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බුද්ධිමත් ගොවිතැන
ஸ்மார்ட் விவசாயம்
SMART FARMING



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வரையறுக்கப்பட்ட குருநாகல் பெருந்தோட்ட கம்பனி
Kurunegala Plantations Limited

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Non-Cabinet Ministry of State Plantation Enterprise Reforms



ANNUAL REPORT

2023

SMART FARMING



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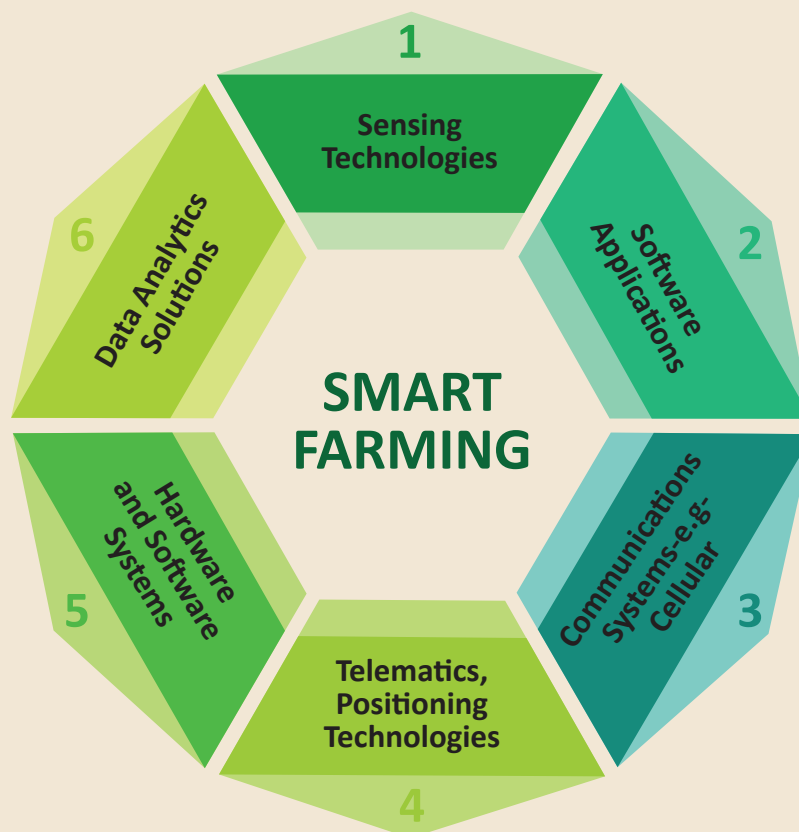
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SMART FARMING : THE FUTURE OF AGRICULTURE

Smart farming refers to managing farms using modern information and communication technologies to increase the quantity and quality of products while optimizing the human labor required.

Among the technologies available for present-day farmers are;

- Sensors** : Soil, water, light, humidity, temperature management
- Software** : Specialized software solutions that target specific farm types or applications
agnostic IoT platforms
- Connectivity** : Cellular, LoRa
- Location** : GPS, satellite
- Robotics** : Autonomous tractors, processing facilities
- Data analytics** : Standalone analytics solutions, data pipelines for downstream solutions



Armed with such tools, farmers can monitor field conditions and make strategic decisions for the whole farm or a single plant without even needing to step foot in the field.

The driving force of smart farming is the Internet of Things (IoT) - connecting machines and sensors integrated on farms to make farming processes data-driven and automated.



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ABOUT US

Kurunegala Plantations Limited (KPL), incorporated in 1992, is a fully Government Owned Company, re-registered under the Companies Act No. 07 of 2007. The Company was established by vesting lands managed by the Janatha Estates Development Board in terms of the provisions of the Conversion of Corporations and Government Owned Business Undertakings into Public Companies Act No. 23 of 1987 promulgated under the State Privatization Policy. The Company operates as a single shareholder company with the Secretary to the General Treasury of Sri Lanka as the Golden Shareholder. The registered office of the company is located at No. 80, Dambulla Road, Kurunegala.

Kurunegala Plantations Limited, from its inception had its managerial roots embedded in the Private Sector; over a period of nearly 13 years, the Government decided to reclaim the management of the Company with effect from 01st January 2005. This move brought the plantation directly under the purview of the Ministry of Plantation Industries. Over the years its control changed hands several times from ministry to ministry. Since 01st September 2015, Kurunegala Plantations Limited has been operating under the purview of the Ministry of Public Enterprises Development, which later became the Ministry of Public Enterprises and Kandy City Development. From 09th November 2018, KPL came under the purview of the Ministry of Plantation Industries.

From 09th August 2020, KPL came under the purview of the Ministry of Plantations and from 06th October 2020 KPL has been operating under the control of the State Ministry of Coconut, Kithul, Palmyrah Cultivation Promotion and Related Industrial Product Manufacturing & Export Diversification.

KPL's core business interests continue to be in the cultivation, production, processing and sale of coconut, rubber and ancillary crops with a portfolio of 07 area estates covering over 4971.12 hectares, which sprawl across varying agro climatic zones in the three districts of Kurunegala, Gampaha and Anuradhapura. Each estate is further broken up into smaller acreages known as divisions, which are scattered across two to three Divisional Secretariats.

The company provides direct employment to over 1,100 people and indirectly supports the livelihood of many others.

OUR VISION

To be the model Plantation and Agribusiness management Company in the South East Asian Region.

OUR MISSION

To manage the Plantation and other Agribusiness Productively, Profitably and sustainably through effectively harnessing natural, physical and human resources in an Environment-Friendly and Socially Responsible manner to the benefit of all stakeholders and the country at large.

CORE VALUES

Best employer	:	Empowering honest, qualified and committed staff who are focused on Quality, Productivity,
Business	:	Value Creation, Profitability, Eco-friendliness and Corporate Social Responsibility.
Quality provider	:	Enhanced 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 while minimizing wastage.
Entrepreneurship	:	Pro-actively striving towards innovative approaches, at all times
Value creation	:	Continuously responsive to the changing needs of the business environment.
Profitability	:	Achieving optimal net sales average and lowest possible cost of production for primary produce and value added products.
Eco-friendliness	:	Exploiting resources in harmony with the environment so as to cause minimal or no damage to the environment.
Social responsibility	:	Caring for people and environment, respecting good governance.

2011

- 2nd Runner-up at National level for Agribusiness
- Gold award for Large Category Producer (Plantations)

2012

- National Gold Award for Agribusiness
- Gold award for Large Category Producer (Plantations)

2013

- National Gold Award for Agribusiness
- Gold award for Large Category Producer (Plantations)

2014

- National Gold Award for Agribusiness
- Gold award for Large Category Producer (Plantations)-2014

2015

- Runner up in the Agriculture & Plantations sector in 2015 at the National Business Excellence Awards organized by The National Chamber of Commerce of Sri Lanka

2016

- Best Pepper Farmer Award organized by International Pepper Community

2017

- Best Pepper Farmer Award organized by International Pepper Community

2018

- Best Pepper Farmer Award organized by International Pepper Community

2021

- National level merit award for the large category producer (Agriculture and Plantations) National Business Excellence Awards organized by The National Chamber of Commerce of Sri Lanka.

2022

- Best Enterprise award Agricultural Sector Extra Large Category 2022. Wayamba wijayabhimani awarding ceremony 2023 Awards organized by Industrial Service Bureau North western Province.



KURUNEGALA PLANTATIONS LIMITED (KPL) was established under the Companies Act No. 17 of 1982 in terms of the provisions of the Conversion of Corporations and Government owned Business undertakings into Public Companies Act No. 23 of 1987 as a fully government owned Company on 18th June 1992 under the State Privatization Policy by allocating estates then managed by the Janatha Estates Development Board under Board No. (V). From 18th June 1992 to 31st December 2004, Kurunegala Plantations Limited was managed by a Private Managing Agent.

18th June 1992

1st January 2005

Due to poor management practices implemented by the Private Managing Agent over a period of nearly 13 years, the then Government decided to take-over the management of the Company, with effect from 1st January 2005 and was brought under the purview of the Ministry of Plantation Industries.

KPL changed hands under the Ministry of Coconut Development 6th June 2006

KPL changed hands under the Ministry of Coconut Development

6th June 2006

18th June 2010

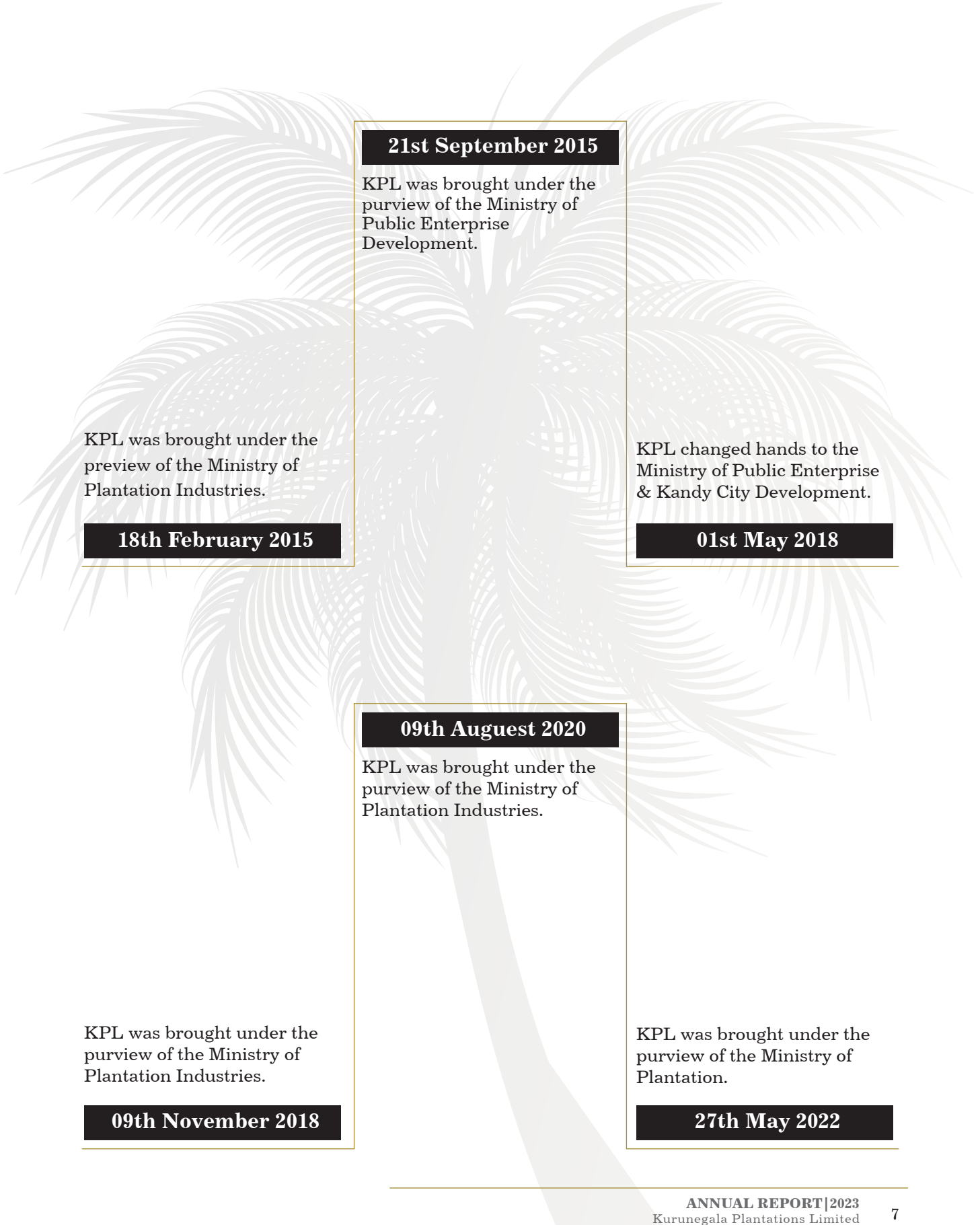
KPL came under the purview of the Ministry of Estate Resources & Enterprises Development.

KPL came under the purview of the Ministry of Public Estate Management & Development.

18th April 2007

KPL came under the preview of the Ministry of Coconut Development & Janatha Estate Development.

16th November 2010



KPL was brought under the purview of the Ministry of Plantation Industries.

18th February 2015

21st September 2015

KPL was brought under the purview of the Ministry of Public Enterprise Development.

KPL changed hands to the Ministry of Public Enterprise & Kandy City Development.

01st May 2018

09th August 2020

KPL was brought under the purview of the Ministry of Plantation Industries.

KPL was brought under the purview of the Ministry of Plantation Industries.

09th November 2018

KPL was brought under the purview of the Ministry of Plantation.

27th May 2022

CHAIRMAN'S MESSAGE



Dear Stakeholder,

I am pleased to present the Annual Report and Financial Statement for the financial year ended 31 December 2023. It is being assumed that the report will be provided with an in-depth understanding of the Company performance and its attempt at driving sustainable growth.

Kurunegala Plantations Limited (KPL) strives to be the model plantation and agribusiness management company in the South East Asian Region. In endeavoring to fulfil this vision, KPL relentlessly continues to manage its plantations and other agribusinesses productively, profitability and sustainably through harnessing its natural, physical and human resources to the optimum. While doing so, KPL adheres to the fundamental principles of environmental sustainability and social responsibility in order to benefit all stakeholders of the Company and the country at large.

The year in review

Kurunegala Plantations recorded a strong performance, delivering a Company profit before taxation of Rs. 534.4 million for the financial year ending 31st December 2023. As advocates of good agricultural practices, we have begun leveraging technology and

precision agriculture solutions to further improve input quality and consistency, while investing to upgrade infrastructure and introduce automation. These efforts are all aimed at enhancing efficiency and productivity that will ultimately lead to operational excellence.

KPL recorded 16.7 percent increase Net sales average in 2023. Coconut production recorded a decline of 16.7 percent in 2023 compared to the of 3.6 percent decrease recorded in 2023 in national level. (CBSL – 2023) This is mainly due to the unfavorable climate condition lack of fertilizer, white fly effected in major coconut growing areas in 2023. This resulted in an overall decrease of 2.5 Mn Nuts, and make Rs. 63 million sales decrease compared to the previous year.

National rubber production continued to decline 7.7 percent in 2023 (CBSL – 2023) for the third consecutive year, largely driven by the combined effect of adverse weather conditions that prevailed in rubber growing areas. KPL rubber production showed a decline trend and rubber output decres by 10,222 kilograms from the previous year, representing a 10 percent decrease. Mainly our best growing rubber plantation acquired by government to build up basnagaoda water project in attanagalla area estate.

Other income sources were also strong during the year 2023. Company Intercrop sector also recorded highest in the history and it contribute Rs. 81 million in the year under review. Sale of coconut trees brought 14.49 million and Sale of rubber trees contributed 26.68 Million and a total of 41 Million in revenue came from the sale of bearer's biological assets.

Over Rs. 62 Million valuation gain was made on consumable biological assets in 2023 due to the upsurge in timber prices, which prompted the Sri Lanka Timber Corporation to revise timber prices. It is important to mention that the Company was able to make the sub-lease/facility fee income by Rs.12 Million in the year 2023. As a result of the additional extent of land given on facility basis to out-growers to cultivate short-term crops like pineapple, ginger, aloe vera, and betel. This could be regarded as a win-win situation as it provides benefits for both parties. From the Company's viewpoint this could be seen as another source of income as it is a cost saving strategy with the cultivator taking responsibility for the weed control measures. Further with the expansion of KPL own sales outlet network we recorded 20 million revenue in the year 2023. Further, it creates a micro-biological environment in our plantations, which is an inherent advantage for us. It allows us to introduce coconut new/under-plantations in such lands where possible and the growth of coconut seedlings shows a visible difference. This program also benefits the villagers by assisting them to make a considerable additional income while contributing to the national production.

We have introduced a number of strategies to mitigate the impact of climate change on agricultural production by establishing irrigation systems and adopting moisture conservation methods like the one that makes use of husk pits.

Our People

We believe in building an honest, qualified and committed workforce that is focused on quality, productivity, entrepreneurship, value creation, profitability, eco-friendliness and corporate social responsibility. In empowering our staff, we have followed a two-fold approach: first of all, we have provided financial benefits to our employees that include performance-based incentives and non-financial benefits such as better living quarters. Over the course of the year. Employees posted to remote areas were provided with electricity, water supply and sanitary facilities while some were also equipped with solar power systems and given

free kerosene and coconuts. Secondly, we have nurtured their existing knowledge and skills through continuous training and development activities. During the last fiscal year, we conducted a number of training programs covering employees at all levels.

Corporate Governance

We are committed to upholding high standards of corporate governance and business conduct through adherence to the best industry practices, government policies, and rules and regulations that apply to the plantation sector and to State Owned Enterprises. However, the regulatory restrictions have created practical difficulties in carrying out our tasks despite the full potential of the financial strength and capacity we possess. Although we have brought this to the attention of the relevant authorities including the CORP Committee and Ministerial meetings at the Ministry of Public Enterprises on several occasions, no solution has been offered in this matter thus far.

KPL has a strong risk management structure which includes comprehensive engagement with our external Auditors from Auditor General Department. We have a well-structured internal audit department to gain independent assessment and recommendations in addition to the annual audit made by the Auditor General. Our dedicated internal audit team ensures the internal control systems are in compliance with our guidelines of corporate Governance and conformity.

At the operational level, we have an audit & management committee with comprise of Three Directors, the chief internal auditor of the Ministry, and the Audit Superintendent of the Auditor General Department serve as observers. Our performance of the year under review is evaluated and mitigated the risk across the various operations.

Social and national contribution

In striving to maximize its contribution to society and the nation at large, KPL has been pragmatic in leasing out land to farmers in the surrounding villagers and to other interested parties/ out growers who wish to cultivate short term crops. This has created a win-win situation

as it reduced our weeding costs on the one hand while the out growers were able to make a good profit on their products while making a considerable contribution to the GDP, on the other hand. Further, in realizing this objective KPL adhered to high quality management practices, and this has been recognized both at the national and international levels through awards and accolades received over the past several years. The Company's agricultural and financial performance stands as further testimony to our sound management practices, positioning us as one of the most professionally managed agribusiness entities in the country. This keeps us well directed towards the goal of realizing our vision of being a 'Model Plantation Company' in the South Asian and South East Asian Region.

Future looks optimistic

KPL looks to the future with confidence and optimism, being convinced of its ability to cope with adversity effectively. In an effort to further enhance the profitability of the Company, KPL continues to explore every possible avenue to add value to its products, including the prospect of creating and marketing. Besides, KPL has plans to venture on eco-tourism projects as another income generation project. Over the long term, KPL has decided to continue along the same path by focusing on further development of the diversification program by extending it to cover a larger land area. While doing so, KPL wishes to explore the possibility of public-private partnership initiatives as a way to surmount the bottlenecks discussed above.

Appreciation

I take this opportunity to express my gratitude to the Hon. Non cabinet Minister of State Plantation Enterprise Reforms, Mr. Ranjith Siyabalapitiya.

I express my sincere gratitude to Dr. M.M.S.S.B.Yalegama - Secretary to the Non cabinet Minister of State Plantation Enterprise Reforms, to Mrs. A.U.K. Dodanwala - Additional Secretary, of Non cabinet Minister of State Plantation Enterprise Reforms, and to other officials who have extended their fullest support and cooperation to us.

I sincerely thank my fellow Board of Directors for their enthusiastic participation in all board related matters and the abundant support they extended to me at all times.

I also wish to thank the Management Team and all employees for the exceptional commitment they showed during this year under review, and which I look forward to seeing in the coming years too. In conclusion I wish to thank all our stakeholders for the trust and confidence they have placed in our Company. I look forward to their continued support and patronage in the years ahead.



K.G.G.F. JENAT JAYAWARDANA

(Attorney-At-Law)

CHAIRPERSON

CHIEF EXECUTIVE OFFICER'S REVIEW



As the Chief Executive Officer of the Kurunegala Plantations Limited (KPL), I am pleased to present the Company's Annual Report and Financial Statement for the financial year ending 31st December 2023.

I am glad to report that we have finished another productive year. The Company led to fantastic success through our smart farming and proper management of our plantations. But, unfortunately, the aftermath of the Economic Crisis, natural disasters, geopolitical tensions, and profound political uncertainty in Sri Lanka made the year under review difficult.

Despite the hurdles mentioned above, 2023 has been an exciting one for KPL, with numerous milestones. This has increased our desire and courage to uphold the integrity of the employees and the position of KPL without downfall. We focused on our objective of becoming Sri Lanka's premier diversified coconut-producing plantation. Significant milestones were reached at this time. Passing LKR 500 million Profit before Tax (PBT) and passing over LKR 1000 million turnover for the second consecutive year.

Coconut Sector

During the fiscal year under review, our Company harvested 12.9 million coconuts. This corresponds to a 16 percent decline. The major obstacle faced by the company for this decline was the unavailability of fertilizer, agrochemicals, and basic facilities. Climate change had a more significant impact on KPL estates located in the wet, dry, and intermediate agro-climatic zone which is the major reason for the fluctuation of coconut yield. However, the adverse effects of drought were mitigated by appropriate agronomic practices such as drip irrigation, husk burying, the creation of ponds, the cultivation of intercrops, and cover crops. In addition, KPL maintained its good agricultural and field management practices, which have delivered rich benefits during the past few years. Under-planting and infilling have yielded outstanding results.

Rubber Sector

National rubber production in Sri Lanka continued to decrease by 7.7% in 2023, primarily due to persistent rains during tapping days in plantation areas compounded by the prevalence of fungal disease and low Net Sales Average. KPL experienced a decline of rubber production decreased by 11%, largely attributable to the higher rainfall and increased number of wet days compared to the previous year.

Other Crops

Since 2005, KPL has successfully diversified into intercropping from 59.28 hectares in 2005 to 920 hectares by 2023. Cashew, cinnamon, dragon fruit, mango, and guava have been

cultivated in Kurunegala's dry zone estates, while Rambutan and Durian have thrived in Gampaha's wet zone. KPL reaped income of Rs. 81 million from intercrops.

Non-Agricultural Development Projects

KPL has set up 10 company-owned marketing outlets and closely working with 45 franchise shops to cater the value-added products. Also embarked a National Coconut Techno Park at Oliyadeniya division of Narammala Area Estates to attract local and international tourists as Coco and Eco-tourists.

Strategy and Resource allocation

In our journey ahead we aim to continue the four main strategies, maintaining our co-business of coconut by maximizing yield to the extent. As a secondary growth strategy, we will further develop potential intercrops to get the maximum land productivity. Thirdly add value to coconut, intercrops underutilized produced such as Kithul, Jak, etc. Final and fourth growth strategy is to develop the market network locally & internationally.

In 2023 we introduced coconut ice cream to the KPL basket of value-added products. It has proven the attraction of customers. In the near future, KPL intends to establish a sophisticated coconut Ice Cream Factory to cater to local & International markets. We evaluated the value chain and analyzed our competitive position in each business category while considering different options to keep the growth momentum in the long run.

In the short to medium term, we will allocate financial and human resources aligned with our strategic objectives. Training and development of our staff and acquisition of new talent will remain a priority to support our growth plans. We will work in collaboration with many local and international institutions for technology transfer and training of our team. Our capital expenditure budget for upgrading manufacturing assets, and also infrastructure development in our estates will be continued.

Governance and Stewardship

As part of our commitment to all stakeholders, we believe that excellent corporate governance

is the cornerstone of developing a sustainable organization. As a result, we remain steadfastly committed to maintaining high standards in governance processes. I want to emphasize that the Board collaborates closely with management to assess and manage risks, allowing the Company to overcome the myriad problems that the industry faces regularly.

Future Outlook

With our long-term objective of sustainable plantation development, we will continue with our development and diversification program. On a strategic level, our long-term focus is on developing and consolidating our core plantation business while also seeking diversification-driven growth. As a result, the Company will explore a variety of crop value creation efforts to transition from a merely primary producer to a value-added product company, assuring its long-term viability.

I am optimistic that good times lie ahead. Although recovery appears to be at a slower pace of economic crisis, we must keep abreast of market expansion to reap the maximum benefits of value-added products. I am confident that the rubber industry, too, will positively contribute to the company in the future. That is why we remain fully committed to ensuring that four business segments are consistently well-positioned to bring us long-term success by optimizing emerging opportunities to generate value for all stakeholders of the business. I believe that better days are ahead. Although recovery appears to be taking longer than expected due to the outcome of the Covid- 19 pandemic, followed by the economic crisis, we must stay sustainably to reap long-term benefits from our coconut plantation. I am optimistic that the

rubber sector will perform as 2022 in the long run, ending the endured hardships for the past years. Intercropping, under coconut, is always making a sizable profit. Value addition and marketing network are the most integral part of our business. That is why, in the future, we will stay wholly committed to ensuring that quadruple of our business sectors is continually well-positioned to offer us long-term success by utilizing emerging possibilities to generate

value for all company stakeholders. Simultaneously, we will uphold the fundamental ideals that have led to our success throughout the years. To continue at the vanguard of value generation means maintaining an uncompromising focus on efficiency and ongoing innovation with available resources and energy as quoted following.

"All the energy in the universe is evenly present in all places at the same time. We don't get energy, we release energy. And the triggering mechanism to release energy is a desire to do something, you will have the energy to do it "- Bop Proctor.

Acknowledgments

I want to express my gratitude to Mr. Ranjith Siyabalapitiya, Hon. Non cabinet Minister of State Plantation Enterprise Reforms. Dr. M.M.S.S.B. Yalagama, Secretary to the Non-cabinet Minister of State Plantation Enterprise Reforms, Mrs. A.U.K. Dodanwala - Additional Secretary and other Ministry Officials have been of great help and encouragement.

Furthermore, my heartfelt gratitude goes out to our Chairperson, Mrs. K.G.G.F. Jenat Jayawardana, who has relentlessly directed the rest of the Board and us for their vital input, encouragement, and support. Finally, I'd like to thank Corporate Advisory Services (Private) Limited - Secretaries to KPL and all of our other stakeholders for their contributions to the Company's success over the year.

In addition, I must express my gratitude to our Deputy General Manager and Senior Management Team, Area Superintendents, and all staff for their passion, dedication, and loyalty, which enabled Kurunegala Plantations Limited to continue to achieve these outstanding victories.



Dr. S.M.M. Samarakoon
Chief Executive Officer



**Mrs. K.G.G.F.
Jenat Jayawardane**
Chairperson

Mrs K.G.G.F. Jenat Jayawardana was appointed as the Chairperson of Kurunegala Plantations Limited on 06th October 2022. She completed her L.L.B at the University of Colombo in 1998 and practicing as a Lawyer in the District Court in Kurunegala.

She is a member of the Board of Directors in the Development Lottery Board since 2019 and Chairman of the National Institute of Co-operative Development in Polgolla. Mrs. Jayawardana Legal adviser (2004 -2013) to Department of Local Government – North Western Province and Legal Consultant to Asian Finance.

Mrs. Jenat Jayawardana was a coordinating Sectary to the former Prime Minister Hon. Mr. Mahinda Rajapaksha.

Mrs. Jenat Jayawardana represented the country at many international forums such as the Japan Federation of Bar Association – Law Asia in 2003 and the International Bar Association – the forum for Monetary Laundering Act in 2005



Mr. W.M.D. Wijebandara
Director
Treasury Representative

Appointed as a Director/ Treasury Representative of Kurunegala Plantations Ltd. with effect from 02nd March 2022, Mr. Wijebandara is working as a Director of the Department of National Budget in General Treasury.

He graduated with a Bachelor of Business Management (Accountancy) Special degree from the University of Kelaniya in 2005 and completed a Master of Commerce degree at the University of Kelaniya in 2020. Further, he has completed the intermediate level of the Institute of Chartered Accountants of Sri Lanka (CA).

Mr. Wijebandara started his career as an Accountant in the Divisional Secretarial at Hingurakgoda, Medirigiriya, and Elahara from 2008 to 2015. From 2016 he worked as an Assistant Director (Special Audit and Investigation) in the Department of Management Audit at the General Treasury, and since 2019, he has been a Deputy Director (System Audit) in the Department of Management Audit. Mr. Wijebandara followed a Diploma in public Procurement and Contract Administration (DIPPCA) from the Sri Lanka Institute of Development Administration (SLIDA) in 2012 – 2013 and He Completed a Certificate program in Public Procurement (CPPP) in 2017 and a Diploma in English for Professionals in Miloda Academy of Financial Studies in 2018. Further, he has completed various local and foreign courses on IT auditing, Financial Programming, and macro econometrics forecasting since 2019.



Ms. Amitha Dodanwala
Director

A.U.K.Dodanwala effectively executes her duties as a member of the Board of Directors of Kurunegala Plantation Ltd. Since she holds the position of Additional Secretary to the Ministry of State Plantation Enterprise Reforms, she serves as an ex-officio member of the Board. Mrs. A.U.K.Dodanwala is a Special Grade Sri Lanka Administrative Service Officer with more than 24 years of experience in higher management positions within the public sector. She obtained her Master's Degree in Public Management from the Sri Lanka Institute of Development Administration and a Bachelor of Science Degree from the University of Kelaniya. Her varied experiences as a board member in many publicly owned enterprises provide valuable perspectives to the board, strengthening teamwork and setting the vision, goals, and strategies that lead to the best possible business results.



Mr. W.A.J.G.D. Wijesinghe
Director

Mr. Wijesinghe has served as a member of the Board of Kurunegala Plantations Ltd from 15th January 2020. He has a wide knowledge of the IT industry and possesses much experience at senior Management Level as an entrepreneur.

He studied at Maliyadeva College, Kurunegala and completed his Advanced Level Examinations in 2002. He has successfully completed an IT Degree at the Academy of Information Technology (AIT), Sri Lanka. Currently he is the Managing Director of Deshapriya Group, Kurunegala.



Mr. T.D.M.P. Bandara
Director

Mr. T.M.D. Bandara has served as a member of the Board of Kurunegala Plantations Ltd from 01st March 2024.



Mr. Kosala Rangala
Director

Mr. Kosala Rangala was appointed as a Director of Kurunegala Plantations Ltd. on September 21st, 2023. A distinguished alumnus of Trinity College, Kandy, Mr. Rangala embarked on his professional journey shortly after completing his advanced-level examination in 1982. With a vision to lead and innovate in the business world, he established his own company, Consolidated Multi Trading (Pvt) Ltd, where he has successfully held the position of Managing Director, demonstrating his acumen in business management and strategic leadership.

With over 30 years of experience in the business industry of Sri Lanka, Mr. Rangala has witnessed and navigated through the sector's many ups and downs. His deep understanding of the industry's dynamics has been instrumental in his success as a business leader.

In addition to his entrepreneurial endeavors, Mr. Rangala also serves as the Operations Manager of Euro Studyverse (Pvt) Ltd, where he oversees and manages operations, further showcasing his versatility and expertise across multiple industries. His leadership roles in these organizations underscore his commitment to excellence and his ability to navigate complex business environments with ease.

Mr. Rangala's appointment to the board of Kurunegala Plantations Ltd marks a significant milestone in his career, reflecting his dedication and continued contribution to the corporate sector.



Mr. D.C. Jayavilal Premathilaka
Director

Mr. Premathilaka has served as a member of the Board of Kurunegala Plantations Ltd from 01st March 2024.

Chinthaka Jayawilal, a distinguished alumnus of Tholangamuwa Dudley Senanayake Central College, has been the Chief Secretary of the school's Past Pupils' Association for seven years.

After completing his Advanced Level, he held positions as the Chief Secretary, Chief Organizer, Chief Treasurer, and Assistant Secretary of the Kegalle Federation of District Youth Club Conference of the National Youth Services Council. Later, he also represented the Audit Committee of the National Conference.

After entering the non-governmental organization (NGO) sector, he became the youngest member to represent the Executive Committee of the NGO National Action Front, a coalition of non-governmental organizations. He also represented the Media Committee of this foundation.

In 1996, under the Youth Exchange Program between the Sri Lanka Canada Development Fund and the Canada World Youth Organization, he participated in a research methodology training program held in Toronto, Canada. He then went on to serve in Canada for eight years, starting in 1998.

During this period, Chinthaka Jayawilal completed a Project Management Diploma at the International Business Management Institute and a Diploma in Digital Marketing at Escils.

In January 2023, he became the founding president of Tholangamuwa Lions Club. Shortly thereafter, in 2024, he was appointed Regional President.



Chief Executive Officer
Dr. S.M.M. Samarakoon
PHD, M. Sc. (Agric.Econ.)
B. Sc. (Agriculture) Hons.



Deputy General Manager
Mr. A.M.S.B. Attanayaka
M.Sc. Agriculture
B.Sc. Agriculture



Manager – Finance
Mr. D.I.K. Dissanayake
B.B. Mgt. (Human Resource)
(Special),
CBA,



Manager Human Resource
& Administration
Mr. I.A. Gunawardana
B.B. Mgt. (Human Resource) Hons.
PG Dip M (SL)



Manager
Estates Monitoring & Co-Ordination
Mr. S.M.R.P. Sathkumara
B. Sc. (Agricultural Sciences)
Specializing Plantation Management



Manager Marketing
Mr. J.K.J.P. Jayawardana
M.Sc. (Agricultural Extension)
B. Sc. (Agriculture)



Manager Audit
Mr. M.K.N. Abeydeera
Bachelor of Commerce (Special)
CBA



Mr. G.K.A. Jayawardana



Mr. R.M.P.U. Prasantha
B.V.Sc. Registered Veterinary
Surgeon & Practitioner



Mr. M.T.J. Perera
B.Sc. (Agriculture)
(Special) Hons



Mr. W.M.G.K.B. Weerasinghe
B.Sc. Plantation Management
MBA



Mr. S.L.P. Vithanage
B.Sc. Plantation Management



Mr. K.A.G. Chandana
B.Sc. (Agriculture) (Special) Hons



Mr. S.G.G.I. Weerakoon
M.AETM, B.Sc. (Plantation Management),
Dip. in Agriculture

As a plantation company, KPL remains committed to ensuring sustainability by boosting growth through the creation of economic, environmental and social stability. Economic sustainability, which translates into financial sustainability of the Company, creates economic opportunities for the communities while bringing in economic benefits to the stakeholders. Being an agriculture based company, its financial sustainability is inseparably intertwined with environmental sustainability, which in turn requires the Company to conserve and protect the natural environment and the ecosystem. This of course requires the sustainable use of land and water, and application of sustainable agricultural practices, including conserving natural resources, to support the Company's business activities. Social sustainability is encouraged by the Company through community interaction within and around the plantation estates. As people living in the surrounding villages remain an integral part of our business, we believe that interaction with these communities undoubtedly fosters social unity. Besides, being a government owned Company, we remain committed to good governance as we are subject to public accountability. In this regard, we strive for good governance through the application of transparent processes, regular monitoring, evaluating and reporting to prevent corruption and misconduct.

Sustainable agriculture practices

We have consistently encouraged sustainable agricultural management practices to ensure maximum productivity. Hence, these practices have been applied in all our seven estates, through increased land use for efficiency, crop diversification, inter cropping and under planting. To optimize the land use for increased productivity, we have taken immense effort to follow the 'maximum possible palms per acre' policy. Under planting is now implemented across every type of land available. The under planted acreage at the end of 2023 was recorded as 16% (589.18

hectares) of the total Coconut bearing area and during the year Rs. 162 million was invested in immature Coconut plantations. This increase in the number of palms per acre will undoubtedly improve the yield of coconuts from all our estates in future, thereby enduring the sustainability of the Company. Our sound agricultural practices such as harrowing, increased usage of organic manure with restricted usage of inorganic fertilizer, contoured drains, mulching, etc. have contributed to a sustainable productivity improvement of our lands. Besides, the usage of organic manure has contributed to the improvement of soil fertility, moisture retention capacity, soil aeration, porous texture and healthy microbial activity of soil. These favorable properties of the soil bear testimony to the good agricultural practices and our dedication to the sustainability of our lands.

Reduction in the usage of synthetic chemicals on plantations

Environmental protection being a critical focus of the Company, we have taken every possible step to reduce the usage of synthetic chemicals such as herbicides, pesticides and fungicides, while increasing the usage of organic manure and practicing biological and mechanical controls.

Biological control

- Use of predator mites (*Neoseiulus baraki*) to control ordinary mites (*Aceria guerreronis*) in Coconut plantations – Production of predator mites is carried out in a full-fledged breeding laboratory at Katugampola. This eco-friendly technique has shown highly promising results.
- Pheromone traps – To regulate Fruit Fly (*Drosophila* species) in fruit plantations and Red Weevil (*Rhynchophorus ferrugineus*) in Coconut plantations.
- Introduction of Red Ants (*Solenopsis* species) for the control of *Helopeltis* mosquito in Cashew plantations.

Mechanical control

Usage of Glyphosate as a herbicide has been widely debated in various forums and presently the government has banned the usage of this chemical. As alternative weed control mechanisms we are testing and assessing the following methods.

- Using machinery for ploughing, harrowing, and slashing
- Grazing of cattle
- Establishing cover crops
- Mulching the fertilizer circles

Application of organic manure

A significant step taken by the Company to reduce the usage of chemical fertilizer is opting to use organic manure instead. In addition, the usage and handling of chemicals in our plantations are vigilantly monitored. The employees who spray and handle these chemicals at field level are trained and educated in the use of protective equipment and measures and on controlled usage due to the dangers involved.

Biodiversity

We work actively across all our estates to enhance biodiversity. We have successfully carried out assessments to identify both current area of plantation and the potential for future expansion of cultivable area for suitable varieties of intercrop and timber.

KPL is aware of the valuable timber that can be harvested from the trees in its plantations as a consumable biological asset. The mature timber is harvested in a systematic manner after obtaining the required approval from the Provincial Environmental Authority, Forest Department, Plantations Ministry and the Divisional Secretariat. We are pleased to state that our Company has systematically established replanting measures to replace the trees being harvested in order to maintain the sustainability.

Employee Benefits and Encouragement

KPL remains steadfast in its commitment to provide a safe, pleasant and rewarding working environment for its employees. Our employees who possess a competitive advantage as

qualified, experienced and credible professionals remain our most valuable asset. By appreciating the need for a high degree of professionalism and expertise for the profitable management of our plantations, KPL constantly attempts to acquire and foster a human capital base that has the relevant skills and knowledge. As of end 2023, the total workforce of KPL comprised 1,150 personnel.

Payment of Performance Based Incentives

The Company started a performance-based incentive scheme in 2005 and has continued it while encouraging its employees to deliver better performance. A sum of Rs. 90 million was set aside in the financial statements for the payment of performance-based incentives in the year 2023. The figure for 2022 was also Rs. 90 million. This provision was made in order to pay two months' worth of Provident Fund Salary to monthly paid employees and Rs. 50,000 to daily paid workers as incentives.

Other Benefits enjoyed by our Employees:

- Distress loan facilities at low interest rates
- Interest free loans for school books and textiles
- Supplying a limited number of coconuts for domestic consumption to all employees at the very nominal rate of Rs. 1 per nut
- Incentive payments for fallen nut collection and for regular monthly attendance to watchmen
- Kerosene oil allowance to watchers without electricity supply
- Workmen's compensation insurance for all employees
- Rs. 1 Million personal accident insurance cover for executives
- Health insurance cover of Rs. 450,000 per family unit for executives
- Financial assistance for higher education of staff members
- Scholarships for higher education to the children of employees
- Payment of one month's salary for un-availed medical leave

Residence Facilities

Over the course of the past few years, we have made an intensive effort to improve the housing conditions across our plantations. The Company has always been concerned about the resident workers and so provided better residences with electricity and sanitary facilities. During the year, we constructed 01 Staff quarters and 05 Watch hut Total amounting Rs. 15.09 Million was with basic facilities like electricity, water supply and sanitation, in addition to renovating a few residential quarters.

Employee Training and Development

KPL continues to invest on training and development of the staff by imparting to them the required skills, knowledge and attitude to enhance their productivity. A wide range of training programs, both in-house and external have been offered with the aim of promoting the employees' continued learning as well as personal development. During the year under review, in addition, the company also supports a number of diploma, degree and master programs for the employees. For the field staff, on the job training is provided in addition to arranging special training programs conducted by experts in the field of agriculture.

Building lifelong relationships with employees

The Company organized various employee activities to build lifelong relationships

- Annual all night Pirith Chanting was conducted for the 13th successive year
- The 'Kiribath Dansala' on account of the Annual Poson Festival was held at the Head Office premises at Kurunegala for the 11th successive year
- Annual excursion for staff was organized as a Human Resources management strategy. Its purpose was to motivate the employees and it resulted in higher productivity, with increased loyalty and commitment of the employees towards the Company.

KPL and the society

KPL has continuously assisted neighboring farmers who wished to use the Company land for grazing and holding their cattle. This in turn provided KPL with the benefits of obtaining organic manure in the form of cattle dung and of controlling the weeds through grazing.

This arrangement contributes to the enhancement of national milk production and to increase the cattle population at large. The Company has also facilitated neighboring villagers to cultivate cash crops and semi-perennial crops in our plantations, and this has proved to be of great economic significance to them. While this cooperation increases their family income and the national agricultural production, it also contributes to a better biological and ecological balance in the soil structure of the plantations. This arrangement also enables us to identify and absorb skilled workers, who possess traditional farming knowledge and experience. KPL also undertakes to supply Copra for cultural events such as the Kandy Sri Dalada Perahera, and Peraheras of local temples and Devalayas. The Company also favorably considers requests for timber for the construction/renovation of places of religious worship and schools. The values of sustainability that we uphold are embedded in our operations with all our business activities and are aimed at promoting Economic, Social and Environmental stability. KPL being a Plantation Company remains dedicated to practicing economically viable farming whilst protecting the environment, preserving biodiversity, and ensuring the well-being of the employees and our Nation at large.

Kurunegala Plantations Limited recognizes risk management as an integral component of good overall management and governance. Therefore, it has made the effort to identify some common risks as well as additional risks that are specific to the plantation sector. The specific risks are mainly in relation to the cultivation and processing of rubber, coconut and other intercrops and the financial environment in which the Company operates. The Board of Directors therefore devotes special attention to the management of business risks in association with the senior management committee to ensure that sound Financial and Operational Control Systems are put in place. From time to time the internal auditors and management team review the systems' effectiveness at addressing the prevailing risks, and its ability to eliminate the downside of risks and use of the upside of risks to safeguard shareholders' investments and assets.

Risk culture

The Board of Directors has clearly expressed its position and a well-defined uniform approach has been adopted to establish a comprehensive risk management system that meets the underlying requirements of such a system. The management by reflecting on its commitment to ethical principles generally takes into consideration the common stakeholder position when making decisions. Fully in agreement with the policies of the leadership, the staff has also recognized the importance of these ethical principles and has continued to tread along the same path.

Risk identification

The Company's top management remains committed to creating a risk culture within the Company by instilling an adequate sense of risk awareness among the employees. The Company's efforts to identify internal risks follows a bottom-up approach where even the operational level employees are encouraged to identify risks

arising within their respective occupational areas. The top management also remains cognizant of external developments while identifying external risks. The Company further categorizes these identified risks, some of which are common to every organization while some are specific to the Plantation Sector, for the purpose of exercising effective control.

Operational risks

Coconut being our principal crop it remains the main income generator for the Company. Over 70% of the Coconut produced is consumed locally for culinary purposes leaving less than 30% for industrial usage. This has created market instabilities so that even when there is a high crop production the annual turnover is disappointingly low. However, Kurunegala Plantations Limited has been able to fetch a high Net Sales Average at the auctions conducted by the Coconut Development Authority due to its high-quality nut production with minimal rejection rate of the harvest and this in turn has earned the confidence of the buyers. The Company further made an effort to establish a strong local buyer base by creating high competition in the market, which has also proved beneficial in distributing the output during high crop yield seasons. KPL thus earned high recognition among the buyers as a customer-friendly supplier due to the easy access they had to collection points, the provision of residential facilities for Coconut huskers, field transport of produce to shelters during adverse conditions, and the flexibility in setting loading hours. During the year, extreme weather conditions caused prolonged drought or flood related situations, which had an adverse impact on all agricultural crops including Coconuts. The severe climate events disrupted the harvesting programs and other agricultural practices. As a protective measure against adverse weather conditions, the Company has adopted several agricultural practices such as mulching, burying husk, using cover

crops, harrowing, contouring drains, using organic manure to preserve the soil moisture and conserve the soil. As these practices have returned promising results, the Company has adopted similar practices in safeguarding the rubber plantations as well from the adverse impact of climate changes. These include RRI recommended clones and rain guards for the rubber trees to minimize the loss of output due to extreme weather.

Pests and disease

The coconut mite "*Aceria guerreronis*", "*Plessispa*" and "*Weligama Wilt*" have now been added to the portfolio of pests and diseases prevalent in the plantations, and which have caused tremendous damage and destruction to high quality coconut trees. Coconut mite infestation has been successfully countered by biological means by introducing the eco-friendly Predator Mite. KPL under the guidance of the Coconut Research Institute, breeds the predator mite in the Company laboratory for use in our own plantations and in the neighbouring coconut groves by selling this at a reasonable price. Early detection of infested trees by experienced field staff has enabled us to control and eradicate all pests and diseases in our plantations. The Company in association with the Coconut Research Institute trains the field staff and workers by constantly updating their knowledge by sending them for regular training.

Crop security

Coconut being a culinary product in great demand is highly vulnerable to theft. Protection of Coconuts has consistently been an issue due to isolated small acreages scattered across many Divisional Secretariats. Thus, unusual measures are required to ensure high security to the groves to minimize pilferage. As a theft reduction measure, the Company extended the monthly-harvesting extent up to 90% minimizing the fallen nuts against the normal practice of bi-monthly picking. This method is further supported by strengthening the perimeter fences. In addition, close monitoring and supervision by Superintendents, Assistant Superintendents, Field Staff and Internal Audit Officers have proved effective at minimizing

pilferage. The watchers who collect fallen nuts and provide security for Coconuts are also encouraged through incentive payments. The Company has insurance for the crops in transit and to meet the risks posed by natural disasters, fire, theft and accidents.

Shortage of labor

A skilled workforce for harvesting, husking and tapping is an essential requirement in the industry. However, over the last few years, a troublesome issue faced by the management of the Company was the shortage of skilled coconut plantation workers. This has badly hampered the day-to-day management practices at coconut estates. Since Coconut plantations do not retain a resident workforce unlike the Tea and Rubber estates, the Company is compelled to depend on labourers from the neighbouring villages. Therefore, to reduce reliance on manual labourers and maintain the plantations efficiently, the Company adopted the use of machinery for weeding, draining and fertilizing, including judicious chemical weeding as an alternative solution. While we have always been mindful of optimal output from our labour force, we have also obtained very high output through appropriate mechanization. The Company also took measures for staff retention through the provision of free residential facilities, and supplying electricity, water and coconut at concessionary prices. Additionally, incentive payments were made based on performance, and other benefits were made available, such as payment of bonus, scholarships for children's education, various loan schemes to meet essential requirements, distress loans to staff, timely payment of statutory dues, providing professional training and setting up a friendly and caring working environment.

Risk of land acquisition

The Company is highly vulnerable to the risk of acquisition of productive land for national requirements, public purposes and to meet statutory demands. It is worthy of note that Kurunegala Plantations Limited has lost 26% of the land that was originally taken over in 1992 for the establishment of the Company.

Trade unions, social and environmental changes

After recognizing the importance of industrial harmony, Kurunegala Plantations Limited signed a Collective Agreement with the Unions and the Employers' Federation of Ceylon, of which KPL is a member. This has resulted in the timely payment of wages, statutory dues, prompt attention to areas related to workmen's compensation insurance and labour issues. These measures have in turn strengthened the industrial harmony in the Company.

Risk monitoring and review

The presence and functioning of the Company's risk management components are assessed over time with the purpose of identifying weaknesses in the controls so that the required internal and external changes can be made. While the top management and the audit committee hold the ultimate responsibility for monitoring the ongoing activities through separate evaluations, our internal audit team carries out frequent system-based audits by visiting each estate and reporting on the risks in respect of matters that require an immediate response. The effectiveness of the risk management process is reviewed annually, and adjustments are made to the prevailing process. At this stage, pertinent issues are identified and communicated to assist and guide the people who are responsible for risk management within the Company.

The Board of Directors of Kurunegala Plantations Limited operates on the principles of honesty, corporate impartiality, transparency and accountability. These are the governing principles that form the foundation on which it endeavours to build a strong relationship with all its stakeholders and nurture the environment within which the Company operates. The Company's activities are conducted in line with ethical standards and in the best interests of all its stakeholders. This commitment is supported with the right roles, structures and information that are embodied in the 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 is ultimately accountable and responsible for the performance of the Company and constitutes the hub of the corporate governance process.

Responsibility

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

Composition

The Board is comprised of seven (07) Directors including the Chairman.

Board meetings

Board Meetings are scheduled on a monthly basis. At these meetings the Board sets out the strategic direction of the Company, reviews the Annual Budget, the progress of all activities, and the recurrent and capital expenditure programs. The Board members are given appropriate documentation in advance of each Meeting. Twelve (12) Board Meetings of were held during the year 2023 as follows:

Board Meeting Number	Date
394	26th January 2023
395	27th February 2023
396	28th March 2023
397	27th April 2023
398	26th May 2023
399	28th June 2023
400	24th July 2023
401	14th August 2023
402	15th Sept. 2023
403	30th October 2023
404	30th Nov. 2023
405	15th Dec. 2023

Current Board of Directors

Name	Designation	Date of Appointment
Mrs. K.G.G.F. Jenat Jayawardana	Chairman	06/10/2022
Mrs. Amitha Dodanwala	Director	01/03/2024
Mr. W.M.D.Wijebandara	Director - Treasury Representative	02/03/2022
Mr. W.J.J.G.D. Wijesinghe	Director	15/01/2020
Mr. Kosala Rangala	Director	21/09/2023
Mr.T.D.M.P Bandara	Director	01/03/2024
Mr.D.C.J.Premathilaka	Director	01/03/2024

The attendance of the Board of Directors at these meetings during the year 2023 is as follows.

	26.01.2023 (394)	27.02.2023 (395)	28.03.2023 (396)	27.04.2023 (397)	26.05.2023 (398)	28.06.2023 (399)	24.07.2023 (400)	14.08.2023 (401)	15.09.2023 (402)	30.10.2023 (403)	30.11.2023 (404)	15.12.2023 (405)	Attendance
Mrs. K.G. Jenet Jayawardane (Chairman Appoint on 05.10.2022)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12/12
Mrs. Aruni S Ranasinghe (Appointed on 24.02.2023, resigned on 09.04.2024)	N/A	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10/10
Mr. W.M.D. Wijebandara (Appointed on 02.03.2022)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12/12
Mr. W.J.J.G.D. Wijesinghe (Appointed on 15.01.2020)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12/12
Mr. H.C.M.M. Kulasekara (Appointed on 05.02.2020, resigned on 01.03.2024)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12/12
Mr. T. Ediriwickramasooriya (Appointed on 16.08.2021, resigned on 01.03.2024)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12/12
Mr. Kosala Rangala (Appointed on 21.09.2023)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	✓	1/1

Compliance with legal requirements

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 undertakings in the Country. The Board ensures that the financial statements of the Company are prepared in accordance with the Sri Lanka Accounting Standards and comply with the requirements of the Companies Act No. 07 of 2007.

The Members of the Audit Committee are appointed by the Board of Directors of the Kurunegala Plantations Ltd and the Committee comprises of three Non-Executive Directors. The Audit Committee meetings are scheduled as needed under the Chairmanship of the Board Member representing the General Treasury. The Chairman, Chief Executive Officer and another Non-Executive Director participate in the Audit Committee meetings

regularly. Furthermore, Senior Executives and Managers, Area Superintendents and representative from National Audit Office participate time to time in the meetings by invitation and the meetings are coordinated by the Manager-Audit of the Company. There had been 04 Audit Committee meetings during the year 2023 and the attendance to the aforementioned meetings are as per below tables:

Present Audit Committee Year - 2023/ 2024

Name	Appointed to the Board on
Mr. W.M.D. Wijebandara Chairman Audit Committee Director –(Treasury Representative)	31.03.2022
Mrs. Amitha Dodanwala – Director (Additional Secretary, of Non cabinet Minister of State Plantation Enterprise Reforms)	25.04.2024
Mr. K.G.N. Rangala - Director	25.03.2024

Audit Committee Meetings Year – 2023

Name	10/02/2023	29/05/2023	25/10/2023	15/12/2023	Attendance
Mr. W.M.D. Wijebandara Chairman Audit Committee Director, Treasury Representative	√	√	√	√	4/4
Mrs. Aruni S Ranasinghe- Director	N/A	√	√	√	3/3
Mr. H.C.M.M. Kulasekara- Director	√	√	√	√	4/4

The main role and responsibility of the Audit Committee is to exercise and oversight the duties of the management in order to maintain better quality and integrity of the Financial Statements and financial reporting process of the Company in accordance with the Sri Lanka Accounting Standards and other regulatory requirements. Further, the Audit Committee should ensure that the internal controls and risk mitigation arrangements in the Company are satisfactory and compliance with legal and statutory requirements including Circulars and Guidelines issued by the General Treasury time to time.

Progress during the Financial Year

The matters brought to the attention of the Audit Committee by the Manager-Audit were discussed extensively and appropriate solutions were recommended at the meetings held during the period under review. The proceedings of the Audit Committee were regularly reported to the Board of Directors of the Company for approval and implementation. The Audit Committee reviewed and monitored the scope of the Audit, its objectivity and effectiveness regularly when auditable issues were cropped up time to time. The Committee also reviewed the operations of the Company along with future prospective. Actions taken by the Management in response to the issues raised as well as the effectiveness of the internal controls in place were evaluated in consultation with the Heads of Divisions/ Superintendents and necessary corrective measures were recommended during the meetings.

The report of the Auditor General on the Financial Statements of the Company for the year ended 31st December 2023 , together with Management's responses for the corresponding matters were further reviewed in consultation with the Management as well as with Auditors and made immediate arrangements to address the issues highlighted by the Auditors. Weaknesses in internal controls and mal-practices in coconut estates which had already been identified by Internal Audit Division were discussed with the CEO and Superintendents and highlighted the important areas where more attention was needed and

submitted the probable recommendations in this regard to the attention of the Board of Directors of the Company.

The Audit Committee wishes to acknowledge with thanks the services rendered by the Internal Audit Division and their efforts to meet the requirements and expectations of the Company. The valuable contribution made by the Members of the Audit Committee as well as other invitees/observers is acknowledged with grateful appreciation and their competence and relevant experience in financial matters have been really helpful for continuous success of the Company.



Mr. W. M. D. Wijebandara
Chairman, Audit Committee

The Directors of Kurunegala Plantations Limited have pleasure in presenting their Annual Report together with the Audited Financial Statements for the fiscal year ended 31st December 2023.

Legal status of the company

Kurunegala Plantations Limited (KPL) was incorporated as a limited liability Company under the Companies Act No. 17 of 1982 in terms of the provisions of the Conversion of Corporations and Government Owned Businesses undertakings into Public Companies Act No. 23 of 1987. It was re-registered under the Companies Act No. 07 of 2007 with a new registration number – PB 1319. The registered office of the Company is located at No. 80, Dambulla Road, Kurunegala. The Company remains as a Single Shareholder Company, the Secretary to the Treasury of the Government of Sri Lanka being its Shareholder.

Principal activities and nature of business

The Company's principal activities of cultivation which include manufacture and sale of Coconut, Rubber, Other crops and other agriculture produce continued during the year 2023. The Company's lands are scattered in Kurunegala, Gampaha and Anuradhapura districts, which form 07 Area estates, namely Attanagalla, Dambadeniya, Dodangaslanda, Hiriyala, Kurunegala, Katugampola & Narammala.

Extent of lands held

KPL has lost large extents of productive lands due to release of lands for national requirements and Statutory Declarations. Kurunegala Plantation Limited has lost over 26% (1,750.88 hectares) of the land originally handed over (6,722 hectares) to the Company in 1992 with the establishment of the Company. At the end of Financial Year 2023 the total land extent in possession is 4,971.12 hectares.

Land Extent of Area Estates

	Extent (hectares)
Attanagalla	1114.53
Dambadeniya	462.18
Dodangaslanda	690.73
Hiriyala	980.21
Katugampola	617.12
Kurunegala	555.80
Narammala	550.55
	4971.12

Product portfolio

Coconut is the main crop in all 07 area estates while rubber had been confined to Attanagalla and Dodangaslanda areas. KPL also maintains a range of other crops that are grown as intercrops under Coconut considering land & climatic suitability.

Going concern

The Board of Directors are satisfied that the Company has adequate resources to continue its operation in the foreseeable future. Therefore, the Financial Statements are prepared based on the Going Concern Concept.

Financial statements & auditor's report

The duly completed Financial Statements for the year ended 31st December 2023 signed by the Directors and the Auditor's Report for the same period are given in page 35 to 39.

Accounting policies

The Accounting Policies adopted in the preparation of the Financial Statements are further elaborated in pages 44 to 58 of this Report. The Accounting Policies adopted in the previous year are applied without changing.

Revenue

The Company's revenue showed an decrease over 5% against last year. The composition of the revenue is as follows;

	2023 Rs. million	2022 Rs. million	Increase/ (Decrease) %
Coconut	812	875	(7)
Rubber	43	54	(21)
Other sources	156	135	(15)
Total	1,011	1,065	(5)

Profit before tax & profit after tax

The total revenue of the Company for the year 2023 is Rs. 1,011 million (2022 - Rs. 1,065 million). The other operating income for the year is Rs. 86 million (2022 - Rs. 65 million). The

profit-before tax of the Company the year 2023 is Rs. 534.4 million (2022 - Rs. 511.5 million). Financial results of the Company are given in the Statement of Comprehensive Income.

	2023 Rs. million	2022 Rs. million
Profit from Coconut	375	421
Profit /(Loss) from Rubber	(0.1)	14
Profit from other sources	72	80
Gross Profit	447	515
Gain on Fair value of biological Assets	62	35
Other operating income	86	65
Administrative expenses	(226)	(223)
Profit from operating activities	369	393
Finance Income	212	154
Finance Expenditure	(47)	(36)
Profit before taxation	534	511
Income Tax Expenses	(57)	(39)
Profit for the year	476	472

Coconut sector

The bearing extent of Coconut at KPL was 3,048.03 ha as at end 2023. Currently the Coconut under-plantation (589.18 ha.) is 16% of the bearing coconut extent. KPL's Coconut estates have a density of 60 palms per acre, compared with best practice of around 60 palms per acre. It is noteworthy to mention that the palms per acre had been increased from 50 on 1st January 2005, the year in which the management of the Company had been taken over to by the Government. Coconut yields have continued on an increasing trend since 2005 to peak in 2012 recording 18.1 million Nuts. However, in 2013, KPL and other growers experienced a considerable draw back where KPL's production fell to 13.0 million nuts.

Further, Company's Coconut production showed an increasing trend afterwards recording 16.7 million nuts in 2014, 14.1 million nuts in 2015, 16.7 million nuts in 2016. However, a noticeable downfall in production was recorded in 2017 hitting the bottom of 10.6 million nuts, which is the lowest production recorded in the history of KPL. Coconut production in 2023 has recorded 12.9 million.

Even though, the production decreased by 16% over the last year (2022), the Net sales average per nut of Rs. 63.68 recorded in 2023, its increased 16.7% than the last year. The Net sales average per nut for the year 2022 was Rs. 54.56. This situation created a coconut revenue a Rs. 63 million decrease over the last year.

Rubber sector

The Company held 156.92 hectares of mature Rubber plantation at the end of year 2023. Rubber has long been an unattractive sector due to the low NSA. Rubber sector make loss of Rs. 0.19 million and it make profit of Rs 14 million in 2022. This was mainly due to the decrease of NSA to Rs. 497 per kilogram in 2023 compared to 2022. (NSA – Rs. 567 in 2022). In addition, the company rubber production has been come down gradually due to uprooting of old or unproductive rubber plantations and reducing of number of tapping days due to adverse weather conditions. The production in 2023 is 85,350 kilogram and 95,572 kilogram in 2022. Unproductive rubber plantations are used to diversification with high yielding minor export crops. More focus was given to crops such as cinnamon and pepper considering its growth potential and market profitability. Some land areas were also dedicated for mono cultivation where they produce or grow a single crop.

Other crops

Our intercrop and other income cultivation contributed by Rs. 86.6million for our revenue during year under review. Our outstanding success and profitability can be attributed to our farsighted strategic direction. One of the critical strategic steps taken during recent past in this regard was the large-scale initiation of diversification into intercrops in minimizing our dependency on the major crop of coconut that accounts for approximately 80% of our income. As a result, we have been able to maximize the income generated from a land unit while generating an additional income from intercrops.

Intercrops such as black pepper, mango and rambutan contributed largely to this income. There were also other benefits that resulted from intercrop cultivation. Intercropping had a positive impact on creating bio-diversity. In enhancing the existing cultivation systems, in par with its low-cost marketing approach, KPL introduced leasing of intercrop harvest where it is economical by evaluation. In this way, the responsibility of plucking and selling the

harvest will be vested on the buyer minimizing the post-harvest risk on the Company.

Capital expenditure & investments

The company has been investing a considerable amount of money in capital developments for years, which includes expansion of coconut & intercrops and maintenance of plantations in immature stage. During the fiscal year under review, Rs. 407.92 million had been invested in Fixed Assets of the Company out of which nearly Rs. 201.41 million had been incurred on immature plantations.

Financial position structure

Total asset has been increased year on year fortifying the financial position structure, Rs 170 million increase during the fiscal year under review. The investment of Rs. 275 million, in property plant & equipment, net improvement of consumable biological assets by Rs. 57 million and the total asset Rs. 3,862 million during year under review.

Liquidity management

Net working capital of the Company Rs. 967 million (2022 - Rs. 1,041 million) due to a increase in short term investments. Cash and short-term investments Rs. 890.2 million in the year 2023 and Rs. 1,066 million in 2022. The Company held over Rs. 875 million in short term investments as at 31st December 2023 compared with Rs. 1,000 million in 2022. These investments comprised of term deposits at State Banks as follows

	As at 31.12.2023	As at 31.12.2022
Matured within 03 months		
Term Deposits -	-	-
Matured after 03 months		
Term Deposits - Bank of Ceylon	250,200,000	200,000
Term Deposits - Peoples' Bank	400,000,000	600,000,000
Term Deposits - National Savings Bank	225,000,000	400,000,000
	875,200,000	1,000,200,000
Total	875,200,000	1,000,200,000

Stated capital

This refers to the total amounts received by the Company in respect of the issue of shares. The total Stated Capital of the Company as at 31st December 2023 was Rs. 200,000,010. This

comprises 20,000,000 in Ordinary Shares and 01 Golden Share held by the Secretary to the General Treasury of Sri Lanka. No allotments of shares were made during the year.

Reserves

The Company Reserves as at 31st December 2023 are represented by;

	2023 Rs. million	2022 Rs. million
Retained Earnings	2,503	2,314
Biological Asset Valuation Reserves	517	455
Revaluation Reserve	122	115
Other Reserves	70	99
	3,413	3,185

Payment of dividends

While most government institutions are a burden to the General Treasury, KPL has not only been transformed to a successful self-financing institution, but has also fulfilled its commitment by way of paying dividends to the Golden Shareholder, the General Treasury. We are proud to state that during the current financial year, KPL continues to be a self-financing public enterprise under State

Management. After taking-over of the management of KPL by the Government in 2005, for the first time in its history, the Company paid dividends in 2007. Since 2007 a sum of Rs. 807.5 million in total have been paid to the General Treasury as dividend. Rs. 135 million is expected to be paid for the financial year 2023.

Directorate

The Names of the current Board of Directors are as follows.

Name	Designation	Date of Appointment
Mrs. K.G.G.F. Jenat Jayawardana	Chairman	06/10/2022
Mrs. Amitha Dodanwala	Director	01/03/2024
Mr. W.M.D. Wijebandara	Director - Treasury Representative	02/03/2022
Mr. W.J.G.D. Wijesinghe	Director	15/01/2020
Mr. Kosala Rangala	Director	21/09/2023
Mr.T.D.M.P. Bandara	Director	01/03/2024
Mr.D.C.J.Premathilaka	Director	01/03/2024

Directors' interest in contracts

The Directors have no direct or indirect interest in contracts.

Directors' share holding

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

Audit committees

Name	Appointed to the Audit Committee on
Mr. W.M.D. Wijebandara Chairman Audit Committee Director – (Treasury Representative)	31.03.2022
Mrs. Amitha Dodanwala Director (Additional Secretary, of Non cabinet Minister of State Plantation Enterprise Reforms)	25.04.2024
Mr. K.G.N. Rangala - Director	25.03.2024

Employment

The Company has an equal opportunity policy and these principles are enshrined in specific selection, training, development and promotion policies, ensuring that all decisions are based on merit. The Company practices equality of opportunity for all employees irrespective of ethnic origin, religion, political opinion, gender, marital status or physical disability.

Statutory payments

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of, and in respect of the employees of the Company and all other known statutory dues were paid by the Company as at the Reporting Date.

Events after the reporting date

There have been no events subsequent to the Reporting Date, which would have any material effect on the Company other than those disclosed in this report.

Auditors

The Accounts for the year 2023 have been audited by the Auditor General's Department.

Financial statements

The Financial Statements for the year ended 31st December 2023 was approved by the Board of Directors of the Company on 29th February 2024. Mr. K.G.G.F.J. Jayawardana (Chairperson) and Mr. W.M.D. Wijebandara (Director/Treasury Representative) were authorized to sign the Financial Statements for and on behalf of the Board of Directors of Kurunegala Plantations Ltd.

Annual General Meeting

The Annual General Meeting will be held at Kurunegala Plantations Ltd., Head office, No. 80, Dambulla Road, Kurunegala – at 11.30 a.m. on Thursday 29th August 2024. The notice of the Annual General Meeting is attached hereto.

For and on behalf of the Board of Directors

Mrs. K.G.G.F. Jenat Jayawardana
Chairman

Mr. W.M.D. Wijebandara
Director/Treasury Representative

**Corporate Advisory Services
(Pvt) Limited**
Secretaries of Kurunegala
Plantations Ltd.
20th July 2024.

The Directors Responsibilities in relation to the Financial Statements are set out in the following statement. All responsibilities pertaining to the Auditors in relation to the Financial Statement are prepared in accordance with the provision of the Companies Act No. 07 of 2007, and are set out in the report of the Auditors.

The financial statements comprise:

A Statement of Comprehensive Income - which presents a true and fair view of the profit and loss of the Company for the financial year; and A Statement of Financial Position - which presents a true and fair view of the state of affairs of the Company as at the end of the financial year, and which complies with the requirement of the Companies Act No. 07 of 2007. The Directors are required to ensure that, in preparing these Financial Statements:

- The appropriate Accounting Policies have been chosen and used in a consistent manner and material departures, if any, have been disclosed and explained;
- All applicable Accounting Standards, as relevant, have been followed;
- Judgments and estimates have been made which are reasonable and prudent.

The Directors are also to ensure that Company has adequate resources to continue in operation and to justify applying the 'going concern bases' in preparing these Financial Statements. Further the Directors are entrusted with the responsibility to ensure that the Company maintains sufficient accounting records with reasonable accuracy, the financial position of the Company and to ensure that the Financial Statements presented comply with the requirements of the Companies Act No. 07 of 2007. The Directors are also responsible for taking steps to safeguard the assets of the Company and in this regard to give proper consideration to the establishment of appropriate internal control systems with the view to preventing and detecting fraud and other irregularities.

The Directors are required to prepare the Financial Statements and provide the Auditors

with every opportunity to take needed steps and accept whatever assessments they may consider to be appropriate to enable them to give their audit opinion. As per the Companies Act the Board shall cause the Annual General Meeting Report to be sent to every shareholder of the Company not less than 15 working days before the date fixed for holding the Annual General Meeting. The Directors are of the view that they have discharged their responsibilities as set out in this Statement.

Compliance report

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

By Order of the Board



Corporate Advisory Services (Pvt) Limited
Secretaries - Kurunegala Plantations Limited
Kurunegala.
20th July 2024.



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தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE



PAL/C/KPL/01/2023/02
2023

On 23 July

Chairman,
Kurunegala Plantations Limited.

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Kurunegala Plantations Limited for the year ended 31 December 2023 in terms of Section 12 of the National Audit Act, No. 19 of 2018

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Kurunegala Plantations Limited for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Provisions of the National Audit Act No. 19 of 2018 and Companies Act, No. 7 of 2007. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

Except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Qualified Opinion

Even though the amount totalling to Rs. 8,432,049 paid for turmeric cultivation starting from 2020 up to ensuing years had been accounted, the expenditure had been stated in current assets without writing off the expenditure against the income earned in the years of incurring the expenditure as per the adjustment concept. Therefore, current assets and accumulated earnings had been overstated by that amount.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those auditing standards are further described in the Auditor's

Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Other information included in the Annual Report of the Company for the year 2023

Information, included in the Annual Report – 2023 of the Company, and anticipated to be provided to me subsequent to the date of this audit report, but not included in the financial statements and in my audit report thereon is called the other information. Management is responsible for the other information.

My opinion on financial statements does not cover other information and I do not express any kind of assurance or conclusion on it.

In relation to my audit on the financial statements, it is my responsibility to read the other information identified above when such information is available and to consider in reading so whether other information is materially inconsistent with the financial statements or with my knowledge obtained during the audit or otherwise.

If I conclude that there are material misstatements when reading the Annual Report 2023 of the Company, those matters should be communicated to Those Charged with Governance for correction. If there are any further unrectified misstatements, they will be included in the report, which will be tabled in Parliament by me in due course in accordance with Article 154 (6) of the Constitution.

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

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

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

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

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

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

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

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

2. Report on Other Legal and Regulatory Requirements

2.1 Specific provisions are included in the following requirements of the National Audit Act, No. 19 of 2018 and Companies Act, No. 07 of 2007.

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

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

2.1.3 The financial statements of the Company presented includes all the recommendations made by me in the previous year as per the requirement of Section 6 (1) (d) (iv) of the National Audit Act, No. 19 of 2018, except for observations mentioned in 1.2 (a) and (b) of basis for qualified opinion of my report.

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

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

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



Reference to Laws, Rules / Directive	Observation
Internal Circular No. KP/2010/22 dated 01 December 2010	Although the money should be banked immediately when the value of cash receipts of Provincial Estate Offices exceeded Rs. 50,000, the cash balance in hand in Narammala and Dambadeniya Provincial Estate Offices during the physical verification of goods had been Rs.278,923 and Rs. 265,330 respectively.
2.2.3	to state that the Authority has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018.
2.2.4	to state that the resources of the Authority had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018.
2.3	Other Audit Observations
(a)	Debtor balances amounting to Rs. 1,688,527 and Rs. 4,677,838, which had exceeded 03 and 08 years respectively within the debtor balance of coconut products amounting to Rs. 63,510,576 as at 31 December 2023, had not been recovered even by the end of the year under review.
(b)	It was observed in the physical verification of goods that camera equipment worth Rs.974,500 purchased in December 2023 for installation in 07 estates belonging to Hiriyala Provincial Estate Office had not been used for the intended purpose and it had not been included in the fixed asset register.


W. P.C. Wickramaratne
Auditor General

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December	Note	2023 Rs.	2022 Rs.
Revenue	4	1,010,951,819	1,065,494,048
Cost of sales	5	(563,224,713)	(549,558,623)
Gross profit		447,727,106	515,935,425
Gain/(Loss) on Fair Value of Biological Assets	16.2	62,300,502	35,448,638
Other operating income	6	86,139,304	65,261,823
Administration & general expenses	7	(226,833,617)	(223,251,034)
Profit from operating activities		369,333,295	393,394,852
Net financial income / (expenses)	8	165,097,450	118,144,550
Profit before taxation		534,430,745	511,539,402
Income tax expense	9	(57,820,389)	(39,164,963)
Profit for the year		476,610,356	472,374,439
Other comprehensive income			
Defined benefit plan actuarial gains/ (losses)		(29,036,813)	18,654,998
Revaluation Reserve		6,210,036	-
Total comprehensive income for the year		453,783,579	491,029,437
Earnings per share	10	23.83	23.62

The accounting policies & notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

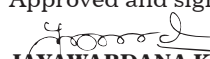
For the year ended 31st December	Note	2023 Rs.	2022 Rs.
ASSETS			
NON-CURRENT ASSETS			
Right-of-use land	11	56,152,820	58,767,078
Immovable lease assets (other than bare lands)	12	7,937,067	10,560,635
Property, plant & equipment	13	2,235,123,905	1,960,092,523
Consumable biological assets	14	345,641,117	288,723,832
Other financial assets	15	20,212,000	19,449,229
		2,665,066,909	2,337,593,297
CURRENT ASSETS			
Produce on bearer biological assets	16.1	24,528,771	18,932,784
Inventories	16.3	117,376,162	76,068,029
Deposits	17	4,691,770	4,122,470
Pre-payments	18	2,753,537	2,688,692
Pre-paid expenditure on short term projects	19	12,182,275	10,245,115
Trade & other receivables	20	133,771,319	164,772,917
Other financial assets	15	12,075,211	11,179,534
Short term investments	21	875,200,000	1,000,200,000
Cash and bank balance	22	15,051,304	66,682,758
		1,197,630,349	1,354,892,300
Total assets		3,862,697,258	3,692,485,597
EQUITY & LIABILITIES			
CAPITAL & RESERVES			
Stated capital	23	200,000,010	200,000,010
Retained earnings		2,503,650,509	2,314,340,656
Biological asset valuation reserve		517,452,741	455,152,239
Revaluation Reserve Vehicle		122,089,610	115,879,574
Other reserves		70,647,014	99,683,827
		3,413,839,884	3,185,056,305
NON-CURRENT LIABILITIES			
Retirement benefit obligations	24	145,755,645	117,802,881
Net liability to lessor	25	72,954,822	76,520,026
Deferred tax liability	26	-	-
		218,710,467	194,322,907
CURRENT LIABILITIES			
Net liability to lessor	25	3,565,204	3,565,204
Advance received	27	5,877,704	10,738,353
Income tax payable		31,672,908	18,388,943
Trade and other payables	28	189,031,092	280,413,885
		230,146,908	313,106,385
Total equity and liabilities		3,862,697,258	3,692,485,597

The accounting policies & notes form an integral part of these financial statements.

It is certified that the financial statements have been prepared in compliance with requirements of Companies Act No 07 of 2007.


DISSANAYAKE DIK
MANAGER - FINANCE

The board of directors is responsible for the preparation and presentation of these financial statements. Approved and signed for and on behalf of the board of directors of Kurunegala Plantations Limited.


JAYAWARDANA KGGFJ
CHAIRPERSON
Kurunegala,
29th February 2024


SAMARAKOON SMM
CHIEF EXECUTIVE OFFICER


WIJEBANDARA WMD
DIRECTOR/ TREASURY REPRESENTATIVE

STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December	Stated Capital Rs.	Timber Reserve Rs.	Other Reserve Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Equity Rs.
Balance as at December 31, 2021	200,000,010	419,703,601	81,028,828	115,879,574	2,002,414,854	2,819,026,867
Net profit for the year 2022					472,374,439	472,374,439
Other Comprehensive Income			18,654,998		-	18,654,998
Revaluation Reserve				-		-
Transferred to Biological Assets		35,448,638			(35,448,638)	-
Dividend					(125,000,000)	(125,000,000)
Balance as at December 31, 2022	200,000,010	455,152,239	99,683,826	115,879,574	2,314,340,655	3,185,056,304
Net profit for the year 2023					476,610,356	476,610,356
Other Comprehensive Income			(29,036,813)		-	(29,036,813)
Revaluation Reserve				6,210,036		6,210,036
Transferred to Biological Assets Reserve		62,300,502				(62,300,502)
Dividend					(225,000,000)	(225,000,000)
Balance as at December 31, 2023	200,000,010	517,452,741	70,647,013	122,089,610	2,503,650,509	3,413,839,883

The Accounting Policies & Notes form an integral part of these Financial Statements.

STATEMENT OF CASH FLOW

For the year ended 31st December	2023 Rs.	2022 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax expense	534,430,745	511,539,402
Adjustments for		
Depreciation & amortization	92,614,886	84,162,950
Provision for retirement benefit obligations	30,297,366	20,326,144
Impairment of Bad & Doubtful Debts	-	5,076,634
Profit on disposal of property plant & equipment	(14,883)	(3,494)
Profit on sales bearer plants	(41,173,432)	(29,839,522)
Profit from sale of Timber Trees	(7,688,488)	(2,775,095)
Gain arising from changes in fair value less cost to sell - consumable	(62,300,502)	(35,448,638)
Net finance income	(165,097,450)	(118,144,550)
Profit before working capital changes	381,068,242	434,893,833
Changes in working capital		
Inventories	(41,308,133)	7,444,026
Deposits	(569,300)	(3,167,770)
Pre-payments	(64,845)	(898,869)
Trade and other receivables	(5,400,297)	(37,546,231)
Pre-paid expenditure on short term projects	(1,937,159)	1,474,829
Advance received	(4,860,649)	5,749,279
Trade and other payables	(91,382,793)	39,452,347
Cash generated from operations	235,545,066	447,401,443
Payment of retirement benefit costs	(31,381,414)	(15,547,038)
Income tax paid	(32,931,920)	(26,369,023)
Withholding tax paid	(11,604,504)	-
Economic service charge paid	-	-
Net cash generated from operating activities	159,627,228	405,485,382
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant & equipment	(356,513,005)	(211,006,620)
Additions to consumable biological assets	(538,969)	(1,643,921)
Proceeds from disposal of property, plant & equipment	34,850	17,200
Proceeds from disposal of barer plants - coconut & rubber trees	41,709,091	30,642,008
Proceeds from sale of consumable biological assets	8,014,687	5,564,780
Net investment in term deposits	125,000,000	(225,000,000)
Interest received	244,713,945	88,593,884
Net cash flows used in investing activities	62,420,598	(312,832,669)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease rental paid	(47,020,833)	(37,161,500)
Interest on short term borrowings	-	-
Loan given to staff	(19,468,250)	(15,392,460)
Staff loan recoveries	17,809,802	13,726,798
Dividend paid	(225,000,000)	(50,000,000)
Net cash flows used in financing activities	(273,679,281)	(88,827,162)
Increase/(decrease) in cash and cash equivalents	(51,631,454)	3,584,523
Cash and cash equivalents at the beginning of the year	66,682,758	63,098,236
Cash and cash equivalents at the end of the period (Note - A)	15,051,304	66,682,758
	31.12.2023	31.12.2022
Note - A	Rs.	Rs.
Cash and Cash Equivalents as at		
Term Deposits matured within 03 months at		
Repo	234,000,000	83,000,000
Cash at Bank	(223,618,296)	(20,689,449)
Cash in Hand	4,650,240	4,357,467
Postage/Stamps	19,360	14,740
	15,051,304	66,682,758

The Accounting Policies & Notes form an integral part of these Financial Statements.

01. GENERAL

1.1 Legal Status of the Reporting Entity

Kurunegala Plantations Limited (KPL) is a 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 Businesses undertakings into Public Companies Act No. 23 of 1987 and re-registered under the Companies Act No. 7 of 2007. The registered office of the Company is located at No. 80, Dambulla Road, Kurunegala.

Company is a single shareholder company with the Secretary to the Treasury of the Government of Sri Lanka being the single shareholder.

1.2 Principal Activities and Nature of Business

During the year, the principal activities of the Company were the cultivation, manufacture and sale of Coconut, Rubber & other agriculture produce. Its plantations are situated in the planting districts of Kurunegala, Gampaha and Anuradhapura which are organized under 08 planting Area Estates as described below.

Attanagalla	Dambadeniya
Dodangaslanda	Kurunegala
Katugampola	Narammala
Hiriyala	

02. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and the statement of cash flows, together with the accounting policies and notes ("financial statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirement of the Companies Act No. 07 of 2007.

2.2 Going Concern

The directors have made an assessment of the company's ability to continue as a going

concern and they do not intend either to liquidate or to cease trading.

2.3 Basis of Presentation

The financial statements were prepared on accrual basis and under the historical cost basis except for the following material items in the Statement of Financial Position.

- Leasehold Right to Bare Land of JEDB/SLSPC, which have been revalued as described in Note 11.
- Consumable Biological Assets are measured at fair value less costs to sell Note 14
- Retirement Benefit Obligations recognized based on actuarial valuation (LKAS - 19) Note 24
- Agricultural produce harvested from biological assets are valued at net realizable value. Net realizable value is the estimated selling price less the costs estimated for the realization of such sale.

No adjustments have been made for inflationary factors in the financial statements.

2.4 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees which is the Company's functional currency. All financial information presented in Sri Lankan Rupees has been rounded to the nearest rupee, unless otherwise stated.

2.5 Use of Estimates and Judgments

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards (SLFRS/LKAS) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities income and expenses.

Judgments and estimates are based on historical experience, trends and other factors including expectations that are believed to be reasonable under the circumstances. Accordingly, the actual results may differ from these judgments and estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis to ensure the validity of the same. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statements are included in the following notes:

Note 12 - Immovable lease assets other than leasehold right to bare land

Note 14 - Consumable biological assets

Note 24 - Measurement of defined benefit obligation.

Note 26 - Deferred taxation

2.6 Comparative Information

The presentation and classification of the financial statements of the previous years have been amended where relevant for better presentation and to be comparable with those of the current year.

03. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Assets and the Basis of their Valuation

Assets classified as current assets in the Statement of Financial Position are cash, 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 year from the reporting date.

3.1.1 Property, Plant & Equipment

3.1.1.1 Recognition and Measurement

Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost for this purpose includes the cost of acquisition and any directly attributable expenditure incurred to bring the asset to its working condition or intended use. The cost of self-constructed assets includes the cost of materials, direct labour, and any other costs directly attributable to bringing the asset to the working condition or its intended use. This also includes cost of dismantling and removing the existing asset.

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

When property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Permanent Land Development Costs are costs incurred to make major changes to land contours, to build new access roads and on other major infrastructure development.

Gains and losses on disposal of an item of property, plant and equipment are determined as difference between the proceeds from disposal and the carrying amount of property, plant and equipment, and are recognized under other income in the statement of comprehensive income.

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

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. The Company has adopted a policy of revaluing Motor Vehicle by an

external valuer and an internal valuation of Motor vehicle to be carried out at least every 5 years.

3.1.1.2 Subsequent Expenditure

Expenditure incurred on existing property, plant and equipment are capitalized when it is expected that such expenses would result in future economic benefits in excess of those originally assessed and its cost can be measured reliably. The carrying amount of the replaced asset is derecognized.

The costs of the day to day servicing/maintenance of property, plant and equipment are recognized in Comprehensive Income Statement as incurred. When a revalued asset is disposed, the amount included in the revaluation surplus reserve is transferred to retained earnings.

3.1.1.3 De-recognition

The carrying amount of an item of property, plant and equipment is de-recognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on de-recognition are recognized under other income in statement of comprehensive income.

3.1.1.4 Borrowing Cost

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset, which takes a substantial period of time to get ready for its intended use or sale, are capitalized as a part of the asset. The amounts of the borrowing costs which are eligible for capitalization are determined in accordance with the in LKAS 23 - Borrowing Costs.

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

3.1.1.5 Depreciation and Amortization

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognized in Statement of Comprehensive Income on a straight line

basis over the estimated useful life of each asset, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land are not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Asset Category	No of Years
Buildings	40
Electrifications	40
Solar Power Electricity System	10
Wells	40
Fencing	03
Motor Vehicles	05
Machinery	13 1/3
Furniture & Fittings	10
Equipment	08
Irrigation	08
Computers	05
Sales outlets (Coatainers)	15
Improvements to land	05

The Company depreciated up to and including the year 2018 was as follows; an asset acquired in a particular year is not depreciated for that year and the depreciation of that particular asset begins from the next financial year. When such asset is disposed, the depreciation for the full year is provide in the year in which the said asset is disposed.

However, as per the LKAS 16 depreciation of an asset shall begin when it is available for use. So, the depreciation of asset acquired during the year 2019 has been carried out accordingly.

3.1.1.6 Land Development Cost

Expenditure incurred by KPL on land development, like construction of roads & bridges, ponds were not depreciated up to 2018, but from 2018 on wards such cost is depreciated. The cost incurred prior to 2018 is depreciated over the remaining useful lifetime.

Depreciation of an asset ceases when the asset is classified as held for sale and the asset is derecognized subject to the above depreciation

policy. Depreciation method, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

The leasehold assets are being amortized in equal amounts over the following periods.

Asset Category	No of Years
Bare land	53
Buildings	25
Machinery	15
Mature Plantations	30
Land Development Cost	30

3.1.1.7 Leased Assets

Assets obtained under the finance lease, which effectively transfer to the Company substantially, all risks and benefits incidental to the ownership of the leased assets, are treated as if they have been purchased outright and are capitalized at their cash price. Assets acquired by way of a finance lease are measured at an 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. The principal / capital elements payable to the lessor are shown as liability / obligation.

Assets held under the finance lease are amortized over the shorter of the lease period or the useful life of equivalent owned assets, unless ownership is not transferred at the end of the leased period.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term are classified as operating leases. Lease payments (excluding costs for services such as insurance and maintenance) paid under operating leases are recognized as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

3.1.1.8 Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset 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 asset's recoverable amount.

An asset's recoverable amount is the higher of

an asset's value in use and its fair value less cost to sale 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 group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the assets is considered impaired and is written down to its' recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre tax discount rates that reflect current market assessments of the time value of money and the risk specific to the asset. In determining fair value less cost to sell, recent market transactions are taken into account, if available. If no such transaction can be identified, an appropriate valuation model is used.

Impairment loss of continuing operations are recognized in the Statement of Comprehensive Income in those expenses categories consistent with the function of the impaired asset. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognized. If that is the case, carrying amount of the asset is increased to its recoverable amount. That increased amount cannot 'exceed' the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of Comprehensive Income.

3.1.2 Biological Assets

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.

Biological assets are further classified as Bearer Biological assets and Consumable Biological assets. Bearer Biological assets include coconut and rubber trees that are not intended to be sold or harvested, but grown for harvesting agricultural produce from such Biological assets. Consumable Biological assets includes

un-planned forestry in estates having commercial exotic timber species such as Teak, Mahogany, Halmilla, Milla etc.

3.1.2.1 Bearer Plants

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

The cost incurred on land preparation, rehabilitation, new planting, replanting, crop diversification, inter planting, fertilizing, etc., up to the point of commercial harvesting is classified as immature plantations/ immature biological assets on which no depreciation is provided. These immature plantations are shown at direct costs plus attributable overheads including interest attributable to long-term loans used for financing immature plantations.

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

Asset Category	Maturity Period (Years)	Economic Lifespan (Years)
	Mono Crop	Inter Crop
Coconut	10	NA
Rubber	06	NA
Cashew	06	08
Cinnamon	06	06
Dragon Fruit	03	04
Cocoa	05	06
Lime	05	06
Mango	06	08
Pepper	06	07
Rambutan	06	08
Coffee	07	08
Aricanut	08	10
Avocado	08	10
Durian	08	10
Guava	04	06

Permanent impairments to Bearer Biological Assets are charged to the Statement of Comprehensive Income in full and reduced from the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

3.1.2.2 Infilling cost on Bearer Plants

The land development costs incurred in the form of infilling are capitalized when infilling results in an increase in the economic life of the relevant field beyond its previously assessed standard of performance and infilling costs so capitalized are depreciated over the newly assessed remaining useful economic life of the relevant mature plantation or unexpired lease period whichever is lower.

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

3.1.2.3 Consumable Biological Assets

Consumable timber trees are measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period are immaterial. The fair value of timber trees are measured using DCF method taking in to consideration the current market prices of timber, applied to expected timber content of a tree at the maturity by an independent professional valuer.

The gain or loss arising on initial recognition of Consumable Biological assets at fair value less cost to sell and from a change in fair value less cost to sell of Consumable Biological assets are included in Statement of Comprehensive Income for the period in which it arises All other assumptions are given in Note 14.

The main variables in DCF model concerns.

Disposal of trees are done on FIFO basis.

Variable	Comment
Currency valuation	Rs.
Timber content	Estimate based on physical verification of girth, height and considering the growth of the each species in different geographical regions. Factor all the prevailing statutory regulations enforced for harvesting of timber coupled with forestry plan of the company.
Economic useful life	Estimated based on the normal life span of each species by factoring the forestry plan of the Company
Selling price	Estimated based on prevailing Sri Lankan market price. Factor all the conditions to be fulfilled in bringing the trees in to saleable condition
Discount Rate	Future cash flows are discounted at following discount rates: Timber trees 14%

3.1.2.4 Recognition and Measurement

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

The Bearer Biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 – Property Plant & Equipment as per the ruling issued by CASL.

Consumable timber trees are measured on initial recognition and at the end of each

reporting period at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants (age below 5 years) as the impact on biological transformation of such plants to price during this period is immaterial.

3.1.2.5 Produce Growing on Bearer Biological Assets

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

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

For the valuation of the harvestable agricultural produce, the Company uses the following price formulas.

Rubber -	Latex Price (95% of current RSS1 Price) less Cost of tapping & transport
Coconut -	Auction Price by Coconut Development Authority less cost of picking & transport

3.1.3 Financial Instruments

(a) Recognition and initial measurement

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

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

(b) Classification and subsequent measurement

Financial assets - Policy applicable from 1 January 2018

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

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

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

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

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

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

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

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial

recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment:

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

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

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

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

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from 1 January 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the company's claim to cash flows from specified assets (e.g., non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par

amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets - Subsequent measurement and gains and losses: Policy applicable from 1 January 2018

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial assets - Policy applicable prior to 1 January 2018The Company classified its financial assets into one of the following categories:

- loans and receivables;
- held to maturity;
- available for sale; and

- at FVTPL, and within this category as:
 - held for trading
 - derivative hedging instruments; or
 - designated as at FVTPL

Financial assets - Subsequent measurement and gains and losses: Policy applicable prior to 1 January 2018

Financial assets at FVTPL

Measured at fair value and changes therein, including any interest or dividend income, were recognized in profit or loss.

Held-to-maturity financial assets

Measured at amortized cost using the effective interest method.

Loans and receivables

Measured at amortized cost using the effective interest method.

Available-for-sale financial assets

Measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognized in OCI and accumulated in the fair value reserve. When these assets were derecognised, the gain or loss accumulated in equity was reclassified to profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(c) Derecognition

Financial assets

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

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

Financial liabilities

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

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

Offsetting

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

Impairment policy: applicable from 1 January 2018

Non-derivative financial assets

Financial instruments and contract assets

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

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

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

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

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

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

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

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

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the

entity in accordance with the contract and the cash flows that the Company expects to receive).

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

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

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

Presentation of allowance for ECL in the statement of financial position

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

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of

write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures to recovery of amounts due.

Impairment Policy: applicable prior to 1 January 2018

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current

economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment Policy: Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

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

An impairment loss in respect of other assets, recognized in prior periods is assessed at each reporting date for any indications that the loss

has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Financial Risk Management

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and related parties.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Interest Rate Risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's 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.

3.1.4 Inventories

Agricultural Produce harvested from Biological Assets

Agricultural produce harvested are valued at the quoted prices net of point of sale costs in the

sales contracts when sold after the reporting date and valued at average estimated net selling price when sales contracts are not entered into up to the time of preparing the financial statements.

In the case of coconuts the net realizable value after converting into copra is used for valuation when uncertainty exists in the market.

Agricultural Produce after further processing

Further processed output of Agricultural Produce are valued at the lower of cost and estimated net realizable value, after making due allowances for obsolete and slow moving items. Net realizable value is the estimated selling price at which stocks can be sold in the ordinary course of business less the estimated cost of completion and estimated cost necessary to make the sale.

Input Material, Consumables and Spares

Stocks of input materials, spares and consumables are valued at actual cost on FIFO basis.

Growing Crop Nurseries

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

3.1.5 Cash & Cash Equivalents

Cash and cash equivalents comprise cash balances, call deposits, demand deposits and short term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value net of bank overdrafts that are repayable on demand for the purpose of the Statement of Cash Flows.

3.2 Liabilities and Provisions

Liabilities classified as current liabilities on the Statement of Financial Position are those which fall due for payment on demand or within one year from reporting date. Non-current liabilities are those balances that fall due for payment after one year from reporting date. All known liabilities have been accounted for in preparing these Financial Statements.

A provision is recognized if, as a result of a past event the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

3.2.1 Employee Benefits

Defined Contribution Plans – EPF & ETF

A Defined Contribution Plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Defined Contribution Pension Plans are recognized as an employee benefit expense in Statement of Financial Position in the periods during which services are rendered by employees.

The Company contributes 12% of gross emoluments of the employees to Employees' Provident Fund (EPF)/ Estate Staff Provident Society (ESPS).

All of the employees are eligible for Employees' Trust Fund to which the Company contributes 3% of gross emoluments of such employees.

Defined Benefit Plan – Retirement Gratuity

Defined benefit plans define an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Company has adopted a defined benefit plan as required under the Payment of Gratuity Act No. 12 of 1963 for all eligible employees. The whole benefit plan is internally funded. Provision for gratuity is made by the Company taking account of the recommendation of an independent qualified actuaries firm.

The liability recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date together with adjustments for unrecognized past service cost. The defined benefit obligation is calculated annually by the Company using the projected unit credit method prescribed in Sri Lanka

Accounting Standard 19; Employee Benefits. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using the interest rates of Government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Past service costs are recognized immediately in statement of comprehensive income, unless the changes to the plan are conditional on the employees remaining in service for a specific period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period.

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 key assumptions used in determining the Retirement Benefit Obligations are given in Note 24.

3.3 Capital Commitments and Contingencies

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non occurrence of uncertain future events, which are beyond the Company's control.

All material Capital Commitments and Contingent Liabilities are disclosed in Note 29.

3.4 Deferred Income

3.4.1 Government Grants and Subsidies

Government grants are recognized where there is a reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, the grant is deducted in arriving the carrying amount of the asset. When the grants related to an expense item, it is recognized as income over the period necessary to match the

grant on a systematic basis to the costs that are intended to compensate.

3.5 Statement of Comprehensive Income

For the purpose of presentation of the Statement of Comprehensive Income 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 in line with the provisions of LKAS 1 – Presentation of Financial Statements.

3.5.1 Revenue Recognition

Sale of Goods

SLFRS 15 replaces revenue recognition guidance, including LKAS 18 on "Revenue", LKAS 11 on "Construction Contracts" and IFRIC 13 on "Customer Loyalty Programs" and is effective for annual reporting periods beginning on or after January 1, 2018.

SLFRS 15 provides a comprehensive framework for determining whether, how much, and when revenue is recognized. SLFRS 15 requires new qualitative and quantitative disclosure aimed at enabling users of Financial Statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

Entities are required to apply five-step model to determine when to recognize revenue and at what amount. The model specifies that revenue is recognized when or as an entity transfers control of goods and services to a customer at the amount at which the entity expects to be entitled.

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

- The parties to the contract have approved the contract/s;
- The entity can identify each party's rights regarding the goods or services to be transferred;

- The entity can identify the payment terms for the goods or services to be transferred;
- The contract has commercial substance;
- It is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

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

Interest Income

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

Gains or Losses on Disposal

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

3.5.2 Expenditure Recognition

Operating Expenses

All expenses incurred in day to day operations of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Statement of Comprehensive Income in arriving at the profit/(loss) for the year. Provision has also been made for impairment of non-financial assets, slow moving stocks, overgrown nurseries, all known liabilities and depreciation on property, plant and equipment.

Finance Cost

Finance costs comprise of interest expense on external borrowings and payments made under operating leases. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset recognized in Statement of Financial Position using the effective interest method. Payments made under operating leases are recognized in Statement of Financial Position on a straight-line basis over the term of the lease.

Tax Expense

Income Tax expense comprises current and deferred tax. Income tax expense is recognized in Statement of Comprehensive Income except to the extent that it relates to items recognized directly in equity, when it is recognized in equity.

Current Taxes

Current tax expense for the current and comparative periods are measured at the amount paid or expected to be payable to the Commissioner General of Inland Revenue on taxable income for the respective year of assessment computed in accordance with the provisions of the Inland Revenue Act No 24 of 2017 as amended by subsequent legislation enacted or substantively enacted by the reporting date.

Company shall be entitle to a tax exemption for agro farming subject to the new amendments to be introduced to the Inland Revenue Act No 24 of 2017 with effect from April 1,2018

Deferred Taxation

Deferred taxation is recognized using the Statement of Financial Position liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable Statement of Financial Position, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognized for unused tax

losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and deferred tax liabilities are offset, if legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

The relevant details are disclosed in the respective Notes to the Financial Statements.

3.6 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the 'Indirect Method'. Lease rental paid, dividend paid and grants received are classified as financing cash flows while interest received and dividends received are classified as investing cash flows for the purpose of presentation of the Statement of Cash Flows.

3.7 Earnings per Share

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

3.8 Events after the reporting period

Events after the reporting period are those events favorable and unfavorable occur between the end of the reporting period and the date when the Financial Statements are authorized for issue. The materiality of the events occurring after the reporting period is considered and appropriate adjustments to or disclosures are made in the Financial Statements, where necessary.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December		2023 Rs.	2022 Rs.
4	REVENUE		
	Coconut (Note 4.1)	811,898,229	875,075,671
	Rubber (Note 4.2)	43,122,134	54,570,949
	Coconut Husk	12,680,048	8,756,502
	Rambutan	11,014,137	8,868,953
	Pepper	5,416,347	7,860,486
	Cashew	27,092,706	25,752,625
	Mango	15,549,967	12,721,393
	Foliage & Ornamental Plants	-	-
	Sales Center	20,356,637	-
	Coconut Oil	9,274,828	13,670,133
	Others	54,546,786	58,217,325
		1,010,951,819	1,065,494,038
4.1	Coconut Income		
	Green nuts	795,504,903	835,494,385
	Seed nuts No of Nuts 99,146	-	7,926,599
	Rejection Nuts	6,579,862	6,914,763
	Copra	9,813,463	24,739,973
		811,898,229	875,075,671
	Production (Nuts)	12,938,759	15,534,498
	Sales (Nuts)	12,748,710	16,038,589
	Net Sales Average (per 1000 nuts)	63,685	54,561
	Cost of Sales (per 1000 nuts)	34,260	28,320
4.2	Rubber Income		
	RSS	-	-
	Latex	40,955,073	52,522,508
	Scrap & Cuttings	2,167,061	2,048,441
		43,122,134	54,570,949
	Production (Kg)	85,350	95,572
	Sales (Kg)	86,816	96,167
	Net Sales Average (per 1 Kg)	497	567
	Cost of Sales (per 1 Kg)	499	419
5	COST OF SALES		
	Coconut	436,773,019	454,213,443
	Rubber	43,316,665	40,295,131
	Rambutan	5,722,000	2,875,284
	Pepper	4,877,338	3,445,995
	Cashew	10,791,205	7,450,607
	Mango	6,364,787	2,752,443
	Foliage & Ornamental Plants	-	1,093,414
	Others	55,379,699	37,432,306
		563,224,713	549,558,623

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December	2023 Rs.	2022 Rs.
6 OTHER OPERATING INCOME		
Profit on sales bearer biological assets (Note - 6.1)	41,173,432	29,839,522
Profit / (Loss) on disposal & sale of Property Plant & Equipment	14,883	3,494
Profit from sale of Timber Trees	7,688,488	2,775,095
Late removal & payment charge -coconut	8,902,338	9,236,758
Lease/ facility fee income	12,158,791	17,441,101
Write back/ (Write off)	4,085,228	3,367,438
Other miscellaneous income	12,116,144	2,598,416
	86,139,304	65,261,823
6.1 Profit on sales bearer biological assets - Coconut Tree Sales	14,490,751	21,955,158
Less: Cost of Tress disposed during the year	(391,566)	(279,840)
Add: Accumulated depreciation as at 31st December	391,566	279,840
	14,490,751	21,955,158
Profit on sales bearer biological assets - Rubber Tree Sales	27,218,340	8,686,850
Less: Cost of Tress disposed during the year	(2,848,812)	(5,098,759)
Add: Accumilted depreciation as at 31st December	2,313,152	4,296,273
	26,682,681	7,884,364
Profit on sales bearer biological assets	41,173,432	29,839,522
7 ADMINISTRATION & GENERAL EXPENSES		
Payroll Related Expenses	156,131,423	167,289,799
Maintenance & Repairs	25,180,482	18,634,124
Other Administration Expenses	45,521,713	37,327,110
	226,833,617	223,251,034
PROFIT FROM OPERATING ACTIVITIES		
is stated after charging the following;		
Directors emoluments	3,709,321	3,306,160
Auditors fees on statutory audit	977,084	813,000
Donations	105,000	484,818
Depreciation/ Amortization-		
- Leasehold rights to bare land of JEDB Estates	2,614,258	2,614,259
- Immovable leased assets of JEDB Estates	2,616,727	2,996,826
- Mature Plantation	27,967,053	23,412,725
- Property, plant and equipment	59,416,848	55,139,142
Personal Cost includes		
- Defined Benefit Plan - Retirement Gratuity	30,297,366	20,326,144
- Defined Contribution Plan Cost - EPF and ETF	41,297,786	39,979,379
- Performance incentive	90,000,000	89,623,016
- Bonus	16,204,156	15,988,434
- Holiday Pay	8,420,164	8,472,211
- Medical Leave	7,893,183	7,689,041
- Salaries & Wages	352,693,141	344,191,158

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December	2023 Rs.	2022 Rs.
8. NET FINANCIAL INCOME /(EXPENSE)		
FINANCE INCOME		
Interest on Term Deposits	195,875,851	134,432,405
Interest on REPOs	11,116,599	15,822,023
Interest on Loans given to Staff	1,560,629	1,486,418
Un-winding of Pre-paid Staff Benefits	3,788,383	2,510,459
	212,341,462	154,251,305
Less: FINANCE COST		
Interest on Lease - JEDB	(43,455,629)	(33,596,296)
Interest on short term Borrowings	(3,788,383)	(2,510,459)
	47,244,012	36,106,755
Net financial income /(expense)	165,097,450	118,144,550
9. INCOME TAX EXPENSE		
Current Income Tax Expense (Note 9.1 & 9.2)	57,820,389	39,164,963
Deferred Taxation (Note 9.3 & 26)	-	-
	57,820,389	39,164,963

9.1 Current Income Tax Expense

In terms of First Schedule item 4, 2 (c) of the Inland Revenue Act, No. 24 of 2017 a company predominantly conducting an agricultural business [the business of producing agricultural, horticultural or any animal produce and includes an undertaking for the purpose of rearing livestock or poultry] is liable to income tax at the rate of 14% on its taxable income. As Kurunegala Plantation Limited gross agriculture income is exceeds 80% of its gross income, the company is liable to pay income tax at the rate of 14% on its taxable income . However, Since the company has incurred tax losses on business no provision has been made to Financial Statement.

9.2 Reconciliation between Accounting Profit to Income Tax

Accounting Profit Before Taxation	534,383,307	511,539,402
Income from other sources & exempt Income	242,081,224	284,001,926
	776,464,530	795,541,329
Tax on Concessionary Rate predominantly engage in agriculture 14%	-	-
Tax on agricultural activities 0%	-	-
Tax on other income 30%	57,820,389	39,164,963
Gross Income Tax Liability	57,820,389	39,164,963

9.3 DEFERRED TAX

Provision has been made for deferred taxation up to December 31,2020 under the liability method in respect of temporary differences arising from carrying amounts of assets and Liabilities for financial reporting purposes and the amounts used for taxation purpose as described in Note 26 . As stated under 9.2 above as per the policy decision taken by the Government ,business profit arising from Agro farming is exempt from income tax w.e.f April 1,2019. Therefore company has decided to reverse the brought forward deferred tax liability to statement of comprehensive income and not to recognize the deferred tax liability for future periods.

NOTES TO THE FINANCIAL STATEMENTS

10 EARNINGS PER SHARE

The calculation of the earnings per share is based on Profit attributable to ordinary shareholders for the year divided by the weighted average number of ordinary shares outstanding during the year.

For the year ended 31st December	2023 Rs.	2022 Rs.
10.1 Basic Earnings per Share		
Profit attributable to Ordinary Shareholders (Rs.)	476,610,356	472,374,439
Weighted average number of ordinary shares	20,000,001	20,000,001
Earnings Per Shares (Rs. Cts.)	23.83	23.62

10.2 Diluted Earnings per Share

"There were no potential dilutive ordinary shares outstanding at any time during the year ended 31st December 2022.

Therefore, Diluted Earnings per Share is same as Basic Earnings per Share reported above."

11 LEASEHOLD RIGHT TO BARE LAND OF JANATHA ESTATE DEVELOPMENT BOARD

- 11.1** The leasehold rights to the lands of all the estates have been taken into the books of the company as at June 18, 1992, immediately after the formation of the company, in terms of the ruling obtained from the Urgent Issues Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka. For this purpose, the Board has decided at its meeting held on March 08, 1995 that these bare lands would be revalued, at the values established for these lands, by the valuation specialist Mr. D.R. Wickramasinghe just prior to the formation of the company. The revalued amount taken to the June 18, 1992 Statement of Financial Position was Rs. 189,234,932. The carrying values are given in Note 11.3 below. However the Institute of Chartered Accountants of Sri Lanka has withdrawn the UITF ruling with the implementation of LKAS/SLFRSs and introduced Statement of Recommended Practices (SoRP) on leasehold land on 19th December 2012. As per the SoRP, right to use land does not permit further revaluations.
- 11.2** Though JEDB has handed over all 13 Estates to the Company, of these estates leases for only 5 estates have been executed and the leases for the balance 8 estates (Dambadeniya, Dodangaslanda, Hiriyala, Katugampola, Kurunegala, Mahayaya, Narammala and Wariyapola) remain to be executed. These leases will be retroactive to June 18, 1992, the date of formation of the company. The Company had entered into a Memorandum of Record with JEDB with regard to all these estates for which leases have not been executed. This Memorandum of Record is considered as an agreement between JEDB and the Company.

NOTES TO THE FINANCIAL STATEMENTS

11.3 Leasehold Right to Bare land (53 years)

	Rs.
COST	
Capitalized Value as at 18.06.1992	189,234,932
Disposals due to change in controlling interest from 18.06.1992 - 31.12.2022	(50,586,168)
Balance as at 31.12.2022	138,648,764
Disposals due to change in controlling interest from 01.01.2023 - 31.12.2023	-
Balance as at 31.12.2023	138,648,764
AMORTIZATION	
Accumulated amortization as at 01.01.2022	77,267,426
Amortization for the year 2022	2,614,259
Accumulated amortization as at 31.12.2022	79,881,685
Amortization for the year 2023	2,614,258
Disposals due to change in controlling interest from 01.01.2023 - 31.12.2023	-
Balance as at 31.12.2023 (Note - A)	82,495,943
WRITTEN DOWN VALUE	
As at 31.12.2022	58,767,079
As at 31.12.2023	56,152,821
Note - A	
No. of Days for the lease period from 18.06.1992 - 17.06.2045	19,358
No. of Days for the period from 18.06.1992 - 31.12.2023	11,518
Amortization as at 31.12.2023 (138,648,765 / 19,358 x 11,518)	82,495,943

IMMOVABLE LEASED ASSETS (OTHER THAN BARE LAND)

As explained in Note 11, although all JEDB estate leases have not been executed to date in terms of the ruling of the UTF, all immovable assets in these estates under finance leases have been taken into the books of the company retroactive to June 18, 1992. For this purpose, the Board has decided at its meeting on March 08, 1995 that these assets be taken into the books at their book values as they appeared in the books of the JEDB on the day immediately preceding the date of formation of the company.

Revaluation	Life of the Asset Years	As at 18.06.1992 Rs.	Transfer in/(out) Rs.	Disposals Rs.	Balance as at 31.12.2022 Rs.
Land Development Cost	30	1,127,305		(4,000)	1,123,305
Buildings	25	22,130,873		(4,437,121)	17,693,752
Machinery	15	34,841		-	34,841
Mature plantations	30	43,001,122	90,335,750	(31,259,778)	101,797,254
Immature plantations		90,647,222	(90,335,750)	(311,472)	-
		156,941,363	-	(36,012,371)	120,649,152

The carrying values for the year are as follows.

Revaluation	Balance as at 01.01.2023 Rs.	Disposals Rs.	Balance as at 31.12.2023 Rs.
Land Development Cost	1,123,305	-	1,123,305
Buildings	17,693,752	-	17,693,752
Machinery	34,841	-	34,841
Mature plantations	101,797,254	(596,372)	101,200,882
	120,649,152	(596,372)	120,052,780

Amortization	Balance as at 01.01.2023 Rs.	Change for the year Rs.	Disposals Rs.	Balance as at 31.12.2023 Rs.
Land development cost	1,123,305	(1)	-	1,123,305
Buildings	17,693,752	-	-	17,693,752
Machinery	34,841	-	-	34,841
Mature plantations (Note A)	91,236,619	2,616,727	(589,532)	93,263,815
	110,088,518	2,616,727	(589,532)	112,115,713

NOTES TO THE FINANCIAL STATEMENTS

Carrying value	Balance as at 01.01.2023 Rs.	Balance as at 31.12.2023 Rs.
Land development cost	(0)	0
Buildings	-	-
Machinery	-	-
Mature plantations	10,560,635	7,937,067
	10,560,635	7,937,067

Investment in plantation assets which were categorized as immature at the time of handing over to the company way of estate leases, are shown under immature plantations (revalued as at 18.06.1992). Investment in such immature plantations to bring them to bearing are shown under Note-13. When these plantations come in to bring the additional investments incurred to bring them to such stage were transferred from the category immature plantations under Note - 13 and a corresponding transfer from immature plantations to mature plantations.

12 IMMOVABLE LEASED ASSETS (OTHER THAN BARE LAND) cont... AMORTIZATION

Mature Plantations as at 18.06.1992

# Days for the Period from 18.06.1992 - 17.06.2022 (30 Years)	10,957
# Days for the period from 18.06 .1992 - 31.12.2022	10,957
Amortization as at 31.12.2023 (24,823,668 / 10,957 x 10,058) - [d]	22,848,730

12 IMMOVABLE LEASED ASSETS (OTHER THAN BARE LAND) cont...

Note - A Mature plantations

COST

Mature Plantations as at 18.06.1992

Balance as at 18.06.1992	43,001,122
Disposals of mature plantations	
due to change in controlling interest from 18.06.1992 - 31.12.2021	(6,979,587)
Value of Coconut Trees disposed (other than alienation) upto 31.12.2022	(12,781,238)
Value of Coconut Trees disposed (other than alienation) during the year 2023	(391,566)
Balance as at 31.12.2023 - [a]	22,848,730

Immature Plantations as at 18.06.1992 which has been transferred to mature plantations over the period at their maturity.

Balance as at 18.06.1992	90,647,222
Disposals at immature stage due to change in controlling interest	(311,472)
Disposals after being transferred to mature plantations due to change in controlling interest	(8,730,966)
Value of Rubber Trees disposed (other than alienation) upto 31.12.2022	(3,047,825)
Value of Rubber Trees disposed (other than alienation) during the year 2023	(204,806)
Balance as at 31.12.2023 - [b]	78,352,153

Mature Plantations as at 31.12.2023 [c] - (a + b)	101,200,883
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NOTES TO THE FINANCIAL STATEMENTS

Note - B Alienation of Leased Lands

At the time of forming of Kurunegala Plantations Ltd, Lands had not surveyed and all the plans not handed over. The Lands mentions in the JEDB records at the time (6,555.03 Ha.) is brought forward with adjustments, however going by the documents for the assessing value of the Lands 6,722 Ha. The current Land extent is 4,971.12 Ha. And alienation of Lands 1,750.88 Ha., Cost of Rs. 67 million are as follows. (Which is 26% of total extent)

	Hectares
1. Land extent Given in document used for assessing value of lands	6,722.00
2. Land extent mentioned in JEDB records by forming KPL	6,555.03
Variance between 1 & 2	166.97
3. Land Extent released out to various parties (Government development programs, BOI Zones, Resettlement of Public, Statutory declarations etc.)	1,146.14
4. Paddy Lands alienated to cultivators (after 1992)	181.68
5. Land acquired by villagers (Before establishment of KPL)	53.85
Welanruppa Division	13.37
Gommunnawa Division	40.48
6. Variations identified by land surveys	
Thippalathenna Division	99.08
Dtathusenapura Division (Paddy Lands)	46.90
7. Land extent categorized as others (unclassified) without division	145.98
Dosangaslanda	54.25
Katugampola	2.01
	56.26
Total Land reduced	1,771.36
Present extent of Lands as per the KPL records	4,950.64

NOTES TO THE FINANCIAL STATEMENTS

Immature Plantations as at 18.06.1992 which has been transferred to mature plantations over the period at their maturity.

Year of Transfer	Description	Date of Disposal	COST		AMORTIZATION	
			Balance as at 18.06.1992 Rs.	Alienation/ Disposal	Balance as at 31.12.2022 Rs.	Balance as at 31.12.2023
31/12/1994	Value of the Immature plantation		37,756,930			
	Disposal - Korakaha - Disposed at immature stage			(311,473)		
	Disposal - Mahayaya	7/8/1997		(2,957,425)		
	Disposal - Malwatta	7/8/1997		(355,313)		
	Disposal - Ambana (Rubber)	10/9/1994		(223,374)		
	Disposal - Suriyapura	6/6/2000		(92,705)		
	Disposal - Polgammana	1/1/2016		(322,347)		
	Disposal - Polgammana	1/1/2016		(410,721)		
	Disposal - Rubber Trees 2013-2015	1/1/2016		(990,854)		
	Disposal - Rubber Trees - 2016	31/12/2016		(209,249)		
	Disposal - Rubber Trees - 2017	31/12/2017		(326,797)		
	Disposal - Rubber Trees - 2018	31/12/2018		(207,232)		
	Disposal - Rubber Trees - 2019	31/12/2019		(951,289)		
	Disposal - Rubber Trees - 2020	31/12/2020		(42,588)		
	Disposal - Rubber Trees - 2021	31/12/2021		(170,821)		
	Disposal - Rubber Trees - 2023	31/12/2023		(204,806)		
31/12/1995	Value of the Immature plantation		37,756,930	(7,776,993)	29,979,937	28,978,600
	Disposal - Mawathagama	15/8/1997	8,429,585	(493,832)		
	Disposal - Walbotale	31/5/2011		(721,401)		
	Disposal - Rubber Trees - 2018	31/12/2018		(18,018)		
12/31/1996	Value of the Immature plantation		8,429,585	(1,233,251)	7,196,334	6,716,272
12/31/1997	Value of the Immature plantation		12,394,880	-	12,394,880	11,155,053
	Disposal - Mawathagama	15/8/1997	8,045,288	(412,325)		
	Disposal - Pannala	9/4/1999		(748,578)		
	Disposal - Pethiyakanda	6/6/2000		(242,922)		
	Disposal - Rubber Trees - 2017	31/12/2017		(130,979)		
			8,045,288	(1,534,803)	6,510,485	5,642,380

NOTES TO THE FINANCIAL STATEMENTS

Economic Life time 30 years			COST		AMORTIZATION
Year of Transfer	Description	Date of Disposal	Balance as at 18.06.1992 Rs.	Alienation/ Disposal Rs.	Balance as at 31.12.2022 Rs. Balance as at 31.12.203
12/31/1998	Value of the Immature plantation		9,962,094		
	Disposal - Polgammana	1/1/2016		(684,684)	7,730,610
12/31/1999	Value of the Immature plantation		9,962,094	(684,684)	
	Disposal - Mawathagama	15/8/1997	8,676,654	(420,467)	
	Disposal - Polgammana	1/1/2016		(604,222)	
12/31/2000	Value of the Immature plantation		8,676,654	(1,024,689)	6,121,292
	Disposal - Polgammana	1/1/2016	4,666,747	(40,648)	
12/31/2001	Value of the Immature plantation		4,666,747	(40,648)	3,546,521
			715,044	715,044	524,357
Total [e]			90,647,222	(12,090,263)	70,415,085
Amortization - Mature Plantations as at 31.12.2023 [f] - (d + e)					93,263,815

13 PROPERTY, PLANT AND EQUIPMENT**BEARER PLANTS**

The following are the investments in plantations since the formation of the company. The assets (including plantation assets) taken over under estate leases are set out in Notes 11 and 12. Continuing investments in immature plantations, taken over under these leases are shown in the above Note. When such plantations come into bearing, the additional investments incurred since taking over to bring them to bearing had been transferred from immature to mature plantations in this Note. A corresponding transfer had been made from immature to mature plantations being the investment undertaken by JEDB on the particular plantation prior to the formation of the company as described in Note 12.

IMMATURE PLANTS

	Coconut Rs.	Rubber Rs.	Cashew Rs.	Cinnamon Rs.	Rumbutan Rs.	Guava Rs.	Dragon Fruit Rs.	Mango Rs.	Pepper Rs.	Cocoa Rs.	Durian Rs.	Ariconut Rs.	Waraka Rs.	Lime Rs.	Coffee Rs.	Total Rs.
Cost																
Balance as at 01.01.2023	485,917,965	(0)	4,848,187	36,043,770	7,306,180	71,859	-	13,962,740	23,284,486	-	7,163,398	864,081	1,234,521	-	238,251	580,935,638
Additions during the year	162,636,404	-	1,689,036	14,834,822	2,281,497	48,667	-	11,421,773	6,044,603	-	1,013,893	12,991	467,012	751,808	211,934	201,414,541
Transfers during the year	(165,803,639)	-	-	(9,463,964)	(1,321,912)	-	-	(5,847,818)	(5,286,600)	-	(1,465,247)	-	-	-	-	(189,189,180)
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31.12.2023	482,750,730	(0)	6,537,223	41,414,627	8,265,765	120,526	-	19,536,695	24,042,489	-	6,712,344	877,072	1,701,533	751,808	450,185	583,160,998

MATURE PLANTS

	Coconut Rs.	Rubber Rs.	Cashew Rs.	Cinnamon Rs.	Rumbutan Rs.	Guava Rs.	Dragon Fruit Rs.	Mango Rs.	Pepper Rs.	Cocoa Rs.	Durian Rs.	Ariconut Rs.	Waraka Rs.	Lime Rs.	Coffee Rs.	Total Rs.
Cost																
Useful life of the asset																
Balance as at 01.01.2023	851,990,791	122,554,633	21,591,410	12,173,730	4,951,926	191,347	3,472,230	9,335,380	25,254,553	5,936,675	4,656,518	-	-	-	153,769	1,062,282,961
Transfers during the year	165,803,639	-	-	9,463,964	1,321,912	-	-	5,847,818	5,286,600	-	1,465,247	-	-	-	-	189,189,180
Disposals during the year	-	(2,644,006)	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,644,006)
Balance as at 31.12.2023	1,017,794,430	119,910,627	21,591,410	21,637,694	6,273,838	191,347	3,472,230	15,183,198	30,541,153	5,936,675	6,121,765	-	-	-	153,769	1,248,808,136
Amortization																
Balance as at 01.01.2023	123,341,655	43,488,120	8,360,294	4,755,846	1,730,906	159,455	1,004,457	1,120,258	4,880,367	2,643,179	1,057,137	-	-	-	138,388	192,680,062
Charge for the year	17,039,816	6,623,009	1,079,571	515,887	236,420	31,892	173,610	466,770	1,262,730	296,834	282,826	-	-	-	7,688	27,967,633
Disposals during the year	-	(2,115,187)	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,115,187)
Balance as at 31.12.2023	140,381,471	47,995,942	9,439,865	5,271,733	1,967,326	191,347	1,178,067	1,587,028	6,143,097	2,940,013	1,289,963	-	-	-	146,076	218,531,928
Written down value																
As at 01.01.2021	728,649,135	79,066,513	13,231,116	7,417,884	3,221,020	31,892	2,467,773	8,215,122	20,374,186	3,293,496	3,599,381	-	-	-	15,381	888,582,899
As at 31.12.2023	877,412,958	71,914,685	12,151,545	16,365,961	4,306,512	-	2,294,163	13,596,170	24,398,056	2,996,662	4,831,802	-	-	-	7,693	1,030,276,208

TOTAL BEARER BIOLOGICAL ASSETS**Written down value**

As at 01.01.2023	1,214,567,100	79,066,512	18,079,303	43,461,654	10,527,200	103,751	2,467,773	22,177,862	43,658,672	3,293,496	10,762,979	864,081	1,234,521	751,808	253,632	1,450,518,336
As at 31.12.2023	1,360,163,689	71,914,685	18,688,768	57,780,589	12,572,277	120,526	2,294,163	33,132,865	48,440,545	2,996,662	11,544,146	877,072	1,701,533	751,808	457,878	1,624,497,016

NOTES TO THE FINANCIAL STATEMENTS

13. PROPERTY, PLANT AND EQUIPMENT cont....

Following are the assets vested in the company vis a vis the Gazette notification on the date of formation of the company on June 18, 1992 and all additions thereafter. The assets taken over by way of estate leases are set out in Notes 11 and 12 to the accounts.

Useful life of the Asset (Years)	Acquisition		Improvements to land		Buildings		Shop Container		Wells		Fencing		Motor Vehicles		Machinery		Furniture & Fittings		Equipment		Computer Equipment		Irrigation		Electri-fication		Solar Power System		Total		Work-in-progress		Total	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
40	15	40	3	5	13	1/3	10	8	5	8	5	8	40	10	10	40	10	40	10	40	10	40	10	40	10	40	10	40	10	40	10	40	10	40
Cost																																		
Balance as at 01.01.2023																																		
Additions during the year																																		
Revaluation																																		
Disposals during the year																																		
Transferred (from)/ to																																		
Balance as at 31.12.2023																																		
Depreciation																																		
Balance as at 01.01.2023																																		
Charge During the year																																		
Disposals during the year																																		
Balance as at 31.12.2023																																		
Written down value																																		
As at 01.01.2023																																		
As at 31.12.2023																																		

TOTAL OF PROPERTY, PLANT AND EQUIPMENT

Written down value																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																									
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Acquisition of land

The land called Pollaththapiya, 1.416 hectare in extent where the Head office of the company is situated is a land acquired by the Divisional Secretary - Kurunegala and handed over to Janatha Estate Development Board (JEDB) on July 15, 1987. Since the legal title of the land was not transferred to JEDB the land is now owned by the government. Compensation upon acquisition had not been paid to the original owners of the land, H.L. De Mel and Company. Based on a court of appeal order the company was requested by the Ministry of Plantation Industries to pay the legal compensation of Rs. 3.5 Mn. to H.L. De Mel and Company which it has paid through the Divisional Secretary, Kurunegala on condition suggested by the Ministry that the land will be transferred to the company by the government. The legal interest payable on Rs. 3.5 Mn. for delaying the payment for 18 years was calculated to be Rs. 4,623,563.92 and the company has agreed to pay this amount at the request of the Ministry of Plantation Industries. The total of the amount paid and payable relating to the acquisition of the land is, therefore, Rs. 8,123,563.92. The full amount is disclosed in these accounts as acquisition cost of the land. The title of land has been transferred to Kurunegala Plantations Ltd with effect from 2015.11.16 (Reg No. G146/78)

NOTES TO THE FINANCIAL STATEMENTS

Fully depreciated assets

The cost of fully depreciated Property, Plant and Equipment which are still in use as at date of Statement of Financial Position is as follows,

	31.12.2023 Rs.	31.12.2022 Rs.
Fencing	93,183,106	85,985,056
	93,183,106	85,985,056

AS AT	31.12.2023 Rs.	31.12.2022 Rs.
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14 CONSUMABLE BIOLOGICAL ASSETS

14.1 TIMBER TREES

Balance as at the beginning of the year	286,844,396	256,915,524
Increase due to development	538,969	546,632
Cost of harvested timber trees	(326,199)	(2,789,685)
Gain / (loss) arising from changes in fair value less cost to sell	56,538,446	32,171,925
Balance as at the end of the year	343,595,612	286,844,396

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

The valuation was carried by Mr. A. A. M. Fathihu., independent Chartered valuers, using Discounted Cash Flow (DCF) method.

Key assumption used in Valuation

1. The harvesting is approved by the Department of Forest & the Line Ministry
2. The Prices adopted are net of expenditure.
3. Discount rate is 16%,17% and 18%.

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

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

Regulatory and environmental risks

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

Supply and demand risk

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

Climate and other risks

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

NOTES TO THE FINANCIAL STATEMENTS

AS AT	31.12.2023 Rs.	31.12.2022 Rs.
14.2 LIVESTOCK		
Cattle		
Balance as at the beginning of the year	1,879,437	1,672,256
Addition during the year	502,065	98,550
Gain / (loss) arising from changes in fair value for the Year	958,121	11,093
Death/Sale value	(1,294,118)	97,538
Balance as at the end of the year	2,045,505	1,879,437
Total Consumable Biological Assets	345,641,117	288,723,833

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

15 OTHER FINANCIAL ASSETS

	Loan Given to Employees Rs.	Pre Paid Staff Benefit Rs.	Total Rs.
Balance at 01.01.2022	25,697,843	3,265,258	28,963,101
Loan granted during the year -2022	10,998,746	4,745,870	15,744,616
Loan recovered during the year -2022	(11,568,493)	(2,510,459)	(14,078,952)
Balance at 31.12.2022	25,128,096	5,500,669	30,628,765
Loan granted during the year -2023	14,994,591	4,473,659	19,468,250
Loan recovered during the year -2023	(14,021,416)	(3,788,383)	(17,809,799)
Balance at 31.12.2023	26,101,270	6,185,946	32,287,216
Non Current Balance as at 31.12.2022	16,583,030	2,866,199	19,449,229
Current Balance as at 31.12.2022	8,545,064	2,634,470	11,179,534
Balance at 31.12.2022	25,128,094	5,500,669	30,628,763
Non Current Balance as at 31.12.2023	17,135,028	3,076,976	20,212,004
Current Balance as at 31.12.2023	8,966,241	3,108,970	12,075,211
Balance at 31.12.2023	26,101,269	6,185,946	32,287,215

The company provides loans to employees at concessionary rate at 5% per annum. These loans are recognized on fair value at their initial recognition. The fair value of the loans given to employees are determined by discounting expected future cash flows using market rates related to the similar loans. The difference between cost and fair value of loans given to employees is recognized as prepaid staff benefits. The loans given to employees are classified as loans and receivables and subsequently measured at amortized cost.

NOTES TO THE FINANCIAL STATEMENTS

Distress Loans		2023	2022
Kurunegala Plantation Limited		5.00%	5.00%
Market interest rate of similar loans			
01.12.2014 - 31.12.2014	11.50%		
01.01.2015 - 31.12.2015	11.50%		
01.01.2016 - 20.11.2016	13.00%		
21.11.2016 - 31.12.2016	14.00%		
01.01.2017 - 31.12.2017	14.00%		
01.01.2018 - 31.12.2018	13.00%		
01.01.2019 - 31.12.2019	12.50%		
01.01.2020 - 31.12.2020	12.50%		
01.01.2021 - 31.12.2021	13.50%		
01.01.2022 - 31.12.2022	28.13%		
01.01.2023 - 31.12.2023	19.00%		
AS AT		31.12.2023 Rs.	31.12.2022 Rs.
16 PRODUCE ON BEARER BIOLOGICAL ASSETS AND INVENTORIES			
16.1 Produce on Bearer Biological Assets			
As at 1st January		18,932,784	15,863,252
Change in fair value less cost to sell		5,595,987	3,069,532
As at 31st December		24,528,771	18,932,784
Level 2 inputs were used when arriving above figures.			
16.2 Gain/(Loss) on fair value of Biological assets			
Consumable Biological Assets Gain/(loss) (Note 14.1)		56,538,446	32,171,925
Produce on Bearer Biological Assets Gain/(loss) (Note 16.1)		5,595,987	3,069,532
Livestock Gain/(loss) (Note 14.2)		166,069	207,181
Produce on Bearer Biological Assets Gain/(loss)		62,300,502	35,448,638
16.3 Inventories			
Produce Stocks		44,721,082	42,448,128
Input Materials, Spares & Consumables		69,820,741	31,012,504
Growing Nurseries		2,834,339	2,607,397
		117,376,162	76,068,029
17 DEPOSITS			
Deposits on purchase of Fuel		1,030,000	1,030,000
Deposits on purchase of other products & Services		364,000	49,700
Deposits for rented Colombo office		1,350,000	285,000
Deposit kept at Labour Tribunal for Gratuity		1,942,770	1,942,770
Others		5,000	815,000
		4,691,770	4,122,470
18 PRE-PAYMENTS			
Insurance		1,173,705	1,061,938
Pre-paid subscriptions		118,980	99,044
Pre-paid amount on service agreements		-	60,456
Pre- paid Rents		641,667	-
Others		819,186	1,467,254
		2,753,537	2,688,692

NOTES TO THE FINANCIAL STATEMENTS

AS AT	31.12.2023 Rs.	31.12.2022 Rs.
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19 PRE PAID EXPENDITURE ON SHORT TERM PROJECTS

Coconut Tricle	205,877	
Compost Manufacturing	-	43,384
Turmeric	8,432,049	8,927,316
Oil Manufacturing	2,327,176	-
Other	1,217,173	1,274,416
	12,182,275	10,245,115

- 19.1** This include Office Building, Net house, Land Development Cost, Watersupply System constructed entirely for the purpose of Foliage project & Foliage Plantations. Foliage project was leased out for a period of 5 years w.e.f. 01.12.2017. Hence, the Net book value of those assets as at 30.11.2017 amounting to Rs. 5,964,074 is ammortized over the lease period of 5 years at Rs. 1,192,815 per annum.

AS AT	31.12.2023 Rs.	31.12.2022 Rs.
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20 TRADE AND OTHER RECEIVABLES

Trade Debtors

Produce Debtors - Coconut	63,510,576	67,207,775
Recoverable loss on sale of Coconut	8,882,264	8,912,264
Produce Debtors - Rubber	7,594,824	5,306,905
Produce Debtors - Others	5,690,287	11,565,920
Rent Receivables	445,000	134,917

Other Receivables

Interest Receivable	43,365,993	79,526,860
Staff debtors	2,161,597	1,782,219
Sundry Debtors	14,896,598	3,290,938
	146,547,139	177,727,797
Less: Rejection provision (Produce Debtors - Coconut)	(2,767,447)	(2,916,507)
	143,779,692	174,811,290
Less: Impairment of Bad & Doubtful Debts	20.1 (10,008,373)	(10,038,373)
	133,771,319	164,772,917

20.1 Movement for Impairment of Bad & Doubtful Debts

At the beginning of the the year	10,038,373	4,961,739
Imparement provition	(30,000)	5,076,634
At the end of the the year	10,008,373	10,038,373

20.2

As at 31 December, the ageing of trade and other receivables is, as follows:

	Total Rs.	Current 0 - 30 Days Rs.	31 - 60 Days Rs.	Past due 61 - 90 Days Rs.	91 - 180 Days Rs.	> 180 Days Rs.
2023	146,547,139	98,736,809	20,210,386	4,877,227	4,789,658	17,933,059
2022	177,727,797	129,318,004	5,991,002	9,987,732	12,804,264	19,626,796

NOTES TO THE FINANCIAL STATEMENTS

	AS AT	31.12.2023 Rs.	31.12.2022 Rs.
21	SHORT TERM INVESTMENTS		
	Matured after 03 months		
	Term Deposits - Bank of Ceylon	250,200,000	200,000
	Term Deposits - Peoples' Bank	400,000,000	600,000,000
	Term Deposits - National Savings Bank	225,000,000	400,000,000
		875,200,000	1,000,200,000
		875,200,000	1,000,200,000
22	CASH & BANK BALANCES		
	Stamps	19,360	14,740
	Repo	234,000,000	83,000,000
	Cash at Bank	(223,618,296)	(20,689,449)
	Cash in Hand	4,650,240	4,357,467
		15,051,304	66,682,758
23	STATED CAPITAL		
	Issued and Fully Paid		
	20,000,000 Ordinary shares Rs. 10/- each	200,000,000	200,000,000
	Golden share held by Secretary to the Treasury (Note	10	10
		200,000,010	200,000,010
23.1	The Golden Shareholder		
	The Golden Share is currently held by Secretary to the General Treasury and should be owned either directly by the Government of Sri Lanka or by a 100% Government owned public Company. In addition to the rights of the normal ordinary shareholder, special rights are vested with the Golden Shareholder.		
24	RETIREMENT BENEFIT OBLIGATIONS		
	Balance as at the beginning of the year	117,802,880	78,527,546
	Past Service Cost	-	53,151,226
	Charged during the year	59,334,179	1,671,146
	Gratuity paid /payable during the year	(31,381,414)	(15,547,038)
	Balance as at the end of the year	145,755,646	117,802,880

The Company will continue as a going concern. The gratuity liability is fully internally funded.

The Valuation method used by the actuaries to value the benefit is the 'Projected Unit Credit Method', the method recommended by the Sri Lanka Accounting Standard No.19,'Employee Benefits'. The actuarial valuation of the retirement benefit obligation was carried out as at 31st December 2023 by Actuarial & Management Consultants (Pvt) Limited.

The movement in the retirement benefit obligations over the year is as follows.

Interest Cost	21,204,519	8,638,030
Current Service Costs	9,092,847	11,688,114
Total included in the staff cost (Note 07)	30,297,366	20,326,144
Past Service Cost		-
Actuarial (Gain)/Loss recognized immediately	29,036,813	(18,654,998)
Amount Recognized in the statement of other comprehensive income	29,036,813	(18,654,998)
Total recognized in the comprehensive income	59,334,179	1,671,146

24 RETIREMENT BENEFIT OBLIGATIONS cont...

The Key Assumptions used by the M/s. Actuarial & Management Consultants (Pvt) Ltd include the following,

	Financial Assumptions (2023)
Rate of Interest	12.5% p.a
Rate of Increase of Salaries	
Executive Staff	10% p.a next increment due on 01/06/2024
Non Executive Staff - Head office	10% p.a next increment due on 01/06/2024
Estate Staff	15% or 20% p.a once in 3 years next increment due on 01/06/2024
Watchers	10% p.a next increment due on 01/06/2024
Daily Paid Staff	10% p.a. Next increment due on 01/06/2024
Daily Paid Staff's wage rates	Rs.740 or Rs. 1000 as applicable.
	Financial Assumptions (2022)
Rate of Interest	18% p.a
Rate of Increase of Salaries	
Executive Staff	10% p.a next increment due on 01/06/2023
Non Executive Staff - Head office	10% p.a next increment due on 01/06/2023
Estate Staff	15% or 20% p.a once in 3 years next increment due on 01/06/2023
Watchers	10% p.a next increment due on 01/06/2023
Daily Paid Staff	10% p.a. Next increment due on 01/06/2023
Daily Paid Staff's wage rates	Rs.740 or Rs. 1000 as applicable.

Demographic Assumptions

In addition to the above financial assumptions, demographic assumptions such as mortality, withdrawal, disability and retirement age were considered for the actual valuation. A 1967/70 Mortality Table issued by Institute of Actuaries, London for Monthly Paid Staff and A 1949/52 Mortality Table for Daily Paid Staff/ Workers were used to estimate the gratuity liability of the company.

Retirements-Age : Male/Female 60 Years (2020 - 60 Years)

Gratuity Formula

For monthly paid Staff:

Employees joined on or before 25th April 2016:

Half month salary for each completed year of service for those with at least 5 years service and less than 10 years of service.

One monthly salary for each completed year of service for those with 10 years or more than 10 years service.

Employees joined after 25th April 2016:

Half month salary for each completed year of service for those with at least 5 years service

For Executive and, Non Executive Staff - Head office:

Monthly Salary = Basic Salary + COLA (Rs. 7,800/-)

Matching Allowance of Rs. 10,000/- is added for the Executives, who entitles for the said allowance.

NOTES TO THE FINANCIAL STATEMENTS

For Estate Staff & Watchers:

Monthly Salary = Basic Salary

For Daily Paid Staff/ Workers:

Employees joined on or before 25th April 2016:

Half month salary (Daily Wage x 14 Days) for each completed year of service for those with at least 5 years service and less than 10 years of service.

One monthly salary (Daily Wage x 28 Days) for each completed year of service for those with 10 years or more than 10 years service.

Employees joined after 25th April 2016:

Half month salary (Daily Wage x 14 Days) for each completed year of service for those with at least 5 years service and less than 10 years of service.

Sensitivity Analysis

Values appearing in the financial statements are very sensitive to the changes in financial and non-financial assumptions used. A sensitivity was carried out as follows:

Impact on Retirement benefit obligations

Percentage increase/decrease in discount rate	+ 1%	- 1%
As at 31 March 2023 - Monthly Paid	78,981,343	93,126,513
As at 31 March 2023 - Daily Paid	58,385,601	62,219,025
As at 31 March 2022- Monthly Paid	57,970,354	64,499,578
As at 31 March 2022 - Daily Paid	55,405,795	58,214,209

Impact on Retirement benefit obligations

Percentage increase/decrease in salary / wage increment rate.	+ 1%	- 1%
As at 31 March 2023 - Monthly Paid	93,283,694	78,756,379
As at 31 March 2023- Daily Paid	62,346,131	58,236,485
As at 31 March 2022 - Monthly Paid	64,630,764	57,826,573
As at 31 March 2022- Daily Paid	58,319,474	55,289,904

25

NET LIABILITY TO LESSOR

AS AT	18.06.1996 Rs.	31.12.2023 Rs.	31.12.2022 Rs.
Gross lease liability	401,114,000	175,696,230	183,882,230
Less: Finance charges applicable to future periods	(226,419,004)	(99,176,204)	(103,797,000)
Net lease liability	174,694,996	76,520,026	80,085,230

a) Payable after 5 years;

Gross Liability	134,766,230	142,952,230
Less: Finance charges applicable to future periods	(76,072,224)	(80,693,020)
Net Liability	58,694,006	62,259,210

NOTES TO THE FINANCIAL STATEMENTS

AS AT	18.06.1996 Rs.	31.12.2023 Rs.	31.12.2022 Rs.
b) Payable within 2 to 5 years;			
Gross Liability		32,744,000	32,744,000
Less: Finance charges applicable to future periods		(18,483,184)	(18,483,184)
Net Liability		14,260,816	14,260,816
c) Payable within 1 year;			
Gross Liability		8,186,000	8,186,000
Less: Finance charges applicable to future periods		(4,620,796)	(4,620,796)
Net Liability to the Lessor		3,565,204	3,565,204
		76,520,026	80,085,230
Net liability to lessor			
Non - current liability		72,954,822	76,520,026
Current Liability		3,565,204	3,565,204
		76,520,026	80,085,230

Consequent to the ruling on estate leases by the Urgent Issue Task Force (UITF) of The Institute of Chartered Accountants of Sri Lanka, the liability to lessor comprises of two components, the Net Present Value discount rate of 4% has been used. The lease rental paid for the period (excluding the contingent rental) is applied in settlement of the gross liability to lessor and the interest is charged to Income Statement.

The lease of the estates have been amended with effect from June 18, 1996 to an amount substantially higher than the previous nominal lease rental of Rs. 500/- per estate per annum. The first lease rental payable under the revised basis is Rs. 8,186,000/- x (1 + 'GDP Deflator for year 1995'/100) = 8,873,624 (from June 18, 1996 to June 17, 1997. The amount is to be inflated annually by the Gross Domestic Product (GDP) Deflator and is in the form of a contingent rental.

The payment due in each subsequent 12 month period till the end of lease on June 18, 2045 is the current year's last two quarters' total lease payment increased by the previous year's GDP Deflator and the next year's first two quarters' total lease payment increased by the current year's GDP Deflator. The charge to the Income Statement during the current period is Rs. 43,455,629 which comprises the fixed interest portion and a contingent interest portion of the lease rental .

AS AT	31.12.2023 Rs.	31.12.2022 Rs.
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26 DEFERRED TAX LIABILITIES

"As per the policy decision taken by the Government ,Business profit arising from Agro farming is exempt from income tax w.e.f April 1,2019.Therefore company has decided to reverse the brought forward deferred tax liability to statement of comprehensive income and not to recognize the deferred tax liability for future periods.

27 ADVANCE RECEIVED

For Sub Lease/ Land given on facility basis	1,547,774	3,386,508
Others	4,329,930	7,351,845
	5,877,704	10,738,353

NOTES TO THE FINANCIAL STATEMENTS

AS AT	31.12.2023 Rs.	31.12.2022 Rs.
28 TRADE AND OTHER PAYABLES		
Trade & Other Creditors & Accrued Expenses	21,403,427	98,369,585
Checkroll Wages	16,949,385	16,749,771
Refundable Bid Securities, Security Deposits & Retentions	17,422,466	22,136,177
Gratuity Payable	1,251,575	1,278,534
EPF Payable	4,362,924	4,082,819
ETF Payable	721,030	680,638
Medical Leave Payable	7,946,012	7,096,207
Provision for Brokerage-Coconut	920,583	1,003,714
Provision for Bonus Payment	12,000,000	12,000,000
Provision for Performance Incentives	90,008,379	90,000,000
Provision for Holiday Pay Payment	5,867,176	6,091,770
Chairman's Donation Fund	103,830	103,830
Gratuity Surcharge Payable	9,000,748	18,754,389
Gratuity Arrers Payable	1,073,558	2,066,451
	189,031,092	280,413,885

29 CAPITAL COMMITMENTS & CONTINGENCIES

29.1 Capital Commitment

The Company had no material capital commitments outstanding as at the Reporting date.

29.2 Contingent Liabilities

There were no contingent liability other than disclose as at the reporting date.

The company has relised lands for various purposes and its 1,750.88 Ha. (Note 12 B) (26% of extent).and lease rental for relase lands KPL is not Paid. However the adjustment of Lease rental and the approval for the reduce the rental had not given and unpaid Lease rental as fallows.

Lease rental for released Lands (1,750.88 Ha)	290,917,544	263,134,840
	290,917,544	263,134,840

29.2 Contingent Liability - Details of Legal Cases Filed

	Court Case	Discription	Present Situation
01	DMR/1366/18 - Commercial Court, Colombo.	Non Paymnt of Rs 1,414,441.40 by New Produce & General Brokers Company regarding the purchase of coconut parcels through CDA coconut Auction.	Relevant Case is Going on
02	M/13834 - District Court - Kurunegala.	Non Payment of Rs. 429,988.35 by W.A.K.N.Rodrigo regarding the purchase of coconut parcels of KPL.	Relevant Case is Going on
03	1970 M - Attanagalla Magistrate Court.	Non Payment of Rs. 375,000.00 by G.Kumuduni regarding the purchase of Rambutan harvest at attanagalla Area Estates.	Order has given to recover the cost Rs.375,000/-
04	1236/L - Attanagalla District Court	Deed has been given to G.S.M.Hilmi & his family by the LRC from Halgahapitiya Division (20.47 acre) of Attanagalla Area Estates without the concent of KPL. This party has filed the case againsed KPL at Attanagalla District Court for non providing of possession of the land to them by KPL.	Relevant Case is Going on
05	45/2016 - Court of Appeal, Colombo	Ven. Rajawela Nandarathana thero, Padmawathi Piriven Rajamaha viharaya, Keragala, Henegama has filed a case against KPL at Court of appeal to acquire 67 acres 3 roots and 24 perches from Danaukanda Division of Attanagalla Area Estates, Land Reform Commision has given concent and charged Rs. 306,410.42 from the Ven. Rajawela Nandarathana thero.	Case has over. Case has been appealed to Supreme court under case no. 183/2020
06	176/Land - Wariyapola District Court	R.M.Krishantha has field a case at Wariyapola District Court against KPL for non providing of possession of 19 acres Wewagedara Division of Hiriyala Area Estates as he has a deed for this land extent.	Relevant Case is Going on
07	B/1918/17 - 2029 PC - Magistrate Court - Kurunegala	Lost of 4914 Coconut worth Rs. 175,358.50 at Kurunegala Area Estates.	Suspect has escaped from the area & Police Investigations are going on
08	23/K/10188/2016 - LT Kurunegala	Malpractices done by former Assistant Superintendent S.C.Wijethilaka while on duty. Claiming reinstatement or compensation for the same.	Relevant Case is Going on
09	B/57624 Magistrate Court - Kuliypitiya	Lost of 5542 Coconut worth Rs.224,494.00 at Dambadeniya Area Estates.	Relevant Case is Going on
10	L/91/2020 - Gampaha District court	Lease out of 5 Acres of land for Metal quarry by the LRC to outside party at Danawkanda Division of Attanagalla Area Estates	Relevant Case is Going on
11	23/KU/13/2023-LT, Kurunegala	Malpractices done by former Officer In Charge A.M.C.M.Jayawardana while on duty.	Relevant Case is Going on

NOTES TO THE FINANCIAL STATEMENTS

30 EVENTS AFTER THE REPORTING PERIOD.

There were no material events occurring after the reporting date that require adjustments to or disclosure in the Financial Statements.

AS AT	31.12.2023 Rs.	31.12.2022 Rs.
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31 RELATED PARTY TRANSACTIONS

There are no related party transaction during the year.

31.1 Key Management Personnel

Key Management Personnel includes all Board of Directors and Chief Executive Officer.

Short term employment benefits	3,709,321	3,306,160
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32 GOVERNMENT GRANTS

There were no government grants exist as at the statment of financial position date.

33 FINANCIAL RISK MANAGEMENT

Overview

The Company has exposure to the following risks from its use of financial instruments:

- * Credit risk
- * Liquidity risk
- * Market risks (Including currency risk and interest rate risk)

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

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit Risk

Credit risk is the risk of financial Loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligation, and arises principally from the Company's receivables from customers and investment securities. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows,

AS AT	31.12.2023 Rs.	31.12.2022 Rs.
Loans and Receivables		
Trade and other Receivables	133,771,319	164,531,889
Short Term Investment	875,200,000	1,000,200,000
Cash and Cash Equivalents	15,051,304	66,682,758
	1,024,022,623	1,231,414,647

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another finance assets. The company's approach to managing this risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal or stressed conditions, without incurring unacceptable Losses or damage to the Company's reputation.

To measure and mitigate liquidity risk, the Company closely monitored its net operating cash flow, maintained a level of Cash and Cash equivalents and secured committed funding facilities from financial institutions.

AS AT	31.12.2023 Rs.	31.12.2022 Rs.
FINANCIAL RISK MANAGEMENT		
Net liability to the lessor	76,520,026	76,520,026
Trade and other payables	189,031,092	280,413,885
	265,551,118	356,933,911

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, Interest rates, etc.; will affect the Company's income or the value of its holdings of financial instruments. The objective of the market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the returns.

Interest Risk

Interest rate risk is the risk that the fair value or future Cash Flows of financial instruments fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligation and Investments with floating Interest rates. However the Company does not have material long-term floating rate borrowings or deposits as at the reporting date which results a material interest rate risk.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Kurunegala Plantations Limited – 2023 will be held at Head Office, No. 80, Dambull Road, Kurunegala at 11.30 a.m. on Thursday 29th August 2024 for the following purposes.

1. To receive and consider the Statement of Accounts for the year ended 31st December 2023 with the Report of the Directors and Auditors thereon.
2. To appoint Auditor General's Department as Auditors of the Company for the year 2024.
3. To declare a Final Dividend of Rs. 135 million payable from the profits for the year ending 31st December 2023.
4. Any other business.



By Order of The Board of Kurunegala Plantations Ltd.
CORPORATE ADVISORY SERVICES (PVT) LTD.
SECRETARIES OF KURUNEGALA PLANTATIONS LTD.

Date: 20th July 2024

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 Kurunegala Plantations Limited hereby appoint.

Mrs. K.G.G.F. Jenat Jayawardana or failing her
Mrs. Amitha Dodanwala or failing her
Mr. W.M.D. Wijebandara or failing him
Mr. W.A.J.G.D. Wijesinghe or failing of him,

Mr. Kosala Rangala or failing him,
Mr. T.D.M.P. Bandara or failing him,
Mr. D.C.J. Premathilaka 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 – 2023 of the Company to be held at Head Office, No. 80, Dambulla Road, Kurunegala at 11.30 am. on Thursday 29th August 2024 and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

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

		For	Against
1	To receive and consider the Statement of Accounts for the year ended 31st December 2023 with the Report of the Directors and Auditors thereon.		
2	To appoint Auditor General's Department as Auditors of the Company for the year 2024.		
3	To declare a Final Dividend of Rs. 135 million payable from the profits for the year ending 31st December 2023.		
4	Any other business.		

Signed this day of 2024.

.....
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, 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 No. 47, Alexandra Place, Colombo 7 not less than 48 hours before the time appointed for the holding of the meeting.