MASKELIYA PLANTATIONS PLC

ANNUAL REPORT 2018 / 2019

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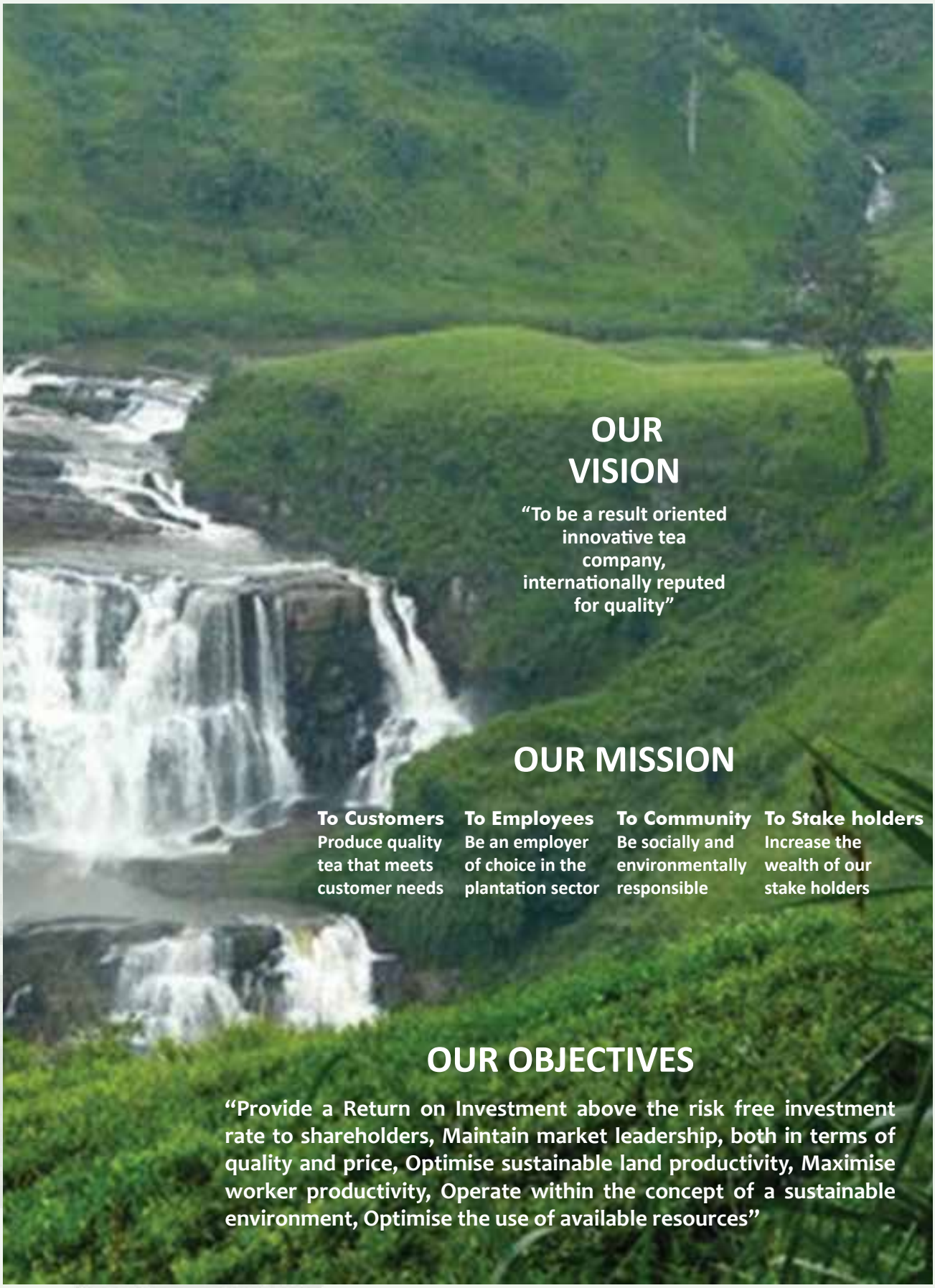


OUR VISION

"To be a result oriented innovative tea company, internationally reputed for quality"

OUR MISSION

To Customers
Produce quality tea that meets customer needs

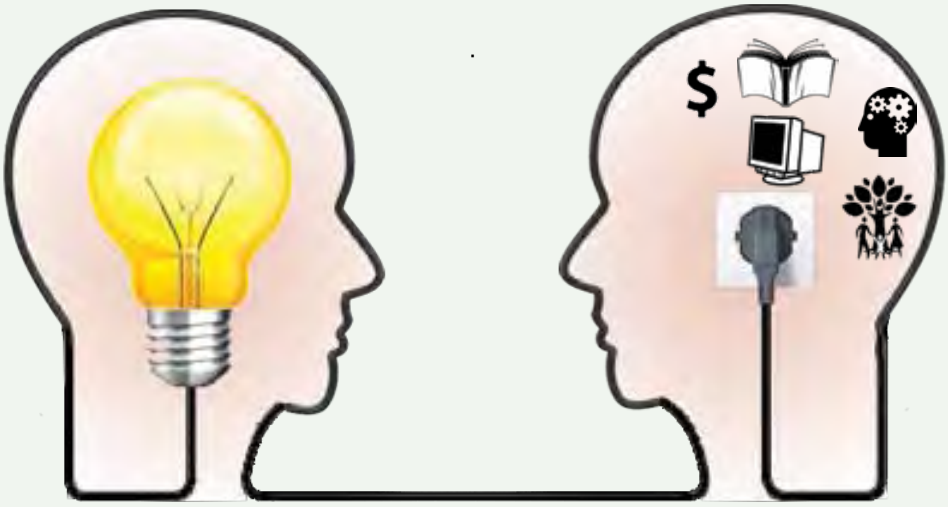
To Employees
Be an employer of choice in the plantation sector

To Community
Be socially and environmentally responsible

To Stake holders
Increase the wealth of our stake holders

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"



What Drives Us

Financial Capital

We must ensure adequate availability of funds for smooth operations. The sources of funding available to the company are the Share Capital and Loans funded by Banks. Financial capital of an organization is interconnected with all other functionalities of the organization. For a long-term favorable growth of our organization, it is necessary to adopt new marketing strategies. With adequate funding, competitive advantage could be gained with a new marketing strategy of a diversified product.

Natural Capital

We take maximum precautions to mitigate any adverse impact on environment caused by our operations. As an agriculture-based manufacturing organization we have a significant relationship with the natural environment. Land resources, Fuel wood, Forestry reserves, Streams and reservoirs, Eco trails, and Lodging facilities are some of the natural capital available to us. We are continuously improvising our assessment of negative impacts of our operations on environment resources to minimize any adverse effects.

Social Capital

We conduct our operations with the support and cooperation of the community in the society. Our social relationships with our workforce, suppliers, institutions and customers are invaluable assets. Therefore, their wellbeing and welfare is paramount to our operations. We have strived to provide a best quality product to our customers both international and local. We value their satisfaction for a long term relationship that ensures the stability of our operations.

Intellectual Capital

Our Intellectual capital is our ability to identify the changing business world. We are now moving away from traditional tea culture to expantion of crop mix to accelarate productivity. Our management is steering the company into new directions. Adoption of Good agricultural practices, Good manufacturing practices with state-of-the-art technology, research and developments to do things differently are giving us a competitive advantage to drive our productivity level and future success in our operations.

Human Capital

Competencies and abilities of our management team and the skills of our workforce are the best human assets to the company. Success of our operations depend on their commitment, motivation, skills, and talents. A healtthy work enviroment is a necessary condition for their performance and outputs. Their training, appreciation of their contribution and rewarding them for their performance assure long term benefits to MPPLC.

Manufactured Capital

Our productivity and profitability depend on land resources, building, machinery and equipments what we use to manufacture of black tea. Therefore, the company prioritized manage into and maintaining of those assets in view of fulfilling our mission of becoming a profitable industry to increase the wealth of our stakeholders.

Introduction to the Report

This MPPLC annual report reflects the Company's financial and non-financial performance covering the period from 1 April 2018 to 31 March 2019. We are pleased to present this report to 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.

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. This year we continue to follow the same framework in preparing the Company Annual Report. However, contents of sustainability reports have not been externally evaluated.

The report is presented based on the concept "Business diversification through innovation" which leads the company to build up a new business model different from the traditional business model. This is a continuation of the last year's "Sustainable Development Goals".

We hope that the Annual Report is informative, transparent, and inspiring. Comments and questions on the content report are welcome to the improvement of the report. Please direct 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 million 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.

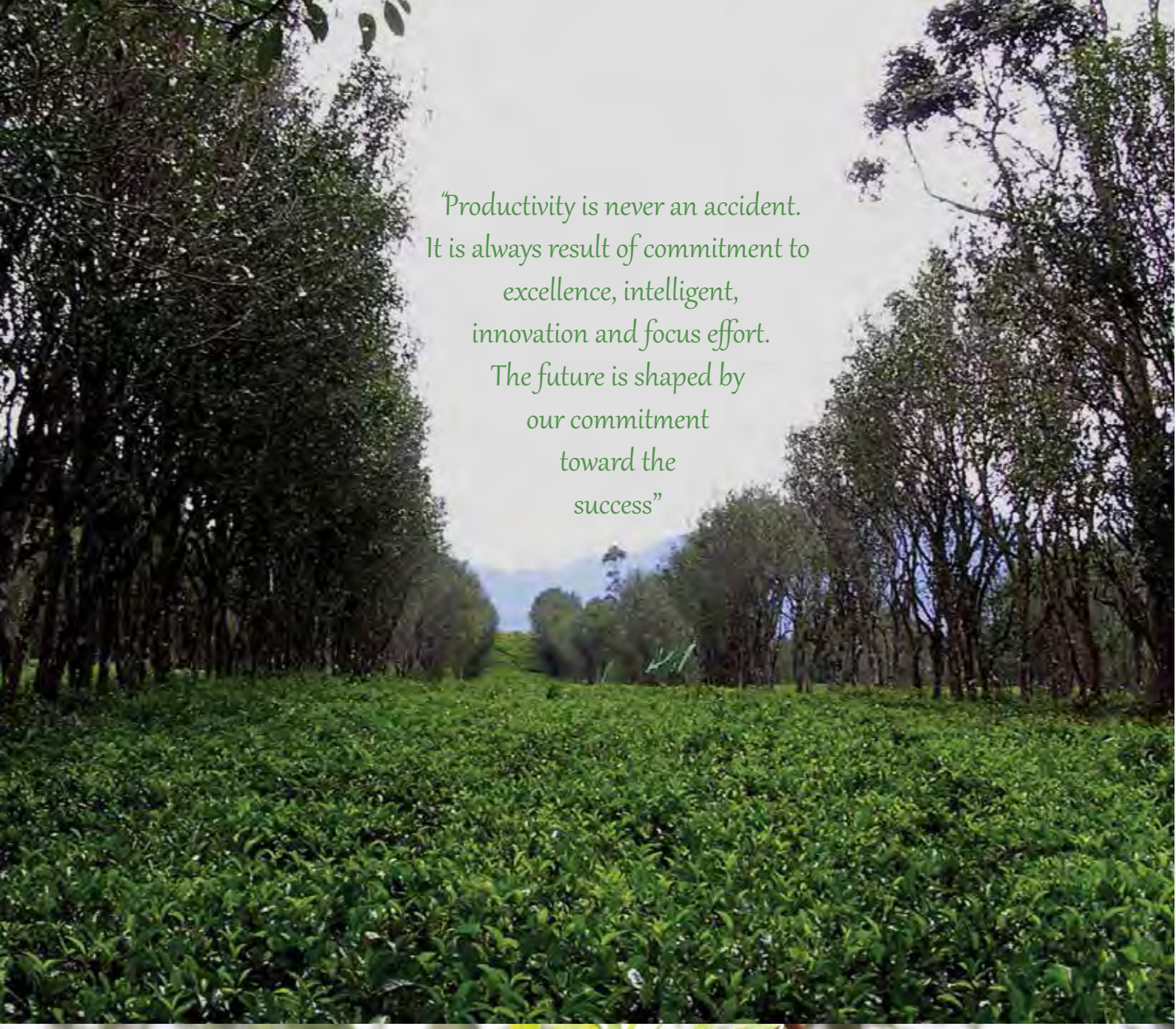
In December 1997, as the final step of the Government's privatization programme, the remaining 10% stake consisting 2,000,000 shares were gifted to the employees. Over 17,000 eligible employees qualified for these shares.

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.

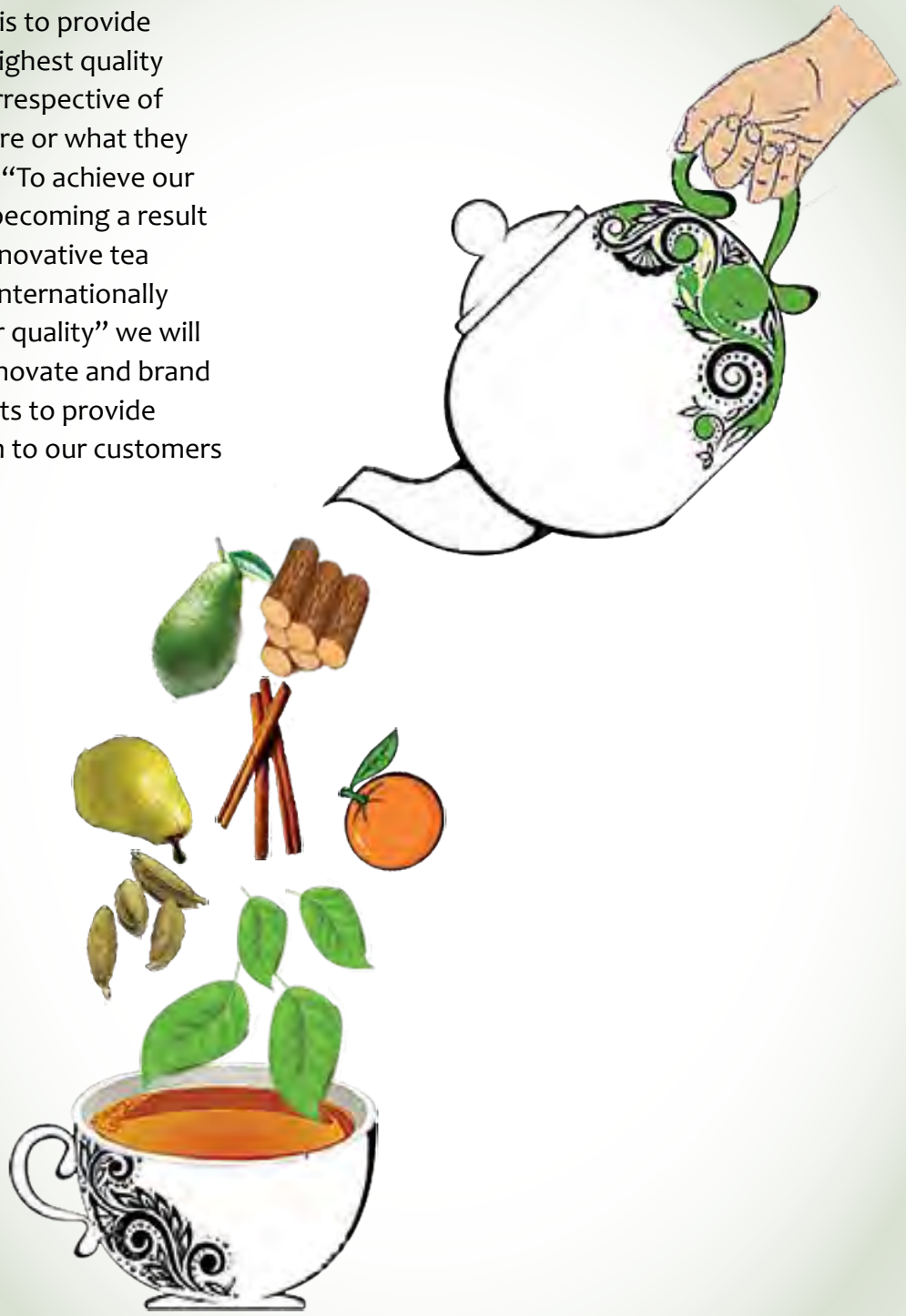
On 31 March 2004, Richard Pieris & Co. PLC bought over the stake of John Keells Holdings PLC in RPK. Thereby RPK became a wholly owned subsidiary of Richard Pieris & Co. PLC and to reflect this change, the name of the Company too was changed as RPC Management Services (Pvt) Ltd.

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.


"Productivity is never an accident.
It is always result of commitment to
excellence, intelligent,
innovation and focus effort.
The future is shaped by
our commitment
toward the
success"

How Are We Doing

Our commitment to all our customers is to provide them the highest quality Tea to all, irrespective of who they are or what they can afford. “To achieve our vision of “becoming a result oriented innovative tea company, internationally reputed for quality” we will strive to innovate and brand our products to provide satisfaction to our customers



We are Maskeliya

Maskeliya Plantations PLC (MPPLC) is committed to offer premium quality Teas to global and local markets. MPPLC is planting and maintaining 5,557.30 ha of Tea fields out of total company extend of 10,560 ha. These tea gardens are locate in Maskeliya, Up-Cot, Talawakelle and Bandarawela. MPPLC has an operational workforce of 11,078 individuals living in 18 tea estates and total population with their extended families are 64,610 individuals.

Most of our tea gardens are identified as "Premium Brands" for the tea blends of European Union, Canada, Russia, Japan, Middle East and South East Asia.

We are adopting Good Agricultural Practices (GAP), Good Manufacturing Practices (GMP), Good Human Management Practices (GHMP) along with Total Quality Management (TQM). This is to deliver sustained best value to our stakeholders in our march towards becoming a benchmark company.

To colaborate with the company vision, mission and objectives, MPPLC is exploring new directions by adopting Climate Smart Agricultural Practices (CSAP) and to broaden its business to the multi crop concept.

To maintain year-round continuous supply of crop MPPLC leadership is focusing on minimizing negative impacts of extreme weather and worker shortages on tea plantations. MPPLC has recognized the risks associated with the traditional business model of growing tea as a monocrop. The current leadership has taken the initiative to diversify the business model to minimize risks. Diversification of uneconomic tea lands to other economic crops, mechanization of field operations, agro/eco-tourism and adopting CSAP to achieve economic stability in diversity. The Business model of diversification through innovations is driving CSAP in an organized manner to address the requirements of all our stakeholders.

Financial Calender

Financial Year Ending 31 March 2019

Interim Results

1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
August 2018	November 2018	February 2019	May 2019
13	12	13	30

Date of most recent previous financial year 31 March 2018
Date Published: 30 May 2018

Annual General Meetings

Notice of Annual General Meeting 12 June 2019

Operation Zone

Upcot Region/ Western High

Estate Name	Extent (Hectares)	Capacity Kg. ' 000	No of Workers	Elevation (Meters)	No. of Buildings Factories	No. of Buildings *Other Buildings
Brunswick Estate Maskeliya/ 22070	676.26	1,900	1,059	1,250	1	1,521
Glentilt Maskeliya / 22070	456.85	828	677	1,320	1	1,198
Glenugie Estate Upcot/ 22075	309.15	759	553	1,325	1	910
Mocha Estate Maskeliya / 22070	422.25	820	717	1,335	1	1,077
Strathspey Estate Upcot/ 22075	703.62	1,656	1,117	1,327	1	2,989

Maskeliya Region/ Western High

Estate Name	Extent (Hectares)	Capacity Kg. ' 000	No of Workers	Elevation (Meters)	No. of Buildings Factories	No. of Buildings *Other Buildings
Brownlow Estate Maskeliya / 22070	245.75	-	228	1,200	-	947
Hapugastenne Estate Maskeliya /22070	323.77	Silent	163	1,189	-	463
Laxapana Estate Maskeliya / 22070	737.05	1,311	950	1,160	1	1,911
Moray Estate Maskeliya / 22070	682.85	1,200	849	1,185	1	1,215
Mousakelle Estate Maskeliya /22070	558.75	1,200	424	1,372	1	2,134

Talawakelle Region/Western High

Estate Name	Extent (Hectares)	Capacity Kg. ' 000	No of Workers	Elevation (Meters)	No. of Buildings Factories	No. of Buildings *Other Buildings
Ferham Estate Talawakelle / 22100	313.21	-	519	1,345	-	682
St. Clair Estate Talawakelle / 22100	519.69	800	444	1,200	1	1,523
Talawakelle Estate Talawakelle / 22100	399.23	1,300	462	1,219	1	908
Troup Estate Talawakelle / 22100	287.75	500	344	1,379	1	409

Bandarawela Region/Uva High

Estate Name	Extent (Hectares)	Capacity Kg. ' 000	No of Workers	Elevation (Meters)	No. of Buildings Factories	No. of Buildings *Other Buildings
Ampittiakande Poonagala SPO / 90100	1,594.72	800	572	1,295	1	1,563
Craig Estate Bandarawela/ 90104	418.48	950	389	1,402	1	1,042
Leangawela Estate Leangahawella SPO / 90106	460.79	-	167	1,167	-	831
Poonagalla Estate Poonagala SPO / 90100	1,451.17	2,100	835	1,402	1	1,793

* Other Buildings included of Officer Bunglows, Workers Quarters/ Latrines/Minor Buildings/Child Development Centres and silent factories.

Financial Highlights

Performance - Year ended 31 March 2019

Performance - Year Ended 31 March		2019	2018	Variance %
Turnover	Rs'000	4,167,216	4,517,365	(7.75)
Profit before Interest and Tax	Rs'000	238,603	556,937	(57.16)
Profit after Tax	Rs'000	5,264	251,398	(97.91)
Capital Expenditure	Rs'000	171,275	186,020	(7.93)
Financial Position as at 31 March		**2019**	**2018**	**Variance %**
Fixed assets	Rs'000	3,790,133	3,696,714	2.53
Current Assets	Rs'000	974,714	956,021	1.96
Total Assets	Rs'000	4,764,847	4,652,735	2.41
Current Liabilities	Rs'000	(1,971,492)	(1,821,670)	(8.22)
Shareholders' Fund	Rs'000	1,025,925	1,060,870	(3.29)
Stated Share Capital	Rs'000	673,721	673,721	-
Capital Employed	Rs'000	1,631,315	1,827,707	(10.74)
Key Indicators as at 31 March		**2019**	**2018**	**Variance %**
Earnings per share	Rs.	0.10	4.66	(97.85)
Net Asset per share	Rs	19.01	19.66	(3.31)
Market Price of a Share	Rs	10.80	19.20	(43.75)
Return on Capital Employed	%	13.70	24.86	(44.89)
Market Capitalisation	Rs'000	582,698	1,035,907	(43.75)
Return on Average Equity	%	0.50	25.87	(98.07)

Key Performance

Turnover

Rs. 4.1 Bn

PBIT

Rs. 239 Mn

Total Assets

Rs. 4.8 Bn

ROCE

13.70%

EPS

Rs. 0.10

Capital Expenditure

Rs. 171 Mn

Market Price Per Share

Rs. 10.80

Market Capitalization

Rs. 583 Mn

Our Management

Assembling a group of people only capable of thinking "outside the box" clearly won't be sufficient for success, as the generation of the idea is only one part of the process. We believe that a better staffing goal is to bring together a team that has the "biggest box" possible.

Chairman's Review

Dear shareholders

I take this opportunity to present the 26th consecutive Annual Report of the Company, as well as the Audited Financial Statements for the period which ended 31 March 2019.

In the financial year of 2018/2019, Maskeliya Plantations PLC(MPPLC) continued to focus on enhancing core objectives of maintaining quality of tea, optimizing land productivity, and ensuring the sustainability of operations.

Concluding the reporting year, the Company reached a production volume of 7.54 million kilograms of tea, despite the adversities that affected the entire plantation industry. In 2018, trade union actions exerted tremendous pressure on the industry and the ban of Glyphosate had a negative impact on production. In addition, stringent enforcement of Maximum Residue Levels (MRLs) by the buyers caused adverse market fluctuations affecting tea prices and profitability. However, removal of the Glyphosate ban within the tea and rubber industries turned favorable for the plantation companies in the latter part of the year, despite multiple challenges that continued to affect the production.

Industry Performance

Plantations experienced spells of dry weather followed by heavy rains and strong winds

during the months of May, July and November. Expectations on better results were confronted by falling tea prices, low yields, and fluctuations in export demand. In addition, export to Japan were adversely affected by challenges in maintaining MRLs due to the use of alternatives.

At the beginning of 2019, trade unions and Regional Plantation Companies agreed on a basic wage increase that ended the trade union demands which persisted for months in 2018. In addition, the tea industry also had its shortcomings in terms of worker productivity, scarcity in labor, coupled with high labor cost.

Sri Lankan Economy & Tea Industry

The Rupee depreciated by 16.4 per cent, as a result of a growth in imports and capital outflows, influenced by a strong US Dollar. This was a considerable variation compared to the 2 per cent in 2017. The unemployment rate stood at 4.4 per cent in 2018, increasing marginally from 4.2 per cent recorded in 2017, amidst a decline in labour force participation.

During the year, several factors impeded the performance of the tea industry and its production potential. Wage negotiations by trade unions affected the targeted production for 2018. As a result, harvested tea was reduced by 1 per cent to 303.8 million kilograms, down from 307.1 million kilograms produced in 2017.

Production of low grown tea accounted for 63.2 per cent of total volume produced which was a decrease by 2.7 per cent to 192 million kilograms in 2018. Production of high and medium grown teas increased by 1.3 per cent to 64.8 million kilograms and by 3.0 per cent to 47 kilograms, respectively.

Company Performance

During the period under review, MPPLC's total tea production declined to 7.5 million kilograms from 7.6 million kilograms recorded in 2017. Extreme weather conditions, government ban on the use of Glyphosate and the consequent poor control of weeds during most part of the year, resulted in the production downturn in 2018.

Gross profit decreased from previous year's Rs. 645 million and recorded a value of Rs. 261 million, an approximate 60 per cent reduction in 2018/2019. During the year under review, Net Sale Average (NSA) of tea dropped from Rs.577 in the previous year to Rs.540 in the period under review - a decline of 6.4 per cent. This was mainly driven by the decrease in auction prices during the period.

Corresponding with revenue, the profits from tea operations have also contracted. Overall, the Company recorded a net profit of Rs. 5 million during the Financial Year which ended in 31 March 2019.

During the Financial Year, several strategic initiatives were taken in field development activities. These were achieved with considerable capital expenditure on field development of tea and other capital assets including plant and machinery. A total capital expenditure of Rs. 171 million was expended in the reviewing Financial Year. Proportionately, Rs. 58 million was spent on property, plant and equipment and the remainder of Rs. 113 million was invested on field development activities (replanting and new planting).

Welfare

As a responsible employer within a labor intensive industry, employee welfare remains a crucial aspect of our focus. Hence, our employees are provided with facilities to improve their well-being and quality of living conditions.

A substantial amount has been spent on improving

worker welfare, which includes upkeep of worker housing, child development centers and medical care, as well as other welfare activities by investing a sum of Rs. 206 million in the year under review.

Sustainability

We are greatly responsible for the use of sustainable methods to reduce or eliminate carbon contribution to the environment. MPPLC is currently in the process of reducing the use of inorganic fertilizer by switching to compost.

MPPLC continues to strengthen our soil rebuilding programme by applying Urea enriched compost as a solution for reversing the effects of soil degradation that has taken place over the years. Nearly all estates under Maskeliya Plantations PLC have commenced a programme of producing compost with available material.

MPPLC has prioritized mechanization of plucking and pruning operations as a long-term strategy. Machines have been imported and are currently in use to support this objective. The purpose of this is to improve the productivity levels of MPPLC to augment overall yields.

We are committed to sustaining the high quality of the tea we produce and continue to uphold highest standards that are essential when meeting global and domestic market requirements. Complying with international standards of quality has earned MPPLC several accreditations; this has enhanced the overall reputation of the Company as a branded tea Company in Sri Lanka. All 14 factories are accredited with the ISO 22000:2005 certification, validating our compliance with international industry safety standards. We also hold the Fair-Trade Labeling Organization (FLO) certification that attests to the non-discriminatory and fair conduct of MPPLC operations. Moreover, the estates of the Company continue to comply with the "Ethical Tea Partnership UK" certification.

MPPLC's estates are Rainforest Alliance Certified, demonstrating compliance with standards that are based on environmental, social and economic stability. The Company is committed to meeting standards pertaining to conservation of biodiversity, improving human livelihoods and well-being; conservation of natural resources, and effective land management systems as part of its requirements.

Future Outlook

Despite challenges that will inevitably persist, prospects for the tea industry seem to be taking on a positive momentum. In ensuring the sustainability of the industry and its efficiency, a productivity-based wage structure is a necessary move in going forward. With a productivity-led wage model worker will be enticed to increase their individual productivity resulting in the increased production of crop. This is still a long way from becoming a reality. However, this strategy will enable the industry to grow, thereby increasing revenue that will allow plantation companies to provide its workforce with an increased potential for earning. In the future, wage negotiations based on this approach may determine the survival of the plantations industry and its workforce.

In terms of future prospects for the Company, investments on timber plantations is expected to reap long term benefits ensuring sustainability and positive impact on the environment. Our timber plantation is valued over Rs.700 million and includes highly valued species of timber. As part of crop diversification, special fruit cultivation projects are expected to bring sustainable returns in the long run, while maximizing the use of lands and resources.

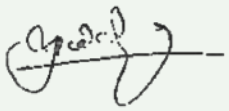
MPPLC also plans to introduce more effective mechanisms to improve productivity and eliminate losses due to shortage of workers during

high cropping periods. In the coming financial period of 2019/2020, we plan to exercise Good Agricultural Practices (GAP) in full form, with a focus on enhancing sustainable agricultural practices across all the estates.

Acknowledgement

On behalf of the Board of Directors, and as the Chairman, I wish to thank the CEO and the management team for completing the financial year amidst tough situations and for their forward thinking that has enabled further enhancing standards of quality and productivity. Furthermore, I am deeply grateful to our employees for their hard work, patience and determination throughout the year.

I thank all our suppliers and business partners for their consistent support extended to our business operations and for their direct as well as indirect involvement in encouraging our operational endeavors. Most importantly to our customers, for their continued relationship with MPPLC, a clear indication of the trust they have placed in us, which has made us reach international recognition as a trusted brand of quality tea.



Dr. Sena Yaddehige
Chairman
12 June 2019
Colombo

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 six Listed Companies, and over 50 Companies wholly or majority owned by Richard Pieris and Company PLC. He served as a Director in the Board of Directors of National Development Bank PLC during the period between 2007 and 2010.

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

He is a Founder, Chairman and Director of numerous Companies in Sri Lanka, USA, Japan, UK, Germany, Switzerland, Singapore, India and Bangladesh. He is also the founding Managing Director of a European Company, which manufactures and exports automotive components and systems, developed based on his own innovations, to Europe, Japan, China and the United States. Dr. Yaddehige was instrumental in developing the Iwata Dream brand in Japan and the Lithium Battery development unit in Sri Lanka.

Dr Yaddehige has been conferred three Doctorates. He's conferred with Doctor of Science (D.Sc.) in consideration of his original research work in the fields of Radiation, Radiation processing, Electromechanical Sensor technology, non contact Sensor technology and automotive pedal systems along with numerous patents in the above fields.

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.

At the Tea Research Institute of Sri Lanka (TRISL), he holds the Director/CEO position and responsible for planning, organizing and directing the implementation of the R & D programmes on tea cultivation and processing; and disseminate and deliver technical guidance collectively to address emerging challenges of the tea industry.

Serving the tea industry over 32 years whilst working at TRISL, he is exposed to all the disciplines of R & D projects and their outputs and outcomes. Thus he is aware of necessary technological interventions for the adoption. Involving in the Tea Research Board of Sri Lanka and its consultative committees, 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.

DR SAMAN HETTIARACHCHI
Director

MR. ANANDA FERNANDO
Director

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 42 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.

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

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

Mr. Yaddehige worked as a Management Consultant at Price Waterhouse Coopers, United Kingdom and also at world renowned international ultra high net worth banking giant, Credit Suisse of Switzerland. He has an extensive experience in international marketing and has built a very strong marketing network in Europe.

Mr. Yaddehige is in the Directorate of Richard Pieris & Company PLC as an Executive Director/Chief Operating Officer of the Company and also in the Directorates of Richard Pieris Exports PLC, Richard Pieris Natural Foams Limited, Richard Pieris Distributors Limited and also in several other Companies within the Richard Pieris Group.

MR. SHAMINDA YADDEHIGE
Director

Dr.Sarath Samaraweera is an Honours graduate in Mechanical Engineering with 49 years involvement in Tea Industry in Sri Lanka. He holds a Doctorate from the University of London, Imperial Collage 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. 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.

DR. SARATH SAMARAWEERA
Director

MR. SUNIL LIYANAGE
Director

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

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

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

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

Key Personnel

Key Personnel - Head office

Mr. M P S Pathiraja
Chief Executive Officer

Mr. V Pusselle
Director Operations

Prof. K Gunasekara
Director Plantation Development

Mr. S Epitakumbura
Sector Financial Controller

Mr. T T Christy
General Manager - Marketing and Administration

Mr. H K Caldera
Senior Accountant

Mr. H M B M Jayathilake
Accountant

Mr. R M S S Herath
Manager - Information Systems

Mr. S C Bandaranayake
Engineer

Mr. A C B Bowatte
Manager Forestry

Mr. H M P Peiris
Manager - Compliance and Project Management

Ms. K A Weerakkody	Assistant Manageres
Mr. U D C L Gunasinghe	Accounts Executive
Mr. M D C K Gunathilake	Executive
Mr. S R Dhanapala	Operations Executive
Ms. M S N Begam	Operations Executive
Ms. L M Ferdinands	Operations Executive
Ms. D N Ranasinghe	Junior Executive
Mr. D A H A Gunarathna	Junior Executive
Ms. J P Amarasinghe	Secretary
Mr. T L O V Hasvin	Management Trainee

Key Personnel - Estates

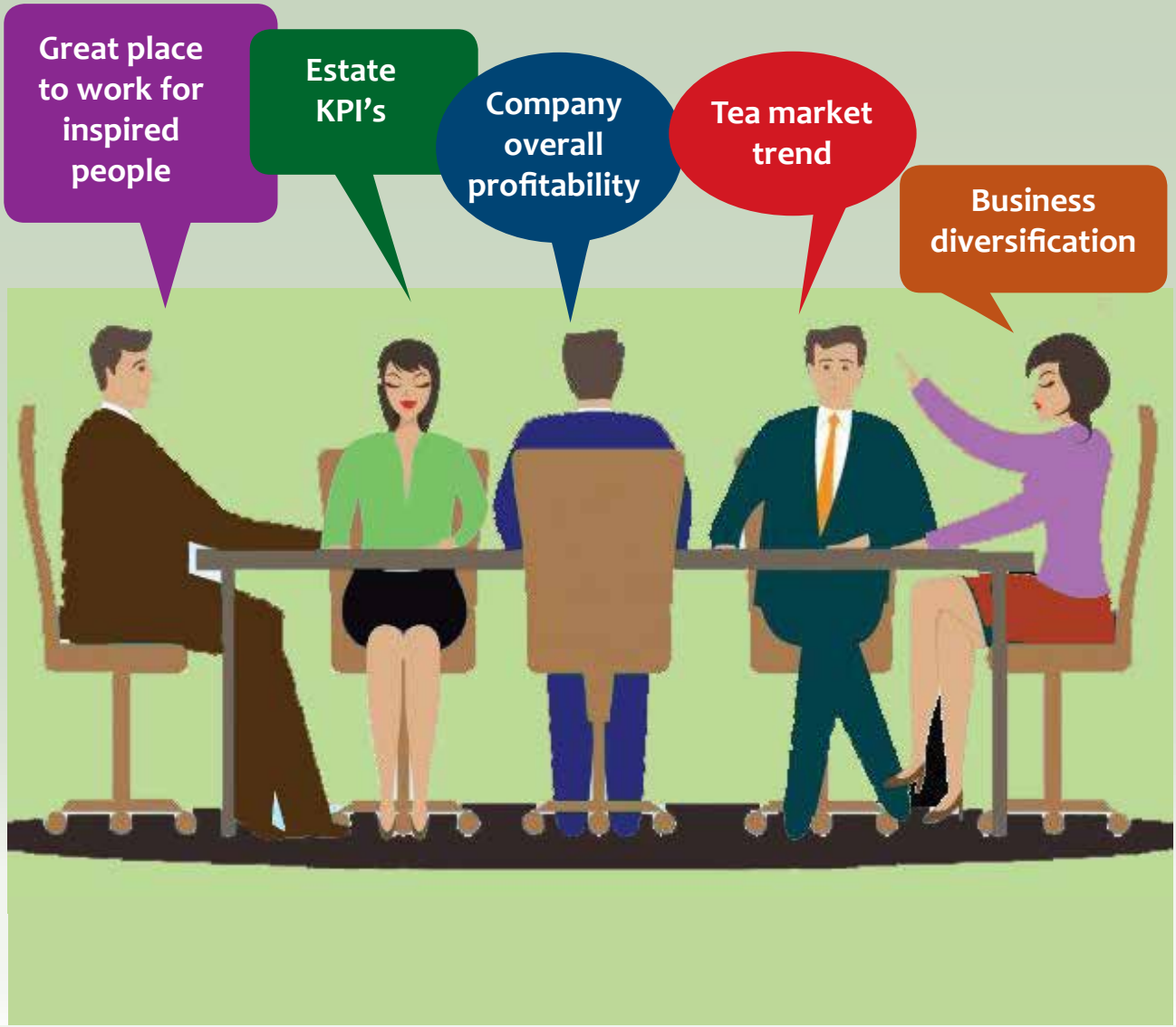
Name of the Estate	Postal Address	Name of the Superintendent	Name of the Assistantt Superintendent
Brownlow	Maskeliya	Mr. G I B Herath (Acting Superintendent)	
Brunswick	Maskeliya	Mr. T N B Herath	Mr. D M L N Dassanayake Mr. M H B Galahitiyawa Mr. P K Prasad
Glentilt	Maskeliya	Mr. N N Withanage (Deputy General Manager- Processing)	Mr. H M T K Houpe Mr. B M R M Kumara

Key Personnel - Estates (Cont.)

Name of the Estate	Postal Address	Name of the Superintendent	Name of the Assistantt Superintendent
Glenugie	Upcot	Mr. W A K G Wimalasena	Mr. P J Gopallawa
Hapugastenne	Maskeliya	Mr. H R Boyagoda (Acting Superintendent)	
Laxapana	Maskeliya	Mr. A U M T Athukorala	Mr. G G P L Gunawardena
Mocha	Maskeliya	Mr. E R Bulathsinhala	Mr. T A K L De Silva Mr. R Abeywickrama
Moray	Maskeliya	Mr. A R M D C Abeykoon	Mr. M J D Sandaruwan
Moussakelle	Maskeliya	Mr. G N Hordagoda	Mr. M Periyasamy Mr. H D Wijewardena
Strathspey	Upcot	Mr. S G Mudannayake	Mr. D M T M B Chandrapala Mr. V P D P Kularathna
Ferham	Talawakelle	Mr . U N Illankoon	
St. Clair	Talawakelle	Mr. B B T K Cooray	Mr. R L Erabaddegoda
Talawakelle	Talawakelle	Mr. I A A D Weerakoon (Cluster Senior Manager)	Mr. S M N S Dasanayaka Mr. W S C Wickramasinghe
Troup	Talawakelle	Mr. G R T Daminda	Mr. R D M Abeydheera
Ampittiakanda	Poonagalla, SPO	Mr. A W R Senevirathne	Mr. K N B Senarathne Mr. L W Kannangara Mr. K M N T Kapukotuwa
Craig	Bandarawela	Mr. S E B Madugalla	Mr. P S N Dilan
Leangawella	Leangahawella, SPO	Mr. M T Deshappriya	
Poonagalla	Poonagalla, SPO	Mr. M S A Akbar	Mr. S D Jayasundara Mr. J G A Y H D Gamage Mr. N K Premarathne

Our Operations

Innovative thinking
inspires ideas.
Ideas inspires
Results



Value Creation Model

Our business has the capacity and creativity to meet ever-growing demand for tea and other plant-based resources such as timber, fruits, and spices such as cinnamon etc. Our Company identified six capitals which we use as inputs to process the business activities and create values.

The Resources We Depend On

Financial Capital

Intellectual Capital

Human Capital

Natural Capital

Manufactured Capital

Social Capital

What we do

FIELD OPERATION

We uproot the tea and replant to manitain the Tea cultivation. Other productive lands will be diversified to other income generating crops.

HARVESTING

Harvested green leaf will be transported to the factory for manufacturing. Timber and other crops will be directly sold in the market.

MANUFACTURING

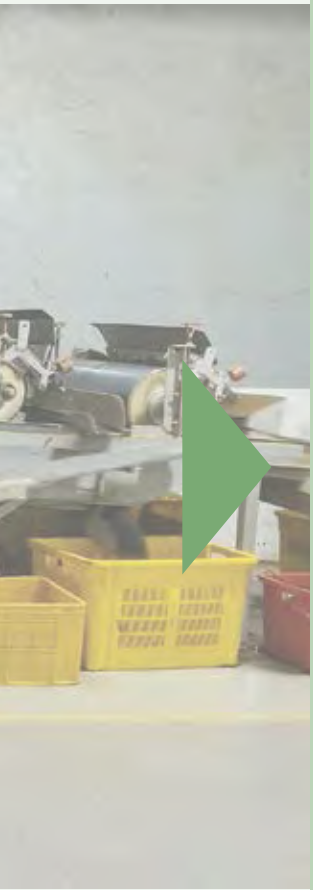
Harvested crop will be manufactured in the factory using rotorvan manufacturing system and leafy manufacturing system.

TRANSPORT TO AUCTIONS

Graded invoiced Tea is transported to brokers for main sale.

AUCTION SALES

MPPLC Premium Tea are sold through reputed buyers at competitive prices. Given financial year has 50 Tea auctions.



What we create

Total Crop Manufactured

7.53 Mn Kg

Estate Crop

7.32 Mn Kg

Bought Crop

0.21 Mn Kg

Yield Per Hectare

1,318Kg

Revenue Generated

Rs. 4.17 Bn

Sale of Timber

Rs. 7.60 Mn

RLO

2.9 Kg

The Value we provide

Financial Capital

- Cost of Material & Service Purchased - Rs. 1,206 Mn
- Tax paid to the Government - Rs. 23 Mn
- Capital Expenditure - Rs.171 Mn

Intellectual Capital

- 18 estates obtaining certification for Rain Forest Alliance
- Recognition for quality of our Teas
- All time top prices for premium quality Tea

Human Capital

- Present work force being 11,078
- Payments to employees being Rs. 2.63 Bn
- Improved quality of life of our employees
- Skilled Labour

Natural Capital

- Natural Water Management
- Biodiversity Management
- Land Improvement
- Conservation of Forestry
- Management of air pollution

Manufactured Capital

- Factory Development Rs. 35 Mn
- Infrastructure Development

Social Capital

- Rs. 206 Mn spend on welfare expenditure
- Community development programs held on estates

Historical Landmarks

1997

20% of the Share Capital offered at the CSE

10% Stake consisting of 2 Mn gifted to employees

2002

Kegalle Plantations sold its stake to RPK

1996

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

2004

Richard Pieris & Co. PLC bought the stake of JKH

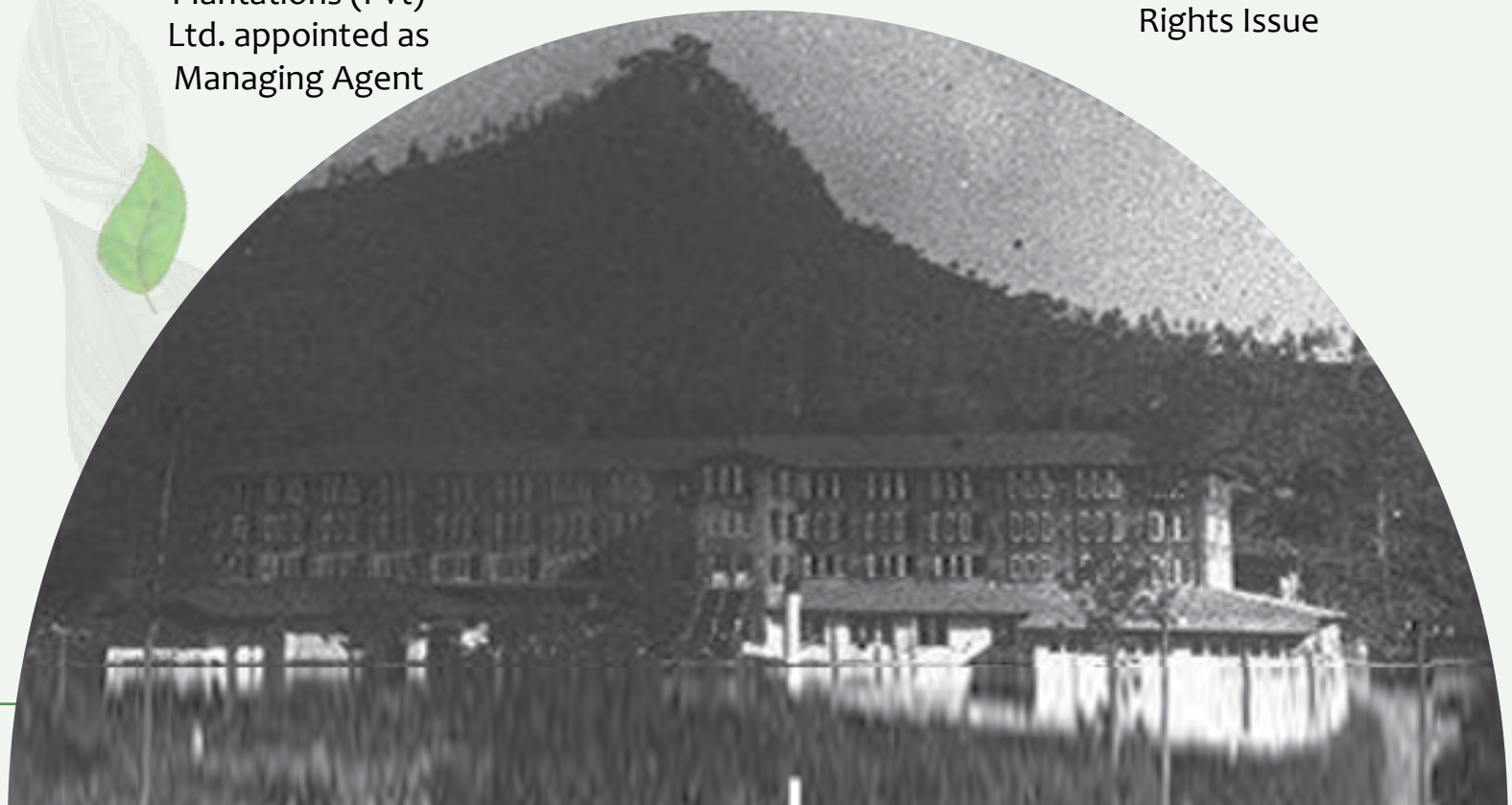
1992

Company Incorporated

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

2012

Maskeliya Plantations PLC made 1:1 Rights Issue



Key Relationships

Government

Government is the golden shareholder of the Company, the lessor of the estates and a key regulator and opportunity creator to the business. We maintain our relationships with government through communication with central government, ministers, municipal councils, pradeshiya sabha etc.

We cater to them by way of

- Contribution to the national income
- Payment of taxes

Investors

This represent RPC Management Services (Pvt) Ltd, the largest shareholder, Richard Pieris & Co. PLC, the ultimate parent and all the other shareholders together with capital providers such as banks and finance organizations. Our engagements with investors are represented by Annual General Meeting, Extra Ordinary Meetings and Quarterly and Annual Reports.

We cater to investors by way of

- Corporate governance
- Risk mitigation
- Providing financial returns

Community

Company is exposed to a larger community which is directly linked with worker population of 18 estates. Company coordinates government, non-government organisations to provide financial and non-financial assistance to uplift the standard of living of communities
We engage with our community through Company officials such as welfare officers, medical officers etc. Further we organize time to time meetings with estate official.

We cater to them by way of

- Addressing financial, cultural & social issues
- Preserving the Environment

Employees

Being the driving force of the business Company maintains a mutually rewarding employee management system. The success and the performance of the Company are directly related with the efficiency and the effectiveness of the work force. We engage with our employees by our daily engagements, annual meetings, discussions with employee representatives and grievance handling mechanisms.
We cater for them by way of

- Uplifting standards of living
- Employee empowerment
- Welfare facilities and medical
- Health and hygiene factors

Brokers And Buyers

Brokers and buyers interact with our Company mainly through the Colombo Tea Auction (CTA). Brokers involve in cataloguing and selling products to customers. Buyers represent large scale exporters as well as local distributors Tea auction, meetings with brokers, discussions with customers and broker and buyer evaluations are ways we keep in touch with our brokers and buyers.
We cater to them by way of

- Quality concern
- Value addition
- Compliance with standards

Regional Outcomes

Extent (Revenue) - Hectares										
Regions	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10
Upcot Region	1,752.32	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
Maskeliya Region	1,325.62	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
Talawakelle Region	1,005.00	1,010.98	1,018.48	1,015.71	1,015.26	1,005.45	998.42	994.16	993.18	1,005.20
Bandarawela Region	1,474.36	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
Total	**5,557.30**	**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**

Production Kg '000										
Regions	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10
Upcot Region	2,707	2,751	2,313	2,896	2,969	2,856	3,210	3,208	3,194	3,024
Maskeliya Region	1,991	2,042	1,781	2,083	2,255	2,039	2,396	2,235	2,160	1,995
Talawakelle Region	1,535	1,477	1,343	1,603	1,607	1,453	1,789	1,752	1,674	1,536
Bandarawela Region	1,303	1,354	1,314	1,681	1,619	1,906	1,623	2,006	2,108	1,800
Total	**7,536**	**7,624**	**6,751**	**8,263**	**8,450**	**8,254**	**9,018**	**9,201**	**9,136**	**8,354**

Yield - (Kg/Ha)										
Regions	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10
Upcot Region	1,512	1,548	1,295	1,618	1,643	1,579	1,765	1,770	1,755	1,656
Maskeliya Region	1,486	1,524	1,320	1,552	1,656	1,483	1,760	1,648	1,587	1,457
Talawakelle Region	1,500	1,461	1,319	1,578	1,582	1,445	1,791	1,749	1,684	1,524
Bandarawela Region	812	846	752	910	879	995	838	1,025	1,093	997
Total	**1,318**	**1,341**	**1,160**	**1,406**	**1,430**	**1,375**	**1,519**	**1,536**	**1,525**	**1,410**

N.S.A. (Rs/Kg)										
Regions	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10
Upcot Region	570.53	604.66	512.84	416.55	418.10	438.23	419.35	351.72	364.63	379.25
Maskeliya Region	565.36	596.64	518.65	420.46	418.75	432.59	422.20	370.56	374.88	387.74
Talawakelle Region	534.48	572.82	501.90	378.95	391.09	393.77	380.84	309.63	347.62	348.41
Bandarawela Region	444.77	493.62	471.63	311.81	346.06	392.61	337.65	287.51	316.72	336.90
Total	**540.08**	**576.63**	**504.18**	**388.93**	**399.33**	**418.47**	**397.77**	**334.28**	**352.88**	**366.48**

C.O.P. (Rs/Kg)										
Regions	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10
Upcot Region	493.69	499.12	482.52	397.20	392.08	400.45	334.41	337.73	305.58	309.48
Maskeliya Region	489.06	474.72	462.19	385.74	382.42	396.54	331.81	337.41	303.88	301.44
Talawakelle Region	470.25	481.11	428.15	355.84	361.53	367.12	298.22	294.76	282.35	275.35
Bandarawela Region	525.82	511.49	473.72	391.25	428.93	402.46	370.11	331.30	322.66	323.49
Total	**493.24**	**491.29**	**464.63**	**385.08**	**390.75**	**394.08**	**332.97**	**328.07**	**304.86**	**304.30**

Value Added Statement

	2018/19 Rs.'000	2017/18 Rs.'000
Turnover	4,167,216	4,517,365
Other Income	18,199	13,965
Total Revenue	4,185,415	4,531,330
Cost of Material & Services Purchased	(1,205,957)	(1,289,877)
Value added	2,979,458	3,241,453
Distribution of Value Added		
A. To Employees as Remuneration	2,634,605	2,748,814
B. To Government(Tax etc)	23,274	22,099
C. To Lenders of Capital	231,622	173,525
E1. Provision for Depreciation	124,902	118,855
E2. Profit Retained	(34,945)	178,160
Value added	2,979,458	3,241,453
Value Added per Employee (Rs.)	268,953	297,845
Value Added as a % of Fixed Assets	79%	88%
Value Added as a % of Total Assets	63%	70%
Value Added as a % of Capital Employed	182%	177%

Operational Review

Maskeliya Plantations PLC has adopted introduction of many projects in the 2018/19 financial year. The traditional tea company model of MPPLC is diversified into alternate crops such as Agarwood, Coffee, Pears, Apple, Mandarin, Avocado, Orange, Strawberry, Cinnamon and Pepper to spread the risks of fluctuating profits from tea market. The Company has also concentrated on timber and fuelwood cultivation with fast growing Eucalyptus species. African Mahogany (Khaya senegalensis) is another introduction to high grown plantation sector by MPPLC for high quality timber production.

Production

Tea

Reconfirming the challenging nature of traditional plantation model, changing trade environment and weather conditions drastically affecting the business during the period under review. Erratic weather pattern had affected production compared to last financial year. Second quarter of the year recorded a very high rainfall and overcast skies with misty conditions. The last quarter experienced very dry weather with very low temperatures at nights and early mornings. These conditions resulted in a decline in crop in 2018/19 season.

Sri Lanka's national tea production was 303 Million kg in the year 2018 (January to December). Maskeliya Plantations PLC Tea production for the season was 7.5 Mn of Made Tea and 1% decrease compared to previous year.

The Company intends to increase the bought leaf production in the current season and shown 19% increase compared to the previous season.

Company embarked on soil improvement and nutrient retention practices by incorporating enriched compost and burying of pruning to continue good agriculture practices. Deep forking was carried out within the period as a company policy to reverse soil compaction to improve water infiltration and storage within the soil together with nutrients to facilitate effective retention for better absorption by the plants. Mechanization of harvesting was practiced during the rush crop period to mitigate worker shortage and to maximize the crop intakes while improving worker's family income as well.

Production Cost

Despite wage hike impact, cost of production was maintained at 0.3 % a marginal increase, during year under review. In addition to stringent control measures mechanization of harvesting and pruning operations contributed to improve productivity levels of workers.

Improvements made to withering process by installation of Variable Frequency Drive (VFD) units to the trough motors have been instrumental in bringing a reduction in electricity consumption.

Capital Expenditure

An extent of 84.92 ha was maintained under immature tea and Company incurred Rs. 82.5mn for developments and maintanance during the year under review. Further Rs 31Mn was spent for business conversion into multi crop concept.

Developments in Tea Estates

Compost Project

The pilot project implemented at Mocha Estate is continuing. However, with the current shortage of labor in estates, and the increased wage, cost of compost per kg will increase significantly. Sri Lanka Standards Institution has circulated the standards for compost where suggested moisture content ranges from 30-50%. At least a 30% moisture content is a requirement for considering the biological activities of well-prepared compost. We are in the process of adopting this technical requirements in our compost production.

High density contour planting of tea for mechanized harvesting

This project is now 1 1/2 years and has drawn the attention of the Tea Commissioner. Those fields cultivated will be ready for plucking after the next centering operation. Another adjoining land is under development to incorporate irrigation to study the effect of irrigation on yield.

Overaged nursery due to drought in Poonagala estate was thinned out to redevelop the land to make it a high-density row planted plots for machine harvesting. This has saved a considerable investment on raising the nursery which otherwise would have gone to waste.

Battery Operated tea harvester

A light weight (1.7 kg) battery powered harvester was imported to introduce on a trial basis to harvest the rush crop. With the use of Machine the worker output is expected to increase at least two to threefold.

Agarwood Project

As a trial 1000 numbers of agarwood plants were planted throughout the Company with two main blocks of 400 plants and 220 plants located at Glentilt estate and Mocha estate Maskeliya. Also, about 15 -20 plants were planted on trial basis in other estates to identify where plants will do well to expand the extent. Plants need to be inoculated at the age of 6 years to be harvested by 8th year. In house development of inoculum is expected to take place during the next two to three years to keep the inoculation costs down.

Coffee

Studying the global beverage market trends, MPPLC has initiated in cultivating coffee as a main alternative crop in order to improve land productivity in marginal tea lands. This approach towards establishing a resilient model will be expanded in collaboration with the Department of Export Agriculture crops within the next few years.

Pears

Initiatives made at Leangahawela estate, Bandarawela in to fruit cultivation has commenced giving returns with their very first harvests while generating heavy consumer demands at Arpico Supercenters indicating the feasibility of expansion of such special projects.

High Grown Cinnamon

Supreme quality Cinnamon is produced at higher elevations due to the high contents of Cinnamaldehyde compared to its low grown counterparts. Cinnamon cultivations in Ampitiakande estate has reached to revenue stage during the season under review. Development of specialty cinnamon products is also in the Company's agenda.

Other Crops

MPPLC has also invested in trying out Mandarin, Apple, Avocado, Orange, and Pepper at present with the intention of expanding the extents under such crops to improve land productivity and stabilize cash inflow while reinforcing national food security.

Ecotourism & Agrotourism

Apart from income generation, Maskeliya Plantations is already using tourism as a Company's image building approach. The Company has already concentrated on exploiting its heavy potential for Ecotourism and Agritourism with many resorts in operation. Estate Bungalow has been converted to a holiday bungalow now and open for the visitors to get firsthand experience on plantation bungalow environment. Currently planning is being done to develop this facility into an unique Tea Tourism experience. Devon Bungalow, St. Clair estate Talawakelle, Mahakande Bungalow Ampitiakande estate Bandarawela and Leangahawela Bungalow, Leangahawela estate are already in operation and open for visitors.

St. Clair Tea Centre constructed under this is already in operation. Main aim of this approach is to promote MPPLC estate product sales also with high value addition while registering Arpico and MPPLC images in visitor's minds.

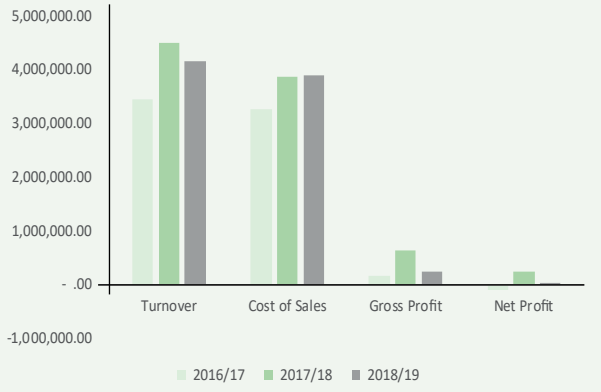
Financial Review

With a long-standing history for producing premium quality tea, MPPLC stands strong as a competitive and leading tea manufacturing Company in Sri Lanka. However, even amidst such success and strong industry presence, the financial period of 2018/2019 has been an exceptionally challenging year, during which MPPLC experienced varied results against our set goals and objectives.

During the financial period ended 31 March 2019, Company turnover decreased by 7.8 per cent against previous year. Economic volatility alongside environmental and industry-based complications challenged the overall performance of the Company.

During the year under review, the Company produced a crop of 7.5 million kilograms, which decreased by 1 per cent, compared to the total production volume in the previous financial year. Concurrently, the industry experienced a decline in the overall production of tea due to unfavorable weather conditions in tea growing regions. In addition, wage related trade union actions as well as a ban on the Glyphosate also impacted production.

Turnover, Cost of Sales, GP, NP

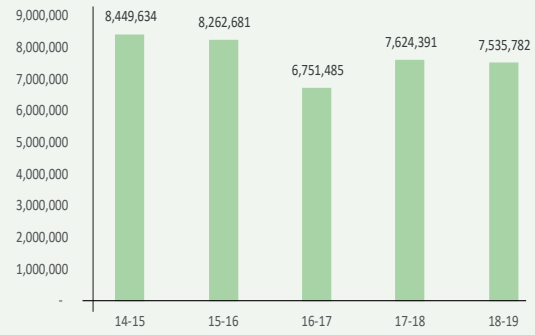


Crop

Across the plantations industry, weather conditions play a vital role in determining the success of production and quality of the final product. Notably, in the past 5-10-year period, Sri Lanka has been experiencing more intermittent and erratic weather patterns during regular monsoon seasons.

All in all, sporadic weather situations and wage related trade union actions had directly impacted crop yield with a reduced harvest compared to the previous period. As a result, the total yield of the Company's tea decreased by 1 per cent compared to the prior reporting year.

Crop



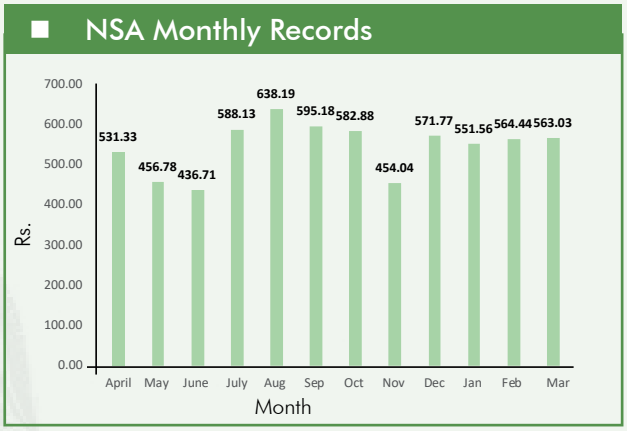
Turnover

Overall turnover for the financial year 2018/2019 indicates a moderate downward trend in the Company's financial performance. Turnover demonstrated a 7.8 per cent reduction and amounted to Rs. 4.2 billion in total. Overall revenue showed a decline of Rs. 0.35 billion from the turnover achieved in the previous financial period.

Furthermore, the same factors which inhibited the growth in production also affected the decline in Company turnover. In addition, tea prices at the Colombo Tea Auctions have been undergoing a gradual decline during the year under review; this in turn caused the National Average Price decline from Rs. 620.44 per kilogram to Rs. 581.58 per kilogram, in the year under review.

Net Sales Average

The NSA recorded in 2018/2019 was Rs. 540 and reflected a decline of 6 per cent against the NSA recorded in the preceding financial period. The decrease in the NSA was mainly driven by the decline trend in auction prices during the reviewing period. The highest recorded NSA during the year was in the month of August, which was Rs. 638.19 per kilogram; while the month of June had the lowest recorded NSA at Rs. 436.71 per kilogram.



Cost of Production

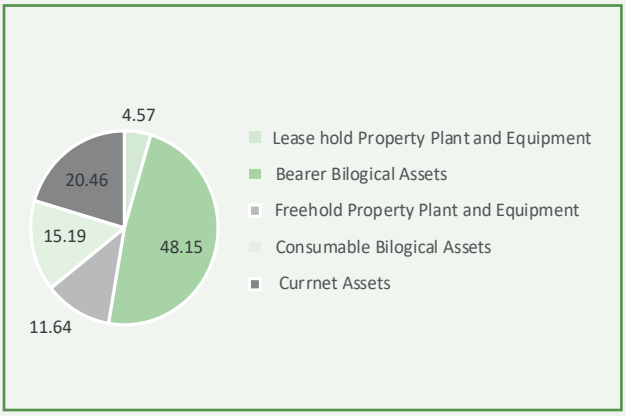
In the cost structure of a company there are several costs that can be managed alongside as more uncontrollable costs. While we continued to manage those more submissive costs in the best possible manner, our cost of production increased by 0.4 per cent. During the period under review, our cost of production increased to Rs. 493.24 per kilogram from Rs. 491.23 per kilogram recorded in the preceding year. Both, increased labor wages and low tea yield were factors which influenced the increase in cost of production.

However, amidst increased costs our estates continued to manage a fairly low cost of production among tea plantations.

Profitability

During the financial year under review, the Company recorded an operating profit of Rs. 261 million which was a decrease of 60 per cent compared to that of the previous year's operating profit. During the year, MPPLC recorded a net profit of Rs. 5.3 million which has declined by 98 per cent compared to the previous financial period. Furthermore, drop-in sales revenue by Rs. 350 million has also adversely impacted profitability and as a consequence, the gross profit contracted by Rs. 384 million.

Asset base



Demonstrating the overall value of the Company, the asset base of MPL stood at Rs. 4.8 billion, at the end of the financial year, out of which 80 per cent represents non-current assets while 20 per cent represents current assets. As in the year preceding year, current year biological assets account for the largest proportion of the asset base which stands at 63 per cent.

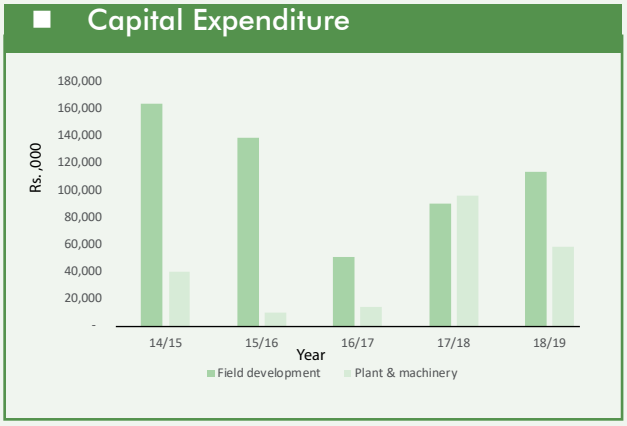
Furthermore, the overall asset base expanded by 2 per cent compared to previous year.

Debt Capital and Finance Cost

Total finance cost for the year was at Rs. 232 million compared to the cost for the previous financial year which stood at Rs. 174 million and marked an increase of 33 per cent. Amongst the components of finance cost, term loan interest was the highest component and amounted to Rs. 147 million during the reviewing year. Furthermore, a sum of Rs. 20 million was capitalized, during the period under concern.

In 2018/2019, the Company generated a gearing ratio of 23 per cent during the year under review compared to 27 per cent recorded in the corresponding period of 2017/2018. All in all, MPPLC concluded the year with a debt to asset ratio of 28 per cent which had been 27 per cent in the preceding financial year.

Capital Expenditure



Year	Field development Rs'000	Plant & Machinery Rs'000	Total Rs'000
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
18/19	113,271	58,004	171,275

MPPLC continuously maintains an adequate amount of capital expenditure which helps in meeting operational requirements. Investments on field development and property plant and machinery provide leverage in overcoming restrictions encountered across operational processes. Despite fluctuations and adversities in the investment on field development and plant and machinery, our focus remains on acquiring and maintaining a premier set of capital assets in order to improve the quality of our products.

In the reviewing year, capital expenditure reduced by 8 per cent compared to the preceding year. From the total capital expenditure, 66 per cent accounts for field development while the remainder is apportioned to the capital expenditure incurred on property plant and equipment. Notably, an expenditure of Rs. 35 million was incurred on plant and machinery in order to enhance the efficiency of production processes.

In the financial period, field development was undertaken in a timely manner incurring costs on replanting, rehabilitation, uprooting and upkeep of immature tea and continues to be carried out on a regular basis to improve yield and productivity.

Cash Flows

In the reviewing year, net cash generated through operating activities was reduced by 69 per cent in comparison to the previous financial year. This reduction is in line with

drop in profit before tax (PBT) to Rs. 6.9 million, which is a 98 per cent reduction compared to the PBT achieved in the previous year.

In analyzing investment activities, expenditure on field development demonstrates an increase up to Rs. 113 million which has increased by 26 per cent when compared to the previous financial year. A decrease of 39 per cent is also evident in the total expenditure of property plant and equipment during the period under review.

Overall investment activities concluded with an outflow of Rs. 171 million, during the financial period ended 31March 2019.

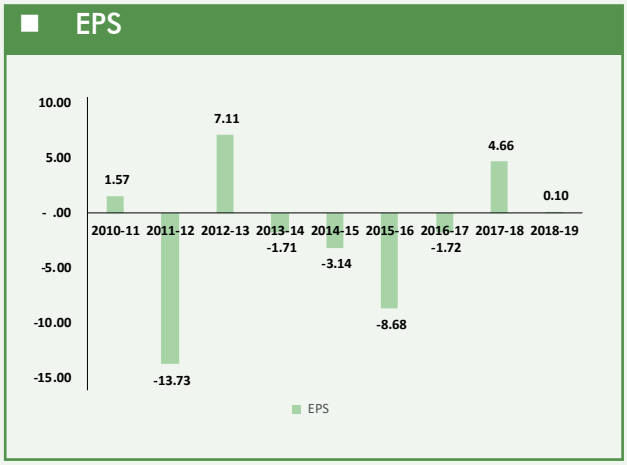
Working Capital

During the year under review, the Company has experienced 15 per cent decrease in its net current assets position. The increase in the current component of interest-bearing long-term borrowings caused the increase in overall current liabilities, thus resulting in the decrease of the net current asset position.

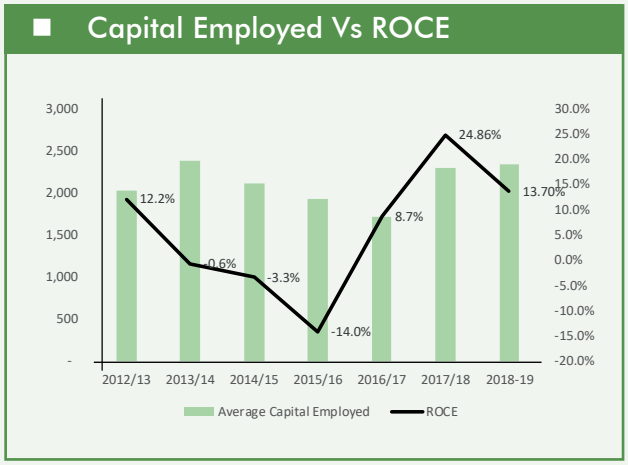
The Company has increased its current assets by 2 per cent compared to the preceding year, along with an increase in the level of current liabilities by 8 per cent. Current ratio which reveals the availability of current assets per a unit of current liabilities is at a level of 0.49 when compared to the ratio of 0.52 indicated through last year's financials. As a result, when compared to the previous financial year, Company's liquidity has been reduced.

Shareholder's Returns

Earnings per Share (EPS) value recorded in the 2017/2018 financial term indicated a significant improvement from the negative values of the previous years. However, the EPS value of the 2018/2019 financial period indicates a decline by 98 per cent to a value of 0.10. This was mainly due to the various causes which adversely affected Company operations such as inconsistent weather conditions, increase in labor wages.



Return on Capital Employee (ROCE) declined to 14 per cent in the reviewing year and indicates a significant reduction against the 25 per cent of ROCE recorded in the past financial year. Nonetheless, a slight improvement in the average capital employed is seen when compared to the previous financial year.



The share price of the Company at the beginning of the period was Rs. 21.00 and it continued to fluctuate throughout the year marking its price at Rs. 10.80 by the end of the financial year. The highest market price recorded was Rs. 22.00, while, Rs. 8.30 was the lowest.

To accomplish our ultimate goal of maximizing shareholder wealth, we are highly focused on achieving both short term and long term objectives, set in place to improve production processes, operational and financial efficiencies.

Quarterly Summary					
	1st Quarter Rs'000	2nd Quarter Rs'000	3rd Quarter Rs'000	4th Quarter Rs'000	Total Rs'000
Turnover	1,070,306	996,788	985,688	1,114,434	4,167,216
Cost of Sales	(988,865)	(957,840)	(842,695)	(1,116,882)	(3,906,282)
Other Income	2,230	6,883	4,748	4,338	18,199
Gain on Change in Fair Value of Biological Assets	-	-	-	42,452	42,452
Profit/(Loss) Before Tax	6,059	(36,624)	50,422	(12,876)	6,981
Profit/(Loss) After Tax	6,059	(36,624)	50,422	(14,593)	5,264
Earnings Per Share	0.11	(0.68)	0.93	(0.27)	0.10

Notably, the achievements of the financial period 2018/2019 were obtained under trying conditions as a result of the aforementioned strongly dynamic macro-economic and environmental factors. Nevertheless, MPPLC plans to veer ahead strongly and optimistically with a strong focus on each and every financial and non-financial aspect which directly and indirectly influence the bottom-line and profitability of the Company.

Achievements

Maskeliya Plantations PLC won a Business Excellence Merit Award 2018
conducted by National Chamber of Commerce of Sri Lanka.

ESTATE	NO.OF TOP PRICES										
	BOP	BOPF	BOPsp	BOP1	FBOP	FBOPF	FBOPF1	OP	OP1	PEKO1	FGS1
GLENTILT	3	14	12								1
AMPITTIAKANDE			9		5		3	3	1	1	
MORAY	5	4	1								
CRAIG	2		1	2	7		3	1	4	3	
BRUNSWICK											1

No. of top prices achived by MPPLC Estate.

CA

Annual Report Awards 2018

Plantation Companies
Compliance Award

Awarded to

Maskeliya Plantations PLC

By
The Institute of Chartered Accountants of Sri Lanka

At the
54th Annual Report Awards Ceremony - 2018

On 04th December 2018 in Colombo

Company received a certificate of compliance in 2018 for the annual report 2017/18 season from Institute of Charted Accountant of Sri lanka .

NATIONAL CLEANER PRODUCTION CENTRE SRI LANKA

PRODUCT CARBON FOOTPRINT

This is to certify that

Maskeliya Plantations PLC

Has successfully completed the

Product Carbon Footprint in accordance with the requirements of GHG Protocol
(Product Lifecycle Accounting and Reporting Standard) as shown in the inventory below

Date of the Assertion : 09/05/2018
Period of Assessment : 01.01.2018 – 31.12.2018
Selected Boundary : Cradle to Gate (18 estates)

Product Carbon Footprint- Estate wise emissions

Ampitiyakanda Estate	539.93 tCO_2e	Leangahawella Estate	200.08 tCO_2e
Brownlow Estate	882.03 tCO_2e	Moray Estate	923.36 tCO_2e
Brunswick Estate	968.97 tCO_2e	Mocha Estate	582.25 tCO_2e
Craig Estate	581.27 tCO_2e	Moussakellie Estate	1,089.30 tCO_2e
Ferham Estate	329.09 tCO_2e	Poonagala Estate	726.33 tCO_2e
Glenugie Estate	360.28 tCO_2e	St. Clair Estate	561.45 tCO_2e
Glentilt Estate	609.41 tCO_2e	Strathspey Estate	881.24 tCO_2e
Hapugastenne Estate	98.29 tCO_2e	Troup Estate	413.41 tCO_2e
Laxapana Estate	709.78 tCO_2e	Talawakelle Estate	620.88 tCO_2e

Total Greenhouse Gas Emissions (Product Carbon Footprint): **10,558.41 tCO_2e**

Samantha Kumarasena
Chief Executive Officer
National Cleaner Production Centre, Sri Lanka

As a Carbon Concious business organization, MPPLC arrived at its Product Carbon Footprint in collaboration with National Cleaner Production Center covering Maskeliya tea under "Product Carbon Certified" starts a step towards becoming a world class organization by 2020.

Rainforest Alliance

CERTIFICATE

for

Maskeliya Plantations PLC.

(Laxapana, Moray, Hapugastenna, Moussakellie, Brownlow, Glentilt, Glenugie (Deniside), Mocha, St. Clair, Talawakelle, Troup, Ferham, Strathspey, Bitten, Peakfields & Dotella)

Central Province, Sri Lanka

CERTIFICATE SCOPE

The certificate holder meets the Sustainable Agriculture Network requirements

Certificate Registration Code: RA-C-100024

Standard: SAN-S-1-1 Sustainable Agriculture STD; SAN-S-3-1 Group Cert STD; SAN-P-S-1.2 Farm/Group Admin Cert Policy; SAN-S-2-1 Prohibited Pesticides List

Certification Valid From: November 5, 2018 to November 4, 2018

Certificate Type: Group

Product(s): Tea

Certificate Locations: Central Province, Sri Lanka

This certification was conducted in collaboration with Wood Certification Pvt. Ltd.

Jon Jickling

Jon Jickling, Director, Certification

Rainforest Alliance
233 Broadway, 28th Floor
New York, NY 10279 USA

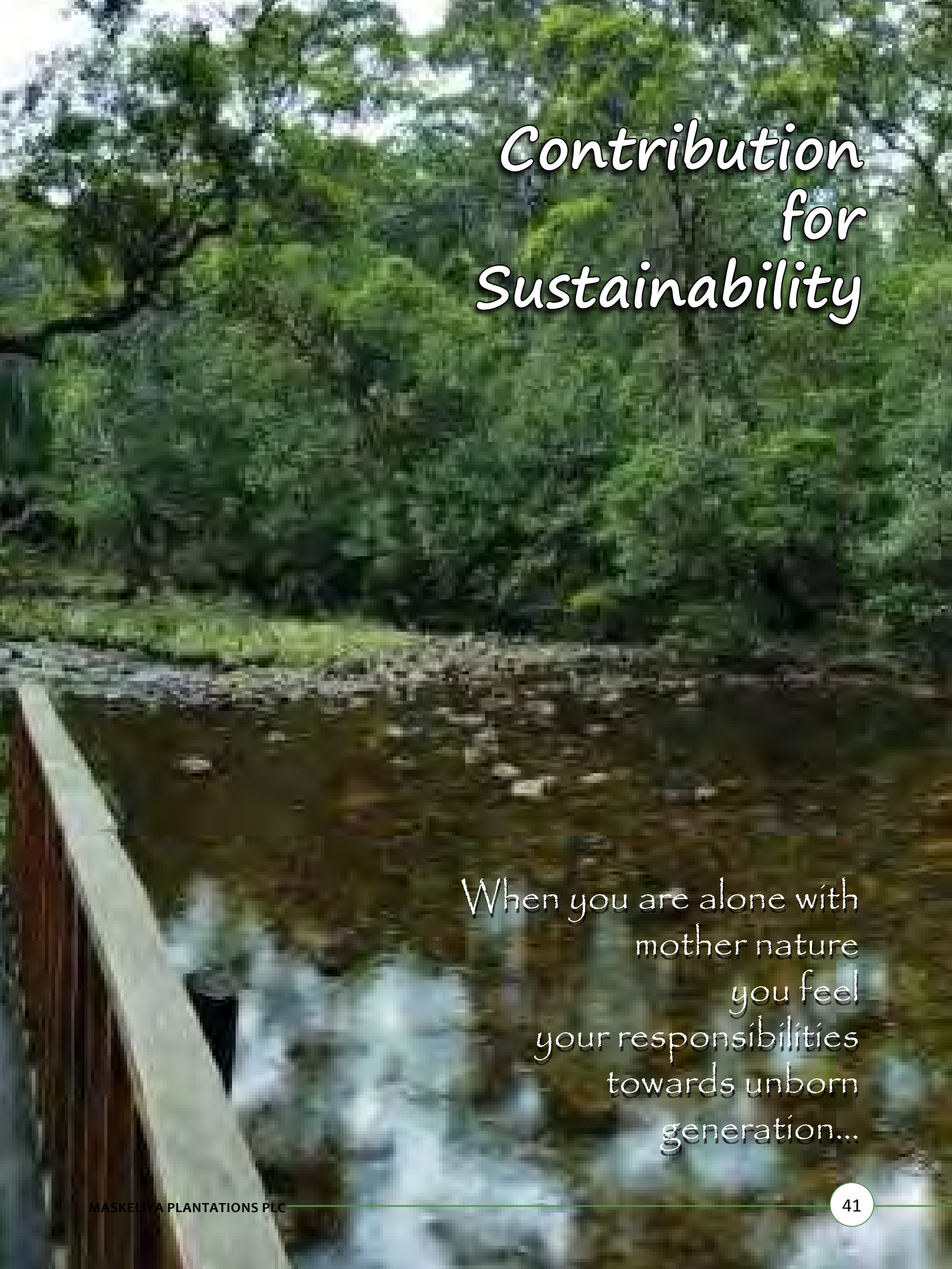
Rainforest Alliance is accredited by IOAS as a Sustainable Agriculture Network Certifier IOAS Accreditation Number: 85.

This certificate alone does not constitute evidence that a particular crop or product supplied by a certificate holder is certified.

This certificate is the property of Rainforest Alliance. This certificate and all copies or reproductions of this certificate shall be returned or destroyed if requested by Rainforest Alliance.

SAN

All 18 estates of Maskeliya Plantation PLC and all bought leaf supplying estates has been certified by rain forest aliance certificate.



Contribution for Sustainability

When you are alone with mother nature you feel your responsibilities towards unborn generation...

Our Sustainability

Sustainability of Maskeliya Plantations.....

MPPLC is committed to run an environmentally and socially responsible, sustainable customer-oriented business to improve the asset value in conformity with its vision, mission and the objectives. We are increasing plant cover on our lands to improve the biodiversity. This is done by crop diversification and introduction of different types of forestry species into the land bank managed by us. We are enriching soil conditions and implementing water conservation measures with the aim of building a resilient business to mitigate effects of climate change.

We understand that the changing weather patterns and shifting consumer expectations are factors beyond our control. Maskeliya Plantations PLC is already in the path of developing a steady business to withstand such factors.

Building leadership and strengthening the employees

Familiarity with the employee history and their performance in the organization has enabled capturing individuals with potential to group them into teams. These employee teams are redeployed as a part of the action plan and nurtured to hone their leadership skills to improve the organizational performance. In this process employees showing innovation and desire to learn new skills to assume leadership in the management teams are groomed to undertake higher levels of responsibilities to develop the next level of leadership in the organization. For example, several awareness / training programmes were conducted covering all levels of the employees. These programmes focused on biodiversity and environment management awareness, occupational safety and health, Good Agricultural Practices (GAP), Good Manufacturing Practices (GMP), and Good Human Management Practices (GHMP) along with Total Quality Management (TQM) etc. Senior and junior level management teams were provided with team building and leadership training. Short duration in house training and periodic appraisal of our employees performance has been used as a tool by us to identify and groom prospective leaders.

Employee engagement

One of the most effective ways for MPPLC to expand its workforce is simply to get more women to join the labor force. Workforce diversity can also enrich businesses at every level. 56% of our workforce currently represent females. This implies equal opportunities available for all without any gender discrimination. Further 73% of our work force is having more than 5years of experience. Their knowledge efficiencies and capabilities will lead younger to get good experience and fullfill knowledge gap with the retirement of them.

	2018/19	2017/18
Total number of employees	11,078	10,883
Value paid as salary (Rs. Mn)	2,635	2,749

Employee Productivity	2018/19	2017/18
Revenue per employee (Rs'000)	376	415
Profit per employee (Rs'000)	0.48	23
Asset per employee (Rs'000)	430	428

Service Analysis Graph

Service Analysis	No of Executives	No of Staff	No of Estate Workers
Above 15 years	10	104	4,491
06-15 years	8	136	3,302
Below 5 years	43	308	2,676
Total	**61**	**548**	**10,469**

Age Analysis Graph

Age Analysis	No of Employees
Above 40 years	4,995
31-40 years	4,003
21-30 years	2,044
Below 20 years	36
Total	**11,078**

Gender Analysis Graph

	Male	Female
Workers	4,377	6,092
Staff	420	128
Executives	56	5
Total	**4,853**	**6,225**

Employment and social relationship

MMPLC is here today because of our worker community. Their efforts have made our business a success and position our brand in the local market as well as the international market. The company strives to provide pleasant, friendly, stress free, accessible, and secure environment to the workforce. The health and safety measures adopted by the Company had a great impact on the health and safety conditions of the workforce. The enhanced number of awareness programs with a bottom up approach conducted under the patronage of the Company has made a great influence on the practices of young generation. These programmes make them change agents to guide their families towards a better future with good practices. Company has taken several steps to ensure the safety of work life and protection.

Product Responsibility

The responsible manufacturing of our products is top priorities. We work to continually improve the environmental protection, health and safety performance of our products throughout their entire life cycle.

All MPPLC estates are certified with Rainforest Alliance and ISO 22000/2005 standards. Many innovative and environment friendly techniques developed within Maskeliya Plantations PLC has been included into Rainforest Alliance international standard revision in the 2017, in order to practice worldwide. We evaluate and reject the banned products by standard guidelines of Fairtrade Labelling Organization (FLO), Universal Trade Zone (UTZ) standards, world health organization (WHO) and relevant international conventions.

Unsafe storage practices could allow for contaminants to get into produce tea. As per the guidelines given by the above international organizations, we separately store manufactured Tea and other materials. Used and unused chemical containers are kept out of the other materials and kept under lock and key. Further security camera system has been implemented in factories for monitor production process and ensure the product safety.

Customer Relationship

MPPLC's Marketing and Sales team is primarily responsible for analysis and evaluate market trend and its behaviors. This analysis includes not only the purchase trend of our byers but also those of their competitors. Brokers are informed about changes required by byers as the direct result of listening to their needs by way of presenting the samples of adjusted product to fulfil their needs.

Apart from that we go to an extent of inviting our customer parties (buyers) both local and overseas to visit our process lines located in tea gardens. At times some customers spent time overnight witnessing the process and asked for certain changes to meet their requirements. Thereby we act accordingly since our process is transparent & trustable. Our measures of Internal and external quality are often tied together. We continuously conduct Tea tasting sessions to upkeep the quality of product and identify the lapses for correction. We have achieved 86 Top prices during the year and it reflect, the byers attraction for our premium Garden Marks.

Compliance and integrity

MPPLC complies with all industrial acts, ordinance, and regulations. Further our products produced as per the guidance given by internationally and locally recognized institutions.

Locally Associated Organisation

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

Local & International Certifications

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

Acts, Ordinance & Other Regulations

- 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.

Developing strategies to be sustainable

A bottom up approach was followed in developing a strategic plan with a brain storming session, where all 18 tea gardens were represented with estate level operational managers in collaboration with the corporate management. Superintendents and Assistant Superintendents of each estate, regional office executives and all layers of corporate management were included in this strategy development session.

Future strategies for sustainability

To realize the goal of achieving the status of a world class organization within five years, we conduct our operations with identified and declared specific objectives covering several aspects

- Optimize the use of available resources

a. land, work force, machinery process, natural resources (sunshine, water, biodiversity, soil etc.)

- Maximize worker productivity

a. Training, mechanization, time management

- Operate within the concept of a sustainable environment

a. Water harvesting and water shed development, crop diversification, biodiversity enhancement, community-based waste management

- Maintain market leadership, both in terms of quality and price

a. Perfection of our production process through close monitoring and by maintenance of healthy relationships with brokers, buyers and branding our products at the consumer end by supplying consistent prime quality commodities.

- Provide a Return on Investment above the risk-free investment rate to shareholders

a. Ensure a sound EPS

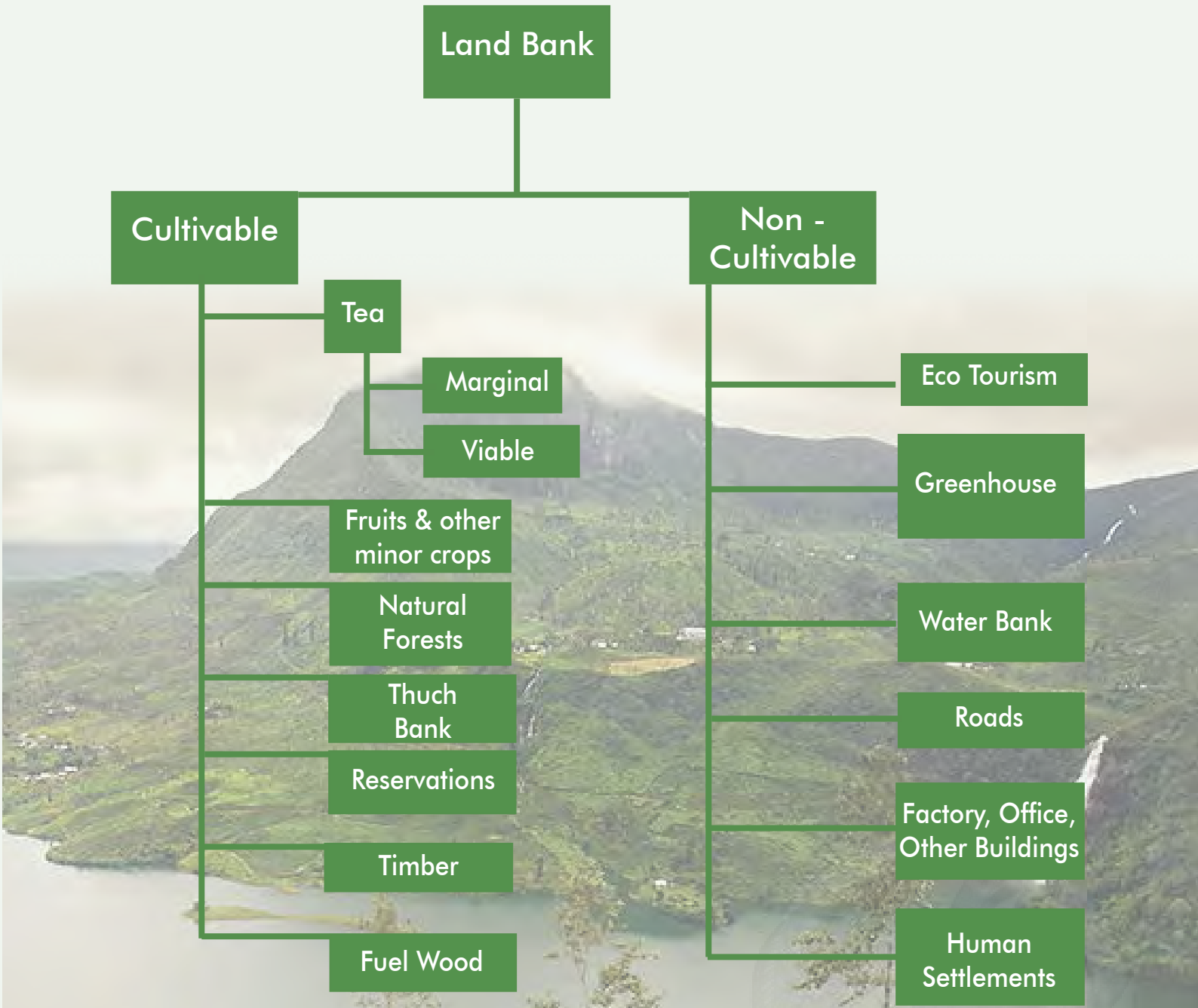
- Optimize sustainable land productivity

a. Zoning of land bank (cultivable and non-cultivable land)

b. Cultivable land consists of tea extent, forestry and other crops and reservations.

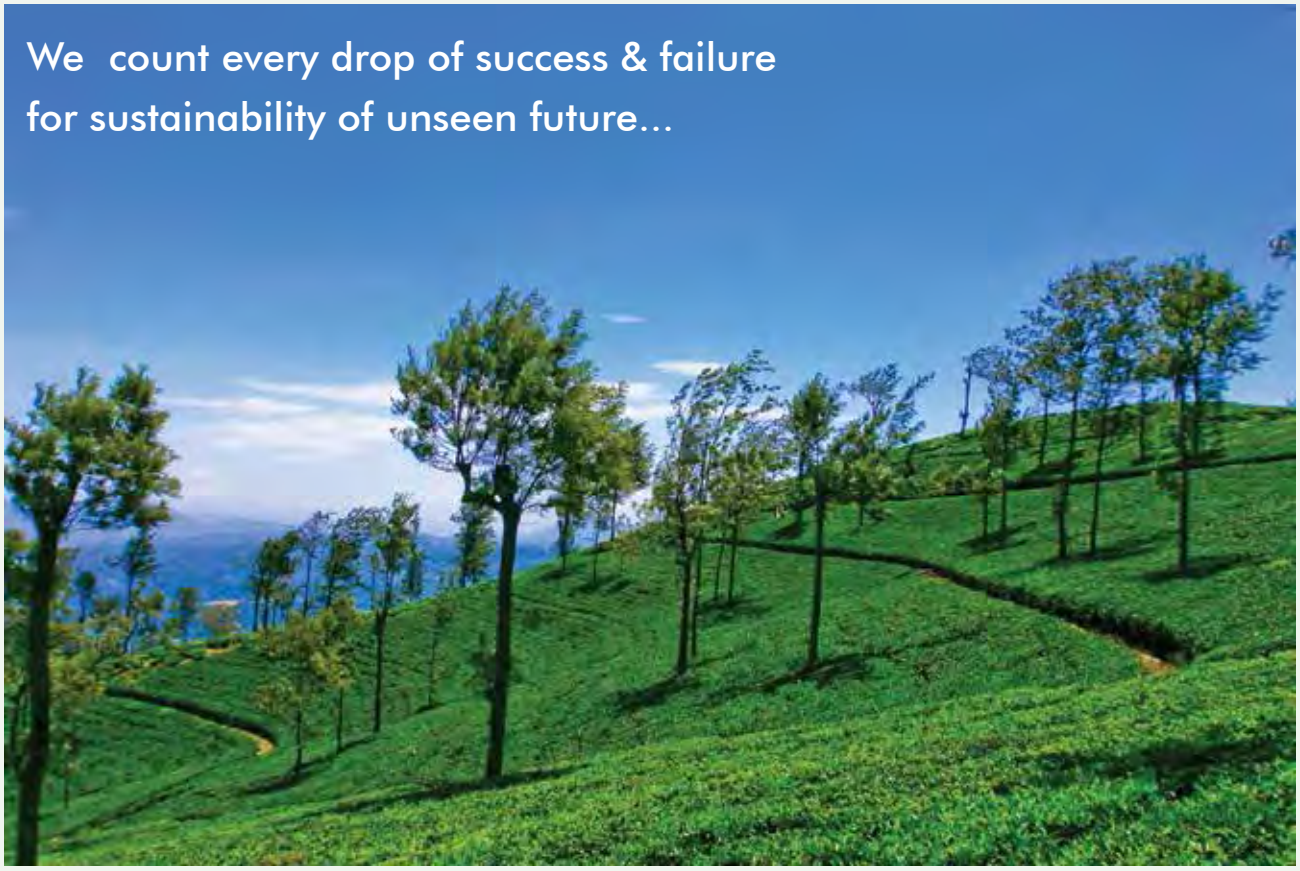
Sustainable Use of Land Resource

As the most important natural resource, sustainable use of land resource is the essential guarantee of sustainable development. The nature of sustainable use of land resource is to retain the quantity and productivity of land resource from generation to generation. The evaluation of sustainable use of land resource is an important method to ensure land-use to get onto the sustainable track.



Biodiversity

What needs to be done...
What is being done...
Causes for hope



Maskeliya Plantations PLC (MPPLC) has made progress in identifying its Asset wealth and hidden strengths. In this process it has taken into consideration the future global trends to work towards a smart and resilient business. The Company is expanding its business activities into diverse areas to achieve an economically stable business model.

MPPLC has launched over one hundred new projects through One Division One Project programme commenced within the financial year under review in conformity with Climate Smart Agriculture (CSA). These projects cover aspects of CSA such as food security by crop diversification, inland fisheries, construction of micro cascade water harvesting systems to combat erratic weather patterns. Establishment of native forestry blocks in water catchment areas, adopting site specific agroforestry models, achieving self-sufficiency in self-generated fuel wood etc. All these efforts are to effectively shrink the company's carbon footprint.

There are many unused and underutilized potentials and assets in the plantations. These assets and resources wealth could be developed into their full potential the industry would be able to rebound to new heights in keeping with modern global trends by strategic positioning. Maskeliya Plantations PLC has realized this fact and commenced working towards adopting a smarter resilient business model for the tea industry in Sri Lanka.

Financial Sustainability

Long term financial viability is the key factor of any business and plantations are no exception. However, local plantations are affected by many other factors such as changing climatic conditions,

fluctuating external market forces, shrinking workforce due to worker migration, and continually declining profitability etc., pushing the industry against the wall day by day. Recent analysis of long-term financial performance of the plantations have shown cyclical fluctuations with a declining trend over time. This is an indication that the present business models adopted by the industry are neither stable nor viable. Cultivation, processing and marketing the produce are not necessarily the only factors contributing to the long-term financial stability and performance evaluation of an agricultural business. Ensuing sections attempts to highlight other factors that affect the business performance of a plantation.

Social and Economic Relationship

Maskeliya Plantations PLC has a very clear vision towards society. Therefore, the Company has engaged in numerous activities as its corporate social responsibility; which are even extending upto national and global scales. At estate level, MPPLC is operating 94 child development centers (CDCs) maintained and staffed on Company's own account. Most of the Child Development Officers employed are diploma holders in Childcare and Nutrition. Sixty-seven CDCs located in Maskeliya, Upcot and Talawakelle regions were upgraded within the period by constructing breast feeding corners and providing educational toys to the children. This project was co-sponsored by "Save the Children" International. In addition, model organic vegetable gardens were established in CDCs with the involvement of parent committees to provide fresh and nutrient rich safer meals to children.

Providing food pack to pregnent mothers

Child engagement with the home gardening

Most of the MPPLC plantations are in the upper hydro catchment of Kelani river, the main drinking water source for Colombo and its suburbs. Therefore, Company has taken extra measures to prevent water pollution in landscapes under its charge. A pilot project on smart waste management system is being conducted in Maskeliya and Upcot region estates with the involvement of school children, scrap collectors and waste recyclers in the area based on an innovative concept developed within MPPLC. The project promotes collection of separated domestic waste types such as plastic, glass, metal, electronic waste, paper and food waste etc. and systematically direct those for recycling.

Food waste is collected and fed to domestic poultry birds to trap nutrients as animal biomass. The domestic cow dung is used for home gardening to recover rest of the nutrients left and convert same to the form of edible vegetables. Nutrients in food waste is turned back to consumable human food materials this way minimizing waste and air pollution. This process prevents multiplication of domestic pests and vector species such as houseflies, rats, cockroaches, and mosquitoes. This project was appreciated and supported by Central Environment Authority.

While volunteering to shoulder such national responsibilities, Maskeliya Plantations PLC has extended its contribution towards global scale conservation by taking measures to cut down the carbon emissions by its business activities. Aim here is to develop a Climate Resilient Business Model for commercial tea plantations to set standards for the sector. Some of the proven innovative systems developed through Applied Climate Smart Agriculture Research (ACSAR) within MPPLC in recent times are being well accepted and commenced to practice globally. This too is another achievement and a step towards the World Class Organization status.

MPPLC comply with international standards including Rainforest Alliance (RA) certification. Smart solutions developed locally to address issues common to plantations through ACSAR has been well recognized and heavily contributed for the recent revisions of RA standard, bringing pride to Sri Lanka as a nation.

Maskeliya Plantations PLC obtained Product Carbon Footprint certificate in 2018/19 financial season as an extension to this process by adhering to Climate Smart Agriculture approach. In addition, Maskeliya tea is also covered by ISO 22,000/2005 food safety standard.

MPPLC is in the process of improving the current status of the industry standards with the support and close guidance of Sri Lanka Standards Institute, the mandated national body, appointed to set industry standards in Sri Lanka. This is done with the objective of avoiding unpleasant market situations experienced recently by Ceylon Tea Industry to bridge the gap between present consumer expectations and product quality. Maskeliya tea is covered with Fairtrade Labelling Organization certificate and Ethical Tea Partnership social responsibility compliances as well. For the first time Company contested for Sri Lanka National Quality Awards (SLNQA) organized by Sri Lanka Standards Institution evaluated under Malcom Baldrige criteria and secured a merit award under Manufacturing Companies (Large) category. Maskeliya Plantations received another merit award at National Business Excellence Awards under Manufacturing Businesses (Large) category conducted by National Chamber of Commerce.

Human Resource Management

Maskeliya team consists of talented group of individuals from corporate management down to estate workers at the operational level. They have proven capabilities in their carrier records. Dynamic heads of profit centers, the Senior Managers and the Superintendents of tea estates administer and manage the operational layer in the Company. They have an excellent variety of individual's capabilities, knowledge, skills and unchallengeable experience in the trade. Their exceptional abilities were well proven at the recent bounce back achieved by MPPLC in season 2017/18. They have the capacity and capabilities to maintain the momentum even under highly turbulent trade conditions that prevailed throughout 2018/19 financial year. However, a capable and happy work force is the most valuable strength of any prospering and stable business. The Company invests on capacity building programmes to educate and train human asset to upgrade their knowledge, skills and occupational safety at all levels. These workshops, trainings, demonstrations and awareness programmes are conducted throughout the year covering several aspects of the business including team building, leadership training, agronomy of novel crops

introduced, proper usage of modern technologies, occupational health and safety, food safety and energy conservation etc. This approach has helped to improve and maintain the quality of products that are manufactured.

Knowledge Based Change

There are many innovative field studies under way in Maskeliya Plantations PLC at present. High density contour planting of tea bushes with the intention of exclusive mechanical harvesting is one of these conducted at Mocha estate in collaboration with the Sri Lanka Tea Board. The Company has also invested on battery-operated tea harvesting machines as a green solution to worker scarcity. Currently these lightweight machines are employed at Talawakelle and St. Claire estates in Talawakelle region. Another field study conducted on the possibility of employing sheep for weed management in tea field has yielded promising results. Sheep are capable of controlling tea weeds effectively while converting same to manure very efficiently within a day to place those in field as organic fertilizer. It was observed that sheep preferred to eat many of the herbicide tolerant troublesome tea weeds to successfully control those weeds.

Furthermore, MPPLC has invested in upgrading and water conservation aspects as well. Understanding the fact that soil is the best medium to store rainwater efficiently and cost effectively, deep forking of tea soils is considered as a compulsory agriculture practice by the Company. It has been observed that deep forking minimizes soil erosion and improving soil chemical, physical, and biological properties while enhancing the groundwater storage and soil moisture retention.

The Company has been continued to fund composting in tea plantations to improve the soil carbon content and fertility. In addition, MPPLC also invested in conducting trials at Mocha estate, Maskeliya with different compost types on their effectiveness and financial viability.

Investments made on Variable Frequency Drives (VFDs) on energy saving in the withering process was highly successful in giving returns. Function of VFDs was closely studied and monitored for development of a smarter process control in order to prevent product quality loss during the process and to enhance the overall quality of the final product. Further, research is going on in this line to fine tune this aspect. MPPLC launched a specialty tea development project under its product development and market promotion campaign in collaboration with company's marketing arm, Maskeliya Tea Gardens Ceylon Ltd., targeting to cater high end specialty tea consumers overseas. Aim here is to brand Maskeliya Tea in the high-end specialty tea market building the Maskeliya Plantations image as a globally reputed brand. This trend has yielded a range of innovative unique tea types including Moray Vintage Tea range, Mocha Vintage Extra Special Ceylon Tea range and Quick Brewing Tea Pill developed up to now. Former two types are exclusively produced by using high quality flush harvested from over 100 years old seedlings tea bushes grown in Maskeliya basin. There are some more products of this caliber in the process of development.

With the crop diversification projects commenced within the season 2018/19 there are many more products in the pipeline such as Strawberry, locally developed Apple variety called Ragala Apple, Bibile Sweet oranges, many types of Avocado etc. Under forestry development master plan, Company has funded on high value timber cultivations of Agarwood with a trial of 1000 plants in estates located in all regions of MPPLC. Further, 40 hectares of timber forestry with Eucalyptus grandis has also been planted within the period under review as an investment to increase the asset value of the Company.

African Mahogany (Khaya senegalensis) and Giant Bamboo (Dendrocalamus hookeri) are two other fast-growing forestry species introduced for prime quality timber and high-volume energy rich fuelwood production for tea processing respectively. Apart from the above, MPPLC has also identified premier quality high performing Lak Perakum coffee variety as a parallel alternative crop species to support tea plantations and already commenced cultivations in Maskeliya, Up Cot and

Talawakelle regions. The extent under coffee will be expanded in the coming years to stabilize plantation income.

The topmost corporate management of MPPLC backed with timely financing decided to introduce diversification in 2013. As a result, today we have become the proud owners of Sri Lanka's largest pear garden with almost 4000 plants in Leangahawela estate, Bandarawela. Soon this will be the single largest pear producer in the island. Bandarawela region of the Company also has 27 ha of premium quality high grown Cinnamon in Ampitiakande and Poonagala estates. The Company also has 28 ha of Mandarin inter-planted in Old Seedling Tea at Ampitiakande estate. MPPLC and Arpico Supermarkets vegetable project is another success story contributing for food security in a considerable volume. All these products are being offered to customer base under the Arpico Family brand at Aprico Super Centers.

Relationship With Nature Resourcefulness

The plantations in the tropics have an abundance of free-flowing natural resources. They are; sunshine, rainfall, living soils supporting non-stop growth, high biodiversity, and year-round free ecosystem services as an example. Therefore, tropical environments are capable of supporting variety of flora and fauna species concurrently. In plantations, a major portion of these free resources are wasted/depleted due to conventional practices continued over decades. Growing a Monocrop in mountain terrains and high slopes in plantations is an example. This practice led to erosion or wastage of natural resources including the soil, groundwater reserves, biodiversity and other valuable free ecosystem resources. Greater quantities of synthetic inputs as consequence of degraded condition continue to add to the production costs in plantations. Declining product quality, narrowing of profit margins and environmental issues created are other consequences. Therefore, converting a traditional plantation models to a diversified multi crop models could restore the sustainability. This enhances land use and natural resource utilization efficiency while increasing the productivity of the plantations. Certainly, reduced operational costs, improved net profits, and minimizing many risks contributing to the stability of the business.

Nature-based Tourism Opportunities

Maskeliya Plantations is one of the high grown regional tea plantation company in Sri Lanka representing both Western High and Uva High regions. All regions of the plantation are well positioned with a steady year-round tourist flow. Therefore, MPPLC has a potential opportunity to explore nature based agro/eco-tourism. Pilgrimages and tourism to Adams peak begin at Nallathanniya located within Moray and Laxapana Estates as an example. In addition, there are as many as 30 waterfalls with scenic

beauty within Maskeliya plantation territory. Of these 25 are in Maskeliya-Upcot region alone. Furthermore, there are over 20 different micro ecosystems identified within MPPLC estates rich in 300 plus native flora species belonging to over 75 families and 200 genera. These include 80 Wild Orchid species as well. Recent records on Leopard sightings in Maskeliya estates such as Laxapana, Moray, Hapugastenne and Moussakelie has confirmed that the Leopard is maintaining a healthy population in Maskeliya. There is a resident population of Leopards living in tea gardens in Maskeliya region. Over 15 individuals of Sri Lankan Leopard (Panthera pardus kotiya) have been identified as permanently staying in harmony with the plantation community. There is also a roaming elephant herd found in Koslande area, which has been identified as the only Wild Elephant herd in Sri Lanka permanently is living in a tea garden at present.

The Company has already developed a few high-quality tourism facilities such as Blue Magpie Resort in Moray estate Maskeliya. Other tourism initiatives are; Devon Bungalow of St. Clair estate, Talawakelle, Mahakande Bungalow of Ampitiakande estate and Leangahawela Bungalow in Bandarawela. There are many other identified locations namely Pill Clinton point at Poonagala estate with unique and vibrant 360° view. Locations on steep cliff edges (mini World's End) with spectacular wide-angle scenery over greenly carpeted valleys, blue lakes and forest capped mountain tops are also marked for further development. Sites such as Viewpoint in Moray estate, Millennium point in Poonagala estate, camping site in Laxapana estate are given top priority in this regard.

Tea Culture

Growing and manufacturing tea alone has potential tourist attraction. Each one of these processes were developed and perfected over centuries by proper blending of art and science behind them. Many tourists love to get involved with agricultural practices and processing techniques of the tea trade. Therefore, every component in tea culture such as harvesting, pruning or even tea processing is very informative and exciting to tourists. Over 100-year-old tea fields present in some estates still in production are also another tourist attraction. The lifestyle of plantation community also carries striking rituals and colorful cultural events taking place throughout the year. Therefore, a rich tea culture full of attractions has been developed over the centuries to date by the Ceylon Tea industry with ample attractions for eco-tourism. Maskeliya Plantations is strategically placed to explore these avenues of income generation and diversity to stabilize the business model.

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		*	

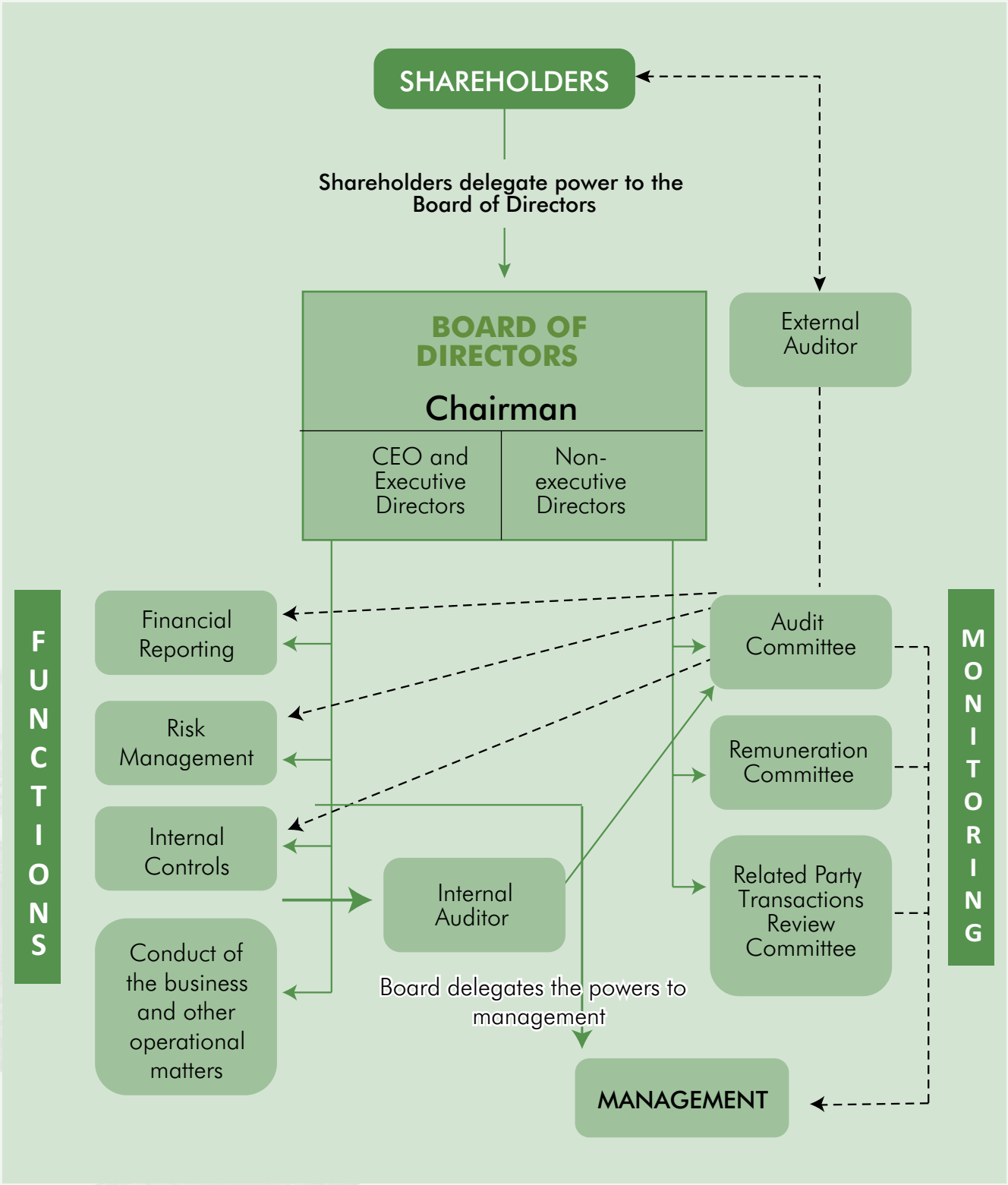
Governance

Good governance with good intention is the key compass of an innovative business

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 one is Executive Director whilst five are Non-Executive Directors. Out of five 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	-	-
Dr. L S K Hettiarachchi	-	x	x
J L A Fernando		x	-
Shaminda Yaddehige		x	-
Dr. S A Samaraweera		x	x
S S Poholiyadde (resigned w.e.f 02.08.2018)	x	-	-
S S G Liyanage (appointed w.e.f 15.08.2018)		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 65 and 66 describes the activities carried out during the Financial Year.

Remuneration Committee

The Report of the Remuneration Committee is on Page 67 and highlights its main activities.

Related Party Transactions Review Committee

The Report of the Related Party Transactions Review Committee is on Page 68 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 62 to 64.

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 Contribution for Sustainability report on pages 40 to 56.

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.

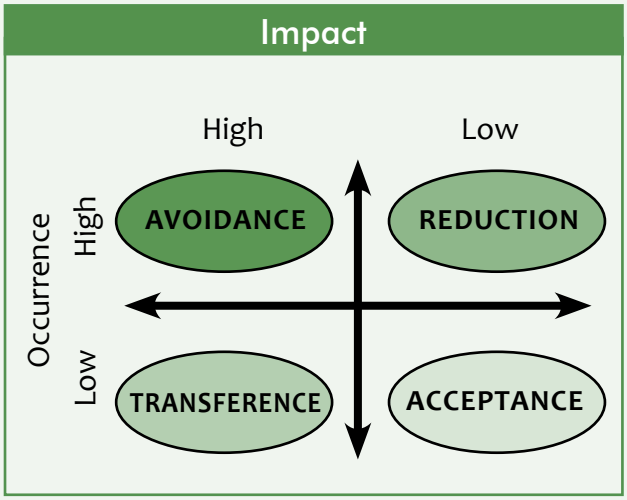
Understanding and Managing Principle Risks

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 Acceptence** • 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 controls and risk management.
3. Monitor and evaluate the effectiveness of the internal audit function.
4. Review the Company's process for monitoring compliance with laws and regulations.
5. Review the independence and performance of the external auditors.
6. To make recommendations to the Board on the appointment of external auditors and recommend their remuneration and terms of engagement.

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

The principal activities of the Committee are detailed below;

Meetings

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

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

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

Internal Audit and Risk Management

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

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

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

Internal Controls

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

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

Financial Statements

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

The Group has successfully adopted the new Sri Lanka Accounting Standards (new SLAS) comprising LKAS and SLFRS applicable for financial periods commencing from 01 April 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 Committee reviewed the Management Letters issued by the External Auditors, the Management response thereto and also attended to matters specifically addressed to them. The external auditors kept the Audit Committee informed on an on-going basis of all matters of significance. The Committee met with the Auditors and discussed issues arising from the audit and corrective action taken where necessary.

The Audit Committee has recommended to the Board of Directors that Messrs. Ernst & Young be re-appointed as Auditors for the financial year ending 31 March, 2020 subject to the approval of the shareholders at the next Annual General Meeting.

Conclusion

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

J. F. Fernandopulle
Chairman
Audit Committee
12 June 2019

Report of the Remuneration Committee

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

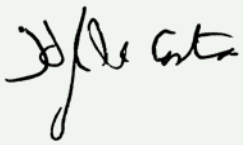
The Remuneration Committee, appointed by and responsible to the Board of Directors, consists of two independent Non-Executive Directors of the Richard Pieris & Company PLC, Dr. Jayatissa De Costa P.C. and Mr. Prasanna Fernando and a Non-Executive Director, Mr. J. F. Fernandopulle. The Committee is chaired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

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

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

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

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



Dr. Jayatissa De Costa P. C.

Chairman
Remuneration Committee
12 June 2019

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

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

The Objectives of the Committee,

- To exercise oversight on behalf of the Board, that all Related Party Transactions ("RPTs", other than those exempted by the CSE listing rules on the Related Party Transactions) of 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 the Company on a quarterly basis.
- To ensure compliance with the CSE listing rules on the Related Party Transactions.
- To review policies and procedures of Related Party Transactions of Richard Pieris Group.
- To ensure shareholder interests are protected and that fairness and transparency are maintained.

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

Further, processes were introduced across the Richard Pieris Group to obtain annual disclosures from all KMPs.

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

Related Party Transactions during the year 2018/19

Details of the related party transactions entered into by the Company are disclosed on page 114.

Declaration

Refer: Annual Report of the Board of Directors on the Affairs of the Company, Pages 69 to 71 for the declaration by the Board of Directors that no related party transaction falling within the ambit of the Listing Rules was entered into by the Company during 2018/19, except what was disclosed in the note no. 34

Dr. Jayatissa De Costa P. C.

Chairman

Related Party Transactions Review Committee

12 June 2019

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 2019 and the Auditor's Report thereon.

The Board of Directors approved this report at the Board meeting held on12 June 2019.

The details set out herein provide pertinent information required by the Companies Act No. 7 of 2007, Listing Rules of the Colombo Stock Exchange, Securities Exchange Commission and are guided by recommended Best Accounting Practices. 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 a extent of 5,557 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 34.1.2 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. 4,167,216,311/- (2018 – Rs. 4,517,364,927/-) and a composition of the Revenue is given in Note 06 to the Financial Statements.

Financial Results

Year Ended 31 March	2019	2018
	Rs'000.	Rs'000
Profit /(Loss) before tax	6,981	383,412
Income Tax (Expense)/Income	(1,717)	(132,014)
Profit /(Loss) after taxation	5,264	251,398
Other Comprehensive Income/(Expense) net tax	(34,945)	178,160
Profit/(Loss) B/f Including Timber Reserves	(152,851)	(331,011)
Profit/(Loss) C/f Including Timber Reserves	(187,796)	(152,851)

Results and Dividends

Details relating to the Company's profits are given on page 77. 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.2,118,500/- (2018 -1,149,217)

Property, Plant and Equipment

The total capital expenditure incurred on the acquisition of fixed assets during the year amounted to Rs. 171,274,300/- (2018 - Rs. 186,020,523/-), out of which expenditure on Replanting and Field Development amounts to Rs.113,270,599/-(2018 - Rs. 90,297,291/-).

Further information relating to the movement of Fixed Assets is given in Notes 13 to 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 2019 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 2019 was Rs.352,202,861/- (2018 - Rs. 387,148,496/-)

Donations

The Donations made during the year by the Company amounted to Rs.5,000/- (2018 Rs.966,291)

Taxation

As per the Inland Revenue Act the Company profits from agricultural business activities will be liable to income tax at the rate of 14% 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 118 and 119 of this report.

Major Shareholders

The twenty largest shareholders of the Company as at 31 March 2019 together with percentages held are given under the caption "Shareholder and Investor Information" on Page 117.

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
Dr.L S K Hettiarachchi	Director
J L A Fernando	Director
Shaminda Yaddehige	Director
Dr.D S A Samaraweera	Director
S S Poholiyadde (Resigned w.e.f 02.08.2018)	Director
S S G Liyanage (Appointed w.e.f 15.08.2018)	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 73 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act no. 07 of 2007 shall not apply to the said Dr. Sena 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 71 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, Mr. Shaminda Yaddehige retires by rotation at the Annual General Meeting 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 at the Annual General Meeting and offers himself for re-election.

In accordance with the Provisions of the Article 98 of the Articles of Association of the Company, Mr. Sunil Liyanage retires at the Annual General Meeting and offers himself for 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 34 (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.

Transactions with Related undertakings.

Name of Company	Name of Director	Position	Nature of Transaction	Amount Charged/(Credit)	
				2018/19 Rs.'000	2017/18 Rs.'000
Eastern Brokers Limited	Mr.J L.A Fernando (Resigned w.e.f 31.07.2018)	Director	Brokerage, Lot Money and Storage.	36,606	35,352

Directors' Interest in Shares

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

Director	2019	2018
Dr.D S A Samaraweera	100	100
S S G Liyanage (appointed w.e.f 15.08.2018)	500	-

CEO's Interest in Shares

	2019	2018
M P S Pathiraja	59	59

Directors' Remuneration and Other Benefits

The Remuneration of the Directors for the year ended 31March 2019 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.

The Company's efforts in relation to environmental protection are set out on Page 40 to 56 contribution for sustainability.

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 page 65 to 68 of this report.

Related Party Transactions

There are no related party transactions which (non-recurrent) exceed 10 percent of the Equity or 5 percent of the total assets whichever is lower and the Company has complied with the requirements of the Listing Rules of the Colombo Stock Exchange on Related Party Transactions. However, the 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 Pages 114.

Corporate Governance and Internal Control

The policies adopted by the Company in relation to Best Practices and Good Corporate Governance are given on Page 58 to 61.

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 72 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 2019 have been audited by Messrs. Ernst & Young, Chartered Accountants. The Auditors Report is given on Page 74 to 76.

The Audit Fees of Messrs. Ernst & Young for the current year was Rs.3,753,500/- (2018 Rs 3,541,000/-). In addition Rs.325,318/- (2018 Rs. 757,280/-) 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.

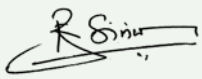
In accordance with the Companies Act No. 7 of 2007, a resolution proposing their re-appointment as Auditors to the Company and authorizing the Directors of the Company to fix their remuneration will be proposed at the Annual General Meeting.

Annual General Meeting

The Annual General Meeting will be held on 26 July 2019 at the registered office of the Company at 310, High Level Road, Nawinna, Maharagama. The notice of the Annual General Meeting is on Page 126 of the report.

J L A Fernando
Director

S S G Liyanage
Director



Mrs. R J Siriweera
Company Secretary

Richard Pieris Group Services (Pvt) Ltd.
Secretaries
310, High Level Road, Nawinna, Maharagama.
12 June 2019

Statement of Directors' Responsibility

In keeping with the provisions under the Companies Act No. 7 of 2007, the Directors of 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 74 to 76.

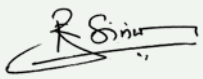
The Financial Statements of the Company for the year ended 31 March 2019 included in this Report, have been prepared and presented in accordance with the Sri Lanka Accounting Standards and they provide the information as required by the Companies Act No. 7 of 2007, Sri Lanka Accounting Standards and the Listing Rules of the Colombo Stock Exchange. The Directors confirm that suitable accounting policies have been used and applied consistently, and that all applicable accounting standards have been followed in the preparation of the Financial Statements on Pages from 77 to 115 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 2019 and that of the profit for the year then ended.

The overall responsibility for the Company's internal control systems lies with the Directors. Whilst 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 74 to 76. 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.
12 June 2019

Financial Reports

Results and future perspectives indicate the value of integrity in the business world the rearview mirror is always clear than the wind-shield

Independent Auditors' Report

Building a better working world

Ernst & Young
Chartered Accountants
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Colombo 10
Sri Lanka

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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 2019, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For or 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
Bearer Biological Assets - Immature	
During the financial year company incurred/capitalized an amount of Rs 113 Mn, and there is 371 Mn amount of mature plantation transfer in the current financial year. Due to the magnitude of the amounts involved and the significance of the management judgments required; in assessing if the indicators of impairment present and determining the points at which transfers to matured plantations should be made, we considered this area as a key audit matter for our audit.	Our audit procedures to address this area of focus included (amongst others) the following: • We assessed the processes and controls in place to ensure; proper capitalization of the expenses incurred relating to immature plantations, timely transfer of matured plants to respective matured plantation categories and triggers of impairment (if any) are on a timely basis. • We validated the significant amounts capitalised (including capitalized labor, borrowing costs and other acceptable costs) by examining related invoices, capital expenditure authorizations and other corroborative evidences.

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

	• We inspected the ageing profile of the immature biological assets as of the reporting date as well as at the points of transfers out to ensure appropriate and timely transfers are made to respective matured plantation. • We evaluated the adequacy of the related disclosures given in Note 14.1 in the financial statements.
Retirement Benefit Obligation	
The retirement benefit obligation of the company is significant (Rs. 1,110 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 23 in the financial statements.

Other Information included in the Company's 2019 Annual Report

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

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

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

Responsibilities of the 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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company.
- 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- 1420.

Ernst & Young

12 June 2019
Colombo

Statement of Profit or Loss
Year Ended 31 March 2019

	Notes	2019 Rs.'000	2018 Rs.'000
Revenue	6	4,167,216	4,517,365
Cost of Sales		(3,906,282)	(3,872,259)
Gross Profit		260,934	645,106
Other income	7	18,199	13,965
Administrative Expenses		(61,860)	(67,020)
Change in fair Value of Bilogical Assets	14.4	42,452	43,565
Management Fee		(21,122)	(78,679)
Finance Cost	8	(231,622)	(173,525)
Profit Before Taxation	9	6,981	383,412
Income Tax Expenses	10	(1,717)	(132,014)
Net Profit / (Loss) for the Year		5,264	251,398
Basic Earnings per Share	11.2	0.10	4.66
Dividend per Share	11.3	-	-

The accounting policies and Notes on Pages 82 through 115 form an integral part of the Financial Statements.

Statement of Comprehensive Income

Year Ended 31 March 2019

	Notes	2019 Rs.'000	2018 Rs.'000
Profit/(Loss) for the year		5,264	251,398
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	23	(46,755)	(85,160)
Income tax effect	10.2	6,546	11,922
Net Other comprehensive income/(loss) not to be reclassified to profit or (loss)		(40,209)	(73,238)
Total Other Comprehensive Income for the year		(40,209)	(73,238)
Total Comprehensive Income for the year, net of tax		**(34,945)**	**178,160**

The accounting policies and Notes on Pages 82 through 115 form an integral part of the Financial Statements.

Statement of Financial Position

As at 31 March 2019

	Notes	2019 Rs.'000	2018 Rs.'000
ASSETS			
Non Current Assets			
Lease Hold Property, Plant and Equipment	12	217,552	234,963
Freehold Property, Plant & Equipment	13	554,749	555,663
Bearer Biological Assets	14.1	2,294,216	2,229,520
Consumable Biological Assets	14.2	723,616	676,568
		3,790,133	3,696,714
Current Assets			
Produce on Bearer Biological Assets	14.3	9,088	13,685
Inventories	15	590,873	601,647
ACT Recoverable		47,926	47,926
VAT Receivable		21,017	20,758
Trade and Other Receivables	16	208,863	203,659
ESC Recoverable		65,561	44,617
Amounts Due From Related Parties	17	22,089	7,224
Cash and Bank Balances	18	9,297	16,505
		974,714	956,021
TOTAL ASSETS		**4,764,847**	**4,652,735**
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	19	673,721	673,721
General Reserve	20	540,000	540,000
Timber Reserves	21	680,865	633,817
Retained Earnings/(Losses)		(868,661)	(786,668)
Total Equity		1,025,925	1,060,870
Non Current Liabilities & Deferred Income			
Interest Bearing Loans & Borrowings	22	312,770	401,153
Retirement Benefit Obligations	23	1,110,362	1,005,741
Defferred Tax Liability	24	58,015	62,844
Deferred Income	25	180,381	192,143
Liability to make Lease Payment after one year	26	105,902	108,313
		1,767,430	1,770,195
Current Liabilities			
Trade and Other Payables	27	415,630	494,122
Interest Bearing Loans & Borrowings	22	1,030,529	861,273
Liability to make Lease Payment within one year	26	2,411	2,319
Amounts Due to Related Parties	28	520,914	461,949
Dividends Payable	29	2,008	2,008
		1,971,492	1,821,670
Total Equity and Liabilities		**4,764,847**	**4,652,735**
NET ASSETS PER SHARE		19	20

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

J L A Fernando
Director

S S G Liyanage
Director

The accounting policies and Notes on Pages 82 through 115 form an integral part of the Financial Statements.

12 June 2019
Colombo

Statement of Changes in Equity

Year Ended 31 March 2019

	Stated Capital Rs.'000	General Reserve Rs.'000	Timber Reserve Rs.'000	Retained Earnings Rs.'000	Total Rs.'000
Balance as at 01 April 2017	673,721	540,000	590,473	(921,484)	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**	**633,817**	**(786,668)**	**1,060,870**
Net Profit / (Loss) for the year	**-**	**-**	**-**	**5,264**	**5,264**
Total Other comprehensive income (Loss) for the year	**-**	**-**	**-**	**(40,209)**	**(40,209)**
Timber Reserve	**-**	**-**	**47,048**	**(47,048)**	**-**
Balance as at 31 March 2019	673,721	540,000	680,865	(868,661)	1,025,925

The accounting policies and Notes on Pages 82 through 115 form an integral part of the Financial Statements.

Statement of Cash Flows

Year Ended 31 March 2019

	Notes	2019 Rs.'000	2018 Rs.'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit/(Loss) before Taxation		**6,981**	**383,412**
ADJUSTMENTS FOR			
Depreciation/Amortisation	12-14	124,902	118,855
Provision for Defined Benefit Plan Cost	23	177,578	168,972
Amortisation of Grants	25	(11,762)	(11,762)
Gain/(Loss) on change in fair value of Biological Asset	14.4	(42,451)	(43,565)
Finance Costs	8	231,622	173,525
Operating Profit/(Loss) before Working Capital Changes		**486,870**	**789,437**
(Increase)/Decrease in Inventories	15	10,775	(116,330)
(Increase)/Decrease in Trade and other receivables	16	(5,204)	(7,048)
Increase/(Decrease) in Trade and other payables	27	(78,492)	(50,077)
Increase/(Decrease) in amounts due to Related Parties	28	58,965	98,566
(Increase)/Decrease in amounts due from Related Parties	17	(14,865)	(4,756)
Cash Generated from Operations		**458,049**	**709,792**
Finance Costs Paid		(192,828)	(138,202)
Defined Benefit Plan Costs paid	23	(119,712)	(146,272)
ESC Paid		(21,203)	(22,099)
Net Cash from Operating Activities		**124,306**	**403,219**
CASH FLOWS FROM INVESTING ACTIVITIES			
Field Development Expenditure	14.1	(113,271)	(90,297)
Purchase of Property, Plant & Equipment	13	(58,004)	(95,723)
Net Cash used in Investing Activities		**(171,275)**	**(186,020)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of Government lease rentals		(41,113)	(37,997)
Proceeds from loans		250,000	478,805
Payment of loans		(411,444)	(419,389)
Net Cash from Financing Activities		**(202,557)**	**21,419**
Net Increase/(Decrease) in Cash & Cash Equivalents		**(249,526)**	**238,618**
A. Cash & Cash Equivalents at the beginning of the year		(479,084)	(717,702)
B. Cash & Cash Equivalents at the end of the year		**(728,610)**	**(479,084)**
NOTE A			
Cash & Cash Equivalents at the beginning of the year			
Cash & Bank Balances		16,505	10,357
Bank Overdrafts		(495,589)	(728,059)
		(479,084)	**(717,702)**
NOTE B			
Cash & Cash Equivalents at the end of the year			
Cash & Bank Balances	18	9,297	16,505
Bank Overdrafts		(737,907)	(495,589)
		(728,610)	**(479,084)**

The accounting policies and Notes on Pages 82 through 115 form an integral part of the Financial Statements.

Notes to the Financial Statements

Year Ended 31 March 2019

1 REPORTING ENTITY

1.1 Domicile and Legal Form

Maskeliya Plantations PLC was incorporated and domiciled in Sri Lanka, under the Companies Act No. 17 of 1982 (The Company was re-registered under the Companies Act No. 07 of 2007) in terms of the provisions of the Conversion of Public Corporation and Government-Owned Business Undertakings into Public Companies under Public Companies Act No. 23 of 1987.

The registered office of the Company is located at No 310, High Level Road, Nawinna, Maharagama and Plantations are situated in the planting districts of Bandarawela, Maskeliya, Upcot & Talawakelle.

The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka.

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

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the company were cultivation and 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 Date of Authorization for issue

The financial statements of Maskeliya Plantations PLC for the year ended 31 March 2019 were authorized for issue in accordance with a resolution of the board of directors on 12 June 2019.

1.5 Responsibility for Financial Statements

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

2 BASIS OF PREPERATION

2.1 Statement of Compliance

The Financial Statements of Maskeliya Plantations PLC have been prepared in accordance with Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, which requires compliance with the Sri Lanka Accounting Standards (SLFRS/ LKAS) promulgated by the Institute of Chartered Accountants of Sri Lanka (CASL) and with the requirements of the Companies Act No. 07 of 2007.

2.2 Basis of Measurement

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

- Managed Consumable biological assets are measured at fair value.
- Produce on bearer biological assets.

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

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

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 value are rounded to the nearest thousand.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except the changes mentioned, all the accounting policies set out below have been applied

Notes to the Financial Statements

Year Ended 31 March 2019

consistently to all the periods presented in the financial statements.

3.1 New and amended standards and interpretation

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements in the previous financial year, except for the adoption of new standards effective as of 1st January 2018. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Company applies, for the first time, SLFRS 15, Revenue from Contracts with Customers and SLFRS 9, Financial Instruments that require restatement of previous financial statements.

Several other amendments and interpretations apply for the first time in 2018/2019, but do not have an impact on the financial statements of the Company.

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

SLFRS 15 supersedes LKAS 11, Construction Contracts, LKAS 18, Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new Standard establishes a five-step model to account for revenue arising from contracts with customers. Under SLFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company adopted SLFRS 15 using the full retrospective method of adoption. Based on the assessment performed, the Company concluded that SLFRS 15 does not have a material impact on the Company's financial statements. The revised policies as per SLFRS 15 are indicated in the policy Note No. 3.18.1.

- **SLFRS 9 Financial Instruments**

SLFRS 9 Financial Instruments replaces LKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company adopted SLFRS 9 using the full retrospective method of adoption. Based on the assessment performed, the company concluded that SLFRS 9 does not have a material impact on the Company's financial statements, except for the following classification changes occurred.

The assessment of the Company's business models was made as of the date of initial application,1st January 2018, and then applied retrospectively to those financial assets that were not derecognized before 1st January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

Classification and measurement

Except for certain trade receivables, under SLFRS 9, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under SLFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVTOCI). The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

Notes to the Financial Statements

Year Ended 31 March 2019

The new classification and measurement of the Company's debt financial assets are as follows:

Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Company's Trade and other receivables. (These financial assets were classified as loans and receivables under LKAS 39 in the previous financial statements).

Though the classification of financial assets have been changed above, no changes have been derived on the values of the financial instruments for all the periods presented.

No any other classification changes were identified due to the adoption of SLFRS 9.

The accounting for the company's financial liabilities remains largely the same as it was under LKAS 39.

Impairment

The adoption of SLFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing LKAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

SLFRS 9 requires the Company to record an allowance for ECLs for all loans and other debt financial assets not held at FVTPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and other receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses.

3.2 Materiality and aggregation

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

3.3 Going Concern

The financial statements have been prepared on the assumption that the company is a going concern. The Directors have made an assessment of the Company's ability to continue as a going concern in the foreseeable future, and they do not foresee a need for liquidation or cessation of trading, to justify adopting the going concern basis in preparing these financial statements.

The administration of the Company which is now being co-ordinated by the parent Company, Richard Pieris & Company PLC is backed by its financial strength and that of the group to ensure the going concern ability of the Company.

3.4 Current versus non-current classification

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

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

Or

- It does not have a right at the reporting date to defer settlement of the liability by the transfer of cash or other assets for at least twelve months after the reporting period.

Notes to the Financial Statements

Year Ended 31 March 2019

The Company classifies all other liabilities as non-current.

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

3.5 Fair Value Measuremen

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:

- Consumable biological assets - Note 14.2
- Produce on bearer biological asset - Note 14.3

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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

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

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

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

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

3.6 Property, Plant & Equipment

The Company applies the requirements of LKAS 16 on 'Property Plant and Equipment' in

Notes to the Financial Statements
Year Ended 31 March 2019

accounting for its owned assets which are held for and use in the provision of the services, for rental to other or for administration purpose and are expected to be used for more than one year.

3.6.1 Basis of Recognition.

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

3.6.2 Measurement

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

3.6.3 Owned Assets

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

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

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

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

3.6.4 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 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

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.

Notes to the Financial Statements

Year Ended 31 March 2019

3.6.5 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.

3.6.6 Land Development Cost

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

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

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

3.6.7 Biological Assets

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

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

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

3.6.7.1 Bearer Biological Assets

The bearer biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 – Property Plant & Equipment.

The cost of land preparation, rehabilitation, new planting, replanting, crop diversification, inter planting and fertilising, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations.

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

3.6.7.2 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 capitalised have been charged to the Income Statement in the year in which they are incurred.

3.6.7.3 Produce on Bearer Biological Assets

In accordance with LKAS 41, company recognise

Notes to the Financial Statements
Year Ended 31 March 2019

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

3.6.7.4 Borrowing Costts

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

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

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

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

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

3.6.7.5 Consumable Biological Asset

Consumable biological assets includes managed timber trees those that are to be harvested as agricultural produce or sold as biological assets. Expenditure incurred on consumable biological assets (managed timber trees) is measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial. The fair value of timber trees are measured using DCF method taking in to consideration the current market prices of timber, applied to expected timber content of a tree at the maturity by an independent professional valuer. All other assumptions and sensitivity analysis are given in Note 14.2.

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

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

Consumable biological assets 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.

3.6.7.6 Nursery Plants

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

Notes to the Financial Statements

Year Ended 31 March 2019

3.6.8 Depreciation and Amortisation

(a) Depreciation

Depreciation is recognised 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 since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Assets held under finance leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets unless it is reasonably certain that the 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 and depreciation rates 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
Water Sanitations	20	5.00

Mature Plantations (Replanting and New Planting)

	No. of Years	Rate (%)
Mature Plantations		
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 derecognised. Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted prospectively, if appropriate. Mature plantations are depreciated over their useful lives or unexpired lease period, whichever is less.

No depreciation is provided for immature plantations.

(b) Amortisation

The leasehold rights of assets taken over from SLSPC are amortised 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

3.7 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.

3.7.1 Financial assets

3.7.1.1 Initial Recognition and Measurement

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by Regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the Date that the Company commits to purchase or sell the asset.

Notes to the Financial Statements
Year Ended 31 March 2019

The Company's financial assets include Cash & bank, trade and other receivable and amount due from related parties.

3.7.1.2 Subsequent Measurement

For the purpose of subsequent measurement, financial assets are classified in four categories. Their classification as described below:

(a) Financial assets at amortized cost (Debt Instruments)

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes Trade Receivables and amounts due from related parties.

3.7.1.3 Derecognition

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

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

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

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

3.7.1.4 Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

Notes to the Financial Statements
Year Ended 31 March 2019

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

3.7.2 Financial liabilities

3.7.2.1 Initial recognition and measurement

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

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

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

3.7.2.2 Subsequent measurement

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

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

Gains or losses on liabilities held for trading are recognized in the income statement.

(b) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Financial liabilities comprise interest bearing loans and borrowings, trade payables, other payables and amounts due to related parties.

3.7.2.3 Derecognition

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

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

3.7.3 Offsetting of financial instruments

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

3.8 Inventories

Agricultural Produce harvested from Biological Assets

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

Finish goods manufactured from Agricultural produce of Biological Assets

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

Notes to the Financial Statements
Year Ended 31 March 2019

Input Material, Spares and Consumables

At actual cost on weighted average basis.

3.9 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.

3.10 Trade and Other Receivables

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

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.

Notes to the Financial Statements

Year Ended 31 March 2019

3.12 Employees Benefits

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

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

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

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

(b) Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the Financial Statements in respect of defined benefit plan is the present value of the defined benefit obligation at the Reporting date. The defined benefit obligation is calculated annually using the projected unit credit method. The present value of the defined benefit obligation is determined by dis counting the estimated future cash flows using the interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in retained earnings through other comprehensive income and not reclassified to profit or loss. Past service costs are recognised immediately in the profit or Loss statement.

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

The Liability is not externally funded.

The key assumptions used in determining the retirement benefit obligations are given in Note 23.

3.13 Capital Commitments and Contingencies

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

3.14 Events Occurring after the Date of Financial Position

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

3.15 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.

3.16 Deferred Income

3.16.1 Grants and Subsidies

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

Notes to the Financial Statements
Year Ended 31 March 2019

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

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

Buildings	40 years

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

3.17 Profit or Loss Statement

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

3.17.1 Revenue

Revenue from contracts with customers

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. Under SLFRS 15, revenue is recognised upon satisfaction of performance obligation.

The company is in the business of cultivation, manufacture and sale of black tea and other crops (Plantation Produce). Revenue from contracts with customers is recognized when control of the goods is transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods. The company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods before transferring them to customer.

Sale of Plantation produce

Revenue from sale of plantation produce is recognized at the point in time when the control of the goods is transferred to the customer. Black Tea produce is sold at the Colombo tea Auction and the highest bidder whose offer is accepted shall be the buyer, and a sale shall be completed at the fall of the hammer, at which point control is transferred to the customer. Revenue from refuse tea & sale of trees are recognized at the point in time when the control of the goods has been transferred to the customer generally upon delivery of the goods to the location specified by the customer and the acceptance of the goods by the customer.

There is no element of financing present as the Company's sale of plantation produce are either on cash terms (Immediate payment or advance payment not exceeding 30 days) or on credit terms ranging from 7 to 15 days.

Revenue recognition criteria for the other revenue and income earned by the Company are as follows;

a) Rental Income

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

b) Interest Income

Interest income is recognized on an accrual basis, using the effective interest method.

3.17.2 Expenses

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

Notes to the Financial Statements
Year Ended 31 March 2019

3.17.2.1 Finance cost

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

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

3.17.3 Taxes

3.17.3.1 Current Income Tax

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

3.17.3.2 Deferred Tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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.

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.

Notes to the Financial Statements

Year Ended 31 March 2019

3.18 Cash and Cash Equivalents

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

3.19 Statement of Cash Flows

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

3.20 Segment Reporting

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

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

The segments information is disclosed in the Note no 6 to the Financial Statements.

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

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

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

4. USE OF ESTIMATES AND JUDGMENTS

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

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

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

- Note 14.1 - Biological Assets
- Note 23 - Measurement of the Defined Benefit Obligations
- Note 24 – Deferred Taxation

4.1 Deferred Taxation

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Unused tax losses as of 31 March 2019 are given in Note 24.

Notes to the Financial Statements
Year Ended 31 March 2019

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.

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 23. 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 14.1

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 31March 2019 reporting periods. None of those have been early adopted by the Company.

- **SLFRS 16 - Leases**

SLFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('Lessee') and the supplier ('Lessor'). SLFRS 16 will replace Sri Lanka Accounting Standard – LKAS 17 (Leases) and related interpretations. SLFRS 16 introduces a single accounting model for the lessee, eliminating the present classification of leases in LKAS 17 as either operating leases or finance leases.

The new Standard requires a lessee to:

- Recognize 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.

Notes to the Financial Statements

Year Ended 31 March 2019

		2019 Rs.'000	2018 Rs.'000
6.	**REVENUE**		
6.1	**Summary**		
	Tea	4,159,611	4,508,366
	Profit/(Loss) on Sale of Trees	7,605	8,999
		4,167,216	4,517,365

6.2 Segment Information

Geographical Segment	Maskeliya		Upcot		Talawakelle		Bandarawela		Total	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Revenue	1,153,619	1,254,358	1,576,188	1,708,921	837,601	865,615	599,808	688,471	4,167,216	4,517,365
Cost of Sales	(947,629)	(922,451)	(1,295,815)	(1,308,172)	(699,912)	(680,871)	(660,446)	(672,938)	(3,603,802)	(3,584,432)
Depreciation /Amortzation	(33,832)	(31,875)	(33,213)	(31,674)	(23,730)	(21,527)	(34,127)	(33,779)	(124,902)	(118,855)
Gratuity	(42,533)	(45,120)	(64,757)	(64,167)	(31,090)	(25,712)	(39,198)	(33,973)	(177,578)	(168,972)
Segment Results	129,625	254,912	182,403	304,908	82,869	137,505	(133,963)	(52,219)	260,934	645,106
Other Income									18,199	13,965
Gain on change in fair value of Biological Assets									42,452	43,565
Administrative Expenses									(61,860)	(67,020)
Management Fees									(21,122)	(78,679)
Finance Cost									(231,622)	(173,525)
Income Tax (Expenses)/ Income									(1,717)	(132,014)
Profit/ (Loss) for the year									5,264	251,398

	Maskeliya		Upcot		Talawakelle		Bandarawela		Total	
Segment Assets	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Cost	1,324,910	1,285,589	1,586,491	1,514,626	932,653	918,106	1,805,090	1,743,693	5,649,144	5,462,014
Accumulated Depreciation	(487,590)	(453,222)	(574,308)	(542,462)	(350,684)	(328,862)	(513,069)	(481,309)	(1,925,651)	(1,805,855)
Current Assets	194,893	212,778	307,436	312,932	160,743	159,175	155,051	150,612	818,123	835,497
	1,032,213	1,045,145	1,319,619	1,285,096	742,712	748,419	1,447,072	1,412,996	4,541,616	4,491,656
Unallocated Assets										
Cost									219,778	188,584
Accumulated Depreciation									(153,138)	(148,031)
Current Assets									156,592	120,526
Total Assets									4,764,848	4,652,735
Segment Liabilities										
Non Current Liabilities	335,757	304,029	454,545	464,311	191,354	191,576	309,087	300,813	1,290,743	1,260,729
Current Liabilities	107,727	119,878	155,953	190,831	65,091	89,750	86,859	93,661	415,630	494,120
	443,484	423,907	610,498	655,142	256,445	281,326	395,946	394,474	1,706,373	1,754,849
Unallocated										
Non Current Liabilities									476,687	509,466
Current Liabilities									1,555,864	1,327,550
									2,032,551	1,837,016
									3,738,924	3,591,865
Capital Expenditure										
Field Development	21,307	18,336	41,944	33,786	7,114	4,245	22,463	22,918	92,828	79,285
Property, Plant & Equipment	10,617	10,323	22,700	17,799	9,385	23,670	4,552	27,462	47,254	79,254
	31,924	28,659	64,644	51,585	16,499	27,915	27,015	50,380	140,082	158,539
Field Development									20,443	11,012
Property, Plant & Equipment Unallocated									10,750	16,469
Total Capital Expenditure									**171,275**	**186,020**

Notes to the Financial Statements

Year Ended 31 March 2019

07. OTHER INCOME

	2019 Rs.'000	2018 Rs.'000
Amortization of Capital Grants	11,762	11,762
Other Sundry Income	6,437	2,203
	18,199	**13,965**

08. FINANCE COST

	2019 Rs.'000	2018 Rs.'000
Interest on Lease Rental (JEDB/SLSPC)	4,425	4,514
Contingent Lease Rental (JEDB/SLSPC)	34,369	31,253
Overdraft Interest	65,486	35,784
Term Loan Interest	147,065	112,287
Stamp Duty & Other charges	720	700
	252,065	184,538
Amount Capitalised	(20,443)	(11,013)
	231,622	**173,525**

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)
2018 /2019	+ 1%	(8,570)
	-1%	8,570
2017 /2018	+ 1%	(6,837)
	-1%	6,837

09 PROFIT BEFORE TAXATION IS STATED AFTER CHARGING

	2019 Rs.'000	2018 Rs.'000
Auditor's Remuneration	3,753	3,541
Directors' Remuneration	1,200	1,044
Depreciation/Amortisation	124,902	118,855
Defined Benefit Plan Costs (Included Under Cost of Sales & Administration Expenses)	177,578	168,971
Defined Contributions Plan Costs - EPF & ETF	237,013	247,880
Others - Staff Costs (Including Estate Employees)	2,220,014	2,331,962

10. TAX EXPENSE

The major component of income tax expense for the year ended 31st March 2019 are as follows :

10.1 Statement of Profit or Loss

	2019 Rs.'000	2018 Rs.'000
(I) Current Income Tax:		
ESC Set off Against Income Tax	-	(21,083)
(II) Deferred Tax:		
Relating to origination and (reversal) of temporary differences (Note 24.1)	(1,717)	(110,931)
Income Tax charge/(reversal) reported in Income Statement	**(1,717)**	**(132,014)**

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 24.1)	6,546	11,922
IncomeTax charge directly to Other Comprehensive Income	**6,546**	**11,922**

Notes to the Financial Statements
Year Ended 31 March 2019

10.3 RECONCILIATION BETWEEN TAX EXPENSES AND THE PRODUCT OF ACCOUNTING PROFIT	2019 Rs.'000	2018 Rs.'000
Profit / (Loss) before Tax	6,981	383,412
Aggregate disallowed items	306,911	299,027
Aggregate allowable items	(348,616)	(358,087)
Taxable Profit/(Loss)	(34,724)	324,352
Bought forward Tax losses set off	-	(113,523)
	(34,724)	210,829
Effective Tax Rate	14%	10%
ESC Set off Against Income Tax	-	21,083
Income Tax Charge/(Reversal)	-	-

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.

	2019 Rs.'000	2018 Rs.'000
Amounts used as the Numerator :		
Net Profit/(Loss) applicable to ordinary share holders for basic earnings per share	5,264	251,398
	5,264	251,398
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	2019 Rs.'000	2018 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

	Notes	2019 Rs.'000	2018 Rs.'000
Right-to-use of land	12.1	165,354	171,472
Immovable leased bearer biological assets	12.2	49,690	57,296
Immovable Leased assets (other than right-to-use land and bearer biological assets)	12.3	2,508	6,195
		217,552	234,963

Notes to the Financial Statements
Year Ended 31 March 2019

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 2019 are as follows.

	2019 Rs.'000	2018 Rs.'000
Capitalised Value	332,176	332,176
Amortization		
As at 1st April	160,705	154,589
Amortization charge for the year	6,117	6,116
As at 31st March	166,822	160,705
Carrying amount	165,354	171,471

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 2019 are as follows.

MATURE PLANTATIONS - TEA	2019 Rs.'000	2018 Rs.'000
Capitalised Value as at 22nd june, 1992	**230,859**	**230,859**
Amortisation		
As at 1st April	173,563	165,957
Amortisation for the year	7,606	7,606
As at 31st March	181,169	173,563
Carrying amount	49,690	57,296

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 14.1.

Notes to the Financial Statements

Year Ended 31 March 2019

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	2019	2018
	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	10,614	394	97,586	12,585	121,179	117,490
Amortisation for the year	405	16	3,266	-	3,687	3,688
As at 31 March	11,019	410	100,852	12,585	124,866	121,178
Carrying amount	1,134	426	948	-	2,508	6,196

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 01.04.2018	Additions for the year	Disposals during the year	Balance as at 31.03.2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Land Improvements	91,943	-	-	91,943
Buildings	324,777	-	-	324,777
Motor Vehicles	225,855	8,450	-	234,305
Plant & Machinery	720,192	35,286	-	755,478
Furniture & Fittings	11,939	-	-	11,939
Equipment	97,447	205	-	97,652
Water Sanitation	46,101	-	-	46,101
Computers	19,634	1,494	-	21,128
Computer Software	1,465	-	-	1,465
	1,539,353	45,435	-	1,584,788

Depreciation	Balance as at 01.04.2018	Charge for the year	Accumulated depreciation on disposals	Balance as at 31.03.2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Land Improvements	21,709	2,299	-	24,008
Buildings	106,489	8,119	-	114,608
Motor Vehicles	168,295	16,517	-	184,812
Plant & Machinery	567,600	26,406	-	594,006
Furniture & Fittings	11,922	2	-	11,924
Equipment	86,320	3,269	-	89,589
Water Sanitation	42,696	1,378	-	44,074
Computers	18,933	927	-	19,860
Computer Software	1,465	-	-	1,465
	1,025,429	58,917	-	1,084,346
Written Down Value	**513,924**			**500,442**

	Balance as at 01.04.2018	Additions for the year	Capitalised/ Disposed during the year	Balance as at 31.03.2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Capital Work-in-Progress	**41,739**	**33,147**	**(20,579)**	**54,307**
TOTAL WRITTEN DOWN VALUE	**555,663**			**554,749**

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 2019

14 . BEARER BIOLOGICAL ASSETS

14.1 Bearer bialogical assets

Cost	Immature Plantations Rs.'000	Mature Plantations Rs.'000	Total 2019 Rs.'000	Total 2018 Rs.'000
At the beginning of the year	1,039,354	1,625,566	2,664,920	2,574,623
Additions	113,270	-	113,270	168,209
Transfers	(371,156)	371,156	-	(77,912)
At the end of the year	781,468	1,996,722	2,778,190	2,664,920
Depreciation				
At the beginning of the year	-	435,400	435,400	388,970
Charge for the year	-	48,574	48,574	46,430
At the end of the year	-	483,974	483,974	435,400
Written Down Value	**781,468**	**1,512,748**	**2,294,216**	**2,229,520**

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. 20,443,308/= (2018 - Rs. 11,012,551/=) incurred to meet expenses relating to immature plantations have been capitalised as a part of the cost of immature plantations rate of 22.02%.

14.2 Consumable Biological Assets - Timber Plantations

	2019 Rs.'000	2018 Rs.'000
As at 1st April	676,568	633,224
Gain/(loss) arising from changes in fair value less cost to sell	47,048	43,344
Decrease due to harvest/ transfer	-	-
As at 31st March	723,616	676,568

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 2019

14.2.1 Information About Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

2018/2019

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.

2017/2018

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.

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 2019	(72,362)	72,362
As at 31 March 2018	(67,657)	67,657

Notes to the Financial Statements
Year Ended 31 March 2019

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 2019	57,979	(55,045)
As at 31 March 2018	70,447	(59,417)

14.3 Produce On Bearer Biological Assets

	2019 Rs.'000	2018 Rs.'000
As at 01st April	13,685	13,464
Change in fair value less cost to sell	(4,597)	221
As at 31st March	9,088	13,685

14.4 GAIN/(LOSS) ON FAIR VALUE OF BIOLOGICAL ASSETS

	2019 Rs.'000	2018 Rs.'000
Consumable Biological Assets	47,048	43,344
Produce on Bearer Bilogical Assets	(4,596)	221
	42,452	43,565

14.5 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	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Assets measured at fair value							
Consumable Biological Assets - Timber	31st March 2019	-	-	-	-	723,616	676,568
Produce on Bearer Bialogical Assets	31st March 2019	-	-	9,088	13,685	-	-

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

Notes to the Financial Statements

Year Ended 31 March 2019

15. INVENTORIES

	2019 Rs.'000	2018 Rs.'000
Input Materials	43,882	68,647
Growing Crop - Nurseries	14,365	21,063
Produce Stock	502,684	484,720
Consumables & Spares	29,942	27,217
	590,873	601,647

16. TRADE AND OTHER RECEIVABLES

	2019 Rs.'000	2018 Rs.'000
Produce Debtors	83,438	76,769
Advances & Prepayments	6,839	4,071
Festival Advances - Estates	66,317	55,616
Other Debtors	75,861	89,908
Staff Debtors	166	1,053
	232,621	227,417
Less: Provision for Doubtful Debt	(23,758)	(23,758)
	208,863	203,659

16.1 Trade Receivables

The aging analysis of trade receivables is as follows:

		Past due but not impaired				
	Total	0-60 days	61-120 days	121-180 days	181-365 days	> 365 days
Balance as at 31 March 2019	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Produce Debtors	83,438	83,438	-	-	-	-

Produce debtors are realised within seven days from sales

17. AMOUNTS DUE FROM RELATED PARTIES

	Relationship	2019 Rs.'000	2018 Rs.'000
Richard Pieris Plantations (Pvt) Ltd	Related Company	-	-
Maskeliya Tea Garden Ceylon (Pvt) Ltd	Related Company	3,197	-
Arpitech (Pvt) Ltd	Related Company	11,024	5,313
Namunukula Plantations PLC	Related Company	7,655	1,698
RPC Properties (Pvt) Ltd	Related Company	213	213
		22,089	7,224

18 CASH AND CASH EQUIVALENTS

	2019 Rs.'000	2018 Rs.'000
18.1 Favourable Balances		
Cash at Bank and in Hand	9,297	16,505
	9,297	16,505
18.2 Unfavourable Balances		
Bank Overdraft	(737,907)	(495,589)
Total Cash and cash equivalents for the purpose of cash flow statements	**(728,610)**	**(479,084)**

Notes to the Financial Statements

Year Ended 31 March 2019

19. STATED CAPITAL

	2019	2018
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

	2019	2018
Value of Issued and Fully Paid Shares	**Rs.'000**	**Rs.'000**
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. TIMBER RESERVE

Timber reserve is a revenue reserve which relates to charge in fair value of managed trees on commercial timber plantations cultivated on estates.

22. 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 31.03.2019	as at 31.03.2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Long-Term Loans (ADB)						
National Development Bank PLC- Securitisation Loan	30,000	-	-	-	30,000	165,000
Hatton National Bank PLC	173,240	262,770	-	262,770	436,010	381,650
Union Bank PLC	40,000	50,000	-	50,000	90,000	130,000
Short Term Loan						
Sri Lanka Tea Board	49,382	-	-	-	49,382	90,187
Bank Overdraft	737,907	-	-	-	737,907	495,589
	1,030,529	312,770	-	312,770	1,343,299	1,262,426

Notes to the Financial Statements

Year Ended 31 March 2019

22.	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 31.03.2019	Total as at 01.04.2018	Rate of Interest	Terms of Repayments
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000		
	National Development Bank PLC	-	-	-	-	-	17,000	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	30,000	-	-	-	30,000	148,000	AWPLR+0.75%	36 monthly payment in varied installments and payable commencing from 29.07.2016
		30,000	-	-	-	30,000	165,000		
	Hatton National Bank PLC	13,360	-	-	-	13,360	39,280	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	10,000	-	-	-	10,000	34,000	AWPLR+0.5%	60 monthly installments of Rs.2,000,000/= payable commencing from 13.08.2014
	Hatton National Bank	99,960	108,450		108,450	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
	Hatton National Bank	49,920	154,320		154,320	204,240	-	AWPLR+0.5%	59 Monthly installments of Rs.4,160,000/= and last installment of Rs.4,560,000/= payable commencing from 20.05.2019
		173,240	262,770	-	262,770	436,010	381,650		
	Union Bank PLC	40,000	50,000	-	50,000	90,000	130,000	AWPLR+0.75%	60 monthly installments of Rs.3,333,333/= payable commencing from 01.07.2016
		40,000	50,000		50,000	90,000	130,000		
22.2	**Short Term Loan**								
	Sri Lanka Tea Board	49,382	-	-	-	49,382	90,187		36 monthly installments of Rs.1,222,222/= payable commencing from 01.08.2017
		49,382	-	-	-	49,382	90,187		

22.3 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.

Notes to the Financial Statements
Year Ended 31 March 2019

As at 31 March 2019	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	737,907	75,533	226,600	363,166	-	1,403,206
Trade & other payables	415,630	-	-	-	-	415,630
	1,153,537	**75,533**	**226,600**	**363,166**	**-**	**1,818,836**
As at 31 March 2018						
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**

23. RETIRING BENEFIT OBLIGATIONS

	2019	2018
	Rs.'000	Rs.'000
At the beginning of the year	1,005,741	897,882
Interest Cost	110,632	109,990
Current Service Cost	66,946	58,981
Gratuity Payments for the year	(119,712)	(146,272)
Actuarial (Gain) / Loss	46,755	85,160
At the end of the year	1,110,362	1,005,741

The actuarial valuation had been carried out for retiring gratuity for all the employees of the Company as at 31 March 2019, which amounts to Rs.1,110,361,986/=. 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.1,618,183,172/=. Hence, there is a contingent liability of Rs.507,821,186/= 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.

	2019	2018
	Rs.'000	Rs.'000
Within the next 12 months	126,839	117,206
Between 2 and 5 years	287,784	266,586
Beyond 5 years	695,739	621,949
	1,110,362	1,005,741

The weigted average duration of the Defind Benefit plan obligation at the end of the reporting period is 7.07 years and 9.05 Years for staff and workers respectively.

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

Notes to the Financial Statements
Year Ended 31 March 2019

	2019	2018
Financial Assumptions		
(i) Rate of Discount	11.50 % (per annum)	11.00 % (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) Daily Wage Rate	Rs.700/=	Rs.500/=
Demographic Assumptions		
(i) 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 2019	41,712	(39,462)	5,215	(4,641)
As at 31 March 2018	41,303	(39,019)	5,566	(4,961)

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 2019	(79,300)	91,369	(4,214)	4,798
As at 31 March 2018	(70,448)	81,230	(4,516)	5,138

Notes to the Financial Statements

Year Ended 31 March 2019

24. DEFERRED TAX	2019 Temporary Difference Rs.'000	2019 Tax Effect Rs.'000	2018 Temporary Difference Rs.'000	2018 Tax Effect Rs.'000
As at 1 April	(2,862,990)	62,844	351,041	(36,165)
Amount Originating/(Reversal) during the year	3,277,386	(4,829)	97,848	99,009
As at 31 March	414,398	58,015	448,889	62,844
Deferred Tax Liability				
Temporary difference of Property, Plant and Equipment	391,564	54,819	392,107	54,895
Temporary difference of mature and immature plantations	2,294,214	321,190	2,229,520	312,133
Temporary difference of Consumble biological asset	723,616	101,306	676,568	94,719
Temporary difference of Produce Bilogical Assets	9,088	1,272	13,684	1,916
	3,418,483	478,587	3,311,879	463,663
Deferred Tax Assets				
Temporary difference of retirement benefit obligation	(1,110,362)	(155,451)	(1,005,741)	(140,804)
Temporary difference of debtors provision	(23,758)	(3,326)	(23,758)	(3,326)
Carried forward tax losses	(1,869,965)	(261,795)	(1,833,491)	(256,688)
As at 31 March	(3,004,085)	(420,572)	(2,862,990)	(400,818)
As at 31 March	414,398	58,015	448,889	62,844

The effective tax rate used to calculate deferred tax liability for all the Temporary Differences as at 31 March, 2019 is 14.% (2018 - 14%)

24.1 Reconciliation of deferred tax charge / (reversal)	2019 Tax Effect Rs.'000	2018 Tax Effect Rs.'000
Amount recognized As at 1 April	62,844	(36,165)
Tax Charge/(reversal) during the period recognised in Statement of Profit or Loss	1,717	110,931
Tax charge/(reversal) during the period recongnised in Other Comprehensive Income	(6,546)	(11,922)
As at 31 March	58,015	62,844

25. DEFERRED INCOME Deferred Grants and Subsidies	2019 Rs.'000	2018 Rs.'000
Balance at the beginning of the year	192,143	203,905
Add : Grants received during the year	-	-
Less Grants refunded during the year	-	-
Less : Amortisation for the year	(11,762)	(11,762)
Balance at the end of the year	180,381	192,143

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 2019

26. LIABILITY TO MAKE LEASE PAYMENT

Gross Liability	2019 Rs.'000	2018 Rs.'000
As at 1st April	184,125	190,869
Repayment during the year	(6,744)	(6,744)
	177,381	184,125
Finance cost allocated to future periods	(69,068)	(73,493)
Net liability	108,313	110,632
Payable within one year		
Gross liability	6,744	6,744
Finance cost allocated to future periods	(4,333)	(4,425)
Net liability transferred to current liabilities	2,411	2,319
Payable within two to five years		
Gross liability	26,976	26,976
Finance cost allocated to future periods	(16,326)	(16,736)
Net liability	10,650	10,240
Payable after five years		
Gross liability	143,661	150,405
Finance cost allocated to future periods	(48,409)	(52,332)
Net liability	95,252	98,073
Net liability payable after one year	105,902	108,313

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 34,369,008/= (2018 - Rs 31,253,236/=) which is based on GDP deflator of 8.2%.

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.

Gross Liability	=	1,751,073
Finance Charges	=	(1,135,132)
Net Liability	=	**615,941**

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

27. TRADE AND OTHER PAYABLES

	2019 Rs.'000	2018 Rs.'000
Trade Creditors	125,247	166,000
Accrued Expenses	233,776	276,055
Others	56,607	52,067
	415,630	494,122

Notes to the Financial Statements

Year Ended 31 March 2019

28. AMOUNTS DUE TO RELATED PARTIES	Relationship	2019 Rs.'000	2018 Rs.'000
RPC Management Services (Pvt) Ltd	Parent Company	361,659	346,137
RPC Plantation Management (Pvt) Ltd	Related Company	8,896	9,555
Richard Pieris and Company	Ultimate Parent	137,241	90,407
Richard Pieris Distributors Ltd	Related Company	2,239	2,238
RPC Tyres	Related Company	-	535
Kegalle Plantations PLC	Related Company	10,879	10,355
Maskeliya Tea Gardens Ceylon (Pvt) Ltd	Related Company	-	2,358
RPC Logistics	Related Company	-	364
		520,914	461,949

29. DIVIDEND PAYABLE	2019 Rs.'000	2018 Rs.'000
Ordinary Dividend Unclaimed	2,008	2,008
	2,008	2,008

30. SECURITIES PLEDGED

The following assets have been pledged as securities for liabilities.

Name of Bank	Loan Facility Rs.	Security	Nature of Liability	Carrying Amount Pledged 2019 Rs.'000	2018 Rs.'000
Sampath Bank PLC	100,000,000	Primary mortgage over leashold rights of Glentilt estate	Overdraft	165,355	165,197
HNB	125,000,000	Primary Floating Mortgage bond over leasehold rights of Glenugie Estate	Overdraft	119,194	115,239
Nations Trust Bank	150,000,000	Primary mortgage over stocks in trade	Overdraft/Money Market Loan	502,684	484,720
NDB	119,000,000	Prinary Mortgage over leasehold rights of Brunswick Estate	Long term Loan	253,411	242,269
HNB Term Loan	350,000,000	Primary mortgage over leasehold rights of Ampittiakande, Craig Estates	Long term Loan	441,970	453,931
HNB Term Loan	120,000,000	Mortgage over leasehold rights of Ampittiakande, Craig Estates	Long term Loan	441,970	453,931
HNB Term Loan	130,000,000	Mortgage over leasehold rights of Ampittiakande, Craig Estates	Long term Loan	133,375	136,023
HNB Term Loan	400,000,000	Mortgage over leasehold rights of Ampittiakande, Craig ,Glenugie & Stclair Estates	Long term Loan	694,539	705,193
HNB Term Loan	250,000,000	Mortgage over leasehold rights of Ampittiakande, Craig, Glenugie & St.Clair Estates	Long term Loan	694,540	-
NDB Loan	300,000,000	Mortgage over leasehold rights of Brunswick Estate	Term Loan	253,411	242,269
Union Bank	400,000,000	Primary mortgage over unexpired leasehold right of Moray Estate	Term Loan	263,039	258,921

Notes to the Financial Statements
Year Ended 31 March 2019

31. CAPITAL COMMITMENTS

	2019 Rs.	2018 Rs.
Capital commitments as at the reported date		
Budgeted, but not provided for	79Mn	115Mn
Total	**79Mn**	**115 Mn**

The budgeted field development programme of the Company for the next three years amounts to Rs.375 Mn.

32. CONTINGENCIES

Contingent liabilities that may result,depending on the timeing of the taxability of certain fair value adjustments is amounts to approximaterly Rs.5,943,303= (2018 - Rs. .6,098,957/=).

33. 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.

34. TRANSACTION WITH RELATED ENTITIES

34.1 Parent Company

	2019 Rs.'000	2018 Rs.'000
Amounts payable as at 31 March	(361,659)	(346,137)
Management Fees	(21,122)	(78,679)

34.1.2 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.

34.2 Group Companies

Amounts receivable as at 31 March	22,089	7,224
Amounts payable as at 31 March	(159,255)	(115,812)
Secretarial Fees	(200)	(200)
Rent	(1,934)	(1,946)
Purchase of goods/services	(1,940)	(3,068)
Interest Paid	(30,937)	(18,171)
Salaries, Fuel , Maintenance, etc Received	3,484	1,299
Salaries, Fuel , Maintenance, etc Paid	(3,798)	(9,238)
Others - Received	16,784	6,612
Current A/C Settlement	10,000	5,000
Short Term Loan Received	-	36,412
Short Term Loan Paid	-	(36,412)

34.3 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 2019

34.4 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 2019. Further there were no key management compensation paid during the year other than those disclosed in Note 09.

35. RELATED PARTY TRANSACTIONS

There are no related party transactions other than those disclosed in Notes 17, 28 and 34 to the Financial Statements.

36. 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 2019 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 2018	766,837
Net Cash flows from Financing Activities	(161,445)
Non Cash Changes	-
Balance as at 31 March 2019	605,392

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, 2019 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 %
1-1000	16,038	96.78	2,107,927	3.91
1001-5000	342	2.06	865,193	1.60
5001-10000	89	0.54	708,704	1.31
10001-50000	74	0.45	1,551,661	2.88
50001-100000	14	0.08	1,136,986	2.11
100001-500000	14	0.08	2,584,622	4.79
500001-1000000	-	0.00	-	-
1000001 & above	1	0.01	44,998,397	83.40
Total	**16,572**	**100.00**	**53,953,490**	**100.00**

Distribution of Shareholdings - Inter Companies & General Public

	No. of Shareholders	%	No. of Share	Holding %
Resident Shareholders	16,557	99.91	53,804,450	99.72
Non-Resident Shareholders	15	0.09	149,040	0.28
Total	**16,572**	**100.00**	**53,953,490**	**100.00**

Public Shareholding as at 31 March 2019 is 16.60%. (31.03.2018 - 16.60%). This represnts by 16,569 Shareholders (31.03.2018 - 16,484)

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-Mar-19	31-Mar-19
Market Capitalization	Rs'000	582,698	1,035,907
Price Earning Ratio	Times	108.00	4.12
Public Holding	%	16.60	16.60
Total no. of Shareholders representing the Public Holding	Nos.	16,569	16,484
Float adjusted Market Capitalization	Rs'000	96,728	171,961

Market Value per share

	Value	Date
Market Value per Share	10.80	29/03/2019
The highest Value Recorded	22.00	19/04/2018
The Lowest Value Recorded	8.30	13/12/2018

Colombo Stock Market Activities During The Year	2018/19	2017/18
Number of Trades	4,962	10,012

Twenty Major Shareholders

	As at 31 March 2019		As at 31 March 2018	
	Number of Shares Held	% of the Holding	Number of Shares Held	% of the Holding
RPC Management Services (Pvt) Ltd	44,998,397	83.40	44,998,397	83.40
Mr. D.S.D. De Lanerolle	285,010	0.53	-	-
Capital Trust Holdings Ltd	251,544	0.47	172,900	0.32
Mr. M.Z. Rasheed	238,071	0.44	412,858	0.77
Mr. M.H.M. Fazal	222,529	0.41	222,529	0.41
Seylan Bank Plc/Mohamed MushtaqFuad	215,219	0.40	286,208	0.53
Mr. R.A. Rishard	205,378	0.38	234,387	0.43
Mr. R.E. Rambukwelle	197,462	0.37	118,162	0.22
Mr. F.A. Azhar	172,900	0.32	185,296	0.34
Merchant Bank of Sri Lanka and Finance PLC/R R S	153,025	0.28	104,098	0.19
Freudenberg Shipping Agencies Limited	146,135	0.27	146,135	0.27
Mrs. H.P.N. Fonseka	134,748	0.25	-	-
Mr. A.V. Emmanuel	128,000	0.24	128,000	0.24
Mr. P.A.G. Weerakoon Banda	117,462	0.22	-	-
Dr. M.A.M.A. Akram	117,139	0.22	-	-
Mr. P.K.C.P. Samarasinghe	95,837	0.18	-	-
Mr. A.K. Seneviratne	95,600	0.18	92,269	0.17
Sandwave Limited	95,000	0.18	95,000	0.18
Peoples Leasing & Finance/Hi Line Trading (Pvt) Ltd	94,099	0.17	96,599	0.18
Mr. R. Maheswaran	86,867	0.16	-	-
	48,050,422	89.06		
Balance held by 16,552 Shareholders (2018-16,466)	**5,903,068**	**10.94**	**5,803,817**	**10.76**
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 sholud be owned either directly by the Government of Sri Lanka or by a 100 Government owend 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 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

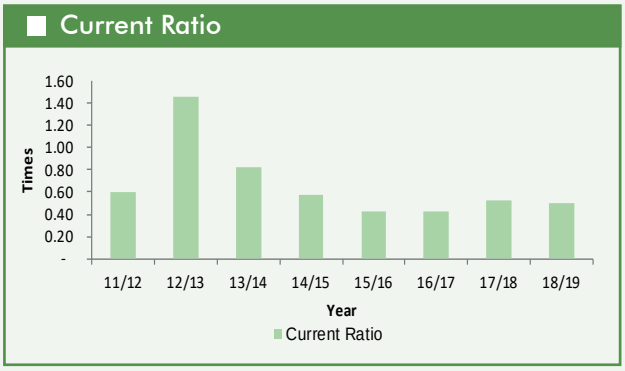
4) The Company should be required to submit detailed quartely accounts report to the Golden Shareholder in a specified format within 60 days of the end of each quarter. Additional information relating to the Company in a specified format must be submitted to the Golden Shareholder within 90 days of the end of each fiscal year

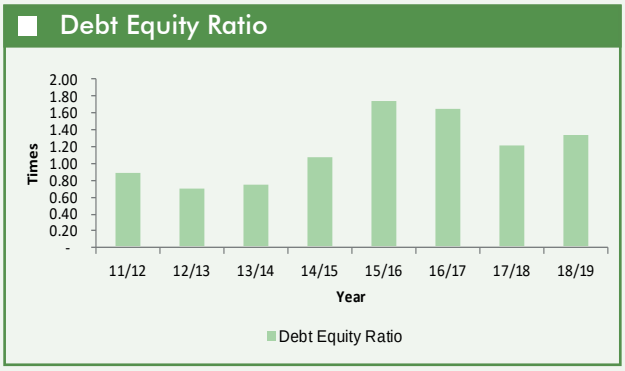
5) The Golden Shareholder can request the Board of Directors of the Company to meet with respective nominee, once in every quarter to discuss issues related to the Company's operation of interest to the Government

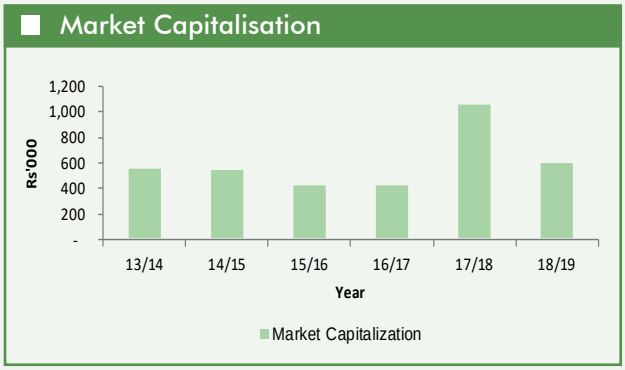
10 Year Summary

Assets & Liabilities	18/19 Rs'000	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
Non Current Assets										
(Excluding Investment)	3,790,133	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
Investment							-	-	-	-
Current Assets	974,714	956,022	820,059	755,820	845,749	778,644	993,228	659,129	707,481	665,413
Current Liabilities	(1,971,492)	(1,821,670)	(1,944,797)	(1,778,006)	(1,474,138)	(939,797)	(681,600)	(1,108,348)	(905,180)	(653,007)
Working Capital	(996,778)	(865,648)	(1,124,738)	(1,022,186)	(628,390)	(161,153)	311,628	(449,220)	(197,698)	12,406
Long Term Debt	605,392	766,837	707,421	940,165	777,738	809,874	996,706	531,670	405,758	446,334
Provision for Terminal Benefits	1,110,362	1,005,741	897,881	905,211	981,279	917,379	776,574	882,848	747,984	706,431
Interest paid/Received										
(Including /Borrowing Cost)	252,066	184,538	250,788	218,023	135,449	98,353	121,175	110,874	102,298	108,365
Share Capital & Reserves										
Stated Capital	673,721	673,721	673,721	673,721	673,721	673,721	673,721	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	(187,796)	(152,852)	(331,011)	(289,471)	15,541	195,546	356,829	88,282	347,028	76,141
Total Shareholders' Fund	1,025,925	1,060,870	882,710	924,250	1,229,262	1,409,267	1,570,550	978,280	1,237,027	966,141
% Increase in Sharehlders' Fund	(3.29%)	20.18%	(4.49%)	(24.81%)	(12.77%)	(10.27%)	60.54%	(20.92%)	28.04%	(3.81%)
Capital Employed (Rs. Mn)	1,631	1,828	1,590	1,864	2,007	2219	2,567	1,510	1,643	1,412
Financial Ratios										
Return on Capital employed %	13.70%	24.86%	8.72%	(14.04%)	(3.34%)	(0.58%)	12.23%	(11.11%)	8.64%	4.33%
Current Ratio (Times)	0.49	0.52	0.42	0.43	0.57	0.83	1.46	0.59	0.78	1.02
Debt Equity Ratio (Times)	1.31	1.19	1.63	1.71	1.05	0.72	0.68	0.87	0.41	0.56
Equity to Assets %	22%	23%	20%	21%	28%	34%	37%	26%	35%	33%
Interest Cover (Times)	1.03	3.20	-	-	-	-	2.66	-	1.47	0.70
Total Asset to Current Liabilities %	41%	39%	44%	40%	33%	22%	16%	29%	25%	22%
Dividend Payout Ratio	-	-	-	-	-	-	-	-	-	-
Debt to Total Assets %	28%	27%	32%	36%	29.16%	24.29%	24.92%	22.70%	14.04%	18%
Investor Ratios										
Annualized Earnings per Share (Rs.)	0.10	4.66	(1.72)	(8.68)	(3.41)	(1.71)	4.02	(8.63)	1.57	(1.36)
Price Earning Ratio (Times)	108	4	-	-	-	-	3	-	18	-
Dividend Rate (%)	-	-	-	-	-	-	-	-	-	-
Dividend per Share (Rs.)	-	-	-	-	-	-	-	-	-	-
Dividend Cover (Times)	-	-	-	-	-	-	-	-	-	-
Dividend Yield %	-	-	-	-	-	-	-	-	-	-
Effective Dividend Rate (%)	-	-	-	-	-	-	-	-	-	-
Market Price of a Share as at 31/03 (Rs.)	10.80	19.20	7.70	7.70	9.90	10.00	12.10	17.10	28.10	29.75
Market Capitalization (Rs.Mn.)	583	1,036	415	415	534	540	653	461	758	803
Enterprise Value (Rs.Mn)	1,188	1,786	1,113	1,345	1,312	1,344	1,342	993	1,164	1249
Net Asset Value per Share (Rs.)	19.01	19.66	16.36	17.13	22.78	26.12	29.11	36.26	45.86	35.81
Net Sales Average per 1 kg Tea (Rs.)	535.46	576.63	507.10	388.93	399.33	418.47	397.57	329.12	352.88	366.48
Capital Expenditure (Rs.000)	171,275	186,020	64,810	148,252	204,002	230,344	211,352	281,668	292,325	238,138

Assets & Liabilities	18/19 Rs'000	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
Production Kg.'000										
Estate	7,323	7,446	6,497	7,836	7,997	7,675	8,407	8,468	8,448	7,901
Bought	213	178	254	426	453	579	612	733	688	453
Total	7,536	7,624	6,751	8,263	8,450	8,254	9,019	9,201	9,136	8,354
Turnover	4,167,216	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
Gross Profit/(Loss)	260,934	645,106	182,688	(151,782)	22,228	52,623	388,780	(141,341)	331,967	284,739
Operating Profit/(Loss) Before										
Management Fees & Interest	259,725	635,615	186,796	(162,584)	47,173	106,089	447,080	(122,242)	295,194	216,901
Profit before Interest & Similar Charges	238,603	556,937	159,699	(264,115)	(103,683)	(44,347)	259,951	(253,022)	131,979	66,648
Profit/(Loss) for the year before Tax	6,981	383,412	(83,580)	(460,791)	(220,753)	(122,700)	162,276	(336,614)	42,481	(28,716)
Profit & (Loss) after Tax	5,264	251,398	(92,707)	(468,469)	(184,126)	(92,191)	151,699	(258,748)	42,481	(36,822)
Transfer to Reserves	-	-	-	-	-	-	-	-	-	-
Retained Profits	(187,796)	(152,851)	(331,011)	(289,471)	15,541	195,546	356,828	88,280	347,028	76,141
Proposed Dividend						-	-	-	-	-
Operating Ratios										
Annual Turnover Growth %	(8%)	31%	6%	(7%)	3%	(4%)	14%	(4%)	4%	32%
Profit Growth %	(98%)	371.17%	80.21%	(154.43%)	(99.72%)	(161%)	(158%)	(709%)	215%	71%
Turnover per Employee Rs.'000	376	415	289	263	277	260	268	218	226	202
Fixed Assets to Turnover Ratio %	90.95%	80.83%	95.39%	89.68%	97.97%	99.80%	110%	101%	113%	136%
Value Added per Employee Rs. '000	269	298	218	197	198	177	197	117	144	142







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	5 ,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.	Operation Zone	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 Model	24, 25	None
G4-9	Report the scale of the organization	Journey So Far, We are Maskeliya, Financial Highlights	5,8,11	None
G4-10	Total workforce by employment type, employment contract and region broken down by gender.	Employee Engagement	42,43	None
G4-11	Report the percentage of total employees covered by collective bargaining agreements	Not Reported	-	None
G4-12	Describe the organization's supply chain	Not Reported	-	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	62	None
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	Relationship With Nature Resourcefulness	53	None
G4-16	Memberships in associations (such as industry associations) and national or international advocacy organizations.	Compliance & Integrity	44	None
IDENTIFIED MATERIAL ASPECTS & BOUNDARIES				
G4-17	Organisation's entities covered by the report	Not Reported	-	None
G4-18	Process for defining the report content	Not Reported	-	None
G4-19	List all the material Aspects identified in the process for defining report content.	Not Reported	-	None
G4-20	For each material Aspect, report the Aspect Boundary within the organization	Not Reported	-	None
G4-21	Aspect Boundary for each material aspect report outside the organization	Not Reported	-	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	82	None
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Not Reported	-	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	4	None
G4-29	Date of most recent previous report	Financial Calender	9	None
G4-30	Reporting cycle	Introduction to the Report	4	None
G4-31	Contact point for questions regarding the report or its contents	Introduction to the Report	4	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	4	None
GOVERNANCE				
G4-34	Governance Strucure of the Organisation, including committees of the highest governance body	Corporate Governance Review	58	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 Differentiated, Compliance & Integrity	3,44	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	62	None
G4-EC3	Coverage of the organization's defined benefit plan obligations	Note to Financial Statements	82	None
G4-EC4	Financial assistance received from government	Note to Financial Statements	82	None
MATERIAL ASPECT: MARKET PRESENCE				
G4-DMA	General disclosures on market presence	Employment and social relationship	43	None
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Employee Engagement	42,43	None
MATERIAL ASPECT: INDIRECT ECONOMIC IMPACTS				
G4-DMA	General Disclosures on Indirect economic impacts	Not Reported	-	None
G4-EC7	Development and impact of infrastructure investments and services supported	Employment and social relationship	43	None
G4-EC8	Significant indirect economic impacts, including the extent of impacts	Understanding and Managing Principle Risks	62	None

GRI Indicator	Description	Page Reference	Page No	External Assurance
MATERIAL ASPECT: PROCUREMENT PRACTICES				
G4-DMA	General Disclosures on procurement practices	Future strategies for sustainability	44	None
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	Future strategies for sustainability	44	None
CATEGORY: ENVIRONMENT				
MATERIAL ASPECT: MATERIALS				
G4-DMA	General Disclosures on Material	Not Reported	-	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	Not Reported	-	None
G4-EN2	Percentage of materials used that are recycled input materials	Not Reported	-	None
MATERIAL ASPECT: ENERGY				
G4-DMA	General Disclosures on energy	Not Reported	-	None
G4-EN3	Energy consumption within the organization	Not Reported	-	None
G4-EN6	Reduction of energy consumption	Not Reported	-	None
MATERIAL ASPECT: WATER				
G4-DMA	General Disclosures on water	Relationship With Nature Resourcefulness	53	None
G4-EN8	Total water withdrawal by source	Not Reported	-	
MATERIAL ASPECT: BIODIVERSITY				
G4-DMA	General Disclosures on Biodiversity	Relationship With Nature Resourcefulness	53	None
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Relationship With Nature Resourcefulness	53	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.	Relationship With Nature Resourcefulness	53	None
MATERIAL ASPECT: EMISSIONS				
G4-DMA	General Disclosures on Emissions	Not Reported	-	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	43	None
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Not Reported	-	None
MATERIAL ASPECT: COMPLIANCE				
G4-DMA	General Disclosures on Compliance	Relationship With Nature Resourcefulness	53	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	Relationship With Nature Resourcefulness	53	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	Employee Engagement	42	None
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Employee Engagement	42	None
MATERIAL ASPECT: LABOR/MANAGEMENT RELATIONS				
G4-DMA	General Disclosures on Labour/Management Relations	Not Reported	-	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	Building leadership and strengthen the employees	42,43	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 Reported	-	None
MATERIAL ASPECT: TRAINING AND EDUCATION				
G4-DMA	General Disclosures on Training & Education	Building leadership and strengthen the employees	42	None
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Not Reported	-	None
MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY				
G4-DMA	General Disclosures on Diversity & Equal Opportunity	Employment and social relationship	43	None
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Employee Engagement	42,43	None
MATERIAL ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN				
G4-DMA	General Disclosures on Equal Remuneration for Women & Men	Employee Engagement	42,43	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	Employee Engagement	42	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	Not Reported	-	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	Not Reported	-	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	Social and Economic Relationship	48	None
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Social and Economic Relationship	48	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	Future strategies for sustainability	44	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	Not Reported	-	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	Not Reported	-	None
MATERIAL ASPECT: PRODUCT AND SERVICE LABELING				
G4-DMA	General Disclosures on Product & Service Labeling	Not Reported	-	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	Not Reported	-	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
Dept equity	Long term loan /(equity plus term loan)
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
PBIT	Profit Before Interest and Tax
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 Sixth (26th) Annual General Meeting of Maskeliya Plantations PLC will be held at the Registered Office, No. 310, High Level Road, Nawinna, Maharagama on Friday, 26th July 2019 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 2019 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 73 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act no. 07 of 2007 shall not apply to the said Dr. Sena 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 71 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 elect Mr. Sunil Liyanage, who retires in terms of Article 98 at the Annual General Meeting, a Director
5. To re-elect Mr. Shaminda Yaddehige who retires by rotation in terms of Article 92 at the Annual General Meeting, a Director
6. To re-elect Mr. Ananda Fernando who retires by rotation in terms of Article 92 at the Annual General Meeting, a Director
7. To re -appoint M/s. Ernst & Young, Chartered Accountants as Auditors of the Company and to authorize the Directors to determine their remuneration.
8. To authorize the Directors to determine contributions to charities
9. To consider any other business of which due notice has been given

By Order of the Board

(Sgd.)

Richard Pieris Group Services (Private) Limited

Secretaries

No. 310, High Level Road, Nawinna, Maharagama

12 June 2019

Note:

a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her.

b) A proxy need not be a member of the Company. The form of proxy will be found inserted in the Annual Report

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 DR. LAXMAN SAMAN KUMARA HETTIARACHCHI whom failing JESENTHU LIYANA ANANDASIRI FERNANDO whom failing SHAMINDA YADDEHIGE whom failing DR. SARATH SAMARAWEERA whom failing SUNIL SHANTHA GOTABHAYA LIYANAGE * as my/our proxy to represent me/us and to vote on my/our behalf at the 26TH ANNUAL GENERAL MEETING of the Company to be held on 26th July 2019 and any adjournment thereof, and at every poll which may be taken in consequence thereof to vote:-

		In favour	Against
1.	To consider the Report of the Directors and the Statement of Accounts for the year ended 31st March 2019 with the Report of the Auditors thereon.		
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 elect Mr. Sunil Liyanage, who retires in terms of Article 98 at the Annual General Meeting, a Director		
5.	To re -elect Mr. Shaminda Yaddehige, who retires by rotation in terms of Article 92 at the Annual General Meeting, a Director		
6.	To re -elect Mr. Ananda Fernando, who retires by rotation in terms of Article 92 at the Annual General Meeting, a Director		
7.	To re-appoint M/s Ernst & Young, Chartered Accountants as Auditors of the Company and to authorise the Directors to determine their remuneration.		
8.	To authorize the Directors to determine contributions to charities		
9.	To consider any other business of which due notice has been given		

Dated this ..... day of 2019

.....

Signature of shareholder

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

INSTRUCTIONS AS TO COMPLETION OF PROXY FORM

To be valid, this Form of Proxy must be deposited at the Registered Office of the Company No. 310, High Level Road, Nawinna, Maharagama., not later than 10.45 a.m. on Wednesday, 24th July 2019

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

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

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

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

Corporate Information

Name of Company	:	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
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 43,953,490 Shares
Group Holding	:	83.40%
Directors	:	Dr. Sena Yaddehige — Chairman Dr. L S K Hettiarachchi — Director J L A Fernando — Director Shaminda Yaddehige — Director Dr. D S A Samaraweera — Director S S Poholiyadde — Director (Resigned w.e.f 02/08/2018) S S G Liyanage — Director (Appointed w.e.f 15/08/2019)
Stock Exchange Listing	:	The Ordinary Shares of the Company are listed with the Colombo Stock Exchange of Sri Lanka
Management	:	Mr. M P S Pathiraja - Chief Executive Officer Mr. V Pusselle - Director Operations Prof. K Gunasekara - Director Plantation Development Mr. S Epitakumbura - Sector Financial Officer Mr. T T Christy - General Manager - Marketing and Processing Mr. N N Withanage - Deputy General Manager - 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 Charted Accountants 201, De Saram Place, Colombo 10
Bankers	:	Sampath Bank PLC - Nawam Mawatha Branch Bank of Ceylon - Corporate Branch & Regional Branch Union Bank PLC - Colombo Hatton National Bank PLC - City Office Branch National Development Bank PLC Nations Trust Bank PLC

Maskeliya Plantations PLC
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