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MINISTRY OF PLANTATION INDUSTRIES
பெருந்தோட்டக் கைத்தொழில் அமைச்சு



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எல்கடுவ பிளான்டேசன் லிமிடெட்
ELKADUWA PLANTATIONS LIMITED

වාර්ෂික වාර්තාව - 2014
ஆண்டு அறிக்கை -2014
ANNUAL REPORT -2014

“ජනවතු පියස” නො 320,ටී.බී.ජයා මාවත ,කොළඹ10.
“ஜனவது பியச”இல,320, T.B. ஜயாமாவத்தைஇ, கொழும்பு 10
“JANAWATHU PIYASA” NO 320, T.B.JAYAMAWATHA, COLOMBO 10

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VISION

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

MISSION

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

VALUES

Best employer: Empowering honest, qualified and committed staff focusing on Quality Productivity, Entrepreneurship, Value creation, Profitability, Eco-friendliness and Corporate Social Responsibility.

Quality provider: Superior customer satisfaction and continuous improvement in everything we do.

Productivity: Achieving optimum productivity per unit of resource input, highest yield per hectare, optimal land use on a sustainable basis, minimize wastage.

Entrepreneurship: Pro-actively innovating new approaches at all times value creation: Continuously responsive to the changing needs of the business environment

Profitability: Achieving optimal Net Sales Average (NSA) and lowest possible Cost of Production (COP) for primary produce and for value added products

Eco-friendliness: Exploiting resources 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

COMPANY PROFILE

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

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

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

Estate / Location	District	Crops	Total Area (Ha) Ref Note 01
1. Bandarapola, Alwatte	Matale	Tea	283.00
2. Elkaduwa, Elkaduwa	Matale	Tea and Cloves	447.78
3. Hunugala, Elkaduwa	Matale	Tea and Cloves	264.73
4. Pitakanda, Matale	Matale	Tea	520.60
5. Ratwatte Ukuwela	Matale	Tea and Cloves	570.58
6. Selagama, Yatawatte	Matale	Tea	255.00
7. Hapugaspitiya, Metihakke	Matale	Rubber, Cocoa and Pepper	269.33
8. Millawana, Melsiripura	Matale	Coconut, Cocoa, Rubber and Pepper	603.60
9. Nalanda, Madawala Ulpotha	Matale	Rubber, Coconut and Pepper	496.27
10. Nella Olla, Pihimbuwa	Kurunegala Sub District	Rubber, Cashew and Mango.	358.00
11. Kabaragala/ Poangala Division (Kelebokka State Plantation)	Matale	Timber (Eucalyptus)	217.00 (Refer Note 02)
Total			4285.89

Note 01

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

Note 02

Kabaragala and Poangala Divisions with an extent of 217 Ha of Kelebokke Estate were divested and vested with the Sri Lanka State Plantations Corporation, in 1995.

Elkaduwa Plantations Limited had been managed by the Metropolitan Plantations (Pvt) Ltd, a Company 100% owned by Metropolitan Agencies (Pvt) Ltd, from July 1993, on a Management Agreement for a period of 05 years. And, with the expiration of this Agreement, the SLSPC took over the Management of the Company on the 19th January 1999.

Government commenced the privatization of the ownership of Regional Plantation Companies (RPCs) since 1994 by selling 51% of the controlling stake. EPL offered on six occasions for sale through the Public Enterprises Reform Commission (PERC), during the period 1994 – 2004. Neither Metropolitan Agencies (Pvt) Ltd, nor any other investor came forward with an investment plan acceptable to PERC which resulted EPL remained as a Treasury owned RPC.

MILESTONES

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

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

Introducing Group System for Tea Estates – 1994.

Four Estates namely, Bandarapola, Elkaduwa, Nunugala and Pitakanda, were consolidated as Pitakanda Group, and, Ratwatte and Selagama Estates were consolidated as Ratwatte Group.

The SLSPC took over the management as the Managing Agent on 19th January 1999.

Closure of all 03 Tea Factories, in August 2002, due to disconnection of power supply by the Ceylon Electricity Board (CEB) as a result of the non-settlement of bills. This is considered to be the major reason for the present crisis. Consequent to the closure of Tea Factories,

EPL was compelled to sell its Green Leaf to outside Tea Factories.

In 2004, the Management of EPL was taken over by the Plantation Management Monitoring Division (PMMD) of the Ministry of Plantation Industries, with the appointment of a Chief Executive Officer.

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

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

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

FINANCIAL HIGHLIGHTS

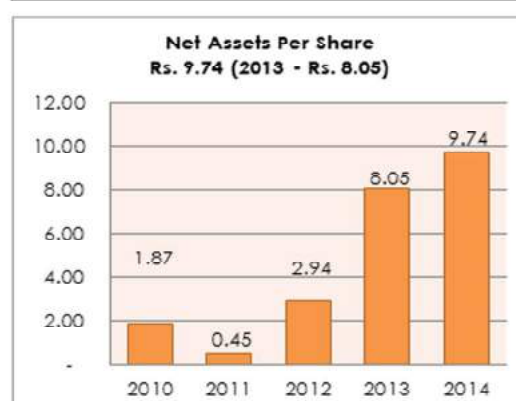
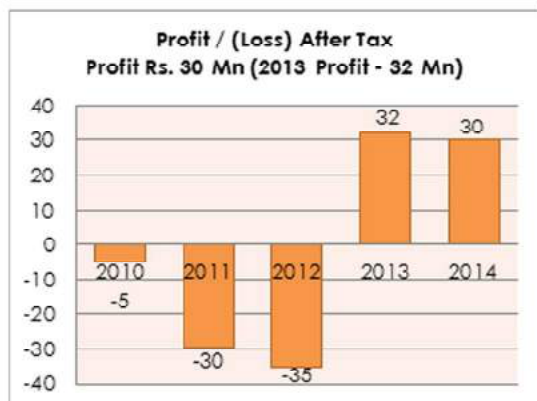
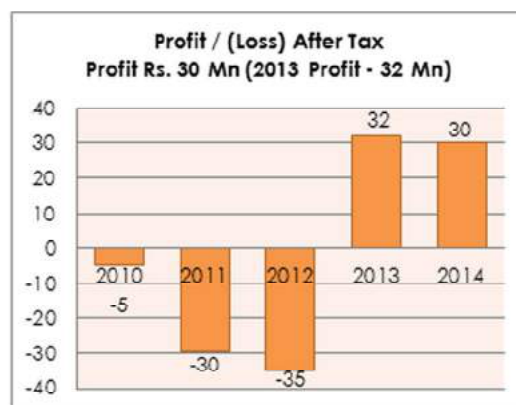
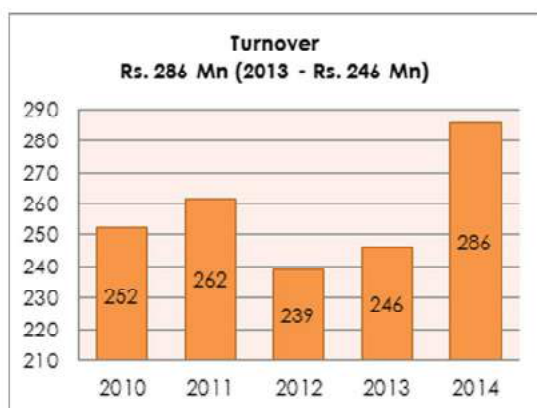
Summary of Results

	2014	2013	Change %
Total Revenue (Rs.)	285,583,136	246,332,607	15.93%
Gross Profit / (Loss) (Rs.)	(60,218,239)	(80,964,460)	(25.62%)
Other Operating Income (Rs.)	33,706,327	39,252,255	(14.12%)
Profit from Operating Activities (Rs.)	37,412,723	37,088,172	0.88%
Profit Before Tax (Rs.)	30,402,163	32,134,528	(5.39%)
Profit for the year (Rs.)	30,402,163	32,134,528	(5.39%)
Gross Profit Margin (%)	(21.08)%	(32.87)%	(35.86%)
Net Profit Margin (%)	10.64%	13.05%	(18.46%)
Earnings Per Share (EPS) (Rs.)	1.69	1.79	(5.59%)
Total Assets (Rs.)	941,498,021	860,209,539	9.45%
Total Equity (Rs.)	175,337,128	144,934,965	20.98%
Number of Shares in Issue	Nil	Nil	Nil
Net Assets Per Share	9.74	8.05	20.99%
Current Ratio (No. of times)	1 : 0.15	1:08	87.5%

Above figures were extracted from the Audited Financial Statements for the year ended 31st December 2014 and 31st December 2013, thus it should be read in conjunction with the related notes to the said Financial Statements.

OPERATING HIGHLIGHTS

	2014	2013	Change %
Tea (Green Leaf) Production (kg)	3,254,254	3,054,375	7%
NSA (Rs.)	62.36	58.57	6%
COP (Rs.)	89.41	85.72	4%
Yield (Hec)	727	704	3%
Revenue Extent – Ha.	915.43	903.83	1%
Rubber (Latex) Production (kg)	93,867	116,577	(-28.05%)
NSA (Rs.)	249.68	355.17	(-29.7%)
COP (Rs.)	414.12	373.54	11%
Yield (Hec.)	311	386	(-19.43%)
Revenue Extent – Ha.	302.29	301.97	0%
Coconut Production (Nut)	1,368,257	519,293	163%
NSA (Rs.)	29.1	18.11	61%
COP (Rs.)	10.3	37.1	72%
Yield (Hec)	5,141	1,962	162%
Revenue Extent – Ha.	269.66	264.66	2%



PROFIT / (LOSS) POSITION 1993 – 2014

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

- > Total value of Treasury Grants charged to Accounts Rs. 488,031,927
- > ~~o~~(*) The Loss was reduced in the year 1999 due to the waiving off Rs.25.9 Mn accumulated interest charges by the former Bankers, Seylan Bank Ltd.
- > ~~o~~(**) The todote Loss was reduced as at end December 2010 due to the waiving off the accumulated loss Rs.35.06 Mn. being Default Charges on Accrued Debenture Interest by the Employee's Trust Fund (ETF) Board.
- > ~~o~~Recognized the changes in fair value of Biological Assets (fair value less cost to sell), true profit or loss for the respective years are as follows,

2014 – Rs. 84,630,003/-

RELEASE OF FUNDS BY TREASURY TO EPL 1999-2014

Year	Description	Amount (Rs.)
1993 - 2002	Accumulated Balance	168,072,927
2003	Funds received - recurrent	105,859,000
2004	Funds received - recurrent	76,100,000
2005	Funds received - recurrent	70,000,000
2006	Funds received - recurrent	55,000,000
2007	Funds received - recurrent	13,000,000
2008	-	-
2009	-	-
2010	-	-
2011	-	-
2012	-	-
2013	-	-
2014	-	-
Total		488,031,927

CHAIRMAN'S REVIEW



The Annual Report for the year ended 31st December 2014 of Elkaduwa Plantations Limited (EPL) is being submitted by me to the Stakeholders as the Chairman of the Company, having assumed duties in August 2018.

Under the previous managements of EPL, there had been undue delays in the conducting of the Annual General Meetings (AGMs) and in the submission of the Annual Report to the Parliament of Sri Lanka. However, on my assuming duties as the Chairman of this Company, I have taken the

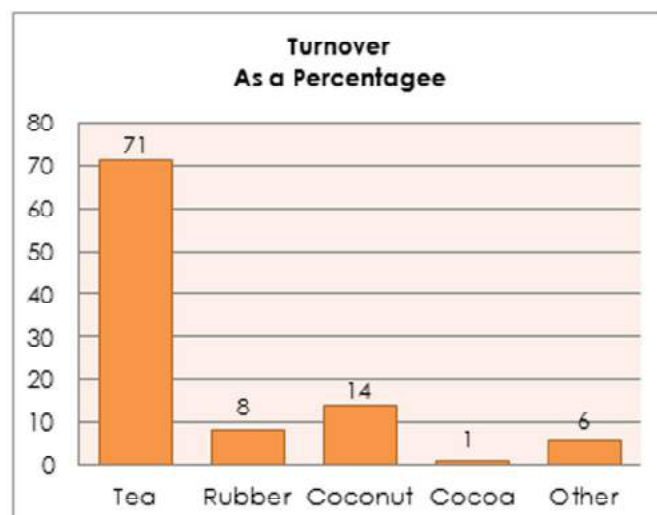
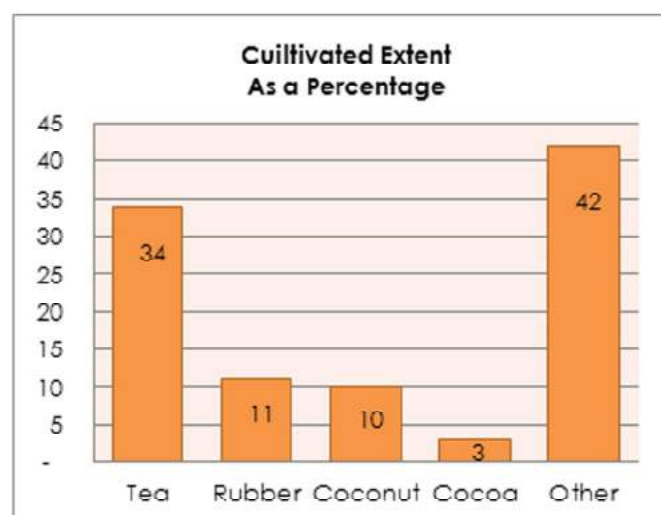
initiatives for the completion and timely submission of the Annual Report to the Parliament of Sri Lanka, based on the provisions in Articles of Association of Elkaduwa Plantations Limited (PB5) as well as the Company's Act No.07 of 2007.

Acknowledgement

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

Nalaka Devinda Madawala,
Chairman,
Elkaduwa Plantations Limited.

SEGMENTAL INFORMATION



TEA - GREEN LEAF

	2014	2013	2012	2011	2010
Production - kg'000	3,254	3,054	2,527	3,204	3,365
NSA - Rs./kg	62.37	58.58	53.27	48.36	50.30
COP - Rs./kg	89.42	85.73	80.33	73.22	59.00
Profit/(Loss) per kg – Rs	(27.05)	(27.15)	(27.06)	(24.86)	(9.00)
Revenue Extent - ha	915.43	903.83	917.78	886.88	706.75

RUBBER – LATEX

	2014	2013	2012	2011	2010
Production - kg'000	94	117	116	128	122
NSA - Rs./kg	249.34	353.88	404.01	497.67	383.15
COP - Rs./kg	413.54	372.19	335.79	293.77	240.45
Profit/(Loss) per kg – Rs	(162.20)	(18.31)	68.22	203.90	142.70
Revenue Extent - ha	302.29	301.97	287.47	308.05	247.24

COCONUT

	2014	2013	2012	2011	2010
Production - kg'000	1,386	519	1,220	1,406	1,039
NSA - Rs./kg	28.72	18.12	21.50	25.12	18.76
COP - Rs./kg	(10.17)	(37.12)	(16.68)	(15.97)	(17.16)
Profit/(Loss) per kg – Rs	18.55	(19.00)	4.82	9.15	1.60
Revenue Extent - ha	269.66	264.66	264.66	263.21	263.21

BOARD OF DIRECTORS

Board of Directors of the company for the year 2014

- | | |
|---|------------------------------------|
| 1. Mr. Neil Terrence Bogahalande | - Chairman/Director |
| 2. Mr. Tennambure Vitanage weerasena | - Director/Treasury/Representative |
| 3. Mr. Thotahewaralage Felix Sunil Fernando | - Director |
| 4. Mr.Chandradasa Samarasinghe Dissanayake | - Director |
| 5. Dr. Sri Harsha Kumudusiri Samaraweera | - Director |

The present Members of the Board of Directors who are appointed by the Ministry of Finance on 24th July 2018 are as follows,

- | | |
|---|------------------------------------|
| 1. Mr. Nalaka Devinda Madawala | -Chairman/Director |
| 2. Mrs. Ramanayakage Mallika Jayanthi | -Director/Treasury Representative |
| 3. Mrs. Wickramasingha Mudiyanseleage
Dhammika Tharangani Wickramasinghe | -Director/ Ministry Representative |
| 4. Mr. Wannakuwatta Waduge Ruchira Nishantha
Fernando | -Director |
| 5. Mr. Sena Gangodathenna | -Director |
| 6. Mrs. Nilusha Manori Thathrige | -Director |
| 7. Mr. Ranjith Asoka Herath | -Director |

According to the Articles of Association of the Company, the numbers of Board Members are not less than two or nor more than seven. All Members the Board of Directors are appointed by Secretary to the General Treasury of Sri Lanka.

Appointment of Directors

As all Members of the Board of Directors are "Appointed Directors", they are not required to retire at the Annual General Meeting of the Company.

Directors Share Holding

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

Directors Interest in Contracts

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

MANAGEMENT TEAM

MANAGEMENT TEAM

Senior Management

Mr. Neil Terrance Bogahalande	- Chairman/Director
Mr. S.M.T.De Silva	- General Manager
Mr. K. H. Wickramasinhe	- Deputy General Manager (Tea)

Middle Management

Mr. R.M.C. Wijerathne	- Accountant	- Accountant
Mr. D. A. Daniel	- Manager - MIS & Special Projects	- Manager - MIS & Special Projects
Mr. H. A. B. S. N. Udugama	- Manager – Marketing	- Manager – Marketing

Estates Management & Others

Bandarapola Estate

Mr. C.B.Nugawela
Estate Superintendent

Elkaduwa Estate

Mr. E.M.D.Rajasekara
Estate Superintendent

Hunugalla Estate

Mr. K.H.Wickramasinghe
Estate Superintendent

Hapugaspitiya Estate

Mr. K.B.R.Perera
Estate Superintendent

Mr. K.R.S.P.Dharmasena
Assistant Superintendent

Millawana Estate

Mr. R.A.C.P.Kumara
Estate Superintendent

Mr. S.R.Disanayake
Assistant Superintendent

Nalande Estate

Mr. D.S.N.Perera
Estate Superintendent

Mr. S.M.Amarasinghe
Assistant Superintendent

Pilakande Estate

Mr. R.Dissage
Estate Superintendent

Mr. K.P.N.P. Karunarathne
Assistant Superintendent

Mr. U.Senevirathne
Assistant Superintendent

Ratwatte Estate

Mr. M.L.K.R. Senarathne
Estate Superintendent

Mr. N.H.A.B.Yapa
Assistant Superintendent

Selagama Estate

Mr.E.M.D.Rajasekara
Estate Superintendent (Overlooking)

STATEMENT OF CORPORATE GOVERNANCE

Corporate governance is meant to be the system of rules, practice and process which a Company is directed and controlled. The Company is primarily guided by the code of the Board of Directors of Elkaduwa Plantations Limited which operates on the principles of integrity, corporate fairness, transparency and accountability, and those governing principles would be the foundation on which it will endeavour to build strong relationship with all stakeholders and nature the environment within which the Company operates. The Company's activities are conducted with the ethical standards and in the best interest of stakeholders. This commitment is supported with the right roles, structures and information which are embodied with policies, procedures and processes that are designed not only to ensure regulatory compliance and sustainability of business but also to enhance business value.

Board of Directors

The Board of Directors are ultimately accountable and responsible for the performance of the Company and is the focal point of the corporate governance process. Best practices on corporate governance was issued by the Institute of Chartered Accountants of Sri Lanka

Composition

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

Responsibility

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

Board Meeting

The Board Meetings are scheduled on a monthly basis. At these meetings the Board sets out the strategic direction of the Company, reviews the annual budgets, the progress of all activities and the current and the capital expenditure programs. The Board members are given appropriate documentation in advance of each Meeting. The Board met the 06 times during the year 2014.

Audit and Management Committee

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

The General Manager, Senior Managers and the other Managers participate in these meetings by Invitation. The Chief Internal Auditor coordinates the invitations and the meetings. The Audit and Management Committee met the 04Time during the year 2014 .

Compliance with the Legal Requirement

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

STATEMENT OF DIRECTORS' RESPONSIBILITY

In keeping with the provisions under the Companies Act No.7 of 2007, the Board of Directors of Elkaduwa Plantations Limited, acknowledge their responsibility in relation to financial reporting of the Company. These responsibilities differ from those of its Auditors, Messrs, P.E. Mathew & Co, Chartered Accountants, which are set out in their report and appear on page 15 of the report.

The Financial Statements of the Company for the year ended 31 December 2014 included in this report have been prepared and presented in accordance with the Sri Lanka Financial Reporting Standards. They provide the information as required by the Companies Act No. 7 of 2007, Sri Lanka Accounting Standards and the Listing Rules of the Colombo Stock Exchange. The Board of Directors confirm that suitable accounting policies have been used and applied consistently and that all applicable accounting standards have been followed in the preparation of the Financial Statements given on pages from 15 to 45, both inclusive. All material deviations from these standards, if any, have been disclosed and explained. The judgments and estimates made in the preparation of these Financial Statements are reasonable and prudent.

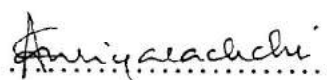
The Board of Directors confirm their responsibility for Company to maintain adequate accounting records, which are sufficient enough to prepare Financial Statements that disclose with reasonable accuracy, the financial position of the Company. They also confirm their responsibility towards ensuring that the Financial Statements presented in the Annual Report give a true and fair view of the state of affairs of the Company as at 31 December 2014 and that of the profit for the year then ended.

The overall responsibility for the Company's internal control systems lies with the Board of Directors. Whilst recognizing the fact that there is no single system of internal control that could provide absolute assurance against material misstatements and frauds, the Board of Directors confirms that the prevalent internal control systems instituted by them which comprise internal checks, internal audit, financial and other controls are so designed that, there is reasonable assurance that all assets are safeguarded and transactions properly authorized and recorded, so that material misstatements and irregularities are either prevented or detected within a reasonable period of time.

The Board of Directors is of the view that the Company have adequate resources to continue operations in the foreseeable future, as a going concern. Accordingly, the Board of Directors have continued to use the going-concern basis in the preparation of these Financial Statements.

The Board of Directors have provided the Auditors, Messrs P.E. Mathew & Co., Chartered Accountants with every opportunity to carry out reviews and tests that they consider appropriate and necessary for the performance of their responsibilities. The Company's Auditors, The Messrs P.E. Mathew & Co., Chartered Accountants have examined the Financial Statements together with all financial records and related data and express their opinion which appears as reported by them on page 15 of this report. In arriving at their opinion, they have carried out reviews and sample checks on the system of internal controls.

on behalf of the Board,



Secretaries
Elkaduwa Plantations Limited



P.E. Mathew & Co.,
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ELKADUWA PLANTATIONS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Elkaduwa Plantations Limited which comprise the statement of financial position as at December 31, 2014, and the statement of comprehensive income and statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal controls as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2014, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Without qualifying our opinion, we draw attention to the fact that the company has incurred gross losses during the past several years and its current liabilities as of this date exceeded its current assets by Rs. 455,472,933. As discussed in Notes 13, 15 & 26 the Company is carrying a significant amount of long overdue liabilities and unrecorded liabilities which raise substantial doubt about the Company's ability to continue as a going concern. The company's ability to continue as a going concern is dependent upon a combination of profitable operations and financial assistance by way of capital introduction.

Report on Other Legal and Regulatory Requirements

As required by Section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

- a) The basis of opinion and scope and limitations of the audit are as stated above.
- b) In our opinion:
 - we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company,
 - the financial statements of the Company, comply with the requirements of section 151 of the Companies Act.



CHARTERED ACCOUNTANTS

Colombo
April 29, 2015



ELKADUWA PLANTATIONS LIMITED
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2014

	Note	DECEMBER 31,	
		2014	2013
		Rs.	Rs.
Assets			
Non current assets			
Leasehold property, plant and equipment	01	166,448,796	171,148,187
Freehold property plant equipment	02	54,328,125	53,646,098
Bearer biological assets	03	322,683,515	280,069,964
Consumable biological assets	04	277,884,695	268,711,504
Financial investments	05	44,372,810	45,926,340
Total non current assets		865,717,941	819,502,093
Current assets			
Inventories	06	5,750,096	5,635,928
Trade and other receivables	07	68,490,774	34,076,025
Cash and cash equivalents	08	1,539,210	995,493
Total current assets		75,780,080	40,707,446
Total assets		941,498,021	860,209,539

FINANCED BY:

Equity & liabilities			
Equity			
Stated capital	09	180,000,010	180,000,010
Retained earnings		(4,662,882)	(35,065,045)
Total equity		175,337,128	144,934,965
Non current liabilities			
Obligations under lease agreements -			
Current maturity	10	37,425	1,606,726
Differed income	11	30,674,847	32,227,824
Retirement benefit obligations	12	214,195,608	185,617,976
Total non current liabilities		244,907,880	219,452,526
Current liabilities			
Trade and other payables	13	349,060,314	335,658,976
Amounts due to related parties	14	333,127	728,944
Redeemable debentures	15	5,000,000	5,000,000
Short term borrowings	16	89,284,756	80,049,425
Obligations under lease agreements -			
Net of current maturity	10	1,570,658	1,763,579
Gratuity payable	12	75,404,158	72,621,124
Total current liabilities		521,253,013	495,822,048
Total equity and liabilities		941,498,021	860,209,539

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

.....
ACCOUNTANT

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

.....
MR. N.T. BOGAHALANDA
CHAIRMAN/MANAGING DITRECTOR

.....
MRS. K.V.S.P. VITHANAGE
DIRECTOR

The accounting policies and notes on pages 06 through 31 form an integral part of the financial statements.

Colombo.

April 29, 2015

Tsp/sajith/khw

Corpor/Plantation/Elkaduwa/Account 2014



ELKADUWA PLANTATIONS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Note</u>	<u>YEAR ENDED DECEMBER 31,</u>	
		<u>2014</u>	<u>2013</u>
		<u>Rs.</u>	<u>Rs.</u>
Revenue	17	285,583,136	246,332,607
Cost of sales		<u>(345,801,375)</u>	<u>(327,297,067)</u>
Gross profit/(loss)		(60,218,239)	(80,964,460)
Other operating income	18	33,706,327	39,252,255
Gain arising from changes in fair value less cost to sell of consumable biological assets		84,630,003	97,083,616
Administrative expenses	19	<u>(20,705,368)</u>	<u>(18,283,239)</u>
Profit/(loss) from operations		<u>37,412,723</u>	<u>37,088,172</u>
Finance income	20	3,457,669	4,613,768
Finance costs	21	<u>(10,468,229)</u>	<u>(9,567,412)</u>
Net finance income		<u>(7,010,560)</u>	<u>(4,953,644)</u>
Profit/(loss) before taxation		30,402,163	32,134,528
Income tax expenses	22	<u>-</u>	<u>-</u>
Profit/(loss) for the year		30,402,163	32,134,528
Other comprehensive income		<u>-</u>	<u>-</u>
Total other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>30,402,163</u></u>	<u><u>32,134,528</u></u>
Earnings per share - Basic and diluted	23	1.69	1.79

The accounting policies and notes on pages 06 through 31 form an integral part of the financial statements.



ELKADUWA PLANTATIONS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Stated Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance as at January 01, 2013	<u>180,000,010</u>	<u>(67,199,573)</u>	<u>112,800,437</u>
Profit/(loss) for the year - as reported	-	(64,949,088)	(64,949,088)
Add: Prior year adjustment	<u>-</u>	<u>97,083,616</u>	<u>97,083,616</u>
Adjusted profit for the year	<u>-</u>	<u>32,134,528</u>	<u>32,134,528</u>
Balance as at December 31, 2013	<u>180,000,010</u>	<u>(35,065,045)</u>	<u>144,934,965</u>
Profit/(loss) for the year	<u>-</u>	<u>30,402,163</u>	<u>30,402,163</u>
Balance as at December 31, 2014	<u><u>180,000,010</u></u>	<u><u>(4,662,882)</u></u>	<u><u>175,337,128</u></u>

The accounting policies and notes on pages 06 through 31 form an integral part of the financial statements.



STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Rs.</u>
Cash flows from operating activities	
Cash received from sale of produce	360,156,084
Cash paid to suppliers and employees	(311,748,088)
Income tax paid	(574,525)
Net cash from operating activities (note A)	<u>47,833,471</u>
Cash flows from investment activities	
Improvements to property and purchase of equipment	(4,662,166)
Improvements to immature plantation	(44,247,850)
Net cash used in investment activities	<u>(48,910,016)</u>
Cash flows from financing activities	
Lease rentals paid	(2,036,558)
Loan settlement	(3,250,000)
Pay related parties	(395,817)
Interest paid	(6,736,224)
Net cash used in financing activities	<u>(12,418,599)</u>
Net increase/(decrease) in cash and cash equivalent	<u>(13,495,144)</u>
Cash and cash equivalents at the beginning of the year	<u>(3,877,592)</u>
Cash and cash equivalents at the end of the year	<u>(17,372,736)</u>

Note A:

Reconciliation of profit with cash flow from operating activities -

Profit/(loss) before income tax expense	30,672,227
Adjustments for:	
Depreciation/Amortization	9,935,583
Interest on loans and lease agreements	10,468,229
Provision for gratuity	43,403,006
Amortization of grants	917,178
Interest income	(3,457,669)
Sales of timber	75,456,812
Gain arising from changes in fair value less cost to sell of consumable biological assets	(84,630,003)
Income tax paid	(574,525)
Operating profit before Working Capital Changes	<u>82,190,838</u>

Increase/(Decrease) in inventories	(114,168)
Increase/(Decrease) in trade and other receivables	(33,840,224)
Increase/(Decrease) in deferred income	(1,552,977)
Increase/(Decrease) in trade and other payables	13,192,342
Gratuity paid	(12,042,340)
	<u>47,833,471</u>



The accounting policies and notes on pages 06 through 31 form an integral part of the financial statements.

ELKADUWA PLANTATIONS LIMITED
ACCOUNTING POLICIES

1. CORPORATE INFORMATION

1.1 Domicile and Legal Form

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

1.2 Principal Activities and Nature of Operations

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

1.3 Parent Enterprises

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

2. BASIS OF PREPARATION

2.1 Statements of Compliance

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

2.2 Basis of Measurement

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

2.3 Functional & Presentation Currency

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

3. USE OF JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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



3.1 Income Taxes

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

3.2 Retirement Benefit Obligations

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

3.3 Biological Assets

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

3.4 Impairment of Goodwill

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

3.5 Differed Tax Assets

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

4. SIGNIFICANT ACCOUNTING POLICIES

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

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

4.1 Assets and Bases of their Valuation

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



4.1.1 Property, Plant and Equipment

a) Recognition and Measurement

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

b) Owned Assets

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

When significant parts of property, plant and equipment required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the financial statement as incurred. The present value of expected cost for the decommissioning of the assets after its use is included in the cost of respective assets if the recognition criteria for a provision are met.

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

c) Leased Assets

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

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

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

d) Subsequent Cost

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

e) Derecognition

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



f) Depreciation

Depreciation is recognized in the income statement on a straight-line basis over the estimated useful economic lives of each part of an item of property, plant and equipment. Assets held under the finance lease are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets unless it is reasonably certain that the Company will have ownership by the end of the lease term. Lease period of land acquired from SLSPC/JEDB will be expired in year 2036. The estimated useful lives of current and comprehensive periods are as follows.

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

Mature Plantations – Replanting and New Planting

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

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

g) Amortizations

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

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

4.1.2 Land Development Cost

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

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



4.1.3 Biological Assets

Mature and Immature Plantations

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

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

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

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

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

The Main Variable in DCF Model Concerns

<u>Variable</u>	<u>Comment</u>
Currency valuation	
Timber content	Estimated based on physical verification of girth, height and considering the growth of each species in different geographical regions. Factor all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the company.
Economic useful lives	Estimated based on the normal life span of each species by factoring the forestry plan of the company.
Selling price	Estimated based on the prevailing Sri Lankan market prices. Factor all the conditions to be fulfilled in baring the trees into saleable condition.

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

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



4.1.4 Infilling Cost on Bearer Biological Assets

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

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

4.1.5 Borrowing Cost

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

4.1.6 Intangible Assets

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

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

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

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

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

Research and Development Cost

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

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

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



4.1.7 Financial Instruments

4.1.7.1 Financial Assets

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

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

4.1.7.2 Financial Assets at fair Value through Profit or Loss

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

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

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

4.1.7.3 Loans and Receivables

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

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

4.1.7.4 Held-to-Maturity Investments

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

4.1.7.5 Available-for-Sale Financial Investments

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

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



4.1.7.6 Impairment of Financial Assets

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

4.1.7.7 Financial Liabilities

Initial Recognition and Measurement

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

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

4.1.7.8 Financial Liabilities at Fair Value through Profit or Loss

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

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

4.1.7.9 Loans and Borrowings

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

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

4.1.7.10 Financial Guarantee Contracts

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

4.1.7.11 Offsetting of Financial Instruments

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

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



4.1.7.12 Financial Risk Management Objectives and Policies

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

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

Credit Risk

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

Trade and Other Receivables

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

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

Liquidity Risk

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

Interest Rate Risk

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

4.1.8 Inventories

Finished Goods Manufactured from Agricultural Produce of Biological Assets

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

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

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



4.1.9 Trade and Other Receivable

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

4.1.10 Cash and Cash Equivalents

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

4.2 Liabilities and Provisions

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

4.2.1 Employees Benefits

a) Defined Benefit Plan

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

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

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

Key Assumptions

Rate of discount	: 10%
Rate of salary increase -	
Workers	: 20 once in two years.
Staff	: 8% annual
Retirement age -	
Estate Workers	60 years
Estate Staff	58 years
Head Office Staff	55 years



The company will continue as a going concern

The actuarial present value of the accrued benefits as at 31 December 2014 is Rs. 214,195,608/- (2013 - Rs.185,617,976/-). This item is grouped under retirement benefit obligations in the Statement of Financial Position.

b) Defined Contribution Plans – Employees Provident and Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay future amounts. Obligation for contributions to provident and trust funds covering all employees are recognized as an expenses in profit and loss in the periods during which services are rendered by employees.

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

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

4.2.2 Deferred Income – Grants & Subsidies

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

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

4.2.3 Trade and Other Payables

Trade and other payables are stated at their cost.

4.3 Capital Commitments and Contingencies

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

4.4 Events Occurring after the Statements of Financial Position Date

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

4.5 Earnings per Share

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



4.6 Impairment of Non-Financial Assets

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

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

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

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

Goodwill

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

Intangible Assets

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

4.7 Income Statement

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



4.8 Revenue Recognition

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

(a) Sale of Goods

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

(b) Interest

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

(c) Dividends

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

(d) Rental income

Rental income is recognized on an accrual basis.

(e) Royalties

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

(f) Others

Other income is recognized on an accrual basis.

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

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

4.9 Expenditure Recognition

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

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



a) Financing Income and Expenses

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

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

b) Income Tax Expenses

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

Income tax

Current tax is expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date and any adjustments to tax payable in respect of previous year and computed in accordance with the provisions of the Inland Revenue Act.

c) Deferred Expenditure

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

4.10 Statement of Cash Flow

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

4.11 Segment Reporting

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

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

The activities of the segments are described on pages 29 in the notes to the Financial Statements.

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

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

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



Note - 01 - Lease hold property, plant and equipment

	Notes	2014 Rs.	2013 Rs.
Right-to-use land	01:01	62,806,238	65,158,972
Leased bearer biological assets	01:02	97,312,617	98,414,156
Leased assets - (other than right-to-use land and bearer biological assets)	01:03	6,329,941	7,575,059
Total		<u>166,448,796</u>	<u>171,148,187</u>

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

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

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

	Cost/ Revalued Amount			
	As at 01.01.2014	Additions for the year	(Disposals and acquisitions)	As at 31.12.2014
	Rs.	Rs.	Rs.	Rs.
Right-to-use-land	104,888,846	-	(626,470)	104,262,376

	Amortizations			
	As at 01.01.2014	Charge for the year	(On Disposals and acquisitions)	As at 31.12.2014
	Rs.	Rs.	Rs.	Rs.
Carrying value	39,729,874	1,974,488	(248,224)	41,456,138
	<u>65,158,972</u>			<u>62,806,238</u>



Disposals and acquisitions since inception

		Cost/ Revalued Amount		As at		Disposals and acquisitions		As at		31.12.2014	
Life of the Asset		Rs.		Rs.		Rs.		Rs.		Rs.	
53 years		113,710,417		(3,448,041)		104,262,376					
Date	Location	Party to the transaction	Cost/ Revalued Amount (Rs.)	Extent of land (Hect)	Nature of transaction	Remarks					
Adjusted in the financial statements -											
13.11.1996	Kabaragala & Ponegala divisions	JEDB	(5,641,731)	2.17	Not handed over to company as agreed						
23.07.1997	Nalanda Estate	Ministry of Plantation Industries	(873,854)	39.502	Handing over						
07.10.1998	Nalanda Estate		(248,064)	9.912	Release for an industrial zone	Rs. 6,750,000 was received as compensation on 23.02.2001.					
2002	Estate		(94,239)		Release of land						
2008	Hapugaspitaya Estate		(852,163)		Release of land						
	Ratwatte Estate		(111,520)		Release of land						
2014	Nalanda Estate	Ministry of Land and Land Development	(626,470)	28.318	Release of land	Lot A (Hect. 5.1095) and Lot B (Hect. 23.2385) of Nalanda Estate was acquired by the Ministry of Land and Land Development based on the Gazette Notification No. 1806/5, dated 18.04.2013					
Not adjusted in the financial statements -											
07.06.1995	Ukuwela Office	Sri Lanka Army	-	1.8	Release for Gajaba Regiment	The board of directors approved the release on 25.07.1996. Ministry of Defence has agreed a compensation of Rs. 1,756,312 though the same was not accounted.					
23.02.2000	Nalanda Estate	Land Reform Commission	-	4.26	Release of land	In line with the Gazette Notification No. 1120/9, dated 23.02.2000					
03.03.1995	Hapugaspitaya Estate	Divisional Secretariat	-	3.38	Release of land	No compensation was received.					
2009	Selagama Estate	Richards Roberts Kandy (Pvt) Ltd.	-	1.5	Lease of Silent factory	Previously the premises had been leased to a BOI approved apparel project.					
2001	Nella Olla Estate	Agrisquac Ltd.	-	125.0014		Pansaltanna Tea Factory was leased out to tea Shakhthi project of Tea Small Holdings Ltd. in 1999.					
1999	Pansaltanna Estate	Tea Small Holdings Ltd.	-		Tea factory lease						
25.11.2010	Nalanda Estate	Secretariat of Pallepola Divisional	-	4.2483	Release	A compensation of Rs. 4,700,000 has been agreed, though the same was not accounted.					
			(9,448,041)								





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

- A. An extent of approximately 26 Hect. of Nalanda Estate has been released for village expansion. The valuation of released land has not been done by the Company and hence no adjustment has been made in the accounts.
- An extent of approximately 01 Hect. of Bandarapola Estate has been released for Central Provincial Council. The valuation of released land has not been done by the Company and hence no adjustment has been made in the accounts.
- B.
- An extent of approximately 17.22 Hect of Ratwatte Estate has been released for the purposes of Town development, Tea planting development and the Dehideniya Government School development, without the approval of the Board of Directors and the Golden Shareholder. The valuation of the released land has not been done by the Company and hence no adjustment has been made in the accounts.
- C.

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

Note - 01:02 - Leased bearer biological assets

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

Leased bearer biological assets

	As at December 31,	
	2014	2013
	Rs.	Rs.
Capitalized Value as at July 23, 2013	33,080,567	33,080,567
Cost as at January 01,	33,080,567	33,080,567
Accumulated Amortization		
As at January 01	22,406,794	21,305,255
Amortization for the year	1,101,539	1,101,539
As at December 31,	23,508,333	22,406,794
Carrying value as at December 31,	9,572,234	10,673,773
Immature plantations	87,740,383	87,740,383
Total carrying value	97,312,617	98,414,156

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

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

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



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

	Improvements to Land	Buildings	Plant and Machinery	T o t a l	
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>2014</u> <u>Rs.</u>	<u>2013</u> <u>Rs.</u>
Capitalized Value as at July 23, 1993	736,725	32,271,545	9,079,004	42,087,274	42,087,274
Cost as at January 01,	736,725	32,271,545	9,079,004	42,087,274	42,087,274
Accumulated Amortization as at January 01,	500,880	24,932,340	9,078,995	34,512,215	33,264,097
Amortization for the year	24,533	1,220,585	-	1,245,118	1,248,118
	525,413	26,152,925	9,078,995	35,757,333	34,512,215
Carrying value as at December 31,	211,312	6,118,620	9	6,329,941	7,575,059

Rates of amortization -

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

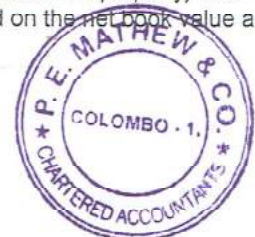


Note - 02 - Freehold property, plant & equipment

	Balance as at 01.01.2014	Additions for the year	(Disposals during the year)	Balance as at 31.12.2014
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
Cost				
Estate roads	14,324,584	464,678	-	14,789,262
Improvements to land and buildings	32,910,928	-	-	32,910,928
Motor vehicles	15,795,060	187,997	-	15,983,057
Furniture and fittings	1,667,935	-	-	1,667,935
Equipment	6,513,588	204,000	-	6,717,588
Water sanitation and electricity supply	3,401,371	-	-	3,401,371
Plant and machinery	4,057,938	108,000	-	4,165,938
Dairy farm - Millawana	2,125,614	-	-	2,125,614
	<u>80,797,018</u>	<u>964,675</u>	<u>-</u>	<u>81,761,693</u>
	Balance as at 01.01.2014	Charged for the year	(On disposals)	Balance as at 31.12.2014
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
Depreciation				
Estate roads	1,658,053	395,371	-	2,053,424
Improvements to land and buildings	4,102,372	1,301,571	-	5,403,943
Motor vehicles	15,704,414	(6,880)	-	15,697,534
Furniture and fittings	1,491,560	20,612	-	1,512,172
Equipments	4,071,634	750,978	-	4,822,612
Water sanitation and electricity supply	1,898,522	170,004	-	2,068,526
Plant and machinery	4,057,938	(6,657)	-	4,051,281
Dairy farm - Millawana	197,636	53,140	-	250,776
	<u>33,182,129</u>	<u>2,678,139</u>	<u>-</u>	<u>35,860,268</u>
Written down value	<u>47,614,889</u>			<u>45,901,425</u>
Asset Acquired on Finance Leases				
Cost				
Vehicles	6,510,000	-	-	6,510,000
Depreciation				
Vehicles	2,604,000	1,302,000	-	3,906,000
Written down value	<u>3,906,000</u>	<u>(1,302,000)</u>	<u>-</u>	<u>2,604,000</u>
	Balance as at 01.01.2014	Additions for the year	Capitalized during the year	Balance as at 31.12.2014
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
Capital work-in-progress	2,125,209	3,697,491	-	5,822,700
Total written down value	<u>53,646,098</u>			<u>54,328,125</u>

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

Further, the valuation of immovable JEDB/SLSPC estate assets on finance lease (other than leasehold property) and tangible assets other than immature/mature plantations taken over as at 23 July 1993 is based on the net book value as at such date. These values were not available to us by individual asset.



note - 03 - Bearer biological assets

	Immature Plantations				Mature Plantations				Total
	Tea	Rubber	Coconut	Others	Tea	Rubber	Coconut	Others	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Cost									
As at 01.01.2014	65,964,685	48,035,350	71,344,306	55,982,063	14,841,529	10,253,445	14,178,682	14,676,699	296,276,759
Additions	71,639	14,654,395	13,094,679	16,427,137	-	-	-	-	44,247,850
As at 31.12.2014	66,036,324	62,689,745	84,438,985	73,409,200	14,841,529	10,253,445	14,178,682	14,676,699	340,524,609
Depreciations									
As at 01.01.2014	-	-	-	-	3,849,986	4,912,112	5,249,708	2,194,989	16,206,795
Charged for the year	-	-	-	-	489,770	512,672	283,574	348,283	1,634,299
As at 31.12.2014	-	-	-	-	4,339,756	5,424,784	5,533,282	2,543,272	17,841,094
Written down value as at 31.12.2014	66,036,324	62,689,745	84,438,985	73,409,200	10,501,773	4,828,661	8,645,400	12,133,427	322,683,515
Written down value as at 31.12.2013	65,964,685	48,035,350	71,344,306	56,982,063	10,991,543	5,341,333	8,928,974	12,481,710	280,069,964

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

The requirement of recognition of bearer biological assets at its fair value less cost to sell under LKAS 41 was superseded by the ruling issued on March 02, 2012, by the Institute of Chartered Accountants of Sri Lanka. Accordingly, the Company has elected to measure the bearer biological assets at cost using LKAS - 15 Property, plant and equipment.

No borrowing cost capitalized during the year.



	<u>2014</u> <u>Rs.</u>	<u>2013</u> <u>Rs.</u>
Note - 04 - Consumable biological assets		
As at January 01,	268,711,504	171,627,888
Add: Gain arising from changes in fair value less cost to sell	84,630,003	97,083,616
Decrease due to sale	(75,456,812)	-
As at December 31,	<u>277,884,695</u>	<u>268,711,504</u>

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

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

	<u>2014</u>	<u>2013</u>
	<u>Carrying value</u> <u>Rs.</u>	<u>Carrying value</u> <u>Rs.</u>
	<u>Fair value</u> <u>Rs.</u>	<u>Fair value</u> <u>Rs.</u>
Note - 05 - Financial investments		
Fixed deposit - Held to maturity	<u>42,722,250</u>	<u>45,926,340</u>

	<u>2014</u> <u>Rs.</u>	<u>2013</u> <u>Rs.</u>
Note - 06 - Inventories		
Input materials	600,339	927,612
Growing crop - Nurseries	2,935,844	2,921,410
Produce stocks	1,969,325	1,446,707
Spares and consumables	244,588	340,199
	<u>5,750,096</u>	<u>5,635,928</u>

	<u>2014</u> <u>Rs.</u>	<u>2013</u> <u>Rs.</u>
Note - 07 - Trade and other receivables		
Trade and other receivables	53,409,954	24,742,537
Advances and prepayments	13,262,169	8,699,461
Economics service charges	752,820	142,721
With-holding tax	1,065,831	491,306
	<u>68,490,774</u>	<u>34,076,025</u>

	<u>2014</u> <u>Rs.</u>	<u>2013</u> <u>Rs.</u>
Note - 08 - Cash and cash equivalents		
Cash at bank -		
Head office	1,076,603	719,807
Estates	418,270	226,210
Cash and stamps in hand	44,337	49,476
	<u>1,539,210</u>	<u>995,493</u>



Note - 09 - Stated capital

Issued and fully paid number of shares -

Ordinary shares including one

golden shares held by the

Treasury which has special rights

Nos.	18,000,001	18,000,001
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Value of issued and fully paid number of shares -

Ordinary shares including one

golden shares held by the

Treasury which has special rights

Rs.	180,000,010	180,000,010
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The holder of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Note - 10 - Obligations under lease agreements

	2014			2013
	Net of current maturity	Current maturity	Total	
	Rs.	Rs.	Rs.	Rs.
Sri Lanka State Plantations Corporation -				
Gross liability	217,500	5,000	222,500	222,500
Less: Finance charges	180,075	3,643	183,718	183,718
Net liability	37,425	1,357	38,782	38,782
Bank of Ceylon -				
Gross liability	-	1,735,482	1,735,482	3,673,574
Less: Finance charges	-	166,181	166,181	342,051
Net liability	-	1,569,301	1,569,301	3,331,523
	37,425	1,570,658	1,608,083	3,370,305

Note - 11 - Deferred income

Grants and subsidies -

At the beginning of the year

Add : Grant received for the year

Less: Amortization for the year

Lease rentals - Pansalthenna Tea Factory in Ratwatte Estate
End of the year

30,929,324	31,846,301
-	-
30,929,324	31,846,301
916,977	916,977
30,012,347	30,929,324
662,500	1,298,500
30,674,847	32,227,824

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



Note - 12 - Retirement benefit obligations

	As at December	
	<u>2014</u> <u>Rs.</u>	<u>2013</u> <u>Rs.</u>
At the beginning of the year	258,239,100	227,077,757
Add: Provisions made for the year	43,403,006	35,705,435
	<u>301,642,106</u>	<u>262,783,192</u>
Less: Payments made during the year	<u>12,042,340</u>	<u>4,544,092</u>
Balance at the end of the year	<u>289,599,766</u>	<u>258,239,100</u>
Note:		
Unpaid gratuity to retired/resigned employees	75,404,158	72,621,124
Retirement benefit obligations for current employees	<u>214,195,608</u>	<u>185,617,976</u>
	<u>289,599,766</u>	<u>258,239,100</u>

As at December 31, 2014 the gratuity liability was actuarially valued under the Projected Unit Credit (PUC) method by Actuarial and Management Consultants (Pvt) Ltd.

Principal actuarial assumption used;

a. Discount rate	10%	10%
b. Salary increase -		
Staff	8% Annual	8% Annual
Workmen	20% Once in two years	20% Once in two years

This liability is not externally funded.

Note - 13 - Trade and other payables

Trade and other payables	58,222,132	60,798,008
Advances from brokers/others	32,236,673	29,180,792
Interest on debentures and loans	35,415,436	33,815,436
Payroll liabilities (Note 13:01)	<u>223,786,073</u>	<u>211,864,740</u>
	<u>349,660,314</u>	<u>335,658,976</u>

Note - 13:01 - Payroll liabilities

EPF/ETF / ESPS and CPPS -		
Current year	44,826,599	44,994,194
Previous years	181,740,996	136,746,802
Surcharges on overdue EPF, ETF and gratuity -		
Previous years	<u>47,902,101</u>	<u>48,136,175</u>
	<u>274,469,696</u>	<u>229,877,171</u>
Less: Payments through courts	<u>50,683,623</u>	<u>18,012,431</u>
	<u>223,786,073</u>	<u>211,864,740</u>

Note - 14 - Amount due to related parties

Sri Lanka State Plantation Corporation	1,773,874	273,874
Janatha Estate Development Board	1,185,670	1,185,670
Inter Estate Accounts	<u>(2,626,417)</u>	<u>(730,600)</u>
	<u>333,127</u>	<u>728,944</u>

Note - 15 - Redeemable debentures

Debenture-holder	<u>Date of issues</u>	<u>Date of maturity</u>	<u>2014</u> <u>Rs.</u>	<u>2013</u> <u>Rs.</u>
Employees provident fund	16-06-1995	15-06-2000	<u>5,000,000</u>	<u>5,000,000</u>
			<u>5,000,000</u>	<u>5,000,000</u>
Payable within one year			5,000,000	5,000,000

No interest was charged after the date of maturity on June 15, 2000.

Note - 16 - Short term borrowings

Temporary loans -		
Bank of Ceylon	6,000,000	9,250,000
Chilaw Plantations Ltd.	20,000,000	20,000,000
Bank overdrafts	<u>63,284,756</u>	<u>50,799,425</u>
	<u>89,284,756</u>	<u>80,049,425</u>



Note - 17. Revenue

Revenue under the Business Segments (Principal crops)

	Tea (Green Leaf)		Rubber		Coconut		Cocoa		Other Crops		Total
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue	202,967,716	178,917,425	23,437,577	41,404,680	39,805,702	9,405,529	3,104,207	866,755	16,267,934	15,738,218	285,583,135
Cost of sales	(290,968,312)	(261,830,105)	(38,871,838)	(43,546,143)	(14,104,993)	(19,265,567)	(1,659,943)	(2,243,897)	(196,289)	13,827,906	(327,297,067)
Segment results	(88,000,596)	(82,912,681)	(15,434,261)	(2,141,463)	25,700,709	(9,861,038)	1,444,264	(1,377,142)	16,071,645	29,566,124	(80,964,460)
Other operating income									31,706,327		39,252,255
Gain arising from changes in fair value less cost to sell of consumable biological assets									84,630,003		97,083,616
Administration and general expenses									(24,705,368)		(18,283,239)
Profit/(loss) from operating activities									37,412,723		37,068,172
Finance cost									(7,010,560)		(4,953,644)
Income tax expenses											
Profit/(loss) for the year									30,402,163		32,134,528



	<u>2014</u>	<u>2013</u>
	<u>Rs.</u>	<u>Rs.</u>
Note - 18 - Other operating income		
Sale of trees	-	31,813,498
Amortization of capital grant	917,178	916,978
Sundry income	4,360,534	2,129,024
Elkaduwa - Lake income	7,633,180	2,426,572
Nilarama profit	-	303,850
Lease rentals	8,783,941	2,207,549
Dairy project - Millawana	-	(545,216)
Grant and subsidies	12,389,740	-
Loss on disposal of assets	(378,246)	-
	<u>33,700,327</u>	<u>39,252,255</u>

Note - 19 - Administration expenses

Profit before taxation is stated after charging followings:

Auditor's remuneration	373,175	339,250
Depreciation/amortization	7,961,094	8,574,480
Consultants allowance and other payments	1,043,219	1,106,000
Defined benefit plan cost	478,496	385,000
Defined contribution plan cost - Employees Provident & Trust Fund	630,446	525,989
Others - Staff cost	7,884,595	7,756,651

Note - 20 - Finance income

Interest income	<u>3,457,669</u>	<u>4,613,768</u>
	<u>3,457,669</u>	<u>4,613,768</u>

Note - 21 - Finance costs

Overdraft interest	7,436,605	7,990,701
Lease interest	274,336	470,288
Temporary loan interest	<u>2,757,288</u>	<u>1,106,423</u>
	<u>10,468,229</u>	<u>9,567,412</u>



	<u>2014</u>	<u>2013</u>
	<u>Rs.</u>	<u>Rs.</u>
Note - 18 - Other operating income		
Sale of trees	-	31,813,498
Amortization of capital grant	917,178	916,978
Sundry income	4,360,534	2,129,024
Elkaduwa - Lake income	7,633,180	2,426,572
Nilarama profit	-	303,850
Lease rentals	8,783,941	2,207,549
Dairy project - Millawana	-	(545,216)
Grant and subsidies	12,389,740	-
Loss on disposal of assets	(378,246)	-
	<u>33,706,327</u>	<u>39,252,255</u>

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	<u>10,468,229</u>	<u>9,567,412</u>



Ten Year Summary										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Tea (Green Leaf)										
Production (Kg's)	3,275,170	3,321,185	3,197,873	3,881,835	3,177,777	3,363,647	3,203,887	2,527,183	3,054,375	3,254,254
NSA (per 1 Kg)	26.52	28.38	41.04	42.38	47.27	50.32	48.37	53.23	58.58	62.37
COP (per 1 Kg)	37.73	43.52	52.07	47.73	68.77	59.03	73.22	80.34	85.72	89.41
Rubber (Latex)										
Production (Kg's)	142,641	24,569	138,830	126,597	106,983	122,578	128,039	115,845	116,577	93,867
NSA (per 1 Kg)	133.52	194.34	211.63	257.67	217.68	383.15	497.67	404.01	355.17	249.69
COP (per 1 Kg)	160.74	178.06	184.94	217.59	273.21	240.46	293.77	335.79	373.54	414.12
Coconut										
Production (Nut)	806,174	1,088,790	1,425,820	1,360,845	1,492,051	1,039,314	1,405,748	1,219,915	519,293	1,368,257
NSA (per 1 nut)	14.66	9.34	15.25	19.59	16.15	18.77	25.12	21.50	18.11	29.09
COP (per 1 nut)	10.35	9.99	9.53	11.00	12.08	17.15	15.97	16.68	37.10	10.31
EARNING HIGHLIGHTS										
Revenue										
Tea	86,864,592	94,244,593	131,253,764	163,717,579	150,197,693	169,246,807	154,962,288	134,509,740	178,917,425	202,967,716
Rubber	19,045,308	24,208,254	29,381,025	32,619,883	23,288,262	47,003,772	63,721,290	46,802,602	41,404,080	23,437,577
Coconut	11,821,893	10,172,517	21,739,379	26,664,428	24,101,567	19,505,766	35,318,147	26,233,746	9,405,529	39,805,702
Cocoa	4,568,434	4,405,777	5,480,312	7,132,551	5,098,915	5,766,131	2,870,475	6,994,626	866,755	3,104,207
Other	3,939,780	3,704,066	3,889,309	9,438,353	4,079,513	10,555,187	6,571,223	24,411,101	15,738,218	16,267,934
	126,240,007	136,735,207	191,743,789	239,572,794	206,765,950	252,077,663	263,443,423	238,951,815	246,332,607	285,583,136
Cost of Sales										
Tea	(123,557,761)	(144,525,216)	(166,508,921)	(185,299,373)	(218,539,933)	(198,557,516)	(234,593,600)	(203,022,387)	(261,830,106)	(290,968,312)
Rubber	(22,927,412)	(22,180,386)	(25,675,287)	(27,546,274)	(29,229,061)	(29,498,603)	(37,613,552)	(38,899,976)	(43,546,143)	(38,871,838)
Coconut	(8,343,896)	(10,877,017)	(13,588,066)	(14,969,777)	(18,023,908)	(17,834,995)	(22,447,307)	(20,334,998)	(19,266,367)	(14,104,993)
Cocoa	(1,995,126)	(4,487,596)	(5,451,220)	(5,947,885)	(2,902,490)	(2,148,596)	(958,749)	(1,862,725)	(2,243,897)	(1,659,943)
Other	(934,806)	(2,370,670)	(2,490,804)	(626,286)	(1,375,019)	(2,249,620)	(2,507,337)	(563,035)	(410,354)	(196,289)
	(157,759,001)	(184,440,885)	(213,714,298)	(234,389,595)	(270,070,411)	(250,299,330)	(298,120,545)	(264,702,221)	(327,297,067)	(345,801,375)
Gross Profit	31,518,994	(47,705,678)	(21,970,509)	5,183,199	(63,304,461)	1,778,333	(34,677,122)	(25,730,406)	(80,964,460)	(60,218,239)
Other Operating Income	16,736,163	18,083,817	14,385,688	55,329,346	33,838,253	24,017,293	44,107,888	18,778,229	39,252,255	118,336,330
Treasury Grants	122,900,000	55,000,000	13,000,000	-	-	-	-	-	-	-
Admin. and General Expenses	(10,522,355)	(13,904,674)	(25,508,380)	(23,870,907)	(25,289,194)	(23,801,245)	(25,940,298)	(19,443,269)	(18,283,239)	(20,705,368)
Profit from Operating Activities	97,594,814	11,473,465	(20,089,201)	36,641,638	(54,755,402)	1,994,381	(16,509,532)	(26,415,446)	(59,995,444)	37,412,723
Other Operating Expenses	(5,770,193)	(5,962,606)	(6,242,071)	(6,380,935)	(7,269,049)	(6,401,381)	(13,224,265)	(8,194,191)	(4,953,644)	(7,010,560)
Net Finance Income / (Expenses)	-	-	-	-	-	-	-	-	-	-
Profit Before Taxation	87,824,621	5,510,859	(26,331,272)	30,260,703	(62,024,451)	(4,407,000)	(29,733,798)	(34,609,637)	(64,949,088)	30,402,163
Income Tax	-	-	-	(770,385)	(664,174)	(558,701)	-	(558,701)	-	-
Profit for the year	87,824,621	5,510,859	(26,331,272)	29,490,318	(62,688,625)	(4,965,701)	(29,733,798)	(35,168,338)	(64,949,088)	30,402,163
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the Year	87,824,621	5,510,859	(26,331,272)	29,490,318	(62,688,625)	(4,965,701)	(29,733,798)	(35,168,338)	(64,949,088)	30,402,163

Ten Year Summary

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
BALANCE SHEET DETAILS										
Assets										
Non Current Assets	279,427,496	297,712,951	323,222,224	368,984,758	427,398,109	451,877,451	482,032,236	647,381,241	665,800,410	865,717,941
Current Assets	44,766,062	40,818,714	42,236,297	43,328,024	33,666,472	33,477,134	78,364,891	39,550,126	40,707,446	75,780,080
Total Assets	324,193,558	338,531,665	365,458,521	412,312,782	461,064,581	485,354,585	560,397,127	686,931,367	706,507,856	941,498,021
Equity & Liabilities										
Capital & Reserves										
Stated Capital	180,000,010	180,000,010	180,000,010	180,000,010	180,000,010	180,000,010	180,000,010	180,000,010	180,000,010	180,000,010
Retained Earnings	(124,580,434)	(119,087,479)	(145,466,198)	(116,180,651)	(179,869,276)	(148,597,533)	(204,599,279)	(127,008,503)	(188,766,728)	(4,662,862)
Share holders Fund	55,419,576	60,912,531	34,533,812	63,819,359	130,734	31,402,477	(24,599,269)	52,991,507	(8,766,718)	175,337,138
Liability										
Non Current Liability	116,956,083	136,343,822	157,702,645	167,812,427	223,800,099	225,556,659	253,531,341	204,459,762	219,452,526	244,907,880
Current Liability	151,817,899	141,275,312	173,222,064	180,580,997	237,133,748	228,355,448	331,465,055	429,480,096	495,822,048	521,253,013
Total Equity & Liabilities	324,193,558	338,531,665	365,458,521	412,312,783	461,064,581	485,354,584	560,397,127	686,931,365	706,507,856	941,498,021

CASH FLOWS DETAILS

Cash & Cash Equivalents at the beginning of the year	5,071,670	11,744,744	2,208,902	3,599,235	(1,452,558)	(5,695,546)	(10,688,092)	(51,265,048)	(45,139,536)	(49,803,932)
Net Cash Flows / (Used) from Operating Activities	18,594,853	16,552,611	38,824,757	38,398,595	50,084,315	24,979,109	21,177,343	138,916,481	(20,956,744)	49,387,001
Net Cash Flows / (Used) from Investing Activities	(10,732,413)	(25,694,022)	(36,924,673)	(43,099,213)	(60,130,828)	(33,884,008)	(75,972,339)	(130,758,119)	25,050,411	(48,910,016)
Net Cash Flows / (Used) from Financing Activities	(1,189,366)	(394,431)	(418,751)	(442,175)	5,803,525	3,912,353	18,218,040	(2,032,850)	(8,758,063)	(12,418,599)
Cash & Cash Equivalents at the end of the year	11,744,744	2,208,902	3,690,235	(1,452,558)	(5,695,546)	(10,688,092)	(51,265,048)	(45,139,536)	(49,803,932)	(61,745,546)

RETIO ANALYSIS

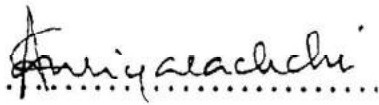
Gross Profit Margin	-25%	-35%	-11%	2%	-31%	1%	-13%	-11%	-33%	-21%
Net Profit Margine	70%	4%	-14%	12%	-30%	-2%	-11%	-15%	-26%	11%
Current Assets Retio	0.29	0.29	0.24	0.24	0.14	0.15	0.24	0.09	0.08	0.15
Earnings Per Share	4.88	0.31	(1.46)	1.64	(3.48)	(0.28)	(1.65)	(1.95)	(3.61)	1.69
Net Assets Per Share	3.08	3.38	1.92	3.55	0.01	1.74	(1.37)	2.94	(0.49)	9.74

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Elkaduwa Plantations Limited - 2019 will be held at Elkaduwa Plantations Limited, Colombo Office, No. 320, T B Jayah Mawatha, Colombo -10 on at 4.00 p.m. for the following purposes.

1. To receive and consider the Financial Statements for the year ended 31st December 2014 with the Report of the Board of Directors and Auditors thereon.
2. To appoint the Auditors General Department of Sri Lanka as Auditors of the Company for the year 2015.
3. Any other business.

BY ORDER OF THE BOARD OF
ELKADUWA PLANTATIONS LTD


.....

SECRETARIES OF ELKADUWA PLANTATIONS LTD

Date:

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

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

FORM OF PROXY

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

Mr. Nalaka Devinda Madawala or failing him,

Mrs. Ramanayakage Malika Jayanthi or failing her,

Mrs. Wickramasingha Mudiyanseelage Dhammika Tharangani Wickramasinghe or failing he

Mr. Wannakuwatta Waduge Ruchira Nishantha Fernando or failing him,

Mr. Sena Gangodathenna or failing him,

Mrs. Nilusha Manori Tnathrige or failing her,

Mr. Ranjith Asoka Herath or failing him,

Or,

.....
..... as my/our proxy to represent me/us and to vote for me/us and on my /our behalf at
the Annual General Meeting - 2017 of the Company to be held at Elkaduwa Plantations
Limited, Colombo Office, No. 320, T B Jayah Mawatha, Colombo 10 on
at 4.00 p.m. and at any adjournment thereof, and at every poll which may be taken in
consequence thereof.

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

For **Against**

To receive and consider the Financial Statements for the
year ended 31st December 2014 with the Report of
the Board of Directors and Auditors thereon.

☐☐

To appoint Auditor General's Department as Auditors
of the Company for the year 2015.

☐☐

Signed this day of 2019

.....
Signature

Shareholders NIC/ PP/ Co. Reg.No.

CORPORATE INFORMATION

Name of the Company: ELKADUWA PLANTATIONS LIMITED

Legal Form: Fully Government Owned Public Company with Limited Liability

Elkaduwa Plantations Limited 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 Business Undertaking into Public Companies Act No. 23 of 1987 and re-registered under the Companies Act No. 07 of 2007

Date of Incorporation: 23rd July 1993

Company registration No: PB 5

Registered Office: No. 320, "Janawathu Piyasa", T B Jayah Mawatha, Colombo 10

Principle Business Activities: The principle activity of the Company is cultivation and marketing of Tea, Rubber, Coconut and Other Minor Crops

Board of Directors for the year 201

- | | |
|--|--|
| 1. Mr. Neil Terrence Bogahalande | - Chairman/Director |
| 2. Mrs. Kananke Vithanage Suranga Premani Vithanage | - Director/Treasury Representative |
| 3. Mr. Indunil Sarath Bandara Abeysinghe | - Director |
| 4. Mr. Ekanayake Mudiyansele Dugganna Walawwe Aruna Shantha Kumara Amunugama | - Director |
| 5. Mr. Akuratiyage Nimal Chandrasiri | - Director |
| 6. Mr. Aswaddage Gedara Wijethunga | - Director |
| 7. Mr. Nambukarawasam Appuwabaduge Udayakumara Srilal Mihindukulasooriya | - Board Observer/
Ministry Representative |

Present Members of the Board of Directors who are appointed by the Ministry of Finance on 24th July 2018

- | | |
|---|--|
| 1. Mr. Nalaka Devinda Madawala | - Chairman/Director |
| 2. Mrs. Ramanayakage Malika Jayanthi | - Director/
Treasury Representative |
| 3. Mrs. Wickramasingha Mudiyansele Dhammika Tharangani Wickramasinghe | - Director/
Ministry Representative |
| 4. Mr. Wannakuwatta Waduge Ruchira Nishantha Fernando | - Director |
| 5. Mr. Sena Gangodathenna | - Director |
| 6. Mrs. Nilusha Manori Tnathrige | - Director |
| 7. Mr. Ranjith Asoka Herath | - Director |

Share Capital: There has been no change in authorised and issued Share Capital through the period

Authorized Share Capital 50,000,000 Shares @ Rs. 10/-

Rs. 500,000,000/-

Issued Share Capital 18,000,000/- Shares @ Rs. 10/-

Rs. 180,000,000/-

01 Golden Share @ Rs. 10/- Rs. 10/-

Secretary: In the year 2014

Ms. W.A.Dinusha Damayantghi

Attorney at Law - Notary Public & Company Secretary

The Company Secretary appointed by the Company on 03rd January 2019

Mrs. Chandrani Suriyarachchi

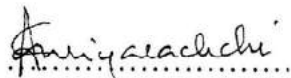
Attorney at Law – Notary Public & Company Secretary

Auditors: The Auditor General's Department of Sri Lanka

Bankers: Bank of Ceylon – Corporate Branch
Peoples Bank – Suduwella Branch

Contact Details: Tele. 011 – 2698058/59
Fax. 011 – 2698057
E Mail. elkaduwacmbepi@sltnet.lk

By Order of the Board,



Mrs. Chandrani Suriyarachchi

Attorney at Law – Notary Public & Company Secretary

Elkaduwa Plantations Limited

“Janawathu Piyasa”

No. 320, T.B. Jayah Mawatha

Colombo – 10