audited by the Auditor General. Audit opinion on the financial statement is given in the page no 39 to 45

Annual General Meeting

The Annual General Meeting is scheduled to be held at the Palugaswewa Estate on 30th December 2021 at 4.30 Pm.

The notice of the Annual General Meeting and Form of Proxy are appearing on pages 88 to 89.

This Annual report is signed on behalf of the Board of Directors by

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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 2020 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 2020.

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.

PAL/C/CPL/01/2020/04 03 December 2021

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 2020 in terms of Section 12 of the National Audit Act, No. 19 of 2018

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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 2020 comprising the statement of financial position as at 31 December 2019 and the statement of comprehensive income, 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 2020, 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) The Company did not have the deeds and plans related to the leased lands amounting to Rs. 142 million indicated under property, plant and equipment in the statement of financial position. As a result, it was not possible to confirm the legal ownership of the lands of the Company and undisturbed possession of the extent of 5,733 hectares vested in the Company in the year 1992.

(b) Although 185 hectares of lands valued at 4.6 million as at the end of the year under review, out of the lands given to the Company by Janatha Estate Development Board in the year 1992, had been released to government and various public utilities, the released lands had not been disclosed in the financial statements for the year under review.

(c) In accordance with paragraphs 51 and 61 of Sri Lanka Accounting Standards No. 16 pertaining to property, plant and equipment, the Company had not taken action to revise the cost of office equipment amounting to Rs.27,429,495 and furniture amounting to Rs. 6,546,125 and machinery amounting to Rs. 500,000, which had been fully depreciated by the year under review since the useful life of non-current assets had not been reviewed annually and furthermore, the Company had not taken action to present the costs at reasonable carrying value in the financial statements.

(d) Although deferred taxes, related to items identified extraneous to the profits or losses, should be identified extraneous to profits or losses in terms of paragraph 61 A of Sri Lanka Accounting Standards No. 12 pertaining to Income Tax, action had not been taken accordingly. Although deferred taxes that arise due to changes in carrying values owing to revaluation of property should be identified under other comprehensive income as per para-62 (a) of the Standard, the deferred liability had been understated by 13,844,318 as the value of Rs. 14,213,603, which was the total effect occurred on the revaluation of motor vehicles conducted by the Company during the year under review

had not been identified under deferred tax liability, deferred tax expenses and the other comprehensive income. Although this effect should have been adjusted to the revaluation reserve, the Company had not done so.

(e) The profit of the year had been overstated by Rs. 23,432,527 and current liabilities had been understated by that amount as the tax liability amounting to Rs. 23,432,527 on the profit of the Company revised for taxes had not been indicated in the financial statements.

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 Other Information included in the Annual Report 2020 of the Organization

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Other information means the information that is to be provided to me after the date of this audit report and included in the Annual Report - 2020 of the Institution, but not included in the financial statements and in my audit report prepared in relation to those financial statements. Management is responsible for the other information.

My opinion on financial statements does not cover other information and I do not express any kind of assurance or opinion on it.

In relation to my audit on the financial statements, my responsibility is to read the other information identified above when such information is available and to consider in reading as to whether other information is materially inconsistent with the financial statements or according to my knowledge obtained during the audit or otherwise.

If I conclude that there are material misstatements in the Annual Report 2020 of the Company in reading the report, those matters should be communicated to the governing parties for rectification. Furthermore, if there are any unrectified misstatements, they will be included in the report, which I will be tabling in Parliament in due course in accordance with Article 154 (6) of the Constitution.

1.4 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, the 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.

1.5 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

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

2.1.1 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.

2.1.2 The financial statements of the Company comply with the requirement of Section 151 of the Companies Act, No. 07 of 2007.

2.1.3 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.

2.1.4 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.

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

2.2.1 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;

2.2.2 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;

2.2.3 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;

2.2.4 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;

W.P.C. Wickramaratne
Auditor General

(This report is an English translation of the Auditor Generals' Report issued in Sinhala in 03rd December 2021 to Chilaw Plantations Limited)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December	Notes	2020 Rs.	2019 Rs.
Revenue	19	672,967,266	445,502,499
Cost of Sales	20	(398,352,513)	(356,416,322)
Gross Profit		**274,614,753**	**89,086,177**
Gain/(loss) on fair value of Biological Assets	7.4	52,138,219	35,561,086
Other Operating Income and Gains	21	117,940,551	61,138,514
Administration and General expenses	22	(135,574,801)	(92,731,503)
Profit from Operations		309,118,723	93,054,274
Finance Income	23	13,277,499	10,843,235
Finance Expenses	23.1	(39,296,559)	(39,886,905)
Profit Before Tax		**283,099,662**	**64,010,604**
Tax Expense (Provisions)	24	(17,455,003)	(13,511,396)
Profit for the Year		**265,644,659**	**50,499,208**
Other comprehensive Income			
Defined benefit plan actuarial gains/(losses)	16	158,860	2,043,520
Revaluation Gain of Motor Vehicle	8	98,887,979	-
Total Comprehensive Income for the year, Net of Tax		364,691,498	52,542,728
Basic Earning Per Share	25.1.2	13.28	2.52

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 50 to 86 form an integral part of these Financial Statements.

Chilaw
February 25, 2021

STATEMENT OF FINANCIAL POSITION

As at 31st December	Notes	2020 Rs.	2019 Rs.
ASSETS			
Non Current Assets			
Leasehold Right to Bare Land of JEDB Estates	04	65,733,817	68,422,539
Leasehold Property Plant & Equipment of JEDB Estates			
(Other than Right-to-Use-Land and Leased bearer biological assets)	05	822,077	857,864
Leased Bearer Biological Assets of JEDB Estates	06	15,648,015	18,374,312
Improvements to Leasehold property	7.1	954,175,211	898,794,943
Biological Assets -Livestock	7.2	17,169,050	15,405,500
Consumable Biological Assets	7.3	129,634,311	89,830,484
Freehold Property Plant & Equipment	08	171,065,195	80,669,983
Other finance assets	11.1	6,161,880	5,881,336
		1,360,409,558	1,178,236,961
Current Assets			
Produce on bearer biological assets	9.1	21,746,315	16,142,311
Inventories	9.2	61,247,548	67,383,469
Assets Held for Sale	9.3.1	4	-
Trade and Other Receivables	10	35,665,015	42,760,113
Income Tax Receivable		6,107,017	8,535,353
Financial facility to State Enterprises	11		
Other finance assets	11.1	3,091,809	3,588,140
Other Current Assets		612,176	638,557
Short Term Investment	12	380,166,575	105,000,000
Cash in Hand and at Bank		16,230,744	6,185,420
		524,867,203	250,233,362
Total Assets		**1,885,276,761**	**1,428,470,323**
EQUITY & LIABILITIES			
Capital and Reserves			
Stated Capital	13	200,000,010	200,000,010
Retained Earnings		845,377,761	636,108,457
Revaluation Reserves (Timber revaluation & Vehicle revaluation)		273,278,812	127,856,618
Total Equity		1,318,656,583	963,965,085
Non Current Liabilities & Deferred Income			
Interest-bearing Loans & Borrowings	18.1	5,794,000	-
Deferred Tax Liability	14	126,445,436	111,959,742
Deferred Grants and Subsidies	15	5,489,829	5,822,837
Retirement Benefit Obligations	16	98,846,211	89,414,823
Liability to Make Lease Payment for the JEDB Estates	17	97,801,126	100,296,963
		334,376,602	307,494,365
Current Liabilities			
Trade and Other Payables	18	218,143,738	154,611,029
Interest-bearing Loans & Borrowings	18.1	11,604,000	-
Liability to Make Lease Payment for the JEDB Estates	17	2,495,837	2,399,844
Total Equity and Liabilities		232,243,575	157,010,873
		1,885,276,761	**1,428,470,323**

The Accounting Policies and Notes on pages 50 to 86 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)

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

Chilaw
February 25, 2021

STATEMENT OF CHANGES IN EQUITY

For the Year ended 31st December, 2019

Description	Stated Capital	Timber Reserve	Revaluation Reserve	Accumulated Profit	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 31st December 2018					
Adjust Impact of the amendments of LKAS 16	200,000,010	95,398,324		602,984,504	898,382,839
and LKAS 41 (Note no 3.1.4.1 and 9.1)				13,039,518	13,039,518
Restated balance as at 31st December 2018	200,000,010	95,398,324		616,024,022	911,422,357
Adjusted Balance as at 1 January 2019	200,000,010	95,398,324		616,024,022	911,422,357
Profit for the Year - Restated (Note A)				50,499,208	50,499,208
Other Comprehensive Income	-			2,043,520	2,043,520
Transferred to Timber Reserve (7.3)	-	32,458,293		(32,458,293)	-
Balance as at 31st December 2019- Restated	**200,000,010**	**127,856,618**		**636,108,457**	**963,965,085**
Dividend for year 2019				(10,000,000)	(10,000,000)
Profit for the Year	-			265,644,659	265,644,659
Other Comprehensive Income			98,887,979	158,860	99,046,839
Transferred to Timber Reserve		46,534,215		(46,534,215)	-
Total Comprehensive Income	200,000,010	174,390,833	98,887,979	845,377,761	1,318,656,583
Balance as at 31st December 2020	**200,000,010**	**174,390,833**	**98,887,979**	**845,377,761**	**1,318,656,583**

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 50 to 86 form an integral part of these Financial Statements.

Note A- Profit Reconciliation for the year 2019

Profit for the year 2019 as previously reported	47,396,415
Changes in fair value of Produce on bearer biological Assets (Impact of recognizing the harvestable agricultural produce from the bearer biological assets as LKAS 41)	3,102,793
Restated profit for the year 2019	50,499,208

Chilaw
February 25, 2021

STATEMENT OF CASH FLOW

For the year ended 31st December	2020 Rs.	2019 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before Tax	283,099,662	60,907,811
Adjustments for;		
- Depreciation/Amortization	32,785,222	33,124,829
- Amortization of Grants	(333,008)	(188,540)
- Finance Expenses	39,296,559	39,886,905
- Finance Income	(13,277,499)	(10,843,235)
- Provision For Defined Benefit Plan Costs	18,719,615	17,154,766
- Profit on Disposal of Property, Plant and Equipment		(189,248)
- Gain/(loss) on fair value of Biological Assets	(52,138,219)	(35,561,086)
- Profit on disposal of Timber Trees	(15,152,869)	(2,704,793)
- Profit on disposal of Coconut Trees	(34,396,776)	(23,667,318)
- Provision For Incentive Payment to the Staff and Workers	48,792,550	
- WIP Transfer out	122,041	
	307,517,278	81,022,884
Changes in:		
- Inventories	6,135,920	(10,773,432)
- Dairy Livestock	(1,763,550)	3,289,452
- Trade and other Receivables	7,935,121	(15,602,897)
- Other Current Assets	26,381	1,076,555
- Trade and other Payables	11,830,841	287,473
Cash generated from operating activities	331,681,991	59,300,034
- Defined Benefit Plan Costs paid	(9,129,367)	(8,380,955)
- Finance costs Paid	(432,020)	(2,077,336)
- Finance Income Received	11,953,618	10,549,984
- Income Tax Paid	(540,972)	(2,534,199)
- Cash received from sales of valuable trees	21,963,246	3,178,263
Net Cash from Operating Activities	355,496,496	60,035,791
CASH FLOWS FROM INVESTING ACTIVITIES		
- Additions of Property, Plant & Equipment	(6,437,273)	(2,310,154)
- Field Development Expenditure	(68,031,329)	(60,580,869)
- Cash received from sales of coconut trees	34,441,426	23,756,233
- Staff loan Granted	(3,770,000)	(3,300,000)
- Staff loan recovered	3,985,786	4,400,025
- Short Term Investment	(98,166,575)	(375,178)
- Proceeds from Disposal of Property, Plant and Equipment		200,513
Net Cash used in Investing Activities	(137,977,964)	(38,209,430)
CASH FLOWS FROM FINANCING ACTIVITIES		
- Dividends Paid	(10,000,000)	
- Arrears Installment settlement of Government Finance Lease	(37,871,208)	
- Loan Obtained during the year	23,200,000	
- Loan repaid during the year	(5,802,000)	
Net Cash Flows used in Financing Activities	(30,473,208)	-
Net Increase / (Decrease) in Cash & Cash Equivalents	187,045,324	21,826,361
A. Cash & Cash Equivalents at the Beginning of the Year	30,185,420	8,359,059
B. Cash & Cash Equivalents at the End of the Year	**217,230,744**	**30,185,420**
NOTE A		
Cash & Cash Equivalents at the beginning 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**
NOTE B		
Cash & Cash Equivalents at the end of the Year		
Short term Investments	201,000,000	24,000,000
Cash in Hand and at Bank	16,230,744	6,185,420
	217,230,744	**30,185,420**

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 50 to 86 form an integral part of these Financial Statements.

Chilaw
February 25, 2021

1 CORPRORATE 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, 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, 2020 was authorized for issue in accordance with a resolution of the Board of Directors on 25th February 2021.

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

Property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be reliably measured.

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.

The carrying-values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Where motor vehicles are subsequently revalued, the entire class of such assets is revalued at fair value on the date of revaluation on 31st December 2020.

Any revaluation surplus is recognized in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the income statement, in which case the increase is recognized in the income statement. A revaluation deficit is recognized in the income statement, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

As per the valuation report of the Department of Government Valuation, Revaluation of the motor vehicles as at 31st December 2020 as follows.

Description	Net Carrying Value as at 31.12.2020 Rs.	Revalued Amount As at 31.12.2020 Rs.	Revaluation Reserves
Motor Vehicle (Revalued)	4,987,021.00	103,875,000.00	98,887,979.00

However below mentioned vehicles have not been revalued by the Department of Government Valuation due to the repairs being undertaken at the date of revaluation. Therefore those motor vehicles are measured at cost less accumulated depreciation as at 31st December 2020.

Vehicle No	Category	Cost Rs.	Accumulated Depreciation	Net book value As at 31/12/2020
Sri 6018	Hand Tractor	41,500.00	41,499.00	1/=
NW SC 1607	Hand Tractor	104,000.00	103,999.00	1/=
36 Sri 5418	Tractor	1,661,995.70	1,304,777.00	357,218.70
36 Sri 3033	Tractor	467,739.46	467,737.46	2/=
NWRV 0245	Tractor Trailer	152,375.00	152,374.00	1/=
NW UZ 3922	Motor Cycle	148,925.00	148,924.00	1/=
NW UZ 3655	Motor Cycle	148,925.00	148,924.00	1/=

(a) 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 using a straight-line method on cost or valuation over the estimated useful economic lives of each part of an item of Property, Plant & Equipment. The estimated useful lives for the current and comparative periods are as follows:

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

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

(b) Amortization

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

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

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

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
Cashew	08	20	5.00
Pepper	06	20	5.00
Rambutan	06	20	5.00
Mango	05	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 spices 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:

- Age to harvest 5 or below years 12%
- Age to harvest 6 -15 years 13%
- Age to harvest 15 years or above 14%

3.1.2.2Dairy 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.

3.1.4.1 Harvestable Agricultural Produce Growing on Bearer Biological Assets

In accordance with LKAS 41, company recognize agricultural produce growing on bearer plants at fair value less cost to sell. Change in the fair value of such agricultural produce recognized in profit or loss at the end of each reporting period.

For this purpose, quantities of harvestable agricultural produce ascertained based on harvesting cycle of each crop category by limiting to one harvesting cycle based on last day of the harvest in the immediately preceding cycle. Further 50% of the crop in that harvesting cycle considered for the valuation. For the valuation of the harvestable agricultural produce, the company uses the following price formulas.

Coconut – fair value less cost of picking & Transport ect.

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; amortised 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 realising 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.

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. In these cases, the transferred assets are not derecognised.

3.1.5.3.2 Financial liabilities

The Company derecognises 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 de recognition 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 amortised 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 reorganisation; 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 allowances 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.

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 Changes in Accounting Policies and Disclosures

Amendment to LKAS 41 & 16 – Harvestable produce growing on Bearer Biological assets

Amendments to LKAS 16- Properly, plant and equipment and LKAS 41- Agriculture, require entity to recognize agricultural produce growing on bearer plants at fair value less cost to sell separately by from its bearer plants prior to harvest. After initial recognition, changes in the fair value of such agricultural produce growing on bearer plants, recognized in profit or loss at the end of each reporting period. Accordingly, the Company has applied these amendments retrospectively in the Financial Statements., for the details refer note 28.

3.7 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 26 to the Financial Statements and Geographical area of Plantations are as follows,

Group I Estates	Group II Estates
Chilaw Area Estate	Bingiriya Area Estate
Palugaswewa Estate	Divulapitiya Area Estate
Thambapanni Area Estate	Madampe Area Estate
Mangala Eliya Area Estate	Nikawaratiya Area Estate

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 24.5 years.

	Gross Carrying Value	
	as at 31.12.2020 Rs.	as at 31.12.2019 Rs.
Leasehold Right to Bare land	142,502,287	142,502,287

	Amortization		
	as at 31.12.2020 Rs.	for the year Rs.	as at 01.01.2020 Rs.
Leasehold Right to Bare land	76,768,470	2,688,722	74,079,748

	Carrying Value	
	as at 31.12.2020 Rs.	as at 31.12.2019 Rs.
Leasehold Right to Bare land	65,733,817	68,422,539

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

In terms of the ruling of the UITF of Institute of Chartered Accountants of Sri Lanka prevailed at the time of privatization of plantation estates, all immovable Assets in the JEDB/SLSPC estates under finance leases have been taken into the books of the Company retroactive with effect from 22nd June 1992. For this purpose the Board decided at its meeting on March 08, 1995 that these assets would be taken at their book values as they appear in the books of the JEDB/SLSPC, on the day immediately preceding the date of formation of the Company. These assets are taken into the 22nd June 1992 Balance Sheet and the amortization of immovable estate assets up to 31st December 2020 are as follows.

At Valuation	Improvements to Land Rs.	Other Vested Assets Rs.	Buildings Rs.	Machinery Rs.	Water Supply Rs.	2020 Rs.	2019 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	65,872	920,401	25,356,498	530	4,026,236	30,369,536	30,333,749
Amortization for the Year	2,390	33,397		-	-	35,787	35,787
As at 31 December	68,262	953,798	25,356,498	530	4,026,236	30,405,323	30,369,536
Carrying Amount	**772,931**	**49,146**	-	-	-	**822,077**	**857,864**

6. LEASED BEARER BIOLOGICAL ASSETS OF JEDB/ ESTATES

Revaluation	2020 Rs.	2019 Rs.
Mature Plantation	80,529,939	81,527,221
Disposal Adjustment	(876,357)	(997,282)
	79,653,582	**80,529,939**
As at 01 January	62,155,627	60,349,138
Amortization for the Year	2,681,646	2,714,856
Disposal Adjustment	(831,706)	(908,367)
As at 31 December	**64,005,567**	**62,155,627**
Carrying Amount	**15,648,015**	**18,374,312**

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	Immature Plantation (Rs.)	Mature Plantation			2020 Rs.	2019 Rs.
		Coconut Rs.	Cashew Rs.	Other Rs.		
At the beginning of the - Year	442,493,208	442,987,977	87,056,399	7,417,812	979,955,396	919,374,527
Additions	67,951,341	-	-		67,951,341	60,580,869
Transferred from Immature		156,732,780	12,970,214	1,904,014	171,607,008	99,005,292
Transferred to Mature	(171,607,008)	-	-	-	(171,607,008)	(99,005,292)
Written off	-	-	-	-	-	-
At the end of the Year	**338,837,542**	**599,720,756**	**100,026,612**	**9,321,826**	**1,047,906,736**	**979,955,396**
Depreciation						
At the beginning of the - Year		42,707,511	37,033,091	1,419,850	81,160,453	70,450,448
Charge for the Year		8,717,927	3,482,255	370,890	12,571,072	10,710,005
At the end of the Year		**51,425,438**	**40,515,346**	**1,790,740**	**93,731,525**	**81,160,453**
Carrying Value	**338,837,542**	**548,295,318**	**59,511,266**	**7,531,086**	**954,175,211**	**898,794,943**

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 (2020 - Nil)

7.2 Biological Assets - Liverstock

		2020 Rs.	2019 Rs.
Dairy Livestock	**07.2.1**	8,763,745	8,188,790
Other Livestock	**07.2.2**	8,405,305	7,216,710
		17,169,050	**15,405,500**

7.2.1 Dairy Livestock

	Immature Cows (Calves/ Heifers) Rs.	Mature Cows (Milking and Dry Cows) Rs.	2020 Rs.	2019 Rs.
As at 1st January	902,560	7,286,230	8,188,790	8,066,800
Additions during the Year	253,200		253,200	153,400
Gain/(Loss) on fair value for the Year	153,195	107,188	260,383	982,541
Value increase/decrease on physical changes	82,480	24,287	106,767	333,710
Death/Sales/Trans out		(45,395)	(45,395)	(1,347,661)
As at 31st December	**1,391,435**	**7,372,310**	**8,763,745**	**8,188,790**

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.	2020 Rs.	2019 Rs.
As at 1st January	3,735,900	1,671,360	186,300	1,451,350	171,800	7,216,710	10,628,152
Additions during the Year	182,000	25,000		174,325	49,000	430,325	416,735
Transfer in and Out				536,000		536,000	(181,875)
Death/Sales	(327,885)	(110,100)		(398,920)		(836,905)	(6,516,232)
Gain/Loss on fair Value for the year	472,895	101,670	7,740	339,670	137,200	1,059,175	2,869,930
	4,062,910	**1,687,930**	**194,040**	**2,102,425**	**358,000**	**8,405,305**	**7,216,710**

7.3 Consumable Biological Assets - Timber Plantaitons

	2020 Rs.			2019 Rs.		
	Immature	Malure	Total	Immature	Mature	Total
Balance as at 1st January	2,857,785	86,972,699	89,830,484	2,857,785	54,987,875	57,845,660
Increase due to development/ Investment	79,988		79,988	-		-
Trans In/(Out)	(2,857,785)	2,857,785	-			
Changes in fair value less cost to sell		46,534,215	46,534,215		32,458,293	32,458,293
Decrease due to harvest		(6,810,376)	(6,810,376)		(473,469.72)	(473,470)
Balance as at 31st December	**79,988**	**129,554,323**	**129,634,311**	**2,857,785**	**86,972,699**	**89,830,484**

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,Charterd Valuation Serveyor, 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 12%
   Age to harvest 6 -15 years 13%
   Age to harvest 15 years or above 14%
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 uncertainly 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.

	2020 Rs.	2019 Rs.
Changes in fair value of consumable biological assets (Note 7.3)	46,534,215	32,458,293
Changes in fair value of Produce on bearer biological Assets (Note 9.1)	5,604,004	3,102,793
	52,138,219	**35,561,086**

8. FREEHOLD PROPERTY PLANT & EQUIPMENTS

	Buildings Rs.	Plant & Machinery Rs.	Motor Vehicles Rs.	Equipment Rs.	Furniture & Fittings Rs.	Fencing Rs.	Water Supply Rs.	2020 Rs.	2019 Rs.
Cost/ Valuation									
As at 1 January	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
Additions	219,972.77	-	-	1,439,718	291,652	2,756,373	1,263,015	5,970,730	2,693,415
Transfers/Disposal	-	-	(2,061,380)	2,061,380	-	-	-	-	(1,735,380)
Transf. to held for sale			(400,450)					(400,450)	
Transferred due to revaluation			(148,940,624)					(148,940,624)	
Revaluations			98,887,979					98,887,979	
As at 31 December	50,532,778	7,839,761	106,600,460	56,031,137	11,144,791	27,930,026	11,848,095	**271,927,048**	**316,409,413**
Depreciation									
As at 1 January	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
Charge for the Year	1,258,739	489,562	4,202,922	2,874,651	511,824	5,002,557	467,739	14,807,994	16,975,459
Transfers/Disposal	-	-	(2,061,370)	2,061,370	-	-	-	-	(1,724,115)
Transferred due to revaluation			(148,940,624)					(148,940,624)	-
Transf. to held for sale			(400,446)					(400,446)	
As at 31 December	12,337,446	4,026,693	2,368,234	44,708,920	9,140,210	23,312,264	5,434,628	**101,328,395**	**235,861,471**
Net Value								**170,598,653**	**80,547,942**
Capital Work-in-progress									
As at 1 January								122,041	505,302
Additions during the Year								466,542	122,041
Capitalized during the year & Transfer out								122,041	505,302
As at 31 December								**466,542.29**	**122,041**
Carrying amount								**171,065,195**	**80,669,983**

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. PRODUCE ON BEARER BIOLOGICAL ASSETS AND INVENTORIES

9.1 Produce on Bearer Biological Assets

	2020 Rs.	2019 Rs.
At the beginning of the year/ as previously reported	16,142,311	
Impact of the amendments of LKAS 16 and LKAS 41		13,039,518
Change in fair value less cost to sell	5,604,004	3,102,793
At the end of the year	**21,746,315**	**16,142,311**

9.2 Inventories

	2020 Rs.	2019 Rs.
Input Materials	4,183,849	598,315
Growing Crop - Nurseries	3,425,602	5,355,033
Harvested Crop	45,777,613	54,699,808
Consumables and Spares	7,860,485	6,745,813
	61,247,548	67,398,969
Impairment allowance for Obsolete Stocks		(15,500)
	61,247,548	**67,383,469**

9.3. Carrying Value of Assets Classified as Held for Sale

	2020 Rs.	2019 Rs.
Gross Carrying Value	400,450	-
Less; Accumulated Depreciation	400,446	-
Carrying Value	**4**	-

9.3.1 Carrying Value of Assets Held for Sale

Description	Vehicle No.	Cost	Depneciation	Carrying Value
Hand Tractor	NW SC 1610	104,000	103,999	1
Hand Tractor and trailer	NW SC 1611	145,500	145,498	2
Motor Cycle	NW GB 7012	150,950	150,949	1
		400,450	**400,446**	**4**

10. TRADE AND OTHER RECEIVABLES

	2020 Rs.	2019 Rs.
Produce Debtors	16,951,003	29,619,393
Staff Debtors	5,503,814	4,199,839
Other Debtors	13,778,785	9,772,094
Wair-Coir Project	13,325,233	13,325,233
	49,558,835	56,916,558
Impairment allowances for Wair-Coir Project	(13,325,233)	(13,325,233)
Impairment allowances for Bad Debts	(568,587)	(831,212)
	35,665,015	**42,760,113**

11. FINANCIAL FACILITY TO STATE ENTERPRISES

	Amount Granted Rs.	2020 Rs.	2019 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 State 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 oustanding 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 2020 is taken in to the accounts, total loan receivable balance would be Rs. 170,957,808.21 as details given below.

Elkaduwa Plantations Ltd	36,319,452
Sri Lanka Rubber Manufacturing & Export Corporation Ltd	10,000,000
Sri Lanka State Plantations Corporation	36,410,959
Ministry of state Resources & Enterprise Development	15,000,000
Janatha Estate Development Board	73,227,397
	170,957,808

11.1 Other Financial Assets

	Loan given to Employees Rs.	Pre- paid Staff Benefit Rs.	Total Rs.
Balanc e as at 01/01/2019	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**
Loan Granted During the year 2020	3,407,323	362,677	3,770,000
Loan Recovered During the year 2020	(3,459,936)	(525,850)	(3,985,786)
Balance as at 31/12/2020	**8,440,298**	**813,392**	**9,253,689**
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**
Non- Current Balance as at 31/12/2020	5,748,278	413,602	6,161,880
Current Balance as at 31/12/2020	2,692,020	399,789	3,091,809
Balance as at 31/12/2020	**8,440,298**	**813,391.56**	**9,253,689**

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%
2020	9.25%

12. SHORT TERM INVESTMENTS

	2020 Rs.	2019 Rs.
Fixed Deposit - BOC (Over three months)	89,166,575	81,000,000
Fixed Deposit- Peoples Bank (Over three months)	90,000,000	
Total short term investment over Three months	**179,166,575**	**81,000,000**
Fixed Deposit - BOC (Below three months)	40,000,000	
Treasury Bills and REPO (Below three months)	161,000,000	24,000,000
Total short term investment Below Three months	**201,000,000**	**24,000,000**
Grand Total	**380,166,575**	**105,000,000**

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. 98,846,211/-

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

	2020 Rs.	2019 Rs.
At the beginning of the Year	111,959,742	98,448,346
Charged / (reversal) during the year	14,485,694	13,511,396
At the end of the Year	**126,445,436**	**111,959,742**

	Temporary Difference Rs.	Tax Effect 2020 Rs.	Tax Effect 2019 Rs.
- Property, Plant and Equipment	(47,119,433)	(6,596,721)	(7,213,168)
- Mature and Immature Plantation	(954,175,211)	(133,584,530)	(125,831,292)
- Consumable Biological Assets	(129,634,311)	(18,148,804)	(12,576,268)
		-	2,170
- Impairment allowances for Bad Debts	13,893,820	1,945,135	1,981,902
- Retirement Benefit Obligation	98,846,211	13,838,470	12,518,075
Carried forward Tax Losses	115,007,243	16,101,014	19,158,839
Carried forward Tax Credit		-	-
Deferred Tax Assets / (Liability)	**(903,181,682)**	**(126,445,436)**	**(111,959,742)**
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

	2020 Rs.	2019 Rs.
At the beginning of the Year	5,822,837	6,011,377
Less : Amortization for the Year	(333,008)	(188,540)
At the end of the Year	**5,489,829**	**5,822,837**

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

	2020 Rs.	2019 Rs.
At the beginning of the year	89,414,823	82,684,532
Interest Cost	9,835,631	9,508,721
Current Services Cost	8,883,984	7,646,045
Gratuity Payments for the Year	(9,129,367)	(8,380,955)
Actuarial (Gain) / Loss	(158,860)	(2,043,520)
At the end of the Year	**98,846,211**	**89,414,823**

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 2020 the actuarial present value of promised retirement benefits amounted to Rs.98,846,211 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. 108,342,180.55. Hence, there is a contingent liability of Rs.9,495,969.55 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	8% p.a.
(ii) Rate of Salary Increase	
Monthly paid Staff	5% p.a.
Daily Paid Staff	10% p.a.
(iii) Retirement Age	
Monthly paid Staff	60 years
Daily Paid Staff	60 years
(iv) Daily Wage Rate	Rs. 740/-
(v) Staff Turnover rate	5%

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

	Repayable within 1 year	Repayable after one year		Sub Total	Total
		Repayable within two to five years	Repayable after five years		
	Rs.	Rs.	Rs.	Rs.	Rs.
Gross Finance Lease Liability	6,508,000	26,032,000	126,522,652	152,554,652	159,062,652
Less : Future Finance Charges	(4,012,163)	(15,009,577)	(39,743,949)	(54,753,526)	(58,765,689)
Net Finance Lease liability-2020	2,495,837	11,022,423	86,778,703	97,801,126	100,296,963
Net Finance Lease liability-2019	2,399,844	10,598,484	89,698,479	100,296,963	102,696,807

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. 34,249,563.85/- which in based on GDP deflator of 2.2% (2018 - Rs.33,022,320/- 4.3%)

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	1,690,659,388
Finance Charges	(1,076,694,662)
Net Liability	613,964,726

18. TRADE AND OTHER PAYABLES

	2020 Rs.	2019 Rs.
Trade Creditors (Refund, CDA Marketing Lot fee)	6,368,577	5,672,066
Others (Fertilizer, Contractors etc.)	60,935,898	50,784,154
Holiday Pay	4,002,632	3,952,908
Accrued Expenditure	13,524,271	9,223,077
Audit Fee	1,608,722	3,366,952
Incentive payable to Employee	48,792,550	1,587,139
Dividend /Lease rental Payable to Treasury	82,911,088	80,024,732
	218,143,738	**154,611,029**

18.1 Interest- Bearing Loans & Borrowing

	BOC Rs.	Total Rs.
As at 1/01/2020		
Obtaining During the year	23,200,000	23,200,000
Repayment during the year	5,802,000	5,802,000
as at 31/12/2020	**17,398,000**	**17,398,000**
Payable withing one year	11,604,000	11,604,000
Payable Two to Five years	5,794,000	5,794,000
as at 31/12/2020	**17,398,000**	**17,398,000**

Following assets have been pledged as security for above liability:

Lender and Loan amount Rs.	Rate of the Interest p.a	Monthly Installment	Term of Repayment	Security Pledged
BOC Rs.23.2 Mn	4%	967,000	24 installments commented on 19/7/2020	Fixed Deposit No 84976446 invested at Bank of ceylon Pleged as security

19. REVENUE

	2020 Rs.	2019 Rs.
Coconut (Note 19.1)	592,179,338	348,349,082
Cashew	37,352,690	46,117,027
Livestock project (Note 19.2)	9,758,136	22,673,106
Dragon Fruit	1,158,336	1,189,554
Seedlings & Nursery	10,973,225	12,149,045
Pepper	100,975	239,715
Cinnamon	619,280	658,813
Rambuttan	665,100	500,000
Coconut Oil	8,068,004	4,537,171
Cashew processing	8,317,642	8,961,687
Others	3,774,540	127,300
	672,967,266	**445,502,499**

19.1 Coconut Income

Green Nuts	533,259,557	328,521,199
Copra	58,919,781	19,827,883
	592,179,338	**348,349,082**
Production (Nuts)	11,943,494	14,993,952
Net Sales Average (per 1000 nuts)	47,908	24,996

19.2 Income from livestock

Income from Dairy livestock project	7,626,472	11,788,735
Other livestock	705,339	6,410,285
Gain/loss on fair value	1,426,325	4,474,086
	9,758,136	**22,673,106**

20. COST OF SALE

	2020 Rs.	2019 Rs.
Coconut and Copra	334,141,557	283,606,535
Cashew	22,103,851	30,790,882
Livestock project	11,274,014	20,296,251
Dragon Fruit	387,869	532,755
Seedlings & Nursery	7,043,495	7,471,519
Pepper	509,392	271,560
Cinnamon	674,604	621,091
Rambuttan	308,754	208,124
Coconut Oil	8,289,132	3,547,721
Cashew processing	7,845,556	8,985,570
Others	5,774,288.73	84,315
	398,352,513	**356,416,322**

21. OTHER INCOME AND GAINS

Amortization of Grant	333,008	188,540
Gain /(Loss) on Timber sale	15,152,869	2,704,793
Coconut Palms	34,396,776	23,667,318
Coconut Husks & Shells	28,169,738	10,840,824
Penalty on delay payment and removal of coconut	6,088,631	4,884,603
Paddy	2,731,691	2,377,790
Fire wood	1,901,578	1,957,906
Desailting Tank (sale of Mud soil)	16,025,468	2,035,981
Profit on Disposal of old Motor cycle & Scrap sales		189,248
Other	13,140,792	12,291,510
	117,940,551	**61,138,514**

22 ADMINISTRATION & GENERAL EXPENSES

Personal Direct expenses	40,911,795	41,227,286
Personal Indirect expenses	14,778,460	14,823,933
Office expenses	20,861,453	32,575,179
Other expenses	59,023,093	4,105,105
	135,574,801	**92,731,503**

22.1 Profit Before Tax Is Stated After Charging

Depreciation		
- Leasehold Right to bare land	2,688,722	2,688,722
- Immovable Leased Assets	35,787	35,787
- Freehold Property, Plant and Equipments	14,807,994	16,975,459
- Biological Assets	15,252,718	13,424,861
Directors Remuneration	2,153,751	4,335,623
Auditors Remuneration	845,396	825,396
Defined Benefit Plan Costs	18,719,615	17,154,766
Defined Contributions Plan Costs - EPF & ETF	31,893,386	30,819,761
Salaries & Wages	225,757,417	220,190,923
Employees' Bonus	8,947,810	2,032,263
Employees' Incentive payment	48,792,550	7,231,000
	369,895,148	**315,714,562**

23. FINANCE INCOME

	2020 Rs.	2019 Rs.
Interest on Fixed Deposits	8,627,784	9,383,659
Interest on Treasury bill/REPO	3,638,211	295,907
Interest income on Savings Account	106,126	101,963
Interest on Loan given to Staff	421,519	474,915
Unwinding of Pre-paid Staff Benefits	483,858	586,791
	13,277,499	**10,843,235**

23.1 Finance Cost

Land & Buildings (JEDB) Variable Lease Rental to PMD(MPI) Treasury	34,249,564	33,022,320
Lands & Buildings (JEDB) Lease Rental Interests to PMD(MPI) Treasury	4,108,156	4,200,458
Interest Expense and Bank Charges	454,982	2,077,336
Amortization of Staff Cost	483,858	586,791
	39,296,559	**39,886,905**
Net Finance Income/(Expenses)	**(26,019,061)**	**(29,043,670)**

24. INCOME TAX EXPENSE

24.1 The major components of income tax expenses for the year ended 31 December 2020 are as follows.

Current Tax Expenses		
Current Income Tax (Note 24.2)	2,969,309	-
Deferred taxation Provision /(Reversal) (Note 14)	14,485,694	13,511,396
Income tax expense reported in the Income statement	**17,455,003**	**13,511,396**

(In terms of First Schedule item 4,2 (c) of the Inland Revenue Act, No. 24 of 2017 a Company predominantly conducting an agricultural business [the business of producing agricultural, horticultural or any animal produce and includes an undertaking for the purpose of rearing Livestock or poultry] is liable to Income tax at the rate of 14% on its taxable income up to December 31, 2019. However with effect from the January 01, 2020 the said predominantly rule has abolished. Accordingly as per the notice issued by the Department Inland Revenue on the date of 08.04.2020 (PN/IT/2020-03) business gain from the agro farming is exempt from the income tax and business gain from agro processing is liable for income tax at the rate of 14%.)

24.2 Reconciliation Between Tax Expenses and the Product of Accounting Profit

Accounting Profit before tax	283,099,662	60,907,811
Income not subject to tax	(64,843,348)	(45,133,155)
	218,256,314	15,774,656
Aggregate disallowable items	51,504,836	50,401,722
Aggregate allowable items	(87,484,390)	(85,215,935)
Adjusted Business profit / (Loss)	182,276,760	(19,039,557)
Less- Gain from unprocessed exempt income	(160,232,335)	-
Brought forward Tax loss utilized	(22,044,425)	
Other income liable for Taxation	12,372,121	-
	12,372,121	-
Statutory Tax rate 24%	2,969,309	-
Current Income Tax Expenses	**2,969,309**	-
Tax loss Brought forward	137,051,668	141,248,942
Tax loss utilized/ addition	(22,044,425)	(4,197,274)
	115,007,243	**137,051,668**

25.1 Earnings Per Share

25.1.1 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.

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

	2020 Rs.	2019 Rs.
Amounts used as the Numerator :		
Net profit applicable to ordinary share holders for basic earnings per share	265,644,659	50,499,208
	265,644,659	50,499,208
Amounts used as the Denominator :	**Number**	**Number**
Weighted average number of ordinary shares in issue	20,000,001	20,000,001
applicable to basis earnings per share	20,000,001	20,000,001
Basic Earning per share	**13.28**	**2.52**

25.2. 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.

26 SEGMENT INFORMATION

Geographical Segment Results	Group 01		Group 02		Unallocated		Total	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Revenue	383,821,582	270,602,629	289,145,684	174,899,870	-	-	672,967,266	445,502,499
Revenue Expenditure	(209,354,846)	(182,081,846)	(157,022,876)	(142,234,827)		-	(366,377,722)	(324,316,673)
Depreciation	(19,168,802)	(19,613,074)	(12,805,989)	(12,486,575)	-	-	(31,974,791)	(32,099,649)
Segment Results	**155,297,934**	**68,907,709**	**119,316,819**	**20,178,468**	-	-	**274,614,753**	**89,086,177**
Gain/(loss) on fair value of Biological Assets							52,138,219	35,561,086
Other Income and Gain							117,940,551	61,138,514
Unallocated Expenses							(135,574,801)	(92,731,503)
Finance Cost							(39,296,559)	(39,886,905)
Finance Income							13,277,499	10,843,235
Profit before Income Tax							283,099,662	64,010,604
Income Tax Expenses							(17,455,003)	(13,511,396)
Net Profit for the Year							265,644,659	50,499,208
As at 31st December								
Segment Assets								
Non Current Assets	606,658,578	549,678,316	700,467,406	619,605,358	53,283,574	8,953,287	1,360,409,558	1,178,236,961
Current Assets	70,554,278	78,157,429	49,094,045	44,501,451	405,218,880	127,574,482	524,867,203	250,233,362
Total Assets	**677,212,855**	**627,835,746**	**749,561,451**	**664,106,809**	**458,502,454**	**136,527,769**	**1,885,276,761**	**1,428,470,323**
Segment Liabilities								
Non Current Liabilities	40,766,911	34,299,709	42,627,288	38,972,844	250,982,403	234,221,812	334,376,602	307,494,365
Current Liabilities	29,058,578	22,494,639	26,544,118	22,466,935	176,640,879	112,049,298	232,243,575	157,010,873
Total Liabilities	**69,825,489**	**56,794,348**	**69,171,406**	**61,439,779**	**427,623,282**	**346,271,110**	**566,620,177**	**464,505,238**

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

	2020 Rs.	2019 Rs.
Salaries and other Employment Benefits	**2,153,751**	**4,335,623**

27.2. Related Party Transactions

There are no related party transaction during the year.

28 IMPACT OF AMENDMENTS TO LKAS 16 AND LKAS 41

Amendment to LKAS 16 and LKAS 41, on bearer plants, harvestable biological assets growing on the bearer plants are measured at their fair value less cost to sell and accounted retrospectively.

	2019		
31st December	As reported previously	Effect from Amendment	Restated Balance
Statement of Financial position			
Produce on Bearer plant			
As at the beginning of the year	-	13,039,518	13,039,518
As at the End of the year	-	16,142,311	16,142,311
Equity			
As at the beginning of the year	898,382,839	13,039,518	911,422,357
As at the End of the year	947,822,774	16,142,311	963,965,085
Statement of Profit or Loss			
Profit before tax	47,396,415	3,102,793	50,499,208

29. COMMITMENTS AND CONTINGENCIES

29.1 Capital Commitments

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

29.2 Contingent Liabilities

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

Legal case filed

No	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	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
9	CHW/101/C/2016 Chilaw Labour Office	Mr. M.M Merly a Manager Estate Claiming Salary Increment	Matter is Pending
10	28/2334/18/y,d Labour Tribunal - Chilaw	Mr. Peduru Appuhami Former Watcher Claiming re employment	Matter is Pending
11	350/RE Marawila	Kahatawila B - Land Case	Matter is Pending
12	SC/HCCA/LA/462/2109	Divisional Secretary, Katana Divisional Secretatiat, Demanhandiya	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	IR/Com/3/2020/191	Mr. A. Dissanayake Supdt. Payment of a Special Allowance of Rs. 5000 for Covering Duties / Overlooking	Matter is Pending

	Notes	2020 Rs.	2019 Rs.
REVENUE	(i)	672,967,266	445,502,499
COST OF SALES	(ii)	(398,352,513)	(356,416,322)
GROSS PROFIT		274,614,753	89,086,177
GAIN/(LOSS) ON FAIR VALUE OF BIOLOGICAL ASSETS		52,138,219	35,561,086
OTHER INCOME	(iii)	117,940,551	61,138,514
ADMINISTRATIVE EXPENSES	(iv)	(76,551,708)	(81,395,398)
OTHE EXPENSES	(v)	(59,023,093)	(11,336,105)
IMPAIRMENT LOSS ON FINANCIAL ASSETS		-	-
FINANCE COST	(vi)	(39,296,559)	(39,886,905)
FINANCE INCOME		13,277,499	10,843,235
PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION		**283,099,662**	**64,010,604**

For the Year ended 31st December, 2020

		2020 Rs.	2019 Rs.
(I)	**REVENUE**		
	Coconut	592,179,338	348,349,082
	Cashew	37,352,690	46,117,027
	Livestock project	9,758,136	22,673,106
	Dragon Fruit	1,158,336	1,189,554
	Seedlings & Nursery	10,973,225	12,149,045
	Pepper	100,975	239,715
	Cinnamon	619,280	658,813
	Rambuttan	665,100	500,000
	Coconut Oil	8,068,004	4,537,171
	Cashew processing	8,317,642	8,961,687
	Others	3,774,540	127,300
		672,967,266	**445,502,499**
(ii)	**COST OF SALE**		
	Coconut and Copra		
	General Charges	196,781,981	192,020,748
	Field Work & Cultivation	43,000,947	38,639,889
	Harvesting	55,466,042	58,156,164
	Manufacture	8,324,651	9,192,258
	Transport	281,703	666,145
	Other Expenses	7,680,505	7,590,998
	Cost Of Production	**311,535,829**	**306,266,202**
	Opening Stock Adjustment	51,224,778	28,565,110
	Closing Stock Adjustment	(28,619,050)	(51,224,778)
	Cost of Sales Coconut	**334,141,557**	**283,606,535**
	Cashew	22,103,851	30,790,882
	Livestock project	11,274,014	20,296,251
	Dragon Fruit	387,869	532,755
	Seedlings & Nursery	7,043,495	7,471,519
	Pepper	509,392	271,560
	Cinnamon	674,604	621,091
	Rambuttan	308,754	208,124
	Coconut Oil	8,289,132	3,547,721
	Cashew processing	7,845,556	8,985,570
	Others	5,774,289	84,315
	Cost of sales	398,352,513	356,416,322
(iii)	**OTHER INCOME**		
	Amortization of Grant	333,008	188,540
	Gain /(Loss) on Timber sale	15,152,869	2,704,793
	Coconut Palms	34,396,776	23,667,318
	Coconut Husks & Shells	28,169,738	10,840,824
	Penalty on delay payment and removal of coconut	6,088,631	4,884,603
	Paddy	2,731,691	2,377,790
	Fire wood	1,901,578	1,957,906
	Desailting Tank (sale of Mud soil)	16,025,468	2,035,981
	Auction Income	-	189,248
	Other	13,140,792	12,291,510
		117,940,551	**61,138,514**

		Year Ended 2020 Rs.	Year Ended 2019 Rs.
(iv)	**ADMINISTRATIVE EXPENSES**		
	PERSONAL DIRECT EXPENDITURE		
	Chairman /CEO and Executive Staff Salaries/Allowances	16,581,317	17,882,842
	Clerical & Other Staff Salaries & Allowances	20,646,972	20,196,391
	Attendance Incentives	45,000	46,725
	Retiring Gratuity	1,276,161	1,141,488
	Over Time	1,976,215	1,585,806
	Travelling & Subsistence	348,296	300,934
	Payment for Unutilized Annual Leave for Retired Officers	37,834	73,100
		40,911,795	**41,227,286**
	PERSONAL INDIRECT EXPENDITURE		
	Staff Welfare	2,551,964	1,549,215
	Staff Uniform	198,254	7,673
	Sorts expenses	103,776	32,350
	Non Executive Medical Scheme	1,363,296	1,318,054
	Chairman/CEO and Executives Staff Bungalow Expenses	10,291,574	11,514,831
	Staff Quarters Maintenance	17,058	20,681
	Canteen Expenses	240,537	381,130
	Employee transport	12,000	
		14,778,460	**14,823,933**
	OFFICE EXPENDITURE		
	Electricity		
	Postage & Telegram	674,350	779,189
	Telephone	136,263	121,941
	Rates Assessment Tax and water	468,934	617,499
	Building Upkeep	170,722	172,754
	Equipment Upkeep	603,040	1,110,371
	Computers Expenses	328,338	297,869
	Furniture & Fitting Upkeep A/C	285,930	201,787
	Conference Expenses	5,092	1,500
	Printing & Stationery	135,731	60,591
	Book, Periodicals and News Papers	942,888	1,113,603
	Supervisory Field Vehicles-Fuel Costs	26,360	25,930
	Supervisory Field Vehicles - Other Costs (Repairs & Maintenance)	2,773,791	3,392,406
	Legal Expenses (Labour Tribunal, Lands)	3,559,816	5,932,401
	Professional & Technical Consultancy Fees	1,411,284	2,298,375
	Audit Fees	1,279,212	1,103,091
	Insurance (Field Vehicles, Buildings, Medical)	120,000	100,000
	Entertainment (Estate Field Progress Reviews, Workshops, Meetings)	1,418,568	2,210,549
	Paper Advertisement (Papers - Procurements, Tenders, Recruitments)	194,741	122,127
	Sundry Expenses	410,287	237,944
	Junior Executive Development Program (NIPM, Workshops)	79,243	125,202
	Business Promotion & CSR (Estate Temple, Kovil, Church, Schools)	106,235	48,600
	Subscription	982,160	1,806,630
	Bad debt	150,000	162,000
		8,806	
		16,271,791	**22,042,359**

	Year Ended 2020 Rs.	Year Ended 2019 Rs.
(iv) ADMINISTRATIVE EXPENSES		
OFFICE EXPENDITURE (Contd...)		
Depreciation	810,431	1,025,180
Colombo Office Expenses / Building Rent	1,860,000	1,538,371
Other Board Meeting Expenses (Fees, Refreshments)	1,919,232	738,269
	4,589,662	3,301,820
Total office Expenditure	**20,861,453**	**25,344,179**
Grand Total	**76,551,708**	**81,395,398**
(v) OTHER EXPENSES		
Annual Bonus	8,947,810	2,032,263
Previous year and other Adjustments	1,282,732	2,072,842
Staff & Labour Performance Incentives	48,792,550	7,231,000
	59,023,093	**11,336,105**
(vi) FINANCE COSTS		
Lands & Buildings (JEDB) Lease Rental Interests to PMD(MPI) Treasury		
Land & Buildings (JEDB) Variable Lease Rental to PMD(MPI) Treasury	4,108,156	4,200,458
Amortization of Staff Cost	34,249,564	33,022,320
	483,858	586,791
	454,982	2,077,336
	39,296,559	**39,886,905**

TEN YEAR SUMMERY

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Coconut Production Nuts '000	11,943	14,994	8,132	11,651	16,522	12,517	12,969	9,595	15,808	14,528
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Treding Results										
Revenue	672,967	445,502	350,022	516,178	383,090	399,366	374,851	287,152	339,051	322,909
Gross Profit	274,615	89,086	(208)	205,574	148,707	148,748	152,726	112,890	123,733	163,228
Profit Before Interest and Tax	309,119	93,055	(14,529)	141,701	103,411	109,175	(43,271)	87,821	73,746	85,841
Profit Before Tax	283,100	64,010	(35,179)	126,415	84,817	88,293	(61,273)	81,820	86,225	95,771
Profit for the year (after tax)	265,645	50,499	(32,302)	81,446	69,672	78,682	(62,072)	73,747	77,975	77,670
Total Comprehensive income	364,691	52,543	(36,642)	82,149	70,764	81,444	(61,680)	72,919	77,975	77,670
Reserves	1,118,657	763,965	708,382	747,876	695,727	654,963	543,862	625,542	587,623	584,648
Dividend Paid		10,000		10,000	30,000	30,000		20,000	35,000	75,000
Dividends TOTAL	476,650	476,650	466,650	466,650	456,650	426,650	396,650	396,650	376,650	341,650
Financial Position										
Fixed Assets	1,360,410	1,178,237	1,120,859	1,062,090	978,182	886,295	792,832	737,497	602,610	560,326
Mature / Immature Plantations	969,823	917,169	870,102	802,088	728,533	653,072	581,618	502,826	410,033	354,712
Current Assets	524,867	250,233	184,466	296,326	300,494	256,882	233,545	356,230	454,231	519,019
Total Asset	1,885,277	1,428,470	1,305,325	1,358,416	1,278,676	1,143,177	1,026,377	1,093,727	1,056,841	1,079,345
Inventories	61,248	67,383	56,610	58,754	100,759	47,613	73,432	71,398	82,606	94,295
Short Term Investment - Fixed Deposit	380,167	105,000	80,625	190,312	140,868	152,646	113,276	128,996	199,377	244,814
Current Liabilities	232,244	157,011	107,101	123,432	134,591	54,740	57,100	45,452	60,149	90,605
Long term Liabilities	334,377	307,494	289,841	287,108	248,358	233,474	225,414	222,734	209,070	204,092
Stated Capital	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Shareholders' Funds	1,318,657	963,965	908,382	947,876	895,727	854,963	743,861	825,542	787,623	784,648
Current Ratio (Times)	2.26	1.59	1.72	2.40	2.23	4.69	4.09	7.84	7.55	5.77
Quick Rattio (Times)	1.90	1.06	1.19	1.92	1.48	3.82	2.80	6.27	6.18	4.69
Gross Profit Ratio %	40.81	20.00	(0.06)	39.83	38.82	37.25	40.74	39.31	36.49	44.71
Earning Per Share Rs.	13.28	2.52	(1.62)	4.07	3.48	3.93	(3.10)	3.69	3.90	3.88
Return on Average Equity (ROE) - %	23.28	5.39	(3.48)	8.84	7.96	9.84	(7.91)	9.14	9.92	9.90
Return on Capital Employed (ROCE) - %	18.70	7.32	(1.21)	11.47	9.04	10.03	(4.46)	8.38	7.40	8.68
Interest Cover - (times)	7.87	2.33	(0.41)	4.21	3.17	3.45	(1.48)	3.20	2.95	3.70
Shareholders Fund Ratio %	69.95	67.48	69.59	69.78	70.05	74.79	72.47	75.48	74.53	72.70
Debt Ratio	0.30	0.33	0.30	0.30	0.30	0.25	0.28	0.25	0.25	0.27

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 2021 on 4.30 pm for the following Purposes.

AGENDA

1. To receive and consider the Statement of Accounts for the year ended 31st December 2020 with the Report of the Directors and Auditors thereon.
2. To appoint Auditor General's Department as Auditor of the company for year 2021.
3. To declare a final Dividend for the year 2020.

BY ORDER OF THE BOARD

CHILAW PLANTATIONS LIMITED

CORPORATE ADVISORY SERVICES (PVT) LTD

SECRETARIES - CHILAW PLANTATIONS LTD

Date .....

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. Mr. K.C. Niroshan or falling him
4. Mr. N.K.K. Rajasinghe or falling him
5. Mr. O.P.K. Pathiranage or falling him
6. Mr. Ajantha 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 2021 at 4.30 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 2020 with the Report of the Directors and Auditors thereon.		
2.	To appoint Auditor General's Department as Auditor of the company for year 2021.		
3.	To declare a final Dividend for the year 2020.		

Signature of Shareholder's:.....

Shareholders NIC No:.....

Signed this ..... day of 2021

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 2021

Mr. R.W.M.J.S.R. Perera	-	Chairman
Mr. H.G. Sumanasinghe	-	Director (Treasury Representative)
Mr. K.C. Niroshan	-	Director (Ministry Representative)
Mr. N.K.K.Rajasinghe	-	Director
Mr. O.P.K. Pathiranage	-	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