

# Growing Green Yields

AGALAWATTE PLANTATIONS PLC | Annual Report 2025



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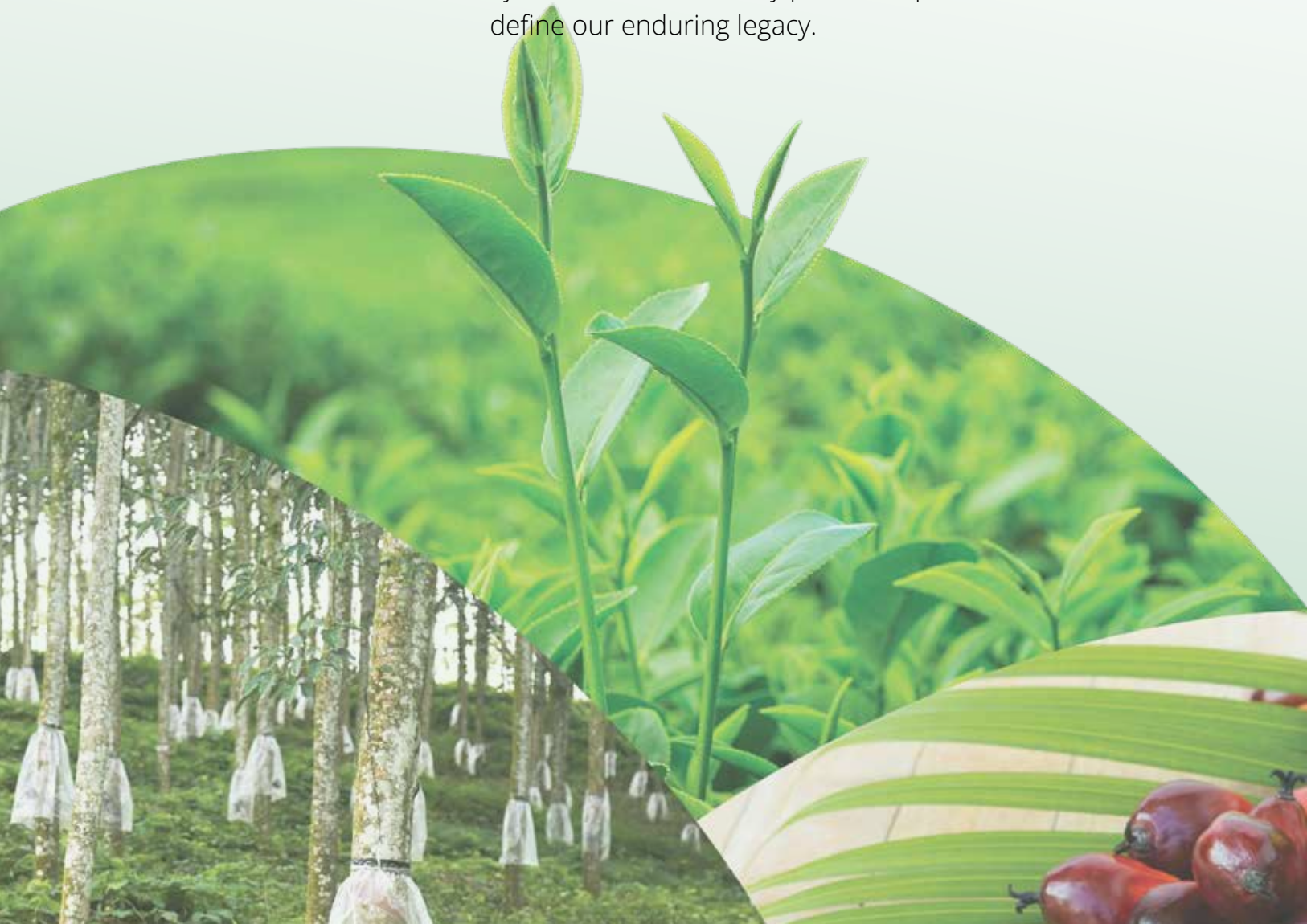
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# Growing Green Yields

Rooted in Sri Lanka's rich agricultural heartland, Agalawatte Plantations has built a legacy of value creation through its core strengths in tea, rubber and oil palm. Guided by a commitment to sustainability, we continue to cultivate a green heritage that balances economic performance with environmental stewardship. Our strategic focus blends innovation with tradition, enabling us to enhance productivity, adapt to market dynamics and drive long-term stakeholder value while preserving the natural ecosystems and community partnerships that define our enduring legacy.





## Our Vision

To be the benchmark among plantation Companies



## Our Mission

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



## Values

### » Trust & Integrity

We uphold the highest ethical standards in all our operations, ensuring honesty, transparency, and fairness in our dealings with customers, employees, shareholders and all the other stakeholders.

### » Accountability

We take ownership of our actions and impact ensuring transparency, ethical conduct and responsible practices across all areas of our operation.

### » Excellence

We strives to maintain highest standards of excellence in cultivation and production through continuous improvements and best practices to deliver optimal results in achieving organizational and stakeholder objectives.

### » Corporate responsibility

We are committed to sustainable and ethical business practices that benefit our employees, communities and the environment. By prioritizing social responsibility, environmental stewardship, and sustainable development, we create long-term value for stakeholders.



# FINANCIAL HIGHLIGHTS

Summary of Results	Company		
	2025	2024	Change
	Rs. 000	Rs. 000	
<b>Earnings Highlights and Ratios</b>			
Revenue	4,936,132	4,839,661	2%
Results from Operating Activities	1,313,507	1,122,977	17%
Profit before tax	1,458,225	1,123,911	30%
Profit after tax	1,048,778	781,488	34%
Earnings per share	Rs. 6.71	5.00	34%
Interest cover	No of times 12.06	11.07	9%
<b>Balance Sheet Highlights and Ratios</b>			
Total assets	9,379,161	8,168,380	15%
Total debt	-	-	-
Stated capital	2,258,125	2,258,125	0%
Total shareholders' funds/Equity	5,249,089	4,374,784	20%
Net assets per share	Rs. 33.59	28.00	20%
Debt / Equity	% 0%	0%	-
Debt / Total Assets	% 0%	0%	-
<b>Market / Shareholder Information</b>			
Market price of share			
- Highest	69.00	48.90	41%
- Lowest	39.00	29.10	34%
- Year End	53.00	46.60	14%

# CHAIRMAN'S STATEMENT

## Dear Shareholder,

On behalf of the Board of Directors, it is my privilege to present the Integrated Annual Report and Audited Financial Statements of Agalawatte Plantations PLC for the year ended 31 December 2025.

Despite operating in a challenging environment characterised by climate variability, policy constraints, rising production costs and global market uncertainties, the Company demonstrated resilience, adaptability and disciplined execution of its strategic priorities. Through prudent management and operational efficiencies, Agalawatte Plantations PLC delivered a commendable performance while continuing to strengthen its long-term sustainability.

## Operating Landscape

Sri Lanka's economy sustained its recovery momentum in 2025, recording GDP growth of approximately 5%, following a similar growth rate of 5.0% in 2024. Easing inflationary pressures, lower interest rates, improved foreign exchange stability and enhanced investor confidence contributed to a more predictable operating environment. Tourism, worker remittances and the services sector remained key drivers of economic growth.

However, the agricultural sector continued to face significant challenges, recording modest growth of 1.4% amid adverse weather conditions, labour shortages, rising input costs and policy-related constraints. Against this backdrop, the Company successfully maintained operational stability through disciplined cost management, productivity enhancement initiatives and a continued focus on sustainable agricultural practices.

**Looking ahead, the Company's strategic priorities remain focused on strengthening core plantation operations while pursuing diversification-led growth.**

## Tea Sector

Sri Lanka's national tea production reached 264 million kilograms in 2025, reflecting a marginal increase of 0.5% compared to the previous year. The Company's annual tea production declined to 1.31 million kilograms from 1.47 million kilograms in 2024, resulting in segmental revenue decreasing to Rs. 1,566 million from Rs. 1,797 million in the prior year.

Although green leaf production at estate level recorded an increase during the year, overall Company output declined as management strategically curtailed bought leaf operations. This decision was taken to enhance the quality of made tea produced at our factories, albeit resulting in lower production volumes.

Gross profit from the tea segment declined to Rs. 84 million from Rs. 161 million in the previous year, primarily due to lower production volumes and a reduction in the Net Sales Average to Rs. 1,090 per kilogram from Rs. 1,130 in 2024. The National Net Sales Average stood at Rs. 1,167 during the year under review, compared to Rs. 1,225 in 2024.

Despite these challenges, the Company continued to adopt best agricultural practices, including eco-friendly composting, timely fertiliser application and adherence to recommended

agronomic techniques, with the objective of achieving sustainable improvements in yield and quality.

## Rubber Sector

Sri Lanka's rubber industry experienced a further contraction in 2025, with national production declining to 66.5 million kilograms, a decrease of 2.5 million kilograms year-on-year. The Company's rubber production declined by 12.4% to 1,014,677 kilograms from 1,159,545 kilograms in 2024, while yield per hectare decreased to 441 kilograms.

The continued spread of Circular Spot Leaf Disease (PESTA), adverse weather conditions and prolonged restrictions on chemical fertilisers negatively impacted productivity. As a result, segmental revenue declined by 4.5% year-on-year, while the Net Sales Average reduced to Rs. 926.44 per kilogram from Rs. 984.84 in 2024.

Despite these setbacks, the Company worked closely with research institutions and industry stakeholders to implement cost-effective mitigation measures and strengthen the long-term viability of the rubber segment.

## Oil Palm Sector

The oil palm segment delivered a strong performance during the year under review. Segmental revenue increased to

Rs. 1,431 million from Rs. 1,069 million in 2024, while segmental profit improved significantly to Rs. 905 million compared to Rs. 605 million in the previous year.

This growth was driven by higher crop production, which increased to 14,138 metric tonnes from 12,881 metric tonnes, together with an improvement in the Net Sales Average to Rs. 101.26 per kilogram.

Despite ongoing policy-related challenges affecting the industry, the Company remained committed to sustainable cultivation practices, including soil enrichment initiatives and environmentally responsible land management. The oil palm segment continues to play a pivotal role in supporting the Company's profitability and long-term growth.

### Financial Performance

The Company recorded revenue of Rs. 4,936 million in 2025, representing a 2% increase compared to Rs. 4,840 million in 2024. Gross profit improved to Rs. 1,045 million, with gross profit margins increasing to 21%.

Earnings before interest and tax (EBIT) increased by 17% to Rs. 1,313 million, reflecting improved operational efficiencies, disciplined cost management and favourable market conditions in selected segments.

Capital expenditure during the year amounted to Rs. 986 million, primarily directed towards replanting initiatives and infrastructure development. Strong operating cash flows of Rs. 706 million further reinforced the Company's financial stability and resilience.

### People and Welfare

Our employees remain the cornerstone of the Company's success. During the year, continued investments exceeding Rs. 100 million were made in employee welfare, training, housing and infrastructure development, with the objective of improving living standards and enhancing workforce engagement and productivity.

The Company remains committed to fostering a safe, supportive and inclusive working environment, while recognising the vital contribution made by our estate communities and employees towards achieving sustainable growth.

### The Way Forward

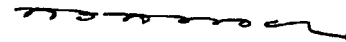
Looking ahead, the Company's strategic priorities remain focused on strengthening core plantation operations while pursuing diversification-led growth. Replanting initiatives across tea, rubber and timber plantations will continue to be a strategic priority, alongside investments in mechanisation, operational efficiency and value-added initiatives to improve productivity in the face of rising labour and production costs.

The Board remains confident that the Company's disciplined strategy, sustainability-focused approach and commitment to operational excellence will continue to create enduring value for all stakeholders.

### Acknowledgement

I wish to extend my sincere appreciation to my fellow Board members, the corporate management team, estate management staff and all employees for their dedication, resilience and commitment throughout the year. I also express my gratitude to our brokers, suppliers, customers, financial institutions, government authorities and other stakeholders for their continued support and cooperation.

Finally, I thank our shareholders for the trust and confidence placed in Agalawatte Plantations PLC. We remain committed to delivering sustainable long-term value in the years ahead.



**Anil Amarasuriya**  
Chairman

Agalawatte Plantations PLC  
26 May 2026

# BOARD OF DIRECTORS

## Mr. A.S. Amarasuriya

**Chairman**  
**Non-Independent, Non-Executive**  
**Director**

Chairman of Agalawatte Plantations PLC, appointed to the Board in June 2017.

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

Mr. Anil Amarasuriya counts over 40 years of experience in the banking industry both in Sri Lanka and abroad. He has held senior corporate level positions at Abu Dhabi Commercial Bank and Sampath Bank prior to assuming duties as GM and subsequently as Managing Director of Sampath Bank. He served as Director/CEO of Union Bank of Colombo before retirement in November 2014.

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

## Mr. S.M.S.S. Bandara

**Independent Non - Executive Director**

Appointed to the Board of Agalawatte Plantations PLC in September 2024.

Mr. Sanjaya Bandara is a highly accomplished finance professional with over 25 years of experience in audit, accounting, and corporate governance. A Fellow Member of the Institute of Chartered Accountants of Sri Lanka (FCA) and an Associate Member of the Institute of Certified Management Accountants (ACMA), he holds an MBA from the University of Colombo and a B.Sc. in Accountancy and Financial Management from the University of Sri Jayewardenepura.

He currently serves as an Independent Non-Executive Director and Audit Committee Chairman of Prime Lands Residencies PLC, Peoples Bank, NuwaraEliya Hotels Company PLC, Gestetner Ceylon PLC and Luminex PLC. He is also a Director of the Sri Lanka Accounting and Auditing Standards Monitoring Board.

## Mr. D. S. Muthukudaarachchi

**Independent Non - Executive Director**

Appointed to the Board of Agalawatte Plantations PLC in September 2024.

Mr. D. S. Muthukudaarachchi is a seasoned banking professional with over 34 years of experience at Bank of Ceylon (BOC), specializing in the spheres of retail, corporate, offshore, and international banking. He holds a B.Sc. (Special) degree in Estate Management and Valuation from the University of Sri Jayewardenepura, where he also served as an Assistant Lecturer before beginning his career in banking sector.

Joining BOC in 1990, he gained extensive expertise across a wide spectrum in the banking operations and held key leadership roles in the areas of Corporate Relations and International

Banking. He served in BOC's overseas branches for over a decade in which stints he held positions among others the Chief Operating Officer, Non-Independent/ Executive Director of the Bank of Ceylon (UK) Limited in London and the Chief Executive Officer of BOC, Chennai branch.

Serving as a member of BOC's Executive and Corporate Management for over ten years, he played a pivotal role in strategic decision-making and planning. Before retiring from bank's service, he served as Deputy General Manager (Recovery Corporate) for over three years, demonstrating his expertise in debt recovery in corporate banking. He has also served as an alternate director of the Credit Information Bureau of Sri Lanka (CRIB) and an Independent director of BOC Travels.

## Mr. H. D. P Gamage

**Independent Non - Executive Director**

Appointed to the Board of Agalawatte Plantations PLC in September 2024.

Mr. Hemantha Gamage is a distinguished Attorney-at-Law with over 36 years of experience in criminal law and notarial practice. Since his enrollment as an Attorney-at-Law in 1989, he has built a diverse career across both the public and private sectors, providing legal expertise and holding key leadership roles.

He has served in various prominent capacities, including Visiting Lecturer at the Sri Lanka Forestry Institute, Private Secretary to the Deputy Minister of Health, Highways, Social Services, and Indigenous Medicine, and Secretary to the Board of Directors of Kalawana Peoples Transport Services Company. Additionally, he has held positions as a Legal Consultant to the Sri Lanka Transport Board and a Board Member of the Sri Lanka Bureau of Foreign Employment. His contributions to legal education include serving as Course Director of the Practical Training Program at Sri Lanka Law College.

Currently, Mr. Gamage serves as a Director of Sri Lanka Savings Bank and a Senior Legal Consultant at Corporate Chambers. He also continues his independent practice as an Attorney-at-Law and Notary Public, offering legal expertise across multiple sectors.

### **Mr. G. P.N. A. G. Gunathilake**

#### **Managing Director/Chief Executive Officer**

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

Mr. Gunathilake brings over two decades of leadership experience in Human Resource and Corporate Management. He is a graduate of the University of Kelaniya with a specialization in Human Resources Management and holds a Postgraduate Diploma in Business Administration from Cardiff Metropolitan University.

In addition, he has been awarded the LLB (Hons) Law from Buckinghamshire New University, further strengthening his expertise in governance, legal affairs, and corporate compliance.

Mr. Gunathilake has served the Damro Group for more than 25 years, where he was appointed as a Director in 2010. He currently functions as a Group Director overseeing Human Resources, Legal Affairs, Special Projects, and Public Relations. His portfolio also extends to serving as a Director of AEN Palm Oil Processing (Pvt) Ltd.

### **Mr. R.P.L. Ramanayake**

#### **Non-Independent, Non-Executive Director**

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

Mr. Lahiru Ramanayake is a graduate in marketing and management from Monash University in Melbourne, Australia. He was appointed to the Board of Damro Group in 2013. He serves as the Group Managing Director involved in the supervision of key functional operations of the Group including Production and Administration.

### **Mr. W.A. A. Asanga**

#### **Non-Independent, Non-Executive Director**

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

Mr. Asanga is also a Director of Damro Group and carries responsibilities in finance and regulatory functions of the Group. He is well versed and proficient in accounting, auditing and taxation having over 25 Years expertise in the field. He joined Damro in the year 2002. Since then, he has been playing an anchor role in the financial management and strategic planning of the Group.

### **Mr. L.R.W. S. Rajasekara**

#### **Non-Independent, Non-Executive Director**

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

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

He is also a Director of Damro Group and counts over 20 years of experience in Auditing, Accounting & Financial Management. He joined Damro in 2006 and handles the Group Tax, Financial Reporting & Corporate Compliances.

### **Mr. M.P.K. Udugampola**

#### **Non-Independent, Non-Executive Director**

Appointed to the Board of Agalawatte Plantations PLC in May 2025.

Mr. Manoji Pradeep Kumara Udugampola counts over 34 years of experience in the plantation industry of Sri Lanka, demonstrating exceptional leadership and strategic expertise. He began his career in 1992 as a Trainee Assistant Superintendent under the Janatha Estates Development Board (JEDB) and later transitioned to Pussellawa Plantations Ltd (PPL) following privatization. He has since held several senior leadership roles, notably serving as the Chief Operating Officer of both Pussellawa Plantations Ltd and Agalawatte Plantations PLC.

Currently, he serves as a Director of DR Industries Private Ltd, Damro Exports Pvt Limited, and Marino Leisure Holdings Private Ltd. He is also a Board Director of the Rubber Research Board of Sri Lanka and the Sri Lanka Society for Rubber Industry. He also represents employers as a member of the Wages Board for Rubber Cultivation and Raw Rubber Processing Trade under the Ministry of Labour.

In addition to his current leadership roles, Mr. Udugampola served as the Chairman of the Colombo Rubber Traders' Association (CRTA) for the 2022/23 and 2023/24 terms. He continues to serve on the Executive Committees of the Plastics and Rubber Institute of Sri Lanka (PRISL), the Spices and Allied Products Producers and Traders Association (SAPPTA), and the Colombo Rubber Traders' Association (CRTA). Furthermore, he was a Council Member of the Employers Federation of Sri Lanka, where he served as the Vice Chairman of the Plantation Services Group in 2023/24.

# MANAGEMENT DISCUSSION & ANALYSIS

## Business Overview

Sri Lanka's economy in 2025 sustained its recovery trajectory, recording GDP growth of around 5% following the strong rebound of 5.0% in 2024. The favorable operating environment was supported by easing inflation, declining interest rates, and improved investor confidence, while tourism, services, and worker remittances continued to contribute positively to economic growth. Fiscal consolidation and structural reforms implemented under the IMF-supported program strengthened macroeconomic stability, creating a more predictable business climate. However, the agricultural sector remained vulnerable due to climate variability, rising input costs, and labor constraints, which continued to impact productivity. Despite these challenges, the broader economy demonstrated resilience, providing a more stable platform for corporate operations and long-term investment.

Sri Lanka's agricultural sector in 2025 recorded modest growth of approximately 1.4%, reflecting continued pressures from adverse weather conditions, elevated production costs, and global market uncertainties affecting tea and rubber cultivation. In contrast, the industrial and services sectors expanded more strongly, recording growth rates of approximately 7.8% and 3.3%, respectively. This disparity highlighted the structural vulnerabilities within the agricultural sector and reinforced the need for modernization and productivity enhancement. Sector performance during the year remained uneven, with periodic contractions underscoring the volatility associated with plantation sector. Nevertheless, easing inflation, relative exchange rate stability, and supportive government policies improved investor confidence and contributed to a more favorable operating environment for plantation companies. With stronger foreign reserves, improving fiscal stability, and



the continuation of economic reforms, the agricultural sector is expected to gradually recover through the adoption of innovative agricultural practices, mechanization, and efficiency-driven strategies, thereby strengthening long-term sustainability and resilience.

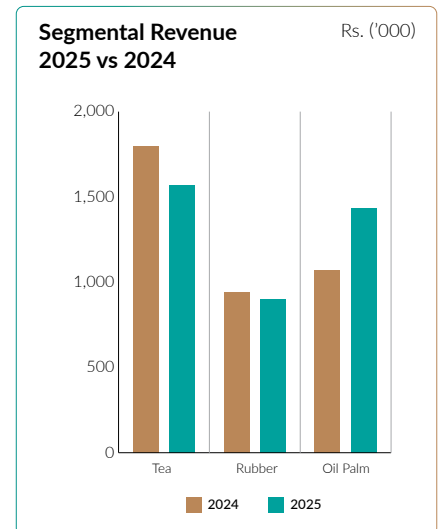
## Operational performance

The Company's core operations continued to focus on the cultivation of Tea, Rubber, and Oil Palm across its estates located in the Kalutara, Ratnapura, and Nuwara Eliya regions. During 2025, the Company delivered a commendable performance, while successfully navigating a challenging operating environment characterized by economic volatility, supply chain disruptions, and other external and internal constraints. Despite these challenges, the Company demonstrated resilience and achieved positive results, underscoring its adaptability and commitment to sustainable growth.

For the year 2025, the Company reported revenue of Rs. 4,936 million, representing a modest increase of 2% compared to Rs. 4,840 million recorded in 2024. This performance reflects the Company's continued emphasis on prudent cost management, operational

efficiency, and adaptability to evolving market conditions. Despite challenges in the external environment, the Company sustained its financial strength and resilience. Looking ahead, the Company remains committed to enhancing productivity, optimizing resource utilization, and strengthening its market presence to ensure long-term growth and sustainability.

The comparative performance of each business segment during the year is presented below;



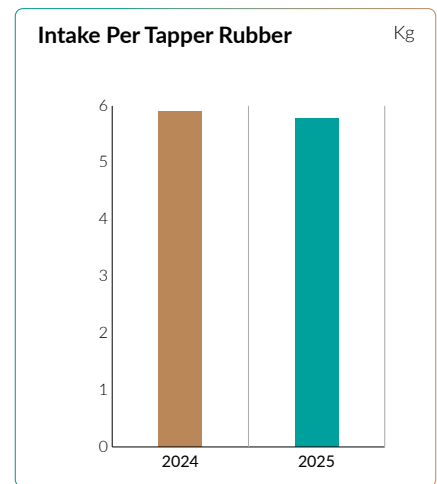
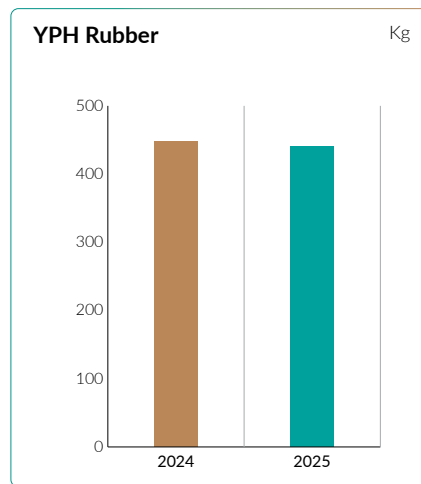
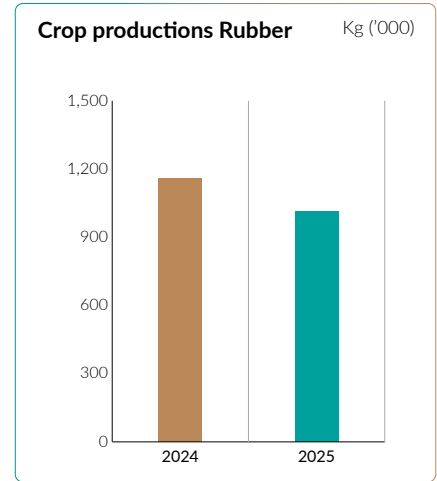
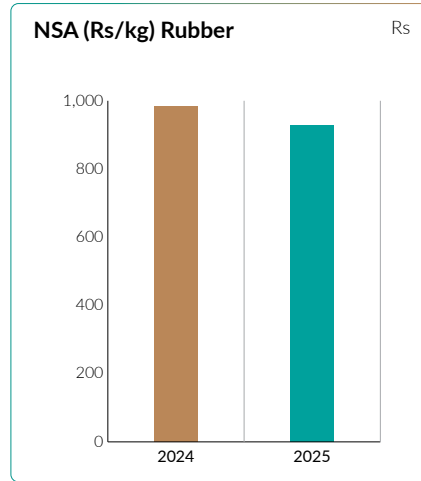
**Rubber**

Rubber production in Sri Lanka declined to 66.5 million Kgs in 2025, reflecting a 3.6% decrease compared to 69 million kilos recorded in 2024. This contraction underscores the persistent challenges faced by the industry, including fluctuating global demand, adverse weather conditions, and sector-specific constraints that continue to weigh on overall performance.

The factories located at Clyde, Culloden, Doloswella, Kiribathgala, Kiriwanaketiya, and Peenkande estates collectively possess a production capacity of approximately 6,000 kilograms of Thick Pale Crepe (TPC) rubber per day. In addition, the Ribbed Smoke Sheet (RSS) processing facilities at Clyde, Culloden, Doloswella, Kiribathgala, Kiriwanaketiya, Niriella, and Peenkande estates together provide a daily capacity exceeding 3,500 kilograms. These capabilities reinforce the Company's strong position in rubber manufacturing and highlight its ability to sustain consistent output across multiple estates.

In 2025, the Company's rubber production declined to 1,014,677 kilograms, marking a 12.4% decrease compared to 1,159,768 kilograms in 2024. Yield per Hectare (YPH) fell slightly to 441 kilograms from 448 kilograms in the prior year, while average intake per tapper eased to 5.78 kilograms from 5.90 kilograms. The widespread impact of Circular Spot Leaf Disease (PESTA) was a key contributor to this downturn, impairing tree health and limiting stimulation rounds in low-frequency tapping areas. Adverse weather conditions during the latter part of the year, further constrained yields and hindered the growth of newly planted rubber areas.

The prolonged ban on chemical fertilizers caused significantly drops in rubber latex yields and even after chemical fertilizers were reintroduced, it took years for the trees to regain their physiological health and pre-ban latex yields. In response, the Company continued to implement



mitigation measures, focusing on cost-effective practices to safeguard long-term viability.

Despite production setbacks, the rubber segment faced challenging market conditions, with prices recording marginal declines during the year. While rising global demand for rubber-based industrial products provided some support, unfavorable price movements continued to weigh on overall performance. The annual Net Sales Average (NSA) of rubber declined by 6% to Rs. 926.44 per kilogram from Rs. 984.84 per kilogram in 2024, resulting in a 4.5% year-on-year decline in segment revenue. In light of these pressures, the Company remains focused on enhancing productivity, optimizing resource

utilization, and strengthening resilience to ensure the long-term sustainability of its rubber operations.

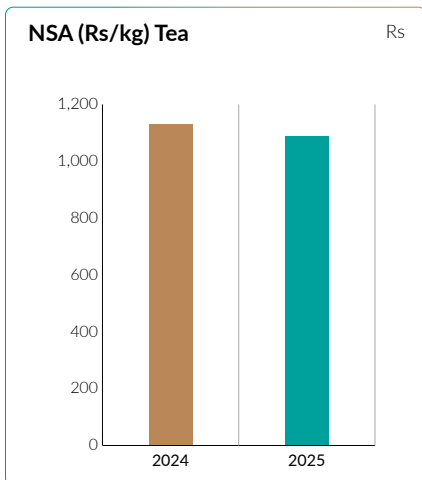
**Tea**

In 2025, Sri Lanka's total tea production reached 264 million kilograms, reflecting a marginal year-on-year increase of 0.5%. The Company possesses three tea estates in the up-country region and three estates in the low-country region. During the year, the Company's tea production declined to 1.31 million kilograms from 1.47 million kilograms recorded in the previous year. Consequently, the tea segment generated revenue of Rs. 1,566 million, compared to Rs. 1,797 million in 2024, representing a decline of 13% year-on-year.

# MANAGEMENT DISCUSSION & ANALYSIS

The tea segment recorded a gross profit of Rs. 84 million in 2025, compared to Rs. 161 million in the previous year. The decline was primarily attributable to lower production volumes and a reduction in the Net Sales Average (NSA), which decreased to Rs. 1,090 per kilogram from Rs. 1,130 per kilogram in 2024. Despite these challenges, the segment continued to demonstrate resilience through ongoing initiatives focused on improving yields, enhancing cost efficiencies, and strengthening market competitiveness to support sustainable performance in the years ahead.

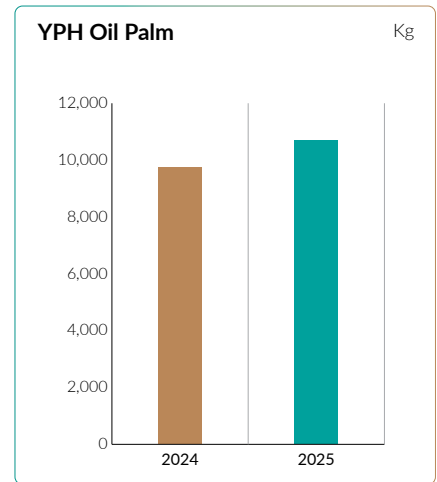
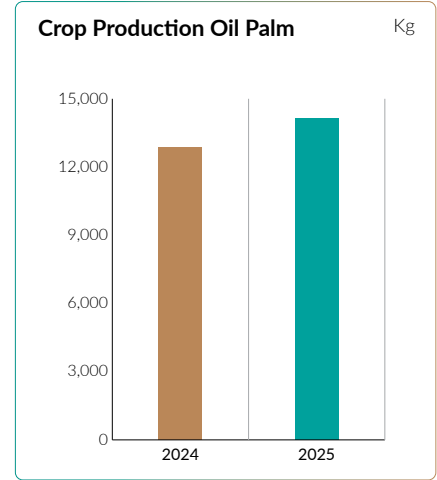
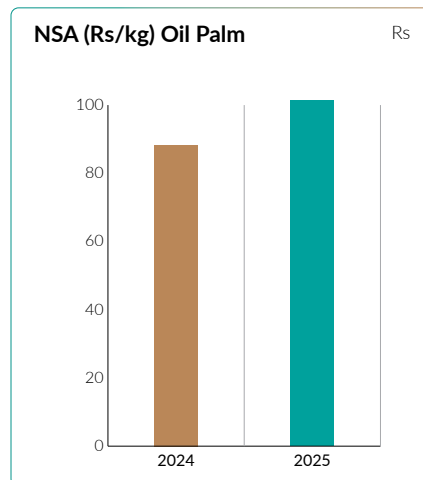
Sri Lanka's tea industry continued to experience subdued productivity during 2025, although a gradual recovery was observed following the adverse impact of the government's ban on chemical fertilizers and agrochemicals. Unfavorable weather conditions further constrained yields and placed additional pressure on overall industry performance. Against this backdrop, the Company remained committed to enhancing productivity and improving the quality of made tea through the adoption of best agricultural practices. Key initiatives undertaken during the year included the timely application of foliar and ground fertilizers, the introduction of eco-friendly compost, and adherence to recommended agronomic practices, all aimed at driving sustainable improvements in both yield and quality over the long term.



## Oil Palm

The Oil Palm sector in Sri Lanka continued to demonstrate resilience in 2025 despite challenges arising from government policies and price fluctuations, underscoring its strategic importance to future sustainability and growth. Against this backdrop, the Company contributed positively to overall performance, with segment revenue increasing to Rs. 1,431 million from Rs. 1,069 million in 2024, representing an increase of Rs. 362 million. Segment profit also improved significantly to Rs. 905 million, compared to Rs. 605 million in the previous year, primarily driven by higher crop production, which increased from 12,881 kilograms to 14,138 kilograms. In addition, the Net Sales Average (NSA) strengthened to Rs. 101.26 per kilogram from Rs. 88.26 per kilogram in 2024, further supporting profitability and reinforcing the segment's contribution to the Company's long-term growth trajectory.

Amidst unfavorable government policies on oil palm cultivation, including the ongoing ban, the Company has remained focused on adopting sustainable agricultural practices to enhance efficiency, productivity, and crop yields on existing cultivated lands. Efforts such as proper fertilizer application, soil enrichment, and eco friendly initiatives have been prioritized to strengthen long-term sustainability. The appreciable financial performance of the Oil Palm segment continued to make a significant



contribution to overall profitability during the year, reinforcing its importance within the Company's portfolio.

## Product Diversification

The Company has diversified its portfolio into crops such as coconut, cinnamon, coffee, and other ancillary cultivations to strengthen future operations and enhance sustainability. While most of these diversified crops remain at an immature stage, Management has outlined plans to further expand cultivation on suitable lands, paving the way for long-term growth and resilience.

In addition, the Company manages commercial timber plantations spanning 358.12 hectares, comprising species such as Eucalyptus grandis, Albizia, Alstonia, and Grevillea. As at the end of FY2025, the value of consumable biological assets stood at Rs. 986 million.

The Company continues to explore opportunities to add value to its timber cultivation, with feasible expansion initiatives aimed at optimizing resource utilization and enhancing overall returns.

## Financial Review of the Company

The Company has achieved a net profit of Rs. 1,049 million after tax in 2025 with a significant increase from Rs. 267 million recorded during the previous financial year.

Summary of key financial performance indicators:

Performance Measure	2021	2022	2023	2024	2025
Revenue (Rs. 000)	3,867,404	5,127,380	5,120,166	4,839,661	4,936,132
Revenue Growth YOY (%)	37%	33%	(0.1%)	(5.4%)	2%
Gross Profit/ (Loss) (Rs.000)	895,518	1,589,952	711,185	850,118	1,045,328
Gross Profit/ (Loss) Margin	23%	31%	14%	17%	21%
EBIT (Rs.000)	1,084,901	1,802,122	1,142,471	1,122,977	1,313,507
EBIT Growth YOY (%)	75%	66%	(36%)	(1.7%)	17%
Capital Expenditure (Rs.000)	494,660	609,447	784,298	775,823	986,517
Cash Flow from Operations (Rs. 000)	(386,347)	444,198	975,054	1,027,364	705,947
Total Debts (Rs.000)	612,400	300,391	NIL	NIL	NIL

During the year under review, the Company recorded an annual turnover of Rs. 4,936 million, representing the third-highest revenue achieved over the past five years. This growth was primarily driven by the strong performance of the Tea and Oil Palm segments. Over the five-year period, the Company's revenue has expanded by 27%, underscoring the significant improvements in overall operations and highlighting the resilience of its core business segments.

Gross profit recorded a 4% increase over the previous year, with the gross profit margin rising to 21%. Earnings before interest and tax (EBIT) improved to Rs. 1,313 million in 2025, supported by favorable market prices, enhanced productivity, and efficiency measures implemented by management. These outcomes reflect the Company's continued focus on operational discipline and strategic initiatives aimed at strengthening overall financial performance.

The Company's sustained investments in replanting, factory renovations, and upgrades to plant and machinery have played a pivotal role in strengthening current performance while laying the foundation for future growth. At the same time, disciplined cost management strategies have enabled the Company to maintain healthy operating cash flows, effectively overcoming prior constraints and reinforcing overall financial stability.

## Replanting & Sustainability

### Capital Expenditure

The Company reinforced its commitment to long-term sustainability and growth through significant investments in replanting, factory renovations, and infrastructure upgrades. A total of Rs. 986.5 million was allocated to these initiatives during the year, consistent with the previous year's investment. The accelerated replanting programme and capital expenditure were strategically undertaken to enhance future productivity and ensure business continuity, despite prevailing financial and operational challenges.

During the year, 93.39 hectares of rubber were replanted, compared to 307.36 hectares in 2025, alongside 24.78 hectares of tea. As part of the ongoing Replanting Program, preparations are in place to replant a further 267 hectares in 2026. Planting

materials required for this initiative will be sourced from four central nurseries established at Ambetenna, Clyde, Niriella, and Peenkande Estates, ensuring consistency and quality in future cultivation.

In 2025, the Company invested over Rs. 180.3 million in building renovations, plant and machinery upgrades, vehicle acquisitions, and equipment enhancements. These investments underscore the Company's continued commitment to operational efficiency and infrastructure development, ensuring that its facilities and resources remain aligned with long-term growth objectives.

## Sustainability and way forward

Productivity and operational efficiency remained Company's strategic priorities in 2025, driving sustainable growth across its core plantation businesses. Management continued to emphasize the importance of ongoing replanting initiatives for tea, rubber, and commercial timber plantations, even amidst challenging conditions such as the pandemic. Investments in field and factory development, together with the adoption of advanced agricultural practices, have been instrumental in enhancing productivity and improving the quality of produce.

At the same time, rising labour costs and production expenses continued to exert pressure on margins in the rubber sector. However, the upward momentum in tea and rubber prices provided opportunities to partially mitigate these challenges, supporting the Company's ability to achieve its strategic objectives while maintaining resilience in a volatile operating environment.

Looking ahead, the future of the plantation industry lies in value addition and operational efficiencies. In line with this vision, the Company's corporate strategies remain focused on strengthening its core plantation operations while pursuing diversification-led growth. These initiatives are designed to ensure long-term sustainability, reinforce competitiveness, and create enduring value for stakeholders.

# ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Directors of Agalawatte Plantations PLC have pleasure in presenting the Annual Report together with the Audited Financial Statements of the Company for the year ended 31st December 2025 and the Auditor's report thereon.

The Board of Directors approved this report at the Board meeting held on 26th May 2026.

## Principal Activities

The Company is mainly engaged in the cultivation, production, processing and sale of Tea, Rubber and Oil Palm together with selected non-crop diversification initiatives.

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

## Parent Enterprise

Damro Manufacturing (Pvt.) Ltd is the holding company and principal shareholder of Agalawatte Plantations PLC and it holds a controlling stake of 59.20% in the Company. The second largest shareholder, A & M Properties (Pvt.) Ltd., holds 20.80% and is considered a related party to the company as at 31st December 2025.

The financial statements of the Company are given on pages 37 to 95.

## Auditors' Report

The Auditors' report on the financial statements is given on pages 34 to 36.

## Accounting Policies

The accounting policies adopted in the preparation of the financial statements are given on pages 43 to 57.

## Review of Operations and performance

Review of financial and operational performance and future business developments of the Company are discussed in the Chairman's Statement

on pages 04 to 05 and Management Discussion & Analysis on pages 08 to 11.

## Corporate Governance/Internal Control

The Company has complied with the revised Corporate Governance rules laid down under the listing rules of the Colombo Stock Exchange.

The Directors and the CEO/MD satisfy the Fit and Proper Assessment Criteria stipulated in the Rule 9.7.4 of the Colombo Stock Exchange's Listing Rules.

There were no non-compliances by any Director or CEO/MD during the financial year.

The Directors have declared all material interests in contracts involving the Company and they refrain from voting on matters in which they have a material interest.

The Board has updated themselves with the applicable laws, rules and regulations and are aware of the changes to the Listing Rules and other regulatory requirements.

There has been no non-compliance with laws or regulations and the Directors to the best of their knowledge and belief confirm that the Company has engaged in any activity that contravenes applicable laws and regulations. There have been no material fines imposed on the Company by the Government.

The Board has overall responsibility for the Company's corporate governance and systems of internal controls. Details of Corporate Governance practices of the Company and specific measures taken with regard to internal controls are elaborated on pages 15 & 21.

## Board Sub-Committee

The Audit Committee, Remuneration Committee, Related Party Transaction Review Committee and Nominations and Governance Committee function as

Board sub-committees, with Directors who possess the requisite qualifications and experience.

## Directorate

The members of the Board during the financial year ended 31st December 2025 were as follows.

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

**Mr. S.M.S.S. Bandara**  
(Independent Non-Executive Director)

**Mr. D.S. Muthukudaarachchi**  
(Independent Non-Executive Director)

**Mr. H.D.P. Gamage**  
(Independent Non-Executive Director)

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

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

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

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

**Mr. M.P.K. Udugampola**  
(Non-Independent Non-Executive Director) (appointed on 08/05/2025)

With a view to improving the collective effectiveness and performance of the Board, Board and Sub-committee evaluations were carried out during the year, including an assessment of the systems and processes which are in place.

During the financial year Mr. M.P.K. Udugampola was appointed to the Board on 08th May 2025. In terms of

Article 69 of the Articles of Association, the shareholders will be requested to re-elect them at the Annual General Meeting.

The Profiles of the Board of Directors of the company as at 31st December 2025 are set out on pages 06 to 07 of the Annual Report.

### Independence of Directors

In accordance with Rule 9.8.5. (a) of the Colombo Stock Exchange (CSE) Listing Rules, Independent Directors have submitted a signed and dated declaration as per the specimen given in Appendix 9A.

### Directors' Remuneration

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

### Directors' Interest in Transactions

The Directors of the Company made the general disclosures provided for in Section 192 (2) of the Companies Act No.07 of 2007. Note 32 to the financial statements have dealt with related party disclosures and include details of their interests in transactions. The shareholdings of Directors as at 31st December 2025 are as follows.

Name of the Director	(No of shares)
Mr. A.S. Amarasuriya	Nil
Mr. S.M.S S. Bandara	Nil
Mr. D. S. Muthukudaarachchi	Nil
Mr. H. D.P Gamage	Nil
Mr. G.P.N.A.G. Gunathilake	Nil
Mr. R.P.L. Ramanayake	Nil
Mr. W.A. A. Asanga	Nil
Mr. L.R.W. S. Rajasekara	Nil
Mr. M.P.K Udugampola	Nil

### Auditors

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

The Auditors were paid Rs. 6, 470,000/- as audit fees and Rs. 1,840,737/- for non-audit related work.

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

### Earnings and Net Assets per Share

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

	2025	2024
	Rs.	Rs.
Earnings/ (Loss) per share	6.71	5.00
Net assets/ (liability) per share	33.59	28.00

### Segment Reporting

A segmental analysis of the activities of the Company is given in note 38 to the Financial Statements.

### Related Party Transactions

Details of related party transactions of the Company are given on note 32 to the Financial Statements. Respective transactions and the information provided are in compliance with Colombo Stock Exchange Listing Rule 9 and Code of Best Practices on Related Party Transactions under the Securities Exchange Commission Directive issued under Section 13(c) of the Securities Exchange Commission Act.

There were no non-recurrent related party transactions which exceeds 10% of equity or 5% of the total assets of the Company, whichever is lower as per the audited financial statements for the year ended 31st December 2025.

Recurrent related party Transactions which in aggregate value exceeds 10% of the consolidated revenue of the Company as per the audited financial statements for the year ended 31st December 2025 were disclosed in Note no 32.4 to the Financial Statements.

### Capital Expenditure

The total capital expenditure on acquisition of property, plant and equipment and biological assets of the Company Rs. 986.5 million (2024 - Rs. 775 million).

### Contingent Liabilities and Capital Commitments

There were no material contingent liabilities or capital commitments as at 31st December 2025.

### Employees and Industrial Relations

The Company maintains a structure and culture that values the aspirations, competencies, and dedication of its employees, while actively fostering career growth and advancement opportunities. The Company had in its employment 3,827 (2024: 3705) persons as at 31st December 2025.

### Share Trading Information

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

# ANNUAL REPORT OF THE BOARD OF DIRECTORS

Information relating to the trading of the Company's shares during 2025 are given below:

	2025	2024
	Rs.	Rs.
Market value per share -High	69.00	48.90
Market value per share - Low	39.00	29.10
Market value per share - 31 Dec	53.00	46.60

## Shareholder Information

As at 31st December 2025, the Company had 13,746 registered shareholders. An analysis of the shareholding, distribution and names of the 20 Major shareholders are given in the Shareholders Information section (Page 96 to 97).

## Float adjusted market capitalization

The Company had a float adjusted market capitalization of Rs. 1,656.25 million and 13,744 public shareholders as at 31st December 2025. Accordingly, the Company is compliant under option 5 of the minimum threshold requirements for the Main Board of the CSE, as per section 7.13. 1. (a) of the Listing Rules of the CSE.

## Compliance with Laws and Regulations

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

## Donations

There were no donations given during the year ended 31st December 2025.

## Stated Capital

The Stated Capital of the Company is Rs. 2,258,125,000/- represented by 156,250,000 Ordinary Shares and One (01) Golden Share.

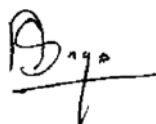
## Golden Shareholder

The Secretary to the Treasury has been issued with one Golden Share on behalf of the Government of Sri Lanka, carrying special rights as per the Articles of Association of the Company.

## Notice of Annual General Meeting

The Notice of the 31st Annual General Meeting of the Company appears on page 106.

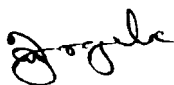
For and on behalf of the Board



**W.A. Arosha Asanga**  
Director



**L.R.W.S. Rajasekara**  
Director



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

26th May 2026  
Colombo

# CORPORATE GOVERNANCE

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

This statement comprises of key highlights on how Agalawatte Plantations PLC complied with the respective principles and practices during the financial year 2025. The Company maintained highest standard of corporate governance in providing valuable oversight and guidance to the management to navigate all day-to-day activities through effective strategies and procedures directed for the achievement of medium to long term

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

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

## Corporate Governance Framework

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

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



## CORPORATE GOVERNANCE

### Board of Directors

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

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

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

The composition of the Board of Directors during the year 2025, and the attendance of each Director at the Board meetings held during the financial year are as follows: Brief profiles of the Directors are set in page 06 to 07.

Name of Director	Appointment/ Resignation	Directorship	Independent	Attendance of the meetings
Mr. A.S. Amarasuriya	Appointed w.e.f. 22/06/2017	Chairman Non-Executive Director	No	4/4
Mr. S.M.S.S. Bandara	Appointed w.e.f. 19/09/2024	Non-Executive Director	Yes	4/4
Mr. D. S. Muthukudaarachchi	Appointed w.e.f. 19/09/2024	Non-Executive Director	Yes	4/4
Mr. H. D.P Gamage	Appointed w.e.f. 19/09/2024	Non-Executive Director	Yes	3/4
Mr. G.P.N.A.G. Gunathilake	Appointed w.e.f. 22/05/2017	Executive Director/ CEO	No	4/4
Mr. R.P.L. Ramanayake	Appointed w.e.f. 22/05/2017	Non-Executive Director	No	2/4
Mr. W.A. A. Asanga	Appointed w.e.f. 22/05/2017	Non-Executive Director	No	4/4
Mr. L.R.W. S. Rajasekara	Appointed w.e.f. 22/05/2017	Non-Executive Director	No	4/4
Mr. M. P. K. Udugampola	Appointed w.e.f. 08/05/2025	Non-Executive Director	No	3/4

### Board Meetings

The Board meetings have been scheduled on a regular basis during the year 2025 and adhoc meetings were held as required. The Board has met four times during the year under review.

The Directors are provided with adequate Board reports and management analysis and relevant information on discussion topics to ensure effective decision making and informed deliberation. The compliance department of the company has provided necessary support to the Board

in ensuring that the Board receives timely and accurate information, advices related to corporate governance matters, Board procedures and regulatory requirements during the year under reviewed. Minutes of meetings of the Board are also tabled at the Board meetings for the Board's information. The Company Secretary is

responsible for the administration of the Board meetings and maintaining board minutes and records.

## Independence

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

The Independence of all its Non-executive directors was reviewed on the basis of criteria given by the CSE Listing Rules 9.8.3 as follows;

A Director shall not be considered independent if he/she:

- (i) has been employed by the Listed Entity during the period of three (3) years immediately preceding appointment as Director.
  - (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.
  - (iii) currently has/had during the preceding financial year a Close Family Member who is a Director and/or CEO in the Listed Entity.
  - (iv) has a Significant Shareholding in the Listed Entity.
  - (v) has served an aggregate period of nine (9) years on the Board of the Listed Entity from the date of the first appointment.
  - (vi) is employed in another company or business;
    - a. in which a majority of the other directors of the Listed Entity are employed or are directors; or
    - b. in which a majority of the other directors of the Listed Entity have a Significant Shareholding or Material Business Relationship; or
  - c. that has a Significant Shareholding in the Listed Entity or with which the Listed Entity has a Business Connection.
- (vii) is a director of another company;
- a. in which a majority of the other directors of the Listed Entity are employed or are directors; or
  - b. that has a Business Connection in the Listed Entity or a Significant Shareholding.
- (viii) has a Material Business Relationship or a Significant Shareholding in another company or business;
- a. in which a majority of the other directors of the Listed Entity are employed or are directors; and/or
  - b. which has a Business Connection with the Listed Entity or Significant Shareholding in the same; and/or
  - c. where the core line of business of such company is in direct conflict with the line of business of the Listed Entity.
- (ix) is above the age of seventy (70) years.

## Board Committees

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

- ▶ Audit Committee
- ▶ Remuneration Committee
- ▶ Related Party Transaction Review Committee
- ▶ Nomination and Governance Committee

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

## Audit Committee

The composition of the Audit Committee meets the requirements in continuous listing rule 9.13.3 of Colombo Stock Exchange, where Independent Directors form the majority of non-executive directors. The members of the Audit Committee as at 31st December 2025 comprised of:

### Mr. S.M.S.S. Bandara

Chairman, Independent Non-Executive Director

### Mr. D.S. Muthukuaarachchi

Independent Non-Executive Director

### Mr. L.R.W.S. Rajasekara

Non-Independent Non-Executive Director

In compliance with CSE listing rule 9.13.3 (7), the chairperson of the audit committee is a member of the Institute of Chartered Accountants of Sri Lanka.

The Audit Committee reviews, monitor and supervise financial reporting process, monitors the works of the internal audit function and ensures an objective and professional relationship is maintained with external auditors. The Committee ensures that the accuracy and timely disclosure, transparency, integrity, consistency and quality financial reporting of the Company. The Audit Committee has full access to both the internal and external auditors who, in turn, have access at all times to the Chairman of the Audit Committee. The role of the Audit Committee and the number of meetings held during the financial year as well as the attendance record of each member are set out in the Audit Committee Report on page no. 28 to 29.

## Remuneration Committee

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

## CORPORATE GOVERNANCE

### Mr. S.M.S.S. Bandara

Chairman, Independent Non-Executive Director

### Mr. H.D. Gamage

Independent Non-Executive Director

### Mr. A.S. Amarasuriya

Non-Independent Non-Executive Director

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

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

The report of the Remuneration Committee is on the Page 27.

### Related Party Transactions Review Committee

The key objective of the Related Party Transactions Review Committee is to ensure that the interests of shareholders as a whole are taken into account by the company when entering into Related Party Transactions. Further, the Committee provides an independent review, approval and oversight of all the proposed related party transactions to maintain the key principles of the company, accountability and the transparency. The committee members as at 31st December 2025 are as follows.

### Mr. S.M.S.S. Bandara

Chairman, Independent Non-Executive Director

### Mr. D.S. Muthukuaarachchi

Independent Non-Executive Director

### Mr. W.A.A. Asanga

Non-Independent Non-Executive Director

The related party transactions review committee report on page 26 describes the activities carried out during the financial year.

### Nominations and Governance Committee

The composition of the Nominations and Governance Committee meets the requirements in continuous listing rule 9.11.4 of Colombo Stock Exchange, where Independent Directors form the majority of non-executive directors. The members of the Nomination and Governance Committee as at 31st December 2025 comprised of:

### Mr. S.M.S.S. Bandara

Chairman, Independent Non-Executive Director

### Mr. D.S. Muthukuaarachchi

Independent Non-Executive Director

### Mr. R.P.L. Ramanayake

Non-Independent Non-Executive Director

The Nominations and Governance Committee oversees the appointment, re-appointment, and evaluation of Directors and Board Committees, ensuring a transparent selection process based on qualifications, experience, and strategic needs. It assesses Directors' performance, contributions, and external commitments while developing succession plans for the Board and Key Management Personnel. The Committee establishes and updates corporate governance policies in line with regulatory requirements and best practices. It also monitors compliance with governance frameworks, including SEC regulations and listing rules, addressing any deviations. Additionally, it

ensures periodic evaluation of the Board and CEO to uphold effective leadership and accountability within the Listed Entity.

The report of the Nomination & Governance Committee is on the Page 30.

### Corporate Management

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

### Relationship with Shareholders

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

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

able to contact the Company Secretaries or Senior Management at any given time.

### Risk Management and Internal Control

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

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

The structure is designed to provide reasonable care of,

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

Further the Board confirms that there is an ongoing process to identifying, evaluating and managing the significant risk associated with the operation of the company. Strategies adopted by new management during the period under review, to manage its risk are set out in its report on Risk Management on page 22 to 25.

### Stakeholder Relations

The Board identifies the importance of maintaining a healthy relationship with its key stakeholders. The fundamental mode of communication between the Company and the shareholders are through the Annual Report, Interim Reports and Annual General Meeting. Further other stake holders such as trade suppliers,

customers, and regulatory authorities including the government would also have significant importance in keeping active dialogue and relationship which ensures the continuous success of the business.

### Compliance

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

Disclosures as per Compliance with Section 168 (1) of the Companies Act No. 7 of 2007, Listing Rules Section 7.6 on Continuing Listing Requirements, Section 9 on Corporate Governance for Listed Companies issued by the Colombo Stock Exchange disclosures are made in Annexures to this Report.

## Annexures

### STATEMENT OF COMPLIANCE PERTAINING TO COMPANIES ACT NO. 7 OF 2007

Section	Requirement	Level of compliance
168 (1) (a)	The nature of the business together with any change thereof	Complied
168 (1) (b)	Signed financial statements of the Company	Complied
168 (1) (c)	Auditors' Report on financial statements	Complied
168 (1) (d)	Accounting policies and any changes therein	Complied
168 (1) (e)	Particulars of the entries made in the Interests Register	Complied
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company	Complied
168 (1) (g)	Corporate donations made by the Company	Complied
168 (1) (h)	Information on the Directorate of the Company during and at the end of the accounting period	Complied
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	Complied
168 (1) (j)	Auditors' relationship or any interest with the Company	Complied
168 (1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	Complied

## CORPORATE GOVERNANCE

### STATEMENT OF COMPLIANCE UNDER SECTION 7.6 OF THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE (CSE) ON ANNUAL REPORT DISCLOSURES

CSE Rule Reference	Provision	Level of compliance
7.6 (i), (ii)	Names of persons who during the financial year were Directors and principal activities during the year	Complied
7.6 (iii), (iv)	Twenty largest Shareholders, float adjusted market capitalization, public holding percentage, no. of public shareholders and minimum required public shareholding	Complied
7.6 (v)	Directors' and CEO's(MD's) holding in shares	Not Applicable
7.6.(vi)	Material foreseeable risk factors of the entity	Complied
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Complied
7.6 (viii)	Extents, locations, valuations, number of buildings	Complied
7.6 (ix)	Number of shares representing the Entity's stated capital	Complied
7.6 (x)	Shareholder Distribution Schedule including percentage of total holding in given categories	Complied
7.6 (xi)	Ratios and Market Price Information	Complied
7.6(xii)	Changes in Entity's and subsidiaries fixed assets and market value of land	Complied
7.6 (xiii)	If during the financial year the entity has raised funds either through a public issue, rights issue or private placement.	Not Applicable
7.6(xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes	Not Applicable
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules	Complied
7.6 (xvi)	Related party transactions exceeding 10% of Equity or 5% of total assets of the Entity as per audited financial statements, whichever is lower	Complied
7.6 (xvii) to (xxii)	Disclosures pertaining to Foreign Currency denominated Securities, Sustainable Bonds, Perpetual debt Securities, Infrastructure Bonds, Compliant Debt Securities and/or High Yield Corporate Debt Securities listed on the CSE	Not Applicable

### COMPLIANCE WITH SECTION 9 OF THE LISTING RULE OF THE COLOMBO STOCK EXCHANGE ON CORPORATE GOVERNANCE

Section	Requirement	Level of compliance
9.1.3	A statement confirming compliance with Corporate Governance Rules	Complied
9.2.1	Policies	Complied
9.3	Board Committees	Complied
9.3.3	Chairperson of Board Committees	Complied
9.4.1	Meeting Procedures	Complied
9.4.2	Communication and Relations with shareholders	Complied
9.5	Policy on matters relating to the Board of Directors	Complied
9.6.2	Chairperson and CEO	Complied
9.6.3	Senior Independent Director (SID)	Not Applicable
9.7.1	Fitness of Directors and CEO	Complied

Section	Requirement	Level of compliance
9.7.4	Declaration by Directors and CEO confirming that they satisfy the Fit and Proper Assessment Criteria	Complied
9.7.5	Disclosure in the Annual Report	Complied
9.8.1	Minimum number of Directors	Complied
9.8.2	Independent Directors	Complied
9.8.3	Criteria for determining independence	Complied
9.8.5	Disclosure relating to Criteria for determining independence	Complied
9.9	Alternate Director	Not Applicable
9.10.1	Disclosure relating to Directors	Complied
9.10.2	Disclosure relating to Directors Appointments	Complied
9.10.3	Disclosure relating to changes to Board Committees	Complied
9.10.4	Disclosure relating to Directors	Complied
9.11.1-3	Nominations and Governance Committee	Complied
9.11.4	Composition of the Nominations and Governance Committee	Complied
9.11.5	Functions of the Nominations and Governance Committee	Complied
9.11.6	Disclosures in Annual Report	Complied
9.12.1	Remuneration Committee	Complied
9.12.6	Composition of Remuneration Committee	Complied
9.12.7	Functions of Remuneration Committee	Complied
9.12.8	Disclosure in the Annual Report relating to Remuneration Committee	Complied
9.13.1	Composition of Audit Committee	Complied
9.13.2	Terms of Reference for Audit Committee	Complied
9.13.3	Composition of Audit Committee	Complied
9.13.4	Audit Committee Functions	Complied
9.13.5	Disclosure in the Annual Report relating to Audit Committee	Complied
9.14.2	Composition of the Related Party Transactions Review Committee (RPTRC)	Complied
9.14.3	Functions of RPTRC	Complied
9.14.4	General requirements of RPTRC	Complied
9.14.7	Immediate Disclosures	Complied
9.14.8 (1) & (2)	Disclosure of Non-Recurrent and Recurrent Related Party Transactions	Complied
9.14.8 (3)	Report by the RPTRC	Complied
9.14.8 (4)	An affirmative declaration by the Board of Directors	Complied
9.16	Additional Disclosures	Complied

# RISK MANAGEMENT

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



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

## Risk management principles

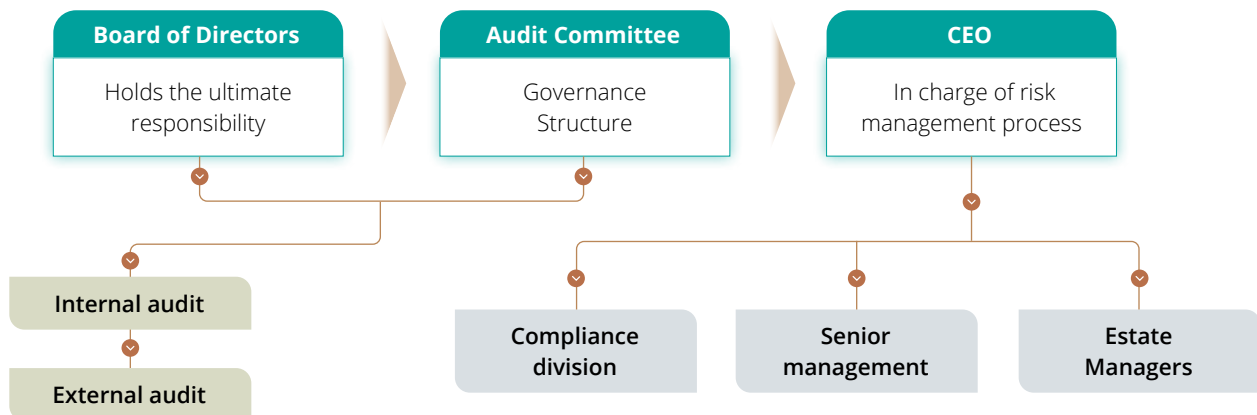
The risk management principles of the company indicate its approach to the management of risks and the culture that the Group wishes to sustain.

### Key objectives of risk management

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

- i) Provide clear accountability and responsibility for risk management
- ii) Material issues are determined and resolved through a strong risk management process
- iii) Ensures to implement a sound system of controls including financial, operational and compliance are in place, to safeguard shareholder investment and assets and reviews regularly the effectiveness of such controls.
- iv) Internal audit team provides assurance on the effective functioning of processes and a whistle blowing policy is in place providing a direct line to the Board.

Risk management structure of the company is as follows.



## Risk management steps

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

The risk management steps include:



### Communicate & consult

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

### Monitor & review

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

### Establish the context

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

### Identify the risk

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

### Analyze the risk

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

### Evaluate the risk

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

### Treat the risk

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

# RISK MANAGEMENT

## PRINCIPAL RISKS

Risk	Potential Impact	Risk Minimization Strategies	Risk rating
<b>Business risks</b>			
Crude oil prices impacting prices of the produce.	Increase in cost of sales in contrasted to net sales	<ul style="list-style-type: none"> <li>• Improve the quality of tea, rubber and oil palm to attract higher prices.</li> <li>• Implement cost control &amp; quality improving strategies.</li> </ul>	Overall Rating: High Probability of occurrence: High Severity of Impact: High
Supply of Competitors affecting Sri Lankan auction prices.	Affect on profitability, capital expenditure, liquidity etc	<ul style="list-style-type: none"> <li>• Negotiate forward sale contracts.</li> </ul>	
Fluctuation of interest rates	Change in government regulations.	<ul style="list-style-type: none"> <li>• Crop diversification</li> <li>• Inventory Controls</li> </ul>	
Domestic instability in foreign markets	affected on operational aspects and new investment, etc.	<ul style="list-style-type: none"> <li>• Comply with the rules and regulations while maintaining good relationship with government authorities in order to highlight them the industry practices, norms etc.</li> </ul>	
Political Risk			
<b>Climatic Changes</b>			
Unfavorable weather patterns and natural disasters	<p>Loss of crop/harvest and increased unit cost of production</p> <p>Loss of revenue</p> <p>Due to the natural disasters, potential physical damage to employees, estate residents, cultivation fields and factories.</p>	<ul style="list-style-type: none"> <li>• Crop diversification</li> <li>• Rain guarding to minimize rain interference</li> <li>• Introduce weather resistant clones</li> <li>• Identify landslide prone areas</li> <li>• Analysis and forecast of weather patterns facilitating early preparations</li> <li>• Preparing contingency plans</li> </ul>	Overall Rating: High Probability of occurrence: High Severity of Impact: High
<b>Increase in labour cost</b>			
Increase in wage rates which are not linked to output	<p>Higher cost of production</p> <p>Less cost effectiveness.</p>	<ul style="list-style-type: none"> <li>• Implementing of out grower purchasing system</li> <li>• Better HR practices at estate levels to increase the output.</li> <li>• Enhance the productivity by having a linkage of cost and output.</li> <li>• low frequency tapping system (such as D3 &amp; D4) to minimize the cost</li> </ul>	Overall Rating: High Probability of occurrence: High Severity of Impact: High
<b>Credit risk</b>			
Possibility of defaulting payments which are mainly selling through the auction mechanism.	<p>Liquidity issues</p> <p>Impact on the bottom line</p> <p>Loss of inventories</p>	<ul style="list-style-type: none"> <li>• Implementing a system to control &amp; maximize the recovery of debts arising from direct sales</li> <li>• Sound credit control policies and a system of evaluation of credit worthiness of the direct buyers.</li> </ul>	Overall Rating: Medium Probability of occurrence: Low Severity of Impact: Moderate

Risk	Potential Impact	Risk Minimization Strategies	Risk rating
<b>Risk of Land acquisition</b>			
The risk exposed to the acquisition of productive land for public purposes	Reducing the cultivation extent of land for the company	<ul style="list-style-type: none"> <li>• Continuous replanting program on productive land areas.</li> <li>• Discussion and negotiation to enable losses to be minimized</li> <li>• Compensation claims to be lodged for any land acquired</li> </ul>	Overall Rating: Low Probability of occurrence: Low Severity of Impact: Low
<b>Operational risks</b>			
<b>Risk of High Staff Turnover/Worker Migration</b>  Shortage of skilled/ unskilled labour and lower labour productivity  The risk of losing workers to other industries/ businesses and increasing tendency to avoid plantation work among youth generation.	High labour cost and cost of production  Lower bottom line in the income statement  Lower growth prospects	<ul style="list-style-type: none"> <li>• Implementation of better HR practices to attract and retain workers.</li> <li>• Continuous training &amp; skill development programs.</li> <li>• Implement social and welfare programs to motivate the community towards the plantation industry.</li> </ul>	Overall Rating: Medium Probability of occurrence: Moderate Severity of Impact: High
<b>Ineffective accounting and information systems</b>  Ineffective internal information, inaccurate information and lack of timely information	Loss of investor confidence  Delay in decision making  Non-compliances	<ul style="list-style-type: none"> <li>• Implementing a sound system of internal controls.</li> <li>• Technology driven information system &amp; new integrated accounting system introduced.</li> <li>• Deploy qualified and experienced staff</li> </ul>	Overall Rating: Medium Probability of occurrence: Moderate Severity of Impact: High
<b>Risk of fraud</b>			
Misappropriation of assets, frauds and misstatements of Financial statements	Impact on the income and profitability  Loss of reputation  Non-compliances	<ul style="list-style-type: none"> <li>• Sound internal controls &amp; information system</li> <li>• Effective internal audit measures &amp; controls</li> <li>• Better HR practices</li> </ul>	Overall Rating: Medium Probability of occurrence: Moderate Severity of Impact: High
<b>Legal &amp; Regulatory Risk</b>			
Non- Compliance with all legal, Company, secretarial, stock market and other regulations	Penalties  Loss of reputation  Demotivation of employees	<ul style="list-style-type: none"> <li>• Sound internal control and information system</li> <li>• Qualified and experienced staff</li> <li>• Better supervision</li> </ul>	Overall Rating: Medium Probability of occurrence: Moderate Severity of Impact: High
<b>Information Technology</b>			
Cyber Security	Loss of data	<ul style="list-style-type: none"> <li>• Secured backup systems</li> <li>• Use of antivirus and firewall software</li> </ul>	Overall Rating: Medium Probability of occurrence: Low Severity of Impact: Medium

# RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

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

## The Composition of the Committee

The Related Party Transactions Review Committee appointed by the Board comprises of three (03) Non-Executive Directors, two of whom are independent. The following Directors functioned as members of the Related Party Transactions Review Committee as at 31st December 2025.

### Mr. S.M.S.S. Bandara

Chairman, Independent Non-Executive Director

### Mr. D.S. Muthukuaarachchi

Independent Non-Executive Director

### Mr. W.A.A. Asanga

Non-Independent Non-Executive Director

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

Brief profiles of the Directors representing the Committee are given in page 06 to 07 of this Annual Report.

## Charter of the Related Party Transactions Review Committee

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

the Colombo Stock Exchange ("The CSE Rules"), Financial Reporting under LKAS 24 and Code of Best Practices on Corporate Governance 2017 jointly issued by the Securities Exchange Commission and the Institute of Chartered Accountants of Sri Lanka.

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

## Meetings of the Related Party Transactions Review Committee

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

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

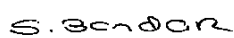
Members	Status	Committee Member Since	Attendance at meetings during 2025
Mr.S.M.S.S.Bandara (Chairman)	Independent Non-Executive Director	Appointed on 24th September 2024	4/4
Mr. D.S. Muthukuaarachchi	Independent Non-Executive Director	Appointed 24th September 2024	4/4
Mr. W.A. A. Asanga	Non-Independent Non-Executive Director	Appointed on 31st July 2017	4/4

## Policies and Procedures

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

All recurring related party transactions are disclosed in Note No. 32 to the Financial Statements; page No.83 to 87 of this Annual Report.

On behalf of the Related Party Transactions Review Committee



### S.M.S.S Bandara

Chairman - Related Party Transactions Review Committee

26th May 2026

# REMUNERATION COMMITTEE REPORT

## Composition of the Remuneration Committee

The Committee appointed by the Board of Directors comprises three Non-Executive Directors, of whom two including the Chairman are Independent Directors. The following Directors serve on the Remuneration Committee as at 31st December 2025 in conformity with the listing rules of Colombo Stock Exchange.

### Mr. S.M.S.S. Bandara

Chairman, Independent Non-Executive Director

### Mr. H.D.P Gamage

Independent Non-Executive Director

### Mr. A.S. Amarasuriya

Non-Independent Non-Executive Director

Brief profiles of the committee members are given on page 06 to 07 of this Annual Report.

## Charter of the Remuneration Committee

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

## Meetings of the Remuneration Committee

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

Attendance at the meetings is as follows.

Members	Status	Committee Member Since	Attendance at meetings during 2025
Mr. S.M.S.S. Bandara (Chairman)	Independent Non-Executive Director	Appointed on 24th September 2024	1/1
Mr. H.D.P Gamage	Independent Non-Executive Director	Appointed on 24th September 2024	1/1
Mr. A.S Amarasuriya	Non-Independent Non-Executive Director	31st July 2017	1/1

## Remuneration Policy

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

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

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

## Non-executive Directors

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

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

On behalf of the Remuneration Committee

*S. Bandara*

### S.M.S.S Bandara

Chairman- Remuneration Committee

26th May 2026

# AUDIT COMMITTEE REPORT

## Composition of the Audit Committee

The Audit Committee is a sub-committee of the Board of Directors, appointed by and responsible to the Board of Directors, comprises the following two Independent Non-Executive Directors and one Non-Independent Non-Executive Director as at 31st December 2025 in conformity with the listing rules of Colombo Stock Exchange.

### Mr. S.M.S.S. Bandara

Chairman, Independent Non-Executive Director

### Mr. D.S. Muthukuaarachchi

Independent Non-Executive Director

### Mr. L.R.W.S. Rajasekara

Non-Independent Non-Executive Director

Brief profiles of the committee members are set out on page 06 to 07 of this Annual Report.

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

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

## Charter of the Audit Committee

The objectives and duties & responsibilities of the Audit Committee of Agalawatte Plantations PLC are governed by the Terms of References called 'Audit Committee Charter' which is approved and adopted by the Board. The Audit Committee Charter has been reviewed and revised periodically, in line with the Section 9.13.4 of the Listing Requirements of the Colombo Stock Exchange and Code of Best Practice on Corporate Governance jointly issued by the Securities Exchange Commission and the Institute of Chartered Accountants of Sri Lanka.

## Meetings of the Audit Committee

The Audit Committee meets as and when necessary or appropriate in its judgment, and at least quarterly each year. During the financial year 2025, there were four meetings and attendance of the Committee members are given below. The Chief Executive Officer, Head of Finance, Chief Operating Officer, General Manager and Auditors attended such meetings by invitation and updated the Committee on specific issues.

### Attendance at Audit Committee Meetings

Members	Status	Committee Member Since	Attendance at meetings during 2025
Mr. S.M.S.S. Bandara (Chairman)	Independent Non-Executive Director	Appointed on 24th September 2024	4/4
Mr. D.S. Muthukuaarachchi	Independent Non-Executive Director	Appointed 24th September 2024	4/4
Mr. L.R.W. S. Rajasekara	Non-Independent Non-Executive Director	31st July 2017	4/4

## Duties and Responsibilities

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

### • Accounting and financial reporting

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

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

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

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

- **Compliance with laws and regulations**

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

- **Internal and external audit processes**

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

### Summary of Activities during the Financial Year

- **Financial Reporting and Disclosure Requirements**

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

The Committee also reviewed the accounting policies of the Company and such other matters as are required to be discussed with the independent External Experts.

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

- **External Audit**

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

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

The Audit Committee, having evaluated the performance of the external auditors, has recommended to the Board of Directors that Messrs. KPMG be re-appointed as auditors of the Company for the financial year ended 31st December 2025, subject to the approval of the Shareholders at the next Annual General Meeting.

- **Internal Controls and Risk Management**

The Audit Committee reviews during its meetings the adequacy and effectiveness of the internal controls and its exposure to the business and financial risks.

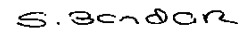
The Committee also ensures that the respective internal controls and the risk management process sufficiently meet with the requirements of the Sri Lanka Auditing Standards and that the company is in compliance with legal, regulatory and ethical requirements.

### Conclusion

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

The Audit Committee concurs that the adoption of the going concern basis in the preparation of the financial statement is appropriate, as described in the Note No 2.9 to the Financial Statements. The Audit Committee recommends to the Board of Directors that the financial statements as submitted be approved and Messrs. KPMG chartered accountant be re-appointed as auditors for the forthcoming year subject to the approval of the shareholder.

On behalf of the Audit Committee



**S.M.S.S. Bandara**  
Chairman - Audit Committee

26th May 2026

# NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

## Composition of the Nominations and Governance Committee

The Committee appointed by the Board of Directors comprises three Non-Executive Directors, of whom two including the Chairman are Independent Directors. The following Directors serve on the Remuneration Committee as at 31st December 2025 in conformity with the listing rules of Colombo Stock Exchange.

### Mr. S.M.S.S. Bandara

Chairman, Independent Non-Executive Director

### Mr. D.S. Muthukudaarachchi

Independent Non-Executive Director

### Mr. R.P.L. Ramanayake

Non-Independent Non-Executive Director

Brief profiles of the committee members are given on page 06 to 07 of this Annual Report.

## Charter of the Nomination and Governance Committee

The function of the Committee is mandated by Terms of Reference approved by the Board of Directors which have been developed in line with Rule 9.11.5 of the Listing Rules. Accordingly, the Committee is delegated with the authority by the Board to review the Board's composition and diversity, formulate and implement the policy for nominating Board candidates for election by Shareholders, make recommendations to the Board on the appointment of Directors and members to the Board committees, and assess Independent Non- Executive Directors' independence and commitment. The Committee is also responsible for succession planning for Directors, CEO and senior executives, leadership training and development, and oversight of matters relating to corporate governance.

## Meetings of the Nominations & Governance Committee

The committee met once during the year under review. The Minutes of the Nominations & Governance Committee approved by the said committee is circulated and affirmed by the Board of Directors.

Attendance at the meetings is as follows.

Members	Status	Committee Member Since	Attendance at meetings during 2025
Mr. S.M.S.S. Bandara (Chairman)	Independent Non-Executive Director	Appointed on 24th September 2024	1/1
Mr. D.S. Muthukudaarachchi	Independent Non-Executive Director	Appointed on 24th September 2024	1/1
Mr. R.P.L. Ramanayake	Non-Independent Non-Executive Director	Appointed on 24th September 2024	1/1

## Duties of the Nomination and Governance Committee

The Committee performs its duties with responsibility, ethics, and independence. The Nominations and Governance Committee ensures that the nomination and remuneration procedures are transparent and fair in accordance with corporate governance rules. As part of its responsibilities, the Committee has examined the fitness and propriety of the directors to ensure they meet the required standards. Additionally, the Committee enhances the efficiency of the Board of Directors in steering the Company's operations forward in line with new strategies and strengthens confidence among shareholders, investors, and all stakeholders.

In terms of the Articles of Association of the Company, one-third of the Board retires by rotation at each Annual General Meeting and, being eligible, offers themselves for re-election. Accordingly, the Committee has recommended the re-election of Mr. W.A.A. Asanga, Mr. R.P.L. Ramanayake, and Mr. H.D.P. Gamage to the Board at the Annual General Meeting to be held on 30th June 2026, in recognition of their performance and valuable contributions towards achieving the Board's objectives.

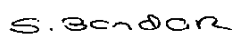
The Committee has also recommended the re-appointment of Mr. A.S. Amarasuriya, who retires in terms of Section 210 of the Companies Act No. 07 of 2007.

Mr. M.P.K. Udugampola, who was appointed to the Board on 8th May 2025, has been evaluated by the Committee, and based on his professional qualifications and industry expertise, his appointment has been duly endorsed.

Accordingly, the Committee recommends to the Board the re-appointment and re-election of the above Directors. The Committee further affirms that it has complied with the Corporate Governance requirements stipulated in the Listing Rules of the Colombo Stock Exchange.

The Company Secretary functions as the Secretary of the Nominations and Governance Committee.

On behalf of the Nominations & Governance Committee



### S.M.S.S. Bandara

Chairman - Nominations and Governance Committee

26th May 2026

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

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

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

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

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

The financial statements of the company were audited by M/S KPMG, Chartered Accountants and their report is given on page 34 to 36 of the Annual Report.

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



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



**I.S. Hatangala**  
Head of Finance

Colombo  
26th May 2026

# THE STATEMENT OF DIRECTORS' RESPONSIBILITY

The following statement, which should be read in conjunction with the Auditors' Statement of their responsibilities set out in their report page no 35 to 36, is made with a view to distinguish the respective responsibilities of the Directors and of the Auditors, in relation to the preparation and presentation of financial statements.

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

The Financial Statements of the Company for the year ended 31 December 2025 included in this Report, have been prepared and presented in accordance with the Sri Lanka Accounting Standards, the Companies Act No. 7 of 2007 and the Listing Rules of the Colombo Stock Exchange. The Directors confirmed that suitable accounting policies have been used and applied consistently, and that all applicable accounting standards have been followed in the preparation of the Financial Statements. All material deviations from these standards if any, have been disclosed where applicable. The judgments and estimates made in the preparation of these Financial Statements are reasonable and prudent.

The Board of Directors have taken necessary steps to establish and maintain proper books of accounts and ensure the accuracy and Completeness

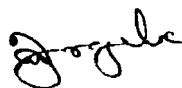
accounting records. The Directors are also responsible for taking reasonable measures to safeguard the assets of the Company, and in that context to have proper regard to implement appropriate & sufficient internal control with a view to prevent and detect frauds, errors and other irregularities.

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

The Directors have confirmed that the Company satisfies the solvency test requirement under Section 56 of the Companies Act No. 07 of 2007 for the interim dividends paid. Also, solvency certificates were obtained from the Auditors in respect of the said interim dividends paid.

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

By order of the Board



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

Colombo  
26th May 2026



# FINANCIAL INFORMATION



# INDEPENDENT AUDITOR'S REPORT



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

Tel +94 - 11 542 6426  
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## TO THE SHAREHOLDERS OF AGALAWATTE PLANTATIONS PLC

### Opinion

We have audited the financial statements of Agalawatte Plantations PLC ("the Company"), which comprise the statement of financial position as at 31st December 2025, and the statement of profit or loss and other 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 policies as set out on pages 37 to 95 of this Annual Report.

In our opinion, the accompanying financial statements of the Company

give a true and fair view of the financial position of the Company as at 31st December 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 Company 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 Company's financial statements of the current period. These matters were addressed in the context of our audit of the Company's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Measurement of Consumable Biological Assets

(Refer to Note 3.2.3 - material accounting policies and explanatory Note 17 to the financial statements.)

### Risk Description

The Company has reported consumable biological assets carried at fair value less estimated cost to sell at harvest amounting to Rs. 986.7 million as at 31 December 2025.

The commercially cultivated timber trees on estates managed by the Company classify as consumable biological assets and are measured at each reporting date at fair value less estimated cost to sell at harvest. The valuation of consumable biological assets requires significant levels of judgments and technical expertise in selecting appropriate valuation models and assumptions. Changes in the key assumptions used such as discount rate, value per cubic feet and available timber quantity used for the valuation of consumable biological assets could have a material impact on the fair value gain or loss for the period and the carrying value of consumable biological assets as of the reporting date. Management engaged an independent external valuation expert to assist in determining the fair value of the consumable biological assets.

We considered measurement of consumable biological assets as a key audit matter due to the magnitude of the value and significant assumptions and judgments in determining the fair value which could be subject to error or potential management bias.

### Our Audit Responses

#### Our audit procedures included,

- Assessing the objectivity of the external valuation expert and the competence and qualifications of the valuation expert engaged by the management.
- Verifying the mathematical accuracy of the consumable biological asset's valuation.
- Evaluating the key assumptions and methodology used in the valuation, in particular the discount rate, average market price and expected timber content at harvest.
- Physically verification of the actual girth and height pertaining to a selected sample of trees during our estate visits, in order to ascertain the accuracy of the average girth and height used in the valuation report.
- Assessing the adequacy of the disclosures in the financial statements including the description and appropriateness of the inherent degree of subjectivity and the key assumptions.

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

T. J. S. Rajakarier FCA  
W. K. D. C. Abeyrathne FCA  
Ms. B.K.D.T.N. Rodrigo FCA  
Ms. C.T.K.N. Perera ACA  
R. G. H. Raddella ACA  
Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F R Ziyad ACA, FCMA (UK), FCIT, K. Somasundaram ACMA (UK), Ms. D Corea Dharmaratne

W. W. J. C. Perera FCA  
G. A. U. Karunaratne FCA  
R. H. Rajan FCA  
A.M.R.P. Alahakoon ACA

Ms. S. Joseph FCA  
R.M.D.B. Rajapakse FCA  
M.N.M. Shameel FCA  
Ms. P.M.K. Sumanasekara FCA



## Valuation of Retirement Benefit Obligation

(Refer to Note 3.3.1 - material accounting policies and explanatory Note 28 to the financial statements.)

Risk Description	Our Audit Responses
<p>The Company has recognized retirement benefit obligation of Rs. 883 million as at 31 December 2025.</p> <p>The valuation of the Company's retirement benefit obligation requires significant judgment and estimation to be applied across numerous assumptions, including salary increases and discount rate. Minor changes in those assumptions could have a significant effect on the financial performance and financial position of the Company. Management engaged an independent actuary to assist them in the computation of the Retirement benefit obligation.</p> <p>We considered the computation of the retirement benefit obligation to be a key audit matter due to the magnitude of the amounts recognised in the financial statements as well as estimation uncertainty involved in determining the amounts.</p>	<p><b>Our audit procedures included,</b></p> <ul style="list-style-type: none"> <li>Assessing the competency, objectivity and capabilities of the independent actuary engaged by the Company.</li> <li>Testing the samples of the employees' details used in the computation to the human resource records.</li> <li>Involving internal valuation specialist to verify the accuracy of the retirement benefit obligation.</li> <li>Assessing the key assumptions used in the valuation, in particular the discount rate, mortality rate and future salary increment rate.</li> <li>Assessing the adequacy of the disclosures made in the financial statements including sensitivity analysis.</li> </ul>

## Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statement and our auditor's report there on.

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

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

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

# INDEPENDENT AUDITOR'S REPORT



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

our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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, actions 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 2618.

**CHARTERED ACCOUNTANTS**  
Colombo, Sri Lanka

26th May 2026

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

<i>For the Year Ended 31st December</i>			
	Note	2025 Rs. 000	2024 Rs. 000
Revenue	5	4,936,132	4,839,661
Cost of sales		(3,890,804)	(3,989,543)
<b>Gross profit</b>		<b>1,045,328</b>	850,118
Other income	6	411,581	344,058
Change in fair value of biological assets	7	84,303	125,654
Administration expenses		(215,821)	(190,982)
Other expenses	8	(11,884)	(5,871)
<b>Profit from operations</b>		<b>1,313,507</b>	1,122,977
Finance income	9.1	26,357	12,255
Finance costs	9.2	(108,883)	(101,482)
<b>Net finance costs</b>	9	<b>(82,526)</b>	(89,227)
Share of profit of equity accounted investee, net of tax	18	227,244	90,162
<b>Profit before taxation</b>	10	<b>1,458,225</b>	1,123,912
Income tax expenses	11.1	(409,447)	(342,423)
<b>Profit for the year</b>		<b>1,048,778</b>	781,489
<b>Other comprehensive income</b>			
<i>Items that will not be Reclassified to Profit or Loss;</i>			
Actuarial gain/ (loss) on retirement benefit obligations	11.2	85,574	(155,215)
Deferred tax on other comprehensive income	11.2	(25,672)	46,565
Other comprehensive income/ (expense) for the year, net of tax		59,902	(108,650)
<b>Total comprehensive income for the year</b>		<b>1,108,680</b>	672,839
Basic / Diluted earnings per share (Rs.)	12.1	6.71	5.00

Figures in brackets indicate deductions

The financial statements are to be read in conjunction with the related notes, which form a part of the Financial Statements set out on pages 43 to 95.

# STATEMENT OF FINANCIAL POSITION

<i>As at 31st December</i>		2025	2024
	Note	Rs. 000	Rs. 000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Right of use assets	14	765,497	770,532
Property, plant and equipment	15	784,225	659,944
Bearer biological assets	16	4,844,447	4,165,805
Consumable biological assets	17	986,705	912,405
Investment in joint venture	18	613,277	537,023
Other financial assets	19	412,734	-
<b>Total Non-current assets</b>		<b>8,406,885</b>	7,045,709
<b>Current assets</b>			
Produce on bearer biological assets	20	20,330	21,432
Inventories	21	630,060	468,111
Trade and other receivables	22	202,659	146,732
Amount due from related parties	23	59,026	16,883
Cash and cash equivalents	24	60,201	469,513
<b>Total current assets</b>		<b>972,276</b>	1,122,671
<b>Total assets</b>		<b>9,379,161</b>	8,168,380
<b>EQUITY AND LIABILITIES</b>			
<b>Stated capital and reserves</b>			
Stated capital	25	2,258,125	2,258,125
Retained earnings		2,990,964	2,116,659
<b>Total equity</b>		<b>5,249,089</b>	4,374,784
<b>Non-current liabilities</b>			
Lease liabilities	26	877,815	857,141
Deferred tax liabilities	27	1,528,813	1,276,014
Retirement benefit obligations	28	883,098	902,383
Deferred income	29	315,641	292,334
<b>Total non current liabilities</b>		<b>3,605,367</b>	3,327,872

<i>As at 31st December</i>		2025	2024
	Note	Rs. 000	Rs. 000
<b>Current liabilities</b>			
Trade and other payables	30	440,585	455,574
Amounts due to related parties	31	1,244	-
Lease liabilities	26	11,898	10,150
Income tax payable		70,978	-
<b>Total current liabilities</b>		<b>524,705</b>	465,724
<b>Total liabilities</b>		<b>4,130,072</b>	3,793,596
<b>Total equity and liabilities</b>		<b>9,379,161</b>	8,168,380

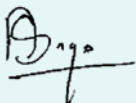
The financial statements are to be read in conjunction with the related notes, which form a part of the Financial Statements pages 43 to 95.

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



**I.S. Hatangala**  
Head of Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements.  
Approved and signed for and on behalf of the Board of Directors of Agalawatte Plantations PLC.



**W.A.A. Asanga**  
Director



**L.R.W.S. Rajasekara**  
Director

Colombo  
26th May 2026

# STATEMENTS OF CHANGES IN EQUITY

<i>For the Year Ended 31st December</i>				
	Notes	Stated Capital Rs 000	Retained Earnings Rs 000	Total Rs 000
<b>Balance at 1 January 2024</b>		2,258,125	1,756,320	4,014,445
<b>Total comprehensive income for the year</b>				
Profit for the year		-	781,489	781,489
Other comprehensive expense for the year, net of tax	11.2	-	(108,650)	(108,650)
		-	672,839	672,839
Dividends paid during the year	13	-	(312,500)	(312,500)
<b>Balance as at 31 December 2024</b>		2,258,125	2,116,659	4,374,784
<b>Balance as at 1 January 2025</b>		2,258,125	2,116,659	4,374,784
<b>Total comprehensive income for the year</b>				
Profit for the year		-	1,048,778	1,048,778
Other comprehensive expense for the year, net of tax	11.2	-	59,902	59,902
		-	1,108,680	1,108,680
Dividends paid during the year	13	-	(234,375)	(234,375)
<b>Balance as at 31 December 2025</b>		2,258,125	2,990,964	5,249,089

Figures in brackets indicate deductions

The financial statements are to be read in conjunction with the related notes, which form a part of the Financial Statements set out on pages 43 to 95.

# STATEMENT OF CASH FLOWS

<i>For the Year Ended 31st December</i>			
	Note	2025 Rs. 000	2024 Rs. 000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		1,458,225	1,123,912
<b>Adjustments for :</b>			
Share of profit of equity accounted investee	18	(227,244)	(90,162)
Gain on changes in fair value of biological assets	7	(84,303)	(125,654)
Depreciation and amortisation	10	211,112	199,738
Write off of obsolete inventories	8	10,353	2,046
Write off of other receivables	8	1,531	359
Gain on disposal of Property, plant and equipment	6	(11,500)	(8,238)
Gain on disposal of trees	6	(323,479)	(238,187)
Provision for retirement benefit obligations	28.2	173,731	143,195
Provision for unsettled gratuity payable	28.1	3,837	8,339
Interest expenses	9.2	108,883	101,482
Interest income	9.1	(26,357)	(12,255)
Write back of Payable	6	-	(13,157)
Amortisation of capital grants	6	(3,588)	(3,333)
<b>Operating profit before working capital changes</b>		<b>1,291,201</b>	<b>1,088,085</b>
<b>Working capital changes</b>			
(Increase) / Decrease in inventories		(163,052)	33,528
Increase in trade and other receivables		(73,889)	(54,275)
(Increase) / Decrease in amounts due from related parties		(42,143)	90,834
Increase / (Decrease) in trade and other payables		(17,563)	89,585
Increase in amounts due to related parties		1,244	-
<b>Cash generated from operations</b>		<b>995,798</b>	<b>1,247,757</b>
Interest paid		(108,883)	(101,482)
Income tax paid		(69,689)	-
Gratuity paid		(111,279)	(118,911)
<b>Net cash generated from operating activities</b>		<b>705,947</b>	<b>1,027,364</b>

## STATEMENT OF CASH FLOWS

<i>For the Year Ended 31st December</i>			
	<b>Note</b>	<b>2025 Rs. 000</b>	<b>2024 Rs. 000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment in bearer biological assets		<b>(806,174)</b>	(712,182)
Investment in consumable biological assets	17.2	<b>(5,403)</b>	(2,844)
Investment in fixed deposits	19	<b>(400,000)</b>	-
Purchase of property, plant and equipment	15.2	<b>(180,343)</b>	(60,833)
Proceeds from disposal of property, plant and equipment		<b>11,527</b>	8,644
Proceeds from sales of trees		<b>341,753</b>	265,963
Capital grant received	29	<b>26,895</b>	44,770
Interest income received		<b>13,623</b>	12,255
Dividend received		<b>128,342</b>	50,330
<b>Net cash used in investing activities</b>		<b>(869,780)</b>	(393,897)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid to shareholders		<b>(234,375)</b>	(312,500)
Capital lease rental paid during the year	26.5	<b>(11,104)</b>	(11,037)
<b>Net cash used in financing activities</b>		<b>(245,479)</b>	(323,537)
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(409,312)</b>	309,930
<b>Cash and cash equivalents at beginning of the year</b>		<b>469,513</b>	159,583
<b>Cash and cash equivalents at end of the year (a)</b>	24	<b>60,201</b>	469,513
<b>(a) Analysis of cash and cash equivalents at end of the year</b>			
Cash in hand and at bank	24	<b>60,201</b>	469,513
		<b>60,201</b>	469,513

Figures in brackets indicate deductions

The financial statements are to be read in conjunction with the related notes, which form a part of the Financial Statements set out on pages 43 to 95.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. REPORTING ENTITY

### 1.1. Domicile and legal form

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

### 1.2. Principal activities and nature of operations

#### 1.2.1. Principal activities

Principal activities of Agalawatte Plantations PLC consist of cultivation, production, processing and sale of tea, rubber, and oil palm.

#### 1.2.2. Joint ventures

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

### 1.3. Immediate and ultimate parent enterprises

The Company's immediate and the ultimate parent is Damro Manufacturing (Private) Limited which are incorporated in Sri Lanka.

### 1.4. Responsibilities for financial statements and approval of financial statements

The Board of directors are responsible for preparation and presentation of the financial statements of the Company as per the provision of Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards. The directors' responsibility over financial statements for the year ended 31st December 2025 is set out in detail in the statement of directors' responsibility.

The Financial statements of the Company for the year ended 31st December 2025 were authorized for issue in accordance with resolution of the Board of Directors on 26th May 2026.

## 2. BASIS OF PREPARATION

### 2.1. Statement of compliance

Financial Statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (the "Accounting Standards"), as issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). The Accounting Standards comprise:

- Sri Lanka Financial Reporting Standards (SLFRS);
- Sri Lanka Accounting Standards (LKAS);
- Statements of Recommended Practices (SoRPs);
- Statement of Alternate Treatment (SoATs); and
- Financial Reporting Guidelines issued by the CA Sri Lanka.

The Accounting Standards along with FAQs issued are available at the website of CA Sri Lanka [www.casrilanka.com](http://www.casrilanka.com).

These financial statements, except for information on cash flows and items measured at fair value as described in note 2.4, have been prepared following the accrual basis of accounting.

### 2.2. Statement of presentation

The Financial Statements of the Company have been presented in compliance with the requirements of the Companies Act No. 07 of 2007 and provide appropriate disclosures as required by the Listing Rules of the Colombo Stock Exchange.

### 2.3. Components of financial statements

These Financial Statements include the following components:

- a Statement of Profit or Loss and Other Comprehensive Income providing the information on the financial performance of the Company for the year under review.
- a Statement of Financial Position providing the information on the financial position of the Company as at the year-end.
- a Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Company.
- a Statement of Cash Flows providing the information to the users, on the ability of the Company to generate cash and cash equivalents and utilisation of those cash flows.

## NOTES TO THE FINANCIAL STATEMENTS

- Notes to the Financial Statements comprising Material accounting policies and other explanatory information.

### 2.4. Basis of measurement

The Financial Statements have been prepared on historical cost basis except for the following material items in the Statement of Financial Position:

Category	Items	Basis of measurement	Note
Assets	Consumable biological assets	Measured at fair value less costs to sell.	17
	Harvested agricultural produce growing on bearer biological assets	Measured at fair value less costs to sell.	20
Liabilities	Retirement benefit obligations	Measured at the present value of the defined benefit obligation.	28
	Lease liabilities	Measured at the present value of the future lease payments.	26

### 2.5. Functional and presentation currency

The Financial Statements of the Company are presented in Sri Lankan Rupees, which is the Company's functional currency. All financial information presented in Sri Lankan Rupees has been rounded to the nearest Thousand, unless otherwise indicated. There was no change in the Company's presentation and functional currency during the year under review.

### 2.6. Materiality and aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 1 on 'Presentation of Financial Statements' and amendments to the LKAS 1 on 'Disclosure Initiative'.

Notes to the Financial Statements are presented in a systematic manner which ensures the understandability and comparability of Financial Statements of the Company. Understandability of the Financial Statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

### 2.7. Use of judgements and estimates

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards (LKASs) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses.

Judgements and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual experience and results may differ from these judgements and estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the period in which the

estimates are revised and in any future period affected.

Information about critical estimates and judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes:

Critical accounting assumptions and estimation uncertainties	Note
Useful lifetime of the property, plant, and equipment	2.7.1
Fair value of consumable biological assets	2.7.2
Fair value of agriculture produce harvested from biological assets	3.2.3.7
Impairment on non-financial assets	3.2.5.7
Measurement of defined benefit obligation: key actuarial assumptions	2.7.4
Provisions for liabilities, commitments, and contingencies	2.7.3
Recognition of deferred tax asset	2.7.5

#### 2.7.1. Useful lifetime of the property, plant, and equipment

The Company reviews the useful lives, and methods of depreciation of property, plant, and equipment at each reporting date. Judgement of the Management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty. Refer Note 3.2.2.6 for more details.

#### 2.7.2. Fair value of Consumable Biological Assets

The Company measures Consumable Biological Assets at fair value with changes in fair

value being recognised in Profit or Loss. Valuations are performed every year. The Company engages independent professional valuer Mr. W.M. Chandrasena, Chartered Valuation Surveyor to assess fair value of Consumable Biological Assets in terms of Sri Lanka Accounting Standard on SLFRS13 and LKAS 41. Based on the valuation techniques and inputs used, Consumable Biological Assets was classified at level 3 in the fair value hierarchy.

The valuation techniques, significant unobservable inputs, key assumptions used to determine the fair value of the Consumable Biological Assets, and sensitivity analysis are provided in Note 17.3 and 17.5.

### 2.7.3. Provisions for liabilities and contingencies

Management has made judgments as to the likelihood of any claim succeeding in making provisions. The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depend on the due process in respective legal jurisdictions. Refer Note 35.

### 2.7.4. Measurement of defined benefit obligation

The cost of defined benefit obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates, etc. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Refer Note 28.3 for the assumptions used

to determine defined benefit obligations. Sensitivity analysis to key assumptions is disclosed in Note 28.4.

### 2.7.5. Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available and can be utilized against such tax losses. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies.

### 2.8. Determination of fair values

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

The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, the Company assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which such valuations should be classified. When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

**Level 2:** Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

**Level 3:** Inputs for the asset or liability that are not based on observable market data. (Unobservable inputs).

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

### 2.9. Going concern

The Management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements of the Company continue to be prepared on a going concern basis.

## 3. MATERIAL ACCOUNTING POLICIES

The Company have consistently applied the accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

## NOTES TO THE FINANCIAL STATEMENTS

### 3.1. Foreign currency translations

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

### 3.2. Assets and the bases of their valuation

Assets classified as current assets in the Statement of Financial Position are cash, bank balances and those which are expected to be realised in cash, during the normal operating cycle of the Company's business, or within one year from the reporting date, whichever is shorter. Assets other than current assets are those which the Company intends to hold beyond a period of one year from the reporting date.

#### 3.2.1. Right to use of asset

##### 3.2.1.1. Recognition

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in SLFRS 16.

#### As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative standalone prices. However, for the leases of property, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

The Company applies the cost model for the subsequent measurement of the ROU asset and accordingly, the right-of-use asset is depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the

right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

#### 3.2.1.2. Depreciation expenses

Depreciation expenses has been charged to income statement under cost of sales.

#### 3.2.1.3. Lease liabilities

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

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and

- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

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

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### **3.2.1.4. Interest expenses on lease liabilities**

Interest expense is calculated by using the effective interest rate method and is recognised as finance expenses in the Income Statement.

#### **3.2.1.5. Presentation of ROU asset and lease liabilities**

The Company presents right-of-use assets that do not meet the definition of investment property in 'right to use of land' and lease liabilities in 'lease liability' in the statement of financial position.

#### **3.2.1.6. Short-term leases and leases of low-value assets**

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

### **3.2.2. Property, plant and equipment**

#### **3.2.2.1. Basis of recognition and measurement**

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

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

#### **3.2.2.2. Owned assets**

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour, and any other costs directly attributable to bringing the asset to the working condition for its intended use. This also includes

cost of dismantling and removing the items and restoring at the site on which they are located and borrowing cost on qualifying assets.

#### **3.2.2.3. Land development cost**

Permanent land development costs are the costs incurred in making major infrastructure development and building new access roads on leasehold lands. These costs have been capitalised and amortised over the remaining lease period. Permanent impairment to land development costs is charged to the profit or loss statement in full or reduced to the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

#### **3.2.2.4. Capital work-in-progress**

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

#### **3.2.2.5. Subsequent cost**

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

The costs of the day-to-day servicing of property, plant and equipment are recognised in the Statement of Profit or Loss and Other Comprehensive Income as incurred.

## NOTES TO THE FINANCIAL STATEMENTS

### 3.2.2.6. Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

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

Asset category	Useful life
Buildings	40 years
Plant and Machinery	13 1/3 years to 5 years
Office Equipment	8 years to 3 years
Motor Vehicles	5 years
Furniture and Fittings	10 years
Sanitation, water, and electricity	20 years

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

### 3.2.2.7. Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant, and equipment, and are recognised net within other income in profit or loss and upon disposal of the revalued assets.

### 3.2.3. Biological assets

Biological assets are classified as Bearer biological assets and Consumable biological assets. Bearer biological assets include Tea, Rubber, Oil Palm and Other crops, those that are not intended to be sold or harvested but are however used to grow for harvesting agricultural produce from such biological assets. Consumable biological assets include managed timber trees (those that are to be sold as biological assets).

Biological assets are further 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.

### 3.2.3.1. Recognition and measurement

The Company recognizes the biological assets when, and only when, the Company controls the assets as a result of past events, 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.

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

The managed timber trees are measured on initial recognition and at the end of each reporting period at their fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants (age below 4 years) as the impact on biological transformation of such plants to price during this period is immaterial.

### 3.2.3.2. Bearer biological assets

The costs of land preparation, rehabilitation, new planting, replanting, crop diversification, inter-planting, fertilizing, etc. incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. Biological assets (Tea, Rubber, oil palm fields) which come into bearing during the year, has been transferred to mature bearer biological assets and depreciated over their useful life in accordance with the LKAS 16 - Property, Plant and Equipment.

Permanent impairments to Bearer biological assets are charged to the Statement of Profit or Loss and Other Comprehensive Income in full and reduced the net carrying amounts of such assets in the year of occurrence after ascertaining the loss. These immature plantations are shown at direct costs plus attributable overheads.

### 3.2.3.3. Infilling cost on bearer biological assets

The land development costs incurred in the form of infilling are capitalised when infilling results in an increase in the economic life of the relevant field beyond its previously assessed standard of performance, and infilling costs so capitalised are depreciated over the newly assessed remaining useful economic life of the relevant mature plantation or unexpired lease period, whichever is lower.

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

### 3.2.3.4. Growing crop nurseries

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

### 3.2.3.5. Depreciation

Mature Plantations (Replanting and New Planting) are depreciated on a straight-line basis over the expected period of their commercial harvesting or unexpired lease period, whichever is less.

The expected periods of commercial harvesting for each category of crops are as follows:

Asset category	Useful life
Tea	33 1/3 years
Rubber	20 Years
Oil Palm	20 Years

No depreciation is provided for Immature Plantations.

### 3.2.3.6. Consumable biological assets

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

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

The fair value of timber trees is measured using discounting cash flows method taking into consideration the current market prices of timber, applied to expected timber content of a tree at the maturity by an independent professional valuer.

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

### 3.2.3.7. Non-harvested produce crop on bearer biological assets

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

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

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

Value of the unharvested green leaves is measured using the bought leaf formula recommended by the Tea Board and the value of unharvested fresh fruit bunches (FFB) of Oil Palm is measured using the actual price used to purchase FFB from out growers. Rubber crop is fair valued using RSS prices.

### 3.2.3.8. Capitalization of borrowing costs

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

Borrowing costs that are not capitalized are recognised as expense in the period in which they are incurred and charged to the statement of Profit or Loss for the period. The amount of borrowing costs which are eligible for capitalization are determined in accordance with the LKAS 23 - "Borrowing Costs".

## NOTES TO THE FINANCIAL STATEMENTS

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

### 3.2.4. Investment in joint venture

A joint venture is an arrangement in which the Company has joint control, whereby the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in joint venture are accounted for under the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Company's share of the profit or loss and OCI of equity accounted investees, until the date on which joint control ceases.

### 3.2.5. Financial instruments

#### 3.2.5.1. Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction

costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

#### 3.2.5.2. Classification and subsequent measurement financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost.

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

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

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

#### Financial assets - Business model assessment:

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

#### Financial assets -Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of

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

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

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

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

Additionally, for a financial asset acquired at a discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

### 3.2.5.3. Financial assets - Subsequent measurement and gains and losses

#### Financial assets at amortised cost

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

### 3.2.5.4. Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

### 3.2.5.5. Derecognition

#### Financial assets

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

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

#### Financial liabilities

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 3.2.5.6. Impairment policy

#### Non-derivative financial assets

##### Financial instruments and contract assets

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 180 days past due.

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

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

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

#### Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

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

#### Credit-impaired financial assets

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or

- the disappearance of an active market to a security because of financial difficulties.

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

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

### 3.2.5.7. Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's value in use and its fair value less cost to sell and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or companies of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rates that reflect current market assessments of the time value of money and the risk specific to the asset. In determining fair value less cost to sell, recent market transactions are taken into account, if available. If no such transaction can be identified, an appropriate valuation model is used.

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

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

### 3.2.6. Inventories

#### **Agricultural produce after further processing**

Further processed output of agricultural produce is valued at the lower of cost and estimated net realisable value, after making due allowances for obsolete and slow-moving items. Net realisable value is the estimated selling price at which stocks can be sold in the ordinary course of business less the estimated cost of completion and estimated cost necessary to make the sale.

#### **Input Materials, Spares and Consumables**

Valued at actual cost on weighted average basis.

#### **Agricultural produce harvested from biological assets**

Agricultural produce represents the tea leaves, latex and oil palm harvested at the reporting date, and which were not further processed at the end of the reporting period. Agricultural produce harvested from its biological assets are measured at their fair value less cost to sell at the point of harvest. The finished and semi-finished inventories from agricultural produce are valued by adding the cost of conversion to their fair value of the agricultural produce.

### 3.2.7. Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits, demand deposits and short-term highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value net of bank overdrafts that are repayable on demand for the purpose of the Statement of Cash Flows.

## 3.3. Liabilities and provisions

All material liabilities as at the reporting date have been included in the Statement of Financial Position and adequate provisions have been made for liabilities which are known to exist but the amount of which cannot be determined accurately.

Liabilities classified as current liabilities in the Statement of Financial Position are those which will fall due for payment on demand or within one year from the reporting date. Items classified as non-current liabilities will be due for payment after one year from the reporting date.

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

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, were appropriate, the risk specific to the liability.

### 3.3.1. Employee benefits

#### 3.3.1.1. 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 defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

The Company contributes 12% of gross emoluments of the employees to Employees' Provident Fund (EPF)/Estate Staff Provident Society (ESPS).

All of the employees are eligible for Employees' Trust Fund to which the Company contributes 3% of gross emoluments of such employees.

#### 3.3.1.2. Defined benefit plan - Retirement gratuity

Defined benefit plan is a post-employment benefit plan other than a Defined Contribution Plan.

## NOTES TO THE FINANCIAL STATEMENTS

The Company's net obligation in respect of Defined Benefit Pension Plans is calculated annually using the Projected Unit Credit (PUC) Method. The liability recognised in the Statement of Financial Position is the present value of the Defined Benefit Obligation at the reporting date in accordance with the advice of an actuary. Actuarial gains or losses arising are recognised in Other Comprehensive Income in the period in which they arise. Past service costs are recognized immediately in the Statement of Profit or Loss and Other Comprehensive Income.

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.

Remeasurements of the defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in OCI. The Company determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

### 3.3.2. Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company. The Company does not recognize contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

### 3.3.3. Deferred income

#### 3.3.3.1. Government grants and subsidies

Government grants are recognised where there is a reasonable assurance that the grant will be received, and all attached conditions will be complied with. 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 assets. When the grants are related 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 are intended to compensate.

Grants related to Property, Plant and Equipment other than grants received for forestry are initially deferred and allocated to income on a systematic basis over the useful life of the related Property, Plant and Equipment. Grants received for forestry are initially deferred and credited to Statement of Profit or Loss and Other Comprehensive Income at once when the related blocks of trees are harvested.

### 3.3.4. Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with LKAS 12.

## 3.4. Statement of Profit or Loss and Other Comprehensive Income

For the purpose of presentation of the Statement of Profit or Loss and Other Comprehensive Income the Directors are of the opinion that function of expenses method presents fairly the elements of the Company's performance, and hence such presentation method is adopted in line with the provisions of LKAS 1 - Presentation of Financial Statements.

### 3.4.1. Revenue recognition

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 obligation.

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

### 3.4.1.1. 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 are transferred to the customer. Tea and Rubber produce are sold at the Colombo tea/ rubber Auction and the highest bidder whose offer is accepted shall be the buyer, and a sale shall be completed at the fall of the hammer, at which point control is transferred to the customer. Revenue from sale of oil palm and other crops are recognised at the point in time when the control of the goods has been transferred to the customer generally upon delivery of the goods to the location specified by the customer and the acceptance of the goods by the customer.

### 3.4.2. Expenditure recognition

#### 3.4.2.1. Operating expenses

All expenses incurred in the day-to-day operations of the business and in maintaining the property,

plant and equipment in a state of efficiency have been charged to the Statement of Profit or Loss and Other Comprehensive Income in arriving at the profit/ (loss) for the period. Provision has also been made for impairment of non-financial assets, slow-moving stocks, overgrown nurseries, all known liabilities and depreciation on property, plant and equipment.

#### 3.4.2.2. Finance cost

Finance costs comprise interest expense on external borrowings and related party loans and payments made under operating leases. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

#### 3.4.3. Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in Statement of Profit or Loss and Other Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

The Company has determined that interest and penalties related to income taxes including uncertain treatments do not meet the definition of income taxes and therefore accounted for them under LKAS 37 Provisions, Contingent liabilities, and Contingent assets.

#### 3.4.3.1. Current taxes

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively

enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and subsequent amendments.

#### 3.4.3.2. Deferred taxation

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.

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 utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized 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.

# NOTES TO THE FINANCIAL STATEMENTS

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized 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.

### 3.4.3.3. Tax exposures

In determining the amount of current and deferred tax, the Company considers the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events.

New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact the tax expense in the period that such a determination is made.

### 3.5. Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing product or services (business

segments), or in providing products or services within a particular economic environment (geographical segments), which is subject to risks and rewards that are different from those of other segments.

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

The activities of the segments are described in Note 38 in the Notes to the Financial Statements. The Company transfers products from one industry segment for use in another. Inter-segment transfers are based on fair market prices.

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

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

receivable/payable which cannot be directly allocated and expenses.

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

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

### 3.6. Statement of cash flows

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

### 3.7. Related party transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether or not a price is being charged. A detailed Related Party Transaction analysis is presented in Note 32.3.

### 3.8. Earnings per share

The Company presents Basic Earnings per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by

the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

### 3.9. Events occurring after the reporting date

Events after the reporting period are those events favorable and unfavorable occurring between the end of the reporting period and the date when the Financial Statements are authorized for issue. The materiality of the events occurring after the reporting period is considered and appropriate adjustments or disclosures are made in the Financial Statements, where necessary.

## 4. NEW STANDARDS AND CHANGES TO ACCOUNTING STANDARDS NOT EFFECTIVE AS AT THE REPORTING DATE

A number of new standards are effective for annual periods beginning on or after current financial year and earlier application is permitted. However, the Company has not early adopted the new or amended standards in preparing these financial statements.

### ▶ SLFRS 18 Presentation and Disclosure in Financial Statement

SLFRS 18 will replace LKAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

### ▶ General requirements for disclosure of sustainability related financial information (SLFRS S1) and climate related disclosures (SLFRS S2)

In June 2023 the International Sustainability Standards Board (ISSB) released its first two sustainability disclosure standards, IFRS S1 and IFRS S2. During the year, CA Sri Lanka issued the localised standards based on these IFRSs designated as SLFRS S1 SLFRS S2.

### ▶ Other accounting standards

The following new and amended accounting standards are not expected to have a significant impact on the financial statements.

- Classification and Measurement of Financial Instruments (Amendments to SLFRS 9 and SLFRS 7)

## NOTES TO THE FINANCIAL STATEMENTS

### 5 REVENUE

<i>For the Year Ended 31st December</i>	<b>2025</b>	<b>2024</b>
	<b>Rs. 000</b>	<b>Rs. 000</b>
<b>Revenue streams</b>		
Revenue from contracts with customers	<b>4,936,132</b>	4,839,661
<b>Total revenue</b>	<b>4,936,132</b>	4,839,661

#### 5.1 Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated by major products and timing of revenue recognition.

<b>Major products</b>		
Rubber	<b>897,184</b>	939,294
Tea	<b>1,565,667</b>	1,797,058
Oil palm	<b>1,430,859</b>	1,069,067
Other revenue	<b>1,042,422</b>	1,034,242
<b>Total revenue</b>	<b>4,936,132</b>	4,839,661
<b>Timing of revenue recognition</b>		
Products transferred at point in time	<b>4,936,132</b>	4,839,661
<b>Total revenue</b>	<b>4,936,132</b>	4,839,661

5.2 Revenue classified as 'other revenue' above, mainly comprise revenue generated from tea centers.

#### 5.3 Performance obligations

Information about the Company's Performance obligations is summarised as follows:

<b>Type of products</b>	<b>Nature and timing of satisfaction of performance obligation</b>	<b>Revenue recognition under SLFRS 15</b>
Tea and Rubber	The Company is selling made tea and rubber latex to customers through brokers at Colombo tea and rubber auction.	Revenue from tea and rubber is recognised at the time of confirmation of sale at the auction.
Oil palm	The Company is selling oil palm (fresh fruit bunches) to customer at the plantations.	Revenue from sale of oil palm is recognised at the point in time when the control of the goods has been transferred to the customer, generally at the estates.
Other revenue	The Company is selling made tea packet to the customers at the tea centers.	Revenue from sale of tea packet recognised at the point in time when the control of the goods has been transferred to the customer, generally at the tea centers.

## 6 OTHER INCOME

<i>For the Year Ended 31st December</i>			
	<b>Note</b>	<b>2025 Rs. 000</b>	<b>2024 Rs. 000</b>
Amortisation of capital grants	29	3,588	3,333
Gain on sale of trees		323,479	238,187
Gain on sale of property, plant and equipment		11,500	8,238
Restaurant income	6.1	14,225	19,393
Write back other payable		-	13,157
Income from safari hiring		44,725	33,854
Sundry income		14,064	27,896
		<b>411,581</b>	<b>344,058</b>

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

## 7 CHANGE IN FAIR VALUE OF BIOLOGICAL ASSETS

<i>For the Year Ended 31st December</i>			
	<b>Note</b>	<b>2025 Rs. 000</b>	<b>2024 Rs. 000</b>
Consumable biological assets	17.1	85,405	120,979
Produce on bearer biological assets	20	(1,102)	4,675
		<b>84,303</b>	<b>125,654</b>

## 8 OTHER EXPENSES

<i>For the Year Ended 31st December</i>			
		<b>2025 Rs. 000</b>	<b>2024 Rs. 000</b>
Write off of other receivables		1,531	359
Write off of obsolete inventories		10,353	2,046
Other expenses		-	3,466
		<b>11,884</b>	<b>5,871</b>

## 9 NET FINANCE COSTS

### 9.1 Finance income

<i>For the Year Ended 31st December</i>			
	<b>Note</b>	<b>2025 Rs. 000</b>	<b>2024 Rs. 000</b>
Interest income from investment		26,357	12,255
		<b>26,357</b>	<b>12,255</b>

### 9.2 Finance costs

Interest expense on lease	26.4	107,826	100,292
Interest expense on bank overdrafts		1,057	1,190
		<b>108,883</b>	<b>101,482</b>
Net finance costs recognised in profit or loss		<b>(82,526)</b>	<b>(89,227)</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 10 PROFIT BEFORE TAXATION

Profit before taxation is stated after charging all the expenses including the followings;

<i>For the Year Ended 31st December</i>			
	Note	2025 Rs. 000	2024 Rs. 000
Directors' remunerations		12,000	7,050
Auditors' remunerations - Audit fees		6,470	5,882
- Non audit services		1,841	2,318
<b>Depreciation / Amortisation</b>			
Right to use assets	14	38,561	34,962
Property, plant and equipment	15.2	56,035	51,194
Bearer biological assets	16	116,516	113,582
		211,112	199,738
<b>Personnel costs</b>			
Salaries and Wages		1,374,676	1,274,517
Defined benefit plan costs	28.2	173,731	143,195
Defined contribution plan cost - EPF / CPPS / ESPS and ETF		319,106	242,158

### 11 INCOME TAX EXPENSES

#### 11.1 Amounts recognised in profit or loss

<i>For the Year Ended 31st December</i>			
	Note	2025 Rs. 000	2024 Rs. 000
<b>Current tax expense</b>			
Income tax expense on current year's profit	11.3	143,241	-
Withholding tax on dividends paid by joint venture		39,079	-
		182,320	-
<b>Deferred tax expense</b>			
Origination of temporary differences	27	227,127	342,423
<b>Total tax expense recognised in the Statement of profit or loss</b>		<b>409,447</b>	<b>342,423</b>

#### 11.2 Amounts recognised in OCI

Actuarial gain / (loss) on retirement benefit obligations	28.2	85,574	(155,215)
Deferred tax on other comprehensive income	27	(25,672)	46,565
		59,902	(108,650)

### 11.3 Reconciliation between accounting profit and taxable income

<i>For the Year Ended 31st December</i>		
	2025	2024
	Rs. 000	Rs. 000
Accounting profit before tax	1,458,225	1,123,912
Other sources of income and exempt income	(110,660)	(62,961)
Share of profit from equity accounted investee	(227,244)	(90,162)
	1,120,321	970,789
Aggregate disallowable expenses	637,289	533,308
Aggregate allowable expenses	(1,124,132)	(1,101,371)
Statutory income from business	633,478	402,726
Other sources of income liable for tax	26,357	12,255
Total statutory income	659,835	414,981
Tax losses claimed during the year	(182,364)	(414,981)
Taxable income	477,471	-
Income tax @ 30%	143,241	-

### 11.4 Reconciliation of effective tax rate

Profit before tax	1,458,225	1,123,912
Tax using the Company's domestic tax rate	30%	30%
Tax effect of:		
Other sources of income and exempt income	-2%	-2%
Share of profit from equity accounted investee	-5%	-2%
Aggregate disallowable expenses	13%	14%
Aggregate allowable expenses	-23%	-29%
Other sources of income liable for tax	1%	0%
Tax losses claimed during the year	-4%	-11%
Withholding tax on dividends paid by joint venture	3%	0%
Origination and reversal of temporary differences	16%	30%
	28%	30%

### 11.5 Accumulated tax losses

Tax losses brought forward	182,364	1,535,523
Adjustment in respect of previous years	-	(165,445)
Tax losses expired during the year	(182,364)	(772,733)
Tax losses claimed during the year	-	(414,981)
Tax losses carried forward	-	182,364

### 11.6 Applicable rates of income tax

In accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and subsequent amendment, the Company has calculated its income tax on profits from both the "Business income" and "Investment income" at the standard tax rate of 30%.

## NOTES TO THE FINANCIAL STATEMENTS

### 12 EARNINGS PER SHARE

#### 12.1 Basic earning per share

The computation of the Basic earning per share is based on profit attributable to ordinary shareholders for the year divided by the weighted average number of ordinary shares outstanding during the year and calculated as follows;

<i>For the Year Ended 31st December</i>	2025	2024
Profit for the year, attributable to the owners of the Company (Rs.000)	1,048,778	781,489
Weighted average number of ordinary shares (Nos '000)	156,250	156,250
Basic earnings per share (Rs.)	6.71	5.00

#### 12.2 Diluted earning per share

The calculation of diluted earning per share is based on profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding after adjusting for the effect of all dilutive potential ordinary shares.

There were no potential dilutive ordinary shares outstanding at any time during the period/previous year. Hence, diluted earnings per share is same as basic earnings per share.

### 13 DISTRIBUTIONS MADE AND PROPOSED

<i>For the Year Ended 31st December</i>	2025	2024
	Rs. 000	Rs. 000
Cash dividends on ordinary shares declared and paid during the year 2024		
1st Interim dividend for 2024 : Rs. 2.00 per share	-	312,500
	-	312,500
Cash dividends on ordinary shares declared and paid during the year 2025		
2nd Interim dividend for 2024 : Rs. 1.50 per share	-	234,375
	-	234,375

### 14 RIGHT OF USE ASSETS

<i>As at 31st December</i>	2025	2024
	Rs. 000	Rs. 000
<b>Land on lease from JEDB/SLSPC</b>		
<b>Cost</b>		
Balance as at 1 January	1,043,517	910,709
Remeasurement during the year	33,526	132,808
Balance as at 31 December	1,077,043	1,043,517
<b>Accumulated amortisation</b>		
Balance as at 1 January	272,985	238,023
Charge for the year	38,561	34,962
Balance as at 31 December	311,546	272,985
<b>Carrying value as at 31 December</b>	<b>765,497</b>	<b>770,532</b>

### 14.1 Land on lease from JEDB/SLSPC

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

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

The Company remeasured its right-of-use asset relating to the estate lands in line with the requirements of SLFRS 16 - "Leases" and the application guidance issued by the Institute of Chartered Accountants of Sri Lanka w.e.f. 1 January 2019. The value of the Right of Use Asset has been considered as the deemed cost as at the transition date of SLFRS 16.

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

The Government of Sri Lanka has initiated actions under provisions of the Land Acquisition act to acquire land from lands leased to the Company in Peenkande, Kiribathgalla, Doloswella, Niriella and Noragalla estates located in Ratnapura district; Ambetenna, Mohamedi, Culloden, Clyde, Pimbura and Kiriwanaketiya located in Kalutara district and Labookellie, Weddamulla and Frotoft located in Nuwara eliya district. The total extent of land in question is approximately 289.46 Hectare which has been taken over. As per the lease agreement, the Company is entitled to the compensations of any lands acquired. The details are given below.

## NOTES TO THE FINANCIAL STATEMENTS

The details of lands required by the government are given below.

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

No adjustments have been made to the Financial statements in respect of the lands acquired as the compensation receivable on these acquisitions are not known and the transactions pertaining to those acquisitions have been incomplete as at 31 December 2025.

### 15 PROPERTY, PLANT AND EQUIPMENT

<i>As at 31st December</i>			
	Note	2025 Rs. 000	2024 Rs. 000
Immovable (JEDB/SLSPC) assets on finance lease (other than bare land)	15.1	-	-
Tangible assets other than biological assets	15.2	784,225	659,944
		784,225	659,944

### 15.1 Immovable (JEDB/SLSPC) assets on finance lease (other than bare land)

As more fully explained in Note 14 to financial statements, all JEDB/SLSPC estate lease deeds have been executed to date. In terms of the ruling of the UITF of the Institute of Chartered Accountants of Sri Lanka, all immovable assets in the JEDB/SLSPC estates under finance leases have been taken into the books of the Company as at 22nd June 1992. These assets are taken into the statement of financial position of Company as at 22nd June 1992 and the amortization of immovable lease assets are as follows.

	Vested improvements to land	Buildings	Machinery	Other vested assets	Total
	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
<b>Capitalized value (22 June 1992)</b>					
As at 31 December 2024	14,275	46,430	11,259	4,282	76,246
As at 31 December 2025	14,275	46,430	11,259	4,282	76,246
<b>Accumulated amortisation</b>					
As at 31 December 2024	14,275	46,430	11,259	4,282	76,246
As at 31 December 2025	14,275	46,430	11,259	4,282	76,246
<b>Carrying value</b>					
As at 31 December 2024	-	-	-	-	-
As at 31 December 2025	-	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### 15.2 Tangible assets other than biological assets

<i>As at 31st December</i>	2025					
	Buildings	Plant and machinery	Motor Vehicles	Sanitation, water and electricity	Equipment	Furniture & Fittings
	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
<b>Freehold assets</b>						
<b>Cost</b>						
Balance as at 1 January	765,809	358,669	380,136	36,381	102,147	37,935
Additions during the year	3,861	822	53,425	2,332	9,849	8,195
Transfers from CWIP	2,369	3,389	-	-	1,725	-
Disposal during the year	-	(13,111)	-	-	-	(31)
Balance as at 31 December	772,039	349,769	433,561	38,713	113,721	46,099
<b>Accumulated Depreciation</b>						
Balance as at 1 January	287,551	229,737	364,261	30,070	90,803	22,486
Charge for the year	15,886	16,831	9,857	435	9,634	3,392
Disposal during the year	-	(13,111)	-	-	-	(4)
Balance as at 31 December	303,437	233,457	374,118	30,505	100,437	25,874
<b>Carrying value</b>						
<b>As at 31 December</b>	<b>468,602</b>	<b>116,312</b>	<b>59,443</b>	<b>8,208</b>	<b>13,284</b>	<b>20,225</b>

#### 15.2.1 Property, plant and equipment under construction

Capital work in progress represents cost incurred by the Company on improvements to Plant & Machinery of Kalutara, Rathnapura and Nuwara Eliya regions as at 31 December 2025.

#### 15.2.2 Title restriction on property, plant and equipment

There are no restrictions that existed on the title of the PPE of the Company as at the reporting date.

#### 15.2.3 Acquisition of property, plant and equipment during the year

During the financial year, the Company acquired PPE to the aggregate value of Rs. 180.3 million (2024 - Rs. 60.8 million) by means of cash.

#### 15.2.4 Capitalisation of borrowing cost

There were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the year 2025 (2024 - Nil).

2024									
Capital work in progress	Total	Buildings	Plant and machinery	Motor Vehicles	Sanitation, water and electricity	Equipment	Furniture & Fittings	Capital work in progress	Total
Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
3,775	1,684,852	729,383	347,680	374,257	36,272	95,320	33,527	9,301	1,625,740
101,859	180,343	32,785	8,310	6,872	109	6,827	4,408	1,522	60,833
(7,483)	-	3,641	3,407	-	-	-	-	(7,048)	-
-	(13,142)	-	(728)	(993)	-	-	-	-	(1,721)
98,151	1,852,053	765,809	358,669	380,136	36,381	102,147	37,935	3,775	1,684,852
-	1,024,908	271,752	212,625	359,922	29,635	81,475	19,620	-	975,029
-	56,035	15,799	17,434	5,332	435	9,328	2,866	-	51,194
-	(13,115)	-	(322)	(993)	-	-	-	-	(1,315)
-	1,067,828	287,551	229,737	364,261	30,070	90,803	22,486	-	1,024,908
98,151	784,225	478,258	128,932	15,875	6,311	11,344	15,449	3,775	659,944

### 15.2.5 Temporarily Idle property, plant and equipment

There are no temporarily idle property, plant or equipment as at the reporting date. (2024 - Nil)

### 15.2.6 Fully depreciated property, plant and equipment in use

Property, plant and equipment with a cost of Rs. 507 Mn (2024 - Rs.477 Mn) have been fully depreciated and continue to be in use by the Company.

### 15.2.7 Property, plant and equipment pledged as security for liabilities

There are no items of property, plant and equipment of the Company pledged as security for liabilities as at the reporting date.

## NOTES TO THE FINANCIAL STATEMENTS

### 16 BEARER BIOLOGICAL ASSETS

	As at 31st December					
	2025			2024		
	Tea Rs. 000	Rubber Rs. 000	Oil palm Rs. 000	Others Rs. 000	Total Rs. 000	Total Rs. 000
On finance lease (Note 16.1)	-	-	-	-	-	-
Investments after formation of the Company (Note 16.2)	1,113,478	3,500,642	225,998	4,329	4,844,447	4,165,805
	1,113,478	3,500,642	225,998	4,329	4,844,447	4,165,805

#### 16.1 On finance lease

Cost	
Balance as at 1 January	80,925
Balance as at 31 December	80,925
<b>Accumulated Amortisation</b>	
Balance as at 1 January	(80,925)
Balance as at 31 December	(80,925)

#### Carrying Amount as at 31 December

	-	-	-	-	-	-
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#### 16.2 Investments after formation of the Company

	As at 31st December	
	2025 Rs. 000	2024 Rs. 000
Immature plantations	16.2.1	3,522,826
Mature plantations	16.2.2	1,218,323
Growing crop nurseries	16.2.3	103,298
		4,844,447

As at 31st December

	2025					2024				
	Tea	Rubber	Oil palm	Others	Total	Tea	Rubber	Oil palm	Others	Total
	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
<b>16.2.1 Immature plantations</b>										
Balance as at 1 January	634,018	2,119,331	411	819	2,754,579	527,934	1,670,998	338	819	2,200,089
Additions during the year	164,950	629,785	85	1,025	795,845	147,755	566,880	73	-	714,708
Transfer during the year	(27,598)	-	-	-	(27,598)	(41,671)	(118,547)	-	-	(160,218)
Balance as at 31 December	771,370	2,749,116	496	1,844	3,522,826	634,018	2,119,331	411	819	2,754,579
<b>16.2.2 Mature plantations</b>										
<b>Cost</b>										
Balance as at 1 January	552,641	1,513,363	795,292	8,388	2,869,684	510,970	1,413,977	795,292	8,388	2,728,627
Transfer during the year	27,598	-	-	-	27,598	41,671	118,547	-	-	160,218
Disposal during the year	-	(29,283)	-	-	(29,283)	-	(19,161)	-	-	(19,161)
Balance as at 31 December	580,239	1,484,080	795,292	8,388	2,867,999	552,641	1,513,363	795,292	8,388	2,869,684
<b>Accumulated Depreciation</b>										
Balance as at 1 January	238,950	784,156	531,940	5,631	1,560,677	223,179	743,036	492,176	5,359	1,463,750
Charge for the year	17,231	61,163	37,850	272	116,516	15,771	57,775	39,764	272	113,582
Disposal during the year	-	(27,517)	-	-	(27,517)	-	(16,655)	-	-	(16,655)
Balance as at 31 December	256,181	817,802	569,790	5,903	1,649,676	238,950	784,156	531,940	5,631	1,560,677
<b>Carrying Amount Mature Plantations</b>	324,058	666,278	225,502	2,485	1,218,323	313,691	729,207	263,352	2,757	1,309,007
<b>16.2.3 Growing Crop Nurseries</b>										
Balance as at 1 January	30,626	71,593	-	-	102,219	26,493	78,252	-	-	104,745
Net addition / (transfer) during the year	(3,326)	13,655	-	-	10,329	4,133	(6,659)	-	-	(2,526)
Write-off during the year	(9,250)	-	-	-	(9,250)	-	-	-	-	-
Balance as at 31 December	18,050	85,248	-	-	103,298	30,626	71,593	-	-	102,219
<b>Total</b>	1,113,478	3,500,642	225,998	4,329	4,844,447	978,335	2,920,131	263,763	3,576	4,165,805

## NOTES TO THE FINANCIAL STATEMENTS

These are investments in bearer biological assets carried at cost (Tea, Rubber, Oil Palm and Mixed Crop) which comprises of immature/mature plantations since the formation of the Company. The assets (including plantations assets) taken over by way of estate leases are set out in the Notes 16.1 to the Financial Statements. Investment in immature plantations taken over by way of leases are shown in this note. When such plantations become mature, the additional investments since, taken over to bring them to maturity will be moved from immature to mature under this note. A corresponding movement from immature to mature of the investment undertaken by JEDB/SLSPC on the same plantation prior to the lease will also be carried out under this note.

### 16.3 Bearer Biological Assets - Capital Expenditure

For the Year Ended 31st December	2025		2024	
	Extent-Ha	Rs. 000	Extent-Ha	Rs. 000
Uprooting				
- Tea	20.41	11,482	56.98	15,792
- Rubber	95.50	6,028	56.98	15,792
Planting				
- Tea	24.78	63,538	24.90	59,294
- Rubber	93.39	84,669	307.36	232,346
- Mixed Crop	6.50	1,012	307.36	232,346
Upkeep				
- Tea	100.51	89,433	102.86	72,669
- Rubber	1,499.22	539,598	1,352.72	334,533
- Oil Palm	1.00	85	1.00	74
	1,841	795,845	1,845.82	714,708

### 17 CONSUMABLE BIOLOGICAL ASSETS

As at 31st December	Note	2025	2024
		Rs. 000	Rs. 000
Mature consumable biological assets	17.1	973,673	904,776
Immature consumable biological assets	17.2	13,032	7,629
		986,705	912,405

#### 17.1 Mature consumable biological assets

Balance as at 1 January		904,776	809,067
Harvested trees during the year		(16,508)	(25,270)
		888,268	783,797
Change in fair value less costs to sell	17.3	85,405	120,979
Balance as at 31 December		973,673	904,776

## 17.2 Immature consumable biological assets

<i>As at 31st December</i>	2025	2024
	Rs. 000	Rs. 000
Balance as at 1 January	7,629	4,785
Additions during the year	5,403	2,844
Balance as at 31 December	13,032	7,629

Managed trees which are less than five years old are considered to be immature consumable biological assets, amounting Rs.13 Million as at 31 December 2025. The cost of immature trees is treated as approximate fair value, particularly on the ground that little biological transformation has taken place and the impact of the biological transformation on price is not material. When such plantation becomes mature, additional investments to bring them to maturity are transferred from immature to mature.

The valuation of consumable biological assets was carried by Mr.W.M. Chandrasena, an independent Chartered Valuation Surveyor, using Discounted Cash Flows (DCF) methods. In ascertaining the fair value of timber, a physical verification was carried out covering all the estates.

## 17.3 Measurement of fair value

### 17.3.1 Fair value hierarchy

The fair value measurements for the mature standing timber have been categorised as Level 3 fair values based on the inputs to the valuation techniques used.

## NOTES TO THE FINANCIAL STATEMENTS

### 17.3.2 Valuation techniques and significant unobservable inputs

Following table shows the valuation techniques used in measuring Level 3 fair value of consumable biological asses as well as the significant unobservable inputs used for the valuation as at 31st December 2025.

Type	Valuation technique used	Significant Unobservable Inputs	Inter-relationship between key unobservable inputs and fair value measurement
<b>Standing timber</b>	<b>Discounted cash flows</b>	<b>Determination of timber content</b>	<b>The estimated fair value would increase/ (decrease) if;</b>
Standing timber older than 5 years.	The valuation model considers present value of future net cash flows expected to be generated by the plantation from the timber content of managed timber plantation on a tree-per-tree basis .	Timber trees in inter-crop areas and pure crop areas have been identified field-wise and spices were identified and harvestable trees were separated, according to their average girth and estimated age.	- the estimated timber content were higher/ (lower).
	Expected cash flows are discounted using a risk-adjusted discount rate.	Timber trees that have not come up to a harvestable size are valued working out the period that would take for those trees to grow up to a harvestable size.	
		<b>Determination of price of timber</b>	
		Selling price of managed timber has been taken based on market price and industry professional expert opinion.	- the estimated timber prices per cubic ft. were higher/(lower).
		Accordingly, the prices adopted are net of expenditure/timber price per feet range from Rs. 200 to Rs. 1,000.	
		<b>Risk-adjusted discount rate</b>	
		2025- 14.5% (Risk Premium - 3.5%)	- the risk-adjusted discount rate were lower/ (higher).
		2024- 15.5% (Risk Premium - 3.5%)	

The valuations, as presented in the 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 Management 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.

## 17.4 Risk management strategy related to agricultural activities

The Company is exposed to the following risks relating to its timber plantations:

### Regulatory and environmental risks

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

### Supply and demand risk

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

### Climate change and other risks

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

## 17.5 Sensitivity analysis

### Sensitivity variation on sales price

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

<i>As at 31st December</i>	-10%	2025	+10%
	Rs. 000	Rs. 000	Rs. 000
Timber	876,306	973,673	1,071,040
<b>Total</b>	876,306	973,673	1,071,040

### Sensitivity Variation on discount rate

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

<i>As at 31st December</i>	-1%	2025	+1%
	Rs. 000	Rs. 000	Rs. 000
Timber	1,019,980	973,673	931,512
<b>Total</b>	1,019,980	973,673	931,512

## NOTES TO THE FINANCIAL STATEMENTS

### 18 INVESTMENT IN JOINT VENTURE

As at 31st December	Percentage of holding		2025	2024
	2025	2024	Rs. 000	Rs. 000
AEN Palm Oil Processing (Private) Limited	33.33%	33.33%	613,277	537,023
			613,277	537,023
Balance as at 1 January			537,023	497,191
Share of profit of equity accounted investee, net of tax			227,244	90,162
Dividend received from investee			(150,990)	(50,330)
<b>Balance as at 31 December</b>			<b>613,277</b>	<b>537,023</b>

#### 18.1 Summarized information of the Joint Venture

##### 18.1.1 AEN Palm Oil Processing (Private) Limited

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

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

As at 31st December	2025	2024
	Rs. 000	Rs. 000
Current assets, including cash and cash equivalents	1,273,478	1,022,738
Non current assets	1,159,527	1,117,650
Current liabilities, including tax payable	(449,372)	(394,014)
Non current liabilities, including deferred tax liabilities	(143,804)	(135,306)
<b>Total Equity</b>	<b>1,839,829</b>	<b>1,611,068</b>
<b>Group's carrying amount of the investment</b>	<b>613,277</b>	<b>537,023</b>

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

<i>For the Year Ended 31st December</i>	<b>2025</b>	<b>2024</b>
	<b>Rs. 000</b>	<b>Rs. 000</b>
Revenue	10,985,353	8,337,250
Cost of sales	(9,850,731)	(7,701,948)
Other income	36,340	28,389
Administration expenses including depreciation	(365,310)	(304,364)
Selling & distributions expenses	(1,695)	(2,017)
Finance cost	(240)	(2,777)
<b>Profit before taxation</b>	<b>803,717</b>	<b>354,533</b>
Income tax expense	(121,986)	(84,049)
<b>Profit for the year</b>	<b>681,731</b>	<b>270,484</b>
<b>Total comprehensive income for the year</b>	<b>681,731</b>	<b>270,484</b>
Company's share of profit before tax	267,906	118,178
Company's share of profit after tax	227,244	90,162
Number of shares invested (Nos)	699,027	699,027
Dividend received	150,990	50,330

## 19 OTHER FINANCIAL ASSETS

<i>As at 31st December</i>	<b>2025</b>	<b>2024</b>
	<b>Rs. 000</b>	<b>Rs. 000</b>
<b>Investment in fixed deposits</b>		
Balance as at 1 January	-	-
Investment during the year	400,000	-
Balance as at 31 December	400,000	-
Interest receivable as at 31 December	12,734	-
<b>Total investment in fixed deposits as at 31 December</b>	<b>412,734</b>	<b>-</b>

## 20 PRODUCE ON BEARER BIOLOGICAL ASSETS

<i>As at 31st December</i>	<b>2025</b>	<b>2024</b>
	<b>Rs. 000</b>	<b>Rs. 000</b>
Balance as at 1 January	21,432	16,757
Change in fair value less cost to sell	(1,102)	4,675
<b>Balance as at 31 December</b>	<b>20,330</b>	<b>21,432</b>

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 21 INVENTORIES

<i>As at 31st December</i>	2025	2024
	Rs. 000	Rs. 000
Input materials	263,352	179,537
Inventory at tea centers	118,274	35,830
Harvested crops :		
- Tea	190,525	204,625
- Rubber	45,040	46,329
Consumables and spares	12,869	1,790
	<b>630,060</b>	<b>468,111</b>

### 22 TRADE AND OTHER RECEIVABLES

<i>As at 31st December</i>	2025	2024
	Rs. 000	Rs. 000
Produce trade receivables	58,898	13,493
Advances, deposits and prepayments	143,761	116,808
WHT receivables	-	16,431
	<b>202,659</b>	<b>146,732</b>

### 23 AMOUNT DUE FROM RELATED COMPANIES

<i>As at 31st December</i>	2025	2024
	Rs. 000	Rs. 000
D R Industries (Pvt) Ltd	-	671
D R Home Appliances (Pvt) Ltd	248	-
Damro Exports (Pvt) Ltd	32,830	-
Marino Leisure Holdings (Pvt) Ltd	1,747	-
D R Export (Pvt) Ltd	701	-
Damro Manufacturing (Pvt) Ltd	157	-
Piyestra Furniture (Pvt) Ltd	2,297	-
Sigiriya Forest Edge (pvt) Ltd	38	-
AEN Palm Oil Processing (Pvt) Ltd	21,008	16,212
	<b>59,026</b>	<b>16,883</b>

### 24 CASH AND CASH EQUIVALENTS

<i>As at 31st December</i>	2025	2024
	Rs. 000	Rs. 000
<b>Favorable balances</b>		
Cash in hand	5,563	9,597
Cash at banks	54,638	459,916
<b>Cash and cash equivalents for the purpose of cash flows</b>	<b>60,201</b>	<b>469,513</b>

## 25 STATED CAPITAL

As at 31st December	No of Shares		2025	2024
	2025	2024	Rs. 000	Rs. 000
Balance as at 1 January	156,250,000	156,250,000	2,258,125	2,258,125
<b>Balance as at 31 December</b>	<b>156,250,000</b>	156,250,000	<b>2,258,125</b>	2,258,125

### 25.1 Golden Shareholder

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

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

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

- The concurrence of the Golden Shareholder should be obtained to amend the definition of the words Golden Share and Golden Shareholder and Articles 4.2. (viii), 4.2. (ix), 4.4. (ii), 4.4. (iii), 4.4. (i), 110. (i), 110. (ii), 110. (iii), and 110. (iv) of the Company in which the Golden Shareholder's rights are given. (Articles 4.2.(viii)).
- The Golden Share may be converted into an ordinary share with the concurrence of the Golden shareholder and the concurrence of a majority of the shareholders (Articles 4.2.(ix)).
- The Company shall obtain the written consent of the Golden Shareholder prior to sub-leasing, ceding or assigning its rights in part or all of the lands set out in the Articles of Association of the Company (Articles 4.4.(ii)).
- The Golden Shareholder shall be entitled to call upon the Board of Directors once in every three-month period if desired to meet the Golden Shareholder and or his nominees, and the Directors if so called upon shall meet with the Golden Shareholder and or his nominees to discuss matters of the Company of interest to the State of the Democratic Socialist Republic of Sri Lanka (Articles 4.4.(iii)).
- The Golden Share shall only be held by the Secretary to the Treasury in his official capacity and not in his own name, for and on behalf of the State of the Democratic Socialist Republic of Sri Lanka, or by a Company in which the State of the Democratic Socialist Republic of Sri Lanka owns, Ninety-Nine (99) per centum or more of the issued share capital (Articles 4.4.(i)).
- The Golden Shareholder and or his nominee shall be entitled to inspect the books of accounts of the Company after giving two weeks written notice to the Company (Articles 110. (i)).
- The company shall submit to the Golden Shareholder, within 60 days of the end of each quarter, a quarterly report relating to the performance of the Company during the said quarter in a pre- specified format agreed to by the Golden Shareholder and the Company (Articles 110. (ii)).
- The Company shall submit to the Golden Shareholder, within 90 days of the end of each fiscal year, information related to the company in a pre-specified format agreed to by the Golden Shareholder and the Company (Articles 110. (iii)).
- The Directors shall from time to time determine whether and to what extent and at what extent and what times and places and under what conditions or regulations the accounts and books of the company or any of them shall be open to the inspection of members not being directors, and no member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by statute or authorized by the Directors or by the company in general meeting. This rule shall have no application to the Golden Shareholder (Articles 110. (iv)).

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

Definition of 'Golden shareholder' – the holder of the 'Golden Share'.

## NOTES TO THE FINANCIAL STATEMENTS

### 26 LEASE LIABILITY

<i>As at 31st December</i>	<b>2025</b>	<b>2024</b>
	<b>Rs. 000</b>	<b>Rs. 000</b>
Net liability to lessor of JEDB / SLSPC	<b>889,713</b>	867,291
	<b>889,713</b>	867,291
<b>26.1 Net liability to lessor of JEDB / SLSPC</b>		
Balance as at 1 January	<b>867,291</b>	745,520
Remeasurement during the year	<b>33,526</b>	132,808
	<b>900,817</b>	878,328
Repayments during the year	<b>(118,930)</b>	(111,329)
Interest expense for the year	<b>107,826</b>	100,292
Balance as at 31 December	<b>889,713</b>	867,291
<b>26.2 Analysis of net lease liability</b>		
Current liability	<b>11,898</b>	10,150
Non current liability	<b>877,815</b>	857,141
	<b>889,713</b>	867,291
<b>26.3 Maturity analysis of undiscounted cash flows</b>		
Amount payable within one year	<b>120,029</b>	115,635
Amount payable after one year and less than five years	<b>480,115</b>	462,539
Amount payable after five years	<b>1,740,418</b>	1,792,338
	<b>2,340,562</b>	2,370,512
<b>26.4 Amount recognised in the statement of profit or loss</b>		
Interest expense for the year	<b>107,826</b>	100,292
Amortisation of right to use assets	<b>38,561</b>	34,962
	<b>146,387</b>	135,254
<b>26.5 Amount recognised in the statement of cash flows</b>		
Interest repayment during the year	<b>107,826</b>	100,292
Capital repayment during the year	<b>11,104</b>	11,037
	<b>118,930</b>	111,329

## 27 DEFERRED TAX LIABILITIES

<i>As at 31st December</i>	2025	2024
	Rs. 000	Rs. 000
Balance as at 1 January	1,276,014	980,156
<b>Origination / (reversal) of temporary difference</b>		
- Recognised in profit or loss	227,127	342,423
- Recognised in other comprehensive income	25,672	(46,565)
Balance as at 31 December	1,528,813	1,276,014

### 27.1 Reconciliation of Deferred tax effect on temporary differences

<i>As at 31st December</i>	2025		2024	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Property, plant and equipment	272,203	81,661	356,670	107,001
Right of use assets	765,497	229,649	770,532	231,160
Bearer biological assets	4,844,447	1,453,334	4,165,805	1,249,742
Consumable biological assets	986,705	296,012	912,405	273,722
Retirement benefit obligation	(883,098)	(264,929)	(902,383)	(270,715)
Lease Liabilities	(889,713)	(266,914)	(867,291)	(260,187)
Tax losses carried forward	-	-	(182,364)	(54,709)
	5,096,041	1,528,813	4,253,374	1,276,014

### 27.2 Movement of tax effect of temporary differences

<i>As at 31st December 2025</i>	Balance as at 01.01.2025	Recognised in Profit or loss 2025	Recognised in OCI 2025	Balance as at 31.12.2025
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Property, plant and equipment	107,001	(25,340)	-	81,661
Right of use assets	231,160	(1,511)	-	229,649
Bearer biological assets	1,249,742	203,592	-	1,453,334
Consumable biological assets	273,722	22,290	-	296,012
Retirement benefit obligation	(270,715)	(19,886)	25,672	(264,929)
Lease Liabilities	(260,187)	(6,727)	-	(266,914)
Tax losses carried forward	(54,709)	54,709	-	-
	1,276,014	227,127	25,672	1,528,813

## NOTES TO THE FINANCIAL STATEMENTS

<i>As at 31st December 2024</i>	<b>Balance as at 01.01.2024</b>	<b>Recognised in Profit or loss 2024</b>	<b>Recognised in OCI 2024</b>	<b>Balance as at 31.12.2024</b>
	<b>Rs. 000</b>	<b>Rs. 000</b>	<b>Rs. 000</b>	<b>Rs. 000</b>
Property, plant and equipment	106,010	991	-	107,001
Right of use assets	201,806	29,354	-	231,160
Bearer biological assets	1,070,913	178,829	-	1,249,742
Consumable biological assets	244,156	29,566	-	273,722
Retirement benefit obligation	(214,364)	(9,786)	(46,565)	(270,715)
Lease Liabilities	(223,656)	(36,531)	-	(260,187)
Tax losses carried forward	(204,709)	150,000	-	(54,709)
	980,156	342,423	(46,565)	1,276,014

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes based on the provision of the Inland Revenue Act, No. 24 of 2017 and subsequent amendments. The deferred tax liability is calculated at the effective tax rate of 30% (2024- 30%) for the Company as at 31 December 2025.

### 28 RETIREMENT BENEFIT OBLIGATIONS

#### 28.1 Movement in the present value of the retirement benefit obligations

<i>As at 31st December</i>	<b>2025</b>	<b>2024</b>
	<b>Rs. 000</b>	<b>Rs. 000</b>
<b>Provision for Gratuity</b>		
Balance as at 1 January	<b>835,580</b>	644,548
Amount recognised in the profit or loss	<b>173,731</b>	143,195
Actuarial loss recognised in other comprehensive income	<b>(85,574)</b>	155,215
	<b>923,737</b>	942,958
Benefits paid during the year	<b>(89,223)</b>	(84,685)
Transfer of unsettled gratuity claimed during the year	<b>(22,722)</b>	(22,693)
<b>Balance as at 31 December</b>	<b>811,792</b>	835,580
<b>Unsettled Gratuity Payable</b>		
Balance as at 1 January	<b>66,803</b>	69,997
Unsettled gratuity claimed during the year	<b>22,722</b>	22,693
Adjustment to under provision of gratuity payable	<b>3,837</b>	8,339
Benefits paid during the year	<b>(22,056)</b>	(34,226)
Balance as at 31 December	<b>71,306</b>	66,803
<b>Grand total as at 31 December</b>	<b>883,098</b>	902,383

The provision for retirement benefits obligations as at 31 December 2025 is based on the actuarial valuation carried out by Actuarial & Management Consultants (Private) Limited, using the “Projected Unit Credit” (PUC) method, the method recommended by the Sri Lanka Accounting Standard – LKAS 19 on “Employee Benefits”.

## 28.2 Amount recognised in the Profit or loss and Other comprehensive income

<i>For the Year Ended 31st December</i>	<b>2025</b>	<b>2024</b>
	<b>Rs. 000</b>	<b>Rs. 000</b>
<b>Statement of Profit or Loss</b>		
Current service costs	73,462	60,049
Interest Costs	100,269	83,146
	<b>173,731</b>	143,195
<b>Statement of Other comprehensive income</b>		
Actuarial (gain) / loss arising from:		
financial assumptions	(101,326)	46,614
demographic assumptions	(4,037)	-
experience adjustments	19,789	108,601
	<b>(85,574)</b>	155,215

## 28.3 Key Assumptions used by actuary include following:

<i>As at 31st December</i>	<b>2025</b>	<b>2024</b>
a) Rate of Discount	<b>10.0%</b>	12.0%
A Long-term treasury bond rate 10.00% p.a. (2024 - 12.00% p.a.) was used to discount future liabilities taking into consideration remaining working life of employees.		
b) Retirement Age	<b>60 years</b>	60 years
c) Mortality		
- Staff	A 1967/70 Mortality Table	
- Worker	A 1949/52 Mortality Table	
d) Turnover Rate (Age 20-55)	<b>4% - 6%</b>	2% - 7%
e) Weighted average duration of defined benefit obligation		
- Staff	<b>8.4 Years</b>	10 years
- Worker	<b>9 Years</b>	10 years
f) The Company will continue as a going concern.		

## NOTES TO THE FINANCIAL STATEMENTS

### 28.4 Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

<i>As at 31st December</i>		2025		2024	
Discount Rate	Salary Escalation Rate	Present value of defined benefit obligation	Change	Present value of defined benefit obligation	Change
		Rs. 000	Rs. 000	Rs. 000	Rs. 000
	One percentage point increase	749,231	(62,561)	768,688	(66,892)
	One percentage point decrease	883,807	72,015	912,800	77,220
	One percentage point increase	867,394	55,602	915,784	80,204
	One percentage point decrease	762,060	(49,732)	764,971	(70,609)

### 28.5 Maturity analysis

	<i>As at 31st December</i>		2025		2024	
			Defined Benefit Obligation		Defined Benefit Obligation	
			Staff	Workers	Staff	Workers
		Rs. 000	Rs. 000	Rs. 000	Rs. 000	
Within the next 12 months		10,980	98,036	5,756	85,877	
Between 2-5 years		36,686	181,886	29,048	200,797	
Beyond 5 years		65,591	418,613	46,885	467,217	
<b>Total</b>		<b>113,257</b>	<b>698,535</b>	<b>81,689</b>	<b>753,891</b>	

## 29 DEFERRED INCOME

<i>As at 31st December</i>	2025	2024
	Rs. 000	Rs. 000
<b>Capital grants</b>		
Balance as at 1 January	368,681	323,911
Grants received during the year	26,895	44,770
Balance as at 31 December	395,576	368,681
<b>Accumulated Amortisation</b>		
Balance as at 1 January	76,347	73,014
Amortisation for the year	3,588	3,333
Balance as at 31 December	79,935	76,347
<b>Total unamortised capital grants as at 31 December</b>	<b>315,641</b>	<b>292,334</b>

The above represents the following:

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

### 30 TRADE AND OTHER PAYABLES

<i>As at 31st December</i>	2025	2024
	Rs. 000	Rs. 000
Trade creditors	67,507	92,548
Employee related payables	98,699	100,163
Accrued expenses and other creditors	274,379	262,863
	<b>440,585</b>	<b>455,574</b>

### 31 AMOUNTS DUE TO RELATED PARTIES

<i>As at 31st December</i>	2025	2024
	Rs. 000	Rs. 000
D R Industries (Pvt) Ltd	1,244	-
	<b>1,244</b>	<b>-</b>

### 32 RELATED PARTY DISCLOSURES

#### 32.1 Parent and ultimate controlling party

The immediate and ultimate parent company is Damro Manufacturing (Pvt) Ltd which holds 59.20% of shares at Agalawatte Plantations PLC.

#### 32.2 Transactions with Key Management Personnel (KMP)

According to Sri Lanka Accounting Standard (LKAS) 24 – Related Party Disclosures, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, key management personnel include members of the Board of Directors of the Company, the Ultimate Parent Damro Manufacturing (Pvt) Ltd.

#### Compensations to Key Management Personnel of the Company

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 32.3 Transactions with Related Companies

Name of the Company	Nature of Relationship	Name of the common Directors	Nature of the Transactions	Transaction Amount		Balance as at 31st December	
				2025 Rs. 000	2024 Rs. 000	2025 Rs. 000	2024 Rs. 000
Mackply Industries (Private) Limited	Affiliated Company	Mr. R.P.L. Ramanayake	Sales	-	382	-	-
		Mr. W.A.A. Asanga	Funds received	-	(986)	-	-
		Mr. G.P.N.A.G. Gunathilaka	Purchase	(406)	(498)	-	-
		Mr. L.R.W.S. Rajasekara	Purchase settlement	406	498	-	-
Melfort Green Teas (Pvt) Ltd	Affiliated Company	Mr. W.A.A. Asanga	Purchase	(150)	(165)	-	-
		Mr. G.P.N.A.G. Gunathilaka	Purchase settlement	150	165	-	-
		Mr. L.R.W.S. Rajasekara				-	-
AEN Palm Oil Processing (Private) Limited	Joint venture	Mr. G.P.N.A.G. Gunathilaka	Oil palm sales	1,430,859	1,069,067	21,008	16,212
			Funds received	(1,554,405)	(1,087,293)	-	-
			Dividend received	128,342	50,330	-	-
D R Industries (Pvt) Ltd	Affiliated company	Mr. G.P.N.A.G. Gunathilaka	Purchase	(545,662)	(352,129)	(1,244)	671
		Mr. W.A.A. Asanga	Purchase settlement	543,068	350,066	-	-
		Mr. L.R.W.S. Rajasekara	Sales	21,933	28,091	-	-
		Mr. R.P.L. Ramanayake	Funds received	(21,253)	(27,469)	-	-
D R Export (Pvt) Ltd	Affiliated company	Mr. W.A.A. Asanga	Sales	4,269	14,873	701	-
			Funds received	(3,567)	(16,771)	-	-
Piyestra Furniture (Pvt) Ltd	Affiliated company	Mr. W.A.A. Asanga	Purchase	(25,469)	(21,662)	2,297	-
		Mr. R.P.L. Ramanayake	Purchase settlement	25,313	22,773	-	-
			Sales	25,181	32,361	-	-
			Funds received	(22,728)	(33,472)	-	-
Sigiriya Forest Edge (Pvt) Ltd	Affiliated company	Mr. G.P.N.A.G. Gunathilaka	Sales	153	-	38	-
			Funds received	(115)	-	-	-
Damro Manufacturing (Pvt) Ltd	Parent company	Mr. W.A.A. Asanga	Sales	5,840	8,340	157	-
		Mr. R.P.L. Ramanayake	Funds received	(5,610)	(8,340)	-	-
		Mr. G.P.N.A.G. Gunathilaka	Purchase	(73)	-	-	-

Name of the Company	Nature of Relationship	Name of the common Directors	Nature of the Transactions	Transaction Amount			Balance as at 31st December	
				2025 Rs. 000	2024 Rs. 000	2025 Rs. 000	2024 Rs. 000	
D R Home Appliances (Pvt) Ltd	Affiliated Company	Mr. R.P.L.Ramanayake	Purchases	(4,089)	(2,605)	248	-	
			Purchase settlement	4,105	2,616	-	-	
			Sales	793	991	-	-	
			Funds received	(561)	(5,451)	-	-	
D R Transport Services (Pvt) Ltd	Affiliated Company	Mr. W.A.A.Asanga	Vehicle service cost, repair expenses, transport charges, etc	(60,223)	(35,830)	-	-	
		Mr. R.P.L.Ramanayake	Settlements	60,223	35,830	-	-	
Damro Exports (Pvt) Ltd	Affiliated company	Mr. R.P.L.Ramanayake	Sales	579,113	-	32,830	-	
		Mr. G.P.N.A.G.Gunathilaka	Funds Received	(579,113)	-	-	-	
			Tea Purchase & Packing Cost	(479,027)	(377,207)	-	-	
			Purchase settlement	511,857	377,207	-	-	
D R Wooden Furniture (Pvt) Ltd	Affiliated Company	Mr. W.A.A.Asanga	Sale of Firewood, log	-	1,289	-	-	
		Mr. R.P.L.Ramanayake	Funds received	-	(3,097)	-	-	
			Purchases	-	(269)	-	-	
			Purchase settlement	-	486	-	-	
D R Manufacturing (Pvt) Ltd	Affiliated company	Mr. W.A.A.Asanga	Sale of rubber trees	-	54,791	-	-	
		Mr. R.P.L.Ramanayake	Funds received	-	(56,828)	-	-	
			Purchase	(1,583)	(559)	-	-	
			Purchase settlement	1,583	-	-	-	
D R Management Services (Pvt) Ltd	Affiliated company	Mr. R.P.L.Ramanayake	Purchases	-	665	-	-	
		Mr. W.A.A.Asanga	Purchase settlement	-	(665)	-	-	
		Mr. G.P.N.A.G.Gunathilaka						
		Mr. L.R.W.S.Rajasekara						
Marino Leisure Holdings (Pvt) Ltd	Affiliated company	Mr. W.A.A.Asanga	Sales	8,841	-	1,747	-	
		Mr. R.P.L.Ramanayake	Funds received	(8,906)	-	-	-	
		Mr.G.P.N.A.G.Gunathilaka	Purchases	(6,292)	(13,312)	-	-	
		Mr.L.R.W.S.Rajasekara	Purchase settlement	8,104	8,780	-	-	

## NOTES TO THE FINANCIAL STATEMENTS

Name of the Company	Nature of Relationship	Name of the common Directors	Nature of the Transactions	Transaction Amount		Balance as at 31st December	
				2025 Rs. 000	2024 Rs. 000	2025 Rs. 000	2024 Rs. 000
F L M C Plantations (Pvt) Ltd	Affiliated Company	Mr. G.P.N.A.G.Gunathilake	Purchases	(16,442)	(70,469)	-	-
		Mr. W.A.A.Asanga	Purchase settlement	16,442	70,469	-	-
		Mr. L.R.W.S.Rajasekara					
		Mr. R.P.L.Ramanayake					
Pusellawa Plantations (Pvt) Ltd	Affiliated Company	Mr.A .S.Amarasuriya	Sale of tea	-	1,077	-	-
		Mr. G.P.N.A.G.Gunathilake	Purchase of latex	-	(1,043)	-	-
		Mr. W.A.A.Asanga	Settlement	-	(34)	-	-
		Mr. L.R.W.S.Rajasekara					
		Mr. R.P.L.Ramanayake					
D R Investment (Pvt) Ltd	Affiliated Company	Mr.R.R.P.L.Ramanayake	Purchases	-	(45,060)	-	-
		Mr. W.A.A.Asanga	Purchase settlement				
DR Advertising (Pvt) Ltd	Affiliated company	Mr.W.A.A.Asanga	Purchases	(264)	(628)	-	-
			Purchase settlement	264	628	-	-
D R Security Service (Pvt) Ltd	Affiliated Company	Mr. G.P.N.A.G.Gunathilake	Purchases	(18,397)	(18,627)	-	-
			Purchase settlement	18,397	18,627	-	-
D R Rubber Products (Pvt) Ltd	Affiliated company	Mr. G.P.N.A.G.Gunathilake	Purchases	-	(267)	-	-
		Mr.W.A.A.Asanga	Purchase settlement				
Damro Leisure (Pvt) Ltd	Affiliated company	Mr. R.P.L.Ramanayake	Funds received	-	(99,685)	-	-
		Mr.W.A.A.Asanga	Funds given	-	89,548	-	-
Glenco Company (Pvt) Ltd	Affiliated Company	Mr.G.P.N.A.G.Gunathilaka	Sales	-	-	-	-
			Funds received	-	(31)	-	-

Purchases and sales of goods and services from Related Parties were made at normal trading terms on arms' length basis. None of the balances are secured. No expense has been recognised in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties.

### 32.4 Recurrent related party transactions

There were recurrent related party transactions which in aggregate value exceeds 10% of the gross revenue of the Company as per audited Financial Statements 2024. Details of significant related party disclosures are as follows,

Name of the related Party	Relationship	Nature of the transactions	Aggregate value of related party transactions entered into during the financial year	Aggregate value of related party transactions as a % of revenue	Terms and conditions of the related party transactions
AEN Palm Oil Processing (Private) Limited	Joint venture	Oil palm sales	1,430,859	30%	Ordinary course of business

### 33 EVENTS OCCURRING AFTER REPORTING DATE

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

### 34 COMMITMENTS

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

### 35 CONTINGENT LIABILITIES

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

## 36 FINANCIAL RISK MANAGEMENT

### 36.1 Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risks, and the Company's management of capital.

### 36.2 Risk management framework

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

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

## NOTES TO THE FINANCIAL STATEMENTS

### 36.2.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations, and this principally arises from the Company's receivables from customers. The Company is exposed to credit risk from its operating activities (primarily trade receivables), other receivable including advances to staff/workers, and from its financing activities, including deposits with banks.

#### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows;

<i>As at 31st December</i>			
	Note	2025 Rs. 000	2024 Rs. 000
Produce trade receivables	22	58,898	13,493
Amounts due from related parties	23	59,026	16,883
Investment in fixed deposits	19	412,734	-
Cash at bank	24	54,638	459,916
<b>Total credit risk exposure</b>		<b>585,296</b>	<b>490,292</b>

#### Management of credit risk

##### Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, Management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which the customer operates.

More than 85% of the Company's customers have been transacting with the Company for over four years, and none of these customers' balances have been written off or are credit impaired at the reporting date. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or end-user customer, their geographic location, industry, trading history with the Company and existence of previous financial difficulties.

The Company trades only with recognised, credit-worthy third parties. It is the Company's policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables balances are monitored on an ongoing basis with the results that the Company's exposure to bad debts is not significant. The Company does not require collateral in respect of most trade and other receivables.

A analysis of the credit quality of trade receivables that were neither past due nor impaired and the ageing of trade receivables as at 31 December 2025 is as follows,

<i>As at 31st December</i>			
		2025 Rs. 000	2024 Rs. 000
Neither past due not impaired		58,898	13,493
Past due :			
1-30 days		-	-
Over 30 days		-	-
<b>Total trade receivables</b>		<b>58,898</b>	<b>13,493</b>

### Amounts due from related parties

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each related party. The Company does not require a provision for impairment in respect of amounts due from related parties.

### Cash and cash equivalents

The Company held balances with banks of Rs. 55 Mn As at 31 December 2025 (2024 : 460 Mn) which represents its maximum credit exposure on these assets.

<i>As at 31st December</i>	<b>2025</b>	<b>2024</b>
	<b>Rs. 000</b>	<b>Rs. 000</b>
<b>Cash at bank having credit ratings</b>		
AAA to AA-	54,638	458,377
BBB	-	1,539
	<b>54,638</b>	459,916
<b>Fixed Deposits at bank having credit ratings</b>		
AAA to AA-	412,734	-
	<b>412,734</b>	-

### 36.2.2 Liquidity risk

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

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

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

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

#### Liquidity risk management

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

#### Exposure to liquidity risk

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

## NOTES TO THE FINANCIAL STATEMENTS

	Note	Carrying Amount Rs. 000	Total Rs. 000	Less than 3 months Rs. 000	3 to 12 Months Rs. 000	More than 12 Months Rs. 000
<b>As at 31 December 2025</b>						
Lease liability	26	889,713	2,340,562	30,007	90,022	2,220,533
Trade and other payables	30	440,585	440,585	110,146	330,439	-
		1,331,542	2,781,147	140,153	420,461	2,220,533
<b>As at 31 December 2024</b>						
Lease liability	26	867,291	2,370,512	28,909	86,726	2,254,877
Trade and other payables	30	455,574	455,574	113,894	341,680	-
		1,322,865	2,826,086	142,803	428,406	2,254,877

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

### 36.2.3 Market risk

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

#### a) Currency risk

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

#### b) Interest rate risk

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

#### Profile

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

<i>As at 31st December</i>	Carrying Amounts	
	2025 Rs. 000	2024 Rs. 000
<b>Fixed rate instruments</b>		
Lease liability	889,713	867,291
	889,713	867,291
<b>Variable rate instruments</b>		
<b>Financial liabilities</b>	-	-

#### Variable rate instruments

The Company does not account for any variable rate financial liabilities. Therefore a change in interest rates at the reporting date would not affect profit or loss.

### 36.2.4 Operational risk

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

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

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

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

### 36.2.5 Capital management

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

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

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

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

<i>As at 31st December</i>		<b>2025</b>	<b>2024</b>
		<b>Rs. 000</b>	<b>Rs. 000</b>
Total debts		-	-
Less: Cash and cash equivalents	24	<b>(60,201)</b>	(469,513)
Net debts		-	-
Total equity		<b>5,249,089</b>	4,374,784
<b>Debt to Equity ratio (Gearing Ratio)</b>		-	-

## NOTES TO THE FINANCIAL STATEMENTS

### 37 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

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

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

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

#### 37.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As at 31st December	2025			
	Financial assets at amortised cost	Other financial liabilities	Carrying Amount	Fair Value
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
<b>Financial assets not measured at fair value</b>				
Produce trade receivables	58,898	-	58,898	58,898
Amounts due from related parties	59,026	-	59,026	59,026
Cash and cash equivalents	60,201	-	60,201	60,201
<b>Total</b>	<b>178,125</b>	<b>-</b>	<b>178,125</b>	<b>178,125</b>
<b>Financial liabilities not measured at fair value</b>				
Trade and other payables	-	440,585	440,585	440,585
Lease liability	-	889,713	889,713	889,713
	-	1,330,298	1,330,298	1,330,298

<i>As at 31st December</i>	2024			
	Financial assets at amortised cost	Other financial liabilities	Carrying Amount	Fair Value
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
<b>Financial assets not measured at fair value</b>				
Produce trade receivables	13,493	-	13,493	13,493
Amounts due from related parties	16,883	-	16,883	16,883
Cash and cash equivalents	469,513	-	469,513	469,513
<b>Total</b>	<b>499,889</b>	<b>-</b>	<b>499,889</b>	<b>499,889</b>
<b>Financial liabilities not measured at fair value</b>				
Trade and other payables	-	455,574	455,574	455,574
Lease liability	-	867,291	867,291	867,291
	-	1,322,865	1,322,865	1,322,865

# NOTES TO THE FINANCIAL STATEMENTS

## 38 SEGMENTAL ANALYSIS Statement of Profit or Loss

For the Year Ended 31st December	Tea		Rubber		Oil palm		Others		Unallocated		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Revenue	1,565,667	1,797,058	897,184	939,294	1,430,859	1,069,067	1,042,422	1,034,242	-	-	4,936,132	4,839,661
Cost of sales	(1,481,394)	(1,635,777)	(1,060,989)	(1,062,935)	(525,538)	(463,583)	(822,883)	(827,248)	-	-	(3,890,804)	(3,989,543)
<b>Segment Results</b>	<b>84,273</b>	<b>161,281</b>	<b>(163,805)</b>	<b>(123,641)</b>	<b>905,321</b>	<b>605,484</b>	<b>219,539</b>	<b>206,994</b>	-	-	<b>1,045,328</b>	<b>850,118</b>
<b>Unallocated</b>												
Other income									411,581	344,058	411,581	344,058
Change in fair value of biological assets									84,303	125,654	84,303	125,654
Administration expenses									(215,821)	(190,982)	(215,821)	(190,982)
Other expenses									(11,884)	(5,871)	(11,884)	(5,871)
<b>Results from operating activities</b>											1,313,507	1,122,977
Finance income									26,357	12,255	26,357	12,255
Finance costs									(108,883)	(101,482)	(108,883)	(101,482)
Share of profit of equity accounted investee, net of tax									227,244	90,162	227,244	90,162
<b>Profit before taxation</b>											1,458,225	1,123,912
Income tax expense									(409,447)	(342,423)	(409,447)	(342,423)
<b>Profit for the year</b>											1,048,778	781,489

## SEGMENTAL ANALYSIS

### Statement of Financial Position

	Tea		Rubber		Oil palm		Others		Unallocated		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
<i>As at 31st December</i>												
Non-current assets	1,577,515	1,235,365	3,317,426	2,840,687	1,911,963	1,520,229	-	-	1,599,982	1,449,428	8,406,885	7,045,709
current assets	211,648	244,100	445,083	561,301	256,519	300,387	-	-	59,026	16,883	972,276	1,122,671
<b>Total assets</b>	<b>1,789,163</b>	<b>1,479,465</b>	<b>3,762,509</b>	<b>3,401,988</b>	<b>2,168,482</b>	<b>1,820,616</b>	<b>-</b>	<b>-</b>	<b>1,659,008</b>	<b>1,466,311</b>	<b>9,379,161</b>	<b>8,168,380</b>
Non-current liabilities	835,552	734,619	1,757,119	1,689,237	1,012,697	904,016	-	-	-	-	3,605,367	3,327,872
Current liabilities	121,602	102,807	255,721	236,403	147,382	126,514	-	-	-	-	524,705	465,724
<b>Total liabilities</b>	<b>957,153</b>	<b>837,426</b>	<b>2,012,840</b>	<b>1,925,640</b>	<b>1,160,079</b>	<b>1,030,530</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,130,072</b>	<b>3,793,596</b>
<b>Capital Expenditure</b>												
Field development	161,624	151,888	643,440	560,221	85	73	-	-	1,025	2,844	806,174	715,026
Property, plant and equipment	58,120	18,437	122,223	42,396	-	-	-	-	-	-	180,343	60,833
<b>Total</b>	<b>219,744</b>	<b>170,325</b>	<b>765,663</b>	<b>602,617</b>	<b>85</b>	<b>73</b>	<b>-</b>	<b>-</b>	<b>1,025</b>	<b>2,844</b>	<b>986,517</b>	<b>775,859</b>
Total Depreciation/Amortisation	38,262	34,043	105,391	99,790	63,340	62,249	-	-	4,119	3,656	211,112	199,738

### 38.1 Basis for segmentation

The Company has the following four strategic divisions, which are its reportable segments. These sectors offer different products and services, and are managed separately because they require different technology and marketing strategies. The following summary describes the operations of each reportable segment.

Reportable segments	Operations
Tea	Cultivation, processing and sale of made tea.
Rubber	Cultivation, processing and sale of rubber.
Oil palm	Cultivation and sale of oil palm.
Other	Revenue generated from tea centres.

There are varying levels of integration between each segment. Inter-segment pricing is determined on an arm's length basis.

# SHAREHOLDERS' INFORMATION

## 01. Public share holdings

	2025	2024
The percentage of shares held by the public (%)	20.00	20.00
Number of public shareholders	13,744	14,431
Number of shares	31,250,000	31,250,000
<b>Minimum public holding requirement</b>		
Float adjusted market capitalisation as at 31.12.2025 (Rs.)	1,656,250,000	

## 02. Distribution of Shareholding

Shareholding	Residents				Non-Residents				Total	
	No of shareholders	(%)	No of Shares	(%)	No of shareholders	(%)	No of Shares	(%)	Local %	Foreign %
1 To 1000 Shares	12652	92%	2,395,147	2%	7	58%	800	0%	1.53%	0.00%
1001 To 10000 Shares	798	6%	2,968,189	2%	2	17%	6,301	0%	1.90%	0.00%
10001 To 100000 Shares	246	2%	7,650,516	5%	2	17%	103,613	3%	4.90%	0.07%
100001 to 1000000	34	0%	7,095,676	5%	0	0%	0	0%	4.54%	0.00%
Over 1,000,000 Shares	4	0%	132,459,658	87%	1	8%	3,570,100	97%	84.77%	2.28%
	13,734	100%	152,569,186	100%	12	100%	3,680,814	100%	97.64%	2.36%

## 03. Categories of Shareholders

Shareholding	Institutional				Non Institutional				Total			
	No of shareholders	(%)	No of Shares	(%)	No of shareholders	(%)	No of Shares	(%)	No of shareholders	No of Shares	(%)	No of Shares
1 To 1000 Shares	40	26%	13,111	0%	12619	93%	2,382,836	13%	12,659	92%	2,395,947	2%
1001 To 10000 Shares	41	27%	190,603	0%	759	6%	2,783,887	15%	800	6%	2,974,490	2%
10001 To 100000 Shares	49	32%	1,892,532	1%	199	1%	5,861,597	33%	248	2%	7,754,129	5%
100001 to 1000000	17	11%	3,687,175	3%	17	0%	3,408,501	19%	34	0%	7,095,676	5%
Over 1,000,000 Shares	4	3%	132,459,658	96%	1	0%	3,570,100	20%	5	0%	136,029,758	87%
	151	100%	138,243,079	100%	13,595	100%	18,006,921	100%	13,746	100%	156,250,000	100%

## 04. Market Value Analysis

	2025	2024
Highest	69.00	48.90
Lowest	39.00	29.10
Closing price	53.00	46.60

**05. TWENTY (20) LARGEST SHAREHOLDERS AS AT 31ST DECEMBER 2025**

Name	No of Shares held	% of the holding
DAMRO MANUFACTURING (PRIVATE) LIMITED	92,500,000	59.20
A & M PROPERTIES (PRIVATE) LIMITED	32,500,000	20.80
SAMPATH BANK PLC/SENTHILVERL HOLDINGS (PVT) LTD	6,387,173	4.09
MISS SONIA WIN-YEN NG	3,570,100	2.28
DEUTSCHE BANK AG-NATIONAL EQUITY FUND	1,072,485	0.69
COMMERCIAL BANK OF CEYLON PLC/M.M. FUAD	648,266	0.41
MR. SUGATH WEERARATNE	548,845	0.35
DFCC BANK PLC/MR.P.PRANAVAN	500,000	0.32
SEYLAN BANK PLC/R.A.RISHARD	406,578	0.26
MISS. OSHADHINI UPULIKA KUMARI JAYASUNDARA	300,753	0.19
MR. KIRIWATTUDUWAGE DON ARUNA SHANTHA DEEPTHI KUMARA	300,001	0.19
MR. GEETH THINETH MAPALANA	300,000	0.19
DFCC BANK PLC/B. SUTHARSHAN	255,000	0.16
SENKADAGALA FINANCE PLC/M.S.F.HAQQUE	248,945	0.16
MR. GONALAGODAGHE BUWANeka DINUWAN THILAKARATNE	222,437	0.14
MR. ARUNASALAM SITHAMPALAM	210,000	0.13
DR. ATHUGODAGE ARUNA MAHESH DHARMADASA	206,103	0.13
MR. KAMARDEEN MOHAMED RIHAN	183,922	0.12
AMANA BANK PLC/HI-LINE TOWERS PVT LIMITED	180,000	0.12
PEOPLE S LEASING AND FINANCE PLC/M.M.FUAD	180,000	0.12
	140,720,608	90.06
Balance Held by 13,726 shareholders	15,529,392	9.94
	<b>156,250,000</b>	<b>100.00</b>

**THE GOLDEN SHARE HOLDER**

The Golden share of Rs 10/- is currently held by the Secretary of the Treasury and should be owned either directly by the Government of Sri Lanka or by a 100% Government owned Public Company. In addition to the rights of the normal shareholder, the Golden Shareholder has specific rights according to the Articles of Association of the company which are specified in note 25.1.

# INFORMATION ON ESTATES AND FACTORIES

Estate	Crop	Total Extent	Area in Tea		Area in Rubber		Area in Oil Palm		Area in Others		Total revenue extent	
			Immature	Mature	Immature	Mature	Immature	Mature	Immature	Mature		
		Ha	Ha	Ha	Ha	Ha	Ha	Ha	Ha	Ha	Ha	
<b>RATNAPURA DISTRICT</b>												
Peenkande	Rubber	1,328			325.21	527.54				-	-	527.54
	Oil Palm							141.31				141.31
Doloswella	Tea	871	37.12	64.2								64.20
	Rubber				169.76	255.94						255.94
Kiribathgala	Rubber	819			240.52	252.32					9.98	262.30
	Oil Palm							53.67				53.67
Noragalla	Tea	133	11.76	60.71								60.71
												-
Watapotha	Tea	365	12.52	33.06								33.06
	Rubber				22.37	52.43						52.43
Niriella	Tea	932	-	9.08								9.08
	Rubber				114.34	273.67				47.94		321.61
	Oil Palm							35.52				35.52
Delgoda	Tea	7										-
	Rubber					2.02						2.02
<b>KALUTARA DISTRICT</b>												
Culloden	Rubber	1,232			187.74	264.32					3.86	268
	Oil Palm							393.6				394
Ambetenna	Rubber	613			96.13	83.4						83
	Oil Palm							285.96		0		286
Clyde	Rubber	616			199.90	190.89				14		204
Kiriwanaketiya	Rubber	768			144.41	192.50				3		196
	Oil Palm						1	45.76				46
Mohamedi	Tea	724		10.80							8.81	20
	Rubber				70.24	157.89						158
	Oil Palm							197.18				197
Pimbura	Rubber	370			59.52	41.2					5	46
	Oil Palm							169.86				170
<b>NUWARA ELIYA DISTRICT</b>												
Labookellie	Tea	539	32	276						0.5	122	398
Frotoft	Tea	1,016	32	381						1	176	557
			35									
Weddemulle	Tea	771	27	254						10	161	414
		<b>11,104</b>	<b>187</b>	<b>1,088</b>	<b>1,630</b>	<b>2,294</b>	<b>1</b>	<b>1,323</b>	<b>11</b>	<b>551</b>	<b>5,256</b>	
				<b>Tea</b>		<b>Rubber</b>		<b>Oil palm</b>		<b>Other</b>		
Total Mature Extent (Ha)				1,088		2,294		1,323		551		
Total Immature Extent (Ha)				187		1,630		1		11		
Total Planted Extent (Ha)				1,275		3,924		1,324		562		
Total Extent (Ha)				11,104								

No. of Workers		Crop (KG)			Yield	Factory Elevation	Factory Capacity	Building Information				
Staff	Workers	Tea	Rubber	Oil	Kg/Ha	m	KG	Kg	Made Tea Production	No of Buildings	Buildings/ Bungalow Gardens/Roads/other etc., (Ha)	Value of the Buildings (Rs.) as per books
37	490		251,450		477	318		7,000		114	176.16	20,267,721
				1,732,890	12,263							
31	397	445,423			6,938	150-300	398,970	13,500		17	287.43	50,023,767
			71,006		277					15		19,939,342
18	257		101,098		400.67			2,000		90	177.65	5,111,605
				668,468	12,455							
5	120	330,807			5,449					45	36.18	8,338,258
5	110	140,628			4,254					21	25.01	5,800,407
			22,831		435							
16	222	55,020			6,059					187	326.58	6,396,177
			124,592		455							
				429,370	12,088							
						180-252		12,500		17	3.89	10,233,560
1	-	-	-	-								
15	252		138,653		511	46		2,000		138	291.55	29,940,158
				4,648,740	11,811							
6	116		31,436		312					17	98.14	1,328,894
				2,117,490	7,405							
8	133		89,611		462	30-100		1,600		37	135	4,199,160
11	156		100,279		504	90-122		2,500		67	291.99	6,364,795
				420,040	9,179							
9	142	29,946			2,773							
			63,175		398					9	253.53	4,499,925
				1,955,420	9,917							
6	53		20,546		450					17	66.24	1,211,113
				2,165,510	12,749							
30	369	1,379,248			4,999	1600	437,053	12,500		480	156	41,215,677
26	389	1,696,499			4,458	1480	476,849	15,000		439	154	24,197,564
19												
26	352	976,882			3,849	1505	-	-		773	65	29,867,934
<b>268</b>	<b>3,559</b>	<b>5,054,453</b>	<b>1,014,677</b>	<b>14,137,928</b>			<b>1,312,872</b>	<b>68,600</b>		<b>2,483</b>	<b>2,544</b>	<b>268,936,058</b>

	Tea	Rubber	Oil palm	Tea	
Total Crop (kg)	5,054,453	1,014,677	14,137,928	Tea Production (Made Tea)	
Total NSA (Rs/kg)	1,090	926	101	Estate Crop (Kg)	1,061,289
Total COP (Rs /kg)	1,068	986	33	Bought Crop (Kg)	251,583
					1,312,872

# ESTATE MANAGEMENT TEAM

Estate	Name	Position	Crop Type
Ambetenna	Mr. Nuwan Dhanushka Mohottala	Snr Asst.Superintendent	Rubber & Oil Palm
Clyde	W M Nilaksha Sandaruwan	Snr Asst.Superintendent	Rubber & Oil Palm
Culloden	Mr. K Chaminda Pushpakumara	Snr.Asst. Superintendent	Rubber & Oil Palm
Kiriwanaketiya	Mr. Lakshan Sarathchandra	Snr.Asst. Superintendent	Rubber, Tea & Oil Palm
Mohamedi	Mr. V Duminda Gayan Abeysundara	Snr.Asst. Superintendent	Rubber, Tea & Oil Palm
Pimbura	Mr. W Shanuka D Ihalawaththa	Snr. Asst.Superintendent	Rubber & Oil Palm
Doloswella	Mr. KK Chamara J Samarasinghe	Snr. Asst. Superintendent	Rubber & Tea
Kiribatgala	Mr. AD Rasangika Lakshan Kumara	Snr.Asst.Superintendent	Rubber & Oil Palm
Niriella	Mr. P Krishan M Cooray	Snr.Asst.Superintendent	Rubber, Tea & Oil Palm
Noragalla	Mr. H H Keerthi Lakmal	Asst.Superintendent	Tea
Peenkande	Mr. Dulanja Madushanka Jayalath	Snr.Asst. Superintendent	Rubber & Oil Palm
Watapotha	Mr. R P Kasun Sanjaya Rajapakshe	Snr.Asst.Superintendent	Rubber & Tea
Frotoft	Mr. H P Sujeewa P K Jayasinghe	Snr.Asst.Superintendent	Tea
Labookellie	Mr. R K Udaya Iroshan Rathnayaka	Snr.Asst.Superintendent	Tea
Weddemulle	Mr. Y M U Idunil Yapa	Superintendent	Tea

# GLOSSARY

## FINANCIAL TERMS

### Accounting Policies

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

### Agricultural Activity

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

### Agricultural Produce

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

### AGM

Annual General Meeting.

### Amortization

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

### Associate

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

### AWDR

Average Weighted Deposit Rate.

### AWPLR

Average Weighted Prime Lending Rate.

### Basic Earnings per Share

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

### Bearer Biological Assets

Biological assets those are not to be harvested as agricultural produce or sold as biological assets. The biological assets other than the consumable biological assets.

### Biological Assets

Is a living animal or plant.

### Biological Transformation

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

### Borrowings

All interest-bearing liabilities.

### Capital Employed

Total equity, minority interest and interest-bearing borrowings.

### Capital Reserves

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

### Cash Equivalents

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

### CEA

Central Environment Authority.

### Contingent Liability

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

### Consumable Biological Assets

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

### CSR

Corporate Social Responsibility.

### Current Ratio

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

### DCF Method

Discounted Cash Flow method.

### Deferred Taxation

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

### Derivative

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

### Dividends

Distribution of profits to holders of equity investments.

### Dividend Cover

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

### Dividend Yield

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

### EBITDA

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

### Effective Tax Rate

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

### Equity

Shareholders' fund.

### Equity Instruments

Is any contract that evidences a residual interest in the assets of a entity after deducting all its liabilities.

### Equity Method

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

## GLOSSARY

### ERP

Enterprise Resources Planning.

### Financial Instrument

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

### Fair Value

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

### Forward Currency Contract

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

### FSC

Forest Stewardship Council.

### Gearing

Proportion of total interest-bearing borrowings to capital employed.

### HACCP

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

### IAS

International Accounting Standards.

### ICASL

The Institute of Chartered Accountants of Sri Lanka.

### IFRIC

International financial Reporting Interpretations Committee.

### IFRS

International Financial Reporting Standards.

### Key Management Personnel

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

### LIBOR

London Inter-Bank Offered Rate.

### Market Capitalisation

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

### Net Assets per Share

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

### Non-controlling interest

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

### Price Earning Ratio

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

### Related Parties

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

### Retirement Benefits

#### - Present Value of a Defined Benefit Obligation

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

#### - Current Service Cost

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

### - Interest Cost

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

### - Actuarial Gains and Losses

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

### Return on Equity

Attributable profits to the shareholders divided by shareholders' funds.

### Return on Capital Employed

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

### Return on Assets

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

### Revenue Reserves

Reserves considered as being available for distribution and investments.

### SIC

Standing Interpretations Committee.

### Segments

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

### SLFRS/LKAS

Sri Lanka Accounting Standards corresponding to International Financial Reporting Standards.

### SoRP

Statement of Recommended Practice.

### Subsidiary

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

**SLAS**

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

**UITF**

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

**Value Addition**

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

**Working Capital**

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

**VAT**

Value Added Tax

**NON-FINANCIAL TERMS****Crop**

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

**GRI**

Global Reporting Initiatives

**Immature Plantation**

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

**ISO**

International Standards Organization.

**Mature Plantation**

The extent of plantation from which crop is being harvested.

**NSA**

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

**RSS-1**

Ribbed Smoked Sheet – Grade 1

**COP**

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

**SLSPC**

Sri Lanka Plantations Corporation.

**JEDB**

Janatha Estate Development Board.

**TASL**

Tea Association of Sri Lanka.

**Yield (YPH)**

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

**Field**

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

**TRI**

Tea Research Institute

**RRI**

Rubber Research Institute

**HACCP**

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

**Infilling**

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

**Replanting**

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

**COS**

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

# CORPORATE INFORMATION

## Name of the Company

Agalawatte Plantations PLC (PQ 214)

## Legal Form

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

## Registered Office

No. 361 Kandy Road, Nittambuwa.  
Tel: 033 4 679 200/ 033 2 299 000  
Fax: 033 2 285 681  
Email: mail@agalawatte.com

## Directors

Mr. A.S. Amarasuriya -Chairman  
Mr. S.M.S.S. Bandara  
Mr. H.D.P Gamage  
Mr. D.S Muthukudaarachchi  
Mr. G.P.N.A.G. Gunathilake  
Mr. R.P.L. Ramanayake  
Mr. W.A.A. Asanga  
Mr. L.R.W.S. Rajasekara  
Mr. M.P.K. Udugampola

## Auditors

KPMG  
No: 32A,  
Sir Mohamed Macan Markar Mawatha,  
P. O. Box 186, Colombo 03.  
Tel : +94 115 426426

## Secretaries

Nexia Corporate Consultants (Private) Limited  
No: 130, Level 02, Narahenpita - Nawala Road, Colombo 05.  
Tel - 0114-510709 / 0112-368154  
Fax -0112-368621

## Registrar

Business Intelligence Limited  
No: 08, Tickell Road, Colombo 08.  
Tel – 011 5579950  
Email: ms2@mssl.lk

## Bankers

Sampath Bank PLC  
Commercial Bank of Ceylon PLC  
Hatton National Bank PLC  
People's Bank  
NDB Bank  
Bank of Ceylon



# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 31st Annual General Meeting of the shareholders of AGALAWATTE PLANTATIONS PLC will be held on 30th June 2026 at 2.30pm at the Main Hall of Hotel Sundale, No: 21/1/B, Attanagalla Road, Nittambuwa, for the following purposes:

## 1. TABLING OF FINANCIAL STATEMENTS

To lay before the meeting, the Annual Report of the Directors and the Financial Statement of the Company for the year ended 31st December 2025 together with the Report of the Auditors thereon.

## 2. RE- ELECTION OF DIRECTORS

- To re-elect Mr. W.A.A. Asanga - Director who retires by rotation in terms of Article 62 of the Articles of Association of the Company and being eligible offers himself for re-election. (Resolution 01)
- To re-elect Mr. R.P.L. Ramanayake - Director who retires by rotation in terms of Article 62 of the Articles of Association of the Company and being eligible offers himself for re-election. (Resolution 02)
- To re-elect Mr. H.D.P Gamage - Director who retires by rotation in terms of Article 62 of the Articles of Association of the Company and being eligible offers himself for re-election. (Resolution 03)

## 3. RE -APPOINTMENT OF DIRECTORS

- To re-appoint Mr. A.S. Amarasuriya, Director who vacates office in terms of Section 210 of the Companies Act No. 07 of 2007 and for this purpose to pass the following resolution as an Ordinary Resolution.

“Resolved that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. A.S. Amarasuriya, who is more than 70 years of age, and that he be appointed a Director of the Board in terms of Section 211 of the Companies Act No. 07 of 2007”. (Resolution 04)

## 4. DECLARATION OF DIVIDENDS

- To declare a final dividend of Rs. 0.75 per share for the financial year ended 31 December 2025 as recommended by the board. (Resolution 05)

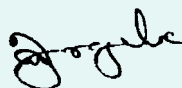
## 5. RE- APPOINTMENT OF AUDITORS

- To re-appoint Messrs. KPMG, Chartered Accountants, who have consented to be re- appointed Auditors of the Company until the conclusion of the next annual general meeting and to authorize the Directors to determine their remuneration. (Resolution 06)

## 6. DONATIONS

- To authorize the Directors to determine donations for charities for the ensuing year. (Resolution 07)

By Order of the Board



**Nexia Corporate Consultants (Pvt) Ltd**  
Secretaries

Colombo  
26th May 2026

### Notes:

1. A shareholder entitled to attend and vote at the above meeting is entitled to appoint a Proxy who need not be a shareholder, to attend and vote instead of him/her. A Proxy need not be a shareholder of the company.
2. A Form of Proxy is enclosed in this Report.
3. Shareholders who are unable to participate in the above meeting are also encouraged to submit a duly completed Form of Proxy appointing the Chairman or any other Member of the Board to participate and vote on their behalf.
4. The completed Form of Proxy should be deposited at the Registered Office of the Company, No 361, Kandy Road, Nittambuwa, not later than 48 hours before the time appointed for the meeting.

# FORM OF PROXY - VOTING SHAREHOLDERS

I/We .....

..... of .....

..... being a shareholder/s of AGALAWATTE PLANTATIONS PLC do hereby appoint:

Mr. A.S. Amarasuriya	or failing him
Mr. S.M.S.S. Bandara	or failing him
Mr. D.S. Muthukudaarachchi	or failing him
Mr. H.D.P. Gamage	or failing him
Mr. G.P.N.A.G. Gunathilake	or failing him
Mr. R.P.L. Ramanayake	or failing him
Mr. W.A.A. Asanga	or failing him
Mr. L.R.W. S. Rajasekara	or failing him
Mr. M.P.K. Udugampola	or failing him

Mr. /Mrs./ Ms. .... of ..... (address) as \*my /our Proxy to attend and \*vote for me/us on \*my/our behalf at the 31st Annual General Meeting of the Company to be held on 30th June 2026 and at any adjournment thereof.

Resolutions	For	Against
To lay before the meeting, the Annual Report of the Directors and the Financial Statement of the Company for the year ended 31st December 2025 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
To re-elect Mr. W.A.A. Asanga - Director who retires by rotation in terms of Article 62 of the Articles of Association of the Company and being eligible offers himself for re-election. (Resolution No.: 01)	<input type="checkbox"/>	<input type="checkbox"/>
To re-elect Mr. R.P.L. Ramanayake - Director who retires by rotation in terms of Article 62 of the Articles of Association of the Company and being eligible offers himself for re-election. (Resolution No.: 02)	<input type="checkbox"/>	<input type="checkbox"/>
To re-elect Mr. H.D.P. Gamage - Director who retires by rotation in terms of Article 62 of the Articles of Association of the Company and being eligible offers himself for re-election. (Resolution No.: 03)	<input type="checkbox"/>	<input type="checkbox"/>
To re-appoint Mr. A. S. Amarasuriya, Director who vacates office in terms of Section 210 of the Companies Act No. 07 of 2007 and for this purpose to pass the following resolution as an Ordinary Resolution.	<input type="checkbox"/>	<input type="checkbox"/>
"Resolved that the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. A.S. Amarasuriya, who is more than 70 years of age, and that he be appointed a Director of the Board in terms of Section 211 of the Companies Act No. 07 of 2007". (Resolution No.: 04)	<input type="checkbox"/>	<input type="checkbox"/>
To declare a final dividend of Rs. 0.75 per share for the financial year ended 31 December 2025 as recommended by the board. (Resolution No.: 05)	<input type="checkbox"/>	<input type="checkbox"/>
To re-appoint Messrs. KPMG, Chartered Accountants, who have consented to be re- appointed Auditors of the Company until the conclusion of the next annual general meeting and to authorize the Directors to determine their remuneration. (Resolution No.: 06)	<input type="checkbox"/>	<input type="checkbox"/>
To authorize the Directors to determine donations for charities for the ensuing year. (Resolution No.: 07)	<input type="checkbox"/>	<input type="checkbox"/>

Mark your preference with "X"

Signed on this ..... day of ..... 2026.

.....

Signature(s)

## FORM OF PROXY - VOTING SHAREHOLDERS

Please furnish following details:

CDS Account No of the Shareholder/s	
Number of shares	
Shareholder/s contact numbers/s	Fixed Line: Mobile:
Proxy Holder's NIC number	

### Instructions as to completion

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

This Annual Report is  
conceptualised, designed  
and produced by  
Redworks.

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