



Our Plantation





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.

The Objectives 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

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 expected to be harvested in stages commencing from 2021. Though the management has requested approval from the relevant authorities for harvesting, due to COVID-19 pandemic, there is a delay in obtaining the required approvals.

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. During 2020/21, the Company was able to plant 3,600 cinnamon plants, 600 Kg of ginger, 100 cashew plants, 5 kg of turmeric and 1,020 pepper plants, which is a significant expansion compared to that of previous year.

Achievements during the past 25 years:

Since its incorporation in 1996, MCPPLC has 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.

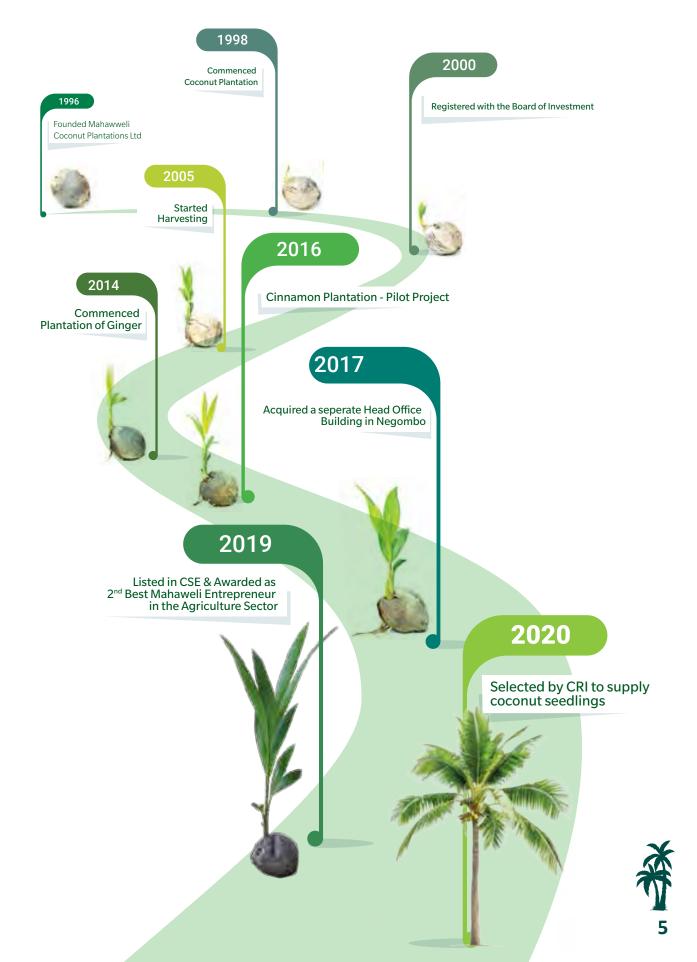
One biggest challenge faced by the Company is securing sufficient water for plantation areas, since the Mahaweli lands are situated in the dry zone where the rainfall is scarce. Considerable sums had to be spent on different irrigation systems to supply sufficient water to the plants. The management 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. Further, during 2020/21, further improvements have been done to the irrigation system to increase the efficiency of water usage.

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. Moreover, in 2020/21, our coconut estate has been selected by Coconut Research Institute to supply coconut seed nuts to the institute which aims to enhance coconut yield in Sri Lanka.



Company's Milestones



Financial Highlights

Revenue
Gross Profit Rs 138,716,974 46,953,392 195% Profit from Operations Rs 121,590,942 22,863,737 432% Profit before Tax Rs 130,642,925 32,377,892 303% Tax Expense Rs (738,662) 3,511,719 (121%) Profit/Loss) after Tax Rs 129,904,263 35,889,611 262% Dividends Rs (78,741,259) (50,748,428) (55%) Retained Earnings Rs 195,090,854 144,273,090 35% Financial Position Highlights Total Assets Rs 735,130,638 658,254,424 12% Total Debt Rs 36,082,918 33,261,930 8% Total Shareholders Fund Rs 596,128,125 547,447,591 9% No. of Shares in Issue Nos 34,996,115 34,996,115 - Cash Flows Highlights Operating Activities Rs 159,683,568 41,590,799 284% Investing Activities
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Key Ratios
Cross Profit Margin 9/ 500/ 1210/
Gross Profit Margin
Operating Profit Margin % 53% 13% 30.8%
Net Profit Margin % 56% 20% 180%
Interest Cover Times 24 5 380%
Return on Equity (ROE)
Return on Assets % 18% 5% 260%
Dividend Cover Times 1.65 0.69 139%
Debt/Equity (Book Value) % 6% -
Equity/Asset % 79% 80% (1%)
Debt/Asset % 5% -
Dividend Payout Ratio % 61% 144% (58%)
Current Ratio Times 6.24 9.74 (36%)
Quick Asset Ratio Times 5.59 9.15 (39%)



Plantation Sector Highlights

Coconut Yield per Hectare



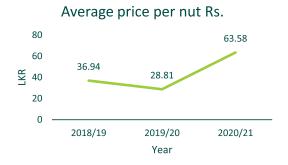
6,737 Kg/Ha in 2020/21 (▼ 18.5%)

Coconut Yield 12,000 9,928 10,000 8,271 8,000 6,000 4,000 2,000 0 2018/19 2019/20 2020/21 Year

Average Price per Nut



Rs. 63.58/Nut in 2020/21 (<u>A</u> 120.7%)

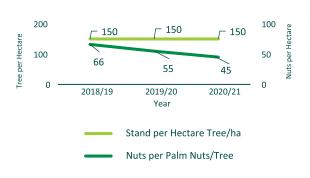


Coconut Tree Density Vs Yield Per Tree

150 Tree/Ha & 45 Nuts/Tree



Coconut Tree Density Vs Coconut Yield per Tree



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 Plantation PLC (MCPPLC) for the year ended 31st March 2021.

This year Mahaweli Coconut Plantation PLC recorded its highest ever prices for coconut sales. Furthermore, the year saw steady demand for coconuts from both domestic and international markets. However, coconut yields nationally have come down by 20% to 30% depending on the area. Covid19 has created an extremely difficult year for all businesses and individuals. MCPPLC also suffered due to unavailability of employees. However, we have succeeded in mitigating these negative factors as evidenced by very good profits for the year. The Board of Directors of the Company has declared a dividend of Rs. 1.50 per share, subject to the approval by the shareholders at the Annual General Meeting. We are happy to see that the shareholders have also benefitted from the increased share value of the Company.

Company and Industry Performance

We have maintained the Key Performance Indicators (KPIs) of the Company at the usual high level compared to the industry through astute management. We believe, as a listed company, we are setting the standards for the industry. MCPPLC has already commenced making its own organic fertiliser in order to meet the challenges in the years to come. Mitigating fertiliser shortages will be the biggest challenge during 2021 and 2022. Even if we provide organic fertiliser for 100% of the plantation, we may still face at least a 30% crop reduction during year 2022. In addition, if the national balance of payment issues worsen, Sri Lanka will face devaluation of the Sri Lankan rupee, and this will have adverse effects on all inputs. However, we hope to maintain and improve the yield per acre through our good management practices that have so far proven to be successful.

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 informed decisions are 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

The coconut husk processing project has progressed very slowly. Due to Covid 19 issues, we could not achieve the desired goals with regard to this project. However, I believe this will be fulfilled very shortly.

We are continuing to grow ginger, betel, turmeric and cinnamon. We believe these crops can be expanded gradually with the development of the markets.

In addition, we are vigorously working with the Coconut Research Institute (CRI) as a seedling supplier to the nation. We would like to provide a high yielding, resilient plant with longevity. However, there are constraints to this due to the scarcity of skilled employees. 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.

Conclusion

We believe 2021/22 will be a very challenging year, however, with available strengths, we will be able to come through stronger. I wish to express my sincere gratitude to my fellow Directors for their support and guidance. I commend Mr Felix 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

5th August 2021





Managing Director's Message

Dear Shareholders,

The year under review was an unusual and uncertain period for the country with COVID-19 epidemic holding center stage in all operations in the affairs of country. The imposition of curfew lockdowns and travel restrictions that the country had to undergo no doubt made it extremely challenging for all businesses to operate as usual .After facing total shutdowns initially the restrictions were released somewhat for the export industry and plantation sector. This helped us to operate satisfactorily in spite of many constraints.

Coconut

In the year 2020 according to the CRI sources the national coconut crop dropped 10% from 3086Mn in 2019 to 2792Mn in 2020. The continuous drought the country faced in 2017 and 2018 had its effects in the national sphere. In our case the worst drought in Polonnaruwa district was in 2019 and water restrictions placed on us and the paddy farmers by Mahaweli Authority resulted in further detrimental effects on our crops. As predicted by us in our last report the first part of 2020/2021 the first three crop dropped drastically. The drop in the first three crops of 2020/2021 amounted to 951,420 which compares with our annual drop of 838,877 nuts in 2020/2021.The annual yield was 45 nuts per tree in comparison to the 2019/2020 yield of 55 per tree.

In-spite of having a 19% drop in the yield in the current year the steady price of coconuts contributed immensely towards achieving a higher profit in 2020/2021. The average selling price which was Rs.28.81 in the previous year improved to Rs.63.58 in 2020/2021. As a result of the price increase our turnover improved by 57.5Mn.

We expect our crops to return to normal levels in 2021/22.

Cinnamon

Our pilot project on Cinnamon Plantation was successful and the quality of the 1st harvest met the acceptable standards inspite of the dry weather conditions. We have during the year increased the plantation area and we believe cinnamon should be our secondary crop in the future and hope to progressively increase the area under cinnamon plantation.

Teak plantation and other crops

The teak plantation continues to grow satisfactorily. However we lost 235 plants due to extreme weather conditions and elephant damage.

The teak valuation as at 31.03.2021 was Rs.146,900,000/-. This is a marginal increase of Rs.1,726,400/-. According to our new valuers this is attributed mainly to drop in prices of teak in the present conditions. We believe this would be the lowest possible value and it would improve in the future.

It also has to be recorded that the timber volume has grown from 157,973.80(Cu.ft.) on March 2020 to 189,216(Cu.ft.) as at March 2021. The proposed sale of 1832 trees as mentioned in our last year report has not materialized so far as the government authorities from whom we have to obtain necessary approvals were not in normal operation due to the COVID pandemic. It is hoped that we would be successful in selling these trees in the current year.

The cashew plantation was increased marginally and hope to increase it further. Other crops such as Ginger, Betel, Gliricidia, Turmeric and Paddy are pursued in small scale. Our pilot project on turmeric was not very successful. The sharp drop in prices of Ginger at the time of harvesting did not produce desired results.

Fertilizer

This has become the most crucial issue for all plantations in the country. The sudden ban on import of non-organic fertilizer has left all of us in a quandary. However good the intentions could be a gradual change to organic fertilizer would have achieved the desirable results. Presently the country is not in a position to face the situation as no substitute organic fertilizer is available. It will take time to manufacture the required quantities and until such time the agricultural sector would suffer immensely.

During the financial year 2020/2021 we have managed to fertilize around 80% of the plantation notwithstanding the COVID situation. Unlike other crops which feels the impact immediately the effects in the yield of coconut would be felt after 12 months. Therefore we do not expect any drop in our crop in 2021/22.

The chemical monocrotophos is also a very important ingredient in coconut plantations to control Red weevil and caterpillar problems. Even up to now the issue of monocrotophos was restricted and issued by the Coconut Cultivation Board (CCB) under strict conditions. It is hoped that this system would not be affected and authorities would continue to supply monocrotophos under extreme conditions.

In view of the chemical fertilizer ban we have already commenced the manufacture of organic fertilizer in our plantation. The availability of raw materials to produce organic fertilizer is scarce and we might not be able to produce the necessary quantities. Every effort is being made to convert the estate waste into fertilizer with the use of multicrusher. With the manufacture of our own organic fertilizer we hope to mitigate the effects as much as possible.

Supply of seed nuts to CRI

The success of our plantation could be measured with the demand we are having for our nuts from the CCB/CRI for seedling purposes. We are already supplying nuts to the CCB/CRI and hope to enter in to an agreement with the CRI to supply pollinated nuts which would enhance the quality of seedlings

Managing Director's Message (Contd.)

in the future. The modalities are being worked presently. The CRI too have proposed to have a new variety named after our Company.

Coir project

Our proposed substrate project has got delayed mainly due to COVID situation. We have decided to have our own project without any outside collaboration. Presently we are in the process of selecting a capable contractor to commence construction of the necessary building/yard.

Weather

Weather plays an important part in agriculture/plantation. Extreme weather conditions either way does have its effects. The North Central Province where the plantation is situated is the dry zone and receives much less rain than the coconut triangle. The purpose of commencing this project was to increase the coconut crop in this country on the assurance that Mahaweli waters would be provided to our plantation. However we have difficulties in obtaining water sometimes due to various reasons. It is hoped that sanity prevails and this matter would be resolved in the future.

The rainfall in 2020 was 1514.1mm slightly less than in 2019. However since the rains were wide spread and reasonable quantity of water was provided by Mahaweli it did not affect the plantation.

The improvements to the drip irrigation system appears effective and we should be able to face the future more successfully.

Our Outlook

In-spite of challenges we may have to face due to COVID epidemic and fertilizer issue we are confident of achieving satisfactory results in the coming year as coconut will be in demand as a valuable food product in the future. The improved weather pattern in 20/21 and our own improvements to the Drip Irrigation system the crop would improve in the coming year. The substrate project should be in operation towards the end of the financial year.

However the elephant problem which is getting worse year by year could have adverse effects on the plantation. It is hoped that the authorities would take corrective action in the future as the cost of human lives as well as damage inflicted on agriculture is immeasurable.

Dividend

We declared an interim dividend of cents -/75 in March 2021. The Board of Directors have now proposed a final dividend of Rs.1/50 to be paid subject to approval of shareholders at the Annual General Meeting. Accordingly the total dividend for the year is Rs.2/25 which amounts to Rs.78,741,259/-.

Acknowledgment

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 acknowledge with thanks the continuing commitment of the entire MCPPLC team both at Plantation and Head Office and commend them for their ready support, perseverance and hard work during this difficult period.

Mr. J. F. Fernandopulle

Managing Director

5th August 2021



Corporate Social Responsibility

In the current dynamic and competitive business environment, Corporate Sustainability directly links with social responsibility and the strength of the stakeholder relationships. Wellbeing of the society plays a major role in the success of any business. Mahaweli Coconut Plantations PLC is not an exception and the management strongly believes the society's support is inherent for its sustainability.

The Company has involved in several activities to maintain good relationship with its surrounding society and enhance the society's wellbeing from its inception. Some of such initiatives the Company has carried out during the year are book donation to school children, donations to welfare societies and hospitals, provision of essentials to the Covid-19 affected families during the pandemic and organization of blood donation campaigns.









Management Discussion and Analysis

Operating Environment

Macro-Economic Factors

Economic Growth

GDP growth indicates a negative 3.6% for the year ended 2020 compared to GDP growth of 2.3% in 2019. The Annual Report of Central Bank of Sri Lanka (CBSL), 2020, highlights the following factors were major causes for the contraction.

- Mobility restrictions and other containment measures imposed locally and internationally, with a view to preventing the spread of COVID-19, hampered real economic activities across all sectors.
- The sharp contraction observed in industrial activities during the year was driven by the significant slowdown in construction and manufacturing activities.
- Services activities also registered a notable contraction due to the pandemic driven deceleration in transportation, other personal services, and accommodation, food and beverage services.
- The Agriculture sector, too, registered a contraction during the year as the impact of the pandemic outweighed the positive effects of timely policy support and favourable weather conditions.

Despite the volatile macro-economic environment our Company continued to grow, meeting the expectations of the customers and achieve the reported sales during the year.

Inflation

The National Consumer Price Index (NCPI) has increased to 6.2% in 2020 which was 3.5% in 2019. As per CBSL, this was mainly supported by subdued demand for non-essential goods and services associated with the lockdowns and containment measures imposed to mitigate the spread of the COVID-19 pandemic. With a considerable increase at the beginning of the year, prices of items in the Non-food category, where most of the non-essential goods and services are included, exhibited only marginal increases during 2020. Meanwhile, the prices of items in the Food category increased noticeably throughout 2020, even in the presence of administrative price control measures introduced by the Government to maintain prices at stable levels. Within the Food category, prices of Volatile food items, which increased at the beginning of the year as a result of supply shortage due to crop damages, instigated by the prolonged rainy conditions prevailed in the latter part of 2019, displayed mixed movement during 2020, alongside the prices of other food items, which exhibited an overall increasing trend. Moreover, Coconut Prices have increased by 51.9% which is the highest among the volatile category, in 2020. (Annual Report 2020 - CBSL)

Accordingly, our Company was able to get a good price for our coconuts. However, increased inflation also lead to escalation in wages and fertilizer prices.

Industry Analysis

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.

Sri Lankan Coconut Industry

The Sri Lankan coconut industry is governed by the Coconut Development Act No 46 of 1971 and is monitored by the Coconut Research Institute, the Coconut Cultivation Board (CCB) and the Coconut Development Authority (CDA). In addition, the coconut industry is protected by the Plant Protection Ordinance (1981), Plant Protection Act No 35 (1999) and the Coconut Land Fragmentation Control Act No. 20 (2005).

The major portion of coconut holdings in Sri Lanka (nearly 75%) belong to smallholders while the rest belong to the estate sector where both private and government companies hold ownership. Even though the contribution of the smallholding sector to the total annual coconut production is 70%, this sector is not yet organised well and is thus managed far below optimal levels. This has resulted in imports of coconut oil. According to the Coconut Development Authority (CDA), the current coconut cultivation in Sri Lanka is a little over one million hectares.

The 2.9 billion nut production in 2012, fell to 2.5 billion in 2013 which then peaked to 3.05 billion which, thereafter declined to 2.45 billion. The production then peaked again to 3 billion nuts in 2019. According to the existing demand for coconuts in Sri Lanka, the Sri Lankan coconut industry requires around 3.6billion nuts but the level of production is only between 2.5 & 2.8 billion.

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.

Sri Lanka is the fourth largest coconut producer in the world. Experts highlight that, when it comes to Sri Lankan tree crops, coconut generates the highest per annum income compared





to rubber and tea-the other two traditional tree crops. Coconut generates Rs. 175,000 per hectare per annum, while tea and rubber produce Rs. 45,000 and Rs. 50,000, respectively (Daily News, 2021). Further, According to Coconut Research Institute, the sector provides livelihoods to around 700,000 and employment to 135,000. This is twice the rate of that of the apparel sector.

On December 22, 2020 the Cabinet approved a set of proposals presented by the Minister of Plantation and the Minister of the Industry for the development of the coconut-based industrial system. Among the proposals were a complete prohibition on the sale of coconut oil mixed with palm oil or other oils to protect consumer rights and the brand name of the Sri Lankan coconut oil, recognition of the discouragement of palm oil consumption in the country and promotion of coconut oil as a basic policy of the government and permission to import only refined palm oil, concerning consumer rights and public health reasons, to provide relief to repay the loans obtained by the coconut industrials, the introduction of relief packages to increase the productivity of coconut plantations such as inter cropping, dairy farming, and irrigation to encourage coconut cultivation.

Further, in March 2021, it was revealed that the Health Ministry had detected 183,000 kilos of imported coconut oil containing very high levels of aflatoxin, a cancer causing substance. This controversy will have a positive impact on local coconut growers as there will be more restrictions to imported coconut oil and hence increased demand for locally manufactured coconut oil.

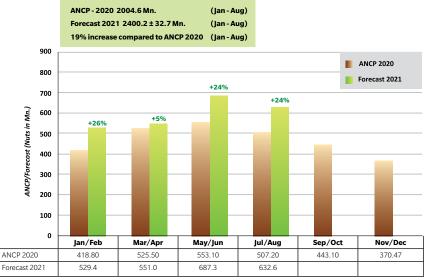
As illustrated in below chart, as per coconut research institute, in 2021 (January - August), there will be a 19% increase to the Annual National Coconut Production compared to that of 2020 (January - August)

Sri Lankan Teak Industry

Teak (Tectona grandis) is a tropical hardwood species and is a large, deciduous tree that occurs in mixed hardwood forests. It is particularly valued for its durability and water resistance, and is native to south and southeast Asia, mainly India, Sri Lanka, Indonesia, Malaysia, Thailand, Myanmar and Bangladesh but is naturalised and cultivated in many countries in Africa and the Caribbean. This was introduced to Sri Lanka by Dutch in the 17th century. In Sri Lanka 25 cubic meters of teak logs would yield a minimum of LKR 100,000. Although there is a demand for teak in the world, it can be cultivated only in small areas of equatorial countries such as Burma, Malaysia, India, Sri Lanka and some parts of South America. In Sri Lanka, Dambulla, Anuradhapura, Puttalam, Batticaloa and Polonnaruwa are the most suitable areas for teak plantation. Soil conditions make the trees grow rapidly. Teak is found in a variety of habitats and climatic conditions from arid areas with only 500 mm of rain per year to very moist forests with up to 5,000 mm of rain per year. Typically, though, the annual rainfall in areas where teak grows averages 1,250-1,650 mm with a 3-5 month dry season. In Sri Lanka Teak is mainly found in dry zone and intermediate zone. Due to its remarkable qualities, including being resistant to rot, fungus, termites and fire, teak has an established role in the production of many high-end products. It is commonly used as the hardwood of choice to make top-quality outdoor furniture known to last for centuries. Additionally, teak is the preferred wood used in the production of boats, specifically to make the decks. In Sri Lankan market, teak is commonly used in furniture and housing projects.

(Sources: http://www.sadaharitha.com/products/teak/http://www.sundaytimes.lk/000813/plus7.html)

Forecast 2021 (upto August) vs. Annual National Coconut Production (ANCP) 2020



Time (Month / Picks)



Source: (Coconut Research Institute, 2021)

Operational Review

Coconut Plantation

Mahaweli Coconut Plantation PLC 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.

The yield per coconut tree continuously declined for two consecutive years. A major reason is that 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. This is because, unlike other crops, the impact of such factors in the yield of coconut would be felt after 12 months.

In 2019/20, the coconut yield per hectare was 8,271 kg/ha and it was declined to 6,737 kg/ha in 2020/21. This is a 18.5% decline. Likewise, the yield per coconut tree too declined by 18.2% where we got 45 nuts per tree in 2020/21 and 55 in 2019/20. However, this is above the average yield in coconut estates in the coconut triangle (wet zone) and the Company's performance is quite satisfactory in the current year as we were able to get a good price for our coconuts in the market. Further, the dry zone received 1,514.1mm rainfall in 2020.

The plantation is experiencing an increase in the elephant attacks 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.

Teak

The teak trees which have been planted 18-21 years ago as a wind breaker in every field, by the Company has now reached harvesting stage. As of 31.03.2021 the trees were valued at Rs. 146.90 Mn. Even though some trees were lost due to animal damage, water logging and drought, at present there are 25,163 trees with the girth ranging from 6 cm to 106 cm. Some of the trees have reached harvesting stage and we have sought necessary regulatory approvals. However, there is delay in obtaining the approvals due to Covid-19 pandemic.

Other Plantations

During 2020/21, we have planted 100 cashew crops, 3600 cinnamon crops, 600 Kgs of ginger, 5 Kgs of turmeric and 1020 pepper crops. However, though the ginger and turmeric were successful at the initial phase, due to slump in prices of ginger and turmeric, the results were not as expected. Nevertheless, since the government policies have now changed in favour of ginger and turmeric cultivation, we planted 600 Kgs of ginger and 5 Kgs of turmeric during the year and we expect an enhanced income in future.

Moreover, the pilot projects on cinnamon and cashew were successful and we have planted 100 more cashew crops and 3600 more cinnamon crops during the year, as we realized the ideal cultivation for us is cinnamon and cashew as they are not fast perishable items. In addition, we have also planted 1020 pepper crops as we believe we could earn additional income in future.



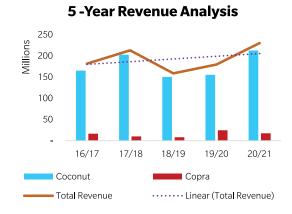
Financial Review

Financial Performance

Revenue

Mahaweli Coconut Plantations PLC's revenue rose by 28% to Rs.212.67 Mn during the year. The coconut yield per hectare dropped by 18.5% in 2020/21, mainly due to the unfavorable weather and climate prevailed during the year. Despite low yield and travel restrictions due to Covid19 Pandemic, the sales value increased mainly due to the significant increase in the coconut price which rose by 120%. The total revenue consists of coconut and copra sales where the 92% of the total sales is generated from coconut sales.

Further, over the five-year period, the revenue shows an increasing trend on average. As such, over time, we expect the Company's earnings profile to keep up the momentum and achieve more stability.



Gross Profit

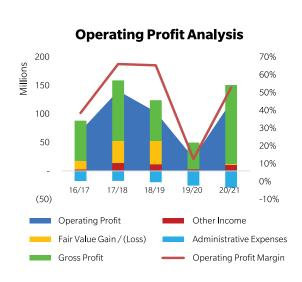
Despite 75% increase in fertilizer cost, in 2020/2021, the gross profit reached to Rs. 138.72Mn and significantly escalated by 131%, compared to 2019/20. The gross profit margin which is the highest in last 5 years, topped at 60%. Major reason for the rise in gross margin is the sharp increase in sales price despite 38% reduction in total number of nuts sold.



Operating Profit

When compared to 2019/20, the Company's operating profit sharply surged by 432% in 2020/21. Accordingly, the Company earned an operating profit of Rs. 121.59Mn with a 53% margin. It should be highlighted that we could achieve only a 13% operating profit margin in 2019/20. As shown in the graph, the significant growth in gross profit was the major reason for the increase in operating profit. In addition, other income has risen by 285% since we were able to gain an income of Rs. 8.09Mn from the sales of husks where the same was only Rs. 1.36Mn in 2019/20. The husks sales increased mainly due our project with Eura Substrate (Pvt) Ltd to sell our excess husks for manufacture of value added products.

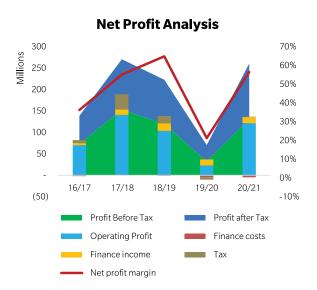
When analysing the administrative expenses, the major reasons for the marginal increase is due to the increase in regulatory compliance costs as the Company was listed on the stock exchange in 2019/20, rise in gratuity provision due to the adoption of third-party actuarial valuation and annual salary increase.



Pre- and post-tax Profit

The Company's Profit before Tax (PBT) and Profit after Tax too surged by 303% and 262% respectively, in 2020/21. The net profit margin escalated to 56% in 2020/21 from 20% in 2019/20. The significant increase in operating profit has contributed to such sharp rise in PBT and net profit despite 120% increase in tax expenses.

From 2019/20, as per new Inland Revenue Act No. 24 of 2017 and amendments thereto, the Company's business income is subject to tax holidays and no provision was recognized for the year with regard to business income. However, investment income was taxed at 24%. As such, the income tax has increased during the year with an under provision recognised in respect of previous year's investment income.



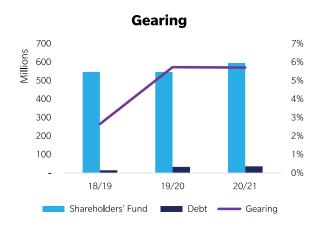
Financial Position

Gearing

The Company's Statement of Financial Position stands strong with shareholders' funds representing 81% of its total assets. Total equity increased by 1% along with the profit increase during the year, despite final dividend declaration of Rs. 52.49 Mn for the year 2019/20 and interim dividend declaration of Rs. 26.25 Mn for the year 2020/21.

The Company has no debt capital except lease liabilities payable to Mahaweli Authority. As at 31.03.2021, the lease liability stood at Rs. 36.08 Mn out of which Rs. 8.83 Mn is due to be settled in the ensuing year.

Accordingly, the gearing ratio of the Company was 6% (Debt / (Debt + Equity)) which is same as the previous year.



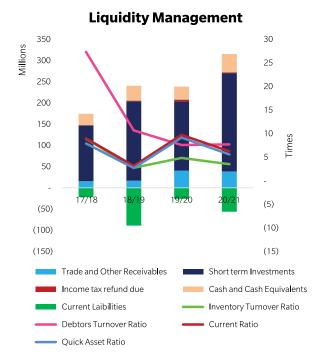


Liquidity and Working Capital Management

The Company's current ratio and quick asset ratio of 6.2 times and 5.6 times respectively, shows an exceptionally higher liquidity position. However, 66% of the Company's total 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 declined from 4.85 times in 2019/20 to 3.52 times in 2020/21. A major reason is that despite the Company was able to get good price in the market, quantity sold during the year has declined compared to previous year.

The debtor's turnover ratio improved to 7.71 times in 2020/21 from 7.58 times in 2019/20. In the previous year there was an increase in debt outstanding due to Covid-19 pandemic restrictions. However, in 2020/21, the Company was able to collect such outstanding balances. As shown in Note 31 in the Financial Statements, 97% of trade receivable as at 31st March 2021 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 without relying on short term borrowings.



Cash Flow

In 2020/21, the Company was able to generate a net operating cash flow of Rs. 159.68 Mn, which is a 284% increase, compared to that of 2019/20. The sharp increase is recorded mainly due to the surge in operating profit, increased collections from trade debtors and better management of trade payables.

However, there is a net cash outflow of Rs. 58.49 Mn from investing activities. The Company has made investments of Rs. 134.04 Mn, in short term fixed deposits in 2020/21, which is the main reason for the cash outflow in investing activities.

Meanwhile net cash outflow from financing activities was Rs. $87.03\,\mathrm{Mn}$ resulting from the dividend payments of Rs. $78.74\,\mathrm{Mn}$ and lease payments of Rs. $6.15\,\mathrm{Mn}$ during the year. Overall, the net change in cash and cash equivalents for the year amounted to an inflow of Rs. $14.17\,\mathrm{Mn}$.

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 since management of risks against returns is a critical trade off decision.

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 it operates, 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	Risk Level	Risk Description	Risk Mitigation					
Operational Risk								
Climate Change								
Risk of increasing production cost due to dynamic climate changes	High	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 the fields.	Working closely with Coconut Research Institute in improving coconut yield Introduced Drip Irrigation System to effectively manage irrigation					
Adverse Weather	Conditions	s and Pest Attacks						
Risk of low yield due to adverse weather conditions, pest attacks and diseases	High	Production risks relate to the possibility of yield or output levels become lower than projected. Major sources of production risks arise from adverse weather conditions such as drought, freezes, 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 irrigation pump. Coconut plantations are affected by different pests and diseases. Some major epidemics have been observed in past years.	Improve efficiency of Drip Irrigation System. Using parasites to control pest attacks. Use of monocrotophos to control Red Weevil and Caterpillar problems.					

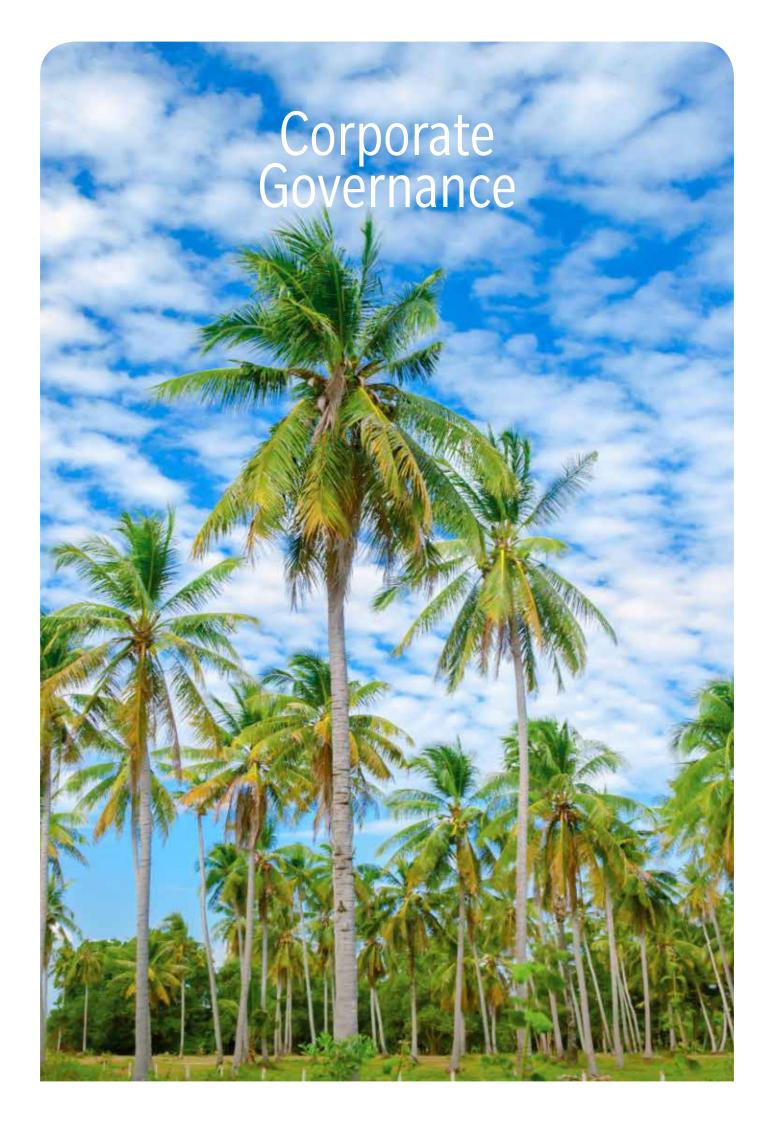


Risk Management (Contd.)

Risk	Risk Level	Risk Description	Risk Mitigation
Elephant Attacks		'	
Risk of trees being damaged by elephants	Moderate	Wild elephants are active in the plantation area and during 2020/21, 50 number of trees damaged by elephant attacks.	We have already installed elephant fences to cover 2Km in Field No 11 and 2.035 Km in field No 08. We are hoping to install more in the coming years. 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.
Non-availability	of Fertilizer		
Risk of low yield due to non-availability of fertilizer	High	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 PLC 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. During the financial year 2020/2021 we have managed to fertilize around 80% of the plantation notwithstanding the COVID situation. Unlike other crops which feels the impact immediately, the effects in the yield of coconut would be felt only after 12 months. Therefore, we do not expect a drastic drop in our yield in 2021/22. In April 2021, the government has announced ban on import of chemical fertilizers, showing its commitment to organic fertilizers. However, as per the gazette published on 31st July, 2021, certain chemicals were permitted to be imported subject to obtaining import control license. As such, there can be restrictions to the access to chemical fertilizers since the government has committed to encourage the use of organic fertilizers.	Though we have already commenced manufacture of organic fertilizer in our plantation, the availability of raw materials is scarce and we might not be able to produce the necessary quantities. However, every effort is being made to convert the estate waste into fertilizer with the use of multi crusher.

Risk Management (Contd.)

Risk	Risk Level	Risk Description	Risk Mitigation
Water Supply			
Risk of increasing cost on water supply	Moderate	At present water supply is obtained from the Mahaweli Authority for the irrigation purposes. If additional costs are incurred on irrigated water, it might have an adverse impact on the cost of production	Maintain good relationship with Mahaweli Authority to maintain water supply cost at a lower level
Market Risk			
Coconut Price Flu	uctuations		
Risk of decreasing demand for coconut based products	Low	Coconut prices are dependent on a range of external factors including weather conditions, demand conditions and labour productivity. During 2020/21, the average price per coconut has increased by 121%. This might affect the demand conditions for coconut based products among consumers. However, the price elasticity for coconut based products is relatively low and thus the risk of decreasing sales to the Company is low.	Maintain good relationship with customers to ensure consistent sales orders.
Economic and Fi	nancial Risk	is .	
Inflation Risk			
Risk of Increasing Production Cost	Moderate	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
Finance Related F	Risks		
Finance related risk	k manageme	ent strategies are discussed in detail in Note 31 in Pa	ages 81 - 83.



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 PLC. He had also worked in the capacity of Finance Director at Mahweli 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.



Board of Directors (Contd.)



Mr. Samankumara Dias Senerath Gunesekera-Barrister -at-Law (ACT)

(Non-Executive Non-Independent Director)

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

5. Mr. Gamamedaliyange Joseph Lalith Neomal Perera

(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.

6. 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 29 years of experience in this field.

7. 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, Manufacturer 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.

Board of Directors (Contd.)

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).

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 of the Board of Governors of Institute of Food and Technology, Sri Lanka

10. Mr. Munaweera Aratchige Chithral Hilarian Munaweera - MBA, B.Sc (Plantation Mgt), PGDM, Dip. Agriculture

(Non-Executive Independent Director)

Mr. Munaweera holds a Master's Degree in Business Administration (MBA) from the Faculty of Business studies and finance, Wayamba University of Sri Lanka (WU-SL), a Master's Degree in Agri -Enterprise & Technology Management (M. AETM) and a Bachelor of Science Degree in Plantation Management from the Faculty of Agriculture & Plantation Management, WU-SL. Further he also possesses a Post Graduate Diploma in Business Administration (WU-SL), a Diploma in Agriculture from the Aquinas College of Higher studies and a National Diploma in Plantation Management, awarded by the National Institute of Plantation Management. He is also a Paul Harris Fellow (Rotary), a Fellow Member of Association of Chartered Professional Managers of Sri Lanka and a Professional Member of the Sri Lanka Institute of Agriculture (SLIAG). As a career agriculturist specialized in Livestock integrated plantations with a wide range of work experience in the semi-government and corporate sector, Mr. Munaweera held/holds several top managerial posts in both private and government organizations. As such, he is an Ex-General Manager of the National Livestock Development Board and the CEO/Director of the Mahaweli Livestock Enterprises. He 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.

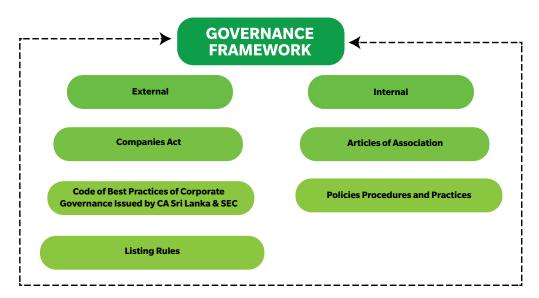


Corporate Governance Report

We believe high standards of Corporate Governance is fundamental to the sustainability of the business. Corporate Governance is the system by which companies are managed and controlled. The Board of Mahaweli Coconut Plantations PLC has set a governance framework that balances the interests of the Company.

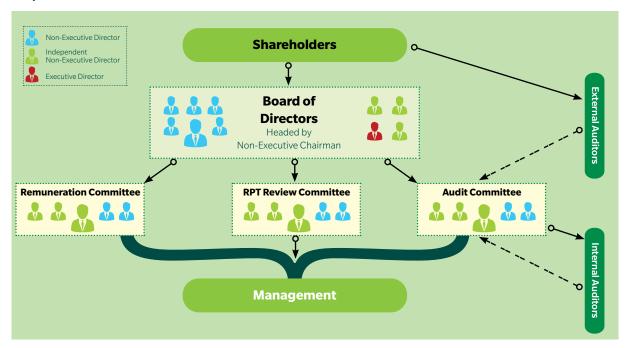
Framework and Structure

Our Governance framework is bound by external regulations and internally formulated policies that define how we do business.



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 comprises of ten (10) members as at 31st March 2021. A brief profile of each of the Directors are given on pages 22 - 24 The Board comprises of eminent professionals in their respective fields. Nine of the Directors are Non-Executives, of whom three are deemed Independent. Sufficient balance of power minimizes the tendency for one or few members of the Board to dominate the Board processes or decision making. The Board is diverse in its experience, age and expertise contributing

varied perspectives to boardroom deliberations and exercising independent judgment to bear on matters set before them. 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 judgment. Managing Director is a fellow member of the Institute of Chartered Accountants Sri Lanka and Certified Management Accountants of Sri Lanka.

	Executive	Non-Executive	Independent
Mr. S.D.W. Asitha Gunasekera (Chairman)		✓	
Mr. J.F. Fernandopulle	✓		
Mr. S.J. Watawala		✓	
Mr. S.D. Senerath Gunesekara		✓	
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		✓	✓

Directors Independence

Directors exercise their independent judgement, promoting constructive board deliberations and objective evaluation of the performance of the Company. Independence of Directors is determined by the Board, based on annual declarations submitted by Directors and having considered the possibility of any impairment in independence due to extended board tenures, where applicable.

Determination of Directors' independence, is discussed and evaluated by the Board prior to nomination of Board members for re-election.

Prof. T.S. Gamini Fonseka - The Board is of the view that the period of service of Mr. Fonseka as a Board Member, which exceeds two years does not compromise his independence and objectivity in discharging his functions as a Director. Therefore, the Board determined that Mr. Fonseka is 'Independent' as per the Listing Rules.

Mr. N.A. Lalith Cooray - The Board is of the view that the period of service of Mr. Cooray as a Board Member, which is over one year, does not compromise his independence and objectivity in discharging his functions as a Director. Therefore, the Board determined that Mr. Cooray is 'Independent' as per the Listing Rules

Mr. M.A.C.H Munaweera - The Board is of the view that the period of service of Mr. Munaweera as a Board Member, which exceeds two years does not compromise his independence and objectivity in discharging his functions as a Director. Therefore, the Board determined that Mr. Munaweera is 'Independent' as per the Listing Rules.

Appointment, Re-Election and Resignation

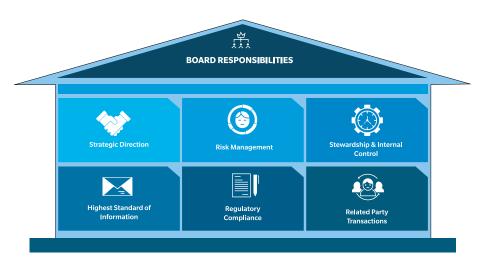
Directors are appointed by the shareholders at the Annual General Meeting (AGM), following a formal process and based on recommendations made by the Board. Recommendations are made on consideration of the combined skills, knowledge, experience and diversity of the Board and any gaps thereof. In compliance with the Articles of Association, at each AGM, one third of the Directors who are due for retirement, or, if their number is not two or a multiple of two, then the number nearest shall retire from office and the directors to retire in every year shall be those who have been the longest in office since their last election and shall be eligible for re-election. Further, the Company, at the meeting at which a Director retires may fill the vacated office by electing a person who may either be the retired Director who offered himself for the re-election or the person recommended by the Board of Directors, unless at such meeting, it is expressly resolved not to fill such vacated office. Accordingly, Mr. S.D.W. Asitha Gunasekara, Mr. M.A.C.H. Munaweera & Mr. J.F. Fernandopulle retires by rotation and offers themselves for election at the forthcoming Annual General Meeting.

Appointments are communicated to the shareholders through due notice to Colombo Stock Exchange. These communications include a brief résumé of the Director disclosing relevant expertise, key appointments, shareholding and whether he is Executive, Independent or Non-Independent.

Resignations or removal, if any, of Directors and the reasons thereof are informed promptly to the Colombo Stock Exchange together with a statement confirming whether or not there are any matters that need to be brought to the attention of shareholders.



The Board's Responsibilities



Strategic Direction	Risk Management & Internal Control	Stewardship
Formulation of sustainable short, medium and long-term strategies ensuring long-term success of the Company	Development and overview of Risk Management Policy Framework	Ensure proper stewardship of the Company resources
Review and approve annual and long-term business plans and monitor actual progress	Ensure operations are carried out within the scope of Risk Management Framework	Institute effective internal control systems to safeguard the assets of the Company.
Monitor strategy implementation Providing independent, informed and effective	Overseeing systems of governance and internal controls	Monitoring systems of governance and overseeing systems of internal control and risk management.
judgment and leadership to decision making		Reviewing and approving major acquisitions, disposals and capital expenditure
Highest Standards of Information	Regulatory Compliance	Related Party Transactions
Ensuring the highest standards of information, particularly financial information, business ethics and integrity.	Monitor compliance with rules and regulations.	Ensuring all Related Party Transactions are compliant with the statutory obligations.
Approve the Financial Statements of the Company.	Seek independent professional advice from external parties when necessary.	

Roles of Chairman and Managing Director

The role of Chairman is separate from that of the CEO / Director ensuring no one Director has unfettered power and authority. The Chairman leads the Board, preserving good corporate governance and setting the ethical tone for the Board and Company. The CEO / Director leads the executive management and is accountable to the Board for the performance of the Company.

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's Access to Information and Resources

Directors have unrestricted access to management and organization information, as well as to resources required to carry out their duties and responsibilities, independently and effectively. (Executive Management makes regular presentations with regard to the business environment and in relation to the Company's operations. Access to independent professional advice, coordinated through the Company Secretary, is available to Directors at the Company's expense).

Board Meetings

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.

Director	Date of Appointment	21/05/20	25/06/20	30/07/20	27/08/20	18/09/20	28/10/20	26/11/20	27/01/21	18/02/21	25/03/21	Attendance
Independent Non-Executive D	Directors (NED – I)	•								•	•	
Prof. T.S. Gamini Fonseka	28-10-2020 (Re-Appointment)	/	✓	✓	✓	✓	✓	✓	✓	✓	✓	10/10
Mr. N.A. Lalith Cooray	16-12-2019	√	10/10									
Mr. M.A.C.H. Munaweera	30-10-2018	V	√	10/10								
Non-Executive Directors (NED))											
Mr. S. D. W.Asitha Gunasekera	28-09-2018 (Re-Appointment)	/	✓	✓	✓	✓	✓	✓	✓	✓	✓	10/10
Mr. S. D. Senerath Gunesekara	26-09-2019 (Re-Appointment)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10/10
Mr. A. J. Shamendra Jayakody	26-09-2019 (Re-Appointment)	√	-	✓	✓	✓	✓	✓	-	√	✓	8/10
Mr. G. J. L. Neomal Perera	26-09-2019 (Re-Appointment)	✓	✓	✓	✓	✓	✓	-	✓	✓	✓	9/10
Mr. M. D. J. P. Nilantha Perera	28-10-2020 (Re-Appointment)	✓	✓	✓	✓	-	✓	✓	✓	✓	✓	9/10
Mr. S.J. Watawala	28-10-2020 (Re-Appointment)	-	-	-	-	-	-	-	-	✓	√	2/10
Executive Director (ED)												
Mr. J.F. Fernandopulle	28-09-2018 (Re-Appointment)	/	/	✓	/	✓	✓	/	/	✓	✓	10/10

Agenda and Board papers are sent before the meeting, allowing members sufficient time to review the same. The Company's secretary sets the Board Meeting Agenda.



All Board minutes are circulated to members, and formally approved at the subsequent Board meeting. Resolutions concerning business matters are passed by circulation, within regulations. However, if a Director deems it necessary that such resolution must be decided at a Board meeting not by circulation, the Director shall put the resolution to be decided in a meeting.



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.

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.

Board Committee	Areas of Oversight	Composition	Chaired By	Report Reference
Audit Committee (AC)	Financial Reporting Internal Controls Internal Audit External Audit	3 NED-Is 2 NEDs	Mr. N.A. Lalith Cooray (NED-I)	Pages 35 & 36
Remuneration Committee (RC)	Formulating Remuneration Policy for Directors and Formulating HR Policy	3 NED-Is 2 NEDs	Mr. M.A.C.H Munaweera (NED-I)	Page 37
Related Party Transactions Review Committee (RPTRC)	Review of Related Party Transactions	3 NED-Is 2 NEDs	Prof. T.S.Gamini Fonseka (NED-I)	Pages 38 & 39

NED-I – Non-Executive Director – Independent

NED - Non-Executive Director

The Managing Director and the Finance Officer attend the meetings by invitation and the Company Secretaries serve as the Secretary to the Committee.

Responsibilities of Board Committees

Board Committee	Responsibilities
Audit Committee	Review of the quarterly and annual Financial Statements, including the quality, transparency, integrity, accuracy and compliance with Sri Lanka Accounting Standards
	Ensure 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
	Ensure independence of both External and Internal Auditors and recommendation of re-appointment of External Auditors.
	Review of the adequacy and effectiveness of the Internal Control and Risk Management systems over financial reporting process.
	Review of the adequacy and effectiveness of the internal audit arrangements.

Committee	Responsibilities
Remuneration Committee	Determining and agreeing with the Board a framework for remuneration of Directors and Management Team, considering industry benchmark principles for any performance-related schemes to determine total remuneration package.
	Evaluation of employee performance based on key performance indicators including financial and non-financial measures of performance
	Link part of pay to individuals and the Company's performance.
Related Party Transactions Review Committee	Ensure on behalf of the Board, the compliance with Code on Related Party Transactions, that all Related Party Transactions are undertaken and disclosed in a manner consistent with the Code on Related Party Transactions.
	Develop and recommend a policy for adoption by the Board on RPTs of the Company with its Related Parties which is in line with the Operating Model.
	Update the Board on Related Party Transactions following the reporting templates, specifying recurrent and non-recurrent transactions which require discussion in detail.
	Introduction of 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.

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 2020 as external auditors of the Company for the financial year 2020/2021. 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 year 2019/20 01st Quarter.



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

Paragraph	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 the Affairs of the Company, pages 42 - 46
168.(1)(b)	Signed Financial Statements of the Company for the accounting period completed – section 151	Complied	Financial Statements, page 50
168.(1)(c)	Auditors' Report on Financial Statements of the Company	Complied	Independent Auditors Report, pages 48 & 49
168.(1)(d)	Accounting policies and any changes therein	Complied	Notes to the Financial Statements, pages 54 - 65
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 the Affairs of the Company, pages 42 - 46
168.(1)(f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Complied	Notes to the Financial Statements, pages 80 & 81
168.(1)(g)	Corporate donations made by the Company during the accounting period	Complied	Annual Report of the Board of Directors on the Affairs of the Company, pages 42 - 46
168.(1)(h)	Information on the Directorate of the Company at the end of the accounting period	Complied	Board of Directors, pages 22 - 24
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 77
168.(1)(j)	Auditors' relationship or any interest with the Company	Complied	Audit Committee Report, pages 35 & 36
168.(1)(k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	Complied	Statement of Directors' Responsibility, page 47

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

CSE Rule	Requirements	Compli- ance Status	Reference to the Annual Report
7.6(i)	Names of persons who were Directors of the Entity.	Complied	Board of Directors, pages 22 - 24
7.6(ii)	Principal activities of the Entity during the year, and any changes therein.	Complied	Annual Report of the Board of Directors on the Affairs of the Company, pages 42 - 46
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	Shareholders Information, page 86
7.6(iv)	The public holding percentage	Complied	Shareholders Information, page 85
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 the Affairs of the Company, pages 42 - 46
7.6(vi)	Information pertaining to material foreseeable risk factors of the Entity	Complied	Risk Management, pages 18 - 20
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 the Affairs of the Company, page 42 to 46
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 the Affairs of the Company, pages 42 - 46
7.6(ix)	Number of shares representing the Entity's stated capital	Complied	Notes to Financial Statements, page 73

CSE Rule	Requirements	Compli- ance Status	Reference to the Annual Report
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	Shareholders Information, page 85
7.6(xi)	Financial ratios and market price information	Complied	Financial Highlights, page 6 & Shareholder Information page 86
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, pages 68 & 69
7.6(xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year	Not applicable	
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, pages 80 & 81

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

CSE Rule	Requirements	Compli- ance Status	Reference to the Annual Report
7.10 (a,b,c)	Compliance with Corporate Governance	Complied	Corporate Governance Report, page 25 - 34
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 (1/3).
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 42 - 46 & 80 - 81 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 page 22 - 26
7.10.3 (d)	Disclosure relating to Directors – provide a brief resume of new Directors appointed to the Board along with details	Not applicable	
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



CSE Rule	Requirements	Compli- ance Status	Reference to the Annual Report
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 majority of whom are 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 37
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 an Independent NED and 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
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 pages 35 & 36 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 pages 35 & 36

Statement of compliance under sections 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 80 & 81
9.3.2(b)	Details pertaining to Recurrent Related Party Transactions	Complied	Notes to Financial Statements, pages 80 & 81
9.3.2(c)	Report of the Related Party Transactions Review Committee	Complied	Report of the Related Party Transaction Review Committee, pages 38 & 39
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

5th August 2021



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 Audit Committee was constituted on 21st June 2018. 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 22 - 24 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 three times during the year. The attendance of the members at these meetings is as follows:

Name of the Member Status		Attendence			
Name of the Member	Status	30.07.2020	18.09.2020	27.01.2021	Total
Mr. N.A. Lalith Cooray (FCA) (Chairman)	Independent Non-Executive	✓	✓	✓	3/3
Prof. T.S.Gamini Fonseka	Independent Non-Executive	✓	✓	✓	3/3
Mr. M.A.C.H. Munaweera	Independent Non-Executive	✓	✓	✓	3/3
Mr. S.D. Senerath Gunasekera	Non-Independent Non-Executive	✓	✓	✓	3/3
Mr. G.J.L. Neomal Perera	Non-independent Non-Executive	✓	✓	×	2/3

The Managing Director and the Finance Officer attend meetings of the Audit Committee by invitation. The Audit Committee is appointed by the Board of Directors and its duties are stated in the following paragraph.

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 2021

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.

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 pages 18 - 20.

The Committee has an ongoing process for reviewing the effectiveness of the system of internal controls. BDO Partners continues 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.



Audit Committee Report (Contd.)

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 relationships that threaten their independence and that the ethical requirement have been complied with.

Reviewed the performance of the External Auditors, Messrs. Kreston MNS & Co and recommended their re-appointment to the Board for financial year ended 31 March 2022 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

5th August 2021





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 asses 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 company performance.

The objective of the remuneration package geared towards employee motivation, higher productivity and sustainment of discipline and quality work standards. It is envisaged that achievement of corporate goals would be enhanced.

The Directors are extended 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 pages 80 and 81.

Meeting of the Remuneration Committee

A Remuneration Committee Meeting was held on 27/01/2021 where all the members except Mr. A.J. Shamendra Jayakody, have participated.



Mr. M.A.C.H. Munaweera

Chairman - Remuneration Committee

5th August 2021

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 three times during this period the attendance of the members at the meetings is as follows:

Name of the Member	Status		Attendence			
Name of the Member Status		30.07.2020	18.09.2020	27.01.2021	Total	
Prof. T.S.Gamini Fonseka (Chairman)	Independent Non-Executive Director	✓	√	√	3/3	
Mr. S.D.Senerath Gunasekara	Non-Independent Non-Executive Director	✓	√	√	3/3	
Mr. G.J.L.Neomal Perera	Non-Independent Non-Executive Director	✓	✓	Х	2/3	
Mr. N.A. Lalith Cooray	Independent Non-Executive Director	✓	√	✓	3/3	
Mr. M.A.C.H. Munaweera	Independent Non-Executive Director	✓ ·	✓	✓	3/3	

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.

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.



Related Party Transactions Review Committee Report (Contd.)

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.
- Obtain knowledge or expertise to assess all aspects of proposed Related Party Transactions where necessary including obtaining appropriate professional and expert advice from suitably qualified persons.

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 in its review process, recognized the adequacy of the content and quality of the information forwarded to its members by the management. The Committee reviewed the Related Party Transactions for the year 2020/21 and their satisfactory compliances or otherwise relevant information were communicated to the Board. 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

5th August 2021





Financial Calendar

Financial Statements	2020/2021	2019/2020
1 st Quarter	17.08.2020	13.08.2019
2 nd Quarter	20.11.2020	13.11.2019
3 rd Quarter	10.02.2021	13.02.2020
4 th Quarter	31.05.2021	03.09.2020
Annual General Meeting	27.09.2021	28.10.2020
Annual Report	05.08.2021	18.09.2020

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 2021, 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 5th August 2021.

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 and Future Developments

A review of the Company's performance during the financial year is given in the Chairman's Review on page 8, the Managing Director's Review on pages 9 & 10 and management discussion and analysis on pages 12 - 17.

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 and the Auditors are included in this Annual Report and form an integral part of this Report.

The Financial Statements of the Company are given on pages 50 to 83 of this Annual Report.

Summarized Financial Results

	2020/2021	2019/2020
	Rs.	Rs.
Revenue	230,192,004	179,757,448
Profit before Taxation	130,642,925	32,377,892
Taxation	(738,662)	3,511,719
Profit After Taxation	129,904,263	35,889,611
Other Comprehensive Income	(345,240)	493,225
Retained Earnings b/f - Previously reported	144,273,090	173,134,237
Adjustment due to initial application of SLFRS - 16	-	(14,495,555)
Retained Profit b/f - Adjusted	144,273,090	158,638,682
Declared Dividend	(78,741,259)	(50,748,428)
Retained Earnings c/f	195,090,854	144,273,090



Auditors' Report

The Report of the Independent Auditors on the Financial Statements of the Company is given on pages 48 & 49.

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 54 to 65.

Donations

The Company made donations amounting to Rs. 108,270/-(2019/20 - Rs. 278,780/-) 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 material 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 2021 amounted to Rs. 39,513,009/- (2019/20 - Rs. 38,246,308/-). During the year, the Company has invested a total of Rs. 4,111,554/- in Property, Plant and Equipment. Out of which, Rs. 2,250,000/- is utilised to purchase a motor vehicle, Rs. 323,726/- is utilised to purchase furniture and equipment and Rs. 1,537,828/- is utilised to construct Transformer room, electric fence and executive bungalow.

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) 1,480 sq.ft. (Building	1	20,095,000 4,580,000
Mahaweli Coconut Plantations PLC - Estate	Aralaganwila	551.38 HA (Lease) 16,366 sq.ft. (Building)	35	7,237,350 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 2021 was Rs. 384,717,995/- (2020 - Rs. 384,717,995/-). The number of shares issued by the Company as at 31st March 2021 is 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 52.

Capital Commitments and Contingent Liabilities

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

Dividend on Ordinary Shares

A final dividend for 2019/20 of Rs. 1.50 per share was paid during the year.

The Directors declared an interim dividend of Rs. 0.75 per ordinary share and proposed a final dividend on Rs. 1.50 per ordinary share for the year 2020/21. The final dividend is subject to the approval of shareholders at the Annual General Meeting. The 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 final dividend.

Information on the Directors of the Company

The Board of Directors of the Company as at 31st March 2021 consist of ten (10) Directors, with a broad range of skills, experiences and attributes.

Board of Directors

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

 ${\it Mr. S.D.W. As it ha Gunasekara - Chairmen/Non-Executive}$

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.Senarath Gunesekara - Non-Executive

Non Independent Director

Mr. G.J.L.Neomal Perera - Non-Executive

Non Independent Director

Mr. A.J.Shamendra Jeyakody - 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

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 (Chairman) Prof. T. S. Gamini Fonseka Mr. M. A. C. H. Munaweera Mr. S. D. Senarath Gunesekera 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. Senarath Gunesekera Mr. G. J. L. Neomal Perera Mr. N.A. Lalith Cooray Mr. M. A.C.H. Munaweera

The reports of the Audit Committee, Remuneration Committee & Related Party Transactions Review Committee as given on pages 35 & 36, 37 and 38 & 39, respectively.

Re-election/re-appointment of Directors

Mr. S.D.W. Asitha Gunasekara, Mr. M.A.C.H. Munaweera & Mr. J.F. Fernandopulle retire by rotation in terms of Article 73 & 74 of the Articles of Association of the Company and offers 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.

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 partial of this Annual Report and is available for inspection upon request.

All Related Party Transactions which encompass 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 2021 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 pages 80 & 81 of the Financial Statements.





Directors' Interest in Shares

The relevant interests of Directors in the shares of the Company as at 31st March 2021 and 31st March 2020 are as follows:

Directors' Name	No. of Shares as at 31.03.2021	No. of Shares as at 31.03.2020
Mr. S.D.W.Asitha Gunasekera	1,088	1,088
Mr. J.F. Fernandopulle	758,876	758,876
Mr. S.D.Senerath Gunesekara	11,504	11,504
Mr. S.J. Watawala	881,847	881,847
Mr. G.J.L. Neomal Perera	777,733	777,733
Mr. A.J. Shamendra Jayakody	55,560	46,560
Mr. M.D.J.P.Nilantha Perera	280,504	280,504

Directors' Remuneration

Director's remuneration and other benefits in respect of the Company for the financial year ended 31st March 2021 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 2021.

Details of the Related Party Transactions Review Committee and its Report are given on pages 38 & 39.

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 2021, 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 2021 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

The Auditors were paid Rs. 674,200/- 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 risk faced by the Company. These are identified and the specific steps adopted by the Company are detailed on pages 18 to 20 of this Annual Report.

Public Holdings

A percentage of 87% of the issued shares of the Company are held by the public comprising of 540 shareholders as at the end of the year.

Major Shareholding

Details of the major shareholders of the Company as at 31st March 2021 are given under largest shareholdings on page 86.

Stock Market Information

Information relating to trading of shares of the Company is given under share & investor information on page 86.

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 confirm 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 25 to 34.

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 on pages $35\ \&\ 36$, provides 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 fourth Annual General Meeting is given in Page 89.

The 24th Annual General Meeting of the Company will be held on 27th September 2021 at 11.00 a.m. via Virtual Conference Software (Zoom application).

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

5th August 2021





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 2021 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 maintains 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 2021, 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 2021 and the Comprehensive Income Statement for the Company for the financial year ended 31st March 2021 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 pair of 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 5th August 2021

Independent Auditor's Report



Knowing you.

Kreston MNS & Co Chartered Accountants 1st & 2nd Floor, Advantage Building 74A, Dharmapala Mawatha Colombo 07

Tel: +94 (0) 11 2323571-3 +94 (0) 11 2301396-7 Fax: +94 (0) 11 2433388 E-mail: audit@kreston.lk Web: www.kreston.lk

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 2021, 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 50 to 83.

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 2021, 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

Consumable biological Asset

As at 31 March 2021, 20% of the total assets of the Company consisted of consumable biological assets amounting to Rs. 147 Mn which are carried at fair value and the fair value Gain of Rs. 1.73 Mn on such valuation has been included in the current year performance of the Company.

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.

How our audit addressed the Key Audit Matter

Our audit procedures focused on the valuation performed by the Management's external valuer, which included among others the following procedures;

- · 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

We evaluated the adequacy of the related disclosures given in Note 9 in the Financial Statements.

Member of Kreston International Limited UK

Correspondent firm within Grant Thornton International Ltd (Grant Thornton International)

Mr. S.Rajanathan FCA.FCMA (UK) / Mr. N.K.Atukorala FCA.FCMA / Ms.H.D.S.C.A.Tillekeratne FCA.FCMA

Mr, K.I.Skandaeloson B.Sc. (Madras) FCA, FCMA / Mr. R.L.R. Balesingham FCA, FCMA / Mr. N.K.G.V. Bundera B.Sc. (Acc.) Sp. ACA, ACMA

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





Independent Auditor's Report (Contd.)

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.

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

5th August 2021



Statement of Financial Position

As at	Note	31.03.2021 Rs.	31.03.2020 Rs.
ASSETS			
Non-Current Assets			
Right of use Assets - Land	5	7,798,106	7,237,350
Property, Plant & Equipment	6	39,513,009	38,246,308
Intangibe Assets	7	167,440	241,852
Bearer Biological Assets	8	188,640,835	213,619,944
Consumable Biological Assets	9	146,900,000	145,173,600
Total Non-Current Assets		383,019,390	404,519,054
Current Assets			
Inventories	10	36,800,259	15,237,988
Trade & Other Receivables	11	37,240,813	40,364,348
Short Term Investments	12	231,606,507	163,583,070
Income Tax Refund due	13	1,586,402	3,838,252
Cash at Bank & In Hand	14	44,877,267	30,711,712
Total Current Assets		352,111,248	253,735,370
Total Assets		735,130,638	658,254,424
EQUITY & LIABILITIES			
Capital & Reserves	4.5	204 747 005	204747005
Stated Capital	15	384,717,995	384,717,995
Retained Earnings		195,090,854	144,273,090
Total Equity		579,808,849	528,991,085
Advance Received for Allotment of Shares		16,319,276	18,456,506
Shareholders Funds		596,128,125	547,447,591
Non-Current Liabilities			
Obligation under Right of use Assets - Land on Lease	16	27,250,656	27,993,502
Retirement Benefit Obligation	17	12.698.599	10.070.764
Deferred Tax liability	18	42,628,434	46,681,824
Total Non-Current Liabilities		82,577,689	84,746,090
Current Liabilities			
Trade & Other Payables	19	47,592,562	20,792,315
Obligation under Right of use Assets - Land on Lease	16	8,832,262	5,268,428
Total Current Liabilities		56,424,824	26,060,743
Total Liabilities		139,002,513	110,806,833
Total Equity & Liabilities		735,130,638	658,254,424

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 50 to 83.

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

Finance Officer

Ms. Christina J. Joseph

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 Gunesekera

Managing Director Mr. J.F.Fernandopulle



Statement of Comprehensive Income

For the year ended	Note	31.03.2021 Rs.	31.03.2020 Rs.
Revenue	20	230,192,004	179,757,448
Cost of Sale		(91,475,030)	(132,804,056)
Gross Profit		138,716,974	46,953,392
Other Income	21	10,578,274	2,745,017
Gain on change in Fair Value of Biological Assets		1,726,400	220,857
Administration Expenses		(29,392,914)	(25,826,099)
Other Expenses		(37,792)	(1,229,430)
Results from Operating Activities		121,590,942	22,863,737
Finance Costs	22	(4,992,845)	(4,488,998)
Finance Income	22	14,044,828	14,003,153
Net Finance cost		9,051,983	9,514,155
Profit before Taxation	23	130,642,925	32,377,892
Taxation	24	(738,662)	3,511,719
Profit for the year		129,904,263	35,889,611
Other Comprehensive Income			
Other Comprehensive Income not to be reclassified to profit or			
loss in the subsequent period (net of tax)			
Actuarial Gain / (Loss) on Retirement Benefit Obligation		(401,442)	573,518
Tax effect on Actuarial Gain on Retirement Benefit Obligation	24	56,202	(80,293)
Net Other Comprehensive Income not to be reclassified to profit	t		
or loss in the subsequent period (net of tax)		(345,240)	493,225
Total Other Comprehensive Income for the year, net of tax		(345,240)	493,225
Total Comprehensive Income for the Year (net of tax)		129,559,023	36,382,836
Earnings per Share (Rs.) - Basic	25	3.71	1.04
- Diluted	25	3.71	1.04
Dividend per Share (Rs.)	26	2.25	1.50

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 50 to 83.

Statement of Changes In Equity

For the year ended 31st March 2021		Stated	Retained	
		Capital	Earnings	Total
	Note	Rs.	Rs.	Rs.
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		-	(14,495,555)	(14,495,555)
Adjusted Balance as at 1st April 2019		355,622,230	158,638,682	514,260,912
Dividend				
Final Cash dividend for 2018/19 Final dividend for 2018/19 satisfied in the form of issue	32	-	(16,916,143)	(16,916,143)
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
Balance as at 1st April 2020 Dividend		384,717,995	144,273,090	528,991,085
Final Cash dividend for 2019/20	32	-	(52,494,173)	(52,494,173)
Interim Dividend-2020/2021	32	-	(26,247,086)	(26,247,086)
		-	(78,741,259)	(78,741,259)
Transactions with owners		-	(78,741,259)	(78,741,259)
Profit for the year		-	129,904,263	129,904,263
Other comprehensive income for the year net of tax		-	(345,240)	(345,240)
Total comprehensive income for the year net of tax		-	129,559,023	129,559,023
Balance on 31st March 2021		384,717,995	195,090,854	579,808,849

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 50 to 83.



Statement of Cash Flows

Adjustments for: Finance Income 22	For the year ended	Note	31.03.2021 Rs.	31.03.2020 Rs.
Adjustments for : Finance Income Finance Cost Depreciation of Property, Plant & Equipment Finance Cost Performance Income Finance Cost Performance Income Finance Cost Performance Cost Performance Cost Performance Income Finance Cost Finance Cost Performance Income Finance Cost Finance Cost Performance Income Finance Cost Finance Cost Finance Cost Performance Income Finance Cost Finance File Cost Finance File Cost Finance File Cost Finance File Cost Finance File Cost Fi	CASH FLOW FROM OPERATING ACTIVITIES			
Finance Income Finance Cost Pinance Cost Pin	Net Profit before Taxation		130,642,925	32,377,892
Finance Cost	Adjustments for :			
Depreciation of Property, Plant & Equipment 6 2,830,065 3,741,733 Amortisation of Intangible Assets 7 7,4,412 74,4	Finance Income			(14,003,153)
Amortisation of Intangible Assets Amortisation of Ringh of use of Land on Lease Amortisation of Ringh of use of Land on Lease Amortisation of Ringh of use of Land on Lease Bara Biological Assets transfer to P. & L			· ·	
Amortisation of Right of use of Land on Lease Immature Bearer Biological Assets transfer to P & L Reversal of Debtor Provision In (616,750)				
Immature Bearer Biological Assets transfer to P & L 8 135,989				,
Work in Progress transfer to Expenses 6 14,788 - Reversal of Debtor Provision 11 (616,750) - Depreciation on Bearer Biological Assets 8 25,244,254 25,244,254 Provision for Gratuity 17 2,717,303 2,243,697 Profit on changes in Fair Valuation of Consumable Biological Assets 9 (1,726,400) (220,857) Lease Liability under provision prior year 16 3,311,792 - Profit from operations before changes in working capital 154,408,874 54,742,919 Changes in Working Capital (Increase) 10 (21,562,271) 24,297,341 (Increase) / Decrease in Inventories 10 (21,562,271) 24,297,341 (Increase) / Decrease in Trade & Other Receivables 11 3,740,285 (23,631,637) Increase / (Decrease) in Trade & Other Payables 19 26,800,247 (9,062,463) Garatuity Paid 17 (490,910) (131,460) Tax Paid 17 (490,910) (131,460) Tax Paid 13 (2,484,000) (4,623,991) <t< td=""><td></td><td></td><td></td><td>/95,943</td></t<>				/95,943
Reversal of Debtor Provision	_		•	-
Depreciation on Bearer Biological Assets Depreciation on Bearer Biological Assets Provision for Gratuity 17	- ·		•	-
Provision for Gratuity 17 2,717,303 2,243,697 Profit on changes in Fair Valuation of Consumable Biological Assets 9 (1,726,400) (220,857) Lease Liability under provision prior year 16 3,311,792 - Profit from operations before changes in working capital 54,408,874 54,742,919 Changes in Working Capital (Increase) / Decrease in Inventories 10 (21,562,271) 24,297,341 (Increase) / Decrease in Irade & Other Receivables 11 3,740,285 (23,631,637) (Increase) / Decrease) in Trade & Other Payables 19 26,800,247 (9,062,463) (Cash Generated from Operations 163,387,135 46,346,160 Gratuity Paid 17 (490,910) (131,460) (312,728) (313,735) (314,600) (4623,901) (Interest Paid 22 (728,657) - Net Cash Generated from Operating Activities 159,683,568 41,590,799 CASH FLOW FROM INVESTING ACTIVITIES Acquisition of Property, Plant & Equipment 6 (2,573,726) (1,824,319) (340,010)				-
Profit on changes in Fair Valuation of Consumable Biological Assets 9 (1,726,400) (220,857) Lease Liability under provision prior year 16 3,311,792 - Profit from operations before changes in working capital 54,408,874 54,742,919 Changes in Working Capital 10 (21,562,271) 24,297,341 (Increase) / Decrease in Inventories 10 (21,562,271) 24,297,341 (Increase) / Decrease in Trade & Other Receivables 11 3,740,285 (23,631,637) (1ncrease) / Decrease) in Trade & Other Payables 19 26,800,247 (9,062,463) Cash Generated from Operations 177 (490,910) (131,460) Gratuity Paid 17 (490,910) (131,460) Tax Paid 13 (2,484,000) (4,623,901) Interest Paid 22 (728,657) - Net Cash Generated from Operating Activities 22 (728,657) - Net Cash Generated from Operating Activities 24 (401,134) (292,276) Expenditure on Capital Work In Progress 6 (1,537,828) (339,610) Net Investment in Fixed Deposits 12 (68,023,437) 21,908,282 Interest Received 22 (14,044,828 15,744,843) Net Cash Generated from / (used in) Investing Activities (58,491,297) 35,196,920 CASH FLOW FROM FINANCING ACTIVITIES Acquisition of Property, Plant & Equipment 6 (1,537,828) (339,610) Net Investment in Fixed Deposits 12 (68,023,437) 21,908,282 Interest Received 22 (14,044,828 15,744,843) Net Cash Generated from / (used in) Investing Activities (58,491,297) 35,196,920 CASH FLOW FROM FINANCING ACTIVITIES Payment to Mahaweli Authority of Sri Lanka 16 (6,148,227) (75,351,032) Net Cash used in Financing Activities (87,026,716) (80,986,889) Net Increase / (Decrease) in Cash and Equivalents (14 30,711,712 34,910,882)				
Lease Liability under provision prior year Profit from operations before changes in working capital Changes in Working Capital (Increase) / Decrease in Inventories				
Profit from operations before changes in working capital Changes in Working Capital ((Increase) / Decrease in Inventories 10 (21,562,271) 24,297,341 (Increase) / Decrease in Trade & Other Receivables 11 3,740,285 (23,631,637) (10,622,463) (26,800,247 (9,062,463) (26,800,244 (9,062,463) (26,800,244 (9,062,463) (26,800,244 (9,062,463) (26,800,244 (9,062,463) (26,800,244 (9,062,463) (26,800,244 (9,062,463) (26,800,244 (9,062,463) (26,800,244 (9,062,463) (26,800,244 (9,062,463) (26,800,244 (9,062,463) (26,800,244 (9,062,463) (26,800,244 (9,062,463) (26,800,244 (9,062,463) (26,800,244 (9,062,463) (26,800,244 (9,062,463) (26,80				
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(Increase) / Decrease in Inventories 10 (21,562,271) 24,297,341 (Increase) / Decrease in Trade & Other Receivables 11 3,740,285 (23,631,637) Increase / (Decrease) in Trade & Other Payables 19 26,800,247 (9,062,463) Cash Generated from Operations 163,387,135 46,346,160 Gratuity Paid 17 (490,910) (131,460) Tax Paid 13 (2,484,000) (4,623,901) Interest Paid 22 (728,657) - Net Cash Generated from Operating Activities 159,683,568 41,590,799 CASH FLOW FROM INVESTING ACTIVITIES 40,411,344 (29,276) (1,824,319) Addition to Bearer Biological Assets - Immature 8 (401,134) (292,276) Addition to Bearer Biological Assets - Immature 8 (41,134) (292,276) Net Investment in Fixed Deposits 12 (68,023,437) 21,908,282 Interest Received 22 14,044,828 15,744,843 Net Cash Generated from / (used in) Investing Activities (58,491,297) 35,196,920 CASH FLOW FROM FINANCING ACTIVITIES (2,137,230) - Payment to	Tront from operations before changes in working capital		134,400,074	<u> </u>
(Increase) / Decrease in Inventories 10 (21,562,271) 24,297,341 (Increase) / Decrease in Trade & Other Receivables 11 3,740,285 (23,631,637) Increase / (Decrease) in Trade & Other Payables 19 26,800,247 (9,062,463) Cash Generated from Operations 163,387,135 46,346,160 Gratuity Paid 17 (490,910) (131,460) Tax Paid 13 (2,484,000) (4,623,901) Interest Paid 22 (728,657) - Net Cash Generated from Operating Activities 159,683,568 41,590,799 CASH FLOW FROM INVESTING ACTIVITIES 40,411,344 (29,276) (1,824,319) Addition to Bearer Biological Assets - Immature 8 (401,134) (292,276) Addition to Bearer Biological Assets - Immature 8 (41,134) (292,276) Net Investment in Fixed Deposits 12 (68,023,437) 21,908,282 Interest Received 22 14,044,828 15,744,843 Net Cash Generated from / (used in) Investing Activities (58,491,297) 35,196,920 CASH FLOW FROM FINANCING ACTIVITIES (2,137,230) - Payment to	Changes in Working Capital			
Cash Generated from Operations 11 3,740,285 (23,631,637) Increase / (Decrease) in Trade & Other Payables 19 26,800,247 (9,062,463) Increase / (Decrease) in Trade & Other Payables 19 26,800,247 (9,062,463) Increase / (Decrease) in Trade & Other Payables 163,387,135 46,346,160 Increase / (Decrease) in Trade & Other Payables 17 (490,910) (131,460) Increase / (Tash Generated from Operations 13 (2,484,000) (4,623,901) Interest Paid 13 (2,484,000) (4,623,901) Interest Paid 22 (728,657) - Net Cash Generated from Operating Activities 159,683,568 41,590,799 CASH FLOW FROM INVESTING ACTIVITIES 28 (401,134) (292,276) Expenditure on Property, Plant & Equipment 8 (401,134) (292,276) Expenditure on Capital Work In Progress 6 (1,537,828) (339,610) Net Investment in Fixed Deposits 12 (68,023,437) 21,908,282 Interest Received 22 14,044,828 15,744,843 Net Cash Generated from / (used in) Investing Activities (58,491,297) 35,196,920 CASH FLOW FROM FINANCING ACTIVITIES 29,200,200,200,200,200,200,200,200,200,2	(Increase) / Decrease in Inventories	10	(21.562.271)	24.297.341
Cash Generated from Operations 19 26,800,247 (9,062,463) (2,346,160) (163,387,135 46,346,160) (131,460) (131	(Increase) / Decrease in Trade & Other Receivables	11	• • • •	
Cash Generated from Operations 163,387,135 46,346,160 Gratuity Paid 17 (490,910) (131,460) Tax Paid 13 (2,484,000) (4,623,901) Interest Paid 22 (728,657) - Net Cash Generated from Operating Activities 159,683,568 41,590,799 CASH FLOW FROM INVESTING ACTIVITIES 46,341,319 46,341,319 Acquisition of Property, Plant & Equipment 6 (2,573,726) (1,824,319) Addition to Bearer Biological Assets - Immature 8 (401,134) (292,276) Expenditure on Capital Work In Progress 6 (1,537,828) (339,610) Net Investment in Fixed Deposits 12 (68,023,437) 21,908,282 Interest Received 22 14,044,828 15,744,843 Net Cash Generated from / (used in) Investing Activities (58,491,297) 35,196,920 CASH FLOW FROM FINANCING ACTIVITIES 2 (2,137,230) - Payment to Mahaweli Authority of Sri Lanka 16 (6,148,227) (5,635,857) Dividend Paid 32 (78,741,259) (75,351,032) Net Cash used in Financing Activities (87	Increase / (Decrease) in Trade & Other Payables	19		
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Net Cash Generated from Operating Activities 159,683,568 41,590,799	Gratuity Paid	17	(490,910)	(131,460)
Net Cash Generated from Operating Activities 159,683,568 41,590,799 CASH FLOW FROM INVESTING ACTIVITIES 41,590,799 Acquisition of Property, Plant & Equipment 6 (2,573,726) (1,824,319) Addition to Bearer Biological Assets - Immature 8 (401,134) (292,276) Expenditure on Capital Work In Progress 6 (1,537,828) (339,610) Net Investment in Fixed Deposits 12 (68,023,437) 21,908,282 Interest Received 22 14,044,828 15,744,843 Net Cash Generated from / (used in) Investing Activities (58,491,297) 35,196,920 CASH FLOW FROM FINANCING ACTIVITIES Payments of Advance for Allotment of Shares (2,137,230) - Payment to Mahaweli Authority of Sri Lanka 16 (6,148,227) (5,635,857) Dividend Paid 32 (78,741,259) (75,351,032) Net Cash used in Financing Activities (87,026,716) (80,986,889) Net Increase / (Decrease) in Cash and Equivalents 14,165,556 (4,199,170) Cash and Cash Equivalents at the beginning of the year 14 30,711,712 34,910,882 </td <td>Tax Paid</td> <td>13</td> <td>(2,484,000)</td> <td>(4,623,901)</td>	Tax Paid	13	(2,484,000)	(4,623,901)
CASH FLOW FROM INVESTING ACTIVITIES Acquisition of Property, Plant & Equipment 6 (2,573,726) (1,824,319) Addition to Bearer Biological Assets - Immature 8 (401,134) (292,276) Expenditure on Capital Work In Progress 6 (1,537,828) (339,610) Net Investment in Fixed Deposits 12 (68,023,437) 21,908,282 Interest Received 22 14,044,828 15,744,843 Net Cash Generated from / (used in) Investing Activities (58,491,297) 35,196,920 CASH FLOW FROM FINANCING ACTIVITIES Payments of Advance for Allotment of Shares (2,137,230) - Payment to Mahaweli Authority of Sri Lanka 16 (6,148,227) (5,635,857) Dividend Paid 32 (78,741,259) (75,351,032) Net Cash used in Financing Activities (87,026,716) (80,986,889) Net Increase / (Decrease) in Cash and Equivalents 14,165,556 (4,199,170) Cash and Cash Equivalents at the beginning of the year 14 30,711,712 34,910,882	Interest Paid	22	(728,657)	-
Acquisition of Property, Plant & Equipment Addition to Bearer Biological Assets - Immature 8 (401,134) (292,276) Expenditure on Capital Work In Progress 6 (1,537,828) (339,610) Net Investment in Fixed Deposits 12 (68,023,437) 21,908,282 Interest Received 22 14,044,828 15,744,843 Net Cash Generated from / (used in) Investing Activities CASH FLOW FROM FINANCING ACTIVITIES Payments of Advance for Allotment of Shares Payment to Mahaweli Authority of Sri Lanka Dividend Paid Net Cash used in Financing Activities Net Increase / (Decrease) in Cash and Equivalents Cash and Cash Equivalents at the beginning of the year 14 30,711,712 34,910,882	Net Cash Generated from Operating Activities		159,683,568	41,590,799
Addition to Bearer Biological Assets - Immature 8 (401,134) (292,276) Expenditure on Capital Work In Progress 6 (1,537,828) (339,610) Net Investment in Fixed Deposits 12 (68,023,437) 21,908,282 Interest Received 22 14,044,828 15,744,843 Net Cash Generated from / (used in) Investing Activities (58,491,297) 35,196,920 CASH FLOW FROM FINANCING ACTIVITIES Payments of Advance for Allotment of Shares (2,137,230) - Payment to Mahaweli Authority of Sri Lanka 16 (6,148,227) (5,635,857) Dividend Paid 32 (78,741,259) (75,351,032) Net Cash used in Financing Activities (87,026,716) (80,986,889) Net Increase / (Decrease) in Cash and Equivalents 14,165,556 (4,199,170) Cash and Cash Equivalents at the beginning of the year 14 30,711,712 34,910,882	CASH FLOW FROM INVESTING ACTIVITIES			
Expenditure on Capital Work In Progress 6 (1,537,828) (339,610) Net Investment in Fixed Deposits 12 (68,023,437) 21,908,282 Interest Received 22 14,044,828 15,744,843 Net Cash Generated from / (used in) Investing Activities (58,491,297) 35,196,920 CASH FLOW FROM FINANCING ACTIVITIES Payments of Advance for Allotment of Shares (2,137,230) - Payment to Mahaweli Authority of Sri Lanka 16 (6,148,227) (5,635,857) Dividend Paid 32 (78,741,259) (75,351,032) Net Cash used in Financing Activities (87,026,716) (80,986,889) Net Increase / (Decrease) in Cash and Equivalents 14,165,556 (4,199,170) Cash and Cash Equivalents at the beginning of the year 14 30,711,712 34,910,882	Acquisition of Property, Plant & Equipment	6	* * * * * * * * * * * * * * * * * * * *	(1,824,319)
Net Investment in Fixed Deposits 12 (68,023,437) 21,908,282 Interest Received 22 14,044,828 15,744,843 Net Cash Generated from / (used in) Investing Activities (58,491,297) 35,196,920 CASH FLOW FROM FINANCING ACTIVITIES Payments of Advance for Allotment of Shares (2,137,230) - Payment to Mahaweli Authority of Sri Lanka 16 (6,148,227) (5,635,857) Dividend Paid 32 (78,741,259) (75,351,032) Net Cash used in Financing Activities (87,026,716) (80,986,889) Net Increase / (Decrease) in Cash and Equivalents 14,165,556 (4,199,170) Cash and Cash Equivalents at the beginning of the year 14 30,711,712 34,910,882	<u> </u>			
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Payments of Advance for Allotment of Shares (2,137,230) - Payment to Mahaweli Authority of Sri Lanka 16 (6,148,227) (5,635,857) Dividend Paid 32 (78,741,259) (75,351,032) Net Cash used in Financing Activities (87,026,716) (80,986,889) Net Increase / (Decrease) in Cash and Equivalents 14,165,556 (4,199,170) Cash and Cash Equivalents at the beginning of the year 14 30,711,712 34,910,882	Net Cash Generated from / (used in) Investing Activities		(58,491,297)	35,196,920
Payment to Mahaweli Authority of Sri Lanka 16 (6,148,227) (5,635,857) Dividend Paid 32 (78,741,259) (75,351,032) Net Cash used in Financing Activities (87,026,716) (80,986,889) Net Increase / (Decrease) in Cash and Equivalents 14,165,556 (4,199,170) Cash and Cash Equivalents at the beginning of the year 14 30,711,712 34,910,882	CASH FLOW FROM FINANCING ACTIVITIES			
Dividend Paid 32 (78,741,259) (75,351,032) Net Cash used in Financing Activities (87,026,716) (80,986,889) Net Increase / (Decrease) in Cash and Equivalents 14,165,556 (4,199,170) Cash and Cash Equivalents at the beginning of the year 14 30,711,712 34,910,882	Payments of Advance for Allotment of Shares		* * * * * * * * * * * * * * * * * * * *	-
Net Cash used in Financing Activities (87,026,716) (80,986,889) Net Increase / (Decrease) in Cash and Equivalents 14,165,556 (4,199,170) Cash and Cash Equivalents at the beginning of the year 14 30,711,712 34,910,882	Payment to Mahaweli Authority of Sri Lanka		* * * * * * * * * * * * * * * * * * * *	
Net Increase / (Decrease) in Cash and Equivalents 14,165,556 (4,199,170) Cash and Cash Equivalents at the beginning of the year 14 30,711,712 34,910,882	Dividend Paid	32	(78,741,259)	(75,351,032)
Cash and Cash Equivalents at the beginning of the year 14 30,711,712 34,910,882	Net Cash used in Financing Activities		(87,026,716)	(80,986,889)
	Net Increase / (Decrease) in Cash and Equivalents		14,165,556	(4,199,170)
Cash and Cash Equivalents at the end of the year 14 44,877,267 30,711,712	Cash and Cash Equivalents at the beginning of the year	14	30,711,712	34,910,882
	Cash and Cash Equivalents at the end of the year	14	44,877,267	30,711,712

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 50 to 83.



Notes to the Financial Statements

11 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 reregistered 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 Savi 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 involved 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 2021 were authorised for issue by the Board of Directors on 5th August 2021.

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 Changes 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.

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 as 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.

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 or 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 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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

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 reassessing 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.

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 to 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 remeasurements 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 restorating, 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 assets is derecognised.





3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

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.

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 Income.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

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

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 13.57%

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 Consumable 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.



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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

3.12 Leases (Contd)

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 Fund 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 (LKAS) 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 31st March 2021.

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.

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.



3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

3.15.1 Current Income Tax (Contd)

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.

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.

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 (EVTPL)
- equity instruments at fair value through other comprehensive income (FVTOCI)

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

STATEMENT OF COMPREHENSIVE INCOME

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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

3.21 Commitments and contingencies (Contd)

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.

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, seldom 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.

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

- 1) Maturity age of the species and the particular tree
- Annual marginal increase in growth in the timber content of a tree





3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD) Fair Valuation of Consumable Biological Assets (Contd)

- 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.

The following amended standards and interpretations are not expected to have a significant impact on the Company's Financial Statements.

- Interest rate Benchmark Reform Phase 2 (Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16)
- Covid 19 Related Rent Concessions (Amendment to SLFRS 16)
- Property, Plant and Equipment Proceeds before intended use (Amendments to LKAS 16)
- Classification of Liabilities as current or non-current (Amendments to LKAS 1)
- Reference to Conceptual Framework (Amendments to SLFRS 3)
- Onerous Contracts cost of fulfilling a contract (Amendments to LKAS 37)
- Annual improvements to SLFRS Standards 2018 -2020

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.

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 2021					
Financial Assets					
Trade & Other Receivables	11	-	-	27,512,619	27,512,619
Short Term Investments	12	-	-	231,606,507	231,606,507
Cash at Bank & in Hand	14	-	-	43,432,370	43,432,370
		-	-	302,551,496	302,551,496

	Note	Financial Liabilities at fair value through Profit & Loss Rs.	Financial Liabilities at amortised Rs.	Total Rs.
Financial Liabilities				
Trade & Other Payables	19	-	46,657,017	46,657,017
Obligation under Right of use Assets - Land	16	-	36,082,918	36,082,918
	_	-	82,739,935	82,739,935

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 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 5 - RIGHT OF USE ASSETS - LAND

	As at 31.03.2021 Rs.	As at 31.03.2020 Rs.
Capitalized Value		
Balance on 1st April	15,147,793	10,145,039
Transition adjustment due to initial application of SLFRS - 16	-	5,002,754
Adjustments to 129 HA Land Value	1,393,235	-
Balance on 31st March	16,541,028	15,147,793
Amortisation		
Balance on 1st April	7,910,443	7,114,500
Amortisation during the year	832,479	795,943
Balance on 31st March	8,742,922	7,910,443
Net Balance	7,798,106	7,237,350

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 the 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 H A 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 H A 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 was reassessed under the provisions of SLFRS 16 and both Right-of-use asset-land and Lease Liability have been enhanced.

(14,788)128,656,445 Total 86,313,372 2,830,064 89,143,436 38,246,308 124,559,680 4,111,554 39,513,009 362,315 Rs. (1,277,439)362,315 Workin 622,704 **Progress** 1,537,828 622,704 Rs. Equipments 2,103,702 287,530 76,128,865 65,907,783 68,011,485 8,117,380 74,578,684 1,262,651 8,670,901 Fittings 57,068 Furniture & Rs. 36,196 321,906 1,635,647 1,671,843 1,313,741 1,370,809 301,034 Motor Rs. Vehicles 17,997,550 20,247,550 339,606 2,250,000 17,201,194 17,540,800 2,706,750 796,356 Buildings Rs. 9,890,484 1,890,654 329,688 2,220,342 7,670,142 7,999,830 9,890,484 Land Rs. 20,095,000 20,095,000 20,095,000 20,095,000 **Gross carrying amount-at cost Depreciation and Impairment** Balance on 31st March 2021 Balance on 31st March 2021 Balance on 1st April 2020 Additions during the year Balance on 1st April 2020 As at 31st March 2020 As at 31st March 2021 Disposal / Transfers Charge for the year **Net Book Value**

Cost of fully depreciated assets still in use as at 31 March 2021 amounts to Rs. 76,240,430.

	Rs.
Work in Progress included the following	
- Construction of Transformer Room	248,349
- Construction of Electric Fence	53,255
- Construction of Executive Bungalow	321,100
	622,704

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

NOTE 6 - PROPERTY, PLANT & EQUIPMENT



NOTE 7 - INTANGIBLE ASSETS

	As at 31.03.2021 Rs.	As at 31.03.2020 Rs.
Cost		
Balance on 1st April	372,075	372,075
Balance on 31st March	372,075	372,075
Amortisation		
Balance on 1st April	130,223	55,811
Amortisation during the year	74,412	74,412
Balance on 31st March	204,635	130,223
Net carrying value	167,440	241,852

Description - Accounting Software Remaining Amortisation period 27 Months

NOTE 8 - BEARER BIOLOGICAL ASSETS

	lm	Immature Plantation		M	Mature Plantation			As at
-	Coconut Rs.	Others Rs.	Total Rs.	Coconut Rs.	Others Rs.	Total Rs.	31.03.2021 Rs.	31.03.2020 Rs.
Cost								
Balance on 1st April	-	292,276	292,276	504,885,076	-	504,885,076	505,177,352	504,885,076
Additions during the y	ear -	401,134	401,134	-	-	-	401,134	292,276
Transfer to P&L	-	(135,989)	(135,989)	-	-	-	(135,989)	-
Balance on 31st March	- ا	557,421	557,421	504,885,076	-	504,885,076	505,442,497	505,177,352
Depreciation & Impa	airment							
Balance on 1st April	-	-	-	291,557,408	-	291,557,408	291,557,408	266,313,154
Charge for the year	-	-	-	25,244,254	-	25,244,254	25,244,254	25,244,254
Balance on 31st March	ı -	-	-	316,801,662	-	316,801,662	316,801,662	291,557,408
Carrying Value	-	557,421	557,421	188,083,414	-	188,083,414	188,640,835	213,619,944

- (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.

NOTE 9 - CONSUMABLE BIOLOGICAL ASSETS	As at 31.03.2021 Rs.	As at 31.03.2020 Rs.
Balance on 1st April	145,173,600	144,952,743
Gain / (Loss) on change in Fair value	1,726,400	220,857
Balance on 31st March	146,900,000	145,173,600
Valuation: Estimated Value Discount for Market uncertainty at 15% (WACC)	146,900,000	169,200,000 0.858
Value	146.900.000	169.200.000

As at 31st March Assets measured at fair value	Date of Valuation	Level 1	Level 2	Level 3
Consumable Biological Assets - Teak	31st March 2021	-	-	146,900,000

The fair value of matured managed trees were ascertained in accordance with SLFRS 13. The valuation was carried out by Messrs FRT Valuation Services (Pvt) Ltd. In ascertaining the fair value of teak trees, a sample physical verification was carried out by the valuer covering the 14 fields.

Key Assumptions and Considerations

- 1) All the trees included in the census are considered as managed timber and have the relevant approvals to fell from the authorities upon their maturity.
- 2) All standing timber are valued on the assumption that, permission for felling is forthcoming at the date of valuation.
- 3) During the verification of measurements carried out in sample basis, it was identified that the height of the trees are undermeasured in the census compared to our observations as per the field visits. Accordingly, an incremental adjustment is made for the content of the timber content.
- 4) The prices adopted are net of potential expenditure such as felling, clearing and transportation, i.e. the stumpage prices, as per the State Timber Corporation.
- 5) Adopted discounting rate for valuation is 13.57%.
- 6) Though replanting is a pre-condition for harvesting, the costs are not taken into consideration for the valuation.

a) Methodology

- The most suitable approach for the fair valuation of the said timber trees was considered to be Discounted Cash Flow method under income approach.
- In the process of valuation, all the managed standing timber trees are valued at their "as is" basis taking their Stumpage value into consideration whereas fair value reflects what a hypothetical prudent purchaser, who is a willing but not anxious buyer, would be prepared to pay to a seller, who is willing but not anxious to sell, in circumstance where both buyer and seller are fully informed of all operational and financial arrangements in relation to the property.
- In compliance with LKAS 41, the valuer has considered timber prices published by State Timber Corporation and timber prices of merchants in Ampara and Moratuwa area as the sector benchmark, the appropriate basis for determining the fair value of the subject timber trees.
- Part of the timber trees which have reached their maturity at the date of valuation are valued using the adjusted market prices based on the location and accessibility.
- Remaining timber trees which have not come up to a harvestable age are valued considering their future incremental growth in the coming years and discounting the future value of such trees by appropriate present value discount ratio, which is assumed as the Expected Rate of Return (ERR) of a rationale investor.



NOTE 9 - CONSUMABLE BIOLOGICAL ASSETS (CONTD)

Discount factor was determined by using build up method as follows:

DF = Rf + RP

Where:

Risk free (Rf) rate:

- The nominal risk-free rate of 7.57% was derived with reference to the latest 7-year treasury bond yield as at February 2021, according to the Central Bank of Sri Lanka.
- Risk premium (RP): The risk premium is determined after considering various factors such as, market conditions and trends, risks associated with the biological assets, weather and climatic conditions. Based on the above, a 5.00% premium was considered.
- An additional 1.00% risk premium ("Alpha") was added to address the current low level of policy rate position.
- "Accordingly, the discount factor rate used in the valuation is 13.57%."

b) 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	161,590,000	146,900,000	132,210,000

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:

	14.57% 13.57%		12.57%
	Rs.	Rs.	Rs.
Total value of Stumpage	141,700,000	146,900,000	152,300,000

NOTE 9 - CONSUMABLE BIOLOGICAL ASSETS (CONTD)

c) 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	Discounting factor	13.57%	The higher the discount rate, the lower the fair value
	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.	Optimum rotation (Maturity)	25Years	Lower the rotation period, the higher the fair value.
	The expected net cash flow are discounted using a risk adjusted discount rate.	Volume at rotation	3.83 to 26 Cu. Ft.	The higher the weight the higher the fair value
		Price per Cu. Ft.	Rs. 75/- to Rs.1,500/- per Cu. Ft	The higher the price the higher the fair value

NOTE 10 - INVENTORIES

	As at 31.03.2021 Rs.	As at 31.03.2020 Rs.
Harvested Crop	34,112,286	13,175,591
Nurseries	206,580	35,413
Consumables	2,481,393	1,729,212
Others	-	297,772
	36,800,259	15,237,988

NOTE 11 - TRADE & OTHER RECEIVABLES

	As at 31.03.2021 Rs.	As at 31.03.2020 Rs.
Trade Receivables	27,311,794	32,401,130
Deposits	38,150	33,650
Prepayments	234,101	365,664
Employee Advances	94,750	132,743
Advances	9,399,343	7,531,206
Other Receivables	921,979	1,276,009
	38,000,117	41,740,402
Less: Allowance for Impairment	(759,304)	(1,376,054)
	37,240,813	40,364,348



NOTE 12 - SHORT TERM INVESTMENTS	As at 31.03.2021 Rs.	As at 31.03.2020 Rs.
Fixed Deposits		
Balance on 01st April	163,583,070	187,233,042
Amount Invested during the year	134,037,764	50,350,000
Interest Received for re-investment	8,239,965	8,527,256
Withdrawals made during the year	(79,702,802)	(87,202,270)
Interest Receivable at the end of year	5,448,510	4,675,042
Balance on 31st March	231,606,507	163,583,070
The average interest yield on short term deposits was 6.42%		
NOTE 13 - INCOME TAX REFUND DUE		
Balance on 01st April	3,838,252	1,546,001
Provision for the year	(3,340,642)	(2,331,650)
Under provision in respect of previous year	(1,395,208)	-
	(897,598)	(785,649)
Payments made during the year	2,484,000	3,523,274
ESC	-	499,750
WHT	-	600,877
Balance on 31st March	1,586,402	3,838,252
NOTE 14 - CASH AT BANK & IN HAND		
Cash at Bank	44,857,267	30,646,429
Cash in Hand	20,017	65,283
Cash and Cash Equivalents for the purpose of Cash Flow Statement	44,877,284	30,711,712
NOTE 15 - STATED CAPITAL	As at	As at
	31.03.2021	31.03.2020
Number of Ordinary Shares issued & fully paid		
Balance on 01st April	34,996,115	33,832,285
Issue of Shares as Scrip dividend	-	1,163,830
Balance on 31st March	34,996,115	34,996,115
	Rs.	Rs.
Stated Capital on 01st April Issue of Shares as Scrip dividend	384,717,995	355,622,230 29,095,765
Stated Capital on 31st March	384,717,995	384,717,995
Stated Suprial Off Statistici	304,717,993	JUT,/ 1/,JJJ

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.



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

NOTE 16 - OBLIGATION UNDER RIGHT OF USE ASSETS - LAND ON LEASE	As at 31.03.2021 Rs.	As at 31.03.2020 Rs.
Mahaweli Authority of Sri Lanka		
Balance on 01st April	33,261,930	14,910,480
Adjustments to 129 HA Land Value	1,393,235	-
Under provision of Lease Liability prior year (129 HA Land)	3,311,792	-
Transition adjustment due to initial recognition application of SLFRS - 16 - Lease -	19,498,309	
Interest Expense	4,264,188	4,488,998
	42,231,145	38,897,787
Payments made during the year	(6,148,227)	(5,635,857)
Balance on 31st March	36,082,918	33,261,930
Not later than one year	8,832,262	5,268,428
Later than one year not later than five years	19,475,172	14,516,399
Later than five years	7,775,484	13,477,103
	27,250,656	27,993,502
NOTE 17 - RETIREMENT BENEFIT OBLIGATION		
Balance on 1st April	10,070,764	8,532,045
Current Service Cost	1,609,517	1,305,172
Interest Cost	1,107,786	938,525
Actuarial (gain) / loss due to change in assumption	401,442	(573,518)
Payments during the year	(490,910)	(131,460)
Balance on 31st March	12,698,599	10,070,764

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

2021 Rs.	2019 Rs.
1,790,434 926,869	1,225,054 1,018,643
2,717,303	2,243,697
401 442	(573,518)
	1,790,434 926,869

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

	Salary increment rate	Retirement age	Discount rate	Staff Turnover Ratio
2020/2021				
Workers	10% per annum	55 - 75 years	9%	
Staff	10% per annum	55 - 75 years	9%	3% up to age 49 and
2019/2020			}	thereafter zero
Workers	10% per annum	55 - 75 years	11%	
Staff	10% per annum	55 - 75 years	11%	



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 require 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 2021 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 2021, the actuarial present value of promised retirement benefits obligation amounted to Rs. 12,698,599/-.

Impact on Retirement benefit obligations		
+ 1%	- 1%	
(772,813)	892,394	
(640,048)	726,391	
•		
+ 1%	- 1%	
904,791	(799,181)	
749,467	(671,393)	
	obligat + 1% (772,813) (640,048) Impact on Retire obligat + 1% 904,791	

NOTE 18 - DEFERRED TAXATION	As at 31.03.2021 Rs.	As at 31.03.2020 Rs.
Balance on 01st April Originating / (reversal) during the year recognised in the Statement of Comprehensive Income	46,681,824 (3,997,188)	52,444,900 (5,843,369)
Originating / (reversal) during the year recognised in Other Comprehensive Income	(56,202)	80,293
Balance on 31st March	42,628,434	46,681,824

NOTE 18 - DEFERRED TAXATION (CONTD)

NOTE 18.1 - DEFERRED TAXATION RECONCILIATION

	31.03.2021		31.03.2020		
	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.	
Balance on 01st April	333,441,596	46,681,824	374,606,429	52,444,900	
Amount originate / (reversal) during the year	(28,952,784)	(4,053,390)	(41,164,833)	(5,763,076)	
Balance on 31st March	304,488,812	42,628,434	333,441,596	46,681,824	
Deferred Tax Liability					
Temporary difference on Right of use Asset	7,798,106	1,091,735	7,237,350	1,013,229	
Temporary difference on Property, Plant & Equipment	10,080,211	1,411,229	10,836,411	1,517,098	
Temporary difference on Intangible Assets	(148,823)	(20,835)	(93,015)	(13,022)	
Temporary difference on Bearer Biological Assets	188,640,835	26,409,717	213,619,944	29,906,792	
Temporary difference on Consumable Biological Assets	146,900,000	20,566,000	145,173,600	20,324,304	
	353,270,329	49,457,846	376,774,290	52,748,401	
Deferred Tax Assets					
Temporary difference on Obligation under Right of use Asset	36,082,918	5,051,608	33,261,930	4,656,670	
Temporary difference on Defined Benefit Obligation	12,698,599	1,777,804	10,070,764	1,409,907	
	48,781,517	6,829,412	43,332,694	6,066,577	
Balance on 31st March	304,488,812	42,628,434	333,441,596	46,681,824	

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 2021 is 14% (2020-14%).

NOTE 19 - TRADE & OTHER PAYABLES	As at 31.03.2021 Rs.	As at 31.03.2020 Rs.
Accrued Expenses & Other Payables	9,774,810	8,305,569
Sundry Creditors	641,929	701,875
Dividend Payable	37,175,823	11,784,871
	47,592,562	20,792,315
NOTE 20 - REVENUE	Year ended 31.03.2021 Rs.	Year ended 31.03.2020 Rs.
Coconut	212,671,155	155,145,845
Copra	17,520,849	24,611,603
	230,192,004	179,757,448
NOTE 21 - OTHER INCOME	Year ended 31.03.2021 Rs.	Year ended 31.03.2020 Rs.
Sale of Husks	8,089,916	1,364,156
Sundry Income	1,866,499	1,380,861
Provision Reversal of Debtor Impairment	616,750	-
PAYE Tax Written Back	5,109	-
	10,578,274	2,745,017



NOTE	22 - FINANCE COSTS AND FINANCE INCOME	Year ended 31.03.2021 Rs.	Year ended 31.03.2020 Rs.
22.1	Finance Costs		
	Interest expenses on		
	Obligation under Right of use Assets - Land on Lease	4,264,188	4,488,998
	Advance received for Allotment of Shares	728,657	-
	Total Finance Cost	4,992,845	4,488,998
22.2	Finance Income		
	Interest income on		
	Fixed Deposits	13,729,330	13,803,175
	Debtor collection delays	125,488	199,978
	Interest Money Market Account	190,010	-
	Total Finance Income	14,044,828	14,003,153

NOTE 23 - PROFIT BEFORE TAXATION

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

	Year ended 31.03.2021 Rs.	Year ended 31.03.2020 Rs.
Depreciation & Amortisation		
- Bearer Biological Asset	25,244,254	25,244,254
- Property, Plant & Equipment	2,830,064	3,741,733
- Intangible Asset	74,412	74,412
- Right of use Land on Lease	832,479	795,943
Auditors' Remuneration		
- Statutory Audit - Current	674,200	612,912
- prior year under provision	-	33,831
- Other than Audit Related Services	135,120	96,900
Directors Remuneration	4,830,000	3,250,000
Donations	108,270	278,780
Staff Costs		
- Staff Salaries	15,370,843	15,990,174
- Defined contribution Plan Cost - EPF, ETF, CPPS & ESPS	1,196,016	1,107,353
- Defined Benefit Plan Cost - Provision for Retiring Gratuity	2,717,303	2,243,697

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.

As per the notice dated 8th April 2020 [VPN/IT/2020 - 03 (Revised)] issued by the Department of Inland Revenue (DIR), 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. The Inland Revenue (Amendment)Act No 10 of 2021 which was certified on 13th May 2021, confirms the position of DIR notice.

The processed agricultural produce (Copra) is liable to income tax at the rate of 14%.

Investment Income of the Company is liable to Income Tax at the rate of 24%.

		Year ended 31.03.2021 Rs.	Year ended 31.03.2020 Rs.
	Income Tax on Profit for the year	3,340,642	2,331,650
	Prior year under provision	1,395,208	=
	Deferred Tax Provision / (Reversal)	(3,997,188)	(5,843,369)
	Tax Expenses on Profit & Loss	738,662	(3,511,719)
	Deferred Tax on Other Comprehensive Income	(56,202)	80,293
	Tax on Total Comprehensive Income	682,460	(3,431,426)
24.2	Reconciliation of Accounting Profit and Tax for Current year		
	Profit before Taxation	130,642,925	32,377,892
	Tax at the Applicable Rate	19,681,944	8,742,031
	Tax effect on Expenses that are not deductible in determinining taxable profit	1,994,200	465,156
	Tax effect on Expenses that are deductible in determinining taxable profit	(86,345)	-
	Tax effect on reversal of Deferred Tax Asset on Tax Loss	-	1,647,702
	Effect on rate changes	-	3,527,180
	Tax effect on brought forward loss set off	(182,121)	(3,148,550)
	Tax effect on OCI	(56,202)	80,293
	Tax effect on exempt income	(21,600,572)	(11,052,669)
	Tax effect on Deferred Tax recognised - Prior year	-	(3,692,569)
	Prior year under provision	1,395,208	-
	Tax effect on Lease Rent - prior year	(463,652)	
	Tax Expenses	682,460	(3,431,426)
24.3	Deferred Tax		
	Deferred tax arising from Liabilities		
	Property, Plant & Equipment	(105,869)	(81,746)
	Intangible Assets	(7,813)	(7,813)
	Bearer Biological Assets	(3,497,075)	(3,493,277)
	Right of use Assets - Land	78,506	1,013,229
	Consumable Biological Assets	241,696	30,920
	Assets	241,090	30,920
	Defined Benefit Obligations	(367,897)	(215,421)
	Tax Losses Carried Forward	(307,037)	1,647,702
	Obligation under Right of use Asset	(394,938)	(4,656,670)
	Total deferred tax Charge / (Reversal)	(4,053,390)	(5,763,076)



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 31.03.2021	As at 31.03.2020
Net profit attributable to ordinary shareholders (Rs.)	129,904,263	35,889,611
Weighted average number of ordinary shares in issue (Nos)	34,996,115	34,414,200
Basic earnings per ordinary share (Rs.)	3.71	1.04

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 31.03.2021	As at 31.03.2020
Dividend Paid (Rs.)	78,741,259	50,748,428
No. of Ordinary Shares in Issue (Nos.)	34,996,115	33,832,285
Dividend per Ordinary Share (Rs.)	2.25	1.50

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. 3.9 Mn. The caveat was filed on behalf of the Company by Mr.S.D. Senerath Gunasekera and hence, the Company would bear any damages ordered to the Plaintiff on this case. As the Plaintiff has agreed for a settlement, Mr. S. D. Senerath Gunasekera intends to withdraw the caveat.

There are no other contingent liabilities as at 31st March 2021 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 2021 in respect of the Company.

NOTE 29 - EVENTS OCCURING AFTER THE REPORTING DATE

Final Dividend - 2020/2021

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 27th September 2021. In accordance with the Sri Lanka Accounting Standard - LKAS 10 on "Events after reporting period", this proposed final dividend has not been recognised as a liability as at 31st March 2021. 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 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.



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 2021, 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 Gunesekera, Mr. J.F. Fernandopulle, Mr. S.D. Senerath Gunesekera, 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. M. A.C. H. Munaweera and Mr. N. A.L. Cooray were Directors of the Company during the year

	Year ended 31.03.2021 Rs.	Year ended 31.03.2020 Rs.
Directors Fees	4,830,000	3,250,000

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, 2021 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	Name of Director	ame of Director Relationship		31.03.2021	31.03.2020	
Company			Transaction	Rs.	Rs.	
Boyagane DC Mills	Mr. S.D.W. Asitha	Chairman	Sale of Coconuts	-	13,795,960	
(Pvt) Ltd	Gunesekera		Trade Receivables	-	686,564	
Jayakody Mills (Pvt)	Mr. A.J.Shamendra	Managing Director	Sale of Coconuts	6,068,280	6,149,690	
Ltd	Jayakody		Trade Receivables	-	3,085,045	
St. Anne's Factory	Mr. G.J.L. Neomal	Chairman /	Sale of Coconuts	53,813,512	51,766,901	
(Pvt) Ltd	Perera	Managing Director	Trade Receivables	6,883,202	20,068,859	
Battuluoya Mills	Mr. M.D.J.P.	Managing Director	Sale of Coconuts	3,840,480	-	
	Nilantha Perera		Trade Receivables	2,790,480	-	
Transactions with S	Shareholders					
S.A Silva & Sons	-	Shareholder	Sale of Coconuts	81,102,904	59,946,725	
Lanka (Pvt) Ltd		with 2% holding	Trade Receivables	11,497,636	5,080,292	
Katana Oil Mills	-	Mr.P.P.Suresh	Sale of Coconuts	30,533,301	9,363,240	
(Pvt) Ltd.		Fernando with 4%	Sale of Copra	17,155,828	20,775,453	
		holding of MCPPLC is				
		the Managing Director				
		of Katana Oil				
		Mills (Pvt) Ltd.				
Asian Agro Products		Shareholder	Sale of Coconuts	6,415,530	-	
(Pvt) Ltd		with 0.003% holding	Trade Receivables	2,744,530	-	



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 2021 audited Financial Statements, which required additional disclosures in the 2020/21 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
Jayakody Mills (Pvt) Ltd	Common Directorship	Sale of Coconut	6,068,280	2.64%	Normal Commercial Terms
St. Anne's Factory (Pvt) Ltd	Common Directorship	Sale of Coconut	53,813,512	23.38%	Normal Commercial Terms
S.A Silva & Sons Lanka (Pvt) Ltd	Shareholder with 2% shareholding	Sale of Coconut	81,102,904	35.23%	Normal Commercial Terms
Katana Oil Mills (Pvt) Ltd.	Entity controlled by a shareholder with 4% shareholding at MCPPLC	Sale of Coconut	30,533,301	13.26%	Normal Commercial Terms
Katana Oil Mills (Pvt) Ltd.	Entity controlled by a shareholder with 4% shareholding at MCPPLC	Sale of Copra	17,155,828	7.45%	Normal Commercial Terms
Battuluoya Mills	Common Directorship	Sale of Coconut	3,840,480	1.67%	Normal Commercial Terms
Asian Agro Products (Pvt) Ltd	Shareholder with 0.003% shareholding	Sale of Coconut	6,415,530	2.79%	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 risk 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.

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 31.03.2021 Rs.	As at 31.03.2020 Rs.
Financial Assets		
Trade and Other Receivables		
Neither Past-due nor Impaired	27,474,469	21,669,144
Past-due but not Impaired		
<30 days	-	-
30-60 Days	-	6,767,172
61-90 Days	-	3,197,181
91-120 Days	-	686,563
>120 Days	38,150	14,675
Total	38,150	10,665,591
Individually Impaired	759,304	1,376,054
Total	759,304	1,376,054
Total Trade and Other Receivable Exposed to Credit Risk	28,271,923	33,710,789
Short Term Investments		
Neither Past-due nor Impaired		
Fitch Rating		
AA+(Ika) - Stable (2019/20 - AA+(Ika) Negative)	81,680,429	75,974,944
A(lka) - Stable (2019/20 - A-(lka) Stable)	149,926,079	87,608,126
Total Short Term Invesmtents Exposed to Credit Risk	231,606,508	163,583,070
Cash and Cash Equivalents		
Neither Past-due nor Impaired		
Fitch Rating		
AA+(Ika) - Stable (2018/19 - AA+(Ika) Negative)	41,763,703	26,948,842
A(lka) - Stable (2019/20 - A-(lka) Stable)	3,093,547	3,697,587
Total	44,857,250	30,646,429
Cash in hand	20,017	65,283
Total Cash and Cash Equivalents Exposed to Credit Risk	44,877,267	30,711,712
Total Financial Assets Exposed to Credit Risk	276,483,775	228,005,571



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

Liquidity Risk

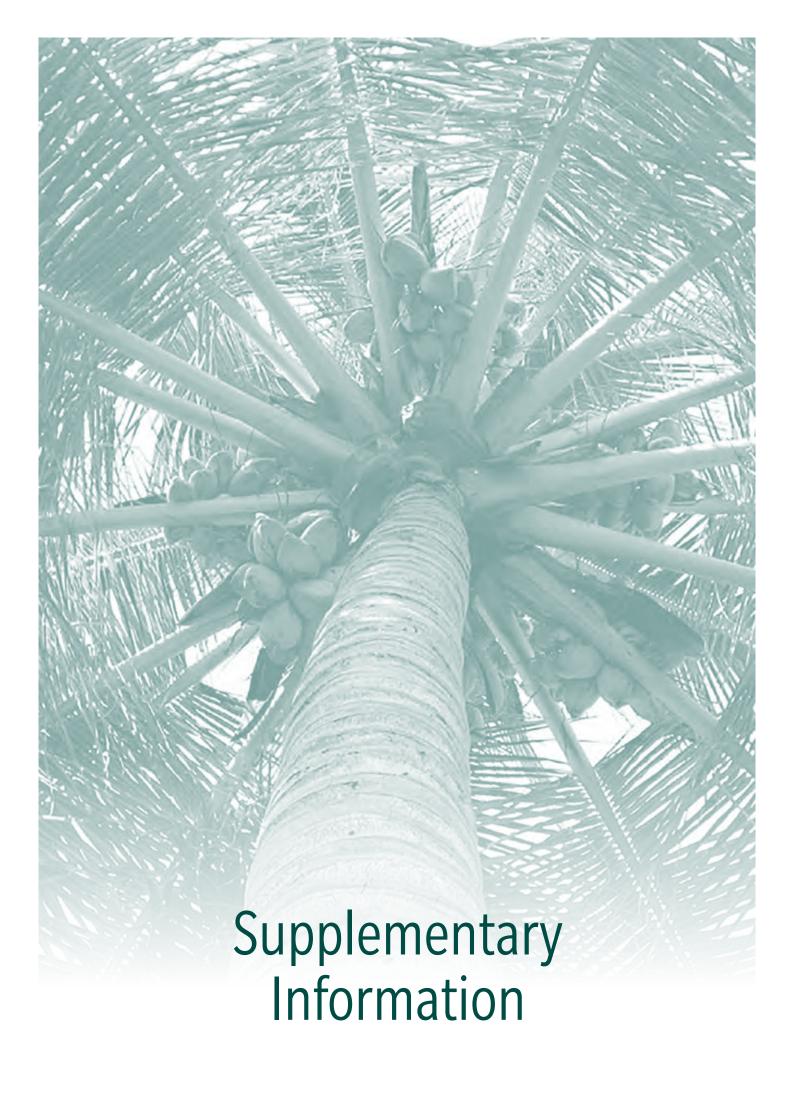
Cash flow forecasting is performed by the finance division. The finance division monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Company's covenant compliance and compliance with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

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

	Note	On demand Rs.	Less than 3 Months Rs.	3 to 12 Months Rs.	1 to 5 Years Rs.	More than 5 Years Rs.	Total Rs.
Year ended 31st March 2021							
Trade & Other Payables	19	1,911,069	32,012,757	-	12,733,191	-	46,657,017
Obligation under Right of use Assets - Land on Lease	16	-	-	8,832,262	19,475,172	7,775,484	36,082,918
		1,911,069	32,012,757	8,832,262	32,208,363	7,775,484	82,739,935

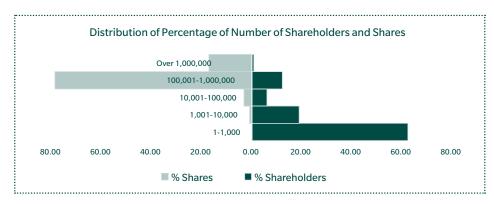
	Note	On demand Rs.	Less than 3 Months Rs.	3 to 12 Months Rs.	1 to 5 Years Rs.	More than 5 Years Rs.	Total Rs.
Year ended 31st March 2020							
Trade & Other Payables	19	350,000	6,423,389	801,683	11,784,870	-	19,359,942
Obligation under Right to use of Land on Lease	16	-	-	5,268,428	14,516,399	13,477,103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

NOTE 32 - DIVIDENDS	31.03.2021 Rs.	31.03.2020 Rs.
Ordinary Share Dividends		
Interim Dividend - 2020/21	26,247,086	-
Net Final Ordinary Dividend Paid for 2019/20, 2018/19		
Cash Dividend	52,494,173	14,547,883
Scrip Dividends	-	29,095,765
Tax deducted at source @ 14%	-	7,104,780
Gross Dividend	78,741,259	50,748,428





Shareholders Information



1. Distribution of Shareholding as at 31.03.2021

Category	No. of Share Holders	% No. of Shares	No. of Shares	%
1 -1,000	344	62.32%	51,758	0.15%
1,001 -10,000	104	18.84%	305,989	0.87%
10,001 -100,000	33	5.98%	1,100,732	3.15%
100,001 -1,000,000	67	12.14%	27,531,656	78.67%
Over 1,000,000	4	0.72%	6,005,980	17.16%
Total	552	100.00%	34,996,115	100.00%

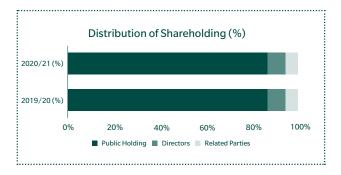
1.1. Composition of Shareholders as at 31.03.2021

Category	No. of Share Holders	Total No. of Shares	%
Individual	540	29,798,921	85%
Institution	5	2,430,082	7%
Directors	7	2,767,112	8%
Total	552	34,996,115	100%



2. Public Holding

	No. of Shares 2020/21	%	No. of Shares 2019/20	%
Total Shares Traded	34,996,115		34,996,115	
Less: Directors	2,767,112	8%	2,758,112	8%
Less: Related Parties	1,884,663	5%	1,884,663	5%
Public Holding	30,344,340	87%	30,353,340	87%



Public Holding Excludes:

- i. Directors
- ii. Close Family Members of the Directors
- iii. Related Companies



Shareholder Information (Contd.)

3. Share Trading During the Year

	2020/21	2019/20
Highest Price Traded	31.30	65.00
Lowest Price Traded	16.50	13.50
Last Traded Price	27.50	17.20
Total Number of Share Transactions	3,230	3,238
Total Number of Shares Traded	1,638,832	1,359,835
Total Value of Shares traded	43,922,224	27,951,447
Market Capitalization as at 31st March	962,393,162.50	601,933,178.00
Float Adjusted Market Capitalization as 31st March	834,469,350.00	522,077,448.00

The float adjusted Market Capitalization as at 31st March 2021 was Rs. 834,469,350/-. As the float adjusted market capitalization is less than Rs. 1 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. 20 Largest Shareholders as at 31st March 2021 and 31st March 2020

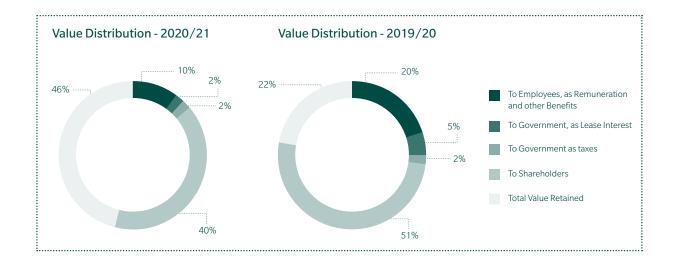
No	Name of Shareholders	31.03.2021		31.03.2020	
NO	Name or Snareholders	No. of Shares	%	No. of Shares	%
1	Dunagaha Coconut Producers Co-op Society Ltd	1,631,862	5%	1,631,862	5%
2	Silvermill Holdings Ltd	1,541,596	4%	1,541,596	4%
3	Sanhinda Mills (Pvt) Ltd	1,492,881	4%	1,492,881	4%
4	P.P. Suresh Fernando	1,339,641	4%	1,339,641	4%
5	H.D.P.D.Sanjeewa Samaranayaka	974,202	3%	974,202	3%
6	Beligala Coconut Products (Pvt) Ltd	922,398	3%	922,398	3%
7	Sunil Jayalath Watawala	881,847	3%	881,847	3%
8	Shantha Kumara Wickremarachchi	872,291	2%	872,291	2%
9	S.A.Silva & Sons Lanka (Pvt) Ltd	870,623	2%	870,623	2%
10	D.M.S. Wickremesinghe Gunawardena	795,173	2%	795,173	2%
11	G.J.L. Neomal Perera	777,733	2%	777,733	2%
12	J.A.S.N. Jayasinghe	770,553	2%	770,553	2%
13	J.F. Fernandopulle	758,876	2%	758,876	2%
14	Swanee Mills Ltd	758,333	2%	758,333	2%
15	P.K. Kumarasiri Panduwawela	742,476	2%	742,476	2%
16	T.S. Jayalath	695,312	2%	695,312	2%
17	St. Joseph D C Manufactures (Pvt) Ltd	650,634	2%	650,634	2%
18	D.Y.& D.U.Rajapaksa (Pvt) Ltd	626,384	2%	626,384	2%
19	S.A.D.U. Shehan Silva	609,081	2%	609,081	2%
20	J.A.D.K.R Jayasuriya	600,075	2%	-	-
	1	18.311.971		17.711.896	

18,311,971 17,711,896



Value Added Statement

Economic Value Added	2020/21	%	2019/20	%
	Rs.		Rs.	
Turnover	230,192,004		179,757,448	
Less: Cost of Goods Sold	(57,054,108)		(97,887,980)	
(Excluding Depreciation and Employee Benefits)				
Value Added from Operations	173,137,896		81,869,468	
Other Income	10,578,274		2,745,017	
Finance Income	14,044,828		14,003,153	
Total Value Created	197,760,998	100%	98,617,638	100%
Distributed as Follows				
To Employees, as Remuneration and other Benefits	19,284,162	10%	19,341,223	20%
To Government, as Lease Interest	4,264,188	2%	4,488,998	5%
To Government, as Taxes	4,735,850	2%	2,331,650	2%
To Shareholders	78,741,259	40%	50,748,428	51%
Total Value Distributed	107,025,459	54%	76,910,299	78%
Total Value Retained	90,735,539	46%	21,707,339	22%
Total Value Distributed and Retained	197,760,998	100%	98,617,638	100%
Value Retained				
Profit Retained	61,754,330		(8,149,007)	
Depreciation and Amortization	28,981,209		29,856,346	
Total Value Retained	90,735,539		21,707,339	



Ten Year Summary

	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Revenue	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	230,192,004
Gross profit	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	138,716,974
Net Finance Income	(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	9,051,983
Profit After tax	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	129,904,263
Other comprehensive Income	1	1	1	1	1	1	(315,620)	467,905	493,225	(345,240)
Total comprehensive income for the year	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	129,559,023
Assets and Liabilities										
Property Plant and Equipment	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	39,513,009
Right of use Asset Land	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	7,798,106
Immature Plantation	4,709,026	3,354,999	3,218,265	1,468,196	1	1	1	1	292,276	557,421
Intangible Asset	1	1	1	1	1	1	1	316,264	241,852	167,440
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	146,900,000
Bearer Biological Assets	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	188,640,835
Short term Investments	1	1	18,917,239	31,122,869	34,794,403	91,967,639	131,654,689	187,233,042	163,583,070	231,606,507
Working Capital	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	295,686,424
Non Current Liabilities	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	82,577,689
Cash flows										
Cash Generated/ (used in)from Operations	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	163,387,135
Net cash from/(used in) operating Activities	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	159,683,568
Net cash from/(used in) Investing Activities	(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	(58,491,297)
Net cash from/(used in) Financing Activities	(376,087)	(12,531,015)	(15,690,825)	(26,825,122)	(23,188,833)	(17,310,590)	(72,299,022)	(36,017,960)	(88,986,08)	(87,026,716)
Cash and Cash Equivalents at end of the year	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	44,877,267
Operating Ratios										
Turnover growth (%)	93%	12%	40%	45%	(37%)	117%	17%	(25%)	13%	28%
Operating profit Margin (%)	46%	44%	26%	40%	14%	38%	%99	%59	13%	53%
Fixed Asset turn over ratio (%)	16%	17%	23%	33%	22%	49%	21%	37%	44%	%09
Financial Ratios										
Return on Equity (%)	%8	2%	10%	11%	2%	13%	22%	19%	2%	22%
Current Ratio (times)	1.27	1.35	1.93	4.17	4.82	7.95	8.97	3.14	9.74	6.24
Debt/Equity(%)	16%	13%	12%	88	%/	4%	3%	3%	%9	%9
Interest cover (times)	7.53	5.63	10.88	14.40	3.82	34.47	5,590.17	63.51	5	24
Investor Ratios										
EPS (Rs)	0.76	0.81	1.34	1.56	0.33	2.16	3.76	3.04	1.04	3.71
DPS (Rs)	1	1	0.15	0.25	0.45	0.20	4.00	2.75	1.50	2.25
Dividend cover (times)	-	1	8.93	6.23	0.74	10.80	0.94	1.11	69:0	1.65
Net Asset Value per share (Rs)	9.37	11.76	12.77	14.08	13.96	16.03	15.87	16.17	15.64	17.03



Notice of the Meeting

NOTICE IS HEREBY GIVEN, that the Twenty Fourth (24th) ANNUAL GENERAL MEETING of Mahaweli Coconut Plantations PLC, will be held on 27th September 2021 at 11.00 am using Zoom Technology 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, 2021 and the Report of the Auditors thereon.
- 2. To announce the retirement of the 3 oldest serving Directors Mr. J.F. Fernandopulle, Mr. S.D.W.Asitha Gunasekera and Mr. M.A.C.H. Munaweera who retire in terms of Articles 73 and 74 of the Articles of Association of the Company.
- 3. To re-elect Mr. J.F. Fernandopulle who has consented to be re-appointed for the position of Director.
- 4. To re-elect Mr. S.D.W. Asitha Gunasekera who has consented to be re-appointed for the position of Director.
- 5. To re-elect Mr. M.A.C.H. Munaweera 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 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 2021 to the Ordinary shareholders as per Director's recommendation. The Ex-Dividend (XD) date is fixed as 28th September 2021, report date is 30th September 2021 and the dividend dispatch date fixed for 18th October 2021.

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

By order of the Board

Lakshman Rupasinghe FCA (Company Secretary)

Reg. No. SEC/1(b) (11) 2007/308 Colombo. 1st September 2021

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 will be allowed only on production of a valid identity

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 29th October 1996

Registered OfficeNo. 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 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 Gunesekera

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

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



Form of Proxy

I/We	*			of
		being a member /s * of Mahaweli Coconut Plan		
appo				
Mr/N	rs/Miss *			
) of		
		whom failing.		
	Mr. S.D.W. Asitha Gunasekera Mr. J. F. Fernandopulle Mr. S.I. Watawala	of Nugegoda, failing him* of Colombo, failing him* of Negombo, failing him*		
	Mr. S.D. Senerath Gunasekera Mr. G.J.L. Neomal Perera	of Battaramulla, failing him* of Colombo, failing him* of Dankotuwa, failing him*		
	Mr. A.J. Shamendra Jayakody Mr. M.D.J.P. Nilantha Perera Mr. N. A. Lalith Cooray	of Colombo, failing him* of Colombo, failing him*		
	Prof. T.S.Gamini Fonseka Mr. M.A.C.H. Munaweera	of Divulapitiya, failing him* of Colombo, failing him*		
conse	equence thereof.	technology or any adjournment thereof and at every poll whi		
(i)	To receive and consider the Annual Deport	of the Board of Directors together with the Financial	For	Against
(i)		of the Board of Directors together with the Financial all year ended 31st March 2021 and the Report of the		
(ii)	To re-elect Mr. J. F. Fernandopulle as a Directo of Association of the Company.	r, who retire in terms of Articles 73 and 74 of the Articles		
(iii)	To re-elect Mr. S. D. W. A. Gunasekera as a D Articles of Association of the Company.	irector, who retire in terms of Articles 73 and 74 of the		
(iv)	To re-elect Mr. M. A. C. H. Munaweera as a D Articles of Association of the Company.	Director, who retire in terms of Articles 73 and 74 of the		
(v)		ompanies Act No, 7 of 2007 to declare that the age limit the existing directors Mr. Sunil Jayalath Watawala and no have attained the age limit of 70 years.		
(vi)		nal dividend of Rs. 1.50 (One Rupee and Fifty cents) per of Cash for the financial year ended 31-03-2021.		
(vii)	To re-appoint the existing auditors, M/s. Krethe ensuing year and to authorize the Director	ston MNS (Chartered Accountants) as the Auditors for ors to determine their remuneration.		
(viii)	To authorize the Directors to determine the co	ontribution to charity.		
Signe	d on this day	v of2021		
Signa	ture			
Share	holder's NIC /PP/Co. Reg. No.			

^{*} Please delete the inappropriate words



INSTRUCTIONS AS TO COMPLETION

- 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.
- 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.