



**MAHAWELI COCONUT
PLANTATIONS PLC**



ANNUAL REPORT
2021-22

Our Plantation



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Overview



Historical Background

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

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

Although the original intention was to set up a private-public joint venture, it finally turned out to be a limited liability Company incorporated under the blessings of the Government, whose capital was generated from a fund created by a contribution from a special levy collected from all desiccated coconut manufacturers. Accordingly, such levies 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 05 million to 06 million coconuts which are being sold to Sri Lankan

companies for manufacture of Desiccated Coconuts, Coconut Cream, Coconut Milk and Coconut Water solely for export purposes. Teak trees which were planted as wind breakers are now growing satisfactorily and expect to be harvested in stages commencing from 2022. Though the management has requested approval from the relevant authorities for harvesting, due to COVID-19 pandemic, due to the current situation and government instability of the country there is a delay in obtaining the required permits.

Further the Company has invested in cash crops during the early period. During 2021/22, the Company was able to cultivate 555 Kg of ginger, 125 cashew plants, 260 kg of turmeric, 440 arecanut plants and 218 Kgs of paddy, 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 parts of the plantation, which is the first of its kind in Sri Lanka. Further, during 2021/22, further continuous improvements have been done to the irrigation system to increase the efficiency of water usage.

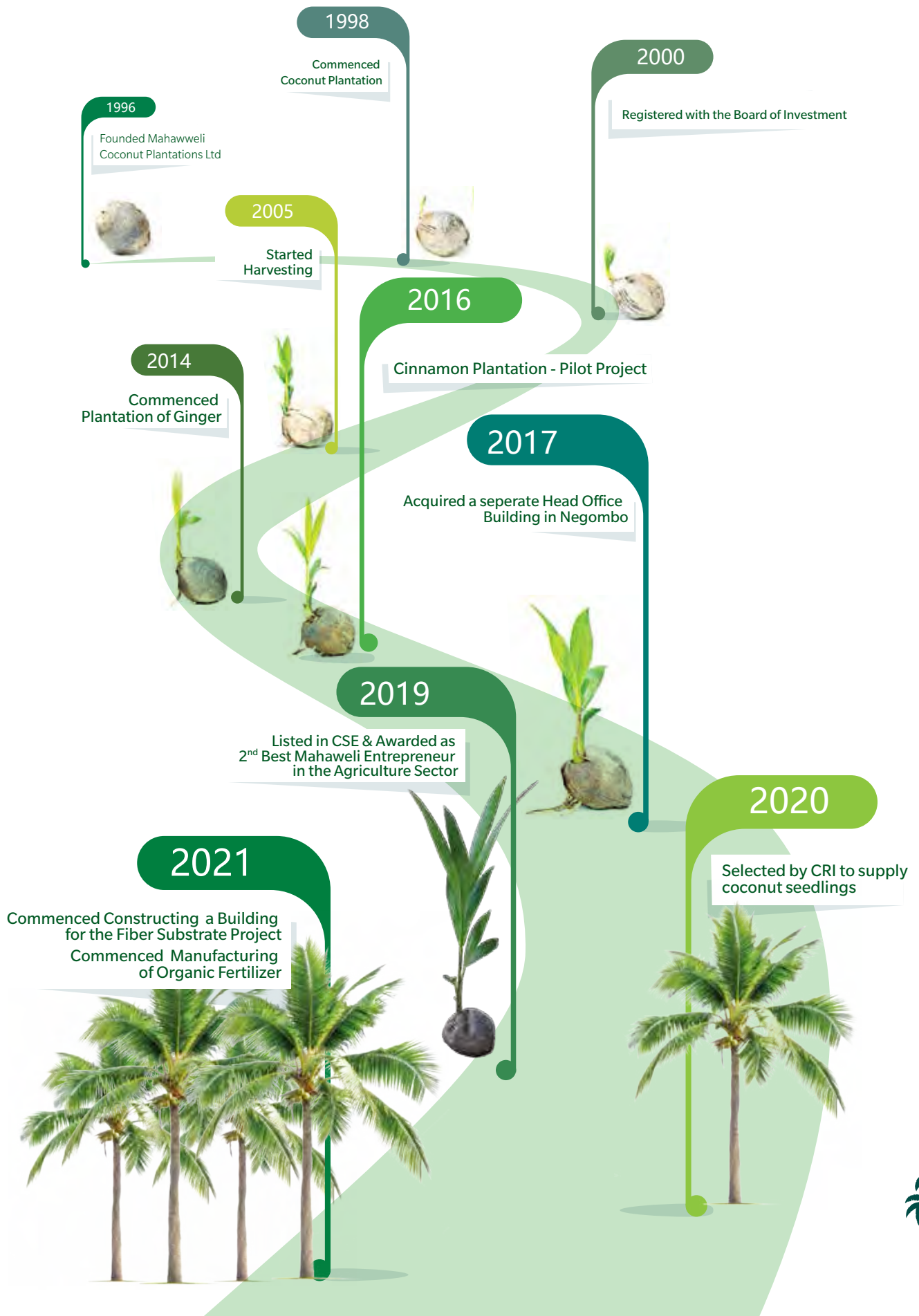
Being a hardship location, retaining quality manpower had also been a challenge to the management. Despite all such hardships MCPPLC has been successful in reaching its targets.

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 improve coconut harvest in Sri Lanka.





Company's Milestones





Financial Highlights

		2021/22	2020/21	% Change	
Earnings Highlights					
Revenue	Rs	244,417,086	230,192,004	6%	
Gross Profit	Rs	191,636,585	138,716,974	37%	
Profit from Operations	Rs	186,510,435	121,590,942	53%	
Profit before Tax	Rs	194,641,290	130,642,925	49%	49% ↑ PBT
Tax Expense	Rs	(3,364,192)	(738,662)	355%	
Profit/(Loss) after Tax	Rs	191,277,098	129,904,263	47%	
Dividends	Rs	(87,490,287)	(78,741,259)	11%	
Retained Earnings	Rs	301,859,968	195,090,854	55%	
Financial Position Highlights					
Total Assets	Rs	846,347,450	735,130,638	15%	15% ↑ Total Assets
Total Debt	Rs	27,250,654	36,082,918	-24%	
Total Shareholders Fund	Rs	702,897,239	596,128,125	18%	
No. of Shares in Issue	Nos	34,996,115	34,996,115	-	
Cash Flows Highlights					
Operating activities	Rs	136,451,511	159,683,568	-15%	47% ↑ EPS
Investing Activities	Rs	(30,013,426)	(58,491,297)	-49%	
Financing Activities	Rs	(99,629,995)	(87,026,716)	14%	
Total Net Cash Flow for the Year	Rs	6,808,090	14,165,556	-52%	
Cash & Cash Equivalents at the end	Rs	51,685,358	44,877,267	15%	
Key Indicators per Ordinary Shares					
Earnings per Share	Rs	5.46	3.71	47%	11% ↑ DPS
Net Assets per Share	Rs	20.09	17.03	18%	
Dividend per Share	Rs	2.50	2.25	11%	
Closing Market Price per Share	Rs.	43.40	27.50	58%	58% ↑ Market price per share
Key Ratios					
Gross Profit Margin	%	78%	60%	30%	
Operating Profit Margin	%	76%	53%	43%	
Net Profit Margin	%	78%	56%	39%	
Interest Cover	Times	40	24	67%	
Return on Equity (ROE)	%	27%	22%	23%	23% ↑ ROE
Return on Assets	%	23%	18%	28%	
Dividend Cover	Times	2.19	1.65	33%	
Debt/Equity (Book Value)	%	4%	6%	-33%	
Equity/Asset	%	81%	79%	3%	
Debt/Asset	%	3%	5%	-40%	
Dividend Payout Ratio	%	46%	61%	-25%	
Current Ratio	Times	6.80	6.24	9%	
Quick Asset Ratio	Times	5.034	5.59	-10%	





Plantation Sector Highlights

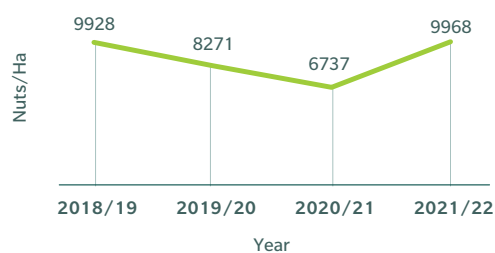
Coconut Yield per Hectare



9,968 Nuts/Ha

2021/22 (▲ 48%)

Coconut Yield



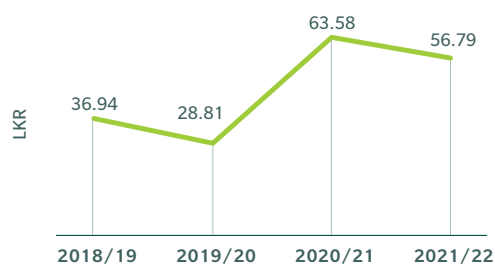
Average Price per Nut



Rs. 56.79/Nut

in 2021/22 (▼ 10.7%)

Average Price Per Nut



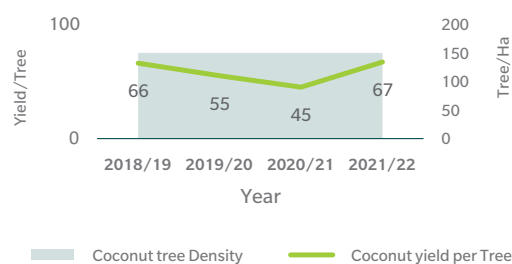
Coconut Tree Density Vs Yield Per Tree

150 Tree/Ha & 67 Nuts/Tree

in 2021/22 (▲ 48.9%)



Coconut Tree Density Vs Coconut Yield per Tree



Chairman's Message



"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. A good percentage of our pumps are running on solar power, and we continuously strive to use renewable energy for the plantation."

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 2022

Company and Industry Performance

The demand from overseas for coconut products has been strong during the past year; however, the local markets have been very weak due to logistical issues and closure of most retail outlets and boutiques. As a result, the demand was relatively lower, and as such, coconut prices have not increased along with prices of other goods.

The management of the MCPPLC navigated these difficult times very well during the year, and managed to maintain key performance indicators at a very high level setting the standard

for Sri Lanka. However, coconut prices have not increased relative to other food crops in Sri Lanka due to high crop and low domestic market.

Our plantation mainly depends on inputs such as fuel, fertilizer, water and availability of labour. During the past year fertilizer was not available and for a considerable period, fuel also was not available. Due to non-availability of fuel, employees could not commute to work. To make things worse, even the rain fall has been lower. We would take these factors in our stride in a normal year however the past year has been one of the most difficult years in the history of the MCPPLC.

Notwithstanding the aforesaid adverse circumstances, the Company has proposed a final dividend of Rs. 1.50 per share, subject to the approval by the shareholders at the Annual General Meeting. Furthermore, we are happy to see that the shareholders have benefitted from the increased share value of the Company.





Future Prospects

The coconut husk processing factory has been commissioned, and we will see the benefits of it during the 2022/2023 financial year despite delays and cost escalations.

The markets for Turmeric and Ginger have been below expectations, and we feel Turmeric and Ginger processing industries have to develop further to absorb Sri Lanka's Turmeric and Ginger harvest. However, we strongly believe we should continuously grow Turmeric, Ginger and Cinnamon.

We have commenced working with CRI as a seedling supplier. In addition, our effort to develop a high yielding, resilient plants with longevity seedlings with the help from CRI has gotten off the ground but yet to see the results. Scarcity of skilled employees is the reason for delay of the project, made worse by the current situation in the country.

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. A good percentage of our pumps are running on solar power, and we continuously strive to use renewable energy for the plantation.

Compliance and Risk Management

The Board maintains oversight of the strategic and operational affairs and the management of strategic and operational risks across the Company. The Board is committed to excellent corporate governance and conducts monthly Board meetings where operational and strategic matters are discussed and 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.

Conclusion

We believe 2022/23 will be a very challenging but interesting year, but 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.

Mr. S.D.W Asitha Gunasekara

Chairman

25th August 2022



Managing Director's Message



“During the year we had a yield of 67 nuts per tree compared to 45 in the year 20/21. The crop increased 48% from the previous financial year. The average selling price of coconut was 56.79 in comparison to 63.58 in 20/21. The inorganic fertilizer application was restricted to 22,000 trees due to the ban of inorganic fertilizer by the Government. We have applied organic fertilizer for 5,800 trees.”

Dear Shareholders,

It is my pleasure to present the performance of the Company for the year ended 31st March 2022. In spite of having to bear up with difficult conditions our Company was able to achieve its highest crop and profit in our history. The crop in the year under review was 5,451,358 nuts and the net profit before taxation was Rs. 194.6 million. Whilst we have achieved this best performance in the year under review it also has to be recorded that during the year, we had to face the most difficult challenges such as fertilizer ban, covid, fuel shortage and wild elephant attacks.

Coconuts

During the year we had a yield of 67 nuts per tree compared to 45 in the year 20/21. The crop increased 48% from the previous financial year. This is note worthy as the national yield was increased by only 20%. The average selling price of coconut was 56.79 in comparison to 63.58 in 20/21. The inorganic

fertilizer application was restricted to 22,000 trees due to the ban of inorganic fertilizer by the Government. We have applied organic fertilizer for 5,800 trees. The effects of the organic fertilizer could be observed in the year 2024. The availability of water from Mahaweli and wide spread rain contributed to the increase in crops. The fertilizer and fuel issue is bound to affect our crops in 2022/23.

Other Crops

We have increased the area under Cinnamon Plantation during the year and hope to expand it annually. It is identified as our second major crop in the years to come.

The crops such as Cashew, Ginger, Betel, Turmeric and Paddy are pursued in small scale. The disadvantage of steep price drop during the season threaten the viability of continuing with these crops and hope better market conditions would prevail in the future.





Teak

The teak valuation as at 31.03.2022 increased by 16.5 million and the closing value was 162,800,000/-. The growth during the year under review was from 189,216 Cu. ft. to 199,432 as at 31.03.2022. We have continued to lose teak trees due to extreme weather conditions and elephant damage. We too had to remove 24 trees for the power lines.

Our efforts to sell 1832 trees got delayed unnecessarily due to the red tapes that exist in the country. The restriction placed on harvesting trees by unnecessary bureaucratic control is certainly no encouragement for anyone to plant trees which is of much economical value to the country. The foreign exchange spent on import of timber could be reduced if any systematic programme is introduced sans unnecessary red tape.

Supply of Seed Nuts To CCB/CRI

Our coconuts were in demand for seed nuts from the CRI and CCB. During the year we supplied 687,850 nuts to the CCB and CRI. However, due to fuel constraints and other reasons the pollinated nuts programme did not commence so far.

Coir Project

We have just commenced the first stage of the Coir Project on 10th August 2022. We would be initially processing coir dust and mixed fibre which would be supplied to the local exporter. We hope to engage in production of finished product as early as possible.

Prospects and Looking Forward

The country appears to have overcome the Covid Epidemic fairly satisfactorily. If no major outbreak occurs in future, we would have overcome at least one of our major hurdles which affected us in the recent past.

Unlike the Coconut Triangle, Polonnaruwa District is undergoing a major drought since April 2022. The matter is further compounded by the non supply of Diesel by the Ceylon Petroleum Corporation in spite of meeting all requirements. The mere mishandling of the fuel issues by the officials could result in complete destruction of many coconut trees. It is hoped that sanity prevails at least at this last hour.

The improvements we made in our drip irrigation system has shown satisfactory results. However, in view of the high cost of s-lon pipes, we are now using used plastic bottles in our drip irrigation.

The ill-advised inorganic fertilizer and chemical ban which affected the agriculture in Sri Lanka is now reversed, but the prices of fertilizer have increased dramatically. For agriculture to sustain in this country the prices of produce too would have to increase steeply. Unfortunately, the coconut prices are at a fairly low level at present. In spite of the devaluation of the Sri Lankan Rupee against the Dollar, the benefit has not been passed on to the Grower.

However, we believe that prices would improve by the latter part of the year.

The wild elephant problem is getting worse year by year. It has inflicted countless damage to the Plantation. In addition to the destroying of trees we have to incur additional cost in protecting the plantation. We are now in the process of installing elephant fences in the most vulnerable areas incurring heavy costs.

Dividend

We paid an interim dividend of Rs. 1.00 in March 2022. The Board of Directors have now proposed a final dividend of Rs. 1.50 to be passed subject to approval of the share-holders at the Annual General Meeting. The total payout would be Rs. 2.50.

Appreciation & Acknowledgement

I take this opportunity to thank the Chairman and my fellow Directors for their continued support and co-operation extended to me during the year. I too acknowledge with thanks the continuing commitment of the entire MCPPLC team both at Plantation and Head Office and commend them for their real support, perseverance and hard work extended at all times.

Mr. J. F. Fernandopulle
Managing Director

25th August 2022



Corporate Social Responsibility

Corporate Sustainability and the quality of stakeholder interactions are intimately related in the modern, dynamic, and competitive corporate environment. The success of any business is greatly influenced by the state of society. The management of Mahaweli Coconut Plantations PLC firmly feels that society's support is essential to the Company's sustainability.

Since its beginning, the Company has been involved in a number of initiatives to preserve positive relationships with the community and improve the wellness of society. The Company has organized blood donation campaigns, donated books to school children, donated to white cane day celebrations and Sri Lanka Welfare Society of the Blind, among other charitable endeavours, throughout the year.





Management Discussion and Analysis

Operating Environment

Macro-Economic Factors

Economic Growth

Gross Domestic Production (GDP) growth indicates a positive 3.7% for the year ended 2021 compared to GDP negative growth of 3.6% in 2020. The Annual Report of Central Bank of Sri Lanka (CBSL), 2021, highlights the following factors were major causes for the growth.

- The performance of the agriculture, forestry and fishing sector was buoyed by the notable growth recorded in the subcategories of growing of cereals (except rice), oleaginous fruits, and tea.
- The majority of subcategories within the industries sector registered robust growth.
- All subcategories in the services sector registered growth with IT programming, consultancy, and related activities, and the telecommunications sectors recording sizeable growth of 21.7 per cent and 16.2 per cent, respectively, highlighting the increased usage of telecommunications services amid the pandemic and growth in the Information Technology/ Business Process Outsourcing (IT/BPO) sector.
- The taxes less subsidies component of GDP grew by 4.9 per cent in 2021 driven by improvements in tax revenues, when compared to 2020, in line with the post COVID-19 recovery in economic activity and declines in subsidies. Also, the government consumption expenditure at current prices grew at a relatively modest pace of 3.7 per cent in 2021, compared to the growth of 9.9 per cent that was observed in 2020.

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 year-on-year headline inflation based on National Consumer Price Index (NCPI) which was 4.6% at the end of 2020 has accelerated to 14% by the end of the 2021. As per CBSL, current high inflation episode appears to be far wider and more persistent than previous episodes as it was triggered by several cost driven, and demand driven factors in combination. Supply side disruptions to major commodities, including energy related and agricultural commodities, due to the COVID-19 pandemic, supply chain issues, shortage of labour and increased demand for goods and services arising from normalization of activity from the pandemic are the key contributors to this situation.

inflation was driven by supply side factors stemming from international commodity prices, which include fuel and some essential imported commodities. The removal of price controls and their spillover effects also contributed to inflation. Geopolitical tensions over the Russia-Ukraine war since late February 2022 pushed inflation trajectories further up on multiple fronts stemming from uncertainty, and commodity price hikes. Moreover, coconut prices recorded an overall decrease during 2021 allowing the Government to rescind the gazette notification on MRP with effect from 18 June 2021. However, coconut prices exhibited an increasing trend during October to December 2021, due to seasonal factors, higher consumption during festive season and lower coconut availability for domestic consumption due to increased external demand for desiccated coconut (Annual Report 2021 - CBSL).

Accordingly, our Company was able to get a good price for our coconuts. However, increased inflation also led 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 is significant, 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 acres.

As per CDA, the total nut production peaked to 3 billion nuts in 2019 and dropped to 2.8 billion nuts in 2020. According to the existing demand for coconuts in Sri Lanka, the coconut industry



Management Discussion and Analysis (Contd.)

here requires around 3.6 billion nuts but the level of production is only between 2.8 & 3.0 billion.

Sri Lanka locally consumes 1800-1900 million nuts annually in the form of fresh 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 fifth largest coconut producer in the world. Experts say 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 (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.

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>)

Impact From Rapid Change in Macro Economic Factor

In March 2022, the inflation rate was 21.5%. However, it has been escalated up to 66.7% in July 2022. Exchange rates also observed a notable fluctuation after the Statement of financial position date and has not adjusted in the current year financial statements since the conditions that gave rise to the gain/(loss) did not exist as of 31.03.2022.

The Monetary Board of the Central Bank of Sri Lanka (CBSL) has decided to increase the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR). The depletion of foreign reserves has put restrictions on imports and affected supplies.

It is the view of the management that there are no material uncertainties that may cast significant doubt on the company's ability to continue to operate as a going concern. The company's business recorded strong improvement in profitability compared to the previous year. The risk management approaches to interest rate risk and inflation risk is given in Note 31 of the financial statements. Moreover, the management of MCPPLC continues to monitor the potential impact to the continuity of the business. Accordingly, macroeconomic variables are evaluated while making assumptions and judgments when preparing financial statements.



Management Discussion and Analysis (Contd.)

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 form 2019/2020 and again significantly rose in 2021/2022 by 48.9%. A major reason is that the availability of the water from Mahaweli during the year. Moreover, there was a wide spread of rain during the current year contributed in the increase in crops.

The coconut yield per hectare was 9,968 nuts in 2021/22 against 6,737 nuts in 2020/21. Likewise, the yield per coconut tree too increased by 48.9% where the plantation got 67 nuts per tree in 2021/22 and 45 in 2020/21. Also, 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 1,513.8mm rainfall in 2021.

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



Management Discussion and Analysis (Contd.)

Teak

The teak trees which have been planted 18-22 years ago as a wind breaker in every field, by the Company has now reached harvesting stage. As of 31.03.2022 the trees were valued at Rs. 162.80 Mn. Even though some trees were lost due to animal damage, water logging, drought and cut down to get electricity connection line to the estate, at present there are 24,838 trees with the girth ranging from 6 cm to 108 cm. As some of the trees have reached harvesting stage, though we have sought necessary regulatory approvals, there is a delay in obtaining the necessary regulatory permissions due to Covid-19 pandemic and due to the present situation of the country.



Other Plantations

During 2021/22, we have planted 125 cashew crops, 555 Kgs of ginger, 260 Kgs of turmeric, 440 Arecanut crops and 218 Kgs of paddy. From these other plantations of the Company, we expect an enhanced income in future. Following are the changes in the other crops from the last financial year.

Category	2021/2022	2020/2021
Cashew (Nos.)	125	100
Cinnamon (Kg)	-	3,600
Ginger (Kg)	555	600
Turmeric (Kg)	260	5
Pepper	-	1,020
Arecanut (Nos.)	440	-
Paddy (Kg)	218	-

The markets for Turmeric and Ginger have been below expectations, and we feel Turmeric and Ginger processing industries have to develop further to absorb Sri Lanka's Turmeric and Ginger harvest. However, we strongly believe that we should continuously grow Turmeric, Ginger and Cinnamon in the Company.





Management Discussion and Analysis (Contd.)

Financial Review

Financial Performance

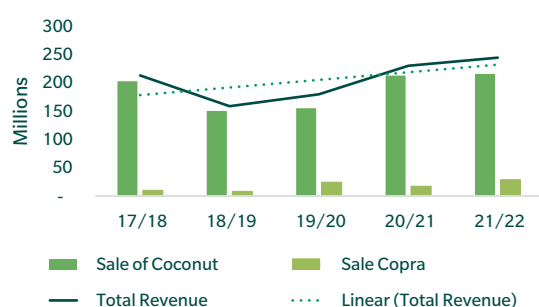
Revenue

Revenue rose by 6% to Rs.244.42 Mn during the year. The major reasons for the revenue growth are increase in coconut yield per hectare by 48% and increase in the yield per tree by 48.9% despite drop in coconut price and travel restrictions due to Covid19 pandemic during the current financial year.

The total revenue consists of coconut and copra sales where the 88% 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.

5 - Year Revenue Analysis



Gross Profit

In the financial year 2021/2022, the gross profit has reached to 191.64 Mn reporting an increase of 37% compared to 2020/21. The gross profit margin which is the highest in last 5 years, topped at 78% in the current financial year. Despite decrease in the average coconut price during the current financial year, increase in the nuts per palm and yield per hectare caused the increase in gross margin to the top in 2021/22.

5-Year Gross Profit Analysis

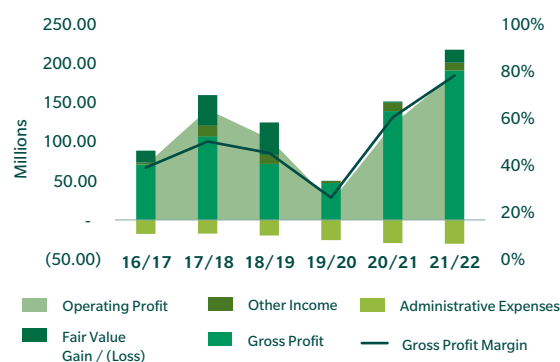


Operating Profit

The Company's operating profit sharply increased by 53% in 2021/22, compared to that of 2020/21. The Company was able to make an operating profit of Rs.186.51 Mn with a 76% margin. According to the graph, the significant increase in the fair value gain and gross profit were the main reasons for the increase in operating profit.

Moreover, the administration expenses have been increased slightly by 3% during the 2021/22 due to annual salary increase, landscaping expenses and depreciation.

Operating Profit Analysis

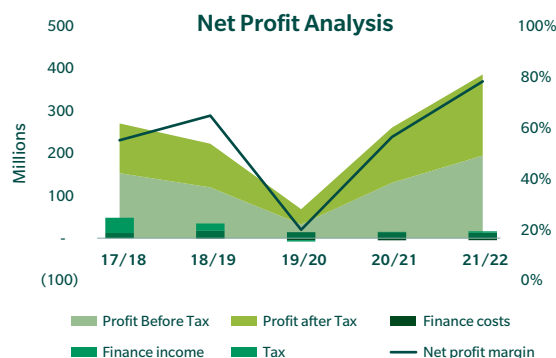


Pre- and post-tax Profit

The Company's Profit before Tax (PBT) and Profit after Tax surged by 49% and 47%, respectively in 2021/22. The net profit margin escalated to 78% in 2021/22 from 56% in 2020/21. Primarily, the increase in operating profit by 53% has contributed to such a rise in PBT and net profit despite of 355% increase in tax expenses during 2021/2022. Tax expenses were increased mainly due to reduction in deferred tax reversals.

From 2019/20, the Company's business income was subject to tax holidays under the new Inland Revenue Act No. 24 of 2017 and amendment thereto. As such, no provision was made for business income throughout the year. Investment income and processed agricultural produce (Copra), however, were taxed at the rate of 24% and 14%, respectively.

Net Profit Analysis



Management Discussion and Analysis (Contd.)

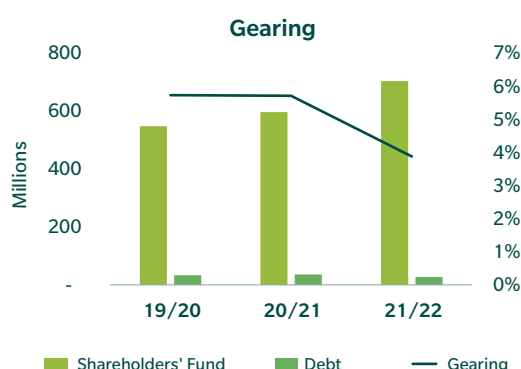
Financial Position

Gearing

The Company's balance sheet stands strong with shareholders' funds representing 83% of its total assets of Rs. 846.35 Mn. Despite final dividend declaration of Rs. 52.49 Mn for the year 2020/21 and interim dividend declaration of Rs. 34.99 Mn for the year 2021/22, total equity rose by 18% along with the profit rise during the year.

Other than the lease obligations payable to Mahaweli Authority, the firm has no debt capital. The lease liability was Rs. 27.25 Mn as of March 31, 2022, where Rs. 2.37 Mn to be paid in the following year.

As a result, the Company's gearing ratio in 2021/22 was only 4% (Debt / (Debt + Equity)). The Company's lease liability has somewhat reduced by 24% during the year. As a result, the Company's gearing ratio also declined by 2%.



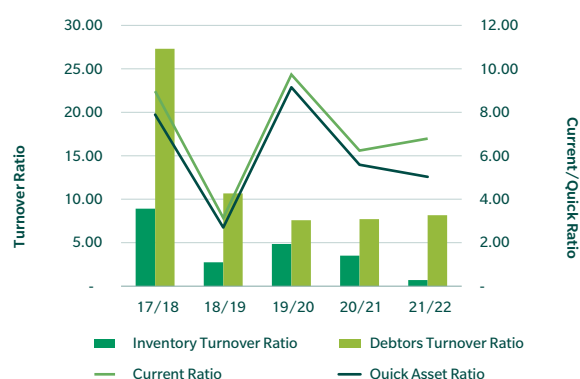
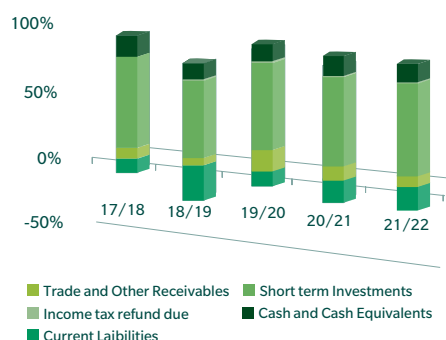
Liquidity and Working Capital Management

The Company's current ratio and quick asset ratio of 6.8 times and 5 times respectively, shows an exceptionally higher liquidity position. Moreover, 54% of the Company's total current assets has been utilized in short term investments which has generated an interest income of Rs. 12.8 Mn during the year.

The Company's inventory turnover ratio declined from 3.52 times in 2020/21 to 0.71 times in 2021/22. A major reason for the decline is that the increase in year-end inventory.

The debtor's turnover ratio improved to 8.17 times in 2021/22 from 7.71 times in 2020/21. In 2021/22, the Company was able to collect outstanding balances. This was a major reason for the slight improvement in debtor's turnover ratio. As shown in Note 31 in the financial statements, 78% of trade receivable as at 31st March 2022 represents debtors outstanding for less than 30 days. Accordingly, the Company has administered its working capital well and managed to settle its liabilities from its own funds without relying on short term borrowings.

Liquidity Management



Cash Flow

In 2021/22, the Company was able to generate a net operating cash flow of Rs. 136.45 Mn, which is a 15% decrease, compared to that of 2020/21. The decrease is recorded mainly due to the maintenance of high inventory as at 31st March 2022. In addition, the increase in gratuity and income tax payments also caused the operating cash flows decline during the year.

Further, there is a net cash outflow of Rs. 30.01 Mn from investing activities. The Company has made investments of Rs. 8.55 Mn on acquisition of Property, Plant & Equipment and Rs. 22.14 Mn on capital work in progress which are the main reasons for the cash outflows in investing activities.

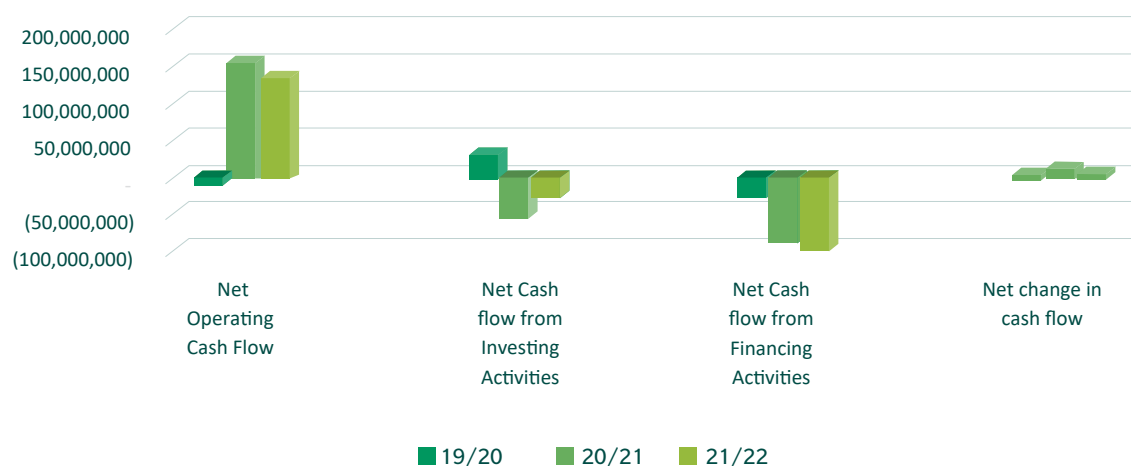
Meanwhile net cash outflow of Rs. 99.63 Mn has resulted from financing activities. While the dividend payments were Rs. 87.49 Mn, lease payments were Rs. 12.14 Mn. Overall, the net change in cash and cash equivalents for the year amounted to an inflow of Rs. 6.81 Mn.





Management Discussion and Analysis (Contd.)

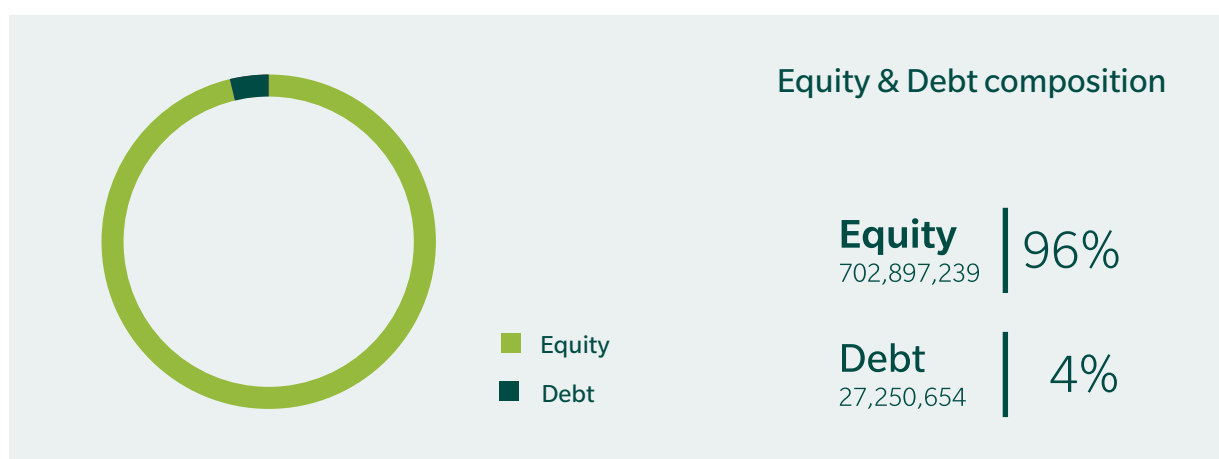
Cash Flow



Financial Value Creation

Particulars	Growth %	Value (Rs.)
Total Assets	15%	From 735 Mn to 846 Mn
Revenue	6%	From 230 Mn to 244 Mn
Gross Profit	37%	From 139 Mn to 192 Mn
Operating profit	53%	From 122 Mn to 187 Mn
Profit before Tax	49%	From 131 Mn to 195 Mn
Profit attributable to share holders	47%	From 130 Mn to 191 Mn

Equity & Debt composition



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 we operate, to measure those potential risks and to develop strategies to mitigate them. Risk management is an essential element of our corporate governance structure and strategic development process. Therefore, appropriate systems, policies and procedures are in place in all areas of operations and they are periodically reviewed to ensure adequacy and adherence.

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

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

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





Risk Management (Contd.)

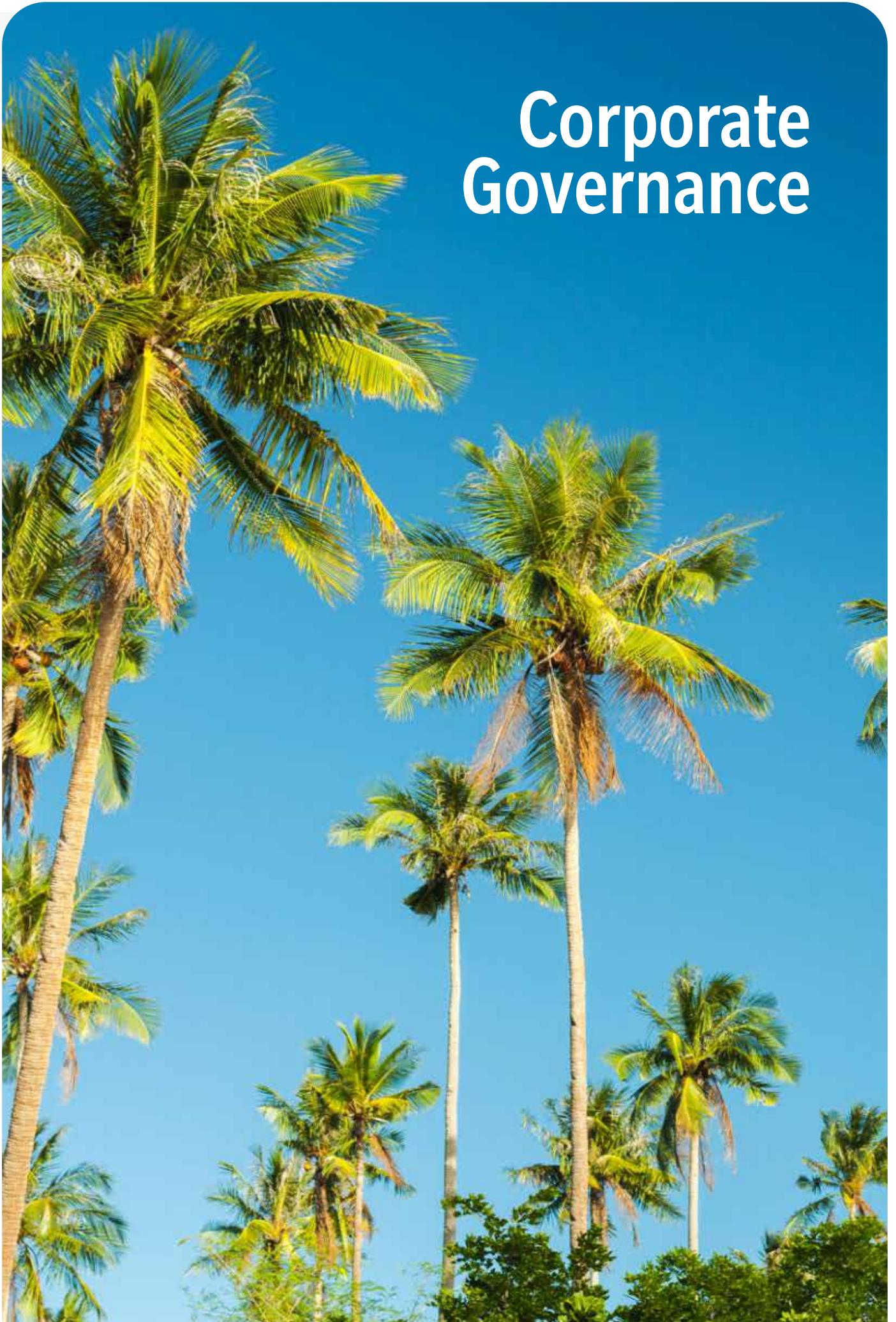
Risk	Risk Level	Risk Description	Risk Mitigation
Operational Risk			
Climate Change			
Risk of Increase in production cost due to dynamic climate changes	High	The change in weather pattern would result in loss of revenue since the weather conditions are becoming more and more unpredictable globally due 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 fields.	Working closely with Coconut Research Institute in improving coconut yield Introduced Drip Irrigation System to effectively manage irrigation
Production Risk			
Risk of low yield due to adverse weather conditions, pest attacks and diseased	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.
Elephant Attacks			
Risk of trees being damaged by elephants	Moderate	Wild elephants are active in the plantation area and during 2021/22, 136 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 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.	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
Non-availability of Fertilizer			
		During the financial year 2021/2022 we have managed to fertilize around 34% of the plantation using the fertilizer stock that was available at the time of inorganic fertilizer ban by the government in May 2021. The Company commenced to manufacture organic fertilizer and was able to fertilize 7% of trees. The government removed the ban in November 2021. However, the cost of fertilizer has gone up by more than 150%. This would have a major impact on the current year cost of production.	
Water Supply			
Risk of Increase in 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 Fluctuations			
Risk of decrease in demand for coconut-based products in the consumer	Low	Coconut prices are dependent on a range of external factors including weather conditions, demand conditions and labour productivity. During 2021/22, the average price per coconut has decreased by 10.7%. This might have favourable impact on the demand conditions for coconut-based products among consumers. Also, the price elasticity for coconut-based products is relatively low and thus the risk of decreasing sales to the Company is low even if the average price is increased.	Maintain good relationship with customers to ensure consistent sales orders.
Economic and Financial Risks			
Inflation Risk			
Risk of Increase in Production Cost	High	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. Increasing fuel prices would have a great impact on the production cost of the Company as diesel powered engine have to be used to irrigate the plantation.	The management has introduced effective key performance indicators and performance-based incentive schemes to control cost of production while improving the productivity
Finance Related Risks			
Finance related risk management strategies are discussed in detail in Note 31 in Page 83-85.			

Corporate Governance



Board of Directors

1

2

3

4

5



1

Mr. Senarath Dias Widhanaralage
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.

2

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 a Director of Richard Pieris & Co Ltd and he is the former Chairman of Richard Pieris Finance Ltd. He had also worked in the capacity of Finance Director at Mahweli Coconut Plantations Ltd prior to becoming the Managing Director. He was 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.

3

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 an international Director of the Lions International for 04 years.

4

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

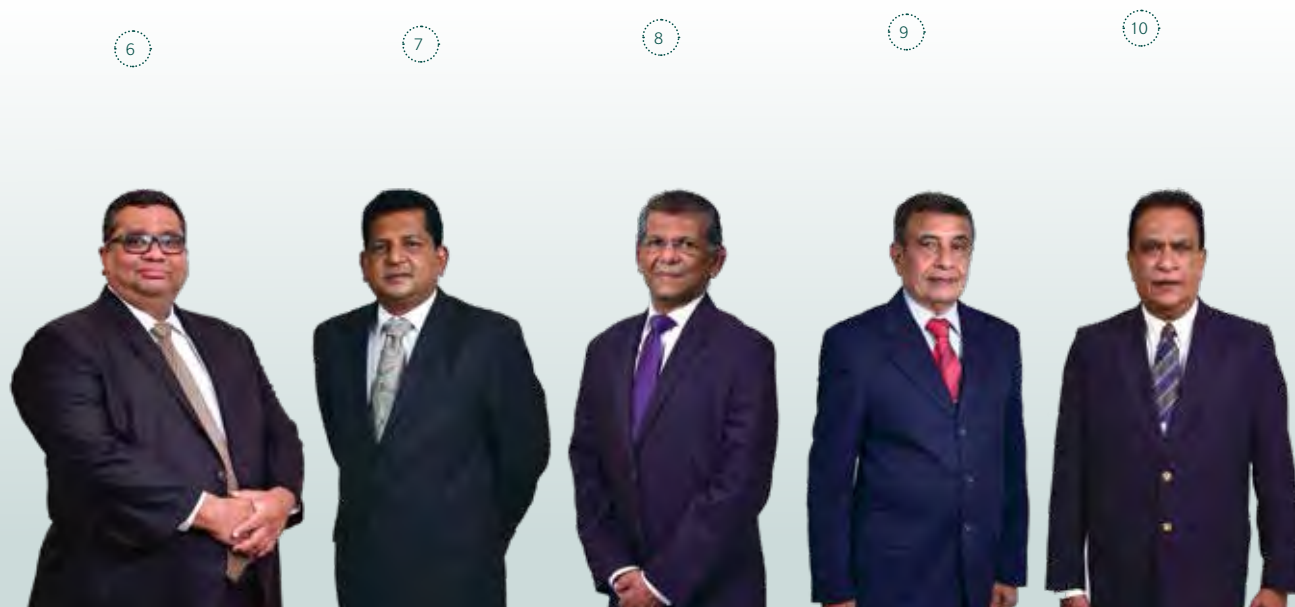
(Non-Executive Non-Independent Director)

Mr. S D S Gunasekera is a Barrister-at-Law (ACT.) and a Director of Beligala Coconut Products (Pvt) Ltd. 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.





Board of Directors (Contd.)



5

Mr. Gamamedaliyanage Joseph Lalith Neomal Perera - MBA

(Non Executive Non-Independent Director)

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

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 which counts over 30 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, manufacturers of desiccated coconut and all kernel related products and the Chairman of Sinha Auto Services (Pvt) Ltd - Lanka IOC fuel station. He is a Former Director/Chairman at Chilaw Finance PLC.

8

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



Board of Directors (Contd.)

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).

9

**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 is a member and the former Chairman of the Board of Governors of Institute of Food and Technology, Sri Lanka.

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.

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



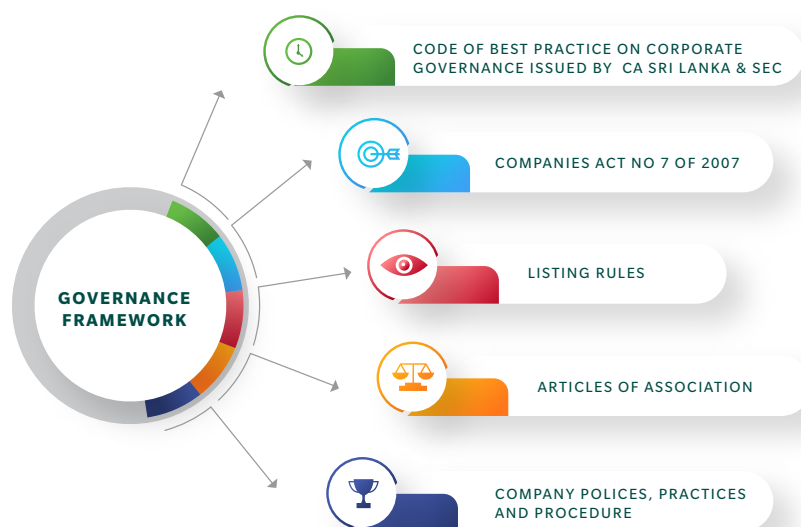


Corporate Governance Report

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.

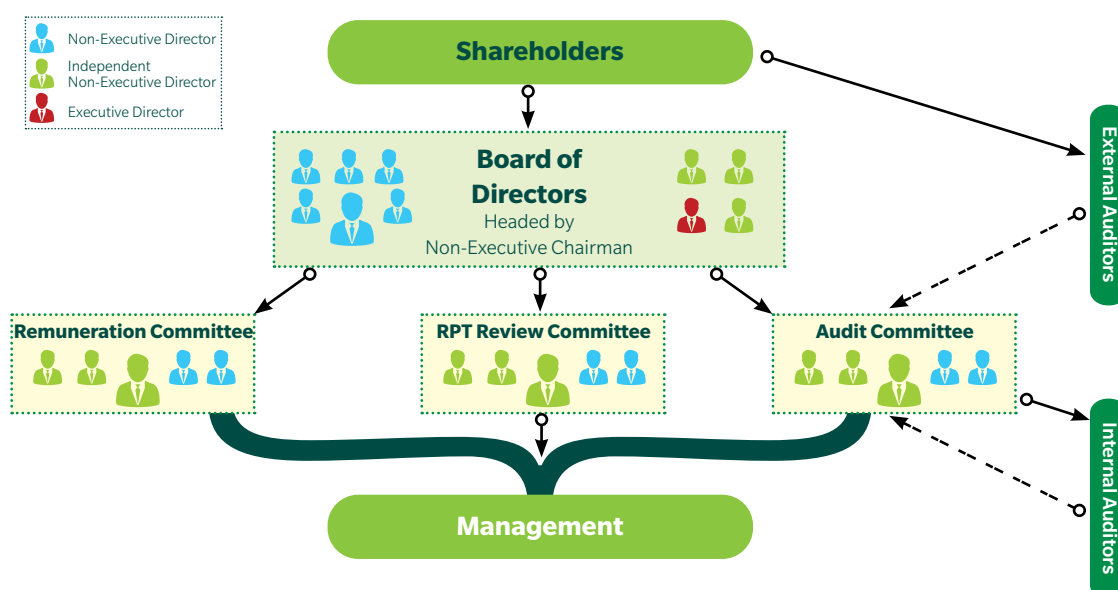
Framework and Structure

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

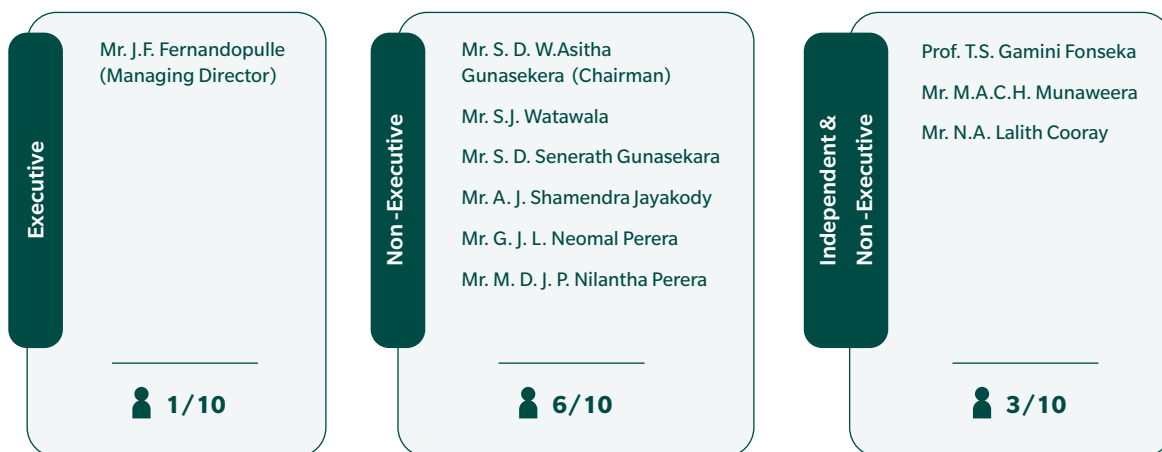


Corporate Governance Report (Contd.)

Board Composition and Skills

The Board comprises of ten (10) members as at 31st March 2022. A brief profile of each of the Directors are given on pages 24 -26 The Board comprises of eminent professionals in their respective fields. Nine of the Directors are Non-Executive, 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's 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 of Sri Lanka and a fellow member of Certified Management Accountants of Sri Lanka.



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 three 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 two years, 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 three 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.



Corporate Governance Report (Contd.)

Accordingly,

- To re-elect Mr. S. D. Senerath Gunasekera who has consented to be re-appointed for the position of Director.
- To re-elect Mr. A. J. Shamendra Jayakody who has consented to be re-appointed for the position of Director.
- To re-elect Mr. G. J. L. Neomal Perera who has consented to be re-appointed for the position of Director.

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



Corporate Governance Report (Contd.)

Roles of Chairman and Managing Director

The role of Chairman is separate from that of the Managing 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 Managing 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 twelve 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	29/04/21	20/05/21	23/06/21	05/08/21	26/08/21	27/09/21	27/10/21	25/11/21	16/12/21	25/01/22	24/02/22	24/03/22	Attendance
Independent Non-Executive Directors (NED – I)														
Prof. T.S. Gamini Fonseka	28-10-2020 (Re-Appointment)	✓	✓	✓	✓	✓	✓	✓	✓	-	-	✓	✓	10/12
Mr. N.A. Lalith Cooray	16-12-2019	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	11/12
Mr. M.A.C.H. Munaweera	27-09-2021 (Re-Appointment)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12/12
Non-Executive Directors (NED)														
Mr. S. D. W.Asitha Gunasekera	27-09-2021 (Re-Appointment)	✓	✓	✓	-	✓	✓	✓	-	✓	✓	✓	✓	10/12
Mr. S. D. Senerath Gunasekara	26-09-2019 (Re-Appointment)	✓	✓	✓	✓	✓	✓	✓	-	✓	✓	✓	✓	11/12
Mr. A. J. Shamendra Jayakody	26-09-2019 (Re-Appointment)	✓	-	✓	✓	✓	✓	✓	✓	-	-	✓	✓	09/12
Mr. G. J. L. Neomal Perera	26-09-2019 (Re-Appointment)	✓	✓	✓	✓	✓	✓	✓	✓	-	-	✓	✓	10/12
Mr. M. D. J. P. Nilantha Perera	28-10-2020 (Re-Appointment)	-	✓	-	✓	✓	-	✓	✓	-	✓	-	✓	07/12
Mr. S.J. Watawala	28-10-2020 (Re-Appointment)	-	-	-	-	-	-	-	-	-	-	-	-	0/12
Executive Director (ED)														
Mr. J.F. Fernandopulle	27-09-2021 (Re-Appointment)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12/12
Attendance per day		8/10	8/10	8/10	8/10	9/10	8/10	9/10	7/10	5/10	6/10	8/10	8/10	

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.





Corporate Governance Report (Contd.)

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 familiar-

ising 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 37-38
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 39
Related Party Transactions Review Committee (RPTRC)	Review of Related Party Transactions	3 NED-Is 2 NEDs	Prof. T.S.Gamini Fonseka (NED-I)	Page 40 -41

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	<p>Review of the quarterly and annual financial statements, including the quality, transparency, integrity, accuracy and compliance with Sri Lanka Accounting Standards</p> <p>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</p> <p>Ensure independence of both External and Internal Auditors and recommendation of re-appointment of External Auditors.</p> <p>Review of the adequacy and effectiveness of the Internal Control and Risk Management systems over financial reporting process.</p> <p>Review of the adequacy and effectiveness of the internal audit arrangements.</p>



Corporate Governance Report (Contd.)

Committee	Responsibilities
Remuneration Committee	<p>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.</p> <p>Evaluation of employee performance based on key performance indicators including financial and non-financial measures of performance</p> <p>Link part of pay to individuals and the Company's performance.</p>
Related Party Transactions Review Committee	<p>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.</p> <p>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.</p> <p>Update the Board on Related Party Transactions following the reporting templates, specifying recurrent and non-recurrent transactions which require discussion in detail.</p> <p>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.</p>

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 2021 as external auditors of the Company for the financial year 2021/2022. 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.





Corporate Governance Report (Contd.)

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, pages 44-48
168.(1)(b)	Signed Financial Statements of the Company for the accounting period completed – section 151	Complied	Financial Statements, page 52
168.(1)(c)	Auditors' Report on Financial Statements of the Company	Complied	Independent Auditors Report, page 50 -51
168.(1)(d)	Accounting policies and any changes therein	Complied	Notes to the Financial Statements, page 56 - 85
168.(1)(e)	Particulars of the entries made in the Interests Register during the accounting period	Complied	Annual Report of the Board of Directors, pages 44-48
168.(1)(f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Complied	Notes to the Financial Statements, page 82-83
168.(1)(g)	Corporate donations made by the Company during the accounting period	Complied	Annual Report of the Board of Directors, pages 44-48
168.(1)(h)	Information on the Directorate of the Company at the end of the accounting period	Complied	Board of Directors, pages 24-26
168.(1)(l)	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 79
168.(1)(j)	Auditors' relationship or any interest with the Company	Complied	Audit Committee Report, pages 37-38
168.(1)(k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	Complied	Statement of Directors' Responsibility, page 49

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

CSE Rule	Requirements	Compliance Status	Reference to the Annual Report
7.6(i)	Names of persons who were Directors of the Entity.	Complied	Board of Directors, pages 24-26
7.6(ii)	Principal activities of the Entity during the year, and any changes therein.	Complied	Annual Report of the Board of Directors, pages 44-48
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 88
7.6(iv)	The public holding percentage	Complied	Shareholders Information, page 87
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, pages 44-48
7.6(vi)	Information pertaining to material foreseeable risk factors of the Entity	Complied	Risk Management, pages 20-22
7.6(vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Complied	Annual Report of the Board of Directors, Pages 44-48
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, pages 44-48
7.6(ix)	Number of shares representing the Entity's stated capital	Complied	Notes to Financial Statements, page 75



Corporate Governance Report (Contd.)

CSE Rule	Requirements	Compliance 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, pages 87-88
7.6(xi)	Financial ratios and market price information	Complied	Financial Highlights, page 6 & Shareholder Information page 87-88
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 70-71
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 82-83

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

CSE Rule	Requirements	Compliance Status	Reference to the Annual Report
7.10 (a,b,c)	Compliance with Corporate Governance	Complied	Corporate Governance Report, Pages 27-36
7.10.1 (a,b,c)	Non-Executive Directors	Complied	Nine of ten are Non-Executive Directors
7.10.2 (a)	Independent Directors – 2 or 1/3 of NEDs, whichever is higher, should be independent	Complied	Three out of nine Non-Executive Directors are Independent.
7.10.2 (b)	Independent Directors – each NED should submit a signed and dated declaration of independence or non-independence	Complied	All Independent NEDs have submitted their confirmation on Independence in line with regulatory requirements
7.10.3 (a,b)	Disclosure Relating to Directors – the Board shall annually determine the independence or otherwise of the NEDs	Complied	Directors are given in pages 44-48 & 82-83 and criteria for independence have been met
7.10.3 (c)	Disclosure relating to Directors – a brief resume of each Director should be included in the Annual Report (AR) including the Director's areas of expertise	Complied	The Company has disclosed under Board of Directors, in the Annual Report pages 24-26
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





Corporate Governance Report (Contd.)

CSE Rule	Requirements	Compliance 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 composed major of Independent NEDs.
7.10.5(b)	Functions of Remuneration Committee –The RC shall recommend the remuneration of the CEO and Executive Director and Senior Management Staff	Complied	The Committee is responsible to the Board for recommending Remunerations to MD, Executive Director, all categories of Management and non-executive Staff attached to the Company
7.10.5(c)	Disclosure in Annual Report relating to Remuneration Committee – Names of the Directors comprising the RC, statement of policy, aggregated remuneration paid to EDs and NEDs	Complied	Refer Remuneration Committee Report page 39
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 and NED, comprises three independent Non-Executive Directors and two Non-Executive Directors. The Managing Director and the Finance Officer attend meetings of the Audit Committee by invitation
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 37-38 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 37-38





Corporate Governance Report (Contd.)

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 82-83
9.3.2(b)	Details pertaining to Recurrent Related Party Transactions	Complied	Notes to Financial Statements, pages 82-83
9.3.2(c)	Report of the Related Party Transactions Review Committee	Complied	Report of the Related Party Transaction Review Committee, pages 40-41
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

Corporate Governance compliance requirement summary under Section 7 of the listing rules issued by the Colombo Stock Exchange

Requirement by Section 7 of the Listing Rules	Status of Compliance by MCPPLC
Non-Executive Directors	In Compliance
Independent Directors	In Compliance
Disclosures Relating to Directors	In Compliance
Remuneration Committee	In Compliance
Audit Committee	In Compliance
Related Party Transactions Review Committee	In Compliance

By Order of the Board,
Mahaweli Coconut Plantations PLC

Mr. K. A. Lakshman Rupasinghe FCA
Company Secretary
Reg. No. SEC/1(b)(11) 2007/308
Colombo

25th August 2022





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 24-26. 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 four times during the year. The attendance of the members at these meetings is as follows

Name of the Member	Status	Attendance				Total
		20.05.21	05.08.21	27.10.21	25.01.22	
Mr. N.A.Lalith Cooray (FCA) (Chairman)	Independent Non-Executive	✓	✓	✓	✓	4/4
Prof. T.S.Gamini Fonseka	Independent Non-Executive	✓	✓	✓	X	3/4
Mr. M.A.C.H. Munaweera	Independent Non-Executive	✓	✓	✓	✓	4/4
Mr. S.D. Senerath Gunasekera	Non-Independent Non-Executive	✓	✓	✓	✓	4/4
Mr. G.J.L. Neomal Perera	Non-independent Non-Executive	✓	✓	X	X	2/4
Attendance per day		5/5	5/5	4/5	3/5	

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 2022.

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 20-22.

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



Audit Committee Report (Contd.)

at the estate and head office. The internal auditors made presentations at audit committee meetings and suggested several improvements which were carried out and some are being implemented.

External Audit

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

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

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

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

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

Reviewed the performance of the External Auditors, Messrs. Kreston MNS & Co and recommended their re-appointment to the Board for financial year ending 31 March 2023 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

25th August 2022



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 Jayakody	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 Company's policy objectives are an assessment of the employees at all level and to determine the organizational remunerations that could be justifiably extended. 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 of all individuals and employees at a competitive level.

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 Non Executive 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 page 82.

Meeting of the Remuneration Committee

One Remuneration Committee Meeting was held during the current financial year.

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

25th August 2022



Related Party Transactions Review Committee Report

The Related Party Transactions Review Committee which is appointed by the Board of Directors of the MCPL, consists of the three Independent/ Non-Executive Directors who possess in depth expertise and knowledge in Finance as well as in the Plantation Industry:

The Related Party Transactions (RPT) Review Committee consist of three (3) Non-Executive Independent Directors Prof. T.S. Gamini Fonseka (Chairman of the Committee), Mr. N.A. Lalith Cooray and Mr. M. A. C. H. Munaweera and two (2) Non-Independent Non-Executive Directors Mr. G.J.L. Neomal Perera and Mr. S.D. Senerath Gunasekera

Meetings of the RPT Review Committee

The RPT Review Committee met four times during this period and the attendance of the members at the meetings is as follows:

Name of the Member	Status	Attendance				Total
		20.05.21	05.08.21	27.10.21	25.01.22	
Prof. T.S.Gamini Fonseka (Chairman)	Independent Non-Executive Director	✓	✓	✓	X	3/4
Mr. S.D.Senerath Gunasekara	Non-Independent Non-Executive Director	✓	✓	✓	✓	4/4
Mr. G.J.L.Neomal Perera	Non-Independent Non-Executive Director	✓	✓	X	X	2/4
Mr. N.A. Lalith Cooray	Independent Non-Executive Director	✓	✓	✓	✓	4/4
Mr. M.A.C.H. Munaweera	Independent Non-Executive Director	✓	✓	✓	✓	4/4
Attendance per day		5/5	5/5	4/5	3/5	

The Company Secretary serves as the Secretary to the Committee.

Committee Charter

RPT 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 irrelevant transactions all the 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 responsibility of Related Party Transactions Review Committee in terms of the CSE Listing Rules. The composition and constitution should be as stipulated by the Committee under the said Section of the Listing Rules. The TOR of the Related Party Transaction Review Committee was approved by the Board of Directors and is reviewed periodically as regulatory and operational requirements. Compliance of

Related Party Transactions is strictly adhered as per its Charter, Policy and Guidelines.

Objectives & Responsibilities

Being a Company originally established by an association of an industry group, for the benefit of their own industry, majority of the stake holders were falling under the "Related Parties" and the RPT Review Committee's commitment towards the entrusted task of safe guarding interest of the public shareholders, in entering into transactions with such Related Parties.

Hence the purpose of this to ensure oversight on behalf the Board to compliance with the Code on Related Party transactions issued by SEC of Sri Lanka. The main task of the listing rules is established that the interests of the shareholders are observed at all times, especially in entering into Related Party Transactions, to intercept the Directors, influential Management Personnel and Shareholders misuse the influential status they hold in the Company in performing such activities.

To meet this end, result the RPT Committee has undertaken the responsibility entrusted upon us by the Company, by obtaining declarations from concerned, wherever it seems appropriate,





Related Party Transactions Review Committee Report (Contd.)

setting up Policies to review Related Party Transactions adequately.

All such transactions subsequently reported to the Board of Directors of the RPT on quarterly basis by forwarding the minutes of the Committee meetings for further discussion and perusal, at the Board Meeting.

Towards this end 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 that 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.

These precautions taken to ensure the Company to guarantee that Related Party Transactions were maintained at an expected standard as required by Listing Rules of CSE.

Review of Related Party Transactions

The Committee in its review process, was convinced and satisfied with the adequacy of the content and quality of the information and reports forwarded to its members by the management. The Committee reviewed the Related Party Transactions for the year 2021/2022 and their satisfactory compliance were communicated to the Board. It was noted that the Related Party Transactions carried out during the year were recurrent in nature and absolutely necessary for smooth operations of the Company. Further, the proceedings of the Committee meetings were documented and tabled at the 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

25th August 2022



A teal-tinted photograph showing several coconut seedlings growing out of their husks, which are resting on a bed of small, light-colored rocks. The seedlings have long, slender, pointed leaves. A white dotted line is drawn across the image, starting from the left, curving around the central seedling, and extending towards the right. The text "Financial Information" is overlaid in white at the bottom right.

Financial Information



Financial Calendar

Financial Statements	2021/2022	2020/2021
1st Quarter	13.08.2021	17.08.2020
2nd Quarter	27.10.2021	20.11.2020
3rd Quarter	25.01.2022	10.02.2021
4th Quarter	26.05.2022	31.05.2021
Annual General Meeting	29.09.2022	27.09.2021
Annual Report	25.08.2022	05.08.2021





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 2022, 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 25th August 2022.

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 pages 8-9, the Managing Director's Review on pages 10-11 and management's review on page 13-19.

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 52-85 of this Annual Report

Summarized Financial Results

	2021/2022 Rs.	2020/2021 Rs.
Revenue	244,417,086	230,192,004
Profit before Taxation	194,641,290	130,642,925
Taxation	(3,364,192)	(738,662)
Profit After Taxation	191,277,098	129,904,263
Other Comprehensive Income	2,982,303	(345,240)
Retained Earnings b/f	195,090,854	144,273,090
Declared Dividend	(87,490,287)	(78,741,259)
Retained Earnings c/f	301,859,968	195,090,854





Annual Report of the Board of Directors (Contd.)

Auditors' Report

The Report of the Independent Auditors on the Financial Statements of the Company is given on page 50 - 51.

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 56-85.

Donations

The Company made donations amounting to Rs. 188,032/- (2020/21 - Rs. 108,270/-) 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 24.2 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.

Stated Capital and Reserves

The Stated Capital of the Company as at 31st March 2022 was 384,717,995/- (2021 - Rs. 384,717,995/-). The number of shares issued by the Company as at 31st March 2022 is at 34,996,115 fully paid ordinary shares.

The movement of the Stated Capital & Reserves during the year are given under the Statement of Changes in Equity on page 54. 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 2020/21 of Rs. 1.50 per share was paid during the year.

The Directors declared an interim dividend of Rs. 1.00 per ordinary share and proposed a final dividend of Rs. 1.50 per ordinary share for the year 2021/22. 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 2022 consist of ten (10) Directors, with a broad range of skills, experiences and attributes.

Capital Expenditure

The carrying value of Property, Plant and Equipment as at 31st March 2022 amounted to Rs. 67,180,433/- (2020/21 - Rs. 39,513,009/-). During the year, the Company has invested a total of Rs. 8,951,256/- in Property, Plant and Equipment. Out of which, Rs. 6,317,246/- is utilised to purchase a motor vehicle, Rs. 69,033/- is utilised to purchase furniture and equipment, Rs. 148,227/- is utilised to construct Copra hut, Multi chopper hut and Rs. 2,416,750/- is utilised to purchase equipment. In addition, the company has invested Rs. 22,142,792 in Capital WIP which is mainly consisted of Concrete Yard, Decorticator-Husk Project, Steel Building -Husk Project and Electric Fence

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

Place	Location	Extent	Number of Buildings	Value (Rs)
Mahaweli Coconut Plantations PLC - Office	Negombo	23.65P (Land)	1	20,095,000
		1,480 sq.ft. (Building)		4,580,000
Mahaweli Coconut Plantations PLC - Estate	Aralaganwila	551.38 HA (Lease)	41	16,541,028
		16,908 sq.ft (Building)		6,054,270

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



Annual Report of the Board of Directors (Contd.)

Board of Directors

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

Mr. S.D.W.Asitha Gunasekara	- Chairmen / Non-Executive Non Independent Director
Mr. J.F.Fernandopulle	- Managing Director / Executive Non-Independent Director
Mr. S.J. Watawala	- Non-Executive Non-Independent Director
Mr. S.D.Senarath Gunasekara	- Non-Executive Non-Independent Director
Mr. G.J.L.Neomal Perera	- Non-Executive Non-Independent Director
Mr. A.J. Shamendra Jayakody	- Non-Executive Non-Independent Director
Mr. M.D.J.P.Nilantha Perera	- Non-Executive Non-Independent Director
Prof. T.S.Gamini Fonseka	- Non-Executive Independent Director
Mr. M.A.C.H. Munaweera	- Non-Executive Independent Director
Mr. N.A. Lalith Cooray	- Non-Executive Independent Director

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.G. Fonseka
 Mr. M. A. C. H. Munaweera
 Mr. S. D. Senarath Gunasekera
 Mr. G. J. L. Neomal Perera

Remuneration Committee

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

Related Party Transactions Review Committee

Prof. T.S. Gamini Fonseka (Chairman)
 Mr. S. D. Senarath Gunasekera
 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 are given on pages 37-38,39 & 40-41 respectively.

Re-election/ re-appointment of Directors

Mr. S.D.Senarath Gunasekara, Mr. A.J. Shamendra Jayakody & Mr. G.J.L.Neomal Perera retire by rotation in terms of Article 73 & 74 of the Articles of Association of the Company and offers themselves for re-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 Transitions 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 2022 as recorded in the Interest Register is given in this Report under Directors' Shareholding.

Directors' Interests in Contracts

The Directors' have no direct or indirect interest in any other contract or proposed contract with the Company except for the transactions referred to in Note 30 in page 82 to 83 of the Financial Statements.





Annual Report of the Board of Directors (Contd.)

Directors' Interest in Shares

The relevant interests of Directors in the shares of the Company as at 31st March 2022 and 31st March 2021 are as follows:

Directors' Name	No. of Shares as at 31.03.2022	No. of Shares as at 31.03.2021
Mr. S.D.W.Asitha Gunasekera	1,088	1,088
Mr. J.F. Fernandopulle	758,876	758,876
Mr. S.D.Senerath Gunasekara	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	67,765	55,560
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 2022 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 2022.

Details of the Related Party Transactions Review Committee and its Report are given on pages 40-41.

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 2022, 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 2022 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. 809,040/- 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 of Directors confirms that there is an ongoing 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 20-22 of this Annual Report.

Public Holdings

A percentage of 87% of the issued shares of the Company are held by the public comprising of 535 shareholders as at the end of the year.

Major Shareholding

Details of the major shareholders of the Company as at 31st March 2022 are given under largest shareholdings on page 88.

Stock Market Information

Information relating to trading of shares of the Company is given under share & investor information on page 88.

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.





Annual Report of the Board of Directors (Contd.)

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 page 27-36.

Internal Controls

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

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

Statutory Payments

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

Annual General Meeting

The Notice of the twenty fifth Annual General Meeting is given in Page 92.

The 25th Annual General Meeting of the Company will be held on 29th September 2022 at 10.30 a.m. at Avenra Garden Hotel, Negombo.

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
Company Secretary

25th August 2022





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 2022 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 to 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 2022, 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 2022 and the Comprehensive Income Statement for the Company for the financial year ended 31st March 2022 reflect a true and fair view of the Company.

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

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

By Order of the Board,
Mahaweli Coconut Plantations PLC

Mr. K. A. Lakshman Rupasinghe (FCA)

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

Colombo
25th August 2022



Independent Auditor's Report



Kreston MNS & Co
Chartered Accountants
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74A, Dharmapala Mawatha
Colombo 07

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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 2022, 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 52-85.

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 2022, and of its Financial Performance and its Cash Flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Consumable biological Asset</p> <p>As at 31 March 2022, 19.23% of the total assets of the Company consisted of consumable biological assets amounting to Rs. 162.8 Mn which are carried at fair value and the fair value Gain of Rs. 16.59 Mn on such valuation has been included in the current year performance of the Company.</p> <p>The valuation of consumable biological assets involves use of significant assumptions, technical expertise, and discounted cash flow model. Due to changes in the key assumptions used such as discount rate and expected timber volume to value, the valuation of Company's consumable biological asset could have a material impact on the Statement of Comprehensive Income and the Statement of Financial Position of the Company. Accordingly, valuation of consumable biological assets has been considered as a Key Audit Matter.</p>	<p>Our audit procedures focused on the valuation performed by the Management's external valuer, which included among others the following procedures;</p> <ul style="list-style-type: none"> We evaluated the competence, capability and objectivity of the external valuer engaged by the Company. We assessed the tree census records maintained by the Company and cross checked whether the number of trees as per valuation report are consistent with that of the census report. We read the external valuer's report and understood the fair value methodology and inputs used (such as discount rate and expected timber volume) in the valuations. <p>We evaluated the adequacy of the related disclosures given in Note 9 in the financial statements.</p>

Member of Kreston Global UK

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Partners

S Rajanathan FCA, FCMA (UK) | N K Atukorala FCA, ACMA | Ms. H D S C A Tillekeratne FCA, ACMA | K I Skandadasan B.Sc. (Madras), FCA, ACMA | R L R Balasingham FCA, ACMA | N K G V Bandara B.Sc.(Acc) Sp, FCA, ACMA | Ms.S. Sawumiya BBA (Acc) Sp, ACA | P. Dharshan ACA | M.F.M. Mujahid BBA (Col), MBA (PIM-SJP), ACA

Branches

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





Independent Auditor's Report (Contd.)

Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 31st March 2022, but does not include the Financial Statements and our auditor's report thereon.

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

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuS 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 SLAuS, 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

25th August 2022





Statement of Financial Position

As at	Note	31.03.2022 Rs.	31.03.2021 Rs.
ASSETS			
Non-Current Assets			
Right of use Assets - Land	5	6,856,020	7,798,106
Property, Plant & Equipment	6	67,180,433	39,513,009
Intangible Assets	7	273,028	167,440
Bearer Biological Assets	8	163,787,681	188,640,835
Consumable Biological Assets	9	162,800,000	146,900,000
Total Non-Current Assets		400,897,162	383,019,390
Current Assets			
Inventories	10	115,249,610	36,800,259
Trade & Other Receivables	11	34,354,163	37,240,813
Short Term Investments	12	242,301,188	231,606,507
Income Tax Refund due	13	1,859,969	1,586,402
Cash at Bank & In Hand	14	51,685,358	44,877,267
Total Current Assets		445,450,288	352,111,248
Total Assets		846,347,450	735,130,638
EQUITY & LIABILITIES			
Capital & Reserves			
Stated Capital	15	384,717,995	384,717,995
Retained Earnings		301,859,968	195,090,854
Total Equity		686,577,963	579,808,849
Advance Received for Allotment of Shares		16,319,276	16,319,276
Shareholders Funds		702,897,239	596,128,125
Non-Current Liabilities			
Obligation under Right of use Assets - Land on Lease	16	24,878,736	27,250,656
Retirement Benefit Obligation	17	10,055,170	12,698,599
Deferred Tax Liability	18	42,903,927	42,628,434
Total Non-Current Liabilities		77,837,833	82,577,689
Current Liabilities			
Trade & Other Payables	19	63,240,460	47,592,562
Obligation under Right of use Assets - Land on Lease	16	2,371,918	8,832,262
Total Current Liabilities		65,612,378	56,424,824
Total Liabilities		143,450,211	139,002,513
Total Equity & Liabilities		846,347,450	735,130,638


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 56-85.

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


Finance Controller
 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.


Chairman
 Mr. S.D.W. Asitha Gunasekera


Managing Director
 Mr. J.F. Fernandopulle

25th August 2022





Statement of Comprehensive Income

For the year ended	Note	31.03.2022 Rs.	31.03.2021 Rs.
Revenue	20	244,417,086	230,192,004
Cost of Sale		(52,780,501)	(91,475,030)
Gross Profit		191,636,585	138,716,974
Other Income	21	8,702,432	10,578,274
Gain on change in Fair Value of Biological Assets		16,586,000	1,726,400
Administration Expenses		(30,364,860)	(29,392,914)
Other Expenses		(49,722)	(37,792)
Results from Operating Activities		186,510,435	121,590,942
Finance Costs	22	(4,698,170)	(4,992,845)
Finance Income	22	12,829,025	14,044,828
Net Finance Income		8,130,855	9,051,983
Profit before Taxation	23	194,641,290	130,642,925
Taxation	24	(3,364,192)	(738,662)
Profit for the year		191,277,098	129,904,263
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	17.2	3,467,794	(401,442)
Tax effect on Actuarial Gain on Retirement Benefit Obligation	24	(485,491)	56,202
Net Other Comprehensive Income not to be reclassified to profit or loss in the subsequent period (net of tax)		2,982,303	(345,240)
Total Other Comprehensive Income for the year, net of tax		2,982,303	(345,240)
Total Comprehensive Income for the Year (net of tax)		194,259,401	129,559,023
Earnings per Share (Rs.) - Basic	25	5.46	3.71
- Diluted	25	5.46	3.71
Dividend per Share (Rs.)	26	2.50	2.25

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 56-85.





Statement of Changes In Equity

For the year ended 31st March 2022

	Note	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1st April 2020		384,717,995	144,273,090	528,991,085
Dividend				
Final 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
Balance as at 1st April 2021		384,717,995	195,090,854	579,808,849
Dividend				
Final Dividend for 2020/21	32	-	(52,494,172)	(52,494,172)
Interim Dividend-2021/2022	32	-	(34,996,115)	(34,996,115)
		-	(87,490,287)	(87,490,287)
Transactions with owners		-	(87,490,287)	(87,490,287)
Profit for the year		-	191,277,098	191,277,098
Other comprehensive income for the year net of tax		-	2,982,303	2,982,303
Total comprehensive income for the year net of tax		-	194,259,401	194,259,401
Balance on 31st March 2022		384,717,995	301,859,968	686,577,963

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 56-85.





Statement of Cash Flows

For the year ended	Note	31.03.2022 Rs.	31.03.2021 Rs.
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before Taxation		194,641,290	130,642,925
Adjustments for :			
Finance Income	22	(12,829,025)	(14,044,828)
Finance Cost	22	4,698,170	4,992,845
Depreciation of Property, Plant & Equipment	6	3,485,228	2,830,065
Amortisation of Intangible Assets	7	74,412	74,412
Amortisation of Right of use of Land on Lease	5	942,086	832,479
Immature Bearer Biological Assets transfer to Statement of Comprehensive Income	8	482,622	135,989
Work in Progress transfer to Expenses	6	9,637	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	1,699,505	2,717,303
Loss / (Profit) on changes in Fair Valuation of Consumable Biological Assets	9	(16,586,000)	(1,726,400)
Lease Liability under provision prior year	16	-	3,311,792
Reversal Lease Liability over provision prior year	16	(737,957)	-
Property, Plant & Equipment Adjustments	6	(68,241)	-
Profit from operations before changes in working capital		201,055,981	154,408,874
Changes in Working Capital			
(Increase) / Decrease in Inventories	10	(77,763,351)	(21,562,271)
(Increase) / Decrease in Trade & Other Receivables	11	2,886,650	3,740,285
Increase / (Decrease) in Trade & Other Payables	19	14,995,128	26,800,247
Cash Generated from Operations		141,174,408	163,387,135
Gratuity Paid	17	(875,140)	(490,910)
Tax Paid	13	(3,847,757)	(2,484,000)
Interest Paid	22	-	(728,657)
Net Cash Generated from Operating Activities		136,451,511	159,683,568
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of Property, Plant & Equipment	6	(8,951,256)	(2,573,726)
Acquisition of Intangible Asset	7	(180,000)	-
Addition to Bearer Biological Assets - Immature	8	(873,722)	(401,134)
Expenditure on Capital Work In Progress	6	(22,142,792)	(1,537,828)
Net Investment in Fixed Deposits	12	(11,646,147)	(67,249,968)
Interest Received	22	13,780,491	13,271,359
Net Cash used in Investing Activities		(30,013,426)	(58,491,297)
CASH FLOW FROM FINANCING ACTIVITIES			
Payments of Advance for Allotment of Shares		-	(2,137,230)
Payment to Mahaweli Authority of Sri Lanka	16	(12,139,707)	(6,148,227)
Dividend Paid	32	(87,490,287)	(78,741,259)
Net Cash used in Financing Activities		(99,629,994)	(87,026,716)
Net Increase / (Decrease) in Cash and Equivalents		6,808,090	14,165,556
Cash and Cash Equivalents at the Beginning of the year	14	44,877,267	30,711,712
Cash and Cash Equivalents at the End of the year	14	51,685,358	44,877,267

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 56-85.



Notes to the Financial Statements

1 REPORTING ENTITY

1.1 Domicile and Legal Form

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

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

1.2 Principal Business Activities and Nature of Operations

The Company is primarily 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 2022 were authorised for issue by the Board of Directors on 25th August 2022.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Financial Statements of the Company comprise of Statement of Comprehensive Income, Statement of Financial Position, Statement of Charges in Equity and Statement of Cash Flows 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 produces 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 01 on "Presentation of Financial Statements".





Notes to the Financial Statements (Contd.)

2. BASIS OF PREPARATION (CONTD.)

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



Notes to the Financial Statements (Contd.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

3.1 Fair Value Measurement (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 re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

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

3.2 Foreign currency transactions

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

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

3.3 Right of Use 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.

3.4 Property, Plant and Equipment

3.4.1 Cost

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

3.4.2 Subsequent Cost

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

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

3.4.3 Derecognition

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

3.4.4 Depreciation

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





Notes to the Financial Statements (Contd.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

3.4.4 Depreciation (Contd)

Freehold Assets	Years
Buildings	30
Motor Vehicles	5
Furniture & Fittings	10
Equipment	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 Statement.

3.6 Biological Assets

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

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

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

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



Notes to the Financial Statements (Contd.)

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	LKR.
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 15.42%

3.6.4 Nursery Cost

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

3.7 Inventories

3.7.1 Agricultural Produce harvested from Biological Assets

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

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

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

3.7.3 Consumables Stock

At actual cost on weighted average basis.

3.7.4 Nursery Stock

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



Notes to the Financial Statements (Contd.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

3.8 Trade & Other Receivables

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

3.9 Cash and Cash Equivalents

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

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 asset.

Short-term leases and leases of low-value assets :-

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

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:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- 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;



Notes to the Financial Statements (Contd.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

3.12 Leases (Contd)

the purchaser has the ability or right to control physical access to the assets while obtaining or controlling more than an insignificant amount of the output; or

facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

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

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

3.13 Employee Benefits

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

3.13.1 Defined Contribution Plans

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

3.13.2 Retirement Benefit Obligations

The retirement benefit plan adopted is as required under the Payment of Gratuity Act No.12 of 1983 to eligible employees. This item is grouped under

Employee Benefits in the Statement of Financial Position. The liability recognised in the Statement of Financial Position in respect of defined benefit plan is the present value of defined benefit obligation at the reporting date. Provision for Gratuity on the Employees of the Company is based on an actuarial valuation, using the Projected Unit Credit (PUC) method as recommended by Sri Lanka Accounting Standards 19 - "Employee Benefits". Remeasurements, comprising actuarial gains and losses, are recognised immediately in the Statement of Financial Position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. The Company recognises the changes in the defined benefit liability attributable to the service costs (current service costs and any past service costs) and interest expense in the profit or loss. Key assumptions used in determining the defined benefit obligation are given in Note 17.3

The actuarial valuation was carried out by a professionally qualified firm of actuaries, Messrs Actuarial and Management Consultants (Private) Limited as at 31 March 2022.

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.





Notes to the Financial Statements (Contd.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

3.15.1 Current Income Tax (Contd)

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

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

3.15.2 Deferred Tax

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

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

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

Deferred tax for the year has been computed at 14% as per the Inland Revenue Act No. 24 of 2017.

3.16 Financial Instruments

3.16.1 Recognition, initial measurement and derecognition

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

3.16.2 Classification and subsequent measurement of financial assets

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

- debt instruments at amortised cost
- debt instruments at fair value through other comprehensive income (FVTOCI)

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

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.



Notes to the Financial Statements (Contd.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

3.16.2 Classification and subsequent measurement of financial assets (Contd)

Debt instruments, derivatives and equity instruments at FVTPL

Debt instrument at FVTPL

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

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

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

3.16.3 Derecognition

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

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

3.16.4 Impairment of financial assets

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

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

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

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

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.





Notes to the Financial Statements (Contd.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

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.

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 is 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 Principle 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.



Notes to the Financial Statements (Contd.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

3.19 Finance Income and Finance Costs (Contd)

Borrowing Costs

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

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

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

3.20 Statement of Cash Flows

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

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

3.21 Commitments and contingencies

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

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

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

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.





Notes to the Financial Statements (Contd.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

3.24 Critical Accounting Estimates and Judgements (Contd)

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

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

Following amendments to Sri Lanka Accounting Standards issued not yet effective as at the reporting date have not been applied in preparing the Financial Statements. The Company plans to apply these amendments to the standards from their effective dates.

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

- LKAS 41- Taxation in Fair Value Measurement
- Property, Plant and Equipment - Proceeds before intended use (Amendments to LKAS 16)
- Reference to Conceptual Framework (Amendments to SLFRS 3)
- Onerous Contracts - cost of fulfilling a contract (Amendments to LKAS 37)
- Covid 19 related Rent Concessions (Amendments to SLFRS 16)
- Classification of liabilities as current and Non current (Amendments to LKAS 01)

3.26 Segment Information

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

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





Notes to the Financial Statements (Contd.)

NOTE 4 - ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS

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

	Note	Fair value through OCI Rs.	Fair value through Profit & Loss Rs.	Amortised cost Rs.	Total Rs.
Balance on 31st March 2022					
Financial Assets					
Trade & Other Receivables	11	-	-	24,597,766	24,597,766
Short Term Investments	12	-	-	242,301,188	242,301,188
Cash at Bank & in Hand	14	-	-	51,685,358	51,685,358
		-	-	318,584,312	318,584,312

	Note	Financial Liabilities at fair value through Profit & Loss Rs.	Financial Liabilities at amortised cost Rs.	Total Rs.
Financial Liabilities				
Trade & Other Payables	19	-	61,665,302	61,665,302
Obligation under Right of use Assets - Land	16	-	27,250,654	27,250,654
		-	88,915,956	88,915,956

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 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	-	-	44,877,267	44,877,267
		-	-	303,996,393	303,996,393

	Note	Financial Liabilities at fair value through Profit & Loss Rs.	Financial Liabilities at amortised cost 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.





Notes to the Financial Statements (Contd.)

NOTE 5 - RIGHT OF USE ASSETS - LAND

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Capitalized Value		
Balance on 1st April	16,541,028	15,147,793
Adjustments to 129 HA Land Value	-	1,393,235
Balance on 31st March	16,541,028	16,541,028
Amortisation		
Balance on 1st April	8,742,922	7,910,443
Amortisation during the year	942,086	832,479
Balance on 31st March	9,685,008	8,742,922
Net Balance	6,856,020	7,798,106

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.



Notes to the Financial Statements (Contd.)

NOTE 6 - PROPERTY, PLANT & EQUIPMENT

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

	Land	Buildings	Motor Vehicles	Furniture & Fittings	Equipment	Work in Progress	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Gross carrying amount-at cost							
Balance on 1st April 2021	20,095,000	9,890,484	20,247,550	1,671,843	76,128,865	622,704	128,656,445
Additions during the year	-	148,227	6,317,246	69,033	2,416,750	22,142,792	31,094,048
Transferred from CWIP	-	595,559	-	-	347,035	(942,594)	-
Transfer to Statement of Comprehensive Income	-	-	-	-	-	(9,637)	(9,637)
Adjustments	-	-	(72,000)	(50,320)	(2,148,782)	-	(2,271,102)
Balance on 31st March 2022	20,095,000	10,634,270	26,492,796	1,690,556	76,743,868	21,813,265	157,469,754
Depreciation and Impairment							
Balance on 1st April 2021	-	2,220,342	17,540,800	1,370,809	68,011,485	-	89,143,436
Charge for the year	-	337,223	704,278	73,077	2,370,650	-	3,485,228
Adjustments	-	112,034	(117,789)	(48,466)	(2,285,122)	-	(2,339,343)
Balance on 31st March 2022	-	2,669,599	18,127,289	1,395,420	68,097,013	-	90,289,321
Net Book Value							
As at 31st March 2022	20,095,000	7,964,671	8,365,507	295,136	8,646,855	21,813,265	67,180,433
As at 31st March 2021	20,095,000	7,670,142	2,706,750	301,034	8,117,380	622,704	39,513,009

Cost of fully depreciated assets still in use as at 31 March 2022 amounts to Rs. 29,615,012.65

Rs.

Work in Progress includes the following

- Construction of Electric Fence	101,325
- Construction of Executive Bungalow	321,100
- Double Decorticator Machine	3,387,601
- Steel Building (Husk Project)	10,042,060
- Concrete Yard (Husk Project)	7,961,179
	<u>21,813,265</u>



Notes to the Financial Statements (Contd.)

NOTE 7 - INTANGIBLE ASSETS

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Cost		
Balance on 1st April	372,075	372,075
Add: Additions during the year	180,000	-
Balance on 31st March	552,075	372,075
Amortisation		
Balance on 1st April	204,635	130,223
Amortisation during the year	74,412	74,412
Balance on 31st March	279,047	204,635
Net carrying value	273,028	167,440

The brought forward sum of Rs. 372,075 represents the cost of accounting software being amortised over 15 months. The additions of Rs. 180,000 represents the cost of Fixed Assets Module which is being amortised over 60 months.

NOTE 8 - BEARER BIOLOGICAL ASSETS

	Immature Plantation			Mature Plantation			As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
	Coconut Rs.	Others Rs.	Total Rs.	Coconut Rs.	Others Rs.	Total Rs.		
Cost								
Balance on 1st April	-	557,421	557,421	504,885,076	-	504,885,076	505,442,497	505,177,352
Additions during the year	-	873,722	873,722	-	-	-	873,722	401,134
Transfer to / from	-	(482,622)	(482,622)	-	482,622	482,622	-	-
Transfer to statement of comprehensive income	-	-	-	-	(482,622)	(482,622)	(482,622)	(135,989)
Balance on 31st March	-	948,521	948,521	504,885,076	-	504,885,076	505,833,597	505,442,497
Depreciation & Impairment								
Balance on 1st April	-	-	-	316,801,662	-	316,801,662	316,801,662	291,557,408
Charge for the year	-	-	-	25,244,254	-	25,244,254	25,244,254	25,244,254
Balance on 31st March	-	-	-	342,045,916	-	342,045,916	342,045,916	316,801,662
Carrying Value	-	948,521	948,521	162,839,160	-	162,839,160	163,787,681	188,640,835

- (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, Turmeric, Cashew etc.





Notes to the Financial Statements (Contd.)

NOTE 9 - CONSUMABLE BIOLOGICAL ASSETS

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Balance on 1st April	146,900,000	145,173,600
Trees Removed*	(686,000)	-
Gain / (Loss) on change in Fair value	16,586,000	1,726,400
Balance on 31st March	162,800,000	146,900,000
Valuation :		
Estimated Value	162,800,000	146,900,000
Value	162,800,000	146,900,000

*24 Teak trees with timber content of 431 Cu.Ft on field No 3 was removed due to the disturbance on electricity line with a base price of Rs. 686,000

As at 31st March Assets measured at fair value	Date of Valuation	Level 1	Level 2	Level 3
Consumable Biological Assets - Teak	31st March 2022	-	-	162,800,000

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) 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.
- 4) Adopted discounting rate for valuation is 15.42%.
- 5) 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.
- 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.





Notes to the Financial Statements (Contd.)

NOTE 9 - CONSUMABLE BIOLOGICAL ASSETS (CONTD)

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

$$DF = R_f + RP$$

Where:

Risk free (Rf) rate:

- The nominal risk-free rate of 9.42% was derived with reference to the latest 7-year treasury bond yield as at March 2022, 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 15.42%."

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	179,080,000	162,800,000	146,520,000

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 :

	16.42%	15.42%	14.42%
	Rs.	Rs.	Rs.
Total value of Stumpage	158,640,000	162,800,000	167,120,000



Notes to the Financial Statements (Contd.)

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 The valuation model considers present value of future net cash flows expected to be generated by the plantation from the teak content of managed teak plantation on a tree-per-tree basis. The expected net cash flow are discounted using a risk adjusted discount rate.	Discounting factor	15.42%	The higher the discount rate, the lower the fair value
		Optimum rotation (Maturity)	25 years	Lower the rotation period, the higher the fair value.
		Volume (Timber content)	3.00 to 262,481.43 Cu. Dcm	The higher the weight the higher the fair value
		Price per Cu. Dcm.	Rs. 6.36 to Rs. 62.15 per Cu. Dcm.	The higher the price the higher the fair value

NOTE 10 - INVENTORIES

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Harvested Crop	104,006,052	34,112,286
Nurseries	60,328	206,580
Consumables & Others	11,183,230	2,481,393
	115,249,610	36,800,259

NOTE 11 - TRADE & OTHER RECEIVABLES

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Trade Receivables	22,609,697	27,311,794
Deposits	38,150	38,150
Prepayments	129,681	234,101
Employee Advances	105,000	94,750
Advances	9,521,716	9,399,343
Other Receivables	2,709,223	921,979
	35,113,467	38,000,117
Less : Allowance for Impairment	(759,304)	(759,304)
	34,354,163	37,240,813





Notes to the Financial Statements (Contd.)

NOTE 12 - SHORT TERM INVESTMENTS

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Fixed Deposits		
Balance on 01st April	231,606,507	163,583,070
Amount Invested during the year	-	134,037,764
Interest Received & re-investment	6,197,638	8,239,965
Withdrawals made during the year	-	(79,702,802)
Interest Receivable at the end of year	4,497,043	5,448,510
Balance on 31st March	242,301,188	231,606,507

The average interest yield on short term deposits was 4.68%.

NOTE 13 - INCOME TAX REFUND DUE

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Balance on 01st April	1,586,402	3,838,252
Provision for the year	(3,574,190)	(3,340,642)
Under provision in respect of previous year	-	(1,395,208)
	(1,987,788)	(897,598)
Payments made during the year	3,847,757	2,484,000
Balance on 31st March	1,859,969	1,586,402

NOTE 14 - CASH AT BANK & IN HAND

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Cash at Bank	51,655,884	44,857,250
Cash in Hand	29,474	20,017
Cash and Cash Equivalents for the purpose of Cash Flow Statement	51,685,358	44,877,267

NOTE 15 - STATED CAPITAL

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Number of Ordinary Shares issued & fully paid		
Balance on 01st April	34,996,115	34,996,115
Balance on 31st March	34,996,115	34,996,115
	Rs.	Rs.
Stated Capital on 01st April	384,717,995	384,717,995
Stated Capital on 31st March	384,717,995	384,717,995

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

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



Notes to the Financial Statements (Contd.)

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

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Mahaweli Authority of Sri Lanka		
Balance on 01st April	36,082,918	33,261,930
Adjustments to 129 HA Land Value	-	1,393,235
Under provision of Lease Liability prior year (129 HA Land)	-	3,311,792
Prior year Over Provision Reversal	(737,957)	-
Interest Expense	4,045,400	4,264,188
	39,390,361	42,231,145
Payments made during the year	(12,139,707)	(6,148,227)
Balance on 31st March	27,250,654	36,082,918
Not later than one year	2,371,918	8,832,262
Later than one year not later than five years	22,936,924	19,475,172
Later than five years	1,941,812	7,775,484
	24,878,736	27,250,656

NOTE 17 - RETIREMENT BENEFIT OBLIGATION

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Balance on 1st April	12,698,599	10,070,764
Current Service Cost	1,295,634	1,609,517
Interest Cost	1,142,874	1,107,786
Actuarial (gain) / loss due to change in assumption	(3,467,794)	401,442
Payments during the year	(875,140)	(490,910)
Past Service Cost	(739,003)	-
Balance on 31st March	10,055,170	12,698,599

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

	2022 Rs.	2021 Rs.
Cost of Sales	1,450,692	1,790,434
Administration Cost	248,813	926,869
	1,699,505	2,717,303
17.2 Actuarial gain on defined benefit plan has been recognized in Statement of Other Comprehensive Income in terms of provisions in LKAS 19.	(3,467,794)	401,442

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

	Salary increment rate	Retirement age	Discount rate	Staff Turnover Ratio
2021/2022				
Workers	10% per annum	55 - 75 years	13.5%	3% up to age 54 and thereafter zero
Staff	10% per annum	55 - 75 years	13.5%	
2020/2021				
Workers	10% per annum	55 - 75 years	9%	
Staff	10% per annum	55 - 75 years	9%	





Notes to the Financial Statements (Contd.)

NOTE 17 - RETIREMENT BENEFIT OBLIGATION (CONTD)

17.4 Sensitivity analysis

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

LKAS 19 requires the use of actuarial techniques to make a reliable estimate of the amount of retirement benefit that employees have earned in return for their service in the current and prior periods using the Projected Unit Credit Method and discount that benefit in order to determine the present value of the retirement benefit obligation and the current service cost. This 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 2022 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 2022, the actuarial present value of promised retirement benefits obligation amounted to Rs. 10,055,170/-.

Percentage increase / (decrease) in discount rate	Impact on Retirement benefit obligations	
	+ 1% Rs.	- 1% Rs.
As at 31 March 2022	(635,750)	724,177
As at 31 March 2021	(772,813)	892,394

Percentage increase / (decrease) in salary / wages increment rate	Impact on Retirement benefit obligations	
	+ 1% Rs.	- 1% Rs.
As at 31 March 2022	765,266	(681,043)
As at 31 March 2021	904,791	(799,181)

NOTE 18 - DEFERRED TAX LIABILITY

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Balance on 01st April	42,628,434	46,681,824
Originating / (reversal) during the year recognised in the Statement of Comprehensive Income	(209,998)	(3,997,188)
Originating / (reversal) during the year recognised in Other Comprehensive Income	485,491	(56,202)
Balance on 31st March	42,903,927	42,628,434



Notes to the Financial Statements (Contd.)

NOTE 18 - DEFERRED TAX LIABILITY (CONTD)

NOTE 18.1 - DEFERRED TAX RECONCILIATION

	31.03.2022		31.03.2021	
	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.
Balance on 01st April	304,488,812	42,628,434	333,441,596	46,681,824
Amount originate / (reversal) during the year	1,967,811	275,493	(28,952,784)	(4,053,390)
Balance on 31st March	306,456,623	42,903,927	304,488,812	42,628,434
Deferred Tax Liability				
Temporary difference on Right of use Asset	6,856,020	959,843	7,798,106	1,091,735
Temporary difference on Property, Plant & Equipment	10,514,378	1,472,013	10,080,211	1,411,229
Temporary difference on Intangible Assets	(195,632)	(27,388)	(148,823)	(20,835)
Temporary difference on Bearer Biological Assets	163,787,681	22,930,275	188,640,835	26,409,717
Temporary difference on Consumable Biological Assets	162,800,000	22,792,000	146,900,000	20,566,000
	343,762,447	48,126,743	353,270,329	49,457,846
Deferred Tax Assets				
Temporary difference on Obligation under Right of use Asset	27,250,654	3,815,092	36,082,918	5,051,608
Temporary difference on Defined Benefit Obligation	10,055,170	1,407,724	12,698,599	1,777,804
	37,305,824	5,222,816	48,781,517	6,829,412
Balance on 31st March	306,456,623	42,903,927	304,488,812	42,628,434

Deferred Tax Assets & Liabilities are measured based on the tax rate that have been enacted 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 2022 is 14% (2021-14%).

NOTE 19 - TRADE & OTHER PAYABLES

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Accrued Expenses & Other Payables	11,967,193	9,774,810
Sundry Creditors	959,622	641,929
Dividend Payable	50,313,645	37,175,823
	63,240,460	47,592,562

NOTE 20 - REVENUE

	Year ended 31.03.2022 Rs.	Year ended 31.03.2021 Rs.
Coconut	215,661,223	212,671,155
Copra	28,755,863	17,520,849
	244,417,086	230,192,004

NOTE 21 - OTHER INCOME

	Year ended 31.03.2022 Rs.	Year ended 31.03.2021 Rs.
Sale of Husks	6,220,821	8,089,916
Sundry Income	1,743,654	1,866,499
Provision Reversal of Debtor Impairment	-	616,750
PAYE Tax Written Back	-	5,109
Lease Overprovision Reversal	737,957	-
	8,702,432	10,578,274

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



Notes to the Financial Statements (Contd.)

NOTE 22 - FINANCE COSTS AND FINANCE INCOME

	Year ended 31.03.2022 Rs.	Year ended 31.03.2021 Rs.
22.1 Finance Costs		
Interest expenses on		
Obligation under Right of use Assets - Land on Lease	4,045,400	4,264,188
Advance received for Allotment of Shares	652,770	728,657
Total Finance Cost	4,698,170	4,992,845
22.2 Finance Income		
Interest income on		
Fixed Deposits	10,694,680	13,729,330
Debtor collection delays	82,981	125,488
Interest Money Market Account	2,051,364	190,010
Total Finance Income	12,829,025	14,044,828

NOTE 23 - PROFIT BEFORE TAXATION

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

	Year ended 31.03.2022 Rs.	Year ended 31.03.2021 Rs.
Depreciation & Amortisation		
- Bearer Biological Asset	25,244,254	25,244,254
- Property, Plant & Equipment	3,485,228	2,830,064
- Intangible Asset	74,412	74,412
- Right of use Land on Lease	942,086	832,479
Auditors' Remuneration		
- Statutory Audit - Current	809,040	674,200
- Other than Audit Related Services	123,340	135,120
Directors Remuneration	5,955,000	4,830,000
Donations	188,032	108,270
Staff Costs		
- Staff Salaries	16,437,299	15,370,843
- Defined contribution Plan Cost - EPF, ETF, CPPS & ESPS	1,266,341	1,196,016
- Defined Benefit Plan Cost - Provision for Retiring Gratuity	1,699,505	2,717,303



Notes to the Financial Statements (Contd.)

NOTE 24 - TAXATION

24.1 INCOME TAX

In terms of Inland Revenue Act No. 24 of 2017, the income tax provision of the Company has been calculated on their profit at the rate of 14% up to 31 December 2019 and agro-farming income is exempt thereafter. Gains & Profits from Agro-Processing income is liable to tax at 14% effective from 01.01.2020. Further, in terms of paragraph 11 of the first schedule of the Inland Revenue Act No. 24 of 2017, Income tax payable on gains and profits from Agro-Processing is reduced by 25% proportionately to the farming produce, produced by the Company and used for Agro-Processing to the total farming produce used for Agro-Processing. This concession is available up to 31.03.2026.

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

	Year ended 31.03.2022 Rs.	Year ended 31.03.2021 Rs.
Income Tax on Profit for the year	3,574,190	3,340,642
Prior year under provision	-	1,395,208
Deferred Tax Provision / (Reversal)	(209,998)	(3,997,188)
Tax Expenses on Profit & Loss	3,364,192	738,662
Deferred Tax on Other Comprehensive Income	485,491	(56,202)
Tax on Total Comprehensive Income	3,849,683	682,460
24.2 Reconciliation of Accounting Profit and Tax for Current year		
Profit before Taxation	194,641,290	130,642,925
Tax at the Applicable Rate	28,524,385	19,681,944
Tax effect on Expenses that are not deductible in determining taxable profit	77,226	1,994,200
Tax effect on Expenses that are deductible in determining taxable profit	-	(86,345)
Tax effect on Deemed Income	2,249,125	-
Tax effect on brought forward loss set off	(541,319)	(182,121)
Tax effect on OCI	485,491	(56,202)
Tax effect on exempt income	(27,074,008)	(21,600,572)
Prior year under provision	-	1,395,208
Tax effect on Lease Rent - prior year	-	(463,652)
Tax over provision	128,783	-
Tax Expenses	3,849,683	682,460
24.3 Deferred Tax		
Deferred tax arising from		
Liabilities		
Property, Plant & Equipment	60,784	(105,869)
Intangible Assets	(6,553)	(7,813)
Bearer Biological Assets	(3,479,442)	(3,497,075)
Right of use Assets - Land	(131,892)	78,506
Consumable Biological Assets	2,226,000	241,696
Assets		
Defined Benefit Obligations	370,080	(367,897)
Obligation under Right of use Asset	1,236,516	(394,938)
Total deferred tax Charge / (Reversal)	275,493	(4,053,390)

Deferred tax has been computed at the rate of 14% in line with the tax rate substantively enacted as at 31.03.2022





Notes to the Financial Statements (Contd.)

NOTE 25 - EARNINGS PER SHARE

25.1 Basic earnings per ordinary share

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

	As at 31.03.2022	As at 31.03.2021
Net profit attributable to ordinary shareholders (Rs.)	191,277,098	129,904,263
Weighted average number of ordinary shares in issue (Nos)	34,996,115	34,996,115
Basic earnings per ordinary share (Rs.)	5.46	3.71

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 31.03.2022	As at 31.03.2021
Dividend Paid (Rs.)	87,490,287	78,741,259
No. of Ordinary Shares in Issue (Nos.)	34,996,115	34,996,115
Dividend per Ordinary Share (Rs.)	2.50	2.25

NOTE 27 - CONTINGENT LIABILITIES

The Contingency 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. They have requested to withdraw the case subject to our withdrawing of caveat. Therefore it is unlikely any claim will be payable for this case. Finally appeared on 28.06.2022 to close the case but postponed to 09.08.2022.

There are no other contingent liabilities as at 31st March 2022 other than above, which would require adjustments to or disclosure in the Financial Statements.

NOTE 28 - CAPITAL COMMITMENTS

Capital commitments as at 31st March 2022 in respect of the Company is Rs. 24.7Mn (2020/21 - Nil).

NOTE 29 - EVENTS OCCURRING AFTER THE REPORTING DATE

Final Dividend - 2021/2022

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 29th September 2022 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 2022. 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.

The Impact on Rapid change in Micro economic factor is given on page 14.

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





Notes to the Financial Statements (Contd.)

NOTE 30 - RELATED PARTY DISCLOSURES

30.1 Terms and conditions of Transactions with Related Parties

The Company carried out transactions in the ordinary course of business with its Related Parties. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any Related Party receivables or payables. For the year ended 31 March 2022, the Company has not recorded an impairment of receivables relating to amounts owed by Related Parties.

30.2 Parent and Ultimate Controlling Party

The Company does not have an identifiable parent of its own

30.3 Key management personnel information

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

Mr S.D.W.Asitha Gunasekera, Mr. J.F.Fernandopulle, Mr. S.D.Senerath Gunasekera, Mr. S.J. Watawala, Mr.G.J.L.Neomal Perera, Mr.A.J.Shamendra Jayakody, Mr.M.D.J.P.Nilantha Perera, Prof. T.S.Gamini Fonseka, Mr.M.A.C.H.Munaweera and Mr.N.A.L.Coaray were Directors of the Company during the year

	Year ended 31.03.2022 Rs.	Year ended 31.03.2021 Rs.
Directors Fees	5,955,000	4,830,000

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, 2022 under normal commercial terms.

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

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

Transaction with Other Related Companies

Name of the Company	Name of Director	Relationship	Nature of Transaction	31.03.2022 Rs.	31.03.2021 Rs.
Jayakody Mills (Pvt) Ltd	Mr. A.J.Shamendra Jayakody	Managing Director	Sale of Coconuts Trade Receivables	18,808,190 3,531,270	6,068,280 -
St. Anne's Factory (Pvt) Ltd	Mr. G.J.L. Neomal Perera	Chairman / Managing Director	Sale of Coconuts Trade Receivables	75,888,557 10,760,730	53,813,512 6,883,202
Battuluoya Mills	Mr. M.D.J.P. Nilantha Perera	Managing Director	Sale of Coconuts Trade Receivables	- -	3,840,480 2,790,480

Transactions with Shareholders

S.A Silva & Sons Lanka (Pvt) Ltd	-	Shareholder with 2% holding	Sale of Coconuts Trade Receivables	26,049,330 -	81,102,904 11,497,636
Katana Oil Mills (Pvt) Ltd.	-	Mr.P.P.Suresh Fernando with 4% holding of MCPPLC is the Managing Director of Katana Oil Mills (Pvt) Ltd.	Sale of Coconuts Sale of Copra	2,997,750 28,747,262	30,533,301 17,155,828
Asian Agro Products (Pvt) Ltd	-	Shareholder with 0.003% holding	Sale of Coconuts Trade Receivables	11,101,018 768	6,415,530 2,744,530

30.5 The Company has sold seedlings amounting to Rs. 219,600 to Mr S.D.W.Asitha Gunasekera who is the Chairman of the Company and the balance due as at 31.03.2022 is Rs. 75,000.

There are no other transactions with key management personnel other than above.





Notes to the Financial Statements (Contd.)

NOTE 30 - RELATED PARTY DISCLOSURES (CONTD)

30.6 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 2022 audited Financial Statements, which required additional disclosures in the 2021/22 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.

30.7 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
			Rs.		
Jayakody Mills (Pvt) Ltd	Common Directorship	Sale of Coconut	18,808,190	7.70%	Normal Commercial Terms
St. Anne's Factory (Pvt) Ltd	Common Directorship	Sale of Coconut	75,888,557	31.05%	Normal Commercial Terms
S.A Silva & Sons Lanka (Pvt) Ltd	Shareholder with 2% shareholding	Sale of Coconut	26,049,330	10.66%	Normal Commercial Terms
Katana Oil Mills (Pvt) Ltd.	Entity controlled by a shareholder with 4% shareholding at MCPPLC	Sale of Coconut	2,997,750	1.23%	Normal Commercial Terms
Katana Oil Mills (Pvt) Ltd.	Entity controlled by a shareholder with 4% shareholding at MCPPLC	Sale of Copra	28,747,262	11.76%	Normal Commercial Terms
Asian Agro Products (Pvt) Ltd	Shareholder with 0.003% shareholding	Sale of Coconut	11,101,018	4.54%	Normal Commercial Terms

NOTE 31 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise, Accrued and other payables, and Obligation under 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.





Notes to the Financial Statements (Contd.)

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

Credit risk

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

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

	As at 31.03.2022 Rs.	As at 31.03.2021 Rs.
Financial Assets		
Trade and Other Receivables		
Neither Past-due nor Impaired	19,666,716	27,474,469
Total	19,666,716	27,474,469
Past-due but not Impaired		
<30 days	-	-
30-60 Days	4,892,900	-
61-90 Days	-	-
91-120 Days	-	-
>120 Days	38,150	38,150
Total	4,931,050	38,150
Individually Impaired	759,304	759,304
Total	759,304	759,304
Total Trade and Other Receivable Exposed to Credit Risk	25,357,070	28,271,923
Short Term Investments		
Neither Past-due nor Impaired		
Fitch Rating		
AA+(Ika) - Stable (2020/21 - AA+(Ika) Negative)	85,497,374	81,680,429
A(Ika) - Watch (2020/21 - A-(Ika) Stable)	156,803,814	149,926,079
Total Short Term Investments Exposed to Credit Risk	242,301,188	231,606,508
Cash and Cash Equivalents		
Neither Past-due nor Impaired		
Fitch Rating		
AA+(Ika) - Stable (2020/21 - AA+(Ika) Negative)	47,180,622	41,763,703
A(Ika) - Watch (2020/21 - A-(Ika) Stable)	4,475,261	3,093,547
Total	51,655,883	44,857,250
Cash in hand	29,474	20,017
Total Cash and Cash Equivalents Exposed to Credit Risk	51,685,357	44,877,267
Total Financial Assets Exposed to Credit Risk	319,343,615	304,755,698





Notes to the Financial Statements (Contd.)

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

Neither past-due nor Impaired

Trade Receivable balances not exceeding the credit period at the reporting date and the impairment is very remote.

Past-due but not Impaired

Trade Receivables balances exceeding the credit period and not likely to become impaired at the reporting date.

Individually Impaired

Trade Receivables balance exceeding the credit period and considered as impaired at reporting date.

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 2022							
Trade & Other Payables	19	1,891,955	41,998,593	1,305,541	-	16,469,213	61,665,302
Obligation under Right of use Assets - Land on Lease	16	-	-	2,371,918	22,936,924	1,941,812	27,250,654
		1,891,955	41,998,593	3,677,459	22,936,924	18,411,025	88,915,956

	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 32 - DIVIDENDS

	31.03.2022 Rs.	31.03.2021 Rs.
Ordinary Share Dividends		
Interim Dividend - 2021/22 / 2020/21	34,996,115	26,247,086
Final Dividend - 2020/21 / 2019/20	52,494,172	52,494,173
Gross Dividend	87,490,287	78,741,259





Supplementary Information

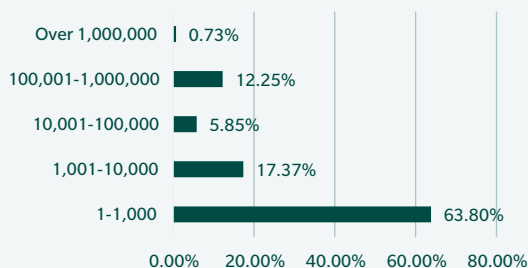


Shareholders Information

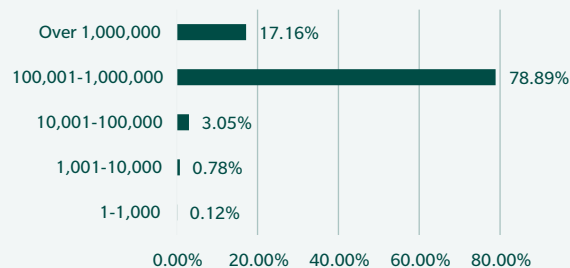
1. Distribution of Shareholding as at 31.03.2022

Category	No. of Share Holders	% No. of Shares	No. of Shares	%
1 -1,000	349	63.80%	41,976	0.12%
1,001 -10,000	95	17.37%	271,936	0.78%
10,001 -100,000	32	5.85%	1,068,090	3.05%
100,001 -1,000,000	67	12.25%	27,608,133	78.89%
Over 1,000,000	4	0.73%	6,005,980	17.16%
Total	547	100.00%	34,996,115	100.00%

% of Shareholders



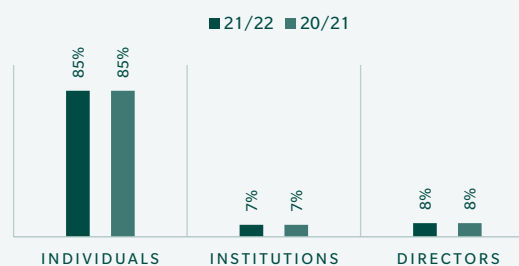
% No. of Shares



1.1. Composition of Shareholders as at 31.03.2022

Category	No. of Share Holders	Total No. of Shares	%
Individuals	536	29,786,717	85%
Institutions	4	2,430,081	7%
Directors	7	2,779,317	8%
Total	547	34,996,115	100%

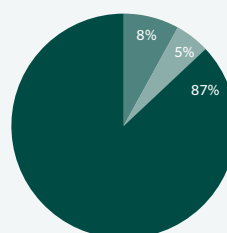
COMPOSITION OF SHAREHOLDERS %



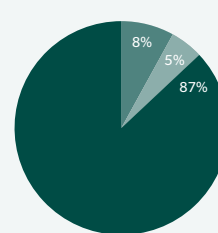
2. Public Holding

	No. of Shares 2021/22	%	No. of Shares 2020/21	%
Total Shares Traded	34,996,115		34,996,115	
Less: Directors	2,779,317	8%	2,767,112	8%
Less: Related Parties	1,884,663	5%	1,884,663	5%
Public Holding	30,332,135	87%	30,344,340	87%

20/21 (%)



21/22 (%)



■ Directors ■ Related Parties ■ Public Holding

Public Holding Excludes:

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



Shareholder Information (Contd.)

3. Share Trading During the Year

	2021/22	2020/21
Highest Price Traded (Rs.)	60.00	31.30
Lowest Price Traded (Rs.)	28.50	16.50
Last Traded Price (Rs.)	43.40	27.50
Total Number of Share Transactions	2,447	3,230
Total Number of Shares Traded	1,297,669	1,638,832
Total Value of Shares traded (Rs.)	47,997,297	43,922,224
Market Capitalization as at 31st March (Rs.)	1,518,831,391.00	962,393,162.50
Float Adjusted Market Capitalization as 31st March (Rs.)	1,316,414,659.00	834,469,350.00

The float adjusted Market Capitalization as at 31st March 2022 was Rs. 1,316,414,659.00. As the float adjusted market capitalization is more than Rs. 1 Bn with more than 7.5% public holding and (more than 200 public shareholders), Mahaweli Coconut Plantations PLC complies under option 1 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 2022 and 31st March 2021

No	Name of Shareholders	31.03.2022		31.03.2021	
		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 Wickremarachi	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	J.A.D.K.R Jayasuriya	632,800	2%	600,075	2%
19	D.Y.& D.U.Rajapaksa (Pvt) Ltd	626,384	2%	626,384	2%
20	S.A.D.U. Shehan Silva	609,081	2%	609,081	2%
		18,344,696		18,311,971	

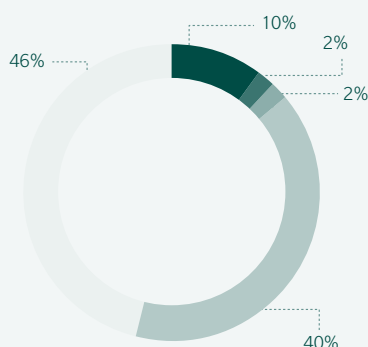




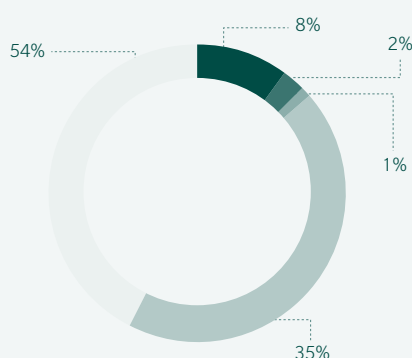
Value Added Statement

Economic Value Added	2021/22 Rs.	%	2020/21 Rs.	%
Turnover	244,417,086		230,192,004	
Less: Cost of Goods Sold (Excluding Depreciation and Employee Benefits)	(17,639,047)		(57,054,108)	
Value Added from Operations	226,778,039		173,137,896	
Other Income	8,702,432		10,578,274	
Finance Income	12,829,025		14,044,828	
Total Value Created	248,309,496	100%	197,760,998	100%
Distributed as Follows				
To Employees, as Remuneration and other Benefits	19,403,145	8%	19,284,162	10%
To Government, as Lease Interest	4,045,400	2%	4,264,188	2%
To Government, as Taxes	3,574,190	1%	4,735,850	2%
To Shareholders	87,490,287	35%	78,741,259	40%
Total Value Distributed	114,513,022	46%	107,025,459	54%
Total Value Retained	133,796,474	54%	90,735,539	46%
Total Value Distributed and Retained	248,309,496	100%	197,760,998	100%
Value Retained				
Profit Retained	104,050,494		61,754,330	
Depreciation and Amortization	29,745,980		28,981,209	
Total Value Retained	133,796,474		90,735,539	

Value Distribution - 2020/21



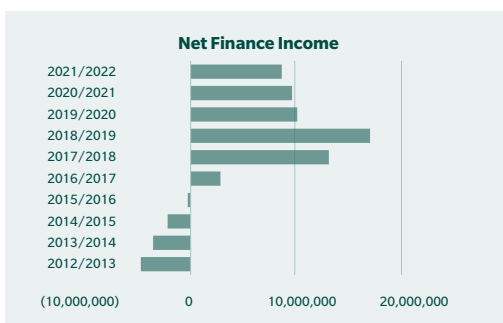
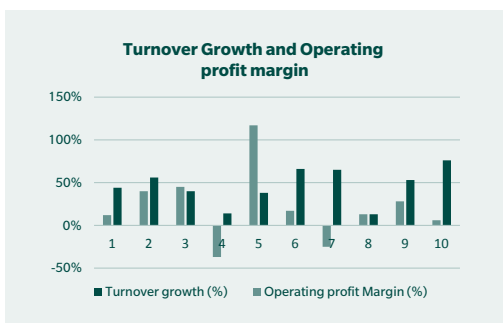
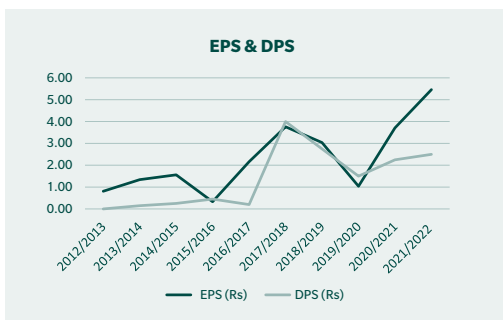
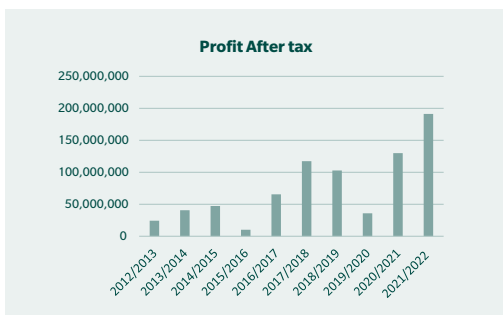
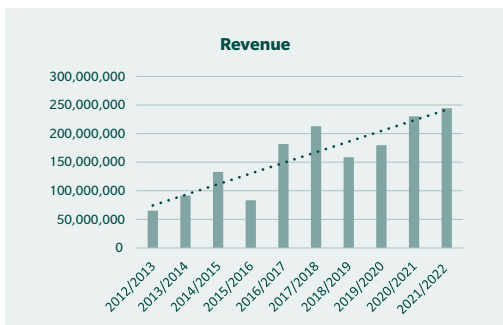
Value Distribution - 2021/22



- To Employees, as Remuneration and other Benefits
- To Government, as Lease Interest
- To Government as taxes
- To Shareholders
- Total Value Retained



Ten Year Summary



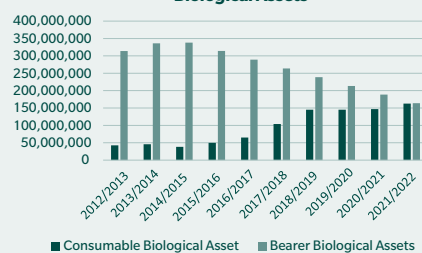
	2012/2013	2013/2014	2014/2015	2015/2016
Revenue	65,393,651	91,663,310	133,032,051	83,533,190
Gross profit	37,552,016	57,886,136	73,293,507	12,975,993
Net Finance Income	(4,444,809)	(3,351,208)	(2,054,464)	(250,095)
Profit After tax	24,311,132	40,600,485	47,244,250	10,081,751
Other comprehensive Income	-	-	-	-
Total comprehensive income for the year	24,311,132	40,600,485	47,244,250	10,081,751
Assets and Liabilities				
Property Plant and Equipment	11,912,474	13,060,587	16,483,945	17,844,566
Right of use Asset Land	5,631,155	5,273,621	4,916,087	4,558,553
Immature Plantation	3,354,999	3,218,265	1,468,196	-
Intangible Asset	-	-	-	-
Consumable Biological Asset	42,500,000	45,709,443	38,100,000	49,800,000
Bearer Biological Assets	313,819,416	336,004,079	338,080,740	314,304,682
Short term Investments	-	18,917,239	31,122,869	34,794,403
Working Capital	7,001,289	23,364,914	61,785,309	66,809,047
Non Current Liabilities	33,060,408	39,062,797	33,603,306	29,650,631
Cash flows				
Cash Generated/ (used in) from Operations	52,576,828	73,094,150	94,204,858	15,590,810
Net cash from/(used in) operating Activities	51,638,173	72,419,162	91,398,860	11,410,972
Net cash from/(used in) Investing Activities	(38,666,898)	(56,065,989)	(43,768,852)	(7,000,400)
Net cash from/(used in) Financing Activities	(12,531,015)	(15,690,825)	(26,825,122)	(23,188,833)
Cash and Cash Equivalents at end of the year	16,378,784	7,906,218	28,711,105	9,932,846
Operating Ratios				
Turnover growth (%)	12%	40%	45%	(37%)
Operating profit Margin (%)	44%	56%	40%	14%
Fixed Asset turn over ratio (%)	17%	23%	33%	22%
Financial Ratios				
Return on Equity (%)	7%	10%	11%	2%
Current Ratio (times)	1.35	1.93	4.17	4.82
Debt/Equity(%)	13%	12%	8%	7%
Interest cover (times)	5.63	10.88	14.40	3.82
Investor Ratios				
EPS (Rs)	0.81	1.34	1.56	0.33
DPS (Rs)	-	0.15	0.25	0.45
Dividend cover (times)	-	8.93	6.23	0.74
Net Asset Value per share (Rs)	11.76	12.77	14.08	13.96



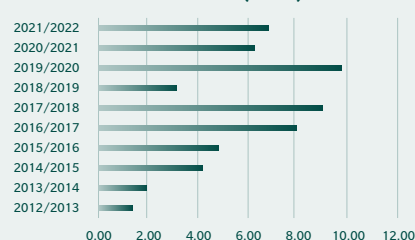


2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
181,675,017	212,930,998	158,697,141	179,757,448	230,192,004	244,417,086
70,683,137	106,458,551	71,535,554	46,953,392	138,716,974	191,636,585
2,658,463	12,338,494	16,016,973	9,514,155	9,051,983	8,130,855
65,477,749	117,390,219	102,822,446	35,889,611	129,904,263	191,277,098
-	(315,620)	467,905	493,225	(345,240)	2,982,303
65,477,749	117,074,599	103,290,351	36,382,836	129,559,023	194,259,401
16,470,222	42,671,120	39,824,112	38,246,308	39,513,009	67,180,433
3,661,901	3,346,220	3,030,539	7,237,350	7,798,106	6,856,020
-	-	-	292,276	557,421	948,521
-	-	316,264	241,852	167,440	273,028
65,000,000	103,800,000	144,952,743	145,173,600	146,900,000	162,800,000
289,060,428	263,816,176	238,571,922	213,327,668	188,640,835	163,787,681
91,967,639	131,654,689	187,233,042	163,583,070	231,606,507	242,301,188
140,354,167	176,519,054	190,794,330	227,674,627	295,686,424	379,837,910
27,982,054	52,875,482	70,276,946	84,746,090	82,577,689	77,837,833
83,856,231	147,470,992	92,459,880	46,346,160	163,387,135	141,174,408
81,608,746	138,214,395	86,880,622	41,590,799	159,683,568	136,451,511
(55,206,565)	(57,720,808)	(43,170,782)	35,196,920	(58,491,297)	(30,013,426)
(17,310,590)	(72,299,022)	(36,017,960)	(80,986,889)	(87,026,716)	(99,629,995)
19,024,437	27,219,002	34,910,882	30,711,712	44,877,267	51,685,358
117%	17%	(25%)	13%	28%	6%
38%	66%	65%	13%	53%	76%
49%	51%	37%	44%	60%	61%
13%	22%	19%	7%	22%	27%
7.95	8.97	3.14	9.74	6.24	6.80
4%	3%	3%	6%	6%	4%
34.47	5,590.17	63.51	5	24	40
2.16	3.76	3.04	1.04	3.71	5.46
0.20	4.00	2.75	1.50	2.25	2.50
10.80	0.94	1.11	0.69	1.65	2.19
16.03	15.87	16.17	15.64	17.03	20.09

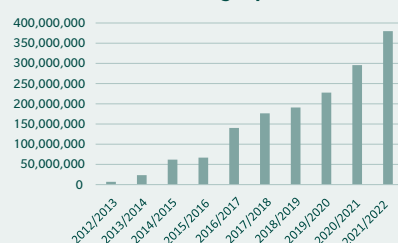
Biological Assets



Current Ratio (Times)



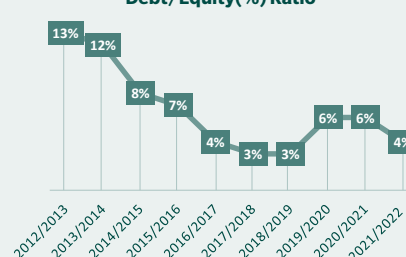
Working Capital



Cash and Cash Equivalents at end of the year



Debt/Equity(%) Ratio





Notice of the Meeting

NOTICE IS HEREBY GIVEN, that the Twenty Fifth (25th) ANNUAL GENERAL MEETING of Mahaweli Coconut Plantations PLC, will be held at Avenra Garden Hotel, No. 22, Negombo - Giriulla Rd, Negombo on 29th September 2022 at 10.30 am 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, 2022 and the Report of the Auditors thereon.
2. To announce the retirement of the 3 oldest serving Directors Mr. Samankumara Dias Senerath Gunasekera, Mr. Ashok Jerom Shamendra Jayakody and Mr. Gamamedaliyanage Joseph Lalith Neomal Perera who retire in terms of Articles 73 and 74 of the Articles of Association of the Company.
3. To re-elect Mr. Samankumara Dias Senerath Gunasekera who has consented to be re-appointed for the position of Director.
4. To re-elect Mr. Ashok Jerom Shamendra Jayakody who has consented to be re-appointed for the position of Director.
5. To re-elect Mr. Gamamedaliyanage Joseph Lalith Neomal Perera 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. Sunil Jayalath Watawala and Prof. Tiththalapitige Sunil 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 2022 to the Ordinary shareholders as per Director's recommendation. The Ex-Dividend (XD) date is fixed as 30th September 2022, record date is 4th October 2022 and the dividend dispatch date fixed for 21st October 2022.

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.
25th August 2022

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 Office

No. 1/82, Kimbulapitiya Road, Bolawalana, Negombo

Contact Nos.

Tel :031-4924553/031-4936163, Fax:031-2233304,

E mail: mcpl@sltnet.lk

Company Registration Number

P B 191 PQ

Date, Place and Authority of Incorporation

A Limited Liability Company incorporated in Sri Lanka on 29th October 1996 under the Companies Act No. 17 of 1982 and re-registered on 6th February 2008 under the Companies Act No. 7 of 2007 and a public listed Company from 03.06.2019.

Directors

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

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 Plantations PLC, hereby appoint

Mr/Mrs/Miss *

(holding of N.I.C. No.) of

.....whom failing.

S.D.W. Asitha Gunasekera
Joseph Felix Fernandopulle
Sunil Jayalath Watawala
S. Dias Senerath Gunasekera
G.J.L. Neomal Perera
A.J. Shamendra Jayakody
M.D.J.P. Nilantha Perera
N. A. L. Cooray
T.S.Gamini Fonseka
M.A.C.H. Munaweera

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

as my/our * Proxy to represent me/us * and vote on/our * behalf at the Twenty Fifth Annual General Meeting of the Company to be held at Avenra Garden Hotel, No. 22, Negombo - Giriulla Rd, Negombo on 29th September 2022 at 10.30 am or any adjournment thereof and at every poll which may be taken in consequence thereof.

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

	For	Against
(i) To 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 2022 and the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
(ii) To re-elect Mr. Samankumara Dias Senerath Gunasekera as a Director, who retire in terms of Articles 73 and 74 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(iii) To re-elect Mr. Ashok Jerom Shamendra Jayakody as a Director, who retire in terms of Articles 73 and 74 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(iv) To re-elect Mr. Gamamedaliyanage Joseph Lalith Neomal Perera as a Director, who retire in terms of Articles 73 and 74 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(v) To resolve as required by Section 211 of the Companies Act No. 7 of 2007 to declare that the age limit referred to in Section 210 shall not apply to the existing directors Mr. Sunil Jayalath Watawala and Prof. Tiththalapitige Sunil Gamini Fonseka who have attained the age limit of 70 years.	<input type="checkbox"/>	<input type="checkbox"/>
(vi) Passing an ordinary resolution to declare a final dividend of Rs. 1.50 (One Rupee and Fifty cents) per share to the existing shareholders in the form of Cash for the financial year ended 31-03-2022.	<input type="checkbox"/>	<input type="checkbox"/>
(vii) To re-appoint the existing auditors, M/s. Kretson MNS (Chartered Accountants) as the Auditors for the ensuing year and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
(viii) To authorize the Directors to determine the contribution to charity.	<input type="checkbox"/>	<input type="checkbox"/>

Signed on this day of.....2022.

.....
Signature

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

* Please delete the inappropriate words





INSTRUCTIONS AS TO COMPLETION

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



Mahaweli Coconut Plantations PLC

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