



Greening the Way



Our Vision

To be the benchmark among plantation
Companies

Our Mission

To Contribute towards the growth of the company through optimum utilization of available resources and opportunities with the use of best management practices, whilst enhancing shareholder wealth and improving the quality of life of all stakeholders, thereby being a partner in National Development.

CONTENTS

Financial Highlights /	03
Chairman's Statement /	04
Board of Directors /	06
Management Discussion & Analysis /	08
Annual Report of the Board of Directors /	11
Corporate Governance /	14
Risk Management /	19
Related Party Transactions Review Committee Report /	23
Remuneration Committee Report /	24
Audit Committee Report /	24
Responsibilities of the Managing Director and Head of Finance for Financial Reporting /	27
The Statement of Directors' Responsibility /	28

FINANCIAL INFORMATION

Independent Auditor's Report /	30
Statement of Profit or Loss and Other Comprehensive Income /	34
Statement of Financial Position /	35
Statements of Changes in Equity /	37
Statement of Cash Flows /	39
Notes to the Financial Statements /	41
Shareholders Information /	100
Information on Estates and Factories /	102
Glossary /	104
Corporate Information /	107
Notice of Annual General Meeting /	110
Form of Proxy /	111

FINANCIAL HIGHLIGHTS

Summary of Results	Company and Equity Accounted Investee						
	Group			Company			
	2021	2020	Change	2021	2020	Change	
	Rs.000	Rs.000		Rs.000	Rs.000		
Earnings Highlights and Ratios							
Revenue	3,867,404	2,934,612	32%	3,867,404	2,832,331	37%	
Results from Operating Activities	959,775	540,496	78%	1,084,901	619,763	75%	
Profit before tax	1,095,539	519,995	111%	1,024,352	488,400	110%	
Profit after tax	1,180,574	485,934	143%	1,109,387	454,183	144%	
Earnings per share	Rs.	7.56	4.30	76%	7.10	4.01	77%
Interest cover	No of times	15.85	3.98	299%	17.92	4.72	280%
Balance Sheet Highlights and Ratios							
Total assets	5,201,993	4,745,287	10%	4,914,061	4,528,542	9%	
Total liabilities	612,400	25,000	2350%	612,400	25,000	2350%	
Stated capital	2,258,125	2,258,125	0%	2,258,125	2,258,125	0%	
Total shareholders' funds/Equity	1,831,660	560,187	227%	1,543,728	343,442	349%	
Net assets / Liabilities) per share	Rs.	11.72	3.59	227%	9.88	2.20	349%
Debt / Equity	%	33%	4%	649%	40%	7%	445%
Debt / Total Assets	%	12%	1%	2135%	12%	1%	2157%
Market / Shareholder Information							
Market price of share							
	¹ - Highest	58.00	30.00	93%	58.00	30.00	93%
	¹ - Lowest	26.10	16.00	63%	26.10	16.00	63%
	¹ - Year End	53.70	28.10	91%	53.70	28.10	91%

4 CHAIRMAN'S STATEMENT

Dear Shareholder,

On behalf of the Board of Directors, it is my great pleasure to present the Annual Report and Audited Financial Statements of Agalawatte Plantations PLC for the year ended 31st December 2021. The year under review has been extremely volatile and challenging for many industries in the country and also in the global context. Amidst the economic hard time due to spread of the pandemic and its consequences, the company has continued to achieve a commendable performance during the year both in terms of operational and financial aspects.

In FY2021, the company was able to deliver a record level of profitability and strengthen its financial position through optimal strategies and efforts while targeting its next phase of growth. This report presents records of annual performance of the company for the year 2021 as well as the management strategies and practices implemented to achieve the company's goals and objectives.

Operating Environment

During the year 2021 Sri Lankan economy slightly revived back to 3.6% growth when compared to the contraction by 3.7% in the previous year. During the 4th Quarter of 2021, the economy grew at a slower than expected by 1.8% showing the signs of economic downturn and financial crisis. Posting negative growth trend, since the latter part of the year indicates the impacts of inflationary pressure as well as the foreign exchange shortage & trade deficit of the country. Under the exceptionally challenging circumstances, significant contraction were observed in industry activities driven by mainly construction and manufacturing sectors. The agricultural sector contributed 7.4% to the overall economy and recorded a marginal growth of 1.8% in 2021.

Considering the performance of your company, the annual crop production was negatively impacted by the adverse weather conditions, labour productivity and unfavourable policy decisions by the government including ban on chemical fertilisers etc. The annual crop production of the company were however maintained at a relatively stable level as a results of sustainable measures and best industry practices adopted by the management.

Tea Sector

The annual tea production of Sri Lanka has started to increase significantly from 2021 recording 299.4 million kilos when compared to 278 million kilos produced in 2020. During the year, adverse weather conditions, labour shortages, fertilizer issue and the COVID-19 pandemic were adversely affected on production and exports of Ceylon Tea. However the aggregate production of the country has revived back to nearly 300 million kilos making a positive trend in the sector.

In 2021, your company has continued to maintain its annual crop production at a constant level amidst many adverse environmental and economic factors affected during the year. Compared to the previous year, the green leaf production increased by 5% from 5.0 million kilos in 2020 to 5.28 million kilos in 2021. Total production of made tea was 2.4 million kilos this year which is a marginal increase from 2.26 million kilos recorded in the previous year.

Even though the year 2021 commenced much positively, the progress of the industry slowed down due to many challenges faced, both in the local and international arena. In 2020, there was a notable drop in the world tea production mainly due to the impact of Covid-19 and possibly the adverse climatic conditions in many major tea producing countries. However, the year 2021 commenced with a tight competition with the reviving of global tea supply, re-opening of markets and trade routes. Consequently a marginal decline of prices was experienced since mid-March 2021 with the impact of subsequent waves of the pandemic in Sri Lanka. The Net Sales Average (NSA) of the company slightly dropped in 2021 averaging at Rs. 631/- per kilo compared to Rs. 643 per kilo in 2020 maintaining a stable average price during the period.

During the year 2021, the company has achieved a tea segment revenue of Rs. 1,579 million which represents a Rs. 165 million increase as compared to the previous year. This is mainly due to increase in made tea production from 2.2 million kilos to 2.4 million kilos and improved efficiencies resulting from management operational strategies. The cost of sales of the segment increased by 22.5% during the year whereas the revenue increased only by 11.6% YOY. Gross loss of the tea segment was Rs.57.3 million in 2021 compared to a

profit of Rs. 78.2 million recorded in 2020. Increased wages and lower NSA have adversely affected on the increased cost and lower the profitability of the segment.

In future perspectives, more focused efforts are being adopted to sustain the growth momentum in the forthcoming years. The management wishes to plan and implement well-integrated productivity and quality strategies to reduce the costs and increase the quality of made tea while addressing the impacts of other external factors. Prompt measures are being taken to improve the soil quality with more mineral and organic inputs to achieve the environmental and economic sustainability of the segment. Field infilling and planting tea will also be continued to maintain the increased momentum of the tea revenue. During the year 48.5 hectares of tea planted while up keeping 38 hectares of tea for future developments.

Rubber Sector

In the Sri Lankan Economy, the rubber industry plays a significant role in terms of export earnings, employment and other socio-economic aspects. During the past decade, total rubber production of Sri Lanka recorded a considerable decline by nearly 50%. In FY2021, Auction prices increased rapidly demonstrate the high potentials of the industry in the global market. However, adverse weather, spread of leaf disease and the global pandemic have adversely impacted on the local industry performance.

In 2021, rubber production of Sri Lanka marginally decreased from 78.2 million kilos in the previous year to 76.88 million kilos. International demand for natural rubber showed a progressive increase during the year and the rubber prices experienced a sharp increase due to the increase in demand resulting from the re-commencement of production in China and the surge in demand for medical gloves and other rubber based products.

In 2021, the company produced 2.2 million kilos of rubber which represents a 12% decrease compared to 2.5 million kilos produced in 2020. This is due to extreme weather, leaf disease, shortages of labour and other operational barriers which have caused numerous challenges on the output. The management

continued to implement productivity and efficiency measures which have helped to achieve a satisfactory output of rubber during the year. The segment revenue has increased to Rs. 1237 million in 2021 from Rs.813.7 million in 2020 mainly impacted by the increase of auction prices. Average price of rubber has increased from Rs. 310 per kilo in 2020 to Rs. 566.0 per kilo in 2021. The increase in revenue has helped your company to record a profit of Rs.217.4 million from the rubber segment when compared to a loss of Rs. 78.5 million recorded in 2020.

During the year under purview, we have invested Rs. 286 million for re-planting and up keeping immature plantations. Accordingly 303 hectares of rubber were re-planted to ensure future viability of the rubber segment.

Financial Performance

The company recorded a turnover of Rs. 3,867 million in FY2021 representing a 36.5% growth over the previous year turnover amounted to Rs.2,832 million. The main contribution for the commendable increase of the turnover received from rubber and oil palm segments which recorded 52% and 109% growth YOY respectively. The segmental turnover of rubber and oil palm were Rs. 1,237 million and Rs. 989 million in FY2021. During the year oil palm production has increased by 40% to 12.5 million kilos and the average sales price has increased to Rs.79/- during the year. The company recorded a gross profit of Rs. 895 million in FY2021 compared to Rs. 274 million gross profit in FY2020 which is a significant increase of the performance of the company over the past years of operation. Accordingly the overall gross profit margin of the company has increased from 9% to 23% mainly due to increase in prices and cost control measures and initiatives adopted to improve the labour efficiency which resulted in a significant decrease in the average cost of production.

The increase in the gross profit and cost efficiencies have led to a significant improvement in the net profit of the company during the year which was amounted to Rs. 1,109 million in 2021, which is 144% increase over the last year net profit of Rs. 454 million for the Company. The net profit has improved significantly to Rs. 1,180 million in 2021 from a net profit of Rs. 485 million recorded in 2020. At the end of FY2021, the net asset position of the company

improved to Rs. 1,543 million which shows a significant stability compared to a negative net asset position continued over six years up to the end of 2019. The Company has continued to earn profit from the operation in the recent years and with the contribution from retained profits the financial position has been much stronger. It is much a great pleasure to note that the company has now turned in to one of best performing company in the sector.

People and Welfare

Employees are a major determinant of the success of any organization. Therefore employee development and welfare measures are increasingly important to achieve the corporate objectives. The company continued to honor our social obligations and a positive relationship with the valued employees. Many measures were taken to develop the skills and productivity of employees and motivate them in engaging in their work efficiently and effectively. Training and education programs continued to facilitate the workers and their families with the objective of enhancing knowledge and expertise of the existing and potential workforce. We continued to invest in infrastructure development and welfare facilities including medical, housing, sanitary, funeral aids and many other measures. During the year the company has spent more than Rs.28 million on the welfare of employees with the objective of uplifting the living standard of our workers and their families.

The Way Forward

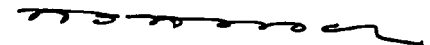
Considering the impact of the Covid-19 pandemic and the consequences, global growth is predicted to slow down affecting low income countries hardest. Rapid increase in fuel and food prices, FOREX deficit etc will create high inflation in Sri Lanka. Therefore the year 2022 and beyond will be really challenging for the business entities in the country. Despite many operating constraints and limitations, we look forward to investing in replanting initiatives in the rubber and tea segments ensuring the long term viability. We are also committed to maintaining our focus on sustainability and optimizing the use of available resources.

Market stability, price competition, cost increase of the wage and other expenses will have a significant impact on the

future performance of the plantation sector. However, the company envisage that the progressive measures and growth strategies implemented by the company will generate positive results into the future perspectives. We will also continue with our deep concern over increasing land productivity, product quality, and operating efficiency via good agricultural practices to ensure future sustainability. With the application of rain guarding we have minimized the impact of rain on the tapping process and maintained optimum level of crop production even in the rainy seasons. We have also continued low frequency tapping system (such as D3 & D4) to minimize the cost of production. The company also evaluate and upgrade factories and provide necessary facilities to assist in improving performance and efficiency of future operation of the company.

Acknowledgment

I wish to express my sincere thanks to the board of directors, corporate management team and all our valued employees including estate workers for their continued support and commitment towards sustainable development of the company. On behalf of the board, I also wish to thank our brokers, suppliers, customers and all the business partners for their support and the continued relationship with the company. I also extend my gratitude to the government institutions, authorities and other service providers for the support extended to achieve our corporate objectives. Further, I also express my deep gratitude to all our shareholders, especially Damro Group for their continued trust and confidence placed towards the success of Agalawatte Plantations PLC.



Anil Amarasuriya
Chairman

Agalawatte Plantations PLC

27th May 2022

BOARD OF DIRECTORS

Mr. A.S. Amarasuriya

Chairman

Independent Non-Executive Director

Chairman of Agalawatte Plantations PLC and Pussellawa Plantations Ltd. Appointed to the Board of Agalawatte Plantations PLC in June 2017.

Mr. Anil Amarasuriya is a Fellow of the Institute of Chartered Accountants of Sri Lanka, the Chartered Institute of Management Accountants UK and Chartered Management Accountants Sri Lanka. He is also Honorary Fellow of the Institute of Bankers of Sri Lanka.

Mr. Anil Amarasuriya counts over 35 years of experience in the banking industry both in Sri Lanka and abroad. He has held senior corporate level positions at Abu Dhabi Commercial Bank and Sampath Bank prior to assuming duties as GM and subsequently as Managing Director of Sampath Bank. He served as Director/CEO of Union Bank of Colombo before retirement in November 2014.

He served as Chairman Sri Lanka Banks' Association and Financial Ombudsman Sri Lanka (G'tee) Ltd, Member of the Sri Lanka Accounting & Auditing Standards Monitoring Board and of the Financial Sector Cluster, Member of the Governing Council of the National Institute of Business Management and Chairman of the Lanka Financial Services Bureau Ltd. He also served as Director in the subsidiaries of Sampath Bank Ltd, namely, S C Securities (Pvt.) Ltd., Sampath Surakum Ltd, Sampath Leasing & Factoring Ltd, Sampath Trade Services (HK) Ltd, Sampath IT Solutions Ltd and Associate Company Lanka Bangla Finance Ltd. and Chairman of Lanka Clear Pvt Ltd and currently serves as Chairman of Lanka Rating Agency Ltd, Chairman/Director of Pussellawa Plantations Ltd and several private companies in Sri Lanka.

Mr. R. K. A. Ranaweera

Independent Non - Executive Director

Appointed to the Board of Agalawatte Plantations PLC in September 2017.

Mr. Ranaweera is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, the Institute of Certified Management Accountants of Sri Lanka and the Institute of Accounting Technicians of Sri Lanka. He also holds Honors degree in Business Administration (B.Sc. Business Admin.) from the University of Sri Jayewardenepura.

Mr. Ranaweera counts over 40 years of experience in the accounting profession. He is the managing partner of Ranaweera Associates (Chartered Accountants) while serving as the Managing Director of Assent Advisory Partners (Pvt) Ltd, engaged in consultancy services.

In addition to the audit practice, Mr. Ranaweera has wide experience in tax and company secretarial services and also in investment advisory and promotions. Further, he is actively involved in preparation of taxation text books of leading accounting professional institutions in Sri Lanka while conducting lectures in taxation at these institutions.

Mr. G. P.N. A. G. Gunathilake

Managing Director/Chief Executive Officer

Appointed to the Board of Agalawatte Plantations PLC in May 2017.

Mr. Gunathilake is a graduate of the University of Kelaniya in Human Resources Management. He counts over 20 years of service in Damro and has an extensive exposure in Human Resource and Corporate Management Practices. Mr. Gunathilake was appointed as a Director of Damro Group in 2010. He currently serves as a Group director of Damro in charge of Human Resources,

Legal affairs, Special projects and Public relations. He also serves as Managing Director/Chief Executive Officer of Pussellawa Plantations Ltd and Director of related private companies including AEN Palm Oil Processing (Pvt) Ltd, F L M C Plantations (Pvt) Ltd, Mackply Industries (Pvt) Ltd, Melfort Green Teas (Pvt) Ltd and Ceylon Estate Teas (Pvt) Ltd.

Mr. W.A. Arosha Asanga

Non Independent, Non-Executive Director

Appointed to the Board of Agalawatte Plantations PLC in May 2017.

Mr. Asanga is also a Director of Damro Group and carries responsibilities in finance and regulatory functions of the Group. He is well versed and proficient in accounting, auditing and taxation having over 20 Years expertise in the field. He joined Damro in the year 2002. Since then he has been playing an anchor role in the financial management and strategic planning of the Group. He is also a Director of Pussellawa Plantations Ltd, F L M C Plantations (Pvt) Ltd, Mackply Industries (Pvt) Ltd, Melfort Green Teas (Pvt) Ltd and Ceylon Estate Teas (Pvt) Ltd.

Mr. L.R.W. Susantha Rajasekara

Non Independent, Non-Executive Director

Appointed to the Board of Agalawatte Plantations PLC in May 2017.

Mr. Rajasekara is a member of the Institute of Chartered Accountants of Sri Lanka. He also a graduate in Accountancy & Financial Management of the University of Sri Jayewardenepura.

He is also a Director of Damro Group and counts over 15 years of experience in Auditing, Accounting & Financial Management. He joined Damro in 2006 and handles the Group Tax, Financial

Reporting & Corporate Compliances.

Mr. Rajasekara is also a Director of Pussellawa Plantations Ltd, F L M C Plantations (Pvt) Ltd, Mackply Industries (Pvt) Ltd, Melfort Green Teas (Pvt) Ltd and Ceylon Estate Teas (Pvt) Ltd.

Mr. R.P.L. Ramanayake

Non Independent, Non-Executive Director

Appointed to the Board of Agalawatte Plantations PLC in May 2017.

Mr. Lahiru Ramanayake is a graduate in marketing and management from Monash University in Melbourne, Australia. He was appointed to the Board of Damro Group in 2013. He serves as the Deputy Chairman and Group Director involved in the supervision of key functional operations of the Group including Production and Administration. Mr. Ramanayake is also a Director of Pussellawa Plantations Ltd, Mackply Industries (Pvt) Ltd and F L M C Plantations (Pvt) Ltd.

MANAGEMENT DISCUSSION & ANALYSIS

Economic Overview

Gross Domestic Product (GDP) of Sri Lanka recorded a growth of a 3.7% year-on-year against the backdrop of a 3.6% contraction in the economy reported in 2020. The economy of Sri Lanka advanced by 1.8% in the fourth quarter of 2021, reversing a 1.5% contraction in the previous three-month period, amid an easing of nationwide pandemic restrictions in October. Consequently, Agriculture sector too witnessed a moderate positive growth rate of 1.8% representing a major economic activity of the economy. The expansion in Agriculture activities were mainly driven by the global market conditions and pricing effect which has contributed towards generating positive gains in the industry.

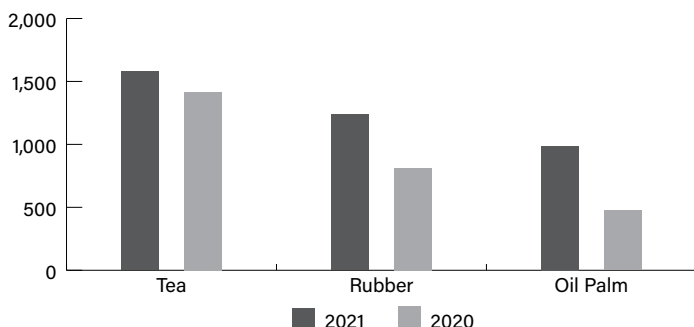
Operations Review of the Company

Main crops of the company comprise of Tea, rubber and Oil palm, cultivated on our estates located in Kalutara, Ratnapura and Nuwara Eliya Regions. Amidst the Covid-19 pandemic and other external and internal constraints that prevailed during the year, the Company was successful in achieving a substantial growth of 37% in revenue, recording Rs.3,867 million in the year 2021, vis-à-vis Rs.2,832 million achieved during the preceding year. The Company and Equity Accounted Investee turnover for 2021 was recorded at Rs. 3,867 million compared to the previous year revenue of Rs.2,934 million.

During the year, the comparative performance of each business segment of the company are as follows.

Segmental Revenue 2021 Vs 2020 – Rs. Million

Segmental Revenue 2021 vs 2020 – Rs. Million



Rubber

The rubber estates of the company are located in Kalutara and Ratnapura Districts. The factories on Clyde, Culloden, Doloswella, Kiribathgala, Kiriwanaketiya and Peenkande estates has the capacity of processing daily, approximately 17,000 Kgs of Thick Pale Crepe (TPC) rubber, whilst the Ribbed Smoke Sheet (RSS) facilities on Clyde, Culloden, Doloswella, Kiribathgala, Kiriwanaketiya, Niriella and Peenkande have a collective capacity of producing over 3500 Kgs of RSS a day.

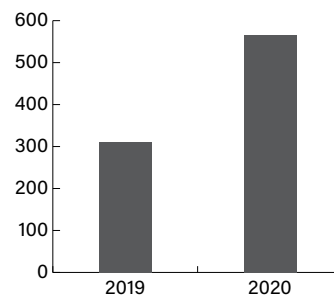
Rubber production in Sri Lanka marginally dropped by 2% to 76.88 million kilos during the year 2021.

Similarly, rubber production of the company dropped to 2,237,768 Kgs from 2,554,749 Kgs recorded during the preceding year reflecting a drop of 12.4% compared to the previous financial year. Accordingly, the Yield per Hectare (YPH) of the company declined to 727 Kgs in 2021 from 791 Kgs achieved during the previous year. The average intake per tapper which measures the productivity of rubber tappers too has slump to 7.24 Kgs in 2021 from 8.79 Kgs recorded in 2020, which is a decline of 17.6% YOY. The main reasons attributing to the decreases are the adverse weather conditions prevailed during the latter part of the year and to the wide spread "Circular Spot Leaf Disease" which was earlier known as PESTA in all rubber estates in the company. The disease prevented using the recommended number of rounds of stimulation in low frequency tapping areas on the estates. The negative impacts of import ban on chemical fertilizers and agrochemicals by the government might affect the crop as well as the growth of rubber newly

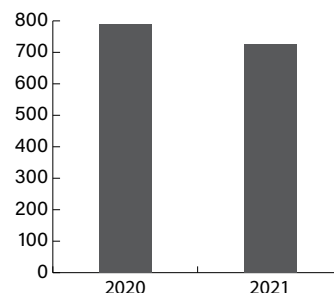
planted areas. However, the company has been working with research institutes and also looking at alternative methods to minimize the negative impacts.

However, during the period under review, rubber prices were encouraging with significant increases evident throughout the year. The increase in demand for industrial and surgical gloves resulted in improved rubber prices on offer during the period under review. Consequently, the annual Net Sales Average (NSA) of Rubber boosted to Rs. 566 per kilo from Rs.310 per kilo, recording a substantial increment of 82.6% against the preceding year while the revenue generated from the rubber segment indicated a significant growth of 52% vis-à-vis year 2020.

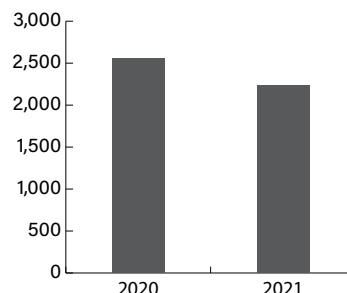
Net Sales Average (NSA Rubber)



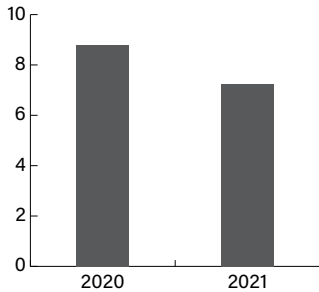
Yield Per Hectare (YPH Rubber)



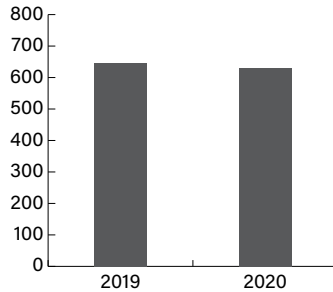
Crop Production (Rubber) ('000' kgs)



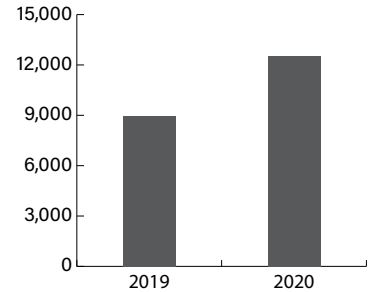
Intake per Tapper (NSA Rubber) (kgs)



Net Sales Average (NSA Tea)



Crop Production (Oil Palm) ('000' kgs)



Tea

The company possess three tea estates in the up-country region and a further three estates in low-country. The overall tea production in Sri Lanka grew approximately by 8.0% YOY. In line with same the tea production of the company too improved to 2.40 million Kgs from 2.26 million Kgs recorded during the previous financial year admits the Covid19 challenges depicting a revenue of Rs. 1,579 million compared to a revenue of Rs. 1,414 million generated during the preceding year signifying a growth of 11.7% compared to the year 2020.

The tea segment reported a gross loss of Rs. 57 million in 2021 against a gross profit of Rs. 78 million recorded in year 2020. The improved tea production contributed towards posting an incremental revenue in the tea segment despite the decline in the Net Sales Average from Rs.646 per kilo in 2020 to Rs. 631 per kilo during 2021 owing to drop in auction prices.

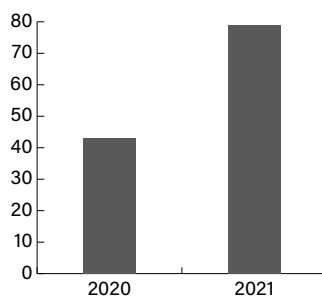
The Company continued in pursuing all possible measures to improve productivity and the quality of the tea manufactured during the year. Having undertaken all recommended agricultural practices, including timely application of foliar and ground fertilizers, and introduction of eco friendly Compost etc., have thus contributed towards such desired improvements.

Oil Palm

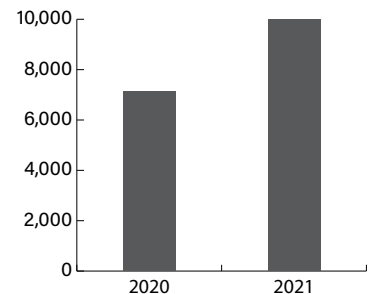
The Oil palm segment of the company continued to indicate an improvement during the year under review, where revenue grew by Rs. 516 million and stood at Rs. 989 million during 2021 vis-à-vis Rs. 473 million recorded in 2020. The segmental profit too increased by Rs.491 million from Rs. 250 million in 2020 to Rs. 737 million during the current year. Similarly, crop production of the segment improved from 8,951,950 Kgs in 2020 to 12,542,320 Kgs during the current year.

The appreciable financial performance of the Oil Palm segment is certainly the main contributor towards the company's gross profit of Rs. 737 million recorded in 2021 against Rs. 250 million in the preceding year.

Net Sales Average (Oil Palm) ('Rs/kgs)



Yield Per Hectare (YPH Oil Palm)



Capital Expenditure

The company has invested more than Rs. 455 million in replanting Tea & Rubber, on factory renovation and upgrading etc during the year while the corresponding investments made during the preceding year amounted to Rs. 249 million. The objective of the accelerated replanting program and enhanced capital investments were made mainly to ensure future sustainability and growth. Despite many financial and operational constraints faced during the year the management yet focused on long term investment in major resources of the company to develop a sustainable business model while increasing productivity.

During the year 2021, an extent of 303.26 hectares of rubber was replanted as compared to 125.46 hectares replanted in the previous year and a further 48.5 hectares of tea too was replanted in 2021. Continuing the company's ambitious Replanting Program, the lands are being prepared to replant another 373.83 hectares in the year 2022. The requirement of planting materials will be obtained from 04 central nurseries which have been already established on Ambetenna, Clyde, Niriella and

MANAGEMENT DISCUSSION & ANALYSIS

Performance Measure	2017	2018	2019	2020	2021
Revenue (Rs. 000)	1,825,626	2,479,687	2,703,420	2,832,331	3,867,404
Revenue Growth	49%	36%	9%	5%	37%
Gross Profit/ (Loss) (Rs.000)	71,988	(8,266)	(49,990)	274,448	895,518
Gross Profit/ (Loss) Margin	4%	(0.33%)	(2%)	10%	23%
EBIT (Rs.000)	458,211	(74,002)	(27,261)	619,763	1,084,901
EBIT Growth (%)	(158%)	(116%)	(63%)	2373%	75%
Capital Expenditure (Rs.000)	451,440	540,518	256,304	249,124	455,634
Cash Flow from Operations (Rs. 000)	1,512,815	629,958	359,845	(1,446,753)	(386,346)
Total Debts (Rs.000)	802,880	661,050	464,141	25,000	612,400

Peenkande Estates. An amount in excess of Rs.38.5 million has been incurred on building renovations, plant and machinery, vehicles, equipment etc in 2021.

Financial Review of the Company

The Company has achieved a net profit of Rs. 1,109 Million after tax in 2021 against a profit of Rs. 454.1 Million recorded during the previous financial year while from group's point of view, a group profit of Rs 1,180 Million was recorded during the period under review as opposed to a profit of Rs. 485.9 Million recorded in the previous year.

Summary of key financial performance indicators

During the period under review, the Company posted an annual turnover of Rs. 3,867 million showcasing the highest revenue recorded during the past five years performance of the Company. The revenue generated through Rubber and Tea segments have predominantly contributed towards the incremental revenue reflecting a substantial growth of 52% and 11.7% year-on year respectively. Accordingly, during the past five years, the company revenue has grown by 112%, signifying notable improvements in its performance throughout the recent past. Similarly, gross profit too reflected a substantial growth of 226% compared to the preceding year with an improved GP margin of 23%. Earnings before interest and tax (EBIT) has also improved to Rs.1,084 million in 2021, mainly owing to increased prices coupled with the productivity and efficiency measures implemented by the management.

The company has also invested over Rs. 455 million on capital expenditure, including replanting, factory renovations, plant and machinery etc which has contributed towards boosting the revenue during the present year and future years. Moreover, the company has managed to maintain a positive cash flow from operations depicting a turnaround in cash flow constraints with stringent cost management techniques adopted by the company.

Social Welfare and Training Programs

Employee advancement and wellbeing are key concern of the company. The company has focused its efforts on their welfare and skills development, aimed towards motivating the workforce and uplifting their living standards. Even during the pandemic, our commitment to the welfare of our workforce and the plantation community continued unhindered. In-house and external training programs have been conducted to improve skills and competencies of the workforce. The company also implemented awareness and skill development programs with the assistance of the national co-operative council to enhance the knowledge and technical expertise of the employees.

The company also organized numerous health programs aimed at helping the estate community in prevention of diseases, alcoholism and to maintain good health. Immunization, ante-natal and family planning clinics too were conducted routinely in collaboration with PHDT and government health institutions. Diagnostic clinics were also conducted on cancer, diabetes,

tuberculosis and eye diseases on a regular basis.

Sustainability and way forward

Productivity and operational efficiencies are top priorities towards achieving long-term sustainable development of the company. The management has shown much concern on the importance of continuous replanting of Tea and Rubber together with commercial timber plantations, even during the pandemic. In addition to the investments in field and factory development, improved agricultural practices too have been vital towards increasing productivity and the quality of produce. Margins in the Rubber Sector will continue to be pressured by increasing labour costs and production. However, growth witnessed in the momentum of tea and rubber prices have created an opportunity for the company to mitigate prevailing negative impacts and achieve organizational objectives.

The way forward for the plantation industry is based on value addition and efficiencies. Our corporate strategies are therefore directed to ensure continuous development of our core plantation businesses whilst pursuing diversification-led growth for the future sustainability.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Directors of Agalawatte Plantations PLC have pleasure in presenting the Annual Report together with the Audited Financial Statements of the Company and Equity Accounted Investee for the year ended 31st December 2021 and the Auditor's report thereon.

The Board of Directors approved this report at the Board meeting held on 27th May 2022.

Principal Activities

The principal activities of the Company consist of cultivation, production, processing and sale of Tea, Rubber and Oil Palm and selected non-crop diversification initiatives.

The group has invested in 33.33% of stated capital of AEN Palm Oil Processing (Pvt) Ltd, a joint venture involved in the business of processing Palm Oil.

Parent Enterprise

D.R. Investments (Pvt.) Ltd, an affiliated company of Damro Group is the parent undertaking of the Company as at 31st December 2021 and holds 80.00% of stake as at 31st December 2021.

The financial statements of the Company and the Equity Accounted Investee are given on pages 34 to 99.

Auditors' Report

The Auditors' report on the financial statements is given on pages 30 to 33.

Accounting Policies

The accounting policies adopted in the preparation of the financial statements are given on pages 41 to 54.

Review of Operations and performance

Review of financial and operational performance and future business developments of the Company are discussed in the Chairman's Statement on pages 4 to 5 and Management Discussion & Analysis on pages 8 to 10.

Corporate Governance/Internal Control

The Board has overall responsibility for the Company's corporate governance and systems of internal controls. The company has complied with the Corporate Governance Rules laid down under the listing rules of the Colombo Stock Exchange. Details of Corporate Governance practices of the Company and specific measures taken with regard to internal controls are elaborated on pages 14 & 18.

Directorate

The members of the Board during the financial year ended 31st December 2021 were as follows.

Mr. A.S. Amarasuriya (Chairman/
Independent Non-Executive Director)

Mr. R.K.A. Ranaweera (Independent
Non-Executive Director)

Mr. G.P.N.A.G. Gunathilake (Executive
Director/ CEO/Managing Director)

Mr. W.A. A. Asanga (Non-Independent
Non-Executive Director)

Mr. L.R.W.S. Rajasekara (Non-
Independent Non-Executive Director)

Mr. R.P.L. Ramanayake (Non-
Independent Non-Executive Director)

The Profiles of the Board of Directors of the company as at 31st December 2021 are set out on pages 6 to 7 of the Annual Report.

Independence of Directors

The Board has made a determination as to the independence of each non-executive director and confirms that two of the non-executive directors meet the criteria of independence in terms of rule 7.10.4 of Listing Rules.

Each of the independent directors has submitted a signed and dated declaration of his independence

against all the specified criteria. Mr. A.S. Amarasuriya is a Director of Pussellawa Plantations Ltd. The Board taking into account all the circumstances is of the opinion that Mr. A.S. Amarasuriya is nevertheless independent.

Directors' Remuneration

Directors' remuneration is disclosed in Note 10 to the Financial Statements.

Directors' Interest in Transactions

The Directors of the Company made the general disclosures provided for in Section 192 (2) of the Companies Act No.07 of 2007. Note 33 to the financial statements have dealt with related party disclosures and include details of their interests in transactions. The shareholdings of Directors as at 31st December 2021 are as follows.

Name of the Director	(No of shares)
Mr. A.S. Amarasuriya	Nil
Mr. R. K. A. Ranaweera	Nil
Mr. G.P.N.A.G. Gunathilake	Nil
Mr. W.A. A. Asanga	Nil
Mr. L.R.W. S. Rajasekara	Nil
Mr. R.P.L. Ramanayake	Nil

Auditors

M/S KPMG, Chartered Accountants are deemed to be re-appointed as auditors in terms of Section 158 of the Companies Act No. 07 of 2007.

The Auditors were paid Rs.4, 444,509/- as audit fees and Rs. 132,000/- for non-audit related work.

Based on the declaration made by M/S KPMG (Chartered Accountants) as far as the Directors are aware, the Auditors do not have any relationship or interest in the Company other than disclosed above.

MANAGEMENT DISCUSSION & ANALYSIS**Earnings and Net Assets per Share**

Earnings per share and net assets per share figures are given below:

	2021	2020
	Rs.	Rs.
Earnings/ (Loss) per share	7.10	4.01
Net assets/ (liability) per share	9.88	2.19

Segment Reporting

A segmental analysis of the activities of the Company and Equity Accounted Investee is given in note 40 to the Financial Statements.

Related Party Transactions

Details of related party transactions of the Company are given on note 33 to the Financial Statements. Respective transactions and the information provided are in compliance with Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities Exchange Commission Directive issued under Section 13(c) of the Securities Exchange Commission Act.

There were no non-recurrent related party transactions which exceeds 10% of equity or 5% of the total assets of the Group, whichever is lower as per the audited financial statements for the year ended 31st December 2021.

Recurrent related party Transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per the audited financial statements for the year ended 31st December 2021 were disclosed in Note no 33 to the Financial Statements.

Capital Expenditure

The total capital expenditure on acquisition of property, plant and equipment and biological assets of the Company Rs. 455 million (2020 - Rs. 249million).

Contingent Liabilities and Capital Commitments

There were no material contingent liabilities or capital commitments as at 31st December 2021.

Personnel

The Company had in its employment 4140 (2020: 4262) persons as at 31st December 2021.

Share Trading Information

The shares of the Company were listed in the Colombo Stock Exchange from 22nd January 1996.

Information relating to the trading of the Company's shares during 2021 are given below:

	2021	2020
	Rs.	Rs.
Market value per share -High	58.00	30.00
Market value per share - Low	26.10	16.00
Market value per share - 31 Dec	53.70	28.10

Shareholder Information

As at 31st December 2021, the Company had 13,619 registered shareholders. An analysis of the shareholding, distribution and names of the 20 Major shareholders are given in the Shareholders Information section (Page 100 to 101).

Float adjusted market capitalization

The Company had a float adjusted market capitalization of Rs. 1,678.1 million and 13,618 public shareholders as at 31st December 2021. Accordingly, the Company is compliant under option 5 of the minimum threshold requirements for the Main Board of the CSE, as per section 7.13. 1. (a) of the Listing Rules of the CSE.

Compliance with Laws and Regulations

The Company and the Group has complied with all applicable laws and regulations. The Directors confirm to the best of their knowledge all taxes, duties and levies payable by the Group and all contributions, levies and taxes payable on behalf of and in respect of the employees of the Group and all other known statutory dues as were due and payable by the Group as at the end of the reporting period have been paid or where relevant provided for.

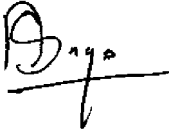
Donations

There were no donations given during the year ended 31st December 2021.

Notice of Annual General Meeting

The Notice of the 27th Annual General Meeting of the Company appears on page 110.

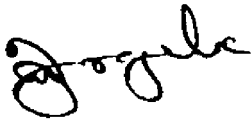
For and on behalf of the Board



W.A. Arosha Asanga
Director



L.R.W.S. Rajasekara
Director



Nexia Corporate Consultants (Pvt.) Ltd
Secretaries
Agalawatte Plantations PLC

27th May 2022
Colombo

CORPORATE GOVERNANCE

Corporate Governance is the system of rules, practices and processes by which a company is directed and controlled. The corporate governance principles and guidelines primarily revolve around the Code of Best Practices on Corporate Governance jointly issued by the Institute of Chartered Accountants of Sri Lanka and Securities and Exchange Commission of Sri Lanka (SEC), and Listing Rules of the Colombo Stock Exchange (CSE).

This statement comprises of key highlights on how Agalawatte Plantations PLC complied with the respective principles and practices during the financial year 2021. The Company maintained highest standard of corporate governance in providing valuable oversight and guidance to the management to navigate all day to-day activities through effective strategies and procedures directed for the achievement

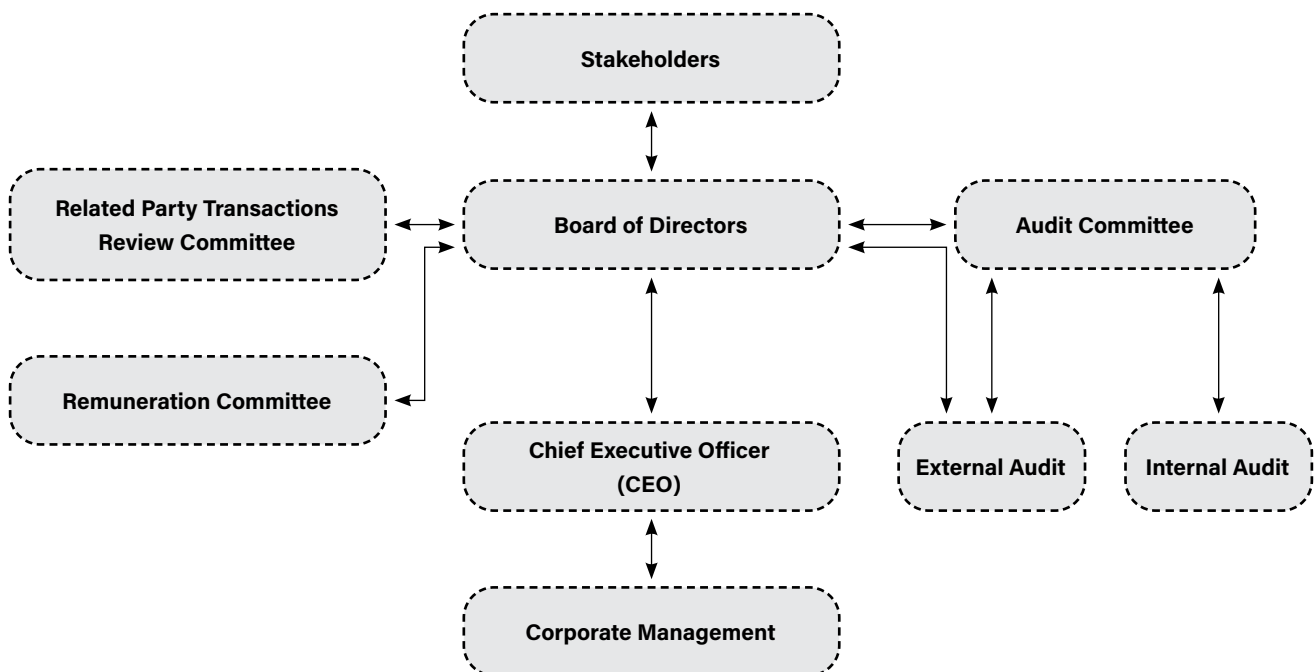
of medium to long term targets of the company. The Board has also ensured to strengthen its role and responsibilities in order to enhance transparency and accountability and emphasize its commitment to the long term growth and sustainability of the company.

The corporate governance framework at Agalawatte Plantations PLC is considered as a vital element to provide sustainable returns for the benefit of all internal and external stakeholders. The Company has continuously focused on developing and maintaining a sound and transparent corporate governance structure whereas the Board members, the senior management team and also entire staff should be bound with the commitment towards adoption and implementation of transparent and effective corporate governance practices within the company with the objectives of improving corporate accountability, business prosperity and shareholder's value of the Company.

Corporate Governance Framework

Good corporate governance covers the entire accountability framework of an organization. Therefore, it takes into consideration both corporate and business governance and is based on the premise that good governance policy alone cannot make an organization successful. It is only by having in place good corporate governance practices, which are strategically linked to performance management of an organization and able to focus on the key drivers of the business. Consequently, the corporate governance emphasizes the dual role of the Board of Directors in ensuring conformity to good governance and strategic management for adding the value.

The Governance principles and practices provide Directors and management a clear guidance on their duties and responsibilities. The governance structure of Agalawatte Plantations PLC is as follows.



Board of Directors

The Board of Directors has overall responsibility for protecting the rights and interests of the stakeholders and accountability for the management of the affairs of the Company. Also, accountable towards attaining a high standard of corporate governance practices as specified by the regulatory bodies and legislations. Therefore, the Board is committed to uphold appropriate standards of corporate governance practices which are fundamental for the achievement of overall objectives, enhancement of shareholders' value and safeguard stakeholders' interests.

Further, the role & key responsibilities of the Board include the followings,

- Ensure all stakeholders' interests are considered in corporate decisions.
- Direct, manage and control the business and affairs of the Company.
- Planning, implementation and controlling of short and long term strategies to achieve the company's overall performance objectives.
- Report on their stewardship to shareholders.
- Identify the principal risks of the business and ensure adequate risk management systems are in place.
- Ensure that internal controls are adequate and effective.
- Preparation and presentation of interim and annual financial statements of the Company.
- Accurate and efficient financials plans, performance evaluation and budgeting
- Ensure compliance with laws and regulations

The composition of the Board of Directors during the year 2021, and the attendance of each Director at the Board meetings held during the financial year are as follows: Brief profiles of the Directors are set in page 6 to 7.

Name of Director	Appointment/ Resignation	Directorship	Independent	Attendance of the meetings
Mr. A.S. Amarasuriya	Appointed w.e.f. 22/06/2017	Chairman Non-Executive Director	Yes	5/5
Mr. R. K. A. Ranaweera	Appointed w.e.f. 20/09/2017	Non-Executive Director	Yes	5/5
Mr. G.P.N.A.G. Gunathilake	Appointed w.e.f. 22/05/2017	Executive Director/ CEO	No	5/5
Mr. W.A. A. Asanga	Appointed w.e.f. 22/05/2017	Non-Executive Director	No	5/5
Mr. L.R.W. S. Rajasekara	Appointed w.e.f. 22/05/2017	Non-Executive Director	No	5/5
Mr. R.P.L. Ramanayake	Appointed w.e.f. 22/05/2017	Non-Executive Director	No	5/5

Board Meetings

The Board meetings have been scheduled on a regular basis during the year 2021 and adhoc meetings were held as required. The Board has met 5 times during the year under review.

The Directors are provided with adequate Board reports and management analysis and relevant information on discussion topics to ensure effective decision making and informed deliberation. The compliance department of the company has provided necessary support to the Board in ensuring that the Board receives timely and accurate information, advices related to corporate governance matters, Board procedures and regulatory requirements during the year under reviewed. Minutes of meetings of the Board are also tabled at the Board meetings for the Board's information. The Company Secretary is responsible for the administration of the Board

meetings and maintaining board minutes and records.

Independence

Independence of the Directors has been determined in accordance with the CSE Listing Rules and Independent Non-Executive Directors have submitted declarations of their independence upon appointments and during the year as required.

The Independence of all its Non-executive directors was reviewed on the basis of criteria given by the CSE Listing Rules 7.10.4 as follows;

Non-executive director shall not be considered independent if he/she,

- A. has been employed by the Listed Entity during the period of two years immediately preceding appointment as director;
- B. currently has/had during the period of two (2) years immediately preceding appointment as a director, a Material Business Relationship with the Listed Entity, whether directly or indirectly;
- C. has a Close Family Member who is a director, Chief Executive Officer (and/or an equivalent position) in the Listed Entity;
- D. has a 10% Shareholding in the Listed Entity;
- E. has served on the board of the Listed Entity continuously for a period exceeding nine (9) years from the date of the first appointment; provided however, if such director is re-appointed after a period of two (2) years from the date of completion of the preceding nine (9) year period,

- F. is employed in another company or business,
- i) in which a majority of the other directors of the Listed Entity are employed or are directors; or
 - ii) in which a majority of the other directors of the Listed Entity have a 10% Shareholding or Material Business Relationship; or
 - iii) that has a Significant Shareholding in the Listed Entity or with which the Listed Entity has a Business Connection;
- G. is a director of another company,
- i) in which a majority of the other directors of the Listed Entity are employed or are directors; or
 - ii) that has a Business Connection in the Listed Entity or a Significant Shareholding;
- H. has a Material Business Relationship (income or non-cash benefits equivalent to 20% of the director's income) or a Significant Shareholding in another company or business,
- i) in which a majority of the other directors of the Listed Entity are employed or are directors; and/ or
 - ii) which has a Business Connection (transaction value equivalent to 10% of the turnover) with the Listed Entity or 10% Shareholding in the same

Board Committees

The Board has set up following committees delegated with specific tasks and responsibilities.

- Audit Committee
- Remuneration Committee
- Related Party Transaction Review Committee

The Board has adopted a formal charter that outlines the functions, duties and responsibilities of the Board Committees in line with the Board's objective in pursuing good governance practices.

Audit Committee

The composition of the Audit Committee meets the requirements in continuous listing rule 710.6 of Colombo Stock Exchange, where Independent Directors form the majority of non-executive directors. The members of the Audit Committee as at 31st December 2021 comprised of:

Mr. R. K. A. Ranaweera

Chairman, Independent Non-Executive Director

Mr. A.S. Amarasuriya

Independent Non-Executive Director

Mr. L.R.W.S. Rajasekara

Non-Independent Non-Executive Director

In compliance with CSE continuous listing rule 710.6 (a), all committee members are members of the Institute of Chartered Accountants of Sri Lanka.

The Audit Committee reviews, monitor and supervise financial reporting process, monitors the works of the internal audit function and ensures an objective and professional relationship is maintained with external auditors. The Committee ensures that the accuracy and timely disclosure, transparency, integrity, consistency and quality financial reporting of the Company. The Audit Committee has full access to both the internal and external auditors who, in turn, have access at all times to the Chairman of the Audit Committee. The role of the Audit Committee and the number of meetings held during the financial year as well as the attendance record of each member are set out in the Audit Committee Report on page no. 25 to 26.

Remuneration Committee

Remuneration Committee consists of the following Directors, all of whom are Non-Executive Directors:

Mr. A.S. Amarasuriya

Chairman, Independent Non-Executive Director

Mr. R. K. A. Ranaweera

Independent Non-Executive Director

Mr. W. A. A. Asanga

Non-Independent Non-Executive Director

The remuneration committee of the company recognizes the following as its key duties and responsibilities.

- Assist the Board by establishing a remuneration policy which attract, retain and motivate all executive directors, the CEO and key management personnel (KMP).
- The committee will track the competitors' remuneration structures in order to persuade executive directors to remain with the company.
- Assist the Board in evaluating the performance of the CEO and KMPs, in order to recommend suitable rewards.

The report of the Remuneration Committee is on the Page 24.

Related Party Transactions Review Committee

The key objective of the Related Party Transactions Review Committee is to ensure that the interests of shareholders as a whole are taken into account by the company when entering into Related Party Transactions. Further, the Committee provides an independent review, approval and oversight of all the proposed related party transactions to maintain the key principles of the company, accountability and the transparency. The committee members as at 31st December 2021 are as follows.

Mr. R. K. A. Ranaweera

Chairman, Independent Non-Executive Director

Mr. A.S. Amarasuriya

Independent Non-Executive Director

Mr. W. A. A. Asanga

Non-Independent Non-Executive Director

Mr. L.R.W.S. Rajasekara

Non-Independent Non-Executive Director

The related party transactions review committee report on page 23 describes the activities carried out during the financial year.

Corporate Management

The Board has delegated its responsibilities to be discharged by Board through sub-committees and senior management team headed by Chief Executive Officer. Management team comprises of Chief Executive Officer, Chief Operating Officers, Head of Finance, and General Managers etc. The senior management team oversees the day to day management of the business and affairs of the Company under the direction and supervision by the CEO. For administrative purposes, the operations of the Company have been effectively divided into three geographic regions, namely the Nuwara Eliya, Ratnapura and Kalutara Districts. The General Managers are in charge of Tea, Rubber and Oil Palm estates respectively.

Relationship with Shareholders

The Board of Directors is directly responsible for overall company's activities to the shareholders of the Company. Therefore the Board of directors and its management provide utmost priority and importance to ensure that complete and accurate disclosure of financial and non-financial information are made to the shareholders on regular basis.

The Annual General Meetings/Extraordinary General Meeting are held to communicate with the shareholders and their participation is encouraged. Apart from this, its principal methods of communication include the annual report, quarterly financial statements and press releases. Further, contact details are published in both Quarterly Financial Statements as well as in the Annual Report & the Shareholders are able to contact the Company Secretaries or Senior Management at any given time.

Risk Management and Internal Control

The Board is responsible for instituting on effective internal control system to safeguard the assets of the Company and ensure that accurate and complete records are maintained from which reliable information is generated. The Board periodically reviews and assesses the internal control system with a view to increase the efficiency and productivity of the Company's wealth.

The governance structure of the company is designed to ensure that the internal audit division of the Group reporting to the Audit Committee, regularly evaluates the internal control system and its findings are reviewed and significant issues are thereafter reported to the Board.

The structure is designed to provide reasonable care of,

- Reliability of financial and other management information
- The prevention of fraud and irregularities.
- Efficiency and effectiveness of operations
- Compliance with relevant national laws and Company regulations.

Further the Board confirms that there is an ongoing process to identifying, evaluating and managing the significant risk associated with the operation of the company. Strategies adopted by new management during the period under review, to manage its risk are set out in its report on Risk Management on page 19 to 22.

Stakeholder Relations

The Board identifies the importance of maintaining a healthy relationship with its key stakeholders. The fundamental mode of communication between the Company and the shareholders are through the Annual Report, Interim Reports and Annual General Meeting. Further other stake holders such as trade suppliers, customers, and regulatory authorities including the government would also have significant importance in keeping active dialogue and relationship which ensures the continuous success of the business.

Compliance

The Board places significant emphasis on strong internal compliance procedures. The Financial Statements of the Company are prepared in compliance with the guidelines of the Sri Lanka Accounting Standards and other statutory regulations and financial statements are published quarterly in line with the Listing Rules of the Colombo Stock Exchange through which all significant developments are reported to shareholders quarterly.

CORPORATE GOVERNANCE

Corporate Governance Requirements listed under Section 7 of the Listing Rules issued by the Colombo Stock Exchange (CSE);

CSE listing rules Section	Provision	Level of compliance
7.10.a	Publishing a statement in the annual report for the financial year confirming compliance with the Corporate Governance rules and if unable to confirm compliance setting out the reasons for non-compliance	Complied
7.10.b	Giving an affirmative statement in the annual report with regard to complying with Corporate Governance rules or vice versa	Complied
7.10.c	Exemption to comply with Corporate Governance rules	Not Applicable
7.10.1.a	Composition of Board of Directors	Complied
7.10.1.b	Basis of calculating the total number of Directors	Complied
7.10.1.c	Rectification of changes to the ratio between total and Non-executive Directors	Not Applicable
7.10.2.a	Presence of independent Non-executive Directors and the ratio	Complied
7.10.2.b	Declaration by Non-executive Directors with regard to independence or otherwise	Complied
7.10.3.a	Annual determination of independence or non-independence of Non-executive Directors, by the Board of Directors and setting out in the annual report the names of Directors determined to be independent	Complied
7.10.3.b	Disclosure in the annual report with regard to determination of independence of a Director who does not meet the criteria for being independent	Complied
7.10.3.c	Publishing in the annual report a brief resume of each Director including the nature of expertise in the relevant functional areas	Complied
7.10.3.d	Providing a brief resume of each Director to the exchange upon appointment	Complied
7.10.4.a-h	Criteria for defining 'independence'	Complied
7.10.5.a	Composition of the Remuneration Committee	Complied
7.10.5.b	Functions of the Remuneration Committee	Complied
7.10.5.c	Disclosure in the annual report of the names of the Directors on the remuneration Committee, remuneration policy and setting out the aggregate remuneration paid to executive and Non-executive Directors	Complied
7.10.6.a	Composition of the Audit Committee	Complied
7.10.6.b	Functions of the Audit Committee	Complied
7.10.6.c	Disclosure in the Annual Report	Complied
7.10.7.a-k	Failure to comply with rule 7.10 and resultant regulatory procedures	Not Applicable
9.2.1	Reviewing of related party transactions by Related Party Transactions Review Committee	Complied
9.2.2	Composition of the Related Party Transactions Review Committee	Complied
9.2.4	The Committee shall meet at least once a calendar quarter and minutes of meetings are properly documented and communicated to the Board of Directors	Complied
9.2.5	Access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions	Complied
9.2.6 & 9.2.7	Where necessary, the committee shall request the Board of Directors to approve the Related Party Transactions prior to entering in to the relevant Related Party Transaction.	Complied
9.3	Immediate disclosures and the disclosures in the Annual Report	Complied

RISK MANAGEMENT

Risk implies that the uncertainty, arising due to deviating the actual outcome from its expected outcome. The types of risks and its consequences varies from business to business. Uncertainties range from both risk and opportunities to the organizations. However, the negative outcome can often be led to direct financial losses, resulting in earnings volatility or in an extreme scenario in financial distress. The effective risk management is vital for a company to minimize the negative consequences of risks. Risk management is the process, analyzing, assessing, controlling, minimizing or elimination of risks to achieve company objectives.

Since the Company operates in a challenging environment, it is exposed to a multiple of risks associated with cultivating and processing of tea, rubber and oil palm within the economic environment and industry in which it operates. Therefore, the Board of Directors has placed special emphasis on the assessment and managing risk of the company during the year under review.

Risk management principles

The risk management principles of the company indicate its approach to the management of risks and the culture that the Group wishes to sustain.

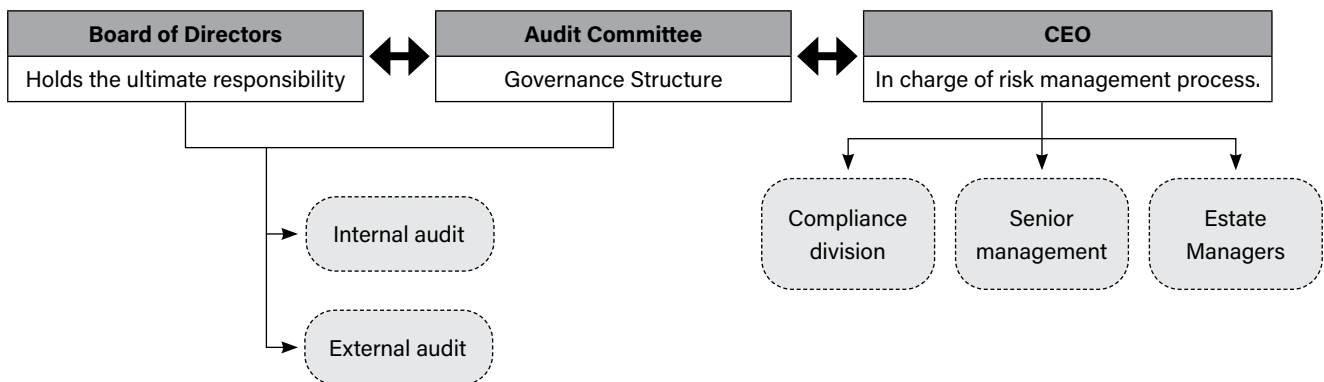
- Key objectives of risk management

The company aims to achieve the following key objectives by implementation of an effective risk management process management,

- i) Provide clear accountability and responsibility for risk management
- ii) Material issues are determined and resolved through a strong risk management process
- iii) Ensures to implement a sound system of controls including financial, operational and compliance are in place, to safeguard shareholder investment and assets and reviews regularly the effectiveness of such controls.

- iv) Internal audit team provides assurance on the effective functioning of processes and a whistle blowing policy is in place providing a direct line to the Board.

Risk management structure of the company is as follows.

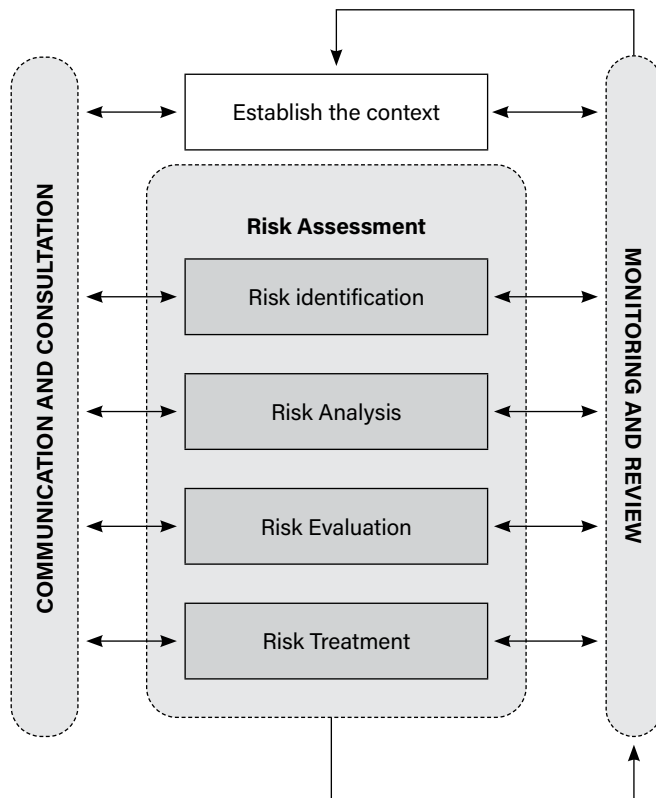


RISK MANAGEMENT

Risk management steps

The risk management is considered as one of the important functions of the Company. With an understanding of vast opportunities and threats prevailing in the plantations industry, the management has stepped in to the following risk management process/steps.

The risk management steps include:



Establish the context

- Define the scope of objectives: i.e. what activity, decision, project, program, issue requires analysis
- Identify relevant stakeholders/ areas involved or impacted
- Internal and/or external environment/ factors

Identify the risk

- Assess, what could happen? How and where it could happen? Why it could happen? What is the impact or potential impact?

Analyze the risk

- Identify the causes, contributing factors and actual or potential consequences
- Identify existing or current controls
- Assess the likelihood & impact/ consequence to determine the risk rating

Evaluate the risk

- Is the risk acceptable or unacceptable?
- Does the risk need treatment or further action?
- Do the opportunities outweigh the threats?

Treat the risk

-
- If existing controls are inadequate identify further treatment options
- Devise a treatment plan
- Seek endorsement & support for treatment
- Determine the residual risk rating once the risk is treated

Communicate & consult

At all stages of the process, it ensures those responsible for managing risk, and those with vested interests, understand the basis on which decisions are made, why particular treatment options are selected or why risks are accepted/tolerated.

Monitor & review

Continually checking of effectiveness of risk controls and/or treatments, changes in context or circumstances, and document & report this activity accordingly.

Risk	Potential Impact	Risk Minimization Strategies	Risk rating
Business risks			
Crude oil prices impacting prices of the produce. Supply of Competitors affecting Sri Lankan auction prices. Fluctuation of interest rates Domestic instability in foreign markets Political Risk	Increase in cost of sales in contrasted to net sales Affect on profitability, capital expenditure, liquidity etc Change in government regulations. affected on operational aspects and new investment ,etc.	Improve the quality of tea, rubber and oil palm to attract higher prices. Implement cost control & quality improving strategies. Negotiate forward sale contracts. Crop diversification Inventory Controls Comply with the rules and regulations while maintaining good relationship with government authorities in order to highlight them the industry practices, norms etc.	Overall Rating: High Probability of occurrence: High Severity of Impact: High
Climatic Changes Unfavorable weather patterns and natural disasters	Loss of crop/harvest and increased unit cost of production Loss of revenue Due to the natural disasters, potential physical damage to employees, estate residents, cultivation fields and factories.	Crop diversification Rain guarding to minimize rain interference Introduce weather resistant clones Identify landslide prone areas Analysis and forecast of weather patterns facilitating early preparations Preparing contingency plans	Overall Rating: High Probability of occurrence: High Severity of Impact: High
Increase in labour cost Increase in wage rates which are not linked to output	Higher cost of production Less cost effectiveness.	Implementing of out grower purchasing system Better HR practices at estate levels to increase the output. Enhance the productivity by having a linkage of cost and output. low frequency tapping system (such as D3 & D4) to minimize the cost	Overall Rating: High Probability of occurrence: High Severity of Impact: High

RISK MANAGEMENT

Risk	Potential Impact	Risk Minimization Strategies	Risk rating
<p>Credit risk Possibility of defaulting payments which are mainly selling through the auction mechanism.</p>	<p>Liquidity issues</p> <p>Impact on the bottom line</p> <p>Loss of inventories</p>	<p>Implementing a system to control & maximize the recovery of debts arising from direct sales</p> <p>Sound credit control policies and a system of evaluation of credit worthiness of the direct buyers.</p>	<p>Overall Rating: Medium</p> <p>Probability of occurrence: Low</p> <p>Severity of Impact: Moderate</p>
<p>Risk of Land acquisition The risk exposed to the acquisition of productive land for public purposes</p>	<p>Reducing the cultivation extent of land for the company</p>	<p>Continuous replanting program on productive land areas.</p> <p>Discussion and negotiation to enable losses to be minimized</p> <p>Compensation claims to be lodged for any land acquired</p>	<p>Overall Rating: Low</p> <p>Probability of occurrence: Low</p> <p>Severity of Impact: Low</p>
Operational risks			
<p>Risk of High Staff Turnover/ Worker Migration</p> <p>Shortage of skilled/ unskilled labour and lower labour productivity</p> <p>The risk of losing workers to other industries/businesses and increasing tendency to avoid plantation work among youth generation.</p>	<p>High labour cost and cost of production</p> <p>Lower bottom line in the income statement</p> <p>Lower growth prospects</p>	<p>Implementation of better HR practices to attract and retain workers. Continuous training & skill development programs.</p> <p>Implement social and welfare programs to motivate the community towards the plantation industry.</p>	<p>Overall Rating: Medium</p> <p>Probability of occurrence: Moderate</p> <p>Severity of Impact: High</p>
<p>Ineffective accounting and information systems</p> <p>Ineffective internal information, inaccurate information and lack of timely information</p>	<p>Loss of investor confidence</p> <p>Delay in decision making</p> <p>Non-compliances</p>	<p>Implementing a sound system of internal controls.</p> <p>Technology driven information system & new integrated accounting system introduced.</p> <p>Deploy qualified and experienced staff</p>	<p>Overall Rating: Medium</p> <p>Probability of occurrence: Moderate</p> <p>Severity of Impact: High</p>
<p>Risk of fraud Misappropriation of assets, frauds and misstatements of Financial statements</p>	<p>Impact on the income and profitability</p> <p>Loss of reputation</p> <p>Non-compliances</p>	<p>Sound internal controls & information system</p> <p>Effective internal audit measures & controls</p> <p>Better HR practices</p>	<p>Overall Rating: Medium</p> <p>Probability of occurrence: Moderate</p> <p>Severity of Impact: High</p>
<p>Legal & Regulatory Risk Non- Compliance with all legal, Company, secretarial, stock market and other regulations</p>	<p>Penalties</p> <p>Loss of reputation</p> <p>Demotivation of employees</p>	<p>Sound internal control and information system</p> <p>Qualified and experienced staff</p> <p>Better supervision</p>	<p>Overall Rating: Medium</p> <p>Probability of occurrence: Moderate</p> <p>Severity of Impact: High</p>

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

The Related Party Transactions Review Committee is governed by the charter of Related Party Transactions Review Committee of Agalawatte Plantations PLC and in terms of the code of Best Practice on related party transactions issued by the securities and exchange commission of Sri Lanka and the section 9 of the listing rules of the Colombo Stock Exchange.

The Composition of the Committee

The Related Party Transactions Review Committee appointed by the Board comprises of four (04) Non-Executive Directors, two of whom are independent. The following Directors functioned as members of the Related Party Transactions Review Committee as at 31st December 2021.

Mr. R.K.A. Ranaweera - Chairman
(Independent Non-Executive Director)

Mr. A.S. Amarasuriya
(Independent Non-Executive Director)

Mr. W.A. A. Asanga
(Non-Independent Non-Executive Director)

Mr. L.R.W.S. Rajasekara
(Non-Independent Non-Executive Director)

The Company Secretary functions as the Secretary of the Related Party Transactions Review Committee.

Brief profiles of the Directors representing the Committee are given in page 6 of this Annual Report.

Charter of the Related Party Transactions Review Committee

The Related Party Transactions Review Committee is governed by 'Terms of Reference' approved by the Board of Directors. The Statutory and Fiduciary responsibilities of such Committee are those as envisaged in the Code of Best Practices on Related Party Transactions published by the Securities and Exchange Commission of Sri Lanka (the "Code") and regulations promulgated by the Colombo Stock Exchange ("The CSE Rules"), Financial Reporting under LKAS 24 and Code of Best Practices on

Corporate Governance 2017 jointly issued by the Securities Exchange Commission and the Institute of Chartered Accountants of Sri Lanka.

The charter of the Related Party Transactions Review Committee sets out key elements like the composition of the Committee, the Chairman should be a Non - Executive Independent Director, and the Committee should meet at least once in every Quarter. It also includes the guidelines on Related Party Transactions and its reporting. The Committee has direct access to the required data and information in order to discharge its duties and responsibilities and when in doubt, the Committee has the right to obtain appropriate opinions from external Specialists. The charter of the committee is subject to periodic review based on regulatory as well as operational requirements.

Meetings of the Related Party Transactions Review Committee

The Committee met four time during the year for the purpose of reviewing related party transactions.

The Chief Executive Officer and Head of Finance of the Company attend the meetings to update the Committee and to provide all the necessary information with regard to related party transactions. The Committee reviewed the related party transactions during the financial year at its meetings. The minutes of the meetings were duly recorded and disseminated to the Committee and to the Board of Directors. There were no non-recurrent related parties' transactions occurred during the year under review, requiring immediate announcement to the CSE and/or shareholder approval.

Members	Status	Committee Member Since	Attendance at meetings during 2021
Mr. R.K.A. Ranaweera (Chairman)	Independent Non-Executive Director	21st March 2018	4/4
Mr. A.S. Amarasuriya	Independent Non-Executive Director	31st July 2017	4/4
Mr. L.R.W.S. Rajasekara	Non-Independent Non-Executive Director	31st July 2017	4/4
Mr. W.A. A. Asanga	Non-Independent Non-Executive Director	31st July 2017	4/4

Policies and Procedures

The Committee is constituted and functions as per Section 9 of CSE Listing Rules, LKAS 24: Related Party Disclosures and the Code of Best Practices on related party transactions issued by the Securities Exchange Commission. The details of related party transactions were circulated to the Committee in advance. All transactions with related parties were based on the arm's length price.

All recurring related party transactions are disclosed in Note No. 33 to the Financial Statements; page No. 84 to 87 of this Annual Report.

On behalf of the Related Party Transactions Review Committee



R.K.A. Ranaweera

Chairman- Related Party Transactions Review Committee

27th May 2022

REMUNERATION COMMITTEE REPORT

Composition of the Remuneration Committee

The Committee appointed by the Board of Directors comprises three Non-Executive Directors, of whom two including the Chairman are Independent Directors. The following Directors serve on the Remuneration Committee as at 31st December 2021 in conformity with the listing rules of Colombo Stock Exchange.

Mr. A.S. Amarasuriya - Chairman

(Independent Non-Executive Director)

Mr. R.K.A. Ranaweera

(Independent Non-Executive Director)

Mr. W.A. A. Asanga

(Non-Independent Non-Executive Director)

Brief profiles of the committee members are given on page 6 to 7 of this Annual Report.

Charter of the Remuneration Committee

The Charter determines the terms of reference for the Remuneration Committee. The Remuneration Committee is responsible to the Board for recommending remuneration of the Executive Directors including the Chief Executive Officer, other Directors and setting the Broad parameters of remuneration for senior executives and assisting the Board in the performance evaluation of the Executive Board.

Meetings of the Remuneration Committee

The committee met twice during the year under review. The Minutes of the Remuneration Committee approved by the said committee is circulated and affirmed by the Board of Directors.

Attendance at the meetings is as follows.

Members	Status	Committee Member Since	Attendance at meetings during 2021
Mr. A.S. Amarasuriya (Chairman)	Independent Non-Executive Director	31st July 2017	2/2
Mr. R.K.A. Ranaweera	Independent Non-Executive Director	21st March 2018	2/2
Mr. W.A.A. Asanga	Non-Independent Non-Executive Director	31st July 2017	2/2

Remuneration Policy

The committee defines the term "remuneration" as cash and all non-cash benefits whatsoever received in consideration of employment with the company (excluding statutory entitlements such as Employees Provident Fund and Employees Trust Fund).

The remuneration policy is to determine the remuneration and other benefits of the Executive Directors including the Chief Executive Officer, other Directors and other Senior Executives, annually. For this purpose, the committee assists the Board in the performance evaluation of the Executive Board. Therefore, the remuneration packages are linked to individual performances and are aligned with the Company's short-term and long-term strategy.

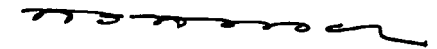
The aggregated remuneration/director fees paid to Executive and Non-Executive Directors are disclosed in Note No. 10 to the Financial Statements.

Non-executive Directors

In the case of determining remuneration for Non-Executive Directors, compensation will be based on time commitment and responsibilities taken on by the Director, and general market practices. The remuneration of Non-Executive Directors will be determined by the Board, as a whole.

The Company Secretary functions as the Secretary of the Remuneration Committee.

On behalf of the Remuneration Committee



A.S. Amarasuriya

Chairman- Remuneration Committee

27th May 2022

AUDIT COMMITTEE REPORT

Composition of the Audit Committee

The Audit Committee is a sub-committee of the Board of Directors, appointed by and responsible to the Board of Directors, comprises the following two Independent Non-Executive Directors and one Non-Independent Non-Executive Director as at 31st December 2021 in conformity with the listing rules of Colombo Stock Exchange.

Mr. R.K.A. Ranaweera - Chairman

(Independent Non-Executive Director)

Mr. A.S. Amarasuriya

(Independent Non-Executive Director)

Mr. L.R.W. S. Rajasekara

(Non-Independent Non-Executive Director)

Brief profiles of the committee members are set out on page 6 to 7 of this Annual Report.

The Audit Committee Members have significant and sufficient financial experience as required by the Code of Best Practice in Corporate Governance, issued by the Institute of Chartered Accountants of Sri Lanka and the Listing Rules of the Colombo Stock Exchange. Their financial knowledge and valuable insight are brought to stand on their judgments, deliberations and directions on matters that come within the Committee's purview.

The Executive Director, Mr. G.P.N.A.G. Gunathilake who is the Chief Executive Officer of the company and Head of Finance attend audit committee meetings by invitation. Also, the External Auditors attend the meetings whenever committee requires their presence. The company secretary functions as the secretary to the Audit Committee.

Charter of the Audit Committee

The objectives and duties & responsibilities of the Audit Committee

of Agalawatte Plantations PLC are governed by the Terms of References called 'Audit Committee Charter' which is approved and adopted by the Board. The Audit Committee Charter has been reviewed and revised periodically, in line with the Section 7.10 of the Continued Listing Requirements of the Colombo Stock Exchange and Code of Best Practice on Corporate Governance jointly issued by the Securities Exchange Commission and the Institute of Chartered Accountants of Sri Lanka.

Meetings of the Audit Committee

The Audit Committee meets as and when necessary or appropriate in its judgment, and at least quarterly each year. During the financial year 2021, there were six meetings and attendance of the Committee members are given below. The Chief Executive Officer, Head of Finance, Chief Operating Officer, General Manager and Auditors attended such meetings by invitation and updated the Committee on specific issues.

Attendance at Audit Committee Meetings

Members	Status	Committee Member Since	Attendance at meetings during 2021
Mr. R.K.A. Ranaweera (Chairman)	Independent Non-Executive Director	21st March 2018	6/6
Mr. A.S. Amarasuriya	Independent Non-Executive Director	31st July 2017	6/6
Mr. L.R.W. S. Rajasekara	Non-Independent Non-Executive Director	31st July 2017	6/6

Duties and Responsibilities

The Audit Committee Charter of the Company stated that the primary function of the Audit Committee is to assist the Board of Directors of Agalawatte Plantations PLC in fulfilling its oversight responsibilities and its subsidiary with respect to the following:

● Accounting and financial reporting

With the purpose of enhancing the integrity of accounting & financial reporting of Agalawatte Plantations PLC, the committee shall;

- i) oversee the preparation, presentations and adequacy of disclosures in the financial statements, as per the Sri Lanka Accounting Standards (LKASs/SLFRSs)
- ii) Ensure compliance with rules and regulations which include financial reporting requirements, information requirements of the Companies Act and relevant related regulations.
- iii) Confer with the management and the independent external auditors about the financial statements.
- iv) Review significant or unusual events and accounting estimates.
- v) Assess whether the financial report represents a true and fair view of the company's financial position and performance, and whether it complies with regulatory requirements.

AUDIT COMMITTEE REPORT

- **Assessment and management of risk and internal controls**

The Committee should oversee the adequacy of internal controls and risk assessment procedures to meet the requirements in risk assessment and management principals laid down in CSE listing rules, Code of Best Practices on Corporate Governance and Sri Lanka Auditing Standards.

- **Compliance with laws and regulations**

The Committee should oversee company's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements. It must also review regular reports from the Compliance Officer and keep under review the adequacy and effectiveness of the company's compliance function.

- **Internal and external audit processes**

Monitor internal audit function to ensure that it is effective. Also, oversee the external audit function by evaluating and monitoring performance and independence of the company's external auditors. The Audit Committee is also responsible for the development, implementation and monitoring of the Company's policies on external audit.

- **Financial Reporting and Disclosure Requirements**

The Committee reviewed the financial reporting system of the company in preparation of its quarterly and annual financial statements to ensure the compliance with statutory and regulatory requirements.

The Committee also reviewed the accounting policies of the Company and the Group and such other matters

as are required to be discussed with the independent External Experts.

The committee reviewed the Annual Report containing the financial statements and also the interim financial statements prior to release, on the compliance with statutory and regulatory requirements including Sri Lanka Accounting Standards, Companies Act No.7 of 2007, Continued Listing Requirements of the Colombo Stock Exchange and Sri Lanka Accounting and Auditing Standards Act No.15 of 1995 and recommended their adoption to the Board.

- **External Audit**

The Audit Committee is responsible for the development, implementation and monitoring of the Company's policies on external audit. The committee closely reviewed the performance of external auditors- M/s KPMG (Chartered Accountants) during the year. The external auditors kept the audit committee informed on an ongoing basis of all matters of significance. The Committee discussed issues with auditors, which were arisen from the audit and corrective action taken where necessary.

The Audit Committee has reviewed the other services provided by the External Auditors to the Company while ensuring that the independence of Auditors has not been compromised.

The Audit Committee, having evaluated the performance of the external auditors, has recommended to the Board of Directors that Messrs. KPMG be re-appointed as auditors of the Company for the financial year ended 31st December 2021, subject to the approval of the Shareholders at the next Annual General Meeting.

- **Internal Controls and Risk Management**

The Audit Committee reviews during its meetings the adequacy and effectiveness of the internal controls and its exposure to the business and financial risks. The Committee also ensures that the respective internal controls and the risk management process sufficiently meet with the requirements of the Sri Lanka Auditing Standards and that the company is in compliance with legal, regulatory and ethical requirements.

Conclusion

The Audit Committee is satisfied with the implementation of the accounting policies and operational controls provide reasonable, assurance that the affairs of the Company and the Subsidiary are managed in accordance with accepted policies and that assets are properly accounted for and adequately safeguarded.

The Audit Committee concurs that the adoption of the going concern basis in the preparation of the financial statement is appropriate to the Financial Statements. The Audit Committee recommends to the Board of Directors that the financial statements as submitted be approved and Messrs KPMG chartered accountant be re-appointed as auditors for the forthcoming year subject to the approval of the shareholder at the Annual General Meeting.

On behalf of the Audit Committee



R.K.A. Ranaweera
Chairman- Audit Committee

27th May 2022

RESPONSIBILITIES OF THE MANAGING DIRECTOR AND HEAD OF FINANCE FOR FINANCIAL REPORTING

We hereby confirmed that the Financial Statements of the Agalawatte Plantations PLC are prepared and presented in compliance with the Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No.15 of 1995, the Listing Rules of the Colombo Stock Exchange, Code of Best Practices on Corporate Governance 2017 issued by the Institute of Chartered Accountants of Sri Lanka and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka. The Accounting Policies used in the preparation of the financial statements are appropriate and are consistently applied by the Company. Further, the significant accounting policies used in the preparation of the Financial Statements are appropriate and are constantly applied, as described in the Notes to the Financial Statements. The significant accounting policies and estimates that involve a high degree of judgment and complexity were discussed with the Audit Committee and External Auditors.

The management has also taken proper and sufficient steps in installing a system of internal control and accounting records, for safeguarding assets and for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls and accounting.

The Audit Committee of the Company has closely worked with the external auditors to review their audit plans, assess the manner in which the auditors are performing their responsibilities and to discuss their reports on financial reporting issues. To ensure complete independence, the external auditors

have full and free access to the members of the Audit Committee to discuss any matters of substance.

The financial statements of the company were audited by M/S KPMG, Chartered Accountants and their report is given on page 30 to 33 of the Annual Report.

The Company has complied with all applicable laws, regulations and prudential requirements and in the opinion of the Company's legal council, the litigations which are currently pending will not have a material impact on the reported financial results or future operations of the Company. It's also confirmed that all taxes, duties, levies and all statutory payments by the Company and all contributions, levies and taxes paid on behalf of and in respect of the employees of the Company as at the date of Statement of Financial Position have been paid or where relevant provided for.



G.P.N.A.G. Gunathilake
Managing Director/CEO



I.S. Hatangala
Head of Finance

Colombo
27th May 2022

THE STATEMENT OF DIRECTORS' RESPONSIBILITY

The following statement, which should be read in conjunction with the Auditors' Statement of their responsibilities set out in their report page no 32, is made with a view to distinguish the respective responsibilities of the Directors and of the Auditors, in relation to the preparation and presentation of financial statements.

Directors of Agalawatte Plantations PLC acknowledged their responsibility under the Sections 150(1), 151, 152(1) and 153 of the Companies Act No. 7 of 2007, to prepare Financial Statements for each financial year, which give 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 and loss for the financial year. The Directors ensure to prepare these financial statements on the going concern basis where it's assumed that the Company would continue in business for foreseeable future.

The Financial Statements of the Company for the year ended 31 December 2021 included in this Report, have been prepared and presented in accordance with the Sri Lanka Accounting Standards, the Companies Act No. 7 of 2007 and the Listing Rules of the Colombo Stock Exchange. The Directors confirmed that suitable accounting policies have been used and applied consistently, and that all applicable accounting standards have been followed in the preparation of the Financial Statements. All material deviations from these standards if any, have been disclosed where applicable. The judgments and estimates made in the preparation of these Financial

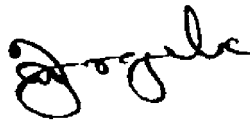
Statements are reasonable and prudent.

The Board of Directors have taken necessary steps to establish and maintain proper books of accounts and ensure the accuracy and Completeness accounting records. The Directors are also responsible for taking reasonable measures to safeguard the assets of the Company and of the Group, and in that context to have proper regarded to implement appropriate & sufficient internal control with a view to prevent and detect frauds, errors and other irregularities.

The Board and the audit committee closely liaised with the Auditors, M/S KPMG, Chartered Accountants, and provided relevant information and facilitate to the best of their knowledge to carry out the reviews, tests and examination that they consider appropriate and necessary for the performance of their responsibilities.

The Directors of the Company are of the view that they have discharged their responsibilities as set out in this statement during the year under review.

By order of the Board



Nexia Corporate Consultants (Pvt) Ltd
Secretaries
Agalawatte Plantations PLC

Colombo
27th May 2022



Financial Information

INDEPENDENT AUDITOR'S REPORT



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

Tel : +94 - 11 542 6426
Fax : +94 - 11 244 5872
+94 - 11 244 6058
Internet : www.kpmg.com/lk

**TO THE SHAREHOLDERS OF
AGALAWATTE PLANTATIONS PLC
Report on the Audit of the Financial
Statements**

Opinion

We have audited the financial statements of Agalawatte Plantations PLC ("the Company"), which comprise the statement of financial position as at 31st December 2021, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies set out on pages 34 to 99.

In our opinion, the accompanying financial statements of the Company give a true and fair view of the financial position of the Company as at 31st December 2021, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that

the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company financial statements of the current period. These matters were addressed in the context of our audit of the company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Measurement of Biological Assets

Refer to the significant accounting policies in note 3.3.3 and explanatory note in notes 15 and 16 of the financial statements.

Risk Description

The Company has reported consumable biological assets carried at fair value, amounting to Rs. 681 Mn and bearer biological assets amounting to Rs. 2,470 Mn as at 31st December 2021.

The valuation of consumable biological assets requires significant levels of judgments and technical expertise in selecting appropriate valuation models and assumptions. Management engaged an independent external valuation expert to assist in determining the fair value of the consumable biological assets. Changes in the key assumptions used such as discount rate, value per cubic

meter and available timber quantity used for the valuation of consumable biological assets could have a material impact on the fair value gain or loss for the year and the carrying value of consumable biological assets as of the reporting date.

Bearer biological assets mainly include mature and immature tea, rubber, oil palm and other trees in identified plantation fields. Inappropriate transfer from immature to mature plantations has a significant impact on the carrying value of the bearer plants and the reported profits as capitalization of costs will cease from the point of transfer and the mature plantations are depreciated over the useful lives of the plants. As per the industry practice, transfer of immature plantations to mature plantation fields happens at the point of commencement of commercial harvesting. The actual point of which commercial harvesting could start depending on the soil condition, weather patterns and plant breed.

We identified the measurement of biological assets as a key audit matter because the valuation of consumable assets involved significant assumptions and judgments exercised by the management and the independent valuation expert could be subjected to significant level of estimation uncertainty and management bias. Further, immature to mature transfer of bearer

KPMG, a Sri Lankan Partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

P.Y.S. Perera FCA	C.P. Jayatilake FCA	T.J.S. Rajakarier FCA
W.J.C. Perera FCA	Ms. S. Joseph FCA	Ms. S.M.B. Jayasekara FCA
W.K.D.C. Abeyrathne FCA	S.T.D.L. Perera FCA	G.A.U. Karunaratne FCA
R.M.D.B. Rajapakse FCA	Ms. B.K.D.T.N. Rodrigo FCA	R.H. Rajan FCA
M.N.M. Shameel FCA	Ms. C.T.K.N. Perera ACA	A.M.R.P. Alahakoon ACA
Ms. P.M.K.Sumanasekara FCA		

Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, W.A.A. Weerasekara CFA, ACMA, MRICS

biological asset require management to exercise their judgment in determining the point at which a plant is deemed ready for commercial harvesting.

Our audit procedures for consumable biological assets included;

- Assessing the objectivity and independence of the external valuation expert and the competence and qualification of the external expert.
- Challenging the key assumptions and methodology used in the valuation, in particular the discount rate, average market price, expected timber content at harvest and harvesting plan.
- Obtaining estate wise census books of timber trees and comparing the number of timber trees with the valuation report to ensure the completeness and accuracy of the data and checking the mathematical accuracy of the consumable biological assets valuation.
- On sample basis, physically verifying trees during estate visits to assess the girth and height of the respective trees.
- Assessing the adequacy of the disclosures made on the fair value of biological assets in the financial statements

Our audit procedures for bearer biological assets included;

- Obtaining and understanding of the design, implementation and testing operating effectiveness of management key internal controls in respect of the capitalization of bearer biological assets.
- Obtaining schedules of costs incurred and capitalized under immature plantations as well as cost transferred to mature plantations by each estate and reconciling those balances to the general ledger on sample basis, verifying

the reconciling items and obtaining explanations from management for any significant variances identified.

- Assessing the reasonableness of the capitalized costs by comparing actual costs transferred to mature plantations from immature plantations with budgeted costs included in annual board approved budgets to assess if the actual costs are consistent with management expectations at the beginning of the financial year.
- Testing immature to mature cost transfer worksheet for selected estates to check whether the amount transferred during the year was consistent with the Company's accounting policy and industry norms.
- Assessing the adequacy of the related disclosures in the financial statements and consistency with the accounting policies and related accounting standards.

2. Valuation of Retirement benefit obligation

Refer to the significant accounting policies in note 3.7 and explanatory notes in note 29 of the financial statements.

Risk Description

The Company has recognized retirement benefit obligation of Rs. 524 Mn as at 31st December 2021. The retirement benefit obligation of the Company is significant in the context of the total liabilities of the Company. The valuation of the Company's retirement benefit obligation requires significant judgment and estimation to be applied across numerous assumptions, including salary increases and discount rate. Minor changes in those assumptions could have a significant effect on the financial performance and financial position of the Company. Management engaged an independent actuary to assist them in the estimation of the Retirement benefit obligation.

We considered the estimation of the retirement benefit obligation to be a key audit matter due to the magnitude of the amounts recognized in the financial statements as well as estimation uncertainty involved in determining the amounts.

Our audit procedures included;

- Assessing the competency, objectivity and capabilities of the independent actuary engaged by the management.
- Testing the samples of the employees' details used in the computation to the human resource records and performed re-computation of the post-employment benefit liabilities with the assistance of our internal valuation specialist.
- Challenging the key assumptions used in the valuation, in particular the discount rate, future salary increases and mortality rates.
- Assessing the adequacy of the disclosures made on the financial statements in accordance with the accounting policy of the Company and related accounting standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially



misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of 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 and 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3029.



Chartered Accountants
Colombo, Sri Lanka

27th May 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 st December	Note	Company and Equity Accounted Investee	Group	Company	
		2021	2020	2021	2020
		Rs. 000	Rs. 000	Rs. 000	Rs. 000
Revenue	5.1	3,867,404	2,934,612	3,867,404	2,832,331
Cost of sales	5.2	(2,971,886)	(2,654,111)	(2,971,886)	(2,557,883)
Gross profit	5.3	895,518	280,501	895,518	274,448
Other income	6	143,943	277,148	269,069	350,066
Gain/(Loss) on changes in fair value of biological assets	7	(20,612)	74,618	(20,612)	74,618
Selling and distribution expenses		(57)	(4,184)	(57)	(61)
Administration expenses		(54,361)	(75,820)	(54,361)	(67,542)
Other expenses	8	(4,656)	(11,767)	(4,656)	(11,767)
Results from operating activities		959,775	540,496	1,084,901	619,762
Finance income		73	91	73	91
Finance costs		(60,622)	(136,061)	(60,622)	(131,454)
Net finance costs	9	(60,549)	(135,970)	(60,549)	(131,363)
Share of profit of equity accounted investee, net of tax	18.1.1	196,313	115,469	-	-
Profit before taxation	10	1,095,539	519,995	1,024,352	488,399
Income tax (expenses) / reversal	11	85,035	(34,061)	85,035	(34,216)
Profit for the Year		1,180,574	485,934	1,109,387	454,183
Other comprehensive income					
Actuarial Gain/(Loss) on retirement benefit obligations	29	101,563	(40,387)	101,563	(41,496)
Deferred Tax on other comprehensive income		(10,664)	5,654	(10,664)	5,809
Other comprehensive expense for the year, net of taxes		90,899	(34,733)	90,899	(35,687)
Total comprehensive income for the year		1,271,473	451,201	1,200,286	418,496
Profit attributable to:					
Equity holders of the company		1,180,574	485,934	1,109,387	454,183
Non controlling interests		-	-	-	-
Profit for the year		1,180,574	485,934	1,109,387	454,183
Total comprehensive income attributable to:					
Equity holders of the company		1,271,473	451,201	1,200,286	418,496
Non controlling interests		-	-	-	-
Total comprehensive expense for the year		1,271,473	451,201	1,200,286	418,496
Basic earnings per share (Rs.)	12	7.56	4.30	7.10	4.01

Figures in brackets indicate deductions

The financial statements are to be read in conjunction with the related notes, which form a part of the Financial Statements of the Group set out on pages 41 to 99.

STATEMENT OF FINANCIAL POSITION

As at 31 st December	Note	Company and Equity Accounted Investee	Group	Company	
		2021	2020	2021	2020
		Rs. 000	Rs. 000	Rs. 000	Rs. 000
ASSETS					
Non-current assets					
Right of use assets	13	429,326	431,330	429,326	431,330
Property, plant and equipment	14	728,190	752,047	728,190	752,047
Bearer biological assets	15	2,470,714	2,156,203	2,470,714	2,156,203
Consumable biological assets	16	680,679	724,043	680,679	724,043
Investment in joint venture	18	294,922	223,735	6,990	6,990
		4,603,831	4,287,358	4,315,899	4,070,613
Current assets					
Produce on bearer biological assets	20	16,979	9,680	16,979	9,680
Inventories	21	388,549	287,754	388,549	287,754
Trade and other receivables	22	122,216	134,784	122,216	134,784
Amount due from related parties	23	28,548	10,732	28,548	10,732
Cash and cash equivalents	24	41,870	14,979	41,870	14,979
Total current assets		598,162	457,929	598,162	457,929
Total Assets		5,201,993	4,745,287	4,914,061	4,528,542
EQUITY AND LIABILITIES					
Stated capital and reserves					
Stated capital	25	2,258,125	2,258,125	2,258,125	2,258,125
Accumulated Losses		(426,465)	(1,697,938)	(714,397)	(1,914,683)
Equity attributable to equity holders of the Company		1,831,660	560,187	1,543,728	343,442
Non controlling interests		-	-	-	-
Total equity		1,831,660	560,187	1,543,728	343,442
Non-current liabilities					
Loans and borrowings	26	-	13,542	-	13,542
Lease Liabilities	27	468,575	456,697	468,575	456,697
Deferred tax liabilities	28	257,699	337,335	257,699	337,335
Retirement benefit obligations	29	524,567	609,651	524,567	609,651
Deferred income	30	144,739	96,705	144,739	96,705
Total non current liabilities		1,395,580	1,513,930	1,395,580	1,513,930

As at 31 st December	Note	Company and Equity Accounted Investee	Group	Company	
		2021	2020	2021	2020
		Rs. 000	Rs. 000	Rs. 000	Rs. 000
Current liabilities					
Trade and other payables	31	468,873	445,423	468,873	445,423
Amounts due to related parties	32	774,961	2,162,495	774,961	2,162,495
Loans and borrowings	26	612,400	11,458	612,400	11,458
Lease liabilities	27	3,750	3,252	3,750	3,252
Bank overdrafts	24	114,769	48,542	114,769	48,542
Total current liabilities		1,974,753	2,671,170	1,974,753	2,671,170
Total Liabilities		3,370,333	4,185,100	3,370,333	4,185,100
Total Equity and Liabilities		5,201,993	4,745,287	4,914,061	4,528,542

Figures in brackets indicate deductions

The financial statements are to be read in conjunction with the related notes, which form a part of the Financial Statements of the Group set out on pages 41 to 99.

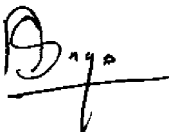
It is certified that the financial statements have been prepared in compliance with the requirements of the Companies Act No.7 of 2007.



I.S. Hatangala
Head of Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements.

Approved and signed for and on behalf of the Board of Directors of Agalawatte Plantations PLC.



W.A.A. Asanga
Director



L.R.W.S. Rajasekara
Director

Colombo
27th May 2022

STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 st December	Stated Capital Rs 000	Accumulated Losses Rs 000	Total Rs 000
Group/Company and Equity Accounted Investee			
Balance as at 1 st January 2020	250,000	(2,149,139)	(1,899,139)
Total comprehensive expense for the year			
Profit for the year	-	485,934	485,934
Other comprehensive expense for the year, net of taxes	-	(34,733)	(34,733)
	-	451,201	451,201
Transactions with Owners directly recorded in the Equity			
Issue of shares	2,008,125	-	2,008,125
Total contributions from owners	2,008,125	-	2,008,125
Balance as at 31 st December 2020	2,258,125	(1,697,938)	560,187
Balance as at 1 st January 2021	2,258,125	(1,697,938)	560,187
Total comprehensive income for the year			
Profit for the year	-	1,180,574	1,180,574
Other comprehensive income for the year, net of taxes	-	90,899	90,899
	-	1,271,473	1,271,473
Transactions with Owners directly recorded in the Equity			
	-	-	-
Balance as at 31st December 2021	2,258,125	(426,465)	1,831,660

	Stated Capital Rs 000	Accumulated Losses Rs 000	Total Rs 000
Company			
Balance as at 1 st January 2020	250,000	(2,333,180)	(2,083,180)
Total comprehensive expense for the year			
Profit for the year	-	454,184	454,184
Other comprehensive income for the year, net of taxes	-	(35,687)	(35,687)
	-	418,497	418,497
Transactions with Owners directly recorded in the Equity			
Issue of shares	2,008,125		2,008,125
Total contributions from owners	2,008,125	-	2,008,125
Balance as at 31 st December 2020	2,258,125	(1,914,683)	343,442
Balance as at 1 st January 2021	2,258,125	(1,914,683)	343,442
Total comprehensive income for the year			
Profit for the year	-	1,109,387	1,109,387
Other comprehensive income for the year, net of taxes	-	90,899	90,899
	-	1,200,286	1,200,286
Transactions with Owners directly recorded in the Equity			
	-	-	-
Balance as at 31st December 2021	2,258,125	(714,397)	1,543,728

Figures in brackets indicate deductions

The financial statements are to be read in conjunction with the related notes, which form a part of the Financial Statements of the Group set out on pages 41 to 99.

STATEMENT OF CASH FLOWS

		Company and Equity Accounted Investee	Group	Company	
		2021	2020	2021	2020
<i>For the year ended 31st December</i>					
	Note	Rs. 000	Rs. 000	Rs. 000	Rs. 000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		1,095,539	519,995	1,024,352	488,399
<i>Adjustments for :</i>					
Share of profit of equity accounted investee	18	(196,313)	(115,469)	-	-
Gain on changes in fair value of biological assets	7	20,612	(74,618)	20,612	(74,618)
Depreciation and amortization	10	216,027	216,322	216,027	212,925
Write off of bearer biological assets	8	-	3,351	-	3,351
Write off of unuseful nurseries	8	-	617	-	617
Write off of obsolete inventories	8	-	636	-	636
Write off of other receivables	8	-	141	-	141
Gain on disposal of Property, Plant and Equipment	6	(13,087)	-	(13,087)	-
Gain on Disposal of Investment		-	(79,870)	-	(87,500)
Gain on disposal of rubber/firewood trees	6	(99,470)	(169,686)	(99,470)	(169,686)
Provision for retirement benefit obligations	29	82,419	99,030	82,419	97,743
Under/(over) provision of unsettled gratuity payable	29	(790)	(981)	(790)	(981)
Dividend income	6	-	-	(125,126)	(69,903)
Interest expenses	9	60,622	136,061	60,622	131,454
Interest income	9	(73)	(91)	(73)	(91)
Write back of Payables		(20,027)	-	(20,027)	-
Amortization of government grants	6	(7,845)	(3,401)	(7,845)	(3,401)
Operating profit before working capital changes		1,137,614	532,037	1,137,614	529,086
Working capital changes					
(Increase) in inventories		(100,794)	(36,269)	(100,794)	(40,232)
Decrease in trade and other receivables		7,302	7,497	7,302	10,113
Decrease /(increase) in amounts due from related parties		(17,817)	24,708	(17,817)	44,733
(Decrease) /increase in trade and other payables		43,476	(296,794)	43,476	(291,895)
Decrease due to related parties		(1,387,534)	(1,518,548)	(1,387,534)	(1,537,108)
Cash flows used in operations		(317,753)	(1,287,369)	(317,753)	(1,285,303)
Interest paid		(3,443)	(79,829)	(3,443)	(75,375)
Gratuity paid	29	(65,151)	(86,933)	(65,151)	(86,076)
Net cash (used in) operating activities		(386,347)	(1,454,131)	(386,347)	(1,446,754)

		Company and Equity Accounted Investee	Group	Company	
<i>For the year ended 31st December</i>		2021	2020	2021	2020
	Note	Rs. 000	Rs. 000	Rs. 000	Rs. 000
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment in bearer biological assets	15	(437,537)	(212,689)	(437,537)	(212,689)
Investment in consumable biological assets	16	(629)	(156)	(629)	(156)
Purchase of property, plant and equipment	14	(56,494)	(36,335)	(56,494)	(36,279)
Proceeds from Disposal of Subsidiary, net of overdraft	18	-	112,785	-	100,000
Proceeds from disposal of property, plant and equipment		18,170	-	18,170	-
Proceeds from disposal of rubber/firewood trees		99,732	171,643	99,732	171,643
Proceeds from sale of timber trees	16.1	16,082	4,558	16,082	4,558
Capital grant received	30	55,879	6,972	55,879	6,972
Interest Income received		73	91	73	91
Dividend received	18	125,126	69,902	125,126	69,902
Net cash generated from / (used in) investing activities		(179,598)	116,771	(179,598)	104,042
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from long term borrowings	26		38,959	-	25,000
Proceeds from Short Term loan borrowings	26	600,000	-	600,000	-
Repayment of long term borrowings	26	(12,600)	(471,930)	(12,600)	(464,141)
Lease rental	27	(60,791)	(60,209)	(60,791)	(58,961)
Proceeds from Rights Issue		-	2,008,125	-	2,008,125
Net cash generated from/ (used in) financing activities		526,609	1,514,945	526,609	1,510,024
Net increase / (decrease) in cash and cash equivalents		(39,336)	177,584	(39,336)	167,312
Cash and cash equivalents at beginning of the year		(33,563)	(211,147)	(33,563)	(200,875)
Cash and cash equivalents at end of the year (a)	24	(72,899)	(33,563)	(72,899)	(33,563)
(a) Analysis of cash and cash equivalents at end of the year					
Cash in hand and at bank	24	41,870	14,979	41,870	14,979
Bank overdrafts		(114,769)	(48,542)	(114,769)	(48,542)
		(72,899)	(33,563)	(72,899)	(33,563)

Figures in brackets indicate deductions

The financial statements are to be read in conjunction with the related notes, which form a part of the Financial Statements of the Group set out on pages 41 to 99.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1. Domicile and Legal Form

Agalawatte Plantations PLC is a limited liability Company incorporated and domiciled in Sri Lanka, under the Companies Act No. 17 of 1982 (reregistered under the Companies Act No. 7 of 2007) in terms of the provisions of the Conversion of Public Corporation and Government Owned Business Undertaking into Public Companies Act No. 23 of 1987. The registered office of the Company is located at No 361, Kandy Road, Nittambuwa and Plantations are situated in the planting districts of Nuwara Eliya, Rathnapura and Kalutara.

1.2. Financial Statements

Consolidated Financial Statements for the year ended 31st December 2020

The consolidated financial statements of the Company as at and for the year ended 31st December 2020 comprise the Company and its Subsidiary (together referred to as the "Company" and individually as "Company entities").

Financial Statements for the year ended 31st December 2021

The Financial Statements for the year ended 31st December 2021 comprise the Company and its equity accounted investee. (Together referred to as the "Company and equity accounted investee" and individually as "joint venture")

1.3. Authorization for issue

The financial statements of Agalawatte Plantations PLC for the year ended 31st December 2021 were authorized for issue in accordance with a resolution of the Board of Directors of the Company dated on 27th May 2022.

1.4. Principal Activities and Nature of Operations

1.4.1 Principal Activities

During the year the principal activities of Agalawatte Plantations PLC consist of cultivation, production, processing and sale of tea, rubber and oil palm.

1.4.2 Joint Ventures

Name of the Company	Relationship	Principal business activity
AEN Palm Oil Processing (Private) Limited	Joint Venture	Processing and selling of palm oil

Financial Statements for the period ending on 31st December reviewed by the Auditors have been used in preparation of these Financial Statement.

1.4.3 Immediate and Ultimate Parent Enterprise

The Company's immediate and ultimate parent undertaking as at the date of statement of financial position is D.R. Investments (Private) Limited, a Company incorporated in Sri Lanka.

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The Financial Statements of the Company which comprise the Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows together with Accounting Policies and Notes to the Financial Statements have been prepared in accordance with Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, which requires compliance with Sri Lanka Accounting Standards promulgated by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), and with the requirements of the Companies Act No. 07 of 2007.

2.2. Basis of Preparation

These financial statements of the Company have been prepared in accordance with the historical cost conversion except for the following material items in the statement of financial position:

- Consumable biological assets are measured at fair value less cost to sell as per LKAS 41 – Agriculture.
- Liability for retirement benefit obligations is recognized as the present value of the defined benefit obligation based on the actuarial valuation.
- Agriculture produce harvested from biological assets are measured at fair value as per LKAS 41- Agriculture.

2.3. Functional and Presentation Currency

The financial Statements of the Company are presented in Sri Lankan Rupees, which is the Company's functional currency. All financial information presented in Sri Lankan Rupees has been rounded to the nearest Thousand, unless otherwise indicated.

2.4. Presentation of Financial Statements

The assets and liabilities of the Company presented in its statement of financial

NOTES TO THE FINANCIAL STATEMENTS

position are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern.

2.5. Materiality and Aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard - 1 on 'Presentation of Financial Statements.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position, only when there is a legally enforceable 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 liability simultaneously.

2.6. Significant Accounting judgments, Estimates and Assumptions

The preparation of the financial statements of the Company in conformity with SLFRS and LKAS requires management to make judgments, estimates and assumptions that influence the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results which form the basis of making the judgments about the carrying amount of assets and liabilities that are not readily apparent from other sources.

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

a) Judgments

Information about critical judgments in applying accounting policies that have most significant effect on the amounts recognized in the Financial Statements of the Company are included in the following notes to these Financial Statements;

Financial Statement Area	Disclosure Reference	
	Note	Page
Consumable Biological Assets - Timber	16	68
Produce on Bearer Biological Assets	20	72
Retirement Benefit Obligation	29	81
Deferred Taxation	28	79

(b) Measurement of fair value

A number of Company's accounting policies and disclosures require the measurement of fair values, for both financials and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and report directly to Head of Finance.

The said officer regularly reviews significant unobservable inputs and valuation adjustments.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Fair Value Measurement Hierarchy

- **Level I:** Quoted market prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

- **Level II:** Inputs other than quoted market prices included within Level I that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

For all other financial instruments not traded in an active market, the fair value

is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison with similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models.

- **Level III:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Certain financial instruments are recorded at fair value using valuation techniques in which current market transactions or observable market data are not available. Their fair value is determined using a valuation model that has been tested against prices or inputs to actual market transactions and using the best estimate of the most appropriate model assumptions.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes.

Financial Statement Area	Disclosure Reference	
	Note	Page
Consumable Biological Assets - Timber	16	68
Produce on Bearer Biological Assets	20	72
Retirement Benefit Obligation	29	81
Fair Values of Financial Instruments	39	94

2.7. Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern in the foreseeable future and they do not foresee a need for liquidation or cessation of trading

2.8. Comparative Information

Previous period figures and notes have been reclassified wherever necessary to conform to the current year's presentation of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The Accounting Policies set out below have been applied consistently to all periods presented in the Financial Statements of the Company unless otherwise indicated.

3.1. Basis of Consolidation

3.1.1. Subsidiaries

Subsidiaries are those enterprises controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

The consolidated financial statements incorporate the results, and assets and liabilities of the Company and its subsidiary and joint venture Company. Uniform accounting policies have been adopted by the Company and its subsidiary in all significant respects in the preparation and presentation of financial statements.

Intra Company balances and transactions and any unrealized gains from intra Company transactions are eliminated in preparing the consolidated financial statements.

The investment in the subsidiary has been disposed by the Company in the financial statements prepared for the year ended 31st December 2020. Hence the last consolidated financial statements have been prepared and presented by the Group is given as comparative information to the current year "Company and equity accounted investee" column in the financial statements for the year ended 31st December 2021.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity.

Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3.1.2. Jointly Control Entities -

Jointly controlled entities are those entities over whose activities of the Company have joint control, established by contractual agreement. These financial statements include the Company's share of the total recognized gains and losses of joint venture on an equity accounted basis (LKAS-11), from the date that joint control commences until the date that joint control ceases.

3.2. Foreign Currency Translations

All foreign exchange transactions are converted to Sri Lankan Rupees, which is the functional and reporting currency of the Company, at the rates of exchange prevailing at the time the payment was made. Monetary assets and liabilities denominated in foreign currencies are translated to Sri Lankan Rupees equivalents using year-end spot foreign exchange rates. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. The resulting gains and losses are accounted for in the statement of profit or loss.

3.3. Assets and Basis of their Valuation

3.3.1. Leased Assets

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified

asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either;
- the Company has the right to operate the asset; or
- the Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. Where the lease agreement includes an annual adjustment

on a variable such as GDP deflator, the Company shall annually reassess the liability considering such variable and recognise the amount of remeasurement of the lease liabilities as an adjustment to the right-of-use asset.

i) As a Lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the

Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or is there is a revised in substance fixed lease payments.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount

of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short Term Leases and Leases of Low Value Assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low value assets and short terms leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.3.2 Property, Plant and Equipment

3.3.2.1 Basis of Recognition

Property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Company and cost of the asset can be reliably measured.

3.3.2.2 Basis of Measurement

Property, Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss.

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 direct labour, and any other costs directly attributable to bringing the assets to a working condition for their intended use.

3.3.2.3 Subsequent Cost

When significant parts of property, plant and equipment are required to be replaced at intervals, the Company derecognizes the cost of replaced part, and recognizes the new part as individual assets (major Components) with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognized in the statement of profit or loss as incurred.

3.3.2.4 De-recognition

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

3.3.2.5 Land Development cost

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

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

Permanent impairment to land development costs are charged to the Profit or Loss Statement in full or reduced to the net

carrying amounts of such assets in the year of occurrence after ascertaining the loss.

3.3.2.6 Depreciation

Depreciation is recognized in the statement of profit or loss on a straight line basis over the estimated useful lives of each part of an item of Property, Plant and Equipment. Assets held under finance leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets unless it is reasonably certain that the Company will have ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

Buildings

40 years

Plant and Machinery

13 1/3 years to 5 years

Office Equipment

8 years to 3 years

Motor Vehicles

5 years

Furniture and Fittings

10 years

Sanitation, water and electricity

20 years

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date on which the asset is classified as held for sale or is derecognized. Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted prospectively, if appropriate.

3.3.2.7 Capital Work- In-Progress

The cost of capital work-in-progress is the cost of purchase or construction together with any related expenses thereon. Capital work-in-progress is transferred to the respective asset accounts at the time of first utilization or at the time the asset is commissioned.

3.3.3 Biological Assets

3.3.3.1. Recognition

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

3.3.3.2. Basis of Classification

Biological assets are classified as mature biological assets and immature biological assets.

Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specifications. Tea, Rubber, Oil Palm, Timber, Other plantations and nurseries are classified as biological assets.

Biological assets of the Company are further classified as bearer biological assets and consumable biological assets.

Bearer biological assets includes tea, rubber, oil Palm and other crops, 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 include managed timber trees those that are to be harvested as agricultural produce from biological assets or sold as biological assets.

3.3.3.3. Bearer Biological Assets

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, including interest (borrowing cost) attributable to long-term loans used for financing immature plantations. The expenditure incurred on bearer biological assets (Tea, Rubber & Coconut fields), which come into bearing during the year, has been transferred to mature bearer biological assets and depreciated over their useful life in accordance with the LKAS 16 – Property, Plant and Equipment.

3.3.3.3.1 Immature and Mature Plantations

The cost of replanting and new planting are classified as immature plantations up to the time of harvesting the crop. Further, the general charges incurred on the plantation are apportioned based on the labour days spent on respective replanting and new planting and capitalized on the immature areas. The remaining portion of the general charges is expensed in the accounting period in which it is incurred. The cost of areas coming into bearing is transferred to mature plantations at end of the financial year.

3.3.3.3.2 Infilling Costs

The land development costs incurred in the form of infilling have been capitalized to the relevant mature field, only if it increases the expected future benefits from that field, beyond its pre-infilling standard of performance assessment. Infilling costs so capitalized are depreciated over the newly assessed remaining useful life of the relevant mature plantation or the unexpired lease period, whichever is lower.

Infilling cost that are not capitalized have been charged to the statement of Profit or loss for the year in which they are incurred

3.3.3.3.3 Growing Crop Nurseries

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

3.3.3.3.4 Amortization

The cost of areas coming in to bearing are transferred to mature plantation and depreciated as follows.

Bearer Biological Asset at Cost (Replanting and New Planting)

	No. of Years	Rate
Tea	33 1/3 years	3%
Rubber	20 Years	5%
Oil Palm	20 Years	5%

No amortization is provided for immature plantations.

3.3.3.4 Consumable Biological Assets

Consumable biological assets include managed timber trees that are to be harvested as agricultural produce or sold as biological assets.

The managed timber trees of the 15 estates of the Company are measured on initial recognition at cost and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41-“Agriculture”. The cost of young plants which are below 4 years is treated as an approximation to the fair value as the impact on biological transformation of such plants to price during the period is immaterial.

The fair value of timber trees are measured using discounting cash flows 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.

3.3.3.5 Non-harvested Produce crop on Bearer Biological Assets

The Company recognizes its agricultural produce prior to harvest separately from its bearer plant. Such agricultural produce prior to harvest continues to be in the scope of LKAS 41 and is measured at fair value less costs to sell. Changes in the fair value of such agricultural produce are recognized in profit or loss at the end of each reporting period.

The volume of produce growing on bearer plants are measured using the estimated crop of the last harvesting cycle of the year as follows,

Tea-Three days crop (50% of 6 days cycle), Oil palm-five days crop(50% of 10 days cycle)
Rubber-One day's crop.

Value of the unharvested green leaves is measured using the bought leaf formula recommended by the Tea Board

and the value of unharvested fresh fruit bunches(FFB) of Oil Palm is measured using the actual price used to purchase FFB from out growers. Rubber crop is fair valued using RSS prices.

3.3.4 Capitalization of Borrowing Costs

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 capitalized as a part of the asset.

Borrowing costs that are not capitalized are recognised as expense in the period in which they are incurred and charged to the statement of Profit or Loss for the period.

The amount of borrowing costs which are eligible for capitalization are determined in accordance with the LKAS 23 - “Borrowing Costs”.

Borrowing cost incurred in respect of specific loans that are utilized for field development activities have been capitalized as a part of the cost of the relevant immature bearer biological assets. The capitalization will cease when the crops are ready for commercial harvesting. The amount so capitalized is disclosed in the notes to the financial statements.

3.4. Financial Instruments**3.4.1 Recognition and initial measurement**

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities

NOTES TO THE FINANCIAL STATEMENTS

are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not an FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3.4.2. Classification and subsequent measurement

3.4.2.1. Financial assets

On initial recognition, a financial asset is classified as measured at; amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequently to their recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

On the initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

a) Business model assessment:

The Company makes an assessment of the objectives of the business model in which a financial asset is held as a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company’s management.
- The risks that affect the performance of the business model (and the financial assets held within the business model) and how those risks are managed;
- The frequency, volume and timing of sales of financial assets in prior periods, the reason for such sale and expectation about future sales activity. Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company’s continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial

recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the sole payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

b) Subsequent measurement and gains and losses:

Financial assets at amortised cost These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

3.4.2.2. Financial liabilities

- i) Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost of FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.4.3. Derecognition

3.4.3.1 Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

3.4.3.2 Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3.4.4 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**3.4.5 Impairment - Financial Assets
Non-derivative financial assets**

3.4.5.1 Financial instruments

The Company recognizes loss allowances for ECLs on financial assets measured at amortised cost;

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or the financial asset is more than 90 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company considers this to be high credit rates.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

3.4.5.2 Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to

the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

3.4.5.3 Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

3.4.5.4 Presentation of allowance for ECL in the statement of financial position

Loss allowance for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For the debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

3.4.5.5 Write-off

For individual customers, the Company has a policy of writing off the gross carrying amount as approved by the Board of Directors based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due. Evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

3.4.5.6 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 such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's value in use and its fair value less cost to sell and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companies of assets. Where the carrying amount of an asset 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 pre-tax discount rates that reflect current market assessments of the time value of money and the risk specific to the asset. In determining fair value less cost to sell, recent market transactions are taken into account, if available. If no such transaction can be identified, an appropriate valuation model is used.

Impairment loss of continuing operations is recognised in the Statement of Profit or Loss and Other Comprehensive Income, in those expenses' categories consistent with the function of the impaired asset.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, carrying amount of the asset is increased to its recoverable amount. That increased amount cannot 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 and Other Comprehensive Income.

3.5. Inventories

Finished Goods Manufactured from Agricultural Produce of Biological Assets.

These are valued at the lower of cost and estimated net realizable value, after making due allowance for obsolete and slow moving items. Net realizable

value is the estimated selling price at which inventories can be sold in the ordinary course of business after allowing cost of realization and/or cost of conversion from their existing state to saleable condition.

Input Materials, Spares and Consumables

At actual Cost using Weighted Average Cost Formula.

Agricultural Produce Harvested from Biological Assets

Agricultural produce represent the tea leaves, latex and coconut harvested at the reporting date and which were not further processed at the end of the reporting period. Agricultural produce harvested from its biological assets are measured at their fair value less cost to sell at the point of harvest.

The finished and semi-finished inventories from agricultural produce are valued by adding the cost of conversion to their fair value of the agricultural produce.

3.6. Liabilities and Provisions

3.6.1 General

a) Liabilities

Liabilities classified as current liabilities on the statement of financial position are those which fall due for payment on demand or within one year from the reporting date. Noncurrent liabilities are those balances that fall due for payment after one year from the reporting date.

All known liabilities have been accounted for in preparing these Financial Statements.

Provisions and liabilities are recognized when the Company

NOTES TO THE FINANCIAL STATEMENTS

has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits will be required to settle the obligation.

b) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events when it is more probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. Provisions are not recognized for future operating losses.

Where there are number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized, even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

3.7. Retirement Benefits to Employees

3.7.1 Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Retiring Gratuity

The retirement benefit plan adopted is as required under the Payment of Gratuity Act No.12 of 1983 and the Indian Repatriate Act No.34 of 1978 to eligible employees. This item is grouped under Employee Benefits in the Statement of Financial Position. Provision for Gratuity on the Employees of the Company is based on an actuarial valuation, using the Projected Unit Credit (PUC)

method as recommended by Sri Lanka Accounting Standards No.19 "Employee Benefits". The actuarial valuation was carried out by a professionally qualified firm of actuaries, Messer's Actuarial and Management Consultants (Private) Limited as at 31st December 2021.

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.

A provision is recognized in the Statement of Financial Position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

The Company recognizes all the re-measurements of the net defined benefit liability in other comprehensive income. Re measurements of the net defined benefit liability comprise an actuarial gain or loss.

The Company's net obligation in respect of long term employees is the amount of future benefits that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they incurred.

The liability is not externally funded. However according to the Payment of Gratuity Act No. 12 of 1983, the liability for payment to an employee arises only after the completion of 5 years continued services.

3.7.2 Defined Contribution Plans - EPF, ESPS, CPPS and ETF

All employees who are eligible for defined Provident Fund Contributions (EPF, ESPS and CPPS) and Employees Trust Fund Contributions are covered by relevant contributory funds in line with respective statutes.

3.8. Income Tax Expense

Income tax expenses comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity in OCI.

The tax liability is computed according to the provisions of the Inland Revenue Act using tax rates enacted at the reporting date and any adjustments to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for timing differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

3.9. Statement of Comprehensive Income

For the purpose of presentation of the statement of comprehensive income, the nature of expenses method is adopted, as it represents fairly the elements of the Company performance.

3.9.1 Revenue

Revenue principally consists of sale of tea, rubber and oil palm. Revenue will be recognised upon satisfaction of performance obligation. The Company expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods and service.

Disaggregation of revenue

SLFRS 15 requires an entity to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. The Company's revenue comprises only selling of tea, rubber and oil palm and no disaggregation is required.

3.10. Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing product or services (business segments), or in providing products or services within a particular economic environment (geographical segments), which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the Company's business. Since the individual segments are located close to each other and operate in the same industrial environment, the need for geographical segmentation has no material impact. Thus, there are no distinguishable components to be identified as geographical segment for the Company. The business segments are reported based on the Company management and reporting structure.

The activities of the segments are described in note 43 in the Notes to the Financial Statements. The Company transfers products from one industry segment for use in another. Inter-segment transfers are based on fair market prices.

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

Assets and liabilities directly attributable to each segment are allocated to the respective segments. Assets and liabilities, which are not directly attributable to a segment, are allocated on a reasonable basis wherever possible. Unallocated items comprise mainly interest bearing loans, borrowings, investments, consumer biological assets, receivable/payable which cannot be directly allocated and expenses.

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

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.

3.11. Related Party Transactions

Disclosure has been made in respect of the transactions in which one party has the ability

to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether or not a price is being charged. A detailed Related Party Transaction analysis is presented in note 33.

3.12. Earnings per share

The Company presents Basic Earnings per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

3.13. Comparative Figures

The Accounting Policies have been consistently applied by the Company and are consistent with those of the previous year's figures and phrases and have been re-arranged wherever necessary to conform to the current presentation.

3.14. Events occurring after the reporting date

All the events after the reporting date known to the present management with certainty and matters arisen during the audit are considered, and where necessary adjustments are made in the financial statements or appropriate disclosures made in accompanying notes. Further, explained in note 35 for more details.

4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT REPORTING DATE

The Institute of Chartered Accountants of Sri Lanka has issued following new amendments to Sri Lanka Accounting Standards (SLFRSs/ LKASs) which will become applicable for financial periods beginning on or after 1st January 2022. Accordingly, the Company has not applied the following amended standards and interpretations in preparing these Financial Statements.

The following amended standards and interpretations are not expected to have a significant impact on the Company's financial statements

- Onerous contracts – Cost of fulfilling contracts (amendments to LKAS 37)
- Property, Plant and Equipment: Proceeds before intended use (amendments to LKAS 16)
- Classification of liabilities as current or non-current (amendments to LKAS 1)
- Annual improvements to SLFRS Standards 2018-2020
- Deferred tax related to assets and liabilities arising from a single transaction (Amendment to LKAS 12)
- COVID-19-Related Rent Concessions beyond 30th June 2021 (Amendment to IFRS 16).b
- Disclosure of Accounting policies (Amendments to LKAS 1)
- Definition of Accounting Estimates (Amendments to LKAS 8)

		Company and Equity Accounted Investee	Group	Company	
<i>For the year ended 31st December</i>		2021	2020	2021	2020
		Rs. 000	Rs. 000	Rs. 000	Rs. 000
5.1	REVENUE				
	Revenue from contracts with customers				
	Rubber	1,237,453	813,758	1,237,453	813,758
	Tea	1,579,724	1,414,425	1,579,724	1,414,425
	Oil palm	989,069	473,020	989,069	473,020
	Others	61,158	233,409	61,158	131,128
	Total Revenue (Note 5.1.1)	3,867,404	2,934,612	3,867,404	2,832,331
5.1.1	Timing of Revenue Recognition				
	Services transferred at point in time	3,867,404	2,934,612	3,867,404	2,832,331
	Services transferred at over the time	-	-	-	-
	Total Revenue	3,867,404	2,934,612	3,867,404	2,832,331
5.1.2	Contract Balances				
	The following table provides information about receivables from contracts with customers and contract liabilities.				
	Receivables, which are included in "trade and other receivables"(Note 22)	35,346	65,148	35,346	65,148
		Company and Equity Accounted Investee	Group	Company	
<i>For the year ended 31st December</i>		2021	2020	2021	2020
		Rs. 000	Rs. 000	Rs. 000	Rs. 000
5.2	COST OF SALES				
	Industry segment				
	Rubber	(1,019,996)	(892,312)	(1,019,996)	(892,312)
	Tea	(1,637,035)	(1,336,150)	(1,637,035)	(1,336,150)
	Oil palm	(251,869)	(222,519)	(251,869)	(222,519)
	Others	(62,986)	(203,130)	(62,986)	(106,902)
		(2,971,886)	(2,654,111)	(2,971,886)	(2,557,883)

NOTES TO THE FINANCIAL STATEMENTS

		Company and Equity Accounted		Company	
		Investee	Group	2021	2020
<i>For the year ended 31st December</i>		2021	2020	2021	2020
		Rs. 000	Rs. 000	Rs. 000	Rs. 000
5.3	GROSS PROFIT/(LOSS)				
	Industry segment				
	Rubber	217,457	(78,554)	217,457	(78,554)
	Tea	(57,311)	78,275	(57,311)	78,275
	Oil palm	737,200	250,501	737,200	250,501
	Others	(1,828)	30,279	(1,828)	24,226
		895,518	280,501	895,518	274,448

		Company and Equity Accounted		Company	
		Investee	Group	2021	2020
<i>For the year ended 31st December</i>		2021	2020	2021	2020
		Rs. 000	Rs. 000	Rs. 000	Rs. 000
6	OTHER INCOME				
	Amortization of Government grants	7,845	3,401	7,845	3,401
	Dividend income	-	-	125,126	69,902
	Gain on sale of rubber/firewood trees	99,470	169,686	99,470	169,686
	Gain on disposal of Property, Plant and Equipment	13,087	-	13,087	-
	Restaurant income (Note 6.1)	3,514	-	3,514	-
	Gain from disposal of subsidiary	-	79,870	-	87,500
	Write back of other payable	20,027	-	20,027	-
	Sundry income	-	24,191	-	19,577
		143,943	277,148	269,069	350,066

6.1 Restaurant gain is recorded after charging all the relevant expenses incurred in order to generate the sales.

		Company and Equity Accounted		Company	
		Investee	Group	2021	2020
<i>For the year ended 31st December</i>		2021	2020	2021	2020
		Rs. 000	Rs. 000	Rs. 000	Rs. 000
7	GAIN ON CHANGES IN FAIR VALUE OF BIOLOGICAL ASSETS				
	Consumable biological assets (Note 16)	(27,911)	71,487	(27,911)	71,487
	Produce on Bearer Biological Assets (Note 20)	7,299	3,131	7,299	3,131
		(20,612)	74,618	(20,612)	74,618

		Company and Equity Accounted			
		Investee	Group	Company	
<i>For the year ended 31st December</i>		2021	2020	2021	2020
		Rs. 000	Rs. 000	Rs. 000	Rs. 000
8	OTHER EXPENSES				
	Write-off of trade and other receivables	-	141		141
	Write off of bearer biological assets	-	3,351	-	3,351
	Write off of Nursery Expenses	-	617	-	617
	Write off of obsolete inventories	-	636		636
	Census expenses	1,318	1,737	1,318	1,737
	Loss from villa operation and restaurant operation	3,338	5,285	3,338	5,285
		4,656	11,767	4,656	11,767
<hr/>					
		Company and Equity Accounted			
		Investee	Group	Company	
<i>For the year ended 31st December</i>		2021	2020	2021	2020
		Rs. 000	Rs. 000	Rs. 000	Rs. 000
9	NET FINANCE COSTS				
9.1	Finance Income				
	Interest income	73	91	73	91
		73	91	73	91
9.2	Finance Costs				
	Interest on Leases	57,180	56,233	57,180	56,079
	Interest on broker advances	-	10,036	-	10,036
	Interest on loans and overdrafts	3,442	69,792	3,442	65,339
		60,622	136,061	60,622	131,454
	Net Finance Costs	(60,549)	(135,970)	(60,549)	(131,363)

NOTES TO THE FINANCIAL STATEMENTS

		Company and Equity Accounted			
		Investee	Group	Company	
<i>For the year ended 31st December</i>		2021	2020	2021	2020
		Rs. 000	Rs. 000	Rs. 000	Rs. 000
10	PROFIT BEFORE TAXATION				
	Profit before taxation is stated after charging all the expenses including the followings;				
	Directors' remunerations	5,700	6,150	5,700	6,150
	Auditors' remunerations	4,200	3,750	4,200	3,750
	Depreciation / Amortization				
	- Right of use Assets (Note 13)	17,993	17,438	17,993	17,438
	- Immovable Leased Assets	618	617	618	617
	- Property, Plant and equipment (Note 14)	74,654	78,393	74,654	76,046
	- Bearer Biological Assets (Note 15)	122,763	118,824	122,763	118,824
	Personnel Costs				
	- Salaries and Wages	1,271,981	1,119,395	1,271,981	1,092,191
	- Defined benefit plan costs - Retiring gratuity (Note 31.3)	82,419	99,030	82,419	97,743
	- Defined contribution plan cost - EPF / CPPS / ESPS and ETF	271,229	227,978	271,229	224,076
		Company and Equity Accounted			
		Investee	Group	Company	
<i>For the year ended 31st December</i>		2021	2020	2021	2020
		Rs. 000	Rs. 000	Rs. 000	Rs. 000
11	INCOME TAX EXPENSES (Reversal)				
11.1	Current Income Tax Expenses				
	Income tax expense on current year's profit (Note 11.2)	1,408	-	1,408	-
	Deferred tax charge (Note 28)	(90,300)	34,061	(90,300)	34,216
	Write-off of Economic Service Charge	3,857	-	3,857	-
	Taxes included in Statement of Profit or Loss	(85,035)	34,061	(85,035)	34,216
	Deferred tax recognised any other Comprehensive income (Note 28)	10,664	(5,654)	10,664	(5,809)
	Taxes included in total Comprehensive income	(74,371)	28,407	(74,371)	28,407

	Company and Equity Accounted			
	Investee	Group	Company	
	2021	2020	2021	2020
<i>For the year ended 31st December</i>				
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
11.2 Reconciliation between the Taxable Income and the Accounting Profit				
Accounting profit before tax	1,095,539	519,995	1,024,352	488,400
Less :				
Gain on Change in Fair Value of Biological Assets	20,612	(74,618)	20,612	(74,618)
Other Sources of Income	(131,066)	(237,364)	(131,066)	(157,492)
	985,085	208,013	913,898	256,290
Aggregate disallowable expenses	349,949	393,232	421,136	388,878
Aggregate allowable expenses	(695,679)	(418,077)	(695,679)	(467,192)
	639,355	183,168	639,355	177,976
Add: Other sources of income liable for tax	131,066	130,549	131,066	130,549
Less: Exempt Gain	(676,910)	-	(676,910)	-
Less: Tax losses incurred by the subsidiary	-	(5,192)	-	-
Statutory profit from business	93,511	308,525	93,511	308,525
Less:				
Set off against accumulated tax losses	(87,644)	(308,525)	(87,644)	(308,525)
Taxable Income	5,867	-	5,867	-
Income Tax Expense at 24%	1,408	-	1,408	-
11.3 Tax Losses Carried Forward				
Tax Losses Brought Forward	2,881,613	3,235,360	2,881,613	3,195,097
Loss for the year		5,192	-	-
Adjustment in respect of previous years	(218,177)	(4,959)	(218,177)	(4,959)
Claimed during the year	(87,644)	(308,525)	(87,644)	(308,525)
Sale of subsidiary		(45,455)	-	-
	2,575,792	2,881,613	2,575,792	2,881,613

11.4 Applicable Rates of Income Tax

Based on Inland Revenue Amendment Act No 10 of 2021, the Company is exempted to pay income tax on profits from its business of "Agro Farming" for a period of 5 years with effect from 1st April 2019. However, this exemption was not applied in the computation of taxable profit from business during the year ended 31st December 2020 since the amendment Act was not substantively enacted as at 31st December 2020. Other Income is taxed at 24% (2020: 28%).

As per guidelines on "Application of tax rates in measurement of current tax and deferred tax in LKAS 12" issued by the Institute of Chartered Accountants of Sri Lanka on 23rd April 2021, the Company has applied this exemption in calculating the provision for income tax for the year ended 31st December 2021.

NOTES TO THE FINANCIAL STATEMENTS
12 BASIC EARNINGS PER SHARE

The basic earnings per share has been computed based on profit attributable to ordinary shareholders for the year divided by weighted average number of ordinary shares in issue during the year and calculated as follows:

	Company and Equity Accounted		Company	
	Investee	Group	2021	2020
Profit / (Loss) Attributable to Ordinary Shareholders (Rs. '000)	1,180,574	485,934	1,109,387	454,183
Weighted Average Number of Ordinary Shares in Issue (Nos '000)	156,250	113,129	156,250	113,129
Basic Earnings / (Loss) Per Ordinary Share (Rs.)	7.56	4.30	7.10	4.01

As at 31 st December	Company and Equity Accounted		Company	
	Investee	Group	2021	2020
	Rs. 000	Rs. 000	Rs. 000	Rs. 000

13 RIGHT TO USE OF ASSETS

Buildings (Note 13.1)	-	-	-	-
JEDB/SLSPC Lands (Note 13.2)	429,326	431,330	429,326	431,330
	429,326	431,330	429,326	431,330

As at 31 st December	Company and Equity Accounted		Company	
	Investee	Group	2021	2020
	Rs. 000	Rs. 000	Rs. 000	Rs. 000

13.1 Buildings

Cost				
Balance as at 1st January	-	2,783	-	-
Adjustment due to disposal of subsidiary	-	(2,783)	-	-
Balance as at 31st December	-	-	-	-
Accumulated amortization				
Balance as at 1st January	-	1,241	-	-
Charge for the year	-	1,050	-	-
Adjustment due to disposal of subsidiary	-	(2,291)	-	-
Balance as at 31st December	-	-	-	-
Carrying value	-	-	-	-

	Company and Equity Accounted			
	Investee	Group	Company	
	2021	2020	2021	2020
<i>As at 31st December</i>	2021	2020	2021	2020
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
13.2 JEDB/SLSPC Lands				
As at 1st January	605,581	595,485	605,581	595,485
Remeasurement during the year	15,988	10,096	15,988	10,096
As at 31st December	621,569	605,581	621,569	605,581
Accumulated amortization				
Balance as at 1st January	174,251	156,813	174,251	156,813
Charge for the year	17,992	17,438	17,992	17,438
Balance as at 31st December	192,243	174,251	192,243	174,251
	429,326	431,330	429,326	431,330

13.3 Right To Use of Land

Lease agreements of all JEDB/SLSPC estates handed over to the Company have been executed to date. All of these lease are retroactive to 22nd June 1992, the date of formation of the Company. The leasehold rights to the bare land on all of these estates have been taken into the books of the Company on 22nd June 1992, immediately after formation of the Company, in terms of the ruling obtained from the Urgent Issue Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka. For this purpose, the Board of Directors of the Company decided at its meetings that lease bare land would be revalued at the value established for this land by Valuation Specialist Dr.Wickramasinghe just prior to the formation of the Company. The fair value as at 22nd June 1992 was taken into the books of Company.

- (a) The Company has obtained 17 estates on lease from Janatha Estates Development Board (JEDB) and Sri Lanka State Plantations Corporation (SLSPC). Some important terms under which these leases have been obtained are as follows:
- (i) The period of the leases is 53 years from 22nd June 1992 to 21st June 2045.
 - (ii) The effective total lease rental for any twelve-month period is the previous twelve-month period's lease rental escalated by the applicable Gross Domestic Product (GDP) deflator. The lease rental is payable quarterly in advance.
- (b) The present value of future lease rentals (excluding the portion arising from the annual escalation of the amount due by using the GDP deflator) is shown as a liability.

13.4 Leasehold Rights to Bare Land of JEDB/SLSPC Estate Assets and Immovable (JEDB/SLSPC) Estates Assets on Lease

The Government of Sri Lanka has initiated actions under provisions of the Land Acquisition act to acquire land from lands leased to the Company in Peenkande, Kiribathgalla, Doloswella, Niriella and Noragalla estates located in Ratnapura district; Ambetenna, Mohamedi, Culloden, Clyde, Pimbura and Kiriwanaketiya located in Kalutara district and Labookelle, Weddamulla and Frotoft located in Nuwara eliya district. The total extent of land in question is approximately 289.47 Hectare which has been taken over. As per the lease agreement, the company is entitled to the compensations of any lands acquired. The details are given below.

No Lands have been acquired by the Government during the year ended 31st December 2021.

NOTES TO THE FINANCIAL STATEMENTS

The details of lands required by the government in prior year has been given below.

13.4.a Land Acquired by the Government

District	Estate	Purpose of acquisition	Extent (Hectares)
Kaluthara	Pimbura	Provide land for war heros and to construct a Police station	10.39
	Kiriwanaketiya	Provide land for war heros	4.59
	Mohamadi	Provide land and houses for war heros and construct a bridge	14.23
	Clyde	Southern Highway and Provide land for Soldiers	36.02
	Culloden	Southern Highway and Provide land for Soldiers	6.99
Rathnapura	Noragalla	Village expansion and construct a school and for Flood victims	20.64
	Peenkanda	Village expansion	71.62
	Niriella	Village expansion and construct houses for Flood victims	28.63
	Doloswella	Landside Victims and Village expansion	31.68
	Kiribathgala	Village expansion and contract hospital	44.19
	Watapotha	Construct houses for Flood victims	9.90
Nuwara Eliya	Labookellie	Gampola Highway	6.50
	Weddamulla	Gampola Highway and construct School	2.47
	Frotoft	Construct hospital and School	1.61
			289.46

No adjustments have been made to the Financial statements in respect of the lands acquired as the compensation receivable on these acquisitions are not known and the transactions pertaining to those acquisitions have been incomplete as at 31st December 2021.

	Company and Equity Accounted		Company	
	Investee	Group	2021	2020
As at 31 st December	2021	2020	2021	2020
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
14 PROPERTY, PLANT AND EQUIPMENT				
Immovable (JEDB/SLSPC) assets on finance lease (other than bare land) (Note 14.1)	341	958	341	958
Tangible assets other than biological assets (Note 14.2)	727,849	751,089	727,849	751,089
	728,190	752,047	728,190	752,047

14.1 Immovable (JEDB/SLSPC) assets on finance lease (other than bare land) (Company/ Company and Equity Accounted Investee)

As more fully explained in Note 13.3 to financial statements, all JEDB/SLSPC estate lease deeds have been executed to date. In terms of the ruling of the UITF of the Institute of Chartered Accountants of Sri Lanka, all immovable assets in the JEDB/SLSPC estates under leases have been taken into the books of the Company as at 22nd June 1992. These assets are taken into the statement of financial position of Company as at 22nd June 1992 and the amortization of immovable lease assets as at 31st December 2021 are as follows.

	Vested improvements to land	Buildings	Machinery	Other vested assets	Total
	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Capitalized value (22nd June 1992)					
As at 31st December 2020	14,275	46,430	11,259	4,283	76,247
As at 31st December 2021	14,275	46,430	11,259	4,283	76,247
Amortization					
As at 1st January 2020	13,057	46,430	11,259	3,926	74,672
Charge for the year	475	-	-	142	617
As at 31st December 2020	13,532	46,430	11,259	4,068	75,289
Charge for the year	475	-	-	143	618
As at 31st December 2021	14,007	46,429	11,259	4,211	75,907
Written down value					
As at 31st December 2021	268	-	-	71	341
As at 31st December 2020	743	-	-	215	958

14.2 Tangible and Intangible assets other than biological assets

Company	2021							Total
	Land and buildings	Plant and machinery	Motor Vehicles	Sanitation, water and electricity	Equipment	Furniture & Fittings	Capital work in progress	
	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Cost								
Freehold assets								
As at 1st January	708,598	285,048	381,379	30,587	82,952	26,114	28,651	1,543,329
Additions during the year	-	22,816	4,146	103	4,226	4,138	21,065	56,493
Transfers from CWIP	16,549	25,774	-	-	-	-	(42,324)	-
Disposal for the year	-	-	(11,060)	-	-	-	-	(11,060)
Adjustment	445	168	-	(432)	(609)	427	-	-
As at 31st December	725,593	333,807	374,465	30,257	86,569	30,679	7,392	1,588,761
Depreciation and Impairment								
Freehold assets								
As at 1st January	(226,551)	(162,103)	(304,914)	(28,452)	(57,221)	(12,999)	-	(792,240)
Charge for the year	(15,499)	(15,243)	(36,206)	(610)	(4,901)	(2,195)	-	(74,654)
Disposal for the year	-	-	5,982	-	-	-	-	5,982
Transferred from leasehold assets	-	-	-	-	-	-	-	-
As at 31st December	(242,050)	(177,346)	(335,138)	(29,062)	(62,123)	(15,193)	-	(860,912)
Written down value								
As at 31st December	483,543	156,461	39,327	1,195	24,446	15,485	7,392	727,849

NOTES TO THE FINANCIAL STATEMENTS

2020								
Company	Land and buildings	Plant and machinery	Motor Vehicles	Sanitation, water and electricity	Equipment	Furniture & Fittings	Capital work in progress	Total
	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Cost								
Freehold assets								
As at 1st January	689,967	281,310	380,759	30,535	82,690	24,928	16,861	1,507,050
Additions during the year	6,362	1,614	620	52	2,761	1,186	23,684	36,279
Transfers from CWIP	10,347	33	-	-	1,514	-	(11,894)	-
Adjustment	1,922	2,091	-	-	(4,013)	-	-	-
As at 31st December	708,598	285,048	381,379	30,587	82,952	26,114	28,651	1,543,329
Depreciation and Impairment								
Freehold assets								
As at 1st January	(104,008)	(147,389)	(267,542)	(27,650)	(50,012)	(11,118)	-	(607,719)
Charge for the year	(14,068)	(14,714)	(37,372)	(802)	(7,209)	(1,881)	-	(76,046)
Provision for Impairment	(108,475)	-	-	-	-	-	-	(108,475)
As at 31st December	(226,551)	(162,103)	(304,914)	(28,452)	(57,221)	(12,999)	-	(792,240)
Written down value								
As at 31st December	482,047	122,945	76,465	2,135	25,731	13,116	28,651	751,089
2021								
Company and Equity Accounted Investee	Land and buildings	Plant and machinery	Motor Vehicles	Sanitation, water and electricity	Equipment	Furniture & Fittings	Capital work in progress	Total
	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Cost								
Freehold assets								
As at 1st January	708,598	285,048	381,379	30,587	82,952	26,114	28,651	1,543,330
Additions during the year	-	22,816	4,146	103	4,226	4,138	21,065	56,494
Transfers from CWIP	16,549	25,774	-	-	-	-	(42,324)	-
Disposal for the year	-	-	(11,060)	-	-	-	-	(11,060)
Adjustment	445	168	-	(433)	(609)	427	-	-
As at 31st December	725,593	333,807	374,465	30,257	86,569	30,679	7,392	1,588,761
Depreciation and Impairment								
Freehold assets								
As at 1st January	(226,551)	(162,103)	(304,914)	(28,452)	(57,221)	(12,999)	-	(792,240)
Charge for the year	(15,499)	(15,243)	(36,206)	(610)	(4,901)	(2,195)	-	(74,654)
Disposal for the year	-	-	5,982	-	-	-	-	5,982
As at 31st December	(242,050)	(177,346)	(335,138)	(29,062)	(62,123)	(15,193)	-	(860,912)
Written down value								
As at 31st December	483,543	156,461	39,327	1,195	24,446	15,484	7,392	727,850

Group	2020							
	Land and buildings	Plant and machinery	Motor Vehicles	Sanitation, water and electricity	Equipment	Furniture & Fittings	Capital work in progress	Total
	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Cost								
Freehold assets								
As at 1st January	709,096	314,280	384,528	30,535	89,451	27,225	16,861	1,571,976
Additions during the year	6,362	1,614	620	52	2,817	1,186	23,684	36,335
Transfers from CWIP	10,347	33	-	-	1,514	-	(11,894)	-
Disposal for the year	(19,129)	(32,970)	(3,769)	-	(6,817)	(2,297)	-	(64,982)
Adjustment	1,922	2,091	-	-	(4,013)	-	-	-
As at 31st December	708,598	285,048	381,379	30,587	82,952	26,114	28,651	1,543,329
Depreciation and Impairment								
Freehold assets								
As at 1st January	(108,619)	(168,992)	(271,039)	(27,650)	(53,959)	(13,285)	-	(643,544)
Charge for the year	(14,698)	(15,875)	(37,501)	(802)	(7,518)	(1,999)	-	(78,393)
Disposal of subsidiary	5,240	22,764	3,626	-	4,256	2,285	-	38,171
Provision for Impairment	(108,475)	-	-	-	-	-	-	(108,475)
As at 31st December	(226,551)	(162,103)	(304,914)	(28,452)	(57,221)	(12,999)	-	(792,241)
Written down value								
As at 31st December	482,047	122,945	76,465	2,134	25,731	13,115	28,651	751,089

14.2.3 Provision for Impairment

The company has not recognised any provisions for impairment for the year ended 31st December 2021. (2020: Rs. 108 Mn)

14.2.4 The cost of fully depreciated property, plant and equipment as at 31st December 2021 are as follows.

	2021		2020	
	Company and Equity Accounted			
	Investee	Company	Group	Company
	Cost	Cost	Cost	Cost
	Rs.000	Rs.000	Rs.000	Rs.000
Buildings	10,348	10,348	10,348	10,348
Plant and machinery	78,842	78,842	78,842	78,842
Motor Vehicles	193,772	193,772	193,772	193,772
Sanitation, water and electricity	20,796	20,796	16,589	16,589
Equipment	34,109	34,109	33,830	33,830
Others	8,192	8,192	8,192	8,192
	346,059	346,059	341,573	341,573

	2021					2020				
	Tea	Rubber	Oil palm	Others	Total	Tea	Rubber	Oil palm	Others	Total
	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
15.2.1 Immature plantations										
Balance as at 1st January	152,652	540,897	56,363	455	750,368	103,323	459,469	54,795	-	617,586
Additions during the year	120,118	286,193	10,629	257	417,197	49,329	136,818	9,113	455	195,715
Transfer out during the year	(32,759)	(67,011)	-	-	(99,770)	-	(55,390)	(4,194)	-	(59,584)
Adjustments/Write-off during the year	-	-	-	-	-	-	-	(3,351)	-	(3,351)
Balance 31st December	240,011	760,079	66,992	713	1,067,795	152,652	540,897	56,363	455	750,367
15.2.2 Mature plantations										
Balance as at 1st January	437,012	1,386,217	725,437	8,388	2,557,053	437,012	1,349,419	721,243	8,388	2,516,063
Transfer during the year	32,759	67,011	-	-	99,770	-	55,390	4,194	-	59,584
Adjustments/Write-off during the year	(462)	(3,181)	-	-	(3,642)	-	-	-	-	-
Disposal During the year	-	-	-	-	-	-	(18,592)	-	-	(18,592)
Balance 31st December	469,309	1,450,047	725,437	8,388	2,653,181	437,012	1,386,217	725,437	8,388	2,557,054
Depreciation										
Balance as at 1st January	(181,095)	(628,973)	(378,052)	(4,535)	(1,192,655)	(168,449)	(585,261)	(341,990)	(4,243)	(1,099,944)
Charge for the year	(13,629)	(63,104)	(36,271)	(280)	(113,284)	(12,646)	(60,347)	(36,062)	(291)	(109,346)
Write off During the Year	250	3,132	-	-	3,382	-	16,636	-	-	16,636
Balance 31st December	(194,475)	(688,945)	(414,323)	(4,814)	(1,302,557)	(181,095)	(628,973)	(378,052)	(4,534)	(1,192,654)
Carrying Amount Mature Plantations	274,834	761,102	311,113	3,574	1,350,624	255,917	757,244	347,385	3,854	1,364,401
15.2.3 Growing Crop Nurseries										
Balance as at 1st January	9,331	17,517	-	-	26,848	9,985	56	450	-	10,491
Increase / (Decrease) during the year	11,634	8,705	-	-	20,340	(37)	17,461	(450)	-	16,974
Write-off during the year	-	-	-	-	-	(617)	-	-	-	(617)
Balance 31st December	20,965	26,222	-	-	47,188	9,331	17,517	-	-	26,848
Total	535,811	1,547,403	378,106	4,287	2,465,606	417,900	1,315,658	403,748	4,309	2,141,616

15.2.3 These are investments in bearer biological assets carried at cost (Tea, Rubber, Palm Oil and Mixed Crop) which comprises of immature/mature plantations since the formation of the Company. The assets (including plantations assets) taken over by way of estate leases are set out in the Notes 15.1 to the Financial Statements. Investment in immature plantations taken over by way of leases are shown in this note. When such plantations become mature, the additional investments since, taken over to bring them to maturity will be moved from immature to mature under this note. A corresponding movement from immature to mature of the investment undertaken by JEDB/SLSPC on the same plantation prior to the lease will also be carried out under this note.

NOTES TO THE FINANCIAL STATEMENTS**15.3 Bearer Biological Assets - Capital Expenditure**

	2021		2020	
	Extent - Ha	Rs. 000	Extent - Ha	Rs. 000
Uprooting				
- Tea	8.75	66.07	-	-
- Rubber	-	-	63.87	6,538
- Oil Palm	-	-		
Planting				
- Tea	48.5	86,033	53.49	29,246
- Rubber	303.26	141,357	298.39	52,613
- Oil Palm	-	-	-	-
- Mixed Crop			6.00	455.00
Upkeep				
- Tea	38.37	34,019	73.76	20,083
- Rubber	594.31	144,836	536.83	77,668
- Oil Palm	66.32	10,629	73.36	9,113
- Mixed Crop	0.61	257	-	-
	1,060.12	417,197	1,105.70	195,715

	Company and Equity Accounted Investee		Group		Company	
	2021	2020	2021	2020	2021	2020
<i>As at 31st December</i>	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
16 CONSUMEABLE BIOLOGICAL ASSETS						
Mature Plantations (Note 16.1)	677,334	721,327	677,334	721,327	677,334	721,327
Immature Plantations (Note 16.2)	3,345	2,716	3,345	2,716	3,345	2,716
	680,679	724,043	680,679	724,043	680,679	724,043
16.1 Mature Plantations - at fair value						
Balance as at 1st January	721,327	654,398	721,327	654,398	721,327	654,398
Harvested Trees During the Year	(16,082)	(4,558)	(16,082)	(4,558)	(16,082)	(4,558)
	705,244	649,840	705,244	649,840	705,244	649,840
Gain / (Loss) arising from Changes in Fair Value (Note 16.3)	(27,911)	71,487	(27,911)	71,487	(27,911)	71,487
Fair value as at 31st December	677,333	721,327	677,333	721,327	677,333	721,327

	Company and Equity Accounted			
	Investee	Group	Company	
	2021	2020	2021	2020
<i>As at 31st December</i>	Rs. 000	Rs. 000	Rs. 000	Rs. 000
16.2 Immature Plantation - at cost				
Balance as at 1st January	2,716	2,560	2,716	2,560
Additions during the year	629	156	629	156
Transferred to Mature Plantations	-	-	-	-
Balance as at 31st December	3,345	2,716	3,345	2,716

16.3 Measurement of Fair value

The valuation of consumable biological assets was carried by Mr.W.M. Chandrasena, an independent Chartered Valuation Surveyor, using Discounted Cash Flows (DCF) methods. The Valuation Report dated 31st December 2021 has been prepared based on the physically verified timber statistics provided by the Company.

The future cash flows are determined by reference to current timber prices.

The fair value measurement for the consumable biological assets has been categorized as Level 3 fair value based on the inputs to the valuation technique used.

Valuation techniques and significant unobservable inputs

Following table shows the valuation techniques used in measuring Level 3 fair value of consumable biological assets as well as the significant unobservable inputs used for the valuation as at 31st December 2021.

Type	Valuation technique used	Significant Unobservable Inputs	Inter-relationship between key unobservable inputs and fair value measurement
Standing timber	Discounted cash flows	Determination of Timber Content	The estimated fair value would increase/(decrease) if;
Standing timber older than 4 years.	The valuation model considers present value of future net cash flows expected to be generated by the plantation from the timber content of managed timber plantation on a tree-per-tree basis .	Timber trees in inter-crop areas and pure crop areas have been identified field-wise and species were identified and harvestable trees were separated, according to their average girth and estimated age.	<ul style="list-style-type: none"> - the estimated timber content were higher/(lower). - the estimated timber prices per cubic ft. were higher/ (lower).
	Expected cash flows are discounted using a risk-adjusted discount rate.	Timber trees that have not come up to a harvestable size are valued working out the period that would take for those trees to grow up to a harvestable size.	<ul style="list-style-type: none"> - the estimated selling related costs were lower/(higher).

NOTES TO THE FINANCIAL STATEMENTS

Type	Valuation technique used	Significant Unobservable Inputs	Inter-relationship between key unobservable inputs and fair value measurement
		<p>Determination of Price of Timber Trees have been valued as per the current timber prices per cubic ft. based on the price list of the State Timber Corporation prices of timber trees sold by the estates and prices of logs sawn timber at the popular timber traders in Sri Lanka.</p>	- the estimated maturity age were higher/(lower).
		<p>In this exercise, following factors have been taken into consideration.</p> <p>a) Cost of obtaining approval of felling. b) Cost of felling and cutting into logs. c) Cost of transportation. d) Sawing cost. e) Cost of sale</p> <p>Accordingly, prices falling within the range of Rs. 750 - 150 per cubic ft. has been considered in the valuation. (2020 :Rs. 750 - 150 per cubic ft.)</p>	- the estimated timber prices per cubic ft were lower/ (higher).
		<p>Risk-adjusted discount rate. 2021 - 15.1% (Risk Premium - 3.5%) 2020 - 12.5% (Risk Premium - 3.5%)</p>	- the risk-adjusted discount rate were lower/(higher).

16.3 Sensitivity Analysis - Price changes

Values as appearing in the statement of financial position are sensitive to price changes with regard to the average sales prices applied. Simulations made for timber show that an increase or decrease by 10% of the estimated future selling price has the following effect on the net present value of biological assets:

	-10%	2021	+10%
	Rs. 000	Rs. 000	Rs. 000
Timber	609,599	677,333	745,066
Total	609,599	677,333	745,066

Sensitivity Analysis on Discount Rate

Values as appearing in the Statement of Financial Position are sensitive to changes of the discount rate applied. Simulations made for timber show that an increase or decrease by 1% of the estimated future discount rate has the following effect on the net present value of biological assets:

	-1%	2021	+1%
	Rs. 000	Rs. 000	Rs. 000
Timber	715,073	677,333	643,435
Total	715,073	677,333	643,435

17 The Company is exposed to the following risks relating to its timber plantations:**Regulatory and environmental risks**

The Company is subject to laws and regulations in Sri Lanka. The Company has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

Supply and demand risk

The Company is exposed to risks arising from fluctuations in the price and sales volume of timber. When possible the Company manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analyses to ensure that the Company's pricing structure is in line with the market and to ensure that projected harvest volumes are consistent with the expected demand.

Climate change and other risks

The Company's timber plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Company has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest and disease surveys.

18 INVESTMENT IN JOINT VENTURE

As at 31 st December	Percentage of holding		Company and Equity Accounted Investee	Group	Company	
	2021	2020	2021	2020	2021	2020
			Rs. 000	Rs. 000	Rs. 000	Rs. 000
AEN Palm Oil Processing (Private) Limited	33.33%	33.33%	294,922	223,735	6,990	6,990
			294,922	223,735	6,990	6,990

18.1 Summarized information of the Joint Venture**18.1.1 AEN Oil Palm Processing (Private) Limited**

The Group has invested in 33.33% of stated capital of AEN Oil Palm Processing (Pvt) Ltd, a Joint Venture involved in the business of processing crude Palm Oil. The Group's interest in AEN Palm Oil Processing (Pvt) Ltd is accounted for by using the equity method in the consolidated financial statements. Summarised financial information of this Joint Venture are set out below.

Summarised statement of financial position of AEN Palm Oil Processing (Pvt) Ltd

As at 31 st December	2021	2020
	Rs. 000	Rs. 000
	Reviewed	Reviewed
Current assets, including cash and cash equivalents	585,604	389,750
Non current assets	833,499	661,975
Current liabilities, including tax payable	(344,058)	(170,137)
Non current liabilities, including deferred tax liabilities	(190,280)	(210,384)
Total Equity	884,765	671,204
Group's carrying amount of the investment	294,922	223,735

Summarized statement of profit or loss of the AEN Palm Oil Processing (Pvt) Ltd

As at 31 st December	2021	2020
	Rs. 000	Rs. 000
	(Audited)	(Audited)

NOTES TO THE FINANCIAL STATEMENTS

Revenue	6,524,771	3,630,797
Cost of sales	(5,686,803)	(3,105,955)
Other income	5,034	8,364
Administration expenses including depreciation	(121,110)	(110,593)
Selling & distributions expenses	(1,218)	(1,296)
Finance cost	(14,646)	(11,140)
Profit before taxation	706,028	410,177
Income tax expense	(117,090)	(63,771)
Profit for the year	588,938	346,406
Total comprehensive income for the year	588,938	346,406
Group's share of profit for the year	196,313	115,469
Group's share of profit before tax	235,343	136,726
Group's share of profit after tax	196,313	115,469
Number of shares invested (Nos)	698,997	698,997
Dividend received	125,126	69,902

20 PRODUCE ON BEARER BIOLOGICAL ASSETS

	Company and Equity Accounted		Company	
	Investee	Group	2021	2020
	2021	2020	2021	2020
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Balance as at 1st January	9,680	6,549	9,680	6,549
Change in fair value of growing crops	7,299	3,131	7,299	3,131
Balance as at 31st December	16,979	9,680	16,979	9,680

Produce that grows on mature bearer plantations are measured at fair value less cost to sell. Value of the unharvested green leaves is measured using the bought leaf formula recommended by the Tea Board and the value of unharvested fresh fruit bunches(FFB) of Oil Palm is measured using the actual price used to purchase FFB from out growers. Rubber crop is fair valued using RSS prices. The Volume of Produce growing on bearer plants are measured using the estimated crop of the harvesting cycle of the year as follows,

Tea- Three days crop (50% of 6 days Cycle), Oil palm- Five days Crop (50% of 10 days Cycle) Rubber- one day's Crop.

		Company and Equity Accounted			
		Investee	Group	Company	
<i>As at 31st December</i>		2021	2020	2021	2020
		Rs. 000	Rs. 000	Rs. 000	Rs. 000
21	INVENTORIES				
	Input materials	186,729	26,815	186,729	26,815
	Inventory in Labookellie tea centre	7,498	6,785	7,498	6,785
	Harvested crops :				
	- Tea	142,293	195,865	142,293	195,865
	- Rubber	45,885	33,816	45,885	33,816
	Consumables and spares	6,144	24,473	6,144	24,473
		388,549	287,754	388,549	287,754
	Less : Provision for obsolete inventories (Note 21.1)	-	-	-	-
		388,549	287,754	388,549	287,754
21.1	Movement of Provision for obsolete inventories				
	Balance as at 1st January	-	1,046	-	-
	Adjustment due to disposal of subsidiary	-	(1,046)	-	-
	Balance as at 31st December	-	-	-	-
<hr/>					
		Company and Equity Accounted			
		Investee	Group	Company	
<i>As at 31st December</i>		2021	2020	2021	2020
		Rs. 000	Rs. 000	Rs. 000	Rs. 000
22	TRADE AND OTHER RECEIVABLES				
	Produce trade receivables	35,346	65,148	35,346	65,148
	Advances, deposits and prepayments	86,103	68,870	86,103	68,870
	Other debtors	767	766	767	766
		122,216	134,784	122,216	134,784
	Less : Provision for impairment (Note 22.1)	-	-	-	-
		122,216	134,784	122,216	134,784
22.1	Movement of Provision for impairment				
	Balance as at 1st January	-	5,504	-	5,503
	Write off During the year	-	(5,504)	-	(5,503)
	Balance as at 31st December	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

	Company and Equity Accounted			
	Investee	Group	Company	
	2021	2020	2021	2020
<i>As at 31st December</i>	Rs. 000	Rs. 000	Rs. 000	Rs. 000
23 AMOUNT DUE FROM RELATED COMPANIES				
D.R.Home Appliances (Pvt) Ltd	5	-	5	-
Damro Exports (Pvt) Ltd	13	-	13	-
D.R Rubber Products (Pvt) Ltd	114	-	114	-
D.R. Manufacturing (Pvt) Ltd	127	-	127	-
AEN Oil Palm Processing (Pvt) Ltd	28,289	10,732	28,289	10,732
	28,548	10,732	28,548	10,732

	Company and Equity Accounted			
	Investee	Group	Company	
	2021	2020	2021	2020
<i>As at 31st December</i>	Rs. 000	Rs. 000	Rs. 000	Rs. 000
24 CASH AND CASH EQUIVALENTS				
Favorable balances				
Cash in hand	3,358	858	3,358	858
Cash at banks	38,512	14,121	38,512	14,121
	41,870	14,979	41,870	14,979
Unfavorable balances				
Less: Bank overdrafts	(114,769)	(48,542)	(114,769)	(48,542)
Cash and cash equivalents for the purpose of cash flows	(72,899)	(33,563)	(72,899)	(33,563)

	No of Shares			
	2021	2020	2021	2020
			Rs.000	Rs.000
25 STATED CAPITAL				
Balance as at 1st April	156,250,000	25,000,000	2,258,125	250,000
Issue of shares during the year (Note 25.2)	-	131,250,000	-	2,008,125
Balance as at 31st March	156,250,000	156,250,000	2,258,125	2,258,125

25.1 Golden Shareholder

The holders of ordinary shares and the Golden Share are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The Golden Share has been allotted to the Secretary to the Treasury by capitalization of revaluation reserve on 1st August 1995. Articles of Association of the Company embodies the specific rights assigned to the Golden Shareholder on behalf of the State of Democratic Socialist Republic of Sri Lanka. In addition to the rights of the normal ordinary shareholders, in terms of the Articles of the Company, following special rights are vested with the Golden Shareholder.

The Golden share of Rs. 10/- held by the Secretary to the Treasury, enjoys the following special rights:

- (a) The concurrence of the Golden Shareholder should be obtained to sub-lease estate lands and amend the Articles of Association of the Company in which the Golden Shareholder's rights are given.
- (b) The Golden Shareholder and or his nominee shall be entitled to inspect the books of accounts of the Company after giving two weeks written notice to the Company.
- (c) The company shall submit to the Golden Shareholder, within 60 days of the end of each quarter, a quarterly report relating to the performance of the Company during the said quarter in a pre- specified format agreed to by the Golden Shareholder and the Company.
- (d) The Golden Shareholder shall be entitled to call upon the Board of Directors once in three months to meet him or his nominee to discuss matters of the Company of interest to the estate.
- (e) The Company shall submit to the Golden Shareholder, within 90 days of the end of each fiscal year, information related to the company in a pre-specified format agreed to by the Golden Shareholder and the Company.

Definition of the 'Golden share' - a share allotted to the Secretary to the Treasury in his official capacity and not in his own name, for and on behalf of the state of the Democratic Socialist Republic of Sri Lanka, and or by any transferee permitted in terms of the Articles. Definition of 'Golden shareholder' - the holder of the 'Golden Share.'

The concurrence of the Golden Shareholder in writing shall be first obtained to amend the definition of the words 'Golden Share' and 'Golden Shareholder' and the Articles 5(1) to 5(12) of the Articles of Association of the Company which deals with the Golden shareholder.

The Company shall obtain the written consent of the Golden Shareholder prior to subleasing, ceding or assigning its rights in part or all of the lands set out in the Article of Association of the Company.

NOTES TO THE FINANCIAL STATEMENTS

		Company and Equity Accounted			
		Investee	Group	Company	
<i>As at 31st December</i>		2021	2020	2021	2020
		Rs. 000	Rs. 000	Rs. 000	Rs. 000
26	LOANS AND BORROWINGS				
	Term loans (Note 26.2)	612,400	25,000	612,400	25,000
		612,400	25,000	612,400	25,000
26.1	Maturity analysis				
	Amount payable within one year				
	Term loans	612,400	11,458	612,400	11,458
		612,400	11,458	612,400	11,458
	Amount payable after one year and less than five years				
	Term loans	-	13,542	-	13,542
		-	13,542	-	13,542
	Total	612,400	25,000	612,400	25,000
26.2	Term loans				
	(a) Summary				
	Balance as at 1st January	25,000	471,930	25,000	464,141
	Loans obtained during the year	600,000	38,959	600,000	25,000
	Repayments during the year	(12,600)	(471,930)	(12,600)	(464,141)
	Adjustment due to disposal of subsidiary	-	(13,959)	-	-
	Balance as at 31st December	612,400	25,000	612,400	25,000
	(b) Lender-wise summary				
	Sampath Bank PLC	612,400	25,000	612,400	25,000
		612,400	25,000	612,400	25,000

26.3 Assets pledged as collaterals by the Company and Equity Accounted Investee

Name of financial institution	Nature of facility	Interest rates and repayment term	Facility granted / rescheduled	Balance as at 31.12.2021	Balance as at 31.12.2020	Securities pledged
			Rs. 000	Rs. 000	Rs. 000	
Sampath Bank PLC	Covid Loan	4% p.a payable monthly together with applicable statutory levies. To be repaid in 17 equal monthly instalment of Rs,1,400,000/- and financial instalment of Rs,1,200,000/- after a capital grace period of 06 months.	25,000	12,400	25,000	1. Primary Mortgage Bond for Rs. 160,000,000/-, Secondary Mortgage Bond for Rs. 10,000,000/-, Tertiary Mortgage Bond for Rs. 70,000,000/- & Additional Mortgage Bond for Rs. 50,000,000/- over Lease hold rights (Lease hold rights up to 2045) together with factory building therein of Frotoft Estate at Nuwara Eliya. 2. Primary Mortgage Bond for Rs. 50,300,000/- over Leasehold rights (Lease hold rights up to 2045) together with factory building therein of Delgoda Estate at Kalawana.
Sampath Bank PLC	Revolving Loan	Payable within 30 days from the date of grant	300,000	300,000		
Sampath Bank PLC	Short-term Loan	Payable within 30 days from the date of grant	300,000	300,000		3. Primary Mortgage Bond for Rs. 88,000,000/-, Secondary Mortgage Bond for Rs. 54,100,000/- and Tertiary Mortgage Bond for Rs. 20,400,000/- over Leasehold rights (Lease hold rights up to 2045) together buildings of Pimbura Estate at Agalawatta. 4. Primary Mortgage Bond for Rs. 171,500,000/- over Lease hold rights (Lease hold rights up to 2045) together with buildings there in of Peenkande Estate in Nivithigala.
				612,400	25,000	

NOTES TO THE FINANCIAL STATEMENTS

		Company and Equity Accounted			
		Investee	Group	Company	
<i>As at 31st December</i>		2021	2020	2021	2020
		Rs. 000	Rs. 000	Rs. 000	Rs. 000
27	LEASE LIABILITY				
	Net liability to lessor of JEDB / SLSPC (Note 27.1)	472,325	459,949	472,326	459,949
	Other lease liabilities (Note 27.2)	-	-	-	-
		472,325	459,949	472,326	459,949
		Company and Equity Accounted			
		Investee	Group	Company	
<i>As at 31st December</i>		2021	2020	2021	2020
		Rs. 000	Rs. 000	Rs. 000	Rs. 000
27.1	Net liability to lessor of JEDB / SLSPC				
	Balance as at 1st January 2020	459,949	452,735	459,949	452,735
	Remeasurement during the year	15,988	10,096	15,988	10,096
	Repayments during the year	(60,791)	(58,961)	(60,791)	(58,961)
	Interest Charge for the year	57,180	56,079	57,180	56,079
	Balance as at 31st December	472,325	459,949	472,326	459,949
		Company and Equity Accounted			
		Investee	Group	Company	
<i>As at 31st December</i>		2021	2020	2021	2020
		Rs. 000	Rs. 000	Rs. 000	Rs. 000
27.2	Other lease liabilities				
	Gross liability				
	Opening balance	-	1,654	-	-
	Repayments during the year	-	(1,248)	-	-
	Interest expense for the year	-	154	-	-
	Adjustment due to disposal of subsidiary	-	(560)	-	-
	Balance as at 31st December	-	-	-	-
27.3	Analysis of net lease liability				
	Current liability	3,750	3,252	3,750	3,252
	Non current liability	468,575	456,697	468,575	456,697
		472,326	459,949	472,326	459,949

NOTES TO THE FINANCIAL STATEMENTS

	2021		2020	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Group/Company and Equity Accounted investee				
Retirement benefit obligation	(524,567)	(55,080)	(609,651)	(85,351)
Accumulated tax losses	-	-	(112,572)	(15,760)
Net lease liability	(43,000)	(4,515)	(28,619)	(4,007)
Property, plant and equipment	326,194	34,250	294,715	41,260
Bearer biological assets	2,237,881	234,978	2,141,616	299,827
Consumable biological assets	457,779	48,067	724,043	101,366
	2,454,287	257,700	2,409,534	337,335
Company				
Retirement benefit obligation	(524,567)	(55,080)	(609,651)	(85,351)
Accumulated tax losses		-	(112,572)	(15,760)
Net lease liability	(43,000)	(4,515)	(28,619)	(4,007)
Property, plant and equipment	326,194	34,250	294,715	41,260
Bearer biological assets	2,237,881	234,978	2,141,616	299,827
Consumable biological assets	457,779	48,067	724,043	101,366
	2,454,287	257,700	2,409,534	337,335

28.2 The Company/ Company and Equity Accounted Investee has not recognised the following deferred tax assets on accumulated tax losses since it is not probable that future taxable profits will be available against which the Company can utilise the benefit there-from.

<i>As at 31st December</i>	2021		2020	
Company	Deductible Temporary Difference	Tax Effect	Deductible Temporary Difference	Tax Effect
	Rs.000	Rs.000	Rs.000	Rs.000
On Accumulated Tax Losses	2,575,792	270,458	2,769,041	387,666

<i>As at 31st December</i>	2021		2020	
Group/Company and Equity Accounted Investee	Deductible Temporary Difference	Tax Effect	Deductible Temporary Difference	Tax Effect
	Rs.000	Rs.000	Rs.000	Rs.000
On Accumulated Tax Losses	2,575,792	270,458	2,769,041	387,666

28.3 Deferred tax charge for the year due to change in tax rate and other temporary difference

	Company & Equity Accounted investee	Group	Company	
	2021	2020	2021	2020
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Due to change in effective tax rate	(85,900)	-	(85,900)	-
Due to change in temporary difference	6,265	28,407	6,265	28,407
	(79,635)	28,408	(79,635)	28,407

	Company and Equity Accounted Investee	Group	Company	
	2021	2020	2021	2020
<i>As at 31st December</i>	Rs. 000	Rs. 000	Rs. 000	Rs. 000
29 RETIREMENT BENEFIT OBLIGATIONS				
29.1 Movement in the present value of the retirement benefit obligations				
Provision for Gratuity				
As at 1st January	556,695	506,123	556,695	497,090
Add :				
Expenditure recognized in the Profit or Loss for the year (Note 29.3)	82,419	99,030	82,419	97,743
Actuarial Loss in Other Comprehensive income	(101,563)	40,387	(101,563)	41,496
	537,551	645,540	537,551	636,329
Less: Benefits paid during the year	(44,070)	(64,135)	(44,070)	(63,278)
Transfer of unsettled gratuity claimed during the year to current liability	(19,671)	(16,356)	(19,671)	(16,356)
	473,810	565,048	473,810	556,694
Adjustment due to disposal of subsidiary	-	(8,354)	-	-
	473,810	556,695	473,810	556,695
Unsettled Gratuity Payable				
As at 1st January	52,956	60,379	52,956	60,379
Add: unsettled gratuity claimed during the year	19,671	16,356	19,671	16,356
Adjustment to over provision of gratuity payable	(790)	(981)	(790)	(981)
Less: Benefits paid during the year	(21,081)	(22,798)	(21,081)	(22,798)
As at 31st December	50,756	52,956	50,756	52,956
Grand Total	524,567	609,651	524,567	609,651

29.2 The retirement benefit obligation of the company as at 31st December 2021 is based on the Actuarial Valuation carried out by Actuarial & Management Consultants (Private) Limited, a firm of professional actuaries.

NOTES TO THE FINANCIAL STATEMENTS**29.3 Expenses recognized in the Profit or Loss and Other Comprehensive income.**

	Company and Equity Accounted Investee		Company	
	2021	2020	2021	2020
<i>As at 31st December</i>	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Statement of Profit or Loss				
Current Service Costs	32,817	43,623	32,817	43,063
Past Service Costs	(500)	-	(500)	-
Interest Costs	50,102	55,407	50,102	54,680
	82,419	99,031	82,419	97,742
Other Comprehensive Income				
Actuarial (Gain)/loss for the year	(101,563)	40,387	(101,563)	41,496
	(101,563)	40,387	(101,563)	41,496

Retirement benefit obligation arrangement have been adjusted to reflect new legal requirement as per the minimum retirement age worker Act No.28 of 2001. As a result of plan amendment, the company and equity accounted investee's defined benefits obligation decreased by Rs 500,889/-. A corresponding change credited to Profit or Loss during the year 2021

29.4 Actuarial assumptions

The key assumptions used by M/s Actuarial & Management Consultants (Private) Limited include the following,

	2021	2020
Rate of Discount (Long Term Government Bond)	11.6%	9%
Rate of Future Salary Increases		
- For Staff (Per Annum)	7.5%	7.5%
- For Workers (Per Annum)	5.68%	18%
Retirement Age		
- For Staff	60 years	55 years
- For Workers	60 years	60 years
Daily Wage rate		
- Tea	Rs. 1000/-	Rs. 700/-
- Rubber	Rs. 1000/-	Rs. 700/-

In addition to the above, demographic assumptions such as mortality, withdrawal and disability and retirement age were considered for the actuarial valuation. "1949/52 Mortality Table" issued by the Institute of Actuaries, London was used to estimate the gratuity liability of the company.

29.5 Sensitivity Analysis

The sensitivity analysis on the total Compressive Expense and financial position based on the assumed rate on salary increment and discount rate as at 31st December 2021 is given below,

		2021		2020	
Discount Rate	Salary Escalation Rate	Present value of defined benefit obligation	Change	Present value of defined benefit obligation	Change
		Rs. 000	Rs. 000	Rs. 000	Rs. 000
	One percentage point increase	443,797	(30,014)	513,428	(43,267)
	One percentage point decrease	507,791	33,980	606,791	50,096
	One percentage point increase	511,632	37,821	585,185	28,490
	One percentage point decrease	440,042	(33,769)	530,283	(26,412)

29.6 Maturity Analysis

	2021		2020	
	Defined Benefit Obligation		Defined Benefit Obligation	
	Rs.		Rs.	
Future Working Life Time	Staff	Workers	Staff	Workers
Within the next 12 months	5,268	71,940	4,882	79,856
Between 1-5 years	15,597	147,438	17,868	127,462
Beyond 5 years	33,490	200,076	45,252	281,376
Total	54,355	419,455	68,001	488,694

	Company and Equity Accounted Investee		Group		Company	
	2021	2020	2021	2020	2021	2020
<i>As at 31st December</i>	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
30 DEFERRED INCOME						
Capital grants						
(a) Total capital grants received						
Balance as at 1st January	154,942	147,970	154,942	147,970	154,942	147,970
Add : Total grants received during the year	55,879	6,972	55,879	6,972	55,879	6,972
Balance at the 31st December	210,821	154,942	210,821	154,942	210,821	154,942
(b) Total amortization						
Balance as at 1st January	58,237	54,836	58,237	54,836	58,237	54,836
Add : Amount amortized during the year	7,845	3,401	7,845	3,401	7,845	3,401
Balance at the 31st December	66,082	58,237	66,082	58,237	66,082	58,237
(c) Total unamortized capital grants at the end of the year	144,739	96,705	144,739	96,705	144,739	96,705

NOTES TO THE FINANCIAL STATEMENTS

The above represents the following;

- (a) The funds received from the Plantation Housing and Social Welfare Trust (PHSWT), Plantation Development Project (PDP) and Plantation Human Development Trust (PHDT) for the development of workers' welfare facilities and improvements to institutional facilities.
- (b) The funds received from the plantation reform project for the development of forestry plantations.
- (c) The amount spent is capitalized under the relevant classification of property, plant and equipment and corresponding grant component is reflected under deferred grants and subsidies and is amortized over the useful life span of the related assets.

	Company and Equity Accounted			
	Investee	Group	Company	
	2021	2020	2021	2020
<i>As at 31st December</i>	2021	2020	2021	2020
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
31 TRADE AND OTHER PAYABLES				
Trade creditors	100,706	39,718	100,706	39,718
Employee related payables	115,761	239,477	115,761	239,477
Dividends payable	811	20,855	811	20,855
Accrued Interest Payable	-	6,805	-	6,805
Other creditors	251,595	138,568	251,595	138,568
	468,873	445,423	468,873	445,423

	Company and Equity Accounted			
	Investee	Group	Company	
	2021	2020	2021	2020
<i>As at 31st December</i>	2021	2020	2021	2020
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
32 AMOUNTS DUE TO RELATED PARTIES				
D. R. Industries (Pvt) Ltd	-	1,170,089	-	1,170,089
D. R. Furniture Manufacturing (Pvt) Ltd	-	266,600	-	266,600
Piyestra Furniture (Pvt) Ltd	-	53,793	-	53,793
Damro Leisure (Pvt) Ltd	100,000	-	100,000	-
Pusellawa Plantations Ltd	8,376	5,331	8,376	5,331
D R Investment (Pvt) Ltd	666,585	666,682	666,585	666,682
	774,961	2,162,495	774,961	2,162,495

33 RELATED PARTY DISCLOSURES

33.1 Substantial Shareholding and Ultimate Parent Company

The immediate and ultimate parent company is D.R.Investments (Pvt) Ltd which holds 80% of shares at Agalawatte Plantations PLC.

33.2 Transactions with Key Management Personnel (KMP)

The Company considers the Board of Directors as key management personnel of the Company.

Compensations to Key Management Personnel of the Company

Emoluments to the directors of the Company are disclosed in Note 10 to the Financial Statements.

Other than those disclosed on Note 10 to the financial statements, there are no transactions with the key management personnel of the company and its parent company.

33.3 Transactions with Related Companies

Name of the Company	Nature of Relationship	Name of the Directors	Nature of the Transactions	Company			
				Transaction Amount		Balance as at 31 st December	
				2021	2020	2021	2020
				Rs. 000	Rs. 000	Rs. 000	Rs. 000
Mackply Industries (Private) Limited	Subsidiary	Mr. G.P.N.A.G. Gunathilake	Settlement of current account balance	(955)	(21,819)	-	-
		Mr. W.A.A. Asanga	Funds Given	509	5,000		
		Mr. L.R.W.S. Rajasekara	Sales	446			
		Mr. R.P.L. Ramanayake					
AEN Oil Processing (Private) Limited	Joint venture	Mr. G.P.N.A.G. Gunathilake	Palm oil sales	1,107,341	(474,427)	28,289	10,732
			Cash Received	(1,089,784)	479,690		
D R Industries (Pvt) Ltd	Affiliated company	Mr. G.P.N.A.G. Gunathilake	Funds received	(2,580,429)	(682,500)	-	(1,170,089)
		Mr. W.A.A. Asanga	Purchases	(2,404)	(27,061)		
		Mr. L.R.W.S. Rajasekara	Settlements Current account balance	3,752,922	1,052,036		
		Mr. R.P.L. Ramanayake		-	-		
D R Furniture Manufacturing (Pvt) Ltd	Affiliated company	Mr. W.A.A. Asanga	Settlement of Current account balance	266,634	505,613	-	(266,600)
		Mr. R.P.L. Ramanayake	Purchase Invoices	(34)			
D R Export (Pvt) Ltd	Affiliated company	Mr. W.A.A. Asanga	Sales	3,533	45,368	-	-
		Mr. R.P.L. Ramanayake	Settlements	(3,419)			
			Purchase Invoices	(114)	-		
Piyestra Furniture (Pvt) Ltd	Affiliated company	Mr. W.A.A. Asanga	Settlemet	72,598	609,321	-	(53,793)
		Mr. R.P.L. Ramanayake	Purchases	(29,398)	(20,833)		
			Sales	10,593	-		
Furnimix (Pvt) Ltd	Affiliated company	Mr. W.A.A. Asanga	Sales	954	-	-	-
		Mr. R.P.L. Ramanayake	Settlements	(593)	24,831		
			Purchases	(361)			
D R Home Appliances (Pvt) Ltd	Affiliated company	Mr. W.A.A. Asanga	Purchases	(2,440)	(766)	5	-
		Mr. R.P.L. Ramanayake	Settlement	(529)	2,589		
			Sales	2,976			
D R Transport Services (Pvt) Ltd	Affiliated company	Mr. W.A.A. Asanga	Re-imburement of expenses	-		-	-
		Mr. R.P.L. Ramanayake	Vehicle service cost , repair expenses, transport charges, etc	(25,350)	(16,472)		
			Machinery Repairs	-	(7,617)		
			Settlements	25,350	24,915		

NOTES TO THE FINANCIAL STATEMENTS

Name of the Company	Nature of Relationship	Name of the Directors	Nature of the Transactions	Company			
				Transaction Amount		Balance as at 31 st December	
				2021	2020	2021	2020
				Rs. 000	Rs. 000	Rs. 000	Rs. 000
D R Enterprises (Pvt) Ltd	Affiliated company	Mr. W.A.A. Asanga	Purchases made for estate bungalow maintenance including furnitures	(3,348)	-	-	-
		Mr. R.P.L. Ramanayake	Settlements	922	7,489		
			Sales	2,426			
Damro Exports (Pvt) Ltd	Affiliated company	Mr. W.A.A. Asanga	Rubber Sales	459,071	-	13	-
		Mr. R.P.L. Ramanayake	Funds Received	(459,071)	-		
			Tea Purchase & Packing Cost	(28,201)	(53,398)		
			Settlements	28,214	68,866		
D R Wooden Furniture (Pvt) Ltd	Affiliated company	Mr. W.A.A. Asanga	Sale of Firewood , log	49,614	24,502	-	-
		Mr. R.P.L. Ramanayake	Part Settlements of sale	-	(21,915)		
			Purchase of FireWood	(151)	(1,376)		
			Expense Reimbursement	-	(16,191)		
			Funds Received	(49,463)	(493)		
D R Manufacturing (Pvt) Ltd	Affiliated company	Mr. W.A.A. Asanga	Sale of rubber trees	14,596	915	127	-
		Mr. R.P.L. Ramanayake	Settlement	(12,219)	5,401		
			Purchase of furnitures	(2,250)	(319)		
			Purchase of Plywood sheets, etc	-	-		
Marino Beach (Pvt) Ltd	Affiliated company	Mr. W.A.A. Asanga	Settlement	(820)	1,112	-	-
		Mr. R.P.L. Ramanayake	Expenses Incurred on behalf of company	117	(450)		
			Funds received	704	(211)		
F L M C Plantations (Pvt) Ltd	Affiliated company	Mr. G.P.N.A.G. Gunathilake	Funds Provided for Settlement of related party balances	-	-	-	-
		Mr. W.A.A. Asanga	Estate Balance Trf To FLMC(Net)	-	3,610	-	-
		Mr. L.R.W.S. Rajasekara	Settlement	-	666,682	-	-
		Mr. R.P.L. Ramanayake		-	-	-	-
Pusellawa Plantations (Pvt) Ltd	Affiliated company	Mr.A .S Amarasuriya	Funds provided for working capital requirements	1,501	(141,952)	(8,376)	(5,331)
		Mr. G.P.N.A.G. Gunathilake	Loans Given to PPL	-	187,579		
		Mr. W.A.A. Asanga	Settlement	64,827	-		
		Mr. L.R.W.S. Rajasekara	Sale/ purchase of green leaf (net)	(7,172)	(72,666)		
		Mr. R.P.L. Ramanayake	Sale of refuse tea	14,356	14,903		
			Rubber Export Proceed Received From PPL	-	9,100		
			Sales of firewood	1,271	-		
			Purchase of Latex	(44,403)	-		
			Purchase of Firewood & Rubber Log	(28,221)	(14,040)		
			Vehicle Repair By Helboda Work shop	(7,191)	(10,236)		
			Sales Invoice	1,371	2,435		
			Sale of Plants	616	1,844		

Name of the Company	Nature of Relationship	Name of the Directors	Nature of the Transactions	Company			
				Transaction Amount		Balance as at 31 st December	
				2021	2020	2021	2020
				Rs. 000	Rs. 000	Rs. 000	Rs. 000
D R Investment (Pvt) Ltd	Parent Company		FLMC Balance transfer	-	(666,682)	(666,585)	(666,682)
			Share Issued	-	2,008,125		
			Settlement	-	(2,008,125)		
			Purchase invoice	(51,705)			
			Funds Given	51,802			
D R Particle (Pvt) Ltd	Affiliated company		Disposal of subsidiary	-	100,000	-	-
			Settlement	-	(100,000)		
D R Security Service (Pvt) Ltd			Purchase invoice	(876)	-	-	-
			Funds Given	876	-		
D R Rubber Products (Pvt) Ltd			Sales Invoice	114	-	114	-
			Settlement purchase invoice	-	-		
Damro Leisure (Pvt) Ltd			Funds Received	(100,000)	-	(100,000)	-

33.3 Major transactions with related parties

The following recurrent related party transactions were taken place during the financial year 2020 in the ordinary course of business where the aggregate value of series of recurrent transactions exceeds 10% of gross revenue as per the financial statements for the year ended 31st December 2020.

Name of the Related Party	Relationship	Nature of the transactions	Aggregate value of related party transactions entered into during the financial year	Aggregate value of related party transactions as a % of group revenue
			Rs 000	
AEN Oil Processing (Private) Limited	Joint venture	Palm oil sales	1,107,341	28%
Damro Exports (Pvt) Ltd	Affiliated company	Rubber Sales	459,071	11%

34 GAZETTE NO, 2222/13 - CULTIVATION OF OIL PALM

The Government of Sri Lanka through its Gazette no, 2222/13 dated 5th April 2021 has directed to systematically remove the oil palm cultivation and nurseries already launched and utilize about 10% of the land under oil palm cultivation for rubber planting or any other cultivation conducive of water resources.

The Management is of the view that further direction and guidance are required from the respective authorities in order to comply with the requirement of the said gazette. Hence no adjustments have been incorporated to the financial statements for the year ended 31st December 2021 in this regard due to unavailability of further guidance issued by respective industry associations and authorities to comply with the instructions given by the gazette notification.

35 EVENTS OCCURRING AFTER REPORTING DATE

Subsequent to the reporting date, no material circumstance have arisen which require adjustments to or disclosure in the financial statements.

36 COMMITMENTS

There are no material commitments as at the reporting date where require disclosures in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

37 CONTINGENT LIABILITIES

There are no material contingent liabilities as at the reporting date that require adjustment to or disclosure in the financial statements.

38 FINANCIAL RISK MANAGEMENT

38.1 Financial Risk Factors

The company's principal financial liabilities comprise with loans and borrowings and trade and other payables and amounts due to related companies. The main purpose of these financial liabilities is to finance the company's operations and to provide guarantees to support its operations. Further, the company has amounts due from related companies, trade and other receivables and cash that arrive directly from its operations.

Accordingly, the company's activities exposed to variety of financial risks:

- Credit Risk
- Liquidity Risk
- Market Risk
- Operational Risk

38.2 Risk management framework

The Company's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company. Financial risk management is carried out through risk reviews, internal control systems, insurance programmes and adherence to the Company's financial risk management policies. The Board of Directors regularly reviews these risks and approves the risk management policies, which covers the management of these risks.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

38.2.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables).

The Company is exposed to credit risk from its operating activities (primarily trade receivables), other advances including loans and advances to staff/workers, bought leaf suppliers and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

The Company trades only with recognised, creditworthy third parties. It is the Company's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the results that the Company's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Company, such as cash and cash equivalents and short term investments, the Company's exposure to credit risk from default of the counterparty. The Company manages its operations to avoid any excessive concentration of counterparty risk and the Company takes all reasonable steps to ensure the counterparties fulfill their obligations.

The company has Trade and other receivables, cash and short term deposits that arise directly from its operations. The company's principle financial liabilities, comprise of loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the company's operations. The company is exposed to market risk, credit risk and liquidity risk.

38.2.1.1 Risk exposure

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts. Following figures shows the maximum risk positions.

		Company and Equity Accounted		Company	
		Investee	Group	2021	2020
As at 31 st December	Note	2021	2020	2021	2020
		Rs. 000	Rs. 000	Rs. 000	Rs. 000
Trade and other receivables	22	36,113	65,914	36,113	65,914
Amounts due from related parties	23	28,548	10,732	28,548	10,732
Cash at bank	24	38,512	14,121	38,512	14,121
Total Credit Risk Exposure		103,174	90,767	103,174	90,767

38.2.1.2 Trade and other receivables

Neither past due nor impaired.		36,113	65,914	36,113	65,914
Past due but not impaired		-	-	-	-
90-365 days		-	-	-	-
> 365 days		-	-	-	-
Gross carrying value		36,113	65,914	36,113	65,914
Less: impairment provision		-	-	-	-
Total		36,113	65,914	36,113	65,914

38.2.1.3 Amounts due from related parties

The Company's amounts due from related parties mainly consist of balances due from companies under common control and from affiliate companies.

38.2.1.4 Cash and Cash Equivalents

In order to mitigate the concentration, settlement and operational risks related to cash and cash equivalents, the Company consciously manages the exposure to a single counterparty taking into consideration, where relevant, the rating or financial standing of the counterparty, where the position is reviewed as and when required, the duration of the exposure in managing such exposures and the nature of the transaction and agreement governing the exposure.

38.3 Liquidity Risk

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

The Company's policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that the company has available funds to meet its short and medium term capital and funding obligations, including organic growth and acquisition activities, and to meet any unforeseen obligations and opportunities. The company holds cash and undraws committed facilities to enable the company to manage its liquidity risk.

NOTES TO THE FINANCIAL STATEMENTS

The Company monitors its risk to a shortage of funds using a daily cash management process. This process considers the maturity of both the Company's financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected capital cash flows from operations.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of multiple sources of funding including bank loans and overdrafts.

38.3.1 Net (debt) / cash ratio

As at 31 st December	Note	Company and Equity Accounted Investee	Group	Company	
		2021	2020	2021	2020
		Rs. 000	Rs. 000	Rs. 000	Rs. 000
Cash in hand and at bank	24	41,870	14,979	41,870	14,979
Liquid assets		41,870	14,979	41,870	14,979
Current portion of borrowings	26	612,400	11,458	612,400	11,458
Bank overdrafts	24	114,769	48,542	114,769	48,542
Liquid liabilities		727,169	60,000	727,169	60,000
Net (debt)/ Cash		(685,299)	(45,021)	(685,299)	(45,021)

38.3.2 Liquidity risk management

The mixed approach combines elements of the cash flow matching approach and the liquid assets approach. The business units attempt to match cash outflows in each time bucket against a combination of contractual cash inflows plus other inflows that can be generated through the sale of assets or other secured borrowings.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Company	Note	Carrying	Gross	Less than	3 to 12	More than
		Amount	Expected	3 months	Months	12 Months
		Rs.000	Cash Flow	Rs.000	Rs.000	Rs.000
As at 31st December 2021						
Lease liability	27	472,326	1,440,435	15,324	45,971	1,379,140
Trade and other payables	31	468,873	468,872	117,218	351,654	-
Amounts due to related Companies	32	774,961	774,961		774,961	-
Interest bearing borrowings	26	612,400	612,400	153,100	459,300	-
Bank overdrafts	24	114,769	114,769	114,769	-	-
		2,443,328	3,411,437	400,411	1,631,886	1,379,140
As at 31st December 2020						
Lease liability	27	459,949	1,452,031	14,820	44,460	1,392,751
Trade and other payables	31	445,423	445,424	111,356	334,068	-
Amounts due to related Companies	32	2,162,495	2,162,495	-	2,162,495	-
Interest bearing borrowings	26	25,000	25,000	2,865	8,593	13,543
Bank overdrafts	24	48,542	48,542	48,542	-	-
		3,141,410	4,133,491	177,583	2,549,615	1,406,294
Company and Equity Accounted Investee/Group						
	Note	Carrying	Total	Less than	3 to 12	More than
		Amount		3 months	Months	12 Months
		Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
As at 31st December 2021						
Lease liability	27	472,326	1,440,435	15,324	45,971	1,379,140
Trade and other payables	31	468,873	468,872	117,218	351,654	-
Amounts due to related Companies	32	774,961	774,961		774,961	-
Interest bearing borrowings	26	612,400	612,400	153,100	459,300	-
Bank overdrafts	24	114,769	114,769	114,769	-	-
		2,443,328	3,411,437	400,411	1,631,886	1,379,140
As at 31st December 2020						
Lease liability	27	459,949	1,452,031	14,820	44,460	1,392,751
Trade and other payables	31	445,423	445,424	111,356	334,068	-
Amounts due to related Companies	32	2,162,495	2,162,495	-	2,162,495	-
Interest bearing borrowings	26	25,000	25,000	2,865	8,593	13,543
Bank overdrafts	24	48,542	48,542	48,542	-	-
		3,141,410	4,133,491	177,583	2,549,614	1,406,294

NOTES TO THE FINANCIAL STATEMENTS**38.4 Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market risk comprise of the following types of risk:

- (a) Interest rate risk
- (b) Currency risk
- (c) Commodity price risk
- (d) Equity price risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

a) Currency risk

The Company is exposed to currency risk mostly on purchases that are denominated in a currency other than Sri Lankan Rupees (LKR). The foreign currencies in which these transactions primarily denominated are United States Dollars (USD). Since the frequency of the transaction done in foreign currency is very low, the company is not exposed to a higher degree of currency risk.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company's exposure to the risk of changes in market interest rates relates primarily to the deposits and borrowings.

Profile

At the reporting date the interest rate profile of the Company's interest bearing financial instruments were,

As at 31 st December	Note	Carrying Amounts			
		Group		Company	
		2021	2020	2021	2020
		Rs. 000	Rs. 000	Rs. 000	Rs. 000
Variable rate Instruments					
Financial Liabilities	24 & 26	727,169	73,542	727,169	73,542
		727,169	73,542	727,169	73,542

Sensitivity Analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Effect on Profit before Tax			
	Group		Company	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
31st December 2021	7,272	(7,272)	7,272	(7,272)
31st December 2020	735	(735)	735	(735)

38.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified"
- Requirements for the reporting of operational losses and proposed remedial actions
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance when this is effective

Compliance with Company standards is supported by a programme of periodic reviews undertaken by Internal Audit and also finance team. The results of Internal Audit reviews are discussed with the Management, summaries submitted to the senior Management of the Company.

38.6 Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong financial position and healthy capital ratios in order to support its business and maximize shareholder value.

The company manages its capital structure and make adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may or may not make dividend payments to shareholders, return capital to shareholders or issue new shares or other instruments.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings by total equity. Total borrowings including non-current and current borrowings as shown in the statements of financial position. Total equity is calculated as 'Total equity' in the statements of financial position.

The Company's Debt to Equity ratio at the end of the reporting periods is as follows:

As at 31 st December	Note	Group		Company	
		2021	2020	2021	2020
		Rs. 000	Rs. 000	Rs. 000	Rs. 000
Total Liabilities		3,370,333	4,185,100	3,370,333	4,185,100
Less: Cash and cash equivalents	24	(41,870)	(14,979)	(41,870)	(14,979)
Net debts		3,328,462	4,170,121	3,328,463	4,170,121
Total Equity		1,831,660	560,187	1,543,728	343,442
Debt to Equity ratio(Gearing Ratio)		1.82	7.44	2.16	12.14

NOTES TO THE FINANCIAL STATEMENTS**39 FAIR VALUES OF FINANCIAL INSTRUMENTS**

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced liquidation or sale.

The company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements. However the company does not have any financial instruments carried at fair values as at the reporting date.

Level I : Quoted market price (unadjusted) in an active market for an identical instrument.

Level II : Valuation techniques based on observable inputs, either directly – i.e. as prices or indirectly – i.e. derived from prices. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level III : Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Company determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates. The objective of the valuation technique is to arrive at a fair value determination that reflect the price of the financial instrument at the reporting date, that would have determined by the market participants acting at the arms length.

39.1 Fair values versus the Carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follow;

As at 31 st December	Company			
	2021		2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Assets carried at amortised cost				
Trade and other receivables	36,113	36,113	65,914	65,914
Amounts due from related parties	28,548	28,548	10,732	10,732
Cash & Cash Equivalents	41,870	41,870	14,979	14,979
Total	106,532	106,532	91,625	91,625

<i>As at 31st December</i>	Group			
	2021		2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Assets carried at amortised cost				
Trade and other receivables	36,113	36,113	65,914	65,914
Amounts due from related parties	28,548	28,548	10,732	10,732
Cash and Cash Equivalents	41,870	41,870	14,979	14,979
	106,532	106,532	91,625	91,625

<i>As at 31st December</i>	Company			
	2021		2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Liabilities carried at amortised cost				
Loans and Borrowings	612,400	612,400	25,000	25,000
Trade and other payables	468,873	468,872	445,423	445,423
Amounts due to related parties	774,961	774,961	2,162,495	2,162,495
Lease Liability	472,326	472,326	459,949	459,949
Bank overdrafts	114,769	114,769	48,542	48,542
	2,443,328	2,443,328	3,141,409	3,141,409

<i>As at 31st December</i>	Group			
	2021		2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Liabilities carried at amortised cost				
Loans and Borrowings	612,400	612,400	25,000	25,000
Trade and other payables	468,873	468,872	445,423	445,423
Amounts due to related parties	774,961	774,961	2,162,495	2,162,495
Lease Liability	472,326	472,326	459,949	459,949
Bank overdrafts	114,769	114,769	48,542	48,542
	2,443,328	2,443,328	3,141,409	3,141,409

NOTES TO THE FINANCIAL STATEMENTS

39.2 Financial assets and liabilities by categories

a) Financial Assets

<i>As at 31st December 2021</i>	Classification					
	Company and Equity Accounted Investee			Company		
	Amortised Cost	Fair value through profit or loss	Fair value through other comprehensive income	Amortised Cost	Fair value through profit or loss	Fair value through other comprehensive income
	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Trade and Other Receivables	36,113	-	-	36,113	-	-
Amount Due from Related Companies	28,548	-	-	28,548	-	-
Cash and Cash Equivalents	41,870	-	-	41,870	-	-
	106,532	-	-	106,532	-	-

<i>As at 31st December 2020</i>	Classification					
	Group			Company		
	Amortised Cost	Fair value through profit or loss	Fair value through other comprehensive income	Amortised Cost	Fair value through profit or loss	Fair value through other comprehensive income
	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Trade and Other Receivables	65,914	-	-	65,914	-	-
Amount Due from Related Companies	10,732	-	-	10,732	-	-
Cash and Cash Equivalents	14,979	-	-	14,979	-	-
	91,625	-	-	91,625	-	-

b) Financial Liabilities

As at 31 st December 2021	Classification			
	Group		Company	
	Amortised Cost	Fair value through profit or loss	Amortised Cost	Fair value through profit or loss
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Loans and Borrowings	612,400	-	612,400	-
Trade and Other Payables	468,873	-	468,872	-
Amounts Due To Related Parties	774,961	-	774,961	-
Lease Liability	472,326	-	472,326	-
Bank Overdrafts	114,769	-	114,769	-
	2,443,328	-	2,443,328	-

As at 31 st December 2020	Classification			
	Group		Company	
	Other Financial Liabilities	Fair value through profit or loss	Other Financial Liabilities	Fair value through profit or loss
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Loans and Borrowings	25,000	-	25,000	-
Trade and Other Payables	445,423	-	445,424	-
Amounts Due To Related Parties	2,162,495	-	2,162,495	-
Lease Liability	459,949	-	459,949	-
Bank Overdrafts	48,542	-	48,542	-
	3,141,409	-	3,141,409	-

39.3 Financial assets and liabilities by fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique as explained in Note 2.6 to the financial statements:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs with significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

NOTES TO THE FINANCIAL STATEMENTS

	Group				Company			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
As at 31st December 2021								
Assets Carried at amortised Cost								
Trade and other receivables	-	-	36,113	36,113	-	-	36,113	36,113
Amounts due from related parties	-	-	28,548	28,548	-	-	28,548	28,548
Cash & Cash Equivalents	41,870	-	-	41,870	41,870	-	-	41,870
	41,870	-	64,662	106,532	41,870	-	64,662	106,532
Liabilities Carried at amortised Cost								
Trade and other payables	-	-	468,872	468,873	-	-	468,872	468,873
Amounts due to related parties	-	-	774,961	774,961	-	-	774,961	774,961
Loans and borrowings	-	-	612,400	612,400	-	-	612,400	612,400
Lease Liability	-	-	472,326	472,326	-	-	472,326	472,326
Bank overdrafts	114,769	-	-	114,769	114,769	-	-	114,769
	114,769	-	2,328,559	2,443,328	114,769	-	2,328,559	2,443,328

	Group				Company			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
As at 31st December 2020								
Assets Carried at amortised Cost								
Trade and other receivables	-	-	65,914	65,914	-	-	65,914	65,914
Amounts due from related parties	-	-	10,732	10,732	-	-	10,732	10,732
Cash & Cash Equivalents	14,979	-	-	14,979	14,979	-	-	14,979
	14,979	-	76,646	91,625	14,979	-	76,646	91,625
Liabilities Carried at amortised Cost								
Trade and other payables	-	-	445,422	445,423	-	-	445,423	445,423
Amounts due to related parties	-	-	2,162,495	2,162,495	-	-	2,162,495	2,162,495
Loans and borrowings	-	25,000	-	25,000	-	25,000	-	25,000
Lease Liability	-	-	459,949	459,949	-	-	459,949	459,949
Bank overdrafts	48,542	-	-	48,542	48,542	-	-	48,542
	48,542	25,000	3,067,866	3,141,408	48,542	25,000	3,067,867	3,141,409

40 Segmental Analysis - Company

For management purposes, the Company is organized into business units based on their products and services and has three reportable operating segments as follows. The following table presents the revenue, profit information and other disclosures regarding Company's business segments.

	Tea	Tea	Rubber	Rubber	Oil Palm	Oil Palm	Other	Other	Unallocated	Unallocated	Total	Total
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000	Rs.000
Statement of Profit or Loss												
Revenue	1,579,724	1,414,425	1,237,453	813,758	989,069	473,020	61,157	131,128	-	-	3,867,405	2,832,331
Cost of sales	(1,637,035)	(1,336,150)	(1,019,996)	(892,312)	(251,869)	(222,519)	(62,986)	(106,902)	-	-	(2,971,886)	(2,557,881)
Gross profit/(loss)	(57,311)	78,275	217,457	(78,554)	737,200	250,501	(1,828)	24,226	-	-	895,519	274,449
Other income	-	-	99,470	169,686	-	-	-	-	-	-	99,470	169,686
	-	-	99,470	169,686	-	-	-	-	-	-	994,988	444,135
Other income	-	-	-	-	-	-	-	-	169,599	180,380	169,599	180,380
Gain on changes in fair value of biological assets	-	-	-	-	-	-	-	-	(20,612)	74,618	(20,612)	74,618
Selling and distribution expenses	-	-	-	-	-	-	-	-	(57)	(61)	(57)	(61)
Administration expenses	-	-	-	-	-	-	-	-	(54,361)	(67,541)	(54,361)	(67,541)
Other expenses	-	-	-	-	-	-	-	-	(4,656)	(11,767)	(4,656)	(11,767)
Results from operating activities	-	-	-	-	-	-	-	-	89,913	175,629	1,084,902	619,764
Finance costs	-	-	-	-	-	-	-	-	(60,549)	(131,363)	(60,549)	(131,363)
Profit/(loss) before taxation	-	-	-	-	-	-	-	-	29,364	44,266	1,024,352	488,401
Income tax expenses	-	-	-	-	-	-	-	-	85,035	(34,216)	85,035	(34,216)
Profit/(loss) for the Year	-	-	-	-	-	-	-	-	114,399	10,050	1,109,387	454,185
Statement of Financial Position												
Non-current assets	746,383	676,588	2,066,373	1,989,106	815,475	669,492	-	4,310	687,669	731,116	4,315,899	4,070,613
current assets	117,179	247,996	324,411	151,880	128,026	47,324	-	-	28,548	10,729	598,163	457,929
Total assets	863,561	924,584	2,390,783	2,140,986	943,500	716,816	-	4,310	716,217	741,845	4,914,062	4,528,542
Non-current liabilities	287,092	325,512	794,820	847,499	313,668	339,707	-	-	-	1,212	1,395,581	1,513,929
Current liabilities	120,836	572,320	334,535	1,490,084	132,021	597,277	-	-	1,387,361	11,489	1,974,752	2,671,170
Total liabilities	407,928	897,832	1,129,355	2,337,583	445,689	936,984	-	-	1,387,361	12,701	3,370,333	4,185,100
Capital Expenditure												
Field development	110,794	49,294	271,287	154,279	10,008	8,663	791	453	-	-	392,880	212,689
Property, plant and equipment	26,529	8,650	24,548	17,176	-	-	-	-	5,416	10,453	56,494	36,279
Total	137,323	57,943	295,836	171,455	10,008	8,663	791	453	5,416	10,453	449,374	248,968
Total Depreciation/Amortization	44,573	35,460	110,071	119,571	51,024	57,056	1,471	839	8,888	-	216,027	212,925

04. Market Value Analysis

	2020	2019
Highest	58.00	30.00
Lowest	26.10	16.00
Closing price	53.70	28.10

05. TWENTY (20) LARGEST SHAREHOLDERS AS AT 31ST DECEMBER 2021

Name	No of Shares held	% of the holding
D.R. INVESTMENT (PVT)LTD	125,000,000	80.00
MISS. SONIA WIN-YEN NG	3,570,100	2.28
MR. GONALAGODAGE BUWANEKA DINUWAN TILAKARATHNE	1,157,963	0.74
HATTON NATIONAL BANK PLC/ANUSHMAN RAJARATNAM	688,077	0.44
BANK OF CEYLON NO. 1 ACCOUNT	635,113	0.41
MR. VIMUKTHI DESHAPRIYA SILPATHKARIGE	544,493	0.35
HATTON NATIONAL BANK PLC/MUSHTAQ MOHAMED FUAD	516,556	0.33
CITIZENS DEVELOPMENT BUSINESS FINANCE PLC/T.RUCHIRA	500,050	0.32
MR. KUSHANTHA KAPILA WEERASINGHE	500,000	0.32
MRS. NALIKA KOSALI SAMARAWEERA	401,531	0.26
MR. ANNASIWATTA MUDALIGE VIRAJ AMAL CHAMINDA	369,077	0.24
MR. KANKANAMGE DINITH YASANTHA PATHIRAJA	300,000	0.19
MERCHANT BANK OF SRI LANKA & FINANCE PLC/M.A. WIJAYASINGHE	265,000	0.17
MERCHANT BANK OF SRI LANKA & FINANCE PLC/U.D. PREMAKUMARA	247,667	0.16
MR. AMBALANGODA WADUGE LAKPRIYA RAVINDRA SILVA /MRS. P.M. ABAYASEKARA	245,000	0.16
DEUTSCHE BANK AG SINGAPORE A/C 2 (DCS CLT ACC FOR DEUTSCHE BANK AG SINGAPORE- PWM WM CLIENT)	240,000	0.15
CITIZENS DEVELOPMENT BUSINESS FINANCE PLC/C.U.GAMAGE	230,000	0.15
SEYLAN BANK PLC/MOHAMED SUBAIR FOUZAL HAQQE AND SITHY IZAMA HAQQE	225,000	0.14
SEYLAN BANK PLC/SHERMAL HEMAKA JAYASURIYA	200,000	0.13
MERCHANT BANK OF SRI LANKA & FINANCE PLC/A.C. SENANKA	196,548	0.13
	136,032,175	87.06
Balance Held by 13,598 shareholders	20,217,825	12.94
	156,250,000	100.00

THE GOLDEN SHARE HOLDER

The Golden share of Rs 10/- is currently held by the Secretary of the Treasury and should be owned either directly by the Government of Sri Lanka or by a 100% Government owned Public Company. In addition to the rights of the normal shareholder, the Golden Shareholder has specific rights according to the Articles of Association of the company which are specified in note 25.

INFORMATION ON ESTATES AND FACTORIES

Estate		Area in Tea		Area in Rubber		Area in Oil Palm		Area in Others		Total revenue extent	
	Crop	Total Extent	Immature	Mature	Immature	Mature	Immature	Mature	Immature	Mature	Ha
		Ha	Ha	Ha	Ha	Ha	Ha	Ha	Ha	Ha	Ha
RATNAPURA DISTRICT											
Peenkande	Rubber	1,328			171.30	678.30			0.61	8.62	687
	Oil Palm						3.06	138.25			138
Doloswella	Tea	871	17.39	75.09							75
	Rubber				110.85	334.69					335
Kiribathgala	Rubber	819			144.69	327.78	41.36	12.31	0.26	9.71	350
Noragalla	Tea	133	12.61	63.07						13	63
Watapotha	Tea	365	4.78	38.9						40.61	80
	Rubber				16.15	53.41					53
Niriella	Tea	932	1.00	8.08							8
	Rubber				61.33	328.64				48	376
	Oil Palm							35.52			36
Delgoda	Tea	7									-
	Rubber				2.02						-
KALUTARA DISTRICT											
Culloden	Rubber	1,232			113.43	388.43				7.35	396
	Oil Palm							393.6			394
Ambetenna	Rubber	613			39.6	174.56					175
	Oil Palm							285.96			286
Clyde	Rubber	616			125.43	298.49			-	14	312
Kiriwanaketiya	Rubber	768			39.99	312.50				3	316
	Oil Palm						22	24			24
Mohamedi	Tea	724	1.00	9.8						8.8	19
	Rubber				27.71	205.86					206
	Oil Palm						-	197.18			197
Pimbura	Rubber	370			13.97	97.92				7	105
	Oil Palm						-	169.86			170
NUWARA ELIYA DISTRICT											
Labookellie	Tea	538	17	294					0.5	66	360
Frotoft	Tea	1,016	28	379						184	563
Weddemulle	Tea	772	31	283						170	453
	0	11,104	113	1,151	866	3,201	66	1,257	14	567	6,175
		Tea		Rubber	Oil palm	Other					
Total Mature Extent (Ha)		1,151		3,201	1,257	567					
Total Immature Extent (Ha)		113		866	66	14					
Total Planted Extent (Ha)		1,264		4,067	1,323	581					
Total Extent (Ha)		11,104									

No. of Workers		Crop (KG)					Building Information				
Staff	Workers	Tea	Rubber	OIL	Yield Kg/Ha	Factory Elevation m	Made Tea Production KG	Factory Capacity Kg	No of Buildings	Buildings/ Bungalow Gardens/ Roads/ other etc., (Ha)	Value of the Buildings (Rs.) as per books
45	467		512,140		755	318		2,500	114	176.16	20,267,721
			1,718,447	12,430							
31	411	346,785			4,618	150-300	518,764.00	13,500	32	247.03	69,963,109
		195,123		583				1,000			
21	225		243,608	140,293	743	61-168		1,000	90	282.79	5,111,605
5	93	296,394			4,699				45	36.18	8,338,258
5	101	131,879			3,390				21	25.01	5,800,407
			44,676		836						
15	206	54,605			6,758				187	326.58	6,396,177
			232,108		706						
				421,380	11,863						
9	51					180-252	509,194.00	12,500	17	3.89	10,233,560
24	278		336,874		867	46		2,000	138	291.55	23,245,954
				4,154,010	10,554						
10	117		85,686		491				17	98.14	1,328,894
				1,871,810	6,546						
16	141		192,767		646	30-100		1,600	37	135	4,199,160
16	160		205,869		659	90 -122		2,500	67	291.99	6,364,795
				235,990	9,833						
		37,853			3,863						
11	155		127,038		617				9	253.53	2,123,855
				2,044,820	10,370						
8	80		61,855		632				17	66.24	1,211,113
				1,955,570	11,513						
26	470	1,539,513			5,235	1543	439,916.00	12,500	480	160	37,574,877
27	450	1,549,210			4,091	1525	556,876.00	15,000	439	154	23,606,228
24	401	1,331,250			4,712	1327	384,625.75	9,500	773	245	29,573,767
293	3,806	5,287,489	2,237,744	12,542,320			2,409,375.75	73,600.00	2,483.00	2,792.84	255,339,480

	Tea	Rubber	Oil palm	Tea Production (Made Tea)
Total Crop (kg)	5,287,489	2,237,744	12,542,320	Estate Crop (Kg) 1,237,669
Total NSA (Rs/kg)	631	566	79	Bought Crop (Kg) 1,171,707
Tota COP (Rs /KG)	685	515	23	2,409,376

GLOSSARY

FINANCIAL TERMS

Accounting Policies

The specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting Financial Statements.

Agricultural Activity

Is the management by an entity of the biological transformation and harvest of biological assets for sale or for conversion into agricultural produce or into additional biological assets.

Agricultural Produce

Is the harvested product of the entity's biological assets.

AGM

Annual General Meeting.

Amortization

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

Associate

An associate is an entity, including an unincorporated entity such as a partnership, over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

AWDR

Average Weighted Deposit Rate.

AWPLR

Average Weighted Prime Lending Rate.

Basic Earnings per Share

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

Bearer Biological Assets

Biological assets those are not to be harvested as agricultural produce or

sold as biological assets. The biological assets other than the consumable biological assets.

Biological Assets

Is a living animal or plant.

Biological Transformation

It comprises the process of growth, degeneration, production, and procreation that cause qualitative or quantitative change in biological assets.

Borrowings

All interest-bearing liabilities.

Capital Employed

Total equity, minority interest and interest-bearing borrowings.

Capital Reserves

Reserves identified for specific purposes and considered not available for distribution.

Cash Equivalents

Liquid investments with original maturity periods of three months or less.

CEA

Central Environment Authority.

Contingent Liability

A possible obligation that arises from past events 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.

Consumable Biological Assets

The biological assets those that are to be harvested as agricultural produce or sold as biological assets.

CSR

Corporate Social Responsibility.

Current Ratio

Current assets divided by current liabilities. A measure of liquidity.

DCF Method

Discounted Cash Flow method.

Deferred Taxation

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

Derivative

Is a financial instrument or other contracts whose prices are dependent upon or derived from one or another underline asset.

Dividends

Distribution of profits to holders of equity investments.

Dividend Cover

Profit attributable to ordinary shareholders divided by dividend. Measures the number of times dividend is covered by distributable profit.

Dividend Yield

Dividend per share as a percentage of the market price. A measure of return on investment.

EBITDA

Abbreviation for Earnings Before Interest, Tax, Depreciation and Amortization.

Effective Tax Rate

Income tax expense divided by profit from ordinary activities before tax.

Equity

Shareholders' fund.

Equity Instruments

Is any contract that evidences a residual interest in the assets of a entity after

deducting all its liabilities.

Equity Method

The equity method is a method of accounting whereby the investment is initially recognized at cost and adjusted thereafter for the post- acquisition changes in the investor's share of net assets of the investee. The profit or loss of the investor includes the investor's share of the profit or loss of the investee.

ERP

Enterprise Resources Planning.

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.

Fair Value

Fair value is the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable willing seller in an arm's length transaction.

Forward Currency Contract

A forward contract in the forex market that locks in the price at which an entity can buy or sell a currency on a future date. Also known as 'outright forward currency transaction', 'forward outright' or 'FX forward'.

FSC

Forest Stewardship Council.

Gearing

Proportion of total interest-bearing borrowings to capital employed.

HACCP

Hazard Analysis Critical Control Point System. Internationally accepted food safety standard.

IAS

International Accounting Standards.

ICASL

The Institute of Chartered Accountants of Sri Lanka.

IFRIC

International financial Reporting Interpretations Committee.

IFRS

International Financial Reporting Standards.

Key Management Personnel

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

LIBOR

London Inter-Bank Offered Rate.

Market Capitalisation

Number of shares in issue multiplied by the market value of a share at the reported date.

Net Assets per Share

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

Non-controlling interest

Is the equity in a subsidiary not attributable, directly or indirectly, to a Parent.

Price Earning Ratio

Market price of a share divided by earnings per share as reported at that date.

Related Parties

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

Retirement Benefits

- Present Value of a Defined Benefit Obligation

Is the present value of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

- Current Service Cost

Is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

- Interest Cost

Is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

- Actuarial Gains and Losses

Is the effect of difference between the previous actuarial assumptions and what has actually occurred and effects of changes in actuarial assumption.

Return on Equity

Attributable profits to the shareholders divided by shareholders' funds.

Return on Capital Employed

Profit before tax plus net interest cost divided by capital employed.

Return on Assets

Profit before tax plus net interest cost divided by total assets.

Revenue Reserves

Reserves considered as being available for distribution and investments.

SIC

Standing Interpretations Committee.

Segments

Constituent business units grouped in terms of similarity of operations and location.

SLFRS/LKAS

Sri Lanka Accounting Standards corresponding to International Financial Reporting Standards.

SoRP

Statement of Recommended Practice.

Subsidiary

A subsidiary is an entity y, including an unincorporated entity such as a partnership, that is controlled by another entity (known as the Parent).

SLAS

Sri Lanka Accounting Standards. Also known as LKAS and SLFRS.

UITF

Urgent Issue Tasks Force of The Institute of Chartered Accountants of Sri Lanka.

Value Addition

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

Working Capital

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

VAT

Value Added Tax

NON-FINANCIAL TERMS

Crop

The total produce harvested over a given period of time (usually during a financial year).

GRI

Global Reporting Initiatives

Immature Plantation

The extent of plantation that is under development and is not being harvested.

ISO

International Standards Organization.

Mature Plantation

The extent of plantation from which crop is being harvested.

NSA

Net Sales Average. This is the average sale price obtained (over a period of time) after deducting brokerage fees, etc.

RSS-1

Ribbed Smoked Sheet – Grade 1

COP

The Cost of Production. This generally refers to the Cost of producing a kilo of produce (Tea/Rubber/Coconut)

SLSPC

Sri Lanka Plantations Corporation.

JEDB

Janatha Estate Development Board.

TASL

Tea Association of Sri Lanka.

Yield (YPH)

The average crop per unit extent of land over a given period of time (usually kgs. per hectare per year).

Field

A unit extent of land. Estates are divided into fields in order to facilitate management.

TRI

Tea Research Institute

RRI

Rubber Research Institute

HACCP

Hazard Analysis & Critical Control Point System. Internationally accepted food safety standard.

Infilling

A method of field development whereby panting of individual plants is done in order to increase the yield of a given field, whilst allowing the field to be harvested.

Replanting

A method of field development where an entire unit of land is taken out of "bearing" and developed by way of uprooting existing trees/bushes and replanting with new trees/bushes.

COS

Cost of sale. The cost incurred on preparation to salable condition of the good sold.

CORPORATE INFORMATION

Name of the Company

Agalawatte Plantations PLC (PQ 214)

Legal Form

A Public Quoted Company with Limited Liability Incorporated in Sri Lanka on 22nd June 1992

Registered Office

No. 361

Kandy Road, Nittambuwa.

Tel. : 033 4 679 200/ 033 2 299 000

Fax : 033 2 285 681

Email : apl@sltnet.lk

Directors

Mr. A.S. Amarasuriya -Chairman

Mr. R.K.A. Ranaweera

Mr. G.P.N.A.G. Gunathilake

Mr. R.P.L. Ramanayake

Mr. W.A.A. Asanga

Mr. L.R.W.S. Rajasekara

Auditors

KPMG

No: 32A, Sir Mohamed Macan Markar Mawatha,

P. O. Box 186, Colombo 03.

Tel. : +94 115 426426

Secretaries

Nexia Corporate Consultants (Private) Limited

No: 181, Nawala Road, Colombo 05.

Tel. : 0114-510709 / 0112-368154

Fax : 0112-368621

Registrar

Business Intelligence Limited

No: 08, Tickell Road, Colombo 08.

Tel. : 011 5579950

Email : ms2@mssl.lk

Bankers

Sampath Bank PLC

Commercial Bank of Ceylon PLC

Hatton National Bank PLC

People's Bank

NDB Bank

Bank of Ceylon

NOTICE OF ANNUAL GENERAL MEETING

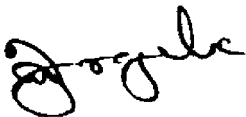
NOTICE IS HEREBY GIVEN that the 27th Annual General Meeting of the shareholders of AGALAWATTE PLANTATIONS PLC will be held on 29th June 2022 at 10.30 am at the Ruby Hall, Marino Beach Colombo No 590, Galle Road, Colombo 03, on a virtual platform.

The business to be brought before the meeting will be:

1. To receive and consider the Annual Report of the Directors and the Statement of Accounts for the year ended 31st December 2021 with the Report of the Auditors thereon.
2. Re-election of Director
 - i. To re-elect Mr. L.R.W.S.Rajasekara -Director who retires by rotation in terms of Article 92 of the Articles of Association of the Company and being eligible offers himself for the re-election. (Resolution 1)
3. To re-appoint M/s KPMG, Chartered Accountants, who have consented to be re- appointed Auditors of the Company until the conclusion of the next annual general meeting and to authorize the Directors to determine their remuneration (Resolution 2)
4. To authorize the Directors to determine donations for charities for the ensuing year. (Resolution 3)

By order of the Board,

Nexia Corporate Consultants (Pvt) Ltd



Secretaries

Colombo, on this 28th May 2022

Notes-

1. A shareholder who is entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote instead of him/her
2. A proxy need not be a shareholder of the Company.
3. A Form of Proxy accompanies this notice.

FORM OF PROXY

I/We of
 being a shareholder/s of

AGALAWATTE PLANTATIONS PLC hereby appoint:

- Mr. A.S. Amarasuriya or failing him
- Mr. R.P.L. Ramanayake or failing him
- Mr. G.P.N.A.G. Gunathilake or failing him
- Mr. W.A. A. Asanga or failing him
- Mr. L.R.W. S. Rajasekara or failing him
- Mr. R.K.A. Ranaweera or failing him

Mr/Mrs/Ms of

(address) as *my /our Proxy to attend and *vote for me/us on *my/our behalf at the 27th Annual General Meeting of the Company to be held on and at any adjournment thereof.

Resolutions

	For	Against
RE ELCECTION OF DIRECTORS		
1. Re-election of Director To re-elect Mr. L.R.W.S.Rajasekara - Director who retires by rotation in terms of Article 92 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
2. To reappoint M/s KPMG, Chartered Accountants, as the auditors of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3.3. To authorize the Directors to determine donation for charities for the ensuing year.	<input type="checkbox"/>	<input type="checkbox"/>

Mark your preference with "X"

Signed on this day of 2021.

.....
 Signatures

Please furnish following details;

CDS Account No of the Shareholder/s	
Number of shares	
Shareholder/s contact numbers/s	Fixed Line : Mobile :
Email address for the proxy holder's participation at the AGM (on-line link will be forwarded to this email address)	
Proxy Holder's NIC number	

Instructions as to completion

1. Kindly complete the Form of proxy with the information requested including the full name and address of the shareholder legibly and signing in the space provided and dating the same.
2. If the Proxy Form is signed by an Attorney, the relative Power of Attorney should also accompany the completed form of proxy, if it has not already been registered with the Company.
3. The Shareholder shall indicate with an "X" in the space provided as to how the proxy is to vote on the resolution. If no indication is given, proxy shall exercise his/her discretion and vote as he/she thinks fit.
4. Shareholders who opt to appoint a proxy shall complete the Form of Proxy and the duly completed Form of Proxy should either be posted/deposited at the registered office at No.361, Kandy Road, Nittambuwa or scanned and emailed to the email address agm@agalawatte.com with the subject title "APL AGM PROXY" to reach us not later than 48 hours prior to the time scheduled for the AGM.

AGALAWATTE PLANTATIONS PLC