



Annual Report
2015 / 2016

NAMUNUKULA PLANTATIONS PLC



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ABOUT REPORT

Welcome to our 2015/16 Annual Report. Our aim is to clearly articulate our business, results and objectives to our key audiences, focusing on material issues and maintaining our commitment to address and report on our responsibilities and actions. Due to the nature of our business, economic, environmental and social issues are naturally important to us and those are an integral part of the way we do business. In an effort to keep our Annual Report relevant and concise, we have included links to further information and our website within the Report. This Report has been prepared in accordance with the Sri Lanka Financial Reporting Standards, Informations required by the Companies Act No: 07 of 2007 and Listing rules of the Colombo Stock Exchange (CSE).

We have used the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines and the Report has been formulated based on GRI in accordance - core and guidelines given by code of best practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Securities and Exchange Commission of Sri Lanka (SEC). However these are carried out in a voluntary basis. There for the contents of sustainability report has not externally assured.

Please send your comments or questions about this Report to.

npl.rpk@arpico.com, or in writing to:

No.310, High Level Road, Nawinna, Maharagama, Sri Lanka

ABOUT US

The prime activities of Namunukula Plantations PLC are the cultivation, manufacture and sale of Tea, Rubber, Coconut, Oil Palm and Cinnamon. In addition to the estate crops, we also purchase green leaf and latex from smallholders. Our estates and factories are situated in the low grown and Uva agro climatic area. Operationally, they are divided into four regions namely, Kalutara, Galle, Matara and Badulla. The main strength of the Company lies in the diversity of crops and the large land base with real estate value. Our Company has a total land base of around 11,779 ha with a work force of 6,264. NPL was incorporated in 1992 as a fully government owned Company and subsequently privatized in July 1997. Currently we are a part of the Richard Pieris Group of Companies, the largest plantation group in Sri Lanka. Today our expectations are high and our potential, exceptional.

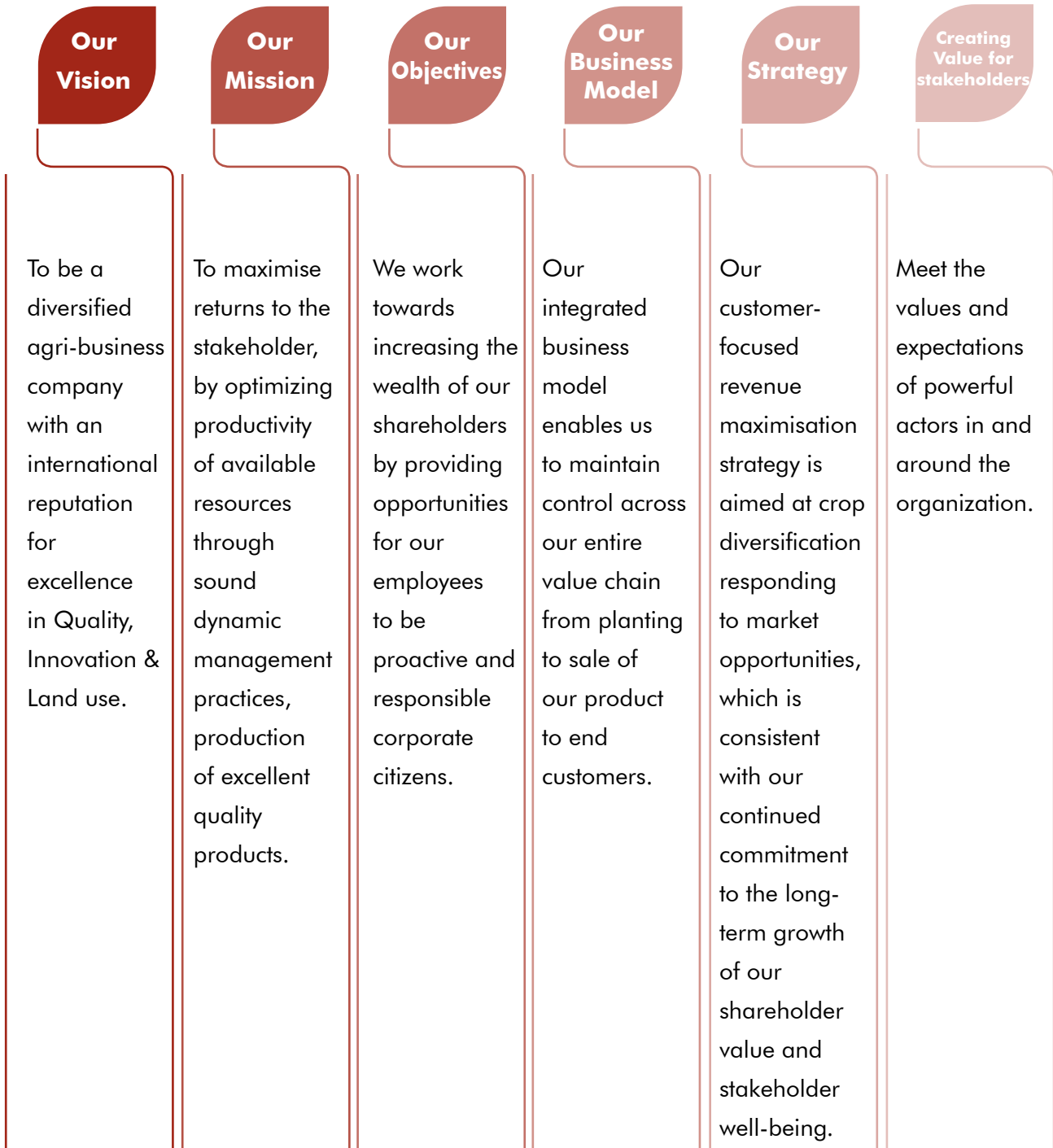
We strive to be an efficient and transparent company for all our stakeholders. We create value by the joint efforts of a dedicated team to become the leader of the plantation industry in every aspect. While we are working hard to maintain our cost leadership position in the industry, our top priorities are: zero accidents and incidents, minimisation of negative environmental impacts, and the high quality of our products. At the same time, we invest in our people and in developing and promoting high-performing employees.

A woman in a white shirt and patterned shawl is plucking tea leaves in a tea plantation. She is looking down at the leaves she is holding in her hands. The background is a blurred tea plantation.

Plucking

Green leaf transforms into made tea after going through a chain of processes from the time it is plucked from the tea bush. We being a plantation company; gather raw data, add value and transform same into expressive information for the purpose of presenting to our stakeholders.

SETTING THE SCENE



OUR BUSINESS MODEL

Business model is essentially a 'way of doing businesses'. More formally, a business model describes the structure of product, service, information flows and the role of participating parties.

In our business model, plant and manufacturing involve a particular way of defining what the product and how it is produced. In terms of the value chain, this concerns technology development, procurement, inbound logistics, operations and procurement.

In our business model, sale involves in a particular way of disposing a product. In terms of the value chain, this concerns outbound logistics, marketing, sales and service.

Plant

We plant five crops including Oil Palm, tea, rubber, coconut and cinnamon in our 18 estates, out of which 03 estates are in to all 05 crops, 01 estate diversified to 04 crops, 05 estates have 03 crops, 3 estate have 02 crops and other 06 estate have only single crop.

In our plantations, we add value through proper management practices, engage them with skilled staff and resources. This will enable us to get high quality inputs for our value creation process.



Manufacture

We manufacture quality tea and rubber products in our estate factories and transfer our oil palm production to AEN Palm Oil Processing factory which is a joint venture with 1/3 ownership with us. We operate 7 tea factories in Low grown range and 4 tea factories in Uva range, in addition 3 Crepe rubber factories and 2 RSS factories in Kalutara, Galle and Matara districts.

With high capacity factories, skilled staff and experienced employees creates the final value addition to our products. In this regard experience and the skill that possessed by our employees are invaluable.



Sale

Our strategy is to maximize revenue generation and sustain positively in the market with a higher market share.

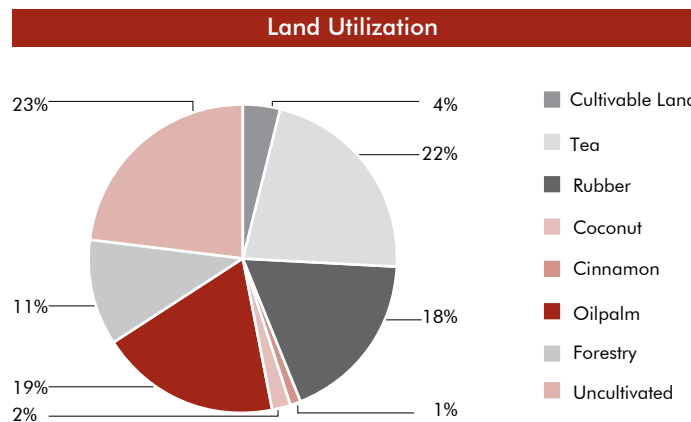
Considering the tea and rubber sales, majority of the production is catalogued at the estate and sold by brokers (B2B sales) at the auction.



OPERATIONAL FOOTPRINT

Estate	Cultivated Area					Total Extent (Ha.)	Annual Production (Kg '000 per annum)			Processing Details						Number of		
	(Ha.)						Tea	Rubber	Oil Palm	Factory			Rated Capacity			Workers	Staff	Executive
	Tea	Rubber	Oil Palm	Others	Total					Tea	Crepe	RSS	Tea	Crepe	RSS			
Eladuwa	-	281.16	296.86	-	578.02	675.00	-	206	3,914	-	01	-	-	540	-	330	19	02
Miriswatte	29.25	235.50	170.75	-	435.50	551.00	31	115	588	-	-	-	-	-	-	252	16	01
Pallegoda	-	331.58	418.70	10.00	760.28	943.00	-	243	5,277	-	01	-	-	750	-	391	26	02
Sirikandura	-	203.45	92.50	11.00	306.95	634.00	-	114	-	-	-	-	-	-	-	125	10	01
Yatadola	-	306.13	100.00	7.15	413.28	648.59	-	206	866	-	01	-	-	840	-	326	17	02
Pelawatte	52.70	36.60	186.79	-	276.09	455.50	208	-	454	01	-	-	1,161	-	-	239	24	02
Kalutara Range	81.95	1,394.42	1,265.60	28.15	2,770.12	3,907.09	239	884	11,099	01	03	-	-	-	-	1,663	112	10
Baddegama	34.71	123.27	100.34	94.59	352.91	651.26	702	52	914	01	-	01	1,032	-	125	314	29	03
Citrus	7.49	61.88	187.29	22.14	278.80	507.84	9	19	571	-	-	-	484	-	-	210	14	01
Walpita/Monrovia	46.75	34.31	-	236.23	317.29	339.33	87	17	-	01	-	-	535	-	100	186	16	03
Olympus TF	-	-	-	-	-	-	28	-	-	01	-	-	503	-	-	26	4	-
Galle Range	88.95	219.46	287.63	352.96	949.00	1,498.43	826	88	1,485	03	-	01	-	-	-	736	63	07
Akuressa	31.80	214.97	118.43	61.14	426.34	807.54	30	85	122	01	-	-	387	-	-	255	16	02
Hulandawa/Belmont	77.26	97.37	154.22	-	328.85	676.24	87	66	1,658	01	-	-	535/516	-	-	245	20	03
Tennahena	50.22	93.65	216.09	6.18	366.14	593.11	115	37	2,144	01	-	01	1,032	-	200	291	18	03
Matara Range	159.28	405.99	488.74	67.32	1,121.33	2,076.89	231	188	3,925	03	-	01	-	-	-	791	54	08
Cannavarella	442.15	-	-	-	442.15	799.70	254	-	-	01	-	-	862	-	-	532	13	03
Gonakelle	401.25	-	-	-	401.25	762.13	417	-	-	01	-	-	655	-	-	605	24	02
Hindagala	445.34	-	-	-	445.34	1,130.05	453	-	-	01	-	-	839	-	-	526	26	03
Kandahena	269.75	-	-	3.50	273.25	746.33	170	-	-	-	-	-	-	-	-	344	12	01
Kinellan	108.52	-	-	-	108.52	154.88	124	-	-	01	-	-	504	-	-	166	9	01
Pingarawa	372.24	-	-	-	372.24	703.55	297	-	-	-	-	-	-	-	-	514	19	01
UVA Range	2,039.25	-	-	3.50	2,042.75	4,296.64	1,715	-	-	04	-	-	-	-	-	2,687	103	11
Head Office																	06	13
Company Total	2,369.43	2,019.87	2,041.97	451.93	6,883.20	11,779.05	3,011	1,160	16,509	11	03	02	-	-	-	5,877	338	49

Total usage of company Building is sq.ft 4,585,874

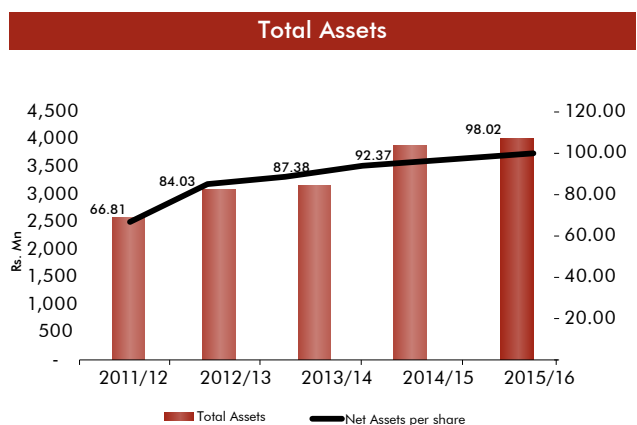
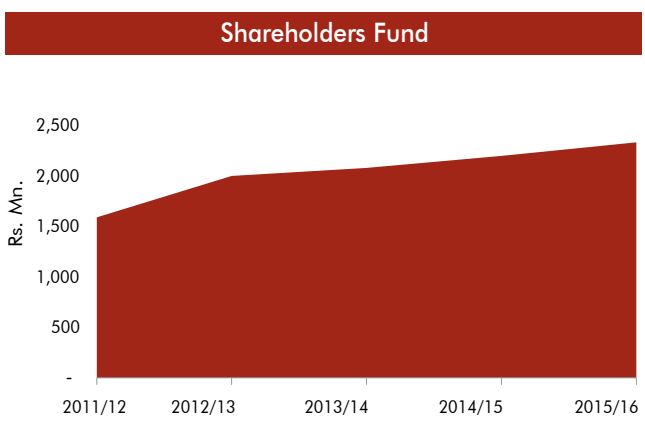
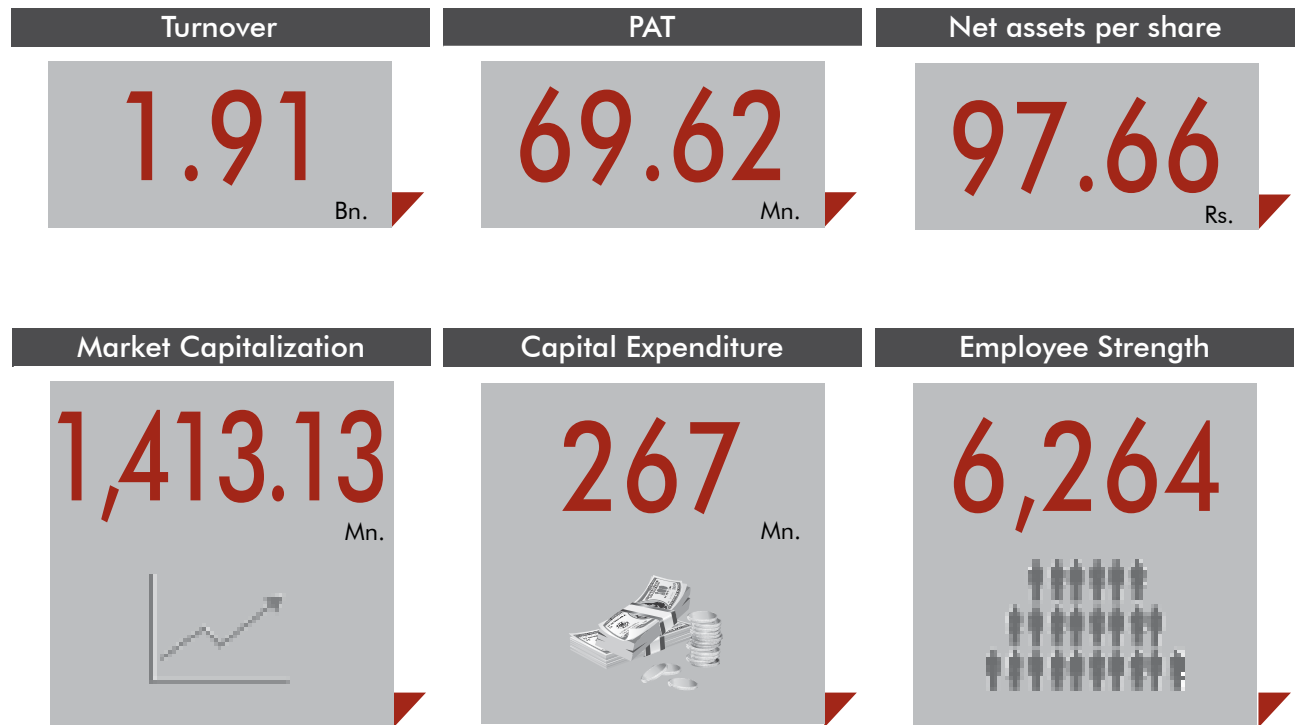


OUR ESTATES AND LOCATIONS



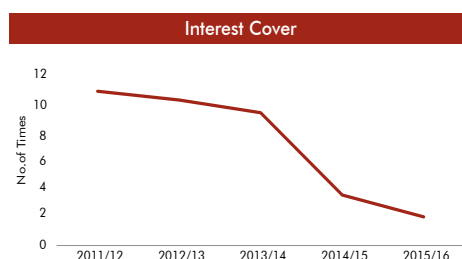
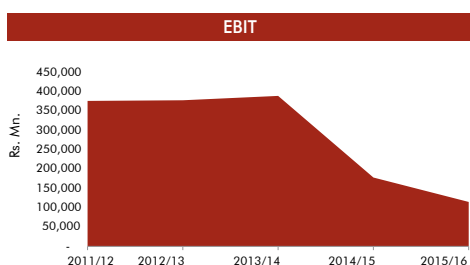
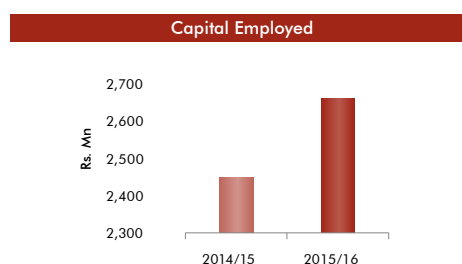
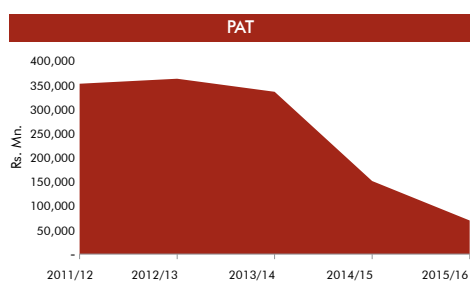
Kalutara Region	Galle Region	Matara Region	Uva Region
Eladuwa	Baddegama	Akuressa	Cannavarella
Miriswatte	Citrus	Hulandawa/Belmont TF	Gonakelle
Pallegoda	Walpita/Monrovia/Olympus TF	Tennahena	Hindagala
Sirikandura			Kandahena
Yatadola			Kinellan
Pelawatte			Pingarawa

FINANCIAL HIGHLIGHTS



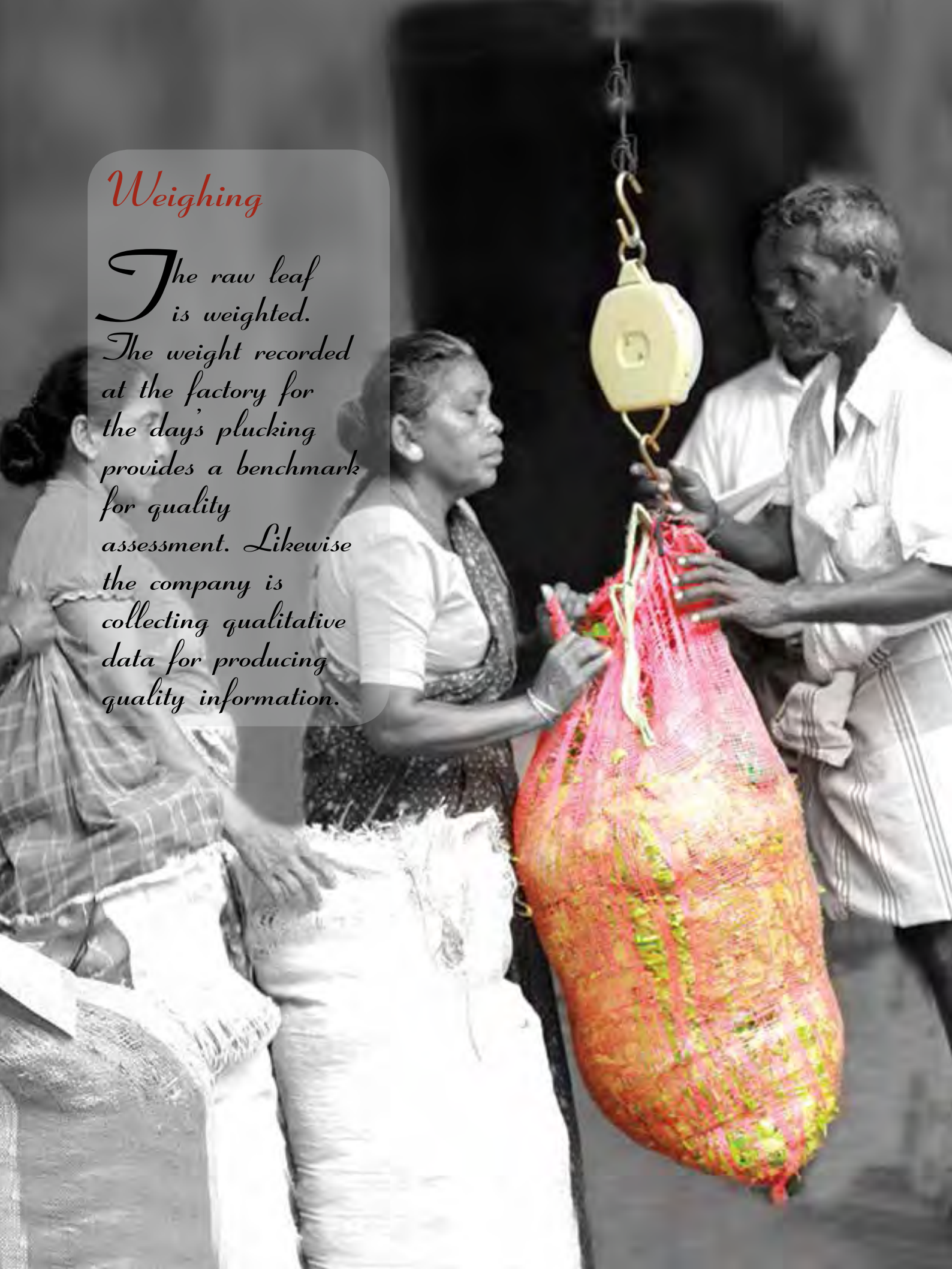
Financial Highlights (Contd.)

For the year ended 31 march,		2015/16	2014/15	Change	Change	2013/14
		Rs'000	Rs'000	Rs'000	(%)	Rs'000
Results of operations						
Revenue	Rs` 000	1,913,076	2,194,906	(281,830)	-13%	2,092,782
Cost of sales	Rs` 000	(1,848,269)	(2,107,933)	259,663	-12%	(1,589,734)
Earnings before interest, JV profit and tax	Rs` 000	83,676	125,884	(42,008)	-33%	388,959
Profit after tax	Rs` 000	69,620	151,261	(81,641)	-54%	335,928
Earnings per share	Rs.	2.93	6.37	(3.44)	-54%	14.14
Interest cover	No of times	2.18	3.77	(1.59)	(0.42)	9.16
Return on equity (ROE)	%	3%	7%	-4%	-56%	16%
Return on capital employed (ROCE)	%	4%	7%	-3%	-40%	18%
Return on assets	%	2%	4%	-2%	-56%	11%
Capital expenditure	Rs` 000	266,800	413,293	(146,493)	-35%	303,781
Financial position						
Total assets	Rs` 000	4,037,326	3,888,713	148,613	4%	3,176,429
Total debt	Rs` 000	332,030	254,947	77,083	30%	270,637
Total shareholders` fund	Rs` 000	2,319,382	2,193,890	125,492	6%	2,075,224
Capital employed	Rs` 000	2,651,412	2,448,837	202,575	8%	2,345,861
Net asset per share	Rs.	97.66	92.37	5.29	6%	87.38
Gearing ratio	%	14%	10%	4%	40%	12%
Debt/Total assets	%	8%	7%	1%	25%	9%
Shareholder Information						
Market price of share as at 31st March	Rs.	59.50	70.90	(11.40)	(16%)	83.80
Market capitalization	Rs.mn	1,413.13	1,683.88	(270.75)	-16%	1,990.25
Dividend per share	Rs.	-	2.00	(2.00)	-100%	10.50
Price earnings ratio	No of times	20.30	11.13	9.17	82%	5.92
Earnings yield	%	5%	9%	-4%	-45%	17%
Dividend Payout ratio	%	0%	31%	-	-	74%



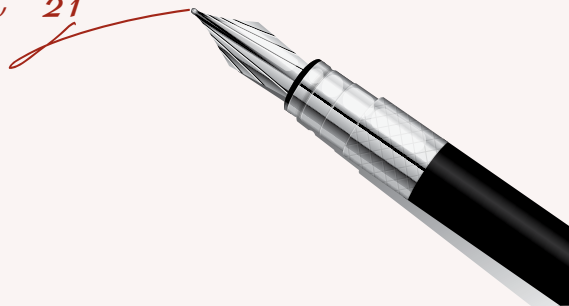
Weighing

The raw leaf is weighted. The weight recorded at the factory for the day's plucking provides a benchmark for quality assessment. Likewise the company is collecting qualitative data for producing quality information.



Management Discussion and Analysis

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CHAIRMAN'S REVIEW



Dear Shareholders,

I am pleased to present the Annual Report and Audited Financial Statements of Namunukula Plantations PLC for the year ended 31st March 2016, and warmly welcome you to the 23rd Annual General Meeting of the Company.

Despite erratic weather conditions and uncertainties in many of Sri Lanka's key export destinations, your Company was able to record a Gross Profit of Rs.65mn, while recording a Turnover of Rs.1.91bn for the year under review. Amidst a backdrop where profits of many plantation companies are dwindling, Namunukula Plantations PLC stood defiant steering through the challenges with timely focus and continuous improvements in business processes.

Maintaining required quality parameters, close supervision along with an effective crop diversification process helped your Company withstand external pressure during the reporting year. Effective cost and finance management

also played a major role in sustaining your Company's performance.

ECONOMIC ENVIRONMENT

The Sri Lankan economy grew by 4.8% in 2015, marginally less than the 4.9% growth rate reported in the previous year. The growth in 2015 was largely driven by an increase in consumption demand, while investments made a modest contribution. The services sector, the largest sector of the economy, grew by 5.3% in 2015 while the Industrial sector grew by 3%, mainly supported by the growth in manufacturing activities. The agricultural sector, accounting for 7.9% of GDP, expanded by 5.5%, mainly due to significant growth reported in the cultivation of rice and vegetables.

The performance of Sri Lanka's external sector reflected the impact of changing global economic conditions amidst a number of developments in the domestic economy. An increase in non-oil imports and a slowdown in export

Chairman's Review (Contd.)

earnings widened the Trade deficit by 1.7% during the year under review.

The country's Annual Average head line Inflation Rate stood at 0.9% and remained below mid-single digits throughout 2015 supported by the downward price adjustment of key consumer items, favourable supply conditions and effectively contained inflation expectations. However the unemployment rate in the country rose to 4.6%, up from 4.3% recorded in 2014.

The Rupee, which remained broadly stable during the first 8 months of the year, depreciated at a faster pace from early September. Accordingly, by the end of 2015, the Rupee had recorded a depreciation of 9.03% against the US dollar.

INDUSTRY OVERVIEW

The agriculture sector grew at a rate of 5.5% during the year under review, marginally increasing its share of GDP to 7.9% from 7.8% recorded in 2014. A significant growth in the production of rice and vegetables were reported while the production of tea and rubber decreased consecutively for the 2nd and 4th time. Meanwhile, earnings from agricultural exports decreased by 11.2%, contributing 23.6% to the total export income in 2015. Tea was the main contributor of agricultural exports, accounting for 12.8% of the total exports.

Concentration of products and market destinations in Sri Lanka's exports structure can lead towards instability in export earnings. Sri Lanka is dependent on a few export products such as tea, garments, and rubber products, while traditional markets such as Europe and the USA account for about two thirds of the total exports.

Tea

Adverse weather conditions and a reduction of tea auction prices led to a significant drop in tea production in 2015. The production of tea during the year under review was 329mn kg, a drop of 2.7% from the previous output of 338mn kg in 2014. Production volumes of low grown tea and high grown tea decreased by 3.6% and 2.53% respectively, leading to a drop in overall tea production,

despite the slight increase of output reported from medium grown tea.

The prices of tea dropped drastically by 12.5% in 2015 in comparison to the previous year, owing to low demand from major tea importers across the globe. The average Colombo auction price decreased to Rs.401.46 per kg compared to Rs.459.01 per kg in 2014, and the highest drop was reported from low grown tea with 14.2%.

Rubber

Sri Lanka's rubber production declined for the 4th consecutive year, affected by weakened international demand for natural rubber as well as adverse weather conditions. Rubber production which was 98.6mn kg in 2014 dropped by 10.1% in 2015, thus resulting in an output of 88.6mn kg. The Colombo auction prices and export prices have also declined by 13.24% and 5.73% respectively.

Global natural rubber prices showed a steep decline in 2015 reflecting the slowdown in global demand and large stockpiles being accumulated in major consuming countries. The average price of natural rubber per metric ton in the global market declined by 20.4% to US dollars 1,560 in 2015 from US dollars 1,960 recorded in 2014. Cost of production also increased from Rs.160 per kg in 2014 to Rs.170 per kg during the year under review.

Coconut

In comparison to Rubber and Tea, the Coconut sub sector enjoyed a healthy year registering a 6.48% increase in total production. Total production in 2015 reached 3,056mn nuts, compared to the output of 2,870 nuts recorded in the previous year. This increase is attributed to favourable weather patterns which prevailed in areas cultivating coconut. The average export price of a Coconut also increased to Rs.54.54, from the Rs.39.08 reported during the previous year.

COMPANY PERFORMANCE

As a result of adverse weather conditions and volatility in key export markets, the Company recorded a turnover of Rs.1.91bn for the financial year 2015/2016 compared to

Chairman's Review (Contd.)

Rs.2.2bn recorded last year, indicating a drop of 12.84%. The tea sub sector contributed Rs.1.03bn, in comparison to the 1.31bn reported in 2014/15. Revenue from the Rubber segment dropped marginally to report Rs.286mn compared to Rs.288mn reported in 2014/15, whilst revenue from Oil palm cultivation increased by 2.3% to report Rs.566mn during the year under review.

Your Company's Profit after Tax stood at Rs.70 mn during 2015/2016, whilst the Shareholder's Fund increased by 5.7% reporting Rs.2.32bn, improving from Rs.2.19bn recorded in 2014/2015. The Company's total assets also grew by 3.8%, reaching Rs.4.04bn during the year.

CAPITAL EXPENDITURE

During the year 2015/2016, Namunukula Plantations PLC invested Rs. 267mn as capital expenditure of the Company. Accordingly Capital Expenditure incurred for Tea, Rubber and Oil palm were Rs.13.6mn, Rs.63.3mn, Rs.159.6mn respectively while a sum of Rs.16.3mn was spent on other crops. Capital Expenditure incurred for buildings, plant and machinery was Rs.14mn.

FUTURE OUTLOOK

Sri Lanka's economy is expected to grow at a rate of 5.8% in 2016 and strengthen over the medium term to achieve a higher growth of around 7%. This high growth trajectory which is expected to achieve and sustain over the medium-term, will present several opportunities to uplift living standards of the population. The government is also targeting mid-single digit inflation (3% to 5%) and moderate level interest rate over the medium term.

The Company also believes that a strategic approach towards productivity based wage negotiations in the future will determine the survival of plantation companies. Identifying the potential of a balanced crop mix, our long term strategy is to manage crop mix, consolidate specially on Oil palm cultivation, while replanting and maintaining best agricultural practices in a bid to enhance the sustainability of the Company. With the use of new technology and greater focus on crops, Oil palm Yield per Ha (YPH) is expected to grow up to 14,900 Kg/ha from 12,466 Kg/ha, while Coconut and Cinnamon YPH are also expected to grow significantly.

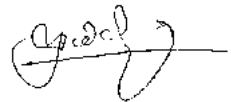
ACKNOWLEDGMENTS

I would like to offer my sincere gratitude to the CEO and the Management Team of Namunukula plantations PLC for their untiring effort and commitment that steered our organization through an extremely challenging year. The loyalty and dedication of employees across all levels are truly appreciated as it has enabled us withstand external pressure to a great extent.

I would also like to thank our suppliers, business partners and customers for their continued trust and loyalty. The support we received from various regulatory bodies and other stakeholders are greatly acknowledged and I extend my sincere gratitude to our Shareholders for being strength to the Company during our journey towards success. I hope you will continue being our long term partners to elevate our Company to greater heights.

Last but not least, I take this moment to thank my Board of Directors whose leadership continues to guide our Company through various challenges. Whilst I take this opportunity to welcome Mr. Shaminda Yaddehige, Mr. N.M. Thompson and MR. E.P.I.Fernando who recently joined us as new Directors on the Board, I greatly acknowledge the valuable contribution made by Mr. J.H.P. Rathnayake and Mr. A.K. Perera who resigned from their positions in the Board of Directors and wish all the very best in their future endeavours.

Let's all look forward to the next year with strength and determination!



Dr.Sena Yaddehige
Chairman
31 May 2016
Colombo

REVIEW OF OPERATIONS

It is one of the most challenging year for Namunukula Plantations PLC. The sharp decline in the world crude oil price had an adverse impact in the Global economy especially in the Middle East countries. The depressed global demand for Tea & Rubber coupled with excess production has contributed to the poor sale price of Tea & Rubber throughout the year under review.

In spite of the effects from the above negative conditions, NPL has performed well in achieving a total comprehensive income of Rs 147 mn in the current year, compared to Rs 166 mn in the previous year. NPL is one of the very few RPC's, that has recorded a post-tax profit during the year under review. The achievement was made possible due to the continued positive contribution recorded in the oil palm sector having achieved a gross profit of Rs 346.9 mn.

With the continued achievement of positive performance, NPL shares traded at Rs 59/50 at the end of financial year which is the 02nd highest price per share of a RPC recorded at the Colombo Stock Exchange.

Tea

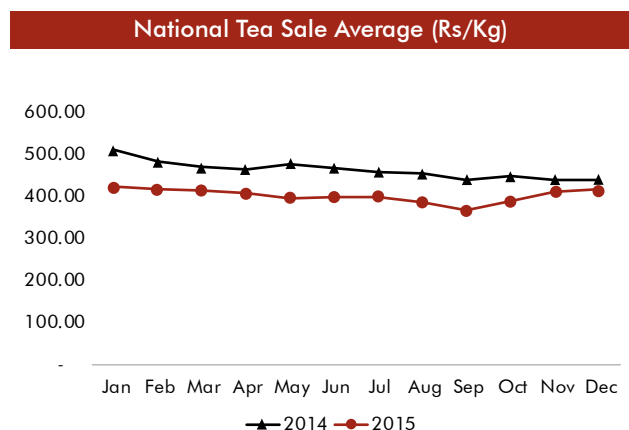
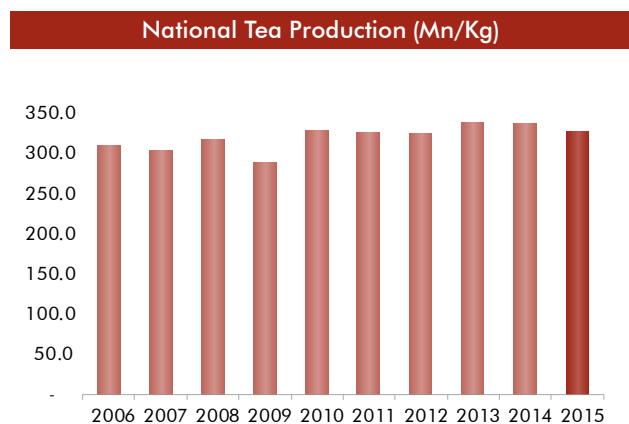
The National Tea production during the year under review was 328.9 mn kg recording a shortfall of 9.1 mn kg or 2.7% over that of last year. The National Tea production has declined in the 02nd consecutive year since 2013. In 2015 crop shortfall was also recorded in major producing countries such as India and Kenya at 14% and 47% respectively against previous year.

NPL has recorded 3.01 mn kg production of teas during the year under review recording a shortfall of 219,000 kg against previous year. The estates in the low grown sector has recorded a total production of 1.296 mn kg whilst the estates in the Uva region 1.715 mn kg. The estate tea production has contributed a positive gain of 2% over last season whereas small holder leaf contributing to a shortfall of 17%. The company took a strategic decision to restrict intake of small holder leaf whilst insisting a good leaf count of over 60% in order to mitigate the impact of trading loss due to declining sale average for low grown and Uva tea

at regular intervals. The National tea sale average as at end of 2015 was only Rs 401.46 as against Rs 459.01 in the year 2014 and Rs 444.42 in 2013.

As a result of forced restriction of poor quality small holder leaf, NPL able to maintain our sales average in a sensible level during the year under review.

The company maintained all its agricultural practices with no restriction imposed on inputs. NPL would have incurred a higher operational loss deteriorating the overall performance during the year under review, if not for the above strategic decisions coupled with stringent cost saving measures adopted.



Bought Leaf

NPL low grown estates have purchased over 4.9 mn kg/ GL from small holders, representing over 75% of leaf processed by them. The company continues to remain as a key player in accepting leaf from small holder when compared with that of other RPC’s. As mentioned earlier, the intake of leaf during the year was subject to stringent quality control parameters, in order to secure a reasonable sale average. At present, the company has a small holder base of over 2300, from whom leaf is purchased directly to the tea factories.

Rubber

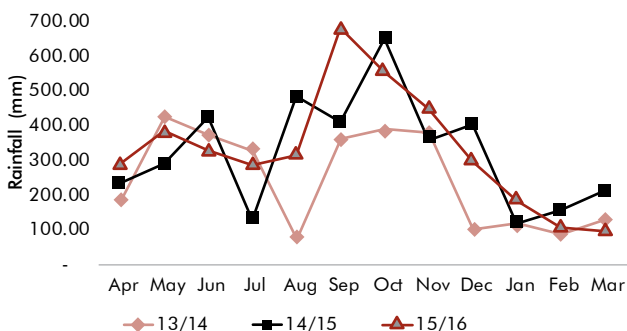
The world rubber production although declined in the year 2014 has marginally improved in 2015.

(Production’ 000 tones)	Natural Rubber	Synthetic Rubber	Total Production
2011	11,239	14,091	25,330
2012	11,658	14,042	25,700
2013	12,281	14,199	26,480
2014	12,111	14,179	26,290
2015	12,267	14,435	26,702

The National rubber production recorded during the year under review was only 105 mn kg as against 125 mn kg in the previous year. The company has achieved 1.16 mn kgs of rubber production recording a shortfall of 2% compare to last year. The crop decline against last year was mainly due to excessive rainfall recorded during the year resulting in a loss of over 100 tapping days.

	2013/14	2014/15	2015/16
Rainfall (mm)	2,969	3,686	3,882
Tapping days lost	89	119	122

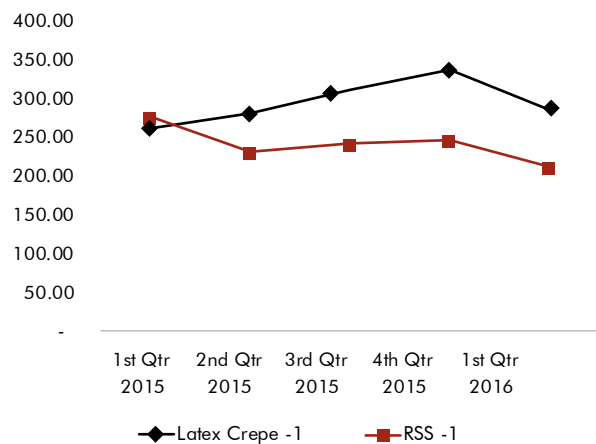
Distribution Of Rainfall (mm)



The sale price of crepe, scrap and RSS continued to decline. Although the crepe 1X/1 has declined 2% in 2015 as against previous year, the 01st quarter of the current year witnessed a further decline of 5% in the sale average of 1X/1 crepe. Similarly scrap crepe declined 12% over last season and further 15% in the 1st quarter of 2016.

RSS has continued to perform poorly recording over 13% and 18% decline in the sale average against current season and in 2016 respectively. The poor sale average at weekly auction if remains, the rubber sector will not be viable any longer unless value addition or the manufacture of sole crepe is considered as a matter of priority. NPL has already addressed this issue and taken a strategic decision to divert all rubber production in Galle/Matara districts in the form of field latex for the manufacture of centrifuged latex, which will reduce cost considerably in processing and transport.

National Rubber Sale Average



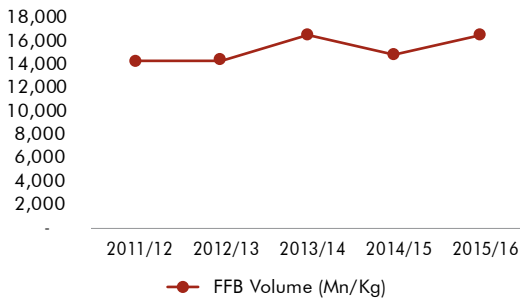
Despite recording a continued decline in the sale average, NPL has recorded a loss of Rs 52.8 mn against Rs 68.8 mn recorded in the previous year. We are confident that by improving tapper productivity and the implementation of stringent cost control measures, the rubber sector will record a profit in the next FY.

MANAGEMENT DISCUSSION AND ANALYSIS

Oil Palm

Oil Palm has once again proved beyond doubt that it is the most profitable crop of NPL. The company has harvested 16.588 mn kgs of fresh fruit bunches during the year, an increase of 12% over that of last year.

Total FFB Production (Mn/Kg)



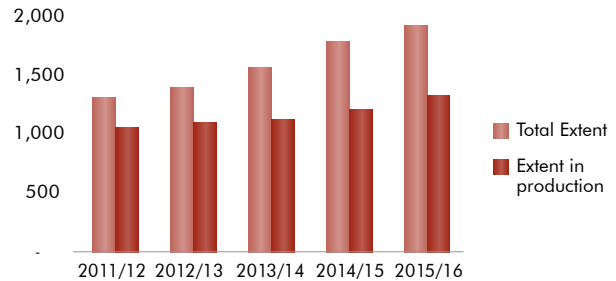
Although the world selling price of CPO has declined since 2011/12, the AEN factory where the NPL production is processed, dispose CPO locally with forward contracts and offer an attractive rate to the supplying estates. The company has increased fertilizer application to all mature oil palm areas with additional ground application of micro nutrient to improve and sustain production. During the year under review NPL has recorded a gross profit of Rs 346.9 mn contributing to the overall gross profit of the company.

Year	International Selling Price of CPO (USD/MT)	Local Purchase Price Of FFB (Rs/Kg)
2011/12	1,027	25/49
2012/13	855	30/42
2013/14	773	33/73
2014/15	694	37/30
2015/16	480	33/94

Having considered the potential to generate much needed revenue/income to the company a decision has been made to further expand the cultivation of oil palm in land suitable for planting during the next 03 years. As the import of seeds has received approval of the Ministry of Plantation Industries, an extent of over 1,000 ha. has been identified

for planting by the year 2020. As a result, the company will have an extent of over 3,000 ha. cultivated in oil palm by the year 2020/21.

Land base - Cultivated Extent in Oilpalm



Coconut

NPL has recorded a production of 771,793 nuts during the year, with an average yield of over 3,200 nuts/ha. The production has affected due to "Weligama Leaf Wilt Diseases" witnessed in estates in the Matara district. In spite of the above, the company has made a gross profit of Rs 3.8 mn mainly due to competitive price realized at the disposal of the entire production in the form of green nuts at site. The company will continue with its under planting programme that will boost the productivity and profitability of this sector in the ensuing years.

Cinnamon

The company has recorded a production of only 10,769 kg cinnamon during the year under review. The extreme weather continued in the plantation districts caused a significant setback in the harvesting of cinnamon crop during the peak cropping months affecting adversely the crop harvest.

The shortage of skilled peelers has also been a contributory factor for the poor crop harvested during the season. We have already addressed the issue of shortage of peelers and arrangements have already been made to establish a central peeling centre in Matara/Galle districts to which cinnamon sticks harvested from all estates will be diverted for processing.

Although the company has recorded a gross loss of Rs 1.34 mn during the year under review the company confident that, NPL will achieve a profit during the next FY.

Human Resources

Despite the challenging conditions, we recognize our human resources as the most valuable asset of the company to achieve a sustainable growth of our business. As such we focus progress through developing this valuable asset having paid much attention to their health, welfare, housing, sanitations, training and education.

The company continued to provide both in house and outsourced training for all employees to improve their skills and competencies. Training programmes on plantation management covering core crops were conducted by TRI, RRI, CRI and NIPM. Health care support to our resident / nonresident worker population remained a key area and eye clinics, antenatal, family planning and immunization clinics were conducted with the assistance of the department of Health and donor agencies. Diagnosis clinics such as oral cancer, diabetes were also conducted on many estates focusing on the need of the elderly. As an investment towards improving the quality of life, many programmes have been implemented in the area of housing development and sanitation. Renovation to worker housing was completed on Pallegoda, Citrus & Tennahena estates and new housing settlements were handed to the beneficiaries on Hulandawa, Citrus & Walpita estates, during the year under review.

The company as a part of the CSR programme continue to grant financial assistance to deserving children of our employees to pursue their higher studies at leading universities.

Capital Investment

NPL has invested a sum of Rs 267 mn primarily on field and factory development in the year under review with a view to sustain long term productivity and viability. The company is continued to invest in the expansion of oil palm cultivation with the import of seeds from Malaysia to mitigate operational challenges in the ensuing years.

Future Strategies & Goal

The negative price outlook for tea and rubber may continue in the next year as well due to unfavourable price for crude oil. Therefore, the ability to control cost with improved worker output will be the key to sustainability of the industry. It is also important that this industry focus towards implementing a productivity based wage structure, so that our plantation industry can be globally competitive and thereby viable in the long term.

NPL is one of the most diversified RPC's with 05 major plantation crops in production. In particularly, oil palm will receive the due attention it deserve in terms of optimizing productivity and profitability from this sector. The company will develop and further consolidate core plantation business whilst ensuring a higher benefit and return on investment to all its stakeholders.

FINANCIAL CALENDAR

Financial Calendar 2015/16

Financial Statements	Release to the Colombo Stock Exchange (CSE)
Interim (Unaudited) Quarterly Reports	
4th Quarter /Year ended 31st March 2015	28th May 2015
1st Quarter /Three Months ended 30th June 2015	13th August 2015
2nd Quarter /Six Months ended 30th September 2015	10th November 2015
3rd Quarter/ Nine Months ended 31st December 2015	11th February 2016
Final Audited Financial Statements	
Year Ended 31st March 2015 and Annual Report 2014/15	Issued to the CSE & on circulated to the shareholders 06th June 2015 (as per the listing Rule 7.5.a of the Colombo Stock Exchange.)
22nd Annual General Meeting	Held on 30th June 2015

Proposed Financial Calendar 2016/17

Financial Statements	Release to the Colombo Stock Exchange (CSE)
Interim (Unaudited) Quarterly Reports	
4th Quarter /Year ended 31st March 2016	Released to CSE 26th May 2016
Final Audited Financial Statement	
Year ended 31st March 2016	Signed on 31st May 2016
Annual Report -2015/16	Release to CSE and circulated to the shareholders (including Notice of Annual General Meeting to the Shareholders)-8th June 2016
23rd Annual General Meeting	
	Will be held on 30th June 2016
Interim (Unaudited) Financial Statements	Statements in respect of the four quarters of 2016 will be release/publish as per the listing Rule 7.4 of the Colombo Stock Exchange.

Most Recent Previous Annual General Meetings

14th Annual General Meeting	28th June 2007
15th Annual General Meeting	23rd July 2008
16th Annual General Meeting	28th July 2009
17th Annual General Meeting	29th June 2010
18th Annual General Meeting	30th June 2011
19th Annual General Meeting	29th June 2012
20th Annual General Meeting	28th June 2013
21st Annual General Meeting	30th June 2014
22nd Annual General Meeting	30th June 2015

FINANCIAL REVIEW

Namunukula Plantations PLC (NPL) indicated favorable results during the year continuing its sound performance maintained close to a decade, notwithstanding the geo-political and natural environment pressures are noteworthy.

The following analysis provides information in relation to the company’s result and financial position.

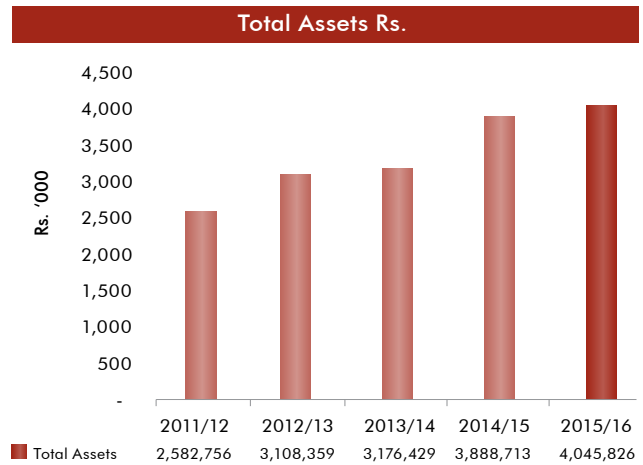
Operating Highlights

In Rs.'000	2015/16	2014/15	+/- Change in Value	+/-
Revenue	1,913,076	2,194,906	(281,830)	-12.8%
Cost of Sales	(1,848,270)	(2,107,934)	259,664	-12.3%
Gross Profit	64,807	86,973	(22,166)	-25.5%
Net Profit For The Year	69,620	151,261	(81,641)	-54.0%

Due to the inclement weather conditions, our production has dropped in the year under review compared to the past year’s performance. The low prices realized in the auctions for both rubber and tea, revenue and the profit have narrowed in the year 2015/16.

Our business has improved over the past few years commendably achieving many landmarks and continued its performance to the reporting year as well with the gathered momentum despite of many challenges faced during the year.

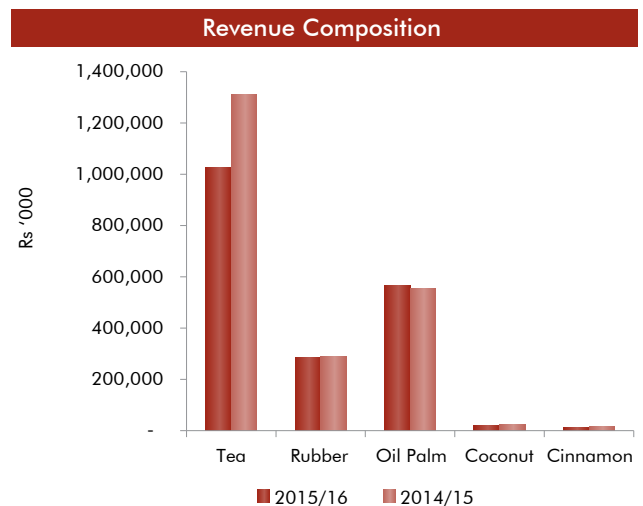
The Company has indicated a decrease of 12.8% in revenue compared to the previous year to reach Rs.1.9Bn due to the drop in production. Nevertheless the company has been able to minimize the Cost of Production (COP) in the year under review by 12.3% than the previous year. Consequently, the profitability affected adversely mainly due to the depleted market for both tea and rubber, which reduced gross profit by 25.5% compared to previous year.



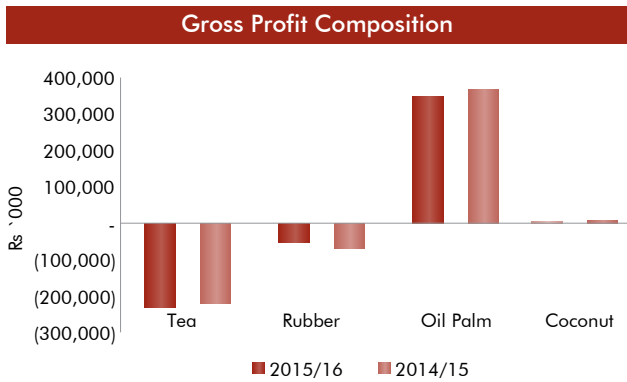
Revenue Composition

Being one of the most diversified plantation companies in Sri Lanka, revenue of NPL consists of five focal crops which are tea, rubber, oil palm, coconut and cinnamon. Tea has the prime portion which has 54% in the total revenue followed by oil palm 30% and rubber 15% as depicted by the graph.

Oil palm has indicated a significant development in the year under review by recording over 30% of the total revenue of the company. Though a marginal reduction witnessed in tea, rubber has done comparatively well in the year to regain its share by recording 15% of the total revenue.



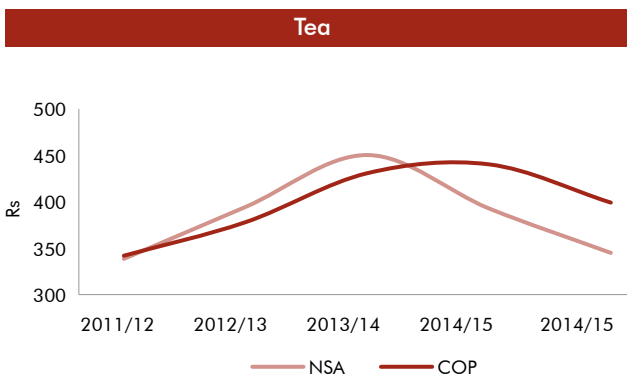
Gross Profit Composition



Tea

Tea sector has been the uppermost contributor of company's turnover which contributes over 54% to the company's topline reporting Rs.1,025 mn in value. However, this is a shrinkage compared to the previous year's performance which showed 60% of total revenue mainly affected by the hostile weather and economic conditions. Consequently, this year has showed an increase loss in profit in the tea sector because of the lower prices for tea in the tea auctions. Poor demand from the major tea buyers has been the major reason for lower prices.

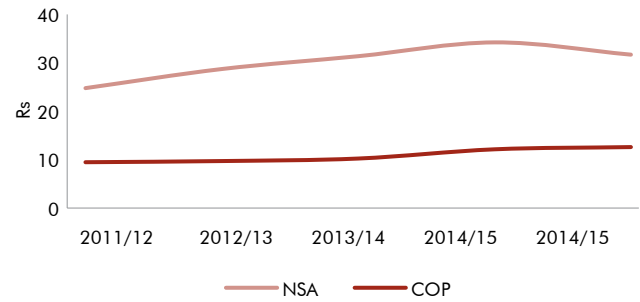
Following graph indicates the Net Sale Average and the Cost of Production during the past years.



Oil Palm

Oil palm sector of the company has recorded a gross profit of Rs.347mn which is the largest share of the company's gross profit. Being the golden crop of the company, oil palm has recorded its highest share from the revenue in the history of the company.

Oil Palm

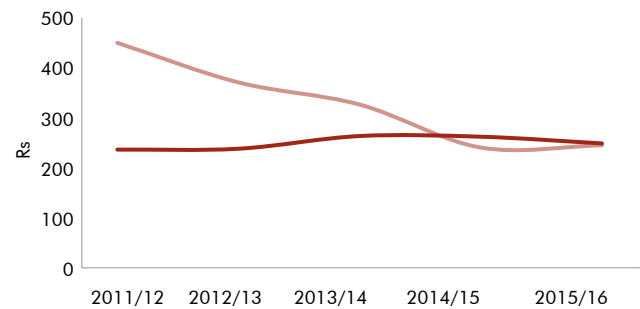


Net Sale Average for oil palm was Rs.34.13 per kg which has reduced by 8% compared to the previous year. Cost of Sales has increased to Rs.10.28 per kg from Rs.9.70 per kg in 2014/15.

Rubber

Despite the depleted rubber market globally, NPL has been able to increase its revenue share from total revenue by recording 15% which was shown 13% in the previous year, further the rubber sector could be able to control the outgoings through reducing the COP.

Rubber

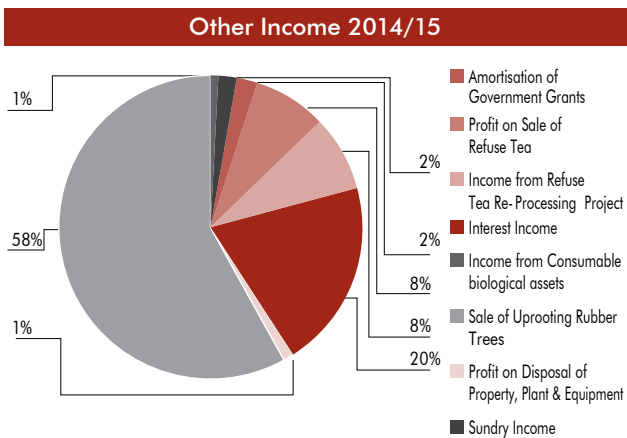
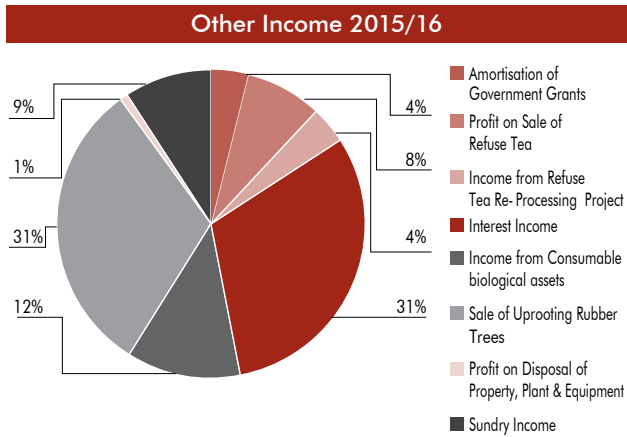


In the year under review, Net Sale Average has improved by 1.8% showing Rs.245.13 compared to Rs.240.68 in the previous year. Due to the stringent cost controls adopted by the company, cost of Sale has decreased by 5.1% in 2015/16 to Rs.248.98 from Rs.262.32 in 2014/15.

Other Income

Primary drivers of other income were the sale of uprooting rubber trees and interest income which accounted for each 31%. Sundry Income and income from consumable biological assets are the next main contributors towards company's other income. Total other income has decreased by 33% during the year to Rs.91mn in 2015/16 compared

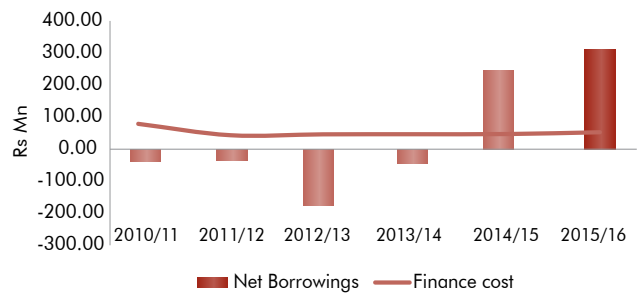
to Rs.137mn in 2014/15. Other income has accounted for 5% of the company's total revenue compared to 6% in the previous year.



Finance Cost and Net Borrowings

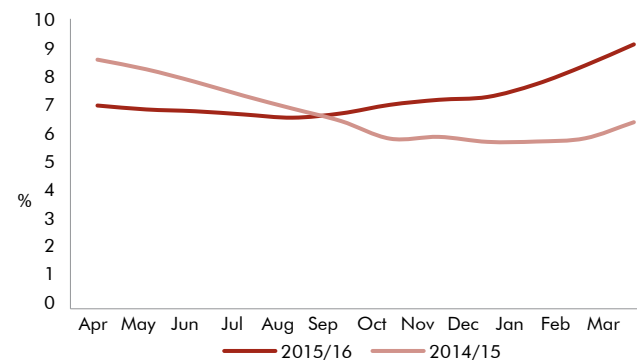
Total finance cost comprises of interest cost and lease rental, indicates an increase in the current financial year compared to the previous year, from Rs.47.24mn to Rs. 52.80 mn due to increase in lease rental and bank charges. The interest cover ratio has decreased from 4 times in 2014/15 to 2 times in 2015/16 mainly due to reduction in returns from operations. However due to reduction in interest rate in the 1st half of the year, Interest cost on term loan indicates a decrease in the current year which amounts to Rs.18mn compared to Rs. 22mn in the previous year. Total borrowing of the company has increased to Rs.311.05mn from Rs. 244.49mn compared to the previous year as a result of utilization of short term bank facilities.

Net Borrowings vs Finance Cost



The behaviour of interest rates in the market compared to the previous year is graphically shown as follows.

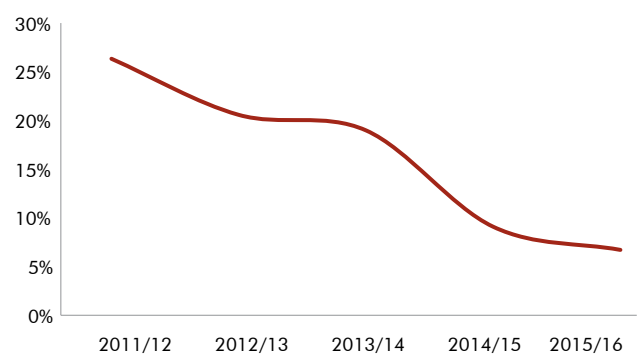
AWPLR Monthly



ROCE and ROE

Return on Capital Employed (ROCE) has decreased to 4% in the current year from 7% in the previous year. This shrinkage has occurred due to the drop in profitability in the current year than the previous year. Consequently, Return on Equity (ROE) has also dropped due to same reason, which has reduced from 7% to 3%.

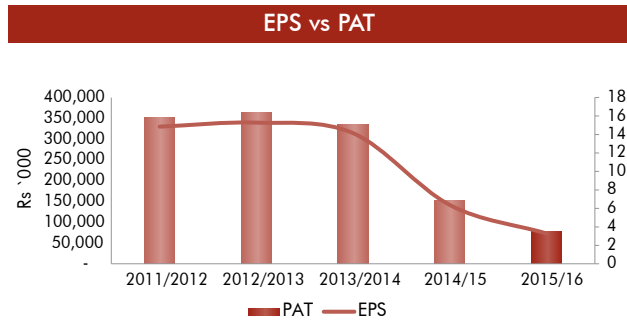
ROCE



MANAGEMENT DISCUSSION AND ANALYSIS

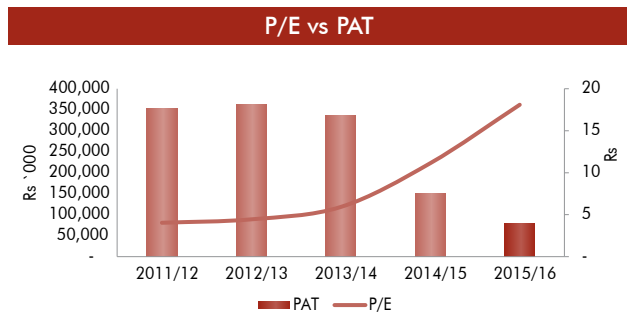
EPS

With the decline of company's profitability, Earning per Share has declined to Rs.2.93 from Rs.6.37 recorded in the previous year, whilst the share capital remained constant.



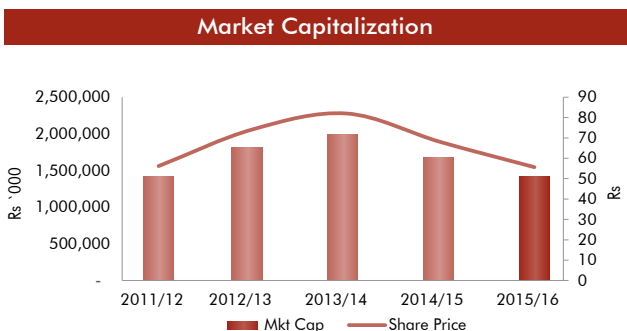
P/E Ratio

Market price of the company showed Rs.59.50 in the end of the year compared to Rs70.90 in the last year. Though both market price and earning per share (EPS) have decreased during the year due to sharp decline of EPS caused price earnings ratio to increase 20 times from 11 times in the previous year.

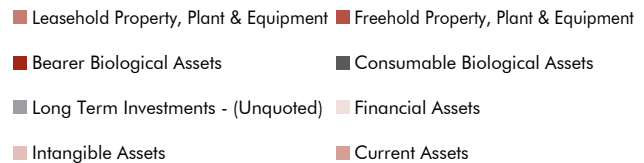
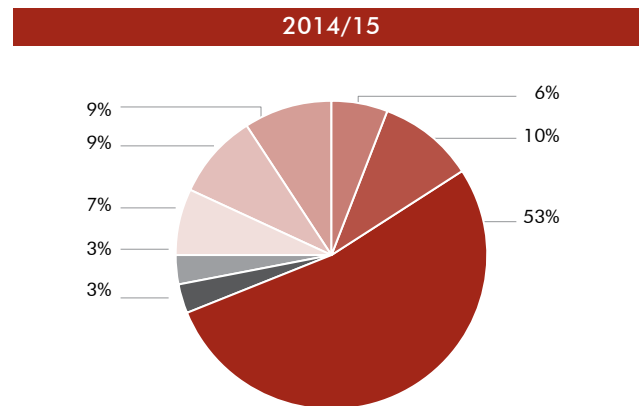
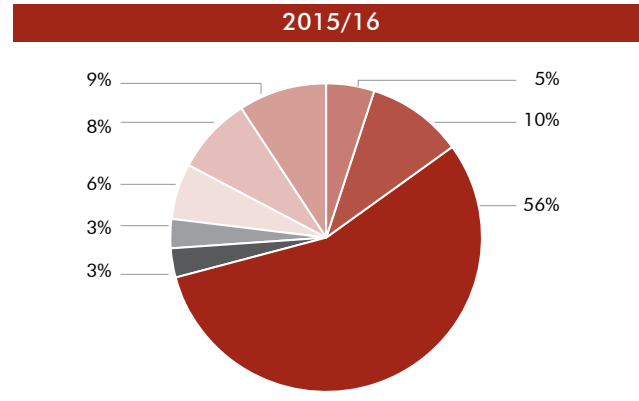


Market Capitalization

With the weakening of the share price during the year under review, the market capitalization too declined to Rs.1,413 mn from Rs.1,684mn recorded in the previous year, whilst the share capital remained the same. Total number of shares traded during the year was 38,485 compared to 42,223 the previous year.



Asset Base

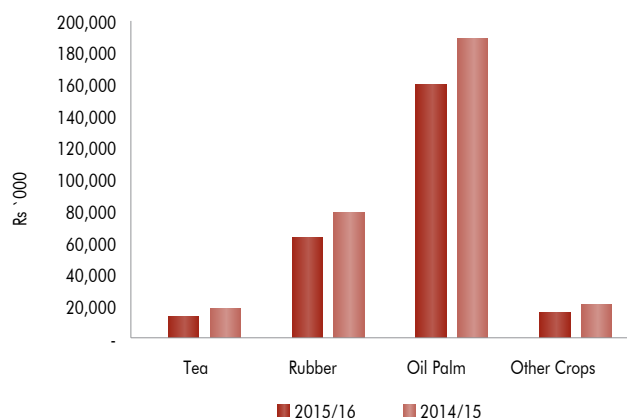


The asset base increased by 4% to Rs.4,037 mn as of the balance sheet date. The Biological Assets being the backbone of a plantation company, due to the anticipated main revenue stream, has accounted for 56% of total assets while property plant and equipment accounted for 10% of total assets. Current assets which have been enhanced by 1.5% in the year under review amounted for Rs.369mn consisting mainly of inventories, trade and other receivables. Return on assets recorded 2% in the current year compared to 4% in the previous year

Capital Expenditure

During the year, NPL spent Rs.267mn on capital expenditure which 95% was incurred on new planting mainly on oil palm (Rs.160mn) and rubber (Rs.63mn) which operation is carried out on a regular basis to improve the production and yield.

Field Development Expenditure



Liquidity and Capital Resources

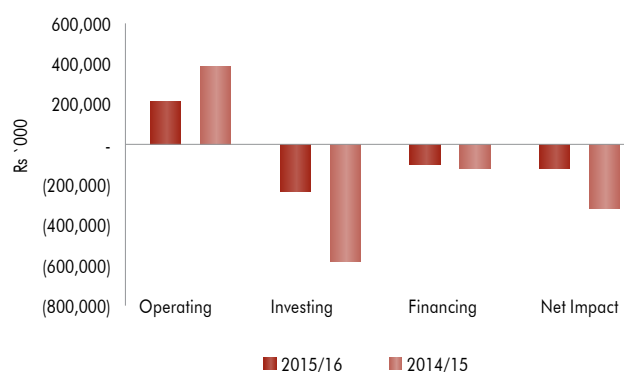
Current ratio has reduced over the past years to 0.56 from 0.67 in the last year. At present the company is performing at a negative net current asset balance of Rs.293mn as against Rs.178mn in the previous year. This gap is due to increase in short term loans and borrowings.

Liquidity	2015-16 Rs.'000	2014/15 Rs.'000
Total Current Assets	369,345,309	364,062,743
Total Current Liabilities	662,620,095	542,357,458
Net Current Assets	(293,274,786)	(178,294,715)

Cash Flows

The key source of finance for the company throughout the year was cash generated from operating activities. Cash generated from operating activities recorded Rs.214mn compared to Rs.384mn in 2014/15 period. Decrease in revenue during in the year has been the reason for same. Besides company's net cash outflow on investing has reduced during the year under review by 60% than the previous year mainly because of decrease in the capital expenditure and previous year investments in financial instruments. Net cash flow from financing activities indicated a deficit of Rs.102mn compared to Rs.119mn in the previous year. Overall the company has reported a net deficit of Rs.122 mn in the year under review by reducing 62% of net cash deficit than the previous year.

Cashflows



Quarterly Results for the Year Ended 31st March 2016

Rs `000	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Revenue	484,615	496,817	444,663	486,982	1,913,076
Cost of sales	(458,456)	(459,940)	(407,603)	(522,271)	(1,848,270)
Gross profit	26,159	36,877	37,059	(35,289)	64,807
Other income	20,200	28,528	26,308	15,911	90,947
Profit Before Interest & Taxation	28,677	63,507	43,646	(7,936)	128,893
Net profit for the period	15,624	50,440	33,213	(29,658)	69,620
Total comprehensive income for the period	15,624	50,440	33,213	48,120	147,397
EPS	0.66	2.12	1.40	(1.25)	2.93

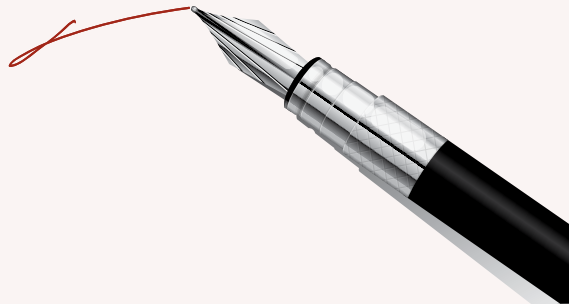


Withering

Now the leaf is in the factory and the withering process is commenced. Here the moisture of the leaf is removed. Likewise the company is adding the raw data for processing.

Sustainability

<i>Sustainability Report</i>	<i>28</i>
<i>GRI content Index</i>	<i>42</i>



SUSTAINABILITY REPORT

Scope of the Report

This Report is as always, a detailed and comprehensive one, in which we bring clarity and detail to the complex task of reporting on one year of business operations at Namunukula Plantations; the business integrity, good governance, stakeholder value creation and sustainability that help you, our stakeholder, to see Namunukula Plantations and all its operations more comprehensively and clearly. For this purpose we report on triple bottom line reporting aspects, which encourage us to report not only financial information but also the material information to our the stakeholders.

Principles for Defining Report Content

We, Namunukula Plantations apply a precautionary principle when determining the balance between social and environmental sustainability.

Stakeholder Inclusiveness

We have acknowledged our stakeholders and this report be made up of the information what the stakeholders are expecting to get for their decision making.

Sustainability Context

We report how our organization has performed during the last year in broader manner. We report how we contribute, or aims to contribute in the future, to the improvement or deterioration of economic, environmental and social conditions, developments, and trends at the local, regional level.

Materiality

We report the influence, the company has done to the economy, environment and to the society which are considered as vital.

Completeness

This report has covered material aspects and their boundaries sufficient to reflect significant economic, environmental and social aspects and to enable stakeholders to evaluate the company's performance in the reporting period.

Principles for Defining Report Quality

Balance

This report consists of all relevant information of both positive and negative impacts and nothing is withheld.

Comparability

In this report, both current year and previous year figures are shown for the convenience of comparison.

Accuracy

This report has reported accurate and detailed information for stakeholders to assess the company's performance.

Timeliness

The company reports annually so that the stakeholders can take pronouncements based on the report in time.

Clarity

Information is provided in understandable manner for decision making of stakeholders by using this report.

Reliability

Gather, record, analyse and disclose information in a way that they can be subject to accuracy and establishes the quality and materiality of the information.

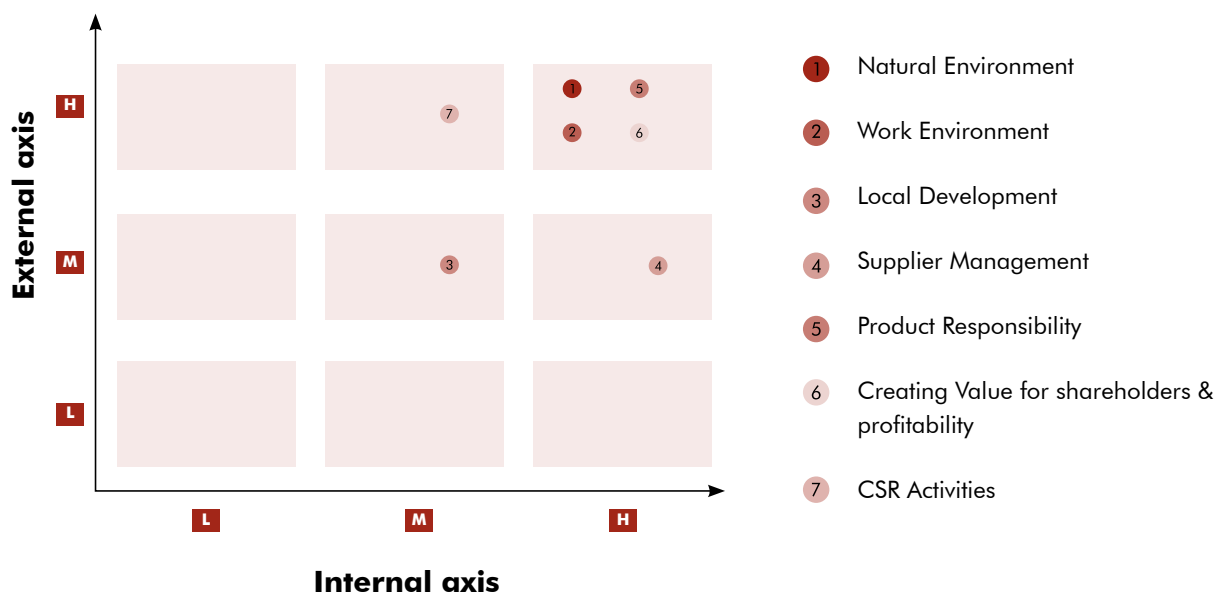
A sustainable Strategy

Our strategy has been formulated taking in to account our commitment to the triple bottom line approach, the stakeholder needs identified and other key risks identified through our risk management process. Corporate management is responsible for preparation of the corporate plan taking in to account the strategic direction and guidance provided by the Board of Directors.

The Strategic Plan is approved by the Board annually and performance against key performance indicators is monitored at monthly Board Meetings. The precautionary principle is embedded in the culture and values of the organization and is a key consideration in decision making.

Identified Material Aspects and Boundaries

This Report focuses on the sustainability aspects that matters to most of our stakeholders who have an interest in our activities. We emphasise on what is material and this encourages us to provide information that is critical to understand the organization’s impacts which critical to stakeholders. Following graph depicts the prioritization of our material aspects.



The following table shows the levels of significance according to various aspects relating to the triple bottom lines of Sustainability and whether the material aspect is within the company or outside.

Material Issue for NPL	Corresponding GRI G4 Material Aspect	Aspect Boundary	
		Internal	External
Natural Environment	Materials	*	
	Energy	*	
	Water	*	
	Biodiversity	*	
	Emissions	*	
	Effluent and Waste	*	
	Products and Services	*	
	Compliance	*	
	Transport		*
	Overall	*	
Work environment	Supplier Environmental Assessment		*
	Environmental Grievance Mechanisms	*	
	Employment	*	
	Labour/Management Relations	*	
	Occupational Health and Safety	*	
	Training and Education	*	

SUSTAINABILITY

	Diversity and Equal Opportunity	*	
	Equal Remuneration for Women and Men	*	
	Supplier Assessment for Labour Practices		*
	Labour Practices Grievance Mechanisms	*	
	Investment	*	
	Non-discrimination	*	
	Freedom of Association and Collective Bargaining	*	
	Child Labour	*	
	Forced or Compulsory Labour	*	
	Security Practices	*	
	Indigenous Rights		
	Assessment	*	
	Human Rights Grievance Mechanisms	*	
Local Development	Local Communities	*	
	Anti-corruption	*	
	Public Policy		
	Anti-competitive Behavior	*	
	Compliance	*	
	Grievance Mechanisms for Impacts on Society	*	
Supplier Management	Supplier Assessment for Impacts on Society		*
	Supplier Human Rights Assessment		*
Product Responsibility	Customer Health and Safety	*	
	Product and Service Labelling	*	
	Marketing Communications	*	
	Customer Privacy		
	Compliance	*	
Creating value for shareholders & profitability	Economic Performance	*	
	Market Presence	*	
	Indirect Economic Impacts		*
	Procurement Practices	*	
CSR Activities		*	

Developing for Our Stakeholders

Stakeholder Covenant

Our operations directly impact lives of our employees, the people resident on the estate, small holders who supply tea leaves to our factories and the communities we operate in. We also rely on customers and brokers to convert our produce to earnings, investors to provide capital for our growth and also acknowledge the multi-faceted role of the government in the plantation sector.

We recognize the interdependent nature of these relationships and take a long term approach in managing them. This report describes our approach to engaging with these key stakeholders to identify their needs and how we respond or otherwise manage their expectations and build trust. Plantation is a peoples' business and we are cognizant of the need to address their issues to ensure the sustainability of the plantation industry.

Stakeholder	Sustainable Issue	How We Engage
Shareholder	Profit and Growth Sustainability of Company Responsible Corporate Management	Annual General Meeting Published Accounts and Annual Report Board Meetings Annual Report and Published Accounts
Buyers/ Customers/ Brokers	Product Quality and Food Safety Green and Ethical Products Price	Regular Meetings and Interactions Auctions Annual Report
Employees/ Trade Unions	Remuneration Profit and Growth of Company Responsible Corporate Management Estate Infrastructure and Environment Occupational Health and Safety Quality of Work Life Career Stability and Advancement	Collective Agreements Collective Bargaining Regular Dialogues and Interactions with the Management Home for Plantation Worker Employee Development Programmes Annual Report
Suppliers & Service Providers	Profitability and Price Credit Period Sustainability of Company Availability of Raw Material	Regular Dialogue and Interactions Annual Report Interim financial statements
Financial Institutions	Meeting Repayment Schedule Climate Change and Crop Production Responsible Corporate Management	Regular Dialogues and Interactions Published Accounts and Annual Report
Government	Profitability and Growth Sustainability of Company Regulatory and Legal Compliance Responsible Corporate Management	Published Accounts and Annual Report Golden Shareholder Meetings Annual General Meeting Taxation

SUSTAINABILITY

Product Responsibility

Namunukula Plantations PLC is a diversified plantation company with 6,883 hectares cultivated with oil palm, tea, rubber, coconut and cinnamon in 18 estates, we operates, 11 tea factories and 5 rubber factories creating employment for 6,264 people. Tea we produce, is sold at the auction and remaining percentage sold as ex: factory. To get higher auction prices against the increasing cost of production our factories focus on the product quality. In this regard, Baddegama tea factory has ISO 22000 quality accreditation which addresses food safety management.

Of the total land extent 2,369Ha (20%) is planted in Tea, 2,020 Ha (17%) in Rubber and 2,042 Ha (17%) with Oil Palm and 452 Ha (4%) coconut and cinnamon. The remaining extent of 4,896 Ha (42 %) comprises of timber and fuel wood plantation, extents in conservation forestry, jungle and manaa, buildings, roads, etc. These estates provide shelter for population of over 12,500 people.

Considering our concentration on oil palm production, significant value addition prospects exist through a joint venture conducted at group level in conjunction with Agalawatte Plantations and Elpitiya Plantations. AEN Palm Oil Processing (Pvt) Ltd (AEN) will provide processing facilities for all of NPL's oil palm output, with each firm involved in the joint venture enjoying a one third of the ownership and revenue generated. We focus on better quality fresh fruit bunches for increase revenue generation.

Focused on end consumer satisfaction and developing better products will always encourage our revenue maximisation customer focus strategy. In addition to that further improve our production practices we are interactive with following institutions and have membership with them.

- The Colombo Tea Traders Association
- The Planters Association of Ceylon
- The Colombo Rubber Traders' Association
- The Employer's Federation of Ceylon

Product Labelling

Product labelling contains complete information with the requirements of the Colombo Tea Auctions. Our agricultural practices on all estates conform to the requirements of the Tea Research Institute of Sri Lanka and other certification requirements.

Diminishing Our Impact

Management of environment influences sustenance eco efficiency by the effectual practice of water, material and energy while tumbling the environmentally injurious bearings. We are philosophical on our environment as it is very crucial us to preserve best environmental practices since the natural environment converts a fundamental part of our business. Without having a noble sense about ecological surroundings that we operate in, we would not be able to withstand in the industry.

Always we have to safeguard sustainability of the environment that we operate in as the first priority in our operations. Concern more about the environment, empowers us to gain a competitive position by establishing and strengthening an organization as a green organization as well as safeguard the operations in our business. However considering the benefits that we are getting by managing environmental conditions may not mutually exclusive with our revenue or the profit maximization strategy but as an ethical business, we more keen on those and to comply with environmental standards and follow them very smoothly in doing our operations although there is overlap in many instances and continually improve our performance in line with best practice, and to prepare for future risks and opportunities.



We carefully consider the possible environmental impact from our operations and how natural environment and local communities might be affected. Our environmental standards focus on key areas such as managing emissions, reducing our energy use, land management, minimising waste of water and conserving biodiversity.

Since the balance of eco system, bio diversity and natural environment is paramount important us. We operate in it and we have moral obligation towards our natural environment to ensure the sustainability of it. Therefore we meet the needs of the present without compromising the ability of future generations to meet their own needs. Despite of that we adopt to environmental protection measures that safe guard the environment that we operate in and we adhere to environmental legislations imposed by the authorities.

To have a betterment of focused key areas regarding the environmental impacts we have taken following steps,

- Protect the soil /Prevent soil erosion
- Waste water management by effluent plants
- Waste management
- Organic manure

Waste Management

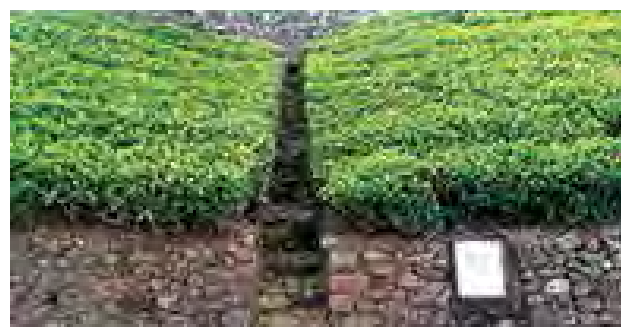
At waste management we make it our business to think green every day and have committed to periodically reporting our status on sustainability.

So that we have extended our commitment for waste management by installing domestic waste management systems at a community level. The objective was to purify the soil and the environment which is polluted from community activities, within the operational boundaries.



Land Management

As a plantation company we express concern about our environment, particularly soil. We have to make ensure that our land is in safe hand without having any of land with soil erosion. To safeguard our land from soil erosion, we continuously emphasis on improved land management structures and methods such as terracing, mulching, weeding, grow Manaa (grass which prevent soil erosion) and other plants to prevent soil erosion. Using plants for erosion control is an excellent biological method we use to safeguard the landscape and the texture of the soil.



SUSTAINABILITY

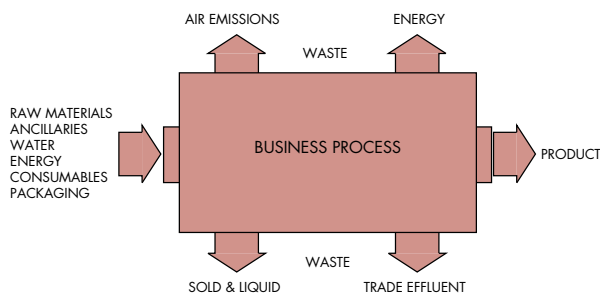
In our tea plantations especially in the Uva range plantations we adopt this method to safeguard the soil in our lands. In every bank or end of the planting areas with a higher slope, we will take on to these methods to prevent soil erosion. Then we can minimise the conditions that promote soil erosion from rain, wind, physical disturbance and overuse by adopting to those methods. Preventing erosion with native plants is a common ecological practice in land management. It is relatively easy way to conserve top soil and prevent open areas from wearing away. Other methods include coir netting, mulching, terracing and drains.

Water

Water is a critical aspect since we operate in natural environment, our operations are sensitive to the water. Since most of our business processes are driven related to natural environmental conditions, we recognise our duty to minimise the hazardous environmental impacts from disposing waste that move out by our factories. The company has introduced several other initiatives to minimise the environmental impact of water usage, emissions, effluents and waste disposal.

Therefore we consider the efficient management of water, to ensure the efficient consumption and reuse of water in order to minimise waste-water discharges. The Company develop and implement environmental friendly practices for minimize the waste and prevent the chemical exposure to the natural environment.

Effluent/Emissions and Waste Management



In this regard we have introduced effluent plants in rubber factories and place air emission towers. In some cases we identify tradable by-products to minimize the wastage.

Bio-Diversity

The locations where our estates are situated in Badulla, Kalutara, Galle and Matara districts which are very sensitive to the environment. So we pay a very close attention to the condition of ecosystems affected by our planting and production activities.

The Company continue to protect water streams and the bank lines of small water falls, observing shrub and tree vegetation. We monitored our background environmental conditions in connection with the impact of our activities, which help to minimize our impact to the natural environment.





Waterfall in Pelawatte Estate

Materials

We have identified the material usage of packing tea when we dispatch our production.

	2015/16	2014/15
Low Grown		
Multiwall paper sacks	8,780 no. of units	12,190 no. of units
Rigid tea sacks	30,020 no. of units	38,420 no. of units
Uva Region		
Multiwall paper sacks	10632 no. of units	10,488 no. of units
Rigid tea sacks	39,174 no. of units	35,152 no. of units

*Data is sourced from direct measurement from procurement orders.

Energy

With the objective of reducing total energy consumption, in most of our tea factories and rubber factories use firewood and electricity.

Our Energy consumption has a direct effect on operational costs and can increase by exposing to fluctuations in energy supply and prices. As we use mainly two types of energy sources to power up our factories environmental footprint of an organization is shaped in part by its choice of energy sources.

Electricity and fuel wood consumption

	2015/16	2014/15
Low Grown		
Electricity (units)	1,604,702	1,851,500
Firewood (m3)	8,627	10,916
Uva Region		
Electricity (units)	1,429,885	1,227,490
Firewood (m3)	13,061	9,996

*Electricity consumption is taken directly from invoices received by the company.

Employee Engagement

Plantation is a human resource intensive industry which is having a very significant amount of staff cost compared with the other industries. So it makes the most critical aspect of the business. Namunukula Plantations PLC employs 6,264 staff and workers in 18 estates located in four districts. Most of our workers and their families reside in the plantations and this creates a higher level of mutual obligations. So that we have continued dialog with the employee union and their collective agreement to hear their needs and communicate needs and maintain a sense of balance with them.

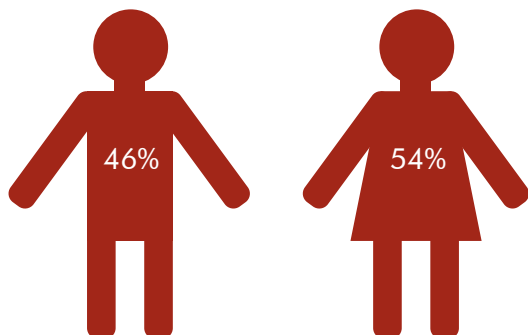
SUSTAINABILITY

Majority of our plantation workers are covered by “Worker Collective Agreement”. The Collective Agreement covers a number of aspects such as Salaries & Wages, Overtime, annual bonuses, statutory contributions, work practices, grievance handling and dispute procedures, trade union action. We are always eager to hear the voice of the employees since they are the key to our business, in this case we proactively engage with our trade union. These Collective Agreements are revised usually for a period of 3 years for staff and 2 years for workers and provides for 3 months notification period for unspecified changes. And every employee has right to collective bargaining.

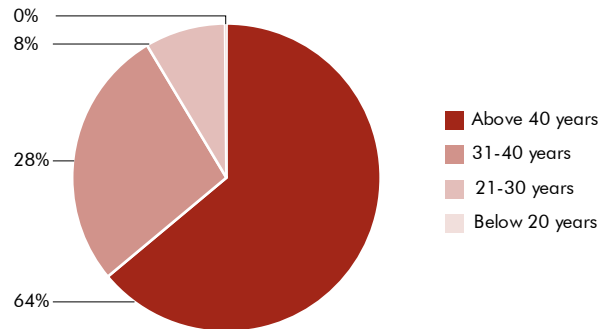
Namunukula Plantations PLC is an equal opportunity employer, respecting the individual and his/her rights to free and fair employment, providing both opportunity and climate for rewarding and long-lasting careers. So that our remunerations are fair and the company is more-keen about the employee’s rights to freedom of association within the framework of national labour legislation.

	2015/16	2014/15
Total number of employees	6,264	6,784
Value paid as salary (Rs.000)	1,321,323	1,319,585
Employee Productivity		
	2015/16	2014/15
Revenue per employee	305,408	323,542
Profit per employee	12,471	22,297
Asset per employee	645,885	573,218

Gender Analysis

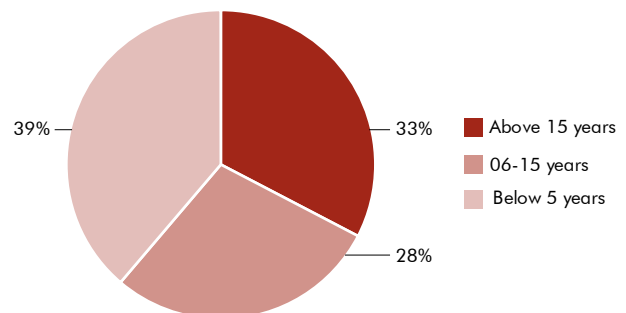


Age Analysis



Age Analysis	No of		
	Executives	Staff	Estate Workers
Above 40 years	27	221	3,757
31-40 years	11	83	1,627
21-30 years	11	34	484
Below 20 years	-	-	9
Total	49	338	5,877

Service Analysis



Service Analysis	No of		
	Executives	Staff	Estate Workers
Above 15 years	18	175	2,792
06-15 years	12	110	1,585
Below 5 years	19	53	1,500
Total	49	338	5,877

Health and Safety

The company's practices to safeguard the health and safety of our employees goes beyond compliance with the guidelines set by the Factories Ordinance No. 45 of 1942 and its subsequent amendments to incorporate international best practice and is encapsulated in the Health & Safety Policy below.

All our employees are trained on Health & Safety procedures to be adhered to in their workplace. We have purchased and distributed required health and safety equipment to the Associates and trained them on the proper use of the equipment. Selected employees have been trained in First Aid as we recognize the importance of an informed response even in minor cases of injury. There are medical facilities within reach of all estates and transportation is available in case of need.

An Estate Medical Officer (EMO) has been appointed at each estate. Overall representation of factories and fields is about 85% and serious issues can be escalated to the manager for attention. Meetings are held on a regular basis and issues raised are reported to Manager.

Occupational Health and Safety is a key area of focus due to the nature of the industry which includes hazards such as contact with agro chemicals, difficulties presented by the terrain and the bio diversity within the plantations. We have a comprehensive Health & Safety Policy and have also set in place appropriate structures, procedures and processes to minimize various injuries which the employees are facing. Therefore employees assigned to work using mechanized equipment to minimize injuries when they are working in the factories. These steps have provided the safety and wellbeing of the company's employees.

Regular medical checks are scheduled and carried out on a regular basis and employees are rotated to mitigate and minimize possible risks to their health. In addition to these, on an annual basis, to focus on the safety, health and environment area NPL has organized campaigns focused on the prevention of dengue, treatment on worm infestations, eye and oral health clinics etc.

Enhancing Regional Development

When accomplishing our value creation process, it is a very challenging task to continue our operations in suitable way, without having close dialogue with society where the regions we operate. We improve the living standards of local communities and create a close partnership with society.

In taking into account the key principles of sustainability, NPL regards its involvement in the social development of the regions where it operates as vital to the successful growth of the business.

In all activities, the Company aims to strike a balance between its own interests and those of its employees and stakeholders to enhance regional development of areas we operate.

Since there is society bound with the plantations that we operates on, most of it people's life grounded on the plantation. As good corporate citizen who concerns on corporate social responsibility we have a moral obligation to enhance and contribute to the regional development. Improving the quality of life of employees and their families, as well as of the communities as a whole. Supporting cultural, educational, health care and sports projects to be more interact with the society. By doing so we focused on following activities to give benefit local communities where we operate.

- Socio-economic development in the regions where we operate.
- Healthy and safe living conditions.
- Partnership, trust and efficient dialogue with local communities and local authorities.
- CSR activities

We report our corporate responsibility activities separately from our routine operations send the message that we see them as separate from the core business.

SUSTAINABILITY

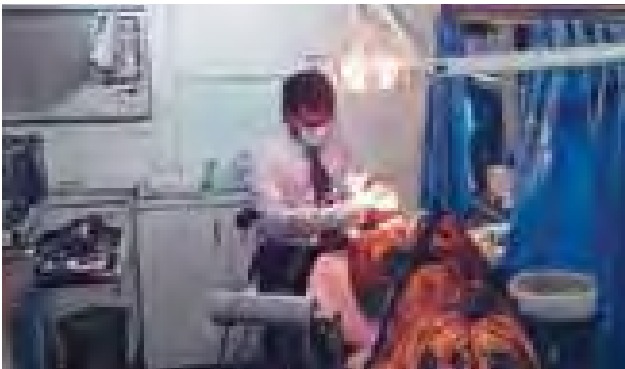
International Women's Day

The women's guild of Pingarawa estate organized the international women's day on 24th of March at which Mr. Jagath Kalanasooriya manager of the estate was the chief guest whilst all the executives, staff of the particular estate were also participated. Several cultural events were presented by the women of the estate.



Oral Cancer Treatment and Dental Clinic

As we identified the importance of oral health of our people in the community, a mobile dental camp and an oral cancer treatment were organized in collaboration with Base Hospital Badulla and the staff of the particular hospital on 21st of November and 11th of December 2015 respectively. The plantation community was immensely benefited by these programs.



Worm Treatment

Worm infestations were known to be a very common problem in the days gone by. Because of the programs which the company has done over the past period of time regarding prevention of this particular matter, worm infestations have been reduced drastically. Also in this year the company has done similar kind of programs in order to prevent the minimal level of risk in this regard.



Dengue Prevention Programme

On 16/08/2015, special dengue prevention Programme was organized by Pingarawa estate to preclude the Dengue infection. As an annual Programme of the estate all the executives and the office staff were participated for this occasion.



Children’s Day

On October 1st, the international children day was well celebrated in our estates by organizing special programmes for the children of our estates. Several cultural events were presented by our estate employee’s children in the particular events. To enhance well-being of children and admire the talents of children, we conducted programmes in our estates.



Sustainable Supply Chain

We believe that by having good relationship with our suppliers pave the way to manage our direct and indirect social, economic and environmental impacts. In addition to that, while building good relationship suppliers we can ensure sustainable supply chain for our continuous operations. We encourage our supply chain to procure our supplies through the local market as it available according to supply we procure on, as it will inspire our local supplier’s well-being and value transmission in between our local society.

As shown in our business model, our factories produce both estate leaf and bought leaf from smaller plantations or local growers. Therefore our bought leaf suppliers are quite material to us in order to get the maximum production from our factory capacities. Approximately 30% of the tea leaves processed in our factories is bought from smaller plantations or local growers.

Our commitment to local suppliers

Type of Suppliers	Location
Tea leaf (Bought)	Sri Lanka
Stationery	Sri Lanka
Fixed assets	Sri Lanka & Abroad
Outsourced services	Sri Lanka & Abroad
Premises	Sri Lanka
Computer hardware & software / communication equipment	Sri Lanka & Abroad
Utilities	Sri Lanka & Abroad

Scholarships

Currently, 21 students, who have been recognized as promising young students are being given financial assistance in the form of scholarships provided based on their GCA A/L examination results. Accordingly, in 2015/16 8 scholarships were given for students who started their higher education in the universities.

Estate	No. of Scholarships
Eladuwa.	4
Olympus.	2
Baddegama.	8
Walpita.	3
Akuressa.	1
Tennahena.	1
Gonakelle.	2

Furthermore, in the year under review there were 8 children who have been qualified for universities for their higher education and were entitled for the scholarship scheme.



Ms. S.H. Kasuni Manohari
Baddegama Estate



Ms. B.K. D. Madubhashini
Baddegama Estate



Ms. D.S. Achintha de Silva
Baddegama Estate

SUSTAINABILITY



Mr. Sanjaya Sandakumara
Eladuwa Estate



Ms. K.K.D.I. Chathurangi
Eladuwa Estate



Ms. L.A.D. H. Udeshika
Eladuwa Estate



Ms. R. Sathewarrie
Gonakelle Estate



Ms. S. Priya
Gonakelle Estate

Almsgiving and Pirith Ceremony

On 20th and 21st of February 2016 our Hindagala estate organized a pirith and almsgiving ceremony held at the estate office premises which was well organized by Mr. Tharaka Athukorala the manager of the estate, the staff and workers of the estate.



Gonakelle estate has arranged an almsgiving and pirith ceremony on 26th and 27th March 2016 in cooperation with the participation of manager Mr. Sumith Jayathilake, the staff and estate workers.



Housing Project

Citrus estate has constructed 66 houses and they were distributed among the worker families up to now and awarded as the Best Housing Scheme by Director General of PHDT. The Ceremonial New Housing Opening had been taken place on 6th March 2016 at Citrus estate with the participation Hon: Minister of Media and Parliamentary affairs Gayantha Karunathilake and PHDT officials.



Opening of New Crèche

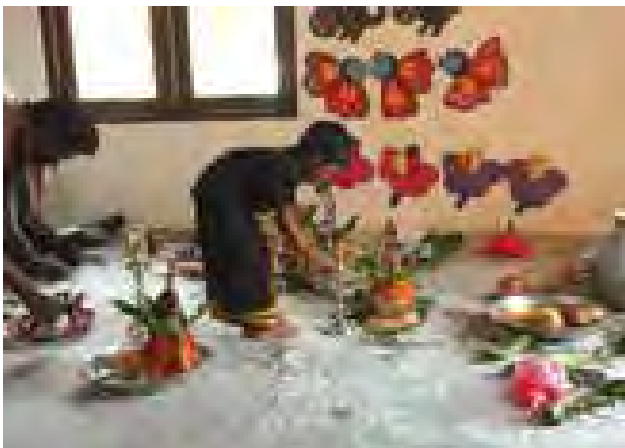
On January 04th 2016 new crèche for Top Division of Gonakelle estate was opened by Hon. Minister Vadivel Suresh, Hon. Aravinda Kumar & the manager of Gonakelle estate Mr. Sumith Jayathilake. There were a large gathering of staff and workers too.



Employee Opportunities

Southern Cup Planters Cricket Tournament organized by Plantation Human Development Trust Galle and conducted on 12th December 2015 at the BOI grounds Koggala. Planters from regional plantation companies comprising 56 estates from the south took part in the event.

Due to tremendous performance of the team, Namunukula Plantations won the Championship of the tournament for the 4th time out of 5 times.

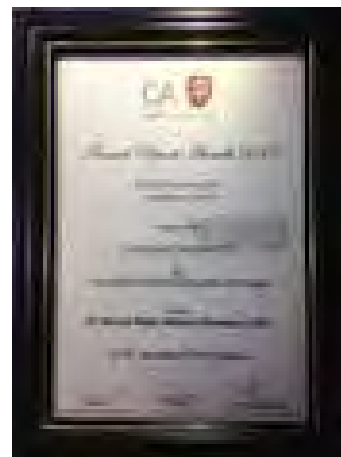


Eye Screening Programme

On 31st of January 2016 Pingarawa estate organized an eye screening programme for the estate workers.

Compliance

Namunukula Plantations PLC was awarded the certificate of compliance for Plantation Sector at the Annual Report awards ceremony 2015, conducted by the Institute of Chartered Accountants of Sri Lanka.



GRI Content Index : “In accordance” - Core

GENERAL STANDARD DISCLOSURES				
GRI Indicator	Description	Page Reference	Page No.	External Assurance
STRATEGY AND ANALYSIS				
G4-1	Statement from the Chairman	Chairman`s Review	13	None
ORGANIZATIONAL PROFILE				
G4-3	Name of the Organisation	Inner back cover		None
G4-4	Primary brands, products, and services.	Our Business model	5	None
G4-5	Location of Organisation`s Head Quarters	Inner back cover		None
G4-6	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Our Location & Estates	7	None
G4-7	Nature of ownership and legal form.	Inner back cover		None
G4-8	Markets served	Our Business model	5	None
G4-9	Scale of the Reporting Organisation	Financial Highlights	9	None
G4-10	Total workforce by employment type, employment contract and region broken down by gender.	Employee Engagement	36	None
G4-11	Percentage of employees covered by collective bargaining agreements	Employee Engagement	35	None
G4-12	Organisation`s supply chain	Sustainable Supply chain	39	None
G4-13	Significant changes during the reporting period regarding the organization`s size, structure, ownership & supply chain.	No significant changes during the year	-	None
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	Sustainability report	28	None
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	Sustainability report	28	None
G4-16	Memberships in associations (such as industry associations) and national or international advocacy organizations.	Product responsibility	32	None
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES				
G4-17	Organisation`s entities covered by the report	Identified material aspects	29	None
G4-18	Process for defining the report content.	Identified material aspects	29	None
G4-19	Material Aspects identified in the process for defining report content.	Identified material aspects	29	None
G4-20	Aspect Boundary for each material aspect report within the organization	Identified material aspects	29	None
G4-21	Aspect Boundary for each material aspect report outside the organization	Identified material aspects	29	None
G4-22	Explanation of the effect of any restatement of information provided in earlier reports and the reason for such restatement	No restatements of non financial information		None
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Identified material aspects	29	None
STAKEHOLDER ENGAGEMENT				
G4-24	List of stakeholder groups engaged by the Organisation	Stakeholder engagement	31	None
G4-25	Basis for identification and selection of stakeholders with whom to engage	Stakeholder engagement	31	None
G4-26	Approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Stakeholder engagement	31	None

GENERAL STANDARD DISCLOSURES				
GRI Indicator	Description	Page Reference	Page No.	External Assurance
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns.	Stakeholder engagement	31	None
REPORT PROFILE				
G4-28	Reporting period	Sustainability report	28	None
G4-29	Date of most recent previous report	Sustainability report	28	None
G4-30	Reporting cycle	Sustainability report	28	None
G4-31	Contact point for questions regarding the report or its contents	About the report	2	None
G4-32	'In accordance' option the organization has chosen & GRI Content Index for the chosen option	About the report	2	None
G4-33	Policy and current practices with regard to seeking external assurance for the Report	About the report	2	None
GOVERNANCE				
G4-34	Governance structure of the organization, including committees of the highest governance body	Corporate Governance	56	None
ETHICS AND INTEGRITY				
G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	Setting the scene	4	None
SPECIFIC STANDARD DISCLOSURES				
GRI Indicator	Description	Page Reference	Page No.	External Assurance
CATEGORY: ECONOMIC				
MATERIAL ASPECT: ECONOMIC PERFORMANCE				
G4-DMA				None
G4-EC1	Direct economic value generated and distributed	Value added statement/ Financial Review	21,134	None
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Risk Management	68	None
G4-EC3	Coverage of the organization's defined benefit plan obligations	Note to Financial Statements	127	None
G4-EC4	Financial assistance received from government	Note to Financial Statements	128	None
MATERIAL ASPECT: MARKET PRESENCE				
G4-DMA				None
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Employee Engagement	36	None
MATERIAL ASPECT: INDIRECT ECONOMIC IMPACTS				
G4-DMA				None
G4-EC7	Development and impact of infrastructure investments and services supported	Employee Engagement	36	None
G4-EC8	Significant indirect economic impacts, including the extent of impacts	Risk Management	68	None
MATERIAL ASPECT: PROCUREMENT PRACTICES				
G4-DMA				None
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	Sustainable Supply chain	39	None

SUSTAINABILITY

SPECIFIC STANDARD DISCLOSURES				
GRI Indicator	Description	Page Reference	Page No.	External Assurance
CATEGORY: ENVIRONMENTAL				
MATERIAL ASPECT: MATERIALS				
G4-DMA				None
G4-EN1	Total weight or volume of materials that are used to produce and package the organization's primary products and services during the reporting period	Product Responsibility	32	None
G4-EN2	Percentage of materials used that are recycled input materials	Not reported		None
MATERIAL ASPECT: ENERGY				
G4-DMA				None
G4-EN3	Energy consumption within the organization	Diminishing our impact	35	None
G4-EN6	Reduction of energy consumption	Diminishing our impact	35	None
MATERIAL ASPECT: WATER				
G4-DMA				None
G4-EN8	Total water withdrawal by source	Not reported		None
MATERIAL ASPECT: BIODIVERSITY				
G4-DMA				None
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	No such sites		None
MATERIAL ASPECT: EMISSIONS				
G4-DMA				None
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Not reported		None
MATERIAL ASPECT: EFFLUENTS AND WASTE				
G4-DMA				None
G4-EN22	Total water discharge by quality and destination	Not reported		None
MATERIAL ASPECT: PRODUCTS AND SERVICES				
G4-DMA				None
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Diminishing our impact	32	None
MATERIAL ASPECT: COMPLIANCE				
G4-DMA				None
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Not reported		None
MATERIAL ASPECT: TRANSPORT				
G4-DMA				None
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	N/A		None
MATERIAL ASPECT: OVERALL				
G4-DMA				None
G4-EN31	Total environmental protection expenditures and investments by type	Not reported		None
MATERIAL ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT				
G4-DMA				None

SPECIFIC STANDARD DISCLOSURES				
GRI Indicator	Description	Page Reference	Page No.	External Assurance
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	Not tracked		None
CATEGORY: SOCIAL				
SUB-CATEGORY: LABOUR PRACTICES AND DECENT WORK				
MATERIAL ASPECT: EMPLOYMENT				
G4-DMA				None
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Employee Engagement	36	None
MATERIAL ASPECT: LABOUR/MANAGEMENT RELATIONS				
G4-DMA				None
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	Not reported		None
MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY				
G4-DMA				None
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Employee Engagement	36	None
MATERIAL ASPECT: TRAINING AND EDUCATION				
G4-DMA				None
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Not reported		None
MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY				
G4-DMA				None
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Employee Engagement/ Human Resources		None
MATERIAL ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN				
G4-DMA				None
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Employee Engagement	36	None
MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR LABOUR PRACTICES				
G4-DMA				None
G4-LA14	Percentage of new suppliers that were screened using labour practices criteria	Not tracked		None
MATERIAL ASPECT: LABOUR PRACTICES GRIEVANCE MECHANISMS				
G4-DMA				None
G4-LA16	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms	Not reported		None
SUB-CATEGORY: HUMAN RIGHTS				
MATERIAL ASPECT: INVESTMENT				
G4-DMA				None
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Not tracked		None
MATERIAL ASPECT: NON-DISCRIMINATION				
G4-DMA				None
G4-HR3	Total number of incidents of discrimination and corrective actions taken	No incidents reported		None

SUSTAINABILITY

SPECIFIC STANDARD DISCLOSURES				
GRI Indicator	Description	Page Reference	Page No.	External Assurance
MATERIAL ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING				
G4-DMA				None
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	Employee Engagement	36	None
MATERIAL ASPECT: CHILD LABOUR				
G4-DMA				None
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour	No operations having significant risk for incidents of child labour.		None
MATERIAL ASPECT: FORCED OR COMPULSORY LABOUR				
G4-DMA				None
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour	Not reported		None
MATERIAL ASPECT: SECURITY PRACTICES				
G4-DMA				None
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	Not reported		None
MATERIAL ASPECT: INDIGENOUS RIGHTS				
G4-DMA				None
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	N/A		None
MATERIAL ASPECT: ASSESSMENT				
G4-DMA				None
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	Not reported		None
MATERIAL ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT				
G4-DMA				None
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	Not tracked		None
MATERIAL ASPECT: HUMAN RIGHTS GRIEVANCE MECHANISMS				
G4-DMA				None
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	Not reported		None
SUB-CATEGORY: SOCIETY				
MATERIAL ASPECT: LOCAL COMMUNITIES				
G4-DMA				None
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Not reported		None
MATERIAL ASPECT: ANTI-CORRUPTION				
G4-DMA				None
G4-SO4	Communication and training on anti-corruption policies and procedures	Not reported		None
MATERIAL ASPECT: PUBLIC POLICY				

SPECIFIC STANDARD DISCLOSURES				
GRI Indicator	Description	Page Reference	Page No.	External Assurance
G4-DMA				None
G4-SO6	Total value of political contributions by country and recipient/beneficiary	Not reported		None
MATERIAL ASPECT: ANTI-COMPETITIVE BEHAVIOR				
G4-DMA				None
G4-SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	No incidents reported		None
MATERIAL ASPECT: COMPLIANCE				
G4-DMA				None
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	No incidents reported		None
MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY				
G4-DMA				None
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	Not tracked		None
MATERIAL ASPECT: GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY				
G4-DMA				None
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	Not reported		None
SUB-CATEGORY: PRODUCT RESPONSIBILITY				
MATERIAL ASPECT: CUSTOMER HEALTH AND SAFETY				
G4-DMA				None
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	Product Responsibility	32	None
MATERIAL ASPECT: PRODUCT AND SERVICE LABELING				
G4-DMA				None
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labelling, and percentage of significant product and service categories subject to such information requirements	Product Responsibility	32	None
MATERIAL ASPECT: MARKETING COMMUNICATIONS				
G4-DMA				None
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	N/A		None
MATERIAL ASPECT: CUSTOMER PRIVACY				
G4-DMA				None
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	No incidents reported		None
MATERIAL ASPECT: COMPLIANCE				
G4-DMA				None
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	No incidents reported		None

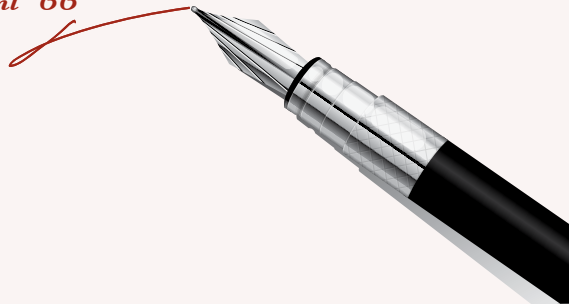
Rolling

In this step, essential chemical reactions occur. Likewise the company is adding value to the data in order to provide high quality information.



Governance

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PROFILE OF DIRECTORS



Dr. S. Yaddehige, Chairman

Dr. Sena Yaddehige is a Sri Lankan born British Scientist/Engineer and a Swiss based industrialist. Dr. Yaddehige is the Chairman of the Richard Pieris Group of Companies comprising seven Listed Companies, including three Plantation Companies, and over 50 companies wholly or majority owned by Richard Pieris and Company PLC. He served as a Director in the Board of Directors of National Development Bank PLC during the period between 2007 and 2010.

Dr. Yaddehige is a brilliant scientist and a high energy radiation specialist who innovated and developed contactless sensor technology, drive by wire systems and made numerous inventions in radiation processing for which he holds worldwide patents. In addition he also holds the patent for slow release fertilizer in Sri Lanka.

He is a Founder, Chairman and Director of numerous companies in Sri Lanka, USA, Japan, UK, Germany, Switzerland and Singapore. He is also the founding Managing Director of a European Company, which manufactures and exports automotive components and systems, developed based on his own innovations, to Europe, Japan, China and the United States.

Dr. Yaddehige was conferred with Doctor of Science (D.Sc.) in consideration of his original research work in the fields of Radiation, Radiation processing, Electromechanical Sensor technology, non-contact sensor technology and automotive pedal systems along with numerous patents in the above fields.



S.S. Poholiyadde, Director/Chief Executive Officer

He currently holds the position of Managing Director of the Plantations Sector of the Richard Pieris Group and Director/Chief Executive Officer Kegalle Plantations PLC, Namunukula Plantations PLC and Maskeliya Plantations PLC. He has over three decades of experience in the Plantation Industry, having commenced his career as an Assistant Superintendent. He joined the corporate management of Kegalle Plantations PLC in 1998 after being a Superintendent.

He is the current Chairman of the Plantation Services Group of the Employers' Federation of Ceylon (EFC) and the Colombo Rubber Traders' Association and Deputy Chairman of the Planters' Association of Ceylon. He is also a Director of Richard Pieris Natural Foams Ltd., Exotic Horticulture (Pvt) Ltd., AEN Oil Palm

Processing (Pvt) Ltd., Eastern Brokers Ltd., and a member of the Rubber Research Board. He was appointed as an Honorary Member of the Advisory Council in February 2015 and Member of the Committee to Oversee Rubber Sector Issues of the Ministry of Plantation Industries, a Council Member of the EFC, the Ceylon Chamber of Commerce, and in the Advisory Committee on Rubber & Plastics Sector of the Export Development Board. He also serves on the Wages Boards for the Rubber Growing and Manufacturing Trade, Coconut Growing Trade, Cocoa, Cardamom & Pepper Growing & Manufacturing Trade and the Executive Committee of The Sri Lanka Society of Rubber Industry.



N.C. Peiris, Independent Non Executive Director

Mr. Neville Peiris is a Fellow member of the Institute of Chartered Accountants of Sri Lanka, counting 45 years' experience in Finance & Management both locally and internationally. He has also followed several overseas Management Programmes in Singapore and Japan.

He functioned as the Finance Director and Company Secretary of Singer (Sri Lanka) Ltd, from 1985 to 2001 and thereafter functioned as a Regional Controller of the Singer Corporate Management overlooking the Financial and other controllership functions of Singer Jamaica, Philippines, Bangladesh, Pakistan, Sri Lanka and the Middle East until he retired in the year 2006. During the period he functioned as the Finance Director of Singer Sri Lanka Ltd, he contributed immensely to the continuous

growth of the Company, he also served as Non-Executive Director of Several Public Quoted and Private Limited Liability companies in Sri Lanka, including Regnis Lanka Ltd, Commercial Leasing Co Ltd, Commercial Fund Management (Pvt) Ltd, Equity Lanka (Pvt) Ltd, Commercial Insurance Brokers (Pvt) Ltd, and First Capital Ltd. Presently in addition to being a Non-Executive Director of Namunukula Plantations PLC Mr. Peiris is the Non-Executive Chairman of Ceylon leather products PLC and function as independent Non-executive director of Hunter & Company PLC, Lanka Canneries (Pvt) Ltd. and South Asian Textile Industries (Pvt) Ltd.



Dr Jayatissa De Costa, Independent Non Executive Director

Dr Jayatissa De Costa LL.B. (Cey), LL.M. (Lond), Ph.D (Colombo) is a Presidents' Counsel. He was admitted to the Legal profession in Sri Lanka in January, 1971 and has unbroken practice of more than 44 years at Bar specializing in Civil matters.

In addition he has held numerous positions both in the Public Sector and Private Sector including the Chairmanship of Public Utilities Commission of Sri Lanka and membership of the Law Commission. He was also the Principal of Sri Lanka Law College. Dr. Jayatissa De Costa had functioned as a Law Lecturer in a number of universities both at home and abroad and has published a large number of books in Law.

He had his education at Dharmapala Vidyalaya, Pannipitiya, London School of Economics and Political Science, School of Oriental and African Studies and Kings' College, University of London.



B.A.T Rodrigo, Independent Non Executive Director

Mr. B.A.T Rodrigo is currently holding the position of Director of the Department of State Accounts, Ministry of Finance. Mr Rodrigo Has gained experience over two decades in the field of government accounting & reporting, having commenced his career as an audit examiner.

Mr. Rodrigo holds the degree of bachelor of commerce and after obtaining the first degree he has completed the master of public management from Sri Lanka institute of development Administration. He has also obtained the licentiate certificate from the institute of Chartered accountants of Sri Lanka.



Shaminda Yaddehige, Non Executive Director

Mr. Shaminda Yaddehige has been appointed to the Directorates of Namunukula Plantations PLC with effect from 1 March 2016 as a Non Executive Director.

Mr. Yaddehige was educated at Charter House, United Kingdom and graduated in Chemical Engineering from University College London. After establishing himself in business in Europe and USA, he further graduated in Master of Business Administration at IE Business School, a global top 10 ranked business school.

He worked as a Management Consultant at Price Waterhouse Coopers, United Kingdom and also at world renowned International Ultra High Net Worth banking giant, Credit Suisse of Switzerland. He has an extensive experience in International Marketing and has built a very strong marketing network in Europe.

Mr. Yaddehige is in the Directorate of Richard Pieris & Company PLC as an Executive Director/Chief Operating Officer of the Company and also in the Directorates of Richard Pieris Exports PLC and Subsidiary Companies of the Richard Pieris Group.



Nicholas Mark Thompson, Independent Non Executive Director

Mr. Thompson has over 35 years' experience in tropical agriculture. After completing a Masters degree in tropical agriculture development, Mr Thompson joined New Britain Palm Oil Limited (NBPOL) a subsidiary of UK conglomerate Harrison and Crosfield plc. NBPOL was at that time an early stage oil palm company operating in Papua New Guinea. Mr. Thompson gained experience in all aspects of plantation management including Estate Management, research & development and the development of new areas and was appointed Managing Director/Chief Executive Officer of NBPOL in 1994. During his 31 years with NBPOL and 21 years as its Managing Director/CEO Mr. Thompson oversaw the remarkable transformation of NBPOL from a modest 15,400 Ha oil palm Plantation on the island of New Britain to a world class producer of sustainable and traceable palm oil. Mr. Thompson retired

from NBPOL following the successful £ 1.073 billion takeover of the company by Sime Darby Plantation in March 2015 and the delisting of NBPOL from the London stock Exchange. Mr. Thompson became an adviser to the president and group chief executive of Sime Darby Berhad following his retirement from NBPOL.

Mr Thompson holds a Bachelor of Agricultural science (Hons) from Nottingham University, a Masters of Agricultural Science from Reading University and a Masters of Business Administration from Bath University. In March 2016, Mr. Thompson was awarded a CBE for his services to agriculture and the west New Britain community.



E.PI Fernando, Non Executive Director

Mr. E.PI Fernando has over 35 years of experience as a career banker with 28 years of experience in international banks and 7 years of experience in a local bank.

He began his career at Grindlays Bank PLC and now Standard Chartered Bank where he held the position as the Head of Institutional Sales, Head of Personal Loans/Premium Card Sales and as the Senior Manager Business Development Retail Banking. He also worked at Pan Asia Banking Corporation PLC as the Head of Institutional Liability Sales.

He held different board positions and was involved in national level including Member of the Board of Directors of Tea Research Institute, Sri Lanka (2012-2015), Committee Member of National Sports Council (2008-2009), Member of the Advisory Council of Sri Lanka Export Development board (2008), Member of the Export Development Board and served in the audit and management committee (2002-2004) and Member of the Industrial Development Board (2000-2001). Currently, he is also a board member of the National Apprentice and Industrial Training Authority (NAITA).

HUMAN RESOURCES

Corporate Management

Mr. S.S. Poholiyadde	Managing Director - Plantations
Mr. S. A. Eriyagama	Director Operations - Rubber and Oil Palm
Mr. M.P.S. Pathiraja	Director Operations - Uva Range
Mr. S. Epitakumbura	Financial Controller
Mr. P.de S.A. Gunasekara	Deputy General Manager

Head Office Management Team

Mr. D. Sivaraj	Senior Manager
Mr. H.M.M.J. Herath	Accountant
Mr. R.M. S. S. Herath	Manager Information System
Mr. U.W.I. Parakramaweera	Assistant Accountant
Mr. E.M.W.M. Bandaranayake	Assistant Accountant
Mr. J. Fernando	Executive
Mr. D.S. Gomez	Executive
Mr. W.T. Dilshan	Accounts Executive
Mr. W.W.P.D.E. Fernando	Accounts Executive
Miss. M.S. Wickremasinghe	Junior Executive
Mr. H.M.T.D.B. Senavirathne	Management Trainee
Mr. H.M. Jayathilake	Administrative Assistant
Mrs. P.D. Mahipala	Secretary
Miss. H.V. Sujeeva	Secretary

Estate Name	Selling Mark	Name	Designation
Kalutara Range			
Eladuwa	Eladuwa/Malaboda	Mr. J.B.Weerasekera	Superintendent
		Mr. K.T.Jayasekara	Assistant Superintendent
Miriswatte		Mr. S.S. Gunasekara	Superintendent
Pallegoda	Pallegoda	Mr. S.M. Doranegama	Superintendent
		Mr. D.S. Dalpathadu	Assistant Superintendent
Sirikandura		Mr. L. Tennekoon	Superintendent
Yatadola	Yatadola	Mr. D.M.S.B. Dissanayake	Superintendent
		Mr. S.L. Gunasekara	Assistant Superintendent
Pelawatte	Pelawatte	Mr. N M Ilangaratne	Superintendent
		Mr. H A Liyanage	Assistant Superintendent

Estate Name	Selling Mark	Name	Designation
Galle Range			
Baddegama	Baddegama	Mr. P.De S.A.Gunasekara	Superintendent
		Mr. D.D. Weerathunge	Assistant Superintendent
		Mr. M.M.S. Jayasekara	Assistant Superintendent
Citrus		Mr. L.K.S. Karunathilake	Superintendent
Walpita/ Monrovia	Walpita	Mr. H.P. Rajapakse	Superintendent
		Mr. S.M. Batugedera	Assistant Superintendent
Olympus TF	Olympus	Mr. H.P. Rajapakse	Superintendent
Matara Range			
Akuressa	Korahilagoda	Mr. M.W. Niromal De Silva	Superintendent
		Mr. N.C. Rajapaksha	Assistant Superintendent
Hulandawa/Belmont	Belmont	Mr. R.M. Ranasinghe	Superintendent
		Mr. G.S.U. de Silva	Assistant Superintendent
Tennehena	Dankoluwa	Mr. K.V.M.T. Dias	Superintendent
		Mr. K.I.W.M Kularathne	Assistant Superintendent
		Mr. W.P.B. Witharana	Assistant Superintendent
Uva Range			
Cannavarella	Cannavarella	Mr. N. Randeniya	Superintendent
		Mr. S.R.T. Purushothman	Assistant Superintendent
		Mr. R. Madugalle	Assistant Superintendent
Gonakelle	Gonakelle	Mr. L.H.S.Jayathilaka	Superintendent
		Mr. N. de Silva	Assistant Superintendent
Hindagala	Hindagala	Mr. A.U.M.T.Athukorala	Superintendent
		Mr. Sheriff Hussain	Assistant Superintendent
		Mr. Roshan Jayasooriya	Assistant Superintendent
Kandahena		Mr. S. Udunuwara	Superintendent
Kinellan	Kinellan	Mr. J. Abeyasekara	Superintendent
Pingarawa	Tonacombe	Mr. J. Kalansuriya	Superintendent

CORPORATE GOVERNANCE

Namunukula Plantations PLC has designed its Corporate Governance policies and practices to ensure that the company is focused on its responsibilities to its stakeholders and on creating long term shareholder value. The company recognizes the interests of all its stakeholders including shareholders, employees, customers, suppliers, consumers and the other communities in which it operates. The company complies with the rules on Corporate Governance, included in the Listing Rules of the Colombo Stock Exchange, and is guided by the principles included in the Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka.

The Board of Directors of Namunukula Plantations PLC is committed and takes responsibility to maintain the highest standards of Corporate Governance whilst give concerns to major external & internal steering instruments on governance, depict in the following table.

Major External Steering Instruments on Governance	Major Internal Steering Instruments on Governance
<ul style="list-style-type: none"> Companies Act No. 07 of 2007. 	<ul style="list-style-type: none"> Articles of Association of the Company
<ul style="list-style-type: none"> Code of Best Practice on Corporate Governance issued jointly by The Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka (a voluntary Code). 	<ul style="list-style-type: none"> Board of Directors' working procedure
<ul style="list-style-type: none"> Listing Rules of the Colombo Stock Exchange 	<ul style="list-style-type: none"> Board approved policies on all major operational aspects

Major External Steering Instruments on Governance	Major Internal Steering Instruments on Governance
<ul style="list-style-type: none"> Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987 and amendments thereto. 	<ul style="list-style-type: none"> Integrated risk management procedures.
	<ul style="list-style-type: none"> Processes for internal controls

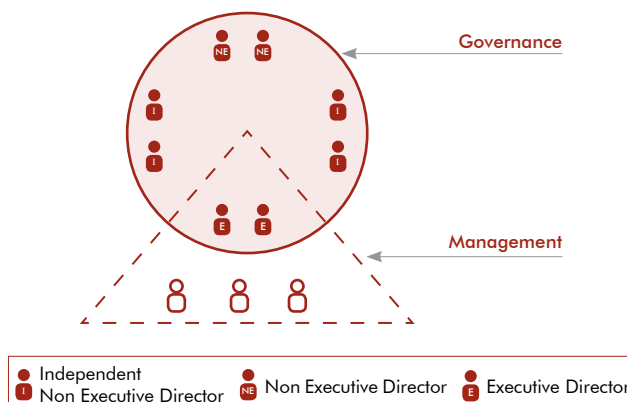
This statement sets out the Corporate Governance policies, practices and processes adopted by the Board.


























The Board of Directors



The company is governed by its Board of Directors, who directs and supervises the business and affairs of the company on behalf of the shareholders.

The Board comprises eight Directors, of which two are Executive Directors, whilst six are Non-Executive Directors. Out of six non-executive directors four are Independent, ensuring an independent outlook to temper the expediency of the experts. The Board has assessed the independence of the Non-Executive Directors.

Executive directors and senior managers (Management), who are involved in the day to day running of the company with the management. Following diagram and table depicted the composition of the board and the senior management.



Name of Director	Executive	Non-Executive	Independent
Dr S Yaddehige			
Mr. S.S Poholiyadde			
Mr. N.C.Peiris		 	 
Dr H.J. De Costa		 	 
Mr. B.A.T Rodrigo (Appointed with effect 22nd June 2015)		 	 
Mr. Shaminda Yaddehige (Appointed with effect 01st March 2016)		 	
Mr. Prasanna Fernando (Appointed With effect 26th May 2016)		 	
Mr. Nicholas Mark Thompson (Appointed With effect 26th May 2016)		 	 
Mr. A.K. Perera (Resigned from 20th May 2015)			 
Mr. J H P Ratnayake (Resigned from 11th January 2016)			

 Chairman  Director

Brief profiles of the directors are set out on pages 50 to 53 .

Meetings of the Board of Directors

During the year the Board met on three occasions. Prior to each meeting, the directors are provided with all relevant management information and background material relevant to the agenda to enable informed decisions. Board papers are submitted in advance on company performance, new investments, capital projects and other issues which require specific Board approval. A separate information memorandum is provided on statutory payments at each Board meeting.

The Chairman is responsible for matters relating to policy, maintaining regular contact with the other Directors, shareholders and external stakeholders of the company. He is responsible for company's overall commercial, operational and strategic development and assisted by the Executive Management Committee comprising Executive Directors and Corporate Management of the Company. The finance function devolves on the Group Chief Financial Officer and Financial Controller – Plantation Sector who are present by invitation at board meetings when financial matters are discussed. The Board of Directors has access to independent professional advice as and when deemed necessary for decision making.

The main functions of the Board are to:

- Direct the business and affairs of the company.
- Formulate short and long term strategies, as a basis

for the operational plans of the company and monitor implementation.

- Report on their stewardship to shareholders.
- Identify the principal risks of the business and ensure adequate risk management systems in place.
- Ensure internal controls are adequate and effective.
- Approve the annual capital and operating budgets and review performance against budgets.
- Approve the interim and final financial statements of the company.
- Determine and recommend interim and final dividends for the approval of shareholders.
- Ensure compliance with laws and regulations.
- Sanction all material contracts, acquisitions or disposal of assets and approve capital projects.

All independent Directors are have no direct or indirect material relationship with the company and have duly submitted the annual declaration as per the Colombo stock exchange listing rules. Their wide range of expertise and significant experience in commercial, corporate and financial activities bring an independent view and judgment to the Board.

Sub Committees of the Board

The Board is responsible for the establishment and functioning of all Board Committees, the appointment of members to these committees and their compensation. During the year, two new Board Sub Committees were formed namely Nominations Committee and Related Party Transactions Review Committee. Information on four Board Committees is given in pages 61 to 65. The Board has delegated responsibilities to four Board sub committees which operate within clearly defined terms of reference.

Audit Committee

Namunukula Plantations PLC is one of the Group Companies of the Richard Pieris & Company PLC. As such the Group Audit Committee acts as the Audit Committee of the company. Audit Committee report on Page 61 to 62 describes the activities carried out during the financial year.

GOVERNANCE

Remuneration Committee

The Remuneration Committee of the Ultimate Parent Company acted as the Remuneration Committee of Namunukula Plantations PLC. The composition of the committee as at March 31, 2016 and report of Remuneration Committee is given in page 63.

Nomination Committee

The Nomination Committee of the Ultimate Parent Company acted as the Nomination Committee of Namunukula Plantations PLC. The composition of the committee as at March 31, 2016 and report of Nomination Committee is given in page 64.

Related party Transactions Review Committee

The Related party Transactions Review Committee of the Ultimate Parent Company acted as the Related party Transactions Review Committee of Namunukula Plantations PLC. The Report of the Related party Transactions Review Committee is on page 65.

comprehensive monthly management reporting system. Clear criteria and benchmarks have also been set out for the evaluation of capital projects and new investments. The Internal Audit Division reporting to the Chairman, regularly evaluates the internal control system across the organization and its findings are reviewed first by the Audit Committee and significant issues are thereafter reported to the Board. The Board reviewed the internal control procedures in existence and are satisfied with its effectiveness

Relationship with Shareholders

The Board maintains healthy relationships with its key shareholders (individual and institutional) while maintaining a dialogue with potential shareholders as well. The Annual General Meetings are held to communicate with the shareholders and their participation is encouraged. Apart from this, its principal methods of communication include the corporate website, the annual report, quarterly Financial Statements and press releases.

Sub Committee	Audit Committee	Remuneration Committee	Nomination Committee	Related party Transactions Review Committee
Prof: Lakshman R. Watawala	C	C	M	M
Dr. S.A.B Ekanayake	M	M	C	C
Prof: Kapila Gunasekara	M		M	M

C Chairman M Member

Internal Controls

The Board is responsible for instituting on effective internal control system to safeguard the assets of the Company and ensure that accurate and complete records are maintained from which reliable information is generated. The system includes all controls including financial, operational and risk management. Strategies adopted by the Company to manage its risk are set out in its report on Risk Management on pages 66 to 75.

Comprehensive budgetary process is in place, where annual budgets, identifying the critical success factors and functional objectives, prepared by all Estates are, approved by the Board, at the commencement of a financial year, and its achievement monitored monthly, through a

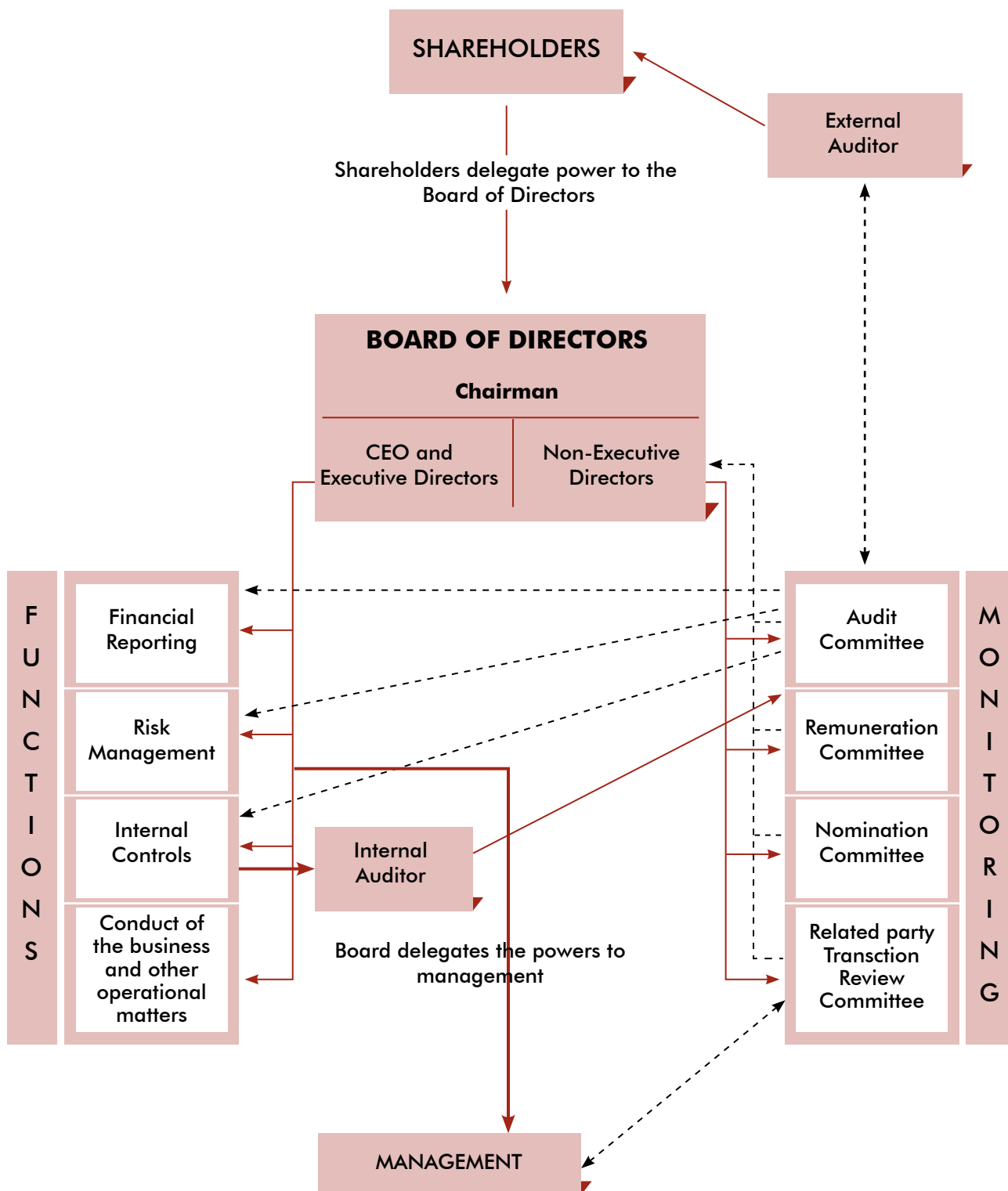
Relationship with Other Stakeholders

The Board identifies the importance of maintaining a healthy relationship with its key stakeholders and ensures the Company as a whole inculcates this practice. Internal communication is mainly conducted through e-mails, memos and circulars.

The Board also ensures that the Company policies and practices are in line with the Company's values and its social responsibilities. The Company promotes protection of the environment, health and safety standards of its employees and others within the organization. The relevant measures taken are given in detail in the Sustainability report on page 31.

Corporate Governance Structure

The company Governance frame work is depicted in the following diagram,



GOVERNANCE

Compliance

The Board places significant emphasis on strong internal compliance procedures. The financial statements of the company are prepared in strict compliance with the guidelines of the Sri Lanka Accounting Standards and other statutory regulations. Financial statements are published quarterly in line with the Listing Rules of the Colombo Stock Exchange through which all significant developments are reported to shareholders quarterly. The Board of Directors, to the best of their knowledge and belief, are satisfied that all statutory payments have been made to date.

Corporate Governance Requirements listed under the Listing Rules issued by the Colombo Stock Exchange. (CSE)

Going Concern

The Directors have continued to use the 'Going Concern' basis in the preparation of the financial statements, after careful review of the financial position and cash flow status of the company. The Board of Directors believes that the company has adequate resources to continue its operation for the foreseeable future.

CSE Section Reference	Colombo Stock Exchange Requirement	Status of Namunukula Plantations PLC
7.10.1 (a) to (c)	Non-Executive Directors	In Compliance
7.10.2 (a)	Two or one-third of Non-executive Directors, whichever is higher, should be independent.	In Compliance
7.10.2 (b)	Each Non- Executive Director should submit a declaration of independence/ non independence	In Compliance
7.10.3	Disclosures relating to Directors	In Compliance
7.10.5	Remuneration Committee	In Compliance
7.10.6	Audit Committee	In Compliance
9.2	Related party Transactions committee	In Compliance

AUDIT COMMITTEE REPORT

Composition of the Committee

The Audit Committee of the Ultimate Parent Company acted as the Audit Committee of Namunukula Plantations PLC.

The Committee comprised of following three independent Non-executive directors. The Chairman of the Committee is a Senior Chartered Accountant.

- Prof. Lakshman R. Watawala (Chairman)
- Dr. S. A. B. Ekanayake
- Prof. Kapila Goonasekara (Appointed w.e.f. 15th February 2016).

Corporate Management, The Group Chief Financial Officer, Financial Controller – Plantations Sector, Group Internal Audit Manager, Operational Managers and Functional heads of entity were invited if deemed necessary for audit committee meetings. The Company Secretary functions as Secretary to the Audit Committee.

Charter of the Committee

The Charter of Audit Committee approved by the Board, clearly defines the purpose, authority, composition, meeting, and responsibilities of the Committee.

The purpose of the Audit Committee is to:

1. Assist the Board of Directors in fulfilling its overall responsibilities for the financial reporting process.
2. Review the system of internal control and risk management.
3. Monitor the effectiveness of the internal audit function.
4. Review the Company's process for monitoring compliance with laws and regulations.
5. Review the independence and performance of the external auditors.

6. To make recommendations to the board on the appointment of external auditors and recommend their remuneration and terms of engagement.

Activities in 2015/16

The Audit Committee held four meetings during the financial year ended 31st March 2016. Representatives of the Company's External Auditors M/S Ernst & young also participated in a meeting during the year by invitation and discussions were held regarding the scope and the conduct of the annual audits. The committee also invited members of the senior management of the company to participate in the meetings from time to time, based on necessity.

Reporting of Financial Position and Performance

The Committee reviewed the company's Quarterly Financial Statements, the Annual Report and Accounts for reliability, consistency and compliance with the Sri Lanka Accounting Standards and other statutory requirements, including the Companies Act, No 7 of 2007, prior to issuance. The committee also reviewed the adequacy of disclosure in published financial statements.

Internal Controls

During its meetings, the Committee reviewed the adequacy and effectiveness of the internal control systems and the Company's approach to its exposure to the business and financial risks. Processes are in place to safeguard the assets of the organization and to ensure that the financial reporting system can be relied upon in the preparation and presentation of financial statements. A comprehensive Management Report and Accounts are produced at month end highlighting all key performance criteria pertaining to the Namunukula Plantations PLC which is reviewed by the Senior Management on a monthly basis.

Board of Directors of the company review performance on quarterly basis or more often, if required.

GOVERNANCE

Internal Audit and Risk Management

The Internal Audit Programme was reviewed by the Committee to ensure that it covered the major operational aspects of the Company.

The Group Internal Audit Manager was invited to be present at all Audit Committee deliberations. He presented a summary of the salient findings of all internal audits and investigations carried out by his department for the period. The responses from the Managing Director of the Company to the internal audit findings were reviewed and where necessary corrective action was recommended and implementation monitored.

The Committee also had the responsibility to review the loss making estates of the Company and strategies for turning round these estates and recommending suitable corrective action.

External Auditors

The Audit Committee has reviewed the other services provided by the External Auditors to the company to ensure their independence as Auditors has not been compromised.

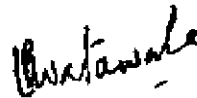
The Committee reviewed the Management Letters issued by the External Auditors, the Management response thereto and also attended to matters specifically addressed to them. The external auditors kept the audit committee

informed on an ongoing basis of all matters of significance. The Committee met with the Auditors and discussed issues arising from the audit and corrective action taken where necessary.

The Audit Committee has recommended to the Board of Directors that Messrs. Ernst & Young be re-appointed as Auditors for the financial year ending 31 March, 2017 subject to the approval of the shareholders at the next Annual General Meeting.

Conclusion

The Audit Committee is satisfied that the control environment prevailing in the organization provides reasonable assurance regarding the reliability of the financial reporting of the company, the assets are safeguarded and that the Listing Rules of the Colombo Stock Exchange have been met.



Prof. Lakshman R Watawala
Chairman
31 May 2016.

REMUNERATION COMMITTEE REPORT

Composition of the Committee

The Remuneration Committee of the Ultimate Parent Company acted as the Remuneration Committee of Namunukula Plantations PLC. The Committee comprises of two independent Non-Executive Directors.

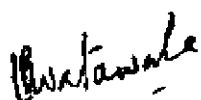
- Prof. Lakshman R Watawala (Chairman)
- Dr. S. A. B. Ekanayake.

The Remuneration Committee has reviewed and recommended the following to the Board of Directors:

- Policy on remuneration of the Executive Staff
- Specific remuneration package for the Executive Directors

In a highly competitive environment attracting and retaining high caliber executives is a key challenge faced by the Company. In this context, the Committee took into account, competition, market information and business performance in declaring the overall remuneration policy of the Company.

The Committee met on several occasions during the financial year. Members of the Corporate Management were invited to participate at the sitting of the committee meetings as and when required by the chairman, considering the topics for deliberation at such meetings.



Prof. Lakshman R Watawala
Chairman
31 May 2016

NOMINATIONS COMMITTEE REPORT

Composition of the Committee

The Nominations Committee of the Ultimate Parent Company acted as the Nominations Committee of Namunukula Plantations PLC, and Committee comprised of following three independent Non-executive directors of the Richard Pieris & Company PLC (Ultimate Parent Company).

- Dr. S.A.B. Ekanayake (Chairman)
- Prof. Lakshman R Watawala
- Prof. Kapila Goonasekara

The objectives of the Committee include,

1. To consider /recommend new Directors or re-electing current Directors to the Board.
2. To periodically review the composition of the Board and to make recommendations.
3. To advise / recommend on matters referred by the Board of Directors.

The Committee was constituted on 15th February 2016 and committee also made following recommendations to the board.

The committee selected & recommended to the Board to appoint, Mr. Shaminda Yaddhige (W.e.f 01st March 2016), Mr. Prasanna Fernando (W.e.f 26th May 2016) and Mr. Nicholas Thompson (W.e.f 26th May 2016) as Directors to the company.



Dr. S.A.B. Ekanayake

Chairman

31 May 2016

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

Composition of the Committee

The Related Party Transactions Review Committee of the Ultimate Parent Company acted as the Related Party Transactions Review Committee of Namunukula Plantations PLC.

The Committee was constituted on 25th February 2016 and the following members were appointed:

- Dr. S.A.B. Ekanayake (Chairman)
- Prof. Lakshman R Watawala
- Prof. Kapila Goonasekara

The Group Chief Financial Officer, Financial Controller – Plantation Sector and Corporate level management of the company were invited if deemed necessary for Related Party Transactions Review Committee meetings. The Company Secretary functions as Secretary to the Related Party Transactions Review Committee.

The Objectives of the committee include,

- To exercise oversight on behalf of the Board, that all Related Party Transactions (“RPTs”, other than those exempted by the CSE listing rules on the Related Party Transactions) of Richard Pieris & Company PLC and all its listed subsidiaries are carried out and disclosed in a manner consistent with the CSE listing rules.
- To advise and update the Board of Directors on the related party transactions of each of the listed companies on quarterly basis.
- To ensure compliance with the CSE listing rules on the Related Party Transactions.

- To review policies and procedures of Related Party Transactions of the Company.
- To ensure shareholder interests are protected and that fairness and transparency are maintained.

The Committee articulated and recommended a policy framework for adoption on Related Party Transactions for the Company. In such process the committee considered Related Party Transactions which require approval of the Board of Directors, various thresholds set out by the Colombo Stock Exchange listing rules and disclosure requirements, etc.

Further, processes were introduced across the Company to obtain annual disclosures from all KMPs.

The Committee held two meetings during the period under review. The activities and views of the Committee have been communicated to the Board of Directors quarterly through verbal briefings, and by tabling the minutes of the Committee meetings.

Details of the related party transactions entered into by the Company are disclosed on page 130.



Dr. S.A.B. Ekanayake
Chairman
Related Party Transactions Review Committee
31 May 2016

RISK MANAGEMENT

The vigorous governance structure, risk management process, corporate social responsibility and internal audit procedures are intensively critical to be a good corporate citizen in dynamic business environment. Continuous practice of good corporate governance always aids to furnish a sustainable flow of operations along with a transparent operational structure.

In the process of corporate governance, risk management plays a vital part where we proactively identify, evaluate, manage and report risks which need be addressed well in advance. This is something of paramount importance in plantation sector, due to the known fact that the climate changes is the ruler which influences the bottom line a great deal.

As we define, risk as an uncertain future event which could influence the achievement of our strategic, operational and financial objectives, we prioritise our risks based on the impact and the likelihood of occurrence. A step going beyond traditional risk management, while taking actions to minimize the downside of the risks we also seek for upside of

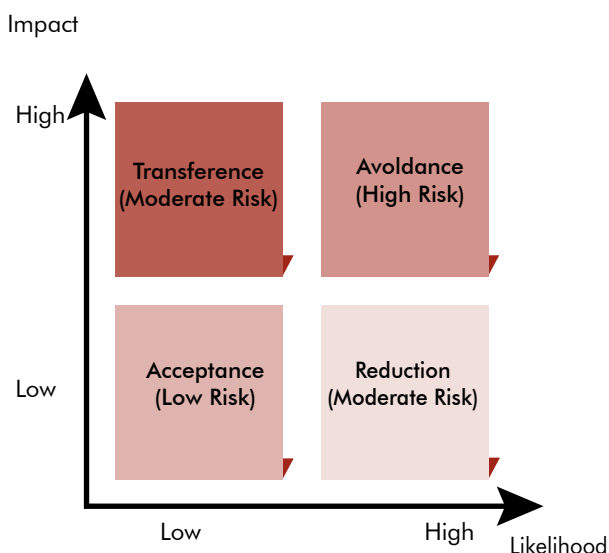
the risks to make improved decisions to capitalize on it. Namunukula Plantations PLC is exposed to a multitude of risks when reaching for its realisation of vision, mission and corporate objectives. The Board of Directors therefore places special emphasis on the management of risks and together with the Management Committee, ensures that a sound system of controls including financial, operational and compliance controls are in place, and reviews regularly the effectiveness of such controls, to safeguard shareholder investments.

Our risk management process comprises of Risk Assessment, Risk Reporting, Decision, Risk Treatment, Residual Risk Reporting and Residual Risk Reporting subject to realization of our strategic objectives. Based on the likelihood of occurrence and the impact of the risks, we take risk minimisation strategies to deal with them. Risk management protects and adds value to the organisation and its stakeholders through supporting the realisation of organisation’s objectives. The Diagram below shows the above steps of risk management in overall context of Namunukula Plantations PLC.



Risk Management Process

Risk management process starts with the simple step of identifying risks that we face in our operations, finance and compliance in general. Risk Identification allows us to consider the extent to which those identified risks may have an impact on realization of our vision, mission and corporate objectives. Evaluation of risk can be quantitative, semi quantitative or qualitative in terms of likelihood of the occurrence and the impact. Given risk level is based on the knowledge gathered from risk evaluation. Following graph depicted the linking control activities to the risk response.

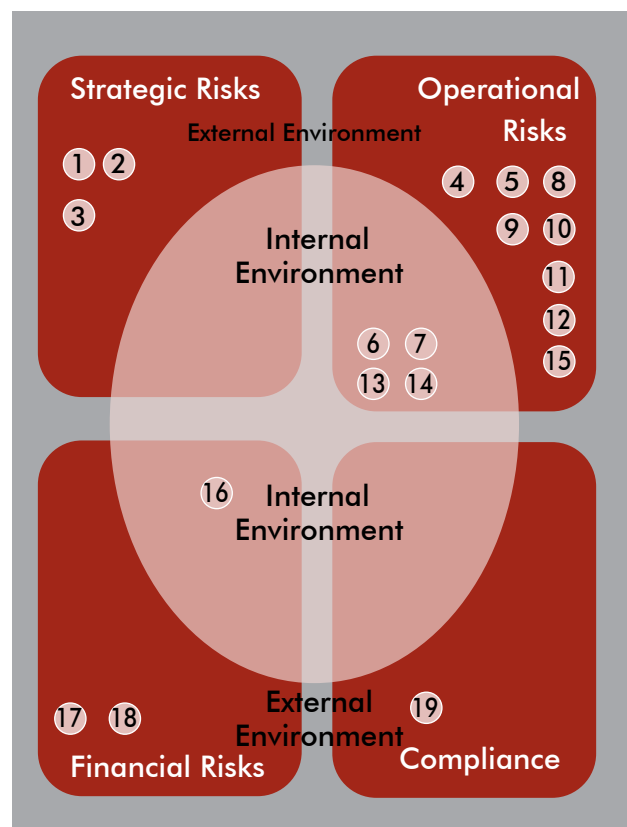


Based on the risk level, company takes appropriate action to mitigate the risk. If the risk is within the company`s risk appetite we will take actions to minimise the risk or accept the risks. In contrary if it is beyond our risk appetite we will take actions to transfer or avoid the risks.

With response to risk minimisation strategy implemented, NPL continuously monitor the effectiveness of actions taken to verify the appropriateness of the strategies implemented. Ultimately, to review the risk management process we compare the gross risk (assessment of risk before risk minimisation strategies are being implemented) with the net risk (assessment of risk after risk minimisation strategies are being implemented) and document the impact to continue with the sustainable risk management cycle.

This diagram overleaf summarises examples of key risks in these areas and shows that some specific risks can have










both external and internal drivers and therefore overlap the two areas.















Risks

1. Auction Prices
2. Climate Changes
3. Wage Structure
4. Credit Risk
5. Asset Risk
6. Internal Controls
7. Reputation Risk
8. Human Capital & Labour Risk
9. Technological Risk
10. Procurement Risk
11. Inventory
12. Risk of Competition
13. Capital Investments Risk
14. Information Systems Risk
15. Environmental & Political Risk
16. Liquidity & Cash management
17. Interest Rate Risk
18. Inflation and Currency Risk
19. Compliance with applicable legislation and internal policies



Table Reference



Level of Risk	Dynamics	
 High Risk	 Probability of the risk unchanged	 Potential impact of the risk unchanged
 Medium Risk	 Probability of the risk increased	 Potential impact of the risk increased
 Low Risk	 Probability of the risk decreased	 Potential impact of the risk decreased

Strategic Risks					
Risk Exposure	Description	Risk Level	Dynamics	Company Objectives	Risk Minimisation Strategies
1. Auction Prices	The risk of decline in the value of auction prices. Price risk is the main risk faced by the company. Although price risk is specific to Tea & Rubber, this is being minimized through diversification.			<ul style="list-style-type: none"> Minimising the risk associated with the auction prices. Getting stabilized prices at auctions with low price variations. 	<ul style="list-style-type: none"> Produce, maintain & upgrade the quality level of products to be appealing to the market buyers. Spread the risk through crop diversification. Obtain international standards and quality accreditations to maintain attractive prices.
2. Climate Changes	We operate in a considerably volatile natural conditions due to unpredicted weather patterns and natural environmental conditions our production quality could get affected.			<ul style="list-style-type: none"> Minimising adverse effects due to climate changes. Maintaining the quality of the crops in spite of climate changes. 	<ul style="list-style-type: none"> Change fertilizing cycles to go par with the climate changes. Change the harvesting pattern accordingly. Crop diversification.
3. Wage Structure	Maintaining a positive margin with a rising wage structure under collective bargaining of the farmers & labourers has become a challenging task while maintaining the remaining productivity level			<ul style="list-style-type: none"> Complying to the regulatory wage structure. 	<ul style="list-style-type: none"> Improve labour productivity by better HR practices.







Operational Risks					
Risk Exposure	Description	Risk Level	Dynamics	Company Objectives	Risk Minimisation Strategies
4. Credit Risk	Risk of being defaulted by customers or other debtors. Maintaining a higher level of liquidity is essential to the industry due to the abrupt nature of it. Hence maintaining a lesser debtor collection day ratio would add a value in managing the working capital.			<ul style="list-style-type: none"> Minimising risks associated with debtor defaults. Working towards obtaining collaterals from major local customers with high outstanding. Following stringent assessment procedures to ensure credit worthiness of the customers prior to the granting of credit. 	<ul style="list-style-type: none"> Obtaining insurance covers for export debtors.
5. Asset Risk	Availability of new technological plant and machineries to tea industry and availability of land to cultivate the suitable crops and efficient use of assets is at the medium level.			<ul style="list-style-type: none"> Minimising risks from fire, theft and machinery & equipment breakdown. 	<ul style="list-style-type: none"> Obtaining comprehensive insurance covers for all tangible assets. Adoption of stringent procedures with regard to the moving of assets from one location to another. Carrying out mandatory preventive maintenance programs. Carrying out frequent employee training programs in areas such as fire prevention.
6. Internal Controls	By establishing sound internal control systems we can ensure and safe guard the assets and operational effectiveness and efficiency.			<ul style="list-style-type: none"> Maintaining a sound system of internal, control to safeguard shareholders wealth and Company's assets. 	<ul style="list-style-type: none"> Carrying out system audits and other control mechanisms such as inventory counts and cash counts in every estate by the Central Internal Audit Department of the main Group.

GOVERNANCE



Operational Risks					
Risk Exposure	Description	Risk Level	Dynamics	Company Objectives	Risk Minimisation Strategies
7. Reputation Risk	We have maintained a good reputation for years by achieving performance targets and complying with rules and regulations in the industry.			<ul style="list-style-type: none"> Preventing the causes that would put the company reputation at risk. 	<ul style="list-style-type: none"> Having in place a budgetary process & a budgetary control mechanism on a monthly & ongoing basis to ensure that the Company's performance is continuously in line with its targets. Adopting stringent quality assurance policies with regard to raw and packing materials bought from third parties. Ensure quality in manufacturing process and compliance with the standards. Work towards obtaining HACCP at minimum, in every factory. Ensuring effective communication with various stakeholders such as employees, bankers, regulators, customers, suppliers and the shareholders.





Operational Risks					
Risk Exposure	Description	Risk Level	Dynamics	Company Objectives	Risk Minimisation Strategies
8. Human Capital & Labour Risk	Heart of the operations is the people we have employed in our plantations. They are the key to our success and the most price possessions of the company.			<ul style="list-style-type: none"> Ensuring a smooth flow of operations without any undue disruptions. 	<ul style="list-style-type: none"> Maintaining healthy relationships with trade unions through regular dialogues. Entering in to collective agreements with trade unions. Ensure compliance with all regulatory requirements with regard to the benefits applicable to workers at estates. To protect ourselves as an employer being successful in motivating, developing, retaining and attracting the best of human capital. Improving employee benefits by way of financial incentives and welfare activities. Arrange in-house and external training in order to develop the human resources.



GOVERNANCE



Operational Risks					
Risk Exposure	Description	Risk Level	Dynamics	Company Objectives	Risk Minimisation Strategies
9. Technological Risk	To enhance the productivity of the industry that we operate in, we have to consider efficient allocation of technological resources in our plantations. We have to consider new investment in new technological plants, machineries and advanced information technology to ensure a smooth flow of information for control purposes.			<ul style="list-style-type: none"> Keeping pace with the current technological developments and safeguard against obsolescence. 	<ul style="list-style-type: none"> Continuous investments in new machinery and experiments on new methods. Mechanization of estate functions up to the highest possible extent. Investing in Research & Development activities whenever necessary. Implementation of the new computer system in head office and the estates. Investing in hardware resources.
10. Procurement Risk	Ensuring efficient flow of operations requires good relationships with suppliers, which in turn will ensure, discounted prices and quality raw materials to add more value to our products.			<ul style="list-style-type: none"> Minimising risk associated with price and availability. 	<ul style="list-style-type: none"> Continuous replanting activities of tea Establishing relationships with more than one supplier to buy leaf in order to reduce over-dependency on a single supplier. Entering into forward contracts for purchases of certain raw material items.
11. Inventory	Due to lower demand conditions there is a risk of accumulating produce stocks in the tea factories, we have ensure these stocks are sale at the correct time at the auction.			<ul style="list-style-type: none"> Reducing stock obsolescence and manage stock holding costs. Reducing the risk associated with theft and shrinkage. 	<ul style="list-style-type: none"> Adopting a monthly declaration policy. Identifying slow moving stocks and effectively laying out a channel for these to be sold off.

Operational Risks					
Risk Exposure	Description	Risk Level	Dynamics	Company Objectives	Risk Minimisation Strategies
12. Risk of Competition	Competitors' actions and other circumstances may result in a decrease in the auction sales or market, thus affecting our revenue and financial performance.	▲	↔	<ul style="list-style-type: none"> Maximising the market share and maintain leadership in respective industries. 	<ul style="list-style-type: none"> Ensuring high standards of quality in the eyes of the customer. Increasing productivity and efficiency in order to ensure an adequate margin despite increasing wage, energy and transportation cost. Carrying out Research & Development activities whenever necessary in order to identify key areas to be focused.
13. Capital Investments Risk	With current operational conditions company needs to ensure high productivity with new capital investments.	▲	↑	<ul style="list-style-type: none"> Minimising risk of not meeting profit expectations. 	<ul style="list-style-type: none"> Adopting a stringent approval procedure for Capital expenditure based on the level of investment and the expected pay back.
14. Information Systems Risk	With a decentralised information system and accounting system we operate in, we have to ensure those systems are up to dated and operate resourceful to satisfy our dynamic needs.	●	↑	<ul style="list-style-type: none"> Minimising risk associated with security, Hardware communication and software. 	<ul style="list-style-type: none"> Maintaining of spare servers mirroring of hard disks with critical data. Data back-ups stored in off-site locations. Vendor agreements for support service and maintenance. Regular updating of Virus scanners, Firewalls etc. Compliance with statutory requirements for environmental preservations.

Operational Risks					
Risk Exposure	Description	Risk Level	Dynamics	Company Objectives	Risk Minimisation Strategies
15. Environmental & Political Risk	Planting operations are exposed to risks associated with extreme weather conditions and political influences time to time may create unforeseen costs and reduce the overall efficiency of the Company's operations.			<ul style="list-style-type: none"> Minimising the negative & Regulatory Risk external environment which are beyond our control. 	<ul style="list-style-type: none"> Ensure compliance with all regulatory impact from changes in the requirements.

Financial Risks					
Risk Exposure	Description	Risk Level	Dynamics	Company Objectives	Risk Minimisation Strategies
16. Liquidity & Cash management	Liquidity and cash management is crucial in the context we operate in.			<ul style="list-style-type: none"> Capitalising on opportunities to raise funds at lowest possible cost. Maximum utilization of the concessionary funding available to Plantation Companies. Ensuring proper management of working capital. 	<ul style="list-style-type: none"> Funding of long term assets through Equity and Long Term Loans. Ensure availability and effective utilization of short term facilities where necessary.
17. Interest Rate Risk	The risk that borrowing cost and investment's value will change due to a change in the absolute level of interest rates (AWPLR).			<ul style="list-style-type: none"> Ensuring a strong liquidity position. Minimising adverse effects of interest rate volatility and currency denominated borrowings. Ensuring cost of borrowing is at the optimum level. Maximum utilization of the concessionary funding available to Plantation Companies. 	<ul style="list-style-type: none"> Negotiate with financial institutions for fixed debt servicing arrangements Short term assets to be financed with the short term finance arrangements and long term assets to be financed with the long term arrangements Monitor debt levels constantly and maintain a balance between debt and equity

Financial Risks					
Risk Exposure	Description	Risk Level	Dynamics	Company Objectives	Risk Minimisation Strategies
18. Inflation and Currency Risk	Inflation and exchange rate fluctuations, which create additional costs through more expensive materials, tools, seeds and services may have impact on our performance.			<ul style="list-style-type: none"> Minimizing risk associated with the fluctuation in foreign currency rates in relation to export proceeds, import payments and foreign currency debt transactions. Ensuring effective utilization by coordinating with treasury operations through various hedging techniques such as forward bookings, forward sales, swaps etc. 	<ul style="list-style-type: none"> Forward exchange rate agreement with financial institutions Purchasing time of classes of assets are pre arrange to minimize Inflation and Currency Risk

Compliance Risks					
Risk Exposure	Description	Risk Level	Dynamics	Company Objectives	Risk Minimisation Strategies
19. Compliance with applicable legislation and internal policies	The Company is subject to special regulations.			<ul style="list-style-type: none"> Reducing the risk of infringement of compliance requirements imposed by regulators. 	<ul style="list-style-type: none"> The Company is developing a set of measures and internal controls to ensure its legal compliance, including compliance with laws. Periodically review and monitor compliance states of statutory and other requirements.

Drying

This shrinks and darkens the leaf and completes the actual manufacturing process. Likewise the company is receiving information to which knowledge and value are added.



Financial Information

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Statement of Directors Responsibility 84

Independent Auditors' Report 85

Statement of Profit or Loss 86

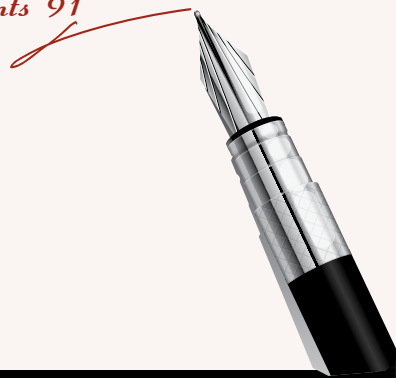
Statement of Comprehensive Income 87

Statement of Financial Position 88

Statement of Changes in Equity 89

Statement of Cash Flows 90

Notes to the Financial Statements 91



ANNUAL REPORT OF THE BOARD OF DIRECTORS

1. General

The Directors of Namunukula Plantations PLC have pleasure in presenting the Annual report together with the Audited financial statements of the company for the year ended 31st March 2016 and the Auditor's Report thereon.

The Board of Directors approved the financial statements on 31st May 2016.

The details set out herein provide pertinent information required by the Companies Act No. 7 of 2007, Listing Rules of the Colombo Stock Exchange, Securities

2. Review of Business

The company's vision, mission and corporate objectives are exhibited in page 04.

2.1 Principal business activities of the company

The principal activity of Namunukula Plantations PLC is cultivation and processing of Black Tea, Rubber, Oil Palm, Coconut and other crops and remains unchanged from the previous year.

Namunukula plantations PLC manage 19 estates with an extent of 11,779 Ha. Unchanged from the previous year.

Information required to be disclosed as per the companies act no. 07 of 2007.		Reference to the companies act.	Annual report page reference for compliance.
(i)	The nature of the business of the company and any change thereof during the accounting period.	Section 168 (1) (a)	Refer item 2.1 On page 78
(ii)	Signed financial statements of the company for the period completed.	Section 168 (1) (b)	Refer item 2.3 On page 79
(iii)	Auditors' report on financial statement of the company.	Section 168 (1) (c)	Refer item 2.5 On page 79
(iv)	Accounting policies and any changes therein.	Section 168 (1) (d)	Refer item 2.6 On page 79
(v)	Particulars of the entries made in the interests register during the accounting period.	Section 168 (1) (e)	Refer item 2.7 On page 79
(vi)	Remuneration and other benefits paid to directors of the company during the accounting period.	Section 168 (1) (f)	Refer item 2.8 On page 80
(vii)	Total amount of donations made by the company during the accounting period.	Section 168 (1) (g)	Refer item 2.9 On page 80
(viii)	Information on directorate of the company during period.	Section 168 (1) (h)	Refer item 9 On page 81
(ix)	Separate disclosure on amounts payable to the Auditors as Audit Fees and Fees for other services rendered during the accounting period.	Section 168 (1) (i)	Refer item 14.2 On page 83
(x)	Auditors' relationship or any relationship with company.	Section 168 (1) (j)	Refer item 14.3 On page 83
(xi)	Acknowledgement of the contents of this report/ signatures on behalf of the board.	Section 168 (1) (k)	Refer page 83

The company continues to be managed by RPC Plantations Management Services (Pvt) Ltd. The basis of computation of Management Fees was same as that of the previous year and was in accordance with the agreement signed between both parties.

2.2 Review of operations of the company

The "chairman's review" on pages 13 to 15 and "Review of Operations", "Financial Review" on pages 16 to 25, together with Audited Financial statements provide an overall assessment on the financial performance and financial position of the company and the state of affairs together with important events that took place during the year as required by the section 168 of the companies act no. 07 of 2007 and recommended best accounting practices.

Segment wise contributions to company revenue, results, assets and liabilities are disclosed in note no. 06 to the financial statements on page 110.

2.3 Financial Statements of the company

In compliance with the requirements of the section 151, 152 and 168 (1) (b) of the companies act no 07 of 2007, the financial statements of the company have been duly certified by the Financial controller and approved by the board of directors and signed by two members of the board of the directors are appearing on pages 86 to 131.

2.4 Directors' responsibility for financial reporting

The Statement of Directors' Responsibility is given on page 84 of this report.

2.5 Auditors' Report

The company's Auditors, Messrs Ernst & Young performed the audit on the financial statements for the year ended March 31, 2016, and Auditors' Report issued thereon is appearing on page 85 as required by the section 168 (1) (c) of the companies act no 07 of 2007.

2.6 Accounting Policies and changes during the year

The company prepared its financial statements in accordance with Sri Lanka accounting standards, which have materially converged with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

As required by the section 168 (1) (d) of the companies act no. 07 of 2007, the board of directors wish to confirm that there were no changes to the accounting policies used by the company during the year. Significant accounting policies adopted in the preparation of the financial statements of the company are given in pages 91 to 109.

2.7 Directors' interest in contracts with the company and the interest register

Directors' interest in contracts in relation to transactions with related entities, transactions with Key Management Personnel and other related disclosures are stated in Note 32 (Related party disclosures) to the financial statements. In addition, the company carried out transactions in the ordinary course of business with the following entities having one or more directors in common.

Entries in the Interest register

As required by the section 168 (1) (e) of the Companies Act No. 7 of 2007, Interest Register is maintained by the company. Share ownership of directors is disclosed in page 82.

Transactions with related undertakings

Name of the company	Name of Director	Position	Nature of transaction	Amount	
				2015/16	2014/15
Eastern Brokers Limited	Mr. S.S Poholiyadde	Director	Brokerage	7,558,794/-	8,537,929/-

FINANCIAL INFORMATION

2.8 Directors' remuneration and other benefits

As required by the section 168 (1) (f) of the companies act no 07 of 2007, the Remuneration and other benefits of the Directors for the year ended 31 March 2016 is given in Note 09 of the financial statements.

2.9 Donations

Donations made during the year by the company amounted to Rs. 5,000/- (2014/15 – Rs. 18,333/-). The information given above on donations forms an integral part of the report of the board of directors as required by the section 168 (1) (g) of the companies act no. 07 of 2007.

3. Turnover

The during the year turnover of the company was Rs. 1,913,076,308/- (2014/15 -2,194,906,240/-) and a composition of the Revenue is given in Note 6 to the financial statements.

Financial results

For the year ended 31 March	2015/16 Rs. '000	2014/15 Rs. '000
Profit/(Loss) for the year after deducting all expenses, depreciation and all known liabilities amounts to	30,877	78,646
Share of profit of joint venture	31,240	52,133
Profit/ (loss) before taxation	62,117	130,779
Income tax (expense)/ reversal	7,502	20,482
Making a profit/ (loss) after taxation of	69,619	151,261
Other comprehensive income	77,778	14,906
Un- appropriated profit brought forward	1,843,891	1,725,224
Super gain tax paid	(21,906)	-
Profit available for distributions	1,969,381	1,891,391
Appropriations - Dividends paid	-	(47,500)
Un - appropriated profit carried forward	1,969,382	1,843,891

Details relating to the company's profits are given on page 86 and 87.

4. Dividend and Reserves

Information on the movement of retained earnings is given in the statement of changes in equity on page 89. There was no General Reserve of the company as at 31 March 2016.

5. Provision for Taxation

As per the Inland Revenue Act the company is liable on its profits from agricultural activities at 10%. All other sources of income will be liable to income tax at the rate of 28%.

The company has also provided deferred tax on all known temporary differences under the liability method, as permitted by the Sri Lanka Accounting Standard – LKAS 12 on "Income Taxes".

Information on Income Tax Expense and Deferred Taxes of the company are given in note 10 to the financial statements.

6. Property, Plant and Equipment

Detailed information relating to the movement of property, plant & equipment, Intangible assets and leasehold assets of the company as at reporting date is given in notes 12, 13, 14 & 15 to the accounts.

The total capital expenditure incurred on the acquisition of fixed assets during the year amounted to Rs. 266,799,517/- (2014/15 -Rs. 413,293,139/-) out of which expenditure on Replanting and Field Development amounts to Rs. 252,710,213/- (2014/15 - Rs.307,662,128/). Capital expenditure has been financed by either long or short term borrowings depending on the pay back period and or internally generated funds.

7. Stated capital

Stated capital of the company as at 31 March 2016 was Rs. 350,000,010/-. Details of the stated capital are given in note 23 to the financial statements.

8. Share information

8.1 Distribution schedule of shareholdings

Information on distribution of shareholding and the respective percentages are given in the section on “Shareholders and Investor information” on pages 136 and 142.

8.2 Substantial Shareholdings

The twenty largest shareholders of the company as at 31 March 2016 together with percentages held are given under the caption “Shareholder and Investor Information” on Page 140.

8.3 Information on Earnings, Dividend, Net Assets and Market Value

Information relating to Earnings, Dividend, Net Assets and Market Value per share is given on page 139 of this report.

9. Directors

9.1 Information on Directors as at March 31, 2016.

The Board comprises eight Directors, of which two are Executive Directors, whilst six are Non-Executive Directors. Out of six non-executive directors four are Independent, ensuring an independent outlook to temper the expediency of the experts.

The names of the directors who held office as required by the section 168 (1) (h) of the companies Act No. 07 of 2007, are given below. Their brief profile appear on Page 50 to 53.

9.2 Re-election of Directorate of the Company

Pursuant to Section 211 of the Companies Act No. 07 of 2007, a Notice of the following two Ordinary Resolutions have been received by the Company from RPC Plantation Management Services (Private) Limited of 310, High Level Road, Nawinna, Maharagama, a shareholder of the Company.

“That Dr. Sena Yaddehige of Le Neuf, Chemin, St. Saviours, Guernsey, United Kingdom, who is 70 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act no. 07 of 2007 shall not apply to the said Dr. Sena Yaddehige”

The Company has also received a letter dated 12th May 2016 from Dr. Sena Yaddehige declaring his willingness to be elected to the Directorate of the Company.

Name of the Director	Executive/ Non-Executive Status	Independent/ Non-Independent Status
Dr. S Yaddehige - Chairman	Executive	Non-Independent
Mr. S.S Poholiyadde	Executive	Non-Independent
Mr. N.C.Peiris	Non- Executive	Independent
Dr H.J. De Costa	Non- Executive	Independent
New Appointments		
Mr. B.A.T Rodrigo (Appointed w.e.f.22nd June 2015)	Non- Executive	Independent
Mr. Shaminda Yaddehige (Appointed w.e.f. 01st March 2016)	Non- Executive	Non-Independent
Mr. Prasanna Fernando (Appointed w.e.f. 26th May 2016)	Non- Executive	Non-Independent
Mr. Nicholas Mark Thompson (Appointed w.e.f. 26th May 2016)	Non- Executive	Independent
Resignations/ Cessations during year – 2015/16		
Mr. A.K. Perera (Resigned w.e.f. 20th May 2015)	Non- Executive	Independent
Mr. J H P Ratnayake (Resigned w.e.f. 11th January 2016)	Executive	Non-Independent

“That Mr. Neville Peiris of No. 284/2, Thimbirigasyaya Road, Colombo 05, who is 70 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act no. 07 of 2007 shall not apply to the said Mr. Neville Peiris ”

The Company has also received a letter dated 12th May 2016 from Mr. Neville Peiris declaring his willingness to be elected to the Directorate of the Company.

The Directors who considered the contents of the letters received by the Company from RPC Plantation Management Services (Private) Limited, Dr. Sena Yaddhegige and Mr. Neville Peiris decided to notify the Shareholders of the Company of the Special Notice received by the Company and the proposed Resolutions, which are to be moved at the Annual General Meeting of the Company for the purpose of considering and if thought fit passing the said Resolutions as Ordinary Resolutions.

In accordance with the Provisions of the Article 98 of the Articles of Association of the Company, Mr. Shaminda Yaddhegige, who retires at the AGM will offer himself for election.

In accordance with the Provisions of the Article 98 of the Articles of Association of the Company, Mr. Prasanna Fernando, who retires at the AGM will offer himself for election

In accordance with the Provisions of the Article 98 of the Articles of Association of the Company, Mr. Nicholas Thompson, who retires at the AGM will offer himself for election.

9.3 Disclosure of Directors’ Dealing in shares

Shareholding of persons who were directors of the company at any given time during the financial year is as follows.

Name of the Director	2015/16 No.of shares	2014/15 No.of shares
Dr. S Yaddhegige	-	-
Mr. S S Poholiyadde	-	-
Mr. Neville C Peiris	3,000	3,000
Dr. Henry Jayatissa De Costa	-	-
Mr. B.A.T.Rodrigo (Appointed w.e.f 22nd June 2015)	-	-
Mr. Shaminda Yaddhegige (Appointed w.e.f 01st March 2016)	-	-
Mr.A.K Perera (Resigned 20th May 2015)	-	-
Mr.J.H.P Rathnayake (Resigned 11th January 2016)	-	-

9.4 Board sub committees

During the year, two new Board Sub Committees were formed namely Nominations Committee and Related Party Transactions Review Committee. The composition of the four sub committees as at March 31, 2016 and the Information on four Board Committees is given in Pages 61 to 65 under Corporate Governance.

10. Environmental protection

The company’s activities can have both direct and indirect effects on the environment. It is the policy of the company to minimize any adverse effects by recycling resources as much as possible and creating awareness among staff on current global environmental threats. The company’s efforts in relation to environmental protection are set out on Pages 28 and 47 under Sustainability Report.

11. Statutory payments

The Directors, to the best of their knowledge and belief are satisfied that all statutory payments have been made up to date.

12. Events after the reporting date

There have been no material events occurring after the reporting date that require adjustments or disclosure in the financial statements.

13. Going Concern

The Directors have made an assessment of the Namunukula Plantations PLC's ability to continue as a going concern and they do not intend either liquidating or cease trading.

14. Auditors

Messrs. Ernst & Young, Chartered Accountants have audited the Financial Statements for the year ended 31 March 2016. The Auditor's Report is given on page 85.

14.1 Appointment of Auditors

In accordance with the Companies Act No. 7 of 2007, a resolution proposing re-appointment of Messrs. Ernst & Young, Chartered Accountants as Auditors to the company and authorizing the Directors of the company to fix their remuneration will be proposed at the Annual General Meeting.

14.2 Auditors' remuneration and Interest in contracts with company

The Audit Fees of Messrs. Ernst & Young for the current year was Rs 2,592,000/- (2014/15 – Rs.2,400,000/-).

14.3 Interest in contract with company

As far as the directors were aware, the Auditors do not have any relationship other than that of an Auditor with the company.

15 Information on Ratios and Market Prices of shares

Information that require disclosures as per Rule 7.6 (xi) of the Listing rules of the Colombo Stock Exchange are given in the section on "Financial highlights" on pages 08 and 09 shareholder and investor information on pages 136 to 142.

16 Human Resources

The company's recruitment and employment policy is non-discriminatory. Appraisals of individual employees are carried out by the respective

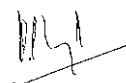
departmental heads in order to evaluate their performance and realize their potential. Total number of employees of the company including all nineteen estate workers is 6,264 (2014/15 – 6,379). Details of Human resources are given in the section on "Human Resources" on pages 54 to 55.

17 Corporate governance and internal control

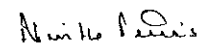
The policies adopted by the company in relation to best practices and good corporate governance are given on pages 56 to 60. The Board has overall responsibility for the company's system of internal controls. Although no system of internal control can provide absolute assurance against material misstatement or loss the company's internal control system has been designed to provide the directors with reasonable assurance that assets are safeguarded, transactions authorized and properly recorded and material errors and irregularities either prevented or detected within a reasonable period of time.

18 Annual General Meeting and the notice of meeting

The Annual General Meeting will be held on 30 June 2016 at the registered office of the Company at 310, High Level Road, Nawinna, Maharagama. The notice of the Annual General Meeting is on page 152 of the report.



S S Poholiyadde
Director



N C Peiris
Director



Mrs. R J Siriweera
Company secretaries
Richard Pieris Group Services (Pvt) Ltd.
310, High Level Road
Nawinna
Maharagama.

STATEMENT OF DIRECTORS' RESPONSIBILITY

In keeping with the provisions under the Companies Act No. 7 of 2007, the directors of Namunukula Plantations PLC acknowledge their responsibility in relation to financial reporting of the company. These responsibilities differ from those of its Auditors, Messrs. Ernst & Young, which are set out in their report, appearing on page 85 of this report.

The financial statements of the company for the year ended 31 March 2016 included in this report, have been prepared and presented in accordance with the Sri Lanka Accounting Standards. They provide the information as required by the Companies Act No. 7 of 2007, Sri Lanka Accounting Standards and the Listing Rules of the Colombo Stock Exchange. The directors confirm that suitable accounting policies have been used and applied consistently, and that all applicable accounting standards have been followed in the preparation of the financial statements exhibited on pages from 91 to 109 inclusive. All material deviations from these standards if any have been disclosed and explained. The judgments and estimates made in the preparation of these financial statements are reasonable and prudent.

The directors confirm their responsibility for ensuring that the company maintains accounting records, which are sufficient to prepare financial statements that disclose with reasonable accuracy, the financial position of the company. They also confirm their responsibility towards ensuring that the financial statements presented in the annual report give a true and fair view of the state of affairs of the company as at 31 March 2016 and that of the profit for the year then ended. The overall responsibility for the company's internal control systems lies with the directors.

Whilst recognizing the fact that there is no single system of internal control that could provide absolute assurance against material misstatements and fraud, the directors

confirm that Statement of Directors' Responsibility the prevalent internal control systems instituted by them and which comprise internal checks, internal audit and financial and other controls are so designed that, there is reasonable assurance that all assets are safeguarded and transactions properly authorised and recorded, so that material misstatements and irregularities are either prevented or detected within a reasonable period of time.

The directors' are of the view that the company has adequate resources to continue operations in the foreseeable future, and have continued to use the going- concern basis in the preparation of these financial statements.

The directors' have provided the Auditors Messrs. Ernst & Young, Chartered Accountants with every opportunity to carry out reviews and tests that they consider appropriate and necessary for the performance of their responsibilities. The Auditors have examined the financial statements together with all financial records and related data and express their opinion which appears as reported by them on Page 85 of this report.

By order of the Board,



Mrs. R J Siriweera
Company Secretary
Richard Pieris Group Services (Pvt) Ltd
Secretaries
310, High Level Road
Nawinna
Maharagama

31 May 2016.

Statement of Profit or Loss

For the year ended 31 March 2016

	Notes	2016 Rs.'000	2015 Rs.'000
Revenue	6	1,913,076	2,194,906
Cost of Sales		(1,848,269)	(2,107,933)
Gross Profit		64,807	86,973
Other Income	7	90,947	136,544
Gain on change in fair value of Biological Assets	15	6,239	14,877
Administrative Expenses		(44,339)	(40,116)
Management Fee		(25,478)	(45,216)
Finance Cost	8	(52,798)	(47,238)
Impairment of Goodwill	18	(8,500)	(27,178)
Share of Profit from the Joint Venture	16	31,240	52,133
Profit Before Taxation	9	62,118	130,779
Income Tax (Expense) / Reversal	10	7,502	20,482
Net Profit for the Year		69,620	151,261
Basic Earnings per Share (Rs.)	11.1	2.93	6.37
Diluted Earnings per Share (Rs.)	11.1	2.93	6.37
Dividend per Share (Rs.)	11.2	-	2.00

The accounting policies and notes on pages 91 through 131 form an integral part of the Financial Statements.

Statement of Comprehensive Income

For the year ended 31 March 2016

	Notes	2016 Rs.'000	2015 Rs.'000
Profit for the year		69,620	151,261
Other Comprehensive Income			
Other Comprehensive Income/(Loss) to be reclassified to profit or loss in subsequent periods (net of tax):		-	-
Net Other Comprehensive Income/(Loss) to be reclassified to profit or loss in subsequent periods		-	-
Other Comprehensive Income/(Loss) not to be reclassified to profit or loss in subsequent periods (net of tax):			
Remeasurement gains/(losses) on defined benefit plan	25	90,968	17,434
Income tax effect	10.2	(13,191)	(2,528)
Net Other Comprehensive Income/(Loss) to be reclassified to profit or loss in subsequent periods		77,777	14,906
Other Comprehensive Income/(Loss) for the year, net of tax		77,777	14,906
Total Comprehensive Income/(Loss) for the year, net of tax		147,397	166,167

The accounting policies and notes on pages 91 through 131 form an integral part of the Financial Statements.

Statement of Financial Position

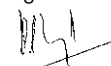
As at 31 March 2016

	Notes	2016 Rs.'000	2015 Rs.'000
ASSETS			
Non Current Assets			
Leasehold Property, Plant & Equipment	12	207,016	224,687
Freehold Property, Plant & Equipment	13	387,591	405,319
Bearer Biological Assets	14	2,252,918	2,076,171
Consumable Biological Assets	15	113,684	111,108
Long Term Investments - (Unquoted)	16	124,757	116,850
Financial Assets	17	250,000	250,000
Intangible Assets	18	332,015	340,515
Total Non Current Assets		3,667,981	3,524,650
Current Assets			
Inventories	19	212,330	211,195
Trade and Other Receivables	20	119,456	136,975
Amounts Due from Related Companies	21	7,075	-
ESC Recoverable		3,565	-
Income Tax Receivable		5,942	5,441
Cash and Cash Equivalents	22	20,977	10,452
Total Current Assets		369,345	364,063
TOTAL ASSETS		4,037,326	3,888,713
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	23	350,000	350,000
Retained Earnings		1,969,382	1,843,890
Total Equity		2,319,382	2,193,890
Non Current Liabilities			
Interest Bearing Loans & Borrowings	24	134,276	187,750
Retirement Benefit Obligations	25	545,170	595,401
Deferred Tax Liability	10.4	26,348	20,158
Deferred Income	26	130,438	125,876
Liability to make Lease payment after one year	27	219,092	223,280
Total Non Current Liabilities		1,055,324	1,152,465
Current Liabilities			
Trade and Other Payables	28	404,974	440,023
Liability to make Lease payment within one year	27	4,187	4,027
Interest Bearing Loans & Borrowings	24	197,754	67,196
Amounts Due to Related Companies	29	55,705	31,112
Total Current Liabilities		662,620	542,358
TOTAL LIABILITIES		1,717,944	1,694,823
TOTAL EQUITY AND LIABILITIES		4,037,326	3,888,713
NET ASSETS PER SHARE (Rs.)		97.66	92.37

These Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.


Sudheera Epitakumbura
Financial Controller

The board of directors is responsible for the preparation and presentation of these Financial Statements.
Signed for and on behalf of the board of directors of Namunukula Plantations PLC by:


S S Poholiyadde
Director


N C Peiris
Director

The accounting policies and notes on pages 91 through 131 form an integral part of the Financial Statements.
Colombo,
31 May 2016

Statement of Changes in Equity

For the year ended 31 March 2016

	Stated Capital Rs.'000	Retained Earnings Rs.'000	Total Rs.'000
Balance as at 01 April 2014	350,000	1,725,223	2,075,223
Net Profit/(Loss) for the year	-	151,261	151,261
Other Comprehensive Income/(Loss)	-	14,906	14,906
Dividends	-	(47,500)	(47,500)
Balance as at 1 April 2015	350,000	1,843,890	2,193,890
Super Gain Tax for the year of assessment 2013/14 (*)	-	(21,905)	(21,905)
Balance as at 1 April 2015 (Adjusted)	350,000	1,821,985	2,171,985
Net Profit/(Loss) for the year	-	69,620	69,620
Other Comprehensive Income/(Loss)	-	77,777	77,777
Balance as at 31 March 2016	350,000	1,969,382	2,319,382

(*) As per the provisions of Part III of the Finance Act, No. 10 of 2015 which was certified on 30 October 2015, the Company is liable for Super Gain tax of Rs. 21.9 Million. According to the Act, the super gain tax shall be deemed to be an expenditure in the financial statements relating to the year of assessment which commenced on 1 April 2013. The Act supersedes the requirements of the Sri Lanka Accounting Standards, hence the expense of Super gain tax is accounted in accordance with the requirements of the said Act as recommended by the Statement of Alternative Treatment (SOAT) on Accounting for Super Gain Tax issued by the Institute of Chartered Accountants of Sri Lanka, dated 24 November 2015.

The accounting policies and notes on pages 91 through 131 form an integral part of the Financial Statements.

Statement of Cash Flows

For the year ended 31 March 2016

	Notes	2016 Rs.'000	2015 Rs.'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit before Taxation		62,118	130,779
ADJUSTMENTS FOR			
Depreciation	12/13/14	125,452	113,758
Finance Cost	8	52,798	47,238
Provision for Defined Benefit Plan Cost	25	92,439	95,656
Profit on Disposal of Property, Plant & Equipment	7	(1,062)	(1,500)
Amortization of Grants	26	(3,605)	(2,847)
Fair Valuation charged against timber proceeds	15	3,663	2,100
Gain on change in fair value of biological assets	15	(6,239)	(14,877)
Impairment of goodwill	18	8,500	27,178
Share of Profit of Joint Venture	16	(31,240)	(52,133)
Operating profit before working capital changes		302,824	345,352
(Increase)/Decrease in Inventories		(1,135)	70,107
(Increase)/Decrease in Trade and other Receivables		17,519	152,108
(Increase)/Decrease in Amounts due from Related Companies		(7,075)	35,576
Increase/(Decrease) in Trade and Other Payables		(35,049)	(191,432)
Increase/(Decrease) in Amounts due to Related Companies		24,592	11,712
Cash Generated from Operating Activities		301,676	423,423
Finance Cost Paid		(10,115)	(6,666)
Income Tax (Paid) / Refund		(25,472)	-
Defined Benefit Plan Cost Paid	25	(51,702)	(33,094)
Net Cash Flow From Operating Activities		214,387	383,663
Cash Flows from Investing Activities			
Acquisition of Property, Plant & Equipment	13	(14,089)	(105,631)
Share buy back (Unquoted Investment)	16	23,333	48,333
Dividend Received	16	-	29,602
Investments in Immature plantation	14	(252,710)	(307,662)
Long Term Investment in debentures	17	-	(250,000)
Proceeds from Disposal of Property, Plant & Equipment		1,062	1,500
Net cash received at acquisition of Uva six estates		-	12
Grants Received	26	8,167	2,832
Net Cash Flow From Investing Activities		(234,237)	(581,014)
Cash Flows from Financing Activities			
Payment of Government Lease rentals		(46,710)	(44,444)
Proceeds from borrowings		-	-
Repayment of loans		(55,340)	(27,547)
Dividend Paid	11.2	-	(47,500)
Net Cash Flow From Financing Activities		(102,050)	(119,491)
Net Increase/(Decrease) in Cash and Cash Equivalents		(121,900)	(316,842)
A. Cash & Cash Equivalents at the Beginning of the Year		(1,404)	315,438
B. Cash & Cash Equivalents at the End of the Year		(123,304)	(1,404)
NOTE A			
Cash & Cash Equivalents at the Beginning of the Year			
Cash & Bank Balances		10,452	26,549
Short Term Investment		-	288,889
Bank Overdrafts (Note 24.2)		(11,856)	-
		(1,404)	315,438
NOTE B			
Cash & Cash Equivalents at the End of the Year			
Cash & Bank Balances		20,977	10,452
Bank Overdrafts (Note 24.2)		(144,281)	(11,856)
		(123,304)	(1,404)

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 Domicile and Legal Form

Namunukula Plantations PLC is a limited liability company incorporated and domiciled in Sri Lanka, under the Companies Act No. 17 of 1982 (The Company was re-registered under the Companies Act No. 07 of 2007) in terms of the provisions of the Conversion of Public Corporations or Government Owned Business Undertakings into Public Companies Act No. 23 of 1987.

The registered office of the company is located at 310, High Level Road, Nawinna, Maharagama and Plantations are situated in the planting districts of Kalutara, Galle, Matara and Badulla.

The ordinary shares of the company are listed on the Colombo Stock Exchange (CSE) of Sri Lanka.

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the company were the cultivation, manufacture and sale of Black Tea, Rubber, Coconut, Oil Palm and other Crops.

1.3 Parent Enterprise and Ultimate Parent Enterprise

The Company's parent undertaking is RPC Plantation Management Services (Pvt) Ltd. In the opinion of the Directors, the Company's ultimate parent undertaking and controlling party is Richard Pieris and Company PLC, which is incorporated in Sri Lanka.

1.4 Date of Authorization for Issue

The Financial Statements of Namunukula Plantations PLC for the year ended 31 March 2016 were authorized for issue in accordance with a resolution of the Board of Directors on 31st May 2016.

2. BASIS OF PREPARATION

These financial statements have been prepared on a historical cost basis except following items in the Financial Statements. No adjustments have been made for inflationary factors in the Financial Statements.

- Right to Use of Land and leased assets of JEDB/SLSPC have been revalued in 1992 carried out at deemed cost as described in Note 12 to the Financial Statements.
- Managed Consumable biological assets are measured at fair value.
- Financial instruments - Fair Value through Profit or Loss are measured at fair value.
- Financial instruments - Available-for-sale financial assets are measured at fair value.

The Financial Statements are presented in Sri Lankan Rupees (Rs.) and all values are rounded to the nearest Rupee, unless stated otherwise.

2.1 Statement of Compliance

The Financial Statements of Namunukula Plantations PLC which comprise the Statement of Profit or Loss, Statement of Comprehensive Income, the Statement of Financial Position, Statement of Changes in Equity and the Statement of Cash Flows, together with the accounting policies and notes (the "Financial Statements") have been prepared in accordance with the Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka (CASL) and also in compliance with the requirements of the Companies Act No. 07 of 2007.

2.2 Going Concern

The financial statements of the company have been prepared on the assumption that the company is a going concern. The Directors have made an

Notes to the Financial Statements (Contd.)

assessment of the Namunukula Plantations PLC's ability to continue as a going concern and they do not intend either liquidating or cease trading.

2.3 Comparative Information

The presentation and classification of comparative information has where necessary been reclassified to conform with the current year's presentation.

3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in conformity with Sri Lanka Accounting Standards require the management to make judgments, estimates and assumptions, which may affect the amounts of income, expenditure, assets, liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Judgments and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual experience and results may differ from these judgments and estimates.

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

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes:

3.1 Defined Benefit Plans

The cost of defined benefit pension plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases and mortality rates. Due to the long term nature of these plans, such estimates are subject to

significant uncertainty. Further details are given in Note 25.

3.2 Deferred Tax Assets

Deferred tax assets are recognized for all unused tax losses to the extent that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are given in Note 10.4.

3.3 Biological Assets

The fair value of managed timber trees depends on a number of factors that are determined on a discounted method using various financial and non financial assumptions. The growth of the trees is determined by various biological factors that are highly unpredictable. Any change to the assumptions will impact to the fair value of biological assets. Key assumptions and sensitivity analysis of the biological assets are given in the Note 15.

3.4 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are

Notes to the Financial Statements (Contd.)

most relevant to goodwill and other intangibles with indefinite useful lives recognised by the company. The key assumptions used to determine the recoverable amount for the CGU, is disclosed and further explained in Note 18.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below are consistent with those used in the previous year. Comparative information has, where necessary, been reclassified for conform to the current year's presentation.

4.1 Business Combination And Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

4.1.1. Fair Value Measurement

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1 - Quoted (unadjusted) market process in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest

level input that is significant to the fair value measurement is directly or indirectly observable.

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as managed biological assets, and significant liabilities, such as retirement benefit obligation. Involvement of external valuers is decided upon annually by the Management Committee after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management Committee decides, after discussions with the company's external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4.1.2. Current versus non-current classification

The company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

Notes to the Financial Statements (Contd.)

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

4.2 Assets and Bases of their Valuation

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

4.2.1 Property, Plant and Equipment

a) Recognition and Measurement

Property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the company and the cost of the asset can be reliably measured. Items of Property, Plant & Equipment is measured at cost or fair value less accumulated depreciation and accumulated impairment losses, if any.

b) Freehold Assets

All items of Property, Plant & Equipment are initially recorded at cost. The cost of Property, Plant & Equipment includes expenditures that are directly attributable to the acquisition of the asset. Such costs includes the cost of replacing part of the property, plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. The cost of self-constructed assets includes the cost of materials and direct labour, any other cost directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognises such parts as individual assets (Major Components) with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit or Loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Where items of Property, Plant and Equipment are subsequently revalued, the entire class of such assets is revalued. Revaluations are made with sufficient regularity to ensure that their carrying amounts do not differ materially from their fair values at the reporting date. Subsequent to the initial recognition as an asset at cost, revalued Property, Plant and Equipment are carried at revalued amounts less any subsequent depreciation thereon. All other Property, Plant and Equipment are stated at historical cost less depreciation.

When an asset is revalued, any increase in the carrying amount is credited directly to a revaluation surplus unless it reverses a previous revaluation decrease relating to the same asset, which was

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previously recognised as an expense. In these circumstances the increase is recognised as income to the extent of the previous write down. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised as an expense unless it reverses a previous increment relating to that asset, in which case it is charged against any related revaluation surplus, to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset. Any balance remaining in the revaluation surplus in respect of an asset, is transferred directly to Accumulated Profits on retirement or disposal of the asset.

The cost of replacing part of an item of Property, Plant & 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 company and its cost can be measured reliably. The carrying amount of those parts that are replaced is derecognised in accordance with the derecognition policy given below. The costs of the day-to-day servicing of Property, Plant & Equipment are recognised in profit or loss as incurred.

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

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

c) Leasehold Assets

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

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

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

Operating lease payments are recognised as an operating expense in the Statement of Profit or Loss on a straight-line basis over the lease term.

d) Land Development Cost

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

e) Subsequent Cost

The cost of replacing part of an item of Property, Plant & 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 company and its cost can be measured reliably. The carrying amount of those parts that are replaced is derecognised in accordance with the derecognition policy given below.

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The costs of the day-to-day servicing of Property, Plant & Equipment are recognised in profit or loss as incurred.

f) Depreciation

Depreciation is recognized in the Statement of Profit or Loss on a straight-line basis over the estimated useful economic lives of each part of an item of Property, Plant & Equipment. Assets held under finance leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets unless it is reasonably certain that the company will have ownership by the end of the lease term. Lease period of land acquired from JEDB/SLSPC will be expired in year 2045. The estimated useful lives for the current and comparative periods are as follows,

Buildings	Over 40 years
Plant & Machinery	Over 13 years
Colour Separators	Over 20 years
Furniture & Fittings	Over 10 years
Motor Vehicles	Over 05 years
Equipments	Over 08 years
Computers	Over 04 years
Computer Software	Over 03 years

Mature Plantation (Replanting and New Planting)

Tea	Over 30 years
Rubber	Over 20 years
Coconut	Over 20 years
Oil Palm	Over 20 years
Cinnamon	Over 20 years

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date on which the asset is classified as held for sale or is derecognised.

Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted prospectively, if appropriate. Mature plantations are depreciated over their useful lives or unexpired lease period, whichever is less.

No depreciation is provided for immature plantations.

g) Amortization

The leasehold rights of assets taken over from JEDB/SLSPC are amortised in equal amounts over the shorter of the remaining lease periods and the useful lives as follows.

Leasehold Property	Over 53 years
Mature Plantations	Over 30 years
Buildings	Over 25 years
Machinery	Over 15 years
Improvements to Land	Over 30 years

The asset’s residual values, useful lives and method of depreciation are reviewed and adjusted if appropriate at each financial year end.

4.2.2 Biological Assets

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

Biological assets are further classified as bearer biological assets and consumable biological assets. Bearer biological asset includes tea and rubber trees, those that are not intended to be sold or harvested, however used to grow for harvesting agricultural produce from such biological assets. Consumable biological assets includes managed timber those that are to be harvested as agricultural produce or sold as biological assets.

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

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The requirement of recognition of bearer biological assets at its fair value less cost to sell under LKAS 41 was superseded by the ruling issued on 02 March 2012, by The Institute of Chartered Accountants of Sri Lanka. Accordingly, the Company has elected to measure the bearer biological assets at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 – “Property Plant & Equipment”.

The consumable biological assets/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 – “Agriculture”.

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

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

4.2.2.1 Bearer Biological Assets

Immature and Mature Plantations

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

Expenditure incurred on consumable biological assets is recorded at cost at initial recognition and thereafter at fair value at the end of each reporting period.

Permanent impairments to Biological Asset are charged to the Statement of Profit or Loss in full and reduced to the net carrying amounts of such asset in the year of occurrence after ascertaining the loss.

Infilling Cost on bearer biological assets

Where infilling results in an increase in the expected economic benefit of the relevant field beyond its previously assessed standard of performance, the costs are capitalised to the relevant mature fields and depreciate over the useful economic life of relevant mature field or unexpired lease period whichever is shorter.

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

4.2.3 Intangible Assets

Intangible asset is an identifiable non-monetary asset without physical substance held for use in the production or supply of goods or services, for rental or for administrative purpose. An intangible asset is recognised if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably in accordance with LKAS 38 on “Intangible Assets”.

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

The useful lives of intangible assets are assessed as either finite or indefinite lives. Intangible assets with finite lives are amortised over the useful economic life

Notes to the Financial Statements (Contd.)

and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end and such changes are treated as accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss.

Intangible assets with indefinite useful lives are not amortized but tested for impairment annually, or more frequently when an indication of impairment exists either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

4.2.3.1 Research and Development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss when incurred.

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

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

4.2.4 Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that takes a substantial period of time to get ready for its intended use or sale is capitalised as part of the cost of that asset. The amount of borrowing costs which are eligible for capitalisation is determined in accordance with LKAS 23 "Borrowing Costs". The capitalisation rate of 6.84 % (2014/15 – 6.91 %) was used.

Borrowing costs incurred in respect of specific loans that are utilised for field development activities have been capitalised as a part of the cost of the relevant immature plantation. The capitalisation will cease when the crops are ready for commercial harvest.

Borrowing Costs amounting to Rs.14,730,141/- (2014/15 – Rs. 17,743,303/-) incurred on borrowings obtained to meet expenses relating to field development activities have been capitalized as part of the cost of the immature plantations.

4.2.5 Impairment of non financial assets

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

Notes to the Financial Statements (Contd.)

Impairment losses of continuing operations are recognized in the Statement of Profit or Loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognized in equity up to the amount of any previous revaluation.

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

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

Goodwill

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for Goodwill by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the Goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (group of cash-generating units) to which Goodwill has been allocated, an impairment loss is recognized. Impairment losses relating to

Goodwill cannot be reversed in future periods. The Company performs its annual impairment test of goodwill as at 31 March.

4.3 Investment in Joint Venture

The company has an interest in a joint venture which is a jointly controlled entity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venture has an interest. The company recognises its interest in the joint venture using the equity method.

Under the equity method, the investment in the joint venture is carried in the Statement of Financial Position at cost plus post acquisition changes in the company's share of net assets of the associate. Goodwill relating to a joint venture is included in the carrying amount of the investment and is not amortized. The Statement of Profit or Loss reflects the share of the results of operations of the joint venture. Where there has been a change recognized directly in the equity of the joint venture, the company recognizes its share of any changes and discloses this, when applicable, in the Statement of Changes in Equity. Profits and Losses resulting from transactions between the Company and the joint venture are eliminated to the extent of the interest in the joint venture.

The reporting dates of the joint venture and the company are identical and the joint venture's accounting policies conform to those used by the company for like transactions and events in similar circumstances.

4.4 Financial Instruments

4.4.1 Financial Assets

4.4.1.1 Initial Recognition and Measurement

Financial assets within the scope of LKAS 39 – "Financial Instruments : Recognition & Measurement" are classified as financial assets at Fair Value through

Notes to the Financial Statements (Contd.)

Profit or Loss, Loans and Receivables, Held-to-Maturity Investments, Available-For-Sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus directly attributable transaction costs, except in the case of assets not at fair value through profit or loss.

The Company's financial assets include cash and short-term deposits, short-term investments, trade and other receivables and quoted and unquoted financial instruments.

4.4.1.2 Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as described below:

(a) Financial assets at fair value through profit or loss

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

Financial assets at fair value through profit and loss are carried in the Statement of Financial Position at fair value with changes in fair value recognised in finance income or finance costs in the Statement of Profit or Loss.

The Company has not designated any financial assets as at fair value through profit or loss.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial

measurement, such financial assets are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit or Loss. The losses arising from impairment are recognised in the Statement of Profit or Loss in finance costs.

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

(c) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit or Loss. The losses arising from impairment are recognised in the Statement of Profit or Loss in finance costs.

(d) Available-for-sale financial investments

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

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is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss. Available-for-sale comprise of investment in quoted and unquoted shares.

4.4.1.3 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - a. the Company has transferred substantially all the risks and rewards of the asset, or
 - b. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

4.4.1.4 Impairment of financial assets

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

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

4.4.2 Financial liabilities

4.4.2.1 Initial recognition and measurement

Financial liabilities within the scope of LKAS 39 – "Financial Instruments : Recognition & Measurement" are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortized cost. This includes directly attributable transaction costs.

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

4.4.2.2 Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described below:

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(a) Financial liabilities at fair value through profit or loss

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

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

(b) Other financial liabilities

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

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognised in the Statement of Profit or Loss when the liabilities are derecognised as well as through the Effective Interest Rate (EIR) method amortization process.

4.4.3 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit or Loss.

4.4.4 Offsetting of financial instruments

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

4.4.5 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions.
- Reference to the current fair value of another instrument that is substantially the same.
- A discounted cash flow analysis or other valuation models.

4.4.6 Financial Risk Management objectives and policies

The Company's principal financial liabilities comprise with loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. Further the company has loans and other receivables, trade and other receivables and cash and short term deposits that arrive directly from its operations. Accordingly, the company has exposure to namely Credit Risk, Liquidity Risk, Interest Rate Risk and Foreign currency Risk from its use of Financial Instruments.

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

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4.4.6.1 Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

Trade receivables

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

The Company reviews external ratings and bank references of the customer when available. Purchase limits are established for each customer, which are reviewed on an ongoing basis. In monitoring credit risk, customers are categorised according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale or retail customer, geographical location, industry, aging profile, maturity and existence of previous financial difficulties.

The maximum exposure to credit risk for trade receivables at the reporting date is Rs. 49 Mn (2014/15 – Rs. 66 Mn).

Company has a minimal credit risk of its trade receivables as the repayment is guaranteed within seven to ten days by the Tea and Rubber auction systems.

Financial instruments and cash deposits

Credit risks from invested balance with the financial institutions are managed by the Board of Directors. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to them. The limits are set to minimize the

concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

The company held debenture investments of Rs. 250 Mn as at 31st March 2016 (2014/15 – Rs. 250 Mn) which represents the maximum credit exposure on these assets and Cash and Cash Equivalents balance of Rs. 20.98 Mn as at 31st March 2016 (2014/15 – Rs. 10.45 Mn) which represents its maximum credit exposure on these assets.

4.4.6.2 Liquidity Risk

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

The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. The company does not concentrate on a single financial institution, thereby minimizing the exposure to liquidity risk through diversification of funding sources. The company aims to fund investment activities by funding the long-term investment with long term financial sources and short term investment with short term financing. Where necessary the company consults the Treasury Department of Parent company for scrutinizing the funding decisions.

Maximum liquidity risk on Trade and other payable balance is Rs. 405 Mn as at 31st March 2016 (2014/15 - 440 Mn) and Interest bearing loans & borrowing amounting to 216 Mn (2014/15 – 73 Mn.) and 147 Mn (2014/15 - 205 Mn.), will mature in within 01 year and more than 01 year respectively.

4.4.6.3 Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange

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rates. The company's exposure to the risk of changes in foreign exchange rates relates primarily to the company's operating activities such as sales and Purchases those are denominated in a currency other than the respective functional currency of the Company. The currency in which these transactions primarily are denominated is US Dollars.

4.4.6.4 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The company has not engaged in any interest rate swap agreements.

The company held long term borrowings with floating interest rates of Rs. 188 Mn (2014/15 – Rs. 243 Mn) which represents its maximum credit exposure on these liabilities.

4.5 Inventories

4.5.1 Produce Inventories from biological assets

These are valued at the lower of cost and estimated net realisable value, after making due allowance 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 after allowing for cost of realisation and/or cost of conversion from their existing state to saleable condition.

4.5.2 Input material, spares and consumables

At actual cost on weighted average basis.

4.5.3 Agricultural produce harvested from biological assets

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

4.6 Cash and Cash Equivalents

Cash and Cash Equivalents are defined as cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of Statement of Cash Flows, Cash and Cash Equivalent consists of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisitions are also treated as Cash Equivalents.

Interest paid and received is classified as Operating Cash Flows.

The Statement of Cash Flows is reported based on indirect method.

4.7 Foreign Currency Transactions

Transactions in foreign currencies are translated into the respective functional currencies of company entities at exchange rates applicable on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate ruling at that date. Foreign currency differences arising on retranslation are recognised in Statement of Profit or Loss. Non-monetary assets and liabilities which are carried in terms of historical cost in a foreign currency are retranslated at the exchange rate that prevailed at the date of the transaction.

4.8 Bases of Valuation of Liabilities

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

Notes to the Financial Statements (Contd.)

result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation.

4.8.1 Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance expense.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote.

Contingent assets are disclosed, where inflow of economic benefit is probable.

4.8.2 Employee Benefits.

(a) Defined Benefit Plans – Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the Financial Statements in respect of defined benefit plan is the present value of the defined benefit obligation at the Reporting date. The defined benefit obligation is calculated annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using the interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. Actuarial gains and losses

arising from experience adjustments and changes in actuarial assumptions are recognised in Other Comprehensive Income in the period in which they arise. Actuarial gains & losses recognized in Other Comprehensive Income are recognized immediately in retained earnings and are not reclassified to profit or loss. Past service costs are recognised immediately in the Statement of Profit or Loss.

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

The actuarial valuation was carried out by a professionally qualified actuary firm Messrs. Actuarial & Management Consultants (Pvt) Ltd as at 31 March 2016. The company expects to carry out actuarial valuation in every year. Provision made for the year is in compliance with the actuarial valuation report as at 31 March 2016.

Key assumptions used by the actuary is as follows,

- Rate of discount - 11.5 % p.a. (2014/15 – 10.25 %)
- Salary increment rate - Workers - 16 % p.a. every two years
- Staff - 8% p.a. (2014/15 – 8%)
- Retirement age - Workers (Male & Female) 60 years
- Estate staff (Male & Female) 58 years
- Head office staff (Male & Female) 55 years
- The Company will continue in business as a going concern.

This item is grouped under Retirement Benefit Obligations in the Statement of Financial Position. The liability is not externally funded.

Notes to the Financial Statements (Contd.)

(b) Defined Contribution Plans – Employees’ Provident Fund & Employees’ Trust Fund

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

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

All the employees of the company are members of the Employees’ Trust Fund (ETF), to which the company contributes 3% on the consolidated salary of such employees.

Employees are eligible for Employees’ Provident Fund Contributions and Employees’ Trust Fund Contributions in line with the respective statutes and regulations. The company contributes 12% and 3% of gross emoluments of employees to Employees’ Provident Fund and Employees’ Trust Fund respectively.

4.8.3 Deferred Income - Grants and Subsidies

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

Where the company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the Statement of Profit or Loss over the expected useful life and pattern

of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

Grants related to property, plant & 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 & equipment. Assets are amortised over their useful lives or unexpired lease period, whichever is less.

Grants received for forestry are initially deferred and credited to income once when the related blocks of trees are harvested.

Buildings	40 years
Sanitation & water supply	40 years
Plant & equipment	13 years

4.9 Statement of Profit or Loss

For the purpose of presentation of the Statement of Profit or Loss the Directors are of the opinion that function of expenses method presents fairly the elements of the company’s performance, and hence such presentation method is adopted.

4.9.1 Revenue Recognition

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

(a) Sale of Goods

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

Notes to the Financial Statements (Contd.)

(b) Interest

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

(c) Rental Income

Rental income is recognized on an accrual basis.

(d) Dividend Income

Dividend income is recognised in the Statement of Profit or Loss on the date the entity's right to receive payment is established, which in the case of quoted securities is the ex dividend date.

(e) Gains and losses

Net Gains and losses of a revenue nature on the disposal of property, plant & equipment and other non current assets are accounted for in the Statement of Profit or Loss, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses. On disposal of revalued property, plant and equipment, amount remaining in Revaluation Reserve relating to that asset is transferred directly to Accumulated Profit / (Loss).

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

(f) Others

Other income is recognized on an accrual basis.

4.9.2 Expenditure Recognition

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

4.9.3 Financing Income and Expenses

Finance income comprises interest income on funds invested. Interest income is recognised in Statement of Profit or Loss as it accrues.

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. The interest expense component of finance lease payments is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Foreign currency gains and losses are reported on a net basis.

4.10 Taxation

a) Current Taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue. The tax rates and tax laws used for the computation are those that are enacted or substantively enacted by the reporting date.

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the relevant tax legislations.

b) Deferred Taxation

Deferred tax is recognised, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, and Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable

Notes to the Financial Statements (Contd.)

profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and the carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income or directly in equity.

c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except,

- where the sales tax incurred on a purchase of a assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable, and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

4.11 Segment Reporting

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

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

The activities of the segments are described on the Note 6 to the Financial Statements.

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

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. Unallocated items comprise mainly Long term investments (Unquoted), Financial Assets, Goodwill on business combination and deferred tax liability.

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

5 STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the company's financial statements are listed below. This listing of standards and interpretations issued are those that the company reasonably expects to have an impact on disclosures, financial position or performance when applied at

Notes to the Financial Statements (Contd.)

a future date. The company intends to adopt these standards when they become effective.

- **SLFRS 9 - Financial Instruments**

SLFRS 9 replaces the existing guidance in LKAS 39 Financial Instruments: Recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from LKAS 39.

SLFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

- **SLFRS 15 - Revenue from Contracts with Customers**

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, LKAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

SLFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

- **Amendment to LKAS 41 - Agriculture & LKAS 16 - Property, Plant & Equipment**

This amendment define a bearer plant and accordingly, require bearer plants to be accounted for as property, plant and equipment and include within the scope of LKAS 16, instead of LKAS 41. Entities are required to apply the amendments for annual periods beginning on or after 1 January 2016. However, this amendment has no impact on company current accounting treatment on recognition and measurement. Since currently the company's continued to recognise and measure bearer plant in accordance with LKAS16. Further the above amendment requires entity to recognise agricultural produce at fair value separately from its bearer plants prior to harvest. Determining the point at which to recognise agricultural produce separately, will require judgement.

The company is in the process of reviewing these new standards and pending the completion of detailed review, the financial impact is not reasonably estimate as at the date of publication of these financial statements.

6 REVENUE

6.1 Summary

Sale of goods

Tea
 Rubber
 Oil Palm
 Coconut
 Cinnamon

6.2 Segment information

Industry

	Tea		Rubber	
	2016 Rs.000	2015 Rs.000	2016 Rs.000	2015 Rs.000
Revenue	1,025,243	1,312,931	285,885	288,067
Revenue expenditure	(1,168,004)	(1,443,641)	(281,237)	(302,545)
Depreciation / Amortization	(31,556)	(28,927)	(38,582)	(36,104)
Gratuity	(57,382)	(60,721)	(18,901)	(18,261)
Gross profit/(Loss)	(231,699)	(220,358)	(52,835)	(68,843)

Other Income
 Gain on change in fair value of biological assets
 Administrative Expenses
 Management Fees
 Finance Cost
 Impairment Loss on goodwill
 Share of Profit from the Joint Venture

	Tea		Rubber	
	2016 Rs.000	2015 Rs.000	2016 Rs.000	2015 Rs.000
Segment Assets				
Non Current Assets				
Cost	1,078,709	1,057,350	1,313,959	1,247,536
Accumulated depreciation/Amortization	(423,009)	(384,780)	(452,204)	(415,460)
Current Assets	196,166	197,249	26,054	20,772
Total Assets	851,866	869,819	887,809	852,848

Segment Liabilities

Non Current Liabilities	608,414	523,271	299,614	385,364
Current Liabilities	301,663	336,818	67,758	29,898
Total Liability	910,077	860,089	367,372	415,262

Segment Capital Expenditure

Cost	27,295	99,392	63,302	78,886
Total Capital Expenditure				

For the year ended 31 March 2016

Notes to the Financial Statements (Contd.)

2016	2015
Rs.000	Rs.000
1,025,243	1,312,931
285,885	288,067
566,078	553,206
22,003	25,012
13,867	15,690
1,913,076	2,194,906

Oil Palm		Coconut		Cinnamon		Total	
2016	2015	2016	2015	2016	2015	2016	2015
Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
566,078	553,206	22,003	25,012	13,867	15,690	1,913,076	2,194,906
(164,401)	(135,690)	(12,408)	(11,623)	(9,465)	(9,580)	(1,635,515)	(1,903,079)
(41,962)	(36,579)	(5,021)	(4,715)	(4,995)	(4,673)	(122,116)	(110,998)
(12,776)	(13,151)	(817)	(883)	(762)	(840)	(90,638)	(93,856)
346,939	367,786	3,757	7,791	(1,355)	597	64,807	86,973
						90,947	136,544
						6,239	14,877
						(44,339)	(40,116)
						(25,478)	(45,216)
						(52,798)	(47,238)
						(8,500)	(27,178)
						31,240	52,133
						62,118	130,779

Oil Palm		Other Crops		Unallocated		Total	
2016	2015	2016	2015	2016	2015	2016	2015
Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
1,369,188	1,207,435	259,396	245,095	882,708	879,941	4,903,960	4,637,357
(286,902)	(250,060)	(52,683)	(45,085)	(21,181)	(17,322)	(1,235,979)	(1,112,707)
12,253	27,722	2,591	7,538	132,281	110,782	369,345	364,063
1,094,539	985,097	209,304	207,548	993,808	973,401	4,037,326	3,888,713
107,481	164,121	13,467	19,161	26,348	60,548	1,055,324	1,152,465
130,831	77,534	12,788	8,873	149,580	89,235	662,620	542,358
238,312	241,655	26,255	28,034	175,928	149,783	1,717,944	1,694,823
159,557	177,718	15,361	33,269	1,285	24,028	266,800	413,293
						266,800	413,293

Notes to the Financial Statements (Contd.)
7. OTHER INCOME

	2016	2015
	Rs.'000	Rs.'000
Amortisation of Government Grants	3,605	2,847
Profit on Sale of Refuse Tea	7,596	10,465
Income from Refuse Tea Re-Processing Project	3,355	10,962
Interest Income	28,399	27,415
Income from Consumable biological assets	11,156	1,550
Sale of Uprooting Rubber Trees	28,048	78,591
Profit on Disposal of Property, Plant & Equipment	1,062	1,500
Sundry Income	7,726	3,214
	90,947	136,544

8. FINANCE COST

	Rs.'000	Rs.'000
Variable lease Rental	33,524	31,258
Interest on Lease rental	9,159	9,314
Term Loan Interest	18,308	22,499
Bank Charges & Debit Tax	6,537	1,910
	67,528	64,981
Less : Amount Capitalized	(14,730)	(17,743)
	52,798	47,238

8.1 Sensitivity Analysis on Floating Interest rate changes

The following table demonstrates the sensitivity effect from reasonably possible change in floating interest rates on relevant portion of loans and borrowings. With all other variables held constant, the company Profit before tax is affected through the impact on floating rate borrowings is as follows.

Variable	Effect on Profit Before tax
	Rs.'000
1 % Increase in Interest rate	(2,190)
1 % Decrease in Interest rate	2,190

"The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company has not engaged in any interest rate swap agreements.

9. PROFIT BEFORE TAXATION IS STATED AFTER CHARGING

	2016	2015
	Rs.'000	Rs.'000
Auditor's Remuneration	2,592	2,400
Directors' Remuneration	804	716
Depreciation / Amortisation	125,452	113,758
Defined benefit plan costs	92,439	95,656
Defined Contributions Plan Costs - EPF & ETF	120,307	121,473
Staff Costs (Workers & Staff)	1,054,636	1,102,456

For the year ended 31 March 2016

Notes to the Financial Statements (Contd.)

10. INCOME TAX EXPENSE	2016	2015
10.1 Statement of Profit or Loss	Rs.'000	Rs.'000
(a) Current Tax Expense		
Current Income Tax (Expense)/ Reversal	502	11,822
	502	11,822
(b) Deferred Tax Expense		
Deferred Tax (Charge)/ Reversal	7,000	8,660
	7,000	8,660
Tax charge reported in the Statement of profit or loss	7,502	20,482
10.2 Statement of Comprehensive Income		
Net actuarial Gain/(Loss) on defined benefit plans	(13,191)	(2,528)
Tax charge directly to Comprehensive Income	(13,191)	(2,528)
10.3 Reconciliation between tax expenses and the product of accounting profit multiplied by the statutory tax rate of as follows	2016	2015
	Rs.'000	Rs.'000
Accounting Profit/(Loss) Before Tax	62,118	130,779
Aggregate Disallowed Items	262,364	307,416
Aggregate Allowable Expenses	(463,630)	(531,114)
Tax Exempt Income	-	-
Taxable Business Profit/ (Loss)	(139,148)	(92,919)
Interest Income	235	2,757
Total Statutory Income	(138,913)	(90,162)
Tax Losses brought forward/ utilized	(82)	(965)
Assessable Income	(138,995)	(91,127)
Qualifying Payments	(153)	-
Taxable Income	(139,148)	(91,127)
Taxable Income from Agriculture	-	-
Taxable Income from Manufacturing	-	-
Taxable Interest Income	-	1,793
Total Taxable Income	-	1,793
Income Tax @ 10%	-	-
Income Tax @ 28%	-	502
Income Tax on Current Year Profits	-	502
Income Tax Adjustments	-	-
Previous Year Income Tax adjustment	(502)	(12,324)
Provided in the Accounts	(502)	(11,822)

Notes to the Financial Statements (Contd.)

10.4 Deferred Tax Asset/(Liability)	2016		2015	
	Temporary Differences	Tax Effect	Temporary Differences	Tax Effect
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 1 April	(724,477)	(20,158)	(673,890)	(26,291)
Amount originating during the year	(85,728)	(6,190)	(50,587)	6,133
As at 31 March	(810,205)	(26,348)	(724,477)	(20,158)
Temporary difference on,				
Property, Plant and Equipment	(186,679)	(37,318)	(192,481)	(36,446)
Bearer Biological Assets (Tea & Rubber)	(2,252,918)	(225,292)	(2,076,171)	(207,617)
Retirement Benefit Obligation	545,170	79,050	595,402	86,333
Carried forward tax losses	1,084,222	157,212	948,773	137,572
As at 31 March	(810,205)	(26,348)	(724,477)	(20,158)

The effective tax rate used to calculate deferred tax liability for all the Temporary Differences except Biological Assets and Plant & Machinery as at March 31, 2016 is 14.5% (2014/15 - 14.5%) for the company.

The effective tax rate used to calculate deferred tax liability for Biological Asset and for Plant & Machinery as at March 31, 2016 is 10% (2014/15 - 10%) and 28% (2014/15 - 28%) respectively.

11. Earnings per share and Dividend per share

11.1 Basic/Diluted Earnings per share

- (a) The calculation of the basic earnings per share is based on after tax profit for the year divided by the weighted average number of ordinary shares outstanding during the period.
- (b) Diluted earnings per share is calculated by dividing the profit attributable to ordinary share holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

There were no potentially dilutive shares outstanding at any time during the period/previous year.

11.1.1 The following reflects the income and share data used in the basic and diluted earnings per share computations.

	2016	2015
	Rs.'000	Rs.'000
Amounts used as the Numerator :		
Net Profit applicable to ordinary shareholders for basic and diluted earnings per share	69,620	151,261
	69,620	151,261
Amounts used as the Denominator :		
Weighted average number of ordinary shares in issue applicable to basic earnings per share	23,750,001	23,750,001
Weighted average number of ordinary shares adjusted for the effect of dilution	23,750,001	23,750,001

For the year ended 31 March 2016

Notes to the Financial Statements (Contd.)

11.2 Dividend per Share

	2016	2015
	Rs.'000	Rs.'000
Interim Dividend Paid		
- Interim Dividend	-	47,500
	-	47,500
Number of ordinary shares	23,750,001	23,750,001
Dividend per share	-	2.00

12. Leasehold Property, Plant & Equipment

	Notes	2016	2015
		Rs.'000	Rs.'000
Right to use of Land	12.1	109,198	112,930
Immovable Leased Bearer Biological Assets	12.2.1	94,537	105,272
Immovable Leased assets (other than right to use of land and bearer biological assets)	12.2.2	3,281	6,485
		207,016	224,687

12.1 Right to use of land

Leases have been executed for eighteen estates for a period of 53 years other than for which a memorandum of record has been signed between the Company & SLSPC/JEDB. All of these leases are/will be retroactive to June, 22 1992 the date of formation of the Company. The right to use of land on all of these estates have been taken into the books of the Company as at 22 June 1992, immediately after the formation of the Company, in terms of the ruling obtained from the Urgent Issue Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka. For this purpose the Board has decided at its meeting on March 8, 1995 that this bare land would be revalued at the value established for this land by Valuation specialist, Mr. D.R. Wickremasinghe immediately prior to the formation of the Company. The value taken into the 22 June 1992 Statement of financial position and amortization of the right to use of land to 31 March 2016 are as follows.

	Revaluation as at	Accumulated Amortisation as at	Amortisation for the year	Accumulated Amortisation as at	Written Down Value as at	Written Down Value as at
	22.06.1992	01.04.2015		31.03.2016	31.03.2016	31.03.2015
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Right to use of Land	197,763	84,834	3,731	88,565	109,198	112,930
	197,763	84,834	3,731	88,565	109,198	112,930

The unexpired period of the lease as at the reporting date is 29 years.

12.2 Immovable Leased Assets

In terms of the ruling of the UITF of the Institute of Chartered Accountants of Sri Lanka, all immovable assets in these estates under finance leases have been taken into the books of the Company retroactive to 22 June 1992. For this purpose the Board decided at its meeting on March 8, 1995 that these assets would be taken at their book values as they appear in the books of the SLSPC/JEDB, on the day immediately preceding the date of formation of the Company. These assets are taken into the 22 June 1992 Statement of financial position and the amortisation of immovable estate assets to 31 March 2016 are as follows.

Notes to the Financial Statements (Contd.)

12.2.1 Immovable Leased Bearer Biological Assets

	Immature Plantations Rs.'000	Mature Plantations Rs.'000	Total Rs.'000
Revaluation as at 22.06.92	213,332	103,652	316,984
Transfers	(213,332)	213,332	-
Government Acquisition (2005/06)	-	(6,449)	(6,449)
Disposals (2006/07)	-	(45,690)	(45,690)
Re Acquisition (2013/14)	-	15,075	15,075
Balance as at 31.03.2016	-	279,920	279,920
Accumulated amortisation as at 01.04.2015	-	174,648	174,648
Amortisation during the year	-	10,735	10,735
Accumulated amortisation as at 31.03.2016	-	185,383	185,383
Written down value as at 31.03.2016	-	94,537	94,537
Written down value as at 31.03.2015	-	105,272	105,272

Note:

Investment in plantation assets which were immature at the time of handing over to the Company by way of estate leases are shown under immature plantations (revalued as at 22 June 1992) all of which have been transferred to mature plantations as at the reporting date.

However, since then all such investments in Immature Plantations attributable to JEDB/SLSPC period have been transferred to Mature Plantations. These mature tea and rubber were classified as bearer biological assets in terms of LKAS 41 - Agriculture. The carrying value of the bearer biological assets leased from JEDB/SLSPC is recognised at cost less amortisation. Further investments in such plantations to bring them to maturity are shown in Note 14.

12.2.2 Immovable Leased assets (other than right-to-use of land and bearer biological assets)

	Improvement to Land Rs.'000	Buildings Rs.'000	Plant & Machinery Rs.'000	Total Rs.'000
Revaluation as at 22.06.92	6,983	42,429	3,514	52,926
Re Acquisition (2013/14)	-	4,146	83	4,229
Balance as at 31.03.2016	6,983	46,575	3,597	57,155
Accumulated amortisation as at 01.04.2015	6,690	40,423	3,557	50,670
Amortisation during the year	232	2,932	40	3,204
Accumulated amortisation as at 31.03.2016	6,922	43,355	3,597	53,874
Written down value as at 31.03.2016	61	3,220	-	3,281
Written down value as at 31.03.2015	293	6,152	40	6,485

These assets are being amortised in equal annual amounts over the following periods:

Mature Plantations/Improvement to land	30 years
Buildings	25 years
Machinery	15 years

For the year ended 31 March 2016

Notes to the Financial Statements (Contd.)

13. Freehold Property, Plant & Equipments

	Balance as at 01.04.2015	Additions	Disposals/ Transfer out/	Balance as at 31.03.2016	Balance as at 31.03.2015
Cost	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Buildings	230,726	2,669	-	233,395	230,726
Motor Vehicles	127,558	326	(2,180)	125,704	127,558
Plant & Machinery	289,169	83	-	289,252	289,169
Furniture & Fittings	5,832	-	-	5,832	5,832
Equipment	18,369	-	-	18,369	18,369
Computers	14,323	75	-	14,398	14,323
Computer Software	1,769	-	-	1,769	1,769
	687,746	3,153	(2,180)	688,719	687,746
	Balance as at 01.04.2015	Charge for the Year	Accumulated depreciation on disposals	Balance as at 31.03.2016	Balance as at 31.03.2015
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Depreciation					
Buildings	41,730	6,279	-	48,009	41,730
Motor Vehicles	96,302	11,718	(2,180)	105,840	96,302
Plant & Machinery	186,296	9,806	-	196,102	186,296
Furniture & Fittings	4,932	158	-	5,090	4,932
Equipment	15,831	597	-	16,428	15,831
Computers	13,056	563	-	13,619	13,056
Computer Software	1,769	-	-	1,769	1,769
	359,916	29,121	(2,180)	386,857	359,916
Written Down Value	327,830			301,862	327,830
Assets Acquired on Finance Lease	Balance as at 01.04.2015	Additions during the year	Disposals / Adjustments during the year	Balance as at 31.03.2016	Balance as at 31.03.2015
Cost	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Plant & Machinery	35,233	-	-	35,233	35,233
	35,233	-	-	35,233	35,233
	Balance as at 01.04.2015	Charge for the year	Disposals during the year	Balance as at 31.03.2016	Balance as at 31.03.2015
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Depreciation					
Plant & Machinery	30,186	2,696	-	32,882	30,186
	30,186	2,696	-	32,882	30,186
Written Down Value	5,047			2,351	5,047

Notes to the Financial Statements (Contd.)

	Balance as at 01.04.2015 Rs.'000	Additions for the Year Rs.'000	Transferred during the Year Rs.'000	Balance as at 31.03.2016 Rs.'000	Balance as at 31.03.2015 Rs.'000
Capital Work-in-Progress	72,442	13,019	(2,083)	83,378	72,442
Total Written Down Value	405,319			387,591	405,319

The assets shown above are those movable assets vested in the Company by gazette notification at the date of formation of the Company (22 June 1992) and all investments in tangible assets by the Company since its formation. The assets taken over by way of estate leases are set out in notes 12.1 & 12.2.

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

The cost of fully depreciated Property, Plant & Equipment of the Company which are still in use as at the date of the Statement of Financial Position is Rs. 246,402,611/- (2014/15 - Rs. 220,960,802/-).

14. Bearer Biological Assets

Cost	Immature Plantations Rs.'000	Mature Plantations Rs.'000	Total Rs.'000
At the beginning of the year	863,918	1,624,706	2,488,624
Additions	252,710	-	252,710
Transfers	(204,400)	204,400	-
At the end of the year	912,228	1,829,106	2,741,334
Depreciation			
At the beginning of the year	-	412,453	412,453
Charge for the year	-	75,963	75,963
At the end of the year	-	488,416	488,416
Written Down Value - as at 31.03.16	912,229	1,340,689	2,252,918
Written Down Value - as at 31.03.15	863,918	1,212,253	2,076,171

Note:

These are investments in immature/mature plantations since the formation of the Company. The assets (including plantation assets) taken over by way of estate leases are set out in Notes 12.1 and 12.2. Further investment in immature plantations taken over by way of these leases are shown in the above note. When such plantations become mature, the additional investments since take over to bring them to maturity will be moved from immature to mature under this note. A corresponding movement from immature to mature of the investment undertaken by JEDB/SLSPC on the same plantation prior to the leases is shown under Note 12.2. Borrowing costs amounting to Rs.14,730,141/- (2014/15 - Rs. Rs.17,743,303/-) incurred to meet expenses relating to immature plantations have been capitalised as a part of the cost of immature plantations.

Notes to the Financial Statements (Contd.)

15. Consumable Biological Assets - Timber Plantations

	Immature Rs.'000	Mature Rs.'000	2016 Rs.'000	2015 Rs.'000
Beginning of the year	91,776	19,332	111,108	98,331
Gain/(loss) arising from changes in fair value of biological assets	6,239	-	6,239	14,877
Increase due to development	-	-	-	-
Transfers	(3,665)	3,665	-	-
Decrease due to harvest/disposals	-	(3,663)	(3,663)	(2,100)
End of the year	94,350	19,334	113,684	111,108

The Managed timber plantation include commercial timber plantations cultivated in the estates of administrative district of badulla & managed timber plantations is measured at fair value other than young trees which are recorded at cost as the significant biological transformation has not taken place.

Accordingly, the fair value of timber plantations at the date of financial position is determined based on the net present value of future cash flows discounted at the rate of 13%.

Valuation was carried by M/s Ariyatillake & Co. (Pvt) Ltd, independent Chartered Valuers (UK) using discounted cash flow (DCF) method which is the accepted practice of valuation in the field of professional valuation for timber plantation and in terms of the Ruling issued by the Institute of Chartered Accountants of Sri Lanka.

15.1 Fair Value Hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Non Financial Assets - Consumable Biological Assets

Assets measured at fair value	Date of valuation	Level 1 Rs.000	Level 2 Rs.000	Level 3 Rs.000	2015 Rs.000
Consumable Biological Assets - Timber	31st March 2016	-	-	113,684	111,108

In determining the fair value, highest and best use of timber, current condition of the trees and expected timber content at harvesting have been considered. Also, the valuers have made reference to market evidence of transaction prices of the company, and the market prices of timber corporation, with appropriate adjustments for size and location. The appraised fair values are rounded within the range of values.

Notes to the Financial Statements (Contd.)

15.2 Information about Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

Non Financial Assets	Valuation Techniques	Unobservable Inputs	Range of Unobservable Inputs	Relationship of Unobservable inputs to Fair Value
Consumable Biological Assets - Timber	Discounted Cash Flow Method	Discounting Rate	13%	The higher the discount rate, the lower the fair value
		Optimum rotation (Maturity)	20 - 25 Years	Lower the rotation period, the higher the fair value
		Price per Cubic ft.	Rs.190 - 850	The higher the price per cu. ft., the higher the fair value

Other Key assumption used in the Valuation:

1. The haversting is approved by the PMMD and Forestry Department Based on the Forestry Department Plan.
2. The Current Market Prices used are net of selling expenditure.
3. Discount rate is 13%, a Sensitivity analysis at (+) or (-) 1.5 % is also disclosed.
4. Though the replanting is a condition precedent for harvesting , yet the costs are not taken into consideration as these are not considered to be material.

15.3 Sensitivity Analysis

The valuations, as presented in the external valuation models based on net present values, take into account the long term exploitation of the timber plantations. Because of the inherent uncertainty associated with the valuation at fair value of the biological assets due to the volatility of the variables, their carrying value may differ from their realisable value. The Board of Directors retains their view that commodity markets are inherently volatile and that long term price projections are highly unpredictable. Hence, the sensitivity analysis regarding discount rate variations as included in this note allows every investor to reasonably challenge the financial impact of the assumptions used in the LKAS 41 against his own assumptions.

It does, nevertheless, concern the directors that no estimate of fair value can ever be completely accurate. Moreover, in the case of the group's biological assets, small differences in valuation assumptions can have a quite disproportionate effect on results. Another concern is that, as shown from an international benchmark, there is currently no uniform approach within the plantation sector when it comes to defining the major variables, such as selling price and/or discount rates, in the DCF models resulting in the LKAS 41 values taken to financial statements.

Notes to the Financial Statements (Contd.)

a) Sensitivity analysis - discount rate

Values as appearing in the Statement of Financial Position are very sensitive to changes of the discount rate applied and price changes with regard to average sale prices applied. Simulations made for timber trees show that a rise or decrease by 1.5 % of the discount rate and rise or decrease by 10% of estimated future selling prices have the following effect on the net present value of biological assets:

Variable	Sensitivity effect on,	
	Statement of financial position (Consumable biological assets)	Statement of profit or loss (Gain on change in F/V of biological assets)
	Rs.'000	Rs.'000
1.5 % Increase in discounting Rate	(8,344)	(8,344)
1.5 % Decrease in discounting Rate	10,321	10,321
10 % Increase in Selling Price	11,611	11,611
10 % Decrease in Selling Price	(11,611)	(11,611)

16. Long Term Investments (Unquoted)

Investee

AEN Palm Oil Processing (Pvt) Ltd.

Holding %
No of Shares Invested

2016

2015

33.33%

33.33%

1,312,830

1,634,180

2016

2015

Rs.'000

Rs.'000

At the beginning of the year

116,850

142,652

Previous year tax adjustment

-

(1,328)

Share of Profit from the Joint Venture

31,240

53,461

Share buy back

(23,333)

(48,333)

Dividend Received (Net of WHT)

-

(29,602)

Total Carrying Value of Investment

124,757

116,850

The above represents investment in AEN Palm Oil Processing (Pvt) Ltd, which is a joint venture established with Elpitiya Plantations PLC and Agalawatta Plantations PLC.

Summarised Financial Information of AEN Palm Oil Processing (Pvt) Ltd is as follows,

Notes to the Financial Statements (Contd.)

	2016	2015
	Rs.'000	Rs.'000
Turnover	1,589,283	1,745,853
Net Profit for the year	93,720	156,399
Share of profit of Namunukula Plantations PLC	31,240	52,133
Total Assets	412,810	394,512
Total Liabilities	90,514	95,936

Namunukula Plantations PLC can influence upto 33.33 % of voting rights of AEN Palm Oil Processing (Pvt) Ltd.

17. Financial Assets - Debenture Held to maturity

	2016	2015
	Rs.'000	Rs.'000
Quoted Debentures	250,000	250,000
	250,000	250,000

In May 2014, the Company invested in 2.5Mn, Rs.100 each Five year Fixed Rated Listed Debenture (11.25% p.a.) payable semi annually issued by the ultimate parent company (Richard Pieris & Company PLC) amounting to Rs. 250 Mn.

Fair Value Hierarchy

	Level 1	Level 2	Level 3
	Rs.'000	Rs.'000	Rs.'000
Quoted Debentures	250,000	-	-

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as above, based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

18. Intangible Assets (Goodwill on Business combinations)

	2016	2015
	Rs.'000	Rs.'000
Goodwill on business combinations	340,515	367,693
Impairment (Note 18.2)	(8,500)	(27,178)
As at 31 March	332,015	340,515

Notes to the Financial Statements (Contd.)

18.1 Goodwill arising on business combinations

The sub lease agreement with Tusker Bottling Company (Pvt) Ltd (Under Liquidator) has been terminated for breach effective from 5 July 2013. Assets and Liabilities are reacquired passing board resolution by the company. Based on the information available, the Board is of the opinion that this reacquisition of subleased assets will not have any further contingent Liabilities as at reporting date except accounted at the date of acquired and disclosed under Note 33. Details of assets and Liabilities and result of Goodwill is as follows.

Acquired Assets and liabilities,	Rs.'000
Assets	
Property, plant and equipment	67,085
Bearer Biological Assets	107,506
Consumable Biological Assets	98,330
Inventories	72,563
Trade receivables	47,111
Cash and cash equivalents	12
	392,607
Liabilities	
Trade payables	271,695
Contingent liabilities (Gratuity, EPF,ETF,ESPS..etc)	170,487
Retirement Benefit Obligations	306,706
Deferred Income	11,412
	760,300
Goodwill arising on business combinations	367,693

18.2 Impairment testing of goodwill

The recoverable amount of Rs. 332,014,894 /- (2014/15 - Rs.340,514,894 /-) as at 31 March 2016, has been determined based on the value in use calculation using expected future cash flow projections based on financial budgets which are approved by management and 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. As a result of this analysis, management has recognised an impairment charge of Rs. 8.5 Mn (2014/15 - 27.2 Mn) in the current year against goodwill arise on business combination. The impairment charge is recorded as a separate line item in the statement of profit or loss.

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and to the company. The key assumptions used to determine the recoverable amount are as follows,

Discount rates

Discount rate represent the current market assessment of the risks specific to CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the company and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC of 15.07 % (2014/15 - 11.6 %) takes into account both debt and equity. Segment-specific risk is incorporated by applying individual beta factors. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Notes to the Financial Statements (Contd.)

General inflation

The basis used to determine the value assigned to the estimated cost inflation, is the current inflation rate of 2.02 % (2014/15 - 3.3 %), based on projected economic condition.

Growth rate estimates

Volume growth of 5 % (2014/15 - 5%) has been budgeted on a reasonable and realistic basis by taking into account the growth rates of one to five years immediately subsequent to the budgeted year based on industrial growth rates. Cash flows beyond five year period are extrapolated using 0% growth rate.

Gross margins

Gross margins are based on average values achieved in the preceding years beginning of the budget period. These are adjusted over the estimate period for anticipated efficiency improvements and projected market conditions

The rise in general inflation rate, discounting rate and decrease in gross margin & growth rates, individually or jointly will result in a further impairment.

19 Inventories	2016	2015
	Rs.'000	Rs.'000
Produce Stock	180,738	168,914
Biological Assets - Nurseries	7,738	18,014
Spares & Consumables	23,854	24,267
	212,330	211,195

20 Trade and Other Receivables	2016	2015
	Rs.'000	Rs.'000
Produce Debtors	48,588	66,354
Advances & Prepayments	45,670	32,061
Staff Debtors	246	386
Other Debtors	24,952	38,174
	119,456	136,975
Receivable from Liquidator - Uva range		
Current account balance	533,052	533,052
Less: Provision for Doubtful Receivable	(533,052)	(533,052)
	-	-
	119,456	136,975

The above "receivable from the liquidator - Uva range" amount, is the due balance from the liquidator appointed by the court in the winding up proceeding of Tusker Bottling Company (Pvt) Ltd to which the company has sub leased 6 estates. These expenses were incurred by the company net of income on behalf of the liquidator who has acknowledged the fact.

The amount outstanding from liquidator was Rs. 533,052,236/- , for which total provision has been made.

For the year ended 31 March 2016

Notes to the Financial Statements (Contd.)

21 Amounts Due From Related Companies

	Relationship	2016 Rs.'000	2015 Rs.'000
Kegalle Plantations PLC	Fellow Subsidiary Company	7,075	-
		7,075	-

22 Cash and Cash Equivalents**22.1 Favourable balance**

	2016 Rs.'000	2015 Rs.'000
Cash at Bank and in Hand	20,977	10,452
Short Term Investment	-	-
	20,977	10,452

22.2 Unfavourable balance

Bank Overdraft	(44,281)	(11,856)
	(23,304)	(1,404)

23 Stated Capital**Issued and Fully Paid Number of Shares**

	2016	2015
Fully paid ordinary shares including One Golden Share	23,750,001	23,750,001

Value of Issued and Fully Paid Shares

23,750,000 Ordinary Shares and a Golden Share which has special rights, held by the Secretary to the Treasury (Rs.)	350,000,010	350,000,010
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24 Interest Bearing Loans and Borrowings

	Repayable after 01					Repayable after 01				
	Repayable within 01 year	Repayable year less than 05 years	Repayable after 05 years	Repayable after 01 year	Total as at 31.03.2016	Repayable within 01 year	Repayable year less than 05 years	Repayable after 05 years	Repayable after 01 year	Total as at 31.03.2015
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
24.1 Term Loans	53,473	134,276	-	134,276	187,749	55,340	187,750	-	187,750	243,090
24.2 Bank Overdraft	144,281	-	-	-	144,281	11,856	-	-	-	11,856
	197,754	134,276	-	134,276	332,030	67,196	187,750	-	187,750	254,946

Notes to the Financial Statements (Contd.)

24.1 Long Term Loans	Repayable within 1 year	Repayable after 1 year Less than 5 years	Repayable After 5 years	Repayable After 1 year	Total as at 31.03.16	Total as at 31.03.15	Rate of Interest & Terms
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
24.1.1 Lanka Orix Leasing Co. PLC (ADB Credit Line)	1,269	212	-	212	1,481	2,751	I
24.1.2 Lanka Orix Leasing Co. PLC (ADB Credit Line)	933	-	-	-	933	3,733	II
24.1.3 Lanka Orix Leasing Co. PLC (ADB Credit Line)	1,077	628	-	628	1,705	2,782	III
24.1.4 Lanka Orix Leasing Co. PLC (ADB Credit Line)	2,554	2,766	-	2,766	5,320	7,874	IV
24.1.5 National Development Bank PLC	8,040	16,470	-	16,470	24,510	32,550	V
24.1.6 Indian Bank	19,800	57,100	-	57,100	76,900	96,700	VI
24.1.7 Indian Overseas Bank	19,800	57,100	-	57,100	76,900	96,700	VII
	53,473	134,276	-	134,276	187,749	243,090	
24.2.1 Bank Overdraft	44,281	-	-	-	44,281	11,856	
24.2.2 NTB Money Market Loan	100,000	-	-	-	100,000	-	VIII
	144,281	-	-	-	144,281	11,856	
	197,754	134,276	-	134,276	332,030	254,946	

	Rate of Interest	Terms of Repayment
I	10.43%	Monthly Installments Rs. 105,807/- commenced from 30.06.2007
II	11.49%	Monthly Installments Rs. 233,321/- commenced from 30.08.2008
III	14.85%	Monthly Installments Rs. 89,724/- commenced from 30.11.2009
IV	13.32%	Monthly Installments Rs. 212,809/- commenced
V	AWPLR+0.5%	Monthly Installments commenced from 31.05.2012
VI	AWPLR+0.9%	Monthly Installments Rs 1.65 Mn commenced from 27.02.2015
VII	AWPLR+0.9%	Monthly Installments Rs 1.65 Mn commenced from 27.02.2015
VIII	AWPLR	Maximum of 180 days

For the year ended 31 March 2016

Notes to the Financial Statements (Contd.)

25 Retiring Benefit Obligations

	2016	2015
	Rs.'000	Rs.'000
At the beginning of the year	595,401	243,566
Re Acquisition	-	306,706
Interest Cost	61,029	60,530
Current Service Cost	31,410	35,126
Actuarial (Gain) / Loss	(90,968)	(17,434)
Gratuity Payments for the year	(51,702)	(33,093)
At the end of the year	545,170	595,401

The employee benefit liability is based on the actuarial valuation carried out by Messrs Actuarial & Management Consultants (Pvt) Ltd .

The actuarial Valuation had been carried out for retiring gratuity of estate workers and estate staff as at 31 March 2016, which amount to Rs. 545,169,837/- (2014/15 - Rs. 595,401,637/-). If the Company had provided for gratuity for workers on the basis of 14 days wages and for staff and executive a half month salary for each completed year of service, in line with the Gratuity Act No.12 of 1983, the liability would have been Rs.829,473,869/- (2014/15 - Rs.843,998,436/-), Hence, there is a contingent liability of Rs. 284,304,032/- (2014/15 - Rs. 248,596,799/=) which would crystallise only if the Company ceases to be a going concern, or the resignation or termination of employees which ever is earliest.

The following payment are expected from defined benefit plan obligation on annual basis.

	Staff	Workers	Company
	Rs.'000	Rs.'000	Rs.'000
Within the next 12 Months	29,080	48,802	77,882
Between 02 to 05 Years	28,849	99,086	127,935
After 05 Years	21,212	318,141	339,353
	79,141	466,029	545,170

The weighted Average duration of defined benefit obligation for the Namunukula plantation is 6.79 years

25.1 Sensitivity of Assumptions Employed in Actuarial Valuation

The following tables are demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

Simulation made for retirement obligation show that, a rise or decrease by 1% of the rate of salary & wage or discount rate has the following effect on the retirement benefit obligation.

Variable	Sensitivity Effect on,			
	Statement of Profit or Loss			Statement of Financial Position
	Benefit Obligation to staff Rs.'000	Benefit Obligation to Workers Rs.'000	Total Rs.'000	Total Rs.'000
1 % Increase in discounting Rate	3,016	29,734	32,750	(32,750)
1 % Decrease in discounting Rate	(3,354)	(33,678)	(37,032)	37,032
1 % Increase in salary/Wages escalation rate	(3,576)	(17,316)	(20,892)	20,892
1 % Decrease in salary/Wages escalation rate	3,248	16,476	19,724	(19,724)

26 Deferred Grants and Subsidies

	2016 Rs.'000	2015 Rs.'000
At the beginning of the year	125,876	114,479
Re Acquisition	-	11,412
Add : Grants received for the year - Monetary	8,167	2,832
Less : Amortisation for the year	(3,605)	(2,847)
At the end of the year	130,438	125,876

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

27 Liability to Make Lease Payment

	2016 Rs.'000	2015 Rs.'000
Repayable after 5 years		
Gross Liability	319,760	332,946
Less : Finance Charges	(126,221)	(127,448)
Net Liability	193,539	205,498
Repayable after 1 year less than 5 years		
Gross Liability	52,744	52,744
Less : Finance Charges	(27,191)	(34,962)
Net Liability	25,553	17,782
Repayable after 1 year	219,092	223,280
Repayable within 1 year		
Gross Liability	13,186	13,186
Less : Finance Charges	(8,999)	(9,159)
Net Liability	4,187	4,027
Total	223,279	227,307

For the year ended 31 March 2016

The leases of the estates have been amended with effect from 22 June, 1996 to an amount substantially higher than the previous lease rental of Rs. 500/= per estate per annum. The first rental payable under the revised basis is Rs. 13.186 Mn from 22 June 1996 to 21 June 1997. This amount is to be inflated annually by the Gross Domestic Product (GDP) deflator, and is in the form of a contingent rental.

The contingent rental charged during the current year to the Statement of Profit or Loss amounted to Rs. 33,524,160/- (2014/15 - Rs. 31,257,535/-) and is based on GDP deflator of 5.1% (2014).

The Statement of Recommended Practice (SoRP) for Right-to-use of Land on Lease was approved by the Council of the Institute of Chartered Accountants of Sri Lanka on 19th December 2012. Subsequently, the amendments to the SoRP along with the modification to the title as Statement of Alternative Treatment (SoAT) were approved by the Council on 21st August 2013. The Company has not reassessed the Right-to-use of Land because this is not mandatory requirement. However, if the liability is reassessed according to the alternative treatment (SoAT) on the assumption that the lease rent is increased constantly by GDP deflator of 4% and discounted at a rate of 13% , liability would be as follows.

	Rs. '000
Gross Liability	2,619,736
Finance Charges	(1,761,828)
Net Liability	857,908

The above reassessed liability is not reflected in these Financial Statements.

28 Trade and Other Payables

	2016	2015
	Rs.'000	Rs.'000
Trade Creditors	49,792	52,202
Accrued Expenses	152,594	214,287
Payable to Employees	84,878	95,730
Others	117,710	77,804
	404,974	440,023

29 Amounts Due to Related Companies

		2016	2015
	Relationship	Rs.'000	Rs.'000
RPC Plantation Management Services (Pvt) Ltd	Parent Company	53,831	28,319
Richard Pieris & Company PLC	Ultimate Parent Company	254	532
Kegalle Plantations PLC	Fellow Subsidiary Company	-	2,207
Maskeliya Plantations PLC	Fellow Subsidiary Company	73	10
RPC Logistics (Pvt) Ltd	Fellow Subsidiary Company	47	44
Richard Pieris Distributors (Pvt) Ltd	Fellow Subsidiary Company	1,500	-
		55,705	31,112

Notes to the Financial Statements (Contd.)

30 Securities Pledged

Following assets have been pledged as security for liabilities.

Nature of Liability	Facility Rs. Mn	Loan Outstanding Rs. Mn	Security	Carrying amount pledged	
				2016 Rs.Mn	2015 Rs.Mn
Overdraft					
Bank of Ceylon	90	2	Floating mortgage bond over stock in trade and movables of the Company	180.74	168.91
Sampath Bank PLC	50	-	Corporate guarantee	-	-
Hatton National Bank	150	10	Corporate guarantee	-	-
Nation Trust Bank PLC	50	31	Floating mortgage bond over stock in trade and movables of the Company	180.714	-
Long Term Loans					
DFCC Loan (ADB Credit Line)	233	-	Primary mortgage over leasehold rights of Pallegoda estate.	16.19	17.19
National Development Bank PLC	56	25	Primary mortgage over Property Plant purchase under this project	57.20	57.20
LOLC Loan (ADB Credit Line)	64	9	Corporate guarantee	-	-
Indian Bank Indian Overseas Bank } 200		154	Primary mortgage over leasehold rights of Yatadola estate.	14.27	15.27

31 Capital Expenditure Commitments

Followings are the capital expenditure commitments as at the reporting date,

	2016 Rs.'000	2015 Rs.'000
Approved by the Board & Contracted for	Nil	Nil
Approved by the Board & not Contracted for	345,295	379,687

32 Related Party Disclosures

The details of the significant related party disclosures are as follows.

32.1 Transactions with the Parent and Related entities.**32.1.1 Parent Company**

	2016 Rs.'000	2015 Rs.'000
Amounts Payable	(53,831)	(28,319)
Management Fee	(25,478)	(45,216)
Settlements of Dues	(34)	35,013

32.1.2 Management Fee

The Management agent shall be paid for each fiscal year fifteen percent (15%) of the earnings of the Company before interest received/paid corporate tax, depreciation and amortization of land and management fees (EBIDTA) applicable in that fiscal year.

For the year ended 31 March 2016

Notes to the Financial Statements (Contd.)

	2016 Rs.'000	2015 Rs.'000
32.1.3 Group Companies		
Amounts Receivable	257,075	250,000
Amounts Payable	(1,874)	(2,793)
Sale of Goods	58,770	69,201
Settlements of Dues	(47,626)	(68,751)
Salary Cost & Other Charges charged	257	168
Purchase of goods, Salary Cost & Other Charges	(11,280)	(43,279)
Current Account Settlement	7,597	3,078
Debenture & Interest income Receivable (RPC & Co)	28,440	27,380
Investment in Debentures	-	250,000
Debenture Interest Settlement	(28,164)	(24,658)
Insurance claim Received	220	665
Insurance premium Paid	(1,621)	(1,708)
32.1.4 Joint Venture		
Amounts Receivable	10,248	17,185
Sale of Goods	555,947	554,560
Reimbursement of Transport Cost	12,412	11,059
Settlements of dues	(575,296)	(558,627)

32.2 Terms and Conditions

Transaction with related parties are carried out in the ordinary course of business (At arms length transactions). Outstanding balances at the year end are unsecured and net settlement occurs in cash.

32.3 Transactions with the key management personnel of the Company and parent

There were no material transactions with the key management personnel of the Company and its parent for the year ended 31 March 2016. Further there were no key management compensation paid during the year other than those disclosed in management fee expenses.

33 Contingencies

- 33.1** There are more than 30 cases outstanding filed by the Commissioner of Labour (Badulla) against Tusker Bottling Co. (Pvt) Ltd, the Company and the Superintendent of the Estate regarding the payment of employees' statutory dues, which the Sub Lessee has failed to pay in respect of the said 6 estates. The Company has filed objections that the Company is not liable to pay such dues. However Magistrate has ordered NPL to pay. The company filed revision to that in High court. Further company was deposited 15 Mn as refundable security deposit in the court. Next day of hearing is 27th July 2016.
- 33.2** As per the Collective Agreement with plantation workers unions, wages has to be reviewed by 1 April 2015. However, negotiations are still under consideration and therefore, no agreement has been reached as at the statement of financial position date.
- 33.3** Contingent liabilities that may result, depending on the timing of the taxability of certain fair value adjustments is amounted to approximately Rs. 623,976/- (2014/15 - Rs.1,487,739/-).

34 Events Occurring After the Reporting Period

There have been no material events occurring after the reporting date that require adjustments or disclosure in the financial statements.

35 Related Party Transactions

There are no related party transactions other than those disclosed in Notes 16, 17, 21, 29 & 32 to the Financial Statements.

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Grading

*M*echanical sifter categorizes and grades the made tea using the leaf size which are having different values. Likewise the company divides and categorizes the stakeholders. This ensures the right information is given to the right stakeholder.

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*Shareholders & Investor
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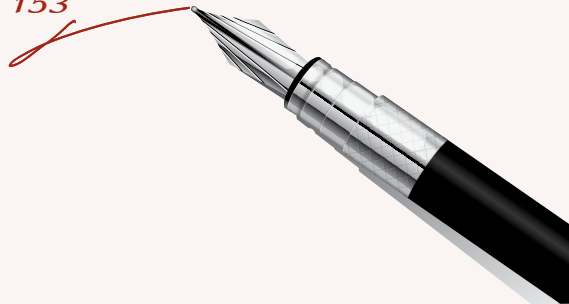
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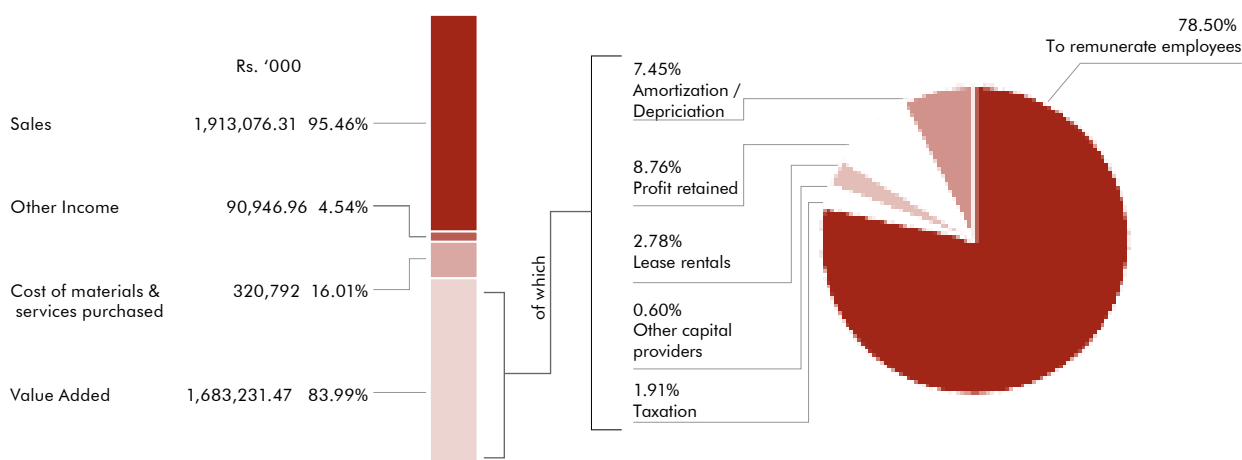
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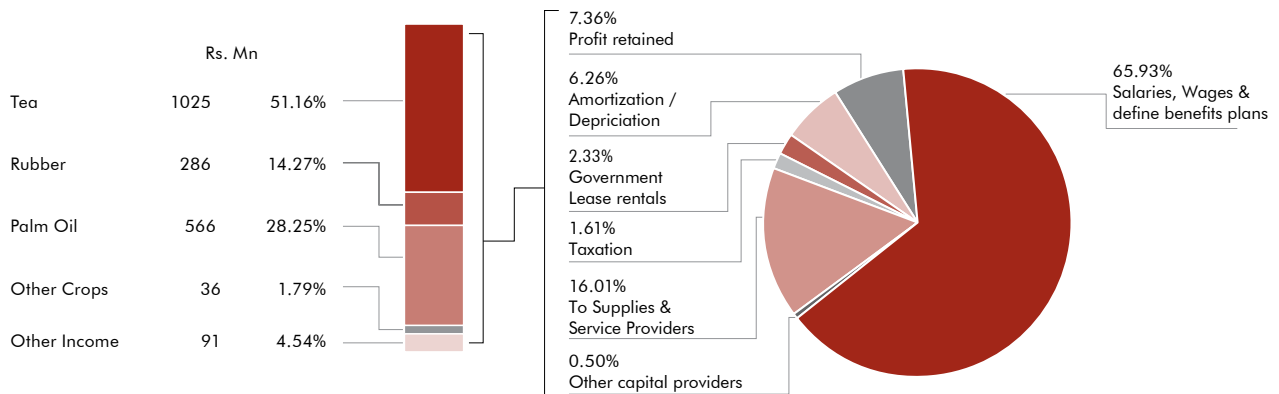
VALUE ADDED STATEMENT

	2015/16 Rs. '000	%	2014/15 Rs. '000	%
Sales	1,913,076		2,194,906	
Other income	90,947		136,545	
Cost of materials & services purchased	2,004,023		2,331,451	
Total Value Added	1,683,231		1,658,233	
Applied as follows :				
To remunerate employees				
Salaries, Wages & define benefits plans	1,321,323	78.50	1,319,585	79.58
To reward providers of capital				
Dividends to ordinary shareholders	-	-	47,500	2.86
Other capital providers	10,115	0.60	6,666	0.40
To the Government				
Taxation	32,234	1.91	7,614	0.46
Government Lease rentals	46,710	2.78	44,444	2.68
To Replace assets				
Amortization / Depreciation	125,452	7.45	113,758	6.86
To expand the Company				
Profit retained	147,397	8.76	118,667	7.16
Total	1,683,231	100	1,658,233	100
Value Added per Employee - Rs.'000	268.72		244.43	
Value Added % of Turnover	87.99		75.55	



SOURCES OF INCOME & UTILISATION

Source of Income	2015/16		2014/15		2013/14		2012/13		2011/12	
	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%
Tea	1,025,243	51.16	1,312,932	56.31	1,015,203	46.33	753,136	40.00	710,596	37.53
Rubber	285,885	14.27	288,067	12.36	480,464	21.93	591,315	31.41	744,664	39.33
Palm Oil	566,079	28.25	553,206	23.73	556,708	25.40	439,678	23.35	366,198	19.34
Other Crops	35,869	1.79	40,702	1.75	40,407	1.84	34,427	1.83	37,083	1.96
Total	1,913,076		2,194,906		2,092,782		1,818,556		1,858,541	
Other Income	90,947	4.54	136,545	6.23	98,606	4.50	64,231	3.41	34,996	1.85
Total	2,004,023	100	2,331,451	100	2,191,388	100	1,882,787	100	1,893,537	100
Utilisation of Income										
To remunerate employees										
Salaries, Wages & define benefits plans	1,321,323	65.93	1,319,585	56.60	840,087	38.34	733,159	38.94	748,650	39.54
To providers of funds										
Other capital providers	10,115	0.50	6,666	0.29	8,668	0.40	11,612	0.62	11,436	0.60
To Supplies & Service Providers	320,792	16.01	673,218	28.88	858,440	39.17	573,187	30.44	604,716	31.94
To Providers of Capital										
Dividends to ordinary shareholders	-	-	47,500	2.04	249,375	11.38	-	-	123,500	6.52
To the Government										
Taxation	32,234	1.61	7,614	0.33	21,694	0.99	35,731	1.90	21,628	1.14
Government Lease rentals	46,710	2.33	44,444	1.91	41,653	1.90	38,249	2.03	67,892	3.59
To Replace assets										
Amortization / Depreciation	125,452	6.26	113,758	4.88	92,072	4.20	81,690	4.34	86,594	4.57
To expand the Company										
Profit retained	147,397	7.36	118,667	5.09	79,399	3.62	409,159	21.73	229,121	12.10
Total	2,004,023	100	2,331,451	100	2,191,388	100	1,882,787	100	1,893,537	100



SHAREHOLDERS AND INVESTOR RELATIONS INFORMATION

The company is maintaining healthy relationship with its key shareholders (individual and institutional) while maintaining a dialogue with potential shareholders as well. The Annual General Meetings are held to communicate with the shareholders and their participation is encouraged. Apart from this, principal methods of communication of company include the corporate website, the annual report, quarterly Financial Statements and press releases.

Also the company wants to maintain an effective dialogue with its valued investors is an important part of stakeholder engagement in recognition of their vital support to the success of the company. We believe that investors will actively seek to influence the behavior of the entity to improve the performance of areas such as environmental, social and governance using the stakeholder engagement structures in place. Consequently, company provides timely, transparent, accurate and consistent information

to the investing public to create a productive dialogue to address their concerns and thereby, improve long term corporate performance. Information provided in this section provides useful insights as to the performance of investors' investment in the company.

Compliance Report on the Contents of Annual Report in Terms of the Listing Rules of the CSE

The Company is pleased to inform you that company has duly complied with all the requirements of the Section 7.6 of the Listing Rules of the CSE on the contents of the Annual Report and Accounts of a listed entity.

The table below provides reference to the relevant sections of this Annual Report where specified information is disclosed together with page references for the convenience of the readers.

Rule No:	Disclosure requirement	Section reference	Pages
7.6 (i)	Names of persons who hold directorate of the company during the financial year.	Annual report of the Board of Directors	50 to 53
7.6 (ii)	Principal activities of the Company during the year and any changes therein.	Note 1.2 of the Accounting Policies.	91
7.6 (iii)	The names and the number of shares held by the 20 largest holders and the percentage of such shares held.	Item 9 of the Shareholders & Investor relations information.	140
7.6 (iv)	The Public Holding percentage	Item 8 of the Shareholders & Investor relations information.	140
7.6 (v)	Each Director's holding and Chief Executive Officer's holding in shares of the entity at the beginning and end of each financial year.	Annual report of the Board of Directors.	82
7.6 (vi)	Information pertaining to material foreseeable risk factors of the company.	Risk Management	66 to 75
7.6 (vii)	Details of material issues pertaining to employees and Industrial relations of the company.	Item 16 of the Shareholders & Investor relations information.	142

Rule No:	Disclosure requirement	Section reference	Pages
7.6 (viii)	Extents, Locations, Valuations and Number of buildings of the Entity's land holdings and investment properties.	Note 12,13,14 & 15 of the Financial Statement and Operational footprint & Our Estate and Locations	115 to 121 6 to 7
7.6 (ix)	Number of shares representing the company's stated capital.	Note 23 of the Financial Statement Item 8 of the Shareholders & Investor relations information.	125 139 to 140
7.6 (x)	A distribution schedule of the number of holders in each class of equity securities and the percentage of their total holdings.	Item 7 of the Shareholders & Investor relations information.	139
7.6 (xi)	Ratios and Market Price Information	Item 6 of the Shareholders & Investor relations information.	139
7.6 (xii)	Significant changes in the company's fixed assets and the market value of land, if the value differs substantially from the book value.	Note 12,13,14 & 15 of the Financial Statement	115 to 121
7.6 (xiii)	Details of fund raised through a public issue, right issue and private placement (If any)	Item 17 of the Shareholders & Investor relations information.	142
	Information in respect of Employee Share Option Schemes and Employee Share Purchase Scheme.	Item 18 of the Shareholders & Investor relations information.	142
7.6 (xiv)	Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5.c and 7.10.6.c of Section 7 of the Rules.	Item 9 of the Annual report of the board of Directors Profile of Directors Remuneration Committee Report	81 50 to 53 63
7.6 (xv)	Disclosures on Related Party Transactions Exceeding 10% of the Equity or 5% of the Total Assets of the company as per audited financial statements, whichever is lower.	Note 32.1 – 32.3 of the Financial Statement.	130 to 131

1. Stock Exchange

The issued Ordinary Shares of Namunukula Plantations PLC is listed on the Main Board of the Colombo Stock Exchange (CSE) of Sri Lanka under the ticker symbol of "NAMU.N0000".

The company duly submitted the unaudited Interim Financial Statements for the year 2015/16 to CSR

within applicable statutory deadlines as required by the Rule No. 7.4 (a) (i) of the Listing Rules of the CSE. The Audited Accounts of the Company for the year ended 31 March 2016 have been submitted to the Colombo Stock Exchange within three months from the year end, which is well within the required deadline as required by the Rule No 7.5. (a) of the Listing Rules of the CSE.

SUPPLEMENTARY INFORMATION

2. NPL Share Information

NPL share Information from CSE website:

- Log on to Colombo Stock Exchange - website: www.cse.lk
- Enter company code (NAMU.N0000) in the box at the top right hand corner of CSE home page and go to the company description.

3. Public Holding

The percentage of shares held by the public is 19.25% of the issued Share Capital of the Company.

4. Golden Shareholder

The Golden Share of Rs 10/- is currently held by the Secretary to the Treasury and should be owned either directly by the Government or by a 100% Government owned Company. In addition to the rights of the Normal Ordinary Shareholder, the Golden Shareholder has the following rights;

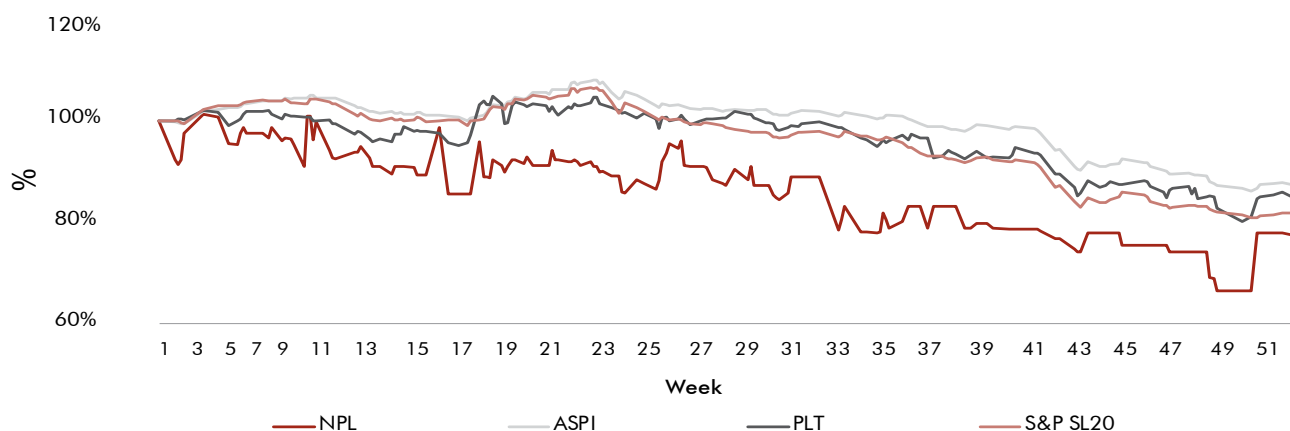
- 1) The concurrence of the Golden Shareholder will be required for the Company to sublease any of the estate land leased/ to be leased to the Company by the Janatha Estate Development Board / Sri Lanka State Plantations.

- 2) The concurrence of the Golden Shareholder will be required to amend any clause in the Article of Association of the Company which grants specific right to the Golden Shareholders.
- 3) 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 of written notice.
- 4) 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 fiscal year.
- 5) 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.

5. The NAMU.N0000 Share

The Performance of Namunukula Plantations PLC's Share is as follows compared to the Performances of All Share Price Index (ASPI) in the Share Market during the year.

NPL Share Price Vs Market Indices



6. Key Information

		2015/16	2014/15	2013/14	2012/13	2011/12
Trading Activities						
Market Capitalization	Rs. Million	1,413	1,684	1,990	1,819	1,425
No. of Transaction	No. of times	905	1,355	2,405	2,121	2,749
No. of Shares Traded	Million	0.23	4	1	2	3
Value of Shares Traded	Rs. Million	16	82	77	114	329
Investor Ratios						
Earnings per share	Rs.	2.93	6.37	14.14	17.23	14.85
Dividend per share	Rs.	-	2.00	10.50	-	4.50
Price earnings Ratio	No. of times	20.30	11.13	5.92	4.45	4.04
Earnings Yield	%	5%	9%	17%	22%	25%
Net Assets per share	Rs.	97.66	92.37	87.38	84.03	66.81
Gearing Ratio	%	13%	10%	13%	13%	8%
Interest Cover	No. of times	2.18	3.77	9.16	11.16	10.57
Current Ratio	No. of times	0.56	0.67	3.34	3.40	1.92
Quick Ratio	No. of times	0.24	0.28	2.47	2.76	1.40
Exchange Rates - US\$						
As at the year end	Rs.	145.43	132.76	130.73	126.90	129.57

7. Distribution of Shareholding

	As at 31st March 2016				As at 31st March 2015			
	No of shareholders	%	No of shares held	%	No of shareholders	%	No of shares held	%
Less than or equal to 1,000	11,584	98.77%	1,799,429	7.58%	11,611	99.00%	1,802,922	7.75%
1,001- 5,000	99	0.84%	280,312	1.18%	98	0.84%	276,599	1.29%
5,001 - 10,000	16	0.14%	127,194	0.54%	19	0.16%	153,367	0.66%
10,001- 50,000	17	0.14%	475,695	2.00%	17	0.14%	534,487	2.50%
50,001 - 100,000	5	0.04%	385,412	1.62%	5	0.04%	352,621	1.40%
100,001- 500,000	5	0.04%	1,505,922	6.34%	5	0.04%	1,453,968	5.66%
500,001 - 1,000,000	-	0.00%	-	-	-	0.00%	-	-
Over 1,000,001	2	0.02%	19,176,037	80.74%	2	0.02%	19,176,037	80.74%
Grand total	11,728	100%	23,750,001	100%	11,757	100%	23,750,001	100%

8. Composition of Shareholders

(a). Resident & Non -Resident

	As at 31st March 2016				As at 31st March 2015			
	No of shareholders	%	No of shares held	%	No of shareholders	%	No of shares held	%
Resident	11,711	99.86%	23,585,909	99.31%	11,736	99.82%	23,169,900	97.56%
Non Resident	17	0.14%	164,092	0.69%	21	0.18%	580,101	2.44%
Total Shareholding	11,728	100%	23,750,001	100%	11,757	100%	23,750,001	100%

SUPPLEMENTARY INFORMATION

(b). Individuals & Institutions

	As at 31st March 2016				As at 31st March 2015			
	No of shareholders	%	No of shares held	%	No of shareholders	%	No of shares held	%
Individuals	11,663	99.45%	3,169,061	13.34%	11,694	99.46%	3,137,507	13.21%
Institutions	65	0.55%	20,580,940	86.66%	63	0.54%	20,612,494	86.79%
Total Shareholding	11,728	100%	23,750,001	100%	11,757	100%	23,750,001	100%

(c). Public & Other Holding

	As at 31st March 2016				As at 31st March 2015			
	No of shareholders	%	No of shares held	%	No of shareholders	%	No of shares held	%
Public Holding	11,725	99.97%	4,570,964	19.25%	11,754	99.97%	4,570,964	19.25%
Other Holding	3	0.03%	19,179,037	80.75%	3	0.03%	19,179,037	80.75%
Total Shareholding	11,728	100%	23,750,001	100%	11,757	100%	23,750,001	100%

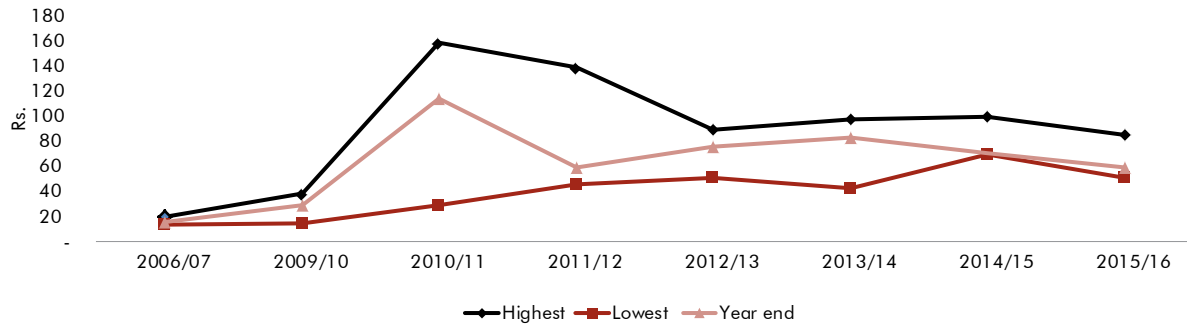
9. Twenty Largest Shareholders

	As at 31st March 2016		As at 31st March 2015 (*)	
	No. of shares held	% of the holding	No. of shares held	% of the holding
1 RPC Plantation Management Services (Pvt) Ltd	15,412,737	64.90%	15,412,737	64.90%
2 The Secretary to the Treasury	3,763,300	15.85%	3,763,300	15.85%
3 Mr. T.T.T Al Nakib	395,000	1.66%	395,000	1.66%
4 National Development Bank PLC/Sakuvi Investment Trust (Pvt) Ltd	368,000	1.55%	368,000	1.55%
5 Bank of Ceylon A/C Ceybank Century Growth Fund	345,349	1.45%	329,955	1.39%
6 Seylan Bank PLC	247,573	1.04%	211,013	0.89%
7 National Savings bank	150,000	0.63%	150,000	0.63%
8 Dr.T.Senthilvel	96,487	0.41%	49,627	0.21%
9 Bank of Ceylon No .1 Account	80,000	0.34%	80,000	0.34%
10 Mr. H.A.A.H Algharabally	77,000	0.32%	77,000	0.32%
11 Mr.K.C.Vignarajah	74,538	0.31%	73,434	0.31%
12 Cocoshell Activated Carbon Co. Ltd	57,387	0.24%	57,387	0.24%
13 Mrs. K.S. Cooray	50,000	0.21%	50,000	0.21%
14 Mrs. J.K.P Singh	50,000	0.21%	50,000	0.21%
15 Mr.Z.G.Carimjee	43,200	0.18%	-	0.00%
16 T.S.T.T.T. Sathe Secretary to the Treasury-Sundry	38,298	0.16%	38,298	0.16%
17 Mr.N.A. Withana	34,351	0.14%	31,151	0.13%
18 Mr. C.Chanmugam	32,500	0.14%	50,000	0.21%
19 Northstar Holdings (Pvt) Ltd	29,900	0.13%	29,900	0.13%
20 Mrs. S. Vignarajah	29,000	0.12%	29,000	0.12%
Sub Total	21,374,620	90.00%	21,245,802	89.46%
Balance held by 11,708 shareholders (2015- 11,737 shareholders)	2,375,381	10.00%	2,504,199	10.54%
Total No. of Shares	23,750,001	100.00%	23,750,001	100.00%

* Comparative shareholdings as at March 31, 2015 of the twenty largest shareholders as at March 31, 2016.

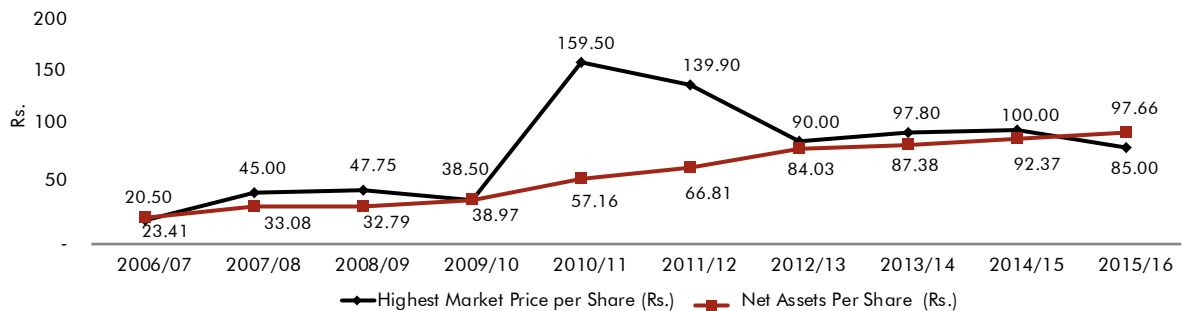
10. Market Value

Market Value	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Highest (Rs.)	20.50	45.00	47.75	38.50	159.50	139.90	90.00	97.80	100.00	85.00
Lowest (Rs.)	14.00	12.00	13.50	14.75	29.75	46.00	51.00	43.00	70.00	51.00
Year end (Rs.)	16.00	42.50	15.00	29.75	114.60	60.00	76.60	83.80	70.90	59.50



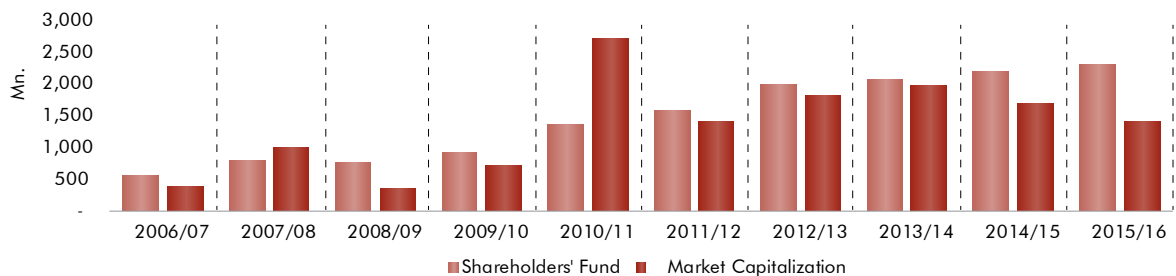
11. Net Assets Per Share Vs Highest Market Price per Share

Market Value	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Highest (Rs.)	20.50	45.00	47.75	38.50	159.50	139.90	90.00	97.80	100.00	85.00
Net Assets per share (Rs.)	23.41	33.08	32.79	38.97	57.16	66.81	84.03	87.38	92.37	97.66

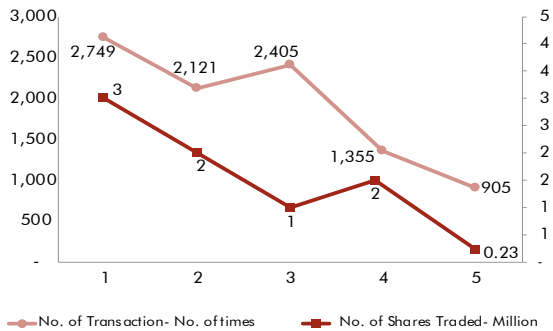


12. Shareholders' Fund and Market Capitalization

Year	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Shareholders' Fund (Rs. Mn)	556.0	785.7	778.8	925.5	1,357.5	1,586.7	1,995.8	2,075.2	2,193.9	2,319.4
Market Capitalization (Rs. Mn)	380.0	1,009.4	356.3	706.6	2,721.8	1,425.0	1,819.3	1,990.3	1,683.9	1,413.1

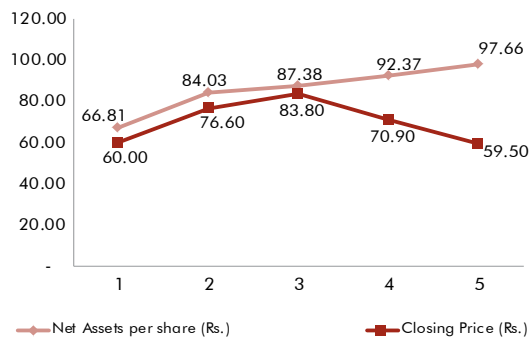


13. Share Trading (Nos.)



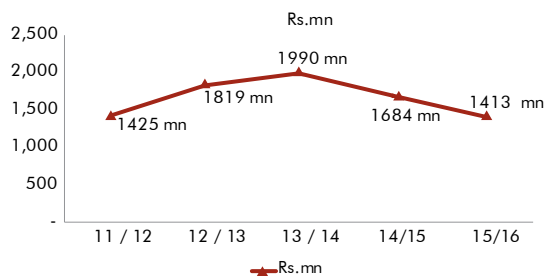
		2011/12	2012/13	2013/14	2014/15	2015/16
Transaction- No. of times	No. of times	2,749	2,121	2,405	1,355	905
No. of Shares Traded- million	Million	3	2	1	2	0.23

14. Net Assets & Closing Price per Share (Rs.)



		2011/12	2012/13	2013/14	2014/15	2015/16
Transaction- No. of times	(Rs.)	66.81	84.03	87.38	92.37	97.66
No. of Shares Traded- million	(Rs.)	60.00	76.60	83.80	70.90	59.50

15. Market Capitalization (Mn)



Year	2011/12	2012/13	2013/14	2014/15	2015/16
Rs.mn	1,425	1,819	1,990	1,684	1,413

16. Details of material issues pertaining to employees and Industrial relations of the company.

There were no material issues pertaining to employees and industrial relations pertaining to the company that occurred during the year under review which require disclosure except disclosed under Note 33.2 of the Financial Statement.

17. Details of fund raised through a public issue, right issue and private placement (If any)

As per the Rule No. 7.6 (xiii) of the Listing Rules of CSE company should disclosed details relevant to fund raised through a public issue, right issue and private placement (If any) in the Annual report of the company. However during the year of 2015/16 company does not raised funds through any public issue, right issue and private placement.

18. Information in respect of Employee Share Option Schemes and Employee Share Purchase Scheme

As per the Rule No. 7.6 (xiv) of the Listing Rules of CSE company should disclosed details relevant to Employee Share Option Schemes and Employee Share Purchase Scheme (If any) in the Annual Report of the company. However company does not have any Employee Share Option Schemes and Employee Share Purchase Scheme.

DECADE AT A GLANCE

Year Ended 31st march		2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08	2006/07
OPERATING RESULTS											
Turnover	Rs.'000	1,913,076	2,194,906	2,092,782	1,818,556	1,858,540	2,074,678	1,516,375	1,272,252	1,767,989	1,363,014
Gross profit	Rs.'000	64,807	86,973	503,048	475,426	532,036	666,343	319,597	256,558	400,561	186,246
Earnings before interest and taxation (EBIT)	Rs.'000	114,916	178,017	388,958	377,688	376,002	479,457	179,589	94,619	313,848	351,333
EBIT before management fee	Rs.'000	140,394	223,233	478,413	456,353	462,357	583,857	229,454	128,535	390,025	432,896
Profit/(loss) before taxation	Rs.'000	62,117	130,779	380,436	415,595	416,157	435,421	158,730	38,743	234,810	256,921
Profit/(loss) after taxation	Rs.'000	69,620	151,261	335,928	362,962	352,621	409,329	146,655	40,670	229,705	256,921
Retained profit/(loss)	Rs.'000	1,969,382	1,843,890	1,725,224	1,645,825	1,236,665	1,007,544	575,492	428,837	435,668	205,963
FINANCIAL POSITION											
Stated capital	Rs.'000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Revenue reserves	Rs.'000	1,969,382	1,843,890	1,725,224	1,645,825	1,236,665	1,007,544	575,492	428,837	435,668	205,963
Total equity	Rs.'000	2,319,382	2,193,890	2,075,224	1,995,825	1,586,665	1,357,544	925,492	778,837	785,668	555,963
Total debt	Rs.'000	332,030	254,947	270,637	308,654	130,339	205,249	321,776	381,205	466,121	521,585
Total capital employed	Rs.'000	2,651,412	2,448,837	2,345,861	2,304,479	1,717,004	1,562,793	1,247,268	1,160,043	1,251,789	1,077,548
ASSETS EMPLOYED											
Leasehold property, plant & equipment	Rs.'000	207,016	224,687	222,713	237,149	251,625	266,109	280,601	295,093	309,585	324,134
Freehold property, plant & equipment	Rs.'000	387,591	405,319	284,358	290,268	286,936	256,757	239,661	246,683	212,709	169,930
Bearer biological assets	Rs.'000	2,252,918	2,076,171	1,724,981	1,492,925	1,286,567	1,138,640	1,061,582	985,300	938,754	913,828
Other non current assets	Rs.'000	820,456	818,473	142,653	116,709	184,819	170,743	86,374	64,673	106,475	88,969
Total current assets	Rs.'000	369,345	364,063	801,725	963,065	572,809	535,001	292,785	194,497	318,399	259,426
Total liabilities net of debt	Rs.'000	1,385,915	1,439,876	830,569	803,880	865,752	804,457	713,735	626,204	634,133	678,739
KEY RATIOS											
Equity/Asset ratio	No of times	0.57	0.56	0.65	0.64	0.61	0.57	0.47	0.44	0.42	0.32
KEY INDICATORS											
Revenue extent											
Tea	hectares	2,357	2,444	396	374	439	464	479	500	509	599
Rubber	hectares	1,660	1,780	1,851	1,898	2,013	2,061	2,108	2,187	2,256	2,296
Oil palm	hectares	1,331	1,215	1,128	1,061	1,106	1,106	1,056	1,013	935	906
Other	hectares	357	347	368	383	366	357	350	353	336	350
		5,705	5,786	3,743	3,716	3,923	3,988	3,993	4,053	4,036	4,150
Production											
Tea	kg'000	3,011	3,230	2,284	1,942	2,118	2,572	1,805	2,065	3,546	4,586
Rubber	kg'000	1,160	1,179	1,482	1,573	1,670	1,689	1,820	1,889	2,155	2,035
Oil palm	kg'000	16,588	14,833	16,505	14,453	14,368	12,135	14,653	14,238	10,582	5,947
Yield											
Tea	kg./ha	715	674	822	917	908	979	850	815	1,184	1,100
Rubber	kg./ha	699	661	796	829	830	818	864	864	955	885
Oil palm	kg./ha	12,466	12,203	14,634	13,620	12,994	10,975	13,880	14,059	11,318	6,663
NSA											
Tea	Rs./kg	344.52	413.21	450.32	394.43	338.49	362.27	384.60	285.02	294.36	188.31
Rubber	Rs./kg	245.13	240.68	326.58	370.89	449.92	491.26	265.75	206.69	231.53	220.73
Oil palm	Rs./kg	34.13	37.30	33.73	30.42	25.49	23.24	21.37	18.29	20.34	6.43
COP											
Tea	Rs./kg	399.20	439.28	430.76	378.00	341.86	346.70	349.53	296.31	270.62	182.66
Rubber	Rs./kg	248.98	262.32	263.69	238.31	236.55	185.13	152.28	131.27	115.90	105.64
Oil palm	Rs./kg	10.28	9.70	7.32	6.67	6.37	7.05	6.38	5.84	6.20	6.34

HISTORICAL LANDMARKS

1992

- ▶ Namunukula Plantations Limited (NPL) was incorporated on 22 June 1992, and registered with company registrar under the company registration No. of – N (PBS/CGB) 139.
- ▶ The company took over all movable assets and liabilities of the 24 estates including 9 tea estates, 3 rubber estates, 11 tea cum rubber estates & 1 coconut cum rubber estate with 12,600 total hectares and other operational units constituting the company with net asset of 417.98 mn including share capital of 5 mn (500,000 ordinary shares).



1995

- ▶ The leasehold right to bare land and immovable assets was reduced from 99 years to 53 years from July 1995.
- ▶ The issued share capital of the company increased by the allotment of 19,500,000 ordinary shares and 1 golden share issued to the secretary to the treasury as at 1st August 1995 as bonus shares.

1997/98

- ▶ From the time of incorporation up to 31 December 1996, the “Financial Year End” of company was 31st December. However from the financial year of 1997/98 company’s “Financial Year End” was changed as 31st March.
- ▶ The ownership of the company was privatized in June 1997 with the sale of 51% of the issued share capital to Keells Plantations Management Services (Pvt) Ltd, a joint venture company between John Keells Holdings Limited, Commonwealth Development Corporation, Tea Plantation Investment Trust and Regent Ceylon Planters Limited.



2007/08

- ▶ 1st Dividend payment since privatization of Namunukula Plantations PLC at Rs.2 per share was paid. Total dividend paid Rs. 47, 500,002/-



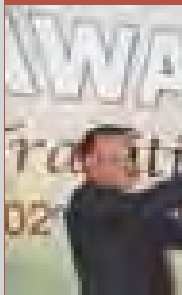
1998/99

- ▶ In October 1998, 10% of the issued share capital amounting 2,000,000 shares were distributed among the employees free of charge. Over 11,800 eligible employees qualified to receive shares



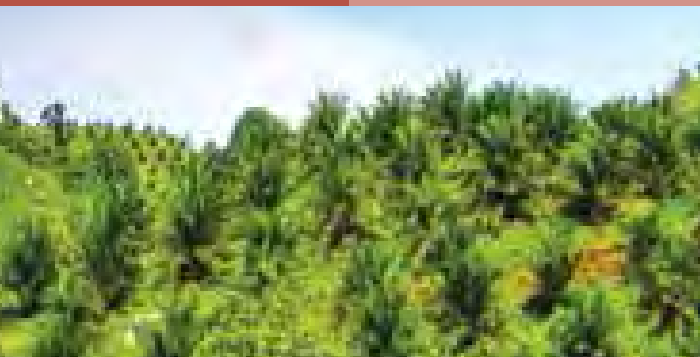
1999/00

- ▶ A comprehensive diversification strategy was drawn up taking advantage of the company's position identified as a lucrative third sector diversified over into Oil palm



2008/09

- ▶ The company was re-registered under the companies Act No. 07 of 2007 and new company registration no is PQ 136.



2000/01

- ▶ With the vision of “To be a diversified agri-business company with an international reputation for excellence in quality, innovation & Land use” the diversification programme accelerated.

2002/03

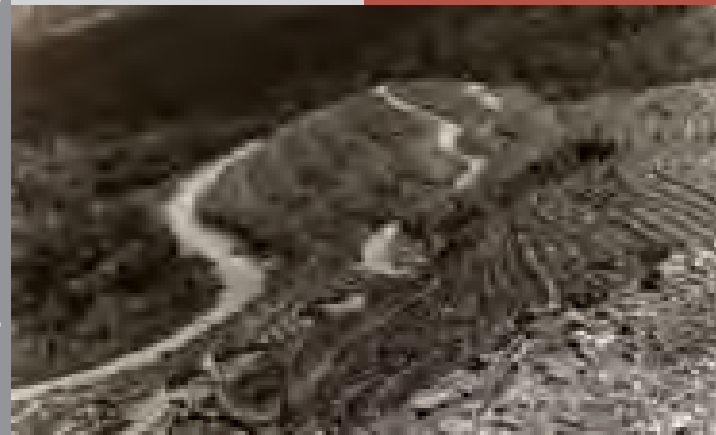
- ▶ In August 2002, the company converted Rs.150 mn worth convertible debentures into 3,750,000 ordinary shares and issued. There by increasing no of shares up to 23,750,000 and 1 golden share issued to the secretary to the treasury.
- ▶ A joint venture project named AEN Palm Oil Processing (Pvt) Ltd formed with equal shares of Agalawatte, Elpitiya and Namunukula Plantation PLCs to manage the Oil Palm processing factory.

2005/06

- ▶ RPC plantation management services (Pvt) Ltd acquired 58.74% shares held by Keells plantation management services (Pvt) Ltd on 13 September 2005.

2006/07

- ▶ The management of the Namunukula Plantations limited was decided to sublease the six estates in the Namunukula region. The lease was affected from 15 June 2005.
- ▶ AEN oil palm processing (Pvt) Ltd commenced its operations in January 2007.



2011/12

- ▶ NPL was the Winner of Bronze award for best presented Annual Report awarded by South Asian Federation of Accounts (SAFA) in Colombo Sri Lanka for the Annual Report for the year 2011

2014/15

- ▶ The Uva range six estates were reacquired by Namunukula Plantations PLC and continued their operations under the legal entity of Namunukula Plantations PLC. Accordingly, the assets and liabilities of the Uva range six estates were amalgamated with Namunukula Plantations PLC.



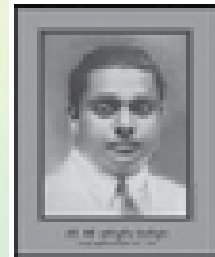
CITRUS ESTATE

Citrus estate was one of the largest tea estate in the Southern province owned by M/s Amarasooriya Co. Ltd that belonging to M/s Muhandiram Thomas de Silva Amarasooriya and H W Amarasooriya the late Hon. Minister of Commerce (1947 - 1952).

There were 13 divisions attached to this estate namely Citrus, Keembiya, Nakudumbiya, Hathhuala, Lehuwala, Mulanda, Kurundakanda, Kekirihena, Kihinithiyagoda, Welendawa, Elpitikanda, Panwila, Malamure with a cultivated extent exceeding 2000 acres.



Muhandiram Thomas de Silva Amarasooriya



Hon. Late Minister H.W. Amarasooriya

The tea factory of Citrus estate was built in the year 1904 and one of the largest factory that was subsequently dismantled to release land for the Southern Highway.

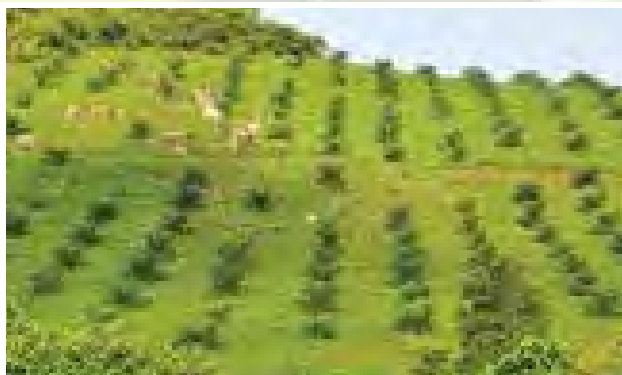
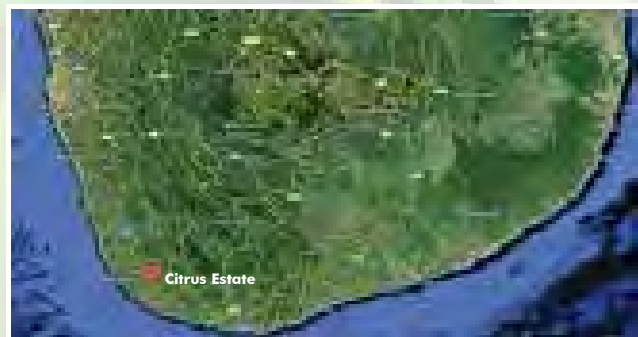


Citrus Tea Factory Built in 1904

With the nationalization in 1975, the government took over this estate. Divisions such as Mulana, Kurundakanda were acquired for village expansion and a few other divisions were amalgamated with the neighbouring estates.

In 1992 with the decision of the government to privatize the management of state owned estates this estate was grouped under Namunukula Plantations PLC and managed by Bartleet & Co. until such time the ownership of this company was acquired by John Keells Holdings in 1997. In 2005 M/s Richard Pieris and company LTD acquired the ownership of the company and continue to manage as at date.

The total cultivated extent of Citrus estate is 308 ha. of which 216 ha. in Oil Palm, 62 ha. in Rubber, 8 ha. in Tea, 18 ha. in cinnamon and coconut in 4 ha. During the last 05 years an extent of 102 ha. has been planted in Oil Palm with an investment of over Rs.90 mn.



The Southern Highway is bordering this estate and Pinnaduwa and Baddegama exit points are located within a distance of 10 km, adding value to the land base.



Manager's Bungalow built in 1901

Wewegoda Holiday Bungalow that attract local holiday makers also situated on Citrus estate with scenic attractions such as Unawatuna beach, Dutch fort, Calvary church, Kottawa / Kannaliya reserve forests located within a radius of 15 kms.



Former Proprietor's Bungalow

The welfare of worker population always received priority in keeping the policy of the company. The estate has constructed 66 worker houses with the assistance of PHDT and handed over to the beneficiaries recently with the participation of Hon. Gayantha Karuntilleka, Minister of Media and Parliamentary Affairs.



In the FY 2015/16 Citrus estate has recorded a net profit of Rs 11.8 mn as against a profit of Rs 8 mn in the previous year. With the implementation of accelerated diversification programme by planting over 100 ha. in oil palm the potential for generation of profits on Citrus estate has increased significantly and will be one of the flagship Strategic Business Unit of NPL, in the very near future.



GLOSSARY

A

Accounting policies

The specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting financial statements.

AGM

Annual General Meeting.

Agricultural activity

Agricultural activity is the management by an entity of the biological transformation and harvest of biological assets for sale or for conversion into agricultural produce or into additional biological assets.

Agricultural produce

Agricultural produce is the harvested produce of the entity's biological assets.

Amortization

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

AWPLR

Average Weighted Prime Lending Rate.

B

Basic earnings per share (EPS)

Profit after tax divided by the weighted average number of ordinary shares outstanding during the period.

Bearer biological assets

Biological assets those are not to be harvested as agricultural produce or sold as biological assets. The biological assets other than the consumable biological assets.

Biological assets

Is a living animal or plant.

Borrowing costs

Borrowing Costs are interest and other costs incurred by an enterprise in connection with borrowing of funds.

BOP

Balance of Payment.

C

CGU

Cash Generating Units.

CIS

Common wealth of Independent states.

Consumable biological assets

The biological assets those that are to be harvested as agricultural produce or sold as biological assets.

Contingent liabilities

Conditions or situations at the reporting date, the financial effect of which are to be determined by future events which may or may not occur.

Cost of production (COP)

Cost of producing a kilo/unit of tea/rubber/coconut/oil palm at estate level.

CRTA

Colombo Rubber Trader's Association.

CRI

Coconut Research Institute.

CSR

Corporate Social Responsibility.

CTC

Crush, Tear and Curl - Method of Black Tea Processing.

CTR

Colombo Tea Auction.

Current ratio

Current assets divided by Current liabilities.

D

DCF

Discounted Cash Flow.

Deferred taxation

The tax effect of timing differences deferred to/ from other periods, which would only qualify for inclusion on a tax return at a future date.

Dividend cover

Profits after tax divided by dividends.

Dividend Payout

The Percentage of Earnings paid to shareholders in dividends.

E

EBITDA

Earnings before Interest, Tax, Depreciation, and Amortization.

Earnings Yield

The earnings per share for the most recent 12 months period divided by the current market price per share.

Equity / Assets ratio

Shareholders' funds divided by Non-current assets plus current assets.

Equity method

The equity method is a method of accounting whereby the investment is initially recognized at cost and adjusted thereafter for the post acquisition changes in the investor's share of net assets of the investee. The profit or loss of the investor includes the investor's share of the profit or loss of the investee.

F

Fair value

Fair value is the amount for which an asset could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in arm's length transaction.

FFB

Fresh Fruit Bunch

G

GDP

Gross Domestic Production.

Gearing ratio

Total interest bearing loans & borrowings as a percentage of total Shareholders' funds plus total interest bearing loans & borrowings.

Gross dividends

Portion of profits inclusive of tax withheld, distributed to shareholders during the year.

GSA

Gross Sale Average. Average sale price obtained (over a period of time, for a kilo of produce) before any deductions such as brokerage, etc.

H

HACCP

Hazard Analysis Critical Control Point system. Internationally accepted food safety standard.

I

IAS

International Accounting Standards.

IFRS

International Financial Reporting Standards.

Immature plantation

The extent of plantation that is under development and is not being harvested.

Infilling

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.

Interest cover ratio

Profit before tax and interest divided by interest charge.

ISO

International Standards Organization.

J

JEDB

Janatha Estate Development Board.

K

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

M

Mature plantation

The area of land developed with a perennial crop, which has been brought into bearing ready for commercial harvesting. A perennial crop is a crop with a useful economic life which extends over more than one accounting period.

Market capitalisation

Number of shares in issue multiplied by the market value of each share at the reporting date.

N

Net assets

Total assets less Current liabilities and non-current liabilities.

Net assets per share

Net assets at the end of period divided by the number of Ordinary Shares issued.

Net sale average (NSA)

This is the average sale price obtained (Over a period of time) after deducting brokerage fees and cost of gratis from Gross Sale Average (GSA).

NIPM

National Institute of Plantation Management.

P

PHDT

Plantation Human Development Trust.

PMMD

Plantation Management Monitoring Division.

Price earnings

Market price of a share divided by Earnings per Share.

Public shareholding

Shares of a listed entity held by any person other than those directly or indirectly held by;

- a) its parent, subsidiary or associate companies or any subsidiaries or associates of its parent company; and,
- b) its directors who are holding office as directors of the entity, their spouses and children under 18 years of age; and'
- c) Chief Executive Officer, his/her spouse and children under 18 years of age; and'
- d) Any single shareholder who holds 10% or more of the shares.

Q

Quick Ratio

Current asset other than inventory divided by current liability

R

Related parties

Parties who could control or significantly influence the financial and operating policies of the company.

Replanting

A method of field development where an entire unit of land is taken out of "bearing" and developed by way of uprooting the exiting trees/bushes and replanting with new trees/bushes.

Return on assets

Profit after tax as a percentage of total assets.

Return on capital employed

Profit before interest and tax as a percentage of total Capital Employed. (Shareholders' funds plus total Interest bearing borrowings).

Return on equity

Profit after tax as a percentage of shareholder's funds.

ROI

Return on Investment.

RRI

Rubber Research Institute.

RSS - 1

Ribbed Smoked Sheet - Grade 1.

S

Shareholders' funds

Funds attributable to Shareholders and comprising of share capital, reserves and retained profit.

SIC

Standing Interpretations Committee.

SLFRS/LKAS

Sri Lanka Accounting standards corresponding to International Financial Reporting Standards.

SLSPC

Sri Lanka State Plantations Corporation.

SoRP

Statement of Recommended Practice issued by the Institute of Chartered Accountants of Sri Lanka.

S&P SL20

Standard & Poor's Sri Lanka 20 covers the largest and most liquid stocks from the Sri Lankan Equity market.

T

TRI

Tea Research Institute.

U

UITF

Urgent Issues Task Force of the Institute of Chartered Accountants of Sri Lanka.

V

Value addition

The quantum of wealth generated by the activities of the Company and its application.

W

WACC

Weighted average cost of capital.

Working capital

Capital required financing the day to day operations computed as the excess of current assets over current liabilities.

Y

Yield (YPH)

Average yearly output of produce from hectare of plantation.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Twenty Third (23rd) Annual General Meeting of Namunukula Plantations PLC will be held at the Registered Office, No. 310, High Level Road, Nawinna, Maharagama on Thursday, 30th June 2016 at 11.30 a.m. and the business to be brought before the meeting will be as follows;

1. To consider the Report of the Directors and the Statement of Accounts for the year ended 31st March 2016 with the Report of the Auditors thereon.

2. To approve the appointment of Dr. Sena Yaddehige as a Director

Pursuant to Section 211 of the Companies Act No. 07 of 2007, a Notice of the following Ordinary Resolution has been received by the Company, from RPC Plantation Management Services (Private) Limited, 310, High Level Road, Nawinna, Maharagama, a shareholder of the Company.

"That Dr. Sena Yaddehige of Le Neuf , Chemin, St. Saviours, Guernsey, United Kingdom who is 70 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act no. 07 of 2007 shall not apply to the said Dr. Sena Yaddehige "

3. To approve the appointment of Mr. Neville Peiris as a Director

Pursuant to Section 211 of the Companies Act No. 07 of 2007, a Notice of the following Ordinary Resolution has been received by the Company, from RPC Plantation Management Services (Private) Limited, 310, High Level Road, Nawinna, Maharagama, a shareholder of the Company.

"That Mr. Neville Peiris of No. 284/2, Thimbirigasyaya Road, Colombo 05, who is 70 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act no. 07 of 2007 shall not apply to the said Mr. Neville Peiris "

4. To elect Mr. Shaminda Yaddehige, who retires in terms of Article 98 at the Annual General Meeting, a Director

5. To elect Mr. Prasanna Fernando, who retires in terms of Article 98 at the Annual General Meeting, a Director

6. To elect Mr. Nicholas Thompson, who retires in terms of Article 98 at the Annual General Meeting, a Director

7. To re -appoint M/s. Ernst & Young, Chartered Accountants as Auditors of the Company and to authorize the Directors to determine their remuneration.

8. To authorize the Directors to determine contributions to charities

9. To consider any other business of which due notice has been given

By Order of the Board

(Sgd.)

Richard Pieris Group Services (Private) Limited

Secretaries

No. 310, High Level Road, Nawinna, Maharagama

31st May 2016

Note:

- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her.
- A proxy need not be a member of the Company. The form of proxy will be found inserted in the Annual Report.
- The completed form of proxy should be deposited at the registered office of the Company No. 310, High Level Road, Nawinna, Maharagama., not less than 48 hours before the time appointed for the holding of the meeting.

FORM OF PROXY

I/We* (in block letters) of
 being a member / members of the NAMUNUKULA PLANTATIONS PLC, hereby
 appoint.....of.....

whom failing DR. SENA YADDEHIGE whom failing NEVILLE CHRYSOSTON PEIRIS whom failing SUNIL SOMINDRANATH
 POHOLIYADDE whom failing DR. HENRY JAYATISSA DE COSTA whom failing SHAMINDA YADDEHIGE whom failing
 ELLEKUTTIGE PRASANNA INNOCENT FERNANDO whom failing NICHOLAS MARK THOMPSON *as my/our proxy to
 represent me/us and to vote on my/our behalf at the 23RD ANNUAL GENERAL MEETING of the Company to be held on
 30th June 2016 and any adjournment thereof, and at every poll which may be taken in consequence thereof to vote:-

	In favour	Against
1. To consider the Report of the Directors and the Statement of Accounts for the year ended 31st March 2016 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To approve under and in terms of Section 211 of the Companies Act No. 07 of 2007, the appointment of Dr. Sena Yaddehige at the Annual General Meeting, a Director.	<input type="checkbox"/>	<input type="checkbox"/>
3. To approve under and in terms of Section 211 of the Companies Act No. 07 of 2007, the appointment of Mr. Neville Peiris at the Annual General Meeting, a Director.	<input type="checkbox"/>	<input type="checkbox"/>
4. To elect Mr. Shaminda Yaddehige, who retires in terms of Article 98 at the Annual General Meeting, a Director.	<input type="checkbox"/>	<input type="checkbox"/>
5. To elect Mr. Prasanna Fernando, who retires in terms of Article 98 at the Annual General Meeting, a Director.	<input type="checkbox"/>	<input type="checkbox"/>
6. To elect Mr. Nicholas Thompson, who retires in terms of Article 98 at the Annual General Meeting, a Director.	<input type="checkbox"/>	<input type="checkbox"/>
7. To re-appoint M/s Ernst & Young, Chartered Accountants as Auditors of the Company and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
8. To authorize the Directors to determine contributions to charities.	<input type="checkbox"/>	<input type="checkbox"/>
9. To consider any other business of which due notice has been given.	<input type="checkbox"/>	<input type="checkbox"/>

Dated this day of 2016

.....
 Signature of shareholder

- Notes:**
- (i) Please delete the inappropriate words.
 - (ii) A proxy need not be a member of the Company.
 - (iii) Instruction as to completion appear on the reverse of this form.

INSTRUCTIONS AS TO COMPLETION OF PROXY FORM

To be valid, this Form of Proxy must be deposited at the registered office of the Company No. 310, High Level Road, Nawinna, Maharagama, not later than 11.30 a.m. on Tuesday, 28th June 2016.

In perfecting the Form of Proxy, please ensure that all details are legible.

In the case of a Company/Corporation, the proxy must be under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association.

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/her discretion will vote as he/she thinks fit.

This Form of Proxy shall in the case of an individual be signed by the appointor or his/her Attorney. Where the Form of Proxy is signed under a Power of Attorney, which has not been registered with the Company, the original Power of Attorney together with a photocopy of same or a copy certified by a Notary Public must be lodged with the Company, along with the Form of Proxy.

CORPORATE INFORMATION

Name of Company	: Namunukula Plantations PLC
Legal Form	: A Quoted Public Limited Liability Company Incorporated in Sri Lanka
Date of Incorporation	: 22 June 1992
Company Registration No.	: PQ 136
Principal Business Activities	: Cultivation, manufacture & sale of Tea, Rubber, Oil palm, Coconut & Cinnamon Plantations
Ultimate Parent Enterprise	: Richard Pieris & Company PLC
Board of Directors	: Dr. S. Yaddehige - Chairman Mr. S.S. Poholiyadde - Director /Chief Executive Officer Mr. N.C. Peiris - Non Executive Director Dr. H.J. De Costa - Non Executive Director Mr. B.A.T. Rodrigo - Non Executive Director (Appointed w.e.f 22 June 2015) Mr. Shaminda Yaddehige - Non Executive Director (Appointed w.e.f 01 March 2016) Mr. E.P.I. Fernando - Non Executive Director (Appointed w.e.f 26 May 2016) Mr. Nick Thompson - Non Executive Director (Appointed w.e.f 26 May 2016) Mr. A.K. Perera - Non Executive Director (Resigned w.e.f 20 May 2015) Mr. J.H.P. Ratnayeke - Director (Resigned w.e.f 11 January 2016)
Stated Capital	: Rs. 350,000,010/- represented by 23,750,001 shares
Group Holding	: 64.90 %
Stock Exchange Listings of Sri Lanka.	: The Ordinary Shares of the Company are listed with the Colombo Stock Exchange
Senior Management	: Mr. S.S. Poholiyadde - Managing Director - Plantations Mr. S.A. Eriyagama - Director Operation - Rubber and Oil Palm Mr. M.P.S. Pathiraja - Director Operation - Uva Range Mr. S. Epitakumbura - Financial Controller Mr. P. de S. A. Gunasekara - Deputy General Manager Mr. D. Sivaraj - Senior Manager Mr. H.M.M.J. Herath - Accountant Mr. R.M.S.S. Herath - Manager IT
Registered / Head Office	: No: 310, High Level Road, Nawinna, Maharagama, Sri Lanka.
Company Secretaries	: Richard Pieris Group Services (Pvt) Ltd Secretaries, No: 310, High Level Road, Nawinna, Maharagama, Sri Lanka. Telephone: + (94) 11 4310564
Auditors	: Messrs. Ernst & Young, Chartered Accountants 201, De Saram Place, P.O. Box 101, Colombo 10, Sri Lanka.
Bankers	: Bank of Ceylon - Corporate Branch & Regional Branches People's Bank - Pelawatta Branch Hatton National Bank PLC - City Branch Sampath Bank PLC - Head Office Branch Development Finance Corporation of Ceylon National Development Bank PLC Indian Overseas Bank / Indian Bank Nations Trust Bank PLC
Legal Advisors	: Paul Ratnayeke Associates International Legal Consultants Solicitors and Attorney-at-law No. 59, Gregory's Road, Colombo 07.
Contact Details	: Telephone : + (94) 11 4310500 Facsimile : + (94) 11 2801400 Internet : www.arpico.com E-mail : npl.rpk@arpico.com



Namunukula Plantations PLC

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