

Annual Report **2019/20**

CINNAMON
GARDEN



MAHAWELI COCONUT PLANTATIONS PLC



Our Plantation



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Overview



Historical Background

Mahaweli Coconut Plantations PLC (MCPPLC) is a Limited Liability Company domiciled in Sri Lanka incorporated on 29 October 1996 under the Companies Act No.17 of 1982 and was re-registered on 6 February 2008 under the Companies Act No. 7 of 2007. The Company was listed on the Diri Savi Board of the Colombo Stock Exchange (CSE) on 3rd June 2019 and was the first purely Coconut Plantation Company to be listed on the Stock Exchange.

In the mid Nineties, a Group of Entrepreneurs who were involved in desiccated coconut processing industry had the foresight to observe that the country could face a severe shortage of coconuts in the future as there was no national level strategy for development of plantations. Such timely thinking brought about some fruitful dialogue with the policy makers who were wise enough to recognize the need of the hour and to set up a Company to undertake a mega plantation project using uncultivated land in Mahaweli zone (A leasehold land with an extent of 551.38 Hectares located in Pimburettewa, Aralaganwila in Polonnaruwa District, where the lease term is ending in November 2028).

Although the original intention was to set up a private-public joint venture, it finally turned out to be a limited liability Company incorporated under the blessings of the Government, whose capital was generated from a fund created by a contribution from a special levy collected from all desiccated coconut manufacturers. Accordingly, such levy collected at the point of export were released to MCPPLC through the Coconut Development Authority with the details of such manufacturers, which formed the share capital of MCPPLC and those manufacturers became shareholders of the Company in proportion to their export volumes.

Current Business Activities

Presently MCPPLC is harvesting an annual crop of 04 Million to 05 Million coconuts which are being sold to Sri Lankan companies for manufacture of Desiccated Coconuts, Coconut Cream, Coconut Milk and Coconut Water solely for export purposes. Teak trees which were planted as wind breakers are now growing satisfactorily and expect to be harvested in stages commencing from 2021.

Further, the Company has invested in cash crops during the early period. The Company having achieved success in the experimental Cinnamon Plantation is now looking forward to expand the area under Cinnamon.

The Objects for which the Company is established are:

- ◇ To take over land and building on lease or on any other mode from the Mahaweli Authority.
- ◇ To take over all rights powers privileges and interest arising out of the properties
- ◇ To cultivate, grow, produce coconut and all types of agricultural produce, plants, trees, bushes and crops; and to carry out any research or developmental projects or operations in connection therewith
- ◇ To rear, breed and farm livestock and any other living organisms.
- ◇ To improve, manage, develop, make use of and in any manner whatsoever exploit land, other movable property, resources of land, water resources, wind power and solar power.
- ◇ To market, sell, distribute and export the products of the Company

Achievements during the past 24 years:

Since its incorporation in 1996, MCPPLC had been successful in developing over 1,300 acres of bare land in to a fully- fledged coconut plantation, making it one of the biggest in its kind (if not the biggest) in Sri Lanka. The Company records a mark of appreciation to its past and present members of the Board of Directors under the guidance of the Founder Chairman Mr. Sunil Watawala, for all such achievements.

One biggest challenge faced by the Company is securing sufficient water for plantation areas, since the Mahaweli lands are situated in the dry zone where the rainfall is scarce. Considerable sums had to be spent on different irrigation systems to supply sufficient water to the plants. The management of MCPPLC has made history by successfully facing the challenge of water scarcity by introducing a “drip irrigation system” with the consultation of an Israeli Company, which already had the technology in place, experts visited the project and introduced drip irrigation systems to major part of the plantation, which is the first of its kind in Sri Lanka.

Being a hardship location, retaining quality manpower had also been a challenge to the management. Despite all such hardships MCPPLC had been successful in reaching its targets.

In November 2019, as a recognition and testament to the Company's dedication, efforts and hard work towards the betterment of coconut cultivation in Sri Lanka, Mahaweli Coconut Plantations PLC was awarded the second place for the Best Mahaweli Entrepreneur in the Agriculture Sector, Large Category at the inaugural Mahaweli Entrepreneur's Presidential Awards Ceremony 2019.





Corporate Information

Name of the Company	Mahaweli Coconut Plantations PLC																						
Legal Form	Public Limited Liability Company up to 02.06.2019 & a Public Listed Company from 03.06.2019																						
Date of Incorporation	29 th October 1996																						
Registered Office	No. 1/82, Kimbulapitiya Road, Bolawalana, Negombo																						
Contact Nos.	Tel :031-4924553/031-4936163, Fax:031-2233304, E mail : mcpl@sltnet.lk																						
Company Registration Number	P B 191 PQ																						
Date, Place and Authority of Incorporation	A Limited Liability Company incorporated in Sri Lanka on 29th October 1996 under the Companies Act No.17 of 1982 and re-registered on 6th February 2008 under the Companies Act No. 7 of 2007 and a public listed Company from 03.06.2019.																						
Directors	<table> <tr> <td>Mr. S.D.W. Asitha Gunasekera</td><td>Chairman, Non- Executive Non-Independent Director</td></tr> <tr> <td>Mr. J. F. Fernandopulle</td><td>Managing Director, Executive Non-Independent Director</td></tr> <tr> <td>Mr. S.J. Watawala</td><td>Non – Executive Non- Independent Director</td></tr> <tr> <td>Mr. S. D. Senerath Gunasekera</td><td>Non – Executive Non- Independent Director</td></tr> <tr> <td>Mr. G. J. L. Neomal Perera</td><td>Non – Executive Non- Independent Director</td></tr> <tr> <td>Mr. A.J. Shamendra Jayakody</td><td>Non – Executive Non- Independent Director</td></tr> <tr> <td>Mr. M.D.J.P. Nilantha Perera</td><td>Non – Executive Non- Independent Director</td></tr> <tr> <td>Prof. T.S. Gamini Fonseka</td><td>Non- Executive Independent Director</td></tr> <tr> <td>Mr. M. A. C. H. Munaweera</td><td>Non- Executive Independent Director</td></tr> <tr> <td>Mr. N.A. Lalith Cooray (Appointed on 16.12.2019)</td><td>Non- Executive Independent Director</td></tr> <tr> <td>Mr. N.B.Weerasekera (Resigned on 16.12.2019)</td><td>Non- Executive Independent Director</td></tr> </table>	Mr. S.D.W. Asitha Gunasekera	Chairman, Non- Executive Non-Independent Director	Mr. J. F. Fernandopulle	Managing Director, Executive Non-Independent Director	Mr. S.J. Watawala	Non – Executive Non- Independent Director	Mr. S. D. Senerath Gunasekera	Non – Executive Non- Independent Director	Mr. G. J. L. Neomal Perera	Non – Executive Non- Independent Director	Mr. A.J. Shamendra Jayakody	Non – Executive Non- Independent Director	Mr. M.D.J.P. Nilantha Perera	Non – Executive Non- Independent Director	Prof. T.S. Gamini Fonseka	Non- Executive Independent Director	Mr. M. A. C. H. Munaweera	Non- Executive Independent Director	Mr. N.A. Lalith Cooray (Appointed on 16.12.2019)	Non- Executive Independent Director	Mr. N.B.Weerasekera (Resigned on 16.12.2019)	Non- Executive Independent Director
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Secretary	Mr. K. A. Lakshman Rupasinghe FCA No. 06, Balahenamulla Lane, Kirulapone, Colombo 06																						
Auditors	Kreston MNS & Co Chartered Accountants 1st & 2nd Floors Advantage Building, 74 A, Dharmapala Mawatha, Colombo 07.																						
Lawyers	Paul Ratnayake Associates International Legal Consultants, Solicitors and Attorneys-at-Law No.59, Gregory's Road, Colombo 07.																						
Bankers	Commercial Bank of Ceylon PLC Seylan Bank PLC Peoples Bank																						





Financial Highlights

		2019/20	2018/19	% Change
Earnings Highlights				
Revenue	Rs	179,757,448	158,697,141	13%
Gross Profit	Rs	46,953,392	71,535,554	(34%)
Profit from Operations	Rs	22,863,737	103,707,207	(78%)
Profit before Tax	Rs	32,377,892	119,724,180	(73%)
Tax Expense	Rs	3,511,719	(16,901,734)	(121%)
Profit after Tax	Rs	35,889,611	102,822,446	(65%)
Dividends	Rs	(50,748,428)	(93,038,785)	(45%)
Retained Earnings	Rs	144,273,090	173,134,237	(17%)
Financial Position Highlights				
Total Assets	Rs	658,254,424	706,653,545	(7%)
Total Debt	Rs	33,261,930	14,910,480	123%
Total Shareholders Fund	Rs	547,447,591	547,212,973	0%
No. of Shares in Issue	Nos	34,996,115	33,832,285	3%
Cash Flows Highlights				
Operating Activities	Rs	41,590,799	86,880,622	(52%)
Investing Activities	Rs	35,196,920	(43,170,782)	181%
Financing Activities	Rs	(80,986,889)	(36,017,960)	(125%)
Net increase /(decrease) in Cash & Equivalents	Rs	(4,199,170)	7,691,880	(155%)
Cash & Cash Equivalents at the end	Rs	30,711,712	34,910,882	(12%)
Key Indicators per Ordinary Share				
Earnings per Share	Rs	1.04	3.04	(66%)
Net Assets per Share	Rs	15.64	16.17	(3%)
Dividend per Share	Rs	1.50	2.75	(45%)
Closing Market Price per Share	Rs.	17.20	-	-
Key Ratios				
Gross Profit to Turnover	%	26%	45%	(42%)
Operating Profit to Turnover	%	13%	65%	(80%)
Interest Cover	Times	5	64	(92%)
Return on Equity (ROE)	%	7%	19%	(63%)
Return on Assets	%	5%	15%	(66%)
Dividend Cover	Times	0.69	1.11	(36%)
Debt/Equity (Book Value)	%	6.07%	2.72%	123%
Equity/Asset	%	83.17%	77.44%	7%
Debt/Asset	%	5.05%	2.11%	139%
Dividend Payout Ratio	%	144%	90%	55%
Current Ratio	Times	9.74	3.14	210%
Quick Asset Ratio	Times	9.15	2.69	240%
Non-Financial Highlights				
Plantation Sector Highlights				
Yield per hectare	Kg/ha	8,271	9,928	(17%)
Average price per nut	Rs.	28.81	36.94	(22%)
Stand per Hectare	Tree/ha	150	150	-
Nuts per Palm	Nuts/Tree	55	66	(17%)





Chairman's Message

Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report of Mahaweli Coconut Plantations PLC (MCPPLC) for the year ended 31 March 2020.

This has been an extraordinarily difficult year for all our shareholders due to conditions created by COVID 19. Therefore, the Board of Directors has decided to recommend the maximum possible dividend that the Company is able to pay prudently. We are pleased to report that despite lower coconut prices during the last financial year and the consequent drop in profitability, the Board of Directors are able to recommend a dividend of Rs.1.50 per share. Additionally, the shareholders have gained confidence with the management of MCPPLC and the share price has increased steadily.

Company and Industry Performance

As anticipated in my report last year, the financial year 2019/2020 was indeed a challenging one due to lower price of coconuts. An increase of 22% in the average coconut price compared to the previous year combined with a decline of 17% in the crop have had a significant negative impact on the Company profitability during the year.

Notwithstanding the above, our Key Performance Indicators (KPIs) remain best in the trade, and we continue to set the standard for the other coconut plantations. We consider it a social responsibility to help and guide all other coconut plantations to emulate our management techniques. In doing so, we also fulfil our main objective of providing coconuts for the coconut processing industry.

Due to issues related to COVID19, fertilizer has not been freely available in the country. This will have a major impact on the entire agriculture sector in Sri Lanka. We have used the available resources prudently and managed fertilizing until now. However, if the scarcity persists this will be a hindrance to our plantation.

Compliance and Risk Management

The Board maintains oversight of the strategic and operational affairs and the management of strategic and operational risks across the Company. The Board is committed to excellent corporate governance and conducts monthly Board meetings where operational and strategic matters are discussed and decisions taken in the best interests of the Company. Our Directors have considerable knowledge and experience of the plantation sector and bring other relevant experience to the Board to assist the Company in achieving its strategic goals. We follow and comply with the prescribed governance codes and standards.

Future Prospects

We could not launch the coconut husk processing project as planned during the past financial year due to the COVID19 crisis. However, we are determined to complete it this year. We are looking at the possibilities of collaborating with a strong partner for value added husk processing and marketing.

In addition, we are also looking at expanding our cinnamon and ginger plantations and plan to harvest some of the teak trees this year. Our main strength has been our management and irrigation system. We will continue to strengthen the irrigation techniques using more efficient and cost-effective methods.

We expect Year 2020/21 to be a strong one for MCPPLC due to higher average price of coconuts.

Conclusion

I take this opportunity to record the resignation of our Audit Committee Chairman, Mr. N.B. Weerasekera with effect from 16th December 2019. On behalf of the Board of Directors, I thank Mr. N.B. Weerasekera for his services and contributions to the Company during his tenure of office and wish him well in the future.

I also wish to welcome Mr. N.A. Lalith Cooray who joined us from 16th December 2019 in to our Board.

Last but not the least, I wish to express my sincere gratitude to my fellow Directors for their support and guidance. I commend Mr. J.F. Fernandopulle for his leadership in steering the Company to be the industry leader. I am sure the Board of Directors and the entire MCPPLC team will push the performance of this Company to greater heights. I wholeheartedly thank the MCPPLC team for their commitment and hard work. Finally, my utmost gratitude is extended to our shareholders for the trust placed in us.

Thank you

Mr. S.D.W Asitha Gunasekara

Chairman

18th September 2020





Managing Director's Message

Dear Shareholders,

The year under review was a very difficult year for our Company. The severe drought that prevailed in the North Central Province and the limitations placed on water supply by Mahaweli Authority had a very adverse effect on our performance. The very low coconut prices till about October 2019 further affected our profits. Needless to mention the Covid 19 situation too had its effects adversely.

Coconut

In the year 2019/20 our crop was 4,523,200 against 5,429,150 in the previous year, which was a drop of 16.68%. The main reason for the drop was the extremely unfavourable weather conditions and water restrictions by Mahaweli Authority in the year 2019. Unfortunately, in addition to the drop in the yield the average price per nut dropped from Rs. 36/94 to Rs. 28/81. The drop in profit due to this price decrease was around Rs.36 million. However, it must be mentioned that our yield of 55 nuts per tree was very satisfactory and is well above the national yield per tree.

Teak Plantation and Other Crops

The Teak Plantation continues to grow satisfactorily and we are hoping to harvest 1832 trees during the current year, subject to approval from authorities being received on time. During the year we lost 88 trees due to animal attacks and wind damages. The valuation of Teak trees was discounted on account of Covid 19 situation. The value as at 31st March 2020 was Rs. 145,173,600 which if valued under normal rates would have been Rs. 169,200,000.

Our pilot project on Cinnamon is successful and we hope to increase the area under cultivation during the year. The first stage of harvesting will be carried out shortly.

The Cashew Plantation is growing satisfactorily and based on its results we would increase the area under cultivation in future. Our other crops such as Ginger, Betel, Gliricidia and Paddy were pursued in small scale. Now that the Government policies are encouraging towards local agriculture, we have already increased the area under ginger cultivation and hope to commence planting of turmeric as soon as possible.

Weather

Last year, in our report we mentioned that we were going through a very severe drought in Aralaganwila area and if we do not receive rains on time it would have negative effects in our crop in latter part of 2019 and early part of 2020.

Unfortunately, we did not receive satisfactory rain till October. In fact the total rainfall from January to September 2019 (9 months) was 361 mm against the normal annual rainfall figure of 1600 to 1700mm. The water restrictions placed by Mahaweli Authority too affected us very badly.

We are happy to inform you that in 2020 up to August we have received a total rainfall of 663 mm. Last year during the similar period the rainfall was 280 mm. With the improved rainfall in the current year, we are confident our crops in 2021 will return to normal levels.

Our Outlook

With improved rain fall in 2020 and favourable Government Policies towards agriculture we could look forward to a better performance in the coming year. We have identified improvements in our drip irrigation system and is being currently installed on a trial basis.

The clearing of jungles have resulted in elephants roaming in the area. This problem has been on the increase over the years. Therefore, it would be necessary for the Authorities to find a permanent solution to this as it affects not only the Plantations but human lives as well. We have already installed 4 kms of elephant fence and hope to increase the area in the future.

Even though, our proposed project with Eura Substrate (Pvt) Ltd. to sell our excess husks for manufacture of value added products did not get off due to Covid 19, we hope to revive the husk project as soon as possible.

Dividends

We always value the interest of the shareholders and have proposed a final dividend of Rs.1/50 for year ended 31.03.2020 costing Rs. 52,494,172/50 which is in spite of our profits declining to Rs. 36,382,836. We have made use of our reserves to meet the shortfall and also are confident of better financial results in 2020/21 to set off the deficit.

Acknowledgement

I would like to express my appreciation to our Chairman and my fellow Directors for their valuable contribution and co-operation extended to me during the year.

I wish to convey my gratitude and appreciation to the Manager and the team together with all employees at Aralaganwila and the staff at Head Office for their unstinted support, dedication and commitment.

Mr. J. F. Fernandopulle
Managing Director
18th September 2020





Management Discussion and Analysis

OPERATING ENVIRONMENT AND OPERATIONAL REVIEW

Ours is the first Company to engage in coconut plantation in the dry zone. Coconut is traditionally grown in the coconut triangle where the weather conditions are suitable for coconut plantation. The dry zone does not get sufficient rain fall and higher temperature that prevails is not friendly towards coconut cultivation. However this project was initiated on the understanding that water would be provided from Mahaweli for us to meet the requirements. Our plantation is situated in Irrigable uplands which are not suitable for paddy cultivation.

In the year under review the dry zone experienced a severe drought from January 2019 to September 2019 where we received only 361mm of rain fall. During this period water became very scarce and the Mahaweli Authority limited the water supply to all plantations including paddy. The higher temperature together with lack of sufficient water affects the coconut trees adversely. Sometimes trees perish (die) due to prolonged drought even in Puttalam and Kurunegala Districts. In the year 2019 we have very sparingly used the water and ensured that all our trees survived the drought. However the yield in the latter part of 2019 and early part of 2020 was affected adversely.

The world wide campaign against the coconut as it is harmful to health spread by the competitors, has now failed and on the contrary, coconut is now considered as a healthy food and is considered to have medicinal value as well. New products such as coconut water, virgin oil, coconut cream and milk are in great demand worldwide. Considering this, coconut prices are expected to maintain high levels in the future.

The coconut triangle which received favourable rainfall in 2018 ensured that the yield in 2019 recovered and accordingly, the country achieved a crop of 3,106.4 million in 2019 against 2,623.10 million in 2018. However, Sri Lanka did not take advantage of the global demand for coconut products and prices declined in the year 2019. In the second quarter of the year, prices declined to Rs.18- 20 per nut. In the year 2020, the country's annual crop is expected to be around 2,700 million nuts.

The plantation is experiencing an increase in the elephant problem over the years. The continuous clearing of jungles without addressing to the displacement of elephants would further aggravate this problem in the future. The authorities should strive to find solutions to this at-least in the future. The Company has already constructed an elephant fence and hope to increase the area under cover in the coming year.

Coconut

The Coconut crop was 5,429,150 nuts in 2018/19 against 4,523,200 in 2019/20. The yield was 66 nuts per tree in 2018/19 and 55 in 2019/20. This is much above the average yield in coconut estates in the coconut triangle (wet zone). The crop of 2019/20 was impacted due to the severe drought that prevailed. However, the Company's performance is quite satisfactory in the current year.

Other Crops

Teak

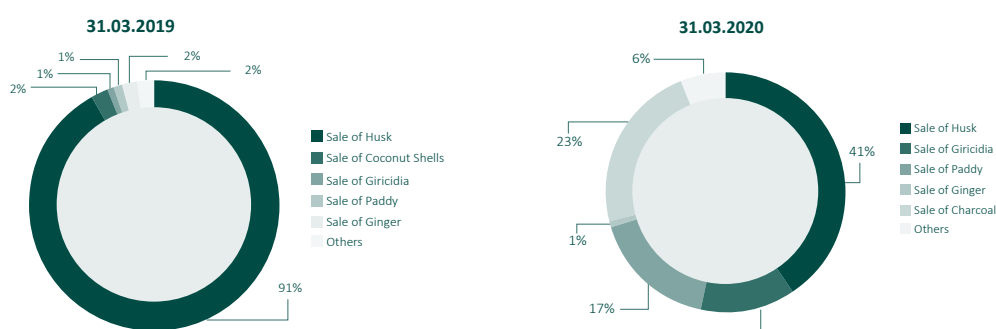
The Company planted teak as a wind breaker in every field and now its reaching harvesting stage. Even though some trees were lost due to animal damage, water logging and drought at present there are 25,398 trees and 1832 trees would be harvested soon subject to statutory approvals.

Other Plantations

From inception our aim was to grow subsidiary crops to generate cash. We started with Bananas for the local market and subsequently planted Bananas for export in collaboration with an Israel Company. Moreover, we started to grow ginger, turmeric, kurakkan... too, in small scale. However, the banana cultivation failed due to high percentage of fruits fast perishing before it reaches the market and hence it was abandoned. The ginger and turmeric which was successful initially had to be abandoned due to slump in prices as a result of excess imports to the country. Nevertheless the pilot projects on cinnamon and cashew are successful.

We have now realized the ideal cultivation for us is cinnamon and cashew as they are not fast perishable items. Since the government policies have now changed in favour of ginger and turmeric cultivation, the cultivations would again be started.

Sri Lanka consumes 1800-1900 million nuts annually in the form of curry nuts .The oil requirement of the country is around 180,000 MT which is equivalent to 1500 million nuts .The export industry has a capacity to absorb 700 million nuts. This leaves a huge shortfall in the requirement of nuts. Sri Lanka meets the oil requirement by importing palm oil as a substitute. The export industry and the local coconut oil industry is in competition to obtain the balance coconuts after the curry nut requirements are met. Considering the above facts and the global demand for coconut product, the prices are expected to maintain satisfactory levels at all times if it is regulated prudently in Sri Lanka.





Management Discussion and Analysis (Contd.)

Financial Review

Financial Performance

Revenue

Mahaweli Coconut Plantations PLC's revenue rose by 13% to Rs.179.76 Mn during the year. Despite the unfavourable weather and climate prevailed during the year and sharp decrease in the coconut price, the Company managed to increase number of coconuts sold during the year by selling off excess inventory held up at the beginning of the year. The revenue consists of coconut and copra sales where the 86% of the total sales is generated from coconut sales. However, for the increase in the total sales, coconut sales contributed only 22.4% while copra sales contributed 77.6%. The reason can be attributed to the increasing demand for oil production.

Further, over the five-year period, the revenue shows an increasing trend. As such, over time, we expect to keep up the momentum and achieve more stability.

Gross Profit

The Company's gross profit fell by 34% during the year under review to Rs. 46.95 Mn, reflecting decrease in overall harvesting during the year, sharp decrease in sales prices of coconuts and copra and increased security related expenses due to increased safety measures. Consequently, the company's GP margin contracted to 26% from 45% in the previous year.

Operating Profit

The Company's operating profit declined to Rs. 22.86 Mn during the year, from Rs. 103.71 Mn in 2018/19, showing a sharp fall of 78%. While the decrease in the gross profit being one of the major reasons, the reduction in other income compared to previous year, a sharp drop in fair value gain from biological assets and a marginal increase in administrative expenses have also contributed to the sharp fall of operating profit.

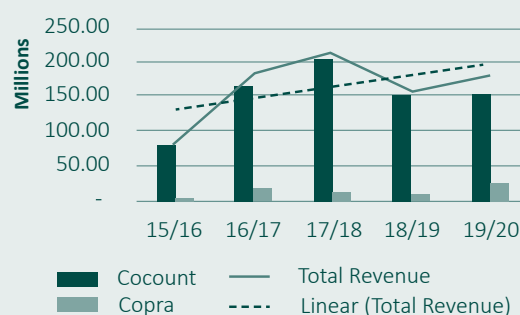
The main reason for the fall in other income is the 88% drop in husks sales (scrap sales) during the year. Further, as per the biological asset valuation report, the valuation is reported on the basis of "significant valuation uncertainty" (VPS 3 & VPGA 10 RICS), due to the prevailing Covid-19 pandemic. As such, the fair value gain of biological assets contracted to Rs. 220,857/- where the previous year fair value gain was Rs. 41,152,743/-.

When analysing the administrative expenses, the major reasons for the marginal increase is due to the increase in regulatory compliance costs as the Company was listed on the stock exchange during the year, rise in gratuity provision due to the adoption of third-party actuarial valuation and annual salary increase.

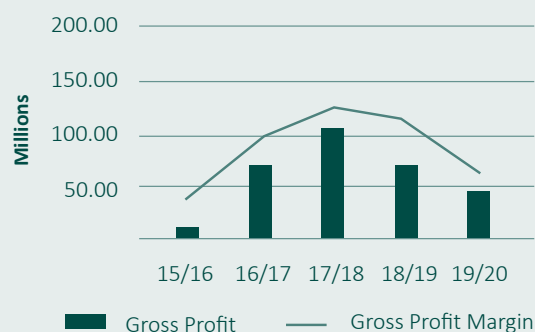
Pre- and post-tax Profit

The Company's Profit before tax dropped by 73% during the year to Rs. 32.38 Mn. In addition to the sharp fall in Operating Profit, the Company's finance income, which shows a decline of 21% and the finance cost which shows a sharp increase of 177% during the year have contributed to the fall. The main reason for a sharp increase in the finance cost is the adoption of SLFRS 16- Leases. As per the new standard, the Company recognized its operating lease commitments as lease liabilities from 1st April 2019 and as a result, interest cost applicable to the lease liabilities has increased.

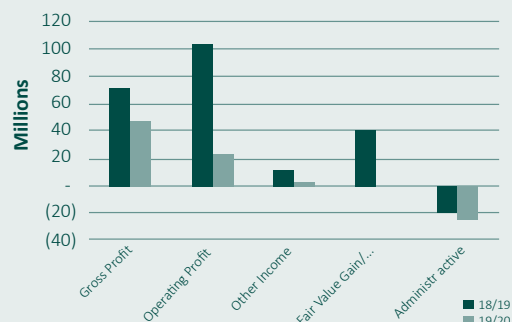
5-Year Revenue Analysis



5-Year Gross Profit Analysis



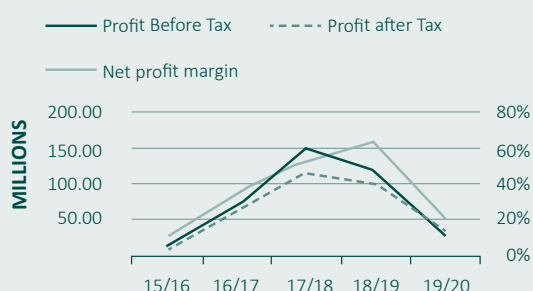
Operating Profit Analysis



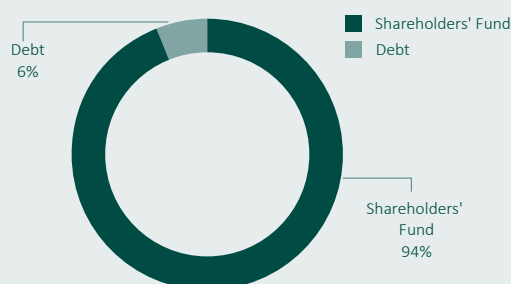


Management Discussion and Analysis [Contd.]

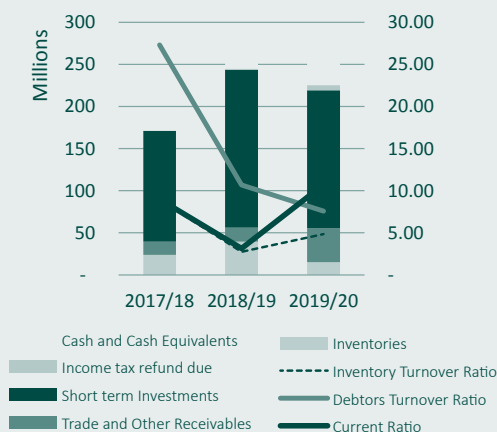
Profit Analysis



Gearing 2019/20



Composition of Current Assets



Profit after tax of the Company for the year was Rs. 35.9 Mn. A 65% drop in profit after tax can be seen mainly due to the decline in operating profit.

Financial Position

Capital and Liabilities

The Company's balance sheet stands strong with shareholders' funds representing 83% of its total assets of Rs. 658 Mn. Total equity increased by 0.4% with the support of profit for the year despite the dividend declaration of Rs. 51 Mn for the year 2018/19. Total Liabilities decreased by 31% despite the recognition of lease liabilities, mainly due to the settlement of dividends payable, during the year. Accordingly, the Company's gearing level (Debt / Debt + Equity) remained low at 6% as at 31st March 2020.

Liquidity and Working Capital Management

The Company's current ratio and quick asset ratio of 9.7 times and 9.1 times respectively, shows an exceptionally higher liquidity position. 64% of the Company's current assets has been utilized in short term investments which has generated an interest income of Rs. 14 Mn during the year.

The Company's inventory turnover ratio improved from 2.75 times in 2018/19 to 4.85 times in 2019/20, as the Company managed to sell off its opening inventory which helped the Company to increase its revenue despite the lower harvest during 2019/20.

The debtor's turnover ratio reduced to 7.58 times as at 31st March 2020 from 10.67 times as at 31st March 2019. This is mainly due to the difficulties faced in debt collection during the lockdown which prevailed in March 2020. As shown in Note 31 in the financial statements, 64% of trade receivable as at 31st March 2020 represents debtors outstanding for less than 30 days. Accordingly, the Company administered its working capital well and managed to settle its liabilities from its own funds.

Cash Flow

The operational cash flow declined during the year, reflecting relatively lower business activities accordingly, the Company generated a net operating cash inflow of Rs. 41.6Mn. Net cash inflow from investing activities amounted to Rs.35 million and comprised capital expenditure in property plant and equipment, withdrawal of short-term investment and interest income from the investment. Meanwhile net cash outflow from financing activities was Rs. 80.9 Mn resulting from the dividend payments of Rs. 75.3 Mn and lease payments of Rs. 5.6 Mn during the year. Overall, the net change in cash and cash equivalents for the year amounted to an outflow of Rs.4.2 Mn.





Corporate Social Responsibility

The Company considers corporate social responsibility as an important aspect because it derives numerous benefits for the recipients as well as for the Company.

The Company maintains very cordial relationship with all farmer societies in the locality which has been mutually beneficial to both parties and builds a harmonial environment.

Employees welfare is considered very important and the Company always provide assistance at times of funerals of close relations.

Annually the school books distribution to the children of the employees and the blood donation campaigns has been well received by all.

A scholarship scheme for university entrants is also envisaged.



A stylized illustration of three palm trees in a dark teal color, positioned on the left side of the page. The trees are of varying heights and are rendered with a layered, cutout style. The background is a solid dark teal color.

Corporate Governance



Board of Directors



Mr. Senarath Dias Widhanaralalage Asitha Gunasekera – BSc. (Business Administration)
(Chairman, Non-Executive Non-Independent Director)

Mr. S.D.W. Asitha Gunasekera, is currently working as the Chairman/ Managing Director of Boyagane DC Mills (Pvt) Limited and Boyagane Apparels (Pvt) Limited. He has been in the coconut industry since 1984. He is a holder of BSc in Business Administration.



Mr. Joseph Felix Fernandopulle - FCA, FCMA
(Managing Director, Executive Non-Independent Director)

Mr.J.F.Fernandopulle is a fellow member of the Institute of Chartered Accountants of Sri Lanka and Fellow member of Certified Management Accountants of Sri Lanka. He is the present Chairman of Richard Pieris Finance Ltd and a Director of Richard Pieris & Co Ltd. He had also worked in the capacity of Finance Director at Mahaweli Coconut Plantations PLC prior to becoming the Managing Director. He is also the Managing Partner of Kudawewa DC Mills. He has served as a Director of the Coconut Development Authority and Coconut Research Institute and has also served on the Advisory Committee on Coconut at the Ministry of Plantation Industries and Coconut Industries. He has represented Sri Lanka's Desiccated Coconut Manufacturers Association at the Asian & Pacific Coconut Council.



Mr. Sunil Jayalath Watawala
(Non-Executive Non-Independent Director)

Founder Chairman and Managing Director of Mahaweli Coconut Plantations PLC and held office for 10 years in that capacity. He is the Managing Partner of Siriyangani DC Mills and has been attached to Siriyangani DC Mills for the past 50 years. He has held office as District Governor of Lions Club 306A and was international Director of the Lions International for 04 years.



Mr. Samankumara Dias Senerath Gunasekera- Barrister –at-Law (ACT)
(Non-Executive Non-Independent Director)

Mr. S D S Gunasekera is a Barrister-at-Law (ACT.) and a Director of Beligala Coconut Products (Pvt) Ltd. former Director General of National Chamber of Exporters of Sri Lanka and also former president and secretary of Sri Lanka Desiccated Millers Association.



Mr. Gamamedaliyanage Joseph Lalith Neomal Perera-MBA
(Non Executive Non-Independent Director)

Mr.Gamamedaliyanage Joseph Lalith Neomal Perera was a Sri Lankan parliamentarian from year 2000. He was a Deputy Minister of External Affairs during the period of November 2010 – January 2015, Deputy Minister of Fisheries & Aquatic Resources during the period of January 2007 – January 2010 and Deputy Minister of Co-operatives & Internal Trade during the period of April 2010 – November 2010. He is a Managing partner in St.Anne's Salt Daluwa (Pvt) Ltd, St.Anne's Factory & St.Anne's Enterprises.





Board of Directors (Contd.)

Mr. Ashok Jerom Shamendra Jayakody (Non-Executive Non Independent Director)

Mr. Ashok Jerome Shamendra Jayakody, currently working as the Managing Director of Jayakody Mills (Pvt) Ltd. He has been employed in the coconut industry since 1992 counts over 26 years experience in this field.



Mr. Madurawalage Don John Pradeep Nilantha Perera- BA.Economics (Non Executive Non-Independent Director)

Mr. Madurawalage Don John Pradeep Nilantha Perera is a holder of a BA in Economics. He is a Partner at Baththuluoya Mills, manufacturers of desiccated coconut and all kernel related products and the Chairman of Sinha Auto Services (Pvt) Ltd-Lanka IOC fuel station. He is a Former Director/Chairman at Chilaw Finance PLC.



Prof. Thiththalapitige Sunil Gamini Fonseka- Ph.D, M.Sc., B.Sc (Non-Executive Independent Director)

Prof. T.S.G. Fonseka is a Professor Emeritus in Food Science & Technology, Faculty of Livestock, Fisheries & Nutrition, Wayamba University of Sri Lanka. He holds a B.Sc. from University of Colombo, M.Sc. in Microbiology from University of Kelaniya and Ph.D in Food Microbiology from University of Nottingham. He held many positions including worked as a Fish Technologist in Ministry of Fisheries, research officer in The National Aquatic Resources Research and Development Agency (NARA), Professor of Food Technology in Rajarata University of Sri Lanka, Officer in Charge Marine Products in Quality Control Division. Served as the Vice Chancellor of the Wayamba University of Sri Lanka from 2005 to 2008, Dean, Faculty of Agricultural Sciences, Wayamba Campus, Rajarata University of Sri Lanka from 16.02.1999-03.03.2000 and Dean, Faculty of Agriculture & Plantation Management, Wayamba University of Sri Lanka, Makandura, Gonawila (NWP) from 03.03.2000 - 01.06.2001. He is a Member of Sri Lanka Association for the Advancement of Science and Founder member, Joint Secretary in the Sri Lanka Association for Fisheries and Aquatic Resources. He Currently serves as the Chairman, Board of Governors, Institute of Food Science and Technology, Sri Lanka.



Mr. Munaweera Aratchige Chithral Hilarian Munaweera - MBA, B.Sc (Non-Executive Independent Director)

A career Agriculturist specialized in Livestock Integrated Plantations with a wide range of Work experience in the Semi Government and the corporate sector. The Ex General Manager of the National Livestock Development Board, The CEO/Director, of the Mahaweli Livestock Enterprises and also served as the CEO of the Ambewela Dairy Complex of Lanka Milk Foods (CWE) PLC. He currently functions as a Senior Consultant to the All Island Dairy Association and The Public Trustees Department of Sri Lanka. He holds a Master's Degree in Business Administration (MBA) from the Faculty of Business studies and Finance, Wayamba University, and a B.Sc. Degree in Plantation Management from the Faculty of Agriculture & Plantation Management, Wayamba University. Further he possesses a Post Graduate Diploma in Business Administration, a Diploma in Agriculture from the Aquinas University College, and the National Diploma in Plantation Management awarded by the National Institute of Plantation Management.



Mr. Nawalage Arinda Lalith Cooray-FCA, FCMA (Non Executive Independent Director)

Mr. N.A. Lalith Cooray is a Fellow member of the Institute of Chartered Accountants of Sri Lanka and a Fellow member of the Institute of Certified Management Accountants. He also holds a Diploma in Taxation Awarded by CA Sri Lanka. Mr. Cooray headed the Finance Department of Watawala Plantations PLC for eight years and later was the Consultant, Finance of Watawala Tea Ceylon Ltd., for several years. Subsequently, he served on the Board of Sunshine Travels Ltd. for a short period. Prior to this he served as Head of Finance of Bartleet Mallory Stock Brokers Ltd., and as the Head of Finance of Mackinnon Mackenzie Group of John Keels Holdings. He has also worked in the Middle East prior to this. Mr. Cooray had his early training at Ford, Rhodes, Thornton & Co. (Now KPMG). Mr. N.A.L Cooray has been appointed as an Independent Non-Executive Director by the Board on 16.12.2019.



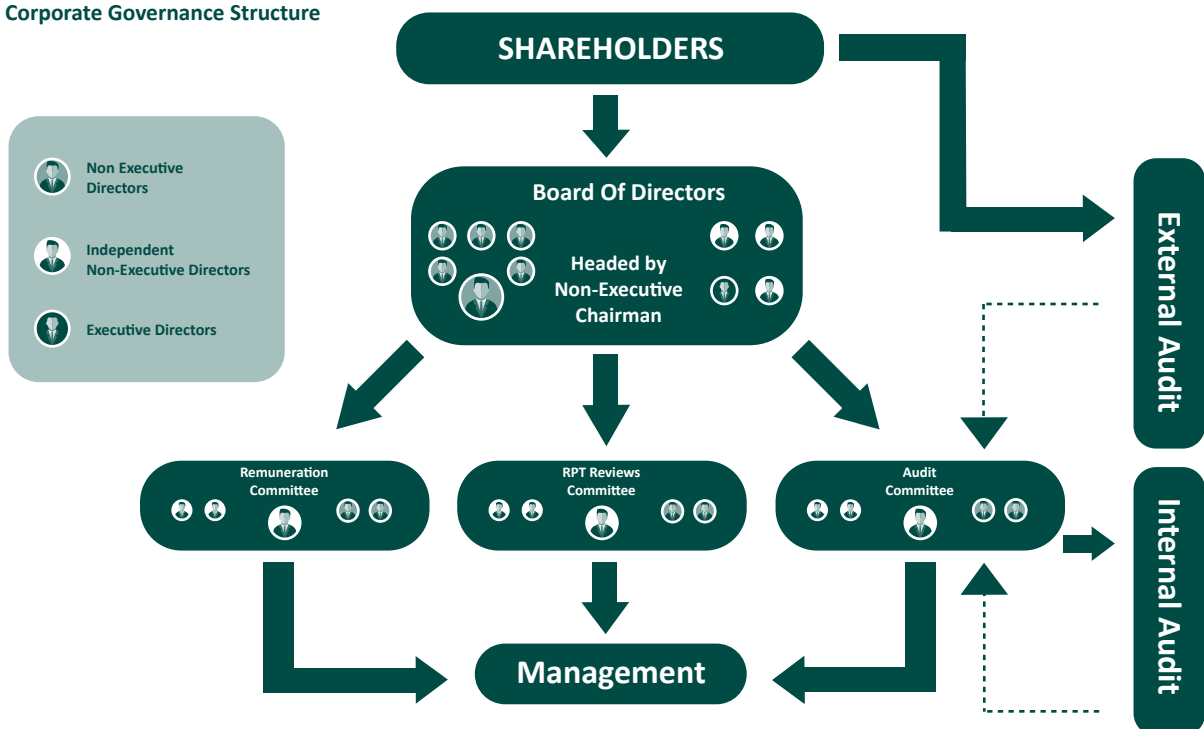


Corporate Governance Report

Corporate Governance is the system by which companies are managed and controlled. Mahaweli Coconut Plantations PLC is committed to comply with the code of Best Practices of Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka (ICASL) & the Securities Exchange Commission of Sri Lanka (SEC) and the Listing Rules of the Colombo Stock Exchange. A comprehensive view of the Governance System in the Company is given below.

The governance framework of the Company provides clear directions on decision making which facilitates the progress of the Company whilst promoting a culture of openness, productive dialogue, constructive dissent, employee empowerment and engagement and creating value to all stakeholders.

Corporate Governance Structure



Board Composition and Skills

The Board which is headed by a non-executive chairman, is comprised of six non-executive directors, three independent non-executive directors, and an executive director. The Company policy is to maintain a healthy balance between the executive, non-executive and independent directors, in keeping with the relevant rules and codes. The Board brings in a wealth of diverse exposure in the fields of management, business administration, finance, economics, and human resources. All Directors possess the skills, expertise and knowledge needed, complementing a high sense of integrity and independent judgement.

	Executive	Non-Executive	Independent
Mr. S.D.W. Asitha Gunasekera (Chairman)		✓	
Mr. J.F. Fernandopulle	✓		
Mr. S.J. Watawala		✓	
Mr. S.D. Senerath Gunasekara		✓	
Mr. G.J.L. Neomal Perera		✓	
Mr. A.J. Shamendra Jayakody		✓	
Mr. M.D.J.P. Nilantha Perera		✓	
Prof. T.S. Gamini Fonseka			✓
Mr. M.A.C.H. Munaweera			✓
Mr. N.A.Lalith Cooray			✓





Corporate Governance Report (Contd.)

The Board's responsibilities include:

- o Providing strategic direction and guidance to the Company in the formulation of sustainable, high-level, medium-and long-term strategies which are aimed at promoting the long-term success of the Company
- o Reviewing and approving annual and long-term business plans, tracking actual progress, formulate short- and long-term strategies and monitor implementation.
- o Ensuring operations are carried out within the scope of the Company Risk Management framework.
- o Proper stewardship of the Company's resources and towards this, monitoring systems of governance and overseeing systems of internal control and risk management.
- o Ensuring the highest standards of information – particularly financial information, business ethics and integrity.
- o Reviewing and approving major acquisitions, disposals and capital expenditure.
- o Ensuring all Related Party Transactions are compliant with the statutory obligations.
- o Institute effective internal control systems to safeguard the assets of the Company.
- o Ensure compliance with rules and regulations.
- o Approve the financial statements of the Company.

During the year under review ten board meetings were convened. The Directors are provided with relevant information and background material as per the agenda prior to every meeting to enable them to make informed decisions. Board papers are submitted in advance on Company performance, new investments, capital projects and other issues which require specific Board approval.

Board Meeting Attendance				
Director	Date of Appointment	Date of Resignation	Eligible to Attend	Attended
Independent Non-Executive				
Mr. N.B.Weerasekera	21-06-2018	16-12-2019	8	8
Prof. T.S. Gamini Fonseka	26-07-2018	-	10	9
Mr. M.A.C.H. Munaweera	30-10-2018	-	10	9
Mr. N.A. Lalith Cooray	16-12-2019	-	3	3
Non-Executive				
Mr. S. D. W.Asitha Gunasekera	28-09-2018 (Re-Appointment)	-	10	9
Mr.S.J.Watawala	28-09-2018 (Re-Appointment)	-	10	-
Mr.S. D. Senerath Gunasekara	26-09-2019 (Re-Appointment)	-	10	9
Mr.G. J. L. Neomal Perera	26-09-2019 (Re-Appointment)	-	10	8
Mr.A. J. Shamendra Jayakody	26-09-2019 (Re-Appointment)	-	10	10
Mr. M. D. J. P. Nilantha Perera	26-09-2017 (Re-Appointment)	-	10	7
Executive				
Mr. J.F. Fernandopulle	28-09-2018 (Re-Appointment)	-	10	10

Delegation of Authority

The Board is responsible for the overall governance, conduct and implementation of sound business strategies for the Company. The Board exercises its ordinary and extraordinary powers in carrying out its duties within the relevant laws/regulations of the country, regulatory authorities, professional institutes and trade associations to achieve the corporate objectives of the Company. The Board assesses the effectiveness of the Management Team through periodic review of their performance and compliance to best corporate practices.

Board Committees

The Board has delegated some of its functions to the Subcommittees, whilst retaining the rights of final decision. Members of these Subcommittees are able to focus on their designated areas of responsibility and impart knowledge and oversight in areas where they have greater expertise. The Directors dedicate sufficient time at such meetings to review respective documentation relating to the meeting, and call for additional information for any further clarification, in addition to familiarising themselves with the economic factors, legal and political risks and changes.





Corporate Governance Report (Contd.)

The three Board Subcommittees are as follows:

1. Audit Committee
2. Remuneration Committee
3. Related Party Transaction Review Committee

The Board Subcommittees comprise predominantly independent Non-Executive Directors. The committees are provided with all resources to empower them to undertake their duties in an effective manner. The Company Secretary acts as secretary to these committees. The minutes of each committee meeting are circulated to all Directors on completion.

Audit Committee

The Board has appointed an Audit Committee consisting of three Independent Non-Executive Directors and two Non Independent Non-Executive Directors, chaired by Mr. N.A. Lalith Cooray. The Managing Director and the Finance Officer attend the meetings by invitation and the Company Secretaries serve as the Secretary to the Committee. A comprehensive report of the Audit Committee appears on page 23.

The Audit Committee is responsible for monitoring and supervising the financial reporting process defined by the management ensuring:

1. Review of the quarterly and annual financial statements, including the quality, transparency, integrity, accuracy and compliance with Sri Lanka Accounting Standards.
2. The compliance with Companies Act No. 07 of 2007, Listing Rules of the Colombo Stock Exchange, Code of Best Practice of Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and Securities and Exchange Commission of Sri Lanka and other relevant laws and regulations.
3. The independence of both External and Internal Auditors and recommendation of re-appointment of External Auditors.
4. Review of the adequacy and effectiveness of the Internal Control and Risk Management systems over financial reporting process.
5. Review of the adequacy and effectiveness of the internal audit arrangements.

Remuneration Committee

The Board has appointed Remuneration Committee consisting of three Independent Non-Executive Directors and two Non Independent Non-Executive Directors, chaired by Mr. M.A.C.H. Munaweera. The remuneration policy and its role are discussed in the report of the Remuneration Committee given on page 25.

The Committee is responsible for determining and agreeing with the Board a framework for remuneration of Directors and Management Team. They consider industry benchmark principles for any performance-related schemes to determine total remuneration package. Employee performance is measured through key performance indicators including financial and non-financial measures of performance and links a significant component of pay to individuals and the Company's performance.

Related Party Transaction Review Committee

The Committee comprises three Independent Non-Executive Directors and two Non Independent Non-Executive Directors.

The Committee is headed by Professor T.S. Gamini Fonseka. The Report of the Related Party Transaction (RPT) Review Committee is given on page 26 The Managing Director and Finance officer attend the meetings by invitation and the Company Secretaries serve as the Secretary to the Committee.

The objective of the Committee is to ensure on behalf of the Board, the compliance with Code on Related Party Transactions, that all related party transactions with its parent, associate companies, and/or any key management persons are undertaken and disclosed in a manner consistent with the Code on Related Party Transactions.

The Committee has developed and recommended a policy for adoption by the Board on RPTs of the Company with its related parties which is in line with the Operating Model. The Committee updates the Board on related party transactions on a quarterly basis following the reporting templates, specifying recurrent and non-recurrent transactions which require discussion in detail.

The Committee in discharging its functions has introduced a process whereby periodic reporting of the Company is required, with a view to ensuring compliance with the Code, that shareholder interests are protected, and that fairness and transparency are maintained at all times.





Corporate Governance Report (Contd.)

Accountability and System of Internal Control

The Board has taken necessary steps to ensure the integrity of accounting and financial reporting systems and that internal control systems remain robust and effective with the review and monitoring of such systems on a periodic basis. However, any system can only ensure reasonable and not absolute assurance that errors and irregularities are either prevented or detected within a reasonable time period.

The Board has taken steps to obtain reasonable assurance that systems designed to safeguard the Company assets, maintain proper accounting records and provide management information, are in place and are functioning as planned. Effectiveness of the internal control system is reviewed quarterly by the Audit Committee and major observations are reported to the Board through the reports of internal audit.

The Board, having reviewed the system of internal controls, is satisfied with the Company's adherence to and effectiveness of them for the period up to the date of signing of the Financial Statements.

External Audit

The external auditor is a qualified independent external party whose objective is to determine whether the Financial Statement of the Company represents a true and fair view of its financial performance, position and cash flow status. The audit firm Kreston MNS & Co., Chartered Accountants, was re-appointed at the AGM in 2019 as external auditors of the Company for the financial year 2019/2020. The Audit Committee reviews the annual audit plan with the recommended work approach.

The knowledge and experience of the Audit Committee ensures effective usage of the expertise of the auditors, while maintaining independence, in order to derive transparent Financial Statements. The Company maintains independence from financial and non-financial interest between auditors and re-assesses the same on a regular basis. The fees paid to audit and non-audit services are separately disclosed in the notes to the Financial Statements.

Internal Audit

The internal audit function is outsourced to the audit firm BDO Partners, Chartered Accountants from the 1st Quarter in 2019/20.

Statement of Compliance under Section 168 of Companies Act No. 07 of 2007

CSE Rule	Requirements	Compliance Status	Reference to the Annual Report
168.(1) (a)	The nature of the business of the Company and any change thereof during the accounting period	Complied	Annual Report of the Board of Directors on page 32.
168.(1) (b)	Signed Financial Statements of the Company for the accounting period completed – section 151	Complied	Financial Statements, page 41 to 77.
168.(1) (c)	Auditors' Report on Financial Statements of the Company	Complied	Independent Auditors Report, page 38 to 40.
168.(1) (d)	Accounting policies and any changes therein	Complied	Notes to the Financial Statements, page 45 to 59
168.(1) (e)	Particulars of the entries made in the Interests Register during the accounting period	Complied	Annual Report of the Board of Directors on page 35.
168.(1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Complied	Notes to the Financial Statements, page 71.
168.(1) (g)	Corporate donations made by the Company during the accounting period	Complied	Annual Report of the Board of Directors on page 33.
168.(1) (h)	Information on the Directorate of the Company at the end of the accounting period	Complied	Board of Directors, page 14 to 15.
168.(1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period	Complied	Notes to the Financial Statements, page 71.
168.(1) (j)	Auditors' relationship or any interest with the Company	Complied	Audit Committee Report, page 24.
168.(1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	Complied	Statement of Directors' Responsibility, page 37.





Corporate Governance Report (Contd.)

Statement of compliance under section 7.6 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosures

CSE Rule	Requirements	Compliance Status	Reference to the Annual Report
7.6(i)	Names of persons who were Directors of the Entity.	Complied	Board of Directors, page 14 to 15.
7.6(ii)	Principal activities of the Entity during the year, and any changes therein.	Complied	Annual Report of the Board of Directors on page 32.
7.6(iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held	Complied	Shareholder Information, page 81.
7.6(iv)	The public holding percentage	Complied	Shareholder Information, page 81.
7.6(v)	A statement of each Director's holding of shares of the Entity at the beginning and end of each financial year	Complied	Annual Report of the Board of Directors on page 35.
7.6(vi)	Information pertaining to material foreseeable risk factors of the Entity	Complied	Risk Management, page 28.
7.6(vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Complied	Annual Report of the Board of Directors on page 33.
7.6(viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties	Complied	Annual Report of the Board of Directors on page 33.
7.6(ix)	Number of shares representing the Entity's stated capital	Complied	Notes to Financial Statements, page 67.
7.6(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Complied	Shareholder Information, page 80.
7.6(xi)	Financial ratios and market price information	Complied	Financial Highlights, page 6 & Shareholder Information page 80.
7.6(xii)	Significant changes in the Company's fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year	Complied	Notes to Financial Statements, page 62.
7.6(xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year	Complied	Shareholder Information page 80
7.6(xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes	Not applicable	
7.6(xv)	Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5 c. and 7.10.6 c. of Section 7 of the Listing Rules"	Complied	Refer Corporate Governance Report, Remuneration Committee Report and Audit Committee Report
7.6(xvi)	Related Party Transactions exceeding 10 percent of the equity or 5 percent of the Financial Statements, whichever is lower	Complied	Notes to Financial Statements, page 74 to 75.



Corporate Governance Report [Contd.]

Statement of compliance under section 7.10 of the Listing Rules of the Colombo Stock Exchange (CSE) on Corporate Governance

CSE Rule	Requirements	Compliance Status	Reference to the Annual Report
7.10 (a,b,c)	Compliance	Complied	Compliance with Corporate Governance Rules
7.10.1 (a,b,c)	Non-Executive Directors	Complied	Nine of ten are Non-Executive Directors
7.10.2 (a)	Independent Directors – 2 or 1/3 of NEDs, whichever is higher, should be independent	Complied	Three out of nine Non-Executive Directors are Independent.
7.10.2 (b)	Independent Directors – each NED should submit a signed and dated declaration of independence or non-independence	Complied	All Independent NEDs have submitted their confirmation on Independence in line with regulatory requirements
7.10.3 (a,b)	Disclosure Relating to Directors – the Board shall annually determine the independence or otherwise of the NEDs	Complied	Directors are given in pages 14 & 15 and criteria for independence have been met
7.10.3 (c)	Disclosure relating to Directors – a brief resume of each Director should be included in the Annual Report (AR) including the Director's areas of expertise	Complied	The Company has disclosed under Board of Directors, in the Annual Report pages 14 & 15.
7.10.3 (d)	Disclosure relating to Directors – provide a brief resume of new Directors appointed to the Board along with details	Complied	The Company has disclosed under Board of Directors, in the Annual Report pages 14 & 15.
7.10.4 (a to h)	Criteria for Defining Independence – requirements for meeting criteria to be an independent Director	Complied	The Company has established the criteria through independence statement.
7.10.5	Remuneration Committee (RC)	Complied	The Company has established a Remuneration Committee
7.10.5(a)	Composition of Remuneration Committee – shall comprise NEDs, a majority of whom shall be independent; one NED shall be appointed as Chairman of the Committee	Complied	Remuneration Committee is headed by an Independent NED and composed major of Independent NEDs.
7.10.5(b)	Functions of Remuneration Committee –The RC shall recommend the remuneration of the CEO and Executive Director and Senior Management Staff	Complied	The Committee is responsible to the Board for recommending Remunerations to MD, Executive Director, all categories of Management and non-executive Staff attached to the Company
7.10.5(c)	Disclosure in Annual Report relating to Remuneration Committee – Names of the Directors comprising the RC, statement of policy, aggregated remuneration paid to EDs and NEDs	Complied	Refer Remuneration Committee Report page 25.
7.10.6	Audit Committee (AC)	Complied	The Company has established an Audit Committee.
7.10.6(a)	Composition of Audit Committee shall comprise NEDs, a majority of whom shall be independent. A NED to be the Chairman of the Committee; CEO and FD to attend AC meetings, Chairman of the AC or one member should be a member of a professional accounting body	Complied	The Audit Committee, headed by a NED, comprises three independent Non-Executive Directors and two Non-Executive Directors. The Managing Director and the Finance Officer attend meetings of the Audit Committee by invitation.





Corporate Governance Report [Contd.]

CSE Rule	Requirements	Compliance Status	Reference to the Annual Report
7.10.6 (b)	Audit Committee Functions – Preparation, presentation and adequacy of disclosures in the Financial Statements in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS); compliance with financial reporting requirements; ensuring that internal controls and risk management are adequate to meet the requirements of the SLFRS/LKAS; assessment of the independence and performance of the external auditors; make recommendations to the Board pertaining to appointment, re-appointment and removal of external auditors; and approve the remuneration and terms of engagement of the external Auditors	Complied	Refer page 23 for the functions of Audit Committee.
7.10.6(c)	Disclosure in Annual Report relating to AC – Names of Directors comprising the AC; the AC shall make a determination of the independence of the Auditors and disclose the basis for such determination; the Annual Report shall contain a Report of the AC setting out the manner of compliance with their functions	Complied	Refer Audit Committee Report page 23 to 24.

Statement of compliance under section 9.3.2 of the Listing Rules of the Colombo Stock Exchange (CSE) on Related Party Transactions

CSE Rule	Requirements	Compliance Status	Reference to the Annual Report
9.3.2(a)	Details pertaining to Non-Recurrent Related Party Transactions	Complied	Notes to Financial Statements, pages 74 to 75.
9.3.2(b)	Details pertaining to Recurrent Related Party Transactions	Complied	Notes to Financial Statements, pages 74 to 75.
9.3.2(c)	Report of the Related Party Transactions Review Committee	Complied	Report of the Related Party Transactions Review Committee, page 26 to 27.
9.3.2(d)	Declaration by the Board of Directors as an affirmative statement of compliance with the rules pertaining to Related party transactions or a negative statement otherwise.	Complied	Declaration obtained

By Order of the Board,
Mahaweli Coconut Plantations PLC

Mr. K. A. Lakshman Rupasinghe FCA
Secretary
Colombo

18th September 2020





Audit Committee Report

Role of the Audit Committee

The Audit Committee Charter provides a clear understanding of the committee's role, structure, processes, and membership requirements. This conveys the framework for the committee's organization and responsibilities that can be referred to by the Board, committee members, management and external and internal auditors.

The committee comprised of three (3) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors. Profiles of the members are given on pages 14 and 15 Mr. K.A.L. Rupasinghe, the Company Secretary, functions as the Secretary to the Audit Committee.

Meetings of the Audit Committee

The Audit Committee met five times during the year. The attendance of the members at these meetings is as follows:

Name of the Member	Status	Attendance					Total
		30.05.2019	12.07.2019	22.07.2019	31.10.2019	24.01.2020	
Mr. N.A. Lalith Cooray (Chairman) (Appointed w.e.f. 16.12.19)	Independent Non-Executive	N/A	N/A	N/A	N/A	✓	1/1
Mr. N. B. Weerasekera (Resigned w.e.f. 16.12.19)	Independent Non-Executive	✓	✓	✓	✓	N/A	4/4
Prof. T. S. G. Fonseka	Independent Non-Executive	✓	✓	✓	✓	✓	5/5
Mr. M. A. C. H. Munaweera	Independent Non-Executive	✓	x	✓	✓	✓	4/5
Mr. S. D. Senerath Gunasekera	Non-Independent Non-Executive	✓	x	✓	x	✓	3/5
Mr. G. J. L. Neomal Perera	Non-independent Non-Executive	✓	x	✓	✓	✓	4/5

N/A- Not applicable

The Managing Director and the Finance Officer attend meetings of the Audit Committee by invitation. The Audit Committee reports to the Board.

The Duties and Responsibilities of the Audit Committee

The Audit Committee undertakes, on behalf of the Board, responsibility for ensuring the integrity of the Company's financial reports by having oversight of internal control, the financial reporting process and compliance with regulatory matters as given in the Audit Committee Charter. It sets out high standards of corporate disclosure, corporate responsibility, integrity and accountability to the shareholders.

In fulfilling its responsibilities, following activities were carried out by the Audit Committee during the financial year ended 31 March 2020.

Financial Reporting

Reviewed the quarterly and year-to-date financial results of the Company, focusing particularly on significant changes, if any, to accounting policies and practices and compliance with financial reporting and Accounting Standards prior to the consideration by the Board.

Reviewed the annual report and the annual audited Financial Statements of the Company prior to submission to the Board for approval. The review was to ensure that the financial reporting and disclosures are in compliance with the listing requirements of the Colombo Stock Exchange, Financial Reporting Standards, provisions of the Companies Act No. 7 of 2007, and any other relevant legal and regulatory requirements.

In the review of the annual audited Financial Statements, the Committee discussed with the Managing Director, Finance Officer and External Auditor the significant accounting policies, estimates and judgments applied in preparing these reports, the accounting principles and reporting standards that were applied and the impact of the items to the financial statements.





Audit Committee Report [Contd.]

Internal Control and Risk Management and Internal Audit

The Committee reviewed the risk management process and discussed the inherent risks faced by the business as they affect financial reporting. The principal risks and uncertainties are outlined in the relevant section on page 28 to 29.

The Committee has an ongoing process for reviewing the effectiveness of the system of internal controls. During the year, the Committee appointed BDO Partners as the internal auditor who carried out several audits at the estate and head office. The internal auditors made presentations at audit committee meetings and suggested several improvements which were carried out and some are being implemented.

External Audit

Reviewed the scope of the external auditors, audit strategy and audit plan for the year and their proposed fees for the statutory audit.

Reviewed the external audit reports and areas of concern highlighted in the Management letter including Management's responses to the findings of the External Auditors.

Discussed with External Auditors the Key Audit Matters, impact of new or proposed Sri Lanka Accounting Standards and regulatory requirements applicable to the Company.

Assessed the independence and objectivity of the External Auditors during the year in carrying out statutory audit for the Company and prior to the appointment of the External Auditors for provision of any non-audit services.

The Audit Committee also received report from the external auditors confirming that there were no circumstances and relationship that threats to their independence and that the ethical requirement have been complied with.

Reviewed the performance of the External Auditors, Messrs. Kreston MNS & Co and recommended to the Board their re-appointment for financial year ended 31 March 2021 subject to the approval of the shareholders at the next Annual General Meeting.

Regulatory Compliance

Reviewed the procedures established by Management for compliance with the requirements of regulatory bodies. The Managing Director along with the Finance Officer submitted to the Audit Committee on a quarterly basis, a report on the extent to which the Company was in compliance with mandatory statutory requirements.

Conclusion

The Committee is of the view that adequate controls and procedures are in place to provide reasonable assurance that the Company's assets are safeguarded and the financial position of the Company is well monitored. The Audit Committee concurs that the adoption of the going concern premise in the preparation of the financial statement is appropriate. The Audit Committee recommends to the Board of Directors that the financial statements as submitted be approved.

On behalf of the Audit Committee;

Mr. N A Lalith Cooray
Chairman- Audit Committee
18th September 2020



Remuneration Committee Report

Composition

The Remuneration Committee of the Mahaweli Coconut Plantations PLC composed entirely of non-Executive Directors where three of them are independent.

Name of the Director	Status
Mr. M.A.C.H. Munaweera – Chairman	Independent Non-Executive
Mr. N.A. Lalith Cooray	Independent Non-Executive
Prof. T.S. Gamini Fonseka	Independent Non-Executive
Mr. S.D.W. Asitha Gunasekera	Non-Independent Non-Executive
Mr. A.J. Shamendra Jayakoddy	Non-independent Non-Executive

Role of the committee

The role of the remuneration committee is to set up the remuneration policy for all categories of employees attached to the executive and non-executive staff and make recommendations to the Board.

Remuneration Policy

The remuneration policy is to assess and determine the organizational remunerations extended, to the employees at all levels. They comprise Executive Directors, Estate Management, Head office and other grades of staff. The committee endeavors are based on a structural methodology on evaluation of performance on an annual basis. The objective being to extend fair remuneration package, to all Company employees on a competitive level based on individual and group performance.

The ultimate objective in this package extended is to motivate and retain superior quality standards of work, in order to attain higher productivity. Whilst achieving corporate goals and objectives resolved by the Company on varying periods of time.

The Directors are paid a fee for attending Board meetings and serving in sub committees. There are no performance-based incentive payments extended to them. The total remuneration to the Directors is shown in Note 30 of the financial statement on page 74.

Meeting of the Remuneration Committee

A Remuneration Committee Meeting was scheduled in March 2020 but due to the COVID 19 the said Meeting was postponed & held on 25th June 2020.

Mr. M.A.C.H. Munaweera
Chairman
Remuneration Committee

18th September 2020



Related Party Transactions Review Committee Report

The Board of Directors of the Company formed a Related Party Transactions (RPT) Review Committee in terms of the Code of Best Practices on Related Party Transactions and Section 9 of the Listing Rules issued by Securities Exchange Commission of Sri Lanka (SEC).

The Company Secretary serves as the Secretary of the Committee and the committee is exclusively consisted of Non-Executive Directors while three of them are independent.

Meetings of the RPT Review Committee

The RPT Review Committee met four times during the year. The attendance of the members at the meetings is as follows:

Name of the Member	Status	Attendance				Total
		03.05.2019	22.07.2019	31.10.2019	24.01.2020	
Prof. T.S. Gamini Fonseka (Chairman)	Independent Non-Executive Director	✓	✓	✓	✓	4/4
Mr. N.B Weerasekara (Resigned w.e.f. 16.12.19)	Independent Non-Executive Director	✓	✓	✓	N/A	3/3
Mr. N.A. Lalith Cooray (Appointed w.e.f. 16.12.19)	Independent Non-Executive Director	N/A	N/A	N/A	✓	1/1
Mr. M.A.C.H. Munaweera	Independent Non-Executive Director	✓	✓	✓	✓	4/4
Mr. S.D.Senerath Gunasekara	Non-Independent Non-Executive Director	✓	✓	×	✓	3/4
Mr. G.J.L.Neomal Perera	Non-Independent Non-Executive Director	✓	✓	✓	✓	4/4

N/A- Not applicable

Committee Charter

The Related Party Transactions Review Committee was established to assist the Board in reviewing all related party transactions carried out by the Company in terms of the CSE Listing rules that required mandatory compliance. Accordingly, except for exempted transactions all other Related Party Transactions are required to be reviewed by the Related Party Transactions Review Committee either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction. The primary purpose of the Committee is to evaluate and consider all transactions with related parties of the Company, in order to ensure that related parties are treated on par with other shareholders and constituents of the Company.

Terms of Reference of the Committee

Terms of Reference (TOR) covers the responsibilities of Related Party Transactions Review Committee in terms of the CSE Listing Rules. The TOR mentions the constitution and the composition of the Committee; that the Chairman should be a Non- Executive Independent Director; at least once in every quarter the Committee should meet, and these are in conformity with the provisions of the said Section in the Listing Rules. It sets out the guidelines on Related Party transactions and its reporting. The Terms of Reference (TOR) of the Related Party Transactions Review Committee was approved by the Board of Directors and is reviewed annually as per regulatory and operational requirements. The core objective of the Related Party Transactions Review Committee is to ensure that the interest of shareholders is taken into consideration when entering into related party transactions and compliant with the rules. The Related Party Transactions Review Committee conducts its activities as per its Charter, Policy and Guidelines and is entrusted with the task of reviewing related party transactions other than those transactions explicitly exempted under the Listing Rules of the Colombo Stock Exchange.

Objectives & Responsibilities

Being a Company originally established by an association of an industry group, for the future benefit of their own industry, majority of the stakeholders were falling under the definition of "Related Parties" and the a Related Party Transactions Review Committee is entrusted with the task of safe guarding the interest of the public shareholders, in entering into transactions with such Related Parties.





Related Party Transactions Review Committee Report [Contd.]

Hence the purpose of the RPT is to ensure oversight on behalf the Board to compliance with the Code on Related Party Transactions issued by SEC of Sri Lanka. The primary objective of the said rules is to ensure that the interests of the shareholders are met, while entering into related party transactions and to prevent the Directors, Key Management Personnel or Major Shareholders from abusing the influence of position in the Company.

In order to achieve this objective our committee has identified our responsibility and have committed to carry out our duties by obtaining declarations from concerned parties wherever identifiable, setting up policies to review Related Party Transactions, assessing whether the Related Party Transactions are transacted in the best interest of the Company and its public shareholders as a whole. The Committee has set the Guidelines and methods for highlighting and reviewing of Related Party Transactions based on the nature of such transactions in line with the business of the Company and identifies them by Recurrent and Non Recurrent Related Party Transactions with a view of updating the Board of Directors on the RPT on a quarterly basis. Through tabling the Minutes of the Committee meeting at the Board Meetings.

Towards this end the Committee carries out following:

- Seek any information from the Management, Employees, or External parties regarding any transaction entered into with the related party.
- Obtain approval of the Board prior to the execution of any related party transaction.
- Monitor all the Related Party Transactions on the normal routine are not prejudicial to the interests of the Company and its minority shareholders.
- Meet the Management and External Audits as needed to carry out the assigned duties.
- Assess the transfer of resources and services between related parties to ascertain the reasonableness, irrespective of the payment involved.

The measures that were put in place has enabled the Company to guarantee that the related party transactions were made equivalent to those that would prevail in arm's length transactions.

Review of Related Party Transactions

The Committee at their meetings, reviewed possible related party transactions for the year 2019/2020. It was observed that related party transactions conducted during the year were recurrent in nature and necessary for the day-to-day operations of the Company and the minutes of the Committee meetings were documented and tabled at Board meetings, for review.

Declaration

The Company's transactions with Related Parties, given in Note 30 to the Financial Statements, have complied with Colombo Stock Exchange Listing Rule 9.3.2 and the Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

Prof. T. S. Gamini Fonseka
Chairman
Related Party Transaction Review Committee

18th September 2020





Risk Management

Risk Management is the identification, assessment and prioritization of the effects of uncertainty on objectives. Mahaweli Coconut Plantations PLC recognizes the importance of Risk Management within the organization and its operational environment.

The Board of Directors assumes the overall responsibility of formulating policy and implementing effective systems of control in financial and operational objectives of the Company and in complying with legal regulations enforced by statutory bodies.

Risk Management Approach

The Company has established an integrated risk management process to identify the types of risk specific to the industry in which we operate, to measure those potential risks and to develop strategies to mitigate them. Risk management is an essential element of our corporate governance structure and strategic development process. Therefore, appropriate systems, policies and procedures are in place in all areas of operations and they are periodically reviewed to ensure adequacy and adherence.

Risk management, being an integrated discipline, plays a pivotal role in balancing strategic planning with business execution and compliance. This facilitates informed decision making and a conscious evaluation of opportunities and risks. The Company's overall risk management process is overseen by the Board through the Audit Committee as an important part of corporate governance.

However, we also recognize that risk management is a shared responsibility of all employees of the Company, rather than being a separate and stand-alone process. Hence it is integrated into overall business and decision-making processes including strategy formulation, business planning, business development, investment decisions, capital allocation, internal control and day-to-day functions.

Having the right people to execute strategies is imperative for the success in new and diverse opportunities emerging in growth markets. The Board recognizes the crucial role of human capital since talent, culture and work attitude are arguably the biggest drivers of competitive advantage. The Board plays an important role in ensuring that the leadership stays focused on building the talent strategy.

Risk Identification → Risk Assessment

Operational Risks

1. Climate Change → High Risk

The change in weather pattern would result in loss of revenue since the weather conditions are becoming more and more unpredictable globally due to the effects of climate change. As a result, the production of Coconut becomes more vulnerable to the changing weather conditions. This will have a negative impact on the cost of production. Further, extreme weather conditions could result in natural disasters, which would disrupt the crop formation process and cause physical damages to fields.

2. Production Risks → High Risk

Production risks relate to the possibility that yield or output levels will be lower than projected. Major sources of production risks arise from adverse weather conditions such as drought, or excessive rainfall at harvest or planting stage. Production risks may also result from damage due to insect pests and disease despite control measures employed, and from failure of equipment and machinery such as an irrigation pump.

Coconut plantations are affected by different pests and diseases. Some major epidemics have been observed in past years.

3. Elephant Attacks → Moderate Risk

Wild elephants are active in the plantation area and last year 62 no of trees damaged by elephant attacks.

A systematic program by the Wild life Department to drive away the elephants in to jungle area would mitigate this risk. Installation of an elephant fence in the estate would minimize the damage to the estate.

We have already installed Elephant Fences to cover 2 Km in Field No 11 and 2.035 Km in field No 08. We are hoping to install more in the coming years.



Risk Management [Contd.]

4. Non-availability of Fertilizer → Moderate Risk

Coconut trees grow well in a variety of soils as long as it is well draining. They do need an average temperature of 79 F to 86 F (26C - 30C) and annual rainfall of 1250mm-2500mm. However, Mahaweli Coconut Plantation is located in a dry zone which is not coming under coconut triangle of Sri Lanka. Further, the trees are at risk to nitrogen deficiency, which is characterized by yellowing of the oldest leaves to the entire canopy. Therefore, it is important to fertilize coconut trees at several stages during their growth to thwart or combat potential mineral deficiencies. Despite adverse climatic conditions not conducive to coconut, the plantation has consistently maintained high cropping trends due to effective management practices undertaken by the Company.

5. Water Supply → Moderate Risk

At present water supply is obtained from the Mahaweli for the irrigation purposes. If a cost is involved on irrigated water, it would have an adverse impact on the cost of production.

Economic and Financial Risks

1. Inflation → Moderate Risk

The increase in cost of inputs and difficulties in achieving economies of scale would have a negative impact on the cost of production. The cost of other inputs would include cost relating to wages, fertilizer, energy and expenses related to field maintenance. The increases in local energy prices and fertilizer costs could have a significant contribution towards the total cost of production.

The management has introduced effective key performance indicators and performance-based incentive schemes to control cost of production while improving the productivity.

2. Finance related risk management strategies are discussed in detail in Note 31 in Page 75 to 77.



Financial Calendar

Financial Statements	2019/20	2018/19
1 st Quarter	13.08.2019	-
2 nd Quarter	13.11.2019	-
3 rd Quarter	13.02.2020	-
4 th Quarter	03.09.2020	-
Annual General Meeting	28.10.2020	26.09.2019
Annual Report	-	29.08.2019



Financial Information



Annual Report of the Board of Directors

General

The Board of Directors of Mahaweli Coconut Plantations PLC takes pleasure in presenting its Annual Report to the shareholders for the financial year ended 31 March 2020, together with the audited financial statements of the Company, for the said year and the Auditor's Report on those financial statements, conforming to the requirements of the Companies Act No 7 of 2007 and listing rules of the Colombo Stock Exchange. The Report is also guided by the recommended best practices on Corporate Governance and accounting practices.

Mahaweli Coconut Plantations PLC is a Public Limited Liability Company incorporated in Sri Lanka in 1996 under the Companies Act No 17 of 1982 and re-registered as required under the provisions of the Companies Act No 7 of 2007. The re-registration number of the Company is PB 191 PQ.

The Company was listed on the Colombo Stock Exchange under the Diri Savi Board on 3rd June 2019.

The registered office is located at 1/82, Kimbulapitiya Road, Bolawalana, Negombo

The Financial Statements were reviewed and approved by the Board of Directors on 18th September 2020.

Principal Activities

The Company is engaged in Cultivating coconuts and Sale of coconuts & Copra. The Coconut Estate is situated in Aralaganvila in the Polonnaruwa District. The Coconut Estate land of 551.38 Hectares is on lease.

Review of Business

A review of the Company's performance during the financial year is given in the Chairman's Review on page 7 and the Managing Director's Review on page 8.

Financial Statements

The Financial Statements of the Company, have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS / LKAS) laid down by the CA Sri Lanka and comply with the requirements of Companies Act No. 07 of 2007.

The aforesaid Financial Statements duly signed by the Finance Officer & two Directors on behalf of the Board together with the Auditors Report thereon are included in this Annual Report and form an integral part of this Report.

The Financial Statements of the Company are given on pages 38 to 77 of this Annual Report

Summarized Financial Results

	2019/2020 Rs.	2018/2019 Rs.
Revenue	179,757,448	158,697,141
Profit before Taxation	32,377,892	119,724,180
Taxation	3,511,719	(16,901,734)
Profit After Taxation	35,889,611	102,822,446
Retained Earnings b/f- Previously reported	173,134,237	162,882,671
Adjustment due to initial application of SLFRS- 16	(14,495,555)	-
Retained Profit b/f- Adjusted	158,638,682	162,882,671
Other Comprehensive Income	493,225	467,905
Declared Dividend	(50,748,428)	(93,038,785)
Retained Earnings c/f	144,273,090	173,134,237





Annual Report of the Board of Directors [Contd.]

Auditors' Report

The Report of the Independent Auditors on the Financial Statements of the Company is given on page 38.

Accounting Policies and changes during the year

The Financial Statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/ LKAS). The significant accounting policies adopted in the preparation of the Financial Statements of the Company are given on pages 45 to 59.

During the year under review the Company carried out an impact assessment on SLFRS 16- Leases. Changes to the policies and impact to the Financial Statements on the adoption of SLFRS 16 is detailed under note 2.8 in the Financial Statements on page 46.

Donations

The Company made donations amounting to Rs. 278,780/- (2018/19- Rs. 159,390/-) during the year under review for charitable purposes.

Details of material issues pertaining to employees and industrial relations

During the year under review the Company did not have any issues pertaining to employees and industrial relations.

Taxation

A detailed statement of the income tax reconciliation of the accounting profits with the taxable profits is given in Note 24 of the Financial Statements. It is the policy of the Company to provide for deferred taxation on all known material timing differences between the carrying amounts of assets and liabilities for financial reporting purposes.

Capital Expenditure

The carrying value of Property, Plant and Equipment as at 31st March 2020 amounted to Rs. 38,246,308/- (2019- Rs. 39,824,112/-).

The extents, locations, valuations and the number of buildings on the Company's land are as follows.

Place	Location	Extent	Number of Buildings	Value (Rs)
Mahaweli Coconut Plantations PLC – Office	Negombo	23.65P (Land)	1	20,095,000
		1,480 sq.ft. (Building)	1	4,580,000
Mahaweli Coconut Plantations PLC – Estate	Aralaganwila	551.38 HA (Lease)	1	7,237,350.00
		16366 sq.ft. (Building)	35	5,250,717

The movement of Property, Plant and Equipment during the year is given in Note 6 to the Financial Statements.

Stated Capital and Reserves

The Stated Capital of the Company as at 31st March 2020 was Rs. 384,717,995/- (2019- Rs. 355,622,230/-). The number of shares issued by the Company as at 31st March 2020 is at 34,996,115 fully paid ordinary shares.

The movement of the Stated Capital & Reserves during the year are given under the Statement of Changes in Equity on page 43.

Capital Commitments and Contingent Liabilities

Details of the Capital Commitments & Contingent Liabilities are disclosed in Note 27 and 28 to the Financial Statements.

Dividend on Ordinary Shares

A Final Dividend for 2018/19 of Rs. 1.50 per share totalling to Rs. 50,748,428/- was paid during the year. This was paid by Rs. 0.50 in the form of cash dividend and Rs. 1/- in the form of scrip dividend on the shares in issue of 33,832,285. The shares were issued at Rs. 25/- per share against the amount due on scrip dividend net of 14% tax thereon.

The Directors recommended a First & Final dividend of Rs. 1.50 per Ordinary Share for the year 2019/20. This dividend is paid out of profits. The Directors are satisfied that the Company would meet the solvency test requirement under Section 56(2) of the Companies Act No. 07 of 2007, immediately after the payment of the First & Final dividend.

Information on the Directors of the Company

The Board of Directors of the Company as at 31st March 2020 consists of ten (10) Directors, with a broad range of skills, experiences and attributes.





Annual Report of the Board of Directors [Contd.]

Board of Directors

The names of Directors who held office during the year under review are as follows.

Mr. S.D.W.Asitha Gunasekara	- Chairmen/Non-Executive Non Independent Director
Mr. J.F.Fernandopulle	- Managing Director/Executive Non-Independent Director
Mr. S.J.Watawala	- Non-Executive Non Independent Director
Mr. S.D.Senerath Gunasekara	- Non-Executive Non Independent Director
Mr. G.J.L.Neomal Perera	- Non-Executive Non Independent Director
Mr. A.J.Shamendra Jayakody	- Non-Executive Non Independent Director
Mr. M.D.J.P.Nilantha Perera	- Non-Executive Non Independent Director
Prof.T.S.Gamini Fonseka	- Non-Executive Independent Director
Mr. M.A.C.H. Munaweera	- Non-Executive Independent Director
Mr. N.A. Lalith Cooray	- Non-Executive Independent Director (appointed w.e.f.16.12.2019)
Mr. N.B.Weerasekara	- Non-Executive Independent Director (resigned w.e.f.16.12.2019)

Register of Directors and Secretaries

As required under Section 223 (1) of the Companies Act No 7 of 2007, the Company maintains a Register of Directors and Secretaries which contains the name, surname, former name (if any), residential address, business occupation, dates of appointment and dates of resignation (if applicable) of each Director and the Secretary.

Independence of Directors

The Board has made a determination as to the independence of each Non-Executive Director and confirms that three out of the nine Non-Executive Directors meet the criteria of independence as per the listing rules.

Each of the Independent Directors have submitted a signed and dated declaration of his independence against the specified criteria.

Board Sub-Committees

Audit Committee

Mr. N.A.Lalith Cooray (appointed w.e.f. 16.12.2019) (Chairman)
Mr. N.B. Weerasekera (Resigned w.e.f. 16.12.2019)
Prof. T.S. Gamini Fonseka
Mr. M. A. C. H. Munaweera
Mr. S. D. Senerath Gunasekera
Mr. G. J. L. Neomal Perera

Remuneration Committee

Mr. M. A.C.H. Munaweera (Chairman)
Mr. N.A.Lalith Cooray
Prof. T.S. Gamini Fonseka
Mr. S.D.W.Asitha Gunasekera
Mr. A.J.Shamendra Jayakody

Related Party Transactions Review Committee

Prof. T.S. Gamini Fonseka (Chairman)
Mr. S. D. Senerath Gunasekera
Mr. G. J. L. Neomal Perera
Mr. N.B. Weerasekera (Resigned w.e.f. 16.12.2019)
Mr. N.A.Lalith Cooray (appointed w.e.f. 16.12.2019)
Mr. M. A.C.H. Munaweera

The reports of the Audit Committee, Remuneration Committee & Related Party Transactions Review Committee are given on pages 23, 25 & 26 respectively.

Re-election/ re-appointment of Directors

Mr. M.D.J.P.Nilantha Perera, Mr. S.J. Watawala & Prof. T.S.Gamini Fonseka retire by rotation in terms of Article 73 & 74 of the Articles of Association of the Company and offer themselves for election at the forthcoming Annual General Meeting.

The Board has recommended that Prof. T.S.Gamini Fonseka and Mr. S.J. Watawala, who are over 70 years of age and vacate office in terms of Section 210 of the Companies Act, be re-appointed as Directors in terms of Section 211 of the Companies Act, specially declaring that the age limit stipulated in Section 210 of the Companies Act, shall not apply to the said Directors.





Annual Report of the Board of Directors [Contd.]

Interest Register

The Company maintains an interest register in terms of the Companies Act No. 07 of 2007, which is deemed to form part and parcel of this Annual Report and is available for inspection upon request.

All related party transactions which encompasses the transactions of Directors who were directly or indirectly interested in a contract or a related party transaction with the Company during the accounting period are recorded in the Interest Register in due compliance with the applicable rules and regulations of the relevant Regulatory Authorities.

The relevant Interest of Directors in the shares of the Company as at 31st March 2020 as recorded in the Interest Register is given in this Report under Directors' Shareholding.

Directors' Interests in Contracts

The Directors' have no direct or indirect interest in any other contract or proposed contract with the Company except for the transactions referred to in Note 30 in page 74 to 75 of the Financial Statements.

Directors' Interest in Shares

The relevant interest of Directors in the shares of the Company as at 31st March 2020 and 31st March 2019 are as follows:

Directors' Name	No. of Shares as at 31.03.2020	No. of Shares as at 31.03.2019
Mr. S.D.W.Asitha Gunasekera	1,088	1,052
Mr. J.F. Fernandopulle	758,876	733,639
Mr. S.D.Senerath Gunasekera	11,504	11,122
Mr. S.J. Watawala	881,847	852,521
Mr. G.J.L. Neomal Perera	777,733	751,869
Mr. A.J.E. Shamendra Jayakody	46,560	45,012
Mr. M.D.J.P.Nilantha Perera	280,504	271,176

Directors' Remuneration

Director's remuneration and other benefits in respect of the Company for the financial year ended 31st March 2020 is given in Note 30 to the Financial Statements.

Related Party Transactions

The Directors declare that the Company is in compliance with Rule 9 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the Financial year ended 31st March 2020.

Details of the Related Party Transactions Review Committee and its Report are given on pages 26 to 27.

Related party transactions of the Company are disclosed in Note 30 to the Financial Statements. These interests have been duly declared by the Directors.

There were no non-recurrent related party transactions which in aggregate value exceeding lower of 10% of the equity or 5% of the total assets of the Company as per the audited Financial Statements as at 31st March 2020, which required additional disclosures in the annual report under Listing Rule 9.3.2(a).

Events occurring after the date of the Statement of Financial Position

The events occurring after the date of Statement of Financial Position, have been disclosed in Note 29 in the Financial Statements.

Going Concern

The Board of Directors after considering the financial position, operating conditions, regulatory and other factors have a reasonable expectation that the Company possess adequate resources to continue its operations without any disruption in the foreseeable future. Accordingly, the Financial Statements of the Company is prepared based on the going concern principles.

Auditors

The Financial Statements for the year ended 31st March 2020 were audited by Kreston MNS & Co., Chartered Accountants.

The Auditors have confirmed that they have had no interest in or relationship with the Company than that of Auditors. They confirm that they are independent in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of Sri Lanka.





Annual Report of the Board of Directors [Contd.]

The Auditors were paid Rs. 612,912/- as Audit Fees by the Company.

The Auditors have expressed their willingness to continue in office. A resolution to re-appoint the Auditors and to authorize the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Risk Management

The Board confirms that there is an on going process of identifying, evaluating and managing any significant risks faced by the Company. These are identified and the specific steps adopted by the Company are detailed on pages 75 to 77 of this Annual Report.

Public Holdings

A percentage of 87% of the issued shares of the Company are held by the public comprising of 416 shareholders as at the end of the year.

Major Shareholding

Details of the major shareholders of the Company as at 31st March 2020 are given under largest shareholdings on pages 81.

Stock Market Information

Information relating to trading of shares of the Company is given under share information on page 80.

Corporate Governance

The Board of Directors are responsible for the governance of the Company. The Board has placed considerable emphasis on developing rules, structures and process to ensure integrity and transparency in all the dealings of the Company and adopting good governance in managing the affairs of the Company. The Board in the discharge of its responsibilities aforesaid had been guided by the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Listing Rules of the Colombo Stock Exchange.

The Board of Directors confirms that the Company is compliant with Section 7.10 of the Listing Rules of the Colombo Stock Exchange.

The Corporate Governance practices of the Company are set out on pages 16 to 22.

Internal Controls

The Board of Directors ensures that the Company has an effective internal control system which ensures that the assets of the Company are safeguarded and appropriate systems are in place to minimize and detect fraud, errors and other irregularities. The system ensures that the Company adopts procedures which result in financial and operational effectiveness and efficiency.

The Audit Committee Report set out in this Annual Report provide further information in respect of the above.

Statutory Payments

The Directors to the best of their knowledge and belief are satisfied that all statutory financial obligations to the Government and to the employees have been either duly paid or adequately provided in the Financial Statements. A confirmation of same is included in the Statement of Directors' Responsibilities of this Annual Report.

Annual General Meeting

The Notice of the twenty third Annual General Meeting is given in Page 84.

The 23rd Annual General Meeting of the Company will be held on 28th October 2020 at the Regal Reseau Hotel & Spa, Negombo at 11.00 a.m.

Acknowledgement of the Contents of the Report

As required by Section 168 (1) (k) of the Companies Act No. 07 of 2007 the Board of Directors hereby acknowledge the contents of this Report.

For and on behalf of the Board,

Mr. S.D.W. Asitha Gunasekera
Chairman

Mr. J.F. Fernandopulle
Managing Director

Mr. K. A. Lakshman Rupasinghe FCA
Secretary
18th September 2020





Statement of Directors' Responsibility

The Companies Act No. 7 of 2007 requires the Directors of the Company to be responsible for the preparation and presentation of the Financial Statements and other statutory reports. The responsibilities of the Directors, in relation to the Financial Statements of Mahaweli Coconut Plantations PLC are set out in this report.

The Directors confirm that the Financial Statements and other statutory reports of the Company for the year ended 31st March 2020 incorporated in this report have been prepared in accordance with the Companies Act No. 7 of 2007, the Sri Lanka Accounting Standards (SLFRS/LKAS) and the Listing Rules of the Colombo Stock Exchange.

The Directors have taken appropriate steps to ensure that the Company maintain adequate and accurate records which reflect the true financial position of the Company. The Directors have taken appropriate and reasonable steps to safeguard the assets of the Company. The Directors have instituted appropriate systems of internal control in order to minimise and detect frauds, errors and other irregularities. The Directors in maintaining a sound system of internal control and in protecting the assets of the Company, have further adopted risk management strategies to identify and evaluate the risks which the Company could be exposed and its impact to the Company.

The Company has adequate resources to continue in operation. The Directors have adopted the going concern basis in preparing the Financial Statements.

The Financial Statements presented in this Annual Report for the year ended 31st March 2020, have been prepared based on the Sri Lanka Accounting Standards (SLFRS/ LKASs). The Directors have selected the appropriate accounting policies and such policies adopted by the Company are disclosed and explained in the Financial Statements.

The Board of Directors confirm that the Company's Statements of Financial Position as at 31st March 2020 and the Comprehensive Income Statements for the Company for the financial year ended 31st March 2020 reflect a true and fair view of the Company.

The Directors have provided the Auditors with every opportunity to carry out any reviews and tests that they consider appropriate and necessary for the performance of their duties. The responsibility of the Independent Auditors in relation to the Financial Statements is set out in the Independent Auditors Report.

The Directors confirm that to the best of their knowledge all payments to employees, regulatory and statutory authorities due and payable by the Company has been either duly paid or adequately provided for in the Financial Statements. The Directors further confirm that they promote the highest ethical, environmental and safety standards within the Company. The Directors also ensure that the relevant national laws and codes of regulatory authorities and professional institutes have been complied with by the Company.

By Order of the Board,
Mahaweli Coconut Plantations PLC

Mr. K. A. Lakshman Rupasinghe FCA
Company Secretaries
Colombo
18th September 2020





Independent Auditor's Report



Knowing you.

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Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF MAHAWELI COCONUT PLANTATIONS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of **MAHAWELI COCONUT PLANTATIONS PLC** (the Company), which comprise the Statement of Financial Position as at 31st March 2020, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies exhibited on pages 41 to 77.

In our opinion, the accompanying Financial Statements of the Company give a true and fair view of the Financial Position of the Company as at 31st March 2020, and of its Financial Performance and its Cash Flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Consumable biological Asset</p> <p>As at 31 March 2020, 22% of the total assets of the Company consisted of consumable biological assets amounting to Rs. 145 Mn which are carried at fair value and the fair value Gain of Rs. 0.221 Mn on such valuation has been included in the current year performance of the Company.</p> <p>The valuation of consumable biological assets involves use of significant assumptions, technical expertise, and discounted cash flow model. Due to changes in the key assumptions used such as discount rate and expected timber volume to value, the valuation of Company's consumable biological asset could have a material impact on the Statement of Comprehensive Income and the Statement of Financial Position of the Company. Accordingly, valuation of consumable biological assets has been considered as a Key Audit Matter.</p>	<p>Our audit procedures focused on the valuation performed by the Management's external valuer, which included among others the following procedures;</p> <ul style="list-style-type: none"> • We evaluated the competence, capability and objectivity of the external valuer engaged by the Company. • We assessed the tree census records maintained by the Company and cross checked whether the number of trees as per valuation report are consistent with that of the census report. • We read the external valuer's report and understood the fair value methodology and inputs used (such as discount rate and expected timber volume) in the valuations. <p>We evaluated the adequacy of the related disclosures given in Note 9 in the financial statements.</p>

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Partners

Ms. Y Shirani de Silva FCA, FCMA | S Rajanathan FCA, FCMA (UK) | N K Atukorala FCA, ACMA | Ms. H D S C A Tillekeratne FCA, ACMA
K I Skandadasan B.Sc. (Madras), FCA, ACMA | R L R Balasingham FCA, ACMA | N K G V Bandara B.Sc.(Acc) Sp, ACA, ACMA

Branches

Anuradhapura, Badulla, Batticaloa, Hatton, Jaffna, Kandy, Negombo, Nuwara Eliya, Trincomalee





Independent Auditor's Report (Contd.)

Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 31st March 2020, but does not include the Financial Statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs 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 SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.





Independent Auditor's Report [Contd.]

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2205.

Kreston MNS & Co

CHARTERED ACCOUNTANTS

COLOMBO

18TH SEPTEMBER 2020






Statement Of Financial Position

As at	Note	31.03.2020 Rs.	31.03.2019 Rs.
ASSETS			
Non-Current Assets			
Right of use Assets- Land	5	7,237,350	3,030,539
Property, Plant & Equipment	6	38,246,308	39,824,112
Intangible Assets	7	241,852	316,264
Bearer Biological Assets	8	213,619,944	238,571,922
Consumable Biological Assets	9	145,173,600	144,952,743
Total Non-Current Assets		404,519,054	426,695,580
Current Assets			
Inventories	10	15,237,988	39,535,329
Trade & Other Receivables	11	40,364,348	16,732,711
Short Term Investments	12	163,583,070	187,233,042
Income Tax Refund due	13	3,838,252	1,546,001
Cash at Bank & In Hand	14	30,711,712	34,910,882
Total Current Assets		253,735,370	279,957,965
Total Assets		658,254,424	706,653,545
EQUITY & LIABILITIES			
Capital & Reserves			
Stated Capital	15	384,717,995	355,622,230
Retained Earnings		144,273,090	173,134,237
Total Equity		528,991,085	528,756,467
Advance Received for Allotment of Shares		18,456,506	18,456,506
Shareholders Funds		547,447,591	547,212,973
Non-Current Liabilities			
Obligation under Right of use Assets- Land on Lease	16	27,993,502	9,300,001
Retirement Benefit Obligation	17	10,070,764	8,532,045
Deferred Tax liability	18	46,681,824	52,444,900
Total Non-Current Liabilities		84,746,090	70,276,946
Current Liabilities			
Trade & Other Payables	19	20,792,315	83,553,147
Obligation under Right of use Assets- Land on Lease	16	5,268,428	5,610,479
Total Current Liabilities		26,060,743	89,163,626
Total Liabilities		110,806,833	159,440,572
Total Equity & Liabilities		658,254,424	706,653,545

Figures in bracket indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form a part of the Financial Statements of the Company set out on pages 45 to 77.

I certify that the above Financial Statements have been prepared in compliance with the requirements of the Companies Act No.07 of 2007.


Ms. Christina J. Joseph
Finance Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
Approved and signed for and on behalf of the Board of Directors.


Mr. S. D. W. Asitha Gunasekera
Chairman


Mr. J. F. Fernandopulle
Managing Director

18th September 2020





Statement Of Comprehensive Income

For the year ended	Note	31.03.2020 Rs.	31.03.2019 Rs.
Revenue	20	179,757,448	158,697,141
Cost of Sale		(132,804,056)	(87,161,587)
Gross Profit		46,953,392	71,535,554
Other Income	21	2,745,017	11,497,041
Gain on change in Fair Value of Biological Assets		220,857	41,152,743
Administration Expenses		(25,826,099)	(19,826,280)
Other Expenses		(1,229,430)	(651,851)
Results from Operating Activities		22,863,737	103,707,207
Finance costs	22	(4,488,998)	(1,623,040)
Finance income	22	14,003,153	17,640,013
Net Finance cost		9,514,155	16,016,973
Profit before Taxation	23	32,377,892	119,724,180
Taxation	24	3,511,719	(16,901,734)
Profit for the year		35,889,611	102,822,446
Other Comprehensive Income			
Other Comprehensive Income not to be reclassified to profit or loss in the subsequent period (net of tax)			
Actuarial Gain on Retirement Benefit Obligation		573,518	410,443
Tax effect on Actuarial Gain on Retirement Benefit Obligation	24	(80,293)	57,462
Net Other Comprehensive Income not to be reclassified to profit or loss in the subsequent period (net of tax)		493,225	467,905
Total Other Comprehensive Income for the year, net of tax		493,225	467,905
Total Comprehensive Income for the Year (net of tax)		36,382,836	103,290,351
Earnings per Share (Rs.) - Basic	25	1.04	3.04
- Diluted	25	1.04	3.04
Dividend per Share (Rs.)	26	1.50	2.75

Figures in bracket indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form a part of the Financial Statements of the Company set out on pages 45 to 77.





Statement Of Changes In Equity

For the year ended	Note	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
Balance on 1st April 2018		355,622,230	162,882,671	518,504,901
Dividend				
Final Cash dividend for 2017/2018	32	-	(25,374,215)	(25,374,215)
First Interim Cash dividend for 2018/19	32	-	(67,664,570)	(67,664,570)
		-	(93,038,785)	(93,038,785)
Transactions with owners		-	(93,038,785)	(93,038,785)
Profit for the year		-	102,882,446	102,882,446
Other comprehensive income for the year net of tax		-	467,905	467,905
Total comprehensive income for the year net of tax		-	103,290,351	103,290,351
Balance on 31st March 2019		355,622,230	173,134,237	528,756,467
Balance on 1st April 2019 as Previously Reported		355,622,230	173,134,237	528,756,467
Adjustment due to initial application of SLFRS- 16 net of tax	2.8	-	(14,495,555)	(14,495,555)
Adjusted Balance as at 1 st April 2019		355,622,230	158,638,682	514,260,912
Dividend				
Final Cash dividend for 2018/19	32	-	(16,916,143)	(16,916,143)
Final dividend for 2018/19 satisfied in the form of issue and allotment of new shares (Scrip Dividend)	15	29,095,765	(33,832,285)	(4,736,520)
		29,095,765	(50,748,428)	(21,652,663)
Transactions with owners		29,095,765	(50,748,428)	(21,652,663)
Profit for the year		-	35,889,611	35,889,611
Other comprehensive income for the year net of tax		-	493,225	493,225
Total comprehensive income for the year net of tax		-	36,382,836	36,382,836
Balance on 31st March 2020		384,717,995	144,273,090	528,991,085

Figures in bracket indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form a part of the Financial Statements of the Company set out on pages 45 to 77.





Statement Of Cash Flows

For the year ended	Note	31.03.2020 Rs.	31.03.2019 Rs.
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before Taxation		32,377,892	119,724,180
Adjustments for :			
Finance Income	22	(14,003,153)	(17,640,013)
Finance Cost	22	4,488,998	1,623,040
Depreciation of Property, Plant & Equipment	6	3,741,733	3,899,773
Amortisation of Intangible Assets	7	74,412	55,811
Amortisation of Right of use of Land on Lease	5	795,943	315,681
Depreciation on Bearer Biological Assets	8	25,244,254	25,244,254
Provision for Gratuity	17	2,243,697	2,000,105
Provision for Ground Rent	16	-	3,097,956
(Gain) / Loss on Change in Fair Value of Consumable Biological Assets	9	(220,857)	(41,152,743)
Allowance for Impairment	11	-	616,750
Profit from operations before changes in working capital		54,742,919	97,784,794
Changes in Working Capital			
(Increase) / Decrease in Inventories	10	24,297,341	(15,653,249)
(Increase) / Decrease in Trade & Other Receivables	11	(23,631,637)	2,050,395
Increase / (Decrease) in Trade & Other Payables	19	(9,062,463)	8,277,940
Cash Generated from Operations		46,346,160	92,459,880
Gratuity Paid	17	(131,460)	(452,800)
Tax Paid	13	(4,623,901)	(5,126,458)
Net Cash generated from Operating Activities		41,590,799	86,880,622
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of Property, Plant & Equipment	6	(1,824,319)	(504,529)
Addition to Bearer Biological Assets- Immature	8	(292,276)	-
Expenditure on Capital Work In Progress	6	(339,610)	(548,236)
Purchase of Intangible Asset	7	-	(372,075)
Net Investment in Fixed Deposits	12	21,908,282	(55,578,352)
Interest Received	22	15,744,843	13,832,410
Net Cash generated from Investing Activities		35,196,920	(43,170,782)
CASH FLOW FROM FINANCING ACTIVITIES			
Lease Instalments Paid		-	(349,391)
Payment to Mahaweli Authority of Sri Lanka	16	(5,635,857)	(5,290,796)
Dividend Paid	32	(75,351,032)	(30,377,773)
Net Cash used in Financing Activities		(80,986,889)	(36,017,960)
Net Increase / (Decrease) in Cash and Equivalents		(4,199,170)	7,691,880
Cash and Cash Equivalents at the beginning of the year	14	34,910,882	27,219,002
Cash and Cash Equivalents at the end of the year	14	30,711,712	34,910,882

Figures in bracket indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form a part of the Financial Statements of the Company set out on pages 45 to 77.





Notes to the Financial Statements

1 REPORTING ENTITY

1.1 Domicile and Legal Form

Mahaweli Coconut Plantations PLC is a Public Limited Liability Company, incorporated on 29th October 1996 under the Companies Act No. 17 of 1982 and domiciled in Sri Lanka. The Company was re-registered under the Companies Act No. 07 of 2007 on 06th February 2008. (Registration No. (PB) 191). The registered office of the Company is located at No. 1/82, Kimbulapitiya Road, Bolawalana, Negombo. The Coconut Plantation is on lease land obtained from the Mahaweli Authority of Sri Lanka and is situated in Mahaweli System B Pimburettewa. Aralaganvila.

The Ordinary Shares of the Company are listed on the Diri Sivi Board of the Colombo Stock Exchange of Sri Lanka from 03.06.2019.

1.2 Principal Business Activities and Nature of Operations

The Company is primarily engaged in the Cultivation of Coconuts & manufacturing of Copra and sale of Coconuts & Copra.

1.3 Date of authorization of issue.

The Financial Statements for the year ended 31st March 2020 were authorised for issue by the Board of Directors on 18.09.2020.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Financial Statements of the Company comprise of Statement of Comprehensive Income, Statement of Financial Position, Statement of Charges in Equity and Statement of Cash Flow together with the significant Accounting Policies and notes to the Financial Statements.

The Financial Statements of the Company have been prepared and presented in accordance with Sri Lanka Accounting Standards, which comprises Sri Lanka Accounting Standards (LKAS / SLFRS and in compliance with the requirement of the Companies Act No. 07 of 2007.

These Financial Statements except for information on cash flows have been prepared following the accrual basis of accounting.

This is the first set of Financial Statements in which SLFRS 16 Leases have been applied. Changes to significant accounting policies are described in Note 2.8 to the Financial Statements.

2.2 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis except for the following material items appearing in the statement of financial position:-

- Retirement benefit obligation has been recognized at the present value of the defined benefit obligation based on actuarial valuation as per LKAS 19 "Employee Benefits" (Note 17)
- Consumable biological assets are measured at fair value as per LKAS 41 "Agriculture". (Note 9)
- Agriculture produce harvested from bearer biological assets is measured at fair value less cost to sell as per LKAS 41 "Agriculture" (Note 10)

2.3 Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards and as per the provisions of the Companies Act No. 07 of 2007. This responsibility includes:

Designing, Implementing and maintaining internal controls relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.





Notes to the Financial Statements (Contd.)

2. BASIS OF PREPARATION (CONTD)

2.4 Comparative Information

Except when a standard permit or requires otherwise, comparative information is disclosed in respect of the previous period. Where the presentation or classification of items in the financial statements are amended, comparative amounts are reclassified unless it is impracticable.

2.5 Going Concern

The Board of Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Board is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and they do not intend either to liquidate or to cease operations of the Company. Therefore, the Financial Statements continue to be prepared on the going concern basis.

2.6 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard 1 on "Presentation of Financial Statements".

2.7 Use of estimates and judgements

The preparation of financial statements in conformity with LKAS/SLFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and the results form the basis of making the judgements about the carrying amount of assets and liabilities that are not readily apparent from other sources.

Estimates and assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in respective note to the financial statements.

2.8 New Accounting Standards, interpretations and amendments adopted by the Company.

The accounting policies adopted in the preparation of the Financial Statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 March 2019, except for the adoption of new standards effective as of 1 April 2019. The Company has not adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Company applies, for the first time, SLFRS 16 Leases. As required by SLFRS 16, the nature and effect of these changes are disclosed below.

SLFRS 16 supersedes LKAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires all leases to be accounted under a single on-balance sheet model. The Company has adopted SLFRS 16 using modified retrospective method from 1 April 2019, under which the cumulative effect of initial application is recognised in retained earnings as at 1 April 2019. Accordingly, the comparative information presented is not restated and the disclosure requirements in SLFRS 16 have not generally been applied to comparative information- i.e. it is presented, as previously reported, under LKAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

The Company applied SLFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under LKAS 17 and IFRIC 4 were not reassessed for whether there is a lease under SLFRS 16. Therefore, the definition of a lease under SLFRS 16 was applied only to contracts entered into or changed on or after 1 April 2019.

The Company used a number of practical expedients when applying SLFRS 16 to leases previously classified as operating leases under LKAS 17. In particular, the Company excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.





Notes to the Financial Statements (Contd.)

2. BASIS OF PREPARATION (CONTD)

2.8.1 New standards, interpretations and amendments adopted by the Company

The effect of adoption SLFRS 16 as at 1 April 2019 (increase/(decrease)) is as follows:

	Rs.
Assets	
Right of use of assets Land on Lease	5,002,754
Total assets	<u>5,002,754</u>
Equity	
Retained Earnings	(14,495,555)
Liabilities	
Obligation under Right of use of assets land on lease	19,498,309
Total Equity and Liabilities	<u>5,002,754</u>

Nature of the effect of adoption of SLFRS 16 - Leases

The Company has lease contracts for lands. Land leases are for 30 years and it is the only asset included in the right of use assets category. Lease terms are negotiated and agreed with the Mahaweli Authority of Sri Lanka. On adoption of SLFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of LKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of the transition date.

Leases previously classified as finance leases

For leases previously classified as finance leases, the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The requirements of SLFRS 16 was applied to these leases from 1 April 2019.

Leases previously accounted for as operating leases

The Company recognised right of use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. Right-of-use assets are measured at their carrying amount as if SLFRS 16 had been applied since the commencement date, discounted using the company's incremental borrowing rate at the date of initial application which is 14%.

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31st March 2019 as follows:

Operating lease commitments as at 31 March 2019	40,892,810
Discounted operating lease commitments at 1 April 2019	<u>19,498,309</u>
Less:	
Commitments relating to short-term leases	-
Commitments relating to leases of low-value assets	-
Add:	
Commitments relating to leases previously classified as finance leases	11,492,833
Payments in optional extension periods not recognised as at 31 March 2019	-
Balance Commitments relating to operating lease	<u>3,417,647</u>
Lease liabilities as at 1 April 2019	<u>34,408,789</u>





Notes to the Financial Statements (Contd.)

2. BASIS OF PREPARATION (CONTD)

2.9 Functional & Presentation currency

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Financial Statements are presented in Sri Lankan Rupees (LKR), which is the Company's functional and presentation currency. All financial information presented in Sri Lankan Rupees has been rounded to the nearest Rupee.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Overall Considerations

The significant accounting policies that have been used in the preparation of these Financial Statements are summarised below.

3.1 Fair Value Measurement

The company measures non-financial assets at fair value at each statement of financial position date. Fair value related disclosures for non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Managed Consumable Biological Assets- Note 9
- Agriculture Produce from Bearer biological assets- Note 10

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as managed biological assets. Involvement of external valuers is decided upon annually by the Management Committee after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management Committee decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.





Notes to the Financial Statements [Contd.]

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

3.2 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Comprehensive Income. Monetary assets and liabilities balances are translated at year end exchange rates.

Non monetary items measured at historical cost or fair value are translated at the rates prevailing on the date of the transaction.

3.3 Right of Use of Land on Lease

The Company recognises right of use assets when the underlying asset is available for use. Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The right-of-use asset is subsequently amortised using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

The Company does not foresee any impairment of right-of-use assets due to the lockdown economic implication of COVID-19 and does not anticipate discontinuation of any assets for which the Company has the right to use. Lease liabilities are not assessed as there are no known moratorium received for the lease payments so far.

3.4 Property, Plant and Equipment

3.4.1 Cost

Property, Plant and Equipment are recognized if it is probable that future economic benefits associated with the assets will flow to the Company and the cost of the asset can be measured reliably. All property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss. The cost includes expenditure that is directly attributable to the acquisition of assets. The cost of self-constructed assets includes the cost of materials direct labour, any other cost directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling, removing and restoring, the site on which they are located.

3.4.2 Subsequent Cost

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company, the cost of the item can be measured reliably.

All other repairs & maintenance are charged to the statement of comprehensive income as an expense as incurred.

3.4.3 Derecognition

The carrying amount of any component accounted for as a separate asset is derecognised upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in the Statement of Comprehensive Income in the year the asset is derecognised.

3.4.4 Depreciation

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following useful lives are used for the depreciation of Property, Plant & Equipment:

Freehold Assets	Years
Buildings	30
Motor Vehicles	5
Furniture & Fittings	10
Equipments	8- 13

Depreciation of an asset begins from the month the asset is available for use and ceases at the month in which the asset is disposed.

The assets residual values and, useful lives are reviewed and adjusted if appropriate at the end of each financial year.





Notes to the Financial Statements (Contd.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

3.4.5 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash generating unit, or CGU").

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of comprehensive income.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at FVTPL. Financial assets carried at FVTPL are initially recognized at fair value and transaction costs are expensed in the statement of comprehensive income.

3.4.6 Capital work-in-progress

Capital work-in-progress is stated at cost less any accumulated impairment losses. These are expenses of a capital nature directly incurred in the construction of buildings, major plant and machinery and system development, awaiting capitalisation. The expenditure incurred in the course of construction of property plant and equipment during the year is presented in Note 06. Capital work- in-progress would be transferred to the relevant asset when it is available for use.

3.5 Intangible Assets

Intangible assets include computer software carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on a straight line basis over their estimated useful lives of 5 years. Residual values are assumed to be zero.

All amortisation charges are expensed to the Statement of Comprehensive Statement.

3.6 Biological Assets

Biological assets are classified in to mature biological assets and immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests.

Immature biological assets are those that have not yet attained harvestable specifications.

Biological assets are further classified as bearer biological assets and consumable biological assets.

The entity recognizes the biological assets when, and only when, the entity controls the assets as a result of past event, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably.

3.6.1 Bearer biological asset (Coconut Plantation)

Bearer biological asset includes coconut trees, those that are not intended to be sold or harvested, however used to grow for harvesting agricultural produce from such biological assets. The costs of new planting are classified as immature plantations up to the time of harvesting the Crop. The costs of areas coming into bearing are transferred to mature plantations at the time the Bearer biological asset is ready to harvest and are depreciated over their useful life period, in terms of LKAS16- Property, Plant and Equipment.

The useful life used for this purpose,

Coconut Plantation 20 Years





Notes to the Financial Statements [Contd.]

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

3.6.2 Infilling Cost

Where Infilling results in an increase in the economic life of relevant fields beyond its previously assessed standard of performance, the costs are capitalised in accordance with Sri Lanka Accounting Standard LKAS 16 Property, Plant & Equipment and depreciated over useful life applicable to mature plantations.

Infilling costs that are not capitalised are charged to the Statement of Comprehensive Income in the year in which they are incurred.

3.6.3 Consumable biological asset (Teak Plantation)

Consumable biological assets include managed teak trees those that are to be harvested as agricultural produce or sold as biological assets. The managed teak 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 Cost to sell include all cost that would be necessary to sell assets, including transportation cost if any. The Fair Value of consumable biological assets is determined based on a valuation carried out by a qualified valuer. When determining the fair value of biological assets, the number of trees in the plantations are physically verified together with their height and girth.

The gain or loss arising on recognition of consumer biological assets at fair value less cost to sell and from the change in fair value less cost to sell of biological assets are included in the Statement of Comprehensive Income for the period in which it arises.

The fair value of timber trees is 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. All other assumptions and sensitivity analysis are given in Note 9.

The main variables in DCF model are as follows.

Variable	Comment
Currency valuation	Rs.
Timber content	Estimated based on physical verification of girth & height of the trees.
Economic useful life	Estimated based on the normal life span of each tree
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 16.5% and further discounted at 15% for market uncertainty.

3.6.4 Nursery Cost

Nursery cost includes the cost of direct material, direct labour and an appropriate proportion of directly attributable overheads of other inter plants. Nurseries are measured at cost less accumulated impairments.

3.7 Inventories

3.7.1 Agricultural Produce harvested from Biological Assets

Agricultural produce harvested from the Company's biological assets are measured at its fair value less cost to sell at the point of harvest.

3.7.2 Finished goods manufactured from agricultural produce of biological assets (Copra)

These are valued at the lower of cost and estimated net realizable value. Net realisable value is the estimated selling price at which stock can be sold in the ordinary course of business after allocating for cost of realisation and / or cost of conversion from their existing stock to saleable conditions, after making due allowance for obsolete and slow-moving items.

3.7.3 Consumables Stock

At actual cost on weighted average basis.

3.7.4 Nursery Stock

At the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads of other inter plant.





Notes to the Financial Statements (Contd.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

3.8 Trade & Other Receivables

Trade & Other receivables are amounts due from customers for commodities sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

3.9 Cash and Cash Equivalents

Cash and Cash Equivalents comprise cash balances and short-term deposits. Bank overdrafts that are repayable on demand from an integral part of the Company's cash management and are included as a component of Cash and Cash Equivalents for the purpose of the Statement of Cash Flow.

3.10 Stated Capital

The total amount received by the Company or due and payable to the Company in respect of the issue of shares are referred to as "Stated Capital".

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

3.11 Liabilities and Provisions

Liabilities classified as current liabilities on the Statement of Financial Position are those which fall due for payment on demand or within one year from the reporting date.

Non-current liabilities are those balances that fall due for payment after one year from the reporting date.

3.11.1 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be measured reliably. Provisions are not recognised for future operating losses.

Provisions are measured at the Directors' best estimate of the cost of settling these liabilities and are discounted to present value where the effect is material. All known liabilities and provisions have been accounted for in preparing the financial statements.

3.12 Leases

Set out below are the new accounting policies of the Company upon adoption of SLFRS 16, which have been applied from the date of initial application. The Company has applied SLFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under LKAS 17 and IFRIC 4.

Accounting policy applicable from 1 April 2019

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in SLFRS 16.

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.





Notes to the Financial Statements [Contd.]

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

Accounting policy applicable prior to 1 April 2019

For contracts entered into before 1 April 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- (a) fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- (b) the arrangement had conveyed a right to use the asset.

An arrangement conveyed the right to use the asset if one of the following was met:

the purchaser had the ability or right to operate the assets while obtaining or controlling more than an insignificant amount of the output;
the purchaser has the ability or right to control physical access to the assets while obtaining or controlling more than an insignificant amount of the output; or
facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

In the comparative period, as a lessee the Company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Company's Statement of Financial Position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

3.13 Employee Benefits

The Company provides post-employment benefits through various defined contribution plans and defined benefit plans.

3.13.1 Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contribution to Employee Provident Fund or Estate Staff Provident Society, Ceylon Planters Provident Society and Employee Trust Funds covering all employees are recognised as an expense in profit or loss as incurred. The Company contributes 12% and 3% of gross emoluments of employees as Employee Provident Fund or Estate Staff Provident Society and Trust Fund contribution respectively.

3.13.2 Retirement Benefit Obligations

The retirement benefit plan adopted is as required under the Payment of Gratuity Act No.12 of 1983 to eligible employees. This item is grouped under Employee Benefits in the Statement of Financial Position. The liability recognised in the Statement of Financial Position in respect of defined benefit plan is the present value of defined benefit obligation at the reporting date. Provision for Gratuity on the Employees of the Company is based on an actuarial valuation, using the Projected Unit Credit (PUC) method as recommended by Sri Lanka Accounting Standards 19- "Employee Benefits". Remeasurements, comprising actuarial gains and losses, are recognised immediately in the Statement of Financial Position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. The Company recognises the changes in the defined benefit liability attributable to the service costs (current service costs and any past service costs) and interest expense in the profit or loss. Key assumptions used in determining the defined benefit obligation are given in Note 17.3.

The actuarial valuation was carried out by a professionally qualified firm of actuaries, Messrs Actuarial and Management Consultants (Private) Limited as at 31 March 2020.

However, according to the Payment of Gratuity Act No.12 of 1983, the liability for payment to an employee arises only after the completion of five (5) years continued services.

The liability is not externally funded.





Notes to the Financial Statements (Contd.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

3.14 Trade & Other Payables

Trade & other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade & Other Payables are stated at their cost.

3.15 Taxes

Tax expense recognised in Statement of Comprehensive Income comprises the sum of deferred tax and current income tax not recognised in other comprehensive income or directly in equity.

3.15.1 Current Income Tax

Current income tax assets and/or liabilities comprise those obligations to or claims from the Department of Inland Revenue relating to current or prior reporting periods that are unpaid at the reporting date. Current income tax is payable on taxable profit, which differs from profit or loss in the Financial Statements.

Current Income Tax relating to items recognised directly in equity is recognised in equity and not in the Statement of comprehensive income. Management periodically evaluates position taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

Current income tax assets and liabilities, or deferred tax assets and liabilities, are offset only when the Company has a legally enforceable right to offset the amounts and intends to settle on a net basis or realise the asset and settle the liability simultaneously.

The Company has adopted the amendments announced by the Department of Inland Revenue through the notice dated 8th April 2020 (PN/IT/2020-03 Revised) to the Inland Revenue Act No. 24 of 2017 that would be legislated in near future.

3.15.2 Deferred Tax

Deferred tax is calculated on temporary differences between the carrying amounts of Assets and liabilities and their tax bases that are expected to increase or reduce taxable profit in the future and on unused tax losses and unused tax credits.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization provided that they are enacted or substantively enacted at the reporting date, taking into consideration all possible outcomes of a review by the tax authorities.

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted as necessary to reflect the current assessment of future taxable profit.

Deferred tax for the year has been computed on the enacted rate (14%) as per Inland Revenue Act No. 24 of 2017, since the proposed exemption on sale of Agriculture produce without any process has not been substantially enacted.

3.16 Financial Instruments

3.16.1 Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

3.16.2 Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- debt instruments at amortised cost
- debt instruments at fair value through other comprehensive income (FVTOCI)
- debt instruments, derivatives and equity instruments at fair value through profit and loss (FVTPL)
- equity instruments at fair value through other comprehensive income (FVTOCI)





Notes to the Financial Statements [Contd.]

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

Debt instruments at amortised cost

A financial asset is measured at amortised cost if both the following conditions are met.

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit and loss. The losses arising from impairment are recognised in the profit and loss. This category generally applies to trade and other receivables, loans and other financial assets.

Debt instruments at FVTOCI

A financial asset is measured at FVTOCI if both the following conditions are met.

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

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of Comprehensive Income. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instruments, derivatives and equity instruments at FVTPL

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

3.16.3 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when the rights to receive cash flows from the asset expires or the Company transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or the Company neither transfers nor retains substantially all the risks and rewards of the asset, but transfers control of the asset.

When the Company transfers a financial asset, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

3.16.4 Impairment of financial assets

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade Receivables.

The application of simplified approach does not require the Company to track changes in credit risk. rather, it recognises impairment loss allowance based on lifetime expected credit losses (ECLs) at each reporting date, right from its initial recognition.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the, expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.





Notes to the Financial Statements [Contd.]

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

3.16.5 Classification and subsequent measurement of financial liabilities

The Company classifies financial liabilities as described below:

- Financial liabilities at fair value through profit or loss (FVTPL)
- Financial liabilities at amortised cost

The subsequent measurement of financial liabilities depends on their classification.

Financial liabilities at FVTPL

Financial liabilities at fair value through profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss.

Gains or losses on liabilities held for trading are recognised in the profit and loss.

The Company has not designated any financial liability as at fair value through profit and loss.

Financial liabilities at amortised cost

The financial liabilities which are not designated at FVTPL are classified as financial liabilities at amortised cost.

After initial recognition, such financial liabilities are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortisation is included as finance costs in the statement of profit and loss. Gains and losses are recognised in profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

3.16.6 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of Comprehensive Income.

3.16.7 Reclassification of financial assets and liabilities

Financial assets are not reclassified subsequent to their initial recognition, except and only in those rare circumstances when the Company changes its objective of the business model for managing such financial assets which may include the acquisition, disposal or termination of a business line.

Financial liabilities are not reclassified as such reclassifications are not permitted by SLFRS 9.

3.16.8 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

3.17 Revenue from contracts with customers

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. Under SLFRS 15, revenue is recognised upon satisfaction of performance obligation.

The Company is in the business of cultivation of coconut, manufacture of copra and other crops (Plantation Produce). Revenue from contracts with customers is recognized when control of the goods are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods before transferring them to customer.

3.17.1 Sale of Plantation produce

Revenue from sale of plantation produce is recognized at the point in time when the control of the goods is transferred to the customer. Generally upon delivery of the goods to the location specified by the customer and the acceptance of the goods by the customer.





Notes to the Financial Statements (Contd.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

3.17.2 Other Income

Revenue recognition criteria for the other income earned by the company are as follows;

Interest Income

Interest income is recognized on an accrual basis, using the effective interest method.

Gains and Losses on disposal

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the net sales proceeds with the carrying amounts of property, plant and equipment and are recognized within 'other income' in the statement of comprehensive income.

Other income

Other income is recognized on an accrual basis.

Gain arising from changes in fair value of Biological Assets.

Gains or Losses arising on initial recognition of biological assets and agricultural produce at fair value less estimated point of sale costs are recognised in profit or loss.

Gains or Losses arising on change in fair value due to subsequent measurements are recognised in profit or loss in the period in which they arise.

3.18 Expenditure Recognition

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

For the purpose of presentation of Statement of Comprehensive Income, the Directors are of the opinion that function of expenses method present fairly the elements of the Company's performance, hence such presentation method is adopted.

3.19 Finance Income and Finance Costs

Finance income which are recognised in Income Statement comprises interest income on funds invested.

Finance costs which are recognised in Income Statement comprise interest expense on borrowings.

Borrowing Costs

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset, which takes a substantial period of time to get ready for its intended use or sale, are capitalized as a part of the asset.

Borrowing costs that are not capitalized are recognized as expenses in the period in which they are incurred and charged to the Income Statement.

The amounts of the borrowing costs which are eligible for capitalization are determined in accordance with LKAS 23 - 'Borrowing Costs'.

3.20 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the "Indirect Method" of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard 07 "Statement of Cash Flows". Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalent include cash in hand and balances with banks.

Interest paid is classified as operating cash flow while Interest received is classified as investing cash flows.

3.21 Commitments and contingencies

Provisions are made for all obligations existing as at the reporting date when it is probable that such obligation will result in an outflow of resources and reliable estimate can be made of the quantum of the outflow.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be reliably measured.

Contingent liabilities are not recognised in the Statement of Financial Position but are disclosed unless they are remote. Capital commitments and contingent liabilities of the Company have been disclosed in the respective Notes to the Financial Statements.





Notes to the Financial Statements (Contd.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

3.22 Events occurring after the reporting period

All material events after the statement of financial position date have been considered where appropriate; either adjustments have been made or adequately disclosed in the Financial Statements.

3.23 Earnings per share

The company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period, Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all convertible securities.

3.24 Critical Accounting Estimates and Judgements

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldomly equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Estimated useful lives of property, plant and equipment

The company reviews annually the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation charge and decrease the property, plant and equipment carrying value.

Taxation

Deferred tax

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised. This involves judgement regarding future financial performance of the Company in which the deferred tax asset has been recognized.

Impairment of non-current assets

The company test annually the indicators to ascertain whether non-current assets (including intangibles) have suffered any impairment, in accordance with the accounting policy stated in notes. These calculations require the use of estimates.

Defined benefit plan - gratuity

The present value of the defined benefit plan depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for defined benefit plan include the discount rate, future salary increase rate, mortality rate, withdrawal and disability rates and retirement age. Any changes in these assumptions will impact the carrying amount of defined benefit plan. The company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows, expected to be required to settle the defined benefit plan. In determining the appropriate discount rate, the company considers the interest yield of long term government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related defined benefit plan. Other key assumptions for defined benefit plan are based in part on current market conditions.

Provisions

The company recognise provisions when they have a present legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The recording of provisions requires the application of judgements about the ultimate resolution of these obligations. As a result, provisions are reviewed at each statement of financial position date and adjusted to reflect the company's current best estimate.

Fair Valuation of Consumable Biological Assets

The fair valuation of Teak Plantation depends on a number of factors that are determined on a discounted method using various financial and non financial assumptions. The growth rate of the trees is determined by various biological factors that are highly unpredictable. Any change to the assumptions will impact to the fair value of biological assets.





Notes to the Financial Statements [Contd.]

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

3.24 Critical Accounting Estimates and Judgements (Contd)

The following factors are also taken into consideration in valuing the Teak Plantation

- 1) Maturity age of the species and the particular tree
- 2) Annual marginal increase in growth in the timber content of a tree
- 3) Number of years to harvest in case of matured trees- harvesting program
- 4) Current Price of sawn timber per cubic foot

3.25 New and Amended Standards issued but not effective as at the Reporting Date

Following amendments to Sri Lanka Accounting Standards issued not yet effective as at the reporting date have not been applied in preparing the Financial Statements. The Company plans to apply these amendments to the standards from their effective dates. A summary of the requirements stipulated by the amendment and their possible impacts on financial statements, when implemented, are presented below:

Amendments to LKAS 1 and LKAS 8: Definition of Material

The amendments in LKAS 1 - "Presentation of Financial Statements" and LKAS 8 - "Accounting policies, Changes in accounting Estimates and Errors" align the definition of "material" across the standards and clarify certain aspects of the definition. The new definition states that, "information is material if omitting or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments are applied prospectively for the annual periods beginning on or after 1 January 2020 with early application permitted.

The Company is assessing the potential impact on its financial statements resulting from the application of amendments to LKAS 1 and LKAS 8. This amendment is not expected to have a significant impact on the financial statements of the Company.

3.26 Segment Information

Segment is a distinguishable component of the company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (Geographical Segment), which is subject to risks and returns that are different from those of the segments.

The activities of the Company are located mainly in Sri Lanka. Consequently, the economic environment in which the Company operated is not subject to risks and rewards that are significantly different on a geographical basis. Hence disclosure by geographical region is not provided. Further, the Company has one business activity which is the cultivation and sale of coconut and copra where there are no distinguishable components. As such, the Company has not identified different business segments that needs to be disclosed as per SLFRS 8- Operating Segments.





Notes to the Financial Statements (Contd.)

NOTE 4 - ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

In accordance with SLFRS 09 on "Financial Instruments" financial assets & liabilities have been classified as follows:

	Note	Fair value through OCI Rs.	Fair value through Profit & Loss Rs.	Amortised cost Rs.	Total Rs.
Balance on 31st March 2020					
Financial Assets					
Trade & Other Receivables	11	-	-	33,710,789	33,710,789
Short Term Investments	12	-	-	163,583,070	163,583,070
Cash at Bank & in Hand	14	-	-	30,711,712	30,711,712
		-	-	228,005,571	228,005,571

	Note	Financial Liabilities at fair value through Profit & Loss Rs.	Financial Liabilities at amortised Rs.	Total Rs.
Financial Liabilities				
Trade & Other Payables	19	-	19,359,942	19,359,942
Obligation under Right of use Assets- Land	16	-	33,261,930	33,261,930
		-	52,621,872	52,621,872

A description of the Company's Financial Instrument risks, including risk management objectives and policies is given in Note 31.

	Note	Fair value through OCI Rs.	Fair value through Profit & Loss Rs.	Amortised cost Rs.	Total Rs.
Balance on 31st March 2019					
Financial Assets					
Trade & Other Receivables	11	-	-	17,840,151	17,840,151
Short Term Investments	12	-	-	187,233,042	187,233,042
Cash at Bank & in Hand	14	-	-	34,910,882	34,910,882
		-	-	239,984,075	239,984,075

	Note	Financial Liabilities at fair value through Profit & Loss Rs.	Financial Liabilities at amortised Rs.	Total Rs.
Financial Liabilities				
Trade & Other Payables	19	-	72,948,272	72,948,272
Obligation under Right of use Assets- Land	16	-	14,910,480	14,910,480
		-	87,858,752	87,858,752

A description of the Company's Financial Instrument risks, including risk management objectives and policies is given in Note 31.





Notes to the Financial Statements (Contd.)

NOTE 5 - RIGHT OF USE ASSETS - LAND

	As at 31.03.2020 Rs.	As at 31.03.2019 Rs.
Capitalized Value		
Balance on 1st April	10,145,039	10,145,039
Transition adjustment due to initial application of SLFRS- 16	5,002,754	-
Balance on 31st March	15,147,793	10,145,039
Amortisation		
Balance on 1st April	7,114,500	6,798,819
Amortisation during the year	795,943	315,681
Balance on 31st March	7,910,443	7,114,500
Net Balance	7,237,350	3,030,539

The lease agreements for 292.0283 HA which were effected from 01.12.1998 for 30 years were signed on 28.07.2004 and 7 more lease agreements for 130.1717 HA effected from 01.09.1999 for 30 years were signed on 24.06.2019 with Mahaweli Authority of Sri Lanka.

The total extent of land area cultivated as at year end is 551.387 HA out of which 422.20 HA is covered by lease agreements & the remaining Land of 129.187 HA is not covered by lease agreements.

292.0283 HA of Land was previously accounted under Statement of Alternative Treatment (SoAT) issued by the Institute of Chartered Accountants of Sri Lanka dated 21 August 2013. This Right-of-use asset-land is amortised over the remaining lease term or useful life of the right whichever is shorter and is disclosed under non-current assets. An adjustment to the Right-of-use asset-land could be made to the extent that the change relate to the future period on the reassessment of lease liability. SLFRS 16- Leases became applicable to financial statements period covering beginning 01 January 2019 and therefore, the balance 259.3587 HA of Right of-use asset-Land has now been accounted in accordance with the said standard with effect from 01 April 2019.

The lease liability as at 1 April 2019 has been reassessed under the provisions of SLFRS 16 and both Right-of-use asset-land and Lease Liability have been enhanced.

The Company has adopted SLFRS 16 using the modified retrospective method from 1 April 2019, without restating comparative information. Instead, it has recognised the cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings at the date of initial application, as permitted under the specific transitional provisions in this standard. The effect of adoption of SLFRS 16- 'Leases' has been done to the retained earnings as at 1 April 2019.





Notes to the Financial Statements (Contd.)

NOTE 6 - PROPERTY, PLANT & EQUIPMENT

The details of the Company's Property, Plant & Equipment and their carrying amounts are as follows.

	Land	Buildings	Motor Vehicles	Furniture & Fittings	Equipments	Work in Progress	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Gross carrying amount-at cost							
Balance on 1st April 2019	20,095,000	9,830,717	17,266,646	1,593,095	73,527,821	82,472	122,395,751
Additions during the year	-	-	730,904	42,552	1,050,863	339,610	2,163,929
Disposal / Transfers	-	59,767	-	-	-	(59,767)	-
Balance on 31st March 2020	20,095,000	9,890,484	17,997,550	1,635,647	74,578,684	362,315	124,559,680
Depreciation and Impairment							
Balance on 1st April 2019	-	1,357,037	16,082,693	1,259,170	63,872,739	-	82,571,639
Charge for the year	-	533,617	1,118,501	54,571	2,035,044	-	3,741,733
Balance on 31st March 2020	-	1,890,654	17,201,194	1,313,741	65,907,783	-	86,313,372
Net Book Value							
As at 31st March 2020	20,095,000	7,999,830	796,356	321,906	8,670,901	362,315	38,246,308
As at 31st March 2019	20,095,000	8,473,680	1,183,953	333,925	9,655,082	82,472	39,824,112

Cost of fully depreciated assets still in use as at 31 March 2020 amounts to Rs. 75,725,901

Rs.

Working in Progress included the following

Construction of Transformer Room & Executive Bungalow	268,913
Construction of Electric Fence & Others	93,402
	<u>362,315</u>



Notes to the Financial Statements [Contd.]

NOTE 7 - INTANGIBLE ASSETS

	As at 31.03.2020 Rs.	As at 31.03.2019 Rs.
Cost		
Balance on 1st April	372,075	-
Additions during the year	-	372,075
Balance on 31st March	372,075	372,075
Amortisation		
Balance on 1st April	55,811	-
Amortisation during the year	74,412	55,811
Balance on 31st March	130,223	55,811
Net carrying value	241,852	316,264

Description- Accounting Software
Remaining Amortisation period 39 Months

NOTE 8 - BEARER BIOLOGICAL ASSETS

	Immature Plantation			Mature Plantation			As at 31.03.2020 Rs.	As at 31.03.2019 Rs.
	Coconut Rs.	Others Rs.	Total Rs.	Coconut Rs.	Others Rs.	Total Rs.		
Cost								
Balance on 1st April	-	-	-	504,885,076	-	504,885,076	504,885,076	504,885,076
Additions during the year	-	292,276	292,276	-	-	-	292,276	-
Balance on 31st March	-	292,276	292,276	504,885,076	-	504,885,076	505,177,352	504,885,076
Depreciation & Impairment								
Balance on 1st April	-	-	-	266,313,154	-	266,313,154	266,313,154	241,068,900
Charge for the year	-	-	-	25,244,254	-	25,244,254	25,244,254	25,244,254
Balance on 31st March	-	-	-	291,557,408	-	291,557,408	291,557,408	266,313,154
Carrying Value	-	292,276	292,276	213,327,668	-	213,327,668	213,619,944	238,571,922

- (i) Mature Bearer Biological Assets include coconut trees. Bearer plants are stated at cost less accumulated depreciation and impairment in accordance with Sri Lanka Accounting Standard- LKAS 16- Property, Plant & Equipment
- (ii) The transfer of immature plantation to mature plantation commences at the time the plantation is ready for the commercial harvesting
- (iii) Immature Plants include Cinnamon, Ginger, Pepper, Betel etc.





Notes to the Financial Statements (Contd.)

NOTE 9 - CONSUMABLE BIOLOGICAL ASSETS

	As at 31.03.2020 Rs.	As at 31.03.2019 Rs.
Balance on 1st April	144,952,743	103,800,000
Gain on change in Fair value	220,857	41,152,743
Balance on 31st March	145,173,600	144,952,743
Valuation :		
Estimated Value	169,200,000	
Discount for Market uncertainty at 15% (WACC)	0.858	
Value	145,173,600	

As at 31st March Assets measured at fair value	Date of Valuation	Level 1	Level 2	Level 3
Consumable Biological Assets- Teak	31st March 2020	-	-	145,173,600

The fair value of matured managed trees were ascertained in accordance with SLFRS 13. The valuation was carried out by Messrs Sunil Fernando Associate (Pvt) Ltd, Chartered Valuation Surveyors, using Discounted Cash Flow (DCF) Methods. In ascertaining the fair value of teak trees, a sample physical verification was carried out by the valuer covering the 14 fields.

Assumptions of Risk

The volumes of standing timber were based on the enumerations provided and the prices achieved in the local market and the value opinion expressed herein is based on certain assumptions in Sri Lanka, specifically;

1. Maintain existing fiscal & economic environment.
2. Stable political and social environment.
3. Confirm to normal silviculture practices by the management
4. Consistency in application of regulation for extraction and harvesting of timber.
5. Cost of Replanting is not taken as the requirement in assessing excess timber value

Special Assumptions & Limitation

The pandemic has an impact on the financial market and the macro-economic situation of the overall economy and has impacted the macro-economic conditions affecting the asset. As at the valuation date, less weight can be attached to previous market evidence for comparison purpose to form a value opinion.

The valuation is therefore reported on the basis of "significant valuation uncertainty" (VPS 3 & VPGA 10 RICS) and a higher degree of caution has been considered in the valuation.

Methodology

There may be no separate market but for the combined asset of land and timber, but in this exercise of the estimation of fair value of timber as an asset in its own right on the basis of excess timber value, over and above the highest and best use as a coconut plantation, stumpage of standing timber is estimated on selective felling.

Value however, depends on optimum rotation and the valuation is carried out as standing timber in its present location as it stands (stumpage) considering cost of logging and transport.

The factors such as geographic location with regard to market legal and regulatory frame work, forestry policy, market considerations are factored being bulky product cost of extraction and transport influence prices.

The crop rotation vary from 20 – 30 years within which period rapid changes would have taken place within the operating market inter alia affecting the price, timber stock with the passage of time and due to vagaries of weather. It had been observed that the market demand is influenced by the biological transformation evidenced by the BHG. Thus, extraction done selectively improves income generation.





Notes to the Financial Statements [Contd.]

NOTE 9 - CONSUMABLE BIOLOGICAL ASSETS (CONTD)

a) Discounting Factor

The all risk yield for agriculture property vary from 10 – 12%. Therefore this rate is adjusted for systematic risk and unsystematic risk 2% and 2.5% respectively to arrive at the discounting rate of 16.5%. This fair value amount of the Biological Asset based on the discount factor of 16.5% was further discounted for Market uncertainty at 15% (WACC)

b) Estimations of Volumes

Precursor to the assessment is the need to determine the volumes. These were based on the management provided enumeration; by sampling the accuracy of enumeration was verified.

Time constraints apart timber cruise in this instance was not practical, next best was the random sampling, one to verify the statistical data as given in the inventory even this was not onerous as the trees were planted along the boundaries of an estate over 550 HA. and wind belts are within the coconut plantation and further exacerbated by the fact that the fields are kilometers apart, therefore the blocks were subjected to random sampling there by inventorised griths were verified. Volumes of trees were calculated according to the categories established by the Management.

The trees which did not conform to the ideal growth pattern were excluded from the estimates, as there is uncertainty in Biological transformation with the expiry of time within which gain was not possible or unlikely.

c) Conclusion

The value based on stumpage depends not only on rotation but are subjected to uncertainty of approval for felling and the time frame for obtaining approval and other procedural factors that have to be conformed to before harvesting.

Furthermore, the restriction on heavy load transport on access road on the channel bund leads to increase in cost of transport.

The market price was adjusted taking cognizance of:-

- Period of maturity
- Girth influence marketability
- Price variation based on girth.
- Prices obtained in the general market comparison with the State Timber Corporation prices and having an overall global market prices, is adopted as sustainable.

d) Sensitivity Analysis

Sensitivity variation on sales price

Net present value of the biological assets as appearing in the statement of financial position are very sensitive to the changes into the average sales prices applied. Simulations made for timber show that an increase or decrease by 10% of the estimated future selling price when other variables are remained unchanged, has the following effect on the net present value of biological assets :

	+10%	0%	-10%
	Rs.	Rs.	Rs.
Total value of Stumpage	179,103,580	169,200,000	150,592,451

Sensitivity variation on discount rate

Net present value of the biological assets are as appearing in the statement of financial position are very sensitive to changes of the discount rate applied. Simulations made for timber show that an increase or decrease by 1% of the estimated future discount rate has the following effect on the net present value of biological assets :

	17.5%	16.5%	15.5%
	Rs.	Rs.	Rs.
Total value of Stumpage	158,731,528	169,200,000	169,772,813





Notes to the Financial Statements [Contd.]

NOTE 9 - CONSUMABLE BIOLOGICAL ASSETS (CONTD)

e) Information about Fair Value Measurements using Significant unobservable Inputs (Level 3)

Non Financial Asset	Valuation Techniques	Unobservable Inputs	Range of Unobservable Input	Relationship of Unobservable inputs to Fair Value
Consumable Biological Assets - Teak	DCF Method The valuation model considers present value of future net cash flows expected to be generated by the plantation from the teak content of managed teak plantation on a tree-per-tree basis. The expected net cash flow are discounted using a risk adjusted discount rate.	Discounting factor	16.5% and Further discounted for market uncertainty at 15% (WACC)	The higher the discount rate, the lower the fair value
		Optimum rotation (Maturity)	20-30 Years	Lower the rotation period, the higher the fair value.
		Volume at rotation	3.83 to 26 Cu. Ft.	The higher the weight the higher the fair value
		Price per Cu. Ft.	Rs. 150/- to Rs.3,000/- per Cu. Ft	The higher the price the higher the fair value

NOTE 10 - INVENTORIES

	As at 31.03.2020 Rs.	As at 31.03.2019 Rs.
Harvested Crop	13,175,591	37,674,698
Nurseries	35,413	-
Consumables	1,729,212	1,463,956
Others	297,772	396,675
	<u>15,237,988</u>	<u>39,535,329</u>

NOTE 11 - TRADE & OTHER RECEIVABLES

	As at 31.03.2020 Rs.	As at 31.03.2019 Rs.
Trade Receivables	32,401,130	15,012,102
Deposits	33,650	33,650
Prepayments	365,664	268,614
Employee Advances	132,743	-
Advances	7,531,206	-
Other Receivables	1,276,009	2,794,399
	<u>41,740,402</u>	<u>18,108,765</u>
Less : Allowance for Impairment	<u>(1,376,054)</u>	<u>(1,376,054)</u>
	<u>40,364,348</u>	<u>16,732,711</u>





Notes to the Financial Statements (Contd.)

NOTE 12 - SHORT TERM INVESTMENTS

	As at 31.03.2020 Rs.	As at 31.03.2019 Rs.
Fixed Deposits		
Balance on 01st April	187,233,042	131,654,689
Amount Invested during the year	50,350,000	379,217,724
Interest Received for re-investment	8,527,256	10,365,805
Withdrawals made during the year	(87,202,270)	(340,421,908)
Interest Receivable at the end of year	4,675,042	6,416,732
Balance on 31st March	163,583,070	187,233,042

The average interest yield on short term deposits was 10.1%.

NOTE 13 - INCOME TAX REFUND DUE

	As at 31.03.2020 Rs.	As at 31.03.2019 Rs.
Balance on 01st April	1,546,001	(3,580,457)
Provision for the year	(2,331,650)	-
	(785,649)	(3,580,457)
Payments made during the year	3,523,274	3,578,800
ESC	499,750	859,861
WHT	600,877	687,797
Balance on 31st March	3,838,252	1,546,001

NOTE 14 - CASH AT BANK & IN HAND

	As at 31.03.2020 Rs.	As at 31.03.2019 Rs.
Cash at Bank	30,646,429	34,902,830
Cash in Hand	65,283	8,052
Cash and Cash Equivalents for the purpose of Cash Flow Statement	30,711,712	34,910,882

NOTE 15 - STATED CAPITAL

	As at 31.03.2020 Rs.	As at 31.03.2019 Rs.
Number of Ordinary Shares issued & fully paid		
Balance on 01st April	33,832,285	33,832,285
Issue of Shares as Scrip dividend	1,163,830	-
Balance on 31st March	34,996,115	33,832,285
	Rs.	Rs.
Stated Capital on 01st April	355,622,230	355,622,230
Issue of Shares as Scrip dividend	29,095,765	-
Stated Capital on 31st March	384,717,995	355,622,230

A Final Dividend for 2018/19 of Rs. 1.50 per share totalling to Rs. 50,748,428/- was paid during the year. This was paid by Rs. 0.50 in the form of Cash dividend and Rs. 1/- in the form of scrip dividend on the shares in issue of 33,832,285. The shares were issued at Rs. 25/- per share against the amount due on scrip dividend net of 14% tax there on.

The Stated Capital of the Company consists only of fully paid ordinary shares

All ordinary shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholder meetings of the Company. All Shares rank equally with regard to the Company's residual assets.





Notes to the Financial Statements (Contd.)

NOTE 16 - OBLIGATION UNDER RIGHT OF USE ASSETS - LAND ON LEASE

	As at 31.03.2020 Rs.	As at 31.03.2019 Rs.
Mahaweli Authority of Sri Lanka		
Balance on 01st April	14,910,480	15,490,156
Transition adjustment due to initial recognition application of SLFRS- 16- Lease	19,498,309	-
Lease Rent	-	3,097,956
Interest Expense	4,488,998	1,613,164
Payments made during the year	(5,635,857)	(5,290,796)
Balance on 31st March	33,261,930	14,910,480
Not later than one year	5,268,428	5,610,479
Later than one year not later than five years	14,516,399	6,706,533
Later than five years	13,477,103	2,593,468
	27,993,502	9,300,001

NOTE 17 - RETIREMENT BENEFIT OBLIGATION

	As at 31.03.2020 Rs.	As at 31.03.2019 Rs.
Balance on 1st April	8,532,045	7,395,183
Current Service Cost	1,305,172	1,394,561
Interest Cost	938,525	605,544
Actuaries (gain) / loss due to change in assumption	(573,518)	(410,443)
Payments during the year	(131,460)	(452,800)
Balance on 31st March	10,070,764	8,532,045

17.1 The expenses are recognised in the income statement in the following line items;

	2020 Rs.	2019 Rs.
Cost of Sales	1,225,054	1,808,886
Administration Cost	1,018,643	191,219
	2,243,697	2,000,105
17.2 Actuarial gain on defined benefit plan has been recognized in Statement of Other Comprehensive Income in terms of provisions in LKAS 19.	(573,518)	(410,443)

17.3 The principal assumptions used in determining the retirement benefit obligation were;

	Salary increment rate	Retirement age	Discount rate	Staff Turnover Ratio
2019/2020				
Workers	10% per annum	55- 75 years	11%	} 3% up to age 49 and thereafter zero
Staff	10% per annum	55- 75 years	11%	
2018/2019				
Workers	10% per annum	55- 75 years	11%	
Staff	10% per annum	55- 75 years	11%	





Notes to the Financial Statements [Contd.]

NOTE 17 - RETIREMENT BENEFIT OBLIGATION (CONTD)

17.4 Sensitivity analysis

Values appearing in the Financial Statements are very sensitive to the changes of financial and non-financial assumptions used. The sensitivity was carried for the rate of wage increment and discount rate, as it is the key contributor to the entire obligation. Simulations made for retirement benefit obligation show that a rise or decrease by 1% of the rate of wage, and discount rate have following effect on the retirement benefit obligation:

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 using the Projected Unit Credit Method and discount that benefit 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 retirement benefit obligation as at 31 March 2020 of the Company is based on the actuarial valuation carried out by Messers Actuarial & Management Consultants (Pvt) Ltd. According to the actuarial valuation report issued by the actuarial valuer as at 31 March 2020, the actuarial present value of promised retirement benefits obligation amounted to Rs. 10,070,764/-.

Percentage increase / (decrease) in discount rate	Impact on Retirement benefit obligations	
	+ 1%	- 1%
As at 31 March 2020	(640,048)	726,391
As at 31 March 2019	(447,119)	481,325

Percentage increase / (decrease) in Salary/wages increment rate	Impact on Retirement benefit obligations	
	+ 1%	- 1%
As at 31 March 2020	749,467	(671,393)
As at 31 March 2019	481,325	(455,023)

NOTE 18 - DEFERRED TAXATION

	As at 31.03.2020 Rs.	As at 31.03.2019 Rs.
Balance on 01st April	52,444,900	35,600,628
Originating / (reversal) during the year recognised in the Statement of Comprehensive Income	(5,843,369)	16,901,734
Originating / (reversal) during the year recognised in Other Comprehensive Income	80,293	(57,462)
Balance on 31st March	46,681,824	52,444,900





Notes to the Financial Statements (Contd.)

NOTE 18 - DEFERRED TAXATION (CONTD)

NOTE 18.1 - DEFERRED TAXATION RECONCILIATION

	As at 31.03.2020		As at 31.03.2019	
	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.
Balance on 01st April	374,606,429	52,444,900	254,290,205	35,600,628
Amount originate/(reversal) during the year	(41,164,833)	(5,763,076)	120,316,224	16,844,272
Balance on 31st March	333,441,596	46,681,824	374,606,429	52,444,900
Deferred Tax Liability				
Temporary difference on Right of use Asset	7,237,350	1,013,229	-	-
Temporary difference on Property, Plant & Equipment	10,836,411	1,517,098	11,420,314	1,598,844
Temporary difference on Intangible Assets	(93,015)	(13,022)	(37,207)	(5,209)
Temporary difference on Bearer Biological Assets	213,619,944	29,906,792	238,571,922	33,400,069
Temporary difference on Consumable Biological Assets	145,173,600	20,324,304	144,952,743	20,293,384
	376,774,290	52,748,401	394,907,772	55,287,088
Deferred Tax Assets				
Temporary difference on Obligation under Right of use Asset	33,261,930	4,656,670	-	-
Temporary difference on Defined Benefit Obligation	10,070,764	1,409,907	8,532,045	1,194,486
Temporary difference on Tax Losses	-	-	11,769,298	1,647,702
	43,332,694	6,066,577	20,301,343	2,842,188
Balance on 31st March	333,441,596	46,681,824	374,606,429	52,444,900

Deferred Tax Assets & Liabilities are measured based on the tax rate that have been exacted or substantially enacted by the end of the reporting period in accordance with the Inland revenue Act No. 24 of 2017 effective from 1st April 2018.

The effective tax rate used to calculate deferred tax assets & liabilities for all the Temporary Differences as at 31st March 2020 is 14% (2019-14%).

NOTE 19 - TRADE & OTHER PAYABLES

	As at 31.03.2020 Rs.	As at 31.03.2019 Rs.
Accrued Expenses & Other Payables	8,305,569	17,575,879
Sundry Creditors	701,875	494,028
Dividend Payable	11,784,871	65,483,240
	20,792,315	83,553,147

NOTE 20 - REVENUE

	Year ended 31.03.2020 Rs.	Year ended 31.03.2019 Rs.
Coconut	155,145,845	150,431,853
Copra	24,611,603	8,265,288
	179,757,448	158,697,141

NOTE 21 - OTHER INCOME

	Year ended 31.03.2020 Rs.	Year ended 31.03.2019 Rs.
Sale of Husks	1,364,156	11,105,550
Sundry Income	1,380,861	306,222
Profit on Sale of Property, Plant & Equipment	-	70,000
Creditors Written Back	-	15,269
	2,745,017	11,497,041

Sundry income includes sale of coconut related by products such as, coconut shells and other crop sales.





Notes to the Financial Statements [Contd.]

NOTE 22 - FINANCE COSTS AND FINANCE INCOME

	Year ended 31.03.2020 Rs.	Year ended 31.03.2019 Rs.
22.1 Finance Costs		
Interest expenses on		
Finance Lease	-	9,877
Obligation under Right of use Assets - Land on Lease	4,488,998	1,613,163
Total Finance Cost	4,488,998	1,623,040
22.2 Finance Income		
Interest income on		
Fixed Deposits	13,803,175	17,639,996
Saving Account	-	17
Debtor collection delays	199,978	-
Total Finance Income	14,003,153	17,640,013

NOTE 23 - PROFIT BEFORE TAXATION

Profit before income tax is stated after charging all expenses including the following

	Year ended 31.03.2020 Rs.	Year ended 31.03.2019 Rs.
Depreciation & Amortisation		
- Bearer Biological Asset	25,244,254	25,244,254
- Property, Plant & Equipment	3,741,733	3,899,773
- Intangible Asset	74,412	55,811
- Right of use Land on Lease	795,943	315,681
Auditors' Remuneration		
- Statutory Audit - Current	612,912	509,795
- prior year under provision	33,831	10,340
- Other than Audit Related Services	96,900	271,830
Directors Remuneration	3,250,000	2,425,000
Allowance for impairment of Debtors	-	616,750
Donations	278,780	159,390
Staff Costs		
- Staff Salaries	15,990,174	14,536,037
- Defined contribution Plan Cost- EPF, ETF, CPPS & ESPS	1,107,353	1,051,485
- Defined Benefit Plan Cost- Provision for Retiring Gratuity	2,243,697	2,000,105
Operating Lease Rentals	-	3,097,956





Notes to the Financial Statements (Contd.)

NOTE 24 - TAXATION

24.1 INCOME TAX

As per the Inland Revenue Act No. 24 of 2017, in the case of a Company predominantly conducting an agricultural business, the applicable income tax rate is 14%. As per the above ACT "Predominantly" is defined as 80% or more calculated based on gross income. The "Agriculture business" is defined in section 195 (1) as business of producing agricultural, horticultural or any animal produce and includes an undertaking for the purpose of rearing livestock or poultry. Based on the legal expert opinion obtained, the management is of the view that the Company is predominantly engaged in agricultural business.

However, as per the notice dated 8th April 2020 [VPN/IT/2020- 03 (Revised)] issued by the Department of Inland Revenue, gains & profits earned or derived by any person from the sale of produce of an undertaking for agro farming of such person without subjecting such produce to any process of production or manufacture is exempt with effect from 1st April 2019.

Management is of the view that the Company is entitled to this tax exemption.

The processed agricultural produce (Copra) is liable to income tax at the rate of 28% up to 31.12.2019 and at 14% thereafter. Investment Income of the Company is liable to Income Tax at the rate of 28% up to 31st December 2019 and at 24% thereafter.

	Year ended 31.03.2020 Rs.	Year ended 31.03.2019 Rs.
Income Tax on Profit for the year	2,331,650	-
Deferred Tax- (Provision / Reversal)	(5,843,369)	16,901,734
Tax Expenses on Profit & Loss	(3,511,719)	16,901,734
Deferred Tax on Other Comprehensive Income	80,293	(57,462)
Tax on Total Comprehensive Income	(3,431,426)	16,844,272
24.2 Reconciliation of Accounting Profit and Tax for Current year		
Profit before Taxation	32,377,892	119,724,180
Tax at the Applicable Rate	8,742,031	16,761,385
Tax effect on Expenses that are not deductible in determining taxable profit	465,156	815,051
Tax effect on Expenses that are deductible in determining taxable profit	-	(789,626)
Tax effect on reversal of Deferred Tax Asset on Tax Loss	1,647,702	14,634,297
Effect on rate changes	3,527,180	-
Tax effect on brought forward loss set off	(3,148,550)	(14,634,297)
Tax effect on OCI	80,293	57,462
Tax effect on exempt income	(11,052,669)	-
Tax effect on Deferred Tax recognized- Prior Year	(3,692,569)	-
Tax Expenses	(3,431,426)	16,844,272
24.3 Deferred Tax		
Deferred tax arising from		
Liabilities		
Property, Plant & Equipment	(81,746)	147,155
Intangible Assets	(7,813)	(5,209)
Bearer Biological Assets	(3,493,277)	(3,534,195)
Right of use Assets- Land	1,013,229	-
Consumable Biological Assets	30,920	5,761,384
Assets		
Defined Benefit Obligations	(215,421)	(159,161)
Tax Losses Carried Forward	1,647,702	14,634,298
Obligation under Right of use Asset	(4,656,670)	-
Total deferred tax Charge / (Reversal)	(5,763,076)	16,844,272

Deferred tax has been computed at the rate of 14% in line with the tax rate enacted and substantively enacted as at 31.03.2020





Notes to the Financial Statements (Contd.)

NOTE 25 - EARNINGS PER SHARE

25.1 Basic earnings per ordinary share

The calculation of basic earnings per ordinary share has been done based on net profit attributable to ordinary shareholders divided by weighted average number of ordinary shares in issue as at the reporting date and calculated as follows:

	As at 31.03.2020	As at 31.03.2019
Net profit attributable to ordinary shareholders (Rs.)	35,889,611	102,822,446
Weighted average number of ordinary shares in issue (Nos)	34,414,200	33,832,285
Basic earnings per ordinary share (Rs.)	1.04	3.04

25.2 Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share is based on net profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares. There were no potentially dilutive shares outstanding at any time during the year/previous year.

NOTE 26 - DIVIDEND PER SHARE

	As at 31.03.2020	As at 31.03.2019
Dividend Paid (Rs.)	50,748,428	93,038,785
No. of Ordinary Shares in Issue (Nos.)	33,832,285	33,832,285
Dividend per Ordinary Share (Rs.)	1.50	2.75

NOTE 27 - CONTINGENT LIABILITIES

The contingent liability in respect of case filed against a Director of the company is given below.

Name of Plaintiff	Case No.	Brief description
Mrs. Lalani Perera	3506/5PL	Claiming Rs. 5 Mn as damages from Mr. S. D. Senerath Gunasekera a Director of MCPPLC for registering a caveat against the Land of Late Mr. Nalinda Perera who owes the Company a sum of Rs. 3.2 Mn. The caveat was filed on behalf of the Company by Mr. S.D. Senerath Gunasekera and hence, the Company would bear any damages awarded to the plaintiff on this case.

There are no other contingent liabilities as at 31st March 2020 other than above, which would require adjustments to or disclosure in the Financial Statements.

NOTE 28 - CAPITAL COMMITMENTS

There are no material capital commitments as at 31st March 2020 in respect of the Company.

NOTE 29 - EVENTS OCCURRING AFTER THE REPORTING DATE

First & Final Dividend - 2019/20

The Board of Directors of the Company has recommended the payment of a final dividend of Rs. 1.50 per share. This final dividend is to be approved at the Annual General Meeting to be held on 28th October 2020. In accordance with the Sri Lanka Accounting Standard – LKAS 10 on “Events after the reporting period”, this proposed final dividend has not been recognised as a liability as at 31st March 2020. As per the Notice published by the Inland Revenue Department dated 8th April 2020, this dividend will not be liable to, withholding tax.

The Directors are satisfied that the Company would meet the solvency test requirement under section 56(2) of the Companies Act No. 07 of 2007, immediately after the payment of the first and final dividend.

There are no other events other than above have arisen since the reporting date which require adjustments to or disclosure in the Financial Statements.





Notes to the Financial Statements (Contd.)

NOTE 30 - RELATED PARTY DISCLOSURES

30.1 Terms and conditions of transactions with related parties

The Company carried out transactions in the ordinary course of business with its related parties. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2020, the Company has not recorded an impairment of receivables relating to amounts owed by related parties.

30.2 Parent and Ultimate Controlling Party

The Company does not have an identifiable parent of its own

30.3 Key management personnel information

The Directors of the Company have interest in the transactions detailed below and some Directors held the post of Director of such Related Companies during the year.

Mr S.D.W. Asitha Gunasekera, Mr. J.F.Fernandopulle, Mr. S.D. Senerath Gunasekera, Mr. S.J. Watawala, Mr.G.J.L.Neomal Perera, Mr.A.J.Shamendra Jayakody, Mr.M.D.J.P. Nilantha Perera, Prof. T.S. Gamini Fonseka, Mr.N.B.Weerasekara (resigned w.e.f 16.12.2019), Mr.M.A.C.H.Munaweera and Mr.N.A. Lalith Cooray (appointed w.e.f. 16.12.2019) were Directors of the Company during the year

	Year ended 31.03.2020 Rs.	Year ended 31.03.2019 Rs.
Directors Fees	3,250,000	2,425,000

30.4 Related party transactions

The Company has a related party relationship with its related companies as disclosed below. The following transactions have been carried out with related parties during the year ended 31st March, 2020 under normal commercial terms.

Transactions with Companies in which directors of the Company hold other directorships

The Company has carried out transactions with entities where a Director of the Company is a Director of such entities as detailed below:

Transaction with Other Related Companies					
Name of the Company	Name of Director	Relationship	Nature of Transaction	31.03.2020 Rs.	31.03.2019 Rs.
Boyagane DC Mills (Pvt) Ltd	Mr. S.D.W.Asitha Gunasekera	Chairman	Sale of Coconuts Trade Receivables	13,795,960 686,564	2,796,477 -
Jayakody Mills (Pvt) Ltd	Mr. A.J.Shamendra Jayakody	Managing Director	Sale of Coconuts Trade Receivables	6,149,690 3,085,045	- 736,671
St. Anne's Factory (Pvt) Ltd	Mr. G.J.L. Neomal Perera	Chairman / Managing Director	Sale of Coconuts Trade Receivables	51,766,901 20,068,859	25,799,241 10,095,474
Transactions with Shareholders					
S.A Silva & Sons Lanka (Pvt) Ltd	-	Shareholder with 2% holding	Sale of Coconuts Trade Receivables	59,946,725 5,080,292	78,045,009 1,450,591
Katana Oil Mills (Pvt) Ltd.	-	Mr. P.P.Suresh Fernando with 4% holding of MCPPLC is the Managing Director of Katana Oil Mills (Pvt) Ltd.	Sale of Coconuts Sale of Copra	9,363,240 20,775,453	- -





Notes to the Financial Statements [Contd.]

NOTE 30 - RELATED PARTY DISCLOSURES (CONTD)

30.5 Non-recurrent Related Party Transactions

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31st March 2020 audited financial statements, which required additional disclosures in the 2019/20 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

30.6 Recurrent Related Party Transactions

Name of the Related Party	Relationship	Nature of the Transaction	Value of the Related Party Transaction entered during the Year	Value of the Related Party Transaction as a % of Net Revenue	Terms and Conditions
Boyagane DC Mills (Pvt) Ltd	Common Directorship	Sale of Coconut	13,795,960	7.67%	Normal Commercial Terms
Jayakody Mills (Pvt) Ltd	Common Directorship	Sale of Coconut	6,149,690	3.42%	Normal Commercial Terms
St. Anne's Factory (Pvt) Ltd	Common Directorship	Sale of Coconut	51,766,901	28.80%	Normal Commercial Terms
S.A Silva & Sons Lanka (Pvt) Ltd	Shareholder with 2% shareholding	Sale of Coconut	59,946,725	33.35%	Normal Commercial Terms
Katana Oil Mills (Pvt) Ltd.	Entity controlled by a shareholder with 4% shareholding at MCPPLC	Sale of Coconut	9,363,240	5.21%	Normal Commercial Terms
Katana Oil Mills (Pvt) Ltd.	Entity controlled by a shareholder with 4% shareholding at MCPPLC	Sale of Copra	20,775,453	11.56%	Normal Commercial Terms

NOTE 31 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise, Accrued and other payables, and Right of use Land on Lease. The main purpose of these financial liabilities is to finance the Company's operations. The Company has trade and other receivables, short-term investments and Cash at Bank and In hand that arrive directly from its operations. Accordingly the Company has exposure to namely Market Risk, Credit Risk and Liquidity Risk from its use of financial instruments.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise of below risks:

- Interest rate risk
- Commodity price risk

Financial instruments affected by market risk include, short term investments in Deposits & Right of use Land on Lease. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(i) Interest rate risk

Interest rate is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has investment in Deposits at varying terms and conditions. The finance function negotiates with banks to get the best interest rates.

(ii) Commodity price risk

The Company is affected by the volatility of certain commodities. The volatility in prices of coconut etc. would trigger greater uncertainty in the contribution towards company turnover. Due to the significantly increased volatility of the price of the underlying, the Company's Board of Directors has developed and enacted a risk management strategy regarding commodity price risk and its mitigation.





Notes to the Financial Statements (Contd.)

NOTE 31 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD)

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading towards negative effect towards company profitability. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions.

Company has continuously monitored the receivables through segregating the duty of controlling the receivables. It is the responsibility of the Management to continuously monitor the receivables and the receipts & recoveries are done promptly according to the credit period. Furthermore, age analysis is carried out along with provisioning to smooth out the irrecoverable debtor balances across the period.

The following table shows the credit quality of the financial instruments by class of financial assets.

	As at 31.03.2020 Rs.	As at 31.03.2019 Rs.
Financial Assets		
Trade and Other Receivables		
Neither Past-due nor Impaired	21,669,144	14,854,487
Past-due but not Impaired		
<30 days	-	-
30-60 Days	6,767,172	244,960
61-90 Days	3,197,181	10,543
91-120 Days	686,563	57
>120 Days	14,675	1,355,050
Total	10,665,591	1,610,610
Individually Impaired	1,376,054	1,376,054
Total	1,376,054	1,376,054
Total Trade and Other Receivable Exposed to Credit Risk	33,710,789	17,840,151
Short Term Investments		
Neither Past-due nor Impaired		
Fitch Rating		
AA+(Ika)- Negative (2018/19- AA+(Ika) Stable)	75,974,944	75,449,498
A(Ika)- Stable (2018/19- A-(Ika) Stable)	87,608,126	111,783,544
Total Short Term Investments Exposed to Credit Risk	163,583,070	187,233,042
Cash and Cash Equivalents		
Neither Past-due nor Impaired		
Fitch Rating		
AA+(Ika)- Negative (2018/19- AA+(Ika) Stable)	26,948,842	32,528,562
A(Ika)- Stable (2018/19- A-(Ika) Stable)	3,697,587	2,374,268
Total	30,646,429	34,902,830
Cash in hand	65,283	8,052
Total Cash and Cash Equivalents Exposed to Credit Risk	30,711,712	34,910,882
Total Financial Assets Exposed to Credit Risk	228,005,571	239,984,075





Notes to the Financial Statements [Contd.]

NOTE 31 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD)

Liquidity Risk

Cash flow forecasting is performed by the finance division. The finance division monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Company's covenant compliance and compliance with internal balance sheet ratio targets.

The maturity analysis of the Company's Financial Liabilities are given below.

		On demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	Total
	Note	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Year ended 31st March 2020							
Trade & Other Payables	19	350,000	6,423,389	801,683	11,784,870	-	19,359,942
Obligation under Right of use Assets- Land on Lease	16	-	-	5,268,428	14,516,399	13,477,103	33,261,930
		350,000	6,423,389	6,070,111	26,301,269	13,477,103	52,621,872

		On demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	Total
	Note	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Year ended 31st March 2019							
Trade & Other Payables	19	912	71,795,677	801,683	350,000	-	72,948,272
Obligation under Right to use of Land on Lease	16	-	-	5,610,479	6,706,533	2,593,468	14,910,480
		912	71,795,677	6,412,162	7,056,533	2,593,468	87,858,752

NOTE 32 - DIVIDENDS

	31.03.2020 Rs.	31.03.2019 Rs.
Ordinary Share Dividends		
Net final ordinary Dividend Paid for 2018/19:		
Cash Dividends	14,547,883	80,013,355
Scrip Dividends	29,095,765	-
Tax deducted at source @ 14%	7,104,780	13,025,430
Gross Dividend	50,748,428	93,038,785

NOTE 33 – IMPACT DUE TO THE COVID 19

In March 2020, the World Health Organization declared the Coronavirus COVID-19 outbreak as a pandemic in recognition of its rapid spread across the globe with over 200 countries now affected. In light of the COVID-19 outbreak being declared a pandemic by the World Health Organization, the Company has been taking various precautionary measures to protect employees and workmen, their families, and the eco system in which they interact, while at the same time trying to ensure business continuity.

The Company is closely engaged in developing mitigating factors for potential risks to the business operation due to COVID pandemic and management is confident in carrying the business and its operations as normal with the health and safety measures recommended by the Government authorities.



A stylized illustration of three palm trees in a dark teal color, positioned on the left side of the page. The trees have long, slender trunks and large, feathery fronds. The background is a solid dark teal color.

Supplementary Information



Shareholder Information

1. Distribution of Shareholding

Category	No. of Share Holders	No. of Shares	%
1-1,000	243	35,013	0.10%
1,001-10,000	91	214,749	0.61%
10,001-100,000	23	810,381	2.32%
100,000-1,000,000	69	27,929,992	79.81%
Over 1,000,000	4	6,005,980	17.16%
Total	430	34,996,115	100.00%

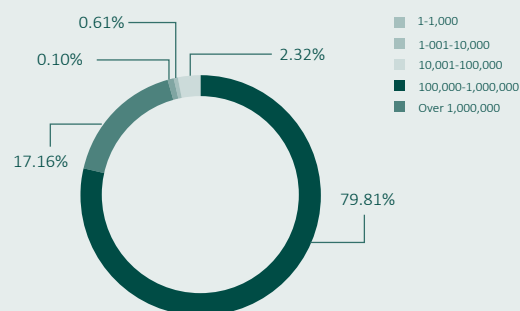
2. Composition of Shareholders

Category	No. of Share Holders	No. of Shares	%
Individual	416	29,807,767	85%
Institution	7	2,430,236	7%
Directors	7	2,758,112	8%
Total	430	34,996,115	100%

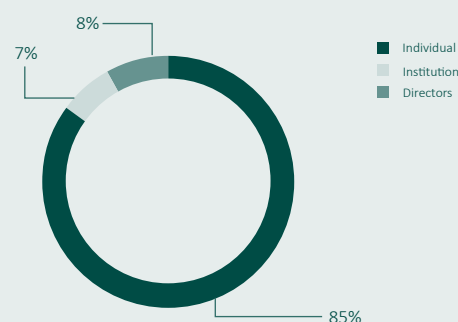
3. Share Trading During the Year

2019/20	
Highest Price Traded	65.00
Lowest Price Traded	13.50
Last Traded Price	17.20
Total No of Trade for the period	3,238
Total No. of Share Transactions for the period	1,359,835
Market Capitalization as at 31.03.2020	601,933,178.00
Float Adjusted Market Capitalization as at 31.03.2020	522,077,448.00

Distribution of Shareholding (%)



Composition of Shareholders



The float adjusted Market Capitalization as at 31st March 2020 was Rs. 522,077,448/-. As the float adjusted market capitalization is less than Rs. 01 Bn with more than 10% public holding and (more than 200 public shareholders), Mahaweli Coconut Plantations PLC complies under option 2 in terms of rule 7.13.1 (b) (for Diri Savi Board Companies) of the Listing Rules of the Colombo Stock Exchange.

4. Details of Shares Issued through Scrip Dividend

Scrip Dividend per Share	Rs. 1/-
Number of Shares Issued	1,163,830
Value of Shares Issued	Rs. 29,095,765/-
Class of Shares Issued	Voting Ordinary Shares
Reason for Scrip Issue	To retain part of the profit for future expansion while ensuring a stable dividend payout



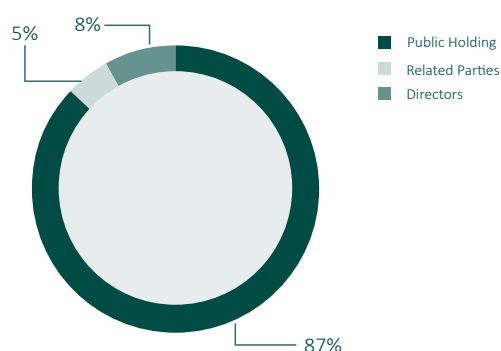


Shareholder Information (Contd.)

5. Public Shareholding

	No. of shares	%
Total Shares Traded	34,996,115	100%
Less: Directors	2,758,112	8%
Less: Related Parties	1,884,663	5%
Public Holding	30,353,340	87%

Public Shareholding



6. 20 Largest Shareholders as at 31st March 2020 and 31st March 2019

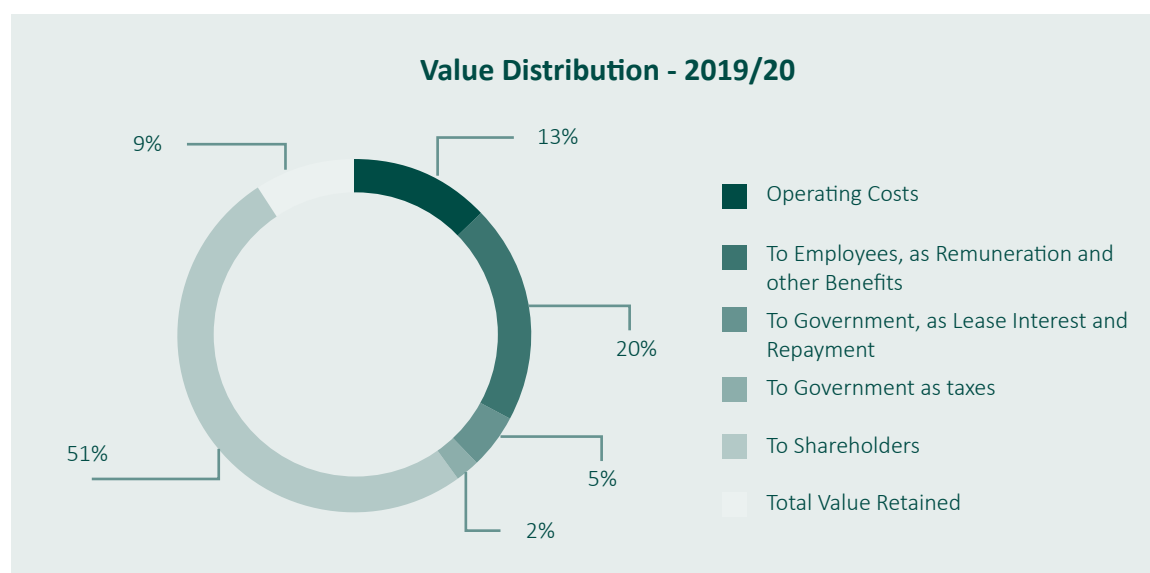
		31.03.2020		31.03.2019	
No	Name of Shareholders	No. of Shares	%	No. of Shares	%
1	Dunagaha Coconut Producers Co-op Society Ltd	1,631,862	5%	1,577,593	5%
2	Silvermill Holdings Ltd	1,541,596	4%	1,490,329	4%
3	Sanhinda Mills (Pvt) Ltd	1,492,881	4%	1,443,234	4%
4	P.P. Suresh Fernando	1,339,641	4%	1,295,090	4%
5	H.D.P.D.Sanjeewa Samaranayaka	974,202	3%	941,804	3%
6	Beligala Coconut Products (Pvt) Ltd	922,398	3%	891,723	3%
7	Sunil Jayalath Watawala	881,847	3%	852,521	3%
8	Shantha Kumara Wickremaratchi	872,291	2%	843,283	2%
9	S.A.Silva & Sons Lanka (Pvt) Ltd	870,623	2%	841,670	2%
10	D.M.S. Wickremesinghe Gunawardena	795,173	2%	768,729	2%
11	G.J.L. Neomal Perera	777,733	2%	751,869	2%
12	J.A.S.N. Jayasinghe	770,553	2%	744,928	2%
13	J.F. Fernandopulle	758,876	2%	733,639	2%
14	Swanee Mills Ltd	758,333	2%	733,114	2%
15	P.K. Kumarasiri Panduwawela	742,476	2%	717,785	2%
16	T.S. Jayalath	695,312	2%	672,189	2%
17	St. Joseph D C Manufactures (Pvt) Ltd	650,634	2%	628,997	2%
18	D.Y.& D.U.Rajapaksa (Pvt) Ltd	626,384	2%	605,553	2%
19	S.A.D.U. Shehan Silva	609,081	2%	588,826	2%
20	P.K.G. Panduwawala	597,931	2%	578,047	2%
		18,309,827		17,700,923	





Value Added Statement

Economic Value Added	2019/20	%	2018/19	%
	Rs.		Rs.	
Turnover	179,757,448		158,697,141	
Less: Cost of Goods Sold	(97,887,980)		(49,289,454)	
(Excluding Depreciation and Employee Benefits)				
Value Added from Operations	81,869,468		109,407,687	
Other Income	2,745,017		11,497,041	
Finance Income	14,003,153		17,640,013	
Total Value Created	98,617,638	100%	138,544,741	100%
Distributed as Follows				
Operating Costs	12,774,035	13%	8,149,161	6%
To Employees, as Remuneration and other Benefits	19,341,224	20%	17,587,627	13%
To Government, as Lease Interest and Rental	4,488,998	5%	4,720,997	3%
To Government as Taxes	2,331,650	2%	-	-
To Shareholders	50,748,428	51%	93,038,785	67%
Total Value Distributed	89,684,335	91%	123,496,570	89%
Total Value Retained	8,933,303	9%	15,048,171	11%
Total Value Distributed and Retained	98,617,638		138,544,741	
Value Retained				
Profit Retained	(20,923,043)		(14,467,348)	
Depreciation and Amortization	29,856,346		29,515,519	
Total Value Retained	8,933,303		15,048,171	





Ten Year Summary

	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Revenue	36,035,239	58,569,524	65,393,651	91,663,310	133,032,051	83,533,190	181,675,017	212,930,998	158,697,141	179,757,448
Gross profit	15,986,856	33,451,414	37,552,016	57,886,136	73,293,507	12,975,993	70,683,137	106,458,551	71,535,554	46,953,392
Net Finance Income	(3,014,569)	(3,560,461)	(4,444,809)	(3,351,208)	(2,054,464)	(250,095)	2,658,463	12,338,494	16,016,973	9,514,155
Profit After tax	12,873,051	22,766,835	24,311,132	40,600,485	47,244,250	10,081,751	65,477,749	117,390,219	102,822,446	35,889,611
Other comprehensive Income	-	-	-	-	-	-	-	(315,620)	467,905	493,225
Total comprehensive income for the year	12,873,051	22,766,835	24,311,132	40,600,485	47,244,250	10,081,751	65,477,749	117,074,599	103,290,351	36,382,836
Assets and Liabilities										
Property Plant and Equipment	16,047,825	15,386,522	11,912,474	13,060,587	16,483,945	17,844,566	16,470,222	42,671,120	39,824,112	38,246,308
Right of use Asset Land	15,326,937	5,988,683	5,631,155	5,273,621	4,916,087	4,558,553	3,661,901	3,346,220	3,030,539	7,237,350
Immature Plantation	5,724,909	4,709,026	3,354,999	3,218,265	1,468,196	-	-	-	-	292,276
Intangible Asset	-	-	-	-	-	-	-	-	316,264	241,852
Consumable Biological Asset	-	37,500,000	42,500,000	45,709,443	38,100,000	49,800,000	65,000,000	103,800,000	144,952,743	145,173,600
Bearer Biological Assets	270,465,160	292,260,024	313,819,416	336,004,079	338,080,740	314,304,682	289,060,428	263,816,176	238,571,922	213,327,668
Short term Investments	-	-	-	18,917,239	31,122,869	34,794,403	91,967,639	131,654,689	187,233,042	163,583,070
Working Capital	(22,512,258)	6,306,714	7,001,289	23,364,914	61,785,309	66,809,047	140,354,167	176,519,054	190,794,330	227,674,627
Non Current Liabilities	143,132,493	53,297,735	33,060,408	39,062,797	33,603,306	29,650,631	27,982,054	52,875,482	70,276,946	84,746,090
Cash flows										
Cash Generated/ (used in) from Operations	34,084,268	51,288,056	52,576,828	73,094,150	94,204,858	15,590,810	83,856,231	147,470,992	92,459,880	46,346,160
Net cash from/(used in) operating Activities	30,758,239	51,147,674	51,638,173	72,419,162	91,398,860	11,410,972	81,608,746	138,214,395	86,880,622	41,590,799
Net cash from/(used in) Investing Activities	(23,582,477)	(37,870,338)	(38,666,898)	(56,065,989)	(43,768,852)	(7,000,400)	(55,206,565)	(57,720,808)	(43,170,782)	35,196,920
Net cash from/(used in) Financing Activities	(10,142,979)	(376,087)	(12,531,015)	(15,690,825)	(26,825,122)	(23,188,833)	(17,310,590)	(72,299,022)	(36,017,960)	(80,986,889)
Cash and Cash Equivalents at end of the year	3,037,275	15,938,524	16,378,784	7,906,218	28,711,105	9,932,846	19,024,437	27,219,002	34,910,882	30,711,712
Operating Ratios										
Turnover growth (%)	-5%	63%	12%	40%	45%	-37%	117%	17%	-25%	13%
Operating profit Margin (%)	44%	46%	44%	56%	40%	14%	38%	66%	65%	13%
Fixed Asset turn over ratio (%)	12%	16%	17%	23%	33%	22%	49%	51%	37%	44%
Financial Ratios										
Return on Equity (%)	9%	8%	7%	10%	11%	2%	13%	22%	19%	7%
Current Ratio (times)	0.41	1.27	1.35	1.93	4.17	4.82	7.95	8.97	3.14	9.74
Debt/Equity(%)	38%	16%	13%	12%	8%	7%	4%	3%	3%	6%
Interest cover (times)	5.27	7.53	5.63	10.88	14.40	3.82	34.47	5,590.17	63.51	5
Investor Ratios										
EPS (Rs)	0.72	0.76	0.81	1.34	1.56	0.33	2.16	3.76	3.04	1.04
DPS (Rs)	-	-	-	0.15	0.25	0.45	0.20	4.00	2.75	1.50
Dividend cover (times)	-	-	-	8.93	6.23	0.74	10.80	0.94	1.11	0.69
Net Asset Value per share(Rs)	7.95	9.37	11.76	12.77	14.08	13.96	16.03	15.87	16.17	15.64





Notice of the Meeting

NOTICE IS HEREBY GIVEN, that the Twenty Third(23rd) **ANNUAL GENERAL MEETING** of **Mahaweli Coconut Plantations PLC**, will be held on **28th October 2020 at 11.00 am** at **Regal Reseau Hotel & Spa, No. 06, Carron Place, Negombo** for the following purposes:

AGENDA

1. To receive and consider the Annual Report of the Board of Directors together with the Financial Statements of the Company for the financial year ended 31st March, 2020 and the Report of the Auditors thereon.
2. To announce the retirement of the 3 oldest serving Directors Mr. M. D. J. P. Nilantha Perera, Prof.T. S.Gamini Fonseka and Mr. S. J. Watawala who retire in terms of Articles 73 and 74 of the Articles of Association of the Company.
3. To re-elect Mr. M.D.J.P. Nilantha Perera who has consented to be re-appointed for the position of Director.
4. To re-elect Professor Mr. T.S. Gamini Fonseka who has consented to be re-appointed for the position of Director.
5. To re-elect Mr. S. J. Watawala who has consented to be re-appointed for the position of Director.
6. Passing an Ordinary Resolution declaring that the Section 210 of the Companies Act No. 7 of 2007 is not applicable.

Ordinary Resolution

It is hereby resolved as required by Section 211 to declare that the age limit referred to in Section 210 shall not apply to the existing directors Mr. S. J. Watawala and Prof. T. S. Gamini Fonseka who have attained the age limit of 70 years.

7. To ratify the appointment of Mr. N. A. Lalith Cooray as an Independent Non-Executive Director of the Company effective from 16th December 2019 and to elect him as a Non-Executive Director of the Company, for the vacancy created by the resignation of Mr. N. B. Weerasekera.
8. To declare a Final Dividend of Rs. 1.50 (Rupees one and cents fifty only) per Ordinary Share, as recommended by the Board of Directors and to pass the following by way of an Ordinary Resolution;

Ordinary Resolution;

We, the Shareholders of Mahaweli Coconut Plantations PLC. resolved to declare a final cash dividend of Rs. 1/50 (One rupee and Fifty cents) per share out of the Profits of the Company, for the year ended 31st March 2020 to the Ordinary shareholders as per Directors recommendation. The Ex-Dividend (XD) date is fixed as 29th October 2020 and the cash dividend dispatch date fixed for 16th November 2020.

9. To re-appoint the existing auditors, M/s. Kreston MNS & Co (Chartered Accountants) as the Auditors for the ensuing year and to authorize the Directors to determine their remuneration.
10. To authorize the Directors to determine the contribution to charity.
11. To Transact any other business of which due notice has been given.

By order of the Board

Mahaweli Coconut Plantations PLC

Lakshman Rupasinghe FCA (Company Secretary)

Reg. No. SEC/1(b) (11) 2007/308

Colombo, 7th October 2020

Notes:

1. A shareholder who is unable to attend the meeting is entitled to appoint a proxy in his / her place. A proxy so appointed need not be a member of the company. A form of proxy is sent herewith.
2. If the shareholder is a body corporate (i.e. A Limited Liability Company) the person attending the meeting on behalf of such company, should file a proxy (indicating the name and NIC number of the nominee) signed and stamped by 2 directors of the company.
3. Admission to the meeting hall will be allowed only on production of a valid identity.





Form of Proxy

I/We *of
.....
.....being a member /s * of Mahaweli Coconut Plantations PLC, hereby appoint
Mr/Mrs/Miss *
(holding of N.I.C. No.....) of.....
.....whom failing.

Mr. S.D.W. Asitha Gunasekera
Mr. J. F. Fernandopulle
Mr. S. J. Watawala
Mr. S. D. Senerath Gunasekera
Mr. G.J.L. Neomal Perera
Mr. A.J. Shamendra Jayakody
Mr. M.D.J.P. Nilantha Perera
Prof. T.S. Gamini Fonseka
Mr. M.A.C.H. Munaweera
Mr. N. A. Lalith Cooray

of Nugegoda, failing him*
of Colombo, failing him*
of Negombo, failing him*
of Battaramulla, failing him*
of Colombo, failing him*
of Dankotuwa, failing him*
of Colombo, failing him*
of Divulapitiya, failing him*
of Colombo, failing him*
of Colombo, failing him*

as my/our * Proxy to represent me/us * and vote on/our * behalf at the Twenty Third Annual General Meeting of the Company to be held at Regal Reseau Hotel & Spa, No. 06, Carron Place, Negombo on 28th October, 2020 at 11.00 a.m and any adjournment thereof and at every poll which may be taken in consequence thereof.

Please indicate your preference by placing a ✓ in the box of your choice against each Resolution

	For	Against
(i) To received and consider the Annual Report of the Board of Directors together with the Financial Statements of the Company for the financial year ended 31 st March 2020 and the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
(ii) To re-elect Mr. M. D. J. P. Nilantha Perera as a Director, who retire in terms of Articles 73 and 74 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(iii) To re-elect Prof. T.S.Gamini Fonseka as a Director, who retire in terms of Articles 73 and 74 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(iv) To re-elect Mr. S. J. Watawala as a Director, who retire in terms of Articles 73 and 74 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(v) To resolve as required by Section 211 of the Companies Act No, 7 of 2007 to declare that the age limit referred to in Section 210 shall not apply to the existing directors Mr. S. J. Watawala and Prof. T. S. Gamini Fonseka who have attained the age limit of 70 years.	<input type="checkbox"/>	<input type="checkbox"/>
(vi) To ratify and elect Mr. N. A. Lalith Cooray as an Independent Non-Executive Director of the Company effective from 16 th December 2019, for the vacancy created by the resignation of Mr. N. B. Weerasekera.	<input type="checkbox"/>	<input type="checkbox"/>
(vii) Passing an Ordinary resolution to declare a final dividend of Rs. 1.50 (One Rupee and Fifty cents) per share to the existing shareholders in the form of Cash for the financial year ended 31-03-2020.	<input type="checkbox"/>	<input type="checkbox"/>
(viii) To re-appoint the existing auditors, M/s. Kreston MNS & Co (Chartered Accountants) as the Auditors for the ensuing year and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
(ix) To authorize the Directors to determine the contribution to charity.	<input type="checkbox"/>	<input type="checkbox"/>

Signed on this day of.....2020

.....
Signature

.....
Shareholder's NIC/PP/Co. Reg. No.

* Please delete the inappropriate words





INSTRUCTIONS AS TO COMPLETION

- i) The full name and the address of the proxy and of the shareholder appointing the proxy should be entered legibly in the form of proxy.
- ii) In the case of a Corporation/Company this proxy shall be under its Common Seal duly signed.
- iii) The complete form of proxy should be deposited at the Office of the Secretary, K.A.L. Rupasinghe, No. 6, Balahenamulla Lane, Kirulapone, Colombo 06, not less than 48 hours before the time appointed for the holding of the Meeting.

