ANNUAL REPORT 2020/2021

WATAWALA PLANTATIONS PLC

CONTENTS

ABOUT THIS REPORT

This is our report setting out the performance for the financial year ended 31 March 2021. This Report includes the Financial Statements for the year, the Report of the Board of Directors and other statutory requirements.

The following standards, frameworks, and guidelines were used in preparing the report to ensure regulatory compliance and incorporate best practice into our reporting processes.

- Companies Act No. 07 of 2007
- Continued Listing Requirements of the Colombo Stock Exchange
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995
- Sri Lanka Financial Reporting Standards
- Code of Best Practice on Corporate Governance 2017

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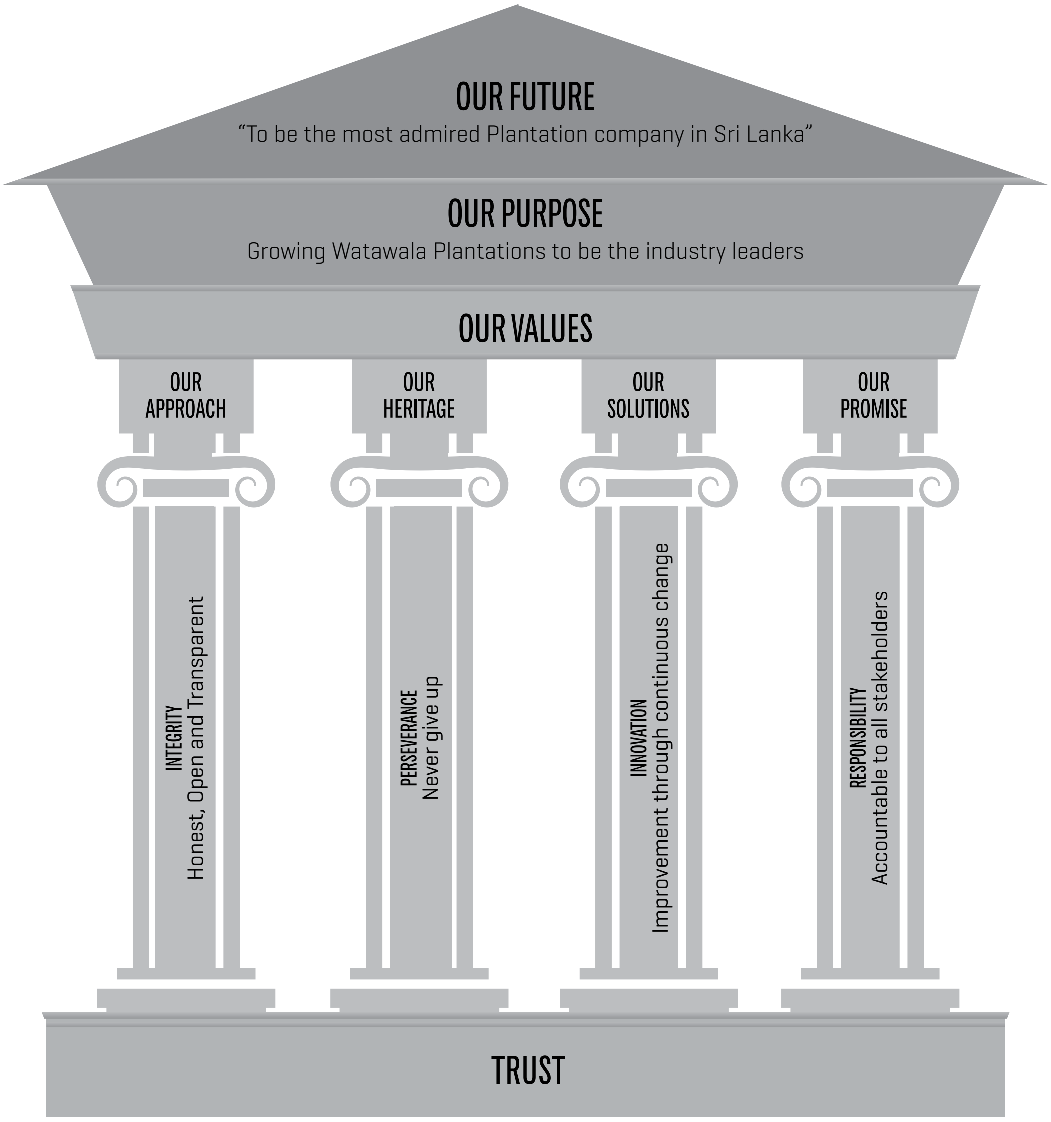
ABOUT WATAWALA PLANTATIONS



CHAIRMAN'S MESSAGE

Dear Shareholder,

I take great pleasure in presenting a review of the performance of your company for the financial year 2020/21 – a testament to the collective strength, tenacity and unwavering efforts of our team which ensured uninterrupted value creation for all our stakeholders. The year under review saw Watawala Plantations PLC Group record a commendable performance despite an incredibly challenging operating environment – with a 100% growth in profit after tax (PAT) in comparison to the previous year. This was a direct result of the farsighted vision and responsive strategies in the face of debilitating challenges, your company implemented.

RSPO CERTIFICATE

The Company was successful in obtaining the world renowned RSPO Certification (Round Table on Sustainable Palm Oil) - a global standard for sustainable palm oil, effective from September 2020. The RSPO certification is an assurance to the customer that the standard of palm oil production is sustainable. This standard is common in most parts of the world. By acquiring this certificate, it is an assurance given to our stakeholders that our plantations and palm oil mill operations are economically, environmentally and socially sustainable. Watawala Plantations PLC is the first Company in Sri Lanka and South Asia to obtain this certification, having met the necessary RSPO requirements, and conformed with their guidelines and principles.

OPERATING ENVIRONMENT

The plantations industry in Sri Lanka faced a multitude of challenges during the year. For the greater part of 2020/21, the COVID-19 pandemic negatively impacted businesses and people across the globe leading to a substantial slowdown in business operations. Restrictions in the form of lockdowns and other restrictions which were imposed at the commencement of the fiscal year resulted in several disruptions. However, while these disruptions occurred primarily in April, our operations in both Watawala Plantations and the Watawala Dairy bounced back to near normal conditions shortly thereafter. With the rapid spread of Covid-19 pandemic the health and safety of our team members was a prime concern, as described further on in my review.

The pandemic resulted in a rising demand for oleochemicals as a raw material and a noteworthy surge in household cooking. A shift from B2B to B2C arose with an increase in consumption levels of oil-based products.

The movement controls imposed during the year banned members of the foreign workforce from entering Malaysia. This development will prolong labour shortages in plantations, thus triggering a global drop in crude palm oil production in 2021.

Furthermore, the international palm oil industry recorded a drop in production due to adverse climate conditions, while a drop was recorded in terms of local production in the latter part of the year. However, the low levels of production and import controls, resulted in improved pricing levels, which positively impacted local production during the year, and negated the shortfall in crops.

There is a global outcry against the cultivation of palm oil primarily due to the destruction of forests leading to many negative impacts on the environment. In Sri Lanka however, Oil Palm has been cultivated on uneconomic arable land and not by opening up new land. Forests have not been destroyed. The trickle down benefits of higher wages have led to the prosperity in the community where Oil Palm has been cultivated. Oil Palm cultivation in Sri Lanka has made a useful contribution by import substitution and making available a high-quality inexpensive oil. The ban on oil palm cultivation in Sri Lanka will undoubtedly lead to a significant transformation in industry dynamics.

The rising fear of the presence of harmful toxins in oils will positively impact product quality of all types of edible oils, with mechanisms being implemented in the future to ensure quality assurance across the supply chain.

In addition to the above-mentioned developments, the plantations industry was further impacted by the decision of the Wages Board to increase the minimum daily wage of estate workers to LKR 1,000. Our current scheme of wages with an in-built performance related pay component enables workers to earn a very attractive monthly wage. A Gazette was issued on the 5th of March 2021, with the new daily wage levels of LKR 1,000 to be made applicable from the 5th of March 2021. This new formula has no productivity based component. This move will serve to escalate our operating expenses, with an overall projected additional cost of LKR 234 Mn for the FY22, including gratuity. It is our belief that any wages increase such as this should be both sustainable and affordable, and closely examined, to ensure there are no serious and long-term consequences.

Highlights of the Year

- Movement controls resulting in short-term disruption to operations
- A rising demand for oleochemicals
- A drop in global oil palm production
- Improved pricing levels due to import controls, cancelling out the shortfall in crops
- A ban on oil palm cultivation
- Fear of aflatoxins leading to a demand for quality products

CHAIRMAN'S MESSAGE

POLICIES AND REGULATORY FRAMEWORKS

Governments make policies in the best interest of the citizens. Policies are changed from time to time when new information becomes available. It may be an appropriate moment now to re-examine the current policies backed with sound scientific evidence to ensure that the country can achieve the expected economic and social results. A sustainable policy framework should be implemented, in order to study the complex dynamics surrounding any decision.

This framework should address all agricultural practices, health and safety mechanisms, social and community needs, while responding to the concerns of both external and internal stakeholders.

HEALTH AND SAFETY

The health and safety of our workers remained our topmost priority during the year. Aside from the health and safety mechanisms already in place, we took precautions to ensure that none of the members of our 1,500-strong workforce were affected by the COVID-19 pandemic, while also safeguarding the health of the 26,000 individuals in the surrounding community. Operations proceeded in accordance with government health regulations. As a result of these measures, your Group was successful in avoiding major interruptions in terms of lockdowns, and was able to reach near normal operations in record time.

PALM OIL PRODUCTION

As you are aware your Company is engaged in growing and processing palm oil, and manufactures crude oil which is then sold to refineries to produce refined palm oil. During the first quarter of the financial year 2021, the palm oil sector operated at sub-par capacity due to a degree of labour shortage resulting from the nation-wide lockdown. However, we were able to conduct operations at an optimal level during the 2nd and 3rd quarters.

The palm oil sector recorded a 20% increase in revenue, with a PAT of LKR 1,657 Mn, an increase of approximately 68% with respect to the previous year. This revenue increase stems primarily from the increase in the Net Sales Average (NSA), which served to compensate for the 4% decline in oil production experienced during the year.

The volatile nature of the global oil palm segment will doubtless continue to have some bearing on the NSA of palm oil in the immediate future as well.

The concerns in terms of aflatoxins continue to pervade the market. While coconut oil is susceptible to contain aflatoxins, it is not usually found in palm oil. Our commitment to quality is deeply entrenched in every aspect of our operations, thereby eradicating any risk of negative toxins. Our operations and value chain are agile, responsive and streamlined – mitigating the formation of harmful contaminants.

Your company abides by the decisions of the Government and is always conscious of the primary objective of contributing to the improvement of the standard of living of the people of Sri Lanka. Encouraged by the Government's decision in 2014 to expand the cultivation of oil palm your company embarked on a program of new planting – mainly to replace the old and less productive fields. Unfortunately, the sudden ban imposed on new oil palm planting resulted in LKR 20 million worth of plants grown in the nursery going to waste. Now the new regulations require the uprooting of 10% of the existing oil palm every year.

In order to combat these changing industry forces, your Company chose to engage in diversification strategies, which are outlined at a later stage in this report.

THE DAIRY INDUSTRY

Your Group continues to promote and play a role in the government policy of increasing local production of milk. Three years since our ambitious foray into the dairy industry, Watawala Dairy Ltd is now a fully-fledged operation that generates employment in the surrounding community enhancing its quality of life, and adding 5.4 million liters of fresh milk into the country annually.

Our state-of-the-art technology and processes are unmatched, and can therefore demand premium pricing. Our cows are imported from Australia and New Zealand, with plans in place to import a further 250 cows to expand our capacity in the near future. The sector recorded a commendable PAT during the year. The NSA recorded a notable increase during the year, while the feed cost reduced in comparison to the previous year due to our far-sighted cost mitigation plans. The dairy farm land includes an area of tea and the loss from green leaf operations has been minimized, while the impact from wages would be LKR. 27 Mn per year including gratuity.

The future, sourcing of local feed will be a challenge due to island-wide restrictions in movement and the short supply arising out of the import ban on maize. Currently prices have doubled adding a spike to the cost of feed which is the single most significant item of cost. .

DIVERSIFICATION INITIATIVES

Due to the ambiguity surrounding the palm oil industry, and the ban on oil palm cultivations, your Company took steps to engage in diversification, by growing a larger extent of Cinnamon. We are at present the largest producer of cinnamon as an RPC, with a modern processing center being implemented to ensure hygienic and high-quality Cinnamon production. We are further investing in other crops, including maize, turmeric and potatoes.

ACHIEVEMENTS

Your Company was awarded 2nd runner-up at the Best Presented Annual Report Awards, Integrated Reporting Awards and SAARC Anniversary Award for Corporate Governance Disclosures 2019 presented by the South Asian Federation of Accountants while we received the Silver award at Annual Report Awards 2019 conducted by the Institute of Chartered Accountants of Sri Lanka, displaying the underlying principles of governance and overall excellence that continue to guide us year on year.We strive towards realizing our vision to be the most admired plantation company in Sri Lanka, by generating economic value to our nation through food security and import substitution. We are focused on the sustainability of our practices, and on the welfare of our employees whilst achieving acceptable returns for our shareholders, while constantly benchmarking ourselves against industry standards and best practices. Today, Watawala Plantations is recognised as one of the most profitable, innovative and caring plantation companies in Sri Lanka.

PROTECTING THE BIODIVERSE ECOSYSTEMS

Watawala Plantations' upstream plantation operations constitute some of our nation's most diverse ecosystems, supporting a rich array of mammals, amphibians, reptiles, birds, fish, plants and vegetation – most of which are threatened by climate change and habitat destruction year after year.

Driven by our underlying commitment towards sustaining the environment that supports us, at Watawala Plantations, we work in collaboration with several partners in order to protect these ecosystems, conserve biodiversity, and preserve the landscape many of these animals call home.

The Company's conservation efforts are primarily focused on maintaining the ecological integrity of the landscape in which we operate, while providing a habitat for endangered species that are found in or adjacent to our plantations.

In order to identify key focus areas with respect to environmental impact, Watawala Plantations conducts High Conservation Values (HCV) and High Carbon Stock (HCS) assessments for all present and future plantation properties, defining forest areas of outstanding and critical importance, and forest areas for protection from degraded lands with low carbon and biodiversity values respectively. WPL has not only constituted on the recommendations of HCV and HCS assessments but expanded the scope to include larger conservation areas than that stipulated in the assessments.

SOCIAL ACTIVITIES

Our village integration program has been a resounding success, and we continue to uplift the people's way of life through the construction of an ICU unit, as well as a Dispensary and a Child Development Centre in the Galle District.

FUTURE OUTLOOK

We foresee that the recent developments in terms of the government ban on fertilizer and agrochemicals may negatively impact your Company in the near future. We also believe that the replacement of the current oil palm with alternative plantations may not yield the same financial results. At present we are assessing this matter and a number of other industry developments, in order to formulate a plan that will keep us agile and future-ready; prepared for any eventuality.

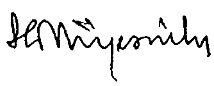
As we face the uncertainty of the years ahead, your Company is poised to deliver consistent value to you, our valued stakeholder, relying on strategies built to mitigate potential risks and enhance our performance. Our position as an import substitution company firmly rooted in local roots and global standards is a formula that will drive national excellence, and we are hopeful that our advocacy in this regard will shape the industry and its policies, while elevating the future of our nation. In the interim, we pledge to continue in our journey of sustainable value creation through diversification strategies and investment in capacity expansion.

As we capitalize on and seize the opportunities we envision for the future, we stand steadfast in the knowledge that our people will continue to be our driving force in the days, months and years ahead.

ACKNOWLEDGEMENTS

I would like to place on record my appreciation for the efforts of the entire Watawala team for their unwavering contribution and commitment during an unprecedented year. I also wish to thank my fellow Directors for their constant support and vision, and the management led by the CEO Mr Binesh Pananwala for their tireless efforts in the face of incredible adversity.

Finally, I would like to record my gratitude for the continued faith and support placed in us by our stakeholders over the years, and acknowledge their immense contribution to our journey. We pledge to uphold this trust, and ensure uninterrupted value creation for the foreseeable future.



Sunil G Wijesinha
Chairman

24 May 2021

BOARD OF DIRECTORS

Name	Mr. Sunil G. Wijesinha	Mr. G. Sathasivam	Mr. V. Govindasamy
Position	Chairman	Director	Director
Status	(Non-Executive/independent)	(Non-Executive/non-independent)	(Non-Executive/non-independent)
Age	72 years	74 years	57 years
Qualifications/ Business Experience	MBA from Postgraduate Institute of Management, University of Sri Jayawardenapura. Fellow Member of the Chartered Institute of Management Accountants (UK). Fellow Member of the Institute of Management Services (UK). Associate Member of the Institution of Engineers, Sri Lanka.	Fifty four years experience in pharmaceutical Industries and plantation. Initiated & spearheaded joint venture with Tata Group.	Holds a MBA from University of Hartford,USA. Bachelor of Science in Electrical Engineering, University of Hartford,USA. Fellow Member of the Institute of Certified Professional Managers of Sri Lanka.
Other Key Positions	*Past President* National Chamber of Commerce of Sri Lanka *Past Chairman* Employers' Federation of Ceylon *Chairman* Watawala Dairy Ltd United Motors Lanka PLC RIL Property PLC SC Securities (Pvt) Ltd Unimo Enterprises Ltd UML Property Development Ltd UML Heavy Equipment Ltd *Director* BizEx Consulting (Pvt) Ltd Sampath Centre Ltd	*Chairman* Sunshine Wilmar (Pvt) Ltd *Director* Sunshine Holdings PLC Sunshine Healthcare Lanka Ltd Healthguard Pharmacy Ltd Sunshine Energy (Pvt) Ltd Sky Solar (Pvt) Ltd Lina Manufacturing (Pvt) Ltd Lina Spiro (Pvt) Ltd Akbar Pharmaceuticals (Pvt) Ltd Akbar Pharmaceutical Holdings (Pvt) Ltd Lamurep Properties Ltd Lamurep Investments Ltd	*Chairman* Employers Federation of Ceylon *Vice Chairman* The Ceylon Chamber of Commerce *Group Managing Director* Sunshine Holdings PLC *Chairman / Director* Sunshine Consumer Lanka Ltd Daintee Limited Sunshine Energy (Pvt) Ltd Sky Solar (Pvt) Ltd *Director* TATA Communications Lanka Ltd Tal Lanka Hotels PLC Healthguard Pharmacy Ltd Lina Manufacturing (Pvt) Ltd Lina Spiro (Pvt) Ltd Akbar Pharmaceuticals (Pvt) Ltd Akbar Pharmaceutical Holdings (Pvt) Ltd Sunshine Packaging Lanka Ltd Watawala Dairy Ltd Sunshine Wilmar (Pvt) Ltd Softlogic Life Insurance PLC
Board meeting attendance	5/5	5/5	5/5
Audit Committee attendance	4/4	-	-
Related Party Transactions review Committee	4/4	-	-

Mr. N. B. Weerasekera	Mr. A. N. Fernando	Mr. M. S. Mawzoon
Director	Director	Director
(Non Executive/independent)	(Non-Executive/independent)	(Non-Executive/non-independent)
61 years	74 years	51 years
36 years in Business Management and Finance Fellow Member of the Chartered Institute of Management Accountants, UK. MA in Economics from University of Colombo. BSc (Hons) in Physics from the University of Peradeniya.	Holds a MBA in Finance, Industrial and Corporate Strategy from IMD Business School, Lausanne, Switzerland. Fellow Member of the Institute of Chartered Accountants of Sri Lanka. Former Precedent Partner KPMG Sri Lanka.	Thirty years experience in various business industries.
Director Affno Virtual Market (Pvt) Ltd Sunshine Consumer Lanka Ltd Daintee Limited		*Managing Director* Pyramid Wilmar (Pvt) Ltd Pyramid Wilmar Oils & Fats (Pvt) Ltd Pyramid Lanka (Pvt) Ltd *Director* Wressle Holdings (Pvt) Ltd Joyspree Lanka Holdings (Pvt) Ltd Shangri-La Hotels Lanka (Pvt) Ltd Shangri-La Investments Lanka (Pvt) Ltd Pyramid Wilmar Plantations (Pvt) Ltd Watawala Dairy Ltd Perennial Real Estate Lanka Sunshine Wilmar (Pvt) Ltd
5/5	5/5	5/5
4/4	4/4	-
4/4	4/4	-

BOARD OF DIRECTORS

Name	Mr. P. Karunagaran	Mr. H.D. Abeywickrama	Mr. M.T. Siddique
Position	Director (Resigned w.e.f. 03rd April 2020)	Director (Appointed w.e.f. 03rd April 2020)	Director (Appointed w.e.f. 03rd April 2020 & Resigned w.e.f. 25th June 2020))
Status	(Non-Executive/non-independent)	(Non-Executive/Independent)	(Non-Executive/non-independent)
Age	51 years	61 years	32 years
Qualifications/ Business Experience	Holds a BSc. in Chemical Engineering from University of Wisconsin Over 16 years experience in the Agribusiness industry.	Graduate of the Air Command & Staff College at Air University, Maxwell Air Force Base, Alabama, USA Graduate of the Royal College of Defence Studies, London UK. Master of Arts degree in International Studies from King's College, the University of London. Master of Science degree in Management from the Kotalawala Defence University, Sri Lanka.	Holds a Bachelor of Arts Honours in Finance, Accounting and Management from the University of Nottingham
Other Key Positions	*Director* Pyramid Wilmar (Pvt) Ltd Pyramid Wilmar Oils & Fats (Pvt) Ltd Joyspree Lanka Holdings (Pvt) Ltd Pyramid Wilmar Plantations (Pvt) Ltd	*Director* Sunshine Holdings PLC Sunshine Healthcare Lanka Ltd Healthguard Pharmacy Ltd Lina Manufacturing (Pvt) Ltd Lina Spiro (Pvt) Ltd Akbar Pharmaceuticals (Pvt) Ltd Akbar Pharmaceutical Holdings (Pvt) Ltd Susnhine Energy (Pvt) Ltd Sky Solar (Pvt) Ltd Sunshine Packaging Lanka Ltd Daintee Limited Sunshine Wilmar (Pvt) Ltd	*Director* Pyramid Holdings (Pvt) Ltd Melsta Gama Private Ltd Pyramid Gama Private Ltd PREH Properties Perennial Real Estate Lanka
Board meeting attendance	-	5/5	2/2
Audit Committee attendance	-	-	2/2
Related Party Transactions review Committee	-	-	2/2

	Mr. M.R. Rao	Mr. K H Kuok
	Director (Appointed w.e.f. 03rd April 2020)	Director (Appointed w.e.f. 26th June 2020)
	(Non-Executive/non-independent)	(Non-Executive/non-independent)
	70 years	72 years
	Fellow member of the Institute of Chartered Accountants of India. Commerce graduate from Mumbai University.	Bachelor of Business Administration - University of Singapore
	Director Pyramid Lanka (Pvt) Ltd Pyramid Wilmar (Pvt) Ltd Perennial Real Estate Lanka PREH Properties Sunshine Wilmar (Pvt) Ltd	*Chairman and CEO* Wilmar Group, Singapore *Director* Sunshine Wilmar (Pvt) Ltd
	4/4	3/3
	-	-
	-	-

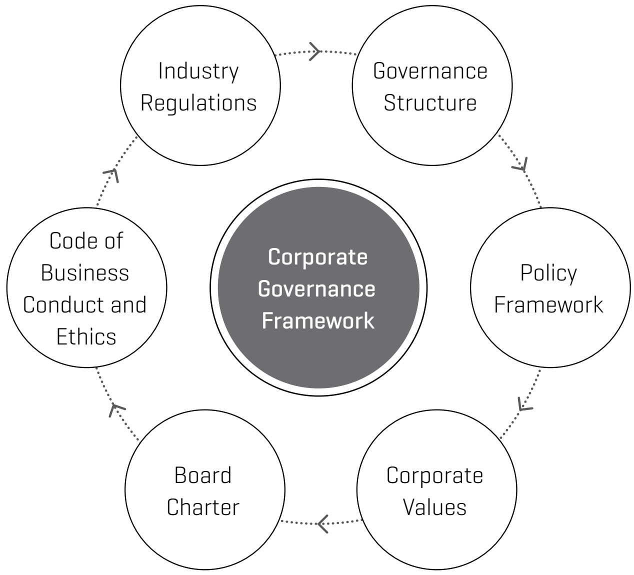
CORPORATE GOVERNANCE

CORPORATE GOVERNANCE FRAMEWORK

The Board is responsible for setting in place a governance framework for driving sustainable growth. The governance framework, underpinned by regulatory requirements as listed in the adjacent column, and internal policies, is regularly reviewed to adapt to internal developments and reflect best practice.

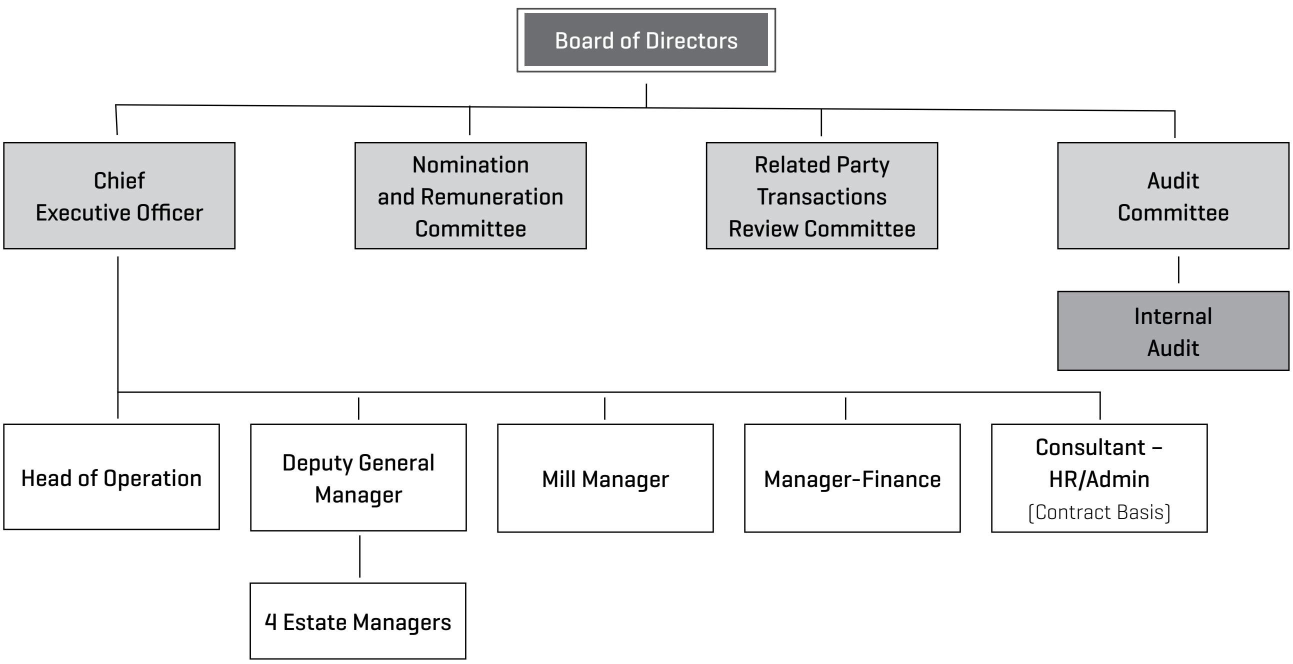
The Executive Committee (Ex-Com) assists in the decision-making process and is headed by the Chief Executive Officer. The second level of Ex-Com known as the Regional Ex-Com has been developed to cascade information to the Region and to provide insights to the Ex-Com, enhancing deliberations. The Board delegates functions warranting greater attention, to the Audit Committee, Nomination and Remuneration Committee and Related Party Transactions Review Committee with oversight responsibility for same, enabling the Board to allocate sufficient time to matters within its scope.

The Company has complied with the Code of Best Practice on Corporate Governance 2017 issued by The Institute of Chartered Accountants of Sri Lanka, which forms the basis for this report.



THE BOARD OF DIRECTORS

The Company's business and operations are managed under the supervision of the Board, which consists of members with experience and knowledge in the areas of business, in which the Company is engaged, with specific acumen in terms of commercial, financial and/or technical expertise.



BOARD RESPONSIBILITIES AND RIGHTS
The Board has the following powers to execute its responsibilities.

Strategic Direction
The Board provides vision, strategic direction and stewardship to the institution whilst transparency and accountability is maintained. The Board also reviews and monitors the Company's activities.

Business performance
Reviews business results on a regular basis and guides the management by giving appropriate direction in achieving its goals.

Management of risks
In consultation with the Audit Committee, a risk management system was developed which is periodically reviewed. Review of risk management is depicted on pages 28 to 31 of this report. Further, the Audit Committee report is also given on page 97.

Financial performance of the Company
The Board meets at a minimum, once in three months to review the financial performance of the Company. The Quarterly Financial Statements are reviewed by the Audit Committee before recommending them to the Board of Directors for adoption and release to the public. Final dividends and interim dividends are considered and recommended by the Board of Directors.

Investor rights and relations
The Company communicates periodically with its shareholders through the quarterly reports. The Annual Report provides a comprehensive assessment of the Company's performance during the year.

Audit
An independent statutory audit is carried out annually and the appointment of Auditors for the ensuing year is recommended to the shareholders at the Annual General Meeting.

Budget
The Board is responsible for approval of annual budgets, capital budgets and new projects.

Corporate governance
Monitoring and reviewing corporate governance in accordance with the best practice framework issued by The Institute of Chartered Accountants of Sri Lanka.

Board balance
The Company maintains a Board balance of executive, Non-executive and Independent Directors as required under Listing Rules of the Colombo Stock Exchange. Together, the Directors with their wide experience in both the public and private sectors and diverse academic backgrounds provide a collective range of skills, expertise and experience, which is vital for the successful direction of the Group.

Composition of the Board
The Board consists of nine (9) members, all of whom are Non-Executive Directors (including the Chairman). Four (4) Non-Executive Directors are independent as defined under the Listing Rules of the Colombo Stock Exchange.

The Non-Executive Independent Directors are:
Mr S G Wijesinha
Mr N B Weerasekera
Mr A N Fernando
Mr H D Abeywickrama

Composition and attendance at meetings
The Board met quarterly to discharge its duties effectively. In addition, special Board Meetings are also held whenever necessary. Five (5) Board meetings and the Annual General Meeting for the year ended 31 March 2020 were held in the financial year ended 31 March 2021.

The attendance of Directors at these meetings were as follows:

Name of Director	Number of Meetings	%
S G Wijesinha (Chairman)	5/5	100
G Sathasivam (Alternate: S G Sathasivam)	5/5	100
V Govindasamy	5/5	100
A N Fernando	5/5	100
N B Weerasekera	5/5	100
M S Mawzoon	5/5	100
H D Abeywickrama*	5/5	100
M R Rao* (Alternate : T K Kanan)	4/4	100
K H Kuok* (Alternate : M T Siddique)	3/3	100
M T Siddique**	2/2	100

* Appointed to the Board w.e.f. 03 April 2020

** Appointed to the Board w.e.f. 03 April 2020 and Resigned w.e.f. 25 June 2020)

CORPORATE GOVERNANCE

Agenda and Board papers are sent seven (7) days before the meeting, allowing members sufficient time to review same. Chairman sets the Board agenda, assisted by the Chief Executive Officer. Care is taken to ensure that the Board spends sufficient time considering matters critical to the Company's success, as well as compliance and administrative matters.

The Chairman met informally with the Non-Executive Directors during the year and feedback was provided to the Chief Executive Officer by the Chairman. Resolutions concerning business matters may be passed by circulation, within regulations. However, if a single Director deems it necessary that such resolution must be decided at a Board meeting not by circulation, the Director shall put the resolution to be decided in a meeting.

All Board minutes are circulated to members, and formally approved at the subsequent Board meeting, Directors' concerns regarding matters which are not resolved unanimously are recorded in the minutes. Directors have access to the past Board papers and minutes in case of need via electronic means at all times.

Executive Committee and Regional Executive Committee meet monthly to review performance against the strategic plan and budgets, identifying matters requiring intervention and escalation to Board.

Other Business Commitments and Conflicts of Interests
The Board is aware of other commitments of its Directors and is satisfied that all Directors allocate sufficient time to enable them to discharge their responsibilities. Directors declare their outside business interests at appointment and quarterly thereafter. The Company Secretary maintains a register of Directors' interests, which is tabled to the Board annually. The Register is available for inspection in terms of the Companies Act. Key appointments of the directors are included in their profiles on pages 6 to 9. Related party transactions are given in Note 36 to the Financial Statements.

Roles of Chairman and Chief Executive Officer (CEO)
The role of Chairman is as detailed in the Board Charter, in line with best practices in Corporate Governance ensuring that no one Director has unfettered power and authority. The Chairman is an Independent Non-Executive Director.

The Chairman is an Independent Non-Executive Director who leads the Board ensuring that it works effectively and acts in the best interest of the Company.

CEO is accountable to the Board for the exercise of authorities delegated by the Board and for the performance of the Company.

Chairman's Responsibilities	CEO's Responsibilities
Setting the ethical tone for the Board and Company.	Appointing and ensuring proper succession planning of the executive team, and assessing their performance.
Setting the Board's annual work plan and the agendas, in consultation with the Company Secretary, Directors and CEO.	Developing the Company's strategy for consideration and approval by the Board.
Building and maintaining stakeholder trust and confidence.	Developing and recommending to the Board budgets supporting the Company's long-term strategy.
Ensuring effective participation of all Board members during Board meetings. Facilitating and encouraging discussions amongst all Directors of matters set before the Board and ensuring a balance of power is maintained between Executive and NED.	Monitoring and reporting to the Board on the performance of the Company and its compliance with applicable laws and corporate governance principles.
Monitoring the effectiveness of the Board and assessing individual performance of Directors.	Establishing an organisational structure for the Company which is appropriate for the execution of strategy. Ensuring a culture that is based on the Company's values. Ensuring that the Company operates within the approved risk appetite.

Board Access to Information and Resources

Directors have unrestricted access to management and organisation information, as well as the resources required to carry out their duties and responsibilities, independently and effectively. Members of the Corporate Management make regular presentations with regard to the business environment and in relation to Group operations. The Company has appointed F J & G De Saram and Nithya Partners as their legal consultants. Access to independent professional advice, co-ordinated through the Company Secretary, is available to Directors at the Company's expense.

Directors Independence

Directors exercise their independent judgement, promoting constructive board deliberations and objective evaluation of the performance of the Company. Independence of Directors is determined by the Board based on annual declarations submitted by NEDs.

Induction and ongoing Training for Directors

On appointment, Directors are provided with an orientation pack with all relevant external and internal regulation documents and a tour of the estate, palm oil factory premises and dairy farm. The Board of Directors recognise the need to keep abreast of current developments affecting the sector both globally and locally with reference to regulatory changes and the country's economy. They undertake training and professional attending seminars/workshops/conferences, participating as speakers at events, using web based learning resources and reading regulatory updates etc.

Appraisal of Chief Executive Officer (CEO)

Performance of Chief Executive Officer is evaluated annually at year end by the Board against predetermined criteria aligned to the short, medium, and long-term objectives of WATA and agreed with CEO at the beginning of the year. Remuneration is revised based on performance.

Appointment, Re-election and Resignation

Directors are appointed by the shareholders at the Annual General Meeting (AGM), following a formal and transparent process. Appointments are made based on recommendations made by the Board of Directors. The Nomination and Remuneration Committee makes recommendations to the Board in this regard having considered the combined knowledge, experience and diversity of the Board in relation to the Company's strategic plans and any gaps thereof. In compliance with the Articles of Association of the Company, 1/3 of the Non-Executive Directors will retire from office on a rotational basis at each AGM. The Nomination and Remuneration Committee recommends the Directors for re-election, and approval by the Board, having assessed the Board's skill and knowledge composition in meeting the strategic demands of the Company. A Director appointed by the Board to fill a casual vacancy arisen since the previous AGM, will offer himself for re-election at the next AGM. Appointments/resignations are communicated to the CSE. Appointment communications include a brief résumé of the Director.

Directors' Remuneration

The objectives of the Company's policy on Directors' remuneration is to attract and retain Directors of the calibre needed to direct the Group successfully. In the case of the Executive Director, the component parts of the remuneration are structured so as to link rewards to corporate and individual performance. Performance is measured against profits and other targets set in the Company's annual budget and plans, and from returns provided to shareholders. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the Non-Executive Director concerned.

The Nomination and Remuneration Committee recommends to the Board the frameworks of the Executive Director's remuneration and the remuneration package for the Executive Director if any. It is, nevertheless, the ultimate responsibility of the entire Board to approve the remuneration of the Executive Director if any. The Director's remuneration is disclosed in Note 09 of the Financial Statements.

Delegation of Board Authority – Board Committees

The Board in discharging its duties, has established various Board Committees. The function and terms of reference of the Board Committee are clearly defined and where applicable, comply with the recommendations of the Code of Best Practice on Corporate Governance. The Group has three Board Subcommittees:

- Audit Committee
- Nomination and Remuneration Committee
- Related Party Transactions Review Committee

However, the Board of Directors is collectively responsible for the decisions taken on the recommendations of Board Subcommittees.

Audit Committee

The Audit Committee provides an oversight on the Financial Statements and other related information prepared for presentation for external financial reporting, review the work of the internal audit function and ensures that the external auditor carries out its statutory duties in an independent and objective manner, it also assists the Board in ensuring a sound system of internal control. The Committee has full access to the Auditors both Internal and External who, in turn, have access at all times to the Chairman of the Committee. The Committee meets with the External Auditors without any executives present except for the Secretaries, at least once a year.

CORPORATE GOVERNANCE

The Report on the Audit Committee is presented on page 97 and the duties of the Audit Committee are included therein.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee reviews the Board composition to ensure Board balance and adequacy of skills and experiences among the members of the Board. It recommends any new appointments to the Board.

The Nomination and Remuneration Committee also recommends to the Board, the remuneration policy and the remuneration to be paid to each Executive Director if any. The Remuneration Committee reviews the Group's remuneration policy and the remuneration packages of executive employees of the Group.

Related Party Transactions Review Committee

The Committee exercises oversight on behalf of the Board, that all Related Party Transactions (RPTs, other than those exempted by the Colombo Stock Exchange Listing Rules on the RPTs) are carried out and disclosed in a manner consistent with the Colombo Stock Exchange Listing Rules.

Membership of Board Subcommittees are listed below:

	Nomination and Remuneration Committee	Audit Committee	Related Party Transactions Review Committee
Independent Non-Executive			
S. G. Wijesinha	✓	✓	✓
A .N. Fernando	✓	✓	✓
N. B. Weerasekera	✓	✓	✓
H. D. Abeywickrama			
Non-Independent Non-Executive			
G. Sathasivam (Alternate: S G Sathasivam)	✓		
V. Govindasamy			
M. S. Mawzoon			
M. R. Rao (Alternate : T K Kanan)			
M. T. Siddique (Alternate to K. H. Kuok)		✓	✓

Financial Acumen

The Board comprises a Senior Chartered Accountant of Sri Lanka, a fellow member of the Institute of Chartered Accountants of India and two Fellow Members of the Chartered Institute of Management Accountants (UK). Three of them serve as members of the Audit Committee and the Related Party Transactions Review Committee.

Supply of Information

Directors are provided with quarterly reports on performance, minutes of quarterly meetings and such other reports and documents as necessary. The Chairman ensures all Directors are adequately briefed on issues arising at meetings.

Company Secretaries

The services and advice of the Company Secretaries are made available to Directors as necessary. The Company Secretaries keep the Board informed of new laws, regulations and requirements coming into effect which are relevant to them as individual Directors and collectively to the Board. Corporate Services (Private) Limited having their registered office at No. 216, De Saram Place, Colombo 10 are the Company Secretaries since 1 December 2019.

Going Concern

The Directors after making necessary inquiries and reviews including reviews of the Group's budget for the ensuring year, capital expenditure requirements, future prospects and risks, cash flows and borrowings facilities, have a reasonable expectation of the Company's existence in the foreseeable future. Therefore, the going concern basis is adopted in the preparation of the Financial Statements.

Internal Control

The Board is responsible for the Company's internal controls and for reviewing their effectiveness. Internal control is established with emphasis placed on safeguarding assets, making available accurate and timely information and imposing greater discipline on decision-making. It covers all controls, including financial, operational and compliance control and risk management. It is important to state, however that any system can ensure only reasonable and not absolute, assurance that errors and irregularities are prevented or detected within a reasonable time.

Code of Conduct and Ethics

The Company's Code of Conduct sets out the standard of conduct expected of all employees. While all executives and clerical staff are provided with the Code of Conduct, we rely on training, meetings and trilingual communication of corporate values for associates who are mainly engaged in field work. The Board is not aware of any material violations of any of the provisions of the Code of Conduct and Ethics/ Standard of Conduct by any Director or employee of the WATA.

Disclosure of Major Transactions

During the year, there were no major transactions as defined by Section 185 of the Companies Act No. 07 of 2007.

Relations with Shareholders

Engagement with shareholders and potential investors is a key element of good corporate governance. The Board is conscious of their responsibility towards stakeholders and is committed to fair disclosure, with emphasis on the integrity, timeliness and relevance of the information provided, to avoid the creation of a false market.

Communication with Stakeholders

Shareholders are provided with quarterly Financial Statements and the Annual Report which the Group considers as its principal communication with them and other stakeholders. These reports are provided to the Colombo Stock Exchange. Shareholders may bring up concerns they have, either with the Chairman or any Director as appropriate. Watawala Plantations PLC's website www.watawalaplantations.lk serves to provide a wide range of information on the Group. The Company has reported a fair assessment of its position via the published audited Financial Statements and quarterly accounts. In preparation of these documents, the Company has complied with the requirements of the Companies Act No. 07 of 2007 and in accordance with the Sri Lanka Financial Reporting Standards.

Constructive use of Annual General Meeting (AGM)

The AGM is the main mechanism for the Board to interact with and account to shareholders and provides an opportunity for shareholders' views to be heard. Notice of the AGM, the Annual Report and Accounts and any other resolution together with the corresponding information that may be set before the shareholders at the AGM, are circulated to shareholders minimum 15 working days prior to the AGM allowing for all the shareholders to attend the AGM. A separate resolution is proposed for each item of business, giving shareholders the opportunity to vote on each of such issue, separately. Voting procedures at the AGM are circulated to the shareholders in advance. An effective mechanism to count all proxies lodged on each resolution is maintained. The Board is mindful of their accountability to shareholders. At the AGM, the Board provides an update to shareholders on the Company's performance and shareholders ask questions and vote on resolutions. It is the key forum for shareholders to engage in decision making matters reserved for the shareholders which typically include proposals to adopt the Annual Report and Accounts, appointment of Directors and auditors and other matters requiring special resolutions. The Board Chairman and Board members particularly Chairmen of the sub-committees are present and available to answer questions. All Shareholders are encouraged to participate at the AGM and exercise their voting rights. Details of votes cast against a resolution are made available at the AGM and subsequently posted on the company website, as soon as practicable.

Corporate Governance Disclosure

The Company has published quarterly Financial Statements with the necessary explanatory notes as required by the rules of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka to all stakeholders. Any other financial and non-financial information, which is price sensitive or warrants the shareholders and stakeholders' attention and consideration is promptly disclosed to the public.

CORPORATE GOVERNANCE

Compliance with the Code of Best Practice on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka in 2017

Subject	Rule/ Code No.	Compliance requirement	Compliance status	Section	Page No.
The Board of Directors	A 1	Company to be headed by an effective Board to direct and control the Company	Complied	Profile of the Board	6
	A 1.1	Regular Board meetings	Complied	Composition and attendance	11
	A 1.2	Responsibilities	Complied	Board Responsibility	11
	A 1.3	Act in accordance with the laws of the country and obtain professional advice as and when required	Complied	Annual Report of the Board of Directors	91
	A 1.4	Access to Company Secretary	Complied	Communication with stakeholders	15
	A 1.5	Bring Independent judgement on various business issues and standards of business conduct	Complied	The Directors are permitted to get professional advice when necessary and the Directors of WATA Group has obtained professional advice for certain matters during the year and coordinated through the Company Secretaries.	13
	A 1.6	Dedicate adequate time and effort to Board matters sufficient time to review Board Pack	Complied	Other Business Commitments and conflicts of interest	12
	A 1.7	Calls for resolutions by at least 1/3rd of Directors	Complied	Composition and Attendance at Meetings	14
	A 1.8	Board induction and Training	Complied	Induction and on-going training for Directors	13
Chairman and Chief Executive Officer (CEO)	A 2	Chairman and CEO's division of responsibilities to ensure a balance of power and authority	Complied	The Chairman does not involve himself in day-to-day operations of the Group and acts as an independent Non-Executive Director. The CEO executes powers given by the Chairman and the Board to run the operation	12
	A 2.1	Combining roles of Chairman and CEO	N/A		
Chairman's Role	A 3	Facilitate the effective discharge of Board functions	Complied	The chairman is responsible for conducting meetings effectively and he preserves order and implements board decisions taken	12

Subject	Rule/ Code No.	Compliance requirement	Compliance status	Section	Page No.
	A 3.1	Ensure Board proceedings are conducted in a proper manner	Complied	The Chairman is responsible for the effective participation of both executive and Non-Executive Directors, their contribution for the benefit of the Group, balance of power between Executive and Non-Executive Directors and control of Group's affairs and communicate to stakeholders	12
Financial Acumen	A 4	Availability of financial acumen within the Board	Complied	Financial Acumen	14
Board Balance	A 5	Board Balance	Complied	Board Composition	11
	A 5.1	Non-Executive Directors	Complied	All Directors are Non-Executive Directors	11
	A 5.2	Independent Non-Executive Directors	Complied	Four (4) out of Nine (9) Non-Executive Directors are independent.	11
	A 5.3	Independent Non-Executive Directors	Complied	All independent Non-Executive Directors are in fact free of any business with the Group and are not involved in any activity that would affect to their independence	13
	A 5.4	Annual Declaration	Complied	Submitted the declarations as prescribed	13
	A 5.5	Determination of independence of the Directors	Complied	The independence of Directors is determined based on declarations submitted by the Non-Executive Directors	13
Supply of Information	A 6.1	Provide appropriate and timely information to the Board	Complied	Directors are provided quarterly performance reports, minutes of review meetings and other relevant documents in advance to the Board meeting	12
	A 6.2	Adequate time for effective conduct of Board meeting	Complied	The minutes, agenda and reports for the Board meeting are provided well before the meeting date	12

CORPORATE GOVERNANCE

Subject	Rule/ Code No.	Compliance requirement	Compliance status	Section	Page No.
Appointments to the Board	A 7	Formal and transparent procedure for Board appointments	Complied	Appointment, re-election and resignation	13
	A 7.1	Nomination Committee to make recommendations on new Board appointments	Complied	Appointment, re-election and resignation	13
	A 7.2	Assessment of the capability of the Board to meet strategic demands of the company	Complied	Appointment, re-election and resignation	13
	A 7.3	Disclosure of New Board member profile and interests	Complied	Appointment, re-election and resignation.	13
Re-election	A 8 – 8.2	Board members should be subject to election, and re-election by shareholders	Complied	Appointment, re-election and resignation	13
Resignation	8.3	Resignation of Directors prior to completion of his appointed term	Complied	Appointment, re-election and resignation	13
Disclosure of information in respect of Directors	A 10 – 10.1	Profiles of Directors, Directors' interests, Board meeting attendance, Board committee memberships	Complied	Profile of the Board	6
Appraisal of CEO	A 11 – 11.2	Appraisal of the CEO against the set strategic targets	Complied	Appraisal of the CEO	13
Directors' Remuneration	B 1	Establishment of the Remuneration Committee.	Complied	The Nomination and Remuneration Committee Report	100
	B 1 – 1.3	Membership of the remuneration committee to be disclosed and should only comprise Non-Executive Directors	Complied	The Nomination and Remuneration Committee Report	100
Disclosure of Remuneration	B 3.1	Disclose the remuneration policy and aggregate remuneration	Complied	The Nomination and Remuneration Committee Report	100
Relations with Shareholders	C 1	Constructive use of the AGM and other General Meetings	Complied	Constructive use of Annual General Meeting (AGM)	15
	C 1.1	Company should arrange for the Notice of the AGM and related papers to be sent to shareholders as determined by statute, before the meeting	Complied	A copy of Annual Report including financials, Notice of Meeting and the form of Proxy are sent to shareholders 15 working days prior to the date of the AGM.	15

Subject	Rule/ Code No.	Compliance requirement	Compliance status	Section	Page No.
	C 1.2	Separate resolution to be proposed for each item	Complied	The Company propose a separate resolution at the AGM on each significant issue	182
	C 1.4	Heads of Board subcommittees to be available to answer queries	Complied	Subcommittee Chairmen are present at the AGM	15
	C 1.5	Summary of procedures governing voting at General Meetings to be informed	Complied	Circulated through Notice of the Annual General Meeting	182
Major Transactions	C 3 – 3.2	Disclosure of all material facts involving any proposed acquisition, sale or disposal of assets	Complied	Major transactions of the Group were disclosed to all stakeholders through the Colombo Stock Exchange.	15
Accountability and Audit	D 1.1	Balanced Annual Report	Complied	Communication with shareholders	15
	D 1.2	Disclosure of interim and other price-sensitive and statutorily mandated reports to Regulators	Complied	Communication with shareholders	15
	D 1.3	Directors/MF Declaration	Complied	Director's and Manager Finance's Finance Responsibility Statement	95
	D 1.4	Directors Report declaration	Complied	Annual Report of the Board of Directors on the Affairs of the Company	91
	D 1.5	Financial reporting statement on board responsibilities	Complied	Statement of Directors' Responsibility	96
	D 1.7	Net Assets < 50%.	Complied	In the unlikely event of the net assets of the Company falling below 50% of Shareholders Funds the Board will summon an Extraordinary General Meeting (EGM) to notify the shareholders of the position and to explain the remedial action being taken	-
	D 1.8	Related Party Transaction report	Complied	Other Business Commitments and conflicts of interest	12

CORPORATE GOVERNANCE

Subject	Rule/ Code No.	Compliance requirement	Compliance status	Section	Page No.
Risk Management and Internal Control	D 2.1	Annual review of effectiveness of the system of internal control	Complied	Internal Auditors carry out an independent review, and report directly to the Audit Committee	97
	D 2.2	Confirm assessment and risks identified and mitigated	Complied	Risk Management	28
	D 2.3	Internal Audit Function	Complied	Report of the Audit Committee	97
	D 2.4	Board responsibilities for disclosure	Complied	Directors' Statement on Internal Control	91-94
	D 2.5	Directors responsibility on internal control system	Complied	Directors' Statement on Internal Control	91-94
Audit Committee	D 3.1	Audit Committee composition	Complied	Composition of Audit Committee	97
	D 3.2	Terms of reference, duties and responsibilities	Complied	Clearly documented to Audit Committee charter	97
Related Party Transactions review Committee	D 4	Composition, Terms of reference, duties and responsibilities	Complied	Related Party Transactions Review Committee report	99
Code of Business Conduct and Ethics	D 5	Company must adopt code of conduct	Complied	Code of Conduct and Ethics	15
	D 5.1	Board declaration for compliance with Code	Complied	Code of Conduct and Ethics	15
	D 5.2	Price sensitive information	Complied	Relations with Shareholders	15
	D 5.3	Monitor Share purchase by Directors/KPI	Complied	Other Business Commitments and conflicts of interest	12
	D 5.4	Chairman's statement	Complied	Code of Conduct and Ethics	15
Corporate Governance Disclosures	D 6	Company adheres to established principles and practices of good Corporate governance	Complied	Corporate Governance Report	10
Institutional and other investors	E/F	Institutional and other investors	Complied	Relations with Shareholders	15
Cyber Security	G	Internet of things and Cyber security	Complied	Cyber Security	30
Sustainable Reporting	H	Environment, Society and Governance	Complied	Sustainable Reporting	40

Levels of Compliance with the Colombo Stock Exchange's Listing Rules Section 07 – Rules on Corporate Governance are given in the following table.

Subject	Rule No.	Applicable requirement	Compliance status	Details	Page No.
Non-Executive Directors	7.10.1	At least one third of the total number of Directors should be Non-Executive Directors	Complied	All Directors are Non-Executive Directors	11
Independent Directors	7.10.2 (a)	Two or one-third of Non-Executive Directors, whichever is higher should be independent	Complied	Four (4) out of Nine (9) Non-Executive Directors are independent.	11
Independent Directors	7.10.2 (b)	Each Non-Executive Director should submit a declaration of independence/ Non-Independence in the prescribed format	Complied	Non-Executive Directors have submitted these declarations	13
Disclosure relating to Directors	7.10.3 (a)	Name of independent Directors should be disclosed in the Annual Report	Complied	Board Profile	06
Disclosure relating to Directors	7.10.3 (b)	The basis for the Board to determine a director is independent, if criteria specified for independence is not met.	Complied	Board balance	11
Disclosure relating to Directors	7.10.3 (c)	A brief resume of each director should be included in the Annual Report and should include the Director's areas of expertise	Complied	Profile of Directors	06
Disclosure relating to Directors	7.10.3 (d)	Forthwith provide a brief resume of new Directors appointed to the Board with details specified in 7.10.3 (d) to the Colombo Stock Exchange	Complied	Brief resumes have been provided to the Colombo Stock Exchange	13
Remuneration Committee	7.10.5	A listed company shall have a Remuneration Committee	Complied	Remuneration Committee comprises - G Sathasivam - A N Fernando - S G Wijesinha - N B Weerasekera	100

CORPORATE GOVERNANCE

Subject	Rule No.	Applicable requirement	Compliance status	Details	Page No.
Composition of Remuneration Committee	7.10.5 (a)	Shall comprise Non-Executive Directors a majority of whom will be independent	Complied	All members are Non-Executive and Three (3) out of four (4) are independent	100
Remuneration Committee Functions	7.10.5 (b)	Shall recommend the remuneration of the CEO and the Executive Directors, if any.	Complied	As above	100
Disclosure in the Annual Report relating to Remuneration Committee	7.10.5 (c)	The Annual Report should set out Names of Directors comprising the Remuneration Committee	Complied	Report of the Nomination and Remuneration Committee	100
		Statement of Remuneration Policy	Complied	As above	100
		Aggregated remuneration paid to Executive and Non-Executive Directors	Complied	Note 9 to the Financial Statements.	131
Audit Committee	7.10.6	The Company shall have an Audit Committee	Complied	Report of the Audit Committee	97
Composition of Audit Committee	7.10.6 (a)	Shall comprise Non-Executive Directors, majority of whom will be independent	Complied	Three (3) out of Four (4) Directors are Independent Non-Executive Directors.	97
		Non-Executive Directors shall be appointed as the Chairman of the Committee	Complied	Chairman of the Committee is an Independent Non-Executive Director.	97
		Chief Executive Officer and Chief Financial Officer should attend Audit Committee meetings	Complied	Chief Executive Officer and Chief Financial Officer attend meetings by invitation.	97
		The Chairman of the Audit Committee or one member should be a member of a professional accounting body.	Complied	Three (3) members are Qualified Accountants.	14
Audit Committee functions	7.10.6 (b)	Should be as outlined in the Section 7.10 of the Listing Rules.	Complied	The terms of reference of the Audit Committee have been ratified by the Board	97

Subject	Rule No.	Applicable requirement	Compliance status	Details	Page No.
Disclosure in the Annual Report relating to Audit Committee	7.10.6 (c)	Names of the Directors comprising the Audit Committee.	Complied	Audit Committee Report	97
		The Audit Committee shall make a determination of the independence of the Auditors and disclose the basis for such determination.	Complied	Audit Committee Report	97
		The Annual Report shall contain a Report of the Audit Committee setting out the manner of compliance with their functions	Complied	Audit Committee Report	97

COMPLIANCE REPORT – FINANCE

FROM 1 APRIL 2020 TO 31 MARCH 2021

Reporting institute	Subject	Responsibility	Deadline	
CSE/SEC	1. Quarterly Financial Report with continuing listing requirement and disclosure	Head of Finance	Q1 – 15 Aug. 2020 Q2 – 15 Nov. 2020 Q3 – 15 Feb. 2021 Q4 – 31 May 2021	
Department of Inland Revenue	2. VAT payment	Head of Finance	20th of following month	
	3. VAT return	Head of Finance	Q1 – on or before 31 Jul. 2020 Q2 – on or before 31 Oct. 2020 Q3 – on or before 31 Jan. 2021 Q4 – on or before 30 Apr. 2021	
	4. APIT Payments	Head of Finance	15th of following month	
	5. APIT return	Head of Finance	2019/20 - 31 Dec. 2020 2020/21 - 30 Apr. 2021	
	6. Stamp duty payment & return	Head of Finance	15th of following month ending quarter	
	7. Income tax payment - quarterly	Head of Finance	Within 45 days from ending quarter	
	8. Filing of income tax estimate	Head of Finance	Within 45 days from ending quarter	
	9. Filing of income tax return-annual	Head of Finance	30th November of following financial year	
	10. Assessment /default notices	Head of Finance	On given dates	
Department of Labour	11. EPF payments	Head of Finance	30th of the following month	

Complied (Yes/ No)	Remarks	
Yes	Q1 - Publish on 4 Aug. 2020 Q2 - Publish on 12 Nov. 2020 Q3 - Publish on 2 Feb. 2021 Q4 - Publish on 24 May 2021	
Yes	Apr. – 15 May 2020 May – 15 Jun. 2020 Jun. – 15 Jul. 2019 Jul. – 14 Aug. 2020 Aug. – 15 Sep. 2020 Sep. – 15 Oct. 2020	Oct. – 18 Nov. 2020 Nov. – 16 Dec. 2020 Dec. – 18 Jan. 2021 Jan. – 15 Feb. 2021 Feb. – 15 Mar. 2021 Mar. – 20 Apr. 2021
Yes	Q1 - 29 Jul. 2020 Q2 - 27 Oct. 2020 Q3 - 29 Jan. 2021 Q4 - 29 Apr. 2021	
	Apr. - 13 May 2020 May - 11 Jun. 2020 Jun. - 07 Jul 2020 Jul. - 12 Aug. 2020 Aug. - 11 Sep. 2020 Sep. - 12 Oct. 2020	Oct. - 04 Nov. 2020 Nov. - 10 Dec. 2020 Dec. - 11 Jan. 2021 Jan. - 12 Feb. 2021 Feb. - 10 Mar. 2021 Mar. - 09 Apr. 2021
Yes	2019/20 - 15 Sep. 2020 2020/21 - 29 Apr. 2021	
Yes	Q1 - 15 Jul. 2020 Q2 - 15 Oct. 2020	Q3 - 15 Jan. 2021 Q4 - 12 Apr. 2021
Yes	Q1 - 15 Aug. 2020 Q2 - 13 Nov. 2020	
Yes	Q1 - 15 Aug. 2020 Q2 - 13 Nov. 2020	
Yes	2019/20 - 27 Nov. 2020	
Yes	n/a	
Yes	Apr. - 28 May 2020 May. - 29 Jun. 2020 Jun. - 30 Jul. 2020 Jul. - 31 Aug. 2020 Aug. - 28 Sep. 2020 Sep. - 29 Oct. 2020	Oct. - 30 Nov. 2020 Nov. - 21 Dec. 2020 Dec. - 29 Jan. 2021 Jan. - 23 Feb. 2021 Feb. - 31 Mar. 2021 Mar. - 29 Apr. 2021

COMPLIANCE REPORT – FINANCE

Reporting institute	Subject	Responsibility	Deadline	
ETF Board	12. ETF payments	Head of Finance	30th of the following month	
Department of Labour	13. Gratuity payment	Head of Finance	Within one month of retirement	
SLAASMB	14. Annual audited accounts	Head of Finance	Within six (6) months-end of the financial year	
Chairman & Board of Directors	15. Board approval taken for any new projects/investments etc	Head of Finance/ CEO	Relevant papers to be delivered to Directors 7 days prior to the Board meeting	
	16. Directors interest	Head of Finance/ CEO		
Company and Subsidiaries	17. RPT compliance	Head of Finance	Relevant papers to be delivered to committee members 7 days prior to the Board meeting	
Documents requirement	18. Annual report and other filing	Head of Finance/ Secretary	Relevant papers to be delivered to Directors 7 days prior to the Board meeting	
	19. Compliance with condition in bank facility agreements	Head of Finance/ Secretary		
	20. Labour regulations, OT, leave, safety and other relevant reports	Head of Finance/ Secretary		
	21. Corporate governance and codes	Head of Finance/ Secretary		
	22. Compliance with company's Articles of associations	Head of Finance/ Secretary		

Complied (Yes/ No)	Remarks	
Yes	Apr. - 28 May 2020	Oct. - 30 Nov. 2020
	May. - 29 Jun. 2020	Nov. - 21 Dec. 2020
	Jun. - 30 Jul. 2020	Dec. - 29 Jan. 2021
	Jul. - 31 Aug. 2020	Jan. - 23 Feb. 2021
	Aug. - 28 Sep. 2020	Feb. - 31 Mar. 2021
	Sep. - 29 Oct. 2020	Mar. - 29 Apr. 2021
Yes	-	
Yes	Annual Report 2019/20 - 18 Jun. 2020	
Board minutes Yes		
Yes		
Yes		
Yes		
Yes		
Yes		
Yes		
Yes		

RISK MANAGEMENT

Watawala Plantations PLC and its Subsidiary have given due consideration to its risk management process in order to progress towards achievement of its goals and objectives. Risk management under the two forms of risks, namely Strategic and Operational, is regularly reviewed to ensure the related risks are minimised where the complete elimination is not possible. No business that does not face any risk can be found in the world. Irrespective of the nature and the size of the business, risk is inevitable in doing business. In broad, such risk factors can be two-fold, systematic risk and unsystematic risk. Systematic risk is the risk which cannot be diversified or avoided. On the other hand the unsystematic risk represents the risk unique to the respective business operation which in turn could be mitigated or avoided with risk management activities.

The following are the highlights of the key risks and the associated risk mitigating activities of the WATA Group:

Category of risk	Related risk	Risks description	Implication/consequences of not addressing the identified related risk	Risk control measures/ Risk mitigation actions
Strategic	**Government policy on oil palm cultivation**	Changes in government policy to stop the cultivation of oil palm trees and the existing oil palm cultivation is planned to be phased out at a rate of 10% at a time.	Inability to replace ageing palms on time resulting in lower yield and crop	- Representation on policy direction through the Planters' Association of Ceylon/ Palm Oil Industry Association. - Investment in other crops such as Cinnamon, Maize and infilling of coconut blocks.
	Climate change	Unfavourable weather patterns, especially droughts, impact harvests	Lower yields leading to lower productivity and value to shareholders	- Follow sustainable agricultural Practices - Effective implementation of RSPO recommendations - Conservation of environment and water resources
	Natural disasters	Loss resulting from extreme weather patterns or man-made disasters	- Impact on employees' safety, health and well-being - Damage to biological assets - Business disruption and Consequential losses	- Adequate Insurance covers - Regular assessment of exposures by insurance agents - Rigorous health and safety measures in place through certification requirements - Regular fire drills and availability of fire extinguishers for all types of fires

Category of risk	Related risk	Risks description	Implication/consequences of not addressing the identified related risk	Risk control measures/ Risk mitigation actions
	Volatility of palm oil prices	Price volatility arises mainly from global crude palm oil market forces and import duty on crude palm oil	Possible revenue shortfalls against the budgets	- Diversification of agribusiness - Continuous monitoring of global CPO prices - Monitor conditions which would affect government decisions to revise import duty - Forward contracts with buyers - Improve productivity
	Social pressure	Various groups oppose palm oil expansion and cultivation hindering the organic growth	Opportunity cost inhibits growth	- Public awareness campaigns - Village integration programs - RSPO certification - Engagement with pressure groups
Operational	**Labour related risk**	Risks arising from unionised labour, political motivations, need for change, dearth of skilled labour and low productivity	- Labour unrest - Industrial action - Lower productivity - Impact of biannual wage negotiations	- Training and development - Incentive schemes to achieve targets - Grievance handling procedure - Engagement with unions - Consultative committee
	Environmental impact of operations	Environmental impact from factory/mill operations stemming from emissions, effluents and waste	- Loss of business reputation - Negative impact on social license - Potential litigation	- Good manufacturing practices - Solid waste used as manure - Treatment of effluents - Maintaining facultative ponds - Follow RSPO guidelines
	Land conditions and availability	Ground conditions or soils not conducive for cultivation such as degraded land, increased acidity, steep terrain etc. for a higher yield of oil palm	- Lower yield per hectare - Negative impact on revenues and profit	- Soil mapping - Site specific application of fertiliser - Implementation of International agri consultants recommendations

RISK MANAGEMENT

Category of risk	Related risk	Risks description	Implication/consequences of not addressing the identified related risk	Risk control measures/ Risk mitigation actions
	Information Systems & Cyber Security (IT Risks)	Risk of losing operational and confidential data due to security breaches/ system breakdowns in the IT systems and disruption to operations due to breakdown in the IT systems	- The loss of operational information due to system breakdowns - Misappropriation of confidential information/ data about customers, suppliers and key projects we undertake to competitors or to the public - Breach of system security - Loss of business opportunities - Discontinuity in financial reporting	- Introduce sound IT Policy, Information Security policy and close supervision thereon with a dedicated IT team - Disaster recovery plans and sound back-up system to gear for system failure and storing data backups in off-site locations - Vendor agreements for support service and maintenance - Continuous training for employees on information security
	Risk of employee health and safety (Pandemic risk)	With the spread of COVID-19, the risk of our employees coming into contact with the virus is high, especially when using public transport and during field visits. Such contact can interrupt our business operations due to close borders, enforce lockdowns and ensure social distancing	- Reduce productivity, revenue, cash flow and profitability - Immobility of labour within/ between estates - High operations costs	- A Group Health & Safety guideline was issued in adherence with government regulations, with all employees declaring their fullest commitment through a formal declaration - Employees who travel by public transport are encouraged to work from home - Provide Personal Protective Equipment - Establishment of daily health monitoring system to ensure the employees' health & safety
	Interest rate risk	Risk due to adverse interest rate fluctuations (AWPLR) due to changes in government fiscal and monetary policies	- Increases the cost of borrowing - Unfavourable interest rates on new investments - Reduce cash flow and profitability	- Negotiate with financial institutions for fixed debt servicing arrangements - Establishment of effective treasury management procedures - Short term assets to be financed with the short term finance arrangements and long term assets to be financed with the long term arrangements

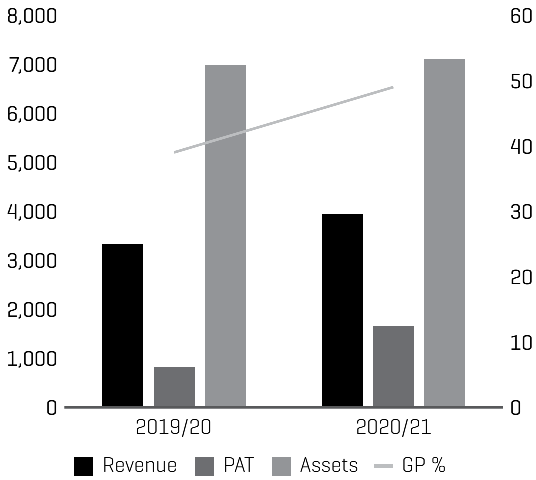
Category of risk	Related risk	Risks description	Implication/consequences of not addressing the identified related risk	Risk control measures/ Risk mitigation actions
	Dairy business risks	Fluctuating fresh milk price, adaptability of foreign cows, unpredictability of calving patterns, availability of feed and water etc	- Lower yields - Revenue variations - High operations costs - Cash flow issues - Environmental issues	- Securing genetically superior animals - Nutritious feed formula - Slurry management plan - Water reservoirs - Staff training

FINANCIAL CAPITAL

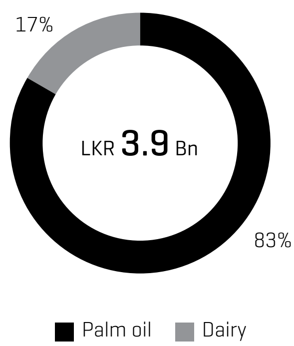
WATA recorded another year of strong financial performance retaining our position as the most profitable player in the industry. The Company recorded profits in excess of LKR 1.65bn driven by high profitability in the palm oil business. Dairy segment, which commenced operations in 2018, made profits in FY21 contributing to 4% of Group PBT.

		Group		Company	
		2020/21	2019/20	2020/21	2019/20
Revenue	LKR Mn	3,934	3,327	3,285	2,744
GP margin	%	49%	39%	57%	50%
Operating profit	LKR Mn	1,818	1,166	1,729	1,215
PBT	LKR Mn	1,752	992	1,699	1,161
PAT	LKR Mn	1,663	817	1,657	985
EPS	LKR	8.18	4.10	8.15	4.86
ROE	%	33%	18%	30%	20%
Total assets	LKR Mn	7,107	6,988	6,888	6,669
Debt/Equity ratio	Times	0.17	0.22	0.07	0.11
Current ratio	Times	1.41	0.98	2.45	1.71
Market price/Share	LKR	57.1	20	57.1	20
Price Earnings Ratio	Times	6.98	4.88	7.01	4.12
Dividend per share	LKR	6.00	0.3	6.00	0.3

GROUP HIGHLIGHTS



REVENUE
Revenue Composition [FY21]



Revenue from palm oil and dairy grew YoY by 23% and 11% respectively.

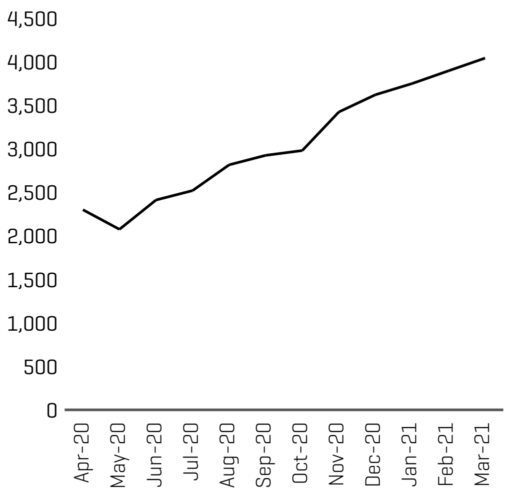
Palm oil revenue improvement was driven by the increase in NSA in the global market, despite the WATA production volume degrowth of 4.9%. Production volume in FY 21 amounted to 10,925 MT. The price is set based on negotiations with the buyers.

The import restrictions imposed in the wake of COVID-19 on certain commodities including palm oil during the first half of FY21 further contributed to the increase in prices.

The futures prices depicted an increasing trend, given global demand and supply changes. As a result of the COVID-19 outbreak, shortage of supply coupled with rising demand led to increase in global prices.

Movement in Global Palm oil Monthly Prices [Malaysian Ringgit per Metric Ton]

Movement in Global Palm oil Monthly Prices [Malaysian Ringgit per Metric Ton]



During 2QFY21 Company successfully obtained the world renowned RSPO certification [Roundtable on Sustainable Palm Oil] - a global standard for sustainable palm oil, effective September 2020. RSPO certification, is an assurance to the customer that the standard of palm oil production is sustainable.

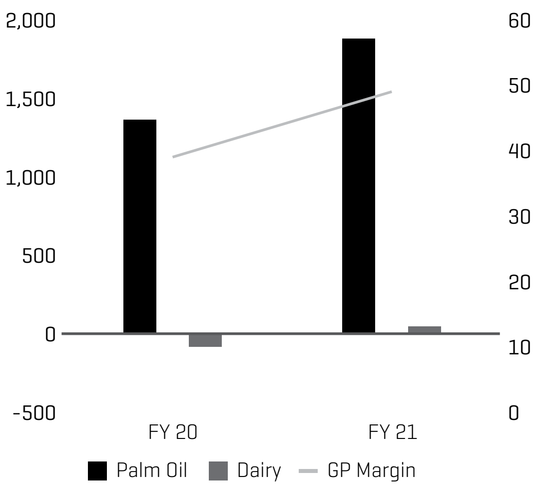
Dairy revenue growth was driven by the growth in NSA. The products are priced higher than the government farmgate floor price of LKR 70 per litre, given the superior solid fat content in the milk attributed to the Total Mixed Ration [TMR] meal plan provided.

GP MARGIN

Group GP margin increased to 49% in FY21 compared to 39% in FY20. Company GP margin stood at 57% in FY21 [LY 50%]. Margin expansion is attributed to higher NSA in both Palm Oil and Dairy sectors.

In FY21 dairy segment has achieved a GP margin of 7% and is the first profit-making financial year since the commencement of operations in 2018. The segment has achieved a growth in revenue 11% YoY while managing to decrease cost of sales by 10% YoY. This is owing to driving lean management and reduction of waste, increasing labour productivity, engaging in energy efficiency mechanisms and consistent application of good agricultural practices. We are focused on further improvement of GP margins by increasing productivity and efficiency.

Gross Profit [FY21 vs FY20]



FINANCIAL CAPITAL

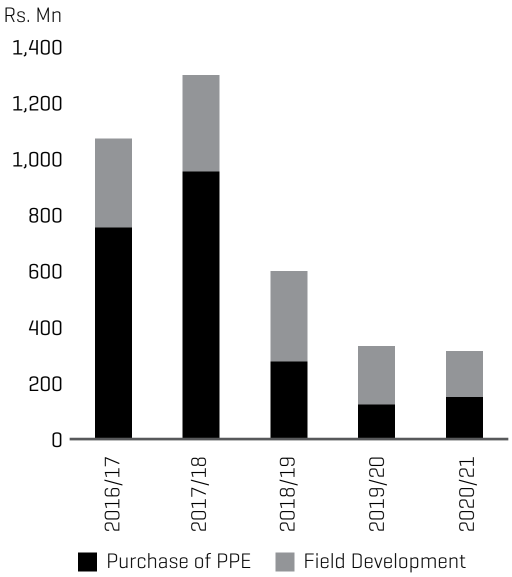
PROFIT BEFORE TAX

Profit before tax in FY21 stood at LKR 1.75bn of which 92% was from palm oil business with 4% contributed by Dairy segment. The remaining consists other income which predominantly includes profit from disposal of PPE and increase in fair value of investment funds.

ASSETS

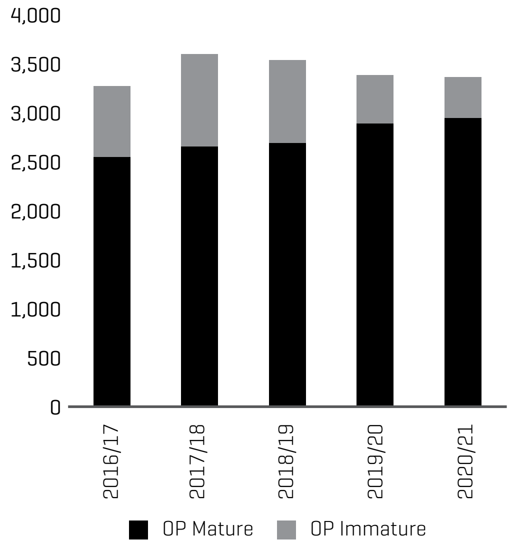
Total assets grew by 2% YoY to LKR 7.1bn in FY21. Asset turnover increased from 0.55 times to 0.48 times reflecting improved efficiency in asset utilization.

Capital Expenditure



Reduction in field development expenses is due to the government restrictions on new palm oil cultivation. As depicted below, the total hectarage of palm oil cultivation has reduced YoY to 3,361 hectares.

Palm Oil Hectarage



Purchase of property, plant and equipment increased to LKR 149Mn [LY LKR 123Mn]. Key investments include additions to buildings, motor vehicles and equipment in the Group.

LIQUIDITY AND CAPITAL STRUCTURE

Financial Ratios

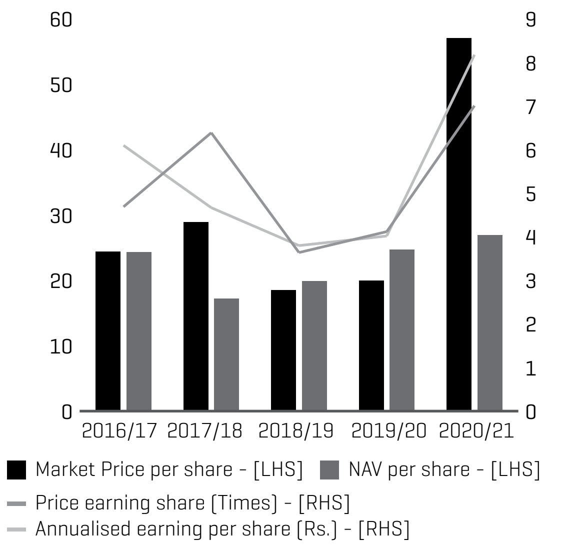
The balance sheet indicates strong financial position with a current ratio of 1.41, quick asset ratio of 1.15 and debt to equity ratio of 0.17. Decrease in debt-to-equity ratio is owing to the repayment of long-term borrowings and increase in retained earnings due to strong performance in FY21.

Cashflows

Strong performance during the year contributed to a healthy cash flow generation from operations. These funds were utilized towards dividend pay-out, additions to the investment fund and repayment of bank borrowings pertaining to the dairy business.

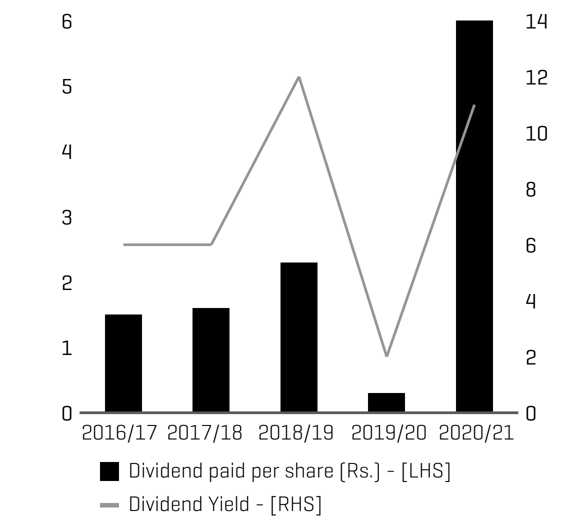
RETURN TO SHAREHOLDERS

Investor Ratios



Higher rate of increase in share market price compared to EPS has resulted in the increase of Price to Earnings per share in FY21.

Dividend per Share and Dividend Yield



The dividend per share has increased to LKR 6 per share in FY21 due to strong performance and low capital expenditure, resulting in availability of cashflow for dividend distribution.

NATURAL CAPITAL AND MANUFACTURED CAPITAL

BIOLOGICAL ASSETS

Cultivated Lands	Prime biological assets between 6 to 20 years of age	Crude palm oil produced	Kernel palm oil produced	CPO extraction rate
2947 Ha.	**70%**	**9,940 MT**	**984 MT**	**23.20%**

		2019/20	2020/21
Land	Ha	4,806	**4,806**
Cultivated land	Ha	2,890	**2,947**
Palm oil - Nurseries	LKR Mn	17	-
Palm oil - Immature plants	LKR Mn	192	**141**
Palm oil - Mature plants	LKR Mn	2,500	**2,988**
Age <6 years	Ha	777	**633**
Age > 6 years	Ha	2,113	**2,314**
Fresh Fruit Bunches processed	MT	45,202	**42,672**
Yield / hectare	FFB/ha	16,057	**13,843**
CPO Production	KG	10,434	**9,940**
KPO Production	KG	1,056	**984**
CPO extraction	%	23.08	**23.3**
KPO extraction	%	2.3	**2.3**
Field development Expenses	LKR Mn	331	**356**
Biological assets - cinnamon	LKR Mn	81	**81**

KEY INVESTMENTS / UPGRADES – FINANCIAL YEAR 2020/2021

Project Item	Investment Items
Effluent plant development **Investment:** Rs. 27 million **Objectives:** - Efficiency improvement of the treatment process to meet the surface discharge standards - Capacity increase from 140 m3/day into 200 m3/day	1.1 Installing 12 nozzle Centrifuge 1.2 Rotary strainer 1.3 Root blower system to improve the aeration 1.4 Geo-tube installation 1.5 Renovation of the old filter press
Nut Plant development **Investment:** Rs. 60 million **Objectives:** - Increase the Milling capacity by 50 % - Compulsory replacement of aged machineries; e.g. Depericarper, Nut polishing drum, transfer systems, and silos - Efficiency improvement of the kernel recovery (present 4 % into 2 % in the Lab)	1.6 25 TPH capacity nut/fiber separation column with nut polishing drum 1.7 New Nut cracker installation 1.8 Kernel shell separation 1.9 De-stoner installation 1.10 All connecting conveyors

Project Item	Investment Items
3rd Vertical sterilizer and P-15 Screw press	1.11 3rd VST (25 m3) installation;
Investment: Rs. 43 million	1.12 P-15 new screw press
Objectives:	
- Increase the Milling capacity by 50 %	
- Compulsory replacement of aged machineries;	
- Optimum operation of turbine	

Our palm oil plantations are located in Udugama, Galle, where the climatic conditions are suitable for planting oil palms. Of the total land extent of 4,806 ha palm oil accounts for over 55% and tea, rubber, timber, cinnamon and other minor crops are the balance. We hold the land rights to these plantations on a 53-year, leasehold basis obtained from the Government in 1992.

WATA is committed to enhancing land productivity by engaging in good agricultural practices that sustains the environment. We are guided by our Agricultural Policy that balances stakeholder concerns, prevents abuse of the environment and nourishes the soil using environment friendly measures. All these work was followed as activities to obtain Roundtable on Sustainable Palm Oil (RSPO) certification which is a sustainable certification for production of palm oil. WATA was able to get RSPO certified on September 2020 as the first RSPO certified company in South Asian region.

NO DEFORESTATION AND ZERO BURNING POLICY

We practice a 'NO DEFORESTATION' and 'ZERO BURNING' policy.

Development of palm oil has been through the replacement of unproductive, aged rubber plantations, avoiding deforestation, a key industry concern in other parts of the world.

Rubber trees are cut from the stump without uprooting and together with shrubs buried in the earth, enriching and conserving the fertility of our soils.

GOOD AGRICULTURAL PRACTICES (GAP)

There was unexpected crop loss than the forecasted crop in the year, mostly due to some weather impact. This crop loss was reported globally too which lead to little decrease in CPO and KPO production than the previous year. But the overall OER and KER was increased with improved GAPs.

Cultivated lands decreased marginally during the year due to the ban of oil palm planting in the country due to an order issued by the President.

WATA's GAP have been developed using expertise from the holding company of our joint venture partner Wilmar International, Singapore, Standard Operating Procedures in Malaysia, our own estate management who have visited successful plantations overseas and have reviewed and adopted practices suitable for WATA's plantations, and in conformity with RSPO standards. These include;

- Close monitoring of harvesting intervals and plucking fresh fruit bunches at optimum ripeness.
- Processing harvested fruits within 24 hours to minimize buildup of fatty acids
- Maintaining soil fertility based on soil testing. Engagement in site specific fertilizer regime and timely application of fertilizers.
- Converting into more effective fertilizer mixtures with the consultation of experts to improve the yield
- Minimization and control of soil erosion and degradation of soil
- Control of pests, diseases and weeds using appropriate and approved techniques
- Careful and appropriate use of chemicals without endangering health or the environment
- Obtaining the services of experts/ consultants in agricultural practices and soil fertility
- Development of internal road network to expedite the transport of FFB to factory
- Identification of lands within the estate suitable for palm cultivation by the Sustainability team, considering results of soil testing, steepness of slopes, proximity to water catchment areas to ensure optimum yields while balancing stakeholder interests.

NATURAL CAPITAL AND MANUFACTURED CAPITAL

PROTECTING OUR ENVIRONMENT

Natural Capital	Unit	2019/20	2020/21
Fresh Fruit Bunches processed	MT	45,202.47	42,672.15
Chemical consumption intensity	Per Ha per Annum	0.59 Lts/Ha.	1.67 Lts/Ha.
Total energy consumed - Mill	KwH '000	1,338,995	1,592.92
Renewable energy - Mill	%	17.42	35.16
Energy intensity ratio - Mill	kWh / MT of FFB	29.62	37.24
Water withdrawal (M3) - Mill	M3		30,814
Water intensity - Mill	M3/ MT of FFB		0.798
Carbon footprint	t CO2 e	17930.95	6638.09
Carbon intensity	t CO2 e/ t CPO	1.25	0.46
IUCN Red list – endangered/ critically endangered (threatened)	Nos	48	48

RESPONSIBLE CHEMICAL CONSUMPTION

In parallel to the RSPO certification WATA has taken actions not to use any of the pesticides listed as class 1A and 1B by WHO to minimize the adverse effects to both the environment and personnel.

WATER FOOTPRINT

Total water consumption in 2020/21 was 30,814 m3.

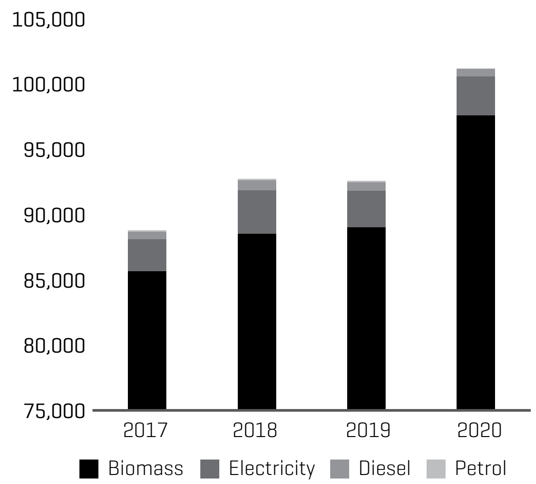
Apart from that water quality is frequently monitored to identify any affect to the natural water sources by plantation or milling activities. Upstream and downstream water quality, drinking water quality and process water quality. These tests are conducted according to the government regulations both internally and externally.

The mill waste water treatment process was improved throughout the last few years with the aid of professionals with newest technologies so the waste water quality is more improved. A new set of processes with DAF (Dissolved Air Flotation) machine was installed for the mill waste water plan which lead the overall process to improved quality.

CLEAN ENERGY

Over 90% of the energy requirements of the Mill is sourced through Biomass generated from FFB waste, and balance from electricity. Estate vehicles run on diesel. We are committed to improving energy efficiency and conservation in the factory and estates. The mill is in the process of acquiring ISO 50001 Energy Management Standard which aims for effective and sustainable energy management in the facility.

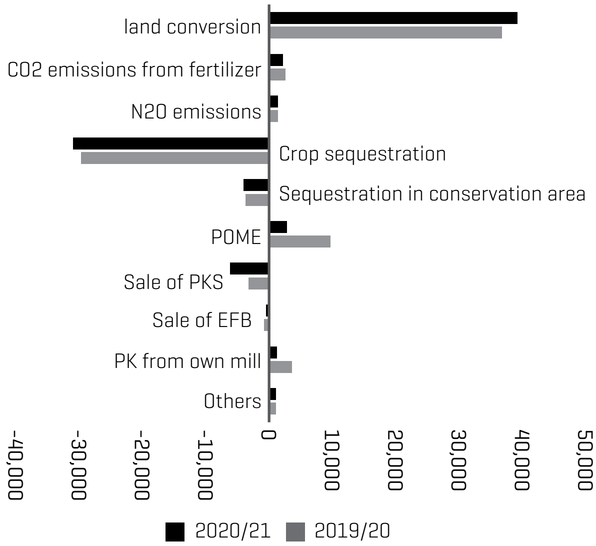
Energy Consumption and Intensity



CARBON FOOTPRINT

WATA was able to reduce its carbon footprint in 2020/2021 than the last year 2019/2020 as planned. We calculate our green house gas emissions using the latest RSPO Palm GHG calculator.net emissions was determined at 6,638.09 CO2 e. carbon intensity has reduced from 1.25 t CO2 e/ MT to 0.46 t CO2 e/ MT by 2020/2021.

Emission & Sinks tCO2 e



INTELLECTUAL CAPITAL

BRAND EQUITY

Forefront in the plantation industry, our brand reflects our commitment to product quality, passion for sustainable agri business and socio-economic upliftment of the local community and appetite for technology and innovation. Following a strategic crop diversification effort that began few years back, WATA has grown to become the country's single largest oil palm cultivator and most profitable company in the plantation industry.

GROUP LINKAGES

As a part of the Sunshine Holdings Group, we tap into high standards of corporate governance, highly evolved systems of management and expertise of leading professionals in the country.

ORGANIZATIONAL CAPITAL

Business processes and systems – We have continuously improved and optimized our operations, strengthened internal systems and processes to drive productivity, cost efficiency, and environmental, social and product responsibility, standardization and sustainably embedding such practices into our value creation process. Our palm oil value chain had been certified by RSPO (roundtable on sustainable palm oil) certification, and some of the segments obtained the ISO – 45001 (Occupational Health and Safety) certification. ISO 14001 (Environmental Management system) and ISO – 50001 (Energy Management System) systems have already being developed. These initiatives confirm our commitment for the compliance in the defined criteria that assess our practices against the international benchmarks. We are a regular recipient of the Social dialogue awards organized by the Ministry of Labour in recognition of the employee communication and engagement.

Tacit Knowledge – New agricultural concepts and technologies initially introduced as 'explicit' knowledge to estate workers and management such as identifying FFB for optimum ripeness, implementation of GAP, mechanization techniques, Standard operating procedures; is nurtured into tacit knowledge through regular practice and experience.

Innovation – at WATA, managers are empowered in their roles and responsibilities, encouraging out of the box thinking and innovation of employees. Our talented and experienced employees are encouraged to pitch ideas to the management, many of which have been implemented. WATA team had implemented many innovations such as FFB crop evacuation ramps, conveyor systems, mechanized harvesting and weeding, low cost rebuilding of wear parts, in-house fabrication of process supporting machineries etc. Converting the solid waste of our processes (from Watawala Dairy and Palm Oil Mill) into high-end marketable compost (Watawala Saru-Pasa) had been a business growth innovation, which includes modern techniques in compost production and introduced in-house developed micro-organisms. All employees are recognized and rewarded for their innovations, suggestions and implementation.

Leadership – Entrepreneurship and professionalism are combined within the leadership of the company, ensuring strategic direction and resource allocation is harmonized.

A SUSTAINABLE APPROACH

Sustainability is an integral part of our business. Sustainable operations are crucial to securing the future of our company and for creating shared value for our consumers, shareholders and stakeholders.

We strive towards a palm oil supply chain that is responsible and sustainable, while creating livelihoods and opportunities for rural communities. To achieve this, we take a holistic approach to sustainability that is fully integrated into our business model. Our business practices are aligned with universally acceptable social and environmental standards.

REPORTING OUTLINE

This Sustainability Report provides details on our sustainability performance, initiatives and achievements for the past years and has been prepared based on key material sustainability issues broadly agreed upon through our annually reviewed Sustainability Blueprint, management meetings and stakeholder engagements.

Here, we present our approach to sustainability, provide updates on our total quality management, and discuss our social as well as environmental impact and the challenges we face. With heightened scrutiny faced by the palm oil sector in recent times, Watawala Plantations (WPL), strives to leverage on sustainability to create value by not only identifying and managing supply chain sustainability risks, but through strategic partnerships that meet the expectation of the local and global markets that we operate in.

We ensure operational excellence without compromising our commitments to contribute to a better society, minimise environmental harm and deliver sustainable development. Our continuous efforts in responsible practices and approaches have earned us various awards and recognitions globally. We continue to report on our initiatives to flawlessly implement sustainability standards. Nonetheless, we recognise that certification alone is no longer enough and so we aspire to lead in new approaches. We also realise that for us to lead in the implementation and development of new standards and approaches, we cannot do it alone. Including our stakeholders and communities in delivering sustainable development is crucial to our sustainability journey.

The structure and broad-based contents of this report have been prepared in accordance with the three pillars of sustainability – economic viability, environmental protection and social equity.

Our carbon inventory is reported on a year-on-year basis using the Roundtable on Sustainable Palm Oil (RSPO) Palm GHG calculator version 3 and the Greenhouse Gas (GHG) Protocol accounting standard.

At WPL we remain collective responsibility of each member of the company. This agenda also extends to the partners we do business with and the areas where we operate. In all undertakings, the company seeks a balance between all three pillars to ensure the company creates constructive and long-term shared values for our stakeholders, whilst managing risks in a holistic manner.

ENVIRONMENT	COMMUNITY	WORKPLACE
• To practise responsible stewardship of the environment given that our business is closely related to nature. • To strive to adhere to the principles of sustainable development for the benefit of current and future generations.	• To build mutually beneficial relationships with the communities where we operate and with society at large through active engagement. • To enrich the communities in which we operate.	As our people are our most important asset, we strive; • To create a conducive and balanced working environment encircling good practices, safety and well-being of employees. • To attract and retain talent, and nurture our employees to enable them to realise their full potential. • To remunerate people in a manner that is commensurate with their academic and work achievements. • To provide continuous development through training and further academic learning.

WHO WE ARE

Our Future

“To be the most admired Plantation Company in Sri Lanka”

Our Purpose

“Growing Watawala Plantations to be the Industry Leaders”

Watawala Plantations PLC is a diversified agribusiness company under Sri Lanka’s diversified conglomerate Sunshine Holdings PLC. With a workforce of over 1,500 people, the company manages a total land extent of over 3,300 ha in oil palm, with an annual production of 10,925 MT. Furthermore, it’s fully owned subsidiary Watawala Dairy, manages a herd of 1,632 dairy cattle with a state-of-the-art milking parlour which can produce over 6 million litres of fresh milk annually. With a market capitalisation of Rs. 11.6 billion, WPL holds a prominent place amongst the plantation companies listed on the Colombo Stock Exchange (CSE) in Sri Lanka.

WPL has focused on unlocking the potential of the capitals managed by them, transforming marginally productive tea and rubber estates into modern agribusiness ventures which support the country’s self-sufficiency in nutritional aspects while enhancing the country’s food security. The company’s business model is now focused on palm oil and dairy operations, which reduces imports of edible oils and powdered milk.

The company continuously strives towards realising its vision to be the most admired plantation company in Sri Lanka, supplying products of economic value to the nation, and import substitution. WPL is focused on the sustainability of their practices, and the welfare of our employees in the process of achieving acceptable returns for shareholders while constantly benchmarking ourselves against industry standards and best practices. As vindication of these efforts, WPL is recognised today as one of the most profitable and innovative plantations companies in Sri Lanka.

WPLs’ palm oil plantations are located in Udagama, Galle, where the climatic conditions are suitable for planting oil palms. Of the total land extent of 4,806 ha, oil palm accounts for over 70% and tea, rubber, timber, cinnamon and minor crops make up the balance. The factory mill in Nakiyadeniya can produce 14,000 MT/pa of Crude Plam Oil and 1,350 MT/pa of Kernel Palm Oil. Other key features of the plant include the conversion of methane gas to lower GHG emitter CO_2 by flaring, a water treatment plant, production of biogas used to heat the steam turbine and production of biowaste used as compost on the fields through the decanter.

Watawala Dairy Limited (WDL) is a fully owned subsidiary of Watawala Plantations. In March 2016, WDL signed a joint venture agreement with Duxton Asset Management Pte Ltd, Singapore, a leading, global agriculture asset management firm with extensive experience in dairy farming in Australia, to set up a dairy operation in the Lonach Estate of WPL. The Board of Investment (BOI) project completed its set up by end 2017 with an investment of Rs. 1.9 billion and they commenced full blown commercial business in February 2018. Today, WDL manages a herd of 1,632 dairy cattle with a state-of-the-art milking parlour which can produce over 6 million litres of fresh milk annually. Main buyers are Lanka Milk Foods (CWE) PLC, Cargills Ceylon and Pelwatte Dairy Industries Ltd while smaller quantities are sold to Fonterra Brands Lanka (Pvt) Ltd.

The company is committed to conserve and manage the environment in which they operate for the benefit and wellbeing of the present and future generations within plantations and the immediate surroundings. Towards achieving this objective, WPL pursues environmentally friendly and responsible methods in all their agricultural operations, field practices and manufacturing process to ensure that all-natural resources and ecosystems are managed in a sustainable manner preventing pollution, abuse and deterioration.

A SUSTAINABLE APPROACH

WPL is also dedicated to enhancing land productivity by engaging in good agricultural practices that sustain the environment. The company is guided by its Agricultural Policy that balances stakeholder concerns, prevents abuse of the environment and nourishes the soil using environment-friendly measures. WPL's work towards gaining Roundtable on Sustainable Palm Oil (RSPO) certification further demonstrates our commitment to responsible practices.

The yardstick by which WPL guages our leadership is derived from core values of integrity, perseverance, innovation and responsibility built on the foundation of trust. These values which are cascaded from WPL's parent company Sunshine Holdings, guide its operations as well as their people development model in building people and identifying leadership potential. Built around a robust performance management framework that allows for the development of individuals to future proof WPL's business with the identification of talent, potential and emerging leaders, the organization is a keen advocate of identifying and developing leadership from within.

WPL is committed to making a positive difference in society. With a team of over 1,500 employed in our palm oil operations and over 45% resident on the estates with their families- largely representing the local community, we have an excellent opportunity to empower, uplift livelihoods and provide development prospects to all our workers and local communities. The company is guided in our commitment towards socio-economic development by international standards as set out in the UN Sustainable Development Goals (SDGs), and their activities are benchmarked against international best practices through external certifications including RSPO.

As an equal opportunity employer, WPL carries out recruitment of employees based on objective criteria applied consistently. The company offers employment opportunity to villagers from the estates, nurturing trust in the company while driving economic empowerment. Given the manual nature of work involved, the workforce is predominantyl male, but WPL has by far the largest female workforce percentage across the Group of companies strives to redress the gender balance continuously by increasing the number of females recruited based on qualifying criteria.

WPL is focused on stimulating innovation and nurturing a culture of learning and growth. Training and development are provided to employees to learn new and modern concepts and technologies and facilitate application of their knowledge in plantation management and at the factory to improve productivity. Out of the box thinking and innovation are encouraged in keeping with the core values of the company and employees are rewarded for their contributions regularly and in a meaningful manner.

WPL's palm oil operation provides livelihoods to families, small businesses and organisations in and around the plantations resulting in many people depending on the company for socio-economic progress. The company is conscious of their responsibility to the local communities and strives to nurture a strong, mutually beneficial relationship built on trust and confidence. WPL closely monitors and manages any impact the operations may have on these communities while seeking to address their needs through providing and improving social amenities with the expectation of uplifting living standards.

As a forerunner in the plantation industry, WPL's brand reflects our commitment to product quality, passion for sustainable agribusiness and socio-economic development of the local community and appetite for technology and innovation. Following a strategic crop diversification effort that began few years back, WPL has grown to become the country's single largest oil palm cultivator and most profitable company in the plantation industry.

Prospects for WPL in coming years remain positive, given that the core products of WPL -palm oil and dairy milk - are both essential goods for which there is growing consumer demand. Continued expansion of palm oil cultivations and investments in good agricultural practice over the years show promise for increased production output and strong yield while forward sales contracts will help mitigate any expected decline in crude palm oil (CPO) prices. Growth in profits from Dairy is forecast on higher production volumes following increased lactation cycles and optimal herd management. Receipt of the RSPO certification lends additional assurance to stakeholders of WPL's commitment to environmental conservation, biodiversity and the health and welfare of employees and families, elevating the company's market profile and potential.

HISTORY OF OIL PALM

Oil palm, currently considered as the most productive plantation crop known to man, covering just 2% of total cultivated land globally, yet accounting for 35% of the world's total vegetable oil requirement. Moreover, it is also considered as the single-most versatile plant oil given its ubiquitous applications in everything from toothpaste, to soap, lotions, shampoos and beauty products to pharmaceutical preparations, food and beverages such as biscuits, sweets, chocolates and fried foods. Globally, human consumption of palm oil is by no means a recent development, with evidence of its cultivation and use stretching back 5,000 years in Africa. Harvested all year round, oil palm trees produce on average 10 tonnes of fruit per hectare - far more than soya, rapeseed and sunflower crops.

M. Jerry Wales, a European Planter, commenced the cultivation of oil palm in Sri Lanka in 1968 at Nakiyadeniya Estate by planting 68 oil palm plants covering an area of 0.50 Ha. Since 1968, oil palm cultivation has rapidly increased throughout the Low Country Wet Zone of Sri Lanka as it was seen as an economical and profitable crop. In Sri Lanka over the past half century, oil palm cultivation expanded as more Regional Plantation Companies (RPCs) followed the lead of Watawala Plantations.

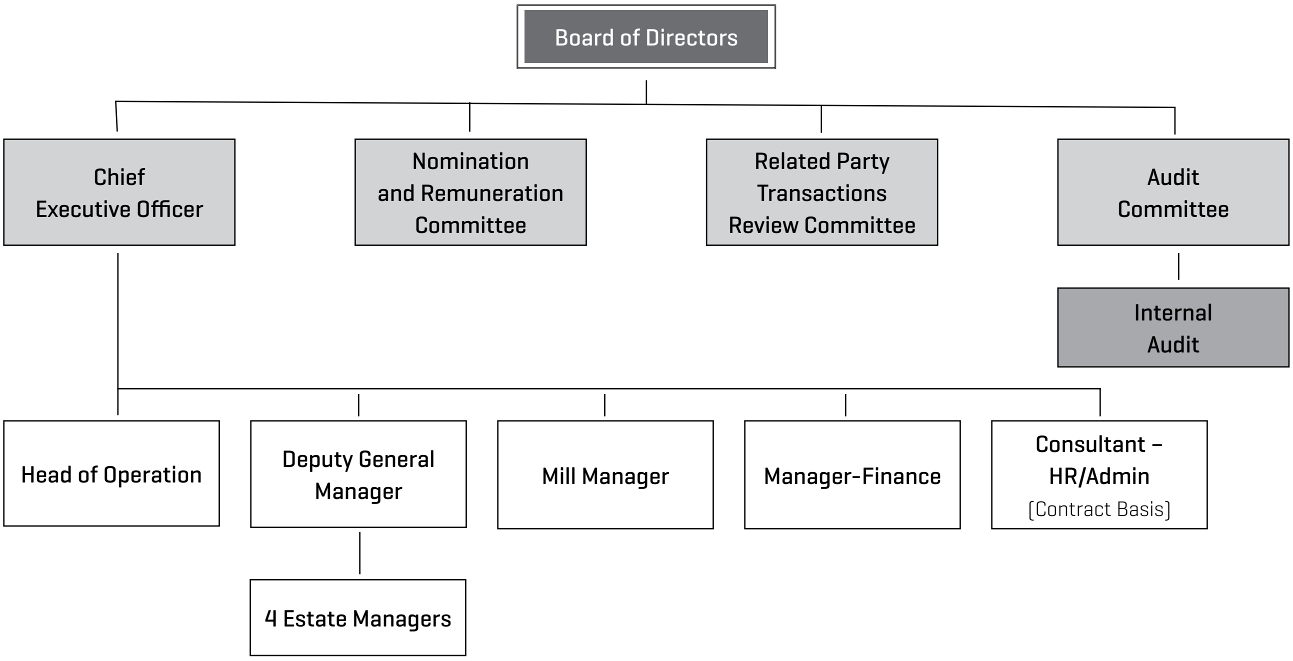
Large-scale investments were made to lay the foundations for this potentially game-changing crop including the establishment of nurseries, importation of seeds and preparation of uneconomical rubber land for gradual replacement with oil palm. Our journey with Oil Palm began in 1992 when the government of Sri Lanka decided to privatise the 'Management' of the then existing 22 Regional Plantation Companies which consisted of Tea, Rubber, Coconut and Palm Oil. This paved the path for a strategic joint venture between Watawala Plantations PLC and Tata Tea Ltd. of India. With this the plantations that came under its wings, received a new lease of life in terms of latest technology, financial stability and personal care where the workers are concerned, by effectively engaging in uplifting the life of the community economically, socially and culturally.

From 1992 up to 1996 Watawala Plantations was in the management custody of Lankem Plantations (Pvt) Ltd. It was only in the latter part of 1996 that Estates Management Services (Pvt) Ltd came to take on this all important role and steer Watawala Plantations to what it is today. It was then that our true journey to greatness began. From this point onwards, with the joint venture with Tata Tea India, Watawala Plantations PLC took up the challenge of converting the trade into a productive and competitive one. The unique three crop advantage, tea, rubber and oil palm provided Watawala Plantations the opportunity to move in multiple directions in terms of getting involved with the day to day lives of the people of the region in particular and in general in Sri Lanka.

In total the area of plantations spread over an area of 12,440 ha (hectares) out of which 35% was tea, 7% rubber and 23% under palm oil cultivation. Approximately 11% was kept aside for the purpose of fuel wood and the remaining area was uncultivated. Our focus at Watawala Plantation PLC today is on the three plantations and one palm oil mill in Udagama town of Galle district, the southern region of Sri Lanka. These units are Homadola Estate, Nakiyadenia Estate, Talangaha Estate, and Nakiyadenia Palm Oil Mill.

A SUSTAINABLE APPROACH

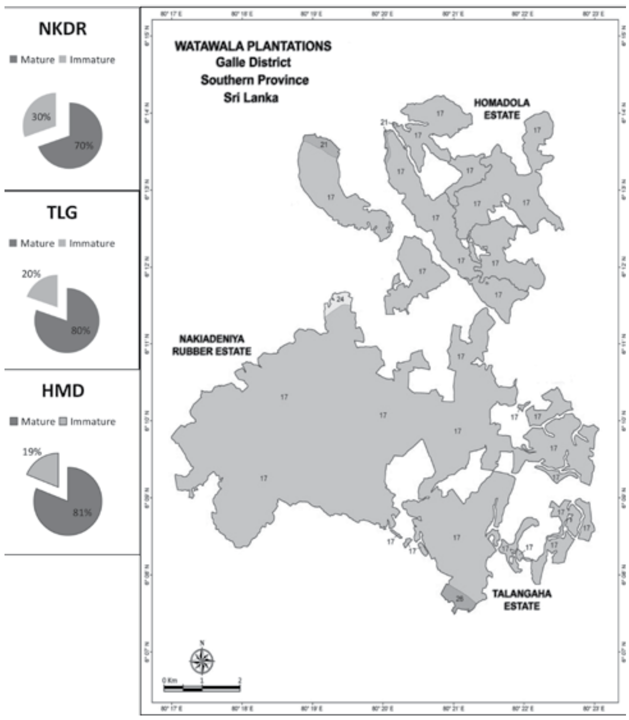
ORGANISATIONAL STRUCTURE



GEOGRAPHY

The plantation is located in the South western section of Sri Lanka in the Galle District. It consists of a number of linked and unlinked estate blocks and covers an area of 4806.91 ha and lies between 80° 17' E to 80° 23' E and latitudes 6° 8.0' N and 6° 14.5' N. We are managing 4806.61 Ha under Watawala plantations by dividing it into three Estates based on the geographical area namely Nakiyadeniya, Talangaha and Homadola comprising 1713.80 Ha, 1725.34 and 1367.77 respectively.

Our Palm oil factory which is located in Nakiyadeniya has a production capacity of 45,000 Kgs/ day.



HOMADOLA ESTATE

Covering an extent of 1,368ha in total, the name of Homadola estate was derived from HOMA DOLA [Brook]. The Homadola [*Homa Brook*] flows down from the world heritage site of Sinharaja forest and proceeds by the edge of the Kothalawala Bungalow down the ravine and cascades down a rocky cliff from where it breaks into a lovely gush.

The splendid view of Sri Pada to the north of the tea factory and the clear beaches to the south of the factory are rare scenic sights one could ever think of viewing from a single point. The estate commenced operations in 1920 and was owned by Beau Sajour Rubber Company Ltd, 61, Portland Place, London, WIN 3 AJ.

Homadola was originally a Rubber Plantation with tea being introduced only 35 years ago, under the management of Whittals Boustead. In 1975 the estate came under the Sri Lanka State Plantations Corporation. In 1992, during the re-privatization of the estates it was clustered into Watawala Plantations Limited under the management of Lankem Plantation Services Ltd. and in 1996 turned hands to the managing agents - Estate Management Services Pvt. Ltd. Presently Homadola Estate is an amalgamation of 5 different estates namely:

1. Homadola
2. Upper Homadola – Owned by Sir John Kothalawala.
3. Riceland – Devagiri Group
4. Udugama – Morawak Korale Transport
5. Stokesland – The Ceylon Timber and Rubber Syndicate Ltd.

The estate's elevation ranges from 174 meters to 305 meters above mean sea level and falls under the Low Country Agricultural Climate Wet Zone 1. Annually the estate receives more than 3500 mm of rain fall that is well distributed except for the peak periods, during the two monsoons.

Homadola Estate produces Tea, Rubber, Oil palm, Cinnamon/ Cinnamon Oil and Coconut. The workforce of the Estate at present is 363. Of this workforce, 58% are male and 42% are female.

Homadola is the largest multi crop plantation in Sri Lanka and boasts of having the best in class of oil palm and tea nurseries. It holds the record highest Tea YPH for low grown RPC estates. The estate has won many awards in social welfare activities and has been in the forefront of improving living standards of all stakeholders.

NAKIADENIYA ESTATE

The estate is located in the Udugama area of Galle in the Southern Province and covers a total area of 1,714ha. With a total Associate population of 407 which comprises of 38% females and 62% males, this property is easily accessible through the Southern Expressway.

Grand Central Rubber Estates Ltd., a sterling company managed by M/s Carson Cumber Batch and company Ltd., were the proud founders of Nakiadeniya Estate around the year 1920.The estate is located in the Udugama area of Galle district in the Southern Province. Accessibility to the estate is easily reached from the southern expressway's, Pinnaduwa change on the Galle Udugama road. British planters namely Mr. Fraizer, Mr. Mackintosh and Mr. Michel are the major contributors to expand the Nakiadeniya estate to become the then largest rubber plantation in Sri Lanka. In the year of 1965 British planter Mr. Gerry Wells introduced Oil Palm to the Nakiadeniya estate. The estate presently has good potential palm oil fields which supports to increase earnings of all its stakeholders. The Palm oil mill which is situated on this estate is another superior value proposition of the Nakiadeniya estate. Presently the estate takes many social, technological and environmental initiatives to up lift the life standards of its stakeholders while conserving the environment. Empowerment of youths and women is yet another initiative which is been carried out throughout the estate.

TALANGAHA ESTATE

Talangaha – Oil palm estate consists of 1,725 ha and is situated in Nakiyadeniya, Udugama. Located 21 km from the Southern expressway, the estate consists of Oil palm and Tea cultivations. The cultivation of tea commenced in 1915 and oil palm in 1968. The first Oil Palm plant was planted at Nakiadeniya oil palm Estate in the Digdola Division [Now known as MNC division] in a plot of 0.5 hectares in 1968 by Mr. Gerry Wells [the last British planter in Sri Lanka].

Consisting of 478 Associates with a gender ration of 39% females to 61% males, the estate is engaged in many social, technological and eco-friendly initiatives such as water conservation, activities to improve the health and wellbeing of the community, provision of education to the children on the estate and the upliftment of living standards of its stakeholders and their dependents. The community is empowered and encouraged to contribute their ideas towards improving the estate's productivity through community events.

A unique feature of this estate is the ponds that are maintained by the community which are home to a multitude of ornamental fish species.

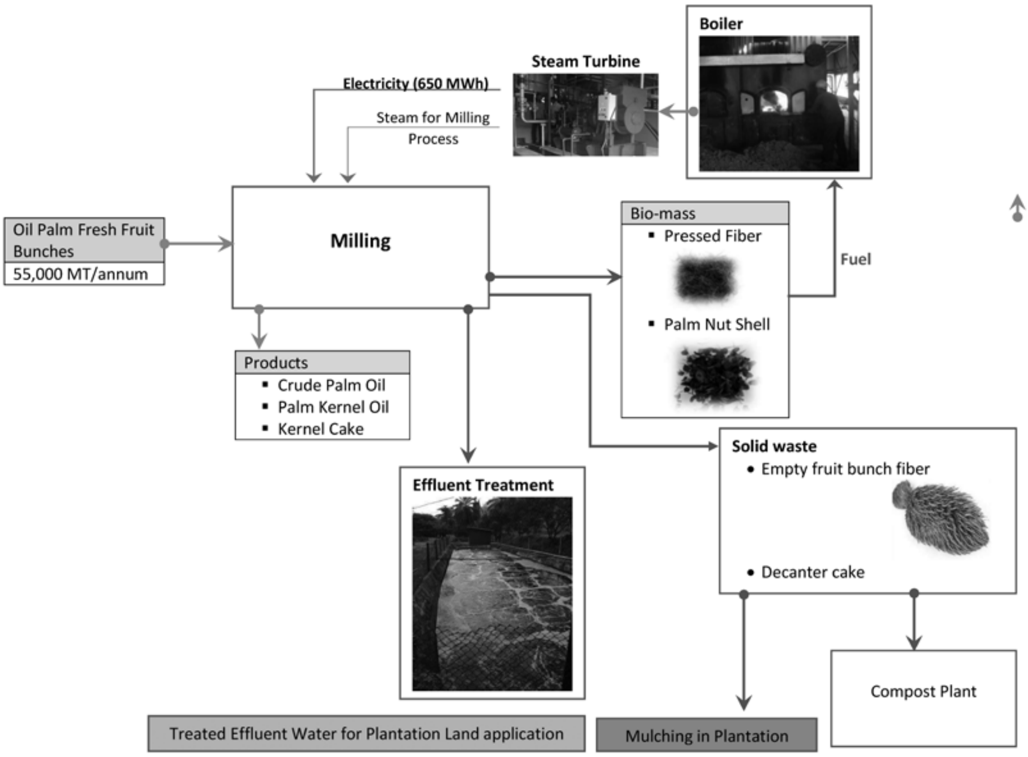
A SUSTAINABLE APPROACH

NAKIYADENIYA PALM OIL MILL

Nakiyadeniya Palm Oil Mill of Watawala Plantations is situated in the Nakiyadeniya Estate, which is located in Udugama, Galle. It commenced its operations in 1984 and boasts the latest palm oil milling technology to enhance efficiency within a low operating cost. Palm oil is extracted from fresh fruit bunches (FFB) by mechanical and heating processes.

With a total workforce of 79, comprising of 50 Associates and 29 staff members, the mill handles a capacity of 15 MT per hour of FFB. It has the capacity to process 55,000 FFB MT per annum and presently produces over 12,000 MT of Crude Palm Oil (CPO), 1,250 MT of Palm kernel oil (PKO) and 2,000 MT of Palm Kernel Cake. With significant investments over the years, Nakiyadeniya Palm Oil Mill has today become one of the leading palm oil mills in Sri Lanka.

The extraction process begins with the transportation of ripe fresh fruit bunches harvested from plantations to the mills. The FFBs are then sterilized using steam for a period of two hours, this process also helps to remove the fruits from the bunch. The fruits are then moved to a pressing station through stripping, where fruits are being separated from the bunch, and being subjected to mechanical extraction of crude palm oil from the mesocarp. The squeezed liquor from the mesocarp then goes to the clarification process where supernatant clean oil (crude palm oil) is skimmed off and transferred to storage tanks through drying process where moisture is removed. The mill also has a Kernel crushing plant where Palm Kernel Oil and Palm Kernel Cakes are being produced.



PROCESS FLOW OF MILLING OPERATIONS AT NAKIYADENIYA PALM OIL MILL

The Mesocarp fibre and kernel shell which are extracted are utilised as fuel for the boiler and for steam generation processes (at 10,000 kg/hr.), it is also utilised for electricity generation through a steam turbine prior to been used in sterilization and process heating. Other biomass generated such as empty fruit bunch fibre are used in oil palm field mulching, and the solid waste – decanter cakes which is rich in organic nutrients is used in compost production at Nakiyadeniya Compost Processing Centre.

This mill reached a milestone in its development of sustainable CPO production in obtaining the Roundtable on Sustainable Palm Oil (RSPO) certification. This momentous recognition places the mill as the first palm oil mill in South Asia and Sri Lanka to be certified with this coveted accreditation. The certification also strengthens Nakiyadeniya Palm Oil Mill's leadership as the largest certified CPO and kernel oil producer in the country.

Watawala Plantations has ambitious plans in the pipeline to increase the capacity and efficiency of this mill. As per the ongoing mill development initiative, the company aims to increase the mill capacity by 100% by the end of 2021 to stand at 15 MT per hour of FFB. Furthermore, WPL plans to modernise the entire Nut Plant at Nakiyadeniya by deploying state-of-the-art machinery to improve its process efficiency.

A SUSTAINABLE APPROACH

OUR PALM COMMITMENT

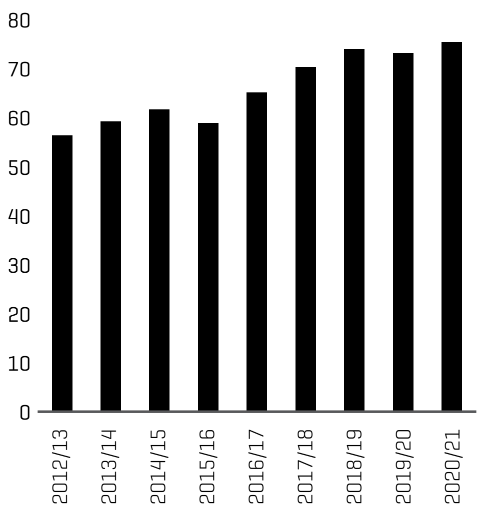
Since beginning our palm oil business, our Sustainable Palm Oil Policy has set out our commitment to sustainable palm oil production and sourcing, and to protecting forests and areas of high conservation in our own plantations. Our vision is for oil palm plantations to coexist with natural ecosystems and communities in carefully planned and managed landscapes, and ultimately to have a net positive impact on local livelihoods and communities, biodiversity conservation, and climate. We are working towards a traceable and transparent palm oil supply chain that supports:

1. NO deforestation of high conservation value (HCV) or high carbon stock (HCS) forests and ecosystems
2. No development of peatlan
3. Zero burning
4. Responsible labour practices and rights of local communities

The palm oil trade has increased enormously in recent decades. Given below is the Production volume of palm oil worldwide from 2012/13 to 2020/21(in million metric tons)

We are proud to be a part of the industry and having been able to play an essential role in the increased economic prosperity of the region and the local communities. At the same time, there is rising concern about the acceleration of deforestation and a negative cloud looming over the entire Oil palm industry.

Production in million metric tonnes



FROM OUR CHIEF EXECUTIVE OFFICER

The current landscape of our industry is challenging, to say the least. Global economic volatility brought about by changing monetary, trade and political policies, and a trade war between the United States of America and China, combined with unpredictable weather patterns, have resulted in significant crude palm oil (CPO) price fluctuations. News on the discovery of the first COVID-19 case in late 2019 and the COVID-19 pandemic which rolled out there in, had an adverse effect on global trade with a plausible domino effect on the palm oil industry.

In addition, the urgent challenge of climate change and the continued increase in deforestation has led to a sharp focus on palm oil. The concern that palm oil production is associated with deforestation has, to some extent, contributed to a strong lobby against the cultivation of oil palm. However, WPL is committed to playing a leading role in establishing a sustainable future for the local palm oil sector. That means being at the forefront of advocating responsible practices and setting an example when it comes to deforestation control for us and the sector.

For palm oil, as for other agricultural crops, sustaining the success of our industry and meeting demand for oil means improving agricultural practice, upholding human rights in our supply chain, and innovating for increased yield. We have a long history of operating sustainably – we have worked hard over the years to ensure that WPL is 100% certified to the Roundtable on Sustainable Palm Oil (RSPO) standards – we are working to higher standards today than we did in the past. These standards and expectations will continue to evolve from here. We want to stay at the forefront of sustainable development of our industry and are working towards a deforestation-free supply chain for us and for the sector.

This industry has been critical to providing livelihoods and economic prosperity for our country and for the region for many years. We are proud to be contributing to that growth and our company has grown with it. However, we will undermine the long-term prospects of the industry if, as a sector, we do not operate in a different way to conserve the forests that remain, and on which future generations will depend on. We are strong supporters of the efforts undertaken by the Sri Lankan government to help plantation companies who are in this sector and to promote ethical and sustainable practices which are important in safeguarding our natural resources. We recognise the important role smallholders play within our supply chain, and in the industry, and the hard work that has gone into both enabling these smallholders to be certified, and their efforts to obtain certification. We believe this is a step in the right direction to ensure we move the entire palm oil industry towards a journey of sustainable development.

We have continued to have a good record in labour relations, and our employees' remuneration is higher than that of workers in tea and rubber plantations. Our labour is drawn from neighbouring villages, and this has brought about a degree of rural prosperity uplifting the living standards of those directly and indirectly involved in the eco-system. We have implemented village integration programmes which will promote greater harmony in our relations with the villagers and community at large. Several new programmes were initiated this year including the introduction of the sports development project to support Volleyball and Table Tennis development at school and regional level in the Udugama region as well as general welfare activity under the banner of our CSR brand, *Watawala Kalana Mithuru* Initiative amounting to over LKR 8 Mn. Almost half of our employees are resident on the estates and we constantly strive to uplift the living standards of their families. Scholarships are provided to students passing the Ordinary Level examination and to those expecting to enter the University to motivate them to continue their studies. Scholarships to the value of Rs. 450,000/- were awarded during 2020/21. We maintain our relationships with the local communities through meetings with village forums, local government agents and provincial councils.

This new chapter in WPL's ongoing journey places us on a stronger footing to be able to face current and future challenges while capitalising on opportunities. Our strong fundamentals, together with the team's determination to enhance our operational excellence, were demonstrated in the introduction of innovative solutions along our entire value chain, enabling us once again to deliver sustainable value to our stakeholders. Ultimately, we believe in our investment in sustainable palm oil production – it is essential to helping our business thrive, and to creating value for shareholders, our employees, and the community.

A SUSTAINABLE APPROACH

As a responsible corporate citizen, Watawala Plantations consistently reiterates its pledge to operate in an economically, socially and environmentally sustainable manner. We believe in pursuing sustainability in a way that not only balances the interests of our diverse range of stakeholders but is able to create tangible and meaningful value for our organisation. We take pride in being the industry's agent of change by setting new standards and going above and beyond what is required of us. The United Nations Sustainable Development Goals (SDGs), are a call to action for all stakeholders globally on sustainable development. Our sustainability practices contribute to the SDGs, and we approach our efforts to implement more responsible practice with the SDGs in mind.

It is noteworthy that these achievements were in spite of the many headwinds we faced during the year. There is much resistance to palm oil cultivation, especially on environmental grounds. The opposition is based on a perception that palm oil cultivation causes large scale deforestation and destruction of natural habitats. While this may have had some truth in the past in certain countries, it is a misconception in the Sri Lankan context. Our palm oil cultivation has always been done on arable land where other perennial crops, such as rubber, had been planted earlier.

Doing business ethically is key to our long-term strategy and relationships. We have a stringent code of conduct which encompasses seven guiding principles as dictated by the RSPO. We require all employees and contractors to follow them, and expect our suppliers to do the same.

1. We obey the law.
2. We conduct our business with integrity.
3. We keep accurate and honest records.
4. We honour our business obligations.
5. We treat people with dignity and respect.
6. We protect WPL's information, assets and interests.

We are committed to being a responsible global citizen. Apart from RSPO certification, WPL's manufacturing facility Nakiyadeniya Palm Oil Mill is committed to conduct its operations in a sustainable manner and initiates innovations to improve the sustainable development at the mill. In this process Mill has identified the need of acquiring certifications which gives recognition in global level.

ISO 45001
ISO 45001 is the International Standard for occupational health and safety (OH&S) and Nakiyadeniya Palm Oil Mill is ISO 45001 certified from 2019. The system provides a safe and healthy workplace by preventing work-related injury and ill health, as well as by proactively improving its OH&S performance of the manufacturing process.

ISO 14001
Nakiyadeniya Palm Oil Mill is in the process of getting the Environmental Management System (ISO 14001), which provides a framework to follow to improve environmental performance requirements and minimize how the operations negatively affect the environment; comply with applicable laws, regulations, and other environmentally oriented requirements for continual improvement.

ISO 50001
ISO 50001 is a management system to integrate energy management of overall efforts to improve quality of the energy usage. Nakiyadeniya Palm Oil Mill is in the process of getting ISO 50001 certified.

Apart from that, following are the Sustainability Initiatives which has been undertaken by WPL and monitored closely by the Sustainability Team, which cover Social, Environmental and Economic aspects. Followings are initiatives taken or monitored by the Sustainability Team Watawala Plantations PLC.

01. Geographic Information System (GIS) used in Field mapping and Surveying
02. Buffer Zone and Riparian Zone demarcation along the stream
03. Pesticide Free zone establishment
04. Best Management practices and Continuous Improvement in Agricultural Activities
05. Mini jungle maintenance in areas which are not suitable for oil palm cultivation
06. Enrichment of forest in riparian zones
07. Planting other crops in areas where oil palm is not suitable
08. Tree planting programs

09. Removing of Volunteer Palms
10. Awareness and Training for Environment Conservation
11. Green House Gas Emission Calculations
12. Collaborative programs with Government Universities
13. Biodiversity Assessment (Flora and Fauna)
14. Fresh water species identification and Protection
15. High Conservation Value Assessment by International parties
16. Social Impact Assessment by International parties
17. Soil Assessments/ Soil Survey
18. Soil Erosion Assessment
19. Sustainability New Clearing Report prior to Oil Palm Planting
20. Compost Project
21. Providing Personnel Protective Equipment
22. Hazard Identification, Risk Assessment, Risk Control
23. Training (First aid, Fire, PPE, Waste Management, .. etc)
24. Occupational Health and Safety Management
25. Public Consultation and Stakeholder Consultation Programs
26. Water Sample Testing according to the Government Standard
27. Compliances to the National Regulations and Ratified International Conventions
28. Developing of Company Policies related to Sustainable Agricultural Practices
29. Written Standard Operating Procedures for Agricultural Activities
30. Working Instructions for the Workers
31. Annual Medical Surveillance for the workers
32. Improvements in effluent water management through new technology implementation(DAFF machine)
33. Improvement of the in-house laboratory for water testing
34. Energy review audits
35. Energy loss minimisation by insulation
36. Noise level mapping
37. New machinery replacement/ installation
38. Investigations for accidents/ investigations
39. VFD installation for energy optimisation
40. OSHA audits for continual improvements
41. Policy formulation

A SUSTAINABLE APPROACH

OUR SUSTAINABILITY AMBITION

Watawala Plantations is committed to playing a leading role in establishing a sustainable future for the palm oil industry. We are committed to raising the bar for ourselves and for the sector. We aim to be at the forefront of responsible agricultural practices that draw the line on deforestation. Palm oil is the world's most versatile and widely used edible oil. It has become ubiquitous, used in a great variety of food and Fast Moving Consumer Goods (FMCG) products in households all over the world.

WPL continues to focus on the maintenance of status quo and the preservation of forest vegetation in keeping with RSPO certification with the onus being on environmental consciousness.

We also have a long standing and robust social welfare and community engagement program as part of our responsible corporate citizen initiative. Over the years, the company has been engaging with communities and stakeholders not only in the philanthropic sense of the term Corporate Social Responsibility of our core business. While we do engage in philanthropic activity, during the past couple of years we have streamlined our activity to be focused on 5 key areas always keeping in mind our commitment towards nation building. These 5 main areas of focus are further encapsulated under our new umbrella for CSR, namely, the "Watawala Kalana Mithuru" initiative, which in effect establishes us as a friend for life, in good times and bad to the populace of the regions where we engage in business.

The five main areas of focus (or Big 5) for our revamped and rejuvenated CSR Program is as follows.

1. Education (pre-school for the village, computer laboratory for school)
2. Healthcare (Dispensary for the village, health camps and blood donation drives)
3. Sports (involvement in the existing sports programs, development of gymnasiums)
4. Life Skills and Guidance (Positive Thinking and Career Guidance Programs)
5. Livelihood (CSR Brand of Organic Cultivation)

PALM OIL MATTERS

As a strategic industry, our operations impact not only the local communities but the global community at large. If we weren't able to use palm oil in countless food, personal care and industrial products, we'd have to use alternative oils, including soybean oil, sunflower oil, rapeseed oil, coconut oil and so on. And the environmental consequences would be disastrous – primarily because palm oil is so much more productive in terms of the volume one gets per hectare planted; up to ten times as much per hectare as other oil seed crops. This is not stating to give the oil palm industry a clean bill of health. Over the last decade, we have been deeply critical of the things the industry gets wrong – and of those companies that continue to condone both deforestation and human rights abuses in their supply chains. Thus creating a ludicrously distorted view of the products, the companies and the impacts of palm oil (good and bad) in this critically important industry. Stepping out of this negative lime light, it is indeed noteworthy to mention that there are many companies out there including ourselves, who are taking steps in creating sustainable practices in this area and who take every opportunity to create a positive impact in all aspects of the supply chain.

The introduction of the RSPO certificate, ensures that any grower who has obtained this certification has met a whole raft of sustainability standards (on conservation, good farming practices, deforestation, supply chain management, human rights etc). According to the RSPO, around 20% of the global supply of palm oil is now certified as sustainable.

DRIVING SUPPLY CHAIN TRACEABILITY

The rapid rate of deforestation is an urgent challenge for the world that demands a meaningful response. Many people are concerned that palm oil production is driving deforestation. As the leading producer of sustainable palm oil, we share their concern and are working towards No Deforestation for our industry. Satellite data shows that globally, tropical forests are being destroyed at a rate of about 8 million hectares a year, with about 81,000 hectares of rainforest – an area the size of Singapore – burned around the world each day. Deforestation represents up to 20% of all CO_2 emissions, more than the entire transport sector, and agricultural commodities account for 70% of global deforestation. In the countries where oil palm production is concentrated, the industry has brought prosperity and economic growth over the past decades.

However, looking into the future, we at Watawala Plantations believe that in order to remain viable, the industry must change. Yet driving deforestation out of the sector is a complex challenge. It involves thousands of producers, and hundreds of thousands of smallholders. Supply chains are vast and complex, company structures are often opaque and visibility of problems is low. This makes it very difficult to pinpoint issues on the ground and prioritise the areas of greatest risk. That is why traceability is the next frontier in halting deforestation. Tracking supply back to its source is a crucial first step, making it possible to identify where problems exist and allowing us to take action.

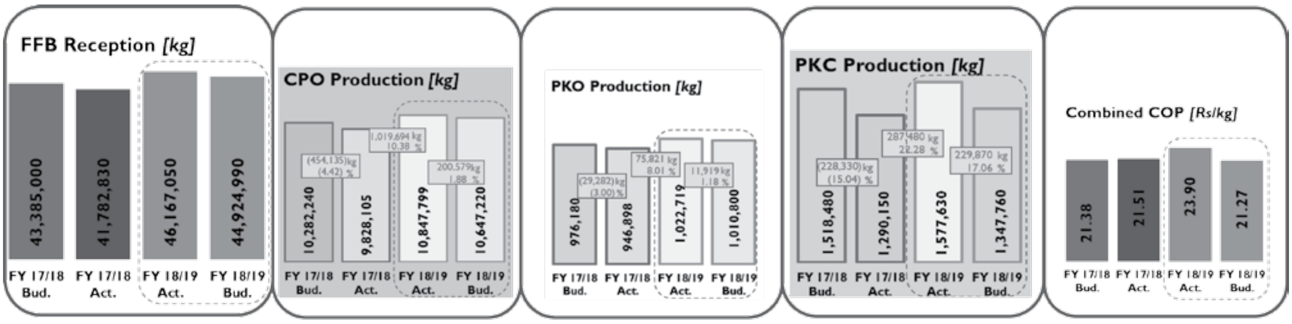
As a vertically integrated palm oil company, most of the palm products processed by our refinery originate from Watawala Plantation's own mills. As of 2020, 100% of our palm based raw materials were sourced from our own operations, which are certified to the Roundtable on Sustainable Palm Oil (RSPO). We are proud that this allows us to provide our customers with high quality, responsibly produced palm oil. While we as a company take stringent steps in driving towards a sustainable future in this industry.

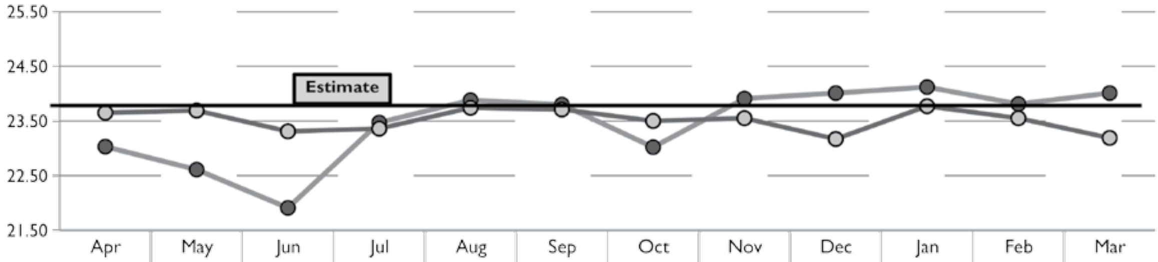
A SUSTAINABLE APPROACH

TRACEABILITY TO MILL

The Mill is the Production heart of the entire operation of the down south operation.

Traceability to the mill level means having the ability to assign the raw materials that we process and the subsequent products that we sell. It makes clear the geographical location of each mill, as well as the group ownership structure of those mills.





	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
17/18 - Actual	23.03	22.61	21.91	23.47	23.88	23.80	23.02	23.91	24.01	24.12	23.81	24.01
16/17 - Actual	23.65	23.69	23.31	23.36	23.74	23.71	23.50	23.55	23.17	23.77	23.55	23.19

As of March 2021, 100% of all the raw materials processed by our refineries and palm kernel crushers are traceable to our mill. This is measured by volume of raw materials supplied to our refineries and palm kernel crushers that have mill information available. This enables us to monitor more effectively how our sustainability requirements are being met, and in maintaining product quality.

TRACEABILITY TO PLANTATION

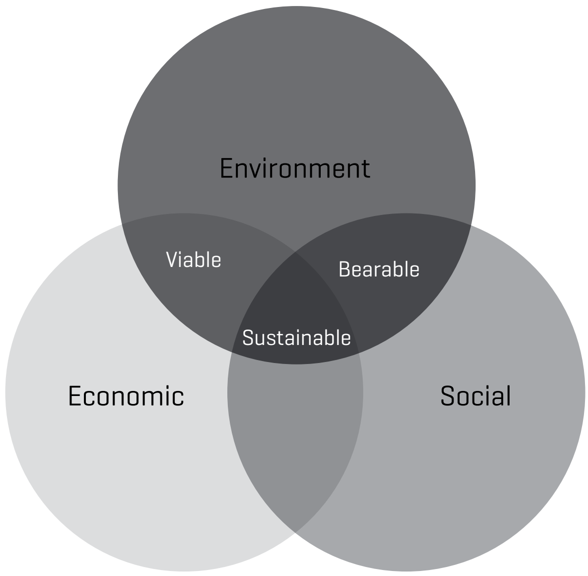
Our environmentally and socially responsible approach has been fundamental since we commenced our palm oil operations, and during the past year we made further advances by achieving RSPO certification. We remain on track with all our plantations been RSPO certified by 2021. In 2020, 100% of our traded palm supply chains were traceable to plantation and we are focused on maintaining this transparency and traceability in our supply chain.

The fact that we do not outsource our milling operations to small holders play an integral part in order for us to maintain RSPO criteria levels in the traceability of all Fresh fruit bunches (FFB) which come to our mills. This is indeed a way for us to ensure that stringent sustainable practices which are part of the RSPO aren't violated at any point of the journey from plantation to the final product.

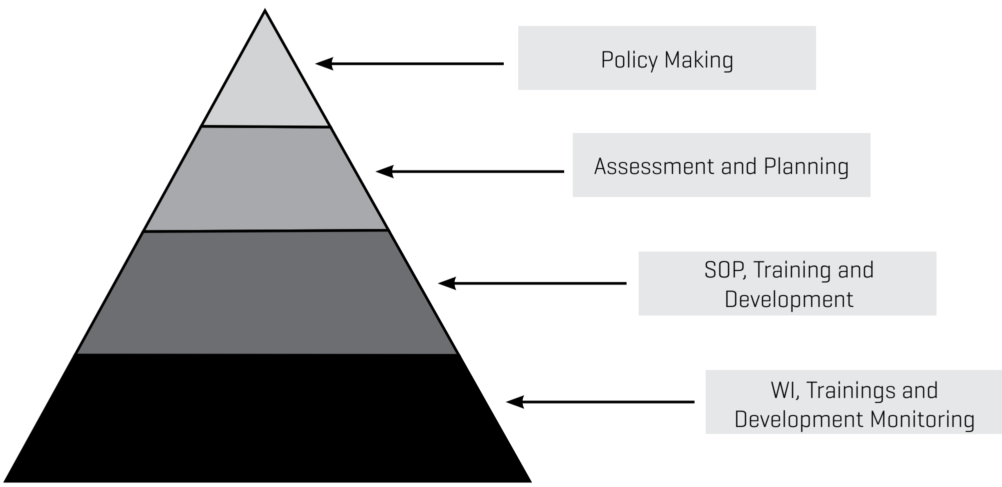
OUR SUSTAINABLE INITIATIVES

In our agricultural practices, we at WPL follow a balanced policy whereby we maximise land productivity while protecting nature. We carefully maintain and monitor soil fertility by testing and timely application of fertiliser. Harvesting intervals are monitored so as to pluck fresh fruit bunches at optimum ripeness. All precautions are taken in the use of chemicals so as to safeguard the environment. Our sustainability team monitors all activities and takes corrective action in cases of any deviations from good practices. We are also constantly endeavouring to mechanise our operations with a view to increasing productivity. The plant and equipment of the mill was upgraded for capacity enhancement and to promote efficient effluent discharge.

All projects which are carried out through our various initiatives are categorised under the global pillars of sustainability which are depicted below;

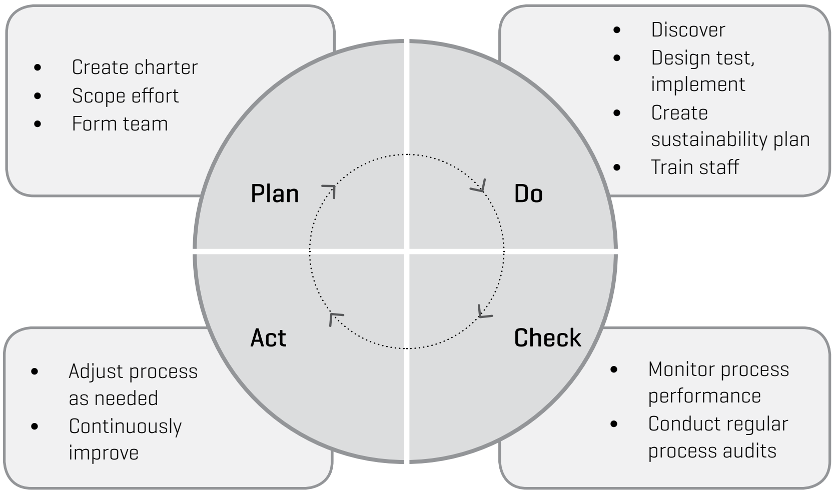


HOW WE OPERATE?



A SUSTAINABLE APPROACH

Improvement via PDCA Cycle



ENVIRONMENTAL EFFORTS

Drawing the Line on Deforestation

Deforestation contributes to be the primary reason and global challenge for climate change and the rapid loss of biodiversity and precious natural ecosystems. This is driving the increased intensity of questions about the sustainability of palm oil production. Watawala Plantation has been in business for many decades, our corporate footprint is large; today, we have a presence in many countries and manage a vast expanse of planted areas. We know the issues affecting this industry well. We are proud of our long track record in continually improving practices, beginning with the Zero Burning pledge and a No Deforestation commitment which we took as a producer of certified sustainable palm oil.

It is because of our commitment to sustainable production that we believe the industry must change in order to remain viable in the future. At Watawala Plantations we believe we need to be part of the solution. We believe in going above and beyond what is required of us by regulation alone and we are consistently working towards raising our own standards and seeking solutions that will help raise the bar across the industry. We are encouraged by the steps we have been able to take so far. In 2019, we set out to drive traceability through our supply chain and in the industry. We also updated our supplier policy to engage more fully in cases of a breach in No Deforestation No Peat and No Exploitation (NDPE) standards in our supply chain.

We have continued to make strides in our operational excellence which have increased our productivity and enabled us to make more sustainable use of the resources we use for production. We must acknowledge that raising the bar on sustainable growth is not an easy task. We know there will be challenges, and we cannot do it alone. That is why we work with others – our customers as well as suppliers and partners, governments and our own industry – to step up our efforts to create a deforestation-free supply chain for our business and for the industry.

At WPL, our approach to sustainability embraces the Sustainable Development Goals (SDGs) set out be the United Nations. We are focused on the goals and targets that are most relevant to our business, where we can make the most impactful contributions. We recognise that we cannot tackle the issues facing our industry alone, and in order to overcome more complex challenges, we collaborate with like-minded organisations. WPL is currently actively involved in multiple initiatives with stakeholders and other growers in order that these goals are carried out across the industry hence creating the necessary outcome it is intended to achieve.

Working With Suppliers To Draw The Line On Deforestation

In our own operations we are committed to No Deforestation, No Peat, No Exploitation (NDPE) standards and we expect the same of our suppliers. Our ambition is to draw the line on deforestation and the practices that contribute to it across the industry, hence, we updated our approach to working with suppliers and introduced a policy scheme which needs to be adhered to by all suppliers alike. The policy sets out what suppliers are expected to do in the event of a confirmed violation of NDPE Standards; stop work immediately on the affected land. Develop a plan for remediating the damaged forest, including conducting High Carbon Stock Approach

(HCSA)/High Conservation Value (HCV) assessments, as necessary. Develop a programme to improve their ongoing operational practices to meet NDPE standards.

If the supplier concerned is unwilling to make these commitments, it is our policy then to remove them from our supply chain. Once a supplier is no longer in our supply chain, purchases will not resume until our conditions above are met. The first requirement for reinstatement is that they immediately cease work on the affected land, preventing any further clearing for new plantings, and agreeing to the relevant HCV and HCS assessments to be conducted by external bodies.

Following that, the steps to reinstatement in our supply chain that we are putting in place are as follows:

Public acknowledgement of the clearing and the necessity for remediation.

Development within 2 months of time-bound plans for the recovery of High Carbon Stock (HCS) and High Conservation Value (HCV) forests and/or peatland cleared, and Agreement not to use the area cleared for commercial production.

Development within 2 months of NDPE policies and time-bound implementation plans for operational improvement to meet those standards, covering their group-wide operations.

Independent annual audits of continued compliance.

Raising the bar across an extensive network of suppliers is a complex challenge with no easy answers.

Some industry issues remain particularly difficult to tackle.

That is also why we will continue to work in collaboration with our partners and stakeholders to develop new mechanisms and processes that will support our ambition for deforestation-free supply right across the industry. At WPL, it is our view that it is not helpful to cut off suppliers without providing a path to reengagement. Constructive engagement has proved to be critical to systematically resolving issues and building the capacity of suppliers to improve their practices. Also, simply suspending suppliers may have the unintended consequence of driving poor practice elsewhere into the system, making it less visible and harder to act on. Ultimately, our goal is to expand the sphere of NDPE compliant palm oil producers.

SUPPLIER RISK ASSESSMENT

In addition to updating our supplier policy, we have also developed procedures to assess risk levels for our suppliers as well as our own mills. We monitor risk levels through Roundtable on Sustainable Palm Oil (RSPO) audit reports. These reports provide independent third-party verification on our implementation of NDPE policies as well as other sustainability requirements as laid out in the RSPO's Principles and Criteria (P&C).

MANAGING LAND AND BIODIVERSITY ECOSYSTEMS

Our palm oil plantations are located in Udagama, Galle, where the climatic conditions are suitable for planting oil palms. Of the total land extent of 4,826 ha palm oil accounts for over 55% and tea, rubber, timber, cinnamon and other minor crops the balance. We hold the land rights to these plantations on a 53-year, leasehold basis obtained from the Government in 1992.

WPL is committed to enhancing land productivity by engaging in good agricultural practices that sustain the environment. We are guided by our Agricultural Policy that balances stakeholder concerns, prevents abuse of the environment and nourishes the soil using environment friendly measures. Our work towards, and obtaining of the Roundtable on Sustainable Palm Oil (RSPO) certification further demonstrates our commitment to responsible practices.

WPL's GAP have been developed using expertise from the holding company of our joint venture partner Wilmar International, Singapore, Standard Operating Procedures in Malaysia, our own estate management who have visited successful plantations overseas and have reviewed and adopted practices suitable for WPL's plantations, and in conformity with RSPO standards. These include;

- Close monitoring of harvesting intervals and plucking fresh fruit bunches at optimum ripeness.
- Processing harvested fruits within 24 hours to minimize build-up of fatty acids.
- Maintaining soil fertility based on soil testing. Engagement in site specific fertilizer regime and timely application of fertilizers.
- Minimization and control of soil erosion and degradation of soil.
- Control of pests, diseases and weeds using appropriate and approved techniques.
- Careful and appropriate use of chemicals without endangering health or the environment.
- Obtaining the services of experts/ consultants in agricultural practices and soil fertility.
- Development of internal road network to expedite the transport of FFB to factory.

A SUSTAINABLE APPROACH

- Identification of lands within the estate suitable for palm cultivation by the Sustainability team, considering results of soil testing, steepness of slopes, proximity to water catchment areas to ensure optimum yields while balancing stakeholder interests.

We are committed to conserve and manage the environment in which we operate for the benefit and wellbeing of the present and future generations within plantations and its neighbourhood. Towards achieving this objective, we have pursued environmentally friendly and responsible methods in all our agricultural operations, field practices and manufacturing process to ensure that all-natural resources and ecosystems will be managed in a sustainable manner preventing pollution, abuse and deterioration.

We are conscious of the need for responsible consumption of our key input materials fertilizer and agro chemicals to minimize risks to employees, communities and the environment in which we operate. While chemical usage may at times increase along with the potential for good harvest, we engage in adjacent good agriculture practices to optimize consumption.

We recognize that clean, accessible water is critical for the wellbeing of communities, wildlife and aquatic ecosystems and regularly monitor our impact on local waterways, potable and non-potable sources, to ensure that we do not affect water availability or quality. Our mill accounts for most of the water consumption used in the processing of FFB which is sourced from an adjacent water tank. Plantations are irrigated through rainwater. We are conscious of reducing water consumption and from end 2018/19 have begun to use part of the condensation from the sterilizer as a regular source of obtaining water.

Going forward, we expect a 10% saving on water withdrawal from this initiative. Total consumption of water in 2018/19 was 46,370 M^3. Treated wastewater from the mill is applied to land as an organic fertilizer, upon enhancement with nutrients. It is passed through two open ponds located outside the factory before being released to the fields. The wastewater provides moisture, nutrients and organic matter to the soil and reduces the need for chemical fertilizers. The water discharged is checked for compliance with Central Environment Authority (CEA) thresholds, to minimize the risk of pollution of ground water and disturbance to the aquatic environment. To assure the quality of ground water the WATA Sustainability team conducts periodic (bi-annual) testing of water samples taken from 24 permanent sites on the estates, identified based on a hydrology map developed by the team. The quality of water in wastewater discharged from the mill and in natural waterways has been found to be in compliance with the requirements of the CEA.

Over 90% of the energy requirements of the Mill is sourced through Biomass generated from FFB waste, and balance from electricity. Estate vehicles run on diesel. We are committed to improving energy efficiency and conservation in the factory and estates. Such initiatives include purchasing energy efficient equipment when upgrading, use of an internally designed conveyor ramp propelled by a bicycle for crop evacuation from field to tractor, waste heat recovery options in the mill, efficient management of tractor fleet, energy conservation by insulation, and regular maintenance of steam boilers.

Reducing our carbon footprint is a top priority and we are committed to avoiding emissions to the best extent possible. We mapped our Green House Gas emissions using the latest RSPO Palm GHG calculator and GHG Protocol accounting standard. Net Emissions was determined at 13726.42 t CO_2 e. Carbon intensity has reduced from 1.684 t CO_2 e/ MT to 1.156 t CO_2 e/ MT, consequent to the 10% increase in palm oil production in 2018/19. Based on the calculated figures, our most significant source of emissions is from land conversions or more specifically, land cover change- in converting rubber to palm oil plantation or replanting palm oil.

Palm Oil processing gives rise to highly polluting wastewater, known as Palm Oil Mill Effluent (POME), which if disposed to water bodies without proper treatment, will result in polluting groundwater and soil, and in the release of methane gas into the atmosphere. At WPL we practice an Integrated Waste Management system focusing on strategies for both waste management and waste reduction ensuring sustainability of the environment. As the majority of our employees live on the plantations, they are both beneficiaries and violators and our initiatives take this in to account. There is no hazardous waste generated.

Our Conservation Efforts

Sustainable growth and expansion continue to present challenges for the palm oil industry. Clearing for palm oil plantations over the last decade has led to the destruction of rainforests and degradation of peatland. The associated loss of biodiversity has taken place at a rate ten to millions of times faster than that seen in the last ten million years. 75% of terrestrial environment has been 'severely altered to date by human actions, with the figure for marine environments not far behind. Some of the greatest impact is seen in the largest palm oil producing countries – Indonesia and Malaysia –

because of their high density of tropical forest. New expansion is also threatening ecosystems in other parts of Asia, Central and South America, and Central and West Africa. At WPL, we are working toward making deforestation an unviable way to participate in the industry.

WPL tied up with the Central Environmental Authority (CEA) in an initiative to collective commit to end deforestation, create traceable and transparent supply chains, and protect peat areas, while ensuring economic and social benefits for the local people and communities where oil palm is grown. Our upstream plantation operations are spread across some of the most diverse ecosystems in the country. Our plantations maintain more than 7.78% forest cover. Our environmental management practices in our operations are focused on reducing biodiversity loss.

We have made a commitment to cease all new development of land other than to replant existing plantations. We have since shifted our focus to increasing the yield of our palms on existing plantation land to reduce the need to use any more land for the production of palm oil. Moving forward, any new development will be done in accordance to the High Carbon Stock (HCS) methodology.

Our plantations hold a unique position amongst palm producers globally as they are significantly climate positive, in that they draw down more CO_2 than they emit (negative CO_2 emissions). The implementation of monitoring systems, in cooperation with environmental authorities enables us to continue to adapt and enhance conservation efforts to maintain wildlife corridors and to protect endangered species.

Discovering a New species of Schistura (Teleostei: Nemacheilidae) from the south-western lowlands of Sri Lanka

Our plantations are rich in biodiversity given the diverse eco systems found within the grasslands, streams, small-scale reservoirs and home gardens in the estates. As such, we are committed to conserving flora and fauna and making a zero impact on these eco systems. We partnered with Rainforest Rescue International, Sri Lanka and the University of Peradeniya Center for Sustainability, for a series of studies to identify the present status of habitats and continuously monitor and nurture them.

A recent research project carried out in the stream - *"Seethala Dola"*, Nakiyadeniya, located in one of our estates, yielded an unexpected and positive surprise. The research, carried out with the purpose of surveying freshwater fishes, led to the discovery of a new species of fish in Nakiyadeniya, in the South Western lowlands of Sri Lanka.

The species, which is endemic to Sri Lanka, has been formally named *schistura scripta*. The existence of this species was previously unknown to science.

Going forward we at WPL have initiated a conservation project targeting this species, which is presently understood to be found only in Nakiyadeniya Estate, thereby adding to the count of 50 species of fish that are endemic to Sri Lanka. An environmental sustainability project to restore native vegetation on the sides of the stream while educating the local population of the existence of the fish, coupled with impressing upon them the need to avoid polluting the stream, was initiated as part of this large-scale project. The very existence of the fish in itself is a tribute to good environmental management practices carried out in our plantation over a sustained period of time.

With the addition of this new species, the genus *Schistura* is represented in Sri Lanka by three species, all of which are endemic to the island. The new species was named as *"scripta"* as a reference to the pattern of bars on the body of this species resembling alphabetical characters; *'scripta'*, in Latin, means 'written words'. The following unique characteristic marking could be found on this species, an incomplete lateral line with 53–76 pores, ending beneath the dorsal-fin base or slightly beyond; 7–13 post-dorsal bars 7½ branched dorsal-fin rays; absence of an axillary pelvic lobe; and absence of a suborbital flap. The suggested common names for this new species are 'Nakiyadeniya Mountain Loach' and 'Nakiyadeniya Ehirava'. Based on the observations, this species is restricted to the single stream of '*Seethala dola*' within Nakiyadeniya Estate. However, further study is needed to understand its abundance and distribution.

With the addition of this new species, there are now about 93 native freshwater fish species in Sri Lanka, out of which 54 are endemic to the country. Most of these endemic freshwater fishes are found only in the southwestern Sri Lanka where there are rainforest habitats.

With this finding the total number of species of flora and fauna found throughout our plantations and classified on the National Red List as Critically Endangered, Endangered or Vulnerable has risen to 49.

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Nakiyadeniya Mountain Loach *(Schistura scripta)*

Bio Diversity Survey

Protecting biodiverse ecosystems

Our upstream plantation operations are spread across some of the most diverse ecosystems. The tropical rainforests, seas and freshwater ecosystems in the country we operate support a rich and diverse array of mammals, amphibians, reptiles, birds, fish flora and many more. Climate change and destruction of habitat threaten these species every year. We at WPL work with several partners to help with the protection and preservation of the environment, and conservation of biodiversity, while preserving the landscape which many of these animals call home.

Despite the potential economic benefits– for the country, RPCs and in turn, for those employed in the plantation sector, the industry continues to face resistance at the local government and provincial council level due to misinformation over the environmental impact of palm oil cultivation, particularly on depletion of ground water levels and soil fertility. Following a scientific study on the environment impact of oil palm cultivation undertaken by the Central Environmental Authority (CEA) in 2018, the CEA has recommended the ban of new plantations. The Palm Oil Industry Association (POIA) comprising of industry stakeholders promoting common interests and advocating 'Sustainable Growth through Responsible Production', is working closely with a committee formed by the National Economic Council to address some of the strictures made by the Central Environment Authority (CEA). Unfavourable weather conditions such as drought can also have adverse impacts on crop and production volumes.

We at WPL have initiated the High Conservation Values (HCVs) assessment which is used to identify environmental and social values that is of critical significance to a specific region.

High Conservation Value (HCV) areas are defined as natural habitats where these values are considered to be of outstanding significance or critical importance. The HCV concept was originally developed by the Forest Stewardship Council (FSC) to help define forest areas of outstanding and critical importance - High Conservation Value Forests (HCVF) - for use in forest management certification. A HCV area is simply an area (e.g. a forest, a grassland, a watershed, or a landscape-level ecosystem) where these values are found, or more precisely, an area that needs to be appropriately managed in order to maintain or enhance the identified values.

Identifying the areas where these values occur is therefore the essential first step in developing appropriate management for them. The main HCV objective is formalized into six categories and each of these values are defined at length below:

Box 1: The Six High Conservation Values

HCV 2 Landscape-level ecosystems and mosaics
Large landscape-level ecosystems and ecosystem mosaics that are significant at global, regional or national levels, and that contain viable populations of the great majority of the naturally occurring species in natural patterns of distribution and abundance.

HCV 1 Species diversity
Concentrations of biological diversity including endemic species, and rare, threatened or endangered species, that are significant at global, regional or national levels.

HCV 3 Ecosystems and habitats
Rare, threatened, or endangered ecosystems, habitats or refugia.

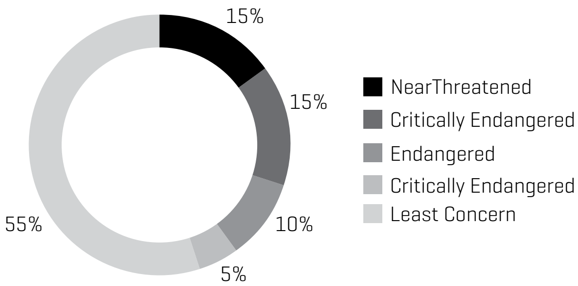
HCV 6 Cultural values
Sites, resources, habitats and landscapes of global or national cultural, archaeological or historical significance, and/or of critical cultural, ecological, economic or religious/sacred importance for the traditional cultures of local communities or indigenous peoples, identified through engagement with these local communities or indigenous peoples.

HCV 4 Ecosystem services
Basic ecosystem services in critical situations, including protection of water catchments and control of erosion of vulnerable soils and slopes.

HCV 5 Community needs
Sites and resources fundamental for satisfying the basic necessities of local communities or indigenous peoples (for livelihoods, health, nutrition, water, etc...), identified through engagement with these communities or indigenous peoples.

Through this HCV process, we have identified 89 Flora species and 51 Fauna species

Fauna Species With Conservation Status



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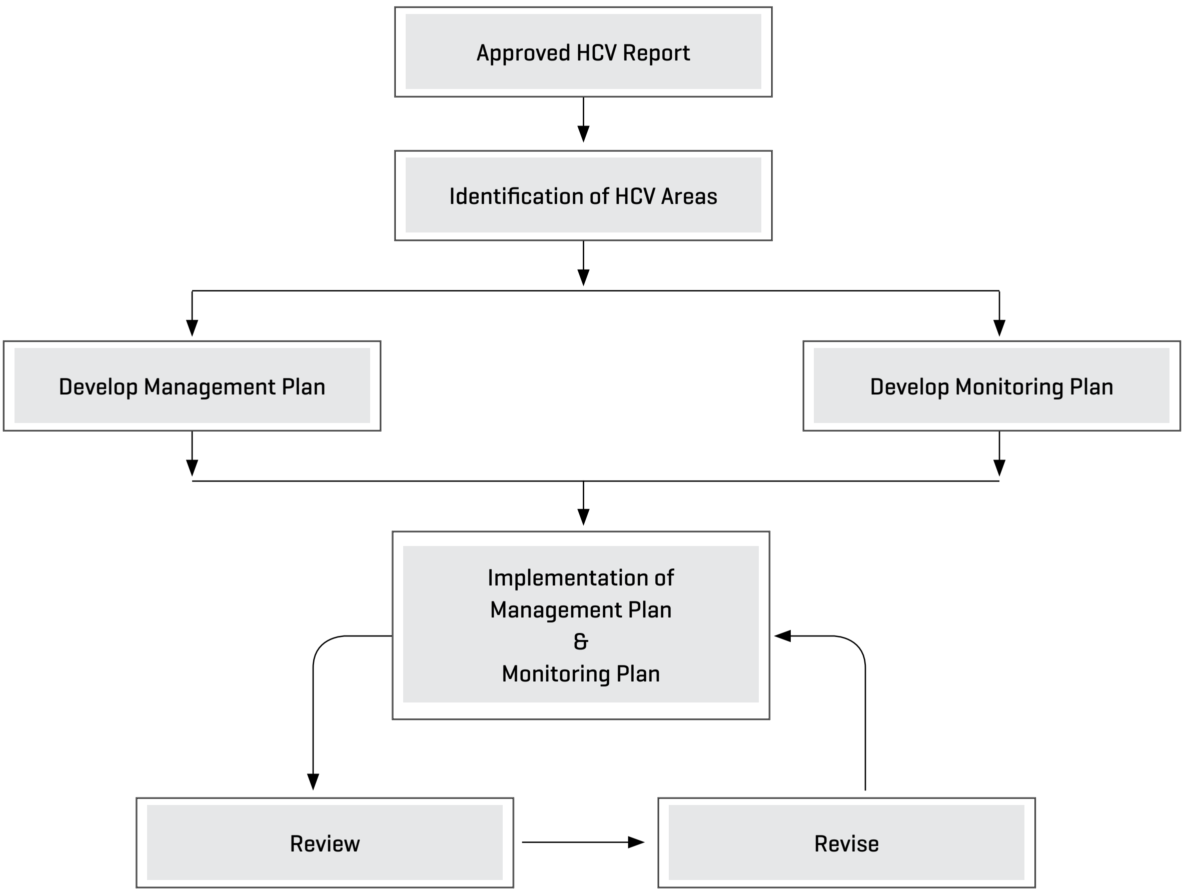
The company conducts HCS assessment for all of its future development for palm oil. HCS Assessment is a methodology that distinguishes forest areas for protection from degraded lands with low carbon and biodiversity values that may be developed. The methodology respects local community rights through its integration with enhanced FPIC procedures and respecting community land use and livelihoods. It requires participatory community-land use planning and management, applies conservation planning tools to the identified HCS forest areas and combines with mapped community land use, HCV, and peatland areas to delineate areas for conservation, restoration, community land use, and/or areas potentially available for plantation development.

WPL has not only acted on the recommendations of HCV and HCS assessments but expanded the scope to include larger conservation areas than that stipulated in the assessments. Conservation efforts in line with the Company's commitment to ensure its continual improvement in environmental performance by maintaining the ecological integrity of the landscape in which WPL operates as well as to provide necessary habitat for endangered species that are found in or adjacent to WPL palm oil concession.

Further thorough this initiative we wish to;

- To determine carbon stock in natural areas.
- To delineate the identified HCV 1 – 4 areas.
- To propose management actions based on the identified HCVs.
- To propose mitigation and monitoring actions for the identified HCVs.

HCV Management Plan Process



HCV Assessment

Following is identified

1. HCV's
2. Requirement for Maintenance of HCV's
3. Areas of Concern
4. Threats to HCV
5. Management Recommendations
6. Monitoring Recommendations
7. Mapping of the HCV's

Sustainability Team

1. Set Objectives and Targets
2. Conduct studies and mapping as necessary
3. Choose indicators for monitoring
4. Create management and monitoring plans
5. Stakeholder engagement

Implementations by Estate Management Unit

1. Management Recommendations
2. Delegation of responsibilities
3. Stakeholder Engagement
4. Monitoring

Adaptive Management

Through the participation of Estate Management Units and Sustainability Team

1. Analyse and evaluate monitoring results
2. Review management objectives
3. Adapt management and monitoring as needed

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RESPONSIBILITY FOR HCV MANAGEMENT

The Estate Management Unit (EMU) is primarily responsible for HCV management within its administration area. However, some HCV management areas are designed to maintain an HCV both inside the EMU and in the EMU's area of influence in the wider landscape (e.g. HCV 4 water quality downstream of the MU). At the same time, maintaining HCVs in the EMU can be dependent on management areas and prescriptions outside the EMU (e.g. maintaining populations of wide-ranging HCV 1 species). HCV management areas may be much larger than the precise location of the HCV. For these reasons, EMU is responsible for engaging with neighboring land managers and affected stakeholders to coordinate management plans and initiatives across the wider landscape. EMU is responsible for avoiding damage to HCVs in their EMUs and for taking into account what is happening outside the EMU, and engaging with neighbors to solve problems whenever possible. This can increase the likelihood of maintaining HCVs in the wider landscape. In cases where engagement with neighboring stakeholders does not stop damage to an HCV outside the EMU, the EMU would need to consider the feasibility of increasing the resources devoted to HCV maintenance inside the MU to counteract this.

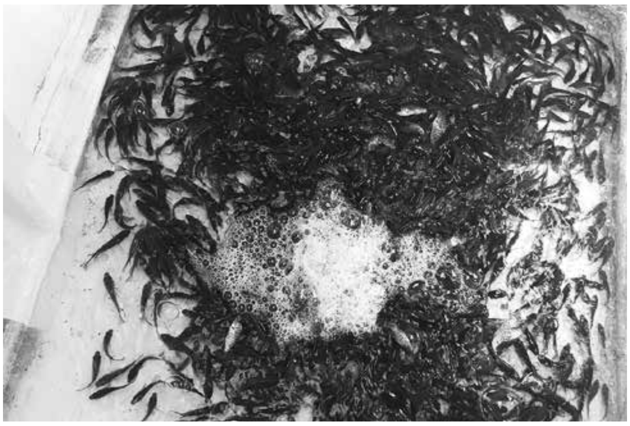
Important elements of the HCV management plan

1. Description and location of each HCV present
2. Establishment of baseline data
3. HCV management objectives and targets
4. Assessment of threats to HCVs
5. Consultation with stakeholders and experts
6. Development and implementation of effective management strategies
7. Development and implementation of a monitoring plan
8. Adaptive management strategies, based on monitoring results

OTHER PROJECTS

Reconstruction of Carbeal Lake

Releasing Fingerlings to Carbeal Division Lakes



Planting of Trees at Homadola Estate

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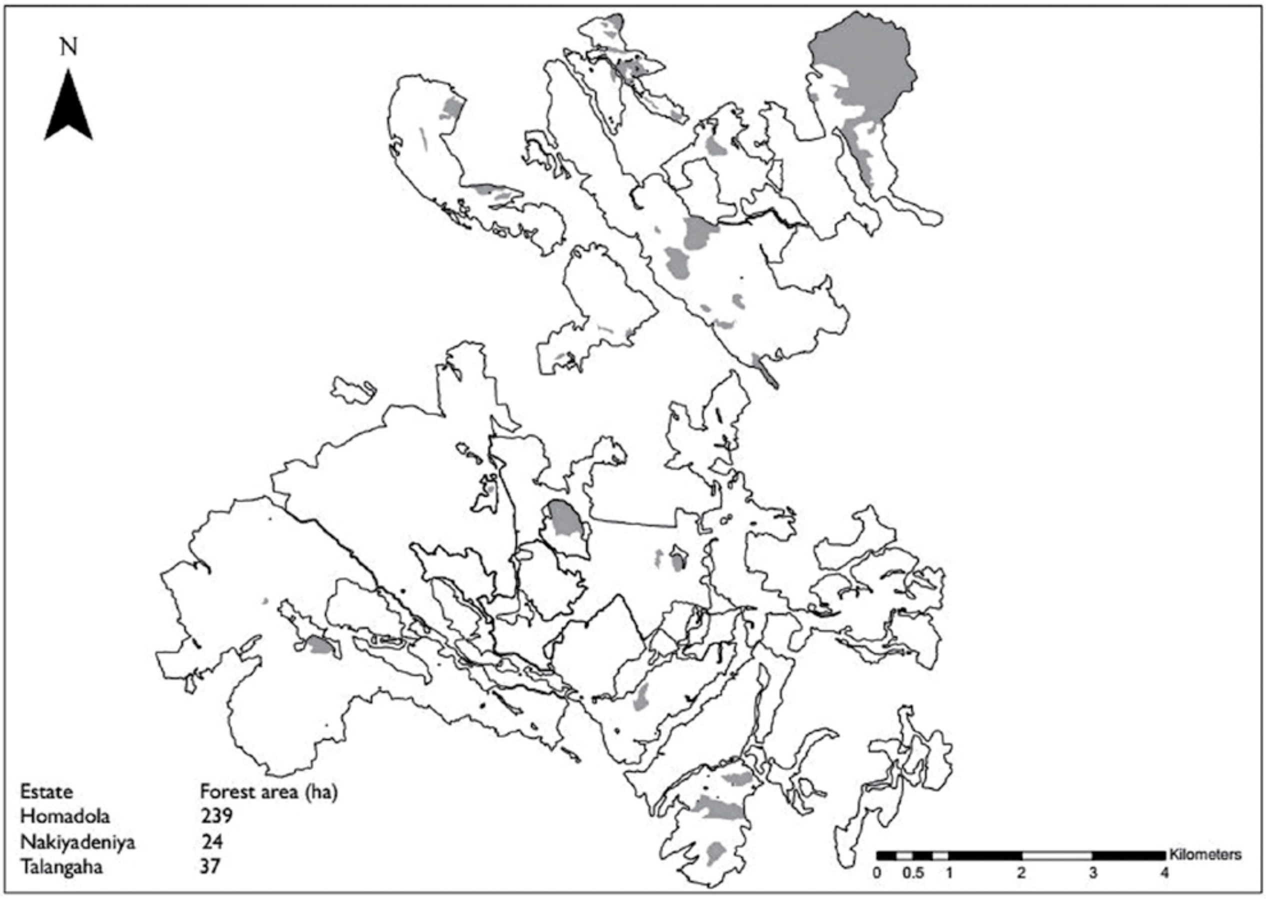
Replanting Efforts

Forests are rapidly dwindling due to various reasons including climate change, global warming and human interventions. A considerable number of bush fires were reported towards the end of 2016, and the situation continued in early 2017 destroying acres of land in forest reserves like Knuckles, Bibile and Moneragala. Bush fires not only destroy primeval trees, wildlife, and eco-systems, but also have a drastic impact on the climate and dry up water sources and springs, which in turn causes water scarcity throughout the island.

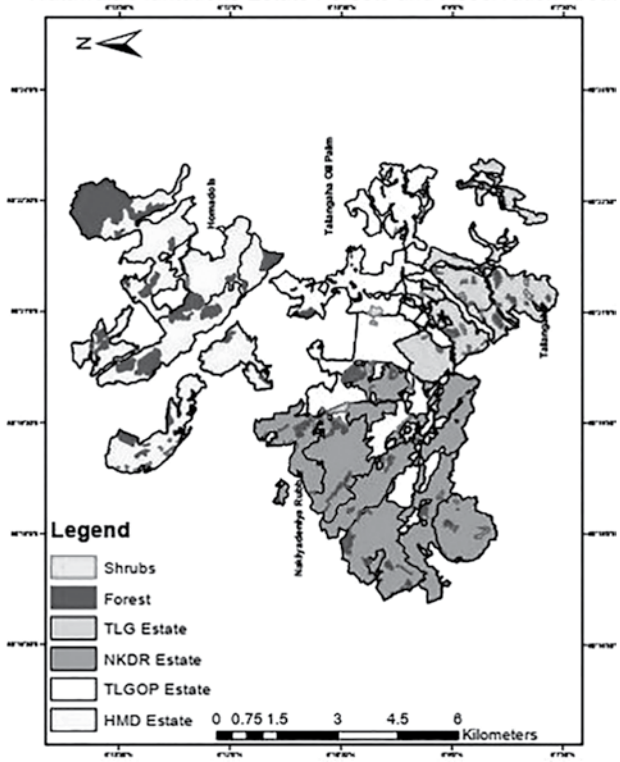
We began this reforestation initiative during 2017/18 in planting a total of 2,000 saplings, covering an area of 10 Ha. in total replanting efforts. Following the success of the project, we continue the reforestation initiative in a larger scale this throughout last year, carrying forward the same efforts to this year. Last year the estate forest and conservation areas which were replanted grew by a further 7.8 %, while this year growth stood at 10.2% (Growth 2.4% of estate forest and reservation area).

Unlike projects which yield instant results, this initiative will be different as it contributes to the bigger picture of restoring the deteriorating environment we live in. The thousands of trees we planted today will not only purify the air and enrich the soil, but also help the country immensely to restore its receding forest coverage and refill water springs in the long run.

Work in this regard is being carried out in collaboration with the Central Environmental Authority and the University of Sri Jayewardenepura (CFS) towards establishing the connectivity between the scattered small forest patches at Homadola estate. This is only the beginning and we hope to conduct similar initiatives in the future and empower our communities further through better environmental standards.



Watawala Plantations Estate Forests and Reservation Areas



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STUDY OF FRESHWATER SPECIES

The diversity of freshwater fishes in Sri Lanka is remarkably high, with a total of 93 indigenous fishes being recorded from inland waters, out of which 53 are considered to be endemic. Out of these, 21 are listed as Critically Endangered, 19 as Endangered and five as Vulnerable in the National Red List. In addition, several new species of freshwater fishes have been discovered in the recent past which have not yet been evaluated for Red Listing. Out of the 22 families that represent the Sri Lankan freshwater ichthyofauna, the family Cyprinidae dominates, representing about 50% of the species, followed by the families Gobiidae, Channidae and Bagridae, which represent seven, five and four species, respectively. The remainder of the other families are each represented in Sri Lanka by three species or less.

The Southwestern zone shows the greatest diversity, followed by the Mahaweli zone, with the least diversity observed in the Dry zone. About 60% of the freshwater fishes occur both in the dry and the wet zones of the island while the rest are more or less restricted to the wet zone. Of the endemic fishes, more than 60% are restricted to the wet zone of the island while about 30% occur in both the dry and the wet zones. Thirteen species are considered to be micro-endemics, with highly restricted distributions within the island.

As part of the ongoing research, field work was carried out at the Homadola estate on 26/Sep/2017 and Nakiyadeniya estate on 15-17/Dec/2017 to sample a recently described species: *Devario udenii*. This extensive study on the freshwater fish fauna was carried out to facilitate the ongoing RSPO projects being carried out in these estates.

Sampling localities and habitat characteristics of sites at Homadola and Nakiyadeniya estates are given below;

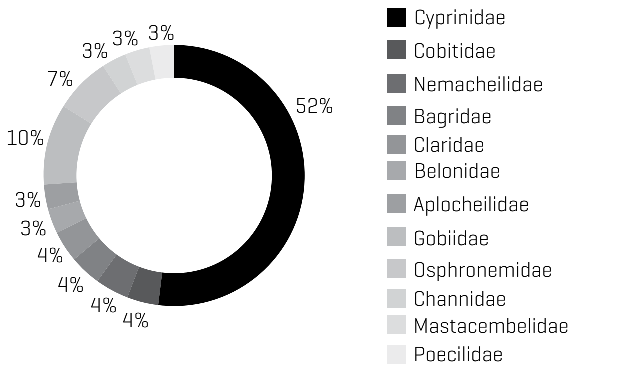
Habitat	A	B	C	D	E	F
Local Name	Homadola Estate	Homadola Estate	Homadola Estate	Madola, Homadola Estate	Nakiyadeniya Estate	Seethala dola, Nakiyadeniya Estate
GPS Coordinates	6.2137, 80.34956	6.21576, 80.34361	6.22542, 80.33901	6.22953, 80.36664	6.16996, 80.35834	6.15178, 80.31023
Habitat type	Large stream	Large stream	Small river	Small river	Small streams	Stream
Surrounding	Disturbed secondary forest	Disturbed secondary forest/palm oil	Disturbed secondary forest/tea	Undisturbed secondary forest	Anthorpogenic/ palm oil	Palm oil
Flow rate	Fast	Moderate	Moderate/Fast	Moderate/Fast	Slow	Moderate/Fast
Bottom substrate	Pebbles/sand/ boulders	Pebbles/sand	Pebbles/sand/ boulders	Boulders/ pebbles	Sand/silt	Pebbles/sand/ boulders
Canopy cover	50-70%	50-60%	50-60%	50-70%	Open	20-30%

The results obtained through this research revealed that a total of 29 species of freshwater fishes belonging to 12 families were recorded during the survey.

Family Cyprinidae dominated with 15 species followed by family Gobiidae (three species) and Osphronemidae (two species). The rest of the families Cobitidae, Nemacheilidae, Bagridae, Claridae, Belonidae, Aplocheilidae, Channidae, Mastacembelidae and Poecilidae were represented by a single species each.

Out of the 29 species recorded, 16 species were endemic. The freshwater fish species recorded included a Critically Endangered species (Sicyopterus griseus), eight Endangered species (Pethia cumingii, Pethia nigrofasciata, Puntius kelumi, Puntius titteya, Systomus pleurotaenia, Mystus ankutta, Aplocheilus werneri, and Sicyopus jonklaasi), a Vulnerbale species (Garra ceylonensis) and an exotic species (Poecilia reticulate).

Sampling localities and habitat characteristics of Nakiyadenia and Homadola Estates



WATER MANAGEMENT

Water is an essential and finite global resource. At WPL, we recognise the need to carefully manage our use of water as it is a shared resource which is also needed for oil palms' growth and to process FFB. We have, therefore, implemented comprehensive measures to safeguard water quality, increase water efficiency and improve the water management system. These measures are designed to mitigate any adverse impacts which our operations may have on water sources.

Watawala Plantations takes into account the prevailing land conditions, topography and changes in the climate conditions to achieve the best water management strategy and mitigate water-related risks. The increase in the global average temperature continues to result in changes to the climate and creates water-related risks for our business and our stakeholders like floods, droughts and storms. This has led us to examine and gain a better understanding of water risks to our Company, the communities in which we operate, the environment surrounding our operations and also our supply chain. Our primary sources of water for operations and sustenance of our workforce are from surface water like rain-fed ponds and water catchment areas, rivers and lakes. The remaining water demands wherever applicable are met by water supplied by utility providers.

Our water management programme incorporates water risk mitigation at our entire operations and its surrounding communities to ensure a sustainable balance for consistent supply of freshwater for operations, use by local communities, conservation of the natural environment and ultimately the conservation of the water resource itself. Quality of water bodies and rivers running through our operations are monitored frequently to ensure no deleterious impacts towards the environment and the surrounding community. Local communities and stakeholders are constantly engaged and consulted to ensure our operations do not affect their right to access fresh and clean water. Our Company also has rainfall collection stations set up throughout our operations to monitor moisture availability and forecast weather patterns.

The following initiatives with regards to water management are carried out on an on-going basis in collaboration with the EDC University of Peradeniya

- Buffer zone demarcation for water streams
- Riparian zone maintaining for water streams
- Avoiding new planting near to water streams
- Remove planted oil palm near to water streams
- Calculating water usage for mill processes
- Practicing less contamination methods in chemical handling and continues water monitoring for fertilizer contamination through the following;
    - Chemical mixing bowser
    - Premixing tank
    - Triple rinse
    - Oil traps

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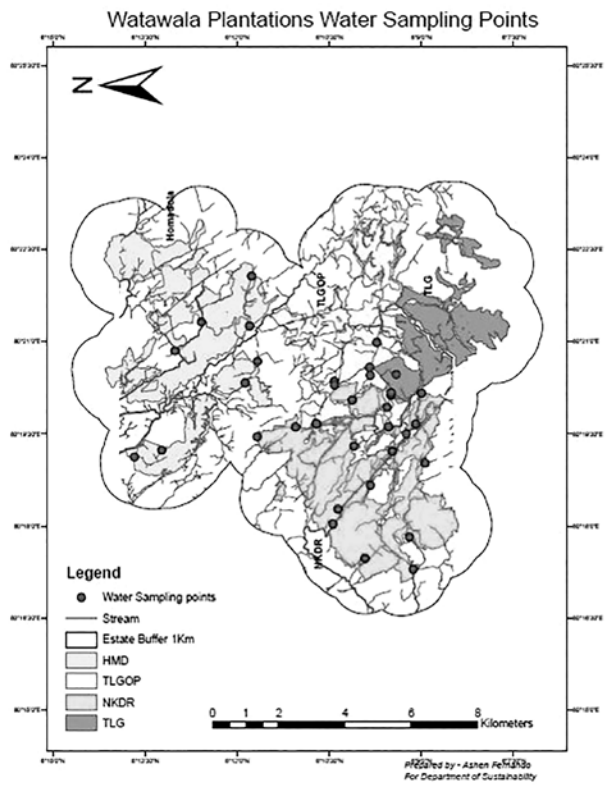
WATER SAMPLING-



Wastewater

The processing of palm oil results in highly soiled water known as palm oil mill effluent (POME). Raw, untreated POME cannot be discharged to waterways, and carelessness will result in pollution of groundwater and soil. At WPL, we are mindful of the effluents we produce and institute strict controls to mitigate possible contamination of waterways. Most of our effluents originate from the mill, in the form of POME, and downstream operations. POME from our mills, which represents about 50% of the total water consumed by the mills, are treated and used for land application and composting. We also repurpose POME as fertiliser. Applied to land, it provides moisture, nutrients and organic matter that enhances the soil and in turn reduces our reliance on inorganic fertilisers. Effluents from our downstream operations are treated to meet local regulatory requirements prior to discharge. In both instances, we comply with local environmental limits to minimise any risk of groundwater pollution or disturbance to aquatic life.

Waste and Hazardous Material Management

Proper management of waste is crucial for environmental stewardship and human health. All waste products including domestic waste, agricultural waste, biomass or by-products generated by our operations, are, if not recycled, required to be safely disposed of in accordance with the prevailing regulations.

Soil Management

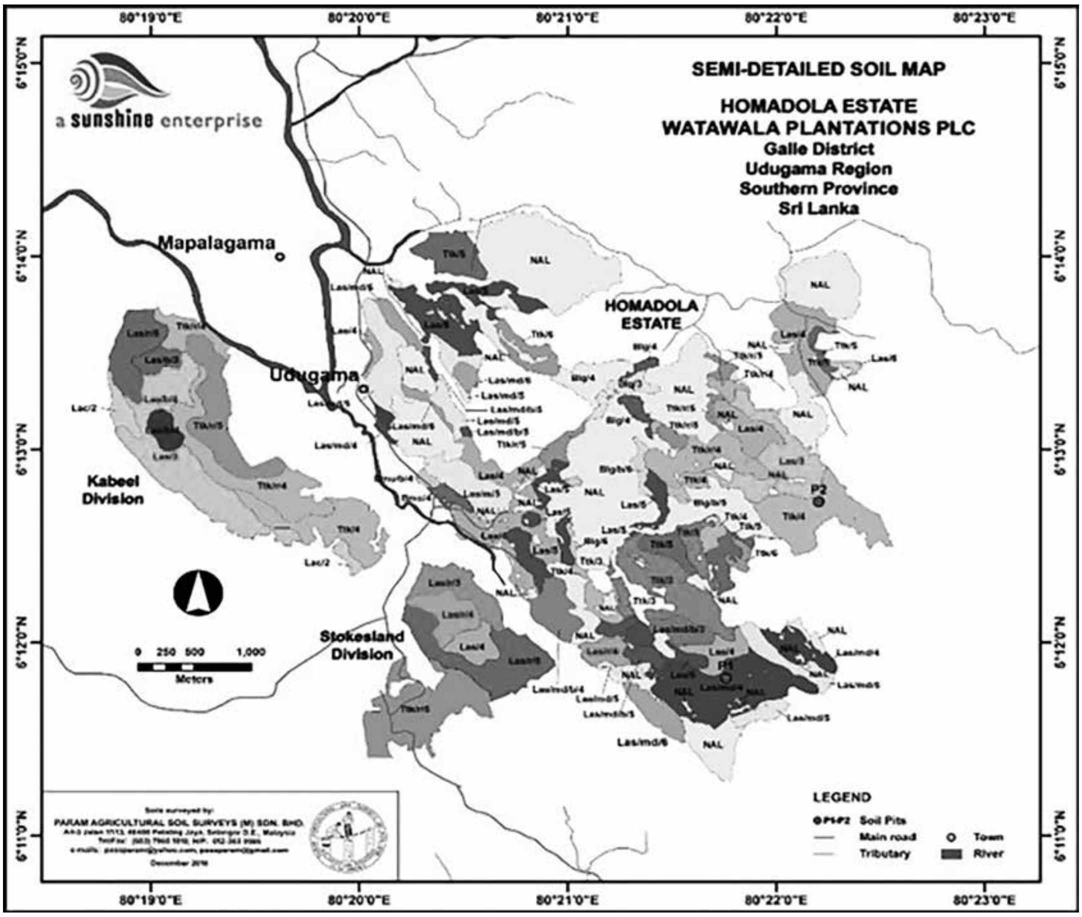
Most tropical soils are considered to be infertile due to intensive weathering and leaching caused by the high temperatures and heavy rainfall that prevail in these areas. The key to their management is to understand their characteristics so that a package of management practices can be used to overcome their limitations. The parent materials from which tropical soils are formed mainly determine their physical, chemical and mineralogical properties. The physical and chemical properties determine the type of management and the yield of oil palm on these soils. Physical characteristics, such as colour, determine the iron content, structure, porosity and phosphate management in these soils. Texture and structure control their internal drainage.

The effective soil depth as influenced by the presence of gravel, stone or underlying rock controls rooting depth, moisture availability and susceptibility to wind damage. The chemical characteristics such as carbon/nitrogen ratio, total and available phosphorus and exchangeable cations are often low as is the cation exchange capacity and base saturation. The management implications of these factors determine the yield. Therefore, it is important that we manage our soil resource carefully, ensuring that we do not add damage to it, which will result in low yields of and a host of other related issues.

The mixture of fertilizers, pesticides and weedicides too take its toil on the landscape. Therefore, we have several practices in place to ensure that the soil is managed and protected properly.

These are some of the initiatives which are currently underway;

- Conducting soil survey
    - Moving towards site specific fertilizer program Less fertilizer usage
    - Identification of fragile soil with soil management methods
- Identification of steep areas with soil conservation methods
    - Individual platform cutting in steep areas
    - Cut oil palm and rubber trees from palm base with uprooting
    - Sustainability report preparation before oil palm planting



FERTILISERS AND PESTICIDES

The Company is working towards optimising our chemical footprint related to our operations which includes the use of chemical fertilisers, pesticides and herbicides. This is to ensure that our flora and fauna conservation efforts are not hampered. In this aspect, the Group has implemented the following:

- Integrated Pest Management ("IPM") as best management practice
- Comply with RSPO requirement
- Total ban on usage of chemicals listed under the Stockholm Convention and Rotterdam Convention

Green House Gas (GHG) Emissions

The oil palm industry today is greatly scrutinised, and assumed to be one of the significant contributors to global warming through land-use change (LUC). This necessitates a change in the business structure for palm oil, in the face of demands to monitor and reduce carbon dioxide (CO2) emissions, especially those through LUC.

The Company has started to take steps to account for the CO_2 emissions within its parameters, the supply chain, from harvesting raw materials to the product logistics. This accounting exercise aims to help us to balance the efforts in controlling GHG emissions and our business activities.

Additionally, GHG emissions by our RSPO certified oil mill and estates are further measured using RSPO's Palm GHG toolkit. In working towards our GHG emission reductions and optimisation targets, the Company plans to establish baselines of all our operating units and strives to improve effective use of resources and reduce emissions wherever possible.

A SUSTAINABLE APPROACH

SOCIAL EFFORTS

Community Relations and Development

The local environment which we operate in presents varying challenges and opportunities. In some of our remote operations, it invariably necessitates engagement with local communities that are far from being equipped with modern amenities and conveniences. Watawala Plantations, as a responsible corporate citizen, constantly seeks to make a meaningful and lasting difference to the lives of the inhabitants of these rural locations.

Creating Shared Values

As part of our contribution to local development, Watawala Plantations prioritises job offers, contract works, and infrastructural projects for local communities whenever possible. Conducting agro-economic activities in these remote areas create thousands of employment and sustainable income for the local communities. With respect to our workforce, WPL endeavours to provide proper housing with adequate social and economic amenities in all our operating units including those located at remote locations. The local communities, as our stakeholders are often consulted to manage the social, environmental and economic expectations of both parties.

Engaging with Local Communities

Regular and open engagement with our local communities is vital for our continued success. We work closely with villages in close proximity to our plantations, enabling us to create mutually respectful and beneficial working relationships. We are on track with our social contracts for the delivery of activities agreed with the local communities, which are improving access to education, healthcare, sanitation, fresh water and infrastructure. The safety and well-being of our workers is of paramount importance to WPL. We are investing in training to develop the range of new skills required within our plantation and our palm operations. We have initiated specific programmes to engage and support female workers, which make up 39.37% of our total workers at our palm operations. We are proud of our progress to date, and our contribution to protecting landscapes and communities on our own plantations. We acknowledge the challenges that remain to driving further transformation in the global palm sector and we are committed to making a positive and constructive contribution to engage with suppliers and stakeholders on sustainability. We specifically support the participation of communities in sustainable development, and further dialogue on implementing no deforestation in high forest cover countries.

Basic Infrastructure

Beyond employment, the company also contributes towards infrastructure amenities such as roads, bridges and the supply of clean, potable water and medical assistance and facilities where possible especially during periods of extended drought.

Education

The Group emphasises on education and provides the children of our workforce and those in nearby local communities access to basic education. We consciously provide support and facilitate educational opportunities as well as operational funding and scholarships wherever we can, and actively provide crèches and schools.

State of the art pre-school for the area.

The company mandated and executed the construction of a modern, fully equipped preschool with advanced learning facilities and play area equipment in keeping with international standards. This preschool education initiative is aimed to fill a void or gap in the community which has limited access to pre school education. The "*Watawala Kalana Mithuru*" Montessori and Early Childhood Development centre was duly commissioned and handed over the general public in the latter part of March 2021.

Dispensary for the Village.

The villagers and community of Udugama, Kothalawala suffered from a dire need for healthcare facilities within easy access, given the fact that the some areas of Udugama and Homadola spanned a very far distance and hence hindered the reach a medical facility in an emergency. While developing the infrastructure was a dire need, the sustainability of this initiative demanded the establishment of a mechanism to deliver healthcare services and maintain the same. With this in mind, the company took the initiate to construct a dispensary and medical centre under the aegis of the "Watawla Kalana Mithuru" initiative. The above facility was set up and handed over to the public in tandem with the Montessori project on the same date. The company took further steps to connect the community with the Udugama Base Hospital in order to facilitate a regular clinics being held at the premises.

In addition to above, the Company is also actively engaged in Coronavirus prevention activities in the region with disinfection drives and other healthcare related activities in the region.

Donation of Dispensary and Child Development Centre at Homadola

Disinfection of Udugama Maha Vidyalaya

Disinfection of Udugama Village

A SUSTAINABLE APPROACH

In our consultative approach to CSR, it was brought to the notice of the company representatives that there is a possibility for the youth of the village to be nurtured to develop their attitude by in turn assisting them to develop their village through enhancing their positive thinking. To this end, the following was proposed:

Sports for Unity

Every child should have the opportunity to play sports with a trained coach as a role-model and teacher. The skills they learn on the field – persistence, teamwork, leadership and empathy – help children to succeed in school as well as in their professional pursuits. And for children between the ages of six to twelve, we know that providing opportunities to play sports with a capable and caring mentor can set healthy behaviour patterns that last a lifetime.

But today, only a third of children from low-income families play sports compared to two-thirds of those from wealthier communities. In neighbourhoods with high poverty rates, these opportunities may simply not exist. Barriers include a lack of safe playgrounds, and the rising costs of athletics and intramural programs which have contributed to a “pay to play” culture that steeply disadvantages kids living in low-income communities. Meanwhile, wealthier families are spending more and more money and time to ensure that their children reap the benefits of playing organized sports

The company wished to provide opportunities for the children and youth of some areas in their plantation group, and further refurbish the existing facilities which were provided under an earlier initiative, while actively engage them in the other sports development programs such as the Table Tennis program that has already been set in motion by WPL Regional Team.

More over the following facilities were made available for the youth of these areas;

- Volleyball Courts

3 floodlit volleyball courts were developed in the region in Homadola, Nakiyadeniya and Talangaha. These Watawala Kalana Mithuru” Volleyball Courts are now being utilized by the youth of the region. The vision for this sport is to develop a regional team that can go on to represent the Udugama region at a national level. Talks are already underway with the Ministry of Youth Affairs and Sports in order to facilitate this further.

- Badminton and Table Tennis

In keeping with the company’s objective to develop youth through sports initiatives, the Palm Grove Badminton Court was upgraded with a new flooring. The addition of a couple of table tennis tables to the same facility was yet an additional advantage which evoked many a smiling faces among the youth in that region.

In addition, ten more Table Tennis tables with nets, paddles and balls were donated to ten schools in the region with an aim of developing this sport as well. Discussions are underway with the relevant ministries and regulatory sports bodies to provide coaching to these schools in an attempt to develop these youth to national levels.

- Gymnasium

In addition to above, a state-of-the-art gymnasium was constructed and handed over to the community. The company continues to support the development of health and fitness through the Palm Grove Gymnasium/“Watawala Kalana Mithuru” Fitness Centre. They further obtaining the services of a certified gym instructor to assist those who patronised the gym. Within a month of the establishment of this facility the membership has galloped to an astounding 40 member, with female members included in this number.

Opening of Gym at Nakiyadeniya

Life and Career Guidance

Quality career guidance services have reached many young women and men throughout our plantations. The plantation youth were thus far deprived of career guidance services that provided them with information and knowledge about the labour market beyond the plantations. WPL ensures that professional career guidance officers including In-Service Advisors are equipped with quality tools to ensure standardised service delivery for these vulnerable groups. Through this initiative a considerable number of training programmes have been carried out targeting many young women and young men who are still within the formal school system but on the verge of moving into the world of work have received Career Guidance directly through these cascading training interventions.

Programme on positive thinking at Kothalawala Temple for the Villagers and Students of Two Schools in Kothalawala

Life skills have been recognised by the Project as a learning gap amongst plantation youth. The lack of life skills contributes to making plantation and rural youth less employable than their urban counterparts. The project thus develops life skills with a view to strengthening vulnerable youth from the plantations to ease their transition from school to work and also meet the challenges in the work place. All tools have been developed in the local languages. The training programme includes methodology such as, learning, reflection and experiential learning. Trainees learned new skills of communication and programming of the sub-conscious. They also learned about self discipline, self esteem and self-confidence, which are important attributes in all phases of their life ahead.

Given the recency effect of COVID 19, these gatherings have been now somewhat curtailed in the interest of the general wellbeing of the public, but the Company is optimistic in reasserting the above activity no sooner the prevailing conditions permit.

Organic Cultivation Initiatives

Cinnamon, an exceptional spice of which tales of enchantment and natural healing have dominated conversations of rulers and regular folk alike. It is a truly Sri Lankan product that has been part of the heritage and glory of the emerald isle we call home. Ceylon cinnamon, known as 'true cinnamon' or 'pure cinnamon', is grown in the south west corner of Sri Lanka along the stretch starting from Ambalangoda, Hikkaduwa all the way down to Matara. The villages and the communities in these area are blessed with abundant resources. Cinnamon and tea are cultivated in most of these villages and areas outside of the plantations in a private capacity. Thus, there is a potential of launching a brand that can serve as a model for the country as a CSR initiative.

"KALANA MITHURU"ORGANICS/"SARU PASA" ORGANICS

Watawala Sarupasa compost is a multi-purpose organic fertilizer that can be applied to any type of crop. Application of this not only adds organic matter that improves the structure of soil but also supplies both macro and micro-nutrients vital to the healthy growth of plants. As Watawala Sarupasa compost has been enriched during the production process with two plant beneficial & eco-friendly Plant Growth Promoting Rhizosphere bacteria and two biopesticide fungi that can control root diseases, enhance root growth and immunity of plants, application of this improves plant beneficial biological activities of soil food web.

Added Bacteria

- Bacillus subtilis
- Bacillus amyloliquefaciens

Added Fungi

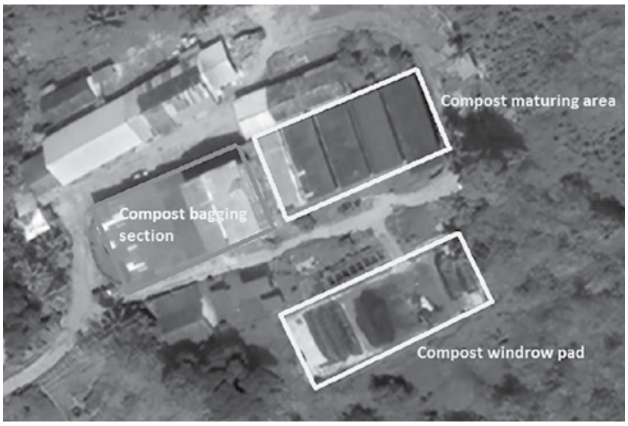
- Trichoderma viride
- Trichoderma harzianum

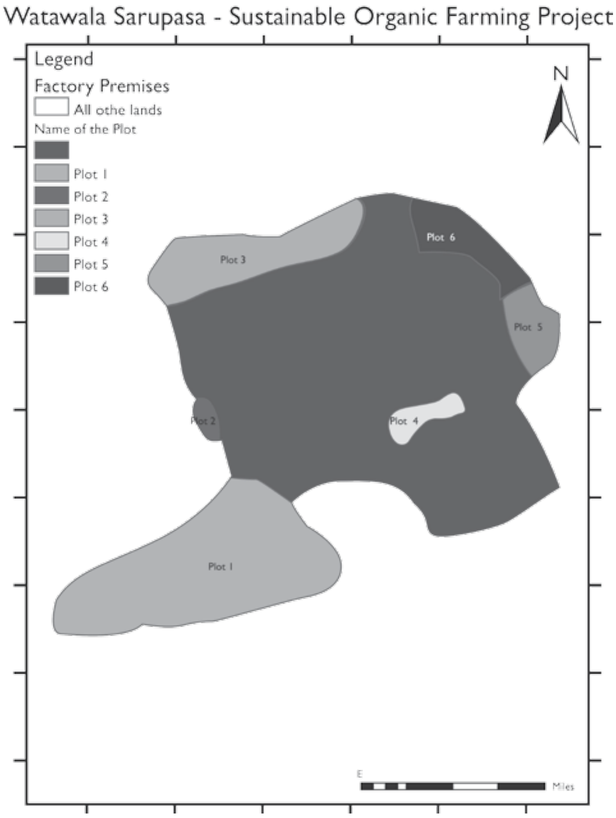
A SUSTAINABLE APPROACH

What makes Watawala manure unique from other market composts? Most of the compost available in the market is made from substandard municipal waste. They contain heavy metals, hospital waste and other toxic substances whereas Watawala Sarupasa is produced to a very high standard. Our compost is subjected to laboratory tests and the percentage of trace element contained in it is constantly monitored.

Objective To emphasize the community, on distinguishment of effectiveness and efficacy of Watawala Sarupasa Compost amidst other compost manufacturers in Sri Lanka with the simultaneous objective of broaden up the market.

LAYOUT OF THE PROJECT





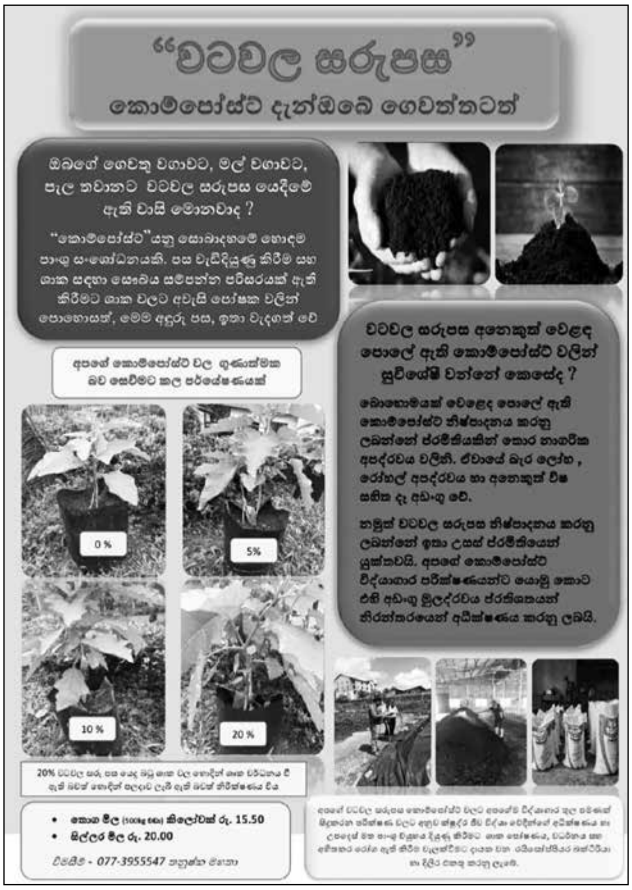
SPECIES TO BE PLANTED UNDER SARUPASA ORGANICS PROGRAM

Plot Number	Area	Vegetable Varieties to be planted	Scientific Name
Plot 1	0.310335	Bitter gourd	Mormodica charantia
		Snake gourd	Trichosanhescucumerina
Plot 2	0.010536	Radish	Raphanus sativus
		Ladies Finger	Abelmoschus esculentus
		Chillies	Capsicum annuum
Plot 3	0.115699	Banana	Musa
		Fruit Plants	
Plot 4	0.027004	Manioc	Manihot esculenta
Plot 5	0.043133	Ginger	Zingiber officinale
		Turmeric	Curcurma longa
Plot 6	0.060213	Brinjal	Solanum melongena
		Radish	Raphanus sativus
		Cabbage	Brassica oleracea
		Corn	Zea mays

COMMUNITY AWARENESS PROGRAM

The *Sarupasa* Organics program was given wide regional publicity via the following media;

- Brochure Distributing
- Banner Campaign
- Collaboration Program with Department of Agriculture – Labuduwa
- News Paper publicity
- Social Media



A SUSTAINABLE APPROACH

ACCESSIBLE HEALTHCARE: RELATIONSHIP WITH UDUGAMA BASE HOSPITAL

Poor housing conditions could be ascertained as the root cause of most health hazards among the plantation community. Health indicators of this population are not in par with the national figures. Poverty and poor cash management, unsatisfactory living conditions, lack of safe water and sanitary facilities, low level of education, difficult terrain, poor transport facilities with poor access to health care services, and language barriers are some of the major factors affecting their economic and social wellbeing negatively.

This community is identified as a vulnerable population in the country, as their health system is unique and different from that in the rest of the country. The Plantation community partially receives national health services. Curative health services existing in the estate sector are provided through the estate management in most estates. The existing health system in the plantation sector has evolved over time through various legal enactments, and needs further reforms to standardize the health of this community.

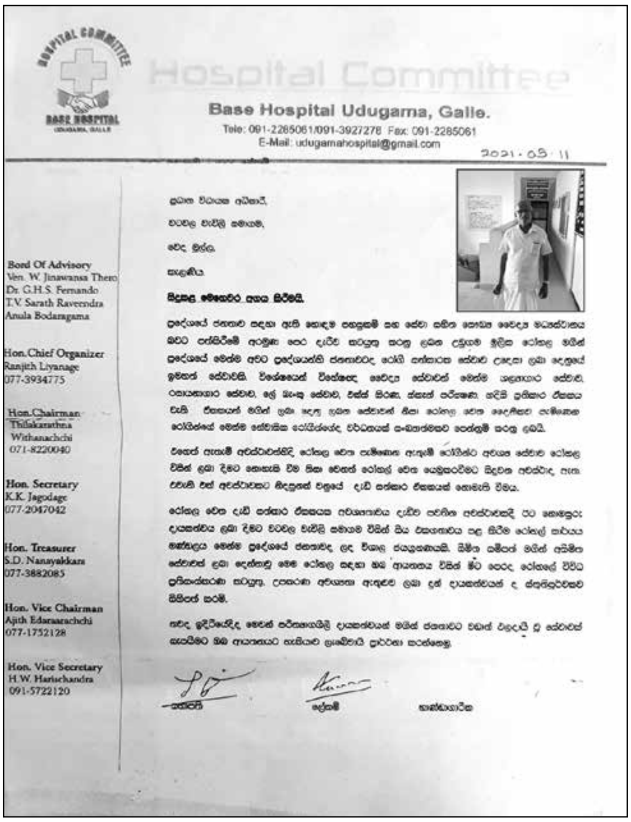
The Company has understood the importance of healthcare and the accessibility of the same to all in the region and built a strong relationship with the primary government healthcare service provision centre in the region, namely the Udugama Base Hospital. Through the strength of this relationship, many activities a have been carried out over the past year to support the development of healthcare services for the workers and the people in this region.

Through all our initiatives we ensure that not only our workers and populace benefit from these initiatives but the entire community in the area and surrounding areas benefit from them. We consider it our duty in given back tot the community in each and every way possible and consider it a privillage.

These are a few of the initiatives which were carried out at the Udugama Base Hospital.

- The donation of disinfectant units to the hospital,
- The development of the paediatric and surgical units,
- The painting and upkeep of the paediatric and surgical units,

These initiatives were carried out by our very own Y Gen Team, a youth focused team drawn from the plantation executive cadre.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Base Hospital Udugama, Galle.
Tele: 091-2285061/091-3927278 Fax: 091-2285061
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2021.05.11

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Donation of Sprayers to MOH - Udugama

DONATION OF 5 BED ICU UNIT FOR UDUGAMA BASE HOSPITAL

Udugama Base Hospital has maintained mutual ties with Watawala Plantations over the years with the aim of improving health care in the region. Through this relationship Watawala Plantations have carried out many initiatives in improving the facilities available at the hospital and through this improving the lives of the villages in the surrounding areas.

The donation of fives bed, fully-fledged ICU unit could be considered one of the largest and significant projects which have been carried out thus far through the collaboration of these two entities. This project will reach completion in 2021 and work is being commissioned at a rapid pace.

The project meets a dire need in this time and age for ICU facilities to combat the COVID 19 pandemic. Given the fact that the nearest medical establishment with ICU facilities is in Karapitiya, namely the Karapitiya Base Hospital; and given the distance the villagers needed to travel to avail themselves of the ICU facilities in the case of an emergency, WPL in consultation with the Udugama Base Hospital administrative heads, developed the plan to donate a five bed ICU unit to the Hospital.

The provision of state-of-the-art medical facilities to the people in and around the village area of Udugama is indeed a considerable task which was taken on by Watatwala Plantations, and a sizeable investment and commitment on the part of the Company in meeting the real needs of the community.

A SUSTAINABLE APPROACH

World Children's Day Celebration in Homadola Estate, No. 2 Division

World Children's Day Celebration in Nakiyadeniya Estate

Opening of Renovated Child Development centre in Nakiyadeniya Estate in collaboration with PHDT


Covid 19 Awareness Building by Covid Defence Team in collaboration with MOH


Alms Giving to Cancer Hospital – Karapitiya


Distribution of Umbrella's to the organizer's of Blood Donation Camp at Nakiyadeniya Estate

A SUSTAINABLE APPROACH

Children's Art Competition at Nakiyadeniya Estate

PEOPLE ENGAGEMENT

Nakiyadeniya Estate received the Gold award at the "Social Dialogue Awards 2018" for social dialogue and Workplace Corporation at the annual competition organised by Ministry of Labour and Trade Union Relationships. Winning this award is especially a notable achievement due to the fact that an exhaustive process of evaluation based upon employee interviews was conducted by the Assistant Commissioner of Labour through several audits. "Estate below 500 employees" is the category in which Nakiyadeniya estate has competed in, even in the past, and the estate has consistently improved in ranking winning Bronze in 2016 and Silver in 2017 culminating in the Gold award in 2018.

With the funds of Ministry of plantation and with the assistance of PHDT we were able to build new housing project at TLG and HMD Estate.

Construction of Badminton Courts for Youth

Scholarships for Achievers on Estates

Scholarships for Achievers on Estates

A SUSTAINABLE APPROACH

Knowledge Sharing with People

Training

Public Consultations

Reservation of Hydro Water Catchment Areas

Manufacturing of Compost using Palm Oil end products

Conservation of Wild Life

Environment Conservation

Medical Check-ups

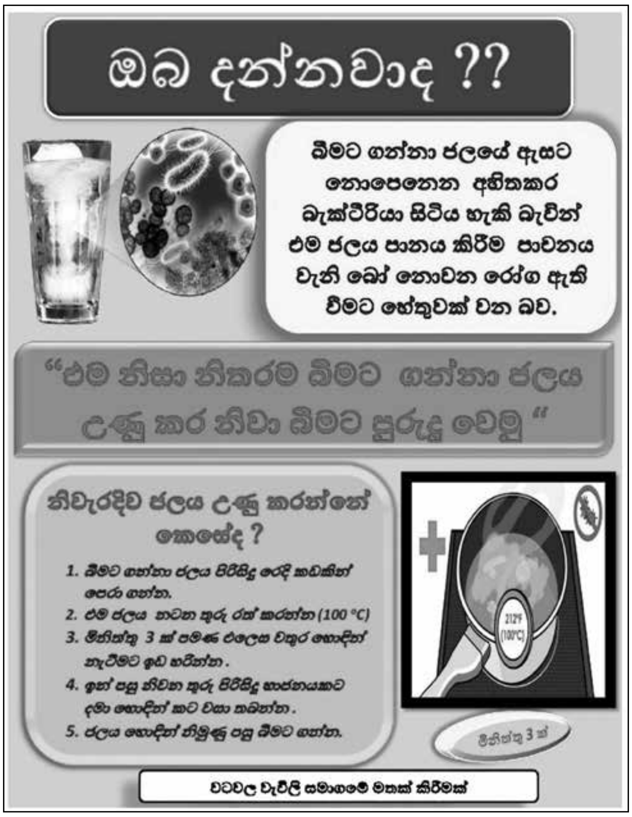
Committee Formation (Gender, Occupational Health and Safety, Joint Consultation)

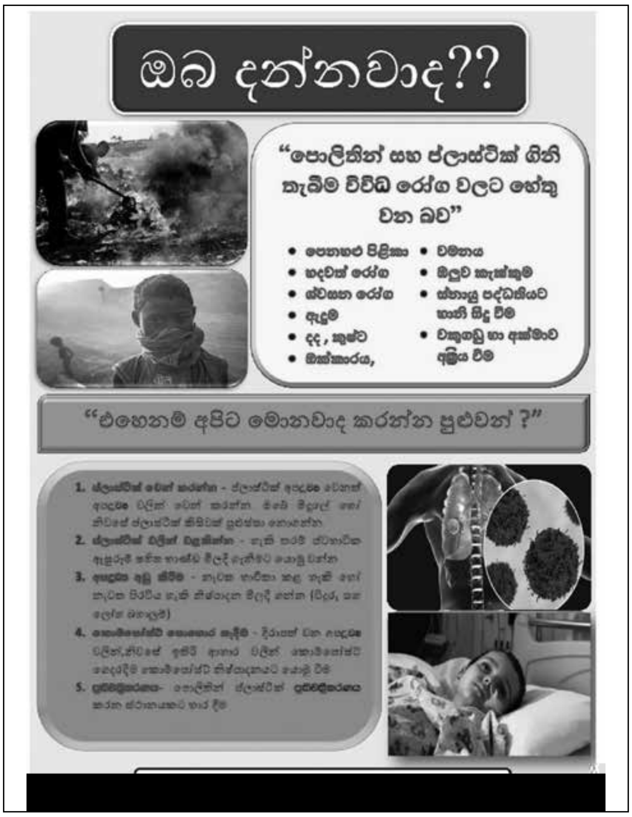
A SUSTAINABLE APPROACH

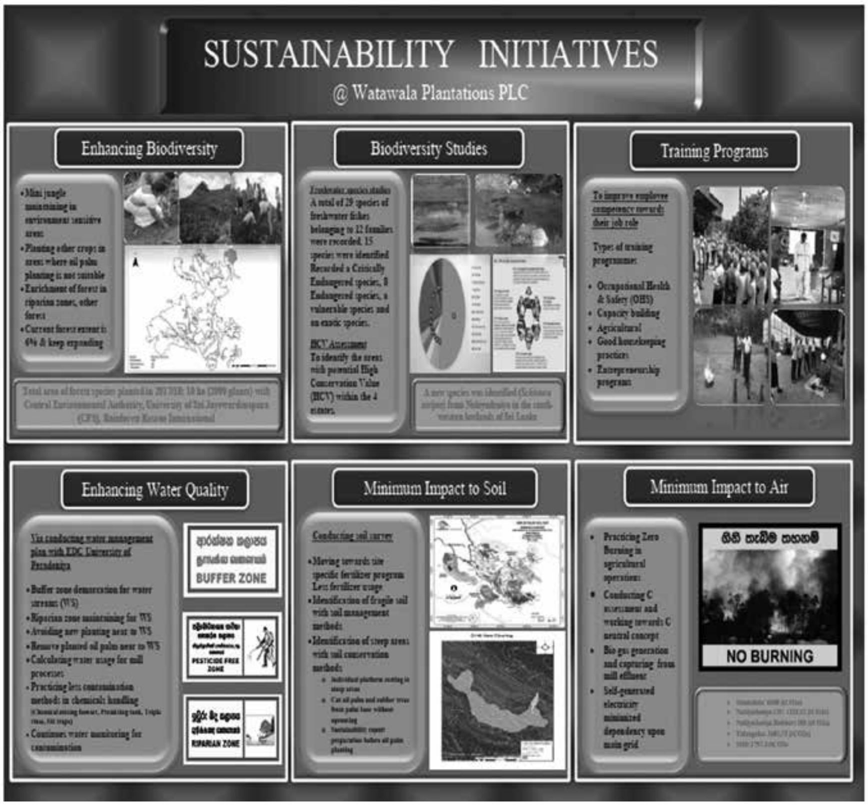
Worker Trainings

CSR Activities - Sarupasa compost to community gardens

SOCIAL AWARENESS CAMPAIGN

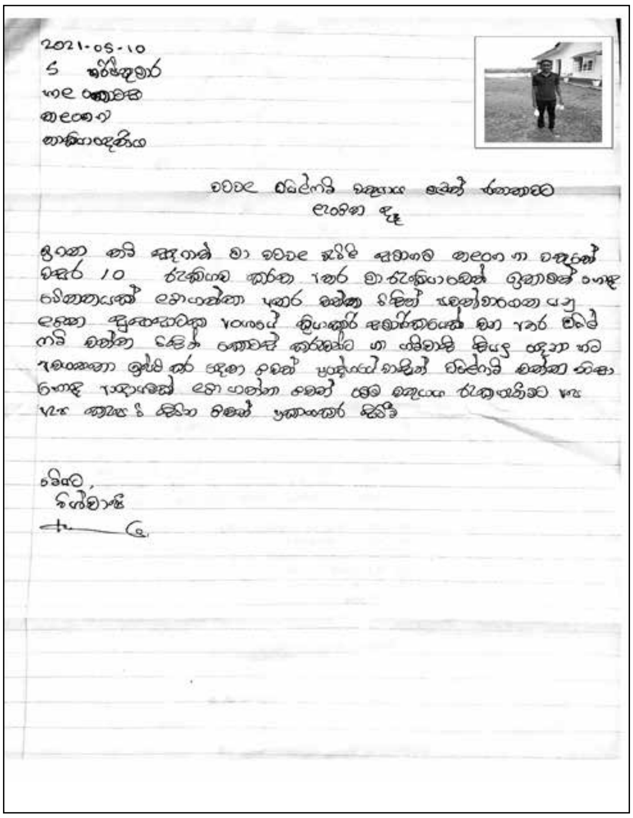


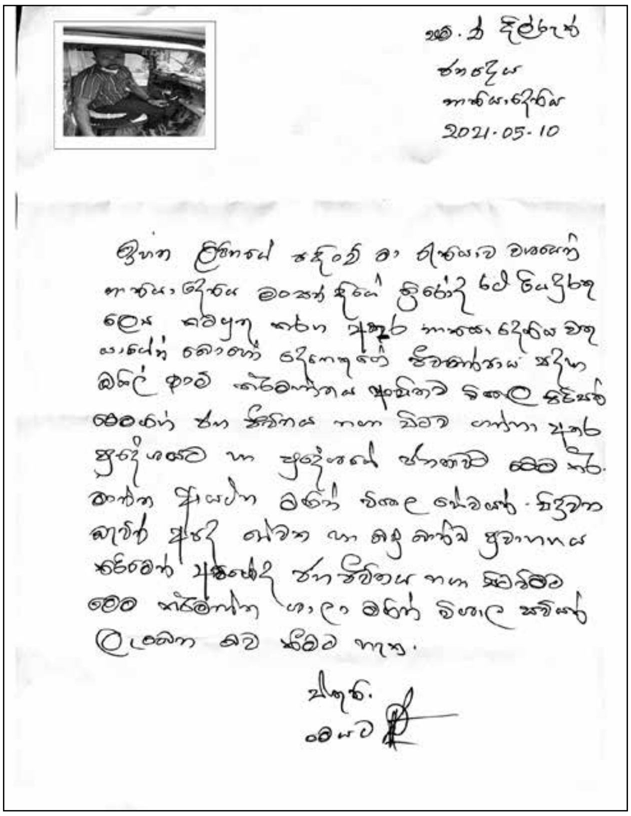


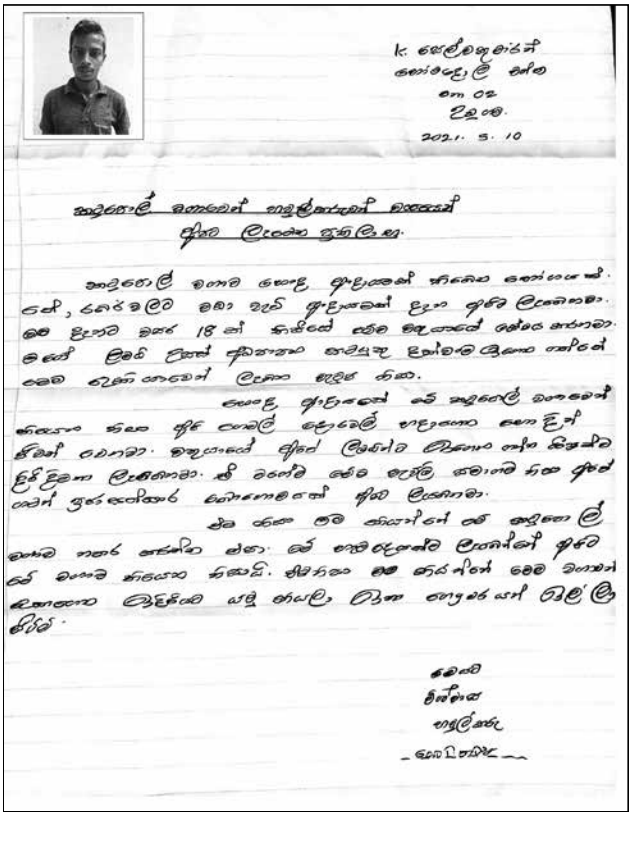


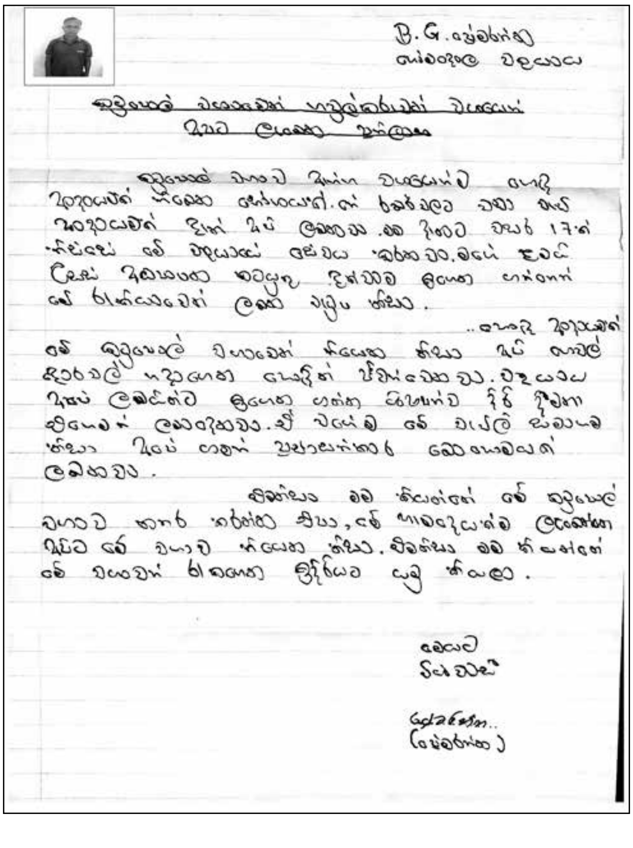
A SUSTAINABLE APPROACH

TESTEMONIALS









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AMILA FOOD PRODUCTS

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Reg No-1466

Dade 10.05.2021

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AMILA FOOD PRODUCTS

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ගා/උඩුගම ශ්‍රී ශාසනාලංකාරාරාම පුරාණ මහා විහාරස්ථානයේ සංවර්ධන කටයුතු සඳහා දායකත්වය ලබාගැනීම

ගාල්ල උඩුගම ශ්‍රී ශාසනාලංකාරාරාම පුරාණ මහා විහාරස්ථානය වසර 110 කට අධික ඉතිහාසයකට උරුමකම් කියන, එවකට ඔබ වතුයායෙන්ම පූජා කරන ලද අක්කර 05ක් පමණ වූ පින්බිමක පිහිටි පෞරාණික මෙන්ම ප්‍රදේශයේ ඇති එකම ඓතිහාසික විහාරස්ථානයයි.

1976 වසරේදී ඉන්දියාවේ හා ශ්‍රී ලංකා රජයේ මැදිහත්වීමෙන් පූර්ණ රාජ්‍ය ගෞරව යටතේ දඹදිව සිට විශේෂ ගුවන්යානයකින් වැඩමවීමෙන් පසු, මෙම විහාරස්ථානයේ රෝපණය කර ඇති ශ්‍රී මහා බෝ සමිඳුන්ට උපහාර පූජා පිණිස 1978 වසරේ සිට වාර්ෂිකව පවත්වාගෙන එනු ලබන ශ්‍රී මහා බෝධිරාජ මහ පෙරහරට අදට වසර 35 කි. මෙම වසර 35 පුරාවටම වාර්ෂික පෙරහර මංගල්‍යය අති සාර්ථක කරගැනීම සඳහා වටවල වතු සමාගම ප්‍රධාන හෝමදොල වතුයාය ඇතුළු කලාපයේ වතුයායන්ගෙන් ලැබුණු අනුග්‍රහයන් හා දායකත්වයන් පිළිබඳව අප දක්වන්නේ ඉමහත් කෘතවේදීත්වයක් හා සුවිශේෂී ගෞරවයකි.

කෙසේවුවත් මෙවර 35 වන වරට පවත්වන්නට නියමිතව තිබූ ශ්‍රී මහා බෝධිරාජ පෙරහර මංගල්‍යය, කොවිඩ් 19 වසංගතය හේතුවෙන් පවත්වන්නට නොහැකි වකාවරණයක් උදා වී ඇත. එම තත්වය මත විහාරස්ථානයේ දීර්ඝ කාලයක සිට කල්දැමුව ඇති සංවර්ධන කටයුතු කිහිපයක් ඇති අතර, ඒවා සම්පූර්ණ කරගැනීමට දායක සභාවේ අවධානය යොමුකර ඇත. ඒවායින් ප්‍රමුඛතම හා අත්‍යාවශ්‍යම සංවර්ධන කටයුත්ත වන්නේ, දැනට කොටසක් වැඩ නිමවී ඇති සංඝාවාස ගොඩනැගිල්ලේ (ධාතු මන්දිරයද සහිතව) වැඩ අවසන් කර ගරුතර ස්වාමීන් වහන්සේලාගේ පරිහරණය සඳහා පූජා කිරීමයි.

මේ පිළිබඳව ඔබතුමන්ගේ කාරුණික අවධානය යොමුකරවා, ඉහත සඳහන් සංවර්ධන කටයුත්ත වටවල වතු සමාගමේ පූර්ණ අනුග්‍රහයෙන් හා දායකත්වයෙන් සිදුකරදීමට අවශ්‍ය කටයුතු සලසා දෙන මෙන් ශාසනාලයෙන් මෙයින් ඉල්ලා සිටිමු. දීර්ඝතම කාලයක සිට වසරේ ජනවාරි 01 දින හෝමදොල වතුයායට අයත් සියලු කොටස්වල පාලක නිලධාරී මහත්වරුන් ප්‍රමුඛ සවුල්කාර මහත්ම මහත්මීන්ට ආගමික වැඩසටහන් පවත්වා ආශිර්වාද කරනු ලබන අප විහාරස්ථානය වතුයායේ ආරක්ෂාවට ද සැමවිටම පූර්ණ සහයෝගය ලබාදී කටයුතු කරනු ලබන බවද සිහිපත් කිරීමට කැමැත්තෙමු.

විහාර සංවර්ධනය අවමනා කුසලයන්ට අයත් මහා පින්කමකි. ඔබතුමන් ප්‍රමුඛ පාලන අධිකාරියේ සියලුම දෙනාට උතුම් වූ උඩුගම ශ්‍රී මහා බෝ සමිඳුන්ගේ ආශිර්වාදය ලැබේවා!

ශ්‍රී ශාසනාලංකාරාරාම දායක සභාව
ගා/ උඩුගම.
ලි. ප. අං (...)

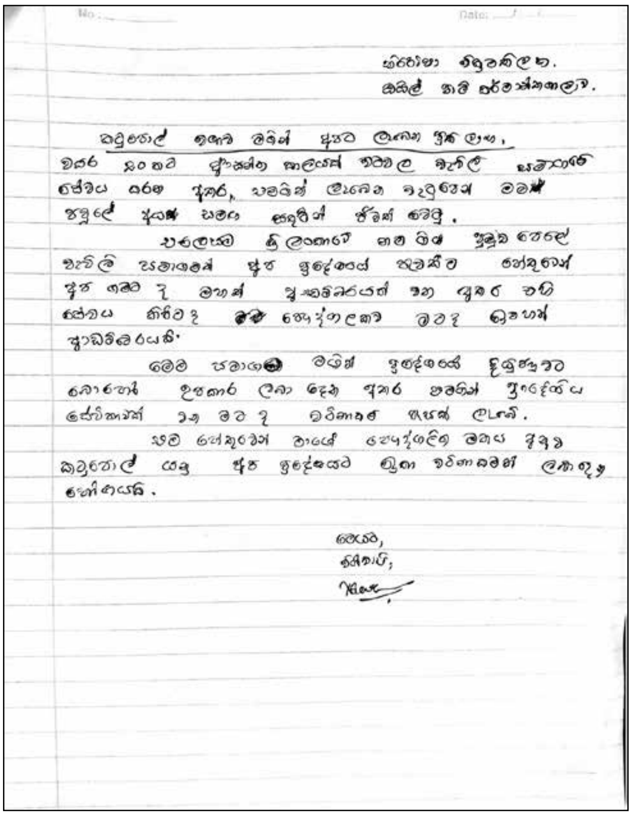
ගරු සභාපති
විහාරස්ථ දායක සභාව

ගරු ලේකම්
විහාරස්ථ දායක සභාව

[illegible] උඩුගම ශ්‍රී මහා බෝ සමිඳු පිහිටයි!

විහාරාධිපති
[illegible]
ශ්‍රී ශාසනාලංකාරාරාම පුරාණ විහාරය,
ගාල්ල උඩුගම
දු.ක 0779 878796, 071 8406760

A SUSTAINABLE APPROACH



OUR ACTION PLAN

Looking ahead: strategy Going forward,

we will intensify our activities on the ground, taking a two-track approach to ensure compliance in our supply chains through supplier engagement and improving practices across broader supply sheds through landscape-level programs. Our goal is to establish WPL as the partner of choice and restore trust in the sustainability of oil palm. Transparency of our actions will be fundamental to restoring this trust. Reaching our goal will require us to tackle issues at scale.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Board of Directors of Watawala Plantations PLC takes pleasure in presenting its Annual Report to the shareholders for the financial year ended 31 March 2021, together with the audited financial statements of the Company, consolidated financial statements of the Group for the said year and the Auditor's Report on those financial statements, conforming to the requirements of the Companies Act No. 07 of 2007 and Listing Rules of the Colombo Stock Exchange (CSE). The Report is also guided by the recommended best practices on Corporate Governance.

Watawala Plantations PLC is a public limited liability company incorporated in Sri Lanka in 1992 under the previous Companies Act No. 17 of 1982 and re-registered as required under the provisions of the Companies Act No. 07 of 2007. The re-registration number of the Company is PQ 65.

The issued shares of the Company were listed on the Main Board of the Colombo Stock Exchange in Sri Lanka in 1997.

The Registered Office and Head Office of the Company is located at No. 60, Dharmapala Mawatha, Colombo 03, Sri Lanka.

The Financial Statements were reviewed and approved by the Board of Directors on 24 May 2021.

STATUTORY DISCLOSURES

Section 168 of the Companies Act No. 07 of 2007, requires the following information to be published in the Annual Report prepared for the year under review.

STATUTORY DISCLOSURES

Section 168 of the Companies Act No. 07 of 2007, requires the following information to be published in the Annual Report prepared for the year under review.

Disclosure requirements	Reference to the Companies Act No. 07 of 2007	Disclosure reference for compliance	Page
The nature of the business of the Company and the Group	Section 168 (1) (a) (i)	About Us	114
The classes of business in which the company has an interest, whether as a shareholder of another company or otherwise	Section 168 (1) (a) (ii)	Note 19 to the Financial Statements – Investments in subsidiaries	145
Financial statements for the accounting period completed and signed in accordance with Section 151 & 152	Section 168 (1) (b)	The Financial Statements of the Company and the Group for the year ended 31 March 2021 duly signed by the Manager Finance and two Directors	110
Auditor's report on the Financial Statements of the Company and the Group	Section 168 (1) (c)	Independent Auditors' Report	104-107
Any change in accounting policies made during the accounting period	Section 168 (1) (d)	Note 3 to the Financial Statements – Changes in Accounting Policies	115
Particulars of entries in the interests register made during the accounting period	Section 168 (1) (e)	Note 36 to the Financial Statements – Related Party Transactions	159
Remuneration and other benefits of Directors during the accounting period	Section 168 (1) (f)	Note 9 to the Financial Statements – Expenses by Nature	131
Total amount of donations made by the Company or the Group during the accounting period	Section 168 (1) (g)	The Group did not make any donations for the year under review	-

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Disclosure requirements	Reference to the Companies Act No. 07 of 2007	Disclosure reference for compliance	Page
Names of the persons holding office as Directors of the Company as at the end of the accounting period and the names of any persons who ceased to hold office as Directors of the Company during the accounting period	Section 168 (1) (h)	Board Profiles	06
Amounts payable by the Company to the person or firm holding office as Auditor of the Company as audit fees and as a separate item, fees payable by the Company for other services provided by that person or firm;	Section 168 (1) (i)	Note 9 to the Financial Statements – Expenses by Nature	131
Particulars of any relationship (other than that of auditor) which the auditor has with or any interests which the auditor has in, the Company or any of its subsidiaries	Section 168 (1) (j)	The Company's Auditors during the period under review were Messrs KPMG, Chartered Accountants The auditors do not have any relationship or interest with the Company or Group other than that of an Auditor	98
Signed on behalf of the Board by two Directors and the Company Secretary	Section 168 (1) (k)		94

In addition to the above, the following information is disclosed. The details are provided within notes to the Annual Report, which form an integral part of the Annual Report of the Board of Directors.

Disclosure	Note Reference	Page
Principal activities and significant changes to the nature of business	About us Watawala Plantations PLC holds 100% direct stake in Watawala Dairy Ltd. The principal activities of the Group during the period continued to be cultivation, manufacture and sale of crude palm oil and Dairy farming.	114
Review of operations and future developments	Chairman's Message Audited Financial Statements	3 104-168
Financial Statements	The Financial Statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards laid down by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and comply with the requirements of Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange	104-168
Directors' Responsibility for Financial Reporting	The Statement of Directors' Responsibility for Financial Reporting	96
Significant accounting policies	Note 3 and 4 to the Financial Statements – Summary of Significant Accounting Policies and Significant Accounting Policies	115-127
Going concern	Note 2 to the Financial Statements – Going concern	114
Income	Note 5 and 6 the Financial Statements – Gross income	128-130

Disclosure	Note Reference	Page
Financial results and appropriations	Statement of Profit or loss	108
	Statement of Comprehensive Income	109
	Statement of Financial Position	110
	Statement of Changes in Equity	111-112
	Statement of Cash Flows	113
Stated capital and reserves	Statement of Changes in Equity	111-112
Dividend on ordinary shares	Note 12 to the Financial Statements – Dividends paid	132
Taxation	Note 10 to the Financial Statements – Income tax expense Note 31 to the Financial Statements – Deferred income tax liability	131-132 and 156
Capital expenditure	The total capital expenditure on purchase and construction of property, plant and equipment and expenditure incurred on immature plantations by the Group and the Company as at 31 March 2021 amounted to LKR 375 Mn. and LKR 291 Mn. respectively (2019/20 Group: LKR 360 Mn. and Company: LKR 316 Mn.). Details are given in Notes 14 , 15, 16 and 17 to the Financial Statements The capital expenditure approved and contracted for and not contracted for as at reporting date are given in Note 34 to the Financial Statements on page 158 Capital Commitments	133-144
Property, plant and equipment	Note 14 to the Financial Statements – Property, plant and equipment	133
Statutory payments	The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments in relation to the Government and the employees have been made up to date	24
Events after the reporting date	Notes 37 to the Financial Statements – Events occurring after the reporting period	160
Register of Directors and Secretaries	As required under Section 223 (1) of the Companies Act No. 07 of 2007, the Company maintains a Register of Directors and Secretaries which contains the name, surname, former name (if any), residential address, business occupation, dates of appointment and dates of resignation (if applicable) of each Director and the Secretary. Particulars of entries in the interest register are set out in Note 36 to the Financial Statements	159-160
Historical information	Information relating to earnings, dividend, net assets and market capitalisation is given in the Historical Financial Information, investor ratios on pages 177 to 179.	177-179
Shareholdings	Shareholders and Investors Information	177-179
Equitable treatment to shareholders	The Company has always ensured that all shareholders are treated equitably	15

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Disclosure	Note Reference	Page
Environmental protection	To the best of knowledge of the Board, the Group has complied with the relevant environmental laws and regulations. The Company has not engaged in any activity that is harmful or hazardous to the environment.	28
Directors' interests in transactions	Notes 36 to the Financial Statements – Related Party Transactions The Related Party Transactions have been complied with Rule 9.3.2 of the Listing Rules and the code of Best practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13 (c) of the Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987.	159
Directors' emoluments	Board and executive remuneration	131
Corporate governance	Corporate Governance Report	10
Directors' meetings	Corporate Governance Report	10
Risk management and internal control	Risk management and internal control	28
Insurance and indemnity	Ultimate parent obtained an insurance policy to cover Directors' and Officers' liability	-

NOTICE OF ANNUAL GENERAL MEETING

The Twenty-Eighth (28th) Annual General Meeting (AGM) Watawala Plantations PLC ("Company") will be held online via a virtual platform on Friday 25th June 2021 at 10.15 am.

ACKNOWLEDGEMENT OF THE CONTENTS OF THE REPORT

As required by Section 168 (1) (k) of the Companies Act No. 07 of 2007, the Board of Directors hereby acknowledges the contents of this Annual Report.

V Govindasamy
Director

Sunil G Wijesinha
Chairman

Corporate Services (Pvt) Ltd
Secretaries, Watawala Plantations PLC

24 May 2021

DIRECTORS' AND MANAGER – FINANCE'S RESPONSIBILITY STATEMENT

The Financial Statements of the Watawala Plantations PLC are prepared in compliance with the Sri Lanka Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, and the Listing Rules of the Colombo Stock Exchange. The accounting policies used in the preparation of the Financial Statements are appropriate and are consistently applied by the Company. There are no departures from the prescribed Accounting Standards in their adoption. Comparative information is reclassified wherever necessary to comply with the current presentation.

The significant accounting policies and estimates that involve a high degree of judgement and complexity were discussed with our External Auditors and the Audit Committee.

The Board of Directors and Manager – Finance of the Company accept responsibility for the integrity and objectivity of these financial statements. The estimates and judgements relating to the Financial Statements were made on a prudent and reasonable basis, in order that the Financial Statements give a true and fair view of the state of affairs, the forms and substance of transactions and that the Company's state of affairs is reasonably presented. To ensure this, the Company has taken proper and sufficient care in installing a system of internal controls and accounting records, for safeguarding assets and for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated, and updated on an ongoing basis. Our Internal Auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. However, there are inherent limitations that should be recognised in weighing the assurance provided by any system of internal controls and accounting.

The Financial Statements of the Company were audited by Messrs KPMG, Chartered Accountants and their report is given on pages 104 to 107 of this Annual Report.

The Audit Committee of the Company meets periodically with the internal audit team and the External Auditors to review their audit plans, assess the manner in which these Auditors are performing their responsibilities and to discuss their reports on, internal controls and financial reporting issues. To ensure complete independence, the External Auditors and the Internal Auditors have full and free access to the members of the Audit Committee to discuss any matters of substance.

We confirm that the Company has complied with all applicable laws and regulations and guidelines and that there are no material litigations that are pending against the Company.

V Govindasamy
Director

Eranda Kapukotuwa
Manager – Finance

24 May 2021

STATEMENT OF DIRECTORS' RESPONSIBILITY

The following statement, which should be read in conjunction with the Auditors' Statement of their responsibilities set out in their Report, is made with a view to distinguish the respective responsibilities of the Directors and of the Auditors, in relation to the Financial Statements.

The Directors are required by the Companies Act No. 07 of 2007, to prepare Financial Statements for each financial year, which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit and loss for the financial year. The Directors are required to prepare these Financial Statements on going concern basis, unless it is not appropriate.

Since the Directors are satisfied that the Company has resources to continue in business for the foreseeable future, the Financial Statements continue to be prepared on the said basis.

The Directors consider that in preparing the Financial Statements on pages 108 to 168 the Company used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimated that all accounting standards, which they consider to be applicable, are followed.

The Directors are responsible for ensuring that the Company keeps accounting records, which will disclose with reasonable accuracy the financial position of the Company and which will enable them to ensure that Financial Statements comply with the Companies Act No. 07 of 2007.

The Directors are generally responsible for taking such steps that are reasonably for them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are confident that they discharged their responsibility as set out in this statement. They also confirm that to the best of their knowledge all statutory payments payable by the Company as at the statement of financial position date, are paid or where relevant, provided for.

By Order of the Board.

V. Govindasamy
Director

Sunil G. Wijesinha
Chairman

24 May 2021

REPORT OF THE AUDIT COMMITTEE

ROLE OF THE AUDIT COMMITTEE

The terms of reference "Charter" provides a clear understanding of the Committee's role, structure, processes, and membership requirements. This conveys the framework for the Committee's organisation and responsibilities that can be referred to by the Board, committee members, Management, and External and Internal Auditors. The Audit Committee reviews the Charter quarterly and updates to reflect the views that the members of the Audit Committee express in the independent discharge of their duties.

COMPOSITION

The Audit Committee comprises the following four (4) members, three (3) of whom, including the Chairman, are Independent Non-Executive Directors.

A N Fernando - *Chairman (Independent, Non-Executive Director)*

S G Wijesinha - *(Independent, Non-Executive Director)*

N B Weerasekera - *(Independent, Non-Executive Director)*

K H Kuok *(Alternate - M T Siddique)*

Profiles of the members are given on pages 6 to 9. Corporate Services (Pvt) Limited functions as the secretary to the Audit Committee.

MEETINGS AND MINUTES

The number of meetings the Committee holds is influenced by its objectives and scope of activities, and the size and nature of the business.

The Audit Committee met four times (quarterly) during the year.

Members and attendance at meetings held during the year ended 31 March 2021 are given below:

A N Fernando	4 of 4 meetings
S G Wijesinha	4 of 4 meetings
N B Weerasekera	4 of 4 meetings
M T Siddique	2 of 2 meetings

The Chief Executive Officer and Manager-Finance shall normally attend meetings of the Audit Committee. On the invitation of the Audit Committee, the Engagement Partner of the Company's External Auditors, Messrs KPMG attended two committee meetings.

The Audit Committee shall report to the Board.

RESPONSIBILITIES

The Audit Committee undertakes, on behalf of the Board, responsibility for ensuring the integrity of the Company's financial reports by having oversight of internal control, the financial reporting process and compliance with regulatory matters as given in the Audit Committee Charter. It sets out high standards of corporate disclosure, corporate responsibility, integrity and accountability to the shareholders.

TASKS OF THE AUDIT COMMITTEE

In fulfilling its responsibilities, following activities were carried out by the Audit Committee during the financial year ended 31 March 2021.

FINANCIAL REPORTING

Reviewed the quarterly and year-to-date financial results of the Group and the relevant announcements to Colombo Stock Exchange (CSE), focusing particularly on significant changes to accounting policies and practices and compliance with financial reporting and accounting standards prior to the consideration by the Board.

Reviewed the annual report and the annual audited Financial Statements of the Company and the Group prior to submission to the Board for approval. The review was to ensure that the financial reporting and disclosures are in compliance with the Sri Lanka Financial Reporting Standards, the provisions of Companies Act No. 7 of 2007, listing requirements of Colombo Stock Exchange and any other relevant legal and regulatory requirements.

In the review of the annual audited Financial Statements, the Committee discussed with the Chief Executive Officer, Manager-Finance and External Auditor the significant accounting policies, estimates and judgements applied in preparing these reports, the accounting principles and reporting standards that were applied and the impact of the items to the Financial Statements.

INTERNAL CONTROL AND RISK MANAGEMENT AND INTERNAL AUDIT

The Committee reviewed the risk management process and discussed the inherent risks faced by the business as they affect financial reporting. The principal risks and uncertainties are outlined in the relevant section on pages 28 and 31.

The Committee has an ongoing process for reviewing the effectiveness of the system of internal controls and of the internal audit function. During the year, it reviewed and approved the annual internal audit plan prepared taking into consideration the required controls and risks attached to different areas of operation. It also reviewed the reports from the internal audit team summarising the audit findings

REPORT OF THE AUDIT COMMITTEE

and recommendations and describing actions taken by Management to address any shortfalls. It reviewed the level and nature of outstanding audit weaknesses and invited Management to the Committee to further understand progress where it felt it was necessary.

EXTERNAL AUDIT

Reviewed with the External Auditors their audit scope, audit strategy, and audit plan for the year and their proposed fees for the statutory audit.

Reviewed the external audit reports and areas of concern highlighted in the Management Letter including Management's responses to the findings of the External Auditors.

Discussed with External Auditors the significant accounting and auditing issues, impact of new or proposed changes in accounting standards and regulatory requirements applicable to the Group.

Assessed the independence and objectivity of the External Auditors during the year in carrying out statutory audit for the Group and prior to the appointment of the External Auditors for provision of any non-audit services. The Audit Committee also received report from the External Auditors confirming that there were no circumstances and relationship that create threats to their independence and that the ethical requirements have been complied with.

The Auditors have expressed their willingness to continue in office. The Audit Committee at a meeting held on 20 May 2021 recommended that they be reappointed as Auditors. A resolution to reappoint the Auditors and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

REGULATORY COMPLIANCE

Reviewed the procedures established by Management for compliance with the requirements of regulatory bodies. The Chief Executive Officer along with the Manager – Finance submitted to the Audit Committee on a quarterly basis, a report on the extent to which the Group was in compliance with mandatory statutory requirements.

AUDIT COMMITTEE EFFECTIVENESS

The Committee prepares and reviews with the Board an annual performance evaluation of the Committee. The findings of the review ensure that the Board is satisfied that the Committee is operating effectively, and meeting all applicable legal and regulatory requirements.

CONCLUSION

The Committee is of the view that adequate controls and procedures are in place to provide reasonable assurance that the Group's assets are safeguarded and the financial position of the Group is well monitored. The Audit Committee concurs that the adoption of the going concern premise in the preparation of the Financial Statement is appropriate.

The Audit Committee recommends to the Board of Directors that the Financial Statements as submitted be approved.

On behalf of the Audit Committee;

A N Fernando
Chairman – Audit Committee

24 May 2021

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

COMPOSITION OF THE COMMITTEE

Related Party Transactions Review Committee was established in accordance with the Code of Best Practice on Related Party Transactions, issued by the Securities and Exchange Commission of Sri Lanka and Section 9 of the Listing Rules of the Colombo Stock Exchange. Related Party Transactions Review Committee comprises the following four (4) members, three (3) of whom, including the Chairman, are Independent Non-Executive Directors.

A N Fernando - *Chairman (Independent, Non-Executive Director)*

S G Wijesinha - *(Independent, Non-Executive Director)*

N B Weerasekera - *(Independent, Non-Executive Director)*

K H Kuok *(Alternate - M T Siddique)*

Policies and procedures adopted for reviewing the related party transactions:

The Committee reviewed all related party transactions except for the following transactions:

1. Recurrent, routine transactions which are of trading or revenue nature
2. Payment of dividend, issue of securities
3. Grant of options and the issue of securities pursuant to the exercise of options under an employee share option scheme
4. A transaction in marketable securities carried out in the open market where the counterparty's identity is unknown to the Company at the time of the transaction
5. Directors fees and remuneration and employment remuneration

Either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

The Committee established guidelines for the Senior Management to follow, for recurrent related party transactions, in its ongoing dealings with the related parties. At the year end, the Committee carried out a review and assessed ongoing relationships with the related parties to determine whether they are in compliance with the Committee's guidelines and that the related party transactions remain appropriate.

The Committee also determined whether to obtain the approval of the Board of Directors for a related party transaction considering the factors such as the impact of the proposed transaction on the independence of the Directors and whether related party transaction requires immediate market disclosure.

It was also ensured that Committee members did not have any conflict of interest with regard to the proposed related party transactions.

MEETINGS

The Committee met four times during the year (once a calendar quarter). Attendance of the Committee members at each of these meetings is as follows:

A N Fernando	4 of 4 meetings
S G Wijesinha	4 of 4 meetings
N B Weerasekera	4 of 4 meetings
M T Siddique	2 of 2 meetings

MEETING AND MINUTES

Corporate Services (Pvt) Limited acts as the Secretary to the Related Party Transaction Review Committee. The minutes of the Related Party Transactions Review Committee approved by the said Committee are circulated and agreed by the Board of Directors.

STATEMENT OF COMPLIANCE

The Committee has reviewed the related party transactions during the financial year and communicated the comments/ observations to the Board of Directors. Information complied as required under Section 9 of the Listing Rules are presented under Note 36 to the Financial Statements.

On behalf of the Related Party Transactions Review Committee,

A N Fernando
Chairman – Related Party Transactions Review Committee

24 May 2021

REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

TERMS OF REFERENCE
The Charter determines the terms of reference for the Nomination and Remuneration Committee. The Committee is responsible to the Board for recommending remuneration of the Executive Directors including the Chief Executive Officer, members of the Executive Committee, and setting the broad parameters of remuneration for senior executives across the Group.

COMPOSITION
The Committee is made up of four Directors namely;

G Sathasivam – *(Non-Executive, Non-Independent)*

A N Fernando – *(Non-Executive, Independent)*

S G Wijesinha – *(Non-Executive, Independent)*

N B Weerasekera – *(Non-Executive, Independent)*

Corporate Services (Pvt) Limited acts as the Secretary to the Nomination and Remuneration Committee. The minutes of the Nomination and Remuneration Committee approved by the said Committee is circulated and affirmed by the Board of Directors.

REMUNERATION POLICY
The Group's remuneration policy aims to attract and retain management with the appropriate professional, managerial and operational expertise necessary to achieve the Group's objectives and create value for our shareholders.

A significant portion of executives' total potential remuneration is performance related in order to drive the right behaviour to optimise Group performance. Stretch targets are set for the plantation managers on a quarterly basis in the context of prevailing market conditions in which it operates. The remuneration packages which are linked to individual performances are aligned with the Group's short-term and long-term strategy.

Remuneration levels are reviewed annually by the Nomination and Remuneration Committee through a process that considers individual, business unit and overall performance of the Group and market practices.

The Committee continues to provide analysis and advice to ensure key management personnel remuneration is competitive in the marketplaces. The Committee has the authority to seek external independent professional advice on matters within its purview.

NON-EXECUTIVE DIRECTORS' FEES
Non-Executive Directors receive fees for services on Board and Board Committees. Non-Executive Directors do not receive short-term incentives and do not participate in any long-term incentive schemes. The fees for the Non-Executive Directors are recommended by the Nomination and Remuneration Committee to the Board for their approval, after considering input from the Executive Directors.

The Directors emoluments are disclosed on Note 9 to the Financial Statements.

On behalf of the Nomination and Remuneration Committee;

G Sathasivam
Chairman – Nomination and Remuneration Committee

24 May 2021

FINANCIAL REPORTS

FINANCIAL CALENDER

1. INTERIM QUARTERLY REPORTS

Listing rule: Submission of unaudited interim financial statements to CSE as per listing rule

Period	Listing Rules	Date of released 2020/21	Date of released 2019/20
01st Quarter	Within 45 days of the end of quarter	04th August 2020	05th August 2019
2nd Quarter	Within 45 days of the end of quarter	12th November 2020	07th November 2019
3rd Quarter	Within 45 days of the end of quarter	2nd February 2021	12th February 2020
4th Quarter	Within 60 days of the end of quarter	24th May 2021	26th May 2020

2. AUDITED FINANCIAL STATEMENTS

Listing rule: Submission of audited financial statements within five months from year ended

Meeting	Financial Year	Date of released	AGM
14th Annual General Meeting	2006/07	30 May 2007	22 June 2007
15th Annual General Meeting	2007/08	14 June 2008	07 July 2008
16th Annual General Meeting	2008/09	15 June 2009	14 July 2009
17th Annual General Meeting	2009/10	11 June 2010	07 July 2010
18th Annual General Meeting	2010/11	16 June 2011	08 July 2011
19th Annual General Meeting	2011/12	12 June 2012	06 July 2012
20th Annual General Meeting	2012/13	17 June 2013	09 July 2013
21st Annual General Meeting	2013/14	05 June 2014	30 June 2014
22nd Annual General Meeting	2014/15	08 June 2015	30 June 2015
23rd Annual General Meeting	2015/16	09 June 2016	30 June 2016
24th Annual General Meeting	2016/17	05 June 2017	29 June 2017
25th Annual General Meeting	2017/18	04 June 2018	28 June 2018
26th Annual General Meeting	2018/19	06 June 2019	27 June 2019
27th Annual General Meeting	2019/20	03 June 2020	26 June 2020
28th Annual General Meeting	2020/21	02 June 2021	25 June 2021

INDEPENDENT AUDITOR'S REPORT

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
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TO THE SHAREHOLDERS OF WATAWALA PLANTATIONS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Watawala Plantations PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31st March 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies set out on pages 108 to 168.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31st March 2021, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company financial statements and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company financial statements and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Measurement of Biological Assets

Refer to the significant accounting policies in Note 3.5.10 and explanatory in Notes 16 and 17.2 to the financial statements.

Risk Description

The Group has reported bearer biological assets amounting to Rs. 2,710 Mn and biological assets livestock carried at fair value amounting to Rs. 749 Mn as at 31st March 2021.

Bearer biological assets mainly include mature and immature palm oil, tea, rubber and other trees in identified plantation fields. Inappropriate transfer from immature to mature plantations has a significant impact on the carrying value of the bearer plants and the reported profits as capitalization of costs will cease from the point of transfer and the mature plantations are depreciated over the useful lives of the plants. As per the industry practice, transfer of immature plantations to mature plantation fields happens at the point of commencement of commercial harvesting. The actual point of which commercial harvesting could start depends on the soil condition, weather patterns and plant breed.

The biological assets livestock include cattles which are measured at fair value less cost to sell. The management has used internally developed discounted cash flow method to calculate the fair value of the Group's biological assets as at the reporting date. The calculation of the fair value of biological assets involves significant degree of judgments, particularly in respect of expected production, market prices of raw milk, expected costs and discounting factor.

We considered measurement of biological assets as a key audit matter due to the magnitude of the value of bearer biological assets and significant management judgment involved in determining the point at which a plant is deemed ready for commercial harvesting. Further, valuation of livestock biological assets involved significant assumptions and judgments in determining the fair value which could be subject to error or potential management bias.

Our audit procedures included for bearer biological assets;

- Understanding the process of immature to mature transfer and testing the design, implementation and operating effectiveness of key internal controls in relation to bearer biological assets.
- Obtaining schedules of costs incurred and capitalized under immature plantations as well as cost transferred to mature plantations by each estate and reconciling those balances to the general ledger on sample basis, verifying the reconciling items and obtaining explanations from management for any significant variances identified.
- Physical verification of fields on sample basis and cross checking with the classification of immature and mature plantations.
- Testing immature to mature cost transfer worksheet for selected estates to check whether the amounts transferred during the year were consistent with the company accounting policy and industry norms.

Our audit procedures included for livestock biological assets;

- Understanding the process of valuation and testing the design and operating effectiveness of key controls in relation to the valuation of livestock.
- Challenging the methodologies adopted in the valuation of livestock with reference to the requirements of the prevailing accounting standards.
- Challenging the key assumptions and methodology used in the valuation, in particular the discount rate, average milk production, selling price of milk, average cost per cow, weight and selling price of the cattles in evaluating the appropriateness of the valuation methodology and discount rate used.
- Evaluating the accuracy, completeness and reasonableness of the data and inputs used for the valuation of livestock and evidence for physical verification of cows during the year.
- Comparing the discount rate, normal life cycle of a milking cow, milking yield per lactation with available industry data.
- Evaluating the adequacy of the Group's disclosures in the financial statements regarding the degree of judgment and estimation involved and the sensitivity of the assumptions and estimates.

2. Valuation of Retirement Benefit Obligation

Refer to the significant accounting policies in Note 3.12.2 and explanatory Note 29 of the financial statements.

Risk Description

The Group has recognized retirement benefit obligation of Rs. 272 Mn as at 31st March 2021. The retirement benefit obligation of the Group is significant in the context of the total liabilities of the Group. The valuation of the Group's retirement benefit obligation requires significant judgment and estimation to be applied across numerous assumptions, including salary increases and discount rate. Small changes in those assumptions could have a significant effect on the financial performance and financial position of the Group. Management engaged an independent actuary to assist them in the computation of Retirement benefit obligation.

We considered the computation of the retirement benefit obligation to be a key audit matter due to the magnitude of the amounts recognized in the financial statements as well as estimation uncertainty involved in determining the amounts.

Our audit procedures included;

- Assessing the competency, objectivity and capabilities of the independent actuary engaged by the management.
- Discussions with management in relation to legal opinion on the legal arguments for the daily wage rate used for the actuarial valuation and status of the legal case as at reporting date to evaluate the reasonableness of the assumptions used in the valuation of retirement benefit obligation.
- Testing the samples of the employees' details used in the computation to the human resource records and performed re-computation of sample of post-employment benefit liabilities with the assistance of our internal valuation specialist.
- Challenging the key assumptions used in the valuation, in particular the discount rate, inflation rate, future salary increases and mortality rates.
- Evaluating the accuracy, completeness and reasonableness of the employee data used for the calculation of retirement benefit obligations.
- Comparing the discount rate, inflation rate, mortality rate and future pension increases to market available data.
- Assessing the adequacy of the disclosures made to the financial statements in accordance with the relevant accounting standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

KPMG

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor’s report is 3029.

KPMG

Chartered Accountants
Colombo, Sri Lanka
24th May 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(all amounts in Sri Lankan Rupees thousands)

		Group		Company	
For the year ended 31 March	Note	2021	2020	2021	2020
Revenue	5	**3,933,523**	3,326,800	**3,284,840**	2,743,634
Cost of sales		**(2,008,091)**	(2,041,076)	**(1,406,774)**	(1,383,852)
Gross profit	5	**1,925,432**	1,285,724	**1,878,066**	1,359,782
Other income	6	**131,495**	102,043	**80,089**	71,954
Gain on changes in fair value of biological assets	7	**12,061**	16,503	**10,242**	10,880
Administrative expenses		**(250,894)**	(238,185)	**(238,908)**	(227,645)
Operating profit		**1,818,094**	1,166,085	**1,729,489**	1,214,971
Finance income	8	**15,532**	10,433	**31,601**	25,875
Finance costs	8	**(81,970)**	(184,419)	**(62,333)**	(80,079)
Net Finance Costs		**(66,438)**	(173,986)	**(30,732)**	(54,204)
Profit before income tax	9	**1,751,656**	992,099	**1,698,757**	1,160,767
Income tax expenses	10	**(88,820)**	(175,599)	**(41,284)**	(175,686)
Profit for the year		**1,662,836**	816,500	**1,657,473**	985,081
Profit is attributable to:					
Equity holders of the parent		**1,662,836**	831,559	**1,657,473**	985,081
Non-controlling interests		**-**	(15,059)	**-**	-
		1,662,836	816,500	**1,657,473**	985,081
Basic Earnings per share (LKR)	11	**8.18**	4.10	**8.15**	4.86

Figures in brackets indicate deductions

The financial statements are to be read in conjunction with the related notes, which form a part of the consolidated financial statements of the Group set out on pages 114 to 168.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(all amounts in Sri Lankan Rupees thousands)

		Group		Company	
For the year ended 31 March	Note	2021	2020	2021	2020
Profit for the year		**1,662,836**	816,500	**1,657,473**	985,081
Items that will not be reclassified to profit or loss					
Actuarial gain/(loss) on retirement benefit obligations	29	**25,164**	(11,976)	**19,198**	(11,782)
Deferred Tax on actuarial gains/ (loss)	31	**(3,881)**	1,649	**(2,688)**	1,649
Total other comprehensive income/(expense) for the year (net of tax)		**21,283**	(10,327)	**16,510**	(10,133)
Total comprehensive income for the year		**1,684,119**	806,173	**1,673,983**	974,948
Total comprehensive income attributable to :					
Equity holders of the parent		**1,684,119**	821,232	**1,673,983**	974,948
Non-controlling interest		**-**	(15,059)	**-**	-
		1,684,119	806,173	**1,673,983**	974,948

Figures in brackets indicate deductions

The financial statements are to be read in conjunction with the related notes, which form a part of the consolidated financial statements of the Group set out on pages 114 to 168.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

[all amounts in Sri Lankan Rupees thousands]

		Group		Company	
As at 31st March	Note	2021	2020	2021	2020
Assets					
Non-current assets					
Rights to use assets	13	**238,853**	241,440	**231,162**	235,459
Property, plant and equipment	14	**2,109,979**	2,173,402	**702,205**	695,786
Intangible assets	15	**19,230**	23,533	**15,091**	18,224
Bearer biological assets	16	**2,709,996**	2,722,149	**2,619,454**	2,615,292
Biological assets - Consumable	17.1	**32,857**	31,657	**-**	-
Biological assets - Livestock	17.2	**749,339**	695,538	**-**	-
Investment fund	18	**357,153**	343,725	**357,153**	343,725
Investment in subsidiaries	19	**-**	-	**1,867,390**	1,868,242
Total non-current assets		**6,217,407**	6,231,444	**5,792,455**	5,776,728
Current assets					
Inventories	21	**111,270**	151,314	**71,301**	105,851
Biological assets-Produce on bearer plants	17.4	**52,688**	41,797	**51,953**	41,711
Current tax assets		**15,267**	-	**15,267**	-
Trade and other receivables	22	**292,304**	302,533	**258,687**	259,639
Loan given to related Company	23	**-**	-	**262,000**	200,195
Amount due from related Companies	24	**486**	73,902	**37,870**	100,225
Cash and cash equivalents	25	**417,297**	186,553	**398,736**	185,147
Total current assets		**889,312**	756,099	**1,095,814**	892,768
Total assets		**7,106,719**	6,987,543	**6,888,269**	6,669,496
Equity and liabilities					
Capital and reserves					
Stated capital	26	**511,848**	511,848	**511,848**	511,848
Retained earnings		**4,550,561**	4,086,294	**4,970,501**	4,516,370
Total equity		**5,062,409**	4,598,142	**5,482,349**	5,028,218
Non-current liabilities					
Interest bearing borrowings	27	**372,561**	572,748	**45,500**	208,450
Lease Liabilities	28	**248,186**	242,897	**247,138**	242,897
Retirement benefit obligations	29	**271,507**	278,340	**240,086**	243,760
Deferred income and capital grants	30	**91,996**	142,550	**43,799**	46,157
Deferred tax liability	31	**431,554**	379,335	**382,825**	379,335
Total non-current liabilities		**1,415,804**	1,615,870	**959,348**	1,120,599
Current liabilities					
Interest bearing borrowings	27	**225,119**	190,987	**115,000**	98,723
Lease Liabilities	28	**2,108**	1,078	**1,102**	1,078
Trade and other payables	32	**366,266**	316,613	**321,128**	270,199
Amount due to related Company	33	**-**	321	**-**	321
Current tax liabilities		**-**	52,560	**-**	52,560
Bank overdrafts	25	**35,013**	211,972	**9,342**	97,798
Total current liabilities		**628,506**	773,531	**446,572**	520,679
Total liabilities		**2,044,310**	2,389,401	**1,405,920**	1,641,278
Total equity and liabilities		**7,106,719**	6,987,543	**6,888,269**	6,669,496

The financial statements are to be read in conjunction with the related notes, which form a part of the consolidated financial statements of the Group set out on pages 114 to 168.

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

Eranda Kapukotuwa
Manager-Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements. Approved and signed for and on behalf of Directors of Watawala Plantations PLC.

V Govindasamy
Director

Sunil G Wijesinha
Chairman

24 May 2021
Colombo

STATEMENT OF CHANGES IN EQUITY - GROUP

(all amounts in Sri Lankan Rupees thousands)

		Group				
	Note	Stated capital	Retained earnings	Total	Non controlling interest	Total Equity
Balance as at 1 April 2019		460,000	3,275,437	3,735,437	187,074	3,922,511
Adjustment due to initial application of SLFRS 16		-	57,989	57,989	-	57,989
Adjusted balance as at 1 April 2019		460,000	3,333,426	3,793,426	187,074	3,980,500
Profit for the year		-	831,559	831,559	(15,059)	816,500
Actuarial loss on retirement benefit obligations		-	(11,976)	(11,976)	-	(11,976)
Deferred tax on actuarial loss on retirement benefit obligations		-	1,649	1,649	-	1,649
Total comprehensive income for the year		-	821,232	821,232	(15,059)	806,173
						.
Transactions with owners of the Company, recognised directly in equity						-
Acquisition of NCI without a change in control		-	(8,075)	(8,075)	(172,015)	(180,090)
Scrip dividend issued	26	51,848	(60,289)	(8,441)	-	(8,441)
Total transactions with owners		51,848	(68,364)	(16,516)	(172,015)	(188,531)
Balance as at 31 March 2020		511,848	4,086,294	4,598,142	-	4,598,142
						-
Balance at 1 April 2020		511,848	4,086,294	4,598,142	-	4,598,142
Profit for the year		-	1,662,836	1,662,836	-	1,662,836
Actuarial gain on retirement benefit obligations		-	25,164	25,164	-	25,164
Deferred Tax on actuarial gain on retirement benefit obligations		-	(3,881)	(3,881)	-	(3,881)
Total comprehensive income for the year		-	1,684,119	1,684,119	-	1,684,119
Transactions with owners of the Company, recognised directly in equity						
Dividends paid	12	-	(1,219,852)	(1,219,852)	-	(1,219,852)
Total transactions with owners		-	(1,219,852)	(1,219,852)	-	(1,219,852)
Balance as at 31 March 2021		511,848	4,550,561	5,062,409	-	5,062,409

Figures in brackets indicate deductions

The financial statements are to be read in conjunction with the related notes, which form a part of the consolidated financial statements of the Group set out on pages 114 to 168.

STATEMENT OF CHANGES IN EQUITY - COMPANY

(all amounts in Sri Lankan Rupees thousands)

		Company		
	Note	Stated capital	Retained earnings	Total Equity
Balance as at 1 April 2019		460,000	3,543,722	4,003,722
Adjustment due to initial application of SLFRS 16		-	57,989	57,989
Adjusted balance as at 1 April 2019		460,000	3,601,711	4,061,711
Profit for the year		-	985,081	985,081
Actuarial loss on retirement benefit obligations		-	(11,782)	(11,782)
Deferred tax on actuarial loss on retirement benefit obligations		-	1,649	1,649
Total comprehensive income for the year		-	974,948	974,948
Transactions with owners of the Company, recognised directly in equity				
Scrip dividend issued	26	51,848	(60,289)	(8,441)
Total transactions with owners		51,848	(60,289)	(8,441)
Balance as at 31 March 2020		511,848	4,516,370	5,028,218
Balance as at 1 April 2020		511,848	4,516,370	5,028,218
Profit for the year		-	1,657,473	1,657,473
Actuarial gain on retirement benefit obligations		-	19,198	19,198
Deferred tax on actuarial gain on retirement benefit obligations		-	(2,688)	(2,688)
Total comprehensive income for the year		-	1,673,983	1,673,983
Transactions with owners of the Company, recognised directly in equity				
Dividends paid	12	-	(1,219,852)	(1,219,852)
Total transactions with owners		-	(1,219,852)	(1,219,852)
Balance as at 31 March 2021		511,848	4,970,501	5,482,349

Figures in brackets indicate deductions

The financial statements are to be read in conjunction with the related notes, which form a part of the consolidated financial statements of the Group set out on pages 114 to 168.

CONSOLIDATED STATEMENT OF CASH FLOWS

(all amounts in Sri Lankan Rupees thousands)

		Group		Company	
For the year ended 31 March	Note	2021	2020	2021	2020
Cash flows from operating activities					
Profit before taxation		**1,751,656**	992,099	**1,698,757**	1,160,767
Adjustments for:					
Depreciation and amortisation	9	**358,908**	324,199	**246,714**	229,576
Provision for retirement benefit obligations	9.1	**45,949**	45,936	**39,938**	39,757
Profit on disposal of property, plant and equipment	6	**(11,950)**	(2,669)	**(11,030)**	(3,140)
Profit on sale of rubber trees		**-**	(7,747)	**-**	(7,747)
Loss / (Profit) on Liquidation of Subsidiary	19	**63**	-	**(417)**	-
Write off of Oil palm nurseries	16	**20,125**	-	**20,125**	-
Gain/(Loss) on fair valuation of consumable biological assets	7	**(1,200)**	6,656	**-**	-
Gain on fair valuation of produce on bearer plants	7	**(10,891)**	(10,526)	**(10,242)**	(10,880)
Fair value loss on convertible debenture	6	**-**	-	**-**	(3,236)
(Gain) / Loss on fair valuation of livestock	7	**30**	(12,633)	**-**	-
Write off of ESC receivables		**-**	4,625	**-**	-
Income from investment fund	6	**(21,164)**	(31,674)	**(21,164)**	(31,674)
Amortisation of capital grants	6	**(50,554)**	(50,555)	**(2,358)**	(2,358)
Net finance costs	8	**66,438**	173,986	**30,732**	54,204
Profit before working capital changes		**2,147,410**	1,431,697	**1,991,055**	1,425,269
Changes in working capital					
- Inventories		**40,044**	(8,225)	**34,550**	(5,061)
- Trade and other receivables		**8,026**	6,040	**952**	(1,020)
- Amount due from related companies		**73,416**	(51,984)	**62,355**	(78,307)
- Amount due to related companies		**(321)**	(27,293)	**(321)**	321
- Trade and other payables		**50,525**	(94,537)	**50,929**	(81,264)
Cash generated from operations		**2,319,100**	1,255,698	**2,139,520**	1,259,938
Interest paid	8	**(46,083)**	(149,210)	**(26,475)**	(44,870)
Interest received	8	**15,532**	10,433	**31,601**	10,432
Income Tax paid		**(108,308)**	(160,363)	**(108,308)**	(160,363)
Retirement benefit obligations paid	29	**(27,618)**	(22,289)	**(24,414)**	(19,432)
		(166,477)	(321,429)	**(127,596)**	(214,233)
Net cash generated from operating activities		**2,152,623**	934,269	**2,011,924**	1,045,705
Cash flows from investing activities					
Additions to property, plant and equipment	14	**(148,718)**	(122,766)	**(127,727)**	(103,165)
Addition to Intangible assets	15	**(1,900)**	(4,306)	**(1,900)**	(3,913)
Additions to Bearer biological assets	16	**(165,201)**	(208,928)	**(161,782)**	(208,928)
Proceeds from sale of rubber trees		**-**	7,747	**-**	7,747
Proceeds from disposal of biological assets (Livestock)	17	**5,282**	3,836	**-**	-
Proceeds from sale of property, plant and equipment		**38,736**	3,864	**37,816**	3,140
Proceeds from sale of consumable biological assets	17	**-**	43	**-**	-
Proceeds from liquidation of subsidiary	19	**1,268**	-	**1,268**	-
Addition to livestock	17	**(59,113)**	(24,121)	**-**	-
Acquisition of NCI		**-**	(180,090)	**-**	(180,090)
Loan given to related parties	23	**-**	-	**(61,805)**	(235,969)
Net cash used in investing activities		**(329,646)**	(524,721)	**(314,130)**	(721,178)
Cash flows from financing activities					
Dividends paid		**(1,219,852)**	-	**(1,219,852)**	-
Proceeds from borrowings	27	**247,887**	6,992	**218,000**	6,992
Investment made through investment fund	18	**(300,000)**	-	**(300,000)**	-
Withdrawals made through investment fund	18	**307,736**	-	**307,736**	-
Repayment of borrowings	27	**(413,942)**	(499,064)	**(364,673)**	(407,091)
Repayment of lease liabilities	28	**(37,103)**	(36,143)	**(36,960)**	(36,143)
Net cash used in financing activities		**(1,415,274)**	(528,215)	**(1,395,749)**	(436,242)
Increase/ (Decrease) in cash and cash equivalents		**407,703**	(118,667)	**302,045**	(111,715)
Cash and cash equivalents at the beginning of year		**(25,419)**	93,248	**87,349**	199,064
Cash and cash equivalents at the end of year	25	**382,284**	(25,419)	**389,394**	87,349

Figures in brackets indicate deductions

The financial statements are to be read in conjunction with the related notes, which form a part of the consolidated financial statements of the Group set out on pages 114 to 168.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lankan Rupees thousands)

1. REPORTING ENTITY

1.1 Domicile and legal form

Watawala Plantations PLC (the Company) is a public limited liability company incorporated and domiciled in Sri Lanka under the Companies Act No 17 of 1982 in terms of the provisions of the Conversion of Public Corporations or Government Owned business undertaking into Public Companies Act No 23 of 1987 and re-registered under the Companies Act No 7 of 2007. The registered office of the Company is located at No 60, Dharmapala Mawatha, Colombo 03. The Plantations are situated in the Udugama, Galle District in the Southern Province.

The Consolidated Financial Statements of the Group as at and for the year ended 31st March 2021 comprise the Financial Statements of the Company and its subsidiary Watawala Dairy Ltd . (together referred to as the 'Group')

1.2 Principal activities and nature of operations

The Company is primarily engaged in cultivation, manufacture and sale of crude palm oil. Its subsidiary Watawala Dairy Ltd is engaged in dairy farming.

1.3 Parent and ultimate parent enterprise

The Immediate parent of Watawala Plantations PLC is Sunshine Wilmar (Private) Limited and ultimate parent is Sunshine Holdings PLC.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Consolidated Financial Statements of the Group and the separate Financial Statements of the Company comprise the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows, together with the notes to the Financial Statements and Significant Accounting Policies which have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs/ LKASs) promulgated by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and with the requirements of the Companies Act No. 07 of 2007 and Sri Lanka Accounting and Auditing Standards Act No 15 of 1995. These Financial Statements, except information on Cash Flows, have been prepared following the accrual basis of accounting.

2.2 Approval of Financial Statements by Directors

The Consolidated Financial Statements were authorized for issue by the Board of Directors on 24th May 2021.

2.3 Basis of Measurement

The Consolidated Financial Statements have been prepared on historical cost basis except for the following material items in the Statement of Financial Position.

- Consumable Biological Assets are measured at fair value less costs to sell per LKAS 41 – Agriculture.
- Liability for Retirement Benefit Obligation is recognized as the present value of the defined benefit obligation based on actuarial valuation as per LKAS 19: Employee benefits.
- Agriculture produce harvested from biological assets are measured at fair value as per LKAS 41: Agriculture.

2.4 Functional and Presentation Currency

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

2.5 Presentation of Financial Statements

The assets and liabilities of the Group presented in the statement of financial position are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern.

2.6 Materiality and Aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by LKAS 1: Presentation of Financial Statements. Financial assets and financial liabilities are offset and the net amount report in the statement of financial position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on net basis, or to realize the assets and settle the liability simultaneously.

2.7 Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern in the foreseeable future and they do not foresee a need for liquidation or cessation of trading.

2.8 Use of Estimates and Judgements

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

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

Estimates and underlying assumption are reviewed on a ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

Information about critical estimates and judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes:

Note 14 -Tangible Assets other than Biological Assets

Note 17 - Consumable Biological Assets

Note 28 – Lease liabilities

Note 29 - Retirement Benefit Obligations

Note 31 – Deferred tax liability

2.9 Determination of fair values

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. Several of the Group's accounting policies and disclosures require the determination of fair value, for both financial and nonfinancial assets and liabilities.

When measuring fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

Level 1 : inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 : inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : inputs are inputs that are not based on observable market data (unobservable inputs).

If inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

2.10 Fair value of non-financial assets

The fair value used by the Group in the measurement of non-financial assets is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market that is accessible by the Group for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would act in their economic best interest when pricing the asset or liability.

A fair value measurement of a non-financial asset takes into account a market participants ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

3. SIGNIFICANT ACCOUNTING POLICIES

All the accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Basis of consolidation

The Financial Statements of the Company and Group comprise the Financial Statements of the Company and its Subsidiaries for the year ended 31st March 2021.

3.1.1 Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lankan Rupees thousands)

acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

3.1.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

3.1.3 Non-controlling interests ("NCI")

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

3.1.4 Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3.1.5 Transactions eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief executive officer. The executive committee of the Company assesses the financial performance and position of the Company and its subsidiaries and makes strategic decisions.

3.3 Foreign currency translations

Transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions.

At each reporting date, monetary items denominated in foreign currencies are translated at the closing rate. Nonmonetary items measured at fair value are translated at the rates prevailing on the date when the fair value was determined.

Non-monetary items measured at historical cost are translated at the rates prevailing on the date of transaction.

Exchange differences arising on the settlement of monetary items and on the translation of monetary items are included in profit or loss for the period.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences which are recognized in other comprehensive income.

3.4 Assets and Bases of their Valuation

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

3.5 Property, Plant and Equipment

3.5.1 Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, except for Bare Land on Lease which is stated at revalued amount on 18th June 1992 less subsequent accumulated depreciation and accumulated Impairment losses.

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

3.5.1.1 Owned Assets

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour, and any other costs directly attributable to bringing the asset to the working condition for its intended use. This also includes cost of dismantling and removing the items and restoring at the site on which they are located and borrowing cost on qualifying assets.

3.5.2 Land Development Costs

Permanent land development costs are the costs incurred in making major infrastructure development and building new access roads on leasehold lands. These costs have been capitalised and amortised over the remaining lease period. Permanent impairment to land development costs are charged to the profit or loss statement in full or reduced to the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

3.5.3 Capital Work-in-Progress

The cost of capital work-in-progress is the cost of purchase or construction together with any related expenses thereon. 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.

3.5.4 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1st April 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. Where the lease agreement includes an annual adjustment on a variable such as GDP deflater, the Group shall annually reassess the liability considering such variable and recognise the amount of remeasurement of the lease liabilities as an adjustment to the right-of-use asset.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lankan Rupees thousands)

3.5.5 Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

The costs of the day-to-day servicing of property, plant and equipment are recognised in the Statement of Profit or Loss and Other Comprehensive Income as incurred.

3.5.6 Borrowing Costs

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

Borrowing costs that are not capitalised are recognised as expenses in the period in which they are incurred and charged to the Statement of Profit or Loss and Other Comprehensive Income.

3.5.7 Depreciation and amortisation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

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

Company	Freehold assets (Years)	Leasehold assets (Years)
Right to use of land	-	53
Improvements to land	-	30
Vested other assets	-	30
Buildings	40	25
Plant and machinery	13	13
Equipment	8	-
Computer equipment	4	-
Computer software	6	-
Furniture and fittings	10	-
Motor vehicles	5	5
Sanitation, water and electricity	20	20
Roads and bridges	40	25
Fences and security lights	3	-
Mini hydro plants	-	10

Depreciation of an asset begins when it is available for use, whereas depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

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

Group

Watawala Dairy Limited

Freehold assets are depreciated using similar rates as the parent entity. The right to use land and assets acquired from Watawala Plantations PLC are depreciated over the shorter of useful life or the remaining period of the lease.

Residual values of these assets and useful lives are reviewed and adjusted if appropriate. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

3.5.8 Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss and the revalued assets are disposed, the amount included in revaluation surplus reserve is transferred to retained earnings.

When revalued assets are disposed, the amounts included in the revaluation reserve are transferred to retained earnings.

3.5.9 Intangible Assets

An intangible asset is recognised if it is probable that economic benefits attributable to the assets will flow to the entity and cost of the assets can be measured reliably and carried at cost less accumulated amortisation and accumulated impairment losses.

3.5.9.1 Software

Purchased software is recognized as an intangible asset and is amortized on a straight-line basis over its useful life The estimated useful life is as follows:

Asset Category	Useful life
Enterprise Resource Planning System	6 years

3.5.10 Biological Assets

Biological assets are classified as Bearer Biological assets and Consumable Biological assets. Bearer Biological assets include palm oil, tea, cinnamon and rubber trees, those that are not intended to be sold or harvested, but are however used to grow for harvesting agricultural produce from such Biological assets. Consumable Biological assets include managed timber trees (those that are to be sold as Biological assets) and livestock of Cattle.

Biological assets are further classified into Mature Biological assets and Immature Biological assets. Mature Biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature Biological assets are those that have not yet attained harvestable specifications.

3.5.11 Recognition and Measurement

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

The Bearer Biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 - Property, Plant and Equipment.

The managed timber trees are measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants (age below 4 years) as the impact on biological transformation of such plants to price during this period is immaterial.

The livestock are initially measured at cost and subsequently fair valued at each reporting date.

3.6 Bearer Biological Assets

The costs of land preparation, rehabilitation, new planting, replanting, crop diversification, interplanting, fertilising and so on 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 including interest attributable to long-term loans used for financing immature plantations. The expenditure incurred on Bearer Biological assets (Palm oil, Tea, Cinnamon and Rubber fields) which comes into bearing during the year, is transferred to mature plantations.

Permanent impairments to Bearer Biological Assets are charged to the Statement of Profit or Loss and Other Comprehensive Income.

3.6.1 Infilling Cost on Bearer Biological Assets

The land development costs incurred in the form of infilling are capitalised when infilling results in an increase in the economic life of the relevant field beyond its previously assessed standard of performance and infilling costs so capitalised are depreciated over the newly assessed remaining useful economic life of the relevant mature plantation.

Infilling costs that are not capitalised have been charged to the Statement of Profit or Loss and Other Comprehensive Income in the year in which they are incurred.

3.6.2 Growing crop nurseries

Nursery cost includes the cost of direct materials, direct labour and appropriate proportion of directly attributable overheads.

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(all amounts in Sri Lankan Rupees thousands)

3.6.3 Depreciation

Mature Plantations (Replanting and New Planting) are depreciated over the shorter of the lease term and the expected period of commercial harvesting.

The expected periods of commercial harvesting for each category of crops are as follows:

Company	Freehold assets (Years)	Leasehold assets (Years)
- Tea	33	30
- Rubber	20	20
- Palm oil	20	20
- Cinnamon	30	-
- Caliandra	15	-
- Grass	5	-
- Coconut	33	-

No depreciation is provided for Immature Plantations.

3.7 Consumable Biological Assets

The fair value of timber trees is measured using Discounted Cash Flow (DCF) method taking into consideration the current market prices of timber applied to expected timber content of a tree at maturity.

The main variables in DCF model are as follows:

Variable	Comment
Timber Content	Estimated based on physical verification of girth, height and considering the growth of each species, and factoring in all the prevailing statutory regulations enforced against harvesting of timber coupled with the forestry plan of the Group.
Economic Useful life	Estimated based on the normal life span of each species by factoring in the forestry plan of the Group.
Selling Price	Three-year annual rolling average selling prices of managed timber fields of the respective region/group of the Group.
Discount Rate	Discount rate reflects the possible variations in the Cash flows and the risk related to the biological assets.

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

3.8 Livestock

Livestock are measured at their fair value less estimated cost to dispose with any change therein recognised in Statement of profit or loss and other comprehensive income. Estimated costs to dispose includes all costs that would be necessary to dispose the asset such as transport cost, commission etc. Fair value of livestock is determined on yield basis valuation which considers the present value of net cash flows expected to be generated throughout the lactation lifecycle of the cattle. The expected net cash flows are discounted using a risk adjusted discounted rate.

Farming costs such as feeding, labour costs, pasture maintenance, veterinary services are expensed as incurred. The cost of purchase of cattle plus transportation charges are capitalised as part of livestock.

3.9 Non Harvested Produce Crop on Bearer Biological Assets

The Company recognises its agricultural produce prior to harvest separately from its bearer plant. Such agricultural produce prior to harvest continues to be in the scope of LKAS 41 and is measured at fair value less costs to sell. Changes in the fair value of such agricultural produce is recognised in profit or loss at the end of each reporting period.

When deriving the estimated quantity, the Company limits it to one harvesting cycle and the quantity is ascertained based on the last day of the harvest in the immediately preceding cycle. In order to ascertain the fair value of produce growing on trees, 50% of the estimated crop in that harvesting cycle is considered.

For the valuation of the produce, the Company uses value of unharvested fresh fruit bunches(FFB) of Oil Palm is measured using the actual price used to purchase FFB from out growers and the value of the unharvested green leaves is measured using the bought-leaf rate (current month) less cost of harvesting and transport.

3.10 Financial Instruments

3.10.1 Recognition and Initial Measurement

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

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

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

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

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

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

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

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

a) *Business model assessment:*

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

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

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

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

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

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3.10.2 Financial Liabilities

Financial Liabilities - Classification, subsequent measurement and gains and losses

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

3.10.3 Derecognition

(a) Financial Assets

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

(b) Financial Liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.10.4 Offsetting

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

3.10.5 Impairment - Financial Assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost and debt investments measured at FVOCI
- The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:
- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or the financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be higher credit rating.

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

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

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

Measurement of ECLs

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

Credit-impaired financial assets

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

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

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

Write-off

For individual customers, the Group has a policy of writing off the gross carrying amount as approved by the Board of Directors based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. Evidence of impairment included a significant or prolonged decline in its fair value below its cost.

3.10.6 Impairment of Non-Financial assets

The carrying amounts of the Group's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (Company of units) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.11 Liabilities and Provisions

A provision is recognized in the Consolidated Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

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[all amounts in Sri Lankan Rupees thousands]

3.12 Employee Benefits

3.12.1 Defined Contribution Plans

A defined contribution plan is a postemployment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Employees Provident Fund [EPF] / Estate Staff's Provident Society [ESPS] / Ceylon Planter's Provident Society [CPPS]

The Group and employee collectively contribute 12% and 8% respectively on the salary of each employee to the each of the contribution plans

Employees Trust Fund [ETF]

The Group contributes 3% of the salary of each employee to the Employees' Trust Fund.

3.12.2 Retirement Benefit Obligations

The retirement benefit plan adopted is as required under the Payment of Gratuity Act No.12 of 1983 and the Indian Repatriate Act No.34 of 1978 to eligible employees. This item is grouped under Employee Benefits in the Statement of Financial Position. Provision for Gratuity on the Employees of the Company is based on an actuarial valuation, using the Projected Unit Credit [PUC] method as recommended by Sri Lanka Accounting Standards No.19 "Employee Benefits". The actuarial valuation was carried out by a professionally qualified firm of actuaries, Messer's Actuarial and Management Consultants [Private] Limited as at 31st March 2021.

However, according to the Payment of Gratuity Act No.12 of 1983, the liability for payment to an employee arises only after the completion of 5 years continued services.

The liability is not externally funded

3.13 Inventories

3.13.1 Agricultural Produce harvested from Biological Assets

Agricultural produce harvested from Biological Assets is measured at its fair value less cost to sell at the point of harvest. The finished and semifinished inventories from agricultural produce are valued by adding the cost of conversion to the fair value of agricultural produce.

3.13.2 Agricultural Produce after further processing

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

3.13.3 Input Material, Consumables and Spares

Valued at actual cost on weighted average basis.

3.14 Cash and Cash Equivalents

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

3.15 Contingent Liabilities

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

3.16 Deferred Income

Government Grants and Subsidies

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

Grants related to Property, Plant and Equipment other than grants received for forestry are initially deferred and allocated to income on a systematic basis over the useful life of the related Property, Plant and Equipment. Grants received for forestry are initially deferred and credited to Statement of Profit or Loss and Other Comprehensive Income immediately the related blocks of trees are harvested.

3.17 Statement of Profit or Loss and Other Comprehensive Income

For the purpose of presentation of the Statement of Profit or Loss and Other Comprehensive Income, the Directors are of the opinion that function of expenses method presents fairly the elements of the Group's performance, and hence such presentation method is adopted in line with the provisions of LKAS 1 - Presentation of Financial Statements.

3.17.1 Revenue Recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over a service to a customer.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods. The following specific criteria are used for the purpose of recognition of revenue;

Group revenue principally comprises sale of Palm Oil and Fresh Milk. Revenue is recognised point in time as the products are provided. The Company considers sales and delivery of products as one performance obligation and recognises revenue when it transfers control to the customer.

Disaggregation of revenue

SLFRS 15 requires an entity to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

3.17.2 Sale of Goods

Revenue from the sale of goods is recognised when the identified performance obligations are satisfied i.e the Company transfers control over a good or services to a contract. Revenue is measured based on the consideration specified in a contract with a customer.

3.17.3 Interest Income

Interest income is recognised as it accrues in the income statement. For all financial instruments measured at amortised cost and interest bearing financial assets classified as FVTOCI, the interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. For interest bearing financial assets carried at fair value, interest is recognised on discounted cash flow method. Interest income is included under finance income in the income statement.

3.17.4 Gain and Losses on Disposal

Gains and losses on disposal of an item of Property, Plant and Equipment are determined by comparing the net sales proceeds with the carrying amounts of Property, Plant and Equipment and are recognised within other operating income in the Statement of Profit or Loss.

3.18 Operating Expenses

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

3.19 Finance Cost

Finance costs comprise interest expense on external borrowings and related party loans and payments made under operating leases. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method. Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received may be recognised as an integral part of the total lease expense, over the term of the lease.

3.20 Income Tax Expense

Income Tax expense comprising current and deferred tax. Income tax expense is recognised in Statement of Profit or Loss and Other Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

NOTES TO THE FINANCIAL STATEMENTS

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3.20.1 Current Taxes

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

3.20.2 Deferred Taxation

Deferred taxation is recognised using the Balance Sheet liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not 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 nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent Notes to the consolidated financial statements that it is probable that they 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 temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be 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. Deferred tax assets and deferred tax liabilities are offset, if legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

3.21 Statement of Cash Flows

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

3.22 Segmental Reporting

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

Revenue and Expenditure directly attributable to each segment are allocated to the respective segments. Revenue and Expenditure not directly attributable to a segment are allocated on the basis of their resource utilization, wherever possible. Unallocated items comprise mainly income accrued and expenses incurred at Head office level.

Assets and Liabilities directly attributable to each segment are allocated to the respective segments. Assets and Liabilities which are not directly attributable to a segment are allocated on a reasonable basis wherever possible. The activities of the segments are described in note 5 to the Financial Statements on pages 128 and 129.

3.23 Related Party Transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether or not a price is being charged. A detailed Related Party Transaction analysis is presented in note 36.

3.24 Earnings per Share

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

3.25 Events after the Reporting Date

The materiality of the events after the reporting date has been considered and appropriate adjustments and provisions have been made in the Consolidated Financial Statements wherever necessary.

4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT REPORTING DATE

A number of interpretations and amendments to standards are effective for annual period beginning on or after 1st April 2021 and earlier application is permitted. However, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's financial statements.

- Interest Rate Benchmark Reform—Phase 2 (Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16)
- Covid-19-Related Rent Concessions (Amendment to SLFRS 16)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to LKAS 16)
- Classification of Liabilities as Current or Non-current (Amendments to LKAS 1)
- Reference to Conceptual Framework (Amendments to SLFRS 3)
- Onerous Contracts – Cost of fulfilling a Contract (Amendments to LKAS 37)
- Annual improvements to SLFRS standards 2018-2020

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5 SEGMENTAL ANALYSIS BY PRINCIPAL ACTIVITIES

The analysis of the performance by the principal activities, is as follows:

5.1 Revenue

5.1.1 Revenue streams

		Group		Company	
For the year ended 31 March	Note	2021	2020	2021	2020
Revenue from contracts with customers-sale of goods	5.1.2	**3,933,523**	3,326,800	**3,284,840**	2,743,634
Total Revenue		**3,933,523**	3,326,800	**3,284,840**	2,743,634

5.1.2 Major products

	Group		Company	
For the year ended 31 March	2021	2020	2021	2020
Revenue				
Tea	-	67,395	-	67,395
Palm oil & allied products	**3,283,421**	2,675,317	**3,284,840**	2,676,239
Dairy Farming	**650,102**	584,088	-	-
	3,933,523	3,326,800	**3,284,840**	2,743,634
Gross profit / (loss)				
Tea	-	4,672	-	4,672
Palm oil & allied products	**1,878,066**	1,362,601	**1,878,066**	1,355,110
Dairy Farming	**47,366**	(81,549)	-	-
	1,925,432	1,285,724	**1,878,066**	1,359,782

A Segment is a distinguishable component of the group that is engage either in providing product or services (Business Segments), or in providing products or services within a particular economic environment (geographical segments), which is subject to risks and rewards that are different from those of other segments. Segment information is presented in respect of the Group's business. There are no distinguishable components to be identified as geographical segments for the group. The business segments are reported based on the Group management and reporting structure.

5.1.3 Performance Obligation

Information about the Group's performance obligations are summarized as follows

Type of product/ services	Nature and timing of satisfaction of performance obligation	Revenue recognition under SLFRS 15
Plantation Sale of plantation produce	The Company is selling Green Leaf to customers after placing a sales order and revenue from tea is recognized at the time of dispatching the respective order.	Revenue from sale of other crops are recognized at the point in time when the control of the goods has been transferred to the customer generally upon delivery of the goods to the location specified by the customer and the acceptance of the goods by the customer.
Dairy farming Fresh Milk	Customer obtains the control of Fresh Milk after the customer acknowledgment at the dispatch point.	Revenue from fresh milk is recognized at the point in time when the control of the goods has been transferred to the customer generally upon delivery of the goods to the location specified by the customer and the acceptance of the goods by the customer.

5.2 Segmental analysis by principal activities - Group

For the year ended 31 March	Palm Oil		Dairy		Other		Inter segment adjustments		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenue	3,284,840	2,676,239	650,102	584,088	-	67,395	(1,419)	(922)	3,933,523	3,326,800
Gross profit/(loss)	1,878,066	1,355,110	44,995	(86,030)	-	4,672	2,371	11,972	1,925,432	1,285,724
Other operating income	-	-	70,366	68,906	76,041	64,850	(2,851)	(15,210)	143,556	118,546
Administrative expenses	(238,908)	(227,645)	(11,986)	(10,540)	-	-	-	-	(250,894)	(238,185)
Operating profit/(loss)	1,639,158	1,127,465	103,375	(27,664)	76,041	69,522	(480)	(3,238)	1,818,094	1,166,085
Net finance income /(cost)	(30,732)	(54,204)	(35,706)	(119,782)	-	-	-	-	(66,438)	(173,986)
Profit/(loss) before tax	1,608,426	1,073,261	67,669	(147,446)	76,041	69,522	(480)	(3,238)	1,751,656	992,099
Tax expenses	(24,788)	(164,089)	(47,536)	87	(16,496)	(11,597)	-	-	(88,820)	(175,599)
Profit/(loss) for the year	1,583,638	909,172	20,133	(147,359)	59,545	57,925	(480)	(3,238)	1,662,836	816,500
Other Comprehensive Income										
Actuarial gain /(loss) on gratuity	19,198	(11,782)	5,966	(194)	-	-	-	-	25,164	(11,976)
Tax on Actuarial gain /(loss) on gratuity	(2,688)	1,649	(1,193)	-	-	-	-	-	(3,881)	1,649
Total other comprehensive (loss) / income	16,510	(10,133)	4,773	(194)	-	-	-	-	21,283	(10,327)
Total comprehensive income for the year	1,600,148	899,039	24,906	(147,553)	59,545	57,925	(480)	(3,238)	1,684,119	806,173
Segment assets	4,403,739	4,281,036	2,431,544	2,456,920	271,436	249,587	-	-	7,106,719	6,987,543
Segment liabilities	1,035,606	1,368,354	937,679	973,668	71,025	47,379	-	-	2,044,310	2,389,401
Other segment items										
Capital expenditure	274,423	313,704	83,523	44,115	16,986	2,302	-	-	374,932	360,121
Depreciation	222,243	212,395	111,737	94,382	14,807	7,731	-	-	348,787	314,508
Amortisation	9,049	8,978	457	241	615	472	-	-	10,121	9,691

5.3 Segmental analysis by principal activities - Company

For the year ended 31 March	Palm Oil		Other		Total	
	2021	2020	2021	2020	2021	2020
Revenue	3,284,840	2,676,239	-	67,395	3,284,840	2,743,634
Gross profit	1,878,066	1,355,110	-	4,672	1,878,066	1,359,782
Other income	-	-	90,331	82,834	90,331	82,834
Administrative expenses	(238,908)	(227,645)	-	-	(238,908)	(227,645)
Operating profit	1,639,158	1,127,465	90,331	87,506	1,729,489	1,214,971
Net finance (cost) / income	(30,732)	(54,204)	-	-	(30,732)	(54,204)
Profit before tax	1,608,426	1,073,261	90,331	87,506	1,698,757	1,160,767
Tax expense	(24,788)	(164,089)	(16,496)	(11,597)	(41,284)	(175,686)
Profit /(loss) for the year	1,583,638	909,172	73,835	75,909	1,657,473	985,081
Other Comprehensive Income						
Actuarial gain /(loss) on gratuity	19,198	(11,782)	-	-	19,198	(11,782)
Tax on Actuarial gain /(loss) on gratuity	(2,688)	1,649	-	-	(2,688)	1,649
Total other comprehensive income/ (loss)	16,510	(10,133)	-	-	16,510	(10,133)
Total comprehensive income for the year	1,600,148	899,039	73,835	75,909	1,673,983	974,948
Segment assets	6,616,833	6,419,909	271,436	249,587	6,888,269	6,669,496
Segment liabilities	1,334,895	1,593,899	71,025	47,379	1,405,920	1,641,278
Other segment items						
Capital expenditure	274,423	313,704	16,986	2,302	291,409	316,006
Depreciation	222,243	212,395	14,807	7,731	237,050	220,126
Amortisation	9,049	8,978	615	472	9,664	9,450

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[all amounts in Sri Lankan Rupees thousands]

6 OTHER INCOME

		Group		Company	
For the year ended 31 March	Note	2021	2020	2021	2020
Profit on disposal of property, plant and equipment		**11,950**	2,669	**11,030**	3,140
Amortisation of capital grants	30	**50,554**	50,555	**2,358**	2,358
Factory rental		**9,000**	9,000	**9,000**	9,000
Rent income		**2,371**	3,136	**2,371**	3,136
Income from increase in net assets value in the investment fund	18	**21,164**	31,674	**21,164**	31,674
Fair value loss on convertible debenture	20	**-**	-	**-**	3,236
Profit on sale of Green leaf		**8,367**	-	**23,306**	-
Profit/[loss] of liquidation of subsidiary		**(63)**	-	**417**	-
Income from sundry operations		**28,152**	5,009	**10,443**	19,410
		131,495	102,043	**80,089**	71,954

7 GAIN/[LOSS] ON CHANGES IN FAIR VALUE OF BIOLOGICAL ASSETS

	Group		Company	
For the year ended 31 March	2021	2020	2021	2020
Fair value gain / [loss] on produce on bear plants	**10,891**	10,526	**10,242**	10,880
Fair value gain / [loss] on Consumable biological assets	**1,200**	(6,656)	**-**	-
Fair value gain or [loss] on livestock	**(30)**	12,633	**-**	-
	12,061	16,503	**10,242**	10,880

8 NET FINANCE COSTS

	Group		Company	
For the year ended 31 March	2021	2020	2021	2020
[i] **Finance costs**				
- Interest on term loans tea board loan	**(4,389)**	(11,369)	**(4,389)**	(11,369)
- Interest on bank loan	**(35,172)**	(121,538)	**(21,761)**	(31,467)
- Interest on bank overdrafts	**(5,370)**	(15,233)	**(325)**	(2,034)
- Interest on lease liabilities	**(35,888)**	(35,209)	**(35,858)**	(35,209)
- Interest on finance lease liabilities-other	**(1,151)**	(1,070)	**-**	-
	(81,970)	(184,419)	**(62,333)**	(80,079)
[ii] Finance income				
- Interest income on debenture	**-**	-	**-**	3,476
- Interest income on related party loan	**-**	-	**16,322**	11,967
- Interest income on short-term bank deposits	**15,532**	10,433	**15,279**	10,432
	15,532	10,433	**31,601**	25,875
Net finance costs	**(66,438)**	(173,986)	**(30,732)**	(54,204)

9 PROFIT BEFORE INCOME TAX

Profit before income tax is stated after charging all the expenses including following.

		Group		Company	
For the year ended 31 March	Note	2021	2020	2021	2020
Auditors' remuneration					
- Audit		**1,811**	1,750	**1,470**	1,400
- Audit related		**212**	96	**126**	96
- Non audit		**557**	1,010	**557**	1,010
- Right to use of assets		**10,121**	9,691	**9,664**	9,450
Depreciation					
- Immovable leased assets		**49**	49	**49**	49
- Amortization of intangible assets		**6,203**	5,698	**5,033**	4,528
- Property, plant and equipment		**185,306**	148,589	**94,473**	75,081
- Biological assets - bearer		**157,229**	160,172	**137,495**	140,468
Write off of oil palm nurseries		**20,125**	-	**20,125**	-
Directors' emoluments		**6,207**	3,867	**6,207**	3,114
Staff costs	9.1	**996,680**	910,654	**890,188**	812,304

9.1 Staff costs

		Group		Company	
For the year ended 31 March	Note	2021	2020	2021	2020
Wages and salaries		**862,711**	792,100	**776,720**	706,109
Defined contribution plan		**65,020**	52,116	**50,530**	45,936
Defined benefit plan	29	**45,949**	45,936	**39,938**	39,757
Workers' profit share bonus		**23,000**	20,502	**23,000**	20,502
		996,680	910,654	**890,188**	812,304

10 INCOME TAX EXPENSES

		Group		Company	
For the year ended 31 March	Note	2021	2020	2021	2020
Income Tax charge for the year	10.1	**81,208**	171,119	**81,208**	171,119
Over provision with respect of prior years		**(40,726)**	(87)	**(40,726)**	-
Deferred tax recognised in the income statement	31	**48,338**	4,567	**802**	4,567
Taxes included in statement of profit /loss		**88,820**	175,599	**41,284**	175,686
Deferred tax recognised in other comprehensive income		**3,881**	(1,649)	**2,688**	(1,649)
Taxes included in total comprehensive income		**92,701**	**173,950**	**43,972**	**174,037**

Tax is calculated using tax rates enacted for the year of assessment. The profits from agro farming are exempted. The profit from agro processing is taxed at 14% (2020 : 14%). The profits from other activities are taxed at 24% (2020 : 28%)

Watawala Dairy Limited enjoys a tax exemption period of five years from the year in which the company commences to make profits or any year of assessment not later than two years reckoned from the date of commencement of commercial operations whichever is earlier, under Section 17 (2) of the Board of Investment of Sri Lanka Law No. 4 of 1978 and in accordance with the provisions of the Inland Revenue Act No. 24 of 2017.

After the expiration of the tax exemption period, the profit and income of the Company shall be charged at the rate of twenty percent (20%) for any year of assessment immediately succeeding the last date of the tax exemption period during which the profit and income of the entity is exempted from income tax.

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(all amounts in Sri Lankan Rupees thousands)

10.1 Reconciliation of accounting profit to income tax

	Group		Company	
For the year ended 31 March	2021	2020	2021	2020
Profit before taxation	**1,751,656**	992,099	**1,698,757**	1,160,767
Less : Income from other sources	**(87,744)**	(38,580)	**(68,732)**	(37,874)
Add : Disallowable Expenses	**472,641**	475,674	**367,072**	373,806
Less : Allowable Expenses	**(560,090)**	(675,130)	**(301,266)**	(385,575)
Adjusted Profit for the year	**1,576,463**	754,063	**1,695,831**	1,111,124
Add : Income from other sources	**88,224**	94,314	**68,732**	94,314
Total Statutory/Taxable Income	**1,664,687**	848,377	**1,764,563**	1,205,438
Less: Statutory/Taxable income-Agro farming (exempted)	**(1,133,722)**	-	**(1,233,598)**	-
Total Statutory/Taxable Income-Agro processing	**530,965**	848,377	**530,965**	1,205,438
Income Tax Expense				
Tax at 14%	**64,712**	165,460	**64,712**	165,460
Tax at 24%	**16,496**	5,659	**16,496**	5,659
	81,208	171,119	**81,208**	171,119

11 EARNINGS PER SHARE

Basic earnings per share has been calculated by dividing the profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Calculation of Basic Earnings per share

	Group		Company	
For the year ended 31 March	2021	2020	2021	2020
Net profit attributable to shareholders (Rs '000)	**1,662,836**	831,559	**1,657,473**	985,081
Weighted average number of ordinary shares in issue (thousands)	**203,309**	202,499	**203,309**	202,499
Basic earnings per share **(Rs)**	**8.18**	4.10	**8.15**	4.86

12 DIVIDENDS PER SHARE

Calculation of dividend per share

	Group and Company	
For the year ended 31 March	2021	2020
Scrip dividend		
Issued during the year	-	60,289
Cash dividend		
Final dividend paid Rs.3.00	**609,926**	-
Interim dividend paid Rs.3.00	**609,926**	-
	1,219,852	60,289
Number of ordinary shares (thousand)	**203,309**	200,963
Dividend paid per share (Rs.)	**6.00**	0.30

13 RIGHTS TO USE ASSETS

	Group		Company	
As at 31 March	2021	2020	2021	2020
Cost				
Capitalised value (18 June 1992)	**330,833**	156,822	**318,245**	144,234
Impact due to initial application of SLFRS - 16	**-**	174,011	**-**	174,011
Remeasurement of lease liabilities	**5,367**	-	**5,367**	-
Addition during the year	**2,167**	-	**-**	-
	338,367	330,833	**323,612**	318,245
Accumulated amortisation				
Balance as at 1 April	**89,393**	79,702	**82,786**	73,336
Charge for the year	**10,121**	9,691	**9,664**	9,450
	99,514	89,393	**92,450**	82,786
Carrying value as at 31 March	**238,853**	241,440	**231,162**	235,459

The leases of JEDB/SLSPC estates handed over to the Company for a period of 53 years have all been executed. The leasehold rights to the land on all these estates have been taken into the books of the Company as at 18 June 1992 immediately after formation of the Company. The bare land has been recorded at the value established for each land by valuation specialist, D R Wickramasinghe, just prior to the formation of the Company.

The Group has applied SLFRS-16 from 1 April 2019 (Leases) for leasehold assets recorded in the financial statements.

14 PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
As at 31 March	2021	2020	2021	2020
Immovable estate assets on lease (other than land) (Note: 14.1.1 & 14.1.2)	**867**	916	**831**	880
Property, plant and equipment (Note: 14.2.1 & 14.2.2)	**2,109,112**	2,172,486	**701,374**	694,906
	2,109,979	2,173,402	**702,205**	695,786

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lankan Rupees thousands)

14.1.1 Immovable estate assets on lease (other than land) - Group

	Improvements to land	Other vested assets	Roads and bridges	Water supply	Buildings	Mini-hydro power plant	Machinery	Total
Cost								
As at 1 April 2019	1,135	1,201	5	89	35,894	1,042	23,208	62,574
As at 1 April 2020	1,135	1,201	5	89	35,894	1,042	23,208	62,574
As at 31 March 2021	1,135	1,201	5	89	35,894	1,042	23,208	62,574
Accumulated amortisation								
As at 1 April 2019	1,011	360	5	89	35,894	1,042	23,208	61,609
Charge for the year	38	11	-	-	-	-	-	49
As at 31 March 2020	1,049	371	5	89	35,894	1,042	23,208	61,658
As at 1 April 2020	1,049	371	5	89	35,894	1,042	23,208	61,658
Charge for the year	38	11	-	-	-	-	-	49
As at 31 March 2021	1,087	382	5	89	35,894	1,042	23,208	61,707
Net Carrying value								
As at 31 March 2021	48	819	-	-	-	-	-	867
As at 31 March 2020	86	830	-	-	-	-	-	916

(a) Assets in estates that are held under leasehold right to use have been taken in to books of the Company retrospectively from 18 June 1992. For this purpose, the Board of Directors of the Company decided at its meeting on 8 March 1995 that those assets would be taken at their book value as they appeared in the books of the JEDB / SLSPC, on the day immediately preceding the date of formation of the Company.

14.1.2 Immovable estate assets on lease (other than land) - Company

	Improvements to land	Other vested assets	Water supply	Buildings	Machinery	Total
Cost						
As at 31 March 2019	1,135	1,088	89	33,192	23,163	58,667
As at 1 April 2020	1,135	1,088	89	33,192	23,163	58,667
As at 31 March 2021	1,135	1,088	89	33,192	23,163	58,667
Accumulated amortization						
As at 1 April 2019	1,011	283	89	33,192	23,163	57,738
Charge for the year	38	11	-	-	-	49
As at 31 March 2020	1,049	294	89	33,192	23,163	57,787
As at 1 April 2020	1,049	294	89	33,192	23,163	57,787
Charge for the year	38	11	-	-	-	49
As at 31 March 2021	1,087	305	89	33,192	23,163	57,836
Net Carrying value						
As at 31 March 2021	48	783	-	-	-	831
As at 31 March 2020	86	794	-	-	-	880

(a) Assets in estates that are held under leasehold right to use have been taken in to books of the Company retrospectively retroactive from 18 June 1992. For this purpose, the Board of Directors of the Company decided at its meeting on 8 March 1995 that those assets would be taken at their book value as they appeared in the books of the JEDB / SLSPC, on the day immediately preceding the date of formation of the Company.

14.2.1 Property, Plant and Equipment - Group

	Buildings	Capital work in progress	Motor vehicles	Plant and machinery	Equipment	Computer	Furniture and fittings	Others	Total
Cost									
As at 1 April 2019	1,351,484	5,476	296,022	942,347	98,487	7,915	21,842	242,269	2,965,842
Additions during the year	35,093	1,135	43,065	32,528	5,968	3,249	134	1,594	122,766
Transfer during the year	1,270	(1,270)	-	-	-	-	-	-	-
Disposals made during the year	-	-	(2,914)	(7,560)	-	-	-	-	(10,474)
As at 31 March 2020	1,387,847	5,341	336,173	967,315	104,455	11,164	21,976	243,863	3,078,134
As at 1 April 2020	1,387,847	5,341	336,173	967,315	104,455	11,164	21,976	243,863	3,078,134
Additions during the year	69,786	21,665	34,915	1,670	10,982	2,435	7,216	49	148,718
Transfer during the year	2,709	(2,709)	-	-	-	-	-	-	-
Disposals made during the year	-	-	(46,990)	-	-	(105)	-	-	(47,095)
As at 31 March 2021	1,460,342	24,297	324,098	968,985	115,437	13,494	29,192	243,912	3,179,757
Accumulated depreciation									
As at 1 April 2019	98,782	-	142,646	452,218	38,839	2,387	5,172	26,294	766,338
Charge for the year	35,482	-	39,733	54,011	7,895	2,186	1,685	7,597	148,589
Disposals made during the year	-	-	(2,882)	(6,397)	-	-	-	-	(9,279)
As at 31 March 2020	134,264	-	179,497	499,832	46,734	4,573	6,857	33,891	905,648
As at 1 April 2020	134,264	-	179,497	499,832	46,734	4,573	6,857	33,891	905,648
Charge for the year	59,654	-	42,459	53,381	8,733	1,778	2,057	17,244	185,306
Disposals made during the year	-	-	(20,248)	-	-	(61)	-	-	(20,309)
As at 31 March 2021	193,918	-	201,708	553,213	55,467	6,290	8,914	51,135	1,070,645
Net carrying value									
As at 31 March 2021	1,266,424	24,297	122,390	415,772	59,970	7,204	20,278	192,777	2,109,112
As at 31 March 2020	1,253,583	5,341	156,676	467,483	57,721	6,591	15,119	209,972	2,172,486

14.2.2 Property, Plant and Equipment - Company

	Buildings	Capital work in progress	Motor vehicles	Plant and machinery	Equipment	Computer	Furniture and fittings	Others	Total
Cost									
As at 1 April 2019	252,448	4,207	256,384	662,572	30,773	6,651	13,814	79,345	1,306,194
Additions during the year	22,122	1,135	43,065	32,528	1,239	2,942	134	-	103,165
Disposals made during the year	-	-	(2,844)	(6,175)	-	-	-	-	(9,019)
As at 31 March 2020	274,570	5,342	296,605	688,925	32,012	9,593	13,948	79,345	1,400,340
As at 1 April 2020	274,570	5,342	296,605	688,925	32,012	9,593	13,948	79,345	1,400,340
Additions during the year	69,786	18,819	27,870	1,670	4,100	2,302	3,180	-	127,727
Transfer during the year	2,709	(2,709)	-	-	-	-	-	-	-
Disposals made during the year	-	-	(46,990)	-	-	(105)	-	-	(47,095)
As at 31 March 2021	347,065	21,452	277,485	690,595	36,112	11,790	17,128	79,345	1,480,972
Accumulated depreciation									
As at 1 April 2019	53,781	-	121,914	418,624	20,732	1,830	4,238	18,253	639,372
Charge for the year	6,384	-	31,353	32,658	633	1,890	892	1,271	75,081
Disposals made during the year	-	-	(2,844)	(6,175)	-	-	-	-	(9,019)
As at 31 March 2020	60,165	-	150,423	445,107	21,365	3,720	5,130	19,524	705,434
As at 1 April 2020	60,165	-	150,423	445,107	21,365	3,720	5,130	19,524	705,434
Charge for the year	16,938	-	33,186	32,072	833	1,409	1,096	8,939	94,473
Disposals made during the year	-	-	(20,248)	-	-	(61)	-	-	(20,309)
As at 31 March 2021	77,103	-	163,361	477,179	22,198	5,068	6,226	28,463	779,598
Carrying value						-	-		
As at 31 March 2021	269,962	21,452	114,124	213,416	13,914	6,722	10,902	50,882	701,374
As at 31 March 2020	214,405	5,342	146,182	243,818	10,647	5,873	8,818	59,821	694,906

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(all amounts in Sri Lankan Rupees thousands)

14.2.3 The gross carring values of fully depreciated property plant and Equipment as at 31 March 2021 are as follows

	Group		Company	
As at 31 March	2021	2020	2021	2020
Motor vehicles	**132,107**	120,425	**132,107**	120,425
Plant and machinery	**254,770**	239,475	**254,770**	239,475
Equipment	**26,009**	25,706	**26,009**	25,706
Computer	**4,810**	3,036	**4,810**	3,036
Furniture and fittings	**3,216**	3,216	**3,216**	3,216
Others	**8,365**	8,290	**8,365**	8,290
	429,277	400,148	**429,277**	400,148

14.2.4 Capital Work in progress

The cost of incompleted project as at 31 March 2021 are included in the capital work in progress.

15 INTANGIBLE ASSETS

	Group		Company	
As at 31 March	2021	2020	2021	2020
Cost				
As at 1 April	**42,129**	37,823	**34,841**	30,928
Addition during the year	**1,900**	4,306	**1,900**	3,913
	44,029	42,129	**36,741**	34,841
Accumulated amortization				
As at 1 April	**18,596**	12,898	**16,617**	12,089
Amortization during the year	**6,203**	5,698	**5,033**	4,528
	24,799	18,596	**21,650**	16,617
Net carrying value as at 31 March	**19,230**	23,533	**15,091**	18,224

16 BEARER BIOLOGICAL ASSETS

As at 31 March	2021					2020				
	Oil palm	Rubber	Tea	Others	Total	Oil palm	Rubber	Tea	Others	Total
Group										
On lease (Note 16.1)	-	-	4,652	-	4,652	-	-	5,118	-	5,118
Investments after formation of the Company (Note 16.2)	2,348,018	70,572	140,518	146,236	2,705,344	2,349,129	76,418	148,320	143,164	2,717,031
	2,348,018	70,572	145,170	146,236	2,709,996	2,349,129	76,418	153,438	143,164	2,722,149

As at 31 March	2021					2020				
	Oil palm	Rubber	Tea	Others	Total	Oil palm	Rubber	Tea	Others	Total
Company										
On lease (Note 16.1)	-	-	638	-	638	-	-	1,104	-	1,104
Investments after formation of the Company (Note 16.2)	2,348,018	70,572	104,559	95,667	2,618,816	2,349,129	76,418	110,519	78,122	2,614,188
	2,348,018	70,572	105,197	95,667	2,619,454	2,349,129	76,418	111,623	78,122	2,615,292

16.1 On lease

As at 31 March	2021					2020				
	Oil palm	Rubber	Tea	Others	Total	Oil palm	Rubber	Tea	Others	Total
Group										
As at 1 April	31,667	95,376	22,388	-	149,431	31,667	95,376	22,388	-	149,431
	31,667	95,376	22,388	-	149,431	31,667	95,376	22,388	-	149,431
Accumulated amortization										
As at 1 April	(31,667)	(95,376)	(17,270)	-	(144,313)	(30,014)	(85,985)	(16,930)	-	(132,929)
Amortization for the year	-	-	(466)	-	(466)	(1,653)	(9,391)	(340)	-	(11,384)
	(31,667)	(95,376)	(17,736)	-	(144,779)	(31,667)	(95,376)	(17,270)	-	(144,313)
Net Carrying Amount	-	-	4,652	-	4,652	-	-	5,118	-	5,118

As at 31 March	2021					2020				
	Oil palm	Rubber	Tea	Others	Total	Oil palm	Rubber	Tea	Others	Total
Company										
As at 1 April	31,667	95,376	10,185	-	137,228	31,667	95,376	10,185	-	137,228
	31,667	95,376	10,185	-	137,228	31,667	95,376	10,185	-	137,228
Accumulated amortization					-					
As at 1 April	(31,667)	(95,376)	(9,081)	-	(136,124)	(30,014)	(85,985)	(8,741)	-	(124,740)
Amortization for the year	-	-	(466)	-	(466)	(1,653)	(9,391)	(340)	-	(11,384)
	(31,667)	(95,376)	(9,547)	-	(136,590)	(31,667)	(95,376)	(9,081)	-	(136,124)
Net Carrying Amount	-	-	638	-	638	-	-	1,104	-	1,104

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(all amounts in Sri Lankan Rupees thousands)

16.2 Investments after Formation of the Company

		Group		Company	
As at 31 March	Note	2021	2020	2021	2020
Immature plantations	16.2.1	**310,829**	636,090	**308,329**	637,009
Mature plantations	16.2.2	**2,391,421**	2,061,118	**2,307,393**	1,957,356
Growing Crop Nurseries	16.2.3	**3,094**	19,823	**3,094**	19,823
		2,705,344	2,717,031	**2,618,816**	2,614,188

16.2.1 Immature plantations

Group	2021					2020				
	Oil palm	Rubber	Tea	Others	Total	Oil palm	Rubber	Tea	Others	Total
Cost										
As at 1 April	**620,433**	**11,169**	**-**	**4,488**	**636,090**	490,099	14,345	-	3,689	508,133
Additions during the year	**141,400**	**-**	**-**	**20,405**	**161,805**	203,708	-	-	2,302	206,010
Transfers to mature plantations during the year	**(487,066)**	**-**	**-**	**-**	**(487,066)**	(73,374)	(3,176)	-	(1,503)	(78,053)
As at 31 March	**274,767**	**11,169**	**-**	**24,893**	**310,829**	620,433	11,169	-	4,488	636,090

Company	2021					2020				
	Oil palm	Rubber	Tea	Others	Total	Oil palm	Rubber	Tea	Others	Total
Cost										
As at 1 April	**620,433**	**11,169**	**-**	**5,407**	**637,009**	490,099	14,345	-	4,608	509,052
Additions during the year	**141,400**	**-**	**-**	**16,986**	**158,386**	203,708	-	-	2,302	206,010
Transfers to mature plantations during the year	**(487,066)**	**-**	**-**	**-**	**(487,066)**	(73,374)	(3,176)	-	(1,503)	(78,053)
As at 31 March	**274,767**	**11,169**	**-**	**22,393**	**308,329**	620,433	11,169	-	5,407	637,009

16.2.2 Mature plantations

Group	2021					2020				
	Oil palm	Rubber	Tea	Others	Total	Oil palm	Rubber	Tea	Others	Total
Cost										
As at 1 April	**2,500,899**	**116,902**	**249,861**	**164,692**	**3,032,354**	2,427,525	113,726	249,861	163,189	2,954,301
Transfer in during the year	**487,066**	**-**	**-**	**-**	**487,066**	73,374	3,176	-	1,503	78,053
As at 31 March	**2,987,965**	**116,902**	**249,861**	**164,692**	**3,519,420**	2,500,899	116,902	249,861	164,692	3,032,354
Accumulated Depreciation										
As at 1 April	**(792,026)**	**(51,653)**	**(101,541)**	**(26,016)**	**(971,236)**	(673,006)	(48,900)	(94,913)	(5,629)	(822,448)
Charge for the year	**(122,688)**	**(5,846)**	**(7,802)**	**(20,427)**	**(156,763)**	(119,020)	(2,753)	(6,628)	(20,387)	(148,788)
As at 31 March	**(914,714)**	**(57,499)**	**(109,343)**	**(46,443)**	**(1,127,999)**	(792,026)	(51,653)	(101,541)	(26,016)	(971,236)
Net Carrying Amount	**2,073,251**	**59,403**	**140,518**	**118,249**	**2,391,421**	1,708,873	65,249	148,320	138,676	2,061,118

Company	2021					2020				
	Oil palm	Rubber	Tea	Others	Total	Oil palm	Rubber	Tea	Others	Total
Cost										
As at 1 April	**2,500,899**	**116,902**	**158,943**	**80,839**	**2,857,583**	2,427,525	113,726	158,943	79,336	2,779,530
Transfer in during the year	**487,066**	**-**	**-**	**-**	**487,066**	73,374	3,176	-	1,503	78,053
As at 31 March	**2,987,965**	**116,902**	**158,943**	**80,839**	**3,344,649**	2,500,899	116,902	158,943	80,839	2,857,583
Accumulated Depreciation										
As at 1 April	**(792,026)**	**(51,653)**	**(48,424)**	**(8,124)**	**(900,227)**	(673,006)	(48,900)	(43,608)	(5,629)	(771,143)
Charge for the year	**(122,688)**	**(5,846)**	**(5,960)**	**(2,535)**	**(137,029)**	(119,020)	(2,753)	(4,816)	(2,495)	(129,084)
As at 31 March	**(914,714)**	**(57,499)**	**(54,384)**	**(10,659)**	**(1,037,256)**	(792,026)	(51,653)	(48,424)	(8,124)	(900,227)
Net Carrying Amount	**2,073,251**	**59,403**	**104,559**	**70,180**	**2,307,393**	1,708,873	65,249	110,519	72,715	1,957,356

16.2.3 Growing Crop Nurseries

	Group		Company	
As at 31 March	2021	2020	2021	2020
As at 1 April	**19,823**	16,905	**19,823**	16,905
	-	-		
Additions during the year	**3,396**	2,918	**3,396**	2,918
Write-off during the year	**(20,125)**	-	**(20,125)**	-
	3,094	19,823	**3,094**	19,823

(i) Investments in bearer plants since the formation of the Company have been classified as shown above and mainly includes tea, oil palm and cinnamon plantations. Bearer plants are stated at cost less accumulated depreciation and impairment in accordance with LKAS 16 Property, plant & equipment.

(ii) The immature plants are classified as mature plants when they are ready for commercial harvesting.

(iii) The write-off of nursery represents oil palm plants due to Government ban on oil palm cultivation. Balance as at 31 March 2021 represents nurseries related to the Cinnamon.

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(all amounts in Sri Lankan Rupees thousands)

17 BIOLOGICAL ASSETS

17.1 Consumable biological assets- Group

As at 31 March	Immature plantations	Mature plantations	Total
Cost/Fair value			
As at 31 March 2019	24,732	13,624	38,356
Transfers from immature to mature	(24,732)	24,732	-
Decrease due to harvest/disposal	-	(43)	(43)
Loss arising from changes in fair value less cost to sell	-	(6,656)	(6,656)
As at 31 March 2020	-	31,657	31,657
Gain on fair value less cost to sell	-	1,200	1,200
As at 31 March 2021	-	32,857	32,857

17.1.1 Measurement of Fair value

The valuation of consumable biological assets was carried by Mr. Weerasinghe Chandrasena, an independent Incorporated Valuation Surveyor, using Discounted Cash Flows (DCF) methods. The Valuation Report dated 31st March 2021 has been prepared based on the physically verified timber statistics provided by the Group.

The future cash flows are determined by reference to current timber prices.

a) Fair value hierarchy

The fair value measurement for the consumable biological assets has been categorized as Level 3 fair value based on the inputs to the valuation technique used.

b) Level 3 fair Value

Breakdown of total gains and losses recognized in respect of Level 3 fair value of consumable biological assets is as follows.

	Year ended 31 March	
As at 31 March	2021	2020
Gain / (Loss) included in Profit or loss for the year	**1,200**	(6,656)
Total Gain / (Loss)	**1,200**	(6,656)

C) Valuation techniques and significant unobservable inputs

Following table shows the valuation techniques used in measuring Level 3 fair value of consumable biological asses as well as the significant unobservable inputs used for the valuation as at 31st March 2021.

Type	Valuation technique used	Significant Unobservable Inputs	Inter-relationship between key unobservable inputs and fair value measurement
Standing timber Standing timber older than 4 years.	**Discounted cash flows** The valuation model considers present value of future net cash flows expected to be generated by the plantation from the timber content of managed timber plantation on a tree-per-tree basis . Expected cash flows are discounted using a risk-adjusted discount rate of 14% (2020: 14.0%). Following factors have been considered in determining the risk premium; • The illiquid nature of The plantations prior to maturity • A lack of market evidence as to the value of biological assets through their life cycle • Risk relations to diseases and fire affecting the biological assets • Adoption of conservative valuation approach	**Determination of Timber Content** Timber trees in inter-crop areas and pure crop areas have been identified field-wise and spices were identified and harvestable trees were separated, according to their average girth and estimated age. Timber trees that have not come up to a harvestable size are valued working out the period that would take for those trees to grow up to a harvestable size. **Determination of Price of Timber** Trees have been valued as per the current timber prices per cubic meter based on the industry average prices logs sawn timber at the popular timber traders in Sri Lanka. In this exercise, following factors have been taken into consideration. a) Cost of obtaining approval of felling. b) Cost of felling and cutting into logs. c) Cost of transportation. d) Sawing cost. e) Cost of sale f) Exclusion of trees located in restricted area Specialized in the Circular No. 2019/01 dated on 6th November 2019 issued by Ministry of Plantation Industries. Price range per cu.ft. is Rs. 150-/ to Rs. 650/- (2020- Rs. 150/- to Rs. 650/-) **Risk-adjusted discount rate.** 2021 - 14% (2020 - 14.0%).	The estimated fair value at the time of harvesting each specific species is sensitive to the following variables • the estimated timber content (The higher the volume, the higher the fair value) • the estimated timber prices per cubic meter (The higher the price per cu. ft., the higher the fair value) • the estimated selling related costs (Lower the selling related costs, the higher the fair value) • the estimated maturity age (Lower the rotation period, the higher the fair value) • the risk-adjusted discount rate. (The higher the discount rate, the lesser the fair value)

17.1.2 **Sensitivity Analysis**

Sensitivity variation on sales price

Values as appearing in the statement of financial position are sensitive to price changes with regard to the average sales prices applied. Simulations made for timber show that an increase or decrease by 10% of the estimated future selling price has the following effect on the net present value of biological assets:

As at 31 March	-10%	2021	+10%
Timber	29,572	**32,857**	36,143
Total	29,572	**32,857**	36,143

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(all amounts in Sri Lankan Rupees thousands)

Sensitivity variation on discount rate

Values as appearing in the statement of financial position are sensitive to changes of the discount rate applied. Simulations made for timber show that an increase or decrease by 1% of the estimated future discount rate has the following effect on the net present value of biological assets:

As at 31 March	-1%	2021	+1%
Timber	34,806	**32,857**	31,108
Total	34,806	**32,857**	31,108

17.2 Biological assets - Livestock

Livestock is measured on initial recognition at each reporting date at its fair values less point of sale costs. Fair value of livestock is determined at the best available estimates for livestock with similar attributes. Any gain or loss arising on initial recognition of livestock at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs is included in statement of income in the period in which it arises.

	Group	
As at 31 March	2021	2020
As at 1 April	**695,538**	662,620
Decrease due to disposal	**(5,282)**	(3,836)
Additions during the year	**59,113**	24,121
Change in fair value less cost to sell	**(30)**	12,633
As at 31 March	**749,339**	695,538

As at 31 March 2021 livestock comprised 1,632 cattle (2020: 1,267 cattle).

17.2.1 Valuation techniques and significant unobservable inputs

Following table shows the valuation techniques used in measuring Level 3 fair value of bearer biological asses livestock as well as the significant unobservable inputs used for the valuation as at 31st March 2021.

Type	Valuation technique used	Significant Unobservable Inputs	Inter-relationship between key unobservable inputs and fair value measurement
Livestock Livestock comprises cattle	**Discounted cash flows** The valuation model considers present value of future net cash flows expected to be generated by the cattles based on lactation-wise annual milking averages and costs incurred. Expected cash flows are discounted using a risk-adjusted discount rate of 16.41% (2020: 19.36%)	**Determination of selling price** Selling price has been determined based on the market prices. **Determination of cost per cow** Cost per cow has been determined based on the adjusted cost during the year. **Determination of discount factor** Risk adjusted discount rate of 16.41% has been used for the valuation. **Determination of yield** Yield has been determined based on the actual milk production in each lactation.	The estimated fair value would increase / (decrease) • the estimated milking prices were higher / (lower) • the estimated yield per cow were higher / (lower) • the risk-adjusted discount rate were higher / (lower)

17.2.2 Sensitivity Analysis

The fair value measurements of Livestock have been catergorised as Level 3 fair values based on assumptions.

Sensitivity Analysis

Sensitivity variation on sales price

Values as appearing in the statement of financial position are sensitive to price changes with regard to the average sales prices applied. Simulations made for livestock show that an increase or decrease by 10% of the estimated future selling price has the following effect on the fair value of biological assets:

	-10%	2021	+10%
Livestock	489,542	**749,339**	1,009,136
Total	489,542	**749,339**	1,009,136

Sensitivity variation on cost

Values as appearing in the statement of financial position are sensitive to cost changes with regard to the average cost applied. Simulations made for livestock show that an increase or decrease by 10% of the estimated future cost has the following effect on the fair value of biological assets:

	-10%	2021	+10%
Livestock	937,262	**749,339**	561,416
Total	937,262	**749,339**	561,416

Sensitivity variation on discount rate

Values as appearing in the Statement of Financial Position are sensitive to changes of the discount rate applied. Simulations made for livestock show that an increase or decrease by 1% of the estimated future discount rate has the following effect on the fair value of biological assets:

	-1%	2021	+1%
Livestock	763,548	**749,339**	735,710
Total	763,548	**749,339**	735,710

Sensitivity variation on yield

Values as appearing in the Statement of Financial Position are sensitive to changes of the milk yield rate. Simulations made for livestock show that an increase or decrease by 1% of the estimated future yield rate has the following effect on the fair value of biological assets:

	-1%	2021	+1%
Livestock	708,791	**749,339**	790,192
Total	708,791	**749,339**	790,192

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17.3 The Group is exposed to the following risks relating to its agricultural activities.

"Regulatory and environmental risks

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

"Supply and demand risk

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

"Climate change and other risks

The Group's timber plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces and livestock are exposed to the risk of diseases. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections, regular Visits to livestock by regional veterinary surgeon appointed by the government, industry pest and disease surveys, employing in house herd manager and veterinary service."

17.4 Biological assets-Produce bearer plants

	Group		Company	
As at 31 March	2021	2020	2021	2020
As at 1 April	**41,797**	31,271	**41,711**	30,831
Fair value of growing crops	**10,891**	10,526	**10,242**	10,880
As at 31 March	**52,688**	41,797	**51,953**	41,711

The volume of produce growing on bearer plants are measured using the estimated crop of the last harvesting cycle of the year as follows,

Tea - Three days crop (50% of 6 days cycle), Oil palm - five days crop (50% of 10 days cycle)

Produce that grows on mature bearer plantations are measured at fair value less cost to sell. The value of the unharvested green leaves is measured using the Tea commisioner's formula for bought leaf and the value of unharvested fresh fruit bunches(FFB) of Oil Palm is measured using the actual price used to purchase FFB from out growers.

18 INVESTMENT FUND

	Group and Company	
As at 31 March	2021	2020
As at 1 April	**343,725**	312,051
Investments made during the year	**300,000**	-
Funds withdrawn during the year	**(307,736)**	-
Fair value gain for the year	**21,164**	31,674
As at 31 March	**357,153**	343,725

The fund comprises investments made in Capital Alliance Investments Limited and Hatton National Bank Custody Trustee Services, Which are rated A-(lka) and AA-(lka) respectively. The average yield for the year was 12.80% for HNB portfolio & 7.4% for CAL investment.(2020 -12.31%).

The Net asset value of the Investment fund comprise of following financial instrument as at 31 March.

	Group and Company	
Instrument Type	**2021**	2020
Investment in Quoted Shares	**-**	20,269
Corporate Bonds	**100,461**	-
Investment in Debentures	**-**	183,966
Investment in Fixed Deposit	**15,356**	119,956
Investment in Unit Trust	**-**	13,861
Cash at Bank	**33,605**	3,266
Interest Receivable	**-**	927
Dividend Receivable	**-**	219
Debenture WHT Payable	**264**	-
Income tax recoverable on FD	**-**	1,261
Investment in Capital Alliance Grade Fund	**207,467**	-
	357,153	343,725

19 INVESTMENTS IN SUBSIDIARIES

			Company	
Instrument Type	% Holding	No of Shares	**2021**	2020
Watawala Tea Australia (Pty) Limited	100%	7,500	**-**	852
Watawala Dairy Limited	100%	251,062,502	**1,867,390**	1,867,390
			1,867,390	1,868,242

19.1 Summarised financial information of material subsidiary (Watawala Dairy Limited)

As at 31 March	**2021**	2020
Non current assets	**2,338,655**	2,356,329
Current assets	**92,889**	87,650
Total assets	**2,431,544**	2,443,979
Non current liabilities	**456,457**	536,316
Current liabilities	**481,222**	478,397
Total liabilities	**937,679**	1,014,713
Revenue	**650,102**	584,088
Profit or loss for the year	**59,826**	(168,173)
Total comprehensive income	**64,598**	(189,508)

19.2 Liquidation of subsidiary during the year

Watawala Plantations PLC has liquidated total investment in Watawala Tea Auatralia (Pty) Limited for a consideration of Rs. 1,268,146/- on 03 July 2020.

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19.3 Liquidation of subsidiary

	Company
Fair Value of consideration	1,268
Cost of investment	(851)
Gain on liquidation	417

19.4 The aggregate effects of liquidation of the subsidiary is as follows:

	Group Carrying Amount
Total assets (Other receivables)	2,203
Total liabilities (Other payables)	(872)
Carrying amount of the former subsidiary's net assets (100%)	1,331
Fair value of the consideration received	1,268
Loss on liquidation of the subsidiary attributable to the former controlling interest	63

20 INVESTMENT IN DEBENTURE

	Company	
	2021	2020
As at 1 April	-	174,088
Interest accrued during the year	-	3,476
Fair value gain /(loss) recognised during the year	-	3,236
Transfer to investment as a part of additional purchase consideration paid to subsidiary	-	(180,800)
As at 31 March	-	-

The Company has invested on a 3 year convertible debenture on 1st June 2018 at 13% amounting to Rs.160,000,000 (face value) at maturity value of amounting Rs.230,863,600 in Watawala Dairy Limited during the year ended 31st March 2019.

The instrument has been classified as fair value through profit or Loss as per SLFRS 9 "Financial Instruments".

Subsequently Watawala Dairy Limited excercised the option of these debentures and converted the same to stated capital LKR 180,800,000.,thus no carrying value as at 31 March 2020.

a) Fair Value Hierarchy

The fair value measurements of Convertible Debenture have been catergorised as Level 3 fair values based on assumptions.

21 INVENTORIES

	Group		Company	
As at 31 March	2021	2020	2021	2020
Produce stock	**16,181**	39,160	**16,181**	38,925
Raw materials, spares and consumables	**95,089**	112,154	**55,120**	66,926
	111,270	151,314	**71,301**	105,851

22 TRADE AND OTHER RECEIVABLES

	Group		Company	
As at 31 March	2021	2020	2021	2020
Trade receivables	**26,434**	27,829	**900**	-
Employee advances	**20,894**	19,932	**17,126**	17,129
Prepayments and Advances	**14,802**	97,442	**10,529**	88,263
Taxes recoverable-net	**121,754**	119,106	**121,713**	119,064
Other receivables	**108,420**	38,224	**108,419**	35,183
	292,304	302,533	**258,687**	259,639

(i) Taxes receivable represents Value Added Tax claimable on export inputs and Withholding taxes paid at source on interest income

(ii) Employee advances are recovered from payroll within 10 months.

23 LOAN GIVEN TO RELATED PARTY

	Company	
As at 31 March	2021	2020
As at 1 April	**200,195**	222,259
Loan granted during the year	**71,000**	247,936
Loan paid/transfer to WDL investment account	**(9,195)**	(270,000)
As at 31 March	**262,000**	200,195

The Company has granted short term loans which is repayable on demand to Watawala Dairy Limited at an interest rate of AWPLR + 0.5% and AWPLR + 0.25%. Related company loans stated above are unsecured and the settlement occurs in cash on the date of maturity.

24 AMOUNTS DUE FROM RELATED PARTIES

	Group		Company	
As at 31 March	2021	2020	2021	2020
Trade receivables				
Pyramid Lanka (Private) Limited	**476**	73,468	**476**	73,468
Other receivables				
Watawala Dairy Limited	**-**	-	**37,394**	26,323
Watawala Tea Ceylon Limited	**-**	311	**-**	311
Healthguard Limited	**10**	-	**-**	-
Sunshine Tea Private Limited	**-**	123	**-**	123
	486	73,902	**37,870**	100,225

25 CASH AND CASH EQUIVALENTS

	Group		Company	
As at 31 March	2021	2020	2021	2020
Cash at bank	**32,029**	32,669	**14,131**	31,648
Cash in hand	**476**	688	**303**	303
Short term bank deposits	**384,792**	153,196	**384,302**	153,196
	417,297	186,553	**398,736**	185,147

For the purposes of the cash flows statement, the year end cash and cash equivalents comprise of the following:

	Group		Company	
As at 31 March	2021	2020	2021	2020
Bank overdrafts	**(35,013)**	(211,972)	**(9,342)**	(97,798)
Cash and bank balances	**417,297**	186,553	**398,736**	185,147
	382,284	(25,419)	**389,394**	87,349

26 STATED CAPITAL

	Group and Company	
	2021	2020
203,308,634 ordinary shares including one (1) golden share (2020 : 203, 308, 634)	**511,848**	460,000
Scrip dividend issued	**-**	51,848
As at 31 March	**511,848**	511,848

26.1 Movement in stated capital

	Group and Company	
	2021	2020
As at 1 April	**203,308,634**	200,962,556
Scrip dividend issued	**-**	2,346,078
Balance as at 31 March	**203,308,634**	203,308,634

The Golden Shareholder

The Golden Share is currently held by the Secretary to the Treasury and should be owned either directly by the Government of Sri Lanka or by a 100% Government owned public company. In addition to the rights of the normal ordinary shareholder, the Golden Shareholder has the following rights:

(i) The concurrence of the Golden Shareholder will be required for the Company to sublease any of the estate land leased / to be leased to the Company by the Janatha Estate Development Board / Sri Lanka State Plantation Corporation. (JEDB/SLSPC)

(ii) The concurrence of the Golden Shareholder will be required to amend any clause in the Articles of Association of the Company which grant specific rights to the Golden Shareholder.

(iii) The Golden Shareholder, or his nominee will have the right to examine the books and accounts of the Company at any time with two weeks written notice.

(iv) The Company will be required to submit a detailed quarterly accounts report to the Golden Shareholder in a specified format within 60 days of the end of each quarter. Additional information relating to the Company in a specified format must be submitted to the Golden Shareholder within 90 days of the end of the each fiscal year.

(v) The Golden Shareholder can request the Board of Directors of the Company to meet with him / his Nominee, once every quarter to discuss issues related to the Company's operation of interest to the Government.

27 INTEREST BEARING BORROWINGS

27.1 Movement of borrowings during the year:

Group

As at 31 March	Lease	Tea Board	Term loan	2021 Total	2020 Total
As at 1 April	6,562	5,073	752,100	**763,735**	1,255,807
Obtained during the year	5,429	-	242,458	**247,887**	6,992
Repaid during the year	(3,422)	(5,073)	(405,447)	**(413,942)**	(499,064)
	8,569	-	589,111	**597,680**	763,735

Company

As at 31 March	Tea Board	Term loan	2021 Total	2020 Total
As at 1 April	5,073	302,100	**307,173**	97,272
Term loan acquired as a part of additional purchase consideration paid to subsidiary	-	-	**-**	610,000
Obtained during the year	-	218,000	**218,000**	6,992
Repaid during the year	(5,073)	(359,600)	**(364,673)**	(407,091)
	-	160,500	**160,500**	307,173

27.2 Analysis of borrowings by year of repayment

	Group		Company	
As at 31 March	2021	2020	2021	2020
Repayable within one year				
Term loans	**221,667**	183,650	**115,000**	93,650
Tea Board	**-**	5,073	**-**	5,073
Lease	**3,452**	2,264	**-**	-
	225,119	190,987	**115,000**	98,723
Repayable after one year				
Term loans	**367,444**	568,450	**45,500**	208,450
Tea Board	**-**	-	**-**	-
Lease	**5,117**	4,298	**-**	-
	372,561	572,748	**45,500**	208,450
Total borrowings	**597,680**	763,735	**160,500**	307,173

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lankan Rupees thousands)

27.3 Lender-wise Summery

Group	Note	Outstanding liability Repayable within one year	Outstanding liability Repayable after one year	Outstanding liability Balance as at 31 March 2021	Outstanding liability Repayable within one year	Outstanding liability Repayable after one year	Outstanding liability Balance as at 31 March 2020
Nation Trust Bank PLC	27.3.1	115,000	45,500	160,500	-	-	-
Hatton National Bank PLC	27.3.2	16,667	6,944	23,611	-	-	-
Hatton National Bank PLC	27.3.3	-	-	-	31,250	31,250	62,500
Hatton National Bank PLC-Lease	27.3.4	3,452	5,117	8,569	2,264	4,298	6,562
State Bank of India	27.3.5	90,000	315,000	405,000	90,000	360,000	450,000
Peoples Bank	27.3.6	-	-	-	62,400	177,200	239,600
Tea board Loan	27.3.7	-	-	-	5,073	-	5,073
		225,119	**372,561**	**597,680**	190,987	572,748	763,735

Company	Note	Outstanding liability Repayable within one year	Outstanding liability Repayable after one year	Outstanding liability Balance as at 31 March 2021	Outstanding liability Repayable within one year	Outstanding liability Repayable after one year	Outstanding liability Balance as at 31 March 2020
Hatton National Bank PLC	27.3.3	-	-	-	31,250	31,250	62,500
Nation Trust Bank	27.3.1	115,000	45,500	160,500	-	-	-
Tea board Loan	27.3.7	-	-	-	5,073	-	5,073
Peoples Bank	27.3.6	-	-	-	62,400	177,200	239,600
		115,000	**45,500**	**160,500**	98,723	208,450	307,173

27.3. 1 Nation Trust Bank PLC

Purpose: For replanting and working capital financing

Year	Original amount	Interest rate % p.a.	Outstanding liability 2020 / 2021 Repayable within one year	Outstanding liability 2020 / 2021 Repayable after one year	Outstanding liability 2020 / 2021 Balance as at 31 March 2021	Outstanding liability 2019 / 2020 Repayable within one year	Outstanding liability 2019 / 2020 Repayable after one year	Outstanding liability 2019 / 2020 Balance as at 31 March 2020	Repayment terms
2020/21	218,000	AWPLR - 0.25%	**115,000**	**45,500**	**160,500**	-	-	-	To be paid in 8 equal quarterly instalments of LKR 28.75Mn commencing from November 2020
Sub total	218,000		**115,000**	**45,500**	**160,500**	-	-	-	

Security: Unsecured

27.3.2 Hatton National Bank PLC

Purpose: For working capital financing

Year	Original amount	Interest rate % p.a.	Outstanding liability 2020 / 2021 Repayable within one year	Outstanding liability 2020 / 2021 Repayable after one year	Outstanding liability 2020 / 2021 Balance as at 31 March 2021	Outstanding liability 2019 / 2020 Repayable within one year	Outstanding liability 2019 / 2020 Repayable after one year	Outstanding liability 2019 / 2020 Balance as at 31 March 2020	Repayment terms
2020/21	25,000	4%	**16,667**	**6,944**	**23,611**	-	-	-	To be paid 18 equal monthly instalments commencing from March 2021 after grace period of 6 months.
Sub total	25,000		**16,667**	**6,944**	**23,611**	-	-	-	

Security : Corporate Guarantee (Rs. 25 Mn) from Watawala Plantations PLC.

27.3.3 Hatton National Bank PLC

Year	Original amount	Interest rate % p.a.	Outstanding liability 2020 / 2021 Repayable within one year	Repayable after one year	Balance as at 31 March 2021	Outstanding liability 2019 / 2020 Repayable within one year	Repayable after one year	Balance as at 31 March 2020	Repayment terms
2014/15	250,000	AWPLR + 0.5%	-	-	-	31,250	31,250	62,500	96 equal monthly instalments commencing from April 2014
Sub total	250,000		-	-	-	31,250	31,250	62,500	

Security : Unsecured

27.3.4 Hatton National Bank PLC

Purpose: To purchase a lorry with chasis

Year	Original amount	Interest rate % p.a.	Outstanding liability 2020 / 2021 Repayable within one year	Repayable after one year	Balance as at 31 March 2021	Outstanding liability 2019 / 2020 Repayable within one year	Repayable after one year	Balance as at 31 March 2020	Repayment terms
2017/18	10,907	14%	**3,452**	**5,117**	**8,569**	2,264	4,298	6,562	60 equal monthly instalments commencing from October 2017
	10,907		**3,452**	**5,117**	**8,569**	2,264	4,298	6,562	

Security : Absolute ownership of the leased vehicle

27.3.5 State Bank of India

Purpose : To finance the construction of the Dairy farm of Watawala Dairy Limited.

Year	Original amount	Interest rate % p.a.	Outstanding liability 2020 / 2021 Repayable within one year	Repayable after one year	Balance as at 31 March 2021	Outstanding liability 2019 / 2020 Repayable within one year	Repayable after one year	Balance as at 31 March 2020	Repayment terms
2017/18	540,000	AWPLR - 0.25%	**90,000**	**315,000**	**405,000**	90,000	360,000	450,000	To be paid in 12 equal bi-annual installments of LKR 45 Mn after a grace period of 24 months.
	540,000		**90,000**	**315,000**	**405,000**	90,000	360,000	450,000	

Security : Primary concurrent mortgage on Free hold building, immovable and movable plant at Lonach Estate and machinery and primary concurrent mortage over biological assets (Livestock) located at Lonach Estate, Watawala. Corporate guarantee from Watawala Plantations PLC for Watawala Dairy Limited on 68% of loan exposure.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lankan Rupees thousands)

27.3.6 Peoples Bank

Purpose : To finance the import of cattles for Watawala Dairy Ltd.

				Outstanding liability 2020 / 2021			Outstanding liability 2019 / 2020			
Year	Loan number	Original amount	Interest rate % p.a.	Repayable within one year	Repayable after one year	Balance as at 31 March 2021	Repayable within one year	Repayable after one year	Balance as at 31 March 2020	Repayment terms
2018/19		250,000	AWPLR+2%	-	-	-	62,400	177,200	239,600	To be paid 48 monthly installments of LKR 5.2M after 12 months grace period
Sub total		250,000		-	-	-	62,400	177,200	239,600	

Loan was transferred to Watawala Plantations PLC subsequently as a part of purchase consideration made on stated capital of Watawala Dairy Limited.

Security : Corporate guarantee from Watawala Plantations PLC

27.3. 7 Tea Board

Purpose : For replanting and working capital financing

				Outstanding liability 2020 / 2021			Outstanding liability 2019 / 2020			
Year	Loan number	Original amount	Interest rate % p.a.	Repayable within one year	Repayable after one year	Balance as at 31 March 2021	Repayable within one year	Repayable after one year	Balance as at 31 March 2020	Repayment terms
2016/17	1	38,000	0.41%	-	-	-	882	-	882	36 equal monthly instalments commencing from August 2017
2019/20	2	6,992	0.00%	-	-	-	4,191		4,191	10 equal monthly instalments commencing from December 2019
Sub total		44,992					5,073	-	5,073	

Security : Unsecured

28 LEASE LIABILITIES

As at 31 March	Group 2021	Group 2020	Company 2021	Company 2020
Lease liability				
Balance as at 1 April	**243,975**	128,887	**243,975**	128,887
Impact due to initial application of SLFRS - 16	**-**	116,022		116,022
Remeasurement of lease liabilities	**5,367**	-	**5,367**	-
Addition during the year	**2,167**	-	**-**	-
	251,509	244,909	**249,342**	244,909
Interest charged for the year	**35,888**	35,209	**35,858**	35,209
Less: payments made during the year	**(37,103)**	(36,143)	**(36,960)**	(36,143)
Balance as at 31 March	**(1,215)**	(934)	**(1,102)**	(934)
Net liability	**250,294**	243,975	**248,240**	243,975

Analysis of net lease liabilities - Group

As at 31 March	Group 2021		Group 2020	
	Current	Non-current	Current	Non-current
Gross liability	2,108	248,186	1,078	242,897
Net liability to lessor	**2,108**	**248,186**	1,078	242,897

Analysis of net lease liabilities - Company

As at 31 March	Company 2021		Company 2020	
	Current	Non-current	Current	Non-current
Gross liability	1,102	247,138	1,078	242,897
Net liability to lessor	**1,102**	**247,138**	1,078	242,897

Leasehold rights can be analysed as follows:

Group

Analysis of Lease liability	Total	0- 1 years	2 - 5 years	More than 5 years
As at 31 March 2021	**250,294**	**2,108**	**5,114**	**243,072**
As at 31 March 2020	**243,975**	**1,078**	**6,248**	**236,649**

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lankan Rupees thousands)

Maturity analysis of contractual undiscounted cash flows

	Total	0- 1 years	2 - 5 years	More than 5 years
Group				
As at 31 March 2021	923,454	37,966	148,888	736,600
Company				
As at 31 March 2021	921,400	36,960	147,840	736,600
Group & Company				
As at 31 March 2020	903,575	36,143	144,572	722,860

	2021	2020
Group		
Amount recognised in the statement of profit or loss and other comprehensive income		
Interest on lease liability	**35,888**	35,209
Amount recognised in statement of cash flows		
Total cash outflows for leases	**37,103**	36,143
Company		
Amount recognised in the statement of profit or loss and other comprehensive income		
Interest on lease liability	**35,858**	35,209
Amount recognised in statement of cash flows		
Total cash outflows for leases	**36,960**	36,143

The annual lease rent payable by the Company with effect from 18 June 1996 in respect of all estates is LKR 20.32 Mn. (basic lease series of payments) plus an amount to reflect inflation during the previous year determined by multiplying LKR 20.32 Mn. by gross domestic product (GDP) deflator of the preceding year. However as per the agreement entered into with the Ministry of Plantations the application of GDP deflator has been suspended for five years commencing from 18 June 2003, resulting in a fixed lease payment of LKR 29.04 Mn. In September 2010, as per the Cabinet Decision the regional plantation companies were requested to revert back to the original method of calculating lease rentals by applying the GDP deflator of the preceding year.

29 RETIREMENT BENEFIT OBLIGATIONS

The movement in the retirement benefit obligation over the years is as follows:

	Group		Company	
As at 31 March	2021	2020	2021	2020
As at 1 April	**278,340**	242,717	**243,760**	211,653
Current service cost for the year	**16,724**	16,810	**14,344**	14,358
Interest cost for the year	**29,225**	29,126	**25,594**	25,399
Actuarial gain/loss for the year	**(25,164)**	11,976	**(19,198)**	11,782
Benefits paid	**(27,618)**	(22,289)	**(24,414)**	(19,432)
	271,507	278,340	**240,086**	243,760

The charge to the statement of profit or loss and other comprehensive income is as follows:

	Group		Company	
	2021	2020	2021	2020
Current service cost	**16,724**	16,810	**14,344**	14,358
Interest cost	**29,225**	29,126	**25,594**	25,399
Total included in the staff cost	**45,949**	45,936	**39,938**	39,757
Actuarial (gain) / loss recognised in the statement of other comprehensive income	**(25,164)**	11,976	**(19,198)**	11,782

An actuarial valuation for defined benefit obligation was carried out as at 31 March 2021 by Mr. M.Poopalanathan, of Messrs Actuarial and Management Consultants (Private) Limited, a firm of professional actuaries. The valuation method used by the actuaries to value the obligation is the 'Projected Unit Credit Method', a method recommended by the Sri Lanka Accounting Standard LKAS - 19 on "Employee Benefits".

The following assumptions and data were used in valuing the defined benefit obligation by the actuarial valuer:

(i) Rate of interest — 8 % p.a. (2020 - 10.5%)

(5 years Government bond rate has been reduced from 10.5% to 8% at the year end. Hence the Group has taken 8% as a rate of interest.)

(ii) Rate of salary increase

- estate workers — 5.68% per annum (2020 - 25% every 3 years)
- estate staff — 15% every three years and 2% per annum. (2020 - 25% every 3 years and 2% per annum)
- estate management and head office staff — 7.5% every year (2020 - 7.5% every year)

(iii) Retirement age — 60 years (2020 - 60 years)

(iv) The company will continue in business as a going concern.

(v) No of employees

Company — 1,487 (2020 - 1,592)

Group — 1,770 (2020 - 1,872)

The following payments are expected from the Retirement Benefit Obligation in future years.

	Group		Company	
As at 31 March	2021	2020	2021	2020
Within the next 12 months	**30,962**	36,159	**25,799**	29,611
Between 1-5 years	**69,483**	71,912	**61,696**	62,438
Between 5-10 years	**82,867**	83,818	**76,912**	77,215
Beyond 10 years	**88,195**	86,451	**75,679**	74,496
Total	**271,507**	278,340	**240,086**	243,760

Sensitivity analysis

In order to illustrate the significance of the salary / wage escalation rate and the discount rate assumed in this valuation as at 31 March 2021, a sensitivity analysis was carried out for all employees assuming the following salary/wage escalation rate and discount rate.

	Group		Company	
As at March	2021	2020	2021	2020
1% increase in discount rate	**251,995**	259,022	**222,985**	226,899
1% decrease in discount rate	**293,816**	300,362	**259,594**	262,945
1% increase in salary increment rate	**292,163**	288,540	**258,099**	252,882
1% decrease in salary increment rate	**253,108**	268,769	**224,003**	235,206

Note 35.1 to the financial statements discloses a contingent liability relating to the valuation of retirement benefit obligation as at 31st March 2021

NOTES TO THE FINANCIAL STATEMENTS

[all amounts in Sri Lankan Rupees thousands]

30 DEFERRED INCOME AND CAPITAL GRANTS

	Group		Company	
As at 31 March	2021	2020	2021	2020
Cost				
As at 1 April	**335,283**	335,283	**94,299**	94,299
Balance at 31 March	**335,283**	335,283	**94,299**	94,299
Accumulated amortization				
As at 1 April	**192,733**	142,178	**48,142**	45,784
Amortization during the year	**50,554**	50,555	**2,358**	2,358
Balance as 31 March	**243,287**	192,733	**50,500**	48,142
Carrying value as at 31 March	**91,996**	142,550	**43,799**	46,157

Funds have been received from the Plantation Human Development Trust [PHDT] and Ministry of Estate Infrastructure for workers' welfare facilities including re-roofing of line rooms, latrines, water supply, sanitation, etc. Grants received from the Ministry of Estate Infrastructure for construction of crèches, farm roads and community centers are also included above. The amounts spent have been capitalised under the relevant property, plant and equipment category. The capital grants are amortised on a straight-line basis over the useful life of the respective asset.

Watawala Dairy Limited received 800 cows from the Government of Sri Lanka at a concessionary price under an agreement to develop the local dairy industry. The grant represent the difference between the cost incurred by the government in importing cattle and the subsidised price paid by the Company to acquire the cattle.

31 DEFERRED TAX LIABILITY

		Group		Company	
As at 31 March	Note	2021	2020	2021	2020
As at 1 April		**379,335**	376,417	**379,335**	376,417
Recognised in statement of profit or loss	32	**48,338**	4,567	**802**	4,567
Recognised in other comprehensive income	**30**	**3,881**	[1,649]	**2,688**	[1,649]
		431,554	379,335	**382,825**	379,335

Deferred tax is calculated for the temporary differences between carrying value and tax written down value of non current assets and liabilities as analysed by each taxable activity.

The reconciliation of tax effect arising from the temporary differences related to carrying amounts of assets and liabilities of the statement of financial position is as follows:

As at 31 March	2021		2020	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
Group				
Property plant and equipment	**(939,358)**	**(162,875)**	(393,786)	(55,130)
Biological assets - bearer	**(2,670,917)**	**(377,055)**	(2,614,188)	(365,986)
Biological assets - consumable	**(32,858)**	**(6,571)**	-	-
Tax losses carried forward	**332,533**	**66,507**	-	-
Net lease liability	**17,184**	**2,412**	8,521	1,193
Retirement benefit obligations	**271,507**	**39,896**	243,760	34,126
Capital grants	**43,799**	**6,132**	46,157	6,462
	(2,978,110)	**(431,554)**	(2,709,536)	(379,335)
Company				
Property plant and equipment	**(416,614)**	**(58,326)**	(393,786)	(55,130)
Biological assets - bearer	**(2,618,814)**	**(366,634)**	(2,614,188)	(365,986)
Net lease liability	**17,079**	**2,391**	8,521	1,193
Retirement benefit obligations	**240,086**	**33,612**	243,760	34,126
Capital grants	**43,799**	**6,132**	46,157	6,462
	(2,734,464)	**(382,825)**	(2,709,536)	(379,335)

Deferred tax assets and liabilities shall be measured based on the tax rates that have been enacted or substantially enacted by the end of the reporting period. In accordance with the Inland Revenue Act No 24 of 2017 effective from 1 April 2018, the Group has used effective rate of 14% for Agri Sector and 20% for Dairy Farming as at 31 March 2021. (2020 - 14% only Agri sector)

The deferred tax asset on accumulated tax losses of the subsidiary have been recognized only up to the extent of forecasted future taxable profits.

Therefore the Group has not recognized deferred tax asset on following tax losses.

	Group	
As at 31 March	2021	2020
Unused tax losses for which no deferred tax asset has been recognised	**1,087,558**	-
Deferred tax impact @ 20%	**217,512**	-

32 TRADE AND OTHER PAYABLES

	Group		Company	
As at 31 March	2021	2020	2021	2020
Trade payables	**128,696**	85,865	**101,159**	50,989
Employee related dues	**73,273**	46,905	**66,976**	41,663
Provisions and accruals	**89,587**	156,542	**81,568**	153,522
Retention payable	**-**	3,730	**-**	-
Other payables	**74,710**	23,571	**71,425**	24,025
	366,266	316,613	**321,128**	270,199

NOTES TO THE FINANCIAL STATEMENTS

[all amounts in Sri Lankan Rupees thousands]

33 AMOUNT DUE TO RELATED PARTIES

	Group		Company	
As at 31 March	2021	2020	2021	2020
Sunshine Healthcare Limited	-	321	-	321
	-	321	-	321

34 COMMITMENTS

There are no material commitments as at the reporting date where require disclosures in the financial statements.

35 CONTINGENT LIABILITIES

	Group		Company	
As at 31 March	2021	2020	2021	2020
Bank guarantees	**16,394**	16,394	**6,394**	6,394
Corporate guarantees	**367,200**	367,200	**367,200**	367,200
	383,594	383,594	**373,594**	373,594

Bank guarantees - Group

Bank guarantee of LKR 10Mn. to Ceylon Grain Elevators PLC
Bank guarantee of LKR 6.4Mn. to Tax Appeals Commission.

Bank guarantees - Company

Bank guarantee of LKR 6.4Mn. to Tax Appeals Commission.

Corporate guarantees have been issued in favour of several banks on behalf of Watawala Dairy Limited,for the loans obtained by Watawala Dairy Limited.

There are no litigations against the Group as at the reporting date which would have a material impact on the financial position of the Group.

35.1 Valuation of retirement Benefit Obligation

In the past wages of the Plantation workers were negotiated between Trade Unions and Regional Plantation Companies [RPCs], once in every two years and a Collective Agreement was signed between the parties. However, the last wage negotiations between the parties were not successful and therefore, the matter was referred to the Wages Board by the Minister of Labour. Consequently, the Wages Board without considering objections of the RPC's decided the minimum daily wage of Rs. 1,000/- comprising of a minimum daily wage of Rs. 900/- and a budgetary relief allowance of Rs. 100/- for workers in tea and rubber growing and manufacture trade and gazetted its decision on 5th March 2021.

However, RPCs instituted a "Writ Application" in the Court of Appeal seeking an interim order, staying and/or suspending the operation of the decision of the Wages Board. The matter was taken for argument at the Court of Appeal on 5th May 2021 and was postponed for respondent's submissions to 31st May 2021.

As this matter is under the purview of the Court of Appeal at the time of approval of these financial statements, the Board of Directors of the Company, having discussed with independent legal experts, decided to continue using the same daily wage rate used in the previous year for the estimation of the benefits to be paid as gratuity at retirement in the calculation of Retirement Benefit Obligations as at 31st March 2021.

In the event Court of Appeal issues a judgement against RPCs, the retirement Benefit obligation of the group and the company as at 31st March 2021 may be increased by Rs. 79.1 Mn and Rs. 66.9 Mn resulting an additional charge of Rs. 4.8 Mn and Rs. 4.1 Mn to the profit or loss of the group and the company and an additional charge of Rs. 74.3 Mn and Rs. 62.8 Mn to the other comprehensive income of the group and the company for the year ended 31st March 2021 respectively. No provisions have been made in the financial statements for the year ended 31 March 2021 in this regard.

36 RELATED PARTY DISCLOSURES

36.1 Transactions with Related Parties

Name of the company	Nature of relationship Affiliate	Name of Directors	Nature of Transaction	Transaction amount		Balance as at 31 March	
				2021	2020	2021	2020
Pyramid Lanka (Pvt) Ltd	Affiliate	Mr. M.S. Mawzoon	Sales	2,816,916	2,005,247	476	73,468
		Mr. P Karunagaran	Settlements	(2,889,908)	(1,953,697)		
Sunshine Consumer Lanka Limited	Affiliate	Mr. V. Govindasamy	Purchase of goods	(1,375)	(39)	-	311
			Service Income	480	1,005	-	-
			Settlements	584	(655)		
Sunshine Tea (Pvt) Ltd	Affiliate	Mr. G. Sathasivam	Purchases	(3,888)	-	-	123
			Service Cost	-	(3,077)		
			Settlements	3,765	2,954		
Sunshine Holdings PLC	Parent	Mr. V. Govindasamy	Service Cost	(81,648)	(90,163)		
		Mr. G. Sathasivam	Settlements	81,648	90,163		
Watawala Diary Limited	Subsidiary	Mr S. G. Wijesinha.	Debenture interest	-	3,476	299,394	226,518
		Mr. V. Govindasamy	Loan	71,000	235,969		
		Mr. M S Mawzoon	Interest	16,322	11,967		
			Purchases	(14,185)	(8,413)		
			Loan transferred	-	(270,000)		
			Sales & Rent	4,158	-		
			Settlements of debentures	-	(180,800)		
			Loan settlements	(9,195)	34,972		
			Interest settlement	(1,124)	-		
			Settlements	5,900	-		
Sunshine Healthcare Lanka Limited	Affiliate	Mr. G. Sathasivam	Purchases	(30)	(321)	-	(321)
			Settlements	351			
Healthguard Pharmacy Limited	Affiliate	Mr. V. Govindasamy	Sales	324	-	10	-
		Mr. S. G. Sathasivam	Settlements	(314)			
		Mr. H. D. Abeywickrama					
Duxton Asset Management (Private) Limited	Affiliate	Mr. J.D. Sheehy	Consultation Fees	-	22,250	-	(22,250)
		Mr. J.P. Shopov					

The Company carries out transactions with related parties on an arms length basis.

The directors have disclosed the nature of their interests in contracts and proposed contracts with the Company at meetings of the directors.

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lankan Rupees thousands)

36.2 Key management compensation

Key management personnel include the Board of Directors and the Executive Committee of the Group / Company. The compensation paid or payable to key management personnel are as follows:

	Group		Company	
Year ended 31 March	2021	2020	2021	2020
Salaries and other short term benefits	**21,163**	16,932	**19,962**	16,179

36.3 Major transactions with related parties

The following recurrent and non recurrent related party transactions were taken place during the year ended 31st March 2021 in the course of business where the aggregate value of series of recurrent transactions exceeds 10% of gross revenue and the non recurrent transactions exceeds 10% of equity or 5% of total assets as per the financial statements for the year ended 31st March 2021.

Name of the related party	Relationship	Nature of the Recurrent transactions	Aggregate value of related party recurrent transactions during the financial year	Aggregate value of related party recurrent transactions as % of group revenue
Pyramid Lanka (Pvt) Ltd	Affiliate	Sales	2,816,916	85.8%

The above transactions were reported to the board and the related party Review Committee of the company during the year.

37 EVENTS AFTER THE REPORTING DATE

No events have occurred after the reporting date, which would require adjustments to or disclosure in the financial statements, other than the following;

37.1 On 12 May 2021, SBI Ven Holdings Pte. Ltd signed an investment agreement to acquire 11% stake of Watawala Dairy Limited ("WDL") by capital infusion of USD 2,000,000 or rupee equivalent. The Company also infused LKR. 296 Mn by converting inter-company loan. Consequently, the company's stake in WDL will be 89% after this transaction.

37.2 The Government of Sri Lanka has issued Extraordinary Gazette No. 2222/13 dated 5 April 2021 & Extraordinary Gazette No. 2226/48 dated 6 May 2021. These gazettes' may have an impact on the company's performance in the future.

37.3 Final dividend declared

The Board of Directors of the Company has declared a final dividend of LKR 3 per share for the financial year ended 31 March 2021.

As required by Section 56 of the Companies Act No. 07 of 2007, the Board of Directors of the Company satisfied the solvency test in accordance with Section 57, prior to declaring the final dividend.

In accordance with the LKAS 10, Events after the reporting period, the final dividend has not been recognised as a liability in the Financial Statements as at 31 March 2021

38 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group is exposed to a variety of financial risks. These include market risks, credit risks, liquidity risks and operational risks. The Group's overall risk management programme focuses on the unpredictability of financial markets and seek to minimise potential adverse effects on the Group's financial performance. Based on our economic outlook and the Group's exposure to these risks, the Board of directors approves various risk management strategies from time to time.

38.1 Market Risk

(a) Interest rate risk

Interest rate is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises mainly from the borrowings. The fluctuation in the Average Weighted Prime Lending Rate (AWPLR) results in the effective interest rate of the borrowings usually without a corresponding change in the fair value. The Group analyses the interest rate exposure on a dynamic basis monitoring AWPLR.

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group as follows;

	Group		Company	
As at 31 March	2021	2020	2021	2020
Variable rate instruments				
Financial assets				
Investment fund	**357,153**	343,725	**357,153**	343,725
Loan given to related party fund	**-**	-	**262,000**	200,195
	357,153	343,725	**619,153**	543,920
Financial Liabilities				
Interest bearing borrowings	**597,680**	763,735	**160,500**	307,173
Bank overdrafts	**35,013**	211,972	**9,342**	97,798
	632,693	975,707	**169,842**	404,971

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates as at the reporting date would have increased / (decreased) profit or loss by the amounts shown below.This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Group			Company		
As at 31 March	Basis points	2021	2020	Basis points	2021	2020
Increase	+100	**(2,083)**	(4,200)	+100	**4,587**	2,418
Decrease	-100	**2,083**	4,200	-100	**(4,587)**	(2,418)

Capital management

The Board's policy is to maintain a strong capital base so as to maintain shareholder, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and level of dividends to ordinary shareholders.

The Group's debt to adjusted capital ratio at the end of the reporting period was as follows;

	Group		Company	
As at 31 March	2021	2020	2021	2020
Total Liabilities	**2,044,310**	2,389,401	**1,405,920**	1,641,278
Less: Cash and Cash Equivalents	**(417,297)**	(186,553)	**(398,736)**	(185,147)
Net Debt	**1,627,013**	2,202,848	**1,007,184**	1,456,131
Total Equity	**5,062,409**	4,598,142	**5,482,349**	5,028,218
Net Debt to Equity Ratio	**32.1%**	47.9%	**18.4%**	29.0%

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(all amounts in Sri Lankan Rupees thousands)

(b) Price risks

The Group is exposed to the commodity price risk of mainly tea and palm oil. The Group monitors commodity price and inventory levels to minimize the impact. Further,forward sales agreements are entered into to minimise the exposure.

	-10%	2,021	+10%
Revenue	2,956,356	**3,284,840**	3,613,324
Total	2,956,356	**3,284,840**	3,613,324

38.2 Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions and outstanding balances from customers. For banks and financial institutions, only independently rated parties are accepted. No independent risk ratings are available for customers. Credit control assess the credit quality of the customers taking into account its financial position, past performance and other factors. Credit limits are set and the utilisation of credit limits is regularly monitored. The credit quality of financial assets are disclosed in Note 22.

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

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows;

	Group		Company	
As at 31 March	2021	2020	2021	2020
Trade receivables	**26,434**	27,829	**900**	-
Employee advances	**20,894**	19,932	**17,126**	17,129
Other receivables	**108,420**	38,224	**108,419**	35,183
Amounts due from related companies	**486**	73,902	**37,870**	100,225
Loan given to related party	**-**	-	**262,000**	200,195
Balances with banks	**416,821**	185,865	**398,433**	184,844
	573,055	345,752	**824,748**	537,576

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from individual customers as at 31st March 2021.

Group	Weighted average loss rate %	Gross carrying amount	Impairment loss allowance	Credit Impaired
31 March 2021				
Past due (0-60 days)	100	26,434	-	No
Past due (61-120 days)	-	-	-	No
Past due (121-364 days)	-	-	-	No
More than 1 year	-	-	-	
	100	26,434	-	No
31 March 2020				
Past due (0-60 days)	100	27,829	-	No
Past due (61-120 days)	-	-	-	No
Past due (121-364 days)	-	-	-	No
More than 1 year	-	-	-	No
	100	27,829	-	No

Company	Weighted average loss rate %	Gross carrying amount	Impairment loss allowance	Credit Impaired
31 March 2021				
Past due (0-60 days)	100	900	-	No
Past due (61-120 days)	-	-	-	No
Past due (121-364 days)	-	-	-	No
More than 1 year	-	-	-	No
	100	900	-	No
31 March 2020				
Past due (0-60 days)	-	-	-	No
Past due (61-120 days)	-	-	-	No
Past due (121-364 days)	-	-	-	No
More than 1 year	-	-	-	No

38.3 Liquidity risk

Cash flow forecasting is performed in the Group which monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs at all times. Such forecasting takes into consideration, the Group's debt financing plans.

The table below analyses the Group's financial liabilities and financial assets into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

The following are the contractual maturities of financial liabilities.

Group	Carrying amount	Contractual cashflows	12 Months or less	2-3 Years	4-5 Years	More than 5 Years
31 March 2021						
Non-Derivative Financial Liabilities						
Interest bearing borrowings	597,680	597,680	135,500	282,180	180,000	-
Trade and other payables	366,266	366,266	366,266	-	-	-
Lease Liabilities	250,294	923,454	37,966	74,968	73,920	736,600
Bank overdraft	35,013	35,013	35,013	-	-	-
	1,249,253	1,922,413	574,745	357,148	253,920	736,600
31 March 2020						
Non-Derivative Financial Liabilities						
Interest bearing borrowings	763,735	763,735	190,987	392,748	180,000	-
Trade and other payables	316,613	316,613	316,613	-	-	-
Amount due to related Company	321	321	321	-	-	-
Lease Liabilities	243,975	903,575	36,143	72,286	72,286	722,860
Bank overdraft	211,972	211,972	211,972	-	-	-
	1,536,616	2,196,216	756,036	465,034	252,286	722,860

NOTES TO THE FINANCIAL STATEMENTS

(all amounts in Sri Lankan Rupees thousands)

Company	Carrying amount	Contractual cash flow	12 Months or less	2-3 Years	4-5 Years	More than 5 Years
31 March 2021						
Non-Derivative Financial Liabilities						
Interest bearing borrowings	160,500	160,500	45,500	115,000	-	-
Trade and other payables	321,128	321,128	321,128	-	-	-
Lease Liabilities	248,240	921,400	36,960	73,920	73,920	736,600
Bank overdraft	9,342	9,342	9,342	-	-	-
	739,210	1,412,370	412,930	188,920	73,920	736,600
31 March 2020						
Non-Derivative Financial Liabilities						
Interest bearing borrowings	307,173	307,173	98,723	208,450	-	-
Trade and other payables	270,199	270,199	270,199	-	-	-
Amount due to related Company	321	321	321			
Lease Liabilities	243,975	903,575	36,143	72,286	72,286	722,860
Bank overdraft	97,798	97,798	97,798	-		
	919,466	1,579,066	503,184	280,736	72,286	722,860

38.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- Requirements for the reporting of operational losses and proposed remedial actions.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance when this is effective.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the Management and summaries are submitted to the senior management of the Group.

39 FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level I: Quoted market price (unadjusted) in an active market for an identical instrument.

Level II: Valuation techniques based on observable inputs, either directly – i.e. as prices or indirectly – i.e. derived from prices. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level III: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Group - As at 31 March 2021	Fair value through profit or loss	Amortised cost	Fair value through other comprehensive income	Total carrying amount	Level 1	Level 2	Level 3	Total Fair value
Financial assets measured at fair value								
Investment fund	357,153	-	-	357,153	-	357,153	-	357,153
	357,153	-	-	357,153	-	357,153	-	357,153
Financial assets not measured at fair value								
Trade and Other receivables	-	292,304	-	292,304	-	-	292,304	292,304
Amounts due from related party	-	486	-	486	-	-	486	486
Cash at banks and in hand	-	417,297	-	417,297	-	417,297	-	417,297
	-	710,087	-	710,087	-	417,297	292,790	710,087
Total financial assets	357,153	710,087	-	1,067,240	-	774,450	292,790	1,067,240
Financial liabilities not measured at fair value								
Interest bearing borrowings	-	597,680	-	597,680	-	597,680	-	597,680
Trade and other payables	-	366,266	-	366,266	-	-	366,266	366,266
Lease Liabilities	-	250,294	-	250,294	-	-	250,294	250,294
Bank overdrafts	-	35,013	-	35,013	-	35,013	-	35,013
	-	1,249,253	-	1,249,253	-	632,693	616,560	1,249,253
Total financial liabilities	-	1,249,253	-	1,249,253	-	632,693	616,560	1,249,253

NOTES TO THE FINANCIAL STATEMENTS

[all amounts in Sri Lankan Rupees thousands]

Group - As at 31 March 2020	Fair value through profit or loss	Amortised cost	Fair value through other comprehensive income	Total carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Investment fund	343,725	-	-	343,725	-	343,725	-	343,725
	343,725	-	-	343,725	-	343,725	-	343,725
Financial assets not measured at fair value								
Trade and Other receivables	-	302,533	-	302,533	-	-	302,533	302,533
Amounts due from related party	-	73,902	-	73,902	-	-	73,902	73,902
Cash at banks and in hand	-	186,553	-	186,553	-	186,553	-	186,553
		562,988	-	562,988	-	186,553	376,435	562,988
Total financial assets	343,725	562,988	-	906,713	-	530,278	376,435	906,713
Financial liabilities not measured at fair value								
Interest bearing borrowings	-	763,735	-	763,735	-	763,735	-	763,735
Trade and other payables	-	316,613	-	316,613	-	-	316,613	316,613
Amount due to related company	-	321	-	321	-	-	321	321
Lease Liabilities	-	243,975	-	243,975	-	-	243,975	243,975
Bank overdrafts	-	211,972	-	211,972	-	211,972	-	211,972
Total financial liabilities	-	1,536,616	-	1,536,616	-	975,707	560,909	1,536,616

Company - As at 31 March 2021	Fair value through profit or loss	Amortised cost	Fair value through other comprehensive income	Total carrying amount	Level 1	Level 2	Level 3	Total Fair value
Financial assets measured at fair value								
Investment fund	357,153	-	-	357,153	-	357,153	-	357,153
	357,153	-	-	357,153	-	357,153	-	357,153
Financial assets not measured at fair value								
Trade and Other receivables	-	258,687	-	258,687	-	-	258,687	258,687
Loans given to related party	-	262,000	-	262,000	-	-	262,000	262,000
Amounts due from related party	-	37,870	-	37,870	-	-	37,870	37,870
Cash at banks and in hand	-	398,736	-	398,736	-	398,736	-	398,736
	-	957,293	-	957,293	-	398,736	558,557	957,293
Total financial assets	357,153	957,293	-	1,314,446	-	755,889	558,557	1,314,446
Financial liabilities not measured at fair value								
Interest bearing borrowings	-	160,500	-	160,500	-	160,500	-	160,500
Lease Liabilities	-	248,240	-	248,240	-	-	248,240	248,240
Trade and other payables	-	321,128	-	321,128	-	-	321,128	321,128
Bank overdrafts	-	9,342	-	9,342	-	9,342	-	9,342
	-	739,210	-	739,210	-	169,842	569,368	739,210
Total financial liabilities	-	739,210	-	739,210	-	169,842	569,368	739,210

NOTES TO THE FINANCIAL STATEMENTS

[all amounts in Sri Lankan Rupees thousands]

Company - As at 31 March 2020	Fair value through profit or loss	Amortised cost	Fair value through other comprehensive income	Total carrying amount	Level 1	Level 2	Level 3	Total Fair value
Financial assets measured at fair value								
Investment fund	343,725	-	-	343,725	-	343,725	-	343,725
	343,725	-	-	343,725	-	343,725	-	343,725
Financial assets not measured at fair value								
Trade and Other receivables	-	259,639	-	259,639	-	-	259,639	259,639
Loans given to related party	-	200,195	-	200,195	-	-	200,195	200,195
Amounts due from related party	-	100,225	-	100,225	-	-	100,225	100,225
Cash at banks and in hand	-	185,147	-	185,147	-	185,147	-	185,147
	-	745,206	-	745,206	-	185,147	560,059	745,206
Total financial assets	343,725	745,206	-	1,088,931	-	528,872	560,059	1,088,931
Financial liabilities not measured at fair value								
Interest bearing borrowings	-	307,173	-	307,173	-	307,173	-	307,173
Lease Liabilities	-	243,975	-	243,975	-	-	243,975	243,975
Trade and other payables	-	270,199	-	270,199	-	-	270,199	270,199
Amount due to related Company		321	-	321	-	-	321	321
Bank overdrafts		97,798	-	97,798	-	97,798	-	97,798
	-	919,466	-	919,466	-	404,971	514,495	919,466
Total financial liabilities	-	919,466	-	919,466	-	404,971	514,495	919,466

NUMBER OF PERMANENT BUILDINGS AVAILABLE AS AT 31.03.2021

Buildings	No. of Buildings				
	HMD	TLG/OP	NKD	OPM	TOTAL
No of Factories	2	-	1	1	4
No of Bungalows	7	8	4	2	21
No of Senior Staff Bungalows	10	11	11	3	35
No of Junior Staff Bungalows	18	16	15	1	50
No of Double Barrack Lines	9	147	110	-	266
No of Single Barrack Lines	31	190	64	-	285
No of Twin Cottages	51	196	100	-	347
No of Single Cottages	-	27	122	-	149
No of Creches	5	7	1	-	13
No of Dispensary	1	1	2	-	4
No of Maternity Ward	-	-	-	-	0
No of Minor Buildings	19	20	17	-	56
No of Training Centers	-	1	-	-	1
No of Self Help Housing	244	64	-	-	308
Any Other Buildings (Ple. Specify) - EWHC Building/ Badminton Court/ Central Garage/ Community center/ Main Office / GYM)	1	-	6	-	7

ESTATE HECTARAGE STATEMENT

Area (Ha.)	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12
Tea Mature	65.46	65.46	63.71	105.26	4,223.50	4,363.98	4,369.24	4,373.35	4,356.79	4,346.78
Tea Immature	-	-	3.75	4.75	61.04	101.44	100.40	77.30	115.61	113.87
Tea Total	**65.46**	**65.46**	**67.46**	**110.01**	**4,284.54**	**4,465.42**	**4,469.64**	**4,450.65**	**4,472.40**	**4,460.65**
Rubber Mature	121.03	172.74	172.74	221.30	370.95	426.16	520.73	651.62	687.33	860.52
Rubber Immature	-	-	-	-	24.00	24.00	38.50	49.86	34.74	66.47
Rubber Total	**121.03**	**172.74**	**172.74**	**221.30**	**394.95**	**450.16**	**559.23**	**701.48**	**722.07**	**926.99**
OP Mature	2,947.47	2,890.28	2,692.14	2,655.53	2,547.46	2,401.34	2,152.63	1,935.69	1,909.51	1,871.41
OP Immature	413.79	490.15	609.62	940.21	723.70	755.67	904.04	985.59	1,161.60	975.20
Oil Palm Total	**3,361.26**	**3,380.43**	**3,301.76**	**3,595.74**	**3,271.16**	**3,157.01**	**3,056.67**	**2,921.28**	**3,071.11**	**2,846.61**
Fuelwood	-	-	-	-	1,058.14	1,067.49	1,388.41	1,495.31	1,392.00	1,332.00
Nursery	11.17	11.17	11.17	11.17	23.25	25.90	28.40	28.40	42.40	33.69
Minor Crop	60.70	59.22	76.96	76.96	173.59	174.32	186.08	177.49	174.12	211.37
Other Area	1,187.29	1,117.89	1,196.88	811.79	2,812.80	3,098.11	2,751.58	2,665.40	2,565.91	2,628.70
Other Area Total	**1,259.16**	**1,188.28**	**1,285.01**	**899.92**	**4,067.78**	**4,365.82**	**4,354.47**	**4,366.60**	**4,174.43**	**4,205.76**
Company Total	**4,806.91**	**4,806.91**	**4,826.97**	**4,826.97**	**12,018.43**	**12,438.41**	**12,440.01**	**12,440.01**	**12,440.01**	**12,440.01**

CROP & YIELDS

YIELD-(Kgs)

	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12
TEA										
Watawala	-	-	-	-	1,269	1,373	1,533	1,420	1,533	1,262
Hatton	-	-	-	-	1,224	1,441	1,624	1,570	1,532	1,365
Lindula	-	-	-	-	1,152	1,444	1,523	1,415	1,472	1,343
Udugama	1,871	1,543	1,535	1,428	1,475	1,871	1,761	1,745	1,762	1,799
TEA - TOTAL	**1,871**	**1,543**	**1,535**	**1,428**	**1,213**	**1,439**	**1,569**	**1,480**	**1,517**	**1,345**
Rubber	-	-	-	-	-	629	625	752	778	753
Palm Oil	3,202	3,455	3,768	3,678	3,786	3,294	3,757	3,765	3,537	3,156

PRODUCTION - Kgs '000

	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12
TEA										
Watawala	-	-	-	-	1,893	2,489	2,754	2,563	2,778	2,245
Hatton	-	-	-	-	3,459	4,297	4,402	4,388	4,066	3,875
Lindula	-	-	-	-	1,835	2,323	2,881	2,682	2,759	2,388
Udugama	122	101	125	187	235	303	274	294	285	886
TEA - TOTAL	**122**	**101**	**125**	**187**	**7,422**	**9,412**	**10,311**	**9,927**	**9,888**	**9,394**
Rubber	-	-	-	-	-	268	325	490	535	648
Palm Oil	10,925	11,490	11,870	10,775	10,662	9,008	8,854	8,127	7,455	6,584

HISTORICAL FINANCIAL INFORMATION

	Group 2011/12 Rs.'000	Company 2011/12 Rs.'000	Group 2012/13 Rs.'000	Company 2012/13 Rs.'000	Group 2013/14 Rs.'000	Company 2013/14 Rs.'000	Group 2014/15 Rs.'000	Company 2014/15 Rs.'000
INCOME STATEMENT								
Revenue	4,175,431	4,172,214	5,434,779	5,340,962	6,246,271	6,142,624	6,848,491	6,773,635
Cost of sales	(3,777,264)	(3,777,264)	(4,383,731)	(4,292,729)	(5,300,696)	(5,200,158)	(6,048,447)	(5,975,837)
Gross profit	**398,167**	**394,950**	**1,051,048**	**1,048,233**	**945,575**	**942,466**	**800,044**	**797,798**
Other Operating income	348,716	621,206	139,585	140,575	89,656	89,555	119,151	119,151
Administrative expenses	(211,331)	(203,235)	(246,238)	(242,464)	(264,586)	(261,270)	(369,572)	(367,487)
Management fees	(49,331)	(49,331)	(137,510)	(137,510)	(92,264)	(92,264)	-	-
Operating profit	**486,221**	**763,590**	**806,885**	**808,834**	**678,381**	**678,487**	**549,623**	**549,462**
Net finance cost	(111,103)	(111,103)	(77,530)	(77,919)	(97,600)	(97,600)	(85,874)	(85,919)
Profit /(loss) before Tax	**375,118**	**652,487**	**729,355**	**730,915**	**580,781**	**580,887**	**463,749**	**463,543**
Tax expense	(89,837)	(89,196)	(49,111)	(49,041)	(83,587)	(83,435)	(73,002)	(72,978)
Profit /(loss) for the year	**285,281**	**563,291**	**680,244**	**681,874**	**497,194**	**497,452**	**390,747**	**390,565**
Profit from discontinued operations	**169,756**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Profit for the year	455,037	563,291	680,244	681,874	497,194	497,452	390,747	390,565
Other Comprehensive Income								
Available for sale investment	-	-	-	-	-	-	-	-
Actuarial gain/(loss) on gratuity	(148,035)	(148,035)	80,430	80,430	(89,302)	(89,302)	19,854	19,854
Tax on acturail gain/(loss) on gratuity	32,418	32,418	(35,462)	(35,462)	26,155	26,155	(3,022)	(3,022)
Total other comprehensive income for the year (net of tax)	**(115,617)**	**(115,617)**	**44,968**	**44,968**	**(63,147)**	**(63,147)**	**16,832**	**16,832**
Total comprehensive income for the year	**339,420**	**447,674**	**725,212**	**726,842**	**434,047**	**434,305**	**407,579**	**407,397**
Attributable to:								
Equity holders of the Company	339,420	447,674	725,212	726,842	434,047	434,305	407,579	407,397
Minority interests	-	-	-	-	-	-	-	-
Total Comprehensive income for the year	339,420	447,674	725,212	726,842	434,047	434,305	407,579	407,397
BALANCE SHEET								
Non Current Assets								
Leasedhold right to bare land of JEDB/SLPC estates	233,648	233,648	226,613	226,613	219,578	219,578	212,543	212,543
Immovable estate assets on finance lease	194,474	194,474	176,827	176,827	159,492	159,492	142,033	142,033
Property, Plant and equipment	1,690,078	1,690,078	1,697,655	1,697,655	1,840,625	1,840,625	1,921,745	1,921,745
Intangible Assets	-	-	-	-	-	-	-	-
Bearer Plants	2,115,980	2,115,980	2,316,658	2,316,658	2,518,564	2,518,564	2,743,030	2,743,030
Biological assets-consumables	630,566	630,566	531,190	531,190	575,944	575,944	566,967	566,967
Biological assets-Live stock	20,037	20,037	32,231	32,231	45,061	45,061	40,256	40,256
Investment in Fund	42,641	42,641	127,267	127,267	200,000	200,000	220,262	220,262
Investment in subsidiaries	-	852	-	852	-	852	-	852
Investment in debenture	-	-	-	-	-	-	-	-
Available for sale financial Assets	-	-	-	-	-	-	10,882	10,882
Total Non Current Assets	**4,927,424**	**4,928,276**	**5,108,441**	**5,109,293**	**5,559,264**	**5,560,116**	**5,857,718**	**5,858,570**
Current Assets								
Inventories	465,980	465,980	635,951	635,951	939,982	939,982	693,086	693,086
Biological assets-growing crops on bearer plants	-	-	-	-	-	-	-	-
Trade and other receivables	324,290	342,374	444,289	435,631	447,044	440,506	491,241	488,148
Loan given to related pary	-	-	-	-	-	-	-	-
Amounts due from Related parties	-	-	-	-	-	-	-	
Investments in Unit Trusts	-	-	-	-	-	-	-	-
Cash and cash equivalents	470,231	447,716	443,333	431,799	114,660	111,851	72,031	67,832
Total Current Assets	1,260,501	1,256,070	1,523,573	1,503,381	1,501,686	1,492,339	1,256,358	1,249,066
Total Assets	6,187,925	6,184,346	6,632,014	6,612,674	7,060,950	7,052,455	7,114,076	7,107,636
Capital and reserves								
Stated capital	460,000	460,000	460,000	460,000	460,000	460,000	460,000	460,000
Retained earnings	2,859,403	2,857,585	3,383,448	3,383,260	3,758,328	3,758,398	3,822,741	3,822,629
Total equity attributable to equity holders of the company	3,319,403	3,317,585	3,843,448	3,843,260	4,218,328	4,218,398	4,282,741	4,282,629
Minority interests	-	-	-	-	-	-	-	-
Total equity	3,319,403	3,317,585	3,843,448	3,843,260	4,218,328	4,218,398	4,282,741	4,282,629

Group 2015/16 Rs.'000	Company 2015/16 Rs.'000	Group 2016/17 Rs.'000	Company 2016/17 Rs.'000	Group 2017/18 Rs.'000	Company 2017/18 Rs.'000	Group 2018/19 Rs.'000	Company 2018/19 Rs.'000	Group 2019/20 Rs.'000	Company 2019/20 Rs.'000	Group 2020/21 Rs.'000	Company 2020/21 Rs.'000
6,298,769	6,228,002	6,501,765	6,392,956	4,948,755	4,764,455	3,081,760	2,588,459	3,326,800	2,743,634	3,933,523	3,284,840
(5,445,408)	(5,376,764)	(4,828,579)	(4,689,441)	(3,695,137)	(3,360,797)	(1,941,278)	(1,279,111)	(2,041,076)	(1,383,852)	(2,008,091)	(1,406,774)
853,361	**851,238**	**1,673,186**	**1,703,515**	**1,253,618**	**1,403,658**	**1,140,482**	**1,309,348**	**1,285,724**	**1,359,782**	**1,925,432**	**1,878,066**
134,192	134,192	146,851	142,808	231,185	149,223	96,337	58,742	118,546	71,954	143,556	90,331
(318,502)	(315,960)	(326,336)	(324,227)	(335,132)	(327,309)	(200,355)	(191,698)	(238,185)	(216,765)	(250,894)	(238,908)
-	-	-	-	-	-	-	-				
669,051	**669,470**	**1,493,701**	**1,522,096**	**1,149,671**	**1,225,572**	**1,036,464**	**1,176,392**	**1,166,085**	**1,214,971**	**1,818,094**	**1,729,489**
(78,815)	(78,834)	(47,620)	(76,279)	13,567	50,510	(114,468)	4,166	(173,986)	(54,204)	(66,438)	(30,732)
590,236	**590,636**	**1,446,081**	**1,445,817**	**1,163,238**	**1,276,082**	**921,996**	**1,180,558**	**992,099**	**1,160,767**	**1,751,687**	**1,698,757**
(72,486)	(72,415)	(220,422)	(216,156)	(224,570)	(225,546)	(158,985)	(159,009)	(175,599)	(175,686)	(88,820)	(41,284)
517,750	**518,221**	**1,225,659**	**1,229,661**	**938,668**	**1,050,536**	**763,011**	**1,021,549**	**816,500**	**985,081**	**1,662,836**	**1,657,473**
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
517,750	518,221	1,225,659	1,229,661	938,668	1,050,536	763,011	1,021,549	816,500	985,081	1,662,836	1,657,473
10,763	10,763	-	-	-	-	-	-	-	-	-	-
102,714	102,714	92,604	88,451	35,656	33,803	(26,124)	(21,674)	(11,976)	(11,782)	25,164	19,198
(15,585)	(15,585)	(8,845)	(8,845)	(3,380)	(3,380)	3,034	3,034	1,649	1,649	(3,881)	(2,688)
97,892	**97,892**	**83,759**	**79,606**	**32,276**	**30,423**	**(23,090)**	**(18,640)**	**(10,327)**	**(10,133)**	**21,283**	**16,510**
615,642	**616,113**	**1,309,418**	**1,309,267**	**970,944**	**1,080,959**	**739,921**	**1,002,909**	**806,173**	**974,948**	**1,684,119**	**1,673,983**
615,642	616,113	1,310,218	1,309,267	999,173	1,080,959	815,818	1,002,909	821,232	974,948	1,684,119	1,673,983
-	-	(800)	-	(28,229)	-	(75,897)	-	(15,059)	-	-	-
615,642	616,113	1,309,418	1,309,267	970,944	1,080,959	739,921	1,002,909	806,173	974,948	1,684,119	1,673,983
205,508	205,508	198,473	191,774	80,079	73,619	77,120	70,898	241,440	235,459	238,853	231,162
124,574	124,574	107,474	102,984	-	-	-	-	-	-	-	-
1,835,454	1,835,454	2,423,768	1,770,618	2,048,247	611,642	2,200,469	667,751	2,173,402	695,786	2,109,979	702,205
-	-	-	-	24,844	23,367	24,925	18,839	23,533	18,224	19,230	15,091
2,794,625	2,794,625	2,955,251	2,850,482	2,489,314	2,358,929	2,673,393	2,546,832	2,722,149	2,615,292	2,709,996	2,619,454
608,995	608,995	648,831	607,707	37,966	-	38,356	-	31,657	-	32,857	-
27,535	27,535	24,944	-	539,602	-	662,620	-	695,538	-	749,339	-
234,369	234,369	258,319	258,319	288,595	288,595	312,051	312,051	343,725	343,725	357,153	357,153
-	852	-	627,352	-	627,352	-	627,352	-	1,868,242	-	1,867,390
-	-	-	-	-	-	-	174,088	-	-	-	-
21,645	21,645	21,645	21,645	-	-	-	-	-	-	-	-
5,852,705	**5,853,557**	**6,638,705**	**6,430,881**	**5,508,647**	**3,983,504**	**5,988,934**	**4,417,811**	**6,231,444**	**5,776,728**	**6,217,407**	**5,792,455**
637,773	637,773	732,988	686,138	291,830	191,788	143,089	100,790	151,314	105,851	111,270	71,301
-	-	35,757	35,452	29,143	28,730	31,271	30,831	41,797	41,711	52,688	51,953
560,954	560,866	537,199	438,380	391,205	327,396	313,198	258,619	302,533	259,639	15,267	15,267
-	-	-	-	-	10,000	-	222,259	-	200,195	292,304	258,687
-	-	279,735	279,735	10,311	10,311	21,918	21,918	73,902	100,225	-	262,000
564,597	564,597	-	-	-	-	-	-	-	-	486	37,870
130,178	113,730	888,143	861,945	180,264	147,834	204,001	199,064	186,553	185,147	417,297	398,736
1,893,502	1,876,966	2,473,822	2,301,650	902,753	716,059	713,477	833,481	756,099	892,768	889,312	1,095,814
7,746,207	7,730,523	9,112,527	8,732,531	6,411,400	4,699,563	6,702,411	5,251,292	6,987,543	6,669,496	7,106,719	6,888,269
460,000	460,000	460,000	460,000	460,000	460,000	460,000	460,000	511,848	511,848	511,848	511,848
4,320,050	4,320,409	5,298,935	5,298,343	2,911,785	2,992,979	3,275,437	3,543,722	4,086,294	4,516,370	4,550,561	4,970,501
4,780,050	4,780,409	5,758,935	5,758,343	3,371,785	3,452,979	3,735,437	4,003,722	4,598,142	5,028,218	5,062,409	5,482,349
-	-	291,200	-	262,971	-	187,074	-	-	-	-	-
4,780,050	4,780,409	6,050,135	5,758,343	3,634,756	3,452,979	3,922,511	4,003,722	4,598,142	5,028,218	5,062,409	5,482,349

HISTORICAL FINANCIAL INFORMATION

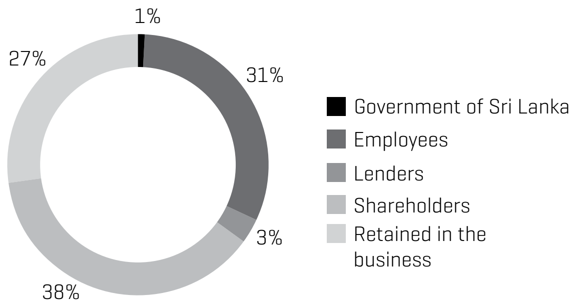
	Group 2011/12 Rs.'000	Company 2011/12 Rs.'000	Group 2012/13 Rs.'000	Company 2012/13 Rs.'000	Group 2013/14 Rs.'000	Company 2013/14 Rs.'000	Group 2014/15 Rs.'000	Company 2014/15 Rs.'000
Non-current liabilities								
Long term borrowings	210,727	210,727	100,568	100,568	270,242	270,242	187,500	187,500
Obligations under finance lease obtained from SLPC/JEDB	360,253	360,253	354,293	354,293	348,506	348,506	342,526	342,526
Retirement benefit obligation	815,851	815,851	801,767	801,767	949,697	949,697	1,005,185	1,005,185
Deferred income and capital grants	244,935	244,935	234,585	234,585	223,803	223,803	213,610	213,610
Net Deferred tax liability	82,792	82,939	118,462	118,751	144,930	145,040	206,954	207,040
Total Non-current liabilities	1,714,558	1,714,705	1,609,675	1,609,964	1,937,178	1,937,288	1,955,775	1,955,861
Current liabilities								
Short-term borrowings	546,145	546,145	470,152	470,152	304,574	304,574	183,809	183,809
Obligations under finance lease obtained from SLPC/JEDB	5,310	5,310	5,750	5,750	5,980	5,980	6,210	6,210
Trade and other payables	588,677	587,631	654,087	634,858	540,940	532,265	671,541	665,127
Amount Due to related parties	-	-	-	-	-	-	-	-
Current tax payable	13,832	12,970	48,902	48,690	53,950	53,950	14,000	14,000
Bank Overdraft	-	-	-	-	-	-	-	-
Total Current liabilities	1,153,964	1,152,056	1,178,891	1,159,450	905,444	896,769	875,560	869,146
Total Liabilities	2,868,522	2,866,761	2,788,566	2,769,414	2,842,622	2,834,057	2,831,335	2,825,007
Total Equity & Liabilities	6,187,925	6,184,346	6,632,014	6,612,674	7,060,950	7,052,455	7,114,076	7,107,636
CASH FLOW								
Cash generated/(used in) from/to operations	1,020,651	604,155	1,049,724	1,059,071	636,767	645,308	1,352,709	1,351,364
Net cash inflow/(outflow) from operating activities	815,083	399,399	883,607	893,598	414,214	422,940	1,118,598	1,117,208
Net cash inflow/(outflow) from investing activities	(194,182)	224,623	(517,667)	(516,677)	(682,262)	(682,262)	(608,804)	(608,804)
Net cash inflow/(outflow) from financing activities	(308,782)	(308,782)	(395,581)	(395,581)	251,230	251,230	(592,568)	(592,568)
Increase/(decrease) in cash and cash equivalents	312,119	315,240	(29,641)	(18,660)	(16,818)	(8,092)	(82,774)	(84,164)

Group 2015/16 Rs.'000	Company 2015/16 Rs.'000	Group 2016/17 Rs.'000	Company 2016/17 Rs.'000	Group 2017/18 Rs.'000	Company 2017/18 Rs.'000	Group 2018/19 Rs.'000	Company 2018/19 Rs.'000	Group 2019/20 Rs.'000	Company 2019/20 Rs.'000	Group 2020/21 Rs.'000	Company 2020/21 Rs.'000
388,741	388,741	325,006	325,006	1,305,797	97,936	1,111,324	63,382	572,748	208,450	372,561	45,500
336,296	336,296	328,412	328,412	125,790	125,790	125,976	125,976	242,897	242,897	248,186	247,138
976,639	976,639	908,192	882,705	193,981	171,130	242,717	211,653	278,340	243,760	271,507	240,086
203,569	203,569	193,528	193,528	243,659	50,872	193,105	48,515	142,550	46,157	91,996	43,799
267,005	267,040	331,182	331,217	354,763	354,798	376,417	376,417	379,335	379,335	431,554	382,825
2,172,250	2,172,285	2,086,320	2,060,868	2,223,990	800,526	2,049,539	825,943	1,615,870	1,120,599	1,415,804	959,348
148,751	148,751	118,318	118,318	33,623	33,230	144,483	33,890	190,987	98,723	225,119	115,000
6,460	6,460	6,720	6,720	2,799	2,799	2,911	2,911	1,078	1,078	2,108	1,102
610,617	594,618	688,426	630,019	439,008	369,911	411,150	351,463	316,613	270,199	366,266	321,128
-	-	-	-	-	-	27,614	-	321	321	-	-
28,079	28,000	162,608	158,263	40,636	40,118	33,450	33,363	52,560	52,560	-	-
-	-	-	-	36,588	-	110,753	-	211,972	97,798	35,013	9,342
793,907	777,829	976,072	913,320	552,654	446,058	730,361	421,627	773,531	520,679	628,506	446,572
2,966,157	2,950,114	3,062,392	2,974,188	2,776,644	1,246,584	2,779,900	1,247,570	2,389,401	1,641,278	2,044,310	1,405,920
7,746,207	7,730,523	9,112,527	8,732,531	6,411,400	4,699,563	6,702,411	5,251,292	6,987,543	6,669,496	7,106,719	6,888,269
1,012,402	1,000,231	1,594,718	1,720,938	1,665,205	1,773,844	1,465,716	1,253,139	1,255,698	1,259,938	2,319,100	2,139,520
835,038	822,789	1,376,538	1,475,399	1,271,659	1,424,133	1,199,004	1,107,730	934,269	1,045,705	2,152,623	2,011,924
(254,164)	(254,164)	(185,448)	(294,059)	(1,682,928)	(596,037)	(705,517)	(562,304)	(524,721)	(721,178)	(329,646)	(314,130)
138,815	138,815	(396,019)	(396,019)	(296,610)	(1,541,207)	(543,915)	(494,196)	(528,215)	(436,242)	(1,415,274)	(1,395,749)
719,689	707,440	795,071	785,321	(707,879)	(714,111)	(50,428)	51,230	(118,667)	(111,715)	407,703	302,045

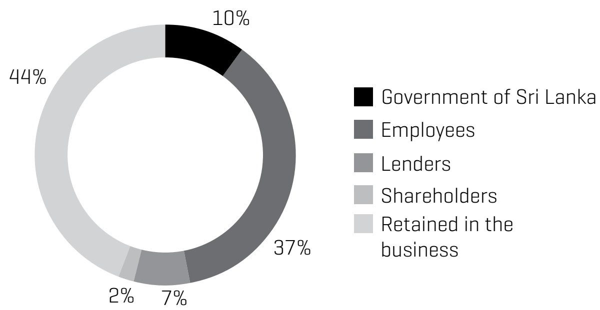
VALUE ADDED STATEMENT

		2020/2021 Rs.'000		2019/2020 Rs.'000
Total revenue		**3,933,523**		3,326,800
Other operating & interest income		**159,088**		128,979
		4,092,611		3,455,779
Cost of material and services obtained		**(902,004)**		(987,895)
Total value added by the Group		**3,190,607**		2,467,884
Value added shared with				
Government of Sri Lanka	1%	**41,875**	10%	227,545
(Taxes)				
Employees	31%	**996,680**	37%	910,654
(Salaries and other costs)				
Lenders	3%	**81,970**	7%	184,419
(Interest on loan & Lease interest)				
Shareholders	38%	**1,219,852**	2%	60,289
(Dividends)				
Retained in the business	27%	**850,230**	44%	1,084,977
(Depreciation & retained profits)				
	100%	**3,190,607**	100%	2,467,884

2020/21



2019/20



INVESTOR INFORMATION

1. STOCK EXCHANGE LISTING

The issued shares of Watawala Plantations PLC are listed with the Colombo Stock Exchange (CSE) in Sri Lanka.

2. COMPOSITION OF THE ORDINARY SHAREHOLDERS AS AT 31 MARCH 2021

As at 31 March	2021	2020
Total numbers of shareholders	**15,466**	15,487
Total numbers of shares	**203,308,634**	203,308,634

2.1 Distribution of Shareholding As at 31 March 2021

Number of Shareholders	Holdings	Total Holdings %
7,653	1 - 1,000 shares	49.48%
7,635	1,001 - 10,000 shares	49.37%
148	10,001 - 100,000 shares	0.96%
25	100,001 - 1,000,000 shares	0.16%
5	Over 1,000,000	0.03%
15,466	**Total**	**100.00%**

2.2 Analysis of Shareholders

Range of Shareholdings	As at 31 March 2021				As at 31 March 2020			
	Shareholders		Holdings		Shareholders		Holdings	
	Number	%	Number	%	Number	%	Number	%
Residents	**15,381**	**99.45%**	**201,121,191**	**98.92%**	15,446	99.74%	201,540,349	99.13%
Non-Residents	**85**	**0.55%**	**2,187,443**	**1.08%**	41	0.26%	1,768,285	0.87%
Total	**15,466**	**100.00%**	**203,308,634**	**100.00%**	15,487	100.00%	203,308,634	100.00%
Individuals	**15,336**	**99.16%**	**26,824,463**	**13.19%**	15,406	99.49%	36,376,952	17.89%
Institutions	**130**	**0.84%**	**176,484,171**	**86.81%**	81	0.51%	166,931,682	82.11%
Total	**15,466**	**100.00%**	**203,308,634**	**100.00%**	15,487	100.00%	203,308,634	100.00%

2.3 Directors' Shareholding As at 31 March 2021

The number of Shares held by the Board of Directors are as follows

As at 31 March	2021	2020
S G Wijesinha (Chairman)	**1**	1
G Sathasivam (Alternate: S G Sathasivam)	**Nil**	Nil
V Govindasamy	**Nil**	Nil
A N Fernando	**1**	1
N B Weerasekera	**Nil**	Nil
M S Mawzoon	**Nil**	Nil
P Karunagaran (Resigned w.e.f. 03 April 2020)	**Nil**	Nil
H D Abeywickrama (Appointed w.e.f. 03 April 2020)	**Nil**	Nil
M R Rao (Appointed w.e.f. 03 April 2020) (Alternate: T K Kanan)	**Nil**	Nil
K H Kuok (Appointed w.e.f. 26 June 2020) (Alternate: M T Siddique)	**Nil**	Nil
M T Siddique (Appointed w.e.f. 03 April 2020 and Resigned w.e.f. 25 June 2020)	**Nil**	Nil

INVESTOR INFORMATION

2.4 Chief Executive Officers' Shareholding As at 31 March 2021

As at 31 March	2021	2020
Binesh N Pananwala	**Nil**	Nil

3. PUBLIC SHAREHOLDINGS

	Requirement by CSE	As at 31 March 2021	Comply with CSE Rule 7.13.1 (a)	Requirement by CSE	As at 31 March 2020	Comply with CSE Rule 7.13.1 (a)
Option	4	**4**	Yes	5	5	Yes
Float adjusted market capitalisation	Above LKR 2.5 Bn	**LKR 2.99 Bn**	Yes	Less than LKR 2.5 Bn	LKR 1.05 Bn	Yes
The percentage of shares held by the public	10%	**25.76%**	Yes	20%	25.76%	Yes
Number of shareholders representing public holding	500	**15,463**	Yes	500	15,484	Yes

4. SHARE TRADING INFORMATION FOR LAST FIVE YEARS

	2021	2020	2019	2018	2017
Highest price (LKR)	**65.60**	28.00	30.60	36.10	24.50
Lowest price (LKR)	**16.10**	17.40	18.00	24.00	17.70
As at 31 March (LKR)	**57.10**	20.00	18.50	28.90	24.40
Number of transactions	**14,826**	2,048	1,565	3,727	2,482
Number of shares traded	**172,666,233**	13,068,014	1,772,579	12,910,765	9,597,690
Value of shares traded (LKR)	**3,992,444,857**	249,968,553	46,989,188	405,774,447	201,817,372

5. INVESTOR RATIOS AND OTHER INFORMATION AS AT 31 MARCH

	2021	2020	2019	2018	2017
Earnings per share (LKR)	**8.15**	4.86	5.08	4.52	5.20
Dividend per share (LKR	**6.00**	0.30	2.25	1.60	1.50
Dividend pay out (%)	**74%**	6%	44%	35%	29%
Net asset per share (LKR)	**26.97**	24.73	19.92	17.18	24.33
Number of Shares as at 31 March	**203,308,634**	203,308,634	200,962,556	200,962,556	236,666,671
Market Capitalisation (LKR)	**11,608,923,001**	4,066,172,680	3,717,807,286	5,807,817,868	5,774,666,772

6. DIVIDEND PAYMENTS

Final dividend 2019/20 - LKR 3.00 per share was paid on 7 July 2020

Interim dividend 2020/21 - LKR 3.00 per share was paid on 10 December 2020

7. TWENTY MAJOR SHAREHOLDERS AS AT 31 MARCH (VOTING SHARES)

		2021		2020	
	Name	Number of shares held	% of the holding	Number of shares held	% of the holding
1	Sunshine Wilmar (Private) Ltd	**150,937,043**	**74.24**	-	-
2	Estate Management Services (Private) Ltd	**-**	**-**	150,937,043	74.24
3	Seylan Bank PLC/Senthilverl Holdings (Pvt) Ltd	**9,930,000**	**4.88**	12,003,395	5.90
4	Sampath Bank PLC/DR.T.Senthilverl	**9,592,412**	**4.72**	11,996,501	5.90
5	K.C. Vignarajah	**2,415,529**	**1.19**	2,173,784	1.07
6	Vyjayanthi & Company Ltd	**1,011,674**	**0.50**	1,011,674	0.50
7	Deustche Bank AG Singapore A/C 02	**948,480**	**0.47**	1,281,399	0.63
8	T.T.T.AL-Nakib	**700,000**	**0.34**	-	-
9	J. Mathavan	**611,042**	**0.30**	-	-
10	Seylan Bank PLC/ARRC Capital (Pvt) Ltd	**569,005**	**0.28**	-	-
11	N. Muljie	**559,354**	**0.28**	559,354	0.28
12	M.Z.H.Hashim	**490,250**	**0.24**	-	-
13	J. B. Cocoshell (Pvt) Ltd	**466,340**	**0.23**	-	-
14	Pinnacle Trust (Pvt) Ltd	**431,650**	**0.21**	-	-
15	M.I. Abdul Hameed	**354,085**	**0.17**	354,085	0.17
16	M.A.H.Esufally	**334,529**	**0.16**	-	-
17	Renuka Capital PLC	**300,000**	**0.15**	-	-
18	Cocoshell Activated Carbon Company Ltd	**282,694**	**0.14**	254,604	0.13
19	S. Vignarajah	**262,000**	**0.13**	261,831	0.13
20	Union Investments Private Ltd	**220,881**	**0.11**	220,881	0.11
21	Capital Alliance Ltd	**180,008**	**0.09**	-	-
	Sub Total	**180,596,976**	**88.83**	181,054,551	89.05
	Other Shareholders	**22,711,658**	**11.17**	22,254,083	10.95
	Grand Total	**203,308,634**	**100.00**	203,308,634	100.00

GLOSSARY

ACCOUNTING POLICIES
The specific principles, bases, conventions, rules, and practices adopted by an enterprise in preparing and presenting financial statements.

WATA
CSE identification code for the Company.

ACCRUAL BASIS
Recording revenues and expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

GSA
The Gross Sales Average. This is the average sales price obtained (over a period of time, for a kilo of produce) before any deductions such as Brokerage, etc.

NSA
The Net Sales Average. This is the average sale price obtained (over a period of time) after deducting Brokerage fees, etc.

COP
The Cost of Productions. This generally refers to the cost of producing per kilo of produce (Tea /Rubber /Palm Oil)

CPO
Crude Palm Oil

AMORTISATION
The systematic allocation of the depreciable amount of an intangible asset over its useful life.

EBITDA
Earning before interest, tax, depreciation and amortisation.

VALUE ADDITIONS
The quantum of wealth generated by the activities of the Company and its application.

EARNING PER SHARE – EPS
Profit attributable to ordinary shareholders divided by the number of ordinary shares in ranking for dividend.

ENTERPRISE VALUE – EV
Market capitalisation plus debt, minority interest & preferred shares minus total cash and cash equivalents.

ENTERPRISE MULTIPLE – EM
Enterprise Value (EV) divided by Earnings before Interest Tax Depreciation and Amortisation (EBITDA)

MARKET VALUE ADDED – MVA
Shareholders' funds divided by the market value of shares

PRICE EARNINGS RATIO - PE
Market price of a share divided by earnings per share.

MARKET CAPITALISATION
Number of Shares issued multiplied by the market value of each share at the year end.

NET ASSETS
Sum of fixed assets and current assets less total liabilities.

NET ASSETS PER SHARE
Net assets at the end of the period divided by the number of ordinary shares in issues.

RETURN ON EQUITY
Attributable profits divided by average shareholders' funds.

INTEREST COVER
Profit before tax plus interest charges divided by interest charges.

DIVIDEND COVER
Profit attributable to shareholders divided by gross dividend.

DIVIDEND PAYOUT
Profit paid out to shareholders as dividends as a percentage of profits made during the year.

RELATED PARTIES
Parties who could control or significantly influence the financial and operating policies of the Company.

CONTINGENT LIABILITIES
Conditions or situations at the balance sheet date, the financial effects of which are to be determined by future events, which may or may not occur.

IUCN
International Union for Conservation of Nature

PHDT
Plantation Human Development Trust

WORKING CAPITAL
Current assets exclusive of liquid funds and interest-bearing financial receivables less operating liabilities and non-interest-bearing provisions.

TOTAL BORROWINGS
Total borrowings consist of interest-bearing liabilities, fair-value derivatives, accrued interest expenses and prepaid interest income, and trade receivables with recourse.

NET BORROWINGS
Total borrowings less liquid funds.

CASH EQUIVALENTS
Liquid investments with original maturities of three months or less.

CURRENT RATIO
Current assets divided by current liabilities

DEBT TO EQUITY RATIO
Borrowing divided by equity

GEARING RATIO
Interest bearing capital divided by total capital (interest bearing and non-interest bearing)

TURNOVER PER EMPLOYEE
Consolidated turnover of the Company for the year divided by the number of employees employed at the year end.

EXTENT IN BEARING
The extent of land. From which crop is being harvested. Also see "Immature Plantation"

CROP
The total produce harvested during a financial year

IMMATURE PLANTATIONS
The extent of plantation that is under- development and is not being harvested.

MATURE PLANTATIONS
The extent of plantation from which crop is being harvested. Also see "Extent in Bearing".

IN FILLING
A method of field development whereby planting of individual plants is done in order to increase the yield of a given field, whilst allowing the field to be harvested.

REPLANTING
A method of field development where an entire unit of land is taken out of "bearing" and developed by way of uprooting the existing trees/bushes and replanting with new trees/bushes.

YIELD (YPH)
The average crop per unit extent of land over a given period of time (usually kgs per hectare per year)

ISO
International Standards Organisation

HACCP
Hazard Analysis Critical Control Point System. Internationally accepted food safety standard.

5S
A Japanese management technique on the organisation of the workplace. 5s stands for Seiri (Sorting), Seiton (Organising), Seiso (Cleaning), Seiketso (Standardisation), Shitsuke (Sustenance).

YoY: Year on Year

FFB: Fresh Fruit Bunches (Palm oil)

ROCE: Return on Capital Employed

CAPEX: Capital Expenditure

NED: Non-Executive Director

RPTRC: Related Party Transactions and Review Committee

NRC: Nominations and Remuneration Committee.

AC: Audit Committee

RSPO: Roundtable on Sustainable Palm Oil

KMP: Key Management Personnel

NOTICE OF MEETING

Notice is hereby given that the Twenty-Eighth (28th) Annual General Meeting ("AGM") of Watawala Plantations PLC ("Company") will be held online via a virtual platform on Friday, 25th June 2021 at 10.15am and the business to be brought before the meeting will be as follows:

1. To receive and consider the Annual Report of the Board of directors and the Statement of Audited Accounts for the year ended 31st March 2021 with the Report of the Auditors thereon.

2. To declare a final dividend of LKR 3.00 per share as recommended by the Board of directors.

3. To propose the following resolution as an ordinary resolution for the re-appointment of Mr G. Sathasivam as a director, who has reached the age of 74 years:

ORDINARY RESOLUTION

"IT IS HEREBY RESOLVED THAT the age limit referred to in Section 210 of the Companies' Act No. 07 of 2007 shall not apply to Mr G. Sathasivam, director of the Company, who has reached the age of 74 years prior to this AGM and that he be reappointed accordingly."

4. To propose the following resolution as an ordinary resolution for the re-appointment of Mr S. G. Wijesinha, director of the Company, who has reached the age of 72 years:

ORDINARY RESOLUTION

"IT IS HEREBY RESOLVED THAT the age limit referred to in Section 210 of the Companies' Act No. 07 of 2007 shall not apply to Mr S. G. Wijesinha, director of the Company, who has reached the age of 72 years prior to this AGM and that he be reappointed accordingly."

5. To propose the following resolution as an ordinary resolution for the re-appointment of Mr K. H. Kuok, director of the Company, who has reached the age of 72 years:

ORDINARY RESOLUTION

"IT IS HEREBY RESOLVED THAT the age limit referred to in Section 210 of the Companies' Act No. 07 of 2007 shall not apply to Mr K. H. Kuok, director of the Company, who has reached the age of 72 years prior to this AGM and that he be reappointed accordingly."

6. To propose the following resolution as an ordinary resolution for the re-appointment of Mr M. R. Rao, director of the Company, who has reached the age of 70 years:

ORDINARY RESOLUTION

"IT IS HEREBY RESOLVED THAT the age limit referred to in Section 210 of the Companies' Act No. 07 of 2007 shall not apply to Mr M. R. Rao, director of the Company, who has reached the age of 70 years prior to this Annual General Meeting and that he be reappointed accordingly."

7. To propose the following resolution as an ordinary resolution for the appointment of Mr A.R. Rasiah, who is 75 years, as a director of the Company:

ORDINARY RESOLUTION

"IT IS HEREBY RESOLVED THAT the age limit referred to in Section 210 of the Companies' Act No. 07 of 2007 shall not apply to Mr A.R. Rasiah, who has reached the age of 75 years prior to this Annual General Meeting and that he be appointed to the board of the Company with effect from 25th June 2021."

8. To re-elect Mr M. S. Mawzoon, who retires by rotation as a director at the AGM, as per article 30 of the articles of association.

9. To re-appoint Messrs KPMG, Chartered Accountants, as Auditors of the Company and to authorise the directors to determine their remuneration.

10. To pass the following special resolution to amend the articles of association of the Company:

SPECIAL RESOLUTION

IT IS HEREBY RESOLVED THAT the articles of association of the Company be amended as follows:

(i) Article 16 be deleted in its entirety and the following be inserted in substitution therefore:

"16. A meeting of shareholders may be held either —

(a) by a number of shareholders who constitute a quorum, being assembled together at the place, date and time appointed for the meeting; or

(b) by means of audio, or audio and visual or virtual communication by which all shareholders participating and constituting a quorum, can simultaneously hear each other throughout the meeting."

(ii) Article 44 (1) be amended by adding the following new sub paragraph 44 (1) (a) immediately after the existing paragraph to read as follows:

"44 (1) (a) For the purpose of this article, a director is deemed to have signed such resolution if he has done so by a data message, electronic document, electronic record or other communication in electronic form."

11. To authorise the Directors to determine contributions to Charities.

By order of the Board

Corporate Services (Private) Limited

Secretaries

24th May, 2021

Colombo

NOTE:
Any shareholder entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote / speak in his / her stead and a form of proxy is sent herewith for this purpose.

MEETING GUIDELINES

(A) The meeting is to be held in line with the guidelines given by the Colombo Stock Exchange and the health authorities and as per the applicable laws:

(B) In the interest of protecting public health and facilitating social distancing in line with the guidelines issued by the Ministry of Health, Nutrition and Indigenous Medicine, the Annual General Meeting will be held in the manner set out below:

(i) The shareholders who wish to participate at the meeting will be able to join the meeting through audio or audio and visual means via Zoom. These measures have been adopted to observe social distancing regulations/requirements to mitigate the danger of spread of the virus.

(ii) In order for us to forward the access information necessary for participation at the meeting, which shall include the meeting identification number, access password, and access telephone number, please forward the duly completed registration form including your e-mail address and contact telephone number to the registered address of the Company not less than 48 hours before the time appointed for the holding of the meeting so that the login information could be forwarded to the e-mail addresses so provided.

(iii) If the Company is unable to post this Notice due to any situation beyond its control, then, this Notice will be published in one issue of a daily newspaper in the Sinhala, Tamil and English languages and if the circumstances permit, in one issue of the Gazette. The Annual Report, Notice of Meeting, Form of Proxy and Registration Form will also be published on the website of the Colombo Stock Exchange (https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=WATA.N0000) and the website of the Company (https://watawalaplantations.lk/)

(iv) Proxy forms are forwarded to the shareholders together with the Notice of Meeting and Registration form. Proxy forms have been uploaded to the Company's website (https://watawalaplantations.lk/) and should be duly completed as per the instructions given therein and sent to the registered address of the Company or e-mailed to eranda.kapukotuwa@sunshineholdings.lk or corporateservices@corporateservices.lk not less than 48 hours before the time appointed for the holding of the meeting and the proxy so appointed shall participate at the meeting through audio or audio visual means only.

(v) The shareholders who are unable to participate at the Annual General Meeting via Zoom could send their queries, if any, to email address eranda.kapukotuwa@sunshineholdings.lk or corporateservices@corporateservices.lk at any time before the meeting time and the responses to the same will be included in the minutes of the meeting.

(vi) Voting in respect of the items in specified in the agenda to be passed will be registered by using the audio or audio and visual means (Zoom) or a designated ancillary online application. All of such procedures will be explained to the shareholders prior to the commencement of the meeting.

(vii) For any questions please contact Mr. Eranda Kapukotuwa (Manager Finance) on 0114772505 during office hours.

NOTES

NOTES

FORM OF PROXY

I/We...of..being a member/ members of Watawala Plantations PLC, hereby appoint .... or failing him, Mr S. G. Wijesinha (Chairman of the Company) of Colombo, or failing him, one of the Directors of the Company, as my/our proxy to vote as indicated hereunder for me/us and on my/our behalf at the twenty-eighth (28th) Annual General Meeting of the Company to be held on Friday, 25th June 2021 at 10.15am and at every poll which may be taken in consequence of the aforesaid meeting and any adjournment thereof:

		For	Against
1.	To receive and consider the Annual Report of the Board of Directors and the Statement of Audited Accounts for the year ended 31st March 2021 with the Report of the Auditors thereon.		
2.	To declare a final dividend of LKR 3.00 per share as recommended by the Board of Directors.		
3.	To pass an ordinary resolution to re-appoint Mr G. Sathasivam as a Director who has reached the age of 74 years.		
4.	To pass an ordinary resolution to re-appoint Mr S. G. Wijesinha as a Director who has reached the age of 72 years.		
5.	To pass an ordinary resolution to re-appoint Mr K. H. Kuok as a Director who has reached the age of 72 years.		
6.	To pass an ordinary resolution to re-appoint Mr M. R. Rao as a Director who has reached the age of 70 years.		
7.	To pass an ordinary resolution to appoint Mr A.R. Rasiah as a Director who has reached the age of 75 years.		
8.	To re-elect Mr. M. S. Mawzoon as a Director who retires by rotation at the Annual General Meeting.		
9.	To re-appoint Messrs KPMG, Chartered Accountants, as Auditors of the Company and to authorise the Directors to determine their remuneration.		
10.	To pass a special resolution to amend the Articles of Association of the Company.		
11.	To authorise the Directors to determine contributions to Charities.		

Dated this ....day of...2021.

....
Signature of Shareholder

....
Shareholder's NIC

....
Proxy holder's NIC

(a) A proxy need not be a member of the Company.

(b) Instructions regarding completion appear on the overleaf.

INSTRUCTION ON COMPLETION OF THE FORM OF PROXY

1. To be valid, the completed form of proxy should be deposited at the Registered Office of the Company, No 60, Dharmapala Mawatha, Colombo 03 or emailed to eranda.kapukotuwa@sunshineholdings.lk or corporateservices@corporateservices.lk no later than 48 hours before the time of the meeting.

2. In perfecting the form of proxy, please ensure that all details are legible.

3. Please indicate with an 'X' in the space provided, how your proxy is to vote on each resolution. If no indication is given, the proxy, at his discretion, may vote as he thinks fit.

4. In the case of a company/corporation, the proxy must be signed by placing the common seal of the company/corporation and attested in the manner prescribed by its articles of association.

5. In the case of a proxy signed by the attorney, the Power of Attorney document must be deposited at the Registered Office, No. 60, Dharmapala Mawatha, Colombo 03, for registration or emailed to eranda.kapukotuwa@sunshineholdings.lk or corporateservices@corporateservices.lk.

CORPORATE INFORMATION

NAME OF THE COMPANY
Watawala Plantations PLC

LEGAL FORM
A public company with limited liability registered under Companies Act No 17 of 1982 and re-registered under the Companies Act No. 07 of 2007 and quoted on the Colombo Stock Exchange.

DATE OF INCORPORATION
18 June 1992

REGISTRATION NO
PQ 65

ACCOUNTING YEAR
31 March

DIRECTORS
S. G. Wijesinha - Chairman
G. Sathasivam (Alternate-S. G. Sathasivam)
V. Govindasamy
A. N. Fernando
N. B. Weerasekera
M. S. Mawzoon
P. Karunagaran (Alternate-M.T. Siddique) (Resigned w.e.f. 03 April 2020)
H.D. Abeywickrama (Appointed w.e.f. 03 April 2020)
M.R. Rao (Appointed w.e.f. 03 April 2020)
(Alternate-T.K. Kanan)
K.H.Kuok (Appointed w.e.f.26 June 2020)
(Alternate-M.T. Siddique)
M.T. Siddique (Appointed w.e.f. 03 April 2020 and Resigned w.e.f.25 June 2020)

CHIEF EXECUTIVE OFFICER
Binesh N. Pananwala

SECRETARIES & REGISTRARS
Corporate Services (Private) Limited
No 216, De Saram Place, Colombo 10
Tel: +94 114 605 100

AUDITORS
KPMG (Chartered Accountants)
No 32A, Sir Mohamed Macan Markar Mawatha,
Colombo 03.

BANKERS
Standard Chartered Bank Ltd
Hatton National Bank PLC
Commercial Bank of Ceylon PLC
State Bank of India
Nations Trust Bank PLC
Seylan Bank PLC
National Development Bank PLC

LAWYERS
FJ & G De Saram (Attorneys-at-Law)
No 216, De Saram Place, Colombo 10

Nithya Partners (Attorneys-at-Law)
97/A,Galle Road, Colombo 03

REGISTERED OFFICE
No.60, Dharmapala Mawatha,
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Sri Lanka
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E-mail: watawala@sunshineholdings.lk
Web: www.watawalaplantations.lk

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emagewise

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Sri Lanka