



**MAHAWELI COCONUT
PLANTATIONS PLC**

**"A Quarter Century of
Harvesting Success"**



**ANNUAL
REPORT**
2 0 2 3 - 2 0 2 4



“A Quarter Century of Harvesting Success”

As we mark 25 years of plantation excellence, Mahaweli Coconut Plantations PLC celebrates a journey rooted in dedication, innovation, diversification and sustainable growth. From our humble beginnings in 1998, we have cultivated not just coconuts, but a legacy of quality, resilience, and community impact while adding value to the shareholders. Over the years, we have expanded our reach, embraced sustainable practices, and set benchmarks in the industry. This milestone demonstrates our dedication to harvesting success over past, present, and future.

CONTENTS

Overview

3

3	Vision and Mission	
	Historical Background	4 - 5
6 - 7	Company's Milestones	
	Financial Highlights	8
9 - 12	Plantation Sector Highlights	
	Chairman's Message	13
14 - 15	Managing Director's/CEO's Message	
	Value Creation Model	16 - 17
18	Corporate Social and Environmental Responsibility	
	Management Discussion and Analysis	19 - 25
26 - 28	Risk Management	

Corporate Governance

	Board of Directors	30 - 32
33 - 49	Corporate Governance Report	
	Directors' Statement on Internal Controls	50
51 - 52	Audit Committee Report	
	Remuneration Committee Report	53
54 - 55	Related Party Transactions Review Committee Report	

Financial Information

56

	Financial Calendar	57
58 - 62	Annual Report of the Board of Directors	
	Statement of Directors' Responsibility	63
64	Directors' and Financial Controller's Responsibility Statement	
	Independent Auditors' Report	65 - 66
67	Statement of Financial Position	
	Statement of Comprehensive Income	68
69	Statement of Changes in Equity	
	Statement of Cash Flows	70
71 - 100	Notes to the Financial Statements	

Supplementary Information

	Shareholders Information	102 - 103
104	Value Added Statement	
	Ten Year Summary	105 - 107
108 - 109	Notice of Meeting	
	Corporate Information	110
111 - 112	Form of Proxy	



Overview

Vision

“To be the leader in sustainable coconut farming in Sri Lanka, delivering excellence and innovation for a healthier, greener future”.

Mission

“Our mission is to cultivate high-quality coconuts by leveraging sustainable agricultural practices, fostering innovation, and maintaining a strong commitment to the environment and local communities. We strive to deliver nutrient rich coconuts and high quality by products while generating long-term value for our stakeholders and contributing positively to the coconut industry.”



Historical Background

Incorporation and Listing

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. It 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 CSE.

Founding Vision

In the mid-1990s, a group of entrepreneurs involved in the desiccated coconut processing industry foresaw a potential shortage of coconuts due to the lack of a national strategy for plantation development. Their proactive approach led to productive discussions with policymakers, culminating in the establishment of a Company to undertake a large-scale plantation project on uncultivated land in the Mahaweli zone. The project used uncultivated leasehold land of 551.38 hectares in Pimburettewa Aralaganwila, in Polonnaruwa District, with the lease term ending in November 2028.

Initially conceived as a public-private joint venture, the project evolved into a Limited Liability Company with government support. Capital was raised from a special levy collected from desiccated coconut manufacturers, forming the share capital of MCPPLC. These manufacturers became shareholders in proportion to their export volumes.

Objectives

The Company's objectives include:

- Acquiring land and buildings on lease or other modes from the Mahaweli Authority.
- Taking overall rights, powers, privileges, and interests related to properties.
- Cultivating and producing coconut and other agricultural products.
- Conducting research and development projects.
- Breeding and farming livestock and other organisms.
- Managing and exploiting land, water, wind, and solar resources.
- Marketing and selling the Company's products.

Current Business Activities

Currently, MCPPLC harvests an annual crop of 4 to 5 Mn coconuts, sold to Sri Lankan Companies for the manufacture of desiccated coconuts, coconut cream, coconut milk, and coconut water for export. The Company also sells teak trees, planted as windbreakers, with 1,534 trees sold during the current Financial year.

In 2022/23, MCPPLC diversified by starting a fibre substrate project and in 2023/24 we the Company managed to sell 103,315 kg of coco peat and 19,968 kg of coir to a local exporter. Compared to the previous year's sales value, the income from the same has increased by 153%. It should be noted that the project is still in its early stages, and the Company aims to increase output in the coming years.

Moreover, having achieved success in the experimental cinnamon plantation, the Company cultivated 7,900 plants in 2023/24. The Company also cultivated 100 pepper plants, 123 kgs of paddy, and 2 kgs of maize in 2023/24.

Celebrating a Quarter Century of Plantation

Since its incorporation in 1996 and the commencement of plantation operations in 1998, MCPPLC has proudly transformed over 1,300 acres of bare land into one of Sri Lanka's largest and most successful coconut plantations. Over the past 25 years, we have cultivated not just coconuts, but a legacy of excellence, resilience, and innovation. This remarkable achievement stands as a testament to the vision and leadership of our Founder Chairman, Mr. Sunil Watawala, and the unwavering dedication of our past and present Board of Directors and employees. As we celebrate a quarter century of growth, we honor the contributions of all who have been part of this journey, making MCPPLC a cornerstone of Sri Lanka's agricultural industry.





Historical Background (Contd.)

Challenges and Innovations

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.

Recognition

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, MCPPLC 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.

MCPPLC has also been recognized for Financial reporting excellence, received a certificate from the Institute of Chartered Accountants of Sri Lanka at the Transparency, Accountability, Governance, and Sustainability (TAGS) awards in 2022 and 2023.



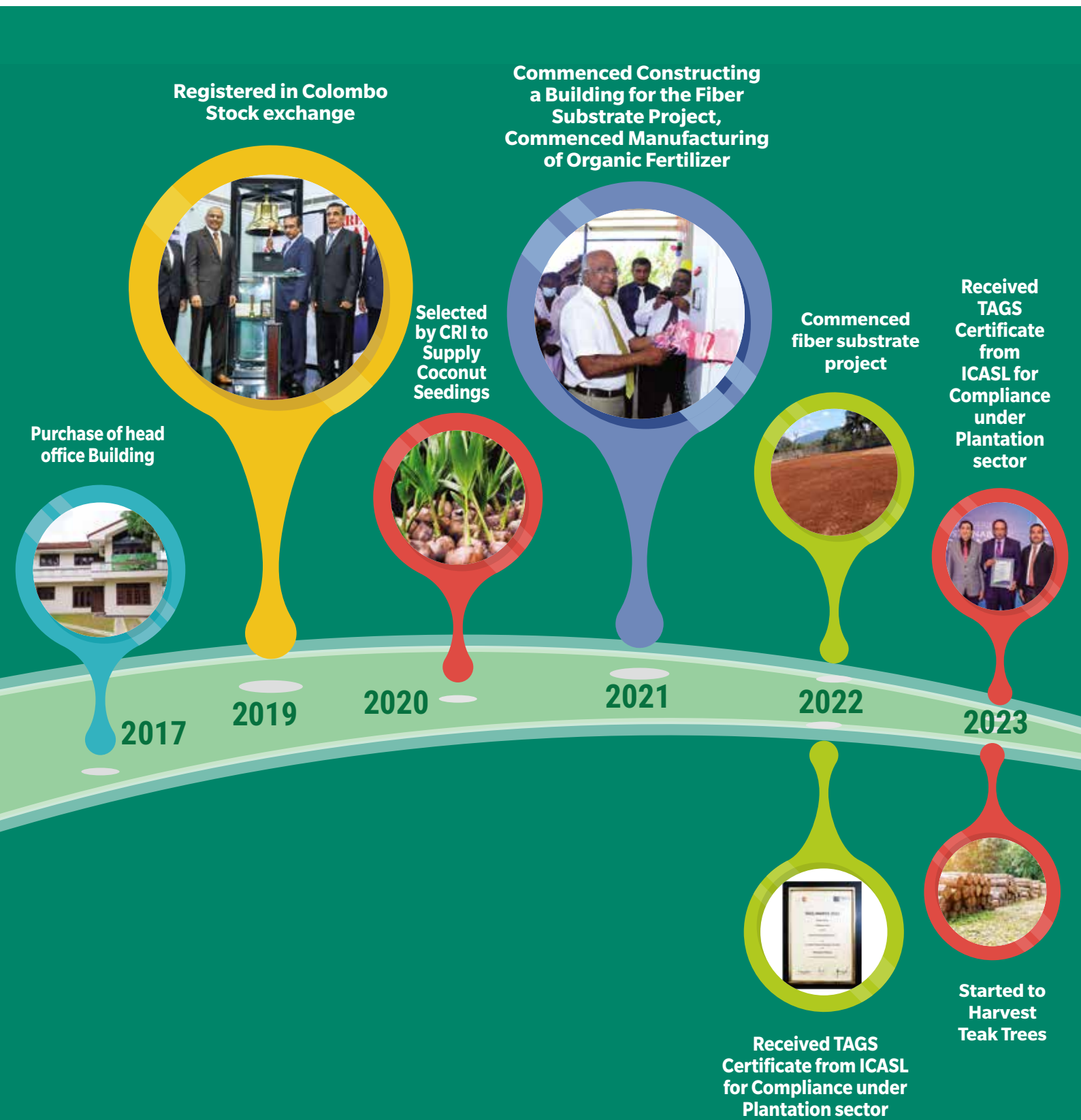
The Company received a certificate of compliance for the Annual Report - 2022/23 under the plantation sector at the TAGS awards 2023 conducted by the Institute of Chartered Accountants of Sri Lanka.





Company's Milestones

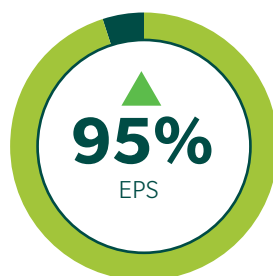






Financial Highlights

		2023/24	2022/23	% Change
Earnings Highlights				
Revenue	Rs.	278,950,900	324,501,506	-14%
Gross Profit (GP)	Rs.	87,454,469	62,833,774	39%
Profit from Operations	Rs.	88,416,362	108,713,082	-19%
Profit before Tax (PBT)	Rs.	127,390,066	143,148,292	-11%
Tax Expense	Rs.	8,589,945	(73,531,360)	112%
Profit/(Loss) after Tax (PAT)	Rs.	135,980,011	69,616,932	95%
Dividends	Rs.	(52,494,173)	(52,494,173)	-
Retained Earnings	Rs.	401,983,270	320,702,512	25%
Financial Position Highlights				
Total Assets	Rs.	979,084,535	907,969,305	8%
Total Debt (Lease Liabilities)	Rs.	28,351,382	24,878,740	14%
Total Shareholders Fund	Rs.	803,020,541	721,739,783	11%
No. of Shares in Issue	Nos.	34,996,115	34,996,115	-
Cash Flows Highlights				
Operating Activities	Rs.	54,352,825	95,026,305	-43%
Investing Activities	Rs.	19,840,336	(47,094,027)	142%
Financing Activities	Rs.	(52,494,173)	(58,642,397)	10%
Total Net Cash Flow for the Year	Rs.	21,698,988	(10,710,119)	303%
Cash & Cash Equivalents at the End	Rs.	62,674,227	40,975,239	53%
Key Indicators per Ordinary Share				
Earnings per Share (EPS)	Rs.	3.88	1.99	95%
Net Assets per Share	Rs.	22.95	20.62	11%
Dividend per Share	Rs.	1.50	1.50	-
Closing Market Price per Share	Rs.	27.60	36.00	-23%
Key Financial Ratios				
Gross Profit Margin	%	31	19	63%
Operating Profit Margin	%	32	34	-5.9%
Net Profit Margin	%	49	21	133%
Interest Cover	Times	21	25	-16%
Return on Equity (ROE)	%	17	10	70%
Return on Assets	%	14	8	75%
Dividend Cover	Times	2.59	1.33	95%
Debt/Equity (Book Value)	%	4	3	33%
Equity/Asset	%	80	78	2.6%
Debt/Asset	%	3	3	-
Dividend Payout Ratio	%	39	75	-48%
Current Ratio	Times	10.59	8.88	19%
Quick Asset Ratio	Times	9.33	7.72	21%





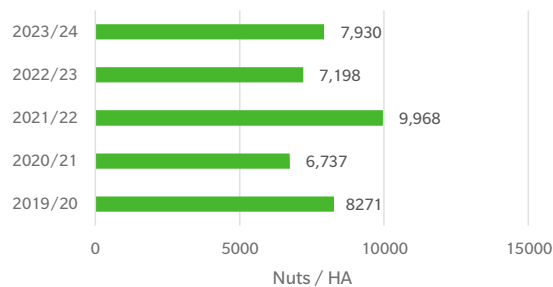
Plantation Sector Highlights



Coconut Yield per Hectare

7,930 Nuts/Ha

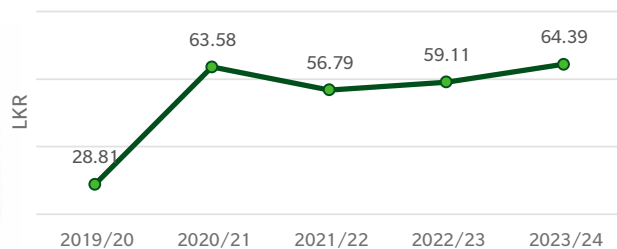
in 2023/24 (▲ +10.17%)



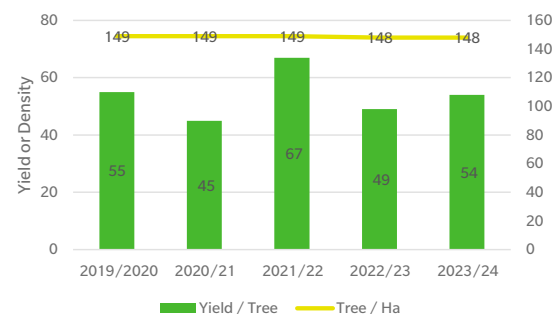
Average Price per Nut

Rs. 64.39/Nut

in 2023/24 (▲ 8.93%)



Coconut Tree Density Vs Yield per Tree



148 Tree/ Ha & 54 Nuts/Tree

in 2023/24 (▲ 10.25%)





Field No. 01

Field Name	Dharmasena Farm
Hectares	24
No. of. Trees	3,774
Crop	288,322
Yield per Palm	76
Yield per Hectare	11,783
No. of. Palms per Hectare	154

Field No. 02

Field Name	Goat Farm
Hectares	30
No. of. Trees	4,825
Crop	358,991
Yield per Palm	74
Yield per Hectare	12,067
No. of. Palms per Hectare	162

Field No. 03

Field Name	Horticulture-A & B
Hectares	37
No. of. Trees	5,515
Crop	303,208
Yield per Palm	55
Yield per Hectare	8,226
No. of. Palms per Hectare	150

Field No. 04

Field Name	Block 4 & Block 2
Hectares	60
No. of. Trees	8,850
Crop	531,330
Yield per Palm	60
Yield per Hectare	8,888
No. of. Palms per Hectare	148

Field No. 05

Field Name	Block - 05
Hectares	34
No. of. Trees	4,600
Crop	342,936
Yield per Palm	75
Yield per Hectare	10,194
No. of. Palms per Hectare	137

Field No. 06

Field Name	Block - 83
Hectares	25
No. of. Trees	4,139
Crop	272,397
Yield per Palm	66
Yield per Hectare	10,831
No. of. Palms per Hectare	165

Field No. 07

Field Name	Block-01
Hectares	36
No. of. Trees	5,977
Crop	379,160
Yield per Palm	63
Yield per Hectare	10,468
No. of. Palms per Hectare	165

Field No. 08

Field Name	Block - 85
Hectares	54
No. of. Trees	7,339
Crop	404,078
Yield per Palm	55
Yield per Hectare	7,483
No. of. Palms per Hectare	136

Field No. 09

Field Name	Kotawewa - 01
Hectares	36
No. of. Trees	4,174
Crop	184,969
Yield per Palm	44
Yield per Hectare	5,138
No. of. Palms per Hectare	116

Field No. 10

Field Name	Kotawewa - 02
Hectares	40
No. of. Trees	5,262
Crop	271,128
Yield per Palm	52
Yield per Hectare	6,778
No. of. Palms per Hectare	132



Field No. 11

Field Name	Kotawewa - 03
Hectares	51
No. of Trees	5,067
Crop	225,050
Yield per Palm	44
Yield per Hectare	4,413
No. of Palms per Hectare	99

Field No. 12

Field Name	Weerana - 01
Hectares	40
No. of Trees	6,757
Crop	279,914
Yield per Palm	41
Yield per Hectare	6,998
No. of Palms per Hectare	169

Field No. 13

Field Name	Weerana - 02
Hectares	40
No. of Trees	8,104
Crop	257,163
Yield per Palm	32
Yield per Hectare	6,429
No. of Palms per Hectare	203

Field No. 14

Field Name	Weerana - 03
Hectares	40
No. of Trees	6,631
Crop	238,229
Yield per Palm	36
Yield per Hectare	5,956
No. of Palms per Hectare	166



Current year crop performance field wise



Coconut crop details over last 10 years

Field No.	Field Name	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Total
1	Dharmasena Farm	312,140	267,395	348,338	303,847	322,320	303,708	292,901	298,365	234,547	288,322	2,971,883
2	Goat Farm	415,869	321,630	452,649	395,626	403,290	371,047	331,166	414,760	317,617	358,991	3,782,645
3	Horticulture-A & B	309,345	269,180	425,384	318,070	411,497	380,218	263,468	422,759	323,324	303,208	3,426,453
4	Block 4 & Block 2	513,019	532,607	659,053	527,799	732,584	535,485	487,593	713,891	460,776	531,330	5,694,137
5	Block-05	376,312	336,371	377,673	327,929	440,089	373,106	341,434	384,858	256,610	342,936	3,557,318
6	Block-83	280,398	222,558	357,419	297,083	331,318	280,252	238,884	343,253	280,705	272,397	2,904,267
7	Block-01	375,153	339,892	380,815	395,630	449,016	388,342	354,287	392,004	345,951	379,160	3,800,250
8	Block-85	415,033	376,772	514,203	483,012	496,542	423,195	363,656	464,057	361,297	404,078	4,301,845
9	Kotawewa-01	183,323	121,837	264,951	144,881	220,517	212,337	105,289	294,054	189,629	184,969	1,921,787
10	Kotawewa-02	152,161	119,252	280,549	160,847	287,065	272,337	162,986	335,980	186,815	271,128	2,229,120
11	Kotawewa-03	165,407	158,322	276,422	157,865	259,177	228,788	146,814	305,737	191,414	225,050	2,114,996
12	Weerana-01	152,645	139,604	266,503	96,051	319,482	241,082	196,968	352,156	230,858	279,914	2,275,263
13	Weerana-02	193,716	157,521	329,544	132,976	386,472	282,294	188,129	411,553	285,300	257,163	2,624,668
14	Weerana-03	176,169	165,917	300,083	116,109	369,781	231,009	210,748	317,931	271,523	238,229	2,397,499
Total	No of Nuts	4,020,690	3,528,858	5,233,586	3,857,725	5,429,150	4,523,200	3,684,323	5,451,358	3,936,366	4,336,875	44,002,131





Chairman's Message

“The management team has diligently worked to mitigate these difficulties. Notably, we have successfully converted approximately 75% of our diesel-powered water pumps to solar energy.”



Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of MCPPLC for the Financial year ended 31st March 2024.

Company and Industry Performance

The year 2023/24 was challenging for the entire plantation sector. High fuel and fertilizer costs, compounded by poor-quality fertilizers, led to reduced crop yields. Additionally, the devaluation of the Rupee against the Dollar provided substantial benefits to exporters; however, these gains were not passed on to growers, resulting in stagnant coconut prices until the second half of the year. Despite these challenges, the management team has diligently worked to mitigate these difficulties. Notably, we have successfully converted approximately 75% of our diesel-powered water pumps to solar energy.

We are harvesting from our pilot project of 0.75 acres and increasing the acres under cultivation annually, and we have begun reaping the benefits. Furthermore, the Company has invested in mechanized farming equipment, including backhoes and tractors, to address labour shortages. We anticipate that the current high coconut prices will positively impact our Financial performance in the 2024/25 Financial year.

Future Prospects

We are yet to see the desired profits from the substrate project which has experienced difficulties as a function of our largest buyer China, having reduced demand since COVID. We are optimistic that this market condition will improve enabling us to achieve our desired targets.

Compliance and Risk Management

The Board continues to oversee the strategic and operational management of the Company, ensuring that risks are effectively managed. We are committed to upholding the highest standards of corporate governance, with monthly Board Meetings dedicated to discussing and making informed decisions on operational and strategic matters. Our Directors, with their extensive knowledge of the plantation sector and other relevant experience, play a crucial role in guiding the Company toward achieving its strategic goals. We adhere to all prescribed governance codes and standards.

Conclusion

We believe we have navigated through a particularly challenging year, and we are confident that our performance will improve in the coming year. I would like to express my sincere gratitude to my fellow Directors for their unwavering support and guidance. I also commend Mr. Felix Fernandopulle for his exceptional leadership in positioning our Company as an industry leader. I am confident that the Board of Directors and the entire MCPPLC team will continue to drive the Company's success. Finally, I extend my deepest thanks to our shareholders for their trust and confidence in us.

Mr. S.D.W Asitha Gunasekara

Chairman

29th August 2024





Managing Director's/CEO's Message

“The year 2023/24 also marks 25 years since we commenced clearing and planting of coconut trees. It was on 26th September 1998 that we commenced clearing and the first coconut Palm was planted on 10th December 1998.”



Dear Shareholders,

I am pleased to present the performance of the Company for the year ended 31st March 2024, which once again had to continue to face the adverse effects of the fertilizer ban and the non-availability of Diesel during the severe drought in the year 2022. The exorbitant price of fertilizer after lifting of the ban did not help our cause either. As mentioned in my last year's report we had to restrict the quantity of fertilizer applied to 60% of the normal quantity. Nevertheless, our crop increased from 3,936,366 in 2022/23 to 4,336,875 in the current year reflecting 10% increase.

The profit before tax in the current year was 127.4 Mn compared to 143.1 Mn in 2022/23. However, the profit after tax increased to Rs. 135.9 Mn compared to 69.6 Mn in 2022/23 which was impacted by taxation adjustments due to increase in the rate.

Coconut

The effects of the fertilizer ban together with the high cost will continue to affect our crops in the future as well. The profitability will depend a lot on the selling price. The average selling price in 2023/24 was Rs. 64.39 compared to Rs. 59.11 in 2022/23. The price increase hardly compensates for the increase in cost.

The yield per tree increased to 54 from 49 in the present year. The non-existence of coconut related Industries in the Polonnaruwa District affects our selling price as the coconuts has to be supplied to manufacturers in Gampaha, Puttalam and Kurunegala Districts. The transport cost too increased by 100 to 150% with the escalating diesel price. In spite of the steep increase in fertilizer prices, we have managed to fertilize 51,721 trees. The application was reduced to 60 – 65% of the normal requirement and this too will have effects during the coming year. The fertilizer cost was Rs. 49.88 Mn compared to Rs.60 Mn in 2022/23.

In view of the high cost of Diesel and possible sudden shortage that could prevail, we have invested in a Solar Powered water system, costing Rs. 5.44Mn. during the year and hope to continue to invest further Solar Powered Pump system during the coming year.





Managing Director's/CEO's Message (Contd.)

Teak

After a long struggle we managed to obtain the necessary approval from the Mahaweli and environment authorities to sell 1,676 teak trees and have sold 1,534 trees to the value of Rs.73.5 Mn. The teak valuation as at 31st March 2024 stood at Rs. 213.3 Mn against Rs. 244.48 Mn as at 31st March 2023. The value of teak has dropped since 31st March 2023 and in spite of sale of 1534 trees the value of the existing trees has increased by 30.09 Mn. Having sold the bigger trees, we will continue to sell a further stock depending on the growth and price.

Other Crops

We have now increased the area under Cinnamon cultivation to about 6.75 Acres and hope to increase the area in the coming year as well. While we are harvesting from our initial pilot plantation, we believe we should be able to harvest from the first lot planted in 2020/21 in the coming year.

We are continuing with other crops such as cashew, turmeric and paddy in a small scale.

Coco Peat Project

The operation of the coco peat factory continued in a moderate scale. The coir industry is showing some signs of recovery and we have managed to commence selling of coir from March 2024. We have sold over 100,000 Kgs of coco peat during the Financial year. The inclement weather that prevailed from October to January affected our drying process. In the year we suffered a loss of Rs. 5.7 Mn from the coco peat project. The situation should improve with the movement of coir even though in modest quantities.

Prospects and Looking Forward

The country has recovered at least partly from the Financial crisis and the World Bank has predicted a growth of 2.2% in Sri Lanka economy in 2024. However, the impending Presidential Election and turmoil in Middle-East, Europe and even Bangladesh could have a negative effect on the economy.

Coconut being an important food item in the dietary habits of Sri Lankan Community and not being self-sufficient in the country would continue to be in demand locally even in the event of reduction in the export volume in the near future. Considering the food value in coconut it should continue to have a decent demand in the World Market even under extremely volatile situation.

The Company will continue with the best agricultural practices and increase in crops would offset any decline in the prices. Taking advantage of dropping of the price of fertilizer we hope to apply the normal quantity of fertilizer in the coming year.

The improvement to the drip irrigation system and investment on Solar Powered Water pumps decreasing the running cost would result in increase of crops and profits.

The wild elephant problem has been minimized with the inventing of an elephant chasing sound system,

This is in infancy stage and the experiment in our plantation has been successful. The destroying of crops by animals such as monkeys, Squirrels too need to be prevented. It is hoped that solution would be found to this menace too.

Dividend

The Board of Directors have recommended and enhanced dividend of Rs. 2/- per share (Rs. 1/50 – (2022/23) subject to the approval of the shareholders at the AGM.

25 Years

The year 2023/24 also marks 25 years since we commenced clearing and planting of coconut trees. It was on 26th September 1998 that we commenced clearing and the first coconut Palm was planted on 10th December 1998.

Since then, the Company has sailed through many obstacles and have successfully achieved its present status. Beginning as a private limited Company with about 50 shareholders today it's a PLC Company with over 800 shareholders.

It was my pleasure to have been associated with the Company since inception and it is appropriate to express mine and the Board of Directors gratitude to all our past Directors, Managers, Executives, Staff and all employees for the services rendered towards our success. The energetic innovative and dedicated leadership of our past Chairman Mr. Sunil Watawala is immeasurable.

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 also extend my heart-felt appreciation to our entire MCPPLC team both at Head Office and the Plantation.

Lastly, I wish to thank the shareholders for their trust and confidence in the Board of Directors and the management team.

Mr. J. F. Fernandopulle
Managing Director/CEO

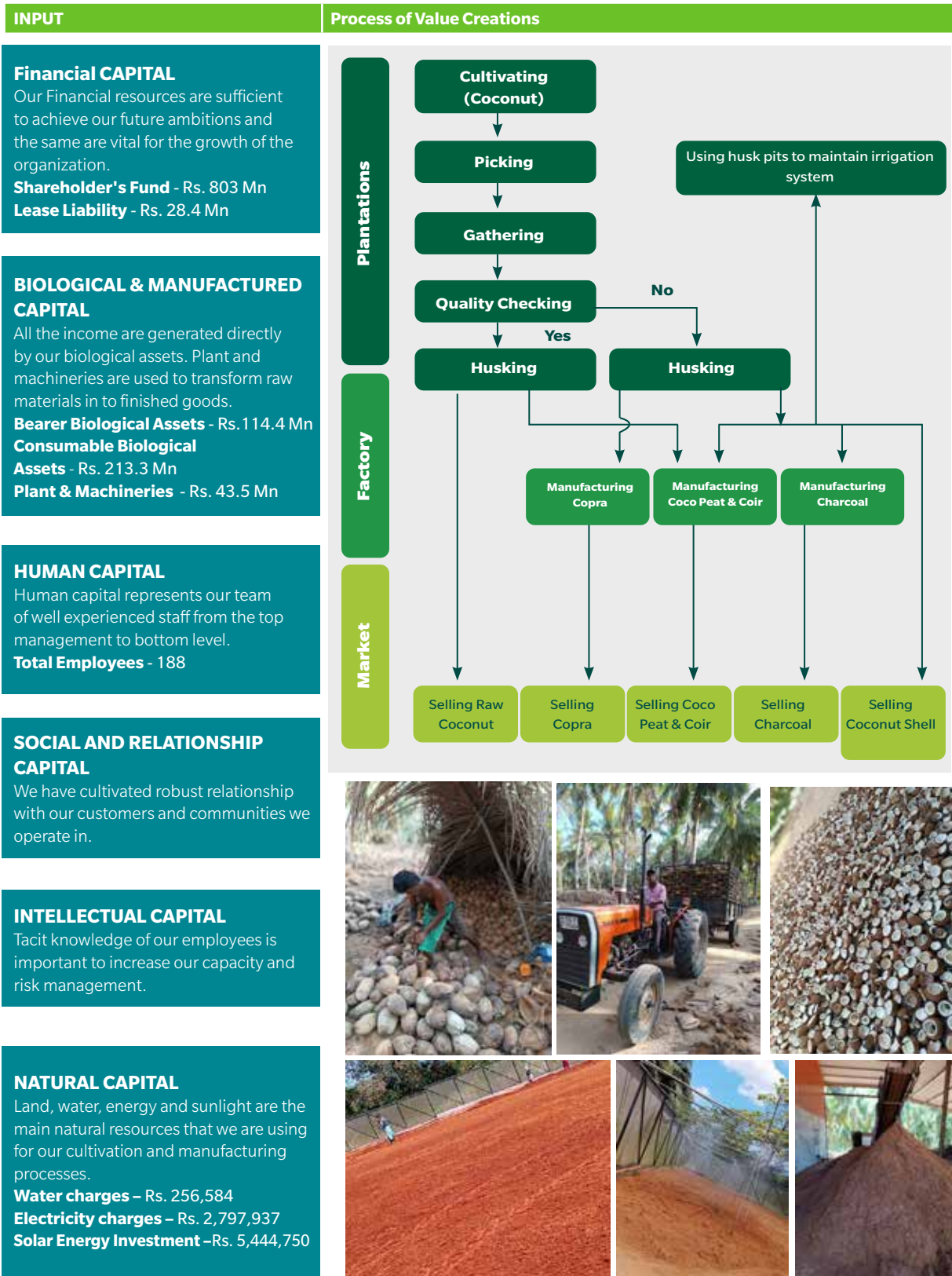
29th August 2024





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 and continue to offer maximum benefits to the stakeholders.</p> <p>Retained Earnings – Rs. 401.98 Mn Profit After Tax – Rs. 135.98 Mn Earnings Per Share – Rs. 3.88 Market Value Per Share – Rs. 27.60 Dividend Distributed to Shareholders – Rs. 52.4 Mn</p>
	<p>BIOLOGICAL & MANUFACTURED CAPITAL Efficiency of maintenance, cultivation, fertilization and harvesting results in good yield.</p> <p>Yield Per Tree – 54 Nuts Sale of Coconut & Copra – Rs. 269.8 Mn. Sale of Coco Peat & Coir – Rs. 9.2 Mn. Sale of Teak Tree – Rs. 73.5 Mn.</p>
	<p>HUMAN CAPITAL Part of the created value has been delivered through our employees to improve their well-beings.</p> <p>Employee Remuneration – Rs. 27.3 Mn New Recruits in 2023/24 – 06 Employee Retention Rate – 97% Female Representation Rate – 49%</p>
	<p>SOCIAL & RELATIONSHIP CAPITAL Robust collaboration with suppliers and customers.</p> <p>Payment of Government Taxes – Rs. 8.4 Mn Total Donation – Rs. 157,785</p>
	<p>INTELLECTUAL CAPITAL Employees Knowledge and Experience have been increased during the Financial Year.</p>
	<p>NATURAL CAPITAL MCPPLC has always focused on preserving the planet. Preserved water through Drip Irrigation System to minimize water consumption and maximize yield. Invested in Solar Power project to minimize the use of non-renewable energy.</p>





Corporate Social and Environmental 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 2023/24, 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 2023/24, we initiated several community development projects, including:

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

Environmental Sustainability: Preserving the environment is a priority for us, given our reliance on natural resources. 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.

Energy Consumption: Considering the limitations on non-renewable energy sources, in 2023/24, we have invested and commenced using solar power panels and will continue to invest more on the same with the target of achieving 100% sustainable energy consumption.

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.

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

The overall Gross Domestic Production (GDP) growth rate in 2023 was -2.3%, marking another year of economic contraction. This decline followed the sharp -7.8% contraction in 2022. The agriculture sector experienced a modest recovery, growing by 2.6%. In contrast, the industrial and services sectors continued to struggle, with contractions of -9.2% and -0.2%, respectively as per the Central Bank of Sri Lanka (CBSL).

Despite these overall negative trends, the fourth quarter of 2023 saw a positive turnaround with a GDP growth of 4.5% compared to the same period in 2022. This improvement was partly due to easing supply chain disruptions and better foreign exchange liquidity, which helped reduce inflation and stabilize the economy.

The Central Bank of Sri Lanka implemented policy rate cuts in mid-2023 to support economic recovery as inflation decelerated sharply from its peak in 2022. By the end of July 2023, the country had accumulated usable foreign reserves of USD 2.4 Bn, aided by strong remittance flows and improved tourism earnings.

The overall fiscal deficit increased in early 2023 due to higher interest payments, and structural issues such as poor governance and fiscal indiscipline continued to hamper economic stability.

Inflation

Headline inflation, as measured by the year-on-year change in the Colombo Consumer Price Index (CCPI), increased to 4.0% in December 2023 from 3.4% in November 2023. This rise was mostly in line with the projections set by the Central Bank of Sri Lanka (CBSL) earlier in November 2023.

After a continuous period of deflation lasting five months, the Food category recorded a 0.3% year-on-year inflation in December 2023, compared to a 3.6% deflation in November 2023. Meanwhile, Non-Food inflation declined to 5.8% in December 2023 from 6.8% in the previous month. The monthly change in CCPI for December 2023 was 0.89%, driven by a 1.16% increase in food prices and a 0.27% decrease in non-food prices. Core inflation (which reflects underlying inflation in the economy) decreased to 0.6% in December 2023 from 0.8% in November 2023.

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 was 409,244 hectares in 2017.

The coconut harvest in Sri Lanka for 2023 experienced significant improvement compared to previous years, with an estimated production of around 2.8 to 3 Bn nuts. This increase was largely due to favourable weather conditions, including consistent rainfall that reduced drought impacts and supported healthy crop growth. Effective pest and disease management also played a critical role. Both smallholder farms and larger estates contributed significantly to the yield, with smallholders benefiting from improved resources and training, and estates optimizing production through better resource management and technology adoption. The push towards organic and sustainable farming practices gained momentum, leading to higher-quality produce and better market positioning.

Domestic consumption absorbed much of the harvest, catering to the demand for fresh coconuts, coconut oil, and other products. Meanwhile, the export market saw increased demand for high-value products such as virgin coconut oil, desiccated coconut, and coconut milk, bolstered by Sri Lanka's adherence to organic standards, giving the country a competitive edge internationally. Challenges such as adapting to organic farming methods were mitigated by government support through subsidies for organic fertilizers and incentives. The growing global demand for natural and organic products presented opportunities for expanding market reach and enhancing export revenues. Overall, the coconut harvest in 2023 reflected the sector's resilience and adaptability, with promising growth in both domestic and international markets.

As per Sri Lanka Export Development Board, the annual coconut production in the country ranges between 3,000 to 3,300 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. A 50-kg bag of fertilizer that was offered at the subsidized price of Rs. 1,500 is now Rs. 11,500. As a result, the plantations have not been properly fertilized for the past three years. The drop in production due to the inadequate application of fertilizer was 10–12%. Consequently, Sri Lanka harvested 3.4 and 3.2 Bn nuts in 2022 and 2023 respectively.

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





Management Discussion and Analysis (Contd.)

to maintain satisfactory levels at all times if it is regulated prudently in Sri Lanka.

On the other hand, one of the industry's significant issues is the white fly pest, which is now uncontrolled by both the industry and the authorities. Furthermore, the implementation of an 18% VAT on fertilizer significantly hikes the cost of production, and the VAT on coconut-based products raises product pricing, making the product increasingly uncompetitive. Furthermore, the tax may cause a decline in coconut-based products while increasing fresh nut consumption locally. This would cause a lack of nuts for export. 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. 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 13.27% in 2023 according to the data presets by the Coconut Development Authority. (The export value was amounting to US dollar Mn 816.99 and 708.70 in year 2022 and 2023, respectively)

(<https://www.srilankabusiness.com/news/sri-lanka-s-export-performance-in-december-2023.html>)

However, the export earnings of Coconut & Coconut based products increased by 18.56 % to US\$ 332.94 Mn during January - May 2024 compared to the last year. Earnings from all the major categories of Coconut based products increased in the period of January - May 2024 compared with the corresponding period of 2023 due to the strong performance in export of Coconut Oil (14.18%), Desiccated Coconut (34.02%), Coconut Milk Powder (38.15 %), Coconut Cream (42.18 %), Liquid Coconut Milk (25.4 %), Cocopeat (21.72 %) and Activated Carbon (11.77 %).

(<https://www.srilankabusiness.com/news/sri-lanka-s-export-performance-in-may-2024.html>)

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 naturalized and cultivated in many countries in Africa and the Caribbean. This was introduced to Sri Lanka by Dutch in the 17th century.

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 3-5month 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

Sri Lanka had a catastrophic economic crisis in 2022, as long-standing structural deficiencies became more severe by external factors and policy mistakes. After losing access to international Financial markets in 2020, official reserves declined, and the currency liquidity constraint resulted in significant shortages of essential goods. In April 2022, the nation stated that its external debt service will be suspended pending debt restructuring. The public and publicly guaranteed debt increased to 119.2 percent of GDP in 2022, owing to severe inflation and a sharp currency depreciation.

Recent structural reforms, such as cost-reflective utility pricing and new revenue initiatives, contributed to macro economic stability while straining household budgets. Domestic debt restructuring was completed in September 2023, and negotiations with external creditors will reduce debt burden. The authorities and International Monetary Fund officials established an official Level Agreement in March 2024 to examine the Extended Fund Facility program for the second time.

The GDP declined by 2.3 percent in 2023, despite gains in the third and fourth quarters (1.6 and 4.5 percent, respectively) after six quarters of contraction. Inflation remained low, having fallen to single-digit levels in July 2023, mainly due to currency appreciation and increased supply. Accordingly, the Central Bank of Sri Lanka (CBSL) reported that headline inflation, as measured by the year-on-year (Y-o-Y) change in the Colombo Consumer Price Index, fell to 0.9% in May 2024 from 1.5% in April 2024.

After nearly two years of monetary tightening, the central bank reduced interest rates by 650 basis points between June and November 2023. This, combined with improved liquidity, resulted in a significant reduction in the government's domestic borrowing costs. In 2023, the current account surplus was recorded for the first time since 1977, as remittances and tourism rose strongly while imports remained low. The continuing suspension of external debt servicing, inflows from development partners, massive foreign exchange purchases, and postponement of repayments on existing credit lines have all contributed to the accumulation of usable official reserves equivalent to nearly two months of imports.

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. Despite the fact that the business environment was not favorable in 2023/24, the Company's business recorded a positive impact on profitability. 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

MCPPLC 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 increased by 10% in 2023/24 as a result of fertilizer application, which has increased gradually over the last two Financial years. However, only 60% of the trees were fertilized in the current year since fertilizer cost remains as expensive as it was prior to the ban. During this Financial year, the Company spent Rs. 44.57 Mn on inorganic fertilizer and applied fertilizer to 51,721 trees. Furthermore, although the plantations had drought in the early part of the Financial year, the dry zone received the highest amount of rain in 2023 over last five years, with 2,260.4 mm and received 2,199.1 mm during the Financial year.



Furthermore, the Company has spent Rs. 20.13 Mn on irrigation to prevent tree mortality due to drought. In addition, the Company spent Rs. 5.44 Mn on a solar panel water pump. These initiatives had a positive impact on achieving the yield of 4,336,875 nuts, which is 10% greater than the previous Financial year. The coconut production per hectare in 2023/24 was 7,930 nuts, compared to 7,198 nuts in 2022/23. Similarly, the production per coconut tree increased by 10.2%, where

the plantation received 54 nuts per tree in 2023/24 while the same was 49 in 2022/23.

The Company's performance was still satisfactory in comparison to other plantations in the coconut triangle. The plantation is experiencing an increase in destructions by wild elephants. 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 introduced a sound system to chase wild elephants and hopes to increase the area under cover in the coming year.

Teak

The teak trees were planted 22-26 years ago as wind breakers in every field. Following a significant effort to get the approval from the relevant authorities, the management was able to sell 1,534 teak trees for Rs. 73.5 Mn during the Financial year. Moreover, many of the trees have reached the harvesting stage and the Company aims to continue to sell such trees by obtaining regulatory approval. The trees were valued at Rs. 213.30 Mn as of 31st March 2024. There is a decline of 12.8% in value, compared to the last year. The major reasons for the fall in value are; sale of trees, loss of trees due to the damages done by animals, water logging, drought and cutting down of trees to get electricity connection line to the estate. Further, at present, there are 24,531 trees with the girth ranging from 6 cm to 109 cm. However, for the valuation purpose the trees with girth ranging from Zero (0) to Fifteen (15) were excluded since such trees are not merchantable. Hence, the valuation was done only for 18,499 trees.





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 year 2022 and we were able to sell 103,315 kg of Coco Peat and 19,968 kg of Coir to a local exporter during 2023/24. Even though the price and demand were low during last few years, the same are showing signs of recovery and the Company is striving to get maximum benefits out of the favorable situations.



Other Plantations

During 2023/24, we have planted 7,600 cinnamon crops, 100 plants of pepper, 123 kg of paddy and 2 kg of Maize. We expect these plantations will yield an enhanced income in the future. Below table shows annually how much we have planted cash crops in last four years.

Category	2023/24	2022/23	2021/22	2020/21
Cashew (Nos.)	-	-	125	100
Cinnamon (kg)	7,200	5,000	-	3,600
Ginger (kg)	-	500	555	600
Turmeric (kg)	-	600	260	5
Pepper (Nos.)	100	-	-	1,020
Areca nut (Nos.)	-	880	440	-
Paddy (kg)	123	160	217.5	-
Maize (kg)	2	-	-	-

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 within our plantation.





Management Discussion and Analysis (Contd.)

Financial Review

Financial Performance

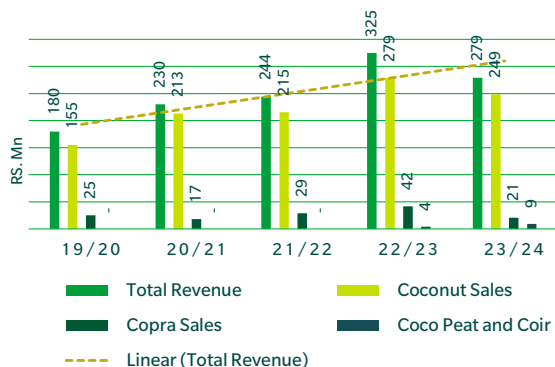
Revenue

Compared to 2022/23, MCPPLC's revenue decreased by 14% to Rs. 279 Mn in 2023/24, despite getting a 10% higher coconut yield. Major contributory for the sales reduction were 11% drop in coconut sales and 50% drop in copra sales. It should be noted that, in 2021/22, a large amount of closing Inventory (amounting to Rs. 104 Mn) were piled up due to the country's economic crisis and fuel concerns. Hence, in 2022/23, the Company managed to sell those Inventory and earned excessive revenue. Since the country's economic turmoil gradually turned around and approached stabilization in 2023/24, the Company's sales performance also returned to normality. As such, though the Company sold 4,687,334 coconuts in 2022/23, only 3,834,128 coconuts were sold in 2023/24. In summary, it can be said that the major reason for the sales decline in 2023/24 is the sales performance returned to normality from the excessive sales figures achieved in 2022/23 resulted from the sale of excessive opening Inventory.

The four main sources of revenue are sale of coconut, copra, coco peat, and coir, with coconut accounting for 89% of total sales. During the fiscal year 2023/24, the Company sold coco peat of Rs. 8.8 Mn.

Additionally, the revenue has generally shown an upward trend over the last five years. As a result, we anticipate that the Company's profits profile will continue to grow and stabilize over time.

5 - Year Revenue Analysis



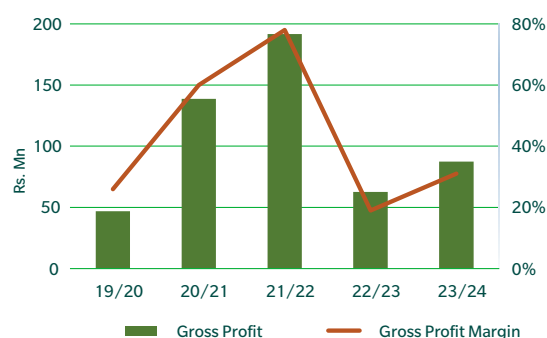
Gross Profit

When comparing the gross profit numbers for 2022/23 and 2023/24, the gross profit grew to Rs. 87.4 Mn with a 39% increase, despite the reduction in revenue. We could also see that the gross profit margin has surged to 31% in 2023/24 from 19% in 2022/23. Primary reasons are;

- The cost per nut decreased by 6.13% (from Rs. 45.20/- to 42.43/-) in comparison to the previous Financial year, mainly due to a decrease in fertilizer application costs from 60.79 Mn to 49.88 Mn. This does not imply that MCPPLC has reduced the number of trees fertilized; rather, it reflects a price drop compared to previous year and a precautionary purchase of fertilizer prior to the introduction of VAT.

- The abnormal opening inventory of 104 Mn was transferred to sales in 2022/23 and the same amount was transferred to cost of sales resulting a high cost of sales in 2022/23. However, the things became normal in 2023/24.
- The copra manufacturing expenses have been reduced by 50.25% (from Rs. 10.7 Mn to Rs. 5.3 Mn) since the rejected nuts were lower than that of previous Financial year.

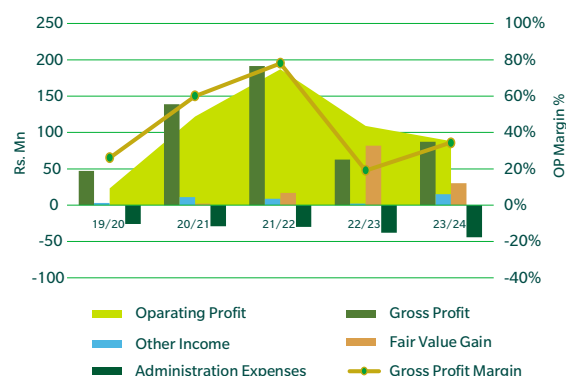
5 Year Gross Profit Analysis



Operating Profit

Despite sharp increase in Gross Profit, the operating profit of the Company was declined by 19% from 108.7 Mn in 2022/23 to 88.4 Mn in 2023/24. Nevertheless, the business managed to earn 32% operating profit margin. Operating profit has fallen due to a notable reduction in fair value gain. The fair value gain was reduced due to the disposal of teak trees during the Financial year and other environmental reasons. Furthermore, administrative expenses have increased by 15% due to wage increases, employee-related costs, and depreciation.

Operating Profit Analysis

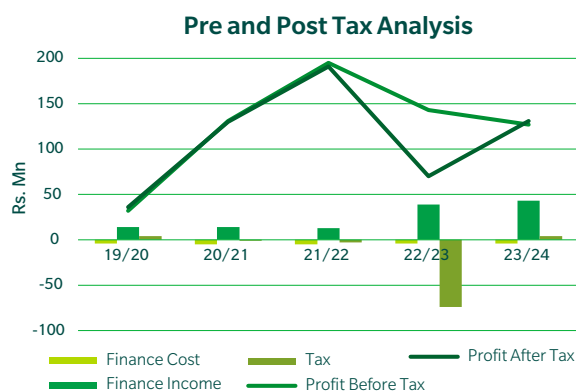




Management Discussion and Analysis (Contd.)

Pre- and post-tax Profit

In 2023/24, the Company's Profit after Tax (PAT) upsurged by 95% while its Profit before Tax (PBT) decreased by 11%. The profit after tax increased as a result of the notable income tax expense reduction of 112%. The recent modifications to the income tax statute and the decline in the deferred tax liability resulting from the reduction in the temporary difference of biological assets are the causes of the significant tax reductions.



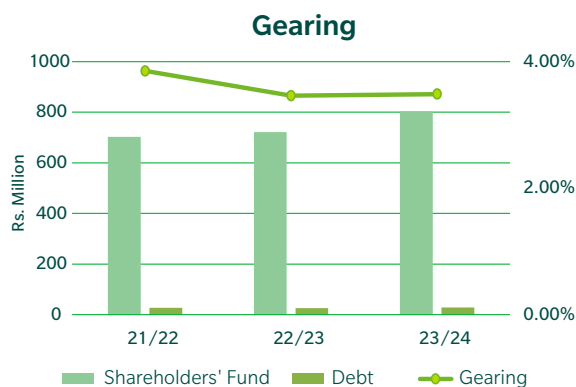
Financial Position

Gearing

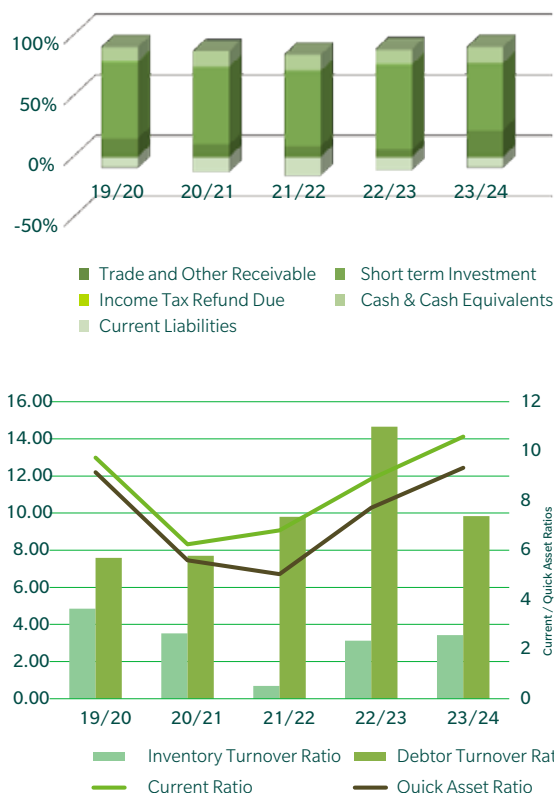
The Company's Statement of Financial Position is robust and healthy, with 82% of its Rs. 979 Mn total assets coming from shareholder funds. Along with the year-over-year increase in profits, total equity increased by 11%.

The Company has no debt capital other than the leasing obligations paid to Mahaweli Authority. As of 31st March 2024, the lease liability was Rs. 28.35 Mn, of which Rs. 6.6 Mn is due in the next year.

Consequently, in 2023/24, the Company's gearing ratio was only 3.4% (Debt / Equity). Over the course of the year, the Company's lease liability has somewhat increased by 14%.



Liquidity Management



The Company has a very strong liquidity position, as seen by its current ratio of 10.59 times and quick asset ratio of 9.33 times. Short-term investments have accounted for 54% of the Company's total current assets, generating an interest income of Rs. 43 Mn this year.

Compared to 2022/23, the Company's inventory turnover ratio increased from 3.13 times to 3.43 times in 2023/24. Primary reasons for the increase in the ratio are decline in average inventory as well as cost of sales.

The debtor turnover ratio has declined from 14.65 times in 2022/23 to 9.84 times in 2023/24. Reduction in sales and increased debtor balances were the major reasons for the decline.





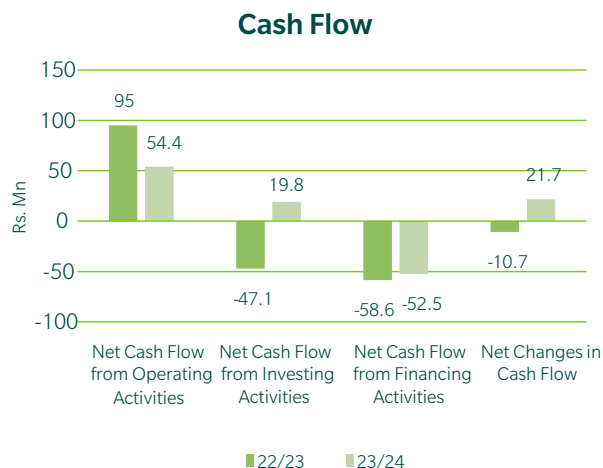
Management Discussion and Analysis (Contd.)

Cash Flow

The Company had a net operating cash flow of Rs. 54.35 Mn in 2023/24. Compared to 2022/23, this is a 43% reduction. The notable rise in inventories as well as trade and other receivables are the primary causes for the drop.

Additionally, investing activities have resulted in a net cash inflow of Rs. 19.84 Mn. The primary driver of the Company's cash inflow into investing activities is interest earned from short-term assets of Rs. 46.87 Mn.

During the year, financing activities have resulted in a net cash outflow of Rs. 52.49 Mn which is purely the dividend payout. Overall, current year's net change in cash and cash equivalents was an inflow of Rs. 21.7 Mn.





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. MCPPLC 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 risks 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

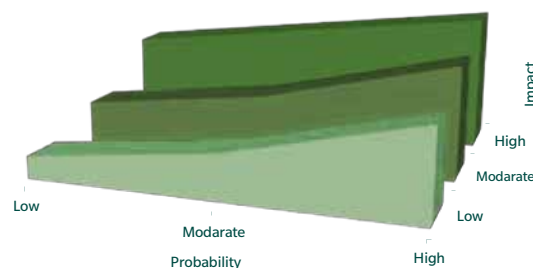


Identification of Risks

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.





Risk Management (Contd.)

Review and Update Risk Plan

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

Risk	Risk Level	Risk Description	Risk Mitigation
Operational Risk			
Climate Change			
Risk of increasing production cost due to dynamic climate changes	High	The change in weather pattern would result in loss of revenue since the weather conditions are becoming more and more unpredictable globally due to the effects of climate change. As a result, the production of Coconut becomes more vulnerable to the changing weather conditions. This will have a negative impact on the cost of production. Further, extreme weather conditions could result in natural disasters, which would disrupt the crop formation process and cause physical damages to the fields.	<p>Maintaining drip irrigation system to effectively manage irrigation.</p> <p>Continuous investments in solar power panels are being made, which will reduce fuel and energy costs.</p> <p>Using husk pits to maximize benefits from climate change.</p>
Human Capital			
Risk of labour shortages	High	Since the beginning of the economic crisis, labour unavailability has increased dramatically as the majority of workforce have migrated. This has resulted in difficulties to retain skilled employees. Lack of skilled employees on the estates could result in low productivity.	<p>Ensure compliance with all regulatory requirements benefited to estate workers.</p> <p>Constantly organizing and attending workshops organized by the Coconut Research Institute.</p> <p>Paying encouragement payment to employees to motivate them.</p> <p>Continue to introduce machines to increase worker productivity at the estate.</p>
Adverse Weather Conditions & Pest Attacks			
Risk of low yield due to adverse weather conditions, pest attacks and diseases.	High	<p>Production risks related 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 2023/24, 90 number of Coconut trees were damaged by elephant attacks.	<p>We have already installed elephant fences to cover 1.5 Km in Field No 01, 2.35 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, 2 Km in Field No 11 and 2.52 Km in Field No 13 and 14. 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>The CRI Officers have manufactured an elephant chasing alarm. Currently, this has been used in our plantation on experimental basis.</p> <p>MCPPLC experimented with creating elephant fences using new techniques with the help of technicians, where the fences lights up when the elephant contacts the fence.</p>





Risk Management (Contd.)

Risk	Risk Level	Risk Description	Risk Mitigation
Limited availability of fertilizer			
Risk of low yield due to high cost 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 2023/24, we spent Rs. 44.57Mn on inorganic fertilizer, which was applied to 51,721 trees. Fertilizer costs have risen dramatically after the ban was lifted, with the Company spending Rs. 94.96Mn on fertilizer over the last two Financial years. The government has imposed 18% VAT on fertilizer from 01st January 2024. As a result, the cost of production will increase considerably.</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> <p>As a precaution, we promptly purchased fertilizer for 22,188 trees prior to the introduction of the 18% VAT.</p> <p>Maintaining a strong bond with the supplier allowed us to obtain fertilizer at a far lower price than the market rate.</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 local consumers	Low	Coconut prices are dependent on a range of external factors including weather conditions, demand conditions labour productivity, and changes in policy by the government.	<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	High	<p>Several modifications were made to the Inland Revenue Act during the Financial year, including the removal of VAT exemptions, lowering the threshold for the VAT and SSCL acts, amendments to the Income Tax, and changes to the payment method.</p> <p>The government is eager on collecting as much tax revenue as possible, and the sale of agro-farming produce will be subject to income tax beginning 1st April 2024, thus the Company will be required to pay 30% income tax on liable turnover.</p>	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 risk management strategies are discussed in detail in Note 32 in Page 98 to 100.





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 & Chief Executive Officer, Non-Independent Director)

Mr.J.F.Fernandopulle is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and Fellow Member of Certified Management Accountants of Sri Lanka.

He is the Senior Independent Director of Richard Pieris & Company PLC and is the former Chairman of Richard Pieris Finance Ltd. He also serves as an Independent Director at National Credit Guarantee Institute Ltd. He had also worked in the capacity of Finance Director at Mahaweli 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 MCPPLC 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

5





Board of Directors (Contd.)



6

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 the Managing Director in St. Anne's Salt Daluwa (Pvt) Ltd, St. Anne's Factory & St. Anne's Enterprises.

8

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

9

10





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 Arachchige 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.



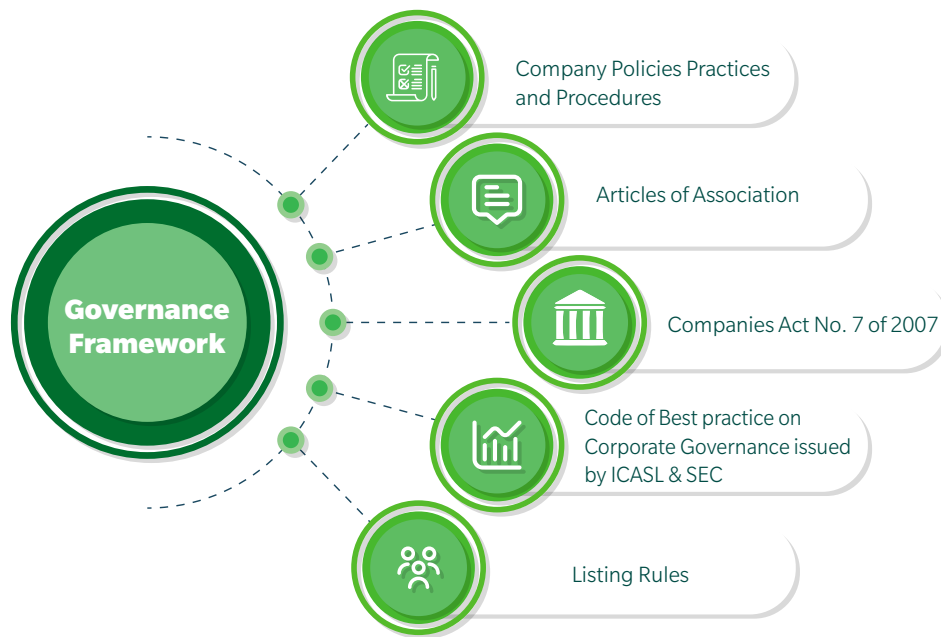


Corporate Governance Report

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 MCPPLC has set a governance framework that balances the interests of the Company.

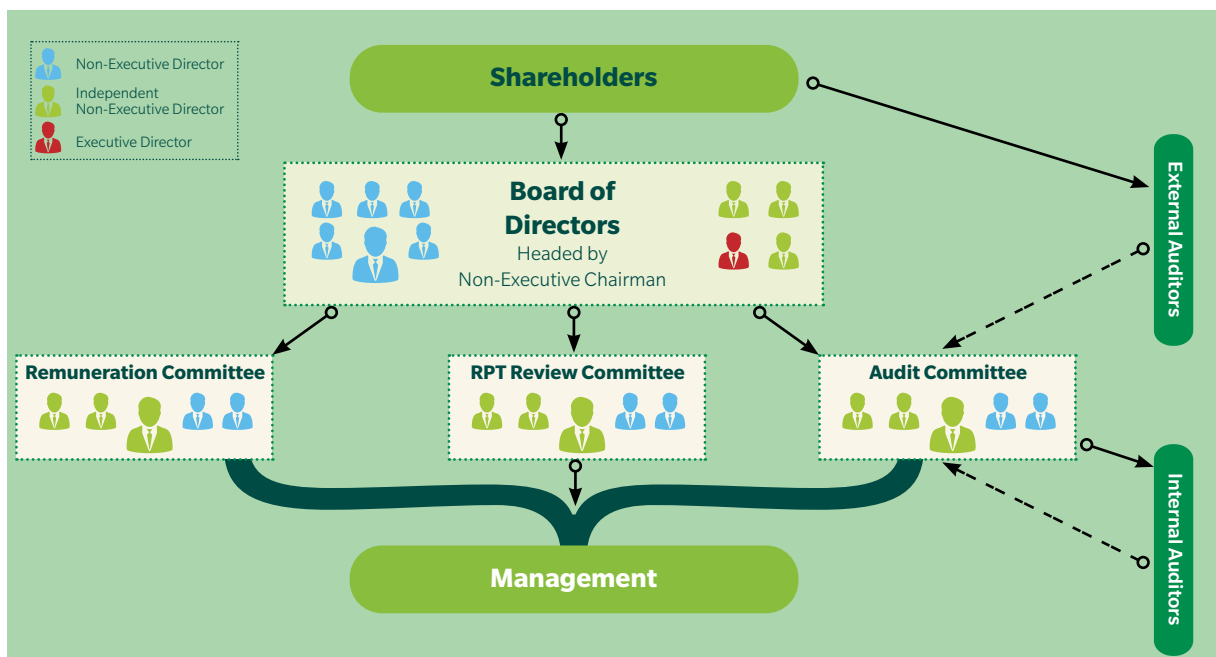
Framework and Structure

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 2024. A brief profile of each of the Directors are given on pages 30 - 32. 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/CEO is a fellow member of the Institute of Chartered Accountants 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 five 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 four 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 five 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. S. D. W. Asitha Gunasekara who has consented to be re-appointed for the position of Director.
- To re-elect Mr. M.A.C.H. Munaweera who has consented to be re-appointed for the position of Director.
- To re-elect Mr. S. D. Senarath Gunasekara 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 resume of the Director disclosing relevant expertise, key appointments, shareholding and whether he is Executive, Non Executive, Independent or Non-Independent.

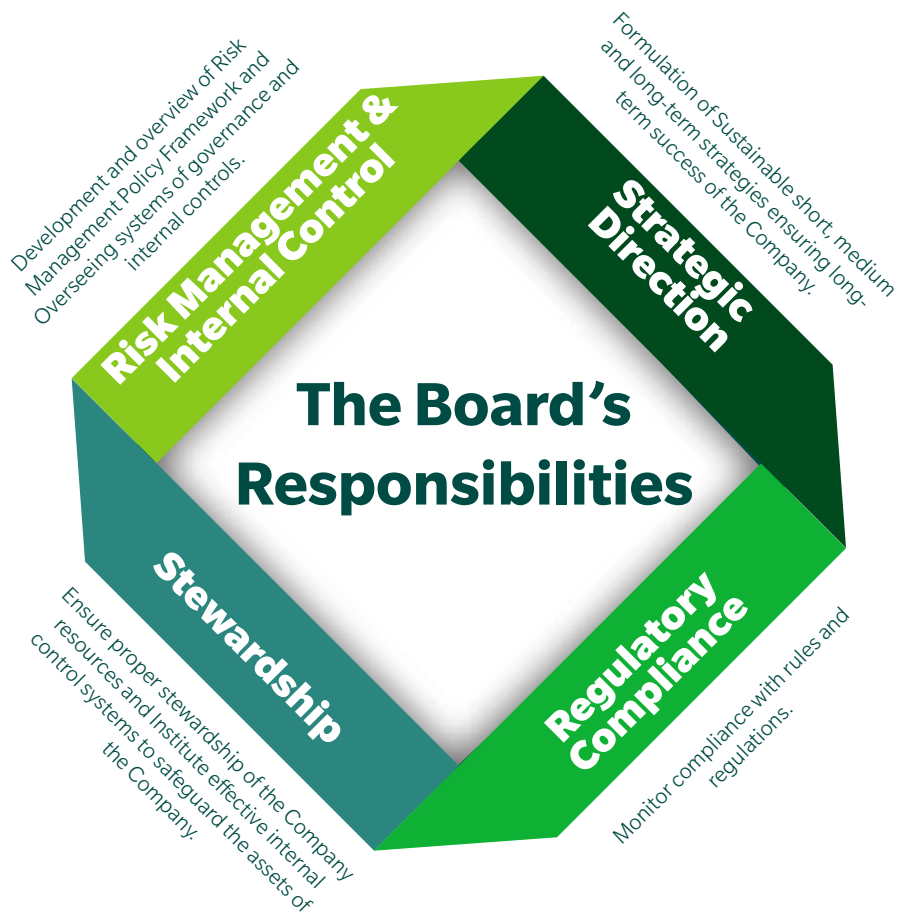




Corporate Governance Report (Contd.)

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



Roles of Chairman and Managing Director/CEO

The role of Chairman is separate from that of the Managing Director/CEO 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/CEO leads the executive management and is accountable to the Board for the performance of the Company.

Delegation of Authority

The Board is responsible for the overall governance, conduct and implementation of sound business strategies for the Company. The Board exercises its ordinary and extraordinary powers in carrying out its duties within the relevant laws/

regulations of the country, regulatory authorities, professional institutes and trade associations to achieve the corporate objectives of the Company. The Board assesses the effectiveness of the Management Team through periodic review of their performance and compliance to best corporate practices.

Board's Access to Information and Resources

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





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 materials 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	26-04-2023	25-05-2023	30-06-2023	27-07-2023	28-08-2023	27-09-2023	26-10-2023	06-12-2023	18-01-2024	22-02-2024	26-03-2024	Attendance
Independent Non-Executive Directors (NED – I)													
Prof. T.S. Gamini Fonseka	27-09-2023 (Re-Appointment)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/11
Mr. N. A. Lalith Cooray	27-09-2023 (Re-Appointment)	✓	✓	✓	✓	✓	-	✓	✓	-	-	✓	08/11
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)	✓	✓	-	-	-	✓	✓	✓	✓	✓	-	07/11
Mr. S.D. Senerath Gunasekara	28-09-2022 (Re-Appointment)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11/11
Mr. A.J. Shamendra Jayakodi	28-09-2022 (Re-Appointment)	✓	✓	-	-	-	-	✓	-	✓	-	✓	05/11
Mr. G.J.L. Neomal Perera	28-09-2022 (Re-Appointment)	-	✓	✓	✓	-	✓	✓	✓	-	-	✓	07/11
Mr. M.D.J.P. Nilantha Perera	27-09-2023 (Re-Appointment)	-	-	✓	-	✓	-	✓	✓	✓	✓	✓	07/11
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
Attendance		7/10	8/10	7/10	6/10	6/10	6/10	9/10	8/10	7/10	6/10	8/10	





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

Board Committee	Areas of Oversight	Composition	Chaired By	Report Reference
Audit Committee (AC)	Financial Reporting Internal Controls Internal Audit External Audit	3 NED-Is 2 NEDs	Mr. N.A. Lalith Cooray (NED-I)	Page 51
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 53
Related Party Transactions Review Committee (RPTRC)	Review of Related Party Transactions	3 NED-Is 2 NEDs	Prof. T.S.Gamini Fonseka (NED-I)	Page 54

NED-I – Non-Executive Director – Independent

NED – Non-Executive Director

The Managing Director/CEO and the Financial Controller attend the meetings by invitation and the Company Secretary serves as the Secretary to the Committee.

Responsibilities of Board Committees

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





Corporate Governance Report (Contd.)

Committee	Responsibilities
Remuneration Committee	<p>Determining and agreeing with the Board a framework for remuneration of Directors and Management Team, considering industry benchmark principles for any performance-related schemes to determine total remuneration package.</p> <p>Evaluation of employee performance based on key performance indicators including Financial and non-Financial measures of performance.</p> <p>Link part of pay to individuals and the Company's performance.</p>
Related Party Transactions Review Committee	<p>Ensure on behalf of the Board, the compliance with Code on Related Party Transactions, that all related party transactions are undertaken and disclosed in a manner consistent with the Code on Related Party Transactions.</p> <p>Develop and recommend a policy for adoption by the Board on RPTs of the Company with its related parties which is in line with the Operating Model.</p> <p>Update the Board on Related Party Transactions following the reporting templates, specifying recurrent and non-recurrent transactions which require discussion in detail.</p> <p>Introduction of a process whereby periodic reporting of the Company is required, with a view to ensuring compliance with the Code, that shareholder interests are protected, and that fairness and transparency are maintained at all times.</p>

Accountability and System of Internal Control

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

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

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

External Audit

The external auditor is a qualified independent external party whose objective is to determine whether the Financial Statement of the Company represents a true and fair view of its Financial performance, position and cash flow status. The audit firm Kreston MNS & Co., Chartered Accountants, was

re-appointed at the AGM in 2023 as external auditors of the Company for the Financial year 2023/24. 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.

Relations with Shareholders

The Company engages with Shareholders through multiple channels. These include the Annual General Meeting (AGM), annual report, interim financial statements, and via the CSE's website. Shareholders also have the opportunity to ask questions, comment or make suggestions to the Board through the Company Secretaries and at the Annual General Meeting. All significant issues and concerns of Shareholders are referred to the Board with the views of the Management.





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 on the Affairs of the Company, pages 58 -62
168.(1)(b)	Signed Financial Statements of the Company for the accounting period completed – section 151	Complied	Financial Statements, pages 67 - 100
168.(1)(c)	Auditors' Report on Financial Statements of the Company	Complied	Independent Auditors Report, pages 65 - 66
168.(1)(d)	Accounting policies and any changes therein	Complied	Notes to the Financial Statements, pages 71- 82
168.(1)(e)	Particulars of the entries made in the Interests Register during the accounting period	Complied	Annual Report of the Board of Directors on the Affairs of the Company, pages 58 - 62
168.(1)(f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	Complied	Notes to the Financial Statements, page 97
168.(1)(g)	Corporate donations made by the Company during the accounting period	Complied	Annual Report of the Board of Directors on the Affairs of the Company, pages 58 - 62
168.(1)(h)	Information on the Directorate of the Company at the end of the accounting period	Complied	Board of Directors, pages 30 - 32
168.(1)(i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period	Complied	Notes to the Financial Statements, page 94
168.(1)(j)	Auditors' relationship or any interest with the Company	Complied	Audit Committee Report, pages 51- 52
168.(1)(k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	Complied	Statement of Directors' Responsibility, page 63

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

CSE Rule	Requirements	Compliance Status	Reference to the Annual Report
7.6(i)	Names of persons who were Directors of the Entity.	Complied	Board of Directors, pages 30 - 32
7.6(ii)	Principal activities of the Entity during the year, and any changes therein.	Complied	Annual Report of the Board of Directors on the Affairs of the Company, pages 58 - 62
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, pages 102 - 103
7.6(iv)	The public holding percentage	Complied	Shareholders Information, page 102
7.6(v)	A statement of each Director's holding of shares of the Entity at the beginning and end of each Financial year	Complied	Annual Report of the Board of Directors on the Affairs of the Company, pages 58 - 62
7.6(vi)	Information pertaining to material foreseeable risk factors of the Entity	Complied	Risk Management, pages 26 - 28
7.6(vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Complied	Annual Report of the Board of Directors on the Affairs of the Company, page 58 - 62
7.6(viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties	Complied	Annual Report of the Board of Directors on the Affairs of the Company, pages 58 - 62
7.6(ix)	Number of shares representing the Entity's stated capital	Complied	Notes to Financial Statements, page 90





Corporate Governance Report (Contd.)

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

CSE Rule	Requirements	Compliance Status	Reference to the Annual Report
7.6(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Complied	Shareholders Information, pages 102 - 103
7.6(xi)	Financial ratios and market price information	Complied	Financial Highlights, page 8 & Shareholder Information pages 102 - 103
7.6(xii)	Significant changes in the Company's fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year	Complied	Notes to Financial Statements, pages 85 - 86
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 Section 9 of the Listing Rules	Complied	Corporate Governance Report, Remuneration Committee Report and Audit Committee Report
7.6(xvi)	Related Party Transactions exceeding 10 percent of the equity or 5 percent of the Financial Statements, whichever is lower	Complied	Note 31 to Financial Statements, page 98





Corporate Governance Report (Contd.)

Statement of compliance under section 9 of the listing rules of the Colombo Stock Exchange (CSE) on corporate governance.

CSE Rule	Requirements	Compliance Status	Reference to the Annual Report
9.1.3	A statement confirming compliance with Corporate Governance Rules	Complied	Compliance with Corporate Governance rules pages 44 - 49
9.2 & sub sections	Policies	Effective from 1st October 2024	
9.3.1	Ensuring that the following Board committees are established and are functioning effectively.		
	(a) Nominations and governance committee	Effective from 1st October 2024	
	(b) Remuneration Committee	Complied	Company has established a Remuneration Committee, an Audit Committee and a Related Party Transactions Review Committee and are functioning effectively
	(c) Audit Committee	Complied	
	(d) Related Party Transactions Review Committee	Complied	
9.3.2	Compliance with the composition, responsibilities and disclosures required in respect of the Board Committees	Complied	Refer pages 44 - 49 under Corporate Governance Report.
9.3.3	The Chairperson of the Board of Directors shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above	Effective from 1st October 2024	
9.4.1	Maintain records of all resolutions and following information pertaining to the resolutions considered at any General Meetings. (a) The number of shares in respect of which proxy appointments have been validly made; (b) The number of votes in favour of the resolution; (c) The number of votes against the resolution; and (d) The number of shares in respect of which the vote was directed to be abstained.	Complied	
9.4.2	Communication and relations with shareholders and investors. Listed entities, (a) shall have a policy on effective communication and relations with shareholders and investors and disclose the existence of the same in the Annual Report and the website of the Listed Entity. (b) Listed Entities shall disclose the contact person for such communication. (c) The policy on relations with shareholders and investors shall include a process to make all Directors aware of major issues and concerns of shareholders, and such process shall be disclosed by the Entity in the Annual Report and the website of the Entity. (d) Listed Entities that intend to conduct any shareholder meetings through virtual or hybrid means shall comply with the Guidelines issued by the Exchange in relation to same and published on the website of the Exchange	Complied	Refer page 38 under Corporate Governance Report
9.5.1	Listed Company shall establish and maintain a formal policy governing matters relating to the Board of Directors and such policy shall include the matters listed under this Rule.		This will be complied with the establishment of the policies on matters relating to Board of Directors.





Corporate Governance Report (Contd.)

Statement of compliance under section 9 of the listing rules of the Colombo Stock Exchange (CSE) on corporate governance. (Contd.)

CSE Rule	Requirements	Compliance Status	Reference to the Annual Report
9.5.2	Confirm compliance with the requirements of the policy referred to in Rule 9.5.1 in the Annual Report.		This will be complied with the establishment of the policies on matters relating to Board of Directors.
9.6.1	The Chairperson shall be a Non-Executive Director and the positions of the Chairperson and the CEO shall not be held by the same individual, unless otherwise a SID is appointed by such Entity.	Complied	Refer page 37 under Corporate Governance Report
9.6.2	Where the Chairperson of a listed entity is an Executive Director and/or the positions of the Chairperson and CEO are held by the same individual, such entity shall make a market announcement	Not applicable	
9.6.3	Requirement for a SID	Not applicable	
9.7	Fitness of Directors and CEOs	Effective from 1st April 2024.	
9.8.1-9.8.2	Minimum number of Board of Directors and minimum number of independent directors.	Effective from 1 st October 2024	
9.8.5	Requirement pertaining to self-declarations annual determination of independence and market announcement in the event of the impairment of the independence.	Complied	
9.9	Alternate Directors	No Alternate Director	
9.10.1	Listed Entities shall disclose its policy on the maximum number of directorships its Board members shall be permitted to hold. In the event such number is exceeded by a Director(s), the Entity shall provide an explanation for such non-compliance.	Complied	This will be complied with the establishment of the policies on matters relating to Board of Directors.
9.10.2-9.10.3	Listed Entities shall, upon the appointment of a new Director to its Board and upon any changes to the composition, make an immediate Market Announcement.	Complied	
9.10.4	Disclosure of details pertaining to Directors in the Annual Report	Complied	Refer Report on Board of Directors on pages 30 - 32
9.11 & sub sections	Nomination and Governance Committee	Effective from 1 st October 2024	
9.12.2	Listed Entities shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of these Rules	Complied	
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her own remuneration	Complied	Refer Remuneration Committee Report on – Page 53
9.12.4	Remuneration for Non-Executive Directors should be based on a policy which adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired.	Complied	Refer Remuneration Committee Report on – Page 53
9.12.5	Remuneration Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings.	Complied	





Corporate Governance Report (Contd.)

Statement of compliance under section 9 of the listing rules of the Colombo Stock Exchange (CSE) on corporate governance. (Contd.)

CSE Rule	Requirements	Compliance Status	Reference to the Annual Report
9.12.6 (1) & (3)	The members of the Remuneration Committee shall; (a) comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity. (b) not comprise of Executive Directors of the Listed Entity. An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.	Complied	Remuneration Committee is headed by an Independent NED and composed of 2 Independent NEDs and 2 Non-Independent NEDs. Refer Remuneration Committee Report on – Page 53
9.12.8	The Annual Report should set out the following: (a) Names of the Chairperson and members of the Remuneration Committee and the nature of directorships held by such members; (b) A statement regarding the remuneration policy; and, (c) The aggregate remuneration of the Executive and Non-Executive Directors.	Complied	Refer Remuneration Committee Report on – Page 53 and the Financial Statements on page 97
9.13.1	Entities who do not maintain separate committees to perform the Audit and Risk Functions, the Audit Committee (AC) shall additionally perform the Risk Functions	Complied	Refer Audit Committee Report on pages 51 - 52
9.13.2	The AC shall have a written Term of Reference	Complied	
9.13.3 (1), (2) & (5)	The members of the Audit Committee shall; (a) comprise of a minimum of three (03) directors, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors. (b) not comprise of Executive Directors of the Listed Entity. An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.	Complied	The Audit Committee, headed by an independent NED, comprises three independent NEDs and two NEDs.
9.13.3 (3)	The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the Financials to be released to the market	Complied	Audit Committee Report on pages 51 - 52
9.13.3 (4)	If both, the Parent Company and the subsidiary are 'Listed Entities', the Audit Committee of the Parent Company may function as the Audit Committee of the subsidiary.	Not applicable	
9.13.3 (6)	Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation.	Complied	
9.13.3 (7)	The Chairperson of the Audit Committee shall be a Member of a recognized professional accounting body.	Complied	Refer pages 44 - 49 under Corporate Governance Report.
9.13.4	Functions of the Audit Committee	Complied	Refer Audit Committee Report on pages 51 - 52
9.13.5	Disclosures – Audit Committee	Complied	Refer Audit Committee Report on pages 51 - 52
9.14.1	Listed entities shall have a Related Party Transactions Review Committee (RPTRC)	Complied	
9.14.2	Composition of the Independent Directors and Chairperson being Independent.	Complied	Refer RPTRC Report on Pages 54 - 55
9.14.3	Functions of RPTRC	Complied	Refer RPTRC Report on Pages 54 - 55
9.14.8	Disclosure in relation to related party transactions in the Annual Report	Complied	Financial Statements on Pages 97 - 98
9.16	Additional Disclosures	Complied	Annual Report of the Board of Directors on pages 58 - 62





Corporate Governance Report (Contd.)

Statement of compliance under Code of Best Practice on Corporate Governance 2023 issued by ICASL

Reference to ICASL Code	Corporate Governance Principle	Compliance	Details of compliance
A. DIRECTORS			
A.1 The Board			
A. 1.1	Board Meetings	Complied	Held almost every month and special meetings held as and when necessary.
A.1.2	Role of the Board	Complied	<ul style="list-style-type: none"> Focus on developing strategies for business development and to provide guidance to the management Approving capital expenditure Ensures that effective internal control and risk management framework is in place Ensure compliance with rules & regulation
A. 1.3	Compliance with laws and access to independent professional advice	Complied	<p>The Board seeks independent professional advice when deemed necessary, particularly before making any decisions which could have a significant impact on the Company.</p> <p>Further the Board is always mindful of the new laws/ regulations which are implemented and ensures compliance with same.</p>
A. 1.4	Access to advice from the Company Secretary Indemnifying the Board, Directors and key management personnel	Complied	All Directors have access to the advice of the Company Secretary.
A. 1.5	Independent judgment of the Directors	Complied	Board comprises mainly of independent professionals who in turn exercise independent judgement in discharging their duties.
A. 1.6	Dedicating adequate time and effort	Complied	Regular Board Meetings and sub-committee meetings are scheduled well in advance and Board papers are circulated prior to the meetings, giving adequate time to prepare.
A. 1.7	Calls for resolutions	Complied	Resolutions are passed for all Board approvals and minutes are kept.
A. 1.8	Training of Directors	Complied	<p>At the time a Director is appointed a letter confirming such appointment together with details on the duties of a Director in terms of the Act and Listing Rules are forwarded to them.</p> <p>All Directors have considerable experience in the industry. Relevant local and foreign training opportunities are made available.</p>
A. 2	Segregation of Roles of Chairman & CEO	Complied	
A. 3	Chairman's Role	Complied	The Chairman ensures that meetings are conducted in an orderly manner and that each Board Member and Member of staff is given an opportunity to present his views/ concerns on matters.
A. 4	Financial Acumen	Complied	Members of the Board and Management have sufficient Financial knowledge and thus are able to provide guidance on Financial matters.





Corporate Governance Report (Contd.)

Statement of compliance under Code of Best Practice on Corporate Governance 2023 issued by ICASL (Contd.)

Reference to ICASL Code	Corporate Governance Principle	Compliance	Details of compliance
A.5 Board Balance			
A.5.1-A.5.3 & A.5.5	"Presence of Non- Executive Directors Independence of Non- Executive Directors"	Complied	Refer Report on Board of Directors Pages 30 - 32
A.5.4	Annual Declaration of Independence by the Non-Executive Directors	Complied	Annual declarations citing their independence is obtained by the secretary annually.
A.5.6	Alternate Director to a Non-Executive Director	No Alternate Director	
A.5.7-A.5.8	Senior Independent Director	Not applicable	
A.5.9	Chairman meeting with the Non-Executive Directors	No meeting held	
A.5.10	Recording concerns	Complied	Concerns of Directors are recorded in minutes even in the case of disagreement.
A.6 Supply of Information			
A.6.1	Obligation of the Management to provide appropriate and timely information	Complied	Board Papers and Committee papers are provided at least one week before the meeting
A.6.2	Board papers to be provided 7 days prior to Board Meeting	Complied	Board papers are provided one week prior to the Board Meeting.
A.7 Appointment to the Board			
A.7.1- A.7.2	Nomination and Governance Committee and the assessment of composition of the Board	Nomination and Governance Committee will be appointed.	
A.7.4	Disclosure of Appointment of a New Director	Complied	Disclosure pertaining to any new appointments are made to the CSE within two market days from the date of such appointment. The disclosure includes a brief profile of the Director and whether the Director is an Independent/ Non-Executive / Executive Director.
A.8 Re-election			
A.8.1- A.8.2	Re-election	Complied	1/3 of the Non-Executive Directors will retire from office on a rotational basis at each AGM.
A.8.3	Resignation	Complied	In the event of a resignation, a letter of resignation is provided by the Director.
A.9 Appraisal of Board Performance			
A.9.1- A.9.4	Appraisals of the Board and the sub committees	Complied	The Board's skills and knowledge is self-assessed and by Chairman.
A.10 Disclosure of information in respect of Directors			
A.10.1	Profiles of the Board of Directors and other related information	Complied	The names of the Directors of the Board and their profiles are given on pages 30 - 32
A.11 Appraisal of Chief Executive Officer			
A.11.1 - A.11.2	Setting of the annual targets and the appraisal of the CEO	Complied	Not formally documented. However, appraisal is done at each meeting





Corporate Governance Report (Contd.)

Statement of compliance under Code of Best Practice on Corporate Governance 2023 issued by ICASL (Contd.)

Reference to ICASL Code	Corporate Governance Principle	Compliance	Details of compliance
B. DIRECTORS' REMUNERATION			
B.1	Remuneration procedure		
	Set up a Remuneration Committee with agreed terms of reference	Complied	Refer Remuneration Committee Report on page 53
	Remuneration Committee to consist of Non- Executive Directors only	Complied	Consists of 3 Non-Executive Directors
	List names of Remuneration Committee in Annual Report	Complied	Refer Remuneration Committee Report on page 53
	Determination of the remuneration of the Non- Executive Directors	Complied	Remuneration of the Non-Executive Directors is decided by the Board in consultation with the Chairman.
B 2 The level & Makeup of Remuneration			
B.2.1-B.2.4	The level and makeup of the remuneration of Directors and comparison of remuneration with other Companies	Complied	Remuneration levels have been designed to attract, retain and motivate Directors while remaining within the industry standards.
B.2.5-B.2.8	Performance based remuneration	No performance based Remuneration	
B.2.9	Executive share options	No Share option offered	
B.2.10 - B.2.11	Designing schemes of performance-based remuneration	Not applicable	
B.3 Disclosure of Remuneration			
B.3.1-B.3.2	Disclosure of Remuneration	Complied	Refer Report of the Remuneration Committee Report on page 53 and Note 31 in the Financial Statements on page 97
C. RELATIONS WITH SHAREHOLDERS			
C.1	Constructive use of AGM and Conduct of Meetings		
C.1.1	Dispatch of Notice of AGM and related papers to shareholders	Complied	Notice of Meeting, the Agenda for the Annual General Meeting and the Annual Report are circulated to shareholders prior to 14 days as required by the Articles of Association and the Code.
C.1.2	Separate resolution for substantially separate issues.	Complied	Separate resolutions are passed for each matter taken up at the AGM
C.1.3	Accurate recording and counting valid proxy appointments received for general meeting	Complied	Valid proxies are listed together with the number of shares held by the shareholder appointing the proxy.
C.1.4	Availability of Chairman of Board Committees at the Annual General Meeting	Complied	The Chairman of the Board Committees are present to answer any queries of the shareholders directed to them by the Chairman of the Company.
C.1.5	Summary of Notice of General Meetings and procedures governing voting at General Meetings	Complied	A summary of the procedure on voting is given in the Notice of Meeting.





Corporate Governance Report (Contd.)

Statement of compliance under Code of Best Practice on Corporate Governance 2023 issued by ICASL (Contd.)

Reference to ICASL Code	Corporate Governance Principle	Compliance	Details of compliance
C. 2 Communications with Shareholders			
C.2.1 - C.2.7	Communications with Shareholders	Complied	The AGM and EGM (if any) are used as the method for communicating with the shareholders. All quarterly and annual Financial information and other important matters as required for by the Act and the Listing Rules are shared by way of disclosures through the CSE. The Company Secretaries/ Registrars are the main contact people for the shareholders. All major concerns of the shareholders are brought to the notice of the Board at the AGM and at Board/ Sub-committee meetings. All queries of shareholders are answered at the AGM and all shareholders are given the opportunity to express their views/concerns.
C 3 Major & Material Transactions			
C.3.1- C.3.2	Disclosure of Major Transactions	Not applicable	There were no matters which were identified as Major Transactions during the year as such no disclosure has been made in this regard. In the event there are Major Transactions, relevant disclosures and relevant shareholder approvals are obtained.
D. ACCOUNTABILITY & AUDIT			
D.1.1	Annual Report	Complied	
D.1.2	Interim and price-sensitive reports to public and regulators	Complied	In preparing annual and quarterly Financial Statements, the Company complies with the requirements of the; <ul style="list-style-type: none"> Companies Act No. 07 of 2007, Sri Lanka Accounting Standards and Listing Rules of the Colombo Stock Exchange. The annual and interim Financial Statements were published within the time periods prescribed by the Listing Rules of the Colombo Stock Exchange.
D.1.3	Director/FC Declaration	Complied	Refer Directors' and Financial Controller's responsibility statement on Page 64
D.1.4	Directors' Report declarations	Complied	Refer Annual Report of the Board of Directors on pages 30 - 32
D.1.5	Statements on responsibilities for preparation of Financial statements and internal control	Complied	Refer the following: <ul style="list-style-type: none"> Statement of Board responsibility for preparation of Financial statements – page 63 Statement from Auditors on their reporting responsibilities – pages 65 - 66
D.1.6	Management discussion & analysis	Complied	Refer Annual Report pages from 19 to 25 which provides a comprehensive management discussion and analysis of the Company's operations
D.1.7	Serious loss of capital	Not applicable	Shareholders will be informed of a serious loss of capital in the event it happens.
D.1.8	Related Party transactions	Complied	Refer the following disclosures on Related Party Transactions: <ul style="list-style-type: none"> Relates Party Transactions Review Committee Report on pages 54 - 55 Annual Report of the Board of Directors on pages 30 - 32 Note 31 to the Financial Statements on page 97 - 98





Corporate Governance Report (Contd.)

Statement of compliance under Code of Best Practice on Corporate Governance 2023 issued by ICASL (Contd.)

Reference to ICASL Code	Corporate Governance Principle	Compliance	Details of compliance
D.2 Risk Management & Internal Control			
D.2.1	Monitor, review and report on Financial, operational and compliance risk and internal control systems	Complied	The following reports provide details on compliance with these requirements: <ul style="list-style-type: none">Risk Management on pages 26 - 28Directors Report on Internal Control on page 50Audit Committee Report on pages 51 - 52
D.2.2	Confirm assessment of the principal risks of the Company	Complied	
	Internal Audit	Complied	
	Require Audit Committee to carry out reviews of & Board responsibility for disclosures	Complied	
	Compliance with Directors’ responsibilities as set out by the Code	Complied	
D.3 Audit Committee			
D.3.1	Establish an Audit Committee comprising wholly of Non-Executive directors of which at least 2 must be independent	Complied	Audit Committee comprises 5 Non-Executive Directors of whom 3 are Independent. Refer Audit Committee on pages 51 - 52
D.3.2	Written Terms of Reference for Audit Committee	Complied	
D.3.3	Disclosures	Complied	Refer Audit Committee Report with required disclosures are given on page 51 - 52
D.4 Risk Committee			
D.4.1-D.4.5	Establishment of procedure for Risk Management and Committee	Complied	
D.5 Related Party Transactions Review Committee			
	Related Party Transactions Review Committee	Complied	Refer Related Party Transactions Review Committee Report on pages 54 - 55
D.6 Code of Business Conduct & Ethics			
D.6.1	Board declaration for compliance with Code	No Separate Code	
D.6.2	Price sensitive information	Complied	Material and price sensitive information is promptly disclosed to the CSE by the Company Secretaries.
D.6.3	Monitor Share purchase by Directors/ KMPs	Complied	
D.6.4	Procedure to deal with complaints received from whistle-blowers	Complied	
D.7	Corporate Governance disclosures	Complied	Refer Corporate Governance Report on pages 33 - 49
E INSTITUTIONAL INVESTORS			
E.1.1	Institutional investors	Complied	The proxies of institutional investors, such as the major shareholder are obtained.
E.2	Evaluation of Governance Disclosures	Complied	
F OTHER INVESTORS			





Corporate Governance Report (Contd.)

Statement of compliance under Code of Best Practice on Corporate Governance 2023 issued by ICASL (Contd.)

Reference to ICASL Code	Corporate Governance Principle	Compliance	Details of compliance
F.1	Investing and divesting decision	Complied	We seek to provide sufficient information to investors through the annual report, quarterly Financial statements and announcements to the CSE to assist investors with their investment and divestment decision.
F.2	Encouraging shareholder Participation	Complied	
G INTERNET OF THINGS & CYBER SECURITY			
G.1	Identify connectivity and related cyber risks	Not applicable	
H ENVIRONMENT, SOCIETY AND GOVERNANCE			
H.1	Consider the impact of sustainability risks and opportunities in the business model, operations and short, medium and long term plans to build resilience and report the same to the Board.	Complied	We consider the impact of sustainability-related risks and opportunities. Refer Risk Management on pages 26 - 28 and Corporate Social and Environmental Responsibility on page 18
H.2	Continuously engage with and consider the views of its stakeholders to better understand and manage the Company's sustainability/ ESG risk and opportunities.	Complied	The Company continuously engages with its stakeholders to consider the views and manage concerns to manage its reputation and to preserve its social license to operate.
I SPECIAL CONSIDERATIONS FOR LISTED COMPANIES			
I.1	Listed entities shall establish and maintain policies relating to its governance and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the entity on its website.	We expect to have this completed by the effective date specified by the CSE	
I.2	Listed entities shall establish and maintain a formal policy governing matters relating to the board of directors.	We expect to have this completed by the effective date specified by the CSE	

By Order of the Board,
Mahaweli Coconut Plantations PLC

Kalrupco Management Services (Private) Limited
Company Secretaries

Reg. No. RCS2000144
Colombo.

29th August 2024





Directors' Statement on Internal Controls

The following statement fulfills the requirement to publish the Directors' Statement on Internal Control as per the Code of Best Practice on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka and Securities and Exchange Commission of Sri Lanka.

The Board of Directors is responsible for maintaining a sound system of internal controls to safeguard shareholders' investments and the Company's assets. The Board has established an ongoing process for identifying, evaluating, and managing the significant risks faced by the Company.

This process includes enhancing the system of internal controls as and when there are changes to the business environment or regulatory guidelines. The process is regularly reviewed by the Board. The Board is of the view that the system of internal controls in place is sound and adequate to provide reasonable assurance regarding the reliability of Financial reporting and the preparation of Financial Statements for external purposes and is in accordance with relevant accounting principles and regulatory requirements.

The Board having implemented the systems is aware that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatements of loss. The Board of Directors confirms that the Financial reporting system has been designed to provide reasonable assurance regarding the reliability of Financial reporting and the preparation of Financial Statements for external purposes has been done in accordance with the Sri Lanka Accounting Standards, requirements of the Companies Act No. 7 of 2007 and the Listing Rules of the Colombo Stock Exchange.

Mr. J F Fernandopulle
Managing Director/CEO

Mr. N A Lalith Cooray
Audit Committee Chairman

29th August 2024





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 pages 30 - 32. The Company Secretary, functions as the Secretary to the Audit Committee.

Meetings of the Audit Committee

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

Name of the Member	Status	Attendance				Total
		25.05.2023	11.08.2023	14.11.2023	09.02.2024	
Mr. N.A. Lalith Cooray (FCA) (Chairman)	Independent Non-Executive	✓	✓	✓	✓	4/4
Prof. T.S. Gamini Fonseka	Independent Non-Executive	✓	✓	✓	✓	4/4
Mr. M. A.C.H. Munaweera	Independent Non-Executive	✓	✓	✓	✓	4/4
Mr. S.D. Senerath Gunasekera	Non- Independent Non-Executive	✓	-	✓	✓	3/4
Mr. G.J.L. Neomal Perera	Non-independent Non-Executive	✓	-	✓	✓	3/4
Attendance per day		5/5	3/5	5/5	5/5	

The Audit Committee is appointed by the Board of Directors and its duties are stated in the following paragraph. The Managing Director/CEO and the Financial 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 2024.

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/CEO, Financial 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 pages 98 - 100.

The Committee has an ongoing process for reviewing the effectiveness of the system of internal controls. During the reporting year, BDO Partners 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.





Audit Committee Report (Contd.)

External Audit

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

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

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

Assessed the independence and objectivity of the External Auditors during the year in carrying out statutory audit for the Company and prior to the appointment of the External Auditors for provision of any non-audit services. Reviewed the performance of the External Auditors, Messrs. Kreston MNS & Co and recommended their re-appointment to the Board for Financial year ended 31 March 2025 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/CEO along with the Financial 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

29th August 2024





Remuneration Committee Report

Composition

The Remuneration Committee of the MCPPLC composed entirely of non-Executive Directors where three of them are independent.

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

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

The Directors are paid a fee for attending Board Meetings and serving in sub committees. There are no performance-based incentive payments extended to them. The total remuneration to the Directors is shown in note 31 the Financial statement on page 97.

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

29th August 2024





Related Party Transactions Review Committee Report

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

The RPTRC of the Company complies with the rules and regulations promulgated by the Securities and Exchange Commission of Sri Lanka, the Listing Rules of the Colombo Stock Exchange and the 2023 Code of Best Practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

Composition of the Committee

The Related Party Transactions 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	Attendance				Total
		25.05.2023	11.08.2023	14.11.2023	09.02.2024	
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	✓	-	✓	✓	3/4
Mr. N. A . Lalith Cooray	Independent Non-Executive Director	✓	✓	✓	✓	4/4
Mr. M. A.C.H. Munaweera	Independent Non-Executive Director	✓	✓	✓	✓	4/4
Attendance per day		5/5	3/5	5/5	5/5	

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 committee is to ensure oversight on behalf the Board to compliance with the Code on Related Party transactions issued by SEC of Sri Lanka. The main task of the listing rules is to establish 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.

Towards this end, the committee carries out the following:

- Seek any information from the Management, Employees, or External parties regarding any transaction entered into with the related party.
- Obtain approval of the Board prior to the execution of any related party transaction.
- Monitor all the Related Party Transactions on the normal routine are not prejudicial to the interests of the Company and its minority shareholders.
- Meet the Management and External Audits as needed to carry out the assigned duties.
- Assess the transfer of resources and services between related parties to ascertain the reasonableness, irrespective of the payment involved.
- Obtain knowledge or expertise to assess all aspects of proposed related party transactions where necessary including obtaining appropriate professional and expert advice from suitably qualified persons.

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





Related Party Transactions Review Committee Report (Contd.)

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. Further transactions leading to enhancing payment dues to the Company is paused till settlement is completed.

The Committee reviewed the Related Party Transactions for the year 2023/2024 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.

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

29th August 2024





FINANCIAL INFORMATION



Financial Calendar

Financial Statements

2023/2024

2022/2023

1st Quarter

11.08.2023

05.08.2022

2nd Quarter

14.11.2023

09.11.2022

3rd Quarter

09.02.2024

08.02.2023

4th Quarter

28.05.2024

25.05.2023

Annual General Meeting

26.09.2024

27.09.2023

Annual Report

29.08.2024

28.08.2023



Annual Report of the Board of Directors

General

The Board of Directors of MCPPLC takes pleasure in presenting its Annual Report to the shareholders for the Financial year ended 31st March 2024, 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.

MCPPLC 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 29th August 2024.

Principal Activities

Summarized Financial Results

	2023/2024 Rs.	2022/2023 Rs.
Revenue	278,950,900	324,501,506
Profit before Taxation	127,390,066	143,148,292
Taxation	8,589,945	(73,531,360)
Profit After Taxation	135,980,011	69,616,932
Other Comprehensive Income	(2,205,080)	1,719,785
Retained Earnings b/f	320,702,512	301,859,968
Declared Dividend	(52,494,173)	(52,494,173)
Retained Earnings c/f	401,983,270	320,702,512

The Company is engaged in Cultivating coconuts, manufacturing of Copra, Coco peat and Coir and Sale of coconuts, Copra, Coco peat and Coir. 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 13 the Managing Director's/CEO's Review on pages 14 - 15 and management's review on pages 19 - 25.

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 Financial 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 67 - 100 of this Annual Report





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 pages 65 - 66.

Accounting Policies and changes during the year

The Financial Statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS). The significant accounting policies adopted in the preparation of the Financial Statements of the Company are given on pages 71 - 82.

Donations

The Company made donations amounting to Rs. 157,785 (2022/23 – Rs. 69,800/-) 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 25.2 of the Financial Statements. It is the policy of the Company to provide for deferred taxation on all known material timing differences between the carrying amounts of assets and liabilities for Financial reporting purposes.

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) 23,815sq.ft (Building)	46	16,541,028 54,832,666

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 2024 was 384,717,995/- (2022/2023 –Rs. 384,717,995/-). The number of shares issued by the Company as at 31st March 2024 is 34,996,115 fully paid ordinary shares.

The movement of the Stated Capital & Reserves during the year are given under the Statement of Changes in Equity on page 69.

Capital Commitments and Contingent Liabilities

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

Capital Expenditure

The carrying value of Property, Plant and Equipment and Electrical Substation are as at 31st March 2024 amounted to Rs. 144,008,052/- (2022/23 - Rs. 124,739,679/-). During the year, the Company has invested a total of Rs. 31,100,094/- in Property, Plant and Equipment and capital work in progress. Out of which, Rs. 4,427,644/- is utilized for Building, Rs. 3,270,000/- is utilised to purchase a diesel truck and, Rs. 31,969/- is utilised to purchase Furniture and Fittings, Rs. 18,000/- is utilised to purchase Office Equipment, Rs. 642,200/- is utilised to purchase Computer Equipment, Rs. 2,265,275/- is utilized to purchase ABC wire and Rs. 5,444,750/- is utilized to purchase Solar Panel Water Pump, Rs. 4,239,000/- is utilized to purchase an Excavator, Rs. 133,770/- is used to purchase a Water Pump, Rs. 2,523,005/- is utilized to purchase an Excavator. Furthermore, the Company has spent Rs. 8,104,481 in Capital work in progress (CWIP), the majority of which is incurred for the construction of an office building at the fibre mill.

During the year, from the CWIP, the Company has transferred Rs. 5,522,396 (Rs. 3,799,157/- for the steel building, Rs. 875,242/- for the replacement of a lorry body and Rs. 847,997/- for the construction of electric fence) to the Property Plant and Equipment. Consequently, the current work in progress of Rs. 8,425,581 as at 31.03.2024 consists mostly of the construction costs of an Executive Bungalow at the estate.

Dividend on Ordinary Shares

A final dividend for 2022/23 of Rs. 1.50 per share was paid during the year.

The Directors recommended a final dividend of Rs 2/- per ordinary share for the year 2023/24. 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.





Annual Report of the Board of Directors (Contd.)

Information on the Directors of the Company

The Board of Directors of the Company as at 31st March 2024 consist of ten (10) Directors, with a Broad range of skills, experiences and attributes.

Board of Directors

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

Mr. S.D.W.Asitha Gunasekara	- Chairmen / Non-Executive Non Independent Director
Mr. J.F.Fernandopulle	- Managing Director/CEO / 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. 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 (1/3) meet the criteria of independence as per the listing rules.

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

Board Sub-Committees

Audit Committee

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

Remuneration Committee

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

Related Party Transactions Review Committee

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

The reports of the Audit Committee Remuneration Committee & Related Party Transactions Review Committee are given on pages 51, 53 & 54 respectively.

Re-election/ re-appointment of Directors

Mr. S.D.W. Asitha Gunasekera, Mr. M.A.C.H. Munaweera & Mr. S.D.Senarath Gunasekara 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, Mr. S.J. Watawala, Mr. N.A.Lalith Cooray and Mr. J. F. Fernandopulle 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 interests of the Directors in the shares of the Company as at 31st March 2024 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 97 to 98 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 2024 and 31st March 2023 are as follows:

Directors' Name	No. of Shares as at 31.03.2024	No. of Shares as at 31.03.2023
Mr. S.D.W.Asitha Gunasekera	1,088	1,088
Mr. J.F. Fernandopulle	758,876	758,876
Mr. S.D.Senerath Gunasekara	11,504	11,504
Mr. S.J. Watawala	881,847	881,847
Mr. G.J.L. Neomal Perera	777,733	777,733
Mr. A.J. Shamendra Jayakody	2,548	56,144
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 2024 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 2024.

Details of the Related Party Transactions Review Committee and its Report are given on pages 54 - 55.

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 2024, which required additional disclosures in the annual report under Listing Rule 9.14.8(1).

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 2024 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. 1,235,629/- as Audit Fees by the Company.

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

Risk Management

The Board of Directors confirms that there is an ongoing process of identifying, evaluating and managing any significant risk faced by the Company. These are identified and the specific steps adopted by the Company are detailed on pages 26 - 28 of this Annual Report.

Public Holdings

A percentage of 89% of the issued shares of the Company are held by the public comprising of 830 shareholders as at the end of the year.

Major Shareholding

Details of the major shareholders of the Company as at 31st March 2024 are given under largest shareholdings on page 103.

Stock Market Information

Information relating to trading of shares of the Company is given under shareholder information on page 103.

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 9 of the Listing Rules of the Colombo Stock Exchange.

The Corporate Governance practices of the Company are set out on page 33 - 49.





Annual Report of the Board of Directors (Contd.)

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 seventh Annual General Meeting is given in Page 108 - 109.

The 27th Annual General Meeting of the Company will be held on 26th September 2024 at 10.30 a.m. at Avenra Garden Hotel, Negambo.

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/CEO

Kalrupco Management Services (Private) Limited
Company Secretaries

Reg. No. RCS2000144
Colombo.

29th August 2024





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 MCPPLC 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 2024 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 2024, have been prepared based on the Sri Lanka Accounting Standards (SLFRS/LKAS). 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 2024 and the Statement of Comprehensive Income, for the Company for the Financial year ended 31st March 2024 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

Kalrupco Management Services (Private) Limited
Company Secretaries

Reg. No. RCS2000144
Colombo.

29th August 2024





Directors' and Financial Controller's Responsibility Statement

The Financial Statements of MCPPLC are prepared in compliance with the Sri Lanka Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka, Companies Act No.07 of 2007, Sri Lanka Accounting and Auditing Standards Act No.15 of 1995, Code of Ethics issued by CA Sri Lanka and the Listing Rules of the Colombo Stock Exchange. The accounting policies used in the preparation of the Financial Statements are appropriate and are consistently applied by the Company. There are no departures from the prescribed Accounting Standards in their adoption. Comparative information is reclassified wherever necessary to comply with the current presentation.

The significant accounting policies and estimates that involve a high degree of judgment and complexity were discussed with our External Auditors and the Audit Committee.

The Board of Directors and Financial Controller of the Company accept responsibility for the integrity and objectivity of these Financial Statements. The estimates and judgments relating to the Financial Statements were made on a prudent and reasonable basis, in order that the Financial Statements give a true and fair view of the state of affairs, the forms and substance of transactions and that the Company's state of affairs is reasonably presented. To ensure this, the Company has taken proper and sufficient care in installing a system of internal controls and accounting records, for safeguarding assets and for preventing and detecting fraud as well as other irregularities, which is reviewed, evaluated, and updated on an ongoing basis. Our Internal Auditors have conducted periodic Audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. However, there are inherent limitations that should be recognized in weighing the assurance provided by any system of internal controls and accounting.

The Financial Statements of the Company were audited by Messrs Kreston M N S & Co Chartered Accountants and their report is given on pages 65 - 66 to of this Annual Report.

The Audit Committee of the Company meets periodically with the Internal Audit Team and the External Auditors to review their audit plans, assess the manner in which these Auditors are performing their responsibilities and to discuss their reports on, internal controls and Financial reporting issues. To ensure complete independence, the External Auditors and the Internal Auditors have full and free access to the members of the Audit Committee to discuss any matters of substance.

We confirm that the Company has complied with all applicable laws, regulations guidelines and that there are no material litigations that are pending against the Company.

Mr. J F Fernandopulle
Managing Director/CEO

Mr J Kaneshwaran
Financial Controller

29th August 2024





Independent Auditor's Report



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

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

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

Opinion

We have audited the Financial Statements of **MAHAWELI COCONUT PLANTATIONS PLC** (the Company), which comprise the Statement of Financial Position as at 31st March 2024, 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 material accounting policy information exhibited on pages 67 to 100.

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 2024, 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 for professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Consumable biological Asset</p> <p>As at 31 March 2024, 21.78% of the total assets of the Company consisted of consumable biological assets amounting to Rs. 213.30 Mn which are carried at fair value and the fair value Gain of Rs. 30.09 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>

Member of Kreston Global UK

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

Grant Thornton International and the member and correspondent firms are not a worldwide partnership.

Partners

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

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 Annual Report, 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 identified above 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 and fair presentation of Financial Statements 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 relevant ethical requirements 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, actions taken to eliminate threats or safeguards applied.

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
29th August 2024





Statement of Financial Position

As at	Note	31.03.2024 Rs.	31.03.2023 Rs.
ASSETS			
Non-Current Assets			
Right of use Assets - Land	5	4,971,848	5,913,934
Property, Plant & Equipment	6	136,427,590	116,891,943
Electrical Substation	7	7,580,462	7,847,736
Intangible Assets	8	107,951	162,690
Bearer Biological Assets	9	114,433,118	138,839,534
Consumable Biological Assets	10	213,300,000	244,480,000
Total Non-Current Assets		476,820,969	514,135,837
Current Assets			
Inventories	11	59,557,429	51,720,090
Trade & Other Receivables	12	107,735,335	22,877,399
Short Term Investments	13	270,153,388	269,148,804
Income Tax Refund due	14	551,409	3,223,301
Cash at Bank & In Hand	15	64,266,005	46,863,874
Total Current Assets		502,263,566	393,833,468
Total Assets		979,084,535	907,969,305
EQUITY & LIABILITIES			
Capital & Reserves			
Stated Capital	16	384,717,995	384,717,995
Retained Earnings		401,983,270	320,702,512
Total Equity		786,701,265	705,420,507
Advance Received for Allotment of Shares		16,319,276	16,319,276
Shareholders Funds		803,020,541	721,739,783
Non-Current Liabilities			
Obligation under Right of use Assets - Land on Lease	17	21,764,590	21,764,592
Retirement Benefit Obligation	18	13,509,682	8,880,344
Deferred Tax Liability	19	93,344,549	111,247,122
Total Non-Current Liabilities		128,618,821	141,892,058
Current Liabilities			
Trade & Other Payables	20	39,266,603	35,334,681
Obligation under Right of use Assets - Land on Lease	17	6,586,792	3,114,148
Bank Overdraft	15	1,591,778	5,888,635
Total Current Liabilities		47,445,173	44,337,464
Total Liabilities		176,063,994	186,229,522
Total Equity & Liabilities		979,084,535	907,969,305


Figures in bracket indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form a part of the Financial Statements of the Company set out on pages 71 to 100.

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


Financial 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
 29th August 2024


Managing Director/CEO
 Mr. J. F. Fernandopulle





Statement of Comprehensive Income

For the year ended	Note	31.03.2024 Rs.	31.03.2023 Rs.
Revenue	21	278,950,900	324,501,506
Cost of Sale		(191,496,431)	(261,667,732)
Gross Profit		87,454,469	62,833,774
Other Income	22	15,047,072	2,470,808
Gain on change in Fair Value of Biological Assets		30,098,751	81,680,000
Administration Expenses		(44,112,501)	(38,210,447)
Other Expenses		(71,429)	(61,053)
Results from Operating Activities		88,416,362	108,713,082
Finance Costs	23	(4,125,413)	(4,429,080)
Finance Income	23	43,099,117	38,864,290
Net Finance Income		38,973,704	34,435,210
Profit before Taxation	24	127,390,066	143,148,292
Taxation	25	8,589,945	(73,531,360)
Profit for the year		135,980,011	69,616,932
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	(3,150,114)	2,456,836
Tax effect on Actuarial Gain on Retirement Benefit Obligation	25	945,034	(737,051)
Net Other Comprehensive Income not to be reclassified to profit or loss in the subsequent period (net of tax)		(2,205,080)	1,719,785
Total Other Comprehensive Income for the year (net of tax)		(2,205,080)	1,719,785
Total Comprehensive Income for the Year (net of tax)		133,774,931	71,336,717
Earnings per Share (Rs.) - Basic	26	3.88	1.99
- Diluted		3.88	1.99
Dividend per Share (Rs.)	27	1.50	1.50

Figures in bracket indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form a part of the Financial Statements of the Company set out on pages 71 to 100.





Statement of Changes in Equity

For the year ended 31st March 2024

	Note	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
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)
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
Balance as at 1st April 2023		384,717,995	320,702,512	705,420,507
Dividend				
Final Dividend for 2022/2023	33	-	(52,494,173)	(52,494,173)
Transactions with owners		-	(52,494,173)	(52,494,173)
Profit for the year		-	135,980,011	135,980,011
Other comprehensive income for the year net of tax		-	(2,205,080)	(2,205,080)
Total comprehensive income for the year net of tax		-	133,774,931	133,774,931
Balance on 31st March 2024		384,717,995	401,983,270	786,701,265

Figures in bracket indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form a part of the Financial Statements of the Company set out on pages 71 to 100.





Statement of Cash Flows

For the year ended

Note

31.03.2024
Rs.

31.03.2023
Rs.

CASH FLOW FROM OPERATING ACTIVITIES

Net Profit before Taxation		127,390,066	143,148,292
Adjustments for :			
Finance Income	23	(43,099,117)	(38,864,290)
Finance Cost	23	4,125,413	4,429,080
Depreciation of Property, Plant & Equipment	6	11,406,954	7,008,971
Amortisation of Intangible Assets	8	54,739	110,338
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	116,265	992,307
Work in Progress transfer to Expenses	6	157,493	1,101,806
Amortisation of Electrical Substation	7	267,274	178,357
Depreciation on Bearer Biological Assets	9	25,244,253	25,244,254
Provision for Gratuity	18	2,722,174	2,705,025
Loss / (Profit) on changes in Fair Valuation of Consumable Biological Assets	10	(30,098,751)	(81,680,000)
Profit on Sale of Teak Trees	22	(12,219,791)	-
Profit from operations before changes in working capital		87,009,059	65,316,226

Changes in Working Capital

(Increase) / Decrease in Inventories	11	(7,837,339)	63,529,520
(Increase) / Decrease in Trade & Other Receivables	12	(21,159,394)	3,450,671
Increase / (Decrease) in Trade & Other Payables	20	3,279,151	(28,558,549)
Cash Generated from Operations		61,291,477	103,737,868

Gratuity Paid	18	(1,242,950)	(1,423,015)
Tax Paid	14	(3,381,456)	(7,050,148)
WHT	14	(2,314,246)	(238,400)
Net Cash Generated from Operating Activities		54,352,825	95,026,305

CASH FLOW FROM INVESTING ACTIVITIES

Acquisition of Property, Plant & Equipment	6	(22,995,613)	(18,046,040)
Addition to Bearer Biological Assets - Immature	9	(954,102)	(1,288,414)
Expenditure on Capital Work In Progress	6	(8,104,481)	(39,776,245)
Net Investment in Fixed Deposits	13	(4,773,523)	(9,975,216)
Interest Received		46,868,055	21,991,888
Sale proceed on Sale of Teak Trees		9,800,000	-
Net Cash used in Investing Activities		19,840,336	(47,094,027)

CASH FLOW FROM FINANCING ACTIVITIES

Payment to Mahaweli Authority of Sri Lanka	17	-	(6,148,224)
Dividend Paid	33	(52,494,173)	(52,494,173)
Net Cash used in Financing Activities		(52,494,173)	(58,642,397)
Net Increase / (Decrease) in Cash and Equivalents		21,698,988	(10,710,119)
Cash and Cash Equivalents at the Beginning of the year	15	40,975,239	51,685,358
Cash and Cash Equivalents at the End of the year	15	62,674,227	40,975,239

Figures in bracket indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form a part of the Financial Statements of the Company set out on pages 71 to 100.





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 03rd June 2019.

1.2 Principal Business Activities and Nature of Operations

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

1.3 Date of authorization of issue.

The Financial Statements for the year ended 31st March 2024 were authorised for issue by the Board of Directors on 29th August 2024.

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.

External valuers are involved for valuation of significant assets, such as managed biological assets. Involvement of external valuers is decided





Notes to the Financial Statements (Contd.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

3.1 Fair Value Measurement (Contd)

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

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

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





Notes to the Financial Statements (Contd.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

3.4.5 Impairment of non-Financial assets

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

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

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

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the Statement of Comprehensive Income.

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

Financial assets are initially recognized at fair value plus transaction costs for all Financial assets not carried at FVTPL. Financial assets carried at FVTPL are initially recognized at fair value and transaction costs are expensed in the Statement of Comprehensive Income.

3.4.6 Capital work-in-progress

Capital work-in-progress is stated at cost less any accumulated impairment losses. These are expenses of a capital nature directly incurred in the construction of buildings, major plant and machinery and system development, awaiting capitalisation. The expenditure incurred in the course of construction of Property, Plant and Equipment during the year is

presented in Note 06. Capital work-in-progress would be transferred to the relevant asset when it is available for use.

3.5 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.

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





Notes to the Financial Statements (Contd.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

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.

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".





Notes to the Financial Statements (Contd.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

3.11 Stated Capital (Contd)

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:

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

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

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

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

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

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





Notes to the Financial Statements (Contd.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

3.13 Leases (Contd)

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 2024.

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.

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.





Notes to the Financial Statements (Contd.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

3.16 Taxes (Contd)

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.

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.





Notes to the Financial Statements (Contd.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

3.17.3 Derecognition (Contd)

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.

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.

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, Coir 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.





Notes to the Financial Statements (Contd.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

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'.

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.





Notes to the Financial Statements (Contd.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

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.

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.

3.26.1 SLFRS 17 – Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 - Insurance Contracts that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and Financial instruments with discretionary participation features. A few scope





Notes to the Financial Statements (Contd.)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

3.26 New and Amended Standards issued but not effective as at the Reporting Date (Contd)

3.26.1 SLFRS 17 – Insurance Contracts (Contd)

exceptions will apply. The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in SLFRS 4, which are largely based on grandfathering previous local accounting policies, SLFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1st January 2026, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

The amendments are not expected to have a material impact on the Company.

3.26.2 Amendment to LKAS 1 – Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Covenants

Amendments to LKAS 1 relate to classification of liabilities with covenants as current or non-current. The amendments clarify that if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. The requirements apply only to liabilities arising from loan arrangements.

The amendments are effective for annual periods beginning on or after 1st January 2024. The amendments are not expected to have a material impact on the Company Financial statement.

3.26.3 Amendments to LKAS 7 and SLFRS 7 - Disclosures: Supplier Finance Arrangements

The amendments clarify the characteristics of supplier finance arrangements and require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements.

The amendments are effective for annual periods beginning on or after 1st January 2024.

The amendments are not expected to have a material impact on the Company Financial statement.

3.26.4 Amendment to SLFRS 16 - Lease Liability in a Sale and Leaseback

The amendments to SLFRS 16 Leases specifies the requirements that a seller lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. A seller-lessee applies the amendment retrospectively in accordance with LKAS 8 to sale and leaseback transactions entered into after the date of initial application. The amendments are effective for annual periods beginning on or after 1st January 2024. The amendments are not expected to have a material impact on the Company Financial Statement.

3.26.5 Amendments to LKAS 12 - International Tax Reform-Pillar Two Model Rule

The amendments to LKAS 12 introduce a mandatory exception in LKAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. An entity is required to disclose that it has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendments are effective for annual periods beginning on or after 1st January 2024. The amendments are not expected to have a material impact on the Company Financial Statement.

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 2024					
Financial Assets					
Trade & Other Receivables	12	-	-	99,220,868	99,220,868
Short Term Investments	13	-	-	270,153,388	270,153,388
Cash at Bank & in Hand	15	-	-	64,266,005	64,266,005
		-	-	433,640,261	433,640,261

	Note	Financial Liabilities at fair value through Profit & Loss Rs.	Financial Liabilities at amortised Cost Rs.	Total Rs.
Financial Liabilities				
Trade & Other Payables	20	-	38,057,494	38,057,494
Obligation under Right of use Assets - Land	17	-	28,351,382	28,351,382
Bank Overdraft	15	-	1,591,778	1,591,778
		-	68,000,654	68,000,654

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 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.





Notes to the Financial Statements (Contd.)

NOTE 5 - RIGHT OF USE ASSETS - LAND

	As at 31.03.2024 Rs.	As at 31.03.2023 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	10,627,094	9,685,008
Amortisation during the year	942,086	942,086
Balance on 31st March	11,569,180	10,627,094
Net Balance	4,971,848	5,913,934

The lease agreements for 292.0283 HA which were effected from 01st December 1998 for 30 years were signed on 28th July 2004 and 7 more lease agreements for 130.1717 HA effected from 01.09.1999 for 30 years were signed on 24th June 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 21st August 2013. This Right-of-use asset-land is amortised over the remaining lease term or useful life of the Right whichever is shorter and is disclosed under non-current assets. An adjustment to the Right-of-use asset-land could be made to the extent that the change relate to the future period on the reassessment of lease liability. SLFRS 16 - Leases became applicable to Financial Statements period covering beginning 01st 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 01st April 2019.

The lease liability as at 01st 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 2023	20,095,000	52,040,865	27,772,796	2,316,316	105,964,269	6,000,989	214,190,235
Additions during the year	-	4,427,644	3,270,000	31,969	15,266,000	8,104,481	31,100,094
Transferred from CWIP	-	3,799,157	875,242	-	847,997	(5,522,396)	-
Transfer to Statement of Comprehensive Income	-	-	-	-	-	(157,493)	(157,493)
Balance on 31st March 2024	20,095,000	60,267,666	31,918,038	2,348,285	122,078,266	8,425,581	245,132,836
Depreciation and Impairment							
Balance on 1st April 2023	-	4,016,133	20,070,772	1,479,716	71,731,671	-	97,298,292
Charge for the year	-	1,941,492	2,519,759	115,910	6,829,793	-	11,406,954
Balance on 31st March 2024	-	5,957,625	22,590,531	1,595,626	78,561,464	-	108,705,246
Net Book Value							
As at 31st March 2024	20,095,000	54,310,041	9,327,507	752,659	43,516,802	8,425,581	136,427,590
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

Cost of fully depreciated assets still in use as at 31 March 2024 amounts to Rs. 82,001,106/-.

Work in Progress includes the following :-

	Rs.
Executive Building	8,128,157
Slasher	185,908
Tractor Trailer	111,516
	<u>8,425,581</u>





Notes to the Financial Statements (Contd.)

NOTE 7 - ELECTRICAL SUBSTATION

	As at 31.03.2024 Rs.	As at 31.03.2023 Rs.
Gross Carrying Amount		
Balance as at 1st April	8,026,093	-
Additions	-	8,026,093
Balance as at 31st March - Note 7(a)	8,026,093	8,026,093
Amortisation		
Balance as at 1st April	178,357	-
Amortisation for the year	267,274	178,357
Balance as at 31st March	445,631	178,357
Carrying Amount on 31st March	7,580,462	7,847,736

NOTE 7(a) - REPRESENTED BY:-

Capital Contribution for Construction of high voltage line, transformer, breaker and metering equipments

8,026,093 8,026,093

NOTE 8 - INTANGIBLE ASSETS

	As at 31.03.2024 Rs.	As at 31.03.2023 Rs.
Cost		
Balance on 1st April	552,075	552,075
Balance on 31st March	552,075	552,075
Amortisation		
Balance on 1st April	389,385	279,047
Amortisation during the year	54,739	110,338
Balance on 31st March	444,124	389,385
Net carrying value	107,951	162,690

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 31.03.2024 Rs.	As at 31.03.2023 Rs.
	Coconut Rs.	Others Rs.	Total Rs.	Coconut Rs.	Others Rs.	Total Rs.		
Cost								
Balance on 1st April	-	1,244,628	1,244,628	504,885,076	-	504,885,076	506,129,704	505,833,597
Additions during the year	-	954,102	954,102	-	-	-	954,102	1,288,414
Transfer (to) / from	-	(116,265)	(116,265)	-	116,265	116,265	-	-
Transfer (to) Statement of Comprehensive Income	-	-	-	-	(116,265)	(116,265)	(116,265)	(992,307)
Balance on 31st March	-	2,082,465	2,082,465	504,885,076	-	504,885,076	506,967,541	506,129,704
Depreciation & Impairment								
Balance on 1st April	-	-	-	367,290,170	-	367,290,170	367,290,170	342,045,916
Charge for the year	-	-	-	25,244,253	-	25,244,253	25,244,253	25,244,254
Balance on 31st March	-	-	-	392,534,423	-	392,534,423	392,534,423	367,290,170
Net Carrying Value	-	2,082,465	2,082,465	112,350,653	-	112,350,653	114,433,118	138,839,534

- (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, Pepper, Arrecanut, Cashew etc.





Notes to the Financial Statements (Contd.)

NOTE 10 - CONSUMABLE BIOLOGICAL ASSETS

	As at 31.03.2024 Rs.	As at 31.03.2023 Rs.
Balance on 1st April	244,480,000	162,800,000
Sale of Trees during the year	(61,278,751)	-
Gain on change in Fair value	30,098,751	81,680,000
Balance on 31st March	213,300,000	244,480,000
Valuation :		
Estimated Value	213,300,000	244,480,000
	213,300,000	244,480,000

As at 31st March Assets measured at fair value	Date of Valuation	Level 1	Level 2	Level 3
Consumable Biological Assets - Teak	31st March 2024	-	-	213,300,000

The fair value of matured managed trees were ascertained in accordance with SLFRS 13. The valuation was carried out by Messrs KPMG Real Estate & 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 2023/24.
- 2) Compared to last year's timber census, there has been a reduction of 111 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 35% adjustment to the timber volume, resulting in a reduction of 15,848.73 cubic feet compared to the previous year.
- 3) According to the site inspection and provided timber census, KPMG 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	14.74%
Year 1	14.54%
Year 2	14.35%
Year 3	13.06%

a) Methodology

- The most suitable approach for the fair valuation of the said timber trees was considered to be Discounted Cash Flow method under income approach.
- In the process of valuation, all the managed standing timber trees are valued at their "as is" basis taking their Stumpage value into consideration whereas fair value reflects what a hypothetical prudent purchaser, who is a willing but not anxious buyer, would be prepared to pay to a seller, who is willing but not anxious to sell, in circumstance where both buyer and seller are fully informed of all operational and Financial arrangements in relation to the property.
- In compliance with LKAS 41, the valuer has considered timber prices published by State Timber Corporation and timber prices of merchants in the Ampara and Moratuwa area as the benchmark, the appropriate basis for determining the fair value of the subject timber trees.





Notes to the Financial Statements (Contd.)

NOTE 10 - CONSUMABLE BIOLOGICAL ASSETS (CONTD.)

- 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 13% treasury bond yield as of March 2024, 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 7.50% premium was considered.
- An additional 3.00% 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	234,630,000	213,300,000	191,970,000

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	210,730,000	213,300,000	215,940,000





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)	3,590.65 to 160,236.85 Cu. DCM.	The higher the volume the higher the fair value
		Price per Cu. DCM.	Rs. 31.99 to Rs.81.92 per Cu. DCM.	The higher the price the higher the fair value

NOTE 11 - INVENTORIES

	As at 31.03.2024 Rs.	As at 31.03.2023 Rs.
Harvested Crop	44,952,723	39,067,790
Produce Stock	3,793,148	217,345
Nurseries	94,526	92,316
Consumables & Others	10,717,032	12,342,639
	59,557,429	51,720,090

NOTE 12 - TRADE & OTHER RECEIVABLES

	As at 31.03.2024 Rs.	As at 31.03.2023 Rs.
Trade Receivables	34,999,247	21,789,773
Deposits	413,150	350,650
Prepayments	469,091	482,505
Employee Advance	199,600	119,000
Advances	7,845,776	1,125
Other Receivables	64,567,775	893,650
	108,494,639	23,636,703
Less : Allowance for Impairment	(759,304)	(759,304)
	107,735,335	22,877,399





NOTE 13 - SHORT TERM INVESTMENTS

The average interest yield on short term deposits was 15.08%.

	As at 31.03.2024 Rs.	As at 31.03.2023 Rs.
NOTE 15 - CASH AT BANK & IN HAND		
Cash at Bank	64,228,722	46,846,142
Cash in Hand	37,283	17,732
	64,266,005	46,863,874
Bank Overdraft *	(1,591,778)	(5,888,635)
Cash and Cash Equivalents for the purpose of Cash Flow Statement	62,674,227	40,975,239

NOTE 16 - STATED CAPITAL

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 31.03.2024 Rs.	As at 31.03.2023 Rs.
Mahaweli Authority of Sri Lanka		
Balance on 01st April	24,878,740	27,250,654
Interest Expense	3,472,642	3,776,310
	28,351,382	31,026,964
Payments made during the year	-	(6,148,224)
Balance on 31st March	28,351,382	24,878,740
Not later than one year	6,586,792	3,114,148
Later than one year not later than five years	21,764,590	21,764,592
Later than five years	-	-
	28,351,382	24,878,740

	As at 31.03.2024 Rs.	As at 31.03.2023 Rs.
NOTE 18 - RETIREMENT BENEFIT OBLIGATION		
Balance on 1st April	8,880,344	10,055,170
Current Service Cost	1,079,310	1,347,577
Interest Cost	1,642,864	1,357,448
Actuarial (gain) / loss due to change in assumption	3,150,114	(2,456,836)
Payments during the year	(1,242,950)	(1,423,015)
Balance on 31st March	13,509,682	8,880,344

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

	2024 Rs.	2023 Rs.
Cost of Sales	2,479,260	2,473,009
Administration Cost	242,914	232,016
	2,722,174	2,705,025

18.2 Actuarial gain / (loss) on defined benefit plan has been recognized in Statement of Other Comprehensive Income in terms of provisions in LKAS 19.

3,150,114	(2,456,836)
-----------	-------------

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

	Salary increment rate	Retirement age	Discount rate	Staff Turnover Ratio
2023/2024				
Workers	10% per annum	60 years	12.5%	} 3% up to age 54 and thereafter zero
Staff	10% per annum	60 years	12.5%	
2022/2023				
Workers	10% per annum	60 years	18.5%	
Staff	10% per annum	60 years	18.5%	

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	1,662,498	1,760,854	3,423,352
Between 1-2 years	301,267	1,001,387	1,302,654
Between 2-5 years	2,208,483	1,023,775	3,232,258
Between 5-10 years	596,703	1,478,541	2,075,244
Beyond 10 years	2,001,261	1,474,913	3,476,174
Total	6,770,212	6,739,470	13,509,682

The weighted Average duration of Defined Benefit Obligation for the year 2023/24 is,

Staff	7.9 years
Workers	6.4 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 out 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 2024 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 2024, the actuarial present value of promised retirement benefits obligation amounted to Rs. 13,509,682/-.

Percentage increase / (decrease) in discount rate	Impact on Retirement benefit obligations	
	+ 1% Rs.	- 1% Rs.
As at 31 March 2024	(810,907)	928,307
As at 31 March 2023	(391,509)	434,013
Percentage increase / (decrease) in salary / wages increment rate	Impact on Retirement benefit obligations	
	+ 1% Rs.	- 1% Rs.
As at 31 March 2024	998,836	(885,075)
As at 31 March 2023	502,087	(457,354)





Notes to the Financial Statements (Contd.)

NOTE 19 - DEFERRED TAX LIABILITY

	As at 31.03.2024 Rs.	As at 31.03.2023 Rs.
Balance on 01st April	111,247,122	42,903,927
Originating / (reversal) during the year recognised in the Statement of Comprehensive Income	(16,957,539)	67,606,144
Originating / (reversal) during the year recognised in Other Comprehensive Income	(945,034)	737,051
Balance on 31st March	93,344,549	111,247,122

NOTE 19.1 - DEFERRED TAX RECONCILIATION

	31.03.2024		31.03.2023	
	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.
Balance on 01st April	370,823,741	111,247,122	306,456,623	42,903,927
Amount originate / (reversal) during the year	(59,675,243)	(17,902,573)	64,367,118	19,310,135
Effect on Tax Rate Changes	-	-	-	49,033,060
Balance on 31st March	311,148,498	93,344,549	370,823,741	111,247,122

Deferred Tax Liability

Temporary difference on Right of use Asset	4,971,848	1,491,554	5,913,934	1,774,180
Temporary difference on Property, Plant & Equipment	20,610,097	6,183,029	15,627,724	4,688,317
Temporary difference on Intangible Assets	(305,501)	(91,650)	(278,366)	(83,510)
Temporary difference on Bearer Biological Assets	114,433,118	34,329,935	138,839,534	41,651,860
Temporary difference on Consumable Biological Assets	213,300,000	63,990,000	244,480,000	73,344,000
	353,009,562	105,902,868	404,582,826	121,374,847

Deferred Tax Assets

Temporary difference on Obligation under Right of use Asset	28,351,382	8,505,415	24,878,741	7,463,622
Temporary difference on Defined Benefit Obligation	13,509,682	4,052,904	8,880,344	2,664,103
	41,861,064	12,558,319	33,759,085	10,127,725
Balance on 31st March	311,148,498	93,344,549	370,823,741	111,247,122

Deferred Tax Assets & Liabilities are measured based on the tax rates 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) & subsequent amendments made to IR Act.

The effective tax rate used to calculate deferred tax assets & liabilities for all the Temporary Differences as at 31st March 2024 is 30% (2022/23-30%).

NOTE 20 - TRADE & OTHER PAYABLES

	As at 31.03.2024 Rs.	As at 31.03.2023 Rs.
Accrued Expenses & Other Payables	16,393,028	13,922,985
Sundry Creditors	851,954	1,685,325
Dividend Payable	22,021,621	19,726,371
	39,266,603	35,334,681

NOTE 21 - REVENUE

	Year ended 31.03.2024 Rs.	Year ended 31.03.2023 Rs.
Coconut	248,659,009	278,853,186
Copra	21,113,508	42,023,595
Coco peat	8,834,570	3,624,725
Coir	343,813	-
	278,950,900	324,501,506





Notes to the Financial Statements (Contd.)

NOTE 22 - OTHER INCOME

	Year ended 31.03.2024 Rs.	Year ended 31.03.2023 Rs.
Sale of Husks	446,160	-
Sundry Income *	2,381,121	2,470,808
Income on Teak Sales	12,219,791	-
	15,047,072	2,470,808

* 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 31.03.2024 Rs.	Year ended 31.03.2023 Rs.
23.1 Finance Costs		
Interest expenses on		
Obligation under Right of use Assets - Land on Lease	3,472,642	3,776,310
Advance received for Allotment of Shares	652,771	652,770
Total Finance Cost	4,125,413	4,429,080
23.2 Finance Income		
Interest income on		
Fixed Deposits	39,352,582	34,641,699
Debtor collection delays	583,130	255,022
Interest Money Market Account	3,163,405	3,967,569
Total Finance Income	43,099,117	38,864,290

NOTE 24 - PROFIT BEFORE TAXATION

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

	Year ended 31.03.2024 Rs.	Year ended 31.03.2023 Rs.
Depreciation & Amortisation		
- Bearer Biological Asset	25,244,254	25,244,254
- Property, Plant & Equipment	11,406,954	7,008,971
- Intangible Asset & Electrical Substation	322,013	288,695
- Right of use Land on Lease	942,086	942,086
Auditors' Remuneration		
- Statutory Audit - Current	1,235,629	1,049,021
- Other than Audit Related Services	234,167	151,220
Directors Remuneration	7,060,000	6,570,000
Donations	157,785	69,800
Staff Costs		
- Staff Salaries	23,052,922	18,910,557
- Defined contribution Plan Cost - EPF, ETF, CPPS & ESPS	1,543,672	1,456,239
- Defined Benefit Plan Cost - Provision for Retiring Gratuity	2,722,174	2,705,025





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%.

Investment Income of the Company is liable to Income Tax at the rate of 30% for the Y/A 2023/24.

	Year ended 31.03.2024 Rs.	Year ended 31.03.2023 Rs.
Income Tax on Profit for the year	8,367,594	6,054,000
Prior year under/(over) provision	-	(128,784)
Deferred Tax Provision / (Reversal)	(16,957,539)	67,606,144
Tax Expenses on Profit & Loss	(8,589,945)	73,531,360
Deferred Tax on Other Comprehensive Income	(945,034)	737,051
Tax on Total Comprehensive Income	(9,534,979)	74,268,411

25.2 Reconciliation of Accounting Profit and Tax for Current year

Profit before Taxation	127,390,066	143,148,292
Tax at the Applicable Rate	38,217,020	42,003,168
Tax effect on Expenses that are not deductible in determining taxable profit	373,388	228,723
Tax effect on Expenses that are deductible in determining taxable profit	(60,309)	(6,357)
Tax effect on Deemed Income	7,443,974	11,916,548
Tax effect on OCI	(945,034)	737,051
Tax effect on Coco peat	(2,722,249)	1,162,356
Tax effect on exempt income	(51,841,769)	(30,677,067)
Prior year over provision	-	(128,784)
Tax effect on Rate change	-	49,033,060
Tax over / (under) provision	-	(287)
Tax Expenses	(9,534,979)	74,268,411

25.3 Deferred Tax

Deferred tax arising from

Liabilities

Property, Plant & Equipment	1,494,712	3,216,304
Intangible Assets	(8,140)	(56,122)
Bearer Biological Assets	(7,321,925)	18,721,585
Right of use Assets - Land	(282,626)	814,337
Consumable Biological Assets	(9,354,000)	50,552,000

Assets

Defined Benefit Obligations	(1,388,801)	(1,256,379)
Obligation under Right of use Asset	(1,041,793)	(3,648,530)
Total deferred tax Charge / (Reversal)	(17,902,573)	68,343,195

Deferred tax has been computed at the rate of 30% in line with the tax rates substantively enacted as at 31st March 2024 (2022/23 - 30%).





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 31.03.2024	As at 31.03.2023
Net profit attributable to ordinary shareholders (Rs.)	135,980,011	69,616,932
Weighted average number of ordinary shares in issue (Nos)	34,996,115	34,996,115
Basic earnings per ordinary share (Rs.)	3.88	1.99

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 31.03.2024	As at 31.03.2023
Dividend Paid (Rs.)	52,494,173	52,494,173
No. of Ordinary Shares in Issue (Nos.)	34,996,115	34,996,115
Dividend per Ordinary Share (Rs.)	1.50	1.50

NOTE 28 - CONTINGENT LIABILITIES

There are no contingent liabilities as at 31st March 2024, which would require adjustments to or disclosure in the Financial Statements.

NOTE 29 - CAPITAL COMMITMENTS

Capital commitments as at 31st March 2024 in respect of the Company is Rs. 21.97 Mn (2022/23 - 3.6 Mn).

NOTE 30 - EVENTS OCCURRING AFTER THE REPORTING DATE

Final Dividend - 2023/2024

The Board of Directors of the Company has recommended the payment of a final dividend of Rs.2/- per share. This final dividend is to be approved at the Annual General Meeting to be held on 26th September 2024. 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 2024. According to the Sec 84A (IA) of the IR Act, after 01.01.2023 15% Advance Income Tax (AIT) should be deducted on dividends paid by a resident Company 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 31 March 2024, 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 31.03.2024 Rs.	Year ended 31.03.2023 Rs.
Directors Remuneration	7,060,000	6,570,000

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, 2024 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	31.03.2024 Rs.	31.03.2023 Rs.
Jayakody Mills (Pvt) Ltd	Mr. A.J.Shamendra Jayakody	Managing Director	Sale of Coconuts	-	37,472,609
			Trade Receivables	493,616	7,003,205
St. Anne's Factory (Pvt) Ltd	Mr. G.J.L. Neomal Perera	Chairman / Managing Director	Sale of Coconuts	79,159,761	47,700,927
			Trade Receivables	15,746,544	8,658,950
			Purchase of salt	-	1,841,800

Transactions with Shareholders

S.A Silva & Sons Lanka (Pvt) Ltd	-	Shareholder with 2.49% holding	Sale of Coconuts	22,596,458	18,348,445
			Trade Receivables	1,187,942	809,219
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	-	3,153,150
			Sale of Copra	18,700,383	35,461,605
			Trade Receivables	3,438,260	-
Asian Agro Products (Pvt) Ltd		Shareholder with 0.003% holding	Sale of Coconuts	64,268,768	50,898,034
			Trade Receivables	4,642,633	84

31.5 There are no other transaction 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 2024 audited Financial Statements, which required additional disclosures in the 2023/24 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
St. Anne's Factory (Pvt) Ltd	Common Directorship	Sale of Coconut	79,159,761	28.41%	Normal Commercial Terms
S.A Silva & Sons Lanka (Pvt) Ltd	Shareholder with 2.49% shareholding	Sale of Coconut	22,596,458	8.11%	Normal Commercial Terms
Katana Oil Mills (Pvt) Ltd.	Entity controlled by a shareholder with 3.83% shareholding at MCPPLC	Sale of Copra	18,700,383	6.71%	Normal Commercial Terms
Asian Agro Products (Pvt) Ltd	Shareholder with 0.003% shareholding	Sale of Coconut	64,268,768	23.07%	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 31.03.2024 Rs.	As at 31.03.2023 Rs.
Financial Assets		
Trade and Other Receivables		
Neither Past-due nor Impaired	98,726,605	15,385,348
Total	98,726,605	15,385,348
Past-due but not Impaired		
<30 days	-	-
30-60 Days	5	-
61-90 Days	-	4,046,726
91-120 Days	-	2,842,695
>120 Days	494,258	-
Total	494,263	6,889,421
Individually Impaired	759,304	759,304
Total	759,304	759,304
Total Trade and Other Receivable Exposed to Credit Risk	99,980,172	23,034,073
Short Term Investments		
Neither Past-due nor Impaired		
Fitch Rating		
A(Ika) - Evolving (2022/23 - A (Ika) - Watch)	94,023,074	97,326,496
A-(Ika) - Evolving (2022/23 - A-(Ika) - Watch)	176,130,314	171,822,308
Total Short Term Investments Exposed to Credit Risk	270,153,388	269,148,804
Cash and Cash Equivalents		
Neither Past-due nor Impaired		
Fitch Rating		
A(Ika) - (2022/23 - A (Ika) - Watch (Negative)	59,479,949	36,644,768
A-(Ika) - Evolving (2022/23 - A-(Ika) Watch)	3,156,995	4,312,739
Total	62,636,944	40,957,507
Cash in hand	37,283	17,732
Total Cash and Cash Equivalents Exposed to Credit Risk	62,674,227	40,975,239
Total Financial Assets Exposed to Credit Risk	432,807,787	333,158,116





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 Positions ratio targets.

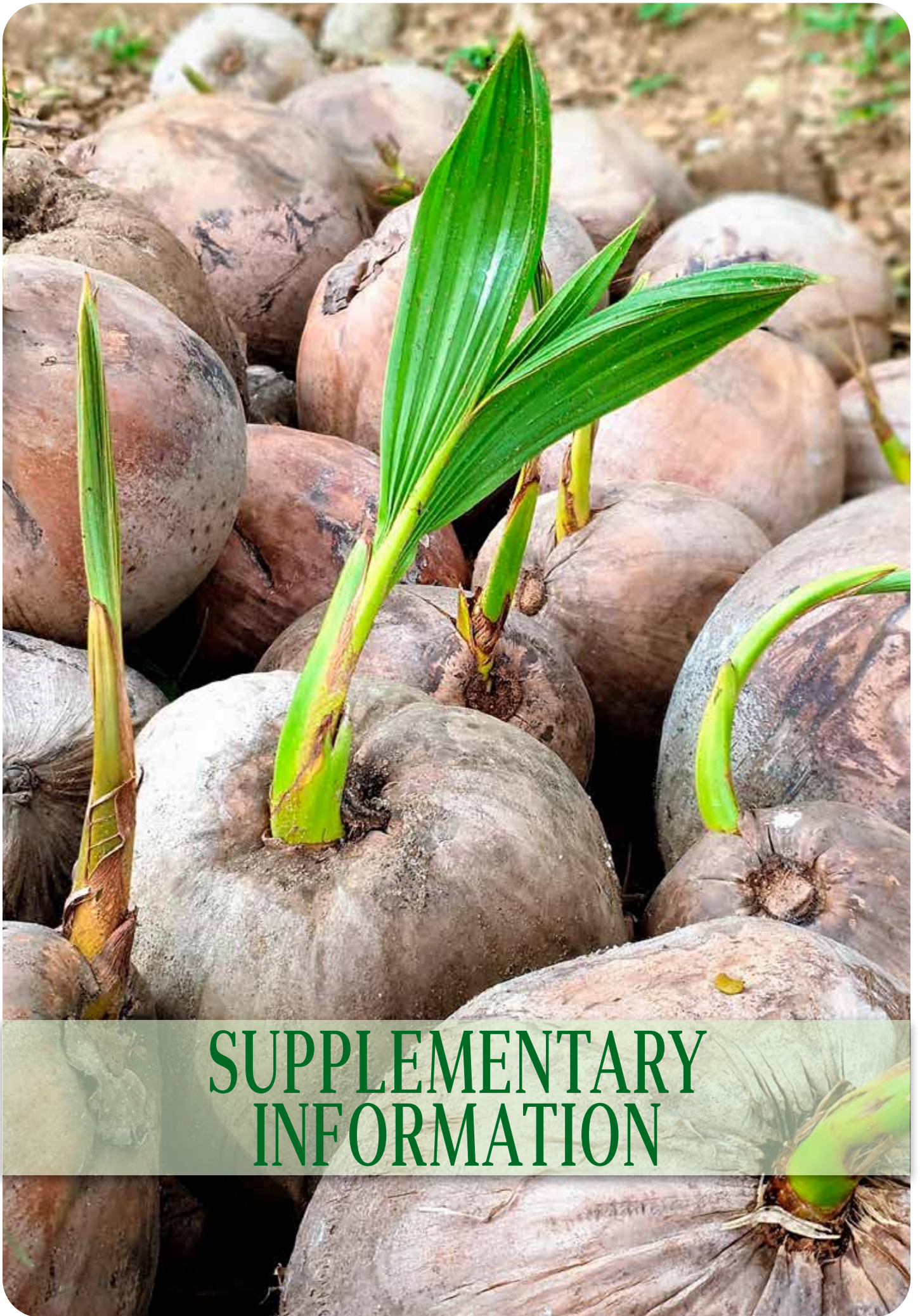
The maturity analysis of the Company's Financial Liabilities are given below.

	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 2024							
Trade & Other Payables	20	26,631,283	7,571,445	3,407,041	447,725	-	38,057,494
Obligation under Right of use Assets - Land on Lease	17	-	6,586,792	-	21,764,590	-	28,351,382
		26,631,283	14,158,237	3,407,041	22,212,315	-	66,408,876
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

NOTE 33 - DIVIDENDS

	31.03.2024 Rs.	31.03.2023 Rs.
Ordinary Share Dividends		
Final Dividend - 2021/22	-	52,494,173
Final Dividend - 2022/23	52,494,173	-
Gross Dividend	52,494,173	52,494,173





SUPPLEMENTARY INFORMATION

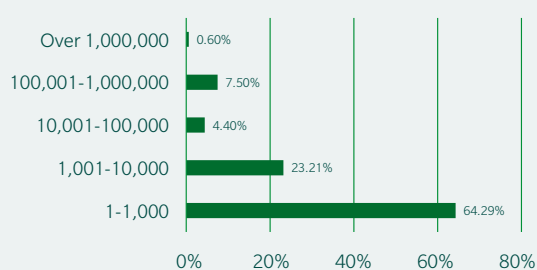


Shareholders Information

1. Distribution of Shareholding as at 31.03.2024

Category	No. of Shareholders	% No. of Shareholders	No. of Shares	% No. of Shares
1 -1,000	540	64.29%	99,708	0.28%
1,001 -10,000	195	23.21%	638,948	1.83%
10,001 -100,000	37	4.40%	1,108,199	3.16%
100,001 -1,000,000	63	7.50%	26,088,102	74.55%
Over 1,000,000	5	0.60%	7,061,158	20.18%
Total	840	100.00%	34,996,115	100.00%

% of Shareholders



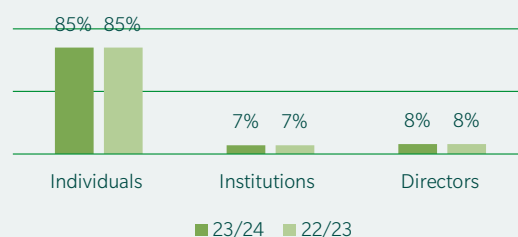
% No of Shares



1.1. Composition of Shareholders as at 31.03.2024

Category	No. of Share Holders	Total No. of Shares	%
Individuals	829	29,851,934	85%
Institutions	4	2,430,081	7%
Directors	7	2,714,100	8%
Total	840	34,996,115	100%

Composition of Shareholders %



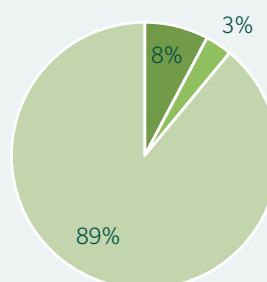
2. Public Holding

	No. of Shares 2023/24	%	No. of Shares 2022/23	%
Total Shares Traded	34,996,115	100%	34,996,115	100%
Less: Directors	2,714,100	8%	2,767,696	8%
Less: Related Parties	1,133,359	3%	1,808,922	5%
Public Holding	31,148,656	89%	30,419,497	87%

Public Holding Excludes:

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

23/24 (%)



■ Directors ■ Related Parties ■ Public Holding





Shareholders Information (Contd.)

3. Share Trading During the Year

	2023/24	2022/23
Highest Price Traded (Rs.)	37.80	46.90
Lowest Price Traded (Rs.)	22.90	30.00
Last Traded Price (Rs.)	27.60	36.00
Total Number of Share Transactions	3,302	1,282
Total Number of Shares Traded	1,363,759	402,193
Total Value of Shares traded (Rs.)	40,795,694	15,693,354
Market Capitalization as at 31st March (Rs.)	965,892,774	1,259,860,140
Float Adjusted Market Capitalization as 31st March (Rs.)	859,702,906	1,095,101,892

The float adjusted Market Capitalization as at 31st March 2024 was Rs. 859,702,906. Since the float adjusted market capitalization is less than Rs. 1 Bn where the public holding is more than 10% and the number of public shareholders exceeds 200, MCPPLC complies under option 2 in terms of rule 7.13.1 (i) (b) (for Diri Savi Board Companies) of the Listing Rules of the Colombo Stock Exchange.

4. 20 Largest Shareholders as at 31st March 2024 and 31st March 2023

Name of Shareholders	As at 31.03.2024		As at 31.03.2023	
	No. of Shares	%	No. of Shares	%
Dunagaha Coconut Producers Co-op Society Ltd	1,631,862	4.66%	1,631,862	4.66%
Silvermill Holdings Ltd	1,541,596	4.41%	1,541,596	4.41%
Sanhinda Mills (Pvt) Ltd	1,492,881	4.27%	1,492,881	4.27%
Fernando Paththage Pio Suresh	1,339,641	3.83%	1,339,641	3.83%
Jayasuriya J A D K R	1,055,178	2.03%	709,943	2.03%
Samaranayake H D F D S	974,202	2.78%	974,202	2.78%
Watawala Sunil Jayalath	881,847	2.52%	881,847	2.52%
Wickramarachchi S K	872,291	2.49%	872,291	2.49%
S A Silva & Sons Lanka (Pvt) Ltd	870,623	2.49%	870,623	2.49%
Gunawardena D M S W	816,426	2.28%	798,324	2.28%
Perera Gamamedaliyanage Joseph Lalith Neomal	777,733	2.22%	777,733	2.22%
Jayasinghe J A S N	770,553	2.20%	770,553	2.20%
Fernandopulle Joseph Felix	758,876	2.17%	758,876	2.17%
Swanee Mills Ltd	758,333	2.17%	758,333	2.17%
Panduawela P K Kumarasiri	742,476	2.12%	742,476	2.12%
Jayalath T S	695,312	1.99%	695,312	1.99%
St. Joseph D C Manufactures (Pvt) Ltd	650,634	1.86%	650,634	1.86%
Beligala Coconut Products (Pvt) Ltd	636,701	1.82%	846,657	2.42%
D.Y.& D.U.Rajapaksa (Pvt) Ltd	626,384	1.79%	626,384	1.79%
Silva, S.A.D.U. Shehan	609,081	1.74%	609,081	1.74%
Sub Total	18,502,630		18,349,249	

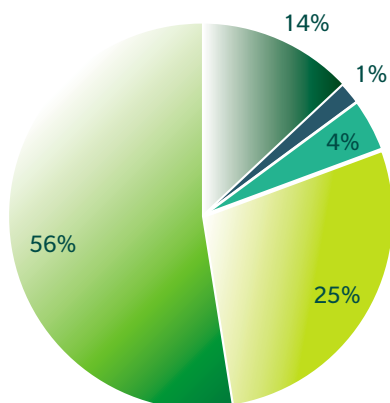




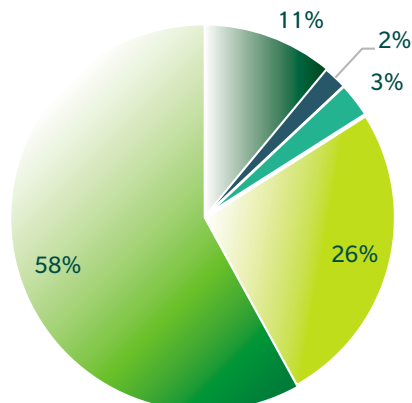
Value Added Statement

Economic Value Added	2023/24 Rs.	%	2022/23 Rs.	%
Turnover	278,950,900		324,501,506	
Less: Cost of Goods Sold (Excluding Depreciation and Employee Benefits)	(124,042,767)		(162,356,175)	
Value Added from Operations	154,908,133		162,145,331	
Other Income	15,047,072		2,470,808	
Finance Income	43,099,117		38,864,290	
Total Value Created	213,054,322	100%	203,480,429	100%
Distributed as Follows				
To Employees, as Remuneration and other Benefits	29,523,848	14%	23,071,821	11%
To Government, as Lease Interest	3,472,642	1%	3,776,310	2%
To Government, as Taxes	8,367,594	4%	5,925,216	3%
To Shareholders	52,494,173	25%	52,494,173	26%
Total Value Distributed	93,858,257	44%	85,267,520	42%
Total Value Retained	119,196,065	56%	118,212,909	58%
Total Value Distributed and Retained	213,054,322	100%	203,480,429	100%
Value Retained				
Profit Retained	81,280,758		84,728,903	
Depreciation and Amortization	37,915,307		33,484,006	
Total Value Retained	119,196,065		118,212,909	

Value Distribution 23/24



Value Distribution 22/23



- To Employees
- To Government (Lease Interest)
- To Government (Taxes)
- To Shareholders
- Total Value Retained





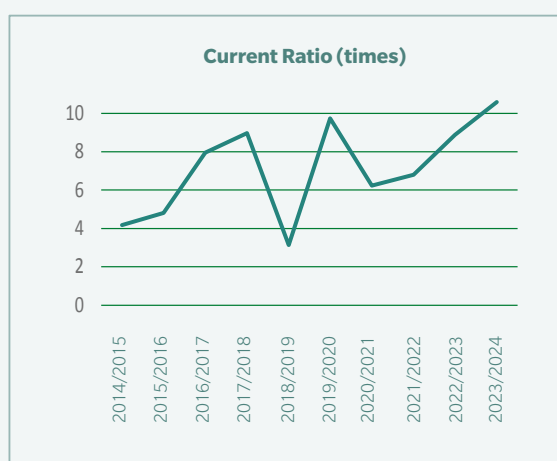
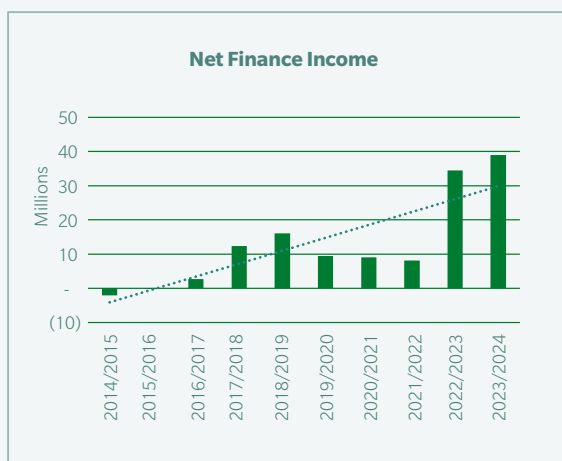
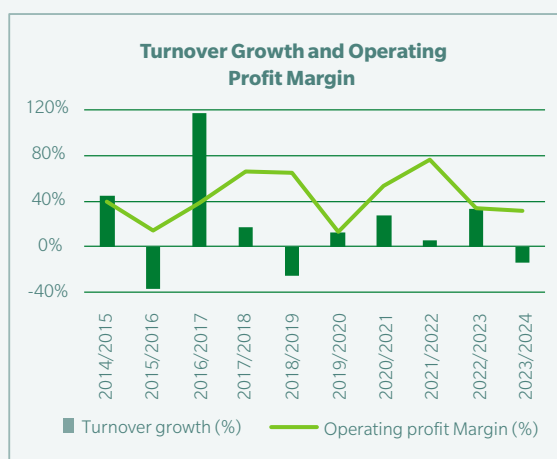
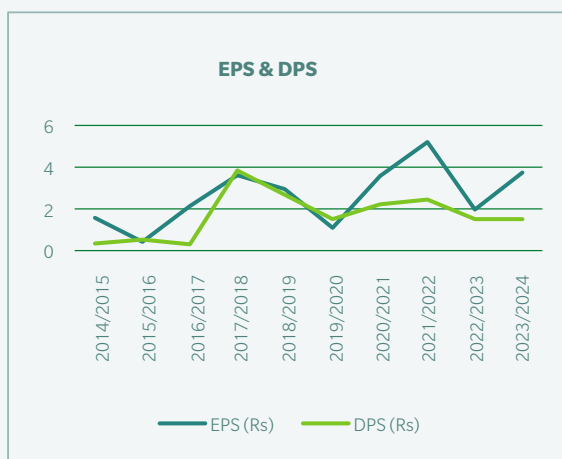
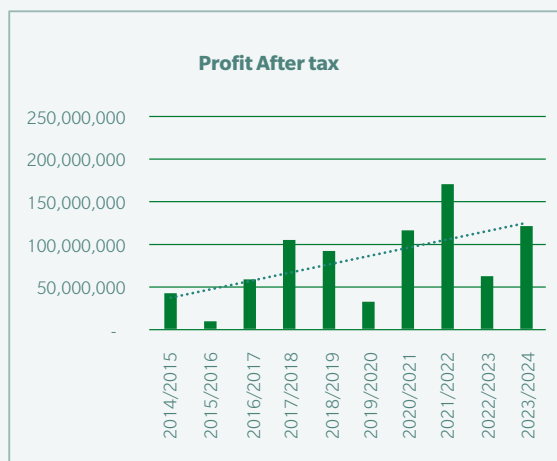
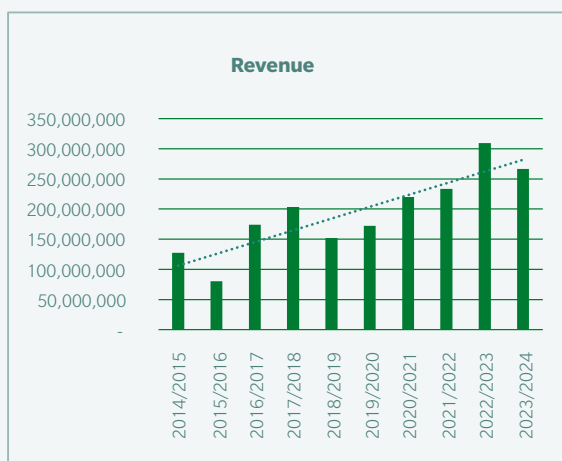
Ten Year Summary

	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Revenue (Rs.)	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	278,950,900
Gross Profit (Rs.)	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	87,454,469
Net Finance Income (Rs.)	(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	38,973,704
Profit After tax (Rs.)	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	135,980,011
Other Comprehensive Income (Rs.)	-	-	-	(315,620)	467,905	493,225	(345,240)	2,982,303	1,719,785	(2,205,080)
Total Comprehensive Income for the Year (Rs.)	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	133,774,931
Assets and Liabilities										
Property Plant and Equipment (Rs.)	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	136,427,590
Right of Use Asset Land (Rs.)	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	4,971,848
Immature Plantation (Rs.)	1,468,196	-	-	-	-	292,276	557,421	948,521	1,244,628	2,082,465
Intangible Asset (Rs.)	-	-	-	-	316,264	241,852	167,440	273,028	162,690	107,951
Consumable Biological Asset (Rs.)	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	213,300,000
Bearer Biological Assets (Rs.)	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	114,433,118
Short-term Investments (Rs.)	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	270,153,388
Working Capital (Rs.)	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	454,818,393
Non-Current Liabilities (Rs.)	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	128,618,821
Cash Flows										
Cash Generated from / (used in) Operations (Rs.)	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	61,291,477
Net Cash from / (used in) Operating Activities (Rs.)	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	54,352,825
Net Cash from / (used in) Investing Activities (Rs.)	(43,768,852)	(7,000,400)	(55,206,565)	(57,720,808)	(43,170,782)	35,196,920	(58,491,297)	(30,013,426)	(47,094,027)	19,840,336
Net Cash from / (used in) Financing Activities (Rs.)	(26,825,122)	(23,188,833)	(17,310,590)	(72,299,022)	(36,017,960)	(80,986,889)	(87,026,716)	(99,629,995)	(58,642,397)	(52,494,173)
Cash and Cash Equivalents at the end of the year (Rs.)	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	62,674,227
Operating Ratios										
Turnover Growth (%)	45%	(37%)	117%	17%	(25%)	13%	28%	6%	33%	(14%)
Operating Profit Margin (%)	40%	14%	38%	66%	65%	13%	53%	76%	34%	32%
Fixed Asset Turn Over Ratio (%)	33%	22%	49%	51%	37%	44%	60%	61%	63%	59%
Financial Ratios										
Return on Equity (%)	11%	2%	13%	22%	19%	7%	22%	27%	10%	17%
Current Ratio (times)	4.17	4.82	7.95	8.97	3.14	9.74	6.24	6.80	8.88	10.59
Debt/Equity(%)	8%	7%	4%	3%	3%	6%	6%	4%	3%	4%
Interest Cover (times)	14.4	3.82	34.47	5,590.17	63.51	5	24	40	25	21
Investor Ratios										
EPS (Rs)	1.56	0.33	2.16	3.76	3.04	1.04	3.71	5.46	1.99	3.88
DPS (Rs)	0.25	0.45	0.2	4	2.75	1.5	2.25	2.5	1.50	1.50
Dividend Cover (times)	6.23	0.74	10.8	0.94	1.11	0.69	1.65	2.19	1.33	2.59
Net Asset Value Per Share (Rs)	14.08	13.96	16.03	15.87	16.17	15.64	17.03	20.09	20.62	22.95



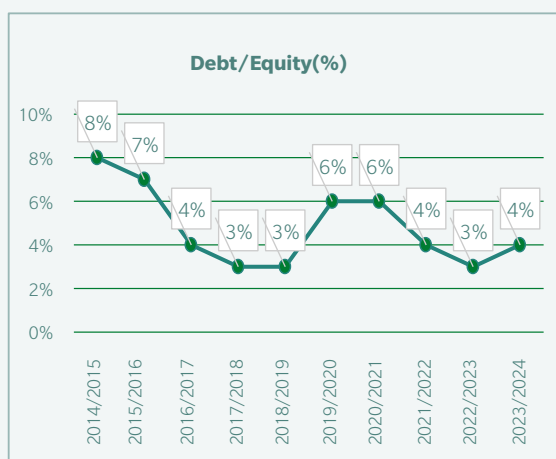
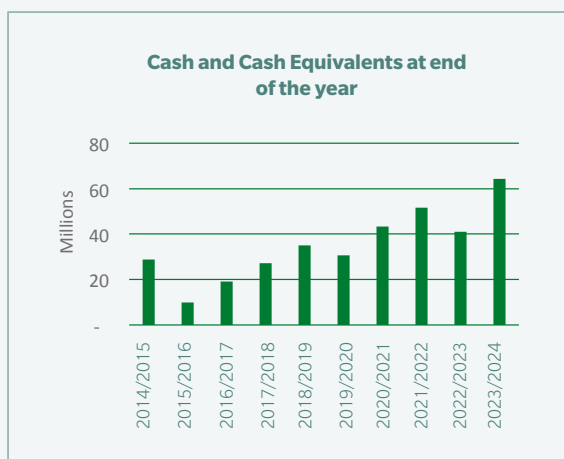
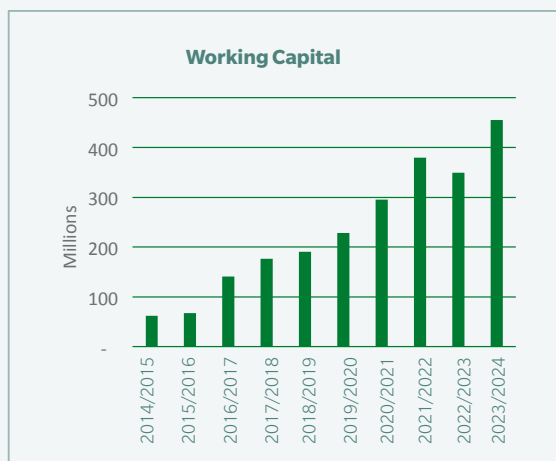
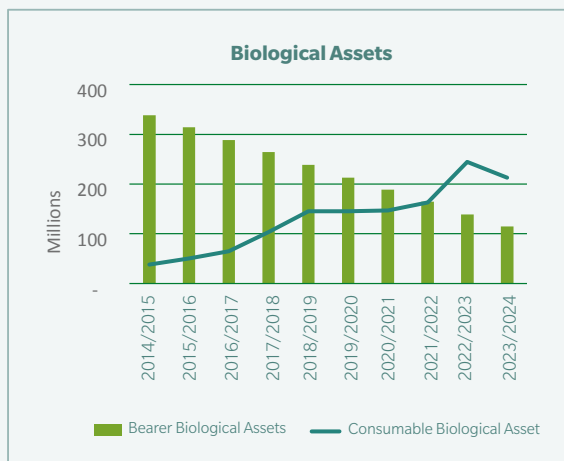


Key Highlights from Ten Year Summary





Key Highlights from Ten Year Summary (Contd.)





Notice of the Meeting

NOTICE IS HEREBY GIVEN, that the Twenty Seventh (27th) ANNUAL GENERAL MEETING of Mahaweli Coconut Plantations PLC, will be held at Avenra Garden Hotel, No. 22, Negombo - Giriulla Road, Negombo on 26th September 2024 at 10.30am 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, 2024 and the Report of the Auditors thereon.
2. To declare a Final Dividend of Rs. 2/- (Rupees Two 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. 2/-(Rupees Two only) per share out of the Profits of the Company, for the year ended 31st March 2024 to the Ordinary shareholders as per Director's recommendation. The Ex-Dividend (XD) date is fixed as 27th September 2024, record date is 30th September 2024 and the dividend dispatch date fixed for 16th October 2024.

3. To announce the retirement of the 3 oldest serving Directors Mr. Senarath Dias Widhanaralalage Asitha Gunasekera, Mr. Munaweera Arachchige Chithral Hilarian Munaweera and Mr. Samankumara Dias Senarath Gunasekera who retire in terms of Articles 73 and 74 of the Articles of Association of the Company.
4. To re-elect Mr. Senarath Dias Widhanaralalage Asitha Gunasekera, who retired by rotation and who has consented to be re-appointed for the position of Director.
5. To re-elect Mr. Munaweera Arachchige Chithral Hilarian Munaweera, who retired by rotation and who has consented to be re-appointed for the position of Director.
6. To re-elect Mr. Samankumara Dias Senerath Gunasekera, who retired by rotation and who has consented to be re-appointed for the position of Director.
7. To consider and if thought fit, to pass the following Ordinary Resolutions declaring that the provisions of Section 210 of the Companies Act No. 7 of 2007 (as amended) is not applicable.

"IT IS HEREBY RESOLVED THAT:

- 1) the age limit (70 years) referred to in Section 210 of the Companies Act No.07 of 2007 (as amended) ("Companies Act") shall not apply to Mr. Sunil Jayalath Watawala who has declared that he is 80 years of age in 2024 and accordingly, that Mr. Sunil Jayalath Watawala be and is hereby appointed a Director of the Company in terms of Section 211 of the Companies Act for another year.
- 2) the age limit (70 years) referred to in Section 210 of the Companies Act No.07 of 2007 (as amended) ("Companies Act") shall not apply to Mr. Thiththalapitige Sunil Gamini Fonseka who has declared that he is 78 years of age in 2024 and accordingly, that Mr. Thiththalapitige Sunil Gamini Fonseka be and is hereby appointed a Director of the Company in terms of Section 211 of the Companies Act for another year.
- 3) the age limit (70 years) referred to in Section 210 of the Companies Act No.07 of 2007 (as amended) ("Companies Act") shall not apply to Mr. Joseph Felix Fernandopulle who has declared that he is 70 years of age in 2024 and accordingly, that Mr. Joseph Felix Fernandopulle be and is hereby appointed a Director of the Company in terms of Section 211 of the Companies Act for another year.
- 4) the age limit (70 years) referred to in Section 210 of the Companies Act No.07 of 2007 (as amended) ("Companies Act") shall not apply to Mr. Nawalage Arindha Lalith Cooray who has declared that he is 70 years of age in 2024 and accordingly, that Mr. Nawalage Arindha Lalith Cooray be and is hereby appointed a Director of the Company in terms of Section 211 of the Companies Act for another year.
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.





Notice of the Meeting (Contd.)

9. To authorize the Directors to determine the contribution to charity for the ensuing Financial year.
10. To transact any other business of which due notice has been given.

By order of the Board of Mahaweli Coconut Plantations PLC

Kalrupco Management Services (Private) Limited

Company Secretaries

Reg. No. RCS2000144
Colombo.

29th August 2024

Notes:

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





Corporate Information

Name of the Company

Mahaweli Coconut Plantations PLC

Legal Form

Public Limited Liability Company up to 02.06.2019 & a Public Listed Company from 03.06.2019

Date of Incorporation

29th October 1996

Registered Office

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

Contact Nos.

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

E mail : mcpl@sltnet.lk

Company Registration Number

P B 191 PQ

Date, Place and Authority of Incorporation

A Limited Liability Company incorporated in Sri Lanka on 29th October 1996 under the Companies Act No.17 of 1982 and re-registered on 6th February 2008 under the Companies Act No. 7 of 2007 and a public listed Company from 03rd June 2019.

Directors

Mr. S.D.W. Asitha Gunasekera (Chairman)
Mr. J. F. Fernandopulle (Managing Director/CEO)
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

Kalrupco Management Services (Private) Limited,
No. 31/1, Castle Street,
Colombo 08

Auditors

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

Lawyers

Paul Ratnayake Associates
International Legal Consultants, Solicitors and
Attorneys -at-Law
No.59, Gregory's Road,
Colombo 07.

Bankers

Commercial Bank of Ceylon PLC
Seylan Bank PLC
Peoples Bank





Form of Proxy

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

S.D.W. Asitha Gunasekera	of Nugegoda, failing him*
Joseph Felix Fernandopulle	of Colombo, failing him*
Sunil Jayalath Watawala	of Negombo, failing him*
S. Dias Senerath Gunasekera	of Battaramulla, failing him*
G.J.L. Neomal Perera	of Colombo, failing him*
A.J. Shamendra Jayakody	of Dankotuwa, failing him*
M.D.J.P. Nilantha Perera	of Colombo, failing him*
N. A. L. Cooray	of Colombo, failing him*
T.S. Gamini Fonseka	of Divulapitiya, failing him*
M.A.C.H. Munaweera	of Colombo, failing him*

as my/our * Proxy to represent me/us * and vote on/our * behalf at the Twenty Seventh Annual General Meeting of the Company to be held at Avenra Garden Hotel, No. 22, Negombo - Giriulla Road, Negombo on 26th September 2024 at 10.30am 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 2024 and the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
(ii) Passing an ordinary resolution to declare a final dividend of Rs. 2/- (Two Rupees) per share to the existing shareholders in the form of Cash for the Financial year ended 31st March 2024.	<input type="checkbox"/>	<input type="checkbox"/>
(iii) To re-elect Mr. Senarath Dias Widhanaralalage Asitha Gunasekera as a Director, who retire in terms of Articles 73 and 74 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(iv) To re-elect Mr. Munaweera Arachchige Chithral Hilarian Munaweera as a Director, who retire in terms of Articles 73 and 74 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(v) To re-elect Mr. Samankumara Dias Senerath Gunasekera as a Director, who retire in terms of Articles 73 and 74 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(vi) Passing an Ordinary Resolution declaring the re-election of the Directors who have attained the age of 70 years and that the provisions of Section 210 of the Companies Act No. 7 of 2007 (as amended) is not applicable. Ordinary Resolution "IT IS HEREBY RESOLVED THAT: 1) the age limit (70 years) referred to in Section 210 of the Companies Act No.07 of 2007 (as amended) ("Companies Act") shall not apply to Mr. Sunil Jayalath Watawala who has declared that he is 80 years of age in 2024 and accordingly, that Mr. Sunil Jayalath Watawala be and is hereby appointed a Director of the Company in terms of Section 211 of the Companies Act for another year. 2) the age limit (70 years) referred to in Section 210 of the Companies Act No.07 of 2007 (as amended) ("Companies Act") shall not apply to Mr. Thiththalapitige Sunil Gamini Fonseka who has declared that he is 78 years of age in 2024 and accordingly, that Mr. Thiththalapitige Sunil Gamini Fonseka be and is hereby appointed a Director of the Company in terms of Section 211 of the Companies Act for another year. 3) the age limit (70 years) referred to in Section 210 of the Companies Act No.07 of 2007 (as amended) ("Companies Act") shall not apply to Mr. Joseph Felix Fernandopulle who has declared that he is 70 years of age in 2024 and accordingly, that Mr. Joseph Felix Fernandopulle be and is hereby appointed a Director of the Company in terms of Section 211 of the Companies Act for another year. 4) the age limit (70 years) referred to in Section 210 of the Companies Act No.07 of 2007 (as amended) ("Companies Act") shall not apply to Mr. Nawalage Arindha Lalith Cooray who has declared that he is 70 years of age in 2024 and accordingly, that Mr. Nawalage Arindha Lalith Cooray be and is hereby appointed a Director of the Company in terms of Section 211 of the Companies Act for another year.	<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 of2024.

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, Kalrupco Management Services (Private) Limited, No. 31/1, Castle Street, Colombo 08, 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