ANNUAL REPORT 2022

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சிலாபம் பெருந்தோட்ட நிறுவனம்
CHILAW PLANTATIONS LTD

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பெருந்தோட்ட அமைச்சு
Ministry of Plantation

CONTENTS

Vision

To maximize the contribution to the Sri Lankan economy through sustainable development of the Coconut Industry.

Mission

Having utilized limited resources in effective and efficient manner to make sustainable development of coconut based industry and uplifting living standard of employee and general public through accepted policies.

Values

Honesty	Team Spirit
Integrity	Empowerment
Transparency	Innovative
Leadership	Professionalism

Responsibility & Accountability

FINANCIAL HIGHLIGHTS

	2022	2021	Variance%
Coconut Production Nuts '000	15,172	14,716	3.10

Summary Results	Rs'000	Rs'000	%
Revenue	975,106	1,049,911	(7)
Gross Profit	454,166	529,114	(14)
Profit Before Interest and Tax	421,700	525,689	(20)
Profit Before Tax	513,881	510,887	1
Profit for the Year (after tax)	493,470	631,979	(22)
Total Comprehensive income	513,971	652,426	(21)
Total Reserves	2,155,053	1,721,083	25

Financial Position			
Non Current Asset	1,476,523	1,387,465	6
Mature / Immature Plantations	1,039,764	1,005,696	3
Current Assets	1,413,509	1,005,036	41
Inventories	195,288	159,176	23
Short Term Investment (Fixed Deposits)	985,661	721,480	37
Total Assets	2,890,032	2,392,501	21
Current Liabilities	362,575	287,756	26
Non current Liabilities	172,404	183,663	(6)
Stated Capital	200,000	200,000	-
Shareholders' Funds	2,355,053	1,921,083	23

Key Indicators	Times/ %/Rs.	Times/ %/Rs.	Variance %
Current Ratio (Times)	3.90	3.49	12
Quick Ratio (Times)	3.36	2.94	14
Gross Profit Ratio %	46.58	50.40	(8)
Earning Per Share Rs.	24.67	31.6	(22)
Return on Average Equity (ROE) %	23.08	39.01	(41)
Return on Capital Employed (ROCE) %	16.68	24.98	(33)
Debt Ratio	0.19	0.20	(6)
Shareholders Fund Ratio %	81.49	80.30	1
Interest Cover - Times	9.65	13.01	(26)

CHAIRMAN'S
REVIEW

Year 2022 was another remarkable year for Chilaw Plantations Limited as the Company was in a position to record an outstanding profit over taking the previous years as determined at the beginning of the season. I hereby outline the financial year 2022 in brief.

It was a challenge to navigate the organization amidst the economical and social challenges to make a successful year surpassing the continues growth recorded in past two years. Though the country was recovering from Covid-19 pandemic, the restrictions on imports market instability were prevailed. Apart from all these menaces making the year 2022 a favorable to Chilaw Plantations Limited was commendable. Accordingly, the Chilaw Plantations Ltd was able to report the highest profit in the State coconut sector in the Regional Plantations.

Agriculture Practice
Coconut Cultivation

The Company earned a revenue of 882.2 Million from coconut in spite of the severe shortage of fertilizer and changes experienced in weather. Due to the good agriculture practices and strategical management methods adopted the company earned a record income from coconut during the year. The Profit earned from coconut was 420 Million which amounted to 92.5% of the total gross profit.

The whitefly attack which spreded throughout the island was carefully and timely controlled by the spontaneous action and training sessions organized by the management. The Company did not experience any economical damage to the main crop due to whitefly attack.

The under plantations were established and managed having given top priority and 4,879 seedlings were planted during the year. The extent under planted during the year was 90 acres.

The Company spent Rs.50 Million for maintaining and establishing 1,130 acres of immature plantations during the to uplift the Coconut Industry under capital expenditure. Further, the Company made arrangements to undertake establishing of coconut plantations in the land owners who are interested in doing the same in addition to establishing all our plantations.

Special Projects

Since the Chilaw Plantations Ltd. started achieving the highest productivity from all its potentials, it was able to select a private sector investor for the establishment of two 10MW solar power projects in order to continue same as a joint venture.

Further, the arrangements were made to submit a Cabinet paper for the establishment of a coconut based value added Integrated Coconut Processing Factory focusing the International Market as joint venture with a private sector investor.

Drip Irrigation

The scarcity of water has been identified as the main limiting factor of the Company's cultivation. Especially, being a Company which has majority of the estate in Puttalam district in dry zone to overcome this situation, we initiated establishing of drip irrigation systems in every estates in a block of 25 acres during the year. The projects of Mangalaeliya and Thambapanni Area Estates were completed. There were numerous challenges faced in executing this and with the idea of having proper irrigation system, we look forward to continue the same in the coming years too.

Inter Cropping

The Company earned a suitable income from another crops and the cashew cultivation, rambutan, cinnamon, mango and dragon fruit cultivations were amongst the same. Though the cashew crop showed a dip during the year due to the prevailed prices, the projected profits were achieved.

Other Projects

The Buffaloe projects established in Palugaswewa estate, curd and yoghurt project, cashew processing project and coconut oil processing were carried out successfully. Further, our products were distributed among the general public through the Sales Agents.

Employee Welfare and Corporate Social Responsibilities

The Company continued to maintain the welfare activities initiated during the previous years and specific attention was given to uplift the educational level of the children of the employees and assistance were given to identify children who had special needs to continue in education. Furthermore, the Chilaw Plantations Ltd. was able to grant it's all employees the highest incentive payment in the history of the company.

03 worker Rest rooms were built in Palugaswewa, Madampe and Chilaw Area Estates with the financial contribution of PHDT and Chilaw Plantations.

CPL undertake social welfare activities through out to improve the social development and in this year also

1. Selling of CPL products to the community at a concessionary rate.
2. Sub leasing of land for cultivation.
3. Distribution of coconut seedlings to all the religious places were undertaken for the benefit of the community.

The Company made it again to achieve the highest ever profit during the year when majority of the government organizations are finding of difficult to perform well. This was achieved by giving priority to the aspects such as the betterment of the people, coconut industry and the community of the area.

I earnestly thank to the Ministry of Plantations, Hon. Ramesh Pathirana, State Minister, Hon. Lohan Rathwatte and the Board of Directors for the untiring support and guidance given for our success.

Further, I sincerely thank Mr. Janaka Dharmakeerthi the Secretary to the Ministry and the staff for the special support extended in decision making process.

The support received from the Board of Directors were immense which made my task easy to achieve the organizations goals and I wish to thank to the Board of Directors for their contribution.

Further, the support of the Senior Management of the Company, Estate Superintendents and all the employees of the Organization, suppliers, buyers and whoever supported our journey is hereby thanked with gratitude.

Chairman / CEO
Chillaw Plantations Limited

BOARD OF
DIRECTRORS

Mr. Jude Rukantha Perera
(B.A, M.A., H.S.D.)
Chairman/Chief Executive Officer

Mr. Jude Rukantha Perera was appointed as the Chairman/ CEO of Chilaw Plantations Limited on the 1st of January 2020.

Mr. Jude comes from a respectable lawyer's family and he studied at the University of Colombo, Aquinas University College and University of Kelaniya and holds a Bachelor of Arts as well as a Master of Arts. He was also a Scholarship winner of American Field Services.

Mr. Jude Rukantha Perera was a former Mayor of Kegalle and was able to raise the urban council of kegalle as the best urban council in Sri Lanka. He has played an active role in the state sector, having served as Coordinating Secretary and Media Secretary in many ministries throughout the past years. In the period 2009 - 2015 he has served the Kurunegala Plantations Limited as the Working Director where he has made a significant contribution which lead KPL to achieve profit records while reaching higher standards. He was also a member of the senior management in a reputed Private company. Hence, Mr. Jude has made outstanding performance with impressive management and leadership skills in both government and private sector.

Under his leadership a rapid progress can be observed in the company in which the CPL has recorded its ever highest profit in the history by the end of December 2022. At the same time Mr. Jude has implemented new projects for the upcoming year with the intention of expanding value added diversified products in to the international market.

He is a well-educated, equipped with a sound knowledge on plantation sector and a well experienced person with outstanding management and leadership capabilities.

Mr H.G. Sumanasinghe
Director

Mr. H.G Sumanasinghe was appointed to the Board of Chilaw Plantations Ltd on 05.02.2020 and functions as the Board Director, representing the General Treasury. He serves in Director Boards of several Government Institutions in Sri Lanka.

At present Mr. Sumanasinghe is holding the position of Additional Secretary of the Ministry of Finance and he is a Special Grade Officer in the Sri Lanka Administrative Service with 27 years' experience in Government service.

He holds a Bachelor of Commerce Degree from the University of Colombo and Master of Public Policy from Flinders University, South Australia.

Mrs. Aruni S. Ranasinghe
Director

Mrs Aruni Ranasinghe performs as a member of the Board of Directors of the Chilaw Plantations Ltd since 14th February 2020, representing the Ministry of Plantation Industries. She serves as a Board member in several government institutions.

She is the Additional Secretary (Administration) of the Ministry of Plantations at present. Mrs. Ranasinghe is a Special Grade Officer of the Sri Lanka Administrative Service with 22 years of Government service.

She has been graduated with a degree in Bachelor of Commerce (Special) Hons. of University of Sri Jayawardenapura and obtained a Masters in the field of Public Administration from Sri Lanka Institute of Development Administration (SLIDA)

Mr. Nalinda Kasun Rajasinghe
Director

Mr. Nalinda Rajasinghe was appointed as a Member of the Board of Directors of Chilaw Plantations Ltd on 05th February 2020. He serves on the Boards of several Government Institutions in Sri Lanka.

Currently he holds the position of Head of Operations & Business Development at SLPA, JCT Limited. He has been graduated with a Degree in Bachelor of Business Administration (Special), University of Colombo, Master of Business Administration, University of Sri Jayewardenepura & following the PHD at University of Colombo

Mr. W.W.A.N.T.A. Fernando
Director

Mr. Nirosh Fernando was appointed as a Member of the Board of Chilaw Plantations Ltd on 05th February 2020. He is a versatile businessman hailing from a traditional business family.

He has served as Board Director for many State Organizations.

Mr. I.S.J.P Gunawardena
Director

Mr. I.S.J.P Gunawardena joined as the member of Board of Directors of Chilaw Plantations Ltd on 05th February 2020.

He was a qualified banking officer at People's bank and retired as a Bank Manager. He has been completed the banking exams to make his career success.

Lt. Col. Ajanta Moonemalle
Director

Joind Chilaw Plantation Ltd, as a Board of Director on 05th February 2020.

Former Group Manger of Kegalle Plantation PLC and he has 40 years of experience in the plantation sector.

He hold a Master Degree in Business Administation from the Institute of Chartered Financial Analysis of India. He also had follwoed many National and International Diplomas in related to Human Resources, Marketing and Management.

He is a Commissioned Offcer of the Sri Lanka Army holding the Rank of Lieutenant Colonel in Voluntary Force and A Chartered Member of Chartered Institute of Personnel Management Sri Lanka.

Mr. Sisira Kumararathne
Director

Mr Sisira Kumararathne was appointed as a member of the Board of Directors of Chilaw Plantations on 05th February 2020. Worked in Fisheries and Aquatic Resources Department since 1994 and retired as District Fisheries Inspector in 2015. Mr. Sisira was the Chairman of Yakkalamulla Multi-Purpose Cooperative Society from 2000 to 2006 and Yakkalamulla Pradeshiya Sabha from 2006 to 2009. He was the former Deputy Chairman of Sri Lanka Cashew Corporation during 2014-2015. He is also a former active member of the Southern Provincial Council.

SENIOR
MANAGEMENT TEAM

Head office

01.	Mr. R.W.M.J.S.R. Perera	-	Chairman/CEO
02.	Mr. A.G.R.M.M.Ranaweera	-	General Manager
03.	Mr. B. Hettiarachchi	-	AGM – Plantations
04.	Mr. R.M.R.B. Rathnayake	-	Senior Accountant
05.	Mr. H.P.M.W. Hemachandra	-	Chief Internal Auditor
06.	Mr. A.A. Asoka Ananda	-	Senior Manager Estate
07.	Mr. W.K. Pradeep	-	Manager Tec. & Development
08.	Mr. A.M.T.H.B. Athapattu	-	Manager HR/Admin
09.	Mr. A.N.A.S. Karunathunga	-	Manager Marketing
10.	Miss. P.N.N.Gunaseela	-	Manager – Planning & Monitoring

Estate Superintendents

11.	Mr. J. H. Fernando	-	Superintendent,Palugaswewa Estate
12.	Mr. M.G.C. Dias	-	Superintendent,Diulapitiya Area Estates
13.	Mr. D.M.G.A.Dissanayake	-	Superintendent,Madampe Area Estate
14.	Mr. B.M.U.B.Basnayake	-	Superintendent,Chilaw Area Estate
15.	Mr. A.M.D. Gunathilake	-	Superintendent,Bingiriya Area Estate
16.	Mr. H.T.S. Perera	-	Superintendent,Thambapanni Area Estates
17.	Mr. B.A.P.D. Dharmasena	-	Superintendent,Mangalaeliya Area Estates
18.	Mr. K.A.N.I. Karunarathna	-	Superintendent,Nikaweratiya Area Estates

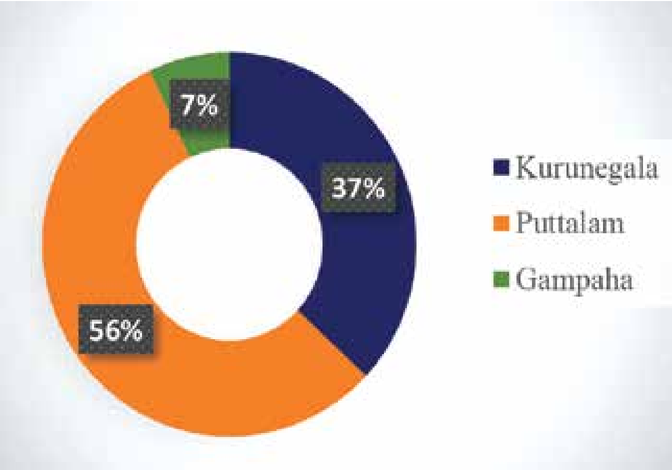
MANAGEMENT
REVIEW

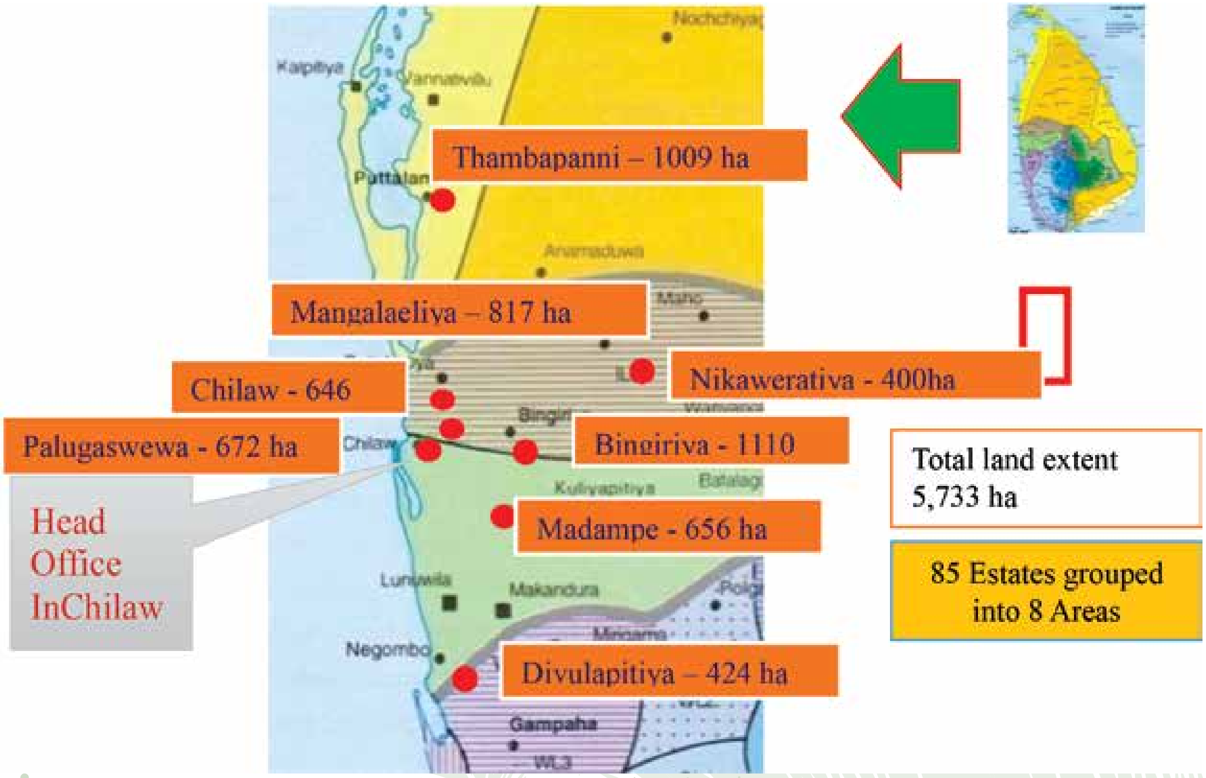
Agri Business Management

Chilaw Plantations Limited as the forerunner of the state own Agri business achieved the highest coconut crop in the sector during the year 2022 and set an industry standard for the Plantation Industry.

CPL consists of 5,733.23 hectares of land under its control out of which 3,834.33 hectares are cultivated with coconut. These Plantations are scattered in Puttalam, Kurunegala and Gampaha districts and consists of 85 estates managed under eight clusters named as Area Estates.

A 44% out of the total extent is belongs to coastal belt and the rest 46% located in land. The reason for the higher productivity of these lands being the suitable soil as per the land classification of Coconut Research Institute, Sri Lanka.





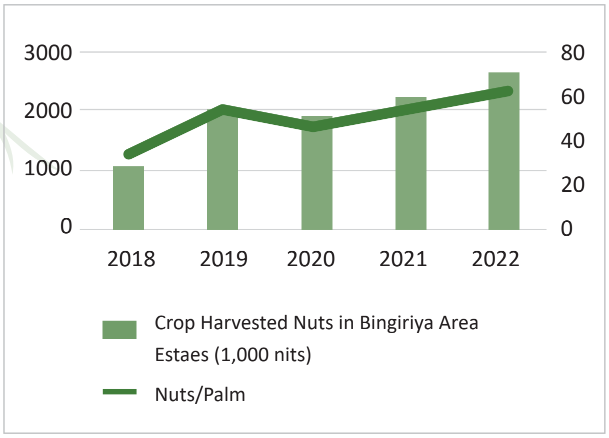
Our Estates

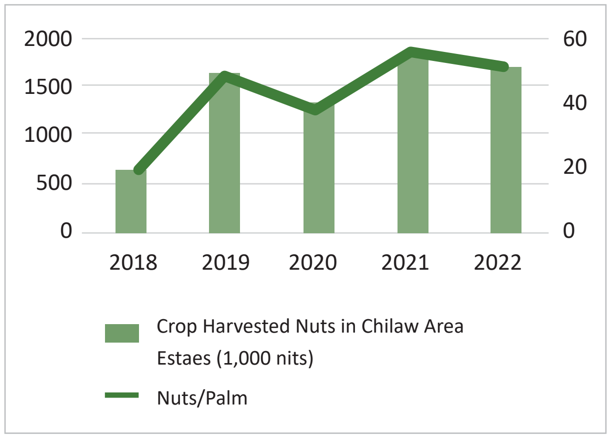
Area Estate	No. of Estates	Total Extent (Ha)	Main Crops (Ha)			DS Division	Town
			Coconut	Cashew	Other Crops		
Bingiriya	11	1,109.74	706.95	20.00	0.81	Bingiriya, Kobeigane	Weerapokuna
Chilaw	12	645.57	485.36	49.96	8.46	Pallama, Arachchikattuwa, Rasnayakapura	Pallama
Divulapitiya	14	424.49	403.74	-	45.67	Divulapitiya, Katana, Dankotuwa	Badalgama
Madampe	12	655.86	603.65	6.07	5.24	Naththandiya, Chilaw, Bingiriya, Udubaddawa, Madampe	Udubaddawa
Mangalaeliya	11	816.64	298.04	316.04	-	Puttalam, Mundel, Maha kumbukkadawala	Mundel
Nikaweratiya	14	399.92	332.87	18.20	-	Kobeigane, Panduwasnuwara	Kobeigane
Palugaswewa	1	672.22	619.16	-	0.5	Arachchikattuwa	Arachchikattuwa
Thambapanni	10	1,008.79	386.56	405.25	-	Puttalam, Vanatha villu, Kalpitiya	Puttalam
Total	**85**	**5,733.23**	**3,836.33**	**815.52**	**60.68**		

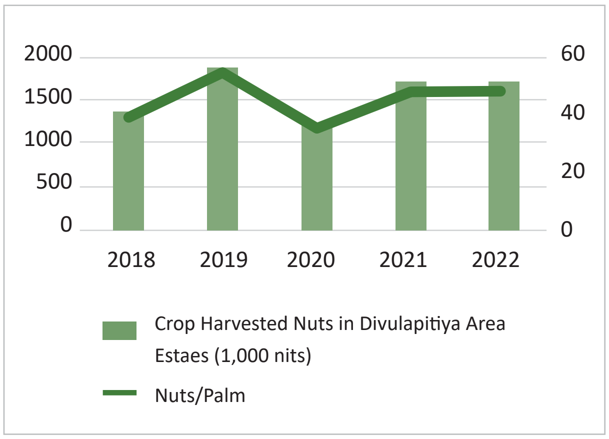
The Chilaw Plantations Limited's lands are situated in intermediate (IL), low land and dry (D) land areas.

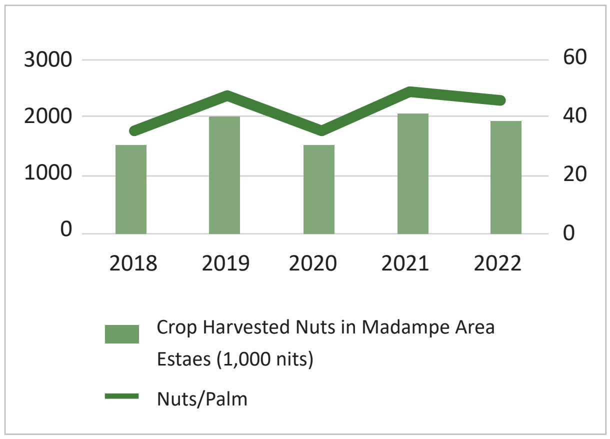
The land utilization plan has been strategically planned to obtain maximum productivity and crop diversification has been undertaken accordingly.Fruit crops such as cashew, T& JCmango, Rambutan dragon fruit and minor export crop such as cinnamon and pepper are cultivated wherever suitable. Additionally, animal husbandry is also undertaken in majority of the estates.

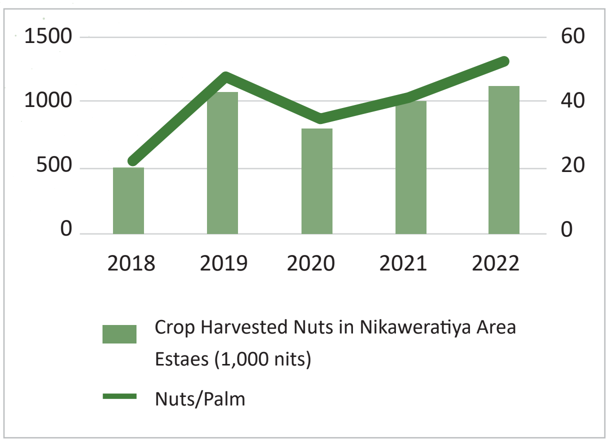
Estate Wise Crop Date

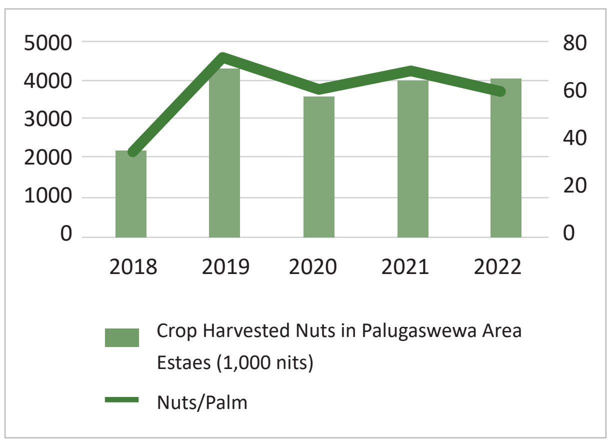


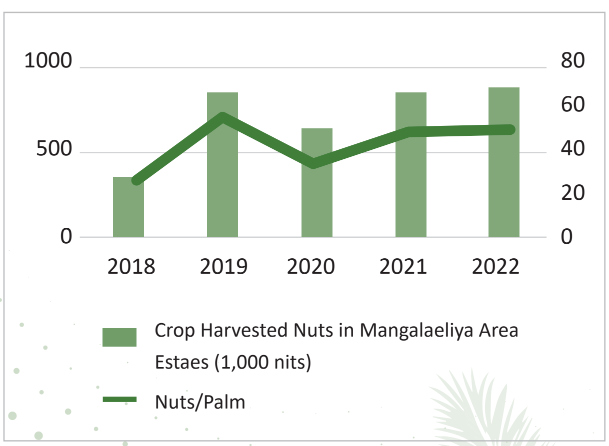


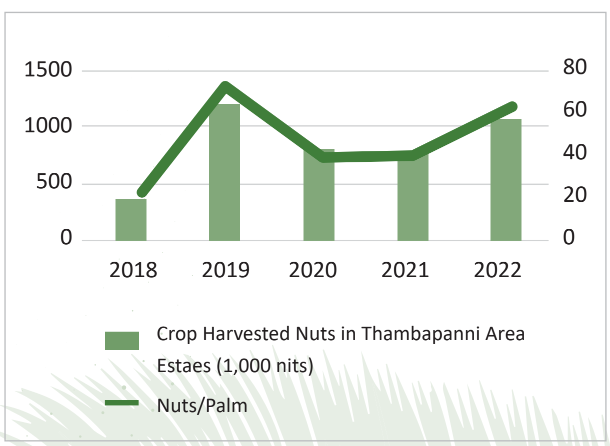








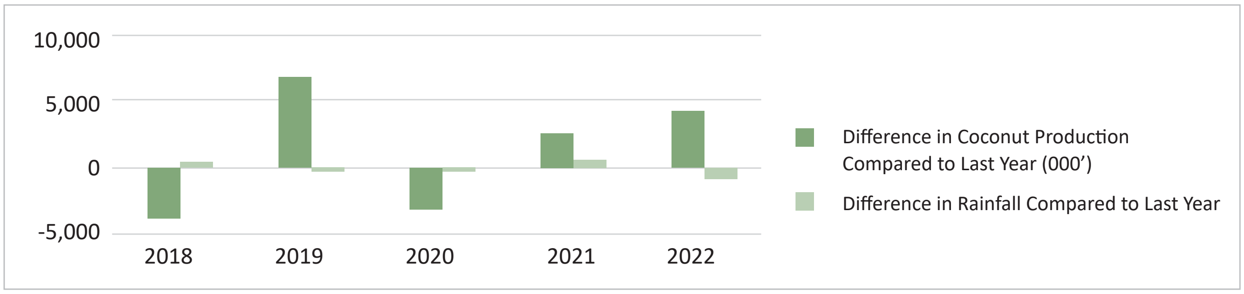




5 Years Crop Production

Year	Crop (Nuts)	Veriance	Bearing Palms	Nuts/Palm	Coconut Production in Sri Lnka (Mn)	Veriance
2018	8,132,121	-30%	262,517	31	2,737	+10%
2019	14,993,952	84%	259,808	58	3,106	-13%
2020	11,943,494	-20%	273,429	44	2,818	-9%
2021	14,715,763	23%	275,267	53	3,383	20%
2022	15,172,334	03%	277,190	55	3,351	-1%

Difference in Coconut Production and Rainfall Compared to Last Year



Agri Business Strategies

Chilaw Plantations Limited has taken steps to improve the agricultural status and the infrastructure facilities of the company to ensure the sustainable development and has introduced new technologies to the operations for the continues improvement of the plantations. Some of the agricultural development tacticsare as follows.

1. Under plantations,
2. Inter cropping with perennials,
3. Inter cropping with annual crops,
4. Irrigation system implementation
   - Drip irrigation systems
   - Hose irrigation systems
   - Establishment of deep well/tube wells.
   - Renovation and rehabilitation of ponds.
5. Improvement of persisting products.
6. Enclosing new products.

New Coconut Plantations

As a policy, Chilaw Plantations Limited undertakes new coconut plantations after identifying the most suitable areas to be established with new plantations.

Area Estate	Mature Coconut Extent (Ha)	Immature Coconut Extent (Ha)	Immature Extent as a Percentage of Total Coconut Cultivation (%)
Bingiriya	590.95	116.00	16 %
Chilaw	453.64	31.72	7%
Divulapitiya	374.24	29.5	7 %
Madampe	536.12	67.53	11 %
Mangalaeliya	249.54	48.50	16 %
Nikaweratiya	271.49	61.38	18 %
Palugaswewa	547.16	72.00	12 %
Thambapanni	349.56	37.00	10 %
Total	**3,372.70**	**463.63**	**12%**

Establishment of Long Term &S hort-TermCrops

After identifying the soil suitability for replanting and inter cropping, the company has taken steps to under plant the areas with coconut and inter crops during the year to ensure higher productivity from unit of land. Additionally, Chilaw Plantations Limited continued to do the inter cropping with interested interpreters during the year in under-utilized land.

Long Term Inter Crop Details

Estate	Cashew (Ha)	Papper (Ha)	Rambutan (Ha)	Dragon Fruit (Ha)	Cinnamon (Ha)	Mango (Ha)
Thambapanni	405.25	-	-	-	-	-
Mangalaeliya	316.04	-	-	-	-	-
Bingiriya	20.00	-	-	-	0.81	-
Nikaweratiya	18.20	-	-	-	-	-
Chilaw	49.96	-	-	-	1.60	6.87
Madampe	6.07	-	-	3.64	-	1.6
Divulapitiya	-	16.06	20.00	-	9.61	-
Palugaswewa	-	-	-	0.5	-	-
Total	**815.52**	**16.06**	**20.00**	**4.14**	**12.02**	**8.47**

Short Term Inter Crop Details

Estate	Vigitable (Ha)
Thambapanni	4.00
Chilaw	1.7
Total	**5.70**

Water Supplying

Drip Irrigation

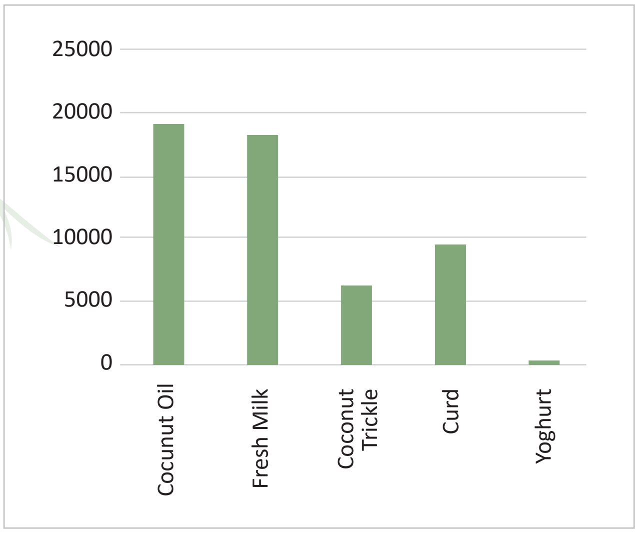
The eight area estates, apart from Divulapitiya Area Estates, are situated in the intermediary and dry zone to produce coconut palms to their maximum potential. This phenomenon directly impacts the coconut productivity. The majority of the estates located in Puttalam and Kurunegala districts received an annual rainfall less than 1,750mm and few estates in Puttalam district receive only a rainfall less than 1,000mm as the limiting factor is water, Chilaw Plantations Limited has taken steps to overcome this issue by introducing new irrigation systems.

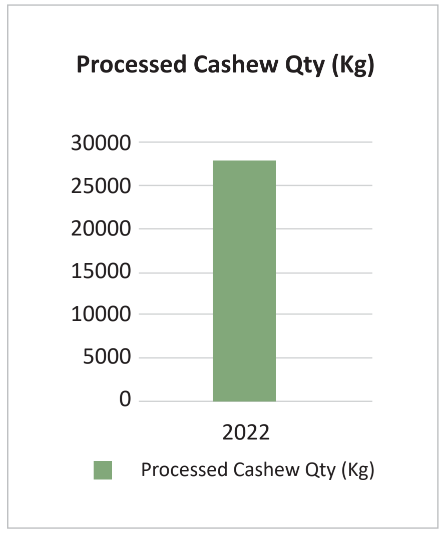
The suitability of the soil, states of present cultivation, availability of water resource and electricity were considered in proposing irrigation systems in the estates as pilot projects. Chilaw Plantations Limited established three drip irrigation systems in Regina estates of Mangalaeliya, Jasintha estates of Thambapanni Area Estates, Field No.4 of Palugaswewa estate covering 75 acres of lands in three projects.

Improvement of persisting product

The following products are dispersed among the customers of Chilaw Plantations Limited.

- Virgin coconut oil.
- Coconut Treacle.
- Curd.
- Yoghurt.
- Processed organic cashew.





The coconut oil, processed cashew, curd and yoghurt are produced in Palugaswewa whilst the production of coconut treacle is done in Bingiriya, Madampe, Chilaw and Nikaweratiya Area Estates. Chilaw Plantations Limited use only No.1 white copra to produce pure coconut oil. The curd and yogurt operation are undertaken with maximum hygienic standards to avoid any contamination and free from chemical ingredients. The treacle is made out of 100% coconut sap without adding sugar etc.

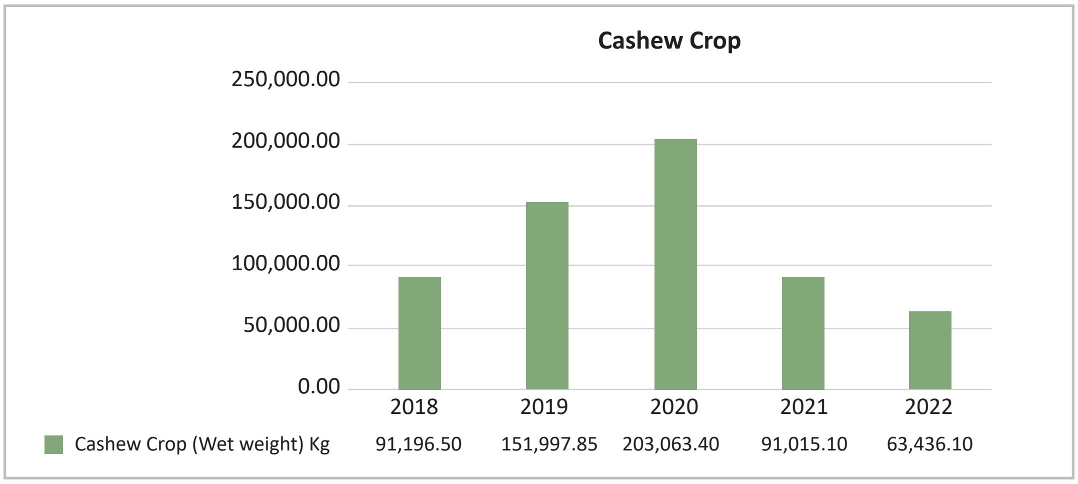
Chilaw Plantations Limited strives to market the premium products to its customers and has gained a fair popularity among the customers.

Organic Certified Cashew

Chilaw Plantations Limited owns over 800 acres of cashew which contribute immensely to the cash flow of the Company. Cashew was started as a product in the year 2002 and became the largest producer in the year 2020. Due to heavy rains experienced during the flowering season on 2021/2022, the cashew crop was affected.

Further, the Company was in a position to get the producer certification of organic for the cashew products are made by Chilaw Plantations Limited, and we are the only government institution who obtained organic certification for cashew.


CERTIFICATE



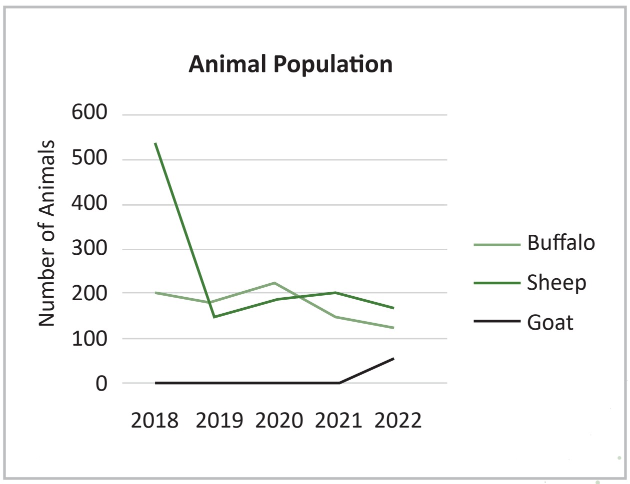
Inter Cropping with Private Investors

Chilaw Plantations Limited initiated a land subleasing program in 2020 to promote Agricultural entrepreneurship among interested entrepreneurs to cultivate short-term crops by 2022. The effort has gained over 400 hectares of inter crop cultivation done by private entrepreneurs by the end of 2022. 1,005 hectares of marginal land and lands under coconut have been given to the interested parties for cultivation.

Livestock Management

- Buffalo management.
- Sheep management.
- Goat management.

Chilaw Plantations was undertaking animal husbandry from the beginning to maximize the land use and productivity. The project of goat management was initiated two years before, it is expected to earn an extra income from these projects and weed management and supplying of organic manure to maintain C: N ration was expected.



Marketing of Products

Chilaw Plantations Limited is in the process of establishing its brand name in the market and an array of products are given to the consumer directly from the Company. Among

- Coconut
- Copra
- Cashew nuts
- Processed cashew nuts
- Pure coconut oil
- Dairy products
- By products of coconut
- Valuable timber
- Coconut trickle
- Produce of inter crops, etc.,

From Monday to Thursday, the estate "Pol pola" tender is taking place in estates and per day to estates are having their coconut sales. On Friday the same is taking place in the Head Office enabling anybody to buy their coconut requirement as they wish.

Raw cashew, valuable timber, coconut shell and selected other products are mainly sold through tender procedures. In order to popularize, Chilaw Plantations Limited products among the general public, the sales agency concept has been established and is further strengthened by the Sales outlets maintained by Chilaw Plantations Limited at Chilaw, Rajakadaluwa, Daisyland and Colombo.

Additionally, with the assistance of the Welfare Societies of government and non-government organizations, the Marketing Division undertakes marketing activities to sell the products of Chilaw Plantations Limited to the general public.

Various events, exhibitions, seminars and ceremonies are represented by Chilaw Plantations Limited in order to enhance the marketing of Chilaw Plantations Limited products and to make the general public aware of Chilaw Plantations Limited.

Taking another step forward, online marketing has been initiated through KaprukaSewana and a hotline number. Further, arrangements have been made for the customers to order CPL products through CPL Kapruka Sevana facebook.

Impact of Environmental issues

Rainfall Pattern

Coconut has an evergreen plant which need a continuous well spread rainfall for optimum growth is sensitive to the changes taking place in the weather. Especially, the dry zone of Sri Lanka gets two rain falls per annum, out of which, the South ways monsoon does not give the required capacity of rain whereas the North East rainfall gives sufficient rainfall for cultivation.

Coconut palms, which have continued growth, can be assured of sufficient water availability in the soil by requiring well-spread rainfall from high intensity rainfall. Nevertheless, Puttalam and the estate boarding Puttalam comes through a severe drought due to non-availability of sufficient rainfall.

Rain fall Intensity of the Estates

Temperature in the Environment

Environmental temperature is important for metabolism and the pollination of flowers. The optimum temperature of coconut is 29 Co and any additional rise in temperature negatively affect the plants by increased evaporation and reduce soil water.

The Program of Coconut Seedlings Production - Palugaswewa

With the technical support of Chilaw Plantations Limited and Coconut Research Institute, in the year 2012, the production of the improved coconut variety CRISL 98 was started by hand pollination in Palugaswewa Estate. Seed coconut production was also done in the year 2022 through the same pollination.

Kiniyama 'Kapruwana' Seed Garden of Kiniyama estate

On a request made by the CRISL98 to produce Kapruwana seed garden, the seed garden was established in year 2012 with a MOU signed with CRI. The extent of the seed garden is 58 hectares and the kapruwana seed varieties produce by hand pollinating green dwarf with sandraman variety.

Special Events

Our Corporate Social Responsibility

In 2021 and 2022, we were also in a position to lead the industry, which is commendable. Due to this fact, we were in a position to distribute our profits share among the employees comparatively high due to the results achieved by proper management and sustainable development of the organization.

The physical and financial gains achieved by the Company enabled to benefit the consumers in the country directly and indirectly through our products.

Agricultural Development

Out of the total extent of CPL, coconut is 3,834.33 hectares. For the betterment of this cultivation, we have been able to manage the land and labour in a strategical way by allowing the entrepreneurs to undertake inter cropping in our coconut lands. We have been able to nourish the palms indirectly and protect the same from various aspects of threats. This effort indirectly provides partly solution for the labour shortage. The under plantations amounted to 6% of the total extent at the time of taking over to the government from the private sector has increased to 10% by now.

We strived to improve the micro climatic condition in the plantations by introducing irrigation systems and animal husbandry to overcome the unforeseen threats due to climatic conditions.

Further by improving the stand and maintain the biological and physical concerns of the estate, we take steps to improve the environment throughout to reduce the cost.

Improvement of Biological aspects of soil

Grazing of cattle is allowed in the majority of the estates out of 85 managed by Chilaw Plantations Limited. The owners of this milking cattle and the officials of Chilaw Plantations Limited work with mutual understanding of each other's benefits. Though there is no direct financial gain to Chilaw Plantations Limited weed control and adding organic matter such as cow dung improves the carbon content of soil hence improving the soil structure. This is an indirect benefit.

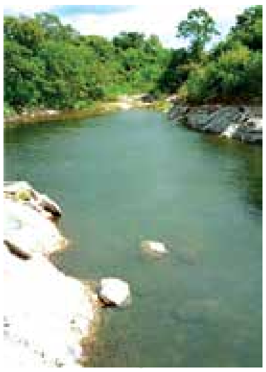
Additionally, application of organic manure and non-using of weedicide also had helped improving the soil biological features further.

- Systematical mechanical weeding, harrowing, planting of cover crop such as Pureria and animal husbandry.
- Establishment of pheromone trap to control Red weevil.
- Integrated approach to maintain the hygienic conditions of the fields releasing of predator Mita for controlling of mites also had helped to improve the biological properties of the plantations.

Conservation of Eco system & Forestry Management

The 50 acres of jungle patch belong to Mawathagama estate and 3 acres of shrub jungle belong to Galkanda estate are conserved by Chilaw Plantations Limited as ecological zones in forest areas display feachers of wetland ecosystem and Chilaw Plantations Limited has taken every step to protect these areas to have sustainable land utilization.

As per the five-year Forestry management plan, the available timber which exceeds a girth of 120 cm are fled systematically. The Forestry Management Plan approved in the later part of 2019 is being unused and upto now 14,000 plants including timber plants and other varieties have been planted in our estates, this equals to 560% compared to the number of trees felled.



Employee Relationship with the Society

Benefits for the Staff

We have noticed the commitment and efficiency of Chilaw Plantations Limited staff is being continuously improved. Human Resource, physical resource and biological resource, improvements are shown through- out. Here-again, the commitment and the attitudes of the workers are outstanding. Annual incentives based on performance, increment of coconut collecting rates by 1%, 2%. Sales incentive for the estate executives and staff to produce marketing, discernment of profit share amongst workers have paved away for continues development of Chilaw Plantations Limited.

In year 2022, the incentive paid was higher than that of 2021. Issue of curry nuts at a concession rate. Insurance of estate workers and staff. Distress loan given at a nominal rate, sponsoring of staff excursion is some of the Welfare activities undertaken. These aspects are important for Human Resource Development and for the motivation of staff.

Corporate Social Responsibilities and Upliftment of life styles of External Parties

Chilaw Plantations Limited maintains a co-cordial relationship with the surroundings in their business. Chilaw Plantations Limited has allowed the resources which utilized for the benefit of self and the society. We have allowed Cattle farmers of the surrounding villages to graze their cattle. This initiative improves the milk production and the social level of the farmer.

Additionally, the various requests made by the temples and other religious institutions are entertained. Distribution of dead coconut palms among the needy and donating copra for Annual Perehera festivals are also some of the CSR work we attend.

As a Plantation Company, social, economic and environmental development, we consider as main aspect of sustainable development and our intention is to expand the agriculture to most profitable and sustainable where in order to fulfill an aspirations of the employees is our intention.

FINANCIAL
REVIEW

The Financial Statement sets out the financial performance and the financial position of the Company, financial review reflects an overview of the Company's financial performance

COMPANY FINANCIAL PERFORMANCE AT A GLANCE **Rs.Mn**

	2022	2021	Variance Rs Mn	%	Key Factor
Coconut Nuts Mn	15.1	14.7	0.4	2.7%	Strategic management measures adopted
NSA (Net Sale Average) Rs.	57.61	57.51	0.1		Market trends
COP (per nut) Rs.	29.22	26.05	3.17	12%	Increasing the cost factors
Revenue (Rs.Mn)	975	1050	(75)	(7)%	Due to decrease in nursery income and decrease of cashew sales
Cost of Sales (Rs.Mn)	521	521			
Gross Profit (Rs.Mn)	454	529	(75)	(14)%	Due to decrease in nursery income
Other Income (Rs.Mn)	182	161	21	13%	Increase of other income Ref. note no.21
Administrative and General Expenses (Rs.Mn)	229	207	22	11%	Increase of administration expenses such as salary, vehicle fuel, repairs etc.
Finance Income (Rs.Mn)	136	26	110	423%	Due to Increase of FD Balance and interest rate
Finance Expenses (Rs.Mn)	44	40	4	10%	Government lease rental has increased based on annual GDP deflator.

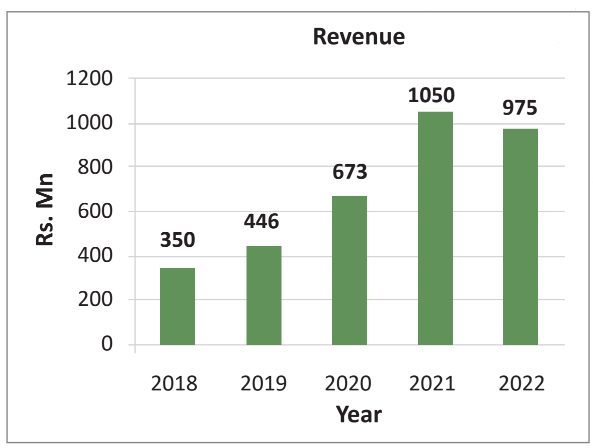
Revenue

The company recorded revenue of Rs 975.1 Mn for the corresponding year which was a 7% decrease compared to Rs. 1,049.9 Mn in 2021.

This decrease was mainly due to the drop in revenue from coconut nurseries from Rs. 142.2 Mn in 2021 to Rs 19.9 Mn in 2022. Revenue from coconut nursery has declined by 86% during the year on low demand for coconut plants due to the prevailed economic condition of the country.

Coconut income was the main component of the revenue which represented 90.5% of the total revenue, amounting to Rs 882.2 Mn compared to Rs 801.7 Mn in the previous year. Revenue from Livestock was the second highest revenue source in 2022 which represented for 2.5% of the total revenue amounting to Rs 24.4Mn

Contribution from other sources such as Nursery, Cashew, other perennial crop and project were Rs 68.5 Mn which represented 7%.

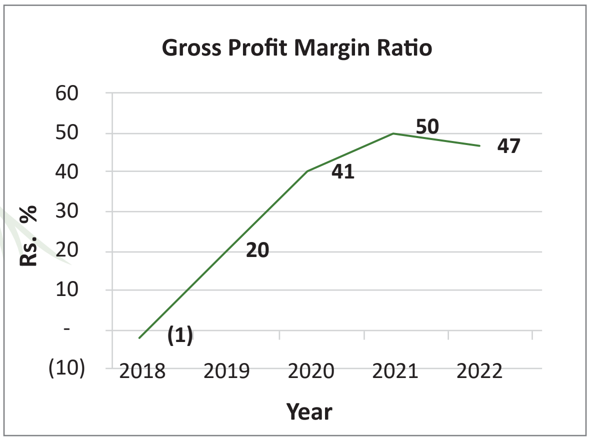


Cost of Sales

Cost of Sales for the year under review was Rs 520.9 Mn Compared to Rs.520.7 Mn in the previous year.

Gross Profit

Gross profit for the year under review was Rs. 454 Mn compared to Rs 529 Mn recorded in 2021. This decrease was mainly due to decrease in gross profit from coconut seedlings on declined in revenue generated from coconut seedlings.



Segmental Gross Profit

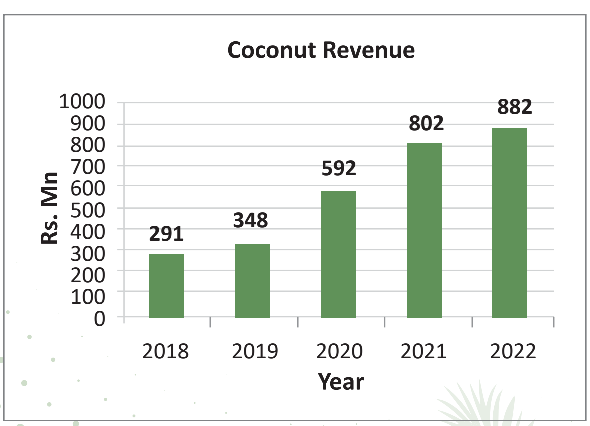
Coconut was the main contribution to gross profit, representing 92.5% amounting to Rs 420 Mn while Livestock profit contributed 2.8%, which represent Rs.12.6 Mn, cashew contributed 2.2%, which represents Rs. 10.1 Mn, nursery contributed 2.2%, which represent Rs 9.9 Mn and other crops and projects represented Rs 1.5Mn.

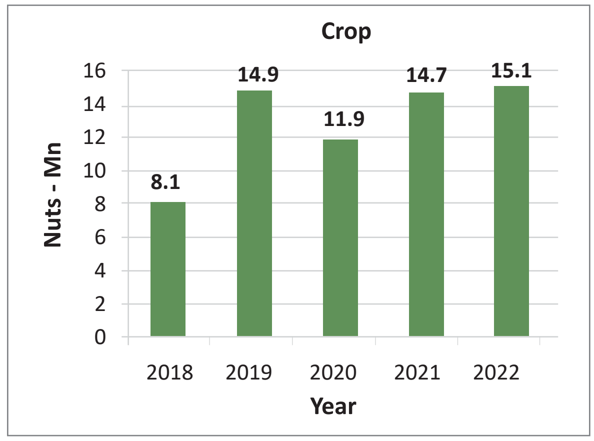
Coconut Sector

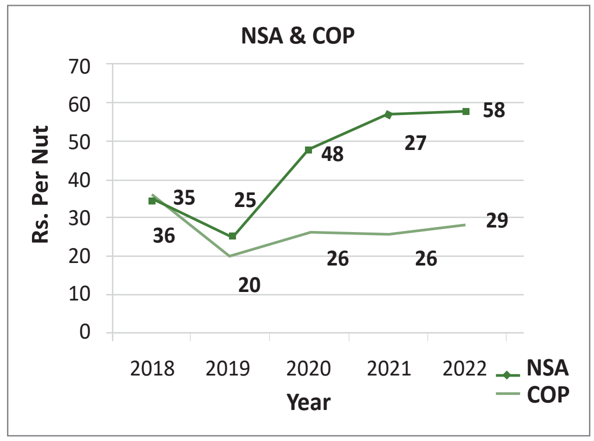
Chilaw plantations ltd has an extent of 3836.33hectares under coconut and these plantations are managed under the eight area estates. Plantations are situated in the planting districts of Puttalam, Kurunegala and Gampaha.

Currently the coconut immature plantation extent is 457.61 hectares, which is equal to 12% out of total coconut extent.

Total revenue generated from coconut was Rs. 882Mn compared to Rs. 802Mn in last year which is an increase of 10%. During the year, total coconut production was 15.1 Mn nuts indicating a increase of 2.7% as compared to prior year crop of 14.7 Mn nuts. Average sale price of coconut slightly increased from Rs 57.51 to Rs 57.61 per nut while the cost of production also increased from Rs. 26.05 to Rs. 29.22 per nut during the year under review.







Other Operating Income

Other Operating Income consisted of sales of Husks, Timber, leasing of Paddy land, Sale of dead/senile trees etc has increased from Rs. 160.9Mn in 2021 to Rs 181.5 Mn in 2022. Increased income from land development project in 2022 was the main reasons for this favorable variance.

Details of other income sources are shown in the Note No. 21 for the financial statement.

Administration and General Expenses

Administrative expenditure for the year 2022 was Rs 229 Mn compared to Rs 207 Mn in 2021which is an increase of Rs 22 Mn.The main factors that contributed to the increase in administration expenditure are as follows.

- Increase in staff salaries and allowances by Rs 8.3 Mn due to new recruitment in second half of year 2021 and annual salary increment as per management service circulars,
- Supervisory vehicle fuel cost has increased by Rs 5.6Mn during corresponding year mainly due to increase in fuel prices in the 2022
- The company has spend Rs 1.2 Mn on “Sramabhimani” scholarship program compared to Rs 0.4Mn in previous year .

- Provision for Depreciation made under the administration expenses has increased by Rs.1.2Mn mainly due to provision made on newly acquired property plant and equipment.
- Cost of printing and stationary has increased by Rs 0.5 Mn due to increase in cost on stationary and printing charges.

Finance Income

Finance income, mainly represents the interest income from Short- term deposits at banks and interest income on staff loans.

When compared to the year 2021, finance income has increased from Rs 25.6 Mn to Rs. 135.8Mn.

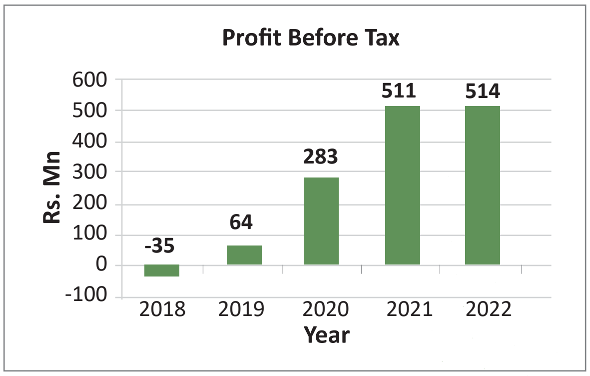
These increases were mainly due to the increase of Short term investment during the year on remarkable financial performance and increase in interest rate of Fixed deposits.

Finance Cost

Finance cost for the year was Rs 43.6 Mn compared to Rs 40.3 Mn in previous year, which mainly reflects the interest and contingent lease rental on JEDB Leasehold Assets. During the year 2022 it was Rs. 41.8Mn, recording a 6% increase compared to Rs 39.4Mn in previous year. As per the GDP deflator finance cost on JEDB leased hold assets is inflated annually.

Profit Before Tax

The company recorded profit of Rs 513.8 Mn before tax during the year,compared to a profit of Rs 510.8 Mn in 2021. CPL was able to achieve ever highest profit during the corresponding year 2022. The increased income from other operating activities, upward movement of coconut prices and interest income on fixed deposits helped to increased company profit.



Taxation

During the year under review the Company has made a tax provisionof Rs 20.4 Mn as per the amended act no 45 of 2022 of Department of Inland Revenue compared to tax reversal of Rs 121 Mn recorded in previous year. (Refer note no 24 for tax computation)

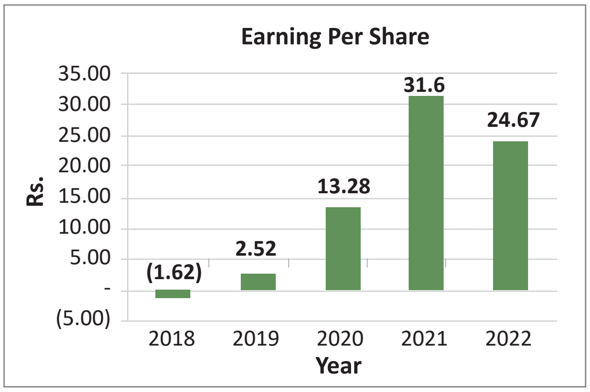
Recognition of Human Resource

The company paid sum of Rs 93Mn in the year 2022 as performance incentive to employees compared to the Rs.92.9 Mn in the year 2021.

In addition to that, a sum of Rs 14.6Mn was paid in the year 2022 as a bonus to the employees as per PED Circular No. 09/2022 compared to Rs 9.8 Mn paid in previous year.

Earnings Per Share (EPS)

Earnings per Share for the year 2022 were Rs 24.67 compared to Rs. 31.60 recorded in previous year. Increase in income tax provision in year 2022 as per amended Inland Revenue act was resulted to decreased EPS.

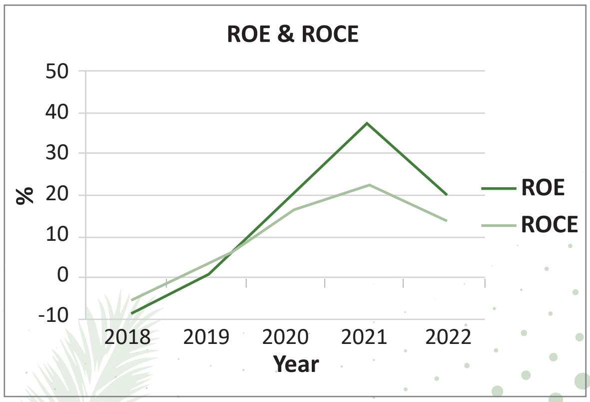


Dividend

Chilaw Plantations Ltd has paid a total dividend of Rs. 445Mn to the Treasury/Golden share holder, after the taking over the management back to the Government in May 2008. In comparison to the profit earned by the company from year 2008 to 2021 this is a significantly high amount. Thus the total dividends paid to the treasury by Chilaw Plantations from 1992 amounts to Rs 607Mn at the end of year 2021.

Return on Capital Employed (ROCE) and Return on Equity (ROE)

Return On Capital Employed decreased from 24.98% to 16.68% and the Return On Equity has also decreased from 39.01% to 23.08% compared to previous year, this was mainly due to reduction in operating profit compared to the previous year.



Asset Base

The total assets of the company at the end of the year 2022 were Rs 2,890 Mn with compared to Rs 2,392.5 Mn recorded in previous year. This is an increase of 21% when compared to year 2021. The increases in both non- current assets and current assets have contributed towards the improvement on the total asset base.

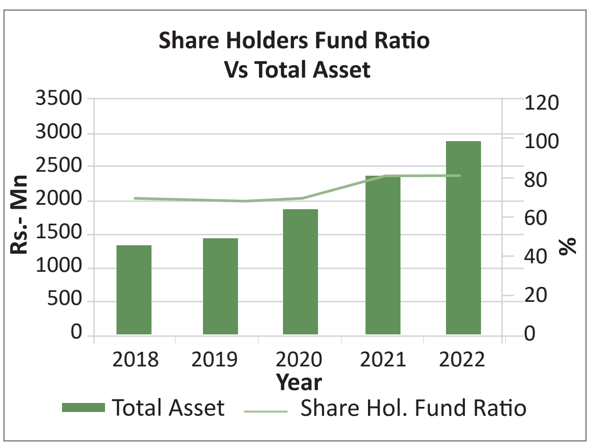
Pertaining to non- current assets, the asset base has increased from Rs. 1,387 Mn in 2021 to Rs 1,477 Mn in 2022 which indicates an increase of 6% over the previous year. Increase in bearer biological assets which resulted from the field development expenditure and increase of Freehold property plant and equipment on new purchases of assets were contributed to increase in non-current assets.

Mean while, the current asset base of the company has increased from Rs. 1,005 Mn in 2021 to Rs. 1,414 Mn in 2022 which indicates an increase of 41% over the previous year. Increase in trade and other receivable, Inventories and increase in short term deposits at the end of the year were the main reasons for this increase.

Shareholders' Fund Ratio

The shareholders fund in the Capital Structure increased by 23% from Rs 1,921 Mn in 2021 to Rs 2,355 Mn in 2022. This increase is mainly due to increase in revaluation reserves and increase in retained earnings on highest profit recorded in correspondence year.

The shareholders' Fund ratio has increased to 81.5% during the year from 80.3% in previous year.



Equity

Equity Comprise of stated capital of Rs. 200 Mn and reserves of Rs. 2,155Mn. The composition of the reserves is stated bellow.

Rs. Mn

	2022	2021
Retained Earnings	1,834	1,418
Timber Reserves & Vehicle revaluation reserves	321	303
Total Reserves	2,155	1,721

Liquidity Position

Working Capital

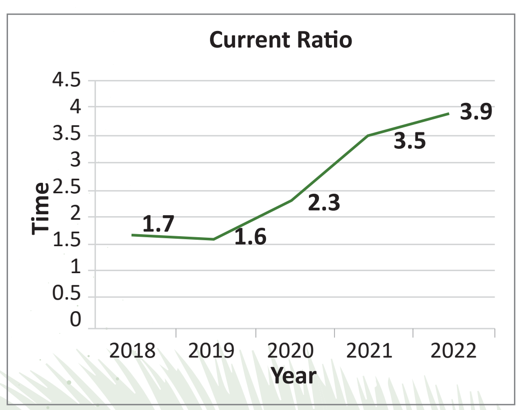
As at the reporting year end, the company's working capital recorded Rs. 1,051 Mn in comparison to Rs 717Mn in the previous year.

This increase was mainly due to increase in short term investment on better performance, increase in trade and other receivable and increase in inventories.

Current Ratio

The Current ratio reflects an upward movement for the year, showing a 3.9 times in the year 2022compared to 3.5 times in previous year.

The current ratio of 3.9 for the year is a meaningful level that enables the company to adequately meet the short term liquidity requirements.



Cash flow

Net operating cash flows

The company reported a Net cash inflow of Rs 431.6Mn from its operating activities during the year 2022 against net cash inflow of Rs. 474.7 Mn in the previous financial year. Better performance during the year of the company has led to record high value of net operating cash flow during the corresponding year.

Cash used for investing activities

Cash flow from investing activities reported a net cash outflow of Rs.201.7Mn in the current year compared to a net cash outflow of Rs. 275.8Mn in the previous year.

During the year under review, the company has invested Rs 55 Mn on field development, Rs. 71 Mn in Property Plant and Equipment and the company has invested Rs 101 Mn in Short term deposits for the maturity period over three months, which ultimately resulted in creating a net cash outflow from investing activities.

Finance activities

Cash flows from financing activities depict a net cash out flow of Rs 17 Mn during the year under review.

Net Cash flow generated

The Company has recorded a net cash flow of Rs 213 Mn during the year under review compared to Rs 106 Mn recorded in previous year.

Short term deposit , bank and cash balance

Cash and cash equivalent and short term deposits in Banks at the end of the year under review had been Rs. 1,053 Mn ,whereas in 2021 it was Rs. 739Mn , reflecting a increase of 42% compared to the previous year.

CORPORATE
GOVERNANCE

The Board of the Chilaw Plantations Limited operates on the principles of honesty, corporate fairness, transparency and accountability, and these governing principals would be the foundation on which it will endeavor to build strong relationship with all stakeholders and nurture the environment within which the Company operates.

The Company's activities are conducted with the ethical standards and in the best interest of stakeholders. This commitment is supported with the right roles, structure, information and resources which are embodied with policies, procedures and process that are designed not only to ensure regulatory compliance and sustainability of business but also to enhance business value.

Board of Directors

The Board of Directors is ultimately accountable and responsible for the performance of the company and is the focal point of the corporate governance process.

Responsibility

It sets key policies and strategic objectives and ensures their implementation. The Board also bears the ultimate responsibility for the integrity of the financial information, the effectiveness of the Company's systems of internal control.

Composition

In 2022 the Board of Directors comprised Seven Directors including the Chairman.

Board Meetings

Board Meetings are scheduled on a monthly basis. At these Meetings the Board sets out the strategic direction of the Company, reviews the annual budgets, the progress of all activities the recurrent and the capital expenditure programs.

The Board members are given appropriate documentation in advance of each Meeting.

The board met 10 times during the year 2022.

Audit Committee

The Audit Committee is comprised of Three non excecutive Directors.

Mr. H.G. Sumanasinghe being a non-executive Director functioned as the Chairman of the Audit Committee and conducted four evaluations during the year. Officer of Auditor Generals' Department participated as Observer of Audit Committee meeting.

The Chairman, GM, AGM Plantations and Senior Accountant attended Audit Committee Meetings on invitation. Chief Internal Auditer act as the convenior of the Audit Commitee meetings.

Compliance with Legal Requirment

The Board of Directors makes every endeavour to ensured that the Company complies with the Memorandum and Articles of Association of the Company and other rules and regulation as applicable to state-owned business undertakings of the Country.

The Board ensures that the financial statements of the company are prepared in accordance with the Sri Lanka Accountings Standards and comply with the requirements of the companies Act No. 07 of 2007.

RISK
MANAGEMENT

Risk management is very much vital to organizations of our nature involved in agri-business and agri based affairs. In this context one of the key problems we encounter is climate change. Changing the weather patterns have created an environmental where some of the routine agriculture practices cannot be executed as programmed. Price fluctuations, market fluctuations are also important areas to be concerned. Mitigating these are of paramount importance to the continuity of the organization. These identified risks assessments and mitigating strategies are highly necessary for the betterment of the organization.

Risk mitigation strategies:

Risk Factor	Risk Assessment	Risk Mitigation Strategies
Climate Change	Yields of Coconut, Cashew & other perennial Crops fluctuate unexpectedly due to adverse weather condition mainly due to the unforeseen and elongated drought that prevails continuously for months. Rain fall with high intensity creates flood during rainy season which also creates a threat to agriculture practices and crop harvest.	Undertaking increased soil moisture conservation work by way of husks buried in husk pits, more drains to trap rain water within the plantations soil, more low shades such as gliricidia and cover crops such as pureria being planted. More tanks are also renovated to collect rain water, which could later be used for irrigation whilst such collected water also feed the roots of the palms by maintaining the soil moisture in the vicinity of the tanks. Irrigation systems are being established to ensure the water requirements of the plants are met. Obtain insurance coverage where relevant
Impairment to production	High percentage of the mature palms of the age of over 50 years turning into senile, dud or tapering. Unforeseen diseases, pest and natural causes to the palms and plantation.	Undertaking New Planting and Under Plantations to replace the over aged palm population. Introducing suitable intercrops in coconut lands. Established two mite labs at Palugaswewa estate and Divulapitiya area estates. Integrated pest management strategies. Frequent trainings are given to staff on pest and disease management.
Commodity Cycle	Impaired prices and unsteady sales, depending on the consumer's demand, due to the increase in substitutes causing declined demand for coconut edible products, resulting in large quantities of nuts in the estates lying on the ground with a possibility to spoil if not alternative measures taken. Competition from close substitutes such as palm oil etc, to which more consumers are being attracted to, due to low cost, affect demand and prices	The Coconuts unsold at the Colombo CDA auction are sold through a mechanism introduced by the management to sell the same at estate level, additionally company level 'Pol Pola' also is in operation, in addition to the weekly CDA Coconut auction. The company has introduced district sales agent ship to sell the coconut and other value added products to the community. Concentrate to produce value added product The nuts not sold at all these auctions are turned into copra, a part of which is sold through auction and the other or major part turned into pure coconut oil at Palugaswewa oil mill. Arrangements have been made to distribute coconut to the consumer direct by sales outlets and deliveries specially to government officers

Risk Factor	Risk Assessment	Risk Mitigation Strategies
Credit Risk	The probability of having delays in the buyers settling the dues or failing to abide by the rules and regulations. Accumulation of dues.	Ensuring collection of dues from the buyers, by a closely monitored procedure. Seek the Authorities intervention on the long delayed settlements or on the buyers who don't response. Government lease payment are closely monitored and settled without a delay. Company has introduced rules and regulations with regard to payments due from the buyers.
Management Personnel	Lack of motivation and lack of knowledge of the job, resulting in poor productivity and outputs. Employees leaving for other industries or other organization for better remunerations and higher positions, leaving abroad for higher studies/ employments etc.	Workshops and training programs undertaken. Improving employees' benefits by way of financial / non financial incentives & fringe benefits. Maintaining healthy relationships with trade unions through regular dialogues. Ensure compliance with all regulatory requirements with regard to the benefits applicable to the employees and financial assistance are given to pursue higher studies. Ensuring promotions from within, to senior positions as far as possible and depending on the suitability.
Assets Risk	Risks from fire, theft and breakdown of machinery & equipment. Natural disaster, such as, caused by lightning, floods, insects, animals and elements. Land acquisition attempts by various parties.	Obtaining comprehensive insurance covers for all tangible assets. Adoption of stringent procedures with regard to the moving of assets from one location to another. Establishing fire gaps to prevent fire spreading in to our lands from outside and other available precautionary measures. Carrying out frequent preventive maintenance programs / fire drills etc. Adopting good agriculture practices Survey plans are being prepared to all the lands and legal actions are taken against illegal acquisitions.
Reputation Risk	Insufficient and improper knowledge of principles, procedures, standards, rules and regulations pertaining to employments, tradings and other procedures of an establishment. Produces not meeting with consumer or market demands and standards. Lack of knowledge pertaining to the performance, targets and standards.	Ensuring effective communication with various stakeholders such as employees, bankers, customers, regulators, Ensure quality in product & manufacturing process and compliance with the standards. Having in place a budgetary process & a budgetary control mechanism on a monthly basis to ensure that the Company's performance is continuously in line with its targets. Customer feedbacks are obtained to ensure the service and product quality.

Risk Factor	Risk Assessment	Risk Mitigation Strategies
Capital Investments Risk	Risk of not meeting with profit expectations and not receiving the desired returns on investment.	Adopting a stringent approval procedure for Capital expenditure based on the level of investment and the expected pay back.
Input material Risk	Non availability and deficit of essential inputs such as fertilizer, fuel as a result of current situation of the country.	Converting to substitute inputs such as organic fertilizer. Close monitoring of input usages.
Food security Risk of employees/ community	Prevailing situation of the country can create food shortage.	Provide land plots/ seeds for the employees to cultivate short term crops. Lands provided to outsiders on lease basis for cultivation.

AUDIT COMMITTEE
MEETING - 2022

Audit committee of Chilaw Plantation Limited consists three number of Non- Executive Board members & Chairman of the committee is a senior staff officer from Ministry of Finance. Other members are also senior staff officers from Ministry of Plantation & Sri Lanka Port Authority.

Chief Internal Auditor coordinates the Audit committee meeting, while the Secretary of the Board of Directors maintains minutes of the meeting. Representative from the National Audit Office & Chief Internal Auditor of the line ministry should serve as Observers as per the guideline.

Audit committee may invite at its discretion to Chairman / CEO, General Manager & some of the Head of Departments to participate the meeting. The audit committee meeting must meet at least once in three months and report its recommendation to the Board of Directors along with the minutes of the meeting to get corrective measures.

Audit committee is guided by the audit committee charter as follows,

Purpose

Provide assistance to Board of Directors in full filling its responsibility for following,

Preparation, presentation & adequacy of disclosure in the financial statements accordance with Sri Lanka Accounting standers, Compliance with financial reports with requirement information, ensuring performance of Internal Audit functions, identification, monitoring & management of significant risk in the business

Composition

Audit committee consists three Non- Executive Directors of the company. The Chairman of the committee is a senior staff officer with the knowledge in the field of Financial Management & Plantations.

Meetings

Audit committee meets at least once in three months. Agenda & minutes of the meeting along with appropriate briefing materials will be provided in advance to each member. Majority of members is the quorum for Audit Committee. Schedule for Audit committee meeting for each year will be prepared with the concurrence of the Audit Committee Members & circulated among them.

Scope of Audit Committee

Cover the under mentioned functions by scope of audit committee,

Financial reporting

Review the Financial statement, Management letter with External auditors report, progress of the company, Portfolio management, Labor utilization etc

Internal Audit

Review the Annual Internal audit program & approval, pay special attention for the performance of Internal audit staff, ensure the scope of internal audit, consider the effectiveness of Internal controls, remedial actions taken by the Management for External & Internal Auditors recommendation, review the procurement procedure, Action & Cooperate plans of the Company & their progress, etc

Risk management

Identification, Evaluation & Assessment of risk profile, Improving & implementation of risk management frame work & internal controls. Recommendations of strategies to mitigate the risk etc.

Relationship with External Auditors

Review the External Auditors report, findings and recommendations together with the Management responses, on a regular basis meet with External Auditors to discuss any matters etc…

Compliance

Review effectiveness of the systems for monitoring compliance with low & regulations, review the findings, observations of Internal &External Auditors, obtain regular updates from the Management, full filling the statutory requirement etc

Reporting responsibility

Reporting the recommendation of Audit committee to Board of Director, Facilitating to communicate among the Internal, External Auditors & Board of Directors, reporting the progress of the Business to Shareholders – General Treasury &Line Ministry etc.

Related party transactions

Review the procedure for documentation with related party according to Sri Lanka Accounting Standers, obtaining statement from the related parties for the particular period, review & recommendation to Board of Directors regarding the related party tractions etc

Audit Committee Meeting during the year 2022

There was four number of Audit committee meetings during the year 2022 in Chilaw Plantation Limited as follows,

Name of AMC Member	Date of meetings 30.06.2022	16.09.2022	01.12.2022	29.12.2022
Mr. H.G. Sumanasinha	-	√	√	√
Mr. K. Sudarshana De. Silva	√	-	-	-
Mrs. Aruni S Ranasinhe	-	-	√	√
Mr. N. Rajasinghe	√	√	√	√
Mr. K.C. Niroshan	√	√	-	-

(Mr. H.G. Sumanasinge & Mrs. Aruni S Ranasinghe were appointed to Audit Committee instead of Mr. Sudarshana De Silva and Mr. K.C. Niroshan)

H.G. Sumanasinghe
Chairman
Audit & Management Committee
Chilaw Plantation Limited

ANNUAL REPORT OF
BORD OF DIRECTORS

The Board of Directors are pleased to present the Annual Report pertaining to the Chilaw Plantations Ltd, together with the Audited Financial Statement of the company for the year ended 31st December 2022 and the Auditor General's Report thereon.

Legal status

Chilaw Plantations Limited (the Company) is a limited liability Company incorporated and domiciled in Sri Lanka, under the Companies Act No. 17 of 1982 (The Company re-registered under the companies Act No 07 of 2007) in terms of the provisions of the Conversion of Public Corporations or Government Own Business Undertaking into Public Companies Act No. 23 of 1987.

The registered office of the Company is located at No. 165, Puttalam Road, Chilaw and the Colombo office is located at No 55/75, Vauxuall Lane, Colombo 02. Whilst the Plantations are situated in the planting districts of Puttalam, Kurunegala and Gampaha

Which are organized under 08 planting Area Estates as described below.

- Palugaswewa Estate
- Chilaw Area Estates
- ThambapanniAreaEstates
- MangalaEliya Area Estates
- Divulapitiya AreaEstates
- Madampe Area Estates
- Bingiriya Area Estates
- Nikawaratiya Area Estates

Principal Activities

The principal activities of Chilaw Plantations Ltd are cultivation, Production and sale of Coconuts, cashew, other agriculture produce and livestock.

Financial Statements

Financial statements of the Company for the year ended 31st December 2022 have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs/LKASs) and are set out on pages 41 to 75 of the Annual Report.

Auditor's Report

The Auditor General's Report on the Financial Statements of the Company is given on pages 36 to 40

Accounting Policies

All significant accounting policies adopted in the preparation of the financial statements are given on pages 45 to 54 and there were no changes in the Accounting Policies adopted compared to the previous years.

Going Concern

The Board of Directors is satisfied that the Company has adequate resources to continue its operation in the foreseeable future. Accordingly, the financial statements are prepared on the 'Going Concern' Concept.

Directors

Directors of the Board, who served the Company during the year 2022, are given below:

Board of Directors	year 2022
Mr. R.W.M.J.S.R. Perera (from - 31.12.2019)	Chairman/CEO
Mr. H.G. Sumanasinghe (From 03.02.2020 to 02.03.2022 and from 26.07.2022	Director/Treasury Representative
Mrs. Aruni Shanika Ranasinghe (From 26.10.2022)	Director
Mr. N.K.K.Rajasinghe (From 05.02.2020)	Director
Mr.O.P.K. Pathiranage (from 05.02.2020 to 26.09.2022)	Director
Mr. Ajanta Moonemalle (From 05.02.2020)	Director
Mr. I.S.J.P. Gunawardhana (From 05.02.2020)	Director
Mr. W.W.A.N.T.A. Fernando (From 05.02.2020)	Director
Mr. K.C. Niroshan (From 21.07.2021 to 26.10.2022)	Director
Mr. C.S. Madugoda (From 26.09.2022 to 16.11.2022)	Director
Mr. K.P.G. Sisira Kumararathne (From 16.11.2022)	Director
Mr K.S.M. De Silva (From 12.03.2022 to 26.07.2022)	Director/Treasury Representative

Audit Committee

Following Directors of the Board served on the Audit Committee and conducted four evaluations during the year.

Audit Committee – 2022

Mr. H.G. Sumanasinghe (From 03.02.2020 to 02.03.2022 and from 26.07.2022)	Chairman (AMC)
Mr. K.S.M de Silva (From 02.03.2022 to 26.07.2022)	Chairman (AMC)
Mrs. Aruni Shanika Ranasinghe (From 26.10.2022)	Member (AMC)
Mr. N.K.K.Rajasinghe	Member (AMC)
Mr. K.C. Niroshan (From 21.07.2021 to 26.10.2022)	Member (AMC)
Auditor General's Department	Observer

Review of Performance

The review of the Company performance during the year and the important management and development programs are given under the Chairman's Review on pages 04 to 05 and the, Management Review and Financial review on the pages 10 to 25

Revenue

The Revenue of the Company for the year 2022 is Rs. 975.1 Mn (2021 - Rs. 1,049.9Mn) which is 7% decrease over last year. This decrease was mainly due to the decrease in revenue of coconut nurseries from Rs 142.2 Mn in 2021 to Rs 19.9 Mn in 2022 which is 86% decrease in comparison. Decline of demand for coconut plants due to prevailed economic condition of the country resulted drop in revenue from coconut nursery. Composition of the Revenue is given in note no 19 to the financial statements.

Other operating Income

The other operating income for the year was Rs. 181.5 Mn (2021- Rs. 160.9 Mn). Increased income from land development project in 2022 was the main reason for this favorable variance. Details of other income are provided in note no 21 to the financial statements.

The interest income earned during the year 2022 is Rs.135.8 Mn compared to Rs 25.6 Mn in previous year. The increase was mainly due to the increase in short term investment during the year on remarkable financial performance and increase in interest rate of fixed deposits.

Details of finance income are given in note no 23 of Audited Financial Statements.

Financial Results

During the year under review, the Company has recorded a Profit Before tax of Rs 513.8 Mn and Profit After Tax of Rs 493.4 Mn. This is as against the previous year PBT of 510.8 Mn and PAT of Rs 631.9 Mn. Decrease in profit after tax was mainly due to increase in tax provision during the corresponding year.

The Company's total comprehensive income net of tax for the financial year 2022 was Rs. 513.9 Mn (2021- Rs. 652.4 Mn).

Details of the financial results are given in the Statement of Comprehensive Income.

Fixed Assets

During the year 2022 the Company has invested Rs. 54.5 Mn (2021: Rs. 56.4Mn) on New/Under Plantations, management of Immature Plantations and Rs.70.8 Mn Invested on Property Plant and Equipment (2021: Rs. 14.6 Mn).

Net Book value of non-current assets (Property Plant & Equipment, Leasehold Right, Biological Asset, Improvement to leasehold property etc.) as at the Balance Sheet date in year 2022 is Rs. 1,476.5 Mn (2021 : Rs.1,387.4 Mn). Details of non-current assets are given in notes 04-08 and 11.1 of the Audited Financial Statements.

Short-term Investments

The Short-term Investments of the company as at 31st December 2022 is Rs. 985.6 Mn, compared to Rs.721.4 Mn in year 2021. Details are given in notes no 12 of the financial statement.

Reserves

The Reserves of the company at the end of year 2022 are represented by Retained Profit of Rs. 1,833.5Mn, Timber Reserves of Rs 223.4 Mn and revaluation reserves of motor vehicle of Rs 97.9 Mn. The movement and composition of the Reserves are disclosed under the statement of changes in equity of the Audited Financial Statements.

Taxation

A detailed statement of the income tax rates applicable to the Company and a reconciliation of the accounting profits with the taxable profits are given in note 24 to the financial statements on pages 68 to 69

Stated Capital

The total Stated Capital of the Company as at 31st December 2022 is Rs. 200,000,010 comprising 20,000,001 Ordinary shares, inclusive of one Golden Share. No Share allotments were made during the year.

Capital Commitments & Contingent Liability

Contingent Liabilities and Capital Commitments are disclosed in Note No 28 of the Audited Financial Statements.

Events After The Balance Sheet Date

There were no events subsequent to the Balance Sheet date, which would have any material effect on the Company, other than disclosed in Note no 25.2 to the financial Statements.

Directors' Interest in Contracts

The Directors have no direct or indirect interest in contracts with the company other than those declared in Note 27 to the Accounts.

Directors'Share Holdings

No Director of the Company or his/her spouse holds any shares in the Company.

Employment

The Company practices the Equal Opportunity

Policy in relation to all its activities including employment related selection, training, promotions, disciplinary proceedings, etc. based on merits, while complying with the Government Rules and Regulations for sustainable benefit of the Company. The Company also adheres to equal opportunity for all employees irrespective of gender, ethnicity, religion, marital status, political opinion, or physical stature and comply to the benefit the Company.

Statutory Payments

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company; all contributions, levies, and taxes payable on-behalf of and in-respect of the employees of the Company; and all other statutory dues, due and payable by the Company as at the Balance Sheet date have been paid or where relevant provided for.

Auditors

The Accounts for the year 2022 have been audited by the Auditor General. Audit opinion on the financial statement is given in the page no 36 to 40

Annual General Meeting

The Annual General Meeting is scheduled to be held at the JEDB Building, No. 55/78, Vauxhal Street, Colombo. on 18th December at 11.00 am

The notice of the Annual General Meeting and Form of Proxy are appearing on pages 77 to 78

This Annual report is signed on behalf of the Board of Directors by

....

Mr. R.W.M.J.S.R. Perera
Chairman/CEO

CORPORATE ADVISORY SERVICES (PRIVATE) LIMITED
PV 3793
SEC/1017/93

....
Secretaries

CORPORATE ADVISORY SERVICES (PVT) LTD
Secretaries - Chilaw Plantations Ltd
Colombo.

STATEMENT OF DIRECTORS'
RESPONSIBILITES

In keeping with provisions under the Companies Act No 7 of 2007, the Directors of Chilaw Plantations Ltd do acknowledge their responsibilities in relation to financial reporting of the Company, while the responsibilities of its Auditors, Auditor General' Department, are given in brief in their report.

The Financial Statements of the Company for the year ended 31st December 2022 included in this report, have been prepared and presented in accordance with the Sri Lanka Accounting standards and they provide the information as required by the Companies Act No. 7 of 2007, Sri Lanka Accounting Standards.

The Directors confirm that suitable accounting policies have been used and applied consistently, and that all applicable accounting standards have been followed in the preparation of the Financial Statements. All material deviations from these standards if any, have been disclosed and explained. The judgments and estimates made in the preparation of these Financial Statements are reasonable and prudent.

The Directors confirm their responsibility for ensuring that Company maintains accounting records, which are sufficient to prepare Financial Statements to disclose with reasonable accuracy, the financial position of the Company. They also confirm their responsibility towards ensuring that the Financial Statements presented in the Annual Report give a true and fair view of the state of affairs of the Company as at 31st December 2022.

The overall responsibility for the Company's internal control systems lies with the Directors. Whilst recognizing the fact that system of internal control that could provide absolute assurance against material misstatements and fraud, the Directors confirm that the prevalent internal control systems instituted by management comprised internal checks, internal audit, financial and other controls so designed that, there is reasonable assurance that all assets are safeguarded and transactions properly authorized and recorded, so that material misstatements and irregularities are either prevented or detected within a reasonable period of time.

The Directors are of the view that the Company has adequate resources to continue its operations in the foreseeable future and have continued to use the going-concern basis in the preparation of these Financial Statements.

The Directors have provided the Auditors General, with every opportunity to carry out review and tests that they consider appropriate and necessary for the performance of their responsibilities.

The Auditors, have examined the Financial Statements together with all financial records and related data and expressed as Independent Auditors Opinion, which is included in this Annual Report with relevant financial details.

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company; all contributions, levies, and taxes payable on-behalf of and in-respect of the employees of the Company; and all other statutory dues as were due and payable by the Company as at the Balance Sheet date have been paid or where relevant provided for.

CORPORATE ADVISORY SERVICES (PRIVATE) LIMITED
PV 3793
SEC/1017/93

Secretaries

By Order of the Board,
CORPORATE ADVISORY SERVICES (PVT) LTD
Secretaries - Chilaw Plantations Limited.

මගේ අංකය
எனது இல.
My No. PAL/C/CPL/01/2022/02

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date 12 September 2023

The Chairman
Chilaw Plantations Limited

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Chilaw Plantations Limited for the year ended 31 December 2022 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

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1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Chilaw Plantations Limited ("Company") for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, except for the effects of the matters described in the basis for Qualified Opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Qualified Opinion

(a) In terms of paragraphs 51 and 61 of Sri Lanka Accounting Standard 16 on property, plant and equipment, the useful life of non-current assets had not been reviewed annually and as such, fully depreciated assets such as equipment, furniture and fittings and water Supply costing Rs.24,666,125, Rs.16,326,565 and Rs.1,631,448 respectively had been further used by the Company by the end of the year under review. However, action had not been taken to revise the said estimated error in terms of Sri Lanka Accounting Standard 8 and to indicate the accurate carrying amount in the financial statements.

(b) In 18 estate divisions out of 85 estates division's survey work had been completed and it was observed that there is a difference of 378.9432 hectare between leased and survey extent with regard to the extent of land. Therefore in relation to those 18 estates divisions, the audit observed that the value of the lands in the statement of financial position was overstated by Rs.8,521,385.

(c) Deeds and plans relating to 67 estates divisions value at Rs.104.5 million shown in the statement of financial position were not available with the company. Furthermore it was observed that there was a difference of 603.8 hectares between estate Account's and lease agreement.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Other information included in the Company's 2022 Annual Report.

The other information comprises the information included in the Company's 2022 Annual Report but does not include the financial statements and my auditor's report thereon, which is expected to be made available to me after the date of this auditor's report. Management is responsible for the other information.

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

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the Company's 2022 Annual Report, if I conclude that there are material misstatements therein, I am required to communicate that matter to those charged with governance for correction. If further material uncorrected misstatements are existed those will be included in my report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution that will be tabled in due course.

1.4 Responsibility of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determine 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.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Company is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Company.

1.5 Auditor's Responsibility for the Audit of the Financial Statements

My objective is 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards 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 Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 my 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 the management.

- Conclude on the appropriateness of the 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

2.1 National Audit Act, No. 19 of 2018 and Companies Act, No. 7 of 2007 include specific provisions for following requirements.

2.1.1 Except for the effects of the matters described in the basis for Qualified Opinion section of my report, I have obtained all the information and explanation that required for the audit and as far as appears from my examination, proper accounting records have been kept by the Company as per the requirement of section 163 (2) of the Companies Act, No. 7 of 2007 and section 12 (a) of the National Audit Act, No. 19 of 2018.

2.1.2 The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.3 The financial statements presented includes all the recommendations made by me in the previous year except the audit matters of 1.2 (a),(b) and (c) described in the basis for Qualified Opinion section of my report as per the requirement of section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018.

2.2 Based on the procedures performed and evidence obtained were limited to matters that are material, nothing has come to my attention;

2.2.1 To state that any member of the governing body of the Company has any direct or indirect interest in any contract entered into by the Company which are out of the normal cause of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018

2.2.2 To state that the Company has not complied with any applicable written law, general and special directions issued by the governing body of the Company as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018

2.2.3 To state that the Company has not performed according to its powers, functions, and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018.

2.2.4 To state that the resources of the Company had not been procured and utilized economically, efficiently, and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018 except for,

(a) Although there is no legal authority, the company had lent Rs.105 million to the Janatha Estate development Board, Elkaduwa Plantation Ltd, Sri Lanka state plantation corporation, Ministry of State Resources and Enterprises development and Sri Lanka Rubber Manufacturing and Export Corporation Ltd in the year 2010. However Board of Directors of the company had provided for impairment in 2014 for the outstanding due amount of Rs.119.758 million. Furthermore, total due amount with interest of Rs.183.758 million as at 31 December 2022 had been shown only on a note of financial statement for the year 2022, instead of disclosing with financial position.

(b) Rs.1,114,325 debtors including loss of goods amounting Rs.799,320 had not been recovered for more than a year, which was the 53.8 per cent of total debtors.

W.P.C.Wickramarathne
Auditor General

CHILLAW PLANTATIONS LTD

STATEMENT OF COMPREHENSIVE INCOME

For the Year ended 31st December,	Notes	2022 Rs.	2021 Rs.
Revenue	**19**	975,106,419	1,049,911,121
Cost of Sales	**20**	(520,940,365)	(520,797,587)
Gross Profit		**454,166,053**	**529,113,534**
Gain/(loss) on fair value of Biological Assets	**7.3**	15,025,382	42,531,191
Other Operating Income and Gains	**21**	181,535,982	160,985,376
Administration and General expenses	**22**	(229,027,818)	(206,940,871)
Profit from Operations		421,699,599	525,689,231
Finance Income	**23**	135,874,424	25,611,433
Finance Expenses	**23.1**	(43,693,022)	(40,413,552)
Profit Before Tax		**513,881,001**	**510,887,112**
Tax Expense (Provisions)	**24**	(20,411,125)	121,091,847
Profit for the Year		**493,469,876**	**631,978,959**
Other comprehensive Income			
Defined benefit plan actuarial gains/(losses)	**16**	21,063,086	20,810,990
Deferred tax adjustment on asset revaluation		(562,333)	(364,008)
Total Comprehensive Income for the year, Net of Tax		**513,970,629**	**652,425,941**
Basic Earning Per Share	**25.1.2**	**24.67**	**31.60**

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 45 to 75 form an integral part of these Financial Statements.

Chilaw
March 31, 2023

CHILLAW PLANTATIONS LTD

STATEMENT OF FINANCIAL POSITION

As at 31st December,	Notes	2022 Rs.	2021 Rs.
ASSETS			
Non Current Assets			
Leasehold Right to Bare Land of JEDB Estates	04	60,356,373	63,045,095
Leasehold Property Plant & Equipment of JEDB Estates			
(Other than Right-to-Use-Land and Leased bearer biological assets)	05	769,468	786,290
Leased Bearer Biological Assets of JEDB Estates	05.1	10,939,028	12,980,315
Improvements to Leasehold property	6	1,028,825,198	992,716,087
Biological Assets -Livestock	7.1	25,779,100	14,901,800
Consumable Biological Assets	7.2	138,313,825	135,253,639
Freehold Property Plant & Equipment	08	193,729,753	156,222,060
Other finance assets	11.1	17,810,643	11,245,074
Deferred Tax Assets	14		314,675
		1,476,523,388	1,387,465,035
Current Assets			
Produce on bearer biological assets	9.1	30,194,568	33,767,324
Inventories	9.2	195,288,282	159,175,742
Assets Held for Sale	9.3	4	4
Trade and Other Receivables	10	127,630,321	68,343,764
Financial facility to State Enterprises	11		
Other finance assets	11.1	6,159,131	4,245,244
Other Current Assets		1,226,458	781,768
Short Term Investment	12	985,660,947	721,479,696
Cash in Hand and at Bank		67,349,035	17,242,514
		1,413,508,745	1,005,036,055
Total Assets		**2,890,032,133**	**2,392,501,090**
EQUITY & LIABILITIES			
Capital and Reserves			
Stated Capital	13	200,000,010	200,000,010
Retained Earnings		1,833,592,353	1,417,657,528
Revaluation Reserves (Timber revaluation & Vehicle revaluation)		321,460,790	303,424,986
Total Equity		**2,355,053,153**	**1,921,082,524**
Non Current Liabilities & Deferred Income			
Interest-bearing Loans & Borrowings	18.1	-	-
Deferred Tax Liability	14	314,474	-
Deferred Grants and Subsidies	15	9,775,811	7,229,055
Retirement Benefit Obligations	16	69,807,963	81,228,433
Liability to Make Lease Payment for the JEDB Estates	17	92,505,957	95,205,455
		172,404,205	183,662,943
Current Liabilities			
Trade and Other Payables	18	344,602,287	279,313,946
Income tax Payable		15,272,989	52,005
Interest-bearing Loans & Borrowings	18.1	-	5,794,000
Liability to Make Lease Payment for the JEDB Estates	17	2,699,498	2,595,671
		362,574,774	287,755,622
Total Equity and Liabilities		**2,890,032,133**	**2,392,501,090**

The Accounting Policies and Notes on pages 45 to 75 form an integral part of these Financial Statements.

Certification
It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

....
Mr. R.M.R.B. Ratnayake
Senior Accountant

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

....
Mr. R.W.M.J.S.R.Perera
(Chairman/CEO)

....
Mr. W.W.A.N.T.A.Fernando
(Director)

Chilaw
March 31, 2023

CHILLAW PLANTATIONS LTD

STATEMENT OF CHANGES IN EQUITY

For the Year ended 31st December, 2022

Description	Stated Capital Rs.	Timber Reserve Rs.	Revaluation Reserve Rs.	Accumulated Profit Rs.	Total Rs.
Balance as at 1 January 2021	**200,000,010**	174,390,833	98,887,979	845,377,761	1,318,656,583
Dividend for year 2020				(50,000,000)	(50,000,000)
Profit for the Year				631,978,959	631,978,959
Other Comprehensive Income	-		-	20,446,982	20,446,982
Transferred to Timber Reserve (7.2)	-	30,510,182		(30,510,182)	-
Deferred tax adjustment transfer to Motor vehicle Revaluation reserve			(364,008)	364,008	
Balance as at 31st December 2021	**200,000,010**	**204,901,015**	**98,523,971**	**1,417,657,528**	**1,921,082,524**
Dividend for year 2021				(80,000,000)	(80,000,000)
Profit for the Year	-			493,469,876	493,469,876
Other Comprehensive Income			-	20,500,753	20,500,753
Transferred to Timber Reserve		18,598,138		(18,598,138)	-
Deferred tax adjustment transfer to Motor vehicle Revaluation reserve			(562,333)	562,333	-
Total Comprehensive Income	200,000,010	223,499,152	97,961,638	1,833,592,353	2,355,053,153
Balance as at 31st December 2022	**200,000,010**	**223,499,152**	**97,961,638**	**1,833,592,353**	**2,355,053,153**

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 45 to 75 form an integral part of these Financial Statements.

Chilaw
March 31, 2023

CHILLAW PLANTATIONS LTD

STATEMENT OF CASH FLOW

For the Year ended 31st December,	2022 Rs.	2021 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before Tax	513,881,001	510,887,112
Adjustments for;		
- Depreciation/Amortization	55,403,094	51,134,100
- Amortization of Grants	(260,774)	(260,774)
- Finance Expenses	43,693,022	40,413,552
- Finance Income	(135,874,424)	(25,611,433)
- Provision For Defined Benefit Plan Costs	16,194,064	14,905,189
- Profit on Disposal of Property, Plant and Equipment		(849)
- Gain/(loss) on fair value of Biological Assets	(15,025,382)	(42,531,191)
- Profit on disposal of Timber Trees	(26,136,409)	(28,607,529)
- Profit on disposal of Coconut Trees	(33,353,764)	(38,022,368)
- Provision For Incentive Payment to the Staff and Workers	93,000,000	92,985,110
Impairment allowance for capital assets	-	1,471,052.91
- WIP Transfer out & Other Adjustment	1,092,564	221,325
	512,612,991	576,983,297
Changes in:		
- Inventories	(36,112,540)	(97,928,193)
- Dairy Livestock	(10,877,300)	2,267,250
- Trade and other Receivables	(114,360)	(28,953,976)
- Other Current Assets	(444,690)	(169,592)
- Trade and other Payables	(12,212,675)	47,270,044
Cash generated from operating activities	452,851,425	499,468,829
- Interest paid on government lease	(41,830,254)	(39,434,368)
- Defined Benefit Plan Costs paid	(6,551,448)	(11,711,977)
- Finance costs Paid	(106,118)	(517,516)
- Finance Income Received	96,309,432	21,409,692
- Income Tax Paid	(5,123,325)	-
- Incentive Payment to the Staff and Workers	(92,985,110)	(48,664,769)
- Cash received from sales of valuable trees	29,086,906	54,168,749
Net Cash from Operating Activities	431,651,508	474,718,640
CASH FLOWS FROM INVESTING ACTIVITIES		
- Additions of Property, Plant & Equipment	(70,827,576)	(14,627,649)
- Field Development Expenditure	(54,549,180)	(57,143,863)
- Cash received from sales of coconut trees	33,353,764	38,037,605
- Staff loan Granted	(14,619,000)	(10,121,000)
- Staff loan recovered	6,139,543	3,884,372
- Short Term Investment	(101,245,101)	(236,002,584)
- Cash received from Disposal of Property, Plant and Equipment		81,500
Net Cash used in Investing Activities	(201,747,549)	(275,891,619)
CASH FLOWS FROM FINANCING ACTIVITIES		
- Dividends Paid		(10,000,000)
- Arrears/prepayment Installment and capital settlement of Finance Lease	(13,874,818)	(72,900,713)
- Grant received for capital expenditure	2,807,530	2,000,000
- Loan repaid during the year	(5,794,000)	(11,604,000)
Net Cash Flows used in Financing Activities	(16,861,288)	(92,504,713)
Net Increase / (Decrease) in Cash & Cash Equivalents	213,042,671	106,322,307
A. Cash & Cash Equivalents at the Beginning of the Year	323,553,051	217,230,744
B. Cash & Cash Equivalents at the End of the Year	**536,595,722**	**323,553,051**
NOTE A		
Cash & Cash Equivalents at the beginning of the Year		
Short term Investments	306,310,537	201,000,000
Cash in Hand and at Bank	17,242,514	16,230,744
	323,553,051	**217,230,744**
NOTE B		
Cash & Cash Equivalents at the end of the Year		
Short term Investments	469,246,687	306,310,537
Cash in Hand and at Bank	67,349,035	17,242,514
	536,595,722	**323,553,051**

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 45 to 75 form an integral part of these Financial Statements.

Chilaw - March 31, 2023

1 CORPRORATE INFORMATION

1.1 Reporting Entity

1.1.1 Domicile and Legal Form

Chilaw Plantations Limited (the Company) is a limited liability Company incorporated and domiciled in Sri Lanka, under the Companies Act No. 17 of 1982 (The Company re-registered under the companies Act No 07 of 2007) in terms of the provisions of the Conversion of Public Corporations or Government Own Business Undertaking into Public Companies Act No. 23 of 1987.

The registered office of the Company is located at No. 165, Puttalam Road, Chilaw and the Plantations are situated in the planting districts of Puttalam, Kurunegala and Gampaha.

1.1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Company were cultivation of coconut, manufacture of copra and sale of green nuts, copra.

1.1.3 Parent enterprise and Ultimate parent Enterprise

The company's parent undertaking is the Government of Sri Lanka

1.2 Date of Authorization for Issue

The Financial Statements of Chilaw Plantations Ltd. for the year ended December 31, 2022 was authorized for issue in accordance with a resolution of the Board of Directors on 31st March 2023.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The Financial Statements have been prepared in accordance with Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, which requires compliance with Sri Lanka Accounting Standards (SLFRS/LKAS) promulgated by The Institute of Chartered Accountants of Sri Lanka (CASL), and with the requirements of the Companies Act No. 07 of 2007.

2.2 Basis of Measurement

These Financial Statements have been prepared in accordance with the historical cost convention other than leased assets of JEDB/SLSPC estates, which have been revalued as described in Note 04, 05 and 06 to the Financial Statements. Where appropriate, specific policies are explained in the succeeding notes and no adjustments have been made for inflationary factors in the Financial Statements.

2.3 Functional and Presentation Currency

The Financial Statements are presented in Sri Lanka Rupees (Rs.), which is the Company's functional and presentation currency. All financial information presented in Sri Lankan Rupees has been given to the nearest rupee.

2.4 Use of Estimates and Judgments

The preparation of the financial statements in conformity with SLFRS/LKAS requires Management to make judgments, estimates and assumptions that influence the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Judgments and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual experience and results may differ from these judgments and estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period and any future periods affected.

2.5 Going Concern

The Management of the company has made an assessment of the company's ability to continue as a going concern and is satisfied that the company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2.6 Comparative Information

The accounting policies have been consistently applied by the company and, are consistent with those used in the previous year unless otherwise stated and previous year's figures and phrases have been rearranged wherever necessary to conform to the current year's presentation.

2.7 Events occurring after the Reporting date

All material Events occurring after the Reporting date have been considered and where appropriate adjustments to or disclosures have been made in the Financial Statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Assets and Bases of their Valuation

Assets classified as current assets in the Statement of Financial Position are cash and those which are expected to realize in cash, during the normal operating cycle of the Company's business, or within one year from the reporting date, whichever is shorter. Assets other than current assets are those, which the Company intends to hold beyond a period of one year from the reporting date.

3.1.1 Property, Plant & Equipment

3.1.1.1 Recognition and Measurement

Property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be reliably measured.

Items of Property, Plant & Equipment are measured at cost (or at valuation in the case of Leasehold Right to Bare Land), less accumulated depreciation and accumulated impairment losses, if any.

(a) Owned Assets

The cost of Property, Plant & Equipment includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other cost directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalized as apart of that equipment.

When significant parts of Property, Plant & Equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the Statement of comprehensive income as incurred.

Capital work-in-progress is transferred to the respective asset accounts at the time of first utilization or at the time the asset is commissioned.

The carrying-values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Where motor vehicles are subsequently revalued, the entire class of such assets is revalued at fair value on the date of revaluation on 31st December 2020.

Any revaluation surplus is recognized in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the income statement, in which case the increase is recognized in the income statement. A revaluation deficit is recognized in the income statement, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

As per the valuation report of the Department of Government Valuation, Revaluation of the motor vehicles as at 31st December 2020 as follows.

Description	Net Carrying Value as at 31.12.2020 Rs.	Revalued Amount As at 31.12.2020	Revaluation Reserves Rs.
Motor Vehicle (Revalued)	4,987,021.00	103,875,000.00	98,887,979.00

Net book value of the above revalued assets as at 31st December 2022 are shown under the note no. 8 to the financial statements.

However below mentioned vehicles have not been revalued by the Department of Government Valuation due to the repairs being undertaken at the date of revaluation on 31st December 2020. Therefore those motor vehicles are measured at cost less accumulated depreciation

Details of motor vehicles measured at cost less accumulated depreciation.

Vehicle No	Category	Cost Rs.	Accumulated Depreciation	Net book value As at 31/12/2020
Sri 6018	Hand Tractor	41,500.00	41,499.00	1/=
NW SC 1607	Hand Tractor	104,000.00	103,999.00	1/=
36 Sri 5418	Tractor	1,661,995.70	1,304,777.00	357,218.70
36 Sri 3033	Tractor	467,739.46	467,737.46	2/=
NWRV 0245	Tractor Trailer	152,375.00	152,374.00	1/=
NW UZ 3922	Motor Cycle	148,925.00	148,924.00	1/=
NW UZ 3655	Motor Cycle	148,925.00	148,924.00	1/=

(a) Leased Assets

Assets obtained under the finance lease, (which effectively transfer substantial risks and benefits incidental to ownership of the leased item) are capitalized at an amount equal to the lower of their fair value and the present value of minimum lease payments at the inception and depreciated/amortized over the period the Company is expected to benefit from the use of the leased assets.

The corresponding principal amount payable to the lessor is shown as a liability. The interest element of the rental obligation applicable to each financial year is charged to the Statement of Comprehensive Income over the period of the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The cost of improvements to the leased property is capitalized and depreciated over the unexpired period of the lease or the estimated useful lives of the improvements whichever is shorter.

3.1.1.2 Subsequent Cost

The cost of replacing part of an item of Property, Plant & Equipment is recognized in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of those parts that are replaced is de-recognized in accordance with the de-recognition policy given below. The costs of the day-to-day servicing of Property, Plant &Equipment are recognized in profit or loss as incurred.

3.1.1.3 De-recognition

The carrying amount of an item of Property, Plant & Equipment is de-recognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on de-recognition are recognized in profit or loss and gains are not classified as revenue.

3.1.1.4 Depreciation and Amortization

(a) Depreciation

Depreciation is recognized in Statement of Comprehensive Income using a straight-line method on cost or valuation over the estimated useful economic lives of each part of an item of Property, Plant & Equipment. The estimated useful lives for the current and comparative periods are as follows:

	No. of Years	Rate (%)
Buildings	40	2.50
Plants & Machinery	15	6.67
Furniture & Fittings	10	10.00
Motor Vehicles	05	20.00
Equipment	08	12.50
Permanent Land development	30	3.33
Fencing	03	33.33
Water Supply	20	5.00

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date on which the asset is classified as held for sale or is de-recognized. Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted prospectively, if appropriate.

(b) Amortization

Assets held under finance leases are amortized over the shorter of the lease term and the useful lives of equivalent owned assets unless it is reasonably certain that the Company will have ownership by the end of the lease term. Lease period of land acquired from JEDB/SLSPC will be expired in the year 2045.

The leasehold rights of assets taken over from JEDB/SLSPC are amortized in equal amounts over the shorter of the remaining lease periods and the useful lives and the estimated useful lives for the current and comparative periods are as follows:

	No. of Years	Rate (%)
Leasehold right to bare Land	53	1.89
Improvements to Land	30	3.33
Other Vested Assets	30	3.33
Buildings	25	4.00
Machinery	15	6.67
Water Supply	20	5.00

3.1.2 Biological Asset

3.1.2.1 Immature and Mature Plantations

A) Immovable Leased Bearer Biological Assets (Immature and Mature Plantations)

In terms of the ruling of the UITF of Institute of Chartered Accountants of Sri Lanka prevailed at the time of privatization of plantation estates, Immovable Leased Bearer Biological Assets (Immature and Mature Plantations) in the JEDB/SLSPC estates under finance leases have been taken into the books of the Company retroactive with effect from 11th June 1992.

Amortization on Immovable Leased Bearer Biological Assets is recognized in Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of the asset and the estimated useful life for the current and comparative periods is as follows:

	No. of Years	Rate (%)
Mature Plantations	30	3.33

B) Improvements to Leasehold Property (Immature and Mature Plantations)

The cost of land preparation, rehabilitation, new planting, replanting, inter-planting and fertilizing, etc., incurred between the time of planting and harvesting (when the planted area attains maturity after 8 years), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads. The expenditure incurred on bearer biological assets (i.e. Coconut) which comes into bearing during the year, is transferred to mature plantations.

Depreciation on Improvements to Leasehold Property is recognized in Statement of Comprehensive Income on a straight-line basis over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is shorter.

The expenditure incurred on immature plantations which comes into bearing during the year, is transferred to mature plantations at the end of the year and is depreciated over their useful lives as follows.

The immature period and estimated useful life span for the current and comparative periods are as follows: (useful life span is counted after immature period)

	Immature Period No. of year	Lifespan No. of Year	Depreciation Rate (%)
Coconut	08	50	2.00
Cashew	08	25	4.00
Dragon Fruit	03	20	5.00
Cinnamon	04	20	5.00
Pepper	06	20	5.00
Rambutan	06	20	5.00
Mango	05	20	5.00

C) Consumable Biological Assets

Consumable timber 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. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period are immaterial. The fair value of timber trees are 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.

The gain or loss arising on initial recognition of Consumable Biological assets at fair value less cost to sell and from a change in fair value less cost to sell of Consumable Biological assets are included in profit or loss for the period in which it arises all other assumptions are given in Note 7.2

The main variables in DCF model concerns.

Variable	Comment
Currency valuation	Sri Lankan Rupees (Rs.)
Timber content	Estimate based on physical verification of girth, height and considering the growth of each species in different geographical regions. Factor all the prevailing statutory regulations enforced for harvesting of timber coupled with forestry plan of the Company.
Economic useful life	Estimated based on the normal life span of each spices by factoring the forestry plan of the Company.
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:

- Age to harvest 5 or below years 16%
  Age to harvest 6 -15 years 17%
  Age to harvest 15 years or above 18%

3.1.2.2 Dairy Live Stock

Dairy Live Stocks are measured at their fair value less costs to sell. The fair value of livestock is determined in accordance with the circulars issued by the National Livestock Development Board.

3.1.3 Non-Current Assets Held for Sale

Non- current assets, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are measured at lower of their carrying amount and fair value less cost to sell.

Non-current assets are classified as held for sale only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Property, Plant & Equipment once classified as held for sale are not depreciated or amortized.

3.1.4 Inventories

Inventories are valued at lower of cost and estimated net realizable value, after making due allowances for obsolete and slow moving items. Net realizable value is the price at which inventories can be sold in the ordinary course of business after allowing for cost of realization and/or cost of conversion from their existing state to saleable condition.

The cost incurred in bringing inventories to its present location and conditions are accounted using the following cost formula.

Input Material Consumables & Spares	At actual cost on FIFO basis.
Growing Crop – Nurseries	At the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads.
Harvested Crop	Agricultural produce harvested from its biological assets are measured at their fair value less cost to sell at the point of harvest. The finished and semi-finished inventories from agriculture produce are valued by adding the cost of conversion to the fair value of the agricultural produce.
Live Stocks	Dairy Live Stocks are measured at their fair value less costs to sell. The fair value of livestock is determined in accordance with the circulars issued by the National Livestock Development Board.

3.1.4.1 Harvestable Agricultural Produce Growing on Bearer Biological Assets

In accordance with LKAS 41, company recognize agricultural produce growing on bearer plants at fair value less cost to sell. Change in the fair value of such agricultural produce recognized in profit or loss at the end of each reporting period.

For this purpose, quantities of harvestable agricultural produce ascertained based on harvesting cycle of each crop category by limiting to one harvesting cycle based on last day of the harvest in the immediately preceding cycle. Further 50% of the crop in that harvesting cycle considered for the valuation. For the valuation of the harvestable agricultural produce, the company uses the following price formulas.

Coconut – fair value less cost of picking & Transport ect.

3.1.5 Financial Instruments

3.1.5.1 Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not an FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3.1.5.2 Classification and subsequent measurement

3.1.5.2.1 Financial assets

i) Policy applicable from 1st January 2018

On initial recognition, a financial asset is classified as measured at; amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequently to their recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL;

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL;

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

On the initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial assets that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

a) Business model assessment:

The Company makes an assessment of the objectives of the business model in which a financial asset is held as a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes;

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management.
- The risks that affect the performance of the business model (and the financial assets held within the business model) and how those risks are managed;
- The frequency, volume and timing of sales of financial assets in prior periods, the reason for such sale and expectation about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de recognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

b) Subsequent measurement and gains and losses:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on de recognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On de recognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

3.1.5.2.2 Financial liabilities

i) **Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost of FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any

interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on de recognition is also recognised in profit or loss.

3.1.5.3 De recognition

3.1.5.3.1 Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets. In these cases, the transferred assets are not derecognised.

3.1.5.3.2 Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On de recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.1.5.4 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.1.5.5 Impairment - Financial Assets

Non-derivative financial assets

3.1.5.5.1 Financial instruments and contract assets

Loss allowances for trade receivables are always measured at an amount equal to lifetime Expected Credit Loss (ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 365 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 180 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

3.1.5.5.2 Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

3.1.5.5.3 Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired.

A financial asset is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset occurred.

Evidence that a financial asset is credit-impaired includes the following observable data;

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

3.1.5.5.4 Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

3.1.5.5.5 Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3.2.1.Financial Risk Management Objectives and Policies

The Company principal financial liabilities comprise trade and other payables, and income tax payables. The main purpose of these financial liabilities is to finance the Company operations. The Company has loans provided to state enterprises and Trade and other receivables and cash and short-term deposits that arrive directly from its operations.

Accordingly the Company has exposure to namely Credit Risk, Liquidity Risk, Currency Risk and Interest Rate Risk from its use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

3.2.1.1. Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arise principally from the Company's receivable from customers.

3.2.1.2. Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

3.2.2. Employees' Benefits

(a) Defined Contribution Plans - Provident Fund and Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognized as an expense in profit and loss in the periods during which services are rendered by employees.

The Company contributes 12% on consolidated salary of such employees to Employees' Provident Fund (EPF) and 3% on the consolidated salary of such employees to the Employees' Trust Fund.

(b) Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The cost of defined benefit plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases and staff turnover. Due to the long-term nature of these obligations, such estimates are subject to significant uncertainty. Details of the key assumptions used in the estimates are contained in Note 16.

The liability is externally funded in fixed deposits with Bank of Ceylon.

3.3. Deferred Income

Grants and Subsidies

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Grants related to Property, Plant & Equipment are initially deferred and allocated to income on a systematic basis over the useful life of the related Property, Plant & Equipment as follows:

Assets are amortized over their useful lives or unexpired lease period, whichever is less.

Buildings	40 years
Water Supply	20 years
Motor Vehicles	05 years
Furniture and Fittings	10 years
Equipments	08 years

3.4. Income and Expenses

For the purpose of presentation of Income Statement, the function of expenses method is adopted, as it represents fairly the elements of the Company's performance.

3.4.1.Revenue Recognition

SLFRS 15 provides a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced LKAS 18 Revenue, LKAS 11 Construction Contracts and related interpretations. Under SLFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when or as an entity transfers control of goods and services to a customer at the amount at which the entity expects to be entitled. Revenue principally comprises of Coconut and copra sales.

As per SLFRS 15, which became effective from January 1, 2018, the Company adopts principles based five step model for revenue recognition. Accordingly, revenue is recognized only when all of the following criteria are met.

- The parties to the contract have approved the contract/s;
- The entity can identify each party's rights regarding the goods or services to be transferred;
- The entity can identify the payment terms for the goods or services to be transferred;
- The contract has commercial substance;
- It is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

There is no significant impact on the Financial Statement of the Company resulting from the application of SLFRS 15

a) Gains and losses on disposal of an item of Property, Plant & Equipment are determined by comparing the net sales proceeds with the carrying amounts of Property, Plant & Equipment and are recognized within 'other operating income' in the Income Statements.

b) Other Incomes are recognized on accrual basis.

3.4.2. Expenses

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

3.5. Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, when it is recognized in equity.

(a) Current Tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date and any adjustments to tax payable in respect of previous years. The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act and amendments thereto.

(b) Deferred Tax

Deferred tax is recognised using the Balance Sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting or taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax withheld on dividend income from subsidiaries and Associates is recognised as an expense in the Consolidated Income Statement at the same time as the liability to pay the related dividend is recognised.

3.6 Changes in Accounting Policies and Disclosures

Amendment to LKAS 41 & 16 – Harvestable produce growing on Bearer Biological assets

Amendments to LKAS 16- Properly, plant and equipment and LKAS 41- Agriculture, require entity to recognize agricultural produce growing on bearer plants at fair value less cost to sell separately by from its bearer plants prior to harvest. After initial recognition, changes in the fair value of such agricultural produce growing on bearer plants, recognized in profit or loss at the end of each reporting period. Accordingly, the Company has applied these amendments retrospectively in the Financial Statements.

3.7 Segment Reporting

Segmental information is provided for the different business segments of the Company. Business segmentation has been determined based on the Geographical area of Plantations are situated. The activities of the segments are described in the Note 26 to the Financial Statements and Geographical area of Plantations are as follows,

Group I Estates	**Group II Estates**
Chilaw Area Estate	Bingiriya Area Estate
Palugaswewa Estate	Divulapitiya Area Estate
Thambapanni Area Estate	Madampe Area Estate
Mangala Eliya Area Estate	Nikawaratiya Area Estate

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31st December, 2022

04. LEASEHOLD RIGHT TO BARE LAND OF JEDB ESTATES

Leases have been executed for all estates for a period of 53 years. All of these leases are retroactive with effect from June 11, 1992 the date of formation of the Company. The leasehold right to the land on all these estates have been taken into the books of the Company on June 11, 1992 immediately after the formation of the Company, in terms of the ruling on this matter obtained from the Urgent Issue Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka. For this purpose the Board decided at its meeting on 08th March 1995 that this bare land would be revalued at the value established for this land by valuation specialist, D.R.Wickramasinghe just prior to the formation of the company.

These assets are taken into the Balance Sheet as at 11th June 1992 and amortized by equal amounts over a 53 year period and the unexpired period of the lease as at the Reporting date is 22.5 years.

	Gross Carrying Value	
	as at 31.12.2022 Rs.	as at 31.12.2021 Rs.
Leasehold Right to Bare land	**142,502,287**	**142,502,287**

	Amortization		
	as at 31.12.2022 Rs.	For the Year Rs.	as at 01.01.2022 Rs.
Leasehold Right to Bare land	**82,145,914**	**2,688,722**	**79,457,192**

	Carrying Value	
	as at 31.12.2022 Rs.	as at 31.12.2021 Rs.
Leasehold Right to Bare land	**60,356,373**	**63,045,095**

05. IMMOVABLE LEASED ASSETS OF JEDB ESTATES
(OTHER THAN RIGHT-TO-USE LAND AND LEASED BEARER BIOLOGICAL ASSETS)

In terms of the ruling of the UITF of Institute of Chartered Accountants of Sri Lanka prevailed at the time of privatization of plantation estates, all immovable Assets in the JEDB/SLSPC estates under finance leases have been taken into the books of the Company retroactive with effect from 22nd June 1992. For this purpose the Board decided at its meeting on March 08, 1995 that these assets would be taken at their book values as they appear in the books of the JEDB/SLSPC, on the day immediately preceding the date of formation of the Company. These assets are taken into the 11th June 1992 Balance Sheet and the amortization of immovable estate assets up to 31st December 2022 are as follows.

At Valuation	Improvements to Land Rs.	Other Vested Assets Rs.	Buildings Rs.	Machinery Rs.	Water Supply Rs.	2022 Rs.	2021 Rs.
Capitalized Value	841,193	1,002,944	25,356,498	530	4,026,236	31,227,401	31,227,401
Amortization							
As at 1 January	70,652	987,195	25,356,498	530	4,026,236	30,441,110	30,405,323
Amortization for the Year	1,074	15,749		-	-	16,823	35,787
As at 31 December	71,725	1,002,944	25,356,498	530	4,026,236	30,457,933	30,441,110
Carrying Amount	**769,468**	-	-	-	-	**769,468**	**786,290**

05.1. Leased Bearer Biological Assets of Jedb Estates

Revaluation	2022 Rs.	2021 Rs.
Mature Plantation	78,790,334	79,653,582
Disposal Adjustment	(512,888)	(863,248)
	78,277,446	**78,790,334**
As at 01 January	65,810,019	64,005,567
Amortization for the Year	2,041,287	2,652,464
Disposal Adjustment	(512,888)	(848,012)
As at 31 December	**67,338,419**	**65,810,019**
Carrying Amount	**10,939,028**	**12,980,315**

Investment in plantation assets which were immature at the time of handing over to the company by way of estate leases are shown under immature plantations (revalued as at 11th June, 1992), all of which have been transferred to mature plantations as at the reporting date. Investment by the Company on mature and immature plantations is shown separately under Improvements to Leasehold Property (Mature / Immature Plantation) in Note 6 These Mature/Immature plantations were classified as bearer biological assets in terms of LKAS 41 - Agriculture.

06 IMPROVEMENTS TO LEASEHOLD PROPERTY (Bearer Biological Assets)

	Immature Plantation	Mature Plantation				
		Coconut	Cashew	Other	2022	2021
Cost	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At the beginning of the - Year	292,810,260	701,473,805	100,026,612	7,968,053	1,102,278,731	1,047,906,736
Additions	54,538,053	-	-		54,538,053	56,473,497
Transferred from Immature		109,982,407	-	-	109,982,407	102,500,779
Transferred to Mature	(109,982,407)	-	-	-	(109,982,407)	(102,500,779)
Impairment of assets	-	-	-	-	-	(2,101,503)
At the end of the Year	**237,365,906**	**811,456,212**	**100,026,612**	**7,968,053**	**1,156,816,784**	**1,102,278,731**
Depreciation						
At the beginning of the - Year		63,419,852	44,516,410	1,626,381	109,562,644	93,731,525
Charge for the Year		14,029,475	4,001,064	398,403	18,428,942	16,461,569
Impairment of assets				-	-	(630,450)
At the end of the Year		**77,449,327**	**48,517,474**	**2,024,784**	**127,991,586**	**109,562,644**
Carrying Value	**237,365,906**	**734,006,885**	**51,509,138**	**5,943,269**	**1,028,825,198**	**992,716,087**

Note :

These are investments in immature/mature plantations since the formation of the Company. The assets (including plantations assets) taken over by way of estate leases are set out in Notes 4, and 5 to the Financial Statements. Further investment in immature plantations taken over by way of leases are shown in this Note. When such plantations become mature, the additional investments since taken over to bring them to maturity will be moved from immature to mature under this Note. A corresponding movement from immature to mature of the investment undertaken by JEDB/SLSPC on the same plantation prior to the lease will be carried out under Note No. 5.1

The requirement of recognition of bearer biological assets at its fair value less cost to sell under LKAS 41 was superseded by the ruling issued on 02 March 2012, by The Institute of Chartered Accountants of Sri Lanka. Accordingly, the Company has elected to measure the bearer biological assets at cost using LKAS 16 - Property Plant & Equipment.

Specific borrowings have not been obtained to finance the planting expenditure. Hence, borrowing costs were not capitalized during the year under Immature Plantations (2022 - Nil)

07.1 Biological Assets - Livestock

		2022	2021
		Rs.	Rs.
Dairy Livestock	07.1.1	9,507,450	8,144,710
Other Livestock	07.1.2	16,271,650	6,757,090
		25,779,100	**14,901,800**

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31st December, 2022

07.1.1 Dairy Livestock

	Immature Cows (Calves / Heifers) Rs.	Mature Cows (Milking and Dry cows) Rs.	2022 Rs.	2021 Rs.
As at 1st January	1,230,930	6,913,780	8,144,710	8,763,745
Additions during the Year	37,210		37,210	56,266
Gain/(Loss) on fair value for the Year	(543,698)	3,915,328	3,371,630	401,244
Value increase/decrease on physical changes	(76,456)	226,128	149,672	453,860
Transfer in/(out) other estates	(393,860)	(1,732,586)	(2,126,446)	1,600,750
Death/Sales	(22,326)	(47,000)	(69,326)	(3,131,155)
As at 31st December	**231,800**	**9,275,650**	**9,507,450**	**8,144,710**

Livestock are measured at their fair value less costs to sell. The fair value of livestock is determined in accordance with the circulars issued by the National Livestock Development Board.

07.1.2 Other Livestock (Bearer Biological Assets)

	Buffalos Rs.	Cart Bull Rs.	Stud Bulls Rs.	Sheep/Goat Rs.	Neat Cattle Rs.	2022 Rs.	2021 Rs.
As at 1st January	2,320,490	1,540,860	145,440	2,481,700	268,600	6,757,090	8,405,305
Additions during the Year	117,260	126,000	-	209,900	6,500	459,660	727,751
Transfer in and Out	2,126,446					2,126,446	(1,377,326)
Death/Sales	(272,313)	(280,650)		(1,069,475)	(192,500)	(1,814,938)	(1,505,888)
Gain/Loss on fair Value for the year	3,808,117	1,785,940	154,260	2,899,875	95,200	8,743,392	507,248
	8,100,000	**3,172,150**	**299,700**	**4,522,000**	**177,800**	**16,271,650**	**6,757,090**

7.2 Consumable Biological Assets- Timber Plantations

	2022 Rs.			2021 Rs.		
	Immature	Mature	Total	Immature	Mature	Total
Balance as at 1st January	750,354.16	134,503,285	135,253,639	79,988	129,554,323	129,634,311
Increase due to development/ Investment	11,126.18	-	11,126.18	670,366		670,366
Trans In/(Out)						
Changes in fair value less cost to sell		18,598,138	18,598,138		30,510,182	30,510,182
Decrease due to harvest		(15,549,078)	(15,549,078)		(25,561,220)	(25,561,220)
Balance as at 31st December	**761,480.34**	**137,552,345**	**138,313,825**	**750,354**	**134,503,285**	**135,253,639**

Consumable Biological assets include timber trees grown in estates. The cost of immature trees is treated as approximate fair value particularly on the ground of little biological transformation has taken place and impact of the biological transformation on price is not material.

The valuation was carried by Mr. A.A.M. Fathihu,Charterd Valuation Serveyor, using Discounted Cash Flow (DCF) method. In ascertaining the fair value of timber a physical verification was carried out covering all the estates.

Key assumption used in Valuation

1. Based on the price list of the state timber corporation of timber logs
2. The Prices adopted are net of expenditure.
3. Discount rate - Age to harvest 5 or below years 16%
   Age to harvest 6 -15 years 17%
   Age to harvest 15 years or above 18%
4. Time period of maturity estimated at 30 years

The valuations, as presented in the external valuation models based on net present values, take into accounts the long term exploitation of the timber trees. Because of the inherent uncertainly associated with the valuation at fair value of the biological assets due to the volatility of the variables, their carrying value may differ from their realizable value. The Board of Directors retains their view that commodity markets are inherently volatile and that long term price projections are highly unpredictable

The company is exposed to the following risks relating to its timber trees.

Regulatory and environmental risks

The Company is subject to laws and regulations in Sri Lanka. The Company has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

Supply and demand risk

The Company is exposed to risks arising from fluctuations in the price and sales volume of timber. When possible, the Company manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analyses to ensure that the Company's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

Climate and other risks

The Company's timber trees are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces.

7.3 Change in Fair Value of Biological Assets

	2022 Rs.	2021 Rs.
Changes in fair value of consumable biological assets (Note 7.2)	18,598,138	30,510,182
Changes in fair value of Produce on bearer biological Assets (Note 9.1)	(3,572,756)	12,021,009
	15,025,382	**42,531,191**

08. FREEHOLD PROPERTY PLANT & EQUIPMENTS

	Buildings Rs.	Plant & Machinery Rs.	Motor Vehicles Rs.	Equipment Rs.	Furniture & Fittings Rs.	Fencing Rs.	Water Supply Rs.	2022 Rs.	2021 Rs.
Cost/ Valuation									
As at 1 January	50,793,653	8,902,837	106,600,460	62,363,029	12,322,461	31,652,831	12,422,925	285,058,196	271,927,048
Additions	3,288,146.30	-	15,292,461	9,674,109	1,707,576	4,829,804	32,495,538	67,287,635	13,212,648
Transfers/Disposal	-	-	-	-	-	-	-	-	(81,500)
Transf. to held for sale								-	-
Transferred due to revaluation			-					-	-
Revaluations			-					-	-
As at 31 December	54,081,799	8,902,837	121,892,921	72,037,138	14,030,037	36,482,634	44,918,463	352,345,830	285,058,196
Depreciation									
As at 1 January	13,601,512	4,528,073	23,238,492	47,815,968	9,555,392	25,922,862	5,960,805	130,623,104	101,328,395
Charge for the Year	1,274,593	560,469	22,984,411	3,616,576	546,553	2,675,830	568,888	32,227,320	29,295,558
Transfers/Disposal	-	-	-	-	-	-	-	-	(849)
Transferred due to revaluation			-					-	-
Transf. to held for sale			-					-	-
As at 31 December	14,876,105	5,088,542	46,222,903	51,432,543	10,101,945	28,598,692	6,529,693	162,850,424	130,623,104
Net Value								**189,495,407**	**154,435,092**
Capital Work-in-progress									
As at 1 January								1,786,968	466,542
Additions during the Year								4,014,942	1,673,968
Capitalized during the year & Transfer out								1,567,564	353,542
As at 31 December								4,234,346	1,786,968
Carrying amount								**193,729,753**	**156,222,060**

Note :

The assets shown above are those movable assets vested in the Company by Gazette notification on the date of formation of the Company (11.06.1992) and all investment in tangible assets by the company since its formation. The assets taken over by way of estate leases are set out in Notes 4 and 5.

Further, the valuation of immovable JEDB / SLSPC estate assets on finance lease (other than leasehold property) and tangible assets other than immature / mature plantations taken over on 11 June 1992 is based on net book values obtained from the State Plantations Corporation and Janatha Estate Development Board as at such date. These values were not made available to us by individual asset.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31st December, 2022

09. PRODUCE ON BEARER BIOLOGICAL ASSETS AND INVENTORIES

09.1 Produce on Bearer Biological Assets

	2022 Rs.	2021 Rs.
At the beginning of the year/ as previously reported	33,767,324	21,746,315
Change in fair value less cost to sell	(3,572,756)	12,021,009
At the end of the year	**30,194,568**	**33,767,324**

09.2 Inventories

Input Materials	4,248,975	8,460,461
Growing Crop - Nurseries	85,583,455	42,547,154
Harvested Crop	83,550,121	82,733,478
Consumables and Spares	21,905,731	25,434,649
Impairment allowance for Obsolete Stocks	195,288,282	159,175,742
	195,288,282	**159,175,742**

9.3 Assets Held for Sale

Gross Carrying Value	400,450	400,450
Less; Accumulated Depreciation	400,446	400,446
Carrying Value	4	4

9.3.1 Carrying Value of Assets Held for Sale

Description	Vehicle No.	Cost	Depreciation	Carrying Value
Hand Tractor	NW SC 1610	104,000	103,999	1
Hand Tractor and trailer	NW SC 1611	145,500	145,498	2
Motor Cycle	NW GB 7012	150,950	150,949	1
		400,450	**400,446**	**4**

10. TRADE AND OTHER RECEIVABLES

	2022 Rs.	2021 Rs.
Produce Debtors	18,254,360	29,564,923
Staff Debtors	4,690,429	4,749,559
Other Debtors	105,605,404	34,940,025
Wair-Coir Project	13,325,233	13,325,233
	141,875,427	**82,579,739**
Impairment allowances for Wair-Coir Project	(13,325,233)	(13,325,233)
Impairment allowances for Bad Debts	(568,587)	(568,587)
Provision for coconut rejection	(351,286)	(342,155)
	127,630,321	**68,343,764**

11. FINANCIAL FACILITY TO STATE ENTERPRISES

	Amount Granted Rs.	2022 Rs.	2021 Rs.
Loan Receivables			
Elkaduwa Plantations Ltd	20,000,000	23,519,452	23,519,452
Sri Lanka Rubber Manufacturing & Export Corporation Ltd	10,000,000	10,000,000	10,000,000
Sri Lanka State Plantations Corporation	20,000,000	23,610,959	23,610,959
Ministry of State Resources & Enterprise Development	15,000,000	15,000,000	15,000,000
Janatha Estate Development Board	40,000,000	47,627,397	47,627,397
	105,000,000	**119,757,808**	**119,757,808**
Less:			
Impairment Loss	(105,000,000)	(119,757,808)	(119,757,808)
	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31st December, 2022

The Company has granted temporary financial facility to the above government enterprises amounting to LKR 105 Million in the year 2010. However, the outstanding dues were not settled up to the 31 December 2014 by the respective parties and the amount with accumulated interest totaling to LKR 119,757,808/-. The Board of Directors of Chilaw Plantation Limited resolved to make a full provision for impairment for the year ended 2014.

Considering the fact that the company was unable to recover the interest income due from above state organizations, from the year 2010 to 2012, the board of directors of chilaw plantations ltd decided not to recognize the unrecoverable interest income to the accounts of chilaw plantation limited from the year 2013. Subsequently the Board of Directors of Chilaw Plantations Limited resolved to make a full provision for impairment of financial assets for the year ended 2014. However , if interest income from 2013 to 2022 is taken in to the accounts, total loan receivable balance would be Rs. 183,757,808 as details given below

Elkaduwa Plantations Ltd	39,519,452
Sri Lanka Rubber Manufacturing & Export Corporation Ltd	10,000,000
Sri Lanka State Plantations Corporation	39,610,959
Ministry of state Resources & Enterprise Development	15,000,000
Janatha Estate Development Board	79,627,397
	183,757,808

11.1 Other Financial Assets

	Loan Given to Employees Rs.	Pre-Paid staff Benefit Rs.	Total Rs.
Balance as at 01/01/2021	8,440,298	813,392	9,253,689
Loan Granted During the Year 2021	8,784,785	1,336,215	10,121,000
Loan Recovered During the year 2021	(3,378,992)	(505,380)	(3,884,372)
Balance as at 31/12/2021	**13,846,090**	**1,644,227**	**15,490,317**
Loan Granted During the year 2022	8,774,477	5,844,523	14,619,000
Loan Recovered During the year 2022	(4,324,824)	(1,814,719)	(6,139,543)
Balance as at 31/12/2022	**18,295,743**	**5,674,031**	**23,969,774**
Non- Current Balance as at 31/12/2021	10,294,483	950,591	11,245,074
Current Balance as at 31/12/2021	3,551,608	693,636	4,245,244
Balance as at 31/12/2021	**13,846,090**	**1,644,227**	15,490,317
Non- Current Balance as at 31/12/2022	14,444,542	3,366,101	17,810,643
Current Balance as at 31/12/2022	3,851,201	2,307,930	6,159,131
Balance as at 31/12/2022	**18,295,743**	**5,674,031**	**23,969,774**

The company provides loans to employees at concessionary rate of 4% per annum. These loans are recognized on fair value at their initial recognition. The fair value of the loans given to employees are determined by discounting expected future cash flows using market rates related to the similar loans. The difference between cost and fair value of loans given to employees is recognized as prepaid staff benefits. The loans given to employees are classified as loans and receivables and subsequently measured at amortized cost. The loans given to employees are secured and interest is charged at the following rates.

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31st December, 2022

	Market rate	Concessionary rate
2016	11.00%	5%
2017	14.00%	5%
2018	13.00%	5%
2019	12.50%	5%
2020	9.25%	5%
2021	10.25%	4% (w.e.f 1/9/2021)
2022	27.25%	4%

12. SHORT TERM INVESTMENTS

	2022 Rs.	2021 Rs.
Fixed Deposit - BOC (Over three months)	454,968,742	362,509,708
Fixed Deposit- Peoples Bank (Over three months)	61,445,518	52,659,451
Total short term investment over Three months	**516,414,260**	**415,169,159**
Fixed Deposit - BOC (Below three months)	117,217,808	125,310,537
Treasury Bills and REPO (Below three months)	352,028,879	181,000,000
Total short term investment Below Three months	**469,246,687**	**306,310,537**
Grand Total	**985,660,947**	**721,479,696**

Short-term deposits are made for varying periods of between one month and twelve months, depending on the cash requirements of the Company, and earn interest at the respective short-term deposit rates.

The above fixed deposits with Bank of Ceylon represent ,Plan assets in respect of gratuity liability amounting to Rs. 69,807,963/=

13. STATED CAPITAL

Issued and Fully Paid Number of Shares Ordinary shares including one golden Shares held by the Treasury which have Special rights	20,000,001	20,000,001
Value of Issued and Fully Paid Shares Ordinary shares including one golden Shares held by the Treasury which have Special rights	200,000,010	200,000,010

Stated Capital represents the amount paid to the company in respect of issuing 20,000,001 ordinary shares including one Golden share which has special rights. With the enactment of the Companies Act No. 07 of 2007 which is applicable with effective from 03 May 2007, the concept of authorized share capital and par value is no longer applicable.

14. DEFERRED TAX LIABILITY / (ASSETS)

	2022 Rs.	2021 Rs.
At the beginning of the Year	(314,675)	126,445,436
Charged / (reversal) during the year	66,816	(127,124,119)
Deferred Tax adjustment on assets revaluation	562,333	364,008
At the end of the Year	**314,474**	**(314,675)**

	Temporary Difference Rs.	Tax Effect 2022 Rs.	Tax Effect 2021 Rs.
- Property, Plant and Equipment	(118,690,576)	(1,077,594.88)	(6,596,721)
- Mature and Immature Plantation	-	-	(133,584,530)
- Consumable Biological Assets	-	-	(18,148,804)
		-	-
- Impairment allowances for Bad Debts	14,245,106	129,332	1,945,135
- Retirement Benefit Obligation	69,807,963	633,789	13,838,470
Carried forward Tax Losses	-	-	16,101,014
Carried forward Tax Credit		-	-
Deferred Tax Assets / (Liability)	**(34,637,507)**	**(314,474)**	**(126,445,436)**
Applicable Tax Rate for all temporary differences other than mature plantation.		30%	14%

Provision has been made for deferred tax on applicable tax rate up to 31st December 2020 under the liability method in respect of temporary difference arising from carrying amounts of assets and liabilities for financial reporting purposes. As per the policy decision taken by the government, Business profit arising from the agro farming is exempt from the income tax w.e.f 1st April 2019 (Refer Note no 24.1). Therefore the company has decided to reverse the brought forwarded deferred tax liability, relating to agro farming business, through the statement of comprehensive income for the year 2021. The effective tax rate used to calculate deferred tax liability for all temporary difference of agro processing as at 31/12/2022 is 30%.

15. DIFERRED GRANTS AND SUBSIDIES

	2022 Rs. Received from PHDT	2022 Rs. Received from CRI	2022 Rs.	2021 Rs.
At the beginning of the Year	5,229,055	2,000,000	7,229,055	5,489,829
Grant Received	1,026,000	1,781,530	2,807,530	2,000,000
Less : Amortization for the Year	(260,774)		(260,774)	(260,774)
At the end of the Year	**5,994,281**	**3,781,530**	**9,775,811**	**7,229,055**

i) Grants were received from the Plantation Human Development Trust for the development of facilities of workers such as re-roofing of Line rooms, Latrines, Water supply and Sanitation etc. The amount spent is capitalized under relevant classification of Property, Plant & Equipment. Corresponding grant component is reflected under Deferred Grants and Subsidies and amortized over the useful life span of the asset.

ii) During the year 2021 and 2022 grant of Rs 3,781,530 was received from Coconut Research Institute for installation of irrigation system in kiniyama seed garden and other capital work . These capital works were completed by end of the year 2022 and amortization of the said grant will be made with effect from 2023 over the useful life span of the asset as applicable.

16. RETIREMENT BENEFIT OBLIGATIONS

	2022 Rs.	2021 Rs.
At the beginning of the year	81,228,433	98,846,211
Interest Cost	8,935,129	7,907,697
Current Services Cost	7,258,935	6,997,492
Gratuity Payments for the Year	(6,551,448)	(11,711,977)
Actuarial (Gain) / Loss	(21,063,086)	(20,810,990)
At the end of the Year	**69,807,963**	**81,228,433**

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 and discount that benefit using the Projected Unit Credit Method in order to determine the present value of the retirement benefit obligation and the current service cost. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates about demographic variables and financial variables that will influence the cost of the benefit. The following key assumptions were made in arriving at the above figure.

According to the actuarial valuation report issued by the actuarial value as at 31 December 2022 the actuarial present value of promised retirement benefits amounted to Rs.69,807,963. If the company had provided for gratuity on the basis of 14 days wages and half months salary for each completed year of service, the liability would have been Rs. 111,142,102.61. Hence, there is a contingent liability of Rs. 41,334,139.61 which would crystallise only if the company ceases to be a going concern.

The key assumptions used by Messrs Actuarial & Management Consultants (Pvt) Ltd. include the following;

(i)	Rate of Discount	18% p.a.	(ii)	Rate of Salary Increase		
(iii)	Retirement Age				Monthly paid Staff	10% p.a.
	Monthly paid Staff	60 years			Daily Paid Staff	10% p.a.
	Daily Paid Staff	60 years				
(iv)	Daily Wage Rate	Rs. 740/-	(v)	Staff turnover rate		4%

17. LIABILITY TO MAKE LEASE PAYMENT FOR THE JEDB/SLSPC ESTATES

	Repayable within 1 Year Rs.	Repayable after one Year: Repayable within two to five Years Rs.	Repayable after one Year: Repayable after five Years Rs.	Sub Total Rs.	Total Rs.
Gross Finance Lease Liability	6,508,000	26,032,000	113,506,652	139,538,652	146,046,652
Less : Future Finance Charges	(3,808,502)	(14,110,148)	(32,922,547)	(47,032,695)	(50,841,197)
Net Finance Lease liability-2022	**2,699,498**	**11,921,852**	**80,584,104.97**	**92,505,957**	**95,205,455**
Net Finance Lease liability-2021	**2,595,671**	**11,463,320**	**83,742,134.97**	**95,205,455**	**97,801,126**

The leases of the estates have been amended, with effect from 11th June 1996 to an amount substantially higher than the previous lease rental of Rs. 500/= per estate per annum. The rental payable under the revised basis is Rs. 6.508 million per year. This amount is to be inflated annually by the Gross Domestic Product (GDP) deflator, and is in the form of a contingent rental.

The contingent rental during the current year charged to the Income Statement amounted to Rs. 37,917,925,/- which in based on GDP deflator of 7.9% (2021 - Rs. 35,422,205/- 3.4%)

The Statement of Recommended Practice (SoRP) for Right-to-use of Land on Lease was approved by the Council of the Institute of Chartered Accountants of Sri Lanka on 19 December 2012. Subsequently, the amendments to the SoRP along with the modification to the title as Statement of Alternative Treatment (SoAT) were approved by the Council on 21 August 2013. The Company has not reassessed the Right-to-use of Land because this is not a mandatory requirement. However, if the liability is reassessed according to the alternative treatment (SoAT) on the assumption that the lease rent is increased constantly by GDP deflator of 4% and discounted at a rate of 13% , liability would be as follows.

Gross Liability	1,655,415,764
Finance Charges	(1,026,876,927)
Net Liability	**628,538,836**

The above reassessed liability is not reflected in these Financial Statements.

18. TRADE AND OTHER PAYABLES

	2022 Rs.	2021 Rs.
Trade Creditors	570,470	1,109,524
Others (Fertilizer, Contractors etc.)	100,395,047	99,299,058
Holiday Pay	4,265,402	4,340,378
Accrued Expenditure	15,457,576	28,171,072
Audit Fee	913,792	902,592
Incentive payable to Employee	93,000,000	92,985,110
Dividend /Lease rental Payable to Treasury	130,000,000	52,506,212
	344,602,287	**279,313,946**

18.1 Interest- Bearing Loans & Borrowings

	2022 Rs.	2021 Rs.
At the beginning of the Year	5,794,000	17,398,000
Obtaining During the year		
Repayment during the year	5,794,000	11,604,000
At the end of the year	-	5,794,000
Payable withing one year	-	5,794,000
Payable Two to Five years	-	-
At the end of the year	**-**	**5,794,000**

Following assets were pledged as security for above liability:

Lender and Loan amount Rs.	Rate of the Interest p.a	Monthly Installment	Term of Repayment	Security Pledged
BOC Rs.23.2 Mn	4%	967,000	24 installments commentsed on 19/7/2020	Fixed Deposit No 84976446 invested at Bank of ceylon Pledged as security until settled the loan

19. REVENUE

	2022 Rs.	2021 Rs.
Coconut (Note 19.1)	882,287,388	801,718,449
Cashew	16,086,501	55,637,407
Livestock project (Note 19.2)	24,444,429	14,355,287
Dragon Fruit	732,500	696,646
Seedlings & Nursery	19,923,682	142,246,454
Pepper	655,000	327,630
Cinnamon	1,462,604	981,578
Rambuttan	901,000	435,000
Coconut Oil	13,461,137	17,640,851
Cashew processing	10,583,580	11,141,408
Others	4,568,599	4,730,412
	975,106,419	**1,049,911,121**

19.1 Coconut Income

	2022 Rs.	2021 Rs.
Green Nuts	817,337,885	766,078,838
Copra	64,949,504	35,639,611
	882,287,388	**801,718,449**
Production (Nuts)	15,172,334	14,715,763
Net Sales Average (per 1000 nuts)	57,613	57,517

19.2 Income from livestock

Income from Dairy livestock project	7,573,061	11,075,787
Other livestock	4,606,674	1,693,723
Gain/loss on fair value	12,264,694	1,585,776
	24,444,429	**14,355,287**

20 COST OF SALE

Coconut and Copra	462,192,731	341,789,681
Cashew	5,901,382	43,364,677
Livestock project	11,816,444	14,026,502
Dragon Fruit	128,300	1,770,174
Seedlings & Nursery	10,012,809	82,280,471
Pepper	304,312	467,750
Cinnamon	1,028,083	657,123
Rambuttan	220,820	184,275
Coconut Oil	13,647,070	21,309,012
Cashew processing	9,821,287	10,465,280
Others	5,867,128	4,482,642
	520,940,365	**520,797,587**

21. OTHER INCOME AND GAINS

Amortization of Grant	260,774	260,774
Gain /(Loss) on Timber sale	26,136,409	28,607,529
Coconut Palms	33,353,764	38,022,368
Coconut Husks & Shells	3,814,358	14,447,717
Penalty on delay payment and removal of coconut	2,308,189	3,346,944
Paddy	2,794,063	2,886,006
Fire wood	2,801,060	1,628,850
Desailting Tank (sale of Mud soil)	3,984,914	26,006,412
Income from Land development Project	83,793,112	26,939,049
Income from Land subleased for cultivation	12,982,992	13,970,183
Income from coconut treacle project	1,741,855	2,192,546
Others	7,564,492	2,676,997
	181,535,982	**160,985,376**

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31st December, 2022

22. ADMINISTRATION & GENERAL EXPENSES (Details P 41- P 42)

	2022 Rs.	2021 Rs.
Personal Direct expenses	53,696,609	45,859,507
Personal Indirect expenses	21,728,462	17,073,832
Office expenses	43,683,299	38,319,036
Other expenses	109,919,449	105,688,495
	229,027,818	206,940,871

22.1 Profit Before Tax is Stated After Charging

Depreciation		
- Leasehold Right to bare land	2,688,722	2,688,722
- Immovable Leased Assets	16,823	35,787
- Freehold Property, Plant and Equipments	32,227,320	29,295,558
- Biological Assets	20,470,229	19,114,033
Directors Remuneration	2,912,636	2,570,636
Auditors Remuneration	1,020,597	862,992
Defined Benefit Plan Costs	16,194,064	14,905,189
Defined Contributions Plan Costs - EPF & ETF	35,099,618	34,242,125
Salaries & Wages	275,804,048	250,109,060
Employees' Bonus	14,635,757	9,824,726
Employees' Incentive payment	93,000,000	92,985,110
	494,069,814	456,633,938

23. FINANCE INCOME

Interest on Fixed Deposits	80,441,226	18,834,001
Interest on Treasury bill/REPO	52,713,353	5,820,527
Interest income on Savings Account	91,895	28,987
Interest on Loan given to Staff	863,639	450,950
Unwinding of Pre-paid Staff Benefits	1,764,312	476,969
	135,874,424	25,611,433

23.1 Finance Cost

Land & Buildings (JEDB) Variable Lease Rental to PMD(MPI) Treasury	37,917,925	35,422,205
Lands & Buildings (JEDB) Lease Rental Interests to PMD(MPI) Treasury	3,912,329	4,012,163
Interest Expense and Bank Charges	98,457	502,215
Amortization of Staff Cost	1,764,312	476,969
	43,693,022	**40,413,552**
Net Finance Income/(Expenses)	**92,181,402**	**(14,802,119)**

INCOME TAX EXPENSE

24. 24.1 The major components of income tax expenses for the year ended 31 December 2022 are as follows.

Current Tax Expenses		
Current Income Tax (Note 24.2)	20,344,309	6,032,272
Deferred taxation Provision /(Reversal) (Note 14)	66,816	(127,124,119)
Income tax expense reported in the Income statement	**20,411,125**	**(121,091,847)**

24.1 In terms of item 2A (g) of paragraph 4 of the First schedule to the Inland Revenue Act, No. 24 of 2017 (As amended by Act, No. 45 of 2022) with effect from January 01, 2020 but prior to April 1, 2022 and for the first six months of the year of assessment commencing on April 1, 2022, the gains and profits from the agro processing is taxable at the rate of 14%. Further, as per item (u) (i) of the Third schedule to the Inland Revenue Act, No. 24 of 2017, gains and profits from the agro farming is exempt from the income tax commencing from April 1,2019 for the period of five years of assessment.

24.2 Reconciliation Between Tax Expenses and the Product of Accounting Profit

	2022 Rs.	2021 Rs.
Accounting Profit before tax	513,881,001	510,887,112
Income not subject to tax	(163,425,274)	(69,512,206)
	350,455,727	441,374,906
Aggregate disallowable items	116,229,316	66,809,024
Aggregate allowable items	(140,360,942)	(80,084,161)
Adjusted Business profit / (Loss)	326,324,101	428,099,769
Assessable Charge or (Balancing Allowance) on depreciable assets		16,300
During the Year grant received	2,807,530	2,000,000
Less- Gain from unprocessed exempt income	(286,705,396)	(416,295,880)
Brought forward Tax loss utilized	(101,187,054)	(13,820,189)
Other income liable for Taxation	134,110,113	25,134,465
	75,349,294	25,134,465
Statutory Tax rate 24%- First six months	9,041,915	6,032,272
Statutory Tax rate 30%-Second six months	11,302,394	
Current Income Tax Expenses	**20,344,309**	**6,032,272**
Tax loss Brought forward	101,187,054	115,007,243
Tax loss utilized/sddition	(101,187,054)	(13,820,189)
Loss claimed against Taxable Income	-	
	(0)	**101,187,054**

25.1 Earnings Per Share

25.1.1 The calculation of the basic earnings per share is based on after tax profit for the year divided by the weighted average number of ordinary shares outstanding during the period.

25.1.2 The following reflects the income and share data used in the computation of basic earnings per share.

Amounts used as the Numerator :	2022 Rs.	2021 Rs.
Net profit applicable to ordinary share holders for basic earnings per share	493,469,876	631,978,959
	493,469,876	631,978,959
Amounts used as the Denominator :	**Number**	**Number**
Weighted average number of ordinary shares in issue applicable to basis earnings per share	20,000,001	20,000,001
	20,000,001	20,000,001
Basic Earning per share	**24.67**	**31.60**

25.2. EVENTS AFTER THE REPORTING PERIOD

There have been no material events occurring after the reporting date that require adjustments or disclosures in the Financial Statements.

26. SEGMENT INFORMATION

Geographical Segment Results	Group 01 2022 Rs.	Group 01 2021 Rs.	Group 02 2022 Rs.	Group 02 2021 Rs.	Unallocated 2022 Rs.	Unallocated 2021 Rs.	Total 2022 Rs.	Total 2021 Rs.
Revenue	504,189,393	612,654,367	470,917,026	437,256,754	-	-	975,106,419	1,049,911,121
Revenue Expenditure	(267,570,839)	(299,951,316)	(209,054,305)	(179,520,805)		-	(476,625,144)	(479,472,121)
Depreciation	(24,481,635)	(22,849,079)	(19,833,587)	(18,476,387)	-	-	(44,315,221)	(41,325,466)
Segment Results	**212,136,920**	**289,853,971**	**242,029,134**	**239,259,563**	-	-	**454,166,053**	**529,113,534**
Gain/(loss) on fair value of Biological Assets							15,025,382	42,531,191
Other Income and Gain							181,535,982	160,985,376
Unallocated Expenses							(229,027,818)	(206,940,871)
Finance Cost							(43,693,022)	(40,413,552)
Finance Income							135,874,424	25,611,433
Profit before Income Tax							513,881,001	510,887,112
Income Tax Expenses							(20,411,125)	121,091,847
Net Profit for the Year							493,469,876	631,978,959
As at 31st December								
Segment Assets								
Non Current Assets	682,368,032	622,899,008	741,809,053	716,073,099	52,346,303	48,492,928	1,476,523,388	1,387,465,035
Current Assets	199,606,262	161,729,358	74,413,737	95,537,844	1,139,488,746	747,768,852	1,413,508,745	1,005,036,055
Total Assets	**881,974,294**	**784,628,366**	**816,222,790**	**811,610,943**	**1,191,835,049**	**796,261,781**	**2,890,032,133**	**2,392,501,090**
Segment Liabilities								
Non Current Liabilities	27,856,035	35,639,615	28,943,959	33,085,583	115,604,211	114,937,745	172,404,205	183,662,943
Current Liabilities	34,948,252	54,893,847	47,567,728	24,058,756	280,058,795	208,803,019	362,574,774	287,755,622
Total Liabilities	**62,804,287**	**90,533,463**	**76,511,687**	**57,144,339**	**395,663,006**	**323,740,764**	**534,978,981**	**471,418,566**

27. RELATED PARTY DISCLOSURES

Details of significant Related Party Disclosures are as follows.

27.1 Transactions with the key management personnel of the company.

LKAS 24 'Related party Disclosures', Key Management personnel are those having authority and responsibility for planing, directing and controlling the activities of the entity. Accordingly, the Board of Directors (including Executive and Non- Executive Directors) as key management personnel of the Company have been classified as Key Management Personnel.

	2022 Rs.	2021 Rs.
Salaries and other Employment Benefits	2,912,636	2,570,636

27.2. Related Party Transactions

There are no related party transaction during the year.

28. COMMITMENTS AND CONTINGENCIES

28.1 Capital Commitments

There have been no significant Capital Commitment as at the reporting date.

28.2 Contingent Liabilities

There were no contingent liabilities other than disclosed in Note No. 16 and as following as at the reporting date.

i) Colombo office of chilaw plantations ltd is located at JEDB premises at Vaxuall street since October 2019 and there is no lease /rent agreement finalized for the said premises. Due to this an exact liability for lease/rent cannot be ascertained. However if an agreement is reached in the future a liability will have to be accounted.

For the Year ended 31st December, 2022

ii) Legal case filed

No.	Case No.	Description	Present Situation
1	DMR/03137/15 District Court - Aluthkade	CPL is Claiming Rs. 2,963,522.15 the cost for Coconuts from Bee Pee & David Pvt. Ltd.	Matter is Pending
2	28/2051/14 - Labour Tribunal - Chilaw	Mr. W.M.P Weerasekara - a former Asst. Supdt. Claiming re employment	Matter is Pending
3	28/2052/14 - Labour Tribunal - Chilaw	Mr. B.M.S.S Balasooriya a former Asst. Supdt. Claiming re employment	Matter is Pending
4	A 3536 - Industrial Court - Colombo	S.C George and 8 Others ex - Employees Claiming arrears on Salary Revision	Matter is Pending
5	SC/FR/343/2016 - Supreme Court - Colombo	Mr. Anurudda Dissanayake - Supdt. Claiming Damages on his Interdiction	Matter is Pending
6	SC/FR/364 - Supreme Court - Colombo	Mr. A.A Ananda, G.A Dissanayake, M.G.C Dias, W.K Pradeep Contesting the proceduress adopted in interview for AGM Plantations	Matter is Pending
7	IR/22/17/2013 Labour Department - Narahenpita	Mrs. K.D.N Rajapaksha Claining Payment arrears for Rs. 1,250/-	Matter is Pending
8	A/112/2019	Mr. S.K.D Gunawardhana a former Supdt. Claiming for relief from Punishment and benefits of the assigned post	Matter is Pending
9	CHW/101/C/2016 - Chilaw Labour Office	Mr. M.M Merly a Manager Estate Claiming Salary Increment	Matter is Pending
10	28/2334/18/හලා/ Labour Tribunal Chilaw	Mr. Peduru Appuhami former Watcher Claiming re employment	Matter is Pending
11	350/RE Marawila	Kahatawilla B - Land Case	Matter is Pending
12	SC/HCCA/LA/462/2019	Division Secretariat, Katana Divisional Secretariat, Demanhandiya	Matter is Pending
13	SPL/2913 - Negombo	Requesting Land Value from Katana Divisional Secretariat	Matter is Pending
14	A/18/2018	Ceylon Estate Staff Union Claiming Permanancy of employment and arrears	Matter is Pending
15	3746	Imbulgaswadiya Land Matter- Requesting compensation for land acquired by katana divisional secretariat	Matter is Pending
16	3885 - Special	Imbulgaswadiya Land Matter- Requesting compensation for land acquired by katana divisional secretariat	Matter is Pending
17	1224 L	This case filed by an outside party in regard to Nithalawa estate	Matter is Pending
18	3971 / L	Maravila lake II - Vialating the agreement in desilting Ruwaneliya Tank	Matter is Pending
19	1023 / L	Case pertaining to maravila II tank in Ruwaneliya estate	Matter is Pending

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31st December, 2022

	Notes	2022 Rs.	2021 Rs.
REVENUE	(i)	975,106,419	1,049,911,121
COST OF SALES	(ii)	(520,940,365)	(520,797,587)
GROSS PROFIT		454,166,053	529,113,534
GAIN/(LOSS) ON FAIR VALUE OF BIOLOGICAL ASSETS		15,025,382	42,531,191
OTHER INCOME	(iii)	181,535,982	160,985,376
ADMINISTRATIVE EXPENSES	(iv)	(119,108,370)	(101,252,375)
OTHE EXPENSES	(v)	(109,919,449)	(105,688,495)
FINANCE COST	(vi)	(43,693,022)	(40,413,552)
FINANCE INCOME		135,874,424	25,611,433
PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION		**513,881,001**	**510,887,112**

	2022 Rs.	2021 Rs.
(i) REVENUE		
Coconut	882,287,388	801,718,449
Cashew	16,086,501	55,637,407
Livestock project	24,444,429	14,355,287
Dragon Fruit	732,500	696,646
Seedlings & Nursery	19,923,682	142,246,454
Pepper	655,000	327,630
Cinnamon	1,462,604	981,578
Rambuttan	901,000	435,000
Coconut Oil	13,461,137	17,640,851
Cashew processing	10,583,580	11,141,408
Others	4,568,599	4,730,412
	975,106,419	**1,049,911,121**
(ii) COST OF SALE		
Coconut and Copra		
General Charges	285,909,143	241,150,459
Field Work & Cultivation	55,721,720	57,629,682
Harvesting	82,945,904	70,658,747
Manufacture	11,867,608	9,877,024
Transport	154,304	111,919
Other Expenses	6,795,025	3,967,067
Cost Of Production	**443,393,705**	**383,394,898**
Opening Stock Adjustment	70,224,267	28,619,050
Closing Stock Adjustment	(51,425,240)	(70,224,267)
Cost of Sales Coconut	**462,192,731**	**341,789,681**

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31st December, 2022

		2022 Rs.	2021 Rs.
	Cashew	5,901,382	43,364,677
	Livestock project	11,816,444	14,026,502
	Dragon Fruit	128,300	1,770,174
	Seedlings & Nursery	10,012,809	82,280,471
	Pepper	304,312	467,750
	Cinnamon	1,028,083	657,123
	Rambuttan	220,820	184,275
	Coconut Oil	13,647,070	21,309,012
	Cashew processing	9,821,287	10,465,280
	Others	5,867,128	4,482,642
	Cost of sales	**520,940,365**	**520,797,587**
(iii)	**OTHER INCOME**		
	Amortization of Grant	260,774	260,774
	Gain /(Loss) on Timber sale	26,136,409	28,607,529
	Coconut Palms	33,353,764	38,022,368
	Coconut Husks & Shells	3,814,358	14,447,717
	Penalty on delay payment and removal of coconut	2,308,189	3,346,944
	Paddy	2,794,063	2,886,006
	Fire wood	2,801,060	1,628,850
	Desailting Tank (sale of Mud soil)	3,984,914	26,006,412
	Income on Land Rehabilitation Project (Sale of sand)	83,793,112	26,939,049
	Income on Land provided for cultivation	12,982,992	13,970,183
	Coconut treacle projec income	1,741,855	2,192,546
	Other	7,564,492	2,676,997
		181,535,982	**160,985,376**
(iv)	**ADMINISTRATIVE EXPENSES**		
	PERSONAL DIRECT EXPENDITURE		
	Chairman /CEO and Executive Staff Salaries/Allowances	22,523,849	18,587,038
	Clerical & Other Staff Salaries & Allowances	27,312,419	23,046,370
	Attendance Incentives	57,700	43,000
	Retiring Gratuity	1,462,843	1,256,318
	Over Time	2,019,770	2,466,877
	Travelling & Subsistence	320,028	383,227
	Payment for Unutilized Annual Leave for Retired Officers	-	76,676
		53,696,609	**45,859,507**
	PERSONAL INDIRECT EXPENDITURE		
	Staff Welfare	3,769,479	2,668,931
	Staff Uniform	335,219	193,649
	Sports expenses	249,610	-
	Non Executive Medical Scheme	1,870,992	1,526,044
	Chairman/CEO and Executives Staff Bungalow Expenses	14,445,994	11,834,180
	Staff Quarters Maintenance	71,612	125,336
	Canteen Expenses	647,507	271,640
	Employee transport	141,470	111,600
	Transport Allowance for MM category employees	196,579	342,453
		21,728,462	**17,073,832**

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31st December, 2022

OFFICE EXPENDITURE	2022 Rs.	2021 Rs.
Electricity	756,738	697,634
Postage & Telegram	243,385	147,107
Telephone	630,939	597,005
Rates Assessment Tax and water	197,060	161,032
Building Upkeep	497,320	546,557
Equipment Upkeep	1,163,940	326,194
Computers Expenses	340,593	190,966
Furniture & Fitting Upkeep A/C	3,000	6,175
Conference Expenses	180,029	222,240
Printing & Stationery	2,387,923	1,837,340
Book, Periodicals and News Papers	44,150	20,052
Supervisory Field Vehicles-Fuel Costs	10,078,896	4,418,521
Supervisory Field Vehicles - Other Costs (Repairs & Maintenance)	6,733,720	4,381,506
Legal Expenses (Labour Tribunal, Lands)	1,665,585	1,734,758
Professional & Technical Consultancy Fees	2,249,900	2,773,926
Audit Fees	277,605	120,000
Insurance (Field Vehicles, Buildings, Medical)	1,610,698	1,494,280
Entertainment (Estate Field Progress Reviews, Workshops, Meetings)	1,043,332	974,847
Paper Advertisement (Papers - Procurements, Tenders, Recruitments)	202,221	498,388
Sundry Expenses	93,520	51,980
Junior Executive Development Program (NIPM, Workshops)	1,427,241	610,692
Business Promotion & CSR (Estate Temple, Kovil, Church, Schools)	1,888,713	2,884,361
Subscription	37,333	21,000
Bad debt	-	-
	33,753,841	**24,716,562**

		Year Ended 2022 Rs.	Year Ended 2021 Rs.
(iv)	**ADMINISTRATIVE EXPENSES**		
	OFFICE EXPENDITURE (Contd…)		
	Depreciation	11,087,872	9,808,634
	Colombo Office Expenses / Building Rent/(Reversal)	(3,646,016)	1,860,000
	Other Board Meeting Expenses (Fees, Refreshments)	2,487,602	1,933,841
		9,929,459	13,602,475
	Total office Expenditure	**43,683,299**	**38,319,036**
	Grand Total	**119,108,370**	**101,252,375**
(v)	**OTHER EXPENSES**		
	Annual Bonus	14,635,757	9,824,726
	Previous year and other Adjustments	1,059,692	2,439,159
	Staff & Labour Performance Incentives	93,000,000	92,985,110
	Estate labour welfare Activities	1,224,000	439,500
		109,919,449	**105,688,495**
(vi)	**FINANCE COSTS**		
	Lands & Buildings (JEDB) Lease Rental Interests to PMD(MPI) Treasury	3,912,329	4,012,163
	Land & Buildings (JEDB) Variable Lease Rental to PMD(MPI) Treasury	37,917,925	35,422,205
	Amortization of Staff Cost	1,764,312	476,969
	Interest Expenses and Bank Charges	98,457	502,215
		43,693,022	**40,413,552**

TEN YEAR SUMMARY

	2022	2021	2020	2019 Re-Stated	2018	2017	2016	2015 Re-Stated	2014	2013	2012	2011
Coconut Production Nuts '000	15,172	14,716	11,943	14,994	8,132	11,651	16,522	12,517	12,969	9,595	15,808	14,528
Treding Results	Rs' 000	Rs' 000	Rs' 000	Rs' 000	Rs' 000	Rs' 000	Rs' 000	Rs' 000	Rs' 000	Rs' 000	Rs' 000	Rs' 000
Revenue	975,106	1,049,911	672,967	445,502	350,022	516,178	383,090	399,366	374,851	287,152	339,051	322,909
Gross Profit	454,166	529,114	274,615	89,086	(208)	205,574	148,707	148,748	152,726	112,890	123,733	163,228
Profit Before Interest and Tax	421,700	525,689	309,120	93,055	(14,529)	141,701	103,411	109,175	(43,271)	87,821	73,746	85,841
Profit Before Tax	513,881	510,887	283,100	64,010	(35,179)	126,415	84,817	88,293	(61,273)	81,820	86,225	95,771
Profit for the year (after tax)	493,470	631,979	265,645	50,499	(32,302)	81,446	69,672	78,682	(62,072)	73,747	77,975	77,670
Total Compregensice income	513,971	652,426	364,691	52,543	(36,642)	82,149	70,764	81,444	(61,680)	72,919	77,975	77,670
Reserves	2,155,053	1,721,083	1,118,657	763,965	708,382	747,876	695,727	654,963	543,862	625,542	587,623	584,648
Dividend Paid		80,000	50,000	10,000		10,000	30,000	30,000		20,000	35,000	75,000
Dividends TOTAL		606,650	526,650	476,650	466,650	466,650	456,650	426,650	396,650	396,650	376,650	341,650
Financial Position												
Fixed Assets	1,476,523	1,387,465	1,360,410	1,178,237	1,120,859	1,062,090	978,182	886,295	792,832	737,497	602,610	560,326
Mature / Immature Plantations	1,039,764	1,005,696	969,823	917,169	870,102	802,088	728,533	653,072	581,618	502,826	410,033	354,712
Current Assets	1,413,509	1,005,036	524,867	250,233	184,466	296,326	300,494	256,882	233,545	356,230	454,231	519,019
Total Asset	2,890,032	2,392,501	1,885,277	1,428,470	1,305,325	1,358,416	1,278,676	1,143,177	1,026,377	1,093,727	1,056,841	1,079,345
Inventries	195,288	159,176	61,248	67,383	56,610	58,754	100,759	47,613	73,432	71,398	82,606	94,295
ShortTerm Investment Funds-Treas,Banks..	985,661	721,480	380,167	105,000	80,625	190,312	140,868	152,646	113,276	128,996	199,377	244,814
Current Liabilities	362,575	287,756	232,244	157,011	107,101	123,432	134,591	54,740	57,100	45,452	60,149	90,605
Non Current Liabilities	172,404	183,663	334,377	307,494	289,841	287,108	248,358	233,474	225,414	222,734	209,070	204,092
Stated Capital	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Shareholders' Funds	2,355,053	1,921,083	1,318,657	963,965	908,382	947,876	895,727	854,963	743,861	825,542	787,623	784,648
Current Ratio (Times)	3.90	3.49	2.26	1.59	1.72	2.40	2.23	4.69	4.09	7.84	7.55	5.77
Quick Rattio (Times)	3.36	2.94	2.00	1.16	1.19	1.92	1.48	3.82	2.80	6.27	6.18	4.69
Gross Profit Ratio %	46.58	50.40	40.81	20.00	(0.06)	39.83	38.82	37.25	40.74	39.31	36.49	50.55
Earning Per Share Rs.	24.67	31.6	13.28	2.52	(1.62)	4.07	3.48	3.93	(3.10)	3.69	3.90	3.88
Return on Average Equity (ROE) - %	23.08	39.01	23.28	5.39	(3.48)	8.84	7.96	9.84	(7.91)	9.14	9.92	9.90
Return on Capital Employed (ROCE) - %	16.68	24.98	18.70	7.32	(1.21)	11.47	9.04	10.03	(4.46)	8.38	7.40	8.68
Interest Cover - (times)	9.65	13.01	7.87	2.33	(0.41)	4.21	3.17	3.45	(1.48)	3.20	2.95	3.70
Shareholders Fund Ratio	81.49	80.30	69.95	67.48	69.59	69.78	70.05	74.79	72.47	75.48	74.53	72.70
Debt Ratio	0.19	0.20	0.30	0.33	0.30	0.30	0.30	0.25	0.28	0.25	0.25	0.27

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Chilaw Plantations Limited will be held at JEDB Building, No. 55/75, Vauxhall Street, Colombo 02 on 18th December 2023 at 11.00 am or the following purposes.

AGENDA

1. To receive and consider the Statement of Accounts for the year ended 31st December 2022 with the Report of the Directors and Auditors thereon.
2. To appoint Auditor General's Department as Auditor of the company for year 2023.
3. To Declare afinal Dividend for the year 2022

BY ORDER OF THE BOARD
CHILAW PLANTATIONS LIMITED

CORPORATE ADVISORY SERVICES (PRIVATE) LIMITED
PV 3793
SEC/1017/93
Secretaries

CORPORATE ADVISORY SERVICES (PVT) LTD
SECRETARIES - CHILAW PLANTATIONS LTD

Date: …………………………………..

NOTES:

1. A shareholder/member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead.
2. A Proxy need not be a member of the Company.
3. A Form of Proxy is enclosed for this purpose.

FORM OF PROXY

I/We the undersigned ....
of ....
being a member/members of Chilaw Plantations Limited hereby appoint :

1.	Mr. R.W.M.J.S.R. Perera	or falling him
2.	Mr. H.G. Sumanasinghe	or falling him
3.	Mrs.Aruni S Ranasinghe	or falling her
4.	Mr. N.K.K.Rajasinghe	or falling him
5.	Mr. Ajanta Moonemalle	or falling him
6.	Mr. I.S.J.P. Gunawardhana	or falling him
7.	Mr. W.W.A.N.T.A. Fernando	or falling him
8.	Mr. K.P.G. Sisira Kumararathne	or falling him

....

As my/our proxy to represent me/us and to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 18th December 2023, 11.00 am and at any adjournment there of, and at every poll which may be taken in consequence thereof.

Please indicate your preference by placing a 'X' against the Resolution No.

		FOR	AGAINST
1.	To receive and consider the Statement of Accounts for the year ended 31st December2022 with the Report of the Directors and Auditors thereon.		
2.	To appoint Auditor General's Department as Auditor of the company for year 2023.		
3.	To Declare a final Dividend for the year 2022		

Signature of Shareholder's:...

Shareholders NIC No:...

Signed this .... day of 2023

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the form of proxy by signing in the space provided and please fill in the date of signature.
2. If the proxy is signed by an attorney the relative power of attorney should also accompany the completed form of proxy if it has not already been registered with the Company.
3. The completed form of proxy should be deposited at the Secretaries' Office (i.e. Corporate Advisory Services (Private) Limited, No. 47, Alexandra Place, Colombo 7 not less than 48 hours before the time appointed for the holding of the meeting.