MASKELIYA
PLANTATIONS PLC

ANNUAL REPORT 2021/ 2022

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VISION, MISSION, OBJECTIVE

VISION

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

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

OBJECTIVE

"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 2021 to 31 March 2022. 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

2017/18	25 Annual General Meeting 29 June 2018
2018/19	26 Annual General Meeting 26 July 2019
2019/20	27 Annual General Meeting 12 February 2021
2020/21	28 Annual General Meeting 11 January 2022
2021/22	29 Annual General Meeting 29 September 2022

Our Estates

Upcot Region/ Western High

	Extent (Hectares)	Postal Address	Distance from Colombo (Km)	No of Workers	Elevation (Meters)	Factory Capacity Kg. ' 000	No. of Buildings	
							Factories	* Other Buildings
Brunswick Estate Maskeliya/ 22070	1,250	Brunswick Estate - Maskeliya/22070	153	788	1,250	1,900	1	1,520
Glentilt Maskeliya / 22070	1,320	Glentilt Estate - Maskeliya / 22070	139	333	1,320	828	1	1,197
Glenugie Estate Upcot/ 22075	1,325	Glenugie Estate - Upcot / 22075	154	376	1,325	759	1	909
Mocha Estate Maskeliya / 22070	1,335	Mocha Estate - Maskeliya / 22070	140	515	1,335	820	1	1,077
Strathspey Estate Upcot/ 22075	1,327	Strathspey Estate - Upcot / 22075	156	620	1,327	1,656	1	1,934

Maskeliya Region/ Western High

	Extent (Hectares)	Postal Address	Distance from Colombo (Km)	No of Workers	Elevation (Meters)	Factory Capacity Kg. ' 000	No. of Buildings	
							Factories	* Other Buildings
Brownlow	246	Brownlow Estate - Maskeliya / 22070	137	154	1,200	Silent	1	947
Hapugastenne	324	Hapugastenne Estate - Maskeliya /22070	138	112	1,189	960	1	463
Laxapana	737	Laxapana Estate - Maskeliya / 22070	166	671	1,160	1,311	1	1,167
Moray	683	Moray Estate - Maskeliya / 22070	153	579	1,185	1,200	1	1,211
Mousakelle	559	Mousakelle Estate - Maskeliya /22070	140	271	1,372	1,200	1	1,449

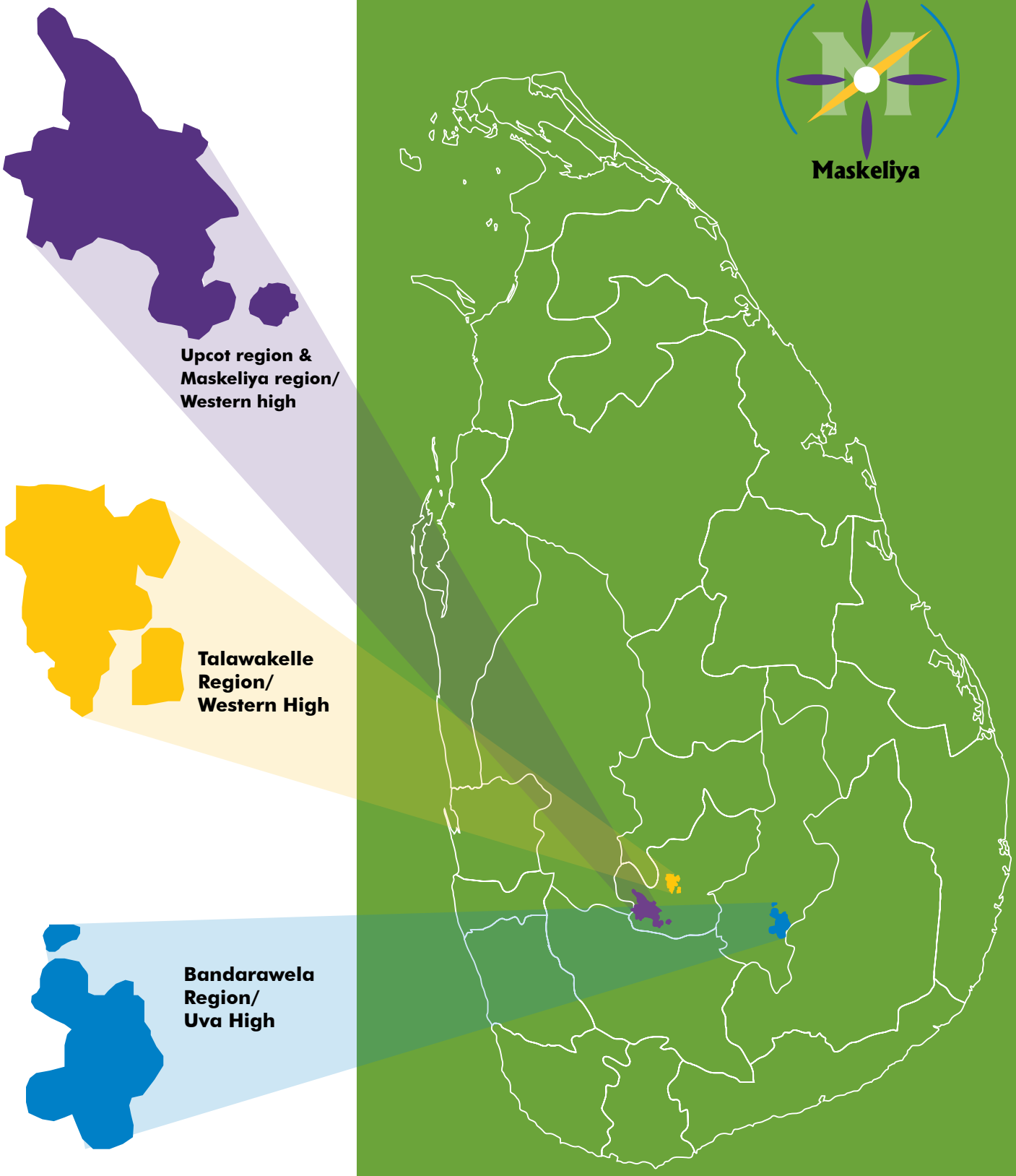
Talawakelle Region/ Western High

	Extent (Hectares)	Postal Address	Distance from Colombo (Km)	No of Workers	Elevation (Meters)	Factory Capacity Kg. ' 000	No. of Buildings	
							Factories	* Other Buildings
Ferham	313	Ferham Estate - Talawakelle / 22100	164	199	1,345	Silent	1	764
St. Clair	520	St. Clair Estate - Talawakelle / 22100	156	324	1,200	800	1	1,522
Talawakelle	399	Talawakelle Estate - Talawakelle / 22100	159	237	1,219	1,300	1	908
Troup	288	Troup Estate - Talawakelle / 22100	144	285	1,379	500	1	411

Bandarawela Region/Uva High

	Extent (Hectares)	Postal Address	Distance from Colombo (Km)	No of Workers	Elevation (Meters)	Factory Capacity Kg. ' 000	No. of Buildings	
							Factories	* Other Buildings
Ampittiakande	1,595	Ampittiakande Estate - Poonagala SPO / 90100	224	461	1,295	800	1	555
Craig	418	Craig Estate - Bandarawella / 90104	212	226	1,402	950	1	1,094
Leangawela	461	LeangahawellaEstate - Leangahawella SPO / 90106	217	142	1,167	Silent	1	415
Poonagalla	1,451	Poonagalla Estate - Poonagala SPO / 90100	225	620	1,402	2,100	1	1,760

Land Marks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Maskeliya
Upcot region &
Maskeliya region/
Western high
Talawakelle
Region/
Western High
Bandarawela
Region/
Uva High

Financial Highlights

Performance - Year Ended 31 March 2022

Performance - Year Ended 31 March		2022	2021	Variance %
Revenue	Rs'000	4,005,924	3,974,895	1%
Profit/Loss before Interest and Tax	Rs'000	375,609	275,900	36%
Profit/Loss after Tax	Rs'000	162,662	103,513	57%
Capital Expenditure	Rs'000	128,196	47,263	171%
Financial Position as at 31 March				
Fixed assets	Rs'000	4,144,151	4,052,126	2%
Current Assets	Rs'000	913,354	854,621	7%
Total Assets	Rs'000	5,057,505	4,906,747	3%
Current Liabilities	Rs'000	2,132,527	1,900,173	(7%)
Shareholders' Fund	Rs'000	1,009,367	713,557	41%
Stated Share Capital	Rs'000	673,721	673,721	-
Capital Employed	Rs'000	1,714,153	1,644,740	4%
Key Indicators				
Earnings/Loss per share	Rs.	3.01	1.92	57%
Net Asset Value per share	Rs.	18.7	13.23	41%
Market Price of a Share	Rs.	9.60	11.00	(13%)
Return on Capital Employed	%	19.77	23.27	(15%)
Market capitalization	Rs'000	517,954	593,488	(13%)
Return on Average Equity	%	18.88	19.05	1%

Key Perfomance

Turnover
Rs. 4 Bn

Capital Expenditure
Rs.128 Mn

ROCE
19.77%

PBIT
Rs. 376 Mn

Market capitalization
Rs. 518 Mn

EPS
Rs. 3

Total Assets
Rs. 5.1 Bn

PAT
Rs. 163 Mn

Value added per Employee
Rs. 873,317

Chairman's Review

Dear Shareholders,

The financial results of the year under review gives you a strong message that we're on the right track to an exponential future growth as a futuristic plantations Company.

I am sure as a shareholder you're looking at business that has strong financial growth potential, company which has been well governed and also has a strong relationship with stakeholders while protecting the nature in its operations are carried out.

Well, that's exactly we delivered in this year and it will be even better in years' to come.

Global & Sri Lanka Economic Environments

Yet another challenging financial year began with the escalation of COVID 19 pandemic during mid of April 2021 in Sri Lanka. World production output also faced contracted from 2nd quarter of the year due to downturns in Russia and China markets. The war in Ukraine triggered a humanitarian crisis making further impact on slowdown of the global economic growth. Growth of world economy dropped by 5.7% in the 2021 and, shown a further drop of 2.9% in year 2022. Macroeconomic policy challenges have been affected all over the world during this financial year and tightened financial conditions and unsustainable debts burdens hit all the industries, all over the world.

Sri Lanka began to face its forever major economic downfall in the 4th Quarter of year 2021 and moved to a crisis situation in the 1st quarter of year 2022. Rupee depreciation against USD began in September 2021 & it dropped to Rs.255.80 from Rs.201.08 by end March 2022. This lead to increase all input prices and also due to tightened import policy of the Government resulted lack of raw-material for the productions process of all the industries. Sri Lanka economic growth dropped to negative 1.6% in the 1st quarter of year 2022 and Central Bank was unable to defend the currency due to lack of international reserves. Foreign labor remittance and income from tourism drastically dropped since 2021 due to COVID 19 pandemic and also of the developed uncertainty in the economy and political situation of the country.

Further, power cuts imposed during the 1st quarter in 2022 and scarcity of fuel severely affected the production and distribution of the business environments. Interest rates too began to hike due to changes made to fiscal policies by the Central Bank during the period.

Industry Overview

Agriculture forestry & fishing sector had shown 2% growth against 2020 mainly due to improvements to the forestry, fishing and increase of animal productions. However, agriculture indicators dropped during the year mainly due to ban on use of inorganic fertilizer and agro chemicals. Tea production showed a growth of 7.4% against recorded negative growth of 7.1% in preceding year and able to produce 299mn MT of tea. Except the improvement to oleaginous fruit industry and growing of species and pharmaceutical products, all other agriculture sectors activities shown a downturn during the year.

First half of Year 2020 was experienced with several lockdowns and also isolations of the production and field staff due to effect of COVID 19. Sri Lanka Tea industry shown 24% increase during the first half of year 2021 compared to previous year as a result of relaxed working conditions prevailed in the country. However, Geographical areas of Tea produced experience severe weather conditions in the second half and report a 7.2% production shrinkage.

The Average Tea prices remained at Rs.619.15 during year 2021/22 and displayed 2.3% dropped against 2020/21. This is mainly due to increase of the quantity supplied during the year as well as increase of freight and other material costs incurred by the exporters. FOB price also dropped in dollar terms by 0.9% while increase the export tea prices in rupee terms by 6.2% to Rs.920.76.

Several technical and way forward decisions took place for the development of the industry during the year. Tea Auction started to continue through online system due to COVID 19 in 2020. This was further developed during the year and implemented as "Smart Auction" system. SLTB disbursed Rs.78.9mn as subsidy for tea replanting and also Rs 1bn for brand promoting scheme for exporting "Pure Ceylon Tea".

MPL Performance

Company recorded net profit of 162.6mn during the year which is 57% increased against the last year profitability. The 1st half of the financial year shown 7% increase of the production but 2nd half dropped by 17% due to prevailed bad weather conditions ban on inorganic fertilizer and herbicides imports to the country by the Government.

Average Tea prices of the company were increased by 16% to 743.18 against 636.71 which recorded in year 2020/21. High Grown tea prices has been increased by 16.3% while Uva High enhanced by 23.16%.

Despite several negative factors affecting the industry during the year, the company was able to made Rs 361mn operating profit, which is Rs 135mn over the previous year. Close monitoring of outgoing expenditures, reduction of waste and improved efficiencies result in reduction of the operating expenditure by 104mn against preceding year. Further, several quality measures and staff training was undertaken with the assistance of Tea brokers and agricultural expertise in the industry. Company borrowing position has been reduced by 226mn against previous year mainly due to control of debts and managing the operations according to the earnings.

Capital Expenditure

The company has invested Rs.33.18 mn for field developments to fulfill the long term goals of the company. Furthermore, during the year under review company has acquired Property Plant & Equipment worth Rs.95.2 mn.

Welfare

As a people centric business, ensuring the health and well-being of employees remains key to sustainable operations for MPL. The Company continues to invest in the employee enhancement measures while ensuring they receive fair remuneration and enjoy a host of benefits. In the year under review, we incurred an expenditure of Rs.151 Million on behalf of employee welfare by investing in crèches, medical expenses, worker welfare etc.

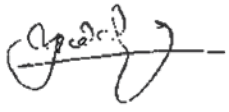
Future outlook

The Sri Lankan economy will have to go through pain through 2022 before it can get relief from debt restructuring with the intervention of the International Monetary Fund (IMF). The economic outlook for the next year looks weak for Sri Lanka's economy, although certain sectors such as exports are trying to retain momentum to bring in foreign exchange to improve the shortage of dollars in the system. However remittances have shown a decline on account of the sharp devaluation of the rupee.

The Central Bank of Sri Lanka is now impose necessary policy decision to resolve the dire economic situation, although it will not happen overnight. Issues such as lack of fuel and furnace oils will have to be quickly addressed to keep commerce and industries running. Political stability will be a crucial deciding factor of how quickly the country can come out of the crisis. Currently, food shortages are looming overhead but with the right policies in place, the country may escape the worst case scenario. It has become rather hard to predict what the short term outlook for the country will be.

Acknowledgements

I wish to thank the Directors and the Management Team for their unstinted support and appreciate the tireless efforts of our employees to combat a difficult year. I would also like to thank our business partners, suppliers and customers for placing their confidence in our leadership.



Dr.Sena Yaddehige
Chairman
05 August 2022
Colombo

Board Profiles

DR. SENA YADDEHIGE
Chairman

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

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

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

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

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

DR SAMAN HETTIARACHCHI
Director

Dr L Saman K Hettiarachchi obtained PhD degree from the University of Aberdeen UK, carrying out R & D projects in relation to 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, processing and disseminate & deliver technical guidance collectively to address emerging challenges of the industry.

Serving Tea industry over 36 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, governing Boards & 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. Fernando currently serves in the Board of Maskeliya Plantations PLC, counts over 45 years' experience in the Management of Plantations having begun his planting career in 1976. He served as Superintendents of Mahagasttote, Holyrood, Welimada and Somerset estates before he was appointment as the General Manager of Horana Plantations in 1992. He joined the Plantations of RPK Management Services (Pvt) Ltd. in year 2000 functioned as the Director-Operations for Kegalle Plantations and also Maskeliya Plantations. In 2007 he joined Watawala Plantations as the Director-Operations. He was appointed as the Director/ Chief Executive Officer of New Vithanakande Tea Factory Ltd for 5 years from 2008 and thereafter served as a Executive Director of Eastern Brokers Limited.

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

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

MR. SHAMINDA YADDEHIGE
Director

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

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

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

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

DR. SARATH SAMARAWEERA
Director

Dr. Sarath Samaraweera is an Honours graduate in Mechanical Engineering with 52 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 and in 2020, he undertook consultancies for GIZ "Powering for Agriculture" on several projects related to 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 an Honorary Life member of the Institution of Engineers Sri Lanka.

MR. K A S LASANTHA
Director

Mr. K A S Lasantha joined Richard Pieris and Company PLC in 1993 and counts over 29 years of uninterrupted experience in the Retail Industry of Sri Lanka. Currently, he is the General Manager of Richard Pieris Distributors Limited which is the Retail Company of Arpico Group and a fully owned subsidiary Company of Richard Pieris and Company PLC.

He is also in the Directorate of Arpico Furniture Distributors (Private) Limited, Arpico Interiors (Private) Limited, RPC Real Estate Development Company (Private) Limited & RPC Retail Developments (Private) Limited and is serving as a member of Core Management Committee of Richard Pieris and Company PLC since 2019.

He is also recognized as the most successful modern trade business leader (2020/21)by the Business Consultancy Services, Sri Lanka.

Key Personnel

Key Personnel - Head office

Mr. K.G. Punchihewa Chief Executive Officer	
Mr. V Pusselle Director Operations	
Mr. A Ranasinghe Acting Financial Controller	
Mr. H K Caldera Senior Accountant	
Mr. H M B M Jayathilake Accountant	
Mr. R M S S Herath Manager - Information Systems	
Mr. H M P Peiris Manager - Compliance and Project Management	
Mr. M P Bandara	Manager Forestry
Ms. K A Weerakkody	Assistant Manageres
Mr. M D C K Gunathilake	Executive
Ms. K A D A K Sirivardana	Account Executive
Mr. J M D D Lakmal	Account Executive
Mr. R M D S Rajapaksha	Account Executive
Ms. M S N Begam	Operations Executive
Mr. J Wannigama	Executive

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. J M N M Jayaweera	Mr. A N Thennakoon Mr. P L S W Sandaruwan Mr. H K D K Sirisena
Glentilt	Maskeliya	Mr. S E B Madugalla	Mr. B K Premalal
Glenugie	Upcot	Mr. S M N S Dasanayaka	

Key Personnel - Estates (Cont.)

Name of the Estate	Postal Address	Name of the Superintendents	Name of the Assistantt Superintendents
Hapugastenne	Maskeliya	Mr. H M T K Houpe (Deputy Manager - Incharge)	
Laxapana	Maskeliya	Mr. T N B Herath	Mr. K N B Senarathne Mr. T A Muthunayake
Mocha	Maskeliya	Mr. D M T M B Chandrapala	Mr. K N B Senarathne Mr. A J W M M M Bandara
Moray	Maskeliya	Mr. L K Abayawardena	Mr. W M I R A Bandara Mr. K S K Nanda
Moussakelle	Maskeliya	Mr. A W R Seneviratne	Mr. M P B Wellangiriya
Strathspey	Upcot	Mr. S G Mudannayake (Deputy General Manager)	Mr. P P W A N B Wickramasekara Mr. H P M N N Hettithantri Mr. D S B W Senavirathna
Ferham	Talawakelle	Mr. M H B Galahitiyawa	Mr. P T Ekanayake
St. Clair	Talawakelle	Mr. R T Thotawattage	Mr. R C Weerasinghe Mr. R C L Munasinghe
Talawakelle	Talawakelle	Mr. I A A D Weerakoon (Deputy Chieif Operating Officer)	Mr. B D Randira
Troup	Talawakelle	Mr. E R Bulathsinhala	Mr. H D Wijewardena
Ampittiakanda	Poonagalla, SPO	Mr. M T Deshapriya	Mr. J A C E Jayalath Mr. S Piyasudhan
Craig	Bandarawela	Mr. B V G Madushanka	Mr. R G R Tharanga
Leangawella	Leangahawella, SPO	Mr. A R M D C Abeykoon	
Poonagalla	Poonagalla, SPO	Mr. W D R Amarasinghe	Mr. C M Wanasinghe Mr. W D Wijaykumar Mr J Kobinath

Regional Outcomes

	Extent (Revenue) - Hectares									
Regions	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13
Upcot Region	1,742.95	1,745.95	1,749.44	1,752.32	1,750.02	1,752.61	1,742.13	1,730.68	1,734.94	1,710.58
Maskeliya Region	1,303.60	1,324.37	1,330.12	1,325.62	1,323.90	1,335.34	1,326.34	1,346.73	1,341.56	1,333.56
Talawakelle Region	1,004.23	1,004.23	1,004.23	1,005.00	1,010.98	1,018.48	1,015.71	1,015.26	1,005.45	998.42
Bandarawela Region	1,334.59	1,340.21	1,474.36	1,474.36	1,469.36	1,493.40	1,490.83	1,498.71	1,500.26	1,491.42
Total	**5,385.37**	**5,414.76**	**5,558.15**	**5,557.30**	**5,554.26**	**5,599.83**	**5,575.01**	**5,591.38**	**5,582.21**	**5,533.98**

	Production Kg '000									
Regions	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13
Upcot Region	1,988	2,145	2,451	2,707	2,751	2,313	2,896	2,969	2,856	3,210
Maskeliya Region	1,525	1,653	1,742	1,991	2,042	1,781	2,083	2,255	2,039	2,396
Talawakelle Region	1,244	1,428	1,492	1,535	1,477	1,343	1,603	1,607	1,453	1,789
Bandarawela Region	1,513	1,416	1,307	1,303	1,354	1,314	1,681	1,619	1,906	1,623
Total	**6,270**	**6,643**	**6,992**	**7,536**	**7,624**	**6,751**	**8,263**	**8,450**	**8,254**	**9,018**

	Yield - (Kg/Ha)									
Regions	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13
Upcot Region	1,090	1,193	1,352	1,512	1,548	1,295	1,618	1,643	1,579	1,765
Maskeliya Region	1,156	1,235	1,303	1,486	1,524	1,320	1,552	1,656	1,483	1,760
Talawakelle Region	1,239	1,417	1,466	1,500	1,461	1,319	1,578	1,582	1,445	1,791
Bandarawela Region	974	903	759	812	846	752	910	879	995	838
Total	**1,105**	**1,173**	**1,204**	**1,318**	**1,341**	**1,160**	**1,406**	**1,430**	**1,375**	**1,519**

	N.S.A. (Rs/Kg)									
Regions	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13
Upcot Region	627.40	606.70	524.40	570.53	604.66	512.84	416.55	418.10	438.23	419.35
Maskeliya Region	646.64	611.32	519.20	565.36	596.64	518.65	420.46	418.75	432.59	422.20
Talawakelle Region	635.98	594.66	487.70	534.48	572.82	501.90	378.95	391.09	393.77	380.84
Bandarawela Region	520.30	512.39	407.18	444.77	493.62	471.63	311.81	346.06	392.61	337.65
Total	**607.93**	**585.15**	**484.05**	**540.08**	**576.63**	**504.18**	**388.93**	**399.33**	**418.47**	**397.77**

	C.O.P. (Rs/Kg)									
Regions	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13
Upcot Region	585.08	567.35	535.66	493.69	499.12	482.52	397.20	392.08	400.45	334.41
Maskeliya Region	576.90	556.80	521.27	489.06	474.72	462.19	385.74	382.42	396.54	331.81
Talawakelle Region	508.14	481.46	485.48	470.25	481.11	428.15	355.84	361.53	367.12	298.22
Bandarawela Region	516.10	506.89	529.97	525.82	511.49	473.72	391.25	428.93	402.46	370.11
Total	**551.18**	**533.37**	**520.30**	**493.24**	**491.29**	**464.63**	**385.08**	**390.75**	**394.08**	**332.97**

Value Added Statement

	2021/22 Rs.'000	2020/21 Rs.'000
Revenue	4,005,924	3,974,895
Other Income	8,924	20,598
Total Revenue	**4,014,848**	**3,995,493**
Cost of Material & Services Purchased	(780,079)	(800,062)
Value added	**3,234,769**	**3,195,431**
Distribution of Value Added		
A. To Employees as Remuneration	2,726,727	2,676,118
B. To Government(Tax etc)	12	49
C. To Lenders of Capital	169,330	172,600
E1. Provision for Depreciation	132,264	130,572
E2. Profit Retained	206,436	216,092
Value added	**3,234,769**	**3,195,431**
Value Added per Employee (Rs.)	873,317	370,013
Value Added as a % of Fixed Assets	78%	79%
Value Added as a % of Total Assets	64%	65%
Value Added as a % of Capital Employed	189%	194%

Company Financial & Operational Highlights

Company Overview

The company has 18 estates which operate in 4 agro climatic regions namely Talawakelle, Bandarawela, Maskeliya & Upcot. There are 14 operation factories in the Company manufacture of black tea as Rotorvane and Leafy manufacturing. In addition to that, one tea re-processing center is also operating at Hapugastenna Estate.

All of these factories are certified by ISO 22000/2005 food safety standards and all our estates are Rainforest Alliance Certification. Some of the estates in MPPLC also carry Ethical Tea Partnership, Product Carbon Footprint, and Fair-trade labeling covering Good agricultural practices and good manufacturing Practices.

Employment Strength

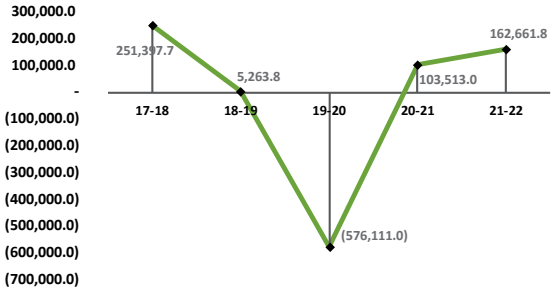
	2021/22	2020/21
Total number of employees	7,403	8,636
Value paid as salary (Rs. mn)	2,726	2,676

	Male	Female
Workers	2,293	4,620
Staff	310	120
Executive	57	3

Statistical Highlights & Financial Performances

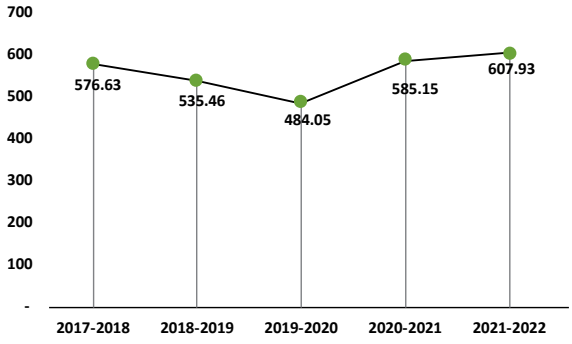
Company recorded 6.2mn kgs of Black tea production despite several lockdowns reported in the first quarter of the FY and adverse weather conditions prevailed in the latter part. However this is shown 6% reduction against the previous year. Ban on import of inorganic fertilizer, ban on import and use of weedicides also heavily contributed to this crop loss. Company made a gross profit of 361mn which record 60% over year preceding and Profit After Tax Record as 163mn .

PAT Rs. '000



Company GSA recorded as Rs 619.07 for the financial year and shown an increasing trend during the 4th quarter which result a phenomenal increase up to Rs 743.18 in the Month of March 2022.

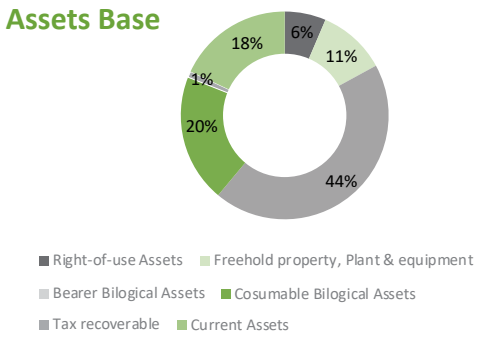
NSA per kg Tea (Rs.)

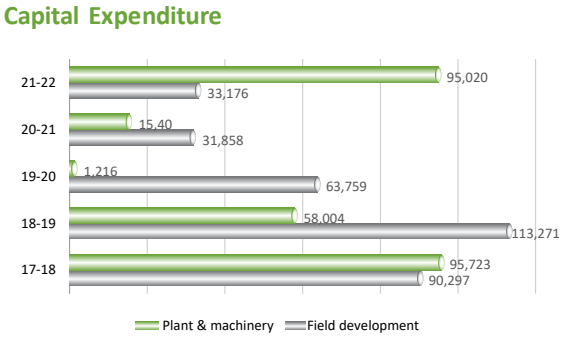


Asset Base

Company has spent Rs 95mn for purchase of property plant and equipment's during the year under review. Company has mainly invest to upgrade the Troup factory by installing a boiler to existing drier costing Rs 15mn. In addition to that a project to grow exotic vegetable as a Green House project was started at Leangahawella Estate as a measure of business diversification incurring Rs 58mn. Company expected to start its operations during the year 2022/23. Further, Company has spent Rs 33mn for Field Development programs and out of the total investment in this area, Rs 8mn was used on crop diversification.

Company consumable biological asset value increased by Rs. 85mn during the year and total noncurrent asset position improved by 2% compared to previous year



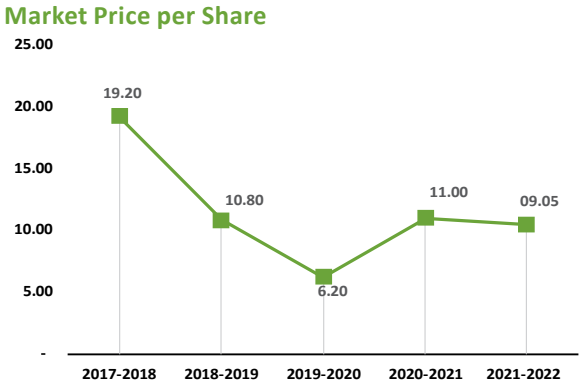


Cash Flow Performance

Company was able to produce Rs. 601mn operating cash inflows during the year and shown 93% increase compared with that of last year. Company has more focused on the investments during the year and spent Rs. 81 mn over last year. The Company was able to manage its cash flows during the year without acquiring any new loans and managed to spent Rs. 216mn to settle the loan and liabilities taken during previous years. As a result of the above company net cash flow position ended up with negative 504mn which similar to last year, Whereas during the last year Rs. 700mn Long term loan was taken to bridge the deficit.

Investor Information's

Shareholders fund has been escalated by Rs. 296mn during the year compared with that of last year and it stood at Rs.1.01Bn. Market price of share came down by Rs 1.40 compared to last year due to uncertainties developed in the country during 4th quarter of the financial year. As a result market capitalization dropped by 13% to Rs.518mn.



Operation Highlights

Company has more focus on planting of timber during the year. Several fruit planting programmers undertaken during the year and also maintained the already planted Fruit projects of Pears avocado and Mandarin etc.

Company embarked on Shear and Machine harvesting in 10% of the extent to mitigate worker shortage and intend to increase it to 20% in the next financial year. Preparation of compost was commenced in order to improve the soil health and the Carbon content. Two tier pruning was introduced to cut the brushwood to add green matter to the soil to improve the carbon status.

Hydro power

The history of small hydropower generation in Sri Lanka spans over a century, and it is mainly associated with the power generation for the large-scale tea plantations in the colonial era. Since then, the small hydro capacity grew gradually until the 1960s, when the electricity grid was extended to provide electricity supply. In the 1990s, CEB's assistance was provided for the development of the mini hydropower sector with the required assistance to the private sector, which includes training and capacity building, pre-feasibility studies and resource assessments. The procedure for electricity purchases from Small Power Producers (SPPs) by the CEB was regularized in 1997 with the publication of a standardized power purchase agreement (SPPA) which included a scheme for calculating the purchase price based on the avoided cost principle. Brunswick & Talawakelle Mini hydro plants are currently a part of this project and provide generated electricity to national grid.

Social Outlook

Social & Welfare programmes

Health camps were held on estates on a periodical basis to screen the employees for Diabetes, Cancer, Hypertension, Eye camps, Gender awareness, First aid camps, oral health camps and supporting pregnant mothers with nutrient were conducted during this year. The company practices to ensure the Health & Safety of all employees and took place periodically and checking the Medical health of Factory and filed staff with the assistance of Medical staff.

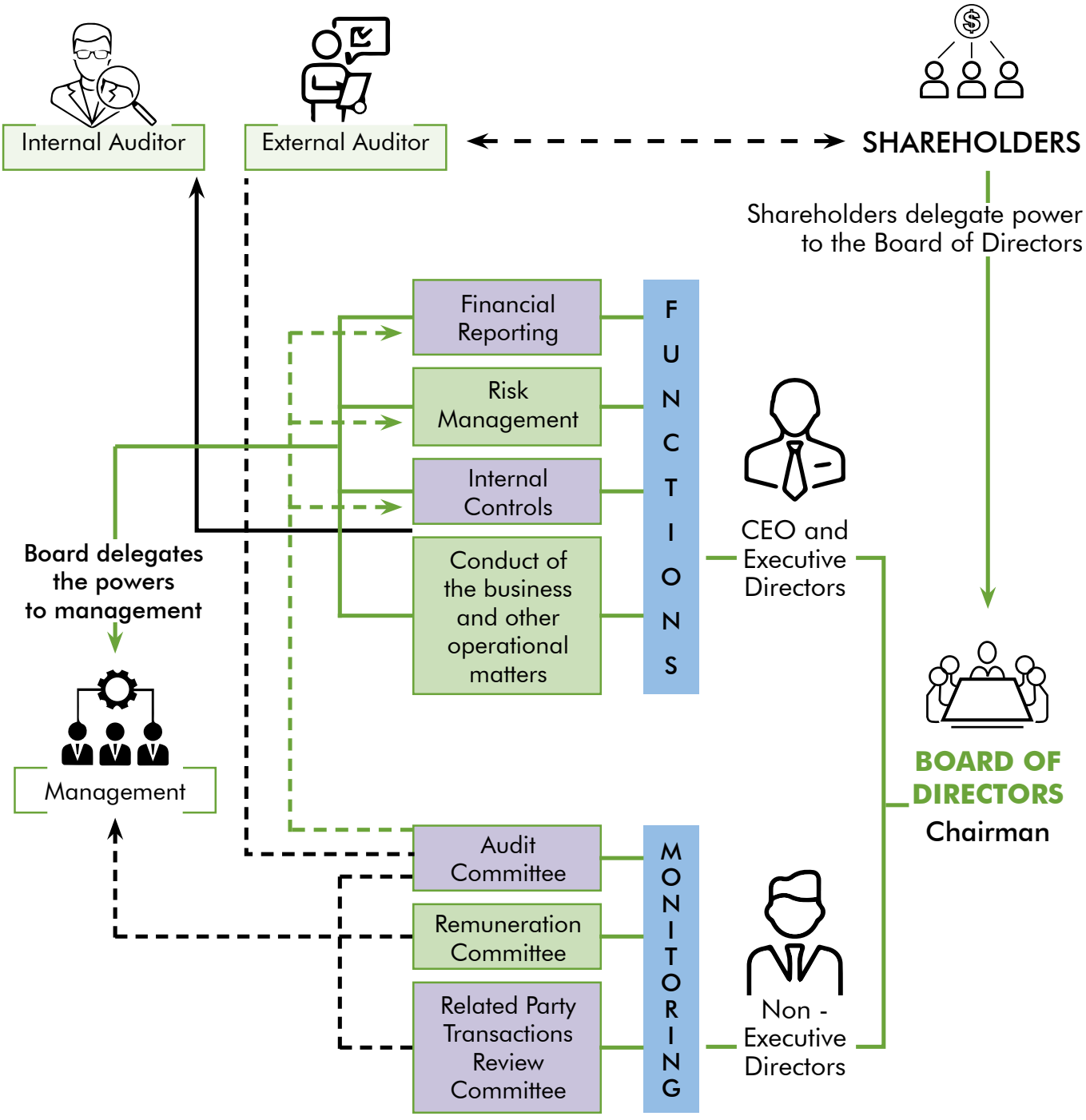
Conservation of Biodiversity

Protecting and preserving the wealth and variety of species, habitats, ecosystems, and genetic diversity on the planet, is important for the sustainability of our planet. As an environmentally and socially responsible company, we are committed to preserve biodiversity by raising community awareness on conservation. MPPLC is crucible for our sustainable efforts, where we conduct bio diversity surveys, community awareness programs, planting community forestry blocks rich in native plants, eco-tourism and nature photography.

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 12 to 14. 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. D S A Samaraweera	-	x	x
S S G Liyanage (Demised on 30/04/2022)	-	x	-
K.A.S Lasantha (Appointed w.e,f . 17/05/2022)	-	x	-

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.

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 29 and 30 describes the activities carried out during the Financial Year.

Remuneration Committee

The Report of the Remuneration Committee is on Page 31and highlights its main activities.

Related Party Transactions Review Committee

The Report of the Related Party Transactions Review Committee is on Page 32 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.

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 26 to 28

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 and Operational Overview report on pages 19 to 21.

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

The principal activities of the Committee are detailed below;

Meetings

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

- 28 May 2021
- 06 August2021
- 09 November 2021
- 10 February 2022

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

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

Internal Audit and Risk Management

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

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

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

Internal Controls

During its meetings, the Committee reviewed the adequacy and effectiveness of the internal control systems and the Company's approach

to its exposure to the business and financial risks. Processes are in place to safeguard the assets of the organization and to ensure that the financial reporting system can be relied upon in the preparation and presentation of Financial Statements.

A comprehensive Management Report and Accounts are produced at every month end highlighting all the key performance criteria pertaining to the Maskeliya Plantations PLC which is reviewed by the Senior Management on a monthly basis.

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

Financial Statements

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

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 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, 2023 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
05 August 2022

Report of the Remuneration Committee

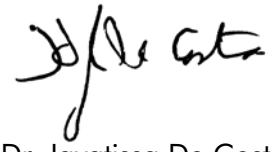
The Remuneration Committee of the Ultimate Parent Company acted as the Remuneration Committee of Maskeliya Plantations PLC.

Members

The Remuneration Committee, appointed by and responsible to the Board of Directors, consist of two Independent Non-Executive Directors of Richard Peiris and Company PLC, Dr Jayatissa De Costa P.C. and Mr Prasanna Fernando. The Committee is chaired by Dr Jayatissa De Costa P.C. Committee met on several occasions during the financial year.

The Committee is proposed to the Board for reviewing the remuneration of the Executive Director/Chief Executive Officer and to recommend appropriate remuneration benefits and other payments.

The Remuneration policy of the Company is formulated to attract and retain high caliber personnel and motivate them to develop and implement the business strategy in order to optimize long term shareholder value. The Committee took into account, competition, market information and business performance in deciding the overall remuneration policy.



Dr. Jayatissa De Costa P. C.
Chairman
Remuneration Committee
05 August 2022

Report of the Related Party Transactions Review Committee

The Related Party Transactions Review Committee of the Ultimate Parent Company acted as the Related Party Transactions Review Committee of Maskeliya Plantations PLC.

Members

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

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

The Objectives of the Committee,

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

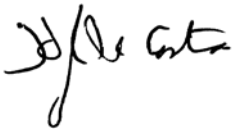
The Committee reviewed the policy framework for adoption on Related Party Transactions for Richard Pieris & Company and all its listed subsidiaries. In such process the committee considered Related Party Transactions which require approval of the Board of Directors, various thresholds set out by the Colombo Stock Exchange listing rules and disclosure requirements, etc.

The Committee held four meetings during the period under review.

- 28 May 2021
- 06 August2021
- 31 December 2021
- 10 February 2022

The activities and views of the Committee have been communicated to the Board of Directors where appropriate.

Details of the related party transactions entered into by the Company are disclosed on pages 80 and 81.



Dr. Jayatissa De Costa P. C.

Chairman - Related Party Transactions Review Committee

05 August 2022

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 2022 and the Auditor's Report thereon.

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

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

Principal Activities and Operational Review

The principal activity of Maskeliya Plantations PLC is cultivation and processing of Tea and remains unchanged from the previous year. During the year the Company managed & operated 18 Estates with a extent of 5,385 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, Review of Operations, the Financial Review and other reports attached, briefly describe the performance of the Company in the current financial year. These Reports together with the Financial Statements reflect results and the state of affairs of the Company.

Turnover

The Turnover of the Company was Rs. 4,005,923,796/- (2021 – Rs. . 3,974,894,708/-) and a composition of the Revenue is given in Note 06 to the Financial Statements.

Financial Results

Year Ended 31 March	2022 Rs'000.	2021 Rs'000.
Profit /(Loss) before tax	206,279	103,300
Income Tax (Expense)/Income	(43,617)	213
Profit /(Loss) after taxation	162,662	103,513
Other Comprehensive Income/(Expense) net tax	133,148	236,780
Profit/(Loss) B/f Including Timber Reserves	(500,164)	(840,475)
SLFRS 16 Adjustment	-	-
Profit/(Loss) C/f Including Timber Reserves	(204,354)	(500,164)

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. 128,196,262/- (2021 - Rs. 47,262,656/-), out of which expenditure on Replanting and Field Development amounts to Rs.33,177,208/-(2021 - Rs. 31,858,112/-).

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 2022 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 of the Company as at 31 March 2022 was Rs.335,646,070/- (2021 Loss- Rs. 39,836,303/-)

Donations

No donations were made during the year under review by the Company /- (2021- Nil)

Taxation

The Company is liable to income tax at the rate of 14% on its agro processing activities and Agricultural Profits of the Company is exempted for the year of assessment 2021/22.

Share Information

Information on Earnings, Dividend, Net Assets and Market Value per share is given on Pages 83 and 84 of this report.

Major Shareholders

The twenty five largest shareholders of the Company as at 31 March 2022 together with percentages held are given under the caption "Shareholder and Investor Information" on Page 83 and 84.

Directors

The Names of the Directors who held Office during the year are given below. Their brief profile appear on Page 12 to 17.

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 - (Demised on 30.04.2022)	Director
K A S Lasantha - (Appointed w.e.f. 17.05.2022)	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 76 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act no. 07 of 2007 shall not apply to the said Dr. Sena Yaddehige"

Pursuant to Section 211 of the Companies Act No. 07 of 2007, a Notice of the following Ordinary Resolution has been received by the Company, from RPC 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 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. 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. Ananda Fernando of 26/83 A, Waidya Road, Dehiwela, who is 70 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act no. 07 of 2007 shall not apply to the said Mr. Ananda Fernando"

In accordance with the Provisions of Article 98 of the Articles of Association of the Company, Mr. K A S Lasantha retires at the Annual General Meeting and offers himself for election.

Interest Register

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

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

Directors' Interest in Contracts.

Directors' Interest in Contracts in relation to transactions with related entities, key Management Personnel and other related disclosures are stated in Note 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	2022	2021
Dr.D S A Samaraweera	100	100
S S G Liyanage (Demised on 30/04/2022)	500	500

Directors' Remuneration and Other Benefits

The Remuneration of the Directors for the year ended 31March 2022 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 21 under managing our environment.

Employment Policy

The Company's recruitment and employment policy is non discriminatory. Appraisals of individual employees are carried out by the respective departmental heads in order to evaluate their performance and realise their potential and through this process to benefit the Company and themselves.

Statutory Payments

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

Events after the Reporting Date

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

Board Committees

The Board has delegated responsibilities to three Board sub Committees which operate within clearly defined terms of reference. Their compositions and functions are given in page 29 to 32 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 80 to 81.

Corporate Governance and Internal Control

The policies adopted by the Company in relation to Best Practices and Good Corporate Governance are given on Page 22 to 25.

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 36 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 2022 have been audited by Messrs. Ernst & Young, Chartered Accountants. The Auditors Report is given on Page 37 to 40.

The Audit Fees of Messrs. Ernst & Young for the current year was Rs4,376,581/- (2021 Rs 3,750,500/-). In addition Rs.380,977/- (2021 Rs. 342,063/-) was paid by the Company for non-audit related work which consists Tax related work. As far as the Directors were aware the Auditors do not have any relationship other than that of an Auditor with the Company.

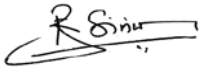
In accordance with the Companies Act No. 7 of 2007, a resolution proposing their re-appointment as Auditors to the Company and authorizing the Directors of the Company to fix their remuneration will be proposed at the Annual General Meeting.

Annual General Meeting

The Annual General Meeting will be held on 29 September 2022 at the registered office of the Company at 310, High Level Road, Nawinna, Maharagama. The notice of the Annual General Meeting is on Page 88 of this report.

J L A Fernando
Director

K A S Lasantha
Director



Mrs. R J Siriweera
Director/Company Secretary
Richard Pieris Group Services (Pvt) Ltd.
Secretaries
310, High Level Road
Nawinna
Maharagama.
05 August 2022

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 37 to 40.

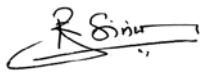
The Financial Statements of the Company for the year ended 31 March 2022 included in this Report, have been prepared and presented in accordance with the Sri Lanka Accounting Standards and they provide the information as required by the Companies Act No. 7 of 2007, Sri Lanka Accounting Standards and 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 82 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 2022 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 37 to 40 of this report.



By Order of the Board,
Mrs. R J Siriweera
Director/Company Secretary
Richard Pieris Group Services (Pvt) Ltd.
Secretaries
310, High Level Road
Nawinna
Maharagama.
05 August 2022

Independent Auditors' Report

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Building a better working world

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

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

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 March 31,2022, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the company give a true and fair view of the financial position of the Company as at March 31,2022, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the ***Auditor's responsibilities for the audit of the financial statements*** section of our report. We are independent of the 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 our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matter	How our audit addressed the key audit matter
Measurement of Bearer Biological Assets	
The Bearer Biological Asset is a significant non-current asset of the Company representing 44% of the total assets consisting with Rs. 1,661 Mn as Mature and Rs. 565 Mn as Immature as at 31 March 2022. Assessing the valuation of Bearer Biological Asset in the financial statements is a key audit matter due to following factors: • Magnitude of the balance and its significance to total Assets (44%) of the Company.	Our audit procedures were based on the latest available information up to the date of our report and included the following: • We assessed the processes and controls in place to ensure; proper identification of the expenses incurred relating to immature plantations. • We validated the significant amounts capitalised (including capitalized labour and other acceptable costs) by examining related invoices, capital expenditure authorizations and other corroborative evidences. • Assessed timely transfer of matured plants to respective matured plantation categories by examining ageing profile of immature plantations.

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

Principals: W S J De Silva BSc(Hons)-MSc-IT G B Goudian ACMA D L Karunathilaka ACMA Ms. P S Paranavitane ACA ACMA LLB (Colombo) T P M Ruberu FCMA FCCA
A member firm of Ernst & Young Global Limited

• Identification of costs to be capitalised as immature plantations, Involvement of management judgement regarding the point at which transfers to be made from immature plantations to mature plantations and for the identification of triggers of impairment (if any).	• Assessed the adequacy of depreciation provided on the matured plantations by performing independent computation. • We inspected the ageing profile of the immature biological assets as of the reporting date to ensure that triggers of impairment (if any) are identified on a timely basis, assessed for probable impairment charges/losses and duly accounted for in the financial statements. We also assessed the adequacy of the related disclosures given in Notes 3.6.7.1 and 14.1 in the financial statements.
Retirement Benefit Obligation	
The retirement benefit obligation as at 31 March 2022 of the Company is based on the actuarial valuations carried out by an external valuer engaged by the Company. Measurement of the retirement benefit obligation was a key audit matter due to following reasons: • The retirement benefit obligation of the Company is significant (Rs.905 Mn) in the context of the total liabilities of the Company (22% of total liabilities). • The actuarial valuation involves making significant assumptions about discount rates and future salary increases. Further, the complexity of the valuation and the changes in underlying assumptions are highly sensitive in assessing the value of retirement benefit obligation. • The determination of the base salary/wage rate and the future salary/wage growth rates for the purpose of measuring retirement benefit obligation as of year-end, required significant management judgments giving due consideration to wage/salary negotiations which are currently under discussions. The matter is also referred to the Court of Appeal as at the statement of financial position date as disclosed under Note 33 to the financial statements. Key areas of significant judgments, estimates and assumptions included the following: • Discount rate • Future salary increase rate & Wage Rate	Our audit procedures were based on the latest available information up to the date of our report and included the following: • We assessed the competency, capability and objectivity of the external actuary engaged by the Company. • We read the external actuary's report and understood the key estimates made and the approach taken by the valuer in determining the present value of retirement benefit obligation. • We assessed the assumption for salary increases against the historical collective agreements. • We agreed the discount rate used, to our internally developed benchmarks. • We validated the key data used by the actuary to the underlying data held by the Company. • We evaluated the impact on retirement benefit obligation resulting from wage negotiations and assessed the adequacy of disclosures given in Note 33 to the financial statements. We have also assessed the adequacy of the disclosures made in Notes 24 to the financial statements relating to the significant judgements and estimates.

Valuation of Consumable Biological Assets	
As at 31 March 2022, Company consumable biological assets carried at fair value in accordance with its accounting policy note 3.6.7.5 amounted to Rs.1,008 Mn, while gain on such valuation for the year amounted to Rs.89 Mn. This was a key audit matter due to: • Magnitude of the balance and its significance to total assets (20%) of the Company; and • Complexity of the valuation process and degree of judgments and estimates involved in the valuation, as disclosed in Note 14.2 and 14.2.1 to the financial statements. Key areas of significant judgments, estimates and assumptions included the following: • Discount Rate • Expected timber volume • Price per cubic foot	Our audit procedures were based on the latest available information up to the date of our report and included the following: • We evaluated the competence, capability and objectivity of the external valuer engaged by the Company. • We read the external valuer's report and understood the key estimates made and the approach taken by the valuer in determining the fair value of consumable biological assets. • We assessed the completeness and accuracy of the key data used by the external valuer, by tracing those to the underlying books and records maintained by the Company. This also included assessing the appropriateness & consistency of the application of the formula used for deriving the expected timber volume. • We assessed the reasonableness of the key assumptions used, in particular the discount rate, expected timber volume and price per cubic foot by comparing that with the industry practices that are generally used in determining fair value of consumable biological assets. We have also assessed the adequacy of the disclosures made in Notes 14.2 and 14.2.1 to the financial statements.

Other Information included in the Company's 2022 Annual Report

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

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

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

Responsibilities of the management and those charged with governance

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.

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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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

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

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

05 August 2022

Colombo

STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2022

	Notes	2022 Rs.'000	2021 Rs.'000
Revenue	6	4,005,924	3,974,894
Cost of Sales		(3,644,822)	(3,749,275)
Gross Profit/(Loss)		**361,102**	**225,619**
Other income	7	8,924	20,599
Administrative Expenses		(53,428)	(60,943)
Change in fair Value of Biological Assets	14.4	89,488	125,363
Management Fee		(30,477)	(34,738)
Finance Cost	8	(169,330)	(172,600)
Profit / (Loss) Before Taxation	**9**	**206,279**	**103,300**
Income Tax (Expenses) / Reversal	10	(43,617)	213
Net Profit / (Loss) for the Year		**162,662**	**103,513**
Basic Earnings per Share	11.2	3.01	1.92
Dividend per Share	11.3	Nil	Nil

The accounting policies and Notes on Pages 46 through 82 form an integral part of the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

Year Ended 31 March 2022

	Notes	2022 Rs.'000	2021 Rs.'000
Profit/ (Loss) for the year		162,662	103,513
Other Comprehensive Income			
Other Comprehensive income that will be reclassified to profit or loss in Subsequent periods (net of 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 of tax)			
Remeasurement gains/ (Losses) on defined benefit plan	24	148,769	264,580
Income tax effect	10.2	(15,621)	(27,781)
Net Other comprehensive Income/(Loss) that will not to be reclassified to Profit or Loss		133,148	236,799
Total Other Comprehensive Income for the year		133,148	236,799
Total Comprehensive Income for the year, net of tax		295,810	340,312

The accounting policies and Notes on Pages 46 through 82 form an integral part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	2022 Rs.'000	2021 Rs.'000
ASSETS			
Non Current Assets			
Right-of-use Assets	12	324,457	337,144
Freehold Property, plant & equipment	13	538,226	481,965
Bearer Biological Assets	14.1	2,225,694	2,262,482
Consumable Biological Assets	14.2	1,007,847	922,609
Tax Recoverable		47,926	47,926
		4,144,150	**4,052,126**
Current Assets			
Produce on Bearer Biological Assets	14.3	11,549	11,435
Inventories	15	544,143	459,391
Tax Recoverable	16	16,217	37,163
Trade and Other Receivables	17	299,936	283,001
Amounts Due From Related Parties	18	9,906	20,346
Cash and bank balances	19	31,603	43,285
		913,354	854,621
TOTAL ASSETS		**5,057,504**	**4,906,747**
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	20	673,721	673,721
General Reserve	21	540,000	540,000
Timber Reserves	22	969,232	879,858
Retained Earnings/(Losses)		(1,173,586)	(1,380,022)
Total Equity		**1,009,367**	**713,557**
Non Current Liabilities & Deferred Income			
Interest Bearing Loans & Borrowings	23	448,524	677,370
Retirement Benefit Obligations	24	904,839	1,003,932
Defferred Tax Liability	25	73,473	35,180
Deferred Income	26	163,893	167,833
Lease Liability	27.3	324,882	318,702
		1,915,611	**2,203,017**
Current Liabilities			
Trade and Other Payables	28	542,870	500,307
Interest Bearing Loans & Borrowings	23	792,378	801,676
Lease Liability	27.3	4,593	3,985
Amounts Due to Related Parties	29	790,677	682,197
Dividends Payable	30	2,008	2,008
		2,132,526	**1,990,173**
Total Equity and Liabilities		**5,057,504**	**4,906,747**
NET ASSETS PER SHARE		19	13

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

A Ranasinghe
Acting Financial Controller

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

J L A Fernando
Director

K A S Lasantha
Director

The accounting policies and Notes on Pages 46 through 82 form an integral part of the Financial Statements.
05 August 2022
Colombo

STATEMENT OF CHANGES IN EQUITY

As at 31 March 2022

	Stated Capital Rs.'000	General Reserve Rs.'000	Timber Reserve Rs.'000	Retained Earnings Rs.'000	Total Rs.'000
Balance as at 31 March 2020	**673,721**	**540,000**	**755,638**	**(1,596,114)**	**373,245**
Net Profit / (Loss) for the year	-	-	-	103,513	103,513
Total Other Comprehensive Income / (Loss) for the year	-	-	-	236,799	236,799
Timber Reserve	-	-	124,220	(124,220)	-
Balance as at 31 March 2021	**673,721**	**540,000**	**879,858**	**(1,380,022)**	**713,557**
Net Profit / (Loss) for the year	-	-	-	162,662	162,662
Total Other Comprehensive Income/ (Loss) for the year	-	-	-	133,148	133,148
Timber Reserve	-	-	89,374	(89,374)	-
Balance as at 31 March 2022	**673,721**	**540,000**	**969,232**	**(1,173,586)**	**1,009,367**

The accounting policies and Notes on Pages 46 through 82 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

Year Ended 31 March 2022

CASH FLOWS FROM OPERATING ACTIVITIES	**Notes**	**2022**	**2021**
		Rs.'000	**Rs.'000**
Net Profit/(Loss) before Taxation		**206,279**	**103,300**
ADJUSTMENTS FOR			
Depreciation/Amortisation	12-14	132,264	130,572
Provision for Defined Benefit Plan Cost	24	134,432	191,250
Amortisation of Grants	26	(13,760)	(11,737)
Gain/(Loss) on change in fair value on Consumable Biological Assets	14.2	(89,374)	(124,220)
Gain/(Loss) on change in fair value Green Leaf	14.3	(114)	(1,143)
Finance Costs	8	169,330	172,600
Profit/(Loss) on Property Plant & Equipment		-	(3,661)
Profit/(Loss) on Sale of Timber trees		(56,779)	-
Operating Profit/(Loss) before Working Capital Changes		**482,278**	**456,961**
(Increase)/Decrease in Inventories	15	(84,752)	(61,147)
(Increase)/Decrease in Trade and Other Receivables	17	(16,936)	(66,270)
Increase/(Decrease) in Trade and Other Payables	28	40,837	27,868
Increase/(Decrease) in Amounts due to Related Parties	29	108,480	(42,346)
(Increase)/Decrease in Amounts due from Related Parties	18	10,440	(3,492)
Cash Generated from Operations		**540,347**	**311,574**
Finance Costs Paid		(126,087)	(130,725)
Defined Benefit Plan Costs paid	24	(84,756)	(131,045)
Net Cash from Operating Activities		**329,504**	**49,804**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of Property Plant & Equipments		60,915	3,661
Grant Received	25	9,821	10,436
Field Development Expenditure	14.1	(33,177)	(31,858)
Purchase of Property, Plant & Equipment	13	(95,019)	(15,405)
Net Cash used in Investing Activities		**(57,460)**	**(33,166)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of Government Lease Rentals	27.1	(43,588)	-
Payment of Lease Rental	27.2	(1,994)	(1,813)
Proceeds from Loans	23	-	725,000
Payment of Loans	23	(226,398)	(148,556)
Net Cash from Financing Activities		**(271,980)**	**574,631**
Net Increase/(Decrease) in Cash & Cash Equivalents		**64**	**591,269**
A. Cash & Cash Equivalents at the beginning of the year		(504,577)	(1,095,846)
B. Cash & Cash Equivalents at the end of the year		(504,513)	(504,577)
NOTE A			
Cash & Cash Equivalents at the beginning of the year			
Cash & Bank Balances		43,285	12,998
Bank Overdrafts		(547,862)	(1,108,844)
		(504,577)	**(1,095,846)**
NOTE B			
Cash & Cash Equivalents at the end of the year			
Cash & Bank Balances	19	31,603	43,285
Bank Overdrafts	19	(536,116)	(547,862)
		(504,513)	**(504,577)**

The accounting policies and Notes on Pages 46 through 82 form an integral part of the Financial Statements.

Notes to the Financial Statements

Year Ended 31 March 2022

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 2022 were authorized for issue in accordance with a resolution of the board of directors on 05 August 2022.

1.5 Responsibility for Financial Statements

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

2. BASIS OF PREPERATION

2.1 Statement of Compliance

The Financial Statements of 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.000) which is the Company's functional and presentation currency.

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 2022

applied consistently to all the periods presented in the financial statements.

3.1 New and amended standards and interpretation

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

- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use.
- Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 – Interest Rate Benchmark Reform (Phase 1 & 2) – ("IBOR reform").
- Amendments to LKAS 1 and LKAS 8 Definition of Material.
- IAS 41 Agriculture – Taxation in fair value measurements.
- Amendments to LKAS 1: Classification of Liabilities as Current or Non-current.

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.

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

Notes To The Financial Statements

Year Ended 31 March 2022

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

- In the principal market for the asset or liability

  Or

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

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

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

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

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

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

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

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

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

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

3.6 Property, Plant & Equipment

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

Notes To The Financial Statements

Year Ended 31 March 2022

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 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	23 years (over the remaining lease period).	4.35

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

Notes to the Financial Statements

Year Ended 31 March 2022

penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

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

In calculating the present value of lease payments, the 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 2022 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 and gains are not classified as revenue.

3.6.6 Land Development Cost

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

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

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

3.6.7 Biological Assets

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

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

Notes to the Financial Statements

Year Ended 31 March 2022

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

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

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

Consumable biological assets initially recognised is derecognised upon disposal or

Notes to the Financial Statements

Year Ended 31 March 2022

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. The estimated useful lives and depreciation rates are as follows:

Asset categories	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:

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

3.7 Financial Instruments

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

3.7.1 Financial Assets

3.7.1.1 Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (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.

Notes to the Financial Statements

Year Ended 31 March 2022

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.

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).

Notes to the Financial Statements

Year Ended 31 March 2022

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.

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.

Notes to the Financial Statements

Year Ended 31 March 2022

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 **CGU**s to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or **CGU**'s recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.10 Trade and Other Receivables

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

3.11 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.

3.12 Provisions

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

Notes to the Financial Statements

Year Ended 31 March 2022

3.13 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 statement of profit or Loss.

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.

3.14 Capital Commitments and Contingencies

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

3.15 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.

3.16 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.

3.17 Deferred Income

3.17.1 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 Statement of Profit or Loss over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual instalments. Where loans or similar assistance

Notes to the Financial Statements

Year Ended 31 March 2022

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.

3.18 Statement of Profit or Loss

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

3.18.1 Revenue

Revenue 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 customer.

Sale of Plantation produce

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

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

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

a) Rental Income

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

b) Interest Income

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

3.18.2 Expenses

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

3.18.2.1 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,

Notes to the Financial Statements

Year Ended 31 March 2022

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.

3.18.3 Taxes

3.18.3.1 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.

3.18.3.2 Deferred Tax

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

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

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

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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 Statement of Cash Flow.

Notes to the Financial Statements

Year Ended 31 March 2022

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 6 to the Financial Statements.

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

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

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

4. USE OF ESTIMATES AND JUDGMENTS

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

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

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

- Note 14.2 - Consumable Biological Assets
- Note 24 - Measurement of theRetirement Benefit Obligations
- Note 25 – Deferred Taxation

4.1 Taxation

Current Tax

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

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

Deferred Tax

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. As per the Inland Revenue (Amended) bill issued on 18.03.2021, company is identified Separately business income as agro farming & agro processing for the purpose of calculating income tax liability therefore , the company has separated assets and liabilities as at 31 March 2022 as Agro farming and Agro processing for the deferred tax purpose.

Notes to the Financial Statements

Year Ended 31 March 2022

4.2 Retirement Benefit Obligations

The present value of the retirement benefit obligation determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period.

In determining the appropriate discount rate, management considers the interest rates of Sri Lanka government bonds with maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future inflation rate and expected future salary increase rates of the Company.

Further details about Retirement benefit obligations are provided in Note 24.

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.

4.4 IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

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

4.5 Leases - Estimated the Incremental Borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates such as the company's stand-alone credit rating.

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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 SLFRS 17 – Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for

Notes to the Financial Statements

Year Ended 31 March 2022

insurers. In contrast to the requirements in SLFRS 4, which are largely based on grandfathering previous local accounting policies, SLFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of SLFRS 17 is the general model, supplemented by:

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

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

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

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The amendments are not expected to have a material impact on the Company.

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

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

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

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

5.4 Amendments to SLFRS 3 Business Combinations: Updating a Reference to Conceptual Framework

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

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

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

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

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

Notes to the Financial Statements

Year Ended 31 March 2022

6. REVENUE	2022 Rs.'000	2021 Rs.'000
6.1 Summary		
Tea	3,949,145	3,969,771
Profit/(Loss) on Sale of Trees	56,779	5,123
	4,005,924	3,974,894

6.2 Segment Information

Geographical Segment	Maskeliya		Upcot		Talawakelle		Bandarawela		Total	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Revenue	1,023,727	1,032,080	1,308,689	1,329,280	819,392	867,270	854,116	746,265	4,005,924	3,974,895
Cost of Sales	(847,216)	(878,217)	(1,125,083)	(1,164,682)	(626,996)	(659,493)	(778,833)	(725,061)	(3,378,128)	(3,427,453)
Depreciation /Amortsation	(36,212)	(36,287)	(35,126)	(35,256)	(23,015)	(23,696)	(37,909)	(35,334)	(132,262)	(130,573)
Gratuity	(38,358)	(49,985)	(54,100)	(66,798)	(11,449)	(33,577)	(30,525)	(40,890)	(134,432)	(191,250)
Segment Results	101,941	67,591	94,380	62,544	157,932	150,504	6,849	(55,020)	361,102	225,619
Other Income									8,924	20,599
Gain on change in fair value of Biological Assets									89,488	125,363
Administrative Expenses									(53,428)	(60,943)
Management Fees									(30,477)	(34,738)
Finance Cost									(169,330)	(172,600)
Income Tax (Expenses)/ Reversal									(43,617)	213
Profit/ (Loss) for the year									162,662	103,513

Segment Assets	Maskeliya		Upcot		Talawakelle		Bandarawela		Total	
	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Cost	1,440,481	1,423,664	1,738,717	1,692,766	1,061,268	1,026,692	2,132,482	2,005,539	6,372,948	6,148,661
Accumulated Depreciation	(571,268)	(538,168)	(675,638)	(640,631)	(416,012)	(397,061)	(632,645)	(587,888)	(2,295,563)	(2,163,748)
Current Assets	172,878	184,710	271,597	248,225	155,387	143,127	228,538	202,221	828,400	778,283
	1,042,090	1,070,206	1,334,676	1,300,360	800,644	772,758	1,728,375	1,619,872	4,905,785	4,763,196
Unallocated Assets										
Cost									223,576	223,576
Accumulated Depreciation									(156,809)	(156,364)
Current Assets									84,953	76,339
Total Assets									5,057,505	4,906,747
Segment Liabilities										
Non Current Liabilities	360,147	384,206	471,624	504,854	194,496	217,859	367,347	381,680	1,393,614	1,488,599
Current Liabilities	120,304	122,756	215,014	184,170	90,980	87,499	123,174	105,883	549,472	500,308
	480,451	506,962	686,638	689,024	285,476	305,358	490,521	487,563	1,943,086	1,988,907
Un Allocated										
Non Current Liabilities									521,997	712,550
Current Liabilities									1,583,055	1,491,733
									2,105,052	2,204,283
									4,048,138	4,193,190
Capital Expenditure										
Field Development	3,221	3,241	19,161	16,965	4,100	154	6,694	11,497	33,176	31,857
Property, Plant & Equipment	11,030	1,434	10,233	6,342	16,728	3,493	57,029	993	95,020	12,262
	14,251	4,675	29,394	23,307	20,828	3,647	63,723	12,490	128,196	44,119
Field Development									-	3,142
Property, Plant & Equipment										
Total Capital Expenditure									128,196	47,263

Notes to the Financial Statements

Year Ended 31 March 2022

7. OTHER INCOME

	2022 Rs.'000	2021 Rs.'000
Amortization of Capital Grants	13,760	11,737
Other Sundry Income	(4,836)	8,862
	8,924	**20,599**

8. FINANCE COST

	2022 Rs.'000	2021 Rs.'000
Interest on Lease Rental (JEDB/SLSPC)	42,902	41,760
Interest on other Leases	341	115
Bank Overdraft Interest	44,120	68,746
Term Loan Interest	84,487	64,466
Stamp Duty & Other charges	444	443
	172,294	175,530
Amount Capitalised	(2,964)	(2,930)
	169,330	**172,600**

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)
2021/2022	+ 1%	8,665
	- 1%	(8,665)
2020/2021	+ 1%	6,485
	- 1%	(6,485)

09 PROFIT BEFORE TAXATION IS STATED AFTER CHARGING

	2022 Rs.'000	2021 Rs.'000
Auditor's Remuneration	4,376	3,751
Directors' Remuneration	1,200	1,200
Depreciation/Amortisation	132,262	124,903
Defined Benefit Plan Costs (Included Under Cost of Sales & Administration Expenses)	139,792	177,578
Defined Contributions Plan Costs - EPF & ETF	251,698	237,013
Others - Staff Costs (Including Estate Employees)	2,340,597	2,220,014

10. TAX EXPENSE

The major component of income tax expense for the year ended 31st March 2022 are as follows :

10.1 Statement of Profit or Loss

	2022 Rs.'000	2021 Rs.'000
(I) Current Income Tax:		
ESC Written off	**(20,945)**	**(44,616)**
(II) Deferred Tax:		
Relating to (origination) and reversal of temporary differences (Note 25.1)	(22,672)	33,102
Amount originated due to the Income Tax rate change (Note 25.1)	-	11,727
Income (Tax charge)/reversed reported in Income Statement	(43,617)	213

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)	(15,621)	(27,781)
IncomeTax charge directly to other comprehensive income	(15,621)	(27,781)

Notes to the Financial Statements

Year Ended 31 March 2022

10.3 Reconciliation Between Tax Expenses And The Product of Accounting Profit	2022 Rs.'000	2021 Rs.'000
Exempt Business Income	(147,660)	(323,044)
Profit / (Loss) before Tax	353,940	376,638
Aggregate disallowed items	80,411	98,036
Aggregate allowable items	(55,650)	(68,382)
Taxable Profit/(Loss)	378,701	406,292
Bought forward Tax losses set off	(378,701)	(406,292)
	-	-
Effective Tax Rate	10.5%	14%
ESC Written off during the year	(20,945)	(44,616)
Income Tax Charge/(Reversal)	(20,945)	(44,616)

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.

	2022 Rs.'000	2021 Rs.'000
Amounts used as the Numerator :		
Net Profit/(Loss) applicable to ordinary share holders for basic earnings per share	162,662	103,513
	162,662	103,513
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	2022 Rs.'000	2021 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	2022 Rs.'000	2021 Rs.'000
Right-of-use-land	12.1	296,391	298,426
Right-of-use-Immovable bearer biological assets	12.2	25,925	34,478
Right-of-use-Immovable assets (other than right-to-use land and bearer biological assets)	12.3	381	719
Right-of-use asset - Other assets	12.4	1,760	3,520
		324,457	337,143

Notes to the Financial Statements

Year Ended 31 March 2022

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.Agreement for "Right to Use assets - Land" have been executed for all estates for a period of 23 years.

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

	2022 Rs.'000	2021 Rs.'000
Capitalised Value		
As at 1st April 2021	323,018	316,103
Transferred in due to reassesment of Lease Liability	10,852	6,915
As at 31st March 2022	333,870	323,018
Amortization		
As at 1st April 2021	24,592	12,158
Transferred in due to reassesment of Lease Liability	-	-
Amortisation charge for the year	12,887	12,434
As at 31st March 2022	37,479	24,592
Carrying amount	296,391	298,426

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 2022 are as follows.

MATURE PLANTATIONS - TEA	2022 Rs.'000	2021 Rs.'000
Capitalised Value as at 22nd June, 1992	230,859	230,859
Amortisation		
As at 1st April	196,381	188,775
Amortisation for the year	8,553	7,606
As at 31st March	204,934	196,381
Carrying amount	25,925	34,478

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 2022

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	2022	2021
	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	11,829	440	101,800	12,585	126,654	126,234
Amortisation for the year	324	16	-	-	340	421
As at 31 March	12,153	456	101,800	12,585	126,993	126,655
Carrying amount	-	380	-	-	381	719

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). The effect to the Statement of Financial Position and depreciation of building to 31 March 2022 are as follows:

	2022	2021
Cost	Rs.'000	Rs.'000
At the beginning of the year	6,720	3,200
Additions	-	3,520
At the end of the year	6,720	6,720
Amotisation		
At the beginning of the year	3,200	1,600
Amotisation during the year	1,760	1,600
At the end of the year	4,960	3,200
Written Down Value	1,760	3,520

Notes to the Financial Statements

Year Ended 31 March 2022

13. FREEHOLD PROPERTY, PLANT AND EQUIPMENT

Cost	Balance as at 01.04.2021 Rs.'000	Additions for the year Rs.'000	Disposals during the year Rs.'000	Balance as at 31.03.2022 Rs.'000
Land Improvements	91,943	-	-	91,943
Buildings	324,777	2,157	-	326,934
Motor Vehicles	230,513	-	-	230,513
Plant & Machinery	788,320	14,523	-	802,843
Furniture & Fittings	12,084	-	-	12,084
Equipment	106,333	13,675	-	120,008
Water Sanitation	46,101	-	-	46,101
Computers	21,796	1,308	-	23,104
Computer Software	1,465	-	-	1,465
	1,623,332	31,663	-	1,654,995

	Balance as at 01.04.2021 Rs.'000	Charge for the year Rs.'000	Accumulated depreciation on disposals Rs.'000	Balance as at 31.03.2022 Rs.'000
Land Improvements	28,605	2,299	-	30,904
Buildings	130,847	8,119	-	138,966
Motor Vehicles	200,554	2,570	-	203,124
Plant & Machinery	629,567	20,413	-	649,980
Furniture & Fittings	11,941	17	-	11,958
Equipment	96,388	4,043	-	100,431
Water Sanitation	45,192	492	-	45,684
Computers	21,000	806	-	21,806
Computer Software	1,464	-	-	1,464
	1,165,559	38,759	-	1,204,317
Written Down Value	457,773			450,678

	Balance as at 01.04.2021 Rs.'000	Additions for the year Rs.'000	Capitalised/ Disposed during the year Rs.'000	Balance as at 31.03.2022 Rs.'000
Capital Work-in-Progress	24,192	66,270	(2,914)	87,548
TOTAL WRITTEN DOWN VALUE	481,965			538,226

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 2022

14 . BEARER BIOLOGICAL ASSETS

14.1 Bearer bialogical assets

Cost	Immature Plantations Rs.'000	Mature Plantations Rs.'000	Total 2022 Rs.'000	Total 2021 Rs.'000
At the beginning of the year	541,647	2,332,161	2,873,808	2,841,950
Additions	33,177	-	33,177	31,858
Transfers	(9,791)	9,791	-	-
At the end of the year	565,033	2,341,952	2,906,985	2,873,808
Depreciation				
At the beginning of the year	-	611,326	611,326	543,876
Charge for the year	-	69,965	69,965	67,450
At the end of the year	-	681,291	681,291	611,326
Written Down Value	**565,033**	**1,660,661**	**2,225,694**	**2,262,482**

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. 2,964,497/= (2021 - Rs. 2,930,714/=) incurred to meet expenses relating to immature plantations have been capitalised as a part of the cost of immature plantations at the rate of 9.81% (2020/21 - 10.13%).

14.2 Consumable Biological Assets - Timber Plantations

	2022 Rs. '000	2021 Rs. '000
As at 1st April	922,609	798,389
Gain/(loss) arising from changes in fair value less cost to sell	89,374	124,220
Decrease due to harvest/transfer	(4,136)	-
As at 31st March	1,007,847	922,609

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 an 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 2022

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
			2022	2021	
Consumable Managed Biological Assets	DCF	Discounting Rate	19%	13%	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.250/= to Rs.800/=	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 Plantation Management Monitoring Division (PMMD) and Forest Department based on the forestry development plan.
2. The price adopted are net of expenditure.
3. Though the replanting is a condition precedent for harvesting, yet the 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 2022	Rs'000	(100,785)	100,785
As at 31 March 2021	Rs'000	(92,261)	(92,261)

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 2022	Rs'000	50,635	(44,951)
As at 31 March 2021	Rs'000	70,457	(59,071)

Notes to the Financial Statements

Year Ended 31 March 2022

14.3 Produce On Bearer Biological Assets	2022 Rs.'000	2021 Rs.'000
As at 01st April	11,435	10,292
Change in fair value less cost to sell	114	1,143
As at 31st March	11,549	11,435

14.4 GAIN/(LOSS) ON FAIR VALUE OF BIOLOGICAL ASSETS	2022 Rs.'000	2021 Rs.'000
Consumable Biological Assets Gain/(loss)arising from changes in fair value less cost to sell (Note No 14.2)	89,374	124,220
Produce on Bearer Bilogical Assets Gain/(Loss) arising from changes in fair value less cost to sell (Note No 14.3)	114	1,143
	89,488	125,363

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	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000	2022 Rs.'000	2021 Rs.'000
Assets measured at fair value							
Consumable Biological Assets - Timber	31st March	-	-	-	-	1,007,847	922,609
Produce on Bearer Bialogical Assets	31st March	-	-	11,549	11,435	-	-

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	2022 Rs.'000	2021 Rs.'000
Input Materials	54,390	36,599
Growing Crop - Nurseries	21,754	14,894
Produce Stock	428,602	394,004
Consumables & Spares	39,397	13,894
	544,143	459,391

Notes to the Financial Statements

Year Ended 31 March 2022

16. TAX RECOVERABLE

	2022 Rs.'000	2021 Rs.'000
Tax Recoverable	55,992	100,609
Less: Provision for Tax Recoverable	(18,830)	(18,830)
Less: Tax Write Off	(20,945)	(44,616)
	16,217	37,163

17. TRADE AND OTHER RECEIVABLES

	2022 Rs.'000	2021 Rs.'000
Produce Debtors	102,788	72,453
Advances & Prepayments	32,421	3,141
Festival Advances - Estates	29,775	56,525
Other Debtors	98,184	108,035
Other Project	42,772	48,849
	305,940	289,004
Less: Provision for Doubtful Debt	(6,004)	(6,004)
	299,936	283,000

17.1 Trade Receivables

The aging analysis of trade receivables is as follows:

		Past due but not impaired				
	Total	0-07 days	08-30 days	31-90 days	91-364 days	> 365 days
Balance as at 31 March 2022	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Produce Debtors	102,788	102,788	-	-	-	-

Produce debtors are realised within seven days from sales

18. AMOUNTS DUE FROM RELATED PARTIES

	Relationship	2022 Rs.'000	2021 Rs.'000
Maskeliya Tea Garden Ceylon (Pvt) Ltd	Related Company	9,693	8,065
Arpitech (Pvt) Ltd	Related Company	-	7,079
Namunukula Plantations PLC	Related Company	-	4,989
RPC Properties (Pvt) Ltd	Related Company	213	213
		9,906	20,346

19 CASH AND CASH EQUIVALENTS

	2022 Rs.'000	2021 Rs.'000
19.1 Favourable Balances		
Cash at Bank and in Hand	31,603	43,285
	31,603	43,285
19.2 Unfavourable Balances		
Bank Overdraft	(536,116)	(547,862)
Total Cash and cash equivalents for the purpose of cash flow statements	**(567,719)**	**(504,577)**

Notes to the Financial Statements

Year Ended 31 March 2022

20. STATED CAPITAL

	2022 Rs.	2021 Rs.
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	2022 Rs.'000	2021 Rs.'000
Balance as at 01 of April	673,721	673,721
	673,721	673,721

21. GENERAL RESERVE

	2022 Rs.'000	2021 Rs.'000
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

	Balance			
	Balanceas at 31.03.2021	Loan Obtained during the year	Capital Repayment during the year	Balance as at 31.03.2022
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Commercial Bank	700,000	-	102,083	597,917
Hatton National Bank PLC	162,850	-	91,730	71,120
Union Bank PLC	43,333	-	23,377	19,956
Nations Trust Bank	25,000	-	9,207	15,793
Short Term Loan				
Bank Overdraft	547,862	-	-	536,116
	1,479,045	-	226,397	1,240,902

Notes to the Financial Statements

Year Ended 31 March 2022

23.1	Long Term Loans (Cont...)	Repayable within 1 year	Repayable after 1 year less than 5 years	Total as at 31.03.2022	Total as at 01.04.2021	Rate of Interest	Terms of Repayments
		Rs.'000	Rs.'000	Rs.'000	Rs.'000		
	Commercial Bank	175,000	422,917	597,917	700,000	9.75% Fixed	47 monthly instalments of Rs.14,583,333/- and final instalment of Rs.14,583,349/-
		175,000	422,917	597,917	700,000		commencing from Sep 2021
	Hatton National Bank	-	-	-	41,810	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	21,200	71,120	121,040		59 Monthly installments of Rs.4,160,000/= and last installment of Rs.4,560,000/= payable commencing from 20.05.2019
		49,920	21,200	71,120	162,850		
	Union Bank PLC	19,956	-	19,956	43,333	AWPLR+0.75%	60 monthly installments of Rs.3,333,333/= payable commencing from 01.07.2016
		19,956	-	19,956	43,333		
	Nations Trust Bank	11,386	4,407	15,793	25,000		
23.2	Short Term Loan						
	Bank Overdraft	536,116	-	536,116	547,862		
		536,116	-	536,116	547,862		

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 2022

As at 31st March 2022	On Demand	Less than 3 Months	3 to 12 Months	2 to 5 Years	>5 years	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest bearing loans & borrowing	540,895	73,622	235,204	491,180	-	1,340,901
Lease Liability	-	15,104	30,209	181,257	815,656	1,042,226
	540,895	**88,726**	**265,413**	**672,437**	**815,656**	**2,383,127**

As at 31st March 2021						
Interest bearing loans & borrowing	550,451	22,162	233,514	841,891	-	1,648,018
Lease Liability	-	10,956	32,868	175,297	832,661	1,051,782
	550,451	33,118	266,382	1,017,188	832,661	2,699,800

24. RETIRING BENEFIT OBLIGATIONS

	2022	2021
	Rs.'000	Rs.'000
At the beginning of the year	1,003,932	1,208,307
Interest Cost	90,354	132,914
Current Service Cost	49,438	58,336
past service cost	(5,360)	
Gratuity Payments for the year	(84,756)	(131,045)
Actuarial (Gain) / Loss	(148,769)	(264,580)
At the end of the year	904,839	1,003,932

According to the actuarial valuation report issued by Messers Actuarial & Management Consultants (Pvt) Ltd as at 31 March 2022, 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.

	2022	2021
	Rs.'000	Rs.'000
Within the next 12 months	88,226	120,871
Between 2 and 5 years	311,738	257,852
Beyond 5 years	504,875	625,209
	904,839	1,003,932

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.(2020/21 - Staff - 8.94 & Workers - 9.27 Years)

Notes to the Financial Statements

Year Ended 31 March 2022

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

	2022	2021
Financial Assumptions		
(i) Rate of Discount	14.5 % (per annum)	9 % (per annum)
(ii) Rate of Salary Increase		
Workers	9% (every two years)	5.68% (per annum)
Estate Staff	8 % (per annum)	7 % (per annum)
Head Office Staff & Executives	8 % (per annum)	7 % (per annum)
Demographic Assumptions		
(i) Retirement Age		
Workers	60 years	60 years
Staff - Head Office	60 years	55 years
- Estates	60 years	58 years

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

Sensitivity Analysis - Salary/ Wage Escalation Rate

Values appearing in the financial statements are very sensitive to the changes 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 2022	70,088	(62,417)	4,205	(3,761)
As at 31 March 2021	79,577	(70,128)	6,144	(5,459)

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 2022	(60,387)	68,662	(3,342)	3,771
As at 31 March 2021	(71,525)	82,493	(5,038)	5,754

Notes to the Financial Statements

Year Ended 31 March 2022

25. DEFERRED TAX	2022 Temporary Difference Rs.'000	2022 Tax Effect Rs.'000	2021 Temporary Difference Rs.'000	2021 Tax Effect Rs.'000
As at 1 April	335,049	35,180	373,057	52,228
Amount Originating/(Reversal) during the year	364,691	38,293	(38,008)	(17,048)
As at 31 March	699,740	73,473	335,049	35,180
Deferred Tax Liability				
Temporary difference of Right of Use Asset	201,907	21,200	275,760	28,955
Temporary difference of Property, Plant and Equipment	326,330	34,265	347,665	36,505
Temporary difference of mature and immature plantations	2,112,730	221,837	2,060,130	216,314
Temporary difference of biological asset	607,746	63,813	351,480	36,905
	3,248,713	341,115	3,035,035	318,679
Deferred Tax Assets				
Temporary difference of Lease Creditors	(321,802)	(33,789)	(314,741)	(33,048)
Temporary difference of Retirement Benefit Obligation	(881,446)	(92,552)	(775,624)	(81,441)
Temporary difference of Debtors Provision	(6,004)	(630)	(6,004)	(630)
Temporary difference of Deferred Grants	(15,104)	(1,586)		
Carried forward tax losses	(1,324,617)	(139,085)	(1,603,617)	(168,380)
As at 31 March	(2,548,973)	(267,642)	(2,699,986)	(283,499)
As at 31 March	699,740	73,473	335,049	35,180

The tax rate used to calculate deferred tax liability for all the Temporary Differences as at 31 March, 2022 is 10.50% (2021 - 10.50%).

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. 1,324,617,195/- (2021-1,603,616,861/-) has been recognized. Further unutilized tax losses are given below.

	2021/22 Temporary Difference Rs.'000	2021/22 Tax Effect Rs.'000
Unutilized tax losses	**639,556**	**67,153**

25.1. Reconciliation of deferred tax charge / (reversal)	2022 Tax Effect Rs.'000	2021 Tax Effect Rs.'000
Amount Recognized As at 1 April	35,180	52,228
Tax Charge/(reversal) during the period recognised in Statement of Profit or Loss	22,672	(33,102)
Tax Charge /(reversal) during the period recognised due to the Income Tax rate change	-	(11,727)
Tax charge/(reversal) during the period recongnised in Other Comprehensive Income	15,621	27,781
As at 31 March	73,473	35,180

Notes to the Financial Statements

Year Ended 31 March 2022

26. DEFERRED INCOME

Deferred Grants and Subsidies	2022 Rs.'000	2021 Rs.'000
Balance at the beginning of the year	167,833	169,135
Add : Grants received during the year	9,821	10,435
Less : Grants refunded during the year	-	-
Less : Amortisation for the year	(13,760)	(11,737)
Balance at the end of the year	163,894	167,833

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

		2022 Rs.'000	2021 Rs.'000
Lease liability on Right of use Asset - Land	27.1	327,606	319,166
Lease liability on Right of use Asset - Other Assets	27.2	1,868	3,520
		329,474	322,686

27.1 Lease liability on right of use asset land

	2022 Rs.'000	2021 Rs.'000
As at 01st April 2021	319,167	314,316
Reassessment Adjustment	10,852	6,915
Accretion of interest	42,902	41,760
Payment	(45,314)	(43,824)
As at 31st March 2022	327,607	319,167

27.1.1 Liability To Make Lease Payment

	2022 Rs.'000	2021 Rs.'000
Payable within one year		
Gross liability	45,314	43,824
Finance cost allocated to future periods	(42,589)	(41,492)
Net liability transferred to current liabilities	2,725	2,332
Payable within two to five years		
Gross liability	181,257	175,297
Finance cost allocated to future periods	(166,321)	(162,514)
Net liability	14,936	12,783

Payable after five years	2022 Rs.'000	2021 Rs.'000
Gross liability	815,656	832,660
Finance cost allocated to future periods	(505,711)	(528,609)
Net liability	309,945	304,051
Net liability payable after one year	324,881	316,834

Notes to the Financial Statements

Year Ended 31 March 2022

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.45,314,272/-.

27.2 Lease liability on right of use Asset - Other Assets	2022 Rs.'000	2021 Rs.'000
Balance as at the beginning of the year	3,520	1,698
Accretion of interest	342	115
Repayments during the year	(1,994)	(1,813)
New Lease Obtained	-	3,520
Balance as at the end of the year	1,868	3,520
Current Liability	1,868	1,653
Non Current Liability	-	1,868
Total Lease Liability as at 31 March 2022	1,868	3,521

27.3 Current & Non-current Classification of Lease Liability		
Current	4,593	3,985
Non - Current	324,881	318,702

28. TRADE AND OTHER PAYABLES	2022 Rs. '000	2021 Rs. '000
Trade Creditors	182,656	99,496
Accrued Expenses	223,439	266,766
Others	136,776	134,045
	542,871	500,307

29. AMOUNTS DUE TO RELATED PARTIES		2022 Rs.'000	2021 Rs.'000
RPC Management Services (Pvt) Ltd	Parent Company	442,344	416,422
RPC Plantation Management (Pvt) Ltd	Related Company	8,951	8,677
Richard Pieris and Company	Ultimate Parent	254,690	243,365
Richard Pieris Distributors Ltd	Related Company	2,276	2,056
Kegalle Plantations PLC	Related Company	11,556	10,727
Arpitech (Pvt) Ltd	Related Company	257	-
Namunukula Plantations PLC	Related Company	69,525	-
Richard Pieris Group Services (Pvt) Ltd	Related Company	200	200
Richard Pieris Tyre	Related Company	878	750
		790,677	682,197

Notes to the Financial Statements

Year Ended 31 March 2022

30. DIVIDEND PAYABLE

	2022	2021
	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 2022 Rs.'000	Carrying Amount Pledged 2021 Rs.'000
Sampath Bank PLC	100,000,000	Primary mortgage over leashold rights of Glentilt estate	Overdraft	157,995	161,430
HNB	175,000,000	Primary Floating Mortgage bond over leasehold rights of Glenugie Estate	Overdraft	112,098	114,518
Nations Trust Bank	150,000,000	Primary mortgage over stocks in trade	Overdraft/Money Market Loan	428,602	394,004
HNB Term Loan	350,000,000	Primary mortgage over leasehold rights of Ampittiakande, Craig Estates	Long term Loan	406,132	423,471
HNB Term Loan	120,000,000	Mortgage over leasehold rights of Ampittiakande, Craig Estates	Long term Loan	406,132	423,471
HNB Term Loan	130,000,000	Primary mortgage over leasehold rights of St Clair Estate	Long term Loan	110,635	115,510
HNB Term Loan	400,000,000	Mortgage over leasehold rights of Ampittiakande, Craig ,Glenugie & Stclair Estates.	Long term Loan	628,866	653,499
HNB Term Loan	250,000,000	Mortgage over leasehold rights of Ampittiakande, Craig ,Glenugie & Stclair Estates.	Long term Loan	628,866	653,499
Union Bank	400,000,000	Primary mortgage over unexpired leasehold right of Moray Estate	Long term Loan	247,250	256,745

Notes to the Financial Statements

Year Ended 31 March 2022

32. CAPITAL COMMITMENTS

	2022 Rs.	2021 Rs.
Capital commitments as at the reported date		
Budgeted, but not provided for	47Mn	63Mn
Total	47Mn	63Mn

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

33. CONTINGENCIES

Following contingent liabilities exist as at the statement of financial position date, to be disclosed

Court of Appeal Case No CA WRIT 143/2021

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

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

Having discussed with independent legal experts and based on the information available, the Directors are of the view that in the event of an unforeseen verdict unfavourable to the Company/Group from the above court case, the contingent liability on retirement benefit obligation liability would be Rs. 141 Mn and of which Rs.8 Mn need to be charged to Profit or Loss and Rs. 133 Mn to be charged under Other Comprehensive Income for the year ended 31 March 2022. However, no provisions have been made in the financial statements for the year ended 31 March 2022 in this regard.

34. EVENT AFTER REPORTING PERIOD

No circumstances have arisen since the Statement of Financial Position date.

35. TRANSACTION WITH RELATED ENTITIES

35.1 Parent Company

	2022 Rs.'000	2021 Rs.'000
Amounts payable	(442,344)	(416,422)
Management Fees	(30,477)	(34,738)

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	9,906	20,346
Amounts payable as at 31 March	(348,333)	(265,775)
Secretarial Fees	-	(200)
Rent	(2,175)	(1,958)
Purchase of goods/services	(25,304)	(2,430)
Interest Paid	(3,877)	(19,718)
Interest Received	25	80
Salaries, Fuel , Maintenance, etc Received	6,703	9,040

Salaries, Fuel , Maintenance, etc Paid	(6,485)	(10,988)
Current A/C Settlement Paid	(6,307)	-
Current A/C Settlement Received	42,720	47,600
Short Term Loan Received	104,000	30,000
Short Term Loan Paid	(69,278)	(130,000)

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.

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 2022. 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 2022 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 2021	931,183
Net Cash flows from Financing Activities	(226,397)
Non Cash Changes	-
Balance as at 31 March 2022	704,786

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,

Notes to the Financial Statements

Year Ended 31 March 2022

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. 299 mn (2020/21 – Rs. 283 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. 31 mn as at 31 March 2022 (2020/21 – Rs.43 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 liqudity 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'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, 2022 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	16,059	96.14	2,123,586	3.94
1001-5000	418	2.50	1,074,615	1.99
5001-10000	95	0.57	748,062	1.39
10001-50000	106	0.63	2,264,387	4.20
50001-100000	14	0.08	1,072,951	1.99
100001-500000	10	0.06	1,671,492	3.10
500001-1000000	-	0.00	-	-
1000001 & above	1	0.01	44,998,397	83.40
Total	**16,703**	**100.00**	**53,953,490**	**100.00**

Distribution of Shareholdings - Inter Companies & General Public

	No. of Shareholders	%	No. of Share	Holding %
Resident Shareholders	16,691	99.93	53,943,090	99.98
Non-Resident Shareholders	12	0.07	10,400	0.02
Total	**16,703**	**100.00**	**53,953,490**	**100.00**

Public Shareholding as at 31 March 2022 is 16.60%. (31.03.2021 - 16.60%). This represnts by 16,700 Shareholders (31.03.2021 - 16,534)

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-22	31-Mar-21
Market Capitalization	**Rs'000**	517,954	593,488
Price Earning Ratio	**Times**	3.18	5.73
Public Holding	**%**	16.60	16.60
Total no. of Shareholders representing the Public Holding	**Nos.**	16,700	16,534
Float adjusted Market Capitalization	**Rs'000**	85,980	98,519

Market Value per share

	Value	Date
Market Value per Share	9.60	31/03/2022
The highest Value Recorded	23.00	30/12/2021
The Lowest Value Recorded	8.30	31/03/2022

Colombo Stock Market Activities During The Year	2021/22	2020/21
Number of Trades	235	213

Twenty Five Major Shareholders

	As at 31 March 2022		As at 31 March 2021	
	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
Sampath Bank PLC/Dr.T.Senithilverl	1,083,872	2.01	-	- .00
Bansei Securities Capiatl (Pvt) Ltd/Dawi Investment	957,504	1.77	167,901	0.63
Amina Invetments Limited	650,000	1.20	-	- .00
Seylan Bank Ltd/Govindasamy Ramanan	319,331	0.59	-	- .00
Mr.Mohamed Hussain Mohamed	222,529	0.41	400,009	0.34
HSBC International Nominees Ltd-SSBT-Deustche	141,600	0.26	-	- .00
Freudenberg Shipping Agencies Ltd	137,295	0.25	-	- .00
Mr.Pathige Samantha Manesh Ferrnando	122,943	0.23	-	- .00
Merchant Bank of Sri-Lanka PLC/R.R.S.Ananda	104,098	0.19	110,674	0.28
Mrs.Marie Meltina Cynthia Fernando	100,000	0.19	-	- .00
Mrs.Jasbinderjit Kaur Piara Singh	100,000	0.19	-	- .00
Mr.Senthilverl Senthinanadhan	97,113	0.18	-	- .00
Mr.Reza Magdon Ismail	87,586	0.16	-	- .00
Mr.Radhakrishnan Maheshwaran	86,867	0.16	86,867	0.17
Miss.Andal Radhakrishnan	86,867	0.16	86,867	0.16
Miss.Meenambigai Priyadashini Radhakrishnan	86,866	0.16	86,866	0.16
Dee Invetments (Pvt) Ltd	84,100	0.16	-	- .00
Mr.Asitha Kumar Seneviratne	69,705	0.13	-	- .00
Mrs.Veloo Indraganthi	55,200	0.10	-	0.14
Mr.Wannakawaththa Waduge Don Dammika Susiri	49,901	0.09	-	-
Seylan Bank Plc/Dr.Thiruganasambandar	45,225	0.08	-	-
Mrs.Sembukuttiarachchige Fidelis Hemamalie	44,118	0.08	49,568	0.09
Cocoshell Activated Carbon Company Limited	44,100	0.08	44,100	0.08
Mr.Malavi Pathiranalage Eranda Bandara	40,000	0.07	40,000	0.07
	49,815,217	**92.33**		
Balance held by 16,678 Shareholders (2020/21 - 16,512)	4,138,273	7.67	5,489,930	10.17
Total no. of Shares	**53,953,490**	**100.00**	**53,953,490**	**100.00**

The Golden Shareholder

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

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

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

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

4) The Company should be required to submit detailed 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	21/22 Rs'000	20/21 Rs'000	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
Non Current Assets										
(Excluding Investment)	4,144,151	4,052,126	4,000,781	3,838,061	3,696,714	3,622,369	3,650,558	3,599,682	3,423,219	3,263,371
Current Assets	913,354	854,621	736,898	926,789	956,022	820,059	755,820	845,749	778,644	993,228
Current Liabilities	(2,132,527)	(1,990,174)	(2,496,245)	(1,971,494)	(1,821,670)	(1,944,797)	(1,778,006)	(1,474,138)	(939,797)	(681,600)
Working Capital	(1,219,173)	(1,135,553)	(1,759,347)	(1,044,705)	(865,648)	(1,124,738)	(1,022,186)	(628,390)	(161,153)	311,628
Long Term Debt	773,405	996,072	438,520	418,672	509,466	513,134	583,711	532,605	695,763	928,922
Provision for Terminal Benefits	904,839	1,003,931	1,208,307	1,110,362	1,005,741	897,881	905,211	981,279	917,379	776,574
Interest paid/Received										
(Including /Borrowing Cost)	172,295	175,530	231,369	252,066	184,538	250,788	218,023	135,449	98,353	121,175
Share Capital & Reserves										
Stated Capital	673,721	673,721	673,721	673,721	673,721	673,721	673,721	673,721	673,721	673,721
General Reserve	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000
Revenue Reserve	(204,354)	(500,164)	(840,476)	(187,797)	(152,852)	(331,011)	(289,471)	15,541	195,546	356,829
Total Shareholders' Fund	1,009,367	713,557	373,245	1,025,924	1,060,870	882,710	924,250	1,229,262	1,409,267	1,570,550
% Increase in Sharehlders' Fund	41.46	91.18	(63.62%)	(3.29%)	20.18%	(4.49%)	(24.81%)	(12.77%)	(10.27%)	60.54%
Capital Employed (Rs. Mn)	1,714	1,645	728	1,631	1,828	1,590	1,864	2,007	2219	2,567
Financial Ratios										
Return on Capital employed %	19.77%	23.27%	(30.01%)	13.70%)	24.86%	8.72%	(14.04%)	(3.34%)	(0.58%)	12.23%
Current Ratio (Times)	0.43	0.43	0.30	0.47	0.52	0.42	0.43	0.57	0.83	1.46
Debt Equity Ratio (Times)	1.23	2.07	3.92	1.31	1.19	1.63	1.71	1.05	0.72	0.68
Equity to Assets %	20%	15%	8%	22%	23%	20%	21%	28%	34%	37%
Interest Cover (Times)	2.22	1.60	-	1.03	3.21	-	-	-	-	2.66
Total Asset to Current Liabilities %	42%	41%	53%	41%	39%	44%	40%	33%	22%	16%
Dividend Payout Ratio	-	-	-	-	-	-	-	-	-	-
Debt to Total Assets %	25%	30%	31%	28%	27%	32%	36%	29.16%	24.29%	24.92%
Investor Ratios										
Annualized Earnings per Share (Rs.)	3.01	1.92	(10.68)	0.10	4.66	(1.72)	(8.68)	(3.41)	(1.71)	4.02
Price Earning Ratio (Times)	3.18	5.73	-	108	4	-	-	-	-	3
Dividend Rate (%)	-	-	-	-	-	-	-	-	-	-
Dividend per Share (Rs.)	-	-	-	-	-	-	-	-	-	-
Dividend Cover (Times)	-	-	-	-	-	-	-	-	-	-
Dividend Yield %	-	-	-	-	-	-	-	-	-	-
Effective Dividend Rate (%)	-	-	-	-	-	-	-	-	-	-
Market Price of a Share as at 31/03(Rs.)	9.60	11.00	6.20	10.80	19.20	7.70	7.70	9.90	10.00	12.10
Market Capitalization (Rs.Mn.)	518	593	335	583	1,036	415	415	534	540	653
Net Asset Value per Share (Rs.)	18.71	13.23	6.92	19.01	19.66	16.36	17.13	22.78	26.12	29.11
Net Sales Average per 1 kg Tea (Rs.)	585.56	585.15	484.05	540.08	576.63	504.18	388.93	399.33	418.47	397.57
Capital Expenditure (Rs.000)	128,196	47,262	64,976	171,275	186,021	64,810	148,252	204,002	230,344	211,352

Assets & Liabilities	21/22 Rs'000	20/21 Rs'000	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
Production Kg.'000										
Estate	5,950	6,351	6,690	7,323	7,446	6,497	7,836	7,997	7,675	8,407
Bought	320	291	303	213	178	254	426	453	579	612
Total	6,270	6,642	6,993	7,536	7,624	6,751	8,263	8,450	8,254	9,019
Revenue	4,005,924	3,974,895	3,716,295	4,167,216	4,517,365	3,455,462	3,273,852	3,526,431	3,416,223	3,574,776
Gross Profit/(Loss)	361,102	225,620	(359,988)	260,934	645,106	182,688	(151,782)	22,228	52,623	388,780
Operating Profit/(Loss) Before										
Management Fees & Interest	406,086	310,638	(336,419)	259,725	635,615	186,796	(162,584)	47,173	106,089	447,080
Profit before Interest & Similar Charges	375,609	275,900	(356,621)	238,603	556,937	159,699	(264,115)	(103,683)	(44,347)	259,951
Profit/(Loss) for the year before Tax	206,279	103,300	(578,720)	6,981	383,412	(83,580)	(460,791)	(220,753)	(122,700)	162,276
Profit & (Loss) after Tax	162,662	103,513	(576,111)	5,264	251,398	(92,707)	(468,469)	(184,126)	(92,191)	151,699
Transfer to Reserves	-	-	-	-	-	-	-	-	-	-
Retained Profits	(204,354)	(500,164)	(840,476)	(187,797)	(152,852)	(331,011)	(289,471)	15,541	195,546	356,828
Proposed Dividend	-	-	-	-	-	-		-	-	-
Operating Ratios										
Annual Turnover Growth %	1%	7%	(11%)	(8%)	31%	6%	(7%)	3%	(4%)	14%
Profit Growth %	57%	118%	(11045%)	(98%)	371.17%	80.21%	(154.43%)	(99.72%)	(161%)	(158%)
Turnover per Employee Rs.'000	541	460	357	376	415	289	263	277	260	268
Fixed Assets to Turnover Ratio %	103.45%	101.94%	107.65%	92.10%	122.20%	95.39%	89.68%	97.97%	99.80%	110%

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

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Twenty Ninth (29th) Annual General Meeting of Maskeliya Plantations PLC will be held at the Auditorium of the Registered Office, 310, High Level Road, Nawinna, Maharagama on Thursday, 29th September, 2022 at 2.45 p.m. and the business to be brought before the meeting will be as follows;

1. To consider the Report of the Directors and the Statement of Accounts for the year ended 31st March 2022 with the Report of the Auditors thereon.

2. To approve the appointment of Dr. Sena Yaddehige as a Director
   Pursuant to Section 211 of the Companies Act No. 07 of 2007, a Notice of the following Ordinary Resolution has been received by the Company, from RPC Management Services (Private) Limited, 310, High Level Road, Nawinna, Maharagama, a shareholder of the Company.
   "That Dr. Sena Yaddehige of Le Neuf , Chemin, St. Saviours, Guernsey, United Kingdom who is 76 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act no. 07 of 2007 shall not apply to the said Dr. Sena Yaddehige "

3. To approve the appointment of Dr. Sarath Samaraweera as a Director
   Pursuant to Section 211 of the Companies Act No. 07 of 2007, a Notice of the following Ordinary Resolution has been received by the Company, from RPC Management Services (Private) Limited, 310, High Level Road, Nawinna, Maharagama, a shareholder of the Company.
   "That Dr. Sarath Samaraweera of 1F20, Mattegoda Scheme, Mattegoda who is 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. Sarath Samaraweera "

4. To approve the appointment of Mr. Ananda Fernando as a Director
   Pursuant to Section 211 of the Companies Act No. 07 of 2007, a Notice of the following Ordinary Resolution has been received by the Company, from RPC Management Services (Private) Limited, 310, High Level Road, Nawinna, Maharagama, a shareholder of the Company.

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

5. To elect Mr. K A S Lasantha who retires in terms of Article 98 at the Annual General Meeting, a Director

6. To re -appoint M/s. Ernst & Young, Chartered Accountants as Auditors of the Company and to authorize the Directors to determine their remuneration.

7. To authorize the Directors to determine contributions to charities

8. To consider any other business of which due notice has been given

By Order of the Board

(Sgd.)

Richard Pieris Group Services (Private) Limited
Secretaries
No. 310, High Level Road, Nawinna, Maharagama
05th August 2022

Note:

a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her.
b) A proxy need not be a member of the Company. The form of proxy will be found inserted in the Annual Report

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

Form of Proxy

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

..... being a member / members of the

MASKELIYA PLANTATIONS PLC , hereby appoint .....

..... of .....

....

whom failing DR. SENA YADDEHIGE whom failing DR. LAXMAN SAMAN KUMARA HETTIARACHCHI whom failing JESENTHU LIYANA ANANDASIRI FERNANDO whom failing SHAMINDA YADDEHIGE whom failing Dr. SARATH SAMARAWEERA whom failing K A S LASANTHA * as my/our proxy to represent me/us and to vote on my/our behalf at the 29th ANNUAL GENERAL MEETING of the Company to be held on Thursday, 29th September, 2022 and any adjournment thereof, and at every poll which may be taken in consequence thereof to vote:-

		In favour	Against
1.	To consider the Report of the Directors and the Statement of Accounts for the year ended 31st March 2022 with the Report of the Auditors thereon.		
2.	To approve under and in terms of Section 211 of the Companies Act No. 07 of 2007, the appointment of Dr. Sena Yaddehige at this Annual General Meeting, a Director		
3.	To approve under and in terms of Section 211 of the Companies Act No. 07 of 2007, the appointment of Dr. Sarath Samaraweera at this Annual General Meeting, a Director		
4.	To approve under and in terms of Section 211 of the Companies Act No. 07 of 2007, the appointment of Mr. Ananda Fernando at this Annual General Meeting, a Director		
5.	To elect Mr. K A S Lasantha, who retires in terms of Article 98 at the Annual General Meeting, a Director		
6.	To re-appoint M/s Ernst & Young, Chartered Accountants as Auditors of the Company and to authorise the Directors to determine their remuneration.		
7.	To authorize the Directors to determine contributions to charities		
8.	To consider any other business of which due notice has been given		

Dated this ..... day of 2022

.....
Signature of shareholder

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

INSTRUCTIONS AS TO COMPLETION OF PROXY FORM

To be valid, this Form of Proxy must be deposited at the Registered Office of the Company No. 310, High Level Road, Nawinna, Maharagama., not later than 2.45 p.m. on Tuesday, 27th September 2022.

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

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

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

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

Corporate Information

Name of 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 K A S Lasantha (Appointed w.e.f. 17/05/2022) — Director S S G Liyanage (Demised on 30/04/2022) — Director
Stock Exchange Listing	:	The Ordinary Shares of the Company are listed with the Colombo Stock Exchange of Sri Lanka
Management	:	Mr. K G Punchihewa - Chief Executive Officer Mr. V Pusselle - Director Operations Mr. A Ranasinghe - Acting Financial Controller Mr. I A A D Weerakoon - Deputy Chief Operating Officer Mr. T T Christy - General Manager - Marketing and Processing Mr. S G Mudannayake - 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 Chartered 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 Commercial Bank of Ceylon PLC

Maskeliya Plantations PLC
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