



NAMUNUKULA PLANTATIONS PLC

ANNUAL REPORT 2018/2019



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A STABLE MOVE FORWARD

The Plantation sector of Sri Lanka continues to expose to many challenges locally and internationally in terms of Climate, Social, Political and Economic settings over the last decade, experiencing immense fluctuations within the industry.

However, we at Namunukula Plantations PLC have kept our space and moving towards the sustainable growth consistently by delivering excellent growth to the stakeholders we serve.

We are confident on our strengths and capabilities to a 'Stable Move Forward' in our journey by delivering optimum value to the stakeholders in future as well.

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ABOUT REPORT

Overview

We are delighted to present our first Inaugural Integrated Annual Report, which shows company's commitment to the value creation process of company and raising the bar with regard to the quality of our reports during the year and "Namunukula Plantations" has always been committed to do the right thing for our stakeholders for solid financial performance and for our planet. The report provides details about how we manage stakeholder engagement and business goals to achieve integrated growth.

This report is organized around "Namunukula Plantations" value creation story. The different forms of capital that provide the inputs, the value creating activities that result in output, outcome and impacts are key components of it. Good governance and risk management underpin the strategy driven value creation process. "Namunukula Plantations" Value creation model aims to create value whilst balancing the company's responsibilities to its diverse stakeholders, including its shareholders, and the environment. How the company's achievement during the past financial year is discussed comprehensively through the different sections of this report.

The report presents detailed information about the company's position with regard to its financial performance in the context of the surrounding economic, social and environmental conditions.

The quick readers who desires to read the report at a glance, may wish to turn to pages 15, 48, 77 and 150-154 for brief overview of company performance in Key areas. Readers in search of more details narrative are welcome to read the Annual report from cover to cover or pick and choose the clearly identified section of their choice to obtain a more comprehensive understanding of the Company progress during the year and the future potential.

Frame works and Codes

GRI 102-12

This Inaugural Integrated Annual Report has been prepared with the following guidelines /frameworks/rules & regulations etc.

- The International Integrated Reporting Framework <IR> issued by International Integrated Reporting Council (IIRC).
- Global Reporting Initiative (GRI) Standards - "Core", published by Global Reporting Initiative.
- Companies Act No: 07 of 2007.
- Sri Lanka Accounting Standards issued by the institute of Chartered Accountants of Sri Lanka (CASL).
- Listing Rules of the Colombo Stock Exchange (CSE).
- The Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka (SEC) and The Institute of Chartered Accountants of Sri Lanka (CASL).

Reporting Scope and Boundaries

GRI 102-50/102-51/101-52

GRI 102-46/102-3/102-4

This Annual Report covers the entirety of the Company's operations from our 18 Estates operate mainly in Matugama, Galle, Matara & Badulla and registered office located at No.310, High level Road, Navinna, Maharagama and covers the 12 month period from 01st April 2018 to 31 March 2019. The Report immediately preceding this is for the year ended 31 March 2018. For Your convenience, we have provided suitable comparisons between the activities of this year and the precedent year as appropriate. The contents of this Report have been drafted with due consideration to the topics that are held to be of material importance for the Company as well as its stakeholders. A detailed materiality assessment is accessible on pages 67 and 71 of this Annual Report. Further, this report also cover risks, opportunities and outcomes that could materially affect the organizations ability to create value.

The information content of the report covers the economic, social and environmental impacts resulting from the value creation activities of the company operates mainly in 04 regions and includes a reasonable assessment of potential impacts that substantively influence stakeholder decisions. The information contained in this report has been reviewed by the board of directors, audit committee, independent auditors and the management committee of corporate management.

GRI 102-10/ 102-48/ 102-49/102-54

This report has been prepared in accordance with the GRI Standards - "Core" option. There were no significant changes in reporting from the previous reporting period in the list of material topics and topic boundaries, further there were no any material changes of the organization type, size of organization, structure, ownership and supply chain during the year, and there has been no restatement of information from the previous report.

Basis of Preparation

We recognize that our reporting journey is not complete and we will continue to improve assess and enhance our reports over the years. Over the past 04 years the company reported the sustainability measures and policies towards the stakeholders based on the global reporting initiatives (GRI) Framework which includes with early adoption the GRI Standards in last year Report.

However, since the sustainability measures are an integral part of the operations, this year the company attempts to integrate financial and non- financial performance adding value to the reporting initiatives.

In preparing this report, the company was guided by the International integrated reporting <IR> Framework issued by the international integrated reporting council (IIRC) and also by the preparer's guide to integrated corporate reporting, issued by CA Sri Lanka. We will continue to embrace the guiding principles and fundamental concepts contained in the IIR framework to best serve the information needs of our stakeholders.

Non - Financial Information

Since the Company is well aware that information needs of stakeholders are changing in keeping with the dynamic environment we operate in. Investors in particular are increasingly becoming interested in the future potential of the Company than its past performance and non-financial information is becoming more and more relevant for ascertaining the future potential. Accordingly, the Namunukula Plantations PLC has enhanced its disclosures of non-financial information in this Annual Report which will provide clarity on the company future outlook.

Quality Assurance

Through this Report, we set out to provide you with a complete and meaningful picture of our business model, strategy, governance, performance, and future prospects. We

also looking to illustrate the value created by the Company in terms of financial and non-financial resources.

We have taken every effort to provide credible information with the aid of visual elements such as figures, graphs, and tables in a consistent manner facilitating clarity and comparability.

Financial Statements and External Assurance GRI 102-56

The Financial Statements together with the related notes are audited by Messrs Ernst & Young, Chartered Accountants of Sri Lanka and their corresponding report is given on page 146-149 of this report. The External Assurance given by Messrs Ernst & Young, Chartered Accountants of Sri Lanka for sustainability initiatives and measures included in this report is set out on page 134-135.

Forward - Looking Statements

This report may contain certain forward looking statements with respect to certain plans and current goals and expectations of the company relating to future financial and Operational performance. Such statements and forecasts involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from the future results, performance or achievements expressed or implied by such forward looking statements. The Company undertakes no obligation to update publicly or release any revisions to these forward looking statements to reflect events or circumstances after the date of this document, or to reflect the occurrence of anticipated events.

Your Comments

GRI 102-53

Questions and inquiries on this Integrated Annual Report 2018/19 and information presented therein are to be directed to;

The Financial Controller
Namunukula Plantations PLC
No.310, High Level Road,
Nawinna, Maharagama,
Sri Lanka.

Tel : +94 11 4310820
Fax : +94 11 2801400
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ABOUT US

Namunukula Plantations PLC is registered as a Limited Liability Company Incorporated and Domiciled in Sri Lanka, under the Companies Act No:17 of 1982 (re-registered under the Companies Act No. 07 of 2007) and is listed in the Colombo Stock Exchange under "Plantations" Sector. The Company is a Subsidiary of Richard Pieris & Company PLC (RPC) and is Managed by RPC Plantations Management Service (Private) Limited, a subsidiary of RPC Group.

GRI 102-3

The registered office and principle place of business of the Company is located at No. 310, High level Road, Navinna, Maharagama, Sri Lanka.

GRI 102-2

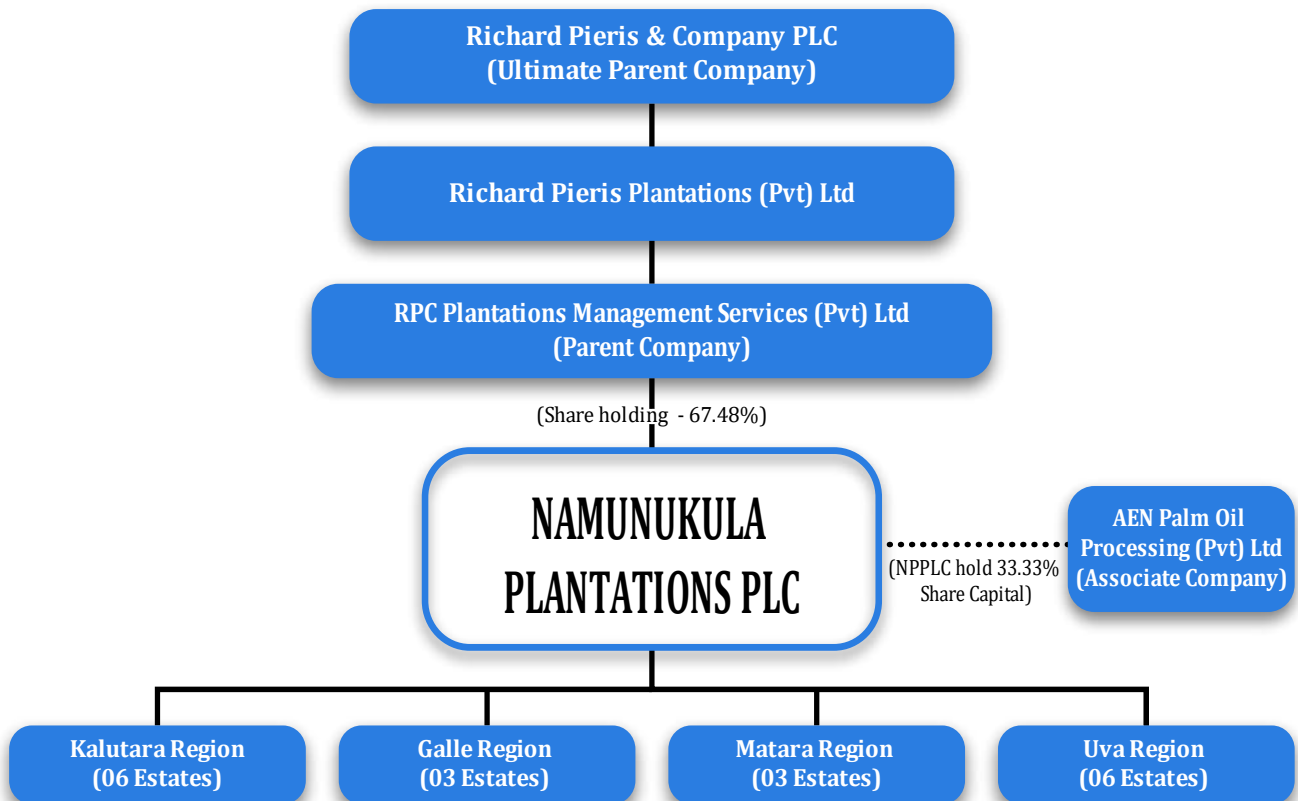
The Principle business activities of the Company is "Cultivation, manufacture & sale of Tea, Rubber, Oil Palm, Coconut & Cinnamon Plantations"

Historical Background

The plantation industry which was established by British planters was owned and operated by the private sector until early seventies when the Government of Sri Lanka (GOSL) nationalized most of large plantations of tea and rubber leaving only the smallholdings in the hands of the private sector. On nationalization, the ownership and management was vested into two state corporations: the Sri Lanka State Plantations Corporation (SLSPC) and the Janatha Estate Development Board (JEDB).

In the early nineties the GOSL began a process of privatising a large number of government owned business enterprises which had been nationalized over a period of time. Included among these were the plantations owned and managed by the SLSPC and the JEDB.

GRI 102-4/102-5



As a preliminary step in the process of privatization, the majority of the estates of the SLSPC and JEDB were formed into twenty two (22) Regional Plantations Companies (RPCs). Under this process, Namunukula Plantations Limited (NPL) was formed 22 June 1992 under the companies Act No. 17 of 1982 with the registration No: of N (PBS/CGB) 139 (Re-registration No: PQ 136 under the companies act No: 07 of 2007), in terms of the provisions of the conversion of corporations and government owned business undertaking into public companies Act No. 23 of 1987, to take over 24 estates held by the JEDB and the SLSPC.

Subsequently, the management of these 22 RPCs together with a twenty third company which was formed later, was contracted out to private companies through a competitive tender process. The management contract for NPL was secured by BC Plantation Services (Private) Limited, a joint venture between Bartleet & Company Limited and BC Computers Limited.

Namunukula Plantations begins with the net asset of Rs. 418 Mn and 500,000 No. of Ordinary Shares under 99 Years Lease in 1992. As a result of the above Namunukula Plantations comprise 19 SLSPC Manage Estates & 5 JEDB Manage Estates at the time of Incorporation. In 1995 Lease hold right was reduced to 53 years. The ownership of company was changed in June 1997 with the sale of 51% of the issued share capital to Keells Plantations Management Service (Pvt) Ltd.

In 10th of March 1999 Namunukula Plantations Ltd, registered as a Listed Quoted Company in the CSE of Sri Lanka. In 1999 the Company recognized Oil Palm as a potentially lucrative third crop and initially diversified over 750 ha of land into Oil Palm.

RPC Plantations Management Services (Pvt) Ltd acquired 58.74 % shares held by Keells Plantations Management Service (Pvt) Ltd on 13th September 2005 which is under Current Management of Richard Pieris Group of Companies, The largest plantation family in Sri Lanka (Current Holding – 67.48%).

The Company at the present comprises of 18 combined estates with a total area of 11,779 Ha, of which 2,108 Ha of Tea, 1,429 Ha of Rubber, 2,338 Ha of Oil Palm, 439 Ha of Cinnamon & Coconut, 1,417 Ha of Other Crops including Timber plantations. The Balance 4,048 Ha comprises buildings, Roads and uncultivated marginal land which include forest reserves.

The original 24 estates assigned to the Company have been re- grouped subsequently, into 18 units by amalgamating Pingarawa and Tonacombe Estates, Kandahena and Wevekelle Estates, Baddegama ,Ellakanda and Pillagoda Valley Estates, and Walpita and Monrovia Estates, and Akuressa and Hallala Estates.

The Company brings economic prosperity to its workforce of over 4,835 people and a dependent population of over 20,000 who are part of the larger resident community at NPPLC's estates.

CLIMATE & TOPOGRAPHY

The Plantations in Namunukula region experience the North-East monsoon with a decennial average rainfall of approx. 2,400 mm over 160 wet days. The main dry period extends from June to mid-September and a second dry period from February to mid-March. Plantations in the Matugama/ Galle / Matara regions receive both monsoons with about 3,300 mm of rain over 185 wet days, with a dry period extending from mid- January to end February. The soil in the Namunukula region are red and yellow podsols with that of Matugama/ Galle / Matara being red and yellow podsols with a prominent A1 horizon or strongly mottled subsoil. The terrain in the former area is steeply dissected, hilly and rolling while that in the latter is rolling to undulating.

Our customer focused revenue maximization strategy is aimed at crop diversification responding to market opportunities, which is consistent with our continued commitment to the long term growth of our shareholder value and stakeholder well being.

We have diversified into five crops including Oil Palm, Tea Rubber, Coconut & Cinnamon in our 18 estates , out of which 3 estates are in to all 5 crops, 1 estate diversified to 4 crops, 5 estates have 3 crops, 3 estate have 2 crops and other 6 estate have single crop.

Further We operate 5 tea factories in low grown range and 4 tea factories in Uva range, in addition 3 crepe rubber factories and 4 RSS factories in kalutara, Galle and Matara districts.

VISION

To be a diversified agri-business company with an international reputation for excellence in Quality, Innovation & Land use.

MISSION

To maximize returns to the stakeholder, by optimizing productivity of available resources through sound dynamic management practices, production of excellent quality products.

OUR VALUES

Agility



Proactiveness



Integrity



Quality



Team Spirit



TRUE DIVERSIFICATION

Namunukula Plantations has identified crop diversification is the way to sustain in the Plantation industry. Therefore the company has been more focused on diversifying its operations from traditional crop into more effective and profitable crops. As a long term strategy, the company continues diversifying most of uneconomical land into Oil Palm with a crop portfolio of Tea, Rubber, Coconut and Cinnamon.

GRI 102-4

We produce high quality “Uva” & “Ruhuna” Tea, Natural Rubber, Oil Palm, Coconut & Cinnamon in our estates which snuggled in Kalutara, Galle, Matara & Badulla Districts. Situated in low grown & Uva agro climatic areas in Sri Lanka. We create strong relationship with external growers through purchasing their green leaf; we use this relationship to add value to tea growers in Sri Lanka.

We are local business entity substance and our operations are bound inside Sri Lanka. Namunukula has always been inspired with the vision of “Diversified agri-business Company”.

MARKET POSITION

Namunukula Plantations PLC is one of the Leading Company among the Regional Plantations Companies in Sri Lanka. The past 26 years from 1992 company contribution to the economic growth of the Country and inspire the standard of life style of millions of Sri Lankans.

NPPLC can proudly claim as the 2nd highest Oil Palm producer in Sri Lanka and maintaining more than 23% market share from our golden crop. Currently we have 2,338 Ha of cultivated area of Oil Palm and strategic investment with two other Joint Venture associates which is processing Oil Palm namely AEN Palm Oil Processing (Pvt) Ltd. By this investment company ensure the reasonable price for oil palm and assurance of buyer by eliminating of market monopoly at the time existed.

The Company’s assets base of over 4.6 billion and Net assets over Rs. 2.7 Billion and increasing the strength of its financial position and Company value year on year. Notwithstanding the unfavorable weather condition and down word of tea and rubber market prevailed during the financial year under review, Company is able to record PAT of Rs. 256 Mn.

In addition Namunukula Plantations recorded the 2nd highest Share price at Colombo Stock Exchange Main board under the Plantation sector at the end of the year and the Company declared Rs. 8.50 per share as dividend to the ordinary shareholders from profit earned during 2018/19.

VALUE ADDITION

While we are working hard to manage cost leadership position in the industry, our top priorities are; zero accident & incidents, minimization of negative environmental impacts. At the same time, we invest in our employees & add value to our people.

Our Journey

Crop Diversification	Stated Capital	Issued Shares	Total Asset	Net Asset	Retained Earnings
<i>At the Beginning,</i> Tea, Rubber	5 Mn	500,000	0.66 Bn	418 Mn	1992 (10.1 Mn)
<i>End of Ten Years,</i> Tea, Rubber, Oil Palm, Coconut, Cinnamon	200 Mn	20,000,001	1.71 Bn	174 Mn	2002 (25.7 Mn)
<i>After Twenty Years,</i> Tea, Rubber, Oil Palm, Coconut, Cinnamon, Timber	350 Mn	23,750,001	2.58 Bn	1,587 Mn	2012 1,236 Mn
<i>Today,</i> Tea, Rubber, Oil Palm, Coconut, Cinnamon, Timber	350 Mn	23,750,001	4.56 Bn	2,664 Mn	2019 2,314 Mn

FINANCIAL HIGHLIGHTS



RS. 2.4 BN

TURNOVER



RS. 300 MN

NET PROFIT BEFORE TAX



RS. 4.6 BN

TOTAL ASSETS



RS. 274 MN

CAPITAL EXPENDITURE



RS. 65 MN

FINANCE EXPENSES



RS. 1.5 Bn

MARKET CAPITALIZATION



RS. 64.00

MARKET PRICE PER SHARE



RS. 8.50

DIVIDEND PER SHARE



RS. 178.72

NET TANGIBLE ASSETS PER SHARE



97%

CURRENT RATIO
Increased by 39%



2.66 Bn

SHAREHOLDER'S EQUITY
Increased by 3%



2.7 Bn

CAPITAL EMPLOYED
Increased by 6%

For the year ended 31 March		2018/19	2017/18	Change	Change	2016/17
		Rs'000	Rs'000	Rs'000	(%)	Rs'000
Results of operations						
Revenue	Rs'000	2,414,327	2,839,057	(424,730)	-15%	2,512,274
Cost of sales	Rs'000	(2,077,973)	(2,274,579)	(196,607)	9%	(2,068,996)
Earnings before interest, JV profit and tax	Rs'000	341,709	595,072	(253,362)	-43%	425,104
Profit after tax	Rs'000	256,293	373,552	(117,259)	-31%	401,950
Earnings per share	Rs.	10.79	15.73	(5)	-31%	16.92
Interest cover	No of times	5.61	11.65	(6)	-52%	8.42
Return on equity (ROE)	%	10%	14%	-4%	-28%	16%
Return on capital employed (ROCE)	%	13%	21%	-8%	-38%	15%
Return on assets	%	6%	8%	-2%	-25%	10%
Capital expenditure	Rs'000	273,891	327,997	(54,106)	-16%	228,377
Financial position						
Total assets	Rs'000	4,561,107	4,462,603	98,504	2%	4,141,594
Total debt	Rs'000	92,821	322,450	(229,629)	-71%	233,178
Total shareholders' fund	Rs'000	2,663,924	2,587,086	76,838	3%	2,561,817
Capital employed	Rs'000	2,756,745	2,909,536	(152,791)	-5%	2,794,995
Net asset per share	Rs.	112.17	108.93	3	3%	107.87
Gearing ratio	%	3%	11%	-8%	-72%	8%
Debt/Total assets	%	2%	7%	-5%	-71%	6%
Shareholder Information						
Market price of share as at 31st March	Rs.	64.00	87.70	(24)	-27%	74.00
Market capitalization	Rs.mn	1,520	2,083	(563)	-27%	1,758
Dividend per share	Rs.	8.50	14.00	(6)	-42%	7.50
Price earnings ratio	No of times	5.93	5.58	0.35	6%	4.37
Earnings yield	%	17%	18%	-1%	-6%	23%
Dividend Payout ratio	%	79%	89%	-10%	-11%	44%

Total Assets

2018/19



2017/18



Total Equity & Liabilities

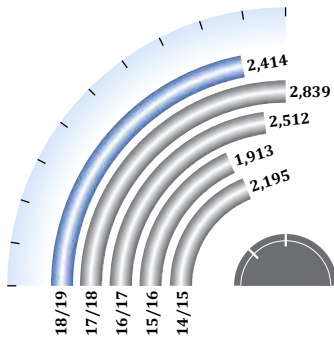
2018/19



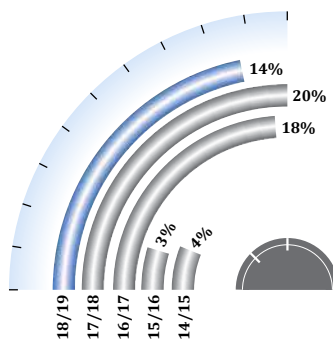
2017/18



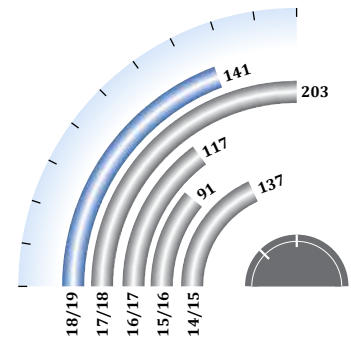
TOTAL TURNOVER - Rs. Mn.



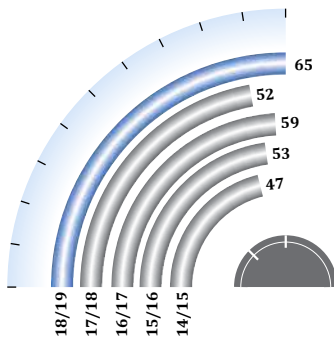
GROSS PROFIT MARGIN - %



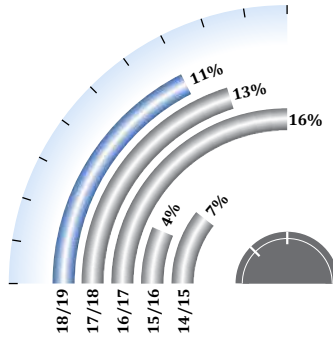
OTHER OPERATING INCOME - Rs. Mn.



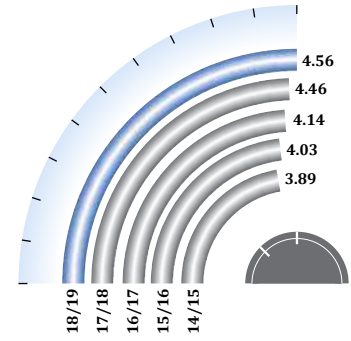
FINANCE COST - Rs. Mn.



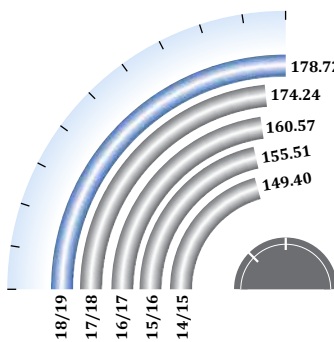
NET PROFIT RATIO - %



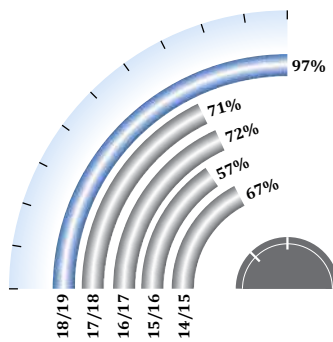
TOTAL ASSETS - Rs. Bn.



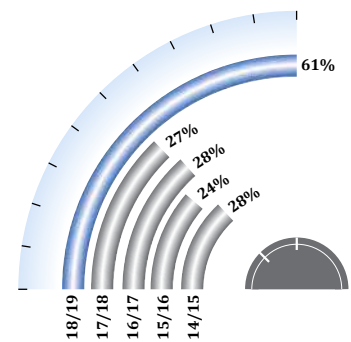
NET TANGIBLE ASSETS PER SHARE - Rs.



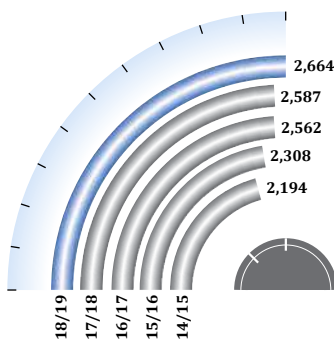
CURRENT RATIO - %



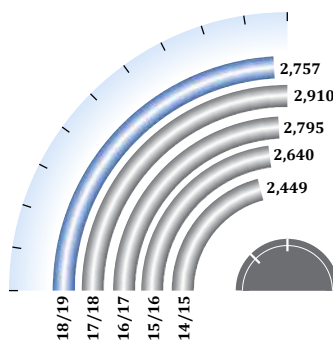
ACID TEST RATIO - %



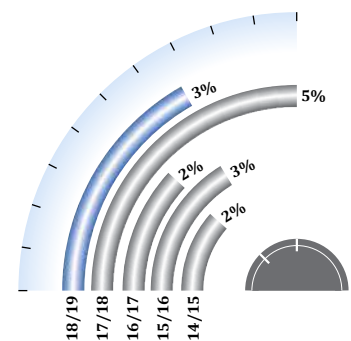
SHAREHOLDERS FUNDS - Rs. Mn.



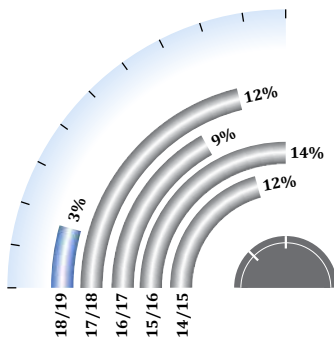
CAPITAL EMPLOYED - Rs. Mn.



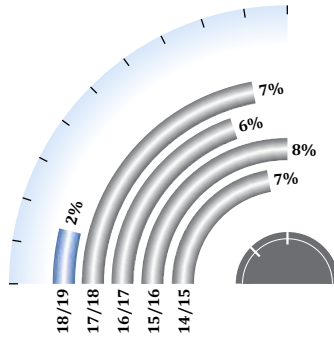
CASH RATIO - %



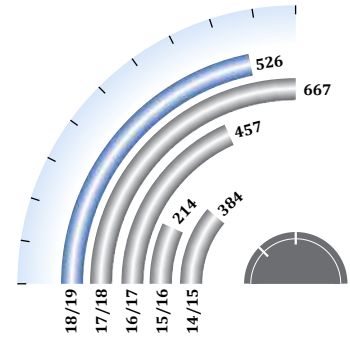
DEBT TO EQUITY RATIO - %



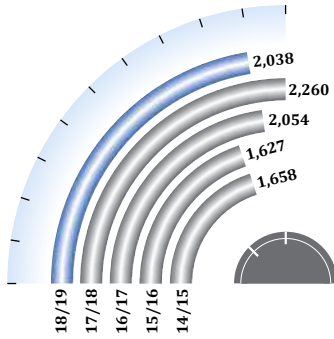
DEBT TO ASSET RATIO - %



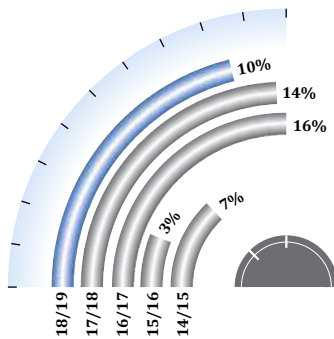
NET CASH FLOW FROM OPERATING ACTIVITIES - Rs. Mn.



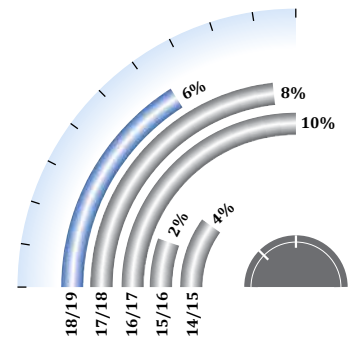
TOTAL VALUE ADDED - Rs. Mn.



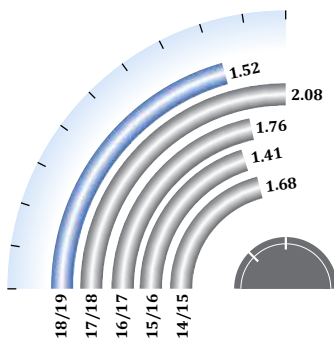
ROE - RETURN ON EQUITY - %



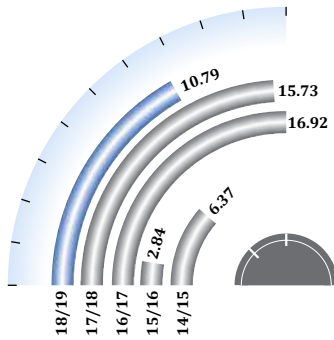
ROA - RETURN ON ASSETS - %



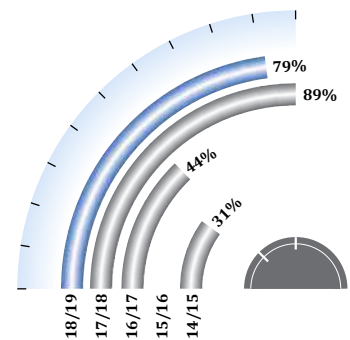
MARKET CAPITALIZATION - Rs. Bn.



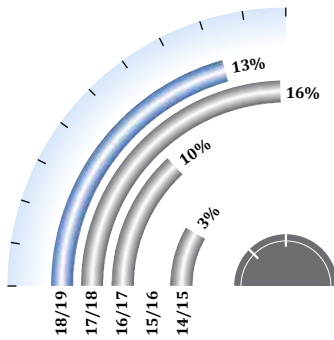
EPS - EARNINGS PER SHARE - Rs.



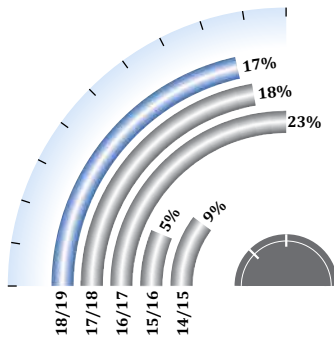
DIVIDEND PAYOUT RATIO - %



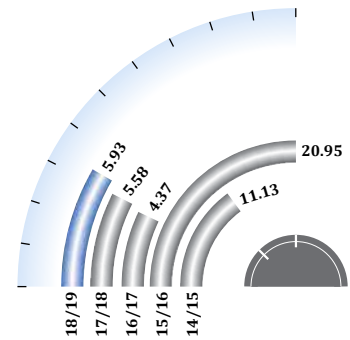
DIVIDEND YIELD - %



EARNINGS YIELD - %



PRICE - EARNINGS RATIO - No. of Times



CHAIRMAN'S REVIEW



Dear Shareholders,

I welcome you all to the 26th Annual General Meeting of Namunukula Plantations PLC.

The agricultural sector of the economy showed signs of recovery with a growth of 4.8 per cent in 2018. As the year progressed, environmental, market and economic determinants played a salient role in impacting production and revenue, as well as profitability. Despite the positive change in the agricultural industry, overall production volumes of tea and rubber contracted below target levels. A similar trend in revenue is observed as a result of a decline in tea and rubber prices.

Production and revenue of coconut and cinnamon showed signs of improvements within the year, with an increase in volumes. Reduced market demand, accompanied by a decline in market prices, and persistent trade union actions triggered a noticeable setback in the overall performance of NPPLC as well as the overall plantation industry.

Amidst these challenges NPPLC managed to perform comparatively better than most plantation companies. This is a result of timely focus and continuous improvements in business processes, close supervision and monitored crop diversification process of Tea, Rubber, Coconut, Oil Palm and Cinnamon.

Agricultural Industry

Prices of tea continued to drop from early 2018 up to the end of the year. Average auction prices at the Colombo Tea Auction (CTA) for high, medium and low grown teas plummeted when compared to prices of the corresponding period of the previous year. Overall exported tea volume decreased by 2.3 per cent to 282.4 million kilograms from 289 million kilograms exported in 2017.

Domestic prices of rubber declined along with a drop in international market prices. The average price of Ribbed Smoked Sheet No.1 (RSS1) declined by 8.2 per cent to a price of Rs. 309.09 per kilogram and the prices of latex crepe also dropped by 8.5 per cent to Rs. 321.70 per kilogram. In order to meet the demand of rubber-based industries, the importation of raw rubber increased from 61.8 million kilograms in 2017 to 65.8 million kilograms during 2018. This was due to low prices in the international market and to the decline in local production.

In contrast to the reduction of tea and rubber quantities, coconut production recovered from the downward trend of the previous year due to favorable rainfall in major areas of coconut plantations. Despite the overall recovery, coconut production in the first four months of 2018 remained subdued.

Financial Highlights

The Company recorded a turnover of Rs 2,414 million in the period which ended 31st March 2019. This was a decline of 15 per cent from Rs 2,839 million achieved in the previous financial year. Gross profit was Rs. 336 million compared to Rs. 564 million in the preceding financial year showing a 40 per cent decrease. Other income during the financial period dropped to Rs. 141 million from Rs. 203 million in the corresponding period of 2017/2018. The joint venture Company which is the Palm Oil processing unit, enjoyed a profit share of Rs. 24 million in 2018/19, compared to Rs. 8 million in 2017/18.

The Company gained a profit after tax (PAT) of Rs. 256 million by the end of the financial year 2018/19. PAT has declined by 31 per cent against the PAT of the previous year, which was Rs. 374 million.

NPPLC incurred a substantial amount on capital expenditure for developing our agricultural crops, Property, Plant and Equipment during the period of 2018/2019. Total investment for the year reached a sum of Rs. 274 million with a segregated distribution of Rs. 7 million in tea, Rs. 48 million in rubber, Rs.172 million for oil palm and an additional Rs. 21 million for developing other crops; in addition, Rs. 26 million was invested on Property, Plant and Equipment during the year.

The welfare of our employees remain fundamental in ensuring the sustainability of our Company. The Company relies heavily on the capabilities and strength of the workforce, especially on the knowledge and skills of its managerial and estate staff as well as the capabilities of its workers for labor intensive operations. Therefore, our human resource management strategies include improving the skill levels of employees with considerable investment of time and funds on training and development related initiatives. In addition to enhancing work related training, NPPLC also utilizes funds for developing workers' housing, child development centers and other welfare initiatives.

Outlook

The economic growth of the country is anticipated to recover gradually over the medium term bringing in a more positive outlook while moving away from the sluggish growth of previous years. In monetary terms, inflation is expected to remain in the single digit level in 2019, impacted by subdued global oil prices which are expected to persist at current level.

Furthermore, a productivity-based wage structure will ensure that workers maintain efficiency, while receiving the best possible return for their productivity. This need comes amidst growing cost of production which impacts the bottom-line of all plantation companies. A productivity-based method is expected to drive an increase in yield to meet local and global demand which could off-set higher costs through increased earnings.

The industry expects tea prices to improve and remain positive with an increasing global demand for Ceylon tea. This forecasted improvement in prices and demand will

undoubtedly drive the sector to reach production targets and increase revenue, making a recovery from the current position.

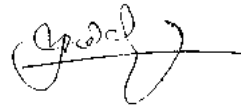
However, prices of rubber are expected to remain weak due to less demand. The palm oil industry is poised for positive performance as global demand is expected to grow with an upward trend in prices. This makes oil palm cultivation a lucrative business in the long run and the potential of the Company in terms of a balanced crop mix is invaluable in this regard. The long-term strategy is to manage diversified group of crops alongside oil palm cultivation. Replanting and maintaining good agricultural practices will enhance productivity in the years to come.

Acknowledgement

Most importantly, I wish to extend my gratitude to the Board of Directors, CEOs, management team and the employees of the Company for your leadership and foresight in creating the strategic path for the Company and its successes.

I strongly believe that the coming financial year will bring our Company greater achievements under your support.

I would also like to take this opportunity to thank our network of suppliers as well as our business partners for their confidence in us and for enabling us to continue our operations efficiently through their cooperation. I also wish to convey my appreciation to our clients for their patronage and for being with us across the years in our journey towards becoming a leading plantation company in Sri Lanka and for trusting in our capabilities.

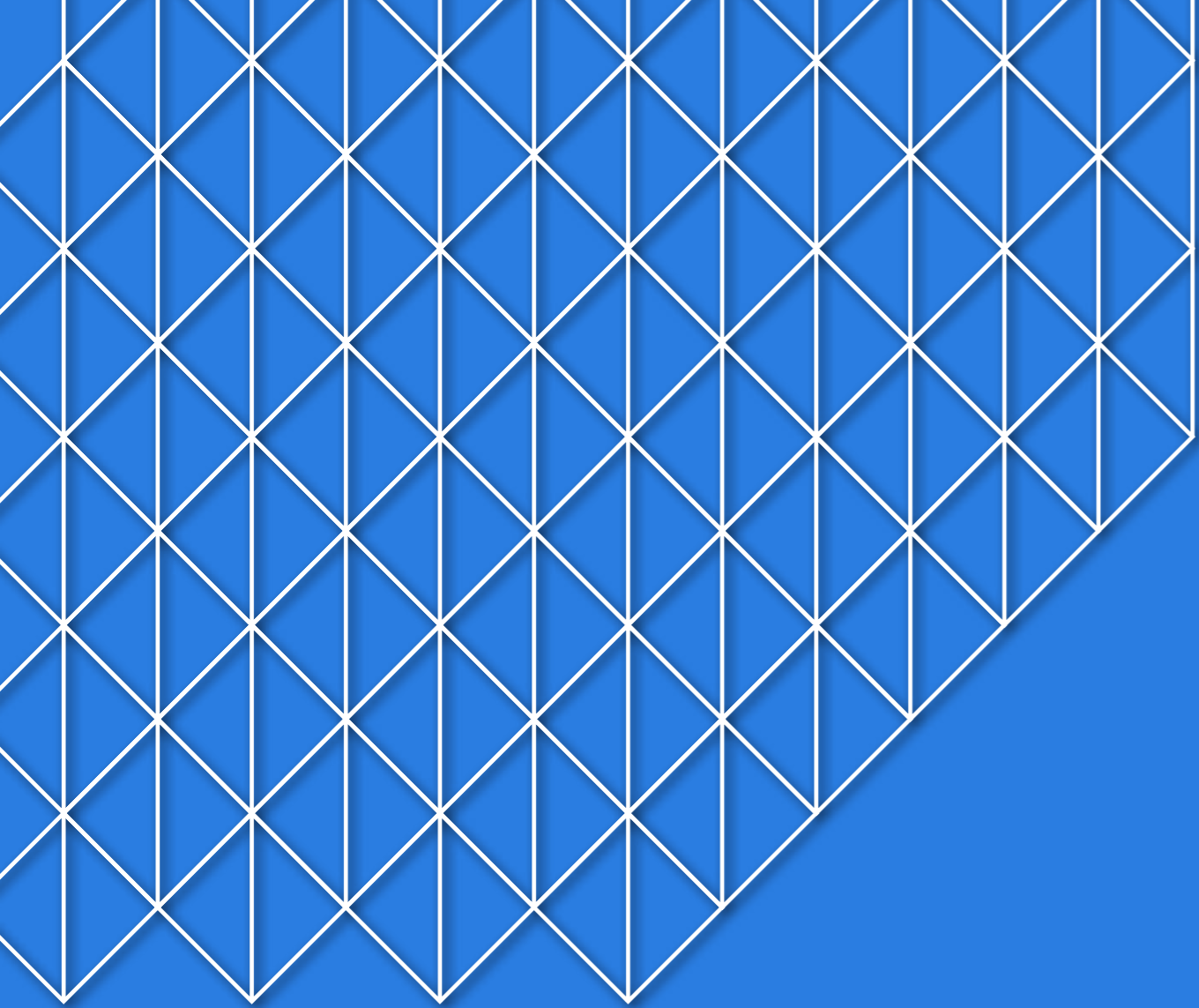


Dr. Sena Yaddehige

Chairman

12 June 2019

Colombo



Governance



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Strategic directions given to achieve vision, mission and objectives of the company by setting of core policies that outline the organization's purpose, values and structure, providing guidelines to management.

BOARD OF DIRECTORS



DR. SENA YADDEHIGE
Chairman



MR. N.C. PEIRIS
Independent Non-Executive Director



MR. B.A.T. RODRIGO
Independent Non-Executive Director



MR. SHAMINDA YADDEHIGE
Non-Executive Director



MR. GERARD AMERASINGHE
Independent Non-Executive Director



MR. SUNIL LIYANAGE
Non-Executive Director

GRI 102-22

Dr. Sena 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 six Listed 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, Singapore, India and Bangladesh. 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 instrumental in developing the Iwata Dream brand in Japan and the Lithium Battery development unit in Sri Lanka.

Dr. Yaddehige has been conferred three Doctorates. He's 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.

Mr. N.C. Peiris
Independent Non-Executive Director

Mr. Neville Peiris is a Fellow member of the Institute of Chartered Accountants of Sri Lanka, counting 48 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 a 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 Ltd and function as an independent Non-executive director of Hunter & Company PLC, Lanka Canneries (Pvt) Ltd and South Asian Textile Industries (Pvt) Ltd. He is also the Chairman of Audit Committees of Hunter & Co PLC, Ceylon Leather Products Ltd, Lanka Canneries Ltd, and South Asia Textile Industries Ltd.

MR. B.A.T. Rodrigo

Independent Non-Executive Director

Mr. B. A. T. Rodrigo has more than 24 years' experience in the Public Sector out of which 10 years have been spent on in the field of Accounting and Reporting in the General Treasury. During over two decades, he has gained wide experience in the field of Government Auditing and Public Financial Management including wide knowledge on State Accounts and Computerized Treasury Accounting Information System.

He has commenced his career as an Audit Trainee at reputed audit firm of W. S. Kiruparathnam & Company in 1994 and joined to the public sector as an Audit Examiner in the Auditor General's Department in 1995. Mr. Rodrigo currently holding the position of Director of the Comptroller General's Office which is newly established department with a view to non-financial assets management of the general government.

He also served in the Divisional Secretariat Madawachchiya, The Ministry of Foreign Affairs, Sri Lanka Deputy High Commission Office in Chennai as the Second Secretary, Department of State Accounts and the Local Loan & Development Fund coming under purview of Ministry of Provincial Councils & Local Government as the Chief Executive Officer.

Mr. Rodrigo holds the 1st class 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 Chartered Licentiate Certificate from the Institute of Chartered Accountants of Sri Lanka. He is also a Fellow member of Chartered Public Finance Accountants of Sri Lanka.

Currently Mr. Rodrigo holds Directorships in several government institutions and also assist for the functions of Audit & Management Committees as the committee chairman/member.

Mr. Shaminda Yaddehige

Non-Executive Director

Mr. Shaminda Yaddehige is a Non-Executive Director of the Company.

Mr. Yaddehige was educated at Charter House, United Kingdom and graduated in Chemical Engineering from University College London. In addition, he also possesses a Masters Degree in Business Administration from IE Business School which is ranked amongst the top 10 business schools in the World.

Mr. Yaddehige 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, Richard Pieris Natural Foams Limited, Richard Pieris Distributors Limited and also in several other Companies within the Richard Pieris Group.

Mr. Gerard Amerasinghe

Independent Non-Executive Director

Mr. Amerasinghe had his education at St. Anthony's College Kandy and joined the aviation industry at the age of 21 and worked with various airlines, including a stint in Saudi Arabia with British Caledonian Airlines.

In the year 1991 he ventured out his own Travel Company, Worldlink Travels (Private) Limited being a family business Enterprise. Today, Worldlink Travels has become one of the most successful companies in the travel industry by setting up a number of companies in the travel and tourism industry during the past 27 years, under its umbrella. All of them are operating in a niche segment including the newly opened Ammara Brand Hotel Chain.

Mr. Amerasinghe has held various positions in the industry, which includes the Chairman of Sri Lanka Association of Airline Representatives (SLAAR) and president of the Sri Lanka Interline Club.

His expertise in the Service Sector un-interruptedly for more than 27 years has obviously guided him to take correct business decisions towards success.

Mr. Sunil Liyanage

Non-Executive Director

Mr. Sunil Liyanage is a Fellow of the Plastics and Rubber Institute of Sri Lanka (FPRI) and holds a Diploma in Polymer Technology (Singapore), the Diploma of the Plastics Institute (LOND.) and a Licentiate of the Institute of Rubber Industry (LOND.).

He has over 40 years of management experience in the field of Rubber and Plastics. He is a past Chairman of the Ceylon National Chamber of Industries (CNCI) and a past President of the Plastics and Rubber Institute of Sri Lanka (PRISL). Mr. Liyanage is also a visionary business leader, who has been instrumental in launching many innovative products in Polymer category and has the honour of being the first person to commercialize flexible Polyurethane Foam in this Country in the form of Mattresses, Cushions and Sheets.

He is a Director of Richard Pieris Distributors Limited, Richard Pieris Exports PLC, Arpico Interiors [Pvt] Limited and numerous other Companies in the Group.

Mr. Liyanage was appointed to the Directorate of the Company as a Non-Executive Director with effect from 15 August 2018.

SENIOR MANAGEMENT TEAM

Management Team

Corporate Management

Mr. S.A. Eriyagama	Chief Executive Officer
Mr. M.P.S. Pathiraja	Chief Executive Officer - Uva Range Estates
Prof. Kapila Gunasekara	Director - Special Projects
Mr. Sudheera Epitakumbura	Financial Controller
Mr. P.de S.A. Gunasekara	General Manager
Mr. T.T. Christy	General Manager - Uva Range Estates

Head Office Management Team

Mr. D. Sivaraj	Senior Manager
Mr. H.M.M.J. Herath	Accountant
Mr. L.P. Tennakoon	Manager Plantations
Mr. R.M.S.S. Herath	Manager Information Systems
Mr. S.C. Bandaranayake	Engineer - Plantation Sector
Mr. A.C.B. Bowatte	Manager Forestry
Mr. U.W.I. Parakramaweera	Assistant Accountant
Mr. E.M.W.M. Bandaranayake	Assistant Accountant
Mr. W.M.D.K. Weerasinghe	Accounts Executive
Mr. J.K.G.S. Ranasinghe	Accounts Executive
Mr. Dilina Muthugala	Management Trainee
Miss. H.V. Sujeeva	Administrative Executive
Mr. J. Fernando	Executive
Miss. Madurangi Wickramarachchi	Executive
Mrs. M.S. Wickremasinghe	Junior Executive
Mr. H.M. Jayathilake	Administrative Assistant
Mrs. Hashani Handapangoda	Secretary

Estate Management Team

Kalutara Range

Eladuwa Estate

Mr. R. Ranasinghe - Superintendent
Mr. D. S. Dalpathado - Assistant Superintendent

Miriswatte Estate

Mr. G.S.U. de Silva - Superintendent

Pallegoda Estate

Mr. J.B. Weerasekera - Superintendent
Mr. S.S. Samarasinghe - Assistant Superintendent

Sirikandura Estate

Mr. H.P. Rajapaksa - Superintendent

Yatadola Estate

Mr. S.M. Doranagama - Superintendent
Mr. K.I.W.M. Kularathne - Assistant Superintendent

Galle Range

Baddegama Estate

Mr. K.P.D. Nissanka Kalugalla - Superintendent
Mr. N.V.S. Wijegunawardane - Assistant Superintendent

Citrus Estate

Mr. L.K.S. Karunathilake - Superintendent
Mr. M.M.S. Jayasekara - Assistant Superintendent

Matara Range

Hulandawa/Belmont Estate

Mr. K.V.M.T. Dias - Superintendent
Mr. H.A. Liyanage - Assistant Superintendent
Mr. W. Rupasinghe - Assistant Superintendent

Akuressa Estate

Mr. U.U.K.N.S.A. Udunuwara - Superintendent
Mr. M. Gunawardhana - Assistant Superintendent

UVA Range

Gonakelle Estate

Mr. J.S. Kalansooriya - Superintendent
Mr. S.J. Kobinath - Assistant Superintendent
Mr. J.A.C.E. Jayalath - Assistant Superintendent

Cannavarella Estate

Mr. U.M.C. Wijeratne - Assistant Superintendent
Mr. Melan Biyanwela - Assistant Superintendent

Kandahena Estate

Mr. U.R.B. Madugalle - Superintendent

Pelawatte Estate

Mr. A. Nanayakkara - Superintendent
Mr. S.L. Gunasekara - Assistant Superintendent

Walpita/ Monrovia/Olympus Estate

Mr. S.S. Gunasekara - Superintendent

Tennehena Estate

Mr. D.M.S.B. Disanayake - Superintendent
Mr. S.M. Batugedera - Assistant Superintendent
Mr. W.P.B. Witharana - Assistant Superintendent

Hindagala Estate

Mr. F.N.R. Randeniya - Superintendent
Mr. T. Alahakoon - Assistant Superintendent
Mr. N. Kumara - Assistant Superintendent

Pingarawa Estate

Mr. J.S. Abeysekara - Superintendent
Mr. Indu Prasath - Assistant Superintendent

Kinellan Estate

Mr. D.M.L. Punchihewa - Assistant 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.
<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.

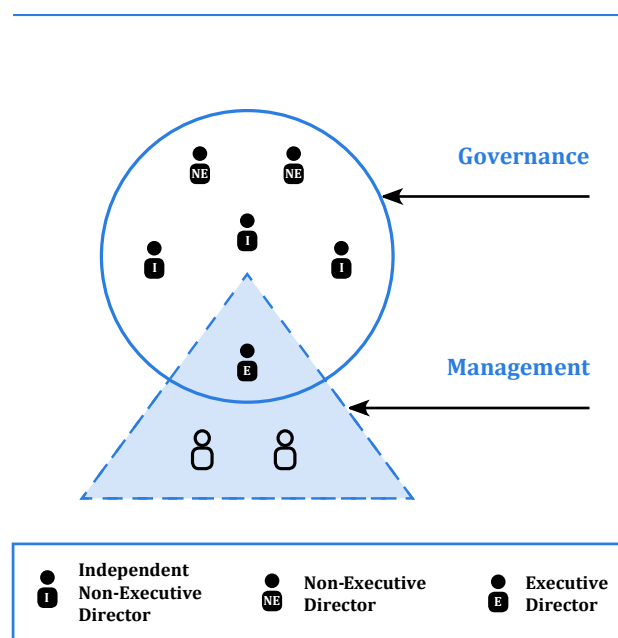
This statement sets out the Corporate Governance policies, practices and processes adopted by the Board.

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 Six Directors, of which one is Executive Director, whilst five are Non-Executive Directors. Out of Five non-executive directors three 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 director and senior managers (Management), 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	● C		
Mr. N.C.Peiris		● ■	● ■
Mr. B.A.T. Rodrigo		● ■	● ■
Mr. Shaminda Yaddehige		● ■	
Mr. Gerard Amerasinghe		● ■	● ■
Mr. Sunil Liyanage (Appointed w.e.f 15th Aug 2018)		● ■	
Mr. S.S. Poholiyadde (Resigned w.e.f 2nd Aug 2018)	● ■		

●
C **Chairman** ●
■ **Director**

Brief profiles of the directors are set out on pages 21 to 23.

Meetings of the Board of Directors

During the year the Board met on two 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.

GRI 102-19

The chairman and the Chief Executive Officer of the Company are two different personnel where power and authority are clearly distinguished.

The separation of officers with executive powers in the company ensure a balance of power and authority.

GRI 102-23

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 is 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 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. Information on Three Board Committees is given in Pages 31 to 34. The Board has delegated responsibilities to three 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 31 to 32 describes the activities carried out during the financial year.










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, 2019 and report of Remuneration Committee is given in Page 33.

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 34.

GRI 102-22

Sub Committee	Audit Committee	Remuneration Committee	Related party Transactions Review Committee
Mr. J.F. Fernandopulle (Chairman)			
Dr. Jayatissa De Costa			
Mr. Prasanna Fernando			

 **Chairman**  **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 35 to 43.

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

Relationship with Other Stakeholders

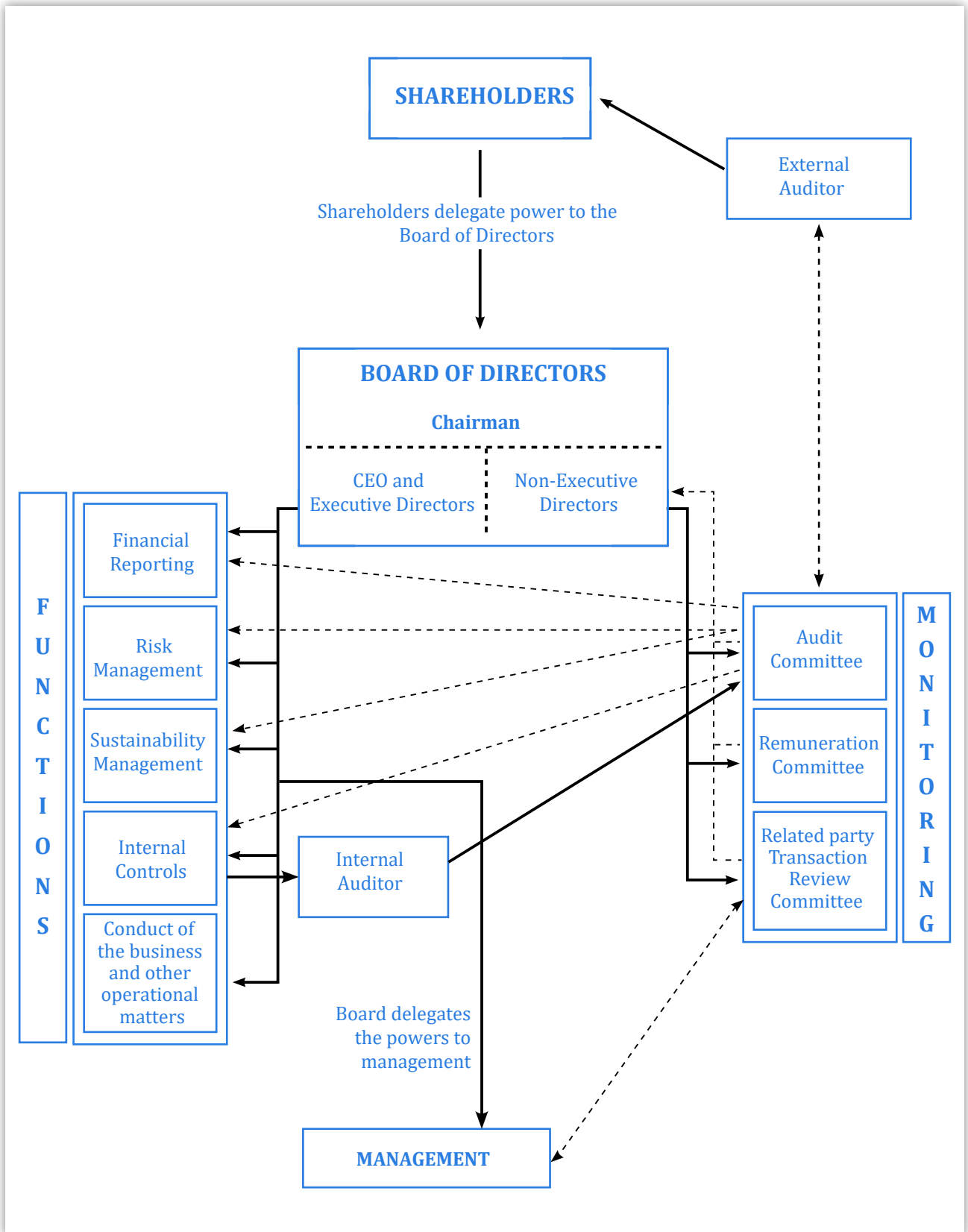
The Board identifies the importance of maintaining a healthy relationship with its key stakeholders and ensures the Company as a whole inculcates this practice. Internal communication is mainly conducted through e-mails, memos and circulars.

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 Materiality assessment report on pages 67 to 71.

Corporate Governance Structure

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

GRI 102-18/ 102-19



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 under Section 07 & 09 of the Listing Rules issued by the Colombo Stock Exchange.

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 (a) to (d)	Disclosures relating to Directors	In Compliance
7.10.5 (a) to (c)	Remuneration Committee	In Compliance
7.10.6 (a) to (c)	Audit Committee	In Compliance
7.13.1 (a)	Minium Public Holding	In Compliance
9.2	Related party Transactions committee	In Compliance

AUDIT COMMITTEE REPORT

Composition of the Committee

The Audit Committee consisted of two Independent Non-Executive Directors of the Richard Pieris & Company PLC, the Ultimate Parent Company, namely Dr. Jayatissa De Costa and Mr. Prasanna Fernando and a Non-Executive Director, the Chairman of the Committee, Mr. J. F. Fernandopulle.

The Chairman of the Committee is a Senior Chartered Accountant. The Company Secretary functions as Secretary to the Audit Committee.

Charter of the Committee

The Audit Committee Charter, approved by the Board of Directors 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 controls and risk management.
3. Monitor and evaluate 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.

The principal activities of the Committee are detailed below;

Meetings

The Audit Committee held seven meetings during the year under review.

The Group Chief Financial Officer, Managing Director of Plantation Sector, Chief Executive Officer, Financial Controller, Accountant and Group Internal Audit Manager were invited if deemed necessary for audit committee meetings.

Meetings were held with the external auditors regarding the scope and the conduct of the annual audits.

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 Audit Committee deliberations. He presented a summary of the salient findings of internal audits and investigations carried out by his department for the period. The responses from the Chief Executive Officer 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.

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 every 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 review performance on a quarterly basis or more often, if required.

Financial Statements

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

The Company has successfully adopted the new Sri Lanka Accounting Standards comprising LKAS and SLFRS applicable for financial periods commencing from 01 April 2012 as issued by the Institute of Chartered Accountants of Sri Lanka. The committee would continue to monitor the compliance with relevant Accounting Standards and keep the Board of Directors informed at regular intervals.

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 on-going 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, 2020 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 complied with.



J. F. Fernandopulle
Chairman of the Audit Committee

12 June 2019

REMUNERATION COMMITTEE REPORT

Composition of the Committee

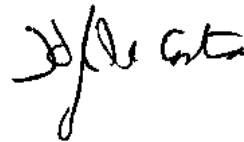
The Remuneration Committee of the Ultimate Parent Company acted as the Remuneration Committee of Namunukula Plantations PLC.

The Remuneration Committee, appointed by and responsible to the Board of Directors, consists of two independent Non-Executive Directors, Dr. Jayatissa De Costa P.C, Mr. Prasanna Fernando and a Non-Executive Director, Mr. J. F. Fernandopulle . The Committee is chaired by Dr. Jayatissa De Costa. The Committee met on several occasions during the financial year.

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

1. Policy on remuneration of the Executive Staff.
2. Specific remuneration package for the Executive Directors.

In a highly competitive environment attracting and retaining high calibre 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.



Dr. Jayatissa De Costa P. C.
Chairman - Remuneration Committee

12 June 2019

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 consists of two Independent Non-Executive Directors namely its' Chairman Dr. Jayatissa De Costa P.C., Mr. Prasanna Fernando and a Non-Executive Director, Mr. J. F. Fernandopulle of the Ultimate Parent Company.

The Group Chief Financial Officer, Managing Director of Plantation Sector, Chief Executive Officer, and Financial Controller attended meetings by invitation.

The Company Secretary functions as Secretary to the Related Party Transactions Review Committee.

The Objectives of the Committee,

- 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 Namunukula Plantations PLC is 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 the Company on a 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 Richard Pieris Group.
- 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 Richard Pieris Group to obtain annual disclosures from all KMPs and the committee reviewed and pre-approved all proposed Non recurrent RPT's of the Company and recurrent RPT's were reviewed quarterly by the Committee.

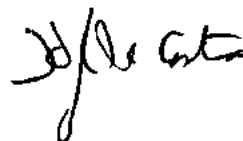
The Committee held four meetings during the period under review. The activities and views of the Committee have been communicated to the Board of Directors through verbal briefings, and by tabling the minutes of the Committee meetings.

Related Party Transactions during the year 2018/19

Details of the related party transactions entered into by the Companies are disclosed on pages 197 to 198.

Declaration

Refer: Annual Report of the Board of Directors on the Affairs of the Company, Pages 139 to 144 for the declaration by the Board of Directors that no related party transaction falling within the ambit of the Listing Rules was entered into by the Company during 2018/19, except what was disclosed in the note no. 33 to the financial statements.



Dr. Jayatissa De Costa P. C.
Chairman
Related Party Transactions Review Committee

12 June 2019

RISK MANAGEMENT

Risk can be defined as being any action that could affect the achievement of company objectives and effectiveness of managing risk can mark the fine line between the success or failure of a business. It therefore follows that the intelligent and proactive management of risk is essential for the long-term continuity of a company.

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 change 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 Monitoring 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.

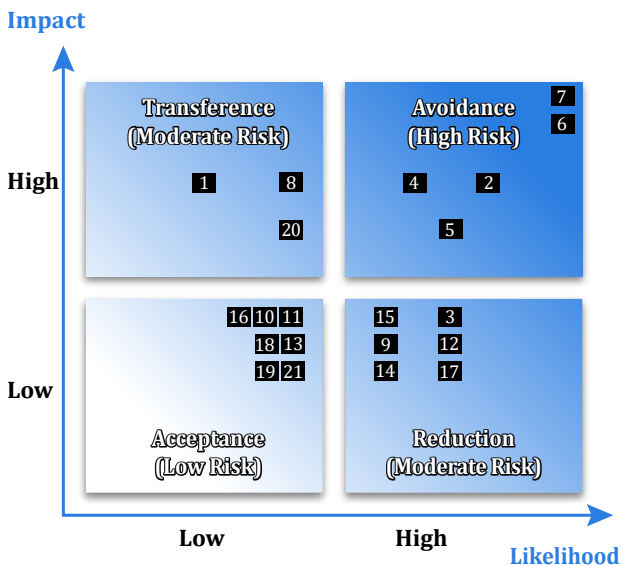


Company risk assessment begins with risk identified from various management level of company within their respective areas.

Further to the above we identify the risks from internal and external audit reports and internal management reports which are prepared for various purposes.

Subsequently those risks presented to the corporate management for comprehensive analysis to identify potential risks and allow to identifying risks that may have an impact on realisation 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. Identified risk exposures are given due consideration in strategy formulation, ensuring that the company effectively mitigates risks that could limit the achievement of its strategic objectives.

Following graph depicts the linking control activities to the risk response.



The Company maintains a formal mechanism of risk reporting initially by corporate management. The risks are then presented to the Board of Directors, Audit Committee of the Company and other responsible top management,

if required. Finalised and approved risk strategies are communicated to the ground level for implementation.

Based on the risk level, company takes appropriate decision & necessary 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 action to transfer or avoid the risks.

With response to risk minimisation strategy implemented, NPPLC continuously monitor the effectiveness of actions taken to verify the appropriateness of the strategies implemented.

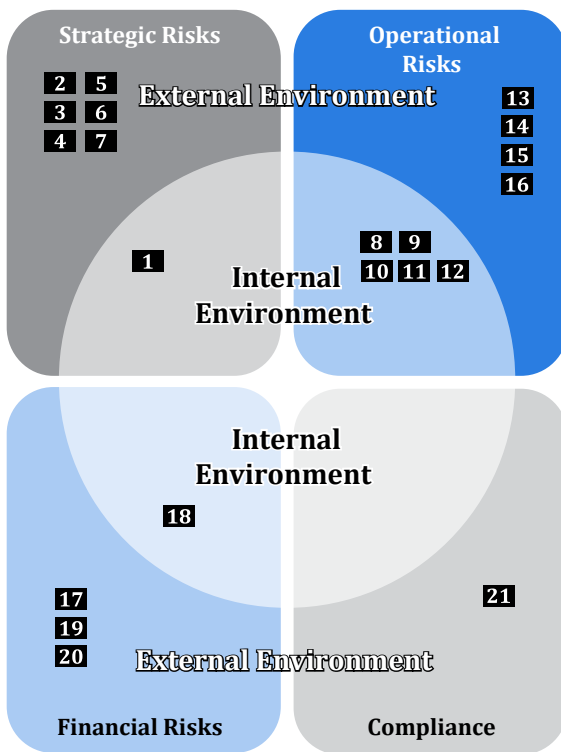
Risk monitoring in the Company is expected to evaluate the effectiveness of implemented strategies, such as whether the strategies have brought the expected results by reducing the respective risks within the year. This monitoring process is carried out at different authorities of the Namunukula Plantations by different parties.

Key risk exposures identified by the Company were well managed through proactive and timely strategies implemented. Factors such as the environmental impact on operations, depletion of natural resources, pollution as well as impacts on local communities were also given due consideration when balancing risk and growth opportunities.

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.

GRI 102-11



Risks

Strategic Risk

- | | |
|---------------------------------|----------------------------------------------|
| 1 Production Risk | 4 Social Pressure against Oil palm expansion |
| 2 Volatility of Oil Palm Prices | 5 Government Policy on oil palm expansion |
| 3 Auction Prices | 6 Climate Changes |
| | 7 Wage Structure |

Operational Risk

- | | |
|----------------------|--------------------------------|
| 8 Credit Risk | 13 Technological Risk |
| 9 Asset Risk | 14 Human Capital & Labour Risk |
| 10 Internal Controls | 15 Value Chain |
| 11 Inventory | 16 Information Systems Risk |
| 12 Procurement Risk | |

Financial Risk

- | | |
|--------------------------------|--------------------------------|
| 17 Investment Risk | 19 Interest Rate Risk |
| 18 Liquidity & Cash Management | 20 Inflation and Currency Risk |

Compliance Risk

- 21 Compliance with applicable legislation and internal policies

Strategic Risks

01. Production Risk

Risk Level : Moderate

Unpredictability in product quality resulting to reduced demand and lead to a drop in market price, market share and reputation.

Company Objectives

- Minimising the inconsistencies in product quality.
- Centralising tea processing according to High NSA & obtain selling mark advantage.

Risk Minimisation Strategies

- Close supervising of plucking & tapping operations and manufacturing process.
- Obtaining regular advice from Industry experts, Tea Research Institute, Rubber Research institute, brokers and customers.
- Optimising of Product portfolio to cater specific market segments and develop revenue streams from other projects such as tourism, minor crops and fruits cultivation.

02. Volatility of Oil Palm Prices

Risk Level : High

Price Volatility arises mainly from global Crude Palm Oil market forces and import duty on Crude Palm Oil. This could potentially impact to Possible Revenue shortfalls against the expected amount.

Company Objectives

- Minimising the risk associated with the oil palm prices.

Risk Minimisation Strategies

- Continuous monitoring of globe CPO prices.
- Improve the product quality and increase production quantity.

03. Auction Prices

Risk Level : Moderate

The tea market remains volatile due to global factors such as geo political tensions in key import destinations for Sri Lanka teas & Rubber, economic depression in key world economies, fluctuations in interest rates, exchange rates and world oil prices, etc. influencing demand and the price of tea & Rubber.

Company Objectives

- Minimising the risk associated with the auction prices.
- Getting stabilized prices at auctions with low price variations.

Risk Minimisation Strategies

- Produce, maintain & upgrade the quality level of products to be acceptable to the market buyers.
- Spread risk through crop diversification and change grade mix to cater customer requirements.
- Obtain international standards and quality accreditations to maintain attractive prices.

04. Social Pressure against Oil palm expansion

Risk Level : High

Various groups oppose Palm Oil expansion and cultivation hindering the organic growth. To minimize this risk company has to allocate additional resources which has opportunity cost.

Company Objectives

- Eliminate the negative impact to the social environment.
- Maintain best social relationship as responsible corporate citizen.

Risk Minimisation Strategies

- Organize public awareness campaigns.
- Village integration programs.
- Engagement with pressure groups.
- Offer employment opportunity to community.

05. Government Policy on oil palm expansion

Risk Level : High

Changes in government policy from current drive to increase import substitution activity for edible oils. Restriction imposed by government on oil palm cultivation impact to replanting & new planting process of Oil Palm and it creates lower yield and crop due to non replacement of ageing trees.

Company Objectives

- Stand strongly together with the other corporate bodies those have same interest to influence the government authority.

Risk Minimisation Strategies

- Represent the policy direction through the Planters Association & Palm Oil Industry Association (POIA).
- Engagement with government agencies.
- Affiliation with industry association.

GRI 201-02

06. Climate Changes

Risk Level : High

We operate in a considerably volatile natural conditions. Due to unpredicted weather patterns and natural environmental conditions our production quality could get affected.

Company Objectives

- Minimising adverse effects due to climate changes.
- Maintain the quality of the crops in spite of climate changes.

Risk Minimisation Strategies

- Change fertilizing cycles to go in par with the climate changes.
- Change the harvesting pattern accordingly.
- Crop diversification.

07. Wage Structure

Risk Level : High

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.

Company Objectives

- Compliance to the regulatory wage structure.

Risk Minimisation Strategies

- Improve labour productivity by better HR practices.
- Outsourcing or suspending of non - value adding activities.
- Negotiation with trade unions and stakeholders for a wage structure base on the Productivity and wage negotiations are done with the Employers' Federation of Ceylon and the Planters Association.

Operational Risks

08. Credit Risk

Risk Level : Moderate

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 value in managing the working capital.

Company Objectives

- Minimising risks associated with debtor defaults.
- Working towards obtaining collaterals from major local customers with high outstanding.
- Follow stringent assessment procedures to ensure credit worthiness of the customers prior to the granting of credit.

Risk Minimisation Strategies

- Tea & Rubber Sales are made through auction and brokers assure the settlement.
- Long term & Short term borrowings and Lease payments to government are closely monitored and settled without delay.

09. Asset Risk **Risk Level : Moderate**

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.

Company Objectives

- Minimising risks from fire, theft and machinery & equipment breakdown.

Risk Minimisation Strategies

- 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.

10. Internal Controls **Risk Level : Low**

By establishing sound internal control systems we can ensure and safeguard the assets and operational effectiveness and efficiency.

Company Objectives

- Maintaining a sound system of internal control to safeguard shareholders wealth and Company's assets.

Risk Minimisation Strategies

- 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.

11. Inventory **Risk Level : Low**

Due to lower demand conditions there is a risk of accumulating produce stocks in the tea factories, we have to ensure these stocks are disposed at the correct time at the auction.

Company Objectives

- Reducing stock obsolescence and manage stock holding costs.
- Reducing the risk associated with theft and shrinkage.

Risk Minimisation Strategies

- Adopting a monthly declaration policy.
- Identifying slow moving stocks and effectively laying out a channel for these to be sold off.

12. Procurement Risk **Risk Level : Moderate**

Ensuring efficient flow of operations require good relationships with suppliers, which in turn will ensure, discounted prices and quality raw materials to add more value to our products.

Company Objectives

- Minimizing risk associated with price and availability.

Risk Minimisation Strategies

- 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.

13. Technological Risk

Risk Level : Low

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.

Company Objectives

- Keeping pace with the current technological developments and safeguard against obsolescence.

Risk Minimisation Strategies

- Continuous investments in new Machinery and experiments on new methods.
- Mechanization of estate functions upto 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 with reputed companies.

14. Human Capital & Labour Risk

Risk Level : Moderate

Heart of the operations is the people we have employed in our plantations. They are the key to our success and the most valuable assets of the company.

Company Objectives

- Ensuring a smooth flow of operations without any undue disruptions.
- Minimize the risk associated with unavailability of labour in estates.

Risk Minimisation Strategies

- Maintaining healthy relationships with trade unions through regular dialogues.
- Entering into 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.

15. Value Chain

Risk Level : Moderate

Risk due to loss of confidence and relationship with suppliers of inputs, (fertilizers, chemicals, packing materials, bought leaf suppliers) buyers and end customers and risk of non-maintaining manufacturing standards.

Company Objectives

- Minimizing risk of not meeting profit expectations.

Risk Minimisation Strategies

- Follow a transparent procedure to evaluate quotations of suppliers through RPC group purchasing division.
- Ensure ontime payments and settlement for bought leaf suppliers and other commodity suppliers.
- Conducting work shops for bought leaf suppliers to educate to deliver good quality leaf.

16. Information Systems Risk	Risk Level : Low
<p>With a decentralised information system and accounting system we operate in, we have to ensure those systems are upto date and operate resourceful to satisfy our dynamic needs.</p>	
<p>Company Objectives</p> <ul style="list-style-type: none"> • Minimizing risk associated with security, hardware communication and software. 	
<p>Risk Minimisation Strategies</p> <ul style="list-style-type: none"> • Maintaining of spare servers mirroring of hard disks with critical data. • Introduce sound IT Policy and close supervision thereon. • 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. 	

Financial Risks	
17. Investment Risk	Risk Level : Moderate
<p>This involves failure in investments/inability to achive expected objectives and resulted future profitability and sustainability of the Company.</p>	
<p>Company Objectives</p> <ul style="list-style-type: none"> • Maximising the return of investment. 	
<p>Risk Minimisation Strategies</p> <ul style="list-style-type: none"> • Inexcusable evaluation of all investment proposals and getting advice from experties persons. • Adopting a stringent approval procedure for Capital expenditure, based on the level of investment and the expected pay back. • Ensure availability and effective utilization of short term facilities where necessary. Realistic investment are made in capital development i.e replanting, machinery and upgrading plant. • Maintain cashflow and budgetary control systems for effective monitoring. • Closely monitor the progress to ensure project deliverables are achieved within the given budgets and timelines. 	

18. Liquidity & Cash management	Risk Level : Low
<p>Liquidity and cash management is crucial in the context we operate in, (abrupt cash requirements)</p>	
<p>Company Objectives</p> <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. 	
<p>Risk Minimisation Strategies</p> <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. • Closely monitoring of cash flow in every day and identify ways and managing funds. • Maintain cashflow and budgetary controls systems for effective monitoring. 	

19. Interest Rate Risk	Risk Level : Low
<p>The risk that borrowing cost and investment's value will change due to a change in the absolute level of interest rates (AWPLR).</p>	
<p>Company Objectives</p> <ul style="list-style-type: none"> • Ensuring a strong liquidity position. • Minimising adverse effects of interest rate volatility and currency denominated borrowings. • To ensuring cost of borrowing is at the optimum level. • Maximum utilization of the concessionary funding available to Plantation Companies. 	
<p>Risk Minimisation Strategies</p> <ul style="list-style-type: none"> • Negotiation 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. 	
20. Inflation and Currency Risk	Risk Level : Moderate
<p>The risk that arises from the change in price of one currency in reaction to another.</p>	
<p>Company Objectives</p> <ul style="list-style-type: none"> • Minimizing risk associated with the fluctuation in foreign currency rates in relation to 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. 	
<p>Risk Minimisation Strategies</p> <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	
21. Compliance with applicable legislation and internal policies	Risk Level : Low
<p>The Company is subject to special regulations.</p>	
<p>Company Objectives</p> <ul style="list-style-type: none"> • Reduce the risk of infringement of compliance requirements imposed by regulators. 	
<p>Risk Minimisation Strategies</p> <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 status of statutory and other requirements. 	



Management Discussion & Analysis

46

Operational Footprint

48

Review of Operations

55

*Economic and Industry
Overview*

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Stakeholder Engagement

67

Materiality Assessment

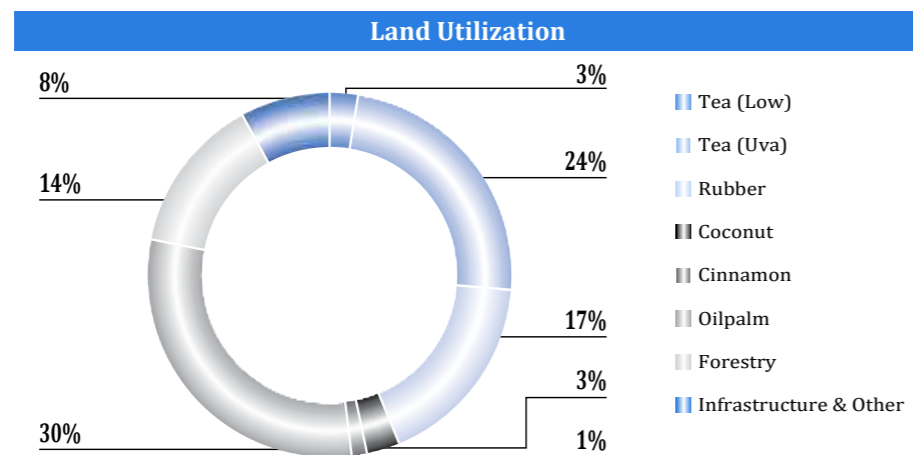
This Section overview the big picture of company's operations and company interaction with Stakeholders to enhance overall benefit of the organization and the Strategic sustainability planning process by managing the material topics and boundaries.

OPERATIONAL FOOTPRINT

GRI 102-7

Estate	Cultivated Area						Total Extent (Ha.)	Tea /Rubber Factory Reg: No:	Annual Production			Processing Details			Number of			Elevation Meters	Elevation Range	No of Building available in Estate*
	(Ha.)								(Kg '000 per annum)			Factory			Workers	Staff	Executive			
	Tea	Rubber	Oil Palm	Coconut/Cinnamon	Others	Total			Tea	Rubber	Oil Palm	Tea	Crepe	RSS						
Eladuwa	-	198.25	304.86	-	0.75	503.86	675.00	Rubber -KR-20	-	162	3,742	-	01	-	239	18	2	30	Low Grown	360
Miriswatte	29.25	142.00	177.75	-	-	349.00	551.00		18	97	1,287	-	-	-	179	16	1	68	Low Grown	613
Pallegoda	-	218.83	440.02	8.00	-	666.85	943.00	Rubber -KR-18	-	214	5,559	-	01	-	270	22	2	30	Low Grown	365
Sirikandura	-	167.00	92.50	8.58	5.00	273.08	634.00		-	77	448	-	-	-	127	10	1	30	Low Grown	308
Yatadola	-	237.58	128.00	7.15	-	372.73	648.59	Rubber -KR-19	-	128	1,047	-	01	-	204	17	2	30	Low Grown	62
Pelawatte	28.52	36.60	194.13	-	91.11	350.36	455.50	Tea -MF01283	38	-	1,295	01	-	-	144	18	2	166	Low Grown	1,065
Kalutara Range	57.77	1,000.26	1,337.26	23.73	96.86	2,515.88	3,907.09		56	677	13,378	01	03		1,163	101	10			2,773
Baddegama	26.14	92.93	135.71	77.17	1.62	333.57	651.26	Tea -MF00655	576	53	1,295	01	-	01	260	25	2	30	Low Grown	168
Citrus	4.30	57.32	200.66	17.94	11.40	291.62	507.84		6	38	1,401	-	-	-	158	14	2	32	Low Grown	366
Walpita/Monrovia	27.30	34.31	1.25	233.30	-	296.16	339.33	Tea -MF00951	67	31	-	01	-	01	129	15	1	30/32	Low Grown	311
Galle Range	57.74	184.56	337.62	328.41	13.02	921.35	1,498.43		649	122	2,696	02		02	547	54	5			845
Akuressa	9.04	134.26	158.28	77.79	96.08	475.45	807.54		5	59	885	-	-	01	161	13	2	90	Low Grown	83
Hulandawa/Belmont	58.31	58.44	223.81	-	27.14	367.70	676.24	Tea -MF00736	152	48	2,224	01	-	-	226	23	3	122	Low Grown	693
Tennahena	25.42	51.10	280.66	5.43	54.00	416.61	593.11	Tea -MF00378	26	42	3,090	01	-	01	228	16	3	123	Low Grown	219
Matarara Range	92.77	243.80	662.75	83.22	177.22	1,259.76	2,076.89		183	149	6,199	02		02	615	52	8			995
Gonakelle	364.25	-	-	-	236.00	600.25	762.13	Tea -MF00234	286	-	-	01	-	-	463	21	3	1,062	Uva Medium	1,011
Cannavarella	411.00	-	-	-	170.45	581.45	799.70	Tea -MF00105	215	-	-	01	-	-	417	23	2	1,312	Uva High	396
Kandahena	260.75	-	-	3.50	161.25	425.50	746.33		133	-	-	-	-	-	257	13	1	1,234	Uva Medium	154
Pingarawa	368.24	-	-	-	192.86	561.10	703.55	Tea -MF00327	243	-	-	01	-	-	465	19	2	1,200	Uva High	531
Hindagala	401.91	-	-	-	335.89	737.80	1,130.05	Tea -MF00668	384	-	-	01	-	-	419	20	3	1,400	Uva Medium	188
Kinellan	93.51	-	-	-	33.11	126.62	154.88	Tea -MF00243	157	-	-	01	-	-	117	10	1	1,052	Uva Medium	236
UVA Range	1,899.66	-	-	3.50	1,129.56	3,032.72	4,296.64		1,419	-	-	05	-	-	2,138	106	12			2,516
Head Office															6	18				-
Company Total	2,107.94	1,428.62	2,337.63	438.86	1,416.66	7,729.71	11,779.05		2,306	948	22,273	10	03	04	4,463	319	53			7,129

*Buildings Includes bungalows, factories, offices staff & workers quarters, dispensaries & maternity wards.



Crop	Total Hectares	
	Mature (Ha.)	Immature (Ha.)
Tea	2,099.30	8.64
Rubber	1,165.12	263.50
Oil Palm	1,839.56	498.07
Coconut	265.68	41.84
Cinnamon	122.48	8.86
Other	1,118.36	298.30
Total	6,610.50	1,119.21

REVIEW OF OPERATIONS

The year 2018/19, commenced with many ambitious operational targets identified for achievement, since the year 2017/18 concluded with attractive prices for all major plantation commodities.

However, progressing through the financial year the Company struggled to achieve and sustain the productivity and profitability to the expectations, as a result of many obstacles encountered, most of which were beyond the control of the management. Continuation of banning of Glyphosate by the government, declining prices in the Colombo auction in respect of all major plantation commodities despite significant depreciation of Sri Lankan rupee against USD, the worker wages revision are major contributory factors for the declined operational performance recorded by NPPLC, during the financial year under review.

In spite of the above, Namunukula Plantations PLC has generated a profit before tax of Rs. 300 Mn which is 54% against previous year. When we witnessed a declining trend in the weekly auctions, our immediate strategy was to identify and curtail operational costs to the very essential activity items coupled with very strict monitoring of fund transactions to the estates which enabled us to maintain the operational cost of all crops below usual cost. The stringent process was somewhat relaxed pertaining to Oil Palm, since estates had to incur additional cost on ground maintenance with manual methods of weed control, which is a major Labour intensive activity in the plantation sector.

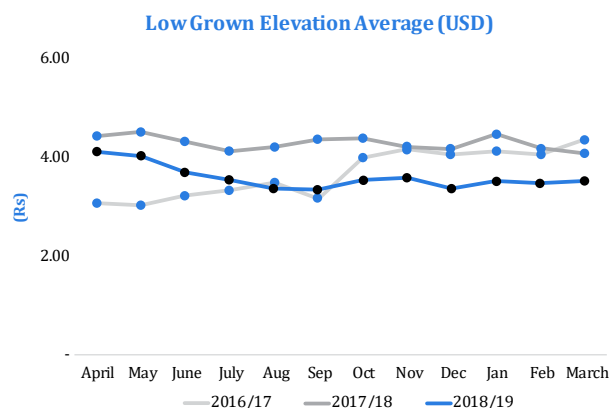
NPPLC continue to generate profits despite many shortcomings experienced as stated above, thus consolidating its position as one of the most profitable Regional Plantation Companies. The shareholders continue to retain confidence on the YOY performance of NPPLC, justifying a share price of Rs. 64/- at the end of the season which is one of highest share price secured by a RPC.

Low Grown Tea

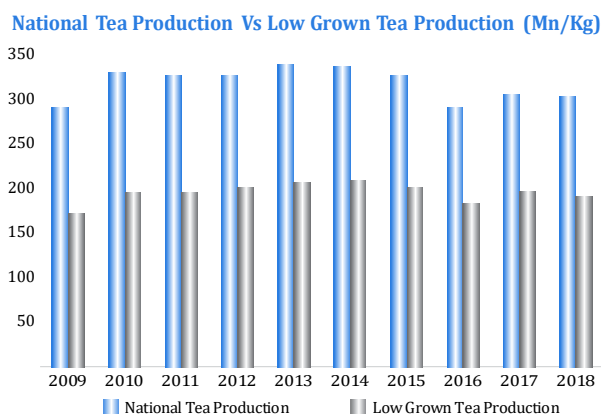
The Global tea production recorded mixed results during the year under review. The total black tea production recorded

in the year by China, Kenya and North India have shown an increase over last year whilst Sri Lanka and South India have recorded a decline in annual production.

The world excess production of black tea has resulted in a significant decline in the sale average at Colombo auctions. The low grown orthodox tea achieved a sale average of USD 4.12 in the month of April 2018 and it gradually declined to USD 3.52 at the end season. The following graphical presentation proves that the Sri Lanka low grown tea has recorded a steady decline MoM in the year 2018/19 in contrast to that of 2017/18 and 2016/17.

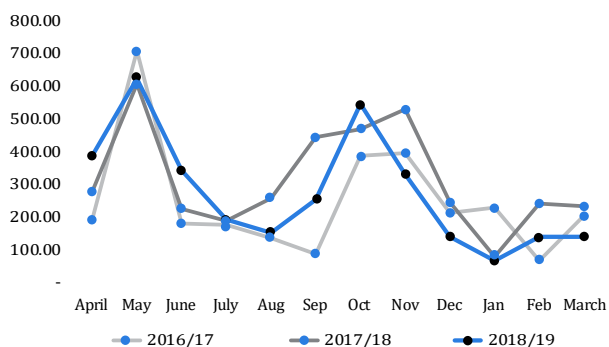


The Sri Lanka tea production of year 2018 has recorded a marginal decline over that of last year by 3.3 Mn kg. The low grown tea production has also followed the same declining trend and recorded a production of 192 Mn kg against 197 Mn kg in the previous year.



NPPLC has achieved a production of 155,225 kg from tea sector, resulting in a crop shortfall of 19,000 kg or 11 % against last year. This is mainly due to the non-availability of chemicals for weed management, which has restricted timely inputs to sustain productivity. Further the significant dry weather continued during the period December 2018 to March 2019 has also contributed for the above poor crop performance.

Rainfall (mm)



Low Grown Bought Leaf Operation

The tea factories belonging to Namunukula Plantations PLC have processed over 3.5 Mn kg small holder leaf during the financial year 2018/19, to that of 5 Mn kg in the previous year. Hereto non-availability of weedicides to maintain tea fields free of weeds and the prolonged dry weather prevalent in the last quarter of the current FY have contributed to a decline in the small holder production. In addition, we were compelled to impose strict quality requirements whilst accepting small holder leaf, with a view to mitigate the adverse impact on the continued decline in the low grown tea sale average as illustrated above.

The orthodox tea produced by NPPLC factories achieved a gross sale average of Rs. 540.76 in the season 2018/19 against Rs. 619.86 in the same period last year recording a negative variance of 13 %.

Tea Estates in the Uva region

The estates in the region collectively achieved the estimated crop as with the year begin, despite the worker unrest & strikes experienced during the period under review, for a wage increase.

As the Tea market continued to decline in Uva Medium by Rs. 54.73 and Uva High by Rs. 58.52 reflects an average drop compared to previous F/Y (2017/18).

However we are pleased to note that with the guidance of the management and the plantation executives commitment the estates were able to increase on overall worker productivity and continued to increase the extent in mechanical harvesting to address the issue of plucker shortage.

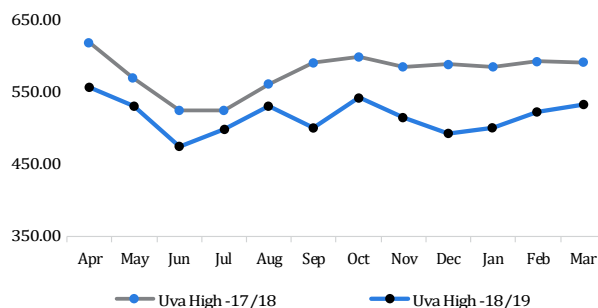
Key Performance

Indicators

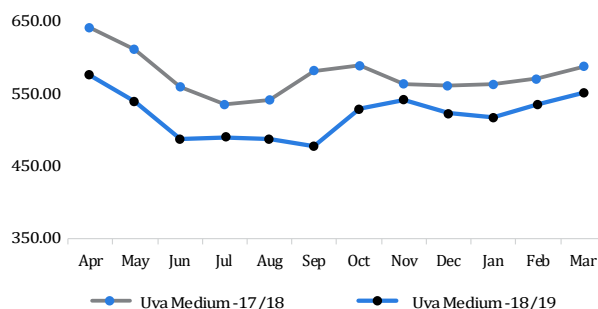
	2018/2019	2017/2018
Intake per Plucker (Kg)	19.75	17.77
Factory output per worker (Kg)	42	36
Revenue Labour Output (Kg)	2.82	2.68

The following graphs illustrate the declining trend of monthly sales averages of Uva High & Medium grown teas.

Uva High Elevation Average (Rs.)



Uva Medium Elevation Average (Rs.)

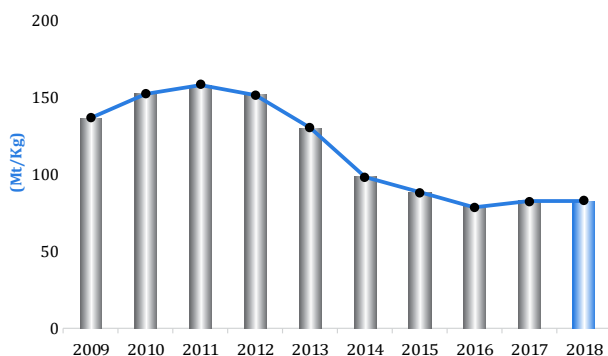


Rubber

The world production of natural rubber in the year 2018 is 13.96 Mn metric tons which has recorded an increase of 4.6 % to that of last year. As per latest statistics, the global demand for natural rubber is increased by 5.2 % to 14.1 Mn metric tons during the year, thus leading to a shortfall of 54,000 metric tons.

The national rubber production during the year under review has recorded a marginal decline to that of last year. The total production of rubber remained at 82,560 metric tons against 83,070 metric tons in the previous year. The production of RSS has accounted to 50 % of the national production whereas latex crepe 13 %, centrifuge rubber 31 % and the remaining production varieties accounting for the balance 06 %.

National Rubber Production (Mt/Kg)

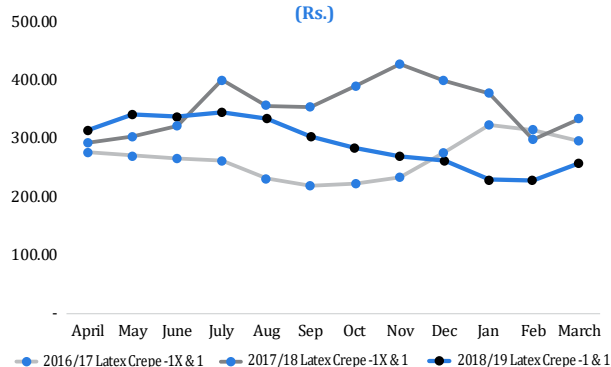


The Company has harvested 948,172 kg rubber during the year under review, recording a crop shortfall of merely 1 % against that of last year. Despite a reduction of 129 ha from production, the estates have maximized crop harvest during the period December 2018 - March 2019, taking advantage of the dry weather prevailed in all planting districts. The rubber yield of NPPLC at 814 kg in the current year to that of only 735 kg in the previous year justifies the above.

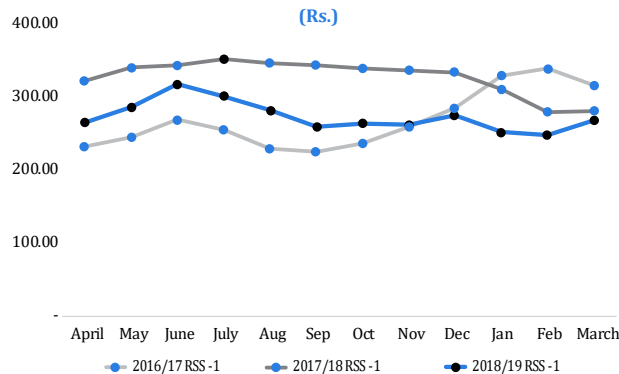
Taking advantage of the crepe processing facility available in the Kalutara district, NPPLC continues to process over 50 % of its total production into latex crepe. During the year under review, all 03 crepe factories namely Eladuwa, Pallegoda and Yatadola have achieved 'Top price' for the rubber produced in their factories, maintaining required quality status. The balance rubber crop is dispatched to Udapola centrifuged factory that enabled an attractive purchase price with No manufacturing cost to the supplying estates.

The national sale average of latex crepe and RSS has declined MoM during the year under review. It is anticipated that the increasing trend recorded in the month of March 2019, pertaining to crepe and RSS sale average will continue in the next couple of months to sustain viability of this industry.

National Rubber Sale Average of Latex Crepe -1X & 1 (Rs.)



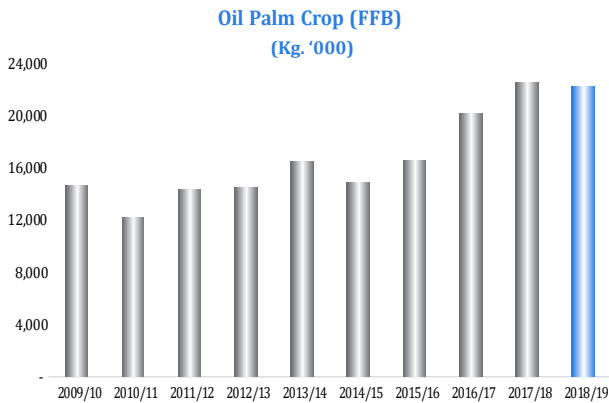
National Rubber Sale Average of RSS -1 (Rs.)



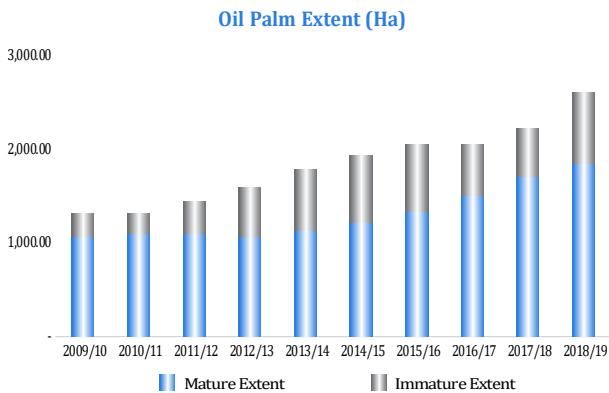
Oil Palm

GRI 201-2

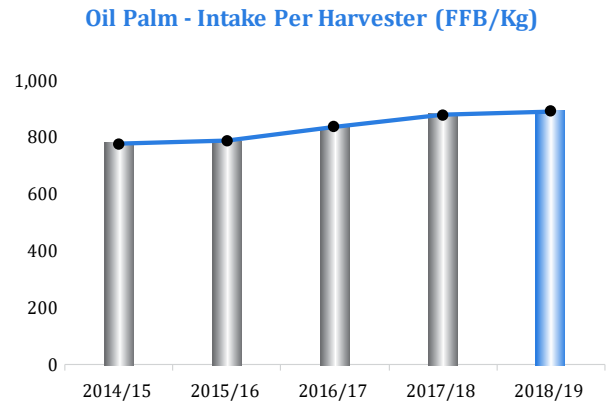
NPPLC has once again achieved a total Fresh Fruit Bunches (FFB) crop of over 22 Mn kg during the year which is marginally below the highest crop recorded in the previous year by only 1 %. The crop shortfall against last year at 1 % is mainly due to over 9,000 palms on Eladuwa, Pallegoda and Yatadola continue to remain out of production due to the effect of 'mini cyclone' that passed through these estates. These palm trees are now gradually recovering and the production of FFB bunches is to commence in the very near future. On further analysis of data, it was also observed that average production of FFB bunches/palm in the current year is only 8.17 as against 9.19 in the previous year. This declined bunch formation may also due to erratic weather pattern experienced in the plantation sector.



NPPLC currently possess an extent of over 1,800 ha in production and a further 498 ha in the immature stage. The Company has raised plants to undertake planting of an additional extent of 250 - 300 ha however, due to the restriction imposed by the government, steps have been taken to slowdown the planting. The government has also decided to temporarily stop issuing permits for import of Oil Palm seeds.

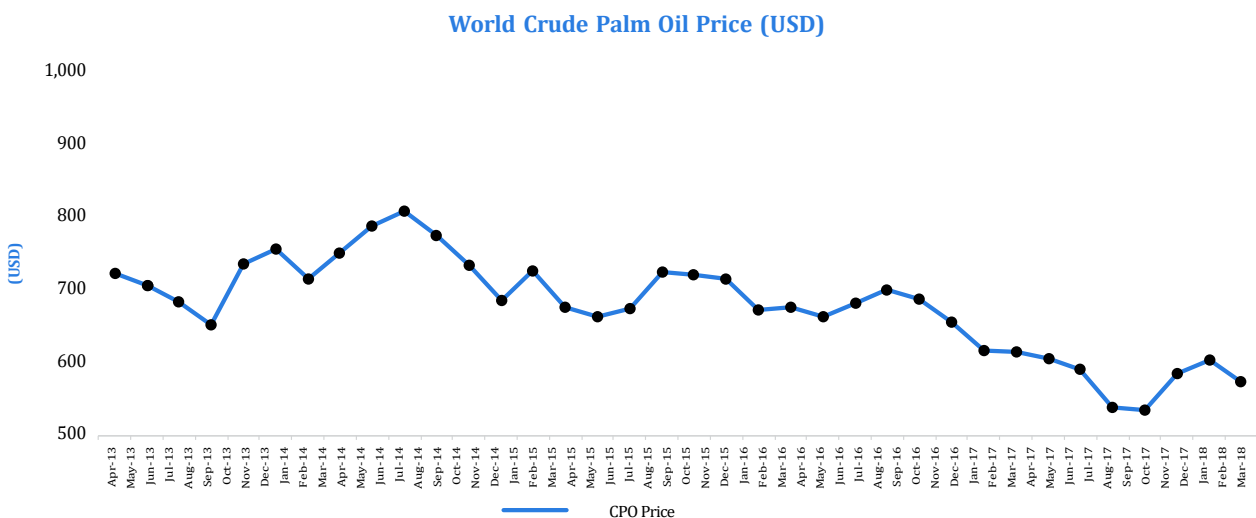


The Company is well focused on timely application of all required inputs, optimizing worker productivity and undertakes required no. of harvesting rounds to maximize production. The Company annually imports ultra-light weight harvesting poles to facilitate the workers to harvest bunches from tall palms. The harvesters and other ground workers are provided with adequate protective equipment to facilitate this process.

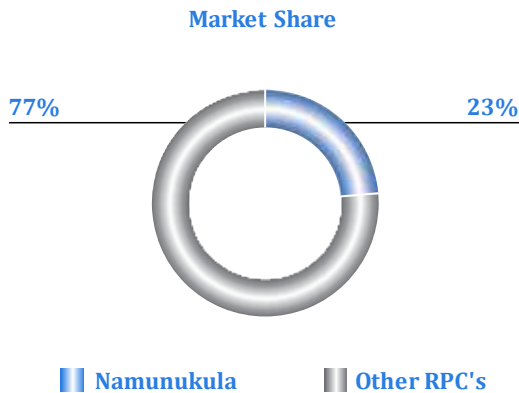


Oil Palm has generated a gross profit of Rs. 581.3 Mn and the Company has planned to achieve a much higher profit in the new FY. Since Oil Palm is considered as the 'Golden Crop' of NPPLC, this sector received due attention and it serve to achieve optimum results for NPPLC, in the new season as well.

The Company could not generate the targeted profit during the year mainly due to poor purchase price received from the factory during first 06 months of the season. This may be due to the impact of CPO prices prevailed at international level.

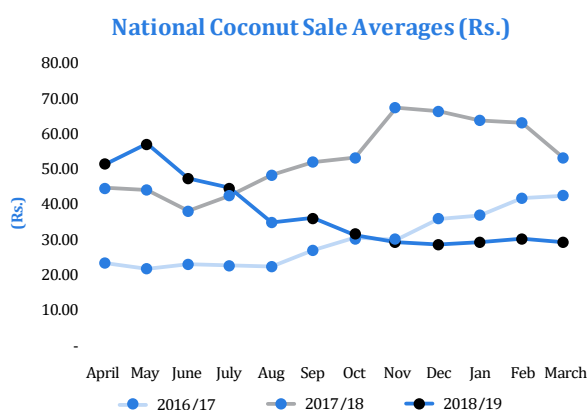
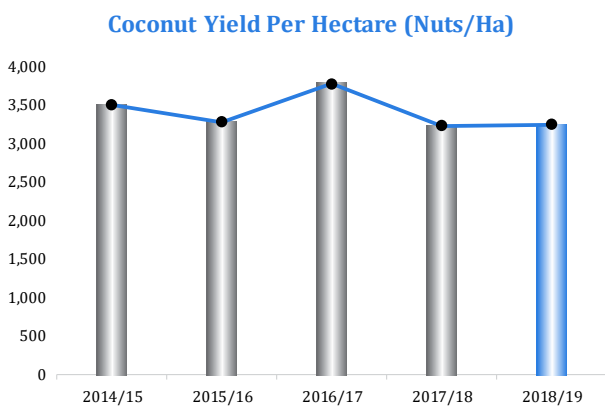


There are 05 Regional Plantation Companies that produce Oil Palm and contribute to the national production. The production of NPPLC at 22.27 Mn kg FFB in the year 2018/19 has contributed to over 23 % of the total FFB production of Sri Lanka.



Coconut

The Company has harvested 862,010 green nuts during the year under review, which is 4 % above that of the crop harvested in the previous year. The average yield of the Company now stands at 3,245 nuts/ha, having accommodated over 34 ha into production extent, during the last 03 years.



The coconut sector has generated a gross profit of Rs. 10 Mn, during the FY. The profit shortfall of Rs. 11 Mn that of the previous year is mainly due to poor sale price realized for green nuts in the local market. Although the sale price of green nuts were attractive during the month of April and May 2018, thereafter it declined steadily and averaging to only Rs. 30/- in the month of March. There are no signs of improvement in the sale price. In order to mitigate this adverse impact, steps have been taken to curtail operational costs to absolute essential items and increase productivity.

Cinnamon

During the year under review, NPPLC has harvested 12,448 kgs of cinnamon, achieving a yield of 102 kgs. The crop harvested is an increase of 956 kgs or 8 % that of previous year. The cinnamon sector has generated a gross profit of Rs. 0.5 Mn during the year. This achievement was made possible with the maximizing of production of high selling 'C' grade cinnamon that attracts a sale price of over Rs. 2,100/- per kg. NPPLC has already focused and identified the need to develop the skills of cinnamon harvesters coupled with centralized peeling operations, targeting an increase production of high selling 'C' grade that will generate additional revenue to the Company in the new season.

Human Resources

The 'worker migration' from plantation sector is becoming a threat for day to day operations of plantations. NPPLC had a total workforce of 6,353 in the year 2014/15 and only 4,835 workers as at 31st March 2019. The reduction of 1,518 workers or 24 % over the period of 04 years is a matter for concern.

Having reckoned this factor, NPPLC valued its human resources as the greatest asset, whilst providing facilities such as housing, sanitation, other basic requirements and more importantly, opportunities for additional income generation avenues. NPPLC with the assistance of research institutions such as TRI/RRI/CRI & PHDT have arranged many training programmes throughout the year focusing on the development of worker skills and competencies of all categories of employees that will in-turn result in an immediate improvement on worker productivity, contribution and commitment towards the Company.

The Company has recognized the importance of health and welfare facilities provided to its employees which has a direct impact on worker daily out-turn to work and their outputs. Regular health clinics are conducted on many plantations for resident and non-resident workers and their families with the assistance of the department of health and the workers those need further special attention are directed to government hospitals for medical attention.

The Company funded scholarship program is being implemented successfully to complete the graduate studies of workers children in the state universities. This program is continued as part of the CSR activity of the company. In the year under review a total of 05 scholarships have been granted and over 24 children have benefited from this scheme during the last 05 years.

The workers daily wage has been received as per the agreement signed. The new worker wage is Rs. 700/- basic as against Rs. 500/- granted previously. The increase in wage cost will have a significant impact on operational costs of the Company.

Capital Investments

Continued capital investment in the area of field development and factory machinery has become utmost important, considering the long term goals of the Company to sustain land productivity and the viability of SBU's, despite many obstacles encountered as a result of sluggish market condition and increased operational costs. With due consideration to the above, the Company has invested Rs. 248 Mn during the year 2018/19 under the field development segment of which Rs. 172 Mn or 69 % directly on Oil Palm. The total investment could have been much higher if not for the government's decision to stop planting of Oil Palm. In addition a further sum of Rs. 25.7 Mn has been invested on factory machinery, motor vehicles etc.

The Oil Palm nursery plants in stag II nursery is maintained well with timely application of fertilizer and other required inputs and these plants will be utilized for field planting during the 1st quarter of the new season. As the import of Oil Palm seeds has been banned by the government, further expansion of Oil Palm on estate land is subject to reversal of the above decision.

Sustainability orientated developments in Namunukula Plantations - Uva Range Estates

According to the latest predictions on climate change impacts on Sri Lanka, eastern slopes of the central mountains would experience harsher and drier climatic conditions than of present. Therefore, the company has decided to turn towards Climate Smart Agriculture (CSA) approach to find remedies. CSA promotes development of localized solutions to mitigate the impacts of climate change caused by the Global Warming. It also encourages optimum use of natural resources and enhancement the flow of free ecosystem services in landscape scale while reinforcing food security also concentrating on reduction of Green House Gas emissions.

As a corporate initiative to follow CSA while enhancing the asset base, Namunukula Plantations Uva (NPPLC-Uva) range has launched One Division One Project Program (ODOPP) in all six estates in the region. There are nearly 50 division wise small projects undertaken representing all divisions of the tea estates in the region. ODOPP cover novel crop trials, repairing and renovation of existing reservoirs, inland fisheries, tourism oriented business ventures, and development of product value addition concepts. Trialing of new crops is done with multi intentions such as a measure taken to improve short and medium term profitability, to identify the best suited alternative crops for the region, to bring down the overall production cost by enhancing land productivity with multi-crop models by maximizing the utilization of freely available natural resources and free ecosystem services and reinforcing national food security. Trials launched with Lemon and Passion fruit at Pingarawa, Cannavarella and Hindagala estates have already reached production stage and soon the crops will be offered to the consumer base at Arpico Super Center chain. In addition, company has 2,000 plants Bibile Sweet orange cultivation also mixed with Papaya and Arecanut in Gonakelle estate Passara. Apart from that there are many other crops such as cardamon, banana, mandarin, lime, guava and pears also being trialed under ODOPP.

Coffee has been identified as the main alternative crop for the future for the region following to a recent survey carried out in collaboration with the Department of Export Agriculture. Accordingly, NPPLC-Uva pioneered the process by inter-planting 2,000 coffee plants in Old Seedling tea

at Gonakelle estate, Passara. Another 20,000 plant coffee nursery has been raised to expand this project in the next financial season.

Agarwood (*Aquilaria malaccensis*) is another high value timber species being trialed in all (NPPLC-Uva) estates and agarwood resin is used as the raw material in elegant non alcoholic perfumes. Under forestry, the company pioneered in introducing high quality Khaya (*Khaya senegalensis*) timber species to Uva region and the trial being conducted in Cannavarella estate, Namunukula has shown impressively promising results with reaching 6-8 feet growth within just one year from planting. Giant Bamboo (*Dendrocalamus hooherii*) cultivation was established as a high energy fuel wood species to study the feasibility of using same as high quality firewood to meet the heat energy demand for tea drying.

Joining hands with National Aquatic Resource Development Authority (NAQDA) inland fisheries project was launched as a CSR project initiated in Pingarawa estate aiming to improve protein nutrition status of the plantation community. This concept also serves as a mode of ground water re charge mechanism which supports to go through persistent dry periods.

In parallel to these activities, NPPLC-Uva estates obtained several compliance certificates within the period under review. The estates are covered by ISO 22,000/2005 Food Safety Standards certificate and most recently the Product Carbon Foot Print certificate from National Cleaner Production Centre. Kinellan and Hindagala estates received Rainforest Alliance certificate initially and the rest of the estates are in the process of getting covered under the same.

Getting into the field of tourism as an image building approach, NPPLC- Uva is concentrating on developing Kinellan estate, Ella as an Agrotourism resort. Kinellan Tea Centre constructed under this is already in operation. Main aim of this project is to promote NPPLC estate product sales, also with high value addition while registering Arpico and NPPLC images in visitor's minds. Visits to Kinellan Tea Processing Centre is also on offer for tourists at present as a part of this process. An Estate Bungalow has been converted

to a holiday bungalow now and open for the visitors to get firsthand experience on plantation bungalow environment. Currently planning is being done to develop this facility in to a unique Tea Tourism experience.

Future Strategies & Goals

The entire plantation industry is weather driven. If conducive weather prevails throughout the season, the Company will no doubt perform to the potential with optimum productivity in all sectors. Similarly the prices at the weekly Colombo auctions for plantation commodities should remain as expected. The current auction price for orthodox tea, rubber and coconut are below expectations and it is anticipated that the prices of these commodities will improve in the new FY.

As discussed under Oil Palm, the world CPO prices also remain around USD 575, whereas it was above USD 700 a few years ago. The purchase price offered by AEN factory will remain at current levels if the world CPO prices continue to remain above USD 600. With the increased wage cost, management strategies are already in place to mitigate the adverse impact. The Company has already taken several steps to increase income generation including disposal of unproductive rubber trees expeditiously.

In keeping with the 'Vision Statement', NPPLC continues to remain as one of the most diversified plantation Company in Sri Lanka. The possession of 05 major crops such as Tea, Rubber, Oil Palm, Coconut and Cinnamon adequately justify this position.

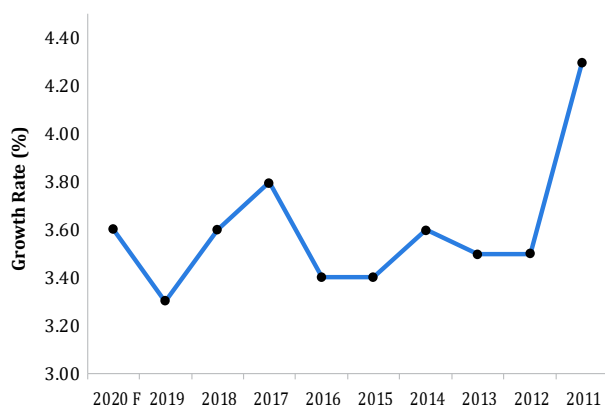
Subject to prevailing a conducive weather and continuation of a reasonable price level for plantation commodities, NPPLC will no doubt emerge as one of the highest profit generating RPC in Sri Lanka, which will also ensure a much higher return on investment to all stakeholders of the Company.

ECONOMIC AND INDUSTRY OVERVIEW

WORLD ECONOMIC OUTLOOK

Global economic growth, which peaked at close to 4 per cent in 2017, softened to 3.6 per cent in 2018, and is projected to decline further to 3.3 per cent in 2019. The outlook for many countries are very challenging, with considerable uncertainties in the short term, especially as advanced economy growth rates converge toward their modest long-term potential.

World Economic Growth Rate



While 2019 started out on a weak footing, a pickup is expected in the second half of the year. This pickup is supported by significant policy accommodation by major economies, made possible by the absence of inflationary pressures despite closing output gaps. The US Federal Reserve, in response to rising global risks, paused interest rate increases and signaled no increases for the rest of the year.

Emerging markets have experienced resumption in portfolio flows, a decline in sovereign borrowing costs, and a strengthening of their currencies relative to the dollar. Measures of industrial production and investment remain weak for most advanced and emerging economies, and global trade has yet to recover.

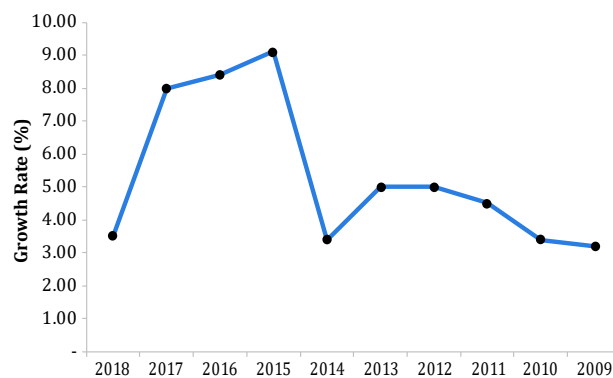
Beyond 2020 growth will stabilize at around 3.5 per cent, Strengthened mainly by growth in China and India and their increasing weights in world income. Growth in advanced economies will continue to slow gradually as the impact of US fiscal stimulus fades and growth tends toward the modest potential for the group, given ageing trends and low productivity growth. Growth in emerging market and developing economies will stabilize at around 5 per cent, though with considerable variance between countries as subdued commodity prices and civil strife weaken prospects for some.

(Source: World Economic Outlook April 2019 published by International Monetary Fund)

SRI LANKAN ECONOMIC OUTLOOK

The Sri Lankan economy continued to record a modest growth of 3.2 per cent in 2018 in real terms, compared to the growth of 3.4 per cent in 2017. Agriculture activities grew by 4.8 per cent in 2018, indicating a recovery from the effect of extreme weather conditions experienced in the previous year. The improved growth recorded in the agriculture sector also reflected the base effect of the drought affected growth in 2017.

Annual GDP Growth of Sri Lanka



Underpinned by favorable weather conditions, agriculture activities recovered in 2018 and registered a growth of 4.8 per cent compared to the contraction of 0.4 per cent observed in the previous year. Production in several agriculture crops, including paddy, coconut, fruits, livestock, vegetables and other field crops increased during 2018, while tea, rubber, fisheries and sugar production recorded a decline. Unfavorable weather conditions in tea growing areas, particularly during the second quarter of 2018, and wage related trade union action in the plantation sector affected tea production during 2018, amidst lower average prices of tea. Rubber production also declined during the year due to continued rainfall during tapping days in rubber plantation areas and high cost of production. Meanwhile, supported by sufficient rain, coconut production recorded an expansion during 2018.

GDP, GDP Per Capita

The total size of the Sri Lankan economy was estimated at US dollars 88.9 billion, while the per capita GDP was recorded at US dollars 4,102 in 2018, which was marginally lower than in the previous year.

INFLATION

Despite the sharp depreciation of the rupee against major currencies and transitory price pressures due to upward revisions to prices of domestic petroleum products and other administratively determined prices, both headline and core inflation remained subdued in 2018 as a result of well anchored inflation expectations under the enhanced monetary policy framework. Headline inflation, was broadly on a downward path in 2018. Core inflation remained at low single digit levels throughout 2018.

EXCHANGE RATE MOVEMENT

The exchange rate, which remained relatively stable during the first four months of 2018, came under significant pressure thereafter, particularly during the latter part of

2018. While the Sri Lankan rupee depreciating against the US dollar by 16.4 per cent during the year. Other major currencies depreciated against the US dollar in line with the broad-based strengthening of the US dollar, amidst rate hikes by the US Federal Reserve Bank. Accordingly, the exchange rate of the Sri Lankan rupee depreciated against the euro by 12.68 per cent, the Indian rupee by 8.72 per cent, the Japanese yen by 18.05 per cent, and the pound sterling by 11.35 per cent.

AGRICULTURE INDUSTRY OVERVIEW

Recovering from the negative performance observed during the past two years, the value added of Agriculture activities grew by 4.8 per cent in 2018 against 0.4 per cent contraction recorded in 2017.

The favorable weather conditions that prevailed in major cultivation areas throughout the year spurred the recovery in Agriculture activities as witnessed mainly by the substantial increase in the growing of rice, fruits, oleaginous fruits (coconut, king coconut, Oil Palm) and spices during the year. Further, animal production, growing of vegetables, growing of other beverage crops (coffee, cocoa etc.), growing of cereals and, plant propagation and support activities to agriculture contributed positively to the growth of Agriculture. However, fishing activities, growing of other perennial crops, growing of tea, forestry and logging, growing of sugarcane, tobacco and other non-perennial crops and growing of rubber contracted in 2018, compared to the previous year.

Meanwhile, workers in the plantation sector initiated a strike demanding a minimum daily wage of Rs.1,000/-. However, the basic daily wage of plantation sector employees was increased to Rs.700/- from Rs.500/-, in early 2019.

TEA

Unfavorable weather conditions in tea growing areas, particularly during the months of May and June 2018, and

wage related trade union action in the plantation sector affected the total tea production during the year.

Accordingly, total tea production decreased by 1.0 per cent to 303.8 million kilograms in 2018 from 307.1 million kilograms in 2017. Low grown tea production, which accounts for 63.2 per cent of the total production, decreased by 2.7 per cent to 192.0 million kilograms, while the production of high grown tea and medium grown tea increased by 1.3 per cent to 64.8 million kilograms and 3.0 per cent to 47.0 million kilograms, respectively. In the meantime, the tea smallholder sector recorded a decline in the average yield of made tea to 1,958 kilograms per hectare from 1,995 kilograms per hectare in 2017. Orthodox tea and value added tea production recorded a decline of 1.9 per cent and 1.7 per cent, respectively, while CTC tea production increased by 9.6 per cent during 2018.

A declining trend in tea prices was recorded from early 2018 and continued till the end of the year. Average auction prices of high, medium and low grown teas at the Colombo Tea Auction (CTA) were significantly lower than the corresponding prices that were observed in 2017. During 2018, the average price of tea decreased to Rs. 581.58 per kilogram from Rs. 620.44 per kilograms in 2017. The highest year-on-year decrease in tea prices at the CTA was observed for medium grown tea (8.0 per cent), followed by high grown tea (6.3 per cent) and low grown tea (5.9 per cent). Meanwhile, Iraq was the major importer of Sri Lankan tea, followed by Turkey and Russia. Comparatively low demand during 2018 from exporters adversely affected tea exports. Accordingly, total tea exports decreased by 2.3 per cent to 282.4 million kilograms in 2018, compared to 289.0 million kilograms in the previous year.

RUBBER

Rubber production declined by 0.6 per cent to 82.6 million kilograms in 2018 from 83.1 million kilograms produced in 2017. Continuous rain in plantation areas that prevailed during tapping days along with the high cost of production and poor management of plantations contributed to the

drop in total rubber production in 2018. During the first half of 2018, rubber production showed a declining trend, while rubber production improved considerably thereafter, supported by favorable weather conditions in major rubber growing areas.

The production of sheet rubber, which accounts for about 50.0 per cent share of total rubber production, declined by 0.5 per cent to 41.3 million kilograms from 41.5 million kilograms in 2017. Crepe rubber production recorded a considerable growth of 26.2 per cent to 14.5 million kilograms. Production of other categories of rubber, which accounts for 32.4 per cent of total rubber production, declined by 11.1 per cent to 26.8 million kilograms, in comparison to the previous year's production of 30.1 million kilograms. Domestic usage of rubber for local industries increased by 5.6 per cent to 135.2 million kilograms in 2018. Meanwhile, exports of raw rubber recorded a decline of 18.9 per cent to 14.0 million kilograms during 2018. Reflecting the drop in international market prices in 2018, rubber prices in the domestic market also showed a declining trend during 2018.

At the Colombo Rubber Auction, the average price of Ribbed Smoked Sheet No.1 (RSS1) declined by 8.2 per cent to Rs. 309.09 per kilogram, while prices of latex crepe declined by 8.5 per cent to Rs. 321.70 per kilogram. Low rubber prices in the international market and lower domestic production resulted in an increase of raw rubber imports from 61.8 million kilograms in 2017 to 65.8 million kilograms during 2018 to meet the requirements on rubber based industries in the country.

COCONUT

Coconut production recovered from its declining trend in 2018, due to the lagged effect of favorable rainfall experienced in major coconut growing areas in 2017. Although coconut production that remained subdued during the first quarter of the year, recorded an expansion thereafter resulting in an overall growth of 7.1 per cent to 2,623 million nuts during 2018.

Due to low supplies during the first half of the year, production volumes of many coconut based products decreased in 2018, compared to 2017. Accordingly, desiccated coconut (DC) production decreased significantly by 16.7 per cent in 2018. Similarly, coconut oil production also declined by 14.6 per cent in 2018 largely due to the reduction in coconut oil production by small and medium scale mills owing to high cost of production.

Meanwhile, Palm Oil imports, a close substitute for coconut oil, increased by 11.5 per cent in 2018, induced by lower domestic coconut oil production and the decline in global Palm Oil prices. Meanwhile, production of coconut cream, coconut milk powder and coconut milk grew by 13.4 per cent in 2018, reflecting high export demand for these products. Further, production of virgin coconut oil was also affected by limited availability of nuts, resulting in a 13.1 per cent decline in its production. Reflecting higher demand from domestic manufacturers for coconut products and increased export demand amidst supply shortages in the world market, coconut prices increased, particularly during the first nine months of 2018. However, with increased supplies in the last quarter of 2018, the average wholesale price of coconut declined marginally to Rs. 60.68 per nut in 2018, from Rs. 62.71 per nut in 2017. High farmgate prices of coconut, mostly reported in the first nine months, resulted in increasing the retail price of coconut as well as the cost of production of coconut based products. The average retail price of a coconut increased to Rs. 69.71 per nut in 2018 from Rs. 67.40 per nut in 2017, while the average price of coconut oil remained broadly unchanged. The average FOB price of desiccated coconut increased to Rs. 430.84 per kilogram in 2018 from Rs. 387.35 per kilogram in 2017. Meanwhile, DC exporters were unable to harness the full benefit of increased prices due to low domestic production, as reflected by the decline of around 28 per cent in DC exports during 2018.

OTHER CROPS

The performance of minor export crops continued to weaken in 2018 as in the previous year. Although the

production of cinnamon, cocoa, arecanut, citronella and turmeric recorded a growth, the production of pepper, clove, cardamom, coffee, nutmeg, betel and ginger declined considerably during 2018, compared to 2017. This decline in production was mainly due to dry weather and the unusual shift in the rainfall pattern in growing areas, such as unfavorable weather conditions in major pepper growing areas during the flowering and fruiting period. Cinnamon production grew by 3.0 per cent to 23,019 metric tons during the year, supported by the increase in the cultivation extent in recent years. Cinnamon exports showed a continuous growth and reached 17,537 metric tons with 5.5 per cent increase over the previous year.

The production of fruits increased in 2018, with significant contributions from avocado, orange, guava, rambutan and lime. Fruit production recorded a significant growth of 28.8 per cent in 2018, compared to the growth of 9.5 per cent in the previous year.

Source: Central Bank of Sri Lanka Annual Report - 2018

OIL PALM

As a highly productive crop, the Oil Palm cultivation is very much popular in countries like Indonesia, Malaysia and Thailand. Going with this trend Sri Lanka too started experimental Oil Palm cultivation few decades back and those proved the crop adopts well to the Sri Lankan conditions and more productive than coconut, rubber or tea.

Overview of Palm Oil

Palm Oil is a product type of vegetable oil extracted from the reddish pulp of Palm Oil fruit that fall in to the category of organic and natural cooking oil, produced by removal of oil from vegetable & fruit plant components, normally seeds. As per product types, vegetable oil can be classified into soybean, sunflower seed, rapeseed and Palm Oil. Vegetable oils is rich in Vitamin E and is used for various purposes such as hydrogenated oils, food ingredient, pet food additive, source of fuel and as a raw material in various industries. Out of all the vegetable oils on land productivity, Oil Palm takes the major role since it produces between 3.5 to 4.00

MT of Oil per hectare. On a similar comparison other oils produced as follows.

Oil Crop	Oil Production Per Hectare in MT
Oil Palm	3.80
Coconut	0.80
Rapeseed	0.80
Sun Flower	0.70
Soybean	0.50

For oil & gas industry, it is supplied as in the Crude form that is without being refined, bleach and deodorize. In comparison with other types of vegetable oils, Palm Oil consumption provides benefits to its consumer such as improving energy levels, enhancing vision, maintaining hormonal balance and so on. It is also rich in antioxidants, beta-carotene and various nutrients including vitamin K, omega-3 & omega-6 fatty acids and several lipids. Food, cosmetic, detergents and chemical industry are the major end users of Palm Oil market. Two major types of Palm Oil are Crude Palm Oil (CPO) and Crude Palm Kernel Oil (CPKO). To make this edible Crude palm is refined. At refining Palm Oil, it is separated into two segments call Palm Olein and Palm Stearin.

Making Palm Oil contains a considerable amount of both low melting point and high melting point. Palm Oil fractionation is to separate Palm Oil into low melting point liquid phase (soft fat) and high melting point solid phase (stearin) by control the cooling and crystallizing process. Finally, the Palm Oil can be divided into 3 components:

- Palm Stearin (melting point around 50°C): Suitable for making margarine and shortening.
- Palm Olein (melting point around 24°C): It is excellent edible oil.
- Palm Mid-fraction: The melting point of the middle part is narrow and close to the body temperature, which can be used as cocoa substitute fat.

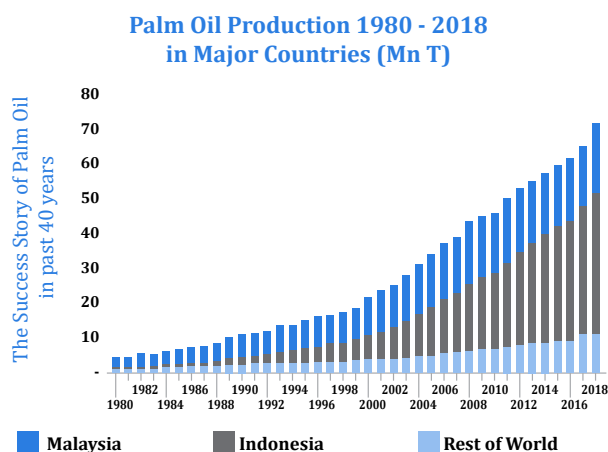
Palm Stearin

Dry fractionation process for Palm Oil production is one of the most economical methods. It refers to the method of slowly cooling the dissolved oil to a certain degree without adding any solvent, and then filtering, separating and crystallizing out the solid ester. Dry fractionation can be divided into three steps: heating, cooling crystallization, and filtering. Generally, fractionation once is enough, while for some industries (such as the confectionery industry) where the requirement for stearin is high, a second fractionation is required.

Palm Olein

Palm Oil is one of the most successfully developed oil products in recent years. It has excellent advantages than other oils and fats in both processing technology and economy. The saturated fatty acids and unsaturated fatty acids in Palm Oil account for about 50% each, making the Palm Oil better oxidation stability than other vegetable oils, so Palm Oil is also widely used as edible oil worldwide. And fractionation is the effective way to make the best use of Palm Oil.

Global Palm Oil Market



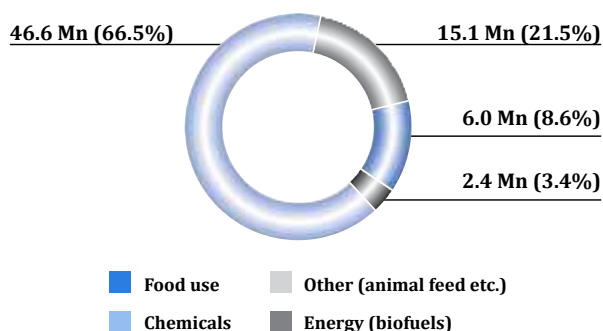
In 1990's world Palm Oil production doubled to 11.0 million tonnes from a mere 5.0 million tonnes in 1980. The following decade, production doubled to 21.8 million tonnes by the year 2000. The global Palm Oil market reached a production volume of more than 77 Million Tons in 2018, registering a CAGR of 6.8% during 2011-2018.

Global Palm Oil Market Drivers

Expanding applications of Palm Oil in both edible and non-edible sectors remain the major growth inducing factor for the market. On account of various health benefits provided by Palm Oil, it is considered suitable for a number of applications in the food industry. It contains 20-22% solid fats due to which Palm Oil is utilised in shortening, margarines and other fat products. It can also be combined with harder fat fractions in order to give them the required consistency without resorting to hydrogenation. Some of the other common Palm Oil products include cooking and frying oils, vegetable ghee, and non-dairy creamers. Rising awareness about these health benefits among the consumers is boosting the demand for Palm Oil worldwide.

Further, Palm Oil is readily replacing petroleum-based products as an effective alternative for fossil fuels in transportation and energy industries. Apart from this, it is also employed as a substitute to mineral oil in power stations for energy production. Moreover, an initiative undertaken by several governments across the world to curb trans-fat consumption is envisaged to boost the market growth.

Palm Oil: World Consumption 2018, by Category
Jan/Dec 2018 total: 70.1 Mn T



Regional Insights:

On a geographical front, India represented the largest consumer in the global Palm Oil market. Initiatives taken by the Indian government, such as cutting down the import duty, resulted in the low price of Palm Oil, thereby making it affordable for the consumers in the region. India is followed by Indonesia, China, European Union, Malaysia and Others.

Five factors that can be impacted on futures outlook of Crude Palm Oil (CPO) prices

(1) Supply and demand of Palm Oil

China, India and Europe are among the largest importers of Palm Oil. Any crisis that arise like global economic downturn, the euro zone debt crisis and slowing food demand in India and China will lead to a decrease demand of Palm Oil as these countries would spend less on imports during these times. Less demand will push the price of Crude Palm Oil down as it leads to surplus of supply of Palm Oil in Palm Oil producer countries such as Malaysia and Indonesia. However out of most of the edible oils Palm Oil is sold at the lowest price and the effect on Palm Oil will be very much lesser than the other edible oils.

(2) Price of competing vegetable oils

The price and demand of other vegetable oils such as soybean oil, sunflower oil, rapeseed oil and corn oil can also affect the price of Crude Palm Oil. For example, bad weather such as drought in soybean producer countries like the US, Brazil and Argentina will lower the production of soybean oil there fore affecting soybean oil prices that will help increase Palm Oil prices.

(3) Weather patterns

As Palm Oil plantations are mostly in tropical countries such as Malaysia and Indonesia, heavy rain could flood the plantations and hamper harvesting. Dry spell on the other hand would affect growth on the plantation thus lowering Palm Oil production.

(4) Import policies of importing countries

Import policies and laws of countries that import Crude Palm Oil too can affect the price of Crude Palm Oil. Australia for example had proposed a bill to enforce labeling Palm Oil as product ingredient instead of vegetable oil. If this bill was passed, consumers who believe that Palm Oil is bad because Palm Oil plantations have contributed to deforestation could easily avoid products that contain Palm Oil. This could lead to low demand for Palm Oil-based products thus affecting the price of Crude Palm Oil.

(5) Changes in taxation and import duty

The international Palm Oil industry analyst has predicted CPO price forecasts, was reported recently as saying that India should impose an import tax on Crude Palm Oil to protect its own farmers. This move, if implemented, will force Palm Oil producer countries like Malaysia and Indonesia to increase the export price of Crude Palm Oil.

The higher cost will drive less demand for Palm Oil-based products as their prices will shoot up and consumers will opt for cheaper alternative oils. Less demand will raise the inventory level in Crude Palm Oil producer countries such as Malaysia and Indonesia, pushing the price of Crude Palm Oil down.

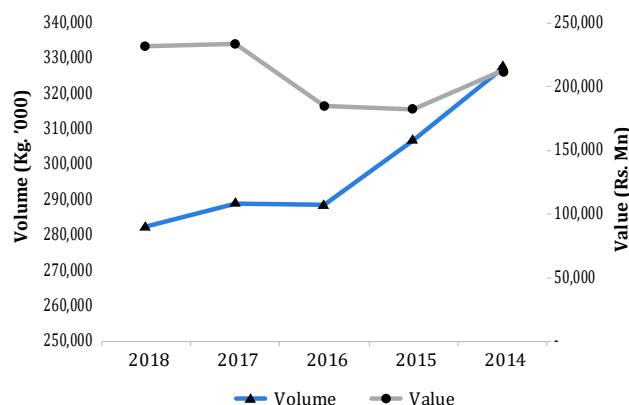
CPO export tax policy in Palm Oil producer countries also play a part in setting the Crude Palm Oil prices.

AGRICULTURAL EXPORT

Performance of agricultural exports deteriorated in 2018. Agricultural exports, which accounted for about 22 per cent of total exports, declined by 6.8 per cent, year-on-year, to US dollars 2,579 million in 2018 due to poor performance in almost all sub categories except seafood.

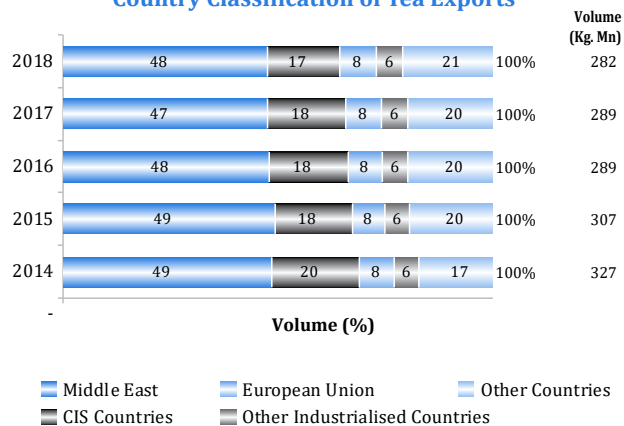
Earnings from tea exports, which grew significantly in the previous year with the support of favorable international tea prices, declined by 6.6 per cent to US dollars 1,428 million in 2018, due to the combined impact of lower average export prices and reduced exported volumes of tea.

Tea Export



Although the higher volume of black tea production and exports, particularly from Africa, resulted in a decline in the international tea prices at the Mombasa and Kolkata auctions, prices of Sri Lankan Orthodox tea remained relatively strong due to the limited supply. However, despite an increase observed in the first quarter of 2018, the average export price of one kilogram of tea declined during the year to US dollars 5.06, in comparison to US dollars 5.29 in 2017, due to restricted trade with Iran and Russia following the imposition of sanctions on these countries. The volume of tea exported declined by 2.3 per cent in 2018, compared to the previous year, with the lower production owing to work stoppage due to wage negotiations as well as adverse weather conditions that prevailed in some months.

Country Classification of Tea Exports

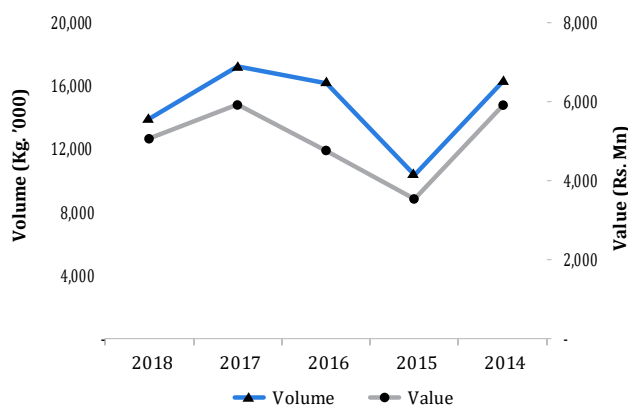


Source: Central Bank of Sri Lanka Annual Report - 2018

In 2018, Turkey continued to be the number one importer of Sri Lankan tea, in value terms, followed by Russia, Iraq and Iran, jointly contributing for about 41 per cent of earnings from tea exports.

Despite an increase observed in export earnings from non-kernel coconut products, earnings from coconut exports declined by 10.6 per cent to US dollars 311 million in 2018, due to the significant decline in export earnings from coconut kernel products. In 2018, export earnings from coconut kernel products decreased by 21.3 per cent mainly due to lower exported volumes of desiccated coconut and coconut oil with the reduced production of coconut during the first half of 2018, owing to the lagged effect of adverse weather conditions. Export earnings from coconut non-kernel products increased by 2.3 per cent owing to higher performance in fibre exports.

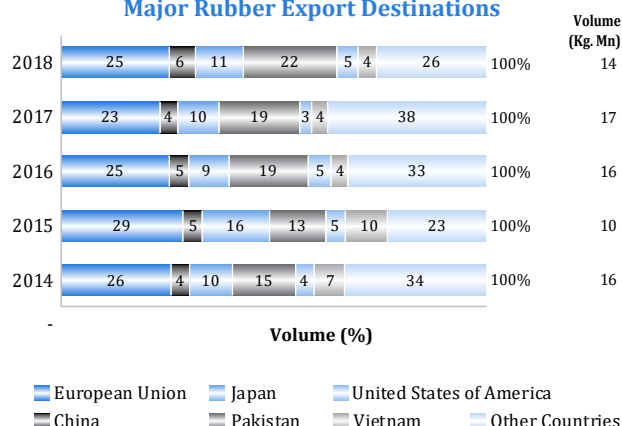
Rubber Export



Further, export earnings from spices reduced by 11.3 per cent to US dollars 360 million in 2018, compared to the previous year, led by the poor performance in almost all categories of spices, except cinnamon. While earnings from most of the spices such as cloves, pepper and nutmeg and mace declined with the reduction in exported volumes due to poor harvest, earnings from cinnamon exports increased with high export volumes.

Further, export earnings from minor agricultural products declined by 14.7 per cent to US dollars 118 million during the year due to the lower performance of most categories particularly arecanut, betel leaves and fruit.

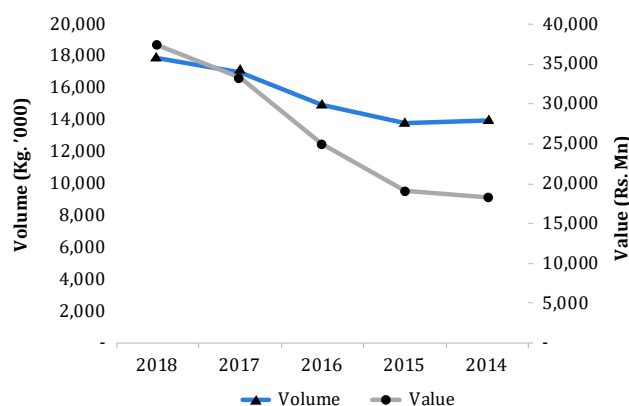
Major Rubber Export Destinations



Source: Central Bank of Sri Lanka Annual Report - 2018

In addition, export earnings from rubber, vegetables and unmanufactured tobacco also declined in 2018. However, earnings from seafood exports continued to rise by 10.5 per cent, to US dollars 266 million in 2018, benefitting from the removal of the ban on the exports of fisheries products to the EU and the restoration of GSP+ facility. Accordingly, seafood exports to the EU market increased significantly by 37.5 per cent to US dollars 92 million during the year, due to the higher demand from France, Italy, Germany, Spain and Netherlands. Earnings from mineral exports declined marginally by 0.4 per cent, year-on-year, to US dollars 34 million in 2018. Despite an increase in export earnings from ores, slag and ash, earnings from mineral exports decreased during the year due to reductions in earnings from earths and stones, and precious metals.

Cinnamon Export



Crop	Unit	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Tea											
Low Grown	kg mn	192	197.4	183.6	202.4	210	208.2	202.1	196.7	196.2	173
Medium Grown	kg mn	47	45.7	44.5	51	49.2	52.6	52.6	52.6	56.1	45
High Grown	kg mn	64.8	64	64.4	75.4	78.9	79.2	73.6	78.2	79.1	73
Total	kg mn	303.8	307.1	292.5	328.8	338.1	340	328.3	327.5	331.4	291
Rubber											
Sheet Rubber	kg mn	41.3	41.5	39.8	44.4	48.5	62.8	59.2	60.7	59.2	54.6
Crepe Rubber	kg mn	14.5	11.5	15	11.1	15.3	20.2	39.7	64.6	61.1	40.6
Other	kg mn	26.8	30.1	24.3	33.1	34.8	47.4	53.1	32.9	32.7	41.7
Total	kg mn	82.6	83.1	79.1	88.6	98.6	130.4	152	158.2	153	136.9
Coconut											
Desiccated Coconut	nuts mn	222	266	399	326	393	228	325	364	225	292
Coconut oil	nuts mn	63	67	348	396	318	349	649	392	523	598
Copra	nuts mn	3	3	6	3	25	0.4	3	11	5	45
Fresh nut	nuts mn	1	10	30	13	33	21	19	8	39	59
Coconut cream, Milk powder and Milk	nuts mn	366	274	246	270	248	121	112	98	85	80
Domestic Nut Consumption	nuts mn	1,794	1,656	1,787	1,874	1,830	1,826	1,873	1,855	1,836	1,816
Total	nuts mn	2,623	2,450	3,011	3,056	2,870	2,513	2,940	2,808	2,584	2,762
Cinnamon	mt	2,398	2,496	2,824	2,639	2,674	3,000	3,000	2,974	3,164	3,125

FUTURE OUTLOOK

The external sector outlook in 2019 remains positive despite some downside risks. The deficit in the trade account is expected to contract during 2019 with the anticipated deceleration in imports supported by the changes introduced in the import related taxes and the potential impact of the sharp depreciation of the rupee in 2018.

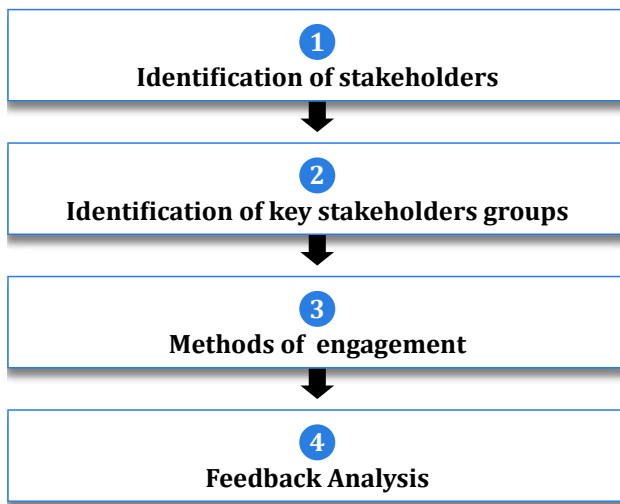
The growth momentum in export earnings is expected to accelerate in 2019, supported by the enhancements of trade relations with new trading partners, conducive external trade policies, strong institutional support and a more competitive exchange rate. The surplus in the services account is expected to improve in 2019 supported by higher inflows, particularly on account of tourism, IT, BPO and transport services. The workers' remittances are expected to remain at current levels while the deficit in the primary income account is expected to widen with an increase in interest payments amidst relatively tighter global financial market conditions.

Meanwhile, the financial account of the BOP is expected to improve with higher FDI inflows into the long-term development projects in the Colombo Port City and the Hambantota industrial zone, among others. Further, the foreign investments to the CSE and the government securities market are also expected to stabilize with the sluggish pace of interest rate normalization in advanced economies. In addition, the recommencement of the IMF - EFF is also expected to strengthen the external sector with improved investor sentiment. The expected reduction in the current account deficit and the accompanying financial account flows are expected to contribute to the gradual strengthening of the exchange rate and an accumulation of official reserves during the year.

(Source: Central Bank Annual Report - 2018)

STAKEHOLDER ENGAGEMENT

Stakeholder Engagement Process



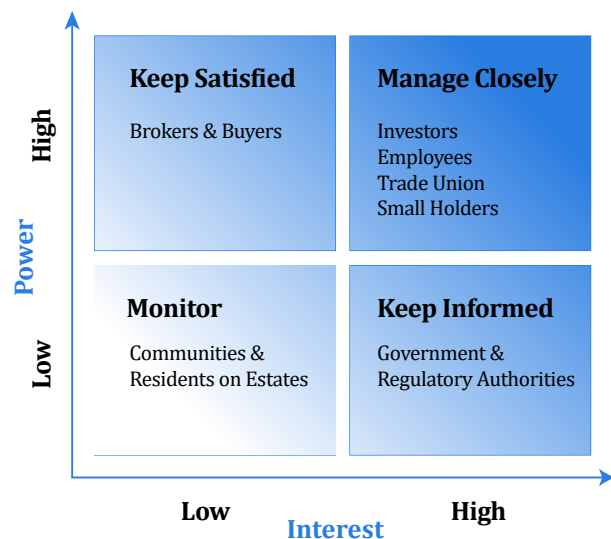
We are a Business of People

Stakeholders are parties who are affected by our activities and who may reciprocally influence our operations. This comprises individuals and groups with whom we sustain direct relationships, as well as stakeholders along our chain of operations who are affected by our business decisions indirectly, and who may also, through their own decisions, impact our operations.

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 multifaceted role of the government in the plantation sector. Hence, we are in a situation where we interdependent on each other.

We recognize the interdependent nature of these relationships and take a long-term approach in managing them. The social report describes our approach to engage 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.

Even though we engage stake holders needs and wants with a common considerable effort, there is a arrangement of priotisation to involve with them. It is reflected by Power vs interest relationship graph.



In accordance with that we are mainly focusing on Parties who have high interest and high power towards NPPLC. Thus, Shareholders are our main priority.

For identifying and understanding the material concerns of our stakeholders, we are always engaged with them and their various expectations.

Therefore, their participation and interests over the organization are always welcome since we have the understanding that our future success is depend on the interest of stakeholders towards us. Hence, we encourage them to contact us through our tele line and email. We are always willing to respond them urgently for any issue relevant.

In accordance with that stakeholder inclusiveness is considered as the main driver for further improving our corporate responsibility management.

Everyday, at every level of the business, we engage with a large number of stakeholders, both formally and informally. These interactions are crucial to NPPLC, enabling us to respond effectively on sustainability challenges and opportunities affecting us all.

Key Stakeholders

GRI 102-40/102-43/102-44

We have identified below our key stakeholder groups and summarized the channels we use to maintain dialogue with them. For each group, the engagement varies on a case-by-case basis, and includes formal and informal channels that are used to varying degrees of regularity.

Stakeholder	Relevance to Business	How We Engage	Frequency	Needs Identified	Our Response
Investors	Investors including shareholders and banks provide capital to finance our growth. Shareholders earn a return by way of dividends and appreciation of the share price whilst banks earn interest, commission and fees.	<ul style="list-style-type: none"> • Press releases • Annual Report • Annual General Meeting 	<ul style="list-style-type: none"> • When required • Annually • Annually 	<ul style="list-style-type: none"> • Increasing financial returns • Risk Management • Corporate Governance 	<ul style="list-style-type: none"> • Maintaining a consistent bottom line • Engaging in greater transparency & Good Governance Practice and responsible • Maintaining the Company reputation and credibility • Ensure Safeguarding asset quality by implementing good internal control system
Brokers & Buyers	Our products are sold at the Colombo Auctions and also sent direct to buyers. Brokers assess and catalogue the produce and market it at auctions. Most of the produce sold at auctions is exported.	<ul style="list-style-type: none"> • Tea Auction • One to one meetings with Superintendents 	<ul style="list-style-type: none"> • Weekly • When required 	<ul style="list-style-type: none"> • High Quality produce • Certifications of quality assurance systems • Compliance with certification requirements • Compliance with certification requirements 	<ul style="list-style-type: none"> • Use new technology to improve product quality • Respond and take corrective action promptly, as per the Brokers & Buyers complains
Small Holders	Small scale plantations and home gardeners sell their tea leaves to our factories which accounts for approximately 49% of leaves processed in our factories. The price is determined according to a formula set by the Sri Lanka Tea Board. We provide fertilizer and agro-chemicals to these small holders for which the cost is recovered from the amounts payable to them providing them with crop financing. We also purchase quantities of other crops for processing at our factories.	<ul style="list-style-type: none"> • Village forums • Complaint Registers maintained at all estates • One to one meetings with Estate Superintendents and Regional Managers • Through tea commissioners' division 	<ul style="list-style-type: none"> • Frequently • Regularly • When required. • When required. 	<ul style="list-style-type: none"> • Fair price • Technical advice on agribusiness • Financial support • Compliance with certification standards 	<ul style="list-style-type: none"> • Pay competitive price for their Green leaf • Implement Prompt Settlement system • Organize technical sessions & awareness programmes
Employees	We have 4,835 employees of which 4,463 are workers of plantations. Majority of our employees reside in the plantations and have access to a variety of welfare services provided free of charge. We rely on them for our growth and performance and seek to empower them to reach their full potential.	<ul style="list-style-type: none"> • Daily Forums • Employee surveys • Complaint Registers maintained at all estates • Monthly proactive meetings with union representatives 	<ul style="list-style-type: none"> • Daily • By annually • Regularly • Monthly 	<ul style="list-style-type: none"> • Empowerment • Equal Opportunity • Job enrichment • Housing and Welfare needs for resident estate employees • Basic medical facilities for resident employees 	<ul style="list-style-type: none"> • Competitive rewards and benefits • Training & development • Continuation of negotiations • Effective Management of grievances • Maintain high standards of occupational health & safety • Ensure employees' welfare

<p>Communities & Residents on Estates</p>	<p>Residents on our estates, many of whom are families of current or former employees. They are also provided with access to welfare services.</p> <p>Further we are closely involved with the village communities that border our estates as our actions impact these communities and they provide ancillary services. Additionally, resident employees are dependent on the communities for their needs and we work with government and non government agencies to uplift their living standards on a continuous basis.</p>	<ul style="list-style-type: none"> • Daily forums • Village Forums • One to one meetings with Superintendents • Complaint Registers maintained at all estates 	<ul style="list-style-type: none"> • Annually • Periodically • When required 	<ul style="list-style-type: none"> • Provision of housing and other facilities • Basic medical facilities on estates • Access to education for children • Socio economic progress of Communities • Preservation of environment • Financial support for community Development 	<ul style="list-style-type: none"> • Engage with the community projects which enhance community lives • Act as a good corporate citizen through the CSR activities. • Operating child care center, co-operative shops • Conducting religious ceremony & Provide Finance assistant to Kovil , Temple
<p>Trade Union</p>	<p>Trade Union Engaged with the Business represent the workers/ Staff Collective agreement and other matters relating to workers / staff, privileges & rights.</p>	<ul style="list-style-type: none"> • Collective agreement & bargaining • Regular dialogue with the Management • Corporative Societies • Health & Safety Committee 	<ul style="list-style-type: none"> • Frequently • Regularly • When required 	<ul style="list-style-type: none"> • Improve awareness of labour related laws and regulations • Proper communication with the trade unions • Stand together strongly with regard to institutions who have common interest (ex: EFC / Planters Associations) 	<ul style="list-style-type: none"> • Comply with Labour laws, wage structures & other related regulations. • Effective management of problem solving • Negotiations & bargain
<p>Government & Regulatory Authorities</p>	<p>The Government has a multifaceted role as the Golden Shareholder of the company, the lessor of the estates we manage and act as regulator of markets and the environment.</p>	<ul style="list-style-type: none"> • One to one meetings at estate level with local government and provincial councils. • Government regulatory requirements • Payment of relevent taxes to Department of Inland Revenue. • One to one meetings at corporate level with relevant ministries 	<ul style="list-style-type: none"> • When required • When required • Quarterly/ Annually/ Monthly • When required 	<ul style="list-style-type: none"> • Alignment with national strategy • Compliance with terms of lease agreements • Preservation of natural capital • Timely payment of taxes 	<ul style="list-style-type: none"> • Fullfill all the regulatory requirements on time • Ensure timely settlement of Taxes

MATERIALITY ASSESSMENT

Our Sustainability Strategy

Our sustainability strategy is grounded in a holistic view of triple bottom line approach. We recognize that our responsibilities extend to every aspect of our business and our future is already in motion, we are moving people more efficiently and sustainably.

With our direct primary operations across in four regions of the country having 4,835 direct employment and 11,779 ha of land base, we have clear strategies and comprehension for making esteem, constantly enhancing our execution and tending to an extensive variety of Social, economic and environmental challenges in a changing world and we keep ceaseless survey to reflect global best practice with ethics and consistence as the establishment of all our business exercises. Our administration frameworks and procedures enable us to deal with the distinctive parts of supportability over our business, from atmosphere to change the product quality and safety, and from ethical business practices to deal with our supply chain.

We continue to develop and expand our business model, encompassing our core business of Cultivation, Manufacture & sale of Tea, Rubber, Oil Palm, Coconut and Cinnamon Plantations by committing to have a positive impact on the sustainable world.

Engaging With Stakeholders to Understand Key Issues

Our most recent materiality review and ongoing engagement with stakeholders helped us to understand and prioritize the sustainability issues that are most important to our business and our stakeholders.

We use a variety of governance systems and processes to manage the different aspects of sustainability across our business. These are summarized throughout this report.

In addition to ensuring that we act responsibly in the interests of our shareholders.

Management Approach

The company manages its material topics through its strategic planning process by assigning responsibility for the heads of the relevant SBU (Estate) of the company, allocating necessary resources based on the significance of each material topic towards achieving the aforesaid strategic imperatives, Goals and targets, where relevant are embedded into the KPIs of the Key Management Personnel to ensure that the Organization achieves its objectives with regard to its material topics and they are reviewed at regular intervals. Many policies are in place guiding its people to conduct activities in a responsible, transparent, and ethical manner in managing the material topics. Internal and external auditing and verifications are carried out to ensure that the internal controls, policies and procedures laid down to achieve the objectives of material topics are adhered to. Findings are reported to the Board of Directors and/or to the Management Committees on a regular basis for corrective action where necessary.

Creating Value Roadmap (CVR)

GRI 102-18

The CVR process is the model for how we run the company. It contains the management processes that we follow to continually improve our performance and deliver our corporate plan into success and enables us to continually monitor the ever changing business environment for risks and opportunities – including those related to sustainability and use this analysis to inform and adjust our strategies as needed. It also creates stronger accountability for setting, tracking and reporting progress against our goals, objectives, revenue targets and other financial & non-financial indicators and stakeholder satisfaction. This helps to ensure that we implement sustainability-related risk assessments, planning, strategy implementation and performance reviews consistently around all our estates. We monitor progress against objectives throughout the year, using the processes set out below. These allow us to respond to new internal and external developments in a prompt manner and use these evaluations to inform adjustments to our management approaches where necessary.

• **Business Plan Review (BPR):**

Our corporate management is responsible for preparation of the corporate plan taking into account the strategic direction and guidance given by the Board of Directors. Corporate level strategy is then translated in a rigorous top down process into regional plans, estate level plans and individual Key Performance Indicators as depicted below. Monthly reports facilitate monitoring of performance at company, region and estate levels against identified performance indicators. This evaluation results a fruitful coordination of planning and execution of the strategy. Approved strategic plan appraise against key performance indicators at monthly Management meetings by corporate management and quarterly examine by the Board. The precautionary principle is embedded in the culture and values of the organization and is a key consideration in decision making. Individual estate’s performance & sustainability works are reviewed alongside our NPPLC business plan at these meetings.



• **Special Attention Review (SAR):**

The SAR process brings the senior management team together to review significant matters needed urgent attention in more detail and to develop action plans and strategies to address more specific risks and opportunities.

• **Additional governance forums:**

The forums, such as the Superintendent meetings, Product matters meeting, Quality and Productivity meeting and Executive Personnel meetings, enable us to review key elements of our business, make long term decisions and develop strategic inputs to the Board of Directors.

Business Plan Development and Compensation

As part of our annual business planning process, NPPLC’s business units develop scorecards based on KPI’s to track their performance. Sustainability targets are integral to company wide achievements and are translated into product manufacturing and financial performance metrics. These metrics form part of the performance assessment for Superintendents & Assistant Superintendents of the company and affect their reward. Executive compensation is affected by the company’s performance in a range of areas, including sustainability performance.

GRI 102-19/102-20

Since we have not formed a separate sustainability committee, all the decision making on economic, environmental & social topics and sustainability related matters were addressed by the senior management team, based on CEO’s guidelines & approvals process.

Prioritizing Key Issues

We use a formal materiality process to define our reporting priorities, identify emerging sustainability issues, shape our sustainability strategy, set goals and allocate resources. The resulting priority topics are captured in a matrix, providing a snapshot of the challenges, opportunities and connections between the sustainability issues of most importance to our business and of highest concern to our stakeholders.

Materiality Definitions and Methodology

According to the GRI, materiality refers to aspects that reflect an organization’s significant Economic, Environmental & Social (EES) impact, and how a company can have a substantial influence on stakeholder assessments and decisions. During the preparation of NPPLC’s annual Report for FY 2018/19, we conducted a materiality assessment exercise which involved a combination of in-house risk assessment and identification of external stakeholder expectations and trends.

Definitions of Materiality

For the purposes of this report, we consider material information to be that which is of greatest interest to, and which has the potential to affect the perception of, those stakeholders who wish to make informed decisions

and judgments about the company's commitment to environmental, social and economic progress.

This definition is consistent with, the Global Reporting Initiative (GRI) definition of material topics: "those that reflect the organization's significant economic, environmental and social impacts; or that substantively influence the assessments and decisions of stakeholders."

Our Materiality Process

Prioritizing Key Issues

Conducting a formal materiality process enables us to define our reporting priorities, identify emerging sustainability issues, shape our sustainability strategy, set goals appropriately. We capture the resulting priority topics in a matrix, which provides a snapshot of the challenges, opportunities and connections between the sustainability issues of most importance to our business and those of highest concern to our stakeholders.

Our Materiality Matrix

The materiality matrix on the right plots each issue and the ratings accorded to it. The y-axis represents the influence on stakeholders and the x-axis represents impact on NPPLC. Issues found closer to the upper right-hand corner of the matrix are of higher influence and impact to both NPPLC and stakeholders.

The Definition of Materiality For the purposes of this report, we consider material information to be that of greatest interest to, and has the potential to affect the perception of, those stakeholders who wish to make informed decisions and judgments about the company's commitment to environmental, social and economic progress. This definition predates, but is consistent with, the GRI's definition of material topics: "those that reflect the organization's significant economic, environmental and social impacts; or that substantively influence the assessments and decisions of stakeholders."

1. Identification

We drew up a list of potential issues based on following six grouped concerns,

1. Natural Environment
2. Work Environment
3. Local Development
4. Supplier Management
5. Product Responsibility
6. Creating Value for shareholders & Profitability

The issues were identified through desk-based research, comprising a peer review; media scan and review of sustainability thought leadership from industry experts and associations and using following Internal and External information sources.

Internal information sources

- Management discussions & meetings
- Employee discussions & meetings
- Policies & industrial practices
- Annual General Meeting
- Result of internal audit and management system audit carried out

External information sources

- National policy decisions
- Ongoing Investor Concerns and Expectations
- Reports and articles published by Industry analysts, researchers and investors
- Corporate Social Responsibility projects
- Directives issued by regulators
- Stakeholder Analysis

by considering followings main impact areas & norms.

- Direct financial impact
- Policy related performance
- Industrial based norms
- Organizational peer based norms
- Stakeholder behavior and norms
- Societal norms

2. Prioritization

Internal and external stakeholders expectations were screened based on the topics identified and rate them in terms of their perceived importance.

The Senior Management of NPPLC reviewed to identify key challenges, opportunities and linkages between the issues,

and average ratings were obtained from both internal & External stakeholders key EES issues which are most concerned with, against potential financial, operational and reputational impact that these issues may have on the Company.

We realize that in today’s globalized and fast-paced world, material issues are always evolving. However, since there have been no major corporate developments or developments specific to the Company’s Plantations and NPPLC for FY 2018/19, our Materiality matrix remains the same for most of the part as last year.

3. Review

The results of the materiality analysis were reviewed internally by NPPLC’s Corporate Management Team with regional & Head office Management Team.

Following the review, revisions were made to ensure that all concerns/feedbacks were appropriately reflected, and that our process and list of important issues were completed, well understood and inclusive of the perspectives based on internal & external stakeholder expectations.

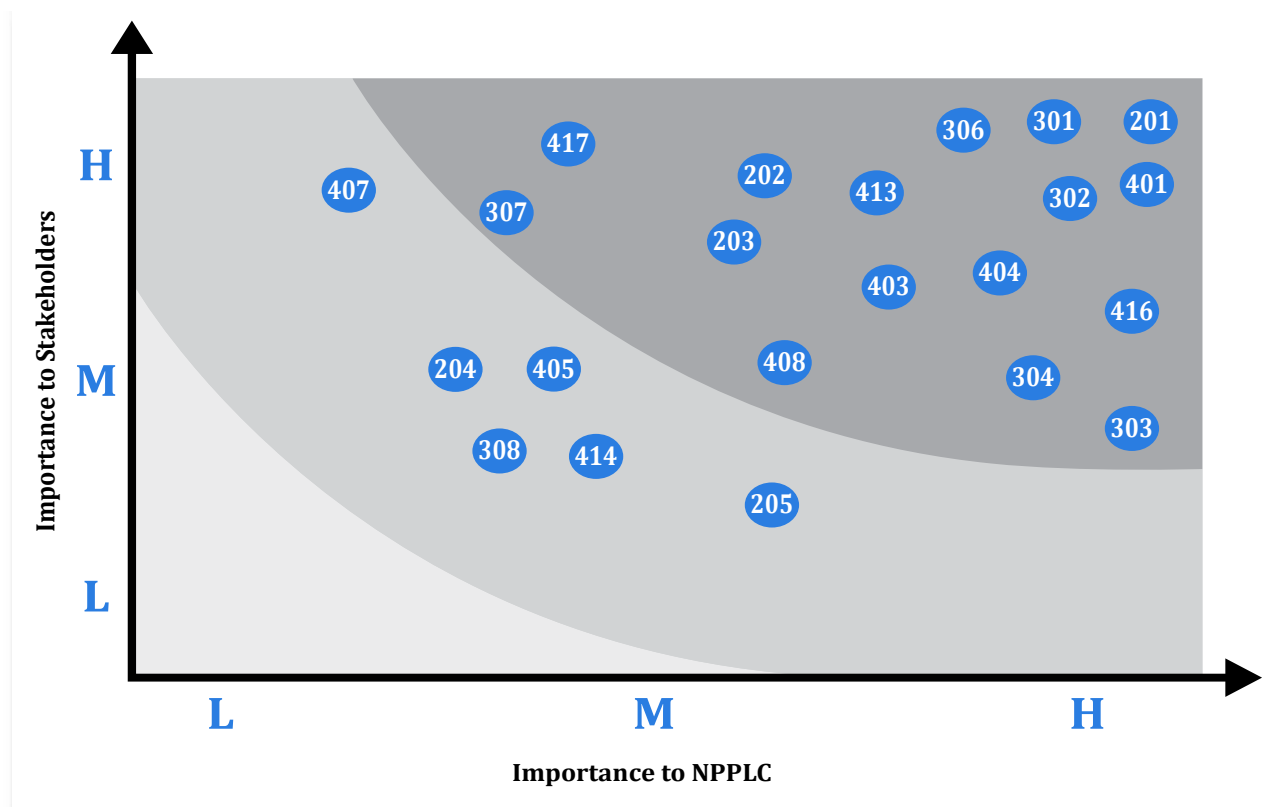
Materiality Results

Our most important six priority areas were identified as being,

1. Natural Environment
2. Work Environment
3. Local Development
4. Supplier Management
5. Product Responsibility
6. Creating Value for shareholders & Profitability

Our most recent materiality analysis is reflected in the matrix on follows.

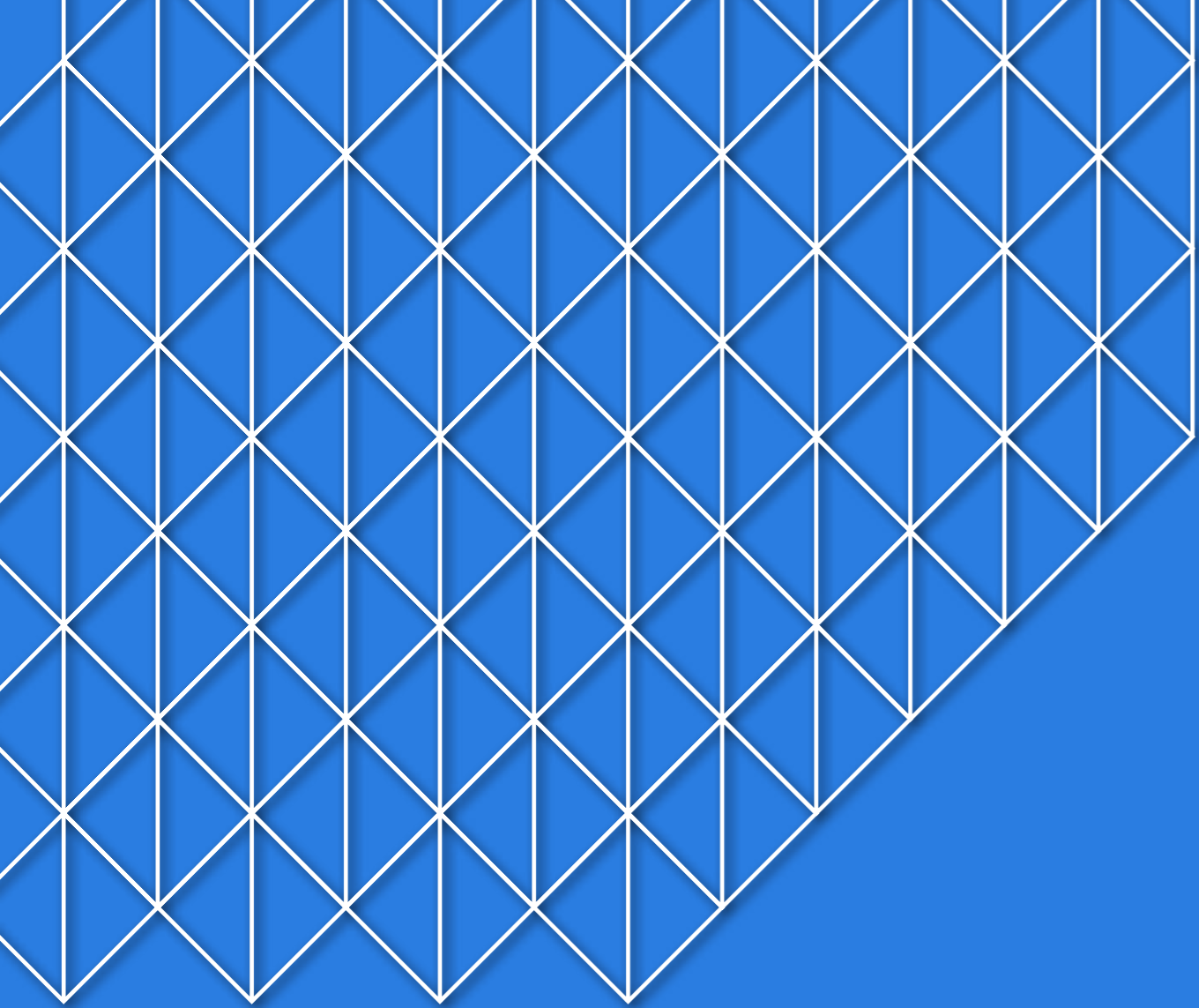
It plots each issue and the ratings according to the materiality analysis. The y-axis represents the importance to Stakeholders and the x-axis represents increasing importance to NPPLC from left to right. Issues found closer to the upper right-hand corner of the matrix are of higher importance to NPPLC and stakeholders.



The following table shows the Material topics and Management approach to them according to various aspects relating to the triple bottom lines of Sustainability.

GRI 102-47/103-01/103-02

Material Issue For NPPLC	Corresponding GRI Standards No.	Material GRI Topic	Topic Boundary		Management Approach
			Internal	External	
Natural Environment	301	Materials	*		Natural Capital - refer page no 116 to 127
	302	Energy	*		
	303	Water	*		
	304	Biodiversity		*	
	306	Effluents and waste	*		
	307	Environmental Compliance	*		
Work Environment	401	Employment	*		Human Resource - refer page no 24 to 25 & Human Capital - refer page no 92 to 102
	403	Occupational health and safety	*		
	404	Training and education	*		
	405	Diversity and equal opportunity	*		
	407	Freedom of association	*		
	408	Child Labour	*		
Local development	413	Local communities		*	Social & Relationship Capital - refer page no 107 to 115
	203	Indirect economics impact		*	
Supplier Management	308	Supplier Environmental		*	Social & Relationship Capital - refer page no 107 to 115
	414	Supplier social assessment		*	
Product Responsibility	417	Marketing and labeling	*		Social & Relationship Capital - refer page no 107 to 115
	416	Customer health & Safety		*	
Creating value for shareholders & profitability	201	Economic performance	*		Social & Relationship Capital - refer page no 107 to 115, Human Capital - refer page no 92 & 102 & Management Discussion & Analysis - refer page no 48 & 63
	202	Market Presence	*		
	204	Procurement practices	*		
	205	Anti-corruption	*		



Value Creation



74
Value Creation Model

76
Financial Capital

86
Manufacturing Capital

92
Human Capital

103
Intellectual Capital

107
*Social & Relationship
Capital*

116
Natural Capital

128
GRI Content Index

134
*Independent Assurance
Report*

*How we create value through our Business model
over the short, medium and long term for our
stakeholders, Society and the environment.*

VALUE CREATION MODEL

GRI 102-2

VISION MISSION OBJECTIVES

INPUTS

FINANCIAL CAPITAL

- Equity Capital
- Debt Capital
- Operational Cash flows
- Easy access to Credit facilities

MANUFACTURING CAPITAL

- Diversified Crop
- 11,779 ha of Land base
- Manufacturing Facilities
- Investment in Field development & PPE

SOCIAL AND RELATIONSHIP CAPITAL

- Community Development
- Stakeholder Management
- Supplier Relationship
- Strong Health & Welfare Committee Network

HUMAN CAPITAL

- Skilled Workforce
- Occupational Health & Safety practices
- Employee Wellness
- Employee Training programmes

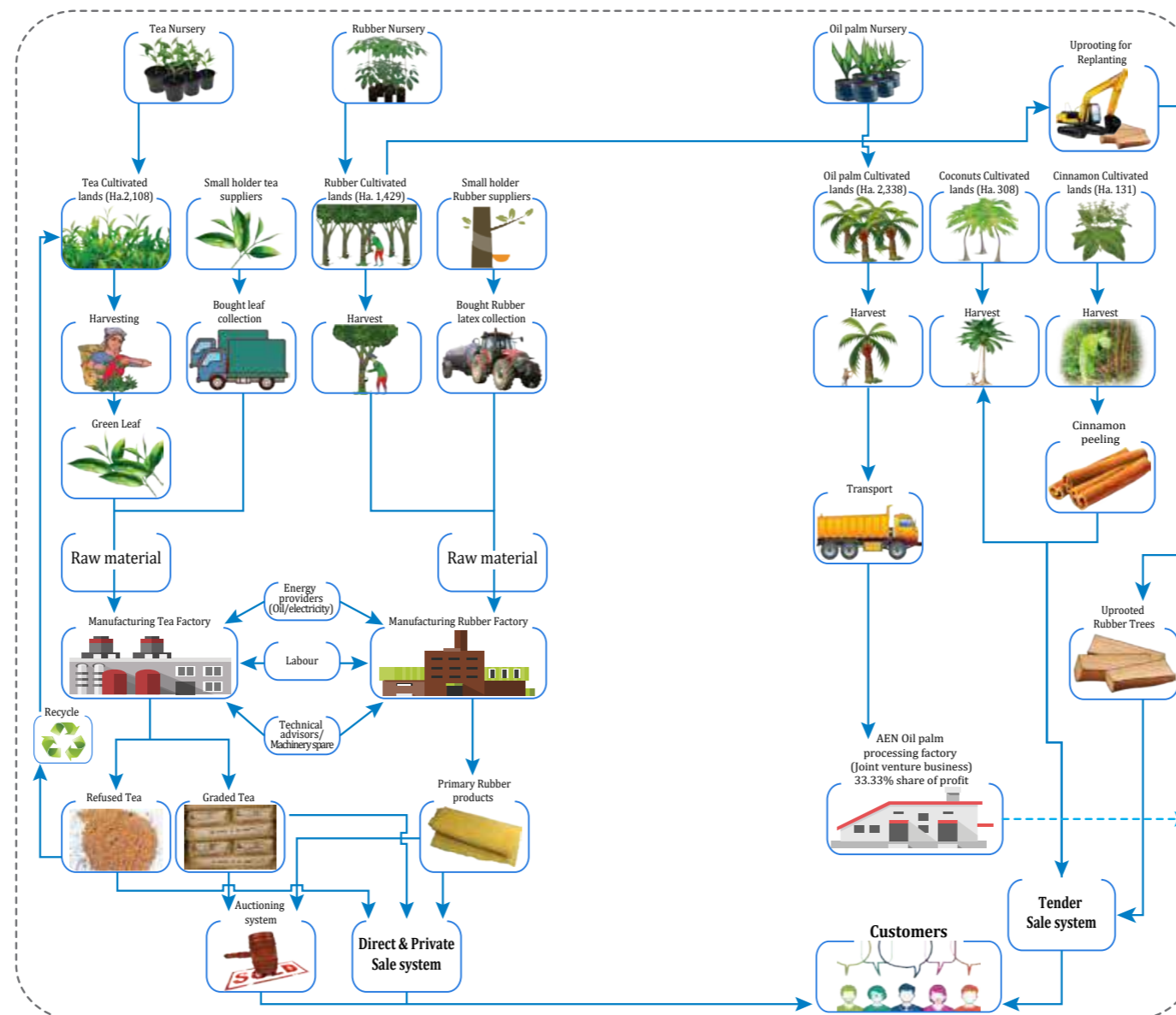
INTELLECTUAL CAPITAL

- Experience & Tacit knowledge
- Trade Marks
- Research & Developments
- Organizational Culture, Systems and Procedures

NATURAL CAPITAL

- Biological Assets
- Biodiversity & Surrounding Nature
- Water
- Managed Forestry

HOW WE CREATE VALUE



OUTPUTS

ROE - 10%
Dividend Pay Out Ratio - 79%
Turnover - 2.4 Bn
Total Assets Base - 4.6 Bn

Over 22 Mn Oil Palm Crop
248 Mn Field Development
2.3 Mn Kg of Tea production
10 Tea Factories, 07 Rubber Factories

CSR activities
Rs. 517 Mn paid to Suppliers
> 20,000 dependents
Over 2,600 Tea small holder suppliers

Total Workforce of 4,835
Employee Turnover - 11.85%
Total Employee Cost over Rs. 01 Bn.
8,701 Hrs of Training

More than 23% Market Share from OP industry
17 No's of Trade marks owned by us
Inhouse developed IT System - Mark Sys
19 No's of best prices during the year

No of Hectares newly planted - 174 ha.
Energy Usage
Efficient & well organized disposal of effluent & waste
Climate Smart Agriculture approach

OUTCOMES

Continued Value added to Shareholders
Shareholder return
Profitability Growth
Strong Financial Position

Increased Crop Portfolio
Business process improvements
Capacity Expansion
Business Diversification

Strengthened of Supply Chain
Better Stakeholder relationship
Enhanced Livelihood of communities
Social license to operate

Talented and efficient workforce
Job Satisfaction & Increase productivity
Safer work Environment
Staff Motivation

Efficiency improvement of processes
Quality of product outputs
Competitive advantage
New business opportunities

Minimum footprint on Environment
Energy Efficiency
Environmental Conservation
Responsible Corporate Citizen



FINANCIAL CAPITAL

The Company's financial capital comprises of Company's Shareholders' Funds, short term and long term borrowings from banks as well as the reserve build up over the years by prudent cost management and Profit generation.

By effectively managing such funds in day to day operations and investing activities of our diversified Plantations business, the Company generates sustainable returns which are shared among the key stakeholders of the Company.

Management Approach

Our approach to Financial Capital Management seeks to establish guidelines for the administration and control of the Company's funds in accordance with our goals and objectives and to make sound financial decisions to safeguard assets. The policies and procedures governing our financial management approach broadly include, budgeting, risk management, strategic planning, cost control, internal control, treasury and liquidity management.

Our commitment to financial excellence predominantly based on the adherence to the rules and regulations as set out by the Sri Lanka Accounting Standards, comply with relevant laws, rules and regulations as specified by the statutory and regulatory bodies including the Companies Act No 07 of 2007 and the continuous Listing Rules under the Colombo Stock Exchange (CSE) and the Securities and Exchange Commission of Sri Lanka. Further, by adopting prudent measures of financial resource management and focusing on maintaining costs and expenses to budgeted and acceptable levels, Namunukula Plantations PLC ensures proper day to day financial management of the Company.

Further, we also focused in managing our assets over liabilities to maintain a stable and healthy financial position by doing in diversification investments to secure sustainable growth in long-term perspective. We have the necessary checks and procedures established to curtail unwarranted spending and minimize our wastage and leakages within estates and head office, tight monitoring procedures on inventory and debtor management and eliminating non value added activities.

Risks and Opportunities

Risks

- Increasing trend of production costs such as labour and operations whilst the product prices are constant or growing in a slight manner.
- Economic and political uncertainties lead to volatile export markets.
- Labour force which actively involved with unions and impacts towards the labour productivity due to trivialities.
- Macro-economic conditions and uncertainties in policy changes towards the Plantation industry.

Opportunities

- Financial disciplines with effective cost controls with good practices in Accounting and Financial Management.
- Healthy and reliable relationships with finance providers.
- Good governance and efficient internal controls.
- Member of biggest Plantations group of companies of Sri Lanka.

Financial Review

With a view to sustaining long term business viability, Namunukula Plantations PLC (NPPLC) has constantly maintained a strong grasp on prudent financial management and with NPPLC's operations in crop diversification it becomes imperative to manage financials pragmatically, especially amidst macro-economic fluctuations, to create long term value across each business segment.

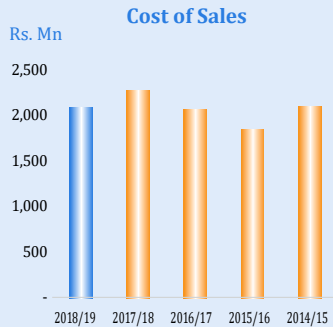
In the year under review, market dynamics such as dwindling market prices and demands for wage hikes by estate workers affected both NPPLC and plantation industries at large. In addition, inclement weather conditions also impacted production levels, while, the decline of NSA, reduced crops and macro-economic uncertainties directly impacted financial performance of the Company. However, our foresighted strategy of diversifying into palm oil, continued to sustain robust performance during the financial year, positively impacting revenue and profitability.

The following financial review and analysis provides an overview of the financial performance of the Company, and is to be read in concurrence with the Financial Statements of NPPLC for the period ended 31st March 2019.



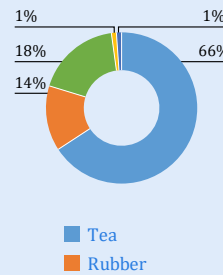


Cost of Sales

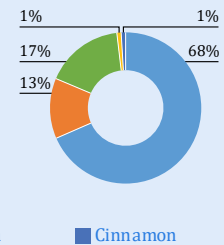


During the year under review, operating cost declined to Rs. 2,078 million from 2,275 million in 2017/18, as lean processes and higher level of cost consciousness facilitated efficiencies across all internal processes. Despite the hike in labour wages in the industry, NPPLC managed to reduce cost of sales by 9%.

Cost of Sales 2018/19 (%)



Cost of Sales 2017/18 (%)

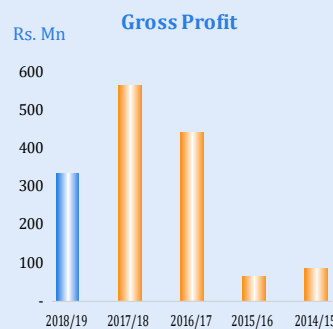


This achievement could be attributed to the continuous efforts that the management has made on cutting down additional costs in order to be sustainable in the industry.



Profitability

Gross Profit

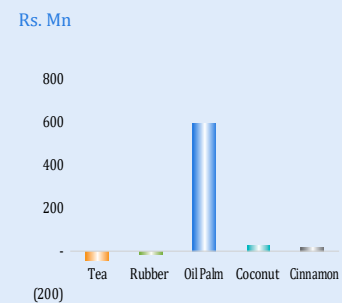


NPPLC's financial performance at the operating level dwindled over the previous year. The Company recorded a decline in turnover at 15 per cent, Year-on-Year. Combined gross profit margin of NPPLC dropped by 40 per cent to Rs. 336.35 million, mainly due to the drop in NSA in Tea and Rubber prices, coupled with the drop in production volume.

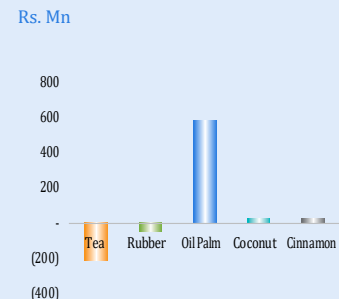
Although the tea segment recorded the highest revenue, it was unable to succeed in generating sufficient profit to offset the high level of expenditure. Gross profit margin loss in the tea segment significantly as turnover declined by 23 per cent as a result of extremely challenging conditions in the industry.

Gross loss in rubber reached Rs. 45.8 million due to the decline in rubber turnover by 17 per cent. Palm oil remained a main profit maker and generated a gross profit of Rs. 581.2 million during the year under review. However, gross profit fell marginally by 2 per cent in 2018/19 due to the reduction of turnover by 2 per cent.

Gross Profit 2017/18

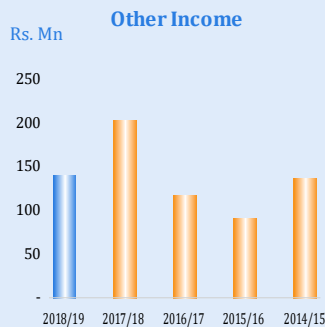


Gross Profit 2018/19





Other Income

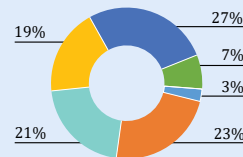


Other operating income amounted to Rs. 141.11 million and was mainly earned from the profit on sale of refuse tea, interest income, income from consumable biological assets and sales from uprooting rubber trees.

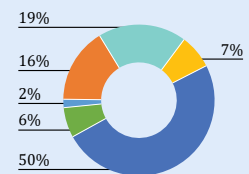
In the year under-review, sale from uprooted rubber trees became the major contributor to 'other income' which was 27 per cent of the overall sources and recorded a decline of 62 per cent, year-on-year, due to the decline in the quantity of rubber trees sold.

In addition, other income declined due to the reduction of interest income by 22 per cent and sundry income by 36 per cent, while reporting a highlighted enhancement of 77 per cent in income from sale of consumable biological assets. From an overall perspective, the 'other income' component demonstrates a decline of 30 per cent compared to the corresponding financial year.

Other Income 2018/19 (%)



Other Income 2017/18 (%)

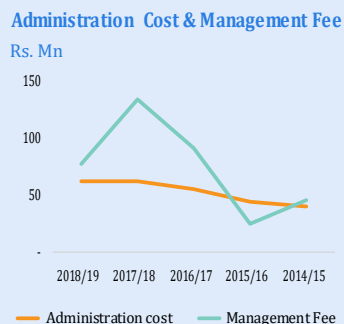


- Amortisation of Gov. Grant
- Profit on sales of Refuse Tea
- Interest Income
- Income from consumable Biological assets
- Sales of Uprooting rubber trees
- Sundry Income



Cost Management

Administration Cost & Management Fee



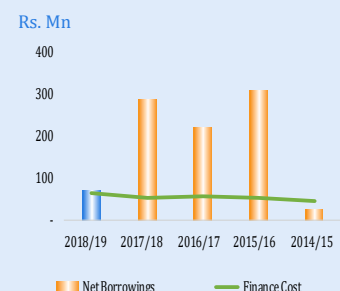
Administrative expenditure for the year was recorded at Rs. 61.78 million which was a decline by 2 per cent due to the management's expedients to reduce fixed overheads with tight control mechanisms.

Management fee is paid to the RPC Plantation Management Services (Pvt) Ltd. In accordance with the agreement entered between NPPLC and RPC Plantation Management Services (Pvt) Ltd. Management fee for the financial year 2018/2019 was Rs. 77.81 million which had declined by 42 per cent due to the significant drop in EBITDA (Earnings before Interest, Tax, Depreciation and Amortization).

Finance Cost

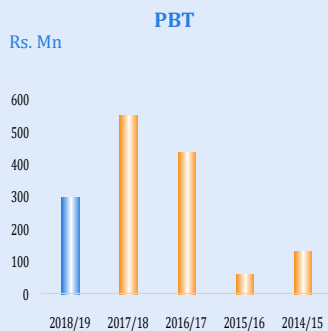
The Finance cost consists mainly interest on variable lease rental, interest cost on long term and short-term loans and over draft interest. Company finance cost increased by 26 per cent to Rs. 65.13 million in 2018/19, as a consequence of the significant increment in short term loan interest by Rs. 11.9 million.

Net Borrowings Vs Finance Cost





Profit before Tax (PBT)

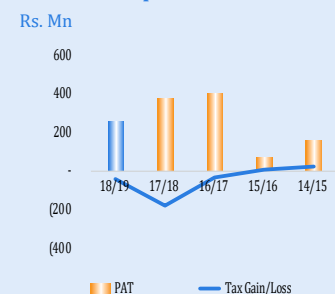


Profit before tax declined by 46 per cent to Rs. 300 million. The 15 per cent decline in combined turnover and the reduction in other income by 30 per cent directly influenced the contraction of PBT. Palm Oil contributed to overall profit more robustly and compensated for the net losses incurred by tea and rubber segments.

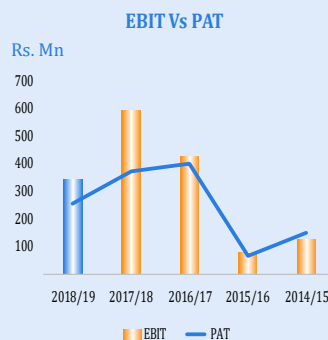
Tax Expense

The Company's tax expense decreased by 75 per cent due to the claim of brought forward tax loss upto statutory income. Since the deferred tax has been decreased by 71 per cent from Rs. 156 million to Rs. 45 million, Tax/PBT ratio has decreased to 15 per cent in 2018/19, compared to 32 per cent of the previous year.

Tax Expenses Vs PAT



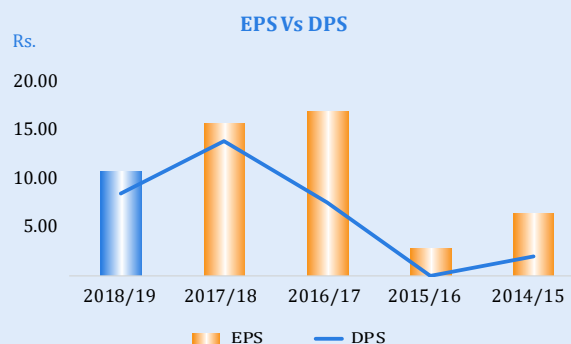
EBIT and PAT



Company's earnings before interest and taxes (EBIT) decreased by 39 per cent and profit after tax (PAT) decreased by 31 per cent during the year 2018/19. The decline in Company revenue base impacted the drop in EBIT and PAT.

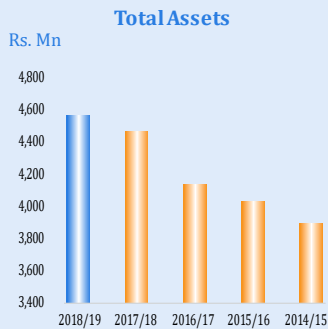
Basic Earnings per Share (EPS) and Dividend per Share (DPS)

As a result of the year's unfavorable performance, NPPLC's EPS decreased by 31 per cent to Rs. 10.79 from a Rs. 15.73 in the previous year. The Company declared Rs. 8.50 dividend per share for our Shareholders which were paid on 3rd April 2019. In the previous year, NPPLC declared a dividend per share of Rs. 14 and this can be considered as an inspiration for Shareholders of the Company.



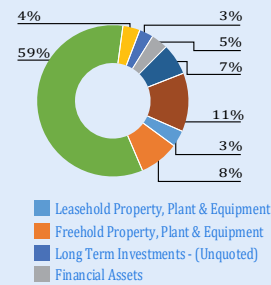
Focus on Accretion

Company Assets

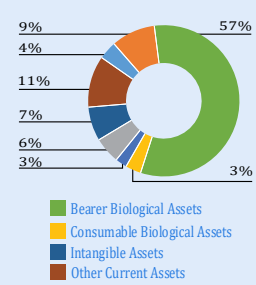


The asset base of the Company at the end of the financial year 2018/19, stood at Rs. 4.6 billion with non-current assets of 84 per cent and 16 per cent of current assets. Total assets grew by 2 per cent during the year and the growth in asset base was primarily due to the increase in bearer biological assets by 5 per cent during the year under review.

Total Assets 2018/19 (%)



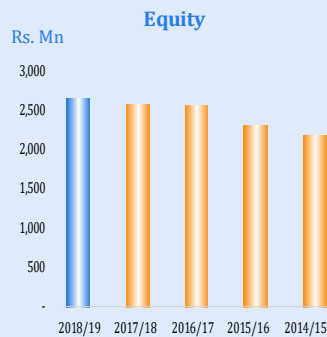
Total Assets 2017/18 (%)



Biological asset is the major component in Company asset base and it has improved by 5 per cent to Rs. 2.8 billion during the year under review. This represents immature and mature plantations which legal title is held on 53-year leasehold agreement. Increase in the biological assets implies Company's potential to generate future operational cash flows, since this is considered as the major revenue spin in the Company.



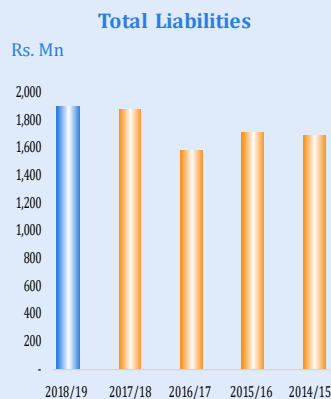
Equity



NPPLC's equity capital stood at Rs. 2.7 billion, reflecting a growth of 3 per cent. Company equity capital consists mainly of stated capital and retained earnings and a marginal growth in retained earnings by 3 per cent has led to an increase in Company's equity capital by 3 per cent.

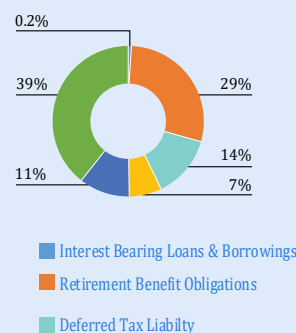


Company Liabilities

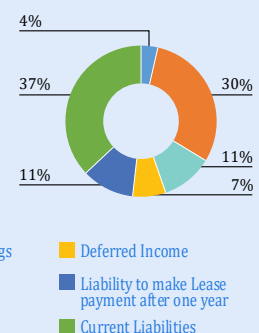


Company's total liabilities stood at Rs. 1.9 billion, with non-current liabilities being 61 per cent alongside 39 per cent of current liabilities. In the year under review, total liabilities increased by 1 per cent with the effect of 202 Mn dividend payable on reporting date.

Total Liabilities 2018/19 (%)



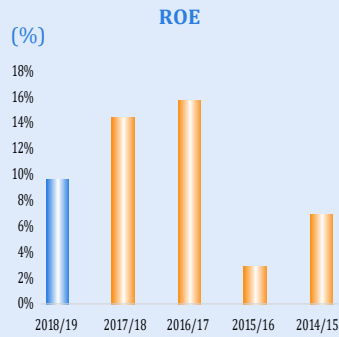
Total Liabilities 2017/18 (%)



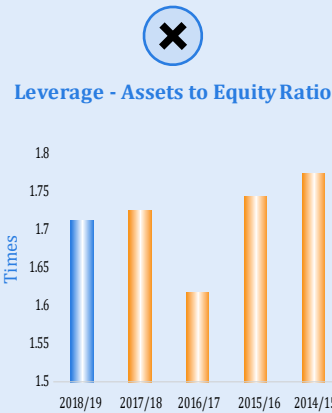
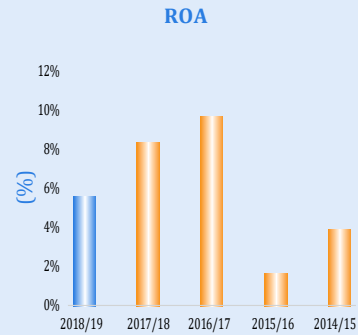
Value to Shareholders

ROE, ROA and Leverage

Return on equity is the Company's fundamental measure of value to Shareholders.



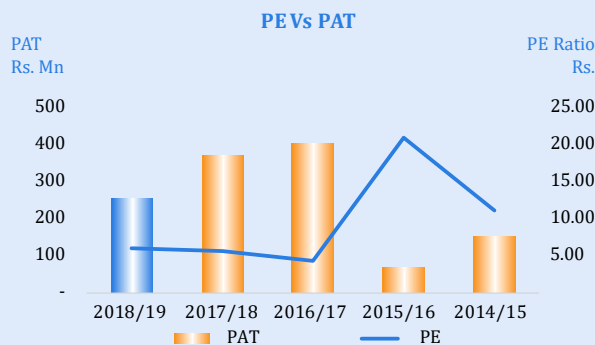
The Company generated a return on equity of 10 per cent for the financial year, which underwent a 33 per cent decline over the prior year. Significant drop in PAT was the main cause for the reduced ROE of the year. In the last three years as depicted in the graph, the Company has retained more profits for longer sustainability.



The Company has been able to generate a return of 6 per cent using the total asset base during the financial year. In the year under review, ROA declined by 25 per cent due to the significant drop in PAT. Total equity capital grew by 3 per cent and led to the marginal decline in leverage by 1 per cent.

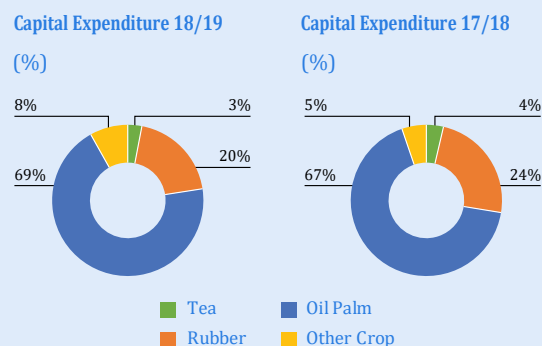
Price Earnings Ratio

In the financial year which ended on 31st March 2019, PE ratio was 5.9 and it was 5.5 during the previous year. The year closed with a market price of Rs. 64 per share, traded at the Colombo Stock Exchange. When compared with 2017/18, the PE ratio has grown by 6.4 per cent.



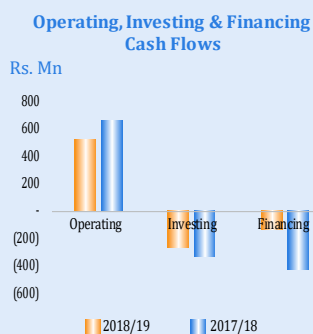
Capital Expenditure

During the year under review, the Company spent Rs. 273.89 million on capital expenditure, depicting a 16 per cent decline against the previous year's total capital disbursements. From the total capital expenditure 62.9 per cent is attributed to the large replanting/new planting phase of palm oil, an investment which amounts to Rs. 172 million.

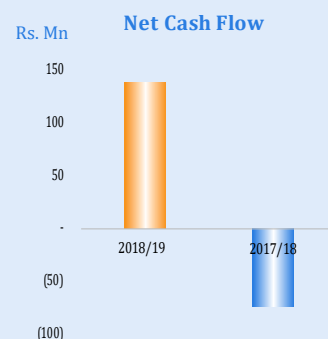


Financial Feasibility

The financial period of 2018/19 concluded with a net cash inflow of Rs. 138 million. Cash flow generated from operating activities was Rs. 526 million and marked a 21 per cent decrease compared to Rs. 667 million in the previous year. During the year under review, the Company made a Rs. 241 million investment on immature plantation, recording the highest investment expenditure of the year. In addition, NPPLC has also invested a sum of Rs. 7.41 million in timber cultivation. Cash flows from investing activities reported a net cash outflow of Rs. 258 million in the year, compared to the net cash outflow of Rs. 324 million of the previous year – a decline of 20 per cent (YoY).



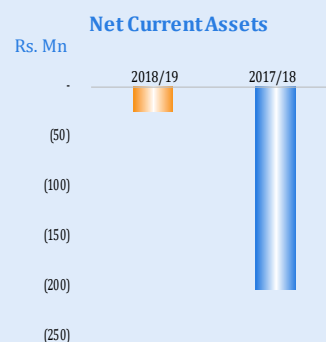
Net cash flows from financing activities depict a net cash outflow of Rs. 130 million compared to the net cash outflow of Rs. 417 million during the previous year – showing a decline of 69 per cent. This was mainly due to the dividend payment to Shareholders of the Company in the previous year. This resulted in reducing the negative value in cash and cash equivalents. In addition, the Company has not obtained additional financing as borrowings during the year.



According to operational, investing and financing activities the Company's net impact on the cash and cash equivalents during the financial year 2018/19 resulted in a cash inflow of Rs. 138 million, compared to a net cash outflow of Rs. 74 million in the previous year.

Working Capital Management

Working capital management includes inventory management, accounts receivable and account payable management, while the dominant purpose of working capital management is to make sure that a company maintains sufficient cash flows to meet its short term obligations. In the year 2018/19, working capital investment is at Rs. 22 million, compared to the previous year was 202 million. Current ratio improved to 0.97 times in 2018/2019 from 0.71 times in 2017/2018. Efficient working capital management supported the Company's financial operations and improved overall earnings and profitability.



Value Added Statement

Financial statement which shows how much value (wealth) has been created by an enterprise through utilization of its capacity, capital, manpower, and other resources, and how it is allocated among different stakeholders (employees, lenders, shareholders, government, etc.) in an accounting period.

	2018/19 Rs. '000	%	2017/18 Rs. '000	%
Sales	2,414,327		2,839,057	
Other income	141,113		202,720	
	2,555,440		3,041,777	
Cost of materials & services purchased	517,324		781,280	
Total Value Added	2,038,116		2,260,497	

Applied as follows :

To remunerate employees				
Salaries, Wages & defined benefit plans	1,285,295	63.06	1,311,871	58.03
To reward providers of capital				
Dividends to ordinary shareholders	201,875	9.90	332,500	14.71
Other capital providers	16,199	0.79	6,759	0.30
To the Government				
Taxation	28,678	1.41	45,137	2.00
Government Lease rentals	53,459	2.62	49,408	2.19
To Replace assets				
Amortization / Depreciation	173,895	8.53	157,053	6.95
To expand the Company				
Profit retained	278,713	13.68	357,769	15.83
Total	2,038,116	100	2,260,497	100

Value Added per Employee - Rs.'000

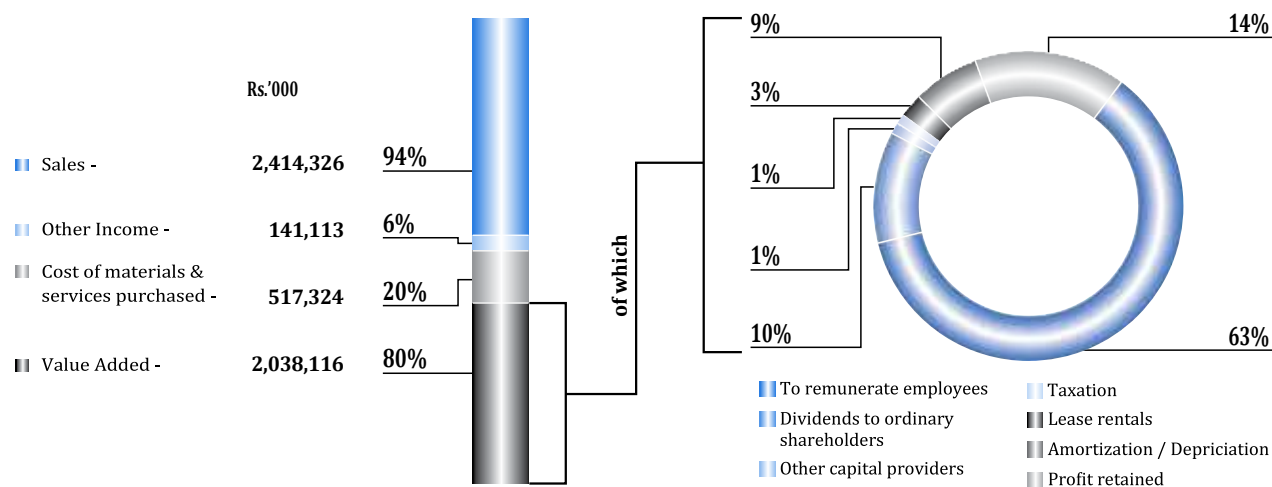
421.53

427.88

Value Added % of Turnover

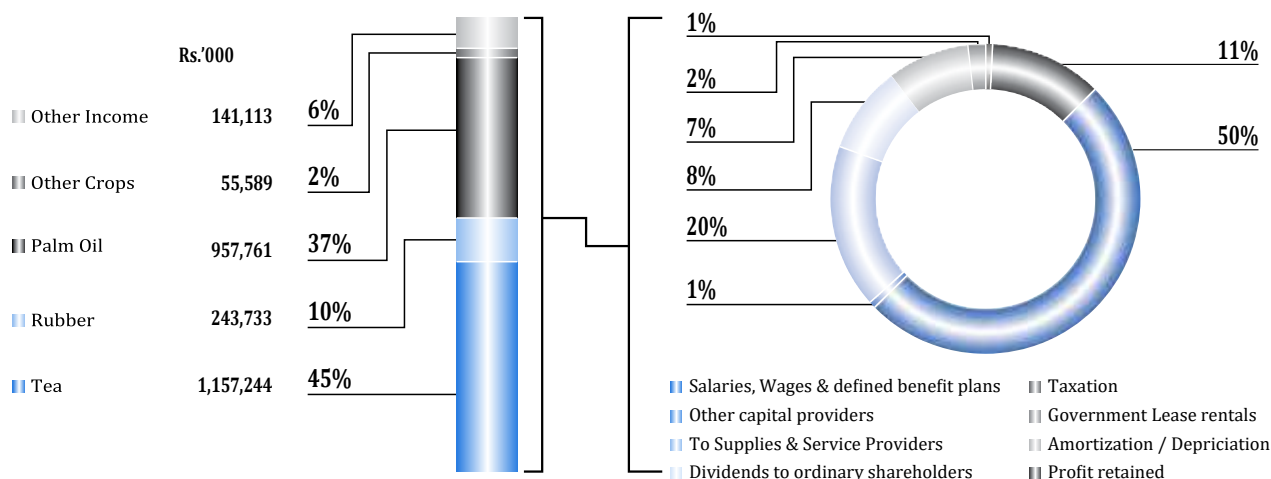
84.42

79.62



Sources Of Income & Utilisation

Source of Income	2018/19		2017/18		2016/17		2015/16		2014/15	
	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%
Tea	1,157,244	45.29	1,509,036	49.61	1,253,767	47.68	1,025,243	51.16	1,312,932	56.31
Rubber	243,733	9.54	292,259	9.61	313,135	11.91	285,885	14.27	288,067	12.36
Palm Oil	957,761	37.48	973,985	32.02	897,501	34.13	566,079	28.25	553,206	23.73
Other Crops	55,589	2.18	63,777	2.10	47,871	1.82	35,869	1.79	40,702	1.75
Total	2,414,327		2,839,057		2,512,274		1,913,076		2,194,906	
Other Income	141,113	5.52	202,721	6.66	117,131	4.45	90,947	4.54	136,545	5.86
Total	2,555,440	100.00	3,041,777	100	2,629,404	100	2,004,023	100	2,331,451	100
Utilisation of Income										
To remunerate employees										
Salaries, Wages & defined benefit plans	1,285,295	50.30	1,311,871	43.13	1,218,702	46.35	1,267,381	63.24	1,319,585	56.60
To providers of funds										
Other capital providers	16,199	0.63	6,759	0.22	15,321	0.58	10,115	0.50	6,666	0.29
To Supplies & Service Providers	517,324	20.24	781,280	25.68	575,890	21.90	376,885	18.81	673,218	28.88
To Providers of Capital										
Dividends to ordinary shareholders	201,875	7.90	332,500	10.93	178,125	6.77	-	-	47,500	2.04
To the Government										
Taxation	28,678	1.12	45,137	1.48	28,155	1.07	32,234	1.61	7,614	0.33
Government Lease rentals	53,459	2.09	49,408	1.62	47,691	1.81	46,710	2.33	44,444	1.91
To Replace assets										
Amortization / Depreciation	173,895	6.80	157,053	5.16	133,109	5.06	125,452	6.26	113,758	4.88
To expand the Company										
Profit retained	278,713	10.91	357,769	11.76	432,411	16.45	145,246	7.25	118,667	5.09
Total	2,555,440	100.00	3,041,777	100	2,629,404	100	2,004,023	100	2,331,451	100





MANUFACTURING CAPITAL

The Company's Manufactured Capital is a key part of our business value creation process. This section focus on our capital expenditure (Capex) and discuss in detail the best practices we have adopted in procuring our factory buildings together with the installed plant, machinery and equipment as the key tangible assets forms our manufactured capital, while developing our estate infrastructure including warehouses, vehicles, water treatment facilities and staff accommodation facilities together with furniture and fittings, and other equipment supports the successful operations of our core business and manufacture of black Tea, Rubber, Coconut, Oil Palm, and other crops to the market are also included within our manufactured capital assets.

Management Approach on investing in manufacturing capital

The Company's manufacturing capital is employed for the creating value for all our stakeholders and ensures our ability to deliver on our business goals and objectives. We are tasked with allocating our manufactured capital to ensure the highest and best use to sustain long term value creations. Through the disciplined application of our business model we optimize our manufactured capital, enabling us to provide sustained income and capital growth for all our stakeholders. Our approaches to managing our manufactured capital covering 18 of our estates along with 22 tea and rubber factories are well planned. Investment decisions on fixed assets are carried out on a comprehensive capex plan which is articulated during our annual corporate planning session. Aligned to our corporate policies, this plan takes into account our strategic priorities from a broader company perspective as well as at the estate level. Due diligence is exercised in making capex decisions based on operational requirements, field and factory developments, cost benefits and return on investments. We rely on the professional judgement of corporate management, feasibility studies and audits carried out periodically in this regard. All procurement of fixed assets including awarding contracts for infrastructure development follows best practices. We are also careful and make necessary investments to maintain our estates and factories as per accepted standards. Apart from an economic perspective, our approach also gives due consideration to social and environmental sustainability aspects.

To improve and ensure the Company's production facilities, equipment and other manufacturing infrastructure in order to strengthen core competencies needed to produce superior quality output that would enhance the Company's returns, increase the country's export earnings and contribute towards future food security, we regularly invest in our plant and machinery, embracing new technologies in driving product quality, production efficiencies and environment sustainability.

A regular building maintenance is also continued, which ensures that these assets are maintained at an optimum standard which also retains its standards. Building rehabilitation is undertaken to support the commissioning of new technology, installation of new machinery and equipment and accommodate alterations to plant layouts with a view to increasing efficiency, productivity towards optimizing the use of resources.

We give due consideration to quality and standards when procuring our machinery and equipment. All procurement is systematically carried out as per standard procedures and guidelines. In the case of minor procurement, we call for three quotations from the general list of suppliers. Bulk and large scale procurement is undertake through the group commercial division.

Developing and maintaining high quality and standard asset base leads the company to be a productive and efficient value creator while acquiring competitive advantage securing long term growth and constancy. Also proper maintenance reduces the reworks and idle time while improving the quality of production.

Risks and Opportunities

Risks

- Complexity of estimating future cash flows of investments due to unstable socio-economy conditions.
- Generation of some resistance towards new technologies due to personal perspectives and lack of skills.
- Lack of technical skills may hinder the adoption and use of high-end machinery and equipment with latest technology.
- Capex may lead to negatively impact on environmental and social sustainability.

Opportunities

- Management commitment to integrate environmental and social responsibility with Capex decisions.
- Well-structured annual capex plan is drawn up in line with corporate policies and strategy.
- Management commitment to offer strategic training opportunities to enhance technical knowledge.
- Strong Financial position to invest in capital assets.



Strategic Measures of Manufacturing Capital

- Maintaining steady yield through sustainable practices.
- Ensuring Quality and Productivity of manufacturing.
- Developing Estate infrastructure.

Maintaining steady yield through sustainable practices

Due to maturity and other factors, yield of plants will decrease. Therefore, NPPLC initiate efforts to have a constantly growing yield through regular practices. But they are assured to be in line with the Sustainable scope of the company. Under that we strive to preserve the land asset while maximizing efficient utilization.

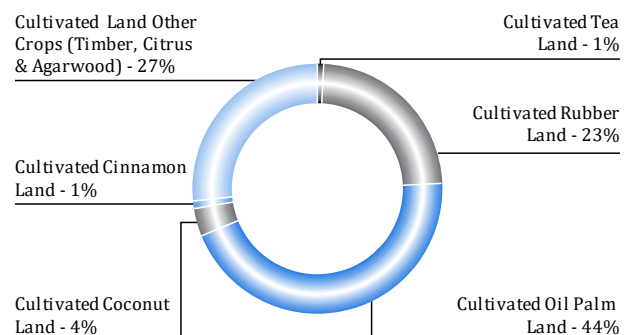
• Reducing the application of agro chemicals

As an eco-friendly Company NPPLC has started using bio fertilizers instead of agro chemicals. NPPLC is supposing to achieve cost effectiveness and safeguard of soil as well as quality improvement of harvest. As a fundamental step of the strategy, compost pits are established in many Estates for covering their fertilizer requirements.

• Sustainable Crop Replanting program

With the objective of obtaining a persistent return from the investment, NPPLC is always concerned about the replacing of the old plants which yield very low with new plants. This strategy leads to avoid disruption of stable harvest in the long run of the company. Under this strategy, NPPLC has executed Rubber, Oil Palm, tea, Coconut, and cinnamon replanting operations in estates. Highest emphasis was on oil palm (498.07Ha) and Rubber (263.5Ha).

Immature (Ha.)



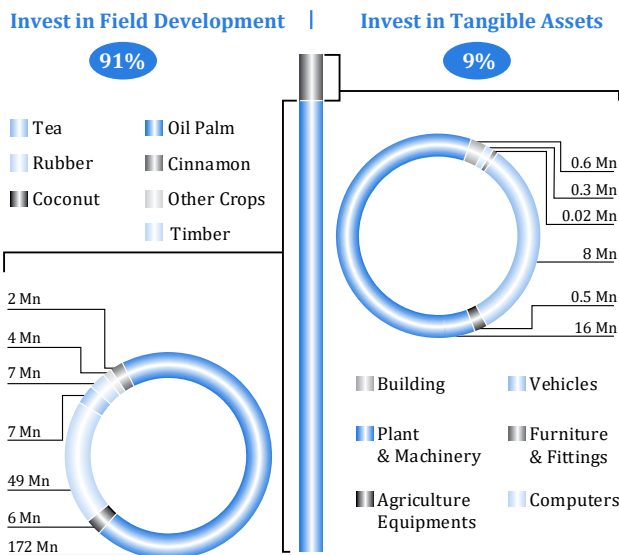
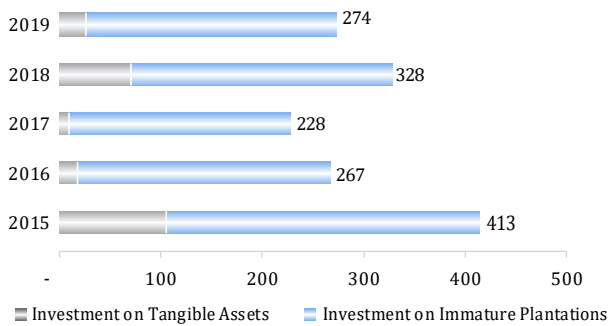
• **Broaden Crop diversification**

During the year NPPLC has focused more towards widening their portfolio of crops due to previous affirmative fallouts of the strategy. Under that NPPLC has invested newly in Agarwood crop which is a high value commercial crop with a high demand. At the moment NPPLC has accomplished the preliminary stage of Agarwood cultivation.

Capital Investments in 2018/19

During the year under review the Company’s investment in manufactured capital is as follows.

Capital Expenditure (Rs.Mn)



Ensuring Quality and Productivity of Manufacturing

Quality is one of the main values at NPPLC therefore we strive to assure quality of products and the manufacturing process as a responsible Company. Also productivity is a

prioritized concern in management decision making. Under that NPPLC make efforts to ensure quality whilst maintaining a high productivity in manufacturing.

• **Regular Factory Maintenance**

Maintenance takes a significant part of Manufacturing capital as it ensures the consistent business processes without any interruption. We implement a periodic review on machineries and spare parts on availability and suitability for using. New parts and components are replaced when necessary. Also we have facilitated engineering and technical team with training opportunities and education to update their competency with modern knowledge. Also the maintenance procedures are carried out in accordance with the manufacturer’s specifications.

• **Strategic investments in agriculture and manufacturing technologies**

NPPLC always anticipates updating their process with latest technologies. We expect best quality and efficiency by carrying out the strategy. Under that we have purchased new machineries and offered training and knowledge development programs for employees.

Developing Estate infrastructure

Our infrastructure development scope covers factory buildings and processing areas along with roads, community housing, water, sanitation, education, healthcare, recreation facilities etc. Our resident communities along with plantation sector-based government and non-government organizations, cooperate with us in this concern. Development projects are carried out by reputed contractors selected through formal tender procedures.

NPPLC Manufacturing Capital Portfolio

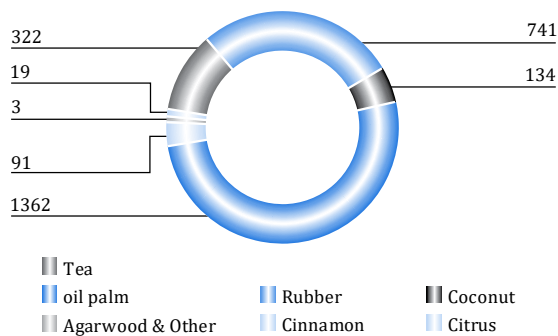
Our manufactured capitals can be mainly classified as,

Biological assets

Biological assets are the most valuable asset class to the Company. These are primarily our traditional Tea, Rubber, Oil Palm, Cinnamon, Coconut trees and more recently expanded Citrus & Agar wood plantations. These asset classes are listed below.

Carrying Value of Biological Assets

Rs. Mn.



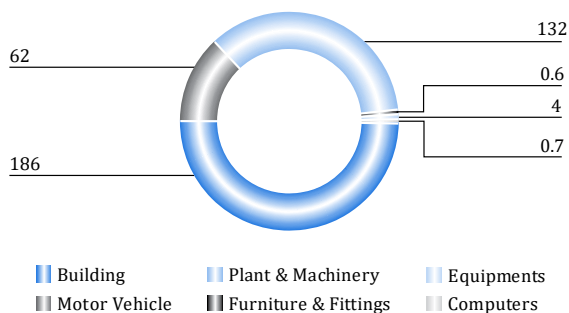
In addition to that we have Timber plantations with a value of Rs. 167 Mn. The Managed timber plantation include commercial timber plantations cultivated in the estates of administrative district of Badulla & managed timber plantations is measured at fair value other than young trees which are recorded at cost as the significant biological transformation has not taken place.

The fair value of managed trees was ascertained in accordance with LKAS 41. The valuation was carried by Mr W.M Chandrasena, FIV(SL) MRICS (Chartered Valuation Surveyor,) using Discounted Cash Flow (DCF) methods. In ascertaining the fair value of timber a physical verification was carried out covering the estates and the valuation has considered the different species, size, condition and location of timber trees.

Carrying Value of the Company's tangible manufactured capital assets as at 31st March 2019

Tangible Assets

Rs. Mn



Buildings:

These include office buildings, factory buildings, warehouses, estate bungalows and other buildings in our estates comprising children's creches, worker rest areas.

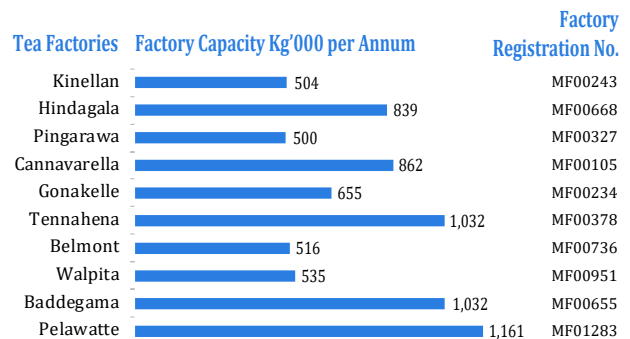
Plant & Machinery and Equipment:

We ensure that all our factories are equipped with adequate machinery to assure that our tea and rubber meet the highest quality standards. Similarly the agri equipment used in the fields of Oil Palm, Tea & other crops are upgraded or new equipment purchased.

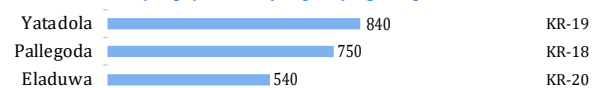
During the financial year, we continued to add value to our manufactured capital by investing in good agricultural practices. This included adhering to strict maintenance routines to maintain machinery and equipment, painting, repairing and renovation of buildings and replacing parts and equipment. We also purchased new machinery and equipment where relevant.

Crop Cultivated Land	Mature (Ha.)	Immature (Ha.)	Total	Nurseries (No of Plants)
Cultivated Tea	2,099	9	2,108	-
Cultivated Rubber	1,165	264	1,429	19,060
Cultivated Oil Palm	1,840	498	2,338	112,582
Cultivated Coconut	266	42	308	-
Cultivated Cinnamon	122	9	131	-
Cultivated Other Crops (Timber, Citrus & Agarwood)	1,118	298	1,417	3,752

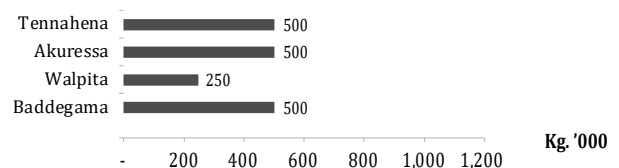
Our Strength of Manufacturing



Rubber Factories - (Crepe) Factory Capacity Kg'000 per Annum



Rubber Factories - (RSS) Factory Capacity Kg'000 per Annum



Our Estates and Operating Locations

GRI 102-4/102-6

Kalutara



Eladuwa Estate
Eladuwa Estate, Matugama.
T: 034-2245362 / 034-4924414
Latitude: 6.506055
Longitude: 80.046544
Distance from Colombo: 67.8 Km

Miriswatte Estate
Miriswatte Estate, Welipenna.
T: 034-2274202 / 034-4924413
Latitude: 6.4319745
Longitude: 80.097488
Distance from Colombo: 77.9 Km

Pallegoda Estate
Pallegoda Estate, Dharga Town.
T: 034-2274417 / 034-4924412
Latitude: 6.4663744
Longitude: 80.0654162
Distance from Colombo: 75.6 Km

Sirikandura Estate
Sirikandura Estate, Matugama.
T: 034-2247370 / 034-4924411
Latitude: 6.492832
Longitude: 80.140943
Distance from Colombo: 79.6 Km

Yatadola Estate
Yatadola Estate, Matugama.
T: 034-2245449
Latitude: 6.505888
Longitude: 80.066494
Distance from Colombo: 65.4 Km

Pelawatte Estate
Pelawatte Estate, Via Matugama.
T: 034-3303833
Latitude: 6.38454
Longitude: 80.26997
Distance from Colombo: 103 Km

Badulla



Gonakelle Estate
Gonakelle Estate, Passara.
T: 057-4926256
Latitude: 6.926781
Longitude: 81.14184
Distance from Colombo: 232 Km

Cannavarella Estate
Cannavarella Estate, Namunukula.
T: 057-4926257
Latitude: 6.8967168
Longitude: 81.1186667
Distance from Colombo: 225 Km

Kandahena Estate
Kandahena Estate, Namunukula.
T: 057-4926258
Latitude: 6.87951157
Longitude: 81.133431969
Distance from Colombo: 221 Km

Pingarawa Estate
Pingarawa Estate, Namunukula.
T: 057-4926259
Latitude: 6.875363
Longitude: 81.11941
Distance from Colombo: 220 Km

Hindagala Estate
Hindagala Estate, Namunukula.
T: 057-4926260
Latitude: 6.86784
Longitude: 81.097025
Distance from Colombo: 216 Km

Kinellan Estate
Kinellan Estate, Ella.
T: 057-4926261
Latitude: 6.875557
Longitude: 81.0419289
Distance from Colombo: 205 Km

Galle



Baddegama Estate
Baddegama Estate, Baddegama.
T: 091-2292228 / 091-4925997
Latitude: 6.170725
Longitude: 80.183125
Distance from Colombo: 107 Km

Citrus Estate
Citrus Estate, Poddala.
T: 091-4926001 / 091-2234105
Latitude: 6.106574
Longitude: 80.232774
Distance from Colombo: 107 Km

Walpita/Monrovia Estate
Walpita Estate, Poddala.
T: 091-4926000 / 091-2292294
Latitude: 6.119380
Longitude: 80.20458
Distance from Colombo: 116 Km

Olympus Tea Factory
Olympus Tea Factory, Poddala.
T: 091-2292539
Latitude: 6.132434
Longitude: 80.199783
Distance from Colombo: 117 Km

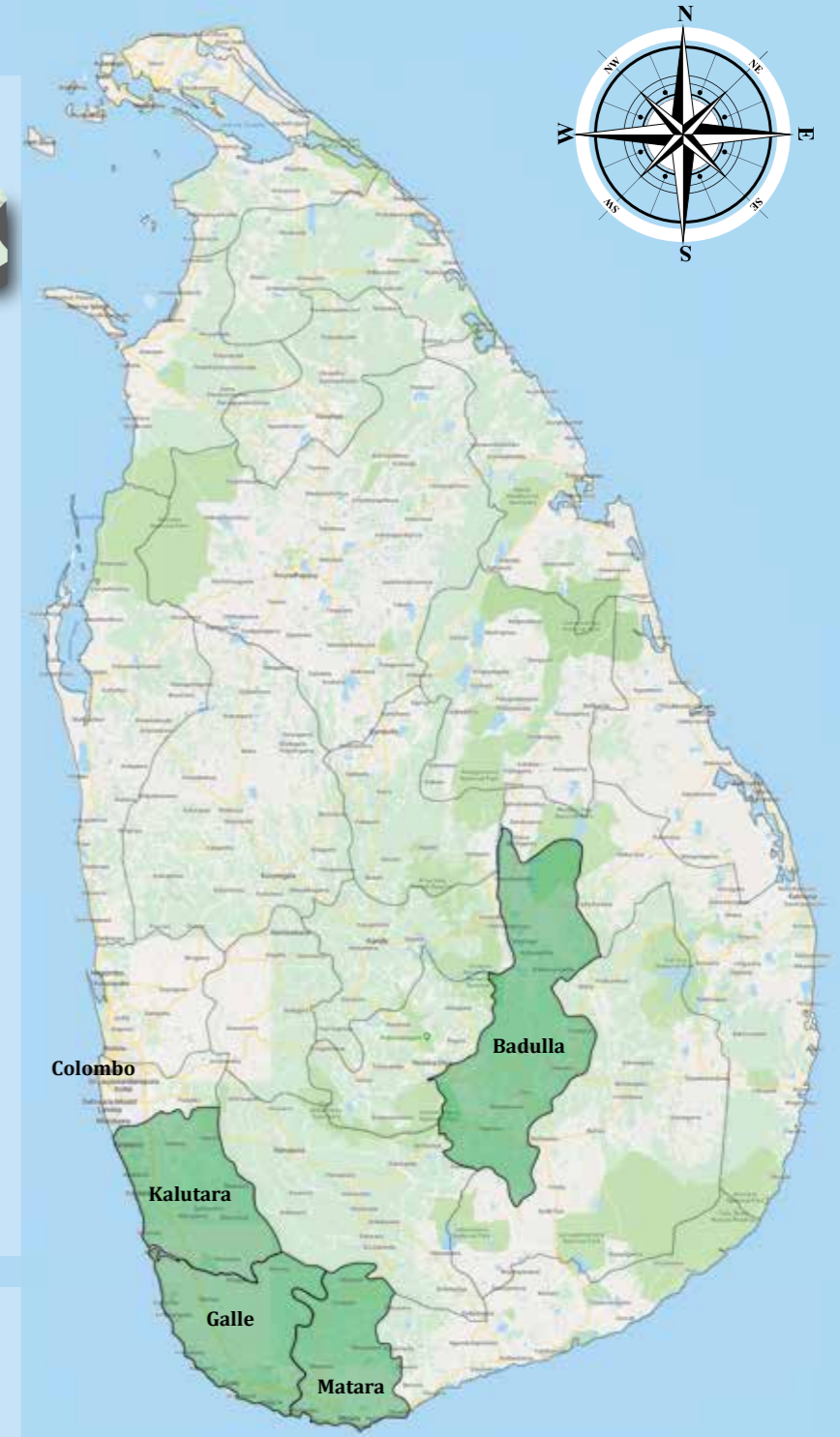
Matara



Akuressa Estate
Akuressa Estate, Telijjawila.
T: 041-2240223 / 091-4925999
Latitude: 6.033725
Longitude: 80.484991
Distance from Colombo: 151 Km

Hulandawa Estate
Hulandawa Estate, Akuressa.
T: 041-4922713 / 041-3400172
Latitude: 6.1758548
Longitude: 80.468817
Distance from Colombo: 162 Km

Tennahena Estate
Tennahena Estate, Pitabeddera.
T: 041-2281202
Latitude: 6.21612173792
Longitude: 80.474480772
Distance from Colombo: 169 Km



Registered Office / Head Office
No: 310, High Level Road, Nawinna, Maharagama.
T: + (94) 11 4310500 / Fax: (94) 11 2801400



HUMAN CAPITAL

Human capital refers to our employees, our key resource and strategic differentiators. Their knowledge, skills, attitude and innovation enable us to realize our vision. Key elements which constitute the Company's human capital are the skills, experience, knowledge, know-how and the productivity of our employees. Human capital section herein will discuss in detail, our people management approach, strategy and HR performance, highlighting key performance indicators.

The success and the performance of the organization are mainly depending on the employees. Their commitment is depending on their motivation. We are using collective agreement, good labour practices, fair grievance management mechanisms, Equal opportunities, Training & Development prospects and fair treatment as the main value drivers to ensuring their well-being.

Management Approach on Human Capital

Being a Plantation Company, we believe that our people are our greatest asset and main contributor to our success. We strive to create a great and safe place to work where our employees feel connected with their peers irrespective of race, ethnicity, gender, religion or political opinion. NPPLC adheres to all relevant local labour laws and regulations. We ensure that our employees develop their skills and adaptability needed to thrive in a rapidly changing world of work.

We also empower and recognize our employees for their performance and provide opportunities to reach their full potential. Featuring our long term sustainability growth, we have identified the requirement and the importance of maintaining good relationship with the employees with their families and surrounding communities of our estates.

Our Professional development programs are giving all employees the opportunity to sharpen their skills enabling them to achieve their targets and in turn boost overall employee satisfaction. We specifically focus on leadership development of management & staff through professional programs and skill development programme for our estate workforce through floor level training, adoption and implementation of new management techniques to our factories.

Freedom of Association, which is practiced through our collective bargaining agreement that covers our estate workforce whilst Child Labour and Forced or Compulsory Labour is prohibited by NPPLC.

Risks and Opportunities

Risks

- Intensive and illogical trade union activities impact productivity & cost of production.
- Absenteeism and aged workforce lowers productivity and effectiveness.
- New technology trends influencing on worker attitudes and expectations, impacting productivity, causing worker unrest and out - migration.

Opportunities

- Top - Down commitment to develop an empowering work environment, motivation and higher productivity.
- Availability of a large employee base and most of them are residents within the estates.
- Commitment to bring in a learning and development culture empowers the workforce and supports business viability.

Material Topics

GRI 401 - Employment
GRI 403 - Occupational Health and Safety
GRI 404 - Training and Education
GRI 405 - Diversity and Equal Opportunity
GRI 406 - Non-Discrimination
GRI 407 - Freedom of Association and Collective Bargaining
GRI 408 - Child Labour
GRI 409 - Forced or Compulsory Labour

Basis for Materiality

In NPL, Human capital is considered as the most valued resource. Therefore, NPL always expects to maintain a cordial relationship with workforce by treating employees with dignity, give due recognition for performance and ensuring employee right for freedom of association, right to form and join trade unions and bargain collectively. Being responsible on employees ensuring their growth and their well-being will cover the way for higher level of productivity, boosting the business viability and sustenance in the long-term.

Boundary

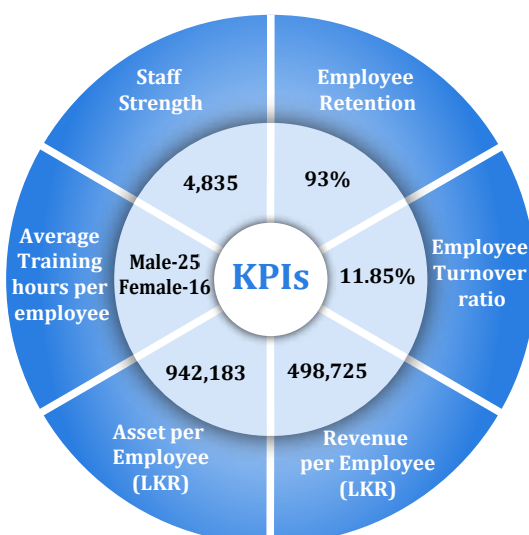
Estates, Factories and Head Office

Strategic Imperatives of Human Capital Management

- Carrying out employee beneficial programs.
- Implementing fair recruitment policies.
- Encouraging Female Employment.
- Ensuring occupational health & safety.
- Training and development opportunities.
- Fair treatment and equal opportunity.
- Offering freedom of association and maintain healthy relationship with trade unions.
- Compliance with human rights, statutory laws and regulations relevant to employment.

Defined retirement plans and Benefit plans

As we are maintaining proper defined retirement benefit plans, our employees are always benefited when they be with us, or even after retirement from their employment. We provide retiring gratuity for our estate employees and other staff in accordance with the Gratuity Act no 12 of 1983 and Provident Fund and Trust Fund contributions as per statutory requirements. The figures are disclosed in financial statements. We ensure that all employees EPF, ESPS, CPPS, ETF and gratuity payments are executed ontime and as appropriate, giving respect to all relevant guidelines and regulations. Company contributes 12% to EPF, ESPS, CPPS and 3% to ETF. Employees' contribution to EPF, ESPS, and CPPS is 8%. As retiring gratuity, Company pays half a month's salary for each completed year of service for those employees who have completed five years or more in service, on their resignation/retirement. Our obligation in respect of defined benefit pension plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, and discounting that benefit to determine its present value, then deducting the fair value of any plan assets to determine the net amount to be shown in the statement of financial position. However liability is not externally funded by us. Details of plan liabilities met during the year is as follows.



	2019/18 Rs.'000	2018/17 Rs.'000
E.P.F./E.S.PS/ C.PPS.	91,423	90,141
E.TF.	23,459	22,745
Gratuity	83,823	85,786

GRI 201-03

Carrying out Employee Beneficial Programs

As the majority of our employees are resident on the estate, the benefits provided vary substantially between those who are resident and those at Head Office due to the varying nature of work. The largest employee category of Workers are provided housing and primary health care. Majority of estates operates a dispensary with a qualified estate medical officer and a midwife. Medicines are provided free of charge. Maternity clinics are available within the estate and a midwife visits regularly. Workers are transported by the company to the nearest district/base hospital if the need arises. All funeral expenses of Associates are paid by the company including location of the burial site. Employees injured during work are entitled to compensation, the value of which is determined at a standard rate which can be referred to the Commissioner of Workmen’s Compensation in the event of dispute. We also work in partnership with government and non-government organizations to facilitate the social-economic advancement of the Workers and their families.

Executive grade employees on the estates and all Head Office Employees are enrolled in a Medical Insurance scheme. All estate staff below the executive category are covered by a contributory medical scheme. Female employees are entitled to maternity leave of 84 working days for all births by practising the labour regulations. Daily paid employees are entitled to a maximum of 17 days paid leave in the following year based on their attendance to work according to the labour laws of the country.

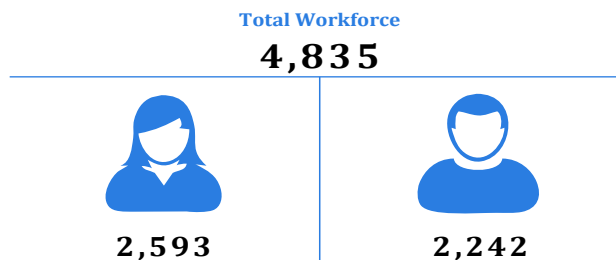
All permanent employees are enrolled in the Employee Provident Fund and Employee Trust Fund as per respective Acts. Accordingly, employees contribute 8% of their salary to the Employee Provident Fund whilst we contribute 12% and 3% for Employee Trust Fund. Gratuity is provided for the employees under the Gratuities Act of 1983 and it is paid to all the employees with over 5 years of service at the rate of 14 days wages for every completed year of service.

Our Team Profile

The gradual decrease in headcount is mainly due to retirement and marriage resulting in change of residence. Greater automation and mechanization of processes in both head office and estates and skill development of staff to

adjust enabled us to recruit only on a need basis which has contributed to enhance productivity.

Our team of 4,835 employees is as diverse in composition as the skills and experiences they bring to the table. Out of total 54% & 46% our employees are women and male respectively.



Implementing Fair Recruitment Policies GRI 401-1

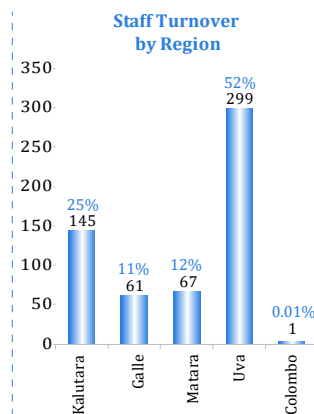
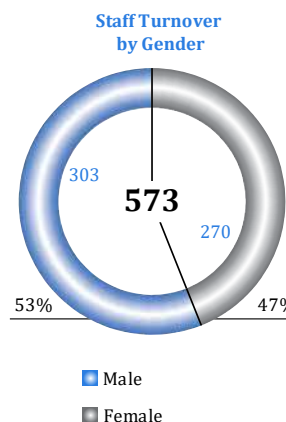
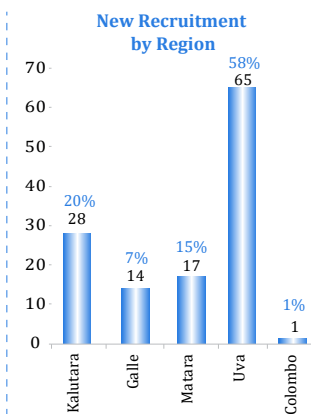
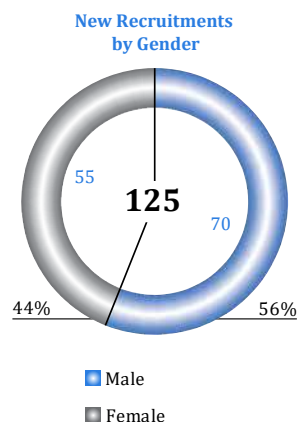
NPPLC always complies with its recruitment and remuneration policy to attract a skilled workforce. We are proactive in our efforts to employ the “best” and “right” talent to our organization. We are an equal opportunity employer and do not discriminate based on gender, age or ethnic representation.

We communicate our values to employees from the beginning of their career with us. This procedure is implemented under the direction of senior management through immediate superior and friendly associates. Since we emphasize on team spirit, we use team bonds to bind employees with our value set. This ensures walking on a similar path by employees and the organization.

New Employee Hires 2018/2019

Region	Gender		Age Group			
	Male	Female	Below 20	21-30	31-40	Above 40
Kalutara	21	7	-	13	13	2
Galle	5	9	-	3	7	4
Matara	8	9	4	8	4	1
Badulla	35	30	-	42	23	-
Colombo	1	-	-	-	1	-
Total	70	55	4	66	48	7
Percentage on Total Recruitments	56%	44%	3%	53%	38%	6%

This financial year NPPLC has contributed to the country as a job creator as it has recruited 125 new employees for our estates.



GRI 102-8

All employees are Full Time employees and in addition to the salaries and wages they receive the following benefits as well.

GRI 401-2

Benefits	Staff Category				
	A	B	C	D	E
Billet Allowance	√				
Medical Insurance/ Medical Funds/ Health care	√	√	√	√	√
Tea allowance	√	√	√	√	√
Mobile Allowance	√	√			
Fuel/ Travelling /Vehicles	√	√			
Water, Gas	√			√	
Electricity	√			√	
Accomadations/Quarters	√			√	√
Free drugs					√
Food stuff arrangements					√
Death donations				√	√
Maternity leave and benefits	√	√	√	√	√
Overtime			√	√	√

Staff Categories

- A - Executives-Estates
- B - Executives-Head Office
- C - Staff Head Office
- D - Staff Estates
- E - Associates

Employee Turnover

GRI 401-1 / 401-2

In the year under review, Employee Turnover ratio was 11.85% representing an increase of 2.94% over the previous year. Staff turnover was highest in Badulla region, corresponding to 52% and the turnover was high amongst the male category.

Region	Gender		Age Group			
	Male	Female	Below 20	21-30	31-40	Above 40
Kaluthara	61	84	-	13	38	94
Galle	12	49	-	4	21	36
Matara	52	15	3	8	8	48
Badulla	177	122	-	-	27	272
Colombo	1	-	-	-	-	1
Total	303	270	3	25	94	451
Percentage on Total Turnover	53%	47%	1%	4%	16%	79%

	2018/2019	2017/2018
Employee Turnover Ratio	11.85%	8.91%

We empower Our Employees

Namunukula Plantations PLC provided employment to 4,835 employees from the local community in 18 Plantations of which over 4,463 works on plantations located in 4 Provinces, forming the largest group of stakeholders directly impacted by operations of the company. Majority of our employees reside in the plantations together with their families and rely on the company to provide basic facilities. We rely on our employees for our growth and performance and seek to empower them to reach their full potential. It causes directly on increasing motivation.

When we go through this process, we always attempt to protect the rights of the employees with the view that they are entitled to enjoy human rights irrespective of whether relevant regulations address such rights. We always emphasize the development of the employees. Thus, training and consultation programs are organized with the objective of enhancing the quality of lives.

Our employees are covered by “Worker Collective Agreement”. The Collective Agreement covers a number of aspects such as salaries & wages, overtime, statutory contributions, work practices, grievance handling and dispute procedures, trade union action.

Key Performance Area	Metric	2018/19	2017/18	% Change
Total Staff Cost	LKR	1,189,685	1,160,601	3%
Revenue per Employee	LKR	498,344	537,395	-7%
Profit before tax Per Employee	LKR	61,993	104,400	-41%
Assets Per Employee	LKR	943,352	844,710	12%

Percentage of ownership of shares attributable to past and present employees of the company is as follows.

2018/19	No of Share-holders	%	No of Shares	%
Employees owned shares	9,668	83%	1,540,774	6%
Total no. of shares	11,654	100%	23,750,001	100%



(Distribution of Roofing Sheets for Workers - Baddegama Estate)

Encouraging Female Employment

There are many reasons to leave the employment by the female employees. As examples after marriage, having children, or because of family matters female employees become unemployed. Hence as a people’s business we have taken following actions to prevent females from resignation.

- Maternity leaves and payments - According to Government Regulations 84 working days are offered as paid Leave for all child births.
- A proper value is offered to female workers, as we are paying wages according to a structured salary system and there is no disparity with male salary.

- Day care centers have been established and hence female workers can attend to work as their children are looked after.

Women on the estates face daily hardships including domestic violence, alcoholism, child health and personal health issues which has given rise to many of the programmes initiated for their well-being including programmes on alcoholism and transmissible diseases including HIV AIDS, elder days, health camps, scholarship schemes etc.

We have established Women Empowerment Teams in our estate together with the support of several NGOs to increase their knowledge of money management, income generation, work life balance, developing core values and various aspects of health to uplift their lives.

Maternity Leave

GRI 401-3

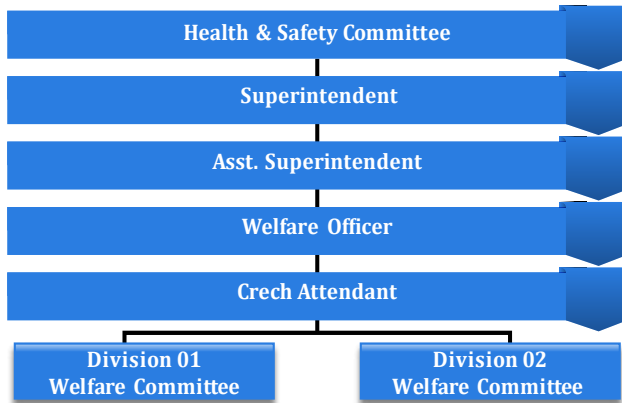
	No. of Employees	
	2018/2019	2017/2018
Entitled for maternity leave	2,593	2,836
Availed maternity leave	34	99
No.of employees that return to work	29	94
No.of Employees that returned and still employed	27	84
Return to work rate	85%	95%
Retention Rate	93%	89%

Ensuring Occupational Health and Safety

GRI 403-1 / 403-4

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 identify the issues and formulate appropriate responses of which the significant initiatives are described below. Namunukula Plantations is fully complied with the Factory Ordinance, No 45 of Act 1942, Workman’s Compensation Ordinance of 1935 and collective agreements with Staff & labour unions.

GRI 403-4



These committees are responsible to spearhead special projects, addressing health and safety issues of the workforce, their families as well as the community residents within the estates. These projects include special training on health and safety measures that are in place across the organization; awareness building on health and nutrition to improve mental and physical well-being; and on safe manufacturing practices and agro chemical applications. In the reporting year, we trained employees across all estates on health and safety aspects.

Health & Safety Committee has been appointed at estate level with representation from field, the factory, divisions of the estate and medical staff which is headed by an Executive. All most all the employees are representing in the Health & Safety Committee and serious issues can be presented to the Manager for attention. Meetings are held whenever necessary and issues raised are reported to the Superintendent of the Estate. These joint management worker health and safety committee arrangements of estate management with employees and representatives of them are dignified with the collective agreement arrangements with the union representatives and management.

Health & Safety Topics covered in Collective agreements
Maternity Benefits
Death grants
Medical Aid Scheme
Workmen compensation

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 Namunukula Plantations has organized campaigns focused on the prevention of dengue, treatment on worm infestations, eye and oral health clinics etc.

The Health and Safety Policy which is well internalized within the estates especially amongst the managers and supervisors-sets out a consistent guideline to ensure health and safety and the well-being of the workforce. In line with this policy, all estates have implemented a comprehensive occupational health and safety program covering all employee categories. Under this program, worker health and safety committees are established in all divisions and factories within the estates.

Health & Safety Policy	Key Measures in Place
We are totally committed to provide a safe and clean work environment to all employees and ensure their health and safety at the work place.	Medical Centers with qualified health and medical staff on all estates.
Towards achieving this objective, we shall adopt reasonably practicable preventive and protective safety measures in all production and processing areas to manage occupational hazards, risks and prevent accidents.	Worker health and safety committees established in all estates.
Employees will be regularly trained and educated on relevant health and safety aspects and will be actively involved in implementing health and safety programs, through the establishment and efficient functioning of Health and Safety Committees spearheaded by respective Estate Superintendents.	Personal protective equipment for all agro-chemical sprayer & extensive training for all agro-chemical handlers and workers on safety requirements during agro-chemical transport, storage and application.



(Health Camp - Pingarawa Estate)

GRI 404-1

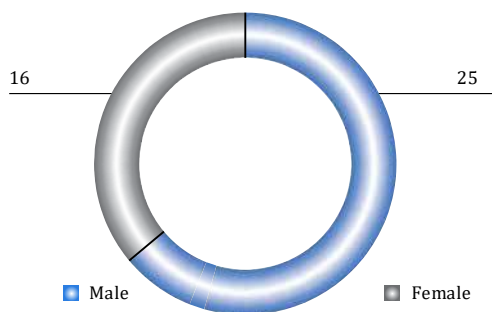
Training and Development opportunities

The company’s training and development initiatives play a pivotal role in talent retention and ensured a sustainable competitive advantage as well as served as motivational tools. Therefore, we aim to create a culture of continuous development to enable them to grow and succeed throughout their careers.



Making employees aware of the latest technology and information system updates and developing a workplace with skilled workforce, IT training programs in all 18 estates have been conducted. In addition, operational level updates and instructions were given on need basis by the head office managers to estate level managers and staff to keep in par with the changes in the dynamic business environment.

Average Training hours per employee



Average Training hours per employee based on Employee Category



For the calculation of total training hours we have only considered training given to estate staff, head office level staff & executive staff categories only.

However as a labour intensive organization, we are fully reliant on the level of worker productivity, training and development assume a significant role in building a competent workforce. Our training aspirations seek to be consistent in developing worker skills and competencies; whilst nurturing their positive attitudes, and thereby fortifying our organization for the long term sustainability.

Training programs are structured according to identify skill gaps. Our training needs are ascertained through a systematic and an interactive process entailing on-going feedback, performance appraisal findings and discussions with supervisors and managers.

As traditionally done on plantations, skills and knowledge are imparted primarily through on-the job training by experienced executives and staff in respective departments. In addition, need based internal and external programs are conducted to enhance skills and competencies.

The training covered the areas of sustainable agriculture, occupational health and safety, waste and energy management and certification standards for the staff and manual grades whilst the executive grades were given an exposure into best practices in management, harvesting and field cultivation practices, plantation finance and management and environmental management.

All employees are encouraged to apply the knowledge gained from training in the practical aspects of work. Those receiving academic training are encouraged to apply their knowledge to improve existing management systems; whilst those receiving technical training have the freedom to use their new knowledge in practical work where use of machinery and equipment is in force. This enables all other employees to learn from them through collaborative support. We also encourage the trained staff to carryout structured internal training programs to impart their training and learning to their colleagues.

GRI 404-2

Our regular training calendar includes customized programmes to add value to our employees. Following are the programmes we conducted.

- During the year, we have facilitated local and overseas training programmes for Executives, Non-Executives,

Estate Staff & Labours are our valued employees to upgrade their knowledge.

- Training programmes for Superintendents & Assistant Superintendents - Review Agriculture & Financial aspects.
- Training programme for estate staff including Administrative officers & Senior Clerks - Financial Accounts & Management information.

Few training programmes, we offered to our staff members are as follows.

- Our Corporate management representatives participated in special oil palm workshops held in Malaysia and South Africa. Some of the Superintendents were also given training opportunities in foreign countries like Philippines as well.
- Our estate Superintendents, Assistant Superintendent & head office executives were participated, training programme subject to management training.
- Our Field staff on estates participated in several workshops on Oil Palm Cultivation conducted by National Institute of Plantation Management.
- Our IT Department conducted special training programme for our estate staff to introduce upgraded Accounting package.
- Finance Department team participated special seminars & workshops conducted by CA Sri Lanka and other professional accounting bodies during the year.

Diversity and Equal Opportunity

We have a diversified work force in terms of age, region, religion, education level ...etc, with different needs from the company as staff residing on estates have a higher level of dependency on the employer to fulfill their needs compared to Head Office staff. We always make an effort to manage the disparity by compatible treatment for all.

Education levels are also diverse with most of the Executive level staff having tertiary educational qualifications whilst Associates typically have lower secondary level education.

The disparity in education is a legacy from the colonial era and whilst there has been significant improvement in literacy, mortality and housing for workers on estates,

further progress is necessary to ensure sustained social-economic advancement for Associate level workers on estates. Our policies and procedures are designed to cater to these very diverse requirements whilst maintaining the underlying principles of equal opportunity, meritocracy and facilitating social-economic advancement.

GRI 202-01

As per the Collective agreement, estate workers receive a basic salary of Rs. 700/- per day and it is not varied with the gender. Every employee receives same amount without considering the gender or any other special criteria.

The gender equality ratio between females and males is 1:1. We are continuously complying with the minimum wage rate law according to the National minimum wage of workers Act, no. 3 OF 2016, by paying more than the national level.

Description	Rate Rs.
Minimum wage rate of our Estate workers	700.00
Minimum wage rate of the country	
• Workers related to Coconut Industry	600.00
• Other Workers	400.00

Offering Freedom of Association and maintaining healthy relationship with trade unions GRI 407-1

We have given the absolute freedom & opportunity for employees to join Estate unions and associations. Our employees are covered by "Worker Collective Agreement". The Collective Agreement covers a number of aspects such as salaries & wages, overtime, statutory contributions, work practices, grievance handling and dispute procedures, trade union action. We are always eager to hear the voice of the employees and their representatives, since they are key to our business, in this case we proactively engage with trade unions of our employees.

These Collective Agreements are revised in every 02 years. Our every employee has right to collective bargaining. All employees receive benefits mandated by law and good working conditions. As per the Collective agreement the salaries of workers revised in January 2019 and it is to be revised in 2021.

Following is a summary of our employees who have obtained the membership in labour unions.

GRI 102-41

Type of Worker	Member	Non-Member
Estate Workers	3,179	1,284
Estate Staff	291	22
Estate Executives	-	35
Head Office	-	24
Total	3,470	1,365
Percentage	72%	28%

GRI 102-8

Region	Permanent		Temporary	
	Male	Female	Male	Female
Kalutara	543	598	49	84
Galle	322	277	2	5
Matara	421	254	-	-
Uva	818	1,213	69	156
Colombo	18	6	-	-

Diversity Representation 2018/19

GRI 405-1

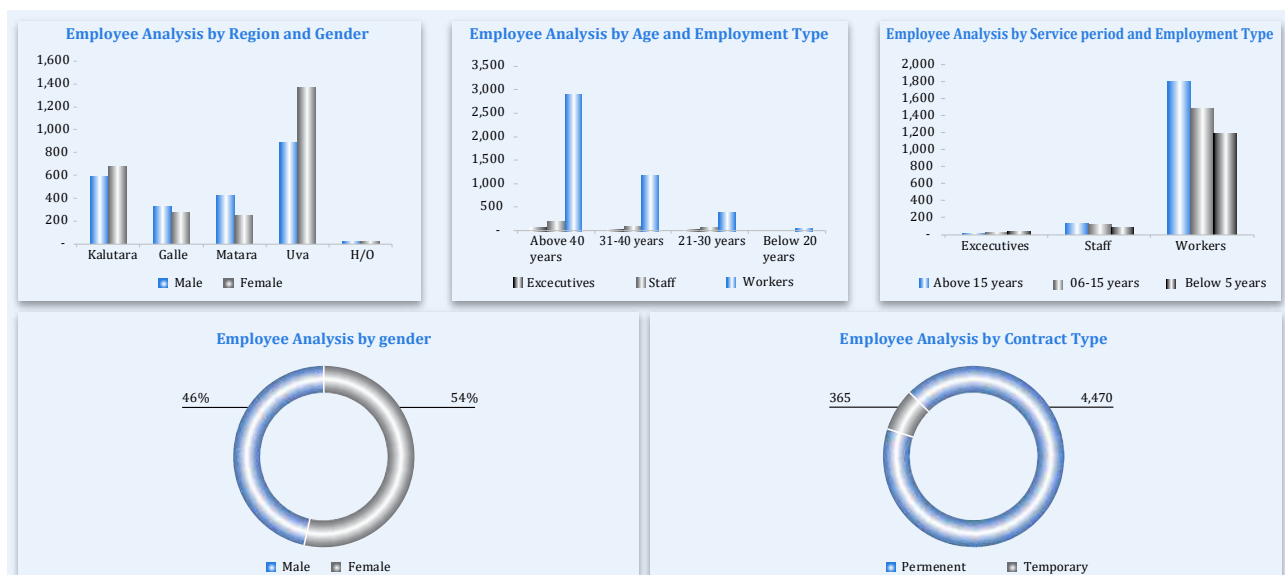
	Workers		Staff		Executives		Total	
	Number	% on Total Employees	Number	%	Number	% on Total Employees	Number	% on Total Employees
Gender								
Male	1,951	40%	242	5%	49	1%	2,242	46%
Female	2,512	52%	77	2%	4	0.01%	2,593	54%
Total	4,463	92%	319	7%	53	1%	4,835	100%

Age

Below 20 Years	24	0.5%	-	-	-	-	24	0.5%
21-30 Years	379	8%	35	1%	9	0.02%	423	9%
31-40 Years	1,170	24%	86	2%	16	0.01%	1,272	26%
Above 40 Years	2,890	60%	198	4%	28	1%	3,116	64%
Total	4,463	92%	319	7%	53	1%	4,835	100%

Service Period

Below 05 Years	1,187	25%	78	2%	28	1%	1,293	27%
06 – 15 Years	1,478	31%	110	2%	12	0.01%	1,600	33%
Above 15 Years	1,798	37%	131	3%	13	0.01%	1,942	40%
Total	4,463	91%	319	7%	53	1%	4,835	100%



Compliance with human rights, Statutory Laws and Regulations relevant to employment

Child labour

GRI 408-1

We do not utilize child labour in our estates. Abolition of child labour promotes economic and human development. We select suppliers who are not engaged in child labour. Further, education until Ordinary Level is compulsory in our estates. Parents are encouraged to send children to schools daily. The child development officers, guide the worker children until such time they complete Ordinary Level exam.

Child care provided for resident employees in their divisions and welfare officers monitor attendance of children to ensure that they avail themselves of the early childhood development opportunities, nutrition and other measures taken to promote their health and well-being.

Human Rights Protection

NPPLC always consider about the Human rights of our employees not because of it is a law, because it is a human value. As a company we value the humanity more than anything and we are not limited to provide those defined human rights. We provide them the freedom, a human desire.

If there is any issue with violation of human rights, the employee is able to have an open communication with management and have suitable solutions. There is a day allocated for employees to inform any grievance at the estates.

GRI 202-02

Engagement with the local communities

As a plantation company, we are highly engaged with the local communities as many of the residents are directly and indirectly involved in our activities. On many occasions we have moved beyond the employee level, closely working with the estate and neighboring communities at large. We conduct many awareness programs followed by demonstrations to provide them with a better understanding of the core principles of financial literacy, health and safety. We work very closely with many government and non-government organizations (NGO's) in order to provide highly effective training and awareness programs, and study tours. We also work closely with the village communities and have established a rapport so they

are able to raise issues directly with the estates through the Community Development Forum. Villagers also use the mechanism of complaining through the Grama Sevaka and Divisional Secretariat to convey their grievances.

We shall consult local communities regarding plans for new projects, constructions, diversification or any other operational changes that affect the local communities and their views will be considered in the decision making process also we screening environmental & social impact before starting any major project & operational change. This social impact assessment is applicable for projects where the Environmental and Social screening has identified as a need to assess social risk and impact issues. Its purpose is to identify and analyze potential adverse impacts and to ensure that the needs and conditions of people affected by a proposed project are fully taken into account in project design and that suitable mitigation measures are identified as needed. It should also contribute to enhance opportunities for developmental benefits for affected groups.

The organization hired senior management from the local community including 100% Sri Lankan resident citizens who are expertised in the industry to handle all agricultural operations related to our company and having high management skills as senior management. Well Qualified & industrially experienced head of senior management are coordinating & directing all estate operations. Through this we have given the priority for the local talent and knowledge.

Labour Grievance Mechanism

Because of variety of reasons employees get demotivated. Failing to identifying the grievance at the origin, leads to a material problem for the company. Thus, Namunukula Plantations have a regular system to identify issues and solving mechanism. We have facilitated an open-door policy for employees to have direct communication with the superintendent of the estate when they have an issue.

Every Wednesday is assigned as Labour Day and it is allocated for addressing labour problems.

They can utilize an anonymous approach or make use of the open-door policy in place, whereupon any employee can access management upto the CEO. NPPLC upholds its grievance policies to the highest levels of expectation and at

Head Office level there is a HR division which is responsible for employee issues. We always try to offer the best solution for the employees.

Investments in community level projects GRI 413-1

Many residents in the communities don't have basic conveniences as they do not invest in the upkeep of their residences due to ownership issues. Thus, plantation companies work with the Plantation Human Development Trust to provide them with adequate housing and accommodation to ensure that an acceptable standard of living is maintained within the estates managed by us. The PHDT is an Organization consisting of the Government of Sri Lanka (GOSL), Regional Plantation Companies (RPCs) and Plantation Trade Unions (TU) formed by the GOSL to implement social development programs to enhance the quality of life of the one million Plantation Community in the Estates managed by the Regional Plantation Companies of which Namunukula Plantations is one. Namunukula Plantations has contributed LKR 4,828,778 to PHDT during the financial year. Furthermore, our CSR activities are implemented based on our community and their welfare. Details of our CSR projects are contained at the end of Social & Relationship Capital report in page no 110 to 111.

Anti-corruption GRI 205-1

Management approach

We are against Corruption

As the Management team we are the Agents of shareholders of the company. Hence, we have responsibility in preventing the corruptions at the company and Estates to save Shareholders' wealth. Thus, we have applied strong control systems and processes to eliminate the errors and frauds from top to lower level of the organization. Anti-corruption training has been given to our Executive employees with decision authority. All internal operations are conducted as a process of approving. Approval levels are defined based on their level of hierarchy. All accounts prepared by the estates are rechecked by Head office management team with staff. At the estate level watchers are engaged for securing the plantations assets such as factories, machineries, Bungalows, Office premises etc. We receive the service of Group Internal Audit team with the industrial experts' knowledge continuously. Further External

auditors visit estates and head office annually. Head office executives visit estates regularly to check their operations and reporting procedures. Also, independent external and internal auditors confirm the stocks held by stock verifications. Month end stock verifications must be done by the estate superintendent of every estate. For annual stock verifications, independent external auditors, superintendent of the relevant estate and superintendent from adjoining estate are participating.

GRI 102-16

All our employees are addressing amongst other things, matters such as conflicts of interest, payments to outside entities and individuals and the maintenance of proper books, records and controls. The principles are articulated and disseminated to all executive level employees and explain in all three language if needed. Executive employees are provided all the codes with their appointment letters at the time of joining and awareness is reinforced through the consistent application of the principles. The competency framework and performance appraisal criteria also address the need to maintain high standards of ethics to ensure that employees are sufficiently knowledgeable about their areas of expertise. Reprimands issued in case of breaches are recorded in personnel files and serve as early warning signs for monitoring by management.

Category of Operation	Frequency
Internal Auditors visits to SBU's	
Stock verifications	11 Factories
Estate visits for comprehensive Audits	15 Estates
Special assignments	03 assignments
External Auditors visits to SBU's	
Estate visits for comprehensive Audits	18 Estates
Stock verifications	18 Estates
Head Office	02 Times
SBU visits by head office representatives	05 Visits
Senior Management visits	Weekly

“Employee engagement is the art and science of engaging people in authentic and recognized connections to strategy, roles, performance, organization, community, relationship, customers, development, energy and happiness to leverage, sustain and transform work into results”.

-David Zinger -



INTELLECTUAL CAPITAL

Current technological developments are already influential the future in ways we never imagined. Challenging business practices as we know them, such developments are rendering the past financial performance of an organisation less important, than the Company's future potential. Tangible assets (refer Manufactured Capital) were once considered a corporate's key value driver but that view is no longer accurate. Managing the knowledge based intangible assets of an organisation is of vital importance because such assets can significantly impact its value.

The Namunukula Plantations intellectual capital consists of our corporate values and culture, market positioning, governance structures, leadership styles, collective knowledge, quality standards, best practices, governance framework, Information systems, other unique systems and processes and also innovative strength. In this chapter, we look at intellectual capital in light of how it can impact competitive advantage, future fitness and the ability to engage stakeholders.

Management Approach on Intellectual Capital

The Company approaches the management of intellectual capital by maintaining a reputation that is held in esteem by undertaking ethical and transparent business practices coupled with employing industry experts and those with current market and agricultural product knowledge thereby increasing internal knowledge and knowhow and enabling year-on-year business growth. Further, Namunukula Plantations operates the our diversified business segments by integrating high levels quality standards with expert knowledge and current business practices within our overarching corporate strategy which also enables the creation of intellectual capital value to our stakeholders.

We work together with our stakeholders to strengthen these intangible assets while focusing on optimizing and creating derived intellectual capital value. The identified elements are developed separately, but the symbiotic relationship between them contributes towards enhancing the corporate brand.

Accordingly, our strategy focuses on consolidating our corporate brand renowned for finest quality Products; adopting ethical and sustainable business practices in line with guidelines set by our best agriculture & manufacturing practices & processes ; training employees, sharing knowledge and encouraging a performance oriented work culture; bringing in process improvements investing in research and development for process innovation and relying on market intelligence for logical decision making at the strategic planning level as well as at the operational level. We have also taken necessary measures to closely monitor the performance of our strategy and plans based on pre-agreed set of key performance indicators.

Risks and Opportunities

Risks

- Impacts of changing demographics, awareness and expectations of stakeholders on the brand positioning.
- Impacts of decline of economic conditions on demand for quality teas, rubber.
- Plantation industry issue may discourage adopting best practices and continuing with certification programmes.
- General averseness across the industry to tie up performance results to remuneration and rewards.

Opportunities

- Corporate managements team to effectively run the business with the grater standard.
- Expertise Plantations Management team to sustain best agriculture and manufacturing practice.
- Availability and access to market information, buyers profile and preferences for strategic decision making.
- Growing consensus amongst stakeholders of the necessity to move on to a performance –based plantation culture.
- Effective Financial procedures & internal control system established for effectively manage the company activities.

Tacit Knowledge

Tacit knowledge is derived by the knowledge and knowhow of the skilled and experienced employees of the Company and the processes and procedures followed and enhanced year-on-year to improve the effectiveness and efficiency of day to day operations. The Company's employees are highly skilled, and our procedures ensure that those employed have relevant experience and possess the required high experience level to drive business goals and strategies. Further, as Namunukula Plantations employs a mix of experienced and newly graduated people, the Company is well poised to benefit from the industrial and fields experience of employees and employees who bring the newest and latest business practices to the Company's business operations. To strengthen the base of the Company's tacit knowledge, majority of the Company's leadership team are high experienced and are able to provide success stories and best practices which has driven the Company's growth to date.

Our board of directors comprises individuals with diverse experience and expert knowledge which shows an appropriate mix of knowledge and experience at the top of the company to take Namunukula Plantations higher. Senior management consists of well – qualified experts who have been working in the corporate industry for many years. Our Senior Management details are available on page 24 of this report. The company has taken all possible measures to retain and maintain tacit knowledge of employees.

As a company we believe that education and vocational qualifications of employees are a critical measure of the success of their individual job role, hence, the company has set its strategy in a way that it hires the best resources from the market.

Corporate Values & Culture

GRI 102-16

The Namunukula Plantations corporate culture is derived from the Company's vision, mission, values, governance framework, leadership structure and corporate hierarchy, and our approach to risk management. By applying the values of agility, proactiveness, integrity, quality and team spirit, the Company is well-poised to work as one team in an ethical and transparent manner to create value to stakeholders. Agility ensures that capability to sense, create and respond to change quickly and confidently, Proactiveness ensures Behavior involves acting in advance to deal with future situations, Integrity ensures honesty in all we do by everyone who is a part of the Company, Team spirit ensures the feeling of pride and loyalty that exist among the team members, while Quality allows Commitment to meet business and customer requirement in a satisfactory way.

The Company's corporate governance framework adds to our corporate values by ensuring business activities comply with the rules and regulations as required by a company which is listed, while acceptable and ethical business conduct and increased transparency of business activities are further strengthened. The proactive approach to risk management has become integral to business strategies thereby ensuring that all employees consider risk of business activities in a proactive manner.

Corporate Internal Procedures

The Company's adoption of best practices is not limited to only Company processes but also is shared with and promoted to our backward and forward integration partners as part of a broader commitment towards quality improvement across our value chain. The Company's

backward integration strategy focuses on developing durable relationships with the small holder base by providing extension services including development programs to enhance adoption of Good Agricultural Practices in areas such as soil management, planting, maintenance and harvesting in order to enable them to grow their business in a sustainable manner while adding value to the Company's intellectual capital.

In turn, the Company's forward integration strategy seeks to strengthen our relationships with tea brokers who facilitate the sale of tea through the auction process. We share best practices and other developments in the industry to enable our forward integration partners to understand the depth with which we adopt current and sustainable practices in our production processes thereby enabling the reputation of our products to be improved in the marketplace. We also encourage our brokers and buyers / exporters to regularly visit our factories to get a hands-on view of our production processes and measures adopted to produce our teas at the highest quality standards. This inevitably creates intellectual capital value as our brokers and buyers share insights with their customers and reply by giving the information on the market and guidance on changing consumer demand trends and any requirements for changes to our current manufacturing processes to meet global tea markets changes.

Corporate Governance System & Risk Management

The Company has in place an extensive governance framework which incorporates mandatory requirements as well as voluntary best practices, whilst our risk management model provides a consistent basis of oversight on the risks faced by the business. These help us to ensure that the Company is managed in a transparent and ethical manner while risk factors prevailing in the operating environment are managed or mitigated proactively. Thus, these two elements of intellectual capital enable the Company to maintain its corporate reputation in the marketplace. Refer the Corporate Governance Report on page 26 to 30 and the Risk Management Report on page 35 to 43 for further details.

Invest in In-house developed Information Systems

We believe confidential and responsive information systems are critical to stay ahead of the curve. The Company is currently in the process of upgrading the existing MIS system of Mark Sys to ensure the business is fully equipped to optimize information availability to take correct decision taking.

Group Synergy

As part of the Richard Pieris Group, part of biggest plantation family and one of the venture partner of a Joint venture arrangement having to manufacture Palm Oil Production called AEN Palm Oil Processing (Pvt) Ltd, we tap into high standards of systems & procedures, Strength of forward integration, highly evolved systems of management and expertise of leading industry professionals in the country.

International Certifications

- **Rainforest Alliance – Sustainable Agriculture Standard**

During the year under screening company obtain Rainforest Alliance certificate for our Hindagala & Kinnalan Estates.

- **ISO 22000:2005 – Food Safety Management**

This Certification covers

- Food safety
- Food quality assurance
- Food hygiene



Certificate obtain 04 high grown tea factories of uva range estates namely Gonakelle, Canavarella, Hindagala, Kinnalan.



STRATEGIC PRIORITIES

Our corporate strategy and strategic priorities also aim to ensure that our intellectual capital is preserved and improved upon over the years. Consisting of intangible assets that significantly impact business growth, our Intellectual Capital directly influences the way stakeholders perceive and interact with us.

PERFORMANCE HIGHLIGHTS

- 2nd highest Oil palm Producer of the Sri Lanka.
- Record 2nd highest Share price at CSE Main board under the Plantation sector.
- Compliance award for Annual report 2017/18, CA Sri Lanka Annual Report Award Competition.

Technologies & Intellectual Property

Businesses that develop a research and development (R&D) strategy are more likely to grow and succeed. Research involves designing new ideas to solve a problem or to create an opportunity to competitive advantage.

In performing R&D, company internally review processes and technologies in order to identify issues. In the last financial year we have carried out the experiment on developing new harvesting tools for Oil palm & Rubber in order to reduce the cost of harvesting.

Research and Development undertaken during the year

- Introduction of a endoscopic camera to determine the ripeness of Oil Palm bunches

Rejection of harvested unripe oil palm bunches has been a recurring problem to the oil palm plantations. As a solution to this 2017 Newest 1200P 2MP 800Mah 8pcs led WIFI wireless Android iPhone IOS USB pipe borescope Endoscope inspection camera mounted on a telescopic pole was introduced to examine the bunches from the ground. The camera mounted cable transmits the images via a WiFi unit attached to the other end of the cable to a smart mobile phone screen. The WiFi App installed in the Android mobile phone displays a clear image of the bunch to provide visual inspection of the ripeness of the bunch. This enables harvesting of the bunches that are fully ripe to avoid rejection at the processing factory level.

- Introduction of a motorized Rubber tapper
- Improvements to Rain guard to cover the tapping panel

A high speed motorized tapping machine was tested during the year. Based on the feedback received a second prototype is under development to overcome the problems reported with the first prototype.

A trial was conducted to examine the improvements possible to attach the rain guard to a tapping panel of the rubber tree. An attempt was made to use form rubber strip and cables ties to fix the rain guard to the tree.

Top Price Achievement at Tea & Rubber Auctions

Tea	Estate	No of Times
	Gonakelle	02
	Hindagala	02
	Kinnalan	01

Our Brands

GRI -102-2

We have remained committed and upheld sustainable agricultural and manufacturing practices to reach out to operational excellence. This has paved the way to position our brands for quality and standards, secure market confidence and attract premium prices, even ahead of the national averages in several instances.

Top Prices Achievement at Tea & Rubber Auctions

• Tea

Tea	
Low Grown Estates	
Estate Name	Garden Marks
Pelawatte	"Pelawatte"
Baddegama	"Baddegama"
Walpita	"Walpita"
Akuressa	"Korahilagoda"
Hulandawa	"Belmont"
Tennehena	"Dankoluwa"

High Grown Estates	
Estate Name	Garden Marks
Gonakelle	"Gonakelle"
Cannavarella	"Cannavarella"
Pingarawa	"Tonacombe"
Hindagala	"Hindagala"
Kinellan	"Kinellan"

• Rubber

Rubber	
Estate Name	Garden Marks
Eladuwa	"Eladuwa"/"Malaboda"
Pallegoda	"Pallegoda"
Yatadola	"Yatadola"

Rubber	Estate	No of Times
	Eladuwa	06
	Pallegoda	05
	Yatadola	03



SOCIAL & RELATIONSHIP CAPITAL

Social and relations capital of the Company consists of the relationships built over the years with our buyers, brokers, customers, business partners, suppliers, investors, resident plantation communities and the surrounding communities. We creates social and relationship capital value by focusing on meeting the needs of our buyers, brokers, customers, business partners, suppliers, investors, resident plantation communities and the surrounding communities at large. The Company is aware that financial performance and business growth are dependent on our ability to sustain strong relationships with these external stakeholders and hence, we create an operating climate which enables meeting these stakeholders' expectations in the long term.

Management Approach towards the Social and Relationship Capital

Social and relationship capital is created through the activities undertaken for building enduring relationships with our key stakeholders. As such, the Company regularly communicates with these stakeholders to build long term relationships and to gain a better understanding of their business operations and needs.

The Company shares information with our value chain stakeholders through forward and backward integration using different programmes and communication methods to build strong relationships and gain better understanding of their business operations and needs in order to serve consumer and market demands to create long term value for all concerned parties. As a plantation company, much of our inputs and outputs are dependent on strong value chain activities. Furthermore, the Company is aware that surrounding communities are often dependent on and impacted by day to day operations and as a socially responsible corporate citizen, the Company works with the community members to enhance their livelihood and assist the community to grow and thrive.

Because of the close bond with the community, NPPLC always engages on their concerns of collective needs with the objective of flowing benefits to the entire society. As a responsible corporate citizen NPPLC considers Community concerns as a prioritized topic during Decision making and budget setting.

Company addresses negative impacts of the Company operations through regular analysis and discussions with active social unions. NPPLC is committed to ensuring that its business operations have no negative impact on the community. Furthermore, NPPLC seeks ways to fulfill common desires of the community. Under that Sanitation needs, Housing needs, Education facilities, Roads and transporting services are improved and built by the Company.

We hold regular dialogues with our tea & rubber brokers to help us understand market and consumer developments and requirements, to help us to fulfill their demands in line with the changing consumer tastes and market conditions.

We are sensible, organized and responsible in the way we engage with our social communities. Our business strategy and action plans are well combined with our commitment to social responsibility.

Our community engagement directly links with 'Estate Worker Housing Corporative Societies' (EWHCS) to carry out focused community based projects and initiatives. The dedicated programme is structured to support and uplift the communities'

resident within our estates to support the communities by improving their living environment through infrastructure development of basic amenities; capacity development and health and nutrition. We have access to funding support for estate housing and other infrastructural development through a national programme led by the Ministry of Hill Country New Villages, Infrastructure and Community Development through Plantation Human Development Trust. We collaborate with the EWHCS in taking forward this project along with relevant government and non-government bodies.

In addition to our engagements for the resident communities, we also support communities outside the estate to organize religious ceremonies and festivals, sports activities, medical camps and also 'shramadana' to keep the environments clean and beautiful. Further we also take up our public role in terms policy making for the industry. We engage the government and relevant institutions and advocate positive solutions to industry issues and thereby, uplift the plantations for all stakeholders concerned. Engagement of local communities, voluntary compliance and screening of suppliers at registration for negative impact on community are measured to prevent/mitigate negative social impact.

Risks and Opportunities

Risks

- Unhealthy life style patterns of Estate Community
- Poor attitude of right without taking responsibility for their own lives
- Out-migration of Estate residents from the plantation sector for alternative jobs with higher social aspirations
- Tendency of arising issues due to conflicts of interests of stakeholders
- Shift of customer loyalty, supplier commitment because of penetrating competition
- Macroeconomic imbalances impacting community and relationships

Opportunities

- Collaborative funding from Government through the Plantation Human Development Trust, local and NGOs and professional bodies for social development programs
- Positive corporate Reputation and brand enhancement for social responsibility
- Long standing, trustworthy relationship with customers, suppliers and other stakeholders
- Sound corporate standing, reputation, the strength and backing of the parent, Richard Peiris & Company PLC
- Top level commitment and focused efforts to adopt best and ethical business practices in operations and uphold good governance.

Material Topics

- GRI 413- Local communities
- GRI 414- Supplier Social Assessment
- GRI 416- Customer Health and Safety
- GRI 417- Marketing and Labeling

Basis for Materiality

As a company with a community formed based on the existence of the company should addresses the impact and relationships on the society at large. Society and

relationships is one of the major driving factors of deciding our future growth and survival. Majority of Our workforce and bought leaf suppliers are from the community. Hence as a responsible corporate citizen, NPPLC has to enhance the living standard of the public through advanced engagements and healthy relationships.

Boundary:

Estates, Factory, Head Office

NPPLC Social and Relationship Capital Strategy

Prominent items of the Social and Relationship Capital Strategy

- Consulting and engaging with the Community for increasing living standard of the people
- Building and maintaining positive relationships with stakeholders
- Carry out constructions and projects for Community development
- Prioritized Community concerns in decision making process
- Addressing Negative social impacts of the company operations

Strategic imperatives of Social and relationship Capital Management

- Contributing for improving living standard of the Local Community
- Creating worthwhile Relationships

Contributing for improving living standard of the Local Community

Management Approach

GRI 413-1

Strategic Measures

- Investing in community level development projects
- Conduct proper Grievance System for community to convey their common needs and issues
- Carrying out Awareness programs on public development
- Facilitate community with vocational training programs and scholarship schemes
- Cooperative relationships with Government and non-governmental organizations for community welfare

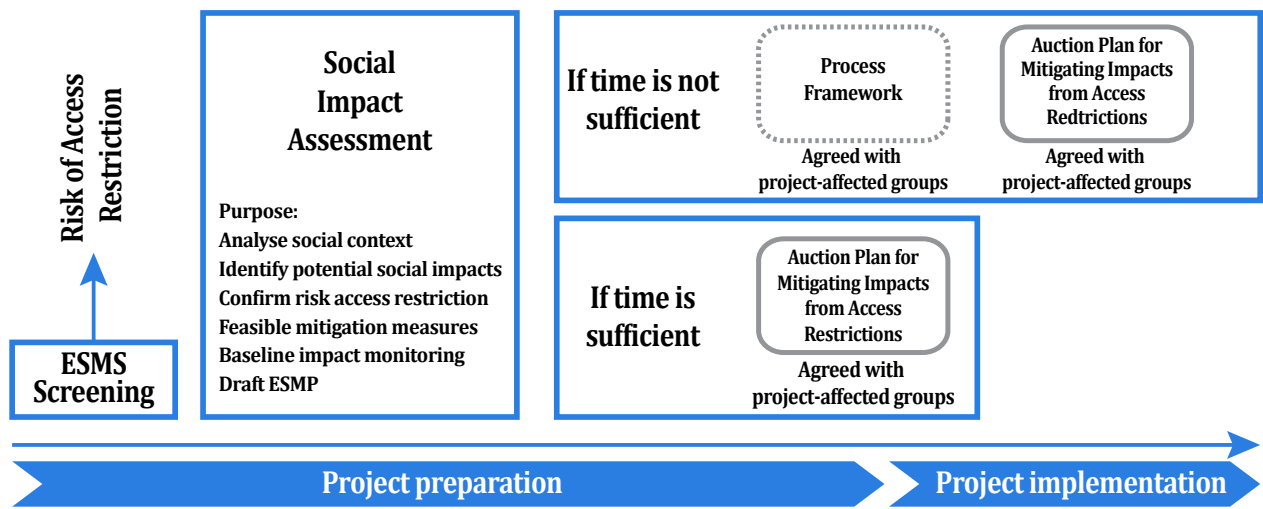
As a plantation company, we are highly engaged with the local communities as many of the residents are directly and indirectly involved in our activities. On many occasions we have moved beyond the employee level, closely working with the estate and neighboring

communities at large. We conduct many awareness programs followed by demonstrations to provide them with a better understanding of the core principles of financial literacy, health and safety. We work very closely with many government and non-government organizations (NGO's) in order to provide highly effective training and awareness programs, and study tours. We also work closely with the village committees and have established a rapport so they are able to raise issues directly with the estates through the Community Development Forum. Villagers also use the mechanism of complaining through the Grama Sevaka and Divisional Secretariat to convey their grievances.

We shall consult local communities regarding plans for new projects, constructions, diversification or any other operational changes that affect the local communities and their views will be considered in the decision making process also we screening environmental & social impact before starting any major project & operational change. This social impact assessment is applicable for projects where the Environmental and Social screening has identified as a need to assess social risk and impact issues. Its purpose is to identify and analyze potential adverse impacts and to ensure that the needs and conditions of people affected by a proposed project are fully taken into account in project design and that suitable mitigation measures are identified as needed. It should also contribute to enhancing opportunities for developmental benefits for affected groups.



Process of preparing Social Impact Assessment and Action Plan for Mitigating Impacts from Access Restrictions



We engaged with our community for their wellbeing

We always conduct our CSR practices in ethical way. Our aim to generate positive impacts and developed their livelihood in efficient way. We comply with the all social and environment rules and regulation of the country. In the reporting year, we are unable to find or none of negative impacts or grievances reported on the social and environmental aspects from the community. Few of our ongoing social welfare projects are given below.

- **Reconstruction of Buddha Statue**



The company never fails to perform its social responsibility as a liable corporate member in the society. We believe that the man does not be a human without spiritual development. Hulandawa Estate close to the main office there is an old Bo-

tree. The superintendent of Hulandawa Estate, with the help of the estate workers and the villagers have built a Buddha Statue. We reconstructed the premises with new Buddha Statue with the



assistance of the Executives, Estate Staff and estate workers Sinhalese, Tamils and the villagers contributed to make this historical religious place. And most importantly the estate Tamil workers were contributed one day wages for the event.

- **Our Contribution to National Tree Planting Campaign**

We believe that natural resources are best protected when people play an active role in their care and management. We, as an organization are committed towards protecting our environment and introducing processes which are environmentally friendly. We encourage our personnel to actively participate in initiatives to protect the environment and to educate themselves on the need for conservation. As part of our Corporate Social Responsibility activity, we have already started planting trees each and every estate. From that, in tennahena estate has planted 110 plants for National Tree Plating Campaign by participating estate staff members.



• Singithi Awurudu Festival

Children are the fundamental and most rationable segment of the society. Their way of living will decide the future of the society and ultimate the

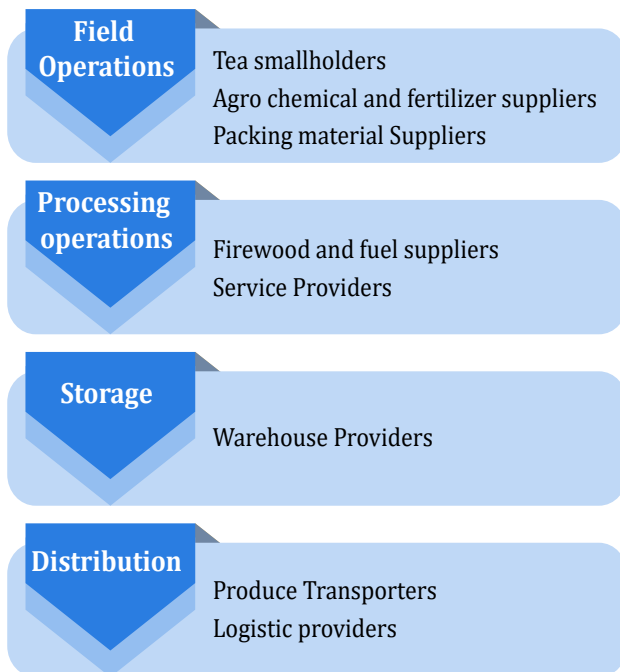


world. Singithi Awurudu Festivals were organized at Walpita estate and Pallegoda estate for the children of workers by the Child Development Centre of the estate. Through this we supposed to generate some positive influence on children about the culture and entertainment.

In addition to this activities, organized an Annual pirth Ceremony and Alms Giving Programme with the participation of Estate community in Yatadola Estate. Also organized a Special Dengue Infection in concurrent the World Environmental Day in Yatadola Estate.

SUPPLIERS

Supply Chain of NPPLC



Credible association with Suppliers GRI – 102-9

As an integral part of the Company’s value chain, our suppliers play an important role in ensuring the Company’s ability to deliver our strategic growth objectives. Therefore, the Company follows a multipronged approach to create value for our suppliers. We are consistent in managing our transactions with them, ensuring professionalism in meeting our payments and contractual obligations.

NPPLC has a large supplier base because of the comprehensive operations dispersal of the company. Hence we always strain to create and maintain healthy relationship with suppliers for continuing mutual benefits. As a respectable entity we always make dealings with suppliers from a responsible and accountable view to ensure building reliable relationships.

We committed to treat our suppliers fairly without prejudice and ensure that we are ethical and responsible in all our dealings with suppliers. We believe that, noble relationship with our suppliers cover the way to manage our direct and indirect social, economic and environmental impacts. In addition to that, while building good relationship with suppliers we can ensure sustainable supply chain for our continuous operations.

Strategic Measures

- Supplier assessment using Social, Business and Environmental criteria
- Prioritizing and promoting local procurements

Supplier Assessment GRI 308-1,414-1, 408-1

Management Approach

The Company has a supplier assessment policy to ensure they are able to deliver the products and services to the quality and standards required by the Company. Our supplier assessment is carried out in accordance with Environmental, Social and other business considerations.

- **Environmental considerations** - Waste management, Compliance with environmental laws and regulations, Resource consumption

- **Social considerations** - Child Labour and labour practices, Human Rights, Working conditions, Compliance with labour laws
- **Other Business considerations** - Governance, Legal background, Quality assurance, Capacity, Deliverability

NPPLC’s procurement practices are handled centrally by the procurement department of Richard Peiris Group through a proper evaluating process. Assessment of suppliers at the registration and periodic reviews including site visits and desk reviews are in place to evaluate our suppliers. We promote green consciousness across our supply chain and engage our new and existing suppliers to ensure that they meet our standards in environmental sustainability.

Therefore, in evaluating process of selecting suppliers are screened on pre-arranged above environmental, social and business criteria, prioritizing on the suppliers who could pose significant environmental impacts on an initially & whenever necessary. In 2018/19 few major suppliers were newly joined to our supply chain after a careful process of testing. All our newly joined small holder green leaf suppliers are visited by our respective estate superintendents. Further they regularly visits other small holders’ tea fields to understand issues, concerns and the agricultural practices adopted in growing tea and communicate with them new and sustainable agricultural practices, soil fertility and bush management practices. The Tea Smallholders Authority is also responsible for monitoring their operations.

We monitor procurement by various procedures. Supplier performance indicators, presaged in most cases and also included in procurement contracts; are measured and evaluated through regular meetings. We also carry-out periodic site visits and do desk reviews on major supplier annual reports including their Financial Statements to be aware of any issue that may hamper their supplies. We conduct a supplier assessment for Labour practices and social effect for all our material suppliers. When we are selecting our suppliers, we consider not only the economic factors but also other sustainability factors such as labour practices and social impact as well. We always decry using child labours and unfair labour treatments. Hence as a responsible corporate citizen in the country we prevent from getting supplies from companies which have no proper labour practices.

Promoting Local procurement

GRI 204-1

Management Approach

Our procurement practices are always based on local community beneficiary process. As a company we know the value of being a Sri Lanka. We always emphasize on local suppliers. We commit in seeing a growth in their businesses through consecutive purchasing and orders. Our objective is to retrain our generated value within the country. Other than the purchase of a tea colour sorter from China, Oil Palm seeds imported from Papua New Guinea and oil palm picking polls imported from Malaysia which are only 2% from the total value of purchases, rest of purchases were done from domestic suppliers.

Type of suppliers	Location
Bought tea leaf	Sri Lanka
Stationary	Sri Lanka
Fixed assets	Sri Lanka & Foreign
Outsourced services	Sri Lanka
Premises	Sri Lanka
Computer hardware & software	Sri Lanka
Utilities	Sri Lanka & Foreign

Also we encourage our supply chain to procure supplies through the local market. It will inspire our local manufactures and value transmission in between our local society.

Our Indirect Economic Impacts

GRI 203-2

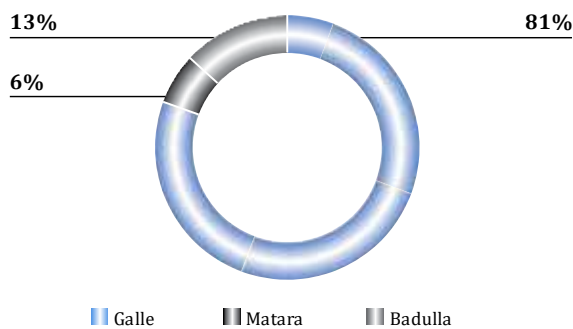
Strengthened the small holder families

We recognise that our projects may have a major impact on the communities that we operate in. We support the local communities by creating direct and indirect economic benefits which include generation of employment, sourcing material locally, and engaging in community building initiatives. We have built meaningful relationships with the communities we operate in. Our sustainability policy and strategy are our primary means of communicating our commitment to the community. Our Integrated Annual Report also forms an important part of communicating our work to uphold communities. Our CSR programmes are constantly reviewed and are evaluated at monthly

progress meetings and performance review meetings. In all our operations we comply with the applicable laws and regulations.

Currently, direct supplier base of tea small holder growers of NPPLC are 2,606 which comprising all are around our estates. In our bought leaf operations, we are very concerned about our smallholder supplier base and their concerns. Therefore, every time we are trying to give additional knowledge, advice, supporting services, improve their life styles go beyond traditional marketing approaches. Most of our smallholders are giving job opportunities to another few families by working their tea fields, plucking, transporting leaves...etc. Therefore, approximately our bought leaf operation processes are creating indirect employment opportunities to more than 5,000 families. Therefore, every time we provide new technology, our expertise knowledge & experience to our bought leaf operations to give support our suppliers and increase value addition.

Small holder suppliers -Region



Foreign currency saving

NPPLC have more than 2,300 ha of land of planted with oil palm. During the year our oil palm production quantity is 22 Mn kg. We are the second highest producer of oil palm in Sri Lanka. However Sri Lankan production of palm oil is not enough for Sri Lankan consumption. Therefore, every year we have to use more foreign exchange to import palm oil from foreign countries. Last year Sri Lanka imported approximately 240,000 Metric tons of Palm Oil. It is great

help to country's economy we are giving by saving some foreign exchange in Sri Lanka by full filling local requirement of palm oil.

Building Loyal and Lifelong Customer Base

Customer base is the main element which decides the growth and survival of the business. NPPLC always concern on satisfying their customers and certifying their health and wellbeing from offering best quality.

Strategic Measures

- Ensuring Customer Health and Safety
- Responsible Informative Labeling
- Preemptive engagement and satisfaction
- Compliance with Statutory Requirements

BUYER, BROKERS AND CUSTOMERS

Manufacturing Responsibility

At NPPLC, we plant, manufacture and dispose. Our end customer focus strategy is driving us to be more aware of producing quality products. Majority of the tea produced is sold at the public auction and remaining percentage sold as direct selling. To obtain higher auction prices against the increasing cost of production our factories focus on the product quality.

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

Focusing on end consumer satisfaction and developing better products we always encourage our revenue maximization and customer focus strategy. In addition, to further improve our production practices we are interactive with following institutions and have obtained membership from these institutes.

Our quality management system is well-structured and tries to find to safeguard best practices in operations. The internal audit takes up a significant role in monitoring our operational processes. Our quality checks enable us to identify and take necessary remedial action on operational processes and risks of malpractices that would mark our responsibility to our valued buyers, brokers and customers.

Member of Association

GRI 102-13

Name of the Association	Membership Status
The Colombo Tea Traders' Association	Member
The Planters' Association of Ceylon	Member
The Colombo Rubber Traders' Association	Member
The Employer's Federation of Ceylon	Member
Species and Allied Products Producers & Traders Association	Member
Palm oil Industry Association of Sri Lanka	Member

In addition, NPPLC maintains links with key institutes such as Rubber Research institute of Sri Lanka, Tea research Institute, Coconut Research institute, Sri Lanka Tea board, University of Peradeniya, The Institute of Chartered Accountants of Sri Lanka and the Association of Accounting Technicians of Sri Lanka.

External Assurance on Quality

As stated above NPPLC has obtained ISO 22000 - 2005 food safety management certificate for Hindagala, Kinellan, Canavarella and Gonakelle Estates located in Uva range. Also in Lower range Baddagama Estate is in progress to obtain HACCP and ISO 9001-2005 certification. External audits regarding Food Safety Management Certification are carried

out by DNV GL (An international accredited registrar and classification society) in January to confirm whether the processes are in line with the statutory requirements.



Responsible Informative Labeling

GRI 417-1

Our Product Labeling of Tea contains all required information as guidelines set out by the Sri Lanka Tea Board and the Ceylon Tea Traders Association on product information and labeling. Our packaging stenciled onto each package, the required product information to support our customers in ascertaining the quality of our teas including Company name, MF Number, Garden mark, Grade, invoice number, Net weight, Tare Weight and Gross weight on our labels.

Product and Service Information and Labelling

GRI 417-2

Incidents of non-compliance with regulations concerning product and service information and labeling have not been reported during the year under review. Our agricultural practices on all estates conform to the requirements of the Tea Research Institute of Sri Lanka and other certification requirements. We want going ahead with complying with all these labeling requirements specified by regulatory authorities.



Ensuring Customer Health and Safety

GRI 416-1

Management Approach

NPPLC upholds a proper quality assurance system to certify the excellent quality of products. From planting seeds up to the end product manufacturing, all the estates are carrying out quality checkups of every stage of production. Hence, we can provide our products to customers with a great confidence about the quality.

Most of our Teas are sold through auctions and direct to buyers with little contact with the final consumer. However, we are conscious of the needs of our buyers and have invested in certifications that provide assurance regarding the systems and processes used in our fields and factories. Under that some of Estates have taken the ISO 9001-2005 Food safety management system at present.

NPPLC strives to go beyond the Industry standards required, as we believe Company should setup the benchmark of quality achievement in accordance to customer mindset and expectation. Namunukula Plantations has supplied the highest quantum of FFB crop in 2018/19 to AEN Palm Oil Processing Private Limited. We pride ourselves on the quality of our products.

Government and Regulatory Bodies

GRI 201-4

We are the company which was privatized in 1992 by government and we are maintaining a good relationship with government. We have managed our plantations effectively and generated a positive value fulfilling the purpose of privatization. Some Financial Assistance and Grants are provided by the government through institutions due to achieve national goals such as increasing housing facilities, achieving full employment etc. We are received a grant from Rubber institution for increasing the Rubber growth area and for Rubber replanting. And we are received financial assistance for improving employee housing schemes and Sanitation through Plantation Human Development Trust (PHDT). Relevant data has been disclosed in Financial Statements

Financial assistance received from Government

Institution	Nature of Grant	2018/19	2017/19
PHDT	Worker Housing projects, Re roofing (Rs. '000)	1,157	599
RRI	Rubber Replanting subsidy (Rs. '000)	1,797	3,886
Tea Board	Loan at concessionary rates (Rs.)	-	40.6 Mn



NATURAL CAPITAL

The Company's natural capital consists of natural resources such as water, energy as well as materials created by using natural resources such as paper and non-renewable fuel. Thus, Namunukula Plantations PLC is aware of the need to conserve and safeguard these natural resources in while carrying out our day-to-day business operations. The Company's impact is mainly in areas of material usage, energy usage, emissions, water usage, and waste generated. We continue to apply control measures which reduce materials used in our normal business processes, water used by employees for their basic hygiene needs, energy consumption while conducting business activities and undertake measures to reduce the waste generated in doing business. This section will focus on the environmental management framework we have in place to engage and initiate key measures and campaigns to conserve, protect and build our natural capital.

Management Approach on investing in natural capital

Our management approach to Natural Capital is in compliance with Sri Lanka's environmental laws, and regulations, rules, standards and policies set by the Central Environmental Authority and other regulatory bodies. We are guided by best practices advocated by the internationally acclaimed certification programmes including the Rainforest Alliance Sustainable Agriculture Network (Rainforest Alliance) as well. We are also guided by the sustainable principles prescribed by the United Nations Global Compact (UNGC) programme and we work towards meeting the sustainable development goals.

The Company focuses on environmental sustainability and safeguarding the utilisation of natural resources, when implementing business strategies, processes and systems. Water usage, non-renewable energy use, material use, carbon footprint, waste management and impact on climate change are key parts of the Company's natural capital which is proactively managed and monitored in order to minimise the negative impact on the environment from our estate operations. We are committed to maintain right practices and policies in nurturing our palm oil plantations to produce high yielding, quality products while safeguarding our natural resources.

We have over 11,779 hectares of land resources under our custody, we are always in vigilant to protect and save the environment across our estates. As a plantation company, we rely on natural resources with the climate directly impacting the viability and the very sustainability of our operations. We believe, protecting the environment as a fundamental responsibility, will secure a better tomorrow for the present and future community while presenting a better sustainable potential to the business. NPPLC environmental strategy addresses the commitment to prevent and minimize the impact on the environment, while maintaining a continuous improvement. All Corporate budgets allocate a significant amount of funds as environmental expenditure and they are delivered with appropriate guidelines for implementation at estate level.

NPPLC also recognizes that the expenditure incurs in undertaking responsible management of our estates come from the benefits, those which have been identified and pursued. These benefits accrue through reduced costs of production, increased yield; improved product quality and through the alliances that we have forged by the clean public image we have created towards ensuring a better marketability of our product.

Risks and Opportunities

Risks

- Extreme weather conditions lead to intrude operations, Manufacturing and Lives of community.
- Increasing temperature and climate fluctuations cause to scaring resources and water sources.
- Growing resource need due to enlargement of estate communities
- Use of organic fertilizer will lead to shrink the natural soil fertilizer and will cause environmental pollution

Opportunities

- Broad environment strategy in place
- Rainforest Alliance – Sustainable and ethical practices in Estates are certified
- Top management commitment to safeguard the environment through reducing corporate’s footprint in nature

Material Topics

GRI 301 – Material
GRI 302 – Energy
GRI 303 – Water
GRI 304 – Biodiversity
GRI 305 – Emission and effluents
GRI 306 - Effluents and Waste
GRI 308 – Supplier Environment

Basis for Materiality

As stated above NPPLC acts a main role in the arena of the nature because in every stage of operations it actively engages with the environment. Hence the inter relationship between nature and the company takes a significant place in phenomenon of the Company. Environmental issues affect the company as well as company’s operations affect the environment how they using resources, energy and water for their operations and manufacturing processes also the impact of the company activities towards biodiversity and generating of Industrial waste. Hence as a responsible corporate entity NPPLC seeks to ensure the sustainability in long run.

Boundary

Estates, Factories and Head Office premises

Diminishing NPPLC Impact

Management of environment impacts supports eco efficiency by the efficient use of water, material and energy while reducing the environmentally harmful impacts. We are profound on our environment as it is very crucial for us to preserve best environmental practices since the natural environment becomes an integral part of our business.

Without having a noble sense about ecological conditions that we operate in, we would not be able to withstand in the industry. We always have to safeguard sustainability of the environment that we operate in as the first priority in our operations. With more concerns about the environment, enables us to gain a competitive position by establishing and strengthening 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 be mutually exclusive with our revenue maximization strategy but as an ethical business, we are keen on those and to comply with environmental standards and follow them with no variance. In doing our operations although there is overlap in many instances. However, this will help to continually improve our performance in line with best practice, and to prepare for future risks and opportunities. We carefully consider the potential 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, minimizing waste of water and conserving biodiversity.

In balancing the Eco system, bio diversity and natural environment is paramount important to us, we operate in it and have a moral obligation towards our natural environment to ensure the sustainability. Therefore, we meet the needs of the present without compromising the ability of future generations to meet their own needs. Despite we adopt to environmental protection measures that safeguard the environment that we operate in and we adhere to environmental legislation imposed by the authorities.

NPPLC's Guidelines for Natural Capital Management

- Environmental Strategy of the Company
- Environmental Certifications
- Environmental laws and Regulations
- Central Environmental authority

Environmental Strategy of NPPLC

NPPLC is devoted to minimize the footprint on Mother Nature through maintaining a sound and prosperous promise with plantations and local community to preserve and manage the environment. NPPLC promotes a unique environmental friendly philosophy within the company and Stakeholders of offering a positive impact towards the environment, in meanwhile reducing the negative impact through increasing quality of life, productivity and enabling a more resource efficient world.

Prominent objects of the Strategy

- Endeavor to conserve resources by Efficient usage and managing waste
- Establish and Implement Environmental friendly methods in operations and manufacturing
- Improve education and consciousness about environmental care
- Safeguard biodiversity and water sources through a well-managed conservation programme
- Comply with relevant environmental laws and protocols.

Our precautionary Commitment on Natural Capital

GRI - 102-11

NPPLC as a guardian of 11,779 hectares of nation's high value and naturally sensitive land resource, we are extremely dedicating to protect the atmosphere in which we operate for the benefit of the present and future community. We are fully mindful of efficiently utilize our resources, whereas running operational impacts and reducing our footprint on the environment. We are also aware of the reality that both the environment and climate directly impact the security of our estate community, in addition as our business activities and shareholder interests.

Our environmental ethics carefully examines the commitment of the company, in partnership with the plantation and local community to safeguard and manage the environment in which we operate for the benefit and well-being of the present and future generations within plantations and its neighborhood. Further our strategies on environment management set out in line with the national policies and legislative requirements relating to the environment and biodiversity.

Our implications regarding environment based on precautionary principles are stated as follows. They are generated through today's major concerns in environment.

- **Biodiversity**

We focus on Forest conversation and increasing the forestry area and a well-planned program is implemented specially to protect biodiversity and water sources. Whilst minimizing threats on biodiversity we have no intention to postpone the implementation of this programme on our estates.

- **Global warming level**

For reducing our impact on increasing trend of warming level we will implement emission controlling programs in our estates.

- **Efficient resource usage and managing waste**

We shall practice cleaner production principles in an attempt to conserve the usage of all resources by optimizing resource utilization and minimizing waste. We shall ensure that all natural resources and ecosystems are managed in a sustainable manner by perusing environmentally friendly and responsible

methods in all our agricultural operations, field practices and manufacturing processes

• **Environmental education & awareness**

We promote the environmental education & awareness at all levels in order to increase the level of awareness of all aspects of the environment and its relevance, importance, care and management.

• **Environmental laws and regulations**

We are committed to comply with applicable environmental laws and regulations at all time. As such we are in a process to obtain certification from the globally acknowledged Rainforest Alliance (RA) for our tea factories in Namunukula Region as a first stage.

Precautionary Principle or approach

Our approach to risk management when developing and introducing new product.

Identifying Sustainability Indicators

Initially we identified what are the main sustainability indicators that have high sensitivity with new project.

Grouping Sustainability Indicators under Project Sustainability Objectives

Links sustainability indicators & project objectives for overall sustainability of New Project.

Establishing benchmarks & weight for indicators

Expert opinion used to establish indicator targets & importance depending on projects.

Applying appropriate evaluation technique

Use appropriate evaluation technique for select best option.

Developing sustainability indices & overall sustainability index for evaluate feedback

Based on sustainability indices & sustainability indexes evaluate the feedback of the project.

Managing inputs through mindful consumption.

NPPLC has implemented procedures to manage consumption in a way that leaves the environment and the organization more “environmental benevolent” while maintaining set goals for materials, energy and water helps the company better manage its cost.

Protecting the soil / Preventing soil erosion

NPPLC is engaged in a compost project in a few of our estates to use organic fertilizer to protect & improve the effectiveness of soil. Further training and educational programs are continuously conducted to the labours on the subject of soil protecting.

Strategic imperatives of Natural Capital Management

- Focused Material Management
- Efficient Energy Consumption
- Water conservation
- Forest management and Safeguard of Biodiversity
- Emission Management
- Soil preservation
- Effluents and Waste Management
- Relationship building towards safeguarding Nature

Focused Material Management

GRI 301-1

NPPLC consumes a great quantity of materials during operations and manufacturing processes commencing from planting seeds to transportation of products to auction market.

Types of Major Materials used

Field materials		Processing Materials		Packing Materials		Office procedures	
Fertilizer	Agro chemicals	Dolemaite	Firewood	Green Leaf	Regit tea sacks	Multiwall paper sacks	A4 papers

Management Approach

Strategic Measures

- Tight internal controls in material usage
- Promoting Reusing materials
- Increasing organic fertilizer produced at Estate level, instead of artificial manure
- Encourage and educate employees for mindful material consumption
- Use of more efficient Advanced technology

NPPLC has implemented internal procedures to limit the usage of materials. Making orders on office supplies and production materials after a proper forecasting of the necessary quantity has led to reduce wastage of input. In addition, Replacement of inefficient machineries with efficient ones causes to increase productivity while reducing material misuse due to decrease of human intervention and higher capacity.

Even though stationery is not used directly for the production process, it is consumed a considerable magnitude of papers in daily basis. As per our efficient material usage procedure, one sided used papers are gathered and reused. Thus paper usage of NPPLC has reduced by a considerable degree. Also, Staff is allowed to use limited office materials for a period as they need approvals for stationary orders. Through that NPPLC have achieved low environmental impact and cost reduction.

As a plantation company, fertilizer remains as a major input stock in production material list. Because of the negative natural impact of artificial fertilizer on the environment and soil, we are now transforming towards the natural alternatives such as compost and other organic fertilizer categories. Furthermore, Estate employees are educated for mindful consumption through awareness programmes.

	Source	Units	2018/19	2017/18
Renewable material used				
Packaging Materials				
• Rigid tea sacks	External	No of Bags	37,297	35,800
• Multiwall paper sacks	supplier	No of Bags	22,159	22,638
Raw Material				
Green leaf - Renewable				
• Estate leaf	Internal	kg	5,950,738	6,118,354
• Bought leaf	External	kg	4,645,612	6,505,509
Fertilizer usage	External	kg	3,045,340	3,345,340
A4 Usage (Head office)	External	Packets	125	120

(This information is captured from details of purchase orders and information from Estates.)

Efficient Energy Consumption

GRI 302-1

Today, Energy is the leading factor of the progress. It makes and generates a great competitive advantage towards Entities and Countries in broad.

The tea industry in Sri Lanka is the principal consumer of electricity and fuel wood. Energy cost takes a significant proportion of total manufacturing cost. Thus NPPLC has moved into strategies of efficient Energy utilization. Energy is a critical element, because NPPLC manufacturing processes associate with a number of machineries which are operated by electrical or mechanical energy.

Management Approach

Strategic Measures of Efficient Energy Consumption

- Launching Energy efficient lighting system in Estate premises.
- Investments on efficient machineries and manufacturing methods
- Utilizing Natural light in factories
- Close monitoring Energy usage
- Increasing awareness on energy efficiency among employees through education

Lighting of Estate Buildings and premises are replaced with LED bulb system and more efficient accessories as a long term cost productive step. Rubber factories are not fully covered thus the natural light can be used for manufacturing processes during day time. All Estates are monitored closely about their energy consumption on Electricity and fuel.

We measure the costs, volumes and the reasonability of consumption. Since the usage of firewood is higher for the manufacture process, especially for tea production, NPPLC cultivates trees with the purpose of using as fire wood. Also employees and community are educated about mindful energy consumption.

Fuel and energy consumption				
Non-renewable sources	Unit	2018/19	2017/18	Change
Petrol	Liters	39,753	36,407	9%
Diesel	Liters	238,550	229,759	4%
Renewable sources				
Firewood	m ³	22,514	21,093	7%
Electricity consumption	Kwh	2,208,757	2,407,936	(8%)

(Data collected using Estate Accounts and Electricity bills)

Total Energy consumption within the organization

Water Conservation

GRI 303-1

Water is considered as the blood of life because it ensures the existence of living beings. As a Plantations Company, NPPLC concerns water as a crucial aspect since the most of the company operations are sensitive to water also a larger fraction of business processes is driven related to natural environmental conditions by influencing water and water sources. Even though in tea manufacturing process, essentiality of water is less, Rubber Manufacturing processes are based on water presence.

Management Approach

We recognize our duty to minimize the hazardous environmental impacts from disposing waste that move out from our factories. The company has introduced several other initiatives to minimize the environmental impact of water usage, emissions, effluents and waste disposal.

We see this as the process of not only allocating and using water as a resource in a sustainable and efficient manner but more importantly in developing and improving our resources through improved water retention techniques and the harvesting of rain water that would enable us to tide through times of traditional drought when water scarcity becomes a serious issue to contend with. This is so not only where our crops are concerned but more importantly in serving the needs of our people.

Our crops do not depend on irrigation for its survival but basically depends on inherent ground moisture levels and to that extent, the retention, preservation and revitalization of ground water levels. This is paramount important in regularizing the flow of water in our streams, water ways a spring and to prevent them from drying out especially at a time when their active flow becomes critical at times of dry weather in meeting the needs of our resident population.

Hence our focus has been to reduce ground temperatures as far as possible, improve the permeability and water retention capacity of our soils, and improve recharge

structures so as to reduce or eliminate the surface flow of water direct to the ravines and rivers. Continuous surface flow can be very destructive and environmentally unfriendly doing absolutely no favor to what we strive for.

Strategic Measures of Water Conservation

- Rainwater Harvesting
- Increase awareness and educate employees
- Aligning with Rainforest Alliance certification guidelines
- Wastewater purification systems
- Focusing on Reduction of Agro chemical usage

Rainwater Harvesting

As an alternative source, Rainwater is collected and used for operations which affects to reduction of other water sources for some degree. Under this Resorting to deep draining is used to maximize the harvest of rain water while founding tanks and ponds for water harvesting at strategic locations.

Wastewater Purification Systems

GRI 306-1

As Rubber manufacturing requires considerable extent of water NPPLC uses water reuse and purification procedures to bring wastewater back into original condition. Along that process, purified water is used over for production and operational activities. As per RA requirements, NPPLC has constructed soak pits in Estates for cleansing water before release to outside. Also chemical mixed water is released through soak pits and a proper purification process. Also in Yatadola, Pallegoda and Eladuwa Estates, Wastewater purification projects are conducted.

Especial Arrangement for chemical users to clean their attire without waste water releasing

Our field of water resources management will continue to adapt to the current and future issues facing the availability and allocation of water. With the growing uncertainties of global climate change and its long-term impacts, the decision-making will be even more difficult. It is likely that ongoing climate change will lead to situations that have not been encountered before. As a result, new management strategies will have to be implemented in order to avoid setbacks in the future.

Sources of water

- Surface water - water pumped from rivers, lakes and wetlands
- Ground water
- Harvested Rain water
- Municipal water

Due to the complexity of collecting data we were not able to maintain proper records on water consumption of above source but drinking water usage has been calculated as per the records of invoices. We disclose the water usage of Our Head office as follows.

	Volume	
	2018/19	2017/18
Drinking water (Liters)	5,546	5,339

(Above stated data relevant with Head office are directly measured and Estate Details were estimated by using information of statutory standards of Rubber Research institute of Sri Lanka)

GRI 304-1

Forest Management and Safeguard of Biodiversity

Management Approach

Specially Estates in Uva region; Gonakelle, Cannavarella, Kandahena, Pingarawa, Hindagalla & Kinnellan estates as well as in the Low grown agricultural areas are sensitive to certain degree of bio diversity. We pay close attention to

the condition of ecosystems affected by our planting and production activities. The Company activities are directly connected in touch with water streams and the bank lines of small water falls, observing shrub and tree vegetation. We monitor our background environmental conditions in connection with the impact of our activities, which help to minimize our impact to the natural environment.

The ecosystem of a stream or river can be viewed as a system operating in the natural environment, and includes living interactions among plants, animals and micro-organisms, as well as (non-living) physical and chemical interactions. These streams are ecologically importance to maintain the trade of the plantations and the natural environment as well as fulfil the water requirements.

We have timber plantations and forestry management in the Uva estates. These plants are influenced by the natural environment, climate, topography, soil, etc. On the other hand, these plants help to enhance entire ecological system of natural environment and tradeoff between our operations and the natural environment. We remain committed and comply with all the guidelines laid out by the Central Environmental Authority and are engaging to obtain the certificate of the code of ethics of the Rainforest Alliance.

Strategic Measures

- Educating employees and increasing the awareness to protect biodiversity
- Ongoing tree planting projects
- Promoting value of Biodiversity using signposts.
- No fire & No hunting policies

Ongoing tree planting project

The finest approach of offering gratitude for the precious value added by the nature is gifting her with new trees. In addition to planting main crops, NPPLC has implemented lodging shade and green manure trees, fruits and native plants. Hence NPPLC's effort drives beyond the commercial purpose as NPPLC expects lower local temperatures change the microclimate and conserve water sources through the project.

	Invest during the year Rs.' 000
Camellia sinensis (tea)	7,233
Hevea brasiliensis (Rubber)	47,117
Elaeis guineensis (Oil Palm)	167,156
Cinnamomum verum (Cinnamon)	3,972
Cocos nucifera (Coconut)	5,838
Timber planting	7,413
Fruits, Native and other Plant Species	2,415

Emissions Management

GRI 306-3

As a responsible corporate citizen NPPLC focuses on reducing carbon footprint generated by its operations and manufacturing processes. Factory operations and transportation procedure are identified as the major aspects of emission expulsion. In addition, paper usage rises some carbon foot print. Consumption of electricity and heat as indirect operations and finally, we contain operations that generate emissions that have a low effect on the atmosphere indirectly such as waste disposal, office travel ...etc.. NPPLC seeks to find ways of minimizing emission castoffs.



Management Approach

Strategic Measures

- Increasing organic fertilizer consumption
- Improving Awareness about emission Management
- Promoting forest coverage by planting new trees

Due to great exoneration of emission, by using artificial manure, NPPLC has been moving to utilize organic fertilizer for their production. NPPLC has established compost pits in Estates to produce and collect organic fertilizer which is to be used for planting purpose. In meanwhile Employees

and the community are encouraged to reduce their input to generate emission through awareness programs. Estates are requested to use vehicles, machineries in efficient manner. Monthly electricity usage of Estates is analyzed and taken necessary arrangements to ensure whether the Electricity consumption is reasonable.

According to GRI standards and GHG Protocol Corporate Standard, our carbon footprint has classified into 3 scopes. First scope consists Direct GHG emissions which are generated through owned or controlled sources. Hence NPPLC recognized Diesel, Petrol and firewood in to Scope 1 category.

Second scope includes indirect emissions that are a consequence of the activities of the reporting company, but occur at sources owned or controlled by another company. According to NPPLC perspective, Electricity is considered as second scope emission since it is purchased from Electricity Board of Sri Lanka.

Scope three emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions. In NPPLC context third party transport as a Scope three emissions.

Emission of ozone depleting substances from NPPLC production facilities is almost zero and in domestic equipment it is insignificant; NOx or SOx gasses produced through daily processes and households too, are insignificant.

No spills have been reported from any of our estates.

Soil preservation / Land Management

Management Approach

To protect land from soil erosion NPPLC always emphasizes on better land management structures such as terracing, mulching, weeding, growing Mana (type of Grass which prevent soil erosion) and other plants to prevent soil erosion. Using plants for soil erosion control is an excellent biological method we use to safeguard the landscape and the shape of the land. In our tea plantations we adopt this method to safe guard the soil in our lands. In every tier or end of the planting areas with a higher slope, we will take

on to these methods to prevent soil erosion. Then we can minimize the conditions that promote soil erosion such as rain, wind, physical disturbance and overuse by adapting to those methods.

Preventing erosion with native plants is a common ecological practice in land management. It is a relatively easy way to conserve top soils and prevent open areas from wearing away. Other methods include coir netting, mulching, terracing and drains also we have planted Wild Sunflowers (Sooriyakantha) in Immature Oil Palm Fields, Mature Oil Palm Fields and Cinnamon fields to improve the soil condition.



(Methods used for preventing soil erosion)

Waste and Effluents Management GRI 306- 1

During the production process and operations, residuals and wastes spawn is typical. Although as a responsible corporate citizen, NPPLC believes offering benefits for society is only a slice of the ultimate accountability of a business. Additionally, it has a duty to manage bad waves and outcomes arising due to her existence. NPPLC identifies waste and effluents as one of the major negative outcomes of the company therefore it pursues to minimize.

Management Approach

Strategic Measures

- Founding Effluent plants & discharging destination
- Properly organized waste discharging processes
- Educating employees to increase awareness.
- Transforming wastes and effluents into marketable products

NPPLC has introduced effluents plants in rubber factories. In some cases, we identify tradable byproducts to minimize

the wastage while earning a commercial value. At present we operate three Effluent plants at Pallegoda, Yatadola and Eladuwa Estates.

During the year 2018/19, the amount of water discharged in processing above Rubber factories after purification stood at 10,072 kiloliters.

We make 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 community level. The objective was to purify the soil and the environment which is polluted from community activities, within the operational boundaries.

Office premises including estate office & head office consist dustbins to collect waste items and unnecessary items divided into three categories as polythene, foods and glass and the waste is discharged through municipal council cleaning services of head office and at estate level they are used to compost preparations.

At manufacturing level, Rubber Manufacturing Causes to generate large extent of waste water. But in our Rubber Factories arrangements are established for purify the waste water before releasing to the environment. By this process chemicals included in water are removed and cleaned.

No water sources are affected by our waste disposal system.

Process Effluent plant & discharging destination

NATURAL RUBBER PRODUCTION PROCESSES

The raw material used for the production of natural rubber is "white milky fluid" called latex taken from the latex vessels of rubber trees, which can be categorized as field latex, scrap. Chemically, latex consists of rubber, resins, proteins, ash, sugar, and water. The rubber content in the latex comes from the trees is approximately 30 to 40%. Latex, which is a kind of biotic liquids, will be deteriorated if it is not preserved by ammonia or sodium sulfite which is called anticoagulant. Anticoagulants prevent latex from pre-coagulation. The kind of anticoagulant used is depended upon the production process. Sodium sulfite is preferred if crepe or sheet rubbers are to be made.

In summary, Namunukula mainly produced dry rubber in crepe form and RSS form.

In wet milling converting to dry rubber it involves coagulation, washing consumes large amount of water, so that wastewater generated from these processing operations mainly comes from this step. A brief description of crepe processing is presented below.

Processing of Crepe rubber

Crepe rubber is made from field latex coagulum. In the production of crepe rubber from latex, the raw material is prevented from coagulation by adding ammonia. After transported to the factory, latex is filtered through a screen to remove coagulated rubber, particles, or leaves. It is then transferred to mixing tank with stirring blade after determine dry rubber content (DRC), latex is diluted with water to reduce DRC to 20 – 22%. In the production of crepe rubber, there are three important steps. Diluted latex from mixing latex with water and addition of sodium bisulfate to remove the part of the enzymes, proteins and sugars. By peddling the latex Origin is introduced the non-rubber particles to clot together as fraction. Then the milky latex is separated to another tank by straining for coagulation.

The strain latex is added with bleaching and formic acid for coagulation. Within 10 – 12 hrs the latex form in to a spongy block of coagulum and the water remain in the settling tanks is a discharge as serum water which is release to the effluent treatment plant for separating the chemical and biological residuals remaining in the water.

The coagulum is then subject to primary milling; slabs of coagulum is passed through pair of rollers of which the final one is grooved so as imprint on each the rib to increase the surface area for drying. Each roller is equipped with water sprayers to wash away non rubber particles. Then the Mill rubber is finally send through a smooth mill to squeeze the water out as well as to forming to a fine lace for purpose of easy drying. The water that taken out from the grooved mills is too diverted to the effluent tank to remove any residuals as stated above. The smooth mill laces are then loaded in to a drying tower for purpose of dry and the laces will be dried in 2 to 3 days.

ENVIRONMENTAL ISSUES OF NATURAL RUBBER PROCESSING SECTOR

Despite the numerous benefits that are rendered to the modernization of this world by natural rubber, the consequence of natural rubber processing has yet provided a serious problem due to its highly polluted effluents. The rapid growth of this industry generates large quantities of effluents coming from its processing operations which is a problem because of its wastewater contains high biological oxygen demand and ammonia. Without proper treatment, discharge of wastewater from rubber processing factories are sent through effluent treatment plant to meet the COD and BOD levels that are approved by the central environment authority certifying the treated water is fit to be discharged to the environment.

WASTE DISPOSAL MEASURES

WASTE TREATMENT PRACTICES

The waste treatment practices may change according to the volume of rubber processed by each factory and the processing plants are being designed taking in to consideration the maximum volume of latex that will be processed for a day. The major component is the water that discharged form factory to be treated and air pollution, solid management are not major problems hence we will be discussing mainly on the water treatment process adopted by Namunukula Plantation crepe rubber factories.

End of process treatment

Basically wastewater treatment can be divided into pretreatment, secondary treatment, and tertiary treatment.

- Pretreatment

The effluent plants that are in place has the rubber trap used for arresting suspended matters they have holding capacity of at least 12 hours with proper baffles to induce continuous up and down flow pattern. It has been designed to reduce suspended solids by 40% to 60%. The equalization tank has one-day detention time, therefore depending of the capacity of the factory some have two equalization tanks, each of them with one-day detention time.

- Secondary treatment

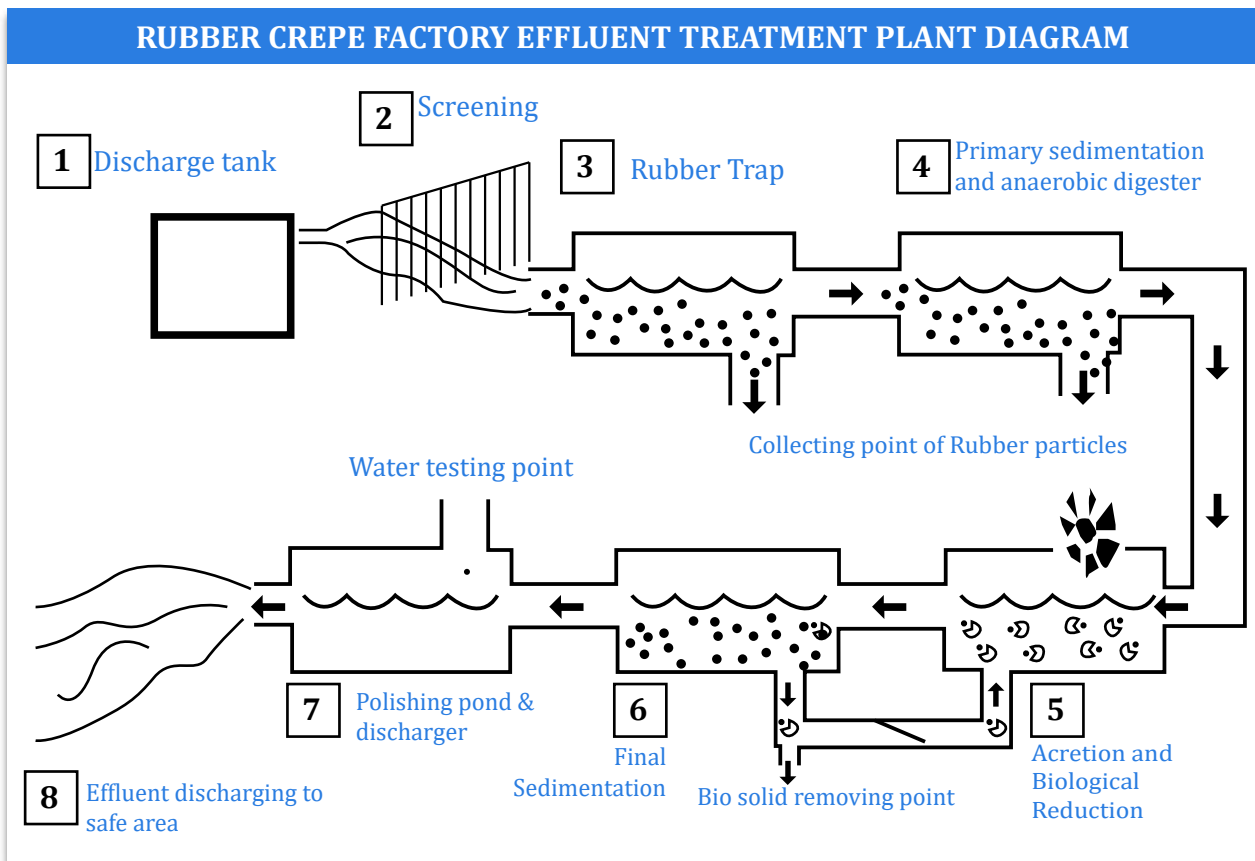
Following the primary treatment, the effluent is subjected to the biological treatment and considering the land availability the biological process is subjected to an extended aeration activated sludge type biological treatment process. An aerated work throughout the day to provide the required oxygen for bio degrading if any digestible properties remaining in the effluent.

The above measures will reduce substantial quantity of pollutants particularly BOD and suspended solids. With the primary treated effluent being treated here as secondary and biological treatment unit and it is observed and proved at testing render to secondary treatment by adoption of extended aeration activated sludge process. The biological treated effluent is then released to a settled in a secondary settling tank.

The anaerobic as detailed above is followed by releasing the treated water to aerobic ponds where discharge water is left for 15 – 16 days in the anaerobic tanks for further divesting in order to eliminate any risk of discharge water. The ponds are built keeping the required distances form the natural water sources and other water collecting facilities to prevent any contamination.

- Tertiary treatment

The water discharge from the secondary settling tank is further kept in a Tertiary Treatment Tank for observation of sludge and chemical disorder in the remaining water. Periodically checks are done to ascertain the COD and BOD levels and if the water confine to the required standard there being released.



ENVIRONMENTAL COMPLIANCE

GRI 307-1

As a company who is committed for wellbeing of the environment, NPPLC is doing operations in accordance with own environmental procedure and environmental regulations of the government. Our business processes are structured and executed within the boundary of eco-friendliness.

In the reporting year, we have not violated environmental related laws and regulations. We have not been subjected to monetary or non-monetary fines or sanctions for non-compliance.

Management Approach

Strategic Measures

- Eco-friendly Business process structures
- Environmental strategy aligned with government environmental laws and regulations
- Educate Employees to increase the awareness

Our products – tea & rubber manufacturing processes are organized in an approach of minimizing the negative impact towards the environment. Made tea is toxin free and packaged using bio degradable materials. Also firewood, a type of renewable energy source is used for tea manufacturing. In Rubber manufacturing, we mainly use recycled water as it requires a considerable volume also the wastewater and effluents are discharged using appropriate methods. Fertilizer requirement of plants is covered for some degree by using compost produced in the Estates and oil palm effluents supplied by AEN factory which is a joint venture of Namunukula Plantations PLC.

GRI 308-1

Relationship Building for Safeguard of Nature

Management Approach

NPPLC ensures that procurement practices are handled centrally by the procurement department of Richard Peiris

Group through a proper evaluating process. Assessment of suppliers at the registration and periodic reviews including site visits and desk reviews are in place to evaluate our suppliers. Our main suppliers are consisting of smallholders within our bought-leaf operations, agro-chemical and fertilizer suppliers, packing material, firewood and fuel suppliers, transporters, utility suppliers and other service providers. We promote green consciousness across our supply chain and engage our new and existing suppliers to ensure that they meet our standards in environmental sustainability.

Therefore, in evaluating process of selecting suppliers are screened on pre-arranged environmental criteria prioritizing on the suppliers who could pose significant environmental impacts on an initially & whenever necessary. Among them the impact on the environment of supplier is important. In 2018/19 few major suppliers were newly joined to our supply chain after a careful process of testing. Group of our senior management team representatives of our company visited to new fertilizer suppliers' factories and premises and confirmed about the clearance of the impact on environment. All our newly joined small holder suppliers are visited by our respective estate superintendents.

Even though there are many supplies of Namunukula Plantations, only the material supplies have been disclosed here.

No of new suppliers screened				
Category of supplies	No of new suppliers screened	Screened %	No of suppliers identified for environment impacts	No of negative impacts identified in supplier chain
Small Holders	56	100%	56	-

GRI CONTENT INDEX

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102-03	Location of headquarters	Page 4, Page 6 & Inner back	About report/About Us/Corporate Information
102-04	Location of operations	Page 4, Page 6, Page 9 & 90-91	About report/About Us/Our Estates & Operating Locations
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103-03	Evaluation of the management approach	Page 76	Financial Capital
201-01	Direct economic value generated and distributed	Page 84	Value Added Statement
201-02	Financial implications and other risks and opportunities due to climate change	Page 39, Page 50	Risk Management/Review of Operations
201-03	Defined benefit plan obligations & other retirement plans	Page94, Page 178	Human Capital/Notes to the Financial Statement
201-04	Financial assistance received from government	Page 115	Social & Relationship Capital

GRI 202 : Market Presence

103-01	Explanation of the material topic and its Boundary	Page 93,Page 67-71	Human Capital/Materiality Assessment
103-02	The management approach and its components	Page 93,Page 67-71	Human Capital/Materiality Assessment
103-03	Evaluation of the management approach	Page 93	Human Capital
202-01	Ratios of standard entry level wage by gender compared to local minimum wage	Page 99	Human Capital
202-02	Proportion of senior management hired from the local community	Page 101	Human Capital

GRI 203 : Indirect Economic Impacts

103-01	Explanation of the material topic and its Boundary	Page 108,Page 67-71	Social & Relationship Capital/Materiality Assessment
103-02	The management approach and its components	Page 108,Page 67-71	Social & Relationship Capital/Materiality Assessment
103-03	Evaluation of the management approach	Page 108	Social & Relationship Capital
203-02	Significant indirect economic impacts	Page 112-113	Social & Relationship Capital

GRI 204 : Procurement Practices

103-01	Explanation of the material topic and its Boundary	Page 111-112,Page 67-71	Social & Relationship Capital/Materiality Assessment
103-02	The management approach and its components	Page 111-112,Page 67-71	Social & Relationship Capital/Materiality Assessment
103-03	Evaluation of the management approach	Page 111-112	Social & Relationship Capital
204-01	Proportion of spending on local suppliers	Page 112	Social & Relationship Capital

GRI 205 : Anti-corruption

103-01	Explanation of the material topic and its Boundary	Page 102,Page 67-71	Human Capital/Materiality Assessment
103-02	The management approach and its components	Page 102,Page 67-71	Human Capital/Materiality Assessment
103-03	Evaluation of the management approach	Page 102	Human Capital
205-01	Operations assessed for risks related to corruption	Page 102	Human Capital

ENVIRONMENT

GRI 301 : Materials

103-01	Explanation of the material topic and its Boundary	Page 119-120,Page 67-71	Natural Capital/Materiality Assessment
103-02	The management approach and its components	Page 119-120, Page 67-71	Natural Capital/Materiality Assessment
103-03	Evaluation of the management approach	Page 119-120	Natural Capital
301-01	Materials used by weight or volume	Page 119-120	Natural Capital

GRI 302 : Energy

103-01	Explanation of the material topic and its Boundary	Page120,Page 67-71	Natural Capital/Materiality Assessment
103-02	The management approach and its components	Page120,Page 67-71	Natural Capital/Materiality Assessment
103-03	Evaluation of the management approach	Page 120	Natural Capital
302-01	Energy consumption within the organization	Page 120	Natural Capital

GRI 303 : Water

103-01	Explanation of the material topic and its Boundary	Page 121, Page 67-71	Natural Capital/Materiality Assessment
103-02	The management approach and its components	Page 121,Page 67-71	Natural Capital/Materiality Assessment
103-03	Evaluation of the management approach	Page 121	Natural Capital
303-01	Water withdrawal by source	Page 121-122	Natural Capital

GRI 304-1 : Biodiversity

103-01	Explanation of the material topic and its Boundary	Page 122,Page 67-71	Natural Capital/Materiality Assessment
103-02	The management approach and its components	Page 122, Page 67-71	Natural Capital/Materiality Assessment
103-03	Evaluation of the management approach	Page 122	Natural Capital
304-01	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Page 122	Manufacturing Capital/Our Estates & Operating Locations

GRI 306 : Effluents and Waste

103-01	Explanation of the material topic and its Boundary	Page 123-125,Page 67-71	Natural Capital/Materiality Assessment
103-02	The management approach and its components	Page 123-125,Page 67-71	Natural Capital/Materiality Assessment
103-03	Evaluation of the management approach	Page 123-125	Natural Capital
306-01	Water discharge by quality and destination	Page 121-122,Page 124	Natural Capital
306-03	Significant spills	Page 123	Natural Capital

GRI 307 : Environmental Compliance

103-01	Explanation of the material topic and its Boundary	Page 123-125,Page 67-71	Natural Capital/Materiality Assessment
103-02	The management approach and its components	Page 123-125,Page 67-71	Natural Capital/Materiality Assessment
103-03	Evaluation of the management approach	Page 123-125	Natural Capital
307-01	Non Compliance with environment laws & regulations	Page 127	Natural Capital

GRI 308 : Supplier Environmental

103-01	Explanation of the material topic and its Boundary	Page 127,Page 111, 112	Natural Capital/Social & Relationship Capital
103-02	The management approach and its components	Page127,Page 111, 112	Natural Capital/Social & Relationship Capital
103-03	Evaluation of the management approach	Page 127,Page 111, 112	Natural Capital/Social & Relationship Capital
308-01	New suppliers that were screened using environmental criteria	Page 127,Page 111, 112	Natural Capital/Social & Relationship Capital

SOCIAL

GRI 401 : Employment

103-01	Explanation of the material topic and its Boundary	Page 93,Page 67-71	Human Capital/Materiality Assessment
103-02	The management approach and its components	Page 93,Page67-71	Human Capital/Materiality Assessment
103-03	Evaluation of the management approach	Page 93	Human Capital
401-01	New employee hires and employee turnover	Page 94,95	Human Capital
401-02	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 95	Human Capital
401-03	Parental leave	Page 96	Human Capital

GRI 403 : Occupational Health and Safety

103-01	Explanation of the material topic and its Boundary	Page 93, Page 67-71	Human Capital/Materiality Assessment
103-02	The management approach and its components	Page 93, Page67-71	Human Capital/Materiality Assessment
103-03	Evaluation of the management approach	Page 93	Human Capital
403-01	Workers representation in formal joint management-worker health and safety committees	Page 96,97	Human Capital
403-04	Health and safety topics covered in formal agreements with trade unions	Page 97	Human Capital

GRI 404 : Training and Education

103-01	Explanation of the material topic and its Boundary	Page 93, Page 67-71	Human Capital/Materiality Assessment
103-02	The management approach and its components	Page 93,Page 67-71	Human Capital/Materiality Assessment
103-03	Evaluation of the management approach	Page 93	Human Capital
404-01	Average hours of training per year per employee	Page 98	Human Capital
404-02	Programs for upgrading employee skills and transition assistance programs	Page 98,99	Human Capital

GRI 405 : Diversity and Equal Opportunity

103-01	Explanation of the material topic and its Boundary	Page 93, Page 67-71	Human Capital/Materiality Assessment
103-02	The management approach and its components	Page 93, Page 67-71	Human Capital/Materiality Assessment
103-03	Evaluation of the management approach	Page 93	Human Capital
405-01	Diversity of governance bodies and employees	Page 24-25 & Page 100	Human Resources/Human Capital

GRI 407 : Freedom of Association and Collective Bargaining

103-01	Explanation of the material topic and its Boundary	Page 93,Page 67-71	Human Capital/Materiality Assessment
103-02	The management approach and its components	Page 93,Page 67-71	Human Capital/Materiality Assessment
103-03	Evaluation of the management approach	Page 93	Human Capital
407-01	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Page 99,100	Human Capital

GRI 408 : Child Labour

103-01	Explanation of the material topic and its Boundary	Page 93,Page 67-71	Human Capital/Materiality Assessment
103-02	The management approach and its components	Page 93,Page 67-71	Human Capital/Materiality Assessment
103-03	Evaluation of the management approach	Page 93	Human Capital
408-01	Operations and suppliers at significant risk for incidents of child labour	Page 101 & Page 111, 112	Human Capital/Social & Relationship Capital

GRI 413 : Local Communities

103-01	Explanation of the material topic and its Boundary	Page 108,Page 67-71	Social & Relationship Capital/Materiality Assessment
103-02	The management approach and its components	Page 108,67-71	Social & Relationship Capital/Materiality Assessment
103-03	Evaluation of the management approach	Page 108	Social & Relationship Capital
413-01	Operations with local community engagement, impact assessments, and development programs	Page 102 & Page 109-111	Human Capital/Social & Relationship Capital

GRI 414 : Supplier Social Assessment

103-01	Explanation of the material topic and its Boundary	Page 108,Page 67-71	Social & Relationship Capital/Materiality Assessment
103-02	The management approach and its components	Page 108,Page67-71	Social & Relationship Capital/Materiality Assessment
103-03	Evaluation of the management approach	Page 108	Social & Relationship Capital
414-01	New suppliers that were screened using social criteria	Page 111	Social & Relationship Capital

GRI 416 : Customer Health and Safety

103-01	Explanation of the material topic and its Boundary	Page 108,Page 67-71	Social & Relationship Capital/Materiality Assessment
103-02	The management approach and its components	Page 108,Page 67-71	Social & Relationship Capital/Materiality Assessment
103-03	Evaluation of the management approach	Page 108	Social & Relationship Capital
416-01	Assessment of the health and safety impacts of product and service categories	Page 115	Social & Relationship Capital

GRI 417 : Marketing and Labeling

103-01	Explanation of the material topic and its Boundary	Page 108,Page 67-71	Social & Relationship Capital/Materiality Assessment
103-02	The management approach and its components	Page 108,Page 67-71	Social & Relationship Capital/Materiality Assessment
103-03	Evaluation of the management approach	Page 108	Social & Relationship Capital
417-01	Requirements for product and service information and labeling	Page 114	Social & Relationship Capital
417-02	Incidents of non-compliance concerning product and service information and labeling	Page 115	Social & Relationship Capital

INDEPENDENT ASSURANCE REPORT



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Independent Assurance Report to Namunukula Plantations PLC on the Sustainability Reporting Criteria Presented in the Integrated Annual Report- 2018/19

Introduction and scope of the engagement

The management of Namunukula Plantations PLC (“the Company”) engaged us to provide an independent assurance on the following elements of the sustainability reporting criteria presented in the annual report- 2018/19 (“the Report”).

- Reasonable assurance on the information on financial performance as specified on page 84 of the Report.
- Limited assurance on other information presented in the Report, prepared in accordance with the requirements of the Global Reporting Initiative GRI Standards: ‘In accordance’ - Core guidelines.

Basis of our work and level of assurance

We performed our procedures to provide limited assurance in accordance with Sri Lanka Standard on Assurance Engagements (SLSAE 3000): ‘Assurance Engagements Other than Audits or Reviews of Historical Financial Information’, issued by the Institute of Chartered Accountants of Sri Lanka (“ICASL”).

The evaluation criteria used for this limited assurance engagement are based on the Sustainability Reporting

Guidelines (“GRI Guidelines”) and related information in particular, the requirements to achieve GRI Standards ‘In accordance’ - Core guideline publication, publicly available at GRI’s global website at “www.globalreporting.org”.

Our engagement provides limited assurance as well as reasonable assurance. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement conducted in accordance with SLSAE-3000 and consequently does not enable to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an opinion providing reasonable assurance.

Management of the Company’s responsibility for the Report

The management of the Company is responsible for the preparation of the self-declaration, the information and statements contained within the Report, and for maintaining adequate records and internal controls that are designed to support the sustainability reporting process in line with the GRI Sustainability Reporting Guidelines.

Ernst & Young’s responsibility

Our responsibility is to express a conclusion as to whether we have become aware of any matter that causes us to believe that the Report is not prepared in accordance with

Partners: W R H Fernando FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W K B S P Fernando FCA FCMA
Ms. K R M Fernando FCA ACMA Ms. L K H L Fonseka FCA A P A Gunasekara FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA
Principal Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA Ms. P V K N Sajeewani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA



the requirements of the Global Reporting Initiative, GRI Standards: 'In accordance' - Core guidelines. This report is made solely to the Company in accordance with our engagement letter dated 07th May 2019. We disclaim any assumption of responsibility for any reliance on this report to any person other than the Company or for any purpose other than that for which it was prepared. In conducting our engagement, we have complied with the independence requirements of the Code for Ethics for Professional Accountants issued by the ICASL.

Key assurance procedures

We planned and performed our procedures to obtain the information and explanations considered necessary to provide sufficient evidence to support our limited assurance conclusions. Key assurance procedures included:

- Interviewing relevant the company's personnel to understand the process for collection, analysis, aggregation and presentation of data.
- Reviewing and validation of the information contained in the Report.
- Checking the calculations performed by the Company on a sample basis through recalculation.
- Reconciling and agreeing the data on financial performance are properly derived from the Company's audited financial statements for the year ended 31 March 2019.
- Comparison of the content of the Report against the criteria for a Global Reporting Initiative, GRI Standards: 'In accordance' - Core guidelines.

Our procedures did not include testing electronic systems used to collect and aggregate the information.

Limitations and considerations

Environmental and social performance data are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data.

Conclusion

Based on the procedures performed, as described above, we conclude that;

- The information on financial performance as specified on page 84 of the Report are properly derived from the audited financial statements of the Company for the year ended 31 March 2019.
- Nothing has come to our attention that causes us to believe that other information presented in the Report are not fairly presented, in all material respects, in accordance with the Company's sustainability practices and policies some of which are derived from Sustainability Reporting Guideline, GRI Standards- 'In accordance' Core.

Ernst & Young
Chartered Accountants
12 June 2019

Colombo



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its financial position and performance
in the year under review.*

FINANCIAL CALENDAR

ANNOUNCEMENTS OF RESULTS	2018/19	2017/18
• First Quarter ended 30th June	• August 14, 2018	• August 10, 2017
• Second Quarter ended 30th September	• November 14, 2018	• November 13, 2017
• Third Quarter ended 31st December	• February 14, 2019	• February 12, 2018
• Fourth Quarter ended 31st March	• May 31, 2019	• May 31, 2018

PUBLISHED ANNUAL REPORT AND FINANCIAL STATEMENTS	2018/19	2017/18
• Annual Report and Accounts for the year signed	• On June 12, 2019	• On May 30, 2018
• Release to CSE and circulated to the Shareholders	• On July 03, 2019	• On June 05, 2018
• Annual General Meeting to be held/hold	• On July 26, 2019	• On June 29, 2018

DIVIDEND	2018/19	2017/18
• Dividend per Share	• Rs. 8.50	• Rs.14.00
• Announcement	• On March 14, 2019	• On March 13, 2018
• Payment	• On April 03, 2019	• On March 29, 2018

Most Recent Previous Annual General Meetings

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
23rd Annual General Meeting	30th June 2016
24th Annual General Meeting	30th June 2017
25th Annual General Meeting	29th June 2018

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 2019 and the Auditor's Report thereon.

The Board of Directors approved this report on 12 June 2019.

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 Exchange Commission and are guided by recommended best accounting practices.

2. Review of Business

The company's vision, mission and values are exhibited in page 08.

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 18 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 139
(ii) Signed financial statements of the company for the period completed.	Section 168 (1) (b)	Refer item 2.3 on page 140
(iii) Auditors' report on financial statement of the company.	Section 168 (1) (c)	Refer item 2.5 on page 140
(iv) Accounting policies and any changes therein.	Section 168 (1) (d)	Refer item 2.6 on page 140
(v) Particulars of the entries made in the interests register during the accounting period.	Section 168 (1) (e)	Refer item 2.7 on page 140
(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 140
(vii) Total amount of donations made by the company during the accounting period.	Section 168 (1) (g)	Refer item 2.9 on page 140
(viii) Information on directorate of the company during period.	Section 168 (1) (h)	Refer item 9 on page 142
(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 143
(x) Auditors' relationship or any relationship with company.	Section 168 (1) (j)	Refer item 14.3 on page 144
(xi) Acknowledgement of the contents of this report/ signatures on behalf of the board.	Section 168 (1) (k)	Refer page 144

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 15 to 17 and "Review of Operations" on pages 48 to 54 and "Financial Review" on pages 77 to 83, 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 176 to 177.

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 150 to 203.

2.4 Directors' responsibility for financial reporting

The Statement of Directors' Responsibility is given on page 145 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, 2019, and Auditors' Report issued thereon is appearing on pages 146 to 149 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 155 to 175.

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 33 (Related party disclosures) to the financial statements.

2.7.1 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 143.

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 2019 is given in Note 09 of the financial statements.

2.9 Donations

No donation have made during the year by the company (2017/18 – Rs.1,924,583/-). 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 turnover of the company was Rs. 2,414,326,336/- (2017/18 -2,839,056,502/-) and a composition of the Revenue is given in Note 6 to the financial statements.

Financial results

For the year ended 31 March	2018/19 Rs. '000	2017/18 Rs. '000
Profit/(Loss) for the year after deducting all expenses, depreciation and all known liabilities amounts to	276,581	543,260
Share of profit of joint venture	23,527	8,285
Profit/ (loss) before taxation	300,108	551,545
Income tax (expense)/ reversal	(43,815)	(177,994)
Making a profit/ (loss) after taxation of	256,293	373,552
Other comprehensive income / (Loss)	22,420	(15,783)
Un- appropriated profit brought forward	2,237,086	2,211,817
Profit available for distributions	2,515,799	2,569,586
Appropriations – Dividend paid	(201,875)	(332,500)
Un - appropriated profit carried forward	2,313,924	2,237,086

Details relating to the company's profits are given on page 150 to 151.

4. Dividend and Reserves

The directors recommend an interim cash dividend of Rs. 8.50 per share and paid on 03rd April 2019. Information on the movement of retained earnings is given in the statement of changes in equity on Page 153. There was no General Reserve of the company as at 31 March 2019.

5. Provision for Taxation

As per the Inland Revenue Act the company is liable on its profits from agricultural activities at 14%. 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" at the rate of 14% as per the Inland Revenue Act No: 24 of 2017.

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. 273,890,665/- (2017/18 -Rs. 327,996,512/-) out of which expenditure on Replanting and Field Development amounts to Rs.248,223,808/- (2017/18 -Rs. 256,874,332/-) Capital expenditure has been financed by either long or short term borrowings depending on the payback period and or internally generated funds.

7. Stated Capital

Stated Capital of the company as at 31 March 2019 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 206 and 216.

8.2 Substantial Shareholdings

The twenty largest shareholders of the company as at 31 March 2019 together with percentages held are given under the caption "Shareholder and Investor Information" on Page 212.

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 pages 210 and 216 of this report.

9. Directors

9.1 Information on Directors as at March 31, 2019.

The Board comprises Six Directors, of which one is an Executive Director, whilst five are Non-Executive Directors. Out of Five non-executive directors three 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 21 to 23.

Name of the Directors	Executive/ Non-Executive Status	Independent/ Non-Independent Status
Dr. S. Yaddhige - Chairman	Executive	Non-Independent
Mr. N.C. Peiris	Non- Executive	Independent
Mr. B.A.T. Rodrigo	Non- Executive	Independent
Mr. Shaminda Yaddhige	Non- Executive	Non-Independent
Mr. Gerard Amerasinghe	Non- Executive	Independent
Mr. Sunil Liyanage (Appointed w.e.f 15th Aug 2018)	Non- Executive	Non-Independent
Mr. S.S. Poholiyadde (Resigned w.e.f 2nd Aug 2018)	Executive	Non-Independent

9.2 Re-election of Directorate of the Company

1. To approve the appointment of Dr. Sena Yaddhige 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 Yaddhige of Le Neuf, Chemin, St. Saviours, Guernsey, United Kingdom who is 73 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 Yaddhige ”

2. 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 73 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 ”

3. In accordance with the provisions of the Article 98 of the Articles of Association of the company, Mr. Sunil Liyanage, who retires at the Annual General Meeting will offer himself for election.
4. To re-elect Mr. Shaminda Yaddhige, who retires by rotation in terms of Article 92 at the Annual General meeting, a Director.
5. To re-elect Mr. Shirley Gerard Amerasinghe, who retires by rotation in terms of Article 92 at the Annual General meeting, a Director.

9.3 Disclosure of Directors' & CEO's 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 Directors and CEO	2018/19 No.of shares	2017/18 No.of shares
Dr. S Yaddehige	-	-
Mr. Neville C Peiris	-	-
Mr. B.A.T Rodrigo	-	-
Mr. Shaminda Yaddehige	-	-
Mr. Gerard Amerasinghe	-	-
Mr. Sunil Liyanage - (Appointed w.e.f 15th Aug 2018)	-	-
Mr. S. S Poholiyadde - (Resigned w.e.f 2nd Aug 2018)	3,000	3,000
Mr. S.A Eriyagama - CEO	-	-

9.4 Board sub committees

Audit Committee, Remuneration Committee & Related Party Transaction Review committee of the Ultimate Parent Company acted as the same on behalf of Namunukula Plantations PLC. Committees' reports are given under Corporate Governance from Page 31 to 34.

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 116 and 127 under Natural Capital.

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 2019. The Auditor's Report is given on pages 146 to 149.

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. 3,871,260 /- (2017/18 - Rs. 3,618,000 /-).

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 10 to 13 and shareholder and investor information on pages 206 to 216.

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 eighteen estate workers is 4,835 (2017/18 - 5,283). Details of Human resources are given in the section on "Human Capital" on pages 92 to 102.

17 Corporate governance and internal control

The policies adopted by the company in relation to best practices and good corporate governance are given on page 26 to 30. 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.

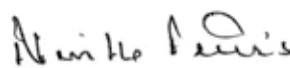
18 Related Party Transactions

There are no any non-recurrent related party transactions which exceed 10 percent of the equity or 5 percent of the total assets whichever is lower and the company has complied with the requirements of the listing rules of the Colombo Stock Exchange on

related party transactions. However, the Directors have disclosed the transactions that could be classified as related party transactions in terms of LKAS 24 "Related Party Disclosures" which are adopted in the preparation and presentation of the Financial Statements and those transactions are disclosure in Note 33 on the financial statement on pages 197 & 199.

19 Related Party Transactions

The Annual General Meeting will be held on 26 July 2019 at the registered office of the Company at 310, High Level Road, Nawinna, Maharagama. The notice of the Annual General Meeting is on page 230 of the report.



N C Peiris
Director



S S G Liyanage
Director



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

12 June 2019

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 pages 146 to 149 of this report.

The financial statements of the company for the year ended 31 March 2019 included in this report, have been prepared and presented in accordance with the Sri Lanka Accounting Standards and they provide the information as required by the Companies Act No. 7 of 2007, Sri Lanka Accounting Standards 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 155 to 203 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 2019 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 authorized and recorded, so that material misstatements and irregularities are either prevented or detected within a reasonable period of time.

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

The directors' have provided the Auditors Messrs. 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 146 to 149 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

12 June 2019

INDEPENDENT AUDITORS' REPORT



Ernst & Young
Chartered Accountants
201 De Saram Place
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Sri Lanka

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eysl@lk.ey.com
ey.com

TO THE SHAREHOLDERS OF NAMUNUKULA PLANTATIONS PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Namunukula Plantations PLC (the company), which comprise the statement of financial position as at 31 March 2019, and the statement of Profit or Loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2019 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Partners: W R H Fernando FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W K B S P Fernando FCA FCMA
Ms. K R M Fernando FCA ACMA Ms. L K H L Fonseka FCA A P A Gunasekara FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA Ms. P V K N Sajeewani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA
Principal T P M Ruberu FCMA FCCA



Key audit matter	How our audit addressed the key audit matter
<p>Bearer Biological Assets - Immature</p> <p>During the financial year Company capitalised an amount of Rs 240 Mn relating to immature plantations while transfers out to mature plantations amounted to Rs. 206 Mn.</p> <p>Due to the magnitude of the amounts involved and the significance of the management judgments required; in assessing if the indicators of impairment present and determining the points at which transfers to matured plantations should be made, we considered this area as a key audit matter for our audit.</p>	<p>Our audit procedures to address this area of focus included (amongst others) the following:</p> <ul style="list-style-type: none"> • We assessed the processes and controls in place to ensure; proper capitalisation of the expenses incurred relating to immature plantations, timely transfer of matured plants to respective matured plantation categories and triggers of impairment (if any) are on a timely basis. • We validated the significant amounts capitalised (including capitalized labour, borrowing costs and other acceptable costs) by examining related invoices, capital expenditure authorizations and other corroborative evidences. • We inspected the ageing profile of the immature biological assets as of the reporting date as well as at the points of transfers out to ensure appropriate and timely transfers are made to respective matured plantation. <p>We evaluated the adequacy of the related disclosures given in Notes 3.4.6 (a) and 14 in the financial statements.</p>
<p>Retirement Benefit Obligation</p> <p>The retirement benefit obligation of the company is significant (Rs. 550 Mn) in the context of the total liabilities of the Company. The valuation of the Company's retirement benefit obligation requires significant judgment and estimation to be applied across numerous assumptions, including salary increases and discount rate. Small changes in those assumptions could have a significant effect on the financial performance and financial position of the company. Accordingly, actuarial valuation of retirement benefit obligation is considered to be a key audit matter.</p>	<p>We evaluated the assumptions made in relation to the actuarial valuation of the retirement benefit obligation. In particular:</p> <ul style="list-style-type: none"> • We assessed the assumption for salary increases against the company's historic trend and expected future outlook. • We agreed the discount rate used, to our internally developed benchmarks. • We validated the key data used by the actuary to the underlying data held by the Company. <p>We evaluated the adequacy of the related disclosures given in Note 25 in the financial statements.</p>



Other information included in The Company's 2019 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Management is responsible for the other information.

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

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

Responsibilities of management and Those Charged with Governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuS's will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Classify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Estimate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a

matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is M-1420.

Ernst & Young
Chartered Accountants

12 June 2019
Colombo

STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2019

	Notes	2019 Rs. '000	2018 Rs. '000
Revenue	6	2,414,327	2,839,057
Cost of Sales		(2,077,973)	(2,274,579)
Gross Profit		336,354	564,478
Other Income	7	141,113	202,720
Change in fair value of Biological Assets	15.6	11,932	27,909
Administrative Expenses		(61,779)	(62,815)
Management Fee		(77,811)	(133,721)
Finance Cost	8	(65,128)	(51,811)
Impairment of Goodwill	18	(8,100)	(3,500)
Share of Profit from the Joint Venture	16	23,527	8,285
Profit Before Taxation	9	300,108	551,545
Current Year Tax (Expense) / Reversal	10	(43,815)	(177,993)
Profit for the Year		256,293	373,552
Basic / Diluted Earnings per Share (Rs.)	11.1	10.79	15.73
Dividend per Share (Rs.)	11.2	8.50	14.00

The accounting policies and notes on pages 155 through 203 form an integral part of the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	2019 Rs. '000	2018 Rs. '000
Profit for the year		256,293	373,552
Other Comprehensive Income			
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	26,070	(18,352)
Income tax effect	10.2	(3,650)	2,569
Net Other Comprehensive Income/(Loss) to be reclassified to profit or loss in subsequent periods		22,420	(15,783)
Other Comprehensive Income/(Loss) for the year, net of tax		22,420	(15,783)
Total Comprehensive Income/(Loss) for the year, net of tax		278,713	357,769

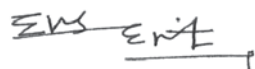
The accounting policies and notes on pages 155 through 203 form an integral part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION

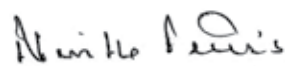
As at 31 March 2019

	Notes	2019 Rs. '000	2018 Rs. '000
ASSETS			
Non Current Assets			
Leasehold Property, Plant & Equipment	12	159,597	174,329
Freehold Property, Plant & Equipment	13	388,341	419,793
Bearer Biological Assets	14	2,670,639	2,543,084
Consumable Biological Assets	15	167,391	148,865
Investment in Joint Venture	16	134,101	110,574
Financial Assets	17	-	250,000
Intangible Assets	18	316,415	324,515
Total Non Current Assets		3,836,484	3,971,160
Current Assets			
Produce on Bearer Biological Assets	15.4	14,006	13,187
Inventories	19	251,792	291,688
Trade and Other Receivables	20	116,629	116,278
Amounts Due from Related Companies	21	51,409	10,447
Financial Assets	17	250,000	-
ESC Recoverable		9,617	16,971
Income Tax Receivable		8,854	5,943
Cash and Cash Equivalents	22	22,316	36,929
Total Current Assets		724,623	491,443
TOTAL ASSETS		4,561,107	4,462,603
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	23	350,000	350,000
Retained Earnings		2,313,924	2,237,086
Total Equity		2,663,924	2,587,086
Non Current Liabilities			
Interest Bearing Loans & Borrowings	24	6,939	67,226
Retirement Benefit Obligations	25	550,482	564,765
Deferred Tax Liability	10.4	254,944	206,413
Deferred Income	26	132,079	132,860
Liability to make Lease payment after one year	27	205,498	210,208
Total Non Current Liabilities		1,149,942	1,181,472
Current Liabilities			
Dividend Payable	28	201,875	-
Trade and Other Payables	29	404,373	397,653
Liability to make Lease payment within one year	27	4,710	4,529
Interest Bearing Loans & Borrowings	24	85,882	255,224
Amounts Due to Related Companies	30	50,400	14,760
Income Tax Liabilities		-	21,879
Total Current Liabilities		747,240	694,045
TOTAL LIABILITIES		1,897,182	1,875,517
TOTAL EQUITY AND LIABILITIES		4,561,107	4,462,603
NET ASSETS PER SHARE (RS.)		112.17	108.93

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 these Financial Statements. Approved and Signed for and on behalf of the Board of Directors of Namunukula Plantations PLC.


N C Peiris
Director

S S G Liyanage
Director

The accounting policies and notes on pages 155 through 203 form an integral part of the Financial Statements.

12 June 2019

Colombo

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Stated Capital Rs. '000	Retained Earnings Rs. '000	Total Rs. '000
Balance as at 1 April 2017	350,000	2,211,817	2,561,817
Profit for the year	-	373,552	373,552
Other Comprehensive Income/(Loss)	-	(15,783)	(15,783)
Dividends	-	(332,500)	(332,500)
Balance as at 31 March 2018	350,000	2,237,086	2,587,086
Profit for the year	-	256,293	256,293
Other Comprehensive Income/(Loss)	-	22,420	22,420
Dividends	-	(201,875)	(201,875)
Balance as at 31 March 2019	350,000	2,313,924	2,663,924

The accounting policies and notes on pages 155 through 203 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOW

For the year ended 31 March 2019

	Notes	2019 Rs. '000	2018 Rs. '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit before Taxation		300,108	551,545
ADJUSTMENTS FOR			
Depreciation	12/13/14	173,895	157,053
Finance Cost	8	65,128	51,811
Provision for Defined Benefit Plan Cost	25	95,609	97,428
Profit on Disposal of Property, Plant & Equipment	7	(1,889)	-
Amortization of Grants	26	(3,735)	(3,624)
Fair Valuation charged against timber proceeds	15	-	239
Gain on change in fair value of biological assets	15.6	(11,932)	(27,909)
Impairment of goodwill	18	8,100	3,500
Share of Profit of Joint Venture	16	(23,527)	(8,285)
Operating profit before working capital changes		601,759	821,758
(Increase)/Decrease in Inventories		39,896	(60,183)
(Increase)/Decrease in Trade and other Receivables		1,390	(1,395)
(Increase)/Decrease in Amounts due from Related Companies		(40,962)	9,342
Increase/(Decrease) in Trade and Other Payables		(9,175)	7,759
Increase/(Decrease) in Amounts due to Related Companies		35,640	11,088
Cash Generated from Operating Activities		628,548	788,369
Finance Cost Paid		(16,198)	(6,758)
Defined Benefit Plan Cost Paid		(67,928)	(99,401)
Income Tax (Paid) / Refund		(18,111)	(14,918)
Net Cash Flow From Operating Activities		526,311	667,292
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Property, Plant & Equipment	13	(25,666)	(71,122)
Investments in Immature plantation	14	(240,811)	(256,619)
Expenditure on Timber Cultivation		(7,413)	(256)
Proceeds from Disposal of Property, Plant & Equipment		13,100	-
Grants Received	26	2,954	3,886
Net Cash Flow From Investing Activities		(257,836)	(324,111)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of Government Lease rentals		(53,459)	(49,408)
Proceeds from Loans & Borrowings		-	40,626
Repayment of Loans & Borrowings		(68,327)	(67,475)
Settlement of finance lease		(8,633)	(8,093)
Dividend Paid	11.2	-	(332,500)
Net Cash Flow From Financing Activities		(130,419)	(416,850)
Net Increase/(Decrease) in Cash and Cash Equivalents		138,056	(73,668)
A. Cash & Cash Equivalents at the Beginning of the Year		(141,462)	(67,794)
B. Cash & Cash Equivalents at the End of the Year		(3,406)	(141,462)
NOTE A			
Cash & Cash Equivalents at the Beginning of the Year			
Cash & Bank Balances (Note 22.1)		36,929	10,108
Bank Overdrafts (Note 22.2)		(178,391)	(77,902)
		(141,462)	(67,794)
NOTE B			
Cash & Cash Equivalents at the End of the Year			
Cash & Bank Balances (Note 22.1)		22,316	36,929
Bank Overdrafts (Note 22.2)		(25,722)	(178,391)
		(3,406)	(141,462)

The accounting policies and notes on pages 155 through 203 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1 Domicile and Legal Form

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

The registered office of the Company is located at No. 310, High Level Road, Nawinna, Maharagama and Plantations are situated in the planting districts of Kalutara, Galle, Matara and Badulla.

The Financial Statements of company comprise with the Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows together with Accounting Policies and Notes to Financial Statements.

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 Plantations 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 Responsibility for Financial Statements

The responsibility of the directors in relation to the Financial Statements is set out in the Statement of Directors' responsibility report in the Annual Report.

1.5 Date of Authorization for issue

The Financial Statements of Namunukula Plantations PLC for the year ended 31 March 2019 was authorized for issue in accordance with a resolution of the Board of Directors on 12 June 2019.

2. BASIS OF PREPERATION

2.1 Statement of Compliance

The Financial Statements of the Company which comprise the Statement of Financial Position, Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows together with Accounting Policies and Notes to the Financial Statements have been prepared in accordance with Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, which requires compliance with Sri Lanka Accounting Standards promulgated by The Institute of Chartered Accountants of Sri Lanka (CASL), and with the requirements of the Companies Act No. 07 of 2007.

2.2 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 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 Basis of Measurement

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

- 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.
- Produce on Bearer biological assets are measured at fair value in Note 15.4

No adjustments have been made for inflationary factors affecting the Financial Statements.

2.4 New accounting standards, interpretations and amendments adopted by the company

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements in the previous financial year, except for the adoption of new standards effective as of 1st January 2018. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Company applies, for the first time, SLFRS 15, Revenue from Contracts with Customers and SLFRS 9, Financial Instruments that require restatement of previous financial statements.

Several other amendments and interpretations apply for the first time in 2018/2019, but do not have an impact on the financial statements of the Company.

2.4.1 SLFRS 15 Revenue from Contracts with Customers

SLFRS 15 supersedes LKAS 11, Construction Contracts, LKAS 18, Revenue and related interpretations and it applies to all revenue arising

from contracts with customers, unless those contracts are in the scope of other standards. The new Standard establishes a five-step model to account for revenue arising from contracts with customers. Under SLFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company adopted SLFRS 15 using the full retrospective method of adoption. Based on the assessment performed, the Company concluded that SLFRS 15 does not have a material impact on the Company's financial statements. The revised policies as per SLFRS 15 are indicated in the policy Note No. 3.17.1.

2.4.2 SLFRS 9 Financial Instruments

SLFRS 9 Financial Instruments replaces LKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The company adopted SLFRS 9 using the full retrospective method of adoption. Based on the assessment performed, the company concluded that SLFRS 9 does not have a material impact on the company's financial statements, except for the following classification changes occurred.

The assessment of the Company's business models was made as of the date of initial application, 1st January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1st January 2018. The assessment of whether

contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

Classification and measurement

Except for trade receivables, under SLFRS 9, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under SLFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVTOCI). The classification is based on two criteria: The Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The new classification and measurement of the Company's debt financial assets are as follows:

Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Company's Trade and other receivables. (The financial assets were classified as loans and receivables under LKAS 39 in the previous financial statements). These financial assets were classified as loans and receivables under LKAS 39 in the previous financial statements).

Though the classification of financial assets has been changed above, no changes have been derived on the values of the financial instruments for all the periods presented.

No any other classification changes were identified due to the adoption of SLFRS 9.

The accounting for the company's financial liabilities remains largely the same as it was under LKAS 39.

Impairment

The adoption of SLFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing LKAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

SLFRS 9 requires the Company to record an allowance for ECLs for all loans and other debt financial assets not held at FVTPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and other receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses.

2.5 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees (Rs.) which is the Company's functional and presentation currency and all values are rounded to the nearest thousand, unless stated otherwise.

2.6 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously. Income and expenses are not offset in the Income Statement, unless required or permitted by an Accounting Standard and as specifically disclosed in the Significant Accounting Policies of the Company.

2.7 **Materiality and aggregation**

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately, unless they are immaterial. Notes to the Financial Statements are presented in a systematic manner which ensures the understandability and comparability.

2.8 **Comparative Information**

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period in the Financial Statements in order to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability.

The presentation and Classifications of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

3.1 **Current versus non-current classification**

The Company presents assets and liabilities in statement of financial position based on current/ non-current classification. An asset is 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

- 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

- It does not have a right at the reporting date to defer the settlement of the liability for at least twelve months after the reporting date.

The Company classifies all other liabilities as non-current.

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

3.2 **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 acquire. 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.

3.3 **Fair Value Measurement**

The Company measures financial instruments and non-financial assets at fair value at each statement of financial position date. Fair value related

disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarized in the following notes:

- Managed Consumable biological assets Note 15
- Produce on Bearer biological assets Note 15.4

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

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

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

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

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 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

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 categorization (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. 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.

3.4 Property, Plant & Equipment

3.4.1 Recognition and Measurement

Items of Property, Plant & Equipment are measured at cost (or at fair value in the case of land and

consumable biological assets), less accumulated depreciation and accumulated impairment losses, if any.

3.4.2 Owned Assets

The cost of Property, Plant & Equipment includes expenditure which is 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 terms 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 recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of 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.

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

3.4.3 Leased Assets

Finance Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a

specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating Leases

Operating Lease payments are recognized as an operating expense in the Statement of Profit or Loss on a straight line basis over the leasehold term.

3.4.4 De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on DE recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized and gains are not classified as revenue.

3.4.5 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 capitalized and amortized 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.

3.4.6 Biological Assets

Biological assets are classified into mature biological assets and immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specification. 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 assets include tea, rubber & other trees, those that are not intended to be sold or harvested, however used to grow for harvesting agricultural produce.

Consumable biological assets include managed timber trees those that are to be harvested as agricultural produce from biological assets 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.

(a) Bearer Biological Assets

The bearer biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 – Property Plant & Equipment.

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 attributable overheads, including interest attributable to long-term loans used for financing immature plantations. The expenditure incurred on bearer biological assets which comes into bearing during the year, is transferred to mature plantations.

Permanent impairments to Biological Assets 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.

(b) Produce on Bearer Biological Assets

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

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

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

Tea	- Bought Leaf rate (current month) less cost of harvesting & transport
Rubber	- latex Price (95% of current RSS1 Price) less cost of tapping & transport
Oil Palm	- Bought Mill NSA less cost of harvesting & transport
Coconut	- Farm Gate rate (current month) less cost of harvesting & transport
Cinnamon	- 50% of Farm Gate rate (current month) less cost of harvesting & transport

Economic useful life	Estimated based on the normal life span of each specie by factoring the forestry plan of the Company
Selling price	Estimated based on prevailing Sri Lankan market price. Factor all the conditions to be fulfilled in bringing the trees into saleable condition
Planting cost	Estimated costs for the further development of immature areas are deducted.
Discount Rate	Future cash flows are discounted at following discount rates: Timber trees 14%

(c) Consumable Biological Assets

Consumable biological assets include managed timber that are to be harvested as agricultural produce or sold as biological assets.

The managed timber trees are measured on initial recognition and at the end of each reporting period its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial. The fair value of timber trees are measured using DCF method taking in to consideration the current market prices of timber, applied to expected timber content of a tree at the maturity by an independent professional valuer. All other assumptions and sensitivity analysis are given in Note 15.

The main variables in DCF model concerns

Variable	Comment
Timber content	Estimate based on physical verification of girth, height and considering the growth of the each specie in different geographical regions. Factor all the prevailing statutory regulations enforced for harvesting of timber coupled with forestry plan of the company.

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.

3.4.7 Nursery Plants

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

3.4.8 Infilling Cost on Bearer Biological Assets

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

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

3.4.9 Borrowing Cost

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset, which takes a substantial period of time to get ready for its intended use or sale, are capitalized as a part of the asset.

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

The amounts of the borrowing costs which are eligible for capitalization are determined in accordance with LKAS 23 – ‘Borrowing Costs’. The capitalisation rate of 7.51% (2017/18 – 8.42%) 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. 7,080,900/= (2017/18 - Rs. 11,942,992/=) incurred on borrowings obtained to meet expenses relating to field development activities have been capitalized as part of the cost of the immature plantations.

3.4.10 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 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.

3.4.11 Depreciation

(a) 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	Leasehold Property	Over 53 years
Plant & Machinery	Over 13 years	Mature Plantations	Over 30 years
Colour Separators	Over 20 years	Improvements to Land	Over 30 years
Furniture & Fittings	Over 10 years	Buildings	Over 25 years
Motor Vehicles	Over 05 years	Machinery	Over 15 years
Equipments	Over 08 years		
Computer & Computer Software	Over 04 years		

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

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.

(b) 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.

3.4.12 Investment in joint ventures

Joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. 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 a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the company's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit or loss reflects the company's share of the results of operations of the joint venture. Unrealized gains 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 aggregate of the company share of profit or loss of a joint venture is shown on the face of the

statement of profit or loss outside operating profit and represents profit or loss after tax of the joint venture

The financial statements of the joint venture are prepared for the same reporting period as the company. When necessary, adjustments are made to bring the accounting policies in line with those of the company.

After application of the equity method, the company determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the company determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the company calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss as 'Share of profit/(loss) of a joint venture' in the statement of profit or loss.

Based on the contractual terms (Joint Venture agreements), the company assessed that AEN Palm Oil Processing (Pvt) Ltd is as a joint venture.

3.5 Financial assets

3.5.1.1 Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash & bank,

trade and other receivables and amount due from related parties.

3.5.1.2 Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories.

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

(a) Financial assets at amortized cost (Debt Instruments)

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial asset at amortised cost includes Trade Receivables and amounts due from related parties.

**(b) Financial assets at fair value through OCI
(Debt Instruments)**

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling.

and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other noncurrent financial assets

**(c) Financial assets at fair value through OCI
(Equity Investments)**

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS

32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument- by instrument basis.

Gains and losses on these financial assets are

never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

**(d) Financial assets at fair value through profit
or loss**

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

3.5.1.3 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

3.5.1.4 Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). In

3.6 Financial liabilities

3.6.1 Initial recognition and measurement

Financial liabilities 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.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, and payable net of directly attributable transaction costs.

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

3.6.2 Subsequent Measurement

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

(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 recognized in the income statement.

(b) Financial liabilities at amortized cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Financial liabilities comprise interest bearing loans and borrowings, trade payables, other payables and amounts due to related parties.

3.6.3 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.

3.6.4 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 recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously

3.7 Investments

3.7.1 Short-Term Investments

Short-term investments are measured at the lower of cost and market value on an aggregate portfolio basis, with any resultant gain or loss recognized in profit or loss.

3.7.2 Long-Term Investments

Quoted and unquoted investments in shares held on long-term basis are measured at cost, less impairment losses.

Provision for impairment is made when, in the opinion of the Directors there has been a decline other than temporary in the value of the investment.

3.8 Biological Assets Harvested Crop

Finish goods manufactured from agricultural produce of biological assets

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

Input Material, Spares and Consumables

At actual cost on weighted average basis.

Agricultural produce harvested from biological assets

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

3.9 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and short term deposit. Bank overdrafts that are repayable on demand form an integral part of the Company's cash management and are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

3.10 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 indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount 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. When the carrying amount of an asset or CGU 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 of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized

impairment losses no longer exist or have decreased. If such indication exists, the company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

3.11 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, 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. When the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Profit or Loss Statement net of any reimbursement.

3.12 Employees Benefits

(a) Defined Benefit Plan

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 as in retained earnings through other comprehensive income. Past service costs are recognised immediately in Profit or Loss Statement.

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 2019. The company expects to carry out actuarial valuation once in every year. Provision made for the year is in compliance with the actuarial valuation report as at 31 March 2019.

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

(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 gross emoluments 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.

3.13 Deferred Income

3.13.1 Grants and Subsidies

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

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the income statement 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. Assets are amortized over their useful lives as follows.

Buildings, Sanitation & Water Supply	40 years
Plant & equipment	13 years
Grants received for Rubber replanting	20 years

3.14 Earnings per Share

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

3.15 Capital commitments and contingencies

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

3.16 Events occurring after the reporting period

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

3.17 Statement of Profit or Loss

For the purpose of presentation of statement of Profit or Loss, the function of expenses method is adopted, as it represents fairly the elements of the Company's performance.

3.17.1 Revenue from contracts with customers

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. Under SLFRS 15, revenue is recognised upon satisfaction of performance obligation.

The company is in the business of cultivation, manufacture and sale of black tea and other crops (Plantation Produce). Revenue from contracts with customers is recognized when control of the goods are transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods. The company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods before transferring them to customer.

a) Sale of Plantation produce

Revenue from sale of plantation produce is recognized at the point in time when the control of the goods is transferred to the customer. Black tea produce is sold at the Colombo tea Auction and the highest bidder whose offer is accepted shall be the buyer; and a sale shall be completed at the fall of the hammer, at which point control is transferred to the customer. Revenue from sale of other crops are recognized at the point in time when the control of the goods has been transferred to the customer generally upon delivery of the goods to the location specified by the customer and the acceptance of the goods by the customer.

There is no element of financing present as the company's sale of plantation produce are either on cash terms (Immediate payment or advance payment not exceeding 30 days) or on credit terms ranging from 7 to 15 days.

Revenue recognition criteria for the other revenue and income earned by the company are as follows;

b) Rental Income

Rental income is recognized on an accrual basis in accordance with the substance of the relevant agreement.

c) Dividend Income

Dividend income is recognized when the right to receive payment is established.

d) Interest Income

Interest income is recognized on an accrual basis, using the effective interest method.

Interest income on financial assets at FVTPL is recognized as part of net gains or losses on these financial instruments.

Interest income of financial assets at amortized cost is calculated by using the effective interest method and is recognized as other income.

3.18 Expenses

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

3.18.1 Financing Income and Expenses

Finance income comprises interest income on funds invested. Interest income is recorded using the effective interest rate (EIR) method. Interest income is included in finance income in the statement of profit or loss.

Finance expenses comprise interest payable on borrowing. 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 payment 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.

3.18.2 Taxes**3.18.2.1 Current Income Tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.18.2.2 Deferred Tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or 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
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible

temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred 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
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred 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 tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in 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 recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

3.19 Statement of Cash Flow

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

3.20 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 utilization, 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.

4. **SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are 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:

- Note 25 - Measurement of the Retiring Benefit Obligations
- Note 10.4 - Deferred Taxation
- Note 14 - Consumable Biological Assets

4.1 **Taxation**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

As per the Inland Revenue Act No. 24 of 2017 (ACT), in the case of a company predominantly conducting an agricultural business, the applicable income tax rate is 14%. As per the above ACT "Predominantly" is defined as 80% or more calculated based on gross income. The "Agriculture business" is defined in section 195 (1) as business of producing agricultural, horticultural or any animal produce and includes an undertaking for the purpose of rearing livestock or poultry. Based on the legal expert opinion obtained, the management is of the view that the company is predominantly engaged in agricultural business.

4.2 **Retirement benefit obligations**

The present value of the retirement benefit obligation determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period.

In determining the appropriate discount rate, management considers the interest rates of Sri Lanka government bonds with maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future inflation rate and expected future salary increase

rates of the Company.

Further details about Retirement benefit obligations are provided in Note 25.

4.3 Fair Valuation of Consumable Biological Assets

The fair value of managed timber depends on number of factors that are determined on a discounted cash flow method using various different 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 the fair value of biological assets. All assumptions are reviewed at each reporting period. Key assumptions and sensitivity analysis of the biological assets are given in Note 15.

4.4 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 most relevant to goodwill and other intangibles with indefinite useful lives recognised by the company.

5. SRI LANKA ACCOUNTING STANDARDS (SLFRS / LKAS) 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 a future date. The company intends to adopt these standards when they become effective.

Impending Accountings standards / Standards issued not yet effective

Certain new accounting standards and amendments / improvements to existing standards have been published, that are not mandatory for 31 March 2019 reporting periods. None of those have been early adopted by the Company.

SLFRS 16 – Leases

SLFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on balance sheet model similar to the accounting for finance leases, under LKAS 17 except for few exemptions for leases for "low value" assets and short term leases with a lease term of 12 months or less. This standard is effective for the annual periods beginning on or after 01 January 2019.

Pending the detailed review of such standards and interpretations, the extent of the impact has not been determined by the management.

For the year ended 31 March 2019

6 REVENUE		2019		2018									
6.1 Summary		Rs. '000		Rs. '000									
Sale of Goods													
Tea		1,157,244		1,509,036									
Rubber		243,733		292,259									
Oil Palm		957,761		973,985									
Coconut		32,151		41,696									
Cinnamon		23,438		22,081									
		2,414,327		2,839,057									
6.2 Segment Information		Tea		Rubber		Oil Palm		Coconut		Cinnamon		Total	
Industry		2019		2018		2019		2018		2019		2018	
		Rs. '000		Rs. '000		Rs. '000		Rs. '000		Rs. '000		Rs. '000	
Revenue		1,157,244		1,509,036		243,733		292,259		957,761		973,985	
Revenue Expenditure		(1,272,646)		(1,463,629)		(229,355)		(237,185)		(281,375)		(294,095)	
Depreciation / Amortization		(36,840)		(34,453)		(43,139)		(38,873)		(77,050)		(69,411)	
Gratuity		(57,340)		(58,533)		(17,042)		(17,335)		(18,057)		(18,367)	
Gross Profit/(Loss)		(209,582)		(47,579)		(45,803)		(1,134)		581,279		592,112	
Other Income												141,113	
Gain on change in fair value of biological assets												11,932	
Administrative Expenses												(61,779)	
Management Fees												(77,811)	
Finance Cost												(65,128)	
Impairment Loss on goodwill												(8,100)	
Share of Profit from the Joint Venture												23,527	
												300,108	
												551,545	
Segment Assets		Tea		Rubber		Oil Palm		Other Crops		Unallocated		Total	
		2019		2018		2019		2018		2019		2018	
Non Current Assets		Rs. '000		Rs. '000		Rs. '000		Rs. '000		Rs. '000		Rs. '000	
Cost		1,050,693		1,135,291		1,479,728		1,421,295		2,001,527		1,751,325	
Accumulated Depreciation / Amortization		(476,879)		(480,404)		(562,138)		(517,760)		(533,510)		(427,030)	
Current Assets		215,901		279,866		17,334		22,635		75,372		64,795	
Total Assets		789,715		934,753		934,924		926,170		1,543,389		1,389,090	
Segment Liabilities													
Non Current Liabilities		466,527		472,012		188,603		213,992		149,913		194,175	
Current Liabilities		240,516		248,183		78,200		109,937		136,568		226,495	
Total Liability		707,043		720,195		266,803		323,929		286,481		420,670	
Segment Capital Expenditure													
Cost		32,490		36,844		48,554		75,009		172,763		186,827	
Total Capital Expenditure		32,490		36,844		48,554		75,009		172,763		186,827	

For the year ended 31 March 2019

7. OTHER INCOME	2019	2018
	Rs. '000	Rs. '000
Amortisation of Government Grants	3,735	3,624
Profit on Sale of Refuse Tea	32,923	32,603
Interest Income	29,855	38,302
Income from Consumable biological assets	26,122	14,786
Sale of Uprooting Rubber Trees	38,171	100,331
Profit on Disposal of Property, Plant & Equipment	1,889	-
Sundry Income	8,418	13,074
	141,113	202,720
8. FINANCE COST	2019	2018
	Rs. '000	Rs. '000
Variable Lease Rental	40,273	36,222
Interest on Lease Rental	8,657	8,831
Term Loan Interest	10,459	17,857
Short Term Loan Interest	11,994	50
Bank Charges & Debit Tax	826	794
	72,209	63,754
Less : Amount Capitalized	(7,081)	(11,943)
	65,128	51,811
9. PROFIT BEFORE TAXATION IS STATED AFTER CHARGING	2019	2018
	Rs. '000	Rs. '000
Auditor's Remuneration	3,871	3,618
Directors' Remuneration	800	5,304
Depreciation / Amortisation	173,895	157,053
Defined benefit plan costs	95,609	97,428
Defined Contributions Plan Costs - EPF & ETF	114,882	112,885
Staff Costs (Workers & Staff)	1,074,803	1,047,716
	1,463,860	1,334,004
	GRI 201-3	
10. CURRENT YEAR TAX (EXPENSE) / REVERSAL		
10.1 INCOME TAX EXPENSE	2019	2018
	Rs. '000	Rs. '000
(a) Statement of Profit or Loss		
Current year Income Tax (Expense)/ Reversal	1,066	(21,969)
	1,066	(21,969)

For the year ended 31 March 2019

10.2 DEFERRED TAX EXPENSE		2019	2018
		Rs. '000	Rs. '000
(a) STATEMENT OF PROFIT OR LOSS			
Amount originated during the year			
Deferred Tax (Charge)/ Reversal		(44,881)	(39,637)
Amount originated due to the Income Tax rate change			
Deferred Tax (Charge)/ Reversal		-	(116,387)
Deferred Tax (Charge)/ Reversal in the Statement of profit or loss		(44,881)	(156,024)
Tax charge reported in the Statement of profit or loss		(43,815)	(177,993)
(b) STATEMENT OF COMPREHENSIVE INCOME			
Net actuarial Gain/(Loss) on defined benefit plans		(3,650)	2,569
Tax charge directly to Comprehensive Income		(3,650)	2,569
10.3 RECONCILIATION BETWEEN TAX EXPENSES AND THE PRODUCT OF ACCOUNTING PROFIT			
		2019	2018
		Rs. '000	Rs. '000
Accounting Profit/(Loss) Before Tax		300,108	551,545
Aggregate Disallowed Items		342,750	319,357
Aggregate Allowable Expenses		(492,930)	(542,432)
Taxable Business Profit/ (Loss)		149,928	328,470
Liabe Interest Income		29,855	8,128
Total Statutory Income		179,783	336,598
Tax Losses brought forward/ utilized		(179,783)	(117,809)
Assessable Income		-	218,789
Qualifying Payments		-	-
Taxable Income		-	218,789
Taxable Income from Agriculture		-	218,789
Total Taxable Income		-	218,789
Income Tax @ 10%		-	21,879
Income Tax @ 14%		-	-
Income Tax on Current Year Profits		-	21,879
Previous Year Income Tax adjustment		(1,066)	90
Provided in the Accounts		(1,066)	21,969

For the year ended 31 March 2019

10.4 Deferred Tax Asset/(Liability)	2019		2018	
	Temporary Differences	Tax Effect	Temporary Differences	Tax Effect
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 1 April	(4,030,646)	(206,413)	(1,180,299)	(52,958)
Amount originating during the year	2,209,618	(48,531)	(294,076)	(37,068)
Amount originated due to the Income Tax rate change	-	-	-	(116,387)
As at 31 March	(1,821,028)	(254,944)	(1,474,375)	(206,413)
Temporary difference on,				
Property, Plant and Equipment	(247,748)	(34,685)	(233,369)	(32,672)
Biological Assets	(2,684,644)	(375,850)	(2,556,270)	(357,878)
Consumable Biological Assets	(167,391)	(23,435)	(148,866)	(20,841)
Trade and Other Receivables	1,415	198	1,415	198
Retirement Benefit Obligation & Differed Income	553,436	77,481	564,766	79,067
Carried forward tax losses	723,904	101,347	897,948	125,713
As at 31 March	(1,821,028)	(254,944)	(1,474,375)	(206,413)

According to the Inland Revenue Act No: 24 of 2017 (i.e. effective from 1st April 2018), company is liable to pay income tax at the rate of 14% on its agricultural business since the year of Assessment 2018/19 (2017/2018 – 10%). This rate change was significantly impacted on differed tax provision of the company for previous year, since differed tax should be measured at the tax rates that are expected to apply in the year when the asset is realized or liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date (LAKS 12). Therefore, amount originated due to the Income Tax rate change in 2017/18 is separately identified and disclosed in Note No: 10.2. (a).

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.

	2019 Rs. '000	2018 Rs. '000
Amounts used as the Numerator :		
Net Profit applicable to ordinary share holders for basic and diluted earnings per share	256,293	373,552
	256,293	373,552
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
Basic / Diluted Earnings per Share (Rs.)	10.79	15.73

For the year ended 31 March 2019

11.2 Dividend per Share	2019	2018
	Rs. '000	Rs. '000
Interim Dividend Paid		
- Interim Dividend	201,875	332,500
	201,875	332,500
Number of ordinary shares	23,750,001	23,750,001
Dividend per share (Rs.)	8.50	14.00

The company declared & paid a Rs. 8.50 dividend per share on 03rd April 2019.

12. LEASEHOLD PROPERTY, PLANT & EQUIPMENT	Notes	2019	2018
		Rs. '000	Rs. '000
Right to use of Land	12.1	98,004	101,735
Immovable Leased Bearer Biological Assets	12.2.1	60,867	71,636
Immovable Leased assets (other than right to use of land and bearer biological assets)	12.2.2	726	958
		159,597	174,329

12.1 Right to use of Land

“Right-To-Use of Land on Lease” as above was previously titled “Leasehold Right to Bare Land”. The change is in order to comply with Statement of Alternative Treatment (SoAT) issued by the Institute of Chartered Accountants of Sri Lanka dated 21 August 2013. Such leases have been executed for all estates for a period of 53 years.

This right-to-use of land is amortized over the remaining lease term or useful life of the right whichever is shorter and is disclosed under non-current assets. The Statement of Alternative Treatment (SoAT) for right-to-use of land does not permit further revaluation of right-to-use of land. The values taken into the Statement of Financial Position as at 22 June 1992 and amortization of the right to use of land up to 31 March 2019 are as follows.

	Revaluation as at 22.06.1992 Rs. '000	Amortisation as at 01.04.2018 Rs. '000	Amortisation for the year Rs. '000	Amortisation as at 31.03.2019 Rs. '000	Written Down Value as at 31.03.2019 Rs. '000	Written Down Value as at 31.03.2018 Rs. '000
Right to use of Land	197,763	96,028	3,731	99,759	98,004	101,735
	197,763	96,028	3,731	99,759	98,004	101,735

The unexpired period of the lease as at the reporting date is 26 years.

12.2 Immovable Leased Assets

In terms of the ruling of the UITF of the Institute of Chartered Accountants of Sri Lanka, prevailed at the time of privatisation of plantations estates, 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 2019 are as follows.

For the year ended 31 March 2019

12.2.1 Immovable Leased Bearer Biological Assets

	Immature Plantations	Mature Plantations	Total
	Rs. '000	Rs. '000	Rs. '000
Capitalised Value as at 22.06.1992	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)	-	15,074	15,074
Balance as at 31.03.2019	-	279,919	279,919
Accumulated amortisation as at 01.04.2018	-	208,284	208,284
Amortisation during the year	-	10,768	10,768
Accumulated amortisation as at 31.03.2019	-	219,052	219,052
Written down value as at 31.03.2019	-	60,867	60,867
Written down value as at 31.03.2018	-	71,636	71,636

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, all of which have been transferred to mature plantations as at the reporting date.

These mature tea and rubber were classified as bearer biological assets in terms of LKAS 16.. 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	Buildings	Plant & Machinery	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Capitalised Value as at 22.06.1992	6,984	42,429	3,514	52,927
Re Acquisition (2013/14)	-	4,146	83	4,229
Balance as at 31.03.2019	6,984	46,575	3,597	57,156
Accumulated amortisation as at 01.04.2018	6,025	46,575	3,597	56,197
Amortisation during the year	233	-	-	233
Accumulated amortisation as at 31.03.2019	6,258	46,575	3,597	56,430
Written down value as at 31.03.2019	726	-	-	726
Written down value as at 31.03.2018	958	-	-	958

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 2019

13. FREEHOLD PROPERTY, PLANT & EQUIPMENTS

	Balance as at 01.04.2018 Rs. '000	Additions for the year Rs. '000	Disposals during the year Rs. '000	Balance as at 31.03.2019 Rs. '000
COST				
Buildings	253,329	664	-	253,993
Motor Vehicles	175,057	8,450	(4,800)	178,707
Plant & Machinery	367,229	17,756	(15,173)	369,812
Furniture & Fittings	5,833	23	-	5,856
Equipment	23,376	507	-	23,883
Computers	15,077	320	-	15,397
Computer Software	1,769	-	-	1,769
	841,670	27,720	(19,973)	849,417

	Balance as at 01.04.2018 Rs. '000	Charge for the Year Rs. '000	Accumulated depreciation on disposals Rs. '000	Balance as at 31.03.2019 Rs. '000
DEPRECIATION				
Buildings	61,214	6,890	-	68,104
Motor Vehicles	120,193	15,856	(4,800)	131,249
Plant & Machinery	225,021	16,898	(3,962)	237,957
Furniture & Fittings	5,227	65	-	5,292
Equipment	18,574	1,155	-	19,729
Computers	14,405	298	-	14,703
Computer Software	1,769	-	-	1,769
	446,403	41,162	(8,762)	478,803

Written Down Value	395,267			370,614
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ASSETS ACQUIRED ON FINANCE LEASE

	Balance as at 01.04.2018 Rs. '000	Additions for the year Rs. '000	Disposals during the year Rs. '000	Balance as at 31.03.2019 Rs. '000
Cost				
Plant & Machinery	35,233	-	-	35,233
Motor Vehicles	23,725	-	-	23,725
	58,958	-	-	58,958

	Balance as at 01.04.2018 Rs. '000	Charge for the year Rs. '000	Disposals during the year Rs. '000	Balance as at 31.03.2019 Rs. '000
Depreciation				
Plant & Machinery	35,233	-	-	35,233
Motor Vehicles	4,271	4,745	-	9,016
	39,504	4,745	-	44,249

Written Down Value	19,454			14,709
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For the year ended 31 March 2019

	Balance as at 01.04.2018 Rs. '000	Additions for the Year Rs. '000	Capitalized during the Year Rs. '000	Balance as at 31.03.2019 Rs. '000
Capital Work-in-Progress	5,072	880	(2,934)	3,018
TOTAL WRITTEN DOWN VALUE	419,793			388,341

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.

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. 392,530,019/- (2017/18 - Rs. 387,212,587/-).

14. BEARER BIOLOGICAL ASSETS

	Immature Plantations Rs. '000	Mature Plantations Rs. '000	Total Rs. '000
Cost			
At the beginning of the year	780,523	2,440,507	3,221,030
Additions	240,811	-	240,811
Transfers	(206,167)	206,167	-
At the end of the year	815,167	2,646,674	3,461,841
Accumulated depreciation			
At the beginning of the year	-	677,946	677,946
Charge for the year	-	113,256	113,256
At the end of the year	-	791,202	791,202
Written Down Value - as at 31.03.2019	815,167	1,855,472	2,670,639
Written Down Value - as at 31.03.2018	780,523	1,762,561	2,543,084

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. 7,080,900/- (2017/18 - Rs. 11,942,992/-) incurred to meet expenses relating to immature plantations have been capitalised as a part of the cost of immature plantations.

For the year ended 31 March 2019

15 CONSUMABLE BIOLOGICAL ASSETS - TIMBER PLANTATIONS

	Immature Rs. '000	Mature Rs. '000	2019 Rs. '000	2018 Rs. '000
Beginning of the year	115,924	32,941	148,865	125,317
Gain/(loss) arising from changes in fair value of biological assets	11,113	-	11,113	23,531
Increase due to development	7,413	-	7,413	256
Transfers	(6,476)	6,476	-	-
Decrease due to harvest/disposals	-	-	-	(239)
End of the year	127,974	39,417	167,391	148,865

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 14% (2017/18 - 14%).

The fair value of managed trees was ascertained in accordance with LKAS 41. The valuation was carried by Mr W.M Chandrasena, FIV(SL) MRICS (Chartered Valuation surveyor,) using Discounted Cash Flow (DCF) methods. In ascertaining the fair value of timber a physical verification was carried covering all the estates and the valuation has considered the different species, size, condition and location of timber trees.

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
Consumable Biological Assets - Timber	31st March 2019	-	-	167,391

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.

For the year ended 31 March 2019

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

Non Financial Assets	Valuation Techniques	Unobservable Inputs	2019 Range of Unobservable Inputs	2018 Range of Unobservable Inputs	Relationship of Unobservable inputs to Fair Value
Consumable Biological Assets - Timber	Discounted Cash Flow Method	Discounting Rate	14%	14%	The higher the discount rate, the lower the fair value
		Optimum rotation (Maturity)	25 - 35 Years	25 - 35 Years	Lower the rotation period, the higher the fair value
		Price per Cubic ft.	Rs. 150/- to 700/-	Rs. 150/- to 700/-	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 Development Plan.
2. The Current Market Prices used are net of selling expenditure.
3. Discount rate is 14%

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 SLFRS 13 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 company'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.

For the year ended 31 March 2019

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	(7,531)	(7,531)
1.5 % Decrease in discounting Rate	8,261	8,261
10 % Increase in Selling Price	16,739	16,739
10 % Decrease in Selling Price	(16,739)	(16,739)

15.4 PRODUCE ON BEARER BIOLOGICAL ASSETS

	2019 Rs. '000	2018 Rs. '000
Beginning of the year	13,187	8,809
Gain/(loss) arising from change in fair value of biological assets	819	4,378
End of the year	14,006	13,187

15.5 FAIR VALUE HIERARCHY

Assets measured at fair value	Date of valuation	Level 1 Rs. '000	Level 2 Rs. '000	Level 3 Rs. '000
Produce on Bearer Biological Assets	31st March 2019	-	14,006	-

15.6 GAIN/(LOSS) ON FAIR VALUE CHANGES OF BIOLOGICAL ASSETS

	2019 Rs. '000	2018 Rs. '000
Gain/(loss) on fair value changes of consumable biological assets (Note 15)	11,113	23,531
Gain/(loss) on fair value changes of produce on bearer biological assets (Note 15.4)	819	4,378
	11,932	27,909

For the year ended 31 March 2019

16. INVESTMENT IN JOINT VENTURE

		2019	2018
Investee			
AEN Palm Oil Processing (Pvt) Ltd.	Holding %	33.33%	33.33%
	No .of Shares Invested	699,027	699,027
		2019	2018
		Rs. '000	Rs. '000
At the beginning of the year		110,574	102,289
Share of Profit from the Joint Venture		23,527	8,285
Total Carrying Value of Investment		134,101	110,574

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.

	2019	2018
	Rs. '000	Rs. '000
Statement of Profit or Loss		
Revenue from contracts with customers	2,631,203	2,450,726
Cost of Sales	(2,461,284)	(2,321,132)
Gross Profit	169,919	129,594
Other Income	20,451	3,258
Administration Expenses	(96,256)	(101,157)
Selling & Distribution Expenses	(1,008)	(1,109)
Impairment of Assets	(9,762)	-
Finance Cost	(595)	(113)
Tax Expense	(12,167)	(5,618)
Net Profit for the Year	70,582	24,855
Total Comprehensive Income	70,582	24,855
Earnings Per Share	33.66	11.85
	2019	2018
	Rs. '000	Rs. '000
Statement of Financial Position		
Non Current Assets	257,654	295,591
Current Asset	235,147	154,385
Total Assets	492,801	449,976
Non Current Liabilities	40,257	40,529
Current Liabilities	50,242	77,725
Total Liabilities	90,499	118,254
Net Assets	402,303	331,722
	2019	2018
	Rs. '000	Rs. '000
Cash Flows		
Net Cash Flows from Operating Activities	73,775	(17,179)
Net Cash Flows used in Investment Activities	(7,101)	(42,005)
Net Cash Flows used in Financing Activities	-	-
Total Net Cash Flows	66,674	(59,184)

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

For the year ended 31 March 2019

17. FINANCIAL ASSETS - DEBENTURE	2019 Rs. '000	2018 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.

This 2.5 Mn Fixed Rated Listed debenture investment at Richard Pieris & Company PLC will be Matured on 15th May 2019.

Due to the Short term maturity fair value of the investment approximated to its carrying value as of the reporting date.

18. INTANGIBLE ASSETS (GOODWILL ON BUSINESS COMBINATIONS)	2019 Rs. '000	2018 Rs. '000
Goodwill on business combinations (Note 18.1)	324,515	328,015
Impairment (Note 18.2)	(8,100)	(3,500)
As at 31 March	316,415	324,515

18.1 Goodwill arising on business combinations

Company had a sub lease agreement with Tusker Bottling Company (Pvt) Ltd where estates of the Uva Region has sub leased to said company. However the Sub Lease agreement with Tusker Bottling company (Pvt) Ltd (Under Liquidator) has been terminated for breach effective from 05 July 2013. Consequently, 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 34. The above balance represent the Goodwill on acquisition of Sub leased Property.

18.2 Impairment testing of goodwill

The recoverable amount of Rs. 316,414,894 /- (2017/18 - Rs. 324,514,894 /-) as at 31 March 2019, 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. 8.1 Mn (2017/18 - 3.5 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,

For the year ended 31 March 2019

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 15.5 % (2017/18 - 16 %) 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.

General inflation

The basis used to determine the value assigned to the estimated cost inflation, is the current inflation rate of 2.9 % (2017/18 - 2.8 %), based on projected economic condition.

Growth rate estimates

Volume growth of 5 % (2017/18 - 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 preceeding 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	2019	2018
	Rs. '000	Rs. '000
Biological Assets - Harvested Crop	166,623	214,300
Biological Assets - Nurseries	42,134	40,141
Spares & Consumables	43,035	37,247
	251,792	291,688
20 TRADE AND OTHER RECEIVABLES	2019	2018
	Rs. '000	Rs. '000
Produce Debtors	55,805	59,352
Advances & Prepayments	46,803	44,626
Staff Debtors	382	570
Other Debtors	53,947	52,038
	156,937	156,586
Provision for doubtful receivable	(40,308)	(40,308)
	116,629	116,278
Receivable from Liquidator - for uva range		
Current account balance	533,052	533,052
Less: Provision for Doubtful Receivable	(533,052)	(533,052)
	-	-
	116,629	116,278

For the year ended 31 March 2019

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.

21	AMOUNTS DUE FROM RELATED COMPANIES	2019	2018
	Relationship	Rs. '000	Rs. '000
	Kegalle Plantations PLC	38,190	10,363
	Richard Pieris & Company PLC	40	-
	RPC Mgt: Services (Pvt) Ltd	-	84
	Arpitech (Pvt) Ltd	13,179	-
		51,409	10,447
22	CASH AND CASH EQUIVALENTS	2019	2018
		Rs. '000	Rs. '000
22.1	Favourable balance		
	Cash at Bank and in Hand	22,316	36,929
		22,316	36,929
22.2	Unfavourable balance		
	Bank Overdraft	(25,722)	(178,391)
		(25,722)	(178,391)
		(3,406)	(141,462)
23	STATED CAPITAL	2019	2018
	Issued and Fully Paid Number of Shares		
	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 within 01 year Rs:'000	Repayable after 01 year less than 05 years Rs:'000	Total as at 31.03.2019 Rs:'000	Repayable within 01 year Rs:'000	Repayable after 01 year less than 05 years Rs:'000	Total as at 31.03.2018 Rs:'000
24.1 Term Loans	56,554	3,546	60,100	68,328	60,100	128,428
24.2 Lease Facilities	3,606	3,393	6,999	8,505	7,126	15,631
24.3 Bank Overdraft	25,722	-	25,722	178,391	-	178,391
	85,882	6,939	92,821	255,224	67,226	322,450

24.1 LONG TERM LOANS

	Repayable within 01 year Rs:'000	Repayable after 01 year less than 05 years Rs:'000	Total as at 31.03.2019 Rs:'000	Total as at 31.03.2018 Rs:'000	Rate of Interest %
24.1.1 Lanka Orix Leasing Co. PLC (ADB Credit Line)	-	-	-	213	i
24.1.2 National Development Bank PLC	390	-	390	8,430	ii
24.1.3 Indian Bank	17,500	-	17,500	37,300	iii
24.1.4 Indian Overseas Bank	17,500	-	17,500	37,300	iv
24.1.5 Sri Lanka Tea Board - I	7,000	2,333	9,333	16,333	v
24.1.6 Sri Lanka Tea Board - II	14,164	1,213	15,377	28,851	vi
Total Term Loan Facilities	56,554	3,546	60,100	128,427	

	Rate of Interest %	Terms of Repayment
i	13.32	Monthly Installments Rs. 212,809/- commenced from 31.05.2010
ii	AWPLR+0.5%	Monthly Installments Rs.670,000/- commenced from 31.05.2012
iii	AWPLR+0.9%	Monthly Installments Rs 1.65 Mn commenced from 27.02.2015
iv	AWPLR+0.9%	Monthly Installments Rs 1.65 Mn commenced from 27.02.2015
v	AWPLR + 1%	Monthly Installments Rs 583,333/- commenced from 31.08.2017
vi	5%	Monthly Installments Rs 1.22 Mn commenced from 28.05.2017

For the year ended 31 March 2019

24.2 Lease Facilities

	Repayable within 01 year	Repayable after 01 year less than 05 years	Total as at 31.03.2019	Total as at 31.03.2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Net Liability	2,190	2,110	4,300	10,509
Add : Finance income allocated to future periods	1,416	1,283	2,699	5,123
Gross Liability	3,606	3,393	6,999	15,632

24.3 Bank Overdraft

	25,722	-	25,722	178,391
	25,722	-	25,722	178,391

25 RETIRING BENEFIT OBLIGATIONS

	2019 Rs. '000	2018 Rs. '000
At the beginning of the year	564,766	534,771
Interest Cost	62,124	65,509
Current Service Cost	33,485	31,919
Actuarial (Gain) / Loss due to changes in financial assumptions	(16,837)	37,390
Actuarial (Gain) / Loss due to experience adjustments	(9,233)	(19,038)
Gratuity Paid/Payables for the year	(83,823)	(85,786)
At the end of the year	550,482	564,765

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 2019, which amount to Rs. 550,482,053/- (2017/18 - Rs. 564,765,969/-). 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.870,500,115/- (2017/18 - Rs. 802,090,944/-). Hence, there is a contingent liability of Rs. 320,018,062/- (2017/18 - Rs. 237,324,975 /-) 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.

The key assumptions used by the actuary is as follows,

	2019	2018
(I) Rate of discount	11.50 % p.a.	11.00 % p.a.
(II) Salary increment rate -		
Workers	16% (Every two years)	16% (Every two years)
Staff	8% (Per annum)	8% (Per annum)
(III) Retirement age		
Workers (Male & Female)	60 Years	60 Years
Estate Staff (Male & Female)	58 Years	58 Years
Head Office Staff (Male & Female)	55 Years	55 Years
(IV) The Company will continue in business as a going concern.		

For the year ended 31 March 2019

The following payment are expected from defined benefit plan obligation in future years.

	Staff Rs. '000	Workers Rs. '000	Company Rs. '000
Within the next 12 Months	21,467	81,101	102,568
Between 02 to 05 Years	25,629	124,233	149,862
After 05 Years	31,285	266,767	298,052
Total	78,381	472,101	550,482

The weighted average duration of defined benefit obligation for the Namunukula plantation PLC is 7.13 years (2017/18) - 6.81 years).

25.1 Sensitivity of Assumptions Employed in Actuarial Valuation - GRI 201-3

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 salaries & wages 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 -2019	3,816	29,482	33,298	(33,298)
1 % Increase in discounting Rate -2018	3,817	28,885	32,702	(32,702)
1 % Decrease in discounting Rate - 2019	(4,295)	(33,409)	(37,703)	37,703
1 % Increase in discounting Rate -2018	(4,282)	(32,739)	(37,021)	37,021
1 % Increase in salary/Wages escalation rate -2019	(4,755)	(15,264)	(20,019)	20,019
1 % Increase in salary/Wages escalation rate - 2018	(4,751)	(17,285)	(22,036)	22,036
1 % Decrease in salary/Wages escalation rate -2019	4,289	14,553	18,842	(18,842)
1 % Decrease in salary/Wages escalation rate -2018	4,304	16,476	20,781	(20,781)

26 DEFERRED GRANTS AND SUBSIDIES

	2019 Rs. '000	2018 Rs. '000
At the beginning of the year	132,860	132,598
Add : Grants received for the year - Monetary	2,954	3,886
Less : Amortisation for the year	(3,735)	(3,624)
At the end of the year	132,079	132,860

For the year ended 31 March 2019

The Company has received funds from Asian Development Bank - Plantation Reform Project (ADB - PRP), Plantation Development Support Programme (PDSP) and Plantation Human Development Trust (PHDT) for the development of worker facilities such as construction of worker housing, re-roofing of line rooms, latrines, water supply and sanitation etc. Funds received from Rubber Development Department are utilized for Rubber replanting.

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	2019	2018
		Rs. '000	Rs. '000
	Repayable after 5 years		
	Gross Liability	280,202	293,388
	Less : Finance Charges	(95,506)	(103,182)
	Net Liability	184,696	190,206
	Repayable after 1 year less than 5 years		
	Gross Liability	52,744	52,744
	Less : Finance Charges	(31,942)	(32,742)
	Net Liability	20,802	20,002
	Repayable after 1 year	205,498	210,208
	Repayable within 1 year		
	Gross Liability	13,186	13,186
	Less : Finance Charges	(8,476)	(8,657)
	Net Liability	4,710	4,529
	Total	210,208	214,737

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. 40,273,405/- (2017/18 - Rs. 36,221,953/-) and is based on GDP deflator of 8.2 % (2017).

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

For the year ended 31 March 2019

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.

	2019 Rs. '000
Gross Liability	2,517,094
Finance Charges	(1,648,537)
Net Liability	868,557

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

28 DIVIDENDS PAID

	2019 Rs. '000	2018 Rs. '000
Dividend paid during the year		
Final Dividend for 2017/18 - Rs. 14.00 per share	-	332,500
Dividend payable for the year 2018/19		
Dividend for 2018/19 - Rs. 8.50 per share (Paid on 03 April 2019)	201,875	-
Number of Ordinary Shares	23,750,001	23,750,001
Dividend per share (Rs.)	8.50	14.00

29 TRADE AND OTHER PAYABLES

	2019 Rs. '000	2018 Rs. '000
Trade Creditors	41,987	45,743
Accrued Expenses	128,240	126,058
Payable to Employees	178,353	153,118
Others	55,793	72,734
	404,373	397,653

30 AMOUNTS DUE TO RELATED COMPANIES

	Relationship	2019 Rs. '000	2018 Rs. '000
RPC Plantation Management Services (Pvt) Ltd	Parent Company	42,335	10,765
Richard Pieris & Company PLC	Ultimate Parent Company	-	928
Maskeliya Plantations PLC	Fellow Subsidiary Company	7,654	1,698
RPC Logistics (Pvt) Ltd	Fellow Subsidiary Company	-	1,286
Richard Pieris Distributors (Pvt) Ltd	Fellow Subsidiary Company	13	83
Richard Pieris Tyre Company (Pvt) Ltd	Fellow Subsidiary Company	398	-
		50,400	14,760

For the year ended 31 March 2019

31 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	
				2019 Rs.Mn	2018 Rs.Mn
Overdraft					
Bank of Ceylon	90	-	Floating mortgage bond over stock in trade and movables of the Company	166.62	214.30
Sampath Bank PLC	50	-	Corporate guarantee	-	-
Hatton National Bank PLC	150	-	Corporate guarantee	-	-
Nations Trust Bank PLC	150	-	Floating mortgage bond over stock in trade and movables of the Company	166.62	214.30
Long Term Loans					
National Development Bank PLC	56	0.39	Primary mortgage over machinery purchase under this project.	32.96	38.13
Indian Bank Indian Overseas Bank }	200	35	Primary mortgage over leasehold rights of Yatadola estate.	7.94	8.24

32 CAPITAL EXPENDITURE COMMITMENTS

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

	2019 Rs. '000	2018 Rs. '000
Approved by the Board & Contracted for	Nil	Nil
Approved by the Board & not Contracted for	536,313	553,929

33 RELATED PARTY DISCLOSURES

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

33.1 Transactions with the Parent and Related entities.

33.1.1 Parent Company

	2019 Rs. '000	2018 Rs. '000
Amounts Payable	(42,335)	(10,765)
Management Fee	(77,811)	(133,721)
Settlements of Dues	46,241	125,792

For the year ended 31 March 2019

33.1.2 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.

33.1.3 Group Companies

	2019	2018
	Rs. '000	Rs. '000
Amounts Receivable	301,409	260,447
Amounts Payable	(8,065)	(3,995)
Sale of Goods	67,095	62,066
Settlements of Dues	(56,017)	(62,404)
Salary Cost & Other Charges charged	34,599	1,553
Purchase of goods, Salary Cost & Other Charges	(32,838)	(36,412)
Current Account Settlement	27,852	15,369
Debenture & Interest income Receivable (RPC & Co)	24,323	35,451
Debenture Interest Settlement	(28,125)	(28,125)
Short Term Loan given	-	36,412
Settlement of Short Term Loan	-	(36,412)
Insurance claim Received	226	183
Insurance premium Paid	(1,995)	(1,624)

33.1.4 Joint Venture

Name of the Related Party	Relationship	Nature of the Transaction	Terms and Conditions of the Related Party Transactions	Related Party Transactions as a % of Revenue	2019 Rs. '000	2018 Rs. '000
AEN Palm Oil Processing (Pvt) Ltd	Joint Venture	Amounts Receivable			19,775	17,529
		Sale of Goods	Sale of Fresh Fruit Bunches (FFB)		897,748	969,314
		Reimbursement of Transport Cost	as day to day operations of the	39%	35,768	38,319
		Vehicle Lease rental charged	Company - Price will decide based		(8,812)	(8,093)
		Settlements of dues	on Ripe & Unripe weight of bunches.		(922,458)	(990,736)

During the year company supplied Rs. 897.8 MN (2017-18 - Rs. 969.3 MN) worth of oil palm FFB to AEN Palm Oil processing (Pvt) Ltd in day to day operations of the company and aggregate value of these transactions are exceed 10% (39%) of the gross revenue/income of the company as per latest audited financial statements.

For the year ended 31 March 2019

33.2 Terms and Conditions

Transaction with related parties are carried out in the ordinary course of business on relevant commercial terms. Outstanding balances at the year end are unsecured and net settlement occurs in cash.

Non recurrent related party transactions.

There were no non recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets which ever is lower.

33.3 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 2019. Further there were no key management compensation paid during the year other than those disclosed in management fee expenses.

34 CONTINGENCIES

- 34.1 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 NPPLC to pay. The company filed revision to that in High court. Further company was deposited 14.75 Mn as refundable security deposit in the court. Next day of hearing is 16th October 2019.

35. EVENTS OCCURRING AFTER THE REPORTING PERIOD

The company paid a Rs. 8.50 dividend per share on 03rd April 2019. Except this and discloser note no 27, there have been no any other material events occurring after the reporting date that require adjustments or disclosure in the financial statements.

36. RELATED PARTY TRANSACTIONS

There are no related party transactions other than those disclosed in Notes 16, 17, 21, 30 & 33 to the Financial Statements.

For the year ended 31 March 2019

37. RECONCILIATION FOR CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Sri Lanka Accounting Standard - LKAS 7 (Statement of Cash flows), requires an entity to disclose information that enables users of Financial Statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash 2018/19 are disclosed below together with the comparative figures for the year ended 31st March 2018.

	Non Current Interest Bearing Loans & Borrowings Rs. '000	Non Current Lease Creditor Rs. '000	Current Interest Bearing Loans & Borrowings Rs. '000	Current Lease Creditor Rs. '000	Total Rs. '000
Balance as at 1st April 2017	99,576	-	55,700	-	155,276
Net cash flows from financing activities	(39,476)	-	12,627	(8,093)	(34,942)
Non cash changes	-	7,126	-	16,599	23,725
Balance as at 31st March 2018	60,100	7,126	68,327	8,506	144,059
Balance as at 1st April 2018	60,100	7,126	68,328	8,505	144,059
Net cash flows from financing activities	(56,554)	(3,733)	(11,773)	(4,900)	(76,960)
Non cash changes	-	-	-	-	-
Balance as at 31st March 2019	3,546	3,393	56,555	3,605	67,099

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**38.1 Financial Risk Management Framework**

The Board of Directors has the overall responsibility for the establishment and oversight of the company's financial risk management framework which includes developing and monitoring the company's financial risk management policies.

The company's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the company's operations. The company has loan 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, Currency Risk and Interest Rate Risk from its use of financial instruments.

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

For the year ended 31 March 2019

38.2 Credit Risk

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

38.2.1 Trade and Other 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 quarterly. In monitoring credit risk, customers are categorized 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. Credit risk on trade debtors are minimal since settlement is guaranteed within seven days.

The maximum exposure to credit risk for trade receivables at the reporting date is Rs. 55 Mn (2017/18 - Rs. 59 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.

38.2.2 Cash and Cash Equivalents

The Company held cash and Cash Equivalents of Rs.22 Mn as at 31st March 2019 (2018 - Rs. 36.0 Mn) which represents its maximum credit exposure on these assets.

38.3 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 Central Treasury Department Unit of group for scrutinizing the funding decisions.

For the year ended 31 March 2019

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

As at 31st March 2019	On Demand Rs. '000	Less than 3 Months Rs. '000	3 to 12 Months Rs. '000	2 to 5 years Rs. '000	> 5 years Rs. '000	Total Rs. '000
Interest bearing loans & borrowing	-	17,007	46,798	7,042	-	70,846
Liability to make Lease payment within one year	-	1,143	3,567	20,802	184,696	210,208
Dividend Payable	-	201,875	-	-	-	201,875
Trade & other payables	404,373	-	-	-	-	404,373
Amounts Due to Related Companies	-	-	50,401	-	-	50,401
Bank Overdraft	25,722	-	-	-	-	25,722
	430,095	220,025	100,765	27,844	184,696	963,425
As at 31st March 2018						
Interest bearing loans & borrowing	-	19,773	59,319	70,846	-	149,938
Liability to make Lease payment within one year	-	1,099	3,430	20,002	190,206	214,737
Dividend Payable	-	-	-	-	-	-
Trade & other payables	397,653	-	-	-	-	397,653
Amounts Due to Related Companies	-	-	14,759	-	-	14,759
Bank Overdraft	178,391	-	-	-	-	178,391
	576,043	20,872	77,508	90,848	190,206	955,478

38.4 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk, currency risk interest rate risk & other price risk such as equity price risk. Financial instrument affected by market risk include loans & borrowings.

38.5 Interest Rate Risk

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

The company held long term borrowings with floating interest rates of Rs. 60 Mn (2017/18 – Rs. 128 Mn) which represents its maximum credit exposure on these liabilities.

For the year ended 31 March 2019

38.6 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	Effect on Profit
	Before tax	Before tax
	2019	2018
	Rs. '000	Rs. '000
1 % Increase in Interest rate	(974)	(1,622)
1 % Decrease in Interest rate	974	1,622

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.

38.7 Capital Management

"The Company's policy is to retain a strong capital base so as to maintain investor, creditor & market confidence and to sustain future development of the business. Capital consists of share capital, reserves and retain earning. The Board of Directors monitors the return on capital, interest covering ratio, dividend to ordinary shareholders.

The gearing ratio at the reporting date is as follows.

	As at 31.03.2019	As at 31.03.2018
	Rs. '000	Rs. '000
Interest bearing borrowing		
Current portion of long term interest bearing borrowings	85,882	255,224
Payable within 1 and 5 years	6,939	67,226
Bank Overdraft	25,722	178,391
	118,543	500,841
Equity		
Capital and Reserves	2,663,924	2,587,086
	2,663,924	2,587,086
Equity & debts	2,782,467	3,087,927
Gearing ratio	4%	16%



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*Information presented complementary to
the main report.*

SHAREHOLDER 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.	Board of Directors Profile	20 to 23
7.6 (ii)	Principal activities of the Company during the year and any changes therein.	Note 1.2 of the Accounting Policies.	155
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.	212
7.6 (iv)	The Public Holding percentage	Item 8(c). of the Shareholders & Investor relations information.	211
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.	139 to 144
7.6 (vi)	Information pertaining to material foreseeable risk factors of the company.	Risk Management	35 to 43
7.6 (vii)	Details of material issues pertaining to employees and Industrial relations of the company.	Item 17 of the Shareholders & Investor relations information.	216
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 Operating Locations	181 to 185 , 46 to 47 & 90 to 91

7.6 (ix)	Number of shares representing the company's stated capital.	Note 23 of the Financial Statement relations information. Item 8 of the Shareholders & Investor relations information.	191 211
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.	210
7.6 (xi)	Ratios and Market Price Information	Item 6 of the Shareholders & Investor relations information.	210
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	181 to 185
7.6 (xiii)	Details of fund raised through a public issue, right issue and private placement (If any)	Item 18 of the Shareholders & Investor relations information.	216
7.6 (xiv)	Information in respect of Employee Share Option Schemes and Employee Share Purchase Scheme.	Item 19 of the Shareholders & Investor relations information.	216
7.6 (xv)	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 Audit Committee Report	142 to 143 21 to 23 33 31 to 32
7.6 (xvi)	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 33.1 – 33.2 of the Financial Statement.	197 to 199

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 2018/19 to CSE 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 2019 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.

2. NPPLC Share Information

NPPLC 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 32.52% 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;

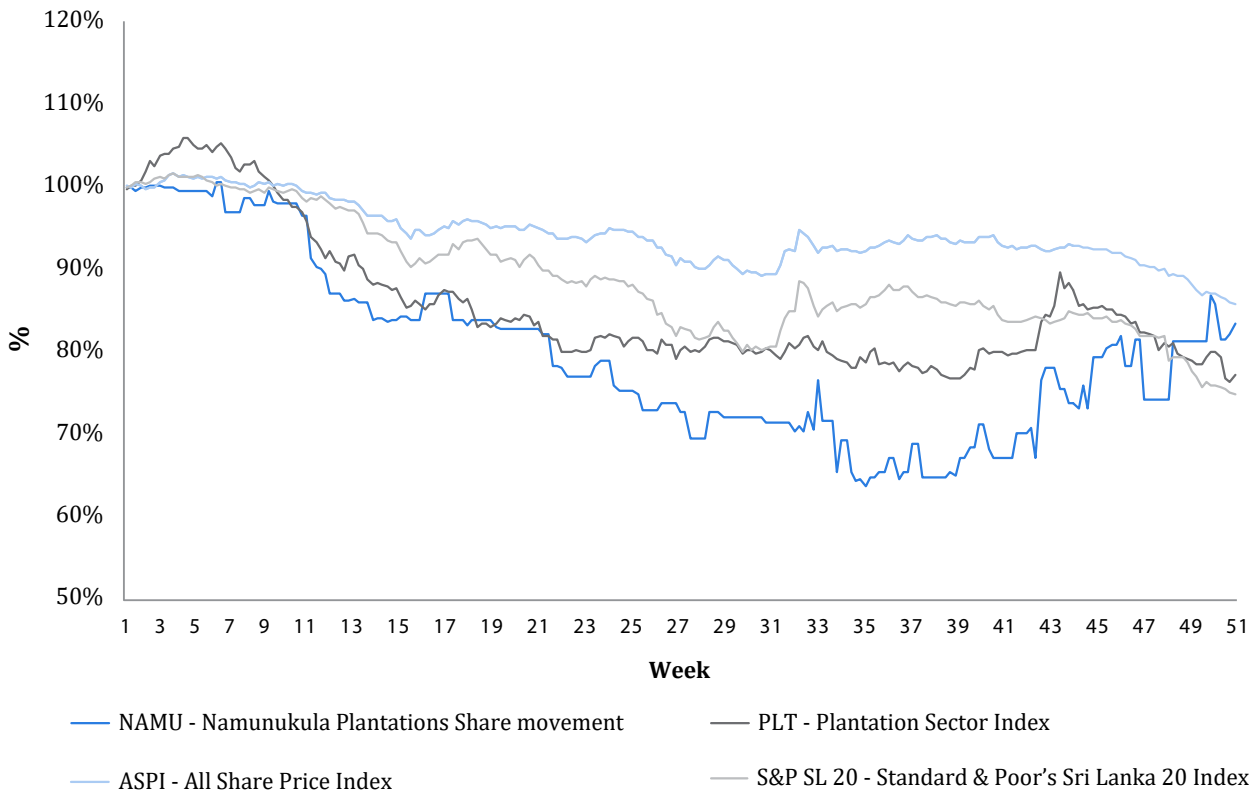
- 1) The concurrence of the Golden Shareholder will be required for the Company to sublease any of the estate land leased/ to be leased to the Company by the Janatha Estate Development Board / Sri Lanka State Plantations.
- 2) The concurrence of the Golden Shareholder will be required to amend any clause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

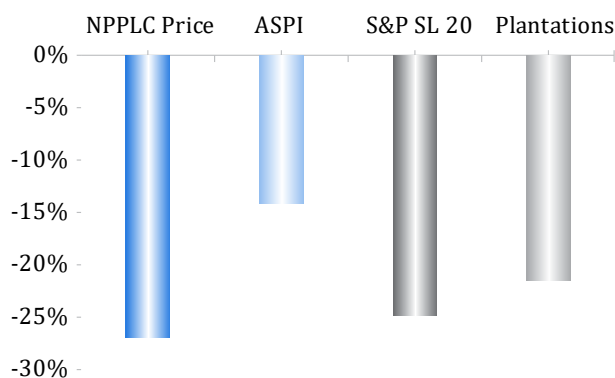
The Performance of Namunukula Plantations PLC’s Share is as follows compared to the Performances of All Share Price Index (ASPI), Plantations Share Price Index (PLT) and Standard & Poor’s Sri Lanka 20 (S&P SL 20) in the Share Market during the year.

(a). NPPLC Share Price Vs Market Indices



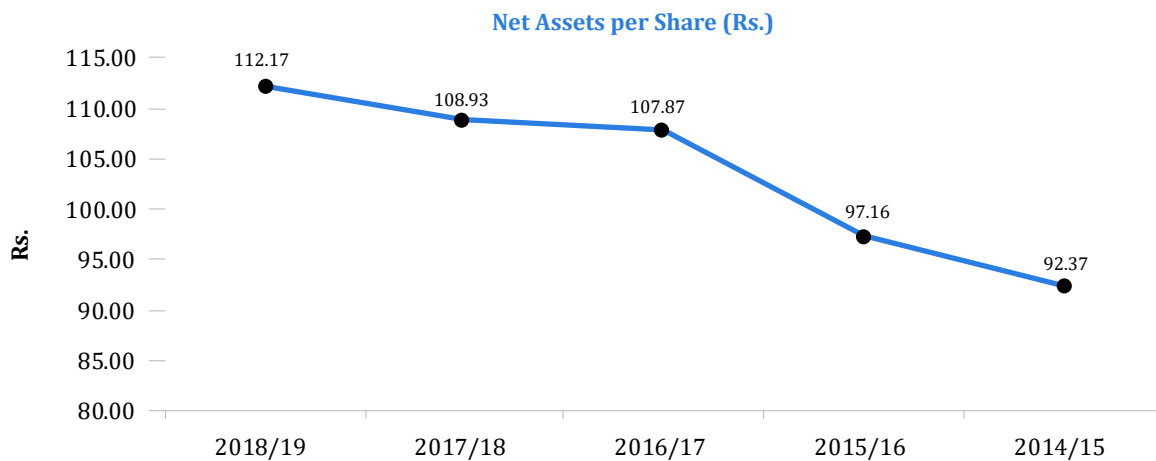
(b). Performance of Share Relative to ASPI

	As at 31st March 2019	As at 31st March 2018	Change %
NPPLC Price	64.00	87.70	-27%
ASPI	5,557.24	6,476.78	-14%
S&P SL 20	2,738.95	3,650.10	-25%
Plantations	716.80	913.17	-22%



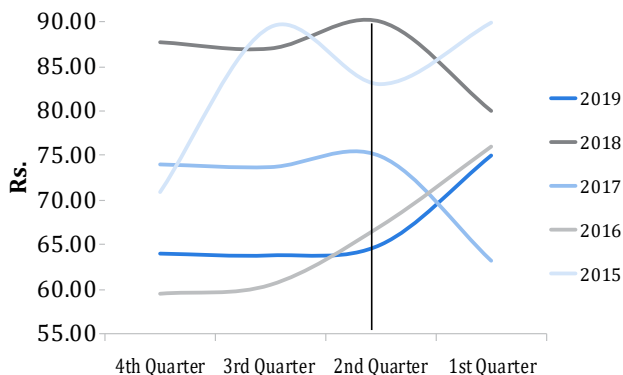
(c). Value Creation for Share

		2018/19	2017/18	2016/17	2015/16	2014/15
Turnover	Rs. '000	2,414,327	2,839,057	2,512,274	1,913,076	2,194,906
Net Profit after Income Tax	Rs. '000	256,293	373,552	401,950	67,468	151,261
Total Comprehensive income	Rs. '000	278,713	357,769	432,411	145,246	166,167
Total Asset	Rs. '000	4,561,107	4,462,602	4,141,594	4,025,475	3,888,713
Net Asset	Rs. '000	2,663,924	2,587,086	2,561,817	2,307,531	2,193,890
Net asset per share	Rs.	112.17	108.93	107.87	97.16	92.37



(d). Five Years Quarterly Trend of the Share Price

Year	4th Quarter Rs.	3rd Quarter Rs.	2nd Quarter Rs.	1st Quarter Rs.
2019	64.00	63.80	65.00	75.00
2018	87.70	87.00	90.00	80.00
2017	74.00	73.70	74.90	63.20
2016	59.50	60.50	67.10	76.00
2015	70.90	89.40	83.00	89.90



6. (a). Key Information

		2018/19	2017/18	2016/17	2015/16	2014/15
Market Value per Share						
Highest	Rs.	95.00	114.90	87.00	85.00	100.00
Lowest	Rs.	55.50	72.10	55.00	51.00	70.00
As at the year end	Rs.	64.00	87.70	74.00	59.50	70.90
Trading Activities						
Market Capitalization	Rs. Million	1,520	2,083	1,758	1,413	1,684
No. of Transaction	No. of times	1,234	1,417	815	905	1,355
No. of Shares Traded	Million	0.18	1.64	0.32	0.23	4
No. of Days Traded	Days	185	176	148	176	188
Value of Shares Traded	Rs. Million	13	147	24	16	82
Exchange Rates - US\$						
As at the year end	Rs.	176.13	155.97	150.79	145.43	132.76

(b). Quarterly results

		4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Revenue	Rs. '000	584,704	556,157	693,863	579,602
Cost of Sales	Rs. '000	(517,243)	(421,805)	(608,181)	(530,743)
Gross Profit	Rs. '000	67,461	134,353	85,682	48,858
Other Income	Rs. '000	21,681	37,839	29,647	51,947
Net Profit for the Period	Rs. '000	38,249	113,308	60,045	44,691
Total Comprehensive Income for the Period	Rs. '000	60,669	113,308	60,045	44,691
Total Asset	Rs. '000	4,561,107	4,573,743	4,526,031	4,584,957
Net Assets	Rs. '000	2,663,924	2,805,130	2,691,822	2,631,777
EPS	Rs.	1.61	4.77	2.53	1.88
Market Price of Share	Rs.	64	63.8	65	75
Market Capitalization	Rs. Million	1,520	1,515	1,544	1,781
Net Assets per share	Rs.	112.17	118.11	113.34	110.81

7. Distribution of Shareholding

	As at 31st March 2019				As at 31st March 2018			
	No of shareholders	%	No of shares held	%	No of shareholders	%	No of shares held	%
Less than or equal to 1,000	11,505	98.72%	1,776,198	7%	11,476	98.72%	1,770,770	7%
1,001 - 10,000	119	1.02%	401,372	2%	119	1.02%	414,619	2%
10,001 - 100,000	25	0.21%	880,368	4%	25	0.22%	874,049	4%
100,001 - 1,000,000	3	0.03%	902,202	4%	3	0.03%	900,702	4%
1,000,001 & above	2	0.02%	19,789,861	83%	2	0.02%	19,789,861	83%
Grand total	11,654	100%	23,750,001	100%	11,625	100%	23,750,001	100%

8. Composition of Shareholders

(a). Resident & Non -Resident

	As at 31st March 2019				As at 31st March 2018			
	No. of shareholders	%	No. of shares held	%	No. of shareholders	%	No. of shares held	%
Resident	11,637	99.85%	23,598,240	99.36%	11,610	99.87%	23,597,520	99.36%
Non Resident	17	0.15%	151,761	0.64%	15	0.13%	152,481	0.64%
Total Shareholding	11,654	100%	23,750,001	100%	11,625	100%	23,750,001	100%

(b). Public & Other Holding

	As at 31st March 2019				As at 31st March 2018			
	No. of shareholders	%	No. of shares held	%	No. of shareholders	%	No. of shares held	%
Public Holding	11,653	99.99%	7,723,440	32.52%	11,623	99.98%	7,720,440	32.51%
Other Holding	1	0.01%	16,026,561	67.48%	2	0.02%	16,029,561	67.49%
Total Shareholding	11,654	100%	23,750,001	100%	11,625	100%	23,750,001	100%

As per the rule No 7.6 (iv) of the Listing Rules of the Colombo Stocks Exchange, Percentage of public holding as at 31st March 2019 is 32.52% (2018 - 32.51%) complying the Minimum Public Holding requirement.

MINIMUM PUBLIC HOLDING REQUIREMENT

Options	Float Adjusted Market Capitalization	Public Holding Percentage	Number of Public Shareholders
5	less than Rs. 2.5 Bn	20%	500
NPPLC	494 Mn (2017/18 - 677 Mn)	32.52%	11,653

The company complies with option 5 of the Listing Rules 7.13.1 (a)-Less than Rs 2.5 billion float adjusted Market Capitalization which requires 20% minimum Public holding & 500 minimum Public Shareholders.

(c). Individuals & Institutions

	As at 31st March 2019				As at 31st March 2018			
	No. of shareholders	%	No. of shares held	%	No. of shareholders	%	No. of shares held	%
Individuals	11,584	99.40%	3,106,519	13.08%	11,558	99.42%	3,126,026	13.16%
Institutions	70	0.60%	20,643,482	86.92%	67	0.58%	20,623,975	86.84%
Total Shareholding	11,654	100%	23,750,001	100%	11,625	100%	23,750,001	100%

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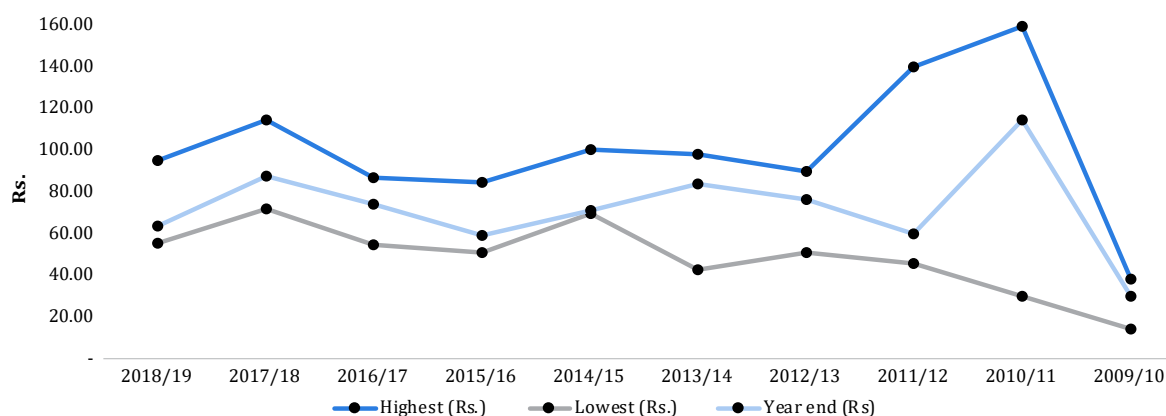
9. Twenty Largest Shareholders

	As at 31st March 2019		As at 31st March 2018 (*)	
	No. of shares held	% of the holding	No. of shares held	% of the holding
1 RPC Plantation Management Services (Pvt) Ltd	16,026,561	67.48%	16,026,561	67.48%
2 The Secretary to the Treasury	3,763,300	15.85%	3,763,300	15.85%
3 National Development Bank PLC/Sakuvi Investment Trust (Pvt) Ltd	368,000	1.55%	368,000	1.55%
4 Mr. T.T.T Al Nakib	350,000	1.47%	350,000	1.47%
5 Mr.D.F.G.Dalpethado	184,202	0.78%	182,702	0.77%
6 Pershing LLC S/A Averbach Grauson & Co.	100,000	0.42%	100,000	0.42%
7 Bank of Ceylon No. 1 Account	80,000	0.34%	80,000	0.34%
8 Mr.H.A.A.H.Algharabally	77,000	0.32%	77,000	0.32%
9 Mr.K.C.Vignarajah	71,852	0.30%	71,833	0.30%
10 Cocoshell Activated Carbon Co. Ltd	57,387	0.24%	57,387	0.24%
11 Mrs. J.K.P Singh	48,938	0.21%	48,938	0.21%
12 Mr.Z.G.Carimjee	43,200	0.18%	43,200	0.18%
13 T.S.T.T.T. Sathe Secretary to the Treasury-Sundry	38,298	0.16%	38,298	0.16%
14 Mr.U.P.Jayasinghe	34,704	0.15%	27,045	0.11%
15 Mr.N.A. Withana	34,351	0.14%	34,351	0.14%
16 J.B. Cocoshell (Pvt) Ltd	32,522	0.14%	39,075	0.16%
17 Hatton National Bank PLC/Thilak Dias Gunasekera	30,000	0.13%	30,000	0.13%
18 Northstar Holdings (Pvt) Ltd	29,900	0.13%	29,900	0.13%
19 Mrs.S.Vignarajah	28,104	0.12%	28,100	0.12%
20 Mrs.K.Fernando	25,000	0.11%	25,000	0.11%
Sub Total	21,423,319	90.20%		
Balance held by 11,634 shareholders (2018- 11,605 shareholders)	2,326,682	9.80%	2,329,311	9.81%
Total No. of Shares	23,750,001	100.00%	23,750,001	100.00%

* Comparative shareholdings as at March 31, 2018 of the twenty largest shareholders as at March 31, 2019.
There were no non voting shares as at 31 March 2019.

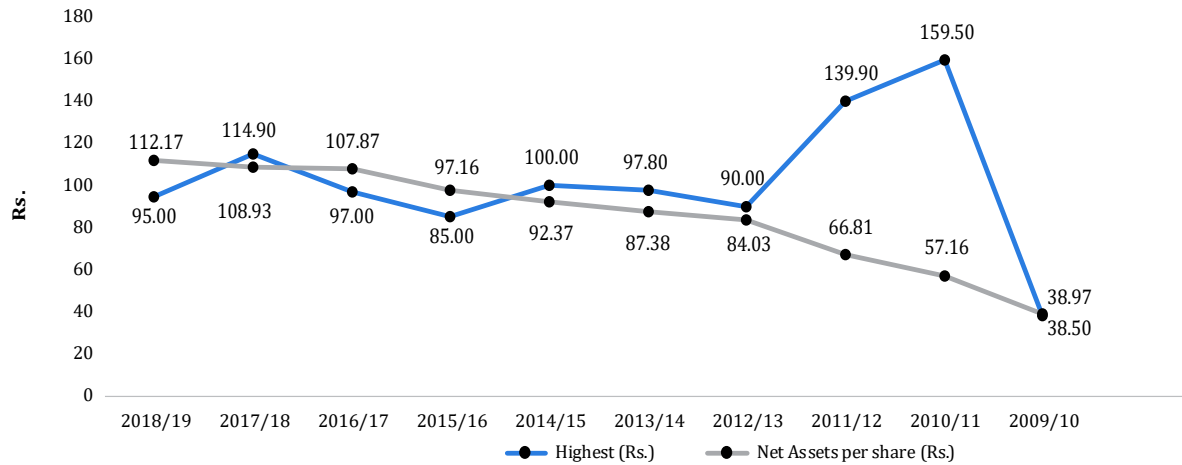
10. Market Value

Market Value	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10
Highest (Rs.)	95.00	114.90	87.00	85.00	100.00	97.80	90.00	139.90	159.50	38.50
Lowest (Rs.)	55.50	72.10	55.00	51.00	70.00	43.00	51.00	46.00	29.75	14.75
Year end (Rs.)	64.00	87.70	74.00	59.50	70.90	83.80	76.60	60.00	114.60	29.75



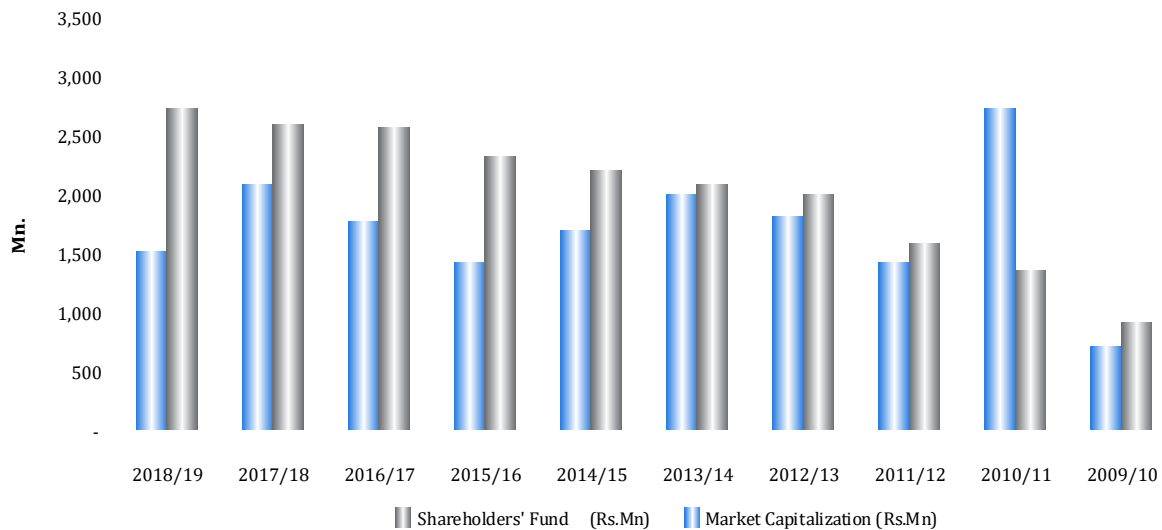
11. Net Asset Per Share Vs Highest Market Price Per Share

Market Value	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10
Highest (Rs.)	95.00	114.90	97.00	85.00	100.00	97.80	90.00	139.90	159.50	38.50
Net Assets per share (Rs.)	112.17	108.93	107.87	97.16	92.37	87.38	84.03	66.81	57.16	38.97



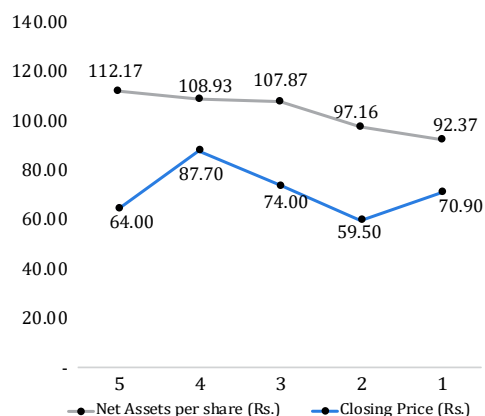
12. Shareholders' Fund and Market Capitalization

Year	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10
Shareholders' Fund (Rs.Mn)	2,663.92	2,587.09	2,561.82	2,319.40	2,193.90	2,075.20	1,995.80	1,586.70	1,357.50	925.50
Market Capitalization (Rs.Mn)	1,520.00	2,082.88	1,757.50	1,413.10	1,683.90	1,990.30	1,819.30	1,425.00	2,721.80	706.60



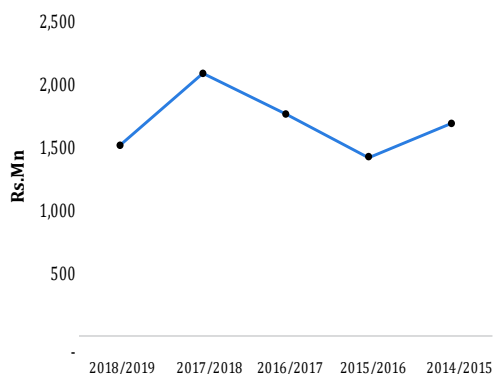
13. Net Assets & Closing Price per Share (Rs.)

	2018/19	2017/18	2016/17	2015/16	2014/15
Net Assets per share	112.17	108.93	107.87	97.16	92.37
Closing Price	64.00	87.70	74.00	59.50	70.90



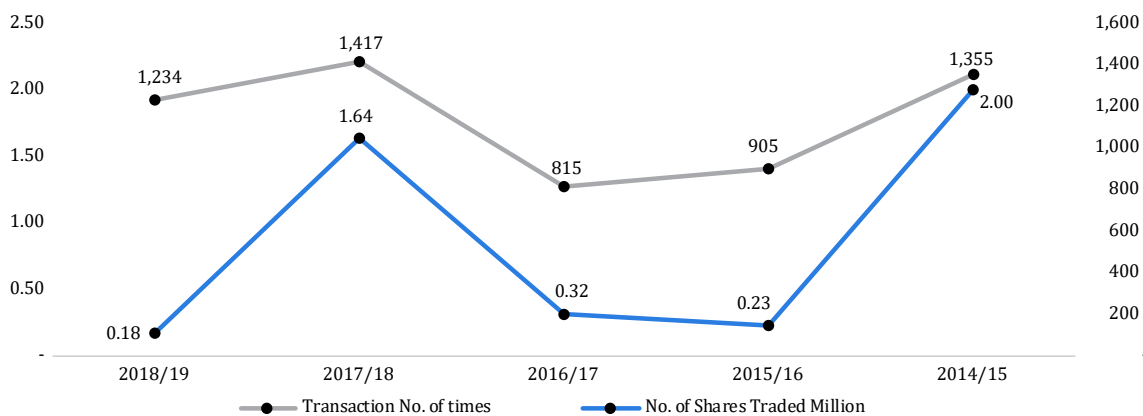
14. Market Capitalization (Mn)

Year	2018/19	2017/18	2016/17	2015/16	2014/15
Rs.mn	1,520	2,083	1,758	1,413	1,684



15. Share Trading (Nos.)

		2018/19	2017/18	2016/17	2015/16	2014/15
Transaction- No. of times	No. of times	1,234.00	1,417.00	815.00	905.00	1,355.00
No. of Shares Traded- million	Million	0.18	1.64	0.32	0.23	2.00



16. Horizontal & Vertical Analysis of Financial Statement

(a). Statement of Financial Position

	Horizontal Analysis				Vertical Analysis			
	2018/19	2017/18	2016/17	2015/16	2018/19	2017/18	2016/17	2015/16
	%	%	%	%	%	%	%	%
Leasehold Property, Plant & Equipment	-29%	-22%	-16%	-8%	3%	4%	5%	5%
Freehold Property, Plant & Equipment	-4%	4%	-10%	-4%	9%	9%	9%	10%
Bearer Biological Assets	29%	22%	15%	9%	59%	57%	58%	56%
Consumable Biological Assets	51%	34%	13%	2%	4%	3%	3%	3%
Long Term Investments - (Unquoted)	15%	-5%	-12%	-8%	3%	2%	2%	3%
Financial Assets	-100%	-	-	-	-	6%	6%	6%
Intangible Assets	-7%	-5%	-4%	-2%	7%	7%	8%	8%
Total Non Current Assets	9%	13%	6%	4%	84%	89%	91%	91%
Produce on bearer Biological assets **	153%	138%	59%	-	0.3%	0.3%	0.2%	0.1%
Inventories	19%	38%	10%	1%	6%	7%	6%	5%
Trade and Other Receivables	-15%	-15%	-16%	-13%	3%	3%	3%	3%
Amounts Due from Related Companies *	45%	-71%	-44%	-80%	1%	0.2%	0.5%	0.2%
Financial Assets ***	100%	-	-	-	5%	-	-	-
Current Tax Assets	239%	321%	49%	75%	0.4%	1%	0.2%	0%
Cash and Cash Equivalents	114%	253%	-3%	101%	0.5%	1%	0.2%	1%
Total Current Assets	99%	35%	8%	3%	16%	11%	9%	9%
TOTAL ASSETS	17%	15%	7%	4%	100%	100%	100%	100%
Stated Capital	-	-	-	-	7%	8%	8%	9%
Retained Earnings	25%	21%	20%	6%	51%	50%	53%	49%
Total Equity	21%	18%	17%	5%	58%	58%	62%	57%
Interest Bearing Loans & Borrowings	-96%	-64%	-47%	-28%	0.1%	2%	2%	3%
Retirement Benefit Obligations	-8%	-5%	-10%	-8%	12%	13%	13%	14%
Deferred Tax Liability	1,165%	924%	163%	31%	6%	5%	1%	1%
Deferred Income	5%	6%	5%	4%	3%	3%	3%	3%
Liability to make Lease payment after one year	-8%	-6%	-4%	-2%	5%	5%	5%	5%
Total Non Current Liabilities	-0.2%	3%	-10%	-8%	26%	26%	25%	26%
Dividend Payable	100%	-	-	-	4%	-	-	-
Trade and Other Payables	-8%	-10%	-8%	-8%	9%	9%	10%	10%
Liability to make Lease payment within one year	17%	12%	8%	4%	0.1%	0.1%	0.1%	0.1%
Interest Bearing Loans & Borrowings	28%	280%	99%	194%	2%	6%	3%	5%
Amounts Due to Related Companies	62%	-53%	-88%	79%	1%	0.3%	0.1%	1%
Income Tax Liabilities*	-100%	243%	-100%	-100%	-	0.5%	-	-
Total Current Liabilities	38%	28%	1%	22%	16%	16%	13%	16%
TOTAL LIABILITIES	12%	11%	-7%	1%	40%	42%	38%	43%
TOTAL EQUITY AND LIABILITIES	17%	15%	7%	4%	100%	100%	100%	100%

* Since nil balance in 2014/15 financial year, 2013/14 was concerned as the based year.

** This Standard & relevant disclosures in FS applied since 2015/16. Therefore, 2015/16 was concerned as the a based year.

*** Financial Assets are matured within next financial year.

(b). Income Statement

	Horizontal Analysis				Vertical Analysis			
	2018/19	2017/18	2016/17	2015/16	2018/19	2017/18	2016/17	2015/16
	%	%	%	%	%	%	%	%
Revenue	10%	29%	14%	-13%	100%	100%	100%	100%
Cost of Sales	-1%	8%	-2%	-12%	-86%	-80%	-82%	-97%
Gross Profit	287%	549%	410%	-25%	14%	20%	18%	3%
Other Income	3%	48%	-14%	-33%	6%	7%	5%	5%
Change in fair value of Biological Assets	-20%	88%	6%	-73%	0.5%	1%	1%	0.2%
Administrative Expenses	54%	57%	38%	11%	-3%	-2%	-2%	-2%
Management Fee	72%	196%	102%	-44%	-3%	-5%	-4%	-1%
Finance Cost	38%	10%	25%	12%	-3%	-2%	-2%	-3%
Impairment of Goodwill	-70%	-87%	-85%	-69%	-0.3%	-0.1%	-0.2%	-0.4%
Share of Profit from the Joint Venture	-55%	-84%	34%	-40%	1%	0.3%	3%	2%
Profit Before Taxation	129%	322%	234%	-54%	12%	19%	17%	3%
Current Tax (Expense) / Reversal	-314%	-969%	-268%	-63%	-2%	-6%	-1%	0.4%
Net Profit for the Year	69%	147%	166%	-55%	11%	13%	16%	4%

17. 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.

18. 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 2018/19 company does not raised funds through any public issue, right issue and private placement.

19. 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.

YATADOLA ESTATE

Yatadola estate is considered as a key property of Namunukula Plantations PLC, situated in Western Province, Pasdunkorale West in Kalutara district with an average elevation of 30m. This estate can be approached by driving 06 kms from Southern Expressway inter charge of Dodangoda.



The cultivation of rubber on Yatadola estate commenced as far back in 1880s by an Englishman namely Mr Lamp. The present Crepe factory of Yatadola estate was constructed during the period of Mr John Kent in early 1960s.



Yatadola estate originally consisted with 05 divisions namely Galewatte, Penigala, Clay, Pembrook and Yatadola, In 1985, whilst managed by Sri Lanka State Plantation Corporation, Matugama and Bopitiya divisions were amalgamated to Yatadola and Galewatte, Pembrook and Clay divisions were deamalgamated and attached to neighbouring estates considering the distance for day today supervision.

Although this is primarily a rubber estate, in keeping with the diversification programme of the company planting oil palm commenced in the year 2000 and now comprises with cinnamon as well.

After privatization of state owned estates in 1992, Yatadola estate was attached to Namunukula Plantations Ltd and

managed by BC Plantations. In June 1997, Keells Plantation Management Services took the management of this estate. RPC Plantation Management Services which is a subsidiary of Richard Pieris & Co., took over the management in September 2005. Yatadola estate comprises with a total extent of 648 ha. cultivated in Rubber, Oil Palm and Cinnamon.

During the year under review Yatadola estate has produced 128,137 kg of Rubber, 1,047,490 kg of Oil Palm and 575 kg cinnamon with a combined revenue exceeding Rs 78.6 mn.

The holiday bungalow situated at St. George division is a popular destination among holiday makers.



HISTORICAL LANDMARKS

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).



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.

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.



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.

In 10th of March 1999 NPL was registered as a listed quoted company in the CSE of Sri Lanka



A comprehensive diversification programme was drawn up to take advantage of the land base of the company. Oil palm was identified as a potentially lucrative third crop and NPL diversified over 750 ha of land into Oil palm



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.



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 Plantations PLCs to manage the Oil Palm processing factory.



RPC plantation management services (Pvt) Ltd acquired 58.74% shares held by Keells plantation management services (Pvt) Ltd on 13 September 2005.



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 2006. AEN oil palm processing (Pvt) Ltd commenced its operations in January 2007.



The company was re-registered under the companies Act No. 07 of 2007 and new company registration no is PQ 136.



1st Dividend payment since privatization of Namunukula Plantations PLC at Rs.2 per share was paid. Total dividend paid Rs. 47, 500,002/-



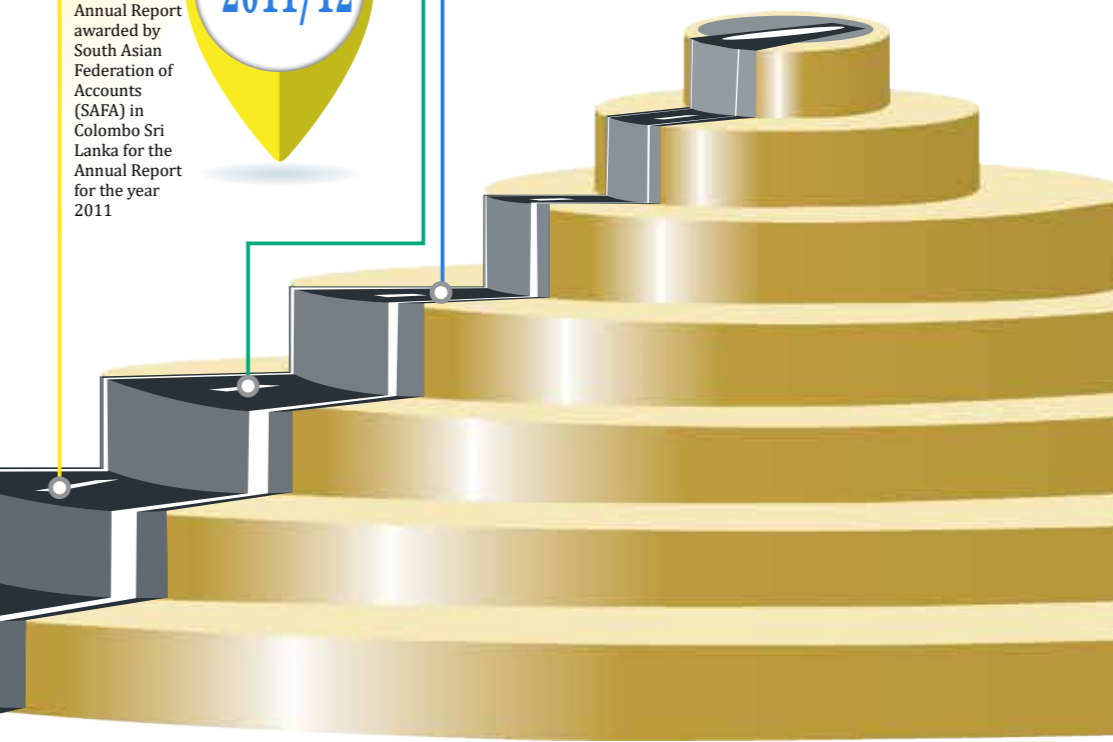
NPPLC was the Winner of Bronze award for best presented Annual Report awarded by South Asian Federation of Accounts (SAFA) in Colombo Sri Lanka for the Annual Report for the year 2011



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.



Achieved highest ever PBT 551 MN. Recorded highest share price among plantation sector of listed regional plantation companies.



DECADE AT A GLANCE

STATEMENT OF FINANCIAL POSITION		SLFRS					SLAS				
		2018/19	2017/18	2016/17	2015/16	2014/15 *	2013/14	2012/13	2011/12	2010/11	2009/10
ASSETS											
Non Current Assets											
Leasehold Property, Plant & Equipment	Rs. '000	159,598	174,330	189,525	207,016	224,687	222,713	237,149	251,625	266,109	280,601
Freehold Property, Plant & Equipment	Rs. '000	388,341	419,792	363,197	387,591	405,319	284,358	290,269	286,937	249,548	239,661
Bearer Biological Assets	Rs. '000	2,670,638	2,543,083	2,390,071	2,252,918	2,076,171	1,724,981	1,492,925	1,286,567	1,138,640	1,061,582
Consumable Biological Assets	Rs. '000	167,391	148,866	125,318	113,684	111,108	-	-	-	-	-
Long Term Investments - (Unquoted)	Rs. '000	134,101	110,573	102,288	107,365	116,850	142,652	116,709	139,685	96,009	86,374
Financial Assets	Rs. '000	-	250,000	250,000	250,000	250,000	-	-	-	-	-
Intangible Assets	Rs. '000	316,415	324,515	328,015	332,015	340,515	-	-	-	-	-
Deferred Tax Asset	Rs. '000	-	-	-	-	-	-	8,242	45,134	-	-
Total Non Current Assets	Rs. '000	3,836,484	3,971,159	3,748,414	3,650,589	3,524,650	2,374,704	2,145,294	2,009,948	1,750,306	1,668,218
Current Assets											
Produce on bearer Biological assets	Rs. '000	14,006	13,187	8,809	5,542	-	-	-	-	-	-
Inventories	Rs. '000	251,792	291,688	231,505	212,330	211,196	208,739	180,710	153,812	168,844	136,516
Trade and Other Receivables	Rs. '000	116,629	116,279	114,883	119,456	136,975	241,972	240,668	226,256	142,284	120,482
Amounts Due from Related Companies	Rs. '000	51,409	10,447	19,790	7,075	-	35,576	55,767	23,641	6,468	6,638
Financial Assets	Rs. '000	250,000	-	-	-	-	-	-	-	-	-
Short Term Investment	Rs. '000	-	-	-	-	-	-	462,694	10,260	-	-
ESC Recoverable	Rs. '000	9,617	16,970	2,143	3,565	-	288,889	-	4,691	8,289	13,700
Income Tax Receivable	Rs. '000	8,854	5,943	5,943	5,943	5,441	-	-	-	-	-
Cash and Cash Equivalents	Rs. '000	22,316	36,929	10,107	20,975	10,451	26,549	23,226	154,148	244,587	15,449
Total Current Assets	Rs. '000	724,623	491,443	393,180	374,886	364,063	801,725	963,065	572,808	570,472	292,785
TOTAL ASSETS	Rs. '000	4,561,107	4,462,602	4,141,594	4,025,475	3,888,713	3,176,429	3,108,359	2,582,756	2,320,778	1,961,003
EQUITY AND LIABILITIES											
Capital and Reserves											
Stated Capital	Rs. '000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000	350,000
Retained Earnings	Rs. '000	2,313,924	2,237,086	2,211,817	1,957,531	1,843,890	1,725,224	1,645,825	1,236,665	961,072	575,492
Total Equity	Rs. '000	2,663,924	2,587,086	2,561,817	2,307,531	2,193,890	2,075,224	1,995,825	1,586,665	1,311,072	925,492
Non Current Liabilities											
Interest Bearing Loans & Borrowings	Rs. '000	6,939	67,226	99,576	134,276	187,750	249,689	269,671	95,446	75,978	202,003
Retirement Benefit Obligations	Rs. '000	550,482	564,766	534,771	545,170	595,402	243,567	216,423	255,130	214,784	204,964
Deferred Tax Liability	Rs. '000	254,944	206,413	52,958	26,348	20,158	26,291	-	-	-	-
Deferred Income	Rs. '000	132,079	132,860	132,598	130,438	125,876	114,479	111,662	111,698	112,243	106,706
Liability to make Lease payment after one year	Rs. '000	205,498	210,208	214,737	219,092	223,279	227,306	231,178	234,900	238,480	241,922
Total Non Current Liabilities	Rs. '000	1,149,942	1,181,473	1,034,640	1,055,324	1,152,465	861,332	828,934	697,174	641,485	755,595
Current Liabilities											
Dividend Payable	Rs. '000	201,875	-	-	-	-	-	-	-	-	-
Trade and Other Payables	Rs. '000	404,373	397,653	403,509	404,974	440,023	189,273	238,629	238,026	200,024	143,810
Liability to make Lease payment within one year	Rs. '000	4,710	4,529	4,355	4,187	4,026	3,872	3,723	3,579	3,441	3,309
Interest Bearing Loans & Borrowings	Rs. '000	85,882	255,223	133,602	197,754	67,197	20,947	38,983	34,894	129,271	119,773
Amounts Due to Related Companies	Rs. '000	50,401	14,759	3,671	55,705	31,112	19,400	-	15,307	10,797	1,038
Income Tax Liabilities	Rs. '000	-	21,879	-	-	-	6,381	2,265	7,111	24,688	11,986
Total Current Liabilities	Rs. '000	747,241	694,043	545,137	662,620	542,358	239,873	283,600	298,917	368,221	279,916
TOTAL LIABILITIES	Rs. '000	1,897,183	1,875,516	1,579,777	1,717,944	1,694,823	1,101,205	1,112,535	996,091	1,009,707	1,035,511
TOTAL EQUITY AND LIABILITIES	Rs. '000	4,561,107	4,462,602	4,141,594	4,025,475	3,888,713	3,176,429	3,108,359	2,582,756	2,320,778	1,961,003

*Uva Range estates were reacquired in year 2014/15.

Decade at a Glance (...Contd)

INCOME STATEMENT		SLFRS					SLAS				
		2018/19	2017/18	2016/17	2015/16	2014/15 *	2013/14	2012/13	2011/12	2010/11	2009/10
REVENUE											
Tea	Rs. '000	1,157,244	1,509,036	1,253,767	1,025,243	1,312,931	1,015,203	753,136	710,596	929,254	694,174
Rubber	Rs. '000	243,732	292,259	313,135	285,885	288,067	480,464	591,315	744,664	829,909	483,797
Oil Palm	Rs. '000	957,760	973,985	897,501	566,079	553,206	556,708	439,678	366,198	282,041	313,164
Other Crops	Rs. '000	55,590	63,777	47,871	35,869	40,702	40,407	34,427	37,082	33,474	25,240
Total Revenue	Rs. '000	2,414,326	2,839,057	2,512,274	1,913,076	2,194,906	2,092,782	1,818,556	1,858,540	2,074,678	1,516,375
Cost of Sales	Rs. '000	(2,077,972)	(2,274,579)	(2,068,996)	(1,848,269)	(2,107,933)	(1,589,734)	(1,343,130)	(1,326,504)	(1,408,335)	(1,196,778)
Gross Profit	Rs. '000	336,354	564,478	443,278	64,807	86,973	503,048	475,426	532,036	666,343	319,597
Other Income	Rs. '000	141,114	202,721	117,131	90,947	136,545	98,607	64,232	34,996	14,014	25,019
Gain on change in fair value of Biological Assets	Rs. '000	11,933	27,909	15,715	4,089	14,877	-	-	-	-	-
Administrative Expenses	Rs. '000	(61,779)	(62,815)	(55,496)	(44,340)	(40,116)	(42,962)	(39,310)	(41,191)	(36,421)	(38,605)
Provision for Doubtful Receivable	Rs. '000	-	-	-	-	-	(80,280)	(43,995)	(63,484)	(60,079)	(76,557)
Management Fee	Rs. '000	(77,811)	(133,721)	(91,524)	(25,478)	(45,216)	(89,455)	(78,665)	(86,355)	(104,401)	(49,865)
Finance Cost	Rs. '000	(65,130)	(51,812)	(58,825)	(52,799)	(47,238)	(46,599)	(46,236)	(43,476)	(78,744)	(59,681)
Impairment of Goodwill	Rs. '000	(8,100)	(3,500)	(4,000)	(8,500)	(27,178)	-	-	-	-	-
Share of Profit from the Joint Venture	Rs. '000	23,528	8,286	70,001	31,240	52,132	38,077	84,143	83,631	34,709	38,822
Profit/(Loss) before taxation	Rs. '000	300,109	551,546	436,280	59,966	130,779	380,436	415,595	416,157	435,421	158,730
Income Tax (Expense) / Reversal	Rs. '000	(43,816)	(177,994)	(34,330)	7,502	20,482	(44,508)	(52,633)	(63,536)	(26,092)	(12,075)
Net Profit/(Loss) for the Year	Rs. '000	256,293	373,552	401,950	67,468	151,261	335,928	362,962	352,621	409,329	146,655
Other Comprehensive Income											
Actuarial Gain/(Loss) on defined benefit plans	Rs. '000	26,070	(18,353)	36,160	90,969	17,434	(8,367)	54,032	-	-	-
Income Tax effect	Rs. '000	(3,650)	2,570	(5,699)	(13,191)	(2,528)	1,213	(7,835)	-	-	-
Net Other Comprehensive Income/(Loss)	Rs. '000	22,420	(15,783)	30,461	77,778	14,906	(7,154)	46,197	-	-	-
Total Comprehensive Income/(Loss) for the year	Rs. '000	278,713	357,769	432,411	145,246	166,167	328,774	409,159	352,621	409,329	146,655
KEY INDICATORS											
REVENUE EXTENT											
Tea	hectares	2,099	2,108	2,285	2,357	2,444	396	374	439	464	479
Rubber	hectares	1,165	1,295	1,606	1,660	1,780	1,851	1,898	2,013	2,061	2,108
Oil Palm	hectares	1,840	1,704	1,510	1,331	1,215	1,128	1,061	1,106	1,106	1,056
Other Crop	hectares	388	381	364	357	347	368	383	366	357	350
Total	hectares	5,492	5,487	5,765	5,705	5,786	3,743	3,716	3,923	3,988	3,993
PRODUCTION											
Tea	kg'000	2,306	2,769	2,684	3,011	3,230	2,284	1,942	2,118	2,572	1,805
Rubber	kg'000	948	952	1,275	1,160	1,179	1,482	1,573	1,670	1,689	1,820
Oil Palm	kg'000	22,273	22,496	20,169	16,588	14,833	16,505	14,453	14,368	12,135	14,653
YIELD											
Tea	kg./ha	641	674	570	715	674	822	917	908	979	850
Rubber	kg./ha	814	735	793	699	661	796	829	830	818	864
Oil Palm	kg./ha	12,108	13,203	13,358	12,466	12,203	14,634	13,620	12,994	10,975	13,880
NSA											
Tea	Rs./kg	487.37	558.31	445.49	343.59	413.21	450.32	394.43	338.49	362.27	384.60
Rubber	Rs./kg	256.35	305.60	245.05	242.91	240.68	326.58	370.89	449.92	491.26	265.75
Oil Palm	Rs./kg	43.00	43.30	44.50	34.13	37.30	33.73	30.42	25.49	23.24	21.37
COP											
Tea	Rs./kg	546.19	549.97	464.58	397.22	439.28	430.76	378.00	341.86	346.70	349.53
Rubber	Rs./kg	251.25	256.76	237.71	242.91	262.32	263.69	238.31	236.55	185.13	152.28
Oil Palm	Rs./kg	13.09	13.47	11.62	10.28	9.70	7.32	6.67	6.37	7.05	6.38

*Uva Range estates were reacquired in year 2014/15.

Decade at a Glance (...Contd)

CASH FLOW		2018/19	2017/18	2016/17	2015/16	2014/15 *	2013/14	2012/13	2011/12	2010/11	2009/10
Net Cash Flow From Operating Activities	Rs. '000	526,313	667,294	456,946	214,388	383,663	444,340	348,261	397,520	536,017	191,460
Net Cash Flow From Investing Activities	Rs. '000	(257,837)	(324,111)	(143,147)	(234,237)	(581,015)	(285,777)	(166,815)	(211,397)	(126,732)	(109,741)
Net Cash Flow From Financing Activities	Rs. '000	(130,420)	(416,851)	(258,290)	(102,050)	(119,491)	(317,642)	130,220	(264,612)	(160,946)	(93,333)
Net Increase/(Decrease) in Cash and Cash Equivalents	Rs. '000	138,056	(73,668)	55,509	(121,899)	(316,843)	(159,079)	311,666	(78,489)	248,339	(11,614)
RATIO ANALYSIS		2018/19	2017/18	2016/17	2015/16	2014/15 *	2013/14	2012/13	2011/12	2010/11	2009/10
Liquidity Ratio											
Current ratio	No. of times	0.97	0.71	0.72	0.57	0.67	3.34	3.40	1.92	1.55	1.05
Acid-test ratio	No. of times	0.61	0.27	0.28	0.24	0.28	2.47	2.76	1.40	1.09	0.56
Cash ratio	No. of times	0.03	0.05	0.02	0.03	0.02	0.11	0.08	0.52	0.66	0.06
Operating cash flow ratio	No. of times	0.70	0.96	0.84	0.32	0.71	1.85	1.23	1.33	1.46	0.68
Leverage Ratios											
Debt ratio	%	2%	7%	6%	8%	7%	9%	10%	5%	9%	16%
Debt to equity ratio	%	3%	12%	9%	14%	12%	13%	15%	8%	16%	35%
Interest coverage ratio	No. of times	5.61	11.65	8.42	2.14	3.77	9.16	9.99	10.57	6.53	3.66
Debt service coverage ratio	No. of times	3.93	1.87	2.12	0.34	0.70	1.58	1.50	3.53	2.51	0.68
Profitability Ratio											
Gross margin ratio	%	14%	20%	18%	3%	4%	24%	26%	29%	32%	21%
Operating margin ratio	%	15%	21%	20%	6%	8%	20%	25%	25%	25%	14%
Net profit margin	%	11%	13%	16%	4%	7%	16%	20%	19%	20%	10%
Return on assets ratio	%	6%	8%	10%	2%	4%	11%	12%	14%	18%	7%
Return on equity ratio	%	10%	14%	16%	3%	7%	16%	18%	22%	31%	16%
Efficiency Ratios											
Asset turnover ratio	No. of times	0.53	0.64	0.61	0.48	0.56	0.66	0.59	0.72	0.89	0.77
Inventory turnover ratio	No. of times	7.65	8.69	9.32	8.73	10.04	8.16	8.03	8.22	9.22	12.60
Receivable turnover ratio	No. of times	20.73	24.56	21.44	14.92	11.58	8.67	7.79	10.09	15.79	13.47
Days sales in inventory ratio	Days	47.73	41.98	39.15	41.82	36.36	44.71	45.45	44.39	39.57	28.96
Market value Ratios											
Net asset per share ratio	Rs.	112.17	108.93	107.87	97.16	92.37	87.38	84.03	66.81	55.20	38.97
Dividend per share	Rs.	8.50	14.00	7.50	-	2.00	10.50	-	5.20	1.00	-
Dividend yield ratio	%	13%	16%	10%	0%	3%	13%	0%	9%	1%	0%
Earnings per share	Rs.	10.79	15.73	16.92	2.84	6.37	14.14	15.28	14.85	17.23	6.17
Price Earnings ratio	No. of times	5.93	5.58	4.37	20.95	11.13	5.92	5.01	4.04	6.65	4.82
Earnings Yield	%	17%	18%	23%	5%	9%	17%	20%	25%	15%	21%
Dividend Payout Ratio	%	79%	89%	44%	0%	31%	74%	0%	35%	6%	0%
Revenue Growth											
Normal	%	-15%	13%	31%	-13%	5%	15%	-2%	-10%	37%	19%
Compounding (CAGR)	%	5%	8%	7%	4%	8%	8%	6%	11%	37%	-
Profit Growth											
Gross Profit											
Normal	%	-40%	27%	584%	-25%	-83%	6%	-11%	-20%	108%	25%
Compounding (CAGR)	%	1%	7%	5%	-23%	-23%	12%	14%	29%	108%	-
Net profit											
Normal	%	-31%	-7%	496%	-55%	-55%	-7%	3%	-14%	179%	261%
Compounding (CAGR)	%	6%	12%	15%	-12%	1%	23%	35%	55%	179%	-
Employee related											
Revenue per employee	Rs. '000	499.34	537.39	433.15	305.41	323.88	541.75	471.49	455.86	512.90	369.31
Gross Profit per employee	Rs. '000	69.57	106.85	76.43	10.35	12.83	130.22	123.26	130.50	164.73	77.84
Net Profit per employee	Rs. '000	53.01	70.71	69.30	10.77	22.32	86.96	94.10	86.49	101.19	35.72

*Uva Range estates were reacquired in year 2014/15.

GLOSSARY

A

Accounting Policies

The specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting financial statements.

Accrual Basis

Recording revenues & expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

Actuarial Gains and losses

Is the effects of difference between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions.

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.

AGM

Annual General Meeting.

ASPI

All Share Price Index, a stock indices of the Colombo Stock Exchange in Sri Lanka.

Asset Turnover Ratio

Total Revenue divided by Total 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.

Biological Transformation

It comprises the process of growth, degeneration, production, and procreation that cause qualitative or quantitative change in a biological assets.

Borrowing Costs

Borrowing Costs are interest and other costs incurred by an enterprise in connection with borrowing of funds.

BOP

Balance of Payment.

B2B Sales

Business to Business Sales.

BOD

Board of Directors

C

CAGR

Compound Average Growth Rate

CAPEX

Capital Expenditure

Cash Equivalents

Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash Ratio

Cash and Cash equivalents divided by Current Liabilities

CASL

The Institute of Chartered Accountants of Sri Lanka.

CBSL

Central Bank of Sri Lanka

CEA

Central Environment Authority

Capital Employed

Total equity and interest bearing borrowings.

Capital Reserves

Part of earnings reserved without distributing in current year, for future specified purpose or future business commitment or distributions.

CIS

Common wealth of Independent states.

CGU

Cash Generating Units.

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.

CPO

Crude Palm Oil

CRTA

Colombo Rubber Trader's Association.

CRI

Coconut Research Institute.

CSR

Corporate Social Responsibility.

CTA

Colombo Tea Auction

CTC

Crush, Tear and Curl - Method of Black Tea Processing.

CTR

Colombo Tea Auction

Current ratio

Current assets divided by Current liabilities.

CSE

Colombo Stock Exchange

D

DCF

Discounted Cash Flow.

Debt Equity Ratio

Total liabilities divided by its shareholders' equity.

Debt Ratio

Total borrowings divided by Total assets

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.

Derivative

Is a financial instrument or other contract whose prices is dependent upon or derived from one or another underline asset.

Diluted Earnings per Share

Diluted Earnings per Share calculated by net income minus Preferred Dividends divided by Weighted Average Shares Outstanding plus Conversion of Dilutive Securities.

Dividends

Distribution of profits to holders of equity investments.

DPS

Dividend per Share

Dividend cover

Profits after tax divided by dividends.

Dividend Payout

The Percentage of Earnings paid to shareholders in dividends.

Dividend Yield

Annual dividend divided by current stock price.

Discount Rate

The discount rate refers to the interest rate used in discounted cash flow analysis to determine the present value of future cash flows.

E

EBIT

Earnings before Interest and Tax

EBITDA

Earnings before Interest, Tax, Depreciation, and Amortization.

Effective Tax Rate

Income tax expenses divided by profit from ordinary activities before tax

Earnings Yield

The earnings per share for the most recent 12 months period divided by the current market price per share.

EPS

Profit attributable to ordinary shareholders divided by the number of ordinary shares in ranking for dividend.

Equity

The value of an ownership interest in property, including shareholders' equity, in a business. Equity or shareholders' equity is part of the total capital of a business.

Equity / Assets ratio

Shareholders' funds divided by Non-current assets plus current assets.

Equity Instruments

Any contract that evidences a residual interest in the assets of a entity after deducting all of its liabilities.

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.

EIR

Effective Interest Rate

ESMS

Environmental and Social Management System

ESMP

Environmental and Social Management Plan

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.

Fair Value Through Profit and Loss

A financial asset/liability acquired/ incurred principally for the purpose of selling or repurchasing it in the near term, part of a portfolio of identified financial

instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking, or a derivative (except for a derivative that is a financial guarantee contract).

Fellow Subsidiary

A subsidiary is an entity, including an unincorporated entity such as a partnership that is controlled by another entity (known as the parent).

FFB

Fresh Fruit Bunch

Field

A unit extent of land. Estates are divided into fields in order to facilitate management

Financial Asset

Any asset that is cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity.

Financial Instrument

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity instrument in another entity.

Financial liability

Any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Float Adjusted Market Capitalization

Float Adjusted Market Capitalization is calculated by multiplying the Public Holding Percentage of the company by the Market Capitalization.

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.

Goodwill

Goodwill in accounting is an intangible asset that arises when a buyer acquires an existing business.

GOSL

Government of Sri Lanka

GRI

Global Reporting Initiatives

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.

Ha

Hectare.

I**IAS**

International Accounting Standards.

IFRS

International Financial Reporting Standards.

IIRC

International Integrated Reporting Council

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.

Inventory Turnover Ratio

Cost of goods sold divided by Average inventory

ISO

International Standards Organization.

J**JEDB**

Janatha Estate Development Board.

JV Profit

Joint Venture Profit.

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.

KPI

Key Performance indicators.

L**Liquidity**

An asset or security can be quickly bought or sold in the market without affecting the asset's price.

LKR

Sri Lanka Rupee

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 capitalization

Number of shares in issue multiplied by the market value of each share at the reporting date.

MCPA

MCPA is a powerful, selective, widely used phenoxy herbicide. The pure compound is a brown-colored powder.

N**NAMU.N0000 Share**

CSE stock code for the company.

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 Profit Margin Ratio

Profit after tax divided by Total Revenue

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).

Net Tangible Assets per share

Total Tangible Assets less Intangible Assets, divided by total no. of shares.

NIPM

National Institute of Plantation Management.

NOx

Nitrogen Oxide

O**Operating Cash Flow Ratio**

Operating cash flow divided by Current liabilities

Other Comprehensive Income

Items of income and expenses that are not recognized in profit or loss as required or permitted by other SLFRS's.

P**PAT**

Profit After Tax

PHDT

Plantation Human Development Trust.

PMMD

Plantation Management Monitoring Division.

PPE

Property, Plant & Equipment

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.

PLT

Plantations share price index, a stock indices of the Colombo stock exchange in sri lanka

PBT

Profit before Tax

Q

Quick Ratio

Current asset other than inventory divided by current liability

R

Receivables Turnover Ratio

Total Revenue divided by Average accounts receivable

Related parties

One party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, directly or indirectly.

Replanting

A method of field development where an entire unit of land is taken out of "bearing" and developed by way of uprooting the existing trees/bushes and replanting with new trees/bushes.

Retirement Benefits

Present value of a defined benefit obligation is the present value of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

- **Interest cost** is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.
- **Current service cost** is the increase in the present value of the defined benefit obligation resulting from employee service in the current period

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.

Revenue Reserves

Reserves considered as being available for distributions and investments.

ROI

Return on Investment.

RPTs

Related Party Transactions

RRI

Rubber Research Institute.

RSS - 1

Ribbed Smoked Sheet - Grade 1.

S

Segments

Constituent business units grouped in terms of similarity of operations and location.

Shareholders' funds

Funds attributable to Shareholders and comprising of share capital, reserves and retained profit.

SIC

Standard 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.

SOx

Sulfur Oxide

S&P SL20

Standard & Poor's Sri Lanka 20 covers the

largest and most liquid stocks from the Sri Lankan Equity market.

SBU

Specified Business Unit

SEC

Exchange Commission of Sri Lanka

SIA

Social Impact Assessment

T

TASL

Tea Association of Sri Lanka.

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.

Value Creation

Value creation is the process that results in increases, decreases or transformations of the capitals caused by the organization's business activities and outputs.

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 Periodical output of produce from hectare of plantation.

YOY

Year on Year

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Twenty Sixth (26th) Annual General Meeting of Namunukula Plantations PLC will be held at the Registered Office, No. 310, High Level Road, Nawinna, Maharagama on Friday, 26th July 2019 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 2019 with the Report of the Auditors thereon.
2. To approve the appointment of Dr. Sena Yaddhige 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, No. 310, High Level Road, Nawinna, Maharagama, a shareholder of the Company.

“That Dr. Sena Yaddhige of Le Neuf, Chemin, St. Saviours, Guernsey, United Kingdom who is 73 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 Yaddhige ”

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, No. 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 73 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. Sunil Liyanage who retires in terms of Article 98 at the Annual General Meeting, a Director.
5. To re- elect Mr. Shaminda Yaddhige, who retires by rotation in terms of Article 92 at the Annual General Meeting, a Director.
6. To re- elect Mr. Shirly Gerard Amerasinghe, who retires by rotation in terms of Article 92 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

12 June 2019

Note:

- a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her.
- b) A proxy need not be a member of the Company. The form of proxy will be found inserted in the Annual Report
- c) 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 SHAMINDA YADDEHIGE whom
 failing SHIRLY GERARD DEVINDA AMERASINGHE whom failing BASTIYANKORALALAGE ANTONY THUSHARA RODRIGO whom
 failing SUNIL SHANTHA GOTABHAYA LIYANAGE *as my/our proxy to represent me/us and to vote on my/our behalf at the
 26TH ANNUAL GENERAL MEETING of the Company to be held on 26th July 2019 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 2019 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. Sunil Liyanage, who retires in terms of Article 98 at the Annual General Meeting, a Director	<input type="checkbox"/>	<input type="checkbox"/>
5. To re- elect Mr. Shaminda Yaddehige, who retires by rotation in terms of Article 92 at the Annual General Meeting, a Director.	<input type="checkbox"/>	<input type="checkbox"/>
6. To re- elect Mr. Gerard Amerasinghe, who retires by rotation in terms of Article 92 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 2019

.....
 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 Wednesday, 24th July 2019.

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
Tax Identification No	: 294001395
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. N.C. Peiris - Independent Non-Executive Director : Mr. B.A.T. Rodrigo - Independent Non-Executive Director : Mr. Shaminda Yaddehige - Non Executive Director : Mr. Gerard Amarasinghe - Independent Non-Executive Director : Mr. S.S.G. Liyanage - Non Executive Director (Appointed w.e.f. 15 August 2018) : Mr. S.S. Poholiyadde - Executive Director (Resigned w.e.f. 02 August 2018)
Stated Capital	: Rs. 350,000,010/- represented by 23,750,001 shares
Group Holding	: 67.48 %
Stock Exchange Listings of Sri Lanka.	: The Ordinary Shares of the Company are listed with the Colombo Stock Exchange
Senior Management	: Mr. S.A. Eriyagama - Chief Executive Officer : Mr. M.P.S. Pathiraja - Chief Executive Officer - NPL - Uva Range Estates : Prof. Kapila Gunasekara - Director - Special Project : Mr. S. Epitakumbura - Financial Controller : Mr. P. de S.A. Gunasekara - General Manager : Mr. T.T. Christy - General Manager - NPL -Uva Range Estates : Mr. D. Sivraj - Senior Manager : Mr. H.M.M.J. Herath - Accountant : Mr. L.P. Tennakoon - Manager - Plantations : Mr. R.M.S.S. Herath - Manager Information Systems : Mr. S.C. Bandaranayake - Engineer - Plantation Sector : Mr. A.C.B. Bowatte - Manager Forestry
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 No: 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 : National Development Bank PLC : Indian Overseas Bank / Indian Bank : Nations Trust Bank PLC
Contact Details	: Telephone: + (94) 114310500 Internet : www.arpico.com : Facsimile : + (94) 11 2801400 E-mail : npl.rpk@arpico.com

Namunukula Plantations PLC

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

Tel: +94 114 310 500, Fax: +94 112 801 400,

Web Site: www.arpico.com, E Mail: npl.rpk@arpico.com