

ஈ/ஈ கலாவன லஃலி கலாவன சிலாபம் பெருந்தோட்ட நிறுவனம் **Chilaw Plantations Limited**



லாபிக லாபால வருடாந்த அறிக்கை **Annual Report 2013**



கோல் கலாவன து கலாவன லஃலி கலாவன
தெங்கு அபிவிருத்தி மற்றும் மக்கள் தோட்ட அபிவிருத்தி அமைச்சு
Ministry of Coconut Development & Janatha Estate Development

OUR CPL VISION

**To Be The Best Scientifically & Profitably Managed
Coconut Based Plantation Company In Sri Lanka**

OUR CPL MISSION

**To Achieve Sustainable High Profit & Potential Productivity
Through Scientific & Commercial Development of
Coconut Plantation Assets & Resources**

By Highly Competent, Empowered, Motivated & Committed Professional Staff
To Benefit All Stakeholders Including Employees, Public, Government,
Present & Future Generations, To Partnering With Our Journey

To Attain Sri Lanka as 'THE WONDER Of ASIA'.

Corporate Information

Name of the Company	Chilaw Plantations Limited (CPL)																
Head Office	'Kapruka Sewana', No 165, Puttalam Road, CHILAW. 61000.																
Colombo City Office	Ground Floor, CDA Building, No 11, Duke Street, Colombo 01.																
Date of Incorporation	11th June 1992																
Company Registration No.	PB 703 (under new Company Act 07 of 2007)																
Legal Status	Government Owned Company, established under the Company Act No 17 of 1982 by the Gazette No 719/15 on 18 June 1992, as per the provisions of the 'Conversion of Public Corporations or Government Own Business Undertakings into Public Companies' Act No 23 of 1987. Subsequently CPL was re-registered under the new company's act No 7 of 2007 with the new registration number as PB 703. All plantations assets, including all estates owned by the JEDB (IV) within the Puttalam District were vested with the CPL as per the Gazette and subsequently signed Lease Agreements between JEDB and CPL for 53 years as per the Lease Agreement.																
Shareholdings	Full Shares (100%) and the 'Golden Shareholder' Status are allotted to the 'Secretary to the Treasury', on-behalf of the State of the Democratic Socialist Republic of Sri Lanka.																
Share Capital	20,000,001 Shares of Rs Ten (Rs 10/=) including 'One Golden Share' held by the Treasury with special rights.																
Present Board of Directors	<table> <tr> <td>Mr P. Jayasinghe</td><td>- Chairman & CEO - Member</td></tr> <tr> <td>Mr A. M. Chandrapala</td><td>- Executive Director - Member</td></tr> <tr> <td>Mr Keerthi Pathiranage</td><td>- Working Director - Member</td></tr> <tr> <td>Mrs Priyangani Liyanage</td><td>- Member (Treasury Representative)</td></tr> <tr> <td>Mr S Chandra S Fernando</td><td>- Member (Former IGP)</td></tr> <tr> <td>Mr K.B. Rathnayake</td><td>- Member</td></tr> <tr> <td>Mr R.R.M. Amarathunga</td><td>- Member</td></tr> <tr> <td>Mr I. M. R Widanagamage</td><td>- Member</td></tr> </table>	Mr P. Jayasinghe	- Chairman & CEO - Member	Mr A. M. Chandrapala	- Executive Director - Member	Mr Keerthi Pathiranage	- Working Director - Member	Mrs Priyangani Liyanage	- Member (Treasury Representative)	Mr S Chandra S Fernando	- Member (Former IGP)	Mr K.B. Rathnayake	- Member	Mr R.R.M. Amarathunga	- Member	Mr I. M. R Widanagamage	- Member
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Mr R.R.M. Amarathunga	- Member																
Mr I. M. R Widanagamage	- Member																
Board of Directors for the Period From January 2013 to September 2013	<table> <tr> <td>Dr Sunil Jayasekara</td><td>- Chairman & CEO - Member</td></tr> <tr> <td>Mr A. M. Chandrapala</td><td>- Executive Director - Member</td></tr> <tr> <td>Mr K A Shantha R Dias</td><td>- Working Director - Member</td></tr> <tr> <td>Mrs Priyangani Liyanage</td><td>- Member (Treasury Representative)</td></tr> <tr> <td>Mr S Chandra S Fernando</td><td>- Member (Former IGP)</td></tr> <tr> <td>Mr D A D Ruwan Danansooriya</td><td>- Member</td></tr> <tr> <td>Mr M S M Sakulla</td><td>- Member</td></tr> <tr> <td>Mr I Mahesh R Widanagamage</td><td>- Member</td></tr> </table>	Dr Sunil Jayasekara	- Chairman & CEO - Member	Mr A. M. Chandrapala	- Executive Director - Member	Mr K A Shantha R Dias	- Working Director - Member	Mrs Priyangani Liyanage	- Member (Treasury Representative)	Mr S Chandra S Fernando	- Member (Former IGP)	Mr D A D Ruwan Danansooriya	- Member	Mr M S M Sakulla	- Member	Mr I Mahesh R Widanagamage	- Member
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Mr D A D Ruwan Danansooriya	- Member																
Mr M S M Sakulla	- Member																
Mr I Mahesh R Widanagamage	- Member																
External Auditors	M/s Aiyar & Co (Appointed by The Treasury & Auditor General) Chartered Accountants Havelock Central Building, No 104-4/1, Havelock Road, Colombo 05																
Bankers	Bank of Ceylon																
Secretaries	Corporate Advisory Services (Pvt) Ltd No. 47, Alexandra Place, Colombo 07.																

Financial Highlights

(As at 31 December 2013)

Summary Results	2013 Rs'000	2012 Rs'000	Variance %
Coconut Production (Nuts)	9,595,315	15,807,770	(39%)
Net Sale Average (Rs per nut)	29.92	21.26	41%
Revenue	287,152	339,051	(15%)
Gross Profit	112,890	123,733	(9%)
Profit Before Interest and Tax	108,989	111,209	(3%)
Profit Before Tax	81,820	86,225	(6%)
Profit After Tax	72,919	77,975	(6%)
Retained Profits	625,542	587,623	6
Dividend Paid	35,000	75,000	(53%)
Dividends TOTAL (1992 to 2012)	376,650	341,650	10%

Financial Position

Non Current Assets	737,497	602,610	22%
Mature / Immature Plantations	502,826	410,033	23%
Current Assets	356,230	454,231	(21%)
Inventories	71,398	82,606	(13%)
Total Assets	1,093,728	1,056,841	3%
Current Liabilities	45,452	60,149	(24%)
Long term Liabilities	222,734	209,070	7%
Stated Capital	200,000	200,000	0
Shareholders' Funds	825,542	787,623	5%

Financial Indicators

Current Ratio (Times)	7.83	7.55	4%
Quick Ratio (Times)	6.26	6.18	1%
Gross Profit Ratio %	39.31	36.49	3%
Earnings Per Share Rs.	3.69	3.90	(6%)
Return on Average Equity (ROE) - %	8.8	9.92	(1%)
Return on Capital Employed (ROCE) - %	10.31	11.16	
Total Asset to Current Liabilities	0.04	0.06	(33%)
Interest Cover - (times)	3.98	4.45	(10%)

Message of the Chairman/ CEO

It is with great pleasure that I present the annual report and audited financial statements for the year 2013 on behalf of the Board of Directors of Chilaw Plantations Ltd.

While 88 estate divisions come under the ownership of our Company, only 15 estate divisions are distributed in the wet zone. Half of the remaining plantation divisions are located in the dry zone with the other half being located in the intermediate zone. Climate conditions prevalent in these environment zones about ten years ago, have changed over time and this change is posing a detrimental effect on companies such as ours which cultivate coconut as the main crop. Annual and monthly rainfall has been decreasing since 2010 with a marked difference as a result of which, the total number of productive coconut trees has decreased to 313,048 from 340,586. Within year 2012 alone, 38,140 mature & immature coconut saplings were destroyed as a result of the drought that prevailed. Thus, total coconut density decreased with the decrease of the number of productive coconut palms and the yield which was received by us as well as the yield from palms that were to bear fruit in future was lost as a result of this disaster. Furthermore, a large scale shedding of immature and button nuts was observed in the estates during this period as a result of low absorption of water. This had a detrimental effect and caused the decrease of future yield and basic revenue. Ultimate result of these outcomes was the decrease of the total yield of coconuts to 9.60 million by the end of year 2013 in comparison to the yield of 18.26 million coconuts in year 2010. Regardless of the environmental impact, action is being taken for future progress of the company through challenging these negative environmental influences and mitigating their impact with the support of efficient and scientific agricultural practices that promote productivity and the dedication of our staff. Measures such as dredging small tanks and ponds for the water conservation of the estates and digging new ponds to raise the water table; minimizing evaporation of surface water through applying proper covers around coconut trees; burying coconut husks in the cultivated area in the form of jumbo trenches to maintain uniformity of water level in the sub soil layer; conservation of water and soil nutrients through the integrated weeding programme; and applying a balanced quantity of fertilizer to the trees and minimizing wastage of fertilizer through the implementation of the interim fertilizer recommendation, were adopted by us.

Furthermore, thefts by outsiders have been minimized and acts of vandalism inside the estates too have been eliminated through proper maintenance of the boundary fences and proper monitoring of the fences by the relevant estate officers. Attention was specially focused on areas in the vicinity of housing settlements where there is possibility of theft and action was taken to collect coconuts daily with the support of the dedicated and efficient service of the entire field staff of the company while monitoring activities of the estate management were regularized further in order to gain benefits at the end of the year.

Diversification of Products

Chilaw Plantations Ltd has had a strong presence in the market for a long period of time through the sale of coconuts and copra products of high quality. This traditional path followed by the Company was directed in a new direction with the introduction of diversified new products in year 2013. A coconut oil mill with a capacity of 1500 liters of oil was established at the end of the year in the Palugaswewa estate where large scale copra production is carried out by the Company. I am proud to remind you that this endeavor undertaken with the main objective of giving greater value to coconuts through the supply of high quality and pure coconut oil to the market has directed us towards the social service of providing clean coconut oil for the consumption of the Sri Lankan consumer.

In addition, a new cashew processing center was established at the end of the year in the Thambapanni estate of Puttalam giving new meaning to the traditional way of selling raw cashew and limiting the sale of cashew with shell. This was an effort taken to add value to cashew that is sold and a sales outlet too was established inside the Head Office premises of Chilaw Plantations Ltd to sell both the finished product and material. Furthermore, additional revenue was added to the main revenue through the sale of Palugaswewa pure curd and yoghurt as well as the expansion of supplementary crops along with coconut cultivation and the Company was successful in contributing to financial diversification through product diversification.

Profit/ Financial Performance

Profit after tax as at end of 2013 was Rs.72.9 million after investing on new projects related to improvement of agricultural and non agricultural estate infrastructure. This amounted to Rs. 77.9 million in 2012. Annual Revenue of Rs. 339 million in year 2012 was reduced to an annual Revenue of Rs. 287 million in year 2013 as a result of the low figures recorded in the coconut yield due to the prolonged drought while the cost of sales Rs. 215 million in 2012 was reduced to Rs. 174 million in 2013. Low coconut yield recorded in year 2013 and unfavorable climate trends had a negative impact on application of fertilizer and as a result, over half of the annual cost usually incurred for applying fertilizer was saved. With a view to uplifting the future of the Company, a greater financial investment was made in areas such as planting sufficient quantity of coconut seedlings in under cultivations where sufficient plant density had not been maintained for a long period of time and preparing over 400 acres of uncultivated land for cultivation. Focus of these activities was the balance between higher profit through investment a beneficial and critical agricultural methodologies which is a laudable management strategy. Even while implementing the aforementioned effective programmes, the Company was able to display active/ efficient financial management through treasury bills and

Message of the Chairman/ CEO

short term deposits worth Rs. 128.9 million. The Company was successful in conforming to the industry standards of main businesses connected to coconut, achieve high benefits through investments based on asset development projects while investing in agricultural and value addition projects as stated in the strategic Corporate Plan. In addition, Chilaw Plantation Ltd which is a state plantation company, remitted a sum of Rs.35 million to the General Treasury as dividends for year 2012 with the endorsement of the Board of Directors and the Ministry of Coconut Development and Janata Estate Development in year 2013.

Achievements and Contributions

It is with pride that we mention that Chilaw Plantations Ltd was able to win its first ever bronze medal for best large-scale plantation companies at the National Agri Business Convention in year 2013. This is a victory that was achieved with the dedication of the entire staff of the Company.

A manual pollination programme had been implemented by the Company since year 2011 in Palugaswewa estate with the objective of achieving long term results in terms of high quality coconut seedlings and the first issuing of coconut seedlings under this project was carried out in year 2013. Furthermore, a coconut under Plantation programme was launched in an area of 100 acres in the Kiniyama estate of Bingiriya with the collaboration of the Coconut Research Institute. It is expected to produce high quality and enhanced seed coconut of the "Kapruwana" variety in a period of about five years.

With the high coconut prices reported in the market towards the end of year 2013, the Company launched a programme with the guidance of the Ministry to sell coconuts at low prices at the weekly fairs with support from Municipal Councils of Chilaw and Colombo in order to balance the increased coconut prices. Thus, the Company was able to perform its duty towards the national effort to meet the needs of the consumers as a profit making state enterprise.

Contribution of the Ministry

By virtue of the incisive guidance of the Minister of Coconut Development and Janatha Estate Development Hon. Jagath Pushpakumara and as a result of the supervision of the Secretary and other officials of the Ministry, Chilaw Plantations Limited ventured upon various investments and new cultivations and we are of the firm belief that their benefits can be reaped in the future. With a sense of gratefulness I wish to recall the unstinted support extended by the Hon. Minister Jagath Pushpakumara for the rapid expansion of coconut seedling cultivation, the commencement of new cultivations, the increasing of coconut nurseries and the expansion of market network.

Management and Human Resources

Having identified human resource as one of the most valuable assets of Chilaw Plantations Limited, the institution has offered various incentives to the staff of the plantations who in turn have added value to plantation assets and contributed to a higher level of production, productivity, income and profit providing benefits to partners and stakeholders of the company. The Coconut Research Institute and other organizations conduct training and human resource promotion programmes and the management recognizes the services and contribution made by the staff in compliance with the performance appraisal methodology and conduct programmes continually in a systematic manner to incentivize the staff.

Acknowledgement

While appreciating the financial and physical progress achieved by the company at the end of the year under review, I wish to take this opportunity to convey my heartfelt gratitude and thanks to all estate superintendents, assistant superintendents all employees of the office who offered their services with utmost honesty to enable this progress, to all workers of plantations who contributed their labour on behalf of the institution, to His Excellency the President of the Democratic Socialist Republic of Sri Lanka who took the policy decision to reestablish the Chilaw Plantations Limited as a public sector venture, to the Minister of Coconut Development and Janatha Estate Development Hon. Jagath Pushpakumara who offered guidance to the Company from the beginning to the end of the year and made Chilaw Plantations Limited an integral part of the 'Kapruka Navodawa' programme, to the Secretary and all other officials of the Ministry who were constantly in touch with us to lend their support and last but not least to all my colleagues in the Board of Directors whose guidance, commitment and consensus service as an incentive to me as Chairman and Chief Executive Officer to achieve the expected results in line with the strategic corporate plan of the company during the year under review, fulfilling the aspirations of all our stakeholders.



Panduka Jayasinghe

Chairman/ Chief Executive Officer
Chilaw Plantations Limited

Highlights - 2013...

Background.

Being a fully State owned Regional Plantation Company, Chilaw Plantation Limited (CPL) has a prime duty to strengthen the Country's Economy adhering to the economic policy of the State apart from making profit for its own benefit.

In view of the vision and the guidance of the Ministry of Coconut Development and Janatha Estate Development its National Coconut Sector Development Plan, 2011-2016 has set targets approaching multiple angles of the economy to increase production of coconut in sustainable manner up to 3650 million nuts at the end of 2016 thatenable to cope with the demand of the domestic culinary use and an input of industrial products.

Mission and task

For the aspirations in his attempts to revive the coconut plantation and industry in the country, being the Cabinet Minister in charge of the subject Hon: A.P. Jagath Pushpakumara is very optimistic as he has so far achieved tangible results in relation to eight goals in the National Coconut Sector Development Plan (Kapruka Navodava) since 2011. Achievements of CPL in this regard are also a part of his endeavours.

The Corporate Plan 2013-2014 of the Chilaw Plantation Limited, which was based on the National Plan, has spelled out the mission and tasks of the company during the period. The strategic plan 2013 that derived from the Corporate Plan has inspired to achieve possible highest yield of nuts per palm.

As far as the company's development mission is concerned there was a clear cut plan, goals and implementation strategies to achieve the anticipated goals in terms of the Action plan of 2013.

Year 2013 begins with two fold of challenges.

One is to achieve the work programme that set out with the new expectations emerging from conceptual and tangible changes as blue printed in the Corporate Plan. Second daring risk is how to overcome the aftermaths of unpredicted behavioural changes in the nature like interrupted rains and prolonged drought continued throughout the year.

Among the major conceptual changes and action in the fields of Managerial setup, strategies in plantation development, manufacturing of value added products, the followings are the main focuses and achievements during the corresponding period.

I. Restructuring of managerial setup in the CPL.

In order to accommodate the approved cadre of the CPL, restructured changes have been adopted with new designations, job descriptions and institutional arrangements within the organizational set up. As such, Divisions of Marketing Development, Planning and Monitoring, the use of Coconut Plantation Management Network Monitoring System for the planning and monitoring purposes and also in the decision making and management of threats are the new areas introduced and established during the year with tangible output. This was done within the provisions made in the Scheme of Recruitment taking in to consideration of changing scenarios of Company's business environment. Accordingly two divisions were established as

(1) Marketing Development and Promotion,

(11) Planning and Monitoring,

under the supervision of two separate managers at the Colombo city office.

These two divisions have direct links and reciprocal arrangements with the counterpart staff at the Head office, Chilaw for the smooth functioning.

Highlights - 2013...

II. Shifting from the raw material to value added products.

Besides livestock, Intercrops, valuable timber and other sundry products, the principal products of CPL are coconut and cashew. CPL has been in a practice that those primary products are sold at an available price at markets through dealing with middlemen or manufacturers.

Continuing the foundation laid in 2012 to usher a new policy change that shifting from raw material production to value added products, the infrastructures have been completed during the year to house those economic ventures.

Accordingly CPL was able to complete the erection of buildings, purchasing of machinery, and training of staff for the purpose, in time, to inaugurate the Coconut Oil Mill and Cashew Processing Centre at end of the year.

While anticipating highest level of revenue at competitive markets for its main products, CPL was able to materialize institutional establishments, to landmark the deviation, by

- Commissioning of the Coconut oil mill at Palugaswewa Area estate,
- Commissioning of the Cashew Processing Centre at Thambapanni Area Estate, and
- Opening up a Sales Booth(Sal Pila) for marketing the products of CPL.

And declared open these establishments on the 19 th December 2013 in the presence of the Minister, Hon: Jagath Pushpakumara, and Hon: Anthony Victor Perera, Deputy Minister along with other Hon: Ministers, Deputy Ministers in the area, Ministry officials and Board of Directors.

III. Ushering of new brands to the market.



Subsequent to the commissioning of coconut oil mill and cashew processing centre Chilaw Plantation Limited has ushered two trade names and two company products under the names of " Cupruka coconut oil" and "Thambapanni processed cashew" into market at competitive price and quality.

New trade outlet "Salpila" that is open in Chilaw exclusively takes charge of disposing CPL products for the benefit of consumers.

IV. Rehabilitation of plantations in order to maintain a sustainable production.

It is estimated that more than one third of total palm population owned by CPL is above the age of sixty years and of that fertility and yield is low or non-bearing. It was noted that there was no remarkable attempts for under-planting and new planting under the management of private ownership prior to taking over by the State. Total extent of 920 ha (new and under plantation) was added up to 2013 under the ownership of State.

It is not possible to uproot coconut palms like short term crops at once as those are being over aged because those may yield some time with intervals and continue to bear nuts over a further period of time. Therefore this exercise has to be done within a planned programme avoiding immediate losses to the revenue.

It has been noticed that, year by year, there is an increasing trend of losing number of palms from the total plantation owing to various reasons. Always these happen due to aging and natural causes. No continues efforts have been made to mitigate this situation with a planned replacement plan and new planting programme that would be helping to recover the losses

Highlights - 2013...

and sustainable maintenance of the plantation over a period of time as a new coconut palm takes at least ten years to bear nuts.

Continuously prevailing unfavourable weather conditions in the region, during the past, has aggravated the situation further.

During the year 2013 more attention is focused on to rectify this situation by taking initial steps to go for replanting and new plantations where such rehabilitation is required in a planned manner.

This operation is on and will be continued as a chain activity within the corporate plan and ensuing Action Plan.

V. Mechanization versus paucity of labour.

The recent impacts of the socio –economic changes in the society has distanced the new generation from traditional working atmospheres in the plantations. Increasing cost of production and shrinking profit margins has discouraged the investors to shift for modernizations and mechanization owing to high cost in investment to attract the young generation up to a certain level.

Chilaw Plantation Limited followed a neutral solution and has invested on machineries only up to the extent that would not cause the termination of employment. Instead of outsourcing of labour management decides to purchase five tractors and accessories to service in land preparation, haulage and transportation work in lieu of the labour of lost workers.

CPL expects to continue this transformation for two reasons, those are (1) to make organization more efficient and (11) to reduce the cost of production.

VI. Coconut Plantation Management Monitoring System

Coconut Plantation Management Monitoring System which was introduced by the Ministry as the first of that kind in the plantation sector to collect data on line is a new mechanism that used to wipe out disparities occurred when data collection is done from different sources.

During the corresponding year CPL made use this facility for not only collecting data on line then and there but also to minimize pilfering of fallen nuts as well as abuses in daily attendance.

The daily deployment of labour is recorded and reported through the online monitoring system so that it has contributed in efficient way to supervise the labour utilization and their productivity daily.

As a result of the emerged information from the monitoring system the incidents of pilfering in some estates has been brought to the books and remedied.

VII. Apply the video conferencing to meet with distantly located stakeholders.

As a part of Coconut Plantation Management system video conference mechanism was introduced to conduct meetings with distantly located stakeholders in order to reduce the cost of transport, temporally absence from work place and wasting time on travelling.

CPL became one of the cluster organizations under the line Ministry to make use this facility for the benevolent of the organization and extended its use to have frequent dialogue with the Head Office staff and to obtain clarification and deliberation from relevant officials over the issues at discussions as well as when meetings of the Board of Directors are in progress.

It was estimated that financial savings, from this usage for board meeting, was Rs. 13,000/= per day.

Highlights - 2013...

VIII. Development of Livestock.

Continuing the changes introduced in 2012 to livestock division in Palugaswewa, new development programme was introduced to improve the herd of Murrah Buffalos in the division to enhance the production and productivity during 2013.

The salient features of the change was to keep away the male animals from the herd and mix the selected cows with stud bulls which were newly introduced to the farm and the Artificial Insemination (AI) programme conducted in association with the Department of Veterinary Services of Peradeniya.

Under the programme, the concentration had been focused on increase the productivity of animals, increase hybrid young animals, and increases the milk production.

This programme makes successive results of increased pregnancy rate, given birth to new animals and increase production of milk during the year.

These inputs have increased profit of the livestock project during the year 2013 to Rs.5, 223,294 from Rs.40, 754 in 2012.

But not for the unexpected drought during the year CPL could have achieved more benefits as planned.

Bio-Gas Production.

Bio-gas is a byproduct of the cattle farm in the Palugaswewa Area estate. The total volume of gas production was used as a fuel to boil milk for the preparation of curd and yoghurt.

Since the coconut oil mill uses gas to generate heating, the facility of the gas plant at the dairy has been modified to cater the requirement of oil mill to reduce cost of production by using this very same gas instead of commercial gas.

Production of poonac.

Poonac is a residual part at the end of oil production of the coconut oil mill and that is being used as a cattle feed especially for milking cows to enhance milk production. Palugaswewa Dairy has purchased its requirements from the open market until the coconut oil mill was commissioned. Up to the testing period of the mill, ending at December 2013 the Estate was able to save Rs.241, 220 .00 by using the poonac of oil mill.

IX. Human Resource Development.

In addition to the in- service training programmes tailored on the guidance of University of Colombo to the benefit of Junior and Senior Managerial level field staff, an indoor and outdoor training programme was designed for a period of six months to mold seven field supervisors to uplift their capacities to the position of Officer in Charge with theoretical, scientific knowledge and in situ-practical applications under the supervision of senior managers.

X. Awards.

CPL was evaluated awarding with "National Agri-business Award -2013 –Bronze" for large producing plantation in 2013.

When the Ministry of Coconut Development and Janatha Estate Development was honoured with the first place at the competition for its exhibition pavilions at the Deyata Kirula National exhibition, CPL became a party to that by its contribution.

Present Board of Directors - CPL

1. **Mr. Panduka Jayasinghe** **Chairman/ CEO**
No.27, 1St Lane, Rampart road, Ethulkotte. 0716884082
2. **Mr. A.M. Chandrapala** **Board Member & Executive Director**
Former Secretary, Ministry of Provincial Councils and Local Government, Retired SLAS Special Class Officer
165/1A, Dutugamunu Street, Kohuwala. 077 3321551
3. **Mr. O.P.P.Pathiranage** **Board Member & Working Director**
Walakadawatta, Uluvitike, Galle. 077 7903922
4. **Mrs.PriyanganiLiyanage** **Board Member & Treasury Representative**
Senior Manager, PED, Treasury 0777898 841
5. **Mr.Chandra Fernando** **Board Member**
Rtd. Inspector General of Police (IGP), Senior Advisor to HE The President
No 3, Shrubbery Gardens, Colombo 04. 011 2580561 & 011 2553321
6. **Mr.K.B.Rathnayake** **Board Member**
No. 22, Dikyaya, Buththala. 0722229160
7. **Mr.R. R.M.Amarathunga** **Board Member**
No. 7/44, School Lane, Gangodawila, Nugegoda. 0777751433
8. **Mr.I.M.R.Widanagamage** **Board Member**
'Tharindu', Buddiyagama, Weeraketiya. 077 3088478

BOARD OF DIRECTORS UP TO SEPTEMBER 2013

1. **Dr Sunil Jayasekara** **(Former Chairman /CEO)**
B.Sc (Chemistry Hons, Peradeniya), Ph.D (Queensland, Australia), C.Chem.
61 / 12B, ManelMawatha, Old Kesbewa Road, Nugegoda. 071 4439944
2. **Mr. A.M. Chandrapala** **Board Member & Executive Director**
Former Secretary, Ministry of Provincial Councils and Local Government, Retired SLAS Special Class Officer
165/1A, Dutugamunu Street, Kohuwala. 077 3321551
3. **Mr. K.A. Shantha R. Dias** **Board Member & Working Director**
3/65, Kotawehera, Paragahakele, Ampara 077 8462505
4. **Mr.D.A.D. R. Danansooriya** **Board Member**
Retired Deputy Director, Mahaweli Authority of Sri Lanka
26/4, Embillwatta, Katuwawala Mw, Boralesgamuwa. 0777 593422
5. **Mr.M. S.M. Sakulla** **Board Member**
54 / 2, Madampella Road, Kochchikade. 0777 555884
6. **Mrs. PriyanganiLiyanage** **Board Member & Treasury Representative**
Senior Manager, PED, Treasury 0777 898841
7. **Mr.Chandra Fernando** **Board Member**
Rtd. Inspector General of Police (IGP), Senior Advisor to HE The President
No 3, Shrubbery Gardens, Colombo 04. 011 2580561 & 011 2553321
8. **Mr.I.M.R. Widanagamage** **Board Member**
'Tharindu', Buddiyagama, Weeraketiya. 077 3088478

Senior Management Team - CPL

1.	Mr. Panduka Jayasinghe Chairman/ CEO	071 6884082
2.	Mr. A. M. Chandrapala Executive Director	077 7774892
3.	Mr. O.P.P. Pathiranage Working Director	077 7903922
4.	Vacant General Manager	
5.	Mr. D.G.A.R. De Silva AGM Plantations	071 4173203
6.	Mr.R.M.R.B. Ratnayake Senior Accountant	071 8478569
7.	Mr. W.L.D. Fernando AGM Plant. Engineering	077 7364907
8.	Mr. H.P.M.W. Hemachandra Chief Internal Auditor	071 8441536
8.	Mr. M.M. Merly Manager Estate	071 5285866
10.	Mr. A.A. Ashoka Ananda Manager Estate	0776746458
11.	Mr. W.K. Pradeep Manager Tec: & Develop	0718351431
12.	Mr B. Hettiarachchi Superintendent, Thambapanni Area Esta.	071 8413943
13.	Mr. D.M.G.A. Dissanayake Superintendent, Bingiriya Area Esta.	077 2249046
14.	Mr. J. H. Fernando Superintendent, Palugaswewa Area Esta.	071 4244248
15.	Mr. M.G.C. Dias Superintendent, Diulapitiya Area Esta.	077 3586974
16.	Mr. B.M.U.B. Basnayake Superintendent, Madampe Area Estates	077 3156774
17.	Mr. G.M.A. Karunathilake Superintendent, Chilaw Area Estates	071 8363615

Management Discussion & Analysis

CHILAW PLANTATIONS LTD., manages a total extent of 5,729.92 Hectares situated from Puttlam to Katunayaka on the coastal line and Nikaweratiya to Divulapitiya on the land line, coming under the dominance of two different climatic conditions, such as, Puttalam Area Estates in the dry zone and Plugaswewa Estate, Chilaw, Bingiriya, Madampe Area Estates in the intermediate zone whilst Divulapitiya area come under the wet zone.

Whilst 4,501.16 Hectares are in coconut, which is the main crop, and 812 ha. cashew other extents are of intercrop, livestock, valuable timber plots, buildings, roads and a few patches of land unsuitable for cultivation.

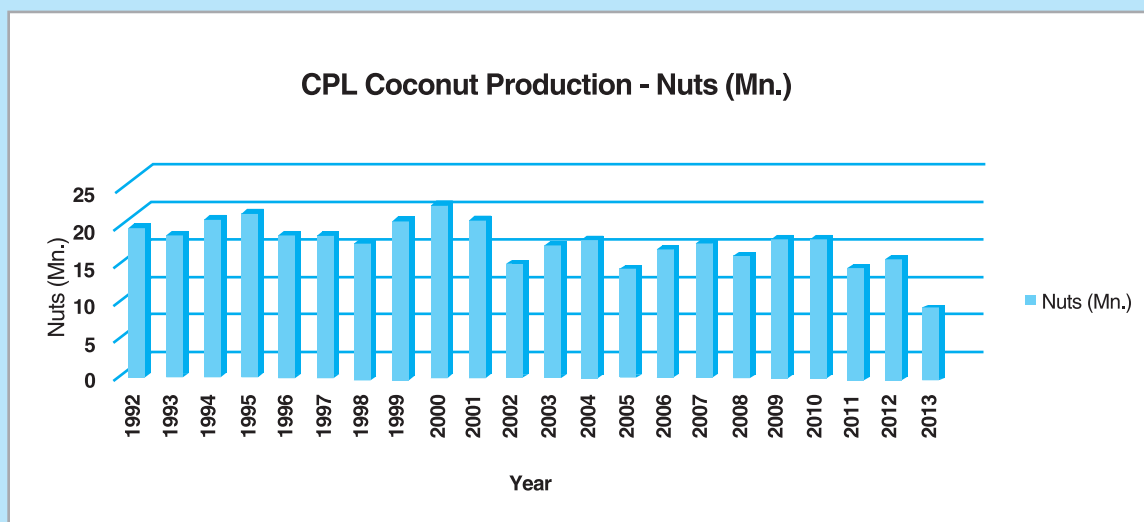
Coconut Productivity

The productivity and the yield, as a result, relatively varies area to area and zone to zone recording low yields in the dry zone and high yields in the other zone. The productivity has been in the range and average of 50 nuts per palm.

It was however, the year under review, records a drastic decline in the crop working out to a – 39% consequent to the prolonged severe and cruel drought in 2012 which took a toll of more than 19,239 full grown and high yielding palms and turning more than another 20,000 palms non-bearing and senile, thus reducing the bearing palms to 313,048 and the crop to 9.5 Mn. nuts in 2013, which has also inevitably had reduced the productivity to 31 nuts per palm, in 2013, as shown below:

Year	Coconut Yield(Nuts)	Variance %	Bearing Palms (Nos.)	Variance %	Productivity Nut/Palm/Y	Sri Lanka Production	Variance %
1992	20,782,648	-	421,875	-3%	49	2,296	0
1993	19,145,214	-8%	407,512	-5%	47	2,164	-6%
1994	21,382,314	12%	426,722	3%	50	2,622	21%
1995	22,603,156	6%	441,379	4%	51	2,755	5%
1996	19,336,658	-14%	421,716	-4%	46	2,546	-8%
1997	19,235,974	-1%	412,006	-2%	47	2,630	3%
1998	18,921,808	-2%	415,718	1%	46	2,522	-4%
1999	21,348,626	13%	393,360	-5%	54	2,828	12%
2000	23,216,882	9%	399,454	2%	58	2,396	9%
2001	21,829,630	-6%	395,435	-1%	55	2,769	-11%
2002	15,031,795	-31%	413,465	5%	36	2,392	-14%
2003	17,585,652	17%	402,937	-3%	44	2,562	11%
2004	18,354,614	4%	401,602	0%	46	2,591	1%
2005	14,391,265	-22%	408,006	2%	35	2,515	-3%
2006	17,070,324	19%	411,968	1%	41	2,785	11%
2007	17,815,317	4%	395,762	-4%	45	2,869	3%
2008	16,280,051	-9%	378,333	-4%	43	2,908	1%
2009	18,632,247	14%	380,000	0%	49	2,762	-5%
2010	18,256,007	-2%	340,586	-10%	54	2,317	-16%
2011	14,527,770	-20%	353,113	4%	41	2,808	9%
2012	15,807,753	9%	312,456	-12%	51	2,940	5%
2013	09,595,275	-39%	313,048	01%	31		

Management Discussion & Analysis



Here again, the fact remains that although the total number of palms in bearing had reduced to the tune of 300,000 in 2013 from 353,111 in the year of 2011, and the crop have declined to 9.5 Mn. in 2013 from that of 15.8 Mm. in 2012, thus bringing down the production to 31 nuts per palm, the productivity is anticipated to increase to 50 nuts per palm. The obvious reason for this is that the crop has declined only due to the bearing palms being lost to the drought. The palms lost to the drought had been disposed for sundry income.

Dead Bearing Palms during 2012

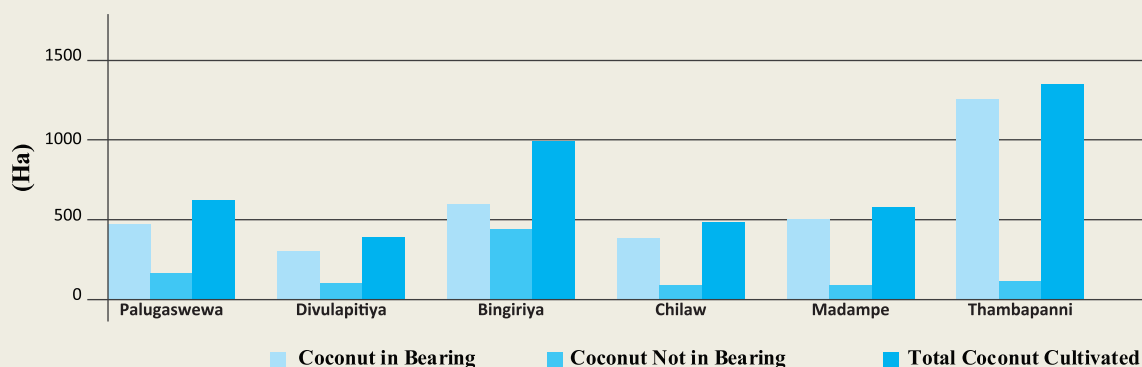
Estate	Bearing Palms
Thambapanni	10,898
Bingiriya	5,821
Palugaswewa	2,111
Chilaw	409
Total	19,239

Management Discussion & Analysis

Total Coconut Cultivated Estate Extents (Ha.)– CPL 2013. End of December 31st

Area	Palugaswewa	Divulapitiya	Bingiriya	Chilaw	Madampe	Thambapanni	Total
Coconut in Bearing	469.66	303.64	594.61	387.01	509.48	1,268.72	3,533.12
Coconut Not in Bearing	145.50	100.00	425.3	98.35	94.17	104.72	968.04
Total Coconut Cultivated	615.16	403.64	1019.91	485.36	603.65	1,373.44	4,501.16

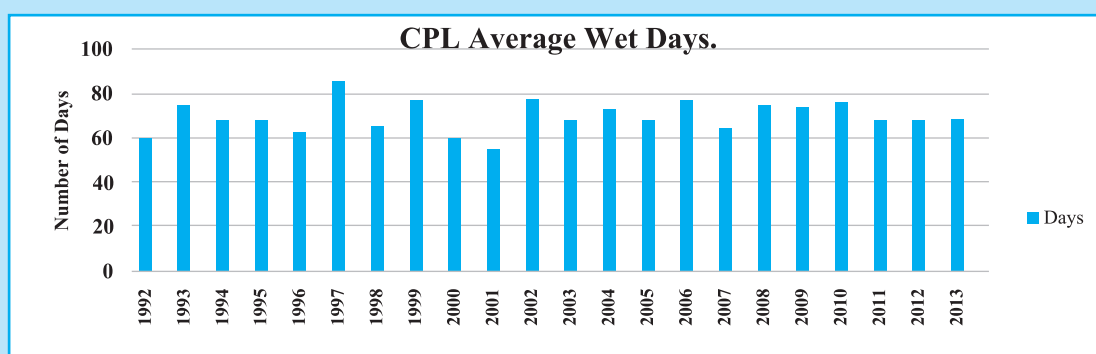
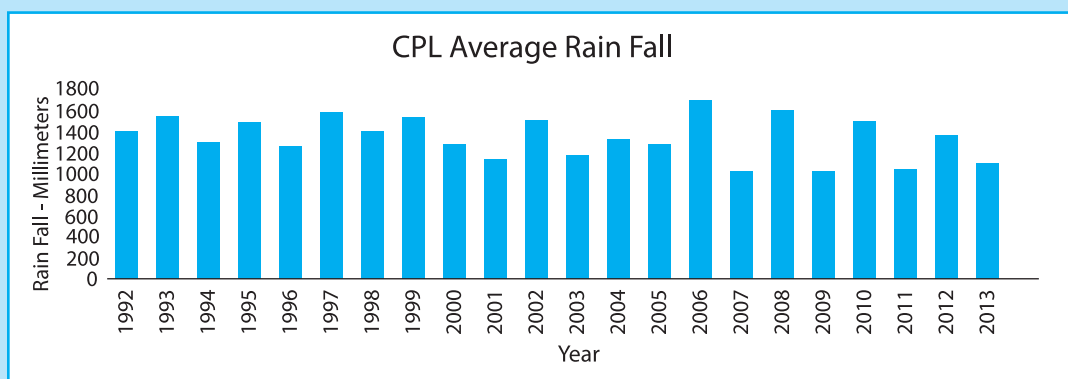
Estate Area Extent (Ha)



Age Analysis of CPL Coconut Palms 2013. End of December 31st

Age Category	Over 50	20 – 49	10 – 19	5 – 9	0 – 4	Total
No. of Palms	162,185	219,222	26,142	38,555	108,611	554,715
% -Total	29%	40%	5%	7%	20%	

Management Discussion & Analysis



Wet Days and Rain Fall

The average rainfall of 1215 mm and the pattern of the rainfall received during the year under review was not conducive to the plantations. There was continuous rain only during early part of the year and thereafter not even intermittent showers scattered throughout the year, with prolonged drought, which impaired the productivity of the palms which need water throughout the year, on a daily basis of about 40 ltrs. of water daily.

Management Discussion & Analysis

Comparison of rain fall during the year 2011 and 2012

Details of rain fall in 2011

Estate	January		February		March		April		May		June	
	mm	Wet days	mm	Wet days	mm	Wet days	mm	Wet days	mm	Wet days	mm	Wet days
Bingiriya	86.40	11	124.00	7			404.80	18	292.80	8	0	6
Chilaw	83.52	12	79.44	8	-	-	291.00	14	75.00	9	30.00	9
Divulapitiya	65.50	4	15.50	3	50.50	4	142.50	15	150.50	10	57.50	8
Madampe	56.00	5	37.00	4		-	339.00	13	131.00		32.00	2
Palugaswewa	59.30	9	82.30	10	76.60	5	280.80	13	46.50	6	23.00	4
Thambapanni	174.00	8	136.00	9	10.00		233.00	12	6.00		13.00	

Estate	July		August		September		October		November		December	
	mm	Wet days	mm	Wet days	mm	Wet days	mm	Wet days	mm	Wet days	mm	Wet days
Bingiriya	16.91	2	8.00	2	87.30	9	319.70	9	160.00	14	40.90	5
Chilaw	18.00	2	18.00	6	32.00	5	239.00	10	199.00	14	45.00	4
Divulapitiya	14.00	4	88.00	11	82.10	8	257.00	11	81.00	8	11.50	1
Madampe	-	-	51.00	4	70.00	4	305.00	10	98.00	9	58.00	2
Palugaswewa	12.00	2	15.50	2	29.50	5	220.00	13	155.50	16	44.00	6
Thambapanni	5.00	1	-	-	-	-	146.00	10	211.00	13	82.00	6

Details of rain fall in 2012

Estate	January		February		March		April		May		June	
	mm	Wet days	mm	Wet days	mm	Wet days	mm	Wet days	mm	Wet days	mm	Wet days
Bingiriya	4.70	2	108.30	7	117.00	7	194.30	13	-	-	64.40	13
Chilaw	39.00	1	88.00	7	34.00	4	198.00	11	1.00	1	65.00	10
Divulapitiya	31.00	2	129.00	5	15.50	2	159.40	10	16.50	2	140.90	14
Madampe	-	-	263.00	9	46.00	4	196.00	7	-	-	112.00	10
Palugaswewa	26.30	3	137.50	8	17.70	5	232.70	13	0.80	1	68.20	9
Thambapanni	19.00	2	51.00	4	87.00	5	120.00	7	-	-	6.00	1

Estate	July		August		September		October		November		December	
	mm	Wet days	mm	Wet days	mm	Wet days	mm	Wet days	mm	Wet days	mm	Wet days
Bingiriya	21.80	2	57.90	9	21.90	4	454.50	14	336.40	11	308.10	11
Chilaw	12.00	3	36.00	4	37.00	5	416.00	18	202.00	8	325.00	10
Divulapitiya	51.50	6	143.00	14	64.90	9	409.40	19	227.60	13	98.00	4
Madampe	-	-	51.70	5	43.00	3	406.20	13	191.90	8	214.00	5
Palugaswewa	17.50	3	53.60	8	37.10	8	505.20	17	319.00	10	454.00	13
Thambapanni	-	1	20.00	2	50.00	2	401.00	12	231.00	10	374.00	15

Estate	2013 Jan -Dec Rain Fall (mm)	2013 Jan -Dec Wet Days	2013 Dec Rain Fall (mm)	2013 Dec Wet Days
Bingiriya	1209	69	58	04
Chilaw	1055	58	78	03
Divulapitiya	1668	99	08	01
Madampe	1385	68	62	03
Pulugaswewa	1099	73	81	05
Thambapanni	878	48	30	03
Average	1215	69	53	03

Management Discussion & Analysis

Human Resources Management

Having recognized the need for special training and exposure to current management systems, a special training programme, was offered to the OIC's along with the trainees who were selected to fill the vacancies. Successful candidates were appointed on estates after further training on the estates. Held a seminar, for Superintendents and Asst.

Superintendents. In addition, another successful one day workshop was held by regarding evaluating the OICs, following which the OICs were evaluated according to the appraisal and performance.



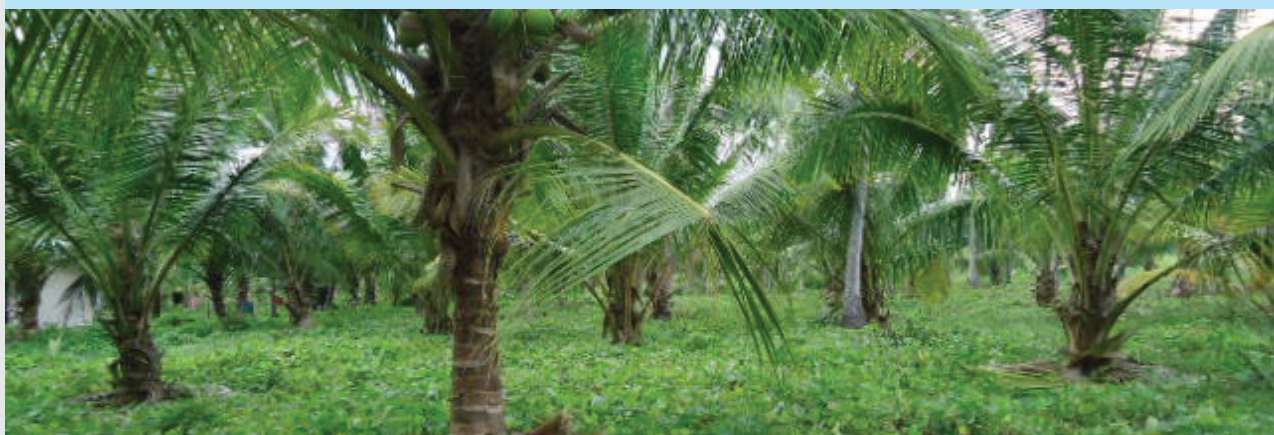
AGM – Mr. Ajith De Silva on behalf of the Board of Directors receives the National Agribusiness Award 2013 (Bronze) on 25 – 08 – 2013



Hon. Jagath Pushpakumara address the gathering at Employee Performance Appreciation and Get together at Far Inn Beach Hotel, Chilaw on 19 – 12- 2013

Investment Portfolio

New Plantations and Under Plantations Programme.



Coconut Under Plantation

Chilaw Plantations Ltd. focused attention on increasing the productivity and the production and consequently embarked on a special programme to undertake planting Under Plantations and New Plantations, on a large scale. Large extents of land, previously abandoned or neglected otherwise, were taken in for this expansion programme, which resulted in establishing 818 Hectares of coconut plantations during the years 2008 to 2013.

On the other hand, as more than 161,000 coconut palms are of over 50 years and so as to strengthen the future of the Chilaw Plantations Ltd., all the available lands are being utilized for planting. On this line, large extents were retrieved from unutilized condition and underutilized planted with coconut seedlings, on which new plantation and under plantation & management of immature plantation, more than Rs. 90 Million have been spent as an investment in year 2013 for extent of 917Ha.

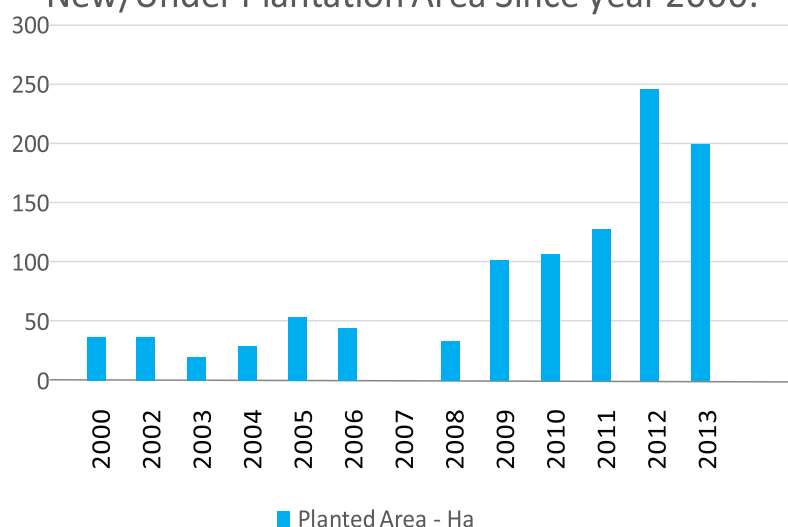
Whilst we have 108,611 young palms (seedlings 0 to 4 years) now, New / Under Plantations programme would be carried on for another five years, necessarily and as a policy decision, mainly to replace the palms lost every year, as the palms are prone to be lost through dead and fallen, tapering and nonbearing, as destined by the nature. Therefore now it is necessary to undertake this programme very efficiently.

CPL Under Plantations and New Plantations

Year	Planted Area (Ha)	Number of Seedlings
2000	36.52	5773
2002	36.81	4878
2003	20	2766
2004	28.9	4569
2005	54.35	8592
2006	44.5	7035
2007	00	00
2008	33.94	6946
2009	101.10	15982
2010	107.93	17694
2011	128.17	20261
2012	246.59	38976
2013	200.51	31680
Total	1039.32	165,152

Investment Portfolio

New/Under Plantation Area Since year 2000.



Hand pollination

Having realized the vital fact that the Coconut Industry needs healthy and high yielding palms, for higher productions and higher profits, areas and avenues in this regard were explored and as a result the need for premium seedlings was found as the basic requirement. Subsequently, ventured into the Hand Pollination project to raise healthy, high yielding and drought resistant seedlings.

The first such seedlings nursery established at Palugaswewa Estate mainly to produce hybrid seedlings, where hand pollination is being done on selected mother palms and San Ramen coconut palms, and already produced more than 20,000 hybrid seedlings out of which an entire field at Palugaswewa was under taken with planting in 2013.



Production of Genetically Superior Seed Nuts by the Hand Pollination

Year	San Ramon	Seed Nuts Harvested	Laid In Nursery
	Flowers	Nuts	Nuts
2012	2,556	4,847	-
2013	4,098	16,121	20,968
Total	6,654	20,968	20,968

Investment Portfolio

Seed Garden

Production of Hybrid 'Kapruwana' Cultivar of Coconut Seed nuts / Seedlings
(Hand-pollinated genetically screened/selected green Dwarf + San Ramon)
Seed Garden at Kiniyama Estate
CRI-CPL Joint Project
(Started in 2012)

Description	2012	2013	Total
Target	40 ha 6,525 seedlings	18 ha 2,700 seedlings	58 ha 9,225 seedlings
Achieved - seedlings	4,371	2,016	6,387
% achieved	67%	75%	69%

Intercropping and Livestock Buffalo Project

This Dairy Project at Palugaswewa, of Murrah buffaloes which was started in 1992.

Details of the herd

Stud bulls	04
Milking cows	184
Female Calves	124
Bulls	83
Total	395

Details of Milking cows

Milking cows	54
Dry herd	94
Total production	34,948 Litrs.

The total production 34,948 liters of milk extracted in 2013 was converted into 31,078 curd pots and 44,283 cups of 100ml yoghurt. The breeding rate appears to be favourable as there has been 87Nos Births for year 2013 against the 63 Nos in 2012.

Upgrading the standards of the herd and dairy is underway subsequent to the visit of Officials from Netherlands.

Stud bulls brought from outside are used for breeding purposes whilst AI programme also carried out.

There is a control of weeds due to the animals grazing whilst the dung is used as organic manure for the plantations and for additional income as sundry income.

Sheep Project

There are over 800 sheep at the Bingiriya Area Estate Sheep Project. Whilst income is derived from disposal of animals, the sheep dung is being used in the under plantation to nourish the young seedlings and organic Under Plantations. One block of 5000 seedlings at Bingiriya and another block of 25,000 seedlings at PalugaswewaEstate have already been separated as Organic Under Plantations.

Investment Portfolio

Cinnamon Project

Total extent of 10 hectares planted and maintained as detailed below:

Estate	Yea of plantingr	Number of plants
Bingiriya	2011	7200
Divulapitiya	2011/2012	33295
Madampe	2011	3212
Total		43707

Whilst the saplings are reaching the harvestable stage, arrangements are being made to engage men skilled for the harvesting job to harvest and train workers of the respective estates.

Dragon Fruit Project

Whilst the Project at Bingiriya planted in 2008 is offering a steady income, profit of which has already surpassed the total expenditure invested on this, with a steady of approximately Rs. 600,000/= per year. Many new plantings are undertaken. The total extent adds up to 50.69 hectares on Bingiriya and Divulapitiya Area Estates. It takes nearly three years for the dragon fruit project to yield and the total expenditure incurred on this could be recovered on the third year. An approximate profit of Rs. 500,000/= could be obtained from 400 plants per year.



Dragon Fruit Project at Bingiriya Area Estates

Pepper Project

The project on 4.40 hectares at Divulapitiya Area Estates is offering steady income annually, with an approximate profit of Rs.124,000/=.

Planting Gilricidia

Planted and grown as a fodder for the animals and organic manure to the coconut. There are plans to undertake Dendro project Thambapanni using gliricidiya.

Rambuttan Project

Rambuttan planted and yielding on 5.00 Hectares at Divulapitiya Area Estates has given a net profit of Rs. 135,000/=.

Teak Project

Planted on 20 hectares at Bingiriya, Chilaw, Divulapitiya, Madampe and Thambapanni Area Estates, gives a profit of approximately Rs. 18.5 Mn. annually.

Investment Portfolio

Processing, Further Processing and Value added Products and Marketing.

Investment – Coconut Oil Mill Palugaswewa Estate

There had been many instances when the prices dropped and the sales unsteady and impaired, large quantities of nuts on the estates were lying on the ground left to spoil and the rest turned in to copra. Subsequently and after long discussions it was determined that such a predicament situation should not recur and as an alternative to the situation and to derive additional profits it was decided establish a Oil Mill for CPL.

The Oil Mill was consequently established with all the required machinery, costing Rs. 1,842,384 on the building and Rs.6,141,285 on machinery, amounting to a total investment of Rs.7,983,669, renovation of this project was declared open by Hon. Minister Mr. A. P. Jagath Pushpakumara on 19/12/2013.

During the testing of machinery and trial period, a quantity of 10,384 kgs of white coconut oil was manufactured from No.1 white copra together with the byproduct of 6,030 kgs. of poonac, from which an income of Rs.2.4 million was derived.

Good quality of pure coconut oil is produced to cater to the consumer from this project, whilst the coconut poonac is fed to the Buffaloes in the Dairy Project use as feed. A good income is looked forward to obtain from this project, products of which are being sold through our own Sales Booth at Head Office premises at Chilaw.

New brand of edible coconut oil for culinary purposes was introduced to the market under the name of "Kapruka Coconut Oil" along with "Thambapanni Processed Cashew".



Opening of the Coconut Oil Mill at Palugaswewa Estate on 19 – 12 – 2013
Hon. Jagath Pushpakumara ,Hon. Neomal Perera,
Hon.Antony Victor Perera, Hon. Priyankara Jayarathna
were present at the occasion.

Investment Portfolio

Cashew Project

Cashew Processing Centre at Thambapanni Area Estates

Cashew has been planted on 824.90 hectares as mono and inter crop cultivation, at Thambapanni, Palugaswewa, Bingiriya, Chilaw, Divulapitiya and Madampe Area Estates.

Total cashew harvested in year 2013 was 66,000 kgs. The total crop of cashew obtained every year was disposed as raw cashew through the newspapers advertisements, for which commodity the prices fetched did not appear to be favourable. As such and after a decision to sell value added / processed cashew nuts, the Cashew Processing Center was established in Thambapanni Area Estates, Puttalam, costing Rs. 1,342,642 on the building and Rs. 157,700 on machinery, amounting to a total investment of Rs. 1,500,343. This project was declared open by the Hon. Deputy Minister Victor Anthony Perera. There are about 10 workers trained for cashew processing, in this processing centre, which produces quality processed cashew nuts.

A Budded Cashew Plant Nursery was established in Thambapanni Area Estates to raise quality and high yielding plants, from which plants for the value of Rs. 1.3 million was sold.



Opening of the Cashew Processing Center at Thambapanni Estate on 19 – 12 – 2013
by Hon. Deputy Minister Antony Victor Perera

Income generated from the cashew project amounts to nearly Rs. 21 M with a profit amounting to Rs. 2 M.

Estate	Area	Date of Planting	Number of Cashew Plants	Harvested Cashew	Expenditure	Income	Net Profit
Thambapanni	726.55	1992	28779	57,834	17,539,457	18,989,246	1,449,789
Chilaw	45.12	1993	1886	3502	497,866	980,420	482,554
Palugaswewa	8.00	-	352	1662	267,913	467,022	199,109
Bingiriya	36.20	1998	1355	3084	538,214	863,380	325,166
Divulapitiya	4.04	1998	1355	3084	538,214	863,380	325,166
Madampe	6.07	2012	1050	122	11,040	34,160	23,120
Total	825.98	-	35,622	66,274	18,860,847	21,354,847	2,493,261

Investment Portfolio

Sales Booth at Head Office Chilaw

This is another investment done to sell our produces where curd, cashew, yoghurt, coconut milk ice cream, fruits etc. are being sold.



Opening of the Sales Booth at the Head Office Premises in Chilaw on 19 – 12 – 2013

Rain Water Harvesting

Subsequent to the severe drought in 2013, rain water harvesting is given priority under which, seven tanks in the six Areas were attended to. All the 55,000 young seedlings planted at Bingiriya (Athurumanda Field No.1 & 4, Kinyama 4 & 7, and Sirilanda Field No.1) are being irrigated with water drawn from these tanks although this is a difficult task. On the other hand, we also had made an income of Rupees two hundred to three thousand from de-silted soil and sand at Sirilanda estate of Bingiriya Area Estates, Mookalana estate of Madampe Area Estates and Kasamadu Estate of Thambapanni Area Estates.



Rain Water Harvesting at Bingiria Area Estate

Investment Portfolio

Breeding & Releasing Predator Mites to affected Coconut Palms

Whilst large extents of coconut land of mature and high yielding coconut palms were attacked by the Weligama Wilt disease in the south of the island, which resulted all the palms being uprooted and burnt, the mita menace became another threat in the other part of the country. The CRI succeeded, after many years of tedious research, a predator mite that was found to be a solution for this mite menace.

Accordingly, two Aceria Mite Management Predator Breeding Laboratories were established, one at the Palugaswewa Estate and the other at Katukenda Estate of Divulapitiya Area Estates, to breed and release the predator mites.

This has in fact shown results as the number of nuts affected by the mita mites have reduced now, after releasing the predator mites to the fields.

	Year	Rearing Predator mites	Manufacturing	Release of Predator mites		Extent
		Satchels	Satchels	Satchels	Palms	Ha
Palugaswewa	2011	2,783	3,137	1,153	648	16
	2012	9,345	4,568	6,466	5,128	130
	2013	9,049	892	7,618	6,232	158
	Total	21,177	8,597	15,237	12,008	304
Katukenda	2011	-	-	-	-	-
	2012	1,257	1,293	3,019	2,107	53
	2013	8,096	292	9,267	8,718	221
	Total	9353	1585	12,286	10,825	274

Risk Management

Four areas of risk factors have been identified so far, such as the impairment to the production by climatic conditions and impaired sales by poor prices and sales, that have an adverse impact, whilst the others also interfere now and then.

Proposed mitigation strategies:

Risk Factor	Risk Assessment	Risk Mitigation Strategies
Impairment to production	Mainly due to the drought that prevails continuously for months. The other cause being due to a high percentage of the mature palms of the age of over 50 years turning into senile.	Undertaking increased soil moisture conservation work by jumbo drains with husks buried, more drains to trap the rain water within the plantations soil, more low shades such as gilricidia and cover crops such as pureria being planted. More tanks are also renovated to harvest rain water, which could later be used for irrigation and which also feed the roots of the palms. Large scale of investment on New Plantations and Under Plantations.
Commodity Cycle	Impaired prices and sales depending on the consumer's demand when the sales become unsteady and impaired, resulting in large quantities of nuts on the estates lying on the ground left to spoil and the rest turned in to copra Availability of substitutes such as palm oil etc, to which more consumers are being attracted to, due to low cost.	Coconuts are sold through the fortnight 'Pol Pola' at the Head Office The nuts are turned into high quality copra, of which a part is sold through auction and the other or major part is turned into oil at Palugaswewa oil mill and stored for disposal when prices are favorable.
Credit Risk	The probability of having delays in the buyers settling the dues or failing to abide by the rules and regulations.	Seek the Authorities intervention to settle for and review mod of settlement process.
Management Personnel	Lack of motivation resulting in poor production and outputs. Employees leaving for other industries or companies for better remunerations and higher positions.	Workshops and training programmes undertaken. Ensuring promotions from within, to senior positions as far as possible.

Financial Review

The Financial Statement forms a part of this Annual Report which sets out the financial performance and the financial position of the Company. The Financial review confers an overview of the Company's financial performance.

COMPANY FINANCIAL PERFORMANCE AT A GLANCE

	2013	2012	Variance	% of variance	Key Factor	Rs.Mn
Revenue	287	339	(52)	(15%)	Crop harvested has decreased by 39%	
Cost of Sales	174	215	(41)	(19%)	Due to decrease in cost of fertilizer application In Mature plantation During the year	
Other Income	76	57	19	33%	Other operating income has increased	
Administrative Expenses	93	95	(2)	(2%)	Decrease in building rent of Colombo Office	
Other operating Exp	9	12	(3)	(25%)		
Finance Income	21	37	(16)	(43%)	Lower interest rates realized for deposits and FD Balance were decreased due to investment on NP Lease interest on JEDB Asset has increase	
Finance Expenses	27	25	2	8%	due to increase of annual GDP Deflator	

Financial Performance Revenue

In the year 2013, which is under review, the Company recorded Rs 287 Million Revenue, (where as in 2012 it was Rs 339 Million) a decrease of 15% compared to the previous year. Decrease in crop harvested during the year was the main reason for this unfavorable variance. The total harvest in 2013 is 9,595,315 nuts whereas in the year 2012 it was 15,807,753 nuts reflecting a 39% decrease, compared to the previous year, due to the severe drought in 2012.

Cost of Sales

The Cost of Sales for the year 2013 is Rs 174 Mn and the same was Rs 215 Mn in 2012 reflecting a decline of 41 Mn. The main reasons for this cost reduction can be outlined as follows,

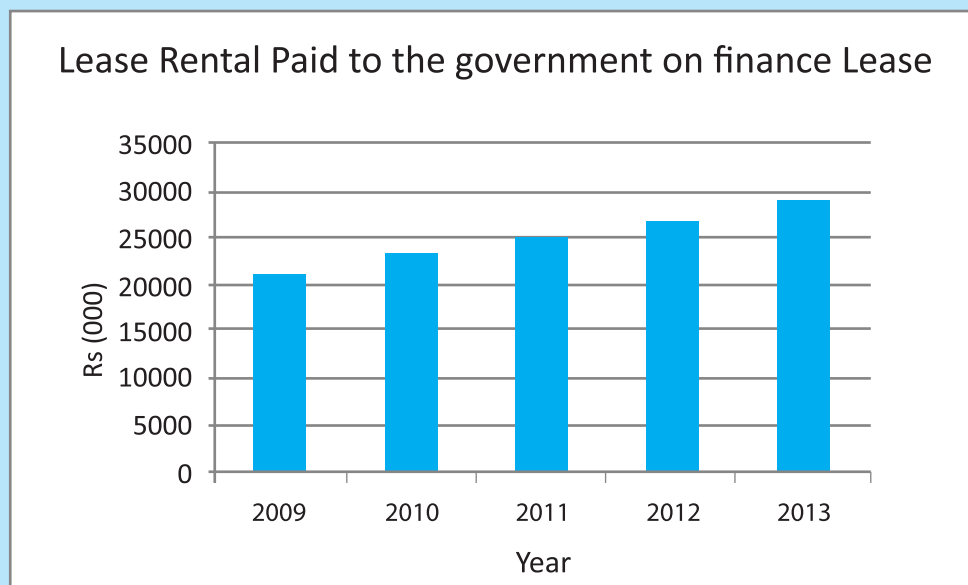
- The cost on Fertilizer application to mature plantation has decreased from Rs.30 Mn to Rs.13 Mn from 2012 to 2013 since the fertilizer application was carried out only in a very limited area due to the unfavorable weather condition prevailed during the last quarter of year 2013.
- During the year the company has invested on large scale New/under Plantations and management of immature area which resulted in high apportionment of General Charges on this. Hence, apportionment of General Charges on mature area has decreased from Rs.116 m to Rs.97 m.
(The general charges incurred on the plantation are apportioned based on the actual expenditure on respective Replanting and New Planting, and capitalized on the immature areas. The remaining portion of the general charges is expensed in the accounting period in which it is incurred.)

Financial Review

Net Finance Cost

Finance cost reflects the interest & contingent lease rental paid to Government on JEDB Leasehold Assets. Interest paid to the government on finance lease increased by 8% i.e. Rs. 27 Mn compared to the previous year which was only 25 Mn, mainly due to the increase of contingent lease rental according to the Gross Domestic Product deflator.

Lease Rental paid to the government on Finance Lease



Finance Income

Finance income represents the interest income from Short- term deposits and interest income on short term finance facilities provided to state owner government organizations. When compared to the year 2012, interest income on short term deposits has decreased from 31 million to 21 million due to the decline in interest rates and decrease of short term deposits. This deposit reduction is mainly due to the investment of Rs 102Mn on New plantations/ immature plantation and investment of Rs 63 million on Capital Assets, from short term deposits.

The interest income sum of Rs14.7 Mn due from state owned organizations, on temporary finance facilities, unable to recover from the year 2010 to 2012. Considering the fact that Chilaw Plantation has decided not to recognize annual interest income Rs 6.4 Mn to the year 2013 Accounts. Hence interest income on temporary finance facility has decreased by 6.4Mn compared to the previous year.

Other Operating Income and Gain

The Company earned Rs 76 Million from Other Operating activities consisting of sale of cashew, sale of senile coconut trees, sale of timber, lease of paddy fields, Sale of old Vehicles etc which is an increase of 34% compared to the previous year. Details of other income sources are shown in the Note no 21 for the financial statement.

Net Profit

The company has recorded a Net profit of Rs 72.9 m (After tax) for the year under review against the previous year's profit of Rs 77.9 Mn. The company was able to maintain the profit without a significant reduction though the crop harvest has decreased by 39% during the year 2013, compared to the previous year, due to the severe drought in 2012.

Financial Review

Dividend

Chilaw plantations Ltd has paid total dividend of Rs. 215 million to the Treasury/Golden share holder, after the taking over the management back to the Government in May 2008. In comparison to the profit earned by the company from year 2008 to 2013 this is a significantly high amount. Thus the total dividends paid to the treasury amount to Rs 376 Mn to end year 2013.

Year	2008	2009	2010	2011	2012	2013	Total
Net Profit Rs Mn	10.5	98	75.2	77.6	77.9	72.9	412.1
Investment on Coconut New /under Plantation Rs Mn	13	35	39	41	61	90	279
Dividend to the Treasury Rs. Mn	30	75		75	35		215

Service Recognition Of Human Resource

Being strongly aware that the human resource is the most important asset in an organization, the company paid Rs 12mn in the year 2013 as performance incentive to employees compared to Rs.13mn in the last year, as a gesture to stimulate motivation.

In addition to that a provision of Rs 5.3 Mn was also made in the year 2013, for payment of employees' 10% profit share, as per the agreement related to the establishment of regional plantation companies (RPCs) in 1992, including the CPL.

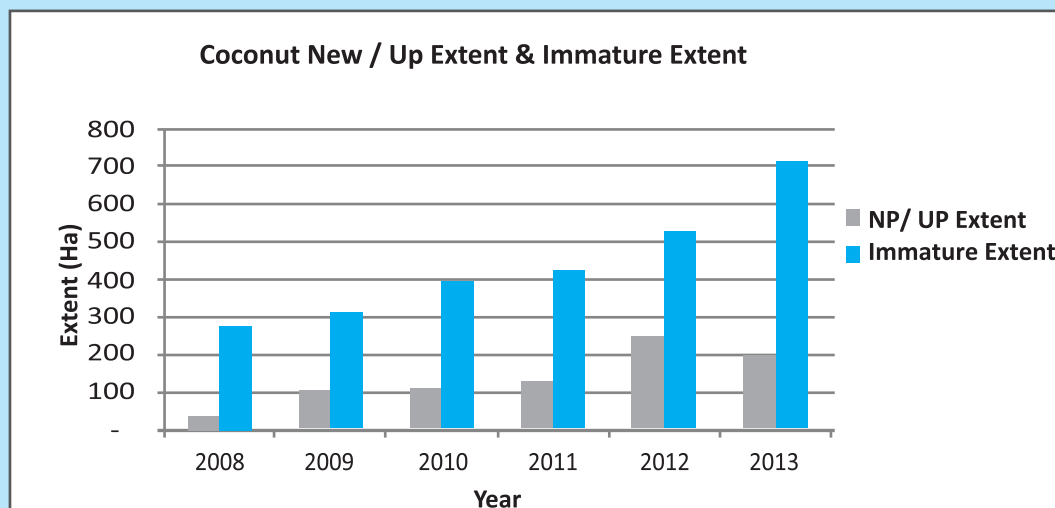
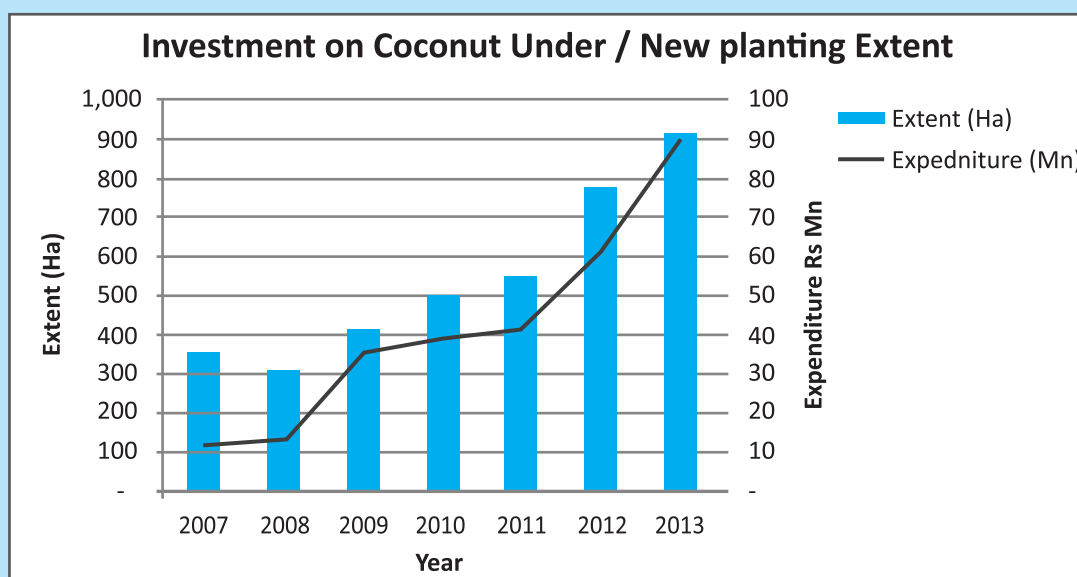
COMPANY FINANCIAL POSITION AT A GLANCE

	2013	2012	Variance	% of variance	Key Factor	Rs.Mn
Assets						
Leasehold property plant & Equipment	130	137	(7)	(5%)	Amortization of assets	
Biological Assets	470	369	101	27%	New/Under planting of cocunut	
Freehold Property plant equipment	137	96	41	42%	Acquisition of Assets	
Current Assets	356	454	(98)	(21%)	Decrease of trade and other receivable and short term investment	
Equity and Liabilities						
Shareholder' Fund	825	788	37	5%	Increase of retaining profit	
Deferred Tax Liability	42	33	9	27%	Increase due to investment on new/under plantations.	
Retirement Benefit Obligations	59	53	6	11%	Based on the actuarial valuation	
Liability to make Lease Payment	115	117	(2)	(2%)	Repayment of Government lease	
Trade and Other payable	45	54	(9)	(17%)	Decrease of trade and other payable	

Financial Review

Capital Investment on New & Under Plantations

The total capital investment on coconut increased from Rs 61 Mn to Rs 90 Mn in 2013, compared to the previous year, in the areas of New planting, Under Planting and scientific management of immature area, in extent of 2,293 Acres. In addition to that Chilaw Plantations Ltd has invested Rs 12 Mn , on other perennial plantations in 2013.



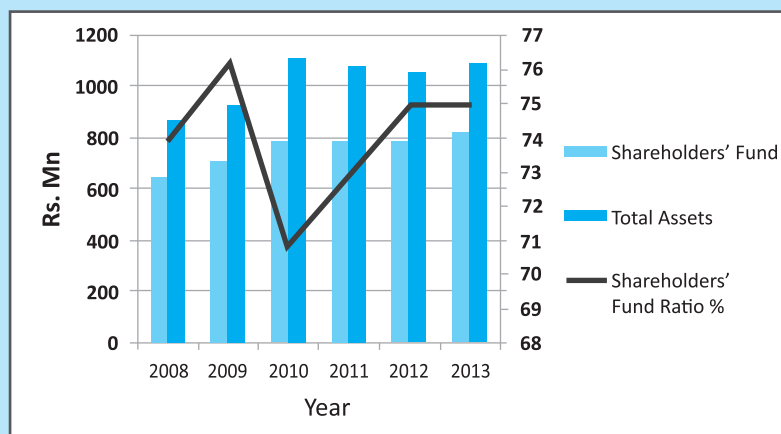
Capital Structure

Shareholders Fund

The shareholders fund in the Capital Structure increased by 5% from Rs 788 Mn in 2012 to Rs. 825 Mn. Shareholders' fund is equivalent to 75% of total assets in the year under review.

Financial Review

Total assets, shareholders Fund, Shareholders fund Ratio



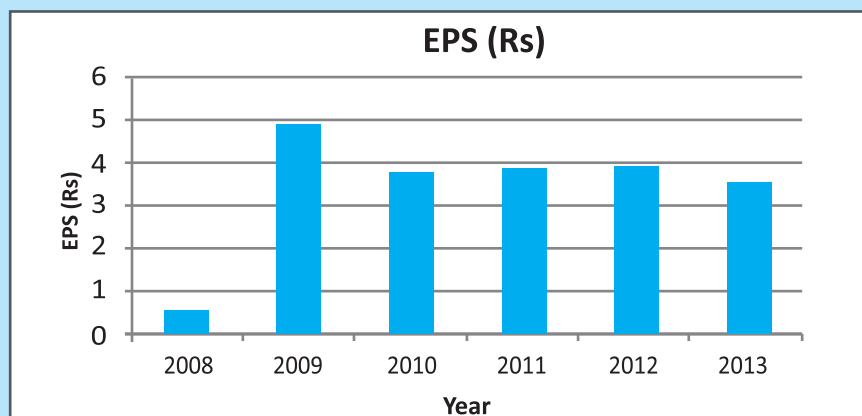
Cash Flow

Net cash generated from Operating activities Increased by Rs 24 mn , to Rs 117 Mn from Rs. 93 Mn in the previous year. Cash and cash equivalents at the end of the year under review had been Rs 134.8 Mn which comprised of Fixed Deposits at Bank of Ceylon, Treasury Bills and Cash and Bank Balances.

Capital expenditure incurred during the year was Rs.166 Mn Compared to Rs. 72 Mn in the year 2012.

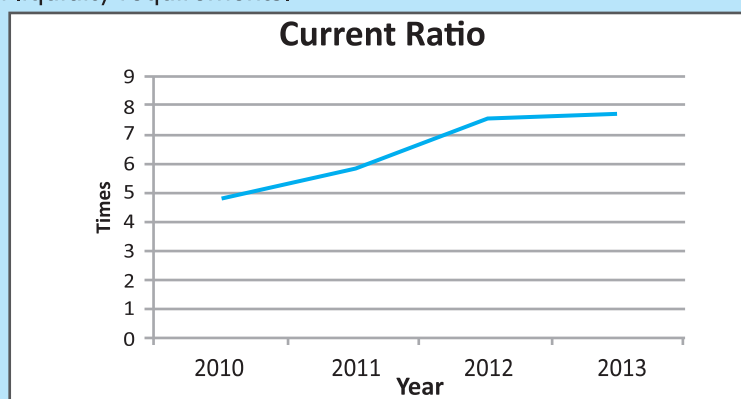
Earnings Per Share (EPS)

Earnings per Share for the year 2013 was Rs 3.69 compared to Rs 3.90 in the previous year.



Current Ratio

The Ratio between current assets and current liabilities reflects an upward movement in 2013 . The ratio 7.8 in 2013 is a meaningful level that enables the company to adequately meet the short term liquidity requirements.



Directors Report

The Board of Directors are pleased to present the Annual Report of the Company together with the Audited Accounts for the year ended 31st December 2013 and the Summarized Amalgamated Financials Statements are given below for easy reference

Summarized Amalgamated Financial Statements:

	Year ended 31.12.2013 (Rs)	Year ended 31.12.2012 (Rs)
Coconut Production (Nuts)	9,595,315	15,807,753
Revenue	287,152,154	339,050,649
Cost of Sales	<u>(174,262,628)</u>	<u>(215,317,782)</u>
Gross Profit	112,889,525	123,732,868
Other Operating Income and Gain	76,206,174	56,977,730
Administration Expenses	(92,660,057)	(94,649,771)
Other Operating Expenses	<u>(8,613,780)</u>	<u>(12,315,133)</u>
Profit from Operations	87,821,863	73,745,695
Finance Income	21,167,854	37,463,655
Finance Expenses	(27,169,196)	(24,984,006)
Profit Before Taxation	81,820,521	86,225,344
Tax Expenses	(8,072,974)	(8,250,497)
Profit for the year	73,747,547	77,974,497
Other Comprehensive Income	(828,622)	0
Total Comprehensive Income for the year, Net of Tax	72,918,925	77,974,847
Basic Earnings Per Share	3.69	3.90
Stated Capital	200,000,010	200,000,010

Directors Report

Principal Activities

The principal activities of the Company consists of cultivation, production, processing and marketing of produce of coconut, other agricultural crops, and livestock, as well as non-crop diversification initiatives.

Financial Statements

The Financial Statement of the Company are given on Page 41- 66

Auditor's Report

The Auditors Report on the Financial Statements of the Company is given on page 39

Accounting Policies

The accounting policies adopted in the preparation of the financial statements are given on page 45 to 53 and there were no changes in the Accounting Policies adopted compared to the previous years.

GOING CONCERN

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

Directors of the Board

Director of the Board, who served the Company during the year are given below and brief profile of the Directors are given on previous pages.

Present Board of Directors

Mr Panduka Jayasinghe	Chairman / CEO &	Member
Mr A. M Chandrapala	Executive Director &	Member
Mr Keerthi Pathirana	Working Director &	Member
Mrs Priyangani Liyanage	Treasury Representative &	Member
Mr S . Chandra S Fernando		Member
Mr I. M .R .Widanagamage		Member
Mr K. B. Rathnayake		Member
Mr R.R.M. Amarathunga		Member

Board of Directors for the period of 1.1.2013 to 24.9.2013

Dr Sunil Jayasekara	Chairman / CEO &	Member
Mr A. M Chandrapala	Executive Director &	Member
Mr K. A Shantha R Dias	Working Director &	Member
Mrs Priyangani Liyanage	Treasury Representative &	Member
Mr S . Chandra S Fernando		Member
Mr I. M .R .Widanagamage		Member
Mr D.A.D. Ruwan Danansooriya		Member
Mr M.S.M Sakulla		Member

Audit Committee

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

Present Audit Committee

Mr R.R.M. Amarathunga	Chairman
Mr I. M .R .Widanagamage	Member
Mr K.B. Rathnayake	Member
Mr A M Chandrapala	Observer

Audit Committee January to September 2013

Mrs Priyangani Liyanage	Chairman
Mr I. M .R .Widanagamage	Member
Mr D.A.D. Ruwan Danansooriya	Member
Mr A M Chandrapala	Observer

Directors Report

Review of Performance

The review of the Company performance during the year and important management and development programs are given under the Chairman's Review, Management Review and Financial review.

Revenue

The Revenue of the Company for the year was Rs 287 Mn and details are given under the Audited Financial Statements.

Financial Results & Appropriations

The Profit-after Tax of the Company was Rs 72.9 Mn (2012 : Rs 77.9 Mn) and details of the Financial Results are given in the Audited Financial Statements.

Fixed Assets

During the year 2013 Rs 166 Mn (2012 : Rs 72 Mn) was invested in Fixed Assets of the Company of which, Rs 102 Mn (2012: Rs 64 Mn) was on New/Under plantations and management of Immature Plantations, Rs 64 Mn Invested on Property Plant and equipment (2012 : Rs 8 Mn).

Net Book value of non-current assets (property plant & equipment, leasehold Right, Biological Asset etc.) as at the Balance Sheet date in year 2013 was Rs 737 Mn (2012 : Rs 602 Mn) and details are given in Notes of the Audited Financial Statements.

Short-term Investments

The Company's Short-term Investments were Rs 129 Mn at the end of 2013, compared to Rs 199 Mn in year 2012 and the reduction was due to enhanced Capital Investment in year 2013 related to planting and investment on non-current assets, as well as Dividend payment of Rs 35 Mn to Treasury in 2013.

This investments comprises Rs 88 Mn Fixed Deposits at Bank of Ceylon, Rs 33 Mn Treasury Bills at BOC, and Rs 8 Mn in Fund Management Account of the Bank of Ceylon.

Reserves

The Company reserves are totally represented by the Retained Profit and were Rs 625 Mn, as at 31 December 2013 (2012 : Rs 588 Mn).

The movement and composition of the Reserves are disclosed under the Statement

of Changes in Equity of the Audited Financial Statements.

Stated Capital

The total Stated Capital of the Company as at 31 December 2013 was Rs 200,000,010, comprises 20,000,001 Ordinary shares, inclusive of one Golden Share. No Share allotments were made during the year.

Liabilities & Capital Commitments

Contingent Liabilities and Capital Commitments are disclosed in Notes of the Audited Financial Statements.

Events After The Balance Sheet Date

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

Director's Interest in Contracts

The Directors have no direct or indirect interest in contracts with the company.

Director's Share Holdings

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

Employment

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

Statutory Payments

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company; all contributions, levies, and taxes payable on-behalf of and in-respect of the employees of the Company; and all other

Directors Report

statutory dues as were due and payable by the Company as at the Balance Sheet date have been paid or where relevant provided for.

Auditors

The Accounts for the year 2013 have been audited by M/s Aiyar & Co, Chartered Accountants.

Annual Report

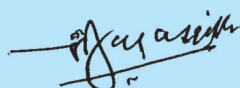
The Board of Directors has approved the Audited Financial Statements for the year 2013 at the Board Meeting on 30th May 2014.

Annual General Meeting

The Annual General Meeting is scheduled to be held at Grand Oriental Hotel, No. 02, York Street, Colombo on Monday, 30th June 2014 at 1.30 pm.

Notice of the Annual General Meeting and Form of Proxy are attached hereto.

For and On-behalf of the Board of Directors of the Chilaw Plantations Ltd



.....
Mr Panduka Jayasinghe
Chairman & CEO



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

Statement of Corporate Governance

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

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

BOARD OF DIRECTORS

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

RESPONSIBILITY

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

COMPOSITION

In 2013 the Board of Directors comprised eight Directors including the Chairman and an Executive Director.

BOARD MEETINGS

The Board Meetings are scheduled on a monthly basis, as per the scheduled dates adhering to the Annual Programmed Events Calendar prepared and approved at the beginning of the year 2013. At these Meetings the Board sets the strategic direction of the Company, reviews the annual budgets, the progress of all activities the recurrent and the capital expenditure programs.

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

AUDIT COMMITTEE

The Audit Committee is comprised of four Directors, inclusive of three non- Executive Directors.

Mr R. M. Ammarathunga, being a non-executive Director functioned as the Chairman of the Audit Committee and conducted three evaluations during the year.

The Chairman of the Audit Committee is The Audit Committee Meetings were scheduled on a Quarterly basis.

The Chairmen/CEO, General Manager, Internal Auditor and the Senior Accountant attended Audit Committee Meetings on invitation.

COMPLIANCE WITH LEGAL REQUIREMENT

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

The Board ensures that the financial statements of the company are prepared in accordance with the Sri Lanka Accountings Standards.

Director's Responsibilities

Adhering to the provisions under the Companies Act No 7 of 2007, the Directors of Chilaw Plantations Ltd acknowledge their responsibility in relation to financial reporting of the Company, while the responsibilities of its Auditors, Messrs Aiyar & Co, are given in brief in their report.

The Financial Statements of the Company for the year ended 31st December 2013 included in this report, have been prepared and presented in accordance with the Sri Lanka Accounting standards and they provide the information as required by the Companies Act No. 7 of 2007, Sri Lanka Accounting Standards.

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

The Directors confirm their responsibility for ensuring that Company maintains accounting records, which are sufficient to prepare Financial Statements to disclose with reasonable accuracy, the financial position of the Company. They also confirm their responsibility towards ensuring that the Financial Statements presented in the Annual Report give a true and fair view of the state of affairs of the Company as at 31st December 2013.

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

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

The Directors have provided the Auditors, Messrs Aiyar & Co, Chartered Accountants, with every opportunity to carry out review and tests that they consider appropriate and necessary for the performance of their responsibilities.

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

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

By Order of the Board,



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

Audit and Management Committee

Audit and Management Committee of Chilaw Plantations Ltd was established in terms of Public Enterprises Guidelines for Good Governance dated 2nd June 2013 and Circular number PED/55 dated 14th December 2010 of the Department of Public Enterprise

Three Audit Committee Meetings were held during the year 2013 on following dates:

- 3rd April 2013.
- 28th June 2013.
- 27th December 2013.

Members of Audit Committee are as below.

Name of the Officer	Designation
1.Mrs. Priyangani Liyanage	Chairman – Audit Committee – CPL
2.Mr.D.A.D.R.Danansooriya	Member – Audit Committee – CPL
3.Mr. I. M. R. Widanagamage	Member – Audit Committee – CPL
4.Mr. A. M. Chandrapala	Observer of Audit Committee & Executive Director of Chilaw Plantations Limited

After new Board of Directors was appointed in September 2013 composition of Audit Committee were changed as given below.

Name of the Officer	Designation
1. Mr. R. M. Amarathunga	Chairman – Audit Committee – CPL
2. Mrs. Priyangani Liyanage	Member – Audit Committee – CPL (Treasury Representative)
3. Mr. K. B. Rathnayaka	Member – Audit Committee – CPL
4. Mr. I. M. R. Widanagamage	Member – Audit Committee – CPL
5. Mr. A. M. Chandrapala	Observer of Audit Committee & Executive Director of Chilaw Plantations Limited

Date of Audit committee meeting	Number of Audit & Investigation reports taken for discussion
3 rd April 2013	13
28 th June 2013	12
27 th December 2013	15

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF CHILAW PLANTATIONS LIMITED,

We have audited the accompanying Financial Statements of **Chilaw Plantations Limited**, which comprise the Statement of Financial Position as at December 31, 2013 and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flow for the year then ended, and a summary of significant Accounting Policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with Sri Lanka Accounting Standards, and for such internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 Auditor's 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 control relevant to the entity's preparation and fair presentation of the Financial Statements 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, 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 present fairly, in all material respects, the financial position of Chilaw Plantations Limited as at December 31, 2013 and its financial performance and its Cash Flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

These Financial Statements also comply with the requirements of Section 151 (2) of the Companies Act No. 07 of 2007.


CHARTERED ACCOUNTANTS
Colombo
May 30, 2014



Partners : E. Ruwan J. Perera ACA,ACMA,ACPM,MFE (Colombo) Joseph Jayaseelan BBMgt, ACA, ATTII (SL)
Consultant : Lal Nanayakkara BA (CEY), FCA

*"An independent Firm, in association with Moore Stephens International Limited,
Members in Principal cities throughout the World"*



Statement of Comprehensive Income

For the year ended 31st December, 2013	Notes	2013 Rs.	2012 Rs.
Revenue	20	287,152,154	339,050,649
Cost of Sales		(174,262,628)	(215,317,782)
Gross Profit		112,889,525	123,732,868
Other Operating Income and Gains	21	76,206,174	56,977,730
Administrative Expenses		(92,660,057)	(94,649,771)
Other Operating Expenses		(8,613,780)	(12,315,133)
Profit from Operations		87,821,863	73,745,695
Finance Income		21,167,854	37,463,655
Finance Expenses	22	(27,169,196)	(24,984,006)
Profit before Tax	23	81,820,521	86,225,344
Tax Expense (Provisions)	24	(8,072,974)	(8,250,497)
Profit for the Year		73,747,547	77,974,847
Other comprehensive Income		(828,622)	-
Total Comprehensive Income for the year, Net of Tax		72,918,925	77,974,847
Basic Earning Per Share	25	3.69	3.90

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 45 to 66 form an integral part of these Financial Statements.

Chilaw
May 30, 2014



Statement of Financial Position

As at 31 st December,	Notes	2013 Rs.	2012 Rs.
ASSETS			
Non Current Assets			
Leasehold Right to Bare Land of JEDB/SLSPC Estates	04	84,554,871	87,243,593
Leasehold Property Plant & Equipment of JEDB/SLSPC Estates (Other than Right-to-Use-Land and Leased bearer biological assets)	05	4,584,953	5,635,000
Leased Bearer Biological Assets of JEDB/SLSPC Estates	06	40,919,718	44,357,591
Biological Assets (Other than Leased Bearer Biological Assets)	07	470,345,817	369,375,094
Freehold Property Plant & Equipment	08	137,091,894	95,998,453
		737,497,255	602,609,732
Current Assets			
Inventories			
Assets Held for Sale	09	71,397,657	82,605,641
Trade and Other Receivables	10	-	4
Financial facility to State Enterprises	11	28,790,674	43,256,800
Other Current Assets	12	119,757,808	119,757,808
Short Term Investment	13	1,430,790	4,678,016
Cash in Hand and at Bank		128,995,973	199,377,169
		5,857,391	4,556,010
		356,230,292	454,231,447
Total Assets		1,093,727,547	1,056,841,179
EQUITY & LIABILITIES			
Capital and Reserves			
Stated Capital	14	200,000,010	200,000,010
Retained Earnings		625,541,816	587,622,891
Total equity		825,541,826	787,622,901
Non Current Liabilities & Deferred Income			
Deferred Tax Liability	15	42,524,772	32,669,159
Deferred Grants and Subsidies	16	8,048,742	8,477,900
Retirement Benefit Obligations	17	58,780,004	52,645,432
Liability to Make Lease Payment for the JEDB/SLSPC Estates	18	113,380,484	115,277,115
		222,734,003	209,069,607
Current Liabilities			
Trade and Other Payables	19	45,559,744	54,477,057
Income Tax Payable		(2,004,657)	3,847,930
Liability to Make Lease Payment for the JEDB/SLSPC Estates	18	1,896,631	1,823,684
		45,451,718	60,148,671
Total Equity and Liabilities		1,093,727,547	1,056,841,179

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 45 to 66 form an integral part of these Financial Statements.

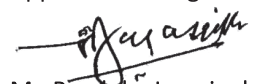
Certification

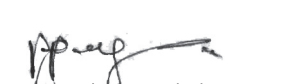
It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 17 of 2007


Mr. R.M.R.B. Rathnayake
Senior Accountant



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


Mr. Panduka Jayasinghe
(Chairman)


Mrs. Priyangani Liyanage
(Directress)

Chilaw
May 30, 2014

Statement of Changes In Equity

For the year ended 31st December, 2013

	Stated Capital	Accumulated Profit	Total
	Rs.	Rs.	Rs.
Balance as at 01st January 2012	200,000,010	584,648,044	784,648,054
Profit for the year	-	77,974,847	77,974,847
Other Comprehensive Income	-	-	-
Total Comprehensive Income	-	77,974,847	77,974,847
Dividend Paid	-	(75,000,000)	(75,000,000)
Balance as at 31st December 2012	200,000,010	587,622,891	787,622,901
Profit for the year		73,747,547	73,747,547
Other Comprehensive Income		(828,622)	(828,622)
Total Comprehensive Income	200,000,010	660,541,816	860,541,826
Dividend Paid		(35,000,000)	(35,000,000)
Balance as at 31st December 2013	200,000,010	625,541,816	825,541,826

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 45 to 66 form an integral part of these Financial Statements.

Chilaw

May 30, 2014



Statement of Cash Flow

For the year ended 31st December,	2013 Rs.	2012 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before Tax	81,820,521	86,225,344
Adjustments for;		
- Depreciation/Amortization	35,298,925	29,737,646
- Provision for Employee Profit Share	5,386,761	4,659,781
- Amortization of Grants	(429,158)	(399,738)
- Finance charge on Government finance lease	27,169,196	24,984,006
- Previous year Estate Adjustments (Gratuity Adjustment)	863,379	-
- Finance Income	(21,167,854)	(37,463,655)
- Provision For Defined Benefit Plan Costs	11,756,041	5,035,583
- Profit on Disposal of Property, Plant and Equipment	(15,795,773)	(9,984,481)
- Written off balance of amounts due from related parties	-	2,157,952
- Property, Plant and Equipment written off	-	263,196
	124,902,038	105,215,633
Changes in:		
- Inventories	11,207,984	11,689,618
- Dairy Livestock	(4,739,500)	203,000
- Trade and other Receivables	6,774,194	4,406,261
- Other Current Assets	3,247,226	7,917,729
- Advances Received for Seed Nuts Project	-	(27,203,347)
- Trade and other Payables	(2,871,833)	(2,030,626)
Cash generated from operating activities	138,520,108	100,198,268
- Defined Benefit Plan Costs paid	(5,621,469)	(3,121,051)
- Employee Profit Share Paid	(4,672,272)	(7,576,006)
- Finance costs Paid	(33,929,164)	(17,961,532)
- Finance Income Received	28,859,786	30,123,342
- Income Tax Paid	(5,852,587)	(8,362,878)
Net Cash from Operating Activities	117,304,402	93,300,144
CASH FLOWS FROM INVESTING ACTIVITIES		
- Additions of Property, Plant & Equipment	(63,775,030)	(8,087,807)
- Field Development Expenditure	(102,320,954)	(64,399,924)
- Proceeds from Disposal of Property, Plant and Equipment	16,535,450	10,119,184
Net Cash used in Investing Activities	(149,560,533)	(62,368,547)
CASH FLOWS FROM FINANCING ACTIVITIES		
- Dividends Paid	(35,000,000)	(75,000,000)
- Capital settlement of Government Finance Lease	(1,823,684)	(1,753,542)
Net Cash Flows used in Financing Activities	(36,823,684)	(76,753,542)
Net Increase / (Decrease) in Cash & Cash Equivalents	(69,079,815)	(45,821,945)
A. Cash & Cash Equivalents at the Beginning of the Year	203,933,178	249,755,123
B. Cash & Cash Equivalents at the End of the Year	134,853,363	203,933,178
NOTE A		
Cash & Cash Equivalents at the beginning of the year		
Short term Investments	199,377,169	244,813,796
Cash in Hand and at Bank	4,556,010	4,941,327
	203,933,178	249,755,123
NOTE B		
Cash & Cash Equivalents at the end of the year		
Short term Investments	128,995,973	199,377,169
Cash in Hand and at Bank	5,857,391	4,556,010
	134,853,363	203,933,178

Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 45 to 66 form an integral part of these Financial Statements.

Chilaw

May 30, 2014

Notes To The Financial Statements

Year Ended 31 December, 2013

1 CORPORATE INFORMATION

1.1 Reporting Entity

1.1.1 Domicile and Legal Form

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

The registered office of the Company is located at No. 165, Puttalam Road, Chilaw and the Colombo office is located at Ground Floor, CDA Building, No.01, Duke Street, Colombo 01 and the Plantations are situated in the planting districts of Chilaw, Puttalam, Kurunegala and Gampaha.

1.1.2 Principal Activities and Nature of Operations

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

1.1.3 Parent enterprise and Ultimate parent Enterprise

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

1.2 Date of Authorization for Issue

The Financial Statements of Chilaw Plantations Ltd. for the year ended December 31, 2013 was authorized for issue in accordance with a resolution of the Board of Directors on May 30, 2014.

Notes To The Financial Statements

Year Ended 31 December, 2013

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of Measurement

These Financial Statements have been prepared in accordance with the historical cost convention other than leased assets of JEDB/SLSPC estates, which have been revalued as described in Note 05, 06 and 07 to the Financial Statements. Where appropriate, specific policies are explained in the succeeding notes and no adjustments have been made for inflationary factors in the Financial Statements.

2.3 Functional and Presentation Currency

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

2.4 Use of Estimates and Judgments

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

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

2.5 Going Concern

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

2.6 Comparative Information

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

2.7 Events occurring after the Reporting date

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Assets and Bases of their Valuation

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

Notes To The Financial Statements

Year Ended 31 December, 2013

3.1.1 Property, Plant & Equipment

3.1.1.1 Recognition and Measurement

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

(a) Owned Assets

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

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

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

(b) Leased Assets

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

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

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

3.1.1.2 Subsequent Cost

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

3.1.1.3 De-recognition

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

Notes To The Financial Statements

Year Ended 31 December, 2013

3.1.1.4 Depreciation and Amortization

(a) Depreciation

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

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

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

(b) Amortization

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

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

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

3.1.2 Biological Asset

3.1.2.1 Immature and Mature Plantations

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

In terms of the ruling of the UITF of Institute of Chartered Accountants of Sri Lanka prevailed at the time of privatization of plantation estates, Immovable Leased Bearer Biological Assets (Immature and Mature Plantations) in the JEDB/SLSPC estates under finance leases have been taken into the books of the Company retroactive with effect from 22nd June 1992.

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

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

Notes To The Financial Statements

Year Ended 31 December, 2013

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

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

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

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

	No. of Years	Rate (%)
Coconut	50	2.00
Cashew	25	4.00
Others	20	5.00

3.1.2.2 Dairy Live Stock

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

3.1.3 Non-Current Assets Held for Sale

Non-current assets, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are measured at lower of their carrying amount and fair value less cost to sell. Non-current assets are classified as held for sale only when the sale is highly probable and the asset is available for immediate sale in its present condition.

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

3.1.4 Inventories

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

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

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

Notes To The Financial Statements

Year Ended 31 December, 2013

3.1.5.4 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 investments derecognized, the gain or loss accumulated in equity is reclassified to profit or loss. The Company does not have Available-for-Sale Financial Investments in year 2012 (2011 - Nil).

3.1.5.5 Impairment of Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset 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 flows.

3.2 Liabilities and Provisions

Liabilities classified as current liabilities on the Statement of Financial Position are those which fall due for payment on demand or within one year from the Statement of Financial Position date. Noncurrent 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 constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.2.1 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, 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 Company's financial liabilities include trade and other payables.

3.2.1.1 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 as 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.

3.2.1.2 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 trade and other payables, and income tax payables.

Notes To The Financial Statements

Year Ended 31 December, 2013

3.2.2. Financial Risk Management Objectives and Policies

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

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

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

3.2.2.1. Credit Risk

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

3.2.2.2. Liquidity Risk

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

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

3.2.3. Employees' Benefits

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

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

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

(b) Defined Benefit Plan

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

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

Notes To The Financial Statements

Year Ended 31 December, 2013

3.3. Deferred Income

Grants and Subsidies

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

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

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

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

3.4. Income and Expenses

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

3.4.1. Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes.

- a) **Revenue from the sale of goods** is recognized when the significant risks and rewards of ownership of the good have passed to the buyer, usually on delivery of the goods. Revenue is recorded at invoice value net of brokerage, sale expenses and other levies related to revenue.
- b) **Gains and losses on disposal of an item of Property, Plant & Equipment** are determined by comparing the net sales proceeds with the carrying amounts of Property, Plant & Equipment and are recognized within 'other operating income' in the Income Statements.
- c) **Interest income** is recognized using the Effective Interest Method as set out in LKAS 39.
- d) **Other Incomes** are recognized on accrual basis.

3.4.2. Expenses

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

3.5. Income Tax

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

Notes To The Financial Statements

Year Ended 31 December, 2013

(a) Current Tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date and any adjustments to tax payable in respect of previous years.

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act and amendments thereto.

(b) Deferred Tax

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

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

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

3.6. Segment Reporting

Segmental information is provided for the different business segments of the Company. Business segmentation has been determined based on the Geographical area of Plantations are situated. The activities of the segments are described in the Note 20 to the Financial Statements.

3.7. Standards Issued But Not yet Effective

Standards issued but not yet effective up to the date of issuance of the financial statements are set out below. The Company will adopt these standards when they become effective. Pending a detailed review the financial impact is not reasonably estimable as at the date of publication of these financial statements.

(i) SLFRS 9 -Financial Instruments:

Classification and Measurement SLFRS 9, as issued reflects the first phase of work on replacement of LKAS39 and applies to classification and measurement of financial assets and liabilities.

(ii) SLFRS 13 -Fair Value Measurement

SLFRS 13 establishes a single source of guidance under SLFRS for all fair value measurements. SLFRS13 provides guidance on all fair value measurements under SLFRS.

SLFRS 9 will be effective for financial periods beginning on or after 01 January 2015 whilst SLFRS 13 will be effective for financial periods beginning on or after 01 January 2014.

Notes To The Financial Statements

For the year ended 31st December, 2013

04. LEASEHOLD RIGHT TO BARE LAND OF JEDB/SLSPC ESTATES

Leases have been executed for all estates for a period of 53 years. All of these leases are retroactive with effect from June 22, 1992 the date of formation of the Company. The leasehold right to the land on all these estates have been taken into the books of the Company on June 22, 1992 immediately after the formation of the Company, in terms of the ruling on this matter obtained from the Urgent Issue Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka. For this purpose the Board decided at its meeting on 8th March 1995 that this bare land would be revalued at the value established for this land by valuation specialist, D.R.Wickramasinghe just prior to the formation of the Company.

These assets are taken into the Balance Sheet as at 22nd June 1992 and amortized by equal amounts over a 53 year period and the unexpired period of the lease as at the Reporting date is 31.5 years.

	Gross Carrying Value	
	as at 31.12.2013 Rs.	as at 31.12.2012 Rs.
Leasehold Right to Bare land	142,502,287	142,502,287

	Amortization		
	as at 31.12.2013 Rs.	for the year Rs.	as at 01.01.2013 Rs.
Leasehold Right to Bare land	57,947,416	2,688,722	55,258,694

	Carrying Value	
	as at 31.12.2013 Rs.	as at 31.12.2012 Rs.
Leasehold Right to Bare land	84,554,871	87,243,593

Notes To The Financial Statements

For the year ended 31st December, 2013

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

In terms of the ruling of the UITF of Institute of Chartered Accountants of Sri Lanka prevailed at the time of privatization of plantation estates, all immovable Assets in the JEDB/SLSPC estates under finance leases have been taken into the books of the Company retroactive with effect from 22nd June 1992. For this purpose the Board decided at its meeting on March 8, 1995 that these assets would be taken at their book values as they appear in the books of the JEDB/SLSPC, on the day immediately preceding the date of formation of the Company. These assets are taken into the 22nd June 1992 Balance Sheet and the amortization of immovable estate assets up to 31st December 2013 are as follows.

At Valuation	Improvements to Land		Other Vested Assets		Buildings		Machinery		Water Supply		2013		2012	
	Rs.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.	
Capitalized Value	841,193		1,002,944		25,356,498		530		4,026,236		31,227,401		31,227,401	
Amortization														
As at 1 January	49,142		686,622		20,829,871		530		4,026,236		25,592,400		24,461,989	
Amortization for the year	2,390		33,397		1,014,260		-		-		1,050,047		1,130,411	
As at 31 December	51,532		720,019		21,844,131		530		4,026,236		26,642,447		25,592,400	
Carrying amount	789,661		282,925		3,512,367		-		-		4,584,953		5,635,000	

Notes To The Financial Statements

For the year ended 31st December, 2013

06. IMMOVABLE LEASED BEARER BIOLOGICAL ASSETS

Revaluation	2013	2012
	Rs.	Rs.
Mature Plantation	103,239,426	103,239,426
	103,239,426	103,239,426
As at 1 January	58,881,835	55,443,962
Amortization for the year	3,437,873	3,437,873
As at 31 December	62,319,708	58,881,835
Carrying amount	40,919,718.3	44,357,591

Investment in plantation assets which were immature at the time of handing over to the company by way of estate leases are shown under immature plantations (revalued as at 22nd June, 1992), all of which have been transferred to mature plantations as at the reporting date. Investment by the Company on mature and immature plantations is shown separately under Improvements to Leasehold Property (Mature / Immature Plantation) in Note 7.2. These Mature/Immature plantations were classified as bearer biological assets in terms of LKAS 41 - Agriculture.

07. BIOLOGICAL ASSETS (OTHER THAN LEASED BEARER BIOLOGICAL ASSETS)

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

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Notes To The Financial Statements

For the year ended 31st December, 2013

07. BIOLOGICAL ASSETS (OTHER THAN LEASED BEARER BIOLOGICAL ASSETS) (Contd.)

07.2 Improvements to Leasehold Property (Mature / Immature Plantation)

Cost	Immature Plantation	Mature Plantation			2013	2012
		Coconut	Cashew	Other		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
At the beginning of the year	176,117,804	128,300,453	87,056,397	967,096	392,441,749	328,108,021
Additions	102,320,954		-	-	102,320,954	64,399,924
Transferred from Immature		15,752,795	-	-	15,752,795	(34,596,819)
Transferred to Mature	(15,752,795)		-	-	(15,752,795)	34,596,819
Written off balance			-	-	-	(66,196)
At the end of the year	262,685,963	144,053,248	87,056,397	967,096	494,762,703	392,441,749
Depreciation						
At the beginning of the year		14,088,554	12,629,747	48,355	26,766,656	21,191,147
Charge for the year		2,566,009	3,475,367	48,355	6,089,730	5,575,509
At the end of the year		16,654,563	16,105,113	96,710	32,856,386	26,766,656
Carrying Value	262,685,963	127,398,685	70,951,284	870,386	461,906,317	365,675,094

Note :

These are investments in immature/mature plantations since the formation of the Company. The assets (including plantations assets) taken over by way of estate leases are set out in Notes 4, 5 and 6 to the Financial Statements. Further investment in immature plantations taken over by way of leases are shown in this Note. When such plantations become mature, the additional investments since taken over to bring them to maturity will be moved from immature to mature under this Note. A corresponding movement from immature to mature of the investment undertaken by JEDB/SLSPC on the same plantation prior to the lease will be carried out under Note No. 6.

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

Notes To The Financial Statements

For the year ended 31st December, 2013.

08. FREEHOLD PROPERTY PLANT & EQUIPMENTS

	Buildings		Plant & Machinery		Motor Vehicles		Equipment		Furniture & Fittings		Fencing		Water Supply		2013		2012	
	Rs..		Rs..		Rs..		Rs..		Rs..		Rs..		Rs..		Rs..		Rs..	
Cost/ Valuation																		
As at 1 January	33,180,264	1,388,805	109,101,877	31,605,750	7,709,779	2,168,873	6,204,331								191,359,680		185,405,962	
Additions	5,187,471	6,450,956	48,594,640	2,703,804	401,089		159,249								63,497,210		5,317,542	
Transfers/Disposal			18,182,760												18,182,760		636,175	
As at 31 December	38,367,735	7,839,761	139,513,756	34,309,555	8,110,868	2,168,873	6,363,580								236,674,129		191,359,680	
Depreciation																		
As at 1 January	3,638,451	539,846	66,046,724	20,097,534	4,481,932	1,513,620	2,274,841								98,592,948		81,687,817	
Charge for the year	827,546	59,388	17,842,755	2,291,285	481,177	218,418	311,985								22,032,553		16,905,131	
Transfers/Disposal	-	-	17,533,725	-	-	-	-								17,533,725			
As at 31 December	4,465,997	599,234	66,355,753	22,388,819	4,963,109	1,732,038	2,586,826								103,091,776		98,592,948	
Net Value																		
Capital Work-in-progress																		
As at 1 January															133,582,353		92,766,731	
Additions during the year															3,231,722		1,294,632	
Capitalized during the year															3,012,724		2,770,264	
Transfer to the Revenue Expenditure															(2,734,904)		(636,175)	
As at 31 December															3,509,541		3,231,722	
Carrying amount															137,091,894		95,998,453	

Note :

The assets shown above are those movable assets vested in the Company by Gazette notification on the date of formation of the Company (22.06.1992) and all investment in tangible assets by the company since its formation. The assets taken over by way of estate leases are set out in Notes 4 and 5 and 6.

Further, the valuation of immovable JEDB / SLSPC estate assets on finance lease (other than leasehold property) and tangible assets other than immature / mature plantations taken over on 22 June 1992 is based on net book values obtained from the State Plantations Corporation and Janatha Estate Development Board as at such date. These values were not made available to us by individual asset.

Notes To The Financial Statements

For the year ended 31 December, 2013

09. INVENTORIES

	2013	2012
	Rs.	Rs.
Input Materials	2,647,627	11,642,416
Growing Crop - Nurseries	3,433,571	4,221,789
Harvested Crop	52,882,141	56,508,644
Consumables and Spares	8,296,358	6,803,282
Livestock	4,153,460	3,445,010
	71,413,157	82,621,141
Impairment allowance for Obsolete Stocks	(15,500)	(15,500)
	71,397,657	82,605,641

10. ASSETS HELD FOR SALE

Motor Vehicle

Gross Carrying Value	4,455,532	4,455,532
Less; Accumulated Depreciation	(4,455,528)	(4,455,528)
Disposal During the year	(4)	
Carrying Value	-	4

10.1

10.1 Carrying Value of Assets Held for Sale

Description	Vehicle No.	Cost	Accumulated Depreciate	Carrying Value
ISUZU - Trooper	32-4291	663,342	663,341	1
TOYOTA - Liteace	53-9202	524,400	524,399	1
HYUNDAI - Elantra	18-5182	1,100,000	1,099,999	1
BENZ - Motor Coach	63-4210	2,167,790	2,167,789	1
		4,455,532	4,455,528	4

11. TRADE AND OTHER RECEIVABLES

	2013	2012
	Rs.	Rs.
Produce Debtors	12,341,718	11,332,834
Staff Debtors	9,713,419	10,202,628
Other Debtors	7,175,915	22,161,715
Wair-Coir Project	13,325,233	13,325,233
	42,556,284	57,022,411
Impairment allowances for Way Coir Project	(13,325,233)	(13,325,233)
Impairment allowances for Bad Debts	(440,378)	(440,378)
	28,790,674	43,256,800

12. FINANCIAL FACILITY TO STATE ENTERPRISES

Loan Receivables

	Amount Granted	2013	2012
	Rs.	Rs.	Rs.
Elkaduwa Plantations Ltd	20,000,000	23,519,452	23,519,452
Sri Lanka Rubber Manufacturing & Export Corporation Ltd	10,000,000	10,000,000	10,000,000
Sri Lanka State Plantations Corporation	20,000,000	23,610,959	23,610,959
Ministry of Estate Resources & Enterprise Development	15,000,000	15,000,000	15,000,000
Janatha Estate Development Board	40,000,000	47,627,397	47,627,397
	105,000,000	119,757,808	119,757,808

Company has unable to recover the interest income due from above estate organisation from the years 2010 to 2012. Considering the fact that the Board of Directors of the Chilaw Plantation Limited has decide not to recognised the interest income to the accounts of Chilaw Plantation Limited from the year 2013.

The Company had provided temporary finance facilities of Rs 105 million to State Enterprises in the year 2010 and interest income in the sum of Rs.14,757,808.21 was outstanding at the end of the year 2012.

Notes To The Financial Statements

For the year ended 31st December, 2013

13. SHORT TERMS INVESTMENTS

Fixed Deposit - BOC

Fund Management - BOC Savings Deposits

Fixed Deposit - People's Bank

Treasury Bills and REPO

2013 Rs.	2012 Rs.
88,225,881	88,551,276
7,770,092	2,030,372
-	108,795,522
33,000,000	-
128,995,973	199,377,169

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

The above fixed deposits with Bank of Ceylon represent ,Plan assets in respect of gratuity liability amounting to Rs 58,780,004.

14. STATED CAPITAL

Issued and Fully Paid Number of Shares

Ordinary shares including one golden

Shares held by the Treasury which
have Special rights

20,000,001	20,000,001
------------	------------

Value of Issued and Fully Paid Shares

Ordinary shares including one golden

Shares held by the Treasury which
have Special rights

200,000,010	200,000,010
-------------	-------------

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

15. DEFERRED TAX LIABILITY

At the beginning of the year

Provision for the year

At the end of the year

32,669,159	27,382,429
9,855,613	5,286,730
42,524,772	32,669,159

16. DIFERRED GRANTS AND SUBSIDIES

At the beginning of the year

Less : Amortization for the year

At the end of the year

8,477,900	8,877,638
(429,158)	(399,738)
8,048,742	8,477,900

Grants were received from the Plantation Housing and Social Welfare Trust for the development of workers facilities such as re-roofing of Line rooms, Latrines, Water supply and Sanitation etc.

The amount spent is capitalised under relevant classification of Property, Plant & Equipment. Corresponding grant component is reflected under Deferred Grants and Subsidies and amortised over the useful life span of the asset.

Notes To The Financial Statements

For the year ended 31st December, 2013

17. RETIREMENT BENEFIT OBLIGATIONS

	2013 Rs.	2012 Rs.
At the beginning of the year	52,645,432	50,730,900
Interest Cost	5,527,770	-
Current Services Cost	5,399,649	5,035,583
Gratuity Payments for the year	(5,621,469)	(3,121,051)
Actuarial (Gain) / Loss	828,622	-
At the end of the year	58,780,004	52,645,432

LKAS 19 requires the use of actuarial techniques to make a reliable estimate of the amount of retirement benefit that employees have earned in return for their service in the current and prior periods and discount that benefit using the Projected Unit Credit Method in order to determine the present value of the retirement benefit obligation and the current service cost. This requires an entity to determine how much benefit is attributable to the current and prior periods and to make estimates about demographic variables and financial variables that will influence the cost of the benefit. The following key assumptions were made in arriving at the above figure.

According to the actuarial valuation report issued by the actuarial valuer as at 31 December 2013 the actuarial present value of promised retirement benefits amounted to Rs. 58,780,004/-. If the company had provided for gratuity on the basis of 14 days wages and half months salary for each completed year of service, the liability would have been Rs. 67,044,127/-. Hence, there is a contingent liability of Rs. 8,264,123/-, which would crystallise only if the company ceases to be a going concern.

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

(i) Rate of Interest	10.5% p.a.
(ii) Rate of Salary Increase	
Monthly paid Staff	8.0% p.a.
Daily Paid Staff	9.0% p.a.
(iii) Retirement Age	
Monthly paid Staff	60 years
Daily Paid Staff	60 years
(iv) Daily Wage Rate	Rs. 400/-

Notes To The Financial Statements

For the year ended 31st December, 2013

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

	Repayable within 1 year	Repayable after one year		Sub Total	Total
		Repayable within one to five years	Repayable after five years		
	Rs.	Rs.	Rs.	Rs.	Rs.
Gross Finance Lease Liability	6,508,000	26,032,000	172,078,651	198,110,651	204,618,651
Less : Future Finance Charges	(4,611,369)	(17,655,865)	(67,074,302)	(84,730,167)	(89,341,536)
Net Finance Lease liability-2013	<u>1,896,631</u>	<u>8,376,135</u>	<u>105,004,349</u>	<u>113,380,484</u>	<u>115,277,115</u>
Net Finance Lease liability-2012	<u>1,823,684</u>	<u>8,053,976</u>	<u>107,223,139</u>	<u>115,277,115</u>	<u>117,100,799</u>

The leases of the estates have been amended, with effect from 22nd June 1996 to an amount substantially higher than the previous lease rental of Rs. 500/= per estate per annum. The rental payable under the revised basis is Rs. 6.508 million per year. This amount is to be inflated annually by the Gross Domestic Product (GDP) deflator, and is in the form of a contingent rental.

19. TRADE AND OTHER PAYABLES

	2013 Rs.	2012 Rs.
Trade Creditors (Refund, CDA Marketing Lot fee)	2,474,123	1,651,599
Others (Fertilizer, Contractors etc.)	25,531,479	36,893,704
Holiday Pay	2,571,281	2,619,341
Accrued Expenditure	5,893,364	5,193,200
Audit Fee	875,796	620,000
10% Profit Share Staff (RPC Agreement)	8,213,701	7,499,213
	<u>45,559,744</u>	<u>54,477,057</u>

Notes To The Financial Statements

For the year ended 31st December, 2013

20. REVENUE

20.1 Summary

	2013 Rs.	2012 Rs.
Coconut	242,835,374.10	306,785,082
Copra	44,316,779.71	32,265,567
	<u>287,152,153.81</u>	<u>339,050,649</u>

20.2 Segment Information

Geographical Segment

Results	Group 01		Group 02		Unallocated		Total
	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.	2013 Rs.
Revenue	112,325,589	176,187,490	174,826,564	162,863,159	-	-	287,152,153
Revenue Expenditure	(70,377,556)	(116,791,127)	(90,797,756)	(85,329,573)	-	-	(161,175,312)
Depreciation	(7,052,316)	(7,504,202)	(6,035,000)	(5,692,880)	-	-	(13,087,316)
Segment Results	<u>34,895,717</u>	<u>51,892,161</u>	<u>77,993,808</u>	<u>71,840,706</u>	<u>-</u>	<u>-</u>	<u>112,889,525</u>

Other Income and Gain

Unallocated Expenses

Finance Cost

Finance Income

Profit before Income Tax

Income Tax Expenses

Net Profit for the year

As at 31st December 2013

Segment Assets

Non Current Assets

Current Assets

Total Assets

Segment Liabilities

Non Current Liabilities

Current Liabilities

Total Liabilities

Other Income and Gain	76,206,174	56,977,730					
Unallocated Expenses	(102,102,459)	(106,964,903)					
Finance Cost	(27,169,196)	(24,984,006)					
Finance Income	21,167,854	37,463,655					
Profit before Income Tax	80,991,898	86,225,344					
Income Tax Expenses	(10,072,974)	(8,250,497)					
Net Profit for the year	<u>70,918,924</u>	<u>77,974,847</u>					
As at 31st December 2013							
Segment Assets							
Non Current Assets	737,497,255	602,609,732					
Current Assets	356,230,292	454,231,447					
Total Assets	<u>1,093,727,547</u>	<u>1,056,841,179</u>					
Segment Liabilities							
Non Current Liabilities	222,734,003	209,069,606					
Current Liabilities	45,451,718	60,148,671					
Total Liabilities	<u>268,185,721</u>	<u>269,218,277</u>					

Notes To The Financial Statements

For the year ended 31st December,

21. OTHER INCOME AND GAINS

	2013 Rs.	2012 Rs.
Amortization of Grant	429,158	399,738
Profit from Livestock Project	5,223,294	40,754
Profit on Disposal of vehicles & Scrap sales	15,640,607	11,153,074
Timber	18,594,834	15,443,147
Coconut Palms	11,115,937	9,763,696
Coconut Husks & Shells	10,793,221	5,914,069
Penalty	4,436,322	5,524,200
Seedlings & nursery plant	373,271	5,020,424
Paddy	1,595,574	2,194,221
Fire wood	1,887,223	1,950,360
Cashew	2,493,261	(1,678,652)
Other	3,623,471	1,252,700
	76,206,174	56,977,730

22. FINANCE COST

Land & Buildings (JEDB) Variable Lease Rental to PMD(MPI) Treasury	22,484,880	20,229,548
Lands & Buildings (JEDB) Lease Rental Interests to PMD(MPI) Treasury	4,684,316	4,754,458
	27,169,196	24,984,006

23. PROFIT BEFORE TAX IS STATED AFTER CHARGING

Depreciation

- Leasehold Right to bare land	2,688,722	2,688,722
- Immovable Leased Assets	1,050,047	1,130,411
- Freehold Property, Plant and Equipments	22,032,553	16,905,131
- Biological Assets	9,527,603	9,013,382
Directors Remuneration	3,267,900	4,358,400
Auditors Remuneration	875,796	620,000
Defined Benefit Plan Costs	11,756,041	5,035,583
Defined Contributions Plan Costs - EPF & ETF	19,252,920	20,760,815
Salaries & Wages	139,443,188	147,540,684
Written off balance of amounts due from related parties	-	2,157,952
Employees' 10% Profit Share	5,386,761	4,659,781
Donations (Temples, Kovils, Churches, Schools)	-	-
	215,281,531	214,870,861

24. INCOME TAX EXPENSE

24.1 The major components of income tax expenses for the year ended 31 December 2013 are as follows.

Current Tax Expenses

Current Income Tax (Note 25.2)	-	5,198,434
Over provision of previous year Income Tax	(1,782,639)	(2,234,667)
Deferred taxation Charges / Provision	9,855,613	5,286,730
Income tax expense reported in the Income statement	8,072,974	8,250,497

24.2 Reconciliation Between Tax Expenses and the Product of Accounting Profit

	2013 Rs.	2012 Rs.
Profit before tax	81,820,521	86,225,344
Aggregate disallowable items	65,235,899	40,683,929
Aggregate allowable items	(187,477,953)	(170,209,745)
Adjusted Business profit / (Loss)	(40,421,533)	(43,300,472)
Interest Income	21,167,854	54,140,930
Statutory Income	21,167,854	54,140,930
Less: Qualifying Payment	(13,759,105)	(35,575,095)
Deductions U.S 32	(7,408,749)	-
Taxable Income	-	18,565,835
Standard Rate - 28% (2010 - 35%)	-	5,198,434
Concessional Tax Rate 10%	-	-
Current Income Tax Expenses	-	5,198,434
	-	5,198,434

Notes To The Financial Statements

For the year ended 31st December, 2013

25. EARNINGS PER SHARE

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

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

Amounts used as the Numerator :

Net profit applicable to ordinary share holders for basic earnings per share

2013	2012
73,747,547	77,974,847
73,747,547	77,974,847

Amounts used as the Denominator :

Weighted average number of ordinary shares in issue applicable to basis earnings per share

Number	Number
20,000,001	20,000,001
20,000,001	20,000,001

Basic Earning per share

3.69	3.90
------	------

26. COMMITMENTS AND CONTINGENCIES

26.1 Capital Commitments

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

26.2 Contingent Liabilities

There were no contingent liabilities other than disclosed in Note No. 17 as at the reporting date.

27. POST BALANCE SHEET EVENTS

There have been no material events occurring after the Balance Sheet date that require adjustments or disclosures in the Financial Statements other than disclosed in Note No. 10.

28. RELATED PARTY DISCLOSURES

Details of significant Related Party Disclosures are as follows.

28.1 Transactions with the key management personnel of the company and parent

There were no material transactions with the key management personnel of the company other than those disclosed in Note 23 to these Financial Statements. Further there were no key Management compensation paid during the year.

Five Years Summary

2013 2012 2011 2010 2009

Trading Results

	Rs' 000	Rs' 000	Rs' 000	Rs' 000	Rs' 000
Revenue	287,152	339,051	322,909	422,668	312,687
Gross Profit	112,890	123,733	163,228	172,166	115,805
Profit Before Interest and Tax	108,989	111,209	118,969	136,608	141,201
Profit Before Tax	81,820	86,225	95,771	114,163	120,693
Profit After Tax	72,919	77,975	77,670	75,256	98,097
Retained Profits	625,542	587,623	584,648	585,895	510,639
Dividend Paid	35,000	75,000	75,000	-	30,000
Dividends Total To - Date	376,650	341,650	-		

Financial Position

Fixed Assets	737,497	602,610	560,326	483,117	436,721
Mature/Immature Plantations	502,826	410,033	354,712	326,048	287,333
Current Assets	356,230	454,231	519,019	627,829	496,056
Inventories	71,398	82,606	94,295	28,526	44,770
Current Liabilities	45,452	60,149	90,605	127,215	60,125
Long Term Liabilities	222,734	209,070	204,092	197,836	162,012
Stated Capital	200,000	200,000	200,000	200,000	200,000
Shareholders' Funds	825,542	787,623	784,648	785,895	710,639

Financial Indicators

Current Ratio (Times)	7.83	7.55	5.77	4.94	8.25
Quick Ratio (Times)	6.26	6.18	4.69	4.71	7.51
Gross Profit Ratio %	39.31	36.49	44.71	40.73	37.04
Earnings Per Share Rs.	3.69	3.90	3.88	3.76	4.90
Return on Average Equity (ROE) - %	8.8	9.92	9.86	10.06	14.50
Return on Capital Employed (ROCE) - %	10.31	11.16	11.97	13.89	16.18
Total Asset to Current Liabilities	0.04	0.06	0.08	0.11	0.06
Interest Cover - (times)	3.98	4.45	5.13	6.09	6.89

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Chilaw Plantations Limited will be held at Grand Oriental Hotel, No. 02, York Street, Colombo 01 on 30th June, 2014 at 1.30 p.m. for the following purposes.

AGENDA

1. To receive and consider the Statement of Accounts for the year ended 31st December 2013 with the Report of the Directors and Auditors thereon.
2. To appoint M/s, Aiyar & Company, Chartered Accountants and to authorize the directors to determine their remuneration.
3. Any other business.

BY ORDER OF THE BOARD
CHILAW PLANTATIONS LIMITED



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

Date: 05th June 2014

NOTES:

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

Form of Proxy

I/We the undersigned _____

of _____

being a member/ members of Chilaw Plantations Limited hereby appoint :

- | | |
|-----------------------------|----------------|
| 1. Mr. Panduka Jayasinghe | or falling him |
| 2. Mr. A M Chandrapala | or falling him |
| 3. Mr. Keerthi Pathiranage | or falling him |
| 4. Mr. Chandra Fernando | or falling him |
| 5. Mr. I M R Vidanagamage | or falling him |
| 6. Mr. R R M Amarathunga | or falling him |
| 7. Mrs. Priyangani Liyanage | or falling her |
| 8. Mr. K B Rathnayake | or falling him |

As my/our proxy to represent me/us and to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 30th June 2014 at 01.30pm any adjournment thereof, and at ever poll which may be taken in consequence thereof.

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

- | | FOR | AGAINST |
|---|--------------------------|--------------------------|
| 1. To receive and consider the Statement of Accounts for the year ended 31 st December 2013 with the Report of the Directors and Auditors thereon. | ☐ | ☐ |
| 2. To re-appoint M/s, Aiyar& Company, Chartered Accountants and to authorize the directors to determine the remuneration of M/s. Aiyar& Company. | ☐ | ☐ |

Signature of Shareholder's

Signed this day of2014

INSTRUCTIONS AS TO COMPLETION

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