KEGALLE
PLANTATIONS PLC
ANNUAL REPORT 2021/ 2022

VISION

To seek excellence in all our pursuits.

MISSION

To achieve excellence in the management of plantations by optimum utilization of resources.

To enhance the quality of life of our employees and the neighboring villagers.

To assure our shareholders optimum returns and to be an exemplary corporate citizen.

Objectives

We will endeavour to be the most technologically advanced producer of agricultural products and their value-added forms, by means of innovations and inventions through Research and Development.

We seek to be acknowledged in Sri Lanka and Overseas as a Producer and Supplier of quality agricultural products and their derivatives through superior customer services.

We will be a model employer in the plantation sector committed to achieve Leadership in every sphere of business activity.

We will provide our employee with the necessary training to enhance their skills and enable them to be a part of a highly motivated and dedicated workforce.

We seek to provide our shareholders with the maximum return on investment.

We intend to ensure continued liquidity and growth of the Company

Company Profile

The Government of Sri Lanka, as part of its restructuring plan for the Plantation Industry, decided to privatize this sector and in June 1992, incorporated 22 regional Plantation Companies. The Government then assigned these Companies, Estates that had been previously vested with the Government and managed by JEDB/SL-SPC on a 53 years lease. Separate Management Agents were also selected to manage each of these Companies. Kegalle Plantations PLC (KPPLC) was one of such Companies and it was allotted 21 Estates which in total have a land base around 10,000 ha in Kegalle, Kurunegala and Badulla Districts. Of this land base, around 5,200ha are Rubber, 1,400ha under Tea and another 500ha are Coconut. The Company produces around 04 Million kg of Rubber and 02 Million kg of Tea inclusive of bought crop. It has employee strength of 4,753.

RPK Management Services (Pvt) Limited (RPK) was the Management Agent appointed by the Government and that was a 50:50 joint venture company between Richard Pieris & Company PLC and John Keels Holdings PLC. During the latter part of 1995 the ownership of the company faced some changes when the Government sold 20% of shares it held to the public and the majority stake of 50% to RPK Management Services (Pvt) Limited. At the same time period, Government gifted 10% of shares to over 8,000 eligible employees. In May 1997, the Government exited from the ownership of Kegalle Plantations PLC by selling the rest 19% of shares through the Colombo Stock Exchange (CSE).

However, the Government holds through the Secretary to the Treasury one share which is called Golden Share and it gives the Government the title "Golden Share Holder" of the Company.

The Golden Shareholder has some special rights than what is enjoyed by a normal Shareholder and these rights are incorporated in the Articles of Association of the Company. The prospectus offered to the public also contained these clauses. Some of the important clauses are given in this Annual report under "Shareholder & Investor Information".

At the time RPK acquired 51% steak, it also invested Rs. 50 Millions in convertible debentures of KPPLC. In February 1998, these debentures were converted to 5 million ordinary shares of Rs 10 each, increasing the Share Capital of the Company to Rs 250 Millions. In March 2004, RPK Management Services (Pvt) Limited became a fully owned subsidiary of Richard Pieris & Company PLC when Richard Pieris & Company PLC purchased the 50% stake in RPK from John Keels Holdings PLC. Consequent to the change in ownership, RPK was named as RPC Management Services (Pvt) Limited. During 2008 the ownership of the company transferred to RPC Plantation Management Services (Pvt) Limited from RPC Management Services (Pvt) Limited. Currently RPC Plantations Management Services (Pvt) Limited holds 79.08% stake in KPPLC.

Kegalle Plantations PLC is the largest Rubber producer among regional Plantation Companies accounting for 5 million kg of average production per annum.

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ABOUT THE REPORT

This is the 29th annual report of Kegalle Plantations PLC which is presented for the year ended 31 March 2022. The report has mainly been prepared with the aim of providing the relevant financial and non-financial information related to the ended year so as to facilitate the understanding and decision making of stakeholders of the Company. Due to the inherent nature of the plantation industry, the Company has to experience a wide range of economic, environmental, social and other challenges and the operations of the Company were carried out in spite of these challenges. Accordingly, this report is intended to reflect how the Company managed its operations in spite of these challenges and what the Company achieved during the year and what consequences emerged on the society due to the operations of the Company.

The financial statements contained in the report have been prepared in accordance with Sri Lanka Financial Reporting Standards (SLFRS) to comply with the Companies Act No. 07 of 2007, the continuing listing requirements of Colombo Stock Exchange and other applicable regulatory requirements. The fairness of the financial statements of the Company for the year ended 31 March 2022 has been assured through external independent assurance of the auditor, Messrs. Ernst & Young, Chartered Accountants.

We hope that you will find this report as a basis for the informed decision making and other useful purposes. Please direct all your compliments or criticisms on our annual report.

Kegalle Plantations PLC
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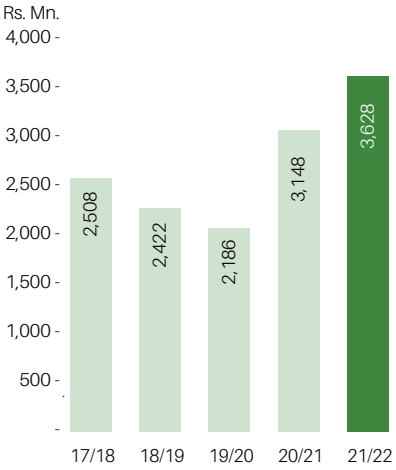
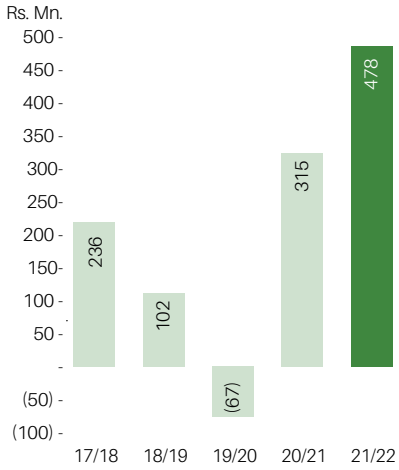
Nawinna, Maharagama,
Sri Lanka.
kpl.rpk@arpico.com
Tel: (94) 11 4310500

FINANCIAL & NON-FINANCIAL HIGHLIGHTS

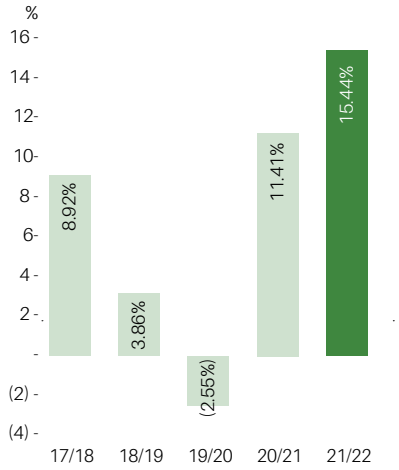
Revenue (Rs. Mn)



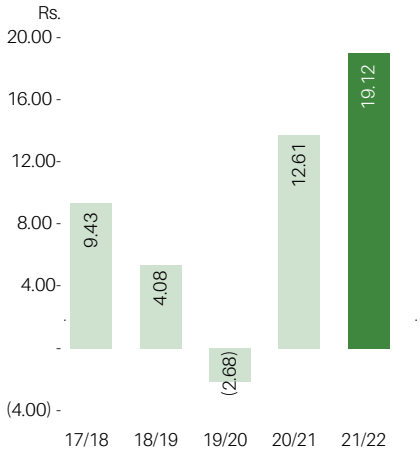
Profit After Tax (Rs. Mn)



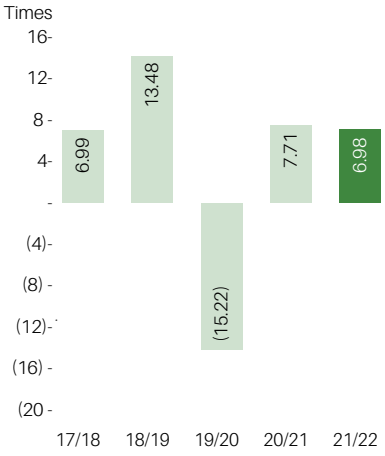
Return on Average Equity (%)



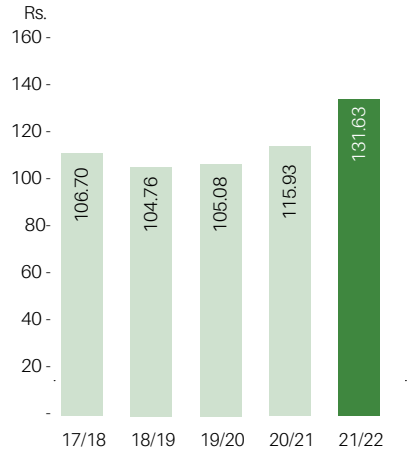
Earnings / (Loss) Per Share (Rs.)



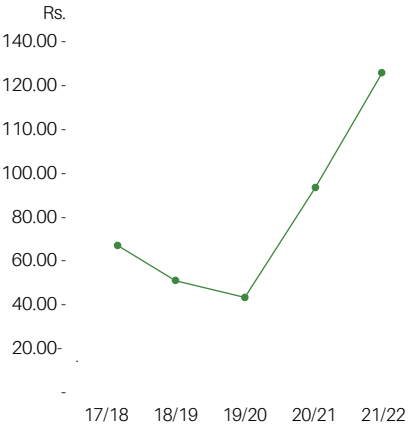
Price Earnings Ratio (Times)



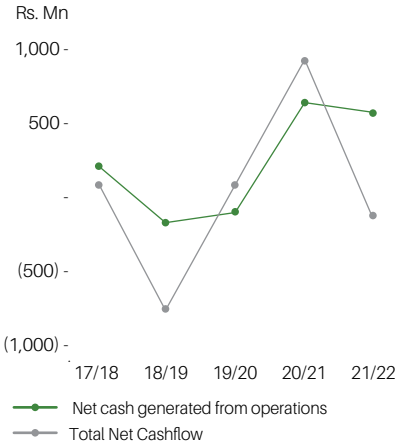
Net Assets Per Share (Rs.)



Share Price (Rs.)



Net Operating Cashflow (Rs. Mn)



Rs. 3.63 Bn
Revenue

Rs. 478 Mn
Profit After Tax

Rs. 19.12
Earnings Per Share

Rs. 131.63
Net Assets Per Share

FINANCIAL & NON-FINANCIAL HIGHLIGHTS

	RUBBER	TEA	COCONUT
NO OF ESTATES	Kegalle - 09 Kurunegala - 02 **11**	Uva High - 04 Western Medium - 01 Low Grown - 01 **06**	Rubber cum Coconut 07 Rubber, Tea cum Coconut 01
LAND EXTENT **9,757 ha**	**6,994 ha** **72%**	**2,278 ha** **23%**	**485 ha** **05%**
PRODUCTIVITY Land (Yield) Labour (Intake)	**916 kg/ha** **7.68 Kg Intake**	**861 kg/ha** **25.23 Kg Intake**	**2,787 nuts/ha**
PRODUCTION VOLUME	**4,598** **Kg '000**	**1,808** **Kg '000**	**1,151** **Nuts '000**

Exports

DIRECT (Rubber)
201 Kg '000

INDIRECT (Rubber)
2,796 Kg '000

Rs. 6.7 Bn
TOTAL ASSETS
(2020/21 : Rs. 6 Bn)

Rs. 3.6 Bn
TURNOVER
(2020/21 : Rs. 3.1 Bn)

Rs. 4.5 Bn
CAPITAL EMPLOYED
(2020/21 : Rs. 4 Bn)

Rs. 3.3 Bn
MARKET CAPITALIZATION
(2020/21 : Rs. 2.4 Bn)

Rs. 05.00
DIVIDEND PER SHARE

Rs. 133.50
MARKET PRICE PER SHARE

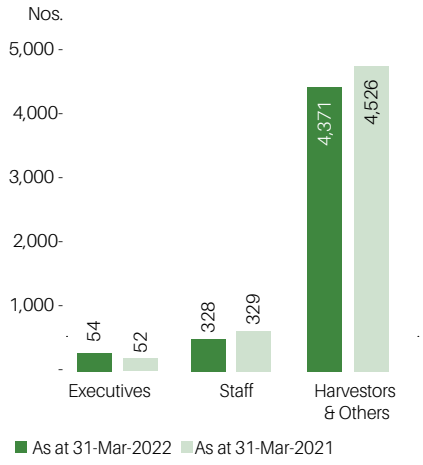
Performance - Year ended 31st March	2021/22 Rs.'000	2020/21 Rs.'000	Variance %
Turnover	3,627,751	3,148,122	15%
Profit before Interest and Tax	668,533	495,290	35%
Profit after Tax	477,903	315,126	52%
Gross Dividends	125,000	100,000	25%
Capital Expenditure	338,506	274,846	23%

Financial Position - As at 31st March	2021/22 Rs.'000	2020/21 Rs.'000	Variance %
Fixed Assets	4,932,838	4,314,074	14%
Current Assets	1,784,190	1,683,129	6%
Total Assets	6,717,028	5,997,202	12%
Current Liabilities	1,216,141	1,107,263	10%
Shareholder's Funds	3,290,716	2,898,226	14%
Stated Capital	250,000	250,000	0%
Capital Employed	4,536,424	4,061,003	12%

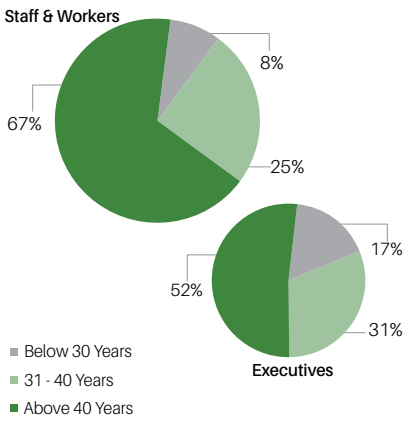
Key Indicators		2021/22	2020/21	Variance %
Earnings per share	Rs.	19.12	12.61	52%
Net Assets per share	Rs.	131.63	115.93	14%
Dividend per share	Rs.	5.00	4.00	25%
Market price per share	Rs.	133.50	97.20	37%
Return on capital employed	%	14.74%	12.20%	21%
Market capitalization	Rs.'000	3,337,500	2,430,000	37%
Return on average equity	%	15.44%	11.41%	35%

Employment Strength

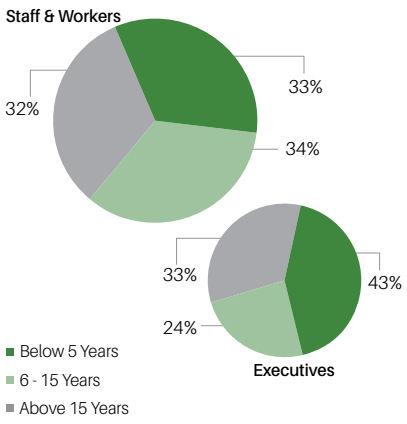
Employment Categorization



Age Comparison - Executives, Staff & Workers



Service Comparison - Executives, Staff & Workers



CHAIRMAN'S MESSAGE

Dear Shareholders,

Equipped with resilience and fortitude, the Company has leveraged on its sustainable approach to business to face the many challenges emanating from the pandemic and the economic crisis thereafter. Overall, the Company sustained its operations amidst unprecedented challenges in the industry and the wider economy.

Global Economy

After more than two years of pandemic, the Russian Federation's invasion of Ukraine and its global effects on commodity markets, supply chains, inflation and financial conditions have steepened the slowdown in global growth. According to the World Economic Outlook (WEO) of the IMF released in April 2022, global economic growth is estimated at 6.1% in 2021, compared to a contraction of 3.1% in 2020. The global growth projection for 2023 has been revised downwards by the IMF to 3.6%, 0.2 percentage points lower than the January 2022. Agriculture industries in some South and Southeast Asian nations that rely on Russia and Ukraine for fertilizer and grain, on the other hand, would also be negatively affected.

Sri Lankan Economy

The Sri Lankan economy rebounded by 3.7% in 2021, recovering from the COVID-19 pandemic induced fall back of 3.6% in 2020, amid fresh threats from new variants of the pandemic. The recovery could be observed across Agriculture, Industry and Services, propelled by the pent-up demand and the gradual easing of pandemic-related disturbances. The pressures witnessed on the exchange rate amidst dried up liquidity in the domestic foreign exchange market were amplified in 2021 and early 2022, warranting a measured adjustment that was allowed in the exchange rate in early March 2022, compared to the level that prevailed in the market amidst concerns about the adverse impact of any large depreciation of the exchange rate on the society.

Rubber Industry

Rubber production continued to decrease in 2021 due to incessant rains in plantation areas during tapping days along with the prevalence of fungal disease. Accordingly, production declined by 1.7% to 76.9 million kgs in 2021 from 78.2 million kgs produced in 2020. Rubber production showed a rising trend during the first half of 2021, but declined notably thereafter. This was due to higher number of rainy days which dampened production in the last quarter of the year, which is generally considered as the peak yielding period of rubber plantations. The production of sheet rubber, which accounts for about 50% of total rubber Production, declined by 1.7%, while crepe rubber production recorded a growth of 7.4% during the period under review. Reflecting the escalation of natural rubber prices in global markets, rubber prices in the domestic market also displayed an increasing trend during 2021. At the Colombo Rubber Auction, the average price of Ribbed Smoked Sheet No.1 (RSS1) rubber increased by 31.1% to Rs. 460.78 per kg, while prices of latex crepe witnessed a significant increase of 74.4% to Rs. 626.32 per kg in 2021 over the prices recorded in 2020. Meanwhile, average auction prices of RSS1 and latex crepe rubber stood at Rs. 475/- per kg and Rs. 696.58 per kg, respectively, as at end December 2021. Average FOB price of rubber also increased from US dollars 1.91 per kg in 2020 to US dollars 2.72 per kg in 2021.

The surge in international prices during the latter part of the year was driven by supply shortages in global markets due to unseasonal and heavy rains that disrupted tapping operations in rubber producers amidst growing demand from East Asia.

Tea Industry

The production of tea recorded an overall growth of 7.4% in 2021, driven by a significant expansion during the first half of the year, owing mainly to the lower base induced by the onset of the COVID-19 pandemic in the corresponding period of 2020. The transition to an e-Auction system, which was a major stepping stone for the tea trade when initiated during the COVID-19 pandemic in 2020, continued to operate successfully and was upgraded as 'Smart Auction' with strengthened trading and data features in 2021. Tea prices at the Colombo Tea Auction (CTA) remained elevated in 2021 compared to pre pandemic levels, but were still lower than those observed in 2020. The average price of tea decreased by 2.3% to Rs. 619.15 per kg during the year from Rs. 633.85 per kg recorded in 2020.

Company Performance

Amidst the challenging conditions, the Company recorded a Revenue of Rs. 3.63 bn during the year 2021/22, in comparison to Rs. 3.15 bn reported last year, reflecting a 15% increase. This considerable growth is observed as a result of revenue increase mainly from the Rubber segments of the company. Profit after tax of Kegalle Plantations PLC increased by 52%, recording a Profit after tax of Rs. 478 mn compared to Rs. 315 mn recorded in previous year. Total assets of the company were Rs. 6.72 bn in 2021/22 while the Shareholders fund was Rs. 3.3 bn.

The Company incurred a capital expenditure of Rs. 339 mn during the year, out of which Rs. 332 mn was allocated for field development. Out of the field development expenses, Rs. 248.2 mn, Rs. 29.2 mn, Rs. 23.6 and Rs. 3.5 mn were incurred in respect of rubber, Coconut, Oil palm and tea. Even under lots of market and economic downturns, the Company could achieve higher Financial and Operating performances during the year under review and accordingly per share dividend of Rs. 5/- was distributed with the intention of giving benefits to our valuable shareholders.

Segmental Performance

Rubber Segment: The Company's operations in the rubber segment experienced a higher performance as a result of significant increase of Market Prices due to escalation in demand. Accordingly, KPPLC have showed a 27% increase in Revenue from rubber segment, where total production only increase marginally by 0.19%. On the other hand, the NSA of rubber has risen to Rs. 541.44 by 40% from Rs. 387.74 in 2021/22. During the period under review, the revenue from rubber segment climbed to Rs. 2.42 billion from Rs. 1.90 billion last year, marking a 27% increase compared to the previous year. At the end of the period, the Company recorded a Rs. 436 mn Gross profit which was a 139% growth from the previous year's Gross profit of Rs. 182 mn.

The major reason behind an enhanced financial performance was due to improvement in profit margins. In 2021/22, the Company has recorded a profit margin of Rs. 124.15 which was Rs. 59.24 last year. It is a significant enhancement of Profit margin within the year by 110%.

Tea Segment: During the year under review, the company's production of tea showed a marginal decline by 3 per cent to 1.81 million kilogram compared to 1.87 million in 2020/21. The NSA of Company Tea Segment reported a 2% reduction from Rs. 570.13 to Rs. 561.08 in 2021/22. At the same time, the Company's cost of production remained almost at the same level of Rs. 563.55, which was Rs. 563.32 last year. Since both NSA and COP negatively affected towards company operations, previous year Gross Loss of Rs. 23 Mn widened by 77% to Rs 41 Mn during the financial year under review. Accordingly, Operating Loss trend observed during last several years continued in this financial year too. During the period under review, the revenue from tea segment has decreased to Rs. 1,042 mn from Rs. 1,054 mn in the previous year, a marginal 1% decrease.

Coconut Segment: The financial performance of the coconut segment experienced an upward movement in the year under the review mainly due to favourable market conditions. The Company's production of coconuts has increased to 1.2 mn nuts in comparison to 0.9 mn nuts in 2020/21 which is a growth of 25%. Under favourable operating and market conditions, the gross profits of the coconut plantation have improved to Rs. 40 mn from Rs. 20 mn, which reflects a 97% growth.

Sustainability

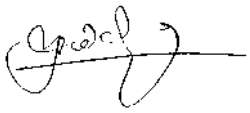
In the year 2022/23, the Company intends to allocate about Rs. 673 million for the field development. Therein, the Company expects to allocate Rs. 497 million, Rs. 15 million, Rs. 22 mn in respect of the field development in the rubber, tea and Oilpalm respectively. As a whole, these resources are expected to be allocated to the field development of 1,210 Ha in rubber, 64 Ha in tea and 57 Ha in Oilpalm including the preliminary work, replanting and upkeep of these areas. Continuous Investment in these Crops can be considered as a significant step taken in order to achieve a sustainable development from the perspective of the stakeholders of the Company.

Future Outlook

During the last seven decades since the independence, the economic performance was impacted by a host of factors such as the internal conflicts, calamitous natural and manmade disasters, diseases, intermittent external shocks, weak institutions, issues in relation to accountability, transparency, and governance, including corruption, waste, nepotism, and certain episodes of political instability, and above all, weaknesses in effective economic management. Despite the transformation of the agriculture sector since independence, Sri Lanka continues to grapple with the creation of a sustainable agriculture sector that is capable of generating healthy income levels while ensuring food security and efficient ecosystem management to enhance the overall productivity of the sector.
While we expect rising prices of goods and services to have an impact on our costs, the prospect of higher demand for tea and rubber, and further depreciation of Sri Lankan rupee is expected to have a positive influence on the performance of the Company in the forthcoming financial year. The rising cost of fertilizer however, will have an impact on the cost of production and with restricted ground applications, it is envisaged that the overall tea and rubber production will be lower in the ensuing year. To manage the increasing cost of production, the Company has already identified strategies for improved cost efficiencies within our business processes.

Appreciation

I would like to thank the Board of Directors and the entire management team for their support. KPPLC's employees, suppliers, customers and business partners have placed in us the confidence needed to navigate a challenging year. Our performance this year inspires us to achieve new milestones in our journey ahead.



Dr. Sena Yaddehige
Chairman

05 August 2022
Colombo

BOARD OF DIRECTORS

1 Dr. Sena Yaddehige
Chairman

The business legacy of Dr. Sena Yaddehige spans not only time, but also the depth of multiple industries and sectors. Renowned as a pioneer in the field of engineering and as a revered global business icon, Dr. Yaddehige is also a Swiss-based industrialist, with numerous ventures in multiple countries.

Under the leadership of Dr. Yaddehige, Richard Pieris Group has evolved into, one of the leading diversified business conglomerates in Sri Lanka with the footprint extending from manufacturing, to exports to retail, to plantations to Financial Services, creating value across the national economy in multiple sectors. Dr. Yaddehige also served as a Director on the Board of the National Development Bank PLC (NDB) from 2007 to 2010.

As a businessman and industrialist with wide global recognition, his companies are established in the USA, UK, Germany, and Singapore. In addition, Dr. Yaddehige is also the founding Managing Director of a European manufacturing firm, which develops and exports automotive components and systems, which are based on his innovations and conceptions.

His repertoire of innovations and developments includes contactless sensor technology and drive-by-wire systems. Furthermore, as a radiation specialist, Dr. Yaddehige is also the creator of several other technologies and components in radiation processing, for which he owns several patents from around the world. Locally, he holds the patent for slow release fertiliser, which provides relatively better results than quick release fertilisers while being a safer alternative for the environment. Dr. Yaddehige also pioneered the development unit for Lithium battery in Sri Lanka.

Apart from his professional and scientific accolades, he was awarded three Doctorates, one of which is a Doctor of Science (D.Sc.), awarded as high commendation for his original findings and research in Radiation, Radiation processing, Electromechanical sensor technology, Non-contact sensor technology and Automotive pedal systems, and as recognition of his patents in these respective arenas.

2 Prof. R C W M R A Nugawela
Director

Prof. Nugawela joined the Rubber Research Institute in the capacity of an Assistant Botanist in 1980. He was awarded a Colombo Plan Scholarship in 1981 to read for his Master's Degree and in 1982 he successfully completed it in the field of Applied Plant Sciences at the University of London. He has extensive experience over 30 years in the capacities of a Botanist, Head of Plant Science Department, Deputy Director Research (Biology) and as a Director in Rubber Research Institute. In January 2011, Prof. Nugawela resigned from the post of Director of Rubber Research Institute to assume duties as Chair Professor, Department of Plantation Management, Wayamba University of Sri Lanka.

In 1985 he was offered a scholarship by the Food and Agricultural Organization of the United Nations to obtain his professional qualifications. For his research work on Plant Physiology and Bio Productivity in Hevea brasiliensis (the natural rubber plant) he was awarded a PhD from the University of Essex, UK in 1989.

His thrust areas of research and development were on nursery and planting practices, exploitation, use of yield stimulants and rain guards. He has more than 150 publications in both local and foreign research journals and has addressed many local and international conferences on natural rubber.

He has won a National Science and Technology Award in 2009 for his Research and Development work. Further in 2012 he has won a Presidential Award for inventions in the category of environment and in 2016 a Presidential Award for inventions in the category of applied sciences and technology. He has also been awarded with Presidential Awards for his research publications in reputed international journals.

Prof. Nugawela was appointed to the Board of Kegalle Plantations PLC with effect from 26 May 2008.

3 Dr. S S B D G Jayawardena
Director

Dr. S S B D G Jayawardena obtained his B.Sc. Degree on Agriculture with Honours from University of Ceylon. His M.Sc. is on Agronomy was obtained in Kyoto, and his Ph.D. on Agronomy & Physiology from University of Kyoto.

Dr. Jayawardena has served the Department of Agriculture over 03 decades and retired as the Director General of the Department of Agriculture. After retirement he has served the plantation sector as Director of Tea Research Institute, Chairman of Tea Research Board, Chairman of Coconut Research Board and advisor to the Minister of Plantation Industries. He has represented the Tea Research Institute at the Governing Boards of Tea Board and Tea Small Holder Authority. He has also served as a member of many task forces appointed by the government of Sri Lanka and served as member of the National Salaries & Cadre Commission from 2006 to 2019 April.

In addition to the above, Dr. Jayawardena was the FAO Consultant to the Consultative Group in International Agriculture Research and has served as a FAO Consultant in Bio-diversity and JICA Consultant to the Government of Ghana on Horticulture Sector Development. Dr. Jayawardena served as the Chairman of the Council for Agricultural Research Policy from 2015 to 2019 April, he continues to function as a member of the Steering Committee on the Agriculture Sector Modernization Project under the World Bank and member of the Pesticide Technical Committee under the Ministry of Agriculture.

He has over 50 years professional experience covering agricultural research and development activities, human resource development, development of foreign funded projects, direct involvement in food security and poverty, alleviation programs of the Country. He has represented the Ministry of Agriculture at the Annual Meetings of FAO on Food Security and the Global Economic Forum on Agriculture.

In 2010, Dr. Jayawardena was appointed as a Director to the Board of Directors of Kegalle Plantations PLC.

4 Mr. Shaminda Yaddehige
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.

5 Mr. J L A Fernando
Director

Mr. Fernando currently serves in the Board of Kegalle Plantations PLC, counts over 45 years' experience in the Management of Plantations having begun his planting career in 1976. He served as Superintendents of Mahagasttote, Holyrood, Welimada and Somerset estates before he was appointment as the General Manager of Horana Plantations in 1992. He joined the Plantations of RPK Management Services (Pvt) Ltd, in year 2000 functioned as the Director-Operations for Kegalle Plantations and also Maskeliya Plantations. In 2007 he joined Watawala Plantations as the Director-Operations. He was appointed as the Director/ Chief Executive Officer of New Vithanakande Tea Factory Ltd for 5 years from 2008 and thereafter served as an Executive Director of Eastern Brokers Limited.

In addition to above he is currently serving as a Director of Maskeliya Plantations PLC, Namunukula Plantations PLC and also at Maskeliya Tea Gardens Ceylon Ltd in Richard Pieris Group.

He is an accredited auditor of Japanese 5S & Kaizen and an Ex-committee member of Japan Sri Lanka Technical and Cultural Association (JASTECA). Mr. Fernando possesses international exposure in Plantation Management and Tea Manufacture, having participated and contributed in Training & Development programmes and International conferences in Japan, China, USA and Germany. He also has exposure into International Tea Markets, having participated at Trade Fairs and Exhibitions in Germany, USA, UAE, Japan and France. He is currently a visiting Lecturer of the National Institute of Plantation Management. Mr. Ananda Fernando is a Fellow Member of the National Institute of Plantation Management and holds Diplomas in Plantation Management, Human Rights, Diplomacy & International Relations, Conflict Resolutions and Negotiation Skills.

Mr. J.L.A. Fernando has been appointed to the board of Kegalle Plantations with effect from 15 February 2021.

CORPORATE MANAGEMENT

BOARD OF DIRECTORS

Dr. Sena Yaddehige
Chairman

Prof. R C W M R A Nugawela
Director

Dr. S S B D G Jayawardena
Director

Mr. Shaminda Yaddehige
Director

Mr. S S G Liyanage
Director (Demised on 30 April 2022)

Mr. J L A Fernando
Director

CORPORATE MANAGEMENT

Prins Gunasekara
Chief Executive Officer (Acting)

Ajith Ranasinghe
Financial Controller (Acting)

I S Doranegama
Director Operations

R R Wijekoon
Deputy General Manager - Rubber

Profile - Chief Executive Officer (Acting)

Mr. Prins Gunasekara

Mr. Prins Gunasekara is a professional member of the FIPM holding a MBA and a Diploma in Plantations Management and currently serves as a member of the Tea and Rubber Consultative Committee, also serving as a Director in the Rubber Research Board.

Mr. Gunasekara has joined Sri Lanka State Plantations Corporation (SLPC) in 1990, starting his career as a Planter Trainee at the Hapugastenna Estate. Subsequently, he was appointed as the Assistant Superintendent to Walpita Estate of Namunukula Plantations PLC (NPL) in Galle District. During the period he was attached to Hulandawa Estate, he was promoted as the Superintendent of the Belmont Tea Factory thus extending his services to the Company. He was elevated to the post of Deputy General Manager in 2004 with the responsibility of managing 12 Estates in Kalutara, Galle and Matara Districts.

Mr. Gunasekara was promoted as the General Manager of NPL when RPC Plantation Management Services (Pvt) Ltd became the sole Managing Agent of NPL. Subsequently he was promoted as the Director Operations and currently holding the Position of CEO of Namunukula Plantations PLC & acting CEO of Kegalle Plantations PLC. He was nominated to the Directorate of AEN Palm Oil Processing (Pvt) Ltd (AEN) thus representing NPL in the Directorate of AEN, since 01st July 2020.

He acquired a vast knowledge and experience in the industry starting from the Estate level and developing skills up to the Plantation Management. Mr. Gunasekara played a major role in Spices & Allied Products Producers' & Traders' Association of Sri Lanka (SAPPTA) as a committee member and was honored with the Chairmanship of SAPPTA in the year 2018/19 in recognition of his enormous contribution made to uplift the spice industries.
Mr. Gunasekara counts over 32 years of experience in related to plantation industry in Sri Lanka.

Mr. Prins Gunasekara has been appointed as acting Chief Executive Officer of the Company with effect from 15th February 2021.

HEAD OFFICE MANAGEMENT

T I Kodithuwakku
Senior Accountant

L P Tennakoon
Manager - Plantations

R M S S Herath
Manager - Information Systems

J A S Fernando
Assistant Manager

L G Madhusankha
Assistant Accountant

W A C S Pushpakumara
Assistant Accountant

M P Bandara
Manager - Forestry

N H S K Munasinghe (Mrs.)
Accounts Executive

Chandima Niroshani (Mrs.)
Executive - Operations

R M S S B Ratnayake
Executive (Regional Office)

Roy Elan
Executive

Hansika Premachandra (Mrs.)
Accounts Executive

D R A M G Abeydissanayake
Executive (Regional Office)

ESTATE MANAGEMENT

ALLAGOLLA ESTATE
Udapussellawa

H M L C Warakaulle
Superintendent

DOTELOYA ESTATE
Dolosbage

V S Athauda
Superintendent

A D Amarasinghe
J A D K I Jayasinghe
Assistant Superintendents

GAMPAHA ESTATE
Udapussellawa

B P D Mahesh
Superintendent

W C N De Silva
Assistant Superintendent

KIRKLEES ESTATE
Udapussellawa

C A Jayaratne
Superintendent

H A Liyanage
Assistant Superintendent

LUCKYLAND ESTATE
Udapussellawa

S R Aluwihare
Deputy General Manager -Tea / Superintendent

H M I T Gunarathne
K S Kalpage
Assistant Superintendents

YATADERIYA ESTATE
Undugoda

Vinoda de Silva
Superintendent

D W K K Seneviratne
Assistant Superintendent

AMBADENIYA ESTATE
Aranayake

B P S M Cooray
Superintendent

D S P Wimaladasa
Assistant Superintendent

ATALE ESTATE
Atale

B M J A Moonamale
Superintendent

N R B Senaratne
Assistant Superintendent

EADELLA ESTATE
Polgahawela

S D Munasinghe
Superintendent

S A S Gunasekera
D A H A Gunarathna
Assistant Superintendents

ETANA ESTATE
Warakapola
Aranayake

N A M O M Navaratne
Superintendent

G I B Herath
Assistant Superintendent

HATHBAWE ESTATE
Rambukkana

H S B Aluvihare
Superintendent

HIGGODA ESTATE
Undugoda

M R Vaidyakularatne
Superintendent

MADENIYA ESTATE
Warakapola

J R Amunupura
Superintendent

PALLEGAMA ESTATE
Niyadurupola

S A A P Jayatilake
Superintendent

Y L R S Leelawansa
T M N D B Thennakoon
Assistant Superintendents

PARAMBE ESTATE
Undugoda

D S R Jayasinghe
Assistant Superintendent

M W Liyanasekera
Superintendent

UDAPOLA ESTATE
Polgahawela

A C S Munaweera
Superintendent

A A M D V Mediwake
Assistant Superintendent

WENIWELLA ESTATE
Alawwa

D V M de Runn
Superintendent

A M H B Athauda
Assistant Superintendent

CENTRIFUGED LATEX PROJECT, UDAPOLA ESTATE
Polgahawela

A C S Munaweera
Superintendent

P M Mudannayaka
Assistant Superintendent

M T S Krishantha
Senior Technical Assistant

K R S D Wijethilake (Mrs.)
I M P D Illankoon (Mrs.)
Technical Assistants

OUR PLANTATIONS

	Estate Name	Planting District	Location	Cultivated Area (Hectares)					Total Area (Hectares)	Elevation (Metres)	Production - kg/nut '000			No of Buildings		
				Rubber	Tea	Coconut	Others	Total			Rubber	Tea	Coconut	Factory	Other Buildings	Total
1	Allagolla	Badulla	Udapussellawa	-	176.82	-	34.71	211.53	243.75	1311	-	172	-	1	370	371
2	Ambadeniya	Kegalle	Aranayake	411.73	-	21.58	9.97	443.28	583.25	244-355	207	-	34	-	390	390
3	Atale	Kegalle	Atale	892.56	-	28.66	38.56	959.78	1,150.36	119-154	351	-	109	1	401	402
4	Doteloya	Kegalle	Dolosbage	-	180.28	-	247.22	427.50	572.64	825-955	-	321	-	1	245	246
5	Eadella	Kurunegala	Polgahawela	331.53	-	312.92	19.21	663.66	801.79	91-122	169	-	796	-	178	178
6	Etana	Kegalle	Warakapola	360.36	-	1.82	13.31	375.49	483.26	76-244	296	-	7	1	180	181
7	Gampaha	Badulla	Udapussellawa	-	215.52	-	60.13	275.65	348.99	1538	-	248	-	1	468	469
8	Hathbawa	Kegalle	Rambukkana	230.70	-	-	24.20	254.90	477.79	122-244	154	-	-	-	167	167
9	Higgoda	Kegalle	Undugoda	220.16	-	-	-	220.16	302.23	146-411	156	-	-	-	58	58
10	Kirklees	Badulla	Udapussellawa	-	245.66	-	99.96	345.62	480.70	1446	-	338	-	1	561	562
11	Luckyland	Badulla	Udapussellawa	-	371.97	-	58.18	430.15	488.75	1500	-	384	-	1	613	614
12	Madeniya	Kegalle	Warakapola	374.36	-	-	55.14	429.50	551.92	80-229	147	-	-	-	220	220
13	Pallegama	Kegalle	Niyadurupola	585.05	-	10.88	75.67	671.60	863.91	90-200	243	-	5	1	293	294
14	Parambe	Kegalle	Undugoda	513.35	27.96	14.50	24.25	580.06	795.41	122-274	326	22	-	1	393	394
15	Udapola	Kurunegala	Polgahawela	346.55	-	24.97	20.82	392.34	577.78	107-195	150	-	91	-	234	234
16	Weniwella	Kegalle	Alawwa	456.26	-	43.53	25.36	525.15	709.90	152-183	188	-	21	-	324	324
17	Yataderiya	Kegalle	Undugoda	130.50	114.86	25.90	2.35	273.61	324.30	244-290	100	323	89	1	338	339
18	Udapola CLP	Kurunegala	Polgahawela	-	-	-	-	-	-	-	2,112	-	-	2	24	26
				4,853.11	1,333.07	484.76	809.04	7,479.98	9,756.73	-	4,598	1,808	1,151	12	5,457	5,469

	Estate Name	Factory Details			Certifications*						Workforce			
		Crop Manufactured	Factory Type	Rated Kg '000/p.a.	1	2	3	4	5	6	No. of Executives	No. of Staff	No. of Harvestors & Others	Total
1	Allagolla	-	-	-	-	-	-	-	√	-	1	13	185	199
2	Ambadeniya	-	-	-	-	√	-	-	-	-	2	16	254	272
3	Atale	Rubber	Sole Crepe	950	√	-	-	-	-	√	2	25	320	347
4	Doteloya	Tea	Leafy/Orthodox	1,394	-	-	√	-	√	-	3	17	244	264
5	Eadella	-	-	-	-	√	-	-	-	-	3	17	257	277
6	Etana	Rubber	Scrap	228	-	√	-	-	-	-	2	14	253	269
7	Gampaha	Tea	Leafy/Orthodox	929	-	-	√	-	√	-	2	18	263	283
8	Hathbawa	-	-	-	-	-	-	-	-	-	1	12	142	155
9	Higgoda	-	-	-	-	-	-	-	-	-	1	10	190	201
10	Kirklees	Tea	Rotorvane	1,239	-	-	√	√	√	-	2	22	268	292
11	Luckyland	Tea	Rotorvane	1,355	-	-	√	√	√	-	3	34	405	442
12	Madeniya	-	-	-	-	√	-	-	-	-	1	11	191	203
13	Pallegama	Rubber	Sole Crepe	800	√	-	-	-	-	√	3	22	326	351
14	Parambe	Rubber	Crepe	636	√	-	-	-	-	-	2	22	353	377
15	Udapola	-	-	-	-	√	-	-	-	-	2	14	140	156
16	Weniwella	-	-	-	-	√	-	-	-	-	2	14	211	227
17	Yataderiya	Tea	Leafy/Orthodox	1,239	-	-	√	-	√	-	2	24	301	327
18	Udapola CLP	Rubber	Centrifuged Latex / Skim	5,000	√	√	-	-	-	-	4	13	68	85
											38	318	4,371	4,727

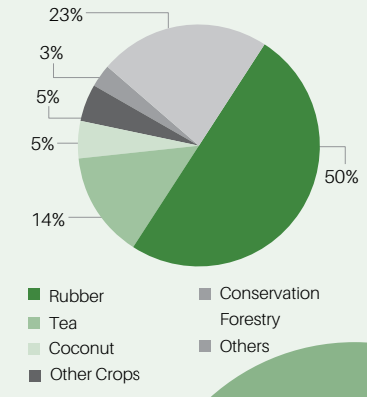
Note: Other buildings includes bungalows, offices, silent factories, staff & worker quarters, dispensaries, maternity wards...etc, total usage of Company buildings is 3,507,810 sq.ft.

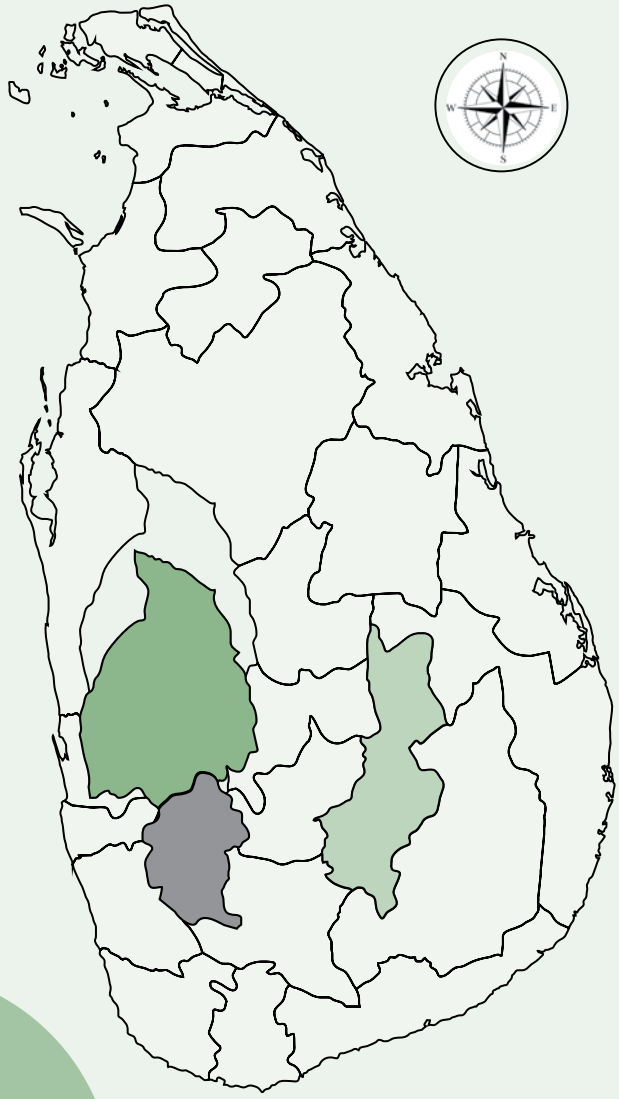
*** Certifications**

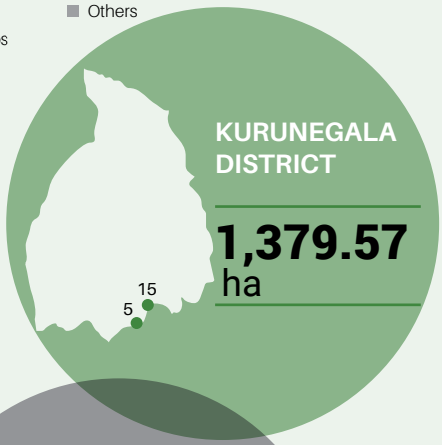
1 ISO 9001 : 2015 System Certification - Rubber
2 EU & USDA-NOP Certification - Organic Rubber
3 ISO 22000 : 2005 System Certification - Tea
4 Ethical Tea Partnership Certification
5 Rainforest Alliance Certification - Tea
6 Forest Stewardship Council Certification - Rubber

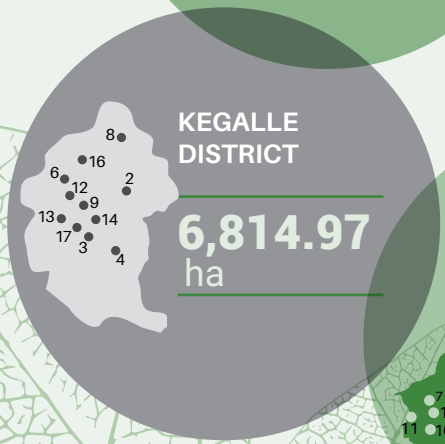
OUR ESTATES - LOCATIONS

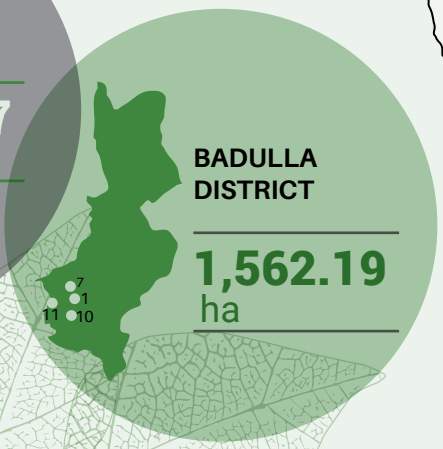
Our Estates - Land Base / Utilisation 2021/22











Land Base	2021/22	2020/21
Rubber	4,853	4,549
Tea	1,333	1,339
Coconut	485	433
Other Crops	488	812
Conservation Forestry	321	321
Others	2,277	2,303
Total	**9,757**	**9,757**

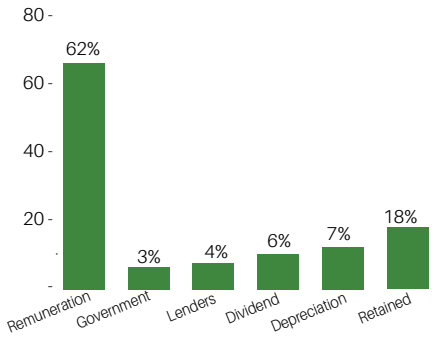
STATEMENT OF VALUE ADDED

Rupees in millions

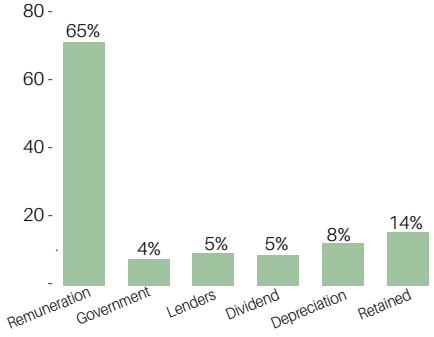
Value Added	2021/22	2020/21
Turnover	3,628	3,148
Other income	270	278
	3,898	3,426
Cost of material & services	(1,765)	(1,528)
Value added	2,132	1,898

Distribution of Value Added	2021/22	%	2020/21	%
To employees as remuneration	1,315	62%	1,226	65%
To government as taxes and lease rent	70	3%	68	4%
To lenders of capital as interest	89	4%	91	5%
To shareholders as dividend	125	6%	100	5%
Retained in the business as;				
Provision for depreciation	156	7%	144	8%
Profit retained	378	18%	269	14%
	2,132	100%	1,898	100%

Distribution of Value 2021/22



Distribution of Value 2020/21

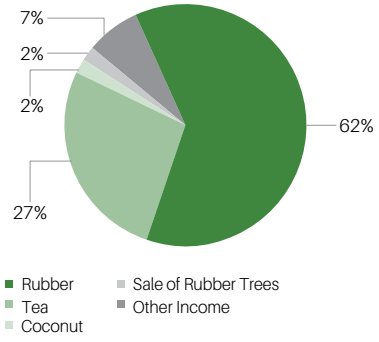


Sources and Utilisation of Income (Rupees in millions)

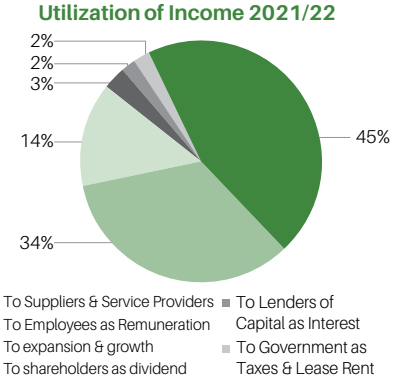
Sources of Income	2021/22	%	2020/21	%
Rubber	2,419	62%	1,900	55%
Tea	1,042	27%	1,054	31%
Coconut	64	2%	52	2%
Oilpalm	14	0%	-	0%
Other crops	1	0%	2	0%
Sale of rubber trees	88	2%	141	4%
Other income	270	7%	278	8%
	3,898	100%	3,426	100%

Utilization of Income	2021/22	%	2020/21	%
To employees as remuneration	1,315	34%	1,226	36%
To government as taxes & lease rent	70	2%	68	2%
To lenders of capital as interest	89	2%	91	3%
To suppliers & service providers	1,765	45%	1,528	45%
To shareholders as dividend	125	3%	100	3%
To expansion & growth	534	14%	413	12%
	3,898	100%	3,426	100%

Sources of Income 2021/22



Utilization of Income 2021/22



MANAGEMENT DISCUSSION & ANALYSIS

The plantation sector, which includes mainly tea, rubber, and coconut, plays a very important role in the economy of the Sri Lanka. Nearly 30% of the labour force is involved in this sector, which earns about 20% of export earnings of the entire economy. Around two centuries ago, the British Introduced Tea to Sri Lanka, bringing the Tamil community from Southern parts of India to work in the coffee, tea and rubber plantations as laborers. Since then this community has sweated for the development of the Sri Lankan economy. Since the implementation of the Land Reform Law in 1972, the large estates of tea, rubber and coconut were nationalized and their management was given over to the State Plantations Corporation (SPC) and the Janatha Estates Development Board (JEDB). In the year 1992, a large number of these estates, nearly 300, were given on lease to Regional Plantation Companies (RPCs).

The Government of Sri Lanka upholds the estate business in numerous ways. Creating and moving the innovation required for the business through the government crop research institutes and expansion offices is one such action. New and replanting subsidies are paid and furthermore establishing material is given in specific occasions. There is government support for estate worker housing and welfare through advancement projects. Then again, the Plantation Management Company's compensate the Government as a CESS and furthermore as lease rental. The plantation sector faces limitations that prevents its encouraging. Wages of the employees should be expanded occasionally concerning some other work. It's fundamental that the Plantation Management Companys' can further develop labour participation and efficiency to upgrade performance of the regional plantation companies while undertaking capital improvement as selected.

Economic, Political, Social, Technological, Environmental and Legal factors can be considered as main external factors affecting Company performance though out the year. We clearly know that the external environment plays a critical role in shaping the future of entire industries and the Company. Therefore, to keep KPPLC ahead of the competition, Company have continually adjusted strategies to reflect the environment in which businesses operate. Business organizations all over the world are frequently confronted with several obstacles and issues as a result of the advent of globalization and its influence. As a result of errors in decision-making, profitability, company growth, and competitiveness of organizations may be harmed to a greater extent, and companies may be forced to close their doors. Therefore, it is significantly important to understand and analyze the operating environment in which the Organization operate.

Global Economic Performance

The world economy continues to suffer from a series of destabilizing shocks. After more than two years of pandemic, the Russian Federation's invasion of Ukraine and its global effects on commodity markets, supply chains, inflation, and financial conditions have steepened the slowdown in global growth. Global financial conditions have tightened and borrowing costs have increased, particularly in emerging market and developing economies (EMDEs), reflecting reduced policy accommodation in response to inflationary pressures, elevated uncertainty, and heightened geopolitical risks.

South Asia has endured significant adverse spillovers from the Russian Federation's invasion of Ukraine. The external environment has worsened markedly, with soaring energy and agricultural prices, slowing global growth, and rising financing costs. While domestic conditions remain solid in many economies, Afghanistan is facing a humanitarian crisis, and Sri Lanka is facing dual balance of payments and sovereign debt crises.

Sri Lanka Economic Performance

The Sri Lankan economy rebounded by 3.7 per cent in 2021, recovering from the COVID-19 pandemic induced fall back of 3.6 per cent in 2020, amid fresh threats from new variants of the pandemic. The recovery could be observed across all three major economic activities, namely Agriculture, Industry and Services, propelled by the pent-up demand and the gradual easing of pandemic-related disturbances, and also aided by the favorable base effect that resulted from the significant contraction in the economy in 2020. Agricultural, industrial and service sectors have affected for expansion of the economy in the relative proportions of 6.9 per cent, 25.9 per cent and 58.3 per cent respectively. As per the sectorial structure of the economy, there are no substantial changes in the sectorial contributions to the economy in 2021 in comparison to 2020. The overall size of the economy expanded to US dollars 84.5 billion in 2021 from US dollars 81.0 billion in the previous year. Per capita GDP grew to US dollars 3,815 in 2021 from US dollars 3,695 in 2020.

GDP per capita increased to Rs. 758,680 (US dollars 3,815) in 2021, compared to Rs. 685,587 (US dollars 3,695) in 2020. The increase in GDP per capita in rupee terms was mainly on account of the growth in GDP at current prices, while the slower increase in GDP per capita in US dollar terms was due to the weakening of the domestic currency against the US dollar on an annual average basis.

Headline inflation accelerated in 2021 driven mainly by global and domestic supply side disturbances, the surge in global commodity prices and upward revisions to administered prices, while core inflation also accelerated reflecting the lagged effect of significant monetary accommodation. Accordingly, year -on-year headline inflation, as measured by the Colombo Consumer Price Index (CCPI), which was recorded at 4.2 per cent at end 2020, accelerated to 12.1 per cent by end 2021, breaching the target level of 4-6 per cent. Following a similar trend, year-on-year headline inflation, based on the National Consumer Price Index (NCPI), also accelerated and was recorded at 14.0 per cent by end 2021, compared to 4.6 per cent at end 2020. The upward trend of headline inflation has continued thus far in 2022.

Year-on-year headline inflation based on the CCPI accelerated to 18.7 per cent in March 2022, while that of NCPI also accelerated

MANAGEMENT DISCUSSION & ANALYSIS

to 21.5 per cent in March 2022. Year-on-year core inflation, based on the CCPI accelerated to 8.3 per cent by end 2021 from 3.5 per cent recorded at end 2020. NCPI based core inflation accelerated to 10.8 per cent, year-on-year, by end 2021 in comparison to 4.7 per cent at end 2020. Further, continuing the same trend, CCPI based year-on-year core inflation rose to 13.0 per cent by March 2022, while NCPI based year-on- year core inflation rose to 17.3 per cent by March 2022.

Government revenue declined to a historic low level of 8.7 per cent of GDP in 2021 as against 9.1 per cent of GDP in 2020. Actual revenue collection significantly deviated from the original budget estimate of 11.1 per cent of GDP, owing to the loss of revenue flows which was a result of the tax relaxations implemented in late 2019 and early 2020, slower than expected economic revival, as well as the continuation of some import restrictions.

External Sector Performance

Fiscal sector performance, which suffers from chronically high structural budget deficits caused by government expenditure overruns and government revenue slippages over the years, has deteriorated in 2021, further escalating the government debt stock. The primary deficit in 2021 increased from Rs. 687.4 billion (4.6 per cent of the GDP) in 2020 to Rs. 1,009.5 billion (6.0 per cent of the GDP) in 2021, highlighting the inadequacy of government revenue to meet at least non interest expenditure of the year.

Regardless of the notable momentum in merchandise exports compared to the previous year, a high increase in merchandise imports, which outpaced the growth in exports, widened the trade deficit in 2021. The persistent external current account deficit remains one of the key and largely unaddressed vulnerabilities in Sri Lanka's macroeconomic landscape. This is mainly driven by continuously widening deficits in the trade and primary income accounts that are too large to be offset by the surpluses in the services and secondary income accounts. Sri Lanka's exports in the last few decades have seen no major growth drive or boom due to longstanding issues such as limited diversification, low value addition, slower integration to global value chains and the lack of sophistication required to remain competitive, amidst inadequate investments in the tradable sector.

There were substantial outflows from official reserves due to debt service payments as well as the supply of foreign exchange to the domestic foreign exchange market to facilitate the importation of essential goods. As a result, the Government Official Reserves declined to US dollars 3.1 billion by end 2021, compared to US dollars 5.7 billion recorded as of end 2020. Accordingly, the overall balance of the BOP recorded a significant deficit of around US dollars 4.0 billion in 2021.

The gross official reserve position of the country deteriorated to critically low levels by end 2021 due to higher foreign currency debt service payments amidst inadequate foreign exchange inflows. The low level of foreign exchange inflows in terms of export earnings repatriation, workers' remittances and foreign capital flows resulted in a shortage of liquidity in the domestic foreign exchange market necessitating the Central Bank to supply foreign exchange to finance essential imports, which further depleted the reserve levels.

Employment and Wages

Real wages of employees in the formal and informal private sectors showed increases while the real wages of public sector employees showed an erosion in 2021 compared to the previous year. The repercussions of the COVID-19 pandemic, such as travel restrictions and contraction in economic activities, negatively impacted the growth of wages in 2021. On the other hand, normalization of economic activities with the successful roll-out of the COVID-19 vaccination programme and the decision to increase the minimum wages of employees in the formal private sector had a positive impact especially on formal and informal private sector wages.

While the steady recovery of the economy led to the decline in the unemployment rate, the increase in both the labour force and inactive population led to a decline in labour force participation during the year. The unemployment rate declined to 5.1 per cent in 2021 from the 5.5 per cent recorded during the previous year. Unemployment rates amongst males and females also followed suit, declining to 3.7 per cent and 7.9 per cent, respectively, in 2021, from 4.0 per cent and 8.5 per cent, respectively, in 2020.

Outlook

Sri Lanka's economy is envisaged to grow modestly in the near term as the economy is to reset with a debt restructuring programme and long overdue structural reforms alongside an economic adjustment programme to be supported by the IMF, which is expected to facilitate the economy to gather momentum over the medium term.

During the last seven decades since the independence, the economic performance was withered by a host of factors such as the internal conflicts, calamitous natural and manmade disasters, diseases, intermittent external shocks, weak institutions, issues in relation to accountability, transparency, and governance, including corruption, waste, nepotism, and certain episodes of political instability, and above all, weaknesses in effective economic management. Despite the transformation of the agriculture sector since independence, Sri Lanka continues to grapple with the creation of a sustainable agriculture sector that is capable of generating healthy income levels while ensuring food security and efficient ecosystem management to enhance the overall productivity of the sector.

Agricultural Sector Review

Agriculture activities recorded an expansion of 2.0 per cent in 2021 in value-added terms, recovering from the contraction of 2.2 per cent recorded in 2020, mainly on account of the expansion in coconut and animal production activities. Further, the growing of tea, spices, forestry and logging, and growing of other cereals also expanded during the year, contributing favorably to the growth in overall agricultural activities.

Even though Agriculture activities recorded an expansion during the year, the lack of relevant nutrients and agrochemicals prevented it from reaching its full potential particularly during the second half of the year.

Company Performance

Financial Year 2021/22 was indeed a challenging year for the entire plantation industry and the Company was operating under unfavorable business environment, stemming from volatility in external conditions during the financial year. In addition, the unfavorable weather conditions and Covid-19 pandemic related issues posed various challenges to its overall operations which resulted in significant challenges in the year under review. The rapid and widening spread of COVID-19 outbreak, deteriorating global economic outlook, falling oil prices and asset price declines are creating a severe and extensive credit shock across many sectors, regions and markets.

Nevertheless, despite the challenges, the Company registered commendable performance in its recurring operations in the financial period under review. The year under Review was a year of uncertainties with various environmental, social, political fluctuations. Thankfully we faced the challenges from a position of strength. With our strong fundamentals and operational resilience, delivered outstanding results.

Key Performance at a glance

Aspect	Measure		2021/22	2020/21
Revenue Growth	Turnover	Rs. Mn	**3,627.75**	3,148.12
Profitability	Gross Profit ratio	%	**14.68%**	10.22%
	Net Profit ratio	%	**13.17%**	10.01%
Working Capital Management	Current ratio	Times	**1.47**	1.52
Liquidity	Cashflow from Operations	Rs. Mn	**507.25**	558.04
Asset Utilization	Fixed Assets turnover	Times	**0.74**	0.73
Investment	Capital expenditure	As a % of Fixed Assets	**6.86%**	6.37%
Capital Structure	Debt to Equity ratio	%	**27%**	29%
	Interest cover	Times	**6.46**	3.96

Rubber Segment	
Industry :	Company :
Rubber production continued to decrease in 2021 due to continuous rains in plantation areas, during tapping days along with the prevalence of fungal disease. National Rubber production declined by 1.7 per cent to 76.9 million kilogrammes in 2021 from 78.2 million kilogrammes produced in 2020. Rubber production showed a rising trend during the first half of 2021, but declined notably thereafter. This was due to higher number of rainy days which dampened production in the last quarter of the year, which is generally considered as the peak yielding period of rubber plantations.	The Company's operations in the rubber Segment experienced higher performance as a result of significant increase of Market Prices due to escalation in demand. Accordingly, KPPLC have showed a 27 per cent increase in Revenue from rubber segment, where total production only increase marginally by 0.19 per cent with compared to last year Production.

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The production of sheet rubber, which accounts for about 50 per cent of total national rubber Production, declined by 1.7 per cent, while crepe rubber production recorded a growth of 7.4 per cent during the period under review. The production of other categories of rubber, which accounts for around 32 per cent of total rubber production, declined by 6.2 per cent in comparison to the production of the previous year.

The production composition of KPPLC which mainly consist Sole Crepe, Latex Crepe, Centrifuged latex and Skim & Scrap have shown contribution of 5 per cent, 17 per cent, 65 per cent and 13 per cent respectively towards total Company Production.

At the Colombo Rubber Auction, the average price of Ribbed Smoked Sheet No.1 (RSS1) rubber increased by 31.1 per cent to Rs. 460.78 per kilogramme, while prices of latex crepe witnessed a significant increase of 74.4 per cent to Rs. 626.32 per kilogramme in 2021 over the prices recorded in 2020.

In line with the global rubber price increase the Company Net Sales Average (NSA) of rubber has also risen to Rs. 541.44 by 40 per cent from Rs. 387.74 in 2020/21.

Meanwhile, average auction prices of RSS1 and latex crepe rubber stood at Rs. 475.00 per kilogramme and Rs. 696.58 per kilogramme, respectively, as at end December 2021. Average FOB price of rubber also increased from US dollars 1.91 per kilogramme in 2020 to US dollars 2.72 per kilogramme in 2021.

During the period under review, the revenue from rubber segment has climbed to Rs. 2.42 billion from Rs. 1.90 billion last years and it is a 27 per cent increase compared to the last year.

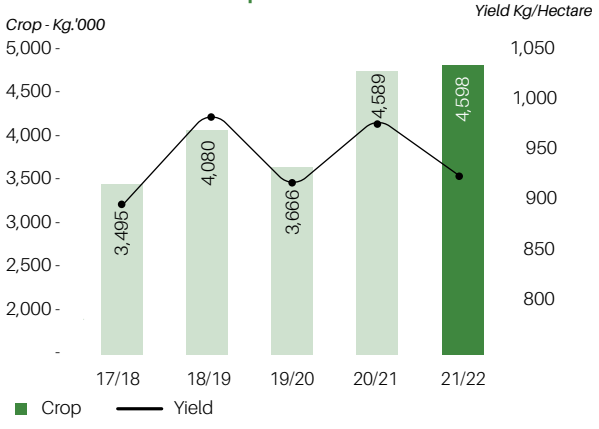
Rubber prices increased at the Colombo Rubber Auction, particularly towards the end of the year 2021, supported by the surge in natural rubber prices in global markets. Reflecting the escalation of natural rubber prices in global markets, rubber prices in the domestic market also displayed an increasing trend during 2021.

Under such environment, KPPLC financial performance within the rubber segment also stood at a greater level compared to the last. At the end of the period, the Company recorded a Rs. 436 million gross profit which was a 139 per cent growth from the last year gross profit of Rs. 182 million.

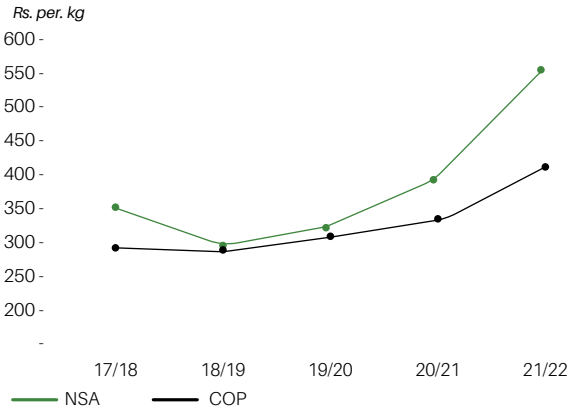
The surge in international prices during the latter part of the year was driven by supply shortages in global markets due to unseasonal and heavy rains that disrupted tapping operations in rubber producers amidst growing demand from East Asia.

The major reason behind such an enhance in financial perfomance was achieved through, improvement of the Company profit margin. In 2021/22, the Company has recorded a profit margin of Rs. 124.15 which was Rs. 59.24 last year. It is a significant enhancement of Profit margin within the year by 110 per cent.

Crop Vs. Yield - Rubber

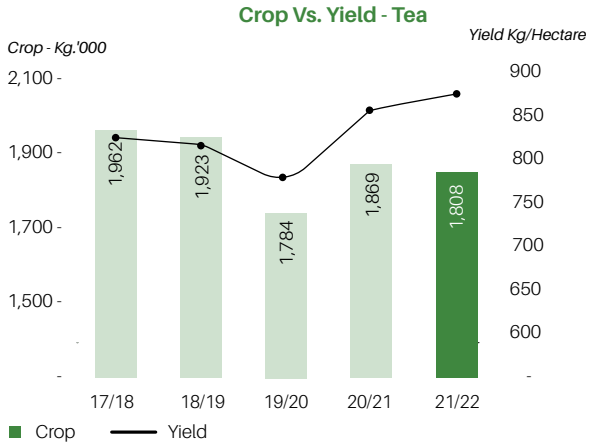


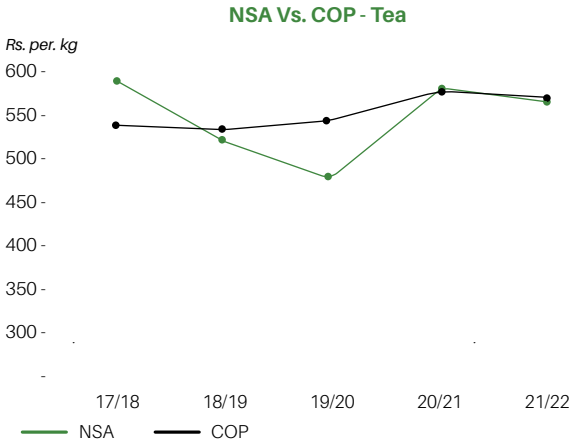
NSA Vs. COP - Rubber



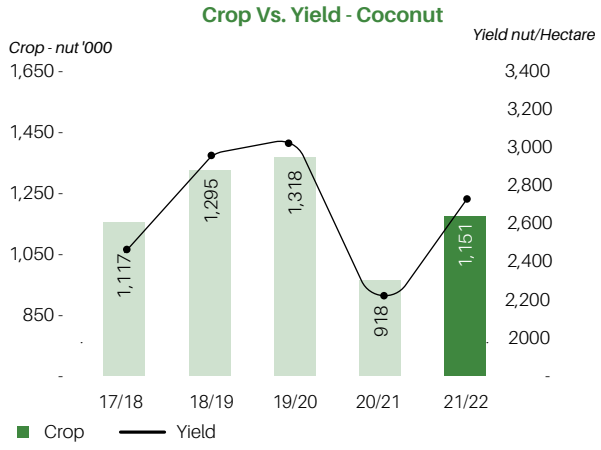
Tea Segment	
Industry :	Company :
The production of tea recorded an overall growth of 7.4 per cent in 2021, driven by a significant expansion during the first half of the year, owing mainly to the lower base induced by the onset of the COVID-19 pandemic in the corresponding period of 2020.	During the year under review, the Company's production of tea showed a marginal drop of 3 per cent to 1.81 million kilogram compared to 1.87 million in 2020/21.
Tea production in 2021 expanded by 7.4 per cent to 299.5 million kilogrammes. Production of high, medium, and low grown tea, which contributes to about 22 per cent, 17 per cent and 61 per cent of the total production, respectively, expanded by 5.0 per cent, 9.1 per cent and 7.8 per cent, respectively, in 2021.	Even though the KPPLC estate production have been increased by marginal 1 per cent, bought crop declined by 9 per cent resulting 3 per cent declined in total Company production. Accordingly, Estate Tea production recorded as 1.1 million kilogrammes and Bought tea crop was 0.7 million kilograms.
Following the significant increase of 24.0 per cent recorded in the first half of the year, a sharp contraction of 7.2 per cent was registered in tea production during the latter half of the year, largely driven by unfavorable weather conditions that prevailed during the months of November and December.	At the same time, medium grown tea showed a 2 per cent increase in its production where Uva and Low grown tea production declined by 4 per cent and 6 per cent respectively during the year under review.
The average price of tea decreased by 2.3 per cent to Rs. 619.15 per kilogramme during the year from Rs. 633.85 per kilogramme recorded in 2020. Accordingly, average tea prices of medium and low grown tea declined by 1.0 per cent and 3.5 per cent, year-on-year, respectively, while high grown tea reported a marginal increase of 0.6 per cent in 2021.	Net Sales Average of Company Tea Segment reported a 02 per cent reduction from Rs. 570.13 to Rs. 561.08 in 2021/22. Average price of Uva and Low grown tea declined by 2 per cent where Medium grown tea price increase by 2 per cent.
The average price received by smallholders for green leaves declined to Rs. 93.67 per kilogramme during the year from Rs. 94.36 per kilogramme in 2020. Although the average export price (FOB) of tea increased by 6.2 per cent to Rs. 920.76 per kilogramme during the year, the FOB price of tea in US dollar terms declined by 0.9 per cent during 2021.	At the same time Company COP remained almost at the same level of Rs. 563.55, which was Rs. 563.32 last year. Finally, Company recorded a per Kg loss of Rs. 2.46 at the year end, which was Rs. 6.82 profit margin last year.
The Five Year Strategic and Action Plan for the Tea Sector in Sri Lanka (2021-2025) was finalized and actions were executed as planned during the year. The transition to an e-Auction system, which was a major stepping stone for the tea trade when initiated during the COVID-19 pandemic in 2020, continued to operate successfully and was upgraded as 'Smart Auction' with strengthened trading and data features in 2021.	Since both NSA and COP negatively affected towards Company operations, previous year Gross Loss of Rs. 23 Mn widened by 77 per cent to Rs. 41 Mn during the financial year under review. Accordingly, Operating Loss trend observed during last several years continued this financial year too. During the period under review, the revenue from tea segment has decreased to Rs. 1,042 million from Rs. 1,054 million last years. It is a marginal 1 per cent decrease.
The average yield in the smallholder sector increased to 1,880 kilogrammes per hectare, compared to 1,766 kilogrammes per hectare reported in 2020 and remained above the average yield of the large plantation sector.	The Company average yield increased by 01 per cent to 861 kilogrammes for the year 2021/22 where it was 851 kilogrammes in 2020/21.

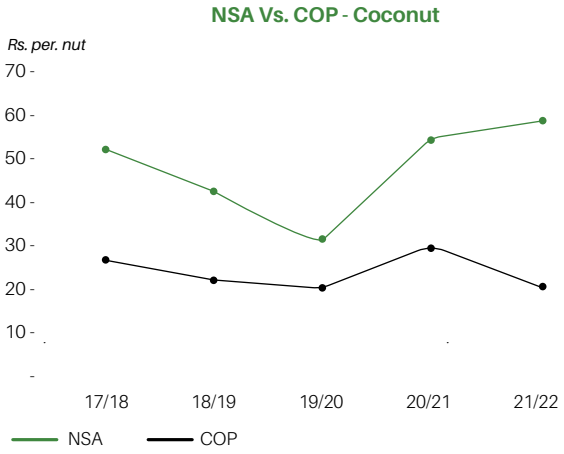
MANAGEMENT DISCUSSION & ANALYSIS





Coconut Segment	
Industry :	Company :
Coconut production reached a historically high level with total nut production of 3,120 million nuts in 2021. Accordingly, coconut production recorded a growth of 11.7 per cent in 2021 compared to the contraction of 9.5 per cent recorded in 2020. The increase was largely driven by conducive weather conditions that resulted in well distributed rainfalls from the latter part of 2020 onwards and throughout 2021, in addition to favourable air temperature in key coconut growing areas.	Financial results of the coconut Segment experienced an upward movement in the year under the review mainly due to boost of favorable market conditions. The Company's production of coconuts has increased to 1.2 million nuts in comparison to 0.9 million nuts in 2020/21 which is a growth of 25 per cent.
As coconut production recovered from its subdued performance in 2020, the output of major kernel products showed improvements during the period under review. Accordingly, the production of desiccated coconut increased by 31.8 per cent to 33,289 metric tons, while coconut oil production improved significantly by 117.8 per cent in 2021, compared to 2020.	In addition to the growth in the revenue compared to the last year, the gross profit margin has also improved significantly during the current financial year. The Gross Profit margin which prevailed at Rs. 20.60 last year has enlarged to Rs. 37.33 during the current financial year. Such a significant advance of 81 per cent has affected towards the better financial performance of Coconut segment during the year under review.
Prices of coconut and coconut based products remained at an elevated level during 2021 amid the high levels of coconut production reflecting the demand emerging from coconut based industries. Accordingly, the average auction price of coconut at the Colombo Coconut Auction increased to Rs. 56.51 per nut in 2021 from Rs. 48.89 per nut in 2020.	NSA of coconuts operations has improved to Rs. 58.92 from Rs. 51.98 which is a rise of 13 per cent. On the other hand, COP of coconuts operations has reduced to Rs. 21.59 from Rs. 31.37 in 2021/22 which is a decline of 31 per cent.
The average retail price of coconut increased by 13.7 per cent to Rs. 83.90 per nut over 2020. With the notable drop in edible oil imports and increase in edible oil prices in the global market, the average domestic price of coconut oil increased by 29.2 per cent to Rs. 443.42 per 750 ml bottle in 2021. The average local market price of desiccated coconut also increased further during the year to Rs. 537.25 per kilogramme compared to Rs. 447.56 per kilogramme recorded in the previous year.	Under such favourable operating and market conditions, the revenue from the coconut plantation increased to Rs. 64 million in 2021/22 from Rs. 52 million last year and it is 23 per cent increase between these two time periods. In conformity with the behavior of revenue and cost, the gross profits of the coconut plantation have also improved to Rs. 40 million from Rs. 20 million which is 97 per cent growth.





Operating Highlights

	2021/22 Rs. '000	2020/21 Rs '000	Variance (%)
Gross Profit	532,621	321,587	66%
Gain/(Loss) on fair value of Biological assets	15,621	4,467	250%
Other Income and gain	90,251	220,583	-59%
Administrative Expenses	(56,376)	(48,749)	16%
Management Fee	(94,629)	(58,942)	61%
Profit from Operations	487,489	438,946	11%

During the year under review, the Company has recorded a gross Profit of Rs. 533 million in comparison to the gross Profit of Rs. 322 million in 2020/21 which indicates an advance of 66 per cent between the two time periods. This growth was mainly driven by effect of the 15 per cent increase in revenue by Rs. 480 million. This could overcome the 10 per cent increase in cost of sales by 269 million in 2021/22.

In line with the trend in gross profit, the net profit of the Company has recorded as Rs. 478 million in 2021/22 which was Rs. 315 Mn in 2020/21.

Revenue

Despite of various global and local challenges, the Company was able to achieve combined revenue of Rs.3.63 billion in 2021/22 which indicates 15 Per cent increase in comparison to the revenue of Rs. 3.15 billion in 2020/21. This considerable enhancement in Revenue is mainly driven through escalation in revenue from Rubber and Coconut Segments. Even though contribution from Tea and Sale of Rubber Trees has declined, 27 per cent increase in Rubber segment and 23 per cent growth in Coconut Segment and newly added revenue source of Oilpalm contribute to achieve such a high revenue.

As depicted by Revenue composition graph, rubber and tea continued to be the major sources of revenue in the Company. In addition, the revenue base was further supplemented by Coconut, sale of Rubber Trees and newly added revenue source of Oilpalm. The analysis of the revenue structure in comparison to the previous year reveals no significant variation between two time periods.

Profitability

During the year under review, the Company has further improved its profitability compared to the previous year. Accordingly, KPPLC's Gross Profit from operations has improved by 66 per cent which indicates a substantial progress over the previous year. Company recorded a gross profit of Rs. 533 million in 2021/22, which was Rs. 322 million recorded in 2020/21.

As depicted in Segmental profit graph, the analysis of segmental profit indicates that the Company has shown an upward trend in its profitability, particularly in Rubber and Coconut Segments. Accordingly, the gross profit from rubber and coconut segment has enriched by Rs. 253 million and Rs. 20 million respectively. Tea Segment gross loss was further enhanced during the year under review to Rs. 41 million recording a 77 per cent increase in its gross loss. Supply related factors including declined production, wage hikes may have affected such heightened gross loss in tea segment. Positive impact of Gain on fair value of biological assets mainly affected towards operating profit. Under these conditions, the Company has experienced an operating profit of Rs. 487 million

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in 2021/22 in comparison to the operating profit of Rs. 439 million recorded in 2020/21, which indicates a progress of 11 per cent. The analysis of the finance cost indicates that it has reduced from Rs. 125 million in 2020/21, to Rs. 104 million in 2021/22 with 17 per cent decrease over the previous year. This is mainly due to considerable reduction of utilization of overdraft facility during the year. On the other hand, the finance income has improved by Rs. 125 million in 2021/22 which is 221 per cent escalation. Accordingly, with the combined effect of the finance income and finance cost, the Company has recorded a profit before tax of Rs. 565 million for 2021/22 displaying a 53 per cent increase over last year.

Asset Base

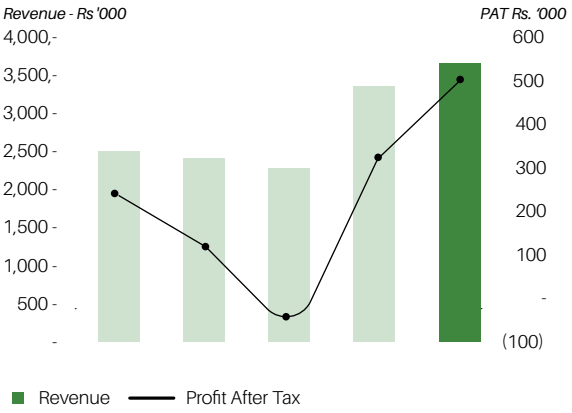
During the year under review, total assets of the Company has increased by 12 per cent to Rs. 06.7 billion in 2021/22 in comparison to Rs. 06 billion in 2020/21. Combined effect of Non-current assets has been increase by 14 Per cent and 06 per cent increases in current assets have affected towards the enhancement in total asset base. In case of non-current assets, the asset base has increased from Rs. 4.31 billion in 2020/21 to Rs. 4.93 billion in 2021/22, mainly backed by increase in Free hold Property, Plant and Equipment, financial Assets and Consumable Biological Assets. Therein Free hold Property, Plant and Equipment showing a 136 per cent increase over last year mainly driven by Work-in-Progress Project for the construction of a building by the Company. This project is for renting out the floor area & other production related services to Arpitech (Pvt) Ltd for its manufacturing of latex & polyurethane foam mattresses for a conversion fee.

Meanwhile, the current asset base of the Company has increased from Rs. 1.68 billion in 2020/21 to Rs. 1.78 billion in 2021/22 by 101 million which indicates an increase of 12 per cent over the previous year. The analysis of the composition of current assets indicates that the short term investments which consisted of treasury bills, repo and others investments was the dominant item within the current asset base for recent years. It can be highlight that increase of inventories and Trade & Other Receivables by 35 per cent and 24 per cent resulted in overall 06 per cent growth of current assets base. Short term investment which represent 44 per cent still to be the dominant item within the current assets base followed by inventories and trade & other receivables.

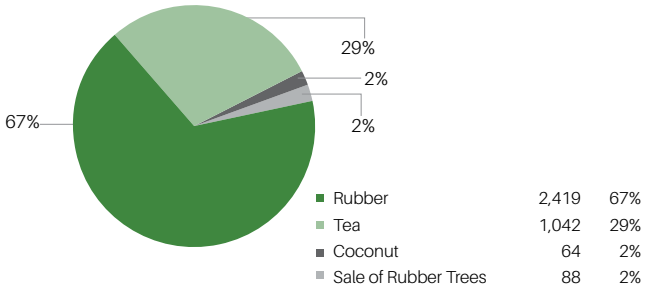
Net Assets per Share

During the year under review, the net assets per share have further increased to Rs. 131.63 per share from Rs. 115.93 per share which indicates a rise of 13.54 per cent over the previous year. The total asset base of the Company experienced an increase of Rs. 720 million while the total liability base improved by Rs. 327 million. The net effect of the asset and liability increase has resulted in an increase in the net asset per share by Rs. 15.70 during the year under review.

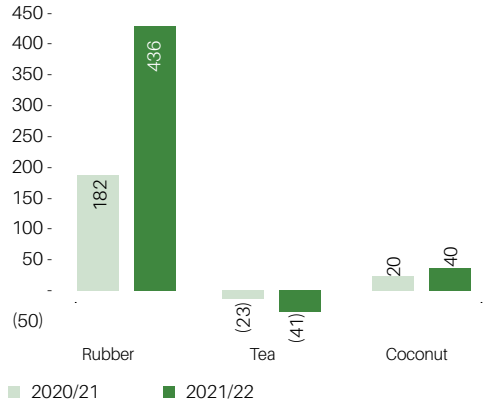
Revenue Vs. Profit After Tax



Revenue Composition (Rs. Mn)



Segmental Profit (Rs. Mn)



Debt Position

Total debt (Gross borrowings) of the Company has increased by 07 per cent to Rs. 1,246 million from Rs. 1,163 million reported in the prior year. Such borrowings have been mainly obtained on the ground of investments in plantations which is essential for the long term success of the Company.

Liquidity Position

As at the reporting year end, the Company's working capital recorded as Rs. 568 million in comparison to Rs. 576 million showed previous year which implies a marginal decline of 1.36 per cent. Increase in the current asset base by 06 Per cent overwhelmed by the 10 Per cent increase in the current liabilities, resulted in weakening the working capital as at the current financial year end.

Cash Flows

Net Operating Cash Flows

The Company has experienced an Operating cash flow of Rs. 507 million during the year under review compared to Rs. 558 million in 2020/21. Operating Profit Before Working Capital Changes and Cash Generated from Operations recorded a positive cash-flow of Rs. 681 million and Rs. 600 million respectively, the net operating cash flows reported as Rs. 507 million mainly due to improved operating results during the financial year. The cash flows generated from operations have decreased by 11 per cent compared to last year.

Net Cash Flow Generated

The Company has recorded cash and cash equivalent balance of Rs. 692 million at the end of the current financial year with a net cash out-flow of Rs. 60 million during the year under review. Net cash flow declined during the year adversely affected towards dropping the cash and cash equivalents balance at the end of the year to Rs. 692 Mn which was Rs. 752 Mn at the beginning of the year.

Capital Expenditure

The Company has incurred a sum of Rs. 332 million during the year under review in respect of the field development of the plantation. Continuous investment in Field Development have been done for enhancing Operational Outcome, Since KPPLC deals with Plantation industry which incur heavy investment in field development. Out of the field development expenses, Rs. 248 Mn, Rs. 24 Mn and Rs. 04 Mn were incurred in respect of rubber, oil palm and tea respectively.

Debt and Finance Cost

In financing the investments, the Company has utilized both borrowings and operational cash inflows. Since Operating cash flows shown a Positive contribution the borrowings have decreased during the current financial year with the consequent decrease in the finance cost.

Market Capitalization

The market price of the Company as at year end stood at Rs. 133.50 per share against that of Rs. 97.20 per share as at the previous year end. Accordingly, the market capitalization has increased up to Rs. 3,337.50 million by 37 per cent in comparison to the market capitalization of Rs. 2,430 million at the last year end.

Earnings Per Share

The earning per share which stood at Rs.12.61 per share in 2020/21 has improved to Rs.19.12 per share as a result of the upgraded financial performance in 2021/22. Accordingly, the Company shares were traded at Colombo Stock Exchange at a price multiple of 07 times as at the end of the current financial year.

Dividends

As a Corporate Citizen, KPPLC always focus on maximizing the shareholder's wealth and rewarding them always where it is possible. In light of our Company's paramount financial results attained todate, and weighing the need to strike a balance between rewarding shareholders through the distribution of dividends with the retention of resources to support long-term growth, the Board of Directors has recommended a interim dividend of Rs. 5 per Ordinary Share for the 2021/22 financial year.

ENVIRONMENTAL & SOCIAL RESPONSIBILITY REPORT

Sustainability has always been an essential part and core value in our operation strategies and business decisions. Throughout the long term, the Company has embraced different endeavors to work on our environmental initiatives. Our community programs have worked on the improved the livelihoods of our employees and neighborhood networks. Sustainability occurred in all areas: production, social responsibility and sound environmental management.

Environmental & Social Responsibility Report will frame our endeavors at rehearsing and further developing sustainability in economic, environmental and social aspects. We will highlight some of the accomplishments made throughout 2021/22 from our attempts to transform waste into energy to improving forests to our effort in helping the nearby local area. Through our sustainability goals and initiatives, we plan to have a constructive outcome on individuals, the environment, humankind, and the networks we operate in.

Kegalle Plantations PLC manages total land-bank of 9,757 Ha comprising 17 Estates including rubber 4,853 ha, Tea 1,333 Ha and Coconut 485 Ha. Out of the total planted area Rubber, Tea and Coconut has matured area of 2,715 Ha, 1,299 Ha and 413 Ha respectively.

Environmental Stewardship

We continuously strengthening our ongoing efforts to reduce the Company's environmental impact outside of our agricultural areas. This aim to reduce our carbon footprint and contribute to conservation in order to secure environmental sustainability and the well-being of our stakeholders. We perceive that sustainable development and growth implies, further developing the manner in which we produce and consume assets. Efficient management of our shared natural resources and the manner in which we oversee waste are key considerations in how we guarantee our operations are efficient and sustainable.

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Through our total quality management programmes, we have recognized gaps throughout the value chain where strategic interventions have the best potential to work on the environmental and social effect of production. In accordance with this, we always ensure that none of our new expansions influence on environmentally sensitive or protected areas, such as primary forests, wildlife reserves, peat lands, or land holding any High Conservation Value features. As a result, we actively engage in awareness and education programs to propagate our policies on natural habitat protection. The conservation effort and raising awareness about the value of animals in the local community are in keeping with our commitment to being a sustainable integrated.

Waste and Water Management

Beyond regulatory requirements, we also endeavor to limit our carbon footprint, safeguard biodiversity in our landscapes, and guarantee responsible waste and water management.

KPPLC keeps on place accentuation on waste management. This incorporates not just guaranteeing adherence and upgrades to internal waste management techniques, yet in addition commitment with all significant stakeholders to teach the general public about the significance of appropriate waste disposal management by 4R's (Reduce, Reuse, Recycle, Recover) of waste.

On the other hand, Proper waste disposal has far-reaching consequences for the environment and the health of the surrounding people. All waste products created by our Plantation, including residential garbage, agricultural waste, biomass, and by-products, must be safely disposed of if not recycled in compliance with current rules and best practices. We trust that this initiative will prompt long haul behavioral change regarding how waste is overseen inside local households.

Water is a critical resource for our operations and we constantly screen our utilization to guarantee there is adequate water for irrigation. This is particularly significant in domains that are inclined to dry spell conditions because of lower rainfall. Here, we are attempted a few water system tasks to make water bodies and improve dispersion of piped water. First concern is also given to guaranteeing the accessibility of safe drinking water for our employees.

In accordance with this, we monitor and treat the water discharged from our factories before it is released into the environment. KPPLC works hard to ensure that water resources are used in the most efficient and environmentally friendly way possible. As a socially responsible organization, we are always eager to take any and all actions that may help to preserve water sources for future generations.

Our Company's factories have effluent treatment plants in the rubber production process, and every drop of water used in the production process is treated and appropriately purified to reduce the effluent to an acceptable level as per the environment legislations.

Energy Efficiency

Energy efficiency implies utilizing less energy to perform the similar task - that is, eliminating the energy waste. By bringing down energy use, energy efficiency reduces month to month energy bills and makes energy more affordable for our operations. At long last Using energy more efficiently is one of the fastest, most cost-effective ways to save money, reduce greenhouse gas emissions, create jobs and satisfy developing energy need.

KPPLC is committed to sound energy management that addresses energy conservation, green energy usage, and energy efficiency, having seriously considered and recognized the environmental impacts of energy. We are aware that, while the use of nonrenewable energy sources cannot be avoided entirely for the time being, we are making concerted efforts to guarantee that these resources are used optimally and efficiently in order to achieve organizational goals and objectives.

Soil Conservation

Soil conservation is an important part of conservation cropping systems. There are many benefits for producers who choose to employ soil conservation practices on-plantations. Soil conservation practices involve returning the nutrients back in the soil, treating the soil as a living ecosystem of its own and takes into consideration soil organisms that live in the soil particles. Soil degradation has a variety of negative consequences, including decreased soil fertility, acidity, deterioration of

Effluent Treatment Plant - Centrifuged Latex Project - Udapola Estate

soil structure, accelerated wind and water erosion, loss of organic matter, and biodiversity. KPPLC believes that efforts to improve soil productivity must be combined with other strategies that alter land use practices, specifically conservation agriculture, sound agricultural practices, irrigation management, and integrated plant nutrient management. Soil conservation methods, such as proliferation of leguminous cover crops, terracing including "live terraces" and draining have been undertaken in all extents replanted and in other areas on an annual basis.

Bio Latex/Organic Rubber

It always seems like a good idea to buy everything natural in an environmentally conscious world.

If we care about the environment, organic is the way to go, as it allows plantations to focus on sustainability and eco-friendliness. We all have a responsibility to care for the world we live in, and buying organic enables us to fulfill that responsibility. It also encourages individuals to think about how they may use precious resources in a more sustainable way.

Because the organic approach eliminates the use of chemicals in the plantation, the natural latex is pure and unadulterated. Furthermore, organic means that no dangerous chemicals are utilized in the manufacturing process, ensuring that the mattress is not contaminated in any manner.

Biodiversity Conservation

KPPLC acknowledged comprehensive environmental, social, and ethical compliance, as well as consistent performance and outcomes obtained by implementing best environmental and biodiversity conservation and management methods. We operate in or near places of rich and diverse biodiversity, and we wish to preserve and safeguard it.

Our environmental management practices in our activities are centered around reducing biodiversity misfortune. Our agriculture best practices have been carried out over many years which center around:

- No clearing on primary/natural timber lands and High Conservation Value (HCV) regions
- Zero-burning for re-plantings and new developments
- Safeguard and ration conserve endangered, rare and threatened tree species
- No hunting inside our estates

We are constantly educating our staff, local communities, and other stakeholders about the importance of safeguarding rare and endangered species. Many estates have already subscribed to worldwide standards such as Rainforest Alliance (RA) and Forest Stewardship Council (FSC) under the leadership of our Corporate Management, demonstrating their dedication to the environment and biodiversity conservation.

Timber and Forestry management

Because forests are organized assemblages of trees, other plants, and animals in intricate interaction with one another and their physical surroundings, reductions in forest cover have had a direct and indirect impact on other sub-sectors such as agriculture, wood industry, wildlife, and so on. As an ethical and socially responsible corporate citizen, KPPLC contributes to timber and forestry management activities to the greatest extent possible. KPPLC's conservation of conservative forests demonstrates our dedication to environmental sustainability. Despite the fact that we are a plantation firm that focuses primarily on commercial cultivation, KPPLC recognizes its corporate responsibility for sustainable environmental practices and consistently allocates resources to sustainable timber and forestry management.

Our Alignment with Quality Standards

Quality principles refer to sets of rules, frameworks, strategies, requirements and specifications followed by an organization to guarantee consistent process and product quality. Generally quality guidelines are laid out by industry regulatory boards to assist with driving consumer loyalty and keep up with compliance. Any product or service that is liberated from any manufacturing defect, deficiency, or process variation is considered of good quality. This is accomplished through the all-encompassing course of quality assurance and quality control. Subsequently, to guarantee and keep up with good manufacturing practices, a bunch of quality norms should be laid out and followed with the end goal of consistency across the whole effort.

Standardize environmental impacts in a way that benefits an organization by conserving energy, cash, and the environment. Implementing quality standards, as a significant business ethic, may be utilized to establish our credentials to stakeholders like as shareholders, customers, employees, and the community, as it demonstrates our dedication to sustainable development. To demonstrate KPPLC's dedication to environmentally sustainable methods, we have achieved a number of globally recognized certifications.

Sustainable Procurement Practices

Sustainable procurement is the adoption of corporate social responsibility into procurement processes and decisions, while guaranteeing that they meet the requirements of your organization and its stakeholders. We have understood that It isn't so simple as not using child labor or illegal chemicals that can harm the environment and individuals' well-being. Rather, sustainable procurement at KPPLC is about integrating requirements, determinations and measures that are viable with the protection of the environment and society.

KPPLC identifies and adopts market and industry trends first and foremost, and we always strive to conduct our business in a sustainable manner. As a result, our attention is not only on the Company's internal operations, but also on actions linked to inward and outward logistical operations. Hence the Company is highly keen on maintaining close and mutually beneficial relationships with our suppliers. Maintaining such relationships with suppliers will enable the Company to effectively manage the economic, social and environmental impacts of Procurement Operations.

MANAGEMENT DISCUSSION & ANALYSIS

Product Responsibility & Stewardship

Extended Producer Responsibility (EPR), also known as Product Stewardship, is a system to put a shared responsibility regarding end-of-life product management on producers, and other entities engaged with the product chain, rather than the general public; while empowering product design changes that limit adverse consequences on human well-being and the environment at each phase of the product's lifecycle. This allows the costs of processing and disposal to be integrated into the total cost of a product. It also creates a setting for businesses to emerge that genuinely reflect the environmental impacts of a product, and to which producers and consumers respond.

Despite the fact that product stewardship can be done on a voluntary or legal basis, we, KPPLC, explicitly recognize our social obligation of product stewardship. KPPLC, a well-diversified plantation company specializing in tea, rubber, coconuts, and a variety of minor crops such as Pine Apple, Pepper, Cocoa, Vanilla, Coffee, and Agar-wood, is always committed to superior quality. Every action within the context of the Company is carried out with a focus on high quality and value addition for operations. KPPLC, on the other hand, has successfully launched a bio-latex project with the goal of decreasing the usage of chemicals, stimulants, and inorganic fertilizers in order to ensure that the Company meets quality standards.

Membership Organizations

In addition to the aforementioned actions, we are closely collaborating with the following organizations and have long been members of those organizations with the goal of enhancing quality.

- The Colombo Tea Traders Association (CTTA)
- The Planters Association of Ceylon (PA)
- The Employer's Federation of Ceylon (EFC)
- The Colombo Rubber Traders Association (CRTA)
- Plantation Human Development Trust (PHDT)
- The Rubber Research Institute of Sri Lanka (RRISL)
- Rubber Development Department (RDD)
- Sri Lanka Tea Board (SLTB)
- Spices & Allied Products Producers' & Traders' Association (SAPPTA)
- The Sri Lanka Society of Rubber Industry
- National Agribusiness Council (NAC)
- Central Environment Authority (CEA)
- Coconut Growers Association of Sri Lanka (CGASL)
- Palm Oil Industry Association of Sri Lanka (POIASL)
- The Ceylon Chamber of Commerce (CCC)

Product Labeling

We are governed by social standards and regulatory guidelines for product labeling and packaging.

Because KPPLC is always responsible for its actions and the repercussions of those actions, our product labeling and packaging activities are carried out in compliance with the rules and criteria enforced by Colombo Tea Auctions and the Ceylon Tea Trade Association. As a result, the Estate Name, Garden Mark, Grade, Invoice Number, Gross and Net Weight are all properly stated in order to meet these standards.

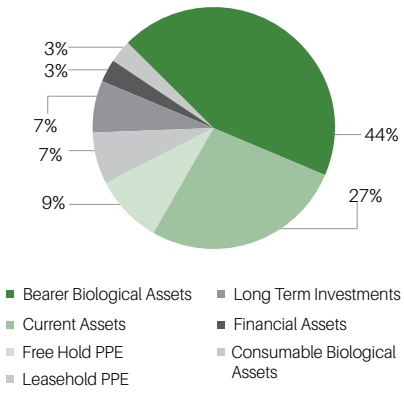
Ethical Behavior

The first and most significant reason for ethical action is an understanding of a company's corporate social responsibility. The values ingrained in the KPPLC's culture always emphasize the importance of assessing the appropriateness of any activity we perform in terms of moral standards of good and bad behavior. As a result, KPPLC has created a culture that always strives to comply with moral principles that go beyond the general laws and regulations placed on the company by identifying the duty and experiencing self-compliance to its corporate ethics.

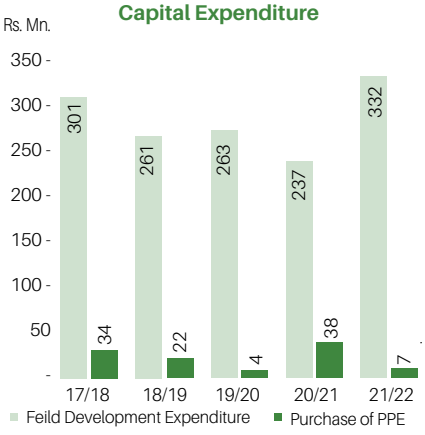
QUARTERLY PERFORMANCE

		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	2021/22 Total	2020/21 Total
Revenue	Rs '000	858,278	1,019,040	784,524	965,909	3,627,751	3,148,122
Gross Profit	Rs '000	93,119	160,147	157,584	121,771	532,621	321,587
Profit Before Interest & Tax	Rs '000	95,249	150,246	159,192	263,846	668,533	495,290
Profit Before Tax	Rs '000	68,530	122,622	134,234	239,585	564,971	370,291
Profit After Tax	Rs '000	65,467	119,558	131,170	161,708	477,903	315,126
Earnings per Share	Rs.	2.62	4.78	5.25	6.47	19.12	12.61
Net Assets Value per Share	Rs.	118.55	123.33	128.58	131.63	131.63	115.93
Last Traded Market Price per Share	Rs.	104.00	102.00	168.00	133.50	133.50	97.20
Highest Market Price per Share	Rs.	122.00	125.00	189.25	224.75	224.75	170.00
Lowest Market Price per Share	Rs.	93.00	99.50	98.00	116.25	93.00	35.00
Total Assets	Rs 'Mn	5,846	5,861	6,427	6,717	6,717	5,997
Total Equity	Rs 'Mn	2,964	3,083	3,214	3,291	3,291	2,898
Total Debt	Rs 'Mn	1,017	899	1,239	1,163	1,163	1,017
Debt Equity Ratio	%	34	29	39	35	35	35
Equity / Asset Ratio	%	51	53	50	49	49	48
Price Earnings Ratio	Times	40	21	32	21	7	8

Composition of Assets 2021/22



Capital Expenditure



TURNOVER

Rs. 3,628 Mn

FY 2020/21 : Rs. 3,148 Mn

PROFIT AFTER TAX

Rs. 478 Mn

FY 2020/21 : Rs. 315 Mn

RETURN ON AVERAGE EQUITY

15.44 %

FY 2020/21 : 11.41 %

EARNINGS PER SHARE

Rs. 19.12

FY 2020/21 : Rs. 12.61

NET ASSETS PER SHARE

Rs. 131.63

FY 2020/21 : Rs. 115.93

SHARE PRICE

Rs. 133.50

FY 2020/21 : Rs. 97.20

CERTIFICATIONS

EU & USDA NOP CERTIFICATION

Under EU & USDA NOP Certification, Organic products certified to the USDA organic or European Union (EU) organic standards may be sold and labeled as organic in both the U.S. and the EU. As a result of obtaining this globally recognized standard certification, KPPLC gained access to both economies with a single certification and reaped numerous benefits such as receiving premium prices for products, accessing fast-growing local, regional, and international markets, gaining additional funding and and technical assistance, and so on.

ISO 9001:2015 CERTIFICATION

ISO 9001's goal is to establish a practical and usable Quality Management System for improving and monitoring all aspects of business. KPPLC will end up with a system that will improve all aspects of the Company with the correct support and employee understanding. It is a tremendous honor and pride to emphasize that Kegalle Plantations PLC was the first regional plantations Company to receive ISO 9001: 2015

ETHICAL TEA PARTNERSHIP (ETP)

As a member of Ethical Tea Partnership (ETP), KPPLC has committed to the long-term sustainability of its employees in the plantation business. As an ethical producer, KPPLC adheres to worldwide social and environmental norms such as health and safety, agrochemical and environmental management, and worker fairness and equality. KPPLC established the Ethical Tea Partnership to keep up with the world's expanding tea obsession in a socially just and environmentally sustainable manner. Finally, we increase tea sustainability, our workers' and farmers' lives and livelihoods, and the environment in which tea is grown.

RAINFOREST ALLIANCE CERTIFICATION (RA)

Landowners benefit from Rainforest Alliance accreditation by producing better crops, adapting to climate change, increasing output, and lowering expenses. The objective of Rainforest Alliance certification is to make responsible business the new normal in order to build a better future for people and nature.

This indicates adherence to stringent worldwide standards, while also considering the well-being of its employees, families, and the environment. As a result, the Rainforest Alliance certification confirms that KPPLC meets the requirements of the Sustainable Agriculture Network (SAN), a global standard for organizations that meet stringent environmental conditions (ecosystems, wildlife, soil, and water), community relationships, and economic aspects such as integrated plant and waste management.

FOREST STEWARDSHIP COUNCIL (FSC)

It is pleasure to highlight that FSC Certification is the most recent certification achieved by KPPLC during the fiscal year under review. FSC certification provides significant economic benefits by opening up new markets, as well as social and environmental benefits to workers and local communities. FSC certifies forests worldwide to ensure that they satisfy the highest environmental and social standards.

FSC certification greatly minimizes the danger of being presented with illegal timber and, as a result, the possibility of reputational damage. Furthermore, as they seek items that support sustainable forest management, national, regional, and local governments are increasingly referencing FSC as a way to comply with their public procurement policies.

FUTURE SUSTAINABILITY EXPECTATIONS

As a strategically driven organization, we are continually focused on the past, present, and future because the business environment in which we operate is heavily influenced by both internal and external elements such as economic, environmental, political, social, and technological considerations. Even as the business environment changes on a daily basis, more and more businesses must respond to and be concerned about concerns such as biodiversity loss, deforestation, and other global dangers.

As the largest rubber producer in Sri Lanka, KPPLC continues to improve and tighten our environmental and social criteria, ensuring that we are aware of our responsibility to protect the environment in order to ensure the long-term viability of not only our business but also the larger community around us. As a result, we are making every effort to achieve local and international standardization for our plantations and manufacturing processes.

CORPORATE GOVERNANCE

As a Listed Company of Colombo stock exchange (CSE) KPPLC have to adhere time to time corporate governance requirements developed by CSE. Well knowing & understanding that aligning with Local & Global governance standards may enhance the Company overall performance, recognition and goodwill within the industry KPPLC always upgrade existing governance policies with the guidance of Board.

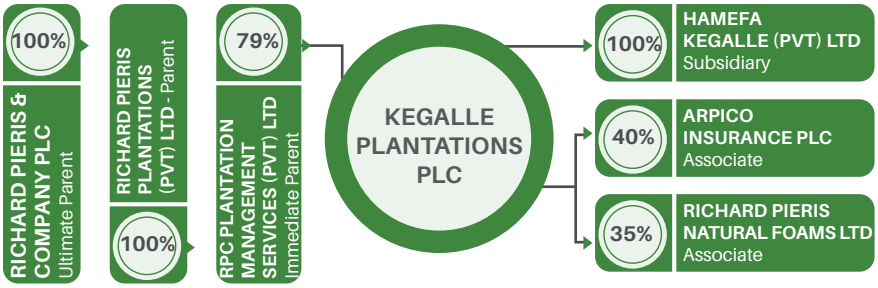
The Board of Directors and Management of KPPLC firmly believe that good corporate governance is a reflection of the Company's commitment towards long-term sustainable business performance. This report sets out the key aspects of the Company's corporate governance framework and practices, with reference to the principles and provisions of the Code of Best Practice on Corporate Governance 2017, the disclosure guide developed by Securities & Exchange Commission of Sri Lanka and all other applicable laws, rules and regulations. The Code sets out the principles and specific recommendations on structures and processes, which companies can adopt in making good Corporate Governance an integral part of their business dealings and culture.

As a Company conducting business in a field related to plantation, the Company has determined to put its Principles into practice and to fulfill our responsibilities to our various stakeholders. The Company believes that improving corporate governance is critical to meeting corporate social responsibilities and increasing corporate value. In the future, the Company will continue to encourage actions that are in keeping with the purpose of the Corporate Governance Code, with the goal of increasing corporate value.

From the perspective of achieving sustained growth and long-term enhancement of corporate value, the Company regards the essence of corporate governance as being the assurance of the transparency and fairness of decision-making, the full and effective use of management resources, and the improvement of management vitality by means of rapid and resolute decision-making, and we will work to enhance corporate governance in line with all the aspects.

Corporate Governance Framework

Group Structure



The Board of Directors

Within the corporate governance framework, the role of the Board of Directors (BoD) is to ensure the organization's profitability by jointly controlling the organization's operations. Overseeing rather than actively managing the day-to-day operation, the Board is responsible for the organization's governance, and for meeting the interests of its shareholders and stakeholders.

The Board remains committed to creating long-term sustainable value for our shareholders. The Board is cognizant of its critical role in governing and setting the strategic direction of KPPLC, while upholding the highest standard of corporate governance in providing valuable oversight and guidance to Management to navigate difficult and complex issues that affect the achievement of our medium to long term targets. We have a strong corporate governance framework, providing systems of checks and balance to make sure accountability and drive better decision-making, and also policies and practices which make sure that the Board and its Committees operate effectively.

The Company is headed by a Board of Directors that oversees the conduct of the Company's business affairs and performance by working closely with the Management to achieve strategic goals and enhance shareholder value. Our Board composition provides appropriate levels of

CORPORATE GOVERNANCE

diversity in terms of skills, background, knowledge, international and industry experience, culture, independence, amongst many other factors. This is to provide meaningful insight and support in achieving our Company's strategic objectives. Constructive input and feedback on matters deliberated at Board meetings are obtained to inculcate a culture of integrity and openness to support the Board in delivering sustainable results to our stakeholders.

The Kegalle Plantations Sustainability approach is based on creating value for its stakeholders while increasing production and attaining a favorable bottom line. KPPLC, as a major plantation firm, believes that producing long-term value for all stakeholders is the greatest approach to achieve long-term success. As a result, the Company's Board is effective, consisting of professionals with a wide variety of experience and industry knowledge who fulfill their obligations and responsibilities as fiduciaries in the best interests of the company at all times.

The Board of Directors is happy to announce that the Company has followed all material principles and recommendations of the Corporate Governance Code. The Board has approved KPPLC's disclosures of corporate governance structure and procedures in this report.

The Composition of the Board

Name of the Director	Position	Executive	Non-Executive	Independent	Appointment to the Board
Dr. Sena Yaddehige	Chairman	✔	-	-	January - 2003
Prof. R C W M R A Nugawela	Independent Non-Executive Director	-	✔	✔	May - 2008
Dr. S S B D G Jayawardena	Independent Non-Executive Director	-	✔	✔	August - 2010
Mr. Shaminda Yaddehige	Non-Executive Director	-	✔		March - 2016
Mr. J L A Fernando	Non-Executive Director		✔		February - 2021

The Board has a strong and independent aspect, with the independent Directors constructively challenging and assisting in the development of strategy proposals. Throughout the year, the Board continued to function efficiently and was able to exercise objective judgment on company matters independently.

On pages 8 and 9, there are brief biographies of the Directors. In accordance with listing standards, the Board evaluates each Non-Executive Director's independency on an annual basis. The Board has always pledged to work with integrity, fairness, and transparency, and it does not accept any kind of corruption. The Organizational Principles guide how KPPLC's corporate culture fosters development and positive contributions to the host communities in which we operate.

The Board met several occasions during the year under review. All Board meetings are arranged and scheduled in advance following consultation with the Directors to ensure that meetings are held with the full involvement of the Directors. Everything is done in order for the Board as a whole to make a decision. As a result, Directors are given with all important administrative information and agenda items before to each meeting, allowing them to make informed choices. Board documentation for the Company's operations, new investments, important projects, and other issues requiring Board approval are presented in advance. A separate information memorandum is provided for official fees at each Board Meeting.

The separation of roles of Chairman and CEO from the Company ensures a balance of power and authority. From a corporate governance perspective, it can be understood that the separation of the roles of Chairman and CEO helps to separate the supervisory function of the Board and the executive function of the CEO, thus limiting the conflict of interests and abusing of power of the manager who may cause damage to the company and shareholders. Whilst the Chairman and Chief Executive are collectively responsible for the leadership of the Group and for promoting the highest standards of integrity and probity, there is a clear and effective division of accountability and responsibility between the Chairman and the Chief Executive and each plays a distinctive role but complementing each other to ensure that there is a balance of power and authority and no individual has unfettered powers of decision and control.

This enables KPPLC to fulfill the organization's goals and objectives in a sustainable way by guaranteeing openness and accountability to key stakeholder groups. The board believes in the empowerment concept, which holds that governance and management are more effective and efficient when they are separated. The executive directors and senior management of the company are in charge of the group's day-to-day management, operations, and administration. Management works closely with the Non-executive Directors and offers information on the Group's activities. They are held accountable to the board for their effectiveness in pursuing the group's long-term success.

An exceptional Chairperson understands the business, its culture, people and processes. He also understands the wider industry and prepare the Company for all eventualities. Experienced Chairman can quickly identity opportunities and potential risks facing their organization. He can engage with their Boards at an early stage to discuss potential courses of action. As the Chairman of the Board, Dr. Sena Yaddehige provides leadership and governance of the Board so as to create the conditions for overall Board's and

individual Director's effectiveness, and ensures that all key and appropriate issues are discussed by the Board in a timely manner. With the assistance of the Board, management, and the Company Secretary, the Chairman takes the lead in the Company's endeavor to attain and maintain a high standard of corporate governance. As a result, the Chairman is responsible for overall commercial, operational, and strategic development, and is aided by an Executive Management Committee comprised of Executive Directors and Heads of Companies of the Ultimate Parent Company's Strategic Business Units (SBU). The Finance role is delegated to the Group Chief Financial Officer and the Financial Controller, who attends board meetings by invitation when financial concerns are discussed. When it is judged important for decision making, the Board of Directors has access to independent expert counsel.

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.

Independence of directors assist in connecting the management's interests with that of shareholders' and improve the quality of judgement in decision-making. All independent directors have no direct or indirect link with the Company and are required to submit an annual announcement in accordance with the regulations of the Colombo Stock Exchange list. Their diverse knowledge and important commercial, corporate, and financial experience provide the Board with an impartial viewpoint and judgment. Meetings between independent directors who do not have management roles in the firm, according to the Board, will promote and encourage more transparency in assessing Management performance. Any ideas or proposals resulting from private director meetings shall be forwarded to Management.

Sub Committees of the Board

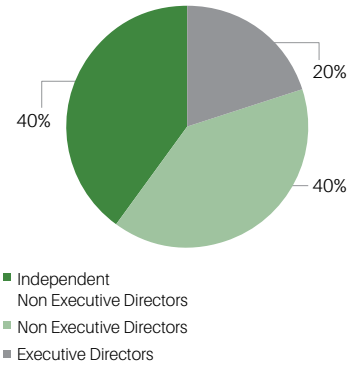
Committees make recommendations for action to the full board, which retains collective responsibility for decision making. Involvement in committees allows directors to deepen their knowledge of the organization, become more actively engaged and fully utilize their experience. Certain board issues are of such a complex nature that they demand substantially more time than a board can commit to during the course of one or two board meetings. Boards can establish committees for nearly any need that they have to maximize their efficiency.

To enable better and more focused attention on the affairs of the Company, the board of KPPLC delegates particular matters to the committees of the board set up for the purpose. Each Committees review items in great detail before it is placed before the Board for its consideration. Each Committee at KPPLC plays a pivotal role in ensuring that high standards of corporate governance are maintained.

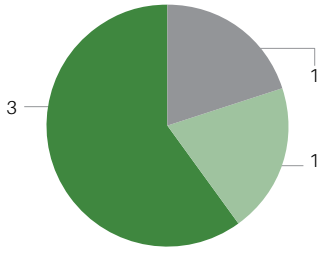
Audit Committee

The primary purpose of a KPPLC's audit committee is to provide oversight of the financial reporting process, the audit process, the company's system of internal controls and compliance with laws and regulations. The audit committee can expect to review significant accounting and reporting issues and recent professional and regulatory pronouncements to

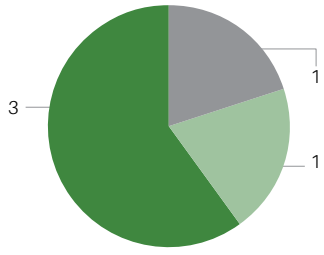
Directors Composition



Directors Tenure on the Board



Directors Age Group



CORPORATE GOVERNANCE

understand the potential impact on financial statements. The committee reviews the results of an audit with management and external auditors, including matters required to be communicated to the committee under generally accepted auditing standards.

Kegalle Plantations PLC is one of the Group Companies of the Richard Pieris & Company PLC. Richard Pieris & Company is also the majority shareholder and as such the Group Audit Committee acts as the Audit Committee of the Company. Audit Committee Report on Page 36 describes the activities carried out during the Financial Year.

Remuneration Committee

The role of the remuneration committee is to have an appropriate reward policy that attracts and motivates executives to achieve the long-term interests of shareholders. In order to be effective, the committee needs both to determine the organization's general policy on the remuneration of key management personnel including executives and directors and specific remuneration packages for each executive director.

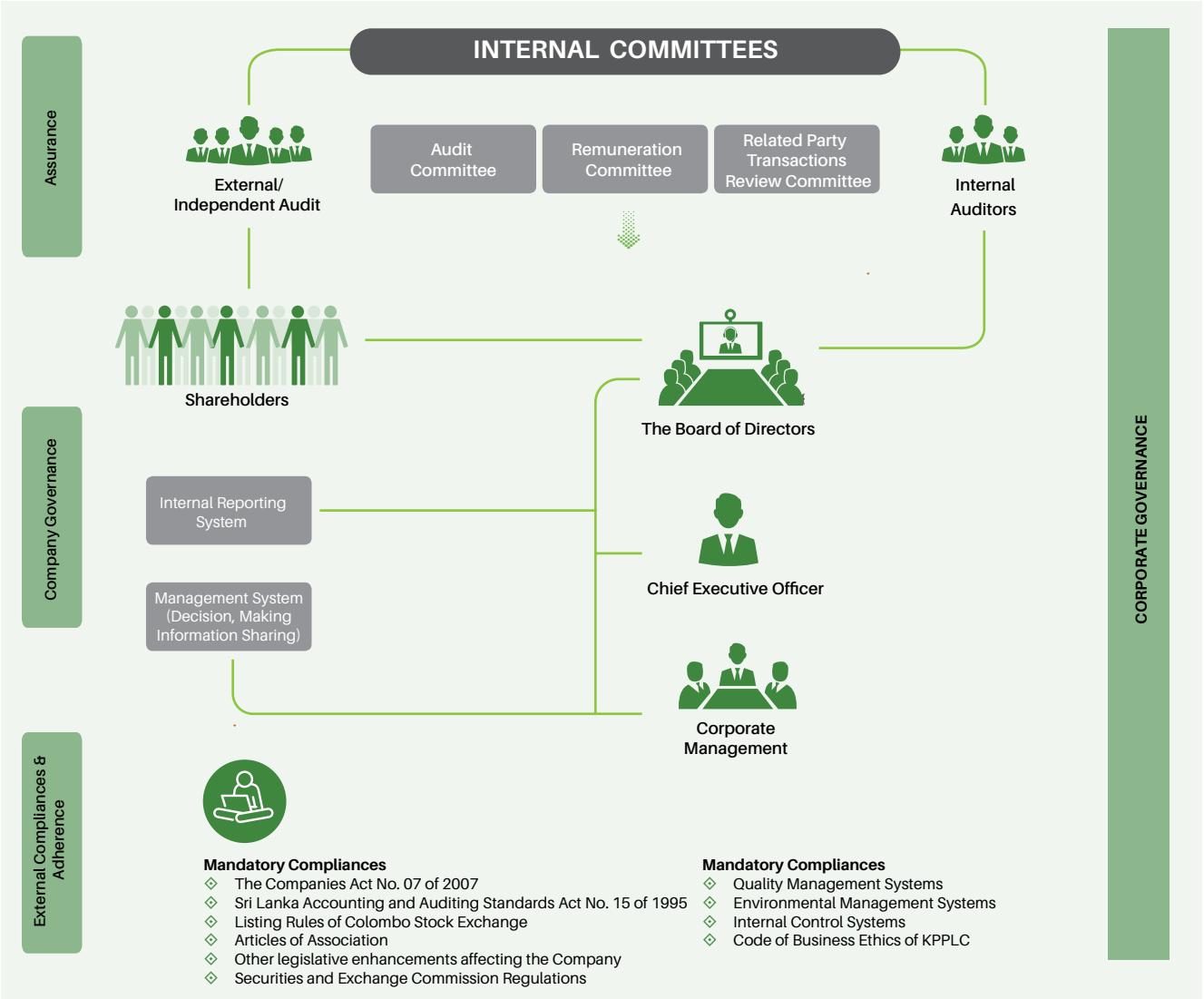
Remuneration will need to attract, retain and motivate executives and directors of sufficient quality and at the same time take into account shareholders' interests. KPPLC Remuneration committees have the time and expertise to assist in informing the board. As a result, their opinions are highly valued by their boards. Page 37 contains the Remuneration Committee's Report, which summarizes its primary actions.

Related Party Transactions Review Committee

The Related party transaction Committee shall review the material facts of all Related Party Transactions. Transactions between

Corporate Governance Structure

The Company's Governance Framework is depicted in the following diagram.



the Company and its key management personnel that fall into the definition of a related party transaction are in general related to the remuneration of key executives and board members.

Applicable laws and regulations set requirements for the monitoring, assessment, and decision-making concerning related party transactions as well as for the disclosure of executed related party transactions.

The Board of KPPLC has the ultimate responsibility for ensuring proper processes for the identification, reporting, and supervision of related party transactions as well as the proper decision making related thereto. The Related Party Transaction Committee shall assist the Board in respect of monitoring and assessing how related party transactions meet the requirements of ordinary activities and arm's-length terms.

The Report of the Related Party Transactions Review Committee is on Page 38 highlights its main activities.

Membership of Board Sub Committees are listed below:

Committee Chairman/Member	Audit Committee	Remuneration Committee	Related Party Transactions Review Committee
Mr. J. F. Fernandopulle	Chairman	Member	Member
Dr. Jayatissa De Costa P.C.	Member	Chairman	Chairman
Mr. Prasanna Fernando	Member	Member	Member

Chief Executive Officer

Mr. Prins Gunasekara acting as the Chief Executive Officer of the Company with effect from 15th February 2021. Mr. Prins Gunasekara does not hold any shares in the Company to date. He has extensive industry expertise, an understanding of the present market, and the foresight to assist in the formation of the Company's strategic direction. With the assistance of the management team, the CEO makes decisions on all topics impacting the Company's operations, performance, and strategy, with the exception of those reserved for the Board or expressly assigned by the Board to the Board Committees.

Company Secretary

The success of the Company management largely depends on the efficiency and ability of the company secretary. Though the important plans and policies of the company are formulated by the board, execution of those plans and policies depends on the initiative of the company secretary. As the responsibilities of the board have increased, the volume of work and necessary skills to support the board have enhanced the role of the company secretary. The company secretary is now often considered to be the chief governance specialist within an organization, increasingly relied upon to provide advice and implement good governance practices.

Richard Pieris Group Services (Pvt) Ltd serves as the Company's Secretariat and is present at all board meetings. Company Secretaries advise the board on all legal concerns related to the Securities and Exchange Commission and the Colombo Stock Exchange. To follow up on the choices made, the secretaries also record the minutes of the following meeting. The Company Secretary is accessible to directors on their own. The Secretary shall be nominated by the current Directors on such terms and conditions as they consider appropriate.

The Company Secretary advises the Board on corporate and management concerns, enables Director leadership and professional development, and promotes the seamless flow of information within the Board and Board committees, as well as between directors and independent directors.

Relationship with Shareholders

We are dedicated to fostering long-term relationships with our stakeholders, analysts and media through consistent engagement across multiple channels. We connect, engage and collaborate with our respective stakeholder groups through different platforms to strengthen mutual interests and establish common goals.

We are committed to promoting responsible practices among our business partners, showing care for the wellbeing of our Stakeholders, and upholding good corporate governance to meet the expectations of our Shareholders, both individual and institutional who are the most significant stakeholder party of the Company. The Board recognizes the importance of timely dissemination of information to its shareholders and investing community to keep them well informed of all major developments of the Company. To keep updated on our shareholders' expectations, and to communicate our strategies, actions and performance, we engage regularly with our shareholders through various platforms. Disclosures in the Annual Report, announcements and releases of the quarterly financial results provide the shareholders and the investing public with a periodic overview of the KPPLC's performance and operations. Board of directors and key members of management team are available to answer questions raised at any given time. The Company uses the Annual General Meeting (AGM) as a forum for dialogue and interaction with all its shareholders.

Internal Controls

The Board made its assessments based on quarterly updates and discussions with external auditors on the adequacy and effectiveness of the Company's internal controls and risk management systems. The Board was assured by the

CORPORATE GOVERNANCE

CEO and the CFO / FC on the proper keeping of financial records and financial statements to give a true and fair view of the Company's operations and finances. The Board was also assured by the CEO and auditors that adequate and effective risk management and internal control systems were implemented to safeguard the stakeholders' interest. Strategies adopted by the Company to manage its risk are set out in its report on Risk Management on pages 39 -44.

Apart from the strategic plans covering a three-year time horizon, a comprehensive budgetary process is in place, where annual budgets, identifying the critical success factors and functional objectives, prepared by the Company 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 of the Company is an independent unit that operates separately from the business and corporate activities and responsible for the internal audits of the Company's operations in accordance with the guidelines and standards set out in the Professional Practice. 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 is satisfied with its effectiveness.

Relationship with Other Stakeholders

The Company's agribusiness operations are constantly exposed to rapidly changing opportunities and risks related to the environment, communities and stakeholders. These opportunities and risks are addressed through formal management processes, an open and responsible work culture, and partnerships with key stakeholders. Steps are taken to improve operational efficiencies and innovations as part of the KPPLC's pledge towards sustainable agriculture, community development and workplace safety. The Group's ability to consistently produce long-term value, especially in difficult times, is based on our ability to match our strategy with the interests of stakeholders such as investors, employees, policymakers, suppliers, and community etc.

The Board identifies the importance of maintaining a healthy relationship with its key stakeholders and ensures the Company inculcates this practice. Internal communication is mainly conducted through e-mails, memos and circulars. To alleviate any worries stakeholders may have about material issues, we maintain a high level of transparency in our communication. Two-way communication with our stakeholders will continue to pave the path for both sides to find common ground. Stakeholder feedback has been critical in the development and validation of the Group's strategies.

The Board also ensures that the Group policies and practices are in line with the Company's values and its social responsibilities. Our sustainability commitments are articulated in our Responsible Agriculture Charter, which covers responsible environmental, social and governance practices. The Company promotes protection of the environment, health and safety standards of its employees and others within the organization.

Compliance

The Company Secretary help the Board and Board Committees by taking minutes of meetings, verifying compliance with Board procedures and statutory requirements, and aiding the Board in implementing and strengthening corporate governance policies and processes. The Board places a high value on effective internal compliance procedures. The Financial Statements of the Company are prepared in strict compliance with the guidelines of the Sri Lanka Accounting Standards (LKAS and SLFRS) 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. To the best of their knowledge and belief, the Board of Directors believes that all statutory payments have been made to date.

Financial Reporting
◈ Sri Lanka Accounting Standards comprising Sri Lanka Financial Reporting Standards (SLFRSs)
◈ Sri Lanka Accounting Standards (LKASs) promulgated by The Institute of Chartered Accountants of Sri Lanka (ICASL)
◈ Companies Act No. 07 of 2007
Corporate Governance Reporting
◈ Listing Rules of Colombo Stock Exchange (CSE)
◈ Code of Best Practices on Corporate Governance issued jointly by ICASL and SEC
Assurance
◈ Sri Lanka Auditing Standards (SLAUSs)
◈ Ernst & Young - External Auditors
◈ Internal Audit Division

Going Concern

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.

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 KPPLC. The Board of Directors believes that the Company has adequate resources to continue its operation for the foreseeable future.

Disclosures required by the Companies Act No. 07 of 2007;

Section Reference	Requirement	Annual Report Reference (Page/s)
168 (1) (a)	The nature of the business together with any change thereof during the accounting period	60
168 (1) (b)	Signed Financial Statements for the accounting period completed	54-59
168 (1) (c)	Auditors' Report on Financial Statements	51-53
168 (1) (d)	Accounting Policies and any changes therein	60-74
168 (1) (e)	Particulars of the entries made in the Interests Register during the accounting period	47
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company during the accounting period	78
168 (1) (g)	Corporate donations made by the Company during the accounting period	47
168 (1) (h)	Information on the Directorate of the Company and its Subsidiaries during and at the end of the accounting period	90
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered during the accounting period	49, 78
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries	49
168 (1) (k)	Acknowledgment of the contents of this Report and Signatures on behalf of the Board (Annual Report of the Board of Directors)	46-49

Corporate Governance Requirements listed under Section 7 & 9 of the Listing Rules issued by the Colombo Stock Exchange (CSE);

CSE Section Reference	Requirement	Status of Kegalle Plantations PLC
7.6 (vii)	Details of material issues pertaining to employees & industrial relations of the entity.	In Compliance
7.10.1 (a) to (c)	Non-Executive Directors	In Compliance
7.10.2 (a) to (b)	Independent Directors	In Compliance
7.10.3	Disclosures relating to Directors	In Compliance
7.10.4	Criteria for defining "Independence"	In Compliance
7.10.5	Remuneration Committee	In Compliance
7.10.6	Audit Committee	In Compliance
7.13	Rules on Minimum Public Holding	In Compliance
9	Related Party Transactions Committee	In Compliance

REPORT OF THE AUDIT COMMITTEE

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

Purpose

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.

Members

The Audit Committee consisted of three 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.

The principal activities of the Committee are detailed below;

Meetings

The Audit Committee held four meetings during the year under review and reviewed the process to assess the effectiveness of the internal control system to provide reasonable assurance that assets are safeguarded, and financial reporting system can be relied upon.

Name of Committee Member	28-May 2021	6-August 2021	9-November 2021	10-February 2022
Mr. J. F. Fernandopulle	√	√	√	√
Dr. Jayatissa De Costa	√	√	√	√
Mr. Prasanna Fernando	√	x	√	√

The Group Chief Financial Officer, Chief Executive Officer, Financial Controller, Senior 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 all Audit Committee deliberations. She presented a summary of the salient findings of all internal audits and investigations carried out by her 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 Kegalle Plantations PLC and its Subsidiary 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.

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, 2022 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
05 August 2022

REPORT OF THE REMUNERATION COMMITTEE

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

Members

The Remuneration Committee, appointed by and responsible to the Board of Directors, consists of two independent Non-Executive Directors of the Richard Pieris & Company PLC, Dr. Jayatissa De Costa P.C. and Mr. Prasanna Fernando. The Committee is chaired by Dr. Jayatissa De Costa.

Meetings

The Committee met on several occasions during the financial year.

Purpose

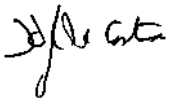
The Remuneration Committee has reviewed and recommended the following to the Board of Directors:

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.

Remuneration Policy

The remuneration policy of the Company is formulated to attract and retain key talent and motivate them to develop and implement the business strategy in order to optimize stakeholder value. The scope of the Committee covers the determination of the compensation of the senior management and to lay down guidelines for the compensation structure of the management staff of the Company. In its decision-making process necessary information and recommendations are obtained from the Senior Management, where necessary.



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

05 August 2022

REPORT OF THE 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 Kegalle Plantations PLC.

Members

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

The Group Chief Financial Officer, Chief Executive Officer, and Financial Controller attended meetings by invitation. The Company Secretary functions as Secretary to the Related Party Transactions Review Committee.

Purpose

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 Kegalle 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.

Meetings

The Committee held four meetings during the period under review on following days,

Name of Committee Member	28-May 2021	6-August 2021	31-December 2021	10-February 2022
Dr. Jayatissa De Costa	√	√	√	√
Mr. J. F. Fernandopulle	√	√	√	√
Mr. Prasanna Fernando	√	x	√	√

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 2021/22

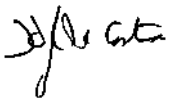
Details of the related party transactions entered into by the Company/Group are disclosed on page 105.

Declaration

Refer: Annual Report of the Board of Directors on the Affairs of the Company, Pages 46 to 49 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 2021/22, except what was disclosed in the note no. 37.

Disclosures

A detailed disclosure of all the related party transactions including Recurrent and Non-Recurrent related party transactions which are required to be disclosed under section 9.3.2 of the Listing Rules of the Colombo Stock Exchange has been made in note no. 37 to the Financial Statements given in Pages 105 to 106 to this report.



Dr. Jayatissa De Costa P. C.
Chairman

05 August 2022

RISK MANAGEMENT

Risk management is the identification, evaluation, and prioritization of risks (defined in ISO 31000 as the effect of uncertainty on objectives) followed by coordinated and economical application of resources to minimize, monitor, and control the probability or impact of unfortunate events[1] or to maximize the realization of opportunities.

- wikipedia -

The focus of risk management activities is to guarantee that inward risks are fittingly overseen as well as to proactively identify and manage, where conceivable, outside risks with that can affect the achievement of the Company's strategies and objectives. At the point when the Company is focused on dealing with all the risks in a proactive and powerful way, requires greater examination to help the management choices inside the Company. KPPLC's Risk Management Standard and Framework is enshrined by a typical way to deal with risk examination and risk management.

Establishing the risk culture requires understanding the external and internal context relevant for the realization of organizational objectives at each level, since KPPLC operates in a dynamic, uncertain, complex, and confusing environment as an agri-business. Therein External context of KPPLC includes but is not limited to social, cultural, environmental (including natural hazards and climate change), political, legal, financial, technological, security and economic factors. It also implies the significance of figuring out the external stakeholders and their relationships, perceptions, and expectations. Likewise, internal culture of KPPLC incorporates Company's key goals, values, norms, assets, business processes, organizational culture, association with internal stakeholders, and so forth.

The exceptional conditions encompassing COVID-19 might have uncovered risks with organizations had not yet thought of - or may have instilled recently recognized takes a chance with another need to get moving. Appropriately, new normal has made the requirement for new approaches and systems. KPPLC continuously made steps to adjust to the new normal by keeping adaptable and achieving the best possible outcomes for our stakeholders as the pandemic scenario evolved over time and presented us with new difficulties.
We always give primary and extensive attention on possibility of occurrence of risk rather than mitigating the impact of the risk since limiting the occurrence means ultimately that there is no impact. Before addressing the risks, identified risks ranked based on priority, to ensure the optimal use of Company resources. However, doing so, we will come across risks that can cause immediate damage, risks that need to be addressed quickly, and those that need attention but can postpone. The risks are examined mainly based on qualitative assumptions which included the likelihood, severity, and impact of the risks.

KPPLC risk management framework limits potential shocks that the Company have to encounter and guarantee the smooth and risk free way to deal with keep up with strength that confirm the consistency of the Company, its activities. Approaching all the risk related data helps the board to rethink high-risk procedures and make business more steady and sound. Risks can influence many areas of an organization. Some of the time, a risk can exude from one piece of the business yet affect another part. Therefore, KPPLC management distinguishes and deals with these substance wide risks to support and further develop execution.
At long last, proper risk management framework guarantees that risks are overseen appropriately by lessening the effect of negative risks and to expanding the effect of Opportunities.

Board Responsibilities

The Company Board responsible for the establishment, oversight and monitoring of the Company Risk Management Framework and reviewing its effectiveness in supporting the mission, vision and strategic objectives of KPPLC whilst safeguarding shareholders' investments and Company's assets.

RISK MANAGEMENT

Risk Management is the process by which the management, liable to Board oversight, evaluates the nature and extent of risks pertinent to the organization; design and applies suitable controls to limit the risks; and monitor the controls to guarantee that they are working actually. The Board acknowledges its responsibility to guarantee that the Company has a sound system of internal control and risk management initiatives for good corporate governance as well as time to time reviewing its sufficiency and respectability to defend investors' speculations, clients' interests and Company resources.

The degree of abilities and experience that directors have in understanding business risk and the degree of time that they put resources into understanding the risks across the business are fundamental in guaranteeing that the board has sufficient comprehension to regulate the organization as a whole. Non-executive directors are usually chosen because they have an expansiveness of experience, are of an appropriate type and have particular personal qualities and attributes. Additionally, they may have high-quality knowledge that will help provide the board with useful insights or, perhaps, key contacts in related industries. This means they can bring a degree of objectivity to the board's considerations and play a valuable role in monitoring management decisions.

The board at KPPLC contribute altogether to overseeing risk by giving close consideration to the areas probably going to bring about claims. By adopting practices that minimize the likelihood of such claims, the board places an organization on the right footing. The KPPLC's board essential role is to give leadership to the organization empowering it to meet its strategic aims and satisfy its liabilities to every one of its stakeholders. As needs be, leadership at KPPLC generally expected to clear and run through all layers of the Company, upheld and given structure by clear lines of responsibility, reporting, and accountability. As a whole board should check the quality and reliability of information about risks, and it should be able to evaluate and interpret the data. This guarantees that all the risk management-related operations at KPPLC are aligned to value creation for shareholders.

KPPLC's ERM framework consolidates and improves risk reporting so the Company can perceive key risks that may affect the organization, quantify and manage them better, and implement the proper controls to eliminate or reduce the threat.

KPPLC audit committee play a huge part in identifying, mitigating and evaluating the risks of the association. They do as such by guaranteeing their organizations develop and carry out an implicit set of rules and lay out powerful correspondence channels. The Company audit committee ought to ensure that any recently recognized strategic risks are being discussed at the board related to the organization's strategic objectives. In the present risk environment, audit committees and management must accomplice on risk oversight and management to be better prepared for risk occasions and to expand the probability of accomplishment.

Risk Management Framework At KPPLC

A risk management framework comprises of several core components, which will assist organization with managing with their risks and screen the viability of operations. It creates a powerful means to assist organizations with choosing the expected security controls which are considered significant to safeguard the association, its workforce, as well as all operations and resources.

Risk management has maybe never been a higher priority than it is now. The risks currently facing have developed more complex, affected by the rapid pace of globalization. As the world keeps on retribution with COVID-19, organizations and their boards of directors are investigating their risk management programs. Organizations conveyed rapid adjustments to the threats presented by the pandemic.

Traditional risk management will in general get negative criticism these days contrasted with enterprise risk management. Therein KPPLC's senior management had formed a clear and communicable approach to risk, which is understood by all levels of the employee hierarchy. At the same-time lines of accountability given to individuals with clear and enforced rather than committees, where accountability is often lost.

Enterprise Risk Management (ERM) is an integrated process of identifying, evaluating and dealing with the general risks of KPPLC that gives a more extensive system to overseeing risk while expanding investor value in the present complex environment. Our effective ERM depends on strategies and processes that are laid out by Boards of Directors and Corporate level management. In addition, most of the threatening risks faced by the Company are vital in nature and must be addressed by the higher level of the organization. On the other-hand KPPLC's top management is always conscious about the external developments to identify external risks. Since we are operated in a highly volatile business environment might resulted in force to greater level of external risks. KPPLC would be exposed to wide range of risks, some are specific to the plantations sector and some of them are common for every organization.

We have clearly perceived that the cutting edge corporate association faces a large group of risks that can influence functional productivity and regulatory compliance and

basic awareness isn't sufficient to remain in front of these dangers. KPPLC's ERM framework consolidates and improves risk reporting so the Company can perceive key risks that may affect the organization, quantify and manage them better, and implement the proper controls to eliminate or reduce the threat. The ERM framework helps the Company to remain vigilant and actively monitor its operations in order to identify, assess, mitigate, and report risks and exposures that could have a negative impact on business operations and results in a timely and correct manner. KPPLC employs the ERM framework as a communication tool to detect, analyze, respond to, and control internal and external risks.

ERM permits KPPLC to further develop capacity to distinguish risks and establish suitable reactions, decreasing surprises and related monetary losses, and permitting them to benefit from favorable developments. Risk management will be more effective if the source of the risks has been identified and allocated before any problems occur. So risk Identification at KPPLC involves identifying both the likelihood of occurrence of the risk and the impact of the risk. KPPLC following Bottom-up-approach to identify internal risks and this will encourage even operational level employees to identify risk arising within their respective functional areas. Identifying those minor level risks definitely resulted in eliminating savior organizational level risks. Ultimately, this approach enables the Company to keep the relevant personnel informed regarding the potential for risks. This communication process consists of the procedures to report risk to risk and control owners and also to other stakeholders.

KEY RISKS	SUB RISK	PURPOSE OF MANAGING RISK	HOW WE MANAGE
STRATEGIC RISK	Global Economic Risk	To reduce the uncertainty of global economic risks that are global in nature and impact, such as unexpected changes due to the global recession, sanctions imposed on countries, or changes in international markets.	◈ Adopt to diversify the risk by exploring and engaging to market the products in different global markets and finding reliable new markets. ◈ Identifying and investigating product mix to match the global trends and demand. ◈ Analyzing global financial trends and entering into negotiations with foreign buyers. For example entering in to Forward contracts.
	Environmental Risk	To reduce the impact of the occurrence of negative economic consequences resulting from organizational operations.	◈ Adopting sustainable agricultural practices. ◈ Closely interacting with environmental authority to align our operations with their requirements. ◈ Taking steps for soil conservation. ◈ Allocate land for forestry.
	Fiscal Policy Changing Risk	To reduce the risks associated with shifting government policies affecting foreign trade and the plantation sector.	◈ Company has employed tax & legal consultants to advice on these issues. ◈ Government lobbying through the minister by maintaining good formal relationship. ◈ Willing to deal with financial risk arising with government policy changes.
	Technological Risk	To reduce the impact of technology innovation on product obsolescence in the Company.	◈ Focus on technological changes arising in the industry and adopt them where it is necessitates. ◈ Upgrade the production facilities through allocation of Company funds.
	Reputation Risk	To lessen the impact of risk connected with firm reputational breaches.	◈ Active and regular communication with stakeholders to enhance the image of the Company. ◈ Regular review on the Company's interactions with outside environment. ◈ Adopting stringent quality assurance standards with regard to ensure the quality of our products, including raw and packing materials.

RISK MANAGEMENT

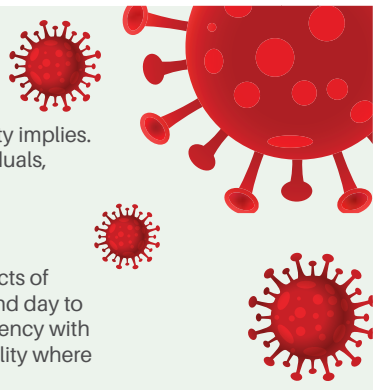
KEY RISKS	SUB RISK	PURPOSE OF MANAGING RISK	HOW WE MANAGE
FINANCIAL RISK	Currency Risk	To reduce the impact of foreign currency rate volatility related with export proceeds, import payments, and foreign currency debt transactions.	◈ Regular analysis of major foreign currency trends which Company usually deal with. ◈ Match the export proceeds with foreign currency payments to ensure foreign currency surplus. ◈ Export proceeds exceeding the import payments and foreign currency debt payments through various hedging techniques.
	Interest Rate Risk & Gearing Risk	To reduce the negative impact of interest rate volatility and currency denominated borrowings.	◈ Structuring the loan portfolio to combine foreign currency and local. ◈ Minimize interest rate risk through internal hedging techniques such as matching by having balance between variable & fixed portion of interest income & expense. ◈ Maximum utilization of the concessionary funding available to Plantation Companies. To ensure cost of borrowing is at the optimum level, appropriate gearing ratio will be maintained with the assistance of Group Treasury.
	Liquidity & Cash Management Risk	To take advantage of chances to raise funds at the lowest possible cost while maintaining a strong liquidity position..	◈ Funding of long term assets through Equity and Long Term Loans. ◈ Ensure availability and effective utilization of short term facilities where necessary. ◈ Ensuring proper management of working capital via maintaining adequate level of funds. ◈ Maximum utilization of the concessionary funding available to Plantation Companies.
	Capital Investments Risk	To maximize shareholder wealth by investing in the most suitable investment opportunity.	◈ Adopting a stringent approval procedure for Capital expenditure. ◈ In depth analysis of investment in both long term and short term capital employments. ◈ Use various approaches for systematically analyze the feasibility of capital budgeting including NPV, Payback, Profitability ratio etc.
	Credit Risk	To reduce the impact of risks connected with debtor defaults.	◈ Insure the export debtors to secure the payment of receivables of foreign transactions. ◈ Sales are made through auction and brokers assure the settlement. ◈ Work 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.

KEY RISKS	SUB RISK	PURPOSE OF MANAGING RISK	HOW WE MANAGE
OPERATIONAL RISK	Inventory & Asset Risk	To get the best possible result, reduce stock obsolescence, fire and theft risks, manage stock holding expenses, and minimize machinery and equipment malfunction.	◈ Frequent physical check and adapting to a monthly declaration policy. ◈ Identify slow moving stocks and effectively laying out a channel for these to be sold off. ◈ Obtaining comprehensive insurance covers for all tangible assets. ◈ Carrying out mandatory preventive maintenance programs. ◈ Carrying out frequent employee training programs in areas such as fire prevention.
	Human Capital & Labor Risk	To maintain a smooth flow of activities with minimal disruptions while maximizing human capital productivity.	◈ Maintaining healthy relationships with trade unions through regular dialogues. ◈ Entering in to collective agreements with trade unions. ◈ Ensure compliance with all regulatory requirements with regard to the benefits applicable to workers at estates. ◈ To protect our self as a human employer being successful in motivating, developing, retaining and attracting the best of human capital. ◈ Improving employee benefits by way of financial incentives and welfare activities. ◈ Arrange in-house and external training in order to develop the human resources.
	Product Risk & Risk of Competition	To increase our market share and ensure our ability to compete in our respective industries by sustaining leadership.	◈ Ensure high standards of quality of Products through obtaining local and global Certificates and recognition such as ISO certificates. ◈ Increasing productivity and efficiency in order to ensure an adequate margin despite increasing wage, energy and transportation cost. ◈ Carrying out Research & Development activities to meet the competition. ◈ Regular attention towards competitor behavior to secure and improve the market.
	Procurement Risk	To reduce the risk connected with material pricing and availability.	◈ Continuous replanting activities of all crops for meet the increasing demand. ◈ Ensure the availability of all required materials through regular investigation of Procurement. ◈ Establishing relationships with many suppliers for latex and bought leaf in order to reduce over-dependency on a single supplier. ◈ Entering into forward contracts for purchases of certain raw material items.

RISK MANAGEMENT

KEY RISKS	SUB RISK	PURPOSE OF MANAGING RISK	HOW WE MANAGE
HAZARD RISK	Information Systems Risk	To reduce the risk of information system failures and increase data security, hardware, communication, and software.	◈ Maintaining of spare servers. ◈ Mirroring of hard disks with critical data. ◈ Data back-ups stored in offsite locations. ◈ Vendor agreements for support service and maintenance. ◈ Regular updating of Virus scanners, Firewalls etc. ◈ Compliance with statutory requirements for environmental preservation. ◈ Carrying out Application Control Audits.
	Industrial Accident Risk	To eliminate the possibility of an industrial accident occurring in order to secure internal security.	◈ Implementing safety measures in the factories and estates. ◈ Improving the awareness of the employees on the possible accidents. ◈ Facilitating the employee education on first aid treatment. ◈ Aligning the production processes with relevant safety standards.
	Natural Disaster Risk	To lessen the harmful consequences of natural disasters.	◈ Analyzing the seasonal trends of usual disasters such as floods and getting prepared to minimize avoidable losses. ◈ Obtaining insurance covers for the risky areas. ◈ Preparation of the staff to face unexpected disasters by improving their knowledge on such events.

An Unprecedented Crisis - The Covid-19 pandemic



It has generated immense upheaval in organizations and stimulated new contemplating what safety implies. As the worldwide spread of the Covid-19 is significantly influencing organizations as well as individuals, knowing how to diminish the accompanying risks is vital.

Adopt the New Normal...

COVID-19 has stirred up standards inside the organisation. It has featured the ability for many aspects of operations to be done from a remotely, and furthermore the significance of workforce well-being and day to day living conditions. New measures and strategy ought to be created to advance labor force efficiency with these new revelations, as well as supporting everybody's strength and versatility in this present reality where COVID-19 is endemic.

Steps taken have included enforce strict measures, social distancing, additional hygiene requirements, detect potential cases and changes to working patterns where appropriate. On the other hand, we continue to conduct regular briefings, communicate COVID-19 safety measures, and provide hand sanitiser etc.

We will continue to adapt our operations in accordance with national regulations and provide health advice wherever we operate.

FINANCIAL CALENDAR

Financial Year
2021/22

Annual Report Published
31-Aug-2022

29th Annual General Meeting
29-Sep-2022

Interim Financial Statements	2021/22	2020/21
1st Quarter (three months ended 30th June)	10 August 2021	14 August 2020
2nd Quarter (six months ended 30th September)	11 November 2021	13 November 2020
3rd Quarter (nine months ended 31st December)	11 February 2022	11 February 2021
4th Quarter (twelve months ended 31st March)	30 May 2022	31 May 2021

Dividend Announcements	2021/22	2020/21
Date of Announcement	25 March 2022	25 March 2021
Interim Dividend	Rs. 5.00 Per Share	Rs. 4.00 Per Share
Date of Payment	27 April 2022	28 April 2021

Annual Report	Published	Meetings	Date
2012/13	30 May 2013	20th Annual General Meeting	28 June 2013
2013/14	30 May 2014	21st Annual General Meeting	30 June 2014
2014/15	28 May 2015	22nd Annual General Meeting	30 June 2015
2015/16	31 May 2016	23rd Annual General Meeting	30 June 2016
2016/17	31 May 2017	24th Annual General Meeting	30 June 2017
2017/18	30 May 2018	25th Annual General Meeting	29 June 2018
2018/19	12-Jun-2019	26th Annual General Meeting	26 July 2019
2019/20	28-Sep-2020	27th Annual General Meeting	12 February 2021
2020/21	31-Aug-2021	28th Annual General Meeting	11 January 2022
2021/22	31-Aug-2022	29th Annual General Meeting	29 September 2022

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Directors of Kegalle Plantations PLC have pleasure in presenting to the Members, their report together with the Audited Financial Statements of the Company and its subsidiary for the year ended 31 March 2022 and the Auditor's Report thereon.

The Board of Directors approved this report on 05 August 2022.

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 and Exchange Commission and are guided by recommended best Accounting Practices. The Company's new registration number is PQ 135.

Principal Activities and Operational Review

The principal activity of Kegalle Plantations PLC is cultivation and processing of Rubber, Tea, Coconut and other crops and remains unchanged from the previous year. The number of estates manage remained the same as last year - 17 estates with a total extent cultivated being 7,480 hectares (7,454 hectares in 2020/21).

The Company continues to be managed by RPC Plantation 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.

Future Development

Profound changes take place in the global commodity market. In order to stay ahead of its competitors, the strategic direction of the Company is regularly monitored by the Board of Directors in the key areas of operations and financial management, in pursuit of improving yields, value addition, diversification and product differentiation to reduce price sensitivity, to improve quality and get the best return on investment.

Review of the Company Performance

The Chairman's Review, Management Discussion & Analysis and other reports attached, briefly describe the performance of the Company and the Group in the current financial year. These Reports together with the Financial Statements reflect results and the state of affairs of the Company and its subsidiary.

Turnover

The Turnover of the Company was Rs. 3,627,750,663/- (2020/21 - Rs. 3,148,121,951/-) which is a 15% increase over last year, Composition of the Revenue is given in Note 6 to the Accounts.

Results and Appropriations

Summary of the results and appropriations are given below.

	2021/22 Rs.'000	2020/21 Rs.'000
Profit from Operations after deducting all expenses, depreciation and all known liabilities	564,971	370,291
(-) Taxation	(87,068)	(55,165)
Profit after Tax	477,903	315,126
(+) Other Comprehensive Income	39,587	56,207
Total Comprehensive Income	517,490	371,333
(+) Un-appropriate profit brought forward	2,339,042	2,070,271
Profit available for Distribution	2,856,532	2,441,604
Appropriation		
Dividends paid	(125,000)	(100,000)
Timber Reserve	(14,232)	(2,562)
Un-appropriated profit carried forward	2,717,300	2,339,042

Details of the Company's profits are given in pages 54 - 55.

Investments

Information relating to the movement of investments is given in Notes 15 (a), 17 and 18 to the Accounts.

Property, Plant and Equipment

The total capital expenditure incurred on the acquisition of fixed assets during the year amounted to Rs. 338,505,661/- (2020/21 - Rs. 274,845,758/-), out of which expenditure on Biological Assets amounts to Rs. 331,735,642/- (2020/21 - Rs. 237,084,953/-). Further information relating to the movement of Fixed Assets is given in Notes 14 to 16 of the Accounts. Capital expenditure has been financed by either long or short-term borrowings depending on the pay- back period and or internally generated funds.

Loans & Borrowings

A breakdown of the total loans outstanding as at the Statement of Financial Position date is given in Note 25 to the Accounts.

Stated Capital

The Stated Capital of the Company as at 31 March 2022 was Rs. 250,000,010/-. A detail of the Stated Capital is given in Note 24 to the Financial Statements.

Reserves

The Reserves of the Company as at 31 March 2022 was Rs. 3,040,715,799/- (2020/21 - Rs. 2,648,225,547/-). The details are given in the Statement of Changes in Equity on Page 57 to the Financial Statements.

Corporate Donations

During the year under review the Company has not made any donations. (2020/21 – Nil).

Taxation

According to the New Inland Revenue Act No. 24 of 2017 (i.e. effective from 1 April 2018), the Company was liable to pay income tax at the rate of 14% on its agricultural business for the year of assessment 2019/20 and as per the Inland Revenue (Amendment) Act was passed in Parliament on 4 May 2021, The sale of produce from agro farming is exempt for a period of 5 years from 1 April 2019.

Agro processing is taxed at a concessionary rate of 14% and all the other sources taxed at the standard rate of 24% from 1 January 2020 onwards.

Further details of Taxation are given in Note 12 to the Financial Statements.

Share Information

Information on Earnings, Dividend, Net Assets and Market Value per share is given on Pages xx to 111-113 of this report.

Major Shareholders

The twenty largest shareholders of the Company as at 31 March 2022 together with percentages held are given under the caption "Shareholder & Investor Information" on Page 113.

Directorate

The Names of the Directors who held Office during the year are given below. Their brief profile appears on Pages 8 to 9.

Name of the Director	
Dr. Sena Yaddehige	Chairman
Prof. R C W M R A Nugawela	Director
Dr. S S B D G Jayawardena	Director
Mr. Shaminda Yaddehige	Director
Mr. S S G Liyanage (Demised on 30 April 2022)	Director
Mr. J L A Fernando	Director

Appointment, Re-election and Resignation

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

"That Dr. Sena Yaddehige of Le Neuf , Chemin, St. Saviours, Guernsey, United Kingdom who is 76 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act no. 07 of 2007 shall not apply to the said Dr. Sena Yaddehige"

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. Gerry Jayawardena of No. 134, Batagama (North) Ja -Ela, who is 80 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. Gerry Jayawardena"

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. Ananda Fernando of No.26/83 A, Waidya Road, Dehiwala, who is 70 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act no. 07 of 2007 shall not apply to the said Mr. Ananda Fernando"

To re-elect Prof. Asoka Nugawela who retires by rotation in terms of Article 92 at the Annual General Meeting, a Director

Directors' Interest in Contracts

Directors' interest in contracts in relation to transactions with related entities, transactions with Key Management Personnel and other related disclosures are stated in Note 37 (Related Party Disclosures) to the Financial Statements.

Interest Register

The Company maintains an interest register as required by the Companies' Act No. 07 of 2007. Information pertaining to directors' interest in contracts, their remuneration and their share ownership are disclosed in the interest register.

Directors'/CEO's Interest in Shares

Shareholding of Directors/CEO who held office during the financial year is as follows:

ANNUAL REPORT OF THE BOARD OF DIRECTORS

Directors' and CEO's Shareholding		
Name of Director/CEO	As at 31/03/2022	As at 31/03/2021
Dr. Sena Yaddehige, Chairman	-	-
Prof. R C W M R A Nugawela, Director	-	-
Dr. S S B D G Jayawardena, Director	-	-
Mr. Shaminda Yaddehige, Director	-	-
Mr. S S G Liyanage (Demised on 30 April 2022), Director	-	-
Mr. J L A Fernando, Director	100	100
Mr. Prins de S A Gunasekara, Chief Executive Officer	-	-

Directors' Remuneration and Other Benefits

The Remuneration of the Directors for the year ended 31 March 2022 is given in Note 8 of the Financial Statements.

Vision, Mission & Objectives

The Company's Vision, Mission and Long-Term Objectives are given front inner page of this report.

Environmental Protection

The Companies 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.

Employment Policy

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 performances and realize their potential and through this process to benefit the Company and themselves.

Statutory Payments

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

Events after the Reporting Date

No circumstances have arisen since the Statement of Financial Position date, which would require adjustment or disclosure in the Accounts.

The Company considers its human resource as the greatest asset and therefore stringent measures have been adopted among employees in Tea Centers, Factories and fields to control the outbreak of Corona Virus. The Company will continue its policy of Human Resources development to meet the future challenges that will arise in skill and competency levels.

In this context, ensuring health and safety of our employees is of paramount important and we have facilitated work from home for head office employees, sanitization and other safety measures have been implemented at all our estates and manufacturing facilities. Several welfare measures such as providing dry rations, cash advances to maintain livelihood of our estate employees during this period were undertaken.

Board Committees

The Board has delegated responsibilities to three Board Sub Committees which operate within clearly defined terms of reference. Their compositions and functions are given in Pages 36 to 38 of this report.

Related Party Transactions

There are no 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 which are adopted in the presentation of the Financial Statements and accordingly given in note 37 on Pages 105 to 106.

Corporate Governance and Internal Control

The policies adopted by the Company in relation to Best Practices and Good Corporate Governance are given on Pages 29 to 35.

The Board has overall responsibility for the Group's system of Internal Financial Control. Although no system of Internal Control can provide absolute assurance against material misstatement or loss the Group'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.

Directors' Responsibility for Financial Reporting

The Statement of Directors' Responsibility for financial reporting of the Company and the Group is set out in Page 50 of this report.

Compliance with Laws and Regulations

The Directors, to the best of their knowledge and belief, confirm that the Company has not engaged in any activities that contravene the Laws and the regulations

applicable in Sri Lanka. Financial Statements are published quarterly in line with the Listing Rules of the Colombo Stock Exchange.

The Company is in compliance with the CSE rules on related party transactions which was made mandatory with effect from 1st of January 2016.

Company Auditors

The Financial Statements for the year ended 31 March 2022 have been audited by Messrs. Ernst & Young, Chartered Accountants. The Auditors Report is given on Pages 51 to 53.

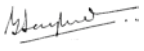
In accordance with the Companies Act No. 7 of 2007, a resolution proposing their re-appointment as Auditors to the Company and authorizing the Directors of the Company to fix their remuneration will be proposed at the Annual General Meeting.

The Audit Fee of Messrs. Ernst & Young for the current year was Rs. 4,038,891/- (2020/21 Rs. 3,739,714/-). In addition, Rs. 1,428,817/- (2020/21 Rs. 1,294,674/-) was paid by the Company for non-audit related work which consists mainly of certifications issued to the Department of Inland Revenue and Tax related work. As far as the Directors were aware the Auditors do not have any relationship other than that of an Auditor with the Company.

Annual General Meeting

The Annual General Meeting will be held on 29 September 2022 at the registered office of the Company at 310, High Level Road, Nawinna, Maharagama. The notice of the Annual General Meeting is on Page 117 of the report.

This Annual Report is signed for and on behalf of the Board of Directors.



Dr. S S B D G Jayawardena
Director

J L A Fernando
Director

Mrs. R J Siriweera
Company Secretary

Richard Pieris Group Services (Pvt) Ltd
Secretaries
310, High Level Road
Nawinna
Maharagama.

05 August 2022

STATEMENT OF THE DIRECTORS' RESPONSIBILITY

In keeping with the provisions under the Companies Act No.7 of 2007, the Directors of Kegalle Plantations PLC, acknowledge their responsibility in relation to financial reporting of both, the Company and that of its Group. These responsibilities differ from those of its Auditors, Messrs. Ernst & Young, which are set out in their report, appearing on pages 51 to 53 of this report.

The Financial Statements of the Company and its subsidiary for the year ended 31 March 2022 included in this report have been prepared and presented in accordance with the Sri Lanka Financial Reporting Standards. They provide the information as required by the Companies Act No. 7 of 2007, Sri Lanka Accounting Standards and the Listing Rules of the Colombo Stock Exchange. The Directors confirm that suitable accounting policies have been used and applied consistently and that all applicable accounting standards have been followed in the preparation of the Financial Statements given on pages from 60 to 74 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 all Companies within the Group maintain adequate accounting records, which are sufficient enough to prepare Financial Statements that disclose with reasonable accuracy, the financial position of the Company and its subsidiary. 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 and its subsidiary as at 31 March 2022 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 the prevalent internal control systems instituted by them which comprise internal checks, internal audit, 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 and its subsidiary have adequate resources to continue operations in the foreseeable future, as a going concern. Accordingly, the Directors 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 Company's Auditors, Messrs. Ernst & Young, Chartered Accountants have examined the Financial Statements together with all financial records and related data and express their opinion which appears as reported by them on pages 51 to 53 of this report. In arriving at their opinion, they have carried out reviews and sample checks on the system of internal controls.

By order of the Board,

Mrs. R J Siriweera
Company Secretary

Richard Pieris Group Services (Pvt) Ltd
Secretaries
310, High Level Road
Nawinna
Maharagama.

05 August 2022

INDEPENDENT AUDITORS' REPORT

Building a better working world

Ernst & Young
Chartered Accountants
201, De Saram Place
P.O. Box 101
Colombo 10, Sri Lanka

Tel: +94 11 246 3500
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INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF KEGALLE PLANTATIONS PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Kegalle Plantations PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at March 31, 2022, 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 of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at March 31, 2022, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our 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.

Key Audit Matter	How our audit addressed the key audit matter
Measurement of Bearer Biological Assets	
The Bearer Biological Asset is a significant non-current asset of the Group representing 36% of the total assets consisting with Rs. 1,668 Mn as Mature and Rs. 1,284 Mn as Immature as at 31 March 2022. Assessing the valuation of Bearer Biological asset in the financial statements is a key audit matter due to following factors: ◈ Magnitude of the balance and its significance to total assets (44%) of the Group.	Our audit procedures were based on the latest available information up to the date of our report and included the following: ◈ We assessed the processes and controls in place to ensure; proper identification of the expenses incurred relating to immature plantations. ◈ We validated the significant amounts capitalised (including capitalized labour and other acceptable costs) by examining related invoices, capital expenditure authorizations and other corroborative evidences.

Partners: H M A Jayesinghe FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, W R H De Silva FCA ACMA, Ms. Y A De Silva FCA, Ms. K R M Fernando FCA ACMA, N Y R L Fernando ACA, W K B S P Fernando FCA FCMA, Ms. L K H L Fonseka FCA, D N Gamage ACA ACMA, A P A Gunasekera FCA FCMA, A Herath FCA, D K Hulangamuwa FCA FCMA LLB (London), Ms. G G S Manatunga FCA, A A J R Perera ACA ACMA, Ms. P V K N Sajeewani FCA, N M Sulaiman ACA ACMA, B E Wijesuriya FCA FCMA, C A Yalagala ACA ACMA

Principals: W S J De Silva BSc (Hons)-MIS MSc-IT, G B Goudian ACMA, D L B Karunathilaka ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

INDEPENDENT AUDITORS' REPORT

Key Audit Matter	How our audit addressed the key audit matter
Measurement of Bearer Biological Assets (Contd.)	
◈ Identification of costs to be capitalised as immature plantations, Involvement of management judgement regarding the point at which transfers to be made from immature plantations to mature plantations and for the identification of triggers of impairment (if any).	◈ Assessed timely transfer of matured plants to respective matured plantation categories by examining ageing profile of immature plantations. ◈ Assessed the adequacy of depreciation provided on the matured plantations by performing independent computation. ◈ We inspected the ageing profile of the immature biological assets as of the reporting date to ensure that triggers of impairment (if any) are identified on a timely basis, assessed for probable impairment charges/losses and duly accounted for in the financial statements. We also assessed the adequacy of the related disclosures given in Notes 3.8.8.1 and 16.1 in the financial statements.
Retirement Benefit Obligation	
The retirement benefit obligation as at 31 March 2022 of the Group is based on the actuarial valuations carried out by an external valuer engaged by the Group. Measurement of the retirement benefit obligation was a key audit matter due to following reasons: ◈ The retirement benefit obligation of the Group is significant (Rs. 443 Mn) in the context of the total liabilities of the Group (13 % of total liabilities). ◈ The actuarial valuation involves making significant assumptions about discount rates and future salary increases. Further, the complexity of the valuation and the changes in underlying assumptions are highly sensitive in assessing the value of retirement benefit obligation. ◈ The determination of the base salary/wage rate and the future salary/wage growth rates for the purpose of measuring retirement benefit obligation as of year-end, required significant management judgments giving due consideration to wage/ salary negotiations which are currently under discussions. The matter is also referred to the Court of Appeal as at the statement of financial position date as disclosed under Note 35.2 to the financial statements Key areas of significant judgments, estimates and assumptions included the following: ◈ Discount rate ◈ Future salary increase rate & Wage Rate	Our audit procedures were based on the latest available information up to the date of our report and included the following: ◈ We assessed the competency, capability and objectivity of the external actuary engaged by the Group. ◈ We read the external actuary's report and understood the key estimates made and the approach taken by the valuer in determining the present value of retirement benefit obligation. ◈ We assessed the assumption for salary increases against the historical collective agreements. ◈ 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 Group. ◈ We evaluated the impact on retirement benefit obligation resulting from wage negotiations and assessed the adequacy of disclosures given in Note 35.2 to the financial statements. We have also assessed the adequacy of the disclosures made in Notes 26 to the financial statements relating to the significant judgements and estimates.

Other Information included in the Company's 2022 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. 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 the management and those charged with governance

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

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

Report on other legal and regulatory requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is M- 4169.

Ernst & Young
Chartered Accountants

05 August 2022
Colombo

STATEMENT OF PROFIT OR LOSS

		Group		Company	
		2022	2021	2022	2021
Year ended 31 March	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue	6	3,627,751	3,148,122	3,627,751	3,148,122
Cost of Sale		(3,095,130)	(2,826,536)	(3,095,130)	(2,826,536)
Gross Profit		532,621	321,586	532,621	321,586
Gain on fair value of Biological Assets	16.4	15,621	4,467	15,621	4,467
Other Income	7	92,566	64,756	90,251	220,583
Administrative Expenses		(60,139)	(52,529)	(56,375)	(48,750)
Management Fee		(94,629)	(58,941)	(94,629)	(58,941)
Profit/(Loss) from Operations	8	486,040	279,339	487,489	438,945
Finance Income	9	181,044	56,345	181,044	56,345
Finance Cost	10	(103,562)	(125,000)	(103,562)	(125,000)
Share of Result of Equity Accounted Investees	11	396,156	403,869	-	-
Profit Before Taxation		959,678	614,553	564,971	370,290
Tax Expenses	12.1	(163,099)	(131,951)	(87,067)	(55,165)
Profit After Taxation		796,579	482,603	477,904	315,125
Attributable to:					
Equity holders of the Parent		796,579	482,603	477,904	315,125
Non-controlling interest		-	-	-	-
Profit for the year		796,579	482,603	477,904	315,125
Basic Earnings Per Share - Rs.	13	31.86	19.30	19.12	12.61
Dividend Per Share - Rs.	13.3	5.00	4.00	5.00	4.00

The accounting policies and notes on Pages 60 through 110 form an integral part of the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

		Group		Company	
		2022	2021	2022	2021
Year ended 31 March	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Profit for the year		796,579	482,603	477,904	315,125
Other Comprehensive Income					
Other Comprehensive income that will not be reclassified to profit or loss in Subsequent periods (net of tax)					
Actuarial Gains / (Losses) on Defined Benefit Plans	26	12,501	51,417	12,501	51,417
Income tax effect	12.2	(1,750)	(7,198)	(1,750)	(7,198)
Other Comprehensive income/(loss) that will not be reclassified to profit or loss in Subsequent periods (net of tax)		10,751	44,219	10,751	44,219
Share of Other Comprehensive Income of Equity Accounted Investees					
Other Comprehensive income that will not be reclassified to profit or loss in Subsequent periods					
Actuarial Gains / (Losses) on Defined Benefit Plans	11.2	(3,336)	(713)	-	-
Income tax effect	11.2	467	100	-	-
		(2,869)	(613)	-	-
Net Gain / (Loss) on Fair Value Through Other Comprehensive Income Financial Assets	11.2 & 17.1	3,700	13,320	32,040	13,320
Income tax effect	12.2	(3,204)	(1,332)	(3,204)	(1,332)
		496	11,988	28,836	11,988
Net Other Comprehensive income / (Loss) that will not be reclassified to profit or loss in Subsequent periods		(2,373)	11,375	28,836	11,988
Other Comprehensive income to be reclassified to profit or loss in Subsequent periods		-	-	-	-
Other Comprehensive Income for the year, net of tax		8,378	55,594	39,587	56,207
Total Comprehensive Income for the year, net of tax		804,957	538,196	517,491	371,332
Attributable to:					
Equity holders of the Parent		804,957	538,196	517,491	371,332
Non-controlling interest		-	-	-	-
Total Comprehensive Income for the year		804,957	538,196	517,491	371,332

The accounting policies and notes on Pages 60 through 110 form an integral part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION

		Group		Company	
		2022	2021	2022	2021
As at 31 March	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000
ASSETS					
Non Current Assets					
Right of Use Assets	14	488,108	499,896	488,108	499,896
Free hold Property, Plant and Equipment	15	628,466	280,169	610,680	258,759
Bearer Biological Assets	16.1	2,952,415	2,736,501	2,952,415	2,736,501
Consumable Biological Assets	16.2	190,705	160,028	190,705	160,028
Financial Assets	17	199,080	167,040	199,080	167,040
Long Term Investments	18.3	1,935,038	1,646,123	491,850	491,850
Total Non Current Assets		6,393,812	5,489,757	4,932,838	4,314,074
Current Assets					
Produce on Bearer Biological Asset	16.3	7,784	6,395	7,784	6,395
Inventories	19	445,465	329,298	445,352	329,185
Trade and Other Receivables	20	455,787	366,875	454,166	365,254
ESC Recoverable		8,846	21,100	8,846	21,100
VAT Recoverable		21,066	21,066	21,066	21,066
Income Tax Recoverable		16,131	16,131	16,131	16,131
Amounts due from Related Companies	21	11,681	11,337	38,508	40,351
Short Term Investments	22	776,496	865,467	776,496	865,467
Cash and Bank Balances	23	15,841	18,181	15,841	18,181
Total Current Assets		1,759,097	1,655,850	1,784,190	1,683,130
TOTAL ASSETS		8,152,909	7,145,607	6,717,028	5,997,203
EQUITY AND LIABILITIES					
Equity					
Stated Capital	24	250,000	250,000	250,000	250,000
General Reserve	24.1	225,000	225,000	225,000	225,000
Timber Reserve	24.2	49,815	35,583	49,816	35,583
Fair Value Through Other Comprehensive Income Reserve	24.3	48,588	48,588	48,600	48,600
Retained Earnings		4,143,258	3,477,533	2,717,302	2,339,043
Total Equity		4,716,661	4,036,704	3,290,718	2,898,226
Non Current Liabilities					
Interest-bearing Loans & Borrowings	25	804,160	677,619	804,160	677,619
Retiring Benefit Obligations	26	443,213	446,117	443,213	446,117
Deferred Income	27	211,001	208,443	211,001	208,443
Deferred Tax Liability	28	247,401	167,634	247,401	167,634
Lease Creditor	29.3	504,396	491,902	504,396	491,902
Total Non Current Liabilities		2,210,171	1,991,715	2,210,171	1,991,715
Current Liabilities					
Trade and Other Payables	30	363,931	344,107	359,114	339,301
Interest-bearing Loans & Borrowings	25	441,549	485,159	441,549	485,159
Lease Creditor	29.3	6,303	5,587	6,303	5,587
Dividend Payable	31	162,553	133,308	162,553	133,308
Amounts due to Related Companies	32	251,740	149,027	246,620	143,908
Total Current Liabilities		1,226,076	1,117,188	1,216,139	1,107,263
TOTAL EQUITY AND LIABILITIES		8,152,909	7,145,607	6,717,028	5,997,203

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

Ajith Ranasinghe
Financial Controller (Acting)

The Board of Directors is responsible for these Financial Statements.
approved and signed for and on behalf of the Board of Directors of Kegalle Plantations PLC.

Dr. S S B D G Jayawardena
Director

J L A Fernando
Director

The accounting policies and notes on Pages 60 through 110 form an integral part of the Financial Statements.

05 August 2022
Colombo

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March

Group	Stated Capital	General Reserve	Retained Earnings	FVTOCI Reserve	Timber Reserve	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 01 April 2020	250,000	225,000	3,041,899	48,588	33,021	3,598,508
Profit for the year	-	-	482,602	-	-	482,602
Other Comprehensive Income						
Actuarial Gains and (Losses) on Defined Benefit Plans	-	-	44,219	-	-	44,219
Share of Other Comprehensive Income of Equity Accounted Investees						
Net Gain / (Loss) on FVTOCI financial assets	-	-	11,988	-	-	11,988
Actuarial Gains and (Losses) on Defined Benefit Plans	-	-	(613)	-	-	(613)
Timber Reserve	-	-	(2,562)	-	2,562	-
Dividend paid	-	-	(100,000)	-	-	(100,000)
Balance as at 31 March 2021	250,000	225,000	3,477,533	48,588	35,583	4,036,704
Profit for the year	-	-	796,579	-	-	796,579
Other Comprehensive Income						
Actuarial Gains / (Losses) on Defined Benefit Plans	-	-	10,751	-	-	10,751
Share of Other Comprehensive Income of Equity Accounted Investees						
Net Gain / (Loss) on Fair Value Through Other Comprehensive Income Financial Assets	-	-	496	-	-	496
Actuarial Gains / (Losses) on Defined Benefit Plans	-	-	(2,869)	-	-	(2,869)
Timber Reserve	-	-	(14,232)	-	14,232	-
Dividend paid	-	-	(125,000)	-	-	(125,000)
Balance as at 31 March 2022	250,000	225,000	4,143,258	48,588	49,815	4,716,661

Company	Stated Capital	General Reserve	Retained Earnings	FVTOCI Reserve	Timber Reserve	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 01 April 2020	250,000	225,000	2,070,272	48,600	33,021	2,626,893
Profit for the year	-	-	315,126	-	-	315,126
Other Comprehensive Income/(Loss)	-	-	56,207	-	-	56,207
Timber Reserve	-	-	(2,562)	-	2,562	-
Dividend paid	-	-	(100,000)	-	-	(100,000)
Balance as at 31 March 2021	250,000	225,000	2,339,043	48,600	35,584	2,898,227
Profit for the year	-	-	477,904	-	-	477,904
Other Comprehensive Income	-	-	39,587	-	-	39,587
Timber Reserve	-	-	(14,232)	-	14,232	-
Dividend paid	-	-	(125,000)	-	-	(125,000)
Balance as at 31 March 2022	250,000	225,000	2,717,302	48,600	49,816	3,290,718

The accounting policies and notes on Pages 60 through 110 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOW

Year ended 31 March	Notes	Group 2022 Rs. '000	Group 2021 Rs. '000	Company 2022 Rs. '000	Company 2021 Rs. '000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES					
Net Profit before Taxation		959,678	614,554	564,971	370,291
ADJUSTMENTS FOR					
Interest Income	9	(181,044)	(56,345)	(181,044)	(56,345)
Depreciation/Amortisation	8	155,544	144,208	155,544	144,208
Provision for Defined Benefit Plan Costs	26	65,559	83,596	65,559	83,596
Amortisation of Grants	27	(12,200)	(11,708)	(12,200)	(11,708)
Finance Costs	10	36,954	60,164	36,954	60,164
Interest on Government Finance Lease	29	66,608	64,835	66,608	64,835
Dividend Received from Associates Assets	7	-	-	-	(157,950)
Impairment of Property, Plant & Equipment		3,624	3,619	-	-
Reassessment on Lease Liability		107	107	107	107
(Profit) / Loss on disposal of Assets		-	1,278	-	1,278
(Gains) / Losses on Fair Value of Biological Assets	16.4	(15,621)	(4,467)	(15,621)	(4,467)
Share of result of Associates	11	(396,156)	(403,869)	-	-
Operating Profit before Working Capital Changes		683,053	495,972	680,878	494,009
(Increase)/Decrease in Inventories		(116,167)	42,236	(116,167)	42,236
(Increase)/Decrease in Trade and Other Receivables		(88,912)	(5,321)	(88,912)	(5,321)
Increase/(Decrease) in Trade and Other Payables		19,824	88,772	19,813	88,761
(Increase)/Decrease in amounts due from Related Companies		(344)	(123)	1,843	1,850
Increase/(Decrease) in amounts due to Related Companies		102,713	51,805	102,712	51,805
Cash Generated from / (used in) Operations		600,167	673,341	600,167	673,340
Interest on Government Finance Lease	29	(66,608)	(64,835)	(66,608)	(64,835)
Finance Costs Paid	10	(36,954)	(60,165)	(36,954)	(60,165)
Defined Benefit Plan Costs Paid	26	(55,962)	(55,132)	(55,962)	(55,132)
Net Cash from / (used in) Operating Activities		440,643	493,209	440,643	493,208
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES					
Investments in Projects	15.(a).	(372,681)	-	(372,681)	-
Interest Income	9	181,044	56,345	181,044	56,345
Dividend Received from Associates		-	157,950	-	157,950
Grant/Subsidies Received	27	14,758	15,945	14,758	15,945
Field Development Expenditure	Note A	(331,736)	(237,085)	(331,736)	(237,085)
Purchase of Property, Plant & Equipment	Note B	(6,769)	(37,760)	(6,769)	(37,760)
Net Cash from / (used in) Investing Activities		(515,384)	(44,605)	(515,384)	(44,605)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES					
Dividend Paid		(95,755)	(12)	(95,755)	(12)
Payment of Government Lease Rentals - Capital	29	(3,745)	(3,204)	(3,745)	(3,204)
Proceed from Loans	25	450,000	725,000	450,000	725,000
Repayment of Loans	25	(335,453)	(264,526)	(335,453)	(264,526)
Net Cash from / (used in) Financing Activities		15,047	457,255	15,047	457,255
Net Increase / (Decrease) in Cash & Cash Equivalents		(59,694)	905,859	(59,694)	905,858
Cash & Cash Equivalents at the beginning of the year	Note C	752,030	(153,828)	752,030	(153,828)
Cash & Cash Equivalents at the end of the year	Note D	692,336	752,030	692,336	752,030

The accounting policies and notes on Pages 60 through 110 form an integral part of the Financial Statements.

NOTES TO THE CASH FLOW STATEMENT

NOTE A	Group		Company	
	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Investment in field development expenditure				
Investment in Immature Plantations				
Rubber	248,176	182,535	248,176	182,535
Tea	3,459	4,026	3,459	4,026
Coconut	29,178	2,154	29,178	2,154
Unallocated	50,923	48,370	50,923	48,370
	331,736	237,085	331,736	237,085

NOTE B	Group		Company	
	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Investment in Property, Plant & Equipment				
Rubber	5,612	132	5,612	132
Tea	1,013	37,253	1,013	37,253
Unallocated	144	375	144	375
	6,769	37,760	6,769	37,760

NOTE C	Group		Company	
	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash & Cash Equivalents at the beginning of the year				
Cash & Bank Balances	18,181	10,448	18,181	10,448
Bank Overdrafts	(131,617)	(691,789)	(131,617)	(691,789)
Short term Investments	865,467	527,513	865,467	527,513
	752,031	(153,828)	752,031	(153,828)

NOTE D	Group		Company	
	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash & Cash Equivalents at the end of the year				
Cash & Bank Balances	15,841	18,181	15,841	18,181
Bank Overdrafts	(100,000)	(131,617)	(100,000)	(131,617)
Short term Investments	776,496	865,467	776,496	865,467
	692,337	752,031	692,337	752,031

The accounting policies and notes on Pages 60 through 110 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1 Domicile and legal form

Kegalle Plantations PLC was incorporated on 22nd June 1992 under the Companies Act No. 17 of 1982 (The Company was re-registered under the Companies Act No. 07 of 2007) in terms of the provisions of the Conversion of Public Corporation and Government-Owned Business Undertakings into Public Companies under 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 Kegalle, Kurunegala and Badulla.

The Ordinary Shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka.

All companies in the Group are limited liability companies incorporated and domiciled in Sri Lanka.

The Consolidated Financial Statements of Kegalle Plantations PLC, as at and for the year ended 31 March 2022 comprise the Company, its Subsidiary and Associates namely, Hamefa Kegalle (Pvt.) Ltd, Richard Pieris Natural Foams Ltd, and Arpico Insurance PLC.

The Financial Statements of all companies in the Group are prepared for a common financial year, which ends on 31st March.

1.2 Principal activities and the nature of the operations

During the year, the principal activities of the Company were the producing and processing of Rubber, Tea and Coconut.

Principal activities of other Companies in the Group are as follows.

Company	Relationship of Business	Nature of the business/Principal Place
Hamefa Kegalle (Pvt) Ltd	Subsidiary	Currently no business operation other than Rent Income.
Richard Pieris Natural Foams Ltd	Associate	Manufacture of latex foam products.
Arpico Insurance PLC	Associate	Providing life insurance services.

1.3 Holding Company

The Company is a subsidiary of RPC Plantation Management Services (Pvt) Ltd., which is a wholly owned subsidiary of Richard Peiris Plantations (Pvt) Ltd whose ultimate parent enterprise is Richard Peiris & Co. PLC.

1.4 Date of Authorization for issue

The financial statements of Kegalle Plantations PLC for the year ended 31 March 2022 were authorized for issue in accordance with a resolution of the board of directors on 05 August 2022.

1.5 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.

2. BASIS OF PREPERATION

2.1 Statement of Compliance

The Financial Statements of the Company and the Group which comprise 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 the Financial Statements ("the Consolidated 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 Basis of Measurement

These Consolidated Financial Statements have been prepared in accordance with the historical cost convention other than the following material items in the Financial Statements, which are measured at fair value less cost to sell.

- Managed Consumable biological assets are measured at fair value.
- Harvestable Agricultural Produce growing on bearer biological assets are measured at fair value.
- Equity financial assets at fair value through other comprehensive income.
- Defined Benefit Obligation is measured using projected unit credit method.

Where appropriate, the specific policies are explained in the succeeding Notes

No adjustments have been made for inflationary factors in the Consolidated Financial Statements.

2.3 Functional and Presentation Currency

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

2.4 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except the changes mentioned, all the accounting policies set out below have been applied consistently to all the periods presented in the financial statements.

3.1 New and amended standards and interpretation

The following amendments and improvements do not have a significant impact on the Company's financial statements during the year ended 31st March 2022.

- Amendments to LKAS 16 Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to SLFRS 9, LKAS 39, SLFRS7, SLFRS 4 and SLFRS 16 – Interest Rate Benchmark Reform (Phase 1 & 2) – ("IBOR reform")
- Amendments to LKAS 1 and LKAS 8 Definition of Material
- LKAS 41 Agriculture – Taxation in fair value measurements
- Amendments to LKAS 1: Classification of Liabilities as Current or Non-current

3.2 Going Concern

The Consolidated Financial Statements have been prepared on the assumption that the Group is a going concern. The Directors have made an assessment of the Group's ability to continue as a going concern in the foreseeable future. Furthermore, board is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as going concern and they do not intend either to liquidate or to cease operations of Group. Therefore, the Consolidated Financial Statements continue to be prepared on the going concern basis.

3.3 Basis of Consolidation

The Consolidated Financial Statements comprise the Financial Statements of the Group and its subsidiaries as at 31 March 2022. Subsidiaries are those entities controlled by the group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the Financial Statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Company level investments in subsidiaries are recognized at cost.

3.3.1 Business Combinations 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 Interest in the acquiree. For each business combination, the Group elects whether it measures the Non-Controlling Interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group 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.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss or other comprehensive income, as appropriate.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating

NOTES TO THE FINANCIAL STATEMENTS

units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.
Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

3.3.2 Equity Accounted Investees (Investment in Associates)

Equity accounted investees are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Equity accounted investees are accounted for using the equity method.

Under the equity method, the investment in the equity accounted investee is carried on the Statement of Financial Position at cost plus post acquisition changes in the Group's share of net assets of the equity accounted investee. Goodwill relating to the equity accounted investee is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The Statement of Profit or Loss reflects the Group's share of the results of operations of the equity accounted investee. Any change in OCI of those investees is presented as part of the Group's OCI. When there has been a change recognized directly in the equity of the equity accounted investee, the Group recognizes its share of any changes and discloses this, when applicable, in the Statement of Changes in Equity. Unrealized gains and losses resulting from transactions between the Group and the equity accounted investee are eliminated to the extent of the interest in the equity accounted investee.

The consolidated financial Statements include the Group's share of profit net of tax and equity movements of equity accounted investees from the date that significant influence commences until the date significant influence ceases. When the Group's share of losses exceeds its investment in an equity accounted investee, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has incurred obligations or has made payments on behalf of the investee.

The financial Statements of the equity accounted investees are prepared for the same reporting period as the Group. After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on its investment in its equity accounted investee. The Group determines at each reporting date whether there is any objective evidence that the investment in the equity accounted investee is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amounts of the equity accounted investee and its carrying value and recognizes the amount in the 'share of profit of an equity accounted investee, in the Statement of Profit or Loss.

Upon loss of significant influence over the equity accounted investee, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the equity accounted investee upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

In the Company level, investments in subsidiaries and associates are recognized at cost.

3.4 Current versus non-current classification

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

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized 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 Group classifies all other liabilities as non-current.

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

3.5 Fair Value Measurement

The Group 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 16.2.
- Produce Growing on Bearer Biological Assets - Note 16.3.
- Equity investment at fair value through OCI, which are financial instruments.

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 Group.

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 Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing 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 recognized in the financial statements on a recurring basis, the Group 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 Group 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.

3.6 Foreign Currencies

The Group's consolidated financial statements are presented in Sri Lankan Rupees, which is also the parent Company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or statement of profit or loss are also recognized in OCI or statement of profit or loss, respectively).

3.7 Cash dividend and non-cash distribution to equity holders of the parent

The Company recognizes a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorized and the distribution is no longer at the discretion of the Company. A distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognized directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognized in the statement of profit or loss.

3.8 Property, Plant & Equipment

The Group applies the requirements of LKAS 16 on 'Property Plant and Equipment' in accounting for its owned assets which are held for and use in the provision of the services, for rental to other or for administration purpose and are expected to be used for more than one year.

NOTES TO THE FINANCIAL STATEMENTS

3.8.1 Basis of Recognition.

Property Plant and Equipment is recognised if it is probable that future economic benefit associated with the assets will flow to the Group and cost of the asset can be reliably measured.

3.8.2 Measurement

Items of Property, Plant & Equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

3.8.3 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 capitalised as a part of the asset.

Borrowing costs that are not capitalised 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 the in LKAS 23 - Borrowing Costs'.

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

The amount so capitalised and the capitalization rates are disclosed in Notes to the Financial Statements

3.8.4 Cost of Owned Assets

The cost of Property, Plant & Equipment includes expenditures that are directly attributable to the acquisition of the asset. Such costs include 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.

Purchased software that is integral to the functionality of the related equipment is capitalised as a part of that equipment.

When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognises such parts as individual assets (major components) with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Profit or Loss Statement 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 utilisation or at the time the asset is commissioned.

3.8.5 Leases

The Group assesses at the contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short term leases and leases of low-value assets. The Company recognises lease liability to make lease payments and right to use of assets representing the right to use the underlying assets.

3.8.5.1 Right of Use Assets

The Group recognises right to use of assets at the commencement date of a lease (i.e., the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right to use of assets includes the amount of lease liabilities recognized, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentive received.

Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transferred to the Group at the end of the lease period or the cost reflect the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

3.8.5.2 Lease Liabilities

At the commencement date of the lease, the Group recognises lease liability measured at the present value of lease payment to be made over the lease term. The lease payment includes fixed payments (including in-substance fixed payments) less any lease incentive receivables, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payment also includes the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because of the interest rate implicit in the lease is not readily determinable. After the commencement date, amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of the lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

3.8.6 Derecognition

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any

gain or loss arising on derecognition 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.

3.8.7 Land Development Cost

Permanent land development costs are those costs incurred in making major infrastructure development and building new access roads on leasehold lands.

These costs have been capitalised and amortised over the remaining lease period.

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

3.8.8 Biological Assets

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

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

The entity recognizes 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.

3.8.8.1 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 fertilising, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations.

These immature plantations are shown at direct costs plus attributable overheads. The expenditure incurred on bearer biological assets (Tea, Rubber) which comes into bearing during the year, is transferred to mature plantations.

3.8.8.2 Infilling Cost on Bearer Biological Assets

The land development costs incurred in the form of infilling have been capitalised to the relevant mature field, only where the number of plants per hectare exceeded 3,000 plants and, also if it increases the expected future benefits from that field, beyond its pre-infilling performance assessment. Infilling costs so capitalised 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 capitalised have been charged to the Statement of Profit or Loss in the year in which they are incurred.

3.8.8.4 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 capitalised as a part of the asset.

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

The amounts of the borrowing costs which are eligible for capitalisation are determined in accordance with the in LKAS 23 - Borrowing Costs'.

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.

The amount so capitalised and the capitalisation rates are disclosed in Notes to the Financial Statements.

3.8.8.5 Consumable Biological Asset

Consumable biological assets include managed timber trees those that are to be harvested as agricultural produce or sold as biological assets. Expenditure incurred on consumable biological assets (managed timber trees) is measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants 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 16.2.

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 species in different geographical regions. Factor all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the Company
Economic useful life	Estimated based on the normal life span of each species by factoring the forestry plan of the Company
Selling price	Estimated based on prevailing Sri Lankan market price. Factor all the conditions to be fulfil in bringing the trees in to saleable condition.
Planting cost	Estimated costs for the further development of immature areas are deducted.

NOTES TO THE FINANCIAL STATEMENTS

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

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

3.8.8.6 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.

3.8.9 Depreciation and Amortisation

a) Depreciation

Depreciation is recognised in Income Statement on a straight-line basis over the estimated useful economic lives of each part of an item of Property, Plant & Equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. 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 Group 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:

	No. of Years	Rate (%)
Buildings & Roads	40	2.50
Plant & Machinery	12	8.00
Furniture and Fittings	10	10.00
Motor Vehicle	05	20.00
Equipment	08	12.50
Computer Accessories	08	12.50
Right of Use Building	02	50

Mature Plantations (Replanting and New Planting)

	No. of Years	Rate (%)
Mature Plantations - Tea	33	3.33
- Rubber	20	5.00
- Coconut	50	2.00

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

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:

	No. of Years	Rate (%)
Right of Use Land	23	3.8 (Over the remaining lease period)
Improvements to land	30	3.33
Mature Plantations (Tea & Rubber)	30	3.33
Machinery	15	6.67

3.8.10 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 at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in statement of profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite live 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 are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

3.8.10.1 Research and Development

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

3.9 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.9.1 Financial assets

3.9.1.1 Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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 recognised 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 receivable and amount due from related parties.

3.9.1.2 Subsequent Measurement

For the purpose 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 amortised cost (Debt Instruments)

The Group measures financial assets at amortised 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 Group's financial assets at amortised cost includes Trade Receivables and Amounts Due From Related Parties, Deposits, Advance and Other Receivables.

a) Financial assets at fair value through OCI (debt instruments)

The Group 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 Group does not have any debt instruments at fair value through OCI.

b) Financial assets at fair value through OCI

Upon initial recognition, the Group 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 recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group 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. The Group has opted to classify investment in shares Richard Pieris Finance Ltd under Financial assets at fair value through OCI.

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c) 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 recognised in the statement of profit or loss.

3.9.1.3 Derecognition

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

- The rights to receive cash flows from the asset have expired.
- The Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group 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 Group's continuing involvement in the asset. In that case, the Group 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 Group 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 Group could be required to repay.

3.9.1.4 Impairment of financial assets

The Group 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 Group 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).

3.9.2 Financial liabilities

3.9.2.1 Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss. Loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities includes Trade and Other Payables, bank overdraft, loans and borrowings.

3.9.2.2 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 incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

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, income tax payable and amounts due to related parties.

3.9.2.3 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 Profit or loss.

3.9.3 Offsetting of financial instruments

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

3.10 Harvestable Agricultural Produce Growing on Bearer Biological Assets

In accordance with LKAS 41, Company recognise 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.

3.11 Inventories

Agricultural Produce harvested from Biological Assets

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

Finish goods manufactured from agricultural produce of biological assets

These are valued at the lower of cost and estimated net realisable value, after making due allowance for obsolete and slow-moving items. Net realisable value is the estimated selling price at which stocks can be sold in the ordinary course of business after allowing for cost of realisation and/or cost of conversion from their existing state to saleable condition.

Input Material, Spares and Consumables

At actual cost on weighted average basis.

3.12 Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand form an integral part of the Group's cash management and are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

3.13 Impairment of Non-Financial Assets

The Group 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 Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group'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 recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised 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 recognised. 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 recognised for the asset in prior years. Such reversal is recognised 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.

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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 recognised. 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.

3.14 Provisions

Provisions are recognised when the Group 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 Group 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.

3.15 Employees Benefits

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

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognised as an expense in profit and loss in the periods during which services are rendered by employees.
The Company contributes 12% on consolidated salary of the employees to Ceylon Planters' Provident Society (CPPS)/Estate Staff Provident Society (ESPS)/ Employees' Provident Fund (EPF).

All the employees of the Company are members of the Employees' Trust Fund, to which the Company contributes 3% on the consolidated salary of such employees.

(b) 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 comprehensive income. Past service costs are recognised immediately in the 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 Liability is not externally funded.

The key assumptions used in determining the retirement benefit obligations are given in Note 26.

3.16 Capital Commitments and Contingencies

Capital commitments and contingent liabilities of the Group have been disclosed in the respective Notes to the Financial Statements.

3.17 Events occurring after the date of Financial Position.

All material post events occurring after the date of financial position have been considered where appropriate; either adjustments have been made or adequately disclosed in the Financial Statements.

3.18 Earnings per Share

The Group presents basic and diluted 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. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.19 Deferred Income

3.19.1 Grants and Subsidies

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

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the Profit or Loss Statement over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual instalments. 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 favourable interest is regarded as additional government grant.

Grants related to Property, Plant & Equipment other than grants received for forestry are initially deferred and allocated to income on a systematic basis over the useful life of the related Property, Plant & Equipment as follows: Assets are amortised over their useful lives or unexpired lease period, whichever is less.

Buildings 40 years

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

3.20 Profit or Loss Statement

For the purpose of presentation of Profit or Loss Statement, the function of expenses method is adopted, as it represents fairly the elements of the group's performance.

3.20.1 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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. Revenue is recognised upon satisfaction of performance obligation.

The Group is in the business of cultivation, manufacture and sale of black tea, rubber 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 Group expects to be entitled in exchange for those goods. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods before transferring them to the customer.

3.20.1.1 Revenue from contracts with customers

Sale of Plantation produce

Revenue from sale of plantation produce is recognized at the point in time when the control of the goods are transferred to the customer. Black tea and Rubber produce are sold at the Colombo tea/rubber 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 Group'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.

3.20.1.2 Other Source of Income

Revenue recognition criteria for the other source of income as follows.

a) Rental Income

Rental income is recognized on an accrual basis in accordance with the substance of the relevant agreement.

b) Dividend Income

Dividend income is recognized when the right to receive payment is established.

c) Interest Income

Interest income is recognized based on 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

3.20.2 Expenses

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

3.20.2.1 Financing Income and Finance Cost

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and losses on hedging instruments that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

The interest expense component of finance lease payments is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Foreign currency gains and losses are reported on a net basis.

3.20.3 Taxes

3.20.3.1 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 Group 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.

3.20.3.2 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

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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 utilised, 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 utilised. Unrecognised 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 recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised 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 recognised 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 recognised in profit or loss.

3.21 Statement of Cash Flows

The Statement of Cash Flow 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, for the purpose of presenting the Statement of Cash Flow.

3.22 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 Segmental information is provided for the different business segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The Company is primarily engaged in the production of tea, rubber and coconuts which are multiple business segment.

The Company evaluates the performance of its geographical segments. Therefore, geographical segments have been presented.

The activities of the segments are described in Note 06 in the Notes to the Financial Statements. The group transfers products from one industry segment for use in another. Inter-segment transfers are based on fair market prices.

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

Assets and liabilities directly attributable to each segment are allocated to the respective segments. Assets and liabilities, which are not directly attributable to a segment, are allocated on a reasonable basis wherever possible. Unallocated items comprise mainly interest-bearing loans, borrowings, and expenses. 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.

All operating segments' operating results are reviewed regularly to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4. USE OF ESTIMATES AND JUDGMENTS

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are 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 16 - Biological Assets
- Note 26 - Measurement of the Defined Benefit Obligations
- Note 28 – Deferred Taxation

4.1 Taxation

Current 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.

According to The Inland Revenue (Amendment) Bill, to amend the Inland Revenue Act, No. 24 of 2017, Agro Farming is exempt from income tax for a period of 5 years effective from 01 April 2019 and Agro processing is liable at 14%. Accordingly, where applicable, the Company has separated its income and expenses as Agro faming and Agro Processing and applied the respective tax rates.

Deferred Tax

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. As per the inland revenue (Amended) bill issued on 18.03.2021, Company is identified Separately business income as agro farming & agro processing for the purpose of calculating income tax liability therefore, the Company has separated assets and liabilities as at 31 March 2022 as Agro farming and Agro processing for the deferred tax purpose.

The details of deferred tax computation are given in Note 28 to the Financial Statements.

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 26.

4.3 Biological Assets

The fair value of managed timber depends on number of factors that are determined on a discounted method using various financial and non-financial assumptions. The growth of the trees is determined by various biological factors that are highly unpredictable. Any change to the assumptions will impact to the fair value of biological assets. Key assumptions and sensitivity analysis of the biological assets are given in the Note 16.2.1.

4.3.1 Impairment of Non-Financial Assets

The Group 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 Group 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 Company 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 Group 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.

4.4 IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex environment, it assessed whether the Interpretation had an impact on its financial statements. The Company determined that it is probable that its tax treatments will be accepted by the taxation authorities. The Interpretation did not have an impact on the financial statements of the Company.

4.5 Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group

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would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Company's stand-alone credit rating.

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

5.1 SLFRS 17 - Insurance contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in SLFRS 4, which are largely based on grandfathering previous local accounting policies, SLFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17. The amendments are not expected to have a material impact on the Group.

5.2 Amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Costs of Fulfilling a Contract

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The amendments are not expected to have a material impact on the Group.

5.3 Amendments to LKAS 16 Property, Plant & Equipment: Proceeds before Intended Use

The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued LKAS 16 Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

5.4 Amendments to SLFRS 3 Business Combinations: Updating a reference to conceptual framework

The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to SLFRS 3 Business Combinations - Updating a Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

An exception was also added to the recognition principle of SLFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of LKAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, it was decided to clarify existing guidance in SLFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

The amendments are not expected to have a material impact on the *Group.*

6. REVENUE

6.1 Summary

	Group		Company	
	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Sale of Goods				
Rubber	2,419,091	1,899,980	2,419,091	1,899,980
Tea	1,042,144	1,053,888	1,042,144	1,053,888
Coconut	63,589	51,527	63,589	51,527
Oilpalm	14,020	-	14,020	-
Other Crops	712	1,510	712	1,510
Sale of Rubber Trees	88,195	141,218	88,195	141,218
Total Revenue	3,627,751	3,148,123	3,627,751	3,148,123

6.2 Operating Segments

	Group		Company	
	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Geographical Segments - Revenue				
Local Revenue	3,440,770	2,981,769	3,440,770	2,981,769
Export Revenue	186,981	166,354	186,981	166,354
Total Revenue	3,627,751	3,148,123	3,627,751	3,148,123

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6.3 Business Segments

	Group		Company	
	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Rubber				
Revenue	2,419,091	1,899,980	2,419,091	1,899,980
Revenue Expenditure	(1,823,463)	(1,562,249)	(1,823,463)	(1,562,249)
Depreciation & Amortisation	(118,560)	(108,031)	(118,560)	(108,031)
Other Non Cash Expenditure - Gratuity	(40,925)	(47,430)	(40,925)	(47,430)
Segment Result - Gross Profit	436,143	182,270	436,143	182,270
Tea				
Revenue	1,042,144	1,053,888	1,042,144	1,053,888
Revenue Expenditure	(1,022,083)	(1,005,122)	(1,022,083)	(1,005,122)
Depreciation & Amortisation	(36,783)	(36,015)	(36,783)	(36,015)
Other Non Cash Expenditure - Gratuity	(24,635)	(36,166)	(24,635)	(36,166)
Segment Result - Gross Profit /(Loss)	(41,357)	(23,415)	(41,357)	(23,415)
Coconut				
Revenue	63,589	51,527	63,589	51,527
Revenue Expenditure	(23,300)	(31,101)	(23,300)	(31,101)
Segment Result - Gross Profit	40,289	20,426	40,289	20,426
Oilpalm				
Revenue	14,020	-	14,020	-
Revenue Expenditure	(5,097)	-	(5,097)	-
Segment Result - Gross Profit	8,923	-	8,923	-
Other Crops				
Revenue	712	1,510	712	1,510
Revenue Expenditure	(273)	(26)	(273)	(26)
Segment Result - Gross Profit	439	1,484	439	1,484
Sale of Rubber Trees				
Revenue	88,195	141,218	88,195	141,218
Revenue Expenditure	(11)	(396)	(11)	(396)
Segment Result - Gross Profit	88,184	140,822	88,184	140,822
Total Segments				
Revenue	3,627,751	3,148,123	3,627,751	3,148,123
Revenue Expenditure	(2,874,227)	(2,598,894)	(2,874,227)	(2,598,894)
Depreciation & Amortisation	(155,343)	(144,046)	(155,343)	(144,046)
Other Non Cash Expenditure - Gratuity	(65,560)	(83,596)	(65,560)	(83,596)
Total Segment Results - Gross Profit	532,621	321,587	532,621	321,587

	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Total Segment Results - Gross Profit	532,621	321,587	532,621	321,587
Gain/(Loss) on fair value of biological assets	15,621	4,467	15,621	4,467
Other Income	92,566	64,755	90,251	220,583
Administrative Expenses	(60,139)	(52,529)	(56,375)	(48,749)
Management Fee	(94,629)	(58,941)	(94,629)	(58,942)
Finance Income	181,044	56,345	181,044	56,345
Finance Cost	(103,562)	(125,000)	(103,562)	(125,000)
Share of Result of Associates	396,156	403,869	-	-
Profit Before Tax	959,678	614,553	564,971	370,291

6.4 Business Segments - Assets

	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Non Current Assets				
Rubber	2,358,489	2,468,929	2,358,489	2,468,929
Tea	527,520	758,383	527,520	758,383
Other Crops	518,743	577	518,743	577
Unallocated	2,989,060	2,261,868	1,528,086	1,086,185
Total Non Current Assets	6,393,812	5,489,757	4,932,838	4,314,074
Current Assets				
Rubber	650,102	504,096	650,102	504,096
Tea	182,790	197,406	182,790	197,406
Other Crops	40,129	1,539	40,129	1,539
Unallocated	886,076	952,809	911,169	980,088
Total Current Assets	1,759,097	1,655,850	1,784,190	1,683,129

6.5 Business Segments - Liabilities

	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Non Current Liabilities				
Rubber	111,184	121,296	111,184	121,296
Tea	287,836	296,899	287,836	296,899
Other Crops	152,908	149,685	152,908	149,685
Unallocated	1,658,243	1,423,834	1,658,243	1,423,835
Total Non Current Liabilities	2,210,171	1,991,714	2,210,171	1,991,715
Current Liabilities				
Rubber	156,315	169,360	156,315	169,360
Tea	108,565	129,616	108,565	129,616
Other Crops	20,075	-	20,075	-
Unallocated	941,121	818,211	931,184	808,287
Total Current Liabilities	1,226,076	1,117,187	1,216,139	1,107,263

NOTES TO THE FINANCIAL STATEMENTS

6.6 Segment Capital Expenditure

	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Rubber	253,788	182,667	253,788	182,667
Tea	4,472	41,279	4,472	41,279
Coconut	29,178	2,154	29,178	2,154
Unallocated	51,067	48,745	51,067	48,745
Total Capital Expenditure	338,505	274,845	338,505	274,845

7. OTHER INCOME

	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Amortisation of Capital Grants/Subsidy	12,200	11,708	12,200	11,708
Dividend Income	-	-	-	157,950
Loss on disposal of PPE	1,278	(1,278)	1,278	(1,278)
Sundry Income	79,088	54,326	76,773	52,203
Total Other Income	92,566	64,756	90,251	220,583

There are no unfulfilled conditions or contingencies attached to the grants.

8. PROFIT BEFORE TAXATION IS STATED AFTER CHARGING FOLLOWINGS

	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Auditors' Remuneration	4,039	3,740	4,039	3,740
Depreciation & Amortization	155,544	144,208	155,544	144,208
Directors' Remuneration	800	800	800	800
Defined Benefit Plan Cost	65,559	83,596	65,559	83,596
Defined Contribution Plans - EPF & ETF	164,619	140,827	164,619	140,827
Others - Staff Cost	1,083,539	961,253	1,083,539	961,253

9. FINANCE INCOME

	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Exchange Gain	151,234	32,351	151,234	32,351
Interest income from Treasury bills, savings and FDs	29,810	23,994	29,810	23,994
Total Finance Income	181,044	56,345	181,044	56,345

10. FINANCE COST

	Group		Company	
	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Overdraft Interest	1,924	34,623	1,924	34,623
Lease interest on JEDB lease	66,608	64,835	66,608	64,835
Interest on lease liabilities (right-of-use assets) - SLFRS 16	341	341	341	341
Term Loan Interest	86,477	55,588	86,477	55,588
	155,350	155,387	155,350	155,387
Less: Interest Capitalised	(51,788)	(30,388)	(51,788)	(30,388)
Total Finance Cost	103,562	124,999	103,562	124,999

11. SHARE OF RESULT OF ASSOCIATES

The Group can influence upto 35.11% of the voting rights of the Richard Pieris Natural Foams Ltd and upto 40.29% of the voting rights of the Arpico Insurance PLC.

The Group's share of the income of the entities for the years ending 31 March 2022 and 2021, which are accounted under the equity method are as follows.

11.1 Statement of Profit or Loss

	Group	
	2022	2021
	Rs. '000	Rs. '000
Richard Pieris Natural Foams Ltd		
Group's Share of Profit Before Tax	256,314	293,690
Tax on associate results	(35,467)	(45,393)
Group Share of Profit After Tax	220,847	248,297
Arpico Insurance PLC		
Group's Share of Profit Before Tax	139,842	110,179
Tax on associate results	(40,565)	(31,393)
Group Share of Profit After Tax	99,277	78,786
Total Group Share of Result		
Group's Share of Profit Before Tax	396,156	403,869
Tax on associate results	(76,032)	(76,786)
Group Share of Profit After Tax	320,124	327,083

NOTES TO THE FINANCIAL STATEMENTS

11.2 Statement of Other Comprehensive Income (OCI)

	Group	
	2022	2021
	Rs. '000	Rs. '000
Richard Pieris Natural Foams Ltd		
Gain/(Loss) on Acturial Valuation	(3,336)	(713)
Income Tax Effect	467	100
Group Share of Other Comprehensive Income/(Loss)	(2,869)	(613)
Arpico Insurance PLC		
Gain/ (Loss) on Acturial Valuation	-	-
Net Gain / (Loss) on FVTOCI financial assets	(28,340)	-
Group Share of Other Comprehensive Income/(Loss)	(28,340)	-
Total Group Share of Result		
Gain/(Loss) on Acturial Valuation	(3,336)	(713)
Net Gain / (Loss) on FVTOCI financial assets	(28,340)	-
Income Tax Effect	467	100
Total	(31,209)	(613)

12. CURRENT TAX EXPENSES

12.1 Statement of Profit or Loss

	Group		Company	
	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
(I) Current Income Tax:				
Current income tax charge/(reversal)	88,286	89,496	12,254	12,709
Tax on dividend paid by Group Companies	-	-	-	-
(II) Deferred Tax (Note 28.1):				
Relating to origination and (reversal) of temporary differences	74,813	42,456	74,813	42,456
Amount originated due to the Income Tax rate change	-	-	-	-
Income Tax charge/(reversal) reported in Statement of Profit or Loss	163,099	131,952	87,067	55,165

12.2 Statement of Other Comprehensive Income (OCI)

Deferred tax relating to items (charges)/credited directly to OCI during the year:

	Group		Company	
	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Net gain/(loss) on actuarial gains and losses on defined Benefit Plans **(Note 28.1)**	(1,750)	(7,198)	(1,750)	(7,198)
Net gain/(loss) on fair value through OCI financial assets **(Note 28.1)**	(3,204)	(1,332)	(3,204)	(1,332)
Income Tax charge directly to Other Comprehensive Income	(4,954)	(8,530)	(4,954)	(8,530)

12.3 Reconciliation between Current Tax Expense and Accounting Profit/(Loss)

	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Accounting Profit/(Loss) Before Tax	959,678	614,554	564,971	370,291
Aggregate Disallowed Items	306,362	315,990	306,362	313,127
Aggregate Allowable Items	(674,242)	(604,099)	(674,242)	(606,496)
Total Statutory Income/(Loss)	591,798	326,445	197,091	76,922
Exempted Income	-	-	23,732	20,486
Assessable Income from Agro Farming	276,639	-	276,639	143,742
Assessable Income from Agro Processing	(79,548)	-	(79,548)	(66,820)
Assessable Income from Dividend Income	-	-	-	157,950
Assessable Income from Other Income	6,078	-	6,078	3,507
	(73,470)	-	(73,470)	94,637
	868,437	326,445	214,745	251,851
Tax Losses Utilized During the Year	(214,745)	-	(214,745)	(251,851)
Total Assessable Income / Taxable Income - (Loss)	653,692	326,445	-	-
Assessable Income / Taxable Income from Agriculture	-	-	-	-
Assessable Income / Taxable Income from Manufacture	-	-	-	-
Assessable Income / Taxable Income from Interest income	-	-	6,078	3,507
Total Assessable Income / Taxable Income - (Loss)	-	-	6,078	3,507
Income Tax @ 14%	-	-	-	-
Income Tax @ 24%	-	-	-	-
Income Tax on Current Year Profits	-	-	-	-
ESC write off	12,254	12,709	12,254	12,709
	12,254	12,709	12,254	12,709
Share of Equity Accounted Investees' Income Tax Expenses/(Reversal)	76,032	76,787	-	-
Current Income Tax Expenses/(Reversal)	88,286	89,496	12,254	12,709
Details of Business Losses Carried Forward				
Loss Brought Forward	1,315,176	1,570,534	1,315,176	1,570,534
Loss incurred during the year	(6,078)	(3,507)	(6,078)	(3,507)
Loss Appropriate during the year	(214,745)	(251,851)	(214,745)	(251,851)
Loss Carried Forward	1,094,353	1,315,176	1,094,353	1,315,176

13. EARNINGS PER SHARE

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

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

	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Amounts used as the Numerator :				
Net profit applicable to Ordinary Shareholders for basic earnings per share	796,579	482,602	477,904	315,126
	796,579	482,602	477,904	315,126
Amounts used as the Denominator :				
Weighted average number of Ordinary Shares in issue applicable to basic earnings per share	25,000	25,000	25,000	25,000
	25,000	25,000	25,000	25,000
Earnings Per Share (EPS) - Rs.	31.86	19.30	19.12	12.61

NOTES TO THE FINANCIAL STATEMENTS

13.3 Dividend per Share

	Group		Company	
	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Interim Dividend - Rs. 5.00 per share (Rs. 4.00 for the year 2020/21)	125,000	100,000	125,000	100,000
Dividend Per Share (DPS) - Rs.	5.00	4.00	5.00	4.00

Interim dividend of Rs. 5.00 per share for the financial year ended 31 March 2022 was declared on 25 March 2022 and was paid on 27 April 2022.

14. RIGHT OF USE ASSESTS

		Group		Company	
		2022	2021	2022	2021
As at 31 March	Notes	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Right of use of land	14.1	460,164	463,323	460,164	463,323
Right of use asset - Building	14.2	1,760	1,760	1,760	1,760
Right of use Immovable leased bearer biological assets	14.3	26,177	34,800	26,177	34,800
Right of use Immovable Leased assets (other than right of use land and bearer biological assets)	14.4	7	13	7	13
		488,108	499,896	488,108	499,896

14.1 Right Of Use of Land (Revalued)

"Right Of Use of Land on Lease" was previously accounted under Statement of Alternative Treatment (SoAT) issued by the Institute of Chartered Accountants of Sri Lanka dated 21 August 2013. However, SLFRS 16 was applicable with effect from 01 January 2019, and therefore, above "Right-To-Use of Land " has accounted in accordance with SLFRS 16 with effect from 01 April 2019. "Right Of Use of Land" have been executed for all estates for a period of 53 years. The Unexpired period of the lease as at the Statement of Financial Position date is 24 years.

The effect to the Statement of Financial Position and amortization of the right to use of land up to 31 March 2022 are as follows:

	Group		Company	
	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Capitalised Value				
As at 01 April 2021	501,504	490,768	501,504	490,768
Adjustment on Reassessment of lease Liability at 01st April 2021	16,848	10,736	16,848	10,736
As at 31 March 2022	518,352	501,504	518,352	501,504
Amortisation				
As at 01 April 2021	38,181	18,876	38,181	18,876
Transferred out due to initial application of SLFRS 16	-	-	-	-
Amortization charge for the year	20,007	19,305	20,007	19,305
As at 31 March 2022	58,188	38,181	58,188	38,181
Carrying amount	460,164	463,323	460,164	463,323

14.2. Right of use asset - Building

Kegalle Plantation PLC (Head Office) as a tenant, occupying a building which belongs to Richard Pieris & Company PLC (Ultimate Parent) The effect to the Statement of Financial Position and depreciation of building to 31 March 2022 are as follows:

	Group / Company	
	2022	2021
	Rs. '000	Rs. '000
As at 01 April 2021	5,120	3,200
Effect of adoption SLFRS 16, as at 01 April 2021	-	-
Additions	1,760	1,920
As at 31 March 2022	6,880	5,120
Amortisation		
As at 01 April 2021	3,360	1,600
Amortization charge for the year	1,760	1,760
As at 31 March 2022	5,120	3,360
Carrying amount	1,760	1,760

14.3. Right of use Immovable leased bearer biological assets

In terms of the ruling of the UITF of the Institute of Chartered Accountants of Sri Lanka which prevailed at the time of privatisation of Plantation 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 Sri Lanka State Plantation Corporation (SLSPC), on the day immediately preceding the date of formation of the Company. These assets are taken into the 22 June 1992 Statements of Financial Position and the amortisation of immovable estate assets to 31 March 2022 are as follows.

	Group		Company	
	Mature Plantations		Mature Plantations	
	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Capitalised Value as at 22 June, 1992	262,680	262,680	262,680	262,680
Accumulated Amortisation				
As at 01 April 2021	227,880	219,284	227,880	219,284
Amortisation for the year	8,623	8,596	8,623	8,596
As at 31 March 2022	236,503	227,880	236,503	227,880
Carrying amount	26,177	34,800	26,177	34,800

Investment in Immature Plantations at the time of handing over to the Company as at 22 June, 1992 by way of estate leases were shown under Immature Plantations.

However, since then all such investments in Immature Plantations attributable to JEDB/SLSPC period have been transferred to Mature Plantations. These mature tea and rubber were classified as bearer biological assets in terms of LKAS 16 - Property, Plant & Equipment. 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 16.1

NOTES TO THE FINANCIAL STATEMENTS

14.4. Right-of-use Immovable Leased Assets (other than right-to-use of land and bearer biological assets)

	Group				Company			
	Improvement to Land	Buildings	Plant & Machinery	Total	Improvement to Land	Buildings	Plant & Machinery	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Capitalised Value as at 22.06.1992	192	53,935	24,289	78,416	192	53,935	24,289	78,416
Amortisation								
Accumulated Amortisation as at 01.04.2021	179	53,935	24,289	78,403	179	53,935	24,289	78,403
Amortisation for the year	6	-	-	6	6	-	-	6
Accumulated Amortisation as at 31.03.2022	185	53,935	24,289	78,409	185	53,935	24,289	78,409
Written down value as at 31.03.2022	7	-	-	7	7	-	-	7
Written down value as at 31.03.2021	13	-	-	13	13	-	-	13

Note:
The useful lives as follows;

Mature plantations/improvement to land	30 years
Buildings	25 years
Machinery	15 years

15. FREEHOLD PROPERTY, PLANT AND EQUIPMENT

	Group				Company			
	Balance as at 01.04.2021	Additions for the year	Disposals / Adjustment during the year	Balance as at 31.03.2022	Balance as at 01.04.2021	Additions for the year	Disposals / Adjustment during the year	Balance as at 31.03.2022
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost/Valuation								
Buildings	112,250	-	-	112,250	71,701	-	-	71,701
Motor Vehicles	155,101	800	-	155,901	155,101	800	-	155,901
Furniture & Fittings	5,687	165	-	5,852	5,611	165	-	5,776
Equipment	61,485	182	-	61,667	60,812	182	-	60,994
Water Sanitation	2,473	-	-	2,473	2,473	-	-	2,473
Computers & Computer Software	20,214	1,078	-	21,292	19,836	1,078	-	20,914
Plant & Machinery	455,230	4,139	-	459,369	386,199	4,139	-	390,338
Other Assets on Grants	214,647	-	-	214,647	214,647	-	-	214,647
	1,027,087	6,364	-	1,033,451	916,380	6,364	-	922,744

15. FREEHOLD PROPERTY, PLANT AND EQUIPMENT CONTD.

	Group				Company			
	Balance as at 01.04.2021	Charge for the Year	Disposal/ Impairment Loss during the year	Balance as at 31.03.2022	Balance as at 01.04.2021	Charge for the Year	Disposal/ Impairment Loss during the year	Balance as at 31.03.2022
	Rs.'000	Rs. '000	Rs. '000	Rs. '000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Depreciation								
Buildings	60,290	1,789	1,686	63,765	29,038	1,789	-	30,827
Motor Vehicles	140,928	6,485	-	147,413	140,928	6,485	-	147,413
Furniture & Fittings	4,020	24	-	4,044	3,968	24	-	3,992
Equipment	57,564	454	-	58,018	57,271	454	-	57,725
Water Sanitation	2,272	30	-	2,302	2,272	30	-	2,302
Computers & Computer Software	17,046	809	-	17,855	16,539	809	-	17,348
Plant & Machinery	347,377	11,604	1,938	360,919	290,183	11,604	-	301,787
Other Assets on Grants	118,735	6,336	-	125,071	118,735	6,336	-	125,071
	748,232	27,531	3,624	779,387	658,934	27,531	-	686,465
Written Down Value	278,855			254,064	257,446			236,279

The group has been recognized Rs.3,624,000/- impairment loss for the 2021/22 financial year (Rs. 3,619,000/- 2020/21) which was allocated Rs. 1,938,000/- to Plant & Machinery and Rs. 1,686,000/- to Building.The valuation for the Property,Plant & Equipments has been carried out by the Messrs. A.Y. Daniel & Son.

	Group				Company			
	Balance as at 01.04.2021	Additions for the year	Capitalised/ Transfer during the Year	Balance as at 31.03.2022	Balance as at 01.04.2021	Additions for the year	Capitalised/ Transfer during the Year	Balance as at 31.03.2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Capital Work-in-Progress								
Work-in-Progress	1,314	373,088	-	374,402	1,313	373,088	-	374,401
Total Written Down Value	280,169			628,466	258,759			610,680

The assets shown above are those movable assets vested in the Company by Gazette Notification at the date of formation of he 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 14.

Further, the valuation of immovable JEDB estate assets on finance lease (other than leasehold land) and tangible assets other than immature/mature plantations taken over as at June 22, 1992 is based on net book value as at such date. These values were not available to Company by individual asset.

No borrowing costs have been capitalised into Capital Work-in-Progress.

Depreciation expense amounts to Rs. 27,330,224/- (2020/21 - Rs. 24,826,512/-) has been charged in cost of sales and Rs. 199,878/- (2020/21 - Rs. 162,780/-) in administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS

15(a). **Work-in-Progress**

Total cost incurred for the project up to 31st March 2022	Rs. 372,681,511/-
Capital Work-in-Progress incurred for other assets	Rs. 406,542/-
Total Capital Work-in-Progress	Rs. 373,088,053/-

The project will be for the construction of a building by the Company & renting out the floor area & other production related services to Arpitech (Pvt) Ltd for its manufacturing of latex & polyurethane foam mattresses for a conversion fee. Arpitech (Pvt) Ltd is a subsidiary Company of Richard Pieris and Company PLC and under Arpico Group of Companies.

Kegalle Plantations PLC will be investing on this project in view of the Company policy for diversifying its operations for the new income generating projects thus uplifting the rural economy in meeting with future requirements.

Location	: Serapis Division, Eadella Estate, Polgahawela
Total Project Cost (Rs.)	: 450,000,000/-
Means of Finance	: Company owned funds
Project Manager	: Arpico Construction (Pvt) Ltd
Main Contractor	: Mavik Enterprises (Pvt) Ltd

16. BIOLOGICAL ASSETS - GROUP/COMPANY

16.1 Bearer Biological Assets- Group/Company

16.1.1 Immature Plantations	Tea	Rubber	Coconut	Oil-palm & Others	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost					
At the beginning of the year 01/04/2021	77,348	883,565	4,988	229,957	1,195,858
Additions	3,459	248,176	29,178	34,478	315,291
Transfers	(8,925)	(165,153)	-	(52,967)	(227,045)
At the end of the year 31/03/2022	71,882	966,588	34,166	211,468	1,284,104
Cost as at 31.03.2022	71,882	966,588	34,166	211,468	1,284,104
Cost as at 31.03.2021	77,348	883,565	4,988	229,957	1,195,858

16.1.2 Mature Plantations	Tea	Rubber	Coconut	Others	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost					
At the beginning of the year 01/04/2021	355,308	1,799,802	48,007	129,514	2,332,631
Additions	-	-	-	-	-
Transfers	8,925	165,153	-	52,967	227,045
At the end of the year 31/03/2022	364,233	1,964,955	48,007	182,481	2,559,676
Depreciation					
At the beginning of the year 01/04/2021	120,511	654,299	6,089	11,089	791,988
Charge for the year	14,534	80,020	1,150	3,673	99,377
At the end of the year 31/03/2022	135,045	734,319	7,239	14,762	891,365
Written Down Value - as at 31.03.2022	229,188	1,230,636	40,768	167,719	1,668,311
Written Down Value - as at 31.03.2021	234,797	1,145,503	41,918	118,425	1,540,643
Bearer Biological Assets as at 31.03.2022	301,070	2,197,224	74,934	379,187	2,952,415
Bearer Biological Assets as at 31.03.2021	312,145	2,029,068	46,906	348,382	2,736,501

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 14. 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 initial investment to bring them to maturity, will be moved from immature to mature under this note.

The Company has elected to measure the bearer biological assets at cost using LKAS 16 - Property, Plant & Equipment.

Specific borrowings have been obtained to finance the planting expenditure. Hence, borrowing costs Rs. 51,789,445/- (2020/21 - Rs. 30,388,249/-) were capitalized during the year under Immature Plantations, at an average borrowing rate of 4.81% (2020/21 - 2.67%).

16.2. Consumable Biological Assets - Timber Plantations

	Group/Company	
	2022	2021
	Rs. '000	Rs. '000
As at 01 April	160,028	147,163
Increase due to development	16,445	10,303
Gain/(loss) fair value of Biological Assets	14,232	2,562
As at 31 March	190,705	160,028

Managed trees include commercial timber plantations cultivated on estates. The cost of immature trees is treated as approximate fair value particularly on the grounds that little biological transformation has taken place and impact of the biological transformation on price is not material. When such Plantations become mature, the additional investments since taken over to bring them to maturity are transferred from Immature to Mature.

The fair value of managed trees was ascertained since the LKAS 41 is only applicable for managed agricultural activity in terms of the ruling issued by The Institute of Chartered Accountants of Sri Lanka. The valuation was carried by Mr. W. M. Chandrasena , 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.

The future cash flows are determined by reference to current timber prices without considering the future increase of timber price. Following associated factors are taken into consideration in determining the present value of timber prices.

NOTES TO THE FINANCIAL STATEMENTS

16.2. Consumable Biological Assets - Timber Plantations Contd.

16.2.1 Information about Fair Value Measurements using Significant Unobservable Inputs (Level 3)

Non Financial Asset	Valuation Technique	Unobservable Inputs	Range of Unobservable Inputs (Probability weighted average)		Relationship of Unobservable Inputs to Fair Value
			2021/22	2020/21	
Consumable Managed Biological Assets	DCF Method	Discounting Rate	19.0%	14.0%	The higher the discount rate, the lesser the fair value
		Optimum rotation (Maturity)	20-25 Years	20-25 Years	Lower the rotation period, the higher the fair value
		Price per Cu.Ft.	Rs. 200/- to Rs. 800/- per Cu.Ft	Rs. 150/- to Rs. 700/- per Cu.Ft	The higher the price, the higher the fair value

Other key assumptions used in valuation;

1. The harvesting is approved by the Plantation Management Monitoring Division (PMMD) and Forest Department based on the forestry development plan.
2. The prices adopted are net of expenditure.
3. Though the replanting is a condition precedent for harvesting, yet the cost are not taken into consideration.

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. Hence, the sensitivity analysis regarding selling price and discount rate variations as included in this note allows every investor to reasonably challenge the financial impact of the assumptions used in the LKAS 41 against their own assumptions.

Sensitivity Analysis

Sensitivity variation on sales price

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

Company	Rs. '000	Rs. '000
Managed Timber	-10%	+10%
As at 31 March 2022	(19,071)	19,071
As at 31 March 2021	(16,003)	16,003

Sensitivity variation on discount rate

Values as appearing in the Statement of Financial Position are very sensitive to changes of the discount rate applied. Simulations made for timber trees show that an increase or decrease by 1.5% of the discount rate has the following effect on the net present value of biological assets:

Company	Rs. '000	Rs. '000
Managed Timber	-1.5%	+1.5%
As at 31 March 2022	11,438	(9,941)
As at 31 March 2021	13,948	(11,821)

16.3 Produce on Bearer Biological Assets

	Group		Company	
	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 01April - as previously reported	6,395	4,490	6,395	4,490
Change in fair value less cost to sell	1,389	1,905	1,389	1,905
At the end of the year	7,784	6,395	7,784	6,395

16.4 Gain/(Loss) on fair value of Biological Assets

	Group		Company	
	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Consumable Biological Assets Gain/(loss) arising from change in fair value less cost to sell (Note 16.2)	14,232	2,562	14,232	2,562
Produce on Bearer Biological Assets Gain/(loss) arising from change in fair value less cost to sell (Note 16.3)	1,389	1,905	1,389	1,905
Total change in fair value of Biologcal Assets	15,621	4,467	15,621	4,467

17. FINANCIAL ASSETS

17.1 Unquoted Investment

Fair Value Through Other Comprehensive Income Financial Assets

		Group		Company	
		2022	2021	2022	2021
Non-Quoted Equity Shares held by the Company					
Non-Quoted Ordinary Shares of Richard Pieris Finance Ltd					
No of Shares	No '000	12,000	12,000	12,000	12,000
% Holding	%	7.83	8.61	7.83	8.61
Face Value Per Share	Rs.	10.00	10.00	10.00	10.00
Carrying Value as at 01 April	Rs. '000	167,040	153,720	167,040	153,720
Equity Value Per Share as at 31 March	Rs.	16.59	13.92	16.59	13.92
Gain/(Loss) on FVTOCI Financial Asset	Rs. '000	32,040	13,320	32,040	13,320
Carrying Value as at 31 March	Rs. '000	199,080	167,040	199,080	167,040

NOTES TO THE FINANCIAL STATEMENTS

17.2 Information about Fair Value Measurements using Significant Unobservable Inputs (Level 3)

Financial Asset	Valuation methodology	Unobservable inputs	Range of unobservable inputs 2022
Investment in non-quoted Ordinary Shares of Richard Pieris Finance Ltd	Market Approach (trading multiples) - Primary methodology	Price to Book Value multiple	Price to Book multiple range of 0.90 - 0.95

Key assumptions used in valuation;

1. Screening was conducted on similar companies listed on the Colombo Stock Exchange based on similiarities in Net Asset Value and total Revenue.
2. Results of screening based on publicly available information as at the latest practicable date.
3. Valuation exercise was concluded on Price to Book Value multiples of identified similar Companies.

The fair value of the retained interest of the Richard Pieris Finance Ltd on initial recognition identified in profit or loss statement and Gain or Loss on subsequent fair valuation recognised in Other Comprehensive income.

17.3 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

As at 31 March	Date of Valuation	Level 1		Level 2		Level 3	
		2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Assets measured at fair value							
Fair Value Through OCI Financial Assets	31 March	-	-	199,080	167,040	-	-
Consumable Biological Assets - Timber	31 March	-	-	-	-	190,705	160,028
Produce on Bearer Biological Assets	31 March	-	-	7,784	6,395	-	-

18. LONG TERM INVESTMENTS

18.1 Investments in Subsidiaries

Company
Unquoted Investment
Hamefa Kegalle (Pvt) Ltd
Initial Investment in Hamefa Kegalle (Pvt) Ltd stated at cost of Rs. 14.0 Mn. Since it was provided for diminishing in value of Rs. 14.0 Mn upto 2008, the carrying amount of investment shows no balance at the end of the year.

Directors of the Subsidiary,

Subsidiary incorporated in 2003.
- Dr. Sena Yaddehige, Chairman
- Mr. Lalith Wijesinghe, Director

18.2 Investments in Associates

Quoted Investment - Arpico Insurance PLC	Group 2022	Group 2021	Company 2022	Company 2021
	%	%	%	%
% Holding	40.29	40.29	40.29	40.29
	Nos '000	Nos '000	Nos '000	Nos '000
No of Shares	26,685	26,685	26,685	26,685
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Carrying Value - Rs.	826,755	755,818	266,850	266,850

Movement of the Investment - Arpico Insurance PLC	Group 2022	Group 2021
	Rs. '000	Rs. '000
At the beginning of the year	755,818	677,032
Share of Profit, net of tax	99,277	78,786
Share of Other Comprehensive Income/(loss), net of tax	(28,340)	-
Dividends Received, gross	-	-
At the end of the year	826,755	755,818

Unquoted Investment - Richard Pieris Natural Foams Ltd	Group 2022	Group 2021	Company 2022	Company 2021
	%	%	%	%
% Holding	35.11	35.11	35.11	35.11
	Nos '000	Nos '000	Nos '000	Nos '000
No of Shares	22,500	22,500	22,500	22,500
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Carrying Value - Rs.	1,108,283	890,305	225,000	225,000

Movement of the Investment - Richard Pieris Natural Foams Ltd	Group 2022	Group 2021
	Rs. '000	Rs. '000
At the beginning of the year	890,305	800,571
Share of Profit, net of tax	220,847	248,297
Share of Other Comprehensive Income/(loss), net of tax	(2,869)	(613)
Dividends Received, gross	-	(157,950)
At the end of the year	1,108,283	890,305

Total investments in associates	1,935,038	1,646,123	491,850	491,850

NOTES TO THE FINANCIAL STATEMENTS

18.3 Other Long Term Investments

	Group		Company	
	2022	2021	2022	2021
No of Shares	**Nos**	**Nos**	**Nos**	**Nos**
Maskeliya Tea Garden Ceylon Ltd	1	1	1	1
Exotic Horticulture (Pvt) Ltd	1	1	1	1
Total Investment	2	2	2	2
Value	**Rs. '000**	**Rs. '000**	**Rs. '000**	**Rs. '000**
Maskeliya Tea Garden Ceylon Ltd	0.01	0.01	0.01	0.01
Exotic Horticulture (Pvt) Ltd	0.01	0.01	0.01	0.01
Total long Term Investments - Others	0.02	0.02	0.02	0.02
Long Term Investments - Total	1,935,038	1,646,123	491,850	491,850

18.4 Summarised Financial Information of Associates

	Group	
Richard Pieris Natural Foams Ltd	2022	2021
	Rs. '000	Rs. '000
Revenue	4,122,654	4,061,855
Profit Before Tax	730,031	836,486
Profit After Tax	629,014	707,197
Other Comprehentive Income/(Loss)	(8,172)	(1,746)
Total Comprehentive Income	620,842	705,451
Group's Share of Profit Before Tax	256,314	293,690
Group's Share of Other Comprehensive Income/(Loss)	(2,869)	(613)
Group's Share of Total Comprehentive Income	253,445	293,077
Dividends Received, net of tax	-	157,950
Current Assets	2,473,358	1,552,948
Non Current Assets	2,138,713	1,415,930
Total Assets	4,612,071	2,968,878
Current Liabilities	1,537,949	722,301
Non Current Liabilities	408,998	202,294
Total Liabilities	1,946,947	924,595

TThe Group can influence upto 35.11% of the voting rights of the Richard Pieris Natural Foams Ltd with effective date from 31 March 2010.

18.4 Summarised Financial Information of Associates Contd.

Arpico Insurance PLC	Group 2022 Rs. '000	Group 2021 Rs. '000
Revenue	2,133,861	2,281,639
Profit Before Tax	347,089	273,465
Profit After Tax	246,408	195,546
Other Comprehentive Income/(Loss)	-	-
Total Comprehentive Income	246,408	195,546
Group's Share of Profit Before Tax	139,842	110,179
Group's Share of Other Comprehensive Income/(Loss)	-	-
Group's Share of Total Comprehentive Income	139,842	110,179
Current Assets	1,636,327	2,453,990
Non Current Assets	2,875,839	1,938,454
Total Assets	4,512,166	4,392,444
Current Liabilities	449,209	352,021
Non Current Liabilities	2,027,884	2,162,746
Total Liabilities	2,477,093	2,514,767
Market Price Per Share - Close (Rs.)	17.10	22.30

The Group can influence upto 40.29% of the voting rights of the Arpico Insurance PLC with effective date from 01 April 2015.

19. INVENTORIES

	Group 2022 Rs. '000	Group 2021 Rs. '000	Company 2022 Rs. '000	Company 2021 Rs. '000
Input Materials	50,199	43,717	42,329	35,847
Growing Crop - Nurseries	40,360	31,956	40,360	31,956
Produce Stock	337,711	243,946	337,711	243,946
Spares and Consumables	24,952	17,436	24,952	17,436
	453,222	337,055	445,352	329,185
(-) Provision for slow moving stocks	(7,757)	(7,757)	-	-
	445,465	329,298	445,352	329,185

NOTES TO THE FINANCIAL STATEMENTS

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Produce Debtors (Related Companies, Note. 20.1)	292,488	256,706	292,488	256,706
Produce Debtors (Others)	15,362	12,766	15,362	12,766
Total Produce Debtors	307,850	269,472	307,850	269,472
Advances & Prepayments	76,089	43,696	76,089	43,696
Other Debtors	71,848	53,707	70,227	52,086
	455,787	366,875	454,166	365,254

The age analysis of produce debtors is as follows;

	Neither past due nor impaired					
	0 - 7 days	8 - 30 days	31 - 90 days	91-364 days	> 365 days	Total
Balance as at 31 March 2022	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Group - Produced Debtor (Related Company)	-	292,488	-	-	-	292,488
- Produce Debtor (Other)	15,362	-	-	-	-	15,362
Company - Produced Debtor (Related Company)	-	292,488	-	-	-	292,488
- Produce Debtor (Other)	15,362	-	-	-	-	15,362

20.1 Trade Receivables From Related Companies

		Group		Company	
		2022	2021	2022	2021
	Relationship	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Richard Pieris Natural Foams Ltd	Associate Company	269,326	215,724	269,326	215,724
Arpico Natural Latex Foam (Pvt) Ltd	Related Company	32,055	32,055	32,055	32,055
Richard Pieris Exports PLC	Related Company	15,362	30,870	15,362	30,870
Richard Pieris Distributors Ltd	Related Company	1,235	2,816	1,235	2,816
Arpitalian Compact Soles (Pvt) Ltd	Related Company	340	-	340	-
Arpitech (Pvt) Ltd	Related Company	6,225	7,296	6,225	7,296
		324,543	288,761	324,543	288,761
(-) Provision for doubtful receivables		(32,055)	(32,055)	(32,055)	(32,055)
		292,488	256,706	292,488	256,706

21. AMOUNTS DUE FROM RELATED COMPANIES

		Group		Company	
		2022	2021	2022	2021
	Relationship	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Maskeliya Plantations PLC	Related Company	11,556	10,727	11,556	10,727
Hamefa Kegalle (Pvt) Ltd	Subsidiary Company	-	-	81,718	83,905
Arpitech (Pvt) Ltd	Related Company	-	535	-	535
Richard Pieris Rubber Products Ltd	Related Company	33	-	33	-
RPC Management Services (Pvt) Ltd	Related Company	75	75	75	75
Exotic Horticulture (Pvt) Ltd	Related Company	17	-	17	-
		11,681	11,337	93,399	95,242
(-) Provision for doubtful receivables		-	-	(54,891)	(54,891)
		11,681	11,337	38,508	40,351

22. SHORT TERM INVESTMENT

	Group		Company	
	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Investment in Treasury Bills, REPO, USD Deposits & Others	776,496	865,467	776,496	865,467
	776,496	865,467	776,496	865,467

23. CASH & CASH EQUIVALENTS

	Group		Company	
	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash & Bank Balances	15,841	18,181	15,841	18,181
Bank Overdrafts (Note 25)	(100,000)	(131,617)	(100,000)	(131,617)
Short term Investments (Note 22)	776,496	865,467	776,496	865,467
Total cash & cash equivalants for the purpose of cash flows	692,337	752,031	692,337	752,031

NOTES TO THE FINANCIAL STATEMENTS

24. STATED CAPITAL

		Group		Company	
		2022	2021	2022	2021
Issued and Fully Paid Ordinary Shares					
Number of Ordinary Shares including one golden share held by the Treasury which has special rights	Nos'000	25,000	25,000	25,000	25,000
Number of Ordinary Shares including one golden share held by the Treasury which has special rights	Rs.'000	250,000	250,000	250,000	250,000

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. Special rights of the Golden Share are given in the Annual Report under the caption "Shareholder & Investor Information".

24.1 General Reserve

General Reserve represents amounts set-aside from time to time by the Directors of the Company for purpose of general application. These have been appropriated by the Board in compliance with the Articles, which provides for such amounts being set-aside for future and utilized after appropriate Board Approvals.

24.2 Timber Reserve

Timber reserve represents the fair value changes in the carrying value of managed timber plantations of the Company since 1st April 2011.

24.3 Fair Value Through Other Comprehensive Income Reserve

Fair Value Through Other Comprehensive Income Reserve represents the change in fair value of financial assets with Richard Pieris Finance Limited from the Financial Year 2015/16.

25. LOANS AND BORROWINGS

Group/ Company	Repayable within 1 year Rs. '000	Repayable after one year less than five years Rs. '000	Total as at 31.03.2022 Rs. '000	2020 Total as at 31.03.2021 Rs. '000
Long Term Loans (Note: 25.1)				
Seylan Bank PLC	83,340	366,660	450,000	-
Commercial Bank of Ceylon PLC	258,209	437,500	695,709	1,031,161
Sri Lanka Tea Board	-	-	-	-
	341,549	804,160	1,145,709	1,031,161
Short Term Loans / Bank Overdraft	100,000	-	100,000	131,617
	441,549	804,160	1,245,709	1,162,778

25.1 Long Term Loans (Secured)

Group/Company	2022 Repayable within 1 year Rs. '000	2022 Repayable after one year less than five years Rs. '000	2022 Total as at 31.03.2022 Rs. '000	2021 Total as at 31.03.2021 Rs. '000	Rate of interest	Terms of Repayment
Commercial Bank of Ceylon PLC COVID Loan - Term Loan Facility Rs. 25 Mn	2,778	-	2,778	19,444	Fixed Rate 04%	1 Month Installment @ Rs. 1,388,904 and 17 installments @ Rs. 1,388,888 commencing from 30.11.2020
Commercial Bank of Ceylon PLC Term Loan Facility Rs. 700 Mn	175,000	437,500	612,500	700,000	Fixed Rate 09%	1 Month Installment @ Rs.14,583,302 and 47 Installments @ Rs.14,583,334 commencing from 25.10.2021
Commercial Bank of Ceylon PLC Term Loan Facility USD 5 Mn	80,431	-	80,431	311,717	1 Month LIBOR+4.0%	1 Month Installment @ Rs.16,020,885 and 48 Installments @ Rs.16,018,423 commencing from 31.01.2018
Seylan Bank PLC Term Loan Facility Rs. 450 Mn	83,340	366,660	450,000	-	Monthly AWPLR + 0.75%	1 Month Installment @ Rs. 8,298,000 and 53 Installments @ Rs.8,334,000 commencing from 19.12.2021
	341,549	804,160	1,145,709	1,031,161		
Short Term Loans / Bank Overdraft	100,000	-	100,000	131,617		
	441,549	804,160	1,245,709	1,162,778		

NOTES TO THE FINANCIAL STATEMENTS

26. RETIRING BENEFIT OBLIGATIONS

	Group		Company	
	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Provision for retiring gratuity				
At the beginning of the year	446,117	469,070	446,117	469,070
Interest Cost	39,035	50,425	39,035	50,425
Current Service Cost	32,084	33,171	32,084	33,171
Past Service Cost	(5,560)	-	(5,560)	-
Gratuity Payments for the year	(55,962)	(55,132)	(55,962)	(55,132)
Actuarial (Gain) / Loss arising from Changes in financial assumptions	(84,757)	(36,014)	(84,757)	(36,014)
Actuarial (Gain) / Loss arising from Experience Adjustments	72,256	(15,403)	72,256	(15,403)
At the end of the year	443,213	446,117	443,213	446,117

According to the actuarial valuation report issued by the Messrs. Actuarial & Management Consultants (Pvt) Ltd as at 31 March 2022, the actuarial present value of promised retirement benefits amounted to Rs. 443,212,851 /-. If the Company had provided for gratuity on the basis of 14 days wages & half months salary for each completed year of service, the liability would have been Rs. 590,195,590 /-.

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

The Present Value of Retirement Benefit Obligation is carried on annual basis.

The following payments are expected from the defined benefit plan obligation in future years.

	Group		Company	
Future Working Life Time	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Within the next 12 months	93,430	92,583	93,430	92,583
Between 2 and 5 years	136,355	97,263	136,355	97,263
Beyond 5 years	213,428	256,271	213,428	256,271
Total RBO	443,213	446,117	443,213	446,117

The weigted average duration of the Defind Benefit plan obligation at the end of the reporting period is as follows.

Weigted Average Duration	2022	2021
Workers	6.37 years	8.30 years
Staff	7.5 years	6.61 years

The key assumptions used by Messrs. Actuarial & Management Consultants (Pvt) Ltd when determining the retirement benefit obligations are as follows.

26. RETIRING BENEFIT OBLIGATIONS CONTD.

Key Assumptions		2022	2021
i)	Rate of discount	14.50% (per annum)	8.75% (per annum)
ii)	Rate of salary increase		
	Workers	9% (every year)	5.68% (every year)
	Staff	8% (per annum)	7% (per annum)
iii)	Retirement age		
	Workers	60 years	60 years
	Staff	60 years	58 years
	Executives & Head Office staff	60 years	55 years
iv)	The Company will continue as a going concern.		

The Retirement Benefit Plan of the Company was amended due to the increase in retirement age enacted by the **Minimum Retirement Age of Workers Act No. 28 of 2021.**

Sensitivity Analysis - Salary/ Wage Escalation Rate

Values appearing in the financial statements are very sensitive to the changes in financial and non-financial assumptions used. A sensitivity was carried out as follows:

Company	Workers		Staff	
A one percentage point change in the discount rate.	**+1%**	**-1%**	**+1%**	**-1%**
	Rs.'000	**Rs.'000**	**Rs.'000**	**Rs.'000**
As at 31 March 2022	(24,048)	27,250	(2,993)	3,375
As at 31 March 2021	(26,568)	30,546	(4,397)	5,019

A one percentage point change in the salary / wage increment rate.	**+1%**	**-1%**	**+1%**	**-1%**
	Rs.'000	**Rs.'000**	**Rs.'000**	**Rs.'000**
As at 31 March 2022	27,760	(24,805)	3,799	(3,407)
As at 31 March 2021	29,171	(25,783)	5,386	(4,796)

27. DEFERRED INCOME

	Group		Company	
	2022	**2021**	**2022**	**2021**
	Rs. '000	**Rs. '000**	**Rs. '000**	**Rs. '000**
Deferred Grants and Subsidies				
Balance at the beginning of the year	208,443	204,206	208,443	204,206
Add : Grants/Subsidy received during the year	14,758	15,945	14,758	15,945
Less : Amortisation for the year	(12,200)	(11,708)	(12,200)	(11,708)
Balance at the end of the year	211,001	208,443	211,001	208,443

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

NOTES TO THE FINANCIAL STATEMENTS

28. DEFERRED TAX ASSETS AND LIABILITIES

	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Temporary Differences,				
At the beginning of the year	1,201,192	807,417	1,201,192	807,417
Amount originating / (Reversal) during the year	575,117	393,775	575,117	393,775
At the end of the year	1,776,309	1,201,192	1,776,309	1,201,192
Temporary Differences of,				
Property, Plant & Equipment (including Biological Assets)	3,160,118	2,776,371	3,160,118	2,776,371
Retirement Benefit Obligations	(396,852)	(350,090)	(396,852)	(350,090)
Leased Asset	427,315	416,173	427,315	416,173
Lease Creditor	(501,687)	(485,151)	(501,687)	(485,151)
Deferred Income	(27,632)	(13,553)	(27,632)	(13,553)
Carried forward Tax Losses	(884,953)	(1,142,558)	(884,953)	(1,142,558)
At the end of the year	1,776,309	1,201,192	1,776,309	1,201,192
Tax Effect,				
At the beginning of the year	167,634	116,648	167,634	116,648
Transfer from/ (to) Income Statement	79,767	50,986	79,767	50,986
At the end of the year	247,401	167,634	247,401	167,634
Deferred Tax Liabilities				
Property, Plant & Equipment (including Biological Assets)	441,135	388,159	441,135	388,159
Leased Asset	59,824	58,264	59,824	58,264
	500,959	446,423	500,959	446,423
Deferred Tax Assets				
Retirement Benefit Obligations	(55,559)	(49,013)	(55,559)	(49,013)
Carried forward Tax Losses	(123,894)	(159,958)	(123,894)	(159,958)
Lease Creditor	(70,236)	(67,921)	(70,236)	(67,921)
Deferred Income	(3,869)	(1,897)	(3,869)	(1,897)
	(253,558)	(278,789)	(253,558)	(278,789)
Deferred Tax (Asset)/ Liability	247,401	167,634	247,401	167,634

A deferred tax asset has been recognized in the financial statements for carried forward tax losses to the extent that the Company has assessed that it will generate sufficient taxable profits in future. Accordingly, a deferred tax asset for tax losses of Rs. 884,952,511/- (2021 - Rs. 1,142,558,085/-) has been recognized. Further unutilized tax losses are given below.

	2021/22 Temporary Difference Rs.	Tax Effect Rs.
Unutilized tax losses	367,061	51,389

28.1 Reconciliation of deferred tax charge / (reversal)

	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
At the beginning of the year	167,634	116,648	167,634	116,648
Tax charge/(reversal) during the year recognised Statement of profit or loss.				
- Amount originated/(reversed) during the year	74,813	42,456	74,813	42,456
- Amount originated due to the Income Tax rate change	-	-	-	-
Tax charge/(reversal) during the year recognised in other Comprehensive Income.	4,954	8,530	4,954	8,530
At the end of the year	247,401	167,634	247,401	167,634

The effective tax rate used to calculate deferred tax liability for all the temporary differences as at 31 March 2022 is 14% (2020/21 - 14%) for the Company.

29. LEASE LIABILITY

	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Lease liability on right to use land	508,627	495,524	508,627	495,524
Lease liability on Right-of-Use asset - building	2,072	1,965	2,072	1,965
	510,699	497,489	510,699	497,489

29.1 Lease liability on right of use asset land

	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
As at 1 April 2021	495,524	487,993	495,524	487,993
Transition adjustment due to initial application of SLFRS 16	-	-	-	-
Reassessment Adjustment	16,848	10,736	16,848	10,736
Accretion of interest	66,608	64,835	66,608	64,835
Payment	(70,353)	(68,040)	(70,353)	(68,040)
As at 31 March 2022	508,627	495,524	508,627	495,524
Current	4,231	3,622	4,231	3,622
Non Current	504,396	491,902	504,396	491,902
	508,627	495,524	508,627	495,524

29.1.2 Maturity analysis of lease liabilities are as follows

	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Payable within one year				
Gross liability	70,353	68,040	70,353	68,040
Finance cost allocated to future periods	(66,122)	(64,418)	(66,122)	(64,418)
Net liability transferred to current liabilities	4,231	3,622	4,231	3,622
Payable within two to five years				
Gross liability	281,412	272,158	281,412	272,158
Finance cost allocated to future periods	(258,223)	(252,312)	(258,223)	(252,312)
Net liability	23,189	19,846	23,189	19,846
Payable after five years				
Gross liability	1,266,352	1,292,751	1,266,352	1,292,751
Finance cost allocated to future periods	(785,145)	(820,695)	(785,145)	(820,695)
Net liability	481,207	472,056	481,207	472,056
Net liability payable after one year	504,396	491,902	504,396	491,902

The base rental payable per year Rs. 70,352,872/-.
The lease rental during the current year charged to the Income Statement is based on GDP deflator of 3.4% (2021 - 2.2%).

NOTES TO THE FINANCIAL STATEMENTS

29. LEASE LIABILITY CONTD.

	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Lease Interest for the Year	66,608	64,835	66,608	64,835
Capital for the Year	3,745	3,205	3,745	3,205
Lease Rental Paid for the year	70,353	68,040	70,353	68,040

29.2 Lease liability on Right-of-Use asset - Building

	Group / Company	
	2022 Rs. '000	2021 Rs. '000
As at 31 March 2021	1,965	1,698
Effect of adoption SLFRS 16		-
As at 01 April 2021	1,965	1,698
Additions	1,897	1,823
Accretion of Interest	341	341
Payments during the year	(2,131)	(1,897)
Balance as at 31 March 2022	2,072	1,965
Current Liability	2,072	1,965
Non Current Liability	-	-
Total Lease Liability as at 31 March 2022	2,072	1,965

29.3 Current & Non-Current Classification of Lease Liability

	Group / Company	
	2022 Rs. '000	2021 Rs. '000
Current Liability	6,303	5,587
Non Current Liability	504,396	491,902
Total Lease Liability as at 31 March 2022	510,699	497,489

30. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Trade Creditors	304,114	295,267	302,288	293,453
Other Creditors	59,817	48,840	56,826	45,848
	363,931	344,107	359,114	339,301

31. DIVIDEND PAYABLE

	Group		Company	
	2022 Rs. '000	2021 Rs. '000	2022 Rs. '000	2021 Rs. '000
Dividends for 2021/22- Rs. 5.00 per Share (Paid on 27 April 2022)	125,000	100,000	125,000	100,000
Dividend Payable	37,553	33,308	37,553	33,308
	162,553	133,308	162,553	133,308

32. AMOUNTS DUE TO RELATED COMPANIES

	Relationship	Group		Company	
		2022	2021	2022	2021
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Namunukula Plantations PLC	Related Company	129,115	120,908	129,115	120,908
Arpico Interiors (Pvt) Ltd	Related Company	4	4	4	4
Arpico Construction (Pvt) Ltd	Related Company	776	-	776	-
RPC Logistics (Pvt) Ltd	Related Company	218	193	218	193
Richard Pieris & Company PLC	Ultimate Parent Company	6,081	6,330	961	1,211
RPC Plantation Management Services (Pvt) Ltd	Parent Company	114,115	19,173	114,115	19,173
Richard Pieris Distributors Ltd	Related Company	120	52	120	52
Richard Pieris Tyre Company Ltd	Related Company	558	1,628	558	1,628
Arpitech (Pvt) Ltd	Related Company	683	673	683	673
Maskeliya Tea Garden Ceylon Ltd	Related Company	70	66	70	66
		251,740	149,027	246,620	143,908

33. ASSETS PLEDGED AS SECURITIES

The following assets have been pledged as securities for liabilities.

Name of Bank	Loan Facility Rs./USD (Mn)	Security
Bank of Ceylon	35.0 Mn	Primary mortgage over leasehold rights of Gampaha Estate.
Hatton National Bank PLC	50.0 Mn	Primary mortgage over leasehold rights of Luckyland Estate.
Commercial Bank of Ceylon PLC	USD 5.0 Mn 25.0 Mn 700.0 Mn	Primary and secondary mortgage over leasehold rights of Etana and Kirklees Estates and a negative pledge over leasehold rights of Allagolla, Eadella and Doteloya Estates.
Nations Trust Bank PLC	150.0 Mn	Primary mortgage over Produce Stocks (Rubber, Tea and Coconut).

Carring values of the assets pledged are as follows.

Name of Bank			Carring Amount Pledged	
	Nature of Liability	Outstanding Rs./USD (Mn)	2022 Rs. '000	2021 Rs. '000
Bank of Ceylon	Overdraft	-	129,639	129,343
Hatton National Bank PLC	Overdraft	-	193,982	189,490
Commercial Bank of Ceylon PLC	Term Loan	USD 0.487 Mn Rs. 2.7 Mn Rs. 612.5 Mn	652,890	620,571

Notes:

1. Corporate guarantee dated 16th September 2011 has been given to Hatton National Bank PLC for Rs. 50.0 million from the Company on behalf of Maskeliya Tea Gardens Ceylon PLC.

2. Corporate guarantee dated 29th January 2013 has been given to Hongkong & Shanghai Banking Corporation (HSBC) for USD 450,000/- from the Company together with supporting board resolution on behalf of Richard Pieris Natural Foams Limited.

NOTES TO THE FINANCIAL STATEMENTS

34. CAPITAL COMMITMENTS

Followings are the capital commitments as at the Statement of Financial Position date;

	Group		Company	
	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Approved by the Board & Contracted for	Nil	Nil	Nil	Nil
Approved by the Board & not Contracted for	775,498	352,952	775,498	352,952
	775,498	352,952	775,498	352,952

35. COMMITMENTS AND CONTINGENCIES

No known contingent liabilities exist as at the date of financial position other than the matters disclosed below in the notes to the Financial Statements.

35.1 - Two assessments for Value Added Tax (VAT) under the Value Added Tax Act No. 14 of 2002 and its amendments thereto in relation to the taxable period from 1st April 2006 to 31st March 2011 were issued by the Commissioner General of Inland Revenue. The Tax Appeals Commission hearing the appeal made by us, has determined the VAT assessment in favour of the Department of Inland Revenue. The Company has also appealed against the determination to the Court of Appeal to the Supreme Court and the case is currently pending before the Supreme Court.

The estimated contingent liability to the Company is Rs. 21.1 mn. exclusive of any penalties that may arise for said period. Based on the Expert advice, the Directors are of the opinion that the ultimate determination of the case will not have a material impact on the financial position of the Company.

35.2 Court of Appeal Case No CA WRIT 143/2021

In the past, wages of the Plantation workers were negotiated between Trade Unions and Regional Plantation Companies (RPCs), once in every two years and a Collective Agreement was signed between the parties. However, the last wage negotiations between the parties were not successful and therefore, the matter was referred to the Wages Board by the Minister of Labour. Consequently, The Wages Board without considering objections of the RPCs decided the daily wage rate of Tea / Rubber workers as Rs. 1,000/- per day and gazetted its decision on 05th March 2021.

Therefore, a "Writ Application" was instituted by the RPCs in the Court of Appeal seeking an interim order, staying and /or suspending the operation of the Gazette issued by the Wages Board, but the Hon Judges of the Court of Appeal declined to issue an interim order but directed the respondents to file objections and the RPCs (Petitioners) to file Counter Objections. As at the date of the Statement of financial position, the above matter is under the purview of the Court of Appeal and therefore, the final decision is pending.

Having discussed with independent legal experts and based on the information available, the Directors are of the view that in the event of an unforeseen verdict unfavorable to the Company/Group from the above court case, the contingent liability on retirement benefit obligation liability would be Rs. 64 mn and of which Rs. 5 mn need to be charged to Profit or Loss and Rs. 59 mn to be charged under Other Comprehensive Income for the year ended 31 March 2022. However, no provisions have been made in the financial statements for the year ended 31 March 2022 in this regard.

36. EVENTS AFTER REPORTING PERIOD

No circumstances have arisen since the Statement of Financial Position date, which would require adjustment or disclosure in the Financial Statements, other than to the following.

The Government of Sri Lanka in its Budget for 2022 proposed a one-time tax, referred to as a surcharge tax, at the rate of 25% to be imposed on any companies that have earned a taxable income in excess of Rs. 2Bn for the year of assessment 2020/2021. The tax is imposed by the Surcharge Tax Act No. 14 of 2022 which was passed by the Parliament of Sri Lanka on 7th April 2022. As the law imposing the surcharge tax was enacted after the reporting period end, the financial statements for the year ended 31st March 2022 do not reflect the tax liability that would arise in consequence, the amount of which is best estimated at Rs. 876,838/-.

37. RELATED PARTY DISCLOSURES

37.1 Transaction with related entities

Nature of Transaction	Group		Company	
	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
37.1.1 Parent Company				
Amount Payable/Recoverable as at 31 March	(114,116)	(19,173)	(114,116)	(19,173)
Managing Agent's Fee	(94,629)	(58,942)	(94,629)	(58,942)
Settlement of Management Fee	-	63,967	-	63,967
Recovery of expenses	(314)	(97)	(314)	(97)
37.1.2 Subsidiaries				
Amount Receivable as at 31 March	-	-	83,947	86,027
Administration Expenses	-	-	(2,186)	(1,973)
37.1.3 Associates				
Amount Receivable as at 31 March	2,204,364	1,861,847	761,176	707,574
Amount Payable as at 31 March	-	-	-	-
Sale of Latex	1,516,569	1,247,765	1,516,569	1,247,765
Settlement Amount	(1,462,967)	(1,234,673)	(1,462,967)	(1,234,673)
Share of Result of Equity Accounted Investees	288,915	326,470	-	-
Insurance Premium	(1,597)	(1,666)	(1,597)	(1,666)
Insurance Premium Settlements	1,597	1,666	1,597	1,666
Dividend Receivable	-	-	-	157,950
Dividend Settlement	-	(157,950)	-	(157,950)
37.1.4 Related Companies				
Amount Receivable as at 31 March	201,868	187,304	201,868	187,304
Amount Payable as at 31 March	(132,505)	(129,854)	(132,505)	(124,735)
Salaries, Rent, Vehicle repairs & other Expenses	(4,146)	(2,788)	(4,146)	(2,788)
Purchase of Goods	(151,082)	(110,065)	(151,082)	(110,065)
Settlement of Dues	142,082	107,449	142,082	107,449
Sale of Goods	349,724	214,985	349,724	214,985
Sales cash receipts	(365,362)	(210,113)	(365,362)	(210,113)
Secretarial Fees	-	(200)	-	(200)
Freight Charges	1,865	1,667	1,865	1,667
Dividend/Repo/Debenture Interest Receivable	5,943	246	5,943	246
Dividend/Repo/Debenture Interest settlement	-	(26,073)	-	(26,073)
Deemed Disposal Gain/(Loss) - Sudsequent Recognition	32,040	13,320	32,040	13,320

NOTES TO THE FINANCIAL STATEMENTS

37. RELATED PARTY DISCLOSURES CONTD.

37.1.5 Terms and conditions

Transactions with related parties are carried out in the ordinary course of business on an arm's length basis. 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 of the Company as per 31 March 2021 audited Financial Statements, which required additional disclosures in the 2021/22 Annual Report under Colombo Stock Exchange listing rule 9.3.2 and code of best practices on related party transactions under the security exchange commission directive issued under section 13(c) of the Security Exchange Commission Act.

Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2021 audited Financial Statements, which required additional disclosures in 2021/22 Annual Report under Colombo Stock Exchange listing rule 9.3.2 and code of best practices on related party transactions under the security exchange commission directive issued under section 13(c) of the Security Exchange Commission Act, except following related party transactions exceeds 10% of the gross revenue/income as required.

Recurrent Related Party Transactions	Group		Company	
	2022	2021	2022	2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Disclosures				
a. Name of the related party : Richard Pieris Natural Foams Ltd				
b. Relationship : Associate Company				
c. Nature of transaction : Sale of Centrifuged Latex				
d. Aggregate value of related party transactions entered into during the financial year	1,516,569	1,247,765	1,516,569	1,247,765
Consolidated revenue as per latest audited financial statements	3,627,751	3,148,123	3,627,751	3,148,123
e. Aggregate value of related party transactions as a % of net revenue/income	41.8%	39.6%	41.8%	39.6%
f. Terms and conditions of the related party transactions				
Transactions with related parties are carried out in the ordinary course of business on an arm's length basis				

37.1.6 Management Fees

As per the agreememt is made and entered into at Colombo as of 10 September 2018, the Managing 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 managment fees (EBITDA) applicable in that fiscal year.

37.2 Transactions with key management personnel of the Company

There were no transactions with the key management personnel of the Company and its parent for the year ended 31 March 2022. Further there were no key management compensation paid during the year other than those disclosed in Note 8.

37.3 Related Party Transactions

There are no related party transactions other than those disclosed in Notes 11, 17.1, 18, 20.1, 21, 32, 33 & 37 to the Financial Statements.

37.4 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.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has loan and other receivables, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The Group also holds available-for-sale investments and held to maturity investment.

Accordingly, the Group has exposure to namely Credit Risk, Liquidity Risk, Currency Risk and Market Risks from its use of financial instruments.

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

38.1 Financial Risk Management Framework

The Board of Directors has the overall responsibility for the establishment and oversight of the Group's financial risk management framework which includes developing and monitoring the Group's financial risk management policies.

38.2 Credit Risk

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

38.2.1 Trade and other Receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group'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 Group 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 categorised according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale or retail customer, geographical location, industry, aging profile, maturity and existence of previous financial difficulties. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

The maximum exposure to credit risk for trade and other receivables at the reporting date is Rs. 456 Mn (2020/21 – Rs. 367 Mn).

Kegalle Plantations PLC has a minimal credit risk of its trade receivables as the repayment is guaranteed within seven days by the Tea and Rubber Auction Systems.

38.2.2 Investments

Credit risks from invested balance with the financial institutions are managed by the Board of Directors. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to them. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

The Group held short term investments of Rs. 776 Mn as at 31 March 22 (2020/21 – Rs. 865 Mn) which represents the maximum credit exposure on these assets.

NOTES TO THE FINANCIAL STATEMENTS

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTD.

38.2.3 Cash And Cash Equivalents

The Group held cash at bank and in hand of Rs. 16 Mn as at 31 March 2022 (2020/21 – Rs. 18 Mn) which represents its maximum credit exposure on these assets.

38.3. Liquidity Risk

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

The Group does not concentrate on a single financial institution, thereby minimizing the exposure to liquidity risk through diversification of funding sources. The Group aims to fund investment activities of the individual and Group level by funding the long-term investment with long term financial sources and short term investment with short term financing. Where necessary the Group consults the Treasury Department and Strategic Business Development Unit of the Parent Company for scrutinizing the funding decisions.

The Table below summarizes the maturity profile of the Group financial liabilities based on contractual undiscounted payments.

As at 31 March 2022	On Demand	Less than 3 Months	3 to 12 Months	2 to 5 years	>5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Group						
Interest bearing loans & borrowing	100,789	87,409	274,356	1,108,776	-	1,571,329
	100,789	87,409	274,356	1,108,776	-	1,571,329
Company						
Interest bearing loans & borrowing	100,789	87,409	274,356	1,108,776	-	1,571,329
	100,789	87,409	274,356	1,108,776	-	1,571,329

As at 31 March 2021	On Demand	Less than 3 Months	3 to 12 Months	2 to 5 years	>5 years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Group						
Interest bearing loans & borrowing	132,239	89,639	276,433	831,303	-	1,329,614
	132,239	89,639	276,433	831,303	-	1,329,614
Company						
Interest bearing loans & borrowing	132,239	89,639	276,433	831,303	-	1,329,614
	132,239	89,639	276,433	831,303	-	1,329,614

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTD.

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: interest rate risk & other price risk such as equity price risk. Financial instrument affected by market risk include loans & borrowings, deposits & derivative financial instruments.

38.4.1 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.The Group has not engaged in any interest rate swap agreements.

The Group held long term borrowings with floating interest rates of Rs. 1,146 Mn (2020/21 – Rs.1,031 Mn) which represents its maximum credit exposure on these liabilities.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's Profit Before Tax is affected through the impact on floating rate borrowings as follows:

	Increase/ decrease in Interest rate	Effect on Profit Before Tax Rs.'000
Group		
2021/22	5%	(17,150)
	-5%	17,150
2020/21	1%	(1,773)
	-1%	1,773
Company		
2021/22	5%	(17,150)
	-5%	17,150
2020/21	1%	(1,773)
	-1%	1,773

NOTES TO THE FINANCIAL STATEMENTS

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTD.

38.4.2 Foreign currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in the USD exchange rates, with all other variables held constant. The impact on the Group's Profit Before Tax is due to changes in fair value of monetary assets and liabilities.

	Increase/ decrease in Interest rate	Effect on Profit Before Tax Rs.'000
Group/Company		
2021/22		
USD	5%	(411)
USD	-5%	411
Group/Company		
2020/21		
USD	5%	(1,039)
USD	-5%	1,039

38.4.3 Equity Price Risk

The Group's listed & unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Management of the Group monitors the mix of debt & equity securities in its investment portfolio based on market indices. Material investment within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board. Equity price risk is not material to the Financial Statements.

38.4.4 Capital Management

The Group'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 retained earnings. The Group manages its capital structure and re-structures the capital base time to time in light of changes in economic conditions as per the directives given by the Board of Directors. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital through share buy backs or infuse capital through new share issuance.

The Group monitors capital using indicative leverage ratios preferably through gearing ratio, which is net debt as a percentage of total equity and net debt. The Group includes within net debt, interest bearing loans & borrowings, short term borrowings less Cash & Cash Equivalents, excluding discontinued operations.

The gearing ratio at the reporting date is as follows.

	As at 31.03.2022 Rs. '000	As at 31.03.2021 Rs. '000
Interest Bearing Borrowings		
Current portion of long term interest bearing borrowings	441,549	485,159
Payable after one year	804,160	677,619
Total Debts	1,245,709	1,162,778
Equity	3,290,718	2,898,226
Total Equity & Debts	4,536,427	4,061,004
Gearing Ratio	27%	29%

SHAREHOLDER & INVESTOR INFORMATION

1. Stock Exchange Listing

The issued Ordinary Share of Kegalle Plantations PLC, are listed with Colombo Stock Exchange (CSE) of Sri Lanka (Quoted 1996.01.08).

2. Distribution of Shareholders

As at 31 March	2021/22			2020 /21		
	No of Share Holders	No of Shares	% Holdings	No of Share Holders	No of Shares	% Holdings
Range of						
1 - 1,000	8,610	1,827,304	7.31%	8,604	1,825,831	7.30%
1,001 - 10,000	293	1,022,941	4.09%	287	957,538	3.83%
10,001 - 100,000	52	1,515,355	6.06%	55	1,659,550	6.64%
100,001 - 1,000,000	5	863,924	3.46%	4	786,605	3.15%
1,000,001 - & above	1	19,770,477	79.08%	1	19,770,477	79.08%
Total	**8,961**	**25,000,001**	**100.00%**	**8,951**	**25,000,001**	**100.00%**

3. Composition of Shareholders

As at 31 March	2021/22			2020 / 21		
	No of Share Holders	No of Shares	% Holdings	No of Share Holders	No of Shares	% Holdings
Resident & Non-Resident						
Resident Investors	8,943	24,699,590	98.80%	8,933	24,646,447	98.59%
Non-Resident Investors	18	300,411	1.20%	18	353,554	1.41%
Total	**8,961**	**25,000,001**	**100.00%**	**8,951**	**25,000,001**	**100.00%**
Individual & Institutional						
Individual Investors	8,820	3,355,032	13.42%	8,842	3,610,091	14.44%
Institutional Investors	141	21,644,969	86.58%	109	21,389,910	85.56%
Total	**8,961**	**25,000,001**	**100.00%**	**8,951**	**25,000,001**	**100.00%**
Public & Other Shareholding						
Related Company	3	19,783,877	79.14%	3	19,783,877	79.14%
Company Directors Holding	1	100	0.00%	1	100	0.00%
General Public including Employees	8,957	5,216,024	20.86%	8,947	5,216,024	20.86%
Total	**8,961**	**25,000,001**	**100.00%**	**8,951**	**25,000,001**	**100.00%**

4. Minimum Public Holding

The percentage of shares held by the public is 20.86% of the issued Share Capital of the Company as at 31 March 2022 (31 March 2021 – 20.86%).

The Company complies with Option 5 of the Listing Rules 7.13.1 (a) - Less than Rs. 2.5 Bn, Float Adjusted Market Capitalization which requires 20% minimum Public Holding.

SHAREHOLDER & INVESTOR INFORMATION

		Year Ended 31 March 2022	Year Ended 31 March 2021
Market Capitalization	Rs.'000	3,337,500	2,430,000
Price Earning Ratio	Times	6.98	7.71
Public Holding Percentage	%	20.86%	20.86%
Total number of Shareholders representing the Public Holding	Nos	8,957	8,947
Float Adjusted Market Capitalization	Rs.'000	696,339	506,998

5. The 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 of Sri Lanka or by a 100% Government owned Public Company. In addition to the rights of the normal ordinary shareholder, the Golden Shareholder has the following rights;

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 special rights to the Golden Shareholder.

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 be submitted a detailed quarterly accounts report to the Golden Shareholder in a specified format within 60 days of the end of each quarter. Additional information relating to the Company in a specified format must be submitted to the Golden Shareholder within 90 days of the end of each financial year.

5) The Golden Shareholder can request the Board of Directors of the Company to meet with him/his Nominee, once in every quarter to discuss issues related to the Company's operation of interest to the Government.

6. Share Information

Market Value		2021/22		2020/21	
Highest Price	Rs.	224.75	(25 January 2022)	170.00	(26 January 2021)
Lowest Price	Rs.	93.00	(6 April 2021)	35.00	(12 May 2020)
Closing Price	Rs.	133.50	(31 March 2022)	97.20	(31 March 2021)

Share Trading		2021/22	2020/21
No. of Shares Traded		5,151,216	3,665,049
No. of Trades		12,815	8,017
Value of Shares Traded	Rs.	679,645,026	327,551,286

Key Ratios		2021/22	2020/21
Earnings per Share	Rs.	19.12	12.61
Net Assets per Share	Rs.	131.63	115.93
Dividends per Share	Rs.	5.00	4.00
Dividend pay out	%	26.16%	31.73%

7. Twenty Largest Shareholders of the Company

As at	Name of the Shareholder	31 March 2022 Number of Shares	31 March 2022 % of the Holding	31 March 2021 Number of Shares	31 March 2021 % of the Holding
1	RPC Plantation Management Services (Pvt) Ltd	19,770,477	79.08%	19,770,477	79.08%
2	Dhanasiri Recreation (Pvt) Ltd	319,305	1.28%	319,305	1.28%
3	Tranz Dominion, L.L.C	185,000	0.74%	185,000	0.74%
4	Deutsche Bank AG Singapore A/c 02 (DCS CLT ACC)	130,000	0.52%	160,000	0.64%
5	Hatton National Bank PLC/Arunasalam	116,167	0.46%	-	-
6	Surn (Pvt) Ltd	113,452	0.45%	-	-
7	Mr. D. M. Kodikara	87,000	0.35%	92,000	0.37%
8	Hatton National Bank PLC/Mushtaq Mohamed Fuad	82,556	0.33%	-	-
9	Hatton National Bank PLC/Nisthar Abdul Majeed	70,052	0.28%	-	-
10	Hatton National Bank PLC/Ruwan Prassana	62,854	0.25%	-	-
11	Aruna Enterprises (Pvt) Ltd	55,912	0.22%	-	-
12	Mrs. M. S. E. V. E. A. U. Von Stumm	50,703	0.20%	59,349	0.24%
13	Mr. N. Balasingam	50,600	0.20%	50,600	0.20%
14	Hi-Line Trading (Pvt) Ltd	47,600	0.19%	-	-
15	Peoples Leasing & Finance PLC/Hi Line Trading (Pvt) Ltd	45,000	0.18%	-	-
16	Mr. P. F. Nandasiri	42,500	0.17%	42,500	0.17%
17	Mr. M. S. F. Haqque	42,356	0.17%	-	-
18	Mr. H. A. Cabraal	42,000	0.17%	-	-
19	Peoples Leasing & Finance PLC/Hi Line Towers (Pvt) Ltd	40,619	0.16%	-	-
20	Mr. M. Z. Rasheed	40,008	0.16%	-	-
	Sub Total	**21,394,161**	**85.58%**	-	-
	Balance held by 8,941 Shareholders (31 March 2021 - 8,931 Shareholders)	3,605,840	14.42%	3,624,796	14.50%
	Total Shares	**25,000,001**	**100.00%**	**25,000,001**	**100.00%**

There were no non-voting shares as at 31 March 2022.

8. Exchange Rates - US $ (Selling)

	2022	2021	2020	2019	2018
As at 31 March (Rs.)	298.99	202.04	192.45	178.02	157.49

9. Other Share Information

The performance of Kegalle Plantations PLC's share is as follows compared to the performances of All Share Price Index (ASPI), and Standard & Poor's Sri Lanka 20 Index (S&P SL20) in the Share Market during the year 2021/22.

KPPLC Share Price Vs Market Indices

Kegalle Plantations PLC's share information from Colombo Stock Exchange (CSE) website:

- Log on to Colombo Stock Exchange - website: www.cse.lk
- Enter Company Code (KGAL.N000) in the search box at the top right hand corner of CSE home page and go to the Company description.

TEN YEAR SUMMARY

Year Ended 31 March		2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13
Operating Results											
Turnover	Rs.'000	3,627,751	3,148,122	2,185,536	2,421,797	2,508,167	2,287,161	1,933,063	2,023,911	2,414,220	2,587,558
Gross Profit/(Loss)	Rs.'000	532,621	321,587	(36,460)	112,054	366,198	227,194	8,287	66,116	429,836	704,132
Operating Profit before Mgt Fee	Rs.'000	582,117	497,887	50,883	222,284	511,708	302,804	85,345	62,710	409,416	670,346
Profit before Interest and Tax	Rs.'000	668,533	495,290	107,554	385,673	625,499	457,275	262,086	274,227	564,605	710,927
Profit/(Loss) After Tax	Rs.'000	477,903	315,126	(67,003)	102,038	235,859	217,263	101,330	127,034	345,993	473,186
Other Comprehensive Income/(Loss)	Rs.'000	39,587	56,207	(49,291)	(25,337)	(2,671)	93,124	122,147	(7,161)	(2,929)	21,855
Total Comprehensive Income/(Loss)	Rs.'000	517,490	371,333	(116,294)	76,701	233,187	310,387	223,476	119,873	343,064	495,041
Dividends Distributed	Rs.'000	125,000	100,000	-	125,000	187,500	125,000	1,125,000	50,000	337,500	-
Financial Position											
Fixed Assets	Rs.'000	4,241,908	3,655,183	3,512,363	3,018,590	2,866,712	2,622,327	2,553,641	2,437,195	2,232,039	2,024,766
Investments	Rs.'000	690,930	658,890	645,570	735,810	1,738,450	1,692,730	1,636,150	1,611,850	611,850	597,000
Current Assets	Rs.'000	1,784,190	1,683,129	1,387,012	3,449,045	2,297,949	2,089,323	2,168,563	3,078,052	4,102,606	3,028,955
Current Liabilities	Rs.'000	1,216,141	1,107,263	1,464,213	2,965,963	2,129,542	1,879,266	1,476,509	771,499	560,053	373,638
Shareholders' Funds	Rs.'000	3,290,716	2,898,226	2,626,892	2,619,083	2,667,383	2,621,697	2,436,309	3,412,393	3,342,520	3,336,956
Share Capital	Rs.'000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Reserves	Rs.'000	3,040,716	2,648,226	2,376,890	2,369,083	2,417,383	2,371,697	2,186,309	3,162,393	3,092,520	3,086,956
Key Financial Indicators											
Current Ratio	Times	1.47	1.52	0.95	1.16	1.08	1.11	1.47	3.99	7.33	8.11
Quick Asset Ratio	Times	1.09	1.22	0.69	1.04	0.92	0.97	1.31	3.64	6.76	7.46
Debt Equity Ratio	Times	0.27	0.29	0.32	0.54	0.52	0.50	0.53	0.41	0.41	0.25
Interest Cover	Times	6.46	3.96	0.57	1.36	2.23	1.77	1.32	1.55	3.15	5.02
Equity /Asset Ratio	Times	0.49	0.48	0.47	0.36	0.39	0.41	0.38	0.48	0.48	0.59
Earnings per Share	Rs.	19.12	12.61	(2.68)	4.08	9.43	8.69	4.05	5.08	13.84	18.93
Dividend Per Share	Rs.	5.00	4.00	-	5.00	7.50	5.00	45.00	2.00	13.50	-
Net Assets Per Share	Rs.	131.63	115.93	105.08	104.76	106.70	104.87	97.45	136.50	133.70	133.48
Market Price of a Share	Rs.	133.50	97.20	40.80	55.00	65.90	52.00	50.70	85.80	105.00	112.00
Market Capitalization	Rs.'000	3,337,500	2,430,000	1,020,000	1,375,000	1,647,500	1,300,000	1,267,500	2,145,000	2,625,000	2,800,000
Return On Capital Employed	%	14.74	12.20	2.77	6.71	11.23	8.80	5.08	4.72	9.95	15.99
Price Earnings Ratio	Times	6.98	7.71	(15.22)	13.48	6.99	5.98	12.51	16.89	7.59	5.92
Dividend Cover	Times	3.82	3.15	-	0.82	1.26	1.74	0.09	2.54	1.03	-
Dividend Pay Out Ratio	%	26.16	31.73	-	122.50	79.50	57.54	1,110.28	39.36	97.55	-
Annual Production											
Rubber	kg '000	4,598	4,589	3,666	4,080	3,495	3,742	3,353	3,534	4,016	4,076
Tea	kg '000	1,808	1,869	1,784	1,923	1,962	2,165	2,375	2,094	2,243	2,162
Coconut	nuts '000	1,151	918	1,318	1,295	1,117	1,471	1,559	1,549	1,596	1,713
Capital Expenditure											
Field Development	Rs '000	331,736	237,085	262,615	260,837	300,895	172,757	219,068	263,195	290,313	223,167
Purchase of PPE	Rs '000	6,770	37,761	4,246	21,915	33,844	3,168	1,580	42,656	4,155	30,554
Total Capex	Rs '000	338,506	274,846	266,861	282,752	334,739	175,925	220,648	305,851	294,468	253,721

RUBBER

		2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13
Production	kg'000	4,598	4,589	3,666	4,080	3,495	3,742	3,353	3,534	4,016	4,076
NSA	Rs./kg	541.44	387.74	320.98	293.36	343.86	276.34	274.04	291.26	353.16	415.14
COP	Rs./kg	417.29	328.50	302.12	281.90	289.45	248.13	249.26	261.23	254.21	257.27
Yield	kg/ha	916	986	913	990	911	998	872	883	1,011	977
Revenue Extent	ha	2,715	2,714	2,714	2,771	3,008	3,224	3,489	3,535	3,591	3,653

TEA

			2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13
PRODUCTION												
Uva	Elevation	Kg '000	1,143	1,188	1,025	1,151	1,117	1,191	1,286	1,074	1,143	1,065
Medium	Elevation	Kg '000	321	316	340	434	463	542	583	523	600	549
Low	Elevation	Kg '000	345	366	420	339	382	431	505	496	500	548
NSA												
Uva	Elevation	Rs./Kg	550.22	563.10	486.56	520.32	582.30	460.53	365.93	381.53	380.19	361.39
Medium	Elevation	Rs./Kg	569.00	559.38	422.83	469.35	586.58	467.95	356.95	413.35	436.38	383.36
Low	Elevation	Rs./Kg	589.81	604.04	495.38	529.41	578.84	482.48	373.23	416.60	427.58	375.62
COP												
Uva	Elevation	Rs./Kg	562.33	556.23	552.51	542.11	545.17	457.05	409.88	449.37	415.00	405.49
Medium	Elevation	Rs./Kg	567.32	575.22	537.95	499.04	508.33	408.53	360.25	368.09	374.81	329.34
Low	Elevation	Rs./Kg	564.02	577.62	509.42	537.79	536.65	440.56	381.36	401.52	400.23	371.36
YIELD												
Uva	Elevation	Kg/ha	789	771	686	726	730	677	806	858	1,021	840
Medium	Elevation	Kg/ha	1,153	1,203	1,054	1,225	1,311	1,356	1,265	1,582	1,652	1,690
Low	Elevation	Kg/ha	1,001	962	953	967	1,020	1,001	1,068	1,178	1,204	1,337
REVENUE EXTENT												
Uva	Elevation	ha	983	984	984	974	967	967	952	952	952	951
Medium	Elevation	ha	176	179	179	178	179	178	177	173	173	173
Low	Elevation	ha	140	140	142	143	143	148	150	149	149	148

COCONUT

		2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13
Production	nut'000	1,151	918	1,318	1,295	1,117	1,471	1,559	1,549	1,596	1,713
NSA	Rs./nut	58.92	51.98	31.03	43.00	51.79	24.11	31.95	31.71	32.62	23.31
COP	Rs./nut	21.59	31.37	20.65	21.44	27.74	16.57	14.69	15.15	13.16	13.23
Yield	nut /ha	2,787	2,123	3,032	2,978	2,463	3,241	3,569	3,379	3,652	4,205
Revenue Extent	ha	413	432	435	435	453	454	437	437	437	408

GLOSSARY

Financial Terms

A

ACCOUNTING POLICIES

The specific principles, bases, conventions, rules, and practices adopted by an enterprise in preparing and presenting Financial Statement.

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 biological assets.

AGRICULTURAL PRODUCE

Agricultural produce is the harvested product of the entity's biological assets.

AMORTISATION

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

ASSOCIATE

An associate is an entity, including an unincorporated entity such as a partnership, over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

AWPLR
Average Weighted Prime Lending Rate.

B

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

Biological transformation comprises the process of growth, degeneration, production, and procreation that cause qualitative or quantitative change in a biological asset.

BORROWING COSTS

Borrowing Costs are interest and other costs incurred by an enterprise in connection with borrowing of funds.

C

CAPITAL EMPLOYED

The sum of Shareholders' Funds, Long Term & Short-Term Interest-bearing Borrowings.

CASH EQUIVALENTS

Abbreviation for liquid investments with original maturity periods of three months or less.

CONSUMABLE BIOLOGICAL ASSETS

The biological assets those that are to be harvested as agricultural produce or sold as biological assets.

CONTINGENT LIABILITIES

A possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise.

CURRENT RATIO

Current Assets divided by Current liabilities.

CURRENT SERVICE COST

Current Service Cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

D

DEBT TO EQUITY RATIO

Borrowings divided by equity.

DEFERRED TAXATION

The Tax effect of timing differences deferred to/ from other periods, which would only qualify for inclusion on a tax return at a future date.

DIVIDEND COVER

Profit attributable to Ordinary Shareholders divided by dividend. Measures the number of times dividend is covered by distributable profit.

DIVIDEND PAYOUT

Dividend per share as a percentage of the earnings per share.

DIVIDEND YIELD

Dividend per share as a percentage of the market price. A measure of return on investment.

DIVIDENDS

Distribution of profits to holders of equity investments.

E

EARNINGS PER SHARE

Profit after Tax divided by weighted average number of Ordinary Shares outstanding during the period.

EBIT

Earnings Before Interest and Tax.

EBITDA

Abbreviation for Earnings before Interest, Tax, Depreciation, and Amortization.

ENTERPRISE VALUE

Market Capitalization plus net debt.

EQUITY

Shareholders' fund.

EQUITY INSTRUMENTS

Equity Instruments is 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 recognised 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.

EQUITY/ASSETS RATIO

Shareholders' Funds divided by Long Term Assets plus Current Assets.

EU

European Union.

EVA

Economic Value Addition. The return earned beyond the cost of capital (Weighted Average Cost of Capita into Capital Invested minus Net Operating Profit).

F

FAIR VALUE

Fair value is the amount for which an asset could be exchanged between a knowledgeable, willing buying 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).

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

Any contract that gives rise to a financial asset of one entity and a financial liability or equity to another entity.

FINANCIAL LIABILITY

Any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

FVTOCI

Abbreviation for Fair Value Through Other Comprehensive Income.

G

GEARING (D/E RATIO)

Long-Term Interest-bearing Borrowings/ Liabilities as a percentage of Shareholders' Funds plus Long-Term Interest-bearing Borrowings/Liabilities.

GENERAL RESERVE

Reserve available for distribution and investment.

H

HARVEST

Detachment of produce from a biological asset or the cessation of biological assets life processes.

I

IFRS

International Financial Reporting Standards

INTEREST COVER

Profit before Tax plus Interest Charges divided by Interest Charges, including Interest Capitalized.

J

JEDB

Janatha Estates Development Board.

K

KMP (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, including any director (whether executive or otherwise) of that entity.

L

LIBOR

London Inter- Bank Offered Rate.

LIQUIDITY

The availability of liquid assets to a market or Company.

M

MARKET CAPITALIZATION

Number of shares in issue, multiplied by the market value of each shares at the year end.

MVA

The difference of market capitalisation and book value of share capital.

N

NET ASSETS

Sum of Fixed Assets and Current Assets less Total Liabilities.

NET ASSETS PER SHARE

Shareholders' funds divided by the number of Ordinary Shares.

NET PRICE PER SHARE

Net Assets at the end of period divided by the number of Ordinary Shares issued.

O

OCI

Other comprehensive income comprises the items of income and expenses that are not recognised in profit or loss as required or permitted by other SLFRS's.

P

PRICE EARNINGS RATIO

Market price of a share divided by Earnings per Share.

R

RELATED PARTIES

Parties who could control or significantly influence the financial and operating policies of the Company.

RETURN ON AVERAGE EQUITY

Net income expressed as a percentage of Average Shareholders' Funds.

RETURN ON CAPITAL EMPLOYED (ROCE)

Profit before Tax plus Interest on Loans divided by the Equity Funds, Long Term Loans and Short-Term Loans.

GLOSSARY

REVENUE RESERVES

Reserves considered as being available for distributions and investments.

RSS-1

Ribbed Smoked Sheet - Grade 1.

S

SHAREHOLDERS' FUNDS
Funds attributable to Shareholders which consist of Share Capital, Reserves and Retained Profit.

SLA
Sri Lanka Accounting Standards.

SLFRS/LKAS
Sri Lanka Financial Reporting Standards.

SOAT

Statement of Alternative Treatment issued by the Institute of Chartered Accountants of Sri Lanka.

SORP

Statement of Recommended Practices issued by the Institute of Chartered Accountants of Sri Lanka.

SUBSIDIARY

A subsidiary is an entity, including in unincorporated entity such as a partnership, that is controlled by another entity.

T

TURNOVER PER EMPLOYEE

Consolidated turnover of the Company for the year divided by the number of employees at the year end.

U

UITF

Urgent Issues Task Force of the Institute of The Chartered Accountants of Sri Lanka.

V

VALUE ADDITION
The quantum of wealth generated by the activities of the Company and its application.

W

WORKING CAPITAL

Current assets exclusive of liquid funds and interest-bearing financial receivables less operating liabilities and non-interest-bearing provisions.

Non - Financial Terms

A

AGM
Annual General Meeting.

B

BIODIVERSITY

The variability among living organisms from all sources including, among others, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems.

BOI

Board of Investments of Sri Lanka.

C

CDA

Coconut Development Authority.

COP

Cost of Production. Generally, refers to the cost of producing one kilo of produce (Tea/Rubber).

CROP

The total produce harvested during a financial year.

E

EMDEs

Abbreviation for emerging market and developing economies.

ETP

Ethical Tea Partnership is a non-competitive alliance of 20 international tea packers who share a vision for a thriving industry that is socially just and environmentally sustainable.

EXTENT IN BEARING

The extent of a land from which crop is being harvested. Also see "Immature Plantation".

F

FIELD

A unit extent of land. Estates are divided into fields in order to facilitate management.

G

GDP

Gross Domestic Product.

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.

GRI

Global Reporting Initiatives.

H

HACCP

Hazard Analysis and Critical Control Point System, Internationally accepted food safety standard.

I

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 fill the vacancies of existing revenue fields.

ISO

International Standards Organization.

ISO 22000

International standard for food safety management system (FSMS) released by ISO in June 2018.

L

LFPR

Abbreviation for Labour Force Participation Rate.

M

MATURE PLANTATION

The extent of plantation from which crop is being harvested.

N

NSA

Net Sales Average per kilo.

P

PHDT

Plantation Human Development Trust.

R

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.

RAINFOREST ALLIANCE (RA)

The Rainforest Alliance certification scheme; RA works to conserve biodiversity and ensure sustainable livelihoods by transforming land-use practices, business practices and consumer behaviors.

S

SEEDLING TEA

Tea grown from a seed.

T

TRI

Tea Research Institution.

V

VP TEA

Vegetatively propagated tea. i.e. tea grown from a cutting of a branch of tea plant.

Y

YIELD (YPH)

Average yearly output of produce from a hectare of plantation.

YOY

Year on Year.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Twenty Nineth (29th) Annual General Meeting of Kegalle Plantations PLC will be held at the Auditorium of the Registered Office, 310, High Level Road, Nawinna, Maharagama on Thursday, 29th September 2022 at 2.00 p.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 2022 with the Report of the Auditors thereon.

2. To approve the appointment of Dr. Sena Yaddehige as a Director

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

   "That Dr. Sena Yaddehige of Le Neuf , Chemin, St. Saviours, Guernsey, United Kingdom who is 76 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act no. 07 of 2007 shall not apply to the said Dr. Sena Yaddehige "

3. To approve the appointment of Dr. Gerry Jayawardena 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. Gerry Jayawardena of No. 134, Batagama (North) Ja -Ela, who is 80 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. Gerry Jayawardena "

4. To approve the appointment of Mr. Ananda Fernando 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. Ananda Fernando of No.26/83 A, Waidya Road, Dehiwala, who is 70 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act no. 07 of 2007 shall not apply to the said Mr. Ananda Fernando "

5. To re-elect Prof. Asoka Nugawela who retires by rotation in terms of Article 92 at the Annual General Meeting, a Director

6. To re-appoint Messrs. Ernst & Young, Chartered Accountants as Auditors of the Company and to authorize the Directors to determine their remuneration.

7. To authorize the Directors to determine contributions to charities

8. 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, Sri Lanka.

05th August 2022

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

KEGALLE PLANTATIONS PLC, hereby appoint ..... of

.....

whom failing DR. SENA YADDEHIGE whom failing PROF. ASOKA NUGAWELA whom failing DR. GERRY JAYAWARDENA whom failing SHAMINDA YADDEHIGE whom failing ANANDA FERNANDO *as my/our proxy to represent me/us and to vote on my/our behalf at the 29TH ANNUAL GENERAL MEETING of the Company to be held on 29th September 2022 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 2022 with the Report of the Auditors thereon.		
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 this Annual General Meeting, a Director		
3. To approve under and in terms of Section 211 of the Companies Act No. 07 of 2007, the appointment of Dr. Gerry Jayawardena at this Annual General Meeting, a Director		
4. To approve under and in terms of Section 211 of the Companies Act No. 07 of 2007, the appointment of Mr. Ananda Fernando at this Annual General Meeting, a Director		
5. To re-elect Prof. Asoka Nugawela who retires by rotation in terms of Article 92 as a Director		
6. To re-appoint Messrs. Ernst & Young, Chartered Accountants as Auditors of the Company and to authorize the Directors to determine their remuneration.		
7. To authorize the Directors to determine contributions to charities		
8. To consider any other business of which due notice has been given		

Dated this ..... day of 2022

.....
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 appears on the reverse of this form.

INSTRUCTIONS AS TO COMPLETION OF PROXY FORM

- To be valid, this Form of Proxy must be deposited at No. 310, High Level Road, Nawinna, Maharagama. Sri Lanka, not later than 2.00 p.m. on Tuesday, 27th September 2022.
- 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 THE COMPANY

Kegalle Plantations PLC

LEGAL FORM

A Quoted Public Company with limited liability,
Incorporated in Sri Lanka under the Companies Act No. 07 of 2007.

DATE OF INCORPORATION

22 June 1992

COMPANY REGISTRATION NUMBER

P Q 135

REGISTERED OFFICE/HEAD OFFICE

No. 310, High Level Road, Nawinna, Maharagama,
Sri Lanka.
Telephone:+ (94) 11 4310500
Fax: + (94) 11 4310799
E-mail: kpl.rpk@arpico.com
Website: www.arpico.com

ACCOUNTING YEAR END

31 March

PRINCIPAL BUSINESS ACTIVITIES

Cultivation, Manufacture and Sale of Rubber, Tea,
Coconut & other agricultural Produce.

MANAGING AGENT

RPC Plantation Management Services (Pvt) Ltd
No. 310, High Level Road, Nawinna, Maharagama,
Sri Lanka.

ULTIMATE PARENT ENTERPRISE

Richard Pieris & Company PLC
No. 310, High Level Road, Nawinna, Maharagama,
Sri Lanka.

BOARD OF DIRECTORS

Dr. Sena Yaddehige, Chairman
Prof. R C W M R A Nugawela
Dr. S S B D G Jayawardena
Mr. Shaminda Yaddehige
Mr. S S G Liyanage (Demised on 30 April 2022)
Mr. J L A Fernando

STOCK EXCHANGE LISTING

The Ordinary Shares of the Company are listed with the
Colombo Stock Exchange of Sri Lanka.

MANAGEMENT

Mr. Prins Gunasekara, Chief Executive Officer (Acting)
Mr. Ajith Ranasinghe, Financial Controller (Acting)
Mr. I S Doranegama, Director Operations
Mr. R R Wijekoon, Deputy General Manager - Rubber
Mr. S R Aluwihare, Deputy General Manager - Tea / Superintendent
Mr. T I Kodithuwakku, Senior Accountant
Mr. R M S S Herath, Manager - Information Systems
Mr. L P Tennakoon, Manager - Plantations
Mr. M P Bandara, Manager - Forestry

SECRETARIES

Richard Pieris Group Services (Pvt) Limited
No. 310, High Level Road,
Nawinna, Maharagama, Sri Lanka.
Telephone: + (94) 11 4310500

AUDITORS

Messrs. Ernst & Young,
Chartered Accountants,
201, De Saram Place,
Colombo 10, Sri Lanka

BANKERS

National Development Bank PLC
Bank of Ceylon - Corporate Branch & Regional Branches
Hatton National Bank PLC
Peoples Bank
Seylan Bank PLC
Commercial Bank of Ceylon PLC
Indian Overseas Bank/Indian Bank/State Bank of India
Nations Trust Bank PLC
DFCC Bank PLC

TAX ADVISORS

Messrs. Ernst & Young,
Chartered Accountants,
201, De Saram Place,
Colombo 10, Sri Lanka

Kegalle Plantations PLC
No. 310, High Level Road, Nawinna, Maharagama, Sri Lanka.
Telephone : +(94) 11 4310500, Fax :+(94) 11 4310799
Web : www.arpico.com, E-mail : kpl.rpk@arpico.com