Maskeliya Plantations PLC

Annual Report 2019 / 2020

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VISION, MISSION & OBJECTIVE

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

VISION

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

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"

Introduction to the Report

This MPPLC annual report reflects the Company's financial and non-financial performance covering the period from 1 April 2019 to 31 March 2020. 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 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.

Financial Calender

Financial Year Ending 31 March 2020

Quarterly Financial Reports

Date of most recent previous financial year 31 March 2019
Date Published : 12 June 2019

Annual General Meetings

2015/16	23 Annual General Meeting	30 June 2016
2016/17	24 Annual General Meeting	30 June 2017
2017/18	25 Annual General Meeting	29 June 2018
2018/19	26 Annual General Meeting	26 July 2019
2019/20	27 Annual General Meeting	Will be notified later

Our Estates

Upcot Region/ Western High

	Extent (Hectares)	Postal Address	Distance from Colombo (Km)	Capacity Kg. ' 000	No of Workers	Elevation (Meters)	No. of Buildings	
							Factories	* Other Buildings
Brunswick Estate Maskeliya/ 22070	1,250	Brunswick Estate - Maskeliya/22070	153	1,900	1,070	1,250	1	1,521
Glentilt Maskeliya / 22070	1,320	Glentilt Estate - Maskeliya / 22070	139	828	691	1,320	1	1,198
Glenugie Estate Upcot/ 22075	1,325	Glenugie Estate - Upcot / 22075	154	759	466	1,325	1	910
Mocha Estate Maskeliya / 22070	1,335	Mocha Estate - Maskeliya / 22070	140	820	659	1,335	1	1,077
Strathspey Estate Upcot/ 22075	1,327	Strathspey Estate - Upcot / 22075	156	1,656	1,369	1,327	1	1,937

Maskeliya Region/ Western High

	Extent (Hectares)	Postal Address	Distance from Colombo (Km)	Capacity Kg. ' 000	No of Workers	Elevation (Meters)	No. of Buildings	
							Factories	* Other Buildings
Brownlow	246	Brownlow Estate - Maskeliya / 22070	137	-	205	1,200	-	947
Hapugastenne	324	Hapugastenne Estate - Maskeliya /22070	138	Silent	229	1,189	1	463
Laxapana	737	Laxapana Estate - Maskeliya / 22070	166	1,311	1,134	1,160	1	1,177
Moray	683	Moray Estate - Maskeliya / 22070	153	1,200	861	1,185	1	1,213
Mousakelle	559	Mousakelle Estate - Maskeliya /22070	140	1,200	350	1,372	1	1,526

Talawakelle Region/ Western High

	Extent (Hectares)	Postal Address	Distance from Colombo (Km)	Capacity Kg. ' 000	No of Workers	Elevation (Meters)	No. of Buildings	
							Factories	* Other Buildings
Ferham	313	Ferham Estate - Talawakelle / 22100	164	-	423	1,345	-	682
St. Clair	520	St. Clair Estate - Talawakelle / 22100	156	800	387	1,200	1	1,523
Talawakelle	399	Talawakelle Estate - Talawakelle / 22100	159	1,300	430	1,219	1	908
Troup	288	Troup Estate - Talawakelle / 22100	144	500	350	1,379	1	409

Bandarawela Region/Uva High

	Extent (Hectares)	Postal Address	Distance from Colombo (Km)	Capacity Kg. ' 000	No of Workers	Elevation (Meters)	No. of Buildings	
							Factories	* Other Buildings
Ampittiakande	1,595	Ampittiakande Estate - Poonagala SPO / 90100	224	800	803	1,295	1	563
Craig	418	Craig Estate - Bandarawella / 90104	212	950	361	1,402	1	1,042
Leangawela	461	LeangahawellaEstate - Leangahawella SPO / 90106	217	-	154	1,167	1	831
Poonagalla	1,451	Poonagalla Estate - Poonagala SPO / 90100	225	2,100	788	1,402	1	1,793

Financial Highlights

Performance - Year ended 31 March 2020

Performance - Year Ended 31 March		2020	2019	Variance %
Turnover	Rs'000	3,716,295	4,167,216	(11%)
Profit/Loss before Interest and Tax	Rs'000	(356,621)	238,603	(249%)
Profit/Loss after Tax	Rs'000	(576,111)	5,264	(11044%)
Capital Expenditure	Rs'000	64,976	171,275	(62%)
Financial Position as at 31 March		**2020**	**2019**	**Variance %**
Fixed assets	Rs'000	4,000,781	3,838,061	4%
Current Assets	Rs'000	736,898	926,789	(20%)
Total Assets	Rs'000	4,737,679	4,764,851	(1%)
Current Liabilities	Rs'000	2,496,245	1,971,493	(27%)
Shareholders' Fund	Rs'000	373,245	1,025,924	(64%)
Stated Share Capital	Rs'000	673,721	673,721	0%
Capital Employed	Rs'000	727,984	1,631,318	(54%)
Key Indicators		**2020**	**2019**	**Variance %**
Earnings/Loss per share	Rs.	(10.68)	0.10	(11,044%)
Net Asset Value per share	Rs.	6.92	19.01	(64%)
Market Price of a Share	Rs.	6.20	10.80	(43%)
Return on Capital Employed	%	(30.01)	13.70	(319%)
Market capitalization	Rs'000	334,512	582,698	(43%)
Return on Average Equity	%	(82.35)	0.50	(16,570%)

Chairman's Review

Dear Shareholders,

It is my pleasure and privilege to present the Annual Report and Audited Financial Statements for the 27th Annual General Meeting of Maskeliya Plantations PLC (MPL) in the uncertain milieu and with the losses incurred during the year. We remain determined in facing the challenges, while strengthening our investments in the sustainable development of our plantations. Our primary focus remains in the growth of our Shareholders wealth and in adding sustainable value to all stakeholders of Maskeliya Plantations PLC.

Global Economic Snapshot

Across the globe, the effects of the COVID-19 epidemic continues to alter social and economic conditions. It continues to send economic shock waves across many nations from its disastrous effects that have now resulted in a precipitous recession. The financial stress from the global pandemic is expected to result in the decline of per capita incomes of emerging market and developing economies (EMDEs).

Global economic activities have suffered, with prices of commodities such as oil plummeting severely. Although some economies have introduced timely and prudent policies, countries are continuing to experience contractions in their per capita GDP.

Local Economic Snapshot

Against the dismal global backdrop, the situation in Sri Lanka has turned positive, with the gradual reopening of the economy, resumption of businesses and trade activities. Prior to the pandemic, the Sri Lankan economy had recorded

a contracted growth of 2.3 percent in 2019, moving below the 3.3 percent growth gained in 2018. In monetary terms, the GDP per capita declined to USD 3,852 in 2019 from USD 4,079 in 2018.

Government revenue contracted in 2019 to 12.6 percent of GDP from 13.4 percent reported in the previous year.. The overall economy was impacted by the dismal performances of the major sectors. In 2019, agricultural, industrial and service sectors contributed to the overall economy with 7.0 percent, 26.4 percent and 57.4 percent, correspondingly.

Industry Review

The overall agricultural industry experienced a marginal growth by 0.6 percent, compared to the 6.5 percent seen in 2018. This weak momentum in growth is attributed to extreme weather conditions, which hampered the agricultural activities. Production of tea and rubber showed a declining trend throughout the year, whilst marine fishing and subsectors of marine aquaculture and forestry underwent notable drops in segmental performance.

Tea Industry

Determinants of supply and demand played decisive roles in the overall function of the industry and its productivity. In 2019, production of tea contracted due to extreme weather conditions alongside labour related issues that revolved around wage demands and negotiations. However, despite the declined production, the quantity of tea sold at the Colombo Tea Auction (CTA) and the volume exported during the year had risen.

During 2019, the overall industry production of tea dropped by 1.3 percent to 300.1 million kilograms. The total industry output of high grown tea dropped by 3 percent to 63.1 million kilograms, medium grown tea increased by a marginal 0.1 percent to 47.2 million kilograms, while low grown teas declined by a mere 1 percent to 189.9 million kilograms, which accounts for 62 percent of the total tea output.

Showing a decline from 2018, the average export price (FOB) of tea was recorded as USD 4.6 per kilogram, which had decreased by 9.1 percent. Meanwhile, the annual average price of tea at the Colombo Tea Auction also declined, taking the average price down by 6 percent to Rs. 546.67 per kilogram, against Rs. 581.58 per kilogram recorded in 2018. High grown tea had the highest Y-o-Y reduction in prices at the CTA by 10.9 percent whilst prices of medium grown and low grown teas decreased by 10 percent and 3.6 percent, respectively.

MPL Performance

Moving on a similar trajectory as the industry-wide performance, MPL also experienced a decline of our production volumes. The total production quantity was at 6.99 million kilograms, against 7.5 million kilograms produced in 2018/19.

Further the revenue for the period under review declined by 10.8 percent to Rs. 3.7 billion from Rs. 4.2 billion in 2018/19. The drop-in production, decrease in NSA and increase in cost of production resulted in a decrease in the gross profit for the year under review. The Net Sale Average (NSA) for the year dropped to Rs. 484.05 from Rs. 540.08 in 2019/18, marking a 10.3 percent reduction.

Sustainable Growth

During the year, we continued to invest in the development and upkeep of our estates, ensuring that we subject our fields to sustained growth. In addition, we incurred expenses on developing our plant and machinery. A significant sum of Rs. 218 million was allocated and spent on staff and worker welfare, and as part of our strategies in holistic development we continue to invest in the wellbeing of our employees through welfare, crèches, medical expenditure, worker housing amongst other facilities.

Future Prospects

Although we operate amid a global pandemic, Sri Lanka has begun regaining its momentum that prevailed prior to COVID-19, whilst continuing to take proactive measures in containing the spread of the virus. These mitigation strategies are continuing to benefit our economy, the people, and the social systems to operate with a higher degree of normalcy than most developed nations.

With these successes, we can certainly have an optimistic outlook on the future.

In addition, an increased focus on the agricultural sector by the Government is expected to enhance value addition to broaden markets for agricultural commodities. In addition, this is also expected to support farmers in enhancing their skills and in allowing them to increase their capacities for earning higher levels of income.

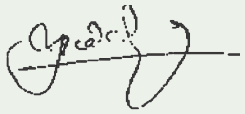
The present archaic attendance based wage structure is highly influenced by the Plantation Labour Unions. As a result, over the past 3 decades, wages of the workers increased without having a direct relationship to the productivity of the workers. Today the impact of such increases have severely affected the viability of plantation industry and the plantation companies are now contemplating to revise the structure to a productivity based structure.

Despite the loss recorded for the financial year mainly due to the significant drop in tea prices, we are optimistic that strategic initiatives taken by the company will deliver the desired financial results.

Acknowledgement

First and foremost, I thank the Board of Directors for your continued patronage and support and for the wilful performance shown across the year. I would like to thank the management team and employees of the Company; I commend your continued dedication even within a time of challenging circumstances.

To our suppliers and partners, I extend my appreciation for your continued partnerships with the company and for your support in sustaining operations even amidst the period of lockdown. I am also thankful to our local and foreign clientele who placed their confidence in us and supported us during the tough macroeconomic conditions.



Dr. Sena Yaddehige

Chairman

23 September 2020

Colombo

Board Profiles

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. SENA YADDEHIGE
Chairman

DR SAMAN HETTIARACHCHI
Director

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

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 33 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.

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 43 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 50 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. In 2019, he undertook consultancy for GIZ "Powering for Agriculture" project titled "Energy efficiency tea sector fuel wood study Sri Lanka"; a key component of the industry drive towards environmentally sustainable tea industry in Sri Lanka.

He continues to serve many Consultative Committees of the Tea Research Board. 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 and a Honorary Life member of the Institution of Engineers Sri Lanka.

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.

Key Personnel

Key Personnel - Head office

Mr. V Pusselle Director Operations	
Mr. K.G. Punchihewa Chief Financial Officer	
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. H M P Peiris Manager - Compliance and Project Management	
Ms. K A Weerakkody	Assistant Manageres
Mr. U D C L Gunasinghe	Assistant Accountant
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. J P Amarasinghe	Secretary

Key Personnel - Estates

Name of the Estate	Postal Address	Name of the Superintendents	Name of the Assistantt Superintendents
Brownlow	Maskeliya	Mr. W A K G Wimalasena	
Brunswick	Maskeliya	Mr. A R M D C Abeykoon	Mr. T A K L De Silva Mr. J G A Y H D Gamage
Glentilt	Maskeliya	Mr. N N Withanage (General Manager- Processing)	Mr. R Abeywickrama

Key Personnel - Estates (Cont.)

Name of the Estate	Postal Address	Name of the Superintendent	Name of the Assistant Superintendent
Glenugie	Upcot	Mr. S M N S Dasanayaka (Acting Superintendent)	Mr. M Periyasamy
Hapugastenne	Maskeliya	Mr. H M T K Houpe (Asst. Superintendent - Incharge)	
Laxapana	Maskeliya	Mr. G R T Daminda	Mr. B M R M Kumara Mr. B V G Madushanka
Mocha	Maskeliya	Mr. I D Karunaratne	Mr. K K V S Madushanka Mr. T H B P Chandrasiri
Moray	Maskeliya	Mr. T N B Herath	Mr. M H B Galahitiyawa Mr. W M I R A Bandara
Moussakelle	Maskeliya	Mr. G N Hordagoda	Mr. K N B Senarathne
Strathspey	Upcot	Mr. S G Mudannayake (Deputy General Manager)	
Ferham	Talawakelle	Mr . U N Illankoon	Mr. K M N T Kapukotuwa
St. Clair	Talawakelle	Mr. B B T K Cooray	Mr. O K Y Abeywardana
Talawakelle	Talawakelle	Mr. I A A D Weerakoon (Deputy General Manager)	Mr. R T Thotawattage
Troup	Talawakelle	Mr. E R Bulathsinhala	Mr. D M L N Dasanayake
Ampittiakanda	Poonagalla, SPO	Mr. A W R Senevirathne	Mr. P J Gopallawa Mr. L W Kannangara
Craig	Bandarawela	Mr. S E B Madugalla	
Leangawella	Leangahawella, SPO	Mr. M T Deshappriya	
Poonagalla	Poonagalla, SPO	Mr. F N Randeniya	Mr. N K Premarathne Mr. P N Senadheera Mr. C M Wanasinghage

Regional Outcomes

	Extent (Revenue) - Hectares									
Regions	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11
Upcot Region	1,749.44	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
Maskeliya Region	1,330.12	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
Talawakelle Region	1,004.23	1,005.00	1,010.98	1,018.48	1,015.71	1,015.26	1,005.45	998.42	994.16	993.18
Bandarawela Region	1,474.36	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
Total	**5,558.15**	**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**

	Production Kg '000									
Regions	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11
Upcot Region	2,451	2,707	2,751	2,313	2,896	2,969	2,856	3,210	3,208	3,194
Maskeliya Region	1,742	1,991	2,042	1,781	2,083	2,255	2,039	2,396	2,235	2,160
Talawakelle Region	1,492	1,535	1,477	1,343	1,603	1,607	1,453	1,789	1,752	1,674
Bandarawela Region	1,307	1,303	1,354	1,314	1,681	1,619	1,906	1,623	2,006	2,108
Total	**6,992**	**7,536**	**7,624**	**6,751**	**8,263**	**8,450**	**8,254**	**9,018**	**9,201**	**9,136**

	Yield - (Kg/Ha)									
Regions	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11
Upcot Region	1,352	1,512	1,548	1,295	1,618	1,643	1,579	1,765	1,770	1,755
Maskeliya Region	1,303	1,486	1,524	1,320	1,552	1,656	1,483	1,760	1,648	1,587
Talawakelle Region	1,466	1,500	1,461	1,319	1,578	1,582	1,445	1,791	1,749	1,684
Bandarawela Region	759	812	846	752	910	879	995	838	1,025	1,093
Total	**1,204**	**1,318**	**1,341**	**1,160**	**1,406**	**1,430**	**1,375**	**1,519**	**1,536**	**1,525**

	N.S.A. (Rs/Kg)									
Regions	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11
Upcot Region	524.40	570.53	604.66	512.84	416.55	418.10	438.23	419.35	351.72	364.63
Maskeliya Region	519.20	565.36	596.64	518.65	420.46	418.75	432.59	422.20	370.56	374.88
Talawakelle Region	487.70	534.48	572.82	501.90	378.95	391.09	393.77	380.84	309.63	347.62
Bandarawela Region	407.18	444.77	493.62	471.63	311.81	346.06	392.61	337.65	287.51	316.72
Total	**484.05**	**540.08**	**576.63**	**504.18**	**388.93**	**399.33**	**418.47**	**397.77**	**334.28**	**352.88**

	C.O.P. (Rs/Kg)									
Regions	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11
Upcot Region	535.66	493.69	499.12	482.52	397.20	392.08	400.45	334.41	337.73	305.58
Maskeliya Region	521.27	489.06	474.72	462.19	385.74	382.42	396.54	331.81	337.41	303.88
Talawakelle Region	485.48	470.25	481.11	428.15	355.84	361.53	367.12	298.22	294.76	282.35
Bandarawela Region	529.97	525.82	511.49	473.72	391.25	428.93	402.46	370.11	331.30	322.66
Total	**520.30**	**493.24**	**491.29**	**464.63**	**385.08**	**390.75**	**394.08**	**332.97**	**328.07**	**304.86**

Value Added Statement

	2019/20 Rs.'000	2018/19 Rs.'000
Turnover	3,716,295	4,167,216
Other Income	14,873	18,199
Total Revenue	**3,731,168**	**4,185,415**
Cost of Material & Services Purchased	(1,197,238)	(1,205,957)
Value added	**2,533,930**	**2,979,458**
Distribution of Value Added		
A. To Employees as Remuneration	2,761,810	2,634,605
B. To Government(Tax etc)	14,682	23,274
C. To Lenders of Capital	222,099	231,622
E1. Provision for Depreciation	130,978	124,902
E2. Profit Retained	(595,639)	(34,945)
Value added	**2,533,930**	**2,979,458**
Value Added per Employee (Rs.)	223,904	268,953
Value Added as a % of Fixed Assets	63%	79%
Value Added as a % of Total Assets	53%	63%
Value Added as a % of Capital Employed	348%	182%

Financial & Operational overview

The Company

Maskeliya Plantations PLC, is the single largest tea producer in the island at present, having the highest land extent of 5,558 hectares cultivated under tea. Tea Gardens belonging to the company are in the best tea growing regions in the island such as Maskeliya, Up-Cot, Talawakelle and Bandarawela. The company is currently managing a land bank of 10,560 hectares with an operational workforce of 10,730 workers residing in 18 nos. Tea Plantations with their extended families totaling 62,771 nos. residents.

Employment Strength

	2019/20	2018/19
Total number of employees	11,317	11,078
Value paid as salary (Rs. Mn)	2,761	2,635

	Male	Female
Workers	4,526	6,204
Staff	402	124
Executives	55	6
Total	**4,983**	**6,334**

The tea produced by Maskeliya Plantations is accredited with several quality certifications such as Product Carbon Footprint certification, Rainforest Alliance Sustainable Agriculture Network standard, Ethical Tea Partnership, (ETP) Universal Trade Zone, ISO 22,000/2005 food safety standards and the Fair trade Labeling Certificate Most of the Tea Garden Marks under MPPLC are identified as "Premium Brands" for the tea blends in the European Union, Canada, Russia, Japan, Middle East and South East Asia.

Marching towards the goal of becoming the Benchmark Company in Sri Lanka, MPPLC is adopting Good Agricultural Practices (GAP), Good Manufacturing Practices (GMP), and Good Human Management Practices (GHMP) along with Total Quality Management (TQM), to deliver the best value to its stakeholders in a sustainable manner.

Early Initiatives in Crop Diversification

MPPLC has been pioneering with setting these novel trends to the industry with a foresight decision made in 2013 by the management also backed with timely financing. As a result today we have become the proud owners of Sri Lanka's largest pear garden with almost 4,000 plants in Leangahawela Estate, Bandarawela. Soon we will be the single largest pear producer in the island. In addition, Bandarawela region of the company also has 27 ha of premium quality mid grown Cinnamon in Ampitiakande and Poonagala Estates. The company also inter-planted 28 ha of Mandarin inter-planted with Old Seedling Tea at Ampitiakande Estate.

Tourism Approach

The company has already developed a few high quality tourism facilities such as Blue Magpie Resort & Fishing Huts in Moray Estate, Maskeliya, Devon Bungalow, at St. Clair Estate, Talawakelle, Mahakande Bungalow, at Ampitiakande Estate and Leangahawela Bungalow, in Bandarawela as tourism destinations. There are many other identified locations namely Pill Clinton point in Poonagala Estate with unique and vibrant 360° view, and 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 have been earmarked for future development. Sites such as View point in Moray Estate, Millennium point in Poonagala Estate, Camping site at Laxapana Estate have been given top priority for development.

Social Welfare Activities undertaken during the season 2019/2020

Digital Banking system introduced to the worker community

For the first time in Upcountry Digital Banking System has been introduced for the estates worker community to withdraw their wages/advances through ATM. This modern technological facility have paved the way for the workers to obtain quick loans from banks, earn interest for their credit balances, while inculcating good habit of saving among them. Workers are now used to operate Digital Banking System after introducing ATM withdrawals and remit their wages and advances direct to their bank accounts

COVID 19 Mitigation activities

Stainless Steel Sinks, Sanitizers etc., have been provided in the Factories, Offices, Dispensaries and Child Development Centers (CDCs) in all the plantations in order for the plantation community to maintain the Health & Safety standards in forced by the Health Ministry to control the spread of Corona Virus and to be hygienically safe in all MPL Estates. Further, Awareness programs have been conducted at all the estate covering the entire worker community to adopt the best heath practices.

Maskeliya Plantations Plc., have looked after the plantation workers those who have contributed to the uninterrupted operations of the company and the economy of the country during the difficult period, by working without any interruption. This is the only industry continued to work during the threatening pandemic of COVID-19 amidst various disturbances such as curfew/lockdown, panic etc., and supporting the economy to the country.

Celebration of International Women's day

Strathspey Estate celebrated the International Women's Day this year also for the 7th consecutive year.

Management has not forgotten to honour the people who associated in our routine functions who are our partners of progress. Although there was no gathering of visitors, the estate management honored the women who associated and rendered their services to the management in various ways and means by giving away gifts in recognition while appreciating their yeoman service to our plantations.

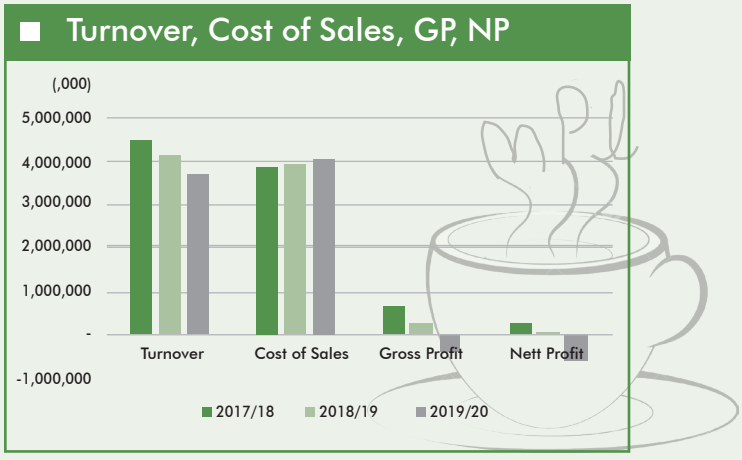
Planting fruit plants campaign

Strathspey Estate undertook planting fruit tree plants around the Tea Processing Centre premises, which is another remarkable event to save and protect the environment with a view to create working culture in the pink.

MPPLC has concluded a very challenging year.....

Volatility in Country's economic and non-economic conditions has been constantly challenging the performances of Company throughout the financial year concluded on 31 March 2020.

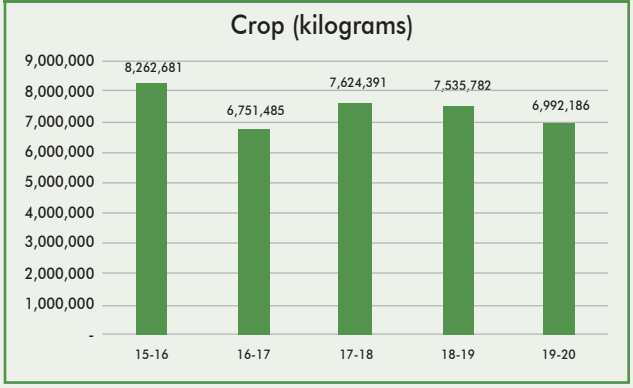
The Company produced of 6.9 million Kg of Tea showing a 7% decrease compared with the last year. The Tea Industry as whole has slowed down showing a reduction in the total tea production due to unfavorable weather conditions in tea growing areas. It is noteworthy to mention that all the achievements of the Company were made under trying conditions facing the heavily volatile environmental and related factors. It's our plan to achieve our aim with a well-focused vision on the financial and non-financial indicators.



Crop

In the plantations industry, weather condition plays a vital role in determining the achievement of production target and the quality of the final product. When we turn back look at the year completed, weather was not favorable as expected but the conditions were better than the previous year. The vagaries of climatic changes during last 5-10 years showing very short and erotic monsoonal weather during the regular monsoon times have severely affected the crop patterns.

Crop



Turnover

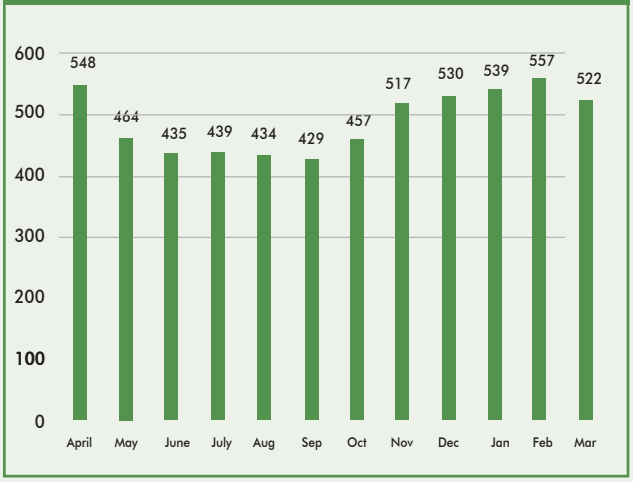
RS. 3.7 Billion turnover achieved during the year showed a reduction of 10.8% against the last year. It was a negative difference of Rs. 0.4 billion against the preceding year.

Tea prices at the Colombo Tea Auctions showed a gradual decline throughout the year under review. This has severely affected the bottom-line profits as well as the turnover of the Company.

Net Sales Average

The recorded NSA of 484.05, in the year under review was a reduction in 10.37% compared with the last year. The decrease in NSA was mainly driven by the international tea market prices.

NSA Monthly Records



Cost of Production

Our cost of production has increased by Rs. 27.06 per kg compare with preceding year showing a COP of Rs. 520.30 per kilogram. The following factors have driven the increased cost.

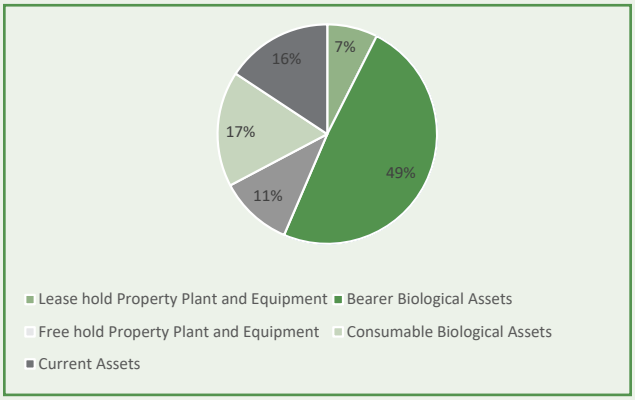
- Increase in labour wage rate as a result of Union backed wage increase imposed on the RPC's.
- Low crops achieved

Profitability

The Company recorded an operating loss of Rs. 359.9 million in financial year under review. The recorded a net loss after taxes for the year was Rs. 576.1 million.

Administration expenses have been increased by 8.76% while both Finance cost and management fees has been decreased by 4% compared with that of the last year. However the decrease in the sales revenue by Rs. 451 million was the main cause for the negative impact on the profitability.

Asset base



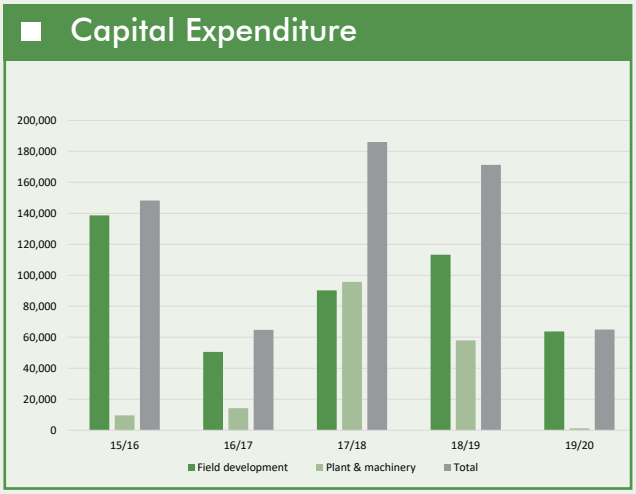
The asset base of the Company at the end of the financial year 2019/20 stood at Rs.4.7 billion of which 84% represents non-current assets and 16% by current assets. Bearer Biological assets accounted for the largest part among the asset base of the Company which is 49%. There have been no significant changes in the proportions of biological assets and other elements in their proportions represented in the asset base.

Debt Capital & Finance Cost

Total finance cost for the year ending 2019/20 was Rs. 222 million and this showed a decreased of 4.11% compared with the last financial year. Finance cost for the last financial year was Rs. 232 million. The over draft interest was the largest component in the finance cost and it was Rs. 126 million for the year under review. During the year Rs. 9 million of the interest was capitalized.

The Company gearing ratio of 80% in the current financial year is higher compared with that of the last year's ratio of 57%. Company concluded the year with a debt to asset ratio of 30.19% which was 28.31% in the preceding financial year.

Capital Expenditure



Year	Field development	Plant & machinery	Total
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
19/20	63,759	1,216	64,975

MPPLC strive to keep the adequate capital assets which helps the company to ensure smooth production throughout our processes. Timely Investments on field development and plant & machinery will help to improve the production and improve the efficiencies. Even though the investments on filed development and plant & machinery were restricted due to funding constrains we remain focused to acquire and maintain the capital assets to improve our products quality.

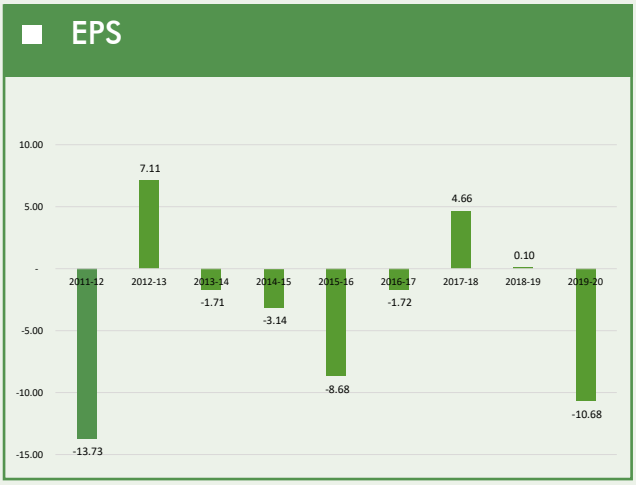
Capital expenditure has been reduced by 62% compared to the last year. Out of the total capital expenditure 98% accounts for field development while the rest is for the capital expenditure incurred on plant and machinery.

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

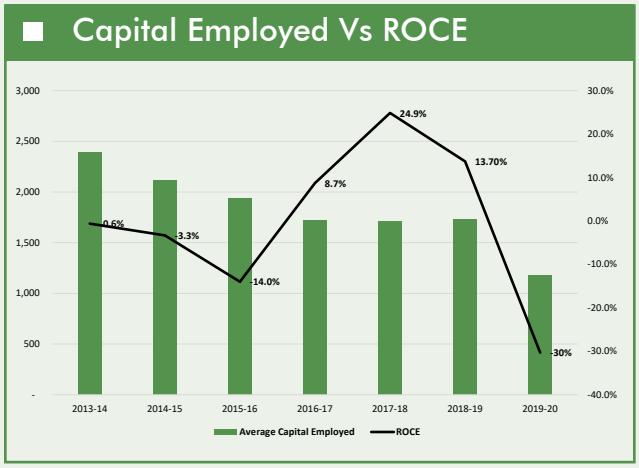
Cash flows

Cash generated through the operating activities have been reduced by 140% with compared with the last financial year. Reduction in profit was the main reason for reducing the cash generated through operating activities. Overall, the Company has generated a negative cash flow of Rs. 367 million from it's overall operations during the year.

Shareholder return



2017/18 year recorded a significant improvements in EPS. However compared to the last year, there is a significant reduction in EPS in 2019/20. Various reasons explained above adversely affected EPS, which has reduced to (10.68) for 2019/20.



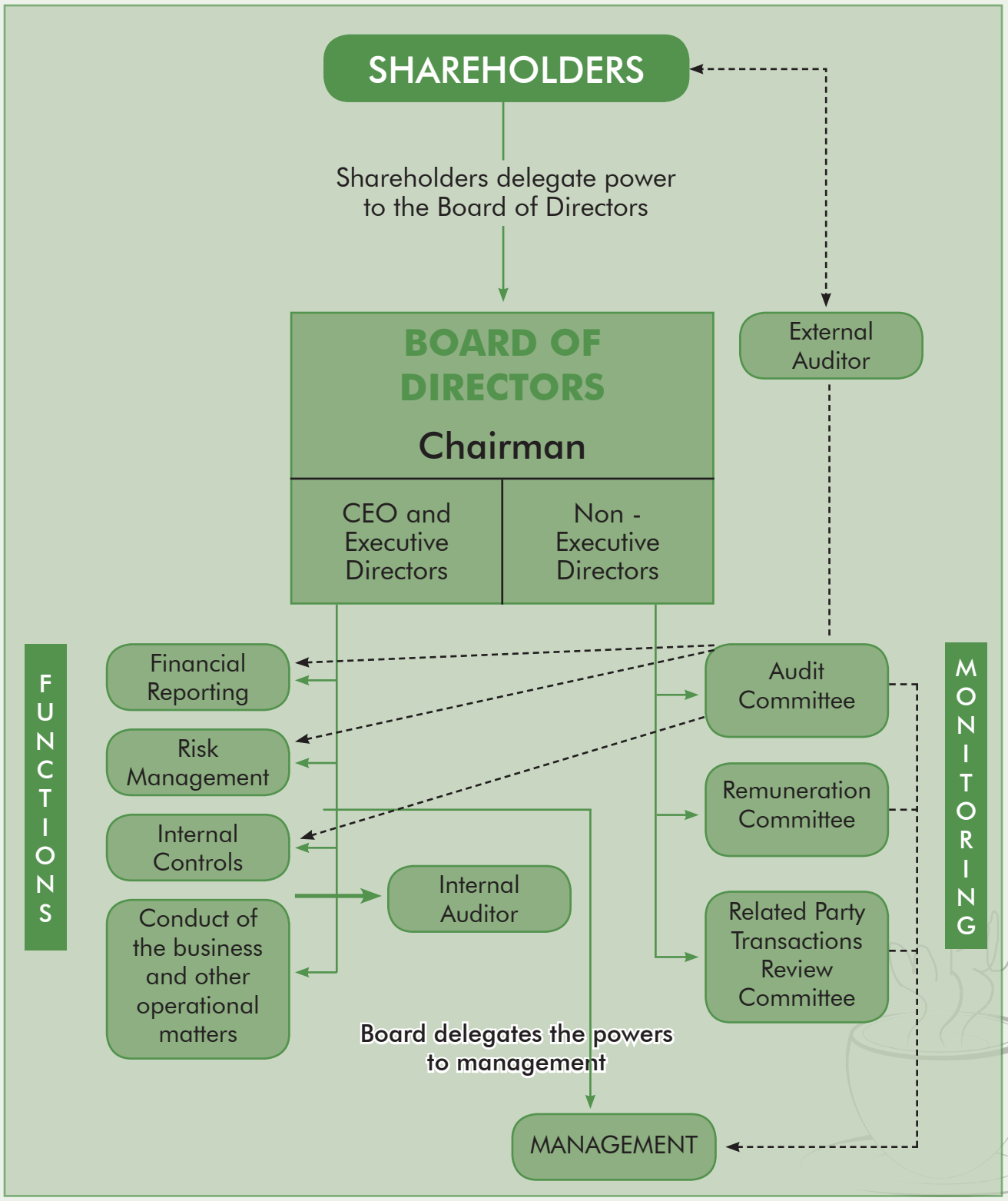
There is a significant reduction in ROCE in the year under review to (30%). It is a sizable reduction compared to 13.7% recorded in the last financial year. There was also a reduction in average capital employed in the year under review compared with that of last financial year.

The share price of the Company has been fluctuating throughout the year marking it's at Rs. 6.20 at the end of the financial Year. The highest market price recorded was Rs.11.40 and Rs.6.20 was the lowest.

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 11 to 13 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 G Liyanage	-	x	-

During the year the Board met on several 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 Chief Financial Officer, 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 30 and 31 describes the activities carried out during the Financial Year.

Remuneration Committee

The Report of the Remuneration Committee is on Page 32 and highlights its main activities.

Related Party Transactions Review Committee

The Report of the Related Party Transactions Review Committee is on Page 33 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 Risk Management on pages 27 to 29.

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 Financial & Operational overview report on pages 18 to 22.

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

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.

Business Risk Management

Company Objectives	Risk Treatment
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.

Business Risk Management

Company Objectives	Risk Treatment
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.

Purpose

The purpose of the Audit Committee is to:

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

Members

The Audit Committee consisted of 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 seven meetings during the year under review.

The Group Chief Financial Officer, Chief Executive Officer, Chief Financial Officer, 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 PLC which is reviewed by the Senior Management on a monthly basis.

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

Financial Statements

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

External Auditors

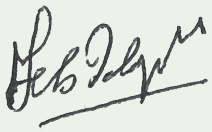
The Audit Committee has reviewed the other services provided by the External Auditors to the Company to ensure their independence as Auditors has not been compromised.

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, 2021 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
23 September 2020

Report of the Remuneration Committee

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

Members

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

Meetings

The Committee met on several occasions during the financial year.

Purpose

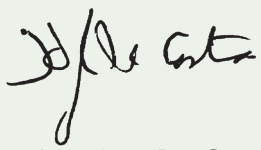
The Remuneration Committee has reviewed and recommended the following to the Board of Directors:

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

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

Remuneration Policy

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



Dr. Jayatissa De Costa P. C.
Chairman - Remuneration Committee
23 September 2020

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.

Members

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

Purpose

The Objectives of the Committee,

- To exercise oversight on behalf of the Board, that all Related Party Transactions ("RPTs", other than those exempted by the CSE listing rules on the Related Party Transactions) of Kegalle Plantations PLC is carried out and disclosed in a manner consistent with the CSE listing rules.
- To advise and update the Board of Directors on the related party transactions of the Company on a quarterly basis.
- To ensure compliance with the CSE listing rules on the Related Party Transactions.
- To review policies and procedures of Related Party Transactions of Richard Pieris Group.
- To ensure shareholder interests are protected and that fairness and transparency are maintained.

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

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

Meetings

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

√	27 Jun 2019
√	31 Jul 2019
√	31 Dec 2019
x	Scheduled to be held on 30 Mar 2020, but not held due to COVID19 Pandemic

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 2019/20

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

Declaration

Refer: Annual Report of the Board of Directors on the Affairs of the Company, Pages 34 to 36 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 2019/20, except what was disclosed in the note no. 35.

Disclosures

A detailed disclosure of all the related party transactions including Recurrent and Non-Recurrent related party transactions which are required to be disclosed under section 9.3.2 of the Listing Rules of the Colombo Stock Exchange has been made in note no. 35 to the Financial Statements given in Pages 82 to 83 to this report.

Dr. Jayatissa De Costa P. C.

Chairman - Related Party Transactions Review Committee

23 September 2020

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 2020 and the Auditor's Report thereon.

The Board of Directors approved this report at the Board meeting held on 23 September 2020.

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 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 5,558 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 35.1.2 of the Financial Statements.

Review of the Company Performance

The Chairman's Review, Financial and Operational 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. 3,716,294/- (2019 – Rs. 4,167,216,311/-) and a composition of the Revenue is given in Note 06 to the Financial Statements.

Financial Results

Year Ended 31 March	2020 Rs'000.	2019 Rs'000
Profit /(Loss) before tax	(578,720)	6,981
Income Tax (Expense)/Income	2,609	(1,717)
Profit /(Loss) after taxation	(576,111)	5,264
Other Comprehensive Income/(Expense) net tax	(19,528)	(34,945)
Profit/(Loss) B/f Including Timber Reserves	(187,796)	(152,851)
SLFRS 16 Adjustment	(57,040)	-
Profit/(Loss) C/f Including Timber Reserves	(840,475)	(187,796)

Results and Dividends

Details relating to the Company's profits/(Loss) are given on page 41. The Directors do not recommend a Dividend for the year.

Property, Plant and Equipment

The total capital expenditure incurred on the acquisition of fixed assets during the year amounted to Rs. 64,975,530/- (2019 - Rs. 171,274,300/-), out of which expenditure on Replanting and Field Development amounts to Rs.63,759,493/-(2019 - Rs. 113,270,599/-).

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 2020 was Rs. 673,720,950/-. Details of the Stated Capital are given in Note 20 to the Financial Statements.

Reserves and Accumulated Profits

The total Reserves and Accumulated profit/(Loss) of the Company as at 31 March 2020 was Rs.(300,476,782)/- (2019 - Rs. 352,202,861/-)

Donations

The Donations made during the year by the Company amounted to Rs10,000/- (2019 Rs.5,000)

Taxation

As per the Inland Revenue Act the Company profit 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 86 and 87 of this report.

Major Shareholders

The twenty largest shareholders of the Company as at 31 March 2020 together with percentages held are given under the caption "Shareholder and Investor Information" on Page 85.

Directors

The Names of the Directors who held Office during the year are given below. Their brief profile appear on Page 11 to 13.

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 G Liyanage	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 74 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 72 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act no. 07 of 2007 shall not apply to the said Dr. Sarath Samaraweera "

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 Mr. Sunil Liyanage of No.40, Bellantara Road, Nedimala, Dehiwala, who is 71years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act no. 07 of 2007 shall not apply to the said Mr. Sunil Liyanage"

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

Interest Register

The Company maintains an interest register as required by the Companies' Act No.07 of 2007.

Information pertaining to Directors' interest in contracts, their remuneration and their share ownership are disclosed in the interest register.

Directors' Interest in Contracts.

Directors' Interest in Contracts in relation to transactions with related entities, key Management Personnel and other related disclosures are stated in Note 35 (Related Party disclosures) to the Financial Statements.

Directors' Interest in Shares

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

Director	2020	2019
Dr. D S A Samaraweera	100	100
S S G Liyanage	500	500

CEO's Interest in Shares

Mr. M P S Pathiraja has resigned from the post of Chief Executive Officer of the company after 31 st March 2020 and his shareholding given below.

	2020	2019
M P S Pathiraja	59	59

Directors' Remuneration and Other Benefits

The Remuneration of the Directors for the year ended 31March 2020 is given in Note 09 of the Financial Statements.

Vision, Mission & Objectives

The Company's Vision, Mission and Long-Term Objectives are given in Page 02 of the report

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 18 under Financial and Operational Overview.

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, except what was disclose in note No. 34.

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 30 to 33 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 35 on Pages 82 to 83.

Corporate Governance and Internal Control

The policies adopted by the Company in relation to Best Practices and Good Corporate Governance are given on Page 23 to 26.

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 37 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 2020 have been audited by Messrs. Ernst & Young, Chartered Accountants. The Auditors Report is given on Page 38 to 40.

The Audit Fees of Messrs. Ernst & Young for the current year was Rs.3,750,500/- (2019 Rs 3,750,500/-). In addition Rs.350,044/- (2019 Rs. 325,318/-) 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 notified later.

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.
23 September 2020

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 Page 38 to 40.

The Financial Statements of the Company for the year ended 31 March 2020 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 41 to 83 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 2020 and that of the loss for the year then ended.

The overall responsibility for the Company's internal control systems lies with the Directors. Whilst recognising the fact that there is no single system of internal control that could provide absolute assurance against material misstatements and fraud, the Directors confirm that the prevalent internal control systems instituted by them which comprise internal checks, internal audit, financial and other controls are so designed that, there is reasonable assurance that all assets are safeguarded and transactions properly authorised and recorded, so that material misstatements and irregularities are either prevented or detected within a reasonable period of time.

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

The Directors have provided the Auditors, Messrs Ernst & Young, Chartered Accountants, with every opportunity to carry out reviews and tests that they consider appropriate and necessary for the performance of their responsibilities The Auditors, have examined the Financial Statements together with all financial records and related data and express their opinion which appears as reported by them on Page 38 to 40 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.
23 September 2020

Independent Auditors' Report

Building a better working world

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Chartered Accountants
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Colombo 10
Sri Lanka

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

TO THE SHAREHOLDERS OF MASKELIYA PLANTATIONS PLC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Maskeliya Plantations PLC ("the Company"), which comprise the statement of financial position as at 31 March 2020, 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 2020, 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	
As at 31 March 2020, 49% of the total assets of the Company consisted of bearer biological assets amounting to Rs. 2,298Mn which comprised with Rs. 592Mn Immature and Rs. 1,706Mn Mature plantations. During the financial year Company capitalised an amount of Rs. 64Mn relating to immature plantations while transfers out to mature plantations amounted to Rs. 253Mn.	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 noted on a timely basis. • We validated the significant amounts capitalised (including capitalized labor,and other acceptable costs) by examining related invoices, capital expenditure authorizations and other corroborative evidences.

Partners: W R H Fernando FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W R H De Silva ACA ACMA 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

Principals: G B Goudian ACMA A A J R Perera ACA ACMA T P M Ruberu FCMA FCCA

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Management's identification of capitalizable portion of the cost incurred relating to immature plantations, identification of the point at which transfer out to mature plantation to be made and the assessment of if any indicators of impairment are present, are significant in arriving at the value of such plantations. Due to the above factors and the magnitude of the amounts involved, we considered this area as a key audit matter.	• 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 plantations. We evaluated the adequacy of the related disclosures given in Note no 3.6.7 and 14.1 in the financial statements.
Valuation of Consumable Biological Assets	
As at 31 March 2020, 17% of the total assets of the company consisted of consumable biological assets amounting to Rs.798 MN which are carried at fair value and the fair value gain of Rs. 75 Mn on such valuation has been included in the current year performance of the Company. The valuation of consumable biological assets involves use of significant assumptions, technical expertise, and the discounted cash flow model. Changes in the key assumptions used such as discount rate and expected timber volume to value of the company's consumable biological assets could have a material impact on the statement of profit or loss and the value of consumable biological assets. Accordingly, valuation of consumable biological assets has been considered as a Key Audit Matter.	Our audit procedures focused on the valuation performed by the Management's external valuer, which included among others the following procedures; • We evaluated the competence, capability and objectivity of the external valuer engaged by the company. • We assessed the tree census records maintained by the company and cross checked whether the number of trees as per valuation report are consistent with that of the census report. • We read the external valuer's report and understood the fair value methodology and inputs used (such as discount rate and expected timber volume) in the valuations. • We engaged our internal specialised resources to assist us in evaluating the appropriateness of the valuation method and discount rate used by the external valuer. We evaluated the adequacy of the related disclosures given in Note 14.2 in the financial statements.
Retirement Benefit Obligation	
The Company has a Retirement Benefit Obligation liability amounting to Rs 1,208 Mn as at the reporting date. The Valuation of retirement benefit obligation requires technical expertise, including the use of actuarial experts and selecting appropriate assumptions. Small changes in a number of the key assumptions used to value the company's retirement benefit obligation, (including salary increases, discount rates and mortality) could have a material impact on the calculation of the liability.	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. • 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 24 in the financial statements.

Other Information included in the Company's 2020 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.

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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

23 September 2020

Colombo

Statement of Profit or Loss

Year Ended 31 March 2020

	Notes	2020 Rs.'000	2019 Rs.'000
Revenue	6	3,716,295	4,167,216
Cost of Sales		(4,076,283)	(3,906,282)
Gross Profit/(Loss)		**(359,988)**	**260,934**
Other income	7	14,873	18,199
Administrative Expenses		(67,280)	(61,860)
Change in fair Value of Biological Assets	14.4	75,976	42,452
Management Fee		(20,202)	(21,122)
Finance Cost	8	(222,099)	(231,622)
Profit / (Loss) Before Taxation	**9**	**(578,720)**	**6,981**
Income Tax (Expenses) / Reversal	10	2,609	(1,717)
Net Profit / (Loss) for the Year		**(576,111)**	**5,264**
Basic Earnings per Share	11.2	(10.68)	0.10
Divident per Share	11.3	Nil	Nil

The accounting policies and Notes on Pages 46 through 83 form an integral part of the Financial Statements.

Statement of Comprehensive Income

Year Ended 31 March 2020

	Notes	2020 Rs.'000	2019 Rs.'000
Profit/ (Loss) for the year		(576,111)	5,264
Other Comprehensive Income			
Other Comprehensive income that will be reclassified to profit or loss in Subsequent periods (net or tax)		-	-
Net other comprehensive Income that will be reclassified to profit or loss in subsequent periods		-	-
Other Comprehensive income that will not to be reclassified to profit or loss in Subsequent periods (net or tax)			
Remeasurement gains/ (Losses) on defined benefit plan	24	(22,707)	(46,755)
Income tax effect	10.2	3,179	6,545
Net Other comprehensive Income/(Loss) that will not to be reclassified to Profit or Loss		(19,528)	(40,210)
Total Other Comprehensive Income for the year		(19,528)	(40,210)
Total Comprehensive Income for the year, net of tax		(595,639)	(34,946)

The accounting policies and Notes on Pages 46 through 83 form an integral part of the Financial Statements.

Statement of Financial Position

As at 31 March 2020

	Notes	2020 Rs.'000	2019 Rs.'000
ASSETS			
Non Current Assets			
Right - of - use Assets	12	348,770	217,553
Freehold Property, plant & equipment	13	507,622	554,750
Bearer Biological Assets	14.1	2,298,074	2,294,216
Consumable Biological Assets	14.2	798,389	723,616
Tax Recoverable		47,926	47,926
		4,000,781	3,838,061
Current Assets			
Produce on Bearer Biological Assets	14.3	10,292	9,089
Inventories	15	398,244	590,873
Tax Recoverable	16	81,779	67,748
Trade and Other Receivables	17	216,731	227,693
Amounts Due From Related Parties	18	16,854	22,089
Cash and bank balances	19	12,998	9,297
		736,898	926,789
TOTAL ASSETS		**4,737,679**	**4,764,851**
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	20	673,721	673,721
General Reserve	21	540,000	540,000
Timber Reserves	22	755,638	680,865
Retained Earnings/(Losses)		(1,596,114)	(868,662)
Total Equity		**373,245**	**1,025,924**
Non Current Liabilities & Deferred Income			
Interest Bearing Loans & Borrowings	23	126,223	312,770
Retirement Benefit Obligations	24	1,208,307	1,110,362
Deferred Tax Liability	25	52,228	58,015
Deferred Income	26	169,135	180,382
Lease Liability	27.3	312,296	105,902
		1,868,189	1,767,431
Current Liabilities			
Trade and Other Payables	28	428,615	415,630
Interest Bearing Loans & Borrowings	23	1,337,361	1,030,530
Lease Liability	27.3	3,718	2,411
Amounts Due to Related Parties	29	724,543	520,914
Dividends Payable	30	2,008	2,008
		2,496,245	1,971,493
Total Equity and Liabilities		**4,737,679**	**4,764,851**
NET ASSETS PER SHARE		7	19

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

K G Punchihewa
Chief Financial Officer

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 46 through 83 form an integral part of the Financial Statements.

23 September 2020

Colombo

Statement of Changes in Equity

Year Ended 31 March 2020

	Stated Capital Rs.'000	General Reserve Rs.'000	Timber Reserve Rs.'000	Retained Earnings Rs.'000	Total Rs.'000
Balance as at 01 April 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	-	-	-	(40,210)	(40,209)
Timber Reserve	-	-	47,048	(47,048)	-
Balance as at 31 March 2019	**673,721**	**540,000**	**680,865**	**(868,662)**	**1,025,924**
Transition adjustment due to initial application of SLFRS 16 (Ref Note No 27)	-	-	-	(57,040)	(57,040)
Balance as at 01 April 2019	**673,721**	**540,000**	**680,865**	**(925,702)**	**968,884**
Net Profit / (Loss) for the year	-	-	-	(576,111)	(576,111)
Total Other comprehensive income/(Loss) for the year	-	-	-	(19,528)	(19,528)
Timber Reserve	-	-	74,773	(74,773)	-
Balance as at 31 March 2020	**673,721**	**540,000**	**755,638**	**(1,596,114)**	**373,245**

The accounting policies and Notes on Pages 46 through 83 form an integral part of the Financial Statements.

Statement of Cash Flows

Year Ended 31 March 2020

CASH FLOWS FROM OPERATING ACTIVITIES	**Notes**	**2020**	**2019**
		Rs.'000	**Rs.'000**
Net Profit/(Loss) before Taxation		**(578,720)**	**6,981**
ADJUSTMENTS FOR			
Depreciation/Amortisation	12-14	130,978	124,902
Provision for Defined Benefit Plan Cost	24	199,210	177,578
Amortisation of Grants	26	(11,737)	(11,762)
Gain/(Loss) on change in fair value on Bearer Biological Assets	14.2	(74,773)	(47,048)
Gain/(Loss) on change in fair value Green Leaf	14.3	(1,203)	4,596
Finance Costs	8	222,099	231,622
Provision for Doubtful Debts		1,076	-
Operating Profit/(Loss) before Working Capital Changes		**(113,070)**	**486,869**
(Increase)/Decrease in Inventories	15	192,629	10,774
(Increase)/Decrease in Trade and other receivables	17	9,886	(5,204)
Increase/(Decrease) in Trade and other payables	28	(29,896)	(78,492)
Increase/(Decrease) in amounts due to Related Parties	29	203,629	58,965
(Increase)/Decrease in amounts due from Related Parties	18	5,235	(14,865)
Cash Generated from Operations		**268,413**	**458,047**
Finance Costs Paid		(180,695)	(192,828)
Defined Benefit Plan Costs paid	24	(123,972)	(119,712)
ESC Paid		(14,031)	(21,202)
Net Cash from Operating Activities		**(50,285)**	**124,305**
CASH FLOWS FROM INVESTING ACTIVITIES			
Grant Received	26	490	-
Field Development Expenditure	14.1	(63,759)	(113,271)
Purchase of Property, Plant & Equipment	13	(1,217)	(58,004)
Net Cash used in Investing Activities		**(64,486)**	**(171,275)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of Government lease rentals	26.1	-	(41,113)
Payment of Other Finance lease rental	27.2	(1,813)	-
Proceeds from loans		46,385	250,000
Payment of loans		(297,038)	(411,444)
Net Cash from Financing Activities		**(252,466)**	**(202,557)**
Net Increase/(Decrease) in Cash & Cash Equivalents		**(367,237)**	**(249,527)**
A. Cash & Cash Equivalents at the beginning of the year		(728,610)	(479,083)
B. Cash & Cash Equivalents at the end of the year		**(1,095,847)**	**(728,610)**
NOTE A			
Cash & Cash Equivalents at the beginning of the year			
Cash & Bank Balances		9,297	16,505
Bank Overdrafts		(737,907)	(495,588)
		(728,610)	**(479,083)**
NOTE B			
Cash & Cash Equivalents at the end of the year			
Cash & Bank Balances	19.1	12,998	9,297
Bank Overdrafts	19.2	(1,108,845)	(737,907)
		(1,095,847)	**(728,610)**

The accounting policies and Notes on Pages 46 through 83 form an integral part of the Financial Statements.

Notes to the Financial Statements

Year Ended 31 March 2020

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 the nature of the 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 2020 were authorized for issue in accordance with a resolution of the board of directors on 23 September 2020.

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
- Harvestable Agricultural Produce growing on bearer biological assets.
- Defined Benefit Obligation is measured using projected unit credit method.

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

No adjustments have been made for inflationary factors in the 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

Notes to the Financial Statements

Year Ended 31 March 2020

applied 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 01st April 2019. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The Company applied SLFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below. Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial statements of the Company.

3.1.1 SLFRS 16 Leases

SLFRS 16 supersedes LKAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the Statement of financial position.

Lessor accounting under SLFRS 16 is substantially unchanged from LKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in LKAS 17. Therefore, SLFRS 16 does not have an impact for leases where the Company is the lessor.

The Company adopted SLFRS 16 using the modified retrospective method of adoption, with the date of initial application of 01st April 2019. The Company elected to use the transitional practical expedient to not to reassess whether a contract is, or contains, a lease at 01st April 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying LKAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short term leases), and lease contracts for which the underlying asset is low value (low-value asset).

As per the JEDB/SLSPC lease agreement which the company entered into with the Government in 1992, Lease rentals were payable on Right of use asset -land and other depreciable assets. As the lease rentals applicable to other depreciable assets have been fully settled considering the values of those assets, Management believes that the remaining lease rental payables are purely applicable to Right of Use asset – Land.

The Company has accounted Right of Use Land and Right of Use Building under SLFRS 16. The accounting policy for the Right of Use Assets and Lease liabilities is included in detail in the Note 3.6.4 Leases (3.6.4.1 Right of Use Assets and 3.6.4.2 Lease Liabilities).

3.1.2 IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of LKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately.
- The assumptions an entity makes about the examination of tax treatments by taxation authorities.
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

Notes to the Financial Statements

Year Ended 31 March 2020

- How an entity considers changes in facts and circumstances.

  The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

  The Company applies significant judgment in identifying uncertainties over income tax treatments. Since the Company operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its financial statements.

  The Company applies significant judgment in identifying uncertainties over income tax treatments. The Company assessed whether the Interpretation had an impact on its financial statements. Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions. The Company determined, based on its tax compliance, that it is probable that its tax treatments will be accepted by the taxation authorities (Refer Note 4.1).

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 Company to ensure the going concern ability of the Company.

- **Impact on COVID-19 and Going Concern Assessment**

  In March 2020, the World Health Organization declared the novel corona virus (COVID-19) outbreak as a pandemic. There have been mandates from Government authorities requiring forced closures of various schools, businesses and other facilities and organizations. As a result, during the latter part of March 2020, there was a restriction on operations of the Company. However, After Government has declared the plantation sector as an essential service, normal operations resumed.

- **Financing and Liquidity**

  Since April 2020, the impact on cash flow considerably improved with the start-up of Online Tea Auctions from 6th April and with the increased in price and demand resulted from the recognition of Black tea as a health improving beverage. Further, the Company also applied for the relief loan package introduced by the Central Bank if granted to meet short-term cash deficits and meet financial commitments.

- **Impact on Assets & Impairments**

  The company resumed normal operations when the Plantation sector was declared as an essential service and with the relaxation of curfew rules in the plantation districts. The company adopted successful measures to mitigate the impact of COVID 19 on crop intake, revenue and expenditure and after careful assessment decided that there was no requirement to impair Biological Assets, Debtors and Other Assets of the company.

- **Impact on Internal Operations & Business Continuity**

  Since plantations are mainly based in districts which are not severely affected by the COVID 19 and also due to the Government policies on agricultural industry as an essential service, it allowed us soon to operate normally while implementing strict health care & safety

Notes to the Financial Statements

Year Ended 31 March 2020

measures. However, the operations at Head office level got disrupted due to the strict enforcement of curfew in Colombo but operational work continued under the concept of work from home.

- **Company's responses on the impact of COVID 19 on the future operations and the financial condition of the company.**

  The company is quite optimistic about the tea prices and the demand for Black Tea as it has been recognized as a healthy beverage. We assume Sri Lanka will be able to reach the market in a better way due to the disruption of production facilities in other countries affected by COVID19. Further the company has determined that there will be continuing demand for black tea at reasonable price, since this product is regarded as a health beverage.

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.

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 Measurement

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

- 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.

Notes to the Financial Statements

Year Ended 31 March 2020

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 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 less accumulated depreciation and accumulated impairment losses, if any.

3.6.3 Cost of Owned Assets

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

Purchased software that is integral to the functionality of the related equipment is 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

Notes to the Financial Statements

Year Ended 31 March 2020

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

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

3.6.4.1 Right of Use Assets

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

Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. Lease period of Land acquired from JEDB/SLSPC will be expired in year 2045. If ownership of the leased asset transferred to the Company at the end of the lease period or the cost reflect the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset as follow:

	No. of Years	Rate (%)
Building	2 years	50
Right of use Asset - Land	26 years	3.8 (over the remaining lease period)

3.6.4.2 Lease Liabilities

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

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

Notes to the Financial Statements

Year Ended 31 March 2020

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

The weighted average incremental borrowing rate use for discounting purpose as at 31st March 2020 is 13%.

The Company's lease liabilities are included in Note 27 to the financial statements.

3.6.5 Derecognition

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of profit or loss when the asset is derecognized.

3.6.6 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 plantation 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 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.

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Year Ended 31 March 2020

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 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 Cost

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

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

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

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

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

3.6.7.5 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.

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Year Ended 31 March 2020

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.

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 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. 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 useful lives as follows:

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

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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 (OCI), and fair value through profit or loss.

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

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

3.7.1.2 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 Company of similar financial assets) is derecognised when:

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

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

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

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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). 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, amounts due to related parties, 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.

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Year Ended 31 March 2020

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.

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 Company's 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

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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.

3.12 Employees Benefits

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

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

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

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

(b) Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the Financial Statements in respect of defined benefit plan is the present value of the defined benefit obligation at the Reporting date. The defined benefit obligation is calculated annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using the interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised 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 24.

Notes to the Financial Statements

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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.

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 installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this 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. 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 the customers.

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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.

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

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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.

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. The company is primarily engaged in the production of tea, which is the single business segment.

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

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.

Notes to the Financial Statements

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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 14.2 - Biological Assets
- Note 24 - Measurement of the Defined Benefit Obligations
- Note 25 - Deferred Taxation

4.1 Taxation

Current Tax

According to the Notice to the Tax payers issued by the Inland Revenue Department under the implementation of Proposed Changes to the Inland Revenue Act No 24 of 2017, the gains or profits derived by any person from the sale of produce of an undertaking for Agro farming of such person without subjecting such produce to any process of production or manufacture, is exempt with effect from 01 April 2019.

Based on the expert opinion obtained, the management is of the view that the company is predominantly engaged in agricultural business.

Deferred Tax

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized 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 expert opinion obtained, the management is of the view that the company is predominantly engaged in agricultural business.

Further, Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. 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

Notes to the Financial Statements

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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 24. 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 14.2.

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 Amendments to SLFRS 3: Definition of a Business

Amendments to the definition of a business in SLFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Company will not be affected by these amendments on the date of transition.

5.2 Amendments to LKAS1 and LKAS 8: Definition of Material

In October 2018, the IASB issued amendments to LKAS 1 Presentation of Financial Statements and LKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material are not expected to have a significant impact on the Company's financial statements

Notes to the Financial Statements

Year Ended 31 March 2020

6. REVENUE

	2020 Rs.'000	2019 Rs.'000
6.1 Summary		
Tea	3,716,295	4,159,611
Profit/(Loss) on Sale of Trees	-	7,605
	3,716,295	4,167,216

6.2 Segment Information

Geographical Segment	Maskeliya		Upcot		Talawakelle		Bandarawela		Total	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Revenue	977,658	1,153,619	1,380,290	1,576,187	786,172	837,602	572,175	599,808	3,716,295	4,167,216
Cost of Sales	(951,944)	(947,629)	(1,343,848)	(1,295,815)	(745,891)	(699,912)	(706,013)	(660,446)	(3,747,696)	(3,603,802)
Depreciation /Amortzation	(36,304)	(33,832)	(35,582)	(33,213)	(23,907)	(23,730)	(33,584)	(34,127)	(129,377)	(124,902)
Gratuity	(51,088)	(42,533)	(76,943)	(64,757)	(28,121)	(31,090)	(43,058)	(39,198)	(199,210)	(177,578)
Segment Results	(61,678)	129,625	(76,083)	182,402	(11,747)	82,870	(210,480)	(133,963)	(359,988)	260,934
Other Income									14,873	18,199
Gain on change in fair value of Biological Assets									75,976	42,452
Administrative Expenses									(67,280)	(61,860)
Management Fees									(20,202)	(21,122)
Finance Cost									(222,099)	(231,622)
Income Tax (Expenses)/ Income									2,609	(1,717)
Profit/ (Loss) for the year									(576,111)	5,264

Segment Assets	Maskeliya		Upcot		Talawakelle		Bandarawela		Total	
	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Cost	1,413,234	1,324,910	1,659,248	1,586,491	984,083	932,653	1,931,948	1,805,092	5,988,513	5,649,146
Accumulated Depreciation	(522,192)	(487,590)	(609,791)	(574,308)	(374,256)	(350,684)	(546,803)	(513,068)	(2,053,042)	(1,925,650)
Current Assets	132,014	194,893	207,110	307,436	88,658	160,743	191,653	155,051	619,435	818,123
	1,023,056	1,032,213	1,256,567	1,319,619	698,485	742,712	1,576,798	1,447,075	4,554,906	4,541,619
Unallocated Assets										
Cost									220,433	267,703
Accumulated Depreciation									(155,123)	(153,138)
Current Assets									117,463	108,666
Total Assets									4,737,680	4,764,853
Segment Liabilities										
Non Current Liabilities	357,105	335,757	493,553	454,545	199,058	191,354	327,726	309,088	1,377,442	1,290,744
Current Liabilities	98,963	107,727	149,166	155,953	84,443	65,091	96,044	86,858	428,616	415,629
	456,068	443,484	642,719	610,498	283,501	256,445	423,770	395,946	1,806,058	1,706,373
Un Allocated										
Non Current Liabilities									490,747	476,687
Current Liabilities									2,067,629	1,555,864
									2,558,376	2,032,551
									4,364,434	3,738,924
Capital Expenditure										
Field Development	32,093	21,307	4,573	41,943	995	7,114	16,828	22,464	54,489	92,828
Property, Plant & Equipment	1,216	10,616	-	22,700	-	9,385	-	4,553	1,216	47,254
	33,309	31,923	4,573	64,643	995	16,499	16,828	27,017	55,705	140,082
Field Development									9,270	20,443
Property, Plant & Equipment									-	10,750
Unallocated										
Total Capital Expenditure									64,975	171,276

Notes to the Financial Statements

Year Ended 31 March 2020

7. OTHER INCOME

	2020 Rs.'000	2019 Rs.'000
Amortization of Capital Grants	11,737	11,762
Other Sundry Income	3,136	6,437
	14,873	**18,199**

8. FINANCE COST

	2020 Rs.'000	2019 Rs.'000
Interest on Lease Rental (JEDB/SLSPC)	41,094	4,425
Contingent Lease Rental (JEDB/SLSPC)	-	34,369
Interest on other Leases	310	-
Overdraft Interest	125,697	65,486
Term Loan Interest	63,828	147,065
Stamp Duty & Other charges	440	720
	231,369	252,065
Amount Capitalised	(9,270)	(20,443)
	222,099	**231,622**

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)
2019/2020	+ 1%	(4,546)
	-1%	4,546
2018/2019	+ 1%	(8,570)
	-1%	8,570

09 PROFIT BEFORE TAXATION IS STATED AFTER CHARGING

	2020 Rs.'000	2019 Rs.'000
Auditor's Remuneration	3,750	3,750
Directors' Remuneration	1,200	1,200
Depreciation/Amortisation	130,978	124,902
Defined Benefit Plan Costs (Included Under Cost of Sales & Administration Expenses)	199,210	177,578
Defined Contributions Plan Costs - EPF & ETF	240,566	237,013
Others - Staff Costs (Including Estate Employees)	2,322,034	2,220,014

10. TAX EXPENSE

The major component of income tax expense for the year ended 31st March 2020 are as follows :

10.1 Statement of Profit or Loss

	2020 Rs.'000	2019 Rs.'000
(I) Current Income Tax:		
ESC Set off Against Income Tax	-	-
ESC Written off	-	-
(II) Deferred Tax:		
Relating to (origination) and reversal of temporary differences (Note 25.1)	2,609	(1,717)
Income (Tax charge)/reversed reported in Income Statement	2,609	(1,717)

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 25.1)	3,179	6,545
IncomeTax charge directly to other comprehensive income	3,179	6,545

Notes to the Financial Statements

Year Ended 31 March 2020

10.3 RECONCILIATION BETWEEN TAX EXPENSES AND THE PRODUCT OF ACCOUNTING PROFIT	2020 Rs.'000	2019 Rs.'000
Profit / (Loss) before Tax	(578,720)	6,981
Aggregate disallowed items	262,035	306,910
Aggregate allowable items	(320,650)	(348,615)
Taxable Profit/(Loss)	(637,335)	(34,724)
Bought forward Tax losses set off	-	-
	(637,335)	(34,724)
Effective Tax Rate	14%	14%
ESC Set off Against Income Tax	-	-
ESC Write off during the year	-	-
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.

	2020 Rs.'000	2019 Rs.'000
Amounts used as the Numerator :		
Net Profit/(Loss) applicable to ordinary share holders for basic earnings per share	(576,111)	5,264
	(576,111)	5,264
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	2020 Rs.'000	2019 Rs.'000
Interim Dividend Paid	Nil	Nil
	Nil	Nil
Number of Ordinary Shares	53,953,490	53,953,490
Dividend Per Share	-	-

12. RIGHT OF USE ASSETS

	Notes	2020 Rs.'000	2019 Rs.'000
Right-to-use of land	12.1	303,946	165,353
Immovable leased bearer biological assets	12.2	42,084	49,691
Immovable Leased assets (other than right-to-use land and bearer biological assets)	12.3	1,140	2,509
Right-of-use asset - Other lease assets	12.4	1,600	-
		348,770	217,553

Notes to the Financial Statements

Year Ended 31 March 2020

12.1 Right-to-use of Land

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

This right-to-use of land is amortized over the remaining lease term or useful life of the right whichever is shorter and is disclosed under non-current assets. An adjustment to the "Right-To-Use of Land" could be made to the extent that the change relates to the future period on the reassessment of lease liability. The lease liability as at 01 April 2019 has been reassessed under the provisions of SLFRS 16 and both "Right to Use of Land" and "Lease Liability" has been enhanced.

	2020 Rs.'000	2019 Rs.'000
Capitalised Value		
As at 1st April 2019	332,176	332,176
Transferred in due to initial application of SLFRS 16	(166,823)	-
Transition adjustment due to initial application of SLFRS 16	150,751	
As at 31st March 2020	316,104	332,176
Amortization		
As at 1st April	166,823	160,705
Transferred in due to initial application of SLFRS 16	(166,823)	-
Amortization charge for the year	12,158	6,118
As at 31st March	12,158	166,823
Carrying amount	303,946	165,353

12.2 Right - of - use - Immovable Bearer Biological Assets

"In terms of the ruling of the UITF of the Institute of Chartered Accountants of Sri Lanka which prevailed at the time of privatisation of plantation estates, all immovable assets in these estates under finance leases have been taken into the books of the Company retroactive to 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 were taken into the Statement of Financial Position as at 22nd June, 1992 and amortisation of immovable leased assets to 31 March 2020 are as follows. "

MATURE PLANTATIONS - TEA	2020 Rs.'000	2019 Rs.'000
Capitalised Value as at 22nd june, 1992	230,859	230,859
Amortisation		
As at 1st April	181,169	173,563
Amortisation for the year	7,606	7,606
As at 31st March	188,775	181,169
Carrying amount	42,084	49,691

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 plantations were classified as bearer biological assets in terms of LKAS 16. The carrying value of the bearer biological assets leased from JEDB/SLSPC is recognised at cost less amortisation. Further investments in such plantations to bring them to maturity are shown in Note 14.1.

Notes to the Financial Statements
Year Ended 31 March 2020

12.3 Right of Use Immovable Assets (Other Than Right - of - Use Land And Bearer Biological Assets)

	Improvement to Land	Other Vested Assets	Buildings	Plant & Machinery	2020	2019
	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	11,019	409	100,854	12,585	124,867	121,178
Amortisation for the year	405	16	947	-	1,368	3,687
As at 31 March	11,424	425	101,801	12,585	126,234	124,865
Carrying amount	729	411	-	-	1,140	2,509

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

12.4 Right-of-use asset - Other lease assets

Maskeliya Plantation PLC (Head Office) occupies as a tenant, occupying a building which belongs to Richard Pieris & Company PLC (Ultimate Parent) and which was previously accounted as an operating lease under LKAS 17. Since, the SLFRS 16 supersedes LKAS 17 Leases, The Company adopted SLFRS 16 using the modified retrospective method of adoption to above lease arrangement. The effect to the Statement of Financial Position and depreciation of building to 31 March 2020 are as follows:

Cost	2020 Rs.'000	2019 Rs.'000
At the beginning of the year	3,200	-
Additions	-	-
At the end of the year	3,200	-
Depreciation		
At the beginning of the year	-	-
Depreciation during the year	1,600	-
At the end of the year	1,600	-
Written Down Value	1,600	-

Notes to the Financial Statements

Year Ended 31 March 2020

13. FREEHOLD PROPERTY, PLANT AND EQUIPMENT

Cost	Balance as at 01.04.2019 Rs.'000	Additions for the year Rs.'000	Disposals during the year Rs.'000	Balance as at 31.03.2020 Rs.'000
Land Improvements	91,943	-	-	91,943
Buildings	324,777	-	-	324,777
Motor Vehicles	234,304	-	-	234,304
Plant & Machinery	755,478	32,842	-	788,320
Furniture & Fittings	11,939	69	-	12,008
Equipment	97,653	1,071	-	98,724
Water Sanitation	46,101	-	-	46,101
Computers	21,128	324	-	21,452
Computer Software	1,465	-	-	1,465
	1,584,788	34,306	-	1,619,094

	Balance as at 01.04.2019 Rs.'000	Charge for the year Rs.'000	Accumulated depreciation on disposals Rs.'000	Balance as at 31.03.2020 Rs.'000
Land Improvements	24,008	2,299	-	26,307
Buildings	114,608	8,119	-	122,727
Motor Vehicles	184,812	12,815	-	197,627
Plant & Machinery	594,006	21,012	-	615,018
Furniture & Fittings	11,924	8	-	11,932
Equipment	89,589	3,057	-	92,646
Water Sanitation	44,074	569	-	44,643
Computers	19,860	465	-	20,325
Computer Software	1,465	-	-	1,465
	1,084,346	48,344	-	1,132,690
Written Down Value	500,442			486,404

	Balance as at 01.04.2019 Rs.'000	Additions for the year Rs.'000	Capitalised/ Disposed during the year Rs.'000	Balance as at 31.03.2020 Rs.'000
Capital Work-in-Progress	54,307	414	(33,503)	21,218
TOTAL WRITTEN DOWN VALUE	554,750			507,622

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 2020

14 . BEARER BIOLOGICAL ASSETS

14.1 Bearer bialogical assets

Cost	Immature Plantations Rs.'000	Mature Plantations Rs.'000	Total 2020 Rs.'000	Total 2019 Rs.'000
At the beginning of the year	781,468	1,996,723	2,778,191	2,664,920
Additions	63,759	-	63,759	113,270
Transfers	(253,113)	253,113	-	-
At the end of the year	592,114	2,249,836	2,841,950	2,778,190
Depreciation				
At the beginning of the year	-	483,974	483,974	435,400
Charge for the year	-	59,902	59,902	48,574
At the end of the year	-	543,876	543,876	483,974
Written Down Value	**592,114**	**1,705,960**	**2,298,074**	**2,294,216**

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. 9,269,686/= (2019 - Rs. 20,443,308/=) incurred to meet expenses relating to immature plantations have been capitalised as a part of the cost of immature plantations at the rate of 17.01%.

14.2 Consumable Biological Assets - Timber Plantations

	2020 Rs.'000	2019 Rs.'000
As at 1st April	723,616	676,568
Gain/(loss) arising from changes in fair value less cost to sell	74,773	47,048
transfer	-	-
As at 31st March	798,389	723,616

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

The fair value of managed trees was ascertained in accodance with LKAS 41. The valuation was carried out 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 future 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 2020

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

Non Financial Asset	Valuation Technique	Unobservable Inputs	Range of Unobservable Inputs (Probability weighted average.)		Relationship of Unobservable Inputs to Fair Value
			2019/20	2018/19	
Consumable Managed Biological Assets	DCF	Discounting Rate	14%	14%	The higher the discount rate the lower the fair Value.
		Optimum rotation (Maturity)	30 - 40 Years	30 - 40 Years	Lower the rotation Period, the higher the fair value.
		Price per cu ft	Rs.150/= to Rs.700/=	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 Plantations Management Monitoring Division 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 costs 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 2020	Rs'000	(79,839)	79,839
As at 31 March 2019	Rs'000	(72,361)	72,361

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 2020	64,629	(53,930)
As at 31 March 2019	57,979	(55,045)

Notes to the Financial Statements

Year Ended 31 March 2020

14.3 Produce On Bearer Biological Assets	2020 Rs.'000	2019 Rs.'000
As at 01st April	9,089	13,685
Change in fair value less cost to sell	1,203	(4,596)
As at 31st March	10,292	9,089

14.4 GAIN/(LOSS) ON FAIR VALUE OF BIOLOGICAL ASSETS	2020 Rs.'000	2019 Rs.'000
Consumable Biological Assets Gain/(loss)arising from changes in fair value less cost to sell (Note No 14.2)	74,773	47,048
Produce on Bearer Bilogical Assets Gain/(Loss) arising from changes in fair value less cost to sell (Note No 14.3)	1,203	(4,596)
	75,976	42,452

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	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000	2020 Rs.'000	2019 Rs.'000
Assets measured at fair value							
Consumable Biological Assets - Timber	31st March	-	-	-	-	798,389	723,616
Produce on Bearer Bialogical Assets	31st March	-	-	10,292	9,089	-	-

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

15. INVENTORIES	2020 Rs.'000	2019 Rs.'000
Input Materials	37,354	43,882
Growing Crop - Nurseries	14,559	14,365
Produce Stock	325,319	502,684
Consumables & Spares	21,012	29,942
	398,244	590,873

Notes to the Financial Statements

Year Ended 31 March 2020

16. TAX RECOVERABLE	2020 Rs.'000	2019 Rs.'000
Tax Recoverable	100,609	86,578
Less: Provision for Tax Recoverable	(18,830)	(18,830)
	81,779	67,748

17. TRADE AND OTHER RECEIVABLES	2020 Rs.'000	2019 Rs.'000
Produce Debtors	34,626	83,438
Advances & Prepayments	2,438	6,839
Festival Advances - Estates	74,019	66,317
Other Debtors	111,550	75,861
Staff Debtors	102	166
	222,735	232,621
Less: Provision for Doubtful Debt	(6,004)	(4,928)
	216,731	227,693

17.1 Trade Receivables

The aging analysis of trade receivables is as follows:

		Past due but not impaired				
Balance as at 31 March 2020	Total Rs.'000	0-60 days Rs.'000	61-120 days Rs.'000	121-180 days Rs.'000	181-365 days Rs.'000	> 365 days Rs.'000
Produce Debtors	34,626	34,626	-	-	-	-

Produce debtors are realised within seven days from sales

18. AMOUNTS DUE FROM RELATED PARTIES	Relationship	2020 Rs.'000	2019 Rs.'000
Maskeliya Tea Garden Ceylon (Pvt) Ltd	Related Company	5,318	3,197
Arpitech (Pvt) Ltd	Related Company	11,323	11,024
Namunukula Plantations PLC	Related Company	-	7,655
RPC Properties (Pvt) Ltd	Related Company	213	213
		16,854	22,089

19 CASH AND CASH EQUIVALENTS	2020 Rs.'000	2019 Rs.'000
19.1 Favourable Balances		
Cash at Bank and in Hand	12,998	9,297
	12,998	9,297
19.2 Unfavourable Balances		
Bank Overdraft	(1,108,845)	(737,907)
Total Cash and cash equivalents for the purpose of cash flow statements	(1,095,847)	(728,610)

Notes to the Financial Statements

Year Ended 31 March 2020

20. STATED CAPITAL

	2020	2019
Issued and Fully Paid Number of Shares		
Balance as at 01 of April	53,953,490	53,953,490
	53,953,490	53,953,490

Value of Issued and Fully Paid Shares	2020 Rs.'000	2019 Rs.'000
Balance as at 01 of April	673,721	673,721
	673,721	673,721

21. 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.

22. 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.

23. INTEREST BEARING LOANS AND BORROWINGS

	Repayable Within 1 year	After 1 year less than 5 years	Balance as at 31.03.2020	Balance as at 31.03.2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Long-Term Loans				
National Development Bank PLC-Securitisation Loan	-	-	-	30,000
Hatton National Bank PLC	149,880	112,890	262,770	436,010
Union Bank PLC	40,000	13,333	53,333	90,000
Short Term Loan				
Sri Lanka Tea Board	38,636	-	38,636	49,383
Bank Overdraft	1,108,845	-	1,108,845	737,907
	1,337,361	126,223	1,463,584	1,343,300

Notes to the Financial Statements

Year Ended 31 March 2020

23.1	Long Term Loans (Cont...)	Repayable within 1 year	Repayable after 1 year less than 5 years	Total as at 31.03.2020	Total as at 01.04.2019	Rate of Interest	Terms of Repayments
		Rs.'000	Rs.'000	Rs.'000	Rs.'000		
	National Development Bank PLC	-	-	-	30,000	AWPLR+0.75%	36 monthly payment in varied installments and payable commencing from 29.07.2016
		-	-	-	30,000		
	Hatton National Bank PLC	-	-	-	13,360	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	AWPLR+0.5%	60 monthly installments of Rs.2,000,000/= payable commencing from 13.08.2014
	Hatton National Bank	99,960	8,490	108,450	208,410	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	104,400	154,320	204,240		59 Monthly installments of Rs.4,160,000/= and last installment of Rs.4,560,000/= payable commencing from 20.05.2019
		149,880	112,890	262,770	436,010		
	Union Bank PLC	40,000	13,333	53,333	90,000	AWPLR+0.75%	60 monthly installments of Rs.3,333,333/= payable commencing from 01.07.2016
		40,000	13,333	53,333	90,000		
23.2	Short Term Loan						
	Sri Lanka Tea Board	38,636	-	38,636	49,383		36 monthly installments of Rs.1,222,222/= payable commencing from 01.08.2017
		38,636	-	38,636	49,383		

Securities pledged in relation to these facilities are in note 31

23.3 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 2020

As at 31 March 2020	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	1,108,845	57,129	171,387	126,223	-	1,463,584
Trade & other payables	428,615	-	-	-	-	428,615
	1,537,460	**57,129**	**171,387**	**126,223**	**-**	**1,892,199**

As at 31 March 2019						
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

24. RETIRING BENEFIT OBLIGATIONS

	2020	2019
	Rs.'000	Rs.'000
At the beginning of the year	1,110,362	1,005,741
Interest Cost	127,692	110,632
Current Service Cost	71,518	66,946
Gratuity Payments for the year	(123,972)	(119,712)
Actuarial (Gain) / Loss	22,707	46,755
At the end of the year	1,208,307	1,110,362

According to the actuarial valuation report issued by Messers Actuarial & Management Consultants (Pvt) Ltd as at 31 March 2020, the actuarial present value of promised retirement benefits amounted to Rs.1,208,306,817/-. If the Company had provided for gratuity on the basis of 14 days wages & half months salary for each completed year of service, the liability would have been Rs. 1,578,192,609 /-.

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

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

	2020	2019
	Rs.'000	Rs.'000
Within the next 12 months	155,549	126,839
Between 2 and 5 years	284,467	287,784
Beyond 5 years	768,291	695,739
	1,208,307	1,110,362

The weigted average duration of the Defind Benefit plan obligation at the end of the reporting period is 6.68 years and 9.27 Years for staff and workers respectively.

Notes to the Financial Statements
Year Ended 31 March 2020

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

	2020	2019
Financial Assumptions		
(i) Rate of Discount	11.00% (per annum)	11.50 % (per annum)
(ii) Rate of Salary Increase		
Workers	16% (every two years)	16% (every two years)
Estate Staff	7 % (per annum)	8 % (per annum)
Head Office Staff & Executives	7 % (per annum)	8 % (per annum)
(iii) Daily Wage Rate	Rs.700/=	Rs.700/=
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 2020	47,492	(44,871)	4,974	(4,439)
As at 31 March 2019	41,712	(39,462)	5,215	(4,641)

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 2020	(89,184)	103,069	(3,996)	4,535
As at 31 March 2019	(79,300)	91,368	(4,214)	4,798

Notes to the Financial Statements

Year Ended 31 March 2020

25. DEFERRED TAX	2020 Temporary Difference Rs.'000	2020 Tax Effect Rs.'000	2019 Temporary Difference Rs.'000	2019 Tax Effect Rs.'000
As at 1 April	414,395	58,015	448,890	62,844
Amount Originating/(Reversal) during the year	(41,338)	(5,787)	(34,493)	(4,829)
As at 31 March	373,057	52,228	414,397	58,015
Deferred Tax Liability				
Temporary difference of Right of Use Asset	305,543	42,776	-	-
Temporary difference of Property, Plant and Equipment	379,750	53,165	391,560	54,819
Temporary difference of mature and immature plantations	2,298,071	321,730	2,294,216	321,190
Temporary difference of Consumable biological asset	798,393	111,775	723,616	101,306
Temporary difference of Produce Biological Assets	10,293	1,441	9,088	1,272
	3,792,050	530,887	3,418,480	478,587
Deferred Tax Assets				
Temporary difference of Lease Creditors	(316,014)	(44,242)		
Temporary difference of retirement benefit obligation	(1,208,306)	(169,163)	(1,110,362)	(155,451)
Temporary difference of debtors provision	(6,004)	(841)	(23,758)	(3,326)
Carried forward tax losses	(1,888,669)	(264,413)	(1,869,965)	(261,795)
As at 31 March	(3,418,993)	(478,659)	(3,004,085)	(420,572)
As at 31 March	373,057	52,228	414,395	58,015

The effective tax rate used to calculate deferred tax liability for all the Temporary Differences as at 31 March, 2020 is 14.00% (2019 - 14%)

A deferred tax asset has been recognized in the financial statements for carried forward tax losses to the extent that the company has assessed that it will generate sufficient taxable profits in future. Accordingly, a deferred tax asset for tax losses of Rs. 1,888,669 (2019 1,869,965) has been recognized. Further unutilized tax losses are given below.

	2019/20 Temporary Difference Rs.'000	2019/20 Tax Effect Rs.'000
Unutilized tax losses	**618,514**	**86,590**

25.1. Reconciliation of deferred tax charge / (reversal)	2020 Tax Effect Rs.'000	2019 Tax Effect Rs.'000
Amount recognized As at 1 April	58,015	62,845
Tax Charge/(reversal) during the period recognised in Statement of Profit or Loss	(2,609)	1,717
Tax charge/(reversal) during the period recongnised in Other Comprehensive Income	(3,179)	(6,546)
As at 31 March	52,227	58,015

Notes to the Financial Statements

Year Ended 31 March 2020

26. DEFERRED INCOME

Deferred Grants and Subsidies	2020 Rs.'000	2019 Rs.'000
Balance at the beginning of the year	180,382	192,144
Add : Grants received during the year	490	-
Less Grants refunded during the year	-	-
Less : Amortisation for the year	(11,737)	(11,762)
Balance at the end of the year	169,135	180,382

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 Ceyloan Electricity Board on acquisition of a Generator. Grants are amortised over the life of the assets for which they are being deployed.

27. LEASE LIABILITY

		2020 Rs.'000	2019 Rs.'000
Lease liability on Right of use Asset - Land	27.1	314,316	108,313
Lease liability on Right of use Asset - Other Assets	27.2	1,698	-
		316,014	108,313

27.1 Lease liability on right of use asset land

As at 31st April 2019		108,313	110,632
Transition adjustment due to initial application of SLFRS 16	27.1.1	207,790	
Accretion of interest		41,094	38,794
Payment		(42,881)	(41,113)
As at 31st March 2020		314,316	108,313

27.1.1 The effect of adoption of SLFRS 16 - Lease as at 01st April 2019

	Lease Liability	Right of use assets Land	Retained Earning
	Rs.'000	Rs.'000	Rs.'000
As at 01st April 2019 (Before application of SLFRS 16)	108,313	165,353	(868,662)
Transition adjustment due to initial application of SLFRS 16	207,790	150,750	(57,040)
As at 01st April 2019 (After application of SLFRS 16)	316,103	316,103	(925,702)

27.1.2 Liability To Make Lease Payment

	2020 Rs.'000	2019 Rs.'000
Payable within one year		
Gross liability	42,881	6,744
Finance cost allocated to future periods	(40,861)	(4,333)
Net liability transferred to current liabilities	2,020	2,411
Payable within two to five years		
Gross liability	171,523	26,976
Finance cost allocated to future periods	(160,454)	(16,326)
Net liability	11,069	10,650

Notes to the Financial Statements

Year Ended 31 March 2020

	2020	2019
Payable after five years	**Rs.'000**	**Rs.'000**
Gross liability	857,617	143,661
Finance cost allocated to future periods	(556,390)	(48,409)
Net liability	301,227	95,252
Net liability payable after one year	312,296	105,902

Liability to make Lease Payment as above was previously titled as "Net Liability to lessor". The Change was in terms of the Statement of Alternative Treatment (SoAT) issued by The Institute of Chartered Accountants of Sri Lanka on 21 August 2013.

The base rental payable per year Rs.42,880,868/-.

27.2 Lease liability on right of use Asset - Other Assets

	2020	2019
	Rs.'000	**Rs.'000**
Balance as at the beginning of the year	3,200	-
Accretion of interest	311	-
Repayments during the year	(1,813)	-
Balance as at the end of the year	1,698	-

27.3 Current & Non-current Classification of Lease Liability

Current	3,718	2,411
Non - Current	312,296	105,902

28. TRADE AND OTHER PAYABLES

	2020	2019
	Rs.'000	**Rs.'000**
Trade Creditors	132,368	125,247
Accrued Expenses	185,984	233,776
Others	110,263	56,607
	428,615	415,630

29. AMOUNTS DUE TO RELATED PARTIES

		2020	2019
		Rs.'000	**Rs.'000**
RPC Management Services (Pvt) Ltd	Parent Company	381,725	361,659
RPC Plantation Management (Pvt) Ltd	Related Company	8,641	8,896
Richard Pieris and Company	Ultimate Parent	212,905	137,241
Richard Pieris Distributors Ltd	Related Company	4,343	2,239
Kegalle Plantations PLC	Related Company	10,660	10,879
RPC Logistics	Related Company	541	-
Namunukula Plantations PLC	Related Company	105,528	-
Richard Pieris Group Services Ltd	Related Company	200	-
		724,543	520,914

Notes to the Financial Statements

Year Ended 31 March 2020

30. DIVIDEND PAYABLE

	2020	2019
	Rs.'000	Rs.'000
Ordinary Dividend Unclaimed	2,008	2,008
	2,008	2,008

31. 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 2020 Rs.'000	Carrying Amount Pledged 2019 Rs.'000
Sampath Bank PLC	100,000,000	Primary mortgage over leashold rights of Glentilt estate	Overdraft	164,519	165,355
HNB	175,000,000	Primary Floating Mortgage bond over leasehold rights of Glenugie Estate	Overdraft	119,211	119,194
Nations Trust Bank	150,000,000	Primary mortgage over stocks in trade	Overdraft/Money Market Loan	325,319	502,684
NDB	119,000,000	Prinary Mortgage over leasehold rights of Brunswick Estate	Long term Loan	-	253,411
HNB Term Loan	350,000,000	Primary mortgage over leasehold rights of Ampittiakande, Craig Estates	Long term Loan	438,501	441,970
HNB Term Loan	120,000,000	Mortgage over leasehold rights of Ampittiakande, Craig Estates	Long term Loan	438,501	441,970
HNB Term Loan	130,000,000	Mortgage over leasehold rights of St. Clair Estates	Long term Loan	125,094	133,375
HNB Term Loan	400,000,000	Mortgage over leasehold rights of Ampittiakande, Craig ,Glenugie & Stclair Estates	Long term Loan	682,806	694,539
HNB Term Loan	250,000,000	Mortgage over leasehold rights of Ampittiakande, Craig, Glenugie & St.Clair Estates	Long term Loan	682,806	694,539
NDB Loan	300,000,000	Mortgage over leasehold rights of Brunswick Estate	Term Loan	-	253,411
Union Bank	400,000,000	Primary mortgage over unexpired leasehold right of Moray Estate	Term Loan	262,955	263,039

Notes to the Financial Statements

Year Ended 31 March 2020

32. CAPITAL COMMITMENTS

	2020 Rs.	2019 Rs.
Capital commitments as at the reported date		
Budgeted, but not provided for	37Mn	79Mn
Total	**37Mn**	**79Mn**

The budgeted field development programme of the Company for the next three years amounts to Rs.192 Mn.

33. CONTINGENCIES

No known contingent liabilities exist as at the date of the financial Statements.

34. EVENT AFTER REPORTING PERIOD

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

With the declaration of COVID 19 outbreak as pandemic by the World Health Organization, the Company took various precautionary measures and complied with the Guidelines issued by the Health Authorities strictly to prevent the spreading of this disease to the Plantations. As a result, the families of all employees engaged on the Plantations were well protected and the business operations on the Plantations conducted in line with the Government's declaration of the Plantation Sector as essential services.

Anti-viral properties of black tea, particularly in Ceylon Tea which has a relatively high level of Polyphenol is likely to result in higher demand given the current prevalence for healthy beverages which has antidotal properties. Management is closely engaged in developing mitigating factors for potential downside risks to the business operation due to the COVID 19 pandemic.

The Board of Directors has carried out a preliminary assessment of the business plans of the ensuring year after incorporating the potential impact of COVID 19 outbreak, and is of the view that the COVID 19 outbreak may not have a significant impact on the business continuity of the Company. The Board will continue to monitor the economic conditions and its impact on the business operations and take mitigation actions to minimize the potential negative impact and ensure business continuity.

35. TRANSACTION WITH RELATED ENTITIES

35.1 Parent Company

	2020 Rs.'000	2019 Rs.'000
Amounts payable	(381,725)	(361,659)
Management Fees	(20,202)	(21,122)

35.1.2 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.

35.2 Group Companies

Amounts receivable as at 31 March	16,854	22,089
Amounts payable as at 31 March	(342,818)	(159,255)
Secretarial Fees	(200)	(200)
Rent	(2,071)	(1,934)
Purchase of goods/services	(728)	(1,939)
Interest Paid	(67,163)	(30,936)
Salaries, Fuel , Maintenance, etc Received	6,878	3,484
Salaries, Fuel , Maintenance, etc Paid	(3,753)	(3,798)
Others - Received	1,134	16,784
Current A/C Settlement	11,900	10,000
Short Term Loan received	231,000	-
Short Term Loan paid	(131,000)	-

35.3 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.

Notes to the Financial Statements

Year Ended 31 March 2020

35.4 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 2020. Further there were no key management compensation paid during the year other than those disclosed in Note 09.

36. RELATED PARTY TRANSACTIONS

There are no related party transactions other than those disclosed in Notes 09, 18, 29 and 35 to the Financial Statements.

37. 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 2020 are disclosed below.

The funds borrowed by the Company are given in Note 23.

	Company Interest-Bearing Borrowings Rs.'000
Balance as at 01 April 2019	605,393
Net Cash flows from Financing Activities	(250,654)
Non Cash Changes	-
Balance as at 31 March 2020	354,739

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company has loan and other receivables, trade and other receivables, and cash and cash equivalent that arise directly from its operations.

38.1 Financial Risk Management Framework

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

38.2 Credit Risk

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

38.2.1 Trade and other Receivables

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

The Company reviews external ratings and bank references of the customer when available. Purchase limits are established for each customer, which are reviewed quarterly. In monitoring credit risk, customers are categorised according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale or retail customer, geographical location, industry, aging profile, maturity and existence of previous financial difficulties. The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

The maximum exposure to credit risk for trade and other receivables at the reporting date is Rs. 217 Mn (2018/19 – Rs. 228 Mn).

Maskeliya Plantations PLC has a minimal credit risk of its trade receivables as the repayment is guaranteed within seven days by the Tea Auction System.

38.2.2 Cash And Cash Equivalents

The Company held cash at bank and in hand of Rs. 13 Mn as at 31 March 2020 (2018/19 – Rs. 9 Mn) which represents its maximum credit exposure on these assets.

38.3. Liquidity Risk

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

The details of liquidity risk is given in the Note 23.3.

38.4. Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk & other price risk such as equity price risk. Financial instrument affected by market risk include loans & borrowings, deposits & derivative financial instruments.

38.4.1 Interest Rate Risk

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

The details of interest rate risk is given in the Note 8.

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, 2020 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	16,053	96.84	2,118,003	3.93
1001-5000	339	2.05	856,407	1.59
5001-10000	86	0.52	701,814	1.30
10001-50000	70	0.42	1,508,268	2.79
50001-100000	15	0.09	1,182,887	2.19
100001-500000	12	0.07	2,587,714	4.80
500001-1000000	-	0.00	-	-
1000001 & above	1	0.01	44,998,397	83.40
Total	**16,576**	**100.00**	**53,953,490**	**100.00**

Distribution of Shareholdings - Inter Companies & General Public

	No. of Shareholders	%	No. of Share	Holding %
Resident Shareholders	16,560	99.90	53,896,753	99.89
Non-Resident Shareholders	16	0.10	56,737	0.11
Total	16,576	100.00	53,953,490	100.00

Public Shareholding as at 31 March 2020 is 16.60%. (31.03.2019 - 16.60%). This represents by 16,573 Shareholders (31.03.2019 - 16,569)

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-20	31-Mar-19
Market Capitalization	**Rs'000**	334,512	582,698
Price Earning Ratio	**Times**	-	108.00
Public Holding	**%**	16.60	16.60
Total no. of Shareholders representing the Public Holding	**Nos.**	16,573	16,569
Float adjusted Market Capitalization	**Rs'000**	55,529	96,728

Market Value per share

	Value	Date
Market Value per Share	6.20	20/03/2020
The highest Value Recorded	11.40	24/07/2019
The Lowest Value Recorded	6.20	20/03/2020

Colombo Stock Market Activities During The Year	2019/20	2018/19
Number of Trades	3,058	4,962

Twenty Major Shareholders

	As at 31 March 2020		As at 31 March 2019	
	Number of Shares Held	% of the Holding	Number of Shares Held	% of the Holding
R.P.C Mangement Services (Pvt) Ltd	44,998,397	83.40	44,998,397	83.40
Mr. M. H. M. Fazal	400,009	0.74	222,529	0.41
Mr. D.G. Wijemanna	345,000	0.64	-	-
Mr. D. S. D. De Lanerolle	293,611	0.54	285,010	0.53
Capital Trust Holdings Ltd.	258,969	0.48	251,544	0.47
Mr. R. E. Rambukwella	235,098	0.44	197,462	0.37
Mr. Selan Bank PLC /Rizmy Ahamed Rishard	199,292	0.37	205,378	0.38
Mrs. H. P. N. Fonseka	153,193	0.28	134,748	0.25
Dr. M.A.M.A. Akram	149,839	0.28	117,139	0.22
Mr. F. A. Azhar	147,400	0.27	172,900	0.32
Freudenberg Shipping Agencies Ltd	146,135	0.27	146,135	0.27
Marchant Bank of Sri Lanka and Finance / R.R.S. Ananda	139,674	0.26	153,025	0.28
Mr. A.V. Emmanuel	119,494	0.22	128,000	0.24
Mr. D.S.R Daranakumbura	100,000	0.19	-	-
Mr. P.K.C.P Samarasinghe	95,837	0.18	95,837	0.18
Peoples Leasing & Finance PLC / Hi line Trading (Pvt) Ltd	94,099	0.17	94,099	0.17
Mr. W.L. Subasinghe	93,622	0.17	41,100	0.08
Mr. R. Maheswaran	86,867	0.16	86,867	0.16
Miss. A. Radhakrishnan	86,867	0.16	86,867	0.16
Miss. M.P. Radhakrishnan	86,866	0.16	86,866	0.16
	48,230,269	**89.38**		
Balance held by 16,556 Shareholders (2019-16,552)	5,723,221	10.62	5,903,068	10.94
Total no. of Shares	**53,953,490**	**100.00**	**53,953,490**	**100.00**

The Golden Shareholder

The Golden Share of Rs. 10/- is currently held by the Secretary to the Treasury and should be owned either directly by the Government of Sri Lanka or by a 100 Government owned Public Company. In addition to the rights of the normal ordinary shareholder, the Golden Shareholder has the following rights;

1) The concurrence of the Golden Shareholder will be required for the Company to sublease any of the estate land leased/ to be leased to the Company by the Janatha Estate Development Board/Sri Lanka State Plantations Corporation

2) The concurrence of the Golden Shareholder will be required to amend to amend any clause in the Articles of Association of the Company which grant specific rights to the Golden Shareholder

3) The Golden Shareholder, or his nominee will have the right to examine the books and accounts of the Company at any time with in two weeks of written notice

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

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

10 Year Summary

Assets & Liabilities	19/20 Rs'000	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
Non Current Assets										
(Excluding Investment)	4,000,781	3,838,061	3,696,714	3,622,369	3,650,558	3,599,682	3,423,219	3,263,371	3,100,722	2,873,655
Current Assets	736,898	926,789	956,022	820,059	755,820	845,749	778,644	993,228	659,129	707,481
Current Liabilities	(2,496,245)	(1,971,494)	(1,821,670)	(1,944,797)	(1,778,006)	(1,474,138)	(939,797)	(681,600)	(1,108,348)	(905,180)
Working Capital	(1,759,347)	(1,044,705)	(865,648)	(1,124,738)	(1,022,186)	(628,390)	(161,153)	311,628	(449,220)	(197,698)
Long Term Debt	438,520	418,672	509,466	513,134	583,711	532,605	695,763	928,922	517,661	333,656
Provision for Terminal Benefits	1,208,307	1,110,362	1,005,741	897,881	905,211	981,279	917,379	776,574	882,848	747,984
Interest paid/Received										
(Including /Borrowing Cost)	231,369	252,066	184,538	250,788	218,023	135,449	98,353	121,175	110,874	102,298
Share Capital & Reserves										
Stated Capital	673,721	673,721	673,721	673,721	673,721	673,721	673,721	673,721	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	(840,476)	(187,797)	(152,852)	(331,011)	(289,471)	15,541	195,546	356,829	88,282	347,028
Total Shareholders' Fund	373,245	1,025,924	1,060,870	882,710	924,250	1,229,262	1,409,267	1,570,550	978,280	1,237,027
% Increase in Sharehlders' Fund	(63.62%)	(3.29%)	20.18%	(4.49%)	(24.81%)	(12.77%)	(10.27%)	60.54%	(20.92%)	28.04%
Capital Employed (Rs. Mn)	728	1,631	1,828	1,590	1,864	2,007	2219	2,567	1,510	1,643
Financial Ratios										
Return on Capital employed %	(30.01%)	13.70%)	24.86%	8.72%	(14.04%)	(3.34%)	(0.58%)	12.23%	(11.11%)	8.64%
Current Ratio (Times)	0.30	0.47	0.52	0.42	0.43	0.57	0.83	1.46	0.59	0.78
Debt Equity Ratio (Times)	3.92	1.31	1.19	1.63	1.71	1.05	0.72	0.68	0.87	0.41
Equity to Assets %	8%	22%	23%	20%	21%	28%	34%	37%	26%	35%
Interest Cover (Times)	-	1.03	3.21	-	-	-	-	2.66	-	1.47
Total Asset to Current Liabilities %	53%	41%	39%	44%	40%	33%	22%	16%	29%	25%
Dividend Payout Ratio	-	-	-	-	-	-	-	-	-	-
Debt to Total Assets %	31%	28%	27%	32%	36%	29.16%	24.29%	24.92%	22.70%	14.04%
Investor Ratios										
Annualized Earnings per Share (Rs.)	(10.68)	0.10	4.66	(1.72)	(8.68)	(3.41)	(1.71)	4.02	(8.63)	1.57
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.)	6.20	10.80	19.20	7.70	7.70	9.90	10.00	12.10	17.10	28.10
Market Capitalization (Rs.Mn.)	335	583	1,036	415	415	534	540	653	461	758
Net Asset Value per Share (Rs.)	6.92	19.01	19.66	16.36	17.13	22.78	26.12	29.11	36.26	45.86
Net Sales Average per 1 kg Tea (Rs.)	484.05	540.08	576.63	504.18	388.93	399.33	418.47	397.57	334.28	352.88
Capital Expenditure (Rs.000)	64,976	171,275	186,021	64,810	148,252	204,002	230,344	211,352	281,668	292,325

Assets & Liabilities	19/20 Rs'000	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
Production Kg.'000										
Estate	6,690	7,323	7,446	6,497	7,836	7,997	7,675	8,407	8,468	8,448
Bought	303	213	178	254	426	453	579	612	733	688
Total	6,993	7,536	7,624	6,751	8,263	8,450	8,254	9,019	9,201	9,136
Turnover	3,716,295	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
Gross Profit/(Loss)	(359,988)	260,934	645,106	182,688	(151,782)	22,228	52,623	388,780	(141,341)	331,967
Operating Profit/(Loss) Before										
Management Fees & Interest	(336,419)	259,725	635,615	186,796	(162,584)	47,173	106,089	447,080	(122,242)	295,194
Profit before Interest & Similar Charges	(356,621)	238,603	556,937	159,699	(264,115)	(103,683)	(44,347)	259,951	(253,022)	131,979
Profit/(Loss) for the year before Tax	(578,720)	6,981	383,412	(83,580)	(460,791)	(220,753)	(122,700)	162,276	(336,614)	42,481
Profit & (Loss) after Tax	(576,111)	5,264	251,398	(92,707)	(468,469)	(184,126)	(92,191)	151,699	(258,748)	42,481
Retained Profits	(840,476)	(187,797)	(152,852)	(331,011)	(289,471)	15,541	195,546	356,828	88,280	347,028
Proposed Dividend	-	-	-	-		-	-	-	-	-
Operating Ratios										
Annual Turnover Growth %	(11%)	(8%)	31%	6%	(7%)	3%	(4%)	14%	(4%)	4%
Profit Growth %	(11045%)	(98%)	371.17%	80.21%	(154.43%)	(99.72%)	(161%)	(158%)	(709%)	215%
Turnover per Employee Rs.'000	357	376	415	289	263	277	260	268	218	226
Fixed Assets to Turnover Ratio %	107.65%	92.10%	122.20%	95.39%	89.68%	97.97%	99.80%	110%	101%	113%

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	Gross 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

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 G Liyanage — Director
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 (resigned after 31 March 2020) Mr. V Pusselle - Director Operations Mr. K G Punchihewa - Chief Financial Officer Mr. T T Christy - General Manager - Marketing and Processing Mr. N N Withanage - General Manager - Processing Mr. S G Mudannayake - Deputy General Manager Mr. I A A D Weerakoon - Deputy General 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

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