

Optimizing the YIELD Of the NATION

The security of a nation depends on many things but for the masses that make up the country's citizenry, out of all of these, in order, food, water, shelter and energy are the most "essential" of all essentials.

All sentient beings must eat and from the time of our ancient kings, the securing of our food supply and engineering food sovereignty was a duty they considered as being above all else. That cultural heritage has created a modern Sri Lanka that values its agricultural activities and those engaged in them as national assets second to none and state policy has been honed over the years to give our farmers every opportunity to optimize the results of their efforts.

In its continuous effort to support the Sri Lankan farmer, its primary focus then was to provide them with the inputs required to provide increased harvests for the consumer and it is for that most mission critical purpose, the Ceylon Fertilizer Corporation Limited was established over five decades ago.

The corporation, bannered under the LAKPOHORA brand know the importance of our organization to the farmers and have grown our operations over the years to become the premier

organization providing fertilizer to the nation. Our storied history speaks for us and our drive and commitment over the years to execute our responsibility to the country through thick and thin.

However, we are far more cognizant of a greater mandate than that which is provided to us by our legal mandate. We know that a strong agricultural sector will provide good food to the people and well fed people are healthy people and healthy people are productive people. Therefore, as the driver of the foundation level of this chain, we know that when we help increase the yield of our farmers we are also creating the enabling environment for a productive nation that can yield optimal development results for our country.

It is therefore with quiet pride and humbling sobriety that we can truly say that we are not merely maximizing the yield of the farmer but optimizing the yield of our nation.

It is therefore not to be wondered that we, at LAKPOHORA, take our task very very seriously.

Signed,
The management and staff of LAKPOHORA



Ministry of Agriculture
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Rajagiriya, Sri Lanka.

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Layout & Design



Creative
Solutions

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ANNUAL REPORT 2019



CEYLON FERTILIZER COMPANY LIMITED



ISO/IEC: 1705
TL 041-01

Ceylon Fertilizer Company Limited

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Hunupitiya, Wattala, Sri Lanka.

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E-mail : info@lakpohora.lk | Web : www.lakpohora.lk

AWARDS



ISO 14001: 2004
Environmental Quality
Certification



Annual Reports Awards
2014
Compliance Award



JASTECA CSR Awards
2014
Merit Award



CNCI Achievers Awards
2014
National Level Merit Award



National Agri Business Awards
2014
Silver Award



National Productivity Awards
2012/13
Second Place



Sri Lanka National
Quality Award 2013
Silver Award



SLCBCC Business Star
2014
Silver Award



Akimoto 5S Awards
2014
Merit Award

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National Business Excellence
Awards 2014
Golden Award



Human Resource Management
Awards 2013
Merit Award

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55 Years

THE FOUNDATION OF AGRICULTURE IN SRI LANKA (CORPORATE DETAILS)

Ceylon Fertilizer Company Limited (CFCL), a fully state owned company, operating under the Ministry of Agriculture was established in 1964 under the State Industrial Corporations Act of 49 in 1957 with financial and technological support from the Republic of Germany.

Its primary mandate is to fulfill the fertilizer needs of the Sri Lankan agricultural community and has been executing this responsibility with priority focus on product quality by importing chemical fertilizer, mixing and manufacturing quality fertilizer and distributing it to all parts of the island via its regional stores and authorized dealer network.

In compliance with state policy to transform government corporates and state owned business entities into government companies under act number 23 of 1987, it was reestablished under this act with effect from 15th September 1992 under its original name and is currently registered under the Companies Act number 07 of 2007.

As part of the state's policy to consolidate its existing businesses in this sector, the Thamankaduwa Agri Fertilizer Company was brought under CFCL in 2008 as is now operating as the Polonnaruwa stores complex of the company.



CORPORATE INFORMATION



Company Name

Ceylon Fertilizer Company Limited

Company Registration Number

PB 499

Legal Nature

A limited liability company incorporated in Sri Lanka with full ownership vested with the Secretary to the Ministry of Finance.

Registered Office and Address

Ceylon Fertilizer Company Limited
Lakpohora Swarna Jayanthi Mawatha,
Hunupitiya, Wattala, Sri Lanka.

Tel : +94 11 2 930 298 / 99

Fax : +94 11 2 947 763

E-mail : info@lakpohora.lk

Web : www.lakpohora.lk





For Paddy Cultivation

Straight fertilizers including Urea, Muriate of Potash, Triple Super Phosphate, Zinc Sulphate are provided to farmers by us.

A JOURNEY WITH A START BUT NO END!

Decades it has been, since we embarked on this journey to provide our country with the inputs required to maintain its fertility and ensure its bounty. Our nation's harvest depends upon us and our journey to date it a testament to commitment of our staff that was and our staff that is to assure the nation of its prosperity.

1964

Ceylon Fertilizer Corporation (CFC) established under the Agriculture, Food and Cooperatives' Ministry headed by Hon. Felix Dias-Bandaranaike with an initial investment of just Rs. 58,000 and with Senior Additional Secretary of the ministry Mr. Sam Silva as its first Chairman. The Head Office was at Darley Road and the stores capable of handling 80,000 MT was established at Hunupitiya. With no money to hire a van Mr.K.K. Anthony, one of the first employees of the corporation picks up 12 wicker baskets to be used for discarded paper for the newly established corporation and bicycles back to the HO with those baskets hung around his bicycle.

1966

Mixing operations commence at the Hunupitiya facility with a mixing capacity of 35 MT/hour. 70,000 MT was thus mixed here. The monopoly of private companies in the import, manufacture and distribution was broken forever.

1978

Work on establishing regional warehouses in Maho, Weligama, Polonnaruwa and Anuradhapura is started with a gift of Rs. 28 million and technical assistance from the German Government.

With the introduction of the open economy, the sector-leader status of the CFC is lost. Responding aggressively to private sector competition, the corporation expands its distribution network which hitherto was exclusively through cooperatives and agrarian services centers to authorized private dealers.

1977

The permit system is abolished and the fertilizer subsidy introduced.

1976

The corporation's products are sold under the brand name "Lanka Pohora" (Ceylon Fertilizer)

1970

1980

The newly established stores are now fully operational with capacities ranging from 13,000MT - 16,000MT. For the first time, marketing material is created and distributed by the corporation.

1986

The fertilizer coordinating committee established by the state to optimize the distribution of fertilizer. Through this committee, the first education, training and awareness programs on fertilizer use started for the agricultural community.

1988

With a Rs.22 million from the German Government, the modernization of the central store at Hunupitiya is completed. A new mixer capable of 30Mt/hour is also installed.

The Head Office of the CFC which has been at Chatham Street was shifted to the Hunupitiya facility.

2002

The main responsibility of efficiently running the fertilizer subsidy was vested in the CFC. During these years of war, it worked hard to provide fertilizer to outliers and remote rural areas despite significant terrorist threats.

1994

A critical year in the history of the corporation when the government decided to divest itself of these assets. The Hunupitiya facility became the Ceylon Fertilizer Corporation while five other limited liability companies were created based on the geographic spread of the stores. Three of these were subsequently sold to private interests while the Thamankaduwa Fertilizer Company and the Ceylon Fertilizer Corporation were run as two separate companies.

1992

2005

The historic paddy fertilizer subsidy commenced by the then government. A massive program to provide a 50kg bag of fertilizer at the subsidized rate of Rs.350 per bag was implemented providing relief to 70% of farmers.

2007

The company was in serious fiscal vulnerability with net assets amounting to 330 million red.

2010

The company, guided by wise management decisions starts to pull itself out of the red. It reduces its losses and turns itself around and by 2013, has a net asset worth of Rs.1606 million black paying Rs.39 million as profit back to the treasury.

2014

With the promise of the government not to privatize state agencies, a new board of management was appointed to the CFC and the company was re-registered under the Companies Act Number 07 of 2007

2013

52 high quality fertilizer stores established island wide as well as a transportation network with GPS tracking technology.

BOARD OF DIRECTORS

Chairman

Mr. Amarananda Abeysekera
(18.05.2018 – 05.02.2019)

Mr. Jayakody Arachchige Somachandra Jayakody
(12.02.2019 – 31.03.2019)

Working Director

Mr. Punchihewege Sunil
(18.05.2018 – 27.12.2018)

Mr. Gunewardhana Koralage Don Prem Reggie Samaratunga
(12.02.2019 – 31.03.2019)

Director

Mr. Nammuni Arachchige Ranjith **Ms. Mahatantrige Indeevari Visaka Amarasekera**
(18.05.2018 – 25.02.2019) (12.02.2019 – 31.03.2019)

Mr. Buddhika Ruwan Madihahewa **Mr. Methmage Don Mahilala Chandima**
(18.05.2018 – 14.02.2019) (12.02.2019 – 31.03.2019)

Mr. Dayasiri Kiribandara Ranjith Kumarasiri **Mr. Minimuthu Pathirannehelage Sarath Abeyratne**
(27.11.2017 – 13.10.2018) (12.02.2019 – 31.03.2019)

Mr. Thusitha Priyadharshana Aluthpatabandige **Mr. Samarasinghe Liyanagamage Bandusiri**
(18.05.2018 – 06.02.2019) (12.02.2019 – 31.03.2019)

Company Secretary

Ms. A.M. Chamila Swarnamali Tilakaratne

Management Team

Mr. Priyantha Samaraweera General Manager (Acting)
Manager (Finance)

Mr. B.D.L. Kumarasiri Chief Internal Auditor

Mr. R.A. Priyantha Perera Manager (Distribution)

Eng. D.M.N.A. Dissanayake Manager (Technical)

Mrs. R.P.S. Bodhipala Manager (Marketing & Sales)

Mrs. M.L.U. Perera Manager (Laboratory)

Mr. Fahim Alawdeen Manager Special Project

Mr. C.P. Premathilake Bulathsinghala Acting Manager
(Administration & Human
Resources)

Mr. G.G. Saman Acting Manager
(Procurement & Import)



For **Tea** Cultivation

T-65, T-200, T-750, UT-1625, UT-397, UT-752,
VPLC-880, VPLC-945, VPUM-910, U-625,
ST/UM-400, STUVA-435, U-709

Purpose

To provide Chemical and Organic Fertilizer according to the highest national standards and services for the agricultural community of Sri Lanka

Vision

To be a center of excellence as diversified agricultural service provider to contribute sustainable development in Sri Lanka

Mission

To ensure profitability and sustainability of the company by manufacturing and distributing a portfolio of inputs and services for the agricultural sector that cater to the demand of a diversified market in line with state policies.

Values

Keeping environment sustainability, assuring a healthy future generation and connecting to farmer at grassroots level are the key Values upon which we will build our future product range.

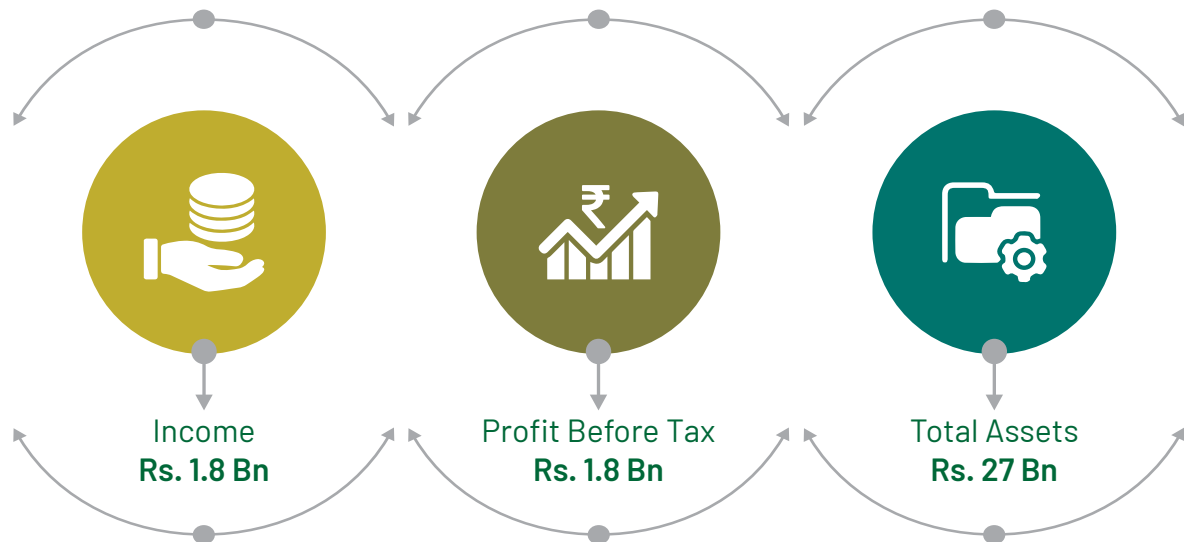




For Other Crops

Specially mixed fertilizers for vegetables, fruits, potatoes, chillies, cow-pea, peanuts, green gram, maize and sugar-cane etc.

FINANCIAL HIGHLIGHTS



Financial Highlights and YoY Ratios

Item	2019 (LKR)	2018 (LKR)	Ratio (%)
	Rs.	Rs.	%
Income	1,869,949,695	3,373,989,990	-45
Profit before tax	119,782,045	39,346,123	204
Profit after tax	(34,458,049)	(24,536,064)	40
Earnings per share	(0.69)	(0.49)	41
Benefits on assets	0.00	-8.00	-100
Benefits on liabilities	-0.01	0.42	-102

Financial Position and YoY Ratios

Item	2019	2018	Ratio (%)
	LKR	LKR	
Total Assets	LKR 27,058,982,102	LKR 29,476,571,820	-8
Total Equity	LKR 5,531,232,042	LKR 5,806,434,717	-5
Number of shares issued	50,245,608	50,245,608	0
Net assets per share	LKR 110	LKR 116	-5

FINANCIAL SUMMARY FOR LAST TEN YEARS

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	SLAS	SLFRS	SLFRS (For 7 Month)	SLFRS (For 7 Month)	SLFRS	SLFRS	SLFRS	SLFRS	SLFRS	SLFRS
Statement of Comprehensive Income										
Revenue	1,904,299,851	2,246,402,738	2,496,268,383	2,450,132,816	2,563,549,727	3,835,989,834	4,242,769,733	2,350,637,985	3,373,989,990	1,869,949,695
Gross profit	322,826,103	414,124,001	310,189,751	621,694,097	575,467,461	855,558,167	1,097,447,923	231,025,777	31,497,063	189,371,158
Other income	132,287,779	157,164,017	197,912,757	108,809,998	93,172,755	142,197,667	122,926,594	29,096,825	45,440,368	107,257,774
Profit before tax	4,2,411,705	73,979,009	159,544,495	199,894,319	241,328,764	520,200,738	836,604,005	127,804,541	39,346,123	119,782,045
Tax	(35,000,000)	(43,666,668)	(52,315,944)	(73,037,738)	(62,869,313)	134,184,888	(233,331,176)	11,787,491	(63,882,188)	154,288,123
Profit after tax	7,411,705	30,312,341	107,228,551	126,856,581	178,459,452	386,015,851	603,272,829	139,592,032	(24,536,064)	(34,506,078)
Statement of Financial Position										
Stated capital	502,456,080	502,456,080	502,456,080	502,456,080	502,456,080	502,456,080	502,456,080	502,456,080	502,456,080	502,456,080
Revaluation reserve	1,986,087,280	1,986,087,280	1,836,179,780	1,835,723,580	1,835,723,580	1,833,071,080	1,833,071,080	2,506,976,187	2,028,858,589	2,291,788,758
Retained Earnings	208,796,713	224,109,054	1,285,578,730	1,397,891,510	1,500,363,432	1,869,914,195	2,392,840,203	2,899,788,327	2,792,590,448	2,736,939,175
Total equity	2,697,340,072	2,712,652,414	3,624,214,590	3,736,071,170	3,838,543,092	4,205,441,355	4,728,367,363	5,909,220,594	5,323,905,117	5,531,184,013
Property, plant and equipment	1,902,075,430	1,895,412,152	1,908,557,760	1,882,887,059	1,879,174,306	1,865,055,225	1,838,655,988	2,683,237,393	2,636,328,307	2,744,935,187
Capital work in progress	15,934,103	542,901	-	-	-	29,982,587	32,152,294	21,960,737	22,316,114	676,729
Deferred tax expense	-	-	4,862,949	73,037,738	5,561,375	37,484,888	-	-	-	-
Investment in treasury bills	332,205,456	434,767,955	471,025,753	338,620,163	369,088,140	489,125,747	514,903,604	532,548,539	439,277,353	-
Intangible assets	-	-	-	669,017	344,717	115,417	79,667	-	-	17,501,026
Deferred tax assets	-	76,814,523	71,951,574	-	-	-	-	-	-	-
Net current assets	12,476,640,540	6,975,143,544	1,706,541,296	1,915,693,141	2,025,842,182	2,417,551,302	2,963,028,124	-	16,516,623,681	9,121,613,694
Deferred tax liabilities	-	-	-	1,086,164	6,647,539	44,132,427	40,928,542	251,974,437	242,009,768	-
Short / long term loans	11,837,929,928	5,369,929,928	-	-	17,728,367,618	31,304,325,268	-	-	-	-
Cash Flow Statement										
Net cash inflow/(out flow) from operating activities	(12,169,047,254)	(16,012,155,140)	12,695,227,509	(9,517,159,808)	(5,094,105,859)	(9,560,794,959)	4,859,448,679	11,542,320	8,052,725,854	4,431,360,823
Net cash inflow/(out flow) from investing activities	12,216,587,459	(36,565,665)	(8,458,411)	83,232,936	(498,105,232)	(1,021,212,231)	(1,086,700,012)	(908,705,035)	278,487,418	1,301,050,014
Net cash inflow/(out flow) from financing activities	(159,725,222)	16,168,483,382	(13,079,312,780)	9,575,483,282	5,654,013,585	10,614,850,014	(3,843,885,272)	(7,628,967,604)	834,304,831	(5,966,502,687)
Other Information										
Earning per share (Rs)	0.17	0.60	2.13	2.52	3.55	7.68	12.01	2.78	(0.49)	(0.69)
Dividend per share (Rs)	0.06	0.18	0.18	0.76	1.05	2.30	3.60	0.83	(0.15)	(0.21)
Net asstes per share (Rs)	54	54	72	74	76	84	94	118	116	110.00
Current ratio (No.of times)	2.09	1.29	1.08	1.08	1.06	1.06	1.09	-	2.60	1.06



For Coconut Cultivation

YPM(W)/(D), APM(W)/(D),
Toddy tapping(W)/(D)

MESSAGE FROM THE CHAIRMAN

On behalf of the Board of Directors, it gives me a great pleasure in presenting the annual report of the Ceylon Fertilizer Company Limited for the financial year ended 31st March 2019.

We have completed another year of improved performance under a challenging environment that took the company towards a major transformation of its business model. The competitive market that existed for fertilizer was replaced with direct subsidy scheme, going back to the fertilizer subsidy that was originally introduced in 2005 by the Government. Forthwith, we were entrusted with the responsibility of supplying 60% of the country's fertilizer requirement for paddy cultivation commencing with the 2018 Yala season. The swift and appropriate strategies implemented by my predecessor and his team in transforming the business model from marketing fertilizers via open market competition through our island wide dealer network to distributing direct fertilizer for paddy cultivation through Agrarian Service Centers at the subsidized price, adopting to the situation helped take the company to new heights. As a result we were able to distribute 191,772 Mt as direct fertilizer for paddy cultivation despite the adverse weather conditions prevailing throughout the year under review.

The total quantity of fertilizer sales increased to 194,389Mt, up 260% Year-on-year. Nevertheless, the sale of organic fertilizer was not a success story mainly due to the unwillingness of farmers to use organic fertilizer in paddy cultivation. Arguably, this is an adverse impact of making chemical fertilizer available at subsidized price. Though the revenue dropped to LKR 1,869 million, nearly 55% compared to LKR 3,373 million in 2017/18 due to

selling fertilizers at the subsidized price, the gross profit increased to LKR 189 million against the LKR 31 million recorded during the previous year. The profit before tax increased to LKR 119 million from LKR 39 million recorded the previous year.

The results during the year under review are a reflection of what we are capable of and have made us confident and more ambitious about our future. Our corporate management team demonstrated exceptional knowledge, skills and commitment by controlling budgeted expenditure well within limits while improving productivity.

We developed a new value chain relationship with Agrarian Service Centers for the supply of direct fertilizers for paddy while we simultaneously maintained our good relationship with the existing dealer network for supply of non-traditional specialized fertilizer products for coconut, tea, rubber, vegetables, fruits & flowers and export crop related niche markets.

Our team is our foundation on which we build our business. I am very proud that they, specially our regional managers and their teams at 52 regional fertilizer stores island wide have taken the first steps of social responsibility, building relationship with farmer societies, meeting them frequently, and, coordinating with relevant state officials and other stakeholders in order to make fertilizers available to them at the right place at right time. Such commitment bring out the best in people and I am delighted to see how everyone pitched in to help our farmers whenever the need arises. We continue to expand their knowledge, potential and competencies through well-structured capacity building programs.



// Total quantity of fertilizer sales during the period under review increased to 194,389Mt from 73,896 Mt. of the previous year. //

Aligned with the national goals of “transformation towards sustainable and resilient societies” as recognized in Sri Lanka’s voluntary national review 2017 towards achieving the SDGs, the Ceylon Fertilizer Company Ltd was always cognizant of its national responsibility. Rather than being driven by the profit motive alone, we have striven to develop our business to contribute substantively and

meaningfully towards the national agrarian effort and its effort to uplift local agriculture.

We are committed to be the main supportive structure for the national agricultural effort by continuously supplying it with quality fertilizer and technologies, constantly reinventing our business approach while following global standards

in our work processes, guideline adherence and quality control. We now count nearly 55 years in the business and in that period, the company has established itself as a brand that is synonymous with quality. Our "SANSTHA" brand has taken shape as the unique identity for high quality fertilizers in the island, thus building unshakable customer loyalty that to date, has remained our greatest strength.

We never lost of sight of our ultimate goal of becoming a leading diversified organization that provides agricultural and related products, services and applications as the leader in the Sri Lanka fertilizer market. In fact, we have achieved three of our short term goals out of four. We are undoubtedly the leader in the fertilizer supply and distribution in the Island and continuously improve and maintain the high brand image of our quality fertilizer. We have successfully motivated our employees and helped them improve their competencies, creating equal opportunities, a rewarding and safe work environment and providing other benefits on par with other industry organizations through are excellent welfare program. We endeavor continuously to improve our profitability, earnings per share rate and return on investment by adopting astute cost management strategies in our systems, processors and procurement strategies.

Notwithstanding these positives, there is still a lot more we can do in the coming year during which

time we look forward to working even more closely with all our stakeholders. While we are sober in our forecasts, we look forward to the future with optimism, remaining passionately focused in harmonizing business results and stakeholder satisfaction. We believe that we will repeat our performance in the coming year provided there will are no exceptionally unfavorable, unforeseeable circumstances and we are confident that we can continue to build on what we have already achieved.

I take this opportunity thank our "Lakpohora Family" for their commitment and energy drives to always improve our capabilities and thereby being a strong part of the company's success story. I appreciate very much the continued support extend to me throughout by my fellow directors. I also wish to thank the secretary of the Ministry of Agriculture and his team for their guidance and support. Finally, I would like to extend my sincere gratitude to H.E. the President, Hon. Prime Minister and the Hon. Minister of Agriculture, Rural economic affairs, Livestock development, Irrigation and Fisheries & Aquatic resources development for the trust placed on us and their constant guidance.

Somachandra Jayakody
Chairman



For
Rubber
Cultivation

Special mixed fertilizer including R A - 465,
R U - 462, R U - 465, R/Y B, R/S A



STATEMENT OF THE **GENERAL MANAGER**

// As a responsible state agency fully cognizant of the sustainability policies of the government, the company provided some of the organic fertilizer requirements of farmers. //

I am pleased to present the audited financial statement and the annual report of the Ceylon Fertilizer Corporation Limited, the premier agricultural input provider to the nation, for the financial year of 2018/2019 and address our valued shareholders, our partners and stakeholders as yet another financial year comes to an end.

Working within the state policies on agriculture, the company worked hard to provide high quality fertilizer to our farming community despite the agricultural sector being significantly and negatively impacted by severe drought and incremental weather over the year under review.

Through our business processes, we provided fertilizers to the farmers ensuring that there were no shortages competing in the open market with other producers and in line with the state subsidy that provided money for fertilizer directly to farmers.

As a responsible state agency fully cognizant of the sustainability policies of the government, the company provided some of the organic fertilizer requirements of farmers.

Additionally, it created a strong distribution and logistics process that linked provincial fertilizer

stores to farmers and insured year round product availability and leveraged its state of the art IT systems and ERP to optimize the productivity of the company as a whole.

In our outlook for the future, we are determined to work together as the Lakpohora family to overcome all social and entrepreneurial challenges that the company faces in the future in a world where resource stability and agrarian productivity are under significant threat from multiple dependencies.

It is with joy and heartfelt gratitude that I sincerely thank the Honorable Minister of Agriculture, the Secretary of his ministry his ministerial staff, the Chairman of Lakpohora and its Board of Directors for the guidance and direction they provided to stabilize the company and consolidate its business operations for the future after serious issues beyond its control in preceding years.

NAME
General Manager

BOARD OF DIRECTORS

01

NAME
Possession

02

NAME
Possession

03

NAME
Possession



04

NAME
Possession

05

NAME
Possession

06

NAME
Possession



BOARD OF DIRECTORS



NAME

Possession

Mr. Jayakody is an old boy of Ibbagamuwa Central Collage and holds a Machelors in Business Administration (special degree) from the University of Sri Jayawardhanapura and Master Degree in Public Management.

Having started his career at the Peoples Bank where he served for ten years, he obtained his International Diploma in Banking (Institute of Bankers of Sri Lanka) before Sri Lanka Customs as an Assistant Superintendent of Customs in 1988.

During his career at Sri Lanka Customs, he received extensive international training and attended a number of international conferences on Customs Intelligence & Investigations representing Sri Lanka Customs in the United Kingdom, Brussels(Belgium), Japan, South Korea, China, Australia, Indonesia and India. He also attended number of capacity building programs conducted

locally by foreign and local agencies. He served at the Sri Lanka Customs for nearly 30 years during which time he excelled in the field of Customs Investigations and gained vast experience and a wealth of knowledge in Customs and Public Management. He is one of just two offices to be awarded a Presidential Appreciation in the history of Sri Lanka Customs.

He has served as a member of the Board of Directors of MILCO (pvt) ltd, (Milk Industries of Lanka Company) for three and a half years from February 2015 and also served as a member of the Audit & Management Committee of the Company during the same period. He served as Deputy Chairman at National Livestock Development Board in 2017/18, Subsequently he served as the Chairman of the Sri Lanka Social Security Board (2018) before joining the 'LAKPOHORA FAMILY' as Chairman in February 2019.



NAME
Possession



NAME
Possession

BOARD OF DIRECTORS



NAME
Possession



NAME
Possession



NAME
Possession

SENIOR MANAGEMENT TEAM



01

Eng. D. M. N. A. Dissanayaka
The Manager (Technical)

Mr. G. G. Saman
The Acting Manager
(Procurement & Imports)

02

03

Mrs. R. P. S. Bodhipala
The Manager (Sales & Marketing)

Mr. B. D. L. Kumarasiri
The Chief Internal Auditor of the Company

04



05

Mr. R. A. P. Perera
The Manager (Distribution)

Mr. C. P. P. Bulathsinghala
The Acting Manager
(Administration & Human Resources)

06

07

Mrs. M. L. U. Perera
The Manager (Laboratory)

Mr. Fahim Alawdeen
The Manager (Special Projects)

08

SENIOR MANAGEMENT TEAM



Mr. P. R. Samaraweera
General Manager (Acting) and
Manager (Finance)

He has obtained a Commerce (Special) Degree from the University of Sri Jayawardhanapura. He holds the higher membership of the Public Finance and Development Accountants Institute of Sri Lanka, the Chartered Business Administrators Institute, the Sri Lanka Public Financial Accountants Association and the reference membership of the Professional Institute of Accountants in Sri Lanka. Joining the Ceylon Fertilizer Company Limited in 1987 he has come a long way with us and has become the most senior Manager of the company.



Mr. B. D. L. Kumarasiri
The Chief Internal Auditor of the
company

He has a Degree in Commerce (Special) from the University of Kelaniya. He holds the fellow membership of the Sri Lanka Public Financial Accountants Association and the Public Finance and Development Accountants of Sri Lanka. He has received certificates for internal auditing from the Public Accounts and Finance Institute and the Internal Auditors Institute. He has worked as Accountant and Chief Internal Auditor at the National Equipment Machinery Organization.

Eng. D. M. N. A. Dissanayaka
The Manager (Technical)

He has a BSc Engineering Degree from the University of Peradeniya and a Masters in Business Administration (Finance) from the University of Kelaniya. He is a member of the Sri Lanka Institute of Engineers and a member of the Building Services Sectional Committee of the same institute.



Mr. R. A. P. Perera
The Manager (Distribution)

He has a special degree in Sociology from the University of Colombo. Additionally, he holds diplomas in Information Technology & Management. He has successfully completed diploma program on productivity at the National Productivity Secretariat and a judge panel member of National productivity award program. He has successfully completed advance courses in fire & safety, industrial health & safety, machinery & equipment maintenance. Presently reading for supply chain management.



Mrs. R. P. S. Bodhipala
The Manager (Sales & Marketing)

She holds a Science Special Degree in Agriculture (Plantation Management) from the University of Sabaragamuwa and a Masters in Business Administration from the Post Graduate Institute of Agricultural Science of the University of Peradeniya. She has sound experience in plantation industry management.



Mrs. M. L. U. Perera
The Manager (Laboratory)

She holds a Bachelor of Science Degree (Bio Science) from the University of Kaleniya and a post graduate Degree (M.Sc) in Analytical Chemistry from the University of Colombo. Joining the Ceylon Fertilizer Company Limited in 1996 and come along way with sound experience in fertilizer analysis.

SENIOR MANAGEMENT TEAM



Mr. Fahim Alawdeen

The Manager (Special Projects)



Mr. C.P.P. Bulathsinghala

The Acting Manager
(Administration & Human Resources)



Mr. G.G. Saman

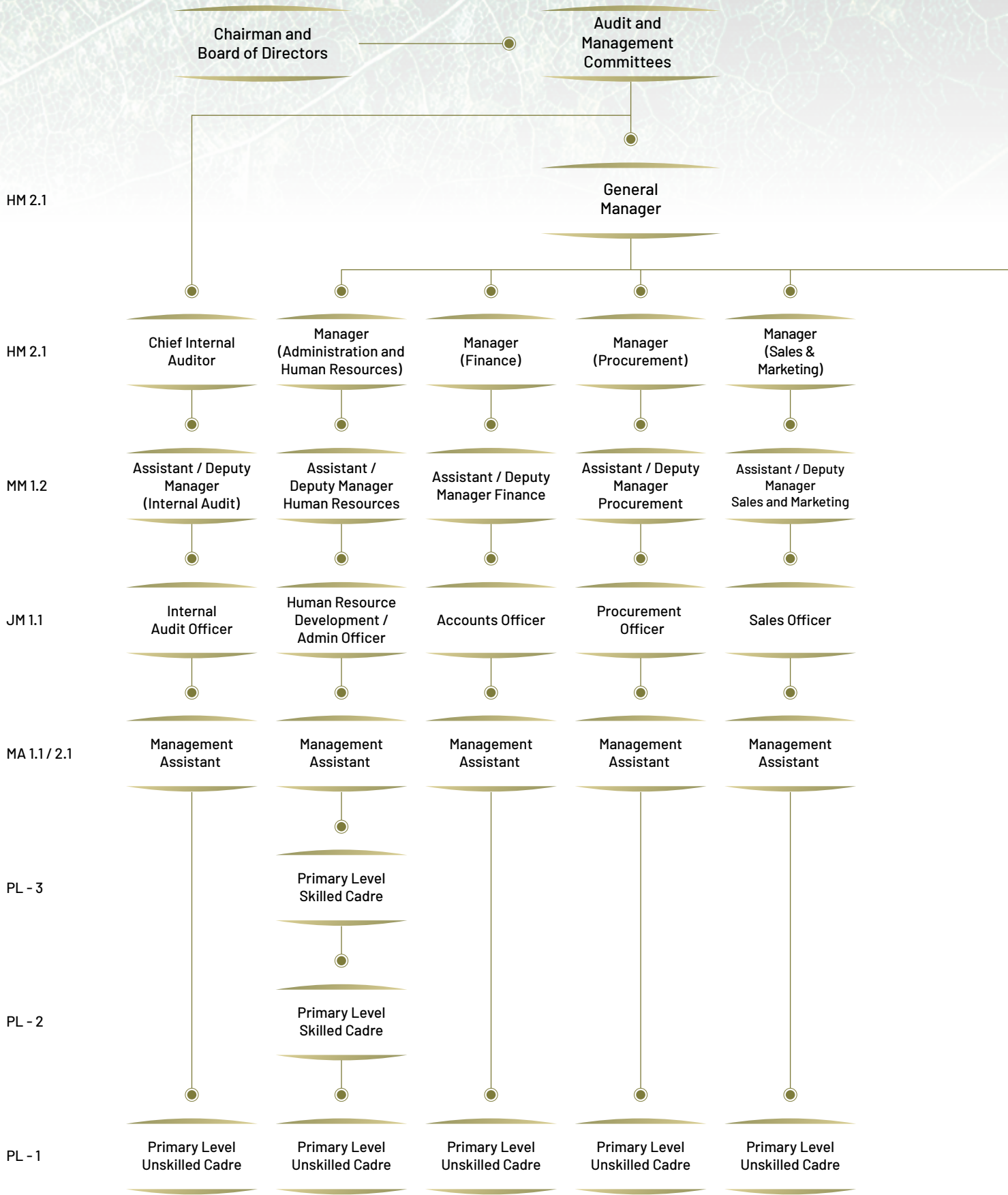
The Acting Manager
(Procurement & Imports)

An old boy of D.S.Senannayeke College Colombo. He obtained his BEng (Hons) degree from Kingston university United Kingdom and post graduate diplomas for management and marketing from the Irish International University United Kingdom. He is the former Marketing consultant of this company and he has gained expertise over 15 years in many fields playing a multitude of roles covering many areas of work including Design, Engineering, Sales and marketing, maintenance and operations and administration in United Kingdom and Sri Lanka. He worked as the co-ordinating Officer to the Former Minister of Irrigation and water resources and Disaster management. He is a member of institute of engineers of the United Kingdom and a Member of Royal Aeronautical Society.

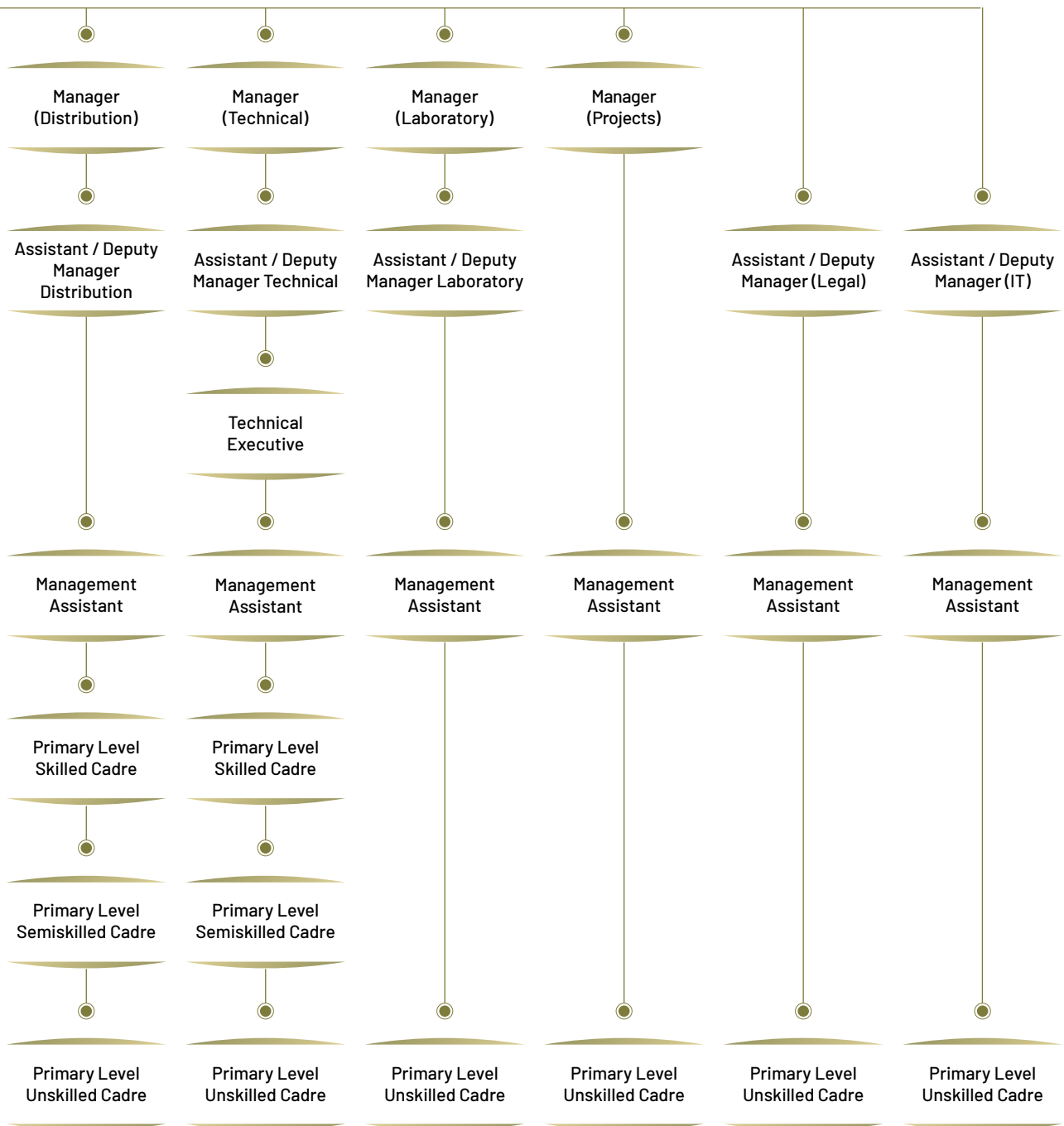
He has 36 years' experience at the company. He is also a Justice of the Peace for all Island.

He holds a degree in arts from the University of Colombo. He is currently following a diploma in procurement and contract management at the Sri Lanka Institute of Development Administration (SLIDA).





ORGANIZATIONAL STRUCTURE



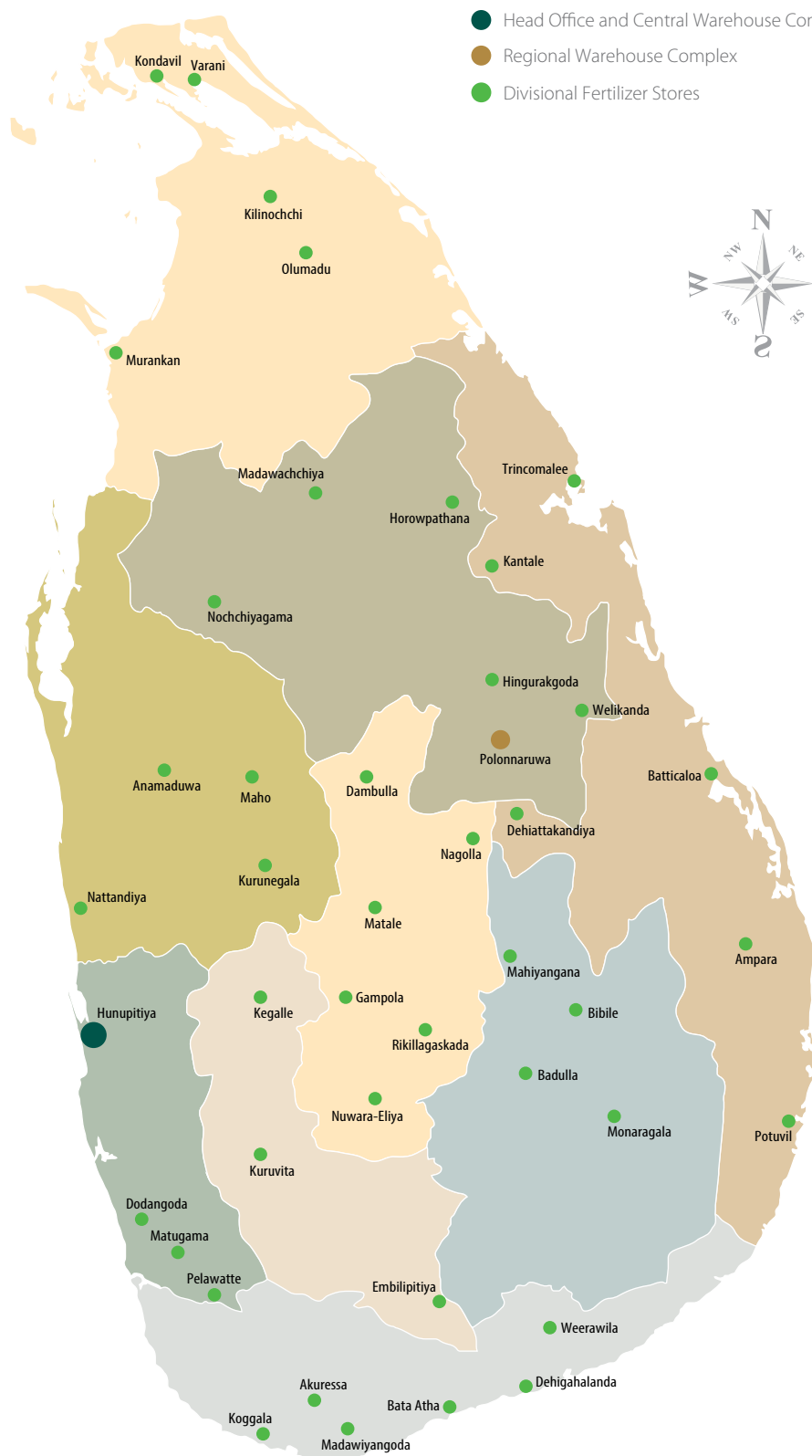


44 Island wide fertilizer distribution warehouse network....



Ceylon Fertilizer Co. Ltd. Islandwide Fertilizer Distribution Network

- Northern Region**
Kondavil
Kilinochchi
Varani
Olumadu
Murankan
- North Central Region**
Medawachchiya
Horowpathana
Nochchiyagama
Hingurakgoda
Welikanda
Polonnaruwa
- North Western Region**
Anamaduwa
Maho
Kurunegala
Nattandiya
- Central Region**
Dambulla
Nagolla
Matale
Gampola
Rikillagaskada
Nuwara-Eliya
- Eastern Region**
Trincomalee
Kantale
Batticaloa
Dehiattakandiya
Ampara
Pothuvil
- Western Region**
Hunupitiya
Dodangoda
Matuhgama
Pelawatte
- Sabaragamuwa Region**
Kegalle
Kuruvita
Embilipitiya
- Uva Region**
Mahiyanganaya
Bibile
Badulla
Monaragala
- Southern Region**
Weerawila
Dehigahalanda
Bata-Atha
Medawiyangoda
Akuressa
Koggala





MANAGEMENT REVIEW AND ANALYSIS

General economic overview focused on the agrarian sector:

According to the Central Bank of Sri Lanka, the vulnerability of the Sri Lankan economy to global and domestic disturbances became increasingly visible in 2018, with a modest expansion in real economic activity amidst a low inflation environment during the year. Real GDP growth was recorded at 3.2 per cent in 2018, compared to 3.4 per cent in the previous year. This growth was largely supported by services activities that expanded by 4.7 per cent and the recovery in agriculture activities, which recorded a growth of 4.8 per cent. Industry activities slowed down significantly to 0.9 per cent during the year,

mainly as a result of the contraction in construction. According to the expenditure approach, both consumption and investment expenditure supported growth. Investment as a percentage of GDP stood at 28.6 per cent in 2018 compared to 28.8 per cent in the previous year, while the savings-investment gap widened during the year indicating increased dependence on external resources to fill the shortfall. 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. Amidst the moderate growth in economic activity, a marginal increase in the unemployment rate and a decline in the labor force participation rate were observed during the year. Sri Lanka also experienced a significant economic downturn during the year under review, particularly from mid-April 2018 and the terror attacks. The problems were exacerbated following the political uncertainties and the downgrade of the country's Sovereign rating in the fourth quarter of the year. Fiscally it was a year of overall decline with the trade deficit surpassing USD 10 billion for the first time in the country's history. Headline inflation fluctuated

largely in line with the price movements of the food category, where food prices declined mostly during 2018 owing to favorable weather conditions that prevailed during the year.

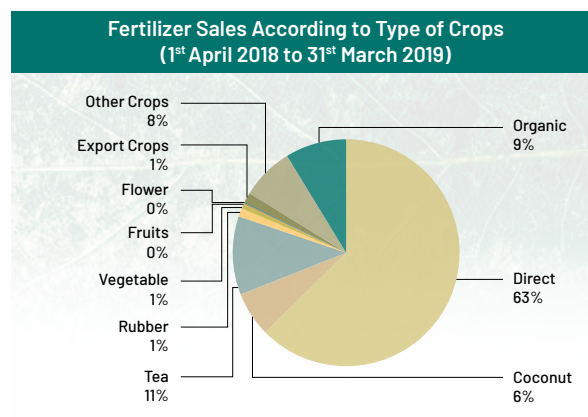
Agriculture activities grew by 4.8 per cent in 2018, indicating a recovery from the effect of extreme weather conditions experienced in the previous year. Accordingly, growing of rice recorded a notable growth while other cereals and vegetables also supported growth in 2018. The improved growth recorded in the agriculture sector also reflected the base effect of the drought affected growth in 2017. 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. Paddy production, which was affected by adverse weather conditions in 2017, recovered with an increase of 64.9 per cent, resulting in a production of 3.9 million metric tons during 2018. The significant improvement in paddy production in both seasons were supported by conducive weather conditions and sufficient availability of water for paddy cultivation. In response to increased availability of domestic paddy stocks, rice imports witnessed a considerable decline of 66.7 per cent in 2018 compared to the previous year. Although the domestic supply of rice improved considerably, the average price of selected rice varieties remained at elevated levels during 2018. 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. Production of other field crops increased although the Fall Armyworm infestation during the last quarter of the year in certain parts of the country severely damaged maize and finger millet (kurakkan) production. Meanwhile, the production of vegetables, fruits and milk recorded an expansion in 2018 while sugar production contracted for the second consecutive year.

Expenditure on intermediate goods imports, which accounted for more than half of the total imports, increased by 9.2 per cent to US dollars 12,488 million with the contribution of fertilizer imports to this being a very significant 154.4% against 21.1% increase in fuel and 4.9% increase in textile articles. Despite the fact that Sri Lanka is endowed with many natural resources that can be tapped to ensure a higher economic growth path, there is comparatively inefficient utilization. The underutilization of the Eppawela phosphate deposits in the manufacture of fertilizer being one such example.

Summary of sales:

Year	Paddy subsidy (Mt.)	Direct Fertilizer for other crops (Mt.)	Mixed Fertilizer for other crops (Mt.)	Total
2017/2018	-	65,920.906	7,975.116	73,896.022
2018/2019	191,772.200	1,638.645	979.392	194,389.937

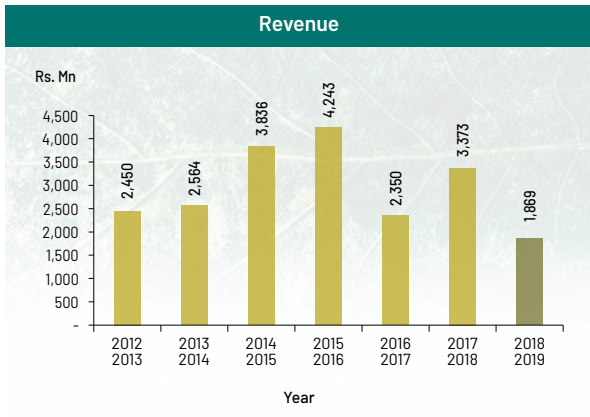
Direct Fertilizer	Sales (Mt.)
UREA	
TSP	
MOP	
ERP	
HERP	
SA	
BORETE	
ZINC SULPHATE	
DOLOMITE	
SOP	
DAP	
CES	
KIE	
TOTAL	



Financial review

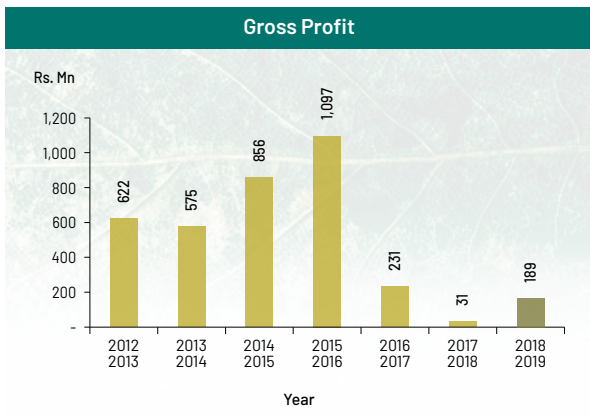
Income

The Company recorded an income of Rs. 1,89 billion from the sale of fertilizer for paddy and other crops and that was a decrease of 44.6 % YoY.



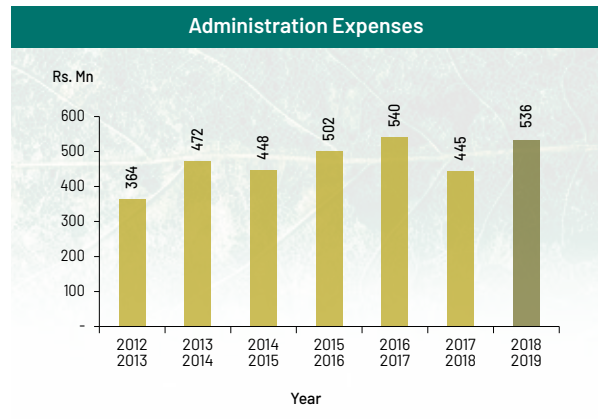
Gross profit

Company had recorded a gross profit of Rs. 189 Million during the year under review which was an 509% increase year-on-year. The reestablishment of the fertilizer subsidy was the key reason why the gross profit increased so dramatically during the year 2018/2019.



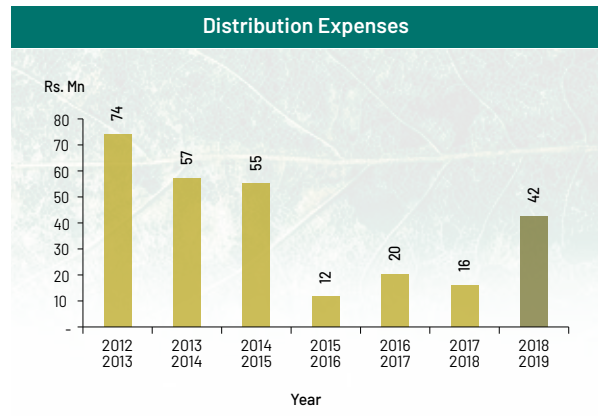
Administrative Expenses:

Despite the best efforts of the company to stabilize administrative costs, the year under review saw a 7% increase in administrative costs from LKR 475 to LKR 536.



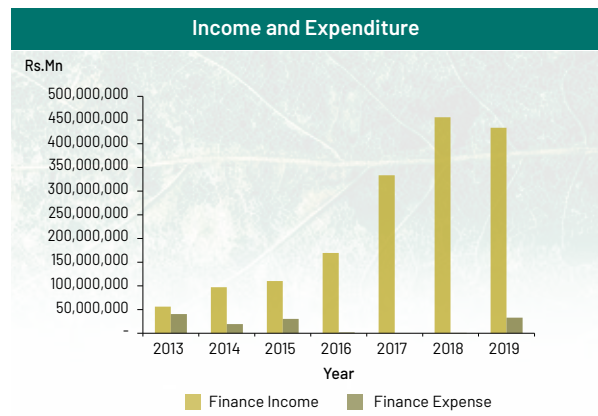
Distribution expenses

The distribution expenses of the company rose by 162% YoY from LKR 16 million to LKR 42 million, mainly due to the increase in sales and the attendant increase in the required transport and storage costs.



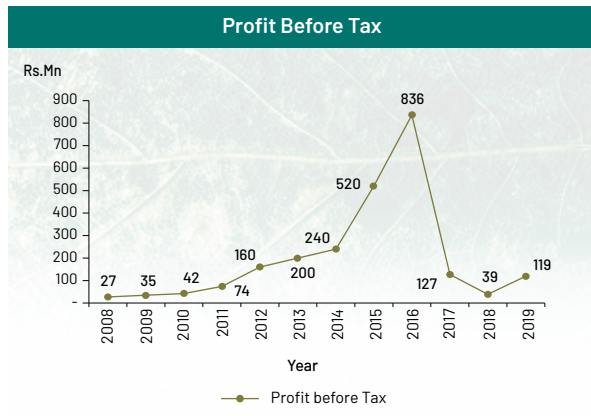
Income and expenditure

The information in the write up (Sinhala) that I have been given seems to be in error. Please get the correct numbers because the graph does not indicate it.



Profit before tax

Due to the reestablishment of the fertilizer subsidy and its significantly positive impact upon bottom lines, the company recorded a profit before tax of LKR 119 million, a 205% increase.

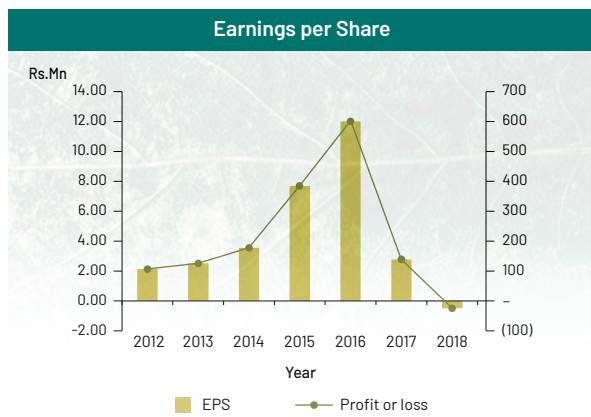


Tax

Income tax cost for the financial year was LKR <please insert> and it was LKR <please insert> in 2018/19. Differed tax cost of LKR <please insert> Million is included in the income tax cost. According to the Income Tax Act of No. 10 in 2006 and the revisions made later on, the company is under an income tax credit obligation of <please insert> % each.

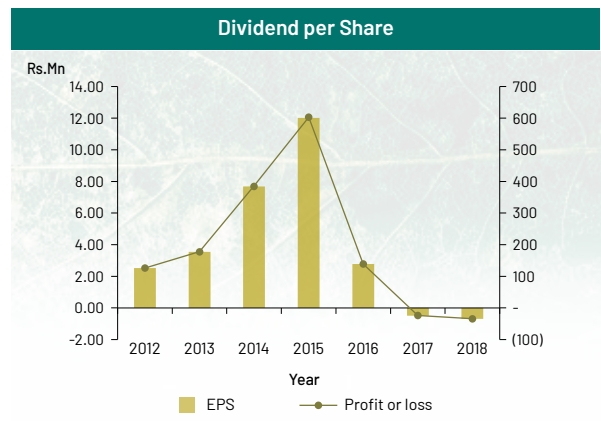
Earnings per share

The company recorded a negative value LKR 0.69 and it is the second straight year in which the EPS has been negative. The decline was 41% YoY from LKR 0.49 in the previous year.



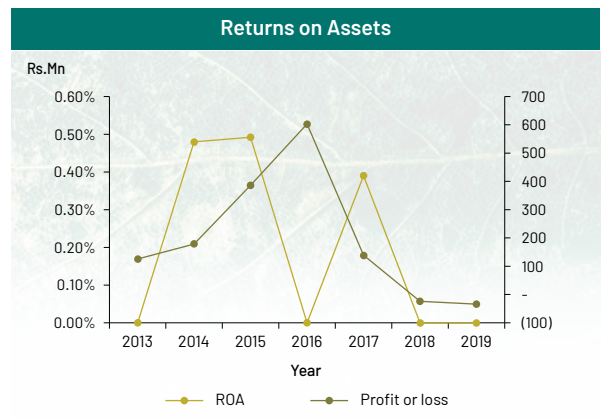
Dividend per share

Dividend Per Share in the financial year was a negative Rs.0.15 which is a 118% decline YoY.



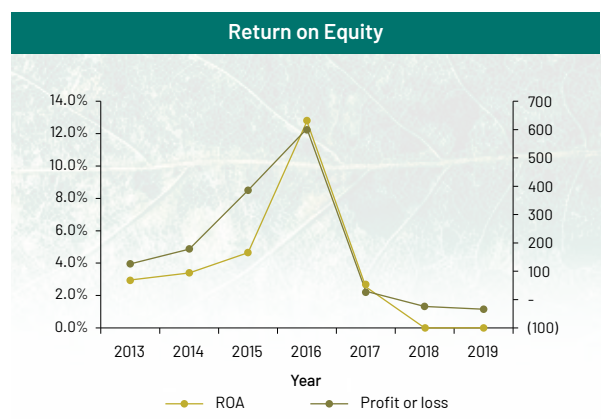
Return on assets

The company was able to generate a re-profit of 6.0% on total assets in the projected year. This was a decrease of 100% compared to the previous year (PLEASE CHECK THESE FIGURES I AM NOT SURE IF THEY ARE RIGHT)



Return on equity

The company's ROE declined to 0.0%, a decrease of 100%. (PLEASE CHECK THESE FIGURES I AM NOT SURE IF THEY ARE RIGHT)



CORPORATE GOVERNANCE

Governance has been institutionalized with a code of strong corporate values and a hierarchy governed by a standard process of Human Resources Management.

The full responsibility of maintaining the corporate governance of Ceylon Fertilizer Company Limited in compliance with the highest standards lies with the Board of Directors. The mechanism of the company's corporate governance ensures an agreed upon value to all the parties. Corporate governance is carried out in compliance with the following regulations, laws and ordinances.

1. Companies Act of No. 07 in 2007
2. State Business Department's State Business Guide for Good Governance
3. State Business Department's Policy Document on Good Governance

Board of Directors

The responsibility of the Board of Directors is to ensure efficient and effective Management of state enterprise in compliance with state policies. This can be achieved by way of protecting the resources, maintaining proper accounts, ensuring the procurement of correct reports and obliging to all the statutory and other legal requirements with regard to management.

The Board of Directors would ensure that the enterprise has strategic goals and that the company functions to achieve the strategic goals. The Board of Directors would systematically supervise that

there is an effective system for internal governance and risk management, that the management activities are effectively functioning and that the resources and assets are effectively utilized. The Board of Directors would annually evaluate the performances of the General Manager and the Senior Management Staff, provide interested parties with sufficient details on financial matters and as and when reveal other requirements of the same nature on a systematic ground.

The responsibility of appointing Audit and Risk Management Committees lies with the Board of Directors. The company has introduced a standard governance guide, code of ethics and the strategies of corporate governance. The Board of Directors would ensure that all the constitutions and guides will be followed as per state circulars without causing any conflict with regard to the operations and ownership.

Appointing the Board of Directors

When Board of Directors are appointed by the government, those appointments are done in a standard, competitive and responsible way. The liabilities, duties and responsibilities of the Board of Directors are clearly indicated by the authorized person in the letter of appointment.

The appointed Board of Directors will be assigned with the responsibilities related to company's strategic targets and corporate goals, corporate governance of the company, management and administrative systems and procedures.

Board of Director Meetings

The Board of Directors have held 11 meetings in the financial year of 2018/19 and the management has submitted timely and relevant information to the Board of Directors through Board of Director papers.

Directors' Allowances

Directors are paid their allowances based on policies and scales of allowances designed by the government. Directors would not interfere in decisions on these allowances.

Chairman

Chairman's role is of very important for the entire corporate structure and he is expected to steer the organization in the right direction. Chairman would ensure the smooth functions related to maintaining the corporate governance, treating every director equally, distributing responsibilities in the correct manner, balancing the power and authority, Ensuring the process of continuing the Board of Director Meetings he presides those meetings. He would contribute to the areas where he has expertise and stay away from getting actively involved in operations and play supervisory role whilst encouraging all the Directors to play a pre active role.

Secretary to the Board of Directors

Professionally qualified Secretary to the Board of Directors is responsible for informing the Board of Directors of Board of Directors' Meetings and Annual General Meetings and updating the Board of Directors on relevant terms and regulations from time to time.

The Secretary ensures that the procedures related to having Board of Directors Meetings are followed, the Board of Directors perform effectively and Board of Directors' papers are distributed in time. Guidance with regard to responsibilities, terms and conditions related to the Board of Directors and instructions along with assistance to the members of the Board of Directors will be provided by him.

General Manager and The Senior Management

General Manager and the Senior Management bear the responsibility of the Company's business management. They are responsible for implementing policies effectively and initializing the decisions made by the Board of Directors. General Manager and the Senior Management provide the Board of Directors with information and required explanations for their consideration and making decisions. They prepare operations, plans and budgets enabling the achievement of company's vision and mission whilst maintaining

administrative and regulatory systems for effective management of the company.

Instructions of the allowance payment proposal are followed to determine the allowances for General Manager and the Senior Management.

Financial Reports

Board of Directors are responsible for preparing annual financial reports indicating company's annual status and performance in an accurate and fair manner. Financial statements need to be prepared and presented in accordance with the financial recording standards of Sri Lanka and the Companies Act of No. 07 in 2007. Financial reports should fully reveal the important information as and when they are required enabling the Board of Directors and the Senior Management including the General Manager perform their responsibilities effectively.

Annual Audit

Annual Audit of the company is done by an external auditor who is recommended from the list of Chartered Accountants by the Auditor General / Treasury and approved by the Board of Directors upon the recommendation of the Audit and Management Committee. The Annual Audit Report is reviewed by the Board of Directors and presented at the Annual General Meeting for approval. In the process of auditing the external auditors will prevent from providing consulting or other services that could disrepute the unbiased and independent decisions and the external auditors are changed every 05 years.

Audit and Risk Management Committee

The Audit and Risk Management Committee of the company plays an important role by helping the Board of Directors in administrative work. This committee consists three non-executive members of the Board of Directors including a financially qualified representative of the treasury. This representative holds the position of the President of the audit committee.



RISK MANAGEMENT

Risk management process

Identification and realization of a revealed risk of an organization is determined by Risk Management. It ensures that the organization prepares and implements an effective plan to avoid losses and minimize the impact caused by a loss. Risk Management provides a clear and structured path to identify risks. By gaining a clear understanding about all the risks, an organization can evaluate and prioritize and take necessary steps to minimize those risks.

The Company has followed an instantly established process to identify, evaluate, minimize and change negligence. The main objective of our Risk Management System is to help in the operations of

our business based on complete attention about risks.

Identification and evaluation of risks are the first and foremost things that need be done. Strategies that could be used to avoid, minimize and change the identified risks are planned after that. The Board of Directors should ensure the availability of an effective Risk Management System that focuses on the operations of the company.

Key Risk Factors

There are exposures for a few risk factors in our company and an uncertainty prevails in the operational set up. Those risk factors faced by the company and the steps taken to minimize them are discussed later.

Strategic Risks

Risks caused by uncertainties embedded in our strategic objectives and unused opportunities are called Strategic Risks. This type of risk arises

mainly from the key decisions made by the Directors according to the goals of the organization.

The key concept behind strategic risk is the failure to achieve our proposed organizational goals. Taking this into kind consideration, the Board of Directors and the Management Team are carrying out systematic post reviews based on the future composite plan of five years, active plan of 3 years and the annual plan

Business Risks

This Risk includes the risks related to Production, Marketing and Sales of products, economic risks that affect the production cost, and the risks arising due to the change of technical environment and customers' choices. The main internal risks related to our business are the inability to deal with existing products and the risks connected to new product developments. Inability to deal with existing products is four-fold : i.e: inability to understand the customer's needs, technology, industrial and economical facts and theoretical needs.

The company conducts systematic surveys on customers' satisfaction and assessments about the changes in their needs. To understand future changes in regulations and recommendations that could take place in the company, it works closely with leading legal boards and organizations such as the state, Coconut Research Institute, Tea Research Institute and the Rubber Research Institute.

New products are introduced only after a complete study of the market and customer needs.

Non-Business Risks

This risk is not related to the main business and is primarily related to long term financing. Sources are identified to fulfill these financial requirements by pre assessing long term financial needs of the company through the composite plan for future 5 years and the active plan prepared for 3 years. The cash flow coming into and going out of the company is made efficient by the planned annual budget and the procurement plan and any instant cash requirement never arises

Operational Risks

This gives an idea of what is happening at the grass root level of the organization. Operational risks are directly connected mainly to internal resources, systems, processes and employees of the organization. This also include natural scenarios like mal-functioning of stores and machinery, cost for employees and bad weather conditions.

- A large fire safety system including adequate fire extinguishers and alarms is maintained by the company.
- The company has purchased a fire insurance cover and an additional electronic insurance for ultra-sensitive laboratory equipment in order to cover the damages that could happen due to a fire.
- Has purchased insurance for mobile cash and cash safes to minimize the effect of burglary and corruption.
- Has purchased adequate marine insurance certificates for each imported cargo shipment.
- Due to cash and non-cash motivational employee programs, the cost for employees of the company is at a lower level.

Cash Risks

The company has the cash risk including credit risk, liquidity risk and the market risk in using cash equipment.

Credit Risk

If the corresponding parties fail to face up with the agreed upon responsibilities of the company, the credit risk is the risk related to the financial loss of the company. The credit risk arises mainly due to sales on credit and deposits with financial organizations. In order to minimize risks,

- Before appointing distributors, a comprehensive analysis of the ability of each

individual is done by a team consisting of Regional Marketing Managers, Chief Internal Auditor, Finance Manager, and Company's Legal Officers.

- Bank guarantees are obtained from distributors and corresponding parties before releasing credit facilities.
- Credit periods and value limits are indicated according to the conclusions made at credit analyses for distributors and corresponding parties.

Liquidity Risk

Company's inability to face up with financial responsibilities is called Liquidity Risk. Company's approach to manage liquidity is to ensure there is adequate amount of cash to face up with general and unexpectedly arising responsibilities. The composite plan for future five years and the active plan for future three years help in identifying the pre-assessment of the out flow of cash from the company and the sources of these cash flows and the cash flows that come into and going out of the company are made efficient and facilities are provided for settling all the financial responsibilities by the annual report and procurement plan.

Market Risk

Fluctuation of market price due to the fluctuation of interest rates (Interest Risk) of the fluctuation of

foreign exchange (Exchange Currency Risk) is called the Market Risk which could affect the company's income and the capacity of maintaining financial equipment.

Exchange Currency Risk

Risk caused by the fluctuation of Sri Lanka Rupee value against US Dollar puts the company at the Exchange Currency Risk.

Interest Risk

Fluctuation of market interest rates for credit purchases under a fixed interest rate and holding interest with bank deposits is called the Interest Risk.

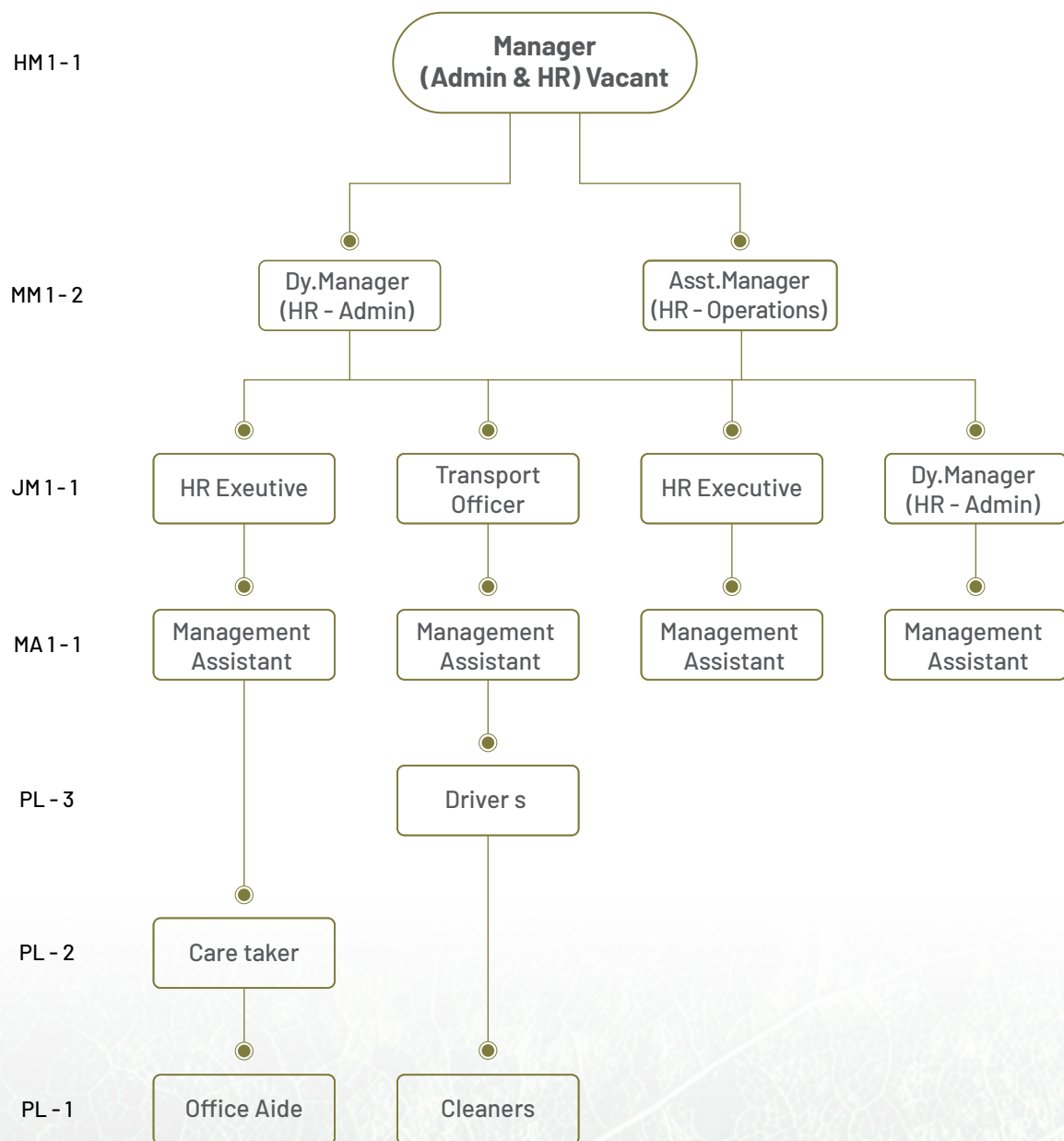
Regulatory Risk

When the state regulations with regard to the import, production, distribution and consumption of fertilizer, and the recommendations enforced by the state organizations such as the Coconut Research Institute, Tea Research Institute and the Rubber Research Institute are changed, the company has the regulatory power to act accordingly. In identifying any possible change in the regulatory setting, the company works closely with these organizations.

However, the risk factors are not limited to this list and the company is very cautious about such changes that could affect its operations.

DIVISIONAL REPORTS

HUMAN RESOURCES MANAGEMENT REPORT Structure of the Human Resources Division



Good Practices and Employee Policies

Our Human Resources Management Strategies have been properly prepared in accordance with Shop and Office Act, Wages Board Ordinance, Guide issues by the Treasuries and Linear Ministry and all the relevant Labor Laws presently being practiced in Sri Lanka. Adhering to the highest standards of the Administrative Regulations and E-code of the state, the company strives to optimize the management of its human resources while exercising due-diligence and transparency in creating its organizational structure, identifying its gaps and filling them against directives issued by the Salaries and Cadre Commission and giving promotions and establishing remuneration packages according to standards and directives established by the Department of Management Services. .

Employee Benefit Plan

Complying with state directives, the company contributes 15% of the gross salary for Employees' Provident Fund (EPF) and 3% of the gross salary for Employees' Trust Fund (ETF).

Introduction of Benefit Plan

A qualified assessor calculates the benefit liability indicated in the financial statement each year in compliance with the accounting standards of Sri Lanka while provisions for pensions benefit liability is calculated from the first service year of every employee.

Employee Motivation

The company pays serious attention to motivating its staff to maximize their performance and productivity by creating a harmonious work environment, improving facilities, reducing stress and giving employees a stronger sense of ownership in the day-to-day business of the company as well as its short and long term profit resulting in a significantly reduced level of attrition.

Financial benefits

- An annual incentive program identifies individual performance of each employee according to internationally accepted standards for performance evaluation.
- Allowances for tea, food and clothing etc. are paid to eligible staff to reduce financial stress.
- Cash is paid for balance medical leave as an incentive to spend more days of the year at the place of work of all employees.
- Mobile phones are provided to eligible employees and mobile and direct line bills are reimbursed, once again, to reduce the burden on staff in conducting business operations on behalf of the company.
- Understanding its responsibility to the staff that goes beyond simple economic remuneration for work, financial assistance is offered to the children of our staff who excel in educational, cultural or sports activities at local or international arenas.

Other benefits

- Official vehicles are provided to Regional Managers who achieve sales targets.
- Motorcycles are offered to District Sales Executives in order to reduce fatigue and increase productivity.
- A medical scheme is established to improve access to health services from a financial perspective for all employees and their family members.
- Incentivized local or foreign tours are offered to District Sales Executives who record the highest sales.

- An organizational culture is established encouraging a fear-free environment where open communication policies encourages the free and candid flow of information from bottom to top.
- Spiritual and skills related training programs are regularly offered to our staff and aims at overall improvement of mental health and career skills.

Training programs conducted during the year under review

- General Training on Transition of Laboratory Quality Management System to ISO/IEC 17025:2017
- Special Lecture on "Computer Crimes and Admissibility of Digital Evidence"
- Advanced Excel
- Labor Law
- Strategic Management and Leadership.
- Scheme of Recruitment.
- PAYE Tax and withholding taxes.
- General Training on Transition of Laboratory Quality Management System to ISO/IEC 17025:2017
- Time Management.
- National Procurement guideline.

- Communication and Negotiation Skill
- Attitude development of Office Aide.
- Professional Development
- Presentation Skills.
- Diploma in Public Procurement & Contract Administration.
- Repair and Maintenance Diesel Generator.
- Duties and Responsibility of Leave Clerk.

Employee costs per age group (Training)		
Age Category	Total (Participants only)	Investment
20-30	5	36,520.00
31-40	37	180,892.00
41-50	56	245,529.00
51-60	43	218,483.69
	141	681,424.69

Employee investment by gender

- Male - Rs: 487,780.00
- Female - Rs:193,644.69

Our staff composition

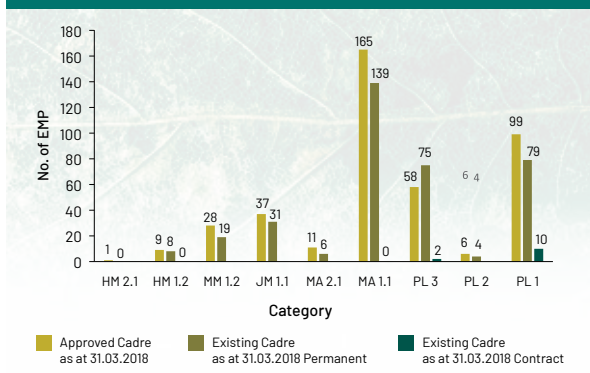
The total commitment of the members of Lak Pohora to achieving the overarching goals of the company is the secret of our success. We have a team of 368 employees who have committed themselves to achieving key milestones and objectives by implementing key strategic plans of the company. Our employment categorization based on employment base, service category, areas and gender is given below.

Staff Composition

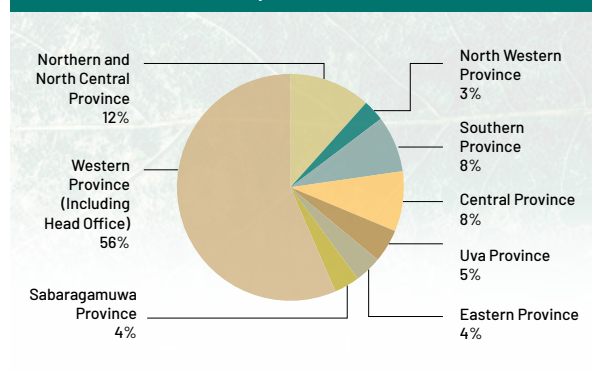
Approved cadre and existing cadre

Service Level	Category	Salary Code	Approved Cadre as at 31.03.2018	Existing Cadre as at 31.03.2018	
				Permanent	Contract
Senior	Senior Manager	HM 2.1	1	0	
	Senior Manager	HM 1.2	9	8	0
	Manager	MM 1.2	28	19	
Tertiary	Junior Manager	JM 1.1	37	31	
Secondary Level	Management Assistant (TECH)	MA 2.1	11	6	
	Management Assistant (Non TECH)	MA 1.1	165	139	0
Primary	Primary Level (Skilled)	PL 3	58	75	2
	Primary Level (Semi Skilled)	PL 2	6	4	
	Primary Level (Unskilled)	PL 1	99	79	10
Total			414	361	12

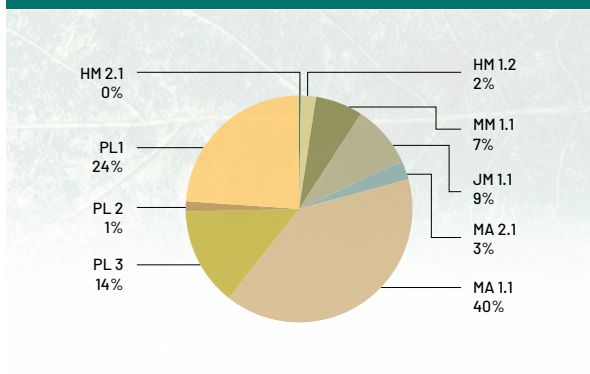
Approved Cadre and Existing Cadre



Staff Composition (Provincial)



Approved Cadre and Existing Cadre as at 31st March 2019



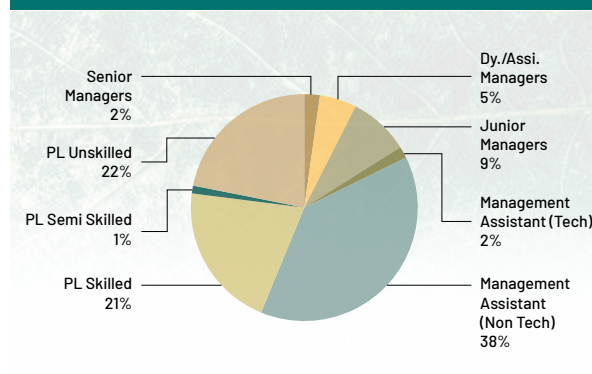
Gender Distribution of staff as at 31st March 2019

S. No	Designation	Male	Female	Total
1	Senior Managers	6	2	8
2	Dy./Asst. Managers	15	4	19
3	Junior Managers	25	6	31
4	Management Assistant (Tech)	3	3	6
5	Management Assistant (Non Tech)	77	62	139
6	PL Skilled	75	0	75
7	PL Semi Skilled	4	0	4
8	PL Unskilled	79	0	79
Total		284	77	361

Provincial Breakdown of Staff

Se. No	Provisions	No Of Employees
1	Northern and North Central Province	42
2	North Western Province	11
3	Southern Province	29
4	Central Province	31
5	Eastern Province	17
6	Uva Province	14
7	Sabaragamuwa Province	13
8	Western Province (Including Head Office)	204
Total		361

Gender Distribution of Staff as at 31st March 2019



Employee health and safety

Employees' health is an essential factor for company's continuous performance and prioritizing our employees' health and safety is a foundation of our business process optimization process. This attention has yielded high performance and productivity results, reduced worry among staff and increased overall confidence in the policies and strategies of the company. The effort complies with international standards of workplace safety and includes immediate review of any untoward event or incident where the health, safety or wellbeing of any staff member was compromised and steps taken to eradicate any possibility of recurrence of a similar issue

Welfare and human resources

We have well understood the importance of creating the sort of enabling environment that would support, help and facilitate performance enhancement, self-improvement, leadership and response to challenges among our valued staff and our commitment to this vital facet of the organization continues to be a matter of top priority for the management

Additionally, as part of our overall human resource development activity cloud, we utilize the services of both internal and external professionals in many sectors, themes and thrusts to develop technical and leadership skills while increasing motivation, encouraging learning through experience and improving consultative capacity.

Furthermore, the company has been conducting ICT Training Programs since 2010 and those who

successfully complete these training programs under sponsorship of the company are awarded with an internationally recognized ICDL Certificate.

A comprehensive understanding of the products of the company is essential to its outreach staff and this is assured through special training programs organized at the head office and regional stores in Polunnaruwa for employees in the marketing division where they get a sound background knowledge of chemical fertilizers.

Learning is everything and books are the basis for it and therefore, the company has been farsighted in providing the best possible learning environment for its staff and as such, library facilities have been provided for employees to update and improve their knowledge.

Special technical training programs are conducted for the Laboratory Staff to enable them to be more efficient and more technically consistent in standardizing fertilizer analyses in the modern laboratory.

Retention

The company is proud of the achievement made by maintaining a lower employee cost and lower level of staff attrition in the financial year thanks to employment satisfaction facilitated by staff development, equality, friendliness and the creation of a learning-enabled atmosphere where facilities and benefits are provided to optimize opportunities for developing professional proficiency.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

In the year ended on 31st March 2018, the Audit and Risk Management Committee has acted in accordance with the work rules recommended by the Board of Directors.

Composition of the committee

Audit and Risk Management Committee has been appointed by the Board of Directors. The Committee comprises of three Non-Executive Directors and a Representative of the treasury who acts as the Committee Chairman and attends committee meetings as an observer of the external audit committee. This committee comprised of the following Directors in 2017/18.

<Please provide the names of the officials on the Audit and Risk Management Committee>

Committee Meetings and Attendance

Audit committee has formally assembled 12 times in this accounting year. The chief internal auditor has functioned as the convener of the audit committee and upon the invitation of the committee, the General Manager, relevant divisional heads and other officials have attended the meetings to provide explanations. Attendance at the meetings were as follows:

<Please provide the tabulated data on meeting attendance>

Duties of the Committee

1. Analyzing the accuracy and fairness of the financial statements to ensure that the financial statements have been prepared

according to Sri Lankan and international accounting standards and higher accounting tests.

2. Ensuring, reviewing and assessment of sufficiency, efficiency and effectiveness of the company's internal governance.
3. Reviewing the effectiveness of the company's risk management system.
4. Discussing with external auditors and reviewing the audit management letter.
5. Ensuring whether the constitution is in compliance with the regulations, terms and circulars.
6. Summarizing internal audit reports / external audit reports.
7. Implementing the recommendations / orders of the State Business Committee.

Activities in the year

The committee reviewed the financial reporting system that has been activated to ensure the accuracy and authenticity of the information provided to relevant parties and made its observations paying special attention on Sri Lankan and international accounting standards and related partial transactions.

Internal Audit

The company has a well-organized internal audit section and its staff comprises of experienced professionals representing many areas including auditing, financial accountancy, taxation and business administration.

Key Objectives of the Internal Audit Section:

1. Reviewing accounting and internal control systems
2. Scrutinizing financial and operational information
3. Reviewing the frugality, efficiency and effectiveness of the operations
4. Ensuring that the operations and the programs assigned to managers are in control and with a fair assessment confirming that the operations and programs are carried out as planned and that the operational results are in line with established goals and targets
5. Ensuring that the laws, regulations and other external requirements are in line with management policies
6. Conducting special inquiries

The audit committee supervised the internal audit process during the period of reporting, focusing on internal audit plan, audit programs of regional fertilizer stores, regulatory risk assessment methodology and audit plans based on risks. The audit committee has held discussions with the internal auditor to consider the internal auditor's reports and recommendations in the reviewed year.

Internal audit reports of 49 regional fertilizer stores and 09 key sectors were thoroughly reviewed and a considerable growth was observed in total internal control systems and internal audit process.

The company's Chief Internal Auditor attends the Audit and Management Committee Meetings held at the Ministry of Agriculture to discuss important matters on quarterly basis. An information technology audit unit has been established to obtain information ensuring confidentiality from the public and interested parties who wish to provide information to control bribery and corruption in the distribution of subsidy fertilizer. The support extended by the Auditor General Department, Attorney General Department and the Department of Police in this respect is highly appreciated.

External Audit

The Auditor General's Department has functioned as the company's External Auditor.

Support given to the committee

The expected support was given to the committee by the Committee Chairmen and Management Committee Members, and it was of great help for the committee to function effectively during the period of reporting.

Committee Assessment

The committee's work process is assessed by the Board of Directors doing its review as well. The Board of Directors have concluded that the committee's work process has been effective.



PROCUREMENT DIVISION

The primary duty of the division is procuring goods, services, works and consultancy services as per the company's requirement adhering to the national procurement guidelines and manual. Our main focus is the procuring of fertilizer as per country requirement to cater fertilizer needs to the agricultural community on time and the execution of this task rests with the procurement team comprising of 15 qualified and experienced officials.

We were able to procure following types of chemical fertilizer quantities over the year under review:

Fertilizer Imports 01/04/2018 to 31/03/2019	
Type	Quantity (Mt)
Urea 1	39,256.15
Triple Super Phosphate	38,282.40
Muriate of Potash	47,531.64
Sulphate of Ammonia	1,080.00
Total	226,150.19

CFC does not obtain any financial assistance from the consolidated fund despite being owned by the General Treasury of Sri Lanka since it is a fiscally stable State Owned Enterprise (SOE). Furthermore, the company's astute procurement system has fulfilled between 65% and 75% of the overall needs of the country's requirement of fertilizer for paddy. Therefore, the Procurement Division plays a vital role within the company to ensure that the overarching mission of CFC of profit maximization and profit sustainability is achieved through production and marketing fertilizer to an extended, diversified market while actively contributing to increase product income and profitability in the agriculture and agrarian services sector in Sri Lanka.

The company imports fertilizer from countries such as the UAE, China, Indonesia, Republic of Belarus (CIS), Egypt, Qatar, and Pakistan etc. in addition to the local purchase of Dolomite, High grade Eppawala Rock Phosphate and Eppawala Rock Phosphate.

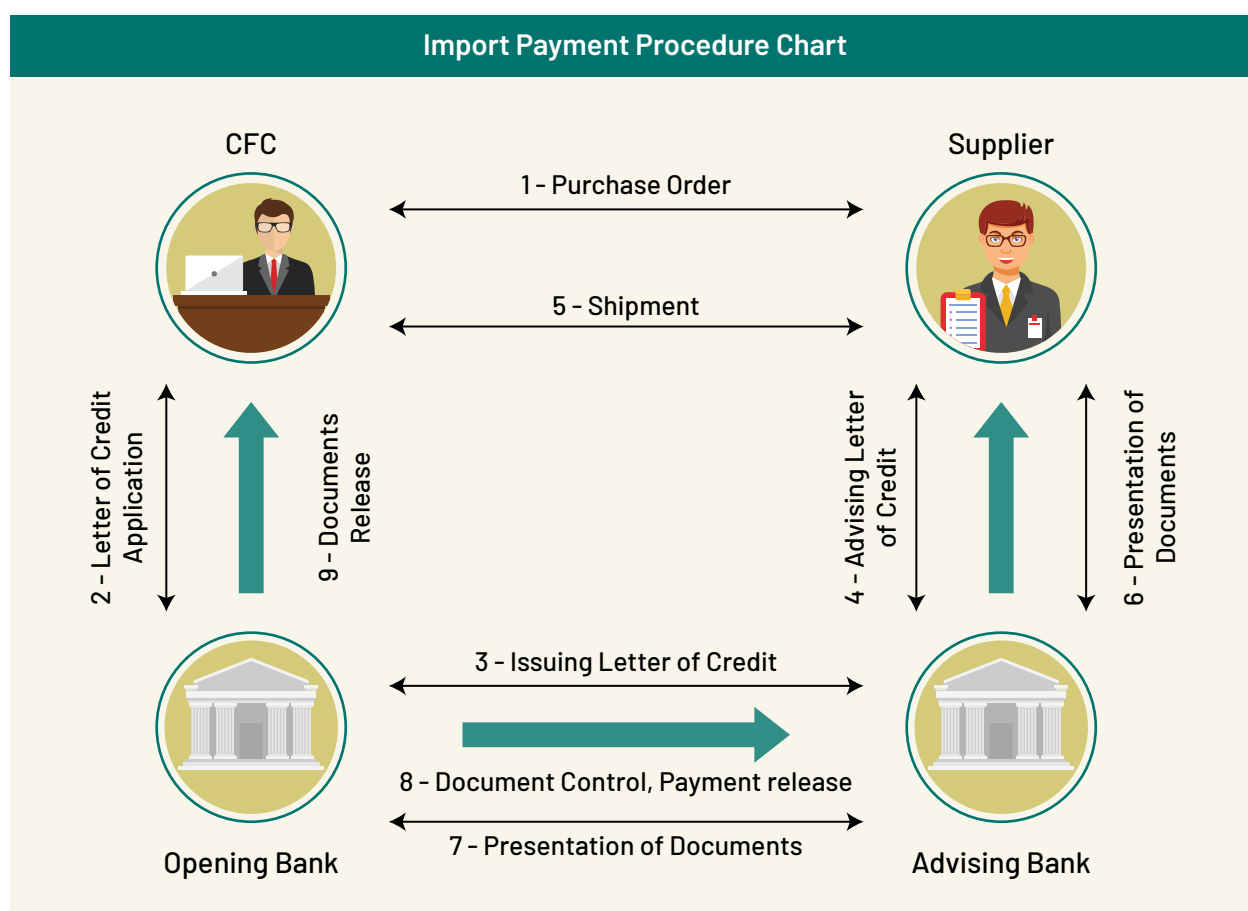
Importation of key chemical fertilizers such as Urea, Muriate of Potash (MOP) and Triple Super Phosphate (TSP) is in line with National Procurement Guidelines

(NPG) and manual under the pre-qualification method. The chemical fertilizer procurement process is carried out on the recommendation given by the standard cabinet appointed Procurement Committee approved by the cabinet of ministers.

Additionally, the process of importing minor ingredient such as kieserite, zinc sulphate, di-ammonium phosphate, borate, sulphate of ammonia, commercial Epsom salt etc. is followed under International Competitive Bidding Procedure

(ICBP) and is based on the recommendations of the Departmental Procurement Committee approved by the Secretary to the Ministry of Agriculture. Local purchases of dolomite, high grade Eppawela Rock Phosphate (HERP) and Eppawela rock phosphate are in line with National Procurement Guidelines with similar approvals from the procurement committee and the ministry.

The procurement mechanism:



THE INFORMATION AND TECHNOLOGY DIVISION REPORT

Information Technology Division is expected to perform functions of IT policy and planning, application and maintenance of software, acquisition and maintenance of hardware, development and maintenance of networking, ensure efficient and effective data/information management, website maintenance and ensure information security.

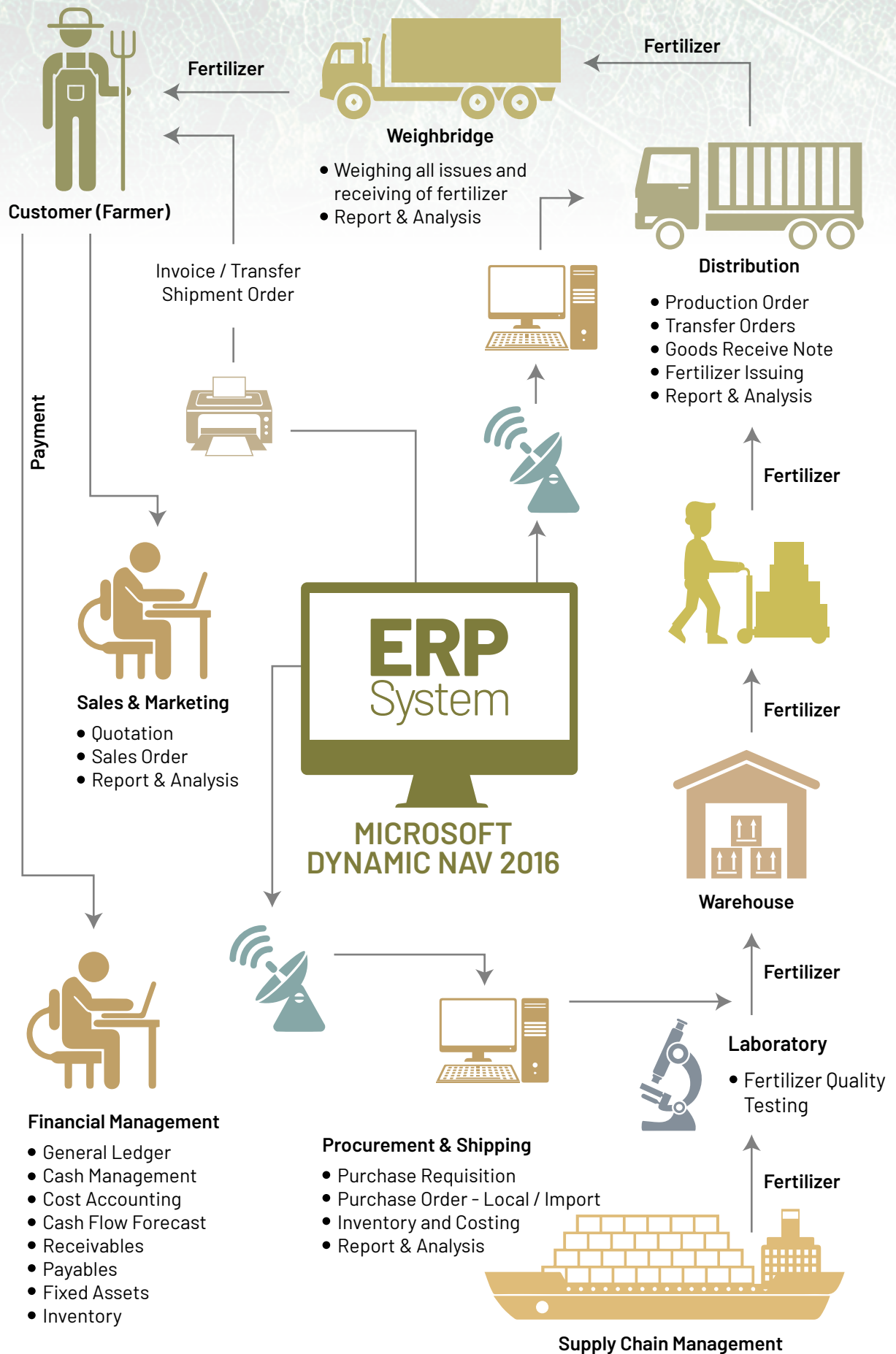
The information technology infrastructure at the Ceylon Fertilizer Corporation performs a crucial task in getting timely management information to key decision makers. Given the widespread network of the company, it became imperative that all outliers were connected to the central hub and in order to create a seamless and responsive system, an enterprise resource planning strategy was deployed.

The main objective of Ceylon Fertilizer Company's Enterprise Resource Planning (ERP) strategy is to track its supply chain activities from inventory purchase to processing and final shipment to customers. This integrated view of company data can improve information sharing and collaboration across functional and corporate boundaries.

The ERP is designed to optimize the efficiency of internal processes. The real-time information flow in this system simplifies data collection, analysis and reporting, which improves decision making. The ERP automates planning, inventory restocking and production scheduling functions, reducing the need for maintaining multiple databases and separate reporting systems. This process reduces production delays since the management can make adjustments almost in real-time reducing overall workload and costs.

The following steps were taken by the IT department during the year under review:

- All District Fertilizer Stores were computerized, and all transactions kept online via the ERP.
- All transaction data of DFSs arranged as real-time data.
- Improved the efficiency and reduced the cost of data collection at the Head-Office and DFSs.
- The attendance of all employees at the DFSs are now managed through the Attendance Management System which facilitate accurate and up-to-date data, thereby improving the management of employees.
- All the payments (OT, Tea/dust allowance, etc.) of employees in DFSs are now paid without delays.
- Online application and approval system for staff leave requirements are now possible through the web portal.
- Optimized the security of data of the server through an external server, allowing all operations to continue and thus increasing data security. (please check, I am not clear what is being said here)



LEGAL DIVISION REPORT

Recovering a significant percentage of the total dues to the company as well as taking legal action against errant debtors are the key areas in which the Legal Division helped the onward progress of the company during the year under review.

Additionally, by accepting and speedily conducting disciplinary inquiries, the Legal Division was able to minimize irregularities as well as issues and problems related to staff conduct. In that respect, the division provided support to other divisions to resolve employee issues through dialogue and thereby ensured optimal harmony in the employer-employee dynamic resulting in minimal labor related issues that both directly and indirectly increased internal harmony and improved productivity.

The division, as part of its general mandate, also formulated agreements and framework documents in an orderly manner to ensure their strength and validity from a legal standpoint.

The Legal Division is also proud to state that it has successfully defended the company against litigation brought against it by external parties as well as cases and complaints brought by regulatory bodies, proving the fact that the division adheres to the highest standards of legal control over the corporate affairs of the organization. It should be noted here that in these efforts, the division regularly sort the assistance of the Attorney General's Department to be absolutely sure that their approach to legal problems were in accordance with the statutes and laws of the state.

TECHNICAL DIVISION REPORT

The Technical Division of CFC provides technical expertise to all divisions in their collective efforts provide its portfolio of products to its customers from the point of procurement to the point of delivery while working tirelessly to ensure that every single employee of the CFC has a harmonious and comfortable work environment.

The division, comprising of approximately twenty individuals has created its own quality circle and provide high quality, impartial technical services to permanent employees, registered transport contractors and their representatives, registered distributors and retailers and providers of goods and services to CFC that are mission critical to its success. At all times, the division works towards creating a friendly service environment for all of these stakeholders, partners and employees of the company.

Despite certain reliefs provided to other divisions that allow them to work for a period of time that is lesser than directed by the Shop and Office Act, we, of the Technical Division are proud to state that we do not make use of that relief and work a full day in full compliance with the labor regulations of Sri Lanka. As a result of this unstinted, selfless

commitment of the staff of the division, it has achieved every single one of its quality targets from the year 2011 to date with no break in between.

The services provided by the division are as follows:

1. Weighing lorries bringing imported fertilizer before it is sent to the central stores and weighing lorries before the distribution division transports them island wide with the use of weigh bridges.
2. Operating and maintaining all stacker machines that are used for the orderly storage and retrieval of fertilizer.
3. Repairing and maintaining all equipment used by the distribution division such as bag-sewing machines, scales, hand-carts, Sealers etc.
4. Upkeep and maintenance of all built areas, construction areas and grounds.
5. Maintaining the water supply, electricity supply and internal telephone system in optimal working order.

LABORATORY SERVICES DIVISION REPORT

The CFC fertilizer testing laboratory is an ISO 17025:2005 certified facility and carries out testing services in accordance with stated standard methods, customer's requirements and applicable statutory and regulatory requirements.

The management and staff of the CFCL fertilizer testing laboratory provide customers with excellent services in testing and analysis by continually working to ensure that the facilities, personnel and information produced are on time, cost effective and of adheres to rigorous testing standards.

The laboratory's goal is to create an environment where each employee is given clear requirements,

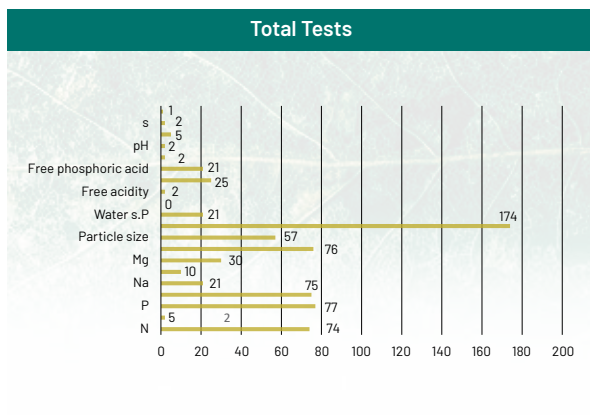
appropriate tools/ equipment and proper training to do their job tasks right the first time. All laboratory staff are trained and qualified in the processes and procedures relevant to their duties and obligated by ISO standards.

CFC at present mainly tests its own samples, which can be categorized as shipments, packing materials and in-house samples. However, a considerable number of samples have come from outside parties and these were tested for a fee. With the help of the management, we hope to increase our testing capacity by testing external samples as part of ongoing efforts to make the laboratory a separate profit center.

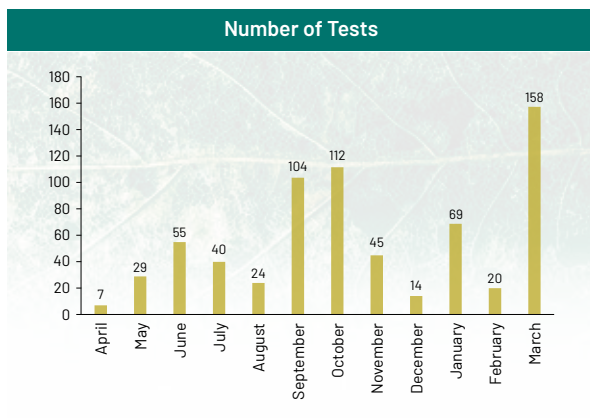
Testing schedule and completion

Parameter	Number of tests												Total
	April	May	June	July	August	September	October	November	December	January	February	March	
N	1	2	3	3	2	27	15	2	1	0	0	18	74
Ammo.N	0	0	0	0	0	1	0	0	0	0	0	1	2
P	1	3	8	0	2	27	8	2	1	6	0	19	77
K	1	3	2	5	2	27	8	3	1	0	2	21	75
Na	0	2	1	5	0	1	2	2	0	0	2	6	21
Ca	1	1	2	0	1	4	0	0	1	0	0	0	10
Mg	1	2	3	5	2	4	2	2	1	1	2	5	30
Moisture	0	5	10	8	1	2	18	7	1	8	2	14	76
Particle size	0	5	10	8	2	1	7	4	0	7	2	11	57
HM	1	0	0	3	9	6	35	20	5	35	10	50	174
Water s.P	0	2	7	0	0	0	1	1	0	6	0	4	21
Citric P	0	0	0	0	0	0	0	0	0	0	0	0	0
Free acidity	0	0	0	0	0	1	0	0	0	0	0	1	2
Biuret	0	1	2	3	0	0	15	1	0	0	0	3	25
Free phosphoric acid	0	2	7	0	0	0	1	1	0	6	0	4	21
Sand content	0	0	0	0	1	0	0	0	1	0	0	0	2
pH	0	0	0	0	1	0	0	0	1	0	0	0	2
OC	1	1	0	0	1	1	0	0	1	0	0	0	5
s	0	0	0	0	0	1	0	0	0	0	0	1	2
Fe	0	0	0	0	0	1	0	0	0	0	0	0	1
Total	7	29	55	40	24	104	112	45	14	69	20	158	

Summary Report April - March Parameter wise (2018/2019)



Summary Report April - March Month wise (2018/2019)



Laboratory Income for the year under review

YEAR	INCOME (RS)
2013	41064.00
2014	30240.00
2015	97233.50
2016	187137.00
2017	360544.50
2018	350305.25
2019	427021.00

Testing of outside samples - Annual income (LKR)

<Please provide the data>



FINANCIAL STATEMENTS

for the year ended 31st March 2019
Ceylon Fertilizer Company Limited





STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The Directors are responsible under Sections 150(1), &151 of the Companies Act No. 07 of 2007, to ensure compliance with the requirements set out therein to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for the financial year.

The Directors are also responsible, under Section 148, for ensuring that proper accounting records are kept to enable for determination of financial position with reasonable accuracy, preparation of Financial Statements and audit of such statements to be carried out readily and properly. The Board accepts responsibility for the integrity and objectivity of the Financial Statements presented. The Directors confirm that in preparing the Financial Statements, appropriate accounting policies have been selected and applied consistently while reasonable and prudent judgments have been made so that the form and substance of transactions are properly reflected. They also confirm that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards- SLFRS and Companies Act No. 07 of 2007.

Further, the Financial Statements provide the information required by the Companies Act. The Directors are of the opinion, based on their knowledge of the Company, key operations and specific inquiries that adequate resources exist to support the Company on a going concern basis over the next year. These Financial Statements have been prepared on that basis.

The Directors have taken reasonable measures to safeguard the assets of the Group and, in that context, have instituted appropriate systems of internal control with a view to preventing and detecting fraud and other irregularities. As required by Section 56(2) of the Companies Act, the Board of Directors has authorised distribution of the dividend now proposed, being satisfied based on information available to it that the Company would satisfy the solvency test after such distribution in accordance with Section 57 of the Companies Act, and have sought in respect of the dividend now proposed, a certificate of solvency from the Auditors.

The Auditor General who was empowered to audit the Ceylon Fertilizer Co. Ltd., under the provisions of Nineteenth amendment to the constitution of Democratic Socialist Republic of Sri Lanka, was provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements.

Compliance Report

The Directors confirm that to the best of their knowledge, all statutory payments relating to employees and the Government that were due in respect of the Company as at the Balance Sheet date have been paid or where relevant, provided for.

Chairman <Please check with CFCL and insert the relevant chairman's name>

On behalf of the Board of Directors
Ceylon Fertilizer Co Ltd.

10th June 2019 <Please check this date>

Chairman's and Financial Manager's STATEMENT OF RESPONSIBILITY

The Financial Statements of Ceylon Fertilizer Co. Ltd. As at 31st March 2017 are prepared and presented in compliance with the requirements of the following.

- Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka;
- Companies Act No. 07 of 2007;
- Code of Best Practice on Corporate Governance issued by General Treasury.

We confirm that the significant accounting policies used in the preparation of the Financial Statements are appropriate and are consistently applied, as described in the Notes to the Financial Statements. The prescribed Accounting Standards have been adopted without any deviations. The significant accounting policies and estimates that involved a high degree of judgment and complexity were discussed with the Audit Committee and the Auditor General.

We have also taken proper and sufficient care in installing systems of internal control and accounting records, to safeguard assets, and to prevent and detect frauds as well as other irregularities. These have been reviewed, evaluated and updated on an ongoing basis. Reasonable assurances that the

established policies and procedures of the Company have been consistently followed were provided by periodic audits conducted by company's internal auditors.

However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls and accounting.

The Audit Committee of the Company meets periodically with the Internal Auditors and the Independent Auditors to review the effectiveness of the audits, and to discuss auditing, internal control and financial reporting issues. The Auditor General and the Internal Auditors have full and free access to the Audit Committee to discuss any matter of substance.

The Financial Statements were audited by the Auditor General to the Democratic Socialist Republic of Sri Lanka.

<Insert name of relevant chairman>

Chairman

Priyantha Samaraweera

Finance Manager

7th June 2019 <Please check this date to make sure>