

"Nature's Bounty -
Sri Lankan Coconut Elegance"



**MAHAWELI COCONUT
PLANTATIONS PLC**

**ANNUAL REPORT
2022/23**



☺ Nature's Bounty - Sri Lankan Coconut Elegance ☹

The cover page of our Annual Report for the year 2022/2023 reflects the theme "Nature's Bounty - Sri Lankan Coconut Elegance." It captures the essence of our coconut plantation Company's commitment to preserving nature's gifts while showcasing the elegance and abundance of Sri Lankan coconuts.



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OVERVIEW



Historical Background

Mahaweli Coconut Plantations PLC (MCPPLC) is a Limited Liability Company domiciled in Sri Lanka incorporated on 29th October 1996 under the Companies Act No.17 of 1982 and was re-registered on 6th 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 Colombo 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 04 Mn to 05 Mn 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 end of 2023. Though the management has requested approval from the relevant authorities for harvesting, there is a delay in obtaining the required permits from the authorities.

As a diversification initiative, MCPPLC commenced the fibre substrate project and was able to sell 42,870Kgs of coco peat to a local exporter. The project is still in its early stages, the Company will utilize its full potential to increase production in coming years.

Further, the Company has invested in cash crops during the early period. The Company, having achieved success in the experimental Cinnamon Plantation, accordingly, cultivated 5,000 plants during 2022/23. In addition to this, the Company was able to cultivate 500Kgs of ginger, 600Kgs of turmeric, 880 arecanut plants and 160Kgs of paddy.

Achievements during the past 26 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 and all the employees, 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, the Company continuously keeps adding on improvements to the irrigation system to increase the efficiency of water usage.



Historical Background (Contd.)

Being a hardship location, retaining quality manpower has 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 with a view to improve coconut harvest in Sri Lanka.

Furthermore, the Company was recognized by the Institute of Chartered Accountants of Sri Lanka for its financial reporting excellence at the Transparency, Accountability, Governance, and Sustainability (TAGS) awards in 2022.



Opening of the fibre substrate project



The Company received a certificate of compliance for the Annual Report - 2021/22 under the plantation sector at the TAGS awards 2022 conducted by the Institute of Chartered Accountants of Sri Lanka.





Company's Milestones



1996

– Founded Mahaweli Coconut Plantations Ltd

2017

Acquired a separate
Head Office Building in Negombo



2016

Cinnamon Plantation –
Pilot Project



2019

Listed in CSE & Awarded
as 2nd Best Mahaweli
Entrepreneur in the
Agriculture Sector



2020

Selected by CRI to Supply
Coconut Seedlings





1998

Commenced
Coconut Plantation



2000



Registered with the Board of Investments

2014

Commenced Plantation of Ginger



2005

Started Harvesting



2021

Commenced Constructing a Building for
the Fibre Substrate Project, Commenced
Manufacturing of Organic Fertilizer



2022

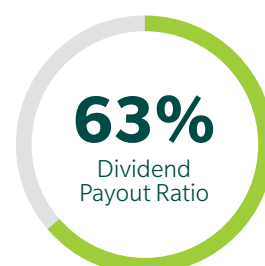
Received TAGS Award
from CA Sri Lanka, Commenced Fibre
Substrate Project with an investment of Rs. 48 Mn
and started earning revenue.





Financial Highlights

		2022/23	2021/22	% Change
Earnings Highlights				
Revenue	Rs.	324,501,506	244,417,086	33%
Gross Profit	Rs.	62,833,774	191,636,585	-67%
Profit from Operations	Rs.	108,713,082	186,510,435	-42%
Profit before Tax	Rs.	143,148,292	194,641,290	-26%
Tax Expense	Rs.	(73,531,360)	(3,364,192)	2086%
Profit/(Loss) after Tax	Rs.	69,616,932	191,277,098	-64%
Dividends	Rs.	(52,494,173)	(87,490,287)	-40%
Retained Earnings	Rs.	320,702,512	301,859,968	6%
Financial Position Highlights				
Total Assets	Rs.	907,969,305	850,072,739	7%
Total Debt	Rs.	24,878,740	27,250,654	-9%
Total Shareholders Fund	Rs.	721,739,783	702,897,239	3%
No. of Shares in Issue	Nos.	34,996,115	34,996,115	0%
Cash Flows Highlights				
Operating activities	Rs.	95,026,305	136,451,511	-30%
Investing Activities	Rs.	(47,094,027)	(30,013,426)	57%
Financing Activities	Rs.	(58,642,396)	(99,629,995)	-41%
Total Net Cash Flow for the Year	Rs.	(10,710,118)	6,808,090	-257%
Cash & Cash Equivalents at the end	Rs.	40,975,239	51,685,358	-21%
Key Indicators per Ordinary Share				
Earnings per Share	Rs.	1.99	5.46	-64%
Net Assets per Share	Rs.	20.62	20.09	3%
Dividend per Share	Rs.	1.50	2.50	-40%
Closing Market Price per Share	Rs.	36.00	43.40	-17%
Key Ratios				
Gross Profit Margin	%	19	78	-76%
Operating Profit Margin	%	34	76	-56%
Net Profit Margin	%	21	78	-73%
Interest Cover	Times	25	40	-38%
Return on Equity (ROE)	%	10	28	-64%
Return on Assets	%	8	23	-65%
Dividend Cover	Times	1.33	2.19	-39%
Debt/Equity (Book Value)	%	3	4	-25%
Equity/Asset	%	78	81	-4%
Debt/Asset	%	3	3	0%
Dividend Payout Ratio	%	75	46	63%
Current Ratio	Times	8.88	6.48	37%
Quick Asset Ratio	Times	7.72	4.82	60%



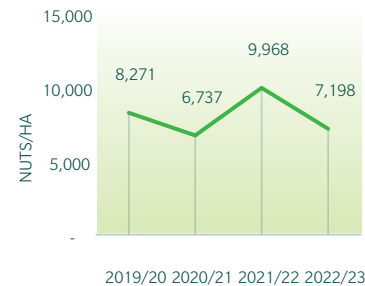


Plantation Sector Highlights

Coconut Yield per Hectare

7,198 Nuts/Ha

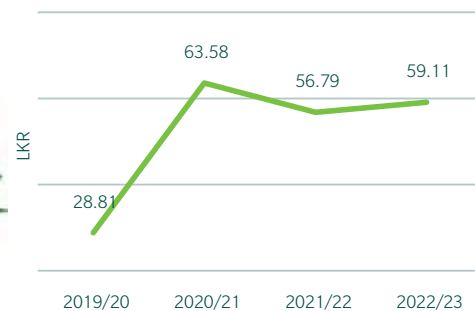
in 2022/23 (▼ -28%)



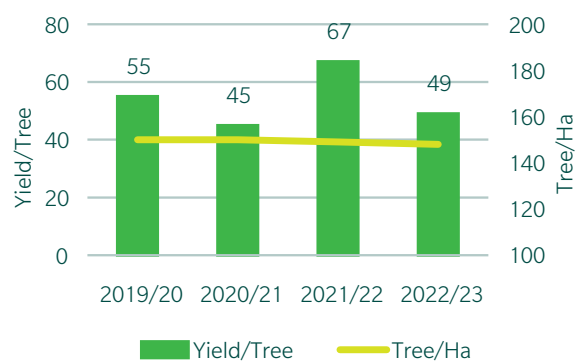
Average Price per Nut

Rs. 59.11/Nut

in 2022/23 (▲ 4.08%)



Coconut Tree Density Vs Yield Per Tree



148 Tree/ Ha & 49 Nuts/Tree

in 2022/23 (▼ 26.8%)



The Shareholders visit to the Plantation in Aralaganwila





Chairman's Message



“We believe we have passed a very challenging year and our performance would improve in the coming year. I wish to express my sincere gratitude to my fellow Directors for their support and guidance.”

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 2023.

Company and Industry Performance

The year under review was one of the most difficult years for the Company. While the Company was reeling from the import of fertilizer ban, drought and non-availability of diesel for irrigation purposes, the chaos in the country too impacted the normal operation in our plantation as well as in the country. In spite of the huge devaluation of Rupee against the dollar, the advantage the exporter received was not passed on to the Grower. The sale price of Coconut increased marginally by about 4% against the steep increase in price of inputs such as fertilizer, fuel, wages etc. The management of the Company faced all hardships in the best possible manner maintaining the agricultural - practices as best as it could. The effect of non-application of fertilizer coupled with the stand-still of the irrigation system due to non-availability of diesel is currently being felt. However, it should improve by the end of the year.

The Company in spite of all difficulties faced has proposed a final dividend of Rs. 1.50 subject to the approval of the shareholders at the AGM.

Future Prospects

The coconut husk project did not achieve the desired profit mainly due to the drop in demand in export market. However, the substrate market is expected to rebound in the future. Therefore, we are maintaining the Coir Project more as a learning curve so that we would be geared to make the maximum when the demand increases in fibre substrate. We have increased the area under Cinnamon and hope to gradually increase the area under cultivation. We are perusing with our Turmeric and Ginger Plantation.

Unfortunately, the CRI stopped purchasing seeds nuts from us due to the turmoil in the country and their own budget deficits. It

is hoped that sooner or later the CRI will recommence purchase of seed nuts from us.

We are maintaining our usual agricultural practices and improving on our irrigation system so that we could take advantage of the situation whenever the market condition improves.

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 interest 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 we have passed a very challenging year and our performance would improve in the coming year. 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

28th August 2023



Managing Director's Message



“We had to face the impact of the inorganic fertilizer ban, prolonged drought and the fuel crisis during the year. Our record crop of 5,451,358 in 21/22 was reduced to 3,936,366 this year. Due to the rise in tax rates, the profit after tax is Rs.69.6 Mn as against Rs.191.3 Mn last year. The selling price only increased from Rs. 56.79 to Rs. 59.11.”

Dear Shareholders,

It is my pleasure to present the performance of the Company for the year ended 31st March 2023 which was one of the most challenging years in the history of the Company as well as the country. As mentioned in my last report, we had to face the impact of the inorganic fertilizer ban, prolonged drought and the fuel crisis during the year in addition to the impact of the turmoil in the country. Our record crop of 5,451,358 in 21/22 dropped to 3,936,366 during the year. The net profit before taxation dropped to Rs. 143.1 Mn from Rs. 194.6 Mn in 21/22. Due to increase in tax rate during the year our deferred taxation increased tremendously leaving us with an after-tax profit of Rs.69.6 Mn against Rs.191.3 Mn last year.

Coconut

Coconut is a crop that requires both Sunlight and Water for its sustenance along with fertilizer and other nutrition. The Impact of lack of any of these ingredients are felt in low crops well after 10 - 12 months and thereafter.

While feeling the effect of fertilizer ban matters were made worse with a prolonged drought from April to July and non –supply of Diesel to operate water pumps. Even though the fertilizer ban was lifted during the year the fertilizer price was exorbitant. The fertilizer quantity applied to a tree was restricted to about 60% of the normal amount. Even at a lower quantity the fertilizer cost per tree was well over Rs. 1000.

The yield per tree dropped to 49 compared to 67 in the year ended 31st March 2022. In spite of the huge appreciation of the dollar, the selling price of Coconut increased only from Rs. 56.79 to Rs. 59.11 which is highly incompatible. It must be stated, in the year ended 31st March 2021, the average selling price was Rs. 63.58. The coconut is supplied to manufacturers

of products such as Coconut Cream, Coconut Milk, Desiccated Coconut etc. which are exported. In such situation the export industry would have received the full benefit of the dollar appreciation at the expense of the grower.

The high cost of fertilizer from about Rs.1,500 per bag to Rs. 19,000 during the year did not help our cause either. The Company spent Rs. 60 Mn to fertilize about 70% of trees at 60% level. The extra cost over 21/22 was 42 Mn.

Other Crops

We are increasing the area under cinnamon annually based on the plants we receive from the Department of Agriculture. While we are harvesting from our initial pilot plantation the harvesting from other areas will commence in another about two years.

We continue with other crops such as Cashew, Ginger, Turmeric and Paddy in a small scale. However, the steep drop in the prices of these commodities in the season has not been encouraging.

Teak

The teak valuation increased by Rs. 81.68 Mn as at 31st March 2023. This is in spite of the valuers not considering the trees below 15 inches girth and also our losing of trees due to elephant attacks, lightning and power lines.

Our efforts to get the necessary approvals from the authorities to sell 1687 trees are unnecessarily delayed due to bureaucratic controls. In this kind of situation there is no encouragement for any investor to indulge in planting of trees for timber. Until and such time as the outlook of the bureaucracy is changed for the better, this country will always be stagnant sans any development.





Managing Director's Message (Contd.)

Coco Peat Project

The much anticipated Coco Peat manufacturing project commenced in August 2022. However, our expectations were shattered with the depression of the export market for coco peat and coir. There have been many enquiries but so far restricted to one buyer for coco peat and no buyer for fibre. We have incurred a loss of Rs. 6.1 Mn during the year.

The Coir Industry in Sri Lanka suffered a major blow due to slackening demand for coir products in the export market. The small-scale manufacturers have suffered immensely and gone out of business totally. However, the silver lining is that the news stories of Saudi Arabia's impending planting of new forests for which the coco peat could find a blooming market.

Prospects and Looking Forward

The situation in the country has improved compared to what it was last year.

The coconut prices are dependent on the export prices of its products. However, due to many factors our coconut products have not fetched the desirable prices and the demand in the overseas market. The economic down turn in the world has caused hard ships not only for coconuts, but many other products as well.

The coconut being a food item so much rich in food value should maintain a reasonable demand in the world even during worst economic conditions and improve tremendously once the world economy improves.

The improvements made to our drip irrigation system are showing satisfactory results. We are continuing with the improvements and also trying to increase the cover under irrigation by investing in a new solar powered water pump.

It will take another few months for the Coconut Plantations in Sri Lanka to recover from the effects of the fertilizer ban. It may not be a full recovery in view of the high fertilizer prices.

As we are continuing with the best agricultural practices, we should benefit by the possible price improvements due to shortfall in national crop in the future.

The wild elephant menace continues unabated. The numbers of civilian and elephant deaths are increasing in the North Central Province. The authorities continue to ignore the seriousness of the situation.

A comprehensive plan to avoid human elephant conflict is an immediate necessity.

Dividend

This year we could not pay an interim dividend in view of the unfavourable results compared to the previous year. However, the Board of Directors has now proposed a final dividend of Rs. 1.50 subject to the approval of the share-holders at the Annual General Meeting.

Appreciation & Acknowledgement

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

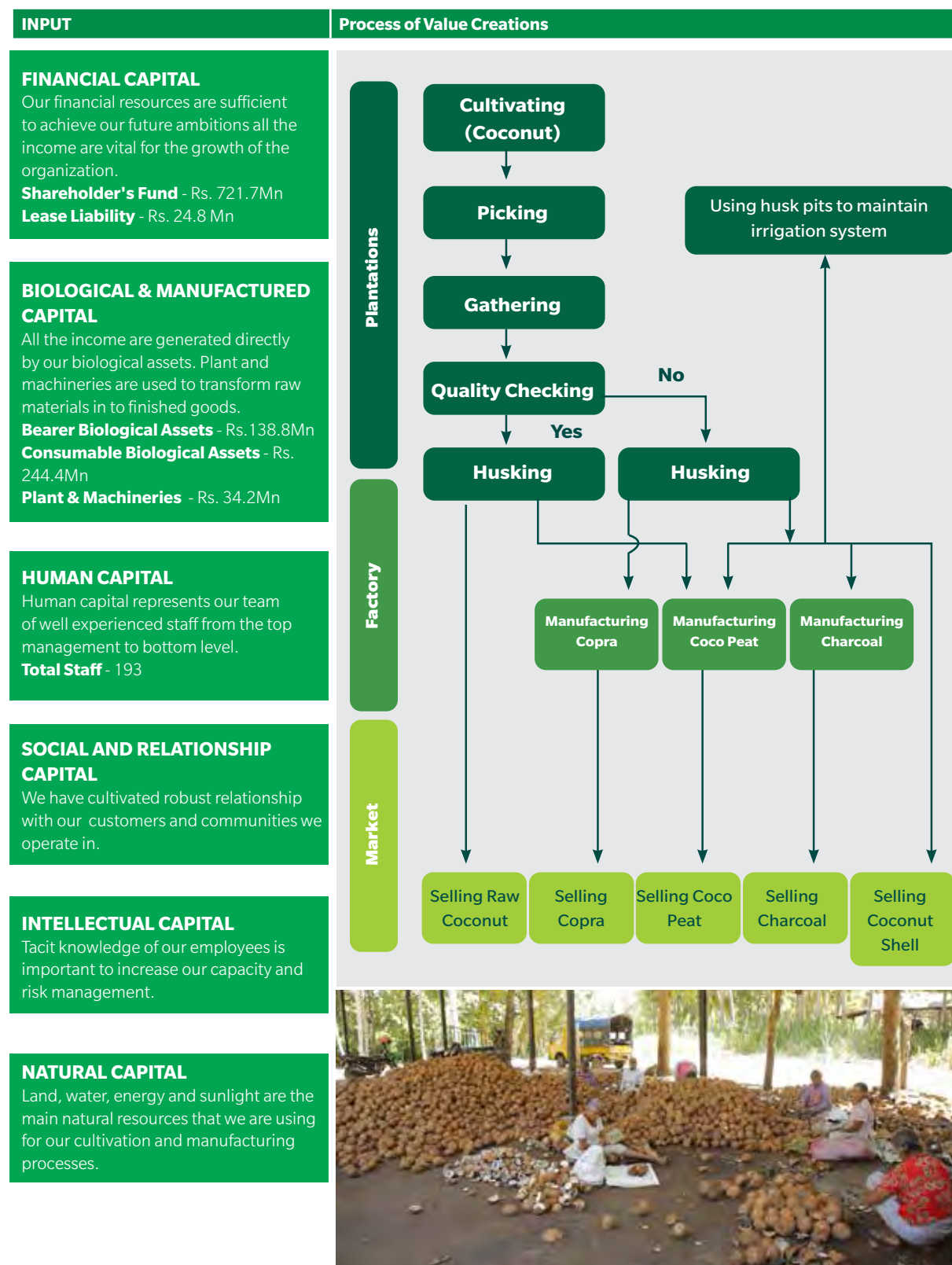
Mr. J. F. Fernandopulle
Managing Director

28th August 2023



Value Creation Model

Value creation model describes how we generate and distribute value to our stakeholders through our business process.





Value Creation Model (Contd.)

Output	Outcomes and Value Distribution
	<p>FINANCIAL CAPITAL Financially we are still in a strong position. However, there is a drop compared to previous financial Year.</p> <p>Net Asset - Rs. 721.7 Mn Profit after Tax - Rs. 69.6 Mn Earnings Per Share - Rs. 1.99 Market Value Per Share - Rs. 36 Dividend Distributed to Shareholders - Rs. 52.4Mn</p>
	<p>BIOLOGICAL & MANUFACTURED CAPITAL Efficiency of maintenance, cultivation, fertilization and harvesting results in good yield.</p> <p>Yield per Tree – 49 Nuts Increment of Total Sales - 33% Sale of Coco Peat – Rs. 3.6Mn</p>
	<p>HUMAN CAPITAL Part of the created value has been delivered to our employees to improve their well-beings.</p> <p>Employee Remuneration and Other benefits – Rs. 23.07 Mn</p>
	<p>SOCIAL & RELATIONSHIP CAPITAL Robust collaboration with suppliers and customers.</p> <p>Payment of Government Taxes – Rs. 5.9 Mn Total Donation – Rs. 69,800</p>
	<p>INTELLECTUAL CAPITAL Employees Knowledge and Experience have been increased during the financial Year.</p> <p>Employee Training Expense – Rs. 26,500</p>
	<p>NATURAL CAPITAL MCPPLC has always focused on preserve the planet. Investment in Coco Peat production (Eco friendly production) project is 48Mn. Total revenue generates through the Project is Rs. 3.6Mn.</p> <p>Preserved water through Drip Irrigation System. Improvements of using solar energy to power the irrigation system.</p>



Corporate Social Responsibility

At MCPPLC, we firmly believe that our success goes hand-in-hand with the well-being of the communities we serve and the environment we operate in. As a responsible corporate citizen, Corporate Social Responsibility (CSR) lies at the core of our values and business practices.

Throughout the year 2022/2023, we have continued our commitment to making a positive impact on society through various CSR initiatives. Our efforts have focused on three key pillars: Community Engagement, Environmental Sustainability, and Empowering Lives.

Community Engagement: We recognize that the communities surrounding our coconut plantations play an integral role in our success. We have actively engaged with these communities, seeking to understand their needs and priorities. In 2023, we initiated several community development projects, including:

Educational Support: We have provided books and stationeries to students living in the surrounding the plantation to facilitate them for better education.

Healthcare Initiatives: Our commitment to improve healthcare access led us to organize awareness programs and blood donation programs benefiting numerous community members.

Environmental Sustainability: Preserving the environment is a priority for us, given our reliance

on natural resources. In 2022/2023, we took several steps to minimize our ecological footprint and promote sustainable practices:

Water Conservation: We implemented water management strategies, including rainwater harvesting and drip irrigation systems, to optimize water usage across our plantations.

Biodiversity Conservation: Recognizing the importance of biodiversity, we have undertaken initiatives to protect and restore natural habitats within our plantations, encouraging the proliferation of native flora and fauna.

Waste Management: We have taken significant strides in reducing waste generation and promoting recycling efforts across our operations.

Empowering Lives: Our commitment to empowering lives extends beyond our direct stakeholders to include our employees and their families. We firmly believe in creating a positive work environment that fosters growth and inclusivity. In 2022/2023, we focused on:

Employee Welfare: We continued to invest in employee welfare programs, including health and wellness initiatives, skill development workshops, and support for work-life balance.

As we look ahead, we reaffirm our dedication to CSR and its integral role in our business. We are committed to making a meaningful and lasting difference in the lives of those we touch, as we continue to grow and flourish together with our communities and the environment.





Management Discussion and Analysis

Operating Environment

Macro-Economic Factors

Economic Growth

In Sri Lanka, Gross Domestic Production (GDP) growth indicates a negative 7.8% for the year ended 2022 compared to GDP growth of 3.5% in 2021. The Annual Report of Central Bank of Sri Lanka (CBSL), 2022, highlights that the Socio-Economic Crisis in 2022 has derived the economy to a dreadful condition.

Together with GDP, the agriculture sector declined by 4.6 % due to the low yield from carbonic cultivation, which is a result of ban on the importation of non-organic fertilizer. Industry sector and service sector also show a negative growth of 16% and 2%, respectively.

The economic crisis initially caused supply disruptions in the forms of severe shortages of consumer goods, energy sources including fuel and electricity, and inputs for various industries, mainly on account of the sharp depletion of foreign exchange liquidity in the market leading to a significant increase in prices. This situation compelled both the Central Bank and Government to introduce painful but essential policy measures, such as unprecedented adjustments to policy interest rates to curtail inflationary pressures and prioritization of essential imports to minimize foreign exchange outflows, to prevent further worsening of the crisis.

Despite the volatile macro-economic environment, our Company continued to grow, meeting the expectation 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 14% at the end of 2021 has accelerated to 59.2% by the end of 2022. The Colombo Consumer Price Index (CCPI) also increased up to 57.2% by the end of 2022. As per CBSL, current high inflation was triggered by increase of global food and energy cost and other domestic factors. The movement of both NCPI and CCPI demonstrated below.

High inflation during 2022 was a global phenomenon. Global inflation accelerated to 8.8 per cent in 2022 (IMF, 2023) reflecting the impact of the lagged effects of ultra easy monetary and fiscal support following the COVID-19 pandemic, shortages of fuel and nonfuel commodities, exacerbated by the Russia-Ukraine War and capacity constraints along with supply chain issues. Affected by global as well as domestic factors, Sri Lanka also experienced inflation at unprecedented levels in the year 2022, recording the largest increase in price levels in its history since independence. However, in late 2022, inflation started moderating from its peak levels, showing early signs of a disinflation process. This process is expected to be supported

by several factors, eventually bringing inflation down to the targeted levels in the period ahead. Against this backdrop, it is important to understand the concepts of inflation, disinflation and the characteristics of past global disinflation episodes, and more importantly, the envisaged disinflation process of Sri Lanka, as various misconceptions and misinterpretations have come to the fore resulting in confusion and affecting inflation expectations of the public.” (Annual report 2022, 2023) “

Even though there is a higher inflation, MCPPLC was not able to get a good price for the coconuts. During the period the average coconut price increased only about 4.08%. The main reason is opening coconut stock has been sold at pre contracted price. Somehow, wages, fertilizer prices and other production and administration costs were sharply increased.

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 organized well and is thus managed far below optimal levels. This has resulted in imports of coconut oil. According to the Coconut Development Authority (CDA), total land area under cultivation is 409,244 hectares.

As per Sri Lanka Export Development Board, the annual coconut production in the country ranges between 2,800 to 3,000 Mn nuts. To satisfy the demand for both domestic consumption and the processing industry, Sri Lanka must achieve the annual production target of 4,000 Mn nuts. It was recorded in 2022 that Sri Lanka had one of the highest harvests in recent history, this was due to a great year of rainfall and strategic planting efforts from the country in the early 2010s. According to recent yield data, Sri Lanka harvested 3.2 Bn. nuts in 2022.



Management Discussion and Analysis (Contd.)

Sri Lanka locally consumes 1800-1900 Mn nuts annually in the form of fresh nuts. The oil requirement of the country is around 180,000 MT which is equivalent to 1500 Mn nuts. The export industry has a capacity to absorb 700 Mn nuts. This leaves a huge shortfall in the requirement of nuts. Further, the ban of importing palm oil by the government also increases the demand of nuts. Considering the above facts and the global demand for coconut product, the prices are expected to maintain satisfactory levels at all times if it is regulated prudently in Sri Lanka.

Sri Lanka is the fourth largest coconut producer in the world. Experts 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 the apparel sector.

On the other hand, the main challenges faced by the industry is the white fly pest that is currently uncontrolled by the industry and the authorities. In 2023, harvest is looking bleak, with a potential drop of about 10%. However, experts warn that the lack of sufficient fertilizer could lead to a crop failure, putting the industry at risk. If this issue is not addressed promptly, Sri Lanka may face a shortage of coconuts, which could lead to the country being forced to import them even for domestic consumption as early as 2025. This highlights the urgent need for action to support and sustain the coconut industry in Sri Lanka.

The exports of coconut and related products has been decreased by 2% in 2022 according to the data presets by the Coconut Development Authority. (The export value was amounting to US dollar Mn 834.12 and 816.99 in year 2021 and 2022, respectively)

(Source: https://www.cda.gov.lk/web/images/pdf/export_perfo/2022/EX_PER_2020-2022.pdf)

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 feet 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

Before the COVID-19 outbreak, Sri Lanka's economy was already exhibiting indications of fragility, and the present economic crisis has made matters worse. Inflation, according to the Central Bank of Sri Lanka (CBSL), was 69.8% in September 2022 but decreased to 25.2% in May 2023.

During the financial year 2022/23, 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) in order to manage the inflations. However, in recent times, the Standing Deposit Facility Rate (SDFR) continually reduced by the CBSL. Foreign reserve depletion fell from \$7.6 Bn. in 2019 to less than \$400 Mn in June 2022. However, with the support of the International Monetary Fund (IMF) and the Asian Development Bank, the situation has improved.

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 a positive impact on profitability even though the circumstances were not favorable for business in 2022/23. The risk management approaches to interest rate risk and inflation risk are given in Note 32 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 declined by 26.8% in 2022/23 due to the long-term drought, a lack of fuel to operate pumps, and ban of inorganic fertilizer imports. One key cause is the import ban on inorganic fertilizer. This had a tremendous impact on the crop. The ban of the fertilizer not only impacts the MCPPLC but the entire country. Following the lifting of the import ban, the Company spent Rs. 50.39 Mn to purchase inorganic fertilizer and applied for 50,892 trees. To avoid this threat, MCPPLC experimented with organic fertilizer; nevertheless, the effects of organic fertilizer will take considerable time to provide the results.



The coconut yield per hectare was 7,198 Nuts in 2022/23 against 9,968 Nuts in 2021/22. Likewise, the yield per coconut tree too decreased by 26.8% where the plantation got 49 nuts per tree in 2022/23 and 67 in 2021/22. The Company's performance was still satisfactory in comparison to other plantations in the coconut triangle. The dry zone received 1,729mm rainfall in 2022/23.

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 hopes to increase the area under cover in the coming year.

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 31.03.2023 the trees were valued at Rs. 244.48 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 24,642 trees with the girth ranging from 6 cm to 109 cm. However, for the valuation purpose the girth range from Zero (0) to Fifteen (15) excluded since it is not merchantable, hence the valuation done to 19,596 trees. 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 from the authority. MCPPLC hopes to start the harvesting of trees by the end of 2023.



Management Discussion and Analysis (Contd.)

Fibre Substrate Project

Coconut fibre is a natural fibre extracted from the coconut husk. It is a renewable source in which the husk is left in freshwater for 4 to 6 weeks before the fibre is physically extracted. Coir is the fibrous layer found between the coconut's hard interior shell and its outer coat of the coconut. This project was started during the financial year and we were able to sell 42,870Kgs of coco peat to a local exporter. When the economy and business conditions improve, MCPPLC will produce finished products and look for opportunities to export. Unfortunately, the demand for coco peat dropped in the export market and the Company would invest on the production of coir moulds once the export market demand increases.



Other Plantations

During 2022/23, we have planted 5,000 cinnamon crops, 500Kgs of ginger, 600Kgs of turmeric, 880 Arecanut crops and 160Kgs 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	2022/2023	2021/2022	2020/2021
Cashew (Nos.)	-	125	100
Cinnamon (Nos.)	5,000	-	3,600
Ginger (Kg)	500	555	600
Turmeric (Kg)	600	260	5
Pepper	-	-	1,020
Arecanut (Nos.)	880	440	-
Paddy (Kg)	160	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

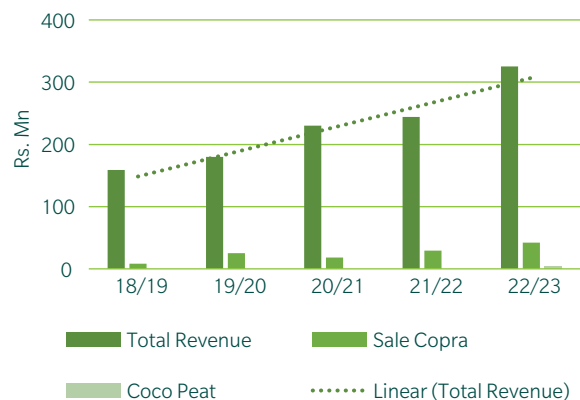
Revenue

Mahaweli Coconut Plantations PLC's revenue rose by 33% to Rs.324.5 Mn during the year. The average coconut yield from a tree declined by 26.8% compared to the last year. The main reasons are long term drought, lack of fuel to operate pumps, and ban of inorganic fertilizer imports. Despite the reduced yields, the revenue increased due to marginal increase in the average nut price. Apart from that, in year 2022/23 copra income has been increased by 46.1%. The Company was able to sell huge volume of opening stock during the financial year 2022/23.

The total revenue consists of coconut, copra and coco peat where the 86% of the total sales is generated from coconut sales. The Company has earned Rs. 3.6Mn of revenue from sale of coco peat during the financial year 2022/23.

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

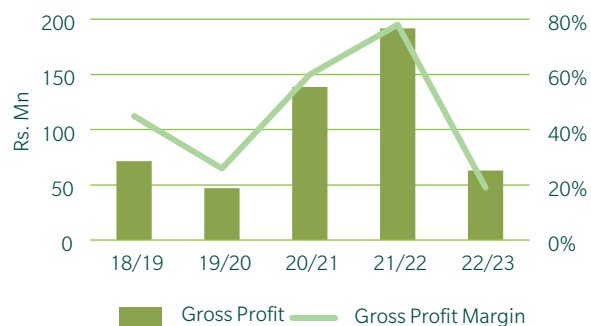


Gross Profit

In the financial year 2022/2023, the gross profit has declined to Rs. 62.8Mn which is a decrease of 67% compared to gross profit figures in 2021/22. The gross profit margin has dropped to 19% in the current financial year. The main reasons are as follows,

- The opening inventory was transferred to sales this year (2022/23) and the same amount was transferred to cost of sales, resulting in a fall in margin.
- The direct cost has risen by over Rs. 74 Mn (60.5%). Fertilizer costs increased by Rs. 42.6 Mn, harvesting costs increased by Rs. 4.3 Mn, watchman costs increased by Rs. 4 Mn, general charges such as labour transport and field officers' salaries increased by Rs. 4.4 Mn, copra manufacturing costs increased by Rs. 6.4 Mn, and the fibre substrate project cost is Rs. 7.5 Mn.
- There was a drop in crops compared to the previous year. (2022/23 – 3,936,366 nuts, 2021/22 – 5,451,358 nuts).

5 Year Gross Profit Analysis

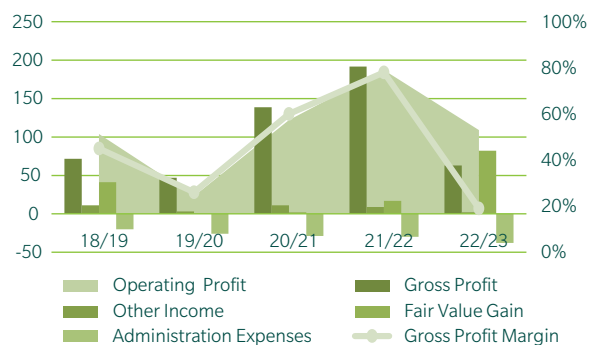


Operating Profit

The Company's operating profit has been sharply decreased by 42% in 2022/23, compared to that of 2021/22. Yet the company was able to make an operating profit of Rs.108.71 Mn with a 34% margin. According to the graph, the drop in operating profit is mainly due to the significant decline in gross profit, despite sharp increase in fair value gain.

Moreover, the administration expenses have been increased slightly by 26.4% during the 2022/23 due to increments in salary, plantation visit expenses, professional fee and depreciation.

Operating Profit Analysis



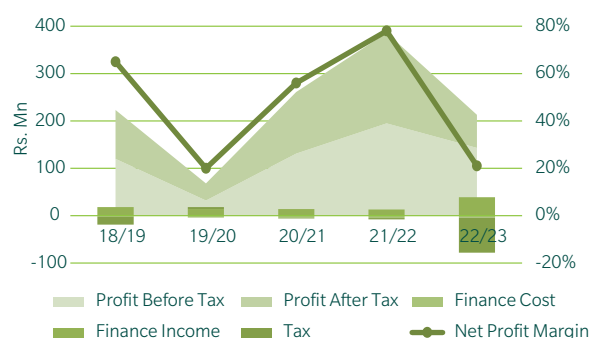
Management Discussion and Analysis (Contd.)

Pre- and post-tax Profit

The Company's Profit before Tax (PBT) and Profit after Tax declined by 26% and 64%, respectively in 2022/23. The net profit margin decreased to 21% in 2022/23 from 78% in 2021/22. Primarily, the decrease in operating profit by 42% has contributed to such a drop in PBT. The significant increase in income tax expense which is 20 times the previous year's figures resulted in a huge drop in profit after tax.

Further, the reason for the sharp increase in tax expenditure is due to the recent change in the income tax rates and the rise in the temporary difference of biological assets.

Pre and Post Tax Analysis



Financial Position

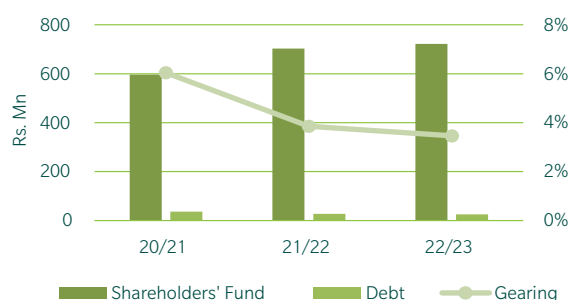
Gearing

The Company's Statement of Financial Position stands strong with shareholders' funds representing 79% of its total assets of Rs. 907.96 Mn. Despite final dividend declaration of Rs. 52.49 Mn for the year 2021/22, total equity rose by 3% 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. 24.88 Mn as of 31st March 2023, where Rs. 3.11 Mn to be paid in the following year.

As a result, the Company's gearing ratio in 2022/23 was only 3% (Debt / (Debt + Equity)). The Company's lease liability has somewhat reduced by 8.7% during the year.

Gearing



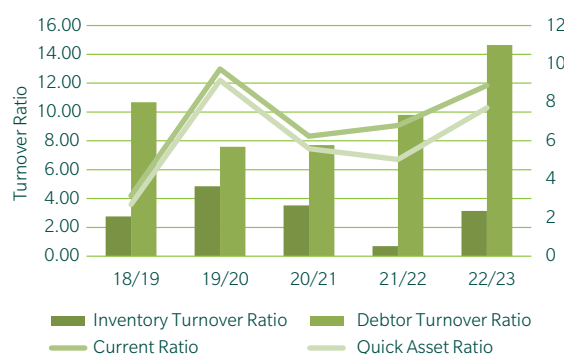
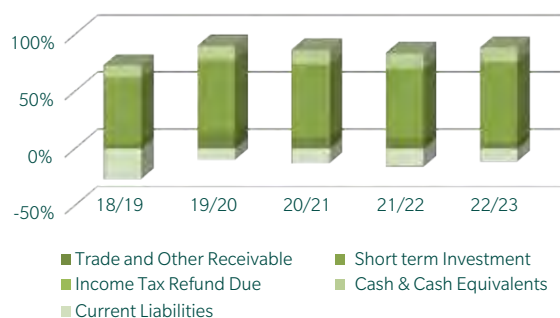
Liquidity and Working Capital Management

The Company's current ratio and quick asset ratio of 8.8 times and 7.7 times respectively, shows an exceptionally higher liquidity position. Further, 68% of the Company's total current assets has been utilized in short term investments which has generated an interest income of Rs. 38.8 Mn during the year. This is a significant increase compared to previous year's interest income of Rs. 12.8 Mn.

The Company's inventory turnover ratio increased from 0.7 times in 2021/22 to 3.1 times in 2022/23. A major reason for the increase is that the decrease in year-end inventory.

The debtor's turnover ratio improved from 9.8 times in 2021/22 to 14.65 times in 2022/23. In 2021/22, the Company was able to collect outstanding balances and which was a major reason for the improvement in debtor's turnover ratio. As shown in Note 32 in the financial statements, 68% of trade receivable as at 31st March 2023 represents debtors outstanding for less than 30 days. Accordingly, the Company administered its working capital well and managed to settle its liabilities from its own funds without relying on short term borrowings.

Liquidity Management





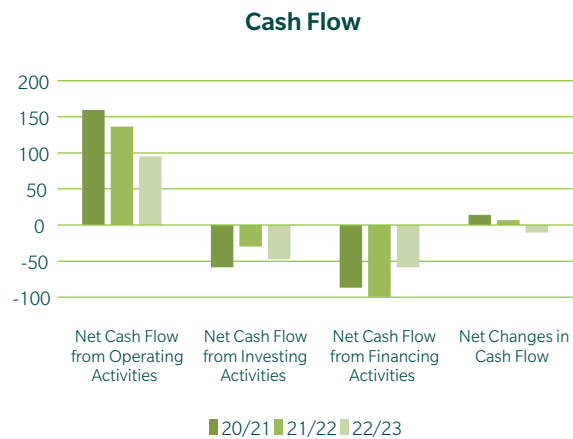
Management Discussion and Analysis (Contd.)

Cash Flow

In 2022/23, the Company was able to generate a net operating cash flow of Rs. 95.03 Mn, which is a 30% decrease, compared to that of 2021/22. The decrease is recorded mainly due to the significant drop in net profit.

Further, there is a net cash outflow of Rs. 47.09 Mn from investing activities. The Company has made investments of Rs. 18.05 Mn on acquisition of Property, Plant & Equipment and Rs. 39.78 Mn on capital work in progress which are the main reasons for the cash outflows in investing activities.

Meanwhile net cash outflow of Rs. 58.64 Mn has resulted from financing activities. While the dividend payments were Rs. 52.49 Mn, lease payments were Rs. 6.1 Mn. Overall, the net change in cash and cash equivalents for the year amounted to an outflow of Rs. 10.71 Mn.



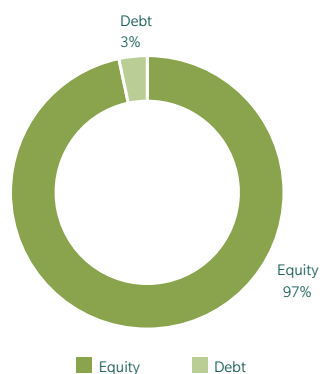
Equity 97%

Rs. 721,739,783

Debt 3%

Rs. 24,878,740

Equity and Debt Composition



Risk Management

Risk management is the process of identifying, assessing, and mitigating potential risks or uncertainties that may affect an organization, project, or individual. The goal of risk management is to proactively reduce the negative impacts of uncertain events while maximizing potential opportunities. 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 risk management approach refers to the overall strategy and methodology used by an organization or individual to identify, assess, respond to, and monitor risks. It outlines the principles, processes, and tools that will be employed to manage risks effectively within a specific context. The risk management approach varies from one organization to another and depends on factors such as the nature of the business, industry regulations, and risk tolerance levels.

The MCPPLC 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 Process



Identification of Risks

Risk identification is the process of identifying potential risks and uncertainties that could affect the objectives, projects, or operations of the Company. The aim is to proactively recognize and document possible events or conditions that may have adverse consequences or present opportunities. It's essential to involve a diverse group of people in the risk identification process, as different perspectives can lead to a more comprehensive understanding of potential risks. Risks in respective areas are identified in each level of the MCPPLC from bottom line to top level. However, major risks are communicated bottom line to top level while minor risks (operational risks in estates) are mitigated at the bottom level.

Risk Assessment

Analyzing identified risks to determine their potential impact and likelihood of occurrence is the crucial step in the risk management process. It is helping organizations to prioritize risks and allocate resources effectively to address the most significant threats or opportunities. Probability and impact of the risks are analyzed and prioritized by the top level of the MCPPLC based on their technical and industrial knowledge.

Risk Mitigation Plan

A risk mitigation plan outlines the specific actions and strategies an organization will implement to reduce the impact or likelihood of identified risks. Major strategic decisions to mitigate the prioritized risks are taken by the top level of the MCPPLC.

Implementation and Monitoring

Strategic decisions are implemented by the top level of the MCPPLC with the support of the bottom level. The expected outcomes and actual results are analyzed continuously.

Review and Update Risk Plan

Risk mitigation plan is updated regularly to face the micro and macro environment changes.





Risk Management (Contd.)

Risk	Risk Level	Risk Description	Risk Mitigation
Operational Risk			
Climate Change			
Risk of increasing production cost due to dynamic climate changes	High	The change in weather pattern would result in loss of revenue since the weather conditions are becoming more and more unpredictable globally due to the effects of climate change. As a result, the production of Coconut becomes more vulnerable to the changing weather conditions. This will have a negative impact on the cost of production. Further, extreme weather conditions could result in natural disasters, which would disrupt the crop formation process and cause physical damages to fields.	<p>Working closely with Coconut Research Institute in improving coconut yield.</p> <p>Maintaining Drip Irrigation System to effectively manage irrigation.</p> <p>Continuous improvements in solar power are being made, which will reduce fuel and energy costs.</p>
Adverse Weather Conditions and Pest Attacks			
Risk of low yield due to adverse weather conditions, pest attacks and diseased	High	<p>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.</p> <p>Coconut plantations are affected by different pests and diseases. Some major epidemics have been observed in past years.</p>	<p>Improve efficiency of Drip Irrigation System. Using parasites to control pest attacks.</p> <p>Use of monocrotophos to control Red Weevil and Caterpillar problems.</p> <p>To prevent the Mealy Bug attack, spray Kohomba oil in accordance with the recommendations of the CCB authorities.</p>
Elephant Attacks			
Risk of trees being damaged by elephants	High	Wild elephants are active in the plantation area and during 2022/23, 361 number of trees damaged by elephant attacks.	<p>We have already installed elephant fences to cover 1.5 Km in Field No 01, 1.25 Km in field No 03, 4.405Km in Field No 04 and 07, 2.261 Km in Field No 05, 1.3 Km in Field No 06, 2.565 Km in Field No 08 and 2 Km in Field No 11. We are hoping to install more in the coming years.</p> <p>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.</p> <p>MCPPLC is in the process of designing elephant fences using of new techniques with the assistance of technicians.</p>



Risk Management (Contd.)

Risk	Risk Level	Risk Description	Risk Mitigation
Non-availability of Fertilizer			
Risk of low yield due to non-availability of fertilizer	High	<p>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.</p> <p>During the financial year 2022/2023 we have purchased inorganic fertilizer for Rs. 50.39 Mn and applied for 50,892 numbers of trees. The fertilizer cost has increased by almost 236% compared to previous financial year due to unfavorable movement in exchange rates. The Company has used organic fertilizer for 5,468 numbers of trees and the anticipated results of the organic fertilizer application will take considerable times.</p>	<p>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.</p> <p>The Company has done soil and different fertilizer recommendations (DFR) tests during the year with CIC Agri Businesses (Private) Limited and according to their instruction MCPPLC applies the fertilizer, to maximize the usage of inorganic fertilizer.</p>
Water Supply			
Risk of increasing cost on water supply	Moderate	At present water supply is obtained from the Mahaweli Authority for the irrigation purposes. If additional costs are incurred on irrigated water, it might have an adverse impact on the cost of production.	Maintain good relationship with Mahaweli Authority to maintain water supply cost at a lower level.
Market Risk			
Coconut Price Fluctuations			
Risk of decreasing demand for coconut-based products among consumer	Low	Coconut prices are dependent on a range of external factors including weather conditions, demand conditions labour productivity, and the government's process towards reducing the inflations. During 2022/23, the average price per coconut has increased by 4.08%. This might have unfavorable impact on the demand conditions for coconut-based products among consumers.	<p>Maintain good relationship with customers to ensure consistent sales orders.</p> <p>Continuously strive to minimize production cost.</p>
Economic and Financial Risks			
Changes in tax rates and policies	Low	There are number of changes made to the Inland Revenue Act during the financial year such as introduction of new taxes and changes in tax rates, tax exemptions, dividend tax rates and withholding taxes.	MCPPLC closely monitors the changes in the tax rates and other regulations and adopt the changes required by the Inland Revenue Department with the help of tax consultants.
Finance Related Risks			
Finance related risk management strategies are discussed in detail in Note 32 in Page 87 to 89.			





CORPORATE GOVERNANCE

Board of Directors



1

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

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

2

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 & Company PLC and 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.

3

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

He served on the Board of Chilaw Finance PLC after the takeover by Richard Pieris Finance Ltd until the merger. 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.

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

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Board of Directors (Contd.)



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

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

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

Mr. Gamamedaliyange Joseph Lalith Neomal Perera was a Sri Lankan parliamentarian from year 2000-2015. 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 Director 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 31 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, manufactures of desiccated coconut and all kernel related products and the Chairman of Sinha Auto Services (Pvt) Ltd-Lanka IOC fuel station. He is a Former Director/Chairman at Chilaw Finance PLC.





Board of Directors (Contd.)

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 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, 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 joined the Research Division of the Ministry of Fisheries as a Fish Technologist and subsequently when the National Aquatic Resources Research and Development Agency (NARA) was established, he was designated as a Research Officer and entrusted as the Officer in Charge Marine Products in Quality Control Division of Inst of Post Harvest Technology(IPHT) of the NARA. Later he was elevated to the Director of IPHT of NARA. In 1996 he was offered the post of Professor of Food Technology in Rajarata University of Sri Lanka. Subsequently he was elected to serve as the Dean, Faculty of Agricultural Sciences, Wayamba Campus, Rajarata University of Sri Lanka.

During his academic career Prof. Fonseka had a rare distinction of leading the Faculty of Agriculture and subsequently Faculty of Livestock, Fisheries and Nutrition as the Dean of the two faculties before being elevated to the position of the Vice Chancellor, Wayamba University of Sri Lanka. He is a Member of Sri Lanka Association for the Advancement of Science and a Founder member, Joint Secretary in the Sri Lanka Association for Fisheries and Aquatic Resources. Prof. Fonseka served as the Chairman of the Board of Governors of Institute of Food Science and Technology, Sri Lanka in 2019/2020, and where he still serves as member of the Board of Governors. Currently he serves as a member Board of Study of the BSc in Food Quality Management (External) degree Programme of the Wayamba University of Sri Lanka.

10. Mr. Munaweera Aratchige Chithral Hilarian Munaweera - MBA, M.Sc. (Agric Enterprise & Technology Mgt) 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 (WUSL), 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 (WUSL), a Diploma in Agriculture from the Aquinas College of Higher studies and a National Diploma in Plantation Management, awarded by the National Institute of Plantation Management. He is also a Paul Harris Fellow (Rotary), a Fellow Member of Association of Chartered Professional Managers of Sri Lanka and a Professional Member of the Sri Lanka Institute of Agriculture (SLIAG). As a career agriculturist specialized in Livestock integrated plantations with a wide range of work experience in the semi-government and corporate sector, Mr. Munaweera held 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 a Director of the Agriculture Sector Skills Development Council of Sri Lanka.



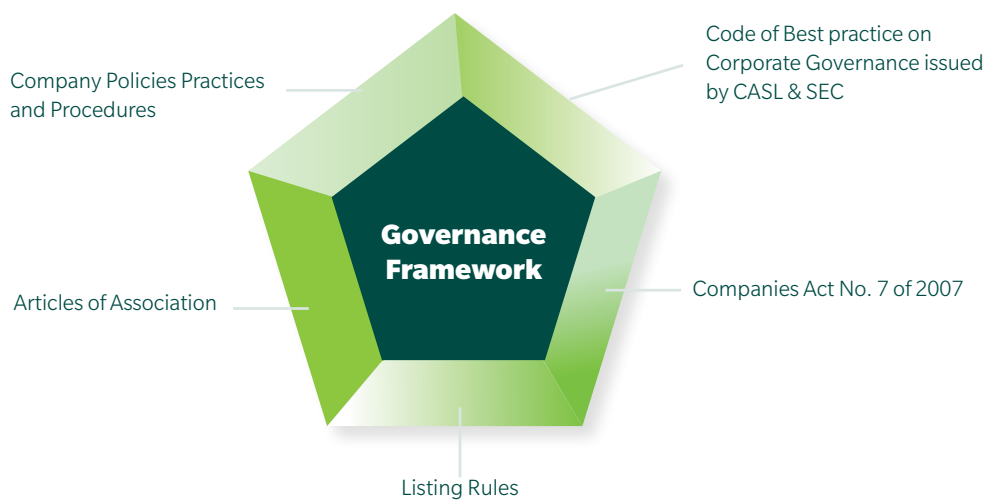


Corporate Governance Report

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.

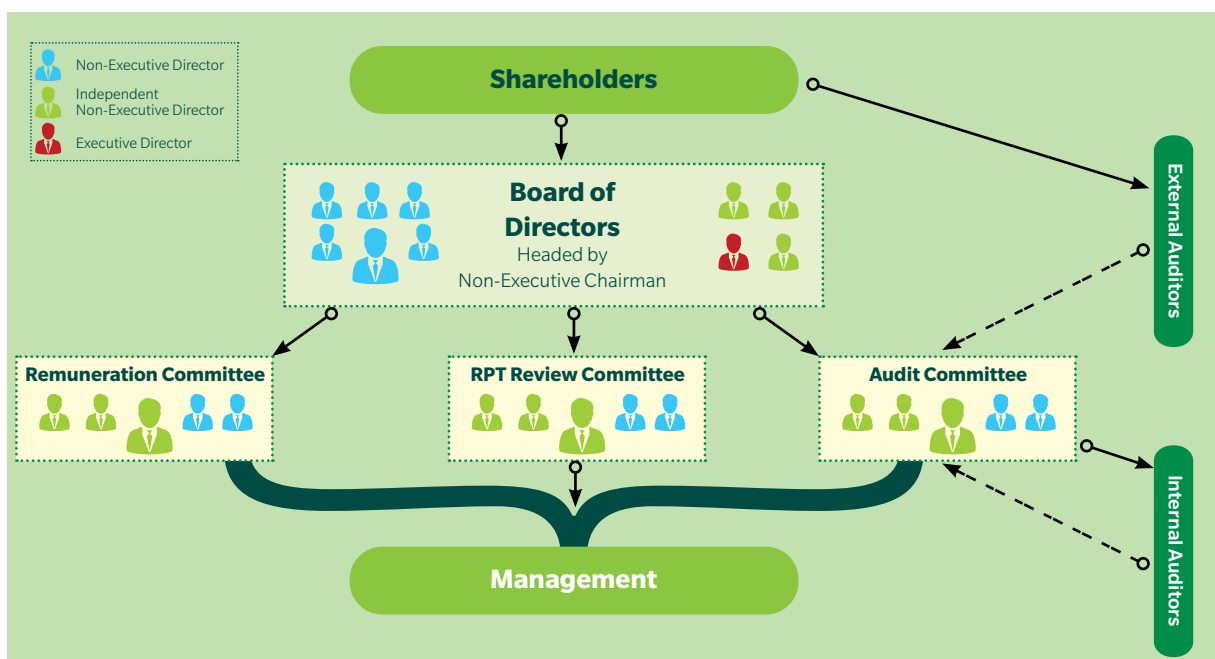
Framework and Structure

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 2023. A brief profile of each of the Directors are given on pages 28 to 30. 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 judgement. 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 four 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 three 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 four years does not compromise his independence and objectivity in discharging his functions as a Director. Therefore, the Board determined that Mr. Munaweera is 'Independent' as per the Listing Rules.

Appointment, Re-Election and Resignation

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

Accordingly,

- To re-elect Mr. N. A. Lalith Cooray who has consented to be re-appointed for the position of Director.
- To re-elect Mr. M. D. J. P. Nilantha Perera who has consented to be re-appointed for the position of Director.
- To re-elect Prof. T. S. Gamini Fonseka 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.





Corporate Governance Report (Contd.)

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

Risk Management & Internal Control

Development and overview of Risk Management Policy Framework and Overseeing systems of governance and internal controls.

Strategic Direction

Formulation of Sustainable short, medium and long-term strategies ensuring long-term success of the Company.

Stewardship

Ensure proper stewardship of the Company resources and Institute effective internal control systems to safeguard the assets of the Company.

Regulatory Compliance

Monitor compliance with rules and regulations.

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 exercise sits 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).



Corporate Governance Report (Contd.)

Board Meetings

During the year under review eleven (11) 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	28-04-2022	26-05-2022	30-06-2022	28-07-2022	25-08-2022	29-09-2022	27-10-2022	01-12-2022	19-01-2023	28-02-2023	29-03-2023	Attendance
Independent Non-Executive Directors (NED – I)													
Prof. T.S. Gamini Fonseka	28-10-2020 (Re-Appointment)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/11
Mr. N. A. Lalith Cooray	16-12-2019	✓	✓	✓	✓	✓	-	✓	-	✓	✓	✓	09/11
Mr. M.A.C.H. Munaweera	27-09-2021 (Re-Appointment)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/11
Non-Executive Directors (NED)													
Mr. S.D.W. Asitha Gunasekara	27-09-2021 (Re-Appointment)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/11
Mr. S.D.Senerath Gunasekara	28-09-2022 (Re-Appointment)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/11
Mr. A.J.Shamendra Jayakodi	28-09-2022 (Re-Appointment)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/11
Mr. G.J.L. Neomal Perera	28-09-2022 (Re-Appointment)	✓	-	✓	✓	✓	✓	-	✓	✓	-	✓	08/11
Mr. M.D.J.P. Nilantha Perera	28-10-2020 (Re-Appointment)	-	-	-	✓	✓	✓	✓	✓	✓	✓	✓	08/11
Mr. S.J.Watawala	28-10-2020 (Re-Appointment)	-	-	-	-	-	-	-	-	-	-	-	0/11
Executive Director (ED)													
Mr. J.F. Fernandopulle	27-09-2021 (Re-Appointment)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/11
		8/10	7/10	8/10	9/10	9/10	8/10	8/10	8/10	9/10	8/10	9/10	





Corporate Governance Report (Contd.)

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

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

Board Committees

The Board has delegated some of its functions to the Subcommittees, whilst retaining the rights of final decision. Members of these Subcommittees are able to focus on their

designated areas of responsibility and impart knowledge and oversight in areas where they have greater expertise. The Directors dedicate sufficient time at such meetings to review respective documentation relating to the meeting, and call for additional information for any further clarification, in addition to familiarising themselves with the economic factors, legal and political risks and changes.

The Board Sub committees 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)	Page 41 to 42
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 43
Related Party Transactions Review Committee (RPTRC)	Review of Related Party Transactions	3 NED-Is 2 NEDs	Prof. T.S.Gamini Fonseka (NED-I)	Page 44 to 45

NED-I – Non-Executive Director – Independent

NED – Non-Executive Director

The Managing Director and the Finance Controller attend the meetings by invitation and the Company Secretary 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>





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 2022 as external auditors of the Company for the financial year 2022/23. 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 page 48 - 52
168.(1)(b)	Signed Financial Statements of the Company for the accounting period completed - section 151	Complied	Financial Statements, page 56 - 89
168.(1)(c)	Auditors' Report on Financial Statements of the Company	Complied	Independent Auditors Report, page 54 - 55
168.(1)(d)	Accounting policies and any changes therein	Complied	Notes to the Financial Statements, page 60 - 71
168.(1)(e)	Particulars of the entries made in the Interests Register during the accounting period	Complied	Annual Report of the Board of Directors page 48 - 52
168.(1)(f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Complied	Notes to the Financial Statements, page 83
168.(1)(g)	Corporate donations made by the Company during the accounting period	Complied	Annual Report of the Board of Directors page 48 - 52
168.(1)(h)	Information on the Directorate of the Company at the end of the accounting period	Complied	Board of Directors, page 28 - 30
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 83
168.(1)(j)	Auditors' relationship or any interest with the Company	Complied	Audit Committee Report, page 41 - 42
168.(1)(k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	Complied	Statement of Directors' Responsibility, page 53

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

CSE Rule	Requirements	Compliance Status	Reference to the Annual Report
7.6(i)	Names of persons who were Directors of the Entity.	Complied	Board of Directors, page 28 - 30
7.6(ii)	Principal activities of the Entity during the year, and any changes therein.	Complied	Annual Report of the Board of Directors page 48 - 52
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 92
7.6(iv)	The public holding percentage	Complied	Shareholders Information, page 91
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 page 48 - 52
7.6(vi)	Information pertaining to material foreseeable risk factors of the Entity	Complied	Risk Management, page 24 - 26
7.6(vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Complied	Annual Report of the Board of Directors page 48 - 52
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 page 48 - 52
7.6(ix)	Number of shares representing the Entity's stated capital	Complied	Notes to Financial Statements, page 79





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, page 91 & 92
7.6(xi)	Financial ratios and market price information	Complied	Financial Highlights, page 8 & Shareholder Information page 92
7.6(xii)	Significant changes in the Company's fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year	Complied	Notes to Financial Statements, page 74 - 75
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 on page 41 - 45
7.6(xvi)	Related Party Transactions exceeding 10 percent of the equity or 5 percent of the Financial Statements, whichever is lower	Complied	Notes to Financial Statements, page 86 - 87

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	Compliance with Corporate Governance Rules Page 31 - 40
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 Page 28 - 30 and criteria for independence have been met
7.10.3 (c)	Disclosure relating to Directors - a brief resume of each Director should be included in the Annual Report (AR) including the Director's areas of expertise	Complied	The Company has disclosed under Board of Directors, in the Annual Report page 28 - 30
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
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.





Corporate Governance Report (Contd.)

CSE Rule	Requirements	Compliance Status	Reference to the Annual Report
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 43
7.10.6	Audit Committee (AC)	Complied	The Company has established an Audit Committee.
7.10.6(a)	Composition of Audit Committee shall comprise NEDs, a majority of whom shall be independent. A NED to be the Chairman of the Committee; CEO and FD to attend AC meetings, Chairman of the AC or one member should be a member of a professional accounting body	Complied	The Audit Committee, headed by a NED, comprises three independent Non-Executive Directors and two Non-Executive Directors. The Managing Director and the Finance Controller 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 page 41 - 42 for the functions of Audit Committee.
7.10.6(c)	Disclosure in Annual Report relating to AC - Names of Directors comprising the AC; the AC shall make a determination of the independence of the Auditors and disclose the basis for such determination; the Annual Report shall contain a Report of the AC setting out the manner of compliance with their functions	Complied	Refer Audit Committee Report page 41 - 42

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, page 86 - 87
9.3.2(b)	Details pertaining to Recurrent Related Party Transactions	Complied	Notes to Financial Statements, page 86 - 87
9.3.2(c)	Report of the Related Party Transactions Review Committee	Complied	Report of the Related Party Transaction Review Committee, page 44 - 45
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 Report (Contd.)

Corporate Governance compliance requirement summery 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
Secretary
Colombo

28th August 2023





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. At the time of listing the Company on the Colombo Stock Exchange (CSE), 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 page 28 - 30. 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	Attendance				Total
	26-05-2022	05-08-2022	09-11-2022	08-02-2023	
Mr. N.A.Lalith Cooray (FCA) (Chairman)	✓	✓	✓	✓	4/4
Prof. T.S.Gamini Fonseka	✓	✓	✓	✓	4/4
Mr. M.A.C.H. Munaweera	✓	✓	✓	✓	4/4
Mr. S.D.Senerath Gunasekara	✓	-	✓	✓	3/4
Mr. G.J.L.Neomal Perera	-	-	-	✓	1/4
Attendance	4/5	3/5	4/5	5/5	

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

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 an oversight of the internal controls, the financial reporting process and compliance with regulatory matters as given in the Audit Committee Charter. It sets out the 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 2023.

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 Sri Lanka Financial Reporting Standards provisions of the Companies Act, No. 7 of 2007, CSE 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 Controller 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 page 88 - 89.

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

External Audit

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

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





Audit Committee Report (Contd.)

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. Reviewed the performance of the External Auditors, Messrs. Kreston MNS & Co and recommended their re-appointment to the Board for financial year ending 31st March 2024 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 Controller 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's 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

28th August 2023





Remuneration Committee Report

Composition

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

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

Role of the committee

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

Remuneration Policy

The policy objective is to make assessment of the employees on all levels to determine the organizations remunerations justifiably extended in a logical manner. These include Executive Directors, Management of the plantations, staff attached to head office and other relevant grades of staff. These endeavors are based on a structural method of evaluation of performance of individuals and other employees at competitive levels.

These deliberations are geared towards employee motivation, increased productivity and enhanced quality of work related, so that corporate goals are achieved.

The Non-Executive Directors are extended a fee on attending Board meetings and for their services towards the sub committees.

Meeting of the Remuneration Committee

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

On behalf of the Remuneration Committee.

Mr. M.A.C.H. Munaweera

Chairman - Remuneration Committee

28th August 2023





Related Party Transactions Review Committee Report

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

Composition of the Committee

The Related Party Transactions (RPT) Review Committee

consist of three (3) Independent Non-Executive 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-Executive Directors Mr. G.J.L. Neomal Perera and Mr. S.D. Senerath Gunasekera

Company Secretary serves as the Secretary to the Committee.

Meetings of the RPT Review Committee

Name of the Member	Status	26/05/2022	05/08/2022	09/11/2022	08/02/2023	Attendance
Prof. T.S.Gamini Fonseka (Chairman)	Independent Non -Executive Director	✓	✓	✓	✓	4/4
Mr. S.D.Senerath Gunasekera	Non-Independent Non -Executive Director	✓	-	✓	✓	3/4
Mr. G.J.L. Neomal Perera	Non-Independent Non -Executive Director	-	-	-	✓	1/4
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		4/5	3/5	4/5	5/5	

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 transactions 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 of 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, setting up Policies to review Related Party Transactions adequately.

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





Related Party Transactions Review Committee Report (Contd.)

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 Auditors 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. In cases where some delays in settlement of shareholder customers, were noted we have intervened to take swift action to recover or rectify such issues.

The Committee reviewed the Related Party Transactions for the year 2022/2023 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 these are absolute necessity for smooth operations of the Company. Further the proceedings of the Committee meetings were documented and tabled at the Board Meetings, for broader discussion and review.

Declaration

The Company's transactions with Related Parties, given in Note 31 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.

On behalf of the Related Party Transactions Review Committee.

Prof. T.S. Gamini Fonseka

Chairman

Related Party Transaction Review Committee

28th August 2023



The image features a large, dense pile of coconuts in the foreground, filling the lower two-thirds of the frame. The coconuts are dark brown and have a textured, husky appearance. In the background, there is a lush tropical setting with several tall palm trees and their fronds reaching upwards. The entire image is overlaid with a semi-transparent teal or green tint. Centered over the pile of coconuts is the text "FINANCIAL INFORMATION" in a bold, white, sans-serif font. The text is split into two lines: "FINANCIAL" on the top line and "INFORMATION" on the bottom line.

FINANCIAL INFORMATION

Financial Calendar

Financial Statements	2022/2023	2021/2022
1st Quarter	05.08.2022	13.08.2021
2nd Quarter	09.11.2022	27.10.2021
3rd Quarter	08.02.2023	25.01.2022
4th Quarter	25.05.2023	26.05.2022
Annual General Meeting	27.09.2023	29.09.2022
Annual Report	28.08.2023	25.08.2022





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 31st March 2023, 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 28th August 2023.

Principal Activities

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

Review of Business and Future Developments

A review of the Company's performance during the financial year is given in the Chairman's Review on page 11 the Managing Director's Review on page 12 - 13 and management's review on page 17 - 23.

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 Controller & two Directors on behalf of the Board and the Auditor's Report are included in this Annual Report and form an integral part of this Report.

The Financial Statements of the Company are given on pages 56 to 89 of this Annual Report

Summarized Financial Results

	2022/2023 Rs.	2021/2022 Rs.
Revenue	324,501,506	244,417,086
Profit before Taxation	143,148,292	194,641,290
Taxation	(73,531,360)	(3,364,192)
Profit After Taxation	69,616,932	191,277,098
Other Comprehensive Income	1,719,785	2,982,303
Retained Earnings b/f	301,859,968	195,090,854
Declared Dividend	(52,494,173)	(87,490,287)
Retained Earnings c/f	320,702,512	301,859,968





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 54 - 55.

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 Page 60 - 71.

Donations

The Company made donations amounting to Rs. 69,800/- (2021/22 - Rs. 188,032/-) 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 25 of the Financial Statements. It is the policy of the Company

to provide for deferred taxation on all known material timing differences between the carrying amounts of assets and liabilities for financial reporting purposes.

Capital Expenditure

The carrying value of Property, Plant and Equipment and Electrical Substation are as at 31st March 2023 amounted to Rs. 124,739,679/- (2021/22 - Rs. 67,180,433/-). During the year, the Company has invested a total of Rs. 57,822,285/- in Property, Plant and Equipment. Out of which, Rs. 1,280,000/- is utilised to purchase a motor vehicle, Rs. 625,760/- is utilised to purchase furniture and fittings, Rs. 2,700,970/- is utilised for the fibre substrate project, Rs. 855,000 is utilised for the construction of lunch room at the head office, and Rs. 12,584,310 is utilised to construct an electrical fence, to purchase an excavator, and a wire the electrical transformer. Furthermore, the Company has spent Rs. 39,776,245 in Capital work in progress (WIP), the majority of which is made up of Concrete Yard, Decorticator - Husk Project, Steel Building - Husk Project, Electric Fence, and Weighbridge. Consequently, the cost transferred from WIP to Building was Rs. 37,850,625/- and to Machinery and Equipment was Rs. 16,636,091/-. The present work in progress of Rs. 6,000,989/- comprises mostly of estate office building, steel building expansion, and lorry body replacement.

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) 1,606.5 sq.ft. (Building)	1	20,095,000 5,435,000
Mahaweli Coconut Plantations PLC - Estate	Aralaganwila	551.38 HA (Lease) 23,374sq.ft (Building)	42	16,541,028 46,605,865

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

Stated Capital and Reserves

The Stated Capital of the Company as at 31st March 2023 was 384,717,995/- (2022 -Rs. 384,717,995/-). The number of shares issued by the Company as at 31st March 2023 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 58.

Capital Commitments and Contingent Liabilities

Details of the Capital Commitments & Contingent Liabilities are disclosed in Note 29 and 28 to the Financial Statements.

Dividend on Ordinary Shares

A final dividend for 2021/22 of Rs. 1.50 per share was paid during the year.

The Directors declared a final dividend of Rs. 1.50 per ordinary share for the year 2022/23. The final dividend is subject to the approval of shareholders at 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 2023 consist of ten (10) Directors, with a broad range of skills, experiences and attributes.





Annual Report of the Board of Directors (Contd.)

Board of Directors

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

Mr. S.D.W.Asitha Gunasekara	- Chairmen / Non-Executive Non Independent Director
Mr. J.F.Fernandopulle	- Managing Director / Executive Non-Independent Director
Mr. S.J. Watawala	- Non-Executive Non Independent Director
Mr. S.D.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. Gamini 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 Page 41 - 42, 43 & 44 - 45 respectively.

Re-election/ re-appointment of Directors

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

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

Interest Register

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

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

The relevant Interest of Directors in the shares of the Company as at 31st March 2023 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 31 in Page 86 - 87 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 2023 and 31st March 2022 are as follows:

Directors' Name	No. of Shares as at 31.03.2023	No. of Shares as at 31.03.2022
Mr. S.D.W. Asitha Gunasekera	1,088	1,088
Mr. J.F. Fernandopulle	758,876	758,876
Mr. S.D. Senerath Gunasekera	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	56,144	67,765
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 2023 is given in Note 31 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 2023.

Details of the Related Party Transactions Review Committee and its Report are given on page 44 - 45.

Related party transactions of the Company are disclosed in Note 31 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 2023, 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 30 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 2023 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. 1,049,021/- 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 page 24 - 26 of this Annual Report.

Public Holdings

A percentage of 87% of the issued shares of the Company are held by the public comprising of 637 shareholders as at the end of the year.

Major Shareholding

Details of the major shareholders of the Company as at 31st March 2023 are given under largest shareholdings on page 92.

Stock Market Information

Information relating to trading of shares of the Company is given under shareholders information on page 91 - 92.





Annual Report of the Board of Directors (Contd.)

Corporate Governance

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

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

The Corporate Governance practices of the Company are set out on page 31 - 40.

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 sixth Annual General Meeting is given in Page 97.

The 26th Annual General Meeting of the Company will be held on 27th September 2023 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, FCA
Secretary

28th August 2023





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 2023 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 2023, 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 2023 and the Statement of Comprehensive Income. For the Company for the financial year ended 31st March 2023 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
28th August 2023





Independent Auditor's Report



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

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E-mail: audit@kreston.lk
Web: www.kreston.lk

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MAHAWELI COCONUT PLANTATIONS PLC Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of **MAHAWELI COCONUT PLANTATIONS PLC** (the Company), which comprise the Statement of Financial Position as at 31st March 2023, 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 page 56 - 89.

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 2023, 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 31st March 2023, 26.92% of the total assets of the Company consisted of consumable biological assets amounting to Rs. 244.48 Mn which are carried at fair value and the fair value Gain of Rs. 81.68 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 10 in the Financial Statements.</p>

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Partners

S Rajanathan FCA, FCMA (UK) | N K Atukorala FCA, ACMA | Ms. H D S C A Tilakaratne 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 2023, but does not include the Financial Statements and our auditor's report thereon.

Our Opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an Audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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
28th August 2023





Statement of Financial Position

As at	Note	31.03.2023 Rs.	31.03.2022 Rs.
ASSETS			
Non-Current Assets			
Right of use Assets - Land	5	5,913,934	6,856,020
Property, Plant & Equipment	6	116,891,943	67,180,433
Electrical Substation	7	7,847,736	-
Intangible Assets	8	162,690	273,028
Bearer Biological Assets	9	138,839,534	163,787,681
Consumable Biological Assets	10	244,480,000	162,800,000
Total Non-Current Assets		514,135,837	400,897,162
Current Assets			
Inventories	11	51,720,090	115,249,610
Trade & Other Receivables	12	22,877,399	34,354,163
Short Term Investments	13	269,148,804	242,301,188
Income Tax Refund due	14	3,223,301	1,859,969
Cash at Bank & In Hand	15	46,863,874	55,410,647
Total Current Assets		393,833,468	449,175,577
Total Assets		907,969,305	850,072,739
EQUITY & LIABILITIES			
Capital & Reserves			
Stated Capital	16	384,717,995	384,717,995
Retained Earnings		320,702,512	301,859,968
Total Equity		705,420,507	686,577,963
Advance Received for Allotment of Shares		16,319,276	16,319,276
Shareholders Funds		721,739,783	702,897,239
Non-Current Liabilities			
Obligation under Right of use Assets - Land on Lease	17	21,764,592	24,878,736
Retirement Benefit Obligation	18	8,880,344	10,055,170
Deferred Tax Liability	19	111,247,122	42,903,927
Total Non-Current Liabilities		141,892,058	77,837,833
Current Liabilities			
Trade & Other Payables	20	35,334,681	63,240,460
Obligation under Right of use Assets - Land on Lease	17	3,114,148	2,371,918
Bank Overdraft	15	5,888,635	3,725,289
Total Current Liabilities		44,337,464	69,337,667
Total Liabilities		186,229,522	147,175,500
Total Equity & Liabilities		907,969,305	850,072,739


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 page 60 - 89.

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
 Mr. J. Kaneshwaran

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 Gunasekara
 28th August 2023


Managing Director
 Mr. J. F. Fernandopulle





Statement of Comprehensive Income

For the year ended	Note	31.03.2023 Rs.	31.03.2022 Rs.
Revenue	21	324,501,506	244,417,086
Cost of Sale		(261,667,732)	(52,780,501)
Gross Profit		62,833,774	191,636,585
Other Income	22	2,470,808	8,702,432
Gain on change in Fair Value of Biological Assets		81,680,000	16,586,000
Administration Expenses		(38,210,447)	(30,364,860)
Other Expenses		(61,053)	(49,722)
Results from Operating Activities		108,713,082	186,510,435
Finance Costs	23	(4,429,080)	(4,698,170)
Finance Income	23	38,864,290	12,829,025
Net Finance Income		34,435,210	8,130,855
Profit before Taxation	24	143,148,292	194,641,290
Taxation	25	(73,531,360)	(3,364,192)
Profit for the year		69,616,932	191,277,098
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	18.2	2,456,836	3,467,794
Tax effect on Actuarial Gain on Retirement Benefit Obligation	25	(737,051)	(485,491)
Net Other Comprehensive Income not to be reclassified to profit or loss in the subsequent period (net of tax)		1,719,785	2,982,303
Total Other Comprehensive Income for the year, net of tax		1,719,785	2,982,303
Total Comprehensive Income for the Year (net of tax)		71,336,717	194,259,401
Earnings per Share (Rs.) - Basic	26	1.99	5.46
- Diluted	26	1.99	5.46
Dividend per Share (Rs.)	27	1.50	2.50

Figures in bracket indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form a part of the Financial Statements of the Company set out on page 60 - 89.





Statement of Changes in Equity

For the year ended 31st March 2023

	Note	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1st April 2021		384,717,995	195,090,854	579,808,849
Dividend				
Final Dividend for 2020/2021	33	-	(52,494,172)	(52,494,172)
Interim Dividend-2021/2022	33	-	(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
Balance as at 1st April 2022		384,717,995	301,859,968	686,577,963
Dividend				
Final Dividend for 2021/2022	33	-	(52,494,173)	(52,494,173)
		-	(52,494,173)	(52,494,173)
Transactions with owners		-	(52,494,173)	(52,494,173)
Profit for the year		-	69,616,932	69,616,932
Other comprehensive income for the year net of tax		-	1,719,785	1,719,785
Total comprehensive income for the year net of tax		-	71,336,717	71,336,717
Balance on 31st March 2023		384,717,995	320,702,512	705,420,507

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 page 60 - 89.





Statement of Cash Flows

For the year ended	Note	31.03.2023 Rs.	31.03.2022 Rs.
CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before Taxation		143,148,292	194,641,290
Adjustments for :			
Finance Income	23	(38,864,290)	(12,829,025)
Finance Cost	23	4,429,080	4,698,170
Depreciation of Property, Plant & Equipment	6	7,008,971	3,485,228
Amortisation of Intangible Assets	8	110,338	74,412
Amortisation of Right of use of Land on Lease	5	942,086	942,086
Immature Bearer Biological Assets transfer to Statement of Comprehensive Income	9	992,307	482,622
Work in Progress transfer to Expenses	6	1,101,806	9,637
Amortisation of Electrical Substation	7	178,357	-
Depreciation on Bearer Biological Assets	9	25,244,254	25,244,254
Provision for Gratuity	18	2,705,025	1,699,505
Loss / (Profit) on changes in Fair Valuation of Consumable Biological Assets	10	(81,680,000)	(16,586,000)
Reversal Lease Liability over provision prior year	17	-	(737,957)
Property, Plant & Equipment Adjustments	6	-	(68,241)
Profit from operations before changes in working capital		65,316,226	201,055,981
Changes in Working Capital			
(Increase) / Decrease in Inventories	11	63,529,520	(77,763,351)
(Increase) / Decrease in Trade & Other Receivables	12	3,450,671	2,886,650
Increase / (Decrease) in Trade & Other Payables	20	(28,558,549)	14,995,128
Cash Generated from Operations		103,737,868	141,174,408
Gratuity Paid	18	(1,423,015)	(875,140)
Tax Paid	14	(7,050,148)	(3,847,757)
WHT	14	(238,400)	-
Net Cash Generated from Operating Activities		95,026,305	136,451,511
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of Property, Plant & Equipment	6	(18,046,040)	(8,951,256)
Acquisition of Intangible Asset	8	-	(180,000)
Addition to Bearer Biological Assets - Immature	9	(1,288,414)	(873,722)
Expenditure on Capital Work In Progress	6	(39,776,245)	(22,142,792)
Net Investment in Fixed Deposits	13	(9,975,216)	(11,646,148)
Interest Received		21,991,888	13,780,491
Net Cash used in Investing Activities		(47,094,027)	(30,013,427)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment to Mahaweli Authority of Sri Lanka	17	(6,148,224)	(12,139,707)
Dividend Paid	33	(52,494,173)	(87,490,287)
Net Cash used in Financing Activities		(58,642,397)	(99,629,994)
Net Increase / (Decrease) in Cash and Equivalents		(10,710,119)	6,808,090
Cash and Cash Equivalents at the Beginning of the year	15	51,685,358	44,877,267
Cash and Cash Equivalents at the End of the year	15	40,975,239	51,685,358

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 page 60 - 89.





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 Savi Board of the Colombo Stock Exchange of Sri Lanka from 03.06.2019.

1.2 Principal Business Activities and Nature of Operations

The Company is primarily involved in the Cultivation of Coconuts & manufacturing of Copra and Coco peat and sale of Coconuts, Copra & Coco peat.

1.3 Date of authorization of issue.

The Financial Statements for the year ended 31st March 2023 were authorised for issue by the Board of Directors on 28th August 2023.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Financial Statements of the Company comprise of Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash 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 18)
- Consumable biological assets are measured at fair value as per LKAS 41 "Agriculture". (Note 10)
- Agriculture produce harvested from bearer biological assets is measured at fair value less cost to sell as per LKAS 41 "Agriculture" (Note 11)

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.)

2.7 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 on going 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 10
- Agriculture Produce from Bearer biological assets - Note 11

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

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

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

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

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

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

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

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

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



Notes to the Financial Statements (Contd.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

3.1 Fair Value Measurement (Contd)

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

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

3.2 Foreign currency transactions

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

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

3.3 Right to Use of Land on Lease

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

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

by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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:

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





Notes to the Financial Statements (Contd.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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 Electrical Substation

Electrical Substation is 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 30 years. Residual values are assumed to be zero.

3.6 Intangible Assets

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

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

3.7 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)

3.7.1 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

3.7.2 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.

3.7.3 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 10.

The main variables in DCF model are as follows.

Variable	Comment
Currency valuation	Sri Lankan Rupees - Rs.
Timber content	Estimated based on physical verification of girth & height of the trees.
Economic useful life	Estimated based on the normal life span of each tree
Selling price	Estimated based on prevailing Sri Lankan market price. Factor all the conditions to be fulfilled in bringing the trees in to saleable condition
Discount Rate	Future cash flows are discounted at following discount rates: Timber trees 19.2% - 26.6%.

3.7.4 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.

3.8 Inventories

3.8.1 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.

3.8.2 Finished goods manufactured from agricultural produce of biological assets (Copra & Coco peat)

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.

3.8.3 Consumable Stock

At actual cost on weighted average basis.

3.8.4 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)

3.9 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.

3.10 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.

3.11 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.

3.12 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.

3.12.1 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.

3.13 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.



Notes to the Financial Statements (Contd.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

3.13 Leases (Contd)

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

The purchaser had the ability or right to operate the assets while obtaining or controlling more than an insignificant amount of the output;

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

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

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

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

3.14 Employee Benefits

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

3.14.1 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.

3.14.2 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 18.3

The actuarial valuation was carried out by a professionally qualified firm of actuaries, Messrs Actuarial and Management Consultants (Private) Limited as at 31 March 2023.

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.

3.15 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.

3.16 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.





Notes to the Financial Statements (Contd.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

3.16 Taxes (Contd)

3.16.1 Current Income Tax

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

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

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

3.16.2 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 30% as per the Inland Revenue Act No. 24 of 2017.

3.17 Financial Instruments

3.17.1 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.

3.17.2 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)

3.17.2 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.

3.17.3 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.

3.17.4 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.

3.17.5 Classification and subsequent measurement of financial liabilities

The Company classifies financial liabilities as described below:

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

The subsequent measurement of financial liabilities depends on their classification.

Financial liabilities at FVTPL

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

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

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

Financial liabilities at amortised cost

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

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

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

3.17.6 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.





Notes to the Financial Statements (Contd.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

3.17.7 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.

3.17.8 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

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

3.18.1 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.

3.18.2 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.

3.19 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.

3.20 Finance Income and Finance Costs

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

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

Borrowing Costs

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

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

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



Notes to the Financial Statements (Contd.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

3.21 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.

3.22 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.

3.23 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.

3.24 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.

3.25 Critical Accounting Estimates and Judgements

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that

have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Estimated useful lives of Property, Plant and Equipment

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

Taxation

Deferred tax

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

Impairment of non-current assets

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

Defined benefit plan - Gratuity

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





Notes to the Financial Statements (Contd.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

3.25 Critical accounting estimates and assumptions (Contd)

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

3.26 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.

- Classification of Liabilities as Current or Non-current (Amendments to LKAS 1) - effective for annual periods beginning on or after 1st January 2023.
- Disclosure of Accounting Policies (Amendments to LKAS 1 and SLFRS Practice Statement 2) - effective for annual periods beginning on or after 1st January 2023.
- Definition of Accounting Estimates (Amendments to LKAS 8) - effective for annual periods beginning on or after 1st January 2023.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to LKAS 12 - effective for annual periods beginning on or after 1st January 2023.
- SLFRS 17 - Insurance Contracts - effective for annual reporting periods beginning on or after 1st January 2025.

3.27 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 is in Aralaganvila, 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, Coco Peat 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 2023					
Financial Assets					
Trade & Other Receivables	12	-	-	22,274,769	22,274,769
Short Term Investments	13	-	-	269,148,804	269,148,804
Cash at Bank & in Hand	15	-	-	46,863,874	46,863,874
		-	-	338,287,447	338,287,447
	Note	Financial Liabilities at fair value through Profit & Loss Rs.		Financial Liabilities at amortised Cost Rs.	Total Rs.
Financial Liabilities					
Trade & Other Payables	20		-	34,242,936	34,242,936
Obligation under Right of use Assets - Land	17		-	24,878,740	24,878,740
Bank Overdraft	15		-	5,888,635	5,888,635
			-	65,010,311	65,010,311

A description of the Company's Financial Instrument risks, including risk management objectives and policies is given in Note 32.

	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	12	-	-	24,597,766	24,597,766
Short Term Investments	13	-	-	242,301,188	242,301,188
Cash at Bank & in Hand	15	-	-	55,410,647	55,410,647
		-	-	322,309,601	322,309,601
	Note	Financial Liabilities at fair value through Profit & Loss Rs.		Financial Liabilities at amortised Cost Rs.	Total Rs.
Financial Liabilities					
Trade & Other Payables	20		-	61,665,302	61,665,302
Obligation under Right of use Assets - Land	17		-	27,250,654	27,250,654
Bank Overdraft	15		-	3,725,289	3,725,289
			-	92,641,245	92,641,245

A description of the Company's Financial Instrument risks, including risk management objectives and policies is given in Note 32.





Notes to the Financial Statements (Contd.)

NOTE 5 - RIGHT OF USE ASSETS - LAND

	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
Capitalized Value		
Balance on 1st April	16,541,028	16,541,028
Balance on 31st March	16,541,028	16,541,028
Amortisation		
Balance on 1st April	9,685,008	8,742,922
Amortisation during the year	942,086	942,086
Balance on 31st March	10,627,094	9,685,008
Net Balance	5,913,934	6,856,020

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 lease agreement for the remaining Land of 129.187 HA has been signed by the Company and pending the signature of the counterparty.

292.0283 HA of Land was previously accounted under Statement of Alternative Treatment (SoAT) issued by the Institute of Chartered Accountants of Sri Lanka dated 21 August 2013. This Right-of-use asset-land is amortised over the remaining lease term or useful life of the Right whichever is shorter and is disclosed under non-current assets. An adjustment to the Right-of-use asset-land could be made to the extent that the change relates 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 Rs.	Buildings Rs.	Motor Vehicles Rs.	Furniture & Fittings Rs.	Machinery and Equipment Rs.	Work in Progress Rs.	Total Rs.
Gross carrying amount-at cost							
Balance on 1st April 2022	20,095,000	10,634,270	26,492,796	1,690,556	76,743,868	21,813,266	157,469,756
Additions during the year	-	3,555,970	1,280,000	625,760	12,584,310	39,776,245	57,822,285
Transferred from CWIP	-	37,850,625	-	-	16,636,091	(54,486,716)	-
Transfer to Statement of Comprehensive Income	-	-	-	-	-	(1,101,806)	(1,101,806)
Balance on 31st March 2023	20,095,000	52,040,865	27,772,796	2,316,316	105,964,269	6,000,989	214,190,235
Depreciation and Impairment							
Balance on 1st April 2022	-	2,669,599	18,127,289	1,395,420	68,097,013	-	90,289,321
Charge for the year	-	1,346,534	1,943,483	84,296	3,634,658	-	7,008,971
Balance on 31st March 2023	-	4,016,133	20,070,772	1,479,716	71,731,671	-	97,298,292
Net Book Value							
As at 31st March 2023	20,095,000	48,024,732	7,702,024	836,600	34,232,598	6,000,989	116,891,943
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

Cost of fully depreciated assets still in use as at 31 March 2023 amounts to Rs. 76,343,237/-.

Work in Progress includes the following :-

	Rs.
Electric Fence F/No.5	847,998
Wash Room	122,118
Lorry Body	952,061
Executive Bungalow - Estate	321,100
Tractor Working RD 4064	80,674
Steel Building	1,847,524
Office Building	1,829,514
	<u>6,000,989</u>



Notes to the Financial Statements (Contd.)

NOTE 7 - ELECTRICAL SUBSTATION

	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
Gross Carrying Amount		
Balance as at 1st April	-	-
Additions	8,026,093	-
Balance as at 31st March - Note 7(a)	8,026,093	-
Amortisation		
Balance as at 1st April	-	-
Amortisation for the year	178,357	-
Balance as at 31st March	178,357	-
Carrying Amount on 31st March	7,847,736	-
NOTE 7(a) - REPRESENTED BY:-		
Capital Contribution for Construction of high voltage line, transformer, breaker and metering equipments	8,026,093	-

NOTE 8 - INTANGIBLE ASSETS

	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
Cost		
Balance on 1st April	552,075	372,075
Add: Additions during the year	-	180,000
Balance on 31st March	552,075	552,075
Amortisation		
Balance on 1st April	279,047	204,635
Amortisation during the year	110,338	74,412
Balance on 31st March	389,385	279,047
Net carrying value	162,690	273,028

The brought forward sum of Rs. 552,075 represents the Cost of Accounting Software amounting to Rs. 372,075/- and cost of Fixed Assets module amounting to Rs. 180,000/-.

NOTE 9 - BEARER BIOLOGICAL ASSETS

	Immature Plantation			Mature Plantation			As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
	Coconut Rs.	Others Rs.	Total Rs.	Coconut Rs.	Others Rs.	Total Rs.		
Cost								
Balance on 1st April	-	948,521	948,521	504,885,076	-	504,885,076	505,833,597	505,442,497
Additions during the year	-	1,288,414	1,288,414	-	-	-	1,288,414	873,722
Transfer (to)/ from	-	(992,307)	(992,307)	-	992,307	992,307	-	-
Transfer (to) Statement of Comprehensive Income	-	-	-	-	(992,307)	(992,307)	(992,307)	(482,622)
Balance on 31st March	-	1,244,628	1,244,628	504,885,076	-	504,885,076	506,129,704	505,833,597
Depreciation & Impairment								
Balance on 1st April	-	-	-	342,045,916	-	342,045,916	342,045,916	316,801,662
Charge for the year	-	-	-	25,244,254	-	25,244,254	25,244,254	25,244,254
Balance on 31st March	-	-	-	367,290,170	-	367,290,170	367,290,170	342,045,916
Net Carrying Value	-	1,244,628	1,244,628	137,594,906	-	137,594,906	138,839,534	163,787,681

- (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 10 - CONSUMABLE BIOLOGICAL ASSETS

	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
Balance on 1st April	162,800,000	146,900,000
Trees Removed	-	(686,000)
Gain / (Loss) on change in Fair value	81,680,000	16,586,000
Balance on 31st March	244,480,000	162,800,000
Valuation :		
Estimated Value	244,480,000	162,800,000
Value	244,480,000	162,800,000

As at 31st March Assets measured at fair value	Date of Valuation	Level 1	Level 2	Level 3
Consumable Biological Assets - Teak	31st March 2023	-	-	244,480,000

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) The timber valuation was carried out based on the timber census carried out by the Management in the year 2022/23.
- 2) Compared to last year's timber census, there has been a reduction of 220 trees due to damage caused by wind, thunderstorms, and animals. These factors can also lead to future losses. To account for this, we have made a 20% adjustment to the timber volume, resulting in a reduction of 41,278 cubic feet compared to the previous year.
- 3) According to the site inspection and provided timber census, FRTVS has identified several issues in the provided tree height details. Therefore, done an adjustment to the tree height based on the sample analysis which collected in the site inspection. Also, have excluded the trees within the girth range of 0" – 5" and 6" – 15" as they were not merchantable as at the valuation date.
- 4) The prices adopted are net of potential expenditures such as felling, clearing, and transportation, i.e., the stumpage prices, as per the State Timber Corporation.
- 5) The discounting rate has been used based on the maturity year of the trees and the undermentioned discounting rates have been considered for the valuation.

Discount Rate

Year 0	26.6%
Year 1	24.6%
Year 2	22.5%
Year 3	20.5%
Year 4	19.2%

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.





Notes to the Financial Statements (Contd.)

NOTE 10 - CONSUMABLE BIOLOGICAL ASSETS (CONTD.)

- In compliance with LKAS 41, the valuer has considered timber prices published by State Timber Corporation and timber prices of merchants in the Ampara and Moratuwa area as the benchmark, the appropriate basis for determining the fair value of the subject timber trees.
- Merchantable standing timber trees 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
- 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.
- Discount factor was determined by using build up method as follows:

$$DF = R_f + RP$$

Where:

- Risk free (R_f) rate: the nominal risk-free rate of 24% treasury bond yield as of March 2023, 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 2.00% premium was considered.
- An additional 1.00% risk premium ("Alpha") was added to address the current low level of policy rate position.

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	268,930,000	244,480,000	220,030,000

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 :

	+1%	Base DCF	-1%
	Rs.	Rs.	Rs.
Total value of Stumpage	240,420,000	244,480,000	248,660,000





Notes to the Financial Statements (Contd.)

NOTE 10 - 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	Refer Key Assumption & Consideration para (5)	The higher the discount rate, the lower the fair value
		Optimum rotation (Maturity)	25Years	Lower the rotation period, the higher the fair value.
		Volume (Timber content)	3,770.18 to 236,405.77 Cu. DCM.	The higher the volume the higher the fair value
		Price per Cu. DCM.	Rs. 40.07 to Rs.102.11 per Cu. DCM.	The higher the price the higher the fair value

NOTE 11 - INVENTORIES

	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
Harvested Crop	39,067,790	104,006,052
Produce Stock	217,345	-
Nurseries	92,316	60,328
Consumables & Others	12,342,639	11,183,230
	51,720,090	115,249,610

NOTE 12 - TRADE & OTHER RECEIVABLES

	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
Trade Receivables	21,789,773	22,609,697
Deposits	350,650	38,150
Prepayments	482,505	129,681
Festival Advance	119,000	105,000
Advances	1,125	9,521,716
Other Receivables	893,650	2,709,223
	23,636,703	35,113,467
Less : Allowance for Impairment	(759,304)	(759,304)
	22,877,399	34,354,163



NOTE 13 - SHORT TERM INVESTMENTS

The average interest yield on short term deposits was 13.1%.

NOTE 15 - CASH AT BANK & IN HAND

* The above balance represent a temporary book overdraft which will be subsequently cleared on transfer from Money Market A/c. No Finance Cost has been incurred for the entire year.

NOTE 16 - STATED CAPITAL	As at 31.03.2023	As at 31.03.2022
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

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





Notes to the Financial Statements (Contd.)

NOTE 17 - OBLIGATION UNDER RIGHT OF USE ASSETS - LAND ON LEASE

	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
Mahaweli Authority of Sri Lanka		
Balance on 01st April	27,250,654	36,082,918
Prior year Over Provision Reversal	-	(737,957)
Interest Expense	3,776,310	4,045,400
	31,026,964	39,390,361
Payments made during the year	(6,148,224)	(12,139,707)
Balance on 31st March	24,878,740	27,250,654
Not later than one year	3,114,148	2,371,918
Later than one year not later than five years	21,764,592	22,936,924
Later than five years	-	1,941,812
	21,764,592	24,878,736

	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
NOTE 18 - RETIREMENT BENEFIT OBLIGATION		
Balance on 1st April	10,055,170	12,698,599
Current Service Cost	1,347,577	1,295,634
Interest Cost	1,357,448	1,142,874
Actuarial (gain) / loss due to change in assumption	(2,456,836)	(3,467,794)
Payments during the year	(1,423,015)	(875,140)
Past Service Cost	-	(739,003)
Balance on 31st March	8,880,344	10,055,170

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

	2023 Rs.	2022 Rs.
Cost of Sales	2,473,009	1,450,692
Administration Cost	232,016	248,813
	2,705,025	1,699,505
18.2 Actuarial gain on defined benefit plan has been recognized in Statement of Other Comprehensive Income in terms of provisions in LKAS 19.	(2,456,836)	(3,467,794)

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

	Salary increment rate	Retirement age	Discount rate	Staff Turnover Ratio
2022/2023				
Workers	10% per annum	60 years	18.5%	} 3% up to age 54 and thereafter zero
Staff	10% per annum	60 years	18.5%	
2021/2022				
Workers	10% per annum	55 - 75 years	13.5%	
Staff	10% per annum	55 - 75 years	13.5%	

Mortality

For Workers - In Service A 1949/52 Mortality Table issued by the Institute of Actuaries, London
For Staff - In Service A 1967/70 Mortality Table issued by the Institute of Actuaries
Disability Rates used in this valuation is 10% of Mortality Table.





Notes to the Financial Statements (Contd.)

NOTE 18 - RETIREMENT BENEFIT OBLIGATION (CONTD)

18.4 The following payment are expected from defined benefit obligation in future years.

	Staff Rs.	Worker Rs.	Total Rs.
Within the next 12 Months	1,448,170	975,708	2,423,878
Between 1-2 years	255,237	743,886	999,123
Between 2-5 years	1,669,164	1,326,607	2,995,771
Between 5-10 years	351,573	796,122	1,147,695
Beyond 10 years	689,544	624,333	1,313,877
Total	4,413,688	4,466,656	8,880,344

The weighted Average duration of Defined Benefit Obligation for the year 2022/23 is,

Staff	5.7 years
Workers	5.2 years

18.5 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 2023 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 2023, the actuarial present value of promised retirement benefits obligation amounted to Rs. 8,880,344/-.

Percentage increase / (decrease) in discount rate	Impact on Retirement benefit obligations	
	+ 1% Rs.	- 1% Rs.
As at 31 March 2023	(391,509)	434,013
As at 31 March 2022	(635,750)	724,177
Percentage increase / (decrease) in salary / wages increment rate	Impact on Retirement benefit obligations	
	+ 1% Rs.	- 1% Rs.
As at 31 March 2023	502,087	(457,354)
As at 31 March 2022	765,266	(681,043)





Notes to the Financial Statements (Contd.)

NOTE 19 - DEFERRED TAX LIABILITY

	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
Balance on 01st April	42,903,927	42,628,434
Originating / (reversal) during the year recognised in the Statement of Comprehensive Income	67,606,144	(209,998)
Originating / (reversal) during the year recognised in Other Comprehensive Income	737,051	485,491
Balance on 31st March	111,247,122	42,903,927

NOTE 19.1 - DEFERRED TAX RECONCILIATION

	31.03.2023		31.03.2022	
	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.
Balance on 01st April	306,456,623	42,903,927	304,488,812	42,628,434
Amount originate / (reversal) during the year	64,367,118	19,310,135	1,967,811	275,493
Effect on Tax Rate Changes	-	49,033,060	-	-
Balance on 31st March	370,823,741	111,247,122	306,456,623	42,903,927
Deferred Tax Liability				
Temporary difference on Right of use Asset	5,913,934	1,774,180	6,856,020	959,843
Temporary difference on Property, Plant & Equipment	15,627,724	4,688,317	10,514,378	1,472,013
Temporary difference on Intangible Assets	(278,366)	(83,510)	(195,632)	(27,388)
Temporary difference on Bearer Biological Assets	138,839,534	41,651,860	163,787,681	22,930,275
Temporary difference on Consumable Biological Assets	244,480,000	73,344,000	162,800,000	22,792,000
	404,582,826	121,374,847	343,762,447	48,126,743
Deferred Tax Assets				
Temporary difference on Obligation under Right of use Asset	24,878,741	7,463,622	27,250,654	3,815,092
Temporary difference on Defined Benefit Obligation	8,880,344	2,664,103	10,055,170	1,407,724
	33,759,085	10,127,725	37,305,824	5,222,816
Balance on 31st March	370,823,741	111,247,122	306,456,623	42,903,927

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 (IR Act) and subsequent amendment to IR Act.

The effective tax rate used to calculate deferred tax assets & liabilities for all the Temporary Differences as at 31st March 2023 is 30% (2022-14%).

NOTE 20 - TRADE & OTHER PAYABLES

	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
Accrued Expenses & Other Payables	13,922,985	11,967,193
Sundry Creditors	1,685,325	959,622
Dividend Payable	19,726,371	50,313,645
	35,334,681	63,240,460

NOTE 21 - REVENUE

	Year ended 31.03.2023 Rs.	Year ended 31.03.2022 Rs.
Coconut	278,853,186	215,661,223
Copra	42,023,595	28,755,863
Coco peat	3,624,725	-
	324,501,506	244,417,086





Notes to the Financial Statements (Contd.)

NOTE 22 - OTHER INCOME

	Year ended 31.03.2023 Rs.	Year ended 31.03.2022 Rs.
Sale of Husks	-	6,220,821
Sundry Income *	2,470,808	1,743,654
Lease Overprovision Reversal	-	737,957
	2,470,808	8,702,432

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

NOTE 23 - FINANCE COSTS AND FINANCE INCOME

	Year ended 31.03.2023 Rs.	Year ended 31.03.2022 Rs.
23.1 Finance Costs		
Interest expenses on		
Obligation under Right of use Assets - Land on Lease	3,776,310	4,045,400
Advance received for Allotment of Shares	652,770	652,770
Total Finance Cost	4,429,080	4,698,170
23.2 Finance Income		
Interest income on		
Fixed Deposits	34,641,699	10,694,680
Debtor collection delays	255,022	82,981
Interest Money Market Account	3,967,569	2,051,364
Total Finance Income	38,864,290	12,829,025

NOTE 24 - PROFIT BEFORE TAXATION

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

	Year ended 31.03.2023 Rs.	Year ended 31.03.2022 Rs.
Depreciation & Amortisation		
- Bearer Biological Asset	25,244,254	25,244,254
- Property, Plant & Equipment	7,008,971	3,485,228
- Intangible Asset & Electrical Substation	288,695	74,412
- Right of use Land on Lease	942,086	942,086
Auditors' Remuneration		
- Statutory Audit - Current	1,049,021	809,040
- Other than Audit Related Services	151,220	123,340
Directors Remuneration	6,570,000	5,955,000
Donations	69,800	188,032
Staff Costs		
- Staff Salaries	18,910,557	16,437,299
- Defined contribution Plan Cost - EPF, ETF, CPPS & ESPS	1,456,239	1,266,341
- Defined Benefit Plan Cost - Provision for Retiring Gratuity	2,705,025	1,699,505



Notes to the Financial Statements (Contd.)

NOTE 25 - TAXATION

25.1 INCOME TAX

In terms of Inland Revenue Act No. 24 of 2017 third schedule item (u(i)), the agro-farming income of the Company is exempt from income tax for five years upto 31.03.2024. Gains & Profits from Agro-Processing income is liable to tax at 14% effective from 01.01.2020 to 30.09.2022 and thereafter at 30%. 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 utilised for such Agro - Processing. This concession is available up to 31.03.2023.

Investment Income of the Company is liable to Income Tax at the rate of 24% for the first 6 Months of Y/A 2022/23 and thereafter at 30%.

	Year ended 31.03.2023 Rs.	Year ended 31.03.2022 Rs.
Income Tax on Profit for the year	6,054,000	3,574,190
Prior year over provision	(128,784)	-
Deferred Tax Provision / (Reversal)	67,606,144	(209,998)
Tax Expenses on Profit & Loss	73,531,360	3,364,192
Deferred Tax on Other Comprehensive Income	737,051	485,491
Tax on Total Comprehensive Income	74,268,411	3,849,683
25.2 Reconciliation of Accounting Profit and Tax for Current year		
Profit before Taxation	143,148,292	194,641,290
Tax at the Applicable Rate	42,003,168	28,524,385
Tax effect on Expenses that are not deductible in determining taxable profit	228,723	77,226
Tax effect on Expenses that are deductible in determining taxable profit	(6,357)	-
Tax effect on Deemed Income	11,916,548	2,249,125
Tax effect on brought forward loss set off	-	(541,319)
Tax effect on OCI	737,051	485,491
Tax effect on Coco peat	1,162,356	-
Tax effect on exempt income	(30,677,067)	(27,074,008)
Prior year over provision	(128,784)	-
Tax effect on rate change	49,033,060	-
Tax over / (under) provision	(287)	128,783
Tax Expenses	74,268,411	3,849,683
25.3 Deferred Tax		
Deferred tax arising from		
Liabilities		
Property, Plant & Equipment	3,216,304	60,784
Intangible Assets	(56,122)	(6,553)
Bearer Biological Assets	18,721,585	(3,479,442)
Right of use Assets - Land	814,337	(131,892)
Consumable Biological Assets	50,552,000	2,226,000
Assets		
Defined Benefit Obligations	(1,256,379)	370,080
Obligation under Right of use Asset	(3,648,530)	1,236,516
Total deferred tax Charge / (Reversal)	68,343,195	275,493

Deferred tax has been computed at the rate of 30% in line with the tax rate substantively enacted as at 31.03.2023 (14% - 31.03.2022)





Notes to the Financial Statements (Contd.)

NOTE 26 - EARNINGS PER SHARE

26.1 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 31.03.2023	As at 31.03.2022
Net profit attributable to ordinary shareholders (Rs.)	69,616,932	191,277,098
Weighted average number of ordinary shares in issue (Nos)	34,996,115	34,996,115
Basic earnings per ordinary share (Rs.)	1.99	5.46

26.2 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 27 - DIVIDEND PER SHARE

	As at 31.03.2023	As at 31.03.2022
Dividend Paid (Rs.)	52,494,173	87,490,287
No. of Ordinary Shares in Issue (Nos.)	34,996,115	34,996,115
Dividend per Ordinary Share (Rs.)	1.50	2.50

NOTE 28 - CONTINGENT LIABILITIES

There are no contingent liabilities as at 31st March 2023, which would require adjustments to or disclosure in the Financial Statements.

NOTE 29 - CAPITAL COMMITMENTS

Capital commitments as at 31st March 2023 in respect of the Company is Rs. 3.6 Mn (2021/22 - 24.7 Mn).

NOTE 30 - EVENTS OCCURRING AFTER THE REPORTING DATE

Final Dividend - 2022/2023

The Board of Directors of the Company has recommended the payment of a final dividend of Rs.1.50 per share. This final dividend is to be approved at the Annual General Meeting to be held on 27th September 2023. 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 2023. According to the Sec 84A (IA) of the IR Act, WHT should be deducted at the rate of 15% as Advance Income Tax (AIT) on dividends paid by a resident Company after 01st January 2023 out of profits and income of the Company.

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

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



Notes to the Financial Statements (Contd.)

NOTE 31 - RELATED PARTY DISCLOSURES

31.1 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 31st March 2023, the Company has not recorded an impairment of receivables relating to amounts owed by Related Parties.

31.2 Parent and Ultimate Controlling Party

The Company does not have an identifiable parent of its own

31.3 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.Lalith Cooray were Directors of the Company during the year

	Year ended 31.03.2023 Rs.	Year ended 31.03.2022 Rs.
Directors Fees	6,570,000	5,955,000

31.4 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, 2023 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	31.03.2023 Rs.	31.03.2022 Rs.
Jayakody Mills (Pvt) Ltd	Mr. A.J.Shamendra Jayakody	Managing Director	Sale of Coconuts Trade Receivables	37,472,609 7,003,205	18,808,190 3,531,270
St. Anne's Factory (Pvt) Ltd	Mr. G.J.L. Neomal Perera	Chairman / Managing Director	Sale of Coconuts Trade Receivables Purchase of salt	47,700,927 8,658,950 1,841,800	75,888,557 10,760,730 -

Transactions with Shareholders

S.A Silva & Sons Lanka (Pvt) Ltd	-	Shareholder with 2% holding	Sale of Coconuts Trade Receivables	18,348,445 809,219	26,049,330 -
Katana Oil Mills (Pvt) Ltd.	-	Mr.P.P.Suresh Fernando with 3.83% holding of MCPPLC is the Managing Director of Katana Oil Mills (Pvt) Ltd.	Sale of Coconuts Sale of Copra	3,153,150 35,461,605	2,997,750 28,747,262
Asian Agro Products (Pvt) Ltd	-	Shareholder with 0.003% holding	Sale of Coconuts Trade Receivables	50,898,034 84	11,101,018 768

31.5 The amount due to Mr. S.D.W. Asitha Gunasekera who is the Chairman of the Company as at 31.03.2023 is Rs. Nil (Rs. 75,000 - 31.03.2022).

There are no other transactions with Key Management Personnel and their close family members other than above.





Notes to the Financial Statements (Contd.)

NOTE 31 - RELATED PARTY DISCLOSURES (CONTD)

31.6 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 2023 audited Financial Statements, which required additional disclosures in the 2022/23 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.

31.7 Recurrent Related Party Transactions

Name of the Related Party	Relationship	Nature of the Transaction	Value of the Related Party Transaction entered during the Year Rs.	Value of the Related Party Transaction as a % of Net Revenue	Terms and Conditions
Jayakody Mills (Pvt) Ltd	Common Directorship	Sale of Coconut	37,472,609	11.68%	Normal Commercial Terms
St. Anne's Factory (Pvt) Ltd	Common Directorship	Sale of Coconut	47,700,927	14.87%	Normal Commercial Terms
S.A Silva & Sons Lanka (Pvt) Ltd	Shareholder with 2% shareholding	Sale of Coconut	18,348,445	5.72%	Normal Commercial Terms
Katana Oil Mills (Pvt) Ltd.	Entity controlled by a shareholder with 3.83% shareholding at MCPPLC	Sale of Coconut	3,153,150	0.98%	Normal Commercial Terms
Katana Oil Mills (Pvt) Ltd.	Entity controlled by a shareholder with 3.83% shareholding at MCPPLC	Sale of Copra	35,461,605	11.05%	Normal Commercial Terms
Asian Agro Products (Pvt) Ltd	Shareholder with 0.003% shareholding	Sale of Coconut	50,898,034	15.86%	Normal Commercial Terms

NOTE 32- 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 32- FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD)**Credit risk**

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

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

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

	As at 31.03.2023 Rs.	As at 31.03.2022 Rs.
Financial Assets		
Trade and Other Receivables		
Neither Past-due nor Impaired	15,385,348	19,666,716
Total	15,385,348	19,666,716
Past-due but not Impaired		
<30 days	-	-
30-60 Days	-	4,892,900
61-90 Days	4,046,726	-
91-120 Days	2,842,695	-
>120 Days	-	38,150
Total	6,889,421	4,931,050
Individually Impaired	759,304	759,304
Total	759,304	759,304
Total Trade and Other Receivable Exposed to Credit Risk	23,034,073	25,357,070
Short Term Investments		
Neither Past-due nor Impaired		
Fitch Rating		
A(Ika) - Watch (2021/22 - AA+(Ika) Stable)	97,326,496	85,497,374
A-(Ika) - Watch (2021/22 - A(Ika) Watch)	171,822,308	156,803,814
Total Short Term Investments Exposed to Credit Risk	269,148,804	242,301,188
Cash and Cash Equivalents		
Neither Past-due nor Impaired		
Fitch Rating		
A(Ika) - Watch (Negative) (2021/22 - AA+(Ika) Stable)	36,644,768	47,180,622
A-(Ika) - Watch (2021/22 - A-(Ika) Watch)	4,312,739	4,475,261
Total	40,957,507	51,655,883
Cash in hand	17,732	29,474
Total Cash and Cash Equivalents Exposed to Credit Risk	40,975,239	51,685,357
Total Financial Assets Exposed to Credit Risk	333,158,116	319,343,615





Notes to the Financial Statements (Contd.)

NOTE 32- FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD)

Neither past-due nor Impaired

Trade Receivable balances not exceeding the credit period of 35 days at the reporting date and the impairment is very remote.

Past-due but not Impaired

Trade Receivables balances exceeding the credit period of 35 days and not likely to become impaired at the reporting date.

Individually Impaired

Trade Receivables balance exceeding the credit period of 35 days 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 Statement of Financial Position ratio targets.

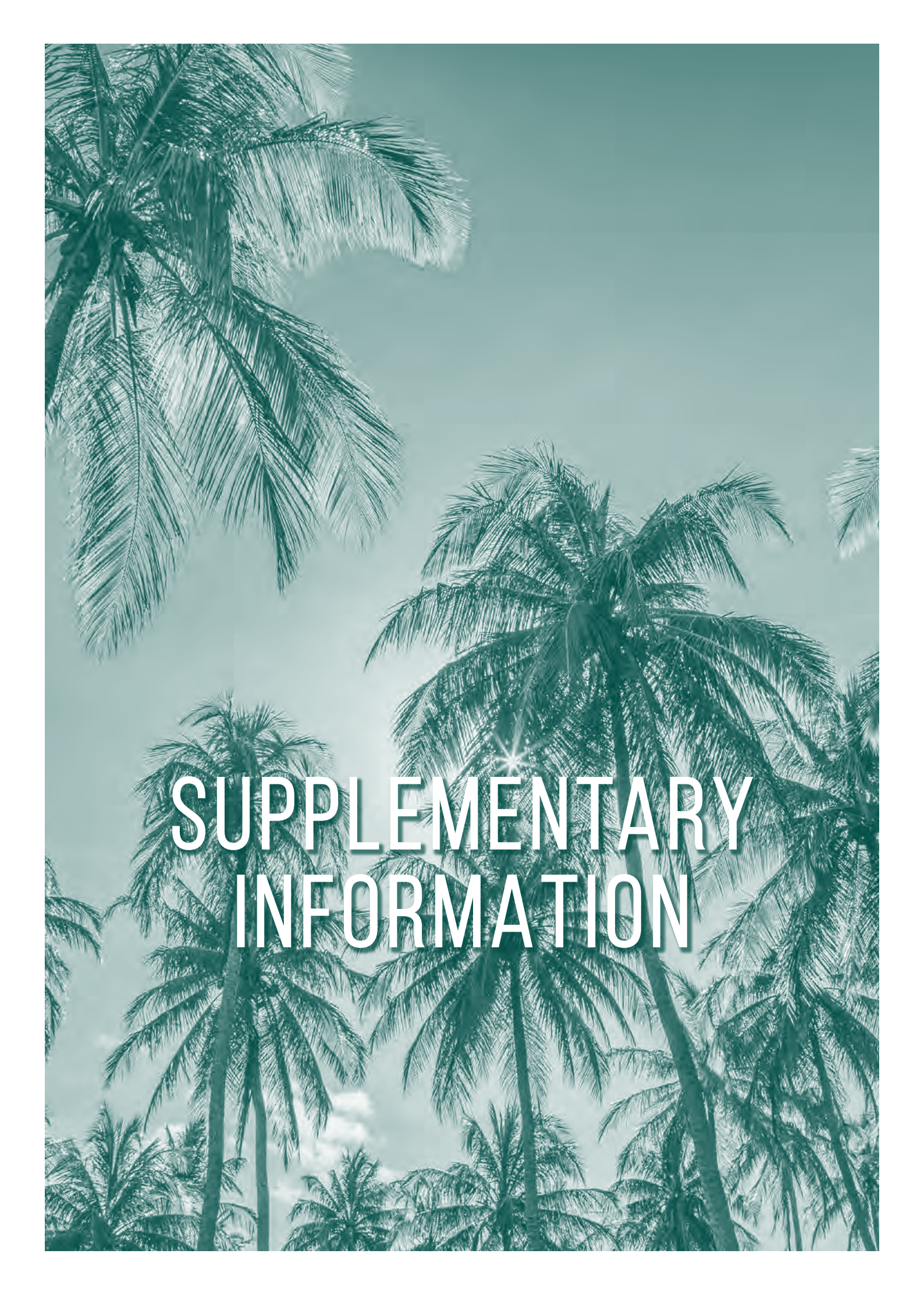
The maturity analysis of the Company's Financial Liabilities are given below.

	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 2023							
Trade & Other Payables	20	23,407,219	7,101,075	3,734,642	-	-	34,242,936
Obligation under Right of use Assets - Land on Lease	17	-	-	3,114,148	21,764,592	-	24,878,740
		23,407,219	7,101,075	6,848,790	21,764,592	-	59,121,676
Year ended 31st March 2022							
Trade & Other Payables	20	1,891,955	41,998,593	1,305,541	-	16,469,213	61,665,302
Obligation under Right of use Assets - Land on Lease	17	-	-	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 33 - DIVIDENDS

	31.03.2023 Rs.	31.03.2022 Rs.
Ordinary Share Dividends		
Interim Dividend - 2021/22 / 2020/21	-	34,996,115
Final Dividend - 2021/22 / 2020/21	52,494,173	52,494,172
Gross Dividend	52,494,173	87,490,287





SUPPLEMENTARY INFORMATION



Shareholders Information

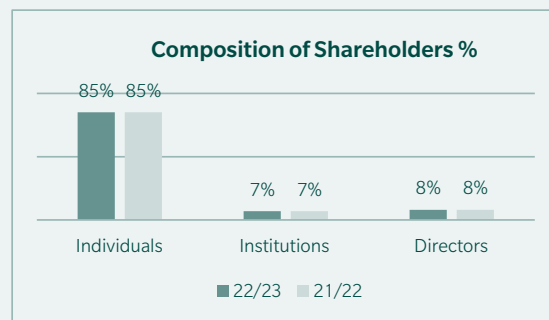
1. Distribution of Shareholding as at 31.03.2023

Category	No. of Shareholders	% No. of Shareholders	No. of Shares	% No. of Shares
1 -1,000	419	65.78%	62,336	0.18%
1,001 -10,000	117	18.37%	354,989	1.01%
10,001 -100,000	31	4.87%	1,071,913	3.06%
100,001 -1,000,000	66	10.36%	27,500,897	78.58%
Over 1,000,000	4	0.62%	6,005,980	17.16%
Total	637	100.00%	34,996,115	100.00%



1.1. Composition of Shareholders as at 31.03.2023

Category	No. of Share Holders	Total No. of Shares	%
Individual	626	29,798,338	85%
Institution	4	2,430,081	7%
Directors	7	2,767,696	8%
Total	637	34,996,115	100%

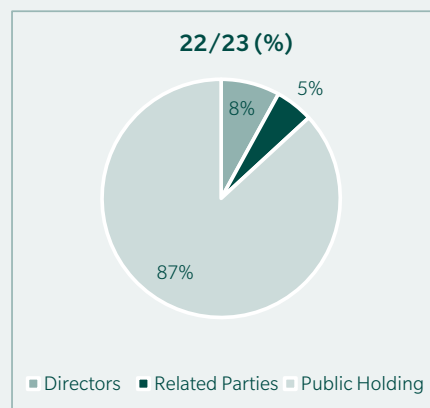


2. Public Holding

	No. of Shares 2022/23	%	No. of Shares 2021/22	%
Total Shares Traded	34,996,115		34,996,115	
Less: Directors	2,767,696	8%	2,779,317	8%
Less: Related Parties	1,808,922	5%	1,884,663	5%
Public Holding	30,419,497	87%	30,332,135	87%

Public Holding Excludes:

- Directors
- Close Family Members of the Directors
- Related Companies





Shareholders Information (Contd.)

3. Share Trading During the Year

	2022/23 Rs.	2021/22 Rs.
Highest Price Traded	46.90	60.00
Lowest Price Traded	30.00	28.50
Last Traded Price	36.00	43.40
Total Number of Share Transactions	1,282	2,447
Total Number of Shares Traded	402,193	1,297,669
Total Value of Shares traded	15,693,354	47,997,297
Market Capitalization as at 31st March	1,259,860,140	1,518,831,391
Float Adjusted Market Capitalization as 31st March	1,095,101,892	1,316,414,659

The float adjusted Market Capitalization as at 31st March 2023 was Rs. 1,095,101,892. 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 7.14.1 (b) (for Diri Savi Board Companies) of the Listing Rules of the Colombo Stock Exchange.

4. 20 Largest Shareholders as at 31st March 2023 and 31st March 2022

No	Name of Shareholders	As at 31.03.2023		As at 31.03.2022	
		No. of Shares	%	No. of Shares	%
1	Dunagaha Coconut Producers Co-op Society Ltd	1,631,862	4.66%	1,631,862	4.66%
2	Silvermill Holdings Ltd	1,541,596	4.41%	1,541,596	4.41%
3	Sanhinda Mills (Pvt) Ltd	1,492,881	4.27%	1,492,881	4.27%
4	Fernando Paththage Pio Suresh	1,339,641	3.83%	1,339,641	3.83%
5	Samaranayake H D F D S	974,202	2.78%	974,202	2.78%
6	Watawala Sunil Jayalath	881,847	2.52%	881,847	2.52%
7	Wickramarachchi S K	872,291	2.49%	872,291	2.49%
8	S A Silva & Sons Lanka (Pvt) Ltd	870,623	2.49%	870,623	2.49%
9	Beligala Coconut Products (Pvt) Ltd	846,657	2.42%	922,398	2.64%
10	Gunawardena D M S W	798,324	2.28%	795,173	2.27%
11	Perera Gamamedaliyanage Joseph Lalith Neomal	777,733	2.22%	777,733	2.22%
12	Jayasinghe J A S N	770,553	2.20%	770,553	2.20%
13	Fernandopulle Joseph Felix	758,876	2.17%	758,876	2.17%
14	Swanee Mills Ltd	758,333	2.17%	758,333	2.17%
15	Panduawawela P K Kumarasiri	742,476	2.12%	742,476	2.12%
16	Jayasuriya J A D K R	709,943	2.03%	632,800	1.81%
17	Jayalath T S	695,312	1.99%	695,312	1.99%
18	St. Joseph D C Manufactures (Pvt) Ltd	650,634	1.86%	650,634	1.86%
19	D.Y.&D.U.Rajapaksa (Pvt) Ltd	626,384	1.79%	626,384	1.79%
20	Silva, S.A.D.U. Shehan	609,081	1.74%	609,081	1.74%
Sub Total		18,349,249		18,344,696	

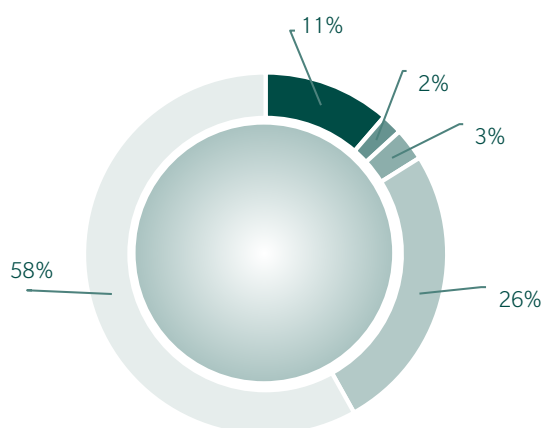




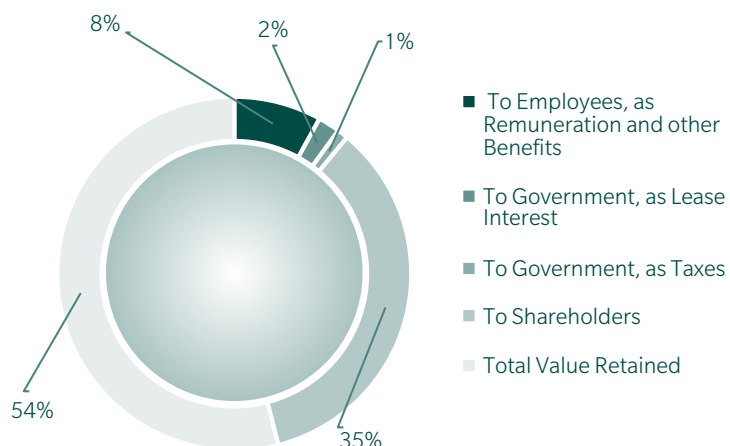
Value Added Statement

Economic Value Added	2022/23 Rs.	%	2021/22 Rs.	%
Turnover	324,501,506		244,417,086	
Less: Cost of Goods Sold (Excluding Depreciation and Employee Benefits)	(162,356,175)		(17,639,047)	
Value Added from Operations	162,145,331		226,778,039	
Other Income	2,470,808		8,702,432	
Finance Income	38,864,290		12,829,025	
Total Value Created	203,480,429	100%	248,309,496	100%
Distributed as Follows				
To Employees, as Remuneration and other Benefits	23,071,821	11%	19,403,145	8%
To Government, as Lease Interest	3,776,310	2%	4,045,400	2%
To Government, as Taxes	5,925,216	3%	3,574,190	1%
To Shareholders	52,494,173	26%	87,490,287	35%
Total Value Distributed	85,267,520	42%	114,513,022	46%
Total Value Retained	118,212,909	58%	133,796,474	54%
Total Value Distributed and Retained	203,480,429	100%	248,309,496	100%
Value Retained				
Profit Retained	84,728,903		104,050,494	
Depreciation and Amortization	33,484,006		29,745,980	
Total Value Retained	118,212,909		133,796,474	

Value Distribution 22/23



Value Distribution 21/22



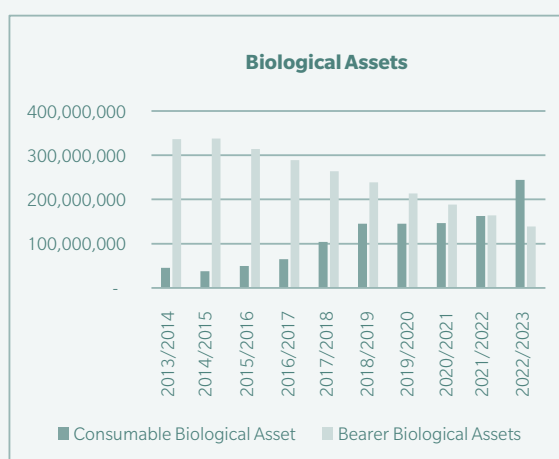
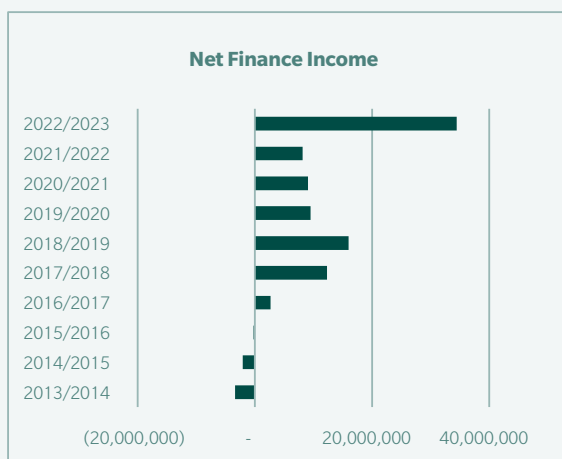
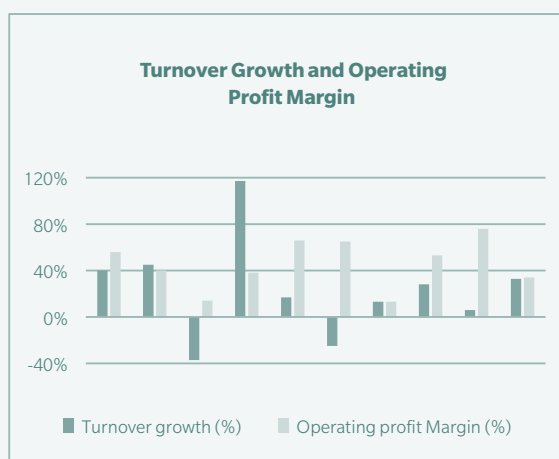
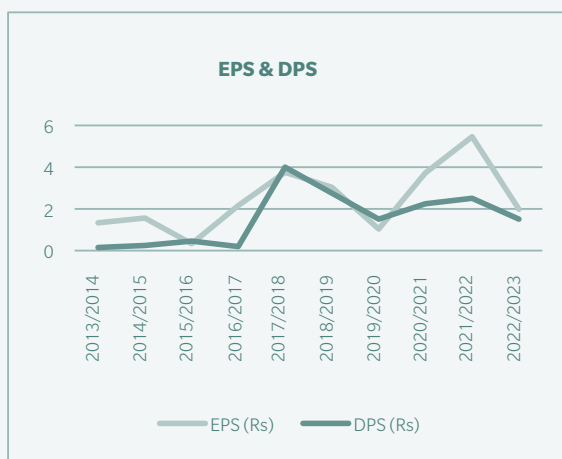
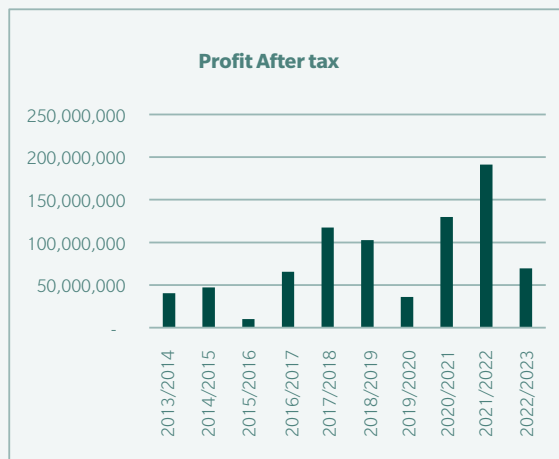
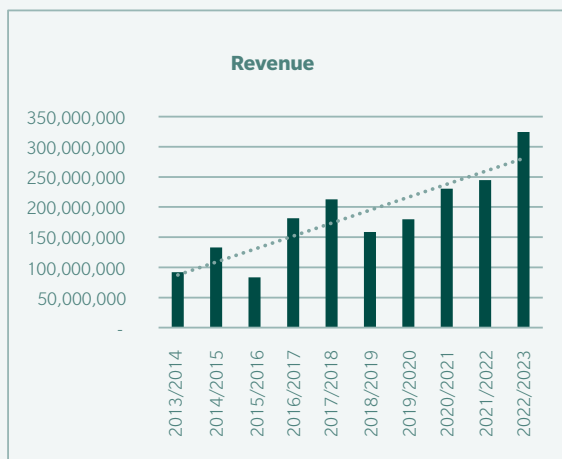


Ten Year Summary

	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Revenue (Rs.)	91,663,310	133,032,051	83,533,190	181,675,017	212,930,998	158,697,141	179,757,448	230,192,004	244,417,086	324,501,506
Gross profit (Rs.)	57,886,136	73,293,507	12,975,993	70,683,137	106,458,551	71,535,554	46,953,392	138,716,974	191,636,585	62,833,774
Net Finance Income (Rs.)	(3,351,208)	(2,054,464)	(250,095)	2,658,463	12,338,494	16,016,973	9,514,155	9,051,983	8,130,855	34,435,210
Profit After tax (Rs.)	40,600,485	47,244,250	10,081,751	65,477,749	117,390,219	102,822,446	35,889,611	129,904,263	191,277,098	69,616,932
Other comprehensive Income (Rs.)	-	-	-	-	(315,620)	467,905	493,225	(345,240)	2,982,303	1,719,785
Total comprehensive income for the year (Rs.)	40,600,485	47,244,250	10,081,751	65,477,749	117,074,599	103,290,351	36,382,836	129,559,023	194,259,401	71,336,717
Assets and Liabilities										
Property Plant and Equipment (Rs.)	13,060,587	16,483,945	17,844,566	16,470,222	42,671,120	39,824,112	38,246,308	39,513,008	67,180,433	116,891,943
Right of use Asset Land (Rs.)	5,273,621	4,916,087	4,558,553	3,661,901	3,346,220	3,030,539	7,237,350	7,798,106	6,856,020	5,913,934
Immature Plantation (Rs.)	3,218,265	1,468,196	-	-	-	-	292,276	557,421	948,521	1,244,628
Intangible Asset (Rs.)	-	-	-	-	-	316,264	241,852	167,440	273,028	162,690
Consumable Biological Asset (Rs.)	45,709,443	38,100,000	49,800,000	65,000,000	103,800,000	144,952,743	145,173,600	146,900,000	162,800,000	244,480,000
Bearer Biological Assets (Rs.)	336,004,079	338,080,740	314,304,682	289,060,428	263,816,176	238,571,922	213,327,668	188,640,835	163,787,681	138,839,534
Short term Investments (Rs.)	18,917,239	31,122,869	34,794,403	91,967,639	131,654,689	187,233,042	163,583,070	231,606,507	242,301,188	269,148,804
Working Capital (Rs.)	23,364,914	61,785,309	66,809,047	140,354,167	176,519,054	190,794,330	227,674,627	295,686,424	379,837,910	349,496,004
Non Current Liabilities (Rs.)	39,062,797	33,603,306	29,650,631	27,982,054	52,875,482	70,276,946	84,746,090	82,577,689	77,837,833	141,892,058
Cash flows										
Cash Generated / (used in) from Operations (Rs.)	73,094,150	94,204,858	15,590,810	83,856,231	147,470,992	92,459,880	46,346,160	163,387,135	141,174,408	103,737,869
Net cash from / (used in) operating Activities (Rs.)	72,419,162	91,398,860	11,410,972	81,608,746	138,214,395	86,880,622	41,590,799	159,683,568	136,451,511	95,026,305
Net cash from / (used in) Investing Activities (Rs.)	(56,065,989)	(43,768,852)	(7,000,400)	(55,206,565)	(57,720,808)	(43,170,782)	35,196,920	(58,491,297)	(30,013,427)	(47,094,027)
Net cash from / (used in) Financing Activities (Rs.)	(15,690,825)	(26,825,122)	(23,188,833)	(17,310,590)	(72,299,022)	(36,017,960)	(80,986,889)	(87,026,716)	(99,629,994)	(58,642,397)
Cash and Cash Equivalents at end of the year (Rs.)	7,906,218	28,711,105	9,932,846	19,024,437	27,219,002	34,910,882	30,711,712	44,877,267	51,685,358	40,975,239
Operating Ratios										
Turnover growth (%)	40%	45%	(37%)	117%	17%	(25%)	13%	28%	6%	33%
Operating profit Margin (%)	56%	40%	14%	38%	66%	65%	13%	53%	76%	34%
Fixed Asset turnover ratio (%)	23%	33%	22%	49%	51%	37%	44%	60%	61%	63%
Financial Ratios										
Return on Equity (%)	10%	11%	2%	13%	22%	19%	7%	22%	27%	10%
Current Ratio (times)	1.93	4.17	4.82	7.95	8.97	3.14	9.74	6.24	6.80	8.88
Debt/Equity(%)	12%	8%	7%	4%	3%	3%	6%	6%	4%	3%
Interest cover (times)	10.88	14.4	3.82	34.47	5,590.17	63.51	5	24	40	25
Investor Ratios										
EPS (Rs)	1.34	1.56	0.33	2.16	3.76	3.04	1.04	3.71	5.46	1.99
DPS (Rs)	0.15	0.25	0.45	0.2	4	2.75	1.5	2.25	2.5	1.50
Dividend cover (times)	8.93	6.23	0.74	10.8	0.94	1.11	0.69	1.65	2.19	1.33
Net Asset Value per share(Rs)	12.77	14.08	13.96	16.03	15.87	16.17	15.64	17.03	20.09	20.62

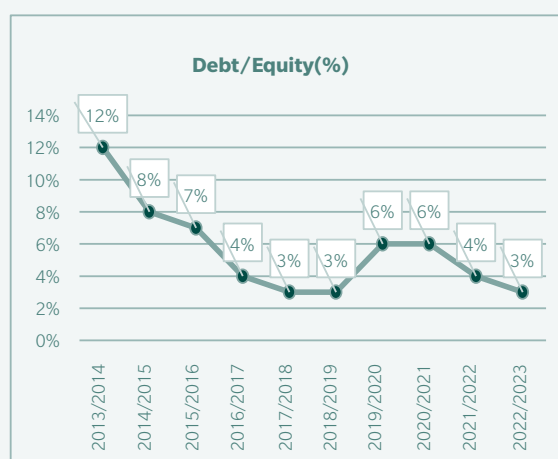
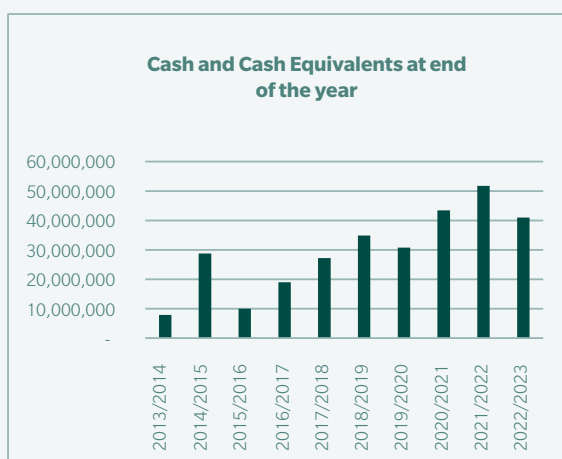
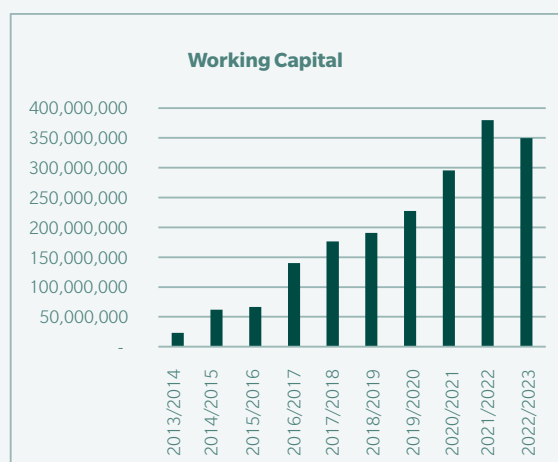
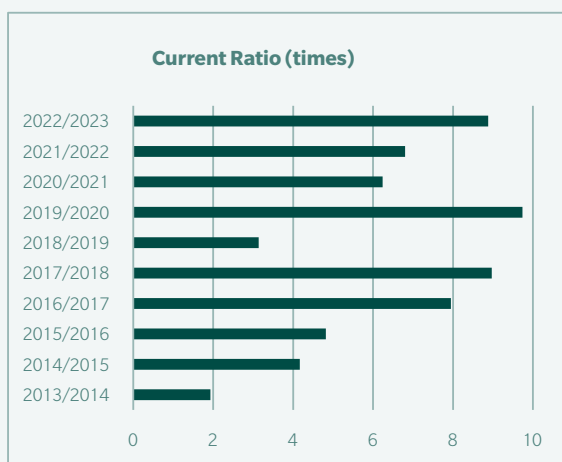


Key Highlights from Ten Year Summary





Key Highlights from Ten Year Summary (Contd.)





Notice of the Meeting

NOTICE IS HEREBY GIVEN, that the Twenty Sixth (26th) ANNUAL GENERAL MEETING of Mahaweli Coconut Plantations PLC, will be held at Avenra Garden Hotel, No. 22, Negombo - Giriulla Road, Negombo on 27th September 2023 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, 2023 and the Report of the Auditors thereon.
2. To announce the retirement of the 3 oldest serving Directors Mr. Nawalage Arindha Lalith Cooray, Mr. Madurawalage Don John Pradeep Nilantha Perera and Prof. Thiththalapitige Sunil Gamini Fonseka who retire in terms of Articles 73 and 74 of the Articles of Association of the Company.
3. To re-elect Mr. Nawalage Arindha Lalith Cooray who has consented to be re-appointed for the position of Director.
4. To re-elect Mr. Madurawalage Don John Pradeep Nilantha Perera who has consented to be re-appointed for the position of Director.
5. To re-elect Prof. Thiththalapitige Sunil Gamini Fonseka 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 of Mr. Sunil Jayalath Watawala and Prof. Thiththalapitige 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 2023 to the Ordinary shareholders as per Director's recommendation. The Ex-Dividend (XD) date is fixed as 2nd October 2023, record date is 4th October 2023 and the dividend dispatch date fixed for 18th October 2023.

8. To re-appoint the existing auditors, M/s. Kreston MNS & Co (Chartered Accountants) as the Auditors for the ensuing year and to authorize the Directors to determine their remuneration.
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.
28th August 2023

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 02nd June 2019 & a Public Listed Company from 03rd June 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 03rd June 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
People's 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
 Prof. 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 Road, Negombo on 27th September 2023 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 and 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 2023 and the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
(ii) To re-elect Mr. Nawalage Arindha Lalith Cooray 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. Madurawalage Don John Pradeep Nilantha Perera as a Director, who retire in terms of Articles 73 and 74 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(iv) T M To re-elect Mr. Thiththalapitige Sunil Gamini Fonseka as a Director, who retire in terms of Articles 73 and 74 of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>
(v) Passing an Ordinary Resolution declaring that the Section 210 of the Companies Act No. 7 of 2007 is not applicable.	<input type="checkbox"/>	<input type="checkbox"/>
To resolved as required by Section 211 to declare that the age limit referred to in Section 210 shall not apply to the existing Directors of Mr. Sunil Jayalath Watawala and Mr. Thiththalapitige Sunil Gamini Fonseka who have attained the age limit of 70 years		
(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 31st March 2023.	<input type="checkbox"/>	<input type="checkbox"/>
(vii) To re-appoint the existing auditors, M/s. Kreston MNS & Co (Chartered Accountants) as the Auditors for the ensuing year and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
(viii) To authorize the Directors to determine the contribution to charity.	<input type="checkbox"/>	<input type="checkbox"/>

Signed on this day of.....2023.

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
No. 1/82, Kimbulapitiya Road, Bolawalana, Negombo.
Tel : 031-4924553/031- 4936163, Fax: 031-2233304
E mail : mcpl@sltnet.lk