

# Futurism



AGARAPATANA PLANTATIONS PLC  
ANNUAL REPORT 2024/25



# Futurism

As an entity built on agility, transformation and creativity, Agarapatana Plantations is truly built for the world of tomorrow.

The tea industry as we know it, is transforming every day, from traditional agricultural practices to technologically advanced processes. The centuries-old practice of tea plucking and manufacturing has now become intertwined with scientific observation, discovery and development. In keeping with this evolution, every strategy, system and process we adopt is formulated with the future in mind. We rely on forward-thinking, visionary and scientific concepts to drive us unerringly forward. We're powered by a momentum that transforms both ourselves and the environment in which we operate; pursuing our true potential with the untiring energy that has always served as the cornerstone of our existence.

Our multifaceted nature as a part of the plantations industry enables us to deploy time-tested, yet unique principles and values, even as we prepare to seize the opportunities that lie ahead and inspire continuous, consistent value creation at every stage.

We invite you to journey with us as we explore futurism with every step forward.

*Futurism was an artistic and social movement that came into greater focus in the early 20th century, and conveyed concepts of dynamism, speed and technology. It was practiced across multiple art forms and across a range of media to inspire vitality and progress, while serving as the foundation on which the future would be built.*



**AGARAPATANA  
PLANTATIONS PLC**

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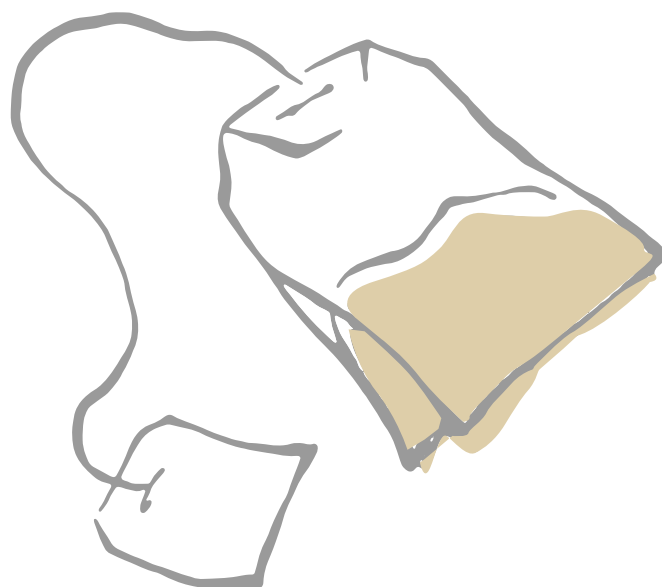
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# INTRODUCTION

This is Agarapatana Plantations PLC's (APL's) Integrated Annual report for the 12 months period from 1st April 2024 to 31st March 2025. This report discusses the performance of the Company and its subsidiary, Waverly Power (Pvt) Ltd, for the financial year 2024/25. The Company also commenced the adoption of the Sri Lanka Sustainability Disclosure Standards for Sustainability and Climate Related Risks and Opportunities, in the current financial year.



## Board Responsibility Statement

The Board of Agarapatana Plantations PLC takes full responsibility for the accuracy of this report and to the best of our knowledge, this report complies with the Integrated Reporting principles and guidelines.

Our assurance on this report extends to the Company's financial statements and other quantitative and qualitative data provided in this report for the reporting period. The extent of our assurance for this report is further supported by the following statutory reports.

1

Independent Auditors' Report on pages

**114 to 117**

2

Statement of Directors' Responsibilities on page

**112**

## Forward-looking Statements

All forward-looking statements, with regards to Agarapatana Plantations PLC, including its operations, plans and financials, are contingent on external and internal changes and may change without notice. APL does not undertake to update or revise any of these forward-looking statements publicly, whether to reflect new information or future events or otherwise.

## Feedback on this Report

Please direct any feedback regarding this report to:

Name : Mr. K. Mohideen

Designation : Director-Finance

Address : 53 1/1, Sir Baron Jayathilake Mw, Colombo 01

E mail : [kowdu.mohideen@lankemplantations.lk](mailto:kowdu.mohideen@lankemplantations.lk)

## Navigation Icons



**Financial Capital**



**Human Capital**



**Manufactured Capital**



**Intellectual Capital**



**Natural Capital**



**Social Capital**

# BASIS OF PREPARATION AND PRESENTATION

## Reporting Boundary

The reporting boundary of this integrated annual report covers only APL and its fully owned subsidiary, Waverly Power (Pvt) Ltd. These are also the financial reporting entities, for the purpose of setting the boundary for financial reporting, which is presented as Company and Consolidated formats in the financial statements and audited accounts for the financial year 2024/25.

## Significant Frameworks and Methods

In addition to the Integrated Reporting Framework, this report uses the following standards:

- The Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka
- Sri Lankan Sustainability Disclosure Standards
- The Code of Best Practice issued by the Institute of Chartered Accountants of Sri Lanka
- The Listing Rules of the Colombo Stock Exchange

## Material Disclosures

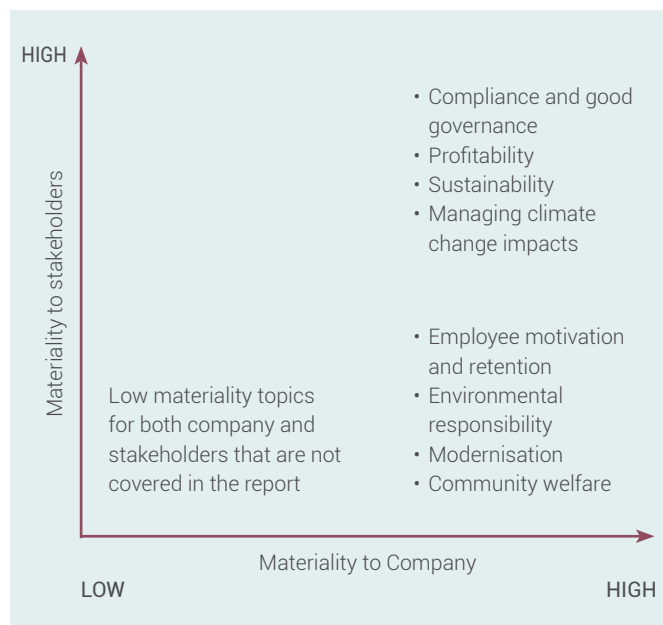
### Process to determine material topics

Significant aspects of the operating environment during the 12 months of the year, challenges faced by the Company, and strategic topics, were identified under the six capitals. Material topics under sustainability and climate change were identified separately, in order to comply with the Sustainability Disclosure Standards. All available stakeholder feedback was also taken into account when identifying topics for disclosure. The list of topics was also compared against the previous year's material topics to identify any significant changes. The Managing Director, the Chief Executive Officer, the Director Finance and other senior managers participated in this review to contribute diverse viewpoints, including perspectives of key stakeholders.

### Prioritisation and selection of material topics

Topics that were of high importance for both the Company and key stakeholder groups were selected for disclosure in this report. These material topics have not changed significantly from the previous year's list of material topics, as the Company has not changed its strategic direction. It is also to be noted that both climate change and other material sustainability topics were included in the previous year's list of topics as well, as these topics have remained material to APL.

## APL's materiality map for 2024/25



## List of material topics

Material topics	Chapter name	Page number
Good Governance	Chairman's Message	14
	MD's Review	17
	CEOs' Review	20
	Operating environment	30
	Governance system	68
	Managing the risks	96
Sustainability and Climate change	Managing Sustainability and Climate Related Risks and Opportunities	32
Profitability	Financial Capital	40
Employee Motivation and Retention	Human Capital	44
Modernisation	Manufactured Capital	50
	Intellectual Capital	54
Environmental Responsibility	Natural Capital	56
Community Welfare	Social Capital	62

# FINANCIAL HIGHLIGHTS

	Group			Company		
	2024/25 Rs. Mn	2023/24 Rs. Mn	% Change	2024/25 Rs. Mn	2023/24 Rs. Mn	% Change
<b>Results for the year</b>						
Revenue	7,286	7,215	1%	7,219	7,153	1%
Gross Profit	1,339	877	53%	1,300	831	57%
Operating Profit before Finance Cost	1,273	1,033	23%	1,237	999	24%
Profit before Tax	1,138	759	50%	1,108	743	49%
Profit after Tax	801	465	72%	790	454	74%
Total Comprehensive Income	808	146	452%	792	135	487%
<b>At the year end</b>						
Shareholders' Funds	4,233	4,173	1%	4,251	4,209	1%
<b>Ratios</b>						
Gross Profit (%)	18.38	12.16	51%	18.02	11.62	55%
Current Ratio (times)	1.32	1.44	(8%)	1.31	1.44	(8%)
Acid Test Ratio (times)	0.83	1.02	(19%)	0.81	1.01	(19%)
Borrowings/Total Assets (%)	12.51	12.96	(3%)	12.33	12.43	(1%)
<b>Per Share</b>						
Earnings (Rs.)	1.60	1.00	60%	1.58	0.97	62%
Net Assets (year end) (Rs.)	8.47	8.35	1%	8.50	8.42	1%

**GROSS PROFIT**  
YOY Increase

**57%** ▲

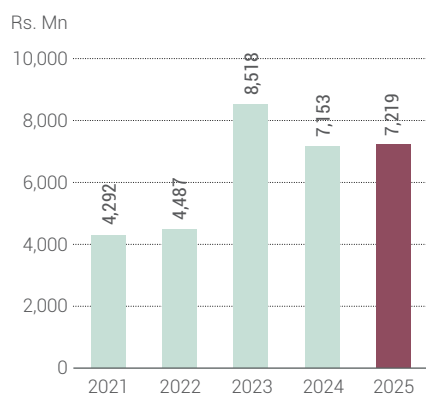
**PROFIT AFTER TAX**  
YOY Increase

**74%** ▲

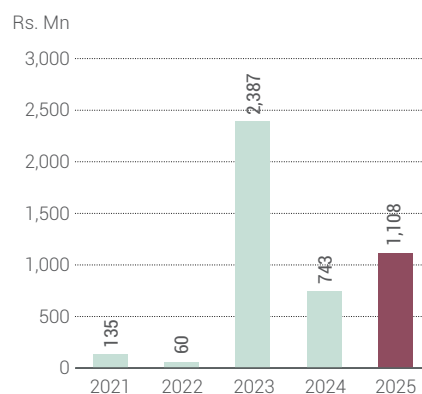
**TOTAL COMPREHENSIVE INCOME**  
YOY Increase

**487%** ▲

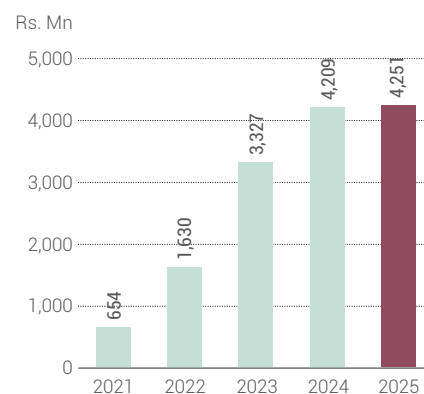
## Revenue



## PBT



## Shareholders' Funds



# ABOUT THE COMPANY

## VISION

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

## MISSION

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

## BUSINESS OBJECTIVES

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

## CORE VALUES



Integrity



Courage



Commitment

# HISTORY AND JOURNEY



Factory - Glasgow Estate

Agarapatana Plantations PLC (APL) was incorporated in 1992, when the Government privatised the state owned plantations and formed 22 Regional Plantation Companies (RPCs). Initially, only the management was privatised, and later the shares of RPCs were offered to private entities. APL was allocated 20 estates entirely in the high-grown tea segment, with 11 estates situated in the Agras Valley categorised as the Western High in the Nuwara Eliya District, and 9 estates in the Uva High category located in Haputale region, in the Badulla District. Therefore, APL is one of the few plantations exclusively dedicated to high-grown tea.



## Managing Agent

Lankem Tea and Rubber Plantations (Pvt) Ltd (LT&RP), is the Managing Agent of Agarapatana Plantations PLC.



## Parent

Lankem Developments PLC is the parent company of Agarapatana Plantations PLC, holding 56.25% of the issued capital.

## Historical Milestones

Agarapatana Plantations Limited was incorporated

Acquired Waverly Power (Pvt) Ltd in September 2022

Obtained Carbon Footprint Certification

1992

2019

2022

2023

2024

Mechanical tea harvesting was piloted

All factories and gardens obtained Rainforest Alliance certification, except for Glenanore and Gonamotawa which are mainly manufacturing bought leaf, sourced from small holders

Successfully conducted an Initial Public Offering (IPO) and Listed on the Colombo Stock Exchange

# ESTATES, PRODUCTS, CERTIFICATIONS AND ATTRACTIONS

The principal activities of APL are the cultivation, manufacture and sale of black tea. The Company owns a total land area of 10,191 hectares, with 6,398 hectares under tea cultivation. APL also owns 17 tea factories, including 11 factories for rotorvane small leaf manufacturing, 3 factories equipped for orthodox leafy manufacturing, and 3 refuse tea processing centers. All processing centers of Agarapatana are ISO 22000:2018 certified, and all processing centers excluding Glenanore and Gonamotawa, which manufactures smallholder leaf, are Rainforest Alliance certified.

1. Albion	
Extent	584.80
Factory Type	Rotorvane
Factory Capacity (Made tea per annum)	1,080,000
No. of Workers	406
Certifications	ISO & RA Certified

6. Hauteville	
Extent	574.00
Factory Type	Rotorvane
Factory Capacity (Made tea per annum)	1,320,000
No. of Workers	462
Certifications	ISO & RA Certified

9. Sandringham	
Extent	224.70
Factory Type	Refuse Tea
Factory Capacity (Made tea per annum)	840,000
No. of Workers	239
Certifications	ISO & RA Certified

2. Balmoral	
Extent	423.50
Factory Type	Rotorvane
Factory Capacity (Made tea per annum)	1,320,000
No. of Workers	324
Certifications	ISO & RA Certified

7. Holmwood	
Extent	254.89
Factory Type	No factory
Factory Capacity (Made tea per annum)	-
No. of Workers	123
Certifications	RA Certified

10. Torrington	
Extent	415.00
Factory Type	Leafy
Factory Capacity (Made tea per annum)	360,000
No. of Workers	174
Certifications	ISO & RA Certified

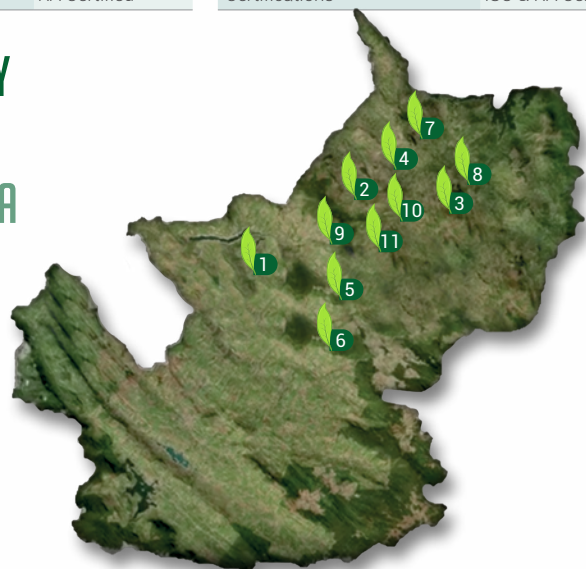
3. Diyagama East	
Extent	499.75
Factory Type	Rotorvane
Factory Capacity (Made tea per annum)	1,380,000
No. of Workers	326
Certifications	ISO & RA Certified

8. New Portmore	
Extent	226.39
Factory Type	No factory
Factory Capacity (Made tea per annum)	-
No. of Workers	120
Certifications	RA Certified

11. Waverley	
Extent	445.25
Factory Type	Rotorvane
Factory Capacity (Made tea per annum)	1,500,000
No. of Workers	312
Certifications	ISO & RA Certified

4. Diyagama West	
Extent	858.29
Factory Type	Rotorvane
Factory Capacity (Made tea per annum)	1,500,000
No. of Workers	538
Certifications	ISO & RA Certified

## AGRAS VALLEY REGION - NUWARA ELIYA DISTRICT



5. Glasgow	
Extent	411.50
Factory Type	Rotorvane
Factory Capacity (Made tea per annum)	1,320,000
No. of Workers	293
Certifications	ISO & RA Certified

1. Beauvais	
Extent	357.18
Factory Type	Refuse Tea
Factory Capacity (Made tea per annum)	360,000
No. of Workers	291
Certifications	ISO & RA Certified

5. Haputale	
Extent	941.98
Factory Type	Rotorvane
Factory Capacity (Made tea per annum)	1,500,000
No. of Workers	601
Certifications	ISO & RA Certified

6. Kahagalla	
Extent	400.93
Factory Type	Refuse Tea
Factory Capacity (Made tea per annum)	540,000
No. of Workers	220
Certifications	ISO & RA Certified

2. Dambattenne	
Extent	873.00
Factory Type	Rotorvane
Factory Capacity (Made tea per annum)	1,800,000
No. of Workers	647
Certifications	ISO & RA Certified

## HAPUTALE REGION - BADULLA DISTRICT

7. Nayabedde	
Extent	497.70
Factory Type	Rotorvane
Factory Capacity (Made tea per annum)	1,200,000
No. of Workers	321
Certifications	ISO & RA Certified

3. Glenanore	
Extent	552.05
Factory Type	Leafy
Factory Capacity (Made tea per annum)	1,320,000
No. of Workers	371
Certifications	ISO & RA Certified (Garden Only)

8. Pitaratmalie	
Extent	667.78
Factory Type	Rotorvane
Factory Capacity (Made tea per annum)	1,200,000
No. of Workers	276
Certifications	ISO & RA Certified

4. Gonamotawa	
Extent	267.00
Factory Type	Leafy
Factory Capacity (Made tea per annum)	720,000
No. of Workers	288
Certifications	ISO & RA Certified (Garden Only)



9. Udaveriya	
Extent	715.13
Factory Type	No factory
Factory Capacity (Made tea per annum)	-
No. of Workers	137
Certifications	N/A

# ESTATES, PRODUCTS, CERTIFICATIONS AND ATTRACTIONS

## Operational Procedures

The Company has established formal procedures with regards to overall business activities, that confirm to international quality accreditations and ethical practices. These procedures extend to not only business activities but also quality management, human resource management and environmental conservation. Employees are trained in the procedures that guide all personnel on using correct practices in all daily operations to ensure compliance at all times at all levels of the Company:

Ethics Procedures		Grievance Handling Procedures	
Agriculture Procedures		Communications Procedures	
Manufacturing Procedures		Financial Procedures	
Waste Management Procedures		Marketing Procedures	

## Tea Centres

APL is currently in the process of diversifying into sustainable tea tourism by leveraging its existing assets as well as the strategic locations of its estates. APL tea estates are located in close proximity to major tourist attractions, in scenic locations in both the Agras Valley and Haputale regions. The famous Lipton Seat for instance, is located within Dambatenne estate. APL estates near Haputale are located in close proximity of attractions such as the Nine Arch Bridge, Ella and Ravana Ella, Horton Plains and Sri Lanka's tallest waterfall Bambarakanda Ella, and the Devil's Staircase situated on the road to Udaveriya estate. The estates on the Agras Valley side, provide access to Sri Lanka's second highest mountain, Kirigalpotta. These estates also border the Horton Plains, where an entrance is being constructed to accommodate trekkers and naturalists interested in nature and wildlife.

Therefore, APL has a natural advantage on tea tourism and the Company is now in the process of upgrading its existing Tea Centers for premium tourism services.



## Bungalows

Originally bungalows in tea estates were the homes of planters. These beautiful bungalows were luxurious residences surrounded by sprawling gardens and sweeping views of the estates. APL owns many beautiful and historic bungalows located in its tea estates that are maintained in excellent condition giving visitors a glimpse of a long forgotten colonial past.



## Waverly Power (Pvt) Ltd

Waverly Power (Pvt) Ltd is APL's fully owned subsidiary, acquired in September 2022 to support the Company's plans to enter the renewable energy industry. This mini hydro power plant that has a capacity of one megawatt sells all its electricity to the national grid of the Ceylon Electricity Board (CEB) generating a new source of revenue for the Company. The power plant has 5 years left in its current power purchase agreement with the CEB, with the potential to renew the agreement for another 15 years from 2030.



# BUSINESS MODEL

OUR CAPITALS	INPUT as at 1st April 2024	OUTPUT as at 31st March 2025
 <p><b>FINANCIAL CAPITAL</b> Our financial capital comprises of equity and debt</p>	<p>Equity : <b>Rs. 4,209 Mn</b> Debt : <b>Rs. 1,171 Mn</b></p>	<p>Equity : <b>Rs. 4,251 Mn</b> Debt : <b>Rs. 1,193 Mn</b></p>
 <p><b>HUMAN CAPITAL</b> Our human capital comprises all grades of personnel from top management to field workers</p>	<p>Our total human capital base was <b>8,077</b></p>	<p>Our total human capital base was <b>7,021</b></p>
 <p><b>MANUFACTURED CAPITAL</b> Our manufactured capital comprises tea and timber plantations, factories and hydropower plants</p>	<p>Total value of biological and all other tangible assets: <b>Rs. 6,717 Mn</b></p>	<p>Total value of biological and all other tangible assets: <b>Rs. 7,937 Mn</b></p>
 <p><b>INTELLECTUAL CAPITAL</b> Our intellectual capital is primarily our garden marks and the tacit and technical knowledge of our employees</p>	<p>Fostering a culture of innovation and creativity</p>	<p>Our intellectual capital base is our expertise on plantation management and cultivation of tea. Estate trademarks are another unique intellectual property adding value to APL tea. APL is also a pioneer in experimenting with mechanised tea plucking. We continue to focus on developing the intellectual capital of the Company through employee training and innovations</p>
 <p><b>NATURAL CAPITAL</b> Our natural capital comprises the land, waters, flora and fauna of our estates</p>	<p>Protecting and preserving our natural resources through sustainable practices</p>	<p>Our environmental policies are aimed at conserving, protecting and enhancing the highly sensitive and climatically important natural capital within our estates</p>
 <p><b>SOCIAL CAPITAL</b> Our social capital comprises a network of relationships with many different stakeholders</p>	<p>We engage with key stakeholder groups to strengthen goodwill and brand recognition</p>	<p>Our high level of compliance with domestic regulations as well as international standards, has positioned APL as a sustainable tea brand. Our cooperative and professional interactions with stakeholders, have contributed towards strong business partnerships and good relationships that support our growth</p>

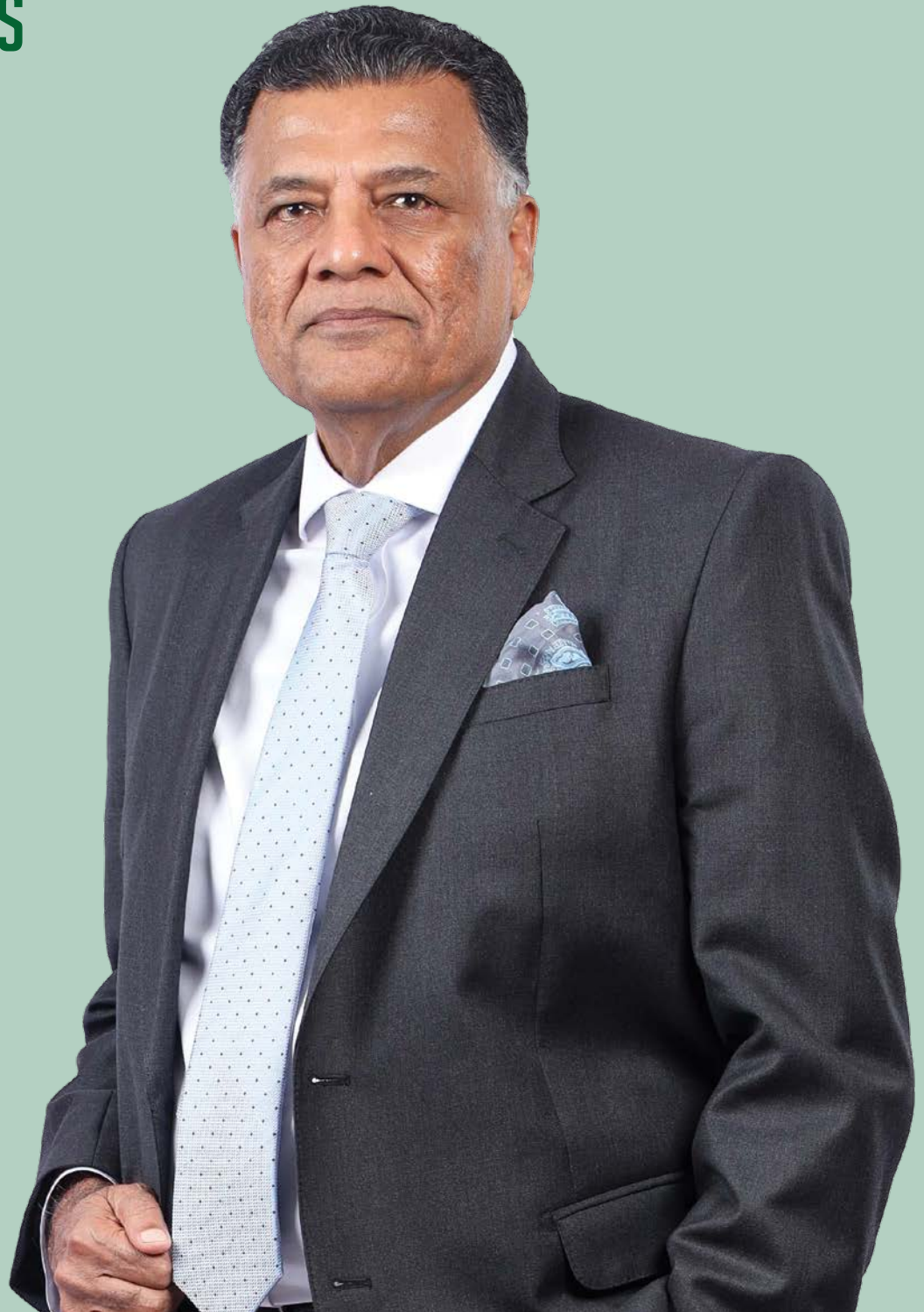
# EXECUTIVE REVIEWS



# Sustaining Futurism

As we step forward and embrace a world that unfolds the elements of futurism, we surge ahead with reassurance in our operations and with the expectation of being future-ready. Our leaders ensure that our strategic direction aligns with our core values, and forge ahead with purpose

# CHAIRMAN'S MESSAGE



**IN 2024/25, AGARAPATANA PLANTATIONS PLC REPORTED A ROBUST BEFORE-TAX PROFIT OF RS. 1.1 BN, HIGHLIGHTING SIGNIFICANT GROWTH AND A COMMITMENT TO SUSTAINABLE TRANSFORMATION IN A CHALLENGING ENVIRONMENT**

It is my pleasure to present the Annual Report and audited financial statements of Agarapatana Plantations PLC (APL) for the financial year 2024/25 to our shareholders, and to announce a profitable year for your Company. The Company has made steady progress since the listing two years ago in 2023, and closed the current financial year with a before tax profit of Rs 1.1 Bn and an after tax profit of Rs. 789 Mn.

Having reviewed APL's financial status, the Board declared two interim dividends of Rs. 1.00 per share and Rs. 0.50 per share, to distribute the Company's gains amongst our valued shareholders. More importantly, I am happy to report that almost all key financial indicators of your Company have improved, signalling that the Company is now aligning to a stable growth trajectory, against the backdrop of improving macro-economic conditions in the country.

### **National economy and tea industry**

The changes to the Sri Lankan economy during the year, have been supportive rather than disruptive. The declining interest rates and the reducing rate of inflation, as well as the stable rupee, contributed towards more predictable market conditions. With two major elections being concluded, political stability and policy predictability were a welcome change, that is conducive towards strategic resource allocations and long term investment planning. Within the plantation sector, an agreement was reached for a 35% increase to the current basic wage of plantation workers, which will be continued for a period of 3 years until 2027. Therefore, we can anticipate operational stability in the plantation sector for at least the next 3 years.

After two years of negative growth, in 2024, the Sri Lankan economy marked a decisive recovery by recording a GDP growth of 5%. This growth was supported by a 1.2% expansion in the agriculture sector, although this is a decline compared to the 1.6% growth in 2023. Even though, national tea outputs increased by 2.4% in 2024 against an increase of 1.1%, in 2023, high grown tea production decreased from 59 Mn kgs in 2023, to 56 Mn kgs largely attributed to the adverse impact of weather anomalies.

The average prices for tea increased at the Colombo Tea Auctions from Rs 1,188 per kilo in 2023, to Rs 1,245 per kilo. Total tea exports increased from 242 Mn kgs in 2023, to 246 Mn kgs, and the export value of tea increased from US\$ 1,310 Mn to 1,436 Mn in 2024. The main export markets for Ceylon Tea remained the Middle East, CIS countries and the EU block, in that order.

Within the global environment, the continued conflicts in the Middle East caused volatility in tea prices. However, APL was equipped to weather this turbulence, as demonstrated by APL's tea revenues, which have increased year-on-year.

### **APL on course**

APL has maintained a steady strategic direction over the year, with almost all financial indicators exhibiting gradual improvements. The Earnings per Share has increased from Rs. 0.97 to Rs. 1.58 in 2024/25 financial year. The Gross Profit Margin and Net Profit Margin have improved significantly from 12% and 6% to 18% and 11%. The current ratio of 1.31 demonstrates the strong liquidity position of the Company.

APL's subsidiary, Waverly Power (Pvt) Ltd has also improved its performance recording a profit before tax of Rs. 53 Mn for the year against a profit of Rs. 15 Mn in 2023/24.

Please refer the Operations Review of Estates by the CEO, for a better understanding of ongoing improvements at estate level and the Financial Capital chapter for details on the changes to APL's Profit and loss and balance sheet, as at the end of the financial year 2024/25.

I would like to stress that these improvements have not accrued automatically, but were carefully planned and realised, through competent deployment of our growth strategy, as explained by the Managing Director in his review.

### **Governance and compliance**

The Board of APL is fully committed to ensure total compliance by APL with all applicable laws and regulations, and during the year, the Board continually reviewed the Company's status of compliance ensuring timely and full compliance. APL did not face any significant fines or penalties during the current financial year due to non-compliances, or delays in compliance, with any applicable regulations and all statutory payments due for the year, including taxes, and EPF, ETF payments, were made on time. APL has also complied with the Code of Best Practice on Corporate Governance 2017, jointly issued by Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission. During the current financial year, APL also commenced adopting the Sri Lanka Sustainability Disclosure Standards on sustainability and climate change related impacts, revealing the Company's strategic resilience.

# CHAIRMAN'S MESSAGE

During the year, the Board and Board subcommittees met regularly to review the Company's financial situation, operational aspects, strategic progress and external developments, and to assess the risks and opportunities faced by the Company. Monthly management meetings were held to review estate operations against budgets and monthly targets, to enable closer financial and operational monitoring, and to provide strategic guidance towards achieving annual targets.

## Looking After Our Estate Communities

APL estates are home to an estate population of over 44,000. Although the vast majority of this population does not work for APL estates, the Company maintains a range of welfare facilities for these families, particularly for women and children, at Company expense. Please refer the Social Capital and Human capital chapters for our welfare initiatives for APL's estate families during the year.

## Looking to the future

Sri Lanka's tea plantations are experiencing unmatched challenges across all operational aspects. The traditional plantation model is disintegrating under the combined onslaught of climate change impacts, rapid labour outmigration, rising labour costs and volatility of tea prices, while global competition is worsening. However, we cannot overlook the stark reality that tea remains one of Sri Lanka's key foreign exchange generators and is the most successful global Sri Lankan brand. No other Sri Lankan product has matched the global brand position of the Pure Ceylon brand, to date.

As at 2025, only 20 years are remaining, out of the 53-year lease granted to Regional Plantation Companies. However, unlike many other industries, the agriculture sector takes a much longer period between investments and outputs, as there is an exceptionally long-time lag between planting and harvesting, with crop changes taking decades. Therefore, in the current context of worsening impacts of climate change across plantation crops, it will be to the benefit of all stakeholders if the government extends the lease agreement quickly, and defines the government policy for the future of tea plantations. A clear policy direction will facilitate the planning process for plantation companies, while safeguarding shareholder interests.

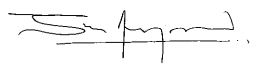
## Appreciations

My fellow Board members have been dedicated to APL's transformation, and being instrumental in guiding the Company to its current level of success. I am deeply appreciative of their dedication and contributions throughout this journey. I extend my heartfelt thanks to Mr. C. P. R. Perera, Mr. P. M. A. Sirimane and Mr. G.K.B. Dasanayake, who recently stepped down from the APL Board, for their invaluable contributions to APL's growth and transformation.

It is with deep regret that we record the demise of Mr. A.M. de S. Jayaratne who stepped down from the Board on 31st December, 2024 and note with appreciation the valuable contribution made by him.

I also warmly welcome Mr. K. G. Punchihewa, and Mr. S. B. Perera, to the APL Board. I am confident that their wealth of experience and strategic insights will continue to fuel APL's progress in the years ahead.

I thank our loyal shareholders for their confidence in me and the Board, and our vision for the Company. We will do our utmost to enhance your returns over the coming years. I also extend my thanks to the Managing Director, the management team, and all employees, as well as our Company Secretaries, for their dedication and hard work during the year. I thank all other stakeholders who have assisted us in our journey and look forward to your continued support.



**S.D.R. Arudpragasam**

Chairman

05<sup>th</sup> August 2025

# MANAGING DIRECTOR'S REVIEW



AGARAPATANA PLANTATIONS PLC HAS SHOWN CONSISTENT IMPROVEMENT IN ITS PERFORMANCE FOR THE 2024/25 FINANCIAL YEAR, ACHIEVING A 72% YEAR-ON-YEAR PROFIT GROWTH TO RS. 0.8 BN BY OVERCOMING CHALLENGES, IMPLEMENTING STRATEGIC CHANGES TO ENHANCE PRODUCTIVITY AND EFFICIENCY, INVESTING IN MECHANISATION AND SUSTAINABLE PRACTICES, AND FOCUSING ON LONG-TERM TRANSFORMATION GOALS, INCLUDING CARBON NEUTRALITY AND MODERN AGRICULTURAL TECHNIQUES

# MANAGING DIRECTOR'S REVIEW

It is my pleasure to report a consistent improvement in APL's performance for the financial year 2024/25. APL has overcome multiple obstacles to record a 49% year-on-year growth in profit before tax reaching Rs.1.1 Bn during the current financial year and maintaining a viable performance during the last five years, attesting to continuous improvements in operational efficiencies and effectiveness of our growth strategy.

## Strategic progress

During the year, APL continued to implement changes along the value chain, from estate level upwards, to contain costs, streamline production, improve productivity with the available workers and resource consumption. These initiatives are gradually changing the traditional 150-year-old plantation model and the traditional mindsets. Productivity and efficiency indicators have turned around, and I believe will continue to improve in the years to come.

While outmigration of estate labour remained high, our strategy of mechanisation is now demonstrating tangible results. APL tea pluckers are now trained and experienced in correctly using machines to harvest green leaf, which has curtailed production losses due to labour shortages, while maintaining quality of green leaf.

Our plans for factory developments are on track, maintaining quality and production savings, resulting in the Uva region achieving an average price above elevation. APL's tea factories in the Agras region is in the development process towards achieving better prices. The Company invested Rs. 26 Mn on factory developments during the year.

We are also examining avenues for value addition to APL's tea, which will generate higher revenues than bulk sales through the Colombo Tea Auctions. Value addition will be essential to sustain revenue and profit growth within a rising cost environment.

While we have been mechanising APL's operations, we have also continually invested in strengthening APL's human resource base through motivation, and also encouraging effective interactions between workers and management, to identify productivity bottlenecks.

## Sustainable transformation

As APL is a monocrop cultivator, it is crucial that we identify existing and emerging risks and convert these into opportunities, to facilitate sustained growth in profitability. Our long term vision for APL is based on this rationale. Over the short term, our focus will be operational efficiencies through immediate technology infusions, while simultaneously starting to build a more risk resilient infrastructure base, including investments into renewable energy and tourism related activities. Over the longer 7 year time horizon of 2032, we will gradually deepen the transformation to achieve full carbon neutrality, and long-term climate adaptation strategies. APL's business model and value chain are slowly being realigned within this vision.

As a core component of this process, during the current financial year, we initiated plans for a structured and systematic agricultural transformation at APL, by recruiting a full-time agronomist to provide advisory services on restructuring APL's agricultural practices. We plan to review existing agricultural conditions within our estates and introduce modern agri-science techniques and knowledge into our tea fields and tea nurseries, to strengthen APL's resilience to climate change and other threats. Globally, the agriculture sector is transforming at a rapid pace to mitigate climate change impacts, soil degradation, water shortages, and pollution. I am confident APL's potential can be augmented by adapting already available technologies, both in cultivation and processing.

During the year, APL obtained Carbon Footprint Certification for all its tea fields and factories and solar panels were installed in seven factories at a cost of Rs. 214 Mn. Solar panels will also be installed in three more factories during 2025/26 financial year. This will reduce our electricity bills by Rs. 40 Mn per annum.

Other innovations are in the pipeline such as using zero carbon packaging for our produce and expanding the use of drones in agricultural applications. An organic tea cultivation and organic tea manufacturing project is planned at Udaveriya Estate, which will expand APL's tea portfolio. Meanwhile, all internationally recognised good agricultural practices were maintained, accredited by multiple international certifications.

I urge our shareholders to refer our disclosures under the Sri Lanka Sustainability Disclosure standards for greater details on APL's plans for sustainable business growth.

### Plans for the new financial year

In the new financial year, we hope to commence reviewing APLs existing agro-economic conditions to develop a detailed roadmap to systematically infuse scientific agricultural and management practices into APL's estates. For closer operational oversight, we will be implementing a fully-fledged cloud based ERP system that can access real time data. This will significantly improve the speed and efficiency of management decision making. APL's portfolio of international sustainability accreditations will also improve marketability of APL products in global markets, where consumers are increasingly demanding sustainably produced goods. Therefore, I am confident APL will be able to consolidate its tea prices, whatever the global commodity market developments under the new US trade regime. The stronger pricing and brand positioning, coupled with ongoing modernisations should strengthen APL's financial sustainability, and shareholder value.

### Appreciations

APL is now steadily aligning to its planned transformation strategy, and I am grateful for the corporation that I have received from our stakeholders to implement and continue these sweeping changes to traditional plantation systems. The Chairman and the Board of Directors have guided this process to manage this transition smoothly. The entire APL team, including all management, estate employees as well as staff, are contributing to this change process. Other stakeholders such as our banks, brokers and suppliers are partners of APL's journey and I appreciate their continued support. I would also like to express my appreciations to the Planters' Association and the Employers' Federation for their insights and expertise. I invite all our stakeholders to continue partnering APL in the new financial year, as we continue this transformation.



**S.S. Poholiyadde**

Managing Director

05<sup>th</sup> August 2025

# OPERATIONS REVIEW BY CEO



**IN 2024/25, AGARAPATANA PLANTATIONS PLC CONTINUED ITS POSITION AS THE LARGEST HIGH-GROWN TEA PRODUCER AMONG REGIONAL PLANTATION COMPANIES, DESPITE A 7% DROP IN PRODUCTION, WHILE INCREASING AVERAGE TEA PRICES DUE TO QUALITY IMPROVEMENTS. THE COMPANY FOCUSED ON OPERATIONAL EFFICIENCY THROUGH RENEWABLE ENERGY, MECHANISATION, AND NEW AGRICULTURAL TECHNIQUES, AND PLANS TO ENHANCE DIGITISATION, TEA TOURISM, AND ORGANIC TEA PRODUCTION TO SUSTAIN GROWTH**

## Overview of operations

I am pleased to share with you the operational review of APL estates for the financial year 2024/25.

For the year under review, APL was the largest producer of tea among Regional Plantation Companies (RPCs) in the high grown tea sector, and the second largest high grown tea producer among all RPCs. This is in spite of our total tea production declining by about 7% year-on-year to 6.3 Mn kgs in 2024/25 due to unfavourable weather conditions. In addition, the prices for APL tea, on average, increased from Rs. 976 per kilo, to Rs. 1,098 ranking APL at number 8 in terms of prices, among high grown sector RPCs. Both the Uva and Agras regions achieved price increases, reflecting quality improvements from continued investments into the upkeep of our estates, and also the correct use of mechanised plucking to preserve quality of green leaf. In fact, during the year, many estates attracted top prices at the Colombo tea auctions, demonstrating the potential of our estates.

## Improving operational efficiencies

While maintaining our quality systems, we have been continually reviewing and investing in our production processes in order to improve operational efficiencies, which is vital for financial sustainability going forward as costs continue to increase. Energy efficiency is a major component of this process. During the year, we installed solar panels in 7 tea factories. Upgrades to the Diyagama West mini hydro plant is now well under way. The use of renewable energy will not only reduce our energy costs, but will also improve our tea branding as sustainably produced tea. All our estates were subjected to carbon footprint audits, which will guide each estate on how to control their individual carbon footprints.

We continued our factory development plans to fully automate Diyagama West, Hauteville, Balmoral, Dambatanne, Glenanore and Nayabedde factories. Repairs and maintenance work were done on all our lorries and tractors enabling faster pick-and-drop of green leaf, to preserve quality. Smaller harvesters were bought for women tea pluckers, and on average 10% of tea plucking is

now done using machines, with some estates reaching 17%. We are also introducing machines for other field work to manage available workers, and almost all pruning is now done by machines. Older, low yielding seedlings are also being gradually replaced with Vegetatively Propagated cultivar that have higher yields.

Our tea centres located in Haputale, Dambatenne, Glenanore and Nayabedde are the retail outlets for APL tea under different estate garden marks. The Haputale Tea Centre was upgraded, and we plan to expand our tourism portfolio further, with a number of high-end tourism offerings.

## Exploring new agri-techniques

As our stakeholders are aware, Sri Lanka's plantations are facing major agro-climatic challenges, as well as soil degradation from over 150 years of cultivation. Therefore, in order to ensure future sustainability of APL estates, we are exploring techniques to improve soil conditions on an experimental basis, on selected estates. These methods will be extended to all estates based on the results. We are also introducing techniques to manage climate change impacts.

In the Haputale region, we tested a new slow-release fertiliser mix with our own additions, and are getting very encouraging results in terms of leaf quality, yield and resilience to extreme weather. As this is a slow release fertiliser, negative environmental impacts are minimized due to lower wash-off of nutrients. We are the first company to start large scale field trials with the new formula. In estates experiencing extended dry spells, we paired the fertiliser mix with sprinkler irrigation systems. In estates in the Agras region, we switched to gravity fed irrigation. Agras estates are also experimenting with different biodegradable mixtures and have achieved excellent results in soil moisture retention and soil nutrition.

Many estates have been experimenting with different labour savings/productivity models, such as replacing manual digging and shredding with specialised machines for labour savings etc.

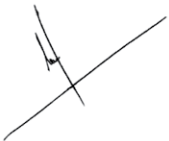
# OPERATIONS REVIEW BY CEO

## Plans for 2025/26

In the new financial year, we plan to expand digitisation within estate operations. An efficient ERP system, which interconnects all estates and the head office in Colombo, will be deployed at the start of the new year providing real time production data for decision making. In addition, digital weighing machines will be installed in all estates to eliminate manual errors in payments for pluckers. All plucked leaf will be measured accurately in front of pluckers, and payments will be credited directly into their bank accounts, digitally. As our estates are located in remote areas with no ATMs, or banks, we are working with a bank and neighbouring shops, to develop a special debit/shopping card that will enable workers to withdraw cash, or purchase goods directly from shops.

Other major investments lined up, will be obtaining Occupational Health and Safety Certification for all our tea factories, fully automating the Diyagama West tea factory, and a bio-tea manufacturing project at the Udaveriya Estate. Udaveriya Estate is already recognised for its pure organic tea, sans any chemical pesticides and fertiliser. Next year, we will import the required machinery and commence manufacturing organic tea and handmade artisanal tea, under the Horton Plains garden mark. We are also looking into export opportunities, to benefit from the strong global consumer demand for organic tea. Our tourism plans include upgrading our existing tea centres into premium tourism products, and creating new, high end tourism offerings to tap into the growing tourism opportunity.

With our plans gradually gaining pace, we are confident APL will maintain steady improvements in the new financial year.



**D.R. Madena**

Director/ Chief Executive Officer

05<sup>th</sup> August 2025

# BOARD OF DIRECTORS



**S.D.R. Arudpragasam - Chairman**  
Non-Executive Director

Mr. S.D.R. Arudpragasam joined the Board in 1996 and was appointed Chairman in May 2013. Mr. S. D. R. Arudpragasam whilst being associated with The Colombo Fort Land & Building Group of Companies since 1982 and having served on the Board of The Colombo Fort Land & Building PLC (CFLB) since the year 2000 and as Deputy Chairman from 2011 was appointed Chairman CFLB with effect from 1st July 2022. He also serves as Chairman

of several subsidiaries of CFLB and holds the position of Chairman, Lankem Ceylon PLC and Chairman/Managing Director of E.B. Creasy & Company PLC in addition to holding other Directorships within the CFLB Group. He also functions as a member on several Board Subcommittees of the CFLB Group.

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



**S.S. Poholiyadde - Managing Director**  
Executive Director

Mr. S.S. Poholiyadde joined the Board on 07th September 2018 and was appointed Managing Director on 25th September 2024. He also holds the position of Managing Director of Kotagala Plantations PLC & Managing Director, Lankem Tea & Rubber Plantations (Pvt) Ltd (LT&RP), Managing Agents of Kotagala Plantations PLC and Agarapatana Plantations PLC. He has over four decades of experience in the Plantation Industry.

Mr. Poholiyadde is also the Chairman of the Planters' Association of Ceylon and a member of the Board of Directors of the Sri Lanka Tea Board and the Rubber Research Board. He is also a council member of the Ceylon Chamber of Commerce.

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

He has also been a Former Chairman of the Colombo Rubber Traders' Association and has served as Chairman of the Plantation Services Group of the Employers Federation of Ceylon (EFC).

Mr. Poholiyadde is a Fellow of the National Institute of Plantation Management.

# BOARD OF DIRECTORS



**D.R. Madena - Chief Executive Officer**  
Executive Director

Mr. Madena commenced his career with Janatha Estates Development Board in 1987 prior to privatisation and his experience spans over 38 years in the high grown western and eastern Regions.

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

He continued to serve Kotagala Plantations under the management of Lankem Tea and Rubber Plantations (Pvt) Ltd (LT&RP) and functioned as the Manager from 2000 to 2005 of the

Stonycliff Cluster which is one of the most prestigious properties of Kotagala Plantations.

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

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

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



**Anushman Rajaratnam**  
Non-Executive Director

Mr. Anushman Rajaratnam was appointed to the Board on 1st October 2019. He is at present the Group Managing Director of The Colombo Fort Land & Building PLC (CFLB).

In addition, he serves on the Boards of several subsidiary companies and also functions as a member on several Board Subcommittees of the CFLB Group. Prior to joining the CFLB Group, he worked overseas for a leading global Accountancy Firm.

Mr. Anushman Rajaratnam holds a Bachelor of Science degree in Economics from the University of Surrey, UK, CPA Australia and MBA from the Massachusetts Institute of Technology, USA.



**K. Mohideen**  
Executive Director

Mr. K. Mohideen was appointed to the Board of Agarapatana Plantations PLC on 20th September 2022.

He is a Fellow of the Institute of Chartered Accountants of Sri Lanka and The Chartered Institute of Management Accountants (UK). He commenced his career at M/s Ernst & Young, Sri Lanka and later moved to various Commercial Sectors both locally and overseas.

He possesses a wide exposure in the areas of Plantation Industry, Hyper Market Operations, Fast Food Industry, Investment & Finance and Manufacturing spanning over 25 years in local and overseas companies during which period

he has held several senior positions in Finance and Management including the position of Director Finance & IT in a local Company and has also served as Managing Director in a Super Market operation overseas.

Having extensive experience in the field of Finance, Mr. K. Mohideen joined the Lankem Plantations Group in the year 2012 as General Manager - Finance. He currently holds the position of Director - Finance and heads the Financial Management Unit of the Plantations Sector which comprises of several Companies including two Regional Plantation Companies.



**K.G. Punchihewa**  
Independent Non-Executive Director

Mr. K. G. Punchihewa was appointed to the Board of Agarapatana Plantations PLC on 1st November 2024. He started his career at M/s. B R De Silva & Co. Chartered Accountants, in 1983 and was appointed as a Partner in 1991.

He moved to the mercantile sector as the Financial Controller of Kotagala Plantations Ltd. under M/s George Steuarts Management Services in 1992 and in 1997 he was promoted as the Group Financial Controller of the George Steuarts Group of Companies and also as the Director Finance of George Steuart Auto Supplies (Pvt) Ltd.

He re-joined the Plantation Sector as the General Manager- Finance of Kahawatte Plantations Ltd in 2002.

In 2005 he took his first overseas posting as the Financial Controller of PT Agro Bukit Indonesia and later promoted to the key position of Head of Finance – Plantation Operations and Business Support for the entire Indonesian operation of Good Hope Asia Group, which consisted of six Oil Palm Plantation Companies.

Mr. Punchihewa returned to Sri Lanka in 2011 and joined Lankem Tea & Rubber Plantations (Pvt) Ltd (LT&RP) as the Director/ Deputy CEO, and was appointed, as the CEO of Agarapatana Plantations Ltd. in April 2014. He served on the Board of Agarapatana Plantations Ltd from 2012 to 2016.

# BOARD OF DIRECTORS

In October 2016 he joined Browns Group as the Group Chief Executive Officer - Plantation Sector in-charge of three Regional Plantation Companies and served as the Chief Executive Officer of Maturata Plantations Ltd in the same Group till July 2020.

He joined Richard Pieris Group as the Chief Financial Officer – Plantation Sector in August 2020 and was promoted as the Chief Executive Officer of Maskeliya Plantations PLC in February 2021 in the same Group, in addition to the post he was holding. He served as the Chief Executive Officer of Maskeliya Plantations PLC until March 2023 .

Mr. Punchihewa currently serves as a Director of Plantation Human Development Trust and on the Boards of certain other listed entities of The Colombo Fort Land & Building Group as an Independent Non-Executive Director and also serves on the Boards of several other unlisted entities within the CFLB Group. He also functions as the Chairman/ Member of certain Board Subcommittees of several subsidiary companies of the CFLB Group.

He is a Fellow member of the Institute of Chartered Accountants of Sri Lanka since 1988 (FCA) and a Member of the Certified Public Accountants (CPA) - Australia since 2014.



**S.B. Perera**  
Independent Non-Executive Director

Mr. S. B. Perera was appointed to the Board of Agarapatana Plantations PLC on 31st December 2024. He was the Chief Executive Officer of Teejay Group from April 2018 to December 2019. He also served as the Chief Executive Officer of Brandix Apparel Solutions Limited from January 2010 to March 2018. He was responsible for drawing up and implementing strategies across all business units in the intimate apparel SBUs in Sri Lanka and India. Mr. Perera previously held positions of Group Financial Controller & Treasurer, Group Accounts Manager and Finance Director at Unilever Sri Lanka while counting overall experience over 30 years both with Engineering and Finance exposure in and amongst competitive conditions and multi-dimensional challenges. He served as Accounts and Administrative Controller at Al Mulla Group of Companies in Kuwait from

January 1991 to December 1995. He has wide exposure in FMCG, Garment and Textile Manufacture and service industry (overseas).

He holds a Bachelor of Science Degree in Mechanical Engineering-2nd Class Upper Honours from the University of Moratuwa and is a Fellow of the Chartered Institute of Management Accountants/CGMA, UK. Mr. Perera currently serves as an Independent Director of Teejay Lanka PLC and its Subsidiaries and on the Boards of Fintrex Finance Limited and C.W. Mackie PLC and on the Boards of certain other listed and unlisted entities of The Colombo Fort Land & Building Group. He also functions as the Chairman/ Member of certain Board Subcommittees of several subsidiary companies of the CFLB Group.



**C.P.R. Perera**  
Deputy Chairman

Independent Non-Executive Director  
(Resigned w.e.f. 31.12.2024)

Mr. C.P.R. Perera joined the Board in 2005 and was appointed Deputy Chairman in May 2013. He was appointed to the Board of The Colombo Fort Land & Building PLC (CFLB) in May 2013 and as Deputy Chairman with effect from 1st July 2022. He serves on the Boards of several subsidiaries of CFLB Group and also holds directorships in other private and public companies. He retired as Chairman of Forbes & Walker Ltd and its subsidiary companies in June 2005 after almost 44 years of service. He is also a past Chairman of the Sri Lanka Tea Board, Sri Lanka Insurance Corporation,

PERC and Bank of Ceylon. Mr. Perera having held the Office of Chairman of Ceylon Tea Brokers PLC until 1st April 2022 continues to serve as a Non-Executive Director of the said Company. Mr. Perera has served as a Committee Member of the Ceylon Chamber of Commerce, The Planters Association of Ceylon, and on the Committee of Management of the Ceylon Planters Provident Society.

Mr. C.P.R. Perera resigned from the Board of Agarapatana Plantations PLC with effect from 31st December 2024.



**P.M.A. Sirimane**  
Independent Non-Executive Director  
(Resigned w.e.f. 31.12.2024)

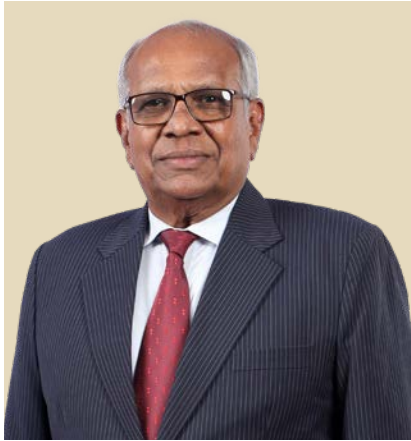
Mr. P.M.A. Sirimane was appointed to the Board of Agarapatana Plantations PLC on 20th September 2022.

He is a Fellow of the Institute of Chartered Accountants of Sri Lanka and also holds a Masters in Business Administration from the University of Swinburne, Victoria, Australia. Mr. Sirimane serves on the Board of The Colombo Fort Land & Building PLC (CFLB) and also serves on the Boards of several subsidiary companies in the

CFLB Group. Amongst other senior positions he has functioned as Managing Director/CEO of Mercantile Leasing Ltd, Group Finance Director of United Tractor & Equipment Ltd, Chief Finance Officer of Sri Lanka Telecom Ltd, and Director of SLT Hong Kong Ltd. He has served as a Member of several Committees of the Institute of Chartered Accountants of Sri Lanka and was an ex-officio member of the International Leasing Association.

Mr. P.M.A. Sirimane resigned from the Board of Agarapatana Plantations PLC with effect from 31st December 2024.

# BOARD OF DIRECTORS



**G.K.B. Dasanayaka**  
Independent Non-Executive Director  
(Resigned w.e.f. 31.12.2024)

Mr. G.K.B. Dasanayaka was appointed to the Board of Agarapatana Plantations PLC on 20th September 2022.

He is an Attorney-at-Law by profession. After a brief period at the unofficial Bar, Mr. Dasanayaka joined the Employers Federation of Ceylon (EFC) in 1979 and was Director General/CEO of the EFC from 2000 - 2006. His areas of work and expertise involved representing employers at International and National Level on Labour and related social issues, Employment Law, Employee Relations and Training & Development of Human

Resources. He is an Honorary Life Member of the Chartered Institute of Personnel Management (Sri Lanka).

Mr. Dasanayaka worked with the International Labour Organisation (ILO) as a Senior Professional Specialist (Employer's activity) for the South Asian Region from 2007 to 2015. Since leaving the ILO, he offers consultancy services in employment related subjects.

Mr. Dasanayaka resigned from the Board of Agarapatana Plantations PLC with effect from 31st December 2024.



**A. M. de S. Jayaratne**  
Independent Non-Executive Director  
(Resigned w.e.f. 31.12.2024)  
(Deceased -10.07.2025)

Mr. A. M. de S. Jayaratne was appointed to the Board of Agarapatana Plantations PLC on 18th November 2022.

He was former Chairman of Forbes & Walker Limited, Colombo Stock Exchange, Ceylon Chamber of Commerce and The Finance Commission. He also served as Sri Lanka's High Commissioner in Singapore.

Mr. Jayaratne served as a Director of several listed and unlisted companies. He held a Bachelor of Science Degree in Economics and was a Fellow of the Institute of Chartered Accountants of England and Wales and of Sri Lanka.

Mr. Jayaratne resigned from the Board of Agarapatana Plantations PLC with effect from 31st December 2024. He passed away on 10th July 2025.

# MANAGING OUR CAPITALS

A person wearing a blue hard hat is holding a green tea plant branch. A digital network of glowing white nodes and lines is overlaid on the plant, symbolizing technology and sustainability.

# Mastering Futurism

With fuelling transformation as our goal, we nurture our capitals so that prosperity, progress and perspective are prioritised and anchor our path ahead. We continue to master the art of being future-ready, and fortify our operations so that development is guaranteed.

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*Operating Environment 30 | Managing Sustainability and Climate Related Risks and Opportunities 32 | Financial Capital 40 |  
Human Capital 44 | Manufactured Capital 50 | Intellectual Capital 54 | Natural Capital 56 | Social Capital 62*

# OPERATING ENVIRONMENT

Key macroeconomic indicators continued to improve in 2024/25, contributing towards greater operational stability. However, while economic uncertainties gradually receded, policy uncertainty pertaining to the future of the plantation sector remained an overhanging concern for plantation companies. While the plantation industry wage negotiations were concluded with no disruptions to operations of plantation companies, lack of clarity with regards to extension of the land leases and other possible policy changes such as abolition of SVAT, introduced uncertainty into long-term strategic planning

## Threats and opportunities

The 12 months under review, from 1st April 2024 to 31st March 2025, encapsulated a mix of threats and opportunities for APL. However, APL's sustained financial and operational improvements during the year, demonstrates the effectiveness of APL's strategies to address both internal weaknesses as well as external threats. APL continues to build its internal resilience to unavoidable external threats, such as climate change impacts, regulatory changes, and price volatility in global tea markets.

### • Geopolitical uncertainty

Continued conflicts in the Middle East and Russian-Ukraine conflict posed the risk of increased shipping costs, as well as price and demand fluctuations for tea. Demand for tea from Russia might decline due to ongoing sanctions, while demand from Türkiye, may also stagnate due to economic challenges. The war between Iran and Israel will affect the Middle East region will have serious repercussions on Sri Lanka tea exports.

### • Global competition

In 2024, India displaced Sri Lanka as the 3rd largest tea exporter by expanding production to 14% of global tea exports. Sri Lankan exports remained at 13%, becoming the 4th largest tea exporter. Sri Lanka was the 4th largest producer of tea in 2024, behind China, India and Kenya. The African Region continued to increase its production, while outputs from Bangladesh and India – particularly from the North Indian Region, declined by around 60 Mn kgs year-on-year.

### • Global price volatility

Agricultural commodity exports continued to experience price volatility in international markets. Tea, rubber and palm oil prices trended upwards, primarily due to lower production from major producers. Coconut prices at the auctions declined during the year, due to lower export demand. The increase in global palm oil prices is expected to increase local prices as well.



Factory - Nayabedde Estate



Harvesting Field - Pitaratmalie Estate

- **Market interest rates in Sri Lanka**

Interest rates on borrowings reduced significantly in 2024/25 with the key Average Weighted Prime Lending Rate (AWPLR) reducing 483 basis points from a year ago, which has improved investment opportunities for the plantations sector.

- **Rupee appreciation**

Plantation companies lost the benefit of the rupee depreciation of 2022/23, in the form of higher rupee incomes. In the financial year 2024/25, the rupee appreciated against other major currencies, such as stated below during the year up to 29 November 2024. A 10% appreciation of the currency against the US Dollar and a 26% appreciation against the Ruble could impact future tea prices.

- **Climate change impacts**

Extreme and unseasonal weather caused a decline in the production of tea.

- **Labour shortages**

Sri Lanka estates continued to see large scale labour outmigration

- **Rising operating costs**

The wage increase occurred in 2024 increased overall labour costs while costs of energy and agrochemicals as well as taxes remained high

- **Aging crops and reducing soil fertility**

### Global opportunities

- Tea consumption in India, which accounts for about 20% of global demand, is expected to rise by 3%-4% over the next 2-3 years. This presents a significant opportunity for Sri Lankan tea due to its close proximity and trade relations.
- Chinese consumption is likely to grow with a preference for black tea. The market for quality loose tea is expected to dominate, despite the rise in ready-to-drink products before the pandemic.
- Iran shows promise for tea prices, particularly with the recent 'Tea for Oil' deal with Sri Lanka.

### Managing the risks and capturing opportunities

APL continually monitored macro environmental developments during the year and responded with a range of strategies.

- Continued mechanisation of field operations to reduce labour requirements
- Reallocation and rotation of labour to improve labour efficiency
- Replanting, replacing seedling tea with VP tea, good agricultural practices and enhancing climate change resilience of crops through improved agricultural practices
- Tea factory automation and digitisation of manual processes in the field
- Business diversification into tourism
- Crop diversification into timber, and value addition
- Value addition to tea
- Adjusting the manufacture of tea to the market demand and prices
- Branding and marketing
- Introduction on renewable energy, solar and hydro power
- Certification into Carbon neutral and climate positive



# MANAGING SUSTAINABILITY AND CLIMATE RELATED RISKS AND OPPORTUNITIES

	Question Principle	Response
26	<b>Governance</b>	
27	The governance body(s) (board, committee or individual(s) responsible for oversight of sustainability and climate - related risks and opportunities.	<p>As an agri-business, monitoring climate and environment related risks are an inherent component of overall risk management due to the unavoidable impact of weather patterns on our crops.</p> <p>Therefore, APL does not see the need for a separate committee/ individual for this purpose. The existing risk management structure has already identified climate change impacts as a significant risk, and has already implemented risk monitoring and mitigation strategies, as well as for other sustainability related risks.</p>
(a)	(i) how responsibilities for sustainability and climate - related risks and opportunities are reflected in the terms of reference, mandates, role descriptions and other related policies applicable to that body(s) or individual(s);	<ul style="list-style-type: none"> <li>• The Board, Audit Committee and Management Committee are mandated to monitor and support financial sustainability - which depends on managing both climate and sustainability related risks and opportunities.</li> <li>• Board approved policies are available on environmental protection. Please refer the Natural Capital chapter.</li> <li>• Board approved HR policies are available for human resource management.</li> </ul>
	(ii) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to sustainability and climate - related risks and opportunities;	The Board and senior management decide on skill requirements based on a skill gap assessment reviewed against strategic growth targets. During the last two years the Company has recruited new personnel to fill identified skill gaps in key operational areas.
	(iii) how and how often the body(s) or individual(s) is informed about sustainability and climate -related risks and opportunities	Weekly and monthly.
	(iv) how the body(s) or individual(s) takes into account sustainability and climate - related risks and opportunities when overseeing the entity's strategy, its decisions on major transactions and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;	The trade-offs of taking no action against sustainability and climate change risks and opportunities have been considered in terms of impact on revenue and profitability. Strategies were developed based on existing and estimated impacts.
	(v) how the body(s) or individual(s) oversees the setting of targets related to sustainability and climate -related risks and opportunities, and monitors progress towards those targets, including whether and how related performance metrics are included in remuneration policies.	<p>Target setting</p> <ol style="list-style-type: none"> <li>1. First identify the most urgent/impactful sustainability and climate related concerns</li> <li>2. Secondly, develop strategies and timelines</li> <li>3. Thirdly, set weekly, monthly and annual targets</li> </ol> <p>Progress against targets are monitored through weekly and monthly management meetings</p>

	Question Principle	Response
(b)	Management's role in the governance processes, controls and procedures used to monitor, manage and oversee sustainability and climate -related risks and opportunities	The management have oversight of all controls to monitor sustainability and climate changes related risks and opportunities. KPI and targets are used as controls. The Board and Board sub committees are kept informed of progress.
	(i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is	<ul style="list-style-type: none"> <li>• All levels of management have been allocated KPIs and responsibilities to monitor activities.</li> <li>• The Management Committee and Audit Committee reviews quarterly progress</li> </ul>
	(ii) exercised over that position or committee	
	(iii) whether management uses controls and procedures to support the oversight of sustainability-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions	Controls have been established starting from the estate level upwards, through targets for yields, manufactured outputs and profitability

## SUSTAINABILITY AND CLIMATE CHANGE RELATED RISKS AND OPPORTUNITIES

As an agri-business, and a mono-crop cultivator of tea, climate change has already been recognised as a major sustainability risk to the Company. Therefore, APL does not view climate change impacts as a separate risk, but as a component of overall sustainability related risks. Climate related risks are concentrated on the crop cultivation area of the value chain. In the business model, the risk is primarily felt on finances in the form of costs associated with direct crop losses and quality losses, and costs incurred for mitigation strategies. While it is possible climate change could result in crop cultivation opportunities over the longer term, at present we foresee rising risks associated with climate change and not opportunities. However, we do anticipate opportunities from sustainable agricultural practices, sustainable tea manufacturing and sustainable tourism. Therefore, our risk management strategies are designed within this outlook.

We have classified current and anticipated effects of climate and sustainability related risks and opportunities as Low, Medium and High. Some of these risks and opportunities are already taking effect and are no longer in the "anticipated" category. However, where stated, the short term refers to 0-2 years, medium term is 3-5 years and long term is over 5 years.

The link between strategic planning and time horizons is given below:

1. **Short Term (0-2 years)** – Focuses on immediate operational efficiencies, compliance with existing regulations, and short-term workforce stability. Planning in this phase includes quick adaptation to regulatory changes and market demands.
2. **Medium Term (3-5 years)** – Addresses gradual environmental and economic shifts. Strategic actions in this period involve infrastructure investments, water conservation projects, and gradual transition to renewable energy.
3. **Long Term (5+ years)** – Involves deep-rooted sustainability transformations such as large-scale afforestation, full carbon neutrality, and long-term climate adaptation strategies. Planning for this phase is integrated into the company's long-term sustainability roadmap.

Progress of our strategies as at the end of the current financial year, are described in the MD's Review and the Operations Review by CEO.

# MANAGING SUSTAINABILITY AND CLIMATE RELATED RISKS AND OPPORTUNITIES

## APL's Value Chain

Stages of the value chain	Activities
 <p><b>Cultivation</b> Tea, timber</p>	<ul style="list-style-type: none"> <li>• Maintain plant nurseries</li> <li>• Replanting with VP cultivar</li> <li>• Provide agricultural inputs (fertiliser, soil improvement)</li> <li>• Obtain sustainability certification for cultivation of tea</li> <li>• Training in agricultural practices</li> </ul>
 <p><b>Harvesting</b> Tea leaves, timber</p>	<ul style="list-style-type: none"> <li>• Mechanised tea harvesting</li> <li>• Manual tea harvesting</li> <li>• Training in machine harvesting</li> <li>• Timber harvesting</li> </ul>
 <p><b>Processing</b></p>	<ul style="list-style-type: none"> <li>• Manufacturing black tea</li> <li>• Sustainable manufacturing certification</li> <li>• Training in quality and health and safety</li> <li>• Quality certification</li> </ul>
 <p><b>Packaging</b></p>	<ul style="list-style-type: none"> <li>• Packaging value added tea</li> <li>• Packaging wholesale tea</li> <li>• Compliance with labelling requirements</li> </ul>
 <p><b>Storage and transportation</b></p>	<ul style="list-style-type: none"> <li>• Transport to warehouses in lorries</li> <li>• Transport to tea auctions in Colombo</li> </ul>
 <p><b>Sale in domestic market</b></p>	<ul style="list-style-type: none"> <li>• Tea and timber as sold in the local market</li> </ul>

Sustainability Risks	Current effects on business model and value chain	Anticipated effects on business model and value chain	Response
<b>Sustaining profitability</b>	APL's business model and value chain are currently impacted by rising costs due to rising labour and input costs, regulatory changes and climate change impacts.	We anticipate costs to increase over the mid to long term.  However, the impact of new US tariffs on the exchange rate and global market prices of inputs and commodities, as well as debt repayment from 2027, might change this outlook.	Our strategy is <ul style="list-style-type: none"> <li>• Contain costs</li> <li>• Maintain/grow margins</li> <li>• Diversify into new revenue sources</li> </ul> Please refer the Financial Capital chapter for details on financial management.
<b>Market Fluctuations</b> Unpredictability of demand and prices	During the current financial year, tea prices increased and had a positive effect	Over the medium to long term, we anticipate tea prices to increase in volatility and unpredictability, due to climate change impacts on tea producing countries as well as conflicts in tea export destinations. This may result in either a positive or negative outcome for APL.	We are responding to this risk by adopting product diversification strategies to balance the risk. Please refer the MD's Review for further information.
<b>Labour Issues</b> Labour migration and wage increases can increase operational costs. The lack of skilled workers can reduce productivity	Currently, the impact is contained at mid-levels	Over the medium to long term, we anticipate the impact to decline as we expand mechanisation and train our workers.	<ul style="list-style-type: none"> <li>• Mechanisation and automation to replace manual operations</li> <li>• Careful planning of available labour utilisation</li> <li>• Continuous training to maintain quality and sustainability compliance</li> </ul>
<b>Declining tea yields due to</b> <ul style="list-style-type: none"> <li>• Soil degradation</li> <li>• Aging tea bushes</li> <li>• Labour shortages reducing harvesting</li> <li>• Climate changes</li> </ul>	The impact of declining yields would have been much higher in the current year, but was contained through our strategic responses	We anticipate the effect to reduce over the long term as our strategies take effect.	We are addressing declining yields through a number of actions. <ul style="list-style-type: none"> <li>• Soil improvement methodologies</li> <li>• Increasing the quantity of bought leaf</li> <li>• Gradually replacing aging seedlings with high yielding VP cultivar</li> <li>• Mechanising harvesting and other field activities</li> <li>• Climate change mitigation practices</li> </ul>

# MANAGING SUSTAINABILITY AND CLIMATE RELATED RISKS AND OPPORTUNITIES

Sustainability related opportunities	Current effects on business model and value chain	Anticipated effects on business model and value chain	Response
Enhance financial sustainability	The negative effects of debt have reduced year-on- year	<ul style="list-style-type: none"> <li>• Stronger balance sheet</li> <li>• Capacity for increased capital investments</li> <li>• Increase returns for shareholders</li> </ul>	We are responding to improved financial health of the company with better investment planning
<b>Sustainability Trends</b> Increasing consumer demand for sustainably sourced products represents an opportunity for differentiation in the market.	The continued investment into sustainable manufacturing remained high in the current year and will remain high over the short term.	No major impacts are anticipated on the value chain and business model over the mid to long term.	We are investing in sustainability accreditations for cultivation, factories and products.

## STRATEGIC RESILIENCE

APL has already factored-in, sustainability and climate change risks into its current growth strategy. Therefore, we do not anticipate significant changes to ongoing strategic direction and plans. A robust risk management framework is in place to identify, assess, and mitigate sustainability and climate-related risks and opportunities. This includes regular monitoring and reporting on key performance indicators, ensuring proactive rather than reactive management.

- We are enhancing strategic resilience by improving data flows for decision making and will continue to do so by deploying an ERP system that connects all estates, regional offices and head office. The ERP will also enable access to real time information for senior management to make production and pricing decisions.
- APL's long-term focus on sustainability aligns with global trends towards responsible consumption.
- APL's diversification strategy mitigates risks associated with dependency on a single crop and will open up new revenue streams.
- The adoption of sustainable agricultural practices enhances business model and value chain resilience
- Investing in technology, such as precision agriculture and automation, enables the company to optimize resource use and improve efficiency. This not only reduces operational costs but also reduces impacts of labour migration.

- Engaging with local communities, suppliers, and consumers fosters collaboration and builds trust. This engagement helps the company understand market trends and consumer preferences, allowing it to adjust strategies accordingly.
- APL continually reviews and updates its sustainability goals and practices. This iterative process ensures that the company remains resilient in the face of emerging challenges and opportunities.

## IMPACT ON FINANCES

The company is not in a position to provide quantitative data on financial impacts due to the complex nature of assessing combined impacts from multiple sustainability and climate related risks.

Plans for capital expenditure includes investments into sustainable agriculture technologies and practices, which are not yet contractually committed but are part of a strategic roadmap. This includes capital expenditures for modernizing equipment and enhancing operational efficiencies, as well as developing tourism infrastructure. Potential joint ventures with sustainability-focused partners may also be explored to expand into new markets or product lines.

Funding for sustainability initiatives may come from a mix of internal cash reserves, reinvested profits, and potential green financing options. The company will explore partnerships and grants that support environmental initiatives.

	Current financial effects	Anticipated financial effects
Sustainability risks	<ul style="list-style-type: none"> <li>• <b>Shareholders' Funds:</b> Climate impacts on crop yields, have reduced profitability, reducing shareholders' funds</li> <li>• <b>Revenue Fluctuations:</b> Revenue has fluctuated due to unpredictable crop outputs.</li> <li>• <b>Increased Costs:</b> Rising labour costs and investments in sustainable/climate change mitigation practices have increased operational expenses, affecting net income during the reporting period.</li> <li>• <b>Cash Flows :</b> Investments in sustainability practices are being implemented in stages to prevent cashflow shortages</li> </ul>	<p><b>Short Term (1-2 years):</b></p> <ul style="list-style-type: none"> <li>• <b>Financial Position:</b> Temporary pressures on cash flows is expected due to increased expenditures on sustainability initiatives. However, maintaining a strong liquidity position will be crucial.</li> </ul> <p><b>Medium Term (3-5 years):</b></p> <ul style="list-style-type: none"> <li>• <b>Financial Position:</b> As sustainability initiatives take effect, asset valuations are expected to stabilise or improve.</li> <li>• <b>Performance:</b> Expected improvements in efficiency and reduced costs will lead to profitability improvement.</li> <li>• <b>Cash Flows:</b> Positive cash flow trends are anticipated as the benefits of sustainability investments materialize, leading to increased revenue from premium products.</li> </ul> <p><b>Long Term (5+ years):</b></p> <ul style="list-style-type: none"> <li>• <b>Financial Position:</b> A stronger financial position is expected as the company successfully capitalizes on sustainability-related market opportunities, leading to enhanced asset values.</li> <li>• <b>Performance:</b> Long-term profitability is projected to improve due to ongoing cost efficiencies and increased market share in sustainable products.</li> <li>• <b>Cash Flows:</b> Sustained positive cash flows are anticipated as the company benefits from established sustainable practices and reduced operational risks.</li> </ul>
(b) provide qualitative information, including		
<ul style="list-style-type: none"> <li>• identifying line items,</li> <li>• totals and subtotals within the related financial statements that are likely to be affected, or have been affected, by that sustainability-related risk or opportunity</li> </ul>		

# MANAGING SUSTAINABILITY AND CLIMATE RELATED RISKS AND OPPORTUNITIES

Resilience		
41	disclose a qualitative and, if applicable, quantitative (a single amount or a range) assessment of the resilience of its strategy and business model in relation to its sustainability and climate related risks, including how the assessment was carried out and its time horizon.	<p>Resilience assessments used by APL include but are not limited to:</p> <ul style="list-style-type: none"> <li>• Annual crop yields from both cultivation regions</li> <li>• Total made tea outputs</li> <li>• Net Sales Average</li> <li>• Cost to revenue ratio by product</li> <li>• Gross profit margin by product</li> <li>• Rainfall data range</li> </ul> <p>Financial ratios are calculated using data provided by estates. Historical crop yield and rainfall data are already available to APL. Estates also continually monitor crops yields per estate and this data is provided to the management.</p>
Risk management		
43 (a)	<p>processes and related policies the entity uses to identify, assess, prioritise and monitor sustainability-related risks</p> <p>(i) the inputs and parameters the entity uses (for example, information about data sources and the scope of operations covered in the processes</p>	<p>Inputs used to monitor climate related risks</p> <ul style="list-style-type: none"> <li>• Annual rainfall data</li> <li>• Number and frequency of natural disasters</li> <li>• Crop yields</li> </ul> <p>Inputs used to monitor sustainability related risks</p> <ul style="list-style-type: none"> <li>• Commodity prices</li> <li>• Demand volumes of commodities</li> <li>• International trade data</li> <li>• Exchange rate</li> <li>• Interest rates</li> <li>• Labour shortages</li> <li>• Cost of production</li> <li>• Cash flows</li> <li>• Debts</li> <li>• Energy consumption</li> <li>• Energy cost</li> <li>• Water consumption</li> <li>• Soil nutrition content</li> </ul>
	ii) whether and how the entity uses scenario analysis to inform its identification of sustainability-related risks	Identifying scenarios, assessing impacts, qualitative and quantitative analysis, developing risk mitigation strategies, continuous monitoring and updating

	iii) how the entity assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the entity considers qualitative factors, quantitative thresholds or other criteria)	Quantitative thresholds have been set for key criteria to assess the magnitude of risks
	iv) whether and how the entity prioritises sustainability and climate related risks relative to other types of risk	Yes, it is essential for long term success
	v) how the entity monitors sustainability-related risks;	Data collection, KPIs, Regular monitoring, scenario planning
	vi) whether and how the entity has changed the processes it uses compared with the previous reporting period	No changes
(b)	the processes the entity uses to identify, assess, prioritise and monitor sustainability-related opportunities	Market demand trends and prices are continually monitored to identify market opportunities
(c)	the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring sustainability-related risks and opportunities are integrated into and inform the entity's overall risk management process.	Fully integrated

# FINANCIAL CAPITAL



We are pleased to report a marked improvement to APL's financial health and financial stability as at the end of the 2024/25 financial year. Although excessive rains in the highlands caused tea production, which is the only crop of the Company, to decline, and worker wages were increased, the year was concluded with a steady growth in profits, demonstrating efficient management of finances and other assets. This chapter explains the changes to APL's financial status during the 12 months of 2024/25



## STRENGTHENING OUR FINANCIAL CAPITAL

### Utilisation of IPO Proceeds

A majority 90% of the funds from the August 2023 IPO were allocated towards purchasing modern equipment to develop APL factories to "State-of-the-Art Processing Centres." As at end March 2025, approximately 4% of the allocated funds

were utilized for this purpose, and the balance funds have been invested in fixed deposits, generating an additional interest income for the Company. The Company's current profitability can, in part, be attributed to the productivity and efficiency gains from these investments. Capital investments will be continued in the new financial year, according to the Company's modernisation agenda.

### Indicators of financial improvements

- The Company paid two interim dividends of Rs. 1/- per share and Rs. 0.50 per share (total dividend payment - Rs. 750 Mn).
- Total equity of the Company increased from Rs. 4,209 Mn as at end March 2024 to Rs. 4,251 Mn by end March 2025.
- Net Assets per share increased from Rs. 8.42 to Rs. 8.50 and APL's market value increased from the IPO price of Rs. 9.00 in 2023, to Rs. 13.10 as at 31<sup>st</sup> March 2025.

Only 10% of IPO proceeds was allocated for the settlement of high-cost term loans and these funds were fully utilized in the previous 2023/24 financial year, for this purpose. Consequently, APL entered the current financial year with a cleaner balance sheet and lower debt interest payments.

### Financial capital base

	2022/23	2023/24	2024/25	% change
Company - Total equity (Rs Mn)	3,327	4,209	4,251	1%
Company - Total debt (Rs Mn)	1,234	1,172	1,193	2%
Group - Total equity (Rs Mn)	3,279	4,172	4,234	2%
Group- Total debt (Rs Mn)	1,353	1,234	1,223	(1%)

Company	2022/23	2023/24	2024/25	% change
Earnings per share (EPS)	4.28	0.97	1.58	63%
Interest coverage (Times)	10.65	3.91	9.58	145%
Return on Assets (ROA)	0.23	0.05	0.08	60%
Return on Equity (ROE)	0.54	0.11	0.19	73%
Gearing ratio	0.37	0.28	0.28	-
Current ratio	1.03	1.44	1.31	(9%)

Group	2022/23	2023/24	2024/25	% change
Earnings per share (EPS)	4.17	1.00	1.60	60%
Interest coverage (Times)	9.85	3.78	9.46	150%
Return on Assets (ROA)	0.22	0.05	0.08	60%
Return on Equity (ROE)	0.53	0.11	0.19	73%
Gearing ratio	0.41	0.30	0.29	(3%)
Current ratio	1.04	1.44	1.32	(8%)

### Contribution to finances from hydropower

In 2024/25, APL's subsidiary Waverley Power (Pvt) Ltd, a mini hydropower plant which sells electricity to the national grid, contributed Rs. 67 Mn to group revenue.

# FINANCIAL CAPITAL

## Financial status

### Revenue

Sri Lanka's high grown tea production declined in 2024/25, as a result of adverse weather conditions, and this pattern was mirrored at APL's tea estates as well. The total tea output from APL estates fell by 0.4 Mn kgs, compared to last year. Tea prices however, increased compared to the previous year, due to the supply shortage.

Despite the lower green leaf outputs, APL managed to increase its revenue by 1% year-on-year, to Rs. 7,218 Mn, by obtaining higher prices for its tea. APL's Net Sales Average increased from Rs. 976 per kg of tea last year, to Rs. 1,098 in the current year.

The Group revenue also increased by Rs. 71 Mn when compared with the previous year.

The Company's finance income also increased significantly by 23% mainly due to interest income earned from IPO funds as fixed deposits, and interest earned from loans granted to Related Companies.

### Segmental Revenue – Group

	2022/23 Rs. Mn	2023/24 Rs. Mn	2024/25 Rs. Mn	% change
Tea	8,518	7,153	7,219	1%
Hydro Power	32	62	67	8%
Total	8,550	7,215	7,286	1%

### Gross Profit

Cost of sales declined by Rs. 404 Mn, mainly due to the decrease in production in the current year. However, Gross Profit increase by Rs. 470 Mn compared to the previous year mainly due to the increase in NSA. The gross profit margin increased from 12% to 18%.

	2022/23 Rs. Mn	2023/24 Rs. Mn	2024/25 Rs. Mn	% change
Company	2,656	831	1,300	56%
Group	2,681	877	1,339	53%

### Profit from Operations

Effective from 10th September 2024, the minimum daily wage for time work in the tea growing and manufacturing trade was increased from Rs.1,000/- to Rs.1,350/-. Consequently, both the wage costs for the year, as well as the liability on retirement benefit obligations, have increased.

The finance cost reduced significantly by 49% or Rs. 129 Mn, mainly due to lower borrowings and the reduction in market lending rates.

The Agras region recorded an estate level profit of Rs. 552 Mn against the Rs. 145 Mn profit in the previous year, while the Uva region recorded a profit of Rs. 497 Mn against the profit of Rs. 207 Mn, in the previous year, demonstrating an improvement in APL's estate performances.

The profit before tax increased by 49% to Rs. 1,108 Mn, while the Group profit before tax increased by 50% to Rs. 1,138 Mn.

	2022/23 Rs. Mn	2023/24 Rs. Mn	2024/25 Rs. Mn	% change
Profit before tax - Company	2,387	743	1,108	49%
Profit before tax - Group	2,386	759	1,138	50%

### Deferred Tax Expenses

	2022/23 Rs. Mn	2023/24 Rs. Mn	2024/25 Rs. Mn	% change
Recognised in the Profit or Loss	588	290	317	9%
Recognised in the Other Comprehensive Income	(37)	(136)	1	99%

### EARNINGS PER SHARE

**RS. 0.97** 2023/24

**RS. 1.58** 2024/25

### INTEREST COVER

**3.91 TIMES** 2023/24

**RS. 9.58 TIMES** 2024/25

### Profit for the year

The profit after tax of the Company increased by 74% to Rs. 790 Mn. The Group profit after tax increased by 72% to Rs. 801 Mn.

	2022/23 Rs. Mn	2023/24 Rs. Mn	2024/25 Rs. Mn	% change
Profit after tax Company	1,783	454	790	74%
Profit after tax Group	1,737	465	801	72%

### Financial Position

#### Liabilities

The remaining term loans of the Company amounted to Rs. 871 Mn as at 31st March 2025, compared to Rs. 916 Mn as at 31st March 2024. All term loans of the Company are expected to be settled in 2026.

The non-current liabilities increased by Rs. 736 Mn, mainly due to the increase in retirement benefit obligations by Rs. 419 Mn as a result of the wage increase occurred in September 2024. The Current Liabilities increased by Rs. 84 Mn mainly due to the increase in trade and other payables compared to the last year end balances.

#### Assets

The Company's Non-current assets increased by Rs. 1 Bn mainly due to the increase in property, plant and equipment. The current assets decreased by Rs. 150 Mn when compared with the last year, mainly due to the decrease in trade and other receivables. Total assets of the Company increased by Rs. 862 Mn.

The total assets of the Group increased by 9% to Rs. 856 Mn during the year.

### Cash Flow

Company	2022/23 Rs. Mn	2023/24 Rs. Mn	2024/25 Rs. Mn	Increase/ (Decrease) Rs. Mn	% change
Net Cash flow from/(used in) Operating Activities	925	312	1,066	754	242%
Net Cash flow from/(used in) Investing Activities	(555)	(269)	(410)	(141)	(52%)
Net Cash flow from/(used in) Financing Activities	(177)	644	(796)	(1,440)	(224%)

Group	2022/23 Rs. Mn	2023/24 Rs. Mn	2024/25 Rs. Mn	Increase/ (Decrease) Rs. Mn	% change
Net Cash flow from/(used in) Operating Activities	941	378	1,084	706	187%
Net Cash flow from/(used in) Investing Activities	(587)	(269)	(403)	(133)	(49%)
Net Cash flow from/(used in) Financing Activities	(172)	600	(829)	(1,428)	(238%)



#### Plans for the future

APL will continue to mechanise green leaf harvesting and field operations and modernise tea factories by gradually replacing old machinery with modern equipment, and by automating previous manual operations. Low yielding seedling fields will be gradually replaced with high yielding VP cultivar to increase outputs. Another area of interest is in energy cost savings through renewable energy

#### EQUITY

**RS. 4,251 MN**  
2023/24

**RS. 4,209 MN**  
2024/25

#### NET ASSETS PER SHARE

**RS. 8.42** **RS. 8.50**  
2023/24 2024/25

# HUMAN CAPITAL



As of March 2025, Agarapatana Plantations PLC has made significant strides in achieving its Human Resources (HR) targets, aligning with the company's strategic objectives of sustainability, productivity, and compliance with global standards. The HR initiatives undertaken have focused on workforce development, compliance with international certifications, and enhancing operational efficiency through targeted training programs and recruitment strategies



**HUMAN  
CAPITAL**

## Compliance statement

APL is pleased to report full compliance for the financial year 2024/25 with all applicable labour laws and regulations and all statutory payments. For the financial year under review, all statutory employee related payments have been made.

## Compliance with anti-child labour and forced labour regulations

APL does not use any form of child labour, or forced labour in any of its activities. The Company collaborates with the National Child Protection Authority and the Labour Department to prevent child abuse and to protect the rights of children in its estates and is fully compliant with national laws and regulations preventing child labour and forced/bonded labour.

### Performance against strategic priorities in 2024/25

APL's primary HR priorities were productivity and efficiency improvement across all employee categories, establishing a more efficient HR administration and improved compliance. The Company also focused on enhancing its sustainability through employee skill development and awareness regarding environmental, social and governance aspects.

HR Priority	Status as at 31st March 2025
<b>Streamlining HR administration</b>	
Digitization and technology integration in HR administration	A Cloud-Based HR Information System (HRIS) has been implemented to streamline key HR functions, such as payroll management, attendance tracking, and performance evaluations  An employee Self-Service Portal was introduced allowing employees to access personal records, check leave balances, and manage HR-related requests online
<b>Factory and Field Productivity Enhancements</b>	
Paperless factory concept	A paperless factory management system across all tea processing centres is being implemented for streamlined operations, improved traceability, and strengthened compliance with ISO: 9001, 22000, 45001, and 14001 standards
Process Automation	Higher productivity, and reduced production downtime
Skill Development & Training	Capacity-building programs were conducted to enhance technical expertise, resulting in greater efficiency and productivity across estates and factories
New screening system for recruitment	A new recruitment process, emphasizing academic qualifications was introduced to improve quality of new recruits
Productivity Committee Concept: The Productivity Committee is used to improve operational efficiency and employee engagement	The Committee, comprising cross-functional teams, has implemented measures to optimise resource utilisation, reduce waste, and enhance output quality. Regular meetings and feedback sessions were held during the year to increase in productivity compared to the previous year
<b>Improving compliance</b>	
Labour law compliance	A structured HR audit framework was introduced to improve labour law compliance, streamline grievance handling, and improve workforce planning
Rainforest Alliance Certification Training Programs	During the year, 13 comprehensive RA training programs were held for both the workforce and staff members covering critical areas such as sustainable agricultural practices, environmental conservation, and ethical labour standards. The training enhanced employee skills and compliance with international sustainability standards
Fire Drill & Occupational Safety and Health (OSH) compliance	All tea factories implemented fire drill and OSH programs which has reduced reported incidents compared to the previous year  Regular drills and training sessions have ensured that employees are well-prepared to handle emergencies
Carbon Footprint Certification	Carbon footprint certification was obtained for all tea fields and factories

# HUMAN CAPITAL

## Human Resources Profile 2024/25

APL's total human capital base comprised 7,021 as at end March 2025, inclusive of its executive management, staff and estate workers.

### Employees by category

Employee category	Number of employees 2023/24	Number of employees 2024/25	% change
Executives	65	71	9%
Clerical, Technical & Other Staff	496	481	(3%)
Estate Workers	7,516	6,469	(14%)
<b>Total</b>	<b>8,077</b>	<b>7,021</b>	<b>(13%)</b>

### Total employees by category, gender, age and service period for 2024/25

		Workers	Clerical, Technical & Other Staff	Executives	Total
Region Wise	Agras	3,317	280	20	3,617
	Uva	3,152	182	21	3,355
	Head Office	-	19	30	49
	<b>Total</b>	<b>6,469</b>	<b>481</b>	<b>71</b>	<b>7,021</b>

Gender Wise	Male	2,730	349	56	3,135
	Female	3,739	132	15	3,886
	<b>Total</b>	<b>6,469</b>	<b>481</b>	<b>71</b>	<b>7,021</b>

Age Distribution	Below 30 Years	310	44	8	362
	30 - 45 Years	3,061	206	29	3,296
	Over 45 Years	3,098	231	34	3,363
	<b>Total</b>	<b>6,469</b>	<b>481</b>	<b>71</b>	<b>7,021</b>

Service Distribution	Below 5 Years	1,193	177	28	1,398
	5 - 15 Years	1,754	175	23	1,952
	Over 15 Years	3,522	129	20	3,671
	<b>Total</b>	<b>6,469</b>	<b>481</b>	<b>71</b>	<b>7,021</b>

### Retention Strategy

APL is redefining job roles to enhance both the professional status and financial incentives of estate workers. The company has introduced advanced machinery into its operations, which has increased earning potential and has designated machine operators to elevate their status.

The Company is also improving remuneration structures, performance-based incentives, long-service awards and investing in skill development, as well as conducting regular feedback sessions, employee satisfaction surveys, and one-on-one meetings with supervisors.

### Key Improvements to HR administration

To align HR policies with industry best practices and evolving employee expectations, several key updates have been introduced:

- The HR department has been restructured to enhance workforce management, streamline HR operations, and create a more dynamic and supportive work environment.
- **Succession Planning:** A robust framework has been developed to identify and nurture potential leaders within the company for seamless leadership transitions and career growth opportunities.
- **Flexible Work Arrangements:** Flexible working hours and remote work options for administrative staff, has been introduced.
- **Enhanced Maternity Leave Benefits:** Maternity leave policies have been enhanced to provide additional support to employees.
- **Talent Development:** Upskilling and reskilling was emphasised to equip the workforce with modern competencies, ensuring adaptability to industry advancements.
- **Employee Well-being Programs:** APL introduced wellness initiatives, including mental health support services and stress management workshops.

### Industrial Relations

All employees in APL estates have freedom of association and all estate workers are unionised. The Company did not experience any serious industrial disputes during the reporting period. Operational changes are communicated by managers to their respective teams and are required to give adequate notice to employees prior to any changes being implemented.

### Wages

- **Estate workers:** In September 2024, Sri Lanka's Wages Board raised the minimum daily wage for tea and rubber estate workers by 35%, to Rs 1,350, with an additional allowance of Rs. 50 for each extra kilogram of harvest, effective from 10th October, 2024 and expected to continue for the next three years.
- **Estate staff:** The estate staff category come under a staff collective agreement.
- **Other employees:** Salaries and benefits of other employees are based primarily on the Shop and Office Employees Act of 1954, EPF Act, ETF Act and the Payment of Gratuity Act.

APL contributes 12% and 3% of the employee's salary to the Employees Provident Fund and Employees Trust Fund respectively as specified under the Act, and make provision for Gratuity Payments annually, for all employees who have been employed by the Company.

# HUMAN CAPITAL

## Training programs conducted during the year for Workers/ Executives/ Field Staff and Factory Staff

- Machine Pruning
- Machine Plucking
- Grievance Handling
- Gender Equality
- Child Labour
- Discrimination
- Workplace Violence
- Harassment
- Safe Handling of Agriculture Chemicals
- Chemical Storage
- Transportation
- Awareness on Use of PPEs
- OHS
- Emergency
- Wild Life Protection
- Waste Management
- ISO Standards
- RA Training

## Performance Evaluations

Performance evaluations are conducted annually. Employees are assessed based on predefined KPIs, with feedback provided through regular one-on-one meetings. This process helps identify areas for improvement and sets the stage for career advancement.

## Career Progress Paths

Clear career progression paths are supported by mentorship programs, skill development opportunities, and internal job postings.

## Health and Safety Initiatives

Regular safety training sessions were conducted and personal protective equipment (PPE) were provided, while enforcing strict safety protocols across all operations. On-site medical facilities and periodic health check-ups are conducted and annual health screenings, including blood tests (FBC & SGPT) are conducted for chemical spraying workers.

## Grievance Management

Employees can raise issues through multiple channels, including direct supervisors, HR representatives, or anonymous suggestion boxes. All grievances are investigated thoroughly, and resolutions are communicated transparently to maintain trust and fairness. The grievance committee, comprising estate workers and management, maintains an open-door policy to ensure accessibility and transparency.

## Rewards and Recognition

Employees are acknowledged for their contributions via monthly "Employee of the Month" awards, long-service awards, and annual performance incentives. Special recognition is also given to teams that achieve exceptional results.



Winners of Plucking Competition - Nayabedde Estate



ISO Training - Diyagama East Factory Staff

### Employment Benefits

APL's benefits package includes competitive wages, overtime allowances, cash plucking incentives, and annual performance-based bonuses tied to company performance, medical insurance, maternity leave, and childcare support for primary and higher education. Notably, children of workers selected for local universities receive Rs. 5,000 per month until they graduate in four years.

### Other Benefits for Employees

- Free meals to all employees during working hours, especially during peak cropping months and rainy days.
- Subsidised groceries and access to fresh produce from our estates at discounted rates through our Estate Workers' Health and Community Services (EWHCS).
- APL provides housing for estate workers that are equipped with basic amenities, including clean water, electricity, and sanitation. Regular maintenance and upgrades are done in collaboration with the EWHCS, Ministry of Plantation Industries, and Plantation Human Development Trust (PHDT).

### APL Worker Housing Initiative

APL in collaboration with the PHDT is conducting an ongoing housing development program funded by the Indian and Sri Lankan governments, for estate worker families. Each house receives Rs. 2.8 Mn from the Indian government and an additional Rs. 400,000 from the Sri Lankan government. APL has secured 10 perches of land, free of charge, per house. The PHDT facilitated the implementation of the housing program through their expertise.



### Plans for the future

In the new financial year APL will continue to focus on digitization of human resource administration while improving oversight as well as feedback mechanisms.

### Employee engagement events during the year



Cricket Encounter - APL Vs KPL



Inter Plantations Rugby Tournament



Women's Day Celebration - Head Office

# MANUFACTURED CAPITAL



The focus during the current year, was to add value to our manufactured capital base by modernising our field and factory operations. These initiatives have directly contributed towards quality and revenue improvements, while enhancing our physical assets. In addition, our investments into renewable energy systems during the year, will support our growth plans, while reducing our energy costs



Due to its high elevation and climatic conditions, APL is a tea mono-crop cultivator with limited scope for diversification into other commercial crops. Therefore, the Company's manufactured asset base comprises primarily of its tea crops, inventories of made black tea, commercial timber, and factories and equipment used in the manufacturing process. APL's tea

factories have the capability to manufacture two types of black tea - rotorvane, and orthodox teas.

APL also owns and operates two mini hydro power plants, one of which is managed by its fully owned subsidiary Waverly Power (Pvt) Ltd. Our renewable energy portfolio is currently expanding with the addition of new renewable energy options such as Solar Power.

## BIOLOGICAL ASSETS

### Tea plants

APL's total tea extent of 6,398 hectares has remained unchanged during the current year. This tea extent comprises 61% seedling tea and 39% is vegetatively propagated (VP) tea

Estates in the Agras region accounts for 57% of the total tea extent, while the balance extent, is situated in the Haputale Region.

### Commercial forestry

APL's total timber extent of 935 hectares which has a value of Rs. 1,977 Mn 31st March 2025.

Asset Type	Extent (Ha)	2022/23 Rs. Mn	2023/24 Rs. Mn	2024/25 Rs. Mn	% change
Tea plants	6,398	2,237	2,229	2,195	(2%)
Timber	935	1,533	1,832	1,977	8%



Tea Field - Balmoral Estate

## INVESTMENT IN BIOLOGICAL ASSETS

In the current financial year, the agricultural improvements were focussed on improving soil quality and resilience to climate change, with many new techniques being tested, such as new fertiliser mixtures, drip irrigation and gravity fed irrigation systems, etc. The VP extent was not significantly increased through replanting in the current financial year, but the Company is gradually replacing older seedlings with VPs to maintain yields. All APL estates completed Rain Forest Alliance Certification, ISO and Carbon Footprint audits during the year.

Type of activity	2022/23 Rs. Mn	2023/24 Rs. Mn	2024/25 Rs. Mn	Change %
Good agricultural practices	1,451	1,302	1,172	(10%)
Tea replanting	21	24	16	(33%)
Timber and other replanting	10	16	22	38%

# MANUFACTURED CAPITAL



Tea Nursery - Nayabedde Estate



Bearing Pruning - Hauteville Estate

## OTHER PHYSICAL ASSETS

During the year the Company invested Rs. 372 Mn on Property, Plant and Equipment. This includes Rs. 191 Mn invested on installing solar panels in 7 factories.

Tea production	No of factories	Location	Capacity
Rotorvane tea factories	11	Nuwara Eliya/Badulla	15.1 Mn
Orthodox tea factories	3	Nuwara Eliya/Badulla	2.4 Mn
Refuse tea factories	3	Nuwara Eliya/Badulla	1.7 Mn

### Investment in vehicles

During the year, Rs. 82 Mn was invested on motor vehicles. This includes the upgrading of lorries and tractors used to transport green leaf, which has reduced delays in transportation.

### Value of made tea

During the current financial year, APL produced 6.3 Mn kgs of made tea.

### Solar power

During the year, Rs. 300 Mn was allocated for installing solar panels, in 10 tea factories - 7 in Haputale region and 3 in the Agras region. As at the end of the financial year, roof top panels were installed and connected to the national grid in 7 factories. When all 10 solar systems are operational about 50% of electricity consumption will be met through solar power.

Asset Type	2022/23 Rs. Mn	2023/24 Rs. Mn	2024/25 Rs. Mn	Change %
Manufactured products inventory (Made black tea)	623	553	752	36%
Buildings	1,448	1,465	2,136	46%
Plant and Machinery	513	676	702	4%
Furniture & Fittings	10	11	11	-
Tools & Equipment	143	205	458	123%
Vehicles	358	381	464	22%
Others	157	155	155	-
<b>Total</b>	<b>3,252</b>	<b>3,446</b>	<b>4,678</b>	<b>36%</b>



Upgraded Lorry - Kahagalle Estate



Upgraded Tractor - Kahagalle Estate

### Technology investments

Technology investments into field work has steadily increased with more labour savings devices used to replace traditional manual jobs.

Type of activity	2022/23 Rs. Mn	2023/24 Rs. Mn	2024/25 Rs. Mn	Change %
Mechanisation initiatives	47	17	30	76%
Plant and machinery	62	162	26	(84%)
Computers and other digital devices	3	21	2	(90%)

### Tourism infrastructure investments

The Haputale Tea Centre was upgraded to premium standards and a new tea boutique was constructed at Glenanore. Work has also commenced on the tea boutique located at the Bandarawela Railway station. These tea centres will cater to both passing traffic as well as tourists visiting popular attractions in the neighbourhood.



#### Plans for the future

Given rising labour costs, automation and mechanisation is the most viable solution to sustain profitability, with available resources. Therefore, APL will continue to upgrade its factories while also investing in both solar and hydro power, and digitize weighing of tea leaves. The Udaveriya tea factory will be transformed into a modern organic tea manufacturing facility and we will also significantly expand our tourism infrastructure to cater to high-end tourism demand.

# INTELLECTUAL CAPITAL



We are expanding and deepening our decades long organisational knowledge in the cultivation and production of tea by using our estates to explore science based agricultural techniques and technology systems to enhance our resilience to climate change and improve soil fertility. During the year we experimented with new agricultural applications and continued to integrated modern machinery into previously manual processes. In addition, we are also building a portfolio of branded products for tea tourism and for value added tea



APL specialises in the cultivation and manufacture of high grown premium quality black tea. APL is now strengthening and expanding this knowledge base by providing training for employees on scientific agricultural applications, climate change management techniques and the use of modern agricultural

machinery. APL is also gradually expanding the vegetative propagated tea (VP tea) extent in its estates, which also requires specialised knowledge and practices for optimum upkeep. In addition, APL tea estates have their own garden marks that differentiate the tea produced in these estates.



### Organizational knowledge

During the current financial year, we recruited an agronomist to educate Company personnel on improving agricultural practices based on modern agricultural techniques, and continued to invest in external resource persons to train employees on sustainable agricultural practices and sustainability compliance requirements. We also facilitated specialised knowledge transfer through technical institutions, such as the Tea Research Institute, to inject new knowledge into our employees. Previously manual field work is now being mechanised through mechanised harvesting, mechanised pruning and the use of other modern machinery in field work. APL tea factories are being upgraded with modern labour and energy saving machinery.

### Innovation and modernisation

APL tea estates are experimenting with new agricultural techniques. During the current year, trials were conducted on a new, slow release fertiliser for the first time in Sri Lanka, with our own organic combinations to add potency, new organic soil improvement techniques were piloted, different climate change resistance techniques were tested based on climatic conditions, and earth augers and a chopper were introduced as a labour saving experiment, in selected estates, with extremely encouraging results. These trials will be expanded to other estates in the future.

The new ERP system will be deployed across the Company in the new financial year. Other improvements include digitizing the weighing of green leaf, and estate worker wages will be credited directly into bank accounts. As there are no ATM machines within accessible distance to many remote estates, APL is also working with a bank to introduce a new, experimental financial service, to issue a debit/shopping card for estate employees that can be used to withdraw cash and make purchases from retail shops near APL estates.

### Garden marks

APL is the owner of a number of reputed garden marks for premium grade tea, originating from specific estates such as Balmoral, Diyagama East, Diyagama West, Glasgow and

Hauteville in the Agras Valley. In the Uva region, Dambatenne Estate, originally owned by the Lipton family is known for establishing the renowned Lipton trademark for tea. APL's tea branded under different garden marks are already retailed at APL Tea Centres in Haputale, Dambatenne and Glenanore.

During the current financial year, plans were initiated to start the production of organic tea and artisanal tea under the Udaveriya Estate garden mark - Horton Plains.

Estate	Garden Mark
Albion	Albion
Balmoral	Clydesdale
Diyagama East	Diyagama East
Diyagama West	Diyagama West
Glasgow	Agra Ouvah
Hauteville	Hauteville
Sandringham	Sandringham
Torrington	Torrington
Waverley	Waverley
Beauvais	Beauvais
Dambatenne	Bandara Eliya
Gonamotawa	Gonamotawa
Glenanore	Glenanore
Haputale	Kelliebedde
Kahagalla	Kahagalla
Pitaratmalie	Pitaratmalie
Nayabedde	Nayabedde



### Plans for the future

In the new financial year, APL will continue to introduce new technology solutions as well as testing new agricultural techniques at estates. New tourism projects are lined up that will expand APL's retail branding further by creating a chain of high end tea tourism outlets linked to APL's specialised garden marks and situated within the scenic backdrop our estates. In the new financial year, we will commence upgrading the Viharagala factory in Glenanore Estate into a premium retail outlet. Top tier restaurants are also planned for Dambatenne and Haputale, which will position APL as a top player in the sustainable, tea tourism niche in Sri Lanka.

# NATURAL CAPITAL



The adoption of climate-smart agricultural practices has resulted in improved yield, soil conservation, and resource optimisation within APL estates. APL has also made a policy commitment towards achieving Net Zero by 2028, through a combination of Climate Positive and Carbon Neutral initiatives. Therefore, our efforts in 2024/25 were focused on achieving this objective through efficiency-focused solutions, as well as alignment of policies and practices with environmental accreditations that directly contributed towards this end objective



Located in the beautiful Agras Valley and Uva regions in Sri Lanka, within close proximity to the Horton Plains and other highly environmentally sensitive areas, APL estates are rich in natural resources. By virtue of their locations, the estates play a significant role in the protection of the unique ecosystems and biodiversity of the regions. Therefore, the management

of APL takes all possible measures to protect this invaluable national heritage for future generations, by adopting sustainable and environmentally friendly agricultural practices, as well as conservation initiatives, as an integral component of its business practices.

### Status of Compliance with Environmental Regulations 2024/25

Agarapatana Plantations PLC maintains robust compliance with all applicable national environmental legislation, including the National Environmental Act, Forest Ordinance, and sector-specific guidelines issued by the Central Environmental Authority (CEA) and the Tea Board of Sri Lanka.



- All estates possess valid Environmental Protection Licenses (EPLs)
- Monthly environmental audits are conducted internally, to ensure alignment with compliance standards
- Consistent adherence to Carbon Footprint and Rainforest Alliance Certification standards, with positive assessments recorded during 2024 evaluations
- Implementation of Environmental Impact Assessments (EIAs) for all new development projects, reviewed and approved by the relevant authorities
- The company has also instituted a centralised Compliance Monitoring System ensuring real-time reporting and swift rectification of any observed lapses, with direct oversight by the Environmental Management Division
- To improve the waste management system on the estates, a dedicated waste management team, and mandatory staff training sessions were conducted as well as follow-up audits to enforce full compliance

### Our natural capitals

Out of APL's total land extent, only about 63% is utilised for revenue generation, with almost all of the balance land left free, to maintain the environmental balance and natural eco systems.

Land	
• Total land extent	10,191 ha
• Revenue Extent	6,398 ha
• Timber Extent	935 ha
• Conservation Areas	
• Natural Forest	21.59 ha
• Wetland Reservation	2.42 ha
• Railway Reservation	2.78 ha
• River Reservation	135.78 ha
• Landslide prone Reservation	32.5 ha
• Slope Reservations	77.74 ha

### Investment on conservation

APL is committed to implementing sustainable practices that preserve the environment. Our approach focuses on integrating biodiversity conservation, efficient operations and responsible land management. Below is a summary of our investments under each key area:



Diyagama East Estate Bordering Horton Plains

# NATURAL CAPITAL

## Environmental Sustainability Targets and Status in 2024/25

In alignment with global sustainability benchmarks and national environmental mandates, APL has prioritised key environmental sustainability targets for the financial year 2024/25. The overarching goal is to enhance ecological integrity while fostering long-term resource resilience within plantation operations.

Target	Status as at 31st March 2025
<b>Carbon Footprint Reduction:</b> Achieve a 10% reduction in total carbon emissions across all estate operations by adopting energy-efficient technologies, solar panels, and renewable energy integration	Carbon emissions reduced by 4% compared to the baseline year (2023/24)
<b>Zero Waste to Landfill:</b> Implement comprehensive waste segregation and recycling mechanisms to ensure 50% diversion of biodegradable and recyclable waste from landfills by the 4th quarter of 2025	90% of estates have operational waste management systems with minimal landfill dependency
<b>Water Management Efficiency:</b> Attain a significant improvement in water-use efficiency through the introduction of, rainwater harvesting, and water recycling systems across selected estates	Water-use efficiency improved through ongoing infrastructural upgrades
<b>Biodiversity Conservation:</b> Establish 05 hectares of biodiversity conservation zones, reforestation of degraded areas, and protection of riparian buffers by the end of 2025	10 hectares have been demarcated for biodiversity conservation, with native species replanting underway
<b>Soil Health Preservation:</b> Implement organic soil enrichment programs in tea estates, reducing soil erosion	Organic Composting initiatives have initiated anticipating, with positive yield improvement

## Improvements to Environmental Policies

During the year 2024/25, APL conducted a strategic review of its Environmental Management Policy to incorporate evolving sustainability standards, stakeholder expectations, and regulatory requirements.

Key policy enhancements include:

- Climate Action Policy Addendum:** Introduced a Climate Resilience Framework focusing on climate risk assessments, adaptation strategies, and carbon neutrality roadmaps for estate operations.
- Economy Integration:** Adopted, product lifecycle management, and estate-level innovation hubs for waste-to-value initiatives.
- Pesticide and Fertiliser Management Policy Update:** Strengthened the Integrated Pest Management (IPM) and Organic Fertiliser Protocol, with stricter monitoring and traceability mechanisms.
- Stakeholder Engagement Directive:** Mandated periodic community consultations and environmental awareness programs to foster co-ownership of sustainability goals with local populations.

Conservation activity	2022/23 Rs. Mn	2023/24 Rs. Mn	2024/25 Rs. Mn	Change %
Complying with environmental regulations	1	1	2	100%
Complying with additional multiple environmental sustainability accreditations	4	1	9	800%
Sustainable agricultural practices	1,451	1,302	1,172	(10%)
Waste management	27	9	1	(89%)
Biodiversity protection	1	-	1	100%
Conducting environmental impact assessments	3	8	3	(63%)
<b>Total (Rs Mn)</b>	<b>1,487</b>	<b>1,321</b>	<b>1,188</b>	<b>(10%)</b>

## RESPONDING TO CLIMATE CHANGE

As part of its commitment to carbon neutrality, APL has prioritised reducing its greenhouse gas (GHG) emissions through operational improvements and renewable energy investments.

Key achievements as at 31st March 2025 are:

- Transitioned 10% of tea factories to biomass energy (Briquettes and sawdust)
- Upgraded machinery to energy-efficient models to reduce fuel and electricity consumption
- Implemented low-emission field transport systems, replacing older tractors with fuel-efficient models
- Developed a Carbon Footprint Management Plan, with all tea factories audited and certified under a recognised carbon accounting framework

### Carbon Footprint Certification

During the current financial year, APL's estates in both the Agras and Uva regions obtained Carbon Footprint Certification. This milestone underscores our unwavering commitment to reducing carbon emissions and championing sustainable, climate-conscious agricultural practices.

### Greenhouse Gas Assertion Report

APL also commissioned a Greenhouse Gas (GHG) assertion report from SGS Lanka (Pvt) Ltd, aimed at reducing the Company's environmental footprint and aligning with global sustainability goals.

### Registration with the SLCC

APL's mini-hydro power projects and solar-powered tea factories were registered with the Sri Lanka Carbon Credit Exchange (SLCC), in order to facilitate carbon credits in the future.

### Managing Climate Change Impacts During the Year

A proactive and adaptive approach has been adopted to managing the impacts of climate change, recognising the growing risks to plantation productivity, biodiversity, and community livelihoods. In 2024/25, the Company implemented climate risk assessments across all estates, identifying vulnerable zones and instituting site-specific adaptation strategies.

Key actions:

- Enhanced soil moisture retention techniques, including mulching and cover cropping, to combat drought stress
- Introduced shade trees and windbreaks in exposed areas to reduce heat and wind damage
- Diversified crop selection in vulnerable plots to include drought-tolerant and climate-resilient species
- Launched community awareness programs on climate-smart agriculture for estate workers and families



Composting - Hauteville Estate

### Renewable energy

During the current year, 10% of tea factories were transitioned to biomass energy using briquettes and sawdust.

The Company has used the mini-hydro plant at the Diyagama West estate to supply electricity for the estate and the factory. APL's subsidiary, Waverly Power (Pvt) Ltd, sells hydropower to the national grid.

Solar panels were installed in 7 tea processing centres and will install solar panels in 3 more factories in next financial year.



Installed Solar Panels - Hauteville Factory

# NATURAL CAPITAL

## Energy conservation initiatives

Agarapatana Plantations has placed strong emphasis on energy efficiency as a means to reduce operating costs and environmental impact.

Actions implemented:

- LED lighting replaced conventional lighting across all estate factories, offices and executive staff quarters
- Introduced energy monitoring systems in tea factories to track and manage electricity use
- Factory operation hours were optimised to align with off-peak energy periods, resulting in significant reduction in energy costs
- Employee awareness campaigns on energy-saving behaviours, for staff and residents

## Water Conservation Initiatives

Given the critical role of water in plantation operations, APL implemented comprehensive water conservation initiatives to optimise usage and preserve this finite resource.

Key initiatives:

- Installation of rainwater harvesting systems in estate buildings and factories, reducing dependency on external water sources
- Adoption of sprinkler irrigation for nurseries
- Regular water quality testing conducted to safeguard long-term water availability

## Circular economy initiatives

In alignment with the Economy Principles system, APL has embedded resource efficiency and waste-to-value initiatives across its operations.

Key practices:

- Conversion of factory biomass waste into compost, which is re-applied to estate fields, reducing reliance on synthetic fertilisers
- Reuse of pruned tea branches as fuelwood and mulch
- Collaborated with local entrepreneurs to repurpose discarded materials (e.g., metal, plastic) from estates into usable products, fostering community-based recycling enterprises



## Environmentally friendly agricultural practices

Modern scientific agricultural practices are being integrated across APL estates to protect our natural capital base.

- Implementation of Integrated Pest Management (IPM) 100% across all estates, significantly reducing agrochemical use
- Use of compost, coupled with regular soil testing to guide nutrient management
- Maintenance of vegetative buffers along waterways to prevent soil erosion and water contamination
- Phasing out of hazardous agrochemicals in compliance with national regulations and Rainforest Alliance standards



## Waste management

Effective waste management is a priority to ensure cleanliness, safety, and environmental integrity.

Systems in place:

- Estate-level waste segregation into biodegradable, recyclable, and hazardous categories
- All biodegradable waste converted to organic compost; non-biodegradables sent to licensed recycling centres
- Safe disposal and recorded tracking of agrochemical containers and hazardous waste, in line with regulatory standards
- Awareness drives to eliminate the use of plastics within estate operations and worker communities

### Biodiversity protection initiatives

Protecting biodiversity remains a core focus of APL's environmental stewardship.

Initiatives undertaken:

- Demarcation and protection of biodiversity-rich zones, including buffer zones around forest patches and water bodies
- Wildlife corridor mapping and snare removal programs, conducted in collaboration with community leaders and Rain Forest Alliance
- Reforestation of degraded lands with native tree species, enhancing habitat for endemic flora and fauna
- Environmental education programs targeting school children and estate communities to raise awareness on biodiversity conservation



#### Rainforest Alliance Certification

All APL estates successfully completed the Rainforest Alliance Certification audits in 2024, confirming its environmentally friendly practices and initiatives at protecting its surrounding biodiversity.

### ENVIRONMENTAL CONSERVATION PROJECTS

APL conducts environmental conservation projects in collaboration with government bodies in order to ensure environmental regulatory compliance, and with the involvement of local communities, fostering public- partnerships for sustainable development.

#### Estate Wetland Preservation Initiative

APL restored and continues to maintain two estate wetlands, promoting biodiversity and eco-system services.

#### Community Tree Planting Campaign

During the year, APL planted over 10,000 saplings involving estate staff, families, and local schools. Under APL's riverbank protection project, 5,000 bamboo plants were planted along a 6 km stretch of the Agra Oya riverbank, from Horton Plains.



Celebrating World Environmental Day - Pitaratmalie Estate



#### Plans for the future

APL is committed to deepening its sustainability agenda and has identified priorities for 2025/26. These include, establishing a centralised Environmental Management System (EMS) to integrate compliance, monitoring, and reporting, obtaining Climate Positive Certification for all 17 tea factories and 20 tea estates in 2025, expanding solar energy coverage to 50% of factory energy needs, scaling up biodiversity monitoring systems, with periodic audits and community participation, developing climate-smart training modules for staff and estate communities to enhance adaptive capacity and launching a Green Estate Award Program to incentivise innovation and best practices in sustainability across the company.

# SOCIAL CAPITAL



APL has consistently increased the value it has created for all its stakeholder groups through its business operations and strengthened the Company's social capital base through increased trust and credibility. During the current financial year, APL maintained compliant and professional engagements with its stakeholders and continued to invest in many community welfare initiatives to support its estate communities



## Stakeholder engagements

The Company's key stakeholder groups are identified and prioritised by the senior management based on their influence on APL's operations and strategic objectives. APL's approach to stakeholder engagement is to ensure regulatory compliance,

with regards to such stakeholder groups as shareholders, employees and customers, and compliance with contracts and agreements with regards to business partners/suppliers, while maintaining mutually beneficial and professional interactions with regards to all stakeholder groups.

Authorised personnel have been designated to manage communications with external stakeholders to ensure professionalism, accuracy and compliance with applicable regulations. A range of internal communications have been established to engage with employees and trade unions.

### Regulatory compliance

APL remains fully compliant with Sri Lanka Tea Board regulations and international marketing standards. The company ensures that all product labelling, promotional materials, and certifications adhere to strict regulatory and ethical guidelines. There were no reported non-compliances in 2024/25. Regular internal and external audits are conducted to uphold the integrity of marketing practices and maintain consumer trust and product authenticity.

Stakeholder category	How we ensured meaningful engagement in 2024/25
<b>Regulators</b> <ul style="list-style-type: none"> <li>Central Environmental Authority</li> <li>Forest Department</li> <li>Labour Department</li> <li>Tea Board of Sri Lanka</li> </ul>	<ul style="list-style-type: none"> <li>We ensured timely regulatory reporting and statutory payments</li> <li>We facilitated inspection visits to our factories whenever requested</li> </ul>
The Managing Agent: Lankem Tea and Rubber Plantations (Pvt) Ltd (LT&RP)	We met our parent regularly to update them regarding the Company's operations
Golden shareholder	All statutory communications were conducted on time through the Plantation Management & Monitoring Division, under the purview of the Ministry of Plantation Industries
Ultimate parent: The Colombo Fort Land & Building PLC	Regular communications were conducted through the Chairman and the Board of Directors
Other shareholders	<ul style="list-style-type: none"> <li>APL paid two interim dividends of Rs. 1/- per share and Rs. 0.50/- per share during the year, sharing its financial success with its shareholders (Total Dividend payment - Rs. 750 Mn)</li> <li>The Annual Report was made available</li> <li>Quarterly Financial Statements were published on the Colombo Stock Exchange website</li> <li>Annual General Meeting was conducted</li> <li>All material disclosures were submitted to the Colombo Stock Exchange</li> <li>We also accommodate shareholder inquiries through our company secretaries</li> <li>The company website is also available to shareholders to provide more information about the Company</li> </ul>
Subsidiary - Waverley Power (Pvt) Ltd	Regular management meetings were conducted
Banks	We engaged regularly with our banking service providers for financial requirements during the year
Buyers and Brokers	We maintained two-way communications with key buyers and brokers for market information
Employees	In addition to a wage increase for our tea estate workers, we emphasised improvements to human resource administration during the year. Please refer the Human Capital chapter for details on the many improvements to our employee engagements

# SOCIAL CAPITAL

Stakeholder category	How we ensured meaningful engagement in 2024/25
Trade Unions	We continue to maintain a close rapo with all trade unions
Resident Communities (APL estates are home to a resident estate population of over 44,000)	We continued to conduct many welfare programs for estate communities and estate children including health and welfare programs, as well as educational support for children. Please refer the Community Engagement section of this chapter for more information on how we engaged with our estate communities
Suppliers	We continuously evaluate our suppliers and their products to ensure that the company maintains high quality while remaining competitive in terms of pricing.  Our supplier base comprises: <ul style="list-style-type: none"> <li>• Green leaf suppliers</li> <li>• Agrochemical Suppliers</li> <li>• Fuel and Electricity Suppliers</li> <li>• Firewood Suppliers</li> <li>• Packing Material Suppliers</li> <li>• Machinery and Spare Parts suppliers</li> <li>• Hardware Items Suppliers</li> <li>• Transporters</li> </ul>
Certification/ Accreditation Bodies	We engaged with a number of accreditation agencies for evaluations and audits
Government and nongovernmental organisations engaged in social welfare	We allocate company resources for welfare projects.  Our partners during the current financial year were: <ul style="list-style-type: none"> <li>• Plantation Human Development Trust (PHDT)</li> <li>• Ministry of Plantation Industries</li> <li>• Central Environment Authority (CEA)</li> <li>• Divisional secretariat</li> </ul>
Industry associations	We participated in industry discussions regularly.  We also provided data to support industry lobbying and public relations.  Membership in associations <ul style="list-style-type: none"> <li>• The Planters Association of Ceylon</li> <li>• Ceylon Tea Traders Association</li> <li>• Employers' Federation of Ceylon</li> <li>• Tea Research Institute</li> </ul>



Certificate of Compliance - TAGS Annual Report Competition



Certificate of Appreciation from PHDT - Nayabedde Estate

### Engaging with our customers

Our tea centres are the retail consumer outlets of the Company. In addition, the Company has regular meetings and communications with buyers and brokers.

### APL quality standards

APL maintains international quality of manufacturing within its tea factories, validated through globally recognized ISO accreditations.

**ISO 22000:2018** : Ensures the quality of food safety management systems used in tea manufacturing at APL tea factories. Therefore, buyers and consumers of APL teas are independently assured of the highest quality and safety of tea, purchased from APL.

**ISO 9001:2015** : Validates the quality management systems and processes at APL tea factories to consistently and correctly manufacture the highest quality of tea.

### Agras Region

Estate	ISO 9001:2015	ISO 22000:2018
Diyagama West	✓	✓
Glasgow	✓	✓
Balmoral	✓	✓
Diyagama East	✓	✓
Torrington		✓
Sandringham		✓
Hauteville		✓
Waverley		✓
Albion		✓



Road Network - Diyagama West Estate

### Uva Region

Estate	ISO 9001:2015	ISO 22000:2018
Nayabedde	✓	✓
Dambatenna	✓	✓
Haputale	✓	✓
Gonamotawa		✓
Kahagalla		✓
Pitaratmalie		✓
Beauvais		✓
Glenanore		✓

### Ethical certifications

In addition to quality certifications that verify manufacturing and food quality, all APL estates, including factories and field operations, are RA and UTZ certified, except for factories which produce smallholder leaf. The ethical certifications attest to APL's socially and environmentally conscious business practices.

### Community engagements

APL has continued to care for the wellbeing of a population of over 44,000 living in its tea estates in the Agras and Uva regions, through ongoing community welfare programs.

### Community infrastructure and housing

During the year, the Company invested in improved estate housing and sanitation facilities, ensuring access to clean water and proper waste management. The road networks were developed, which contributed towards community safety and transportation. Electrification in estates were expanded to provide stable electricity to estate communities.



Housing Project - Diyagama West Estate

# SOCIAL CAPITAL

## Health and wellness initiatives

Medical camps were conducted for estate communities in collaboration with local health authorities to provide free healthcare services. In addition, maternal and child health programs were conducted free of charge, ensuring better care for mothers and infants. Estate communities were also educated on non-communicable diseases, nutrition, and hygiene through a series of awareness programs.



Health Camp - Haputale Estate



Health Camp - Balmoral Estate



Health Camp - Beauvais Estate

## Education and child care

The Company provided free school supplies, scholarships, and financial aid to estate children. The Child Development Centres (CDCs) in the estates were upgraded ensuring better early childhood education. Career guidance and skill development programs were organised for estate youth.



Pre School Activity - Torrington Estate



Pre School Activity - Haputale Estate

## Women's Empowerment & Livelihood Development

In order to facilitate empowerment of estate women, during the year, the Company commenced vocational training programs to support self-employment opportunities for estate women. This was accompanied by financial literacy programs in collaboration with the PHDT to encourage savings and entrepreneurship. The Company's Gender & Social Welfare Committees were also strengthened to address social issues and gender inequalities.



### Plans for the future

APL will continually review its value chain and business activities to enhance value for all stakeholders. Our investments into community welfare, women's empowerment and education of estate children will remain a priority.

# ENTERPRISE GOVERNANCE



# Implementing Futurism

In our bid to enshrine futurism in every aspect of our business, we inculcate action plans and enhance our transformative power within our organisation. All elements of Agarapatana Plantations seamlessly weave together to create a strong tapestry of resilience that is poised to thrive

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*Governance System 68 | Managing the Risks 96 | Annual Report of the Board of Directors 99 | Report of the Remuneration Committee 103 | Report of the Audit Committee 104 | Nominations and Governance Committee Report 107 | Report of the Related Party Transactions Review Committee 110 | Statement of Directors' Responsibilities 112*

# GOVERNANCE SYSTEM

Good governance and compliance remained a priority in the current financial year, as APL continued review and improve its oversight across its value chain. Emphasising good governance across all business functions and operations has resulted in tangible outcomes in the form of cost controls and greater efficiency. The governance structure has been improved with new management positions manned by industry and technical experts, which has improved operational performance of the Company. Performance reporting mechanisms and performance targets have been clearly defined and communicated down the hierarchy, coupled with continuous supervision. The Company's continued improvement in financial performance reflects the effectiveness of the enhancements to oversight measures that have been effected from the previous year. The governance framework of APL complies with the listing rules of the Colombo Stock Exchange and the Companies Act of 2007. APL has also adopted the Code of Best Practice on Corporate Governance to integrate best practices in good governance within its governance framework.

APL also prioritised continuous improvements to the Company's sustainable governance systems by commencing adoption of the SLFRS S1 and S2 Sustainability and Climate Change Disclosure Standards during the year, as well as successfully completing the Rain Forest Alliance certification and Carbon Footprint audits.

## Improvements to governance systems

### Board of Directors

The Board of Directors are the highest governing body of the Company and provides leadership and strategic direction, as well as ensuring management of risks and good governance. During the financial year 2024/25, there were four resignations and two new appointments to the Board, and as at end March 2025, the Board comprised three Executive Directors and four Non-Executive Directors, two of whom are Independent Directors. The Board met six times during the year for review of performance and deliberations.

The profiles of the Board of Directors is given on pages 23 to 28 of this report.

### Board Subcommittees

The Board has appointed four sub-committees to assist in its deliberations as per statutory requirements.

1. The Audit Committee
2. Remuneration Committee
3. Related Party Transactions Review Committee
4. Nominations and Governance Committee

The Board sub committees have been constituted in compliance with the listing rules of the Colombo Stock Exchange. The sub committees met as required during the year and the proceedings of the Committees are reported to the Board.

### Management Committee

In addition to the Board Subcommittees, a Management Committee has been established with the participation of Directors and Managers.

### Managing Agent

Agarapatana Plantations PLC's Managing Agent is Lankem Tea and Rubber Plantations (Pvt) Ltd.

### Parent and Ultimate Parent

The Parent of Agarapatana Plantations PLC is Lankem Developments PLC. The Ultimate Parent of Agarapatana Plantations PLC is The Colombo Fort Land & Building PLC (CFLB).

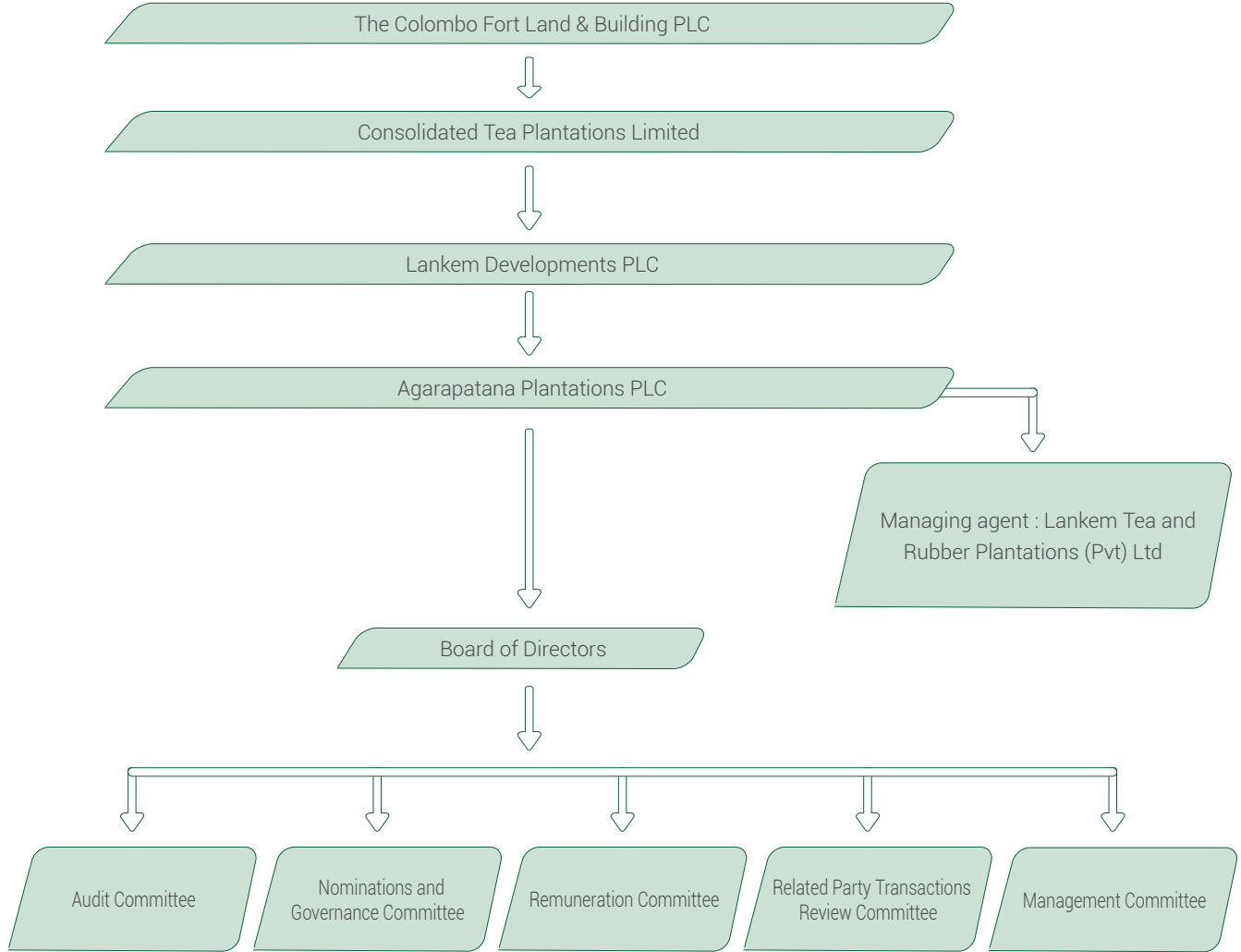
### Separation of Chairman and top executive

The Agarapatana Board is headed by the Chairman who is a Non-Executive Director. The powers of the Chairman and the highest executive have been separated. The highest executive is the Managing Director.

### Composition of the Board

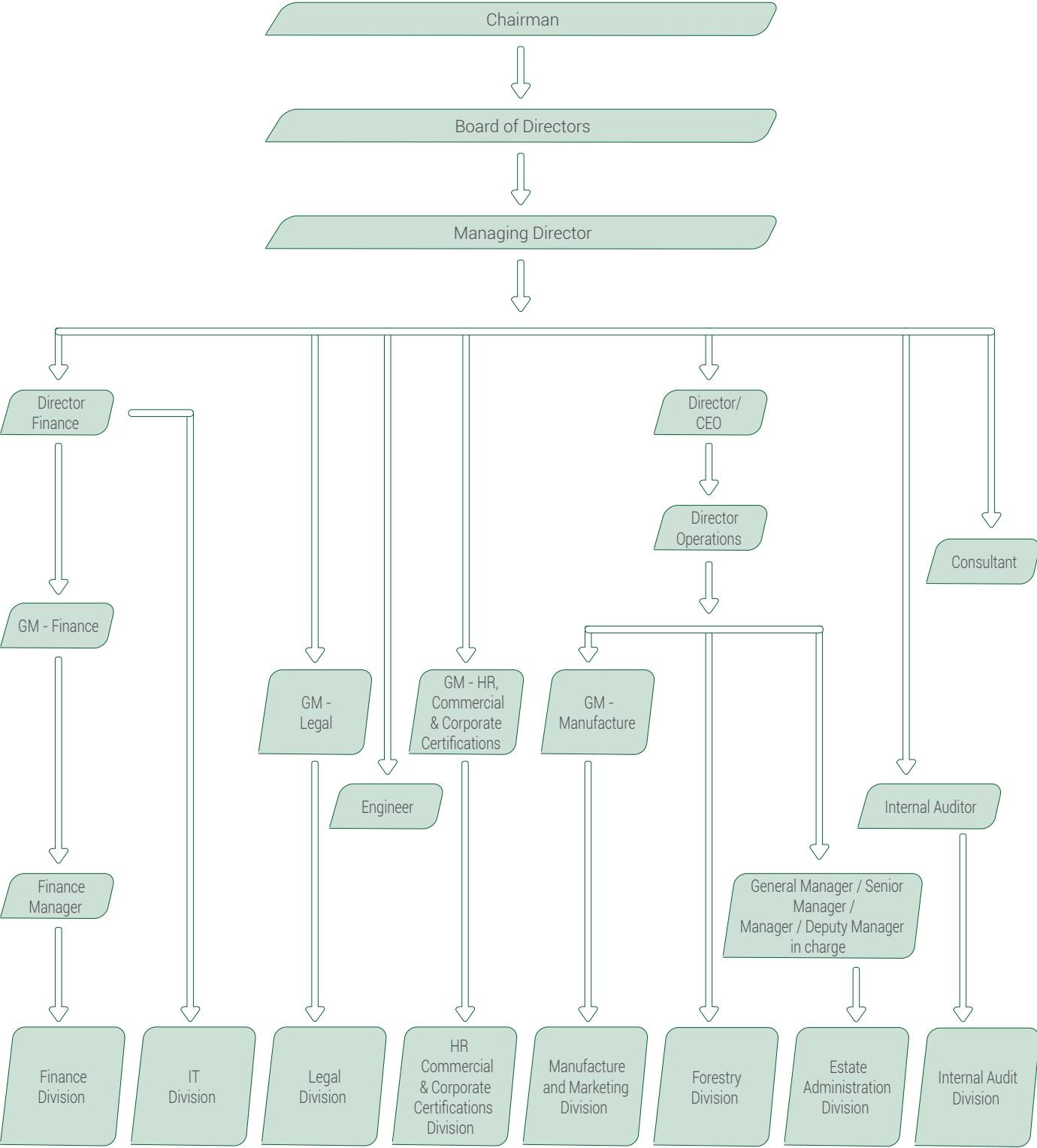
The Board balance has been strengthened with the combination of Executive Directors, Non-Executive Directors and Independent Non- Executive Directors with diverse backgrounds.

## GOVERNANCE STRUCTURE



# GOVERNANCE SYSTEM

## ORGANISATION STRUCTURE



## COMPLIANCE STATUS

The Company is in compliance with the majority of the good corporate governance practices recommended by The Institute of Chartered Accountants of Sri Lanka and the Listing Rules of the Colombo Stock Exchange. Given below is a demonstration as to how we adhere to good Corporate Governance practices.

Corporate Governance Principle	Company's Adherence
<b>Directors</b>	
Composition of the Board	<p>The Board is in compliance with the Listing Rules and includes a mix of skills, qualifications and experiences to provide adequate insights and technical knowledge to guide the Company.</p> <p>Currently the Board comprises of three Executive Directors and four Non-Executive Directors, two of whom are Independent. The Directors possess a strong balanced blend of skills and experience to offer guidance in core areas important to the Company.</p> <p>The Board is committed to adhere to various business practices in order to further establish the Company as a good corporate citizen that values responsibility. The strategic options, implementation and risk control strategies are closely monitored in order to deliver better results.</p> <p>Mr. S.D.R. Arudpragasam - Non - Executive (Chairman)</p> <p>Mr. C.P.R. Perera- Independent Non - Executive (Resigned w.e.f. 31.12.2024)</p> <p>Mr. S.S. Poholiyadde - Executive (Managing Director)</p> <p>Mr. D.R. Madena - Executive (Chief Executive Officer)</p> <p>Mr. Anushman Rajaratnam - Non - Executive</p> <p>Mr. P.M.A. Sirimane - Independent Non Executive (Resigned w.e.f. 31.12.2024)</p> <p>Mr. G.K.B. Dasanayaka - Independent Non-Executive (Resigned w.e.f. 31.12.2024)</p> <p>Mr. K. Mohideen - Executive (Director Finance)</p> <p>Mr. A.M. De S. Jayaratne - Independent Non-Executive (Resigned w.e.f. 31.12.2024) (Deceased - 10.07.2025)</p> <p>Mr. K.G. Punchihewa - Independent Non-Executive (Appointed w.e.f. 01.11.2024)</p> <p>Mr. S.B. Perera - Independent Non-Executive (Appointed w.e.f. 31.12.2024)</p> <p><b>Independence</b></p> <p>Independent Non-Executive Directors have submitted signed and dated declarations of their independence/non-independence to the Board.</p> <p>The Board makes a determination annually as to the Independence or non independence of each Independent Non Executive Director based on such declarations made on the defined criteria and other information available to the Board. The names of Directors determined to be "independent" are set out in the Annual Report.</p>

# GOVERNANCE SYSTEM

Corporate Governance Principle	Company's Adherence
	<p>Despite Mr. C.P.R. Perera, Mr. A.M. de S. Jayaratne and Mr. G.K.B. Dasanayaka being over seventy years of age and Mr. C.P.R. Perera having served on the Board for more than nine years and Mr. C.P.R. Perera and Mr. A.M. de S. Jayaratne being Directors of the Ultimate Parent Company, The Colombo Fort Land and Building PLC (CFLB) and certain subsidiaries of CFLB and having served on the Board of CFLB and on several of its subsidiaries for over a period of nine years, and Mr. G.K.B. Dasanayaka serving on the Boards of certain subsidiaries of CFLB, the Board having considered the fact that the above mentioned Directors are Independent of management and having taken into consideration all other circumstances listed in the Listing Rules pertaining to the Criteria for Defining Independence was of view that the said Directors are nevertheless Independent and accordingly Mr. C.P.R. Perera , Mr. A.M. de S. Jayaratne and Mr. G.K.B. Dasanayaka who were thus determined to be nevertheless Independent served as Independent Non-Executive Directors until the close of business on 31st December, 2024.</p> <p>Consequent to the revision of the Colombo Stock Exchange (CSE) Listing Rules in relation to Independent Directors, Mr. C.P.R. Perera, Mr. A.M. de S. Jayaratne and Mr. G.K.B. Dasanayaka, who were over 70 years of age and served as Independent Non-Executive Directors on the Board of Agarapatana Plantations PLC, resigned with effect from the close of business on 31st December 2024.</p> <p>Further Mr. P.M.A. Sirimane had been employed by a subsidiary of the Ultimate Parent Company, The Colombo Fort Land &amp; Building PLC (CFLB) during the period of three years immediately preceding his appointment to the Board of the Company. He has also served on some of the subsidiaries of CFLB for over a period of nine years and the Board having considered the fact that the said Director is not involved in the operational matters of the Company and having taken into consideration all other circumstances listed in the Listing Rules pertaining to the Criteria for Defining Independence was of view that the said Director is nevertheless Independent and accordingly Mr. P.M.A. Sirimane served as an Independent Non-Executive Director until the close of business on 31st December, 2024.</p> <p>Mr. Sirimane resigned from the Board with effect from 31st December, 2024.</p> <p>Mr. K.G. Punchihewa and Mr. S.B. Perera who were appointed to the Board during the current financial year as Independent Non Executive Directors meet the criteria for defining independence as set out in Listing Rule 9.8.3 of the Colombo Stock Exchange and were determined to be Independent by the Board.</p>

Corporate Governance Principle	Company's Adherence																								
Decision making of the Board	<p>The Board met on seven occasions during the year under review.</p> <p>In addition to Board Meetings, matters are referred to the Board and decided by Resolutions in writing.</p> <p>The number of meetings of the Board and the individual attendance by members is shown below:</p> <table border="1" data-bbox="407 516 1425 974"> <thead> <tr> <th data-bbox="407 516 1138 554">Name of Director</th> <th data-bbox="1138 516 1425 554">No. of Meetings attended</th> </tr> </thead> <tbody> <tr> <td data-bbox="407 554 1138 592">Mr. S.D.R. Arudpragasam</td> <td data-bbox="1138 554 1425 592">6/7</td> </tr> <tr> <td data-bbox="407 592 1138 630">Mr. C.P.R. Perera (Resigned w.e.f. 31.12.2024)</td> <td data-bbox="1138 592 1425 630">5/5</td> </tr> <tr> <td data-bbox="407 630 1138 667">Mr. S.S. Poholiyadde</td> <td data-bbox="1138 630 1425 667">7/7</td> </tr> <tr> <td data-bbox="407 667 1138 705">Mr. D.R. Madena</td> <td data-bbox="1138 667 1425 705">5/7</td> </tr> <tr> <td data-bbox="407 705 1138 743">Mr. Anushman Rajaratnam</td> <td data-bbox="1138 705 1425 743">5/7</td> </tr> <tr> <td data-bbox="407 743 1138 781">Mr. A.M.De.S. Jayaratne (Resigned w.e.f. 31.12.2024)</td> <td data-bbox="1138 743 1425 781">4/5</td> </tr> <tr> <td data-bbox="407 781 1138 819">Mr. P.M.A. Sirimane (Resigned w.e.f. 31.12.2024)</td> <td data-bbox="1138 781 1425 819">4/5</td> </tr> <tr> <td data-bbox="407 819 1138 856">Mr. G.K.B. Dasanayaka (Resigned w.e.f. 31.12.2024)</td> <td data-bbox="1138 819 1425 856">3/5</td> </tr> <tr> <td data-bbox="407 856 1138 894">Mr. K. Mohideen</td> <td data-bbox="1138 856 1425 894">7/7</td> </tr> <tr> <td data-bbox="407 894 1138 932">Mr. K.G. Punchihewa (Appointed w.e.f. 01.11.2024)</td> <td data-bbox="1138 894 1425 932">2/2</td> </tr> <tr> <td data-bbox="407 932 1138 970">Mr. S.B. Perera (Appointed w.e.f. 31.12.2024)</td> <td data-bbox="1138 932 1425 970">2/2</td> </tr> </tbody> </table> <p><b>The Board is responsible for:</b></p> <ul data-bbox="407 1058 1386 1516" style="list-style-type: none"> <li>• Ensuring the conduct of the Company's affairs in the best interest of its stakeholders.</li> <li>• Identifying Strategic options implementation and monitoring their success.</li> <li>• Appointment of the Directors, ensuring staff succession and determining remuneration of senior executives and staff in consultation with the respective Committees.</li> <li>• Ensuring an effective internal control system.</li> <li>• Ensuring a proactive risk management system.</li> <li>• Ensuring compliance with highest ethical standards and legal standards.</li> <li>• Approval of major capital investments acquisition expansions and Budgets.</li> <li>• Approval of interim and annual financial statements for publication.</li> <li>• Ensuring compliance with the Company policies.</li> </ul> <p>The Directors have made themselves aware of applicable laws ,rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions.</p>	Name of Director	No. of Meetings attended	Mr. S.D.R. Arudpragasam	6/7	Mr. C.P.R. Perera (Resigned w.e.f. 31.12.2024)	5/5	Mr. S.S. Poholiyadde	7/7	Mr. D.R. Madena	5/7	Mr. Anushman Rajaratnam	5/7	Mr. A.M.De.S. Jayaratne (Resigned w.e.f. 31.12.2024)	4/5	Mr. P.M.A. Sirimane (Resigned w.e.f. 31.12.2024)	4/5	Mr. G.K.B. Dasanayaka (Resigned w.e.f. 31.12.2024)	3/5	Mr. K. Mohideen	7/7	Mr. K.G. Punchihewa (Appointed w.e.f. 01.11.2024)	2/2	Mr. S.B. Perera (Appointed w.e.f. 31.12.2024)	2/2
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# GOVERNANCE SYSTEM

Corporate Governance Principle	Company's Adherence
Chairman's Role	<p>The Chairman is a Non-Executive Director and is responsible for steering the Board to preserve order and to facilitate the effective discharge of Board functions. He conducts Board proceedings in a manner which always ensures the following:</p> <ul style="list-style-type: none"> <li>• The effective participation of Directors.</li> <li>• Encourages an effective contribution from Directors within their respective capabilities, for the benefit of the Company.</li> <li>• Ascertains the views of Directors on issues under consideration.</li> </ul> <p>The Board is in complete control of the Company's affairs and is alert to its obligation to all shareholders and other stakeholders.</p>
Fit & Proper Assessment	<p>The Company's fit and proper assessment for Directors is in line with the guidelines set out in the Listing Rules and include criteria on honesty, integrity and reputation, competence and capability and financial soundness. The Chairman, Directors and CEO satisfy the fit and proper assessment criteria stipulated in the Listing Rules of the CSE.</p>
Company Secretaries	<p>The Company and all Directors may seek advice from Corporate Managers &amp; Secretaries (Pvt) Ltd who are qualified to act as Secretaries as per the provisions of the Companies Act No. 7 of 2007.</p>
Obtaining independent professional advice	<p>Advice is sought from independent experts whenever the Board deems it necessary. The Directors are updated on the changes in the plantation industry as well as on the general aspects which may affect the Company's operations.</p>
Independent Judgement	<p>The Board of Directors at all times exhibit high standards of integrity, commitment and independence of judgement. Each Director dedicates the time and effort necessary to carry out his responsibilities.</p>
Managing Agent	<p>The Board of Directors has delegated the management of Plantation and the task of achieving the strategic objectives set out by the Board to the managing agents, Lankem Tea &amp; Rubber Plantations (Pvt) Ltd (LT&amp;RP). The managing agent meets frequently and review the progress towards achieving the budgets and discuss the operational issues. The successful implementation of the Capital Expenditure programmes and focusing on the development strategies are also key priorities.</p>
Financial Acumen	<p>The Board comprises of five finance professionals who possess the knowledge and the competence to offer the Board the necessary guidance on matters relating to finance.</p>
Supply of Information on a timely manner	<p>Prior to each meeting all Directors are given a file of Board Papers which includes summarised Financial Statements, operational statistics, performance reviews, sales reports, Schedules of Capital Expenditure and Progress Reports, covering all significant issues with the comparatives of prior year and budget. This information is provided at least 7 days prior to the meeting which gives Directors adequate time for qualitative deliberation and analysis.</p>
Nominations and Governance Committee/ Appointments to the Board	<p>There is a formal and transparent procedure for the appointment of new Directors to the Board, which is in accordance with the recommendations made by the Nominations and Governance Committee in consultation with the Chairman and in compliance with the provisions of the Articles of Association of the Company, the Policies adopted by the Company and the Rules on Corporate Governance.</p> <p>The Board as a whole annually assesses the Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company.</p> <p>The findings of such assessments are taken into account when new Board appointments are considered and when incumbent Directors come up for re-election. Upon the appointment of a new Director to the Board, the Company makes the required disclosures of such Director to the shareholders by making announcements to the Colombo Stock Exchange.</p> <p>The Nominations and Governance Committee Report is set out on pages 107 to 109.</p>

<b>Corporate Governance Principle</b>	<b>Company's Adherence</b>
Disclosure of Appointments of New Directors to the Shareholders.	The new appointments are made available to shareholders by making announcements to the Colombo Stock Exchange.
Re-election and Reappointment of Directors	<p>In terms of the Articles of Association of the Company a Director appointed to the Board holds office until the next Annual General Meeting, at which he seeks re-election by the shareholders. The Articles require one-third of the Directors in office (excluding the Managing Director and the Appointed Directors) to retire by rotation at each Annual General Meeting. The Directors who retire are those who have been longest in office since their last election. Retiring Directors are eligible for re-election by the shareholders.</p> <p>The Nominations and Governance Committee of the Company has duly recommended to the Board the re-election and reappointment of the Directors at the forthcoming Annual General Meeting and the Board of Directors have duly approved the said re-election and reappointment of the Directors. Further the Members have refrained from participating in decision making relating to their own re-election/reappointment.</p>
<b>Relationship with Shareholders</b>	
Constructive use of AGM/General Meetings	The Company always welcomes the active participation of the shareholders at the Annual General Meeting. Questions put up by the shareholders are answered thus promoting a healthy dialogue. The required number of days notice has been given to the shareholders in terms of the Companies Act No.7 of 2007 and the Articles of Association of the Company.
Communication with Shareholders	The Company publishes the Annual Report together with the Interim Reports in order to communicate information to the shareholders in a timely manner.
Major Transactions	There have been no transactions during the year under review which fall within the definition of "Major Transactions" as set out in the Companies Act.
Price Sensitive Information	Due care is exercised with respect to share price sensitive information.
Others	<p>The Company maintains a website under the name <a href="https://lankemplantations.lk/agarapathana-plantations/">https://lankemplantations.lk/agarapathana-plantations/</a> which offers, information on the Company and its affairs. The Company's principal communicator with all its stakeholders is its Annual Report and Quarterly Financial Statements.</p> <p>The shareholders are free to communicate with the Company. Whenever possible, the Company implements their suggestions.</p> <p>The policy on Relations with Shareholders and Investors is available on the Company's website <a href="https://lankemplantations.lk/agarapathana-plantations/">https://lankemplantations.lk/agarapathana-plantations/</a> and the contact persons are mentioned. Major issues and concerns of shareholders are communicated to the Board by the Senior Management and the Corporate Secretaries.</p>
<b>Accountability and Audit</b>	
Financial Reporting	The Board attaches high priority to timely publication of Quarterly and Annual results with comprehensive details (both financial & non-financial) going beyond statutory requirements. This enables both existing and prospective shareholders to make fair assessments on the Company's performance and future prospects. The financial statements are prepared in accordance with Sri Lanka Accounting Standards. The Company's accounting formats and procedures are in compliance with the procedures laid down by the regulatory authorities.

# GOVERNANCE SYSTEM

Corporate Governance Principle	Company's Adherence
Disclosures	The Annual Report of the Board of Directors is on pages 99 to 102 of this report. The Statement of Directors responsibilities for the financial reporting is on page 112 and the Auditors' Report on the financial statements is on pages 114 to 117 of this annual report.
Going Concern	The Board of Directors after reviewing the financial position and cash flow of the Company are of the opinion that the Company has adequate resources to continue operations well in the foreseeable future. Therefore, the Board adopts the going concern basis in preparing Financial Statements.
Internal Control	The Directors are responsible for maintaining an effective internal control system and proactive risk management strategy. Internal controls cover both financial and operational matters and risk management to safeguard the assets of the Company. The risk management strategy of the Company is on pages 96 to 98 of this report. The Company also ensures that effective internal and external audit procedures are followed and the Board reviews the Reports in order to maintain the progress of the Systems and results.
Internal Audit	The Internal Audit division comprises of Head of Internal Audit and Assistants who report directly to the Managing Director. The Audit Committee is apprised of any pertinent matters. Internal Auditors are empowered to examine and review the financial reporting systems, internal control procedures, accounting policies and compliance with accounting standards. They also review the adequacy of systems for compliance with legal, regulatory and ethical requirement and company policies.
External Audit	The Company maintains a professional relationship with the external auditors, M/S Ernst & Young. This ensures their objectivity, independence and compliance with regulatory and ethical requirements.
Audit Committee	The Audit Committee Report is set out on pages 104 to 106 of this Report.
<b>Directors' Remuneration</b>	
Remuneration Committee	The Remuneration Committee Report is set out on page 103 of this Report
Disclosure of Remuneration	Aggregate remuneration paid to key management personnel is disclosed in Note 35.2 to the Financial Statements on page 174 of this report.
<b>Related Party Transactions</b>	
Related Party Transactions Review Committee	The Related Party Transactions are disclosed in Note 35 to the Financial Statements. The Report of the Related Party Transactions Review Committee appears on pages 110 to 111.
<b>Others</b>	
Management Committees	The Management Committee comprises of Directors, Consultants, General Managers and Deputy General Managers. Meetings are held once a month where a review in detail is carried out on the performance of each individual estate based on both financial and relevant non-financial indicators.
Compliance with Legal Requirements	The Board is conscious of its responsibility to the shareholders, the Government and the Society in which it operates and is unequivocally committed to upholding ethical behaviour in conducting its business. The Board strives to ensure that the Company and its subsidiary comply with the laws and regulations of the Country.
Social & Environmental Matters	The Company has for many years recognised the benefits that accrue from responsible employment, environmental and community policies which are dealt with in detail in the Chairman's Message, Managing Director's Review and CEO's Review.

Corporate Governance Principle	Company's Adherence
Rights of Employees / Other Stakeholders	The Company identifies the rights of employees. Several employee performances enhancing mechanisms such as performance appraisals and training initiatives are in place for the career building of the employees. A series of best practices and techniques are now embedded in the business and applied intelligently within the organisation. Constant responsiveness to all stakeholder interests and an effective risk management process are critical success factors to ensure that the governance process will continue to add value in the future. The Extent to which the Corporate Governance practices are adopted in the Company is given as above in this report.
Compliance status with the Colombo Stock Exchange Listing Rules on Corporate Governance	The Company's compliance status with the Colombo Stock Exchange Listing Rules on Corporate Governance is disclosed on pages 78 to 90.
Company Policies	<p>The Company has established a comprehensive suite of Corporate Policies that align with the Listing Rules of the Colombo Stock Exchange (CSE) and reflect the Company's commitment to ethical governance, transparency and sustainable business practices. These policies encompass key areas such as:</p> <ul style="list-style-type: none"> <li>• Matters relating to the Board of Directors.</li> <li>• Board Committees.</li> <li>• Corporate Governance, Nominations and Re-election.</li> <li>• Remuneration.</li> <li>• Internal Code of Business Conduct and Ethics.</li> <li>• Risk Management and Internal Controls.</li> <li>• Relations with shareholders and investors.</li> <li>• Environmental, Social and Governance (ESG) sustainability.</li> <li>• Control and Management of Company Assets and Shareholder Investments.</li> <li>• Corporate Disclosures.</li> <li>• Whistleblowing.</li> <li>• Anti-Bribery and Corruption.</li> </ul> <p>These policies are publicly accessible on the Company's website at <a href="https://lankemplantations.lk/agarapathana-plantations/">https://lankemplantations.lk/agarapathana-plantations/</a>.</p>

# GOVERNANCE SYSTEM

## Adherence to the Corporate Governance Rules of the Colombo Stock Exchange

Rule		Adherence
<b>9.2</b>	<b>POLICIES</b>	
<b>9.2.1</b>	<b>Establish and maintain the following policies</b>	
	<ul style="list-style-type: none"> <li>a. Matters relating to the Board of Directors</li> <li>b. Board Committees</li> <li>c. Corporate Governance, Nominations and Re-election</li> <li>d. Remuneration</li> <li>e. Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities</li> <li>f. Risk management and Internal controls</li> <li>g. Relations with Shareholders and Investors</li> <li>h. Environmental, Social and Governance Sustainability</li> <li>i. Control and Management of Company Assets and Shareholder Investments</li> <li>j. Corporate Disclosures</li> <li>k. Whistleblowing</li> <li>l. Anti-Bribery and Corruption</li> </ul>	Complied
9.2.2	Any waivers from compliance with the Internal code of business conduct and ethics or exemptions granted by the Listed Entity shall be fully disclosed in the Annual Report	Not Applicable
9.2.3	Listed entities shall disclose in its Annual Report. <ul style="list-style-type: none"> <li>i. The list of policies that are in place in conformity rule 9.2.1. above with reference to its website.</li> <li>ii. Details pertaining to any changes to policies adopted by the Listed Entities in compliance with Rule 9.2 above</li> </ul>	Complied
9.2.4	Listed Entities shall make available all such policies to shareholders upon written request being made for any such Policy.	Will be made available when requests are received.
9.2.5	<ul style="list-style-type: none"> <li>i. If a Listed Entity fails to comply with Rule 9.2.1, the Exchange will issue a Notice of Show Cause, granting seven (7) Market Days to provide reasons for the non-compliance.</li> <li>ii. If no response is received within the given time or if the explanation is deemed insufficient, enforcement measures will follow as outlined below:               <ul style="list-style-type: none"> <li>a. A letter of warning will be issued by the Exchange.</li> <li>b. If the Entity fails to rectify the non-compliance within three (3) months from the date of the warning letter, a penalty of Rs. 250,000 will be imposed.</li> </ul> </li> <li>iii. The Exchange will make a Market Announcement regarding the non-compliance, enforcement action, and penalty. The penalty must be settled within seven (7) Market Days from notification. Failure to do so will result in referral to the SEC under Section 65 of the SEC Act.</li> </ul>	The Company is compliant with Rule 9.2.1 and therefore Rule 9.2.5 is not applicable
<b>9.3</b>	<b>BOARD COMMITTEES</b>	
<b>9.3.1</b>	<b>Establishment of Committee</b>	
	<ul style="list-style-type: none"> <li>a) Nominations and Governance Committee</li> <li>b) Remuneration Committee</li> <li>c) Audit Committee</li> <li>d) Related Party Transactions Review Committee</li> </ul>	Complied Complied Complied Complied

Rule		Adherence
9.3.2	Compliance with composition, responsibilities and disclosures required in respect of the above Board committees	Complied
9.3.3	The Chairperson of the Board of Directors of the Listed Entity shall not be the Chairperson of the Board Committees	Complied
<b>9.4</b>	<b>ADHERENCE TO PRINCIPLES OF DEMOCRACY IN THE ADOPTION OF MEETING PROCEDURES AND THE CONDUCT OF ALL GENERAL MEETINGS WITH SHAREHOLDERS</b>	
9.4.1	Maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting a. The number of shares in respect of which proxy appointments have been validly made; b. The number of votes in favour of the resolution; c. The number of votes against the resolution; and d. The number of shares in respect of which the vote was directed to be abstained.	Complied
9.4.2	Communication and relations with shareholders and investors a. Have a policy on effective communication and relations with shareholders and investors b. Disclose the contact person for such communication. c. Policy on relations with shareholders and investors shall include a process to make all Directors aware of major issues and concerns of shareholders d. When conducting of any shareholder meetings through virtual or hybrid means, compliance with the Guidelines issued by the Exchange	Complied
<b>9.5</b>	<b>POLICY ON MATTERS RELATING TO THE BOARD OF DIRECTORS</b>	
9.5.1	Establish and maintain formal policy governing matters relating to the Board a. Composition and Board Balance (Executive and Non-Executive), Role and function of Chairman and CEO and Procedure for Appraisal of Board Performance and appraisal of CEO b. Where Role of Chairman and CEO are combined Appointment of SID-Establish Board Charter inclusive of functions and safeguards for SID c. Board diversity – experience, skills, competencies, age, gender, industry requirements d. Maximum number of Directors and rationale e. Frequency of Board meetings f. Mechanisms for ensuring that Directors are kept abreast of the Listing Rules and on-going compliance and/or non-compliance g. Specify the minimum number of meetings, in numbers and percentage, that a Director must attend, h. Requirements relating to trading in securities of the Listed Entity and its listed group Companies and disclosure of such requirements i. Specify the maximum number of directorships in Listed Entities that may be held by Directors. j. Participation at meeting of the Board and Board committees by audio visuals means and participation to be taken into account when deciding the quorum.	a) Complied b) Not Applicable (c)-(j) Complied
9.5.2	Confirm compliance of 9.5.1 in Annual Report – If non compliant provide explanations with reasons and proposed remedial action.	Complied

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Rule		Adherence
<b>9.6</b>	<b>CHAIRPERSON AND CEO</b>	
9.6.1	Chairperson shall be a Non-Executive Director  Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed	Complied  Not Applicable
9.6.2	Market Announcement in the event Chairperson is an Executive Director and / or the positions of Chairman and CEO are held by the same individual.	Not Applicable
<b>9.6.3</b>	<b>The Requirement for a SID</b>	
	a Appoint of an Independent Director as the SID in the following instances: i. The positions of the Chairperson and CEO are held by the same individual. ii. The Chairperson is an Executive Director. iii. The Chairperson and CEO are Close Family Members or Related Parties (b)-(e) Responsibilities and duties of SID	Not Applicable
9.6.4	Set out the rationale for appointment of SID in the Annual Report	Not Applicable
<b>9.7</b>	<b>FITNESS OF DIRECTORS AND CEO</b>	
9.7.1	a. Listed Entities shall ensure that the Directors and CEO are at all times fit and proper persons as required in terms of these Rules.  b. In evaluating fitness and propriety of the persons referred in these Rules. Listed Entities shall utilise the Fit and Proper Assessment Criteria set out in Rule 9.7.3 below.	Complied
9.7.2	Listed Entities shall ensure that the persons recommended by the Nominations and Governance Committee as Directors are fit and proper before such nominations are placed before Shareholders' meeting or appointments.	Complied
9.7.3	'Fit and Proper Assessment Criteria' set out in Rule 9.7.3  a. Honesty, Integrity and Reputation – (i)-(vii) b. Competence and Capability –(i)-(ii) c. Financial Soundness –(i)-(iii)	Complied
9.7.4	Declarations to be obtained from Directors and CEO on an annual basis confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out in the Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation.	Complied
9.7.5	Disclosures in the Annual Report  a. Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria b. Any non-compliance/s and remedial action taken to rectify non compliance	Complied  Not Applicable
<b>9.8</b>	<b>BOARD COMPOSITION</b>	
9.8.1	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors.	Complied
9.8.2	Minimum Number of Independent Directors:  a. At least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors at any given time, whichever is higher.  b. Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change.	Complied  Not Applicable

Rule	Adherence	
9.8.3	<b>Criteria for determining independence</b>	
	<p>A Director shall not be considered independent if he/she:</p> <ul style="list-style-type: none"> <li>i) Has been employed by the Listed Entity during the period of three (3) years immediately preceding appointment as Director</li> <li>ii) Currently has/had during the period of three (3) years immediately preceding appointment as a Director, a Material Business Relationship with the Listed Entity, whether directly or indirectly.</li> <li>iii) Currently has/had during the preceding financial year a close Family Member who is a Director and/ or CEO in the Listed Entity.</li> <li>iv) Has a Significant Shareholding in the Listed Entity.</li> <li>v) Has served an aggregate period of nine (9) years on the Board of the Listed Entity from the date of the first appointment.</li> <li>vi) Is employed in another Company or business; <ul style="list-style-type: none"> <li>a) In which a majority of the other directors of the Listed Entity are employed or are directors; or</li> <li>b) In which a majority of the other directors of the Listed Entity have a Significant Shareholding or Material Business Relationship; or</li> <li>c) That has a Significant Shareholding in the Listed Entity or with which the Listed Entity has a Business Connection.</li> </ul> </li> <li>vii) Is a director of another Company; <ul style="list-style-type: none"> <li>a) In which a majority of the other Directors of the Listed Entity are employed or are Directors; or</li> <li>b) That has a Business Connection in the Listed Entity or a Significant Shareholding.</li> </ul> </li> <li>viii) Has a Material Business Relationship or a Significant Shareholding in another company or business; <ul style="list-style-type: none"> <li>a) In which a majority of the other Directors of the Listed Entity are employed or are Directors; and/or</li> <li>b) Which has a Business Connection with the Listed Entity or Significant Shareholding in the same; and/or</li> <li>c) Where the core line of business of such Company is in direct conflict with the line of business of the Listed Entity.</li> </ul> </li> <li>ix) Is above the age of seventy (70) years.</li> </ul> <p>Provided that a person above the age of seventy (70) years may nevertheless be considered independent if compliant with Rule 9.8.3 (ix) (a) to (d) and the requirements of sub clauses (a), (b) and (c) shall be repeated at each Annual General Meeting of the Listed Entity in respect of any director over the age of seventy years whom the Listed Entity wishes to continue to treat as independent.</p>	<p>Complied</p> <p>However where independence was impaired declared to be nevertheless independent up to 31st December 2024</p>

# GOVERNANCE SYSTEM

Rule		Adherence
<b>9.8.5</b>	<b>The Board of Directors of Listed Entities shall require:</b>	
	a) Each Independent Director to submit a signed and dated declaration annually	Complied
	b) Make an annual determination as to the "independence" of Independent Director and set out the names of Directors determined to be 'independent' in the Annual Report.	Complied
	c) If independence is impaired against any of the criteria set out in Rule 9.8.3, an immediate Market Announcement is required	Not applicable
<b>9.8.6</b>	<b>Enforcement Actions for Non-Compliance with Rules ti.8.1 and ti.8.2</b>	
	a) In the event a Listed Entity fails to comply with Rules 9.8.1 and/or 9.8.2 of these Rules	Complied with Rule 9.8.1 and 9.8.2
	b) Where a Listed Entity has failed to comply with Rules 9.8.1 or 9.8.2 and has not disclosed of such noncompliance to the Exchange or the market	Therefore 9.8.6 A and B Not Applicable
<b>9.9</b>	<b>ALTERNATE DIRECTORS</b>	
	Compliance with the following requirements and such requirements shall also be incorporated into the Articles of Association	
	a) Alternate Directors shall only be appointed in exceptional circumstances and for a maximum period of one (1) year from the date of appointment.	
	b) If an Alternate Director is appointed for a Non-Executive Director such alternate should not be an executive Director.	
	c) If an Alternate Director is appointed by an Independent Director, the person so appointed should meet the criteria of independence The Nominations and Governance Committee shall review and determine that the person nominated as the alternate would qualify as an Independent Director before such appointment is made.	Complied
	d) Immediate Market Announcement regarding the appointment of an Alternate Director	
	e) Attendance of Alternate Director to be counted for the purpose of quorum at Board and Board Committee meetings.	
<b>9.10</b>	<b>DISCLOSURES RELATING TO DIRECTORS</b>	
<b>9.10.1</b>	Disclose its policy on the maximum number of directorships in Listed Entities Board members shall be permitted to hold as per Rule 9.5.1. Non compliance to be reported in the Annual Report. (maximum number of Listed Company Directorships – 25)	Complied
<b>9.10.2</b>	Market announcement on appointment of new Director (i - iii)	Complied - New Appointments during 2024/25 have been disclosed
<b>9.10.3</b>	Immediate Market Announcement regarding any changes to the composition of the Board Committees (i - ii)	Complied -Changes during 2024/25 have been disclosed



# GOVERNANCE SYSTEM

Rule		Adherence
<b>9.11.5</b>	<b>Functions</b>	
	<ul style="list-style-type: none"> <li>i) Evaluate the appointment of Directors to the Board of Directors and Board Committees</li> <li>ii) Recommend (or not recommend) the re-appointment/ re-election of current Directors</li> <li>iii) Establish and Maintain a formal and transparent procedure to evaluate, select and appoint/ re- appoint Directors</li> <li>iv) Establish and maintain a set of criteria for selection of Directors</li> <li>v) Establish and maintain a suitable process for the periodic evaluation of the performance of the Board of Directors and the CEO of the Entity to ensure that their responsibilities are satisfactorily discharged.</li> <li>vi) Develop a succession plan for the Board of Directors and Key Management Personnel</li> <li>vii) Review the structure, size and composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities</li> <li>viii) Review and recommend the overall corporate governance framework of the Listed Entity taking into account the Listing Rules of the Exchange, other applicable regulatory requirements and industry/ international best practices.</li> <li>ix) Periodically review and update the Corporate Governance Policies / Framework of the Entity in line with the regulatory and legal developments relating to same, as a best practice.</li> <li>x) Receive reports from the Management on compliance with the corporate governance framework of the Entity including the Entity's compliance with provisions of the SEC Act, Listing Rules of the Exchange and other applicable laws, together with any deviations/non-compliances and the rational for same.</li> </ul>	Complied
<b>9.11.6</b>	<b>Disclosures in Annual Report</b>	
	Nomination & Governance Committee Report and contents to be incorporated -Sections (a)-(m)	
<b>9.12</b>	<b>REMUNERATION COMMITTEE</b>	
9.12.1	The term "remuneration" shall make reference to cash and all non-cash benefits whatsoever received	Refer Page 68 of the Corporate Governance Report and the Remuneration Committee Report on Page 103
9.12.2	Establishment of Remuneration Committee	
9.12.3	Establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her own remuneration.	
9.12.4	Remuneration for Non-Executive Directors should be based on a policy which adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired.	
9.12.5	Written terms of reference	
<b>9.12.6</b>	<b>Composition</b>	
	<ul style="list-style-type: none"> <li>(1) The members of the Remuneration Committee shall; <ul style="list-style-type: none"> <li>(a) Comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors.</li> <li>(b) Not comprise of Executive Directors of the Listed Entity</li> </ul> </li> <li>(2) An Independent Director shall be appointed as the Chairperson.</li> </ul>	

Rule		Adherence
<b>9.12.7</b>	<b>Functions</b>	Refer Page 68 of the Corporate Governance Report and the Remuneration Committee Report on Page 103
	1) Recommend the remuneration payable to the Executive Directors and CEO of the Listed Entity and/or equivalent position thereof to the Board of the Listed Entity which will make the final determination upon consideration of such recommendations.	
	2) Engage any external Consultant or expertise that may be considered necessary to ascertain or assess the relevance of the remuneration levels applicable to Directors and CEO.	
<b>9.12.8</b>	<b>Disclosure in Annual Report</b>	Refer Page 68 of the Corporate Governance Report and the Remuneration Committee Report on Page 103
	a) Names of the Chairperson and members of the Remuneration Committee and the nature of directorships held by such members (or persons in the parent Company's Remuneration Committee in the case of a group Company);	
	b) A statement regarding the remuneration policy; and, c) The aggregate remuneration of the Executive and Non-Executive Directors	
<b>9.13</b>	<b>AUDIT COMMITTEE</b>	Refer Audit Committee Report
<b>9.13.1</b>	Where Listed Entities do not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Listed Entities shall additionally perform the Risk Functions	Complied
<b>9.13.2</b>	Written terms of reference	Complied
<b>9.13.3</b>	<b>Composition</b>	
	(1) The members of the Audit Committee shall;	
	(a) Comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors.	Complied
	(b) Not comprise of Executive Directors of the Listed Entity	Complied
	(2) Quorum - requires that the majority of those in attendance to be independent directors.	Complied
	(3) Compulsorily to meet on a quarterly basis prior to recommending the financials to be released to the market.	Complied
	(4) An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.	Complied
	(5) Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation. Provided however where the Listed Entity maintains a separate Risk Committee, the CEO shall attend the Risk Committee meetings by invitation.	Managing Director was in attendance by invitation
	(6) The Chairperson of the Audit Committee shall be a Member of a recognised professional accounting body. Provided however, this Rule shall not be applicable in respect of Risk Committees where a Listed Entity maintains a separate Risk Committee and Audit Committee.	Complied
<b>9.13.4</b>	<b>Functions</b>	
	Detailed in Rule (1) (i) – (xiii) and (2)	Complied

# GOVERNANCE SYSTEM

Rule		Adherence
<b>9.13.5</b>	<b>Disclosures in Annual Report</b>	
	<b>Audit Committee Report</b> (a) Names of chairperson and members with nature of directorship (b) Status of risk management and internal control – Company and group (c) Statement on CEO and CFO assurance on operations and finances (d) Opinion on compliance with Financial reporting requirements, information requirements Listing Rules, Companies Act, SEC Act and any other requirements. (e) Availability of formal Audit Charter (f) Internal audit assurance and summary of the work internal audit function (g) Details demonstrating effective discharge of functions and duties (h) Statement on external auditors' assurance on their independence (i) Confirmation on determining auditor's independence	Refer Audit Committee Report
<b>9.14</b>	<b>RELATED PARTY TRANSACTIONS REVIEW COMMITTEE</b>	Refer Related Party Transactions Review Committee Report
<b>9.14.1</b>	<b>Establishment of Committee</b>	
	Listed Entities shall have a Related Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14 of these Rules	Complied
<b>9.14.2</b>	<b>Composition</b>	
	1) The Related Party Transactions Review Committee shall comprise of; <ul style="list-style-type: none"> <li>• Minimum three (03) Directors out of which a minimum of two (02) members shall be Independent Directors</li> <li>• May comprise of Executive Directors</li> <li>• An Independent Director shall be appointed as the Chairperson</li> </ul>	Complied
<b>9.14.3</b>	<b>Functions</b>	
	1) Committee shall be responsible for reviewing the Related Party Transactions 2) Objective - ensure that the interests of shareholders as a whole are taken into account when entering into Related Party Transactions. 3) The objective and the economic and commercial substance of the Related Party Transactions should take precedence over the legal form and technicality. 4) Establish and maintain a clear policy, procedure and process in place for the identification, clarification and reporting the Related Party Transactions on an end-to-end basis across the Entity's operations	Complied

Rule		Adherence
9.14.4	<b>General Requirements</b>	
	<ul style="list-style-type: none"> <li>1) The Related Party Transactions Review Committee shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors.</li> <li>2) Should ensure having access to, enough knowledge or expertise to assess or aspects of proposed Related Party Transactions, and where necessary obtain appropriate professional and expert advice from appropriately qualified person when necessary.</li> <li>3) Board of Directors to approve RPT when required by the committee</li> <li>4) If a Director has a material personal interest in a matter being considered at a Board Meeting to approve a Related Party Transaction as required in Rule 9.14.4(3), such Director shall not: <ul style="list-style-type: none"> <li>a) Be present while the matter is being considered at the meeting; and,</li> <li>b) Vote on the matter.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Complied</li> <li>Not Applicable</li> </ul>
9.14.5	<b>Review of Related Party Transactions by the Related Party Transactions Review Committee</b>	Complied
9.14.6	<b>Shareholder Approval</b>	
	<ul style="list-style-type: none"> <li>1. Listed Entities shall obtain shareholder approval by way of a Special Resolution for the following Related Party Transaction. <ul style="list-style-type: none"> <li>a) Non-recurrent transaction <ul style="list-style-type: none"> <li>i) Transactions exceeding one third (1/3) of the Total Assets as per the latest Audited Financial Statements</li> <li>ii) Transactions exceeding one third (1/3) of the Total Assets as per the latest Audited Financial Statements when aggregated with other non- recurrent transactions entered into with the same Related Party during the same financial year</li> <li>iii) Acquisition of substantial asset from, or disposal of a substantial asset to, any Related Party of the Entity or its associates</li> </ul> </li> <li>b) Recurrent transaction <ul style="list-style-type: none"> <li>(i) One third (1/3) of the gross revenue (or equivalent term for revenue in the Income Statement) and in the case of group entity, consolidated group revenue of the Entity as per the latest Audited Financial Statements; or</li> <li>(ii) One third (1/3) of the gross revenue (or equivalent term for revenue in the Income Statement) and in the case of group entity consolidated group revenue of the Entity as per the latest Audited Financial Statements of the Entity, when aggregated with other recurrent transactions entered into with the same Related Party during the same Financial year; and;</li> <li>(iii) The transactions are not in the ordinary course of business and in the opinion of the Related Party Transactions Review Committee, are on terms favourable to the Related Party than those generally available to the public.</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Not Applicable</li> </ul>

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Rule		Adherence
<b>9.14.7</b>	<b>Disclosures</b>	
	<b>1) Immediate Disclosures</b>	
	A Listed Entity shall make an immediate Market Announcement to the Exchange	
	(a) Any non-recurrent Related Party Transaction with a value exceeding 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements; or	Not applicable
	(b) Of the latest transaction, if the aggregate value of all non-recurrent Related Party Transactions entered into with the same Related Party during the same Financial year amounts to 10% of the Equity or 5% of the Total Assets whichever is lower, of the Entity as per the latest Audited Financial Statements.  Subsequent non-recurrent transactions which exceed 5% of the Equity of the Entity, entered into with the same Related Party during the Financial year.	
<b>9.14.8</b>	<b>Disclosures in the Annual Report</b>	Refer Note 35.4 to the Financial Statements
<b>9.14.9</b>	<b>Acquisition and Disposal of Assets From/to Related Parties</b>	
	1) Shareholder approval is required by Special Resolution for the acquisition from or disposal of substantial assets to Related Companies. [Subject to exemptions as per Rule 9.14.9 (3)]	Not Applicable
	2) Substantial value of the asset or the value of the consideration relating to such asset exceeds 1/3 of the Total Assets.	
	3) Rule 9.14.9(1) does not apply to:	
	a) Transactions between the Listed entity and a wholly owned subsidiary.	
	b) Transaction between wholly owned subsidiaries of the Listed Entity.	
	c) Takeover offer made by the Listed Entity in accordance with Takeovers and Mergers Code 1995 (as amended).	
	d) Any transaction entered into by the Listed Entity with a bank as principal, on arm's length terms and in the ordinary course of it's banking business.	
	4) a) The Related Party Transactions Review Committee should obtain competent independent advice from independent professional experts with regard to the value of the substantial assets of the Related Party Transaction under the consideration.	Not Applicable
	b) Person who is in the same group of the Listed Entity or significant interest in or financial connection with the Listed Entity or the relevant Related Party shall not be eligible to give such advice.	
	5) Independent advice obtained should be circulated with the notice of meeting to obtain the shareholder approval	

Rule		Adherence
	<p>(6) The competent independent advice required in terms of Rule 9.14.9 (4) shall include:</p> <ul style="list-style-type: none"> <li>a) Key assumptions, conditions or restrictions that impact the estimate value.</li> <li>b) The different valuation methodologies considered in valuing the subject asset/s and justification for adopting one or more of them in the valuation.</li> <li>c) Sources of information relied upon for the valuation.</li> <li>d) Identity of individuals participating in the valuation assignment and their qualifications.</li> <li>e) Confirmation of the independence of the parties participating in the advice.</li> <li>f) A statement as to whether the transaction is on usual commercial terms, in ordinary and usual course of business, fair and reasonable and in the interests of the Listed Entity and its shareholders.</li> </ul>	Not Applicable
<b>9.14.10</b>	<b>Exempted Related Party Transactions</b>	
	<ul style="list-style-type: none"> <li>a) Subject to Rule 9.14.8 (2), transactions with Related Parties which are recurrent, of revenue or trading nature and which is necessary for day-to-day operations of a Listed Entity or its subsidiaries and, in the opinion of the Related Party Transactions Review Committee, terms are not favorable to the Related Party than those generally available to the public.</li> <li>b) The payment of dividend, issue of Securities by the Listed Entity by way of a capitalisation of reserves, the exercise of Rights, options or warrants (subject to Rules contained in Section 5 and 7 of these Rules), sub-division of shares or consolidation of shares.</li> <li>c) The grant of options, and the issue of Securities pursuant to the exercise of options, under an employee share option scheme/employees share purchase scheme (subject to Rule 5.6 of these Rules).</li> <li>d) A transaction in marketable securities carried out in the open market where the counterparty's identity is unknown to the Listed Entity at the time of the transaction.</li> <li>e) The provision or receipt of financial assistance or services, upon usual commercial terms and in the ordinary course of business, from a Company whose activities are regulated by any written law relating to licensed banks, Finance Companies or insurance Companies or are subject to supervision by the Central Bank of Sri Lanka or Insurance Board of Sri Lanka.</li> <li>f) Directors' fees and remuneration, and employment remuneration</li> </ul>	Complied
<b>9.15</b>	<b>PENALTIES FOR NON-COMPLIANCE WITH BOARD COMMITTEE COMPOSITION REQUIREMENTS</b>	Not Applicable
	<ul style="list-style-type: none"> <li>A. When a Listed Entity fails to comply with Rules 9.11.4(1), 9.11.4(2), 9.12.6, 9.13.3(1), 9.13.3(4), 9.13.3(6), or 9.14.2</li> <li>B. Where a Listed Entity has failed to comply with Rules 9.11.4(1), 9.11.4(2), 9.12.6, 9.13.3(1), 9.13.3(4), 9.13.3(6) or 9.14.2 and has not disclosed of such non-compliance to the Exchange or the market: <ul style="list-style-type: none"> <li>• If non-compliance is rectified: (a) - (b)</li> <li>• If non-compliance is not rectified: (c) - (e)</li> </ul> </li> </ul>	Not Applicable

# GOVERNANCE SYSTEM

Rule		Adherence
<b>9.17</b>	<b>ADDITIONAL DISCLOSURES BY BOARD OF DIRECTORS</b>	
	<ul style="list-style-type: none"> <li>i) Declared all material interests in contracts involving the entity and that they have refrained from voting on matters in which they were materially interested</li> <li>ii) Conducted a review of the internal controls covering Financial, operational and compliance controls and risk management and obtained reasonable assurance of their effectiveness and successful adherence, and, if unable to make any of these declarations an explanation on why it is unable to do so;</li> <li>iii) Made arrangement to make themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions;</li> <li>iv) Disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations.</li> </ul>	Complied. Refer Annual Report of the Board of Directors and Corporate Governance Report
<b>9.18</b>	<b>ENFORCEMENT PROCEDURE FOR NON-COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS</b>	
	<ul style="list-style-type: none"> <li>a) Immediate Market Announcement on non compliance in the event of failure to comply with any of the requirements contained in Rules 9.3.1, 9.8.1, 9.8.2(a), 9.11.4(1),9.11.4(2), 9.12.6, 9.13.3(1),9.13.3(4),9.13.3(6) or 9.14.2 about such non-compliance within one (1) Market Day from the date of the non-compliance. Announcement shall be repeated on the first (1st) Market Day of each calendar month until the Entity becomes compliant with these Rules.</li> <li>b) The non-compliance must be rectified within three (03) months from the date of non-compliance.</li> <li>c) If not rectified within three months, the Entity's Securities shall be transferred to the Watch List immediately upon the expiration of the said period..</li> <li>d) While the Securities are on the Watch List, Directors, CEO, their Close Family Members, parent Entity, and entities where they hold 50% or more voting rights, cannot transact in the Entity's Securities without prior SEC approval. This restriction continues for three (03) months after resignation or until compliance is restored—whichever is earlier.</li> <li>e) Upon being placed on the Watch List, the Entity must make a Market Announcement including: <ul style="list-style-type: none"> <li>• The remedial action proposed within six (06) months.</li> <li>• The following statements: <ul style="list-style-type: none"> <li>i) Any change in the plan will be announced within 1 Market Day after Board approval.</li> <li>ii) If the plan is not implemented within 6 months, trading will be suspended.</li> <li>iii) If suspension lasts more than 6 months, delisting will follow.</li> </ul> </li> </ul> </li> <li>f) At the first General Meeting following the transfer to the Watch List, shareholders must be informed of the non-compliance, remedial actions, and that continued failure will result in suspension and potential delisting.</li> <li>g) The outcome of the above General Meeting must be announced to the Market by the next Market Day, including any decisions made.</li> <li>h) The Entity must rectify non-compliance within six (06) months from the date of Watch List transfer. <ul style="list-style-type: none"> <li>i) Failure to comply within six months will result in trading suspension. The Exchange will also announce the enforcement action and any penalties imposed.</li> </ul> </li> <li>j) In addition to actions under 9.18(c) and 9.18(i), the Exchange shall impose penalties on the Listed Entity and/or its Directors as of the date of non-compliance.</li> <li>k) If suspension exceeds six (06) months, the Securities shall be delisted under Rule 11.3.</li> <li>l) The Exchange's decision to delist the Securities and any attached conditions shall be communicated to the SEC."</li> </ul>	Not Applicable

## DIRECTORS' OTHER DIRECTORSHIPS

The details pertaining to the names of the Companies (in Sri Lanka) in which the Directors serve as a Director or Key Management Personnel is given below.

### Abbreviations:

C	- Chairman	GMD	- Group Managing Director
DC	- Deputy Chairman	MD	- Managing Director
EC	- Executive Chairman	JMD	- Joint Managing Director
EX	- Executive Director	CEO	- Chief Executive Officer
NE	- Non-Executive Director	D	- Director
INE	- Independent Non-Executive Director	Alt	- Alternate Director

COMPANIES	Mr. S.D.R. Arudpragasam	Mr. C.P.R. Perera (Resigned w.e.f. 31.12.2024)	Mr. S.S. Poholiyadde	Mr. Anushman Rajaratnam	Mr. D.R. Madena	Mr. P.M.A. Sirmame (Resigned w.e.f. 31.12.2024)	Mr. G.K.B. Dasanayaka (Resigned w.e.f. 31.12.2024)	Mr. K. Mohideen	Mr. A.M. de S. Jayaratne (Resigned w.e.f. 31.12.2024)	Mr. K.G. Punchihewa (Appointed w.e.f. 01.11.2024)	Mr. S.B. Perera (Appointed w.e.f. 31.12.2024)
The Colombo Fort Land and Building PLC	✓ C/NE	✓ DC/NE		✓ GMD/EX		✓ NE			✓ NE	✓ INE	✓ INE
Agarapatana Plantations PLC*	✓ C/NE	✓ DC/INE	✓ EX	✓ NE	✓ CEO/EX	✓ INE	✓ INE	✓ EX	✓ INE	✓ INE	✓ INE
C M Holdings PLC*	✓ C/NE			✓ NE					✓ INE		
York Arcade Holdings PLC*	✓ C/NE			✓ NE					✓ INE		
Lankem Ceylon PLC*	✓ C/NE			✓ EX		✓ INE	✓ INE			✓ INE	✓ INE
Lankem Developments PLC*	✓ C/NE	✓ INE	✓ NE	✓ NE		✓ INE		✓ NE	✓ INE	✓ INE	✓ INE
Kotagala Plantations PLC*	✓ C/NE	✓ DC/INE	✓ EX	✓ NE		✓ INE	✓ INE	✓ EX	✓ INE	✓ INE	✓ INE
E.B. Creasy & Company PLC*	✓ C/MD/EX					✓ NE			✓ INE	✓ INE	✓ INE
Muller & Phipps (Ceylon) PLC*	✓ C/NE					✓ NE				✓ INE	✓ INE
Laxapana PLC*	✓ C/NE					✓ NE				✓ INE	✓ INE
Beruwala Resorts PLC*	✓ C/NE	✓ DC/INE		✓ NE							✓ INE
Marawila Resorts PLC*	✓ C/NE	✓ DC/INE		✓ NE							✓ INE
Sigiriya Village Hotels PLC*	✓ C/NE	✓ DC/INE		✓ NE							✓ INE
C W Mackie PLC*	✓ NE	✓ INE		✓ NE					✓ INE		✓ INE
ACME Printing & Packaging PLC*	✓ NE			✓ NE		✓ INE	✓ INE			✓ INE	
Colombo Fort Investments PLC*	✓ C/NE			✓ NE		✓ INE			✓ INE		
Colombo Investment Trust PLC*	✓ C/NE			✓ NE		✓ INE			✓ INE		
Alliance Five (Private) Limited*	✓ C			✓ D		✓ D	✓ D			✓ D	✓ D
American Lloyd Travels Limited*	✓ D			✓ D							
Associated Farms (Private) Limited*	✓ C										
ACME Packaging Solutions (Private) Limited*	✓ D			✓ D		✓ D	✓ D				
BOT Hotel Services (Private) Limited*	✓ C								✓ D		

# GOVERNANCE SYSTEM

COMPANIES	Mr. S.D.R. Arudpragasam	Mr. C.P.R. Perera (Resigned w.e.f. 31.12.2024)	Mr. S.S. Poholyadde	Mr. Anushman Rajaratnam	Mr. D.R. Madena	Mr. P.M.A. Sirimane (Resigned w.e.f. 31.12.2024)	Mr. G.K.B. Dasanayaka (Resigned w.e.f. 31.12.2024)	Mr. K. Mohideen	Mr. A.M. de. S. Jayaratne (Resigned w.e.f. 31.12.2024)	Mr. K.G. PUNCHIHEWA (Appointed w.e.f. 01.11.2024)	Mr. S.B. Perera (Appointed w.e.f. 31.12.2024)	
C. W. M. Hotels Holdings Limited	✓	D		✓	D				✓	D		
Candy Delights Limited*	✓	C/MD				✓	D		✓	D		
Capital Investments Limited*	✓	D										
Capital Leasing Company Limited*	✓	C		✓	D	✓	D					
Century Equity Trust Limited	✓	D										
Ceyflex Rubber Limited*	✓	C				✓	D					
Ceylon Tapes (Private) Limited*	✓	C		✓	D	✓	D	✓	D	✓	D	
Ceytape (Private) Limited*	✓	C		✓	D	✓	D	✓	D	✓	D	
Colombo Fort Group Services (Private) Limited*	✓	D		✓	D	✓	D					
Colombo Fort Holdings Limited*	✓	D										
Colombo Fort Hotels Limited*	✓	C		✓	D							
Colombo Fort Properties (Private) Limited*				✓	D							
Colombo Fort Travels Limited*	✓	D										
Colombo Residencies (Private) Limited	✓	D										
Colonial Motors (Ceylon) Limited*	✓	DC		✓	D				✓	C		
Company Holdings (Private) Limited	✓	D										
Consolidated Commercial Investments (Private) Limited				✓	D							
Consolidated Holdings (Private) Limited	✓	D		✓	D							
Consolidated Tea Plantations Limited*	✓	D	✓	D	✓	D	✓	D	✓	D	✓	D
Corporate Systems Limited*	✓	C										
Creasy Plantation Management Limited*	✓	D										
Darley Butler & Company Limited*	✓	C/MD				✓	D		✓	D		
E B Creasy Ceylon (Private) Limited*	✓	C				✓	D					
E. B. Creasy Logistics Limited*	✓	C				✓	D					
E.B. Creasy Trading Limited*	✓	D										
Far Eastern Exports (Colombo) Limited*	✓	D		✓	D							
Financial Trust Limited				✓	D							
Fortland Finance Limited	✓	C										
Galle Fort Hotel (Private) Limited*	✓	D		✓	D							
Guardian Asset Management Limited*	✓	D										
Great Eastern Resorts Ltd				✓	D							
Group Three Associate (Private) Limited*	✓	C										
Horton Plains Resorts and Spa Limited				✓	D							
Imperial Hotels Limited*	✓	C		✓	D							
J.F.Packaging Limited*	✓	C		✓	D	✓	D	✓	D	✓	D	
JF Ventures Limited*	✓	C		✓	D	✓	D	✓	D	✓	D	

COMPANIES	Mr. S.D.R. Arudpragasam	Mr. C.P.R. Perera (Resigned w.e.f. 31.12.2024)	Mr. S.S. Poholiyadde	Mr. Anushman Rajaratnam	Mr. D.R. Madena	Mr. P.M.A. Sirimane (Resigned w.e.f. 31.12.2024)	Mr. G.K.B. Dasanayaka (Resigned w.e.f. 31.12.2024)	Mr. K. Mohideen	Mr. A.M. de. S. Jayaratne (Resigned w.e.f. 31.12.2024)	Mr. K.G. Punchihewa (Appointed w.e.f. 01.11.2024)	Mr. S.B. Perera (Appointed w.e.f. 31.12.2024)		
Kiffs (Private) Limited*	✓	C		✓	D	✓	D	✓	D	✓	D	✓	D
Lanka Special Steel Limited*	✓	C				✓	D						
Lankem Agrochemicals Limited*	✓	C		✓	D								
Lankem Cargo Storage Limited*	✓	D		✓	D								
Lankem Chemicals Limited*	✓	C		✓	D								
Lankem Consumer Products Limited*	✓	C		✓	D								
Lankem Exports (Private) Limited*	✓	C											
Lankem Minerals Limited*	✓	D		✓	D	✓	D	✓	D				
Lankem Paints Limited*	✓	C		✓	D								
Lankem Plantation Services Limited*	✓	D											
Lankem Research Limited*		C		✓	D								
Lankem Tea & Rubber Plantations (Private) Limited*	✓	C	✓	D	✓	MD	✓	D	✓	D	✓	D	
Lankem Technology Services Limited*	✓	C											
Maitland & Knox (Private) Limited	✓	D		✓	D								
Mayfield Investments (Private) Limited				✓	D								
Motor Mart Ceylon (Private) Limited*		D		✓	D								
Muller & Phipps (Health Care) Limited*	✓	C					✓	D					
Nature's Link Limited*	✓	C											
Nutriklim (Ceylon) Limited	✓	D											
Oakley Investments (Private) Limited	✓	D		✓	D								
Property and Investment Holdings (Private) Limited	✓	D		✓	D								
Rubber & Allied Products (Colombo) Limited*	✓	C	✓	D	✓	D	✓	D	✓	D	✓	D	
Sherwood Holidays Limited*	✓	C											
Sigiriya Resorts Limited				✓	D								
Sunagro Farms Limited*	✓	C		✓	D								
Sunagro Lifescience Limited*	✓	C		✓	D	✓	D	✓	D				
Sunrise Resorts Limited				✓	D								
Teacom (Private) Limited*	✓	C		✓	D								
Transways (Private) Limited*				✓	D								
Tropical Beach Resorts Limited				✓	D								
Udaveriya Plantations Limited	✓	D		✓	D								
Unicom Clearing and Forwarding (Private) Limited*	✓	C		✓	D								
Union Commodities (Private) Limited*	✓	C		✓	D	✓	D	✓	D	✓	D		
Union Commodities Exports (Private) Limited*	✓	C		✓	D								
Union Commodities Teas (Private) Limited*	✓	C		✓	D								
Union Group (Private) Limited*	✓	D		✓	D								

# GOVERNANCE SYSTEM

COMPANIES	Mr. S.D.R. Arudpragasam	Mr. C.P.R. Perera (Resigned w.e.f. 31.12.2024)	Mr. S.S. Poholiyadde	Mr. Anushman Rajaratnam	Mr. D.R. Madena	Mr. P.M.A. Sirimane (Resigned w.e.f. 31.12.2024)	Mr. G.K.B. Dasanayaka (Resigned w.e.f. 31.12.2024)	Mr. K. Mohideen	Mr. A.M. de. S. Jayaratne (Resigned w.e.f. 31.12.2024)	Mr. K.G. Punchihewa (Appointed w.e.f. 01.11.2024)	Mr. S.B. Perera (Appointed w.e.f. 31.12.2024)	
Union Investments (Private) Limited*	✓	D		✓	D				✓	D		
Voyages Ceylan (Private) Limited*				✓	D							
Waverly Power (Private) Limited*	✓	C	✓	D	✓	D	✓	D	✓	D		
Weligama Hills Limited	✓	D		✓	D							
York Conventions (Private) Limited*				✓	D							
York Hotel Management Services Limited*	✓	C		✓	D							
York Tours Limited*				✓	D							
Sterling Steels (Private) Limited*	✓	C				✓	D					
ACL Cables PLC									✓	INE		
Mireka Capital Land (Pvt) Ltd									✓	D		
Overseas Realty (Ceylon) PLC									✓	C/INE		
Innovest Investments (Pvt) Ltd									✓	C		
Kelani Valley Canneries Limited				✓	D							
Sunquick Lanka (Pvt) Ltd				✓	D							
Sunquick Lanka Properties (Pvt) Ltd				✓	D							
Lanka Agro Plantations Limited				✓	D							
Insite Holdings (Pvt) Ltd		✓	C									
Insite Factories (Pvt) Ltd		✓	C									
Ceylon Tea Brokers PLC		✓	NE									
Logicare (Pvt) Limited		✓	D									
Tempest P E Partners (Pvt) Limited		✓	D									
Plantation Human Development Trust										✓	D	
Fintrex Finance Limited											✓	D
Teejay Lanka PLC											✓	INE
Teejay Lanka Prints (Private) Limited											✓	D
Teejay India Private Limited											✓	D
Teejay Mauritius Private Limited											✓	D
Nubian Threads (Egypt)											✓	D

## NOTES:

The Companies marked with an \* are Subsidiaries of Associates of the The Colombo Fort Land & Building Group.

Mr. P.M.A. Sirimane who served as an Independent Non-Executive Director, until the close of business on 31<sup>st</sup> December 2024, continue to serve as a Non-Executive Director on the Board of The Colombo Fort Land & Building PLC effective 1<sup>st</sup> January 2025.

Mr. A.M. de. S. Jayaratne who served as an Independent Non-Executive Director until the close of business on 31<sup>st</sup> December 2024, served as a Non-Executive Director on the Board of The Colombo Fort Land & Building PLC effective 1<sup>st</sup> January 2025 until his demise on 10<sup>th</sup> July 2025.

Mr. C.P.R. Perera, Deputy Chairman who served as an Independent Non-Executive Director until the close of business on 31st December 2024, continues to serve in the capacity of Deputy Chairman and as a Non-Executive Director of The Colombo Fort Land & Building PLC with effect from 1st January 2025. Mr. C.P.R. Perera was re-designated as a Non-Executive Director on the Board of Ceylon Tea Brokers PLC with effect from 7th October 2024.

Mr. C.P.R. Perera resigned from the Boards of Agarapatana Plantations PLC, Kotagala Plantations PLC, Lankem Developments PLC, Beruwala Resorts PLC, Marawila Resorts PLC and Sigiriya Village Hotels PLC with effect from 31st December 2024, and C.W. Mackie PLC with effect from 30th December 2024.

Mr. P.M.A. Sirimane resigned from the Boards of Agarapatana Plantations PLC, Kotagala Plantations PLC, Lankem Developments PLC, Lankem Ceylon PLC, E.B. Creasy & Company PLC, Muller & Phipps (Ceylon) PLC, Laxapana PLC, Colombo Fort Investments PLC and Colombo Investment Trust PLC with effect from 31st December 2024. He was also resigned from the Boards of J.F. Packaging Limited, J.F. Ventures Limited, Ceylon Tapes (Pvt) Ltd, Ceytape (Pvt) Ltd, Alliance Five (Pvt) Ltd and Kiffs (Pvt) Ltd with effect from 29th January 2025.

Mr. G.K.B. Dasanayaka resigned from the Boards of Agarapatana Plantations PLC, Kotagala Plantations PLC, Lankem Ceylon PLC and ACME Printing and Packaging PLC with effect from 31st December 2024. He was also resigned from the Boards of J.F. Packaging Limited, J.F. Ventures Limited, Ceylon Tapes (Pvt) Ltd, Ceytape (Pvt) Ltd, Kiffs (Pvt) Ltd and Alliance Five (Pvt) Ltd with effect from 29th January 2025.

Mr. G.K.B. Dasanayaka was appointed to the Board of Lankem Tea & Rubber Plantations (Pvt) Limited with effect from 1st December 2024.

Mr. A.M. de.S. Jayaratne resigned from the Boards of Agarapatana Plantations PLC, Kotagala Plantations PLC, Lankem Developments PLC, C M Holdings PLC, York Arcade Holdings PLC, E.B. Creasy & Company PLC, Colombo Fort Investments PLC, Colombo Investment Trust PLC and ACL Cables PLC on

31st December 2024, and C.W. Mackie PLC with effect from 30th December 2024.

Mr. A.M. de. S. Jayaratne deceased - 10th July 2025.

Mr. Anushman Rajaratnam was appointed to the Board of York Hotel Management Services Limited on 1st August 2024.

Mr. Anushman Rajaratnam was appointed as Managing Director of Union Commodities (Private) Limited on 16th May 2025.

Mr. K.G. Punchihewa was appointed to the Board of Agarapatana Plantations PLC and Kotagala Plantations PLC with effect from 1st November 2024, Lankem Ceylon PLC and Lankem Developments PLC with effect from 31st December 2024, E.B. Creasy & Company PLC, Muller & Phipps (Ceylon) PLC and Laxapana PLC on 1st January 2025, ACME Printing & Packaging PLC with effect from 5th February 2025 and The Colombo Fort Land & Building PLC with effect from 20th February 2025. He was also appointed to the Boards of Consolidated Tea Plantations Limited with effect from 3rd February 2025 and J.F. Packaging Limited, JF Ventures Limited, Ceylon Tapes (Pvt) Ltd, Ceytapes (Pvt) Ltd, Alliance Five (Pvt) Ltd and Kiffs (Pvt) Ltd with effect from 20th February 2025.

Mr. S.B. Perera was appointed to the Boards of Agarapatana Plantations PLC, Kotagala Plantations PLC, Lankem Developments PLC, Lankem Ceylon PLC, Beruwala Resorts PLC, Marawila Resorts PLC and Sigiriya Village Hotels PLC with effect from 31st December 2024, C.W. Mackie PLC with effect from 30th December 2024, E.B. Creasy & Company PLC, Muller & Phipps (Ceylon) PLC and Laxapana PLC with effect from 1st January 2025 and The Colombo Fort Land & Building PLC with effect from 20th February 2025. He was also appointed to the Boards of Consolidated Tea Plantations Limited with effect from 3rd February 2025 and J.F. Packaging Limited, JF Ventures Limited, Ceylon Tapes (Pvt) Ltd, Ceytape (Pvt) Ltd, Kiffs (Pvt) Ltd and Alliance Five (Pvt) Ltd with effect from 20th February 2025 and Nubian Threads (Egypt) with effect from 9th March 2025.

Mr. S.B. Perera resigned from the Boards of Ceytape (Private) Limited, JF Ventures Limited, Kiffs (Private) Limited, Alliance Five (Private) Limited and Teejay India Private Limited with effect from 10th May 2025 and from the Boards of Teejay Mauritius Private Limited with effect from 31st May 2025.

# MANAGING THE RISKS

During the 12 months of 2024/25, APL's risk environment showed a marked improvement compared to the previous 2 years. External macro risks started easing, with interest rates declining and costs starting to stabilise and even decline. Although the advantage of high prices from rupee depreciation was lost due to rupee appreciation during the current financial year, the exchange rate stability experienced during the year made operational planning easier, while also reducing import costs of inputs such as fertiliser and equipment. The gradual improvement in tourist arrivals has also encouraged APL's plans for tea tourism development. With the improved external outlook, APL gradually increased its capital investments into its production systems and also for tourism infrastructure development. All such investments, into factories, tourism and sustainability initiatives, were carefully planned in line with the Company's growth strategy.

The main risks during the year, were continued price volatility for tea, and climate change impacts on tea cultivation, which were managed effectively to ensure sustained revenue and profit growth.

## Emerging risks in the new financial year

From end March 2025, the risk environment is again signalling rising unpredictability, due to domestic as well as global developments. These include:

- The potential of escalating conflicts in the Middle East, which is the primary destination for Pure Ceylon Tea and the escalation of the Russian – Ukraine war, which is again a significant region for Sri Lankan tea exports. The prevailing conflicts in these two regions could increase global price volatility of tea, as well as shipping costs.
- Uncertainty regarding a new US government trade regime, could destabilize trade and fuel global inflation, again impacting global demand for tea, as well as the rupee exchange rate and foreign exchange earnings from exports.
- In the domestic environment, the plantation sector is again facing uncertainty regarding government plans for plantation lease agreements, and policies on tea sector and plantations sector development.
- Sri Lanka's agriculture sector is experiencing rising risks from climate change. How APL manages these risks and other sustainability related risks are discussed under the 'Managing Sustainability and Climate Related Risks' and Opportunities section.

## Risk management process

APL has aligned its risk management processes with the three lines of defence model, where the ultimate responsibility of risk management is borne by the Board, supported by the Audit Committee and the Management Committee. The estate managers, regional managers and operational divisions are responsible for identifying, assessing, and managing risks at different levels.

The risk management process is integrated into the overall governance, internal controls and strategy planning and implementation process across the entire organisation and all activities. The Board is involved in risk identification and assessment through management feedback, and approves suitable risk responses. External market developments both within the country, and internationally, are continually monitored against APL's strategic objectives to identify potential threats to strategic progress.

- The Board defines the company's risk appetite with regards to investments, obtaining credit and other key operational areas, which guides the management on acceptable levels of risk exposure.
- The risk identification and assessment involve the senior management and feedback from all levels of the organisation hierarchy
- Risk responses are developed by the senior management and approved by the Board with implementation monitored by the Audit Committee.
- Regular reports are submitted to the Audit Committee and the Board regarding existing and emerging risks as well as risk management initiatives.

## Effectiveness of internal controls

APL conducted regular audits of finances and inventories as well as regulatory compliance checks, during the year, which were also presented to the Board. In addition, the Company complied with audits for Rain Forest Alliance and Carbon Footprint certifications.

## Risk management report for 2024/25

Risk	Risk description	Potential impact	Response to risk	Risk rating
<b>Social Capital</b>				
Governance/ compliance risk	Regulatory compliance lapses can lead to fines and penalties and loss of licenses	High	<ul style="list-style-type: none"> <li>All outstanding employee statutory payments were settled</li> <li>Monthly reporting, record keeping and monitoring with regards to statutory employee payments, was strengthened</li> <li>Monthly HR Audits have been introduced</li> <li>The Company's legal division also monitors compliance with all regulatory requirements</li> <li>Compliance levels with quality assurance standards in factories are being improved</li> </ul>	Low
Community welfare related risks	Estate communities reside in estates and face risks of poverty, health etc..	Low	<ul style="list-style-type: none"> <li>Community health camps were conducted</li> <li>Other community welfare programs are ongoing</li> </ul>	Low
Reputational risk	The credibility of the Company may be impacted due to a range of reasons	Low	<ul style="list-style-type: none"> <li>APL is ISO certified for food safety and processes</li> <li>We improved compliance with all national regulations in the current year</li> <li>We comply with international accreditations</li> <li>Any customer and supplier complaints are resolved immediately</li> <li>Employee grievances management was improved in the current year</li> </ul>	Low
<b>Financial Capital</b>				
Interest rate risk	Interest rates declined	Medium	<ul style="list-style-type: none"> <li>We negotiate better terms on loans</li> </ul>	Low
Foreign exchange risk	Costs of imports declined in the current financial year	Medium	<ul style="list-style-type: none"> <li>Cost Management systems have been deployed including mechanisation and automation</li> </ul>	Low
Liquidity risk	Shortage of funds	High	<ul style="list-style-type: none"> <li>APL does not face a significant liquidity risk</li> <li>All capital investments are well planned</li> </ul>	Low

# MANAGING THE RISKS

Risk	Risk description	Potential impact	Response to risk	Risk rating
<b>Manufactured Capital</b>				
ICT risks	Loss of data and breakdown of systems due to cyber attacks	Low	<ul style="list-style-type: none"> <li>Internal controls on IT safety were reviewed</li> <li>Back up systems are maintained</li> <li>Contracts with established agents for licensed software were renewed</li> </ul>	Low
Plant and equipment risk	Risk of machinery breakdowns	Low	<ul style="list-style-type: none"> <li>Insurance policies for our assets were renewed</li> <li>We buy from the best suppliers to ensure quality goods</li> <li>The factories in the estates and other infrastructure are maintained regularly and upgraded when required.</li> <li>Factories are also upgraded under the Rainforest alliance/ ISO standards</li> </ul>	Low
<b>Human Capital</b>				
Operational risks	Ineffective processes can lead to low productivity and waste, and prevent achievement of strategic objectives	Medium	<ul style="list-style-type: none"> <li>Human resource administration had been continually improved.</li> </ul>	Medium
Industrial disputes	Industrial action by trade unions	Low	<ul style="list-style-type: none"> <li>Productivity committees have been setup</li> <li>Reporting and monitoring systems are being improved</li> <li>All statutory payments were settled</li> </ul>	Low

# ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Agarapatana Plantations PLC present their Report together with the Audited Financial Statements for the year ended 31st March 2025. The details set out herein include the pertinent information required by the Companies Act No.07 of 2007, the Colombo Stock Exchange Listing Rules and are guided by recommended best practices.

## PRINCIPAL ACTIVITIES, BUSINESS REVIEW / FUTURE DEVELOPMENTS

The principal activities of the Company are cultivation, manufacture and sale of Tea. The principal activity of the subsidiary is disclosed in the Notes (Note 1.2) to the Financial Statements in this report. A review of the Company's business and its performance during the year with comments on financial results and future developments is contained in the Chairman's Message, Managing Director's Review, CEO's Review, Operational and Financial Review sections of this Annual Report. These Reports together with the financial statements reflect the state of affairs of the Company.

The Directors to the best of their knowledge and belief confirm that the Company has not engaged in any activities that contravene laws, regulations and prudential requirements and that there are no material non-compliances.

## FINANCIAL STATEMENTS

The Financial Statements of the Company are given on pages 118 to 182.

## AUDITORS' REPORT

The Auditors' Report on the Financial Statements is given on Pages 114 to 117.

## ACCOUNTING POLICIES

The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 125 to 143.

## INTEREST REGISTER

### Directors Interest in Transactions

The Directors have made general disclosures as provided for in Section 192 (2) of the Companies Act No.07 of 2007. These have been entered in the Interest Register which is maintained by the Company. The Company carries out transactions in the ordinary course of business with entities in which a Director of the Company is a Director and the said transactions are disclosed in

Note 35 - Related Party Transactions on pages 172 to 178. Arising from this, details of contracts in which they have an interest are disclosed in Note 35 to the financial statements on pages 172 to 178.

The Directors have no direct or indirect interest in any other contract or proposed contract with the Company.

During the financial year the Company has not entered into any contracts in which the Directors have had a material interest.

Neither the Directors nor their close family members have had any material business relationships with other Directors.

## DIRECTORS INTEREST IN SHARES

The Directors of the Company who have an interest in the shares of the Company have disclosed their shareholdings and any acquisitions/disposals to the Board in compliance with Section 200 of the Companies Act No. 07 of 2007.

The acquisitions/disposals are routinely notified to the Colombo Stock Exchange.

Details pertaining to Directors' direct shareholdings are set out below:

Name of Director	No. of Shares as at 31/03/2025	No. of Shares as at 31/03/2024
Mr. S.D.R. Arudpragasam	NIL	3,946,400
Mr. C.P.R. Perera (Resigned w.e.f. 31/12/2024)	N/A	168,900
Mr. S.S. Poholiyadde	2,000,000	2,000,000
Mr. D.R. Madena	28,000	28,000
Mr. Anushman Rajaratnam	NIL	1,000,000
Mr G.K.B. Dasanayaka (Resigned w.e.f. 31/12/2024)	N/A	20,400
Mr. K. Mohideen	285,000	285,000
Mr. A.M. de S. Jayaratne (Resigned w.e.f. 31/12/2024) (Deceased - 10/07/2025)	N/A	200,000
Mr. P.M.A. Sirimane (Resigned w.e.f. 31/12/2024)	N/A	NIL
Mr. K.G. Punchihewa (Appointed w.e.f. 01/11/2024)	NIL	N/A
Mr. S.B. Perera (Appointed w.e.f. 31/12/2024)	NIL	N/A

# ANNUAL REPORT OF THE BOARD OF DIRECTORS

## DIRECTORS' REMUNERATION

The Directors' remuneration in respect of the Group for the Financial Year 2024/25 is disclosed in Note 35 to the Financial Statements.

## CORPORATE DONATIONS

No donations were made during the year.

## DIRECTORATE

The names of the Directors who held office during the financial year and are currently in office are listed below.

Brief profiles of the Directors appear on pages 23 to 28.

Mr. S.D.R. Arudpragasam - Chairman

Mr. C.P.R. Perera - Deputy Chairman (Resigned w.e.f. 31/12/2024)

Mr. S.S. Poholiyadde - Managing Director

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

Mr. Anushman Rajaratnam - Director

Mr. P.M.A. Sirimane - Director (Resigned w.e.f. 31/12/2024)

Mr. G.K.B. Dasanayaka - Director (Resigned w.e.f. 31/12/2024)

Mr. K. Mohideen - Director - Finance

Mr. A.M. de S. Jayaratne - Director (Resigned w.e.f. 31/12/2024) (Deceased - 10.07.2025)

Mr. K.G. Punchihewa - Director (Appointed w.e.f. 01/11/2024)

Mr. S.B. Perera - Director (Appointed w.e.f. 31/12/2024)

Mr. P.M.A. Sirimane, Mr. G.K.B. Dasanayaka, Mr. A.M.de.S. Jayaratne who served as Independent Non-Executive Directors and Mr. C.P.R. Perera, Independent Non-Executive Director, who served in the capacity of Deputy Chairman resigned from the Board of Directors as at the close of business on 31st December 2024.

Mr. S.S. Poholiyadde who serves on the Board of Directors as an Executive Director was appointed Managing Director with effect from 25th September 2024.

Mr. K.G. Punchihewa was appointed as an Independent Non-Executive Director with effect from 1st November 2024.

Mr. S.B. Perera was appointed as an Independent Non-Executive Director with effect from 31st December 2024.

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

In terms of Article 98 of the Article of Association Mr. K.G. Punchihewa retires and being eligible, offers himself for re-election.

In terms of Article 98 of the Article of Association Mr. S.B. Perera retires and being eligible, offers himself for re-election.

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

## ENTERPRISE GOVERNANCE

Adoption of good governance practices has become an essential requirement in today's corporate culture. The corporate governance principals adhered by the company are given on pages 68 to 95.

## AUDITORS

The Financial Statements of the Company for the year have been audited by, Messrs. Ernst & Young Chartered Accountants, the retiring Auditors who have expressed their willingness to continue as Auditors of the Company and are recommended for reappointment. A resolution to reappoint them and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

The Auditors, Messrs. Ernst & Young were paid Rs. 6.6 Mn (2023/24 - Rs. 6.2 Mn) as audit fees by the Company. In addition, they were paid Rs. 0.7 Mn (2023/24 - Rs. 0.9 Mn) by the Company for non-audit related work, which consisted mainly of tax related work. In addition the Subsidiary is engaged with another Audit Firm. Audit fees in respect of this firm amounted to Rs. 0.3 Mn (2023/24 - Rs. 0.3 Mn). As far as the Directors are aware the Auditors do not have any relationship (other than that of an Auditor) with the Company. The Auditors do not have any interests in the Company.

## REVENUE

The revenue of the Group for the year was Rs. 7,286 Mn (2023/24 - Rs. 7,215 Mn). The Revenue of the Company for the year was Rs. 7,219 Mn which comprises Rs. 3,956 Mn from the Agras Valley Region (2023/24 - Rs. 3,943 Mn) and Rs. 3,263 Mn from the Haputale Region (2023/24 - Rs. 3,210 Mn).

## RESULTS

The Group made a Profit before tax of Rs. 1,138 Mn (2023/24 - Rs. 759 Mn). The Company made a Profit before tax of Rs. 1,108 Mn against a profit before tax of Rs. 743 Mn in 2023/24.

## MANAGING AGENT & MANAGEMENT FEE

Lankem Tea & Rubber Plantations (Pvt) Ltd (LT&RP), a subsidiary of Consolidated Tea Plantations Limited, continue to manage the affairs of the Company. The Managing Agents LT&RP did not charge Managing Agent's Fees in the year under review. (2023/24- Nil).

## DIVIDENDS

The Company paid an Interim Dividend of Rs.1.00 per share for the year ended 31st March 2025 on 28th October 2024 to the shareholders registered as at the end of trading on 22nd October 2024.

The Company paid a Second Interim Dividend of Rs.0.50 per share for the year ended 31st March 2025 on 7th March 2025 to the shareholders registered as at the end of trading on 28th February 2025.

The Board of Directors confirmed that the Company satisfied the Solvency Test requirement under Section 56 of the Companies Act No. 07 of 2007 and obtained Solvency Certificates from the Auditors in respect of the above mentioned Dividend payments..

## INVESTMENTS

Investments made by the Group and the Company are given in Note 10 to the Financial Statements on pages 153 to 155.

## PROPERTY, PLANT & EQUIPMENT

During the year 2024/25 the Company/ Group invested Rs. 410 Mn (2023/24 - Rs. 306 Mn) in Property Plant & Equipment and other Capital Expenditure which includes Rs. 38 Mn in replanting expenditure (2023/24 - Rs. 39 Mn). Further, the Directors are of the opinion that the net amounts at which Property, Plant & Equipment appear in the Statement of Financial Position are not greater than their market value as at 31st March 2025. Information relating to movements in Property, Plant & Equipment and other Capital Expenditure are given in Notes 6, 7, 8 and 9 to the Financial Statements.

## RESERVES

The total reserves of the Group as at 31st March 2025 amount to Rs. 1,755 Mn (2023/24 - Rs. 1,695 Mn).

The total reserves of the Company as at 31st March 2025 amount to Rs. 1,773 Mn comprising Timber Reserve of Rs. 1,831 Mn (2023/24 - Rs. 1,700 Mn), Retained Loss of Rs. 1,039 Mn (2023/24 Retained Loss of Rs. 510 Mn) Revaluation Reserve - Rs. 1,160 Mn (2023/24 - Rs. 724 Mn) and Fair Value Reserve (loss) of Rs. 179 Mn (2023/24 - Rs. 182 Mn). The movements are shown in the Statement of Changes in Equity in the Financial Statements.

## STATED CAPITAL

The Stated Capital of the Company as at 31st March 2025 was Rs. 2,478,067,694/- represented by 500,000,000 Ordinary Shares and One Golden Share.

## INITIAL PUBLIC OFFERING (IPO)

The utilisation of IPO Proceeds as at 31st March 2025 is as follows.

Objective No.	Objective as per Prospectus	Amount allocated as per Prospectus Rs.	Proposed Date of Utilization as Per Prospectus	Amount allocated upon the receipt of proceeds in Rs.	As a % of total proceeds	Amount Utilized in the Objective Rs.	% of proceeds utilised against allocation (B)	Clarification if not fully utilised including where the funds are invested
1	Purchase of modern equipment to develop APL factories to "State of the Art - Processing Centres"	672,630,999	FY 2023/24 - FY 2024/25	672,630,999	90%	29,439,750	4%	Funds are invested in Fixed Deposits
2	Settlement of high-cost term loans	75,000,000	FY 2023/24	75,000,000	10%	75,000,000	100%	N/A

# ANNUAL REPORT OF THE BOARD OF DIRECTORS

## TAXATION

The Company is liable to income tax at the rate of 30%. Further details of Taxation are given in Note 29 to the Financial Statements.

## RELATED PARTY TRANSACTIONS

During the financial year there were no recurrent or non recurrent related party transactions which exceeded the respective disclosure thresholds mentioned in Section 9.14 of the Colombo Stock Exchange Listing Rules. The Company has complied with the requirements of the Listing Rules on Related Party Transactions.

The Related Party Transactions presented in the Financial Statements are disclosed in Note 35 from pages 172 to 178.

## SHARE INFORMATION

Information relating to earnings, dividends, net assets, market value per share and share trading is given on pages 05, 118, 119, 121, 122, 170, 187 and 188.

## EVENTS OCCURRING AFTER THE REPORTING DATE

No circumstances have arisen since the Reporting date that would require adjustments to or disclosure in the Financial Statements other than those disclosed in Note 34 to the Financial Statements on page 171.

## CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital Commitments and Contingent Liabilities as at the Reporting date are disclosed in Notes 19, 31 and 33 to the Financial Statements on pages 160, 161, 162, 170 and 171 respectively.

## EMPLOYMENT POLICY

The Company's recruitment and employment policy is non-discriminatory. The occupational health and safety standards receive substantial attention. Appraisals of individual employees are carried out in order to evaluate their performance and realise their potential. This process benefits the Company and the employees. The number of persons employed by the Company at the year end was 7,021 (2023/24 – 8,077).

## SHAREHOLDERS

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

## STATUTORY PAYMENTS

The Directors to the best of their knowledge and belief are satisfied that all statutory payments due in relation to employees and the Government have been made and where relevant provided for.

## ENVIRONMENTAL PROTECTION

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

## INTERNAL CONTROL

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

The Board is satisfied with the effectiveness of the system of internal control for the period up to the date of signing the Financial Statements.

## GOING CONCERN

As noted in the Statement of Directors' Responsibilities on page 112, the Directors have adopted the going concern basis in preparing these Financial Statements.

For and on behalf of the Board,

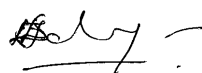


S.S. Poholiyadde  
Director



K. Mohideen  
Director

By Order of the Board



Corporate Managers & Secretaries  
(Private) Ltd.

Secretaries  
05<sup>th</sup> August 2025

# REPORT OF THE REMUNERATION COMMITTEE

The Remuneration Committee is responsible to the Board for developing and setting the Company's Remuneration Policy and recommending the policy applicable for the Executive Directors and for the key management personnel of the Company. In addition, they lay down guidelines and parameters for the compensation structure of the management staff. There is a Board approved nondiscriminatory remuneration policy for all Non-Executive Directors to ensure that their Independence is not impaired.

## Remuneration Policy

The key objective of the Committee is to attract, motivate and retain qualified and experienced personnel and to ensure that the remuneration of executives at each level of management is competitive and are rewarded in a fair manner based on their performance.

## Key Responsibilities and Duties of the Committee

Determine and agree with the Board on a remuneration framework for key management personnel, based on performance, benchmarking principles, industry trends, and historical remuneration data.

Plan for succession of Key Management Personnel to ensure leadership continuity and organizational stability.

Review and recommend the Company's overall remuneration strategy, policies, practices, and performance-based pay plans.

Formulate guidelines, policies, and parameters for structuring compensation packages for all key management personnel within the Company.

Review executive compensation information to ensure alignment with current market and industry standards.

## Composition

The Remuneration Committee of the Company comprised of the following members until 31st December 2024.

Mr. A.M. de S. Jayaratne	- Chairman, Independent Non-Executive Director
Mr. C.P.R. Perera	- Member - Independent Non-Executive Director
Mr. S.D.R. Arudpragasam	- Member - Non-Executive Director

The Remuneration Committee of the Company was reconstituted on 1st January 2025 and comprised of the following members as at 31st March 2025 and as of date of this Report.

Mr. K.G. Punchihewa	- Chairman - Independent Non-Executive Director
Mr. S.B. Perera	- Member - Independent Non-Executive Director
Mr. Anushman Rajaratnam	- Member - Non Executive Director

Brief profiles of the Committee members are given on pages 23 to 28.

The Remuneration Committee has well defined Terms of Reference outlining the Committee's composition, quorum, authority and its responsibilities.

The Company's Secretaries Corporate Managers & Secretaries (Private) Limited functions as the Secretaries to the Remuneration Committee.

## MEETINGS AND ATTENDANCE

The Remuneration Committee met on two occasions during the financial year.

The attendance of the Committee prior to 31st December 2024 was as follows:

Mr. A.M. de S. Jayaratne – Chairman	-	1/1
Mr. C.P.R. Perera	-	1/1
Mr. S.D.R. Arudpragasam	-	1/1

The attendance of the Committee which was reconstituted with effect from 1st January 2025 was as follows:

Mr. K.G. Punchihewa - Chairman	-	1/1
Mr. S.B. Perera	-	1/1
Mr. Anushman Rajaratnam	-	1/1

Other members of the Board participate in the deliberations where appropriate.

The proceedings of the Remuneration Committee are reported to the Board of Directors.

The details on the aggregate remuneration of the Executive and Non-Executive Directors is given in Note 35 to the financial Statements.



**K.G. Punchihewa**  
Chairman  
Remuneration Committee

05<sup>th</sup> August 2025

# REPORT OF THE AUDIT COMMITTEE

The objective of the Audit Committee is to assist the Board of Directors for overseeing the processes of financial reporting including the review of financial statements, integrity of the Financial statements, the process of auditing of financial statements and monitoring the Internal control systems of the Company and how they facilitate compliance with relevant laws and regulations, through independent and objective reviews, while safeguarding the interests of shareholders and other connected stakeholders. The Committee has reviewed and monitored the financial reviewing processes to provide an additional assurance on the reliability of the Financial Statements and they are prepared in accordance with the Sri Lanka Accounting/Auditing Standards and other Legislative reporting requirements.

## COMPOSITION

The Audit Committee of the Company comprised of the following three members until the close of business on 31st December, 2024

Mr. A.M. de S. Jayaratne	- Chairman - Independent Non-Executive Director
Mr. C.P.R. Perera	- Member- Independent Non-Executive Director
Mr. P.M.A. Sirimane	- Member - Independent Non-Executive Director

Consequent to their resignations on 31st December 2024, the Audit Committee of the Company was reconstituted on 1st January, 2025 to be in line with the Corporate Governance Rules of the Colombo Stock Exchange, and comprised of the following members as at 31st March, 2025 and as of date of this Report.

Mr. K.G. Punchihewa	- Chairman - Independent Non-Executive Director
Mr. S.B. Perera	- Member- Independent Non-Executive Director
Mr. Anushman Rajaratnam	- Member- Non Executive Director

The Committee has varied knowledge & experience, financial expertise with high standing of integrity and business acumen in order to carry out their role efficiently and effectively. The Chairman of the Committee, Mr. K.G. Punchihewa is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA) and Member of the Certified Public Accountants (CPA) - Australia. All three members are finance professionals.

Brief profiles of the Audit Committee members are given on pages 23 to 28 of this Report.

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

## ROLE OF THE AUDIT COMMITTEE

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

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

The Audit Committee recommends to the Board the appointment or re-appointment of external Auditors ensuring independence and maintains a professional relationship with them. The Committee also recommends to the Board the fees payable to External Auditors.

The Audit Committee reviewed the Quarterly Unaudited Financial Statements and the Annual Audited Financial Statements for the year ended 31st March 2025 and has recommended the Financial Statements for the approval of the Board of Directors.

## TERMS OF REFERENCE

The Committee is governed by the specific terms of reference set out in the Audit Committee Charter which has been reviewed by the Audit Committee and approved by the Board of Directors of the Company, in line with the 'Code of best Practices on Corporate Governance' issued by the Institute of Chartered Accountants of Sri Lanka. The Committee focuses on the following objectives in discharging its responsibilities taking into consideration the terms of reference together with the requirements of the Listing Rules of the Colombo Stock Exchange.

- Risk Management
- Efficiency of the system of internal controls
- Independence and objectivity of the External (Statutory) Auditors
- Appropriateness of the principal accounting policies used
- Financial Statement integrity

## MEETINGS AND ATTENDANCE

The Audit Committee has met in total on six occasions during the financial year ended 31st March, 2025.

The attendance of the committee prior to 31st December, 2024 was as follows:

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

Meeting attendance of the Audit Committee which was reconstituted with effect from 1st January, 2025 is as follows:

Mr. K.G. Punchihewa – Chairman	2/2
Mr. S.B. Perera	2/2
Mr. Anushman Rajaratnam	2/2

At least one Meeting of the Audit Committee has been held in each quarter of the financial year.

The other members of the Board and Senior Management Personnel of the Company are invited to the meetings whenever required. External Auditors were present at discussions where appropriate. The Proceedings of the Audit Committee were reported to the Board of Directors.

In addition to the meetings, other matters referred to the Committee are reviewed and recommended by Resolutions in writing.

## RISK MANAGEMENT INTERNAL CONTROL AND FINANCIAL REPORTING

The Directors are responsible for maintaining an effective internal control system and proactive risk management strategy. The Committee has reviewed the Representation Letter from the Executive Management of the Company assuring that the Internal control measures cover both financial and operational matters and also adequate risk management measures are in place to safeguard the assets of the Company and the Group. The risk management strategy of the Company is given on pages 96 to 98 of this report. The Committee has also reviewed the Risk Management framework adopted by the Company.

The Audit Committee reviewed the financial reporting system adopted to prepare Financial Statements to ensure that the reliability of the process and consistency of the accounting policies and methods adopted are in compliance with financial reporting requirements, information requirements under the CSE Listing Rules, the Companies Act, the SEC Act, Sri Lanka Accounting Standards (SLFRS/LKAS) and other relevant financial reporting related regulations and requirements.

## COMPLIANCE

The committee received confirmation from the Managing Director and Director Finance on the Company's Operational and Financial status. This confirmation serves as the key endorsement of integrity and transparency of the financial records and that the financial statements accurately reflect the Company's operations and financial position.

The Committee obtained representations from the senior management personnel of the Company on the adequacy of provisions made for possible liabilities. Further the Committee has reviewed reports tabled by the Management on the compliance status with regard to relevant financial, secretarial and statutory requirements.

## INTERNAL AUDIT

The Internal Audit division comprises of the Head of Internal Audit and Assistants who report regularly to the Managing Director. The Audit Committee is apprised by the Internal Auditor of any pertinent matters. Internal Auditors are empowered to examine and review the financial reporting systems, internal control procedures, accounting policies and compliance with accounting standards. It also reviews the adequacy of systems for compliance with legal, regulatory and ethical requirement and company policies. The Committee where required review the findings and recommendations of the Internal Audit together with Management responses on the observations and the recommendations for improvement.

# REPORT OF THE AUDIT COMMITTEE

## EXTERNAL AUDIT

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

The Management Letters issued by the External Auditors with regard to the Financial Statements and Internal Controls are circulated for the review of the Audit Committee.

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

During the year under review, the Audit Committee assessed the independence and effectiveness of the External Audit function and is satisfied that the independence of the External Auditors, Messrs. Ernst & Young, has not been impaired by any event or service that gives rise to a conflict of interest. The Audit Committee reviewed the nature of services provided by the External Auditor and the level of audit.

The Committee obtained written representation from the External Auditors that they have been independent throughout the conduct of the audit engagement in terms of all relevant professional and regulatory requirements. The Auditors have expressed their willingness to continue as Auditors of the Company for the forthcoming financial year.

The current Auditors Messrs. Ernst & Young has been functioning as the External Auditors for the Company for over 25 years. A Partner rotation of the External Auditors takes place periodically.

The Audit Committee has recommended to the Board of Directors the re- appointment of Ernst & Young as Auditors for the financial year ending 31st March 2026, subject to the approval of the shareholders at the Annual General Meeting.

## CONCLUSION

The Audit Committee is of the opinion, based on the representations made by the Management and based on its independent objective reviews carried out that the Company has adequate controls in place to safeguard the Company's assets and that the financial position and the results disclosed in the audited accounts are free from any material misstatements.



**K.G. Punchihewa**  
Chairman  
Audit Committee

05<sup>th</sup> August 2025

# NOMINATIONS & GOVERNANCE COMMITTEE REPORT

The Nominations & Governance Committee ensures that the governance framework of the Company aligns with the requirements of the Colombo Stock Exchange (CSE), and the Securities and Exchange Commission of Sri Lanka (SEC).

The Committee supports the Board in fulfilling its statutory and fiduciary responsibilities relating to corporate governance and selection/appointment of new Directors, re-election and re-appointment of current Directors, selection and appointment of the key management personnel to ensure the highest levels of Corporate Governance in the Company and among members of the Board of Directors.

There is a formal and transparent procedure for the appointment of new Directors to the Board, and the re-election and reappointment of current Directors which is in accordance with the recommendations made by the Nominations & Governance Committee, in consultation with the Chairman and in compliance with the provisions of the Articles of Association of the Company, the Policies adopted by the Company and the Rules on Corporate Governance.

The composition and the scope of work of the Committee are in line with the Terms of Reference of the Committee which is periodically reviewed and revised with the concurrence of the Board.

## COMPOSITION

In terms of the Corporate Governance Rules of the Colombo Stock Exchange, on 18th September 2024, the Board of Directors of the Company resolved that the Nominations Committee of the Company would continue to function as the Nominations and Governance Committee of the Company with effect from the said date.

Consequent to the above resolution the Chairman and the members of the Nominations Committee of the Company continued to serve on the Company's Nominations and Governance Committee until 31st December 2024 and the composition of the Committee is given below.

Mr. A.M. de S. Jayaratne	- Chairman (Independent Non-Executive Director)
Mr. C.P.R. Perera	- Member (Independent Non-Executive Director)
Mr. S. D. R. Arudpragasam	- Member (Non- Executive Director)

Consequent to the resignations of Mr. A.M. de S. Jayaratne and Mr. C.P.R.Perera from the Board of Directors at the close of business on 31st December 2024 , this Committee was reconstituted on 1st January, 2025 and comprises of the following members as of 31st March, 2025 and as of date of this Report:

Mr. K.G. Punchihewa	- Chairman (Independent Non-Executive Director)
Mr. S.B. Perera	- Member (Independent Non-Executive Director)
Mr. Anushman Rajaratnam	- Member (Non- Executive Director)

Brief profiles of the Members are given on pages 23 to 28 of the Annual Report.

## MEETINGS AND ATTENDANCE

The Nominations & Governance Committee has met on 02 occasions during the financial year ended 31st March 2025 and the attendance was as follows:

Attendance of the Committee which functioned prior to 31st December 2024 was as follows:

Mr. A. M. de S. Jayaratne - Chairman	-	1/1
Mr. C.P.R. Perera	-	1/1
Mr. S. D. R. Arudpragasam	-	1/1

Attendance of the Committee appointed with effect from 1st January 2025 was as follows:

Mr. K.G. Punchihewa - Chairman	-	1/1
Mr. S.B. Perera	-	1/1
Mr. Anushman Rajaratnam	-	1/1

The other members of the Board, were invited to attend meetings as and when required. The proceedings of the Nominations and Governance Committee are reported to the Board.

The Company Secretaries Corporate Managers & Secretaries (Private) Limited function as the Secretaries to the Nominations and Governance Committee.

## DUTIES OF THE COMMITTEE

The Committee oversees the corporate governance structure of the organization, providing an overview of the principles, policies, and practices of the Board of Directors. This framework

# NOMINATIONS & GOVERNANCE COMMITTEE REPORT

enables the Company to meet the governance requirements of the Colombo Stock Exchange (CSE), and the Securities and Exchange Commission of Sri Lanka (SEC).

Furthermore, the Committee is responsible for reviewing and recommending improvements to the Company's governance policies and practices.

The Committee monitors the effectiveness of compliance with the relevant regulatory and legal requirements and makes recommendations to the Board on such matters and any corrective action to be taken, as the Committee may deem appropriate.

Whilst exercising the oversight with respect to the corporate governance by the Board of Directors, the Committee also considers and recommends succession arrangements from time to time for the retiring Directors, and the key management personnel taking into account the additional/new expertise required. The Committee reviewed the structure, size, composition and competencies (including the skills, knowledge and experience) of the Board members and made recommendations to the Board with regard to any changes.

The fitness and propriety of the Directors were considered during the year as and when required to ensure compliance with requirements and Corporate Governance Rules of the CSE.

Performance evaluations of the Board were conducted in March 2025, reviewed by the Committee, and discussed at Board Meeting.

The policies have been documented, and recommendations have been made to the Board of Directors by the Committee when nominating Directors for re-election/reappointment at the forthcoming Annual General Meeting.

The newly appointed Directors were briefed on the structure, processes and resources of the Company and the applicable corporate governance framework, applicable Listing Rules, securities market regulations and other applicable laws and regulations. Further an annual update was given to existing Directors on Corporate Governance, Listing Rules, securities market regulations and other applicable laws and regulations. Any major issues relating to the Company are communicated to the Directors and special meetings of the Board are held when the need arises to address such matters.

Mr. C.P.R. Perera, Mr. A.M. de S. Jayaratne, Mr. P.M.A. Sirimane and Mr. G.K.B. Dasanayaka who were determined to be nevertheless independent, served as Independent Non-Executive Directors until the close of business on 31st December 2024. Mr. K.G. Punchihewa and Mr. S.B. Perera who were appointed to the Board on 1st November, 2024 and 31st December, 2024 respectively as Independent Non-Executive Directors meet the criteria for independence as set out in Listing Rule 9.8.3 of the Colombo Stock Exchange and were determined to be independent by the Board.

## RE-APPOINTMENTS/RE-ELECTIONS

In terms of the Articles of the Association any Director appointed by the Board holds office until the next Annual General Meeting at which he seeks re-election by the Shareholders.

The Articles of Association require one third or a number nearest to one third of the Directors in office, excluding the Managing Director, if any and the Appointed Directors to retire at each Annual General Meeting. The Directors to retire in each year are those who have been longest in office since their last election. The retiring Director is eligible for re-election by the Shareholders.

Accordingly, respective members of the Committee whilst refraining from participating in recommending their own re-election or re-appointment, in terms of the Articles of Association of the Company recommended the re-election of Mr. Anushman Rajaratnam who retires by rotation, as well as the re-election of Mr. K.G. Punchihewa and Mr. S.B. Perera who were appointed to fill vacancies on the Board during the year and to reappoint in terms of Section 211 of the Companies Act No.7 of 2007, Mr. S.D.R. Arudpragasam who is over seventy years of age as a Director at the forthcoming Annual General Meeting to be held on 03<sup>rd</sup> September 2025, based on their performance and the contribution made to achieve the objectives of the Board.

In view of the pivotal leadership role played by Mr. S.D.R. Arudpragasam, Chairman, his management oversight skills, integrity, expertise, extensive experience and business acumen, the Committee has recommended to the shareholders to reappoint Mr. S.D.R. Arudpragasam who is over seventy years of age and who retires in terms of Section 210 of the Companies Act No. 7 of 2007.

The Directors coming up for re-election or reappointment do not have any close family relationship with the Directors, the listed entity nor do they have any relationship with shareholders holding over 10% of shares other than those disclosed hereunder.

Information of Directors who are to be re-elected/reappointed at the AGM are as follows:

Board Member	Date first appointed Director	Date last re-appointed / re-elected as a Director	Board Committees served on	Any relationships including close family relationships between the member and the Directors of Agarapatana Plantations PLC the Company or its shareholders holding more than ten per-centum (10%) of the shares of Agarapatana Plantations PLC
Mr. S.D.R. Arudpragasam - Chairman (Non – Executive)	15/05/1996	27/09/2024	Nominations & Governance Committee, Remuneration Committee (up to 31.12.2024)	Mr. S.D.R. Arudpragasam is a Director of Lankem Developments PLC which holds 56.25% of equity in Agarapatana Plantations PLC as at 31.03.2025
Mr. Anushman Rajaratnam - Director (Non – Executive)	01/10/2019	26/09/2023	Audit Committee, RPTRC, Nominations & Governance Committee, Remuneration Committee	Mr. Anushman Rajaratnam is a Director of Lankem Developments PLC which holds 56.25% of equity in Agarapatana Plantations PLC as at 31.03.2025
Mr. K.G. Punchihewa - Director (Independent Non – Executive)	01/11/2024	-	Audit Committee, RPTRC, Nominations & Governance Committee, Remuneration Committee	Mr. K.G. Punchihewa is a Director of Lankem Developments PLC which holds 56.25% of equity in Agarapatana Plantations PLC as at 31.03.2025
Mr. S.B. Perera – Director (Independent Non – Executive)	31/12/2024	-	Audit Committee, RPTRC, Nominations & Governance Committee, Remuneration Committee	Mr. S.B. Perera is a Director of Lankem Developments PLC which holds 56.25% of equity in Agarapatana Plantations PLC as at 31.03.2025

The names, qualifications, principal commitments and other Directorships or Chairmanships of the aforesaid Directors coming up for re-election or reappointment and of the rest of the Board members of Agarapatana Plantations PLC are given in their profiles on pages 23 to 28 and under the caption "Details of Directors' other Directorships" appearing on pages 91 to 95.

The Corporate Governance requirements stipulated under the Listing Rules of the CSE have been met. The Company's compliance status with the Colombo Stock Exchange Listing Rules on Corporate Governance is disclosed on pages 78 to 90.



**K.G. Punchihewa**  
Chairman  
Nominations and Governance Committee

05<sup>th</sup> August 2025

# REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

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

## COMPOSITION

The Related Party Transactions Review Committee of the Company comprised of the following members until 31st December 2024.

Mr. A.M. de S. Jayaratne	- Chairman - Independent/Non-Executive Director
Mr. C.P.R. Perera	- Member- Independent/Non-Executive Director
Mr. P.M.A. Sirimane	- Member- Independent/Non-Executive Director

The Related Party Transactions Review Committee of the Company was reconstituted on 1st January 2025 and comprised of the following members as at 31st March, 2025 and as of the date of this Report.

Mr. K.G. Punchihewa	- Chairman - Independent Non-Executive Director
Mr. S.B. Perera	- Member- Independent Non-Executive Director
Mr. Anushman Rajaratnam	- Member- Non Executive Director

The Committee has extensive experience in financial oversight, regulatory compliance and business acumen in order to carry out their role efficiently and effectively. All three members are finance professionals.

Brief profiles of the Committee members are given on pages 23 to 28.

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

## MEETINGS OF THE COMMITTEE

The Related Party Transactions Review Committee of the Company has met in total on five occasions during the financial year ended 31st March 2025 and the attendance of the Committee prior to 31st December 2024 was as follows:

Mr. A.M. de S. Jayaratne – Chairman	2/3
Mr. C.P.R. Perera	3/3
Mr. P.M.A. Sirimane	3/3

The attendance of the Related Party Transactions Review Committee which was reconstituted with effect from 1st January 2025 was as follows;

Mr. K.G. Punchihewa – Chairman	2/2
Mr. S.B. Perera	2/2
Mr. Anushman Rajaratnam	2/2

Minimum of one Meeting of the Related Party Transactions Review Committee has been held in each quarter of the financial year.

The RPTRC has reviewed and recommended to the Board for approval, Related Party Transactions during the financial year under review in a manner consistent with the Listing Rules and the activities, views, comments and observations of the Committee are communicated on a regular basis to the Board of Directors.

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

The Committee is free to seek external professional advice on matters within their purview when necessary.

Other members of the Board and Senior Management personnel of the Company were present at discussions where appropriate.

## POLICIES, PROCEDURES AND FUNCTIONS OF THE COMMITTEE

The Policies and Procedures adopted by the Related Party Transactions Review Committee when reviewing and recommending transactions are consistent with Section 9.14 of the Listing Rules of the Colombo Stock Exchange.

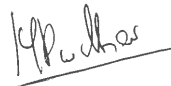
The Functions of the Committee are as follows;

- To identify the persons/entities considered to be Related Parties.
- Review all proposed Related Party Transactions. (Except for transactions which are exempt)
- Advise Management on Related Party Transactions and where necessary direct the transactions for Board approval/ Shareholder approval as deemed appropriate.
- Obtain updates on previously reviewed Related Party Transactions from Senior Management and approve any material changes.
- Establish guidelines for Senior Management to follow in ongoing dealings with Related Parties.
- Review and assess on an annual basis the transactions for Compliance against the Committee guidelines.
- Ensuring that immediate market disclosures and disclosures in the Annual Report are made as required by the applicable rules and regulations.

## CONCLUSION

The Board of Directors have also declared in the Annual Report of the Board of Directors that there were no recurrent / non recurrent related party transactions which exceeded the respective disclosure thresholds stated in Section 9.14 of the Colombo Stock Exchange Listing Rules.

The Company has complied with the requirements of Section 9.14 of the CSE Listing Rules on Related Party Transactions and details of Related Party Transactions are disclosed under Note 35 to the financial statements in this Annual Report.



**K.G. Punchihewa**  
Chairman  
Related Party Transactions Review Committee

05<sup>th</sup> August 2025

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

The responsibilities of the Directors in relation to the Financial Statements of the Company are detailed below. The responsibility of the Auditors' in relation to the Financial statements is set out in the Independent Auditors' Report appearing on page 114 to 117.

The Directors are responsible under the provisions of the Companies Act to ensure compliance with the requirements set out therein to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company as at the end of the financial year and of the Profit & Loss of the Company for the financial year. The Directors confirm that in preparing the Financial Statements, appropriate accounting policies have been selected and applied consistently, reasonable and prudent judgements and estimates have been made and Sri Lanka Accounting Standards have been followed.

The Directors are responsible for ensuring that the Company keeps sufficient accounting records to disclose with reasonable accuracy the financial position of the Company and for ensuring that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards and provide the information required by the Companies Act No. 07 of 2007. They are also responsible for taking reasonable measures to safeguard the assets of the Company, and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to the prevention and detection of fraud and other irregularities.

The Directors are required to prepare the Financial Statements and to provide the Auditors with every opportunity to undertake whatever inspections they consider appropriate to enable them to submit their audit report.

The Directors confirm that they have complied with these requirements. They have a reasonable expectation, after making enquiries and following a review of the Company's budget for the ensuing year, including cash flows and borrowing facilities, that the Company has adequate resources to continue in operational existence for the foreseeable future, and therefore have continued to adopt the going concern basis in preparing the accounts.

## COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge all statutory payments relating to employees and the Government that were due in respect of the Company as at the reporting date have been provided for and fully paid.

On behalf of the Board



**S. S. Poholiyadde**  
Director



**K. Mohideen**  
Director

Colombo  
05<sup>th</sup> August 2025

# FINANCIAL INFORMATION



# Elevating Futurism

As we reflect on a year of success built on the perseverance of our stakeholders, we enshrine our next steps within our desire to elevate our operation so that futuristic excellence is delivered. With strategy and momentum guiding us forward, this elevation is assured

*Independent Auditors' Report 114 | Statement of Financial Position 118 | Statement of Profit or Loss 119 | Statement of Comprehensive Income 120 |  
Statement of Changes in Equity 121 | Statement of Cash Flows 123 | Notes to the Financial Statements 125*

# INDEPENDENT AUDITORS' REPORT



Ernst & Young  
Chartered Accountants  
Rotunda Towers  
No. 109, Galle Road  
P.O. Box 101  
Colombo 03, Sri Lanka

Tel : +94 11 246 3500  
Fax : +94 11 768 7869  
Email: eysl@lk.ey.com  
ey.com

RdeS/GS/WAD

## TO THE SHAREHOLDERS OF AGARAPATANA PLANTATIONS PLC

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Agarapatana Plantations PLC ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the statement of financial position as at March 31, 2025, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at March 31, 2025, 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 Group in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

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

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

Key audit matter	How our audit addressed the key audit matter
<p><b>Measurement of Retirement Benefit Obligation</b></p> <p>As disclosed in Note 19 to the financial statements, the Group's retirement benefit obligation amounted to Rs. 2,210 Mn and represented 36% of the Group's total liabilities as of 31 March 2025. The value of the retirement benefit obligation was based on the actuarial valuation carried out by an external actuary engaged by the Group.</p> <p>This was a key audit matter due to :</p> <ul style="list-style-type: none"> <li>the materiality of the reported retirement benefit obligation balance; and</li> <li>the degree of assumptions, judgements and estimation uncertainties associated with measurement of the retirement benefit obligation.</li> </ul> <p>Key areas of significant assumptions, judgements and estimates used in assessing the value of the retirement benefit obligation included judgements involved in ascertaining the discount rate and future salary / wage growth rate as disclosed in Notes 3.10 and 19 to the financial statements.</p>	<p>Our audit procedures included the following key procedures</p> <ul style="list-style-type: none"> <li>assessed the competence, capability and objectivity of the external actuary engaged by the Group.</li> <li>Tested the data used in the valuation of retirement benefit obligations by agreeing key information to source documents and accounting records.</li> <li>read the external actuary's report and identified the key estimates made and the approach taken by the actuary in determining the value of the retirement benefit obligation.</li> <li>assessed the reasonableness of the significant judgements, assumptions and estimates made by the external actuary such as discount rate and future salary / wage growth rate in measuring the value of the retirement benefit obligation.</li> </ul> <p>We also assessed the adequacy of the disclosures made in notes 3.10 and 19 to the financial statements.</p>

Key audit matter	How our audit addressed the key audit matter
<p><b>Assessment of the carrying value of bearer biological assets</b></p> <p>As of 31 March 2025, the Group's bearer biological assets amounted to Rs. 2,195 Mn and represented 21% of the Group's total assets. Bearer Biological Assets comprised of Rs. 301 Mn of Immature Plantations and Rs. 1,893 Mn of Mature plantations, as disclosed in Note 8 to the financial statements.</p> <p>Measurement of Bearer Biological assets in the financial statements was a key audit matter due to following:</p> <ul style="list-style-type: none"> <li>• The materiality of the reported bearer biological asset balance; and</li> <li>• The degree of management's judgement involved in identification of costs to be capitalized as immature plantations, point at which transfers are to be made from immature plantations to mature plantations and identification of possible indicators of impairment, as disclosed in Note 3.4.6 to the financial statements.</li> </ul>	<p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of management's expense allocation process and the identification of expenses to be capitalized in relation to immature plantations.</li> <li>• Tested the significant expenses incurred by capital expenditure authorizations and other corroborative evidence.</li> <li>• Assessed the reasonableness of depreciation provided on the mature plantations by performing independent computations.</li> <li>• Inspected the ageing profile of the immature biological assets as of the reporting date to ensure that possible indicators of impairment have been identified, assessed for probable impairment charges/ losses accounted for in the financial statements.</li> </ul> <p>We also assessed the adequacy of the disclosures made in notes 3.4.6 and 8 to the financial statements.</p>
<p><b>Valuation of Consumable Biological Assets</b></p> <p>Assessment of consumable biological assets are carried at fair value. The fair value of such assets was determined by an external valuer engaged by the Group.</p> <p>This was a key audit matter due to :</p> <ul style="list-style-type: none"> <li>• the materiality of the reported fair value of consumable biological assets which amounted to Rs.1,977 Mn representing 19% of the Group's total assets as of the reporting date; and</li> <li>• the degree of assumptions, judgements and estimation uncertainties associated with fair valuation of consumable biological assets and the complexity of the valuation process.</li> </ul> <p>Key areas of significant judgments, estimates and assumptions used in assessing the fair value of consumable biological assets, as disclosed in Notes 3.4.6.4 and 9 to the financial statements, included judgements involved in ascertaining the appropriate valuation technique and estimates such as:</p> <ul style="list-style-type: none"> <li>• Discount rate</li> <li>• Expected timber volume</li> <li>• Price per cubic foot</li> </ul>	<p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> <li>• assessed the competence, capability and objectivity of the external valuer engaged by the Group.</li> <li>• read the external valuer's report and identified the key estimates made and the valuation approaches taken by the valuer in determining the fair value of consumable biological assets.</li> <li>• agreed the key data used by the external valuer, by tracing those to the underlying books and records maintained by the Group. This also included assessing the appropriateness &amp; consistency of the application of the formula used for deriving the expected timber volume.</li> <li>• assessed the reasonableness of significant assumptions, judgements and estimates made by the valuer such as discount rate, expected timber volume, price per cubic foot and valuation technique in assessing the fair value of consumable biological assets. Our procedures included comparing with the industry practices that are generally used in determining fair value of consumable biological assets.</li> </ul> <p>We also assessed the adequacy of the disclosures made in Notes 3.4.6.4 and 9 to the financial statements.</p>

# INDEPENDENT AUDITORS' REPORT



Key audit matter	How our audit addressed the key audit matter
<p><b>Assessment of fair value of buildings</b></p> <p>Property, Plant and Equipment include buildings at valuation. The fair value of buildings were determined by external valuer engaged by the Group.</p> <p>This was a key audit matter due to :</p> <ul style="list-style-type: none"> <li>the materiality of the reported fair value of buildings which amounted to Rs.1,860 Mn representing 18% of the Group's total assets as of the reporting date; and</li> <li>the degree of assumptions, judgements and estimation uncertainties associated with fair valuation of buildings using the market approach, income approach and replacement cost approach.</li> </ul> <p>Key areas of significant judgments, estimates and assumptions used in assessing the fair value of land and buildings, as disclosed in Notes 3.3, 3.4 and 7 to the financial statements, included judgements involved in ascertaining the appropriate valuation techniques and estimates such as:</p> <ul style="list-style-type: none"> <li>Estimate of the per square foot value of the buildings</li> </ul>	<p>Our audit procedures included the following key procedures:</p> <ul style="list-style-type: none"> <li>Assessed the competence, capability and objectivity of the external valuer engaged by the Group</li> <li>Read the external valuer's report and understood the key estimates made and the valuation approaches taken by the valuer in determining the valuation of each property</li> <li>Assessed the reasonableness of significant assumptions, judgements and estimates made by the valuer such as per square foot value, market rent per square foot as relevant in assessing the fair value of each property.</li> </ul> <p>We also assessed the adequacy of the disclosures made in Notes 3.3, 3.4 and 7 to the financial statements.</p>

## Other information included in the Company's 2025 Annual Report

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

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

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

## Responsibilities of management and those charged with governance

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation

of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group'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:

- Classify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- 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 Group'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 Group 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group 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.

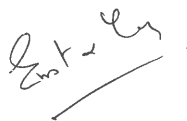
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken to eliminate threats or safeguards applied.

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

#### Report on other legal and regulatory requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is M-2448.



05<sup>th</sup> August 2025  
Colombo

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

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), D L B Karunathilaka ACA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp), W D P L Perera ACA

A member firm of Ernst & Young Global Limited

# STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	GROUP		COMPANY	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
<b>ASSETS</b>					
<b>Non Current Assets</b>					
Right-of-use Assets	6	131,188,412	142,680,624	131,188,412	142,680,624
Freehold Property, Plant & Equipment	7	2,706,709,217	1,810,053,404	2,625,467,337	1,715,212,347
Bearer Biological Assets	8	2,194,697,689	2,228,650,233	2,194,697,689	2,228,650,233
Consumable Biological Assets	9	1,977,314,147	1,832,487,373	1,977,314,147	1,832,487,373
Other Non Current Financial Assets	10	45,735,064	36,322,364	4,810,000	1,820,000
Intangible Assets	10A	338,742,754	338,742,754	-	-
Investment in Subsidiary	10B	-	-	433,999,888	433,999,888
		7,394,387,283	6,388,936,749	7,367,477,473	6,354,850,465
<b>Current Assets</b>					
Produce on Bearer Biological Assets	11	22,519,173	19,546,449	22,519,173	19,546,449
Inventories	12	1,117,059,159	922,074,889	1,117,059,159	922,074,889
Trade and Other Receivables	13	561,966,121	767,427,845	554,449,419	760,818,468
Amounts due from Related Companies	14	540,574,218	603,071,475	486,498,436	555,504,487
Short Term Investment		689,499,955	743,251,471	689,499,955	743,251,471
Cash & Bank Balances	15	52,953,321	78,798,441	49,828,929	68,818,564
		2,984,571,946	3,134,170,569	2,919,855,071	3,070,014,325
<b>TOTAL ASSETS</b>		10,378,959,229	9,523,107,318	10,287,332,544	9,424,864,790
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Stated Capital	16	2,478,067,694	2,478,067,694	2,478,067,694	2,478,067,694
Fair Value Reserve of Financial Assets at FVOCI		(176,907,007)	(184,392,897)	(178,718,468)	(181,708,468)
Timber Reserve	9.1	1,830,586,286	1,699,717,304	1,830,586,286	1,699,717,304
Revaluation Reserve	17	1,160,364,578	723,775,555	1,160,364,579	723,775,555
Retained Profit / (Loss)		(1,058,282,041)	(544,307,523)	(1,039,129,451)	(510,427,670)
<b>TOTAL EQUITY</b>		4,233,829,510	4,172,860,133	4,251,170,639	4,209,424,415
<b>Non Current Liabilities and Deferred Income</b>					
Interest Bearing Loans & Borrowings	18	245,872,262	262,875,374	232,912,262	223,147,374
Retirement Benefit Obligations	19	2,209,860,469	1,791,113,186	2,209,860,469	1,791,113,186
Deferred Income	20	164,694,998	174,149,963	164,694,998	174,149,963
Lease Liabilities	21	118,675	121,279	118,675	121,279
Deferred Tax Liability	29.4	1,263,163,273	947,961,076	1,207,360,418	890,126,024
		3,883,709,678	3,176,220,878	3,814,946,823	3,078,657,826
<b>Current Liabilities</b>					
Interest Bearing Loans & Borrowings	18	654,626,084	716,294,731	637,826,084	693,422,731
Lease Liabilities	21	2,604	2,407	2,604	2,407
Trade and Other Payables	22	1,245,927,713	1,167,733,402	1,236,613,458	1,158,103,747
Amounts due to Related Companies	23	24,513,576	30,535,754	24,214,062	30,305,091
Income Tax Payable		13,791,191	4,511,443	-	-
Bank Overdraft	15	322,558,873	254,948,571	322,558,873	254,948,571
		2,261,420,041	2,174,026,307	2,221,215,082	2,136,782,548
<b>TOTAL EQUITY AND LIABILITIES</b>		10,378,959,229	9,523,107,318	10,287,332,544	9,424,864,790
Net Assets per Share		8.47	8.35	8.50	8.42

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



**N. Fernando**  
Finance Manager

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



**S. S. Poholiyadde**  
Director



**K. Mohideen**  
Director

The Accounting Policies and Notes on Pages 125 through 182 form an integral part of the Financial Statements.

05<sup>th</sup> August 2025  
Colombo

# STATEMENT OF PROFIT OR LOSS

For the year ended 31 March	Note	GROUP		COMPANY	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Revenue	24	7,285,916,638	7,214,937,403	7,218,634,181	7,153,269,193
Cost of Sales		(5,946,763,038)	(6,337,495,833)	(5,918,298,259)	(6,322,656,691)
Gross Profit		1,339,153,600	877,441,570	1,300,335,922	830,612,502
Gain on change in fair value of biological assets	11.2	133,841,706	299,664,900	133,841,706	299,664,900
Other Income	25	112,208,264	129,536,318	137,595,844	135,802,996
Selling and Distribution Expenses		(110,000,000)	-	(110,000,000)	-
Administrative Expenses		(347,496,826)	(391,336,980)	(358,068,492)	(384,975,907)
Finance Income	26	145,044,900	117,572,766	133,116,159	117,572,766
Finance Cost	27	(134,595,826)	(273,459,911)	(129,154,520)	(255,542,924)
Profit Before Tax	28	1,138,155,818	759,418,663	1,107,666,619	743,134,333
Income Tax Expense	29	(336,696,703)	(294,395,144)	(317,737,194)	(289,509,845)
Net Profit for the year		801,459,115	465,023,519	789,929,424	453,624,488
Earnings per Share	30	1.60	1.00	1.58	0.97

The Accounting Policies and Notes on Pages 125 through 182 form an integral part of the Financial Statements.

# STATEMENT OF COMPREHENSIVE INCOME

For the Year ended 31 March	Note	GROUP		COMPANY	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
<b>Profit for the year</b>		801,459,115	465,023,519	789,929,424	453,624,488
<b>Other Comprehensive Income / (Loss)</b>					
Other comprehensive Income/(Loss) that will not to be reclassified to profit or loss in subsequent periods					
Net Gain/ (loss) on financial assets at fair value through OCI	10.2	9,412,700	-	2,990,000	-
Tax Effect		(1,926,810)	-	-	-
		7,485,890	-	2,990,000	-
Remeasurement gain/(loss) on defined benefit plan	19	(663,464,865)	(455,257,378)	(663,464,864)	(455,257,377)
Tax Effect		199,039,459	136,577,213	199,039,459	136,577,213
		(464,425,406)	(318,680,165)	(464,425,405)	(318,680,164)
Revaluation Surplus on Buildings		661,788,864		661,788,864	
Tax Effect		(198,536,659)		(198,536,659)	
		463,252,205	-	463,252,205	-
<b>Net other comprehensive Income/ (loss) not to be reclassified to profit or loss in subsequent periods</b>					
		6,312,689	(318,680,165)	1,816,800	(318,680,164)
<b>Other comprehensive income / (loss) for the year, net of tax</b>					
		6,312,689	(318,680,165)	1,816,800	(318,680,164)
<b>Total comprehensive income / (loss) for the year, net of tax</b>					
		807,771,804	146,343,354	791,746,224	134,944,324
<b>Profit for the Year Attributable to;</b>					
Equity Holders of the Parent		801,459,115	465,023,519	-	-
Non Controlling Interest		-	-	-	-
<b>Profit for the year</b>		801,459,115	465,023,519	-	-
<b>Total Comprehensive Income Attributable to ;</b>					
Equity Holders of the Parent		807,771,804	146,343,354	-	-
Non Controlling Interest		-	-	-	-
<b>Total comprehensive income / (loss) for the year, net of tax</b>		807,771,804	146,343,354	-	-

The Accounting Policies and Notes on Pages 125 through 182 form an integral part of the Financial Statements.

# STATEMENT OF CHANGES IN EQUITY - GROUP

	Stated Capital	Fair Value Reserve of Financial Assets at FVOCI	Timber Reserve	Revaluation Reserve	Retained Profit/ (Loss)	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01 <sup>st</sup> April 2023	1,730,436,695	(184,392,897)	1,409,064,302	750,438,736	(426,661,056)	3,278,885,780
Issue of shares	747,630,999	-	-	-	-	747,630,999
Net Profit / (Loss) for the year	-	-	-	-	465,023,519	465,023,519
Other comprehensive income/ (loss) for the year, net of tax	-	-	-	-	(318,680,165)	(318,680,165)
Gain on change in fair value of Consumable biological assets	-	-	303,383,387	-	(303,383,387)	-
Realised gain on harvested valuable timber trees	-	-	(12,730,385)	-	12,730,385	-
Transfer from Revaluation Reserve	-	-	-	(38,090,259)	38,090,259	-
Deferred Tax effect on Revaluation Reserve	-	-	-	11,427,078	(11,427,078)	-
<b>Balance as at 31<sup>st</sup> March 2024</b>	<b>2,478,067,694</b>	<b>(184,392,897)</b>	<b>1,699,717,304</b>	<b>723,775,555</b>	<b>(544,307,523)</b>	<b>4,172,860,133</b>
Net Profit / (Loss) for the year	-	-	-	-	801,459,115	801,459,115
Dividends Paid	-	-	-	-	(746,802,427)	(746,802,427)
Other comprehensive income/ (loss) for the year, net of tax	-	7,485,890	-	463,252,205	(464,425,406)	6,312,689
Gain on change in fair value of Consumable biological assets	-	-	130,868,982	-	(130,868,982)	-
Transfer from Revaluation Reserve	-	-	-	(38,090,259)	38,090,259	-
Deferred Tax effect on Revaluation Reserve	-	-	-	11,427,078	(11,427,078)	-
<b>Balance as at 31<sup>st</sup> March 2025</b>	<b>2,478,067,694</b>	<b>(176,907,007)</b>	<b>1,830,586,286</b>	<b>1,160,364,578</b>	<b>(1,058,282,041)</b>	<b>4,233,829,510</b>

## Fair value reserve of Financial Assets (FVOCI)

Fair value reserve of Financial Assets-(FVOCI) which includes the fair value adjustment for the financial assets (FVOCI).

## Timber Reserve

The timber reserve relates to change in fair value of managed trees which includes commercial timber plantations cultivated on estates.

## Revaluation reserve

The revaluation reserve relates to the change in fair value of all buildings in APL Group.

The Accounting Policies and Notes on Pages 125 through 182 form an integral part of the Financial Statements.

# STATEMENT OF CHANGES IN EQUITY - COMPANY

	Stated Capital	Fair Value Reserve of Financial Assets at FVOCI	Timber Reserve	Revaluation Reserve	Retained Profit/(Loss)	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01 <sup>st</sup> April 2023	1,730,436,695	(181,708,468)	1,409,064,302	750,438,736	(381,382,173)	3,326,849,092
Issue of shares	747,630,999	-	-	-	-	747,630,999
Net Profit / (Loss) for the year	-	-	-	-	453,624,488	453,624,488
Other comprehensive income/ (loss) for the year, net of tax	-	-	-	-	(318,680,164)	(318,680,164)
Gain on change in fair value of Consumable biological assets	-	-	303,383,387	-	(303,383,387)	-
Realised gain on harvested valuable timber trees	-	-	(12,730,385)	-	12,730,385	-
Transfer from Revaluation Reserve	-	-	-	(38,090,259)	38,090,259	-
Deferred Tax effect on Revaluation Reserve	-	-	-	11,427,078	(11,427,078)	-
<b>Balance as at 31<sup>st</sup> March 2024</b>	<b>2,478,067,694</b>	<b>(181,708,468)</b>	<b>1,699,717,304</b>	<b>723,775,555</b>	<b>(510,427,670)</b>	<b>4,209,424,415</b>
Net Profit / (Loss) for the year	-	-	-	-	789,929,424	789,929,424
Dividends Paid	-	-	-	-	(750,000,000)	(750,000,000)
Other comprehensive income/ (loss) for the year, net of tax	-	2,990,000	-	463,252,205	(464,425,405)	1,816,800
Gain on change in fair value of Consumable biological assets	-	-	130,868,982	-	(130,868,982)	-
Transfer from Revaluation Reserve	-	-	-	(38,090,259)	38,090,259	-
Deferred Tax effect on Revaluation Reserve	-	-	-	11,427,078	(11,427,078)	-
<b>Balance as at 31<sup>st</sup> March 2025</b>	<b>2,478,067,694</b>	<b>(178,718,468)</b>	<b>1,830,586,286</b>	<b>1,160,364,579</b>	<b>(1,039,129,451)</b>	<b>4,251,170,639</b>

## Fair value reserve of Financial Assets (FVOCI)

Fair value reserve of Financial Assets-(FVOCI) which includes the fair value adjustment for the financial assets (FVOCI).

## Timber Reserve

The timber reserve relates to change in fair value of managed trees which includes commercial timber plantations cultivated on estates.

## Revaluation reserve

The revaluation reserve relates to the change in fair value of all buildings of the APL.

The Accounting Policies and Notes on Pages 125 through 182 form an integral part of the Financial Statements.

# STATEMENT OF CASH FLOWS

For the Year ended 31 March	Note	GROUP		COMPANY	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>					
Net Profit before Taxation		1,138,155,818	759,418,663	1,107,666,619	743,134,333
<b>ADJUSTMENTS FOR</b>					
Interest Income	26	(145,044,900)	(117,572,766)	(133,116,159)	(117,572,766)
Interest Expenses	27	134,595,825	273,459,911	129,154,520	255,542,924
Retirement Benefit Obligations - Provision	19	328,949,425	280,302,764	328,949,425	280,302,764
Depreciation	6,7,8	225,128,600	207,113,729	211,529,425	193,514,554
(Gain) / Loss on Fair Valuation of Biological Assets	11.2	(133,841,706)	(299,664,900)	(133,841,706)	(299,664,900)
Amortisation Capital Grants	25	(9,454,965)	(9,454,965)	(9,454,965)	(9,454,965)
Profit on Disposal of Property, Plant & Equipment		(7,800,000)	(1,831,215)	-	(1,831,215)
(Profit) / Loss from Sale of Valuable Timber Trees	25	-	(21,467,750)	-	(21,467,750)
Provision for Impairment of Trade & Other Receivables		6,694,529	12,321,157	6,694,529	12,321,157
Provision for Surcharges		50,000,000	65,300,903	50,000,000	65,300,903
<b>Operating Profit / (Loss) before Working Capital Change</b>		<b>1,587,382,627</b>	<b>1,147,925,532</b>	<b>1,557,581,688</b>	<b>1,100,125,040</b>
(Increase) / Decrease in Inventories		(194,984,270)	229,672,637	(194,984,270)	229,672,637
(Increase) / Decrease in Trade & Other Receivables		198,745,573	(174,412,178)	199,674,521	(225,951,027)
(Increase) / Decrease in Amount due from Related Companies		62,566,109	(466,838,302)	69,006,051	(466,838,302)
Increase / (Decrease) in Trade & Other Payables		278,713,037	4,152,059	279,028,437	3,887,033
Increase / (Decrease) in Amounts due to Related Companies		(6,091,029)	(11,871,168)	(6,091,029)	(1,182,909)
<b>Cash Generated From / (Used In) Operations</b>		<b>1,926,332,046</b>	<b>728,628,579</b>	<b>1,904,215,397</b>	<b>639,712,471</b>
Retirement Benefit Obligations - Payments		(573,667,007)	(143,120,378)	(573,667,007)	(143,120,378)
Interest Received		145,044,900	117,572,766	133,116,159	117,572,766
Interest Paid		(153,511,735)	(305,233,036)	(147,278,373)	(287,316,049)
Payment of Taxes		(260,146,235)	(19,938,667)	(250,518,729)	(14,864,594)
<b>Net Cash from/(used in) Operating Activities</b>		<b>1,084,051,970</b>	<b>377,909,264</b>	<b>1,065,867,448</b>	<b>311,984,216</b>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>					
Investment in Field Development		(24,322,486)	(30,542,695)	(24,322,486)	(30,542,695)
Investment in Timber	9	(13,957,792)	(8,920,907)	(13,957,792)	(8,920,907)
Proceeds from Sale of Valuable Timber Trees		-	34,198,136	-	34,198,136
Proceeds from Sale of Property, Plant & Equipment		7,800,000	2,372,881	-	2,372,881
Purchase of Property, Plant & Equipment		(372,104,456)	(266,493,782)	(372,104,456)	(266,493,782)
<b>Net Cash from/(used in) Investing Activities</b>		<b>(402,584,734)</b>	<b>(269,386,368)</b>	<b>(410,384,734)</b>	<b>(269,386,368)</b>

The Accounting Policies and Notes on Pages 125 through 182 form an integral part of the Financial Statements.

# STATEMENT OF CASH FLOWS

For the Year ended 31 March	Note	GROUP		COMPANY	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>					
Payment of Leases		(2,407)	(2,226)	(2,407)	(2,226)
Dividends Paid		(750,000,000)	-	(750,000,000)	-
Proceeds from Issue of Shares		-	747,630,999	-	747,630,999
Proceeds from Term Loans		1,105,468,104	1,142,677,358	1,105,468,104	1,142,677,358
Repayment of Term Loans		(1,184,139,863)	(1,290,495,812)	(1,151,299,863)	(1,246,203,812)
<b>Net Cash from / (Used in) Financing Activities</b>		<b>(828,674,166)</b>	<b>599,810,319</b>	<b>(795,834,166)</b>	<b>644,102,319</b>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>		<b>(147,206,930)</b>	<b>708,333,215</b>	<b>(140,351,452)</b>	<b>686,700,167</b>
<b>Cash &amp; Cash Equivalents at the beginning of the year</b>	A	567,101,341	(141,231,874)	557,121,464	(129,578,704)
<b>Cash &amp; Cash Equivalents at the end of the year</b>	B	419,894,403	567,101,341	416,770,011	557,121,463

		GROUP		COMPANY	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
<b>NOTE A</b>					
<b>Cash &amp; Cash Equivalents at the beginning of the year</b>					
Short Term Investments		743,251,471	35,961,695	743,251,471	35,961,695
Cash in Hand		1,381,457	440,157	1,381,457	440,157
Cash at Bank		77,416,984	48,130,743	67,437,107	48,088,888
Bank Overdraft		(254,948,571)	(225,764,469)	(254,948,571)	(214,069,444)
		567,101,341	(141,231,874)	557,121,464	(129,578,704)

		GROUP		COMPANY	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
<b>NOTE B</b>					
<b>Cash &amp; Cash Equivalents at the end of the year</b>					
Short Term Investments		689,499,955	743,251,471	689,499,955	743,251,471
Cash in Hand		1,154,519	1,381,457	1,154,519	1,381,457
Cash at Bank		51,798,802	77,416,984	48,674,410	67,437,107
Bank Overdraft		(322,558,873)	(254,948,571)	(322,558,873)	(254,948,571)
		419,894,403	567,101,341	416,770,011	557,121,464

The Accounting Policies and Notes on Pages 125 through 182 form an integral part of the Financial Statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. REPORTING ENTITY

### 1.1 Domicile and legal form

Agarapatana Plantations PLC is a limited liability company incorporated and domiciled in Sri Lanka. It was incorporated on June 22, 1992 under the Companies Act No. 17 of 1982 (The Company was re-registered under the Companies Act No. 07 of 2007) in terms of the provisions of the Conversion of Public Corporation and Government-Owned Business Undertakings into Public Companies under Public Companies Act No. 23 of 1987.

The registered office of the Company is located at No. 53-1/1, Sir Baron Jayathilaka Mawatha, Colombo 01 and Plantations are situated in the planting districts of Badulla and Nuwara Eliya.

The Consolidated Financial Statements of Agarapatana Plantations PLC comprises the Company and its Subsidiary namely Waverly Power (Pvt) Ltd (together referred to as the 'Group').

### 1.2 Principal activities and the nature of the operations

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

Principal activity of the subsidiary in the group as follows.

Company	Relationship to Business	Nature of the Business	Registered Office
Waverly Power (Pvt) Ltd	Fully owned subsidiary	Generating electricity for the national grid	No 53-1/1, Sir Baron Jayathilaka Mw, Colombo 01

### 1.3 Parent enterprise

The Company is a subsidiary of Lankem Developments PLC, whose ultimate parent enterprise is The Colombo Fort Land & Building PLC.

### 1.4 Date of Authorisation for issue

The Financial Statements of Agarapatana Plantations PLC for the year ended 31<sup>st</sup> March 2025 were authorised for issue in accordance with a resolution of the board of directors on 05<sup>th</sup> August 2025.

## 1.5 Responsibility for Financial Statements

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

## 2. BASIS OF PREPARATION

### 2.1 Statement of Compliance

The Financial Statements of the Company and the Group 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 (the "Consolidated Financial Statements") have been prepared in accordance with Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, which requires compliance with the Sri Lanka Accounting Standards promulgated by the Institute of Chartered Accountants of Sri Lanka (CASL) and with the requirements of the Companies Act No. 07 of 2007. The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board (IASB).

### 2.2 Basis of Measurement

These Consolidated Financial Statements have been prepared in accordance with the historical cost convention other than following items in the Financial Statements.

- Managed Consumable Biological Assets are measured at fair value.
- Harvestable Agricultural Produce growing on bearer biological assets are measured at fair value.
- Other Non Current financial assets are measured at fair value.
- Buildings under Property, Plant and Equipment is valued under revaluation model.
- Defined Benefit Obligation is measured using projected unit credit method.

That have been measured at fair value and where appropriate, specific policies are explained in the succeeding notes.

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

# NOTES TO THE FINANCIAL STATEMENTS

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

No significant impact resulted on the financial statements of the Group due to changes in Accounting Standards and disclosures during the year.

## 2.4 Functional and Presentation Currency

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

## 2.5 Materiality and aggregation

Each material class of similar items is presented separately in the Consolidated Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

## 2.6 Going Concern

The Consolidated Financial Statements have been prepared on the assumption that the group is a going concern. The Directors have made an assessment of the Group's ability to continue as a going concern in the foreseeable future. Furthermore, board is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as going concern and they do not intend either to liquidate or to cease operations of Group. Therefore, the Consolidated Financial Statements continue to be prepared on the going concern basis.

### Basis of Consolidation

The Consolidated Financial Statements comprise the Financial Statements of the Group and its subsidiary as at 31st March 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).

- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in the statement of profit or loss. Any investment retained is recognised at fair value.

At the Company level investments in subsidiaries are recognised at cost. The preparation of investments in subsidiaries is recognised at cost in the separate financial statements.

### **Business Combinations**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any Non-Controlling Interest in the acquiree. For each business combination, the Group elects whether it measures the Non-Controlling Interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition - related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in the statement of profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an

excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

## **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **3.1 Comparative information**

The accounting policies set out below are consistent with those used in the previous year. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

### **3.2 Current Vs non-current classification**

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

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
  - Held primarily for the purpose of trading.
  - Expected to be realised within twelve months after the reporting period.
- Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

All other assets are classified as non-current.

A liability is current when:

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

Or

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

The Company classifies all other liabilities as non-current.

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

### 3.3 Fair Value Measurement

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

• Freehold property plant and equipment under revaluation model (Building)	Note 7
• Consumable biological assets	Note 9
• Produce on bearer biological assets	Note 11
• Financial Instruments (including those carried at amortized cost)	Note 10
• Retirement benefit obligation	Note 19

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability.

Or

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

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

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

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

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

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

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

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

External valuers are involved for valuation of significant assets, such as buildings, Consumable biological assets, and significant liabilities, such as retirement benefit obligation. Involvement of external valuers is decided upon annually by the Management Committee after discussion

with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management Committee decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

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

### 3.4 Property Plant & Equipment

#### 3.4.1 Recognition and measurement

##### Initial Recognition

Property, Plant and Equipment is recognised if it is probable that future economic benefit associated with the assets will flow to the Company and cost of the asset can be reliably measured.

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

##### Subsequent Measurement

The group revalues its buildings which are measured at its fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

On revaluation of buildings, any increase in the revaluation amount is credited to the revaluation reserve in shareholder's equity unless it off sets a previous decrease in value of the same asset that was recognised in the Statement of profit or loss. A decrease in value is recognised in the statement of profit or loss where it exceeds the increase previously recognised in the revaluation reserve.

This revaluation policy does not apply to Waverly Power (Pvt) Ltd in this reporting period.

#### 3.4.2 Owned assets

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

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

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

Other property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

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

# NOTES TO THE FINANCIAL STATEMENTS

## 3.4.3 Leased assets

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

### Company as a lessee

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

### Short-term leases and leases of low-value assets

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

### 3.4.3.1 Right-of-use assets

The company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term.

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

### a) Amortisation

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

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

### 3.4.3.2 Lease liabilities

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

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying

amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (ex: changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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

#### 3.4.4 De-recognition

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

#### 3.4.5 Land improvement cost

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

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

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

#### 3.4.6 Biological Assets

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

Biological assets are further classified as bearer biological assets and consumable biological assets. Bearer biological assets include tea trees, those that are not intended to be sold or harvested, however used to grow

for harvesting agricultural produce from such biological assets. Consumable biological assets include managed timber trees those that are to be harvested as agricultural produce or sold as biological assets.

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

##### 3.4.6.1 Bearer Biological Assets

The bearer biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 – Property Plant & Equipment.

The cost of land preparation, rehabilitation, new planting, replanting, crop diversification, inter planting and fertilising, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads. The expenditure incurred on bearer biological assets which comes into bearing during the year, is transferred to mature plantations.

##### 3.4.6.2 Infilling Cost on Bearer Biological Assets

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

Infilling costs that are not capitalised have been charged to the Statement of Profit or Loss in the year in which they are incurred.

##### 3.4.6.3 Borrowing Cost

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

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

# NOTES TO THE FINANCIAL STATEMENTS

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

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

The capitalisation rate of 9.94% (2024 – 19.71%) was used.

Borrowing Costs amounting to Rs. 18,123,853/- (2024 – Rs. 31,773,125/-) have been capitalised as part of the cost of the immature plantations.

### 3.4.6.4 Consumable Biological Assets

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

The main variables in Market approach model concerns.

Variable	Comment
Timber content	Estimated based on physical verification of girth, height and considering the growth of each species in different geographical regions. Factor all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the Company

Variable	Comment
Selling price	Estimated based on prevailing Sri Lankan market price. Factor all the conditions to be fulfill in bringing the trees in to saleable condition. Here, the valuer has considered timber prices published by State Timber Corporation as the sector benchmark as the appropriate basis for determining the fair value of the subject timber trees.
Planting cost	Estimated costs for the further development of immature areas are deducted.
Economic useful life	Estimated based on the normal life span of each species by factoring the forestry plan of the Company.

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

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

### 3.4.6.5 Nursery Plants

Nursery cost includes the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads, less provision for overgrown plants.

### 3.4.6.6 Produce on Bearer Biological Assets

In accordance with LKAS 41, company recognise agricultural produce growing on bearer plants at fair value less cost to sell. Change in the fair value of such agricultural produce recognised in Statement of Profit or Loss at the end of each reporting period.

For this purpose, quantities of harvestable agricultural produce ascertained based on harvesting cycle of each crop category by limiting to one harvesting cycle based on last day of the harvest in the immediately preceding cycle. Further, 50% of the crop in that harvesting cycle considered for the valuation.

For the valuation of the harvestable agricultural produce, the company uses the following price formula.

- Tea – Bought Leaf rate (current month) less cost of harvesting & transport.

### 3.4.6.7 Intangible Assets

#### 3.4.6.7.1 Goodwill

Goodwill represents the excess of the cost of any acquisition of a subsidiary over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Carrying amount of the goodwill arising on acquisition of subsidiaries is presented as an intangible asset and the goodwill on an acquisition of an equity accounted investment is included in the carrying value of the investment.

### 3.4.7 Depreciation and amortisation

#### (a) Depreciation

Depreciation is recognised in Statement of profit or loss on a straight-line basis over the estimated useful economic lives of each part of an item of Property, Plant & Equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Assets held under 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 Group will have ownership by the end of the lease term. Lease period of land acquired from JEDB/SLSPC will be expired in year 2045. The estimated useful lives for the current and comparative periods are as follows:

	No. of Years	Rate (%)
Buildings	25 - 40	2.5 - 4
Roads	25	4
Plant & Machinery	13 1/3	7.5
Motor Vehicles	5	20
Equipment	8	12.5
Furniture & Fittings	10	10
Sanitation, Water & Electricity Supply	20	5

### Mature Plantations (Replanting and New Planting)

	No. of Years	Rate (%)
Tea	33 1/3	3
Rubber	20	5
Cinnamon	25	4

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

No depreciation is provided for immature plantations.

## 3.5 Financial instruments

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

### 3.5.1 Financial assets

#### 3.5.1.1 Initial Recognition and Measurement

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

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

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

The Company's financial assets include cash and short-term deposits, investments, trade and other receivables, available for sale financial assets.

# NOTES TO THE FINANCIAL STATEMENTS

## 3.5.1.2 Subsequent Measurement

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

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

### a) Financial assets at amortised cost (debt instruments)

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

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

And

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in Statement of Profit or Loss when the asset is derecognised, modified or impaired.

Financial Asset at amortised cost comprise of trade receivables, amounts due from related companies, deposits, advances and other receivables.

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

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

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

And

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

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

### c) Financial assets at fair value through OCI

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

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

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

### d) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash

flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

### 3.5.1.3 Derecognition

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

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

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

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

### 3.5.1.4 Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

## 3.5.2 Financial Liabilities

### 3.5.2.1 Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

### 3.5.2.2 Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described below:

# NOTES TO THE FINANCIAL STATEMENTS

## a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

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

## b) Financial instruments at amortised cost

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

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

### 3.5.2.3 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss

### 3.5.3 Offsetting of financial instruments

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

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

## 3.6 Inventories

### a) Finished goods manufactured from agricultural produce of biological assets

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

### b) Input materials, Spares and consumables

At average cost.

### c) Growing Crop Nurseries

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

## 3.7 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, deposits and bank overdrafts that are repayable on demand form and integral part of the Company's cash management and are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

## 3.8 Impairment of non-financial assets

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

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

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

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

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

### 3.9 Liabilities and provisions

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

### 3.10 Employees' benefits

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

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

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

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

#### (b) Defined benefit plan

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

# NOTES TO THE FINANCIAL STATEMENTS

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in retained earnings through comprehensive income. Past service costs are recognised immediately in Statement of Profit or Loss.

The provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19 - Employee Benefits. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The Liability is not externally funded.

The key assumptions used in determining the retirement benefit obligations are given in Note 19.

### 3.11 Capital commitments and contingencies

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

### 3.12 Events occurring after the reporting period

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

### 3.13 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

### 3.14 Deferred income - Grants and subsidies

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When

the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

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

### 3.15 Statement of Profit or Loss

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

#### 3.15.1 Revenue

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

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

### Revenue from contracts with customers

#### Sale of Plantation produce

Revenue from sale of plantation produce is recognised at the point in time when the control of the goods is transferred to the customer. Black tea produce is sold at the Colombo Tea Auction and the highest bidder whose offer is accepted shall be the buyer, and a sale shall be completed at the fall of the hammer, at which point control is transferred to the customer.

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

#### Rendering Services

Service income from Group comprised with sale of hydro energy to the Ceylon Electricity Board (CEB). Revenue from sale of hydro energy recognised at the point of hydro energy releases to the national grid at a pre-determined unit price.

### 3.15.2 Other Sources of Revenue

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

- **Rental Income**

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

- **Dividend Income**

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

- **Interest Income**

Interest income is recognised based on effective interest method.

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

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

### 3.15.3 Expenses

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

### 3.15.4 Finance income and finance cost

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

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

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

### 3.15.5 Taxes

#### 3.15.5.1 Current Income Tax

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

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

# NOTES TO THE FINANCIAL STATEMENTS

## 3.15.5.2 Deferred Tax

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

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

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

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

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

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

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

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

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

## 3.16 Statement of cash flows

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

## 3.17 Segment reporting

Segmental information is provided for the different business segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

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.

The activities of the segments are described in Note 24 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 and borrowings, and expenses.

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

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

#### **4. USE OF ESTIMATES AND JUDGMENTS**

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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

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

##### **4.1 Taxation**

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

Current tax relating to items recognised directly in Other Comprehensive Income is recognised in Other Comprehensive Income and not in the Statement of Profit or Loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### **4.2 Deferred Tax**

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Significant judgement was required to determine the total provision for current, deferred and other taxes pending the issue of tax guidelines on the treatment of the adoption of SLFRS in the financial statements and the taxable profit for the purpose of imposition of taxes. Uncertainties exist, with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these financial statements. The Group recognised assets and liabilities for current deferred and other taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income, deferred and tax amounts in the period in which the determination is made.

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

##### **4.3 Retirement benefit obligations**

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## 4.4 Fair Valuation of Consumable Biological Assets

The fair value of managed timber depends on number of factors that are determined on a discounted cash flow method using various different financial and non-financial assumptions. The growth of the trees is determined by various biological factors that are highly unpredictable. Any change to the assumptions will impact the fair value of biological assets. All assumptions are reviewed at each reporting period. Key assumptions and sensitivity analysis of the consumable biological assets are given in Note 9.

## 4.5 Bearer Biological assets

The bearer biological assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, in terms of LKAS 16 – Property, Plant & Equipment.

The cost of land preparation, rehabilitation, new planting, replanting, crop diversification, inter planting and fertilising, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads. The expenditure incurred on bearer biological assets which comes into bearing during the year, is transferred to mature plantations.

## 4.6 IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

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

## 4.7 Leases - Estimating the incremental borrowing rate

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

## 5. SRI LANKA ACCOUNTING STANDARDS (SLFRS / LKAS) ISSUED BUT NOT YET EFFECTIVE

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

### 5.1 SLFRS 17 – Insurance contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The core of SLFRS 17 is the general model, supplemented by:

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

SLFRS 17 is effective for annual reporting periods beginning on or after 1<sup>st</sup> January 2026, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

The amendments are not expected to have a material impact on the Group financial statements.

## **5.2 Lack of exchangeability – Amendments to LKAS 21**

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments also require disclosure of information that enable users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1<sup>st</sup> January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Group financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 6. RIGHT-OF-USE ASSETS

	Note	GROUP		COMPANY	
		2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Right-of-use assets - Land	6.1	130,067,852	136,571,245	130,067,852	136,571,245
Right-of-use assets - Immovable Leased Bearer Biological Assets	6.2.1	-	4,971,899	-	4,971,899
Right-of-use assets - Other Property, Plant and Equipment	6.2.2	1,120,560	1,137,480	1,120,560	1,137,480
		131,188,412	142,680,624	131,188,412	142,680,624

### 6.1 Right-of-use assets - Land - Group and Company

"Right-To-Use of Land on Lease" was previously accounted under Statement of Alternative Treatment (SoAT) issued by the Institute of Chartered Accountants of Sri Lanka dated 21<sup>st</sup> August 2013. However, with effect from 1<sup>st</sup> January 2019, "Right-of-use assets - Land" have been accounted for in accordance with SLFRS 16. "Right-of-use assets - Land" have been executed for all estates for a period of 53 years. The unexpired period of the lease as at the Statement of Financial Position date is 20 years.

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

	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
<b>Cost</b>				
At the beginning of the year	341,588,181	341,588,181	341,588,181	341,588,181
At the end of the year	341,588,181	341,588,181	341,588,181	341,588,181
<b>Amortisation</b>				
At the beginning of the year	205,016,936	198,513,543	205,016,936	198,513,543
Amortisation for the year	6,503,393	6,503,393	6,503,393	6,503,393
At the end of the year	211,520,329	205,016,936	211,520,329	205,016,936
<b>Written Down Value</b>	130,067,852	136,571,245	130,067,852	136,571,245

### 6.2 Right-of-use assets - Immovable Assets - Group and Company

At the time of privatisation of plantation estates, all immovable assets in these estates (Note 6.2.1 and Note 6.2.2) have been taken into the books of the Company retroactive to 22<sup>nd</sup> June 1992, under finance lease. However, SLFRS 16 - Leases was applicable with effect from 1<sup>st</sup> January 2019, and therefore, these assets have accounted in accordance with such standard with effect from 1<sup>st</sup> January 2019.

### 6.2.1 Right-of-use assets-Immovable Leased Bearer Biological Assets - Group and Company

	Coffee, Pepper, Cardamom Rs.	Mature Plantations Rs.	Vested Tea Rs.	2025 Rs.	2024 Rs.
<b>Cost</b>					
As at 1 April	305,380	179,092,900	1,222,661	180,620,941	180,620,941
Additions	-	-	-	-	-
As at 31 March	305,380	179,092,900	1,222,661	180,620,941	180,620,941
<b>Amortisation</b>					
As at 1 April	305,380	174,121,001	1,222,661	175,649,042	169,681,089
Amortisation for the year	-	4,971,899	-	4,971,899	5,967,953
As at 31 March	305,380	179,092,900	1,222,661	180,620,941	175,649,042
Written Down Value	-	-	-	-	4,971,899

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

However, since then all such investments in Immature Plantations attributable to JEDB/SLSPC period have been transferred to Mature Plantations. These mature tea were classified as bearer biological assets in terms of LKAS 16 – Property, Plant & Equipment. The carrying value of the bearer biological assets leased from JEDB/SLSPC is recognised at cost less amortisation. Further investments in such plantations to bring them to maturity are shown in Note 08.

# NOTES TO THE FINANCIAL STATEMENTS

## 6.2.2 Right-of-use assets - Other Property, Plant and Equipment

Group & Company

	Improvements to Land		Unimproved Land		Roads & Bridges		Buildings		Fences and Securities		Machinery		Water Supply Augmentation		Power Other Vested Assets		2025		2024		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
<b>Cost</b>																					
As at 1 April	5,406,507	997,894	677,397	62,634,210	48,598	8,201,289	6,158,249	971,614	30,500	85,126,258											
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 March	5,406,507	997,894	677,397	62,634,210	48,598	8,201,289	6,158,249	971,614	30,500	85,126,258											
<b>Depreciation</b>																					
As at 1 April	5,406,507	-	537,812	62,634,210	48,598	8,201,289	6,158,249	971,614	30,500	83,988,779											
Depreciation for the year	-	-	16,920	-	-	-	-	-	-	16,920											
As at 31 March	5,406,507	-	554,732	62,634,210	48,598	8,201,289	6,158,249	971,614	30,500	84,005,699											
<b>Written Down Value</b>																					
	-	997,894	122,665	-	-	-	-	-	-	1,120,560											

## 7. FREEHOLD PROPERTY, PLANT & EQUIPMENT

Group

	Buildings at Valuation		Water Supply		Plant & Machinery		Motor Vehicles		Equipment & Tools		Furniture & Fittings		Roads		Capital Work in Progress		2025		2024	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Cost or Valuation</b>																				
Balance as at 1 April 2024	1,550,859,302	84,045,085	827,842,368	387,932,949	207,492,270	10,692,058	69,314,689	853,587										3,139,032,309	2,875,788,529	
Additions	9,576,449	-	25,983,913	82,826,637	252,798,961	-	-	1,562,786										372,747,746	-	
Revaluation gain	661,788,864	-	-	-	-	-	-	-										661,788,864	269,846,651	
Disposals	-	-	-	(6,489,750)	-	-	-	-										(6,489,750)	-	
Transfer In/(Out)	-	-	-	-	-	-	-	(643,290)										(643,290)	(6,602,869)	
Balance as at 31 March 2025	2,222,224,615	84,045,085	853,826,281	464,268,836	460,291,231	10,692,058	69,314,689	1,773,083										4,166,435,879	3,139,032,311	
<b>Accumulated Depreciation</b>																				
Balance as at 1 April 2024	245,355,274	69,087,086	520,622,354	354,690,842	87,302,863	9,068,357	42,852,130	-										1,328,978,906	1,207,655,376	
Charge for the year	55,241,697	3,097,690	40,807,004	13,122,844	21,973,017	233,935	2,761,319	-										137,237,506	124,031,865	
Disposals	-	-	-	(6,489,750)	-	-	-	-										(6,489,750)	(2,708,333)	
Balance as at 31 March 2025	300,596,971	72,184,776	561,429,358	361,323,936	109,275,880	9,302,292	45,613,449	-										1,459,726,662	1,328,978,908	
<b>Carrying Value</b>																				
As at 31 March 2025	1,921,627,644	11,860,309	292,396,923	102,944,900	351,015,351	1,389,766	23,701,241	1,773,083										2,706,709,217	-	
As at 31 March 2024	1,305,504,028	14,957,999	307,220,014	33,242,107	120,189,407	1,623,701	26,462,560	853,587										-	1,810,053,404	

# NOTES TO THE FINANCIAL STATEMENTS

## 7. FREEHOLD PROPERTY, PLANT & EQUIPMENT (Contd.)

Company

	Buildings at Valuation		Water Supply		Plant & Machinery		Motor Vehicles		Equipment & Tools		Furniture & Fittings		Roads		Capital Work in Progress		2025		2024		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
<b>Cost or Valuation</b>																					
Balance as at 1 April 2024	1,464,794,588	84,045,085	676,268,881	381,443,199	205,232,244	10,692,058	69,314,689	853,587	2,892,644,332	2,629,400,550											
Additions	9,576,449	-	25,983,913	82,825,637	252,798,961	-	-	1,562,786	372,747,746	269,846,648											
Revaluation gain	661,788,864	-	-	-	-	-	-	-	661,788,864	-											
Disposals	-	-	-	-	-	-	-	-	-	(3,250,000)											
Transfer In/(Out)	-	-	-	-	-	-	-	-	(643,290)	(3,352,866)											
Balance as at 31 March 2025	2,136,159,901	84,045,085	702,252,794	464,268,836	458,031,205	10,692,058	69,314,689	1,773,083	3,926,537,652	2,892,644,332											
<b>Accumulated Depreciation</b>																					
Balance as at 1 April 2024	223,020,157	69,087,086	398,416,229	348,201,092	86,786,934	9,068,357	42,852,130	-	1,177,431,985	1,069,707,629											
Charge for the year	53,111,154	3,097,690	29,438,992	13,122,844	21,872,396	233,935	2,761,319	-	123,638,330	110,432,689											
Disposals	-	-	-	-	-	-	-	-	-	(2,708,333)											
Balance as at 31 March 2025	276,131,311	72,184,776	427,855,221	361,323,936	108,659,330	9,302,292	45,613,449	-	1,301,070,315	1,177,431,985											
<b>Carrying Value</b>																					
As at 31 March 2025	1,860,028,590	11,860,309	274,397,573	102,944,900	349,371,875	1,389,766	23,701,241	1,773,083	2,625,467,337	-											
As at 31 March 2024	1,241,774,431	14,957,999	277,852,652	33,242,107	118,445,310	1,623,701	26,462,560	853,587	-	1,715,212,347											

## 7.1 Fair Value Hierarchy

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

The Company measures buildings at revalued amounts with changes in fair value being recognised in other comprehensive income and in the statement of changes in equity. The Company engaged an independent valuation specialist to determine fair value of buildings as at 31<sup>st</sup> March 2025.

The Buildings on leasehold land were revalued by Mr. A.A.M Fathihu, Chartered Valuation Surveyor as of 31<sup>st</sup> March 2025 and the results of such valuation have been incorporated in these financial statements as at that date. Such assets were valued on the basis of gross replacement cost (GRC). Fair value is determined by reference to market based evidence. The surplus arising from the revaluation has been transferred to the revaluation reserve.

Following key significant unobservable (Level 3) inputs were used for the valuation of buildings,

Type of Asset	Fair Value as at 31 March 2025	Method of Valuation	Significant Unobservable Inputs	Estimates for Unobservable Inputs (Weighted Average)	Sensitivity of Fair Value to Unobservable Inputs
Buildings	1,860,549,000	Cost Approach	Estimated price per square foot	Rs.1,228/- per square foot	Positively correlated sensitivity

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

	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Cost	516,685,218	516,685,218	516,685,218	516,685,218
Accumulated depreciation	(194,135,835)	(178,993,884)	(194,135,835)	(178,993,884)
Carrying value	322,549,383	337,691,334	322,549,383	337,691,334

7.1.3 The cost of fully depreciated assets, but still in use of the company amounts to Rs. 808 Mn as of 31<sup>st</sup> March 2025 (As at 31<sup>st</sup> March 2024 - Rs. 768 Mn). Fully depreciated assets breakup is as follows.

As At 31st March	GROUP	COMPANY
	2025	
	Rs.	Rs.
Furniture & Fittings	8,395,158	8,395,158
Plant & Machinery	313,894,976	313,894,976
Tools & Equipments	83,405,780	83,405,780
Motor Vehicles	379,282,175	379,282,175
Water & Sanitation	23,600,889	23,600,889
	808,578,978	808,578,978

# NOTES TO THE FINANCIAL STATEMENTS

## 8. BEARER BIOLOGICAL ASSETS

	Immature Plantations			Mature Plantations			2025	2024
	Tea	Other	Total	Tea	Other	Total		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Cost</b>								
At the beginning of the year	210,667,719	113,952,176	324,619,893	2,476,037,393	44,199,375	2,520,236,768	2,844,856,661	2,782,540,841
Additions	34,510,405	7,935,934	42,446,339	65,624,628	-	65,624,628	108,070,967	255,825,252
Transfer In/(Out)	(65,624,628)	-	(65,624,628)	-	-	-	(65,624,628)	(193,509,432)
At the end of the year	179,553,496	121,888,110	301,441,605	2,541,662,021	44,199,375	2,585,861,396	2,887,303,000	2,844,856,661
<b>Depreciation</b>								
At the beginning of the year	-	-	-	610,070,683	6,135,745	616,206,428	616,206,428	545,612,828
Charge for the year	-	-	-	74,281,122	2,117,761	76,398,883	76,398,883	70,593,600
At the end of the year	-	-	-	684,351,805	8,253,506	692,605,311	692,605,311	616,206,428
<b>Written Down Value</b>	179,553,496	121,888,110	301,441,605	1,857,310,215	35,945,869	1,893,256,084	2,194,697,689	2,228,650,233

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

The Company has elected to measure the bearer biological assets at cost using LKAS 16 – Property, Plant & Equipment.

b) Borrowing costs amounting to Rs. 18,123,853/- (2024 - Rs. 31,773,125/-) have been capitalised as part of the cost of the immature plantations. Capitalisation will cease when crops are ready for harvest.

## 9. CONSUMABLE BIOLOGICAL ASSETS

	GROUP		COMPANY	
	2025	2024	2025	2024
	Rs.	Rs.	Rs.	Rs.
At the beginning of the year	1,832,487,373	1,532,913,464	1,832,487,373	1,532,913,464
Increased due to Development	13,957,792	8,920,907	13,957,792	8,920,907
Decreased due to Harvesting	-	(12,730,385)	-	(12,730,385)
Gain/(loss) arising from changes in fair value	130,868,982	303,383,387	130,868,982	303,383,387
At the end of the year	1,977,314,147	1,832,487,373	1,977,314,147	1,832,487,373

Managed timber plantation was measured at fair value initially as at 31st March 2013 and subsequently. The corresponding gain/ (loss) was recognised in the statement of profit or loss.

## 9.1 Timber Reserve

Fair value surplus or deficit is recognised as a separate equity component in the company's or group's statement of changes in equity, which will be available for distribution at the point of realisation of the consumable biological assets. The realisation is as follows:

	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
At the beginning of the year	1,699,717,304	1,409,064,302	1,699,717,304	1,409,064,302
Gain recognised during the year	130,868,982	303,383,387	130,868,982	303,383,387
Realised gain on harvested valuable timber trees	-	(12,730,385)	-	(12,730,385)
At the end of the year	1,830,586,286	1,699,717,304	1,830,586,286	1,699,717,304

Managed trees include commercial timber plantations cultivated on estates. The cost of immature trees is treated as approximate fair value particularly on the ground of little biological transformation has taken place and impact of the biological transformation on price is not material. When such Plantations become mature, the additional investments since taken over to bring them to maturity are transferred from Immature to Mature.

The fair value of matured managed trees were ascertained in accordance with SLFRS 13. The valuation was carried by Mr. A.A.M Fathihu, FIV, chartered valuation surveyor, using Discounted Cash Flow (DCF) method. In ascertaining the fair value of timber, a physical verification was carried out covering all the estates.

Information about Fair Value Measurements using significant unobservable inputs (Level 3).

Non Financial Assets	Valuation Technique	Unobservable Inputs	Range of Unobservable Inputs (Probability weighted average)		Relation of Unobservable Inputs to Fair Value
			2025	2024	
Consumable Biological Assets	Discounted Cash Flow Method. 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 .	Discount Rate	Age to harvest 5 years or below - 14%	Age to harvest 5 years or below - 15%	The higher the discount rate, the lesser the fair value
			Age to harvest 6 to 15 years - 15%	Age to harvest 6 to 15 years - 16%	
			Age to harvest 15 years or above - 16%	Age to harvest 15 years or above - 17%	
		Optimum rotation (Maturity)	25 years	25 years	Lower the rotation period, the higher the fair value
		Volume at rotation	19.4 - 88.5 cu.ft.	19.4 - 88.5 cu.ft.	The higher the volume, the higher the fair value
		Price per cu.ft.	Rs. 400/- to Rs. 1,260/-	Rs. 390/- to Rs. 1,231/-	The higher the price per cu. ft. the higher the fair value

# NOTES TO THE FINANCIAL STATEMENTS

## 9.1 Timber Reserve (Contd.)

Other key assumptions used in valuation.

- 1 The harvesting is approved by the PMMD and the Forest Department based on the Forestry Development Plan.
- 2 The prices adopted are net of expenditure.
- 3 Though the replanting is a condition precedent for harvesting, yet the costs are not taken in to consideration.

The valuations, as presented in the external valuation models based on net present values, take into account the long term exploitation of the timber plantations. Because of the inherent uncertainty associated with the valuation at fair value of the biological assets due to the volatility of the variables, their carrying value may differ from their realisable value. The Board of Directors retains their view that commodity markets are inherently volatile and that long term price projections are highly unpredictable. Hence, the sensitivity analysis regarding selling price and discount rate variations as included in this note allows every investor to reasonably challenge the financial impact of the assumptions used in the LKAS 41 against his own assumptions.

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

## 9.2 Sensitivity Analysis

### Sensitivity variation - sales price

Values as appearing in the Statement of Financial Position are very sensitive to price changes with regard to the average sales prices applied. Simulations made for timber show that a rise or decrease by 10% of the estimated future selling price has the following effect on the net present value of biological assets:

	Rs. -10%	Rs. +10%
As at 31 March 2025	(197,922,035)	197,922,035
As at 31 March 2024	(183,428,430)	183,428,430

### Sensitivity variation - discount rate

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

	Rs. -1%	Rs. +1%
As at 31 March 2025	44,039,106	(41,511,120)
As at 31 March 2024	42,001,677	(39,554,223)

The carrying amount of biological assets pledged as securities for liabilities are Nil for the year (2024 - Nil).

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

## 10. OTHER NON CURRENT FINANCIAL ASSETS

Upon initial recognition, the Group occasionally elects to classify irrevocably some of its equity investments held for strategic purpose, as equity instruments at FVOCI when they meet the definition of Equity under LKAS 32 - Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss instead directly transferred to retained earnings at the time of derecognition. Dividends are recognised in the statement of profit or loss under "Other Income" when the right of the payment has been established.

### 10.1 Financial assets at fair value through OCI

	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
<b>Investment in quoted companies</b>				
Beruwala Resorts PLC	4,810,000	1,820,000	4,810,000	1,820,000
Agarapatana Plantations PLC	13,948,098	13,948,098	-	-
<b>Investment in unquoted companies</b>				
Union Commodities (Pvt) Ltd	-	-	-	-
Colombo Fort Hotels Ltd	26,976,966	20,554,266	-	-
<b>Total financial assets at fair value through OCI</b>	<b>45,735,064</b>	<b>36,322,364</b>	<b>4,810,000</b>	<b>1,820,000</b>
<b>10.2 Net (loss) / gain on financial assets at fair value through OCI</b>	<b>9,412,700</b>	<b>-</b>	<b>2,990,000</b>	<b>-</b>

### 10.3 Fair Value Hierarchy for financial assets at fair value through OCI

	Date of Valuation	Level 1	Level 2	Level 3
		(Quoted prices in active markets) Rs.	(Significant observable inputs) Rs.	(Significant unobservable inputs) Rs.
Investment in quoted equity shares	31-Mar-25	4,810,000	13,948,098	-
Investment in unquoted equity shares	31-Mar-25	-	26,976,966	-
<b>Total</b>		<b>4,810,000</b>	<b>40,925,064</b>	<b>-</b>
Investment in quoted equity shares	31-Mar-24	1,820,000	13,948,098	-
Investment in unquoted equity shares	31-Mar-24	-	20,554,266	-
<b>Total</b>		<b>1,820,000</b>	<b>34,502,364</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 10A INTANGIBLE ASSETS

### Goodwill

Goodwill represents the excess of the cost of any acquisition of a subsidiary over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Carrying amount of the goodwill arising on acquisition of subsidiaries is presented as an intangible assets and the goodwill on an acquisition of an equity accounted investment is included in the carrying value of the investment.

### Impairment Testing on Goodwill

The Group tests the goodwill for impairment annually and assess for any indication of impairment to ensure that its carrying amount does not exceed the recoverable amount. If an impairment loss is identified, it is recognised immediately in the statement of profit or loss. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to groups of cash generating units that are expected to benefit from the synergies of the combination.

Group	Goodwill	
	2025 Total Rs.	2024 Total Rs.
<b>Cost</b>		
As at 1 <sup>st</sup> April	338,742,754	338,742,754
As at 31 <sup>st</sup> March	338,742,754	338,742,754
<b>Accumulated Amortisation</b>		
As at 1 <sup>st</sup> April	-	-
Amortisation charge for the year	-	-
As at 31 <sup>st</sup> March	-	-
<b>Written down value</b>		
As at 31 <sup>st</sup> March	338,742,754	338,742,754

## 10 B. INVESTMENT IN SUBSIDIARY

Agarapatana Plantations PLC holds 7,800,000 (100%) ordinary shares of Waverly Power (Pvt) Ltd amounting 433,999,888/-.

	No. of Shares	Holding %	Company	
			2025 Rs.	2024 Rs.
Waverly Power (Pvt) Ltd	7,800,000	100	433,999,888	433,999,888
			433,999,888	433,999,888

	Waverly Power (Pvt) Ltd	
	2025 Rs.	2024 Rs.
<b>Summarised Statement of Profit or Loss of Subsidiary</b>		
Revenue	67,282,457	61,668,210
Gross Profit	38,603,402	40,971,791
Finance & Other Charges	(6,162,315)	(18,626,239)
<b>Profit/(Loss) before Taxation</b>	<b>52,953,913</b>	<b>15,984,478</b>
<b>Summarised Statement of Financial Position of Subsidiary</b>		
Non Current Assets	144,630,781	137,020,933
Current Assets	65,565,894	71,514,054
<b>Total Assets</b>	<b>210,196,674</b>	<b>208,534,987</b>
Capital & Reserves	121,278,680	87,198,155
Long Term Liabilities	47,176,410	76,080,398
Current Liabilities	41,741,584	45,256,434
<b>Total Equity &amp; Liabilities</b>	<b>210,196,674</b>	<b>208,534,987</b>
<b>Summarised Statement of Cash Flows of Subsidiary</b>		
Net Cash flows from/(used in) Operating Activities	42,376,577	66,548,725
Net Cash flows from/(used in) Financing Activities	(57,032,062)	(44,915,678)
Net Cash flows from/(used in) Investment Activities	7,800,000	-
<b>Total Net Cash Flows</b>	<b>(6,855,485)</b>	<b>21,633,047</b>

## 11. PRODUCE ON BEARER BIOLOGICAL ASSETS

	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
As at 1st April	19,546,449	23,264,936	19,546,449	23,264,936
Change in fair value less cost to sell	2,972,724	(3,718,487)	2,972,724	(3,718,487)
As at 31st March	22,519,173	19,546,449	22,519,173	19,546,449

### 11.1 Fair Value Hierarchy for Non Financial Assets

Group / Company

Non Financial Asset Type	Date of Valuation	Level 1	Level 2	Level 3
		(Quoted prices in active markets) Rs.	(Significant observable inputs) Rs.	(Significant unobservable inputs) Rs.
Produce on Bearer Biological Assets	31-Mar-25	-	22,519,173	-
Produce on Bearer Biological Assets	31-Mar-24	-	19,546,449	-

# NOTES TO THE FINANCIAL STATEMENTS

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

	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Gain/(loss) arising from Consumable Biological Assets - Note 9	130,868,982	303,383,387	130,868,982	303,383,387
Gain/(loss) arising from Produce on Bearer Biological Assets - Note 11	2,972,724	(3,718,487)	2,972,724	(3,718,487)
<b>Total Change in Fair Value of Biological Assets</b>	<b>133,841,706</b>	<b>299,664,900</b>	<b>133,841,706</b>	<b>299,664,900</b>

## 12. INVENTORIES

	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Input Materials	224,305,776	275,100,890	224,305,776	275,100,890
Nurseries	6,008,506	5,077,568	6,008,506	5,077,568
Produce Tea	751,739,200	552,882,981	751,739,200	552,882,981
Spares & Consumables	135,005,677	89,013,450	135,005,677	89,013,450
	<b>1,117,059,159</b>	<b>922,074,889</b>	<b>1,117,059,159</b>	<b>922,074,889</b>

## 13. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Trade Debtors	140,977,682	201,690,281	134,284,776	195,910,798
Employee Related Debtors	99,748,555	88,160,542	99,748,555	88,160,542
Deposits, Advances & Prepayments	243,521,083	364,637,377	242,784,787	363,807,483
Other Debtors	46,493,811	79,659,454	46,406,311	79,659,454
VAT Recoverable	44,630,194	44,630,194	44,630,194	44,630,194
Income Tax Receivable	2,607,206	2,607,206	2,607,206	2,607,206
WHT Receivable	8,206,554	3,567,227	8,206,554	3,567,227
	<b>586,185,085</b>	<b>784,952,280</b>	<b>578,668,383</b>	<b>778,342,903</b>
Less : Provision for Impairment	(24,218,964)	(17,524,435)	(24,218,964)	(17,524,435)
	<b>561,966,121</b>	<b>767,427,845</b>	<b>554,449,419</b>	<b>760,818,468</b>

#### 14. AMOUNTS DUE FROM RELATED COMPANIES

	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Sherwood Holidays Ltd	172,219	146,712	172,219	146,712
Waverly Power (Pvt) Ltd	-	-	849,018	7,357,812
Consolidated Tea Plantations Ltd	107,916,317	214,257,726	101,043,807	214,257,726
Lankem Tea and Rubber Plantations (Pvt) Ltd	-	27,781,707	-	27,781,707
Lankem Ceylon PLC	48,052,290	48,052,290	-	-
Lankem Developments PLC	23,566,964	168,121,857	23,566,964	161,249,347
Union Commodities (Pvt) Ltd	-	20,537,444	-	20,537,444
Rubber & Allied Products (Colombo) Ltd	118,979,198	124,173,740	118,979,198	124,173,740
Kotagala Plantations PLC	89,067,723	-	89,067,723	-
ACME Printing & Packaging PLC	10,705,808	-	10,705,808	-
Lankem Minerals Limited	136,113,699	-	136,113,699	-
The Colombo Fort Land & Building PLC	6,000,000	-	6,000,000	-
	540,574,218	603,071,475	486,498,436	555,504,487

#### 15. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
<b>Favourable cash and bank balances</b>				
Cash at Bank	49,548,097	75,992,593	46,423,705	66,012,716
Cash in Hand	1,154,519	1,381,457	1,154,519	1,381,457
Cash in Transit	2,250,704	1,424,391	2,250,704	1,424,391
	52,953,321	78,798,441	49,828,929	68,818,564
<b>Unfavourable bank balances</b>				
Bank Overdraft	322,558,873	254,948,571	322,558,873	254,948,571
	(269,605,552)	(176,150,130)	(272,729,944)	(186,130,007)

# NOTES TO THE FINANCIAL STATEMENTS

## 16. STATED CAPITAL

	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
<b>Value of Issued and Fully Paid Shares</b>				
At the beginning of the year	2,478,067,694	1,730,436,695	2,478,067,694	1,730,436,695
Value of ordinary shares issued under Initial Public Offering	-	747,630,999	-	747,630,999
At the end of the year	2,478,067,694	2,478,067,694	2,478,067,694	2,478,067,694

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

	2025 No. of Shares	2024 No. of Shares
Ordinary shares at the beginning of the year	500,000,000	416,929,889
Ordinary shares issued under Initial Public Offering	-	83,070,111
Ordinary shares at the end of the year	500,000,000	500,000,000
Golden Share held by the Treasury which has special rights	1	1

## 17. REVALUATION RESERVE

	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
At the beginning of the year	723,775,553	750,438,736	723,775,553	750,438,736
Transfer to retained earnings	(26,663,179)	(26,663,181)	(26,663,179)	(26,663,181)
Net revaluation gain	463,252,205	-	463,252,205	-
At the end of the year	1,160,364,579	723,775,553	1,160,364,579	723,775,553

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

## 18. INTEREST BEARING LOANS & BORROWINGS

### 18.1 Long Term Loans - Company

Description	Repayable within 1 Year Rs.	Repayable within 2-5 Years Rs.	Repayable after 5 Years Rs.	Repayable after 1 year Rs.	2025 Rs.	2024 Rs.	Facility Details (Note 18.4)
Commercial Bank of Ceylon PLC - Rs. 500Mn	34,853,459	-	-	-	34,853,459	85,877,459	I
Sampath Bank PLC - Rs. 500 Mn	41,300,000	-	-	-	41,300,000	124,700,000	II
Seylan Bank PLC - Rs. 50 Mn	12,900,000	2,848,547	-	2,848,547	15,748,547	26,648,547	III
Bank of Ceylon - Rs. 250 Mn	45,454,560	11,363,601	-	11,363,601	56,818,161	102,272,719	IV
Bank of Ceylon - Rs. 68 Mn	5,731,019	-	-	-	5,731,019	28,655,095	V
Bank of Ceylon - Rs. 13 Mn	1,123,251	-	-	-	1,123,251	5,616,253	VI
Bank of Ceylon - Rs. 75 Mn	20,657,084	-	-	-	20,657,084	27,555,667	VII
Bank of Ceylon - Rs. 200 Mn	16,666,667	183,333,333	-	183,333,333	200,000,000	-	VIII
Seylan Merchant Bank PLC - Rs. 68 Mn	15,693,779	18,396,671	-	18,396,671	34,090,450	47,477,954	IX
Seylan Merchant Bank PLC - Rs. 57 Mn	12,787,413	16,970,110	-	16,970,110	29,757,523	40,613,183	X
<b>Total</b>	<b>207,167,232</b>	<b>232,912,262</b>	<b>-</b>	<b>232,912,262</b>	<b>440,079,494</b>	<b>489,416,876</b>	

### 18.2 Short Term Loans - Company

Description	Repayable within 1 Year Rs.	Repayable within 2-5 Years Rs.	Repayable after 5 Years Rs.	Repayable after 1 year Rs.	2025 Rs.	2024 Rs.	Facility Details (Note 18.4)
Amana Bank - Rs. 180 Mn	180,000,000	-	-	-	180,000,000	180,000,000	XI
Amana Bank - Rs. 50 Mn	50,000,000	-	-	-	50,000,000	-	XII
Bank of Ceylon - Rs.150 Mn	150,000,000	-	-	-	150,000,000	16,887,900	XIII
Bank of Ceylon - Rs. 200 Mn	50,658,852	-	-	-	50,658,852	180,265,328	XIV
Forbes and Walkers Tea Brokers (Pvt) Ltd - Rs. 50 Mn	-	-	-	-	-	50,000,000	
<b>Total</b>	<b>430,658,852</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>430,658,852</b>	<b>427,153,228</b>	
<b>Total - Company</b>	<b>637,826,084</b>	<b>232,912,262</b>	<b>-</b>	<b>232,912,262</b>	<b>870,738,346</b>	<b>916,570,104</b>	
Wavely Power (Pvt) Ltd							
Sampath Bank - Rs. 73 Mn	16,800,000	12,960,000	-	12,960,000	29,760,000	62,600,000	XV
<b>Total - Group</b>	<b>654,626,084</b>	<b>245,872,262</b>	<b>-</b>	<b>245,872,262</b>	<b>900,498,346</b>	<b>979,170,104</b>	

# NOTES TO THE FINANCIAL STATEMENTS

## 18.3 Details of the interest bearing loans and borrowing facilities

Facility details	Rate of interest	Terms of repayment
I	Rs. 500 Mn - AWPLR+3%	48 monthly instalments commencing from 21/01/2022
II	Rs. 500 Mn - AWPLR+3.5%	71 instalments of Rs. 6,950,000/- and a final instalment of Rs. 6,550,000/- commencing from 26/04/2019
III	Rs. 50 Mn - 16%	84 instalments commencing from 30/11/2018
IV	Rs. 250 Mn - AWPLR + 3.5%	72 monthly instalments commencing from 03/05/2020 including six months capital grace period
V	Rs. 68 Mn - 6.93%	36 monthly instalments commencing from 13/04/2020
VI	Rs. 13 Mn - 6.93%	36 monthly instalments commencing from 10/03/2020
VII	Rs. 75 Mn - AWPLR+3%	36 monthly instalments commencing from 30/04/2023
VIII	Rs. 200 Mn - AWPLR+2%	84 monthly instalments commencing from 23/07/2025
IX	Rs. 68 Mn - 16%	60 monthly instalments commencing from 30/07/2022
X	Rs. 57 Mn - 18%	60 monthly instalments commencing from 31/07/2022
XI	Rs. 180 Mn - 10.10%	Within 3 months
XII	Rs. 50 Mn - 11.08%	Within 4 months
XIII	Rs. 150 Mn - AWPLR+2.5%	Within 2 months
XIV	Rs. 200 Mn - AWPLR+2.5%	Within 4 months
XV	Rs. 73.2 Mn - AWPLR+2%	63 instalments commencing from Sep 2022

## 18.4 Changes in liabilities arising from financing activities

	01 April 2024 Rs.	Cash Flows Rs.	31 March 2025 Rs.
Current interest-bearing loans and borrowings (excluding items listed below)	693,422,731	(55,596,647)	637,826,084
Current obligations under leases	2,407	198	2,604
Non-current interest-bearing loans and borrowings (excluding items listed below)	223,147,374	9,764,889	232,912,262
Non-current obligations under leases	121,279	(2,604)	118,675
	916,693,790	(45,834,164)	870,859,625

## 19. RETIREMENT BENEFIT OBLIGATIONS

	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
At the beginning of the year	1,791,113,186	1,198,673,423	1,791,113,186	1,198,673,423
Provision for the year - Interest Cost	214,933,582	221,754,583	214,933,582	221,754,583
Current Service Cost	114,015,843	58,548,181	114,015,843	58,548,181
Actuarial (Gain) / Loss due to changes in financial assumptions	171,120,238	614,692,005	171,120,238	614,692,005
Actuarial (Gain) / Loss due to experience adjustment	492,344,626	(159,434,628)	492,344,626	(159,434,628)
Payments made during the year	(573,667,007)	(143,120,378)	(573,667,007)	(143,120,378)
At the end of the year	2,209,860,469	1,791,113,186	2,209,860,469	1,791,113,186

According to the valuation done based on the full actuarial valuation carried out by a professionally qualified actuary firm M/s. Actuarial and Management Consultants (Pvt) Ltd as at 31<sup>st</sup> March 2025, the liability is Rs. 2,209,860,468/-. If the Company had provided for gratuity for all employees on the basis of 14 days wages for workers and a half month salary for staff for each completed year of service for the year ended 31<sup>st</sup> March 2025, the liability would have been Rs. 2,238,943,470/- (2024 - Rs. 1,968,671,768/-). Hence, there is a contingent liability of Rs. 29,083,003/- which would crystallise only if the Company ceases to be a going concern.

Waverly Power (Pvt) Ltd receives all staff and labour from Agarapatana Plantations PLC. Therefore, retirement benefit liabilities are not taken into consideration by Waverly Power (Pvt) Ltd in their financial statements.

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

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

	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Within next 12 months	199,081,316	216,543,137	199,081,316	216,543,137
Between 2 and 5 years	649,800,007	550,308,981	649,800,007	550,308,981
Beyond 5 years	1,360,979,145	1,024,261,068	1,360,979,145	1,024,261,068
	2,209,860,468	1,791,113,186	2,209,860,468	1,791,113,186

The weighted average duration of the Defined Benefit plan obligation at the end of the reporting period is 7.7 years and 9.2 years for staff and workers respectively.

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

	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
(i) Rate of Interest	11.0%	12.0%	11.0%	12.0%
(ii) Rate of Salary Increase				
Workers	10% (per annum)	10% (per annum)	10% (per annum)	10% (per annum)
Staff	25% + 5% (Once in 3 years)	25% + 5% (Once in 3 years)	25% + 5% (Once in 3 years)	25% + 5% (Once in 3 years)
(iii) Retirement Age				
Workers	60 years	60 years	60 years	60 years
Staff	60 years	60 years	60 years	60 years
(iv) Daily Wage Rate	Rs. 1,350/-	Rs. 1,000/-	Rs. 1,350/-	Rs. 1,000/-

### Sensitivity Analysis

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

# NOTES TO THE FINANCIAL STATEMENTS

## 19. RETIREMENT BENEFIT OBLIGATIONS (Contd.)

	GROUP		COMPANY	
	Impact on Retirement Benefit Obligation			
<b>A one percentage point change in the discount rate</b>	+1%	-1%	+1%	-1%
As at 31 March 2025	(171,120,238)	195,684,103	(171,120,238)	195,684,103
As at 31 March 2024	(128,470,751)	146,435,388	(128,470,751)	146,435,388
<b>A one percentage point change in the salary increment rate</b>	+1%	-1%	+1%	-1%
As at 31 March 2025	201,880,774	(179,440,827)	201,880,774	(179,440,827)
As at 31 March 2024	152,960,966	(136,322,877)	152,960,966	(136,322,877)

## 20. DEFERRED INCOME

	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
<b>Deferred Grants and Subsidies</b>				
<b>Cost</b>				
At the beginning of the year	342,850,415	342,850,415	342,850,415	342,850,415
Additions during the year	-	-	-	-
At the end of the year	342,850,415	342,850,415	342,850,415	342,850,415
<b>Amortisation</b>				
At the beginning of the year	168,700,452	159,245,487	168,700,452	159,245,487
Amortisation for the year	9,454,965	9,454,965	9,454,965	9,454,965
At the end of the year	178,155,417	168,700,452	178,155,417	168,700,452
<b>Net carrying amount at the end of the year</b>	164,694,998	174,149,963	164,694,998	174,149,963

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

## 21. LEASE LIABILITIES

	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Lease liability on right-of-use assets - Land	121,279	123,686	121,279	123,686
	121,279	123,686	121,279	123,686

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

	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
At the beginning of the year	123,686	125,912	123,686	125,912
Accretion of interest	10,093	10,274	10,093	10,274
Payments	(12,500)	(12,500)	(12,500)	(12,500)
At the end of the year	121,279	123,686	121,279	123,686
Current	2,604	2,407	2,604	2,407
Non Current	118,675	121,279	118,675	121,279

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

	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
<b>Payable within one year</b>				
Gross liability	12,500	12,500	12,500	12,500
Finance cost allocated to future periods	(9,896)	(10,093)	(9,896)	(10,093)
Net liability transferred to current liabilities	2,604	2,407	2,604	2,407
<b>Payable within two to five years</b>				
Gross liability	62,500	62,500	62,500	62,500
Finance cost allocated to future periods	(45,926)	(47,177)	(45,926)	(47,177)
Net liability	16,574	15,323	16,574	15,323
<b>Payable after five years</b>				
Gross liability	175,000	187,500	175,000	187,500
Finance cost allocated to future periods	(72,898)	(81,544)	(72,898)	(81,544)
Net liability	102,102	105,956	102,102	105,956
Current	2,604	2,407	2,604	2,407
Non Current	118,675	121,279	118,675	121,279

# NOTES TO THE FINANCIAL STATEMENTS

## 22. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Trade Creditors	124,184,424	83,653,348	124,184,424	83,653,348
Payable to Employees	251,830,563	180,097,724	251,830,563	180,097,724
EPF/ETF/CPPS/ESPS Payable	60,865,911	49,926,534	60,865,911	49,926,534
Provision for EPF/ETF/ESPS/Gratuity Surcharges	28,608,829	47,600,000	28,608,829	47,600,000
Broker Advances	74,998,389	317,385,830	74,998,389	317,385,830
Dividend Payable	9,679,013	-	9,679,013	-
Other Creditors	695,760,589	489,069,966	686,446,334	479,440,311
	1,245,927,713	1,167,733,402	1,236,613,458	1,158,103,747

## 23. AMOUNTS DUE TO RELATED COMPANIES

	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Creasy Plantation Management Ltd	4,586,598	4,597,598	4,586,598	4,597,598
Kotagala Plantations PLC	-	4,460,273	-	4,460,273
Lankem Ceylon PLC	-	4,324,782	-	4,324,782
Colombo Fort Group Services (Pvt) Ltd	555,680	455,149	256,167	224,486
E B Creasy & Co. PLC	16,697,953	16,697,953	16,697,953	16,697,953
Lankem Tea & Rubber Plantations (Pvt) Ltd	2,673,344	-	2,673,344	-
	24,513,576	30,535,754	24,214,062	30,305,091

## 24. REVENUE

### 24.1 Summary

	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Tea	7,218,634,181	7,153,269,193	7,218,634,181	7,153,269,193
Hydro Power	67,282,457	61,668,210	-	-
	7,285,916,638	7,214,937,403	7,218,634,181	7,153,269,193

### 24.2 Segment Information

	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
<b>Segmental Revenue</b>				
Tea	7,218,634,181	7,153,269,193	7,218,634,181	7,153,269,193
Hydro Power	67,282,457	61,668,210	-	-
Revenue	7,285,916,638	7,214,937,403	7,218,634,181	7,153,269,193
<b>Segmental Profit Before Tax</b>				
Tea	1,074,736,293	736,867,655	1,107,666,619	743,134,333
Hydro Power	63,419,525	22,551,008	-	-
Profit Before Tax	1,138,155,818	759,418,663	1,107,666,619	743,134,333
<b>Segmental Assets and Liabilities</b>				
<b>Segmental Assets</b>				
Tea	10,177,074,808	9,325,055,013	10,287,332,544	9,424,864,790
Hydro Power	201,884,421	198,052,305	-	-
	10,378,959,229	9,523,107,318	10,287,332,544	9,424,864,790
Goodwill on Consolidation	338,742,754	338,742,754	-	-
Investment in Subsidiary	-	-	433,999,888	433,999,888
<b>Segmental Liabilities</b>				
Tea	6,035,312,884	5,206,716,767	6,036,161,904	5,215,440,374
Hydro Power	109,816,834	143,530,417	-	-
	6,145,129,719	5,350,247,185	6,036,161,904	5,215,440,374

# NOTES TO THE FINANCIAL STATEMENTS

## 25. OTHER INCOME

	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Amortisation of Capital Grants	9,454,965	9,454,965	9,454,965	9,454,965
Factory / Towers Lease Rent	29,775,102	17,918,111	29,775,102	18,541,789
Profit from sale of Valuable Timber Trees	-	21,467,750	-	21,467,750
Income from Sale of Other Trees	14,775,388	37,910,805	14,775,388	37,910,805
Profit on Disposal of Property, Plant & Equipment	7,800,000	1,831,215	-	1,831,215
Dividend Income	-	-	19,890,000	-
Others	50,402,810	40,953,471	63,700,389	46,596,471
	112,208,264	129,536,318	137,595,844	135,802,996

## 26. FINANCE INCOME

	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Interest Income	145,044,900	117,572,766	133,116,159	117,572,766
	145,044,900	117,572,766	133,116,159	117,572,766

## 27. FINANCE COST

	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Overdraft Interest	27,544,726	48,075,181	27,544,726	46,653,930
Interest Charge on Guarantees	-	2,752,134	-	2,752,134
Interest on Leases	10,093	10,274	10,093	10,274
Term Loan Interest	101,695,388	164,440,599	96,268,776	147,944,863
Related Party Loan Interest	46,900	282,041	46,900	282,041
Interest charged by the Tea Brokers	23,407,878	87,935,455	23,407,878	87,935,455
Other Interest	14,694	1,737,353	-	1,737,353
	152,719,679	305,233,036	147,278,373	287,316,049
Amount Capitalised	(18,123,853)	(31,773,125)	(18,123,853)	(31,773,125)
	134,595,826	273,459,911	129,154,520	255,542,924

## 28. PROFIT FROM OPERATING ACTIVITIES IS STATED AFTER CHARGING

	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Consultancy /Director Fees	36,240,459	36,342,944	36,240,459	36,342,944
Auditor's Remuneration	6,890,640	6,543,385	6,590,640	6,276,800
<b>Depreciation</b>				
Freehold Property Plant and Equipment	137,237,506	124,031,865	123,638,330	110,432,689
Bearer Biological Assets	76,398,883	70,593,600	76,398,883	70,593,600
Right-of-use assets- Land	6,503,393	6,503,393	6,503,393	6,503,393
Right-of-use assets - Immovable Lease assets of JEDB / SLSPC estates	4,988,819	5,984,873	4,988,819	5,984,873
<b>Others</b>				
Defined Benefit Plan Cost - Retiring Gratuity	328,949,425	280,302,764	328,949,425	280,302,764
Defined Contribution Plan Cost - EPF,ETF,ESPS & CPPS	314,621,114	303,066,164	314,621,114	303,066,164
Wages & Staff Cost	3,282,162,574	2,979,775,656	3,282,162,574	2,979,775,656

## 29. INCOME TAX EXPENSES

29.1 The major components of income tax expenses for the year ended 31<sup>st</sup> March are as follows.

	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
<b>Statement of Profit and Loss</b>				
<b>Current Tax Expenses</b>				
Current Income Tax Charge (29.2)	22,918,516	8,844,306	-	-
<b>Deferred Income Tax (29.4)</b>				
Amount originated during the year transferred to statement of profit or loss	313,778,187	285,550,838	317,737,194	289,509,845
	336,696,703	294,395,144	317,737,194	289,509,845

# NOTES TO THE FINANCIAL STATEMENTS

## 29. INCOME TAX EXPENSES (Contd.)

### 29.2 Reconciliation of Accounting Profit to Income Tax Expense

	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Accounting Profit /(Loss) Before Tax	1,138,155,818	759,418,663	1,107,666,619	743,134,333
Aggregate disallowable items	753,739,312	656,459,078	708,940,137	608,051,515
Aggregate allowable items	(1,093,784,231)	(723,897,653)	(1,081,159,641)	(753,378,673)
Tax losses claimed during the year	(735,447,115)	(263,174,932)	(735,447,115)	(263,174,932)
Business Income	62,663,783	428,805,156	-	334,632,243
Tax exempt income/(loss) from Agro Farming	-	334,631,303	-	334,631,303
Taxable income/(loss) from Agro Processing	-	204,386,521	-	204,386,521
Taxable income/(loss) from power generation	-	29,481,020	-	-
Investment Income	133,548,515	176,361,177	133,116,038	176,361,177
Tax losses claimed during the year	(133,116,038)	(380,747,698)	(133,116,038)	(380,747,698)
Total Statutory Income	432,477	29,481,020	-	-
Taxable Income /(Loss)	63,096,260	29,481,020	-	-
Income Tax @ 14%	-	-	-	-
Income Tax @ 24%	-	-	-	-
Income Tax @ 30%	18,928,879	8,844,306	-	-
WHT Payment on Dividend Income	3,989,637	-	-	-
Income Tax expense charged to Statement of Profit or Loss	22,918,516	8,844,306	-	-

### 29.3 Accumulated Tax Losses

	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Tax losses brought forward	1,009,555,755	1,405,592,200	1,009,555,755	1,405,592,200
Adjustment to the brought forward tax losses	(3,288)	-	(3,288)	-
Loss for the year (Note 29.2)	-	(15,288,747)	-	(15,288,747)
Losses set off during the year	(868,563,153)	(380,747,698)	(868,563,153)	(380,747,698)
Tax losses carried forward	140,989,314	1,009,555,755	140,989,314	1,009,555,755

## 29.4 Deferred Tax Liability

	GROUP			COMPANY			
	2025		2024	2025		2024	
	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	
<b>As at 1 April</b>	3,159,870,255	947,961,076	2,663,291,506	798,987,451	890,126,024	2,457,311,308	737,193,392
Amount originated during the year transferred to statement of profit or loss	1,045,927,292	313,778,187	951,836,126	285,550,838	1,059,123,982	317,737,194	289,509,845
Amount originated during the year transferred to statement of other comprehensive income	4,746,700	1,424,010	(455,257,377)	(136,577,213)	(1,676,000)	(455,257,377)	(136,577,213)
<b>As at 31 March</b>	4,210,544,247	1,263,163,273	3,159,870,255	947,961,076	4,024,534,728	1,207,360,418	890,126,024

### Composition of Deferred Tax Liability /(Asset)

	GROUP			COMPANY			
	2025		2024	2025		2024	
	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	
Right of use assets	131,188,412	39,356,524	142,680,624	42,804,187	131,188,412	39,356,524	142,680,624
Property, Plant and Equipment	2,240,091,413	672,027,423	1,551,929,428	465,578,828	2,074,005,334	622,201,600	1,359,145,923
FVTOCI Investments	6,422,700	1,926,810	-	-	-	-	-
Biological Assets	4,194,531,009	1,258,359,303	4,061,137,606	1,218,341,282	4,194,531,009	1,258,359,303	4,061,137,606
Retirement Benefit Obligations	(2,209,860,469)	(662,958,141)	(1,791,113,185)	(537,333,955)	(2,209,860,469)	(662,958,141)	(1,791,113,185)
Lease Liability	(121,279)	(36,384)	(123,686)	(37,106)	(121,279)	(36,384)	(123,686)
Fair Value Reserve	1,500,740	4,050,222	-	-	-	-	-
Carried forward Tax Losses	(140,989,315)	(42,296,794)	(790,975,982)	(237,292,795)	(140,989,315)	(42,296,794)	(790,975,982)
Provision for Bad Debts	(24,218,964)	(7,265,689)	(13,664,551)	(4,099,366)	(24,218,964)	(7,265,689)	(13,664,551)
<b>Net Deferred Tax Liability/(Asset)</b>	4,210,544,247	1,263,163,273	3,159,870,254	947,961,075	4,024,534,728	1,207,360,418	890,126,024

The effective tax rate used to calculate deferred tax liability for all temporary differences as at 31<sup>st</sup> March 2025 is 30% (2024 - 30%).

Deferred tax related to items charged or credited directly to OCI During the year

Remeasurement gain/(loss) on defined benefit plan	(199,039,459)	(136,577,213)
Revaluation Surplus on Buildings	198,536,659	-
<b>Total</b>	(502,800)	(136,577,213)

# NOTES TO THE FINANCIAL STATEMENTS

## 30. EARNINGS/(LOSS) PER SHARE

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

	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
<b>Amount used as the numerator</b>				
Net profit / (loss) for the year after taxation	801,459,115	465,023,519	789,929,424	453,624,488
<b>Amount used as the denominator</b>				
Weighted average number of ordinary shares outstanding during the period	500,000,000	465,387,454	500,000,000	465,387,454
Basic Earnings Per Share (Rs)	1.60	1.00	1.58	0.97

### 30.1 Diluted Earnings Per Share

The Calculation of diluted earnings per share is based on the profit attributable to owners of the parent and the weighted average number of ordinary shares outstanding after the adjustment for the effect of all dilutive potential ordinary shares.

There were no potentially dilutive ordinary shares outstanding at any time during the year/previous year.

## 31. CAPITAL COMMITMENTS

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

	2025 Rs.	2024 Rs.
A. Field Development	74.1 Mn	125.1 Mn
B. Machinery & Factory Development	412.3 Mn	307.1 Mn

## 32. SECURITIES PLEDGED

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

Company	Nature of Assets	Facility	Nature of Liability	Carrying Amounts of Assets Pledged		Included Under
				2025 Rs.	2024 Rs.	
<b>32.1</b>	A) A primary mortgage over leasehold rights of Glenanore and Haputale Estates including machinery fixed each of these estates. Overdraft Agreement	200 Mn	Bank Overdraft from Bank of Ceylon	30,903,288	31,524,533	Property, Plant & Equipment
	B) Tri partite agreement with borrower, bank and the tea broker John Keells PLC	250 Mn	Term Loan from Bank of Ceylon			

Nature of Assets	Facility Rs.	Nature of Liability	Carrying Amounts of Assets Pledged		Included Under
			2025 Rs.	2024 Rs.	
C) A primary mortgage over leasehold rights of Glenanore and Haputale Estates including machinery fixed each of these estates	75 Mn	Term Loan from Bank of Ceylon			
D) A primary mortgage over leasehold rights of Glenanore and Haputale Estates including machinery fixed each of these estates	200 Mn	Short Term Loan from Bank of Ceylon			
E) A primary mortgage over leasehold rights of Glenanore and Haputale Estates including machinery fixed each of these estates	150 Mn	Short Term Loan from Bank of Ceylon			
F) A mortgage over Solar Panels, Inverters and other related equipment in ten tea factories	200 Mn	Term Loan from Bank of Ceylon			
G) Fixed Deposit No. 8909216, 8909209	33 Mn	Bank Overdraft from Bank of Ceylon			
<b>32.2</b> Mortgage over leasehold rights over the estate land and buildings, fixed & floating assets of Diyagama East Estate	50 Mn	Term Loan from Seylan Bank PLC	6,598,923	6,929,525	Property, Plant & Equipment
<b>32.3</b> Duly accepted letter of offer supported by Board Resolution. General terms and conditions relating to term loans. Deposit of original title deeds and plan relating to the Dambetenne Estate	500 Mn	Term Loan from Commercial Bank of Ceylon PLC			
	20 Mn	Bank Overdraft from Commercial Bank of Ceylon PLC			
<b>32.4</b> Mortgage over leasehold rights over the estate land and Factory building of Diyagama West Estate	500 Mn	Term Loan from Sampath Bank PLC	4,167,526	4,646,421	Property, Plant & Equipment
<b>32.5</b> Original certificates of registration of the vehicles	68 Mn	Term Loan from Seylan Merchant Bank PLC			
<b>32.6</b> Original certificates of registration of the vehicles	57 Mn	Term Loan from Seylan Merchant Bank PLC			

### 33. CONTINGENCIES

No known contingent liabilities exist as at the date of financial position other than the matter disclosed in note 19 to the financial statements.

### 34. EVENTS AFTER THE REPORTING PERIOD

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

# NOTES TO THE FINANCIAL STATEMENTS

## 35. RELATED PARTY DISCLOSURES

### Company

#### 35.1 Details of significant Related Party Disclosures are as follows;

##### Transactions with the parent and related entities

	Name of the Company	Relationship	Name of Director	Nature of Transaction	Amount Debited / (Credited)		Balance as at 31st March	
					2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
1.	Lankem Tea & Rubber Plantations (Pvt) Ltd	Affiliated Company	Mr. S.D.R.Arudpragasam	Settlements	17,544,948	33,324,548	(2,673,344)	27,781,708
			Mr. C.P.R. Perera	Advances given	-	27,781,708		
			Mr. S.S.Poholiyadde	Professional Consultancy Fee Charged	(48,000,000)	(48,000,000)		
			Mr. Anushman Rajaratnam					
			Mr. D.R. Madena					
			Mr. K. Mohideen					
			Mr. P.M.A. Sirimane					
			Mr. A.M. de S. Jayaratne (Deceased - 10.07.2025)					
2.	Lankem Ceylon PLC	Affiliated Company	Mr.S.D.R.Arudpragasam	Interest charge on bank guarantee	-	(2,752,133)	-	(4,324,782)
			Mr. Anushman Rajaratnam	Share of group expenses reimbursed	(30,000,000)	(36,400,000)		
			Mr. P.M.A. Sirimane (Resigned w.e.f. 31.12.2024)	Settlements	34,324,782	36,400,000		
			Mr. G.K.B. Dasanayaka (Resigned w.e.f. 31.12.2024)					
			Mr. K.G. Punchihewa (Appointed w.e.f. 31.12.2024)					
			Mr. S.B. Perera (Appointed w.e.f. 31.12.2024)					
3.	Kotagala Plantations PLC	Affiliated Company	Mr.S.D.R.Arudpragasam	Transfer of inter company balances	6,691,678	-	89,067,723	(4,460,273)
			Mr.C.P.R. Perera (Resigned w.e.f. 31.12.2024)	Settlements	-	(173,190,567)		
			Mr. S.S.Poholiyadde	Interest Charged	9,885,506	16,038,446		
			Mr. Anushman Rajaratnam	Advances Given	76,950,712	161,000,000		
			Mr. A.M. de S. Jayaratne (Resigned w.e.f. 31.12.2024) (Deceased - 10.07.2025)					
			Mr. P.M.A. Sirimane (Resigned w.e.f. 31.12.2024)					
			Mr. G.K.B. Dasanayaka (Resigned w.e.f. 31.12.2024)					
			Mr. K. Mohideen					
			Mr. K.G. Punchihewa (Appointed w.e.f. 01.11.2024)					
			Mr. S.B. Perera (Appointed w.e.f. 31.12.2024)					
4.	Creasy Plantation Management Ltd	Affiliated Company	Mr.S.D.R.Arudpragasam	Settlements	11,000	15,000	(4,586,598)	(4,597,598)

Name of the Company	Relationship	Name of Director	Nature of Transaction	Amount Debited / (Credited)		Balance as at 31st March	
				2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
5. Sherwood Holidays Ltd	Affiliated Company	Mr.S.D.R.Arudpragasam	Rent and bungalow upkeep expenses	2,760,573	2,398,699	172,219	146,712
			Settlements	(2,735,066)	(2,345,726)		
6. Waverly Power (Pvt) Ltd	Subsidiary	Mr. S.D.R.Arudpragasam	Rent charged	792,056	623,678	849,018	7,357,812
		Mr. Anushman Rajaratnam	Operational Management Fee Charged	13,183,550	5,643,000		
		Mr. C.P.R. Perera	Advances Given	2,515,600	5,965,770		
		Mr. A.M. de S. Jayaratne (Deceased -10.07.2025)	Settlements	(23,000,000)	(23,000,000)		
		Mr. S.S. Poholyadde					
		Mr. K. Mohideen					
7. Lankem Developments PLC	Immediate Parent Company	Mr. S.D.R.Arudpragasam	Advances given	40,846,256	111,864,071	23,566,964	161,249,346
		Mr. Anushman Rajaratnam	Transfer of inter company balances	49,638,414	-		
		Mr. P.M.A. Sirimane (Resigned w.e.f. 31.12.2024)	Settlements	(243,444,461)	-		
		Mr. A.M. de S. Jayaratne (Resigned w.e.f. 31.12.2024) (Deceased - 10.07.2025)	Interest charged	15,277,408	17,628,178		
		Mr. C.P.R. Perera (Resigned w.e.f. 31.12.2024)					
		Mr. S.S. Poholyadde					
		Mr. K. Mohideen					
		Mr. K.G. Punchihewa (Appointed w.e.f. 31.12.2024)					
		Mr. S.B. Perera (Appointed w.e.f. 31.12.2024)					
8. Union Commodities (Pvt) Ltd	Affiliated Company	Mr. S.D.R.Arudpragasam	Interest charged	1,409,293	3,459,431	-	20,537,443
		Mr. Anushman Rajaratnam	Advances given	21,000,000	-		
		Mr. P.M.A. Sirimane	Transfer of inter company balances	(42,946,736)	-		
		Mr. A.M. de S. Jayaratne (Deceased 10.07.2025)					
		Mr. S.S. Poholyadde					
9. Colombo Fort Group Services (Pvt) Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	IT/HR support service expenses	(6,197,601)	(4,271,866)	(256,167)	(224,486)
		Mr. Anushman Rajaratnam	Settlements	6,165,921	3,562,233		
		Mr. P.M.A. Sirimane					
10. E B Creasy & Co. PLC	Affiliated Company	Mr. S.D.R.Arudpragasam	Share of group expenses reimbursed	(30,000,000)	(30,000,000)	(16,697,953)	(16,697,953)
		Mr. P.M.A. Sirimane (Resigned w.e.f. 31.12.2024)	Settlements	30,000,000	30,000,000		
		Mr. A.M. de S. Jayaratne (Resigned w.e.f. 31.12.2024) (Deceased 10.07.2025)					

# NOTES TO THE FINANCIAL STATEMENTS

Name of the Company	Relationship	Name of Director	Nature of Transaction	Amount Debited / (Credited)		Balance as at 31st March	
				2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
11. Consolidated Tea Plantations Ltd	Intermediate Parent company	Mr. S.D.R.Arudpragasam	Interest charged	14,026,553	10,365,440	101,043,807	214,257,726
		Mr. C.P.R. Perera	Advances given	1,621,079	293,440,910		
		Mr. Anushman Rajaratnam	Settlements	(128,861,550)	(96,000,000)		
		Mr. A.M. de S. Jayaratne (Deceased - 10.07.2025)					
		Mr. S.S. Poholiyadde					
		Mr. P.M.A. Sirimane					
		Mr. K. Mohideen					
		Mr. K.G. Punchihewa (Appointed w.e.f. 03.02.2025)					
12. Rubber & Allied Products (Colombo) Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Advances given	-	125,000,000	118,979,198	124,173,740
		Mr. C.P.R. Perera	Settlements	(21,675,000)	(13,325,000)		
		Mr. Anushman Rajaratnam	Interest charged	16,480,458	12,498,740		
		Mr. A.M. de S. Jayaratne (Deceased - 10.07.2025)					
		Mr. S.S.Poholiyadde					
		Mr. P.M.A. Sirimane					
13. ACME Printing & Packaging PLC	Affiliated Company	Mr. S.D.R. Arudpragasam	Advances given	20,000,000	-	10,705,808	-
		Mr. Anushman Rajaratnam	Settlements	(11,480,438)	-		
		Mr. P.M.A. Sirimane (Resigned w.e.f. 31.03.2025)	Interest charged	2,186,247	-		
		Mr. G.K.B. Dasanayaka (Resigned w.e.f. 31.12.2024)					
		Mr. K.G. Punchihewa (Appointed w.e.f. 05.02.2025)					
14. Lankem Minerals Limited	Affiliated Company	Mr. S.D.R.Arudpragasam	Advances given	125,000,000	-	136,113,699	-
		Mr. Anushman Rajaratnam	Interest charged	11,113,699	-		
		Mr. G.K.B. Dasanayaka					
		Mr. P.M.A. Sirimane					
15. The Colombo Fort Land & Building PLC	Ultimate Parent Company	Mr. S.D.R.Arudpragasam	Building Rent Charged	(10,885,500)	(12,356,625)	6,000,000	-
		Mr. Anushman Rajaratnam	Advances Given	6,000,000	-		
		Mr. P.M.A. Sirimane	Settlements	10,885,500	12,356,625		
		Mr. C.P.R. Perera					
		Mr. A.M. de S. Jayaratne (Deceased - 10.07.2025)					
		Mr. K.G. Punchihewa (Appointed w.e.f. 20.02.2025)					
Mr. S.B. Perera (Appointed w.e.f. 20.02.2025)							

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

	Rs.
Consultancy /Director Fees paid to key management personnel	36,240,459

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

**Group**

**Agarapatana Plantations PLC**

**35.3 Details of significant Related Party Disclosures are as follows;**

Name of the Company	Relationship	Name of Director	Nature of Transaction	Amount Debited / (Credited)		Balance as at 31st March	
				2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
1. Lankem Tea & Rubber Plantations (Pvt) Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Settlements	17,544,948	33,324,548	(2,673,344)	27,781,708
		Mr. C.P.R. Perera	Advances given	-	27,781,708		
		Mr. S.S. Poholiyadde	Professional Consultancy Fee Charged	(48,000,000)	(48,000,000)		
		Mr. Anushman Rajaratnam					
		Mr. D.R. Madena					
		Mr. K. Mohideen					
		Mr. P.M.A. Sirimane					
		Mr. A.M. de S. Jayaratne (Deceased - 10.07.2025)					
2. Lankem Ceylon PLC	Affiliated Company	Mr. S.D.R. Arudpragasam	Interest charge on bank guarantee	-	(2,752,133)	-	(4,324,782)
		Mr. Anushman Rajaratnam	Share of group expenses reimbursed	(30,000,000)	(36,400,000)		
		Mr. P.M.A. Sirimane (Resigned w.e.f. 31.12.2024)	Settlements	34,324,782	36,400,000		
		Mr. G.K.B. Dasanayaka (Resigned w.e.f. 31.12.2024)					
		Mr. K.G. Punchihewa (Appointed w.e.f. 31.12.2024)					
		Mr. S.B. Perera (Appointed w.e.f. 31.12.2024)					
		Mr. S.D.R. Arudpragasam	Transfer of inter company balances	6,691,678	-	89,067,723	(4,460,273)
3. Kotagala Plantations PLC	Affiliated Company	Mr. C.P.R. Perera (Resigned w.e.f. 31.12.2024)	Settlements	-	(173,190,567)		
		Mr. S.S. Poholiyadde	Interest Charged	9,885,506	16,038,446		
		Mr. Anushman Rajaratnam	Advances Given	76,950,812	161,000,000		
		Mr. A.M. de S. Jayaratne (Resigned w.e.f. 31.12.2024) (Deceased 10.07.2025)					
		Mr. P.M.A. Sirimane (Resigned w.e.f. 31.12.2024)					
		Mr. G.K.B. Dasanayaka (Resigned w.e.f. 31.12.2024)					
		Mr. K. Mohideen					
		Mr. K.G. Punchihewa (Appointed w.e.f. 01.11.2024)					
		Mr. S.B. Perera (Appointed w.e.f. 31.12.2024)					
		Mr. S.D.R. Arudpragasam	Settlements	11,000	15,000	(4,586,598)	(4,597,598)
4. Creasy Plantation Management Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Rent and bungalow upkeep expenses	2,760,573	2,398,699	172,219	146,712
			Settlements	(2,735,066)	(2,345,726)		
5. Sherwood Holidays Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Rent and bungalow upkeep expenses	2,760,573	2,398,699	172,219	146,712
			Settlements	(2,735,066)	(2,345,726)		

# NOTES TO THE FINANCIAL STATEMENTS

Name of the Company	Relationship	Name of Director	Nature of Transaction	Amount Debited / (Credited)		Balance as at 31st March	
				2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
6. Lankem Developments PLC	Immediate Parent Company	Mr. S.D.R. Arudpragasam	Advances given	40,846,256	111,864,071	23,566,964	161,249,346
		Mr. C.P.R. Perera (Resigned w.e.f. 31.12.2024)	Transfer of inter company balances	49,638,414	-		
		Mr. Anushman Rajaratnam	Settlements	(243,444,461)	-		
		Mr. P.M.A. Sirimane (Resigned w.e.f. 31.12.2024)	Interest charged	15,277,408	17,628,178		
		Mr. A.M. de S. Jayaratne (Resigned w.e.f. 31.12.2024) (Deceased - 10.07.2025)					
		Mr. S.S. Poholiyadde					
		Mr. K. Mohideen					
		Mr. K.G. Punchihewa (Appointed w.e.f. 31.12.2024)					
7. Union Commodities (Pvt) Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Interest charged	1,409,293	3,459,431	-	20,537,443
		Mr. Anushman Rajaratnam	Advances given	21,000,000	-		
		Mr. P.M.A. Sirimane	Transfer of inter company balances	(42,946,736)	-		
		Mr. A.M. de S. Jayaratne (Deceased - 10.07.2025)					
		Mr. S.S. Poholiyadde					
8. Colombo Fort Group Services (Pvt) Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	IT/HR support service expenses	(6,197,601)	(4,271,866)	(256,167)	(224,486)
		Mr. Anushman Rajaratnam	Settlement	6,165,921	3,562,233		
		Mr. P.M.A. Sirimane	Advances given		-		
9. E B Creasy & Co. PLC	Affiliated Company	Mr. S.D.R. Arudpragasam	Share of group expenses reimbursed	(30,000,000)	(30,000,000)	(16,697,953)	(16,697,953)
		Mr. P.M.A. Sirimane (Resigned w.e.f. 31.12.2024)	Settlements	30,000,000	30,000,000		
		Mr. A.M. de S. Jayaratne (Resigned w.e.f. 31.12.2024) (Deceased - 10.07.2025)					
		Mr. S.S. Poholiyadde					
10. Consolidated Tea Plantations Ltd	Intermediate Parent company	Mr. S.D.R. Arudpragasam	Interest charged	14,026,553	10,365,440	101,043,807	214,257,726
		Mr. C.P.R. Perera	Advances given	1,621,079	293,440,910		
		Mr. Anushman Rajaratnam	Settlements	(128,861,550)	(96,000,000)		
		Mr. A.M. de S. Jayaratne (Deceased - 10.07.2025)					
		Mr. S.S. Poholiyadde					
		Mr. P.M.A. Sirimane					
		Mr. K. Mohideen					
		Mr. K.G. Punchihewa (Appointed w.e.f. 03.02.2025)					
11. Rubber & Allied Products (Colombo) Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Advances given	-	125,000,000	118,979,198	124,173,740
		Mr. C.P.R. Perera	Settlements	(21,675,000)	(13,325,000)		
		Mr. Anushman Rajaratnam	Interest charged	16,480,458	12,498,740		
		Mr. A.M. de S. Jayaratne (Deceased - 10.07.2025)					
		Mr. S.S. Poholiyadde					
		Mr. P.M.A. Sirimane					
Mr. K. Mohideen							

Name of the Company	Relationship	Name of Director	Nature of Transaction	Amount Debited / (Credited)		Balance as at 31st March	
				2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
12. ACME Printing & Packaging PLC	Affiliated Company	Mr. S.D.R. Arudpragasam	Advances given	20,000,000	-	10,705,808	-
		Mr. Anushman Rajaratnam	Settlements	(11,480,438)	-		
		Mr. P.M.A. Sirimane (Resigned w.e.f. 31.03.2025)	Interest charged	2,186,247	-		
		Mr. G.K.B. Dasanayaka (Resigned w.e.f. 31.12.2024)					
		Mr. K.G. Punchihewa (Appointed w.e.f. 05.02.2025)					
13. Lankem Minerals Limited	Affiliated Company	Mr. S.D.R. Arudpragasam	Advances given	125,000,000	-	136,113,699	-
		Mr. Anushman Rajaratnam	Interest charged	11,113,699	-		
		Mr. P.M.A. Sirimane					
		Mr. G.K.B. Dasanayaka					
14. The Colombo Fort Land & Building PLC	Ultimate Parent Company	Mr. S.D.R. Arudpragasam	Building Rent Charged	(10,885,500)	(12,356,625)	6,000,000	-
		Mr. Anushman Rajaratnam	Advances Given	6,000,000	-		
		Mr. P.M.A. Sirimane	Settlements	10,885,500	12,356,625		
		Mr. A.M. de S. Jayaratne (Deceased - 10.07.2025)					
		Mr. C.P.R. Perera					
		Mr. K.G. Punchihewa (Appointed w.e.f. 20.02.2025)					
		Mr. S.B. Perera (Appointed w.e.f. 20.02.2025)					

Mr. C.P.R. Perera, Mr. A.M. de S. Jayaratne, Mr. G.K.B. Dasanayaka and Mr. P.M.A. Sirimane resigned from the Board of Agarapatana Plantations PLC with effect from 31<sup>st</sup> December 2024. Mr. A.M. de S. Jayaratne - Deceased-10.07.2025.

Mr. K.G. Punchihewa was appointed to the Board of Agarapatana Plantations PLC with effect from 01<sup>st</sup> November 2024.

Mr. S.B. Perera was appointed to the Board of Agarapatana Plantations PLC with effect from 31<sup>st</sup> December 2024.

#### Waverly Power (Pvt) Ltd

Name of the Company	Relationship	Name of Director	Nature of Transaction	Amount Debited / (Credited)		Balance as at 31st March	
				2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
1. Lankem Developments PLC	Intermediate Parent Company	Mr. S.D.R. Arudpragasam	Settlements	(6,872,150)	-	-	6,872,510
		Mr. C.P.R. Perera (Resigned w.e.f. 31.12.2024)					
		Mr. Anushman Rajaratnam					
		Mr. P.M.A. Sirimane (Resigned w.e.f. 31.12.2024)					
		Mr. A.M. de S. Jayaratne (Resigned w.e.f. 31.12.2024) (Deceased - 10.07.2025)					
		Mr. S.S. Poholiyadde					
		Mr. K. Mohideen					
2. Consolidated Tea Plantations Ltd	Intermediate Parent Company	Mr. S.D.R. Arudpragasam	Advances Received	6,872,150	-	6,872,150	-
		Mr. Anushman Rajaratnam					
		Mr. P.M.A. Sirimane					
		Mr. C.P.R. Perera					
		Mr. S.S. Poholiyadde					
		Mr. A.M. de S. Jayaratne (Deceased -10.07.2025)					
3. Colombo Fort Group Services (Pvt) Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Expenses	(68,850)	(79,316)	(299,513)	(230,663)
		Mr. Anushman Rajaratnam					
		Mr. P.M.A. Sirimane					

# NOTES TO THE FINANCIAL STATEMENTS

## 35.4 Recurrent & non-recurrent related party transactions

### Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceed 10% of the consolidated revenue of the Group as per 31<sup>st</sup> March 2024 audited financial statements, which require additional disclosure in the 2024/25 Annual Report under Colombo Stock Exchange Listing Rule 9.14.8(2)

### Non-Recurrent related party transactions

There were no non-recurrent related party transactions the aggregate value of which exceeded 10% of the Equity or 5% of the Total Assets, whichever is lower of the Group as per 31<sup>st</sup> March 2024 audited financial statements, which require additional disclosure in the 2024/25 Annual Report under Colombo Stock Exchange Listing Rule 9.14.8(1)

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

### Credit risk

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

### Liquidity risk

Liquidity risk arises when the Company is unable to meet its financial obligations due to insufficient cash flow situations. The Company approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company reputation.

### Interest rate risk

Interest rate risk is the potential for losses that may arise due to adverse movement of interest rates, mainly on floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company has not engaged in any interest rate swap agreements.

### 36.1 Financial Risk Management Framework

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

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

### 36.2 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arise principally from the Company's receivable from customers and from its financing activities including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

### 36.2.1 Trade and Other Receivables

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

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

The maximum exposure to credit risk for trade and other receivables of the company at the reporting date is Rs. 24.2 Mn. The Company has a minimal credit risk of its trade receivables as the repayment is guaranteed within seven days by the Tea auction systems.

As at 31 March 2025	Trade and other Receivables Days past due					Total Rs.
	Current	61 - 120	121 - 180	181 - 365	> 365	
	Rs.	days Rs.	days Rs.	days Rs.	days Rs.	
Expected credit loss rate		5%	10%	20%	50%	
Estimated total gross carrying amount at default	-	-	-	-	24,218,964	24,218,964

As at 31 March 2024	Trade and other Receivables Days past due					Total Rs.
	Current	61 - 120	121 - 180	181 - 365	> 365	
	Rs.	days Rs.	days Rs.	days Rs.	days Rs.	
Expected credit loss rate		5%	10%	20%	50%	
Estimated total gross carrying amount at default	-	-	-	-	17,524,435	17,524,435

### 36.2.2 Investments

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

### 36.2.3 Cash and Cash Equivalents

The Company held cash and Cash Equivalents of Rs. 49.8 Mn as at 31<sup>st</sup> March 2025 (2024 – Rs. 68.8 Mn) which represents its maximum credit exposure on these assets.

### 36.3 Liquidity Risk

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

# NOTES TO THE FINANCIAL STATEMENTS

## 36.3 Liquidity Risk (Contd.)

The Company does not concentrate on a single financial institution, thereby minimising the exposure to liquidity risk through diversification of funding sources. The Company aims to fund investment activities of the individual and Company level by funding the long term investments with long term financial sources and short term investments with short term financing. Where necessary the Company consults the Treasury Department and Strategic Business Development Unit in Parent Company for scrutinising the funding decisions.

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

As at 31st March 2025	Less than 3 Months Rs.	3 to 12 Months Rs.	2 to 5 years Rs.	>5 years Rs.	Total Rs.
Interest bearing loans & borrowings	179,830,412	539,491,235	286,742,644	-	1,006,064,291
Trade and other payables	1,190,706,162	45,907,296	-	-	1,236,613,458
	1,370,536,574	585,398,531	286,742,644	-	2,242,677,749

As at 31st March 2024	Less than 3 Months Rs.	3 to 12 Months Rs.	2 to 5 years Rs.	>5 years Rs.	Total Rs.
Interest bearing loans & borrowings	354,088,290	507,264,870	337,693,710	-	1,199,046,870
Trade and other payables	1,093,990,056	46,360,694	-	-	1,140,350,750
	1,448,078,346	553,625,564	337,693,710	-	2,339,397,620

## 36.4 Market Risk

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

### 36.4.1 Interest Rate Risk

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

### Interest rate sensitivity

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

	Increase/ decrease in Interest rate	Effect on profit before tax Rs.
2025	+1%	(7,412,506)
	-1%	7,412,506
2024	+1%	(14,850,894)
	-1%	14,850,894

### 36.4.2 Capital Management

The Group's policy is to retain a strong capital base so as to maintain investor, creditor & market confidence and to sustain future development of the business. Capital consists of share capital, reserves, retained earnings & non-controlling interest of the Group. The Board of Directors monitors the return on capital, interest covering ratio, dividend to ordinary shareholders.

The gearing ratio at the reporting date is as follows.

	GROUP		COMPANY	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
<b>Interest bearing loans and borrowings</b>				
Current portion	654,626,084	716,294,731	637,826,084	693,422,731
Payable After one year	245,872,262	262,875,374	232,912,262	223,147,374
<b>Liability to make Lease Payment</b>				
Current portion	2,604	2,407	2,604	2,407
Payable After one year	118,676	121,279	118,675	121,279
<b>Bank Overdraft</b>	322,558,873	254,948,571	322,558,873	254,948,571
<b>Total Debt</b>	1,223,178,499	1,234,242,361	1,193,418,498	1,171,642,361
<b>Equity</b>				
Equity	4,233,829,510	4,172,860,133	4,251,170,639	4,209,424,415
<b>Total Equity &amp; Debt</b>	5,457,008,009	5,407,102,494	5,444,589,137	5,381,066,776
Gearing ratio	22%	23%	22%	22%

# NOTES TO THE FINANCIAL STATEMENTS

## 36.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group'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 behaviour. Operational risks arise from all of the Group'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 Group 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 Group standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the Management and summaries are submitted to the senior management of the Group.



## SUPPLEMENTARY INFORMATION

# Embracing Futurism

At Agarapatana Plantations PLC, futurism drives our everyday - and futurism guides our every tomorrow. As pioneers in our industry, we prepare for the future with utmost determination and with unparalleled commitment to achieve success - a quality that defines us and will define us in the decades to come.

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# TEN YEAR SUMMARY

	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16
Rs. '000	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Trading Results</b>										
Revenue	7,218,634	7,153,269	8,518,204	4,486,527	4,291,538	3,187,556	3,995,018	4,667,281	3,437,590	3,462,322
Gross Profit/ (Loss)	1,300,336	830,613	2,655,770	63,209	170,680	(1,035,462)	190,624	669,514	92,840	(75,449)
Gain on change in fair value of Biological Assets	133,842	299,665	115,821	158,117	269,956	197,795	54,865	103,801	95,632	77,257
Other Income	137,596	135,803	131,936	158,365	87,491	56,114	51,804	76,788	105,297	44,809
Operating Profit/ (Loss) before Management Fee & Interest	1,236,821	998,677	2,634,519	281,381	386,263	(909,570)	174,564	732,960	202,989	(62,523)
Profit/ (Loss) before Tax	1,107,667	743,134	2,387,156	59,907	135,430	(1,194,392)	(103,162)	541,921	27,697	(208,230)
Profit/ (Loss) after Tax	789,929	453,624	1,782,531	27,833	189,596	(1,211,934)	(102,942)	511,469	27,693	(206,965)
Other Comprehensive Income/ (Loss)	1,817	(318,680)	(86,063)	489,135	72,933	776,174	(83,107)	(130,142)	213,113	236,739
Total Comprehensive Income/ (Loss)	791,746	134,944	1,696,468	516,969	262,529	(435,761)	(186,049)	381,327	240,806	29,774
<b>Statement of Financial Position</b>										
Non Current Assets	7,367,477	6,354,850	5,920,523	5,361,441	5,333,865	5,166,391	4,173,817	4,043,842	3,669,023	3,420,538
Current Assets	2,919,855	3,070,014	1,892,751	1,276,903	1,348,667	734,703	908,099	1,133,539	739,403	663,967
<b>Total Assets</b>	<b>10,287,332</b>	<b>9,424,865</b>	<b>7,813,274</b>	<b>6,638,344</b>	<b>6,682,533</b>	<b>5,901,094</b>	<b>5,081,916</b>	<b>5,177,381</b>	<b>4,408,426</b>	<b>4,084,505</b>
Stated Capital	2,478,068	2,478,068	1,730,437	1,730,437	1,270,787	910,787	910,787	910,787	667,787	667,787
Reserves	2,812,232	2,241,784	1,977,795	1,913,874	1,835,818	1,667,032	731,185	674,066	570,407	491,153
Retained Profit/ (Loss)	(1,039,129)	(510,428)	(381,382)	(2,013,929)	(2,452,842)	(2,546,585)	(1,174,977)	(931,810)	(1,209,477)	(1,371,029)
Shareholders' Funds	4,251,171	4,209,424	3,326,849	1,630,382	653,763	31,234	466,995	653,044	28,717	(212,089)
Deferred Income	164,695	174,150	183,605	192,565	197,098	203,195	208,755	217,479	225,296	233,994
Interest Bearing Loans & Borrowings - Non current	232,912	223,147	525,341	740,018	753,168	920,224	849,869	1,118,961	567,827	552,448
Retirement Benefit Obligations	2,209,860	1,791,113	1,198,673	1,129,918	1,557,599	1,531,479	1,341,107	1,177,097	1,019,104	1,120,988
Lease Liability	119	121	124	126	128	130	143	145	146	148
Deferred Tax Liability	1,207,360	890,126	737,193	186,628	112,097	159,138	-	-	-	-
Current Liabilities	2,221,215	2,136,783	1,841,489	2,758,707	3,408,679	3,055,694	2,215,046	2,010,656	2,567,336	2,389,016
<b>Total Equity and Liabilities</b>	<b>10,287,332</b>	<b>9,424,865</b>	<b>7,813,274</b>	<b>6,638,344</b>	<b>6,682,533</b>	<b>5,901,094</b>	<b>5,081,916</b>	<b>5,177,381</b>	<b>4,408,426</b>	<b>4,084,505</b>
<b>Net Cash Flow</b>										
From/ (Used in) Operating Activities	1,065,867	311,984	925,120	(336,731)	(92,217)	(142,796)	82,054	(7,592)	346,272	32,418
From/ (Used in) Investing Activities	(410,385)	(269,386)	(555,179)	(53,934)	(87,892)	(125,311)	(134,825)	(294,843)	(138,260)	(135,302)
From/ (Used in) Financing Activities	(795,834)	644,102	(176,881)	335,210	252,703	242,273	(108,929)	644,575	(197,901)	36,025
Increase/ (Decrease) in Cash & Cash Equivalents	(140,351)	686,700	193,060	(55,455)	72,594	(25,834)	(161,700)	342,140	10,111	(66,859)

# CROP AND YIELD

Estate	Production (Kg '000)					Yield Per Ha (Kg)				
	2024/25	2023/24	2022/23	2021/22	2020/21	2024/25	2023/24	2022/23	2021/22	2020/21
<b>Agras valley Region</b>										
Albion	393	365	321	393	463	895	820	723	885	1,037
Balmoral	371	355	315	370	427	1,163	1,112	986	1,159	1,322
Diyagama East	297	334	291	357	399	851	938	841	1,041	1,163
Diyagama West	585	665	549	584	667	928	1,055	864	920	1,050
Glasgow	259	305	268	345	366	789	929	817	1,059	1,138
Hauteville	617	592	451	561	556	1,268	1,214	926	1,150	1,141
Holmwood	147	149	114	155	170	772	779	598	809	892
New Portmore	115	114	109	137	158	683	678	651	820	941
Sandringham	161	195	157	173	168	916	1,096	894	1,028	1,034
Torrington	192	318	300	231	219	750	970	763	939	947
Waverley	298	301	256	325	337	812	820	699	886	926
<b>Sub Total</b>	<b>3,436</b>	<b>3,691</b>	<b>3,131</b>	<b>3,631</b>	<b>3,930</b>	<b>928</b>	<b>972</b>	<b>815</b>	<b>983</b>	<b>1,070</b>
<b>Haputale Region</b>										
Beauvais	178	183	165	168	156	703	714	646	657	614
Dambattenne	510	598	574	624	630	1,371	1,606	1,533	1,666	1,681
Glenenore	638	671	879	901	777	928	985	973	979	931
Gonamotawa	380	354	320	346	320	1,017	1,127	854	984	937
Haputale	395	382	366	472	522	1,042	1,013	972	1,234	1,351
Kahagalla	159	164	166	204	207	617	642	653	790	899
Nayabedde	351	423	360	383	362	1,181	1,376	1,193	1,252	1,207
Pitaratmalie	267	285	256	292	312	735	784	702	802	857
Udaveriya	22	28	28	44	43	84	108	110	170	168
<b>Sub Total</b>	<b>2,901</b>	<b>3,088</b>	<b>3,114</b>	<b>3,434</b>	<b>3,329</b>	<b>881</b>	<b>959</b>	<b>886</b>	<b>992</b>	<b>1,011</b>
<b>Company Total</b>	<b>6,337</b>	<b>6,779</b>	<b>6,246</b>	<b>7,065</b>	<b>7,259</b>	<b>908</b>	<b>966</b>	<b>845</b>	<b>987</b>	<b>1,045</b>

# ESTATE HECTARAGE STATEMENT

Estate	Planting District	Extent (ha)			Total
		Revenue Extent	Immature Extent	Other Area	
<b>Agras valley Region</b>					
Albion	Nuwara Eliya	439.24	0.80	144.76	584.80
Balmoral	Nuwara Eliya	319.20	-	104.30	423.50
Diyagama East	Nuwara Eliya	349.08	-	150.67	499.75
Diyagama West	Nuwara Eliya	630.17	5.00	223.12	858.29
Glasgow	Nuwara Eliya	328.71	-	82.79	411.50
Hauteville	Nuwara Eliya	486.80	0.80	86.40	574.00
Holmwood	Nuwara Eliya	191.11	-	63.78	254.89
N/Portmore	Nuwara Eliya	167.65		58.74	226.39
Sandringham	Nuwara Eliya	175.97	4.00	44.73	224.70
Torrington	Nuwara Eliya	222.61	2.50	189.89	415.00
Waverley	Nuwara Eliya	366.95		78.30	445.25
<b>Sub Total</b>		<b>3,677.49</b>	<b>13.10</b>	<b>1,227.48</b>	<b>4,918.07</b>
<b>Haputale Region</b>					
Beauvais	Badulla	253.84	1.00	102.34	357.18
Dambattenne	Badulla	372.13	-	500.87	873.00
Glenannore	Badulla	342.98	5.00	204.07	552.05
Gonamotawa	Badulla	192.22	2.75	72.03	267.00
Haputale	Badulla	383.31	2.00	556.67	941.98
Kahagalla	Badulla	257.57	-	143.36	400.93
Nayabedde	Badulla	297.28	-	200.42	497.70
Pitaratmalie	Badulla	363.90	-	303.88	667.78
Udaveriya	Badulla	257.34		457.79	715.13
<b>Sub Total</b>		<b>2,720.57</b>	<b>10.75</b>	<b>2,541.43</b>	<b>5,272.75</b>
<b>Company Total</b>		<b>6,398.06</b>	<b>23.85</b>	<b>3,768.91</b>	<b>10,190.82</b>

# SHAREHOLDER AND INVESTOR INFORMATION

## Distribution of Shareholding

No. of Shares Held	As At 31st March 2025			As At 31st March 2024		
	No of Shareholders	No. of Shares	%	No of Shareholders	No. of Shares	%
1 - 1,000	22,586	6,317,293	1.26	22,100	6,189,463	1.24
1,001 - 10,000	881	3,980,468	0.80	1,019	5,170,824	1.03
10,001 - 100,000	453	12,987,307	2.60	598	14,384,977	2.88
100,001 - 1,000,000	71	19,253,911	3.85	54	17,536,668	3.51
Over 1,000,000	23	457,461,021	91.49	29	456,718,068	91.34
	24,014	500,000,000	100.00	23,800	500,000,000	100.00

## Analysis of Ordinary Shareholders

No. of Shares Held	As At 31st March 2025			As At 31st March 2024		
	No of Shareholders	Total Holding	%	No of Shareholders	Total Holding	%
Individuals	23,912	42,520,322	8.50	23,691	45,954,289	9.19
Institutions	102	457,479,678	91.50	109	454,045,711	90.81
	24,014	500,000,000	100.00	23,800	500,000,000	100.00

## Public Holding

The Percentage of shares held by the public as at 31st March 2025 was 34.49%. (31st March 2024 - 23.31%)

## Public Shareholders

The number of Public Shareholders as at 31st March 2025 was 23,994. (31st March 2024 - 23,771)

## Float Adjusted Market Capitalization

The applicable option under Colombo Stock Exchange Rule 7.13.1(i) (b) on minimum public holding is option 1 and the Float Adjusted Market Capitalization as of 31<sup>st</sup> March 2025 was Rs. 2,259,095,000/-.

## Market Value of Shares

The market value of the Company's ordinary shares was

	31.03.2025 (Rs.)	31.03.2024 (Rs.)
Highest	13.50	10.20
Lowest	6.80	6.70
Market value as at the year end	13.10	7.40

# SHAREHOLDER AND INVESTOR INFORMATION

## 20 Major Shareholders as at 31st March 2025

	31.03.2025		31.03.2024	
	No. of Shares	%	No. of Shares	%
1 LANKEM DEVELOPMENTS PLC	281,228,778	56.25	281,228,778	56.25
2 SAMPATH BANK PLC/SENTHILVERL HOLDINGS (PVT) LTD	61,728,461	12.35	-	-
3 SENTHILVERL HOLDINGS (PVT) LTD	29,894,340	5.98	-	-
4 SECRETARY TO THE TREASURY	23,284,644	4.66	23,284,644	4.66
5 LANKEM TEA & RUBBER PLANTATIONS (PVT) LIMITED	7,295,345	1.46	7,295,345	1.46
6 HATTON NATIONAL BANK PLC/SRI DHAMAN RAJENDRAM ARUDPRAGASAM	6,503,813	1.30	-	-
7 THE COLOMBO FORT LAND AND BUILDING PLC	6,485,358	1.30	6,485,358	1.30
8 CORPORATE MANAGERS & SECRETARIES (PVT) LTD	6,000,000	1.20	8,500,000	1.70
9 C M HOLDINGS PLC	5,886,888	1.18	5,886,888	1.18
10 UNION INVESTMENTS PRIVATE LTD	3,875,400	0.78	3,875,400	0.78
11 COLOMBO FORT INVESTMENTS PLC	3,450,000	0.69	3,549,600	0.71
12 MR. JESUDASAN PEREEMBARAJAH PAUL	3,271,895	0.65	1,825,816	0.37
13 WAVERLY POWER (PVT) LTD	2,500,100	0.50	2,500,100	0.50
14 COLOMBO INVESTMENT TRUST PLC	2,450,000	0.49	2,474,600	0.49
15 MR. SUNIL SOMINDRANATH POHOLIYADDE	2,000,000	0.40	2,000,000	0.40
16 LANKEM CEYLON PLC	1,760,204	0.35	1,760,204	0.35
17 COLOMBO FORT GROUP SERVICES (PVT) LTD	1,582,452	0.32	1,582,452	0.32
18 SEYLAN BANK PLC/W.D.N.H.PERERA	1,569,574	0.31	-	-
19 CORPORATE STRATEGIC SERVICES (PVT) LTD	1,438,877	0.29	3,114,600	0.62
20 HATTON NATIONAL BANK PLC/ALMAS HOLDINGS (PRIVATE) LIMITED	1,400,692	0.28	-	-
<b>TOTAL</b>	<b>453,606,821</b>	<b>90.74</b>	<b>355,363,785</b>	<b>71.09</b>

# GLOSSARY OF FINANCIAL AND NON FINANCIAL TERMS

## FINANCIAL TERMS

### Accounting Policies

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

### Contingent Liabilities

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

### Current Ratio

Current Assets divided by Current Liabilities. A measure of liquidity

### Deferred Taxation

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

### Dividends

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

### Earnings per Share

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

### EBITDA

Earnings before Interest, Tax, Depreciation and Amortisation

### Gearing

Proportion of borrowings to capital employed

### Interest Cover

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

### Net Assets per Share

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

### Related parties

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

### Segment

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

### Value Additions

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

### Working Capital

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

## NON FINANCIAL TERMS

### COP

Cost of producing a kilo of Tea

### HACCP

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

### Immature Plantations

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

### ISO

International Standard Organisation

### Mature Plantations

The extent of plantation from which crop is being harvested

### NSA

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

### Seedling Tea

Tea grown from a seed

### VP Tea

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

### TRI

Tea Research Institute

### YPH

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

# NOTICE OF MEETING

Notice is hereby given that the Thirty Third Annual General Meeting of Agarapatana Plantations PLC will be held on 3rd September, 2025, at 11.00 a.m. and conducted as a Virtual Meeting from 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01 for the following purposes, namely:

1. To receive and consider the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March 2025 with the Report of the Auditors thereon.
2. To re-elect as a Director Mr. Anushman Rajaratnam who retires in accordance with Articles 92 and 93 of the Articles of Association.
3. To re-elect as a Director, Mr. K.G. Punchihewa who was appointed during the year and retires in accordance with Article 98 of the Articles of Association.
4. To re-elect as a Director, Mr. S. B. Perera who was appointed during the year and retires in accordance with Article 98 of the Articles of Association.
5. To re-appoint Mr. S.D.R. Arudpragasam who is over seventy years of age as a Director. Special Notice has been received from a Shareholder of the intention to pass a resolution which is set out below in relation to his reappointment. (see Note No. 6)
6. To authorise the Directors to determine contributions to charities.
7. To re-appoint as Auditors, Messrs. Ernst & Young, Chartered Accountants and to authorise the Directors to determine their remuneration.

8. **Special Business:**

To consider and if thought fit to pass the following Special Resolution to amend the Articles of Association of the Company in the manner following;

**Special Resolution**

**Resolved –**

"That the existing Article 78 (h) be deleted and the following be substituted therefor:

78 (h) Notwithstanding anything to the contrary, so long as the shares of the Company are listed on the Colombo Stock Exchange, the Company shall in compliance with the Listing Rules of such Exchange ensure that, of the total number of Directors on the Board of Directors of the Company at any given time one third or two (whichever is greater) shall be Independent Directors in accordance with and subject to the criteria therefor in the Listing Rules of the Colombo Stock Exchange.

Any change occurring to this ratio shall be rectified within ninety (90) days from the date of change.

For the purpose of this Article, the term 'Independent Director' shall be as defined and set out in the Listing Rules of the Colombo Stock Exchange above referred to."

"That the existing Article 79 be deleted and the following be substituted therefor:

79 (i) The remuneration of the Directors (excluding any remuneration payable under any other provision of these presents) shall be such sum as the Board shall determine as being fair and reasonable to the Company, and which remuneration shall be divided amongst the Directors in such manner as they shall from time to time determine and shall accrue de die in diem.

(ii) The Board may repay to any Director all such reasonable expenses as he may incur in attending and returning from meetings of the Directors or of committees of the Directors or General Meetings or which he may otherwise incur in or about the business of the Company, or may pay to any Director such allowances as the Board thinks proper in respect of such expenses."

"That the existing Article 82 be deleted and the following be substituted therefor:

82 (A) The Directors may exercise all the powers of the Company to borrow money, and may mortgage or charge its undertaking, property and uncalled capital, and issue debentures, debenture –stock, convertible loan stock and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party; Provided that the aggregate amount at any one time outstanding of moneys borrowed by the Company exclusive of

- i. Any temporary borrowing secured or unsecured from bankers or others in the ordinary course of business to meet temporary requirements;
- ii. Moneys borrowed with or without security for the purpose of conversion, redemption, renewal or payment off of previously existing debentures, debenture stock or other loan capital;

shall not without the previous sanction of a Special Resolution of the Company exceed half the value of the assets of the Company as at the date of the last available audited Balance Sheet of the Company.

But nevertheless no person dealing with the Company shall be concerned to see or inquire whether these limits are observed, and no debt incurred or security given in excess of such limit shall be invalid or ineffectual unless the lender or the recipient of the security had, at the time when the debt was incurred or security given, express notice that the limit hereby imposed had been or would thereby be exceeded."

- 82 (B) (i) Any bonds, debentures, debenture-stock, convertible loan stock or other securities issued or to be issued by the Company shall be under the control of the Board, who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.
- (ii) Bonds, debentures, debenture-stock, convertible loan stock or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
- (iii) Any bonds, debentures, debenture-stock, convertible loan stock or other securities may be issued at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares, attending and voting at general meetings of the Company, appointment of directors and otherwise.
- (iv) All certificates for debentures, debenture-stock, loan stock or other securities issued in terms of these presents shall be issued under the seal of the Company."

By Order of the Board,

**CORPORATE MANAGERS & SECRETARIES (PRIVATE) LIMITED**

Secretaries

Colombo

5<sup>th</sup> August, 2025

# NOTICE OF MEETING

## Notes:

1. A member of the Company who is entitled to attend and vote may appoint a proxy to attend and vote instead of him or her. A proxy need not be a member of the Company.
2. A Form of Proxy is enclosed for this purpose.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company's Secretaries, Corporate Managers & Secretaries (Private) Limited at No.8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01, not less than forty-eight hours before the time fixed for the meeting.
4. Members are encouraged to vote by Proxy through the appointment of a member of the Board of Directors to represent them and vote on their behalf. Members are advised to complete the Form of Proxy and their voting preferences on the specified resolutions to be taken up at the meeting and submit the same to the Company Secretaries in accordance with the instructions given on the reverse of the Form of Proxy.
5. Please refer the "Circular to Shareholders" dated 5th August 2025 for further instructions relating to the Annual General Meeting and for joining the Meeting virtually.
6. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

## Resolved –

"That Mr. S.D.R. Arudpragasam who as at the date of the Annual General Meeting would have reached the age of seventy four years be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Mr. S.D.R. Arudpragasam."

# NOTES

A series of horizontal dotted lines for writing notes.



# FORM OF PROXY

I/We\* ..... of  
 .....  
 being a member/ members\* of Agarapatana Plantations PLC, hereby appoint .....  
 ..... of .....  
 ..... whom failing

- |                                      |                           |
|--------------------------------------|---------------------------|
| 1. Sri Dhaman Rajendram Arudpragasam | of Colombo or failing him |
| 2. Sunil Somindranath Poholiyadde    | of Colombo or failing him |
| 3. Denham Rohan Madena               | of Colombo or failing him |
| 4. Anushman Rajaratnam               | of Colombo or failing him |
| 5. Kowdu Mohideen                    | of Colombo or failing him |
| 6. Kamal Gardiye Punchihewa          | of Colombo or failing him |
| 7. Shrihan Blaise Perera             | of Colombo                |

as my/our \*proxy to represent me/us\*, and to vote as indicated hereunder for me/us\* and on my/our\* behalf at the Thirty Third Annual General Meeting of the Company to be held on 3rd September 2025 at 11.00 a.m. and at any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
1. To receive and consider the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March 2025 with the Report of the Auditors thereon	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mr. Anushman Rajaratnam as a Director	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr. K.G. Punchihewa as a Director	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Mr. S.B. Perera as a Director	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint Mr. S.D.R. Arudpragasam as a Director	<input type="checkbox"/>	<input type="checkbox"/>
6. To authorise the Directors to determine contributions to charities.	<input type="checkbox"/>	<input type="checkbox"/>
7. To re-appoint as Auditors, Messrs. Ernst & Young, Chartered Accountants and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
8. Special Business: To amend the Articles of Association of the Company as set out in the Notice of Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

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

Signature(s)

**Note: \*Please delete the inappropriate words.**

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

# FORM OF PROXY

## INSTRUCTIONS AS TO COMPLETION

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

# CORPORATE INFORMATION

## Name of the Company

Agarapatana Plantations PLC

## Legal Form

A Public Quoted Company with Limited Liability

## Date of Incorporation

22nd June 1992

## Company Registration No.

PQ 00287376

## Principle Activities

Cultivation, Manufacture and Sale of Tea

## Stock Exchange Listing

The Ordinary Shares of the Company are listed with the Colombo Stock Exchange of Sri Lanka with effect from 4th September 2023

## Registered Office

53 1/1, Sir Baron Jayatilaka Mawatha, Colombo 01

## E-mail

info@lankemplantations.lk

## Web

<https://lankemplantations.lk/agarapathana-plantations/>

## Directors

Mr. S.D.R. Arudpragasam - Chairman  
Mr. S.S. Poholiyadde - Managing Director  
Mr. D.R. Madena - Chief Executive Officer  
Mr. Anushman Rajaratnam  
Mr. K. Mohideen - Director - Finance  
Mr. K.G. Punchihewa (Appointed w.e.f. 01/11/2024)  
Mr. S.B. Perera (Appointed w.e.f. 31/12/2024)  
Mr. C.P.R. Perera (Resigned w.e.f. 31/12/2024)  
Mr. P.M.A. Sirimane (Resigned w.e.f. 31/12/2024)  
Mr. G.K.B. Dasanayaka (Resigned w.e.f. 31/12/2024)  
Mr. A.M. de S. Jayaratne (Resigned w.e.f. 31/12/2024)  
(Deceased - 10.07.2025)

## Senior Management

S. S. Poholiyadde - Managing Director - F.I.P.M  
D. R. Madena - Chief Executive Officer  
K. Mohideen - Finance Director - F.C.A, F.C.M.A (UK)  
J. R. Weerakoon - Director Operations - F.I.P.M, BSc. Plantations Management  
L. S. K. Hettiarachchi - Consultant - BSc Hons (LK), PhD (UK), C.Chem., F.I.P.M  
M. Ganeshan - Head of Internal Audit  
G. Srishankar - General Manager Manufacture  
G.R.N Perera - General Manager Finance - A.C.M.A (UK)  
J. Karunadasa - General Manager Human Resources / Commercial & Corporate Certifications - MBA (UK), HND (ICBT), HND (NIBM)  
D. Iddamalgodha - General Manager Legal - MHRM (Kelaniya), LLB (Sri Lanka), B Sc. (Marine Science)  
S. Bandaranayake - Consultant / Engineer

## Secretaries

Corporate Managers & Secretaries (Private) Limited  
8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01

## Auditors

Ernst & Young  
Chartered Accountants,  
Rotunda Towers,  
No. 109, Galle Road, Colombo 03

## Bankers

Bank of Ceylon  
Amana Bank PLC  
Commercial Bank of Ceylon PLC  
Nations Trust Bank PLC  
Sampath Bank PLC  
Hatton National Bank PLC

## Subsidiary

Waverly Power (Pvt) Ltd

Designed & produced by



Digital Plates & Printing by Softwave Printing and Publishing (Pvt) Ltd.

**AGARAPATANA PLANTATIONS PLC**

53 1/1, Sir Baron Jayatilaka Mawatha, Colombo 01

E-mail : [info@lankemplantations.lk](mailto:info@lankemplantations.lk)

Web : [www.lankemplantations.lk](http://www.lankemplantations.lk)