MASKELIYA PLANTATIONS PLC

ANNUAL REPORT 2022/23

Content

COMPANY REVIEW

STATUTORY REVIEW

FINANCIALS

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OBJECTIVES

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

Introduction to the Report

This MPPLC annual report reflects the Company's financial and non-financial performance covering the period from 1 April 2022 to 31 March 2023. 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.

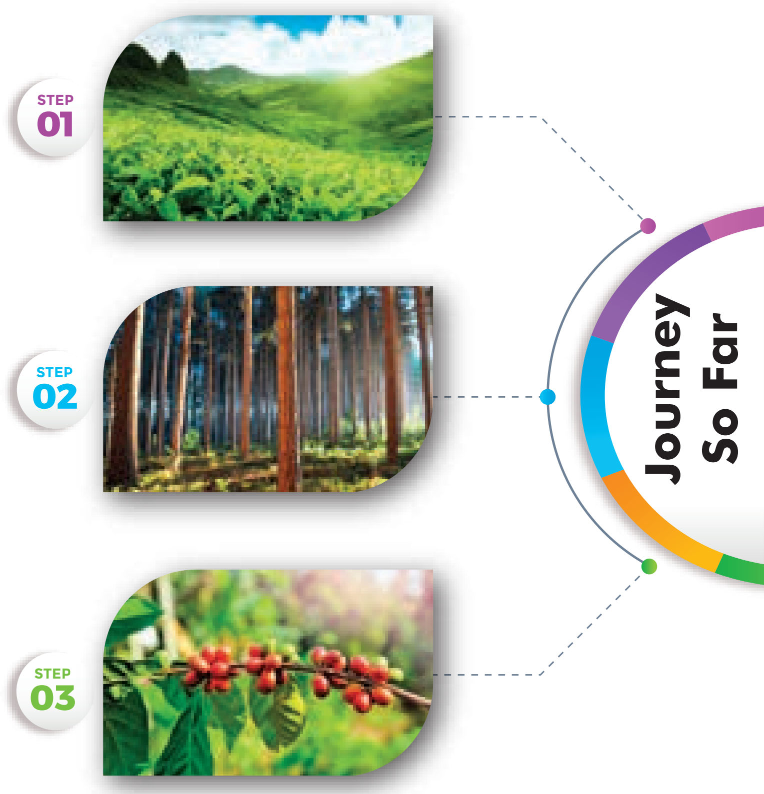
In December 1997, as the final step of the Government's privatization programme, the remaining 10% stake consisting 2,000,000 shares were gifted to the employees. Over 17,000 eligible employees qualified for these shares.

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.

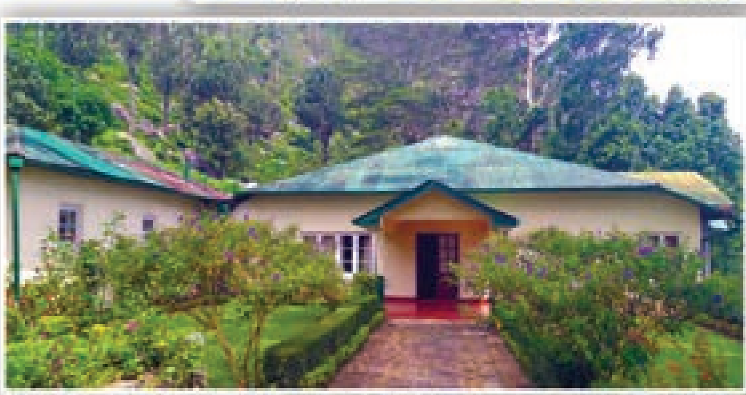
On 31 March 2004, Richard Pieris & Co. PLC bought over the stake of John Keells Holdings PLC in RPK. Thereby RPK became a wholly owned subsidiary of Richard Pieris & Co. PLC and to reflect this change, the name of the Company too was changed as RPC Management Services (Pvt) Ltd.

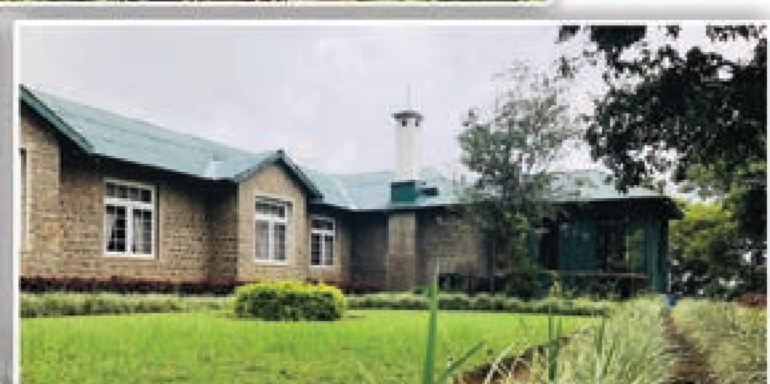
Subsequently, RPC Management Services (Pvt) Ltd increased its Shareholding of Maskeliya Plantations PLC to 73.48%. Consequent upon a rights issue by Maskeliya Plantations PLC in November 2012 a further increase of its Shareholding up to 83.40% was made by RPC Management Services (Pvt) Ltd.

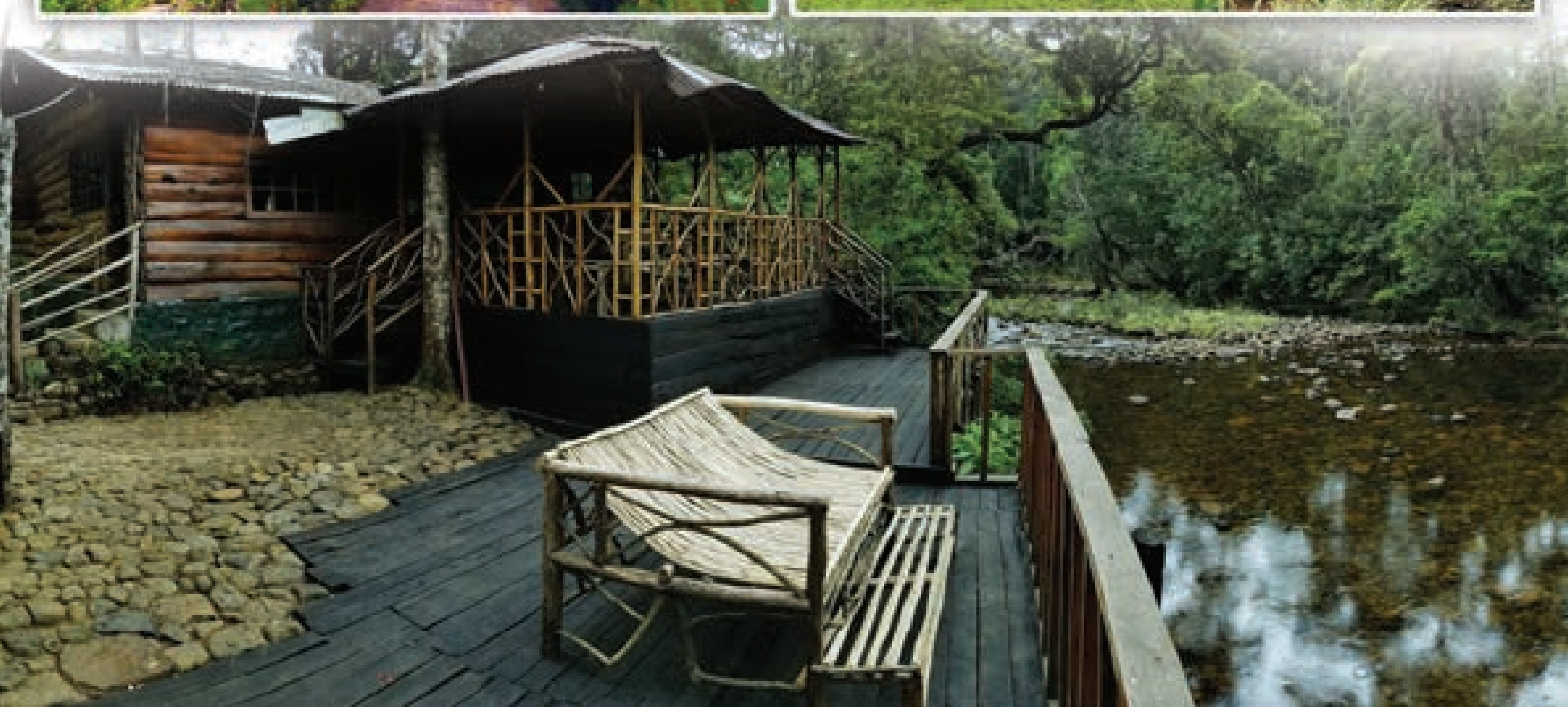


We Are Maskeliya...

What we have







Financial Calender

12 August 2022
1st Quarter

14 November 2022
2nd Quarter

14 February 2023
3rd Quarter

31 May 2023
4th Quarter

2018/19
26 AGM
26 July 2019

2019/20
27 AGM
12 Feb 2021

2020/21
28 AGM
11 Jan 2022

2021/22
29 AGM
29 Sep 2022

2022/23
30 AGM
27 Sep 2023

Our Estate

Upcot Region - Western High

Brunswick

Extent (Hectares)
676.26

Postal Address
Brunswick Estate - Maskeliya/22070

Distance from Colombo (Km)
153

Production Capacity Kg. ' 000
1900

Nos Workers
757

Elevation (Meters)
1,250

Factories
1

Other Buildings
1,521

Glentilt

Extent (Hectares)
456.85

Postal Address
Glentilt Estate - Maskeliya/22070

Distance from Colombo (Km)
139

Production Capacity Kg. ' 000
828

Nos Workers
320

Elevation (Meters)
1,320

Factories
1

Other Buildings
1,198

Glenugie

Extent (Hectares)
309.15

Postal Address
Glenugie Estate - Upcot / 22075

Distance from Colombo (Km)
154

Production Capacity Kg. ' 000
759

Nos Workers
388

Elevation (Meters)
1,325

Factories
1

Other Buildings
910

Mocha

Extent (Hectares)
422.25

Postal Address
Mocha Estate - Maskeliya/22070

Distance from Colombo (Km)
140

Production Capacity Kg. ' 000
820

Nos Workers
503

Elevation (Meters)
1,335

Factories
1

Other Buildings
1,077

Strathspey

Extent (Hectares)
703.62

Postal Address
Strathspey Estate - Upcot / 22075

Distance from Colombo (Km)
156

Production Capacity Kg. ' 000
1,656

Nos Workers
588

Elevation (Meters)
1,327

Factories
1

Other Buildings
1,937

Maskeliya Region - Western High

Brownlow

Extent (Hectares)
245.75

Postal Address
Brownlow Estate -
Maskeliya / 22070

Distance from Colombo (Km)
137

Production Capacity Kg. ' 000
Silent

Nos Workers
121

Elevation (Meters)
1,000

Factories
-

Other Buildings
947

Hapugastenne

Extent (Hectares)
323.77

Postal Address
Hapugastenne Estate -
Maskeliya /22070

Distance from Colombo (Km)
138

Production Capacity Kg. ' 000
960

Nos Workers
95

Elevation (Meters)
1,189

Factories
1

Other Buildings
463

Laxapana

Extent (Hectares)
737.05

Postal Address
Laxapana Estate -
Maskeliya / 22070

Distance from Colombo (Km)
166

Production Capacity Kg. ' 000
1,311

Nos Workers
656

Elevation (Meters)
1,160

Factories
1

Other Buildings
1,177

Moray

Extent (Hectares)
682.85

Postal Address
Moray Estate -
Maskeliya / 22070

Distance from Colombo (Km)
153

Production Capacity Kg. ' 000
1,200

Nos Workers
538

Elevation (Meters)
1,185

Factories
1

Other Buildings
1,213

Mousakelle

Extent (Hectares)
558.75

Postal Address
Mousakelle Estate -
Maskeliya /22070

Distance from Colombo (Km)
140

Production Capacity Kg. ' 000
1,200

Nos Workers
222

Elevation (Meters)
1,372

Factories
1

Other Buildings
1,526

Talawakelle Region - Western High

Ferham

Extent (Hectares)
313.21

Postal Address
Ferham Estate -
Talawakelle / 22100

Distance from Colombo (Km)
164

Production Capacity Kg. ' 000
Silent

Nos Workers
154

Elevation (Meters)
1,345

Factories
-

Other Buildings
682

St. Clair

Extent (Hectares)
519.69

Postal Address
St. Clair Estate -
Talawakelle / 22100

Distance from Colombo (Km)
156

Production Capacity Kg. ' 000
800

Nos Workers
293

Elevation (Meters)
1,200

Factories
1

Other Buildings
1,523

Talawakelle

Extent (Hectares)
399.23

Postal Address
Talawakelle Estate -
Talawakelle / 22100

Distance from Colombo (Km)
159

Production Capacity Kg. ' 000
1,300

Nos Workers
170

Elevation (Meters)
1,219

Factories
1

Other Buildings
908

Troup

Extent (Hectares)
287.75

Postal Address
Troup Estate -
Talawakelle / 22100

Distance from Colombo (Km)
144

Production Capacity Kg. ' 000
500

Nos Workers
217

Elevation (Meters)
1,379

Factories
1

Other Buildings
409

Bandarawela Region - Uva High

Ampittiakande

Extent (Hectares)
1,594.72
Postal Address
Ampittiakande Estate -
Poonagala SPO / 90100
Distance from Colombo (Km)
224
Production Capacity Kg. ' 000
800

Nos Workers
374
Elevation (Meters)
1,295
Factories
-
Other Buildings
563

Craig

Extent (Hectares)
418.48
Postal Address
Craig Estate -
Bandarawella / 90104
Distance from Colombo (Km)
212
Production Capacity Kg. ' 000
950

Nos Workers
218
Elevation (Meters)
1,402
Factories
1
Other Buildings
1,042

Leangawela

Extent (Hectares)
460.79
Postal Address
LeangahawellaEstate -
Leangahawella SPO / 90106
Distance from Colombo (Km)
217
Production Capacity Kg. ' 000
Silent

Nos Workers
141
Elevation (Meters)
1,167
Factories
-
Other Buildings
831

Poonagalla

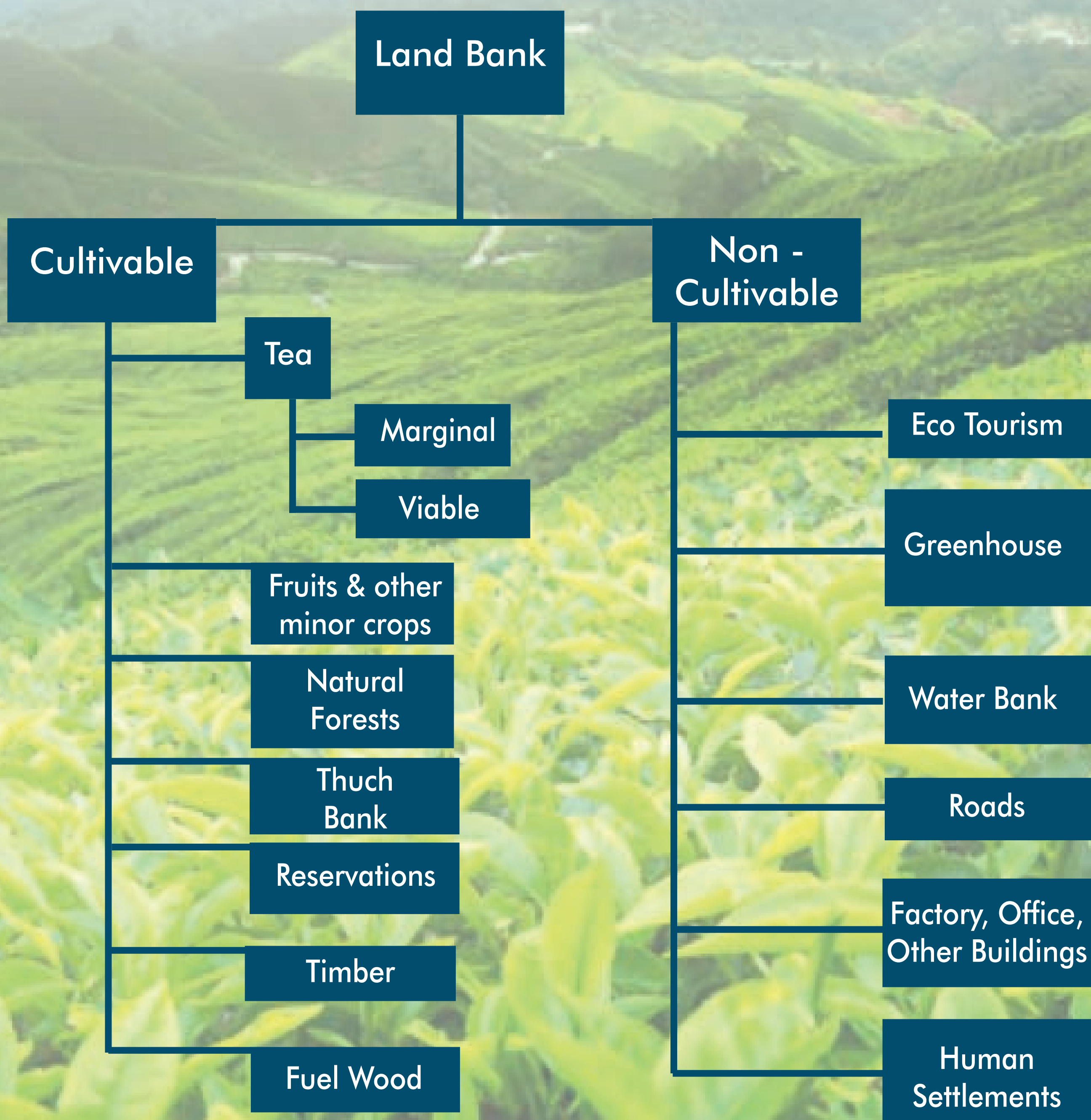
Extent (Hectares)
1,451.17
Postal Address
Poonagalla Estate -
Poonagala SPO / 90100
Distance from Colombo (Km)
225
Production Capacity Kg. ' 000
2,100

Nos Workers
549
Elevation (Meters)
1,402
Factories
1
Other Buildings
1,793

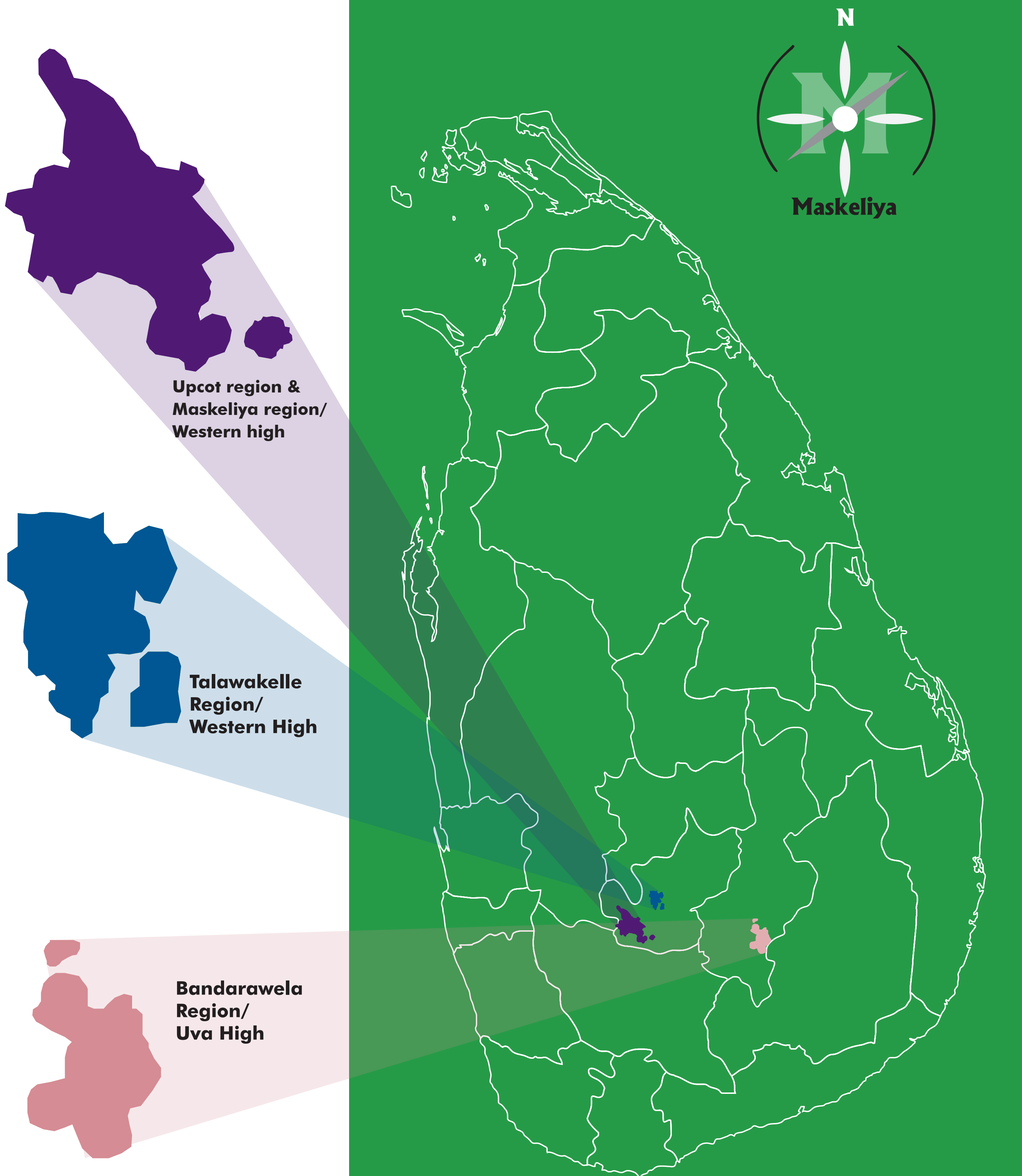
Note: Other building includes bungalows, offices, staf quarters worker line roomes, dispensaries, maternity wards, creches etc, total usage of Company building is 7,112,890 sq.ft.

Sustainable Use of Land Resource

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



Land Marks


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

Financial Highlights

Performance - Year Ended 31 March 2023

Performance - Year Ended 31 March		2023	2022	Variance %
Revenue	Rs'000	6,169,527	4,005,924	54%
Profit/Loss before Interest and Tax	Rs'000	1,576,847	375,609	320%
Profit/Loss after Tax	Rs'000	886,551	162,662	445%
Capital Expenditure	Rs'000	164,325	128,196	28%
Financial Position as at 31 March				
Fixed assets	Rs'000	4,341,957	4,144,151	5%
Current Assets	Rs'000	1,829,224	913,354	100%
Total Assets	Rs'000	6,171,180	5,057,505	22%
Current Liabilities	Rs'000	2,272,374	2,132,527	7%
Shareholders' Fund	Rs'000	1,751,538	1,009,367	74%
Stated Share Capital	Rs'000	673,721	673,721	0%
Capital Employed	Rs'000	2,200,062	1,714,153	28%
Key Indicators				
Earnings/Loss per share	Rs.	16.43	3.01	445%
Net Asset Value per share	Rs.	32.46	18.71	731%
Market Price of a Share	Rs.	36.50	9.60	280%
Return on Capital Employed	%	56.83	19.77	187%
Market capitalization	Rs'000	1,969,302	517,954	280%
Return on Average Equity	%	71.93	18.88	281%

Key Perfomance

Chairman's Review

Dear Shareholders,

It is with pleasure that I present you this Annual report for the year ended 31 March 2023. Despite a turbulent economic environment and countless obstacles, the Company achieved a remarkable performance with revenue of Rs. 6.2bn and profit before tax of Rs. 1.35bn during this period.

These are the highest-ever returns achieved in its history and demonstrates the Company's resilience and unwavering commitment towards meeting shareholder expectations.

Economy at a Glance

Reeling from the effects of the COVID pandemic, the global economy faced new challenges. Rise in the indebtedness of governments and the Russia-Ukraine war, which resulted in food and energy supply disruptions, are amongst the major hurdles. Inflation reached 8.7% and is projected to remain at 6.8% in 2023. Many countries faced economic difficulties and measures had to be taken to bring about stability through tightening of monetary and fiscal policies. Global economic growth in 2022 was just 3.5%.

During the financial year-in-review, the economy saw a significant decline with a negative growth rate of 7.8%, affecting performances across the board and reversing post-pandemic recovery. The economic crisis, combined with political instability, led to increased public concern and outcry.

In addition to being unable to service its foreign loan obligations, the country failed to secure the foreign exchange critically needed to cover imports. This foreign exchange crisis resulted in widespread import curbs. The consequent inconveniences were keenly felt by both citizens and businesses. Disruptions occurred to industries reliant on imported raw material. The rupee depreciated sharply against all major foreign currencies. Twelve-month inflation peaked at 70% in September.

By 2023, however, tight monetary and fiscal policies paved the way to securing new funding and inflation rates reduced whilst the rupee has stabilised.

Industry Overview

During the year, agricultural, forestry, and fishing sectors declined by 4.6%.

In 2022, the country's tea production saw a significant decline of 47.99mn kilograms (16%) compared with the previous year. This was primarily caused by acute fertiliser and agrochemical shortages, the import of which was restricted. The deterioration of soil nutrients caused low yields and impacted production capacity in the ensuing year. High-grown, medium-grown and low-grown tea production all declined, by 13.8%, 21.2% and 15.4%, respectively.

Average tea prices rose by 105% to Rs. 1,270.50 from Rs. 619.50 the previous year. Price of high-, medium- and low-grown teas increased by 94.6%, 93.5% and 110.8%, respectively. This surge can be attributed to low quantities and rupee depreciation.

The prices of inputs increased steeply during the year. The rupee depreciation and shortages caused by the import restrictions were contributory factors. Utility prices also surged. As a result, the overall cost of production (CoP) escalated.

With the stabilisation of the rupee and relaxation of import curbs by the end of the financial year, increases are noted in the crop whilst the NSA has declined.

MPL Performance

The Company achieved revenue of Rs. 6.2bn, the highest-ever recorded in its history and an increase of 54% compared with the previous year. The gross profit improved by 374% to Rs. 1.7bn and profit before tax was Rs. 1.35bn, an increase of 555%.

During the year-in-review, the shortage of fertiliser and agrochemicals caused crop output to decline by 22% against the previous year.

The NSA of tea increased by 105% to Rs. 1203.75 compared to Rs. 585.56 the previous year.

With rise in the cost of raw material, the COP increased from Rs. 551.18 to Rs. 885.66, a spike of 61%.

Whilst, with a reduced crop, the NSA and COP increased by 105% and 61%, respectively, revenue and cost of sales rose by only 54% and 22%, respectively.

The Company closely monitored and controlled its expenditure, thereby containing any increase. The Company continues to maintain its Good Agriculture and Manufacturing Practices, guaranteeing the highest quality of tea production. Training programmes are carried out continuously with the assistance of tea brokers and agriculture experts.

Through the earnings generated, the Company managed to decrease its borrowings by Rs. 252mn during the year.

Capital Expenditure

During the year under consideration, the Company, along with two other plantation entities, undertook the proactive step of cultivating coffee. An investment of Rs. 41mn was made in field development, with Rs. 25mn specifically allocated to coffee cultivation. This strategic move is anticipated to create a significant revenue stream in the future.

Within the same period, the Company procured property, plant & equipment valued at Rs. 123mn.

Welfare

As a people-centric business, ensuring the health and wellbeing of employees remains key to MPL's sustainable operations. The Company continues to invest in employee enhancement measures whilst guaranteeing fair remuneration and a host of benefits. In the year-in- review, a total of Rs. 137 mn was incurred on behalf of employees, in creches, medical expenses, worker welfare, etc.

Future Outlook

There remains a considerable degree of uncertainty in the recovery of the Sri Lankan as well as the global economy. How geopolitical tensions caused by the Russia-Ukraine conflict are resolved, and the pattern of fiscal and monetary policies around the world, will, no doubt, impact future global economic development.

Whilst loan inflows have provided comfort, allowing the import of much-needed goods, the management of the trade balance and fiscal deficit will be crucial to bringing the Sri Lankan economy back to a path of recovery. If not, there exists a great risk of the emergence of crises similar to that experienced in 2022. Developing export generating sectors such as plantations will certainly be a step towards achieving positive goals, and the management of exchange rates, in addition to provision of incentives, would be much welcomed.

Rises in temperature due to climatic conditions experienced recently is a cause for concern. If the condition persists, the damage could cut across all plantation companies and hinder future crop generating capacity.

Acknowledgements

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

Dr.Sena Yaddehige

Chairman

29 August 2023

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 his PhD degree from the University of Aberdeen UK, carrying out Research & Development (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, UK.

Connected to the Tea Industry while serving Tea Research Institute of Sri Lanka (TRISL) over 36 + years and holding its Director/CEO position over 04 years and been responsible for planning, organizing and directing the implementation of the R & D programs on Tea cultivation, Processing and Dissemination & Delivery of technical guidance collectively to address emerging industry challenges, he is exposed to all the disciplines of R & D projects and their recent outputs and outcomes. Thus, he is aware of necessary technological interventions for the industry adaption.

Involving in the Governing Boards and Councils affiliated to Tea Industry, Agriculture and Tertiary Education, and National Committees of the Departments, Organizations and Institutions, and interacting with the 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 47 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 and functioned as the Director-Operations of Kegalle Plantations. In 2004 he was appointed as Director-Operations of Maskeliya Plantations. In 2007 he joined Watawala Plantations as the Director-Operations.

He was appointed as the Director/ Chief Executive Officer of New Vithanakande Tea Factory Ltd for 5 years from 2008 and thereafter served as an Executive Director of Eastern Brokers Limited.

In addition to above he is currently serving as a Director of 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 extensive experience in international 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 extensive knowledge in International Tea Markets, having participated in Trade Fairs and Exhibitions in Germany, USA, UAE, Japan and France.

He is currently a visiting Lecturer of the National Institute of Plantation Management and a Fellow Member of the National Institute of Plantation Management. Mr. Fernando 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 53 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 30 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 Head office

Mr. V Pusselle
Acting Chief Executive officer

Dr. S D G Jayawardene
Consultant Agriculture Technology

Mr. I A A D Weerakoon
Deputy Chief Operating Officer

Mr. E Kurukulasooriya
Financial Controller

Mr. T T Christy
General Manager

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

Mr. L.Tennakoon
Manager Plantation

Mr. M P Bandara
Manager Forestry

Mr. J.P. Gallappaththi
Manager Coffee

Ms. K A Weerakkody
Assistant Manageres

Mr. J M D D Lakmal
Assistant Accountant

Mr. M D C K Gunathilake
Assistant Manager

Ms. K A D A K Sirivardana
Account Executive

Mr. K D S Sandaruwan
Operation Executive

Mr. M Muthuhansa
Account Executive

Key Personnel - Estates

Name of the Estate	Postal Address	Name of the Superintendents	Name of the Assistantt Superintendents
Brownlow	Maskeliya	L.K. Abayawardena	
Brunswick	Maskeliya	Mr. J M N M Jayaweera	P.L.S.W.Sandaruwan H.M.L.H. Bandara W.S.K. Sri Colambage
Glentilt	Maskeliya	S.G. Mudannayake (Deputy General Manager)	A.G.R.U. Amilasiri Mr. P. S. S. Perera
Glenugie	Upcot	H.M.T.K.Houpe	-

Key Personnel - Estates (Cont.)

Name of the Estate			
Hapugastenne	Maskeliya	K.N.B. Senarathne (Acting)	-
Laxapana	Maskeliya	Mr. T N B Herath	T A Muthunayak K M L Sandaruwan
Mocha	Maskeliya	Mr. E R Bulathsinhala	A J W M M M Bandara H A A U Perera
Moray	Maskeliya	M H B Galahitiya	Mr. W M I R A Bandara S. Ladhushagar
Moussakelle	Maskeliya	W A K G Wimalasena	Mr. D S B W Senavirathna
Strathspey	Upcot	S E B Madugalla	M P B Wellangiri K A K L Kumarasinghe
Ferham	Talawakelle	Mr. H K D K Sirisena	
St. Clair	Talawakelle	Mr. A. Medagama	Mr. R C Weerasinghe Mr. W M M D D P Weerasinghe
Talawakelle	Talawakelle	Mr. I A A D Weerakoon (Deputy Chieif Operating Officer)	Mr. B D Randira R T L Munasinghe
Troup	Talawakelle	Mr. K S K Nanda	Mr. A R N P Athauda
Ampittiakanda	Poonagalla, SPO	Mr. A R M D C Abeykoon	P P W A N B Wickramasekara Mr. S Piyasudhan
Craig	Bandarawela	Mr. B V G Madushanka	-
Leangawella	Leangahawella, SPO	Mr J Kobinath	-
Poonagalla	Poonagalla, SPO	Mr. W D R Amarasinghe	Mr. C M Wanasinghe Mr. W D Wijaykumar

Regional Outcomes

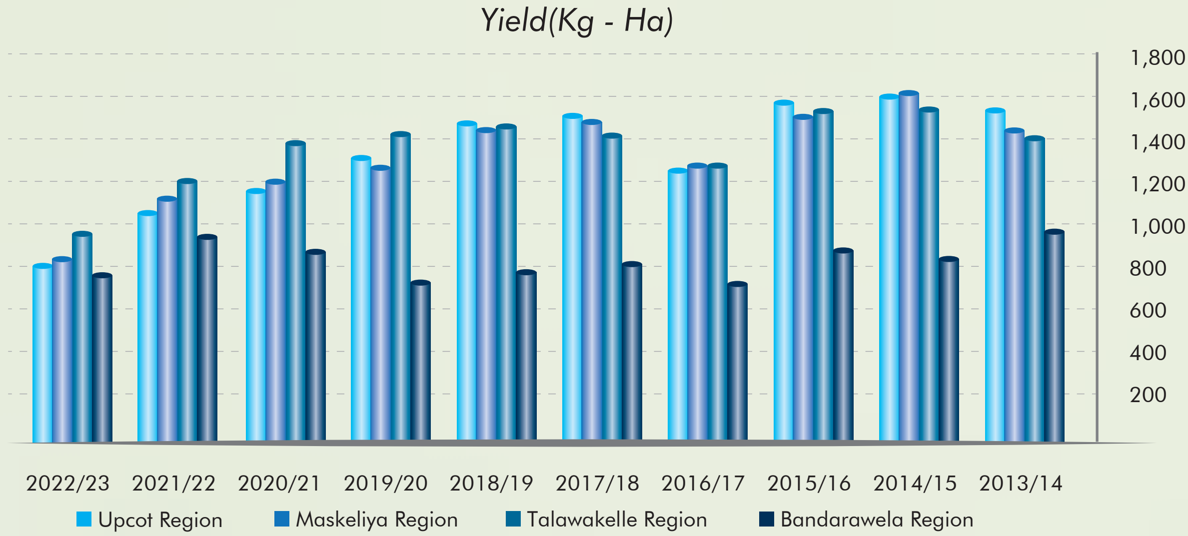
	Extent (Revenue) - Hectares									
Regions	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Upcot Region	1,714.25	1,742.95	1,745.95	1,749.44	1,752.32	1,750.02	1,752.61	1,742.13	1,730.68	1,734.94
Maskeliya Region	1,303.81	1,303.60	1,324.37	1,330.12	1,325.62	1,323.90	1,335.34	1,326.34	1,346.73	1,341.56
Talawakelle Region	1,004.23	1,004.23	1,004.23	1,004.23	1,005.00	1,010.98	1,018.48	1,015.71	1,015.26	1005.45
Bandarawela Region	1,325.59	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
Total	**5,347.88**	**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**

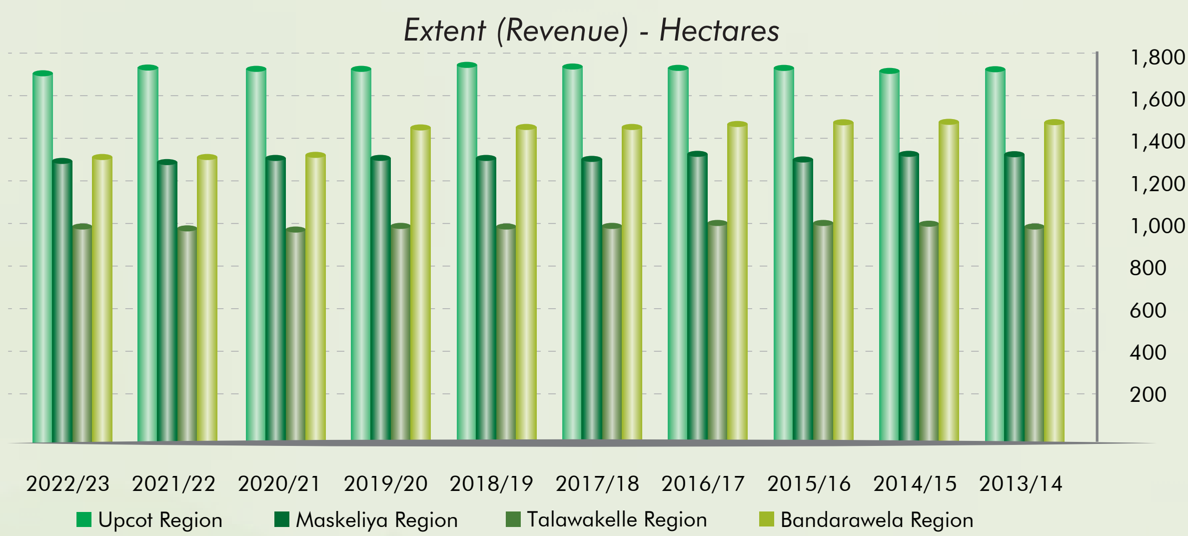
	Production Kg '000									
Regions	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Upcot Region	1,562	1,988	2,145	2,451	2,707	2,751	2,313	2,896	2,969	2,856
Maskeliya Region	1,151	1,525	1,653	1,742	1,991	2,042	1,781	2,083	2,255	2,039
Talawakelle Region	998	1,244	1,428	1,492	1,535	1,477	1,343	1,603	1,607	1,453
Bandarawela Region	1,221	1,513	1,416	1,307	1,303	1,354	1,314	1,681	1,619	1,906
Total	**4,933**	**6,270**	**6,643**	**6,992**	**7,536**	**7,624**	**6,751**	**8,263**	**8,450**	**8,254**

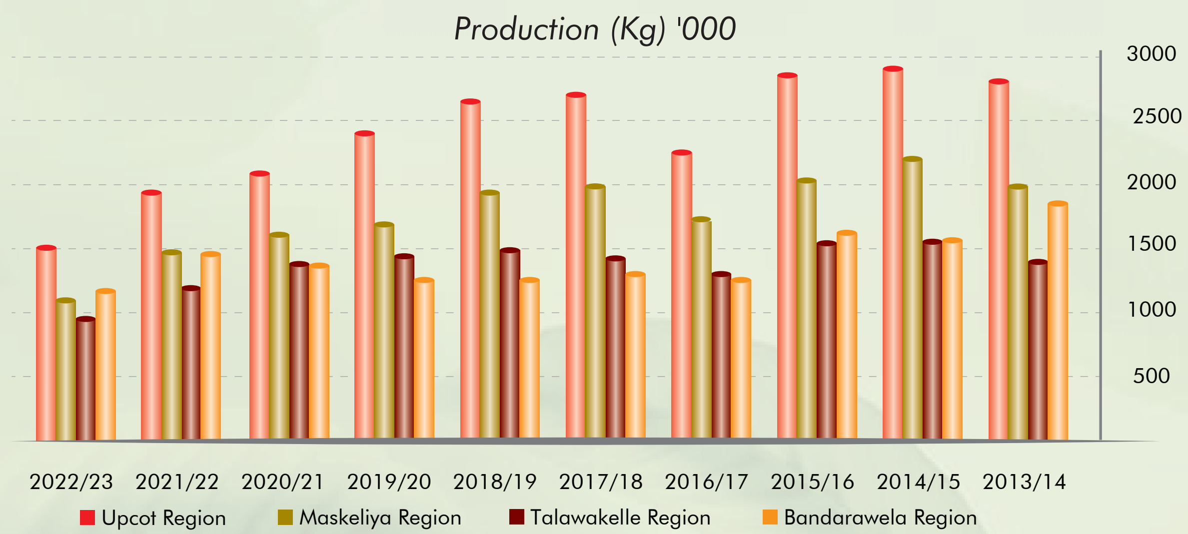
	Yield - (Kg/Ha)									
Regions	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Upcot Region	840	1,090	1,193	1,352	1,512	1,548	1,295	1,618	1,643	1,579
Maskeliya Region	866	1,156	1,235	1,303	1,486	1,524	1,320	1,552	1,656	1,483
Talawakelle Region	994	1,239	1,417	1,466	1,500	1,461	1,319	1,578	1,582	1,445
Bandarawela Region	790	974	903	759	812	846	752	910	879	995
Total	**863**	**1,105**	**1,173**	**1,204**	**1,318**	**1,341**	**1,160**	**1,406**	**1,430**	**1,375**

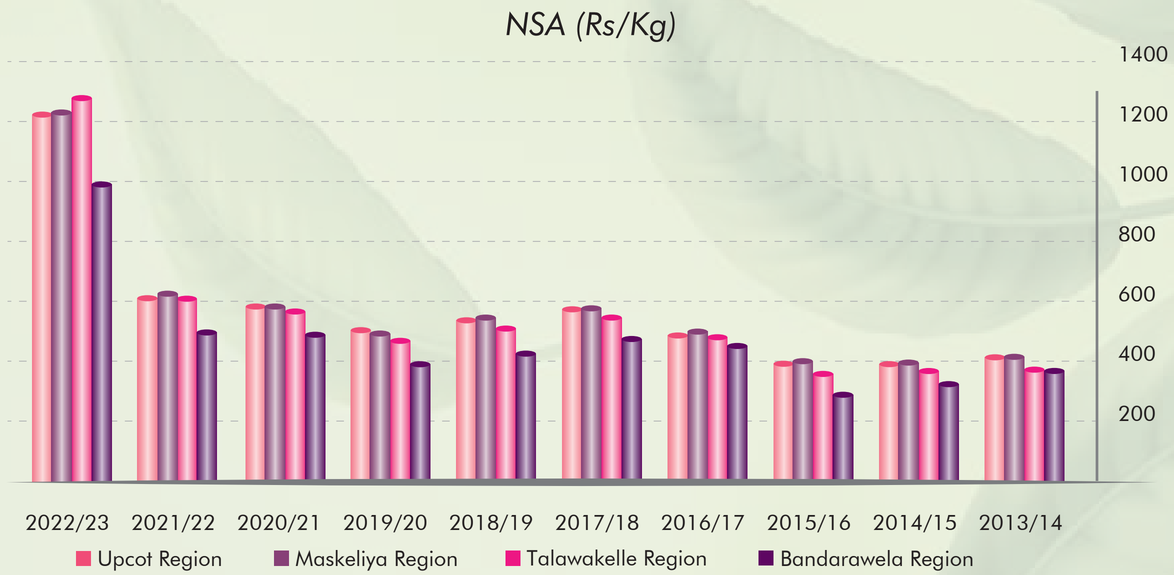
	N.S.A. (Rs/Kg)									
Regions	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Upcot Region	1,249.75	627.40	606.70	524.40	570.53	604.66	512.84	416.55	418.10	438.23
Maskeliya Region	1,256.56	646.64	611.32	519.20	565.36	596.64	518.65	420.46	418.75	432.59
Talawakelle Region	1,304.46	635.98	594.66	487.70	534.48	572.82	501.90	378.95	391.09	393.77
Bandarawela Region	1,012.90	520.30	512.39	407.18	444.77	493.62	471.63	311.81	346.06	392.61
Total	**1,203.76**	**607.93**	**585.15**	**493.36**	**540.08**	**576.63**	**504.18**	**388.93**	**399.33**	**418.47**

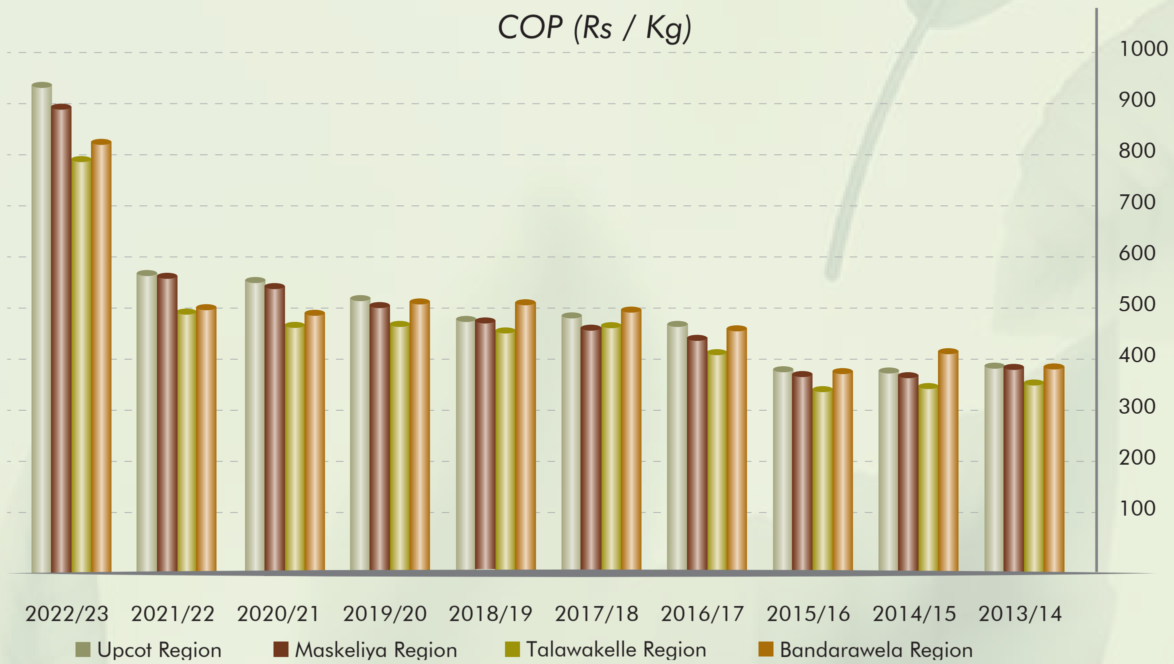
	C.O.P. (Rs/Kg)									
Regions	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Upcot Region	953.13	585.08	567.35	535.66	493.69	499.12	482.52	397.20	392.08	400.45
Maskeliya Region	909.12	576.90	556.80	521.27	489.06	474.72	462.19	385.74	382.42	396.54
Talawakelle Region	808.60	508.14	481.46	485.48	470.25	481.11	428.15	355.84	361.53	367.12
Bandarawela Region	840.26	516.10	506.89	529.97	525.82	511.49	473.72	391.25	428.93	402.46
Total	**885.66**	**551.18**	**533.37**	**520.30**	**493.24**	**491.29**	**464.63**	**385.08**	**390.75**	**394.08**


Yield(Kg - Ha)
1,800
1,600
1,400
1,200
1,000
800
600
400
200
2022/23 2021/22 2020/21 2019/20 2018/19 2017/18 2016/17 2015/16 2014/15 2013/14
Upcot Region
Maskeliya Region
Talawakelle Region
Bandarawela Region


Extent (Revenue) - Hectares
1,800
1,600
1,400
1,200
1,000
800
600
400
200
2022/23 2021/22 2020/21 2019/20 2018/19 2017/18 2016/17 2015/16 2014/15 2013/14
Upcot Region
Maskeliya Region
Talawakelle Region
Bandarawela Region


Production (Kg) '000
3000
2500
2000
1500
1000
500
2022/23 2021/22 2020/21 2019/20 2018/19 2017/18 2016/17 2015/16 2014/15 2013/14
Upcot Region
Maskeliya Region
Talawakelle Region
Bandarawela Region


NSA (Rs/Kg)
1400
1200
1000
800
600
400
200
2022/23
2021/22
2020/21
2019/20
2018/19
2017/18
2016/17
2015/16
2014/15
2013/14
Upcot Region
Maskeliya Region
Talawakelle Region
Bandarawela Region


COP (Rs / Kg)
1000
900
800
700
600
500
400
300
200
100
2022/23
2021/22
2020/21
2019/20
2018/19
2017/18
2016/17
2015/16
2014/15
2013/14
Upcot Region
Maskeliya Region
Talawakelle Region
Bandarawela Region

Value Added Statement

	2022/23 Rs.'000	2021/22 Rs.'000
Revenue	6,169,527	4,005,924
Other Income	17,392	8,924
Total Revenue	**6,186,919**	**4,014,848**
Cost of Material & Services Purchased	(755,431)	(780,079)
Value added	**5,431,488**	**3,234,769**
Distribution of Value Added		
A. To Employees as Remuneration	2,915,046	2,726,727
B. To Government(Tax etc)	15	12
C. To Lenders of Capital	225,696	169,330
E1. Provision for Depreciation	139,071	132,264
E2. Profit Retained	2,151,660	206,436
Value added	**5,431,488**	**3,234,769**
Value Added per Employee (Rs.)	804,664	436,953
Value Added as a % of Fixed Assets	125%	78%
Value Added as a % of Total Assets	88%	64%
Value Added as a % of Capital Employed	247%	189%

Company Financial & Operational Highlights

Company overview

Maskeliya Plantations PLC is a company listed in the Colombo Stock Exchange and is managed by RPC Management service (PVT) Ltd. The Company has 18 Estates operating in four agro climatic regions namely Maskeliya, Upcot, Talawakelle & Bandarawela. The total extent of land in the company is 10,561 ha of which 5,348 ha has been cultivated with Tea.

Company has 14 factories in operation manufacturing black Tea with rotorvane and Leafy manufacturing methods. Furthermore a separate factory is in operation to reprocess Refuse Tea at Hapugastenna. All the estates maintain stringent standards practicing Good Agriculture Practices and Good manufacturing Practices and are certified with ISO 2000/2005 food safety standard. Some of the Estates in MPPLC also carry Ethical Tea Partnership, Product Carbon Footprint and Fair Trade Labelling.

Employment Strengths.

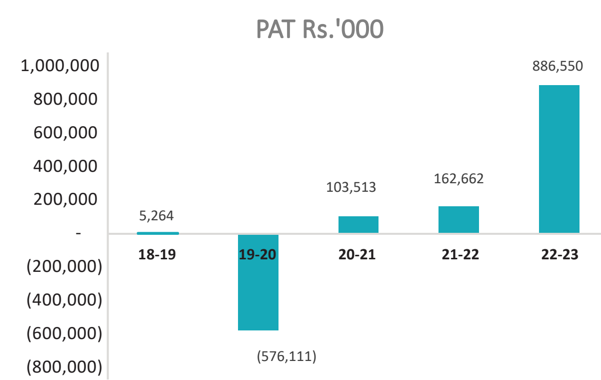
	2022/23	2021/22
Total number of employees	6,750	7,403
Value paid as salary (Rs. mn)	2,915	2,726

	Male	Female
Workers	2,081	4,223
Staff	286	111
Executive	46	3

Performance Overview

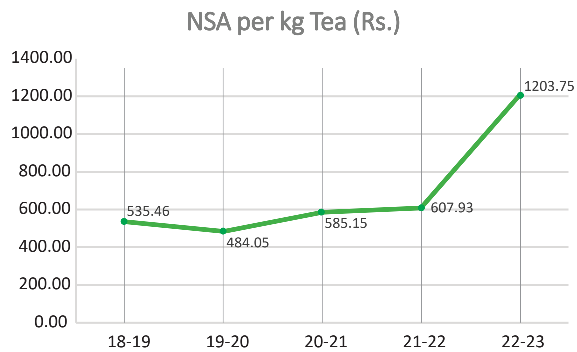
Sri lanka has experienced a record high inflation in 2022 brought about with varying factors including the rupee depreciation, reduction of foreign reserves, socio-economic crisis and also due to the lack of essential goods and restriction of imports.

High inflation is a key challenge to the Tea industry due to escalation of input prices particularly for fertilizer, Chemical, packing material, fuel, Machinery and vehicle repairs etc. As a result, the operational costs of the company soared. Despite the increase in production costs, the company managed to record its highest ever profit after Tax of 886Mn contributed by strong Tea prices in the Colombo Tea Auction..



Review of financial performance

The Company recorded a Rs 6.2 bn turnover during the year an increase of 54% compared to the previous year. Gross profit stood was Rs 1.7bn which was 374% increase compared to the prior year. Improvement in the Net sale Average contributed to the profitability of the company increasing by Rs 685 against last year, reaching a record price of Rs 1,203.

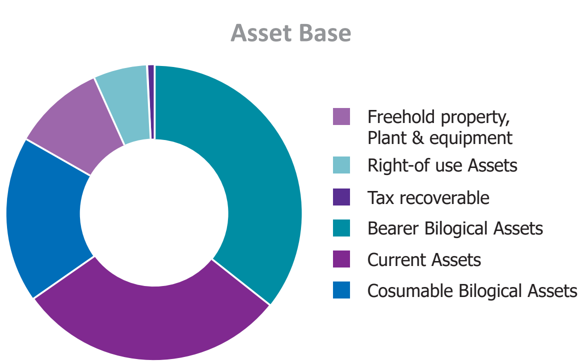


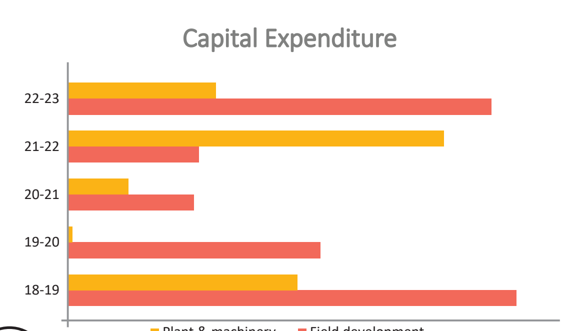
Asset Base

Company invested Rs 123mn to enhance its fixed assets during the year mainly in machinery and field operating equipment. This includes an investment of Rs 76.8mn in three colour sorters for the factories in Poonagalla, Ampitikanda & Craig.

The value of Consumable biological assets increased by 116mn.

Total non-current assets increased by 4.75% compared to preceding year. Current assets increased by 916mn compared to previous year mainly due to increase of value of closing Tea stocks and produce debtors



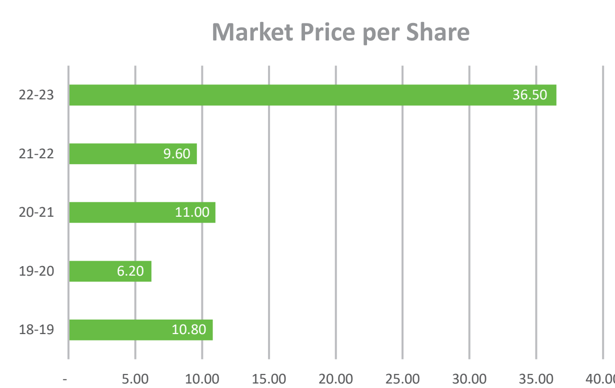


Cash flow Performance

The total cash generation of the company was Rs 325 mn compared to Rs 64,000 in the prior year. Net cash generated by operations activities record Rs 854mn which is an increase of Rs 525mn compared to the prior year. This was due to the increase in the profits generated in the current year. The Company Invested Rs 162mn in field development and Property, Plant & Equipment and Repaid 365mn on loans & government lease rentals.

Investor Information's.

Market capitalization improved to 1,969mn from 518mn compared to the prior year. Despite several uncertainties and economic downturns experienced during the year the share prices closed at Rs 36.50 against previous year closing price of Rs. 9.60 which is a 280% increase.



Operation Highlights

Maskeliya Plantation PLC (MPL PLC) is committed to offer premium quality teas to the global and local markets. To achieve this, the Estates are managed by experienced and competent senior managers supervised by the CEO and Corporate managers. Improvements are made on a continuous basis with training programs carried by experts. The information systems have been enhanced to provide more accurate information for decision making by the management.

Crop Diversification

MPPLC is blessed with estates in the Bandarawela region with an agro-climate best suited for high quality tea as well as for fruits and vegetables. Leangahawela Tea Estate located 15 Km away from Bandarawela, along Poonagala Road is one such estate. In order to take advantage of the climate in the Bandarawela region, and in keeping with the company objective of diversifying agriculture , projects were initiated to grow suitable fruit crops such as pears and mandarin. Leangahawela tea estate established the islands biggest pears plantation in the country. MPPLC also planted 10 hectares of mandarin in Ampitikanda estate to strengthen the company's commitment to become a bench mark company, while exploring new opportunities and adopting Climate Smart Agriculture Practices (CSAP) and to broaden its business to multi crop Concept. These efforts are directed to deliver and sustain best value to our stake holders.

Green House Project

In keeping with the above vision and mission MPL PLC submitted a project proposal to the World Bank sponsored Agriculture Sector Modernization Project in 2019 to establish a state of the art green house at Leangahawela in the Bandarawela region to contribute to the government's recent policy to encourage crop diversification in the plantation sector and to contribute to the national efforts to enhance food and nutritional security of the country.

The main objective of this project was to produce high value vegetables like Bell pepper, green cucumber and green house tomatoes to meet the export demand, requirement of the tourist Industry and Arpico super market chain.

The project proposal No. EOI 1084/19 was submitted to the Agricultural Sector Modernization Project (ASMP) to qualify for a matching grant, to establish the green house.

Having received a matching grant of Rs. 20,231,250.00 from the project, MPL PLC completed the establishment of this state of the art green house which was imported from France in 2020. The Total cost of the project was Rs. 60 Million.

This project has so far produced high value vegetables which have been supplied to the market regularly to meet the export and local needs. The project has provided employment to many youth from the area by training and employing them in green house production technology.

Farmers in the area have become partners to the above project by absorbing the modern technologies adopted in this project. The above project has generated many new technologies by working with Department of Agriculture scientist and with international collaboration with Israel and France.

MPL PLC greatly appreciates the financial contribution made by the Agriculture Sector Modernization Project to establish this state of the art modern facility which while contributing to National food and nutritional security will also disseminate modern technological for adoption by others including farmers in the region.

Coffee planting

AS another initiative of crop diversification MPPLC planted 85ha of Coffee in all estates spending approximately Rs 25mn during the year with support of Export Agriculture ministry. The company plan to be the largest coffee planter in Sri Lanka with the processing center.

Social Outlook

Social & Welfare programme

MPPLC is providing employment to the workforce around 6,750 and facilitate more over 60,000 dependent families. Company spends around Rs 137mn for uplift the workers life through medical, free feedings, children care, during the year. Craig estate conducted a blood donation campaign with the assistance of the Blood bank in the Diyathalawa hospital and also a dental clinic with the assistance of the Badulla General Hospital. Women's day celebration was held to appreciate our valuable core hands and gifts were distributed with the sponsorship of BOC and Worker Housing Corporation.

Bio diversity

MPPLC estates are located in the pictorial environments in Maskeliya, Talawakelle & Bandarawela.

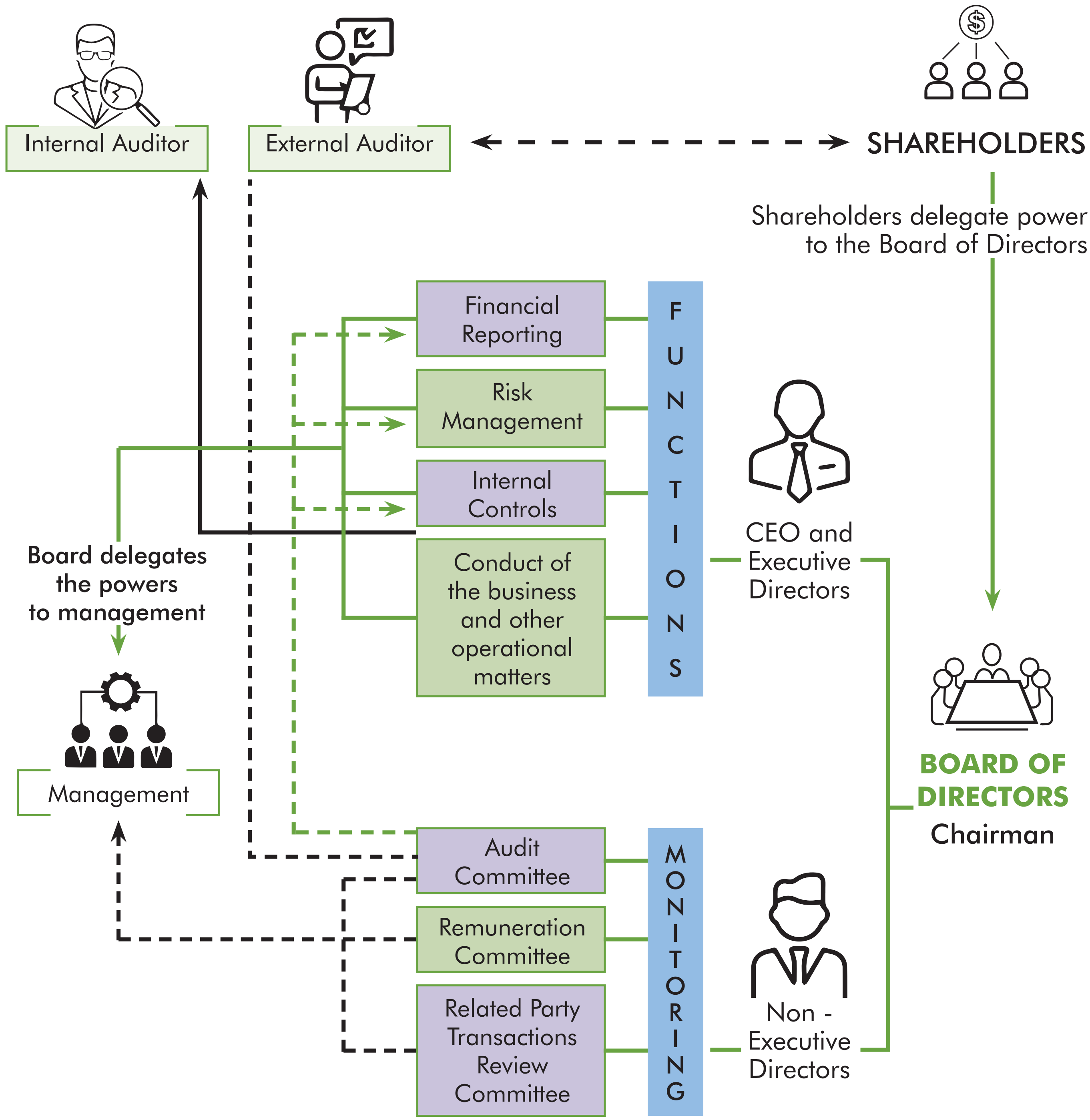
The company has already developed few high quality tourism facilities such as Blue Magpie Resort and Fishing Huts at Moray estate in Maskeliya, Devon Bungalow at the St. Clair estate in Talawakelle, Mahakande Bungalow in the Ampitiakande estate and Leangahawela Bungalow in Bandarawela as tourism initiatives. There are many more identified locations namely Pilkington point in the Poonagala estate with unique and vibrant 360° view and locations on steep cliff edges (mini World's End) with spectacular wide angle scenery over greenly carpeted valleys, blue lakes and forest capped mountain tops which are identified for further development. Sites such as View point in Moray estate, Millennium point in Poonagala estate, and Camp- ing site in Laxapana estate are given top priority in this regard.

While volunteering to shoulder such national responsibilities, Maskeliya Plantations has willfully extended its contribution towards global scale conservation by taking measures to cut down the carbon emissions by its business activities. Our aim is to develop a Climate Resilient Business Model for commercial tea plantations, setting standards for the sector.

Corporate Governance Review

Corporate Governance Structure

The Company Governance framework is depicted in the following diagram,



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

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

The Board and its Operations

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

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

Name of Director	Executive	Non-Executive	Independent
Dr. Sena Yaddehige	x	-	-
Dr. L S K Hettiarachchi	-	x	x
J L A Fernando	-	x	-
Shaminda Yaddehige	-	x	-
Dr. D S A Samaraweera	-	x	x
K.A.S Lasantha	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 Financial Controller, who is present by invitation at board meetings when financial matters are discussed. The Board of Directors has access to independent professional advice as and when deemed necessary for decision making.

The main functions of the Board are to:

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

- Determine and recommend interim and final dividends for the approval of shareholders.

- Ensure compliance with laws and regulations.

- Sanction all material contracts, acquisitions or disposal of assets and approve capital projects.

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

Sub Committees of the Board

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

Audit Committee

Maskeliya Plantations PLC is one of the Group Companies of the Richard Pieris & Company PLC. Richard Pieris & Company is also the majority shareholder and as such the Group Audit Committee acts as the Audit Committee of the Company. Audit Committee Report on Pages 39 and 40 describes the activities carried out during the Financial Year.

Remuneration Committee

The Report of the Remuneration Committee is on Page 41 and highlights its main activities.

Related Party Transactions Review Committee

The Report of the Related Party Transactions Review Committee is on Page 42 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 36 to 38

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 Highlights report on pages 27 to 31.

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 five meetings during the year under review.

- 30 May 2022
- 12 August 2022
- 10 November 2022
- 14 February 2023
- 16 February 2023

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. He 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, 2024 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
29 August 2023

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 three Independent Non-Executive Directors of Richard Peiris and Company PLC, Dr Jayatissa De Costa P.C., Mr Prasanna Fernando and Mr J. F. Fernandopulle. 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
29 August 2023

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 and reveiwed 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.

- 30 May 2022
- 12 August2022
- 10 November 2022
- 14 February 2023

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 90 and 91.

Dr. Jayatissa De Costa P. C.

Chairman - Related Party Transactions Review Committee

29 August 2023

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 2023 and the Auditor's Report thereon.

The Board of Directors approved this report on 29 August 2023. 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 5,348 ha. of Tea in bearing. The Company has also commenced planting Rubber, Cinnamon & Pears.

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. 6,169,526,584/- (2022 – Rs. . 4,005,923,796/-) and a composition of the Revenue is given in Note 6 to the Financial Statements.

Financial Results

Year Ended 31 March	2023 Rs'000.	2022 Rs'000.
Profit /(Loss) before tax	1,351,151	206,279
Income Tax (Expense)/Income	(464,600)	(43,617)
Profit /(Loss) after taxation	886,551	162,662
Other Comprehensive Income/(Expense) net tax	(144,379)	133,148
Profit/(Loss) B/f Including Timber Reserves	(204,354)	(500,164)
Profit/(Loss) C/f Including Timber Reserves	537,817	(204,354)

Results and Dividends

Details relating to the Company's profits/(Loss) are given on page 51. 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. 164,325,285/- (2022-Rs.128,196,262/-),out of which expenditure on Replanting and Field Development amounts to Rs.41,522,278/-(2022 - Rs. 33,177,208/-).

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 2023 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 2023 was Rs.1,077,816,999/- (2022 - Rs. 335,646,070/-)

Donations

No donations were made during the year under review by the Company /- (2022- Nil)

Taxation

According to The Inland Revenue (Amended) 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% with the 25% rebate. The amendment to the IRD act on 19th December 2022, company is liable to the rate of 14% for the first six months where balancing period tax at 30% by segregating the business income using the pro-rata basis.

Share Information

Information on Earnings, Dividend, Net Assets and Market Value per share is given on Pages 93 and 94 of this report.

Major Shareholders

The twenty five largest shareholders of the Company as at 31 March 2023 together with percentages held are given under the caption "Shareholder and Investor Information" on Page 93 and 94.

Directors

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

Name	
Dr. Sena Yaddehige	Chairman
Dr.L S K Hettiarachchi	Director
J L A Fernando	Director
Shaminda Yaddehige	Director
Dr.D S A Samaraweera	Director
K A S Lasantha	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 77 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 75 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 No.17-4, Park Tower, Havelock City, Colombo 06, who is 71 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act no. 07 of 2007 shall not apply to the said Mr. Ananda Fernando "

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

Interest Register

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

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

Directors' Interest in Contracts.

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

Directors' Interest in Shares

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

Director	2023	2022
Dr.D S A Samaraweera	100	100

Directors' Remuneration and Other Benefits

The Remuneration of the Directors for the year ended 31 March 2023 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 30-31 under Bio Diversity 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 39 to 42 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 90 to 91.

Corporate Governance and Internal Control

The policies adopted by the Company in relation to Best Practices and Good Corporate Governance are given on Page 32 to 35.

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 46 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 2023 have been audited by Messrs. Ernst & Young, Chartered Accountants. The Auditors Report is given on Page 47 to 50.

The Audit Fees of Messrs. Ernst & Young for the current year was Rs.4,989,303/- (2022 Rs 4,376,581/-). In addition Rs.522,950/- (2022 Rs. 380,977/-) 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 at the registered office of the company, No. 310, High Level Road, Nawinna, Maharagama on 27th September 2023, 11.00.am. The notice of the Annual General Meeting is on page 98 of this report

J L A Fernando	**K A S Lasantha**
Director	Director

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

29 August 2023

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 47 to 50.

The Financial Statements of the Company for the year ended 31 March 2023 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 51 to 92 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 2023 and that of the profit for the year then ended.

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

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

The Directors have provided the Auditors, Messrs Ernst & Young, Chartered Accountants, with every opportunity to carry out reviews and tests that they consider appropriate and necessary for the performance of their responsibilities The Auditors, have examined the Financial Statements together with all financial records and related data and express their opinion which appears as reported by them on Page 47 to 50 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.
29 August 2023

Independent Auditors' Report

EY
Building a better working world

Ernst & Young
Chartered Accountants
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P.O. Box 101
Colombo 10, Sri Lanka

Tel : +94 11 2463500
Fax (Gen): +94 11 2697369
Fax (Tax) : +94 11 5578180
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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 31,2023, 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 31,2023, 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	
Bearer biological assets are a significant non-current asset of the Company representing 36% of the total assets comprising of Rs. 1,595 Mn as Mature Plantations and Rs. 602 Mn as Immature Plantations as at 31 March 2023. as disclosed in Notes 3.6.7.1 and 14.1 to the financial statements. Measurement of Bearer Biological assets in the financial statements was a key audit matter due to following • Materiality of the balance and its significance to total assets (36%) of the Company.	Our audit procedures included the following: • Assessed the processes and controls in place to ensure; proper identification of the expenses incurred relating to immature plantations. • Validated the significant amounts capitalized (including capitalized labour and other acceptable costs) by examining related invoices, capital expenditure authorizations and other corroborative evidences. • Assessed the reasonableness of depreciation provided on the matured plantations by performing independent computations.

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

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

• Identification of costs to be capitalized as immature plantations, involvement of management judgement regarding the point at which transfers are to be made from immature plantations to mature plantations and for the identification of triggers of impairment.	• Assessed timely transfer of matured plants to respective matured plantation categories by examining the ageing profile of immature plantations. • Inspected the ageing profile of the immature biological assets as of the reporting date to ensure that triggers of impairment have been 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 2023 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. 911 Mn) in the context of the total liabilities of the Company (21% of total liabilities). • The actuarial valuation involves making significant assumptions about discount rate. Further, the valuation and the changes in underlying significant 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 are sensitive for the purpose of measuring retirement benefit obligation as of year-end. Key areas of significant judgements, estimates and assumptions are disclosed in note 24 to the financial statements.	Our audit procedures 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 actuary in determining the present value of retirement benefit obligation. • We assessed reasonableness the discount rate used, with our internally developed benchmarks. • We validated the key data used by the actuary to the underlying data held by the Company. We have also assessed the adequacy of the disclosures made in Notes 24 to the financial statements relating to the significant judgements and estimates.

<table>
<tr><th colspan="2">Valuation of Consumable Biological Assets</th></tr>
<tr><td>As at 31 March 2023, Company consumable biological assets carried at fair value in accordance with its accounting policy note 3.6.7.5 amounted to Rs.1,124 Mn, while gain on such valuation for the year amounted to Rs. 116 Mn.

This was a key audit matter due to:

• Materiality of the balance and its significance to total assets (18%) 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 to the financial statements.

Key areas of significant judgments, estimates and assumptions as disclosed in Note 14.2.1 to the financial statements, included the following:

• Discount Rate

• Expected timber volume

• Price per cubic foot</td>
<td>Our audit procedures 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 cross checking those to the underlying books and records maintained by the company. This also included assessing the appropriateness & consistency of the application of the method used for deriving the expected timber volume.

• We assessed the reasonableness of the significant judgements, estimates and assumptions used, in particular the discount rate, expected timber volume and price per cubic foot by comparing with the industrial statistics that are generally used in determining fair value of consumable biological assets.

We have also assessed the adequacy of the disclosures made in Notes 3.6.7.5 and 14.2.1 to the financial statements.</td></tr>
</table>

Other Information included in the Company's 2023 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.

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.

29 August 2023

Colombo

STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2023

	Notes	2023 Rs.'000	2022 Rs.'000
Revenue	6	6,169,527	4,005,924
Cost of Sales		(4,457,068)	(3,644,822)
Gross Profit / (Loss)		1,712,459	361,102
Other income	7	17,392	8,924
Administrative Expenses		(68,306)	(53,428)
Change in Fair Value of Biological Assets	14.4	126,885	89,488
Management Fee		(211,583)	(30,477)
Finance Cost	8	(225,696)	(169,330)
Profit / (Loss) Before Taxation	9	1,351,151	206,279
Income Tax (Expenses)/ Reversal	10	(464,600)	(43,617)
Net Profit / (Loss) for the Year		886,551	162,662
Basic Earnings per Share	11.2	16.43	3.01
Dividend per Share	11.3	Nil	Nil

The accounting policies and Notes on Pages 56 through 92 form an integral part of the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

Year Ended 31 March 2023

	Notes	2023	2022
		Rs.'000	Rs.'000
Profit/ (Loss) for the year		886,551	162,662
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	(206,256)	148,769
Income tax effect	10.2	61,877	(15,621)
Net Other Comprehensive Income/(Loss) that will not to be reclassified to Profit or Loss		**(144,379)**	**133,148**
Total Other Comprehensive Income for the year		**(144,379)**	**133,148**
Total Comprehensive Income for the year, net of tax		**742,171**	**295,810**

The Accounting policies and notes on the pages 56 through 92 form on integral part of the Financial Statments.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	2023 Rs.'000	2022 Rs.'000
ASSETS			
Non Current Assets			
Right-of-use Assets	12	354,225	324,456
Freehold Property, plant & equipment	13	619,225	538,227
Bearer Biological Assets	14.1	2,196,958	2,225,695
Consumable Biological Assets	14.2	1,123,623	1,007,848
Tax Recoverable		47,926	47,926
		4,341,957	**4,144,152**
Current Assets			
Produce on Bearer Biological Assets	14.3	22,659	11,549
Inventories	15	965,086	544,143
Tax Recoverable	16	2,206	16,217
Trade and Other Receivables	17	485,494	299,936
Amounts Due From Related Parties	18	21,109	9,906
Cash and bank balances	19	332,669	31,603
		1,829,223	**913,354**
TOTAL ASSETS		**6,171,180**	**5,057,506**
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	20	673,721	673,721
General Reserve	21	540,000	540,000
Timber Reserves	22	1,085,007	969,232
Retained Earnings/(Losses)		(547,190)	(1,173,586)
Total Equity		**1,751,538**	**1,009,367**
Non Current Liabilities & Deferred Income			
Interest Bearing Loans & Borrowings	23	247,917	448,524
Retirement Benefit Obligations	24	910,501	904,839
Deferred Tax Liability	25	462,185	73,473
Deferred Income	26	149,880	163,893
Lease Liability	27.3	376,786	324,882
		2,147,268	**1,915,611**
Current Liabilities			
Trade and Other Payables	28	700,689	542,872
Interest Bearing Loans & Borrowings	23	712,322	792,378
Lease Liability	27.3	3,323	4,593
Amounts Due to Related Parties	29	854,032	790,677
Dividends Payable	30	2,008	2,008
		2,272,374	**2,132,528**
Total Equity and Liabilities		**6,171,180**	**5,057,506**
NET ASSETS PER SHARE		**32**	**19**

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

E Kurukulasooriya
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 56 through 92 form an integral part of the Financial Statements.
29 August 2023
Colombo

STATEMENT OF CHANGES IN EQUITY

As at 31 March 2023

	Stated Capital Rs.'000	General Reserve Rs.'000	Timber Reserve Rs.'000	Retained Earnings Rs.'000	Total Rs.'000
Balance as at 31 March 2021	**673,721**	**540,000**	**879,857**	**(1,380,021)**	**713,557**
Net Profit / (Loss) for the year	-	-	-	162,662	162,662
Total Other Comprehensive Income / (Loss) for the year	-	-	-	133,148	133,149
Timber Reserve	-	-	89,375	(89,375)	-
Balance as at 31 March 2022	**673,721**	**540,000**	**969,232**	**(1,173,586)**	**1,009,367**
Net Profit / (Loss) for the year	-	-	-	886,551	886,551
Total Other Comprehensive Income/ (Loss) for the year	-	-	-	(144,379)	(144,379)
Timber Reserve	-	-	115,775	(115,775)	-
Balance as at 31 March 2023	**673,721**	**540,000**	**1,085,007**	**(547,190)**	**1,751,538**

The accounting policies and Notes on Pages 56 through 92 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

Year Ended 31 March 2023

CASH FLOWS FROM OPERATING ACTIVITIES	**Notes**	**2023**	**2022**
		Rs.'000	**Rs.'000**
Net Profit/(Loss) before Taxation		**1,351,151**	**206,279**
ADJUSTMENTS FOR			
Depreciation/Amortisation	12-14	139,071	132,264
Provision for Defined Benefit Plan Cost	24	186,021	134,432
Amortisation of Grants	26	(15,379)	(13,760)
Gain/(Loss) on change in fair value on Consumable Biological Assets	14.2	(115,775)	(89,374)
Gain/(Loss) on change in fair value Green Leaf	14.3	(11,110)	(114)
Finance Costs	8	225,696	169,330
Profit/(Loss) on Sale of Timber Trees		-	(56,779)
Operating Profit/(Loss) before Working Capital Changes		**1,759,674**	**482,278**
(Increase)/Decrease in Inventories	15	(420,943)	(84,752)
(Increase)/Decrease in Trade and other receivables	17	(185,557)	(16,936)
Increase/(Decrease) in Trade and other payables	28	214,087	40,837
Increase/(Decrease) in amounts due to Related Parties	29	63,356	108,480
(Increase)/Decrease in amounts due from Related Parties	18	(11,203)	10,440
Cash Generated from Operations		**1,419,413**	**540,347**
Finance Costs Paid		(178,530)	(126,087)
Defined Benefit Plan Costs paid	24	(386,615)	(84,756)
Net Cash from Operating Activities		**854,268**	**329,504**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of Property Plant & Equipment's		-	60,915
Grant Received	26	1,365	9,821
Field Development Expenditure	14.1	(41,522)	(33,177)
Purchase of Property, Plant & Equipment	13	(122,803)	(95,019)
Net Cash used in Investing Activities		**(162,960)**	**(57,460)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of Government lease rentals	27.1	(105,164)	(43,588)
Payment of lease rental	27.2	(4,414)	(1,994)
Proceeds from loans		-	-
Payment of loans		(256,262)	(226,398)
Net Cash from Financing Activities		**(365,840)**	**(271,980)**
Net Increase/(Decrease) in Cash & Cash Equivalents		**325,468**	**64**
A. Cash & Cash Equivalents at the beginning of the year		(504,513)	(504,577)
B. Cash & Cash Equivalents at the end of the year		**(179,045)**	**(504,513)**
NOTE A			
Cash & Cash Equivalents at the beginning of the year			
Cash & Bank Balances		31,603	43,285
Bank Overdrafts		(536,116)	(547,862)
		(504,513)	**(504,577)**
NOTE B			
Cash & Cash Equivalents at the end of the year			
Cash & Bank Balances	19	332,669	31,603
Bank Overdrafts	19	(511,715)	(536,116)
		(179,045)	**(504,513)**

The accounting policies and Notes on Pages 56 through 92 form an integral part of the Financial Statements.

Notes to the Financial Statements
Year Ended 31 March 2023

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, manufacture and sale of black Tea and 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 2023 were authorized for issue in accordance with a resolution of the board of directors on 29 August 2023.

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 2023

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 2023.

- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use.
- Amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Costs of Fulfilling a Contract.
- Amendments to SLFRS 3 Business Combinations: Updating a Reference to Conceptual Framework.

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 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:

Notes To The Financial Statements
Year Ended 31 March 2023

- 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.

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

Notes To The Financial Statements

Year Ended 31 March 2023

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.

3.6.4.1Right 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	23years	4.17

(over the remaining lease period)

3.6.4.2 Lease Liabilities

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

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

Notes to the Financial Statements
Year Ended 31 March 2023

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 2023 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.

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

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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 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.

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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(Replaning 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 marketplace (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

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

3.7.1.2 Subsequent Measurement

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

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

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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).

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

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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.

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,

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unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

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

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

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.

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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 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:

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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, 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.

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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.

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.

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The segments information is disclosed in the Note 06 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 the Retirement 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 (Amended) 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% with the 25% rebate. The amendment to the IRD act on 19th December 2022, company is liable to the rate of 14% for the first six months where balancing period tax at 30% by segregating the business income using the pro-rata basis.

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 2023 as Agro farming and Agro processing for the deferred tax purpose.

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

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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 - Estimating 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

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

5.1 SLFRS 17 – Insurance contracts

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

- A specific adaptation for contracts with direct participation features (the variable fee approach)

- A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January

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

5.2 Amendments to LKAS 8 - Definition of Accounting Estimates

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

5.3 Amendments to LKAS 12 Taxation - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Also, under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

5.4 Amendments to LKAS 1 - Disclosure of Accounting Policies

Amendments to LKAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies.
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

5.4 Amendments to LKAS 1 - Classification of Liabilities as Current or Non-current

Amendments to LKAS 1 Presentation of Financial Statements specify the requirements for classifying liabilities as current or non-current. The amendments clarify,

- What is meant by a right to defer settlement.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.
- Disclosures

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

Notes to the Financial Statements

Year Ended 31 March 2023

6. REVENUE	2023 Rs.'000	2022 Rs.'000
6.1 Summary		
Tea	6,160,933	3,949,145
Profit/(Loss) on Sale of Trees	8,594	56,779
	6,169,527	4,005,924

6.2 Segment Information

Geographical Segment	Maskeliya		Upcot		Talawakelle		Bandarawela		Total	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Revenue	1,505,923	1,023,727	1,976,282	1,308,689	1,357,642	819,392	1,329,680	854,116	6,169,527	4,005,924
Cost of Sales	(1,005,310)	(847,216)	(1,367,659)	(1,125,083)	(768,709)	(626,996)	(990,298)	(778,833)	(4,131,976)	(3,378,128)
Depreciation /Amortsation	(36,305)	(36,212)	(39,539)	(35,126)	(23,776)	(23,015)	(39,452)	(37,909)	(139,071)	(132,262)
Gratuity	(50,165)	(38,358)	(66,472)	(54,100)	(24,358)	(11,449)	(45,026)	(30,525)	(186,021)	(134,432)
Segment Results	414,143	101,941	502,612	94,380	540,799	157,932	254,904	6,849	1,712,458	361,102
Other Income									17,392	8,924
Gain on change in fair value of Biological Assets									126,885	89,488
Administrative Expenses									(68,306)	(53,428)
Management Fees									(211,583)	(30,477)
Finance Cost									(225,696)	(169,330)
Income Tax (Expenses)/ Reversal									(464,600)	(43,617)
Profit/ (Loss) for the year									886,550	162,662

Segment Assets	Maskeliya		Upcot		Talawakelle		Bandarawela		Total	
	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Cost	1,449,114	1,440,481	1,760,277	1,738,717	1,073,423	1,061,269	2,234,527	2,132,481	6,517,341	6,372,948
Accumulated Depreciation	(599,848)	(571,268)	(712,142)	(675,638)	(433,840)	(416,012)	(669,075)	(632,646)	(2,414,905)	(2,295,564)
Current Assets	357,979	172,878	611,408	271,597	324,739	155,388	430,998	228,538	1,725,124	828,401
	1,207,245	1,042,091	1,659,543	1,334,676	964,322	800,645	1,996,450	1,728,373	5,827,560	4,905,785
Unallocated Assets										
Cost									416,059	223,576
Accumulated Depreciation									(176,539)	(156,809)
Current Assets									104,100	84,953
Total Assets									6,171,180	5,057,505
Segment Liabilities										
Non Current Liabilities	435,760	360,147	593,021	471,624	246,878	194,496	376,696	367,347	1,652,355	1,393,614
Current Liabilities	149,250	120,304	268,691	215,014	162,919	90,980	237,338	123,174	818,198	549,472
	585,010	480,451	861,712	686,638	409,797	285,476	614,034	490,521	2,470,553	1,943,086
Un Allocated										
Non Current Liabilities									494,914	521,997
Current Liabilities									1,454,176	1,583,055
									1,949,090	2,105,052
									4,419,643	4,048,138
Capital Expenditure										
Property, Plant & Equipment	3,840	3,221	10,430	19,161	4,531	4,101	88,193	6,694	106,994	33,177
Field Development	5,194	11,030	13,511	10,232	8,132	16,728	14,685	57,029	41,522	95,019
	9,034	14,251	23,941	29,393	12,663	20,829	102,878	63,723	148,516	128,196
Property, Plant & Equipment Unallocated									15,809	-
Total Capital Expenditure									164,325	128,196

Notes to the Financial Statements
Year Ended 31 March 2023

7. OTHER INCOME	2023 Rs.'000	2022 Rs.'000
Amortization of Capital Grants	15,379	13,760
Other Sundry Income	2,013	(4,836)
	17,392	**8,924**

8. FINANCE COST	2023 Rs.'000	2022 Rs.'000
Interest on Lease Rental (JEDB/SLSPC)	45,953	42,902
Interest on other Leases	1,213	341
Bank Overdraft Interest	99,124	44,120
Term Loan Interest	82,727	84,487
Stamp Duty & Other charges	802	444
	229,820	172,294
Amount Capitalised	(4,123)	(2,964)
	225,696	**169,330**

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)
2022/2023	+ 1%	5,796
	- 1%	(5,796)
2021/2022	+ 1%	8,665
	- 1%	(8,665)

09 PROFIT BEFORE TAXATION IS STATED AFTER CHARGING	2023 Rs.'000	2022 Rs.'000
Auditor's Remuneration	4,989	4,377
Directors' Remuneration	1,200	1,200
Depreciation/Amortisation	139,071	132,262
Defined Benefit Plan Costs (Included Under Cost of Sales & Administration Expenses)	186,021	139,792
Defined Contributions Plan Costs - EPF & ETF	231,561	251,699
Others - Staff Costs (Including Estate Employees)	2,497,464	2,340,597

10. TAX EXPENSE

The major component of income tax expense for the year ended 31st March 2023 are as follows :

10.1 Statement of Profit or Loss	2023 Rs.'000	2022 Rs.'000
(I) Current Income Tax:		
ESC Written off (Note 16)	(14,011)	(20,945)
(II) Deferred Tax:		
Relating to (origination) and reversal of temporary differences (Note 25.1)	(450,589)	(22,672)
Income (Tax charge)/reversal reported in Income Statement	(464,600)	(43,617)

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)	61,877	(15,621)
Income Tax charge directly to other comprehensive income	61,877	(15,621)

Notes to the Financial Statements
Year Ended 31 March 2023

10.3 Reconciliation Between Tax Expenses And The Product of Accounting Profit

	2023 Rs.'000	2022 Rs.'000
Except business income	577,300	(147,660)
Profit / (Loss) before Tax	777,847	353,939
Aggregate disallowed items	147,721	80,411
Aggregate allowable items	(164,308)	(55,650)
Taxable Profit/(Loss)	761,300	378,700
Bought forward Tax losses set off	(761,300)	(378,700)
	-	-
Effective Tax Rate	30%	10.5%
ESC Set off Against Income Tax	-	-
ESC Write off during the year	(14,011)	(20,945)
Income Tax Charge/(Reversal)	(14,011)	(20,945)

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.

	2023 Rs.'000	2022 Rs.'000
Amounts used as the Numerator :		
Net Profit/(Loss) applicable to ordinary share holders for basic earnings per share	886,551	162,662
	886,551	162,662
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

	2023 Rs.'000	2,022 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	2023 Rs.'000	2022 Rs.'000
Right-of-use-land	12.1	308,261	296,391
Right-of-use-Immovable bearer biological assets	12.2	16,506	25,924
Right-of-use-Immovable assets (other than right-to-use land and bearer biological assets)	12.3	364	380
Right-of-use asset - Other assets	12.4	29,094	1,760
		354,225	324,456

Notes to the Financial Statements
Year Ended 31 March 2023

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 22 years.

The effect to the Statement of Financial Position and amortization of the right to use of land up to 31 March 2023 are as follows:

	2023 Rs.'000	2022 Rs.'000
Capitalised Value		
As at 1st April 2022	333,870	323,018
Re-assessment made during the year	25,881	10,852
As at 31st March 2023	359,751	333,870
Amortization		
As at 1st April 2022	37,479	24,592
Amortization charge for the year	14,012	12,887
As at 31st March 2023	51,491	37,479
Carrying amount	308,261	296,391

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 2023 are as follows.

MATURE PLANTATIONS - TEA	2023 Rs.'000	2022 Rs.'000
Capitalised Value as at 22nd June, 1992	230,859	230,859
Amortisation		
As at 1st April	204,935	196,382
Amortisation for the year	9,418	8,553
As at 31st March	214,353	204,935
Carrying amount	16,506	25,924

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 2023

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	2023	2022
	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	12,153	456	101,800	12,585	126,994	126,655
Amortisation for the year		16	-	-	16	339
As at 31 March	12,153	472	101,800	12,585	127,010	126,994
Carrying amount	-	364	-	-	364	380

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

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

12.4 Right-of-use asset - Other lease assets

Maskeliya Plantation PLC (Head Office) occupies as a tenant, occupying a building which belongs to Richard Pieris & Company PLC (Ultimate Parent) and which was previously accounted as an operating lease under LKAS 17. Since, the SLFRS 16 supersedes LKAS 17 Leases, The Company adopted SLFRS 16 using the modified retrospective method of adoption to above lease arrangement. The effect to the Statement of Financial Position and depreciation of building to 31 March 2023 are as follows:

	2023	2022
Cost	**Rs.'000**	**Rs.'000**
At the beginning of the year	6,721	6,721
Additions	30,895	.
At the end of the year	37,616	6,721
Depreciation		
At the beginning of the year	4,960	3,200
Depreciation during the year	3,562	1,760
At the end of the year	8,522	4,960
Written Down Value	29,094	1,760

Notes to the Financial Statements
Year Ended 31 March 2023

13. FREEHOLD PROPERTY, PLANT AND EQUIPMENT

Cost	Balance as at 01.04.2022 Rs.'000	Additions for the year Rs.'000	Disposals during the year Rs.'000	Balance as at 31.03.2023 Rs.'000
Land Improvements	91,943	-	-	91,943
Buildings	326,933	70,280	-	397,213
Motor Vehicles	230,513	4,290	-	234,803
Plant & Machinery	802,843	97,071	-	899,914
Furniture & Fittings	12,084	-	-	12,084
Equipment	120,008	8,167	-	128,175
Water Sanitation	46,101	-	-	46,101
Computers	23,105	6,281	-	29,386
Computer Software	1,465	-	-	1,465
	1,654,995	186,089	-	1,841,084

	Balance as at 01.04.2022 Rs.'000	Charge for the year Rs.'000	Accumulated depreciation on disposals Rs.'000	Balance as at 31.03.2023 Rs.'000
Land Improvements	30,903	2,299	-	33,202
Buildings	138,966	8,119	-	147,085
Motor Vehicles	203,125	2,570	-	205,695
Plant & Machinery	649,979	22,192	-	672,171
Furniture & Fittings	11,958	17	-	11,975
Equipment	100,432	4,790	-	105,222
Water Sanitation	45,683	458	-	46,141
Computers	21,805	1,360	-	23,165
Computer Software	1,464	-	-	1,464
	1,204,316	41,805	-	1,246,121
Written Down Value	450,679			594,963

	Balance as at 01.04.2022 Rs.'000	Additions for the year Rs.'000	Capitalised/ Disposed during the year Rs.'000	Balance as at 31.03.2023 Rs.'000
Capital Work-in-Progress	87,548	2,985	(66,271)	24,262
Total written down value	538,227			619,225

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 2023

14 . BEARER BIOLOGICAL ASSETS

14.1 Bearer bialogical assets

Cost	Immature Plantations Rs.'000	Mature Plantations Rs.'000	Total 2023 Rs.'000	Total 2022 Rs.'000
At the beginning of the year	565,033	2,341,952	2,906,985	2,873,808
Additions	41,522	-	41,522	33,177
Transfers	(4,664)	4,664	-	-
At the end of the year	601,892	2,346,616	2,948,508	2,906,985
Depreciation				
At the beginning of the year	-	681,291	681,291	611,326
Charge for the year	-	70,259	70,258	69,965
At the end of the year	-	751,549	751,549	681,291
Written Down Value	601,892	1,595,067	2,196,958	2,225,695

Note :

These are investments in immature/ mature plantations since the privatization 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. 4,123,369/= (2022 - Rs. 2,964,497/=) incurred to meet expenses relating to immature plantations have been capitalised as a part of the cost of immature plantations at the rate of 10.98%.

14.2 Consumable Biological Assets - Timber Plantations

	2023 Rs. '000	2022 Rs. '000
As at 1st April	1,007,848	922,609
Gain/(loss) arising from changes in fair value less cost to sell	115,775	89,375
Decrease due to harvest/transfer	-	(4,136)
As at 31st March	1,123,623	1,007,848

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 accordance 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 2023

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
			2023	2022	
Consumable Managed Biological Assets	DCF	Discounting Rate	19%	19%	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.250/= to Rs.800/=	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 2023	Rs'000	(112,363)	112,363
As at 31 March 2022	Rs'000	(100,785)	100,785

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 2023	Rs'000	50,869	(45,461)
As at 31 March 2022	Rs'000	50,634	(44,951)

Notes to the Financial Statements
Year Ended 31 March 2023

14.3 Produce On Bearer Biological Assets	2023 Rs.'000	2022 Rs.'000
As at 01st April	11,549	11,435
Change in fair value less cost to sell	11,110	114
As at 31st March	22,659	11,549

14.4 Gain/(Loss) On Fair Value Of Biological Assets	2023 Rs.'000	2022 Rs.'000
Consumable Biological Assets Gain/(loss)arising from changes in fair value less cost to sell (Note No 14.2)	115,775	89,374
Produce on Bearer Bilogical Assets Gain/(Loss) arising from changes in fair value less cost to sell (Note No 14.3)	11,110	114
	126,885	89,488

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	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000	2023 Rs.'000	2022 Rs.'000
Assets measured at fair value							
Consumable Biological Assets - Timber	31 March	-	-	-	-	1,123,623	1,007,848
Produce on Bearer Bialogical Assets	31 March	-	-	22,659	11,549	-	-

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	2023 Rs.'000	2022 Rs.'000
Input Materials	273,929	54,390
Growing Crop - Nurseries	27,274	21,754
Produce Stock	587,037	428,602
Consumables & Spares	76,846	39,397
	965,086	544,143

Notes to the Financial Statements
Year Ended 31 March 2023

16.	**TAX RECOVERABLE**	**2023 Rs.'000**	**2022 Rs.'000**
	Tax Recoverable	35,048	55,993
	Less: Provision for Tax Recoverable	(18,830)	(18,830)
	Less: Tax Write Off	(14,011)	(20,945)
		2,206	16,217

17.	**TRADE AND OTHER RECEIVABLES**	**2023 Rs.'000**	**2022 Rs.'000**
	Produce Debtors	149,434	102,788
	Advances & Prepayments	88,292	32,421
	Festival Advances - Estates	62,203	29,775
	Other Debtors	147,871	98,184
	Other Project	43,697	42,772
		491,498	305,940
	Less: Provision for Doubtful Debt	(6,004)	(6,004)
		485,494	299,936

17.1 Trade Receivables

The aging analysis of trade receivables is as follows:

		Past due but not impaired				
	Total	0-60 days	61-120 days	121-180 days	181-365 days	> 365 days
Balance as at 31 March 2023	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Produce Debtors	149,434	149,434	-	-	-	-

Produce debtors are realised within seven days from sales

18.	**AMOUNTS DUE FROM RELATED PARTIES**	**Relationship**	**2023 Rs.'000**	**2022 Rs.'000**
	Maskeliya Tea Garden Ceylon (Pvt) Ltd	Related Company	16,073	9,693
	Arpitech (Pvt) Ltd	Related Company	4,823	-
	RPC Properties (Pvt) Ltd	Related Company	213	213
			21,109	9,906

19	**CASH AND CASH EQUIVALENTS**	**2023 Rs.'000**	**2022 Rs.'000**
19.1	**Favourable Balances**		
	Cash at Bank and in Hand	332,669	31,603
		332,669	31,603
19.2	**Unfavourable Balances**		
	Bank Overdraft (Note 23)	(511,715)	(536,116)
	Total Cash antd cash equivalents for the purpose of cash flow statements	**(179,046)**	**(504,513)**

Notes to the Financial Statements
Year Ended 31 March 2023

20. STATED CAPITAL

	2023 Rs.	2022 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	2023 Rs.'000	2022 Rs.'000
Balance as at 01 of April	673,721	673,721
	673,721	673,721

21. GENERAL RESERVE

	2023 Rs.'000	2022 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			
	Balance as at 31.03.2022	Loan Obtained during the year	Capital Re-paid during the year	Balance as at 31.03.2023
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Commercial Bank of Ceylon PLC	597,917	-	(175,000)	422,917
Hatton National Bank PLC	71,120	-	(49,920)	21,200
Union Bank PLC	19,955	-	(19,955)	-
Nations Trust Bank PLC	15,794	-	(11,387)	4,407
Short Term Loan				
Bank Overdraft	536,116	-	(24,401)	511,715
	1,240,902	-	(280,663)	960,239

Notes to the Financial Statements
Year Ended 31 March 2023

23.1	LONG TERM LOANS (Cont...)	Repayable within 1 year	Repayable after 1 year less than 5 years	Total as at 31.03.2023	Total as at 31.03.2022	Rate of Interest	Terms of Repayments
		Rs.'000	Rs.'000	Rs.'000	Rs.'000		
	Commercial Bank of Ceylon PLC	175,000	247,917	422,917	597,917	9.75% Fixed	47 monthly instalments of Rs.14,583,333 and final instalment of Rs.14,583,349/- commencing from Sep 2021
		175,000	247,917	422,917	597,917		
	Hatton National Bank PLC	21,200		21,200	71,120	AWPLR+1.5%	59 Monthly instalments of Rs.4,160,000/= and last instalment of Rs.4,560,000/= payable commencing from 20.05.2019
		21,200		21,200	71,120		
	Union Bank PLC	-	-	-	20	AWPLR+0.75%	60 monthly instalments of Rs.3,333,333/= payable commencing from 01.07.2016
		-	-	-	20		
	Nations Trust Bank PLC	4,407	-	4,407	15,794	AWPLR+2.5%	24 monthly instalments of Rs. 948,848/= payable commencing from 01.08.2020.
23.2	**Short Term Loan**						
	Bank Overdraft	511,715	-	511,715	536,116		
		511,715	-	511,715	536,116		

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 2023

As at 31st March 2023	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	521,275	52,963	175,754	470,249	-	1,220,241
Lease Liability		12,224	36,671	195,576	831,200	1,075,670
	521,275	**65,186**	**212,425**	**665,825**	**831,200**	**2,295,911**
As at 31st March 2022						
Interest bearing loans & borrowing	540,895	73,623	235,204	491,180	-	1,340,902
Lease Liability		15,105	30,209	181,257	815,657	1,042,228
	540,895	88,728	265,413	672,437	-	2,383,130

24. RETIRING BENEFIT OBLIGATIONS

	2023	2022
	Rs.'000	Rs.'000
At the beginning of the year	904,839	1,003,932
Interest Cost	131,202	90,354
Current Service Cost	54,819	44,078
Gratuity Payments for the year	(386,615)	(84,756)
Actuarial (Gain) / Loss	206,256	(148,769)
At the end of the year	910,501	904,839

According to the actuarial valuation report issued by Messer Actuarial & Management Consultants (Pvt) Ltd as at 31 March 2023, the actuarial present value of promised retirement benefits amounted to Rs.910,500,841 /-. 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. 1,603,168,632 /-.

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.

	2023	2022
	Rs.'000	Rs.'000
Within the next 12 months	95,060	88,226
Between 2 and 5 years	353,033	311,738
Beyond 5 years	462,408	504,875
	910,501	904,839

The weigted average duration of the Defind Benefit plan obligation at the end of the reporting period is 7.2 years and 7.7 Years for staff and workers respectively.

Notes to the Financial Statements
Year Ended 31 March 2023

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

	2023	2022
(i) Rate of Discount	17% (per annum)	14.5 % (per annum)
(ii) Retirement Age		
Workers	60 years	60 years
Staff - Head Office	60 years	60 years
- Estates	60 years	60 years

Sensitivity Analysis - Salary/ Wage Escalation Rate

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

	Workers		Staff	
	Rs.'000	Rs. '000	Rs.'000	Rs.'000
	+1%	-1%	+1%	-1%
As at 31 March 2023	61,789	(55,573)	4,314	(3,890)
As at 31 March 2022	70,087	(62,417)	4,205	(3,760)

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 2023	(53,272)	59,899	(3,426)	3,835
As at 31 March 2022	(60,387)	68,662	(3,342)	3,771

Notes to the Financial Statements
Year Ended 31 March 2023

25. DEFERRED TAX	2023 Temporary Difference Rs.'000	2023 Tax Effect Rs.'000	2022 Temporary Difference Rs.'000	2022 Tax Effect Rs.'000
As at 1 April	699,741	73,473	335,049	35,180
Amount Originating/(Reversal) during the year	840,876	388,712	364,692	38,293
As at 31 March	1,540,617	462,185	699,741	73,473
Deferred Tax Liability				
Temporary difference of Right of Use Asset	301,686	90,506	201,908	21,200
Temporary difference of Property, Plant and Equipment	433,339	130,002	326,330	34,265
Temporary difference of mature and immature plantations	2,124,695	637,408	2,112,730	221,837
Temporary difference of biological asset	607,666	182,300	607,746	63,813
	3,467,386	1,040,216	3,248,714	341,115
Deferred Tax Assets				
Temporary difference of Lease Creditors	(376,787)	(113,036)	(321,802)	(33,789)
Temporary difference of Retirement Benefit Obligation	(900,643)	(270,193)	(881,446)	(92,552)
Temporary difference of Debtors Provision	(6,003)	(1,801)	(6,004)	(630)
Temporary difference of Deferred Grants	(19,104)	(5,731)	(15,104)	(1,586)
Carried forward tax losses	(624,233)	(184,270)	(1,324,617)	(139,085)
As at 31 March	(1,926,769)	(578,031)	(2,548,973)	(267,642)
As at 31 March	1,540,617	462,185	699,741	73,473

The tax rate used to calculate deferred tax liability for all the Temporary Differences as at 31 March, 2023 is 30% (2022 - 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. 624,232,499 (2022 1,324,617,195) has been recognized. Further unutilized tax losses are given below.

	2022/23 Temporary Difference Rs.'000	2022/23 Tax Effect Rs.'000
Unutilized tax losses	**38,141**	**11,442**

25.1. Reconciliation of deferred tax charge / (reversal)	2023 Tax Effect Rs.'000	2022 Tax Effect Rs.'000
Amount Recognized As at 1 April	73,473	35,180
Tax Charge/(reversal) during the period recognised in Statement of Profit or Loss	314,139	22,672
Tax Charge /(reversal) during the period recognised due to the Income Tax rate change	136,450	-
Tax charge/(reversal) during the period recongnised in Other Comprehensive Income	(61,877)	15,621
As at 31 March	462,185	73,473

Notes to the Financial Statements

Year Ended 31 March 2023

26. DEFERRED INCOME

Deferred Grants and Subsidies	2023 Rs.'000	2022 Rs.'000
Balance at the beginning of the year	163,894	167,833
Add : Grants received during the year	1,365	9,821
Less : Grants refunded during the year	-	-
Less : Amortisation for the year	(15,379)	(13,760)
Balance at the end of the year	149,880	163,894

The Company has received funding from the Plantation Housing and Social Welfare Trust and Asian Development Bank for the development of workers facilities such as re-roofing of line rooms, latrines, water supply, sanitation and roads etc. The amounts spent are included under the relevant classification of Property, Plant & Equipment and the grant component is reflected under Deferred Grants and Subsidies. Further this includes the C.T.C Machinery Subsidy which represents the fund received from Sri Lanka Tea Board in relation to C.T.C Project at Poonagalla Estate and also a rebate received from Ceylon Electricity Board on acquisition of a Generator.

Agriculture Sector Modernization project" of the "State Ministry of Development of Minor Crops including Sugarcane, Maizem Cashew, Pepper, Cinnamon, Clove , Betel related industries and Export Promotion Under the Ministry of Plantations" for the Establishment of a Modern Greenhouse facility at a project site at Leyangawella Estate, Bandarawela. The matching grant received by the company under the three tranches on which already received two tranches in 2021 & 2022 financial year amount to Rs. 10 Mn & 8 Mn respectively. The third tranches is still not being received by the company which amounts to Rs. 2 Mn. The Grants are amortised over the life of the assets for which they are being deployed.

27. LEASE LIABILITY

		2023 Rs.'000	2022 Rs.'000
Lease liability on Right of use Asset - Land	27.1	350,547	327,606
Lease liability on Right of use Asset - Other Assets	27.2	29,562	1,868
		380,109	329,474

27.1 Lease liability on right of use asset land

	2022 Rs.'000	2021 Rs.'000
As at 01st April 2022	327,607	319,167
Reassessment Adjustment	25,881	10,852
Accretion of interest	45,953	42,902
Payment	(48,894)	(45,314)
As at 31st March 2023	350,547	327,607

27.1.1 Liability To Make Lease Payment

	2023 Rs.'000	2022 Rs.'000
Payable within one year		
Gross liability	48,894	45,314
Finance cost allocated to future periods	(45,571)	(42,589)
Net liability transferred to current liabilities	3,323	2,725
Payable within two to five years		
Gross liability	195,576	181,257
Finance cost allocated to future periods	(177,365)	(166,321)
Net liability	18,211	14,936

Notes to the Financial Statements
Year Ended 31 March 2023

	2022	2021
Payable after five years	Rs.'000	Rs.'000
Gross liability	831,200	815,657
Finance cost allocated to future periods	(502,187)	(505,712)
Net liability	329,013	309,945
Net liability payable after one year	347,224	324,881

The base rental payable per year Rs.48,894,100/-.

27.2 Lease liability on right of use Asset - Other Assets

	2023 Rs.'000	2022 Rs.'000
Balance as at the beginning of the year	1,868	3,521
Accretion of interest	1,213	341
Repayments during the year	(4,414)	(1,994)
New Lease Obtained	30,895	-
Balance as at the end of the year	29,562	1,868
Current Liability		1,868
Non Current Liability	29,562	-
Total Lease Liability as at 31 March 2023	29,562	1,868

27.3 Current & Non-current Classification of Lease Liability

Current	3,323	4,593
Non - Current	376,786	324,881

28. TRADE AND OTHER PAYABLES

	2023 Rs. '000	2022 Rs. '000
Trade Creditors	388,220	182,656
Accrued Expenses	228,994	223,439
Others	83,475	136,777
	700,689	542,872

29. AMOUNTS DUE TO RELATED PARTIES

	Relationship	2023 Rs.'000	2022 Rs.'000
RPC Management Services (Pvt) Ltd	Parent Company	581,231	442,344
RPC Plantation Management (Pvt) Ltd	Related Company	7,147	8,951
Richard Pieris and Company	Ultimate Parent	113,069	254,690
Richard Pieris Distributors Ltd	Related Company	1,723	2,276
Kegalle Plantations PLC	Related Company	19,766	11,556

Notes to the Financial Statements
Year Ended 31 March 2023

Arpitech (Pvt) Ltd	Related Company	-	257
Namunukula Plantations PLC	Related Company	130,486	69,525
Richard Pieris Group Services Ltd	Related Company	-	200
Richard Pieris Tyre	Related Company	610	878
		854,032	790,677

30. DIVIDEND PAYABLE

	2023 Rs.'000	2022 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 2023 Rs.'000	Carrying Amount Pledged 2022 Rs.'000
Sampath Bank PLC	100,000,000	Primary mortgage over leashold rights of Glentilt estate	Overdraft	155,092	157,995
Hatton National Bank PLC	175,000,000	Primary Floating Mortgage bond over leasehold rights of Glenugie Estate	Overdraft	115,040	112,098
Nations Trust Bank PLC	150,000,000	Primary mortgage over stocks in trade	Overdraft/Money Market Loan	587,037	428,601
Hatton National Bank PLC	350,000,000	Primary mortgage over leasehold rights of Ampittiakande, Craig Estates	Long term Loan	440,781	406,132
Hatton National Bank PLC	120,000,000	Mortgage over leasehold rights of Ampittiakande, Craig Estates	Long term Loan	440,781	406,132
Hatton National Bank PLC	130,000,000	Primary mortgage over leasehold rights of St Clair Estate	Long term Loan	108,625	110,635
Hatton National Bank PLC	400,000,000	Mortgage over leasehold rights of Ampittiakande, Craig ,Glenugie & Stclair Estates.	Long term Loan	664,446	628,866
Hatton National Bank PLC	250,000,000	Mortgage over leasehold rights of Ampittiakande, Craig ,Glenugie & Stclair Estates.	Long term Loan	664,446	628,866
Union Bank PLC	400,000,000	Primary mortgage over unexpired leasehold right of Moray Estate	Long term Loan	238,981	247,250
Seylan Bank PLC	25,000,000	Mortgage over leasehold rights of Moussakelle Estates	Long term Loan	97,874	99,211

Notes to the Financial Statements
Year Ended 31 March 2023

32. CAPITAL COMMITMENTS	2023 Rs.	2022 Rs.
Capital commitments as at the reported date		
Budgeted, but not provided for	165Mn	47Mn
Total	165Mn	47Mn

The budgeted field development programme of the Company for the next three years amounts to Rs.215 Mn.

33. CONTINGENCIES

There have been no any contingencies.

34. EVENT AFTER REPORTING PERIOD

There have been no material events occurring after the reporting date that require adjustments or disclosure in the financial statements except following disclosure,

34.1 Inland Revenue Act (Amendment) No. 04 of 2023 Passed in May 2023

The Inland Revenue (Amendment) Act No.04 of 2023 was passed in Parliament and certified by the Hon.Speaker on 08th May 2023 which was disclosed as non-adjusting event to financials as per "LKAS 8 Accounting Policies, Change in Accounting Estimates nad Errors".

35. TRANSACTION WITH RELATED ENTITIES

35.1 Parent Company	2023 Rs.'000	2022 Rs.'000
Amounts payable	(581,231)	(442,344)
Management Fees	(211,583)	(30,477)

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	2023 Rs.'000	2022 Rs.'000
Amounts receivable as at 31 March	21,109	9,906
Amounts payable as at 31 March	(272,802)	(348,333)
Rent	(2,284)	(2,175)
Sales of goods/services	957	-
Purchase of goods/services	(75,500)	(25,304)
Interest Paid	(17,767)	(3,877)
Interest Received	27,980	25
Salaries, Fuel , Maintenance, etc Received	29,859	6,703
Salaries, Fuel , Maintenance, etc Paid	(21,265)	(6,485)
Current A/C Settlement Paid	(266,906)	(6,307)
Current A/C Settlement Received	26,000	42,720
Short Term Loan Received	295,745	104,000
Short Term Loan Paid	(262,412)	(69,278)

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 2023. 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 2023 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 2022	704,786
Net Cash flows from Financing Activities	(256,262)
Non Cash Changes	-
Balance as at 31 March 2023	448,524

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

38.1 Financial Risk Management Framework

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

38.2 Credit Risk

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

38.2.1 Trade and other Receivables

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

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

The maximum exposure to credit risk for trade and other receivables at the reporting date is Rs.485 Mn (2021/22 – Rs. 299 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.

Notes to the Financial Statements
Year Ended 31 March 2023

The Company's main customers (Brokers) have been transacting with the Company more than 10 years, and none of these customers' balances have been written off or are credit-impaired at the reporting date. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or end-user customer, their geographic location, industry, trading history with the Company and existence of previous financial difficulties.

The Company considers a financial asset to be in default when:

• the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held);

or

• the financial asset is more than 21 days past due.

Trade & Other Receivables Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 365 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

	2023	2022
	Rs.'000	Rs.'000
Balance as at 01 April	6,004	6,004
Charge for the year	-	-
Write-off	-	-
Recoveries	-	-
Balance as at 31 March	6,004	6,004

38.2.2 Cash And Cash Equivalents

The Company held cash at bank and in hand of Rs. 333 mn as at 31 March 2023 (2021/22 – Rs.32 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, 2023 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	16,128	97.11	2,102,559	3.90
1001-5000	304	1.83	743,772	1.38
5001-10000	60	0.36	481,646	0.89
10001-50000	84	0.51	1,974,484	3.66
50001-100000	16	0.10	1,131,071	2.10
100001-500000	15	0.09	2,521,561	4.67
500001-1000000	-	-	-	-
1000001 & above	1	0.01	44,998,397	83.40
Total	**16,608**	**100.00**	**53,953,490**	**100.00**

Distribution of Shareholdings - Inter Companies & General Public

	No. of Shareholders	%	No. of Share	Holding %
Resident Shareholders	16,592	99.90	53,759,875	99.64
Non-Resident Shareholders	16	0.10	193,615	0.36
Total	16,608	100.00	53,953,490	100.00

Public Shareholding as at 31 March 2023 is 16.60%. (31.03.2022 - 16.60%). This represnts by 16,606 Shareholders (31.03.2022 - 16,700)

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-23	Year Ended 31-Mar-22
Market Capitalization	**Rs'000**	1,969,302	517,954
Price Earning Ratio	**Times**	2.22	3.18
Public Holding	**%**	16.60	16.60
Total no. of Shareholders representing the Public Holding	**Nos.**	16,606	16,700
Float adjusted Market Capitalization	**Rs'000**	326,904	85,980

Market Value per share

	Value	Date
Market Value per Share	36.50	31/03/2023
The highest Value Recorded	75.00	26/09/2022
The Lowest Value Recorded	8.00	27/04/2022

Colombo Stock Market Activities During The Year	2022/23	2021/22
Number of Trades	234	235

Twenty Five Major Shareholders

	As at 31 March 2023		As at 31 March 2022	
	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
Insite Holdings Private Limited	420,000	0.78	-	-
MR.R.A.Rishard	266,301	0.49	-	-
Access Engineering PLC	200,000	0.37	-	-
MR.M.I.M.Shafie	200,000	0.37	-	-
Merchant Bank of Sri-Lanka PLC/K.K Wick	183,062	0.34	-	-
MR.K.V.Hewavitarne	150,000	0.28	-	-
Seylan Bank PLC/Mohamed Mushtaq Fuad	146,571	0.27	-	-
Mr.M.M.Fuad	139,446	0.26	-	-
Mr.M.B.Muhammdh	135,079	0.25	-	-
Hatton National Bank PLC/Ravindra Erle	132,000	0.24	-	-
Merchant Bank of Sri-Lanka PLC/D.A.M.A.D	128,273	0.24	-	-
Mrs.F.S.Shaffi	110,000	0.20	-	-
Mr.H.M.Ibrahim	107,279	0.20	-	-
MRS.F.F. Haniffa	102,250	0.19	-	-
Miss.W.Maryam	101,300	0.19	-	-
Mr.R.E.Rambukwelle	92,261	0.17	-	-
Rockport Limited	90,000	0.17	-	-
Seylan Bank PLC/Agampodi Chamara Senanka	90,000	0.17	-	-
Miss.A Radhakrishnan	86,867	0.16	86,867	0.16
Miss.M.P Radhakrishnan	86,866	0.16	86,866	0.16
Seylan Bank PLC/Andaradeniya Estate(PVT)Ltd	81,096	0.15	-	-
Mr.W.S.A.A.D.M.Senanayake	65,100	0.12	-	-
Mr.M.A.Aslam	63,500	0.12	-	-
Hi-Line Trading Private Limited	63,015	0.12	-	-
	48,238,663	**89.41**	**-**	**-**
Balance held by 16,583 Shareholders (2021/22 - 16,678)	5,714,827	10.59	4,138,273	7.67
Total no. of Shares	**53,953,490**	**100.00**	**53,953,490**	**100.00**

The Golden Shareholder

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

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

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

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

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

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

10 Year Summary

Assets & Liabilities	22/23 Rs'000	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
Non Current Assets										
(Excluding Investment)	4,341,957	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
Current Assets	1,829,224	913,354	854,621	736,898	926,789	956,022	820,059	755,820	845,749	778,644
Current Liabilities	(2,272,374)	(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)
Working Capital	(443,151)	(1,219,173)	(1,135,553)	(1,759,347)	(1,044,705)	(865,648)	(1,124,738)	(1,022,186)	(628,390)	(161,153)
Long Term Debt	448,524	704,786	931,183	438,520	418,672	509,466	513,134	583,711	532,605	695,763
Provision for Terminal Benefits	910,501	904,839	1,003,931	1,208,307	1,110,362	1,005,741	897,881	905,211	981,279	917,379
Interest paid/Received										
(Including /Borrowing Cost)	229,819	172,295	175,530	231,369	252,066	184,538	250,788	218,023	135,449	98,353
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	537,817	(204,354)	(500,164)	(840,476)	(187,797)	(152,852)	(331,011)	(289,471)	15,541	195,546
Total Shareholders' Fund	1,751,538	1,009,367	713,557	373,245	1,025,924	1,060,870	882,710	924,250	1,229,262	1,409,267
% Increase in Sharehlders' Fund	73.53	41.46	91.18	(63.62%)	(3.29%)	20.18%	(4.49%)	(24.81%)	(12.77%)	(10.27%)
Capital Employed (Rs. Mn)	2,200	1,714	1,645	728	1,631	1,828	1,590	1,864	2,007	2219
Financial Ratios										
Return on Capital employed %	56.83%	19.77%	23.27%	(30.01%)	13.70%)	24.86%	8.72%	(14.04%)	(3.34%)	(0.58%)
Current Ratio (Times)	0.80	0.43	0.43	0.30	0.47	0.52	0.42	0.43	0.57	0.83
Debt Equity Ratio (Times)	0.55	1.23	2.07	3.92	1.31	1.19	1.63	1.71	1.05	0.72
Equity to Assets %	28%	20%	15%	8%	22%	23%	20%	21%	28%	34%
Interest Cover (Times)	6.99	2.22	1.60	-	1.03	3.21	-	-	-	-
Total Asset to Current Liabilities %	37%	42%	41%	53%	41%	39%	44%	40%	33%	22%
Dividend Payout Ratio	-	-	-	-	-	-	-	-	-	-
Debt to Total Assets %	16%	25%	30%	31%	28%	27%	32%	36%	29.16%	24.29%
Investor Ratios										
Annualized Earnings per Share (Rs.)	16.43	3.01	1.92	(10.68)	0.10	4.66	(1.72)	(8.68)	(3.41)	(1.71)
Price Earning Ratio (Times)	2.22	3.18	5.73	-	108	4	-	-	-	-
Dividend Rate (%)	-	-	-	-	-	-	-	-	-	-
Dividend per Share (Rs.)	-	-	-	-	-	-	-	-	-	-
Dividend Cover (Times)	-	-	-	-	-	-	-	-	-	-
Dividend Yield %	-	-	-	-	-	-	-	-	-	-
Effective Dividend Rate (%)	-	-	-	-	-	-	-	-	-	-
Market Price of a Share as at 31/03(Rs.)	36.50	9.60	11.00	6.20	10.80	19.20	7.70	7.70	9.90	10.00
Market Capitalization (Rs.Mn.)	1969	518	593	335	583	1,036	415	415	534	540
Net Asset Value per Share (Rs.)	32.46	18.71	13.23	6.92	19.01	19.66	16.36	17.13	22.78	26.12
Net Sales Average per 1 kg Tea (Rs.)	1203.75	585.56	585.15	484.05	540.08	576.63	504.18	388.93	399.33	418.47
Capital Expenditure (Rs.000)	164,325	128,196	47,262	64,976	171,275	186,021	64,810	148,252	204,002	230,344

Assets & Liabilities	22/23 Rs'000	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
Production Kg.'000										
Estate	4,614	5,950	6,351	6,690	7,323	7,446	6,497	7,836	7,997	7,675
Bought	319	320	291	303	213	178	254	426	453	579
Total	4,933	6,270	6,642	6,993	7,536	7,624	6,751	8,263	8,450	8,254
Revenue	6,169,527	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
Gross Profit/(Loss)	1,712,459	361,102	225,620	(359,988)	260,934	645,106	182,688	(151,782)	22,228	52,623
Operating Profit/(Loss) Before										
Management Fees & Interest	1,788,430	406,086	310,638	(336,419)	259,725	635,615	186,796	(162,584)	47,173	106,089
Profit before Interest & Similar Charges	1,576,847	375,609	275,900	(356,621)	238,603	556,937	159,699	(264,115)	(103,683)	(44,347)
Profit/(Loss) for the year before Tax	1,351,151	206,279	103,300	(578,720)	6,981	383,412	(83,580)	(460,791)	(220,753)	(122,700)
Profit & (Loss) after Tax	886,551	162,662	103,513	(576,111)	5,264	251,398	(92,707)	(468,469)	(184,126)	(92,191)
Transfer to Reserves	-	-	-	-	-	-	-	-	-	-
Retained Profits	537,817	(204,354)	(500,164)	(840,476)	(187,797)	(152,852)	(331,011)	(289,471)	15,541	195,546
Proposed Dividend	-	-	-	-	-	-	-		-	-
Operating Ratios										
Annual Turnover Growth %	54%	1%	7%	(11%)	(8%)	31%	6%	(7%)	3%	(4%)
Profit Growth %	445%	57%	118%	(11045%)	(98%)	371.17%	80.21%	(154.43%)	(99.72%)	(161%)
Turnover per Employee Rs.'000	914	541	460	357	376	415	289	263	277	260
Fixed Assets to Turnover Ratio %	70.38%	103.45%	101.94%	107.65%	92.10%	122.20%	95.39%	89.68%	97.97%	99.80%

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 Thirtieth (30th) Annual General Meeting of Maskeliya Plantations PLC will be held at the Auditorium of the Registered Office, 310, High Level Road, Nawinna, Maharagama on Wednesday, 27th September, 2023 at 11.00 a.m. and the business to be brought before the meeting will be as follows;

1. To consider the Report of the Directors and the Statement of Accounts for the year ended 31st March 2023 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 77 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 75 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.17-4, Park Tower, Havelock City, Colombo 06, who is 71 years of age be and is hereby appointed a Director of the Company in terms of section 211 of the Companies Act No. 07 of 2007, and it is further specially declared that the age limit of 70 years referred to in Section 210 of the Companies Act no. 07 of 2007 shall not apply to the said Mr. Ananda Fernando "

5. To re elect Mr. Shaminda Yaddehige who retires by rotation in terms of Article 92 at the Annual General Meeting, a Director

6. To re -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

29 August 2023

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 30TH ANNUAL GENERAL MEETING of the Company to be held on Wednesday, 27th September, 2023 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 2023 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.	TTo 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 re elect Mr. Shaminda Yaddehige, who retires by rotation in terms of Article 92 at the Annual General Meeting, a Director		
6.	To re-appoint M/s Ernst & Young, Chartered Accountants as Auditors of the Company and to 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 …………………… 2023

………………………………
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 11.00 a.m. on Monday, 25th September 2023.

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	Director

Stock Exchange Listing : The Ordinary Shares of the Company are listed with the Colombo Stock Exchange of Sri Lanka

Management :

Mr. V Pusselle	-	Acting Chief Executive Officer
Dr. S D G Jayawardene	-	Consultant Agriculture Technology
Mr. I A A D Weerakoon	-	Deputy Chief Operating Officer
Mr. E Kurukulasooriya	-	Financial Controller
Mr. T T Christy	-	General Manager
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
Mr. L Thennakoon	-	Manager Plantations

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
No. 310, High Level Road, Nawinna, Maharagama, Sri Lanka.
Telephone : +(94) 11 4310500, Fax : +(94) 114310835
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