

ANNUAL REPORT 2018



கி/க ஸ்ராவன ல்லி க்ராவ்
சிலாபம் ஸ்ரூந்தோட்ட ந்ருவனம்
CHILAW PLANTATIONS LTD



ல்லி க்ராவ் ஸ்ராவ்
ஸ்ரூந்தோட்டக் கைத்தொழில் அமைச்சு
Ministry of Plantation Industries



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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

	2018	2017	Variance %
Coconut Production Nuts '000	8,132	11,651	(30)
Summary Results	Rs' 000	Rs' 000	%
Revenue	291,313	516,178	(43.56)
Gross Profit	(3,199)	205,574	(101.56)
Profit Before Interest and Tax	669	160,112	(99.58)
Profit Before Tax	(35,179)	126,415	(127.83)
Profit After Tax	(36,642)	82,149	(144.60)
Total Reserves	708,382	747,875	(5.28)
Timber Reserves	95,398	82,328	15.88
Dividend Total (1992-2016)	456,650	456,650	-
Financial Position			
Non Current Asset	1,120,859	1,062,090	5.53
Mature / Immature Plantations	870,102	802,088	8.48
Current Assets	184,466	296,327	(37.75)
Inventories	56,610	58,754	(3.65)
Short Term Investment (Fixed Deposits)	80,625	190,312	(57.64)
Total Assets	1,305,325	1,358,416	(3.91)
Current Liabilities	107,101	123,432	(13.23)
Non current Liabilities	289,841	287,108	0.95
Stated Capital	200,000	200,000	-
Shareholders' Funds	908,382	947,876	(4.17)
Key Indicators			
Current Ratio (Times)	1.72	2.40	(28.26)
Quick Ratio (Times)	1.19	1.92	(37.98)
Gross Profit Ratio %	(1.10)	39.83	(102.76)
Earning Per Share Rs.	(1.62)	4.07	(139.80)
Return on Average Equity (ROE) %	(3.95)	8.91	(144.30)
Return on Capital Employed (ROCE) %	0.06	12.96	(99.57)
Debt Ratio	0.30	0.30	0.62
Shareholders Fund Ratio %	69.59	69.78	(0.27)
Interest Cover - Times	(0.41)	4.21	(109.64)

REVIEW OF THE CHAIRMAN

It is a pleasure to award a message of Chairman of Chilaw Plantations Limited on the financial year 2018 which was another very much challenging and crucial year for the coconut industry hence to the Chilaw Plantations Limited as well.

As a Plantation Company mainly operated in Puttalam district, we faced severe conditions during the year and this trend occurs frequently in recent past making the cultivation going through severe stress which affect the productivity in long term. Nevertheless, proper agricultural practices, management methods and strategies were introduced to overcome the above challenges to march forward with the Industry and continue to make the entity viable.

Coconut

This is our main product and due to the continuous low rain fall pattern prevailed in 2016 and 2017 affected production which ended up 8.1 million nuts resulting 30% crop deduction compared to year 2017. The N.S.A too declined throughout the year making the matter worse and this affected the industry too. Generally when the production is lower, prices move up which pattern was not witnessed in the year 2018. Partly the demand was fulfilled by importation of coconuts from other countries too cater the demand.

NSA for the year was Rs.36/- and the same of year 2017 was Rs.42/-. The drop of crop compared to 2017 was 3.5 Million nuts and the NSA drop was Rs. 6/- per nut which mainly effected the net loss of Rs.36.6 million for the year 2018.

Value Added Products.

Copra/Coconut Oil

Chilaw Plantations Limited produced 125,615 kg of copra during the year and utilized 13,050kgs. to convert into oil and the oil production for the year was 7,907 litre which attracted a huge demand in the market and renovation of Oil Mill was done in the year 2018 to increase the capacity.

Cashew

Chilaw Plantations Limited recorded the highest ever cashew harvest recorded for any year which was 84,077kgs. Cashew Processing Center operated in Palugaswewa estate produced 3,040 kgs. of processed cashew and were sold in general market.

Capital Investment

The Company invested Rs.12 million in procuring agricultural machinery and motor bicycle for the Assistant Superintendents in addition to the general investment for new/under plantations of coconut and other perennial crops which were Rs. 80 million.

Welfare

As partners in progress, management was highly concerned of the welfare of the employees and several initiatives were taken to uplift the living standards of the work force which indirectly affect the productivity and the motivation of the workers.

Sale of Coconuts to the community at a concession rate was further strengthened and - coconuts have been sold under this programme now. The facility has extended to selling of coconut oil and cashew as well.

Way forward

Maintaining the young Plantation at optimum level has been identified and given priority whilst continuing well planned new planting programme in order to maintain sustainable productivity levels in time to come in spite of the changing weather patterns in our Plantation districts. Without limiting to agriculture, the management is taking steps to diversify our plantations by introducing and maintaining the present conditions of livestock, inter crop, value additions etc., to generate income and to avoid dependability on one aspect to minimize the risk of uncertainty.


Modern irrigation systems have been introduced and turns security measures are under way to facilitate the water scarcity and safe guard our plantations and assets respectively. Eco tourism has been identified as a potential area to invest and provide public partnership mechanism will be introduced in the future.

Areas identified for various economically viable projects will be undertaken with proper consultations of the professionals to increase the turn over position of the entity.

Acknowledgment

My sincere appreciation to the Hon. Minister of Plantation Industries, Secretary to the Ministry, the Board of Directors, for the support extended to me during the year and the General Manager and the management team of Chilaw Plantations Limited for bearing the pains of tough cost cutting methods, restricted operations adopted to go through a difficult year which was challenging and to my staff members of all levels for untiring commitment for the attempts of achieving the said goals.

Further, the assistance of our Business partners, Buyers, Brokers, Bankers, Trade Unions and all other State holders for their continuous trust placed on us in all the affairs over the Company of our journey towards success.



Chairman/CEO

Chilaw Plantations Limited.

BOARD OF DIRECTORS



MR. V K C HERATH
Chairman/Chief Executive Officer

Mr. V K C Herath joined as the Chairman / Board Member of Chilaw Plantations Limited on 14th July 2016. He's being a versatile businessman hailing from a traditional business family in Kurunegala. He is a proprietor of coconut estates and the business acumen he possesses was practically executed in uplifting Chilaw Plantations Limited to what it is today.

Mr. V K C Herath commenced his career in Marine Engineering and also has over 33 years' experience in Automobile Industry. He is one of the agents for Ceylon Petroleum Corporation in Kurunegala.

Mr. V K C Herath is an articulate entrepreneur who has contributed immensely towards the national economy in terms of International business relations and employment opportunity generation in the local economy. For the immense service rendered to the Society, Mr. V K C Herath was awarded the MASSCO award by Lanka Mass Communicators Associates in year 2017.

Mr. V K C Herath is the Proprietor of Asiri Lubricants Services, Asiri Enterprises, Asiri Auto Bajaj – Sri Lanka and Asiri Lanka Filling Station. He was awarded the Best Performance Award for the year 2014 by Chevron Lubricants Lanka PLC.

He is an experienced leader, communicator and negotiator with long-standing experience in political affairs, International affairs, labour market affairs and civil society collaboration.



MR. M K B SENEVIRATNE
(LL.B)
Executive Director

Mr. M K B Seneviratne was appointed as the Executive Director of Chilaw Plantations Limited on 08th May 2015.

Mr. Seneviratne's experience includes working as an Attorney-at-Law with 14 years in active practice, attached to the Kandy Bar Association.

He serves as a Notary Public, Commissioner for Oaths and Company Secretary. Mr. Seneviratne also acts as a delegate to the Sri Lanka Bar Association representing the Kandy Bar Association. He is the Legal Officer for Land Reformed Commission (Freelance) for Kandy District and is a sitting Member in the Council of University of Peradeniya.

Mr. Seneviratne was a Board Director for Skill Development Fund Ltd, Ministry of Youth Affairs and Skills Development.

He holds a Diploma in International Relations from Bandaranaike Centre for International Relations, Colombo.



MR. P C WIJEWARADHANA
Working Director

Mr. P C Wijewardhana was appointed as the Working Director and as a Member of the Board of Chilaw Plantations Ltd on 24.02.2017

He has served as Board Director for many State Organizations and he was also a Consultant at Road Development Authority.

Mr. P C Wijewardhana was the founder and owner of Wijaya Construction and Travels.



MR. P B S C NONIS
Director

Mr. P B S C Nonis was appointed to the Board of Chilaw Plantations Ltd on 05th September 2016 and function as the Board Director, Representing the General Treasury. He serves on the Boards of several Government Institutions in Sri Lanka.

Mr. P B S C Nonis presently holding the position as the Director General of Department of National Budget of Ministry of Finance and he is also a Special Grade Officer to Sri Lanka Administrative Service with 30 years of Government service.

Mr. P B S C Nonis holds a Degree in B.Sc. Business Administration Sp. Hons from the University of Sri Jayawardenapura and Master of Public Administration from Flinders University, South Australia. He has also obtained his Licentiate Certificate (LICA) from the Institute of Chartered Accountants of Sri Lanka.



MR. LAKKATHAS, ASAI
Director

Mr. A Lakkathas performs as a member of the Board of Directors of the Chilaw Plantations Ltd since 14th May 2016, representing the Ministry of Public Enterprise Development.

He is serving as the Additional Secretary (Develop and Planning) of the Ministry of Public Enterprise Development while serving as a Non-Executive Director of Chilaw Plantations Ltd. Mr. Lakkatha is a Special Grade Officer of the Sri Lanka Administrative Service.

He has been graduated with a degree in Bachelor of Business Administration (Hons) (2nd Class Upper Division), University of Jaffna, Master of Science in Regional Development Planning & Management jointly conducted by the University of Dortmund, Germany and School of Urban & Regional Planning - University of Philippines.



MR. H M N C HERATH
Director

Mr. H M N C Herath was appointed to the Board of Chilaw Plantations Limited on 20th March 2015. He is serving as a Board Director in Coco-Ceylon-export.

Mr. Herath was the Founder/Chairman of Wayamba D/C and Oil Mills Pvt Ltd, ACME Water Systems, Metro Marketing and Managing Director of A C Coir Exports (Pvt) Ltd.



DR SHIVANKA
WIJEGOONEWARDENE
Director

Dr. Shivanka Wijegoonewardene performs as a member of the Board of Directors of the Chilaw Plantations Ltd since 24th July 2019.

He is serving as Medical Officer in Sri Lanka Police Department while serving as a Non-Executive Director of Chilaw Plantations Ltd

He studied at Institute of Political Science and Institute of Peace and Conflict Studies. He was the resident doctor at Welikada Prison and Navaloka Hospitals PLC.

SENIOR MANAGEMENT TEAM

Head Office

01.	Mr. V.K.C. Herath	-	Chairman / CEO
02.	Mr. M.K.B. Seneviratne	-	Executive Director
03.	Mr. P.C. Wijewardhana	-	Working Director
04.	Mr. A.G.R.M.M.Ranaweera	-	General Manager
05.	Mr. B. Hettiarachchi	-	AGM - Plantations
06.	Mr. R.M.R.B. Rathnayake	-	Senior Accountant
07.	Mr. H.P.M.W. Hemachandra	-	Chief Internal Auditor
08.	Mr. A.A. Asoka Ananda	-	Manager Estate
09.	Mr. M.M. Merly	-	Manager Estate
10.	Mr. W.K. Pradeep	-	Manager Tec. & Development
11.	Mr. A.M.T.H.B. Athapattu	-	Manager HR/Admin
12.	Mr. A.N.A.S. Karunathunga	-	Manager Marketing
13.	Miss. P.N.N. Gunaseela	-	Manager - Planning & Monitoring

Estate Superintendents

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

MANAGEMENT REVIEW

BRIEF HISTORY

Nationalization

The Land Reform (Amendment) Law, which came into effect in 1975, vested all company owned plantation lands, in the State. With this nationalization of the plantations, the management of estates were somewhat broad based, as the land vested was given over to several managing organizations.



Janatha Estates Development Board (V)

There was the State Plantations Corporation which managed a few plantations prior to the nationalization and a new organization by the name Janatha Estates Development Board was created in 1976 under the State Agricultural Corporations Act No: 11 of 1972. In addition to these two organizations, new forms of organizations were created to manage some of the nationalized plantations. These included USAWASAMA (Up Country Co-operative Estates Development Board) and JANAWASA and electoral co-operatives. It has been argued that the allocation of land among several managing organizations resulted in a severe dislocation of the management, while it also resulted in several disadvantages such as a drop in output, wastage and inefficiency. The immediate impact of Land Reform was therefore not favorable to the industry.

In view of this situation, the Government that came to power in 1977 took several steps to unify the management structures and practices in the interest of the industry. This included the abolition of USAWASAMA, JANAWASA and Electoral Co-operatives and the handing over of all the properties managed by these organizations to the Janatha Estates Development Board (JEDB) and Sri Lanka State Plantation Corporation (SLSPC). The management structures of these two principal managing organizations were decentralized through a system of Regional Boards thus granting freedom and decision making powers to the regions with a view of improving productivity.

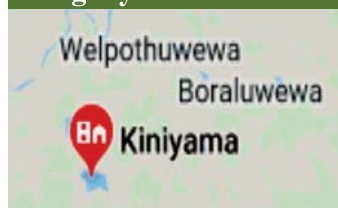
Chilaw Plantations Limited

Is a limited liability Company incorporated and domiciled in Sri Lanka, under the Companies Act No. 17 of 1982 (re-registered under the Companies Act No. 7 of 2007) in terms of the provisions of the Conversion of Public Corporations or Government Owned Business Undertaking into Public Companies Act No. 23 of 1987. Full shares and the "Golden Share" status are allotted to the Secretary to the treasury, on behalf of the State of the Democratic Socialist Republic of Sri Lanka.

All estates managed by the Chilaw Plantations Limited (CPL) at present had been managed by the Janatha Estates Development Board V until its incorporation as a government owned Company in 1992 for the purpose of privatization of the management.

CPL Estates

Bingiriya Area Estates



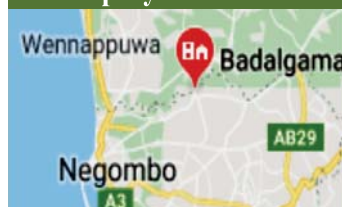
Total Land Extent	: 1,509.66 hectares (3,728.66 acres)
Comprising	: 25 Scattered Estates
Location	: Bingiriya, Kobeigane, & Panduwasnuwara West Divisional Secretariat - Areas of Kurunegala District
Main Crop	: Coconut
Other Crop	: Dragon fruit, Cinnamon, Cashew

Chilaw Area Estates



Total Land Extent	: 645.57 hectares (1,594.55 acres)
Comprising	: 12 Scattered Estates
Location	: Pallama, Arachchikattuwa, Rasnayakapura Divisional Secretariat - Areas of Puttalam & Kurunegala District
Main Crop	: Coconut
Other Crop	: Cashew, Cinnamon, Dragon fruit, Mango

Divulapitiya Area Estates



Total Land Extent	: 424.49 hectares (1,048.49 acres)
Comprising	: 14 Scattered Estates
Location	: Divulapitiya, Dankotuwa, Katana Divisional Secretariat - Areas of Gampaha & Puttalam District
Main Crop	: Coconut
Other Crop	: Pepper, Rambutan, Dragon Fruit

Madampe Area Estates



Total Land Extent	: 655.86 hectares (1,619.97 acres)
Comprising	: 12 Scattered Estates
Location	: Chilaw, Nattandiya, Udubaddawa & Bingiriya Divisional Secretariat - Areas of Puttalam & Kurunegala District
Main Crop	: Coconut
Other Crop	: Dragon Fruit, Cashew, Pineapple

Palugaswewa Area Estates



Total Land Extent	: 672.22 hectares (1,660.38 acres) (Perhaps, this estate may be the single land block of coconut in the South Asian Region)
Location	: Arachchikattuwa Divisional Secretariat - Areas of Puttalam District
Main Crop	: Coconut
Other Crop	: Dragon Fruit, Cashew

Thambapanni Area Estates



Total Land Extent	: 1,825.43 hectares (4,508.81 acres)
Comprising	: 21 Scattered Estates
Location	: Puttalam, Kalpitiya, Vanathavilluwa Divisional Secretariat - Areas of Puttalam District
Main Crop	: Coconut
Other Crop	: Cashew

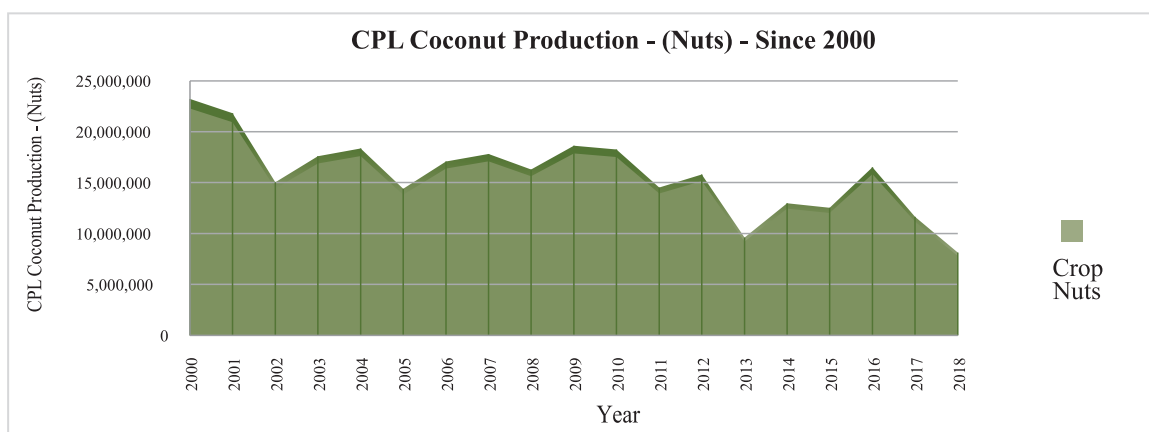
Core Business – Management of Coconut Plantations & Coconut Production

An extent of 3,815.94 hectares, out of the total land extent of 5,733.23 hectares has been cultivated of coconut and such plantations are located from Puttalam to Katunayake and in the North Western Province in the coastal line. The productivity and yield that comparatively varies from area to area recording with low yields in the dry zone and high yields in the wet intermediate zone.

Adverse weather conditions were experienced in the years 2016 and 2017 which badly affected the coconut plantations. The falling of button nuts and immature nuts too were noticed. As a result a low production was recorded in the year 2018.

Coconut Production

Year	Cocount Yield (Nuts)	Variance %	Bearing Palms (Nos)	Variance %	Productivity (Nuts Per Palm)	Sri Lanka Production (Million)	Variance %
1992	20,782,648	0	421,875	-	49	2,296	-
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%



COCONUT UNDER - PLANTATIONS

By the end of the year 2018, the total extent of under plantations were 943.86. This is 32.99% of the total coconut cultivated land extent. The weather patterns experienced in the dry and intermediate wet zones affect the

continuous growth of these plantations. Further, the red weevil attacks also badly affect the growth of this Plantation.

Estate	Coconut Mature Plantations (ha.)	Coconut seedlings (ha.)	% of immature from mature plantation
Bingiriya	683.02	336.89	49.32
Chilaw	387.14	98.22	25.37
Divulapitiya	298.74	105.00	35.15
Madampe	472.21	131.44	27.84
Palugaswewa	452.16	165.00	36.49
Thambapanni	567.81	107.31	18.90
Total	2,861.08	943.86	32.99

Further a huge amount of capital expenditure is incurred annually on these coconut plantations expecting an increased crop production in the future.

CROP DIVERSIFICATION & LIVESTOCK

Crop Diversification

The possibility of crop diversification in our estates are limited due to the low rainfall received annually. Due to the most of estates are in the dry zone, it is not productive to cultivate intercrops except cashew in most of our estates.

However, with all these limitations, Cashew, Rambutan, Cinnamon, Pepper, Dragon-fruits etc. have been cultivated, in best selections locations to increase the land productivity.

Estate	Cashew (ha.)	Pepper (ha.)	Rambutan (ha.)	Dragon Fruit (ha.)	Cinnamon (ha.)	Pineapple (ha.)
Thambapanni	716.49	-	-	-	-	-
Bingiriya	38.20	-	-	4.40	0.81	-
Chilaw	45.12	-	-	-	0.80	-
Madampe	6.07	-	-	3.64	-	1.60
Divulapitiya	-	16.06	20.00	4.00	11.40	-
Palugaswewa	-	-	-	0.50	-	-
Total	805.88	16.06	20.00	12.55	13.01	1.60

Inter Crop Income - Year 2018

Estate	Cashew (ha.)	Pepper (ha.)	Rambutan (ha.)	Dragon Fruit (ha.)	Cinnamon (ha.)	Pineapple (ha.)
Thambapanni	21,746,680.18	-	-	1,325.00	-	-
Bingiriya	831,295.00	-	-	1,365,145.00	72,450.00	-
Chilaw	996,810.00	-	-	1,200.00	-	-
Madampe	-	-	-	152,852.37	-	215,877.00
Divulapitiya	-	228,620.00	370,000.00	25,070.00	613,240.00	-
Palugaswewa	321,705.00	-	-	77,077.50	-	-
Total	23,896,490.18	228,620.00	370,000.00	1,622,969.87	685,690.00	215,877.00

Livestock

CPL lands have been allowed for milk farmers in the surrounding areas for grazing their milking cows. This practice supports improving the economy of milking farmers in the area and it will support to increase national milk yield.

High quality milk products such as curd and yoghurt are produced utilizing the fresh milk obtained from the Buffaloes Project at Palugaswewa and sold through the sale centers located at Palugaswewa Estate and Head Office premises.



Buffalo / Sheep Population

Estate	Buffaloes (Nos.)	Sheep (Nos.)
Palugaswewa	204	-
Chilaw	42	-
Madampe	10	84
Bingiriya		451
Total	256	535



Additionally Sheep projects have been established at Bingiriya and Madampe Area Estates and such sheep are sold for breeding and agricultural purposes and the dung is utilized for soil improvement in coconut under-plantation.

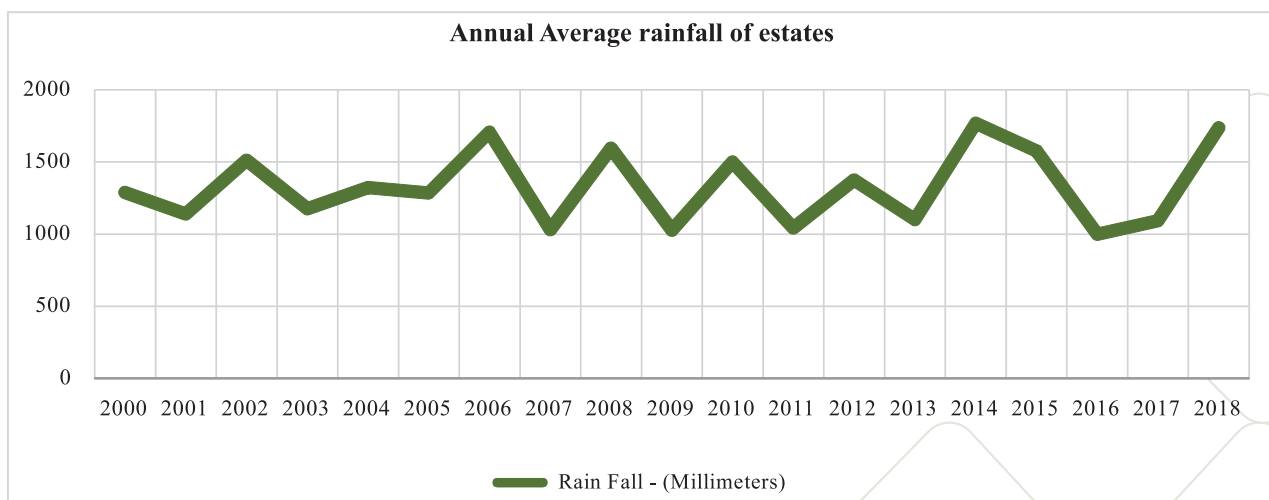
Environmental Impact

Rainfall

Since the coconut palm has a continuous growth, soil moisture is very important. Distribution of rainfall is more important than the intensity of rainfall for the said matter. Regular rainfall in the year supports the availability of moisture in the soil.

Temperature

The main feature affecting the pollination and emerging fruits are the temperature of the environment. Increase of temperature will limit the pollination and lower the soil moisture due to the evapo-transpiration. Since all our estates are located in dry and intermediate wet zones the effect of dry weather is experienced. This position badly affects to the photosynthesis, and resulting the low production of coconut.



Implementing of New Technology for Irrigation

The water requirement of all plantations are catered using the rain fed water and the supply of water using the Bowers. Attention has been given to introduce new technology for the supply of water. The basic arrangements were made to establish a hose irrigation system in young plantations which system can be managed easily. Accordingly, 75 acres new plantation established at Seenugala estate of Chilaw

Production of Hand Pollinated Hybrid coconut Seed Nuts

Palugaswewa estate.

In year 2012, 200 high quality coconut palms (+ Palm) were selected and CRISL 98 hybrid coconut variety is producing applying Sandramon fallen in such palms. This cultivar has features such as high production; tolerate water scarcity and high copra quantity with the increased percentage of coconut oil as identified by the CRI.

Year	Production of seed nuts
2012	4,847
2013	16,121
2014	17,112
2015	13,446
2016	11,273
2017	6,663
2018	6,068
Total	75,530

Kiniyama "KAPRUWANA" Coconut Seed Garden

This seed garden has been established in year 2012 on a Memorandum of understanding signed between CRI and CPL. This is the only Kapruwana coconut seed garden in Sri Lanka. It is expected to produce hybrid Kapruwana coconut seeds by naturally pollinating.



Area Estates was used for this purpose. 5 acres were covered in the first stage and the completion of the project would due in due course. In addition, the CRI is making arrangements to establish a hose irrigation water supply scheme to "KAPRUWANA" seed garden established in Kiniyama estate as a joint project by CRI and CPL.

Accordingly, CPL is the only Plantation Company producing developed coconut cultivar in addition to the CRI.



CPL Processed Products

Processed Cashew

Attempts were made in year 2012 for the production of cashew and a processing centre was established with a trade name of "Thambapanni cashew", which cashew is sold provincially.

Most of the cashew plantations are located in Puttalam and Mangalaeliya Area Estates in Puttalam District and the total land extent is approximately 805.88. The production in 2018 was 91,386 kgs.



Coconut Oil

Production of coconut oil using the high quality copra produce in Palugaswewa estate was started first time in year 2012. It is expected to supply good quality coconut oil to the consumers at reasonable prices.

The sale of these products were done through the Government Offices, Private Institutions and Welfare Societies.



Payment of Dividends to the Treasury

The CPL being a prestigious plantation company has paid dividends of Rs.456 Million to the Treasury from 1992 to 2017. Further, Rs. 411 million of lease rental on the lands

used have been paid. The statutory payments such as ETF, ETF & Retiring Gratuity of the employees also has been made.





Our CSR Events



Head Office Sales Center opening



Kaleena Dharmadeshanaya at Palugawewa Estate



Handing over of Weighing Scales to Estates



Palugaswewa Sales Center Opening



Handing over of Tractors & Motor Cycles to Estates



Workshop on corporate planning



National Tree planting program

Our Society Opportunitites

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 32.99 % by 2018. There is no doubt that there would be approximately 30% crop increase when the established under plantations come into to the bearing within next eight years.

The identification of suitable lands for the establishment of more under plantations and new plantations are being done and it is an achievement that we are in a position to invest on such developments.

We have been able to reduce the unit cost by establishing a special environment by increasing the bio mass by spreading the animal husbandry, refilling the seedling casualties due to the bad weather conditions and planting nitrogen fixing trees etc..

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 aeration, texture, microbiological activity by applying cow & 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 tress such as gliricidia.

By adopting the government policies, we have been able to minimize use of agro chemicals with heavy metal which cause bio degradation. Especially the uses of harmful weedicides and chemicals have been reduced. The following methods accepted by the society instead of chemical methods which destroy the environmental balance, have been adopted.

1. Instead of the using weedicides, control of weeds by mechanical weeding, ploughing, establishment of cover crop such as pureria and harboring buffalo & 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.
4. 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

The CPL use inorganic fertilizer with organic fertilizer at present instead of applying inorganic 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, the cow dung collected from the Buffaloes stationed at Mawathagama estate is applied to the organic coconut plantation in Mawathagama estate and the sheep dung collected from Kiniyama, Andigedera and Heenmeliyagara is applied to the plantings in the same estates in addition to the inorganic fertilizer.

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 such nutrients have to be supplied.

It is an environmental friendly activity to supply such removed nutrients using coconut fronds and husk for mulching and burying husks in the fields. In year 2018 such activities have been done as follows:

Area Estate	Coconut Frond Mulching (Palms)	Coconut Husk Mulching (Palms)	Husk Burying (Pits)
Chilaw	61,531	800	-
Bingiriya	58,395	-	562
Divulapitiya	61,457	-	1,310
Madampe	66,318	880	260
Palugaswewa	66,448	-	1,169
Thambapanni	48,286	66	-
Total	362,435	1,666	3,301

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. This forest reserves shows as a wet zone environmental system and is protected by us for a long time for the conservation of bio diversification which shows the sustainable land management.

Management of Timber Planting

CPL consists of 85 estates and there are about 21,533 timber trees. Most of the trees have been established in the fence boundaries in some areas such trees have been spreaded into the land creating small forest areas which areas are identified and managed as forest areas. Such trees are cut and removed when the required growth level is reached in addition to the 12 hectares of teak planting at Kasamadu and Thambapanni estates. We hope to prepare a five year forest management plan in due course.

Sustainable Production

The CPL has by now pay more attention marketing value added products. Pure coconut oil manufactured from good quality copra at Palugaswewa estate and processed Thambapanni cashew are such products. So by implementing this we have been able to give an opportunity to the consumers to consume high quality products. Further, the sales of our products are done to the Welfare societies and through the Colombo Sales Centre. Our objective is to distribute high quality products to the consumers.

Carbon Foot Print

The CPL is working with an objective of reducing the production of carbon dioxide and equally harmful gases directly or indirectly. We have contributed to the decrease 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 by the development of employees attitude and productivity etc.,

Employee and Social Connection

Employee Benefits

CPL is an establishment which always uplifts the attitudes of employees by increasing their benefits. Identifying the human resources in an establishment as a most valuable resource, annual welfare activities were undertaken for the benefit of the employee. Due to the unsatisfactory financial position in the year 2018, the CPL was not in a position to award incentive bonuses. However, the CPL was able to pay Rs. 15.10 million incentive bonuses in year 2017.

Additionally the CPL was able to issue ration ruts at a concessionary rate, granting the coverage of an insurance, granting distress loans on a concessionary rate of interest and releasing funds for estate staff annual excursion etc.

Development of Estate Infrastructure Facilities

The Chilaw Plantations Limited has developed a suitable environment in which the employees can work under a good health conditions. Specially the priority has been given to uplift the infrastructure facilities for estate workers as follows

Description	Amount (Rs. Mn.)
1. Maintaining & repairing estate quarters	3,998,302.04
2. Repairing roads	1,730,325.05
3. Other welfare activities	9,795,573.61

Social Responsibility

The Chilaw Plantations Limited is undertaking their activities 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 our lands. By doing so, we contribute to increase their life levels and to increase the milk production of the country. Gracing by cattle help in turn to control weeds & to increase carbonic content in the soil due harboring cattle.

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.

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.



Plant the Future...

FINANCIAL REVIEW

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

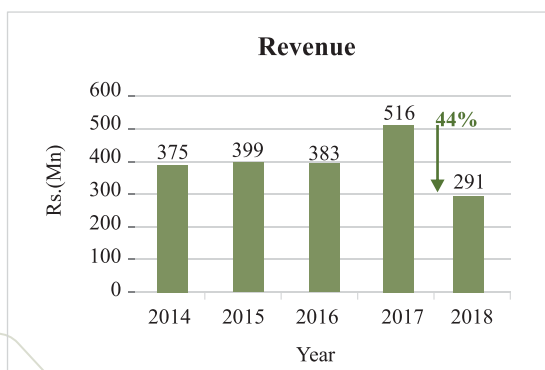
discusses an overview of the Company's financial performance.

COMPANY FINANCIAL PERFORMANCE AT A GLANCE

Item	2018 Rs.Mn	2017 Rs.Mn	Variance (2017 - 2018)		Key Factor
			Rs.Mn	%	
Coconut Nuts Mn	8.1	11.6	(3.5)	(30%)	Drought in 2016 and 2017& low rain fall
NSA (Net Sale Average) Rs.	36/=	42/=	(6/=)	(14%)	
Revenue	291	516	(225)	(44%)	Decrease of Crop & NSA
Cost of Sales	295	311	(16)	(5%)	Due to low opening stock Compared to L/Y
Other Income	75	59	16	27%	Increase of sundry income
Administrative Expenses	85	111	(26)	(23%)	Non payment of performance incentive
Other operating Exp	1	12	(11)	(91%)	Provision not made 10% employee profit share
Finance Income	15	18	(3)	(17%)	Due to decrease of short term investment
Finance Expenses	36	34	2	6%	Lease interest on JEDB Asset has increased due to increase in annual GDP Deflator

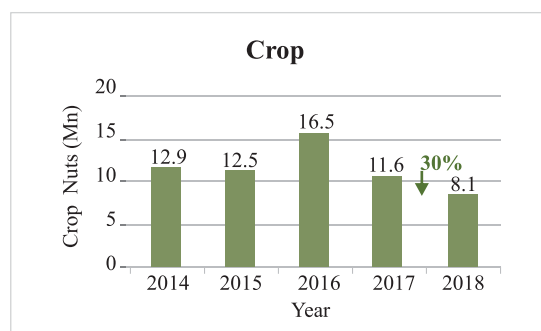
Revenue

The Company recorded a Revenue of Rs. 291 Million during the year under review compared to Rs. 516 Million in previous year which reflects a decrease of Rs. 225 Million in comparison. Decrease in crop harvested and low NSA during the year were the main reasons for this variance.



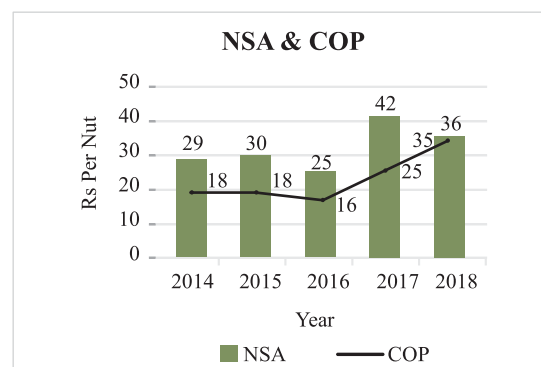
Coconut Crop

The total crop harvest in 2018 is 8,132,121 nuts whereas in the year 2017 it was 11,651,155 nuts reflecting a 30% decrease. Prevailed dry and unusual hot weather conditions during year 2016 and 2017 were the main reasons for this crop drop.



NSA

The Net Sale Average (NSA) has decreased from Rs. 42/= in 2017 to Rs 36/=in 2018, which is 14% decrease. Generally it is the trend that in the years where the crops are low the NSA remains high .In year 2018 although the crop harvest has decreased by 30% NSA was not increased proportionately. Low NSA was attributed by importation of coconut kernels to full fill the low production.



Cost of Production & Cost of Sales

	2018 Rs.Mn.	2017 Rs.Mn.
Cost of Production	290	288
Opening Stock Adjustment	33	56
Closing stock Adjustment	(28)	(33)
Cost of Sales	295	311

The total cost of Production, for the year 2018 was Rs. 290 Mn Compared to Rs 288 Mn in 2017, reflecting an increase of Rs.2 Mn. However, after adjustment of opening and closing stock to Cost of production, the cost of sale for the year 2018 was Rs. 295Mn

Gross Profit

Gross profit has decreased from Rs. 205 Mn in 2017 to Rs. (3Mn) in 2018 mainly due to decrease of Coconut production and decrease of NSA during the year 2018 compared to previous year.

Other Operating Income

Other Operating income that consisted of sales of cashew, husks, timber, paddy, livestock, and sale of dead/senile trees increased from Rs. 59 Mn in 2017 to Rs 75Mn in 2018, which is an increase of 27%. All the endeavors were made to increase the other operating income to fulfill decreased revenue from coconuts.

Details of other income sources are shown in the Note No. 20 for the financial statement.

Administrative and Other Operating Expenses

Administration expenses for the year 2018 is Rs 85 Mn, which was Rs. 111 Mn in the year 2017, reflecting a decrease of Rs. 26 Mn mainly due to decrease of provision for depreciation on capital assets and non-payment of performance incentive to the employees during this year due to remain financial loss.

Other operating expenses for the year 2018 is Rs. 1 Mn, which was Rs. 12 Mn in the year 2017, reflecting a decrease of Rs.11 Mn due to nonpayment of Employee bonus in the year 2018 on prevailed financial loss.

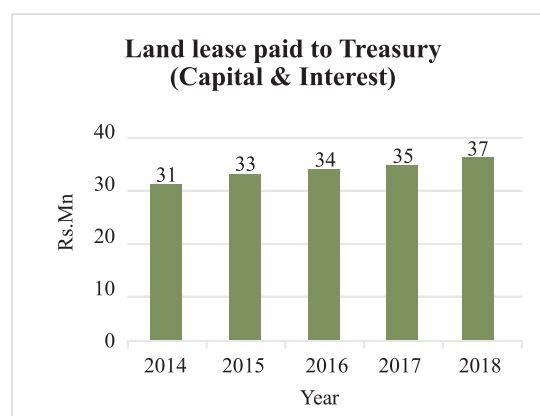
Finance Income

Finance income mainly represents the interest income from short term deposits. When compared to the year 2017, Finance income has decreased from 18.4 Mn to 15.1 Mn mainly due to decrease of short term deposits. This short

term deposit reduction is mainly due to decline in coconut sale proceeds due to the low crop and low NSA

Finance Cost

Finance cost mainly reflects the interest & contingent lease rental paid to the Government on JEDB Leasehold Assets. The respective cost for the year 2018 was Rs. 35 Mn, recording a 6 % increase compared to the last year, which increase annually based on the GDP deflator.



Net Profit

During the year under review, the Company has recorded a Net Profit/(loss) of Rs (36.6) Mn. This is as against the previous year profit of Rs. 82.1 Mn. Decrease in crop harvested by 30% and decrease of NSA during the year were the main reasons for this financial loss.

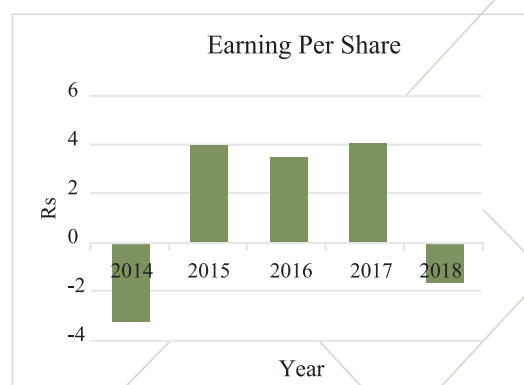
Dividend

Chilaw plantations Ltd has paid total dividend of Rs. 295 Mn to the Treasury/Golden share holder, after the taking over the management back to the Government in May 2008.

Thus, the total dividend paid to the treasury compared to the total net profit made since 2008 is equal to 46%.

Earnings Per Share

Earnings per Share of the company decreased from Rs. 4.07 in 2017 to Rs. (1.62) in 2018.



Current Ratio

Current ratio for the year 2018 was 1.7 times compared to Rs. 2.4 times in the previous year.

This decrease is mainly due to decrease in short term investment.

Non Current Assets

Non Current assets have increased by 5% during the year mainly due to the increase in bearer biological assets. Investment on establishment of new/under plantations and the costs incurred on maintenance of brought forward immature plantations were the main reasons for the increase in bearer Biological Assets. During the year 2018 the company has invested Rs. 78Mn on Coconut New planting/Under planting and management of the immature area, in a total extent of 940 Hectares. This emphasizes the company ability to generate future profit.

The company has invested Rs. 11.5 Mn in Property Plant and Equipment during the year 2018. (in 2017 – Rs 30.5 Mn)

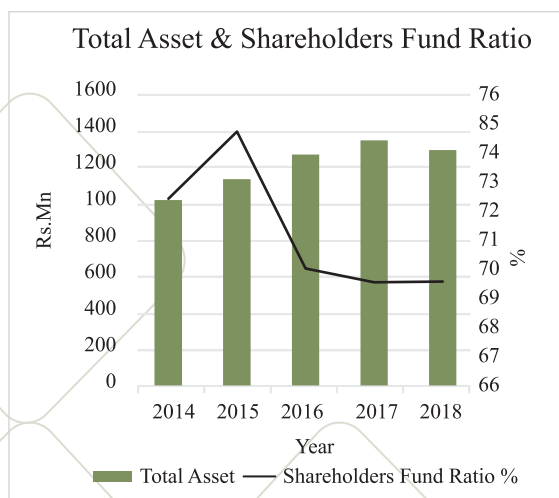
Equity

Equity Comprise of stated capital of Rs. 200 Mn and reserves of Rs. 708.3 Mn. The composition of the reserves is stated bellow.

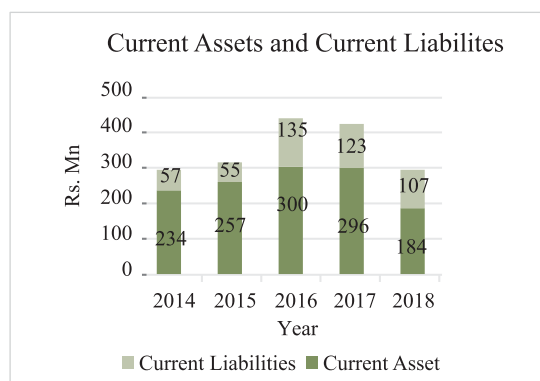
	2018	2017
Retained Earnings	612.9	665.5
Timber Reserves	95.4	82.3
Total Reserves	708.3	747.8

Shareholders Fund Ratio

Shareholders' fund is equivalent to 70% of the total assets in the year under review.



Current Assets and Current Liabilities



Cash flow

The company reported Net cash inflow/ (out flow) of Rs (2.8Mn) from its operating activities during the year 2018 against the net cash inflow of Rs. 180.4 Mn in the previous financial year. The decrease is mainly due to decline in coconut sale proceeds due to the low crop and low NSA, which is the major cash generating source of the company.

Cash flow from investing activities reported a net cash outflow of Rs. 51.2 Mn in the current year compared to a net cash outflow of Rs. 136.7 Mn in the previous year.

During the year under review, the company has invested Rs 80Mn on New/Under Plantation and Rs. 11.5 Mn in Property plant and equipment which ultimately resulted in creating a net cash outflow from investing activities.

Net cash flows from financing activities depict a net cash out flow of Rs 30 Mn compared to net cash out flow of Rs 32 Mn in the previous year. Dividend paid to treasury which amounted to Rs 30 Mn is represent the finance activities.

As a result, company's net impact to the Cash & Cash Equivalents was a net cash outflow of Rs. 84 Mn in the current financial year.

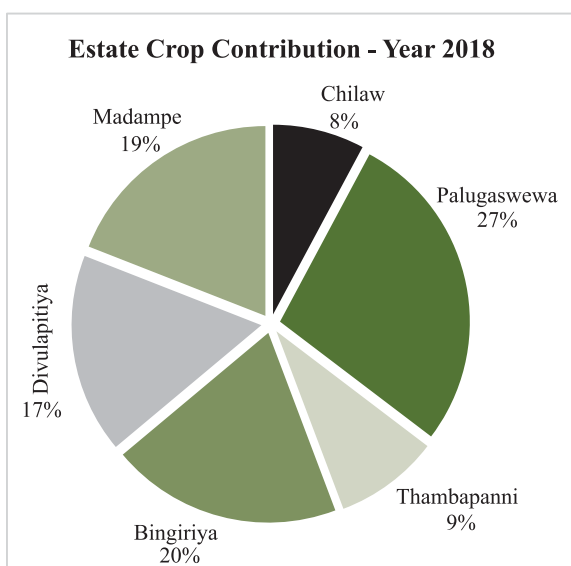
However, Cash and cash equivalent and short term deposits in BOC at the end of the year under review had been Rs. 89 Mn, whereas in 2017 it was Rs. 195 Mn, reflecting a decrease of 54% compared to the previous year.

Last five years Coconut Production, NSA & Revenue

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

Estates Crop Contribution - Year 2018

Estate	Crop Nuts
Chilaw	635,706
Palugasewewa	2,238,495
Thambapanni	724,672
Bingiriya	1,598,250
Divulapitiya	1,385,591
Madampe	1,549,407
Total	8,132,121



CORPORATE GOVERNANCE

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

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

Board of directors

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

Responsibility

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

Composition

In 2018 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 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 3 times during the year 2018.

Audit committee

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

Mr. P.B.S.C. Nonis, being a non-executive Director functioned as the Chairman of the Audit Committee and conducted Three 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 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

The Company is in an evolving environment and exposed to different kind of risks, especially as an entity involved in agribusiness, which is influenced by changing climatic condition and market fluctuations. Our risk management

processes should ensure that all possible risks factors are addressed and strategies are identified to mitigate the risk, which could arise knowingly and with forethought.

Risk mitigation strategies

Risk Factor	Risk Assessment	Risk Mitigation Strategies
Climate Changes	Yields of Coconut, Cashew & other perennial Crops fluctuate unexpectedly due to adverse weather condition mainly due to the unforeseen and elongated drought that prevails continuously for months.	Undertaking increased soil moisture conservation work by way of husks buried in 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 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 fortnight company level sale named 'Pol Pola' at the Head Office, in addition to the weekly CDA Coconut auction. Concentrate to produce value added product The nuts not sold at both these auctions are turned into copra, a part of which is sold through auction and the other or major part turned into pure coconut oil at Palugaswewa oil mill.
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	<p>Lack of motivation and lack of knowledge of the job, resulting in poor productivity and outputs.</p> <p>Employees leaving for other industries or companies for better remunerations and higher positions.</p>	<p>Workshops and training programs undertaken.</p> <p>Improving employee benefits by way of financial non financial incentives & fringe benefits.</p> <p>Maintaining healthy relationships with trade unions through regular dialogues.</p> <p>Ensure compliance with all regulatory requirements with regard to the benefits applicable to the employees.</p> <p>Ensuring promotions from within, to senior positions as far as possible and depending on the suitability.</p>
Assets Risk	<p>Risks from fire, theft and breakdown of machinery & equipment.</p> <p>Natural disaster, such as, caused by lightning, floods, insects, animals and elements.</p>	<p>Obtaining comprehensive insurance covers for all tangible assets.</p> <p>Adoption of stringent procedures with regard to the moving of assets from one location to another.</p> <p>Establishing fire gaps to prevent fire spreading in to our lands from outside and other available precautionary measures.</p> <p>Carrying out frequent preventive maintenance programs fire drills etc.</p> <p>Adopting good agriculture practices</p>
Capital Investments Risk	<p>Risk of not meeting with profit expectations and not receiving the desired returns on investment.</p>	<p>Adopting a stringent approval procedure for Capital expenditure based on the level of investment and the expected pay back.</p>
Reputation Risk	<p>Insufficient and improper knowledge of principles, procedures, standards, rules and regulations pertaining to employments, tradings and other procedures of an establishment.</p> <p>Produces not meeting with consumer or market demands and standards.</p> <p>Lack of knowledge pertaining to the performance, targets and standards.</p>	<p>Ensuring effective communication with various stakeholders such as employees, bankers, customers, regulators,</p> <p>Ensure quality in product & manufacturing process and compliance with the standards.</p> <p>Having in place a budgetary process & a budgetary control mechanism on a monthly basis to ensure that the Company's performance is continuously in line with its targets.</p> <p>Customer feedbacks are obtained to ensure the service and product quality.</p>

AUDIT COMMITTEE REPORT

Audit committee of Chilaw plantation Limited is a subcommittee of the Board of Directors. It corroborates the Board in accomplishing its overseeing responsibilities while providing an independent assessment of the financial reporting and risk management process. Non-executive directors, who possess the relevant qualifications and experience, were appointed to the Audit committee by the Board of Directors and it is accountable to the Board.

Key Responsibilities of the Audit Committee

The Audit Charter of the Committee has been prepared covering the scope of responsibilities, authorities and specific duties stipulated in Treasury Circular issued in relation to conduct Audit Committees in Public Commercial Enterprises.

Following are the key responsibilities of the Audit Committee;

- Review the adequacy, timing and existence of the internal control system.
- Monitor compliance in business operations.
- Review the financial statements in order to ensure the adequacy of disclosures in financial reporting system.
- Ensure the consistency of accounting policies adopted and compliance with the financial reporting regulations including Sri Lanka Accounting Standards.
- Review the risks that the Corporation is exposed to, the actions taken to mitigate the risk and their effectiveness.
- Discussed the key strategies issues faced by the company.
- Reviewed and passed the Annual Internal Audit Plan for the year 2018.
- Discuss and approve the audit plan for the year.

Audit Committee Meetings and the composition

Chairman, Executive Directors and General Manager with other Executive officers attend the Audit Committee Meetings are conducted on a formal agenda and members are provided with relevant comprehensive background information by the Senior Management. Audit Committee meetings by invitation to get clarifications. Further Auditor General also attends as an observer. Three audit committee meetings were held during the year under review and the

composition and attendance of the committee members at the meetings were as follows;

Name of	05 th	18 th	22 nd
AMC	March	May	October
Member			
Mr.P.B.S.C.Nonis	√	√	√
Mr.A.Lakkdas	√	√	√

*Mr.Pushpakumara (Absent)-----

* (Mr.Ananda Pushpakumara performed as a member of AMC up to 05th March 2018)

Key activities carried out by the Audit Committee during the year

Key duties discharged during the year under review include;

- Reviewed the adequacy of the internal control system with the management, Auditor General and Internal Auditors.
- Discussed the internal audit reports issued and observations thereon

Internal Audit

Internal audit implements the Annual Audit Plan approved by the Audit Committee. Its function includes among other things;

- Asses' internal control.
- Identify risk areas.
- Verify the accuracy and completeness of transactions.
- Carry out special investigations to provide observations and recommendations to the management about various important matters.
- Discuss Auditor General's report and replies to audit queries.
- Periodic review of the annual audit plan and the performance of the internal audit function.

Matters identified during the audit process are highlighted by raising audit queries to responsible parties.

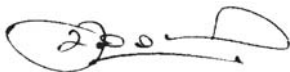
Summary of the activities carried out by the Internal Audit during the year

During the year under review the Committee executed its duties as follows;

- Reviewed the adequacy of the internal control system and communicated the weaknesses to respective parties.
- Discussed the internal audit reports with the Audit Committee.
- Discussed the Auditor's General report on Financial Statements.
- Involved in pre audit activities.
- Organize Audit Committee Meetings.

Conclusion

The Audit Committee is of the opinion that although internal control system of the company provides a reasonable assurance that the affairs of the company are managed in accordance with the approved policies of the company. It is required to take measures including internal checks and balances to address certain issues as recommended by the Audit Committee.



P.B.S.C.Nonis
Chairman – Audit Committee

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Board of Directors are pleased to present the Annual Report pertaining to the Chilaw Plantation Ltd, together with the Audited Financial Statement of the company for the year ended 31st December 2018 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 J.R Jayawardene Centre, 191, Dharmapala Mawatha, Colombo 07 whilst the Plantations are situated in the planting districts of Puttalam, Kurunegala and Gampaha

Which are organized under the 06 planting Area Estate as described below.

- Palugaswewa Estate
- Bingiriya Area Estates
- Chilaw Area Estates
- Madampe Area Estates
- Thambapanni Area Estates
- Divulapitiya Area Estates

Principal Activities

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

Financial Statements

The Financial Statements, approved by the Board of Directors of the Company, at the board meeting held on 22nd March 2019 are given on Pages from 39 to 76

Auditor's Report

The Auditor General's Report on the Financial Statements of the Company is given on page 35 to 38

Accounting Policies

The accounting policies adopted in the preparation of the financial statements are given on pages 43 to 55 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 2018 are given below:

Board of Directors - year 2018

Mr.V.K.C. Herath (from 14.07.2016)	Chairman
Mr.M.K.B. Seneviratne (From 08.05.2015)	Executive Director
Mr. P.C. Wijewardhana (from 24.02.2017-24.07.2018)	Working Director
Mr.P.B.S.C. Nonis (from 05.09.2016)	Director/ Treasury Representative
Mr.A. Lakkathas (from 19.05.2016)	Director
Mr.H.M.N.C. Herath (from 20.03.2015)	Director
Mr.S. Wijegoonewardene (From 24.07.2018)	Director

Audit Committee

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

Audit Committee - 2018

Mr. P.B.S.C. Nonis	Chairman (AMC)
Mr. A. Lakkathas	Member (AMC)
Mr. K.G. Ananda Pushpakumara	Member (AMC)
Auditor General's Department	Observer

Review of Performance

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

Revenue

The Revenue of the Company for the year 2018 is Rs.291Mn (2017 - Rs. 516Mn). Decrease in Crop harvested and low NSA during this year were the main reasons for this unfavorable variance. The other operating income for the year is Rs. 75Mn (2017-Rs 59Mn).

The interest income earned during the year is Rs.15 Mn. details of which are given in note 21 of Audited Financial Statements.

Financial Results

During the year under review, the Company has recorded a Profit before Tax/(loss) of Rs (35.1) Mn. This is as against the previous year profit of Rs. 126.4 Mn. Decrease in crop harvested by 30% and decrease of NSA during the year were the main reasons for this financial loss.

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

Fixed Assets

During the year 2018 the Company has invested Rs. 80Mn (2017: Rs. 84Mn) on New/Under Plantations, management of Immature Plantations and Rs.12Mn Invested on Property Plant and equipment (2017: Rs.30Mn).

Net Book value of non-current assets (Property Plant & Equipment, Leasehold Right, Biological Asset etc.) as at the Balance Sheet date in year 2018 is Rs. 1,121Mn (2017 : Rs.1,062Mn) and details are given in Notes 04-08 and 11 of the Audited Financial Statements.

Short-term Investments

The Company's Short-term Investments are Rs.80.6Mn at the end of 2018, compared to Rs.190.3Mn in year 2017. This investment comprises Rs.80.6Mn Fixed Deposits at Bank of Ceylon.

Reserves

The Company Reserves as at 31st December 2018 are represented by Retained Profit of Rs. 613Mn and Timber Reserves of Rs 95 Mn.

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

Taxation

The company is liable to income tax at the rate of 14% on its agricultural profit and 28% on other sources of income.

Further details of taxation are given in Note 23 to the Financial Statement.

Stated Capital

The total Stated Capital of the Company as at 31 December 2018 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 27 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 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 26 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 2018 have been audited by the Auditor General. Audit opinion on the financial statement is given in the page No 35 to 38

Annual General Meeting

The Annual General Meeting is scheduled to be held at the Sri Lanka Institute of Development Administration (SLIDA), No. 28/10, Malalasekara Mawatha, Colombo 07 on 19th June 2020 at 2.00 p.m.

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

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



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 2018 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 2018.

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.

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

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Chilaw Plantations Limited for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and 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 financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Qualified Opinion

- (a) According to paragraph 51 of Sri Lanka Accounting Standard 16, the residual value and the useful life of an asset shall be reviewed at least at each financial year-end and if expectations differ from previous estimates, it shall be accounted for as a change in an accounting estimate in accordance with Sri Lanka Accounting Standard 8. However, 94 motor vehicles costing Rs.72,942,879 fully depreciated but still being used, had not been revalued and brought to account.
- (b) In the rectification of expenditure amounting to Rs.1,111,531 relating to preceding years which had been included in the value of opening balance of work-in-progress of the year under review by mistake, it had been recorded as an expenditure of the year under review, thus understating the profit of the year under review by the same amount.
- (c) Assets valued at Rs.6,479,676 constructed by the Plantation Human Development Trust Fund for development and improvement of plantations infrastructure facilities from the year 1994 to the year 2010, had not been disclosed by the Register of Fixed Assets.

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions 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 audit 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 audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

2. Report on Other Legal and Regulatory Requirements

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

- Except for the effect of the matters described in the Basis for Qualified Opinion paragraph, I have obtained all the information and explanation that are 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 (1) (d) of the Companies Act, No. 7 of 2007 and Section 12 (a) of the National Audit Act, No. 19 of 2018.
- The financial statements of the Company comply with the requirement of Section 151 of the Companies Act, No. 7 of 2007.
- The financial statements presented is consistent with the preceding year as per the requirement of Sub-section 6 (1) (d) (III) of the National Audit Act, No. 19 of 2018.
- The financial statements presented includes all the recommendations made by me in the previous year as per the requirement of Sub- section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

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

- to state that any member of the governing body of the Company has any direct or indirect interest in any contract entered into by the Company which are out of the normal cause of business as per the requirement of Section 12 (d) of the National Audit Act, No. 19 of 2018;
- to state that the Company has not complied with any applicable written law, general and special directions issued by the governing body of the Company as per the requirement of Section 12 (f) of the National Audit Act, No. 19 of 2018 except for the following observations;
 - In terms of Management Services Circular No.39 of 26 May 2009, the recommendation of the National Salaries and Cadre Commission and the approval of the Department of Management Services should be obtained in deciding the salaries and allowances. However, a sum of Rs.7,740,249 had been paid as Labour Allowance in the year under review to 28 officers of JM and higher salary codes.
- to state that the Company has not performed according to its powers, functions and duties as per the requirement of Section 12 (g) of the National Audit Act, No. 19 of 2018 .
- to state that the resources of the Company had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of Section 12 (h) of the National Audit Act, No. 19 of 2018, except for the following observations.
 - (a) Four construction works valued at Rs.11,731,343 included in the Procurement Plan had not been carried out in the year under review and procurement activities not planned, valued at Rs.21,477,313 had been carried out. As such, it was observed that action had not been taken according to the Relevant Procurement Plan.
 - (b) The generator purchased at a cost of Rs.1,386,929 on 19 March 2018 for obtaining water to the coconut seedling garden maintained in the Keeniyama portion by the Company had not been made use of even by 28 March 2019.
 - (c) Out of lands of 5,733 hectares in extent valued at Rs.142,502,287 vested at the instance of establishing the Company in the year 1992, an extent of 187.44 hectares had been enjoyed by external parties by 31 December of the year under review and the plans relating to those lands had not been available with the Company and as such, taking legal action had failed.

W.P.C. Wickramaratne
Auditor General

(This report is an English translation of the Auditor Generals' Report issued in Sinhala on 29th May 2019 to Chilaw Plantations Ltd.)

CHILAW PLANTATIONS LTD

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 st December	Notes	2018 Rs.	2017 Rs.
Revenue	19	291,313,372	516,178,934
Cost of Sales		(294,512,592)	(310,604,719)
Gross Profit		(3,199,221)	205,574,215
Other Operating Income and Gains	20	74,728,737	59,159,259
Administrative Expenses		(85,081,594)	(110,679,954)
Other Operating Expenses		(976,963)	(12,352,180)
Profit from Operations		(14,529,041)	141,701,341
Net Finance Income (Expenses)	21	(20,649,655)	(15,286,608)
Profit before Tax	22	(35,178,696)	126,414,733
Tax Expense (Provisions)	23	2,876,786	(44,968,495)
Profit for the Year		(32,301,910)	81,446,237
Other comprehensive Income			
Defined Benefit Plan Actuarial Gains/ (losses)		(4,339,689)	702,850.00
Total Comprehensive Income for the year, Net of Tax		(36,641,599)	82,149,087
Basic Earning Per Share	24	(1.62)	4.07

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 43 to 76 form an integral part of these Financial Statements.

Chilaw
March 22, 2019

CHILAW PLANTATIONS LTD

STATEMENT OF FINANCIAL POSITION

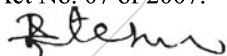
As at 31 st December	Notes	2018 Rs.	2017 Rs.
ASSETS			
Non Current Assets			
Leasehold Right to Bare Land of JEDB Estates	04	71,111,261	73,799,983
Leasehold Property Plant & Equipment of JEDB Estates (Other than Right-to-Use-Land and Leased bearer biological assets)	05	893,651	960,504
Leased Bearer Biological Assets of JEDB Estates	06	21,178,083	24,044,542
Improvements to Leasehold property	7.1	848,924,079	778,042,874
Biological Assets -Livestock	7.2	18,694,952	16,096,612
Consumable Biological Assets	7.3	57,845,660	54,522,442
Freehold Property Plant & Equipment	08	95,346,553	106,238,263
Other finance assets	11.1	6,864,344	8,384,410
		<u>1,120,858,583</u>	<u>1,062,089,630</u>
Current Assets			
Inventories	09	56,610,036	58,753,590
Trade and Other Receivables	10	27,450,756	34,686,633
Income Tax Receivable		6,001,154	2,646,841
Financial facility to State Enterprises	11		
Other Finance Assets	11.1	3,705,156	3,735,301
Other Current Assets		1,715,111	1,726,563
Short Term Investment	12	80,624,822	190,312,500
Cash in Hand and at Bank		8,359,059	4,465,074
		<u>184,466,095</u>	<u>296,326,502</u>
Total Assets		<u>1,305,324,678</u>	<u>1,358,416,132</u>
EQUITY & LIABILITIES			
Capital and Reserves			
Stated Capital	13	200,000,010	200,000,010
Retained Earnings		612,984,504	665,548,027
Timber Reserves		95,398,324	82,327,840
Total equity		<u>908,382,839</u>	<u>947,875,877</u>
Non Current Liabilities & Deferred Income			
Deferred Tax Liability	14	98,448,346	101,325,132
Deferred Grants and Subsidies	15	6,011,377	6,395,901
Retirement Benefit Obligations	16	82,684,532	74,382,849
Liability to Make Lease Payment for the JEDB/SLSPC Estates	17	102,696,807	105,004,349
		<u>289,841,062</u>	<u>287,108,231</u>
Current Liabilities			
Trade and Other Payables	18	104,793,235	121,213,233
Income Tax Payable			
Liability to Make Lease Payment for the JEDB/SLSPC Estates	17	2,307,542	2,218,790
		<u>107,100,777</u>	<u>123,432,023</u>
Total Equity and Liabilities		<u>1,305,324,678</u>	<u>1,358,416,132</u>

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 43 to 76 form an integral part of these Financial Statements.

Certification

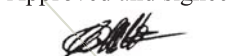
It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.



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. V.K.C. Herath
(Chairman / CEO)

Chilaw
March 22, 2019



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

CHILAW PLANTATIONS LTD

STATEMENT OF CHANGES IN EQUITY

For the Year ended 31st December, 2018

Description	Stated Capital	Timber Reserve	Accumulated Profit	Total
	Rs.	Rs.	Rs.	Rs.
Balance as at 1st January 2017	200,000,010	61,840,917	633,885,863	895,726,790
Prior year Depreciation adjustment			(2,851,440)	
Profit for the Year			81,446,237	81,446,237
Total Comprehensive Income	-		702,850	702,850
Transferred to Timber Reserve	-	20,486,923	(20,486,923)	
Total Comprehensive Income		20,486,923	58,810,725	82,149,087
Dividends for 2016			(30,000,000)	(30,000,000)
Balance as at 31st December 2017	200,000,010	82,327,840	662,696,587	947,875,877
Profit for the Year	-		(32,301,910)	(32,301,910)
Other Comprehensive Income			(4,339,689)	(4,339,689)
Transferred to Timber Reserve		13,070,485	(13,070,485)	-
Total Comprehensive Income	200,000,010	95,398,324	612,984,504	908,382,839
Dividends for 2017			-	-
Balance as at 31st December 2018	200,000,010	95,398,324	612,984,504	908,382,839

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 43 to 76 form an integral part of these Financial Statements.

Chilaw

March 22, 2019

CHILAW PLANTATIONS LTD

STATEMENT OF CASH FLOW

For the year ended 31st December	2018 Rs.	2017 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before Tax	(35,178,696)	126,414,733
Adjustments for;		
- Depreciation/Amortization	34,179,685	34,566,375
- Provision for Employee Profit Share	-	11,192,570
- Amortization of Grants	(384,524)	(395,563)
- Finance charge on Government Finance Lease	35,847,724	33,697,488
- Bad Debts Provision	-	-
- Finance Income	(15,198,069)	(18,410,880)
- Provision For Defined Benefit Plan Costs	14,839,503	13,790,597
- Profit on Disposal of Property, Plant and Equipment	-	-
- Gain (loss)-Consumable Biological Asset	(12,642,200)	(20,486,923)
- Profit on disposal of Coconut Trees	(17,647,958)	(16,884,139)
	3,815,466	163,484,259
Changes in:		
- Inventories	2,143,553	42,005,162
- Dairy Livestock	(2,598,340)	9,141,058
- Trade and other Receivables	(929,693)	18,769,672
- Other Current Assets	11,452	203,164
- Trade and other Payables	(16,914,410)	1,252,958
Cash generated from operating activities	(14,471,971)	234,856,272
- Defined Benefit Plan Costs paid	(10,877,509)	(11,198,165)
- Employee Profit Share Paid	-	(7,817,498)
- Finance costs Paid	(43,180)	(59,112,074)
- Finance Income Received	16,545,896	20,207,990
- Income Tax Paid	(3,354,313)	(4,765,592)
- Cash received from sales of valuable trees	9,370,715	8,231,482
Net Cash from Operating Activities	(2,830,361)	180,402,415
CASH FLOWS FROM INVESTING ACTIVITIES		
- Additions of Property, Plant & Equipment	(11,530,663)	(30,597,470)
- Field Development Expenditure	(80,037,794)	(84,058,761)
- Cash received from sales of coconut trees	17,766,094	16,966,774
- Staff loan Granted	(3,730,000)	(5,520,550)
- Staff loan recovered	4,569,031	3,762,458
- Short Term Investment	21,687,678	(37,312,500)
- Proceeds from Disposal of Property, Plant and Equipment		
Net Cash used in Investing Activities	(51,275,654)	(136,760,048)
CASH FLOWS FROM FINANCING ACTIVITIES		
- Dividends Paid	(30,000,000)	(30,000,000)
- Capital settlement of Government Finance Lease		(2,133,452)
Net Cash Flows used in Financing Activities	(30,000,000)	(32,133,452)
Net Increase / (Decrease) in Cash & Cash Equivalents	(84,106,015)	11,508,915
A. Cash & Cash Equivalents at the Beginning of the Year	92,465,074	80,956,159
B. Cash & Cash Equivalents at the End of the Year	8,359,059	92,465,074
NOTE A		
Cash & Cash Equivalents at the beginning of the Year		
Short term Investments	88,000,000	75,868,261
Cash in Hand and at Bank	4,465,074	5,087,898
	92,465,074	80,956,159
NOTE B		
Cash & Cash Equivalents at the end of the Year		
Short term Investments		88,000,000
Cash in Hand and at Bank	8,359,059	4,465,074
	8,359,059	92,465,074

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 43 to 76 form an integral part of these Financial Statements.

Chilaw
March 22, 2019

CHILAW PLANTATIONS LTD

Notes to the Financial Statements

For the Year ended 31st December, 2018

1 CORPORATE INFORMATION

1.1 Reporting Entity

1.1.1 Domicile and Legal Form

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

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

1.1.2 Principal Activities and Nature of Operations

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

1.1.3 Parent enterprise and Ultimate parent Enterprise

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

1.2 Date of Authorization for Issue

The Financial Statements of Chilaw Plantations Ltd. for the year ended December 31, 2018 was authorized for issue in accordance with a resolution of the Board of Directors on 22nd March 2019.

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.

CHILAW PLANTATIONS LTD

Notes to the Financial Statements

For the Year ended 31st December, 2018

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

2.5 Going Concern

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

2.6 Comparative Information

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

2.7 Events occurring after the Reporting date

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Assets and Bases of their Valuation

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

3.1.1 Property, Plant & Equipment

3.1.1.1 Recognition and Measurement

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

(a) Owned Assets

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

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

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

(b) Leased Assets

Assets obtained under the finance lease, (which effectively transfer substantial risks and benefits incidental to ownership of the leased item) are capitalized at an amount equal to the lower of their fair value and the

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For the Year ended 31st December, 2018

present value of minimum lease payments at the inception and depreciated/amortized over the period the Company is expected to benefit from the use of the leased assets.

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

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

3.1.1.2 Subsequent Cost

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

3.1.1.3 De-recognition

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

3.1.1.4 Depreciation and Amortization

(a) Depreciation

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

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

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

(b) Amortization

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

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

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For the Year ended 31st December, 2018

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

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

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.

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Notes to the Financial Statements

For the Year ended 31st December, 2018

The main variables in DCF model concerns.

Variable	Comment
Currency valuation	Sri Lankan Rupees (Rs.)
Timber content	Estimate based on physical verification of girth, height and considering the growth of each species in different geographical regions. Factor all the prevailing statutory regulations enforced for harvesting of timber coupled with forestry plan of the Company.
Economic useful life	Estimated based on the normal life span of each species by factoring the forestry plan of the Company.
Selling price	Estimated based on prevailing Sri Lankan market price. Factor all the conditions to be fulfilled in bringing the trees in to saleable condition.
Discount Rate	Future cash flows are discounted at following discount rates: Timber trees 14%

3.1.2.2 Dairy Live Stock

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

3.1.3 Non-Current Assets Held for Sale

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

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

3.1.4 Inventories

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

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

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

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Notes to the Financial Statements

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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.

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Notes to the Financial Statements

For the Year ended 31st December, 2018

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.

ii) policy applicable before 1st January 2018

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

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

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For the Year ended 31st December, 2018

a) Subsequent measurement and gains and losses:

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

3.1.5.2.2 Financial liabilities

i) Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or 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 derecognition is also recognised in profit or loss.

3.1.5.3 Derecognition

3.1.5.3.1 Financial assets

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

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

3.1.5.3.2 Financial liabilities

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

3.1.5.4 Offsetting

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

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Notes to the Financial Statements

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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.

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

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

3.1.5.5.5 Write-off

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

Impairment Policy: applicable prior to 1 January 2018

Financial assets (including receivables)

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

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

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

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

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

3.2.1. Financial Risk Management Objectives and Policies

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

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

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

3.2.1.1. Credit Risk

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

3.2.1.2. Liquidity Risk

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

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

3.2.2. Employees' Benefits

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

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

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

(b) Defined Benefit Plan

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

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

3.3. Deferred Income

Grants and Subsidies

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

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

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

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

3.4. Income and Expenses

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

3.4.1. Revenue Recognition

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

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

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

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

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

a) **Gains and losses on disposal of an item of Property, Plant & Equipment** are determined by comparing the net sales proceeds with the carrying amounts of Property, Plant & Equipment and are recognized within 'other operating income' in the Income Statements.

b) **Other Incomes** are recognized on accrual basis.

3.4.2. Expenses

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

3.5. Income Tax

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

(a) Current Tax

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

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

(b) Deferred Tax

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

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

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

3.6. Segment Reporting

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

Group I Estates

Chilaw Area
Palugaswewa Estate
Thambapanni Area

Group II Estates

Bingiriya Area
Divulapitiya Area
Madampe Area

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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 26.5 years.

	Gross Carrying Value	
	as at 31.12.2018 Rs.	as at 31.12.2017 Rs.
Leasehold Right to Bare land	142,502,287	142,502,287

	Amortization		
	as at 31.12.2018 Rs.	for the year Rs.	as at 01.01.2018 Rs.
Leasehold Right to Bare land	71,391,026	2,688,722	68,702,304

	Carrying Value	
	as at 31.12.2018 Rs.	as at 31.12.2017 Rs.
Leasehold Right to Bare land	71,111,261	73,799,983

CHILAW PLANTATIONS LTD

Notes to the Financial Statements

For the Year ended 31st December, 2018

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 2018 are as follows.

At Valuation	Improvements to Land Rs.	Other Vested Assets Rs.	Buildings Rs.	Machinery Rs.	Water Supply Rs.	2018 Rs.	2017 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	61,091.82	853,607	25,325,432	530	4,026,236	30,266,897	29,792,588
Amortization for the Year	2,390	33,397	31,066	-	-	66,853	474,308
As at 31 December	63,482	887,004	25,356,498	530	4,026,236	30,333,749	30,266,897
Carrying Amount	777,711	115,940	-	-	-	893,651	960,504

6. LEASED BEARER BIOLOGICAL ASSETS OF JEDB/ESTATES

Revaluation	2018 Rs.	2017 Rs.
Mature Plantation	82,532,211	83,080,009
Disposal Adjustment	(1,004,990)	(547,798)
	81,527,221	82,532,211
As at 01 January	58,487,669	56,186,266
Amortization for the Year	2,748,323	2,766,565
Disposal Adjustment	(886,853)	(465,163)
As at 31 December	60,349,138	58,487,669
Carrying Amount	21,178,083	24,044,542

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.

CHILAW PLANTATIONS LTD

Notes to the Financial Statements

For the Year ended 31st December, 2018

7. BIOLOGICAL ASSETS

7.1 Improvements to Leasehold Property (Bearer Biological Assets)

Cost	Mature Plantation					2018 Rs.	2017 Rs.
	Immature Plantation (Rs.)	Coconut Rs.	Cashew Rs.	Other Rs.			
At the beginning of the - Year	479,891,215	266,647,993	87,056,399	5,792,859	839,388,467	755,351,206	
Additions	79,986,060	-	-	-	79,986,060	84,037,261	
Transferred from Immature		78,094,388	-	865,256	78,959,644	76,234,697	
Transferred to Mature	(78,959,644)	-	-	-	(78,959,644)	(76,234,697)	
Written off	-	-	-	-	-	-	
At the end of the Year	480,917,631	344,742,382	87,056,399	6,658,115	919,374,527	839,388,467	

Depreciation

At the beginning of the - year	30,479,708	30,068,581	797,303	61,345,593	53,711,738	
Charge for the Year	5,332,958	3,482,255	289,642	9,104,855	7,633,855	
At the end of the Year	35,812,666	33,550,836	1,086,945	70,450,448	61,345,593	
Carrying Value	480,917,631	308,929,715	53,505,562	5,571,169	848,924,079	778,042,874

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 (2018 - Nil)

7.2 Biological Assets - Livestock

		2018 Rs.	2017 Rs.
Dairy Livestock	07.2.1	8,066,800	10,929,500
Other Livestock	07.2.2	10,628,152	5,167,112
		18,694,952	16,096,612

CHILAW PLANTATIONS LTD

Notes to the Financial Statements

For the Year ended 31st December, 2018

7.2.1 Dairy Livestock

	Immature Cows (Calves/ Heifers) Rs.	Mature Cows (Milking and Dry Cows) Rs.	2018 Rs.	2017 Rs.
As at 1 st January	732,000	10,197,500	10,929,500	20,997,000
Additions during the Year	108,000		108,000	192,000
Gain/(Loss) on fair value for the Year	37,180	(303,380)	(266,200)	(7,548,500)
Value increase/decrease on physical changes	486,100	93,000	579,100	1,850,000
Death/Sales / trans out	(687,000)	(2,596,600)	(3,283,600)	(4,561,000)
As at 31 st December	676,280	7,390,520	8,066,800	10,929,500

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.	2018 Rs.	2017 Rs.
As at 1st January	2,514,380	924,232	211,500	1,248,000	269,000	5,167,112	4,240,670
Additions during the year	30,000			368,500	80,000	478,500	620,500
Transfer in and Out	2,002,600			6,000	41,000	2,049,600	-
Death/ Sales	(931,690)	(302,700)	(47,000)	(589,000)		(1,870,390)	(647,140)
Gain / Loss on fair Value for the year	(200,225)	809,018	181,580	3,604,557	408,400	4,803,330	953,082
	3,415,065	1,430,550	346,080	4,638,057	798,400	10,628,152	5,167,112

7.3 Consumable Biological Assets - Timber Plantations

	Immature	2018 Rs. Mature	Total	Immature	2017 Rs. Mature	Total
Balance as at 1st January	2,806,051	51,716,391	54,522,442	2,784,551	39,460,950	42,245,501
Increase due to development/ Investment	51,734		51,734	21,500		21,500
Gain / (Loss) Arising from Changes in fair value less cost to sell		13,070,485	13,070,485		20,486,923	20,486,923
Decrease due to harvest		(9,799,000)	(9,799,000)		(8,231,482)	(8,231,482)
Balance as at 31st December	2,857,785	54,987,875	57,845,660	2,806,051	51,716,391	54,522,442

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.T.M.H. Muthaliph incorporated valuer Institute of Valuers Sri Lanka, using Discounted Cash Flow (DCF) method. In ascertaining the fair value of timber a physical verification was carried out covering all the estates.

CHILAW PLANTATIONS LTD

Notes to the Financial Statements

For the Year ended 31st December, 2018

Key assumption used in Valuation

1. Based on the price list of the state timber corporation of sawn timber logs
2. The Prices adopted are net of expenditure.
3. Discount rate is 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 uncertainty associated with the valuation at fair value of the biological assets due to the volatility of the variables, their carrying value may differ from their realizable value. The Board of Directors retains their view that commodity markets are inherently volatile and that long term price projections are highly unpredictable

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

Regulatory and environmental risks

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

Supply and demand risk

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

Climate and other risks

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

8. FREEHOLD PROPERTY PLANT & EQUIPMENTS

	Buildings Rs.	Plant & Machinery Rs.	Motor Vehicles Rs.	Equipment Rs.	Furniture & Fittings Rs.	Fencing Rs.	Water Supply Rs.	2018 Rs.	2017 Rs.
Cost/ Valuation									
As at 1 January	50,144,455	7,839,761	157,454,028	46,716,746	10,484,169	19,782,245	10,153,348	302,574,753	273,708,544
Additions	76,950	-	2,920,000	5,335,678	255,653	4,142,020	146,325	12,876,625	28,866,209
Transfers/Disposal	-	-	-	-	-	-	-	-	-
As at 31 December	50,221,405	7,839,761	160,374,028	52,052,424	10,739,822	23,924,265	10,299,673	315,451,378	302,574,753
Depreciation									
As at 1 January	8,521,460	2,557,902	136,020,936	33,445,744	7,320,996	6,228,332	4,092,385	198,187,754	177,184,829
Charge for the Year	1,246,299	489,667	7,588,562	3,258,696	678,786	5,873,286	435,637	19,570,932	21,002,926
Transfers/Disposal	-	-	-	-	-	-	-	-	-
Prior year Adjustment	44,533	-	2,639,646	129,558	37,703	-	-	2,851,440	-
As at 31 December	9,812,292	3,047,569	146,249,144	36,833,998	8,037,484	12,101,618	4,528,022	220,610,127	198,187,754
Net Value								94,841,251	104,386,999
Capital Work-in-progress									
As at 1 January	-	-	-	-	-	-	-	-	-
Additions during the Year	-	-	-	-	-	-	-	-	-
Capitalized during the year & Transfer out	-	-	-	-	-	-	-	-	-
As at 31 December	-	-	-	-	-	-	-	-	-
Carrying amount								505,302	1,851,264
								95,346,553	106,238,263

Note

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

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

9. INVENTORIES

	2018 Rs.	2017 Rs.
Input Materials	5,863,443	14,207,533
Growing Crop - Nurseries	5,514,647	3,796,902
Harvested Crop	37,436,385	35,248,838
Consumables and Spares	7,811,061	5,515,817
	<u>56,625,536</u>	<u>58,769,090</u>
Impairment allowance for Obsolete Stocks	<u>(15,500)</u>	<u>(15,500)</u>
	<u>56,610,036</u>	<u>58,753,590</u>

10. TRADE AND OTHER RECEIVABLES

	2018 Rs.	2017 Rs.
Produce Debtors	16,355,130	15,789,314
Staff Debtors	2,308,513	2,445,228
Other Debtors	9,352,491	17,017,468
Wair-Coir Project	<u>13,325,233</u>	<u>13,325,233</u>
	41,341,367	48,577,244
Impairment allowances for Wair-Coir Project	<u>(13,325,233)</u>	<u>(13,325,233)</u>
Impairment allowances for Bad Debts	<u>(565,378)</u>	<u>(565,378)</u>
	<u>27,450,756</u>	<u>34,686,633</u>

11. FINANCIAL FACILITY TO STATE ENTERPRISES

	Amount Granted Rs.	2018 Rs.	2017 Rs.
Loan Receivables			
Elkaduwa Plantations Ltd	20,000,000	23,519,452	23,519,452
Sri Lanka Rubber Manufacturing & Export Corporation Ltd	10,000,000	10,000,000	10,000,000
Sri Lanka State Plantations Corporation	20,000,000	23,610,959	23,610,959
Ministry of Estate Resources & Enterprise Development	15,000,000	15,000,000	15,000,000
Janatha Estate Development Board	<u>40,000,000</u>	<u>47,627,397</u>	<u>47,627,397</u>
	105,000,000	119,757,808	119,757,808
Less:			
Impairment Loss	<u>(105,000,000)</u>	<u>(119,757,808)</u>	<u>(119,757,808)</u>
	<u>-</u>	<u>-</u>	<u>-</u>

The Company has granted temporary financial facility to the above government enterprises amounting to LKR 105 Million in the year 2010. However, the outstanding dues were not settled up to the 31 December 2014 by the respective parties and the amount with accumulated interest totalling to LKR 119,757,808/-. The Board of Directors of Chilaw Plantation Limited resolved to make a full provision for impairment for the year ended 2014.

Considering the fact that the company was unable to recover the interest income due from above state organizations, from the year 2010 to 2012, the board of directors of chilaw plantations ltd decided not to recognize the unrecoverable interest income to the accounts of chilaw plantation limited from the year 2013. Subsequently the Board of Directors of Chilaw Plantations Limited resolved to make a full provision for impairment of financial assets for the year ended 2014. However, if interest income from 2013 to 2018 is taken in to the accounts, total loan receivable balance would be Rs. 158,157,808 as details given below.

Elkaduwa Plantations Ltd	33,119,452
Sri Lanka Rubber Manufacturing & Export Corporation Ltd	10,000,000
Sri Lanka State Plantations Corporation	33,210,959
Ministry of state Resources & Enterprise Development	15,000,000
Janatha Estate Development Board	66,827,397
	158,157,808

11.1 Other Financial Assets

	2018 Rs.	2017 Rs.
Non Current		
Loans given to Employees	6,319,409	7,656,949
Pre paid Staff Benefits	544,935	727,461
	6,864,344	8,384,410
Current		
Loan given to Employees	3,162,493	3,117,749
Pre paid Staff Benefits	542,663	617,552
	3,705,156	3,735,301
Total	10,569,501	12,119,711

11.1a. Loan Given To Employees

	2018 Rs.	2017 Rs.
Balance at the beginning of the year	10,774,697	9,966,720
Loan Granted During the year	3,730,000	5,520,550
Loan recovered during the year	(4,569,031)	(3,762,458)
	9,935,667	11,724,812
Transfer to / Transfer from prepaid staff benefits	(453,764)	(950,115)
Balance at the end of the year	9,481,902	10,774,697
Non current	6,319,409	7,656,949
Current	3,162,493	3,117,749
	9,481,902	10,774,697
Pre-paid Staff Benefits		
Non Current	544,935	727,461
Current	542,663	617,552
	1,087,598	1,345,014

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.

	2018	2017
Distress Loans Interest rate Chilaw Plantations Ltd	5%	5%
Market Rate	13%	14%

12. SHORT TERM INVESTMENTS

	2018 Rs.	2017 Rs.
Fixed Deposit - BOC (Over three months)	80,624,822	102,312,500
Treasury Bills and REPO (Below three months)		88,000,000
	80,624,822	190,312,500

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. 82,684,532/-

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

At the beginning of the Year	101,325,132	61,850,251
Provision for the Year	(2,876,786)	39,474,881
At the end of the Year	98,448,346	101,325,132

	Temporary Difference Rs.	Tax Effect Rs.
Temporary difference of,		
-Property, Plant and Equipment	(49,030,125)	(6,864,218)
-Mature and Immature Plantation	(848,924,079)	(118,849,371)
-Consumable Biological Assets	(57,845,660)	(8,098,392)
-Impairment allowance for Obsolete Stocks	15,500	2,170
-Impairment allowances for Bad Debts	28,648,419	4,010,779
-Retirement Benefit Obligation	82,684,532	11,575,834
Carried forward Tax Losses	141,248,942	19,774,852
Carried forward Tax Credit		-
Deferred Tax Assets / (Liability)	(703,202,472)	(98,448,346)

The effective tax rate used to calculate deferred tax liability for all the temporary differences other than Mature and Immature Plantation as at 31 December, 2018 is 14% for the Company.

The effective tax rate used to calculate deferred tax liability for Mature and Immature Plantation as at 31 December, 2018 is 14% for the Company.

15. DIFERRED GRANTS AND SUBSIDIES

	2018 Rs.	2017 Rs.
At the beginning of the Year	6,395,901	6,791,464
Less : Amortization for the Year	(384,524)	(395,563)
At the end of the Year	<u>6,011,377</u>	<u>6,395,901</u>

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

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

16. RETIREMENT BENEFIT OBLIGATION

	2018 Rs.	2017 Rs.
At the beginning of the year	74,382,849	72,493,267
Interest Cost	7,810,199	7,611,793
Current Services Cost	7,029,304	6,178,804
Gratuity Payments for the Year	(10,877,509)	(11,198,165)
Actuarial (Gain) / Loss	4,339,689	(702,850)
At the end of the Year	<u>82,684,532</u>	<u>74,382,849</u>

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

According to the actuarial valuation report issued by the actuarial valuer as at 31 December 2018 the actuarial present value of promised retirement benefits amounted to Rs. 82,684,532. 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. 96,764,367.59. Hence, there is a contingent liability of Rs. 14,079,835.59, which would crystallise only if the company ceases to be a going concern.

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

- (i) Rate of Interest 11.5% p.a.
- (ii) Rate of Salary Increase
 - Monthly paid Staff 10.0% p.a.
 - Daily Paid Staff 9.0% p.a.
- (iii) Retirement Age
 - Monthly paid Staff 60 years
 - Daily Paid Staff 60 years
- (iv) Daily Wage Rate Rs. 740/-

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

	Repayable within 1 year Rs.	Repayable after one year		Sub Total Rs.	Total Rs.
		Repayable within two to five years Rs.	Repayable after five years Rs.		
Gross Finance Lease Liability	6,508,000	26,032,000	139,538,651	165,570,651	172,078,651
Less : Future Finance Charges	(4,220,458)	(15,841,150)	(47,032,694)	(62,873,844)	(67,074,302)
Net Finance Lease liability-2018	<u>2,307,542</u>	<u>10,190,850</u>	<u>92,505,957</u>	<u>102,696,807</u>	<u>105,004,349</u>
Net Finance Lease liability-2017	<u>2,218,790</u>	<u>9,798,894</u>	<u>95,205,455</u>	<u>105,004,349</u>	<u>107,223,139</u>

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

The contingent rental during the current year charged to the Income Statement amounted to Rs. 30,804,154/- which is based on GDP deflator of 8.2% (2018 - 28,622,222/- 3.6%)

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	=	1,817,572,530
Finance Charges	=	(1,190,394,864)
Net Liability	=	<u>627,177,666</u>

18. TRADE AND OTHER PAYABLES

	2018 Rs.	2017 Rs.
Trade Creditors (Refund, CDA Marketing Lot fee)	1,422,474	1,777,110
Others (Fertilizer, Contractors etc.)	45,570,317	62,646,308
Holiday Pay	3,350,111	3,337,364
Accrued Expenditure	7,258,323	7,636,052
Audit Fee	2,631,890	1,750,690
10% Profit Share Staff (RPC Agreement)	14,065,709	14,065,709
Dividend / Lease rental payable to Treasury	30,494,412	30,000,000
	<u>104,793,235</u>	<u>121,213,233</u>

19. REVENUE

19.1 Summary

	2018 Rs.	2017 Rs.
Coconut	255,388,735	456,057,482
Copra	35,924,637	60,121,452
	291,313,372	516,178,934

19.2 Segment Information

Geographical Segment Results

		</							

Other Income and Gain Unallocated Expenses Finance Cost Finance Income Profit before Income Tax Income Tax Expenses **Net Profit for the Year** **As at 31st December,**

	74,728,737	59,159,259
	(86,058,557)	(123,032,134)
	(35,847,724)	(33,697,488)
	15,198,069	18,410,880
	(35,178,696)	126,414,733
	2,876,786	(44,968,495)
	(32,301,910)	81,446,237

Segment Assets

Non Current Assets	543,664,162	519,845,014	566,797,834	525,783,256	10,396,587	16,461,361	1,120,858,583	1,062,089,630
Current Assets	47,278,200	48,009,818	34,291,336	31,349,330	102,896,559	214,320,513	184,466,095	293,679,661
Total Assets	590,942,362	567,854,831	601,089,170	557,132,586	113,293,146	230,781,874	1,305,324,678	1,355,769,291

Segment Liabilities

Non Current Liabilities	38,946,890	40,090,961	42,497,359	41,563,133	208,396,814	205,454,137	289,841,062	287,108,231
Current Liabilities	23,807,451	34,159,050	27,167,014	26,599,976	56,126,312	60,026,156	107,100,777	120,785,182
Total Liabilities	62,754,340	74,250,011	69,664,373	68,163,109	264,523,126	265,480,293	396,941,840	407,893,413

20. OTHER INCOME AND GAINS

	2018 Rs.	2017 Rs.
Amortization of Grant	384,524	395,563
Profit from Livestock Project (Note 20.3)	2,260,419	(10,916,423)
Gain (Loss) arising from changes in fair value less cost to sell consumable Biological assets	12,642,200	20,486,923
Coconut Palms	17,647,958	16,884,139
Coconut Husks & Shells	29,160,735	22,910,315
Penalty on delay payment and removal of coconut	2,857,649	5,108,319
Seedlings & nursery plant (Note 20.4)	1,332,816	2,398,719
Paddy	2,368,502	2,088,002
Fire wood	1,722,123	1,890,789
Cashew (Note 20.1)	(2,214,471)	(5,157,554)
Other Intercrop (Note 20.2)	1,309,779	2,083,808
Desalting Tank (sale of Mud soil)		(67,000)
Other	5,256,503	1,053,660
	74,728,737	59,159,259

20.1 Cashew

Cashew Sale	23,896,490	23,156,273
Cost of Sale	(26,110,961)	(28,313,827)
Profit/(Loss)	(2,214,471)	(5,157,554)

20.2 Other Intercrop Income

Dragon Fruit	1,622,970	1,811,085
Pineapple	215,877	113,634
Pepper	228,620	177,600
Cinnamon	685,690	1,300,680
Rambuttan	370,000	946,000
Pomegranate	21,425	
	3,144,581	4,348,999
Cost of Sales		
Dragon Fruit	679,049	830,269
Pineapple	77,246	138,835
Pepper	328,215	451,855
Cinnamon	538,163	622,306
Rambuttan	197,592	221,926
Pomegranate	14,538	
	1,834,803	2,265,191

Net Income	1,309,779	2,083,808
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20.3 Profit from Livestock Project

Total income on Dairy livestock project	8,130,177	8,029,758
Cost of Sale	(10,644,730)	(13,908,178)
Gain/loss on fair value	737,300	(5,664,500)
	(1,777,253)	(11,542,920)
Profit from other livestock		
Total income on Dairy livestock project	3,864,834	3,713,953
cost of Sale	(4,312,092)	(3,087,455)
Gain/ loss on fair value	4,484,930	
	4,037,672	626,497
Total profit from livestock project	2,260,419	(10,916,423)

20.4 Seedlings & Nursery Plant

Income	3,051,012	7,097,899
Cost of Sale	(1,718,196)	(4,699,180)
	1,332,816	2,398,719

21. FINANCE INCOME

Interest on Fixed Deposits	11,554,045	12,258,517
Interest on Treasury bill/REPO	2,165,643	4,607,270
Interest income on Savings Account	176,908	309,802
Interest on Loan given to Staff	590,294	584,974
Unwinding of Pre-paid Staff Benefits	711,180	650,317
	15,198,069	18,410,880

FINANCE COST

Land & Buildings (JEDB) Variable Lease Rental to PMD(MPI) Treasury	30,804,154	28,622,222
Lands & Buildings (JEDB) Lease Rental Interests to PMD(MPI) Treasury	4,289,210	4,374,548
Bank Charges	43,180	50,401
Amortization of Staff Cost	711,180	650,317
	35,847,724	33,697,488
Net Finance Income (Expenses)	20,649,655	15,286,608

22 PROFIT BEFORE TAX IS STATED AFTER CHARGING

Depreciation

- Leasehold Right to bare land	2,688,722	2,688,722
- Immovable Leased Assets	66,853	474,308
- Freehold Property, Plant and Equipments	19,570,932	21,002,926
- Biological Assets	11,853,178	10,400,420
Directors Remuneration	4,005,101	4,645,840
Auditors Remuneration	869,200	869,200
Defined Benefit Plan Costs	19,179,192	13,087,747
Defined Contributions Plan Costs - EPF & ETF	27,566,420	26,491,618
Salaries & Wages	197,402,103	186,412,836
Employees' 10% Profit Share	-	11,192,570
	283,201,701	277,266,186

23. INCOME TAX EXPENSE

23.1 The major components of income tax expenses for the year ended 31 December 2018 are as follows.

Current Tax Expenses

Current Income Tax (Note 23.2)	-	3,177,281
Over provision of previous year Income Tax	-	2,316,333
Deferred taxation Charges / Provision	(2,876,786)	39,474,881
Income tax expense reported in the Income statement	(2,876,786)	44,968,495

23.2 Reconciliation Between Tax Expenses and the Product of Accounting Profit

	2018 Rs.	2017 Rs.
Profit before tax	(35,178,696)	126,414,733
Aggregate disallowable items	49,300,689	60,919,511
Aggregate allowable items	109,690,437	161,672,151
Adjusted Business profit / (Loss)	(95,568,444)	25,662,093
Interest Income	-	17,175,589
Statutory Income	-	42,837,682
Less: Qualifying Payment		
Deductions U.S 32	-	(14,993,189)
Taxable Income	-	27,844,493
Tax on Taxable Income at Special Rate 10%	-	2,566,209
Standard Rate - 28% (2016 - 28%)	-	611,072
Current Income Tax Expenses	-	3,177,281

24. EARNINGS PER SHARE

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

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

Amounts used as the Numerator :

	2018 Rs.	2017 Rs.
Net profit applicable to ordinary share holders for basic earnings per share	(32,301,910)	81,446,237
	(32,301,910)	81,446,237

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

	(1.62)	4.07
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25. 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. RELATED PARTY DISCLOSURES

Details of significant Related Party Disclosures are as follows.

26.1 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

	2018 Rs.	2017 Rs.
Salaries and other Employment Benefits	4,005,101	4,645,839.91

26.2. Related Party Transactions

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

27. COMMITMENTS AND CONTINGENCIES

27.1 Capital Commitments

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

27.2 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

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 Superintendent claiming re-employment.	Matter is pending.
3. 28/2052/14 Labour Tribunal Chilaw	Mr. B.M.S.S. Balasooriya a former Asst. Superintendent 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 Status Court Colombo	Mr. Anuruddha Dissanayaka – Superintendent claiming damages on his interdiction.	Matter is pending.
6. SC/FR/364 Status Court Colombo	A. A. Ananda, G A Dissanayaka, M.G.C. Dias and 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.N.D Rajapaksha claiming payment of arrears for Rs. 1250/=.	Matter is pending.
8. IR/com/01/W/2016/21 Labour Department Narahenpita	Mr. S.L.J Paththinige a former Asst. Superintendent claiming for establishment of prescribed salary scale and relevant arrears.	Matter is pending.
9. IR/com/2016/133 Labour Department Narahenpita	Mr. S.K.D. Gunawardana a former Superintendent claiming for relief from punishment and for benefits of the assigned post.	Matter is pending.
10. CHW/101/C/2016 Chilaw Labour Office	Mr. M. M. Merly a Manager Estates claiming salary increments.	Matter is pending.
11. 28/2334/18/නල Labour Tribunal Chilaw	Mr. Peduru Appuhami former watcher claiming re employment	Matter is pending.

CHILAW PLANTATIONS LTD
Notes to the Financial Statements
For the Year ended 31st December, 2018

Case No	Description	Present Status
12. 350/RE Marawila	Kahatawila B - Land Case	Matter is pending.
13. SPL 2913 Negombo	Katana Pradesheeya Sabawa Filed a case to find land owner, CPL or LRC	Matter is pending.
14. A/18/2018	Ceylon Estate Staf Union claiming permanency of employment and arrears	Matter is pending.
15. A/19/2018	Ceylon Estate Staf Union claiming permanency of employment and arrears	Matter is pending.
16. CHW/78/C/4/20187.	Mr. A. Dissanayake Suptd. Payment of a special Allowance of Rs. 5,000/- for covering duties / Over Looking	Matter is pending.
17. CHW/133/C/4/4/2018	Mr. G.M.A Karunathilake a former Suptd. Claiming payment arrears and placement of correct salary scale	Matter is pending.

CHILAW PLANTATIONS LTD
Notes to the Financial Statements
For the Year ended 31st December, 2018

	Notes	2018 Rs.	2017 Rs.
REVENUE	(i)	291,313,372	516,178,934
COST OF SALES	(ii)	(294,512,592)	(310,604,719)
GROSS PROFIT		(3,199,221)	205,574,215
OTHER INCOME	(iii)	74,728,737	59,159,259
ADMINISTRATIVE EXPENSES	(iv)	(85,081,594)	(110,679,954)
OTHER EXPENSES	(v)	(976,963)	(12,352,180)
IMPAIRMENT LOSS ON FINANCIAL ASSETS		-	
FINANCE COST	(vi)	(35,847,724)	(33,697,488)
FINANCE INCOME		15,198,069	18,410,880
PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION		(35,178,696)	126,414,733

	2018 Rs.	2017 Rs.
(i) REVENUE		
Coconut	255,388,735	456,057,482
Copra	35,924,637	60,121,452
	291,313,372	516,178,934
(ii) COST OF SALE		
General Charges	168,813,997	155,233,227
Field Work & Cultivation	63,134,448	69,716,361
Harvesting	43,733,983	46,717,663
Manufacture	8,200,022	9,778,072
Transport	596,419	813,501
Other Expenses	5,169,646	5,857,143
Cost Of Production	289,648,513	288,115,967
Opening Stock Adjustment	33,429,189	55,917,942
Closing Stock Adjustment	(28,565,110)	(33,429,189)
	294,512,592	310,604,719
(iii) OTHER INCOME		
Amortization of Grant	384,524	395,563
Profit from Livestock Project	2,260,419	(10,916,422.93)
Gain/(Loss) arising from changes in fair value less cost to sell -Consumable Biological assets	12,642,200	20,486,923
Coconut Palms	17,647,958	16,884,139
Coconut Husks & Shells	29,160,735	22,910,315
Penalty on delay payment and removal of coconut	2,857,649	5,108,319
Seedlings & nursery plant	1,332,816	2,398,719
Paddy	2,368,502	2,088,002
Fire wood	1,722,123	1,890,789
Cashew	(2,214,471)	(5,157,554)
Other Intercrop	1,309,779	2,083,808
Desalting Tank (sale of Mud soil)		(67,000)
Other	5,256,503	1,053,660
	74,728,737	59,159,259

	Year Ended 2018 Rs.	Year Ended 2017 Rs.
(iv) ADMINISTRATIVE EXPENSES		
PERSONAL DIRECT EXPENDITURE		
Directors (Chairman, ED, WD) & Executive Staff Salaries/Allowances	17,546,777	18,227,954
Clerical & Other Staff Salaries & Allowances	20,717,594	19,696,895
Attendance Incentives	51,875	50,050
Retiring Gratuity	1,111,960	1,129,701
Over Time	1,549,262	803,742
Travelling & Subsistence	333,412	312,937
Employee transport		
Payment for Unutilized Annual Leave for Retired Officers	80,009	48,965
	41,390,890	40,270,242.94
PERSONAL INDIRECT EXPENDITURE		
Staff Welfare	2,325,248	3,421,180
Staff Uniform	131,035	153,440
Sorts expenses	80,000	
Non Executive Medical Scheme	1,071,955	882,937
Directors (Chairman, ED, WD) , Executives Bungalow Expenses	11,005,643	11,898,348
Staff Quarters Maintenance	26,366	139,952
Canteen Expenses	367,943	402,259
	15,008,190	16,898,115.24
OFFICE EXPENDITURE		
Electricity	788,728	984,087
Postage & Telegram	130,852	141,613
Telephone	608,549	651,398
Rates Assessment Tax and water	177,672	217,248
Building Upkeep	2,684,086	2,665,739
Equipment Upkeep	428,847	413,059
Computers Expenses	243,575	203,228
Furniture & Fitting Upkeep A/C	9,468	
Conference Expenses	267,683	146,126
Printing & Stationery	849,383	878,977
Book, Periodicals and News Papers	23,590	29,740
Supervisory Field Vehicles-Fuel Costs	3,485,155	3,322,450
Supervisory Field Vehicles - Other Costs (Repairs & Maintenance)	4,632,030	7,112,959
Legal Expenses (Labour Tribunal, Lands)	2,258,029	2,197,541
Professional & Technical Consultancy Fees	706,093	1,208,132
Audit Fees	120,000	120,000
Insurance (Field Vehicles, Buildings, Medical)	2,727,437	2,469,999
Entertainment (Estate Field Progress Reviews, Workshops, Meetings)	294,176	180,997
Paper Advertisement (Papers - Procurements, Tenders, Recruitments)	83,810	436,204
Sundry Expenses	57,145	106,061
Junior Executive Development Program (NIPM, Workshops)	158,395	39,275
Business Promotion & CSR (Estate Temple, Kovil, Church, Schools)	1,061,736	1,689,967
Staff & Labour Performance Incentives	-	15,167,623
Subscription	22,000	48,050
Office Notification	-	7,500
	21,818,437	40,437,970.41

	Year Ended 2018 Rs.	Year Ended 2017 Rs.
(iv) ADMINISTRATIVE EXPENSES		
OFFICE EXPENDITURE (Contd...)		
Depreciation	4,516,384	10,554,251
Colombo Office Expenses / Building Rent	1,718,822	1,557,152
Other Board Meeting Expenses (Fees, Refreshments)	628,871	962,222
	6,864,077	13,073,626
Grand Total	85,081,594	110,679,954
(v) OTHER EXPENSES		
10% Profit Share Provision		11,192,570
Previous year Estate Adjustments (Gratuity Adjustment)	976,963	1,159,610
	976,963	12,352,180
(vi) FINANCE COSTS		
Lands & Buildings (JEDB) Lease Rental Interests to PMD(MPI) Treasury	4,289,210	4,374,548
Land & Buildings (JEDB) Variable Lease Rental to PMD(MPI) Treasury	30,804,154	28,622,222
Amortization of Staff Cost	711,180	650,317
Bank Charges	43,180	50,401
	35,847,724	33,697,488

Ten Year Summery

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Coconut Production Nuts '000	8,132	11,651	16,522	12,517	12,969	9,595	15,808	14,528	18,256	18,632

Trading Results	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Revenue	291,313	516,178	383,090	399,366	374,851	287,152	339,051	322,909	422,668	312,687
Gross Profit	(3,199)	205,574	148,707	148,748	152,726	112,890	123,733	163,228	172,166	115,805
Profit Before Interest and Tax	669	160,112	117,454	119,909	(31,966)	108,989	111,209	118,969	136,608	141,201
Profit Before Tax	(35,179)	126,415	84,817	88,293	(61,273)	81,820	86,225	95,771	114,163	120,693
Profit After Tax	(36,642)	82,149	70,764	81,444	(61,680)	72,919	77,975	77,670	75,256	98,097
Reserves	708,382	747,875	695,727	654,963	543,862	625,542	587,623	584,648	585,895	510,639
Dividend Paid			30,000	30,000		20,000	35,000	75,000	-	75,000
Dividend Total	456,650	456,650	456,650	426,650	396,650	396,650	376,650	341,650	266,650	266,650

Financial Position

Fixed Assets	1,120,859	1,062,090	978,182	886,295	792,832	737,497	602,610	560,326	483,117	436,721
Mature / Immature Plantations	870,102	802,088	728,533	653,072	581,618	502,826	410,033	354,712	326,048	287,333
Current Assets	184,466	296,327	300,494	256,882	233,545	356,230	454,231	519,019	627,829	496,056
Total Asset	1,305,325	1,358,416	1,278,676	1,143,177	1,026,377	1,093,727	1,056,841	1,079,345	1,110,946	932,777
Inventories	56,610	58,754	100,759	47,613	73,432	71,398	82,606	94,295	28,526	44,770
Short Term Investment - Fixed Deposit	80,625	190,312	140,868	152,646	113,276	128,996	199,377	244,814	409,727	387,174
Current Liabilities	107,101	123,432	134,591	54,740	57,100	45,452	60,149	90,605	127,215	60,125
Long term Liabilities	289,841	287,108	248,358	233,474	225,414	222,734	209,070	204,092	197,836	162,012
Stated Capital	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Shareholders' Funds	908,382	947,876	895,727	854,963	743,861	825,542	787,623	784,648	785,895	710,639

Current Ratio (Times)	1.72	2.40	2.23	4.69	4.09	7.84	7.55	5.77	4.94	8.25
Quick Rattio (Times)	1.19	1.92	1.48	3.82	2.80	6.27	6.18	4.69	4.71	7.51
Gross Profit Ratio %	(1.10)	39.83	38.82	37.25	40.74	39.31	36.49	44.71	40.73	37.04
Earning Per Share Rs.	(1.62)	4.07	3.48	3.93	(3.10)	3.69	3.90	3.88	3.76	4.90
Return on Average Equity (ROE) - %	(3.95)	8.91	8.08	10.19	(7.86)	8.80	9.92	9.86	10.06	14.50
Return on Capital Employed (ROCE) - %	0.06	12.96	10.27	11.02	(3.30)	10.40	11.16	11.97	13.89	16.18
Interest Cover - (times)	(0.41)	4.21	3.60	3.79	(1.09)	3.98	4.45	5.13	6.09	6.89
Shareholders Fund Ratio %	69.59	69.78	70.05	74.79	72.47	75.48	74.53	72.70	70.74	76.19
Debt Ratio	0.30	0.30	0.30	0.25	0.28	0.25	0.25	0.27	0.29	0.24

CHILAW PLANTATIONS LTD

NOTICE OF ANNUAL GENERAL MEETING

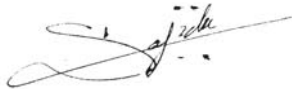
NOTICE IS HEREBY GIVEN that the Annual General Meeting of Chilaw Plantations Limited will be held at Sri Lanka Institute of Development Administration (SLIDA), No. 28/10, Malalasekara Mawatha, Colombo 07 on 19th June 2020 at 2.00 p.m. For the following Purposes.

AGENDA

1. To receive and consider the Statement of Accounts for the year ended 31st December 2018 with the Report of the Directors and Auditors thereon.
2. To appoint Auditor General's Department as Auditor of the company for year 2019.
3. Deciding the final Dividend for the year 2018

BY ORDER OF THE BOARD

CHILAW PLANTATIONS LIMITED



CORPORATE ADVISORY SERVICES (PVT) LTD

SECRETARIES - CHILAW PLANTATIONS LTD

Date 24.02.2020

NOTES

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

CHILAW PLANTATIONS LTD

FORM OF PROXY

I/We the undersigned.....
of

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

- | | |
|----------------------------------|----------------|
| 1. Mr. R.W.M.J.S.R. Perera | or falling him |
| 2. Mr. H.G. Sumanasinghe | or falling him |
| 3. Mrs. Aruni Shanika Ranasinghe | or falling her |
| 4. Mr. N.K.K. Rajasinghe | or falling him |
| 5. Mr. O.P.K. Pathirana | or falling him |
| 6. Mr. Ajantha Munamale | 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 19th June 2020 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 2018 with the Report of the Directors and Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To appoint Auditor General's Department as Auditor of the company for year 2019.	<input type="checkbox"/>	<input type="checkbox"/>
3. Deciding the final Dividend for the year 2018.	<input type="checkbox"/>	<input type="checkbox"/>

Signature of Shareholder's:.....

Shareholders NIC No:.....

Signed this day of2020

INSTRUCTIONS AS TO COMPLETION

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

CORPORATE INFORMATION

Name of the Company	:	Chilaw Plantations Limited (CPL)
Head Office	:	'Kapruka Sewana', No 165, Puttalam Road, CHILAW. 61000.
Colombo City Office:	:	J.R.Jayawardana Center No. 191, Dharmapala Mawata, Colombo 07.
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 as at 20th February 2020

Mr. R.W.M.J.S.R. Perera	-	Chairman / CEO
Mr. H.G. Sumanasinghe	-	Director (Treasury Representative)
Mrs. Aruni Shanika Ranasinghe	-	Director (Ministry Representative)
Mr. N.K.K. Rajasinghe	-	Director
Mr. O.P.K. Pathirana	-	Director
Mr. Ajantha Munamale	-	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

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