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අමාත්‍යාංශය



NON CABINET MINISTRY OF STATE  
PLANTATION ENTERPRISES REFORMS



மாநிலத் தோட்டத் தொழில்  
நிறுவனங்களின் அமைச்சரவை அல்லாத  
அமைச்சகம் சீர்திருத்தங்கள்

ඇල්කඩුව වැවිලි සමාගම  
எல்கடுவ பிளான்டேசன் லிமிடெட்  
**ELKADUWA PLANTATIONS LIMITED**

වාර්ෂික වාර්තාව - 2018

ஆண்டு அறிக்கை -2018

ANNUAL REPORT -2018

“ජනවතු පියස” නො 320,ටී.බී.ජයා මාවත ,කොළඹ10.

“ஜனவது பியச”இல,320, T.B. ஜயாமாவத்தைஇ, கொழும்பு 10

“JANAWATHU PIYASA” NO 320, T.B.JAYAMAWATHA, COLOMBO 10

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**Colombo Office : "Janawathupiyasa", No. 320, T B Jyah Mawatha, Colombo – 10**

**Head Office : Ratwatta, Ukuwela**

**TP : Col – 011-2698059 / HO – 066-2242521**

**Fax : 011-2698057 / HO – 066-2242521**

**E Mail : chairmanepi2020@gmail.com**

## **VISION**

To be the most challenging competitor in the plantation industry, protecting expectation of all stakeholders.

## **MISSION**

Enhance production using resources at optimum level by uplifting the living standards of employees whilst safe guarding the National Interests.

## **VALUES**

Best employer:	Empowering honest, qualified and committed staff focusing on Quality Productivity, Entrepreneurship, Value creation, Profitability, Eco-friendliness and Corporate Social Responsibility
Quality provider:	Superior customer satisfaction and continuous improvement in everything we do.
Productivity:	Achieving optimum productivity per unit of resource input, highest yield per hectare, optimal land use on a sustainable basis, minimize wastage.
Entrepreneurship:	Pro-actively innovating new approaches at all times value creation: Continuously responsive to the changing needs of the business environment
Profitability:	Achieving optimal Net Sales Average (NSA) and lowest possible Cost of Production (COP) for primary produce and for value added products
Eco-friendliness:	Exploiting resources with the harmony with the environmental so as to cause minimal or no damage to the environment
Social responsibility:	Caring for people and environment, respecting good governance

## COMPANY PROFILE

Elkaduwa Plantations Limited (EPL) is a limited liability Company incorporated on 23rd July 1993 under the Companies Act No. 17 of 1982 as a Fully Government Owned Company and re-registered under the Companies Act No.7 of 2007. The Company had been established by vesting lands managed by the Sri Lanka State Plantations Corporations in terms of the provisions of the Conversion of Corporations and Government Owned Businesses Undertakings into Public Companies Act No. 23 of 1987 under the State Privatization Policy. The Company operates as a single shareholder Company being the Golden Shareholder to the Secretary to the General Treasury of Sri Lanka. The registered office of the Company is located at "Janawathu Piyasa", No. 320, T. B. Jayah Mawatha, Colombo 10.

The notice in respect of formation of EPL was published in the Extra Ordinary Gazette Notification No.776/13 of July 1993 to take over the following 10 Estates and 02 Divisions in Kelebobokka State Plantation managed by the SLSPC.

Original allocation of Land on EPL (Extra Ordinary Gazette Notification No. 776/13 - 23rd July 1993) are as follows:-

<b>Estate / Location</b>	<b>District</b>	<b>Crop's</b>	<b>Total Area (Ha) Ref Note 01</b>
1. Bandarapola, Alwatte	Matale	Tea	283.00
2. Elkaduwa, Elkaduwa	Matale	Tea, Cloves	447.78
3. Hunugala, Elkaduwa	Matale	Tea, Cloves	264.73
4. Pitakanda, Matale	Matale	Tea	520.60
5. Ratwatte Ukuwela	Matale	Tea, Cloves	570.58
6. Selagama, Yatawatte	Matale	Tea	255.00
7. Hapugaspiya, Metihakke	Matale	Rubber, Cocoa, Pepper	269.33
8. Millawana, Melsiripura	Matale	Coconut, Cocoa, Rubber & Pepper	603.60
9. Nalande, Madawala Ulpotha	Matale	Rubber, Coconut & Pepper	496.27
10. Nella Olla, Pihimbuwa	Kurunegala Sub District	Rubber, Cashaw & Mango.	358.00
<b>Sub Total</b>			<b>4068.89</b>
11. Kabaragala/ Poangala Division (Kelebobokka State Plantation)	Matale	Timber (Eucalyptus)	217.00 (Refer Note 03)
<b>Total</b>			<b>4285.89</b>

### Note 01

The extent of Land leased out to the company is not given in the Extra Ordinary Gazette Notice No. 776/13 and hence details indicated above were extracted from the information available to the from the "Plantations Reform Unit" operated under the preview of the Ministry of Plantations Industries for the purpose of Company Accounts.

### Note 02

Kabaragala & Poegalle Divisions with an extent of 217 Ha of Kelebobokka Estate was divested and vested the Sri Lanka State Plantations Corporation in 1995.

Elkaduwa Plantations Limited was handed over to Metropolitan Plantations (Pvt) Ltd, a company 100% own by Metropolitan Agencies (Pvt) Ltd, on a management Agreement for the period of 05 years, and with the expiration of this agreement the SLSPC took over the Management of the Company on the 19th January 1999.

Government commenced the privatization of the ownership of RPC's since 1994 by selling 51% controlling stake. EPL offered on six occasions for sale through the Public Enterprises Reform Commission (PERC), during the period 1994 – 2004. Neither Metropolitan Agencies (Pvt) Ltd, nor any other investor came forward with an investment plan acceptable to PERC which resulted EPL remained as a treasury owned RPC. Kabaragala & Poegalle Divisions with an extent of 217 Ha of Kelebobokka Estate was divested and vested the Sri Lanka State Plantations Corporation in 1995.

## **MILESTONES**

Incorporation - (23rd July 1993):- Managing Agent - Messrs. Metropolitan Agencies (Pvt) Ltd.

The Operational Office was shifted to Colombo in August 1993. A total of 8 Executives and 30 Staff Members consented to be transferred to Managing Agent's office, in Colombo. Others remained in Matale Office, without duties to perform.

Introduced the Group System for Tea Estates in the year 1994.

Four (04) Estates namely, Bandarapola, Elkaduwa, Hunugala and Pitakanda, were consolidated as Pitakanda Group, and, Ratwatte and Selagama Estates were consolidated as Ratwatte Group.

The SLSPC took over the management as the Managing Agent on 19th January 1999. Closure of all 03 Tea Factories, in August 2002, due to disconnection of power supply by the Ceylon Electricity Board (CEB) as a result of the non-settlement of bills. This is considered to be the major reason for the present crisis. Consequent to the closure of Tea Factories,

EPL was compelled to sell its Green Leaf to outside Tea Factories. In 2004, the Management of EPL was taken over by the Plantation Management Monitoring Division (PMMD) of the Ministry of Plantations Industries, with the appointment of a Chief Executive Officer.

From January 2006, the Company is being managed by the General Treasury with the appointment of a full time Chairman and the Board of Directors. In 2006, EPL Leased out Bandarapola Tea Factory to a private Investors, namely Messrs. Pride Tea Company (Pvt) Ltd, for a period of 30 years. Accordingly, a major portion of the Green Leaf from EPL Estates is being supplied to this Tea Factory. Two other Tea Factories of EPL which were functioning up to August 2002, were closed down due to disconnection of power supply remain silent to date.

In 2008, EPL leased out the Ratwatte Estate Tea Factory to a private investor namely, Messrs. APN Plantations limited, initially for a period of 10 years. The above private investor though having attended to the repairs and refurbishment of the factory is yet to commence the operations.

In 2013, EPL leased out the Pansalthenna Tea Factory which belongs to Ratwatte Estate to a private investor namely Messrs. EOAS Organics (Pvt) Ltd, for a period of 30 years. The annual lease rental was based as per the valuation undertaken by the Department of Valuation.

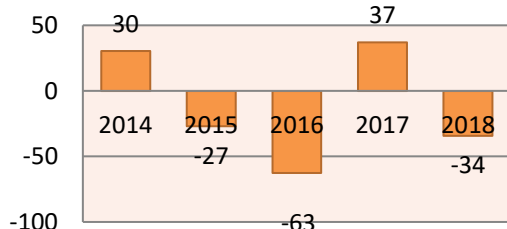
## FINANCIAL HIGHLIGHTS

Item / Particulars	2018	2017	Change as %
Total Revenue (Rs.)	333,181,840	326,621,779	2%
Gross Profit / (Loss) (Rs.)	(66,181,368)	(28,228,102)	134%
Other Operating Income (Rs.)	82,305,722	105,672,469	-22%
Profit / (Loss) from Operating Activities (Rs.)	(28,905,729)	39,849,864	-173%
Profit / (Loss) Before Tax (Rs.)	(33,622,259)	37,088,310	-191%
Profit / (Loss) for the year (Rs.)	(34,303,823)	37,088,310	-192%
Gross Profit /(Loss) Margin (%)	(19.86%)	(8.6%)	130%
Net Profit Margin (%)	10.3%	11.3%	61%
Earnings Per Share (EPS) Rs.	3.37	11.69	-71%
Total Assets (Rs.)	1,203,985,035	1,131,187,393	6%
Total Equity (Rs.)	546,996,659	478,648,482	14%
Number of Shares in Issue	Nil	Nil	Nil
Net Assets Per Share	30.39	26.59	14%
Current Ratio (No.of times)	1 : 0.45	1 : 0.35	2%

Above figures were extracted from the Audited Financial Statements for the year ended 31<sup>st</sup> December 2018 and 31<sup>st</sup> December 2017, thus it should be read in conjunction with the related notes to the said Financial Statements.

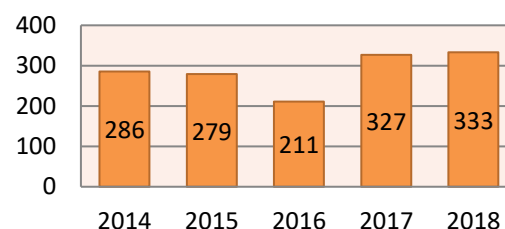
01

### Profit / (Loss) After Tax Loss Rs. 34 Mn (2017 Profit - 37 Mn)



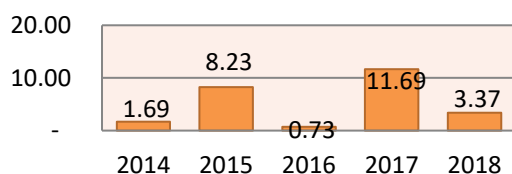
02

### Turnover Rs. 333 Mn (2017 - Rs. 327 Mn)



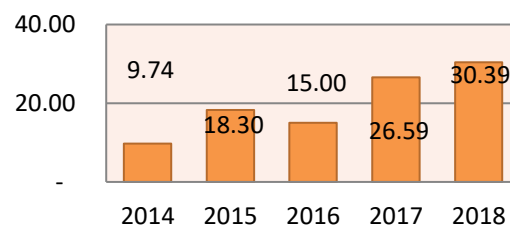
03

### Earning/(Loss) Per Share Loss Rs. 3.37 (2017 - EPS 11.69)



04

### Net Assets Per Share Rs. 30.39 (2017 - Rs. 26.59)



## OPERATING HIGHLIGHTS

Item / Particulars	2018	2017	Change as %
Tea (Green Leaf) Production (kg)	3,144,670	2,711,081	16%
NSA (Rs.)	86.89	91.09	(5%)
COP (Rs.)	102.81	106.87	(4%)
Yield (Rs./kg)	781	644	21%
Revenue Extent – Ha.	804.23	865.78	
Rubber (Latex) Production (kg)	98,988	77,348	26%
NSA (Rs.)	262	306.87	(15%)
COP (Rs.)	446.51	481.32	(6%)
Yield (Rs./kg)	354	276.37	25%
Revenue Extent – Ha.	278.85	276.36	0.9%
Coconut Production (Nuts)	919,804	811,674	9%
NSA (Rs.)	35.24	42.10	(13%)
COP (Rs.)	33.02	31.06	4%
Yield (Rs./kg)	2,919	2,671	9%
Revenue Extent – Ha.	315.18	315.18	

## PROFIT / (LOSS) POSITION 1993 – 2018 (RS.)

Year	Profit / (Loss)	Treasury Grants	Total Profit / (Loss) Rs.
1993	(16,158,428)	-	(16,158,428)
1994	(44,076,870)	-	(44,076,870)
1995	(32,348,831)	-	(32,348,831)
1996	(43,109,305)	-	(43,109,305)
1997	(43,387,199)	-	(43,387,199)
1998	(41,795,687)	-	(41,795,687)
1999 (*)	(5,305,734)	-	(5,305,734)
2000	(16,884,862)	-	(16,884,862)
2001	(32,661,127)	-	(32,661,127)
2002	(72,197,231)	168,072,927	95,875,696
2003	(83,139,468)	105,859,000	22,719,532
2004	(78,472,241)	76,100,000	(2,372,241)
2005	(35,075,378)	70,000,000	34,924,622
2006	(49,489,141)	55,000,000	5,510,859
2007	(39,536,041)	13,000,000	(26,536,041)
2008	29,490,317	-	29,490,317
2009	(62,688,625)	-	(62,688,625)
2010 (**)	(4,965,702)	-	(4,965,702)
2011	(29,733,796)	-	(29,733,796)
2012	(35,168,337)	-	(35,168,337)
2013	(64,949,088)	-	(64,949,088)
2014	30,402,163	-	30,402,163
2015	(26,922,929)	175,000,000	148,077,071
2016	(62,756,178)	75,831,000	13,074,822
2017	37,088,310	173,300,000	210,388,435
2018	(34,303,823)	95,000,000	60,696,177

- Total value of treasury grants charged to accounts Rs. 1,007,162,927/-
- (\*) The loss was reduced in the year 1999 due to the waving off Rs. 25.9 Mn accumulated interest charges by the former bankers, Seylan Bank Ltd.
- (\*\*) The todate loss was reduced as at end December 2010 due to waving off the accumulated loss Rs. 35.06 Mn. Being default charges on accrued debenture interest by the Employee's Trust Fund (ETF) Board.
- Recognized the changes in fair value of Biological Assets (fair value less cost to sell), true profit or loss for the respective years are as follows,

2014 – Rs. 84,630,003/-

2015 – Rs. 680,621/-

2016 – Rs. 5,982,775/-

2017 – Rs. 51,235,672/-

2018 – Rs. 4,163,665/-



## RELEASE OF FUNDS BY TREASURY TO EPL 1999 – 2018

Year	Description	Amount (Rs.)
1993 – 2002	Accumulated Balance	168,072,927
2003	Funds received - recurrent	105,859,000
2004	Funds received - recurrent	76,100,000
2005	Funds received - recurrent	70,000,000
2006	Funds received - recurrent	55,000,000
2007	Funds received - recurrent	13,000,000
2008	-	-
2009	-	-
2010	-	-
2011	-	-
2012	-	-
2013	-	-
2014	-	-
2015	Funds received - recurrent	175,000,000
2016	Funds received - recurrent	75,831,000
2017	Funds received - recurrent	173,300,000
2018	Funds received - recurrent	95,000,000
<b>Total</b>		<b>1,007,162,927</b>

## CHAIRMAN'S REVIEW



The Annual Report for the year ended 31st December 2018 of Elkaduwa Plantations Limited (EPL) is hereby submitted to the Stakeholders as the Chairman/CEO of EPL since February 2020.

Despite the difficulties experienced by the entire country due to Covid 19, the EPL management takes measures to forward timely submission of annual report for the year 2018, keeping in line with the provisions in Articles of Association of Elkaduwa Plantations Limited (PB5) as well as the Company's Act No.07 of 2007.

As Chairman/CEO of the Company and on behalf of the Board of Directors of EPL., I wish to acknowledge the dedicated contribution of the Executives in Head Office and Plantations, Staff and Workers of the Company towards the fulfilment of their responsibilities despite the hardships they had to face during the period under review.

A handwritten signature in blue ink, appearing to be 'S. Jayarathne', written over a light blue circular stamp.

**Sumith Jayarathne**  
**Chairman / CEO**  
**Elkaduwa Plantations Limited**

## SEGMENTAL INFORMATION

TEA	2018	2017	2016	2015	2014
Production – kgs'	3,144,670	2,711,081	2,541,465	4,007,397	3,254,254
NSA – (per unit) Rs.	86.69	91.09	64.58	56.64	62.37
COP – (per unit) Rs.	(102.81)	(106.87)	(87.11)	(68.32)	(89.41)
Yield - Rs./kg	(16.12)	(15.78)	(22.53)	(11.68)	(27.04)
Revenue Extent - ha	804.23	865.78	862.78	883.18	1,278.39
<b>RUBBER</b>					
Production – kgs'	98,988	77,348	75,949	82,085	93,876
NSA – (per unit) Rs.	262.00	306.87	211.34	239.74	249.69
COP – (per unit) Rs.	(446.51)	(481.32)	(369.60)	(335.15)	(414.12)
Yield - Rs./kg	(184.51)	(174.45)	(158.26)	(95.41)	(164.43)
Revenue Extent - ha	278.85	276.36	217.00	282.19	287.47
<b>COCONUT</b>					
Production – Nuts	919,804	811,674	1,354,715	969,648	1,368,257
NSA – (per unit) Rs.	35.24	42.10	20.79	27.93	29.09
COP – (per unit) Rs.	(33.02)	(31.06)	(14.10)	(9.53)	(10.31)
Yield - Rs./Nut	2.22	11.04	6.69	18.40	18.78
Revenue Extent - ha	315.18	315.18	291.83	287.66	263.64

## **BOARD OF DIRECTORS**

Board of Directors of the Company for the year 2018

Mr. Nalaka Devenda Madawala (To 15.11.2018)	: Chairman/ Board Director
Mr. Sanjaya Leelarathne Kankanamge (Since 16.11.2018)	: Chairman/Board Director
Mrs. Ramanayakage Mallika Jayanthi	: Director/Treasury Representative
Mr. John Martinstine Alposo Douglas	: Director/ Ministry Representative
Mr. Wannakawatta Waduge Ruchira Nishan Fernando	: Director
Mr. Ranjith Ashoka Hearth	: Director
Mr. Aswaddage Gedara Wijethunga	: Director
Mrs. Amrah Akbar	: Director

According to the Articles of Association of the Company, the numbers of Board Members are not less than two or not more than seven. All members the Board of Directors are appointed by the Secretary to the General Treasury of Sri Lanka.

### **Appointment of Directors**

As all members of the Board of Directors are “Appointed Directors”, they are not required to retire at the Annual General meeting of the Company.

### **Directors Share Holding**

No Members of the Board of Directors of the Company or his spouse holds any shares of the Company.

### **Directors Interest in Contracts**

The Members of the Board of Directors have no direct or indirect in any contracts or proposed contracts entered in to by the Company.

## **MANAGEMENT TEAM**

### **Senior Management**

Mr. C.B. Nugawela	- Deputy General Manager (Tea)
Mr. K.B.R. Perera	- Deputy General Manager (Minor Crop)
Mr. R. Dissage	- Deputy General Manager (Projects)

### **Middle Management**

Mr. R.M.C. Wijerathne	- Manager Finance
Mr. S. Narampanawa	- Manager HR
Mr. E.M.A.B. Ekanayake	- Internal Auditor
Mr. D.A. Daniel	- Manager (MIS & Special Project)

### **Estate Management & Others**

<b>Bandarapola Estate -</b>	Mr. R.A.C.P.Kumara - Estate Superintendent
<b>Elkaduwa Estate -</b>	Mr. R.Dissage - Estate Superintendent Mr. D.M.S.R.Dissanayake - Assistant Superintendent
<b>Hunugalla Estate -</b>	Mr.C.B.Nugalwela Estate Superintendent (Overlooking)
<b>Hapugasptiya Estate -</b>	K.B.R.Perera - Estate Superintendent Mr.N.H.A.B.Yapa - Assistant Superintendent
<b>Millawana Estate-</b>	Mr. D. S. N. Perera – Estate Superintendent Mr. D. A. T. S. Athukorala - Assistant Superintendent Mr. K.R.S.P.Dharmasena – Assistant Superintendent
<b>Nalanda Estate -</b>	Mr. H.A.B.S.N.Udugama – Estate Superintendent Mr. C. K. Aluvihare - Assistant Superintendent
<b>Pitakande Estate -</b>	Mr.C.B.Nugalwela Estate Superintendent Mr. R.K.S.N.Ratnayake Assistant Superintendent Mr. K.P.N.P.Karunarathne - Assistant Superintendent
<b>Ratwatte Estate -</b>	Mr. M.L.K.R.Senarathne Estate Superintendent Mr. H.S.Akuratiyage Assistant Superintendent
<b>Selagama Estate -</b>	Mr. S.K.D.C.Navaratnam Estate Superintendent

## STATEMENT OF CORPORATE GOVERNANCE

Corporate governance is meant to be the system of rules, practice and process which a Company is directed and controlled. The Company is primarily guided by the code of the Board of Directors of Elkaduwa Plantations Limited which operates on the principles of integrity, corporate fairness, transparency and accountability, and those governing principles would be the foundation on which it will endeavour to build strong relationship with all stakeholders and nature 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, structures and information which are embodied with policies, procedures and processes 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 are ultimately accountable and responsible for the performance of the Company and is the focal point of the corporate governance process. Best practices on corporate governance was issued by the Institute of Chartered Accountants of Sri Lanka

### **Composition**

The Board of Directors comprises of seven Non-Executive Directors including the Chairman.

### **Responsibility**

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

### **Board Meeting**

The 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 and the current and the capital expenditure programs. The Board members are given appropriate documentation in advance of each Meeting. The Board met the 05 times during the year 2018.

### **Audit and Management Committee**

In accordance the Corporate Governance Guidance, the Board of Directors appoints the Audit and Management Committee. The Audit Committee is empowered by the Board of Directors to review the Financial Reporting, Legal and Regulatory compliances, Internal Controls and Risk Management and the Assessment of External Auditors. The Audit Committee is comprised of Three Non-Executive Directors. The Chairman of the Audit Committee is the Board of Director who represents the General Treasury of Sri Lanka. The Audit Committee meetings are scheduled on a quarterly basis. Audit Committee meetings are held regulatory under the Chairmanship of the Board Member representing the General Treasury of Sri Lanka.

The General Manager, Senior Managers and the other Managers participate in these meetings by Invitation. The Chief Internal Auditor coordinates the invitations and the meetings. The Audit and Management Committee met the 04 times during the year 2018.

### **Compliance with the Legal Requirement**

The Board of Directors makes every endeavour to ensure that the Company complies with the memorandum and articles of association of the Company, and other rules and regulations as applicable to state owned business undertaking of country. Board ensures that the Financial Statements of the Company are prepared in accordance of with the Sri Lanka Accounting standards and comply with the requirements of the Companies Act No. 07 of 2007.

## STATEMENT OF DIRECTORS' RESPONSIBILITY

In keeping with the provisions under the Companies Act No.7 of 2007, the Directors of Elkaduwa Plantations Limited, acknowledge their responsibility in relation to financial reporting of the Company. These responsibilities differ from those of its Auditors, National Audit Office which are set out in their report, appearing on page 00 of this report.

The Financial Statements of the Company for the year ended 31 December 2018 included in this report have been prepared and presented in accordance with the Sri Lanka Financial Reporting Standards. They provide the information as required by the Companies Act No. 7 of 2007, Sri Lanka Accounting Standards and the Listing Rules of the Colombo Stock Exchange. 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 given on pages from 62 to 113 inclusive. 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.

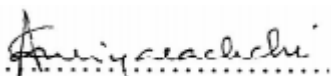
The Directors confirm their responsibility for Company is maintain adequate accounting records, which are sufficient enough to prepare Financial Statements that disclose with reasonable accuracy, the financial position of the Company. They also confirm their responsibility towards ensuring that the Financial Statements presented in the Annual Report give a true and fair view of the state of affairs of the Company as at 31 December 2018 and that of the profit for the year then ended.

The overall responsibility for the Company's internal control systems lies with the Directors. Whilst recognizing the fact that there is no single 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 them which comprise internal checks, internal audit, financial and other controls are 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 have adequate resources to continue operations in the foreseeable future, as a going concern. Accordingly, the Directors have continued to use the going-concern basis in the preparation of these Financial Statements.

The Directors have provided the Auditors, National Audit Office with every opportunity to carry out reviews and tests that they consider appropriate and necessary for the performance of their responsibilities. The Company's Auditors, National Audit Office have examined the Financial Statements together with all financial records and related data and express their opinion which appears as reported by them on page 60 of this report. In arriving at their opinion, they have carried out reviews and sample checks on the system of internal controls.

On behalf of the Board,



**Company Secretary**  
**Elkaduwa Plantations Limited**

**ELKADUWA PLANTATIONS LIMITED**  
**STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018**

	<b>Note</b>	<b>DECEMBER 31,</b>	
		<b>2018</b>	<b>2017</b>
		<b>Rs.</b>	<b>Rs.</b>
<b>Assets</b>			
<b>Non current assets</b>			
Leasehold property, plant and equipment	01	149,212,360	153,511,897
Freehold property plant equipment	02	52,630,160	51,661,316
Bearer biological assets	03	418,246,033	401,461,611
Consumable biological assets	04	305,071,397	311,900,488
Financial investments	05	75,361,958	45,361,958
<b>Total non current assets</b>		<b>1,000,521,909</b>	<b>963,897,269</b>
<b>Current assets</b>			
Inventories	06	5,318,658	7,161,242
Trade and other receivables	07	127,756,894	105,996,004
Deferred tax assets	23.3	21,008,134	-
Cash and cash equivalents	08	49,379,440	54,132,879
<b>Total current assets</b>		<b>203,463,125</b>	<b>167,290,125</b>
<b>Total assets</b>		<b>1,203,985,035</b>	<b>1,131,187,394</b>

**FINANCED BY:**

<b>Equity &amp; liabilities</b>			
<b>Equity</b>			
Stated capital	09	180,000,010	180,000,010
Retained earnings		366,996,649	298,648,472
<b>Total equity</b>		<b>546,996,659</b>	<b>478,648,482</b>
<b>Non current liabilities</b>			
Obligations under lease agreements -			
Current maturity	10	732,317	37,425
Differed income	11	26,344,234	27,261,212
Retirement benefit obligations	12	178,127,132	159,052,619
<b>Total non current liabilities</b>		<b>205,203,683</b>	<b>186,351,256</b>
<b>Current liabilities</b>			
Trade and other payables	13	283,722,735	302,444,879
Amounts due to related parties	14	(24,359,001)	(11,737,220)
Redeemable debentures	15	5,000,000	5,000,000
Short term borrowings	16	83,505,208	67,178,460
Obligations under lease agreements -			
Net of current maturity	10	552,615	1,357
Gratuity payable	12	103,363,136	103,300,180
<b>Total current liabilities</b>		<b>451,784,693</b>	<b>466,187,656</b>
<b>Total equity and liabilities</b>		<b>1,203,985,035</b>	<b>1,131,187,394</b>

These Financial Statements are in Compliance with the requirements of the Companies Act No.7 of 2007.

  
**FINANCE MANAGER**

The Board of Directors is responsible for the preparation and presentation of these financial statements.  
Signed for and on behalf of the Board of Directors of Elkaduwa Plantations Limited

  
**CHAIRMAN/DIRECTOR**

  
**-DIRECTOR**

The accounting policies and notes on pages 04 through 30 form an integral part of the financial statements.

Colombo.  
May 15, 2019



ELKADUWA PLANTATIONS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2018

	<b>Note</b>	<b>YEAR ENDED DECEMBER 31,</b>	
		<b>2018</b>	<b>2017</b>
		<b><u>Rs.</u></b>	<b><u>Rs.</u></b>
<b>Revenue</b>	<b>17</b>	<b>333,181,840</b>	<b>326,621,779</b>
<b>Cost of sales</b>		<b><u>(399,363,208)</u></b>	<b><u>(354,849,881)</u></b>
<b>Gross profit/(loss)</b>		<b>(66,181,368)</b>	<b>(28,228,102)</b>
Other operating income	<b>18</b>	82,305,722	105,672,469
Administrative expenses	<b>19</b>	<u>(45,030,083)</u>	<u>(37,594,503)</u>
<b>Profit/(loss) from operations</b>		<b><u>(28,905,729)</u></b>	<b><u>39,849,864</u></b>
Other expenses	<b>20</b>	<u>(3,467,719)</u>	<u>(217,103)</u>
<b>Profit/(loss) before finance charges</b>		<b><u>(32,373,448)</u></b>	<b><u>39,632,761</u></b>
Finance income	<b>21</b>	8,020,310	4,410,836
Finance costs	<b>22</b>	<u>(9,269,121)</u>	<u>(6,955,287)</u>
<b>Net finance income</b>		<b><u>(1,248,811)</u></b>	<b><u>(2,544,451)</u></b>
<b>Profit/(loss) before taxation</b>		<b>(33,622,259)</b>	<b>37,088,310</b>
Income tax expenses	<b>23</b>	<u>(681,564)</u>	-
<b>Profit/(loss) after taxation</b>		<b>(34,303,823)</b>	<b>37,088,310</b>
Government grants – recurrent	<b>24</b>	<u>95,000,000</u>	<u>173,300,000</u>
<b>Profit/(loss) for the year</b>		<b><u>60,696,177</u></b>	<b><u>210,388,310</u></b>
Other comprehensive income		-	-
Total other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<b><u>60,696,177</u></b>	<b><u>210,388,310</u></b>
 Earnings/(loss) per share - Basic and diluted	 <b>25</b>	 3.37	 11.69

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2018

	<b>Stated</b>	<b>Retained</b>	
	<b>Capital</b>	<b>Earnings</b>	<b>Total</b>
<b>Balance as at January 01, 2017</b>	<b><u>180,000,010</u></b>	<b><u>90,068,526</u></b>	<b><u>270,068,536</u></b>
Add: Prior year adjustment	-	(1,808,489)	(1,808,489)
Profit/(loss) for the year	<u>-</u>	<u>210,388,435</u>	<u>210,388,435</u>
<b>Balance as at December 31, 2017</b>	<b>180,000,010</b>	<b>298,648,472</b>	<b>478,648,482</b>
Add: Prior year adjustment		7,651,999	7,651,999
Total comprehensive income for the year	<u></u>	<u>60,696,177</u>	<u>60,696,177</u>
<b>Balance as at December 31, 2018</b>	<b><u>180,000,010</u></b>	<b><u>366,996,648</u></b>	<b><u>546,996,658</u></b>

The accounting policies and notes on pages 04 through 30 form an integral part of the financial statements.

As at December

**STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES**

	<b>2018</b>	<b>2017</b>
Net loss before taxation from continuing operations	(33,622,258)	37,088,435
<b>ADJUSTMENT FOR</b>		
Interest Income	(8,020,310)	(4,410,836)
Depreciation and amortisation adjustment	7,476,451	8,035,808
Provisions for defined benefit plan cost	31,148,508	29,428,905
Amortization of grants	(916,978)	916,978
Finance cost	9,269,121	6,955,287
profit on disposal of biological assets	(4,163,665)	(9,769,109)
Gain/(loss) on fairvalue of biological assets	-	(33,335,172)
Prior year adjustment	(13,356,135)	(1,808,489)
<b>Operating profit before working capital changes</b>	<b>(12,185,265)</b>	<b>43,268,768</b>
(Increase)/Decrease in inventories	1,842,584	(1,265,218)
(Increase)/Decrease in trade & other receivables	(21,760,890)	(98,916)
Increase/(Decrease) in trade & other payables	(18,722,144)	(123,764,755)
(Increase)/Decrease in amounts due to related companies	(12,621,781)	(14,770,946)
Cash generated from/(used in) operations	(63,447,496)	(96,631,069)
Defined benefit plan cost paid	(12,011,039)	(4,181,122)
Finance cost paid	(6,994,782)	(5,355,287)
<b>Net cash from/(used in) operations</b>	<b>(82,453,317)</b>	<b>(106,167,478)</b>

**CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES**

Sales of biological assets	10,992,755	17,900,500
Investment in fixed deposits	(30,000,000)	(989,148)
Interest income	4,624,896	3,110,511
Purchase of property plant & equipment	(20,930,134)	(23,423,897)
<b>Net cash from/(used in) investing activities</b>	<b>(35,312,483)</b>	<b>(3,402,034)</b>

**CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES**

Finance leases	1,685,667	-
Treasury Grants Received	95,000,000	173,300,000
<b>Net cash from/(used in) investing activities</b>	<b>96,685,667</b>	<b>173,300,000</b>
Net increase/(decrease) in cash & cash equivalents	(21,080,134)	43,708,626
Cash & cash equivalents at the beginning of the year	9,705,039	(34,003,533)
<b>Cash &amp; cash equivalents at the end of the year</b>	<b>A (11,375,095)</b>	<b>9,705,093</b>

**Note A**

**Cash & Cash Equivalents**

**Favourable Balances**

Cash at Bank - Head Office	47,975,111	52,686,916
Cash at Bank – Estate	1,080,945	994,931
Cash/Stamp in hand	323,383	451,032
	49,379,440	54,132,879
Bank overdraft	60,754,534	44,427,786
<b>Ending balance</b>	<b>(11,375,094)</b>	<b>9,705,093</b>

The accounting policies and notes on pages 04 through 30 form an integral part of the financial statements.

**ACCOUNTING POLICIES****1. CORPORATE INFORMATION****1.1 Domicile and Legal Form**

Elkaduwa Plantations Limited (EPL) is a limited liability company incorporated and domiciled in Sri Lanka, under the Companies Act. No.17 of 1982 in terms of the provisions of the Conversion of Corporations and Government owned Business Undertaking into Public Companies Act No. 02 of 1987. The registered office of the company is located at 320, "Janawathupiyasa", T.B. Jayah Mawatha, Colombo 10, and plantations are situated in the planting regions of Matale and Kurunegala.

**1.2 Principal Activities and Nature of Operations**

Company is engaged in the business of cultivation, manufacture and sale of Tea, Rubber, Coconut, Cocoa and other agricultural produce.

**1.3 Parent Enterprises**

The Company's parent undertaking and controlling party is the Government of Sri Lanka.

**2. BASIS OF PREPARATION****2.1 Statements of Compliance**

The Financial Statements of Elkaduwa Plantations Ltd has been prepared in accordance with Sri Lanka Accounting Standards which requires compliance with Sri Lanka Financial reporting Standards (SLFRS/ LKAS) by the Institute of Chartered Accounts of Sri Lanka (ICASL) and also compliance with the requirement of the Companies Act No. 07 of 2007.

**2.2 Basis of Measurement**

These Financial Statements are prepared in accordance with historical cost basis, except where otherwise stated in the accounting policies below.

**2.3 Functional & Presentation Currency**

The Financial Statements are presented in Sri Lankan Rupees (Rs.) and has been given to the nearest rupees, unless stated otherwise.

**3. USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of Financial Statements in conformity with SLFRS/LKAS requires management to make judgments, estimate & 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 estimates are revised, if the revision affects only that period and any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes.

### 3.1 Income Taxes

The company recognizes liabilities for anticipated tax based on estimates of taxable income. Where the final tax outcome of these matters is different from the amount that were initially recorded, such difference will impact the current and differed income tax assets & liabilities in the period in which such determination is made.

### 3.2 Retirement Benefit Obligations

The present value of the retirement benefit obligations depends on the number of factors that are determined on actuarial basis using no of assumptions. Key assumptions used in determining the retirement benefit obligations are given in Note 12. Any changes in these assumptions will impact the carrying amount of retirement benefit obligations.

### 3.3 Biological Assets

The fair value of managed timber trees depends on a number of factors that are determined on a discounted method using various financial and non-financial assumptions. The growth of the trees is determined by various biological factors that are highly unpredictable. Any changes to the assumptions will impact the fair value of biological assets.

### 3.4 Impairment of Goodwill

The Company determines whether good will is impaired at least on an annual basis. This requires an estimation of the 'value in use' of the cash generating units to which the goodwill is allocated. Estimating value of those cash generating units and also to choose a suitable discount rate in order to calculate present value of those cash flows. However, at present company does not have any recorded goodwill balance as at the statement of financial position date.

### 3.5 Differed Tax Assets

Differed tax assets are recognized for all unused tax losses to the extent that is probable that taxable profit will be available against which are losses can be utilized. Significant management judgment is required to determine the amount of differed tax assets that can be recognized, based upon the likely timing and level of future taxable profit together with future tax planning strategies.

## 4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies are consistent with those used in the previous year, except where otherwise stated in the accounting policies below.

Comparative information has been reclassified to conform to the current year's presentation whenever necessary. The directors have made as assessment of the company's ability to continue as going concern in the foreseeable future, and they do not foresee need for liquidation or cessation of trading.

### 4.1 Assets and Bases of their Valuation

Assets classified as current assets in the statement of Financial Position are cash and bank balances and those which are expected to be realized 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 from the Statement of Financial Position date.

#### 4.1.1 Property, Plant and Equipment

##### a) Recognition and Measurement

Items of Property, Plant and Equipment are measured at cost (or at fair value in the case of land), less accumulated depreciation and accumulated impairment losses, if any.

##### b) Owned Assets

The cost of Property, Plant and Equipment includes expenditures that are directly attributable to the acquisition of the assets. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing cost for long terms construction project if the recognition criteria are met. The cost of self-constructed assets includes the cost of materials and directly attributable costs to bringing the assets to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located.

When significant parts of property, plant and equipment required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates 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 financial statement as incurred. The present value of expected cost for the decommissioning of the assets after its use is included in the cost of respective assets if the recognition criteria for a provision are met.

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

##### c) Leased Assets

Assets obtained under the finance leases, all of the risks and benefits incidental to ownership of the lease assets, are treated as if they have been purchased outright and are capitalized at their cash price. Assets acquired by the way of finance lease are measured at the amount equal to the lower of their fair value and the present value of minimum lease payments at the inception, less accumulated depreciation and accumulated impairment losses.

Assets held under finance leases are amortized over the shorter of the lease period or the useful lives of equivalent-owned assets, unless ownership is not transferred at the end of the lease period. The principle/capital elements payable to the lessor are shown as liability/ obligation. The lease rentals are treated as consisting of the capital and interest elements. The capital element in the rental that is applied to reduce the outstanding obligation and interest element is charged against profit, in proportion to the reducing capital element outstanding.

The cost of improvements to or on leased property is classified, disclosed as improvement to or on lease property is capitalized, disclosed as improvements to lease hold property and depreciated over the unexpired period of the lease, or the estimated useful lives of the improvements, whichever is shorter.

##### d) Subsequent Cost

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item, if it is probable that the future economic benefit 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 derecognized in accordance with the de-recognition policy given below. The cost of day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

##### e) Derecognition

The carrying value of an item of property, plant and equipment is derecognized on disposal; or when no future economic benefits are expected from its use or disposal. Gains or losses on recognition are recognized in profit or loss and gains are not classified in revenue.

**f) Depreciation**

Depreciation is recognized in the income statement on a straight-line basis over the estimated useful economic lives of each part of an item of property, plant and equipment. Assets held under the finance lease are depreciated 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 SLSPC/JEDB will be expired in year 2036. The estimated useful lives of current and comprehensive periods are as follows.

<b><u>Category</u></b>	<b><u>No. of years</u></b>	<b><u>Rate (%)</u></b>
Improvements to land buildings	40 years	2.5%
Plant and machinery	13 1/3 years	7.5%
Water sanitation & electricity supply	20 years	5%
Motor vehicles	05 years	20%
Equipment	08 years	12.5%
Furniture & fittings	10 years	10%

**Mature Plantations – Replanting and New Planting**

<b><u>Category</u></b>	<b><u>No. of years</u></b>	<b><u>Rate (%)</u></b>
Tea	33 1/3 years	3%
Rubber	20 years	5%
Coconut	50 years	2%
Cocoa	50 years	2%

Depreciation of an assets begins when it is available for use and ceases at the earlier of the date on which assets is classified as held for sale or is derecognized. Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted prospectively, if appropriate. Mature plantations are depreciated over their useful lives or unexpired lease period, whichever is less. No depreciation is provided for immature plantations.

**g) Amortizations**

The leasehold right to assets taken over from SLSPC/JEDB are amortized in equal amounts over the shorter of the remaining lease period and useful lives as follows,

<b><u>Category</u></b>	<b><u>No. of years</u></b>	<b><u>Rate (%)</u></b>
Leasehold property	53 years	1.89%
Land development cost	30 years	3.33%
Buildings	25 years	4%
Plant and machinery	05 years	20%
Water projects and sanitation	35 years	2.85%
Road development	30 years	3.33%
Mature plantations - Tea and rubber	30 years	3.33%
Mature plantations - Other	25 years	4%

**4.1.2 Land Development Cost**

Permanent land development costs are those costs incurred in making infrastructure development and building new access roads on leasehold lands. These costs have been capitalized and amortized over the remaining lease period.

Permanent impairments to land development costs are charged to the income statements in full or reduced to the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

### 4.1.3 Biological Assets

#### Mature and Immature Plantations

Biological assets are classified into mature biological assets and immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specifications. Tea, Rubber and other plantations and nurseries are classified as biological assets.

Biological assets are further classified as bearer biological assets and consumable biological assets. Bearer biological assets includes rubber and tea plants and coconut plumps, those that are not intended to be sold or harvested, however used to grow for harvesting agricultural produce from biological assets or sold as biological assets.

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

The bearer biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16, Property, Plant and Equipment as per the ruling issued by the Institute of Chartered Accountants of Sri Lanka.

The managed timbers 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 in fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial. The fair value of timber trees are measured using DCF method taking in to consideration current market prices of timber, applied to expected timber content of tree at the maturity by an independent professional value.

#### The Main Variable in DCF Model Concerns

<u>Variable</u>	<u>Comment</u>
Currency valuation	
Timber content	Estimated 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 against harvesting of timber coupled with forestry plan of the company.
Economic useful lives	Estimated based on the normal life span of each species by factoring the forestry plan of the company.
Selling price	Estimated based on the prevailing Sri Lankan market prices. Factor all the conditions to be fulfilled in bearing the trees into saleable condition.

Nursery cost includes the cost of direct materials, direct labour and an appropriate of directly attributable overheads, less provision for overgrown plants.

The gain or loss arisen on initial recognition on biological assets at fair value less cost to sell of biological assets is included in profit or loss for the period in which it arises.



#### 4.1.4 Infilling Cost on Bearer Biological Assets

The land development costs incurred in the form of infilling have been capitalized to the relevant mature field, only where that increases the expected future benefits from that field, beyond its pre-infilling performance assessment. Infilling cost so capitalized are depreciated over the newly assessed remaining useful economic life of the relevant mature plantation, or the expected lease period, whichever is lower.

Infilling cost that are not capitalized have been charged to the Income Statement the year in which they are incurred.

#### 4.1.5 Borrowing Cost

Borrowing cost that are not capitalized are recognized as expenses in the period in which they are incurred and charged to the income statement.

#### 4.1.6 Intangible Assets

An intangible asset is an identifiable non monetary asset without physical substance held for use in the production or supply of goods or service, for rental or administrative purpose.

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably in accordance with LKAS 38, Intangible Assets.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of the acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any. Internally generated intangible assets, excluding capitalized development cost, are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economics lives and assess for impairment whenever there is an indication that the intangible assets may be impaired. Intangible assets with indefinite economics lives are not amortized, but are tested for impairment annually, either individually or at the cash generating unit level. The amortization period and method of intangible assets with the finite and indefinite useful lives are reviewed annually.

#### Research and Development Cost

Expenditure on research activities, undertaking with the prospect of gaining new specific or technical knowledge and understanding, is recognized in profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved product and process. Development expenditure is capitalized only if development cost can be measured reliably, the product and process is technically and commercially feasible, future economic benefits are probable, and the company intends it has sufficient resources to complete development and to use or sell the assets. The expenditure capitalized includes the cost of materials, direct labour and overheads cost that are directly attributable to preparing the assets for its intended use. Other development expenditure is recognized in profit or loss when incurred.

Capitalized development expenditure is measured at cost, less accumulated amortization and accumulated impairment losses.

#### **4.1.7 Financial Instruments**

##### **4.1.7.1 Financial Assets**

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held –to- maturity investments, available - for - sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs. The company's financial assets include cash and short-term deposits, short- term investments, trade and other receivables, loans and other receivables.

##### **4.1.7.2 Financial Assets at fair Value through Profit or Loss**

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial Assets at fair value through profit and loss are carried in the Statements of Financial Position at fair value with changes in fair value recognized in finance income or finance expense in the income Statement.

The company has not designated any financial assets upon initial recognition at fair value through profit or loss.

##### **4.1.7.3 Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the Effective Interest Rate method (EIR), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in financial income in the Income Statement. The losses arising from impairment are recognized in the Income Statement in finance costs.

Loans and receivable comprise of trade receivables, amounts due from related parties, deposits, advances and other receivables and cash equivalents.

##### **4.1.7.4 Held-to-Maturity Investments**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold them to maturity. After initial measurements, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. The EIR amortization is included in finance income in the Income Statement. The losses arising from impairment are recognized in the Income Statement in finance costs.

##### **4.1.7.5 Available-for-Sale Financial Investments**

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of the financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognized in other comprehensive income and presented in the fair value reserve in equity. Interest income on available-for-sale debt securities is calculated using the effective interest rate method and is recognized in profit or loss. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale comprise of investment in quoted and unquoted shares.

**4.1.7.6 Impairment of Financial Assets**

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired and if such has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flow.

**4.1.7.7 Financial Liabilities****Initial Recognition and Measurement**

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, carried at amortized cost. This includes directly attributable transaction costs.

The financial liabilities include trade and other payables, bank overdrafts, loans and borrowings.

**4.1.7.8 Financial Liabilities at Fair Value through Profit or Loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities held for trading are recognized in the Income Statement.

The company has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

**4.1.7.9 Loans and Borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the Income Statement when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process.

Other financial liabilities comprise interest-bearing loans and borrowings, trade payables, other payables, income tax payables and amounts due to related parties.

**4.1.7.10 Financial Guarantee Contracts**

Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognized less cumulative amortization.

**4.1.7.11 Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

The fair value of the financial instruments is determined in terms of LKAS 39. The Company derecognized a financial liability when its contractual obligations are discharged cancelled or expired.

#### **4.1.7.12 Financial Risk Management Objectives and Policies**

The Company's principal financial liabilities, comprise with loans and borrowings and trade and other payables, the main purpose of these financial liabilities is to finance the company's operations and to provide guarantee to support its operations. Further the company has loans and other receivables, trade and other receivables and cash and short term deposits that derive directly from its operations. Accordingly, the company has exposure to namely credit risk, liquidity risk, interest 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, and policies and measures for measuring and managing risks.

##### **Credit Risk**

Credit risk is the risk of financial loss of the company if a customer or counterparty to a financial instrument fails to meet and contractual obligations, and arises principally from the company's receivables from customers.

##### **Trade and Other Receivables**

The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer. However, management also consider the demographics of the Company's customer base, including the default risk of the industry and the country in which the customers operate, as these factors may have an influence on credit risk.

The Company reviews external rating and bank reference of the customer when available. Purchase limits are established for each customer, which are reviewed quarterly. In monitoring credit risk, customers are categorized according to their credit characteristic, including whether they are wholesale or retail customer, geographical location, industry, aging profile, maturity and existence of difficulties.

##### **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 the delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it 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 reputations.

##### **Interest Rate Risk**

The company's exposure to the risk of changes in market interest rates relates primarily to the company long term debt obligations with floating interest rates. The company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The company has not engaged in any interest rate swap agreements.

#### **4.1.8 Inventories**

##### **Finished Goods Manufactured from Agricultural Produce of Biological Assets**

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

Input material, spares & consumables: At actual cost on weighted average basis.

Agricultural produced harvested from biological assets: These are measured at their fair value less cost to sell at the point of harvest. The finished and semi-finished inventories and agricultural produce are valued by adding the cost of conversion to the fair value of the agricultural produce.

#### 4.1.9 Trade and Other Receivable

Trade and other receivables are stated at their estimated realizable amounts inclusive of provisions for bad and doubtful debtors.

#### 4.1.10 Cash and Cash Equivalents

Cash and Cash equivalents are defined as cash in hand, call deposits and short-term highly liquid investments readily convertible to known amounts of cash and cash subject to insignificant risk of changes in value. For the purpose of Cash Flow Statement Cash and Cash Equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short term maturities i.e. three months or less from the date of acquisitions are also treated as Cash Equivalents.

#### 4.2 Liabilities and Provisions

Liabilities classified as current liabilities on the statements of Financial Position are those which fall due for payment on demand or within one year from the Statement of Financial Position date. Non-current liabilities are those balances that fall due for payment after one year from the Statement of Financial position date. All known liabilities have been accounted for in preparing these financial statements. Provisions and liabilities are recognized when the Company has a legal or contractive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation.

##### 4.2.1 Employees Benefits

###### a) Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognized in the Financial Statements in respect of defined benefit plan is the present value of the defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually using the projected unit credit method. The present value of the defined benefit obligation is determined by the discounting the estimated future cash flows using the interest rates that are denominated in the in the currency in which the benefit will be paid, and that have terms to maturity approximating to the terms of the related liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to statement of income in the period in which they arise. Past service costs are recognized immediately in the statement of Income.

The provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19, "Employee Benefits". However, under the payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The liability is not externally funded. The key assumption used in determining the retirement benefit obligations include the following.

###### Key Assumptions

Rate of discount : 10%

## Rate of salary increase -

Workers	: 20 once in two years.
Staff	: 8% annual

## Retirement age -

Estate Workers	60 years
Estate Staff	58 years
Head Office Staff	55 years

The company will continue as a going concern

#### **b) Defined Contribution Plans – Employees Provident 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 future amounts. Obligation for contributions to provident and trust funds covering all employees are recognized as an expenses in profit and loss in the periods during which services are rendered by employees.

The company contributes 12% on consolidated salary of the employees to Ceylon Planters Provident Society (CPPS)/ Estate Staff Provident Society (ESPS)/ Employees Provident Fund (EPF).

The company contributes 3% of consolidated salary of the employees to the Employees Trust Fund (ETF).

#### **4.2.2 Deferred Income – Grants & Subsidies**

Government grant are recognized where there is a reasonable assurance that the grant will be received and all attached conditions will be completed with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on the systematic basis to the cost 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 amount over the expected useful life of the related asset.

Where the Company receives non-monitory grants, the assets and the grants are recorded gross of nominal amounts and released to the income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

#### **4.2.3 Trade and Other Payables**

Trade and other payables are stated at their cost.

#### **4.3 Capital Commitments and Contingencies**

Capital commitments and contingent liabilities of the Company have been disclosed in the respective Notes to the Financial Statements.

#### 4.4 Events Occurring after the Statements of Financial Position Date

All material events after the Statements of Financial Position date have been considered where appropriate; either adjustments have been made or adequately disclosed in the Financial Statements.

#### 4.5 Earnings per Share

The company presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

#### 4.6 Impairment of Non-Financial Assets

The company assess at each reporting date whether there is an indication that an assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the assets recoverable amount. An assets recoverable amount is a higher of an asset's or cash generating unit's fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amounts, the asset is considered impaired and is written down to recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessment of the time value of money and risk specific to the assets. In determining fair vale less cost to sell, an appropriate valuation model in use. These calculations are collaborated by valuation multiples, quoted share price or other available fair value indicators.

Impairment losses of continuing operations are recognized in the Statement of Comprehensive income in those expense categories consist with the function of the impaired assets, expect for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognized in equity up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that the previously recognized impairment losses may no longer exist or may have decreased. If such indications exist, the company makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable since the last impairment was recognized. If that is the case the carrying amount of the assets increase it recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had not impairment loss been recognized for the assets in prior year. Such reversal is recognized in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses recognized in relation to goodwill are not reversed for subsequent increases in the recoverable amount.

The following criteria are also applied in assessing impairment of specific assets.

##### Goodwill

Goodwill is reviewed for impairment, annually or more frequently if events or charges in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash generating unit (or group of cash generating units) to which goodwill relates. Where the recoverable amount of the cash generating unit (or group of cash generating units) to which goodwill has been allocated, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods. The company perform its annual impairment test of goodwill as at 31<sup>st</sup> December. However, at present the company does not have any recorded Goodwill as at the year end.

## **Intangible Assets**

Intangible assets with indefinite useful lives are tested for impairment annually as of 31<sup>st</sup> December either individually or at the cash generating unit level, as appropriate. However, at present company does not have any recorded intangible assets at the year end.

## **4.7 Income Statement**

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

## **4.8 Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sale taxes. The following specific criteria are used for the purpose of recognition of revenue.

### **(a) Sale of Goods**

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue is recognized at invoice value net of brokerage, sale expenses and other levies related to revenue.

### **(b) Interest**

Interest income is recognized as the interest accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

### **(c) Dividends**

Dividend income is recognized in the Statement of Comprehensive Income on the date the entity's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

### **(d) Rental income**

Rental income is recognized on an accrual basis.

### **(e) Royalties**

Royalties are recognized on an accrual basis in accordance with the substance of the relevant agreement.

### **(f) Others**

Other income is recognized on an accrual basis.

Net gains and losses of a revenue nature on disposal of property, plant and equipment and other non-current assets including investments have been accounted for in the Statement of Comprehensive Income, having deducted from proceeds on disposal, the carrying amount of assets and related selling expenses. On disposals of revalued property, plant and equipment, the amount remaining in the revaluation reserve relating to that asset is transferred directly to retained profit/(loss).

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a company or similar transactions which are not material, are aggregated, reported and presented on a net basis.



#### 4.9 Expenditure Recognition

Expenses are recognized in the Income Statement on the basis of the direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and maintaining the property, plant and equipment in a state of efficiency has been charged to income in arriving at the profit / (loss) for the year.

For the purpose of presentation of the Income Statement the directors are of the opinion that function of expenses method presents fairly the elements of the Company's performance, and hence such presentation method is adopted.

##### a) Financing Income and Expenses

Finance income comprises interest income on funds invested, and gains on translation of foreign currency. Interest income recognized in the Income Statement as it accrues.

Finance expenses comprise interest payable on loans and borrowings. The interest expenses component of finance lease payments is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

##### b) Income Tax Expenses

Income tax expenses comprise current tax. Income tax expense is recognized in profit or loss except to the extent that it relates to item recognized directly in equity, when it is recognized in equity.

##### Income tax

Current tax is 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 year and computed in accordance with the provisions of the Inland Revenue Act.

##### c) Deferred Expenditure

Expenditure which is deemed to have a benefit or relationship to more than one financial year is classified as deferred expenditure. Such expenditure is written off over the period of which it relates, on a straight line basis.

#### 4.10 Statement of Cash Flow

The Cash Flow Statement has been prepared using the 'indirect method'. Interest paid is classified under operating cash flows, interest and dividend received are classified as investing cash flows while dividends paid and Government Grants received are classified as financing cash flows, for the purpose of presenting the Cash Flows Statement.

#### 4.11 Segment Reporting

Segmental information is provided for the different business segments for the company. Business segmentation has been determined based on the nature of goods provided by the Company after considering the risk and rewards of each type of products.

Since the individual segments are located close to each other and operate in the same industrial environment, the need to geographical segmentation has no material impact.

The activities of the segments are described on pages 27 in the notes to the Financial Statements.

Revenue and expenses directly attributable to each segment are allocated to the respective segments. Revenue and expenses not directly attributable to a segment are allocated on the basis of their resource utilization, wherever possible.

Assets and liabilities directly attributable to each segment are allocated to respective segments. Assets and liabilities which are not directly attributable to a segment are allocated in reasonable basis wherever possible. Unallocated items comprised mainly interest bearing loans, borrowings and expenses.

Segment capital expenditure is the total cost incurred during the period acquiring segment assets that are expected to be used for more than one accounting period.

**Note - 01 - Lease hold property, plant and equipment**

	<b><u>Notes</u></b>	<b><u>2018</u></b> <b><u>Rs.</u></b>	<b><u>2017</u></b> <b><u>Rs.</u></b>
Right-to-use land	<b>01:01</b>	54,953,417	56,906,297
Leased bearer biological assets	<b>01:02</b>	92,906,472	94,008,012
Leased assets - (other than right-to-use land and bearer biological assets)	<b>01:03</b>	1,352,472	2,597,588
<b>Total</b>		<u>149,212,360</u>	<u>153,511,897</u>

**Note - 01:01 - Right-to-use land**

"Right-to-Use Land on Lease" is accounted in accordance with the Statement of Alternative Treatment (SoAT), the amendments to the Statement of Recommended Practice (SoRP) issued by the Institute of Chartered Accountants of Sri Lanka, dated 21, August 2013.

Right-to-use land is amortized over the remaining lease term or useful life of the right whichever is shorter and is disclosed under non-current assets. The Statement of Alternative Treatment (SoAT) for Right-to-use land does not permit further revaluation of Right-to-use land. The value taken in to the statement of financial position as at July 23, 1993 and cost/ revalued amount and amortization of the Right-to-use land up to December 31, 2014 are as follows.

	<b>Cost/ Revalued Amount</b>			
	<b><u>As at</u></b> <b><u>01.01.2018</u></b>	<b><u>Additions</u></b> <b><u>for the year</u></b>	<b><u>(Disposals and</u></b> <b><u>acquisitions)</u></b>	<b><u>As at</u></b> <b><u>31.12.2018</u></b>
	<b><u>Rs.</u></b>	<b><u>Rs.</u></b>	<b><u>Rs.</u></b>	<b><u>Rs.</u></b>
<b>Right-to-use-land</b>	<u>104,262,376</u>	<u>-</u>	<u>-</u>	<u>104,262,376</u>
	<b>Amortizations</b>			
	<b><u>As at</u></b> <b><u>01/01/2018</u></b>	<b><u>Charge</u></b> <b><u>for the year</u></b>	<b><u>(On Disposals</u></b> <b><u>and acquisitions)</u></b>	<b><u>As at</u></b> <b><u>31/12/2018</u></b>
	<b><u>Rs.</u></b>	<b><u>Rs.</u></b>	<b><u>Rs.</u></b>	<b><u>Rs.</u></b>
<b>Carrying value</b>	<u>47,356,079</u>	<u>1,952,880</u>	<u>-</u>	<u>49,308,959</u>
	<u>56,906,297</u>			<u>54,953,417</u>

## Disposals and acquisitions since inception

		Cost/ Revalued Amount				
	<i>Life of the Asset</i>	As at 23.07.1993	Disposals and acquisitions	As at 31.12.2018		
		<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>		
Right-to-use-land	53 years	113,710,417	(9,448,041)	104,262,376		
			Cost/ Revalued Amount (Rs.)	Extent of land (Hect)	Nature of transaction	Remarks
<b>Adjusted in the financial statements -</b>						
13.11.1996	Kabaragala & Ponegala divisions	JEDB	(6,641,731)	217	Not handed over to company as agreed	
23.07.1997	Nalanda Estate	Ministry of Plantation Industries	(873,854)	39.502	Handing over	
07.10.1998	Nalanda Estate		(248,064)	9.912	Release for an industrial zone	Rs. 6,750,000 was received as compensation on 26.02.2001.
	Estates		(94,239)		Release of land	
2002	Hapugaspitiya Estate		(852,163)		Release of land	
2008	Ratwatte Estate		(111,520)		Release of land	
2014	Nalanda Estate	Ministry of Land and Land Development	(626,470)	28.318	Release of land	Lot A (Hect. 5.1095) and Lot B (Hect. 23.2085) of Nalanda Estate was acquired by the Ministry of Land and Land Development based on the Gazette Notification No. 1806/5, dated 18.04.2013
			(9,448,041)			
<b>Not adjusted in the financial statements -</b>						
07.06.1995	Ukuwela Office	Sri Lanka Army	-	1.8	Release for Gajaba Regiment	The board of directors approved the release on 25.07.1996. Ministry of Defence has agreed a compensation of Rs. 1,756,912 though the same was not accounted.
23.02.2000	Nalanda Estate	Land Reform Commission	-	4.26	Release of land	In line with the Gazette Notification No. 1120/9, dated 23.02.2000
03.03.1995	Hapugaspitiya Estate	Divisional Secretariat	-	3.38	Release of land	No compensation was received.
2003	Pansaltenna Estate	E O A S Organics (Pvt) Ltd	-		Tea factory lease	Pansaltenna Tea Factory was leased out to EO A S Organics (Pvt) Ltd since 2013.
25.11.2010	Nalanda Estate	Secretariat of Pallepola Divisional	-	4.2483	Release	A compensation of Rs. 4,700,000 has been agreed, though the same was not accounted.
			-			
			(9,448,041)			

**Note - 01:01 - Release of land for public purposes**

- A.** An extent of approximately 26 Hect. of Nalanda Estate has been released for village expansion. The valuation of released land has not been done by the Company and hence no adjustment has been made in the accounts.

An extent of approximately 01 Hect. of Bandarapola Estate has been released for Central Provincial Council. The valuation of released land has not been done by the Company and hence no adjustment has been made in the accounts.

- B.**
- An extent of approximately 17.22 Hect of Ratwatte Estate has been released for the purposes of Town development, Tea planting development and the Dehideniya Government School development, without the approval of the Board of Directors and the Golden Shareholder. The valuation of the released land has not been done by the Company and hence no adjustment has been made in the accounts.
- C.**

Elkaduwa Plantations Limited has not received compensation in respect of the above lands released as described.

**Note - 01:02 - Leased bearer biological assets**

Although all SLSPC estate leases have not yet been executed in terms of the ruling of the UITF, all immovable assets in these estates under finance leases have been taken into the books of the Company retroactive to July 23, 1993. The Board decided at its meeting on March 08, 1995 that these assets would be taken into the books at their book values as they appear in the books of the SLSPC on the day immediately preceding the date of formation of the Company. These assets have been taken into the books as at July 23, 1993 and the written down values are as follows;

**Leased bearer biological assets**

	<b>As at December 31,</b>	
	<b>2018</b>	<b>2017</b>
	<b>Rs.</b>	<b>Rs.</b>
Capitalized Value as at July 23, 1993	33,080,567	33,080,567
Cost as at January 01,	33,080,567	33,080,567
<b>Accumulated Amortization</b>		
As at January 01	26,812,940	25,711,411
Amortization for the year	1,101,539	1,101,527
As at December 31,	27,914,478	26,812,938
Carrying value as at December 31,	5,166,089	6,267,629
Immature plantations	87,740,383	87,740,383
<b>Total carrying value</b>	<b>92,906,472</b>	<b>94,008,012</b>

Investment in plantation assets which were categorized as immature at the time of handing over to the Company by way of estate leases, are shown under immature plantation (revalued as at 23.07.1993). Further, investment in such immature plantations to bring them to bearing are shown. When these plantations came in to bearing the additional investments to bring them to such stage was transferred from immature plantations to mature plantations.

However, since then all such investments in immature plantations attributable to JEDB/SLSPC period have been transferred to mature plantations. These mature tea and rubber plantations were classified as bearer biological assets in terms of LKAS 41 - Agriculture. The carrying value of the bearer biological assets leased from SLSPC/JEDB is recognized at cost less amortization. Future investments in such plantations to bring them to maturity are shown in Note 03.

The Company has received a compensation of Rs. 1,887,100/- from Ceylon Electricity Board (CEB) for the removed trees of Nalanda Estate in 1999 for the purpose of installation of transmission lines of CEB. This has been recognized as income in the Income Statement in 1999. The Company has not adjusted for cost of these trees from the mature/immature plantations in the Financial Statements. As the useful life span of the Rubber Trees that were removed has already been expired at the time of felling same.

**Note - 01:03 - Leased assets (other than right-to-use land and bearer biological assets)**

	Improvements		Plant and	T o t a l	
	to Land	Buildings	Machinery	2018	2017
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
Capitalized Value as at July 23, 1993	736,725	32,271,545	9,079,004	42,087,274	42,087,274
Cost as at January 01,	736,725	32,271,545	9,079,004	42,087,274	42,087,274
Accumulated Amortization					
as at January 01,	599,012	29,811,680	9,078,995	39,489,686	38,244,568
Amortization for the year	24,533	1,220,583	-	1,245,116	1,245,118
	623,544	31,032,263	9,078,995	40,734,802	39,489,686
Carrying value as at December 31,	<b>113,181</b>	<b>1,239,282</b>	<b>9</b>	<b>1,352,472</b>	<b>2,597,588</b>

**Rates of amortization -**

Mature plantations/improvements to land	30 Years
Buildings	25 Years
Plant and machinery	15 Years

**Note - 02 - Freehold property, plant & equipment**

	Balance as at 01.01.2018	Adjustments	Additions for the year	(Disposals during the year)	Balance as at 31.12.2018
	<u>Rs.</u>		<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
<b>Cost</b>					
Estate roads	14,789,262	-	-	-	14,789,262
Improvements to land and buildings	37,709,794	(2,125,614)	378,815	-	35,962,995
Motor vehicles	22,493,057	-	1,000,633	-	23,493,690
Furniture and fittings	2,240,765	-	13,118	-	2,253,882
Equipment	9,551,072	-	407,700	-	9,958,772
Water sanitation and electricity supply	3,401,371	-	-	-	3,401,371
Plant and machinery	4,165,938	-	-	-	4,165,938
Dairy farm - Millawana	2,125,614	-	-	-	2,125,614
	<u>96,476,872</u>	<u>(2,125,614)</u>	<u>1,800,266</u>	<u>-</u>	<u>96,151,524</u>
	Balance as at 01.01.2018	Adjustments	Charged for the year	(On disposals)	Balance as at 31.12.2018
	<u>Rs.</u>		<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
<b>Depreciation</b>					
Estate roads	3,283,101		409,892	-	3,692,993
Improvements to land and buildings	7,823,610	(457,618)	858,395	-	8,224,387
Motor vehicles	22,437,416		76,628	-	22,514,043
Furniture and fittings	1,681,995	(104,926)	115,104	-	1,692,173
Equipment	6,575,260	(70,794)	520,069	-	7,024,535
Water sanitation and electricity supply	2,502,182		118,428	-	2,620,610
Plant and machinery	4,082,225		24,300	-	4,106,525
Dairy farm - Millawana	410,198		53,140	-	463,338
	<u>48,795,986</u>	<u>(633,338)</u>	<u>2,175,956</u>	<u>-</u>	<u>50,338,604</u>
<b>Written down value</b>	<u><b>47,680,886</b></u>				<u><b>45,812,920</b></u>
<b>Asset acquired on Finance Leases</b>					
<b>Cost</b>					
Motor vehicle	-	-	1,685,667	-	1,685,667
<b>Depreciation</b>					
Motor vehicle	-	-	-	-	-
<b>Written down value on leased assets</b>	<u>-</u>	<u>-</u>	<u><b>1,685,667</b></u>	<u>-</u>	<u><b>1,685,667</b></u>
	Balance as at 01.01.2018	Adjustments	Additions for the year	Capitalized during the year	Balance as at 31.12.2018
	<u>Rs.</u>		<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
Capital work-in-progress	3,980,430	-	1,151,094	-	5,131,574
<b>Total written down value</b>	<u><b>51,661,316</b></u>				<u><b>52,630,161</b></u>

The assets shown above are the movable assets vested in the Company under Gazette notification on the date of formation of the Company (23.07.1993) and all investments in tangible assets of the Company since its formation.

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 as at 23 July 1993 is based on the net book value as at such date. These values were not available to us by individual asset.

**Note - 03 - Bearer biological assets**

	<u>Immature Plantations</u>				<u>Mature Plantations</u>				<u>Total</u>
	<u>Tea</u>	<u>Rubber</u>	<u>Coconut</u>	<u>Others</u>	<u>Tea</u>	<u>Rubber</u>	<u>Coconut</u>	<u>Others</u>	
	<u>R s.</u>	<u>R s.</u>	<u>R s.</u>	<u>R s.</u>	<u>R s.</u>	<u>R s.</u>	<u>R s.</u>	<u>R s.</u>	<u>R s.</u>
<b>Cost</b>									
As at 01.01.2018	67,569,740	94,067,943	114,448,423	94,169,141	14,841,529	10,253,445	14,178,682	14,676,699	424,205,602
Additions	-	8,261,707	7,924,230	2,232,784	1,395,621	39,459,929	57,031,931	23,546,930	139,853,133
Transfer to mature plantations	(1,395,621)	(39,459,929)	(57,031,931)	(23,546,930)	-	-	-	-	(121,434,411)
As at 31.12.2018	<b>66,174,119</b>	<b>62,869,721</b>	<b>65,340,722</b>	<b>72,854,995</b>	<b>16,237,150</b>	<b>49,713,374</b>	<b>71,210,613</b>	<b>38,223,629</b>	<b>442,624,323</b>
<b>Depreciations</b>									
As at 01.01.2018	-	-	-	-	5,809,066	6,962,800	6,384,004	3,588,121	22,743,991
Charged for the year	-	-	-	-	489,770	512,672	283,574	348,283	1,634,299
As at 31.12.2018	-	-	-	-	<b>6,298,836</b>	<b>7,475,472</b>	<b>6,667,578</b>	<b>3,936,404</b>	<b>24,378,290</b>
<b>Written down value as at 31.12.2018</b>	<b>66,174,119</b>	<b>62,869,721</b>	<b>65,340,722</b>	<b>72,854,995</b>	<b>9,938,314</b>	<b>42,237,902</b>	<b>64,543,035</b>	<b>34,287,225</b>	<b>418,246,033</b>
<b>Written down value as at 31.12.2017</b>	<b>67,569,740</b>	<b>94,067,943</b>	<b>114,448,423</b>	<b>94,169,141</b>	<b>9,032,463</b>	<b>3,290,645</b>	<b>7,794,678</b>	<b>11,088,578</b>	<b>401,461,611</b>

These are investments in plantations since the formation of the Company. The assets (including plantation assets) taken over by way of estate leases are set out in Notes 01. Further investment in immature plantation taken over by way of these leases are shown in the above note. When such plantations came in to bearing, the additional investments since taking over to bring them to bearing was transferred from immature to mature plantations.

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 March 02, 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 and equipment.

No borrowing cost capitalized during the year.



**ELKADUWA PLANTATIONS LIMITED**

	<b><u>2018</u></b>	<b><u>2017</u></b>
	<b><u>Rs.</u></b>	<b><u>Rs.</u></b>
<b>Note - 04 - Consumable biological assets</b>		
As at January 01,	311,900,488	278,565,316
Add: Gain arising from changes in fair value less cost to sell	4,163,665	41,466,563
Decrease due to sale	<u>(10,992,755)</u>	<u>(8,131,391)</u>
As at December 31,	<u>305,071,397</u>	<u>311,900,488</u>

Managed trees include commercial timber plantations in estates. The cost of immature trees is treated as approximate fair value particularly on the ground that a little biological transformation has taken place and impact of the biological transformation on price is not material. When such plantations become mature, the additional investments incurred to bring them to maturity are transferred from Immature to Mature

The fair value of managed trees was ascertained since the LKAS 41 is only applicable for managed agricultural activities in terms of the ruling issued by The Institute of Chartered Accountants of Sri Lanka. The Management has carried out a comprehensive census of timber in June 2015 and valued the timber at Rs.277,884,695 as of December 31, 2014 based on the price list of the State Timber Corporation. A significant number of trees considered for the census had not been included in the valuation performed in 2013 and hence the gain arising from the changes in fair value was accounted retrospectively by restating the opening retained earnings and consumable bearer biological assets as at January 01, 2013. The fair value of trees that should have been accounted as at January 01, 2013 was arrived at by applying a rate of Rs. 3,898 per tree as the value of biological transformation taken place during the year. This rate was obtained by using the charge in fair value for about 3,244 trees for which the values as at December 31, 2013 and 2014 was done. Accordingly, gain arising from changes in fair value was recognized as Rs. 97,083,616 and Rs. 84,630,003 for the years 2013 and 2014 respectively. The balance gain of Rs. 56,618,067 was accounted restating the retained earnings as at January 01, 2013.

	<b><u>2018</u></b>		<b><u>2017</u></b>	
	<b><u>Carrying value</u></b>	<b><u>Fair value</u></b>	<b><u>Carrying value</u></b>	<b><u>Fair valueRs.</u></b>
<b>Note - 05 - Financial investments</b>				
Fixed deposit - Held to maturity	<u>72,722,250</u>	<u>75,361,958</u>	<u>42,722,250</u>	<u>45,361,958</u>

	<b><u>2018</u></b>	<b><u>2017</u></b>
	<b><u>Rs.</u></b>	<b><u>Rs.</u></b>
<b>Note - 06 - Inventories</b>		
Input materials	-	-
Growing crop - Nurseries	1,501,745	2,209,640
Produce stocks	3,808,720	4,725,712
Spares and consumables	<u>8,192</u>	<u>225,890</u>
	<u>5,318,658</u>	<u>7,161,242</u>

<b>Note - 07 - Trade and other receivables</b>		
Trade and other receivables	103,996,661	83,779,409
Advances and prepayments	21,327,189	19,499,826
Economics service charges	752,820	752,820
With-holding tax	<u>1,680,225</u>	<u>1,963,949</u>
	<u>127,756,894</u>	<u>105,996,004</u>

<b>Note - 08 - Cash and cash equivalents</b>		
Cash at bank -		
Head office	47,975,111	52,686,916
Estates	1,080,945	994,931
Cash and stamps in hand	<u>323,383</u>	<u>451,032</u>
	<u>49,379,440</u>	<u>54,132,879</u>

		<u>2018</u>	<u>2017</u>
<b>Note - 09 - Stated capital</b>			
Issued and fully paid number of shares -			
Ordinary shares including one golden shares held by the Treasury which has special rights	Nos.	18,000,001	18,000,001
Value of issued and fully paid number of shares -			
Ordinary shares including one golden shares held by the Treasury which has special rights	Rs.	180,000,010	180,000,010

The holder of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote pershare at meetings of the Company.

**Note - 10 - Obligations under lease agreements**

	<u>2018</u>			<u>2017</u>
	<u>Net of current maturity</u>	<u>Current maturity</u>	<u>Total</u>	
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
<b>Sri Lanka State Plantations Corporation -</b>				
Gross liability	217,500	5,000	222,500	222,500
Less: Finance charges	180,075	3,643	183,718	183,718
<b>Net liability</b>	<u>37,425</u>	<u>1,357</u>	<u>38,782</u>	<u>38,782</u>
<b>Bank of Ceylon -</b>				
Gross liability	755,271	697,254	1,452,525	-
Less: Finance charges	60,379	145,996	206,375	-
<b>Net liability</b>	<u>694,892</u>	<u>551,258</u>	<u>1,246,150</u>	<u>-</u>
	<u>732,317</u>	<u>552,615</u>	<u>1,284,932</u>	<u>38,782</u>

**Note - 11 - Deferred income**

Grants and subsidies -			
At the beginning of the year		27,261,212	28,178,190
Add : Grant received for the year		-	-
		<u>27,261,212</u>	<u>28,178,190</u>
Less: Amortization for the year		916,978	916,978
		<u>26,344,234</u>	<u>27,261,212</u>

The company has received funding from the Plantation Human Development Trust and Asian Development Bank for the development for the worker facilities such as re-roofing of the line rooms, latrines, water supply and sanitation etc. The amounts spent are included under the relevant classification of property, plant and equipment and the grant component is reflected under deferred grant and subsidies.

**Note - 12 - Retirement benefit obligations**

	<b>As at December</b>	
	<b><u>2018</u></b>	<b><u>2017</u></b>
	<b><u>Rs.</u></b>	<b><u>Rs.</u></b>
Present value of obligation as at 1st January,	159,052,619	149,691,847
Interest cost	17,640,742	14,969,185
Current service cost	11,011,240	8,736,089
Less: Gratuity paid	(12,011,039)	(2,790,826)
Less: Gratuity payable	-	(15,365,356)
Actuarial (Gain)/ Loss	2,433,570	3,811,680
Present value of obligation as at 31st December,	<u>178,127,132</u>	<u>159,052,619</u>

**Note:**

Unpaid gratuity to retired/resigned employees	103,363,136	103,300,180
Retirement benefit obligations for current employees	178,127,132	159,052,619
	<u>281,490,268</u>	<u>262,352,799</u>

As at December 31, 2018 the gratuity liability was actuarially valued under the Projected Unit Credit (PUC) method by Actuarial and Management Consultants (Pvt) Ltd.

Principal actuarial assumption used;

a. Discount rate	12%
b. Salary increase -	
Staff	8% Annual
Workmen	20% Once in two years

This liability is not externally funded.

**Note - 13 - Trade and other payables**

Trade and other payables	76,104,124	78,907,149
Advances from brokers/others	12,300,103	2,687,758
Interest on debentures and loans	55,359,546	40,079,546
Payroll liabilities	139,958,962	180,770,424
	<u>283,722,735</u>	<u>302,444,877</u>

(Note  
13:01)

**Note - 13:01 - Payroll liabilities**

EPF/ETF / ESPS and CPPS -	167,213,962	189,389,623
Surcharges on overdue EPF, ETF and gratuity -		
Previous years	88,374,460	95,293,151
	<u>255,588,422</u>	<u>284,682,774</u>
Less: Payments through courts	115,629,460	103,912,350
	<u>139,958,962</u>	<u>180,770,424</u>

**Note - 14 - Amount due to related parties**

Sri Lanka State Plantation Corporation	1,768,749	1,768,749
Janatha Estate Development Board	1,185,670	1,185,670
Inter Estate Accounts	(27,313,420)	(14,691,639)
	<u>(24,359,001)</u>	<u>(11,737,220)</u>

**Note - 15 - Redeemable debentures**

<b>Debenture-holder</b>	<b><u>Date of issues</u></b>	<b><u>Date of maturity</u></b>	<b><u>2018 Rs.</u></b>	<b><u>2017 Rs.</u></b>
Employees provident fund	16-06-1995	15-06-2000	<u>5,000,000</u>	<u>5,000,000</u>
			<u>5,000,000</u>	<u>5,000,000</u>
Payable within one year			5,000,000	5,000,000
No interest was charged after the date of maturity on June 15, 2000.				

**Note - 16 - Short term borrowings**

Temporary loans -		
Loan from other institutions	2,750,674	-
Chilaw Plantations Ltd.	20,000,000	22,750,674
Bank overdrafts	<u>60,754,534</u>	<u>44,427,786</u>
	<u>83,505,208</u>	<u>67,178,460</u>

ELKADUWA PLANTATIONS LIMITED

Note - 17 - Revenue

Revenue under the Business Segments (Principal crops)

	Tea ( Green Leaf)		Rubber		Coconut		Cocoa		Other Crops		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
Revenue	272,610,830	246,939,554	25,935,223	23,735,692	32,415,912	34,170,091	1,595,758	1,219,225	624,117	20,557,217	333,181,840	326,621,779
Cost of sales	(323,294,298)	(289,738,711)	(44,199,366)	(37,229,149)	(30,370,937)	(25,212,769)	(1,168,000)	(853,073)	(330,607)	(1,816,180)	(399,363,208)	(354,849,881)
<b>Segment results</b>	<b>(50,683,468)</b>	<b>(42,799,157)</b>	<b>(18,264,143)</b>	<b>(13,493,457)</b>	<b>2,044,975</b>	<b>8,957,322</b>	<b>427,758</b>	<b>366,152</b>	<b>293,510</b>	<b>18,741,037</b>	<b>(66,181,368)</b>	<b>(28,228,102)</b>
Other operating income											82,305,722	105,672,469
Administration and general expenses											(45,030,083)	(37,594,503)
<b>Profit/(loss) from operating activities</b>											<b>(28,905,729)</b>	<b>39,849,864</b>
Other expenses											(3,467,719)	(217,103)
Net finance income (cost)											(1,248,811)	(2,544,451)
Income tax expenses											(681,564)	-
Government grants - recurrent											95,000,000	173,300,000
<b>Profit/(loss) for the year</b>											<b>60,696,177</b>	<b>210,388,310</b>

	<b><u>2018</u></b>	<b><u>2017</u></b>
	<b><u>Rs.</u></b>	<b><u>Rs.</u></b>
<b>Note - 18 - Other operating income</b>		
Gain arising on value change of biological assets	4,163,665	51,235,672
Amortization of capital grant	916,978	916,978
Sundry income	5,938,067	7,182,374
Elkaduwa - Lake project income	66,648,890	42,161,694
Lease rentals	4,456,699	3,848,825
Grant and subsidies	181,423	326,953
	<u>82,305,722</u>	<u>105,672,469</u>
<b>Note - 19 - Administration expenses</b>		
<b>Profit before taxation is stated after charging followings:</b>		
Auditor's remuneration	630,006	365,000
Depreciation/amortization	7,476,451	10,911,877
Defined benefit plan cost	393,787	420,000
Defined contribution plan cost - Employees Provident & Trust Fund	16,094,793	1,040,391
Others - Staff cost	100,000	12,225,819
<b>Note - 20 - Other expenses</b>		
Suarcharge on delay payment of EPF/ETF/ESPS/CPPS & Gratuity	1,508,790	217,103
Donations	84,250	-
Expenses on Harithabhomi program	1,874,679	-
	<u>3,467,719</u>	<u>217,103</u>
<b>Note - 21 - Finance income</b>		
Interest income	<u>8,020,310</u>	<u>4,410,836</u>
	<u>8,020,310</u>	<u>4,410,836</u>
<b>Note - 22 - Finance costs</b>		
Overdraft interest	7,669,121	5,355,287
Temporary loan interest	<u>1,600,000</u>	<u>1,600,000</u>
	<u>9,269,121</u>	<u>6,955,287</u>

## ELKADUWA PLANTATIONS LIMITED

### Note - 23 - Income tax expenses

In terms of the Inland Revenue Act No. 10 of 2006, and subsequent amendments thereon, "Specified Profits" from cultivation would be liable for income tax at a concessionary rate of 12%. The Corporate rate of tax applicable to manufacture would be at the rate of 28%.

However, no provision has been made in these financial statements for income tax in view of accumulated and current year tax losses of the Company. The carried forward Tax loss of the Company as at 31st December, 2018 amounts to Rs. 185,267,818/-.

	<u>2018</u> <u>Rs.</u>	<u>2017</u> <u>Rs.</u>
<b>23.1 Income Tax (Expense)/ Reversal</b>		
Income Tax on current year profits (Note 23.2)	681,564	-
Deferred Tax Originating during the year (Note 23.4)	-	-
Under/(Over) Provision during prior years	<u>681,564</u>	<u>-</u>
<b>23.2 Reconciliation of Accounting Profit to Income Tax</b>		
Accounting Profit before Taxation	(33,622,258)	37,088,435
Adjustment on Disallowable Expenses	31,681,129	(94,753,004)
Adjustment on Allowable Expenses	(4,010,206)	3,398,471
Income from Other Sources - Interest Income	(4,868,312)	-
Tax Losses Utilized (Note-A)	<u>(185,267,818)</u>	<u>-</u>
Taxable Income	<u>(196,087,466)</u>	<u>(54,266,098)</u>
Income Tax on Interest Income @ 14%	681,564	-
<b>Income Tax on Current year Profits</b>	<u>681,564</u>	<u>-</u>
<b>(Note - A) Tax Losses Utilized</b>		
Tax Loss Brought Forward	174,448,170	193,441,304
<u>Adjustment</u>		
Tax Losses Utilized during the year -35% of TSI	-	(18,993,134)
Loss incurred during the year	<u>10,819,648</u>	<u>-</u>
Tax Losses carried forward	<u>185,267,818</u>	<u>174,448,170</u>
<b>23.3 Deferred Tax Assets / (Liabilities)</b>		
Balance as at the beginning of the year	-	-
Recognized the assets on a prior year adjustment	<u>-</u>	<u>-</u>
Balance as at the beginning of the Year	<u>-</u>	<u>-</u>
Property, Plant and Equipment	-	-
Employee Benefits	-	-
Interest Income	-	-
Biological Assets	-	-
Tax losses	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

No provision has been made for current year deferred taxation in the accounts in the light of available tax losses.

### Note - 24 - Government grants - recurrent

Grants received from the government - recurrent	<u>95,000,000</u>	<u>173,300,000</u>
	<u>95,000,000</u>	<u>173,300,000</u>

### Note - 24 - Earnings per share

The basic earnings per share has been calculated based on after tax profit for the year divided by the weighted average number of ordinary share outstanding during the year.

	<u>2018</u>	<u>2017</u>
Profit attributable to ordinary shareholders - Rs.	60,696,178	210,388,435
Weighted average number of ordinary shares in issues - Nos.	18,000,001	18,000,001
Earnings per share - Basic and diluted - Rs.	<b>3.37</b>	<b>11.69</b>

### Note - 25- Capital comments

There were no material capital commitments as at the balance sheet date.

**Note - 26 - Contingent liabilities****Commissioner of labour**

Several legal cases have been instituted by the Commissioner of Labour against the Company to recover overdue EPF/ETF contributions. Also, legal action has been instituted against the Company for non settlement of retiring gratuity due to employees.

There were no material contingent liabilities, outstanding as at the balance sheet dated, other than those disclosed above.

**Note - 27 - Events occurring after the balance sheet date**

There is no any disclosureable transections during the year



Chairman

Elkaduwa Plantations Limited

Report of the Auditor General pursuant to Section 12 of the National Audit Act No. 19 of 2018 on the financial statements and other legal requirements of Elkaduwa Plantation Limited for the year ended 31 December 2018.

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## **1. Financial Statements**

### **1.1 Adverse opinion**

Elkaduwa Plantations Limited's statement of financial position as at 31 December 2018 and statement of comprehensive income for the year then ended, statement of changes in ownership and statement of cash flows for the year then ended and notes to the financial statements, containing a summary of significant accounting policies. The financial statements for the year ended were audited under my direction in accordance with the provisions of the National Audit Act No. 19 of 2018 read in conjunction with Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. In accordance with Article 154 (6) of the Constitution, my report will be tabled in Parliament in due course.

Due to the materiality of the matters discussed in the Basis for Adverse Opinion section of my report, I am of the opinion that the Company's financial position as at 31 December 2018 and its financial performance and cash flows for the year then ended do not reflect a true and fair view in accordance with Sri Lankan Accounting Standards.

### **1.2 Basis for Adverse opinion**

(a) According to Sri Lanka Accounting Standard 16, although assets should be depreciated from the time they are ready for use, the purchase cost during the year under review was Rs. 2,736,018 assets were not depreciated accordingly, the current year's depreciation expense was Rs. 543,147 under-accounted for. Also, as per Section 51 of the Standard, the value of the vehicle was not assessed and accounted for at Rs 22,109,920 worth of fully depreciated and currently used vehicles.

(b) In accordance with Sri Lanka Accounting Standard 41 Chapter 13, although agricultural produce should be valued at fair value after deducting costs of selling it, 165,023 coconuts and 4010 kg of agricultural products like cocoa, cloves, coffee, copra, and oattapalu as of December 31 of the year under review were not accounted for as closing stock at fair value.

(c) Concurrent companies involved in the tea industry made depreciation adjustments through financial statements considering the growth period of a tea tree as 04 years, but due to the company not following an accounting policy for the same, tea replantings started at a cost of Rs.64,569,065 during the period from 1998 to 2014 have not been identified and recorded in the accounts.

(d) an accounting policy for the time taken by the company to mature immature crops; Due to non-compliance, 87,740,383 rupees of immature plantations assigned by Sri Lanka State Plantation Corporation at the establishment of the company in 1993, which had passed 25 years at the end of the review period, were no longer shown in the financial statements as unexpired assets.

(e) The amount of Rs.14,826,875 paid out of the sum of Rs.59,307,500 received from the tourism projects of Sembuwaththa Lake was recorded as income of the year under review by the company, thus the income of the year under review was overstated.

(f) During the year under review, Rs. 549.913 due to recording the cost as trade debtors, the balance was over recorded.

(g) As on December 31, reviewed, the value of timber plantations of Rs. 57,475,642 included in the existing host living assets of Rs.418,246,033 was not recorded as consumable living assets and the value of host living assets was overstated.

(h) According to the estate accounts, the expenditure for rubber and coconut cultivation of Rs.70,373,791 which matured in the year 2017 was recorded in the financial statements as a mature crop of that year and due to the non-adjustment of depreciation, the expenditure of Rs 2,185,509 related to the year under review had been recorded less.

(i) The cost of Rs 4,222,549 incurred during the period from 2007 to 2010 for preparing the ground 02 years before the planting of tea plants, due to keeping accounts under immature plantations, as on December 31 of the year under review, the cost of immature tea plantations was recorded more than that value.

(j) As Nalanda Estate had Rs 337693 as immature crops up to 2007, cost of mature crops till that year was Rs 7,251,361, so the cost of immature crops will eventually accrue. In the year under review Rs. 6,913,668 underreported.

(k) Depreciation and gratuity expenses as per the statement of comprehensive income of the year under review are Rs.8,109,189 and Rs.38,980,421 respectively, but in the cash flow statement the said expenses are Rs.6,813,113 and Rs. 31,148,508 due to adjustment, cash flow from operating activities was Rs. 9,127,989 more were reported.

(l) In order to record the transactions between the company's estates and the head office, the balances of the control accounts maintained between the head office and the estates should have offset, but as on December 31 of the year under review, the debit balance of the control accounts maintained at the head office was Rs 299,934,257 and a debit balance and the estate control accounts. According to the accounts, there was a difference of Rs 27,313,240 due to a debit balance of Rs 327,247,677.

(m) The profit and stock value of the year under review had been over-calculated due to the addition of Rs 1,617,520 worth of physical non-existent items to the final stock value of the year under review.

(n) Deferred tax liability at the end of the year under review was Rs.37,356,930 and the company had recorded it as a deferred asset of Rs.21,008,134. The profit for the year under review was recorded at more than 58,365,064 rupees.

(o) The statement of financial position prepared on 31st December of the year under review shows that the company has paid Rs.1,185,670 and Rs.1,768,749 and Rs.8,723,922 respectively to the People's Development Board and Sri Lanka State Plantation Corporation. Shows a difference of Rs.7,538,252 and Rs.24,794 respectively between the respective values.

(p) Crop records were not maintained to identify crops related to the cost of 18,432,380 capitalized under crop diversification.



(q) The register of depositors relating to deposits amounting to Rs.1,191,552 included in the statement of financial position prepared on 31st December of the year under review has not been submitted for audit.

(r) The company did not prepare the fixed assets document required to confirm the value of the property and equipment which cost 96,151,524 rupees.

(s) 14 debtor balances of 88,583.376 rupees and 12 creditor balances of 2,863,126 rupees were not submitted for audit.

### **1.3 Responsibilities of Management and Controlling Parties Regarding Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lankan accounting standards and for determining the internal controls 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, it is the responsibility of management to determine the going concern of the company and to assess the going concern of the company unless management intends to liquidate the company and, in the absence of any other intention, to cease operations. Accounting is also the responsibility of management to disclose matters related to the going concern of the company.

Controlling parties bear responsibility for the company's financial reporting process.

In terms of sub-section 16 (1) of the National Audit Act No. 19 of 2018, the company shall maintain proper book records of its income, expenditure, assets and liabilities as far as possible to prepare annual and periodic financial statements.

### **1.4 Auditor's responsibility for auditing financial statements**

It is my objective to issue the auditor's report, including my opinion, and to provide reasonable assurance that, overall, it is free from material misstatement due to fraud and error. While reasonable assurance is a high level of assurance, it will not always be an assurance that material misstatements will be detected when performing an audit in accordance with Sri Lanka Auditing Standards. The effect of fraud and error, individually or collectively, may result in material misstatements and is expected to affect the economic decisions made by users on the basis of these financial statements.

I have performed the audit in accordance with Sri Lanka Auditing Standards using professional judgment and professional uncertainty. Furthermore

- In identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, the basis of my opinion is to obtain sufficient and appropriate audit evidence to eliminate the risks of fraud or error by designing audit procedures that are appropriate on a case-by-case basis. The effect is strong and the likelihood is that falsification of documents, intentional omissions or circumvention of internal controls can lead to fraud.
- Obtained an understanding of the Company's internal control for the purpose of designing appropriate audit procedures, but does not intend to express an opinion on the effectiveness of internal control.
- Evaluated the reasonableness of accounting policies and accounting estimates used and the appropriateness of related disclosures made by management.
- Based on the audit evidence obtained regarding whether there is substantial uncertainty about the company's continued existence due to events or circumstances, the relevance of using the company's going concern basis for accounting was determined. If I conclude that there is sufficient uncertainty, I should draw attention in my audit report to the related disclosures in the financial statements and modify my opinion if those disclosures are inadequate. However, continuity may be terminated upon future events or circumstances.
- The presentation of the financial statements including the disclosure was evaluated for structure and content and it was evaluated that the financial statements are included in a manner appropriate and consistent with the underlying transactions and events.
- Informed controlled parties about significant audit findings, grant internal control weaknesses and other matters identified during my audit.

## **2. Report on other legal and regulatory requirements**

The National Audit Act No. 19 of 2018 and the Company Act No. 7 of 2007 include special provisions regarding the following requirements.

- In accordance with the requirements of Section 163(1) (d) of the Companies Act No. 7 of 2007 and Section 12 (a) of the National Audit Act No. 19 of 2018, excluding the effect of the matters described in the Basis for Adverse Opinion section of my report, for the audit I obtained all necessary information and clarifications, and my investigation revealed that the company had not maintained proper financial records.
- The Company's financial statements comply with the requirements of Section 151 of the Companies Act No. 07 of 2007.
- According to the requirement mentioned in Section 6 (1) (d) (111) of the National Audit Act No. 19 of 2018, the financial statements presented by the company are consistent with the previous year.
- According to the requirement mentioned in Section 6(1) (d) (iv) of the National Audit Act No. 19 of 2018, the recommendations made by me last year were not included in the financial statements.
- On the basis of the action taken and the evidence obtained and confined to material facts, nothing comes to my attention so much as to make the following statements
- According to the requirement of Section 12 (d) of the Audit Act No. 19 of 2018, except for the following observation, that any member of the company's board of directors has any relationship with the company directly or otherwise outside of the ordinary course of business.
- A house located in Matale owned by the chairman of the company was acquired for a deputy general manager on a monthly rental basis from November 2017 and 305,000 rupees was paid as rent in the year under review.
- According to the requirements of Section 12(e) of the National Audit Act No. 19 of 2018, except for the following observations, the relevant written law or other general or special provisions issued by the Board of Directors have not been acted upon.



Reference to Rules/ Directive	Description
(a) Establishment Code of the Democratic Socialist Republic of Sri Lanka	
Chapter 11, Section 13.3	A job inspection appointment should be made on a temporary basis until a regular appointment is made, without appointing an official for the position of general manager of the company on a regular basis, 03 officers were appointed on a job inspection and temporary basis from the year 2011.
(b) Section 15 of the Employees' Provident Fund Act No. 15 of 1958	Although the employer must deduct the employee's contribution from the employee's earnings and remit it to the fund before the last day of the following month, the unpaid liability from 2004 to June 2016 was Rs: 113,681,008 and Rs: 5,828,972 to the Plantation Workers' Provident Fund and Rs: 8,370,625 to the Ceylon Planters' Provident Fund.
© Section 16(1) of Part 11 of the Employment Trust Fund Act No. 46 of 1980	The unpaid liability remained Rs 9,284,933 as on December 31 of the year under review, where the employer deducts 3 percent of his employee's total earnings and remits it to the fund on or before the last day of the following month.
(d) Section 5 (1) of the Payment of Gratuity Act No. 12 of 1983	Although an employee should be paid within a period of 30 days from the date of termination of service, as on December 31 of the year under review, the unpaid liability amounted to Rs: 116, 127,708.

(c) State Business Circular No. 01/2015 dated May 25, 2015

ji) According to the circular, an amount of 1,549, 355 was paid as fuel allowance to 03 officers in the MM salary group and 03 officers recruited on temporary basis who are not entitled to fuel allowance. Also, although the Chairman should obtain the approval of the Secretary of the Line Ministry for the additional fuel to be obtained in order to perform his duties, without this, the Chairman of the company had paid Rs 528, 434 for the additional 6, 616 liters of fuel obtained beyond the monthly fuel limit in the year under review.

(d)

)d ( Public Administration Circular  
No. 09/2007 dated August 24,  
2007

According to the circular, if a retiree is to be re-employed, the recommendation of the relevant ministry should be obtained, but without such ; 166 , two officials who were over 60 years of age had been appointed as of the last day of the year under review and were paid 912,500 rupees as salaries and allowances.

2.2 That according to the requirement mentioned in Section )12h) of the National Audit Act No. 19 of 2018, the powers and duties of the company have been dealt with inconsistently.



According to the requirement of Section 12 (h) of the National Audit Act No. 19 of 2018, apart from the following observations, the company's resources have not been procured and used in accordance with the relevant rules in a timely, efficient and effective manner.

a) The Thirivana deposit located in the Ratwatta estate owned by the company had been given to an external party for a period of 05 years through an agreement to mine and the relevant Thirivana deposit should be valued according to weight and the price should be set, but without that, the company had not obtained an agreeable price by agreeing to provide the number of stone cubes. , as per the agreement, the buyer agreed to buy 01 stone cube at 13,650 rupees including taxes, at the same time the General Manager (Covering) allowed the sale of 104.6 cubes at 1000 rupees each, causing a loss of 1,323,190 rupees to the company.

(b) The Bandarapola tea factory belonging to the company was leased to a private company for a period of 30 years from the year 2006, and due to non-payment of tax by the relevant lessee, the company took over the relevant factory, but as of the end of the year under review, the arrears of Rs 27,028,579 had not been recovered.

(c) At the end of the year under review, the company had not taken steps to recover the trade receivables and other account balances of Rs. 87,385,616 exceeding 03 years.

(d) At the time of the establishment of the company, a building located on a land of 1.8 hectares was leased from the Sri Lanka State Plantation Corporation was given to the Ministry of Defense for agreement of compensation amount of Rs 1,756,912 according to the decision of the Board of Directors on 25 July 1996. There was no recovery of the relevant compensation amount by the end of the year under review.

e) In relation to the transactions carried out by the company, the company had not yet settled the trade and other account balances that exceeded 03 years

e) Bid deposits amounting to 4,145,432 rupees, which have not been settled since 01 to 12 years, had not been settled by the end of the year under review.

(g) A 4.25 hectare land owned by the company for Pallepola Divisional Secretariat a compensation of Rs 4,700,000 had been given on the agreement, but the relevant compensation had not been recovered by the end of the year under review.

(h) Applicants who met the minimum qualifications required for the position of Human Resource Manager of the company were invited for the interview, but an officer who did not meet the qualifications was hired for the position of Human Resource Manager on contract basis in the year 2019.

(i) Out of 06 factories owned by the company, 03 factories are inactive and inactive factories have not been leased or contributed for tea production activities.

(j) An amount of Rs 549,913 was spent for the repair works of the Selagama estate bungalow, which was started without a cost estimate, from January 2018 to May 30, 2019, but due to the non-completion of the related repair works, the rent for the Deputy General Manager, the salary of the caretaker of the rental house and electricity costs during the relevant period. The company had incurred a cost of Rs 954,591.

(k) In the year under review, an amount of Rs 2,841,971 was not paid for unapproved salaries and expenses due to the recruitment of three officers on permanent basis and seven officers on contract basis for positions not approved by the Department of Management Services.

W. P. C. Wickramaratne

Auditor General

TEN YEAR SUMMARY										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Tea (Green Leaf)</b>										
Production (Kg's)	3,177,777	3,363,647	3,203,887	2,527,183	3,054,375	3,254,254	4,007,397	2,541,465	2,711,081	3,144,670
NSA (per 1 Kg)	47.27	50.32	48.37	53.23	58.58	62.37	56.64	64.58	91.09	86.69
COP (per 1 Kg)	68.77	59.03	73.22	80.34	85.72	89.41	68.32	87.11	106.87	102.81
<b>Rubber (Latex)</b>										
Production (Kg's)	106,983	122,678	128,039	115,845	116,577	93,867	82,085	75,949	77,348	98,988
NSA (per 1 Kg)	217.68	383.15	497.67	404.01	355.17	249.69	239.74	211.34	306.87	262.00
COP (per 1 Kg)	273.21	240.46	293.77	335.79	373.54	414.12	335.15	369.60	481.32	446.51
<b>Coconut</b>										
Production (Nut)	1,492,051	1,039,314	1,405,748	1,219,915	519,293	1,368,257	969,648	1,354,715	811,674	919,804
NSA (per 1 nut)	16.15	18.77	25.12	21.50	18.11	29.09	27.93	20.79	42.10	35.24
COP (per 1 nut)	12.08	17.16	15.97	16.68	37.10	10.31	9.53	14.10	31.06	33.02
<b>EARNING HIGHLIGHTS</b>										
<b>Revenue</b>										
Tea	150,197,693	169,246,807	154,962,288	134,509,740	178,917,425	202,967,716	226,973,653	164,138,174	246,939,554	272,610,830
Rubber	23,288,262	47,003,772	63,721,290	46,802,602	41,404,680	23,437,577	19,678,894	16,051,285	23,735,692	25,935,223
Coconut	24,101,567	19,505,766	35,318,147	26,233,746	9,405,529	39,805,702	27,078,934	28,160,182	34,170,091	32,415,912
Cocoa	5,098,915	5,766,131	2,870,475	6,994,626	866,755	3,104,207	2,205,908	1,319,324	1,219,225	1,595,758
Other	4,079,513	10,555,187	6,571,223	24,411,101	15,738,218	16,267,934	3,392,207	1,726,780	20,557,217	624,117
	<b>206,765,950</b>	<b>252,077,663</b>	<b>263,443,423</b>	<b>238,951,815</b>	<b>246,332,607</b>	<b>285,583,136</b>	<b>279,329,596</b>	<b>211,395,745</b>	<b>326,621,779</b>	<b>333,181,840</b>
<b>Cost of Sales</b>										
Tea	(218,539,933)	(198,567,516)	(234,593,600)	(203,022,387)	(261,830,106)	(290,968,312)	(273,766,102)	(221,379,222)	(289,738,711)	(323,294,298)
Rubber	(29,229,061)	(29,498,603)	(37,613,552)	(38,899,976)	(43,546,143)	(38,871,838)	(27,510,507)	(28,071,120)	(37,229,148)	(44,199,366)
Coconut	(18,023,908)	(17,834,995)	(22,447,307)	(20,354,098)	(19,266,567)	(14,104,993)	(9,242,178)	(19,101,095)	(25,212,769)	(30,370,937)
Cocoa	(2,902,490)	(2,148,596)	(958,749)	(1,862,725)	(2,243,897)	(1,659,943)	(969,355)	(846,694)	(853,073)	(1,168,000)
Other	(1,375,019)	(2,249,620)	(2,507,337)	(563,035)	(410,354)	(196,289)	(498,044)	(352,626)	(1,816,180)	(330,607)
	<b>(270,070,411)</b>	<b>(250,299,330)</b>	<b>(298,120,545)</b>	<b>(264,702,221)</b>	<b>(327,297,067)</b>	<b>(345,801,375)</b>	<b>(311,986,186)</b>	<b>(269,750,757)</b>	<b>(354,849,881)</b>	<b>(399,363,208)</b>
Gross Profit	(63,304,461)	1,778,333	(34,677,122)	(25,750,406)	(80,964,460)	(60,218,239)	(32,656,590)	(58,355,012)	(28,228,102)	(66,181,368)
Other Operating Income	33,838,253	24,017,293	44,107,888	18,778,229	39,252,255	118,336,330	38,690,826	38,753,932	105,672,469	82,305,722
Admin, and General Expenses	(25,289,194)	(23,801,245)	(25,940,298)	(19,443,269)	(18,283,239)	(20,705,368)	(26,215,237)	(26,481,901)	(37,594,503)	(45,030,083)
<b>Profit from Operating Activities</b>	<b>(54,755,402)</b>	<b>1,994,381</b>	<b>(16,509,532)</b>	<b>(26,415,446)</b>	<b>(59,995,444)</b>	<b>37,412,723</b>	<b>(20,181,001)</b>	<b>(46,082,981)</b>	<b>39,849,864</b>	<b>(28,905,729)</b>
Other Operating Expenses								(10,329,290)	-	(3,467,719)
Net Finance Income / (Expenses)	(7,269,049)	(6,401,381)	(13,224,266)	(8,194,191)	(4,953,644)	(7,010,560)	(6,741,927)	(6,343,908)	(2,761,554)	(1,248,811)
<b>Profit Before Taxation</b>	<b>(62,024,451)</b>	<b>(4,407,000)</b>	<b>(29,733,798)</b>	<b>(34,609,637)</b>	<b>(64,949,088)</b>	<b>30,402,163</b>	<b>(26,922,928)</b>	<b>(62,756,179)</b>	<b>37,088,310</b>	<b>(33,622,259)</b>
Income Tax	(664,174)	(558,701)	-	(558,701)	-	-	-	-	-	(681,564)
<b>Profit for the year</b>	<b>(62,688,625)</b>	<b>(4,965,701)</b>	<b>(29,733,798)</b>	<b>(35,168,338)</b>	<b>(64,949,088)</b>	<b>30,402,163</b>	<b>(26,922,928)</b>	<b>(62,756,179)</b>	<b>37,088,310</b>	<b>(34,303,823)</b>
Trasuary Grants		-	-	-	-	-	175,000,000	75,831,000	173,300,000	95,000,000
Other Comprihensive Income	-	-	-	-	-	-	-	-		-
<b>Total Comprihensive Income for the Year</b>	<b>(62,688,625)</b>	<b>(4,965,701)</b>	<b>(29,733,798)</b>	<b>(35,168,338)</b>	<b>(64,949,088)</b>	<b>30,402,163</b>	<b>148,077,072</b>	<b>13,074,821</b>	<b>210,388,310</b>	<b>60,696,177</b>

<b>BALANCE SHEET DETAILS</b>										
Assets										
Non Current Assets	427,398,109	451,877,451	482,032,236	647,381,241	665,800,410	865,717,941	897,597,079	914,582,712	963,897,270	1,000,521,909
Current Assets	33,666,472	33,477,134	78,364,891	39,550,126	40,707,446	75,780,080	102,043,243	119,179,940	167,290,123	203,463,125
<b>Total Assets</b>	<b>461,064,581</b>	<b>485,354,585</b>	<b>560,397,127</b>	<b>686,931,367</b>	<b>706,507,856</b>	<b>941,498,021</b>	<b>999,640,322</b>	<b>1,033,762,652</b>	<b>1,131,187,393</b>	<b>1,203,985,034</b>
<b>Equity &amp; Liabilities</b>										
<b>Capital &amp; Reserves</b>										
Stated Capital	180,000,010	180,000,010	180,000,010	180,000,010	180,000,010	180,000,010	180,000,010	180,000,010	180,000,010	180,000,010
Retained Earnings	(179,869,276)	(148,597,533)	(204,599,279)	(127,008,503)	(188,766,728)	(4,662,882)	149,369,122	90,068,526	298,648,472	366,996,649
<b>Share holders Fund</b>	<b>130,734</b>	<b>31,402,477</b>	<b>(24,599,269)</b>	<b>52,991,507</b>	<b>(8,766,718)</b>	<b>175,337,128</b>	<b>329,369,132</b>	<b>270,068,536</b>	<b>478,648,482</b>	<b>546,996,659</b>
Liability										
Non Current Liability	223,800,099	225,596,659	253,531,341	204,459,762	219,452,526	244,907,880	200,850,985	178,317,245	186,351,256	205,203,683
Current Liability	237,133,748	228,355,448	331,465,055	429,480,096	495,822,048	521,253,013	469,420,205	585,376,871	466,187,655	451,784,693
<b>Total Equity &amp; Liabiliteis</b>	<b>461,064,581</b>	<b>485,354,584</b>	<b>560,397,127</b>	<b>686,931,365</b>	<b>706,507,856</b>	<b>941,498,021</b>	<b>999,640,322</b>	<b>1,033,762,652</b>	<b>1,131,187,393</b>	<b>1,203,985,035</b>
<b>CASH FLOWS DETAILS</b>										
Cash & Cash Equivalants at the beginning of the year	(1,452,558)	(5,695,546)	(10,688,092)	(51,265,048)	(45,139,536)	(49,803,932)	(61,745,546)	(60,277,701)	(34,003,533)	9,705,092
Net Cash Flows / (Used) from Operating Activities	50,084,315	24,979,109	21,177,343	138,916,481	(20,956,744)	49,387,001	(127,850,178)	(24,806,560)	(106,167,478)	(82,454,317)
Net Cash Flows / (Used) from Investing Activities	(60,130,828)	(33,884,008)	(79,972,339)	(130,758,119)	25,050,411	(48,910,016)	(44,112,676)	(24,750,272)	(23,423,897)	(35,312,483)
Net Cash Flows / (Used) from Financing Activities	5,803,525	3,912,353	18,218,040	(2,032,850)	(8,758,063)	(12,418,599)	173,430,699	75,831,000	173,300,000	96,686,613
<b>Cash &amp; Cash Equivalants at the end of the year</b>	<b>(5,695,546)</b>	<b>(10,688,092)</b>	<b>(51,265,048)</b>	<b>(45,139,536)</b>	<b>(49,803,932)</b>	<b>(61,745,546)</b>	<b>(60,277,701)</b>	<b>(34,003,533)</b>	<b>9,705,092</b>	<b>(11,375,095)</b>
<b>RETIO ANALYSIS</b>										
Gross Profit Margin	-31%	1%	-13%	-11%	-33%	-21%	-12%	-28%	-9%	-20%
Net Profit Margine	-30%	-2%	-11%	-15%	-26%	11%	-10%	-30%	11%	-10%
Current Assets Retio	0.14	0.15	0.24	0.09	0.08	0.15	0.22	0.20	0.36	0.45
Earnings Per Share	(3.48)	(0.28)	(1.65)	(1.95)	(3.61)	1.69	8.23	0.73	11.69	3.37
Net Assets Per Share	0.01	1.74	(1.37)	2.94	(0.49)	9.74	18.30	15.00	26.59	30.39

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Annual General Meeting of Elkaduwa Plantations Limited - 2018 will be held at Elkaduwa Plantations Limited, Colombo Office, No. 320, T B Jayah Mawatha, Colombo -10 on ..... at 4.00 p.m. for the following purposes.

1. To receive and consider the Financial Statements for the year ended 31st December 2018 with the Report of the Board of Directors and Auditors thereon.
2. To appoint Auditor General's Department as Auditors of the Company for the year 2018.
3. Any other business.

**BY ORDER OF THE BOARD OF  
ELKADUWA PLANTATIONS LTD**

**SECRETARIES OF ELKADUWA PLANTATIONS LTD**

**Date:** .....

A Shareholder entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote on his/her behalf.

A Proxy need not be a member of the Company. A Form of Proxy is enclosed for this purpose.

## FORM OF PROXY

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

Mr. Nalaka Devinda Madawala or failing him,  
Mrs. Rmanayakage Malika Jayanthi or failing her,  
Mrs. Wickramasingha Mudiyansele Dhammika Tharangani Wickramasinghe or failing her,  
Mr. Wannakuwatta Waduge Ruchira Nishantha Fernando or failing him, Mr. Sena Gangodathenna or failing  
him,  
Mrs. Nilusha Manori Tnathrige or failing her,  
Mr. Ranjith Asoka Herath or failing him,

Or,

.....  
as my/our proxy to represent me/us and to vote for me/us and on my /our behalf at the Annual General  
Meeting - 2018 of the Company to be held at Elkaduwa Plantations Limited, Colombo Office, No. 320, T B  
Jayah Mawatha, Colombo 10 on ..... at 4.00 p.m. and at any adjournment thereof, and at every poll  
which may be taken in consequence thereof.

Please indicate your preference by placing a 'X' against the Resolution Number

	For	Against
To receive and consider the Financial Statements for the year ended 31st December 2018 with the Report of the Board of Directors and Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
To appoint Auditor General's Department as Auditors of the Company for the year 2018.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this ..... day of ..... 2019

.....  
Signature  
Shareholders NIC/ PP/ Co. Reg.No.

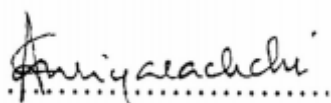
### INSTRUCTIONS AS TO COMPLETION OF THE FORM OF PROXY

1. Kindly perfect the form of Proxy by signing in the space provided and please fill the date of signature.
2. If the Proxy is signed by an Attorney-at-Law, 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

## CORPORATE INFORMATION

Name of the Company:	ELKADUWA PLANTATIONS LIMITED
Legal Form:	Elkaduwa Plantations Limited is a State Owned Enterprises Limited Liability Company incorporated under the Companies Act No. 17 of 1982 in terms of the provisions of the Conversion of Corporations and Government Owned Business Undertaking into Public Companies Act No. 23 of 1987 and re-registered under the Companies Act No. 07 of 2007
Date of Incorporation:	23rd July 1993
Company registration No:	PB 5
Registered Office:	No. 320, "Janawathu Piyasa", T B Jayah Mawatha, Colombo - 10
Principle Business Activities:	The principle activity of the Company is cultivation and marketing of Tea, Rubber, Coconut and Other Minor Crops
Share Capital:	There has been no change in authorised and issued Share Capital through the period,  Authorized Share Capital 50,000,000 Shares @ Rs. 10/- Rs. 500,000,000/- Issued Share Capital 18,000,000/- Shares @ Rs. 10/- Rs. 180,000,000/- 01 Golden Share @ Rs. 10/- Rs. 10/-
Company Secretary -	Mrs. Chandrani Suriyarachchi Attorney-at-Law
Auditors -	The Auditor General's Department (National Audit Office) of Sri Lanka
Bankers -	Bank of Ceylon - Corporate Branch Peoples Bank - Suduwella Branch
Contact Details -	Tele. 011 - 2698058/59 Fax. 011 - 2698057 E Mail. elkaduwaacmbepi@sltnet.lk

By Order of the Board,



**Mrs. Chandrani Suriyarachchi**  
Attorney at Law - Notary Public & Company Secretary  
Elkaduwa Plantations Limited "Janawathu Piyasa"  
No. 320, T.B. Jayah Mawatha  
Colombo - 10

