MASKELIYA PLANTATIONS PLC

ANNUAL REPORT
2017/2018

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OUR STORY...

Writing our story with an everlasting ink along with sustainable wordings, we at Maskeliya move towards the goal of success passionated with best in class performance. We extract the best spirits out of team work and use them in obtaining synergized outcomes.

Maskeliya Plantations PLC serves local and global customers with it's finest teas produced out of green leaves grown in the best tea gardens in Sri Lanka. Knowing the importance of coping with challenges, our business pilot ***"Tip to Cup Model"*** *guides us in achieving targets in a well organized manner.*

"Efforts in finding indicators for smart developments through decent work" *drives Maskeliya in a systematic way in addressing requirements of a vast number of stakeholders.*

Managing Path

OUR VISION

"To be a result oriented innovative Tea Company, internationally reputed for quality"

OUR MISSION

To Customers
Produce quality tea that meet customer needs

To Employees
Be an employer of choice in the Plantation Sector

To Community
Be socially and environmentally responsible

To Stakeholders
Increase the wealth of our stakeholders

OUR OBJECTIVES

"Provide a Return on Investment above the risk free investment rate to shareholders, Maintain market leadership, both in terms of quality and price, Optimise sustainable land productivity, Maximise worker productivity, Operate within the concept of a sustainable environment, Optimise the use of available resources"

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What Drives Us

Following the best practices undertaken in an industry fuels the followers to achieve the best in class performance. Making the statement true, we adopt Good Agricultural Practices, Good Manufacturing Practices, Total quality Management & Sustainability into our operations setting us apart from the threshold.

Making stakeholders more confident with best practices, we are trying our level best to outperform competitors with strong & long lasting partnerships with all the entities that we deal. Adopting Sustainable Development Goals into the operations that we undertake, resilience against the unfavourable future prospects is established in a systematic way.

Forthcoming year of Maskeliya will be driven and decorated with our newest goal "Converting the Business to be a Great Place to Work for Inspired People". Aiming smart personnel who could carry out decent work always makes Maskeliya glitter among leaders in the industry.

Our Key Differentiators

Human Resource Development

Uplifting the lives of people in several ways to make them stand on their feet with self dignity as a proud citizen is a major concern of our business. Evolving as a successful business entity along with a developed human resource write the story of Makseliya with a sharp ballpoint which never erase off with time.

Health & Education

Building the nation with healthy generations that can flourish mother Lanka with their skills derived from proper learning is a concurrent requirement that we experience and realize. Our efforts in making it a reality continues towards the prolonged future in which we operate.

Sustainability

Understanding the importance of existence of the world, our initiatives in saving the world for a better future plays a major role in our business processes. Wise decisions followed by skillful executions Makes Maskeliya unique among the nature lovers.

Gender Equality & Reduced Inequalities

As a Company which fuels it's operations with a good mix of genders, we are keen in achieving gender equality whilst limiting the opportunities for inequalities. Our business process which starts with the finger tips of women plucking tea leaves provides a clear example of our set up which promotes gender equality.

Sustainable Consumption & Production Patterns

We strive to minimise the disparity of consumption by promoting sustainable consumption among our global consumers. As a manufacturing Company which deals with the natural environment directly, we act responsibly in using the resources keeping the idea in mind that "there are a number of future generations awaiting to use the resources to live their lives".

Innovations, Infrastructure & Development

Boosting the macro economy with production and blooming the society with more employment opportunities makes Maskeliya a proud partner in building the nation via developing the economy. Several investments in infrastructure we make along with the major investments in our manufacturing sites counts a lot in witnessing the Company's interest towards the public wellbeing.

How Are We Doing

Privileged with the honour of being one of the finest tea producers in Sri Lanka, we boast our heritage to the whole world with the taste of our Teas. Signing off a golden year where excellence was established, it's our outlook to disperse the winning culture throughout the future keeping the vision in focus while conforming operations with Sustainable Development Goals.

Keep moving to witness the story of Maskeliya...

Introduction to the Report

The Maskeliya Plantations PLC annual report is a reflection of the Company's financial and non-financial performance covering the period from 1 April 2017 to 31 March 2018 and we are pleased to present this report to a wide range of our stakeholders on behalf of the Company's Management.

The Financial statements and other relevant disclosures have been prepared in accordance with the Sri Lanka Financial Reporting Standards (SLFRS), LKAS, Companies act No 7 of 2007, CSE listing rules and other relevant reporting requirements.

Further, we adapted to the Global Reporting Initiatives (G4 Reporting Framework) under 'In Accordance-Core' option and some of the guidelines given by International Integrated Reporting Council's framework two years ago. This year also we continue to follow the same framework in preparing the Company Annual Report. However, these reports are presented in a voluntary basis and contents of sustainability report has not been externally assured.

The report is presented based on "Sustainable Development Goals" which elaborates the Company's focus on building up resilience against prospective challenges that the Company would face in it's long run. As a succeeding step following the last year's "Surmount Obstacles Model", under this model we intend to disclose our financial and non-financial information in a more integrated manner with the aim of displaying overall value creation of the Company whilst moving towards sustainability.

As you go through our Annual Report we hope that you will find our report valuable, transparent and inspiring. However, you are welcome to comment and question on this report or its contents. Please direct all your thoughts, comments and questions to.

mpl.rpk@arpico.com, or in writing to:
No.310, High Level Road,
Nawinna,
Maharagama.
Tel : 011-4310500

Journey So Far...

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 and assigned to these Companies Estates that had been previously vested with the Government and managed by JEDB/SLSPC on a 53 year lease. Separate Managing Agents were also selected to manage each of these Companies and Maskeliya Plantations PLC is one of these companies.

The Managing Agent appointed by the Government in June 1992 was Uva Western Plantations (Pvt) Ltd. In January 1996, the Government offered 51% of the Issued Share Capital of Rs.200 Mn through the Colombo Stock Exchange to pre-qualified bidders. RPK Management Services (Pvt) Ltd (RPK), a 50:50 joint venture Company between Richard Pieris & Company Ltd and John Keells Holdings Ltd being the successful bidder acquired the 51% stake at Rs.21/50 per share.

In September 1997, 20% of the Issued Share Capital consisting of 4,000,000 Ordinary Shares was offered to the public at a price of Rs.15/- per share. This offer was over subscribed many times over and on a pro-rata basis shares were allocated to more than 16,000 applicants. Subsequently, 19% of the Company's Share Capital amounting to 3,800,000 shares was sold through the Colombo Stock Exchange.

In December 1997, as the final step of the Government's privatization programme, the remaining 10% stake consisting 2,000,000 shares were gifted to the employees. Over 17,000 eligible employees qualified for these shares.

In February 1998, the Convertible Debentures held by Kegalle Plantations Ltd (KPL) were converted to 6,976,744 Ordinary Shares. As a result, the Share Capital of the Company increased to Rs.269,767,450 and KPL was allocated 28.6% of the Issued Share Capital

In September 2002, the shares held by Kegalle Plantations Ltd were sold to RPK Management Services (Pvt) Ltd. As a result RPK's holdings in Maskeliya Plantations PLC was increased to 17,176,744 ordinary shares or 63.67% holding of the Issued Share Capital.

On 31 March 2004, Richard Pieris & Co. PLC bought over the stake of John Keells Holdings PLC in RPK. Thereby RPK became a wholly owned subsidiary of Richard Pieris & Co. PLC and to reflect this change, the name of the Company too was changed as RPC Management Services (Pvt) Ltd.

Subsequently, RPC Management Services (Pvt) Ltd increased its Shareholding of Maskeliya Plantations PLC to 73.48%. Consequent upon a rights issue by Maskeliya Plantations PLC in November 2012 a further increase of its Shareholding up to 83.40% was made by RPC Management Services (Pvt) Ltd.

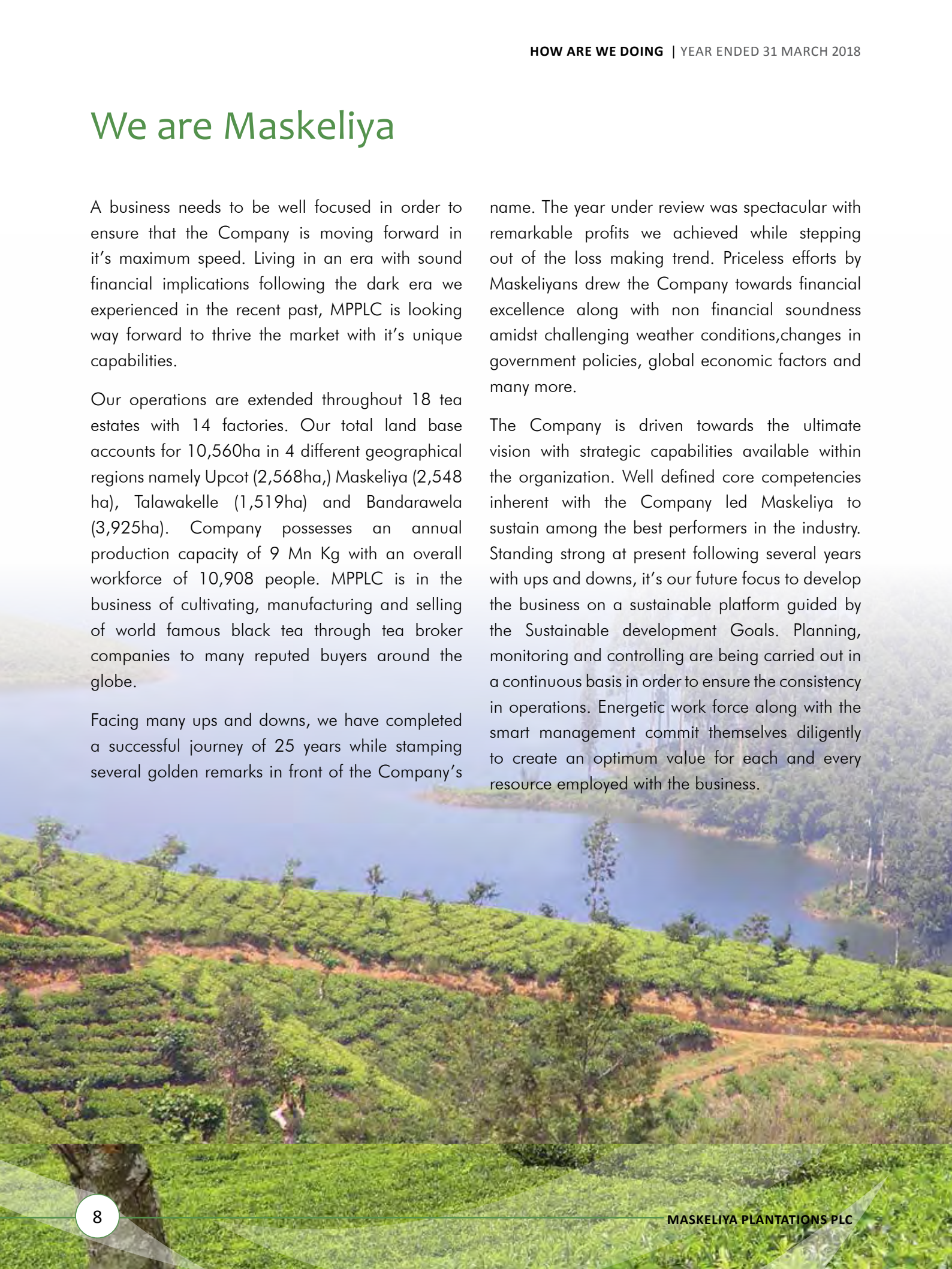
We are Maskeliya

A business needs to be well focused in order to ensure that the Company is moving forward in it's maximum speed. Living in an era with sound financial implications following the dark era we experienced in the recent past, MPPLC is looking way forward to thrive the market with it's unique capabilities.

Our operations are extended throughout 18 tea estates with 14 factories. Our total land base accounts for 10,560ha in 4 different geographical regions namely Upcot (2,568ha,) Maskeliya (2,548 ha), Talawakelle (1,519ha) and Bandarawela (3,925ha). Company possesses an annual production capacity of 9 Mn Kg with an overall workforce of 10,908 people. MPPLC is in the business of cultivating, manufacturing and selling of world famous black tea through tea broker companies to many reputed buyers around the globe.

Facing many ups and downs, we have completed a successful journey of 25 years while stamping several golden remarks in front of the Company's name. The year under review was spectacular with remarkable profits we achieved while stepping out of the loss making trend. Priceless efforts by Maskeliyans drew the Company towards financial excellence along with non financial soundness amidst challenging weather conditions,changes in government policies, global economic factors and many more.

The Company is driven towards the ultimate vision with strategic capabilities available within the organization. Well defined core competencies inherent with the Company led Maskeliya to sustain among the best performers in the industry. Standing strong at present following several years with ups and downs, it's our future focus to develop the business on a sustainable platform guided by the Sustainable development Goals. Planning, monitoring and controlling are being carried out in a continuous basis in order to ensure the consistency in operations. Energetic work force along with the smart management commit themselves diligently to create an optimum value for each and every resource employed with the business.



Financial Calender

Financial Year Ending 31 March 2018

Quarterly Financial Reports

Date of most recent previous financial year 31 March 2017
Date Published: 31 May 2017

Annual General Meetings

2014/15	22 Annual General Meeting	30 June 2015
2015/16	23 Annual General Meeting	30 June 2016
2016/17	24 Annual General Meeting	30 June 2017
2017/18	25 Annual General Meeting	29 June 2018

Notice of Annual General Meeting - 30 May 2018

Where We Operate

Estate Name	Extent (Hectares)	Capacity Kg. '000	No of Workers	Elevation (Meters)	Distance from Colombo	
Upcot Region/ Western High						
Brunswick Estate Maskeliya/ 22070	676.26	1,900	1,097	1,250	153 (Km)	
Glentilt Maskeliya / 22070	456.85	828	745	1,320	139 (Km)	
Glenugie Estate Upcot/ 22075	309.15	759	584	1,325	154 (Km)	
Mocha Estate Maskeliya / 22070	422.25	820	799	1,335	140 (Km)	
Strathspey Estate Upcot/ 22075	703.62	1,656	1,083	1,327	156 (Km)	
Maskeliya Region/ Western High						
Brownlow Estate Maskeliya / 22070	245.75	Silent	243	1,200	137 (Km)	
Hapugastenne Estate Maskeliya /22070	323.77	300	208	1,189	138 (Km)	
Laxapana Estate Maskeliya / 22070	737.05	1,311	942	1,160	166 (Km)	
Moray Estate Maskeliya / 22070	682.85	1,200	909	1,185	153 (Km)	
Mousakelle Estate Maskeliya /22070	558.75	1,200	431	1,372	140 (Km)	
Talawakelle Region / Western High						
Ferham Estate Talawakelle / 22100	313.21	Silent	442	1,345	164 (Km)	
St. Clair Estate Talawakelle / 22100	519.69	800	517	1,200	156 (Km)	
Talawakelle Estate Talawakelle / 22100	399.23	1,300	473	1,219	159 (Km)	
Troup Estate Talawakelle / 22100	287.75	500	341	1,379	144 (Km)	
Bandarawela Region/ Uva High						
Ampittiakande Poonagala SPO / 90100	1,594.72	800	680	1,295	224 (Km)	
Craig Estate Bandarawela/ 90104	418.48	950	415	1,402	212 (Km)	
Leangawela Estate Leangahawella SPO / 90106	460.79	Silent	188	1,167	217 (Km)	
Poonagalla Estate Poonagala SPO / 90100	1,451.17	2,100	811	1,402	225 (Km)	

Total Usage of Company Building is Sq. Ft. 7,112,890

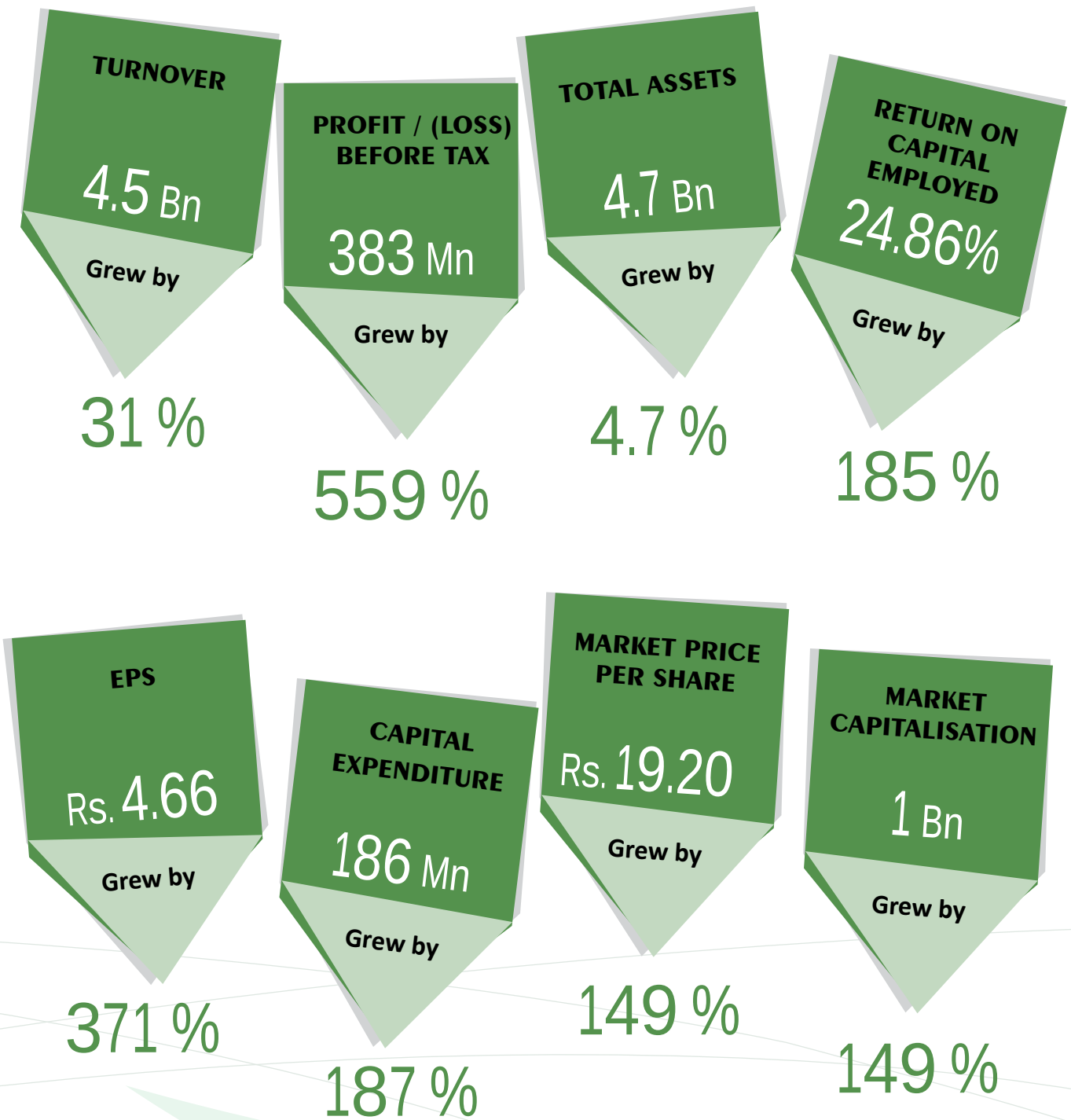
Financial Highlights

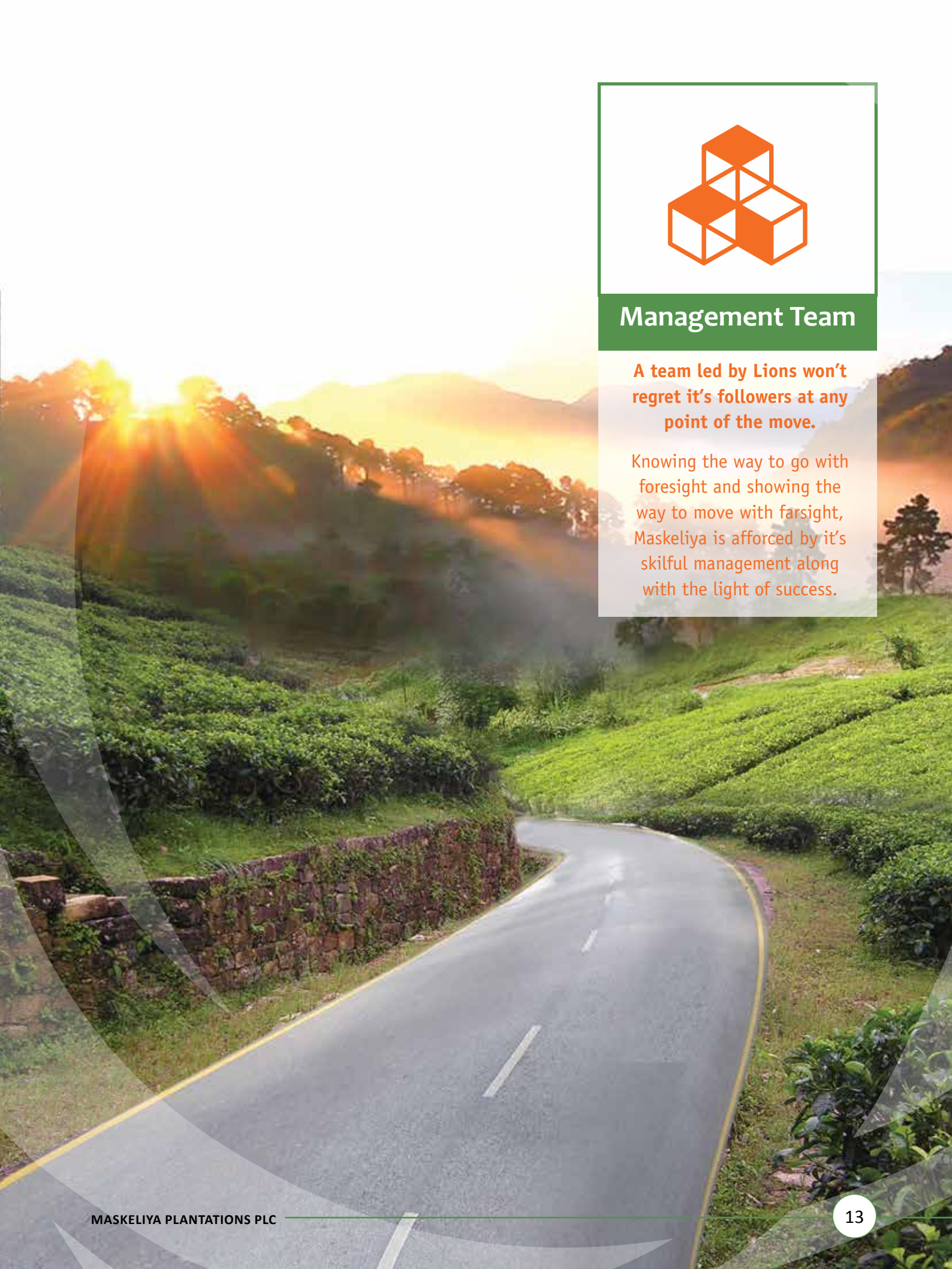
Performance - Year ended 31 March 2018

Performance - Year Ended 31 March 2018		2018	2017	Variance %
Turnover	Rs'000	4,517,365	3,455,462	30.73
Profit before Interest and Tax	Rs'000	556,937	159,699	248.74
Profit/Loss) after Tax	Rs'000	251,398	(92,707)	371.17
Capital Expenditure	Rs'000	186,021	64,810	187.02
Financial Position as at 31 March 2018				
Fixed assets	Rs'000	3,696,714	3,622,369	2.05
Current Assets	Rs'000	956,021	820,059	16.58
Total Assets	Rs'000	4,652,735	4,442,428	4.73
Current Liabilities	Rs'000	(1,821,670)	(1,944,797)	(6.33)
Shareholders' Fund	Rs'000	1,060,870	882,710	20.18
Stated Share Capital	Rs'000	673,721	673,721	0.00
Capital employed	Rs'000	1,827,707	1,590,131	14.94
Key Indicators				
Earnings/(Loss) per share	Rs.	4.66	(1.72)	370.93
Net Asset per share	Rs	19.66	16.36	20.17
Market Price of a Share	Rs	19.20	7.70	149.35
Return on Capital Employed	%	24.86	8.72	185.18
Market Capitalisation	Rs'000	1,035,907	415,442	149.35
Return on Average Equity	%	25.87	(10.26)	352.12

Performance Highlights

Year ended 31 March 2018





Management Team

A team led by Lions won't regret it's followers at any point of the move.

Knowing the way to go with foresight and showing the way to move with farsight, Maskeliya is afforced by it's skilful management along with the light of success.

Chairman's Review

Dear Shareholders,

It is my pleasure to welcome you all to the 25 Annual General Meeting of Maskeliya Plantations PLC and present the Annual Report for the year ended 31 March, 2018.

During the year, the Company recorded a tea production of 7.6 Mn Kg compared to 6.7 Mn Kg of tea, in the corresponding year. The Net Sale Average (NSA) increased up to Rs. 576.63, a 14 % increase from the previous year's price of Rs. 504.18, a happy occurrence that helped our sensitive financial status.

Company Performance

The financial year 2017/18 was indeed a landmark year for MPPLC. The Company achieved its most successful financial performance in the history with the conclusion of this financial year. The success of the Company could be attributed to a number of reasons. During the year Company focused more on its core business areas and concentrated on Good Agricultural Practices, Good Manufacturing Practices and more importantly Effective Human Resources Management Practices and frequent intense workshops involving all concerned.

Owing to these initiatives, MPPLC recorded a yield increase of 16% with compared to the preceding year. The Company's turnover grew by 31% to record Rs. 4.51 Bn. The Company's total assets

grew by 5% to Rs. 4.65 Bn while the total shareholders' fund strengthened by 20% to Rs1.06 Bn at the year-end compared to Rs. 883 Mn recorded last year.

Capital Expenditure

For long term success to ensue, the Company must improve its assets to maximize their usefulness. In this regard, Field Development is a focus of strategic importance. During the year under review, your Company invested developing tea and other minor crops, including fruits. A sum of Rs. 186 Mn was spent in the year, with Rs. 96 Mn spent on Property, Plant & Equipment; and Rs. 90 Mn on Field Development.

Welfare

Facilitating the well-being of our employees is a paramount aspect of our responsibility towards them. Your Company has invested heavily on the welfare of its employees, ensuring that they are given the right rewards for the work they do. In the year under review, we incurred an expenditure of Rs. 208 Mn on behalf of employee welfare by investing in creches, medical expenses, worker housing etc.

Sustainability

As a Company engaged in agricultural operation, we are indebted to sustaining the environment.

A project for developing inland fisheries was initiated in collaboration with the National Aqua Culture Development Authority, for reducing the exhaustion on natural resources through commercial fishing. Plans are also under way for fruit cultivation projects in Bandarawela and Talawakelle in order to increase the production of fruits grown in the regions.

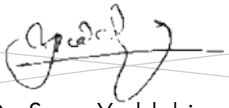
The Company has also undertaken several projects aimed at enhancing agricultural sustainability. The concept of enhanced nutrient 'compost project' was initiated to compensate soil degradation through a soil rebuilding programme. The pilot project was launched at the Mocha Estate. Rows of wild chrysanthimums were planted in between tea rows for mulching and to improve soil fertility. Talawakelle Estate was also chosen as the preliminary estate for launching another pilot project, for addressing the issue of labour shortage in harvesting. Finally, an ergonomically designed harvester machine was introduced for effective harvesting and the health and safety of operators. It's a flexible method which uses lesser strain on the operator's physique. In addition, MPPLC imported a new type of a multipurpose heavy duty land vehicle called 'Crawler Excavator' to attend to land preparation work, which is the first of that kind in Sri Lanka.

In order to conserve and reuse water for production, MPPLC has planned a rainwater harvesting project. In the meantime, a project is also under progress to cultivate valuable timber/firewood to develop resilience against climatic changes.

Finally, there is also an ongoing process to obtain the certification of the Rainforest Alliance, for the rest of plantations in Bandarawela, as a reaffirmation of our dedication to conserving biodiversity and following sustainable best practices.

Acknowledgement

I would like to thank the Board Members, CEO, Financial Controller, Superintendents and all Estate Management, Estate Staff and Workers for diligently taking the Company towards growth. I also thank our employees for their loyalty and dedication and for the resilient attitude they bear amidst operational and production challenges. I further extend my appreciation to all our brokers, suppliers, customers and business partners for their contributions in developing our Company, year by year. Most importantly, I convey my sincerest gratitude to our dear Shareholders, for your confidence in us and for your continued support in all our endeavors.



Dr. Sena Yaddehige
Chairman

30 May 2018
Colombo

Economic and Industry Overview

Economic Environment

Economic indicators showed a gradual progress of the local economy, affected by the effects of a slow moving global economy. The country faced periods of adverse weather in the first half of 2017 with industrial sectors being affected by its ramifications. During the year under review, the Sri Lankan economy achieved a real GDP growth of 3.1 % compared to the 4.5 % growth rate of the previous year. GDP per capita increased to USD 4,065 against USD 3,857 in 2016, at a rate of 5.4 %.

At the end of 2017, headline inflation marked a Year on Year rate of 7.7 %, based on the National Consumer Price Index and was a notable increase from last year's 4 %. However, the unemployment rate faced a slight decrease owing to the increased employment in industry services. Budget deficit increased marginally from 5.4 % to 5.5 %. Balance of payment (BOP) reported a strong surplus as it increased up to USD 2,068 Mn, a growth from last year's deficit of USD 500 Mn. Impacted by the BOP surplus, gross revenue asset position marked an increase by USD 2 Bn, reaching a sum of USD 8 Bn in 2017. The trade deficit widened from USD 8,873 Mn in 2016 to USD 9,619 Mn in 2017. Agricultural activities witnessed a decline in its growth while its contribution to the country's GDP also decreased from 7.1 % in 2016, to 6.9 % in 2017. The sector's performance was hampered by adverse weather conditions, with production decreasing across crop segments. However, tea production grew by 5.2 %, rubber by 5.1 % against a decline in production of coconut and paddy by 18.7 % and 46.1 %, respectively.

Industry Overview

The unpredictable movements of the climate and its extremities prevented the agricultural sector from achieving its full potential; particularly, through the drought condition which prevailed in agricultural districts. By the end of 2017, the sector's contribution to the total GDP value had decreased, as production fell short of the expected results.

However, in the year under review, production within the tea industry recorded a growth, despite the harmful effects of aggressive climatic conditions. For the past several years, crop losses from dry weather, limitations from restrictions on the application of weedicides and reduced factory capacities, all contributed to the industry's stagnation. The growth experienced in 2017 can be attributed to the expansion of factory capacities and favourable agro-climatic conditions in many tea planting areas which prevailed in the second half of the year.

Total production of tea had grown by 5.2 % recording 307.7 Mn Kg out of which Low grown tea was the highest with a volume of 197.4 Mn Kg, a proportion of 64.3 % from the total production and a 7.5 % increase from 2016. High and Medium grown tea productions recorded an improvement of 0.3 % and 2.6 %, respectively; indicated by 64.6 Mn Kg of High grown tea and 45.7 Mn Kg of Medium grown tea production. Improvements in both local and international demand further helped the industry's progress. Increased local demand helped continue the upward momentum of average prices at the Colombo Tea Auction (CTA) which began in the last quarter of 2016 calendar year. Average price of tea increased to Rs. 620.44 per Kilogram, an increase of 31.1 % compared to 2016. Notably, High grown tea prices were recorded as the highest year on year increase which was at 35.6 %. Medium and Low grown tea indicated an increase by 32.2 % and 30.4 %, respectively. In addition, the average export price also increased by 26.2 % in 2017. The steady increase in global oil prices made way for the increase in income of major tea importing countries, causing a higher demand for Ceylon tea.

Future Outlook

As projected by the Central Bank of Sri Lanka, the economy is estimated to have a growth rate of 6 % by 2022. Economic development is expected to be strengthened by advances in infrastructure, digitization and mechanization, development of workforce skills, economic diversification and promotion of sustainability. The country's developmental strategy is broadly based on transforming Sri Lanka into a regional hub that is knowledge based with a highly competitive social market economy.

By 2022 exports are expected to grow at a higher rate than imports, bringing down the country's trade deficit from 11.0

Our Board Profiles

DR. SENA YADDEHIGE
Chairman

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

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

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

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

MR. SUNIL POHOLIYADDE He currently holds the positions of Managing Director of the Plantations Sector and Head of Group Human Resources of the Richard Pieris Group. He is also a Director of Kegalle Plantations PLC, Namunukula Plantations PLC and Maskeliya Plantations PLC. He has over four decades of experience in the Plantation Industry, having commenced his career as an Assistant Superintendent and thereafter served as Superintendent up to the time he joined the corporate management of Kegalle Plantations PLC in 1998. He is a Fellow of the National Institute of Plantation Management.

He is the current Chairman of the Planters' Association of Ceylon and the Colombo Rubber Traders' Association. He is also a Director of Richard Pieris Natural Foams Ltd., Exotic Horticulture (Pvt) Ltd., AEN Oil Palm Processing (Pvt) Ltd., and a member of the Boards of Directors of the Sri Lanka Tea Board and Rubber Research Board. He also serves as a Council Member of the Ceylon Chamber of Commerce and the Executive Committee of The Sri Lanka Society of Rubber Industry.

SUNIL POHOLIYADDE
Director

DR L SAMAN K HETTIARACHCHI obtained PhD degree from the University of Aberdeen, UK carrying out research on liming acid tea soils, after graduating from University of Peradeniya with a BSc Special honours degree majoring chemistry. Professionally, he is an Agricultural Chemist, having specialized in soil science and plant nutrition, and involved in technological and policy interventions for the promotion of rational fertiliser use in tea and other crop sectors in Sri Lanka. Also, he has been a Chartered Chemist, authorized by the Institute of Chemistry, Ceylon; a section of Royal Society of Chemistry in the UK.

DR SAMAN HETTIARACHCHI
Director

At the Tea Research Institute of Sri Lanka (TRISL), he holds the Additional Director position, next to the CEO of the Institution. His responsibilities are to coordinate, monitor and evaluate research and development programs on tea cultivation and processing; and disseminate and deliver technical guidance collectively to address emerging challenges of local tea industry.

Serving the tea industry over 30 years whilst working at TRISL, he is exposed to all the disciplines of Research and Development projects and their outputs and outcomes. Thus he is aware of necessary technological interventions for the adoption. Involving in consultative committees of the Sri Lanka Tea Research Board, national committees of the Departments, Organizations and Institutions, and interacting with both government and private sector organizations along with the stakeholders, he is quite aware about decision making and policy development processes in local environments. Besides, having to interact with global, regional and local organizations and entrepreneurs, he is acquainted with the global tea industry issues as well.

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. He also serves as a Member of the Sri Lanka Tea Board Panel for monitoring Tea Auction Direct Sales and Imported Tea.

Mr. Fernando counts over 41 years' experience in the Management of Plantations having begun his planting career in 1976. He served as Superintendent of Mahagastote, Holyrood, Welimada and Somerset estates before his appointment as General Manager of Horana Plantations in 1993. He joined the Plantations of RPK Management Services (Pvt) Ltd. in 2000 where he functioned as Director-Operations for Kegalle Plantations and Maskeliya Plantations. In 2007 he joined Watawala Plantations as its Director-Operations. He was the Director/ Chief Executive Officer of New Vithanakande Tea Factory Ltd for 5 years from 2008 and thereafter served Eastern Brokers Limited as its Executive Director. Presently he is a Director of Maskeliya Tea Gardens Ceylon Ltd.

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 and the UAE.

ANANDA FERNANDO
Director

MR. SHAMINDA 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.

SHAMINDA YADDEHIGE
Director

DR. SARATH SAMARAWEERA
Director

DR. SARATH SAMARAWEERA is an Honours graduate in Mechanical Engineering with 48 years involvement in Tea Industry in Sri Lanka. He holds a Doctorate from the University of London, Imperial College of Science and Technology. He is a Chartered Engineer.

As the Development Engineer of the Tea Research Institute, he was responsible for the development of first-ever Fluidized Bed Dryer for Tea. He was the Technologist and Assistant Director of the Institute till 1990. He then joined the private sector, first in South Africa and then with Tea Smallholder Factories PLC, a subsidiary of John Keells Holdings PLC Colombo, as the Head of Operations before retiring in 2011.

He was a Commissioner of the "Presidential Commission of Inquiry into problems facing the Tea Industry and Trade", famously known as the "Kelegama Commission". Over the decades, he has provided consultancy services to many state and industry institutions leading to improvement of tea processing sector in Sri Lanka. Last year, he was the National Consultant to the UNDP-GEF Mid Term Review of NAMA in the Energy Generation and End-User Sectors in Sri Lanka.

He is a member of the Tea Research Board since 2004 and serves many of its Consultative Committees. He is an Honorary Member of the Colombo Tea Traders Association and functions the Committee as an Industry Expert. He is also an Honorary Member of Sri Lanka Tea Factory Owners Association.

Key Personnel

Key Personnel - Head-office

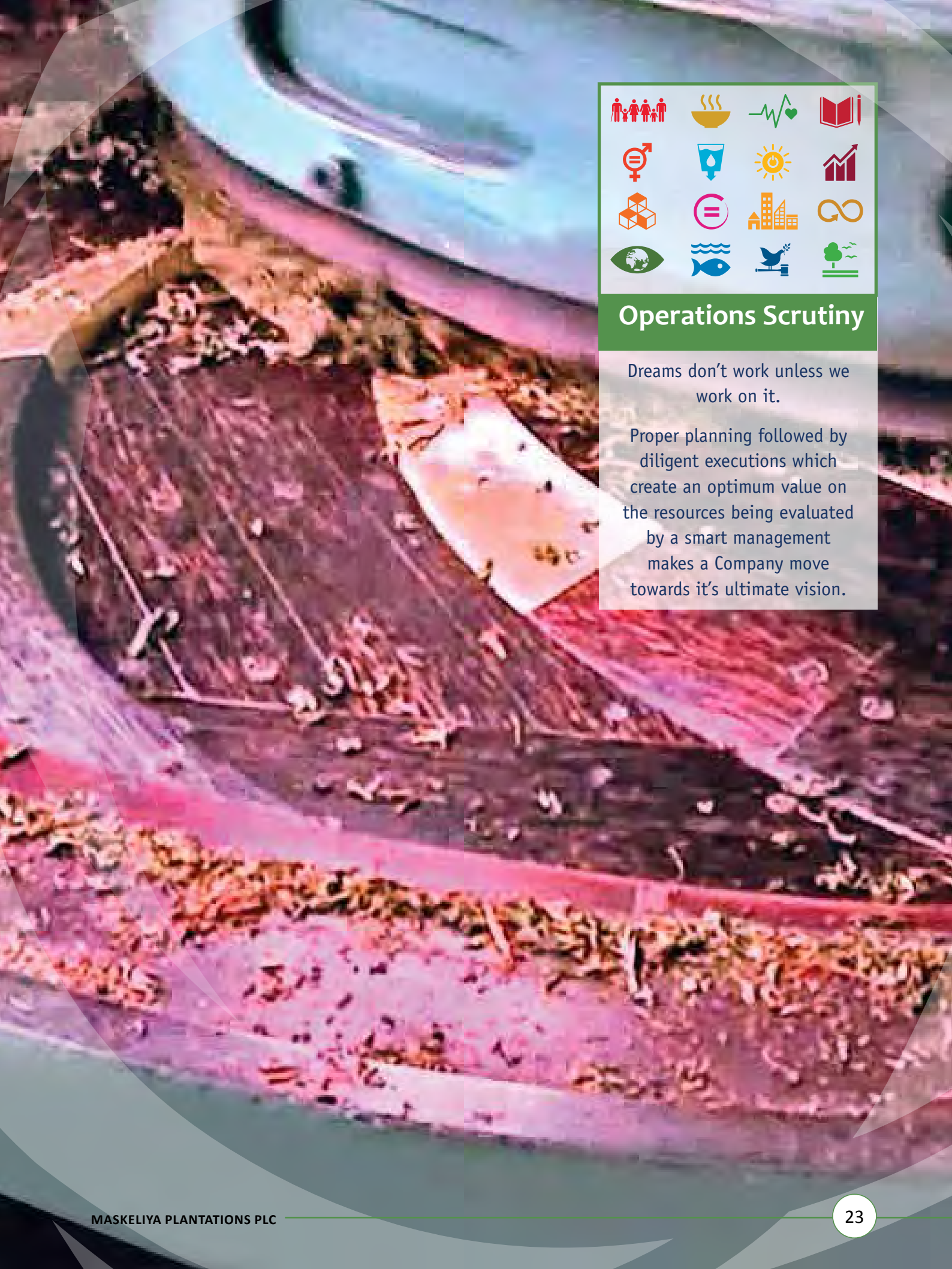
Mr. S S Poholiyadde **Managing Director - Plantations**	
Mr. M P S Pathiraja **Chief Executive Officer**	
Mr. V Pusselle **Director Operations**	
Mr. S. Epitakumbura **Sector Financial Controller**	
Mr . A P de Tissera **General Manager - Marketing and Processing**	
Mr. H K Caldera **Senior Accountant**	
Mr. H M B M Jayathilake **Accountant**	
Mr. R M S S Herath **Manager - Information Systems**	
Ms. K A Weerakkody	Assistant Manager
Mr. T M S B Yatigammana	Executive
Mr. R A D C Lakshan	Account Executive
Mr. S R Dhanapala	Operations Executive
Ms. L M Ferdinands	Operations Executive
Ms. D N Ranasinghe	Junior Executive
Ms. A R Goonasekara	Junior Executive
Mr. M D C K Gunathilake	Junior Executive
Ms. J P Amarasinghe	Secretary
Mr. R M A J B Weerasooriya	Management Trainee

Key Personnel - Estates

Name of the Estate	Postal Address	Name of the Superintendent	Name of the Assistant Superintendent
Regional Office	MPPLC	Mr. H M P Peiris (Manager - Compliance and Project Management)	
Brownlow	Maskeliya	Mr. G R T Daminda (Acting Superintendent)	
Brunswick	Maskeliya	Mr. T N B Herath	Mr. A M T P Alahakoon Mr. D M L N Dasanayake Mr. M H B Galahitiyawa
Glentilt	Maskeliya	Mr. N N Withanage	Mr. T A K L de Silva Mr. B M R M Kumara
Glenugie	Upcot	Mr. W A K G Wimalasena (Acting Superintendent)	Mr. H M V Y B Herath

Key Personnel - Estates (Cont.)

Name of the Estate	Postal Address	Name of the Superintendent	Name of the Assistant Superintendent
Hapugastenne	Maskeliya	Mr. H R Boyagoda (Acting Superintendent)	
Laxapana	Maskeliya	Mr. A U M T Athukorala	Mr. G G P L Gunawardena Mr. C L Palliyaguruge
Mocha	Maskeliya	Mr. E R Bulathsinhala	Mr. G I B Herath Mr. P J Gopallawa
Moray	Maskeliya	Mr. A R M D C Abeykoon	Mr. H M T K Houpe
Moussakelle	Maskeliya	Mr. T T Chirsty	Mr. M D T G Mahawathe Mr. H W P Dulshan
Strathspey	Upcot	Mr. S G Mudannayake	Mr. D M T M B Chandrapala Mr. M S Mubarak
Ferham	Talawakelle	Mr . U N Illankoon	Mr. D M L M Punchihewa
St. Clair	Talawakelle	Mr. B B T K Cooray	Mr. M J D Sadaruwan
Talawakelle	Talawakelle	Mr. I A A D Weerakoon **(Cluster Senior Manager)**	Mr. S M N S Dasanayake Mr. W Y M M M W D B Madiwake
Troup	Talawakelle	Mr. S E B Madugalla (Acting Superintendent)	
Ampittiakanda	Poonagalla, SPO	Mr. G N Hordagoda	Mr. K N B Senarathne Mr. L W Kannangara
Craig	Bandarawela	Mr. A W R Seneviratne	Mr. P N Dilan
Leangawella	Leangahawella, SPO	Mr. M T Deshappriya (Acting Superintendent)	
Poonagalla	Poonagalla, SPO	Mr. M S A Akber	Mr. R M H I B Rajapaksha



Operations Scrutiny

Dreams don't work unless we work on it.

Proper planning followed by diligent executions which create an optimum value on the resources being evaluated by a smart management makes a Company move towards it's ultimate vision.

Value Creation At Maskeliya

Our business model is a reflection of how different types of capitals are managed in order to create, deliver and capture the value in economic, social and environmental aspects. Further this demonstrates the ways in which our core business activities are carried out in deriving the ultimate value creation of Company.

INPUT

Financial Capital
- Share Capital
- Debt Funding- Long term loans, Money Market Loans, Overdraft facility

Intellectual Capital
- Garden names of our factories
- Brand identity for quality
- Certifications we obtained : Fair Trade, ISO, Ethical Tea Partnership, Rain forest Alliance

Human Capital
- Employee competencies
- Training & Development
- Awareness Programs
- Management Expertise

Natural Capital
- Landscape
- Water
- Energy (Electricity, Fuelwood)
- Managed Forestry

Manufactured Capital
- Infrastructure (Roads, Electricity)
- Equipment/Machinery
- Factories
- Hydro Power Plants

Social Capital
- Government Institutions
- Trade Unions
- Community living inside our estates

CORE BUSINESS ACTIVITIES

PLANTING & UPKEEP
We continue to flourish with the best planting practices in our estates with careful nursing and cultural maintenance. The management of timber has been another aspect of income generating source.

HARVESTING
Plantations solely depend on competency of harvest where prime end product is generated. There is a saying, "Good Tea is always made in the field"

MANUFACTURING
Our manufacturing process is extended for Rotorvane and Leafy manufacturing techniques in our 14 Tea factories where we produce finest Ceylon tea to the competitive market.

SUPPORTING ACTIVITIES

Finance and Governance → Stakeholder Relationships → Infrastructure Development → Human resources Management

Historical Landmarks

1997

20% of the Share Capital offered at the CSE

10% Stake consisting of 2 Mn gifted to employees

1996

RPK (a JV between JKH & Richard Pieris) Acquired 51% stake

1992

Company Incorporated

Uva Western Plantations (Pvt) Ltd. appointed as Managing Agent

2002

Kegalle Plantations sold its stake to RPK

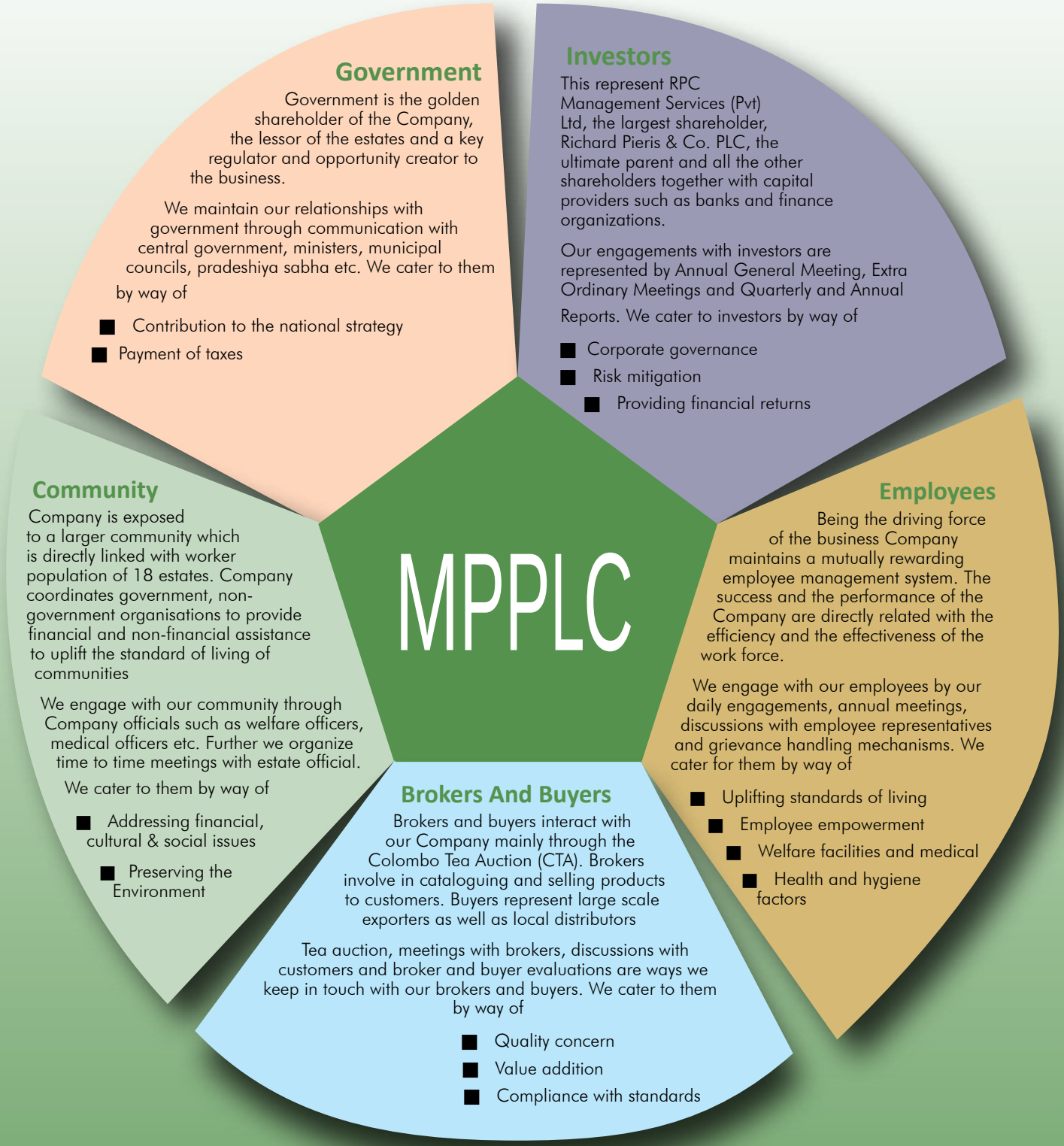
2004

Richard Pieris & Co. PLC bought the stake of JKH

2012

Maskeliya Plantations PLC made 1:1 Rights Issue

Key Relationships



Regional Outcomes

	Extent (Revenue) - Hectares									
Regions	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09
Upcot Region	1,750.02	1,752.61	1,742.13	1,730.68	1,734.94	1,710.58	1,706.83	1,735.41	1,763.13	1,784.62
Maskeliya Region	1,323.90	1,335.34	1,326.34	1,346.73	1,341.56	1,333.56	1,326.81	1,333.50	1,348.32	1,364.57
Talawakelle Region	1,010.98	1,018.48	1,015.71	1,015.26	1,005.45	998.42	994.16	993.18	1,005.20	1,016.76
Bandarawela Region	1,469.36	1,493.40	1,490.83	1,498.71	1,500.26	1,491.42	1,483.75	1,476.00	1,487.80	1,320.74
Bio Tea	-	-	-	-	-	-	-	-	-	218.58
Total	**5,554.26**	**5,599.83**	**5,575.01**	**5,591.38**	**5,582.21**	**5,533.98**	**5,511.55**	**5,538.09**	**5,604.45**	**5,705.27**

	Production Kg '000									
Regions	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09
Upcot Region	2,751	2,313	2,896	2,969	2,856	3,210	3,208	3,194	3,024	3,138
Maskeliya Region	2,042	1,781	2,083	2,255	2,039	2,396	2,235	2,160	1,995	2,019
Talawakelle Region	1,477	1,343	1,603	1,607	1,453	1,789	1,752	1,674	1,536	1,544
Bandarawela Region	1,354	1,314	1,681	1,619	1,906	1,623	2,006	2,108	1,800	1,836
Bio Tea	0	0	0	0	0	0	0	0	0	58
Total	**7,624**	**6,751**	**8,263**	**8,450**	**8,254**	**9,018**	**9,201**	**9,136**	**8,354**	**8,595**

	Yield - (Kg/Ha)									
Regions	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09
Upcot Region	1,548	1,295	1,618	1,643	1,579	1,765	1,770	1,755	1,656	1,720
Maskeliya Region	1,524	1,320	1,552	1,656	1,483	1,760	1,648	1,587	1,457	1,462
Talawakelle Region	1,461	1,319	1,578	1,582	1,445	1,791	1,749	1,684	1,524	1,517
Bandarawela Region	846	752	910	879	995	838	1,025	1,093	997	1,169
Bio Tea	-	-	-	-	-	-	-	-	-	265
Total	**1,341**	**1,160**	**1,406**	**1,430**	**1,375**	**1,519**	**1,536**	**1,525**	**1,410**	**1,439**

	N.S.A. (Rs/Kg)									
Regions	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09
Upcot Region	604.66	512.84	416.55	418.10	438.23	419.35	351.72	364.63	379.25	295.81
Maskeliya Region	596.64	518.65	420.46	418.75	432.59	422.20	370.56	374.88	387.74	304.00
Talawakelle Region	572.82	501.90	378.95	391.09	393.77	380.84	309.63	347.62	348.41	252.52
Bandarawela Region	493.62	471.63	311.81	346.06	392.61	337.65	287.51	316.72	336.90	233.19
Bio Tea	-	-	-	-	-	-	-	-	-	336.63
Total	**576.63**	**504.18**	**388.93**	**399.33**	**418.47**	**397.77**	**334.28**	**352.88**	**366.48**	**276.85**

	C.O.P. (Rs/Kg)									
Regions	2017/18	2016?/7	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09
Upcot Region	499.12	482.52	397.20	392.08	400.45	334.41	337.73	305.58	309.48	249.20
Maskeliya Region	474.72	462.19	385.74	382.42	396.54	331.81	337.41	303.88	301.44	249.22
Talawakelle Region	481.11	428.15	355.84	361.53	367.12	298.22	294.76	282.35	275.35	227.08
Bandarawela Region	511.49	473.72	391.25	428.93	402.46	370.11	331.30	322.66	323.49	239.24
Bio Tea	-	-	-	-	-	-	-	-	-	747.77
Total	**491.29**	**464.63**	**385.08**	**390.75**	**394.08**	**332.97**	**328.07**	**304.86**	**304.30**	**246.47**

Value Added Statement

Value addition is a portray of the difference between the ultimate price which customers are willing to pay for our products and the resource cost we bear in generating that final product. Maskeliya's efforts in creating value for the resources invested by it's stakeholders plays a major role in each and every step of our business undertakings. Strategies we follow in business & corporate levels counts a lot in determining the degree of value that is being added via the business activities. Ultimately, the wealth we create is attributable to several parties who have a stake on us upon the resources invested by them in the business.

	2017/18 Rs.'000	2016/17 Rs.'000
Turnover	4,517,365	3,455,462
Other Income	13,965	22,700
Total Revenue	4,531,330	3,478,162
Cost of Material & Services Purchased	(1,289,878)	(862,652)
Value added	3,241,452	2,615,510
Distribution of Value Added		
A. To Employees as Remuneration	2,748,814	2,289,471
B. To Government(Tax etc)	22,099	14,031
C. To Lenders of Capital	173,525	243,279
E1. Provision for Depreciation	118,855	110,270
E2. Profit Retained	178,159	(41,540)
	3,241,452	2,615,511
Value Added per Employee (Rs.)	297,845	219,920
Value Added as a % of Fixed Assets	88%	72%
Value Added as a % of Total Assets	70%	59%
Value Added as a % of Capital Employed	177%	164%

Corporate Overview

Once again Maskeliya Plantations PLC has displayed its true character and resilience by taking a sharp 180° turn in performance registering inscriptions of a marked overall growth. Extraordinary results produced by the Company within the financial season 2017/18 has set an all time record of Rs. 383 Mn profit before tax. This is the ever highest annual profit level reached by the Company. Coincidence of this peculiar achievement with 150 anniversary year of Ceylon Tea industry is of a more sentimental phenomenon. The driving force behind this recital is the recent changes made in the managerial structure and also the collective employee action sticking to "One Team One Dream" concept.

PRODUCTION

Sri Lanka tea production for January to December 2017 totaled 307.07 Mn kg. High Grown Production of 64.6 Mn kg. for January to December 2017 show a marginal Increase of 0.3 Mn kg.

Your Company recorded a production of 7.6 Mn Kg which 7.4 Mn kg. harvested from Estates and 0.2 Mn kg. of bought leaf in the year under review. Estate crop recorded a 15% significant increase over previous financial year despite the declined national trend.

The Company was focused on consolidation of existing tea land and bare land. Major infilling of vacant patches with high quality cultivars were

undertaken while the land unsuitable for teas, were planted with nitrogen fixing leguminaceous species. Maskeliya Plantations continued its development with tea re-planting and cultivation of minor crop investing Rs. 90 Mn during the year under review.

Company embarked on intense soil improvement practices, Deep forking was undertaken in 25% of the total extent and incorporation of enriched compost was carried out in 350 ha.

PRODUCTION COST

We have been able to manage our cost of production despite increased weed management cost due to non-availability of herbicides and removal of the subsidy on fertilizer, while absorbing the full year's impact of the wage increase.

However, with the increasing worker scarcity, we are moving towards mechanization of our field operations with innovative techniques.

Heavily worker intensive areas such as harvesting, pruning operations and land preparation were selected to mechanize first to bridge the worker shortage while improving the productivity levels and thereby curtail the cost.

In the field of land preparation, MPPLC imported a new type of a multipurpose heavy duty land vehicle called "Crawler Excavator" which is the first of that kind in Sri Lanka. Crawler excavator is a true all terrain vehicle equipped with sets of both tyred wheels and track-layer thus, can be traveled on any terrain including carpeted roads as well, on its own.

Meantime, your Company invested on improving the manufacturing process in all processing centers in all four regions. All old machines were replaced with new machines and also invested for repairing the exciting machines in view to increasing the product quality.

innovative solutions in tea harvesting in many ways. The most influencing of all is the introduction of machine harvesting to female workers and training them to practice perfect selective mechanical tea harvesting, initiated by the management team of Talawakelle estate, Talawakelle. This has improved the estate's female worker's daily crop intake from manually harvested 30 kg up to a staggering level of 70 kg plus per day.

Moreover, the Company is moving forward with replanting of tea with latest, disease tolerant, high yielding tea cultivars raised in our own plant nurseries.

The mechanization of operations will be continued judiciously into the new season and as another cost reduction measure we continue with large scale short rotation coppicing crops planting with the purpose of achieving 25% of our solid fuel requirement in the new season.

The introduction of Variable Speed Drive (VSD) units to trough motors in 14 factories were instrumental in bringing a reduction in power consumption.

Your Company will embark on large scale applications of enriched compost in the new season to reduce one round of inorganic fertilizer, there by reducing the cost while improving the soil structure.

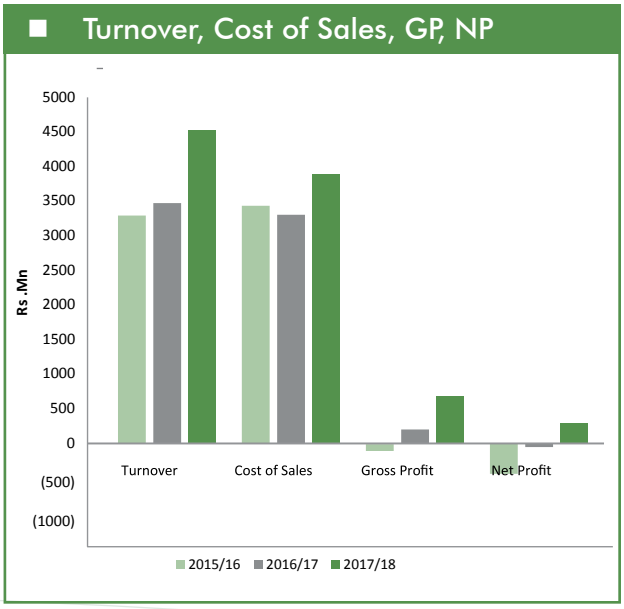
ECO Tourism and Local Sales

Nature based tourism is another area that we are investing and expanding into using the advantage of the unique picturesque landscapes we have in all four regions of our plantations.

Financial Review

Maskeliya Plantations PLC, one of the premier quality cleaner Tea producing Companies in Sri Lanka has concluded a remarkable year with spectacular performance highlights. Facing many challenges throughout the year, MPPLC was able to march towards it's goals whilst overcoming the barriers with it's experienced management team along with the committed work force.

Showing dramatic improvements, the Company was able to boost up it's turnover by 31 % compared to the last year. Volatility in economic and non-economic conditions have been constantly challenging the Company throughout the financial year concluded on 31 March 2018. Despite all these hardships and challenges, the Company has been able to conquer it's victory of establishing operational excellence.

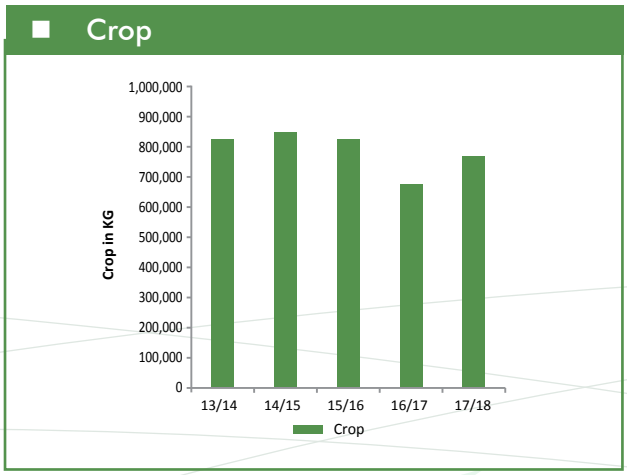


The well focus on vital aspects that drive the output made the Company to stand among the victors. The Company recorded a harvest of 7.6 Mn Kg displaying a clear increase by 13 % over the preceding year. As an industry, the Tea Industry has boosted up it's performance marking a full stop to the hard era experienced in the recent past. It is noteworthy that all the achievements conquered were under trying conditions upon the heavily dynamic environmental and related factors. It's our plan to march towards success with a well focused sight on each and every financial as well as non financial factors.

Crop

In the Plantations industry, weather conditions play a vital role in determining the success of production and quality of the final product. When we turn back to the year we experienced, weather was not very favourable for growing but the conditions were better than the previous year. Mostly the climatic conditions have changed during last 5-10 years & very short and unpredictable monsoonal weather was experienced during the regular monsoon times.

Despite the unfavourable weather patterns still we manage to improve crop by 13 % compared to preceding year. It is noteworthy that owing to unfavourable weather conditions, at least 10 % of the crop was lost during the year. Furthermore, the tea yield improved by 16 % in comparison to the previous reporting year.



Turnover

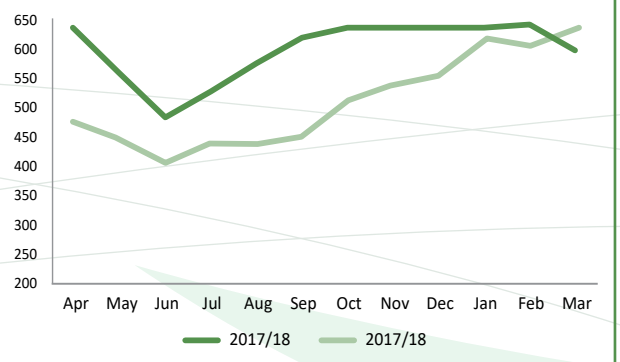
With improvements in the Company performance, a growth of 31 % was achieved recording a turnover amounting to Rs. 4.5 Bn. The positive difference of Rs. 1.1 Bn against the preceding year was significant in driving the Company towards it's ultimate profitability. Better weather conditions prevailed comparative to the preceding year and immense efforts by the management along with the work force lea the improvements to a gladsome level. The high prices marked against our teas at the Colombo Tea Auction and the favourable market conditions supported in strengthening the financial value of the turnover.

We approached new export destinations in order to maximize the revenue generation. Most importantly, our teas received good prices upon the high quality maintained in the end product at the Colombo Tea Auction.

Net Sales Average

Marking an overall growth of 14 % compared with the last year's reported NSA value of Rs. 504.18, the Company conclude this year successfully with flying colours achieving an annual NSA value of Rs. 576.63. Boosted production accompanied by the attractive prices offered for our products at Colombo Tea Auction drew the NSA to move upwards. Having commenced the financial year with a monthly NSA of Rs. 638.75 in April (2017), the Company recorded it's best in February (2018) with a NSA of Rs. 643.41. We are happy to bring out the fact that the Company was able to maintain the monthly NSAs greater than Rs.500 throughout the year except in the month of June proving the quality and consistent demand for our end products.

NSA Monthly Records



Cost of Production

In a manufacturing firm's cost structure, we find several costs that could be managed and meantime we find some uncontrollable costs too. Whilst managing the costs that are manageable in a best possible way our cost of production has increased by 6 % with Rs. 491.29 per Kg recorded in 2017/18 compared with the preceding year's cost of production of Rs. 464.63 per Kg. We find following as drivers of increased cost.

- Cost of weeding.
- Cost of fertilizer.
- High cost of ground fertilizer & foliar fertilizer ingredients.
- High cost of machinery maintenance & vehicle maintenance which were undertaken to improve the product quality & the quality of green leaf transportation.

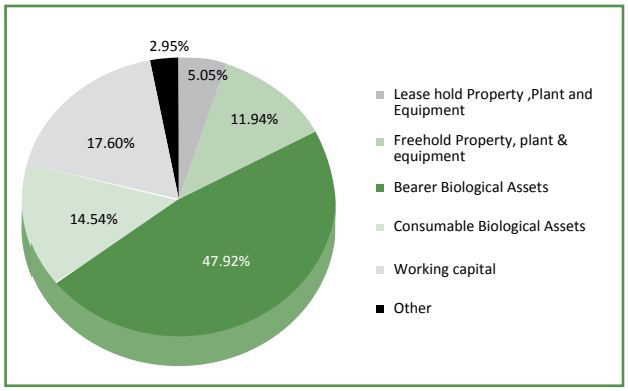
There had not been any revisions made against the labour wages permitting the cost of labour to be stable throughout the year. However, with all these improved costs our estates are still managing a reasonably low cost among all plantations. Our estates asset maintenance is also at an exemplary level.

Profitability

The Company recorded a gross profit of Rs. 645 Mn in the reviewing financial year proving the Company's excellence in operations. It was an increase of 253 % over the prior year's gross profit. Showing an improvement of 371 % compared with the last year's net loss of Rs.93 Mn, the Company recorded an after tax profit of Rs. 251 Mn in the current year. It is a continuation and a step forward in the positive momentum being practiced since the recent years. Reversing the loss making trend in to a profit making phase, today we stand strong with a better set up.

The remarkable level of profitability was facilitated by multiple factors. Increase in the gross profit by Rs.462 Mn has been the driving force in accelerating the ultimate profitability to a significant level. Furthermore, acceleration of sales revenue by Rs.1.1Bn also contributed towards profitability significantly whilst minimizing the overall impact by the increased expenses. Administration expenses and management fee grew by 37 % & 190 % respectively whilst finance cost recorded a reduction in value by 29 % compared to the preceding year. Reduction in finance cost was caused by the repayments made against short term borrowings

Asset base

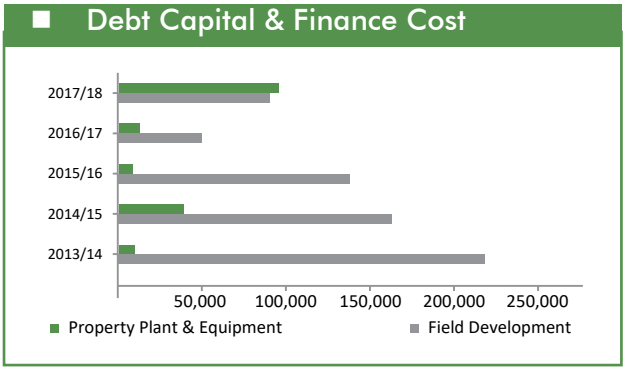


The asset base of the Company at the end of the financial year 2017/18 stood at Rs.4.7 Bn in which 79 % represents non current assets and 21 % current assets. As in the preceding year, Bearer Biological Assets accounts for the largest part among the asset base of the Company which is 48 %. Limiting the changes recorded to single digit numbers, there have been no significant changes in the proportion of biological assets and other elements represented in the asset base. In contrast, 18 % working capital proportion in the current year's asset base is a slight improvement from the 16 % working capital recorded in the last year. This would be a positive signal which implies the Company's improving liquidity. Having influenced by many factors, the asset base expanded by 5 % adopting more potential for the Company to grow beyond.

Debt capital & Finance Cost

Recording a total interest bearing borrowings value of Rs. 1.26 Bn by the end of the year, the Company paid Rs 138 Mn as the finance cost against the borrowings during the year. It was a reduction by 12 % compared with the last year's borrowings value which shows the Company's enhanced financial ability to settle debts. Settlement of long term debts along with the short term debt led the Company in reducing the finance cost. The Company settled loans amounting to Rs. 419 Mn during the year under review.

The Company generated a gearing ratio of 54 % in the current financial year which is a lower digit with compared to the last year's ratio of 62 % . Repayment of loans paved the way to move towards favourable signs with regard to gearing. Bringing out it's ability to expand further, the Company concluded the year with a debt to asset ratio of 27 % which had been 32 % in the preceding financial year.



Capital expenditure

Year	Field development Rs'000	Property Plant & Equipment Rs'000	Total Rs'000
13/14	219,593	10,751	230,344
14/15	163,923	40,079	204,002
15/16	138,701	9,551	148,252
16/17	50,560	14,250	64,810
17/18	90,297	95,723	186,020

MPPLC always strive to maintain a premier set of capital assets which can shoulder the quality

of the final product. Making investments in Field Development and Property Plant & Equipment, we expect the production process to be smooth and efficient eradicating bottlenecks found in the process. Despite the ups and downs that took place throughout the past era in the Company profitability, capital expenditure was incurred on several aspects proving the dedication of the Company towards the quality factor.

We have been able to boost up the capital expenditure remarkably by 187 % compared with the last year. Out of the total capital expenditure 49 % accounts for field development while the rest claim for the capital expenditure incurred on Property Plant & Equipment. Investments in Motor Vehicles, Equipment, Machinery & Computers were significant during the reviewing financial year. A notable expenditure of Rs.55.6 Mn was incurred on purchasing new motor vehicles for estate management staff with the expectation of fuelling their performance. Meantime Rs.36.8 was spent on Factory Development.

Field Development was undertaken in a timely manner incurring costs on replanting, rehabilitation, uprooting and upkeep of immature tea which is carried out on a regular basis to improve yield and productivity of Company's tea fields.

Cash flows

The remarkable profit achieved during the year facilitated the cash generated through operating activities to boost dramatically with an incremental percentage of 47 % compared with the last year. The profit before tax value of Rs. 383 Mn which was a 559 % growth over the last year's value acted as the driving force in achieving a sound result from operating activities. Meanwhile, the repayments made against trade payables also can be identified as a significant flow of cash which displays the Company's solid relationships with the suppliers. Overall, the Company has generated a positive cash flow Rs.710 Mn from it's operations and Rs.404 Mn in net from operating activities.

Moving in to investment activities, it shows clear improvements in investments in both Field Development and Property Plant & Equipment incurring costs of Rs.90 Mn and Rs.96 Mn respectively along with 80 % and 572 % positive variances against the preceding year. An investment worth of Rs. 55.6 Mn was made in buying motor vehicles for estates which could be identified as one of the key incidents that took place in the year under review. The restoration carried out at Poonagalle tea factory incurred a cost of Rs. 36.8 Mn and it was significant among the investments made during the year. At the end of the year, the investment activities concluded with an outflow of Rs186 Mn.

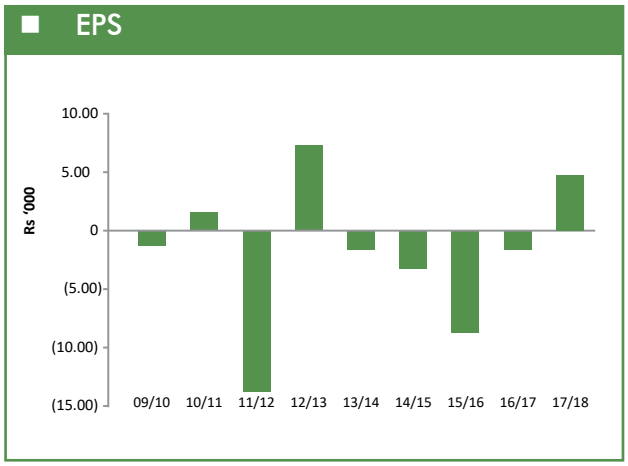
Recording a net cash inflow of Rs. 21 Mn from the financing activities, the year concluded with the receipt of two additional loan proceeds worth of Rs.479 Mn for the expansion of the Company. After Incurring cash outflows on repayment of loans and the payments on government lease rental, the Company has increased it's net cash flows from financing activities by 107 % compared to the last year records whilst exhibiting it's ability to further expand the capital structure.

Working Capital

The Company has strengthened it's working capital via reducing the level of cash outflow to Rs. 866 Mn compared to the preceding year's cash outflow of Rs. 1.12 Bn. Still the Company is in it's way forward to come up with a better working capital condition that can energize the operations with a smooth flow.

The Company has increased it's current assets by 17 % compared to the preceding year along with a reduction in the level of current liabilities by 6 %. Current ratio which brings out the availability of current assets per unit of current liabilities is at a level of 0.52. Although it's not an implication of sound liquidity, still the Company has managed to strengthen liquidity compared to the preceding year which stood at 0.42.

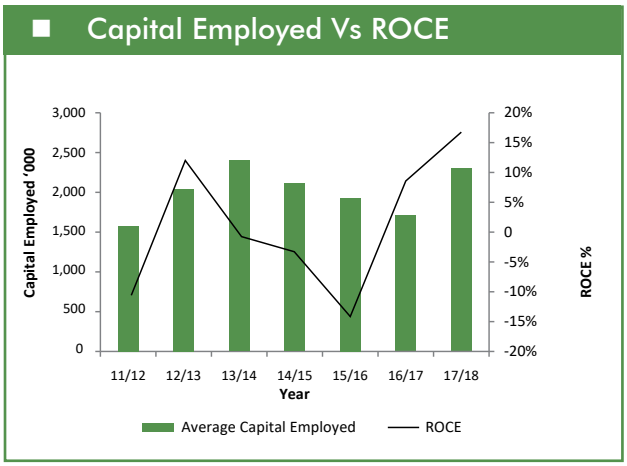
Shareholder return



It is very clear that the Company has been improving itself in terms of financial and other aspects year by year over the last three years. Enormous efforts by the management along with the work force, we have been able to record an Earning Per Share (EPS) value of Rs. 4.66 in the current financial year. This is a reversing phase to the negative EPS values recorded in the past era. The growth in EPS is 371 % with compared to the preceding year's negative EPS value of Rs. 1.72. Meantime it would be a cheerful signal for the potential investors to deploy their funds in the Company with confident future prospects on returns.

Having recorded a ROCE of 24.86 %, it was a remarkable year we concluded with sound outcomes. Expanding the capital structure along with an increasing momentum in ROCE is a graceful achievement conquered by the Company.

Transforming the Company from a negative ROCE of 14.02 % in 2015/16 to 8.72 % in the succeeding year was a remarkable achievement by the Company in it's recent history. Making the achievement more sustainable, this year we have been able to boost up the ROCE by 185 % in contrast to the last year.



The share price of the Company recorded at the beginning of the period was Rs. 7.70 and it has been fluctuating throughout the year marking it's price at Rs. 19.20 at the end of the Year. The highest market price recorded was Rs.27.50 and Rs.7.30 was the lowest.

With the goal of shareholder wealth maximization, our focus is placed on the crucial areas that are significant in marching towards short term and long term goals of the Company.

Quarterly Summary

	1st Quarter Rs'000	2nd Quarter Rs'000	3rd Quarter Rs'000	4th Quarter Rs'000	Total Rs'000
Turnover	1,279,998	1,015,477	1,032,713	1,189,177	4,517,365
Cost of Sales	(1,032,966)	(927,748)	(894,688)	(1,016,857)	(3,872,259)
Other Income	2,859	7,595	7,664	(4,153)	13,965
Gain on Change in Fair Value of Biological Assets	-	-	-	43,565	43,565
Profit/(Loss) Before Tax	154,727	25,609	65,720	137,356	383,412
Profit/(Loss) After Tax	152,564	23,446	63,557	11,831	251,398
Earnings Per Share	2.83	0.43	1.18	0.22	4.66

Snapshot 2017/18

- Chairman's Award Ceremony held in June 2017

1. Mr. Thushan Herath, Superintendent - Brunswick estate won the Best Bungalow Garden in Central Province 2017 award at "Nagarayata Uyan Wathu" horticultural competition

2. Mr. Kanishka Wimalasena, Superintendent – Glenugie estate, was awarded with Rainforest Alliance Certified Trainer title in 2017.

3. Mr. Mahendra Peiris won twin awards at Meril J. Fernando Eco Innovation Awards under Blue Economy-Prototype Sector and Blue Economy Concept Sector for innovative breakthrough technologies

Developed for commercial tea. He also made photographic contribution for 12 Nos. 'Definitive Postal Stamps' released under the theme of 'Wild flowers of Sri Lanka'

- Brand new Land Cruiser Prado jeep was awarded to Cluster Senior Manager – Talawakelle Mr. Iroshan Weerakoon AND 20 Nos. new motor bikes were given to the Assistant Superintendents of Maskeliya Plantations in 2017.

- Group Chairman's inspection visit to Laxapana, Moray and Talawakelle estates in 2017.

- Maskelliya Plantations rugby team won the Championship "AGSTAR CUP" at 2018 - Inter Plantations rugby 7s tournament organized by Dikoya-Maskelliya Cricket Club.

- Talawakelle, Strathspey, Brunswick and Laxapana Estates recorded over 100 Mn profit at Estate level in the Financial Year 2017/18.

"We do not inherit the Earth from our ancestors; we borrow it from our children"

- *Chief Seattle*

Our Commitment for Sustainability

Having started from the
roots of history
Let the river flow towards
the unseen future
Sharing the story of
Sustainability

Our Sustainability

The Report

Focusing on both financial and non financial aspects of a business paves the way for a Company to move towards a sustainable future whilst fulfilling responsibilities towards a wider society in parallel to achieving it's objectives. Having adopted Global Reporting initiatives (GRIs) in reporting during last two years annual reports, a comprehensive and a descriptive picture was brought out to the world proving the fact that Company possess much more responsibility than providing financial information to the investors. Drafting our annual report along with GRIs would show the true picture behind financial information facilitating stakeholders in a better way in making their decisions.

The report is formulated using the "Core" option given by the Global Reporting Initiative.

Sustainability in Maskeliya

Since decades of time Maskeliya Plantations PLC is known to be one of the pioneers in the tea industry. Expertise of our employees along with their positive attitudes support our journey towards the vision. We are committed to improve our value chain process which goes through the process of tip to tea cup. Our focus provides us with direction for corporate philosophy and strategic decision making during the entire process of improving our employees and the land to yield sustainable earnings and growth in forthcoming years.

Our efforts in achieving Sustainable Development Goals (SDGs) initiated by the United Nations Organization ensures the continual existence of the Company in it's prolonged journey with a better set up while exerting positive impacts and minimising the negatives on the environment which we belong to. We believe that following sustainable practices will enable us to be one of the most reputed companies in the industry which we operate. Sustainability approach is not a one off activity, but it involves continuous efforts to integrate these practices to the way we conduct our business. To facilitate the smooth flow of our strategy, entire workforce in Maskeliya is empowered to take part in sustainability work carried out by the Company.

Material Issues

We identify material aspects through the Company's impact on stakeholders. Our view on stakeholders is very broader than that of a traditional business. We believe that all of our stakeholders, internal as well as external are very important for a sustainable existence of a business. Following aspects and boundaries have been identified along with the sustainability of our business model. Our business model is driven towards achieving sustainable development goals via satisfying the said aspects.

1. Materiality - Materiality of economic, environmental and social impacts are directly affected to the business as well as to its stakeholders. This will be identified by analysing the important factors and the impact of those factors on the business.

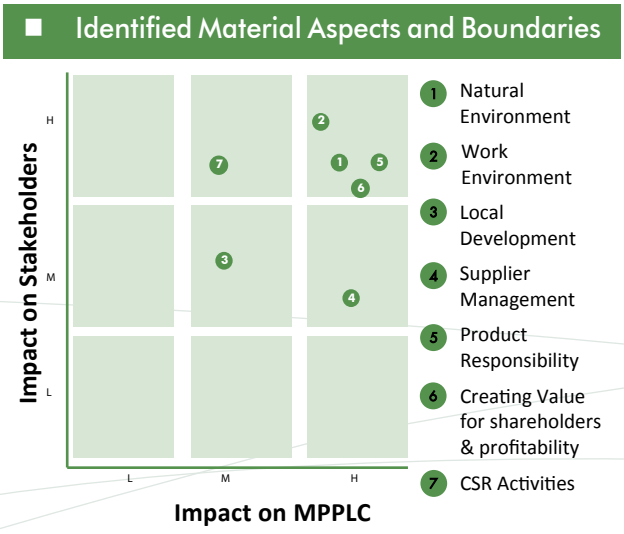
2. Stakeholder Inclusiveness - Stakeholders are having an interest on our business in several ways. Our report is based on analysing their interest towards the business and fulfilling their requirements by providing relevant information. Having understood the importance of treating the stakeholders allowing minimum opportunities for discriminations, we have mapped the stakeholders rationally prioritizing each party in satisfying over the others. It is not possible to satisfy each and every stakeholder equally with the limitations we are confronting in a typical business. Our dedication towards stakeholder satisfaction paves the way to maintain a sound trade-off between the stakeholders power and their interest towards the business with limited opportunities for conflicts.

3. Sustainability context- Development of lifestyles of people, protecting global environment and being a responsible producer are key factors of a sustainable business. Our report provides information about the present and future plan of our business in achieving those through sustainable development goals.

4. Quality of sustainable reporting - We prepared our sustainability report based on achieving Sustainable Development Goals. In view of that, we present all positive and negative impacts without any hesitations. This report is also an extension of our previous reports and contents of this report was prepared by analysing basic considerations of the previous reports which contributed as the basis for the current year report. We are responsible to provide a broad and a wide range of information to our stakeholders in an annual basis.

Prioritisation of Material Issues

The aspects that matters to us are prioritized based on the following matrix. The sustainability report focuses on these aspects and thereby our stakeholders would be able to understand the areas which have high potential to create an impact to our business model.



As a business organization privileged with a set of employees passionated towards team work, it's our pleasure to move forward as a one team with a one dream. We consider our employees as the driving force to success and we value their strengths as one of the key concerns of the Company. Henceforth we present the details of our employees under several classifications and our commitments towards the betterment of their life standards.

Having right people in right chairs pave the way for a Company to thrive. It was the commitment of employees which was the key factor in surmounting obstacles in the past era and it will be the employees who will be driving the Company in the future towards the focus of the organization. Employee management policy plays a vital role in managing the employees, ultimately moving them as a team towards the dream of the organization. In our organizational context HR management is carried out by the Group HR. Entire process of employee management involves numerous aspects of Human resource management including recruitment, training and development, motivation, remuneration, health and safety and other welfare activities. Performing these functions in a best possible way would add value to the human resource and eventually be the backbone in driving the firm towards the success.

Employee Development

Employee Development is one of the main focuses at MPPLC. Our focus on this pillar has enabled the Company to possess a set of employees who are talented and skillful. Our Company is gifted with one of the largest employee bases with a workforce of 10,883 and approximately 4,800 dependents families.

It's our thought that the key factor in success of the Company is the skillful workforce we possess in driving the Company towards it's ultimate goal. We keep enhancing & sharpening the capabilities of the workforce whilst discovering their hidden potentials which can benefit the Company in a better way. We are in a journey of supporting the workforce to uplift their life standards with the support of the Ministry of Hill Country New Villages, Infrastructure

and Community Development, in collaboration with Plantation Human Development Trust.

We take care of the society around us with unconditional commitments. Understanding the importance of the percentage of population residing in estates, we conduct several welfare activities for their betterment. An incremental momentum in social investment is being carried out in each and every consecutive year to ensure a better life for our workforce with the belief that our success and growth will only be underpinned by our team who are well equipped with capabilities and positive attitudes.

Employee Strength

The Company today is privileged with 10,883 employees categorized into three main sectors as Workers, Clerical, Technical and Other Staff and Executives for administrative purposes. We are continuously taking actions to keep an open dialogue with our employees in order to establish a hazard free working life with better working conditions for our employees.

	2017/18	2016/17
Total number of employees	10,883	11,951
Value paid as salary (Rs. Mn)	2,749	2,289

Employee Productivity	2017/18	2016/17
Revenue per employee (Rs'000)	415	289
Profit per employee (Rs'000)	23	(8)
Asset per employee (Rs'000)	428	372

Service Analysis Graph

Service Analysis	No of Executives	No of Staff	No of Estate Workers
Above 15 years	10	102	4,779
06-15 years	10	151	3,668
Below 5 years	37	222	1,904
Total	**57**	**475**	**10,351**

Age Analysis Graph

Age Analysis	No of Employees
Above 40 years	5,563
31-40 years	4,104
21-30 years	1,207
Below 20 years	09
Total	**10,883**

Gender Analysis Graph

	Male	Female
Workers	4,201	6,150
Staff	365	110
Executives	52	5
Total	**4,618**	**6,265**

Collaborating with people

Detecting the need and wants of the workforce and fulfilling them timely will result in a workforce with high motivation and enthusiasm followed by the employee morale and retention. As a Company which feels the employee thoughts very well, we are in a mission of making the work environment more pleasant & friendly. We offer the employees with fair terms and make them more productive in terms of employee efficiency. Furthermore the consistent amounts of expenses incurred on welfare proves the Company's commitment towards the well being of the employees.

Following factors are identified as key areas for development of both the Company and employees in medium to long term

- Enhance the productivity of our labour force.
- Improve the motivation, commitment and the loyalty of the employees.
- Facilitate better working conditions.
- Enable them to achieve the set targets.

MPPLC is enriched with a well diversified workforce that can contribute to the Company's performance in various ways with their wide range of knowledge. By the way, providing wide range of opportunities in day today work life that promotes employee knowledge and skills would ensure that employees remain engaged with us. Despite the similarities and dissimilarities that exist among the employees, we make sure that each and every employee is offered with equal opportunities leaving no room for discrimination & harassment.

Industrial Relations and Collective Agreement

What we do today matters in deciding the future path of an organization. The relationships we build with the parties today matters in getting the Company facilitated by them in Company's future. Thus, industrial relations plays a vital role in present business context as it also influence the future. It's the collective agreements which decide the Company policies towards estate workers and staff. Salaries and wages, overtime, statutory contributions, health and safety, grievance handling and union actions are established with the conduct of these collective agreements. Industrial relations specify the relations between management and workers in the industry. We always focus on maintaining sound relationships with a better set up of policies. Approximately 82% of our employees belong to workers and staff unions.

Revisions are made to collective agreements in every 3 years for staff and 2 years for workers.

Since the establishment of the estates, nearly 99% of the work force reside within our estates. As a Company that honour the priceless value added by the employees to our organization, we are benefiting them with several welfare activities proving our stake on them. Our beneficiaries are free to exercise their own commercial activities especially through Estate Worker Housing Co-operatives and also other activities such as cattle farming & vegetation are also encouraged. As the guardian of our work force, the Company does whatever possible to uplift their lives in a better way despite the cost we incur on them but in spite of the value they add to the Company .

Occupational Health and Safety

The heath and safety measures adopted by the Company have had a great impact on the health and safety conditions of our workforce since ages. The enhanced number of awareness programs with a bottom up approach conducted under the patronage of the Company have made a great influence on the living practices of young generations making them change agents in their families towards a better future with good practices. We have taken several steps in ensuring the safety of work life and protection as a guardian who takes care of his children.

Providing employees with periodic training about work place accidents and health & safety issues is one of the key activities undertaken by the Company. We maintain an environment where employees are given an opportunity to bring the issues they find at work in to notice of the relevant parties. With continuous improvements along with suggestions by a diversified set of employees, the Company is configuring itself in the best interest of its' stakeholders day by day.

Training & Education

Training and education is a never ending process in each and every organization. Both processes add value to the organization through enhancing the level of competency in it's employees along with an accelerated level of knowledge. Training the employees whilst introducing new technology is being carried out at estate level. We are highly concerned about the new technology that is being introduced to the world of tea. We believe that, using new technology is the best way to overcome shortages in productivity and also it will be the best solution for potential shortages in work force availability with the changing social systems in the estates. We have carried out several training and awareness programs focusing the needs of the current industry context. Workshops and lifelong skill development initiatives were carried out with the knowledge of industry experts. Our focus on sustainability is also embedded into our programs with the expectation of making each and every employee a contributor to the journey of sustainability.

Machine plucking demonstrations, machine handling programs, workshops with regard to tea plantations play a major role among the training programs conducted during the period. Not limiting our scope merely towards operations, we expand our scope to enhance the life and health conditions of our employees by conducting nutrition programs, personal hygiene awareness programs and many other in order to uplift their life qualities.

Continuous assessments of training needs are implemented with the help of annual performance reviews. In addition to in bound training, Company initiated some outward bounding programs with team building programs. Ultimately we assess the effectiveness of our training programs by using performance measurements of our employees. Our success points depend on the intended execution of training activities for our team players.

Product Responsibility

Under this particular section we focus on how the Company addresses customer health and safety, information and labeling, marketing and privacy aspects through our products. MPPLC is treated as one of the Sri Lanka's leading tea manufacturers. We have been an example to others in terms of how we create value to each and every aspect of capital through our products. Hence we are known to be one of the best quality tea manufacturers which is evidenced by the high prices obtained by our estates continuously in weekly auctions. People recognize our brands simply because of the quality we have maintained over the years.

We are looking to take this initiative forward by showing our responsibility for the end products sold at the Colombo Tea Auction (CTA). Due care is given for the entire process of Tip to Cup in order to ensure highest standards of quality and safety are maintained, in such activities like growing teas, harvesting, processing and transport which are closely monitored.

Factory officers were given extensive training by the Company for the purpose of quality checking prior to samples and invoices being sent to Colombo Tea Auction. Further, Company has appointed a separate person in charge of all the supervisions regarding compliance and quality maintenance.

Several efforts were made at various levels of organization for the continuous improvement including introduction of new technologies and other mechanisms to our production process on a regular basis. Information regarding training opportunities provided are disclosed in page 44 under the topic of Training and Development.

Apart from that we are interacting with following institutions and working with them closely for the purpose of improving quality of our products.

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

Quality of our products are accepted around the world and this has been proved by following

national and international certifications obtained by our Company.

- HACCP/ISO 22000 (Food Safety Management System Certification)
- Ethical Tea Partnership
- Fair-trade
- Rain Forest Alliance

Product Labeling

The role of packaging and labeling of productions plays a huge role in communicating required information to our buyers. There are several standards and requirements imposed by Colombo Tea Auction and the Ceylon Tea Trade Association. To comply with those we are generally disclosing information such as Estate name, garden mark (Selling Mark), grade, invoice number and gross and net weight in the product label.

Sustainable Procurement Practices

Under this part of the report we draw your attention towards how we engage in procurement and investing process by giving due consideration for three aspects of sustainability that is economic, social and environment. This particular section emphasizes the fact how our valued network will create value not only towards the organization but towards the entire society. Sustainable procurement practices are highly appreciated around the world because of the value addition it brings towards the organization and the society. We strongly recommend our suppliers to adhere to socially and environmentally best practices applicable to their operations.

As a contribution to our corporate social responsibility we encourage procurements to be made through local markets and suppliers. We believe that our approach will motivate local suppliers and community attached to them.

Approximately around 4% of the total production was manufactured from bought leaf during the reporting period. This bought leaves are supplied by local small holder suppliers who are in close proximity to our factories.

Our procurements include fuel, hardware items, packing materials, stationary, fixed assets, computer hardware and software, utilities and other supporting services such as transportation which are purchased from Sri Lankan suppliers. These local purchases account for approximately more than 90% of total purchases. Further we look beyond the up-front cost to make our purchasing decisions in order to provide a sustainable return to the society within which we operate.

Compliance & Integrity

We are committed to undertake our business activities with honesty, integrity and responsibly considering all our stakeholders. We promote an ethical corporate culture among our employees across the organization. This would enable us to create morale among the employees to be ethical in all aspects of their engagements with business activities.

The acts, ordinance and other regulations that we comply with are as follows.

- Companies Act No.7 of 2007
- Sri Lanka Accounting and Auditing Standards Act No.15 of 1995
- Listing Requirements of the Colombo Stock Exchange
- Employees Provident Fund Act
- Employees Trust Fund Act
- Payment of Gratuity Act
- Maternity Benefits Ordinance
- Medical Wants Ordinance
- Shop and Office Act
- Industrial Disputes Act
- Factories Ordinance
- Workmen's Compensation Ordinance
- Inland Revenue Act No.38 of 2000.

Material Issue for MPPLC	Corresponding GRI G4 Material Aspect	Aspect Boundary	
		Internal	External
Natural Environment	Materials	*	
	Energy	*	
	Water	*	
	Biodiversity	*	
	Emissions	*	
	Effluents and Waste	*	
	Products and Services	*	
	Compliance	*	
	Transport		*
	Overall	*	
	Supplier Environmental Assessment		*
	Environmental Grievance Mechanisms	*	
Work environment	Employment	*	
	Labour/Management Relations	*	
	Occupational Health and Safety	*	
	Training and Education	*	
	Diversity and Equal Opportunity	*	
	Equal Remuneration for Women and Men	*	
	Supplier Assessment for Labour Practices		*
	Labour Practices Grievance Mechanisms	*	
	Investment	*	
	Non-discrimination	*	
	Freedom of Association and Collective Bargaining	*	
	Child Labour	*	
	Forced or Compulsory Labour	*	
	Security Practices	*	
	Indigenous Rights		
	Assessment	*	
	Human Rights Grievance Mechanisms	*	
Local Development	Local Communities	*	
	Anti-corruption	*	
	Public Policy		
	Anti-competitive Behavior	*	
	Compliance	*	
	Grievance Mechanisms for Impacts on Society	*	
Supplier Management	Supplier Assessment for Impacts on Society		*
	Supplier Human Rights Assessment		*
Product Responsibility	Customer Health and Safety	*	
	Product and Service Labelling	*	
	Marketing Communications	*	
	Customer Privacy		
	Compliance	*	
Creating value for shareholders & profitability	Economic Performance	*	
	Market Presence	*	
	Indirect Economic Impacts		*
	Procurement Practices	*	
CSR Activities		*	

Community Development

Our Voluntary Services Extended to Community Aiming to Develop Better Citizens to the Society

Increasing Household income of Estate Families

An industry once faced with flooded excess worker situation a decade ago has fallen in to a severely worker shortage status at present. This is the true story of high grown tea industry in Sri Lanka. Even if, there are so many alternative employment opportunities developed out there in other sectors and on offer for plantation community such as construction sector and apparel industry, the real driving force pushing the people out of plantations was highly fluctuating income level throughout the year. Unlike many other people who are involved in agriculture based sectors, the plantation worker community has never been groomed to have sufficient savings to go across lean income months, though their gross annual family income is of many folds of the priorly said parties.

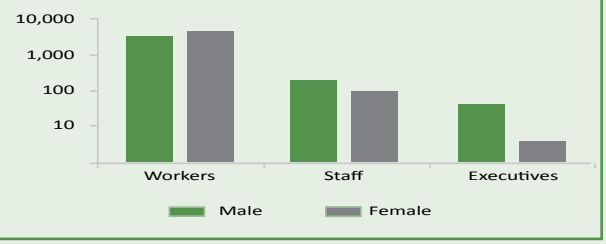
In spite of this, Maskeliya Plantations is focusing on creating steady income level for our worker community by facilitating them to have more job opportunities *in situ* on estates, to be involved in the lean cropping periods to maintain their family income steady year round. One reason behind commencement of many different projects in our plantations under a separate portfolio is this. As the brainchild of the Group Chairman, Dr. Sena Yaddehige, we have developed a vegetable out grower base with the direct involvement of our worker families and the community residing on plantations. Whole idea behind this effort is to support the worker community with a steady source of additional income and level the periodic fluctuations of their income. Presently, the vegetable produce generated by this project located in Maskeliya and Up-Cot regions is purchased by our own sister Company, Richard Pieris Distributors Ltd the Arpico Super Market chain through a purchasing centre located at Strathspey estate Up-Cot. Here, we are providing the producer an unmatched prime price coupled with many other benefits. Currently this project is in the expansion phase.

Health Care

Under worker health care, we are maintaining individual medical history records for the workers supporting proper medical attention to them. As an improvement to that Superintendent Moray estate and his medical team have developed a database with entire pregnancy history of all resident mothers in the estate community including the non workers as well. This work has been greatly appreciated at the government hospitals since they could attend to the mothers immediately based on this information. In addition, people suffering from several deceases were checked and treated through medical camps organized and sponsored by MPPLC.

Gender Equality

Gender Analysis Graph



We have created equal employment opportunities for both male and female employees and the majority of office and medical staff are female. Further we identified best plucker and felicitated them with a gift to value their contributions. Womens' day celebration programme was also conducted in view of improving unity of employees.

Sports

In order to improve and maintain physical and mental fitness of our workforce, the Company is promoting sports within our community. With the initiative made by the management team led by Superintendent Laxapana estate, Maskeliya, a volleyball tournament was organized in 2017 and estates in entire Maskeliya, Up –Cot and Talawakelle region participated in that. Brunswick estate, Maskeliya secured the championship in this competition. Four estates of the Company certified with Fair Trade Labeling Organization (FLO), participated the Fair Trade Cricket tournament held in 2017.

Housing Development

Plantation housing and other infrastructure development coming through the government was facilitated by us by assisting with the implementation of those programmes in order to support our community to enjoy those facilities in a more appropriate manner.

Child Development

As a responsible Company which knows the real value of our future degeneration, several child development activities are there in practice. Most importantly, we promote the importance of education among children in our estates while trying our best to make them par with the national education standards carried out in Sri Lanka. Whilst developing the mental fitness of our young generation, we also focus on developing their heath and physical fitness too. Food and nutrition programs play a major role in achieving them. The creches which act as child development centres are also facilitated with child feeding areas and contribute much in making the lives of our people easier and comfortable. Our acts together help the development of our children from several aspects raising them as strong personalities who could compete in the modern society.

Contribution for religious activities

We support the religious activities of our communities by holding hands with our people and being a part in their celebrations and functions. Our engagements in Kovil functions, Pirith functions, Dansal programmes and annual Kapruka pooja which have been carried out since decades will be continued to the prolonged future of our Company.

While doing all above Maskeliya Plantations has also developed a community based waste management system to arrest the pollution of environment by domestic waste generated within our plantations. This has cut down the contamination of water sources by various pollutants including the heavy metal load generating with electronic waste as well, improving the quality of water in Maskeli Oya the main tributary of Kelani River, the main water supply to Colombo and the suburban areas.

Here again we are launching our community based development projects mostly with the participation of local school children expecting to have a persistent impact and mindset change within the plantation community in the ensuing years. With high tech field operations and secured steady income levels established in our plantations, some MPPLC tea gardens have already attracted the young generation back to the employment in the estate. With the new initiatives we expect this to happen in all our estates within next few years.

Education & Training

Motivating Through Education, Training and Personal Care

Employee Training

Work force is the prime resource in plantations. Level of education, physical fitness and the status of healthiness of the human force are directly supportive to the quality of work achieved by any business institution. However, the most influential factor which governs overall performance of a business entity is the vision rich strong leadership and the degree of inspiration which the workforce is charged with. Fortunately, Maskeliya Plantations is blessed with all above and this is the secret behind our outstanding performance in the current season. Our success and prosperity earned through cutting edge advancements and comparative advantages over other competitors in the business was achieved mainly due to above said reasons.

As a Company we have taken a policy decision to educate and train our human resource base at all levels including executives, staffs and the workers, giving them the correct focus on occupational safety covering personal care and safety, health care, product quality improvement, machinery maintenance and also the orderliness of the work environment etc.

During the current financial period Maskeliya executive team was undergone many trainings that covered building leadership skills, science behind crop management and tea manufacture, wise use of high tech applications in tea and so on. Staffs of all departments such as field, factory, office and the medical teams of estates too were trained and educated on their job related affairs as well as on good housekeeping practices to follow within estates in order to minimize environment pollution. Further to that, mechanics, electricians and vehicle drivers of the plantations too were trained on personal safety and proper operation and maintenance of machinery, vehicles and equipments.

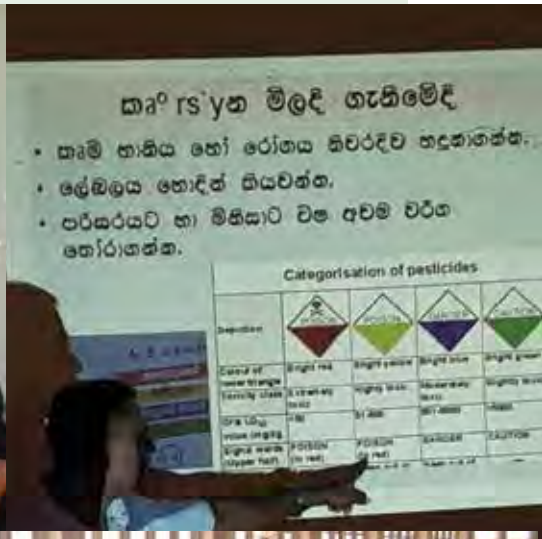
Awareness and Education

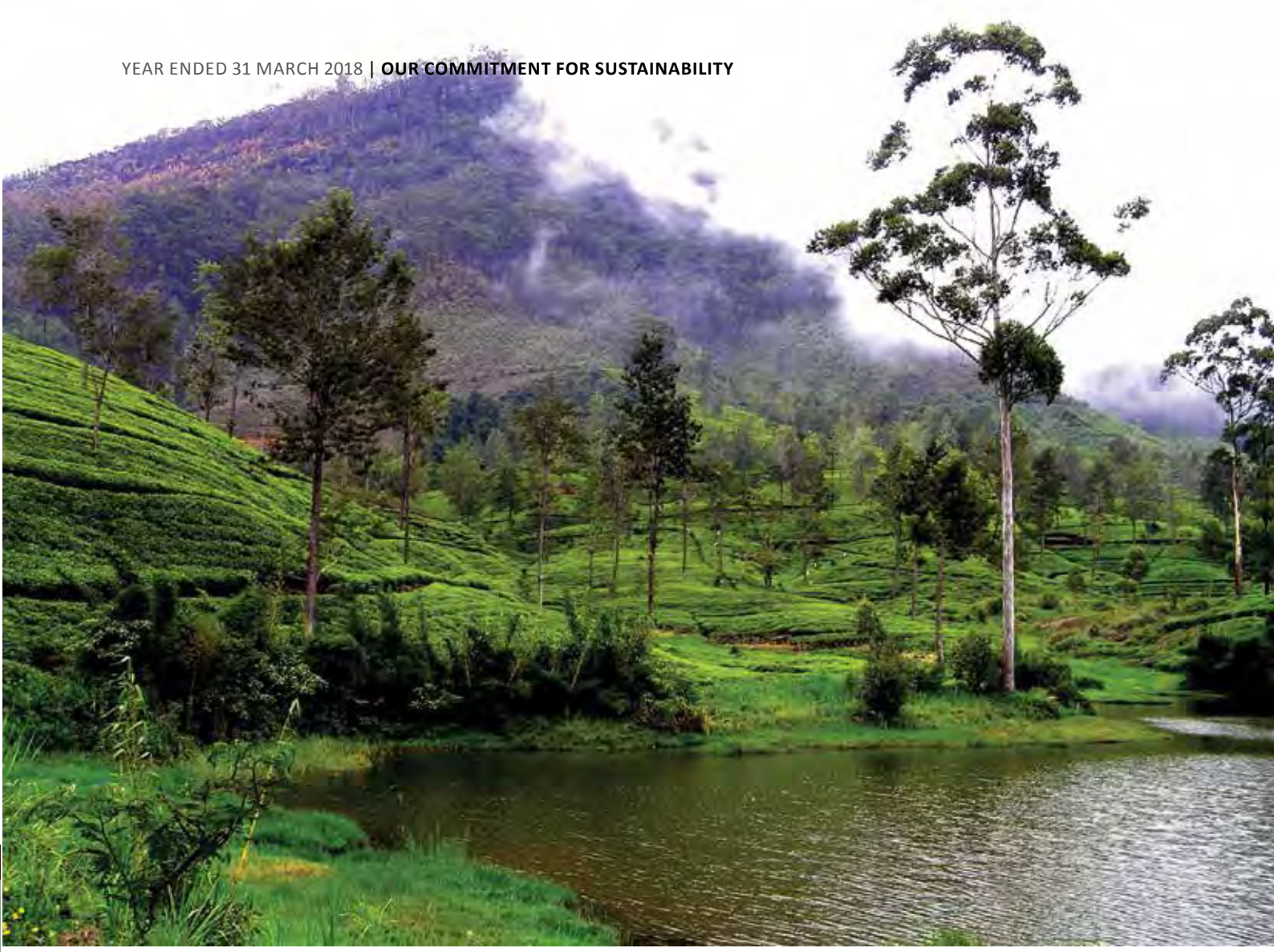
A special effort was taken to educate chemical sprayers of the estates on safe and wise use of agrochemicals. All members of the spraying teams were provided with durable protective gears following to practical demonstration sessions of proper usage of same.

However, the highlight and the most impactful area of the worker level training is the introduction of motorized plucking machine to female pluckers. This innovative move launched by the management team of Talawakelle estate of MPPLC has disproven many long standing beliefs imposed on mechanical harvesting of tea revolutionizing the harvesting operation. Going an additional step forward in this line the Company has developed an innovative version of a new motorized tea harvester based on a novel concept to make this operation much more convenient for the operator. Ergonomically developed this "Belly-mounted Motorized Tea Harvester" is the world's first model using this smarter innovative concept. The machine is a product of MPPLC research project in collaboration with Department of Agriculture Engineering, faculty of Agriculture, University of Peradeniya.

In the area of providing awareness of health and safety support without being restricted to working members and their families, we are extending the facility to the entire population residing within the estate premises including maternal care, childcare and development, general medical care and the special medical care as well when required.

The aim of the Company is to develop our employee base to the level of most capable plantation workforce in the world. We will achieve that honorary status through a systematic and mindful employee training programme within next five years.





Biodiversity

Towards Building a Resilient Business Against Changing Climate

Climate Smart Agriculture

Going by our own vision statement, Maskeliya Plantations has commenced a new journey being the trend setter to the industry following the path of *Climate Smart Agriculture* also based on Sustainable Development Goals declared by the United Nations.

While understanding the alarming signs of changing weather patterns and shifting consumer expectations are factors beyond our control, Maskeliya Plantations PLC is already in the path of developing a steady which business withstanding those. Therefore, we consider, facing challenges what so ever coming our way and maintaining a steady economic growth by overcoming them and securing the investments of our own stakeholders is a responsibility of our business.

Modern agriculture commenced with the *Green Revolution*, industrial advances that boosted fossil fuel combustion and technological developments such as invention of chlorofluorocarbon (CFC) refrigerants are often been accused for the triggering of climate change and series of health hazards affected on mankind at present. This situation has created a global call for shifting away or to discontinue practicing such concepts. Especially, when it comes to modern agriculture, the most common observation everywhere is the escape of costly farm inputs to none target areas outside farm, spreading far away in massive volumes polluting the environment. For an example where the tea industry is concerned, recent research has revealed that well over 85% of the nitrogen fertilizer applied to tea is going wasted and only around 12% absorb in to the tea bush actively contributing crop production. Climate Smart Agriculture (CSA) defines as "agriculture that sustainability increases productivity, enhances resilience (adaptation), reduces/removes '*greenhouse gases*' or GHGs (mitigation) where possible, and enhances achievement of national food security and development goals". In this definition, the principal goal of CSA is identified - as food security and development (FAO 2013a; 2 Lipper *et al*. 2014 1). In case of commercial tea industry following and practicing of CSA would help to secure the future affairs in many different ways. Firstly, we could develop smarter ways to mitigate the impacts of climate change on our crop systems with CSA. Secondly, CSA insists us to develop novel technologies to improve the resource use efficiency of our crop systems and manufacturing plants, minimize resource wastage and cut down operational costs via productivity improvements. Thirdly, we could actively contribute to remove "greenhouse gases" (GHG) from atmosphere through our crop systems while minimizing GHG emissions from our business operations and become a "*Carbon Negative*" tea producer. Certainly this may be an attractive label to carry in our business promotions.

Need for securing of a steady crop level

Starting up with crop management where the prime raw material, the tender *bud plus two* leaved shoot is generated, we are focusing to find ways to maintain year round steady supply of crop by minimizing the negative impacts affecting the tea bush by the external factors such as extreme weather and also the worker availability. Thus regular care and attention is required in crop management in order to facilitate the tea bush to perform at its best for the smooth running of the business.

However, as a result of the global warming, we are already experiencing change in the regularity of weather patterns which has been widely observed right around the planet. When rainfall pattern is considered, the most common phenomenon noted everywhere is the occurrence of much intense showers within shorter durations while extending the rain free period. Yet, the average total annual rainfall remains almost unchanged.

As we all know, there should be a sufficient time period for water to penetrate into soil and recharge the ground water level that naturally happens during elongated rainy seasons effortlessly. Conversely to that high intense short term rain spells would be poor in ground water recharging ability but, induce harsher surface runoff conditions. Hence, they could be resulted with heavy soil erosion and severe floods, siltation of reservoirs reducing their capacity, degradation of agricultural systems also creating chaotic situations to common human life. Cumulative reduction in productivity of several sectors causing massive losses to economy at national level may be the ultimate result of this.

Decades of poor management, pollution and overconsumption have thrown our water systems out of balance in the meantime and climate change is exacerbating the problem. At the current rate of water use, by 2050, more than half of the world's population will be at risk of water shortages, according to "*Make Every Drop Count*", a 2018 report from the United Nations and the World Bank on the global water crisis.

Apart from that, all recent projections with regards to Sri Lanka say that annual rainfall to the central highlands is on a descending mode. Accordingly, there will be reduction of cumulative rainfall by another 50 to 75 mm per annum by year 2025 while the annual rainfall received to the lowland areas will be on an increasing phase. That means that the upcountry of Sri Lanka will go drier than even what we are experiencing now.

Therefore, the crop systems for example tea, exclusively grown under rain fed conditions and also sensitive to extreme weather, should be equipped with mechanisms to withstand such situations to maintain their productivity levels.

Trees, forest and the water yield

So, how to deal with this sort of a situation? The smartest answer to this matter is also within us. Our planet already has specially designed ecosystems to heal itself. The answer to our water challenges lies in nature's technology. Actually, nature has a smartly designed solution to this water crisis popping up everywhere, which is none other than planting trees which we are well aware of. Forests are our strongest allies in securing the freshwater resources which the entire terrestrial life depends on.

It is a common belief that tree roots suck water from the soil to survive. But what is less known is the "rainmaker" role that trees play. Evapotranspiration, which happens when trees "exhale" moisture through their leaves. Water vapor release by vegetation helps to saturate air and facilitates condensation and making rain. Forty percent of our planet's annual rainfall comes from this way. The mist this creates can be seen by satellites all the way in outer space. Forests' rainmaking ability holds the key to our planet's water supply and rainfall patterns.

Therefore, protecting our freshwater supply starts with planting of more and more trees and best results could be obtained by re-establishing *"near-forest ecosystems"*. Although, our freshwater resources are under threat, but the solutions are also in our forests and all around us.

We, MPPLC have another advantage since most of our land base is positioned in the high hills. That is the ability of harvesting water from the mist. When mist passes through vegetations, part of the moisture carry with that settles over the plant surfaces and gradually drips down to the ground. This natural phenomenon is called *"Fog Interception"* in ecology. Recent research has revealed that lands located 1066 m (3500 feet) above mean sea level in the cloud forest zone in Sri Lanka are receiving 15% to 20% of their annual water yield this way. This is why the tree planting and creating of *near-forest vegetations* become important in our plantations.

Therefore, knowing the above facts, we are mindfully in the process of establishing *near-forest ecosystems* on marginal land extents and also along the water streams present in tea estates. Further to that we have started construction of mini/micro scale cascading reservoir systems etc., in order to improve the retention of the water we harvest. Thereby, in addition to improving year round water availability for the estate affaires and also for the plantation community, above water harvesting systems would secure the water supply for the people living down streams beyond our territory as well.

Thus, by relying on nature's intelligence, we would be able to halt the decline in our water resources and avert a major crisis in years to come and secure and improve the performance of our cultivation.

Mindful improvement of biodiversity

Biodiversity present in the landscape could be taken as a package of *free ecosystem services* when the plantations are considered. Unfortunately this important fact of economic importance had been largely neglected due to lack of awareness, though we are enjoying the benefits offered by such services even without our knowledge. In other words, biodiversity could be explained as an overlapping network of spheres belonging to different biological species, where the available resources within an ecosystem are shared with.

For an example, we human beings know that we have limitations of in taking, digesting and absorbing nutrients we need, directly from our immediate environment. So do the other biological species. Many other plants, animals and fungi species are too capable of utilizing such resources that are not palatable to humankind. They convert those resources in to usable forms which are digestive to us and make available for our consumption. So as the vice versa works.

This means, there is a commonly shared portion of resources among many species out of the total spectrum of resources available on offer in an ecosystem, and the rest is specifically and very selectively used by each different species. In other words, fraction of unutilized resources is high when the biodiversity is low in an ecosystem. This is leading to wastage of resources along with a pack of free ecosystem services as well. Replacement of such components as inputs to the system would incur additional cost to the operation.

Apart from that, some resources could impose additional trouble on ecosystem if not utilized properly rather than just getting wasted and sunlight is a good example to this effect. In a crop system, absence of vegetative cover to utilize solar power fully, could lead to many other complications such as moisture and fertilizer losses due to overheating of the bare soil by solar radiation.

As already mentioned, identification of different crop species and improving the plantation landscapes will be the wisest way to stabilize the profit level of the Company. Going for multistoried crop

mixtures with different crop durations would certainly minimize the risks while shortening the payback period on investment also helping to keep borrowing levels low. Therefore, now we have initiated pilot projects with fruit culture including Pears, Avocado, Orange and Mandarin etc. Further to that Cinnamon, Pepper and Coffee also has drawn our attention at the moment. The latest addition to this crop list is agar wood.

Apart from the above, MPPLC has paid attention to secure its biomass energy with giant bamboo for the future to meet processing energy demand. Here again our strategy is to enrich our existing timber and fuel wood extents with giant bamboo in order to get self sufficient with a steady supply of firewood for our processing centres while minimizing cash outflow of the Company.

As we improve our plantation landscapes in this manner, there will be more and more resource rich habitats created for the wild fauna in MPPLC estates. Certainly this will improve all levels of resident wild fauna diversity within plantation ecosystems, which in turn provide many more, free ecosystem services resulting with improved soil conditions, minimizing pest and disease incidences and resulting with healthier tea bushes, cleaner crop production and lower operational cost.

Our plan is to implement above said CSA concepts in our plantations and establish much resilient agro-ecosystems over the landscapes under our charge in a phased out manner within next five years. Since MPPLC has clearly identified the nature's changing modes, especially the changing weather patterns and also the shifting consumer expectations in time while in the proper path, will soon declare our "*Carbon Negative*" tea producer status. Certainly this is an attractive label to carry in our MPPLC business promotions worldwide.

Responsible Consumption

Our Efforts in Higher Energy Efficiency, Responsible Consumption and Product Quality – Consumer Oriented Production & Waste Management

Production at a maximum efficiency with a minimum wastage

As an internationally recognized tea Company, MPPLC is well aware of it's responsibility towards world demand as well as the product quality expected by the end customer. As a reputed business entity, we have admitted the importance of delighting our customer community as the key to sustainability than merely satisfying them with end products.

Now the accessibility to knowledge has become much more convenient to all levels of the society with recent advancements in the information technology. Since all sorts of information are just at the finger tips of people, especially the younger generation born in the IT era is more concerned about what they consume. So there is a value created for actions preventing climate change, food items produced with minimal synthetic input load, organic foods, community welfare in agriculture business, fair trade and the concepts like 'Corporate Social Responsibility (CSR) etc., in developed consumer countries. Owing to this, governments and the consumer associations are regularly revising their accepted minimum residual levels (MRL) of agrochemicals contained in the food products coming in to the market mostly based on latest research findings. Next important point is that the product testing and tracing minute chemical levels are well facilitated by the technological advancement occurred in high tech analytical chemistry.

However, the positive aspect of this trend is that the pressure coming to us to make our business smarter through more and more focus to develop innovative technologies to improve efficiency and the productivity of resources used in our business operations. Nevertheless, how far we are smart, there is a limit where we can proceed up to with the technology that already exists at present. As far as the tea farming and processing industry is concerned there are many areas from field level crop production up to processing and packaging end, which need breakthrough solutions to come out from present stagnating points which not only prevent but suppress the progress of the *Ceylon Tea* industry at large. Thus, development of breakthrough technologies of such caliber would also have consequences with health and environmental benefits going up to global level. Thus, such "ecological innovations" (ecoinnovations) certainly coupled with worldwide recognition also resulting with a great comparative advantage to the parties involved developing those, over other players in the business. This is because, most of the areas that we are dealing with are closely connected to the environment and therefore, to the interests of our consumer societies as well. We, Maskeliya Plantations team is already in the process of working in this line and soon will come out with a spectrum of smarter and innovative solutions for many problems that we are facing now.

In the area of energy conservation there are smarter technologies, for instance variable speed drives (VSDs) that could be used to precisely regulate energy supply depending on the actual requirement. Therefore, many stages of the tea manufacturing process where the energy demand is variable over the time period could be regulated by using VSDs. All processing centres coming under Maskeliya Plantations are equipped with this technology at present and the same has facilitated us with much precise manufacturing process since we mindfully use this technology. In addition, there are many mini hydropower plants established in the plantations to harness cleaner energy coming from the nature. The excess energy generated by these plants is fed into the national grid supporting to save fossil fuel burning and also the foreign exchange at the national level.

Now we have completely shifted away from the usage of fossil fuels at our processing centre level for tea drying and exclusively running on biomass energy, the firewood. Meantime, a pilot project going on with an innovative initiative has yielded 20% saving on fuel wood consumption also saving the wood stock. Some of our estates are already self sufficient with the fuel wood requirement and we will be self sufficient with biomass energy as a plantation Company in the near future.

Knowing the global market trends, governed by needs of the educated consumer base, the only way out is to shift towards meeting the market demands satisfying the customer needs. Therefore, undoubtedly we need to reform our century old strategies to remain further in the business.

Here we should not forget that Ceylon Tea is the highest paid tea in the world and there should be enough characters unique to that over, all other tea available in the planet for us to maintain same status right throughout. Recent developments occured in Japanese market over MRL issues has alarmed us enough that the Ceylon Tea industry is out of track at the moment.

However, as a Company Maskeliya Plantations is in the path of developing our crop systems going by the latest scientific research techniques. Commencing with the soil related affaires where the highest cost incurred in the business next to harvesting crop, the Company has started a massive pilot project at Mocha estate, Maskeliya in order to convert weed biomass removed from the fields through manual weeding into enriched compost and put back to tea fields. Intention here is to enrich the soil with *in situ* generated resources and improve the nutrient retention ability also with the moisture holding capacity. By improving the soil this way, the input use efficiency of the soil could be enhanced while arresting the wastage of costly fertilizer input, saving funds invested from Company level going up to national level savings on the foreign exchange spent on fertilizer imports. Further to that, we are very mindful on the usage of other agrochemicals on pest management and closely monitoring the use of same regularly in compliance with Rainforest Alliance standard, Fair Trade Labeling Organization guidelines and ISO 22000/2005 quality standards.

Governance

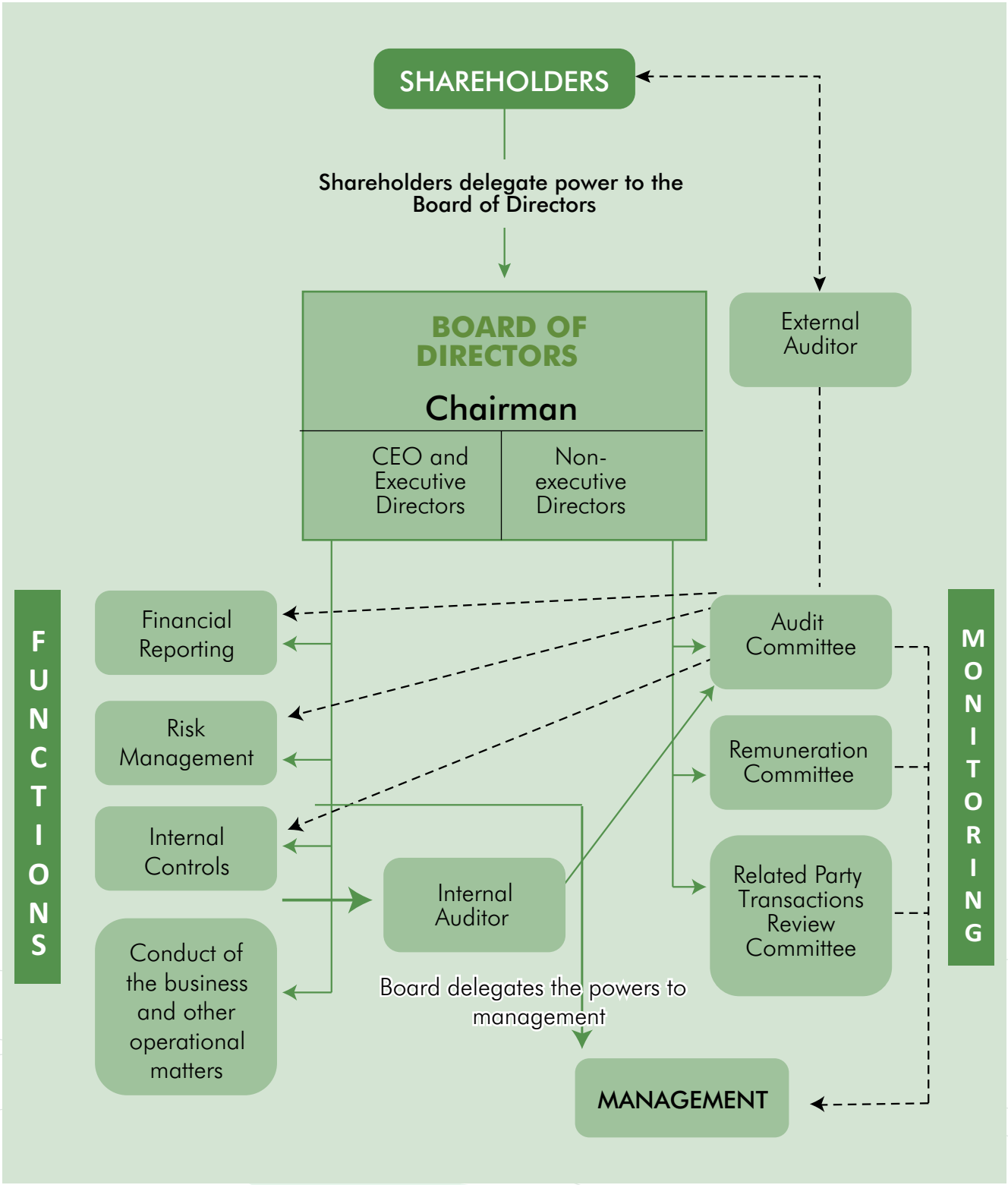
A smart set of controls sharped with wise instincts makes Maskeliya to set it's way forward allinging with the obejctives.

Our efforts in driving Maskeliya in the correct path energize the Company's move with precise steps.

Corporate Governance Review

Corporate Governance Structure

The Company Governance framework is depicted in the following diagram,



The Board of Directors of Maskeliya Plantations PLC is committed and takes responsibility to maintain the highest standards of Corporate Governance.

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

The Board and its Operations

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

The Board comprises six Directors, of which two are Executive Directors whilst four are Non-Executive Directors. Out of four Non-Executive Directors, two are independent, ensuring an independent outlook to temper the expediency of the experts. Brief profiles of the Directors are set out on pages 18 to 20. The Board has assessed the independence of the Non-Executive Directors.

Name of Director	Executive	Non-Executive	Independent
Dr. Sena Yaddehige	x	-	-
S S Poholiyadde	x	-	-
Dr.L S K Hettiarachchi	-	x	x
J L A Fernando		x	-
Shaminda Yaddehige		x	-
Dr.S A Samaraweera		x	x

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

The Chairman is responsible for matters relating to policy, maintaining regular contact with the other Directors, shareholders and external stakeholders of the Company. He is responsible for overall commercial, operational and strategic development and assisted by an Executive Management Committee comprising Executive Directors and Heads of Companies of the Strategic Business Units (SBU) of the Ultimate Parent Company. The Finance function devolves on the Group Chief Financial Officer and the Sector Financial Controller, who is present by invitation at board meetings when financial matters are discussed. The Board of Directors has access to independent professional advice as and when deemed necessary for decision making.

The main functions of the Board are to:

- Direct the business and affairs of the Company.
- Formulate short and long term strategies, as a basis for the operational plans of the Company and monitor implementation.
- Report on their stewardship to shareholders.
- Identify the principal risks of the business and ensure adequate risk management systems in place.
- Ensure internal controls are adequate and effective.
- Approve the annual capital and operating budgets and review performance against budgets.
- Approve the interim and final financial statements of the Company.
- Determine and recommend interim and final dividends for the approval of shareholders.

- Ensure compliance with laws and regulations.
- Sanction all material contracts, acquisitions or disposal of assets and approve capital projects.

All independent Directors have no direct or indirect material relationship with the Company and have duly submitted the annual declaration as per the Colombo Stock Exchange Listing Rules. Their wide range of expertise and significant experience in commercial, corporate and financial activities bring an independent view and judgment to the Board.

Sub Committees of the Board

The Board is responsible for the establishment and functioning of all Board Committees, the appointment of members to these committees and their compensation. The Board has delegated responsibilities to three Board Sub Committees which operate within clearly defined terms of reference.

Audit Committee

Maskeliya 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 Pages 75 and 76 describes the activities carried out during the Financial Year.

Remuneration Committee

The Report of the Remuneration Committee is on Page 77 and highlights its main activities.

Related Party Transactions Review Committee

The Report of the Related Party Transactions Review Committee is on Page 78 and highlights its main activities.

Company Secretary

The Company secretaries are Richard Pieris Group Services (Pvt) Ltd who acts as secretaries to the Board and make their presence at every board meeting. The Company Secretaries advises the board on all regulatory matters pertaining to Securities & Exchange Commission, Colombo Stock Exchange. The Secretaries also records minutes which are tabled for the next meeting for effective follow-up on decisions taken. The directors have independent access to the Company Secretary. The Secretary shall be appointed by the Directors for such term, at such remuneration and upon such conditions as they may think fit.

Relationship with Shareholders

The Board maintains healthy relationships with its key shareholders (individual and institutional) while maintaining a dialogue with potential shareholders as well. The Annual General Meetings are held to communicate with the shareholders and their participation is encouraged. Apart from this, its principal methods of communication include the corporate website, the annual report, quarterly financial statements and press releases. Further, contact details are published in both Quarterly Accounts Statements as well as in the Annual Report & the Shareholders are able to contact the Company Secretaries or Senior Management at any given time.

Internal Controls

The Board is responsible for instituting effective internal control systems to safeguard the assets of the Company and ensure that accurate and complete records are maintained from which reliable information is generated. The system includes all controls including financial, operational and risk management. Strategies adopted by the Company to manage its risk are set out in its report on Understanding and Managing Principle Risks on pages 72 to 74.

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 all subsidiaries are, approved by the Board, at the commencement of a financial year, and its achievement monitored monthly, through a comprehensive monthly management reporting system both at Company & Group level. Clear

criteria and benchmarks have also been set out for the evaluation of capital projects and new investments.

The Internal Audit Division reporting to the Chairman, regularly evaluates the internal control system across the Organization and its findings are reviewed first by the Audit Committee and significant issues are thereafter reported to the Board. The Board reviewed the internal control procedures in existence and are satisfied with its effectiveness.

Relationship with Other Stakeholders

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.

The Board also ensures that the Company's policies and practices are in line with the Group's values and its social responsibilities. The Company promotes protection of the environment, health and safety standards of its employees and others within the Organization. The relevant measures taken are given in detail in the Corporate Social Responsibility report on pages 41 to 66.

Compliance

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

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

CSE-Section Reference	Requirement	Status of Makeliya 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 (c)	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
7.13.1(b)	Minimum Public Holding Requirement	In Compliance
9	Related Party Transactions Committee	In Compliance

Going Concern

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

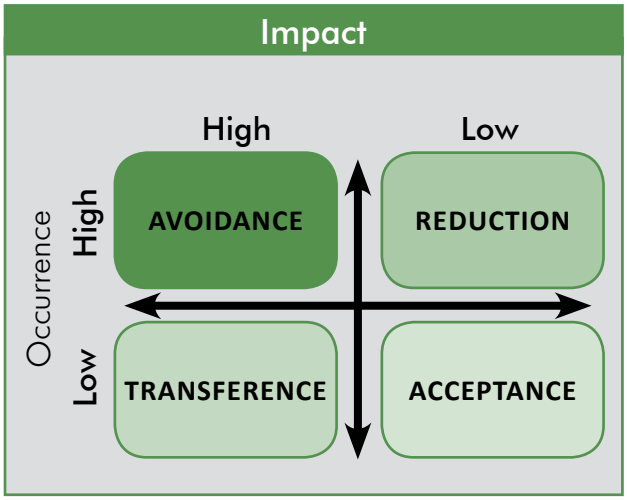
Understanding and Managing Principle Risks

Our approach to risk management is identifying potential significant risks for the business and look for mechanisms to manage them effectively. In MPPLC, We recognize risk as the probability or threat of damage, liability, loss or any other negative occurrence that is caused by external or internal vulnerabilities.

We perform Environmental analysis as well as SWOT analysis in regular intervals to identify probable risk factors and to understand opportunities and threats created by the external environment.

The Company is exposed to a number of risks associated with the cultivation and processing of tea and the economic environment in which it operates. Management of business risk is centered on the Board of Directors and top level management of the Company.

The Company has identified the importance of having a proactive approach in managing risk while maintaining a comprehensive system of internal controls to track and monitor the subsequent effects of each risks on Company's performance. Following model is used to decide the risk management strategy for each and every risk identified by the management.



Risk management in MPPLC is basically fallen into 2 categories namely Financial Risk Management and Business Risk Management. After conducting a meaningful risk assessment, Company accepts or minimizes the risks which are within the Company risk appetite and try to avoid or transfer when they are beyond the level of Company's risk appetite.

Financial Risk Management

Company Objectives	Risk Treatment
1. Liquidity & Cash Management	
• Capitalize on opportunities to raise funds at lowest possible cost. • Maximum utilization of the concessionary funding available to Plantation Companies. • Ensuring proper management of working capital.	**Strategy- Risk Avoidance** • Funding of long term assets through Equity and Long Term Loans. • Ensure availability and effective utilization of short term Funding facilities where necessary.

Financial Risk Management

Company Objectives	Risk Treatment
2.Interest Rate Risk	
• To ensure a strong liquidity position. • To minimize adverse effects of interest rate volatility and currency denominated borrowings. • To ensure cost of borrowing is at the optimum level with the assistance of Group Treasury. • Maximum utilization of the concessionary funding available to Plantation Companies.	**Strategy-Risk Reduction** • Structuring the loan portfolio to combine both foreign and local currency. • Effective utilization of hedging techniques such as interest rate swaps.
3. Currency Risk	
• To minimize risk associated with the fluctuation in foreign currency rates in relation to export proceeds, import payments and foreign currency debt transactions. • Ensuring efficient utilization by effective treasury management through various hedging techniques such as forward bookings, forward sales, swaps etc.	**Strategy- Risk Retention** • Export proceeds exceeding the import payments and foreign currency debt payments act as a natural hedge. • The borrowing ability against the foreign currency deposits for entities dealing in foreign currency.

Business Risk Management

Company Objectives	Risk Treatment
1. Credit Risk	
• To minimize risks associated with debtor defaults. • 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.	**Strategy-Risk Transfer** • Obtaining insurance covers for export debtors. • Colombo Tea Auctions payment systems monitor the payments made by Tea Brokers to the sellers & is a highly regulated activity.
2. Asset Risk	
• To minimize risks from fire, theft and plant, machinery & equipment breakdown	**Strategy-Risk Transfer** • Obtaining comprehensive insurance covers for all tangible assets. • Adoption of stringent procedures with regard to the moving of assets from one location to another. • Carrying out mandatory preventive maintenance programs. • Carrying out frequent employee training programs in areas such as fire prevention & effective usage of plant & machinery.
3. Internal Controls	
• To maintain a sound system of internal control to safeguard shareholders wealth and Company's assets.	**Strategy-Risk Transfer** • Carrying out system audits and other control mechanisms such as inventory counts and cash counts throughout the estates by the Central Internal Audit Department of the main Group. • Conduct surprise checks within the Company which ensures that systems are in place.
4. Reputation Risk	
• To prevent the causes that damages our reputation, estate marks and quality of the product.	**Strategy-Risk Transfer** • Having in place a budgetary process & a budgetary control mechanism on a monthly basis to ensure that the Company's performance is continuously in line with its targets. • Adopting stringent quality assurance policies with regard to raw and packing materials bought out from third parties. • Ensure quality in manufacturing process and compliance with the standards.

Business Risk Management

Company Objectives	Risk Treatment
	• All factories maintain a minimum of HACCP ISO 22000 Standard for food and safety. • Ensuring effective communication with various stakeholders such as employees, bankers, regulators, customers, suppliers and the shareholders.
5. Human Capital & Labour Risk	
• To ensure a smooth flow of operations without any undue disruptions. • Ensure that the correct recruitments are made for the positions.	**Strategy- Risk Avoidance** • Maintaining healthy relationships with trade unions through regular dialogue. • Entering into collective agreements with trade unions. • Ensure compliance with all regulatory requirements with regard to the benefits applicable to workers at estates. • To protect ourself as an employer 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 human resources.
6. Technological Risk	
• To keep pace with the current technological developments and safeguard against obsolescence.	**Strategy-Risk Reduction** • The continuous investments in new machineries and experiments on new methods. • Mechanization of estate functions up to the highest possible extent. • Investing in Research & Development activities whenever necessary. • Implementation of the new computer system in head office and the estates. • Investing in hardware resources.
7. Procurement Risk	
• To minimize risk associated with price and availability. • To procure the best quality with value for money.	**Strategy-Risk Transfer** • Continuous replanting activity with adequate plant nurseries. • Establishing relationships with many suppliers for bought leaf in order to reduce over-dependency on a single supplier. • Entering into forward contracts for purchases of certain raw material items.
8. Inventory	
• To reduce stock obsolescence and manage stock holding costs. • Reducing the risk associated with theft and shrinkage.	**Strategy-Risk Transfer** • Adopting a monthly declaration policy. • Identifying slow moving stocks and effectively laying out a channel for these to be sold off. • To sift & catalogue all tea produced.
9. Risk of Competition	
• To maximize our market share and maintain leadership in the respective industry.	**Strategy- Risk Avoidance** • Ensuring high standards of quality in the eyes of the customer. • Increasing productivity and efficiency in order to ensure an adequate margin despite increasing wage, energy and transportation cost. • Carrying out Research & Development activities whenever necessary in order to identify key areas to be focused.
10. Capital Investments Risk	
• To minimise risk of not meeting profit expectations.	**Strategy- Risk Avoidance** • Adopting a stringent approval procedure for Capital expenditure based on the level of investment and the expected pay back.
11. Information Systems Risk	
• To minimise risk associated with security, Hardware communication and software.	**Strategy-Risk Reduction** • Maintaining of spare servers mirroring of hard disks with critical data. • Data back-ups stored at off site locations. • Vendor agreements for support service and maintenance. • Regular updating of Virus scanners, Firewalls etc. • Compliance with statutory requirements for environmental preservations.
12. Environmental & Political Risk	
• To minimise the negative & Regulatory Risk of external environment which are beyond our control.	**Strategy-Risk Transfer** • Ensure compliance with all regulatory requirements from changes to the standards.

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.

The purpose of the Audit Committee is to:

1. Assist the Board of Directors in fulfilling its overall responsibilities for the financial reporting process.
2. Review the system of internal control and risk management.
3. Monitor and evaluate the effectiveness of the internal audit function.
4. Review the Company's process for monitoring compliance with laws and regulations.
5. Review the independence and performance of the external auditors.
6. To make recommendations to the Board on the appointment of external auditors and recommend their remuneration and terms of engagement.

The Audit Committee consists of three Independent Non-Executive Directors of the Richard Pieris & Company PLC, the Ultimate Parent Company namely Mr. Jagath Korale (Demised on 21/05/2018), Chairman, Dr. Jayatissa De Costa P.C and Mr. Prasanna Fernando. The Chairman of the Committee was 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 eight meetings during the year under review.

The Group Chief Financial Officer, Managing Director Plantations, Chief Executive Officer, Sector Financial Controller 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. He presented a summary of the salient findings of all internal audits and details of the investigations carried out by his department for the period. The responses from the Chief Executive Officer of the Company to the internal audit findings were reviewed and where necessary corrective action was recommended and implementation monitored.

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 Maskeliya Plantations PLC which is reviewed by the Senior Management on a monthly basis.

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

Financial Statements

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

The Company has successfully adopted the new Sri Lanka Accounting Standards (new SLAS) comprising LKAS and SLFRS applicable for financial periods commencing from 1st January 2012 as issued by the Institute of Chartered Accountants of Sri Lanka.

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 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, 2019 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.

It is with a deep sense of gratitude and respect, we place on record the commendable contribution made by the late Mr. Jagath Korale as the Chairman of the Audit Committee.

E P I Fernando
Member of the Audit Committee
30 May 2018

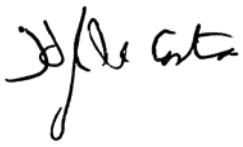
Report of the Remuneration Committee

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

The Remuneration Committee, appointed by and responsible to the Board of Directors, consists of three Independent Non- Executive Directors, Dr. Jayatissa De Costa, Mr. Jagath Korale (Demised on 21/05/2018) and Mr. Prasanna Fernado. The Committee is chaired by Dr. Jayatissa De Costa. The Committee met on several occasions during the financial year.

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. 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.

It is with a deep sense of gratitude and respect, we place on record the commendable contribution made by the late Mr. Jagath Korale as the member of the Remuneration Committee.



Dr. Jayathissa De Costa P.C.
Chairman
Remuneration Committee

30 May 2018

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 Maskeliya Plantations PLC.

The Committee consists of three Independent Non-Executive Directors of the Ultimate Parent Company as follows,

- Dr. Jayatissa De Costa P.C. (Chairman)
- Mr. Jagath C. Korale (Demised on 21/05/2018)
- Mr. Prasanna Fernando

All three members were appointed with effect from 28 October 2016.

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

The Objectives of the Committee,

- To exercise oversight on behalf of the Board, that all Related Party Transactions ("RPTs", other than those exempted by the CSE listing rules on the Related Party Transactions) of Maskeliya 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 Maskeliya Plantations PLC 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 the Company.
- To ensure shareholder interests are protected and that fairness and transparency are maintained.

The Committee reviewed the policy framework for adoption on Related Party Transactions for Maskeliya Plantations PLC. 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.

The Committee held three meetings during the period under review. The activities and views of the Committee have been communicated to the Board of Directors where appropriate

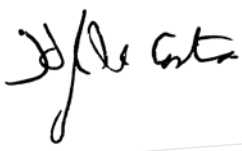
Related Party Transactions during the year 2017/18

Details of the related party transaction entered in to by the Company are disclosed on page 126

Declaration

Refer: Annual Report of the Board of Directors on the Affairs of the Company, Pages xx to xx for the declaration by the Company that no related party transaction falling within the ambit of the Listing Rules was entered into by the Company during 2017/18, except what was disclosed in the note no. 33.5.

It is with a deep sense of gratitude and respect, we place on record the commendable contribution made by the late Mr. Jagath Korale as the member of the Related Party Transactions Review Committee.



Dr. Jayatissa De Costa P.C.

Chairman
Related Party Transactions Review Committee

30 May 2018

Annual Report of the Board of Directors

The Directors of Maskeliya Plantations PLC have pleasure in presenting to the Members, their Report together with the Audited Financial Statements of the Company for the year ended 31 March 2018 and the Auditor's Report thereon.

The Board of Directors approved this report at the Board meeting held on 30 May 2018.

The details set out herein provide pertinent information required by the Companies Act No. 7 of 2007, Listing Rules of the Colombo Stock Exchange, Securities Exchange Commission and are guided by recommended Best Accounting Practices. The Company's new registration number is PQ 134.

Principal Activities and Operational Review

The principal activity of Maskeliya Plantations PLC is cultivation and processing of Tea and remains unchanged from the previous year. During the year the Company managed & operated 18 Estates with an extent of 5,600 ha. of Tea in bearing. The Company has also commenced planting Rubber & Cinnamon.

The Company continues to be managed by RPC 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 as disclosed note 33.1.1 of the Financial Statements.

Review of the Company Performance

The Chairman's Review, Review of Operations, the Financial Review and other reports attached, briefly describe the performance of the Company in the current financial year. These Reports together with the Financial Statements reflect results and the state of affairs of the Company.

Turnover

The Turnover of the Company was Rs. 4,517,364,927/- (2017 – Rs. 3,455,461,907/-) and a composition of the Revenue is given in Note 06 to the Financial Statements.

Financial Results

Year Ended 31 March	2018 Rs.'000	2017 Rs.'000
Profit /(Loss) before tax	383,412	(83,580)
Income Tax (Expense)/Income	(132,014)	(9,127)
Profit /(Loss) after taxation	251,398	(92,707)
Other Comprehensive Income/(Expense) net tax	178,160	(41,540)
Profit/(Loss) B/f Including Timber Reserves	(331,011)	(289,471)
Profit/(Loss) C/f Including Timber Reserves	(152,851)	(331,011)

Results and Dividends

Details relating to the Company's profits are given on page 87. The Directors do not recommend a Dividend for the year.

Investments

The Company has entrusted the management of the Tea Center at St. Clair Estate to Company in the group on a profit sharing basis. The Profit earned during the year was Rs.1,149,217 (2017 - Rs. 1,486,204)

Property, Plant and Equipment

The total capital expenditure incurred on the acquisition of fixed assets during the year amounted to Rs. 186,020,522/- (2017 - Rs. 64,810,359/-), out of which expenditure on Replanting and Field Development amounts to Rs.90,297,291/-(2017 - Rs. 50,560,326/-).

Further information relating to the movement of Fixed Assets is given in Notes 13 and 14 to 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.

Stated Capital

The Stated Capital of the Company as at 31 March 2018 was Rs. 673,720,950/-. Details of the Stated Capital are given in Note 19 to the Financial Statements.

Reserves and Accumulated Profits

The total Reserves and Accumulated profit of the Company as at 31 March 2018 was Rs.387,148,494/- (2017 - Rs. 208,989,006/-)

Donations

The Donations made during the year by the Company amounted to Rs.966,291/- (2017 No Donation were made)

Taxation

As per the Inland Revenue Act the Company profits from agricultural activities will be liable to income tax at the rate of 10% and all other sources of income will be liable to income tax at the rate of 28%. Further details of Taxation are given in Note 10 to the Financial Statements.

Share Information

Information on Earnings, Dividend, Net Assets and Market Value per share is given on Pages 126 and 127 of this report.

Major Shareholders

The twenty largest shareholders of the Company as at 31 March 2018 together with percentages held are

given under the caption "Shareholder and Investor Information" on Page 127.

Directors

The Names of the Directors who held Office during the year are given below. Their brief profile appear on Page 18 to 20.

Name	
Dr. Sena Yaddehige	Chairman
S S Poholiyadde	Director
Dr. L S K Hettiarachchi	Director
J L A Fernando	Director
Shaminda Yaddehige	Director
Dr. S A Samaraweera	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 Management Services (Private) Limited of 310, High Level Road, Nawinna , Maharagama, a shareholder of the Company.

"That Dr. Sena Yaddehige of Le Neuf, Chemin, St. Saviours, Guernsey, United Kingdom, who is 72 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 Management Services (Private) Limited, 310, High Level Road, Nawinna, Maharagama, a shareholder of the Company.

"That Dr. Sarath Samaraweera of 1F20, Mattegoda Scheme, Mattegoda who is 70 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act no. 07 of 2007 shall not apply to the said Dr. Sarath Samaraweera "

In accordance with the Provisions of the Article 92 of the Articles of Association of the Company, Dr. Saman Hettiarachchi retires by rotation and offers himself for re-election.

In accordance with the Provisions of the Article 92 of the Articles of Association of the Company, Mr. Ananda Fernando retires by rotation and offers himself for re-election.

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' Interest in Contracts

Directors' Interest in Contracts in relation to transactions with related entities, key Management Personnel and other related disclosures are stated in Note 33 (Related Party disclosures) to the Financial Statements. In addition, the Company carried out transactions in the ordinary course of business with the following entities having one or more directors in common.

Directors' Interest in Shares

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

Director	2018	2017
J L A Fernando	-	300
Dr. S A Samaraweera	100	100
CEO's Interest in Shares		
M P S Pathiraja	59	59

Directors' Remuneration and Other Benefits

The Remuneration of the Directors for the year ended 31March 2018 is given in Note 09 of the Financial Statements.

Environmental Protection

The Company's activities can have both direct and indirect effects on the environment. It is the policy of the Company to minimize any adverse effects by recycling resources as much as possible and creating awareness among staff on current global environmental threats.

Transactions with Related undertakings.

Name of Company	Name of Director	Position	Nature of Transaction	Amount Charged/(Credit) 2018 Rs.'000	2017 Rs.'000
Eastern Brokers Limited	Mr. J L.A Fernando	Director	Brokerage, Lot Money, Storage &Interest	35,352	28,973

The Company's efforts in relation to environmental protection are set out on Page 57 under Biodiversity.

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 performance and realise 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.

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 75 to 78 of this report.

Related Party Transactions

There are no related party transactions which (non-recurrent) exceed 10 % of the Equity or 5 % 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 Company 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 34 on Page 125.

Corporate Governance and Internal Control

The policies adopted by the Company in relation to Best Practices and Good Corporate Governance are given on Page 68 to 71.

The Board has overall responsibility for the Company's system of Internal Financial Control. Although no system of Internal Control can provide absolute assurance against material misstatement or loss, the Company's internal control system has been designed to provide the Directors with reasonable assurance that assets are safeguarded, transactions authorized and properly recorded and material errors and irregularities either prevented or detected within a reasonable period of time.

Directors' Responsibility for Financial Reporting

The Statement of Directors' Responsibility for financial reporting of the Company is set out in Page 82 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 Exchanged

The Company is in compliance with the CSE rules on related party transactions which was made mandatory with effect from 01 January 2016.

Auditors

The Financial Statements for the year ended 31 March 2018 have been audited by Messrs. Ernst & Young, Chartered Accountants. The Auditors Report is given on Pages 84 to 86.

The Audit Fees of Messrs. Ernst & Young for the current year was Rs. 3,547,992/- (2017 Rs. 3,226,000/-). In addition Rs. 757,280/- (2017 - Rs. 514,845/-) was paid by the Company for non-audit related work which consists 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.

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.

Annual General Meeting

The Annual General Meeting will be held on 29 June 2018 at the registered office of the Company at 310, High Level Road, Nawinna, Maharagama. The notice of the Annual General Meeting is on Page 139 of the report.

S S Poholiyadde
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.

30 May 2018

Statement of Directors' Responsibility

In keeping with the provisions under the Companies Act No. 7 of 2007, the Directors of Maskeliya Plantations PLC, acknowledge their responsibility in relation to financial reporting of the Company. These responsibilities differ from those of its Auditors, Messrs Ernst & Young, which are set out in their report, appearing on Pages 84 to 86.

The Financial Statements of the Company for the year ended 31 March 2018 included in this Report, have been prepared and presented in accordance with the Sri Lanka Accounting Standards and they provide the information as required by the Companies Act No. 7 of 2007, Sri Lanka Accounting Standards and the Listing Rules of the Colombo Stock Exchange. The Directors confirm that suitable accounting policies have been used and applied consistently, and that all applicable accounting standards have been followed in the preparation of the Financial Statements on Pages from 87 to 125 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 Company maintains accounting records, which are sufficient to prepare Financial Statements to disclose with reasonable accuracy, the financial position of the Company. They also confirm their responsibility towards ensuring that the Financial Statements presented in the Annual Report give a true and fair view of the state of affairs of the Company as at 31 March 2018 and that of the loss for the year then ended.

The overall responsibility for the Company's internal control systems lies with the Directors. Whilst recognising 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 authorised and recorded, so that material misstatements and irregularities are either prevented or detected within a reasonable period of time.

The Directors' are of the view that the Company has adequate resources to continue operations in the foreseeable future and have continued to use the going- concern basis in the preparation of these Financial Statements.

The Directors have provided the Auditors, Messrs Ernst & Young, Chartered Accountants, with every opportunity to carry out reviews and tests that they consider appropriate and necessary for the performance of their responsibilities The Auditors, have examined the Financial Statements together with all financial records and related data and express their opinion which appears as reported by them on Pages 84 to 86 of this report.

By Order of the Board,

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

30 May 2018

Financial Reports

Even the darkest night will end and the sun will arise.

Prudent decisions by the management, priceless commitments by the work force and continuous backup by the stakeholders all together made Maskeliya to reach it's peak.

Independent Auditors Report

EY
Building a better working world

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

Tel : +94 11 2463500
Fax Gen : +94 11 2697369
Tax : +94 11 5578180
eysl@lk.ey.com
ey.com

TO THE SHAREHOLDERS OF MASKELIYA PLANTATIONS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Maskeliya Plantations PLC (the company), which comprise the statement of financial position as at 31 March 2018, and the statement of Profit or Loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2018 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	How our audit addressed the key audit matter
Valuation of Biological assets – Consumable	
The company has Consumable Biological assets carried at fair value amounting to Rs 676 Mn as at the reporting date. The valuation of consumable biological assets requires significant levels of judgement and technical expertise, including the use of discounted cash flow models and selecting appropriate assumptions. Changes in the key assumptions used such as discount rate and available timber quantity to value the company's consumable biological asset could have a material impact on the income statement and the value of consumable biological asset. Accordingly, valuation of Consumable Biological Assets have been considered as a Key Audit Matter.	Our audit procedures focused on the valuation performed by the Management's external valuer, which included among others the following procedures; • We evaluated the competence, capability and objectivity of the external valuers engaged by the company. • We read the external valuer's report and evaluated the fair value methodology and inputs used in the valuations. • We engaged our internal specialised resources to assist us in evaluating the appropriateness of the valuation method and discount rate used by the external valuer. • We evaluated the adequacy of the related disclosures given in Note 14.B in the financial statements.

Partners: W R H Fernando FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W K B S P Fernando FCA FCMA
Ms. K R M Frenando FCA ACMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayesinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA Ms. P V K N Sanjeewani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA

Principal: T P M Ruberu FCMA FCCA

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Building a better working world

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

Tel : +94 11 2463500
Fax Gen : +94 11 2697369
Tax : +94 11 5578180
eysl@lk.ey.com
ey.com

Retirement Benefit Obligation	
The retirement benefit obligation of the Company is significant (Rs.1,005 Mn) in the context of the total liabilities of the company. The valuation of the company's retirement benefit obligation requires significant judgment and estimation to be applied across numerous assumptions, including salary increases and discount rate. Small changes in those assumptions could have a significant effect on the financial performance and financial position of the company. Accordingly, actuarial valuation of retirement benefit obligation is considered to be a key audit matter.	We evaluated the assumptions made in relation to the actuarial valuation of the retirement benefit obligation. In particular: • We assessed the assumption for salary increases against the Company's historic trend and expected future outlook. • We agreed the discount rate used, to our internally developed benchmarks. • We validated the key data used by the actuary to the underlying data held by the Company. We evaluated the adequacy of the related disclosures given in Note 22 in the financial statements.

Other information included in The Company's 2018 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Management is responsible for the other information.

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

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

Responsibilities of management and Those Charged with Governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

Partners: W R H Fernando FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W K B S P Fernando FCA FCMA
Ms. K R M Frenando FCA ACMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayesinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA Ms. P V K N Sanjeewani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA

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Chartered Accountants
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P.O. Box 101
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Sri Lanka

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eysl@lk.ey.com
ey.com

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

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

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

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

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

Report on other legal and regulatory requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is M-2440.

Ernst & Young

30 May 2018
Colombo

Partners: W R H Fernando FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W K B S P Fernando FCA FCMA
Ms. K R M Frenando FCA ACMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayesinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA Ms. P V K N Sanjeewani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA

Principal: T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

Statement of Profit or Loss

Year Ended 31 March 2018

	Notes	2018 Rs.'000	2017 Rs.'000
Revenue	6	4,517,365	3,455,462
Cost of Sales		(3,872,259)	(3,272,774)
Gross Profit		645,106	182,688
Other income	7	13,965	22,700
Administrative Expenses		(67,020)	(48,815)
Change in fair Value of Bilogical Assets	14.F	43,565	30,223
Management Fee		(78,679)	(27,097)
Finance Cost	8	(173,525)	(243,279)
Profit Before Taxation	9	383,412	(83,580)
Income Tax (Expenses / Reversal)	10	(132,014)	(9,127)
Net Profit / (Loss) for the Year		251,398	(92,707)
Basic Earnings per Share	11.2	4.66	(1.72)
Dividend per Share	11.3	-	-

The accounting policies and Notes on Pages 92 through 125 form an integral part of the Financial Statements.

Statement of Comprehensive Income

Year Ended 31 March 2018

	Notes	2018 Rs.'000	2017 Rs.'000
Profit/(Loss) for the year		251,398	(92,707)
Other Comprehensive Income			
Other Comprehensive income to be reclassified to profit or (loss) in subsequent periods (net or tax)		-	-
Net Other Comprehensive Income to be reclassified to profit or (loss) in subsequent periods		-	-
Other Comprehensive Income not to be reclassified to profit or (loss) in subsequent periods (net or tax)			
Remeasurement gains/ (Losses) on defined benefit plan	22	(85,160)	51,167
Income tax effect	10.2	11,922	-
Net Other comprehensive income/(loss) not to be reclassified to profit or (loss)		(73,238)	51,167
Total Other Comprehensive Income for the year		(73,238)	51,167
Total Comprehensive Income for the year, net of tax		**178,160**	**(41,540)**

The accounting policies and Notes on Pages 92 through 125 form an integral part of the Financial Statements.

Statement of Financial Position

As at 31 March 2018

	Notes	2018 Rs.'000	2017 Rs.'000
ASSETS			
Non Current Assets			
Lease Hold Property, Plant and Equipment	12	234,963	252,374
Freehold Property, Plant & Equipment	13	555,663	514,955
Bearer Biological Assets	14A	2,229,520	2,185,652
Consumable Biological Assets	14B	676,568	633,224
Defferred Tax Assets	23	-	36,164
		3,696,714	3,622,369
Current Assets			
Produce on Bearer Biological Assets	14 E	13,685	13,464
Inventories	15	601,647	485,317
ACT Recoverable		47,926	47,926
VAT Receivable		20,758	20,906
Trade and Other Receivables	16	203,659	196,463
ESC Recoverable		44,617	43,157
Amounts Due From Related Parties	17	7,224	2,468
Cash and Bank Balances	18	16,505	10,357
		956,021	820,059
TOTAL ASSETS		4,652,735	4,442,427
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	19	673,721	673,721
General Reserve	20	540,000	540,000
Timber Reserves		633,817	590,473
Retained Earnings/(Losses)		(786,668)	(921,484)
Total Equity		1,060,870	882,710
Non Current Liabilities & Deferred Income			
Interest Bearing Loans & Borrowings	21	401,153	402,502
Retirement Benefit Obligations	22	1,005,741	897,882
Deferred Income	24	192,143	203,905
Defferred Tax Liability	23	62,845	-
Liability to make Lease Payment after one year	25	108,313	110,631
		1,770,195	1,614,920
Current Liabilities			
Trade and Other Payables	26	494,121	544,198
Interest Bearing Loans & Borrowings	21	861,273	1,032,978
Liability to make Lease Payment within one year	25	2,319	2,230
Amounts Due to Related Parties	27	461,949	363,383
Dividends Payable	28	2,008	2,008
		1,821,670	1,944,797
Total Equity and Liabilities		4,652,735	4,442,427
NET ASSETS PER SHARE		20	16

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

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Sudheera Epitakumbura
Financial Controller

The Board of Directors is responsible for these Financial Statements.

Approved and signed for and on behalf of the Board of Directors of Maskeliya Plantations PLC

S S Poholiyadde
Director

J L A Fernando
Director

The accounting policies and Notes on Pages 92 through 125 form an integral part of the Financial Statements.

30 May 2018
Colombo

Statement of Changes in Equity

Year Ended 31 March 2018

	Stated Capital	General Reserve	Retained Earnings	Timber Reserve	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 31 March 2016	673,721	540,000	(862,673)	573,202	924,250
Net Profit / (Loss) for the year	-	-	(92,707)	-	(92,707)
Total Other Comprehensive Income/(Loss) for the year	-	-	51,167	-	51,168
Timber Reserve	-	-	(20,971)	20,971	-
Transfer of Realized Timber Gain	-	-	3,700	(3,700)	-
Balance as at 31 March 2017	673,721	540,000	(921,484)	590,473	882,710
Net Profit / (Loss) for the year	-	-	251,398	-	251,398
Total Other Comprehensive Income/(Loss) for the year	-	-	(73,238)	-	(73,238)
Timber Reserve	-	-	(43,344)	43,344	-
Balance as at 31 March 2018	673,721	540,000	(786,668)	633,817	1,060,870

The accounting policies and Notes on Pages 92 through 125 form an integral part of the Financial Statements.

Statement of Cash Flows

Year Ended 31 March 2018

	Notes	2018 Rs.'000	2017 Rs.'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit/(Loss) before Taxation		**383,412**	**(83,580)**
ADJUSTMENTS FOR			
Depreciation/Amortisation	12-14	118,855	110,269
Provision for Defined Benefit Plan Cost	22	168,972	155,614
Amortisation of Grants	24	(11,762)	(11,762)
Gain/(Loss) on change in fair value Timber plantations Net of Harvesting	14B	(43,344)	(17,271)
Gain/(Loss) on change in fair value Green Leaf		(221)	(9,252)
Finance Costs	8	173,525	243,279
Operating Profit/(Loss) before Working Capital Changes		**789,437**	**387,297**
(Increase)/Decrease in Trade and other receivables		(7,048)	2,508
(Increase)/Decrease in Inventories	15	(116,330)	(53,395)
Increase/(Decrease) in Trade and other payables		(50,077)	197,832
Increase/(Decrease) in amounts due to Related Parties	27	98,566	75,082
(Increase)/Decrease in amounts due from Related Parties	17	(4,756)	262
Cash Generated from Operations		**709,792**	**609,586**
Finance Costs Paid		(138,202)	(209,744)
Defined Benefit Plan Costs paid	22	(146,272)	(111,776)
ESC Paid		(22,099)	(14,031)
Net Cash from Operating Activities		**403,219**	**274,035**
CASH FLOWS FROM INVESTING ACTIVITIES			
Field Development Expenditure	14A	(90,297)	(50,560)
Purchase of Property, Plant & Equipment	13	(95,723)	(14,250)
Net Cash used in Investing Activities		**(186,020)**	**(64,810)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Grants Received		-	467
Payment of Government lease rentals		(37,997)	(63,619)
Proceeds from loans		478,805	281,619
Payment of loans		(419,389)	(514,362)
Net Cash from Financing Activities		21,419	(295,895)
Net Increase/(Decrease) in Cash & Cash Equivalents		**238,618**	**(86,670)**
A. Cash & Cash Equivalents at the beginning of the year		(717,702)	(631,032)
B. Cash & Cash Equivalents at the end of the year		**(479,084)**	**(717,702)**
NOTE A			
Cash & Cash Equivalents at the beginning of the year			
Cash & Bank Balances		10,357	10,899
Bank Overdrafts		(728,059)	(641,931)
		(717,707)	(631,032)
NOTE B			
Cash & Cash Equivalents at the end of the year			
Cash & Bank Balances		16,505	10,357
Bank Overdrafts		(495,589)	(728,059)
		(479,084)	(717,702)

The accounting policies and Notes on Pages 92 through 125 form an integral part of the Financial Statements.

Notes to the Financial Statements

Year Ended 31 March 2018

1 REPORTING ENTITY

1.1 Domicile and Legal Form

Maskeliya Plantations was incorporated and domiciled in Sri Lanka, under the Companies Act No.17 of 1982 (The Company re-registered under the Companies Act No.07 of 2007) in terms of the provisions of the Conversion of Public Corporations or Government-Owned Business Undertakings into Public Companies Act No. 23 of 1987. The registered office of the Company is located at No. 310, High Level Road, Nawinna, Maharagama and Plantations are situated in the planting regions of Bandarawela, Maskeliya, Upcot and Talawakelle.

The Financial Statements of the Company comprise with the Statement of Financial Position, Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows together with Accounting Policies and Notes to Financial Statements.

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Company were cultivation, manufacture and sale of black tea, planting of timber.

1.3 Parent Enterprise and Ultimate Parent Enterprise

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

1.4 Responsibility for Financial Statements

The responsibility of the directors in relation to the Financial Statements is set out in the Statement of Directors' responsibility report in the Annual Report.

1.5 Date of Authorization for issue

The Financial Statements of Maskeliya Plantations PLC for the year ended 31 March 2018 was authorized for issue in accordance with a resolution of the Board of Directors on 30 May 2018.

2 BASIS OF PREPERATION

2.1 Statement of Compliance

The Financial Statements of the Company which comprise the Statement of Financial Position, Statement of Profit or Loss ,Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows together with Accounting Policies and Notes to Financial Statements 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.

These Financial Statements have been prepared on a historical cost basis except for the revaluation of certain Property, Plant and Equipment, which are stated at revalued amounts. The Financial Statements are prepared in Sri Lankan Rupees and all values are rounded to the nearest thousand.

2.1.1 Going Concern

The financial statements of the company have been prepared on the assumption that the company is a going concern. The Directors are satisfied that the company has adequate resources to continue as a going concern in the foreseeable future, to justify adopting the going concern basis in preparing these financial statements.

Further the Directors of the Company noted that the Company has made a net profit of Rs. 251,396,691/- in the current year compare to the net loss of Rs. 92,707,035/- reported in the last year and borrowing arrangements are already finalized with financial institutions to refinance the short term borrowings.

2.2 Basis of Measurement

These Financial Statements have been prepared in accordance with the historical cost convention other than Right to Use of Land which have been revalued as described in Note 12.1 to the Financial Statements. Managed biological assets, have been measured at fair value where appropriate, specific policies are explained in the succeeding Notes.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2018

2.3 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees (Rs.) which is the Company's functional and presentation currency and all values are rounded to the nearest thousand.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below are consistent with those used in the previous year.

3.1 Current versus non-current classification

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

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

Or

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

All other assets are classified as non-current.

A liability is current when:

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

Or

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

The Company classifies all other liabilities as non-current.

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

3.2 Fair Value Measurement

The Company measures financial instruments and non-financial assets at fair value at each statement of financial position date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

- Managed Consumable biological assets Note 14.B
- Produce on Bearer biological assets Note 14 E

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2018

that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

External valuers are involved for valuation of significant assets, such as managed biological assets. 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 Group's external valuers, which valuation techniques and inputs to use for each case.

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

3.3 Property, Plant & Equipment

3.3.1 Recognition and Measurement

Items of Property, Plant & Equipment are measured at cost (or at fair value in the case of land and consumable biological assets), less accumulated depreciation and accumulated impairment losses, if any.

3.3.2 Owned Assets

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

When significant parts of Property, Plant and Equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of profit or loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

3.3.3 Leased Assets

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2018

fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

3.3.4 Derecognition

An item of property, plant and equipment and any significant part initially recognised is derecognised 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 profit or loss statement when the asset is derecognized and gains are not classified as revenue.

3.3.5 Land Development Cost

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

These costs have been capitalized and amortized over the remaining lease period.

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

3.3.6 Biological Asset

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

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

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

(a) Bearer Biological Assets

The bearer biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 – Property Plant & Equipment as per the ruling issued by the Institute of Chartered Accountant of Sri Lanka.

The cost of land preparation, rehabilitation, new planting, replanting, crop diversification, inter planting and fertilizing etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads, including interest attributable to long-term loans used for financing immature plantations. The expenditure incurred on bearer biological assets (Tea, Timber fields) which comes into bearing during the year, is transferred to mature plantations. Expenditure incurred on consumable biological assets is recorded at cost at initial recognition and thereafter at fair value at the end of each reporting period.

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2018

(b) Produce 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

(c) Consumable Biological Assets

Consumable biological assets include managed timber that are to be harvested as agricultural produce or sold as biological assets.

The managed timber trees are measured on initial recognition and at the end of each reporting period its fair value less cost to sell in terms of LKAS 41.The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial. The fair value of timber trees are measured using DCF method taking in to consideration the current market prices of timber, applied to expected timber content of a tree at the maturity by an independent professional valuer. All other assumptions and sensitivity analysis are given in Note 14B.

The main variables in DCF model concerns

Variable	Comment
Timber content	Estimate based on physical verification of girth, height and considering the timber content of the each specie in different geographical regions. Factor all the prevailing statutory regulations enforced for harvesting of timber coupled with forestry plan of the company.
Economic useful life	Estimated based on the normal life span of each specie by factoring the forestry plan of the Company
Selling price	Estimated based on prevailing Sri Lankan market price. Factor all the conditions to be fulfilled in bringing the trees into saleable condition
Planting cost	Estimated costs for the further development of immature areas are deducted.
Discount Rate	Future cash flows are discounted at following discount rates: Timber trees 14%

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

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

3.3.7 Infilling Cost on Bearer Biological Assets

The land development costs incurred in the form of infilling have been capitalized to the relevant mature field, if it increases the expected future benefits from that field, beyond its pre-infilling performance assessment. Infilling costs so capitalized are depreciated over the newly assessed remaining useful economic life of the relevant mature plantation, or the unexpired lease period, whichever is lower.

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2018

3.3.8 Borrowing Cost

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset, which takes a substantial period of time to get ready for its intended use or sale, are capitalized as a part of the asset.

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

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

3.3.9 Depreciation and Amortisation

(a) Depreciation

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

	No. of Years	Rate (%)
Buildings & Roads	40	2.50
Plant & Machinery	13 1/3 to 23	7.50/4.35
Motor Vehicles	05	20.00
Equipment	08	12.50
Computer	04	25.00
Computer Software	03	33.33
Furniture & Fittings	10	10.00
Sanitation, Water Supply, Electricity	20	5.00

Mature Plantations (Replanting and New Planting)

	No. of Years	Rate (%)
Tea	33 1/3	3.00

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 derecognized. 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 SLSPC are amortized in equal amounts over the shorter of the remaining lease periods and the useful lives as follows:

	No. of Years	Rate (%)
Bare land	53	1.89
Improvements to land	30	3.33
Mature Plantations (Tea)	30	3.33
Buildings	25	4.00
Machinery	15	6.67

3.4 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.

3.4.1 Financial assets

3.4.1.1 Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

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 i.e., the date

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2018

that the Company commits to purchase or sell the asset.

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

3.4.2 Subsequent Measurement

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

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

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

Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance income or finance costs in the statement of profit or loss.

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

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss statement. The losses arising from impairment are recognized in the profit or loss statement in finance costs.

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

(c) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the company has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit or loss. The losses arising from impairment are recognized in the statement of profit or loss in finance costs.

The company did not have any held-to-maturity investments during the years ended 31 March 2018 and 2017.

(d) Available for sale financial investments

Available-for-sale financial investments include equity investments and debt securities. Equity investments classified as available for sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for sale reserve to the statement of profit or loss in finance costs. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the EIR method.

The Company evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets the Company may elect to reclassify these

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financial assets, If the management has the ability and intention to hold the assets for foreseeable future until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

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

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

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

3.4.4 Impairment of financial assets

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

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

3.4.5 Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a company of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

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The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

3.4.5.1 Available for sale financial Assets

For AFS financial assets, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from OCI and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Company evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss, the impairment loss is reversed through the statement of profit or loss.

3.5 Financial liabilities

3.5.1 Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, and payable net of directly attributable transaction costs.

The financial liabilities of the Company include trade and other payables, bank overdrafts, loans and borrowings.

3.5.2 Subsequent Measurement

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

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

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

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liabilities held for trading are recognized in the Statement of Profit or Loss.

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

(b) Loans and borrowings

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

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

3.5.3 Derecognition

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

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

3.5.4 Offsetting of financial instruments

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

3.5.5 Fair value of financial instruments

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

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

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

3.5.6 Financial Risk Management objectives and policies

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

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

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

Credit Risk

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

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Trade and Other Receivables

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

The Company reviews external ratings and bank references of the customer when available. Purchase limits are established for each customer, which are reviewed quarterly. In monitoring credit risk, customers are categorized according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale or retail customer, geographical location, industry, aging profile, maturity and existence of previous financial difficulties. Credit risk on trade debtors are minimal since settlement is guaranteed within seven days.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Interest Rate Risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The company has not engaged in any interest rate swap agreements.

3.6 Investments

3.6.1 Short-Term Investments

Short-term investments are measured at the lower of cost and market value on an aggregate portfolio basis, with any resultant gain or loss recognized in Statement of Profit or Loss.

3.6.2 Long-Term Investments

Quoted and unquoted investments in shares held on long-term basis are measured at cost, less impairment losses.

Provision for impairment is made when, in the opinion of the Directors there has been a decline other than temporary in the value of the investment.

3.7 Inventories

Finish Goods Manufactured from Agricultural Produce of Biological Assets

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

Input Material, Spares and Consumables

At actual cost on weighted average basis.

3.8 Trade and Other Receivables

Trade and other receivables are stated at their estimated realizable amounts inclusive of provisions for bad and doubtful debts.

3.9 Cash and Cash Equivalents

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

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3.10 Impairment of Non-Financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the company estimates the asset's or CGU's recoverable amount. A previously 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.

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

3.11 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Profit or Loss Statement net of any reimbursement.

3.12 Employees Benefits

(a) Defined 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 recognized as an expense in Statement of Profit or 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 other comprehensive income. Past service costs are recognised immediately in Profit or Loss Statement.

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

The Liability is not externally funded.

The key assumptions used in determining the retirement benefit obligations are given in Note 22.

3.13 Trade and Other Payables

Trade and other payables are stated at their costs.

3.14 Capital Commitments and Contingencies

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

3.15 Events Occurring after the Date of Financial Position

All material events after reporting date have been considered where appropriate either adjustments have been made or adequately disclosed in the Financial Statements.

3.16 Deferred Income

3.16.1 Grants and Subsidies

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

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the income statement over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant. Assets are amortized over their useful lives as follows.

Buildings	40 years

3.17 Earnings per Share

The Company presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period.

3.18 Statement of Profit or Loss

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

3.18.1 Revenue

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

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

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

(c) Interest income is recognised on accrual basis.

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

(e) Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

3.18.2 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/(loss) for the year.

3.18.2.1 Financing Income and Expenses

Finance income comprises interest income on funds invested, and gains on translation of foreign currency. Interest income is recognised in Statement of Profit or Loss as it accrues.

Finance expenses comprise interest payable on borrowings and losses on translation of foreign currency. 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.

3.18.2.2 Taxes

3.18.2.2.1 Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.18.2.2.2 Deferred Tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be 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 Statement of Profit or Loss.

3.19 Statement of Cash Flow

The Cash Flow Statement has been prepared using the 'indirect method'. Interest paid is classified as operating cash flows, interest and dividends received are classified as investing cash flows while dividends paid and Government grants received are classified as financing cash flows in financial activities, for the purpose of presenting the Cash Flow Statement.

3.20 Segment Reporting

The segments are determined based on the company's geographical spread of operations. The geographical analysis of turnover and profits are based on location of customers and assets respectively.

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company.

No operating segments have been aggregated to form the above reportable operating segments. An individual segment manager is determined for each operating segment and the results are regularly reviewed by the Financial Controller. The Financial Controller monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the operating segments information, is measured differently form operating profit or loss in the financial statements.

Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties.

4. USE OF ESTIMATES AND JUDGMENTS

The preparation of Financial Statements in conformity with SLFRS requires management to make judgments, estimates and assumptions that influence the application of accounting policies and the reported amounts of assets, liabilities,

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

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

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

- Note 22 - Measurement of the Retiring Benefit Obligations
- Note 23 - Deferred Taxation
- Note 14.B - Biological Assets

4.1 Deferred Taxation

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 Act no 24 of 2017 (ACT), in the case of a company predominantly conducting an agricultural business, the applicable income tax rate is 14%. As per the above ACT "Predominantly" is defined as 80% or more calculated based on gross income. The "Agriculture business" is defined in section 195 (1) as business of producing agricultural, horticultural or any animal produce and includes an undertaking for the purpose of rearing livestock or poultry. Based on the legal expert opinion obtained, the management is of the view that the company is predominantly engaged in agricultural business.

Further, Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The details of deferred tax computation is given in Note 23 to the Financial Statements.

4.2 Retirement Benefit Obligations

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the retirement benefit obligations are given in Note 22. Any changes in these assumptions will impact the carrying amount of retirement benefit obligations.

4.3 Biological Assets

The fair value of managed timber trees depends on a number of factors that are determined on a discounted method using various financial and non financial assumptions. The growth of the trees is determined by various biological factors that are highly unpredictable. Any change to the assumptions will impact to the fair value of biological assets. Key assumptions and sensitivity analysis of the biological assets are given in the Note 14 B.

5 STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

5.1 Impending Accountings standards / Standards issued not yet effective

Certain new accounting standards and amendments / improvements to existing standards have been published, that are not mandatory for 31 December 2017 reporting periods. None of those have been early adopted by the Company.

- **SLFRS 9 -Financial Instruments: Classification and Measurement**

SLFRS 9, as issued reflects the first phase of work on replacement of LKAS 39 and applies to classification and measurement of financial assets and liabilities. This standard was originally effective for annual periods commencing on or after 01 January 2018. However the effective date has been deferred subsequently.

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

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, LKAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. This standard is effective for the annual periods beginning on or after 01 January 2018.

- **SLFRS 16 -Leases**

SLFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on balance sheet model similar to the accounting for finance leases, under LKAS 17 except for few exemptions for leases for "low value" assets and short term leases with a lease term of 12 months or less. This standard is effective for the annual periods beginning on or after 01 January 2019.

Pending the detailed review of such standards and interpretations, the extent of the impact has not been determined by the management

The new Standard requires a lessee to:

- recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value, and
- present depreciation of lease assets separately, from interest on lease liabilities in the income statement.

SLFRS – 16 substantially carries forward the lessor accounting requirement in LKAS – 17. Accordingly, a lessor continues to classify its leases as operating lease or finance lease, and to account for those two types of leases differently.

SLFRS -16 will become effective on 1st January 2019. The impact on the implementation of the above Standard has not been quantified yet.

5.2 Amendments to Existing Accounting Standards

LKAS 7 - Statement of Cash Flows

The amendment requires an entity to disclose information that enables users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Accordingly an entity shall disclose the following changes in liabilities arising from financing activities:

- Changes from financing cash flows
- Changes in fair values and
- Other changes

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2018

06 REVENUE	**2018 Rs.'000**	**2017 Rs.'000**
06.1 Summary		
Tea	4,508,366	3,447,961
Profit/(Loss) on Sale of Trees	8,999	7,501
	4,517,365	3,455,462

06.2 Segment Information

Geographical Segment	**Maskeliya**		**Upcot**		**Talawakelle**		**Bandarawela**		**Total**	
	2018 Rs.'000	**2017 Rs.'000**	**2018 Rs.'000**	**2017 Rs.'000**	**2018 Rs.'000**	**2017 Rs.'000**	**2018 Rs.'000**	**2017 Rs.'000**	**2018 Rs.'000**	**2017 Rs.'000**
Revenue	1,254,358	937,076	1,708,921	1,204,252	865,615	687,291	688,471	626,843	4,517,365	3,455,462
Cost of Sales	(922,451)	(788,266)	(1,308,173)	(1,066,212)	(680,871)	(553,646)	(673,303)	(598,767)	(3,584,798)	(3,006,891)
Depreciation /Amortzation	(31,874)	(30,306)	(31,674)	(31,069)	(21,527)	(19,694)	(33,414)	(29,201)	(118,489)	(110,270)
Gratuity	(45,120)	(42,291)	(64,167)	(62,518)	(25,712)	(23,932)	(33,973)	(26,872)	(168,972)	(155,613)
Segment Results	254,912	76,212	304,908	44,454	137,505	90,020	(52,219)	(27,998)	645,107	182,688
Other Income									13,965	22,700
Gain on change in fair value of Biological Assets									43,565	30,223
Administrative Expenses									(67,020)	(48,815)
Management Fees									(78,679)	(27,097)
Finance Cost									(173,525)	(243,279)
Income Tax (Expenses)/ Income									(132,014)	(9,127)
Profit/ (Loss) for the year									251,398	(92,707)

	Maskeliya		**Upcot**		**Talawakelle**		**Bandarawela**		**Total**	
Segment Assets	**2018 Rs.'000**	**2017 Rs.'000**	**2018 Rs.'000**	**2017 Rs.'000**	**2018 Rs.'000**	**2017 Rs.'000**	**2018 Rs.'000**	**2017 Rs.'000**	**2018 Rs.'000**	**2017 Rs.'000**
Cost	1,285,589	1,242,309	1,514,627	1,506,166	918,106	875,370	1,743,693	1,647,599	5,462,015	5,271,444
Accumulated Depreciation	(453,221)	(430,869)	(542,462)	(554,867)	(328,862)	(316,035)	(481,310)	(445,440)	(1,805,855)	(1,747,211)
Current Assets	232,778	171,067	339,708	251,737	177,175	140,171	173,612	205,551	923,273	768,526
	1,065,146	982,507	1,311,873	1,203,036	766,419	699,506	1,435,995	1,407,710	4,579,433	4,292,759
Unallocated Assets										
Cost									188,584	221,612
Accumulated Depreciation									(148,031)	(123,477)
Current Assets									32,749	51,533
Total Assets									4,652,735	4,442,427
Segment Liabilities										
Non Current Liabilities	298,518	314,322	462,311	485,282	187,576	199,900	285,813	302,694	1,234,218	1,302,198
Current Liabilities	129,237	125,314	198,831	195,597	98,751	100,281	98,662	131,333	525,481	552,525
	427,755	439,636	661,142	680,879	286,327	300,181	384,475	434,027	1,759,699	1,854,723
Un Allocated										
Non Current Liabilities									535,977	312,723
Current Liabilities									1,296,191	1,392,274
									1,832,168	1,704,997
									3,591,867	3,559,720
Capital Expenditure										
Field Development	18,336	7,824	33,786	17,808	4,246	4,040	22,917	13,379	79,285	43,051
Property, Plant & Equipment	10,323	3,941	17,799	1,648	23,670	4,121	27,462	4,540	79,254	14,250
	28,659	11,765	51,585	19,456	27,916	8,161	50,379	17,919	158,539	57,301
Field Development Unallocated									11,013	7,509
Property, Plant & Equipment Unallocated									16,469	-
Total Capital Expenditure									186,021	64,810

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2018

07. OTHER INCOME

	2018 Rs.'000	2017 Rs.'000
Amortization of Capital Grants	11,762	11,762
Other Sundry Income	2,203	10,938
	13,965	22,700

08. FINANCE COST

	2018 Rs.'000	2017 Rs.'000
Interest on Lease Rental (JEDB/SLSPC)	4,514	4,600
Contingent Lease Rental (JEDB/SLSPC)	31,253	29,933
Overdraft Interest	35,784	37,895
Term Loan Interest	100,237	135,892
Short Term Loan Interest	12,050	40,904
Stamp Duty & Other charges	700	1,564
	184,538	250,788
Amount Capitalised	(11,013)	(7,509)
	173,525	243,279

Interest rate sensitivity

The following table demonstrates the sensitivity on interest rates on floating loans and borrowings with all other variables held constant.

	Increase /Decrease in Interest Rate	Effect on Profit Before Tax (Rs.'000)
2017 /2018	+ 1%	(6,837)
	-1%	6,837
2016 /2017	+ 1%	8,946
	-1%	(8,946)

09 PROFIT BEFORE TAXATION IS STATED AFTER CHARGING

	2018 Rs.'000	2017 Rs.'000
Auditor's Remuneration	3,548	3,226
Directors' Remuneration	1,044	1,201
Depreciation/Amortisation	118,855	110,269
Defined Benefit Plan Costs (Included Under Cost of Sales & Administration Expenses)	168,972	155,614
Defined Contributions Plan Costs - EPF & ETF	247,880	200,950
Others - Staff Costs (Including Estate Employees)	2,331,962	1,932,907

10. TAX EXPENSE

The major component of income tax expense for the year ended 31st March 2018 are as follows :

10.1 Statement of Profit or Loss

	2018 Rs.'000	2017 Rs.'000
(I) Current Income Tax:		
ESC Set off Against Income Tax	(21,083)	-
ESC Written off	-	(9,127)
(II) Deferred Tax:		
Relating to origination and (reversal) of temporary differences (Note 23.1)	(110,931)	-
Income Tax charge/(reversal) reported in Income Statement	(132,014)	(9,127)

10.2 Statement of Comprehensive Income

Deferred tax relating to items (charges)/credited directly to OCI during the year:		
Net gain/(loss) on actuarial gains and losses on defined Benefit Plans (Note 23.1)	11,922	-
IncomeTax charge directly to Other Comprehensive Income	11,922	-

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2018

10.3 RECONCILIATION BETWEEN TAX EXPENSES AND THE PRODUCT OF ACCOUNTING PROFIT	2018 Rs.'000	2017 Rs.'000
Profit / (Loss) before Tax	383,412	(83,580)
Aggregate disallowed items	299,027	270,483
Aggregate allowable items	(358,087)	(270,561)
Taxable Profit/(Loss)	324,352	(83,658)
Bought forward Tax losses set off	(113,523)	-
	210,829	(83,658)
Effective Tax Rate	10.00%	15.76%
ESC Set off Against Income Tax	21,083	-
ESC Write off during the year	-	9,127
Income Tax Charge/(Reversal)	21,083	9,127

11 BASIC EARNINGS PER SHARE

11.1 The calculation of the basic earnings per share is based on after tax profit/(loss) for the year divided by the weighted average number of ordinary shares outstanding during the period.

11.2 The following reflects the income and share data used in the basic earnings per share computation.

	2018 Rs.'000	2017 Rs.'000
Amounts used as the Numerator :		
Net Profit/(Loss) applicable to ordinary share holders for basic earnings per share	251,398	(92,707)
	251,398	(92,707)
Amounts used as the Denominator :		
Weighted average number of ordinary shares in issue applicable to basic earnings per share	53,953,490	53,953,490
	53,953,490	53,953,490

11.3 Dividend Per Share	2018 Rs.'000	2,017 Rs.'000
Interim Dividend Paid	Nil	Nil
	Nil	Nil
Number of Ordinary Shares	53,953,490	53,953,490
Dividend Per Share	-	-

12. LEASEHOLD PROPERTY, PLANT & EQUIPMENT

As at 31st March	Notes	2018 Rs.'000	2017 Rs.'000
Right-to-use of land	12.1	171,472	177,588
Immovable leased bearer biological assets	12.2	57,296	64,902
Immovable Leased assets (other than right-to-use land and bearer biological assets)	12.3	6,195	9,884
		234,963	252,374

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2018

12.1 Right-to-use of Land (Revalued)

"Right-To-Use of Land on Lease" as above was previously titled "Leasehold Right to Bare Land". The change is in order to comply with Statement of Alternative Treatment (SoAT) issued by the Institute of Chartered Accountants of Sri Lanka dated 21 August 2013. Such leases have been executed for all estates for a period of 53 years.

This right-to-use land is amortized over the remaining lease term or useful life of the right whichever is shorter and is disclosed under non-current assets. The Statement of Alternative Treatment (SoAT) for right-to-use of land does not permit further revaluation of right-to-use land. The values taken into the Statement of Financial Position as at 22 June 1992 and amortization of the right to use of land up to 31 March 2018 are as follows.

	Balance as at 31/03/2018 Rs.'000	Balance as at 31/03/2017 Rs.'000
Capitalised Value	332,176	332,176
Amortization		
As at 1st April	154,588	148,472
Amortization charge for the year	6,116	6,116
As at 31st March	160,704	154,588
Carrying amount	171,472	177,588

12.2 Immovable Leased Bearer Biological Assets

In terms of the ruling of the UITF of the Institute of Chartered Accountants of Sri Lanka prevailed at the time of privatisation of plantation estates, all immovable assets in these estates under finance leases have been taken into the books of the Company retroactive to 22nd June 1992. For this purpose, the Board decided at its meeting on 8th March, 1995, that these assets be stated at their book values as they appear in the books of the JEDB/SLSPC, on the day immediately preceding the date of formation of the Company. These assets are taken into the Statement of Financial Position as at 22nd June, 1992 and amortisation of immovable leased assets to 31March 2018 are as follows.

MATURE PLANTATIONS - TEA	2018 Rs.'000	2017 Rs.'000
Capitalised Value		
22nd June, 1992	230,859	230,859
Amortisation		
As at 1st April	165,957	158,351
Amortisation for the year	7,606	7,606
As at 31st March	173,563	165,957
Carrying amount	57,296	64,902

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 was classified as bearer biological assets in terms of LKAS 16. The carrying value of the bearer biological assets leased from JEDB/SLSPC is recognised at cost less amortisation. Further investments in such plantations to bring them to maturity are shown in Note 14 A

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2018

12.3 Immovable Leased Assets (Other than Right-to-use of Land and Bearer Biological Assets)

	Improvement to Land	Other Vested Assets	Buildings	Plant & Machinery	2018	2017
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Capitalised Value (22 June, 1992)	12,153	836	101,800	12,585	127,374	127,374
Amortisation						
As at 1 April	10,209	378	94,319	12,585	117,491	113,802
Amortisation for the year	405	16	3,267	-	3,688	3,688
As at 31 March	10,614	394	97,586	12,585	121,179	117,490
Carrying amount	1,539	442	4,214	-	6,195	9,884

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

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

13. FREEHOLD PROPERTY, PLANT AND EQUIPMENT

Cost	Balance as at 01.04.2017 Rs.'000	Additions for the year Rs.'000	Disposals during the year Rs.'000	Balance as at 31.03.2018 Rs.'000
Land Improvements	91,943	-	-	91,943
Buildings	324,777	-	-	324,777
Motor Vehicles	171,155	55,600	(900)	225,855
Plant & Machinery	717,859	2,333	-	720,192
Furniture & Fittings	11,939	-	-	11,939
Equipment	97,287	160	-	97,447
Water Sanitation	46,101	-	-	46,101
Computers	18,869	765	-	19,634
Computer Software	1,465	-	-	1,465
	1,481,396	58,858	(900)	1,539,354

Depreciation	Balance as at 01.04.2017 Rs.'000	Charge for the year Rs.'000	Accumulated depreciation on disposals Rs.'000	Balance as at 31.03.2018 Rs.'000
Land Improvements	19,411	2,299	-	21,710
Buildings	98,370	8,119	-	106,489
Motor Vehicles	160,582	8,613	(900)	168,295
Plant & Machinery	537,237	30,364	-	567,601
Furniture & Fittings	11,920	2	-	11,922
Equipment	82,758	3,561	-	86,319
Water Sanitation	41,319	1,377	-	42,696
Computers	18,253	680	-	18,933
Computer Software	1,465	-	-	1,465
	971,315	55,015	(900)	1,025,430
Written Down Value	510,081			513,924

	Balance as at 01.04.2017 Rs.'000	Additions for the year Rs.'000	Capitalised/ Disposed during the year Rs.'000	Balance as at 31.03.2018 Rs.'000
Capital Work-in-Progress	4,873	36,866	-	41,739
TOTAL WRITTEN DOWN VALUE	514,955			555,663

Note : The assets shown above are those movable assets vested in the Company by Gazette Notification at the date of formation of the Company (22nd 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 Note 12.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2018

14 A. BEARER BIOLOGICAL ASSETS

Cost	Immature Plantations Rs.'000	Mature Plantations Rs.'000	Total 2018 Rs.'000	Total 2017 Rs.'000
At the beginning of the year	1,026,968	1,547,654	2,574,622	2,524,062
Additions	90,297	77,912	168,209	157,375
Transfers	(77,912)	-	(77,912)	(106,815)
At the end of the year	1,039,353	1,625,566	2,664,919	2,574,622
Depreciation				
At the beginning of the year	-	388,970	388,970	345,745
Charge for the year	-	46,430	46,430	43,225
At the end of the year	-	435,400	435,400	388,970
Written Down Value	1,039,353	1,190,166	2,229,520	2,185,652

Note :

These are investments in immature/ mature plantations since the formation of the Company. The assets (including plantation assets) taken over by way of estate leases are set out in Notes 12 . Further investment in immature plantations taken over by way of these leases are shown in the above note. When such plantations become mature, the additional investments since take over to bring them to maturity, will be moved from immature to mature under this note.

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

Borrowing cost amounting to Rs. 11,012,551/= (2017 - Rs. 7,509,104/=) incurred to meet expenses relating to immature plantations have been capitalised as a part of the cost of immature plantations.

14 B. CONSUMABLE BIOLOGICAL ASSETS - TIMBER PLANTATIONS

	2018 Rs.'000	2017 Rs.'000
As at 1st April	633,224	615,953
Gain/(loss) arising from changes in fair value less cost to sell	43,344	20,971
Decrease due to harvest/ transfer	-	(3,700)
As at 31st March	676,568	633,224

Managed trees include commercial timber plantations cultivated on estates. The cost of immature trees is treated as approximate fair value particularly on the ground of little biological transformation has taken place and impact of the biological transformation on price is not material.

The fair value of managed trees was ascertained in accodance with LKAS 41. The valuation was carried by Mr W M Chandrasena FIV (SL) MRICS (UK) accredited Chartered Valuation Surveyor using Discounted Cash Flow (DCF) methods. In ascertaining the fair value of timber valuer has considered the different species, size, condition and location of timber trees. The futurer cash flows are determined by reference to current timber prices without considering the future increase of timber prices.

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 SLFRS 13 against his own assumptions.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2018

14 C. 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
Consumable Managed Biological Assets	DCF	Discounting Rate	14%	The higher the discount rate the lower the fair Value.
		Optimum rotation (Maturity)	30 - 40 Years	Lower the rotation Period, the higher the fair value.
		Price per cu ft	Rs.150/= to Rs.700/=	The higher the price the higher the fair Value.

Other key factors considered in valuation

1. The harvesting is approved by the PMMD and Forest Department based on the forestry development plan
2. The price adopted are net of expenditure
3. Though the replanting is a condition precedent for harvesting, yet the cost are not taken in to consideration.

14 D. SENSITIVITY ANALYSIS

Sensitivity Variation 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 a rise or decrease by 10% of the estimated future selling price has the following effect on the net present value of biological assets:

Managed Timber		-10%	+10%
As at 31 March 2018	Rs. '000	(67,657)	67,657
As at 31 March 2017	Rs. '000	(90,837)	35,927

Sensitivity Variation 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 a rise or decrease by 1.5% of the discount rate has the following effect on the net present value of biological assets:

Managed Timber		-1.5%	+1.5%
As at 31 March 2018	Rs. '000	70,447	(59,417)
As at 31 March 2017	Rs. '000	93,485	(62,093)

14. E PRODUCE ON BEARER BIOLOGICAL ASSETS

	2018 Rs.'000	2017 Rs.'000
As at 01st April	13,464	4,212
Change in fair value less cost to sell	221	9,252
As at 31st March	13,685	13,464

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2018

14.F GAIN/(LOSS) ON FAIR VALUE OF BIOLOGICAL ASSETS

	2018 Rs.'000	2017 Rs.'000
Consumable Biological Assets Gain/(loss)arising from changes in fair value less cost to sell (Note No 14 B)	43,344	20,971
Produce on Bearer Bilogical Assets Gain/(Loss) arising from changes in fair value less cost to sell (Note No 14 E)	221	9,252
	43,565	30,223

14.G 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

		Level 1		Level 2		Level 3	
As at 31st March	Date of valuation	2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000	2018 Rs.'000	2017 Rs.'000
Assets measured at fair value							
Consumable Biological Assets - Timber	31st March 2018	-	-	-	-	676,568	633,224
Produce on Bearer Bialogical Assets	31st March 2018	-	-	13,685	13,464	-	-

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

15. INVENTORIES

	2018 Rs.'000	2017 Rs.'000
Input Materials	68,647	55,323
Growing Crop - Nurseries	21,063	22,173
Produce Stock	484,720	391,530
Consumables & Spares	27,217	16,291
	601,647	485,317

16. TRADE AND OTHER RECEIVABLES

	2018 Rs.'000	2017 Rs.'000
Produce Debtors	76,769	61,830
Advances & Prepayments	4,071	3,881
Festival Advances - Estates	55,616	66,617
Other Debtors	89,908	87,239
Staff Debtors	1,053	654
	227,417	220,221
Less: Provision for Doubtful Debt	(23,758)	(23,758)
	203,659	196,463

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2018

17.	AMOUNTS DUE FROM RELATED PARTIES	Relationship	2018 Rs.'000	2017 Rs.'000
	Richard Pieris Exports PLC	Related Company	-	8
	Arpitech (Pvt) Ltd	Related Company	5,313	2,460
	Namunukula Plantations PLC	Related Company	1,698	-
	RPC Properties (Pvt) Ltd	Related Company	213	-
			7,224	2,468

18	CASH AND CASH EQUIVALENTS		
18.1	**Favourable Balances**		
	Cash at Bank and in Hand	16,505	10,357
		16,505	10,357
18.2	**Unfavourable Balances**		
	Bank Overdraft	(495,589)	(728,059)
		(495,589)	(728,059)
		(479,084)	(717,702)

19.	STATED CAPITAL		
	Issued and Fully Paid Number of Shares		
	Balance as at 01 of April	53,953,490	53,953,490
		53,953,490	53,953,490
	Value of Issued and Fully Paid Shares		
	Balance as at 01 of April	673,721	673,721
		673,721	673,721

20.	GENERAL RESERVE		
	Balance at the beginning of the year	540,000	540,000
	Balance at the end of the year	540,000	540,000

General Reserves represents amounts set-a-side 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-a-side for future and utilized after appropriate Board Approvals.

21. INTEREST BEARING LOANS AND BORROWINGS

	Repayable				Total	Total
	Within 1 year	After 1 year less than 5 years	After 5 years	After 1 year	as at 31.03.2018	as at 01.04.2017
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Long-Term Loans (ADB)						
National Development Bank PLC-Securitisation Loan	135,000	30,000	-	30,000	165,000	347,650
Hatton National Bank PLC	149,880	231,770	-	231,770	381,650	123,200
Union Bank PLC	40,000	90,000	-	90,000	130,000	170,000
Short Term Loan						
Sri Lanka Tea Board	40,804	49,383	-	49,383	90,187	66,571
Bank Overdraft	495,589	-	-	-	495,589	728,059
	861,273	401,153	-	401,153	1,262,426	1,435,480

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2018

21.1	Long Term Loans (Cont...)	Repayable within 1 year	Repayable after 1 year less than 5 years	Repayable after 5 years	Repayable after 1 year	Total as at 31.03.2018	Total as at 01.04.2017	Rate of Interest	Terms of Repayments
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000		
	National Development Bank PLC	17,000	-	-	-	17,000	34,000	AWPLR+0.5%	83 monthly installments of Rs.1,416,666/= and last installment of Rs.1,416,722/= payable commencing from 01.05.2012
	National Development Bank PLC	118,000	30,000	-	30,000	148,000	255,400	AWPLR+0.75%	36 monthly payment in varied installments and payable commencing from 29.07.2016
	National Development Bank PLC	-	-	-	-	-	58,250	AWPLR-0.5%	20 Monthly payment of Rs 11.650,000/= installments payable commencing from 14.01.2016. Loan is fully settled.
		135,000	30,000	-	30,000	165,000	347,650		
	Hatton National Bank PLC	25,920	13,360	-	13,360	39,280	65,200	AWPLR+0.5%	59 Monthly installments of Rs.2,160,000/= and last installment of Rs.2,560,000/= payable commencing from 10.09.2014
	Hatton National Bank	24,000	10,000	-	10,000	34,000	58,000	AWPLR+0.5%	60 monthly installments of Rs.2,000,000/= payable commencing from 13.08.2014
	Hatton National Bank	99,960	208,410		208,410	308,370	-	AWPLR+0.5%	47 monthly installments of Rs. 8,330,000/= & last installment of Rs. 8,490,000/= commencing from 08.03.2017
		149,880	231,770	-	231,770	381,650	123,200		
	Union Bank PLC	40,000	90,000	-	90,000	130,000	170,000	AWPLR+0.75%	60 monthly installments of Rs.3,333,333/= payable commencing from 01.07.2016
		40,000	90,000		90,000	130,000	170,000		
21.2	**Short Term Loan**								
	Sri Lanka Tea Board	14,667	19,556	-	19,556	34,223	44,000		36 monthly installments of Rs.1,222,222/= payable commencing from 01.08.2017
	Sri Lanka Tea Board	-	-	-	-	-	22,571		First Installment of Rs 2,947,000/= and 10 Monthly Instatement of Rs 3,502,100/= payable commencing from 10.12.2015
	Sri Lanka Tea Board	26,137	29,827		29,827	55,964	-		36 monthly payments in varied installments payable commencing from 28.05.2017
		40,804	49,383	-	49,383	90,187	66,571		

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2018

21.3 Liquidity Risk

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

The table below summarizes the maturity profile of the Company financial liabilities based on contractual undiscounted payments.

As at 31 March 2018	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
Interest bearing loans & borrowing	495,589	102,849	308,546	465,857	-	1,372,841
Trade & other payables	494,121	-	-	-	-	494,121
	989,710	102,849	308,546	465,857	-	1,866,962
As at 31 March 2017						
Interest bearing loans & borrowing	728,059	104,541	388,372	502,502	-	1,723,474
Trade & other payables	544,198	-	-	-	-	544,198
	1,272,257	104,541	388,372	502,502	-	2,267,672

22. RETIRING BENEFIT OBLIGATIONS

	2018	2017
	Rs.'000	Rs.'000
At the beginning of the year	897,882	905,211
Interest Cost	109,990	104,099
Current Service Cost	58,982	51,515
Gratuity Payments for the year	(146,272)	(111,776)
Actuarial (Gain) / Loss	85,160	(51,167)
At the end of the year	1,005,741	897,882

The actuarial valuation had been carried out for retiring gratuity for all the employees of the Company as at 31 March 2018, which amounts to Rs.1,005,741,170/=. If the Company has provided for gratuity for workers on the basis of 14 days wages and for staff and executives, a half month salary for each completed year of service, in line with the Gratuity Act No.12 of 1983, the liability would have been Rs.1,263,299,492/=. Hence, there is a contingent liability of Rs.257,558,322/= which would crystallize only if the Company ceases to be a going concern , or the resignation or termination of employees which ever is earliest.

The following payments are expected from the defined benefit plan obligation is carried on annual basis.

	2018
	Rs.'000
Within the next 12 months	117,206
Between 2 and 5 years	266,586
Beyond 5 years	621,949
	1,005,741

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2018

The weigted average duration of the Defind Benefit plan obligation at the end of the reporting period is 6.95 years and 8.96 Years for staff and workers respectively.

The key assumptions used by Messers Actuarial & Management Consultants (Pvt) Ltd include the following.

	2018	2017
(i) Rate of Discount	11.00 % (per annum)	12,25 % (per annum)
(ii) Rate of Salary Increase		
Workers	16% (every two years)	16% (every two years)
Estate Staff	8 % (per annum)	8 % (per annum)
Head Office Staff & Executives	8 % (per annum)	8 % (per annum)
(iii) Retirement Age		
Workers	60 years	60 years
Staff - Head Office	55 years	55 years
- Estates	58 years	58 years

Sensitivity Analysis - Salary/ Wage Escalation Rate

Values appearing in the financial statements are very sensitive to the changes of financial and non financial assumptions used. The sensitivity was carried for both the rate of wage increment and the salary increment. Simulation made for retirement benefit obligation shows that an increase or decrease by 1% of the rate of wage and salary increase has the following effect on the retirement benefit obligations.

	Workers		Staff	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
	+1%	-1%	+1%	-1%
As at 31 March 2018	41,303	(39,019)	5,566	(4,961)
As at 31 March 2017	30,961	(29,365)	1,327	(1,274)

Sensitivity Analysis - Discount Rate

Values appearing in the financial statements are very sensitive to the changes of financial and non financial assumptions used. The sensitivity was carried for the discount rate. Simulation made for retirement benefit obligations shows that an increase or decrease by 1% of the discount rate has the following effect on the retirement benefit obligation.

	Workers		Staff	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
	+1%	-1%	+1%	-1%
As at 31 March 2018	(70,448)	81,230	(4,516)	5,138
As at 31 March 2017	(58,766)	67,290	(2,684)	2,977

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2018

23. DEFERRED TAX

	2018		2017	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at 1 April	351,041	(36,165)	394,568	(87,351)
Amount Originating/(Reversal) during the year	97,848	(61,269)	(43,527)	(7,558)
Amount Originated due to the Income Tax rate Change	-	160,279	-	-
As at 31 March	448,889	62,845	351,041	(94,909)
Temporary difference of Property, Plant and Equipment	392,107	54,895	386,752	73,862
Temporary difference of mature and immature plantations	2,229,520	312,133	2,185,652	218,565
Temporary difference of Consumble biological asset	676,568	94,719	633,224	63,322
Temporary difference of Produce Bilogical Assets	13,684	1,916	13,464	1,346
Temporary difference of retirement benefit obligation	(1,005,741)	(140,804)	(897,881)	(141,505)
Temporary difference of debtors provision	(23,758)	(3,326)	(23,758)	(3,744)
Carried forward tax losses	(1,833,491)	(256,688)	(1,946,412)	(306,755)
As at 31 March	448,889	62,845	351,041	(94,909)

Due to continues losses of the Company, deferred tax asset originating amounting to Rs 58,744,734/- in the last year not recognized in the financial statements.

Deferred Tax	Tax Effect Rs.'000	Tax Effect Rs.'000
Amount recognized As at 1 April	(36,165)	(36,165)
Tax Charge/(reversal) during the period recognised in Statement of Profit or Loss	110,931	-
Tax charge/(reversal) during the period recongnised in Other Comprehensive Income	(11,922)	-
Amount not recognized during the year	-	(58,745)
As at 31 March	62,844	(94,909)

The effective tax rate used to calculate deferred tax liability for all the Temporary Differences as at 31 March, 2018 is 14.00% (2017 - 15.76% for, other than to Biological Assets 10%)

24. DEFERRED INCOME

Deferred Grants and Subsidies	2018 Rs.'000	2017 Rs.'000
Balance at the beginning of the year	203,905	215,200
Add : Grants received during the year	-	539
Less Grants refunded during the year	-	(72)
Less : Amortisation for the year	(11,762)	(11,762)
Balance at the end of the year	192,143	203,905

The Company has received funding from the Plantation Housing and Social Welfare Trust and Asian Development Bank for the development of workers facilities such as re-roofing of line rooms, latrines, water supply, sanitation and roads 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. Further this includes the C.T.C Machinery Subsidy which represents the fund received from Sri Lanka Tea Board in relation to C.T.C Project at Poonagalla Estate and also a rebate received from Ceylon Electricity Board on acquisition of a Generator. Grants are amortised over the life of the assets for which they are being deployed.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2018

25. LIABILITY TO MAKE LEASE PAYMENT

Gross Liability	2018 Rs.'000	2017 Rs.'000
As at 1st April	190,869	197,613
Repayment during the year	(6,744)	(6,744)
	184,125	190,869
Finance cost allocated to future periods	(73,493)	(78,008)
Net liability	110,632	112,861
Payable within one year		
Gross liability	6,744	6,744
Finance cost allocated to future periods	(4,425)	(4,514)
Net liability transferred to current liabilities	2,319	2,230
Payable within two to five years		
Gross liability	26,976	26,976
Finance cost allocated to future periods	(16,736)	(17,130)
Net liability	10,240	9,846
Payable after five years		
Gross liability	150,405	157,149
Finance cost allocated to future periods	(52,332)	(56,363)
Net liability	98,073	100,786
Net liability payable after one year	108,313	110,631

The lease of the estates have been amended, with effect from 22nd June 1996 to an amount substantially higher than the previous lease rental of Rs. 500/= per estate per annum. The first rental payable under the revised basis is Rs.6.744 million from 22nd June 1997. This amount is to be inflated annually by the Gross Domestic product (GDP) deflator, and is in the Form of Contingent rental. The contingent rental charged to the Income statement amounted to Rs 31,253,236/= (2017 - Rs 29,932,868/=) which is based on GDP deflator of 3.6%.

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

		Rs.'000
Gross Liability	=	1,789,070
Finance Charges	=	(1,171,728)
Net Liability	=	617,342

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

26. TRADE AND OTHER PAYABLES

	2018 Rs.'000	2017 Rs.'000
Trade Creditors	166,000	233,513
Accrued Expenses	276,054	237,777
Others	52,067	72,908
	494,121	544,198

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2018

27. AMOUNTS DUE TO RELATED PARTIES	Relationship	2018 Rs.'000	2017 Rs.'000
RPC Management Services (Pvt) Ltd	Parent Company	346,137	287,080
RPC Plantation Management (Pvt) Ltd	Related Company	9,555	9,631
Richard Pieris Group Services (Pvt) Ltd	Related Company	-	1,433
Richard Pieris and Company PLC	Ultimate Parent	90,407	57,006
Richard Pieris Distributors Ltd	Related Company	2,238	4,254
Richard Pieris Tyre Company Ltd	Related Company	535	476
Kegalle Plantations PLC	Related Company	10,355	1,782
Maskeliya Tea Gardens Ceylon (Pvt) Ltd	Related Company	2,358	1,224
RPC Logistics Ltd	Related Company	364	41
Namunukula Plantations PLC	Related Company	-	456
		461,949	363,383

28. DIVIDEND PAYABLE	2018 Rs.'000	2017 Rs.'000
Ordinary Dividend Unclaimed	2,008	2,008
	2,008	2,008

29. SECURITIES PLEDGED

The following assets have been pledged as securities for liabilities.

Name of Bank	Loan Facility Rs. '000	Security	Nature of Liability	Carrying Amount Pledged 2018 Rs.'000	2017 Rs.'000
Sampath Bank PLC	100,000	Primary mortgage over leashold rights of Glentilt estate	Overdraft	165,197	168,495
HNB	125,000	Primary Floating Mortgage bond over leasehold rights of Glenugie Estate	Overdraft	115,239	112,927
Nations Trust Bank	150,000	Primary mortgage over stocks in trade	Overdraft/Money Market Loan	484,720	404,995
NDB	119,000	Prinary Mortgage over leasehold rights of Brunswick Estate	Long term Loan	242,269	243,575
HNB Term Loan	350,000	Primary mortgage over leasehold rights of Ampittiakande, Craig Estates	Long term Loan	453,931	452,751
HNB Term Loan	120,000	Mortgage over leasehold rights of Ampittiakande, Craig Estates	Long term Loan	453,931	452,751
HNB Term Loan	130,000	Primary mortgage over leasehold rights of St Clair Estate	Long term Loan	136,023	136,423
NDB Loan	300,000	Mortgage over leasehold rights of Brunswick Estate	Term Loan	242,269	243,575
Union Bank	400,000	Primary mortgage over unexpired leasehold right of Moray Estate	Term Loan	258,921	259,768

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2018

30. CAPITAL COMMITMENTS

	2018 Rs.	2017 Rs.
Capital commitments as at the reported date		
Budgeted, but not provided for	115 Mn	70 Mn
Total	115 Mn	70 Mn

The budgeted field development programme of the Company for the next three years amounts to Rs.437 Mn.

31. CONTINGENCIES

Contingent liabilities that may result,depending on the timeing of the taxability of certain fair value adjustments is amounts to approximaterly Rs.6,098,957/= (2017 - Rs. 3,022,307/=).

32. EVENT AFTER REPORTING PERIOD

There have been no material events occurring after the Statement of Financial Position date that require adjustments or disclosure in the Financial Statements.

33. TRANSACTION WITH RELATED ENTITIES

33.1 Parent Company

	2018 Rs.'000	2017 Rs.'000
Amounts payable as at 31 March	(346,137)	(287,079)
Management Fees	(78,679)	(27,097)

33.1.1 Management Fees

Management fees is payable at 15% on Earnings before interest and tax (EBIT) with minimum management fees per annum of Eighteen Million (Rs 18,000,000/-) per annum.

33.2 Group Companies

Amounts receivable as at 31 March	7,224	2,469
Amounts payable as at 31 March	(115,812)	(76,303)
Secretarial Fees	(200)	(200)
Rent	(1,941)	(1,733)
Purchase of goods/services	(3,068)	(471)
Interest Paid	(18,171)	(29,007)
Interest Received	-	-
Salaries, Fuel , Maintenance, etc Received	1,299	449
Salaries, Fuel , Maintenance, etc Paid	(9,238)	(3,273)
Others - Received	6,612	21
Others - Paid	(5,000)	(394)
Short Term Loan Received	36,412	1,300,708
Short Term Loan Paid	(36,412)	(1,300,708)

33.3 Terms and Conditions

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended 31 March 2018

33.4 Transactions with the Key Management Personnel of the Company and parent

There were no transactions with the key management personnel of the Company and its Parent for the year ended 31 March 2018. Further there were no key management compensation paid during the year other than those disclosed in Note 09..

34. RELATED PARTY TRANSACTIONS

There are no related party transactions other than those disclosed in Notes 17, 27 and 33 to the Financial Statements.

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Sri Lanka Accounting Standard - LKAS 7 (Statement of Cash Flows), requires an entity to disclose information that enables users of Financial Statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Accordingly, changes in liabilities arising from financing activities for the year ended 31st March 2018 are disclosed below

The funds borrowed by the Company are given in Note 21.

	Company Interest-Bearing Borrowings Rs.'000
Balance as at 01 April 2017	707,421
Net Cash flows from Financing Activities	59,416
Non Cash Changes	-
Balance as at 31 March 2018	766,837

Shareholder and Investor Information

Stock Exchange Listing

The Issued Ordinary Shares of Maskeliya Plantations PLC are listed with the Colombo Stock Exchange of Sri Lanka. The Audited Accounts of the Company for the year ended 31 March, 2018 have been submitted to the Colombo Stock Exchange within three months of the Balance Sheet date.

Distribution of Shareholdings

No of Shares Held		No. of Shareholders	%	No. of Share	Holding %
1	1,000	16,019	97.17	2,105,450	3.90
1,001	5,000	315	1.91	794,240	1.47
5,001	10,000	67	0.41	549,093	1.02
10,001	50,000	52	0.32	1,371,740	2.54
50,001	100,000	17	0.10	1,358,500	2.52
100,001	500,000	15	0.09	2,776,070	5.15
500,001	1,000,000	-	-	-	-
1,000,001	& above	1	0.01	44,998,397	83.40
Total		**16,486**	**100.00**	**53,953,490**	**100.00**

Distribution of Shareholdings - Inter Companies & General Public

	No. of Shareholders	%	No. of Share	Holding %
Resident Shareholders	16,471	99.91	53,783,740	99.69
Non-Resident Shareholders	15	0.09	169,750	0.31
	16,486	100.00	53,953,490	100.00

Public Shareholding as at 31 March 2018 is 16.60%. (31.03.2017 - 16.60%). This represents by 16,484 Shareholders. (31.03.2017 - 16,509)

The company complies with option 02 of the listing rules 7.13.1 (b) - Less than Rs. 1. Bn. float adjusted market capitalization which requires 10% minimum Public Holding

		Year Ended 31 March 2018	31 March 2017
Market Capitalization	Rs'000	1,035,907	415,442
Price Earning Ratio	Times	4.12	-
Public Holding	%	16.60	16.60
Total no. of Shareholders representing the Public Holding	Nos.	16,484	16,509
Float adjusted Market Capitalization	Rs'000	171,961	68,963

Market Value per share

	Value	Date
Market Value per Share	19.20	31/03/2018
The highest Value Recorded	27.50	01/11/2017
The Lowest Value Recorded	7.30	06/04/2017

Colombo Stock Market Activities During The Year	2017/18	2016/17
Number of Trades	10,012	749

Twenty Major Shareholders

	As at 31 March 2018		As at 31 March 2017	
	Number of Shares Held	% of the Holding	Number of Shares Held	% of the Holding
R.P.C Mangement Services (Pvt) Ltd	44,998,397	83.40	44,998,397	83.40
Mr. M. Z. Rasheed	412,858	0.77	-	-
Seylan Bank PLC/Mohamed Mushtaq Fuad	286,208	0.53	-	-
Dr. D. Rajakanthan	264,538	0.49	-	-
Mr. R. A. Rishard	234,387	0.43	-	-
Mr.M.H.M.Fazal	222,529	0.41	208,529	0.39
Mr. F. A. Azhar	185,296	0.34	-	-
Capital Trust Holdings Ltd	172,900	0.32	-	-
Mr. K. L. G. S. Ranganath	150,000	0.28	-	-
Freudenberg Shipping Agencies Ltd	146,135	0.27	137,295	0.25
ADL Equities Ltd/Mohamed Zareen Rasheed	128,914	0.24	-	-
Mr. A.V. Emmanuel	128,000	0.24	-	-
Mr. R. E. Rambukwella	118,162	0.22	-	-
Mr. K. Rajakanthan	112,045	0.21	-	-
Seylan Bank PLC/Mr. Shermal Hemaka Jayasuriya	110,000	0.20	-	-
Merchant Bank of Sri Lanka PLC/ R R S Ananda	104,098	0.19	104,098	0.19
Peoples Leasing & Finance/Hi Line Trading (Pvt) Ltd	96,599	0.18	-	-
Sandwave Limited	95,000	0.18	-	-
Mr. A. K. Seneviratne	92,269	0.17	71,098	0.13
Miss. N. U. Rajakanthan	91,338	0.17	-	-
	48,149,673	**89.24**		
Balance held by 16,466 Shareholders (2017-16,492)	**5,803,817**	**10.76**	**4,373,926**	**8.11**
Total no. of Shares	**53,953,490**	**100.00**	**53,953,490**	**100.00**

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;

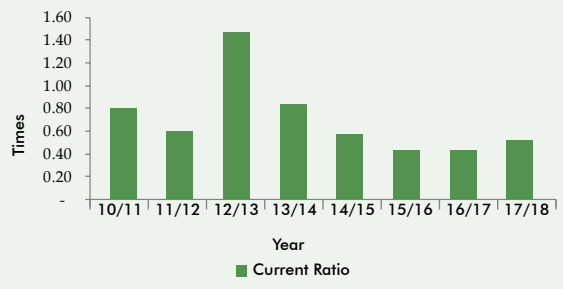
1) The concurrence of the Golden Shareholder will be required for the Company to sublease any of the estate land leased/ to be leased to the Company by the Janatha Estate Development Board/Sri Lanka State Plantations Corporation
2) The concurrence of the Golden Shareholder will be required to amend any clause in the Articles of Association of the Company which grant specific rights to the Golden Shareholder.
3) The Golden Shareholder, or his nominee will have the right to examine the books and accounts of the Company at any time with in two weeks of written notice.
4) The Company should be required to submit 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 fiscal year.
5) The Golden Shareholder can request the Board of Directors of the Company to meet with respective nominee, once in every quarter to discuss issues related to the Company's operation of interest to the Government

10 Year Summary

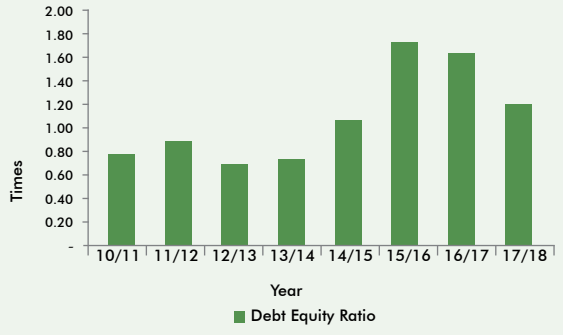
Assets & Liabilities	17/18 Rs'000	16/17 Rs'000	15/16 Rs'000	14/15 Rs'000	13/14 Rs'000	12/13 Rs'000	11/12 Rs'000	10/11 Rs'000	09/10 Rs'000	08/09 Rs'000
Non Current Assets										
(Excluding Investment)	3,696,714	3,622,369	3,650,558	3,599,682	3,423,219	3,263,371	3,100,722	2,873,655	2,293,674	2,158,279
Investment						-	-	-	-	-
Current Assets	956,022	820,059	755,820	845,749	778,644	993,228	659,129	707,481	665,413	554,401
Current Liabilities	(1,821,670)	(1,944,797)	(1,778,006)	(1,474,138)	(939,797)	(681,600)	(1,108,348)	(905,180)	(653,007)	(740,682)
Working Capital	(865,648)	(1,124,738)	(1,022,186)	(628,390)	(161,153)	311,628	(449,220)	(197,698)	12,406	(186,281)
Long Term Debt	509,466	513,134	583,711	532,605	695,763	928,922	517,661	333,656	411,307	297,695
Provision for Terminal Benefits	1,005,741	897,881	905,211	981,279	917,379	776,574	882,848	747,984	706,431	470,785
Interest paid/Received										
(Including /Borrowing Cost)	184,538	250,788	218,023	135,449	98,353	121,175	110,874	102,298	108,365	115,690
Share Capital & Reserves										
Stated Capital	673,721	673,721	673,721	673,721	673,721	673,721	350,000	350,000	350,000	350,000
General Reserve	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000
Revenue Reserve	(152,852)	(331,011)	(289,471)	15,541	195,546	356,829	88,282	347,028	76,141	112,963
Total Shareholders' Fund	1,060,870	882,710	924,250	1,229,262	1,409,267	1,570,550	978,280	1,237,027	966,141	1,002,963
% Increase in Sharehlders' Fund	20.18%	-4.49%	-24.81%	-12.77%	-10.27%	60.54%	-20.92%	28.04%	(3.81%)	(13.25%)
Capital Employed (Rs. Mn)	1,828	1,590	1,864	2,007	2219	2,567	1,510	1,643	1,412	1,292
Financial Ratios										
Return on Capital employed %	24.86%	8.72%	-14.04%	-3.34%	-0.58%	12.23%	-11.11%	8.64%	4.33%	(2.01%)
Current Ratio (Times)	0.52	0.42	0.43	0.57	0.83	1.46	0.59	0.78	1.02	0.75
Debt Equity Ratio (Times)	1.19	1.63	1.71	1.05	0.72	0.68	0.87	0.41	0.56	0.58
Equity to Assets %	23%	20%	21%	28%	34%	37%	26%	35%	33%	37%
Interest Cover (Times)	3.20	-	-	-	-	2.66	-	1.47	0.70	-
Total Asset to Current Liabilities %	39%	44%	40%	33%	22%	16%	29%	25%	22%	27%
Dividend Payout Ratio	-	-	-	-	-	-	-	-	-	0%
Debt to Total Assets %	27%	32%	36%	29.16%	24.29%	24.92%	22.70%	14.04%	18%	11%
Investor Ratios										
Annualized Earnings per Share (Rs.)	4.66	(1.72)	(8.68)	(3.41)	(1.71)	4.02	(8.63)	1.57	(1.36)	(4.68)
Price Earning Ratio (Times)	4	-	-	-	-	3	-	18	-	-
Dividend Rate (%)	-	-	-	-	-	-	-	-	-	0%
Dividend per Share (Rs.)	-	-	-	-	-	-	-	-	-	0.00
Dividend Cover (Times)	-	-	-	-	-	-	-	-	-	0
Dividend Yield %	-	-	-	-	-	-	-	-	-	0
Effective Dividend Rate (%)	-	-	-	-	-	-	-	-	-	0%
Market Price of a Share as at 31/03 (Rs.)	19.20	7.70	7.70	9.90	10.00	12.10	17.10	28.10	29.75	13.75
Market Capitalization (Rs.Mn.)	1,036	415	415	534	540	653	461	758	803	370
Enterprise Value (Rs.Mn)	1,786	1,113	1,345	1,312	1,344	1,342	993	1,164	1249	659
Net Asset Value per Share (Rs.)	19.66	16.36	17.13	22.78	26.12	29.11	36.26	45.86	35.81	37.1
Net Sales Average per 1 kg Tea (Rs.)	576.63	507.10	388.93	399.33	418.47	397.57	329.12	352.88	366.48	276.85
Capital Expenditure (Rs.000)	186,021	64,810	148,252	204,002	230,344	211,352	281,668	292,325	238,138	178,416

Assets & Liabilities	17/18 Rs'000	16/17 Rs'000	15/16 Rs'000	14/15 Rs'000	13/14 Rs'000	12/13 Rs'000	11/12 Rs'000	10/11 Rs'000	09/10 Rs'000	08/09 Rs'000
Production Kg.'000										
Estate	7,446	6,497	7,836	7,997	7,675	8,407	8,468	8,448	7,901	8,210
Bought	178	254	426	453	579	612	733	688	453	385
Total	7,624	6,751	8,263	8,450	8,254	9,019	9,201	9,136	8,354	8,595
Turnover	4,517,365	3,455,462	3,273,852	3,526,431	3,416,223	3,574,776	3,126,093	3,251,424	3,121,273	2,364,846
Gross Profit/(Loss)	645,106	182,688	(151,782)	22,228	52,623	388,780	(141,341)	331,967	284,739	118,793
Operating Profit/(Loss) Before										
Management Fees & Interest	635,615	186,796	(162,584)	47,173	106,089	447,080	(122,242)	295,194	216,901	81,876
Profit before Interest & Similar Charges	556,937	159,699	(264,115)	(103,683)	(44,347)	259,951	(253,022)	131,979	66,648	(30,582)
Profit/(Loss) for the year before Tax	383,412	(83,580)	(460,791)	(220,753)	(122,700)	162,276	(336,614)	42,481	(28,716)	(126,272)
Profit & (Loss) after Tax	251,398	(92,707)	(468,469)	(184,126)	(92,191)	151,699	(258,748)	42,481	(36,822)	(126,272)
Transfer to Reserves	-	-	-	-	-	-	-	-	-	-
Retained Profits	(152,851)	(331,011)	(289,471)	15,541	195,546	356,828	88,280	347,028	76,141	112,963
Proposed Dividend					-	-	-	-	-	-
Operating Ratios										
Annual Turnover Growth %	31%	6%	-7%	3%	-4%	14%	-4%	4%	32%	(5.90%)
Profit Growth %	371.17%	80.21%	-154.43%	-99.72%	-161%	-158%	-709%	215%	71%	(327%)
Turnover per Employee Rs.'000	415	289	263	277	260	268	218	226	202	156
Fixed Assets to Turnover Ratio %	122.20%	95.39%	89.68%	97.97%	99.80%	110%	101%	113%	136%	110%
Value Added per Employee Rs. '000	298	218	197	198	177	197	117	144	142	95

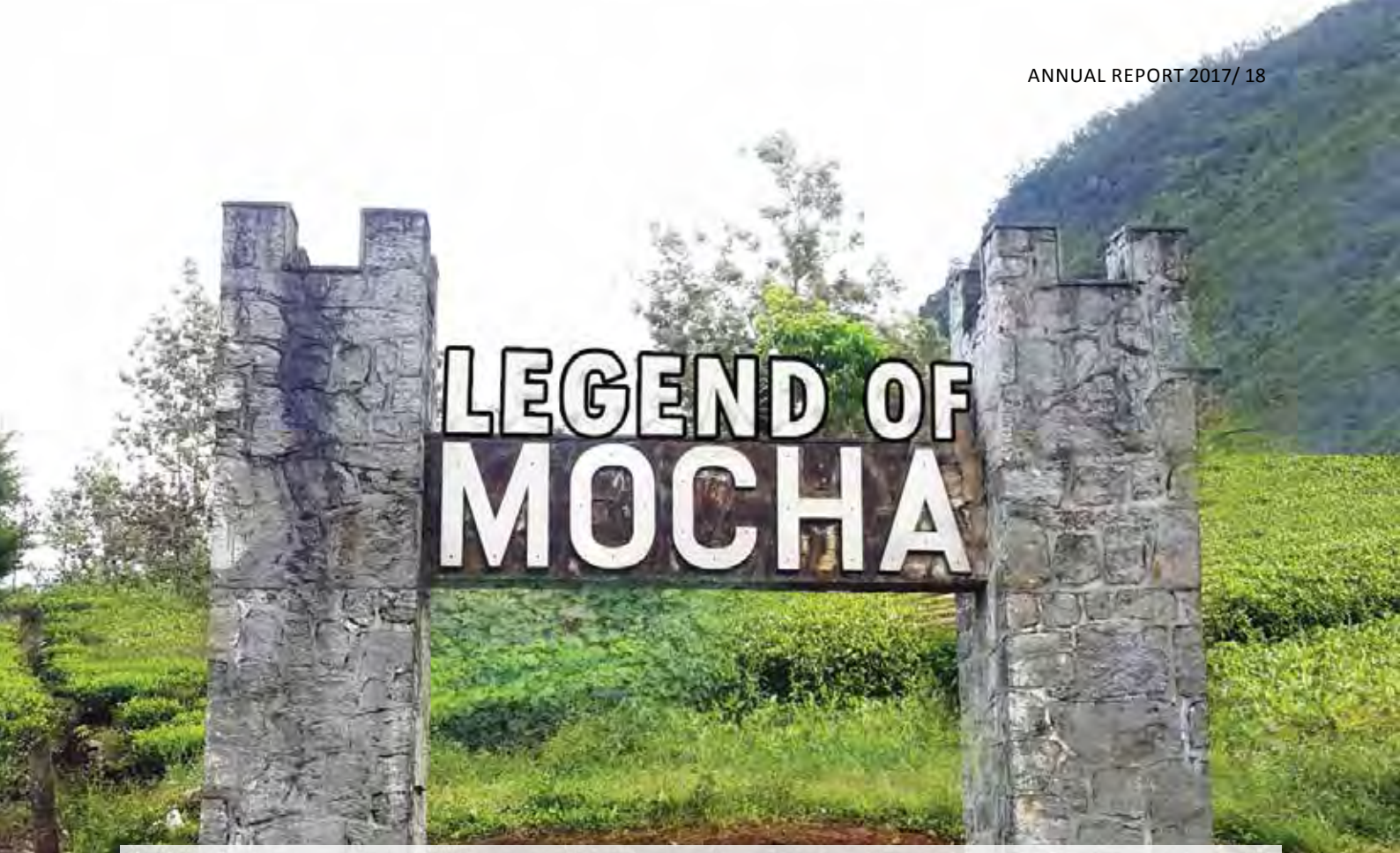
Current Ratio



Debt Equity Ratio



Market Capitalisation



Just as significant as the development of the 'Ceylon Tea' industry itself, are the publications that abound, which tell the stories of fascinating evolution of same spanning for over 150 years. Particularly, in the earlier days of the 19th Century, the success of the plantation industry of 'Ceylon' was a collective effort and not just one of plantation folklore. Railways, roadways, engineering, legislation and so on, all played pivotal roles in advancing the industry.

Origins of the name Mocha

It was long famous as Arabia's chief coffee-exporting centre; the term "Mocha" and variations of the word have entered European languages as a synonym for the finest-quality coffee of the species Coffea arabica, still grown in the Yemen Highlands and formerly exported through the town of Mocha. Similar to caffe latte, caffè mocha is based on espresso and hot milk, but with added chocolate, typically in the form of sweet cocoa powder. Mochas can contain dark or milk chocolate. The combination would then be coffee, steamed milk, and the added chocolate.

History of Mocha estate

According to the records Mocha estate, Maskeliya was originally a coffee plantation founded in the mid 19th century during the period of British rule and owned by Mocha Ceylon Company. In addition to Mocha estate, Glentilt estate located in Maskeliya was too belonged to the same plantation company. However, with the devastation of all coffee plantations in Ceylon by the coffee rust disease, Mocha estate also converted to a tea estate as all other upcountry plantations. Meantime, the management company name also changed to Mocha Tea Company Limited., from its original name. But, the estate's name remained unchanged to date.

■ *Adamspeak Bridge since 1872 to 1968 (An alternative access from Mocha Adampeak divition to Moray Factory the bridge linked before the Mousakelle reservoir)*

■ *Mocha Group scout boys in 1958 with then superintendent Mr. Labroid (Scottish)*

Until the nationalization of plantations owned by sterling companies in 1975, the estate was managed by Mocha Tea Company Limited, which was under the direct management of George Stuart Company. Thereafter, the management was shifted to an associate company of George Stuart Company, where the top officials of the agency house were British nationals.

Initially, Mocha estate and Adam's Peak estate had been two different entities. The original tea factory of Mocha estate which was a massive four story building went under water as Moussakellie reservoir was commissioned in 1967. A major portion of earlier Adam's Peak estate and a part of Mocha Lower division too had gone beneath the water with that move. Gone under the water were not only tea cultivations but also a large number of worker and staff housing, a beautiful typical colonial bungalows that hosted the superintendents of Adam's Peak estate and Laxapana estates including the access road to Mocha, Adam's Peak, Moray and Laxapana estates via Maskeliya.

■ *Ex Legendary of Mocha.*

Thereafter, a modernized new Mocha tea factory was constructed and declared open on 30th April, 1968. Later on, remaining parts of Mocha and Adam's Peak tea gardens were amalgamated to a single unit in 1982. Presently, Mocha estate comprises of four divisions namely, Mocha Upper, Mocha Lower, Midlothian and Adam's Peak divisions.

Consequent to the nationalization, the estate was managed by Sri Lanka State Plantations Co-operation (SLSPC) and organization created by the government to manage the estates vested in to the state. The government de-vested the state owned estates with private sector, forming several regional plantations companies (RPCs) upon which Mocha estate became the property of Maskeliya Plantations PLC in June 1992 managed by RPK management services of John keels Holdings. Later, under the present RPC Management Services Private Limited, a subsidiary of Richard Peries group of Company
In its existent more than one and half century, Mocha Estate till this day bears unmatched unique pride of having hosted a very important personality in the international financial circle.

Production

Mocha Estate produces finest quality "Brocken tea grades" such as Broken Orange Pekoe (BOP), Broken Orange Pekoe Fannings (BOPF) Dust Number 1, etc. by following "Orthodox Rotervane Tea Manufacture" process while complying with HACCP, ISO 22000-2005 and Rainforest Alliance Certification.

Location

This estate admires a very panoramic natural surroundings in south west end of the Hill country, under the shadow of world famous Adam's Peak mountain range locally known as "Sri Paada mountain". Being bordered to Adam's Peak mountain and the Peak Wildness Nature Reserve, many kind of wild animals including the leopard, the wild boar and the sambar deer etc moving around the estate mostly in the night hours in harmony with human life.

The estate overlooks the Mousakellie reservoir and the majestic stand of Adam's Peak is an enchanting view of the superintendent bungalow.

■ *Present Management Led by Mr. Ransiri Bulathsinhala and his team, Mr. Gihan Herath and Mr. Pesala Gopallawa*

Performance

Mocha estate reached an ever highest record profit level of Rs. 35 million within the period under review, registering an over 800% increment against the previous, decade long highest record profit made by the estate. True secret behind this remarkable performance displayed by the estate was, none other than the team work executed by the estate's entire working quad discharging their unanimous support at all levels.

Thus, all the credit of such an exceptional effort should be remitted to all parties in this extraordinary alliance, including the management team, the staffs and most importantly, the worker platoon who achieved the above, under the outstanding leadership along with smarter management skills of the present Superintendent Mr. Ransiri Bulathsinhala.

How to reach to the Estate

Mocha estate is located 157 kilometers away from Colombo and in the central hills of Sri Lanka and a 4-5 Hours travel by car. The main route from the capital (Colombo) is via Avissawella, Yatiyantota, Ginigath-hena, Norton Bridge and Maskeliya. Via Hatton railway station by train, then through Maskeliya and main road access to this estate. Mocha estate could be also reached by the upcountry railway through Hatton railway station and then travelling via Norwood and Maskeliya.

GRI Content Index : "In accordance" - Core

GENERAL STANDARD DISCLOSURES

GRI Indicator	Description	Page Reference	Page No	External Assurance
STRATEGY AND ANALYSIS				
G4-1	Statement from the most senior decision-maker	Chairman's Review	14	None
ORGANIZATIONAL PROFILE				
G4-3	Report the name of the organization	Corporate Information	Inner Back	None
G4-4	Report the primary brands, products, and services	Journey So Far, We are Maskeliya	7 ,8	None
G4-5	Report the location of the organization's headquarters	Corporate Information	Inner Back	None
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Where We Operate	10	None
G4-7	Report the nature of ownership and legal form.	Corporate Information	Inner Back	None
G4-8	Report the markets served	Value Creation at Maskeliya	24, 25	None
G4-9	Report the scale of the organization	Journey So Far, We are Maskeliya, Financial Highlights	7,8,11	None
G4-10	Total workforce by employment type, employment contract and region broken down by gender.	Employee Development	43,44	None
G4-11	Report the percentage of total employees covered by collective bargaining agreements	Industrial Relations & Collective Agreement	45	None
G4-12	Describe the organization's supply chain	Sustainable Procurement Practices	47	None
G4-13	Significant changes during the reporting period regarding the organization's size, structure & ownership	No significant changes regarding organisations' structure, ownership & supply chain	-	None
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization	Understanding and Managing Principle Risks	72	None
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	Biodiversity	57	None
G4-16	Memberships in associations (such as industry associations) and national or international advocacy organizations.	Compliance & Integrity	47	None
IDENTIFIED MATERIAL ASPECTS & BOUNDARIES				
G4-17	Organisation's entities covered by the report	Material Issue	42	None
G4-18	Process for defining the report content	Material Issue	42	None
G4-19	List all the material Aspects identified in the process for defining report content.	Material Issue	42	None
G4-20	For each material Aspect, report the Aspect Boundary within the organization	Material Issue	42	None
G4-21	Aspect Boundary for each material aspect report outside the organization	Material Issue	42	None
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	Note to Financial Statements	92	None
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Material Issues	42	None

GRI Indicator	Description	Page Reference	Page No	External Assurance
STAKEHOLDER ENGAGEMENT				
G4-24	Provide a list of stakeholder groups engaged by the organization.	Key Relationships	27	None
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	Key Relationships	27	None
G4-26	Approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Key Relationships	27	None
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	Key Relationships	27	None
REPORT PROFILE				
G4-28	Reporting period	Introduction to the Report	6	None
G4-29	Date of most recent previous report	Financial Calender	9	None
G4-30	Reporting cycle	Introduction to the Report	6	None
G4-31	Contact point for questions regarding the report or its contents	Introduction to the Report	6	None
G4-32	'In accordance' option the organization has chosen & GRI Content Index for the chosen option	Our Sustainability - The Report	42	None
G4-33	Policy and current practices with regard to seeking external assurance for the Report	Introduction to the Report	6	None
GOVERNANCE				
G4-34	Governance Strucure of the Organisation, including committees of the highest governance body	Corporate Governance Review	68	None
ETHICS AND INTEGRITY				
G4-56	Organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	What Drives Us, Compliance & Integrity	2,47	None

SPECIFIC STANDARD DISCLOSURES				
GRI Indicator	Description	Page Reference		External Assurance
CATEGORY: ECONOMIC				
MATERIAL ASPECT: ECONOMIC PERFORMANCE				
G4-DMA	Generic disclosure on Economic performance	Financial Review	33	None
G4-EC1	Direct economic value generated and distributed	Value Added Statement	29	None
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Understanding and Managing Principle Risks	72	None
G4-EC3	Coverage of the organization's defined benefit plan obligations	Note to Financial Statements	92	None
G4-EC4	Financial assistance received from government	Note to Financial Statements	92	None
MATERIAL ASPECT: MARKET PRESENCE				
G4-DMA	General disclosures on market presence	Collaborating with People	44	None
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Employee Development	43,44	None
MATERIAL ASPECT: INDIRECT ECONOMIC IMPACTS				
G4-DMA	General Disclosures on Indirect economic impacts	Industrial Relations & Collective Agreement	45	None
G4-EC7	Development and impact of infrastructure investments and services supported	Community Development	49	None
G4-EC8	Significant indirect economic impacts, including the extent of impacts	Understanding and Managing Principle Risks	72	None

GRI Indicator	Description	Page Reference	Page No	External Assurance
MATERIAL ASPECT: PROCUREMENT PRACTICES				
G4-DMA	General Disclosures on procurement practices	Sustainable Procurement Practices	47	None
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	Sustainable Procurement Practices	47	None
CATEGORY: ENVIRONMENT				
MATERIAL ASPECT: MATERIALS				
G4-DMA	General Disclosures on Material	Material Issues	42	None
G4-EN1	Total weight or volume of materials that are used to produce and package the organization's primary products and services during the reporting period	Material Issues	42	None
G4-EN2	Percentage of materials used that are recycled input materials	Not Reported	-	None
MATERIAL ASPECT: ENERGY				
G4-DMA	General Disclosures on energy	Responsible Consumption	63	None
G4-EN3	Energy consumption within the organization	Responsible Consumption	63	None
G4-EN6	Reduction of energy consumption	Responsible Consumption	63	None
MATERIAL ASPECT: WATER				
G4-DMA	General Disclosures on water	Biodiversity	57	None
G4-EN8	Total water withdrawal by source	Not Reported	-	
MATERIAL ASPECT: BIODIVERSITY				
G4-DMA	General Disclosures on Biodiversity	Biodiversity	57	None
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity	57	None
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiveraity value outside protected areas.	Biodiversity	57	None
MATERIAL ASPECT: EMISSIONS				
G4-DMA	General Disclosures on Emissions	Responsible Consumption	63	None
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Not Reported	-	None
MATERIAL ASPECT: PRODUCTS AND SERVICES				
G4-DMA	General Disclosures on Products & Services	Product Responsibility	46	None
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Biodiversity	57	None
MATERIAL ASPECT: COMPLIANCE				
G4-DMA	General Disclosures on Compliance	Biodiversity	57	None
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Not Reported	-	None
MATERIAL ASPECT: OVERALL				
G4-DMA	General Disclosures	Biodiversity	57	None
G4-EN31	Total environmental protection expenditures and investments by type	Not Reported	-	None
CATEGORY: SOCIAL				
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK				

GRI Indicator	Description	Page Reference	Page No	External Assurance
MATERIAL ASPECT: EMPLOYMENT				
G4-DMA	General Disclosures on Employment	Collaborating with People,Employee Development	43,44	None
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Employee Development	43,44	None
MATERIAL ASPECT: LABOR/MANAGEMENT RELATIONS				
G4-DMA	General Disclosures on Labour/Management Relations	Industrial Relations & Collective Agreement	45	None
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	Not Reported	-	None
MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY				
G4-DMA	General Disclosures on Occupational Health & Safety	Occupational Health & Safety	45	None
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and saftey programs	Not Tracked	-	None
MATERIAL ASPECT: TRAINING AND EDUCATION				
G4-DMA	General Disclosures on Training & Education	Training & Education	46	None
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Training & Education	46	None
MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY				
G4-DMA	General Disclosures on Diversity & Equal Opportunity	Collaborating with People	44	None
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Employee Development	43,44	None
MATERIAL ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN				
G4-DMA	General Disclosures on Equal Remuneration for Women & Men	Employee Development	43,44	None
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Not Reported		None
SUB-CATEGORY: HUMAN RIGHTS				
MATERIAL ASPECT: NON-DISCRIMINATION				
G4-DMA	General Disclosures on Non Discrimination	Collaborating with People	44	None
G4-HR3	Total number of incidents of discrimination and corrective actions taken	No incidents were reported		None
MATERIAL ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING				
G4-DMA	General Disclosures on Freedom of Association & Collective Bargaining	Industrial Relations & Collective Agreement	45	None
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	Industrial Relations & Collective Agreement	45	None
MATERIAL ASPECT: CHILD LABOR				
G4-DMA	General Disclosures on Child Labor	No operations having significant risk for incidents of child labour	-	None
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	No operations having significant risk for incidents of child labour	-	None

GRI Indicator	Description	Page Reference	Page No	External Assurance
MATERIAL ASPECT: INDIGENOUS RIGHTS				
G4-DMA	General Disclosures on Indigenous Rights	Not Applicable	-	None
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	Not Applicable	-	None
SUB-CATEGORY: SOCIETY				
MATERIAL ASPECT: LOCAL COMMUNITIES				
G4-DMA	General Disclosures on Local Communities	Community Development	49	None
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Community Development	49	None
MATERIAL ASPECT: PUBLIC POLICY				
G4-DMA	General Disclosures on Public Policy	Not Reported	-	None
G4-SO6	Total value of political contributions by country and recipient/ beneficiary	Not Reported	-	None
MATERIAL ASPECT: ANTI-COMPETITIVE BEHAVIOR				
G4-DMA	General Disclosures on Anti-Competitor Behaviour	No incidents reported	-	None
G4-SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	No incidents reported	-	None
MATERIAL ASPECT: COMPLIANCE				
G4-DMA	General Disclosures on Compliance	No incidents reported	-	None
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	No incidents reported	-	None
MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY				
G4-DMA	General Disclosures on Supplier Assessment for Impacts on Society	Sustainable Procurement Practices	47	None
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	Not Reported	-	None
MATERIAL ASPECT: GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY				
G4-DMA	General Disclosures on Grievance Mechanisms for Impacts on Society	Not Reported	-	None
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	Not Reported	-	None
SUB-CATEGORY: PRODUCT RESPONSIBILITY				
MATERIAL ASPECT: CUSTOMER HEALTH AND SAFETY				
G4-DMA	General Disclosures on Customer Health & Safety	Responsible Consumption	63	None
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	Responsible Consumption	63	None
MATERIAL ASPECT: PRODUCT AND SERVICE LABELING				
G4-DMA	General Disclosures on Product & Service Labeling	Responsible Consumption	63	None
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labelling, and percentage of significant product and service categories subject to such information requirements	Responsible Consumption	63	None
MATERIAL ASPECT: CUSTOMER PRIVACY				
G4-DMA	General Disclosures on Customer Privacy	No incidents reported	-	None
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	No incidents reported	-	None
MATERIAL ASPECT: COMPLIANCE				
G4-DMA	General Disclosures on Compliance	No incidents reported	-	None
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	No incidents reported	-	None

Definitions

ACT	Advance Company Tax
Bio Tea	The finished product of organically produced green leaf of Tea
Borrowing Costs	Interest and other costs incurred by an enterprise in connection with the borrowing of funds
Cash Equivalents	Liquid Investments with original maturities of three months or less
CIS	Commonwealth of Independent States
Contingent Liabilities	Condition or situations at the Balance Sheet date, the financial effects of which are to be determined by future events, which may or may not occur
COP	Average cost to produce a kg of Made Tea. It is computed for all the Grades collectively
Current Ratio	Current assets divided by current liabilities
Dividend Cover	Profit attributable to shareholders divided by gross dividend
Dividend Payout Ratio	Dividend Per Share divided by Earnings Per Share
Dividend Per Share	Dividend attributable to ordinary shareholders divided by the number of Ordinary Shares in issue
Earnings Per Share	Profit attributed to ordinary shareholders divided by the number of Ordinary Shares in issue and ranking for dividend
Enterprise Value	Market capitalization plus net debt
Gearing	Long Term Interest bearing Borrowings/Liabilities as a percentage to Total Capital (Shareholders' Funds Plus Long Term Interest bearing Borrowings/Liabilities)
General Reserve	Reserve available for distribution and investments
GSA	G ross Sales Average
HACCP	Hazard Analysis Critical Control Point System
Interest Cover	Profit before tax plus interest charges divided by interest charges
ISO	International Organisation for Standards
Market Capitalisation	Number of Shares in issue, multiplied by the market value of each Share at the year-end
Negative Goodwill	The excess of the fair value of assets acquitted by way of finance lease over the net liability to the lessor
Net Assets	Sum of Fixed Assets and Current Assets less total liabilities
Net Assets Per Share	Net Assets at the end of the period divided by the number of Ordinary Shares in issue
NSA	Net Sales Average is the average price realised per kg of Made Tea at an Auction or an average price realised over a period. It can be worked for each grade seperately and for all the grades individually
pH	A determination of the acidity level of soils
Price Earnings Ratio	Market price of a share divided by earnings per share.
Related Parties	Parties who could control or significantly influence the financial and operating policies of the Company
Return on Capital Employed (ROCE)	Profit after tax plus Interest on Borrowings as a percentage of Average Capital Employed. (Shareholders' Funds Plus Long Term Interest bearing Borrowings/Liabilities)
Return on Equity	Profit after tax as a percentage of average shareholder's funds
Shareholder's Funds	Funds attributable to Shareholders and comprises of Share Capital, Reserves and Retained Profit
SLAS	Sri Lanka Accounting Standards
Turnover per Employee	Consolidated turnover of the Company for the year divided by the number of employees at the year-end
UITF	Urgent Issues Task Force of the Institute of Chartered Accountants of Sri Lanka
Value Addition	The Quantum of wealth generated by the activities of the Company and its application
VAT	Value Added Tax
Yield (YPH)	Average yearly output of produce from a hectare of mature plantation

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Twenty Fifth (25th)Annual General Meeting of Maskeliya Plantations PLC will be held at the Registered Office, No. 310, High Level Road, Nawinna, Maharagama on Friday, 29th June 2018 at 10.45 a.m. and the business to be brought before the meeting will be as follows;

1. To consider the Report of the Directors and the Statement of Accounts for the year ended 31st March 2018 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 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 72 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. Sarath Samaraweera 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 Management Services (Private) Limited, 310, High Level Road, Nawinna, Maharagama, a shareholder of the Company.

   "That Dr. Sarath Samaraweera of 1F20, Mattegoda Scheme, Mattegoda who is 70 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act no. 07 of 2007 shall not apply to the said Dr. Sarath Samaraweera "
4. To re-elect Dr. Saman Hettiarachchi , who retires by rotation in terms of Article 92 at the Annual General Meeting, a Director
5. To re-elect Mr. Ananda Fernando who retires by rotation in terms of Article 92 at the Annual General Meeting, a Director
6. To re -appoint M/s. 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

30 May 2018

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

   The completed form of proxy should be deposited at the registered office of the Company No. 310, High Level Road, Nawinna, Maharagama., not less than 48 hours before the time appointed for the holding of the meeting.

Form of Proxy

I/We* (in block letters) ..... of .....

being a member / members of the MASKELIYA PLANTATIONS PLC , hereby appoint ..... of .....

.....

whom failing DR. SENA YADDEHIGE whom failing SUNIL SOMINDRANATH POHOLIYADDE whom failing DR. LAXMAN SAMAN KUMARA HETTIARACHCHI whom failing JESENTHU LIYANA ANANDASIRI FERNANDO whom failing SHAMINDA YADDEHIGE whom failing Dr. SARATH SAMARAWEERA * as my/our proxy to represent me/us and to vote on my/our behalf at the 25TH ANNUAL GENERAL MEETING of the Company to be held on 29th June 2018 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 2018 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. Sarath Samaraweera at this Annual General Meeting, a Director		
4. To re-elect Dr. Saman Hettiarachchi, who retires by rotation in terms of Article 92 at the Annual General Meeting, a Director		
5. To elect Mr. Ananda Fernando, who retires in terms of Article 92 at the Annual General Meeting, a Director		
6. To re-appoint M/s Ernst & Young, Chartered Accountants as Auditors of the Company and to authorise 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 2018

.....

Signature of shareholder

Notes:
(i) Please delete the inappropriate words
(ii) A proxy need not be a member of the Company.
(iii) Instruction as to completion appear on the reverse of this form.

INSTRUCTIONS AS TO COMPLETION OF PROXY FORM

To be valid, this Form of Proxy must be deposited at the Registered Office of the Company No. 310, High Level Road, Nawinna, Maharagama., not later than 10.45 a.m. on Wednesday, 27th June 2018.

In perfecting the Form of Proxy, please ensure that all details are legible.

In the case of a Company/Corporation, the proxy must be under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association.

Please indicate with an 'X' in the space provided how your proxy is to vote on each resolution. If no indication is given the proxy at his/her discretion will vote as he/she thinks fit.

This Form of Proxy shall in the case of an individual be signed by the appointor or his/her Attorney. Where the Form of Proxy is signed under a Power of Attorney, which has not been registered with the Company, the original Power of Attorney together with a photocopy of same or a copy certified by a Notary Public must be lodged with the Company, along with the Form of Proxy.

Corporate Information

Name of Company	:	Maskeliya Plantations PLC
Legal Form	:	A Quoted Public Company with Limited Liability Incorporated in Sri Lanka
Date of Incorporation	:	22 June 1992
Company Registration No	:	P Q 134
Registered Office	:	310, High Level Road, Nawinna, Maharagama
Business Address	:	310, High Level Road, Nawinna, Maharagama. Telephone: 011- 4310500
E- Mail Address	:	mpl.rpk@arpico.com
Holding Company & Management	:	RPC Management Services (Pvt) Ltd
Ultimate Parent Enterprise	:	Richard Pieris & Company PLC 310, High Level Road, Nawinna, Maharagama.
Business Activity	:	Tea Plantations
Stated Capital	:	Rs 673,720,950/- Represented by 53,953,490 Shares
Group Holding	:	83.40%
Directors	:	Dr. Sena Yaddehige — Chairman S S Poholiyadde — Director Dr. L S K Hettiarachchi — Director J L A Fernando — Director Shaminda Yaddehige — Director Dr. S A Samaraweera — Director
Stock Exchange Listing	:	The Ordinary Shares of the Company are listed with the Colombo Stock Exchange of Sri Lanka
Management	:	Mr. S S Poholiyadde - Managing Director - Plantations Mr. M P S Pathiraja - Chief Executive Officer Mr. V Pusselle - Director Operations Mr. S. Epitakumbura - Sector Financial Controller Mr . A P de Tissera - General Manager - Marketing and Processing Mr. I A A D Weerakoon - Cluster Senior Manager Mr. H K Caldera - Senior Accountant Mr. H M B M Jayathilake - Accountant Mr. R M S S Herath - Manager - Information Systems
Secretaries	:	Richard Pieris Group Services (Private) Limited 310, High Level Road, Nawinna, Maharagama. Telephone: 011 – 4310564
Auditors	:	Messrs, Ernst & Young Chartered Accountants 201, De Saram Place, Colombo 10
Bankers	:	Sampath Bank PLC - Nawam Mawatha Branch Bank of Ceylon - Corporate Branch & Regional Branches Seylan Bank PLC - Millennium Branch Hatton National Bank PLC – City Office Branch NDB Bank Nations Trust Bank PLC
Legal Advisors	:	Paul Ratnayeke Associates International Legal Consultants Solicitors and Attorneys – at – law No, 59 Gregory's Road, Colombo 07.

Maskeliya Plantations PLC
No. 310, High Level Road, Nawinna, Maharagama, Sri Lanka.
Tel : +94 11 4310500
Fax : + 94 11 4310835
Website : www.arpico.com
Email : mpl.rpk@arpico.com