ANNUAL REPORT 2021/22

AGARAPATANA PLANTATIONS LIMITED

CONTENTS

OUR CORPORATE PHILOSOPHY	1
FINANCIAL HIGHLIGHTS	2
CROP AND YIELD	3
CHAIRMAN'S REVIEW	4
CEO'S REVIEW	7
BOARD OF DIRECTORS	9
ANNUAL REPORT OF THE BOARD OF DIRECTORS	10
REVIEW OF OPERATIONS	12
FINANCIAL REVIEW	15
CORPORATE GOVERNANCE	17
AUDIT COMMITTEE REPORT	19
RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT	20
RISK MANAGEMENT	21
STATEMENT OF DIRECTORS' RESPONSIBILITIES	22
INDEPENDENT AUDITOR'S REPORT	23
STATEMENT OF FINANCIAL POSITION	25
STATEMENT OF PROFIT OR LOSS	26
STATEMENT OF COMPREHENSIVE INCOME	27
STATEMENT OF CHANGES IN EQUITY	28
STATEMENT OF CASH FLOWS	29
NOTES TO THE FINANCIAL STATEMENTS	31
ESTATE HECTARAGE STATEMENT	70
OUR HUMAN RESOURCES	71
GLOSSARY OF FINANCIAL AND NON FINANCIAL TERMS	72
TEN YEAR SUMMARY	73
NOTICE OF MEETING	74
FORM OF PROXY	75
CORPORATE INFORMATION	IBC

OUR CORPORATE PHILOSOPHY

OUR VISION

To be the foremost producer of high quality Tea in full conformity with desired quality requirements

OUR MISSION

To produce the highest quality Tea whilst protecting and preserving the environment and safeguarding the interest of the community with whom we work, improving our asset base, developing our employee base and providing value to our shareholders

OUR BUSINESS OBJECTIVES

To lead the way in the technical and innovative development of the Tea industry and operate with responsibility towards society and the community

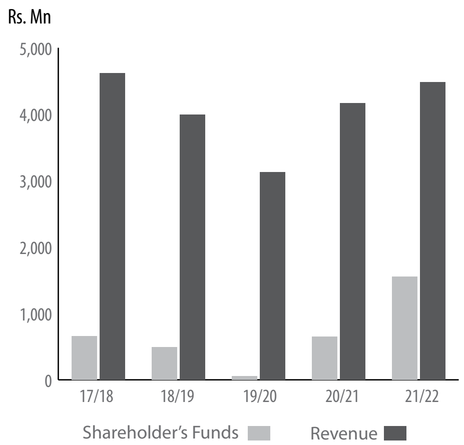
OUR CORE VALUES

Integrity
Courage
Commitment

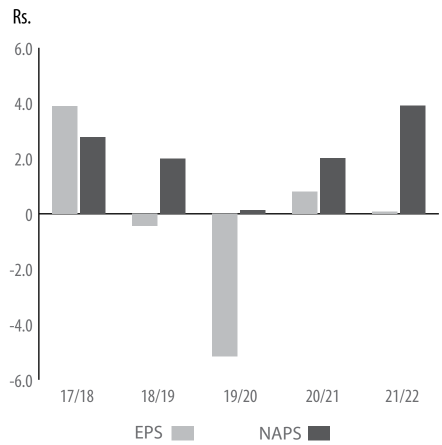
FINANCIAL HIGHLIGHTS

Financial Year Ended	2021/22	2020/21	% Change	2019/20
	Rs.'000	Rs.'000		Rs.'000
Results for the year				
Revenue	**4,486,527**	4,291,538	4.5	3,187,556
Gross Profit/ (Loss)	**63,209**	170,680	(63.0)	(1,035,462)
Operating Profit/ (Loss) before Net Financing Cost	**281,381**	386,263	(27.2)	(909,570)
Profit/(Loss) before Tax	**59,907**	135,430	(55.8)	(1,194,393)
Profit/(Loss) after Tax	**27,833**	189,596	(85.3)	(1,211,934)
Total Comprehensive Income/(Loss)	**516,969**	262,529	96.9	(435,761)
At the year end				
Shareholders' Funds	**1,630,382**	653,763	149.4	31,234
Ratios				
Gross Profit/(Loss) (%)	**1.41**	3.98	(64.6)	(32.49)
Current Ratio (times)	**0.46**	0.40	17.0	0.24
Acid Test Ratio (times)	**0.29**	0.24	19.2	0.10
Borrowings/Total Assets (%)	**28.83**	30.41	(5.2)	34.07
Per Share				
Earnings/(Loss) (Rs.)	**0.09**	0.81	(89.4)	(5.16)
Net Assets (year end) (Rs.)	**3.91**	2.01	94.4	0.13

Revenue Vs Shareholder's Funds



Earnings/ (Loss) Per Share Vs Net Assets Per Share



CROP AND YIELD

Estate	Production (Kg '000)					Yield Per Hectare (Kg)				
	21/22	20/21	19/20	18/19	17/18	21/22	20/21	19/20	18/19	17/18
Agras Valley Region										
Albion	**393**	463	475	682	768	885	1,037	935	1,093	1,056
Balmoral	**370**	427	421	476	504	1,159	1,322	1,293	1,473	1,559
Diyagama East	**357**	399	359	408	412	1,041	1,163	1,045	1,197	1,220
Diyagama West	**584**	667	628	675	719	920	1,050	988	1,062	1,092
Glasgow	**345**	366	332	358	413	1,059	1,138	1,064	1,159	1,331
Hauteville	**561**	556	620	636	659	1,150	1,141	1,272	1,316	1,357
Holmwood	**155**	170	156	177	207	809	892	818	924	1,081
New Portmore	**137**	158	134	142	150	820	941	770	861	913
Sandringham	**173**	168	176	206	214	1,028	1,034	1,096	1,291	1,333
Torrington	**231**	219	256	263	312	939	947	875	1,016	1,100
Waverley	**325**	337	363	556	809	886	926	963	1,069	1,108
Sub Total	**3,631**	**3,930**	**3,919**	**4,580**	**5,167**	**983**	**1,070**	**1,034**	**1,149**	**1,201**
Haputale Region										
Beauvais	**168**	156	135	168	185	657	614	580	728	813
Dambatenne	**624**	630	483	534	573	1,666	1,681	1,291	1,553	1,478
Glenenore	**901**	777	533	383	327	979	931	883	871	722
Gonamotawa	**346**	320	220	236	321	984	937	758	953	1,092
Haputale	**472**	522	372	418	443	1,234	1,351	1,104	1,184	1,163
Kahagalla	**204**	207	167	177	199	790	899	731	633	727
Nayabedde	**383**	362	305	400	419	1,252	1,207	1,201	1,398	1,371
Pita Ratmalie	**292**	312	348	395	427	802	857	781	911	870
Udaveria	**44**	43	54	57	60	170	168	291	225	296
Sub Total	**3,434**	**3,329**	**2,617**	**2,768**	**2,955**	**992**	**1,011**	**899**	**979**	**986**
Company Total	**7,065**	**7,259**	**6,536**	**7,348**	**8,122**	**987**	**1,045**	**981**	**1,080**	**1,109**

CHAIRMAN'S REVIEW

On behalf of the Board of Directors, it gives me great pleasure to welcome you to the 30th Annual General Meeting of Agarapatana Plantations Limited and to present the Annual Report and Audited Financial Statements of the Company for the year ended 31st March 2022.

Agarapatana Plantations is one of the few mono-crop companies in the plantation sector, with all of the tea extent located in the "High Grown" districts of Nuwara Eliya and Badulla, which fall within the Western and Uva High elevational categories.

The total extent under cultivation remains the same as last season. Estates in the Agras Region comprises of 57% of the total extent and contributed 51% of total production of the Company. The balance extent, which produced 49% of production, including bought crop, is situated in the Haputale Region. Some estates in the Haputale Region have poor seedling tea.

During the financial year under review, the Company recorded a profit before tax of Rs. 60 Mn compared to a profit of Rs. 135 Mn in the previous financial year. Revenue increased to Rs. 4.4 Bn from Rs. 4.2 Bn. These results were achieved despite the turbulent situation which prevailed and whilst absorbing a 34.5% wage increase.

The season under review was very challenging, primarily due to post pandemic issues and an economic crisis which manifested towards the latter part of the financial year. Despite these obstacles, mostly all sectors of the economy in Sri Lanka recorded an increase in profitability compared to the previous season, with the agricultural sector recording a 2% increase.

The impact of Covid-19 was well controlled in the plantation sector, with mass scale vaccination programmes prioritised by the Government. Nevertheless, there were instances where certain estates/divisions had to be placed under "lock down" intermittently, whenever instances of high infection rates were detected.

The pandemic also led to the modernisation of the traditional tea auction system with the introduction of an e-auction, replacing the century old "outcry" system. This initiative has shown positive results and will be a permanent feature in the future.

The sudden and hasty decision taken by the government to convert the entire agriculture sector in the country, including plantations, into organic cultivation had a drastic impact on performance. With this decision came the ban on the importation of inorganic fertilizer and agro chemicals such as weedicides and pesticides, resulting in a sharp decline in production volumes and leaf quality. This also had an adverse impact on agricultural standards.

Towards the latter stages of the financial year, the Sri Lankan Rupee depreciated sharply against the US Dollar, resulting in a marked increase in commodity prices, when considered in Rupee terms. However, this coincided with an increase in input prices where the ratio of price hikes was even greater, for example in fertiliser, where a rise of almost 2000%, from Rs. 29,500/- per MT to Rs. 585,000/- was experienced. Though the import ban on agro-chemicals has since been reversed, the timely availability of adequate fertilizer and agro-chemicals of acceptable quality remains a concern.

Needless to mention, the Ukraine crisis is also negatively impacting progress.

TEA SECTOR

World production of tea for the calendar year 2021 was 6.5 Mn tonnes compared to 6.3 Mn tonnes the previous year. Sri Lankan tea production too, recorded the same trend with an increase of 7%, from 278 Mn kgs to 299 Mn kgs. All our estates are situated in the High Grown sector where the increase has been 5% compared to 8% in the low country.

The Colombo auction average price for tea for the calendar year 2020 has been Rs. 628/- which increased to Rs. 656/- in 2021.

There was much concern as to how the ban on inorganic inputs would impact the image and marketability of "Ceylon Tea". Though the decision has since been reversed after much agitation from the entire agricultural sector, the scarcity of fertilizer and chemicals continues, as imports have been restricted due to the foreign exchange crisis.

The plantation sector continues to experience severe worker shortages. Over the years, the workforce, especially skilled pluckers, has been diminishing. Youth are reluctant to engage in estate employment, especially time-worn jobs such as plucking tea by hand. As such, the full potential of the estates is not being harnessed. As a practical solution, mechanised harvesting was introduced, in a sustainable and professional manner in June 2019, where key factors such as yield, quality and cost were closely monitored and controlled. Results have been very encouraging. It is planned to mechanise at least 30% of the extent initially. This will enable the existing cadre of hand-pluckers to be efficiently and gainfully utilised in manageable extents. Plucking/harvesting intervals will be undertaken on schedule. Though there was much resistance to the new intervention, from all levels of the hierarchy, continuous and persistent sensitisation created awareness of the benefits of this operation. Changing the mindset of personnel was a huge challenge which was successfully overcome. Even the Tea Research Institute, finally, after much hesitation, issued a circular at the end of last year, recommending machine harvesting. This was after evaluating progress of machine harvesting over a period of many months on the Lankem Group estates. Mechanisation will eventually increase worker earnings as already proved. Currently, 165 machines are in operation.

CERTIFICATION

I am pleased to inform that all tea processing factories of the Company were successful in obtaining the ISO 22000:2018 food safety management certification. Rain Forest Alliance certification has been obtained for all tea estates and factories excluding those which manufacture small holder leaf.

FORWARD STRATEGIC PLAN

Though current tea prices are favourable, costs are rapidly rising. For the Company to remain viable over the long term, it is essential that the production decline is arrested and increased to achieve potential, whilst maintaining product quality. Each estate will benchmark the highest annual crop realised during the last 10 years and formulate a forward plan to attain these levels of production. A 25% crop increase is envisaged within the next few years.

The vision of the Company is to become the highest producer of tea in the "High Grown" sector whilst being the foremost producer of high quality tea. Towards this end - short, medium and long term strategies will be embarked upon.

In the short term, taking advantage of the reversal to the ban on the use of chemical inputs, the quantity of fertilizer applied will be immediately increased and the mechanized harvesting operation accelerated and expanded. This will be with a view to increasing production volumes commencing from the second half of the current financial year.

The entire extent will be fully harvested on schedule, resulting in closer harvesting rounds leading to higher yields and improved leaf quality. Improvements to plucking/harvesting techniques will be ongoing. With improved harvesting operations, the quantity of refuse tea produced will be gradually reduced.

Required nutrients, agrichemicals, including weedicides, will be made available at the appropriate time. Weed control will be improved, paving the way for timely application of fertilizer. All agricultural practices, which had been suspended, will be restored and carried out to a high standard.

In the medium term, the Company will pursue gravity fed irrigation to dry weather prone fields, in both Agras and Uva Regions. There are estates located in the Diyagama area bordering Horton Plains, where there is ample water available which could be diverted into the tea fields. In fact, the name Diya Gama originated from the Sinhala word with the same meaning. The possibility of taking advantage of this asset will be explored. The use of solar operated water pumps for irrigation will also be considered.

All possibilities will be explored to maximize power generation from the Company's own resources as this will result in substantial savings. The Company is already into hydro power generation having a hydro power plant on Diyagama West estate, which caters to a part of the power requirement of the estate which will be upgraded to generate 277 KVA electricity. There is potential to expand another facility by a further 1 MW at the same location and this will be pursued. Thereafter, Diyagama East estate also could be supplied with electricity from this facility.

The Company has already commenced feasibility studies to install solar power systems on the existing factory roofs. There are 14 tea factories currently functioning solely with power supply from the main grid.

The following measures will be adopted over the longer term.

Extensive infilling and tea replanting of at least 2% of the extent per annum, thereby replacing the existing and aging tea with high yielding modern cultivators. New plantings will be designed to cater to mechanized harvesting.

To mitigate the continuing exodus of workers, the possibility of expanding automation of all operations will be actively pursued. This is with the sole intention of filling the void created by the diminishing workforce. Automation will focus on improved productivity at lower costs and enhanced product quality.

The Company will pursue a policy of modern agricultural technology and has already conducted trials with regard to undertaking spraying operations by using drones. The use of drone technology for tea harvesting is also being pursued.

Leaf transport systems will be improved, targeting zero leaf bag usage, looking to minimize handling and leaf damage and reduce costs. Wire shoots will be installed where economically possible.

All tea factories will be upgraded to "state of the art" processing centers. Factory modernization is required to address the worker shortage envisaged and to reduce energy costs. Automating the feeding and discharging of withering units and the use of modern continuous withering systems will be pursued. Automation of rollers, efficient conveyorization and continuous throughput of the rotorvanes, leading to reduced spillage, will be pursued. Continuous fermenting units will be installed. Automation of the sorting and grading operation will be enhanced.

With increased production, processing capacity will need to be enhanced. Sandringham factory will be converted to a high quality orthodox tea producing facility and the refuse tea operation will be moved to Holmwood.

The feasibility of extracting wind power along the southern slopes in the Uva Region will be explored.

Tourism is another avenue with potential for development, given the location of our estates. Haputale has become a major destination, with several attractions in the vicinity. The Company has developed the historical site of Lipton's Seat and accommodates many visitors already. In addition, the close proximity of other attractions such as the 9 Arch Bridge, Ella and Ravana Ella, Horton Plains including Sri Lanka's tallest waterfall Bambarakanda Ella and Devil's Staircase situated on the road to Udaveriya makes up a collection of sites which could be developed into a package. On the Agras side, our estates border Horton Plains where an entrance is being constructed to accommodate trekkers. This will be an ideal location for tourist interested in nature and wildlife, with the abundance of the Ceylon leopard.

The Management has strategized to restructure the working capital borrowing cost to keep it to a minimum at AWPLR+1%. Accordingly, negotiations are underway with the main banker to secure a steady working capital line to the extent of Rs. 350 Mn in terms of an OD facility with a favorable interest rate at AWPLR+1%. This is mainly due to the fact that hither to the Company has been heavily dependent on broker borrowings to meet its monthly working capital requirements which has always cost the Company at a higher interest rate. Under the present financial market conditions, the brokers have commenced to charge interest at a rate which is significantly high and along with other cost escalation on our regular expenses, will have a major impact on our cost of production. Accordingly, the Management has achieved a zero broker borrowing by end of the first quarter of 2022/23.

CHAIRMAN'S REVIEW

With the introduction of a new management system, the performance of individual estates are being evaluated. Management has been strengthened with the appointment of a Visiting Agent/ Consultant to follow up on all technical aspects whilst a Consultant Engineer has been recruited to strengthen engineering services. In addition, the Chief Executive Officer is following up on operational matters directly with the managers. Managers will be given the authority but will be held strictly responsible and accountable. Periodic performance evaluations for managers and assistant managers have already been introduced.

CONCLUSION

The entire world, including Sri Lanka, is experiencing a very volatile and complex period, with many uncertainties. In this background, the plantation industry will face several challenges in the ensuing year, especially with the restrictions to imports, due to the shortage of foreign currency.

However, commodity prices have increased, and this is a promising factor. We are hopeful that this trend will be sustained. By introducing the initiatives mentioned above, we are confident of ensuring an improvement in the performance of all estates.

I wish to thank all employees, including the management and staff at every level, for their contribution, dedication and commitment. I also wish to thank all shareholders and other stakeholders for their continued trust and confidence in the Company and my colleagues on the Board for their unstinted support, advice and guidance.

S D R Arudpragasam
Chairman

9th August 2022

CEO'S REVIEW

The Season 2021/22 has been extremely challenging mainly due to the wage increase that came about in March 2021.

Agarapatana Plantations Limited is one of the Regional Plantation Companies, which is having a monocrop with only High Grown Tea. The tea gardens are situated in two Regions, mainly Agras Region in the "Western Planting District" and Haputale Region in the "Uva Eastern Planting District".

Most of the Plantations in both regions are situated at 5,000 ft. above sea level and is exposed to extreme weather conditions. Due to global warming, the weather conditions that were experienced in both Agras and Uva Regions were erratic and unconducive for growth of tea plantations.

The Uva Region recorded a total rainfall of 1,773 mm against 1,924 mm in season 2020/21. Rainfall in the Agras Region was 2,407 mm against 2,144 mm in the previous season. The rainfall experienced in the plantations at present are not wide spread but heavy showers are evident within a shortest time period.

EXTENT

The total extent in bearing during the season was 6,138.43 ha, excluding the project areas, Udaveriya and Oakwel Estates in Uva Region, which has only 1.70% under VP tea.

In Uva Region, Dambatenne Estate has 75% representing the highest VP extent and Haputale and Nayabedde Estates 49% and 42% respectively, occupying the 2nd and the 3rd positions in respect of VP extent.

In Agras Region, Glasgow Estate has 58% under VP tea whilst, Torrington, Balmoral, Albion and Hauteville Estates hold between a range of 42% - 50% under VP Tea.

The other 11 Estates in the Company have much lesser VP extents and the Company has already replaced some of the old Seedling tea amounting to an extent of 9.75 ha, with high yielding VP in the season 2021/22.

CROP & WEATHER

The total estate crop harvested for the season was 6.3 Mn Kgs of which 57% was from the Agras Region and 43% from Uva Region. This reflects a decrease of 0.35 Mn kgs from the previous season, mainly due to the unfavourable weather conditions, Covid related stoppages experienced coupled with non-availability of fertilizer and weedicides.

In addition to the estate crop, the Company had manufactured a total of 0.74 Mn kgs of bought leaf.

The non-availability of requirement of weedicides and fertilizer has caused a great debacle to the progress of field practices with timely applications, in addition to the adverse weather which has affected the growth and the potential crop harvest.

TEA MARKET

Due to higher volumes produced by other tea producing countries, there had been a downward pressure on the prices until May 2021 and thereafter, the market improved particularly for the orthodox leafy teas due to the higher demand for such teas.

However, in the middle of the financial year due to the drop in production and rupee devaluation the prices for rotorvane small leaf also started to increase.

We are also pleased to inform the shareholders that all our estates and factories have been certified under Rainforest Alliance Certification (RA). Only the production units of Glenanore and Gonamotawa have not been certified as they are undertaking bought leaf manufacture and due to which we are unable to certify under RA.

The encompassing RA Certification to the estates & factories have certainly given an added advantage on the tea prices.

The ban on artificial fertilizer and chemicals by the Government had adverse effects on crop production and product quality.

WORKER SHORTAGE

The migration of workers continues, and the availability of workers is depleting gradually.

The Company in 1992, had a workforce of 21,000 heads, at the time of privatization and as at end March 2022 the availability of workers stands at 8,769 heads.

Inadequate labour force is a major concern, which affects crop harvest and the implementation of good agricultural practices. We continue to increase mechanical harvesting to counteract this situation.

As of now, we have 165 plucking machines in operation and we intend expanding this operation until the target of 30% of the extent is fully mechanized. It will be an ongoing project as the worker population is dwindling year by year. Having introduced the mechanical harvesting, we see a great impact on the cost of green leaf harvest, which is ranging from Rs. 135/- per kg to Rs. 150/- per kg, against the manual harvesting cost of approximately Rs. 260/- per kg.

The pandemic that caused chaos in the country, resulted in worker turnout being poor, but the Management of our estates handled the situation extremely well and minimized the impact to a fair extent.

CAPITAL DEVELOPMENT

The Plantation industry has not seen many changes in the manufacturing technology or equipment for quite sometime. Apart from electrification, the significant change in the manufacturing process was in withering and converting the air heaters in the drying process to hot water generators.

CEO'S REVIEW

This introduction, however has improved the withering and firing process with immense saving in the labour utilization and fuel consumption. Thereafter, changes in the market demand for small leaf teas brought about the introduction of rotorvane and the adaptation of the fluid bed tea driers for firing teas.

We are in the process of augmenting the existing hydropower systems and moving towards solar power system for our factories.

With the view in enhancing the production of teas, the Company has undertaken a fair extent of infilling and replanting programs on estates in both regions.

CORPORATE SOCIAL RESPONSIBILITY

The Company in collaboration with the Plantations Human Development Trust (PHDT), Ministry of Community Empowerment and Estate Infrastructure Development, World Vision and Chrysalis has undertaken many projects such as new housings, water supply schemes, concreting estate roads, repairs to culverts, drains, community centers, field rest rooms, toilets and playgrounds, with funding in the form of grants and company contributions amounting to approximately Rs. 118 Mn.

Awareness programs on Covid-19, Dengue, Aids and other communicable diseases have been conducted. Further, health clinics for dental and eye-care were also undertaken. The Plantations were facilitated with the Covid-19 vaccination programs through the Ministry of Health.

Awareness programs facilitating the child development centers were also conducted.

Further, with a view to enhance the income of the estate community, they were educated regarding home gardening and household cash management with the support of the Ministry of Health and PHDT.

We have been able to witness improvements in the health conditions of the plantation community and benefits derived by implementing these CSR projects.

FINANCIAL PERFORMANCE

This will be elaborated in the Financial Review section of this Annual Report.

However, despite many obstacles faced by the Company, in addition to the Covid 19 pandemic, which did ease in the last quarter of the season together with restrictions in fuel supply, increased cost of production, the Company made a profit before tax of Rs. 60 Mn, even after having taken into account the wage increase, that took effect in March 2021.

This could be mainly attributed to the very strict controls exercised on expenditure and concentrating heavily on Product Quality thereby enhancing the tea prices, compared to previous years, where the Company is concerned.

The improvement of the sales averages is mainly due to improving of green leaf quality by adopting various methods of harvesting and by moving forward with "mechanized plucking", which was introduced at an enormous cost.

Further, large sums of funds were utilized for machinery maintenance in the factories and for upgrading.

It is prudent to keep the shareholders informed that the Government decision to withdraw the subsidy for fertilizer resulted in the cost being increased tremendously for the fertilizer applications.

A tonne of fertilizer that was purchased at Rs. 29,500/- increased to Rs. 126,500/- and at the time of writing this review, the price for a tonne of fertilizer has escalated to Rs. 585,000/-.

Glenanore estate in the financial year under review, had undertaken an increased quantum of bought leaf manufacture, along with the estate green leaf and performed extremely well, ending up with Rs. 79 Mn profit and Dambatenne estate having manufactured only the estate and inter plantations green leaf, finally made a profit of Rs. 61 Mn.

The above are two notable achievements and they continue to perform in an improved manner as at date.

Having identified the successfulness in the bought leaf operation, we have undertaken similar exercises on Gonamotawa and Torrington estates.

We intend expanding the bought leaf operation to Kahagalla estate in the Uva Region and Albion estate in the Agras Region, since the demand in the future appears to be for the orthodox leafy large leaf teas.

In this regard, we are in the process of converting the above mentioned 02 factories to this manufacture.

We trust by this action taken, we could increase the revenue and turnaround the above mentioned estates on profitability in the near future.

PROSPECTS FOR SEASON 2022/23

The prospects for season 2022/23 are extremely good with a Rs. 667 Mn profit made in the first quarter of the new season.

This is mainly due to the quality of the end product which is now fine-tuned to be more consistent and improved demand of the Agarapatana teas and also due to devaluation of the rupee against the US dollar.

We look forward for a very productive and a successful season ahead.

D.R. Madena
Director/ Chief Executive Officer

9th August 2022

BOARD OF DIRECTORS

S.D.R. Arudpragasam – Chairman

Non- Executive Director

Mr. S.D.R. Arudpragasam joined the Board in 1996 and was appointed Chairman in May 2013. He was appointed Chairman of The Colombo Fort Land & Building PLC (CFLB) with effect from 1st July 2022. Mr. Arudpragasam has been associated with the CFLB Group since 1982 and prior to such appointment, he held the position of Deputy Chairman on the Board of The Colombo Fort Land and Building PLC. Mr. Arudpragasam serves as Chairman of several subsidiaries of The Colombo Fort Land & Building PLC (CFLB) including Chairman, Lankem Ceylon PLC and C M Holdings PLC and Chairman/Managing Director of E.B. Creasy & Company PLC in addition to holding other Directorships within the CFLB Group.

Mr. S.D.R. Arudpragasam is a Fellow of the Chartered Institute of Management Accountants (UK).

C.P.R. Perera - Deputy Chairman

Non- Executive Director

Mr. C.P.R. Perera joined the Board in 2005 and was appointed Deputy Chairman in May 2013. He was appointed to the Board of The Colombo Fort Land & Building PLC (CFLB) in May 2013 and as Deputy Chairman with effect from 1st July 2022. He serves on the Boards of several subsidiaries of CFLB Group and also holds directorships in other private and public companies. He retired as Chairman of Forbes & Walker Ltd and its subsidiary companies in June 2005 after almost 44 years of service. He is also a past Chairman of the Sri Lanka Tea Board, Sri Lanka Insurance Corporation, PERC and Bank of Ceylon. Mr. Perera having held the Office of Chairman of Ceylon Tea Brokers PLC until 1st April 2022 continues to serve as a Non-Executive Director of the said Company. Mr. Perera has served as a Committee Member of the Ceylon Chamber of Commerce, The Planters Association of Ceylon, and on the Committee of Management of the Ceylon Planters Provident Society.

D.R. Madena - Chief Executive Officer

Executive Director

Mr. Madena commenced his career with Janatha Estates Development Board in 1987 prior to privatization and his experience spans over 34 years in the high grown western and eastern Regions.

With the privatization of the Management in 1992, he joined Kotagala Plantations which was then managed by George Steuart Management Services as an Assistant Manager and was subsequently promoted as a Manager.

He continued to serve Kotagala Plantations under the management of Lankem Tea and Rubber Plantations (Pvt) Ltd. (LT&RP) and functioned as the Manager from 2000 to 2005 of the Stonycliff Cluster which is one of the most prestigious properties of Kotagala Plantations.

In 2005, he was assigned to Dambetenne Estate which is one of the prime properties of Agarapatana Plantations Limited (APL) and held the positions of Manager / Senior Manager / General Manager / Regional General Manager.

He was appointed as an Alternate Director of APL in 2013 and to the Directorate of LT&RP in 2018.

Mr. Madena was appointed to the Board of APL and also to the position of Chief Executive Officer on 1st November 2019.

S.S. Poholiyadde

Executive Director

Mr. S.S. Poholiyadde joined the Board on 07th September 2018 and currently holds the position of Managing Director, Lankem Tea & Rubber Plantations (Pvt) Ltd (LTRP), managing agents of Kotagala Plantations PLC and Agarapatana Plantations Ltd.

Mr. Poholiyadde is the former Managing Director of the Plantations Sector and Head of Group Human Resources of the Richard Pieris Group. He was also the former CEO / Executive Director of Kegalle Plantations PLC, Namunukula Plantations PLC, Maskeliya Plantations PLC & an Executive Director of AEN Palm Oil Processing (Pvt) Ltd. He has over four decades of experience in the Plantations Industry.

He is the immediate past Chairman of the Planters' Association of Ceylon, former Chairman of the Colombo Rubber Traders' Association and has served as Chairman of the Plantation Services Group of the Employers Federation of Ceylon (EFC). He was also a member of the Board of Directors of the Sri Lanka Tea Board and the Rubber Research Board. He has also served as a Council Member of the Ceylon Chamber of Commerce and continues to serve in the Executive Committee of the Sri Lanka Society of Rubber Industry. Mr. Sunil Poholiyadde is a Fellow of the National Institute of Plantation Management.

Anushman Rajaratnam

Non- Executive Director

Mr. Anushman Rajaratnam was appointed to the Board on 1st October 2019. He is at present the Group Managing Director of The Colombo Fort Land & Building PLC (CFLB). In addition, he serves on the Boards of several subsidiary companies of the CFLB Group. Prior to joining the CFLB Group, he worked overseas for a leading global Accountancy Firm.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Agarapatana Plantations Limited present their Report together with the Audited Financial Statements for the year ended 31st March 2022. The details set out herein include the pertinent information required by the Companies Act No.07 of 2007, and are guided by recommended best practices.

PRINCIPAL ACTIVITIES, BUSINESS REVIEW/ FUTURE DEVELOPMENTS

The principal activities of the Company are cultivation, manufacture and sale of Tea. A review of the Company's business and its performance during the year with comments on financial results and future developments is contained in the Chairman's Review, CEO's Review, Operational and Financial Review sections of this Annual Report. These Reports together with the financial statements reflect the state of affairs of the Company. The Directors, to the best of their knowledge and belief confirm that the Company has not engaged in any activities that contravene laws and regulations.

FINANCIAL STATEMENTS

The Financial Statements of the Company are given on pages 23 to 69.

AUDITORS' REPORT

The Auditors' Report on the Financial Statements is given on Pages 23 and 24.

ACCOUNTING POLICIES

The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 31 to 43.

INTEREST REGISTER

Directors Interest in Transactions

The Directors have made general disclosures as provided for in Section 192 (2) of the Companies Act No.07 of 2007. Arising from this, details of contracts in which they have an interest are disclosed in Note 35.1 to the financial statements on pages 65 to 67.

DIRECTORS INTEREST IN SHARES

None of the Directors held shares of the Company as at 31st March 2022.

CORPORATE DONATIONS

No donations were made during the year.

DIRECTORATE

The names of the Directors who held office during the financial year are listed below. Brief profiles of the Directors appear on page 9.

Mr. S.D.R. Arudpragasam - Chairman - Non Executive

Mr. C.P.R. Perera - Deputy Chairman - Non Executive

Mr. D.R. Madena - Chief Executive Officer - Executive

Mr. S.S. Poholiyadde - Director - Executive

Mr. Anushman Rajaratnam - Director - Non Executive

In terms of Articles 92 & 93 of the Articles of Association Mr. Anushman Rajaratnam retires by rotation and being eligible, offers himself for re-election.

Mr. C.P.R. Perera who is over seventy years of age retires and offers himself for reappointment under and by virtue of the Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. S.D.R. Arudpragasam who is over seventy years of age retires and offers himself for reappointment under and by virtue of the Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

CORPORATE GOVERNANCE

Adoption of good governance practices has become an essential requirement in today's corporate culture. The practices carried out by the Company are given in the Corporate Governance Statement on pages 17 and 18.

AUDITORS

In accordance with the Companies Act No.07 of 2007, a resolution proposing the reappointment of Messrs. Ernst & Young (Chartered Accountants) as Auditors of the Company will be submitted at the Annual General Meeting. The Auditors, Messrs. Ernst & Young were paid Rs. 6.3 Mn (2020/21 - Rs. 6.2 Mn) as audit fees by the Company. In addition, they were paid Rs. 0.4 Mn (2020/21 - Rs. 0.4 Mn) by the Company for non-audit related work, which consisted mainly of tax related work. As far as the Directors are aware the Auditors do not have any relationship (other than that of an Auditor) with the Company. The Auditors do not have any interests in the Company.

REVENUE

The revenue of the Company for the year was Rs. 4,487 Mn (2020/21 - Rs. 4,292 Mn) which comprises Rs. 2,347 Mn from the Agras Valley Region (2020/21 - Rs. 2,318 Mn) and Rs. 2,139 Mn from Haputale Region (2020/21 - Rs. 1,974 Mn).

RESULTS

The Company made a profit before tax of Rs. 60 Mn against a profit before tax of Rs. 135 Mn in 2020/21.

MANAGING AGENTS & MANAGEMENT FEE

Lankem Tea & Rubber Plantations (Pvt) Limited, (LT&RP) a subsidiary of Consolidated Tea Plantations Limited, continue to manage the affairs of the Company. The Managing Agents LT&RP did not charge Managing Agent's Fees in the year under review. (2020/21 - Nil).

DIVIDENDS

The Board of Directors do not recommend a Dividend for the year under review.

PROPERTY, PLANT & EQUIPMENT

The capital expenditure during the year amounted to Rs. 68 Mn (2020/21 - Rs.109 Mn) which includes Rs. 44 Mn in replanting expenditure (2020/21 - Rs. 53 Mn). Information relating to movements in Property, Plant & Equipment are given in Notes 6,7,8 and 9 to the Financial Statements.

STATED CAPITAL

Consequent to the issue of 91,929,889 ordinary shares at a price of Rs.5/- per share by way of a Private Placement on 31st March 2022, the Stated Capital of the Company as at 31st March 2022 was Rs.1,730,436,695/- represented by 416,929,889 Ordinary Shares and One Golden Share.

RESERVES

The accumulated losses of the Company as at 31st March 2022 amount to Rs. 2,014 Mn (31st March 2021 - Rs. 2,452 Mn). The movement is shown in the Statement of Changes in Equity in the Financial Statements.

TAXATION

The Company is liable to income tax at the rate of 14% on its agro processing activities and agro farming profits of the Company is exempted for the year of assessment 2021/22. All other sources of income are liable for income tax at the rate of 24%. Further details of Taxation are given in Note 29 to the Financial Statements.

RELATED PARTY TRANSACTIONS

The Related Party Transactions presented in the Financial Statements are disclosed in Note 35.

SHARE INFORMATION

Information relating to earnings and net assets is given on pages 2, 25, 26 and 63.

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No circumstances have arisen since the Reporting date that would require adjustments to or disclosure in the Financial Statements.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital Commitments and Contingent Liabilities as at the date of the Statement of Financial Position are disclosed in Notes 19, 31 & 33 to the Financial Statements on pages 56 , 63 and 65 respectively.

EMPLOYMENT POLICY

The Company's recruitment and employment policy is non-discriminatory. The occupational health and safety standards were given substantial attention. Appraisals of individual employees are carried out in order to evaluate their performance and realize their potential. This process benefits the Company and the employees. The number of persons employed by the Company at the year end was 9,341 (2020/21 – 9,538).

SHAREHOLDERS

It is the Company's policy to endeavour to ensure equitable treatment to its shareholders.

ENVIRONMENTAL PROTECTION

The Company's business activities can have direct and indirect effects on the environment. It is the Company's policy to minimize any adverse effects its activities have on the environment and to promote co-operation and compliance with the relevant authorities and regulations. We confirm that the Company has not undertaken any activities which have caused or are likely to cause detriment to the environment.

INTERNAL CONTROL

The Directors acknowledge their responsibility for the Company's system of internal control. The system is designed to give assurance regarding the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information generated. However, any system can ensure only reasonable, and not absolute, assurance that errors and irregularities are either prevented or detected within a reasonable period of time. The Board is satisfied with the effectiveness of the system of internal control for the period up to the date of signing the Financial Statements.

COMPLIANCE WITH SECTION 220 OF THE COMPANIES ACT NO. 07 OF 2007

In compliance with Section 220 of the Companies Act No. 07 of 2007, an Extraordinary General Meeting of the Company was held on 30th March 2022 at which the following Ordinary Resolution was carried unanimously by the Shareholders present and voting at the Meeting.

ORDINARY RESOLUTION

The shareholders participating in this meeting having read and considered the Circular to Shareholders and the Report of the Directors prepared in terms of Section 220 of the Companies Act No.7 of 2007 dated 3rd March 2022 and the explanations given by the Board of Directors hereby resolve –

"That the Directors of the Company be authorized to carry on the business of the Company to the best advantage of all Stakeholders of the Company."

GOING CONCERN

As noted in the Statement of Directors' Responsibilities on page 22, the Directors have adopted the going concern basis in preparing these Financial Statements.

For and on behalf of the Board,

S.S. Poholiyadde
Director

D.R. Madena
Director

By Order of the Board

Corporate Managers & Secretaries (Private) Ltd.
Secretaries

9th August 2022

REVIEW OF OPERATIONS

YEAR AT A GLANCE

The year 2021 should be considered as a recovery period for Sri Lanka where the economy rebounded back from Covid-19 pandemic disruptions recording a growth of 3.7% compared to the contraction of 3.6% recorded in 2020. Although the impact of Covid-19 extended in the year 2021 affecting the economy of the Country across all sectors owing to lockdowns, low profile activities and social distancing etc, the Government was able to contain the spread by imposing extra ordinary precautions.

All sectors of the economy registered growth during the year at constant price levels (Agriculture, Forestry & Fishing by 2%, Industries by 5% and Services by 3%). However, the GDP at current prices recorded a significant increase of 12% in 2021 compared to 2020, mainly due to the impact of increase in price levels of all commodities also triggering the increase in GDP Inflator to 8% from 4% in 2020.

TEA

The production of tea recorded an overall growth of 7% in 2021 driven by a significant expansion during the first half of the year, recording a 24% increase compared to that of 2020 as a result of Covid-19 pandemic. However, due to the unfavourable weather conditions that prevailed in the second half of the year, the growth reflected a sharp contraction of 7%.

Production of high, medium and low grown tea contributed by 22%, 17% and 61% of the total production respectively. It is remarkable to note that the yield per hectare of 1,880 kgs of the smallholder sector remained above that of the large plantation sector.

The e-Auction introduced by the CTTA and CBA which was a major stepping stone for the tea trade during the year 2020 was upgraded as smart auction in 2021 with strengthened trading and data features.

It is remarkable to note that the tea auction prices picked up by Rs.117/-, Rs. 8/-, Rs. 40/- and Rs. 37/- during the four quarters respectively against the previous year 2020. Auction average for the year 2021 of Rs. 656/- against the 2020 average of Rs. 628/- recording an increase of Rs. 28/-.

Tea production for the year 2021, totalled 299 Mn kgs showing an increase of 21 Mn kgs against 2020, just recovering from the impact of Covid-19 pandemic. The increase is mainly from the Low Grown by 13 Mn kgs, whereas Medium & High Grown have shown a marginal increase of 4 Mn Kgs & 3 Mn kgs each against the previous year 2020.

Sri Lanka Tea exports totalled 286 Mn kgs in 2021 compared to 266 Mn kgs in 2020 showing an increase of 20 Mn kgs. Although in terms of revenue earned, Rs. 263 Bn in 2021 against Rs. 230 Bn the previous year 2020, the percentage composition the total tea exports declined to 11% in 2021 compared to 12% in the previous year.

Although the FOB price of tea increased by 6% to Rs. 921/- in 2021 against Rs. 867/- in 2020, the equivalent US dollar terms declined by 0.9% in 2021. World Tea Production stood at 6.5 Bn kgs during 2021 recording a slight growth of 3% against the previous year 2020. China, India, Kenya and Sri Lanka accounted for almost 80% of the global production. Unlike the previous year, Asian countries merely contributed to the growth of 3%, while African countries have shown a slight decline YOY.

The 1st and 2nd Quarters auction volumes averaged 79 Mn kgs against 62 Mn kgs and 68 Mn kgs in previous year recording a growth of 27% and 15% respectively. But prices averaged to Rs. 686/- and Rs. 647/- against Rs. 569/- and Rs. 638/- compared to the previous year recording an increase of 20% and 1% respectively.

The 3rd and 4th Quarters auction volumes were 76 Mn kgs and 59 Mn kgs recording a decrease by 7% and 8% respectively against the previous year. However, the prices of the relevant quarters being Rs. 632/- and Rs. 659/- versus Rs. 592/- and Rs. 622/- showed an increase of 7% and 6% respectively.

In total, the year 2021 witnessed an increase in auction volumes by 9% amounting to 24 Mn kgs as compared to 2020, but the prices increased only by 4% from Rs. 628/- in 2020 to Rs. 656 in 2021.

Both Western High & Medium Grown averages showed a marginal increase by Rs. 9 per kg and Rs. 6 per kg against the last year respectively, but the Low Grown average declined by 3% against the last year.

Both Western High Grown / Uva High grown Elevation averages of Rs. 651/- and Rs. 575/- showed a marginal increase of Rs. 24 per kg and Rs. 12 per kg respectively against the previous year 2020/21. The Company achieved an average of Rs. 619/- and Rs. 607/- for the Agras & Uva regions respectively for the current year 2021/22 against Rs. 605/- and Rs. 588/- in the previous year reflecting a marginal increase of Rs. 14/- for Agras region and an increase of Rs. 19/- in the Uva region respectively.

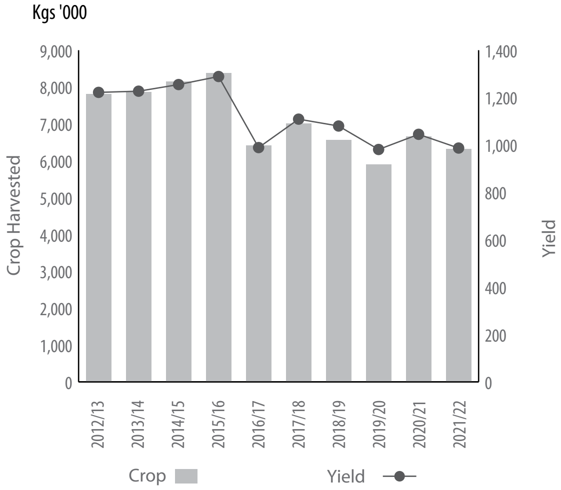
The Company recorded a turnover of Rs. 4.5 Bn against that of Rs. 4.3 Bn in the previous year resulting in a increase of 4%. The revenue of the Agras Region increased by 1%, mainly due to increase in NSA by 3% although crop declined by 7%. The Haputale region too reported an increase in turnover by 8%, mainly due to an increase in NSA by 2% and crop by 3%.

CROP

The crop production of Agras region decreased by 7% and in Uva region crop was increased by 3%. The overall crop production reflected a decrease of 3% against the last year.

YIELD

During the year under review, the yield obtained in the Agras Region was 983 kgs per ha and Uva Region 992 kgs per ha. Agras Region recorded a 8% decrease in yield and the Uva Region recorded a decrease of 2% against the previous year. This resulted in an overall decrease in the yield to 987 kgs per ha against the last year's yield of 1,045 kgs per ha.

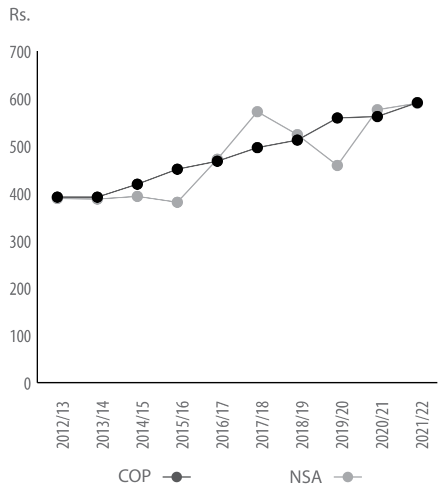


COP VS NSA

The Company COP increased by 5% against the previous year mainly due to the decrease in crop by 3%. Agras recorded an increase in COP by 6% and Uva recorded a decrease by 4%.

The NSA of both Agras and Uva have increased by 3% and 2% respectively against the previous year thereby the overall revenue increased by Rs. 195 Mn against the last year.

All attempts have been made to maintain a competitive COP by exercising stringent cost controls, improving productivity and by the conservation of energy.



INFORMATION TECHNOLOGY

The Company has embarked on implementing an ERP system called OLAX across all Estates to have an efficient cost control system, to ensure timely access of information by all relevant parties relating to deployment of pluckers, managing plucking rounds, monitoring absenteeism, daily plucking intakes etc.

As at date, Head Office accounting system has been converted to OLAX system and the remaining modules to be implemented at estate level, no sooner the operational modules are evaluated and found appropriate to the plantation industry.

CAPITAL EXPENDITURE

Replanting was given high priority to improve the yields and to mitigate the ever escalating costs which includes the high wage rates associated with low productivity.

Therefore, the Company continued to invest on capital intensive technology by introducing mechanized harvesting to combat the ever increased wage rate of 34%.

During the year, the Company invested Rs. 36 Mn on field development and a further Rs. 8 Mn on commercial timber and Rs. 25 Mn on property, plant & equipment.

REVIEW OF OPERATIONS

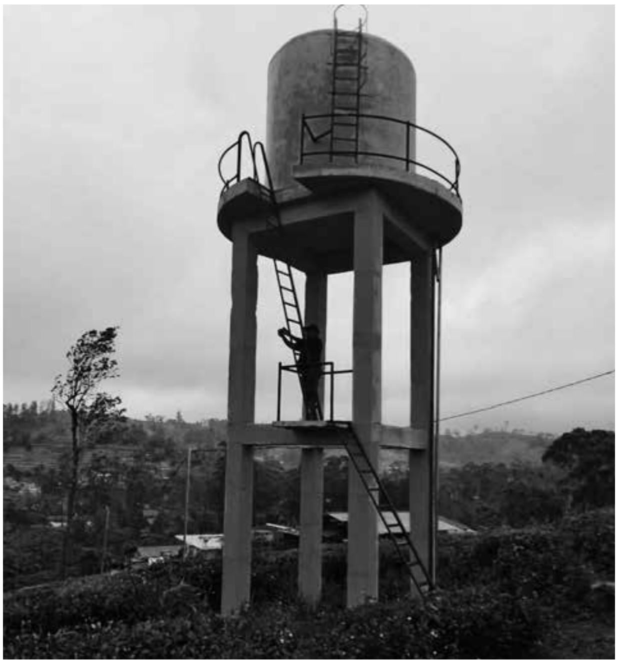
CORPORATE SOCIAL RESPONSIBILITY

The Company has invested substantial resources in its social responsibility initiatives during the year by investing over Rs. 69 Mn for internal road concreting, Rs. 15 Mn for new housing, Rs. 17 Mn for CEB power line for new houses/ Indian housing Infrastructure, Rs. 9 Mn for water schemes and Rs. 8 Mn for culvert & retaining wall.

We thank the State Ministry of Estate Housing / Community Infrastructure & PHDT for the grants made.

Housing Scheme at Glenanore Estate

Concrete Road at Balmoral Estate



Water Scheme at Balmoral Estate

FINANCIAL REVIEW

The Company earned a gross profit of Rs. 63 Mn against a gross profit of Rs. 171 Mn in the previous year, recording a decline of Rs. 107 Mn mainly due to the fact that the actual wage increase by 35% was effective only for 26 days in 2020/21 whereas the impact was felt for the full year in 2021/22 resulting in the increase in cost of sales by 5%. However, the increase in cost of sales due to decrease in crop by 3% is somewhat cushioned by the increase in NSA by 2% against the previous year.

The Company reported a net profit before tax of Rs. 60 Mn for the current year against that of Rs. 135 Mn in the previous year.

The decrease in gross profit by Rs. 107 Mn together with the decrease in change in fair value of biological assets by Rs. 111 Mn are mitigated by the following factors resulting in the decrease in the profit before tax by only Rs. 75 Mn.

- increase in other income by Rs. 71 Mn
- decrease in finance cost by Rs. 29 Mn
- increase in finance income by Rs. 25 Mn
- decrease in administrative expenses by Rs. 18 Mn

However, the net profit after tax decreased by Rs. 162 Mn mainly due to the increase in income tax and deferred tax charge by Rs. 86 Mn against the previous year where it was an income tax and deferred tax reversal of Rs. 54 Mn in the year 2020/21.

The Company recorded an overall comprehensive income of Rs. 517 Mn for the current year compared to that of Rs. 262 Mn last year, resulting in an increase of Rs. 255 Mn.

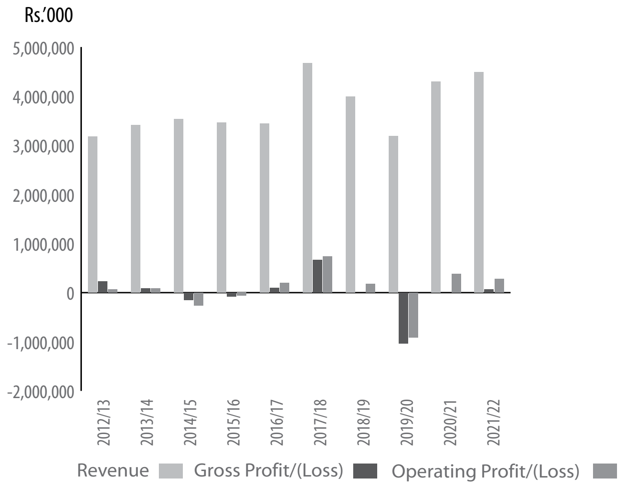
The decrease in after tax profitability of Rs. 162 Mn is subject to the decrease in loss of fair value on financial assets by Rs. 16 Mn together with the increase in actuarial gain of defined benefit plan amounting to Rs. 400 Mn accounts for the overall increase in comprehensive income by Rs. 255 Mn.

REVENUE

The Company secured revenue of Rs. 4,486 Mn against the previous year's revenue of Rs. 4,292 Mn, which records a marginal increase by 5%, mainly due to the increase in price by 2% and increase in sold quantity by 2% against the previous year.

The turnover of both Agras and Haputale Regions recorded an increase of 1% and 8% respectively. The NSA of Agras increased by 3% and crop decreased by 8%. Haputale region reflected an increase in NSA and crop by 2% and 3% respectively.

Revenue, Gross Profit/ (Loss) and Operating Profit/ (Loss)



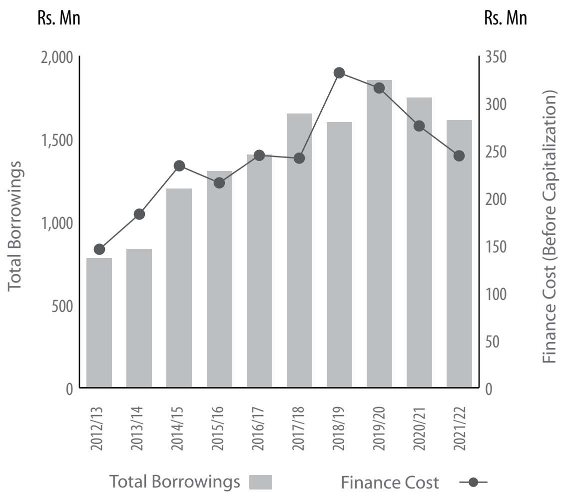
REVENUE IN SEGMENTAL BASIS

During the current year, Agras Region generated a Revenue of Rs. 2,347 Mn, which is 52% of the total revenue (2021 - 54%), recording a marginal decrease of 2% whilst Uva Region generated a Revenue of Rs. 2,139 Mn, which is 48% of the total revenue (2021 - 46%), recording a growth of 2%.

BORROWINGS & FINANCE COST

The overall borrowings have decreased by Rs. 129 Mn during the current year. Term loans amounting to Rs. 350 Mn were obtained and Rs. 479 Mn were settled during the year.

The finance cost before capitalization of interest was Rs. 244 Mn which shows a decrease of Rs. 32 Mn over the previous year mainly due to the settlement of term loans, reduction in broker advances during the current year and overall decrease in interest rates as a result of the Covid-19 pandemic.



CASH FLOW

The Company generated Rs.1,302 Mn from both the operating profitability and other sources against Rs.1,070 Mn in the previous year as appended:

Inflow	2021/22	2020/21
Operating profit	**440**	580
Share issue	**460**	360
Term loans	**350**	101
Sale of commercial timber	**15**	18
Interest income	**32**	7
Grants	**5**	3
	1,302	1,069

The Company utilized Rs. 1,357 Mn in the current year towards funding the working capital and other capital payments as follows. The deficit of Rs. 55 Mn was funded by depleting the escrow reserve funds.

- Towards funding the working capital Rs. 508 Mn against Rs. 316 Mn last year.
- During the current year, the Company invested Rs. 69 Mn in field development, mechanization equipment and other capital expenditure against Rs. 110 Mn in the previous year.
- Settled term loans & interest amounting to Rs. 724 Mn against Rs. 486 Mn in the previous year.
- Settled gratuity & taxes amounting to Rs. 57 Mn against Rs. 87 Mn in the previous year.

The net decrease in cash and cash equivalents for the current year amounts to Rs. 55 Mn against the surplus of Rs. 72 Mn in the previous year.

The Company closed the period with a negative cash position of Rs. 323 Mn compared to Rs. 267 Mn in previous year.

QUARTERLY PERFORMANCE

A summary of the quarterly financial performance of the Company is given herein.

(In Rs.Mn)	2021/22				2020/21
Cumulative Up to	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	
Revenue	**1,329**	**2,438**	**3,300**	**4,487**	4,292
Gross Profit / (Loss)	**55**	**33**	**(6)**	**63**	171
Profit / (Loss) after tax	**(13)**	**8**	**(44)**	**28**	190
Shareholder's Funds	**640**	**662**	**611**	**1,630**	653
Total Assets	**6,659**	**6,379**	**6,513**	**6,638**	6,683
Earnings / (Loss) per Share - Rs.	**(0.04)**	**0.02**	**(0.14)**	**0.09**	0.81
Net Assets per Share - Rs.	**1.97**	**2.04**	**1.88**	**3.91**	2.01

CORPORATE GOVERNANCE

INTRODUCTION

Corporate Governance is the system by which companies are managed and controlled. The Company firmly believes that good corporate governance adopted and implemented will strengthen the confidence and trust of all stakeholders.

BOARD OF DIRECTORS

Composition

During the financial year ended 31st March 2022, the Board comprised of three Non-Executive Directors and two Executive Directors. The individual Directors have a wide knowledge of the business as well as diverse experience, skills and expertise in varied business fields. The names of the Directors who held Office during the financial year are given below and their brief profiles appear on page 9.

Mr. S.D.R. Arudpragasam – Non-Executive (Chairman)

Mr. C.P.R. Perera – Non-Executive (Deputy Chairman)

Mr. D. R. Madena – Chief Executive Officer – Executive

Mr. S.S. Poholiyadde – Executive

Mr. Anushman Rajaratnam – Non-Executive

The Non-Executive Directors have submitted declarations of their Independence or Non-Independence to the Board of Directors.

Responsibilities

The main responsibilities of the Board of Directors are as follows.

- Planning and guiding the business towards achieving the set objectives.
- Assessing and implementing sound internal control systems and ensuring that all statutory obligations are being met.
- Implementing a proactive risk management system and reviewing exposure to key business risks.
- Sanctioning major capital investments, acquisitions and annual budgets.
- Approval of Annual Financial Statements for publication.

Decision Making

The Board has met on seven occasions during the year under review.

In addition to Board Meetings, matters are referred to the Board and decided by Resolutions in writing.

Company Secretaries and Independent Professional Advice

The Company and all Directors may seek advice from Corporate Managers & Secretaries (Pvt) Ltd who are qualified to act as Secretaries as per the provisions of the Companies Act No.07 of 2007. Advice is also sought from independent external professionals whenever the Board deems it necessary.

Financial Acumen

Currently the Board comprises of two finance professionals who possess the knowledge and competence to offer the Board necessary guidance on matters relating to Finance.

Appointments to the Board

New Directors are proposed for appointment by the Nomination Committee of the Parent Company, Lankem Developments PLC in consultation with the Chairman of the Company in keeping with the provisions of the Articles of Association of the Company in relation to same and in accordance with Rules on Governance. The Board thereon approves the Appointment of Directors.

Re-election of Directors

In terms of the Articles of Association of the Company, a Director appointed to the Board holds office until the next Annual General Meeting at which he seeks re-election by the shareholders. The Articles require one third of the Directors in office (excluding the Managing Director) to retire by rotation at each Annual General Meeting. The Directors who retire are those who have been longest in office since their last election. Retiring Directors are eligible for re-election by the shareholders.

RELATIONS WITH SHAREHOLDERS

Annual General Meeting

The Board considers the Annual General Meeting an opportunity to communicate with shareholders and encourages their participation. Questions raised by the shareholders are answered and an appropriate dialogue is maintained with them.

Major Transactions

There have been no transactions during the year under review which fall within the definition of 'Major Transactions' as set out in the Companies Act.

Managing Agents

The Board has delegated the Management of the Plantations and the task of achieving the strategic objectives set out by the Board to the Managing Agents, Lankem Tea & Rubber Plantations (Pvt) Ltd (LT&RP). The Board of LT&RP meets regularly and reviews the progress towards achieving the budgets and discuss the operational issues. The successful implementation of the Capital expenditure programmes is also a key function.

Management Meetings

The Directors, Consultants, General Managers and Deputy General Managers meet every month to review Corporate, Regional and Divisional performance against annual budgets and prompt corrective action is being taken when necessary. Other matters of relevance to the Industry in which the Company operates are also discussed.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board places emphasis on disclosure of financial and non- financial information. The Financial Statements of the Company are prepared in accordance with the Sri Lanka Accounting Standards.

Internal Controls

The Company ensures a sound internal control system to safeguard shareholders' investments and the Company assets. The Company has an independent division to handle the work in relation to internal audit. These enhance the effective management of the business related risks. The Board reviews the recommendations of External Auditors and takes appropriate action in order to maintain an adequate internal control system.

Audit Committee

The Audit Committee of the Parent Company, Lankem Developments PLC (LDPLC) functions as the Company's Audit Committee. The Audit Committee Report is set out on page 19 of this Report.

Remuneration Committee

The Remuneration Committee of the Parent Company, Lankem Developments PLC (LDPLC) functions as the Remuneration Committee of the Company. The Committee comprises of Mr. C. P. R. Perera, Chairman, Mr. P.M.A. Sirimane, Independent Non-Executive Directors of LDPLC, Mr. S.D.R. Arudpragasam, Non-Executive Director of LDPLC and Mr. A. M. de S. Jayaratne, Independent Non-Executive Director of The Colombo Fort Land & Building PLC (CFLB) (Ultimate Parent Company).

The Committee is responsible for recommending remuneration packages for the key management and senior management personnel. In addition, they lay down guidelines and parameters for the compensation structure of the management staff.

The remuneration policy of the Company is to attract, motivate and retain qualified and experienced personnel and reward performance in a fair manner.

Related Party Transactions Review Committee

The Related Party Transactions are disclosed in Note 35 to the financial statements. The Report of the Related Party Transactions Review Committee appear on page 20.

Going Concern

The Directors after making necessary inquiries and reviews including reviews of the budgets, cash flows, borrowing facilities and capital expenditure requirements have a reasonable expectation that the Company has adequate resources to continue operations in the foreseeable future. Therefore, the going concern basis has been adopted in preparing these financial statements.

OTHERS

Compliance with Legal Requirements

Our legal and finance divisions together with the Company's Secretaries strive to ensure that the Company complies with all laws and regulations of the country.

Rights of Employees / Other Stakeholders

The Company identifies the rights of employees. Several employee performance enhancing mechanisms such as performance appraisals and training initiatives are in place for the career building of our employees. A series of best practices and techniques are now embedded in the business and applied intelligently within the organization. Constant responsiveness to all stakeholder interests and an effective risk management process are critical success factors to ensure that the governance process will continue to add value in the future. The extent to which the good corporate governance practices are adopted in the Company is given as above in this report.

AUDIT COMMITTEE REPORT

The Audit Committee Report focuses on the activities of the Company for the year under review, which the Committee has reviewed and monitored as to provide additional assurance on the reliability of the Financial Statements through a process of independent and objective views.

COMPOSITION

The Audit Committee of the Parent Company, Lankem Developments PLC (LDPLC) function as the Company's Audit Committee and comprised of an Independent Non- Executive Director of The Colombo Fort Land & Building PLC (CFLB) (Ultimate Parent Company) and the two Independent Non- Executive Directors of Lankem Developments PLC (LDPLC) for the financial year ended 31st March 2022.

The names of the members are set out below.

Mr. A. M. de S. Jayaratne - Chairman
(Independent, Non-Executive Director - CFLB)

Mr. C. P. R. Perera – Member
(Independent, Non-Executive Director - LDPLC)

Mr. P.M.A. Sirimane - Member
(Independent, Non-Executive Director - LDPLC)

The Committee has varied experience and financial expertise with high standing of integrity and business acumen in order to carry out their role efficiently and effectively. The Chairman of the Committee is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and of England & Wales.

The Company's Secretaries, Corporate Managers & Secretaries (Private) Limited function as the Secretaries to the Audit Committee.

MEETINGS AND ATTENDANCE

The Audit Committee has met on four occasions in respect of Agarapatana Plantations Ltd during the financial year ended 31st March 2022 and the attendance was as follows:

Mr. A. M. de S. Jayaratne – Chairman	4/4
Mr. C. P. R. Perera	4/4
Mr. P.M.A. Sirimane	3/4

Further the matters which come under the purview of the Audit Committee are also decided by resolutions in writing.

ROLE OF THE AUDIT COMMITTEE

The Audit Committee reviews and advises the Company to ensure that the financial reporting system is in adherence with the Sri Lanka Accounting Standards and other regulatory and statutory requirements. It also reviews the adequacy of internal controls and the business risks.

The Committee peruses the operational reviews and assesses the future prospects of the business operations and the fact that the going concern assumption used in the preparation of the Financial Statements is appropriate.

The Committee has scrutinized the quarterly accounts and the accounts for the year ended 31st March 2022.

Senior management personnel of the Company are invited to the meeting as and when required. Matters of importance and concern are reported to the Board of Directors.

EXTERNAL AUDIT

The Company has appointed Messrs. Ernst & Young as its external auditor and the services provided by them are segregated between audit/assurance services and other advisory services such as tax consultancy.

The Audit Committee has determined that Ernst & Young, Auditors are independent on the basis that they do not carry out any management related functions of the Company.

The Audit Committee has concurred to recommend to the Board of Directors the re-appointment of Ernst & Young as Auditors for the financial year ending 31st March 2023, subject to the approval of the shareholders at the Annual General Meeting.

CONCLUSION

The Audit Committee is of the view that adequate controls are in place to safeguard the Company's assets and that the financial position and the results disclosed in the audited accounts are free from any material misstatements.

A.M. de S. Jayaratne
Chairman
Audit Committee

9th August 2022

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Related Party Transactions Review Committee (RPTRC) is entrusted with the responsibility of ensuring that the interests of all the stakeholders of the Company are protected in all related party transactions.

COMPOSITION

The Related Party Transactions Review Committee of the Parent Company, Lankem Developments PLC (LDPLC) functions as the Company's Related Party Transactions Review Committee which comprises of the following members :

Mr. P.M.A. Sirimane - Chairman - Independent/Non-Executive Director (LDPLC)

Mr. C.P.R. Perera - Independent/Non-Executive Director (LDPLC)

Mr. K.P. David - Non-Executive Director (LDPLC)

The Company's Secretaries Corporate Managers & Secretaries (Private) Limited functions as the Secretaries to the Related Party Transactions Review Committee.

MEETINGS OF THE COMMITTEE

The Related Party Transactions Review Committee had met on four occasions in respect of Agarapatana Plantations Limited during the financial year ended 31st March 2022 and the attendance was as follows:

Mr. P.M.A. Sirimane – Chairman	3/4
Mr. C.P.R. Perera	4/4
Mr. K.P. David	3/4

In addition to these meetings, Related Party Transactions were referred to the members of the RPTRC and were reviewed and recommended by Resolutions in writing.

Other members of the Board and the Management were present at discussions where appropriate. The proceedings of the RPTRC are regularly reported to the Board of Directors.

FUNCTIONS OF THE COMMITTEE

- Review all proposed Related Party Transactions (Except for exempted transactions which are applicable to quoted Companies).
- Determining whether the relevant Related Party Transaction is fair to, and in the best interests of the Company and its stakeholders.
- Obtain updates on previously reviewed Related Party Transactions from Senior Management and approve any material changes.
- Establish guidelines for Senior Management to follow in ongoing dealings with related parties.
- Direct the transactions for Board approval / Shareholder approval as deemed appropriate.
- Ensuring that disclosures in the Annual Report as required by the applicable rules and regulations are made in a detailed manner.

CONCLUSION

The Related Party Transactions Review Committee has reviewed the Related Party Transactions entered into during the financial year under review and has communicated its comments and observations to the Board of Directors.

P. M. A. Sirimane
Chairman
Related Party Transactions Review Committee

9th August 2022

RISK MANAGEMENT

The Company has been able to evaluate many types of risks -political, social, environmental, technological, economic, competitive and financial - and incorporate the results into decisions regarding investments and operations, as well as into the systems used to monitor and evaluate the effectiveness of the actions taken.

Risk management adds value to the Company and its stakeholders through supporting its objectives by:

- providing a framework for the Company that enables future activity to take place in a consistent and controlled manner
- improving decision making, planning and prioritisation by comprehensive and structured understanding of business activity, volatility and project opportunity/threat
- contributing to more efficient use/allocation of capital and resources within the organization
- reducing volatility in the non essential areas of the business
- protecting and enhancing assets and company image
- developing and supporting people and the Company's knowledge base
- optimising operational efficiency

The following are some of the key risk factors the Company is exposed to in the cultivation and processing of teas.

CLIMATE CHANGE

Being an agricultural product, tea plantations in general are heavily reliant on the climatic conditions; as a result a high yield is often associated with conducive agro-climatic conditions. Similarly, unfavorable weather conditions could lead to a significant drop in the production of tea leading to a decline in sales which invariably affects revenue, profits & cash flows.

In addition to the risk of not having the consistent rainfall needed for the production of tea, there is also a risk of the effects of natural disasters on the harvest such as droughts, landslides, flooding and other related natural disasters that may lead to destruction in the landscape of the plantations as well as the crops.

INCREASE IN COST OF PRODUCTION

The cost of production of a kilogram of black tea in Sri Lanka was found to be the highest when compared to other tea producing countries around the world. Among the main contributors to the increasing costs, labour takes a foremost place contributing to 70% of the total cost of production. Labour also tends to show a compounding effect on the increase due to biennial wage increases which are not related to an individuals or the group performance due to pressure created by trade unions.

Additionally, the increase in cost of fertilizer, energy, pesticides, land preparation and other general maintenance expenses would add to the increase in total costs.

FLUCTUATING TEA PRICES

The bulk tea produced from each individual estate takes the form of a perfectly competitive product in the market and functions as a 'price taker'. Therefore, the planters are forced to produce on the industry demand and supply trends, making planters more susceptible to changes in the global tea prices and the prices seen at the tea auctions. As a result, the existing macro-economic conditions prevailing in the market such as the global supply of tea, export demand for tea, geopolitical uncertainties, free trade agreements and the changes in global consumer trends may have a significant effect on the prices of tea fetched at the auctions.

CHANGES IN GOVERNMENT POLICY

The Government influences the tea industry through a number of directives and policy changes of which primarily variances in taxes, government grants, fertilizer subsidies and labour related regulations have a direct impact on the cost of production and overall profitability. The fertilizer subsidy is a policy that has been subject to much political scrutiny which has resulted in policy changes over the last few years. The continual of such grants and subsidies can be advantageous to the business whilst the removal of such may result in the incurring of additional costs.

TRADE UNIONS

The tea industry faces an increasing number of demands and requests from trade unions which include better working conditions and higher wages. The pressure from the Unions to increase wages becomes a constantly increasing cost for the business as most employee contracts are governed by collective agreements.

This enables the trade unions to lobby for wage increases irrespective of employee performances resulting in additional costs for the Company with little or no increase in productivity. At present, labour costs accounts for over 70% of the total cost of production and as a result any variance in the above may affect the profitability of the business.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The responsibilities of the Directors in relation to the Financial Statements of the Company differ from the responsibilities of the Auditors, which are set out in their report appearing on page 23.

The Companies Act No. 07 of 2007 requires the Directors to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company as at the end of the financial year and of the Profit & Loss of the Company for the financial year. In preparing the Financial Statements, appropriate accounting policies have been selected and applied consistently, reasonable and prudent judgments and estimates have been made and applicable accounting standards have been followed.

The Directors are responsible for ensuring that the Company keeps sufficient accounting records to disclose with reasonable accuracy the financial position of the Company and for ensuring that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards and provide the information required by the Companies Act No. 07 of 2007. They are also responsible for taking reasonable measures to safeguard the assets of the Company, and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to the prevention and detection of fraud and other irregularities. The Directors are required to prepare the Financial Statements and to provide the Auditors with every opportunity to undertake whatever inspections they consider appropriate to enable them to submit their audit report. The Directors confirm that they have complied with these requirements. They have a reasonable expectation, after making inquiries and following a review of the Company's budget for the ensuing year including cash flows and borrowing facilities, that the Company has adequate resources to continue in operational existence in the foreseeable future, and therefore have continued to adopt the going concern basis in preparing the accounts.

On behalf of the Board,

S.S. Poholiyadde Director	**D.R. Madena** Director

Colombo
9th August 2022

INDEPENDENT AUDITORS' REPORT

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

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

TO THE SHAREHOLDERS OF AGARAPATANA PLANTATIONS LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Agarapatana Plantations Ltd, which comprise the statement of financial position as at 31 March 2022 and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

INDEPENDENT AUDITORS' REPORT

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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.

9th August 2022
Colombo

STATEMENT OF FINANCIAL POSITION

As At 31 March	Note	2022 Rs.	2021 Rs.
Non Current Assets			
Non Current Assets			
Right-of-use Assets	6	**168,027,881**	181,434,971
Freehold Property, Plant & Equipment	7	**1,527,367,899**	1,596,105,041
Bearer Biological Assets	8	**2,225,510,018**	2,235,530,646
Consumable Biological Assets	9	**1,439,365,093**	1,289,675,829
Other Non Current Financial Assets	10	**1,170,000**	31,118,823
		5,361,440,891	5,333,865,310
Current Assets			
Produce on Bearer Biological Assets	11	**10,852,244**	8,855,936
Inventories	12	**473,853,608**	515,934,251
Trade and Other Receivables	13	**277,576,369**	290,942,821
Amounts due from Related Companies	14	**421,265,461**	379,463,925
Short Term Investment		**45,567,123**	28,842,466
Cash & Bank Balances	15	**47,788,036**	124,628,054
		1,276,902,841	1,348,667,453
TOTAL ASSETS		**6,638,343,731**	6,682,532,763
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	16	**1,730,436,695**	1,270,787,250
Fair Value Reserve of Financial Assets at FVOCI		**(182,358,468)**	(152,409,645)
Timber Reserve		**1,319,130,778**	1,177,034,452
Revaluation Reserve	17	**777,101,919**	811,192,701
Retained Profit /(Loss)		**(2,013,929,409)**	(2,452,841,515)
TOTAL EQUITY		**1,630,381,515**	653,763,243
Non Current Liabilities and Deferred Income			
Interest Bearing Loans & Borrowings	18	**740,018,470**	753,168,178
Retirement Benefit Obligations	19	**1,129,917,707**	1,557,598,881
Deferred Income	20	**192,565,401**	197,098,095
Lease Liabilities	21	**125,912**	127,970
Deferred Tax Liability	29	**186,627,782**	112,097,147
		2,249,255,272	2,620,090,271
Current Liabilities			
Interest Bearing Loans & Borrowings	18	**457,357,120**	573,466,758
Lease Liabilities	21	**2,058**	1,902
Trade and Other Payables	22	**1,832,361,991**	1,959,765,223
Amounts due to Related Companies	23	**28,690,899**	437,918,793
Income Tax Payable		**24,300,700**	16,871,712
Bank Overdraft	15	**415,994,176**	420,654,860
		2,758,706,944	3,408,679,248
TOTAL EQUITY AND LIABILITIES		**6,638,343,731**	6,682,532,763
Net Assets per Share		**3.91**	2.01

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

M. Kowdu
Chief Financial Officer

The Board of Directors is responsible for these Financial Statements. Authorised and signed for and on behalf of the Board of Directors of Agarapatana Plantations Ltd.

S.S. Poholiyadde
Director

D.R. Madena
Director

The Accounting Policies and Notes on Pages 31 through 69 form an integral part of the Financial Statements.

9th August 2022
Colombo

STATEMENT OF PROFIT OR LOSS

For the Year ended 31 March	Note	2022 Rs.	2021 Rs.
Revenue	24	**4,486,527,182**	4,291,538,466
Cost of Sales		**(4,423,317,778)**	(4,120,858,598)
Gross Profit		**63,209,404**	170,679,868
Gain on change in fair value of Biological Assets	11.2	**158,117,372**	269,955,747
Other Income	25	**158,365,199**	87,490,862
Administrative Expenses		**(130,433,899)**	(148,845,519)
Finance Income	26	**32,122,849**	6,982,532
Finance Cost	27	**(221,474,029)**	(250,833,198)
Profit Before Tax	28	**59,906,896**	135,430,292
Income Tax (Expense)/ Reversal	29	**(32,073,542)**	54,165,592
Net Profit for the year		**27,833,354**	189,595,885
Earnings per Share	30	**0.09**	0.81

The Accounting Policies and Notes on Pages 31 through 69 form an integral part of the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

For the Year ended 31 March	Note	2022 Rs.	2021 Rs.
Profit for the year		**27,833,354**	189,595,885
Other Comprehensive Income/(Loss)			
Other comprehensive Income/(Loss) that will not to be reclassified to profit or loss in subsequent periods			
Net loss on financial assets at fair value through OCI	10.2	**(29,948,823)**	(46,151,674)
Tax Effect		**-**	-
		(29,948,823)	(46,151,674)
Remeasurement gain on defined benefit plan	19	**579,982,453**	133,055,257
Tax Effect		**(60,898,158)**	(13,970,802)
		519,084,295	119,084,455
Net other comprehensive Income not to be reclassified to profit or loss in subsequent periods		**489,135,472**	72,932,781
Other comprehensive Income for the year, net of tax		**489,135,472**	72,932,781
Total comprehensive Income for the year, net of tax		**516,968,827**	262,528,666

The Accounting Policies and Notes on Pages 31 through 69 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

	Stated Capital	Fair Value Reserve of Financial Assets at FVOCI	Timber Reserve	Revaluation Reserve	Retained Profit/(Loss)	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01 April 2020	**910,787,250**	**(106,257,971)**	**921,591,957**	**851,698,192**	**(2,546,584,851)**	**31,234,578**
Net Profit for the year	-	-	-	-	189,595,885	189,595,885
Issue of Shares	360,000,000	-	-	-	-	360,000,000
Other Comprehensive Income/ (Loss) for the year, net of tax	-	(46,151,674)	-	-	119,084,455	72,932,781
Gain on change in fair value of Consumable Biological Assets	-	-	263,791,854	-	(263,791,854)	-
Realised gain on Harvested Valuable Timber Trees	-	-	(8,349,359)		8,349,359	-
Transfer from Revaluation Reserve	-	-	-	(40,505,491)	40,505,491	-
Balance as at 31 March 2021	**1,270,787,250**	**(152,409,645)**	**1,177,034,452**	**811,192,701**	**(2,452,841,515)**	**653,763,243**
Net Profit for the year	-	-	-		27,833,354	27,833,354
Issue of Shares	459,649,445	-	-	-	-	459,649,445
Other Comprehensive Income/ (Loss) for the year, net of tax	-	(29,948,823)	-	-	519,084,295	489,135,472
Gain on change in fair value of Consumable Biological Assets	-	-	156,121,064	-	(156,121,064)	-
Realised gain on Harvested Valuable Timber Trees	-	-	(14,024,738)	-	14,024,738	-
Transfer from Revaluation Reserve	-	-	-	(38,090,259)	38,090,259	-
Deferred Tax effect on Revaluation Reserve	-	-	-	3,999,477	(3,999,477)	-
Balance as at 31 March 2022	**1,730,436,695**	**(182,358,468)**	**1,319,130,778**	**777,101,919**	**(2,013,929,409)**	**1,630,381,515**

The Accounting Policies and Notes on Pages 31 through 69 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

For the Year ended 31 March	Note	2022 Rs.	2021 Rs.
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Net Profit before Taxation		**59,906,896**	135,430,292
ADJUSTMENTS FOR			
Interest Income	26	**(32,122,849)**	(6,982,532)
Interest Expenses	27	**221,474,029**	250,833,197
Retirement Benefit Obligations - Provision	19	**177,491,789**	241,322,614
Depreciation	6,7,8	**176,410,377**	176,467,222
Gain on Fair Valuation of Biological Assets	11	**(158,117,372)**	(269,955,747)
Amortization Capital Grants	25	**(9,354,094)**	(8,849,021)
Profit on Disposal of Property, Plant & Equipment	25	**-**	(3,291,600)
(Profit) / Loss from Sale of Valuable Timber Trees	25	**(766,762)**	(9,840,921)
Provision for Surcharges		**65,634,659**	61,394,615
Write off of unclaimed ESC Receivables	13.1	**-**	23,583,441
Write back of Taxes Payable	8	**(59,971,855)**	-
Write back of Dividend Payable		**-**	(10,027,606)
Operating Profit before Working Capital Changes		**440,584,818**	580,083,955
(Increase) / Decrease in Inventories		**42,080,643**	(89,226,785)
(Increase) / Decrease in Trade & Other Receivables		**(19,608,129)**	(100,888,025)
(Increase) / Decrease in Amounts due from Related Companies		**(41,801,536)**	(367,004,507)
Increase / (Decrease) in Trade & Other Payables		**(79,348,261)**	206,109,485
Increase / (Decrease) in Amounts due to Related Companies		**(409,227,894)**	35,178,964
Cash Generated from/(used in) Operations		**(67,320,359)**	264,253,087
Retirement Benefit Obligations - Payments	19	**(25,190,510)**	(82,147,036)
Interest Received		**32,122,849**	6,982,532
Interest Paid		**(244,587,179)**	(276,110,360)
NBT Paid		**(1,962,341)**	(1,321,538)
Payment of Income Tax		**(11,012,070)**	(1,943,307)
Payment of VAT		**(18,781,016)**	(1,930,527)
Net Cash from/(used in) Operating Activities		**(336,730,626)**	(92,217,149)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Proceeds from Sale of Property, Plant & Equipment		**-**	3,291,600
Investment in Field Development		**(36,223,875)**	(44,967,262)
Investment in Timber	9	**(7,592,938)**	(8,457,297)
Proceeds from Sale of Valuable Timber Trees		**14,791,500**	18,190,280
Purchase of Property, Plant & Equipment		**(24,908,491)**	(55,949,371)
Net Cash from/(used in) Investing Activities		**(53,933,804)**	(87,892,049)

STATEMENT OF CASH FLOWS

For the Year ended 31 March	Note	2022 Rs.	2021 Rs.
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Payment of Leases		**(1,902)**	(1,138,292)
Grants Received		**4,821,400**	2,752,500
Proceeds from Issue of Shares		**459,649,445**	360,000,000
Proceeds from Term Loans		**349,558,033**	101,500,000
Repayment of Term Loans		**(478,817,221)**	(210,411,172)
Net Cash from/ (Used in) Financing Activities		**335,209,753**	252,703,036
Net Increase/ (Decrease) in Cash and Cash Equivalents		**(55,454,677)**	72,593,838
Cash & Cash Equivalents at the beginning of the year	A	**(267,184,340)**	(339,778,175)
Cash & Cash Equivalents at the end of the year	B	**(322,639,017)**	(267,184,340)
NOTE A			
Cash & Cash Equivalents at the beginning of the year			
Short Term Investments		**28,842,466**	27,066,786
Cash in Hand		**6,501,199**	2,231,632
Cash at Bank		**118,126,855**	49,224,048
Bank Overdraft		**(420,654,860)**	(418,300,641)
		(267,184,340)	(339,778,175)
NOTE B			
Cash & Cash Equivalents at the end of the year			
Short Term Investments		**45,567,123**	28,842,466
Cash in Hand		**1,299,030**	6,501,199
Cash at Bank		**46,489,006**	118,126,855
Bank Overdraft		**(415,994,176)**	(420,654,860)
		(322,639,017)	(267,184,340)

The Accounting Policies and Notes on Pages 31 through 69 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1 Domicile and legal form

Agarapatana Plantations Limited is a limited liability company incorporated and domiciled in Sri Lanka. It was incorporated on June 22, 1992 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. 53-1/1, Sir Baron Jayathilaka Mawatha, Colombo 01 and Plantations are situated in the planting districts of Badulla and Nuwara Eliya.

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

1.2 Principal activities and the nature of the operations

During the year, the principal activities of the company were the cultivation, manufacture and sale of black tea.

1.3 Parent enterprise

The Company's immediate parent enterprise is Lankem Developments PLC.

1.4 Date of Authorization for issue

The Financial Statements of Agarapatana Plantations Limited for the year ended 31 March 2022 were authorized for issue in accordance with a resolution of the board of directors on 9th August 2022.

1.5 Responsibility for Financial Statements

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Financial Statements of the company have been prepared in accordance with 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 buildings, consumable biological assets, produce on bearer biological assets and financial instruments that have been measured at fair value and where appropriate, specific policies are explained in the succeeding notes.

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

2.3 New accounting standards, interpretations and amendments adopted by the company

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

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

2.4 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees (Rs.), which is the Company's functional and presentation currency. All financial information presented in Sri Lankan Rupees has been given to the nearest rupee, unless stated otherwise.

2.5 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.

2.6 Going Concern

These financial statements are prepared on the assumption that the company is a going concern, i.e. as continuing in operation for the foreseeable future. It is therefore assumed that the company has neither the intention nor the necessity of liquidation or of curtailing materially the scale of its operations.

However, as of the Statement of Financial Position date, the company's current liabilities exceeded its current assets by Rs. 1,481,804,104/- (2021 - Rs. 2,060,011,795/-).

After reviewing the financial position and cash flow of the Company the Board of Directors are of the belief that the Company has adequate resources to continue company operation well into the foreseeable future.

The Directors of the Company are confident that the financial position of the Company will significantly improve during the year 2022/23 as a result of the profitable performance achieved during last two years. The significant reduction in the working capital deficit by Rs.578 Mn during the current year is evident that the Company was able to generate profitable cash flows, The fact that the tea industry strongly believe that the current prices will remain firm in the next year too and based on the following action plans appended below it could be fairly justified that the working capital position will be well improved in the near future.

I. The Company has successfully restructured the BOC loans, by utilizing the Escrow Reserve balance of Rs. 67 Mn to settle a term loan of Rs. 47 Mn and the balance of Rs. 20 Mn was utilised for working capital purposes. Further, BOC granted a term loan facility of Rs. 75 Mn for the procurement of plucking machines towards the cost-effective improvements in harvesting.

II. The Management has committed to bring in significant savings in the cost of harvesting by introducing machine plucking, with an increase in the production at a reduced labour cost which accounts for 60% of the COP. In this regard the Management has strategized for 30% of the plucking extent to be mechanized within the next two years.

III. The Company has successfully implemented the first phase of the mechanized plucking during the year 2020/21, whereby almost 165 machines were already in operation.

Machine plucking operates by way of two pluckers per machine, harvesting at the rate of 35 to 50 Kgs per plucker per day, with a norm of 30 to 40 Kgs and the over kilos are paid at Rs.30/-, whereas manual plucking average is 16 Kgs per plucker with a norm of 18 Kgs and the over kilos are paid at Rs.40/- . The Company has lost a fair number of workers due to retirement etc and as such, currently the required plucking rounds cannot be undertaken due to shortage of workers, which will be mitigated by mechanized plucking.

IV. The Management's stringent operational policy on labour management has been successfully implemented and followed by the estate management during the year 2021/22, whereby each estate should maintain the total monthly wage bill to a maximum of 60% of revenue.

V. The Board of Directors of Lankem Tea & Rubber Plantations (Pvt) Ltd, Managing Agents have decided to extend the moratorium placed on Management Fees for the coming financial year too.

VI. Further during the year 2021/22, the related party debts amounting to Rs. 459 Mn has been converted to equity capital to further strengthen the capital structure of the company.

Impact on Covid-19 and Going Concern Assessment

The management has considered the current and future effects of Covid-19 on the operational activities of the company and its effect to the going concern. The management has considered wide range of factors including cash flows, current and expected profitability, temporarily defer capital payments, debt repayments and negotiating financial facilities required to continue the business as it is. The Directors are of the view that the company has adequate resources to continue the business for the foreseeable future and rationalize following the going concern basis in preparing these financial statements.

Liquidity Risk and Interest Rate Risk Management

The company has considered the importance of cash flow management and planned more controls over this activity such as strict monitoring of its cash flows to mitigate the adverse impacts which could affect the liquidity of the company by Covid-19 pandemic. Further, the Company has also obtained the relief loan package introduced by the Central Bank to meet short-term cash deficits and meet financial commitments.

Impact on Assets & Impairments

The measures the company has taken to mitigate the impact of Covid-19 on crop intake, revenue from the year of 2021/22 is successful and therefore no requirement to impair of Biological Assets, Debtors and Other Assets of the company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Comparative information

The presentation and classification of the financial statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

3.2 Current versus non-current classification

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

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

Or

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

All other assets are classified as non-current.

A liability is current when:

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

Or

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

  The Company classifies all other liabilities as non-current.

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

3.3 Fair Value Measurement

The Company measures financial instruments and non-financial assets indicated below 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 summarised in the following notes:

- Freehold property, plant and equipment under revaluation model (Buildings) - Note 7
- Consumable biological assets - Note 9

- Produce on bearer biological assets - Note 11
- Financial Instruments (including those carried at amortized cost) - Note 10

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

- In the principal market for the asset or liability

Or

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

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

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

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

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

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

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

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

External valuers are involved for valuation of significant assets, such as buildings, Consumable biological assets, and significant liabilities, such as retirement benefit obligation. 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.

3.4 Property Plant & Equipment

3.4.1 Recognition and measurement

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.

Items of property, plant and equipment are measured at cost (or at fair value in the case of buildings), less accumulated depreciation and accumulated impairment losses, if any.

3.4.2 Owned assets

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

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

Buildings are measured at fair value less accumulated depreciation on buildings and impairment charged subsequent to the date of the revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. The company's policy is to revalue Buildings once in every four years. Other property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

Capital work in progress is transferred to the respective asset accounts at the time, the asset is ready for utilization or at the time the asset is commissioned.

3.4.3 Leased assets

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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 liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

a) Right-of-use assets

The company recognises right-of-use assets at the commencement date of the 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-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives 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, as follows:

	No. of Years	Rate (%)
Motor Vehicles	5	20.00

b) Amortisation

The leasehold rights of assets taken over from JEDB/SLSPC are amortised in equal amounts over the shorter of the remaining lease periods and the useful lives as follows:

	No. of Years	Rate (%)
Right to use of Land	53	1.89
Improvements to Land	30	3.33
Mature Plantations - Tea	30	3.33
Roads & Bridges	40	2.50
Buildings	25	4.00
Fences & Securities	20	5.00
Machinery	15	6.67
Water supply	20	5.00
Power Augmentation	20	5.00
Vested Tea	30	3.33

If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

c) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate (i.e. for an example JEDB/SLSPC Government lease rentals linked with GDP Deflator), and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in Note 21 to the financial statements.

d) Short-term leases and leases of low-value assets

The Company does not contain the short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and low values assets.

3.4.4 De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized and gains are not classified as revenue.

3.4.5 Land improvement cost

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

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

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

3.4.6 Biological Assets

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 and other plantations 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.

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

3.4.6.1 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 fertilizing, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads. The expenditure incurred on bearer biological assets which comes into bearing during the year, is transferred to mature plantations.

3.4.6.2 Infilling Cost on Bearer Biological Assets

Where infilling results in an increase in the economic life of the relevant field beyond its previously assessed standard of performance, the costs are capitalised in accordance with LKAS 16 and depreciated over the useful life at rates applicable to mature plantation.

Infilling costs that are not capitalised have been charged to the statement of profit or loss in the year in which they are incurred.

3.4.6.3 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 statement of profit or loss.

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

Borrowing costs to be capitalised towards the field development activities are determined based on the effective borrowing rate applied to the average carrying amount of the qualifying immature asset (excluding interest). Effective borrowing rate is determined as a percentage of total borrowing costs over outstanding average borrowings. The capitalisation will cease when the crops are ready for commercial harvest.

The capitalisation rate of 8.30% (2021 – 9.51%) was used.

Borrowing Costs amounting to Rs. 23,113,150/- (2021 – Rs. 25,277,163/-) have been capitalised as part of the cost of the immature plantations.

3.4.6.4 Consumable Biological Assets

Consumable biological assets includes managed timber trees those that are to be harvested as agricultural produce or sold as biological assets. Expenditure incurred on consumable biological assets (managed timber trees) is measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial. The fair value of timber trees are measured using DCF method taking in to consideration the current market prices of timber, applied to expected timber content of a tree at the maturity by an independent professional valuer. All other assumptions and sensitivity analysis are given in Note 9.

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.

Impairments to Biological Assets are charged to the statement of profit or loss in full and reduced to the net carrying amounts of such asset in the year of occurrence after ascertaining the loss.

3.4.6.5 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.

3.4.6.6 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 the statement of 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.

3.4.7 Depreciation and amortisation

(a) Depreciation

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

	No. of Years	Rate (%)
Buildings	26	3.85
Roads	25	4.00
Plant & Machinery	13 1/3	7.50
Motor Vehicles	5	20.00
Equipment	8	12.50
Furniture & Fittings	10	10.00
Sanitation, Water & Electricity Supply	20	5.00

Mature Plantations (Replanting and New Planting)

	No. of Years	Rate (%)
Mature Plantations - Tea	33 1/3	3.00
Rubber	20	5.00
Cinnamon	25	4.00

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date on which the asset classified as held for sale or is derecognized. Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted prospectively, if appropriate. Mature plantations are depreciated over their useful lives or unexpired lease period, whichever is lower.

No depreciation is provided for immature plantations.

3.5 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.

3.5.1 Financial assets

3.5.1.1 Initial Recognition and Measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized 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 and short-term deposits, investments, trade and other receivables, available for sale financial assets.

3.5.1.2 Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

a) **Financial assets at amortized cost (debt instruments)**

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

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

And

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

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

Financial instruments at amortized cost comprise of trade receivables, amounts due from related parties, deposits, advances and other receivables.

b) Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling.

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.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to the statement of profit or loss.

c) Financial assets at fair value through OCI

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument by instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company's financial assets fair value through OCI includes investments in quoted and unquoted shares which included under other non current financial assets.

d) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

3.5.1.3 Derecognition

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

a. The rights to receive cash flows from the asset have expired

Or

b. 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.

3.5.1.4 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).

3.5.2 Financial liabilities

3.5.2.1 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 recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

3.5.2.2 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 incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

b) Financial instruments at amortized cost

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

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

3.5.2.3 Derecognition

A financial liability is derecognized 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 recognized in the statement of profit or loss

3.5.3 Offsetting of financial instruments

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

Financial risk management objectives and policies have been disclosed under Note 36.

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.

3.6 Inventories

Finished goods manufactured from agricultural produce of biological assets

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

Input materials

At average cost

Spares and consumables

At actual cost

Growing Crop Nurseries

At the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads

3.7 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances. Bank overdrafts that are repayable on demand form and 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.

3.8 Impairment of Non-Financial Assets

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

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

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

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

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

3.9 Liabilities and 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 statement of profit or loss net of any reimbursement.

3.10 Employees' benefits

(a) Defined contribution plans – Employees' Provident Fund and Employees' Trust Fund

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

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

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

(b) Defined benefit plan

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

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in Other Comprehensive Income in the period in which they arise. Actuarial gains & losses recognised in other comprehensive income are recognised immediately in retained earnings and are 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 19.

3.11 Capital commitments and contingencies

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

3.12 Events occurring after the reporting period

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

3.13 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 or ordinary shares outstanding during the period.

3.14 Deferred income - Grants and subsidies

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

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of profit or loss over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments.

3.15 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.

3.15.1 Revenue

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

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

Revenue from contracts with customers

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.

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.

3.15.2 Other Sources of Revenue

Revenue recognition criteria for the other sources of income as follows;

- Rental Income

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

- Dividend Income

Dividend income is recognized when the right to receive payment is established.

- Interest Income

Interest income is recognized based on effective interest method.

Interest income on financial assets at FVTPL is recognized as part of net gains or losses on these financial instruments.

Interest income of financial assets at amortized cost is calculated by using the effective interest method and is recognized as finance income.

3.15.3 Expenses

All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency is charged to revenue in arriving at the profit/(loss) for the year.

3.15.4 Financing income and expenses

Finance income comprises interest income on funds invested. Interest income is recorded using the Effective Interest Rate (EIR) method.

Finance expenses comprise interest payable on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the statement of profit or loss using the effective interest method.

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

3.15.5 Taxes

3.15.5.1 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.

3.15.5.2 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

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

Deferred tax relating to items recognised outside the statement profit or loss is recognised outside the statement of 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.

3.16 Statement of cash flows

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

3.17 Segment reporting

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

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company. The activities of the segments are described on Note 24 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 and borrowings and expenses.

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

All operating segments' operating results are reviewed regularly to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4. USE OF ESTIMATES AND JUDGMENTS

The preparation of Financial Statements in conformity with SLFRS requires management to make judgments, estimates and assumptions that influence the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Judgments and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstance. 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 recognized 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.

4.1 Taxation

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

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

4.2 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 has identified separately business income as agro farming & agro processing for the purpose of calculating income tax liability therefore , the company has separated assets and liabilities as at 31 March 2022 as agro farming and agro processing for the deferred tax purpose.

The details of deferred tax computation is given in Note 29.4 to the Financial Statements.

4.3 Retirement benefit obligations

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

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

Further details about Retirement benefit obligations are provided in Note 19.

4.4 Fair Valuation of Consumable Biological Assets

The fair value of managed timber depends on number of factors that are determined on a discounted cash flow method using various different 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 the fair value of biological assets. All assumptions are reviewed at each reporting period. Key assumptions and sensitivity analysis of the biological assets are given in Note 9.

4.5 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 fertilizing, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads. The expenditure incurred on bearer biological assets which comes into bearing during the year, is transferred to mature plantations.

4.6 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. 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.

5. SRI LANKA ACCOUNTING STANDARDS (SLFRS / LKAS) 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 Company's financial statements are disclosed below. The Company 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 2023, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17. The amendments are not expected to have a material impact on the company.

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

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

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

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

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

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

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

5.4 Amendments to SLFRS 3 Business Combinations: Updating a reference to conceptual framework

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

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

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

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

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

6. RIGHT-OF-USE ASSETS

	Note	2022 Rs.	2021 Rs.
Right-of-use assets - Land	6.1	**149,578,031**	156,081,424
Right-of-use assets - Immovable Leased Bearer Biological Assets	6.2.1	**17,233,377**	23,241,723
Right-of-use assets - Other Property, Plant and Equipment	6.2.2	**1,216,473**	1,414,007
Right-of-use assets - Motor Vehicles	6.2.3	**-**	697,817
		168,027,881	181,434,971

6.1 Right-of-use assets- Land

"Right-of-use assets - Land" has accounted in accordance with SLFRS 16 - Leases with effect from 01 January 2019. "Right-of-use assets - Land" have been executed for all estates for a period of 53 years. The unexpired period of the lease as at the Statement of Financial Position date is 23 years.

This Right-of-use assets - Land is amortized over the remaining lease term or useful life of the right whichever is shorter and is disclosed under non current assets.

	2022 Rs.	2021 Rs.
Cost		
At the beginning of the year	**341,588,181**	341,588,181
At the end of the year	**341,588,181**	341,588,181
Amortisation		
At the beginning of the year	**185,506,758**	179,003,365
Amortisation for the year	**6,503,393**	6,503,393
At the end of the year	**192,010,151**	185,506,758
Written Down Value	**149,578,031**	156,081,424

6.2 Right-of-use assets - Immovable Assets

At the time of privatisation of plantation estates, all immovable assets in these estates (Note 6.2.1 and Note 6.2.2) have been taken into the books of the Company retroactive to 22nd June 1992 under finance lease. However, SLFRS 16 - Leases was applicable with effect from 01 January 2019, and therefore, these assets have accounted in accordance with such standard with effect from 01 January 2019.

6.2.1 Right-of-use assets - Immovable Leased Bearer Biological Assets

	Coffee, Pepper, Cardamom Rs.	Mature Plantations Rs.	Vested Tea Rs.	2022 Rs.	2021 Rs.
Cost					
As at 1 April	305,380	179,092,900	1,222,661	**180,620,941**	180,620,941
Additions	-	-	-	**-**	-
As at 31 March	305,380	179,092,900	1,222,661	**180,620,941**	180,620,941
Amortisation					
As at 1 April	-	156,217,142	1,162,076	**157,379,218**	151,370,872
Amortisation for the year	-	5,967,953	40,393	**6,008,346**	6,008,346
As at 31 March	-	162,185,095	1,202,469	**163,387,564**	157,379,218
Written Down Value	305,380	16,907,805	20,192	**17,233,377**	23,241,723

Note : Investment in plantations assets which were immature at the time of handing over to the Company by way of estate leases are shown under immature plantations (revalued as at 22nd June, 1992).

However, since then all such investments in Immature Plantations attributable to JEDB/SLSPC period have been transferred to Mature Plantations. These mature tea were classified as bearer biological assets in terms of LKAS 16 – Property, Plant & Equipment. 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 08.

6.2.2 Right-of-use assets-Immovable Leased Assets (other than right-to-use land and bearer biological assets)

	Improvements to Land	Unimproved Land	Roads & Bridges	Buildings	Fences and Securities	Machinery	Water Supply	Power Augmentation	Other Vested Assets	2022	2021
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost											
As at 1 April	5,406,507	997,894	677,397	62,634,210	48,598	8,201,289	6,158,249	971,614	30,500	**85,126,258**	85,126,258
Additions	-	-	-	-	-	-	-	-	-	**-**	-
As at 31 March	5,406,507	997,894	677,397	62,634,210	48,598	8,201,289	6,158,249	971,614	30,500	**85,126,258**	85,126,258
Depreciation											
As at 1 April	5,180,739	-	487,052	62,634,210	48,598	8,201,289	6,158,249	971,614	30,500	**83,712,251**	83,514,717
Depreciation for the year	180,614	-	16,920	-	-	-	-	-	-	**197,534**	197,534
As at 31 March	5,361,353	-	503,972	62,634,210	48,598	8,201,289	6,158,249	971,614	30,500	**83,909,785**	83,712,251
Written Down Value	45,154	997,894	173,425	-	-	-	-	-	-	**1,216,473**	1,414,007

6.2.3 Right-of-use assets - Motor Vehicles

	2022	2021
	Rs.	Rs.
Cost		
At the beginning of the year	**8,373,810**	8,373,810
At the end of the year	**8,373,810**	8,373,810
Depreciation		
At the beginning of the year	**7,675,993**	6,001,231
Depreciation for the year	**697,817**	1,674,762
At the end of the year	**8,373,810**	7,675,993
Written Down Value	**-**	697,817

7. FREEHOLD PROPERTY, PLANT AND EQUIPMENT

	Buildings at Valuation Rs.	Water Supply Rs.	Plant & Machinery Rs.	Motor Vehicles Rs.	Equipment & Tools Rs.	Furniture & Fittings Rs.	Roads Rs.	Capital Work in Progress Rs.	Total 2022 Rs.	Total 2021 Rs.
Cost or Valuation										
Balance as at 1 April 2021	1,420,572,460	84,045,085	448,491,521	357,849,938	79,726,622	9,383,571	69,314,689	7,040,555	**2,476,424,441**	2,425,258,570
Additions	17,432,165	-	3,600,000	264,012	7,728,516	129,999	-	2,794,357	**31,949,049**	56,863,969
Disposals	-	-	-	-	-	-	-	-	**-**	(4,783,500)
Transfer In/(Out)	-	-	-	-	-	-	-	(7,040,558)	**(7,040,558)**	(914,598)
Balance as at 31 March 2022	1,438,004,625	84,045,085	452,091,521	358,113,950	87,455,138	9,513,570	69,314,689	2,794,354	**2,501,332,932**	2,476,424,441
Accumulated Depreciation										
Balance as at 1 April 2021	66,790,688	59,181,081	335,587,444	311,076,830	64,546,582	8,602,380	34,534,396	-	**880,319,401**	790,194,395
Charge for the year	51,278,896	3,471,536	20,371,012	12,790,800	2,827,678	133,123	2,772,588	-	**93,645,633**	94,908,506
On disposals	-	-	-	-	-	-	-	-	**-**	(4,783,500)
Balance as at 31 March 2022	118,069,584	62,652,617	355,958,456	323,867,630	67,374,260	8,735,503	37,306,984	-	**973,965,034**	880,319,401
Carrying Value										
As at 31 March 2022	1,319,935,041	21,392,468	96,133,065	34,246,320	20,080,878	778,067	32,007,705	2,794,354	**1,527,367,899**	-
As at 31 March 2021	1,353,781,772	24,864,004	112,904,077	46,773,108	15,180,040	781,191	34,780,293	7,040,555	**-**	1,596,105,041

7.1 Fair Value Hierarchy

7.1.1 Accounting Judgements, Estimates and Assumptions related to Revaluation of Buildings

The Company measures buildings at revalued amounts with changes in fair value being recognised in other comprehensive income and in the statement of changes in equity. The Company engaged an independent valuation specialist to determine fair value of buildings as at 31 December 2019.

The Buildings on leasehold land were revalued by Mr. A.A.M Fathihu, Chartered Valuation Surveyor as of 31 December 2019 and the results of such valuation have been incorporated in these financial statements as at that date. Such assets were valued on the basis of gross replacement cost (GRC). Fair value is determined by reference to market based evidence. The surplus arising from the revaluation has been transferred to the revaluation reserve.

Information on fair value measurement on building as at 31 March 2020 using significant unobservable inputs (level 3) is given below.

Type of Asset	Fair Value as at 31 March 2020	Method of Valuation	Significant Unobservable Inputs	Estimates for Unobservable Inputs (Weighted Average)	Sensitivity of Fair Value to Unobservable Inputs
Buildings	1,377,072,100	Cost Approach	Estimated price per square foot	Rs. 665/- per square foot	Positively correlated sensitivity

7.1.2 The carrying amount of revalued buildings, if they were carried at cost less depreciation, would be as follows;

	2022 Rs.	2021 Rs.
Cost	**516,688,216**	516,688,216
Accumulated depreciation	**(148,709,982)**	(135,792,777)
Carrying value	**367,978,234**	380,895,439

7.1.3 The cost of fully depreciated assets, but still in use of the company amounts to Rs. 582 Mn as of 31 March 2022 (2021 - Rs. 560 Mn).

8. BEARER BIOLOGICAL ASSETS

Description	Immature Plantations			Mature Plantations			Total as at	Total as at
	Tea	Other	Total	Tea	Other	Total	31.03.22	31.03.21
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost								
At the beginning of the year	255,654,869	97,989,798	353,644,666	2,248,581,017	39,848,610	2,288,429,627	**2,642,074,293**	2,571,829,868
Additions	52,825,291	6,511,734	59,337,025	4,544,564	4,350,765	8,895,329	**68,232,354**	119,517,522
Transfer In/(Out)	(4,544,564)	(4,350,765)	(8,895,329)	-	-	-	**(8,895,329)**	(49,273,097)
At the end of the year	303,935,596	100,150,767	404,086,362	2,253,125,581	44,199,375	2,297,324,956	**2,701,411,318**	2,642,074,293
Depreciation								
At the beginning of the year	-	-	-	406,543,646	-	406,543,646	**406,543,646**	339,368,966
Charge for the year	-	-	-	67,457,431	1,900,223	69,357,654	**69,357,654**	67,174,681
At the end of the year	-	-	-	474,001,077	1,900,223	475,901,300	**475,901,300**	406,543,647
Written Down Value	303,935,596	100,150,767	404,086,362	1,779,124,504	42,299,152	1,821,423,656	**2,225,510,018**	2,235,530,646

a) These are investments in immature/ mature plantations since the formation of the Company. The assets (including plantation assets) taken over by way of estate leases are set out in Note 06. Further investment in immature plantations taken over by way of these leases are shown in the above notes. When such plantations become mature, the additional investments since taken over to bring them to maturity are transferred 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.

b) Borrowing costs amounting to Rs. 23,113,150 /- (2021 - Rs. 25,277,163/-) have been capitalised as part of the cost of the immature plantations. Capitalisation will cease when crops are ready for harvest.

9. CONSUMABLE BIOLOGICAL ASSETS

	2022	2021
	Rs.	Rs.
At the beginning of the year	**1,289,675,829**	1,025,776,037
Increased due to Development	**7,592,938**	8,457,297
Decreased due to Harvesting	**(14,024,738)**	(8,349,359)
Gain/(loss) arising from changes in fair value	**156,121,064**	263,791,854
At the end of the year	**1,439,365,093**	1,289,675,829

Managed timber plantation was measured at fair value initially as at 31 March 2013 and subsequently. The corresponding gain/(loss) was recognized in the statement of profit or loss. However fair value surplus was recognized in the equity as a separate component which will be available for distribution only on realisation of consumable biological assets.

9.1 Timber Reserve

	2022 Rs.	2021 Rs.
At the beginning of the year	**1,177,034,452**	921,591,957
Gain recognized during the year	**156,121,064**	263,791,854
Realised gain on harvested valuable timber trees	**(14,024,738)**	(8,349,359)
At the end of the year	**1,319,130,778**	1,177,034,452

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

The fair value of managed Trees was ascertained by the Incorporated Valuer Mr. A.A.M Fathihu, FIV, for the current year in accordance with LKAS 41 "Agriculture" using discounted cash flows (DCF) method.

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

Non Financial Assets	Valuation Technique	Unobservable Inputs	Range of Unobservable Inputs (Probability weighted average) 2022	2021	Relation of Unobservable Inputs to Fair Value
Consumable Biological Assets	Discounted Cash Flow Method	Discount Rate	Age to harvest 5 years or below - 18%	Age to harvest 5 years or below - 10.5%	The higher the discount rate, the lesser the fair value
			Age to harvest 6 to 15 years - 19%	Age to harvest 6 to 15 years - 11.5%	
			Age to harvest 15 years or above -20%	Age to harvest 15 years or above -12.5%	
		Optimum Rotation (Maturity)	25 years	25 years	Lower the rotation period, the higher the fair value
		Volume at Rotation	19.4 - 88.5 cu.ft.	19.4 - 88.5 cu.ft.	The higher the volume, the higher the fair value
		Price per cu.ft.	Rs.358/- to Rs.1,161/-	Rs.265/- to Rs.860/-	The higher the price per cu. ft. the higher the fair value

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. The Board of Directors retains their view that commodity markets are inherently volatile and that long term price projections are highly unpredictable. Hence, the sensitivity analysis regarding selling price and discount rate variations as included in this note allows every investor to reasonably challenge the financial impact of the assumptions used in the LKAS 41 against his own assumptions.

The biological assets of the company are mainly cultivated in leased lands. When measuring the fair value of the biological assets it was assumed that these concessions can and will be renewed at normal circumstances. Timber content expects to realise in future included in the calculation of the fair value takes into account the age of the timber plants and not the expiration date of the lease.

9.1 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:

	Rs. -10%	Rs. +10%
As at 31 March 2022	**(144,087,243)**	**144,087,243**
As at 31 March 2021	(128,967,583)	128,967,583

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% of the estimated future discount rate has the following effect on the net present value of biological assets:

	Rs. -1%	Rs. +1%
As at 31 March 2022	**38,389,066**	**(36,119,006)**
As at 31 March 2021	54,390,798	(50,268,382)

The carrying amount of biological assets pledged as securities for liabilities are Nil for the year (2021 - Nil).

There are no commitments for the development or acquisition of biological assets.

10. OTHER NON CURRENT FINANCIAL ASSETS

10.1 Financial assets at fair value through OCI

	Holding Percentage	No. of Shares as at 31/03/2022	2022 Rs.	2021 Rs.
Investment in quoted companies				
Beruwala Resorts PLC	0.22%	1,300,000	**1,170,000**	1,040,000
Investment in unquoted companies				
Union Commodities (Pvt) Ltd	15%	1,200,000	**-**	30,078,823
Total financial assets at fair value through OCI			**1,170,000**	31,118,823

	2022 Rs.	2021 Rs.
10.2 Net (loss) / gain on financial assets at fair value through OCI	**(29,948,823)**	(46,151,674)

10.3 Fair Value Hierarchy for Financial Assets at fair value through OCI

Financial Asset Type	Date of Valuation	Level 1 (Quoted prices in active markets) Rs.	Level 2 (Significant observable inputs) Rs.	Level 3 (Significant unobservable inputs) Rs.
Investment in quoted equity shares	31-Mar-22	1,170,000	-	-
Investment in unquoted equity shares	31-Mar-22	-	-	
Total		1,170,000	-	-
Investment in quoted equity shares	31-Mar-21	1,040,000	-	-
Investment in unquoted equity shares	31-Mar-21	-	38,078,823	
Total		1,040,000	38,078,823	-

11. PRODUCE ON BEARER BIOLOGICAL ASSETS

	2022 Rs.	2021 Rs.
As at 1st April	**8,855,936**	2,692,042
Change in fair value less cost to sell	**1,996,308**	6,163,894
As at 31st March	**10,852,244**	8,855,936

11.1 Fair Value Hierarchy for Non Financial Assets

Non Financial Asset Type	Date of Valuation	Level 1 (Quoted prices in active markets) Rs.	Level 2 (Significant observable inputs) Rs.	Level 3 (Significant unobservable inputs) Rs.
Produce on Bearer Biological Assets	31-Mar-22	-	10,852,244	-
Produce on Bearer Biological Assets	31-Mar-21	-	8,855,936	-

11.2 Gain/(Loss) on Change in Fair Value of Biological Assets

	2022 Rs.	2021 Rs.
Gain/(loss) arising from Consumable Biological Assets - Note 9	**156,121,064**	263,791,854
Gain/(loss) arising from Produce on Bearer Biologic Assets - Note 11	**1,996,308**	6,163,893
Total Change in Fair Value of Biological Assets	**158,117,372**	269,955,747

NOTES TO THE FINANCIAL STATEMENTS

12. INVENTORIES

	2022 Rs.	2021 Rs.
Input Materials	**114,587,358**	62,142,085
Nurseries	**5,791,650**	15,321,886
Produce Tea	**323,444,451**	406,974,269
Spares & Consumables	**30,030,149**	31,496,011
	473,853,608	515,934,251

13. TRADE & OTHER RECEIVABLES

	2022 Rs.	2021 Rs.
Trade Debtors	**109,840,835**	80,711,982
Employee Related Debtors	**55,728,912**	65,308,703
Deposits, Advances & Prepayments	**21,080,468**	34,852,171
Other Debtors	**51,528,564**	56,478,973
ESC Recoverable	**-**	32,974,418
VAT Recoverable	**44,600,868**	25,819,852
	282,779,647	296,146,099
Less : Provision for Impairment	**(5,203,278)**	(5,203,278)
	277,576,369	290,942,821

13.1 Economic Service Charge (ESC) Recoverable

	2022 Rs.	2021 Rs.
At the beginning of the year	**32,974,418**	56,557,859
Less :		
Written off during the year	**(32,974,418)**	(23,583,441)
At the end of the year	**-**	32,974,418

14. AMOUNTS DUE FROM RELATED COMPANIES

	2022 Rs.	2021 Rs.
Marawila Resorts PLC	**-**	133,517
Sherwood Holidays Ltd	**14,170,734**	13,158,857
Waverly Power (Pvt) Ltd	**565,695**	1,140,626
Consolidated Tea Plantations Ltd	**396,439,799**	365,030,926
Kotagala Plantations PLC	**8,087,124**	-
Lankem Tea and Rubber Plantations (Pvt) Ltd	**2,002,109**	-
	421,265,461	379,463,925

15. CASH AND BANK BALANCES

	2022 Rs.	2021 Rs.
Favourable cash and bank balances		
Cash at Bank	**42,059,796**	118,126,855
Cash in Hand	**1,299,030**	1,040,415
Cash in Transit	**4,429,210**	5,460,784
	47,788,036	124,628,054
Unfavourable bank balances		
Bank Overdraft	**415,994,176**	420,654,860
	(368,206,140)	(296,026,806)

16. STATED CAPITAL

Value of Issued and Fully Paid Shares	2022 Rs.	2021 Rs.
At the beginning of the year	**1,270,787,250**	910,787,250
Value of ordinary shares issued under Private Placement	**459,649,445**	360,000,000
At the end of the year	**1,730,436,695**	1,270,787,250

	No. of Shares	No. of Shares
Ordinary shares at the beginning of the year	**325,000,000**	235,000,000
Issue of ordinary shares under Private Placement	**91,929,889**	90,000,000
Ordinary shares at the end of the year	**416,929,889**	325,000,000
Golden Share held by the Treasury which has special rights	**1**	1

17. REVALUATION RESERVE

	2022 Rs.	2021 Rs.
At the beginning of the year	**811,192,701**	851,698,192
Transfer to retained earnings	**(34,090,782)**	(40,505,491)
At the end of the year	**777,101,919**	811,192,701

The above revaluation reserve consists of net surplus resulting from the revaluation of buildings as described in Note 7 to these financial statements. This unrealised amount cannot be distributed to shareholders.

18. INTEREST BEARING LOANS & BORROWINGS

18.1 Long Term Loans

Description	Repayable within 1 Year Rs.	Repayable within 2-5 Years Rs.	Repayable after 5 Years Rs.	Total As At 31.03.22 Rs.	Total As At 31.03.21 Rs.	Facility Details (Note 18.3) Rs.
Bank of Ceylon - Rs. 245.9 Mn	-	-	-	**-**	42,336,766	
Bank of Ceylon - Rs. 200 Mn	50,000,004	33,333,320	-	**83,333,324**	158,333,330	I
Peoples Leasing & Finance PLC - Rs. 10.5 Mn	4,109,201	1,743,257	-	**5,852,458**	7,501,663	II
Commercial Bank of Ceylon PLC - Rs. 500 Mn	18,756,000	136,901,459	-	**155,657,459**	164,161,459	III
Sri Lanka Tea Board - Rs. 60 Mn	-	-	-	**-**	11,150,424	
Sri Lanka Tea Board - Rs. 86 Mn	2,235,615	-	-	**2,235,615**	33,449,815	IV
Sampath Bank PLC - Rs. 500 Mn	97,300,000	208,100,000	-	**305,400,000**	409,650,000	V
Seylan Bank PLC - Rs. 50 Mn	6,050,000	34,648,546	-	**40,698,546**	44,148,546	VI
Bank of Ceylon - Rs. 250 Mn	60,606,080	136,363,600	-	**196,969,680**	250,000,000	VII
Bank of Ceylon - Rs. 50 Mn	12,121,216	27,272,720	-	**39,393,936**	50,000,000	VIII
Peoples Leasing & Finance PLC - Rs. 7.77 Mn	2,930,049	-	-	**2,930,049**	5,573,824	IX
Peoples Leasing & Finance PLC - Rs. 9.64 Mn	3,868,650	-	-	**3,868,650**	7,041,274	X
Peoples Leasing & Finance PLC - Rs. 5.02 Mn	2,244,664	-	-	**2,244,664**	3,671,317	XI
Peoples Leasing & Finance PLC - Rs. 6.27 Mn	2,363,745	-	-	**2,363,745**	4,492,037	XII
Seylan Merchant Bank PLC - Rs. 24 Mn	-	-	-	**-**	16,924,699	
Seylan Merchant Bank PLC - Rs. 21 Mn	-	-	-	**-**	14,675,915	
Bank of Ceylon - Rs. 31 Mn	17,929,332	2,988,222	-	**20,917,554**	-	XIII
Bank of Ceylon - Rs. 72 Mn	38,274,754	34,022,003	-	**72,296,757**	-	XIV
Bank of Ceylon - Rs. 68 Mn	17,193,057	51,579,170	-	**68,772,227**	-	XV
Bank of Ceylon - Rs. 13Mn	3,369,752	10,109,255	-	**13,479,007**	-	XVI
Bank of Ceylon - Rs. 5 Mn	5,273,098	585,900	-	**5,858,998**	-	XVII
Bank of Ceylon - Rs. 7 Mn	-	7,938,000	-	**7,938,000**	-	XVIII
Sampath Bank PLC - Rs. 30 Mn	30,868,825	-	-	**30,868,825**	-	XIX
Sampath Bank PLC - Rs. 50 Mn	27,405,698	-	-	**27,405,698**	-	XX
Sampath Bank PLC - Rs. 6 Mn	130,629	-	-	**130,629**	-	XXI
Sampath Bank PLC - Rs. 7 Mn	513,167	-	-	**513,167**	-	XXII
Seylan Bank PLC - Rs. 4 Mn	2,346,225	-	-	**2,346,225**	-	XXIII
Seylan Bank PLC - Rs. 3 Mn	1,902,600	543,595	-	**2,446,195**	-	XXIV
Seylan Bank PLC - Rs. 4 Mn	4,467,858	-	-	**4,467,858**	-	XXV
Seylan Merchant Bank PLC - Rs. 63 Mn	9,741,901	53,889,423	-	**63,631,324**	-	XXVI
	422,002,120	740,018,470	-	**1,162,020,590**	1,223,111,069	

18.2 Short Term Loans

Description	Repayable within 1 Year Rs.	Repayable within 2-5 Years Rs.	Repayable after 5 Years Rs.	Total As At 31.03.22 Rs.	Total As At 31.03.21 Rs.	Facility Details (Note 18.3) Rs.
John Keells PLC - Rs. 20 Mn	3,000,000	-	-	**3,000,000**	-	XXVII
Forbes and Walkers Tea Brokers (Pvt) Ltd - Rs. 80 Mn	-	-	-	**-**	13,000,000	
Forbes and Walkers Tea Brokers (Pvt) Ltd - Rs. 30 Mn	-	-	-	**-**	22,500,000	
Forbes and Walkers Tea Brokers (Pvt) Ltd - Rs. 50 Mn	12,000,000	-	-	**12,000,000**	-	XXVIII
Forbes and Walkers Tea Brokers (Pvt) Ltd - Rs. 66 Mn	18,480,000	-	-	**18,480,000**	-	XXIX
Ceylon Tea Brokers PLC - Rs. 5 Mn	-	-	-	**-**	2,916,667	
Ceylon Tea Brokers PLC - Rs. 7.5 Mn	1,875,000	-	-	**1,875,000**	-	XXX
Sri Lanka Tea Board - Rs. 44 Mn	-	-	-	**-**	39,607,200	
Bank of Ceylon - Rs. 25.5 Mn	-	-	-	**-**	25,500,000	
	35,355,000	-	-	**35,355,000**	103,523,867	
Grand Total	**457,357,120**	**740,018,470**	**-**	**1,197,375,590**	**1,326,634,936**	

18.3 Details of interest bearing loans and borrowing facilities

Facility details	Rate of interest	Terms of Repayment
I	Rs. 200 Mn - AWPLR +2.5%	48 monthly instalments commencing from 12/06/2019
II	Rs. 10.5 Mn - 17.5%	60 monthly instalments commencing from 10/11/2018
III	Rs. 500 Mn - AWPLR +3%	48 monthly instalments commencing from 21/01/2022
IV	Rs. 86 Mn - 5%	36 instalments commencing from 13/07/2017
V	Rs. 500 Mn - AWPLR +3.5%	71 instalments of Rs. 6,950,000/- and a final instalment of Rs. 6,550,000/- commencing from 26/04/2019
VI	Rs. 50 Mn - 16%	84 instalments commencing from 30/11/2018
VII	Rs. 250 Mn - AWPLR +3.5%	72 monthly instalments commencing from 03/05/2020 including six months capital grace period
VIII	Rs. 50 Mn - AWPLR +3 %	72 monthly instalments commencing from 03/05/2020 including six months capital grace period
IX	Rs. 7.77 Mn - 20%	36 monthly instalments commencing from 20/11/2019
X	Rs. 9.64 Mn - 20%	36 monthly instalments commencing from 20/11/2019
XI	Rs. 5.02 Mn - 20%	36 monthly instalments commencing from 20/11/2019
XII	Rs. 6.27 Mn - 20%	36 monthly instalments commencing from 20/11/2019
XIII	Rs. 31 Mn - 0%	24 monthly instalments commencing from 20/11/2019
XIV	Rs. 72 Mn - 6.93%	17 monthly instalments commencing from 01/07/2022
XV	Rs. 68 Mn - 6.93%	36 monthly instalments commencing from 13/04/2020
XVI	Rs. 13 Mn - 6.93%	36 monthly instalments commencing from 10/03/2020
XVII	Rs. 5 Mn - 6.93%	10 monthly Instalments commencing from 01/07/2022
XVIII	Rs. 7 Mn - AWPLR+3%	36 monthly instalments commencing from 30/04/2023
XIX	Rs. 30 Mn - 6.93%	6 monthly instalments commencing from 26/07/2022
XX	Rs. 50 Mn - 5.80%	24 monthly instalments commencing from 09/04/2021
XXI	Rs. 6 Mn - 6.18%	6 monthly instalments commencing from 07/11/2021
XXII	Rs. 7 Mn - 6.18%	6 monthly instalments commencing from 18/11/2021
XXIII	Rs. 4 Mn - TB Rate+1%	24 monthly instalments commencing from 20/04/2021
XXIV	Rs. 3 Mn - TB Rate+ 1%	24 monthly instalments commencing from 20/08/2021
XXV	Rs. 4 Mn - TB Rate+1%	6 monthly instalments commencing from 01/01/2022
XXVI	Rs. 63 Mn - 16%	60 monthly instalments commencing from 30/04/2022
XXVII	Rs. 20 Mn - 14%	20 weekly Instalments of Rs. 1,000,000/- commencing from 25/11/2021
XXVIII	Rs. 50 Mn - 14%	50 weekly Instalments of Rs. 1,000,000/- commencing from 07/07/2021
XXIX	Rs. 66 Mn - 14%	25 weekly Instalments of Rs. 2,640,000/- commencing from 24/11/2021
XXX	Rs. 7.5 Mn - 14%	24 weekly Instalments of Rs. 312,500/- commencing from 24/11/2021

18.4 Changes in liabilities arising from financing activities

	01 April 2021 Rs.	Cash flows Rs.	31 March 2022 Rs.
Current interest bearing loans and borrowings (excluding items listed below)	573,466,758	(116,109,638)	**457,357,120**
Current obligations under leases	1,902	156	**2,058**
Non current interest bearing loans and borrowings (excluding items listed below)	753,168,178	(13,149,708)	**740,018,470**
Non current obligations under leases	127,970	(2,058)	**125,912**
	1,326,764,809	(129,261,257)	**1,197,503,560**

19. RETIREMENT BENEFIT OBLIGATIONS

	2022 Rs.	2021 Rs.
At the beginning of the year	**1,557,598,881**	1,531,478,560
Provision made during the year - Interest Cost	**116,819,916**	153,147,856
- Current Service Cost	**60,671,873**	88,174,758
Actuarial (Gain) / Loss due to changes in financial assumptions	**(562,038,668)**	122,791,067
Actuarial (Gain) / Loss due to experience adjustment	**(17,943,785)**	(255,846,324)
Payments made during the year	**(25,190,510)**	(82,147,036)
At the end of the year	**1,129,917,707**	1,557,598,881

According to the valuation done based on the full actuarial valuation carried out by a professionally qualified actuary firm M/s. Actuarial and Management Consultants (Pvt) Ltd as at 31st March 2022, the liability is Rs.1,129,917,707/-. If the Company had provided for gratuity for all employees on the basis of 14 days wages for workers and a half month salary for staff for each completed year of service for the year ended 31st March 2022, the liability would have been Rs 1,901,866,273/- (2021 - Rs.1,679,146,182/-) Hence, there is a contingent liability of Rs.771,948,566/- which would crystalise only if the Company ceases to be a going concern.

The Present Value of Retirement Benefit Obligation is carried out on annual basis.

The following payments are expected from the defined benefit plan obligation in future years.

	2022 Rs.	2021 Rs.
Within next 12 months	**139,256,049**	148,397,398
Between 2 and 5 years	**373,897,118**	427,916,075
Beyond 5 years	**616,764,539**	981,285,407
	1,129,917,707	1,557,598,881

The weighted average duration of the Defined Benefit plan obligation at the end of the reporting period is 7.71 years and 8.03 years for staff and workers respectively.

The key assumptions used by Actuarial & Management Consultants (Pvt) Limited include the following;

	2022	2021
(i) Rate of Interest	**15.0%**	7.5%
(ii) Rate of Salary Increase		
Workers	**8% (per annum)**	5.68% (per annum)
Staff	**10% (per annum)**	10% (per annum)
(iii) Retirement Age		
Workers	**60 years**	60 years
Staff	**60 years**	60 years
(iv) Daily Wage Rate	**Rs. 862/-**	Rs. 700/-

Sensitivity Analysis

Values appearing in the financial statements are very sensitive to the changes of financial and non financial assumptions used. A sensitivity was carried out as follows;

A one percentage point change in the discount rate	Impact on Retirement Benefit Obligation	
	+1%	-1%
As at 31 March 2022	**(74,704,099)**	**84,303,025**
As at 31 March 2021	(130,853,465)	151,753,584

A one percentage point change in the salary increment rate	+1%	-1%
As at 31 March 2022	**94,472,582**	**(84,472,363)**
As at 31 March 2021	159,580,038	(139,702,772)

20. DEFERRED INCOME

Deferred Grants and Subsidies

	2022 Rs.	2021 Rs.
Cost		
At the beginning of the year	**337,629,015**	334,876,515
Additions during the year	**4,821,400**	2,752,500
At the end of the year	**342,450,415**	337,629,015
Amortisation		
At the beginning of the year	**140,530,920**	131,681,899
Amortisation for the year	**9,354,094**	8,849,021
At the end of the year	**149,885,014**	140,530,920
Net carrying amount at the end of the year	**192,565,401**	197,098,095

The Company has received funding from the Plantation Housing and Social Welfare Trust, Asian Development Bank and Plantation Reform Project for the development of worker welfare facilities such as re-roofing of line rooms, latrines, water supply and sanitation etc. The funds received from Sri Lanka Tea Board are utilized for Tea replanting. The amounts spent are included under the relevant classification of Property, Plant and Equipment and Bearer Biological Assets and the grant component is reflected under Deferred Grants and Subsidies.

21. LEASE LIABILITIES

	Notes	2022 Rs.	2021 Rs.
Lease liability on right-of-use assets - Land	21.1	**127,970**	129,872
		127,970	129,872

21.1 Lease liability on right-of-use assets- Land

	2022 Rs.	2021 Rs.
At the beginning of the year	**129,872**	131,631
Accretion of interest	**10,598**	10,741
Payments	**(12,500)**	(12,500)
At the end of the year	**127,970**	129,872
Current	**2,058**	1,902
Non Current	**125,912**	127,970

21.1.1 Maturity analysis of lease liability on right - of use assets- Land is as follows;

	2022 Rs.	2021 Rs.
Payable within one year		
Gross liability	**12,500**	12,500
Finance cost allocated to future periods	**(10,442)**	(10,598)
Net liability transferred to current liabilities	**2,058**	1,902
Payable within two to five years		
Gross liability	**62,500**	62,500
Finance cost allocated to future periods	**(49,402)**	(50,390)
Net liability	**13,098**	12,110
Payable after five years		
Gross liability	**212,500**	225,000
Finance cost allocated to future periods	**(99,686)**	(109,140)
Net liability	**112,814**	115,860
Current	**2,058**	1,902
Non Current	**125,912**	127,970

21.2 Lease liability on right-of-use assets - Motor Vehicles

	2022 Rs.	2021 Rs.
At the beginning of the year	**-**	1,136,533
Accretion of interest	**-**	13,644
Payments	**-**	(1,150,177)
At the end of the year	**-**	-

22. TRADE & OTHER PAYABLES

	2022 Rs.	2021 Rs.
Trade Creditors	**25,873,313**	23,806,624
Payable to Employees	**158,528,394**	196,085,931
EPF/ETF/CPPS/ESPS/Gratuity Payable	**762,144,983**	768,541,079
Provision for EPF/ETF/ESPS/Tax/Gratuity Surcharges	**98,967,499**	98,237,873
Broker Advances	**300,450,830**	284,928,183
Other Creditors	**486,396,972**	505,658,763
Economic Service Charge Payable	**-**	82,506,770
	1,832,361,991	1,959,765,223

23. AMOUNTS DUE TO RELATED COMPANIES

	2022 Rs.	2021 Rs.
Creasy Plantation Management Ltd	**4,623,598**	4,634,598
The Colombo Fort Land and Building PLC	**1,890,450**	91,265,861
Lankem Developments PLC	**800,001**	11,046,121
Kotagala Plantations PLC	**-**	22,302,946
Lankem Ceylon PLC	**4,830,005**	48,453,520
Colombo Fort Group Services (Pvt) Ltd	**2,764,851**	3,262,350
E B Creasy & Co. PLC	**1,699,261**	59,390,778
Lankem Tea & Rubber Plantations (Pvt) Ltd	**-**	37,943,901
Union Commodities (Pvt) Ltd	**1,608,804**	107,805,207
Sigiriya Village Hotels PLC	**9,463,972**	10,000,000
Darley Butler & Co. Ltd	**1,009,957**	41,813,510
	28,690,899	437,918,793

24. REVENUE

24.1 Summary

	2022 Rs.	2021 Rs.
Tea	**4,486,527,182**	4,291,538,466
	4,486,527,182	4,291,538,466

24.2 Segment Information

Geographical Segment Result	Agras 2022 Rs.	Agras 2021 Rs.	Haputale 2022 Rs.	Haputale 2021 Rs.	2022 Rs.	2021 Rs.
Revenue	**2,347,118,039**	2,317,835,854	**2,139,409,143**	1,973,702,611	**4,486,527,182**	4,291,538,466
Revenue Expenditure	**(2,204,131,204)**	(2,063,779,978)	**(1,881,750,956)**	(1,653,789,101)	**(4,085,882,160)**	(3,717,569,079)
Depreciation	**(77,355,374)**	(76,740,786)	**(82,709,391)**	(83,341,009)	**(160,064,765)**	(160,081,795)
Amortiastion	**(3,349,355)**	(3,349,355)	**(3,154,038)**	(3,154,038)	**(6,503,393)**	(6,503,393)
Gratuity	**(98,938,771)**	(136,991,903)	**(71,928,690)**	(99,712,428)	**(170,867,461)**	(236,704,330)
Segment Result	**(36,656,665)**	36,973,833	**99,866,068**	133,706,035	**63,209,404**	170,679,868
Other Income					**190,488,047**	94,473,394
Unallocated Expenses						
Gain on change in fair value of Biological Assets					**158,117,372**	269,955,747
Depreciation					**(9,842,217)**	(9,882,048)
Gratuity					**(3,312,164)**	(4,618,284)
Others					**(117,279,517)**	(134,345,187)
Finance Cost					**(221,474,029)**	(250,833,196)
Profit before Taxation					**59,906,896**	135,430,293
Segment Assets						
Non Current Assets	**3,042,185,128**	2,915,362,012	**3,034,737,172**	2,927,755,508	**6,076,922,300**	5,843,117,520
Accumulated Depreciation / Amortisation	**(929,871,230)**	(849,166,502)	**(809,404,743)**	(723,541,314)	**(1,739,275,973)**	(1,572,707,816)
Current Assets	**353,342,414**	392,135,305	**342,876,005**	340,867,158	**696,218,419**	733,002,463
	2,465,656,312	2,458,330,815	**2,568,208,434**	2,545,081,352	**5,033,864,746**	5,003,412,167
Unallocated						
Non Current Assets					**1,161,584,953**	1,191,403,777
Accumulated Depreciation / Amortisation					**(137,790,389)**	(127,948,172)
Amounts due from Related Companies					**421,265,461**	379,463,925
Current Assets					**159,418,960**	236,201,065
					1,604,478,985	1,679,120,596
Total Assets					**6,638,343,731**	6,682,532,763
Segment Liabilities						
Non Current Liabilities	**604,020,014**	914,060,618	**495,222,732**	585,939,783	**1,099,242,746**	1,500,000,401
Current Liabilities	**238,441,652**	267,876,707	**246,837,268**	226,359,476	**485,278,920**	494,236,183
	842,461,666	1,181,937,325	**742,060,000**	812,299,259	**1,584,521,666**	1,994,236,584
Unallocated						
Non Current Liabilities					**941,075,443**	922,991,774
Current Liabilities					**2,273,428,018**	2,914,443,064
					3,214,503,461	3,837,434,838
Total Liabilities					**4,799,025,127**	5,831,671,423
Capital and Reserves					**1,646,753,203**	653,763,244
Deferred Income					**192,565,401**	197,098,095
					1,839,318,604	850,861,340
Total Equity & Liabilities					**6,638,343,731**	6,682,532,763
Segment Capital Expenditure						
Cost	**56,336,032**	63,953,853	**35,372,422**	70,292,125	**91,708,454**	134,245,979
Unallocated						
Capital Expenditure					**129,999**	405,100
Total Capital Expenditure					**91,838,453**	134,651,079

25. OTHER INCOME

	2022 Rs.	2021 Rs.
Amortisation of Capital Grants	**9,354,094**	8,849,021
Profit on Disposal of Property, Plant & Equipment	**-**	3,291,600
Factory / Towers Lease Rent	**19,604,239**	15,568,395
Profit from Sale of Valuable Timber Trees	**766,762**	9,840,921
Income from Sale of Other Trees	**37,947,900**	15,809,720
Write back of Dividend Payable	**-**	10,027,606
Write back of Taxes Payable	**59,971,855**	-
Others	**30,720,349**	24,103,599
	158,365,199	87,490,862

26. FINANCE INCOME

	2022 Rs.	2021 Rs.
Interest Income	**32,122,849**	6,982,532
	32,122,849	6,982,532

27. FINANCE COST

	2022 Rs.	2021 Rs.
Overdraft Interest	**32,796,999**	40,827,626
Interest Charge on Guarantees	**7,519,996**	7,519,996
Interest on Leases	**10,598**	24,415
Term Loan Interest	**123,198,242**	140,846,137
Related Party Loan Interest	**23,009,904**	33,924,933
Interest charged by the Tea Brokers	**58,051,440**	49,097,576
Other Interest	**-**	3,869,677
	244,587,179	276,110,360
Amount Capitalised	**(23,113,150)**	(25,277,163)
	221,474,029	250,833,198

28. PROFIT FROM OPERATING ACTIVITIES IS STATED AFTER CHARGING

	2022 Rs.	2021 Rs.
Consultancy Fee	**21,789,835**	12,506,101
Auditor's Remuneration	**6,319,080**	6,277,635
Depreciation		
Freehold Property, Plant and Equipment	**93,645,633**	94,908,506
Bearer Biological Assets	**69,357,654**	67,174,681
Right-of-use assets - Land	**6,503,393**	6,503,393
Right-of-use assets - Immovable Lease assets of JEDB / SLSPC estates	**6,205,880**	6,205,880
Right-of-use assets - Motor Vehicles	**697,818**	1,674,762
Others		
Defined Benefit Plan Cost - Retiring Gratuity	**177,491,789**	241,322,614
Defined Contribution Plan Cost - EPF,ETF,ESPS & CPPS	**305,931,961**	284,420,584
Wages & Staff Cost	**2,475,725,293**	2,547,159,998

29. INCOME TAX EXPENSES

29.1 The major components of income tax expenses for the year ended 31st March 2022 are as follows.

Statement of Profit or Loss

	2022 Rs.	2021 Rs.
Current Tax Expenses		
Current Income Tax Charge (29.2)	**17,545,658**	8,376,084
Under/(Over) Provision of Income Tax for the previous years	**895,406**	(1,530,017)
Deferred Income Tax		
Deferred Taxation Charge / (Reversal) (29.4)	**13,632,477**	(61,011,659)
	32,073,542	(54,165,592)

29.2 Reconciliation of Accounting Profit to Income Tax Expense

	2022 Rs.	2021 Rs.
Accounting profit before tax	**59,906,896**	135,430,292
Aggregate disallowable items	**528,376,734**	789,527,160
Aggregate allowable items	**(480,052,741)**	(561,134,677)
Business Profit /(Loss)	**108,230,889**	363,822,775
Tax exempt income/(loss) from Agro Farming	**(190,070,773)**	(164,156,737)
Taxable income/(loss) from Agro Processing	**298,301,662**	527,979,512
Investment Income	**73,106,910**	34,900,351
Total Statutory Income	**181,337,799**	398,723,126
Tax losses brought forward and utilised	**(298,301,662)**	(527,979,512)
Taxable Income /(Loss)	**(116,963,863)**	(129,256,386)
Income Tax @ 14%	**-**	-
Income Tax @ 24%	**17,545,658**	8,376,084
Income Tax expense charged to Statement of Profit or Loss	**17,545,658**	8,376,084

29.3 Accumulated Tax Losses

	2022 Rs.	2021 Rs.
Tax losses bought forward	**2,356,441,298**	3,318,383,959
Adjustment to brought forward tax losses	**(29,344,763)**	(433,963,149)
Loss for the year (Note 29.2)	**-**	-
Losses set off during the year	**(298,301,662)**	(527,979,512)
Tax losses carried forward	**2,028,794,873**	2,356,441,298

29.4 **Deferred Tax Liability**

	2022		2021	
	Temporary Differences	Tax Effect	Temporary Differences	Tax Effect
	Rs.	Rs.	Rs.	Rs.
As at 1 April	**1,067,591,875**	**112,097,147**	1,136,700,027	159,138,004
Amount originated during the year transferred to statement of profit or loss due to the income tax rate change	**-**	**-**	-	(39,784,501)
Amount originated during the year transferred to statement of profit or loss	**129,833,120**	**13,632,477**	(202,163,408)	(21,227,158)
Amount originated during the year transferred to statement of other comprehensive income	**579,982,453**	**60,898,158**	133,055,257	13,970,802
As at 31 March	**1,777,407,447**	**186,627,782**	1,067,591,875	112,097,147

Composition of Deferred Tax Liabilities/(Assets)

	2022		2021	
	Temporary Differences	Tax Effect	Temporary Differences	Tax Effect
	Rs.	Rs.	Rs.	Rs.
Right of Use Assets	**142,609,334**	**14,973,980**	142,609,335	14,973,980
Property, Plant and Equipment	**1,309,205,236**	**137,466,550**	1,348,839,990	141,628,199
Biological Assets	**3,326,159,803**	**349,246,779**	3,243,885,405	340,607,968
Retirement Benefit Obligations	**(971,661,084)**	**(102,024,414)**	(1,311,197,184)	(137,675,704)
Lease Liability	**(110,970)**	**(11,652)**	(104,372)	(10,959)
Carried forward Tax Losses	**(2,028,794,873)**	**(213,023,462)**	(2,356,441,298)	(247,426,336)
Net Deferred Tax Liability/(Asset)	**1,777,407,447**	**186,627,782**	1,067,591,875	112,097,147

The effective tax rate used to calculate deferred tax liability for all temporary differences as at 31 March 2022 is 10.5% (2021 - 10.5%).

30. EARNINGS PER SHARE

Computation of the earnings per share is based on the profit after taxation for the year divided by the weighted average number of ordinary shares outstanding during the year.

Amount used as the numerator	2022	2021
	Rs.	Rs.
Net profit for the year after taxation	**27,833,354**	189,595,885

Amount used as the denominator	2022	2021
	Number	Number
Weighted average number of ordinary shares outstanding during the period	**325,000,000**	235,246,575

31. CAPITAL COMMITMENTS

Followings are the capital commitments approved as at the date of Financial Position.

	2022	2021
	Rs.	Rs.
A. Field Development	**86.3 Mn**	99.6 Mn
B. Machinery & Factory Development	**151.0 Mn**	153.4 Mn

32. SECURITIES PLEDGED

The following assets have been pledged as securities for loans and other facilities.

		Nature of Assets	Facility Rs.	Nature of Liability	Carrying Amounts of Assets Pledged 2022 Rs.	2021 Rs.	Included Under
32.1	A)	Primary mortgage over leasehold rights to bare land and buildings of Torrington Estate	160 Mn	Bank Overdraft from Indian Bank	**3,302,710**	3,587,186	Property, Plant & Equipment
	B)	Stock in trade, movable assets and book debts					
	C)	Corporate Guarantee from Lankem Developments PLC					
32.2		A primary mortgage over leasehold rights of Glenanore and Haputale Estates including machinery fixed each of these estates. Overdraft Agreement	200 Mn	Bank Overdraft from Bank of Ceylon	**32,766,923**	33,388,168	Property, Plant & Equipment
		A primary mortgage over leasehold rights of Glenanore and Haputale Estates including machinery fixed each of these estates	50 Mn	Term Loan from Bank of Ceylon			Property, Plant & Equipment
	A)	Tri partite agreement with borrower, bank and the tea broker John Keells PLC	200 Mn	Term Loan from Bank of Ceylon			
	B)	Corporate Guarantee from Lankem Ceylon PLC					
		Tri partite agreement with borrower, bank and the tea broker John Keells PLC	250 Mn	Term Loan from Bank of Ceylon			
32.3		Mortgage over leasehold rights over the estate land and buildings,fixed & floating assets of Diyagama East Estate	50 Mn	Term Loan from Seylan Bank PLC	**7,590,729**	7,921,331	Property, Plant & Equipment
32.4		Duly accepted letter of offer supported by Board Resolution. General terms and conditions relating to term loans. Deposit of original title deeds and plan relating to the Dambetenne Estate	500 Mn	Term Loan from Commercial Bank of Ceylon PLC			
			20 Mn	Bank Overdraft from Commercial Bank of Ceylon PLC			
32.5		Mortgage over leasehold rights over the estate land and Factory building of Diyagama West Estate	500 Mn	Term Loan from Sampath Bank PLC	**5,604,211**	6,083,106	
32.6		Original certificate of registration of the vehicle	10.5 Mn	Term Loan from Peoples Leasing & Finance PLC	**4,769,000**	7,781,000	
32.7		Original certificates of registration of the vehicles	28.7 Mn	Term Loans from Peoples Leasing & Finance PLC	**25,417,500**	35,187,500	
32.8		Original certificates of registration of the vehicles	63 Mn	Term Loan from Seylan Merchant Bank PLC	**-**	-	

33. CONTINGENCIES

Following contingent liabilities exist as of the date of financial position.

33.1 Court of Appeal Case No - CA WRIT 143/2021

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

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

Having discussed with independent legal experts and based on the information available, the Directors are of the view that in the event of an unforeseen verdict unfavorable to the Company from the above court case, the contingent liability on retirement benefit obligation liability would be Rs. 163 Mn and of which Rs. 8 Mn need to be charged to Profit or Loss and Rs. 155 Mn to be charged under Other Comprehensive Income for the year ended 31 March 2022. However, no provisions have been made in the financial statements for the year ended 31 March 2022 in this regard.

34. EVENTS AFTER THE REPORTING PERIOD

There have been no material events occurring after the statement of financial position date that require adjustment or disclosure in the financial statements..

35. RELATED PARTY DISCLOSURES

35.1 Details of significant Related Party Disclosures are as follows;

Transactions with the parent and related entities

	Name of the Company	Relationship	Name of Director	Nature of Transaction	Amount Debited / (Credited) 2022 Rs.	2021 Rs.	Balance as at 31st March 2022 Rs.	2021 Rs.
1.	Lankem Tea & Rubber Plantations (Pvt) Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Transfer of inter company balances	**-**	1,092,289	**2,002,109**	(37,943,901)
			Mr. C.P.R. Perera	Settlements	**1,467,174**	3,148,184		
			Mr. S.S. Poholiyadde	Advances given	**2,002,110**	-		
			Mr. Anushman Rajaratnam	Issue of shares	**36,476,725**	-		
			Mr. D.R. Madena					
2.	Lankem Ceylon PLC	Affiliated Company	Mr. S.D.R. Arudpragasam	Interest charge on bank guarantee	**(4,319,996)**	(4,319,996)	**(4,830,005)**	(48,453,520)
			Mr. Anushman Rajaratnam	Share of group expenses reimbursed	**(15,000,000)**	(15,000,000)		
				Issue of shares	**62,943,515**	-		
3.	Sigiriya Village Hotels PLC	Affiliated Company	Mr. S.D.R. Arudpragasam	Settlements	**536,038**	-	**(9,463,972)**	(10,000,000)
			Mr. C.P.R. Perera					
			Mr. Anushman Rajaratnam					

	Name of the Company	Relationship	Name of Director	Nature of Transaction	Amount Debited / (Credited) 2022 Rs.	2021 Rs.	Balance as at 31st March 2022 Rs.	2021 Rs.
4.	Kotagala Plantations PLC	Affiliated Company	Mr. S.D.R. Arudpragasam	Settlements	**-**	35,328,196	**8,087,124**	(22,302,946)
			Mr. C.P.R. Perera	Transfer of inter company balances	**6,230,037**	-		
			Mr. S.S. Poholiyadde	Issue of shares	**17,116,895**	-		
			Mr. Anushman Rajaratnam	Advances given	**7,043,137**	-		
5.	The Colombo Fort Land & Building PLC	Ultimate Parent	Mr. S.D.R. Arudpragasam	Rent on building & Other expenses	**(9,000,000)**	(8,056,846)	**(1,890,450)**	(91,265,861)
			Mr. C.P.R. Perera	Settlements	**1,500,000**	9,848,767		
			Mr. Anushman Rajaratnam	Transfer of inter company balances	**103,637,854**	-		
				Interest charged	**(6,762,442)**	(9,237,950)		
6.	Creasy Plantation Management Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Settlements	**11,000**	158,500	**(4,623,598)**	(4,634,598)
7.	Sherwood Holidays Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Rent and bungalow upkeep expenses	**1,547,916**	1,434,824	**14,170,734**	13,158,857
				Settlements	**(536,038)**	-		
8.	Marawila Resorts PLC	Affiliated Company	Mr. S.D.R. Arudpragasam Mr. C.P.R. Perera Mr. Anushman Rajaratnam	Settlements	**(133,517)**	-	**-**	133,517
9.	Waverly Power (Pvt) Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Rent charged	**565,695**	538,757	**565,695**	1,140,626
			Mr. Anushman Rajaratnam	Transfer of inter company balances	**(1,140,626)**	-		
10.	Lankem Developments PLC	Immediate Parent	Mr. S.D.R. Arudpragasam	Interest charge on bank guarantee	**(3,200,000)**	(3,200,000)	**(800,001)**	(11,046,121)
			Mr. C.P.R. Perera	Receipt of loan	**-**	(360,000,000)		
			Mr. Anushman Rajaratnam	Issue of shares	**229,172,380**	360,000,000		
				Interest charged	**-**	(4,646,120)		
				Transfer of inter company balances	**(215,726,260)**	-		
11.	Union Commodities (Pvt) Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Interest charged	**(7,032,628)**	(10,649,742)	**(1,608,804)**	(107,805,207)
			Mr. Anushman Rajaratnam	Transfer of inter company balances	**113,229,032**	-		

	Name of the Company	Relationship	Name of Director	Nature of Transaction	Amount Debited / (Credited) 2022 Rs.	2021 Rs.	Balance as at 31st March 2022 Rs.	2021 Rs.
12.	Colombo Fort Group Services (Pvt) Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	IT/HR support service expenses	**(2,500,125)**	(3,310,737)	**(2,764,851)**	(3,262,350)
			Mr. Anushman Rajaratnam	Payments made	**2,997,625**	2,720,268		
13.	Ceylon Tea Brokers PLC	Affiliated Company	Mr. C.P.R. Perera	Broker advances received	**(330,500,000)**	(351,000,000)	**(33,314,101)**	(50,521,310)
				Broker advances recovered	**341,436,347**	315,043,114		
				Sale of tea	**373,279,810**	326,822,781		
				Sales proceeds received	**(367,008,948)**	(318,213,822)		
14.	E.B. Creasy & Co. PLC	Affiliated Company	Mr. S.D.R. Arudpragasam	Interest charged	**(5,841,565)**	(5,915,534)	**(1,699,261)**	(59,390,778)
				Transfer of inter company balances	**(6,230,037)**	-		
				Issue of shares	**69,763,120**	-		
15.	Darley Butler & Co. Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Advances received	**-**	(39,651,111)	**(1,009,957)**	(41,813,510)
				Interest charged	**(3,373,267)**	(2,162,399)		
				Issue of shares	**44,176,810**	-		
16.	Consolidated Tea Plantations Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Term loan granted	**-**	360,000,000	**396,439,799**	365,030,926
			Mr. C.P.R. Perera	Interest charged	**30,626,532**	5,030,926		
			Mr. Anushman Rajaratnam	Advances given	**782,341**	-		
			Mr. S.S. Poholiyadde					

35.2 Transaction with the key management personnel of the company or parent

	Rs.
Consultancy Fee paid to key management personnel	21,789,835

There were no material transactions with the Key Management Personnel of the company and its parent other than those disclosed in Notes 14, 23 and 35.1 to the Financial Statements.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Company operations. The Company has trade and other receivables, cash and short term deposits that arrive directly from its operations. Accordingly, the Company has exposure to namely Credit Risk, Liquidity Risk and Interest Rate Risk from its use of financial instruments. This note presents information about the Company exposure to each of the above risks, the Company objectives, policies and processes for measuring and managing risk.

Credit risk

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

Liquidity risk

Liquidity risk arises when the Company is unable to meets its financial obligations due to insufficient cash flow situations. The Company 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 reputation.

Interest rate risk

Interest rate risk is the potential for losses that may arise due to adverse movement of interest rates, mainly on 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.

36.1 Financial Risk Management Framework

The Board of Directors has the overall responsibility for the establishment and oversight of the Company financial risk management framework which includes developing and monitoring the Company financial risk management policies. The Company financial risk management policies are established to identify, quantify and analyse the financial risks faced by the Company, to set appropriate risk limits and controls and to monitor financial risks and adherence to limits. Financial risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Audit Committee of the Company oversees how management monitors compliance with the Company financial risk management policies and procedures and reviews the adequacy of the financial risk management framework in relation to the risks faced by the Company.

36.2 Credit Risk

Credit risk is the risk of financial loss to the Company 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 and from its financing activities including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

36.2.1 Trade and Other Receivables

The Company's exposure to credit risk is influenced by the individual characteristics of each customer. The Company's credit policy is monitored at the Board level. The new customers are analysed individually for credit worthiness before Company's standard payment and delivery terms and conditions are offered. Company review includes external ratings, when available and in some cases, bank references, purchases limit etc. which also subject to under review on quarterly basis. The past experience of the Management is considered when revisions are made to terms and conditions.

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 receivables of the company at the reporting date is Rs. 109.8 Mn. The Company has a minimal credit risk of its trade receivables as the repayment is guaranteed within seven days by the Tea auction systems.

36.2.2 Investments

Credit risks from invested balance with the financial institutions are managed by the Board of Directors. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to them. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

36.2.3 Cash and Cash Equivalents

The Company held cash and Cash Equivalents of Rs. 47.8 Mn as at 31st March 2022 (2021 – Rs. 124.6 Mn) which represents its maximum credit exposure on these assets.

36.3 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 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 reputation.

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 individual and Company level by funding the long term investments with long term financial sources and short term investments 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's financial liabilities based on contractual undiscounted payments.

As at 31st March 2022	Less than 3 Months Rs.	3 to 12 Months Rs.	2 to 5 years Rs.	Over 5 years Rs.	Total Rs.
Interest bearing loans & borrowings	206,171,066	618,513,197	1,922,691,335	-	**2,747,375,598**
Trade and other payables	1,786,167,372	46,194,613	-	-	**1,832,361,985**
	1,992,338,438	664,707,810	1,922,691,335	-	**4,579,737,583**

As at 31st March 2021	Less than 3 Months Rs.	3 to 12 Months Rs.	2 to 5 years Rs.	Over 5 years Rs.	Total Rs.
Interest bearing loans & borrowings	199,690,155	482,574,200	1,663,740,000	-	2,346,004,355
Trade and other payables	1,923,150,805	36,614,418		-	1,959,765,223
	2,122,840,960	519,188,618	1,663,740,000	-	4,305,769,578

36.4 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 three types of risks: interest rate risk, currency risk & other price risk such as equity price risk. Financial instruments affected by market risk include loans & borrowings, deposits & derivative financial instruments.

36.4.1 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 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.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's Profit Before Tax is affected through the impact on floating rate borrowings as follows:

	Increase/ decrease in Interest rate	Effect on profit before tax Rs.
2022	**+1%**	**(21,880,016)**
	-1%	**21,880,016**
2021	+1%	(24,126,594)
	-1%	24,126,594

ESTATE HECTARAGE STATEMENT

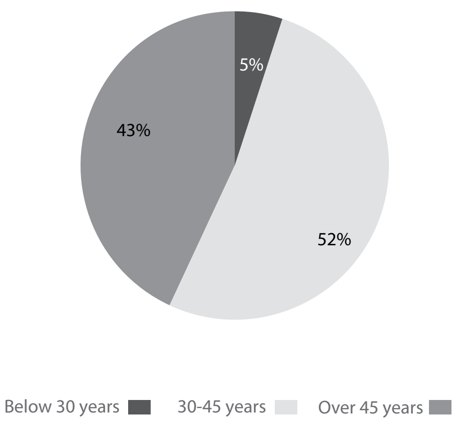
Estate	Planting District	Extent (ha) Revenue Extent Tea	Immature Extent Tea	Other Area	Total	No of Workers
Agras valley Region						
Albion	Nuwara Eliya	443.84	3.00	138.16	585.00	607
Balmoral	Nuwara Eliya	319.20	-	104.30	423.50	520
D/East	Nuwara Eliya	342.89	-	154.17	497.06	442
D/West	Nuwara Eliya	635.17	5.00	218.12	858.29	891
Glasgow	Nuwara Eliya	325.71	1.00	82.79	409.50	414
Hauteville	Nuwara Eliya	487.30	-	86.70	574.00	691
Holmwood	Nuwara Eliya	191.11	-	63.78	254.89	195
N/Portmore	Nuwara Eliya	167.65	-	58.74	226.39	226
Sandringham	Nuwara Eliya	168.78	6.00	43.22	218.00	304
Torrington	Nuwara Eliya	221.71	2.50	189.89	414.10	329
Waverley	Nuwara Eliya	366.95	-	78.30	445.25	536
Sub Total		**3,670.31**	**17.50**	**1,218.17**	**4,905.98**	**5,155**
Haputale Region						
Beauvais	Badulla	255.90	2.00	99.28	357.18	308
Dambatenne	Badulla	374.53	1.20	496.72	872.45	761
Glenannore	Badulla	346.68	1.55	203.82	552.05	373
Gonamotava	Badulla	194.22	1.00	71.78	267.00	281
Haputale	Badulla	382.81	3.75	555.42	941.98	584
Kahagalla	Badulla	258.07	6.65	136.21	400.93	293
Nayabedde	Badulla	302.01	0.51	196.18	498.70	445
Pitaratmalie	Badulla	363.90	0.50	303.38	667.78	437
Udaveria	Badulla	257.34	0.58	457.21	715.13	132
Sub Total		**2,735.46**	**17.74**	**2,520.00**	**5,273.20**	**3,614**
Company Total		**6,405.77**	**35.24**	**3,738.17**	**10,179.18**	**8,769**

OUR HUMAN RESOURCES

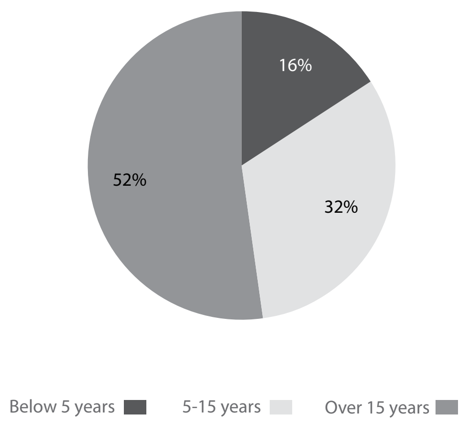
	2021/22	2020/21	2019/20
Executives	**67**	63	69
Clerical,Technical & Other Staff	**505**	546	544
Estate Workers	**8,769**	8,929	9,076
Total Employees	**9,341**	9,538	9,689
Revenue per Employee Rs. '000'	**480.30**	449.94	328.99
Profit/ (Loss) per Employee Rs. '000'	**2.98**	19.87	(125.08)
Assets per Employee Rs. '000'	**710.67**	700.62	609.05

	Estate Workers	Staff and other Officers	Executives	Total as at 31/03/2022	Total as at 31/03/2021	Total as at 31/03/2020
Age Analysis						
Below 30 years	407	56	14	**477**	638	742
30 - 45 years	4,566	230	29	**4,825**	4,729	5,186
Over 45 years	3,796	219	24	**4,039**	4,171	3,761
Total	8,769	505	67	**9,341**	9,538	9,689
Service Analysis						
Below 5 years	1,324	178	25	**1,527**	1,567	1,530
5 - 15 years	2,777	180	26	**2,983**	2,929	3,122
Over 15 years	4,668	147	16	**4,831**	5,042	5,037
Total	8,769	505	67	**9,341**	9,538	9,689
Gender Analysis						
Male	3,414	359	61	**3,834**	4,020	4,087
Female	5,355	146	6	**5,507**	5,518	5,602
Total	8,769	505	67	**9,341**	9,538	9,689
Region-wise Analysis						
Agras Valley	5,155	294	29	**5,478**	5,609	5,651
Haputale	3,614	200	20	**3,834**	3,899	4,003
Head Office	-	11	18	**29**	30	35
Total	8,769	505	67	**9,341**	9,538	9,689

By Age Group



By Service Years



GLOSSARY OF FINANCIAL AND NON FINANCIAL TERMS

FINANCIAL TERMS

Accounting Policies

The specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting financial statements

Contingent Liabilities

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise

Current Ratio

Current Assets divided by Current Liabilities. A measure of liquidity

Deferred Taxation

The tax effect of temporary differences deferred to/from other periods, which would only qualify for inclusion on a tax return at a future date

Dividends

Distribution of profits to holders of equity investments in proportion to their holdings of a particular class of capital

Earnings per Share

Profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the period

EBITDA

Earnings before Interest, Tax, Depreciation and Amortisation

Gearing

Proportion of borrowings to capital employed

Interest Cover

Profit Before Tax plus net finance cost and goodwill amortization divided by net finance cost. Measure of an entity's debt service ability

Net Assets per Share

Shareholders' Funds divided by the number of ordinary shares in issue. A basis of share valuation

Related parties

Parties who could control or significantly influence the financial and operating policies of the business

Segment

Constituent business units grouped in terms of similarity of operations and locations

Value Additions

The quantum of wealth generated by the activities of the Company measured as the difference between turnover and the cost of materials and services bought in

Working Capital

Capital required to finance the day-to-day operations computed as the excess of current assets over current liabilities

NON FINANCIAL TERMS

COP

Cost of producing a kilo of Tea

HACCP

Hazard Analysis Critical Control Point system. A standard for safety of foods

Immature Plantations

The extent of plantation which is not taken into the bearing and is in the process of development

ISO

International Standard Organisation

Mature Plantations

The extent of plantation from which crop is being harvested

NSA

Net Sales Average. Measures the average value of net selling price of a kilo of Tea

Seedling Tea

Tea grown from a seed

VP Tea

Vegetatively Propagated. Tea grown from cutting of branch of a tea plant

TRI

Tea Research Institute

YPH

Yield Per Hectare. The measure of average yearly output of produce from a hectare of mature plantation

TEN YEAR SUMMARY

Rs. '000	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13
Trading Results										
Revenue	**4,486,527**	4,291,538	3,187,556	3,995,018	4,667,281	3,437,590	3,462,322	3,536,788	3,409,620	3,173,268
Gross Profit/ (Loss)	**63,209**	170,680	(1,035,462)	190,624	669,514	92,840	(75,449)	(148,841)	88,480	231,678
Gain/(Loss) on change in fair value of Biological Assets	**158,117**	269,956	197,795	54,865	103,801	95,632	77,257	106,579	85,193	13,933
Other Income	**158,365**	87,491	56,114	51,804	76,788	105,297	44,809	41,816	132,655	25,278
Operating Profit/ (Loss) before Management Fee & Interest	**281,381**	386,263	(909,570)	174,564	732,960	202,989	(62,523)	(186,297)	158,403	120,020
Share of Profit / (Loss) from an Associate		-	-	-	-	-	-	-	-	(2,197)
Profit/ (Loss) before Tax	**59,907**	135,430	(1,194,392)	(103,162)	541,921	27,697	(208,230)	(395,318)	(5,624)	(1,594)
Profit/ (Loss) after Tax	**27,833**	189,596	(1,211,934)	(102,942)	511,469	27,693	(206,965)	(394,974)	(8,312)	(2,473)
Other Comprehensive Income/ (Loss)	**489,135**	72,933	776,174	(83,107)	(130,142)	213,113	236,739	5,430	(42,476)	4,895
Total Comprehensive Income/ (Loss)	**516,969**	262,529	(435,761)	(186,049)	381,327	240,806	29,774	(389,543)	(50,787)	2,422
Statement of Financial Position										
Non Current Assets	**5,361,441**	5,333,865	5,166,391	4,173,817	4,043,842	3,669,023	3,420,538	3,244,369	2,978,610	2,681,487
Current Assets	**1,276,903**	1,348,667	734,703	908,099	1,133,539	739,403	663,967	781,811	854,837	721,612
	6,638,344	6,682,533	5,901,094	5,081,916	5,177,381	4,408,426	4,084,505	4,026,180	3,833,447	3,403,099
Stated Capital	**1,730,437**	1,270,787	910,787	910,787	910,787	667,787	667,787	667,787	667,787	667,787
Reserves	**1,913,874**	1,835,818	1,667,032	(731,185)	674,066	570,407	491,153	416,500	310,568	228,647
Retained Profit/ (Loss)	**(2,013,929)**	(2,452,842)	(2,546,585)	(1,174,977)	(931,810)	(1,209,477)	(1,371,029)	(1,326,150)	(834,658)	(701,950)
Shareholders' Funds	**1,630,382**	653,763	31,234	466,995	653,044	28,717	(212,089)	(241,863)	143,697	194,484
Deferred Income	**192,565**	197,098	203,195	208,755	217,479	225,296	233,994	231,184	232,823	237,789
Interest Bearing Borrowings - Non current	**740,018**	753,168	920,224	849,869	1,118,961	567,827	552,448	504,060	232,631	286,651
Retirement Benefit Obligations	**1,129,918**	1,557,599	1,531,479	1,341,107	1,177,097	1,019,104	1,120,988	1,225,068	1,091,733	950,175
Lease Liability	**126**	128	130	143	145	146	148	149	150	153
Deferred Tax Liability	**186,628**	112,097	159,138	-	-	-	-	-	-	-
Current Liabilities	**2,758,707**	3,408,679	3,055,694	2,215,046	2,010,656	2,567,336	2,389,016	2,307,582	2,132,413	1,733,847
	6,638,344	6,682,533	5,901,094	5,081,916	5,177,381	4,408,426	4,084,505	4,026,180	3,833,447	3,403,099
Net Cash Flow										
From/ (Used in) Operating Activities	**(336,731)**	(92,217)	(142,796)	82,054	(7,592)	346,272	32,418	(278,271)	168,777	169,457
From/ (Used in) Investing Activities	**(53,934)**	(87,892)	(125,311)	(134,825)	(294,843)	(138,260)	(135,302)	(139,302)	(124,006)	(191,639)
From/ (Used in) Financing Activities	**335,210**	252,703	242,273	(108,929)	644,575	(197,901)	36,025	295,273	(116,004)	(71,871)
Increase/ (Decrease) in Cash & Cash Equivalents	**(55,455)**	72,594	(25,834)	(161,700)	342,140	10,111	(66,859)	(123,362)	(71,233)	(94,053)

NOTICE OF MEETING

Notice is hereby given that the Thirtieth Annual General Meeting of Agarapatana Plantations Limited will be held on Tuesday, 27th September, 2022, at 10.00 a.m. and conducted as a Virtual Meeting from 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01 for the following purposes :

1. To receive and consider the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March 2022 with the Report of the Auditors thereon.
2. To re-elect as a Director Mr. Anushman Rajaratnam who retires in accordance with Articles 92 & 93 of the Articles of Association.
3. To reappoint Mr. C. P. R. Perera who is over seventy years of age as a Director.

   Special notice has been received from a Shareholder of the intention to pass a resolution which is set out below in relation to his reappointment. (see Note No. 5)
4. To reappoint Mr. S. D. R. Arudpragasam who is over seventy years of age as a Director.

   Special notice has been received from a Shareholder of the intention to pass a resolution which is set out below in relation to his reappointment. (see Note No. 6)
5. To re-appoint as Auditors, Messrs. Ernst & Young and to authorize the Directors to determine their remuneration.

By Order of the Board,

CORPORATE MANAGERS & SECRETARIES (PRIVATE) LTD.
Secretaries
Colombo

9th August 2022

Notes:

1. A member of the Company who is entitled to attend and vote may appoint a proxy to attend and vote instead of him or her. A proxy need not be a member of the Company.
2. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at the Registered Office of the Company's Secretaries, Corporate Managers & Secretaries (Private) Limited at No.8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1, not less than forty eight hours before the time fixed for the meeting.
3. Members are encouraged to vote by Proxy through the appointment of a member of the Board of Directors to represent them and vote on their behalf. Members are advised to complete the Form of Proxy and their voting preferences on the specified resolutions to be taken up at the meeting and submit the same in accordance with the instructions given on the reverse of the Form of Proxy.
4. Please refer the "Circular to Shareholders" dated 9th August 2022 for further instructions relating to the Annual General Meeting and for joining the Meeting virtually.
5. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

   Resolved –

   "That Mr. C.P.R. Perera who is seventy eight years of age be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Mr. C.P.R. Perera."
6. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

   Resolved –

   "That Mr. S.D.R. Arudpragasam who is seventy one years of age be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Mr. S.D.R. Arudpragasam."

FORM OF PROXY

I/We* .... of ....

.... being a member/members* of Agarapatana Plantations Limited, hereby appoint

.... of

.... whom failing

1.	Sri Dhaman Rajendram Arudpragasam	of Colombo or failing him
2	Chrisantha Priyange Richard Perera	of Colombo or failing him
3.	Denham Rohan Madena	of Colombo or failing him
4.	Sunil Somindranath Poholiyadde	of Colombo or failing him
5.	Anushman Rajaratnam	of Colombo

as my/our *proxy to represent me/us*,and to vote as indicated hereunder for me/us* and on my/our* behalf at the Thirtieth Annual General Meeting of the Company to be held on Tuesday, 27th September 2022 at 10.00 a.m. and at any adjournment thereof and at every poll which may be taken in consequence thereof

		For	**Against**
1.	To receive and consider the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March 2022 with the Report of the Auditors thereon.		
2.	To re-elect Mr. Anushman Rajaratnam as a Director.		
3.	To re-appoint Mr. C. P. R. Perera as a Director.		
4.	To re-appoint Mr. S. D. R. Arudpragasam as a Director.		
5.	To re-appoint as Auditors, Messrs. Ernst & Young and to authorise the Directors to determine their remuneration.		

Signed this .... day of .... Two Thousand and Twenty Two.

....

Signature(s)

Note: *Please delete the inappropriate words.

1. A Proxy need not be a member of the Company.
2. If no words are struck out or there is in view of the Proxy doubt (by reason of the way in which the instructions contained in the form of Proxy have been completed) as to the way in which the Proxy should vote, the Proxy will vote as he thinks fit.
3. Instructions as to completion are noted on the reverse hereof.

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION

1. Please write legibly, your name, address and date, and sign in the space provided.
2. The completed Form of Proxy should be received at the Registered Office of the Company's Secretaries, Corporate Managers & Secretaries (Pvt) Ltd at 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01, not less than 48 hours before the time appointed for the holding of the meeting.
3. In the case of a Company/Corporation, this Form of Proxy shall be executed either under its Common Seal or by its Attorney or by an Officer on behalf of such Company/ Corporation duly authorised in writing.
4. In the case of Proxy signed by an Attorney, the relevant Power of Attorney must be deposited at the Registered Office of the Company's Secretaries for registration.

CORPORATE INFORMATION

Name of the Company	:	Agarapatana Plantations Limited
Legal Form	:	A Public Company with Limited Liability
Date of Incorporation	:	22nd June 1992
Company Registration No.	:	PB 899
Principle Activities	:	Cultivation, Manufacture and Sale of Tea
Registered Office	:	53 1/1, Sir Baron Jayatilaka Mawatha, Colombo 1
E-mail	:	info@lankemplantations.lk
Web	:	www.lankemplantations.lk
Directors	:	Mr. S.D.R. Arudpragasam - Chairman Mr. C.P.R. Perera - Deputy Chairman Mr. D.R. Madena - Chief Executive Officer Mr. S.S. Poholiyadde Mr. Anushman Rajaratnam
Senior Management (Lankem Tea & Rubber Plantations (Pvt) Ltd) - Manging Agents)	:	S.S. Poholiyadde - Managing Director F.I.P.M D.R. Madena
General Managers	:	Ms. J. Kariyawasam Attorney – at – Law & Notary Public and Commissioner for Oaths, Dip. in Intellectual Property Law (USA), Dip. in Human Resource Management, Training & Development (IPM), MBA (AUS) G. Srishankar M. Kowdu - Chief Financial Officer F.C.A/ F.C.M.A (UK)
Secretaries	:	Corporate Managers & Secretaries (Private) Limited 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1
Auditors	:	Ernst & Young Chartered Accountants, 201, De Saram Place, Colombo 10
Bankers	:	Bank of Ceylon Commercial Bank of Ceylon PLC Nations Trust Bank PLC Hatton National Bank PLC Sampath Bank PLC

Designed & produced by
emagewise
Printed by Printage (Pvt) Ltd

Agarapatana Plantations Limited
53 1/1, Sir Baron Jayatilaka Mawatha,
Colombo 1