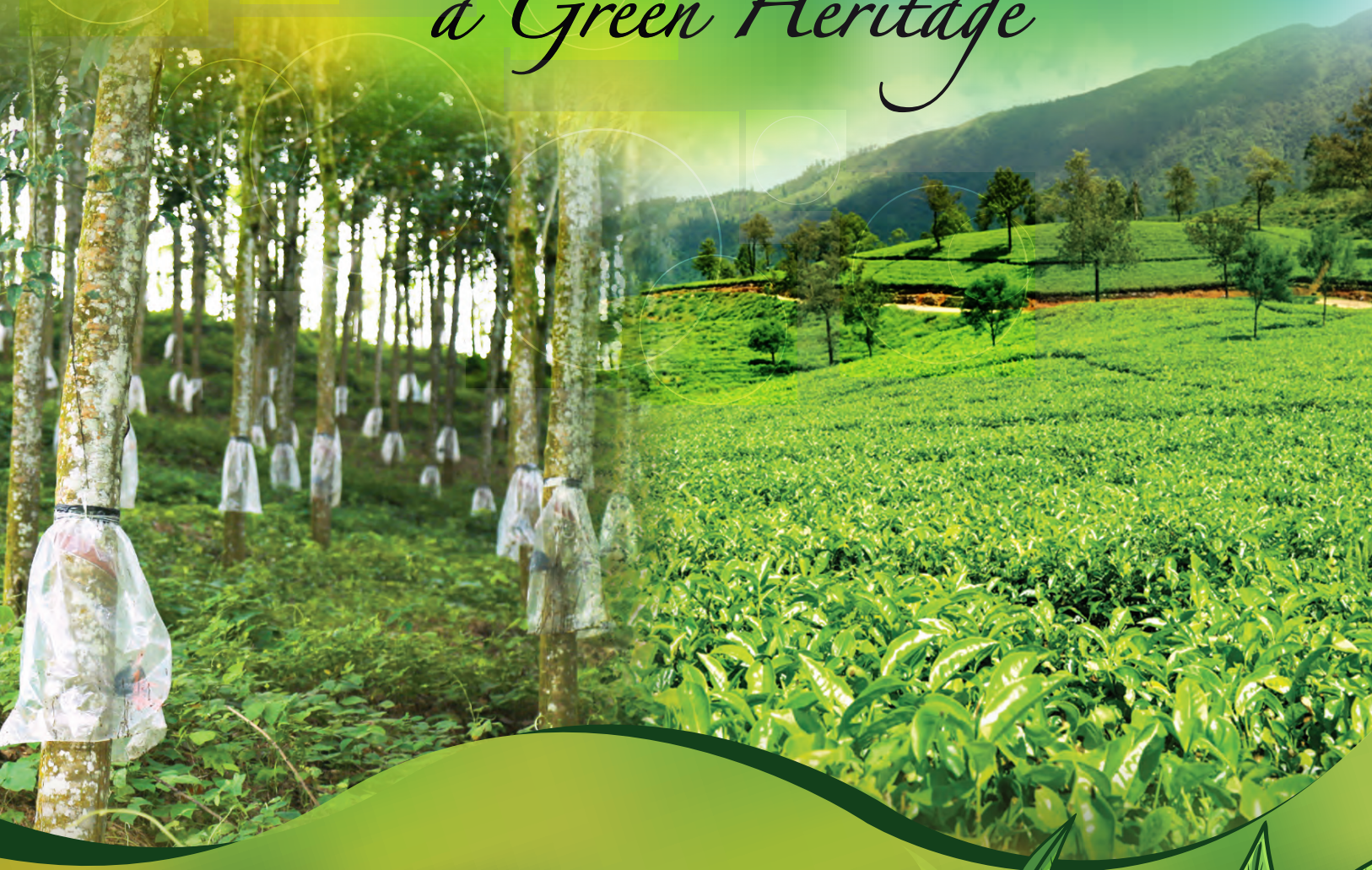




CULTIVATING

a Green Heritage



Agalawatte Plantations PLC
Annual Report 2024



CONTENTS

Financial Highlights	05
Chairman's Statement.....	06
Board of Directors	08
Management Discussion & Analysis.....	10
Annual Report of the Board of Directors.....	14
Corporate Governance.....	17
Risk Management	24
Related Party Transactions Review Committee Report	28
Remuneration Committee Report.....	29
Audit Committee Report.....	30
Nominations and Governance Committee Report.....	32
Responsibilities of the Managing Director and Head of Finance for Financial Reporting.....	33
The Statement of Directors' Responsibility	34

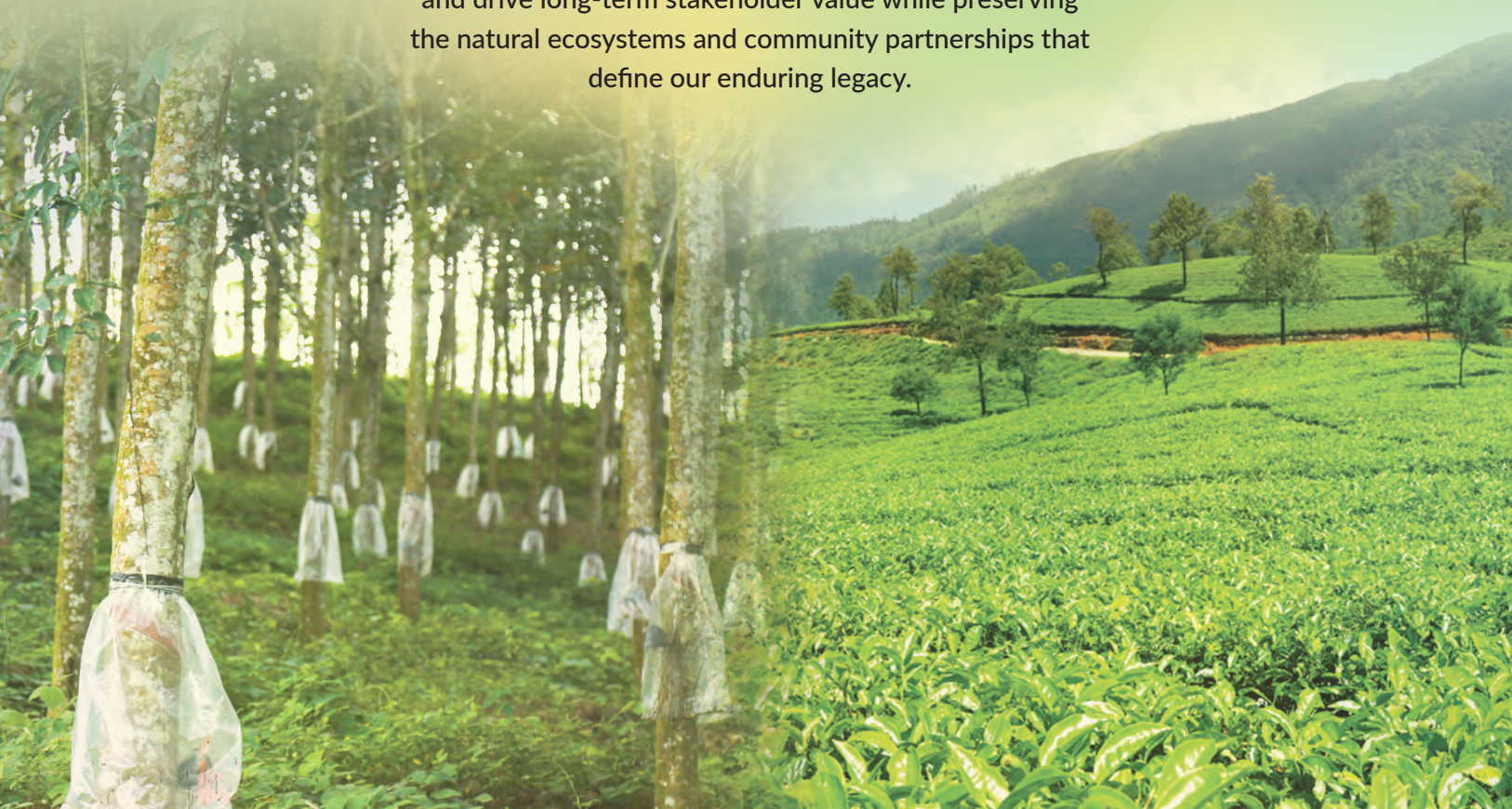
FINANCIAL INFORMATION

Independent Auditor's Report.....	36
Statement of Profit or Loss and Other Comprehensive Income	39
Statement of Financial Position	40
Statements of Changes in Equity.....	42
Statement of Cash Flows	43
Notes to the Financial Statements	45
Shareholders Information	98
Information on Estates and Factories.....	100
Glossary	104
Corporate Information.....	107
Notice of Annual General Meeting	108
Form of Proxy.....	109



CULTIVATING *a Green Heritage*

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		2024	2023	
		Rs. 000	Rs. 000	Change
Earnings Highlights and Ratios				
Revenue		4,839,661	5,120,166	-5%
Results from operating activities		1,122,977	1,142,471	-2%
Profit before tax		1,123,912	1,143,618	-2%
Profit after tax		781,489	530,693	47%
Earnings per share	Rs.	5.00	3.40	47%
Interest cover	No of times	11.07	8.76	26%
Balance Sheet Highlights and Ratios				
Total assets		8,168,380	7,084,709	15%
Total debt		-	-	-
Stated capital		2,258,125	2,258,125	0%
Total shareholders' funds/Equity		4,374,784	4,014,445	9%
Net assets per share	Rs.	28.00	25.69	9%
Debt/ Equity	%	0%	0%	-
Debt/ Total Assets	%	0%	0%	-
Market / Shareholder Information				
Market price of share				
- Highest		48.90	39.00	25%
- Lowest		29.10	27.20	7%
- Year End		46.60	32.60	43%

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 31st December 2024. Despite navigating numerous challenges such as the economic crisis and geo-political uncertainties during the year, the company has demonstrated adaptability, resilience, and effective strategy implementation, achieving notable results.

This report offers a comprehensive review of the company's annual performance in 2024, including management strategies and practices aimed at sustainable growth.

Operating Landscape

During FY2024, the Sri Lankan economy recorded significant recovery, surpassing the growth expectation of 5% compared to the economic contractions of the past two years. Structural and policy reforms have contributed to gradual stability, paving the way for future growth. Increased economic activities, higher tourism earnings, foreign currency remittances, and a successful debt restructuring programme indicate signs of economic revival and an optimistic outlook.

The agricultural sector in Sri Lanka is crucial to consumption, employment, resource utilization, and value addition. Amid exceptionally challenging circumstances over the past years, the sector expanded by 1.2% in 2024 compared to 1.6% in 2023. Adverse government policies and extreme climatic conditions negatively impacted performance; however, the company maintained growth momentum through sustainable measures and best industry practices.

Tea Sector

In 2024, Sri Lanka's annual tea production improved marginally from 256 million kilos in 2023 to 262 million kilos. Despite a drop in the company's

annual made tea production to 1.47 million kilos from 1.93 million kilos the previous year due to decreased bought leaf purchases arising from strict quality control measures at farm gate level, the quality of made tea improved, leading to higher prices and segmental profit increased from Rs.73 million in 2023 to Rs.161 million in 2024.

Although green leaf production slightly decreased to 4.77 million kilos from 5.05 million kilos the previous year, maintaining proper strategies ensured satisfactory production levels despite adverse environmental and economic factors. Average tea prices increased to Rs.1,225/- in 2024 from Rs.1,171/- in 2023, helping to mitigate the impact of increased prices. The Net Sales Average (NSA) of the company increased by 6.3%, averaging Rs.1,130/- per kilo compared to Rs.1,063/- per kilo in 2023.

Looking ahead, the company adopted focused policies and procedures to enhance quality, cost efficiency, and productivity of tea plantations, resuming fertilizer application to improve soil quality, which will aid future crop

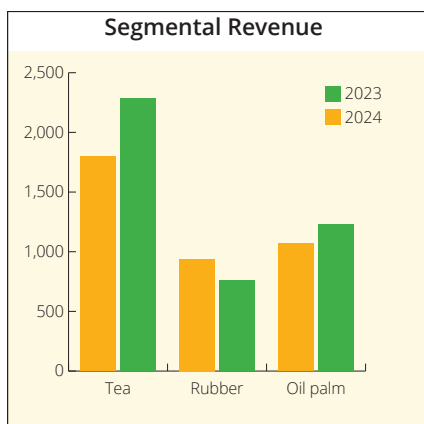
Despite a drop in the company's annual made tea production to 1.47 million kilos from 1.93 million kilos the previous year due to decreased bought leaf purchases arising from strict quality control measures at farm gate level, the quality of made tea improved, leading to higher prices and segmental profit increased from Rs.73 million in 2023 to Rs.161 million in 2024

production and tea quality. The company planted 24.9 hectares of tea and maintained another 102.86 hectares to improve yields, with re-planting costs amounting to approximately Rs.131.9 million.

Rubber Sector

Sri Lanka's natural rubber production declined by 16.3% in 2024 due to adverse weather, fertilizer shortages, and the spread of "Pestalotiopsis Leaf Disease." Despite these challenges, natural rubber prices increased significantly due to local production contraction, global price increases, demand fluctuations, slightly off set by local currency appreciation against US Dollars.

The company produced 1.16 million kilos of rubber in 2024, representing a 9.7% decrease from 1.28 million kilos in 2023, driven by extreme weather, leaf fall disease, and fertilizer & labor shortages. Segmental revenue increased from Rs.759 million in 2023 to Rs.939 million in 2024 due to higher auction prices despite reduced production volume.



The average net sales price of rubber increased from Rs.604.9/- per kilo in 2023 to Rs.984.8/- per kilo in 2024.

Investments in productivity and efficiency measures to revive rubber production amounted to Rs.566.8 million, re-planting 307.3 hectares. Measures such as rain guarding and low-frequency tapping systems contributed positively to stable crop production amid leaf fall disease impacts.

Financial Performance

The company recorded a turnover of Rs.4,839 million in FY2024, a slight decline from Rs.5,120 million the previous year. Tea and oil palm segments contributed 37% and 22% respectively, with segmental turnovers of Rs.1,797 million and Rs.1,069 million. Despite decreases in oil palm and tea segment revenue, cost efficiencies and pricing strategies mitigated the impact, offsetting the Rs.123 million loss from the rubber segment.

The gross profit increased from Rs.711 million in FY2023 to Rs.850 million in FY2024, aided by decreased losses in the rubber sector. Cost control measures improved labor efficiency, aiming to eliminate future segment losses. The company recorded a net profit of Rs.781 million, representing a 47% increase. The net asset position improved to Rs.4,374 million, indicating enhanced financial stability.

People and Welfare

Recognizing employees as valuable resources, the company prioritizes employee development and welfare to motivate the workforce for future growth objectives. Various measures support the health and well-being of employees, including training programs, infrastructure development, and social welfare initiatives totaling over Rs.149 million to uplift living standards.

The Way Forward

Despite global uncertainties, Sri Lanka shows positive signs of recovery. Government policies aimed at restoring microeconomic stability and debt sustainability form a foundation for sustained economic growth. The company invests in replanting rubber and tea, focusing on productivity, quality, and operational efficiency through good agricultural practices and standards.

Acknowledgment

I extend sincere gratitude to the Board of Directors, corporate management team, and employees including the estate workforce for their unwavering support and commitment. Our brokers, suppliers, customers, business partners, government institutions, and service providers have provided invaluable support. I also thank our shareholders for their continued trust and confidence.

Anil Amarasuriya
Chairman

Agalawatte Plantations PLC
26th May 2025

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 37 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 the Chairman of Lanka Clear (Pvt) Ltd. He currently serves as Chairman of Lanka Rating Agency Ltd and 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 a Council Member of the Institute of Chartered Accountants of Sri Lanka (2024/2025) and also an Independent Non-Executive Director and Audit Committee Chairman of Prime Lands Residencies PLC and Nuwara Eliya Hotels Company 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 retail, corporate, offshore, and international banking. He holds a B.Sc. (Special) degree in Estate Management & Valuation from the University of Sri Jayewardenepura, where he also served as an Assistant Lecturer before beginning his career in banking.

Joining BOC in 1990, he gained extensive expertise across various banking sectors and held key leadership roles in both local and international operations. He

served in BOC's overseas branches, including BOC (UK) Limited in London and the Chennai branch, for over a decade. As a member of BOC's Executive and Corporate Management for over ten years, he played a pivotal role in strategic decision-making. Before retiring, he served as Deputy General Manager (Recovery Corporate) for over three years, demonstrating his expertise in financial recovery and corporate banking.

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 35 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 is a graduate of the University of Kelaniya in Human Resources Management. He counts over 20 years of service in Damro Group and has an extensive exposure in Human Resource and Corporate Management Practices. Mr. Gunathilake was appointed as a Director of Damro Group in 2010. He currently serves as a Group director of Damro in charge of Human Resources, Legal affairs, Special projects and public relations. He also serves as Director of AEN Palm Oil Processing (Pvt) Ltd.

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. 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.

MANAGEMENT DISCUSSION & ANALYSIS

Business Overview

The economic landscape in Sri Lanka has shown a remarkable recovery in 2024, highlighted by a remarkable growth in Gross Domestic Product (GDP) of over 5.0% after a significant contraction of -7.8% in 2022 and -2.3% in 2023, showcasing resilience in the face of ongoing challenges. Economic recovery and growth measures have created a favorable operating environment while gradual reduction in interest rates and inflation have also been helping. However, the agricultural sector continued to face environmental and socio-economic challenges during the year under purview.

The agricultural sector of Sri Lanka has recorded a modest growth of 1.2% during the year reflecting ongoing hardships influenced by global market conditions, climate impacts, supply chain disruptions and sector-specific factors. Despite these challenges, the Industry shows future potentials for recovery as it works towards implementing innovative practices and strategies to increase productivity & efficiency. While the industrial and service sectors grew by 11% and 2.4% in 2024, the agriculture sector performance was impacted by the pressure from evolving global trade dynamics and climate changes etc. Notably, during the fourth quarter of the year, the sector experienced a contraction of 2.2%, indicating the challenges that require well-directed strategies and progressive measures towards future sustainability.

Looking ahead, stabilizing inflation and the stability of the Sri Lankan Rupee fortifies the investors' confidence and supporting growth initiatives of the plantation industry. Encouraging government policies, stable foreign exchange reserves, and fiscal stability are expected to support the agricultural sector, positioning for future growth and resilience in the coming years.

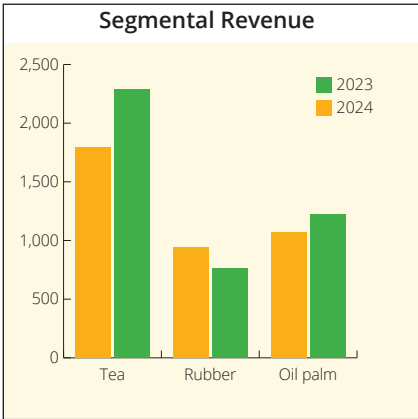
Operational performance

The Company's primarily engaged in cultivation of Tea, Rubber, and Oil Palm across its estates located in Kalutara, Ratnapura, and Nuwara Eliya Regions. Throughout 2024, the Company has shown a positive result navigating many challenges and constraints in the operating environment, marked by economic uncertainties, supply chain disruptions, and other external and internal limitations.

For the year 2024, the Company recorded a revenue of Rs. 4,840 million, reflecting a marginal decline of 5.4% compared to Rs. 5,120 million in 2023. This performance indicates the company's continued efforts in effective cost management, operational efficiencies, and market adaptability, enabling the Company to sustain its financial position despite prevailing challenges. Moving forward, the Company remains focused on enhancing productivity, optimizing resource utilization, and strengthening its market presence to drive long-term growth and sustainability.

The comparative performances of each business segment of the company during the year are as follows;

Segmental Revenue 2024 Vs 2023 – Rs. Million



Rubber

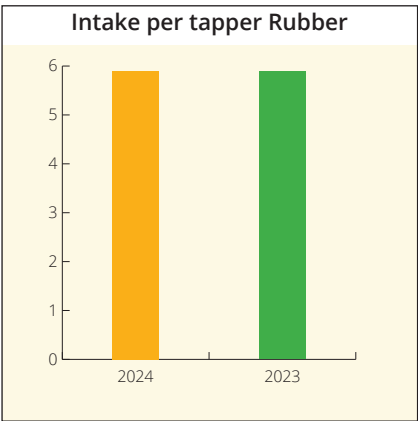
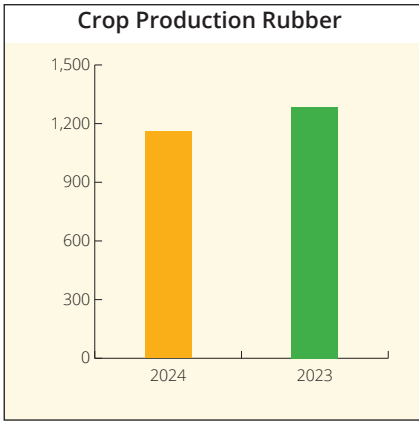
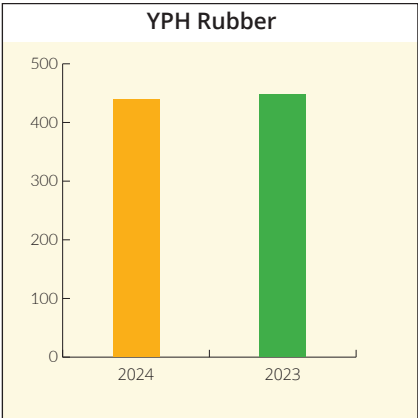
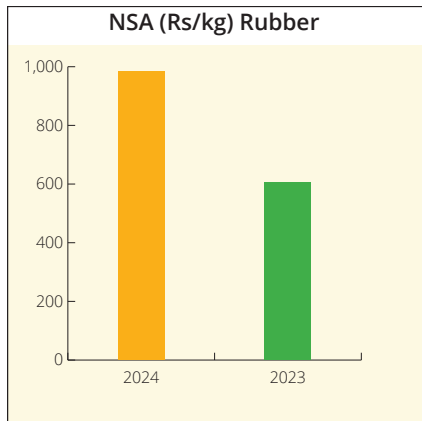
Rubber production in Sri Lanka pointedly dropped by 16.3% to when compared to 64 million kilos produced during the year 2023 reflecting ongoing challenges in the rubber industry, including fluctuating global demand, adverse weather conditions, and sector-specific constraints.

The factories at Clyde, Culloden, Doloswella, Kiribathgala, Kiriwanaketiya, and Peenkande estates have a combined capacity to produce approximately 10,000 kilograms of Thick Pale Crepe (TPC) rubber per day. Additionally, the Ribbed Smoke Sheet (RSS) processing facilities at Clyde, Culloden, Doloswella, Kiribathgala, Kiriwanaketiya, Niriella, and Peenkande collectively have a capacity to produce over 3,500 kilograms of RSS daily, reinforcing the Company's stronghold in rubber manufacturing.

During the year 2024, the Company's rubber production posted a decline to 1,159,768 kilograms, marking a 9.7% decrease compared to 1,284,210 kilograms in 2023. Despite this decline

in total production, Yield per Hectare (YPH) has increased to 448 kilograms, from 438 kilograms in the previous year, while the average intake per tapper—a key measure of tapper productivity—marginally improved to 5.90 kilograms in 2024 from 5.89 kilograms in 2023.

The widespread impact of Circular Spot Leaf Disease (commonly known as PESTA) has been one of main causes of the year on year drop in national rubber production as well as the company's rubber production. The disease significantly affects tree health, disrupting the recommended number of stimulation rounds in low-frequency tapping areas. Additionally, adverse weather conditions, particularly in the latter part of the year, further hampered production levels. The long-term effects of banning the import of chemical fertilizers and agrochemicals also had a significant impact, hampering both crop yields and the growth of newly planted rubber areas. The Company continued to implement many measures and initiatives in collaboration with rubber research institution etc to mitigate challenges and adopt cost-effective methods to ensure long-term viability.



Despite production setbacks, rubber prices remained favorable throughout the year under purview, with marginal price increases recorded over the year. The rising global demand for rubber-based industrial products contributed to an upward trend in rubber prices, leading to an improvement in the segment's financial performance. As a result, the annual Net Sales Average (NSA) of rubber increased significantly by 62%, reaching Rs. 984.84 per kilogram, compared to Rs. 604.98 per kilogram in 2023. Consequently, the rubber segment's revenue demonstrated a notable growth of 24% compared to the previous year.

Tea

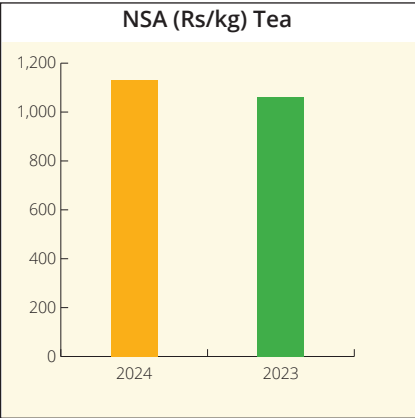
In 2024, Sri Lanka's total tea production stood at 262 million kilograms, reflecting a year-on-year increase of 2.4%. The company mainly possesses three tea estates in the up-country region and also three estates in the low-country region and the annual tea production of the company declined to 1.5 million kilograms from 1.9 million kilograms recorded in the previous year. As a result, the segment generated revenue of Rs. 1,797 million, compared to Rs. 2,284 million in the prior year, posting a 21% decline over the previous year.

Despite the decrease in production, the tea segment recorded a gross profit of Rs. 161 million in 2024, a significant increase from Rs. 73 million in 2023. This growth was primarily driven by an increase in the Net Sales Average of Rs. 1,130 compared to Rs. 1,063 in the previous year.

The country's tea production continued to experience low productivity due to the recovery following detrimental policy decisions of chemical fertilizer ban by the

MANAGEMENT DISCUSSION & ANALYSIS

government combined with bad weather led to falling crop yields. Therefore, the company remained committed to implement best possible measures to enhance productivity and improving the quality of made tea by adopting best agricultural practices. The company has mainly focused on the initiatives such as the timely application of foliar and ground fertilizers, the introduction of eco-friendly compost and adherence to recommended agronomic techniques aimed at achieving the desired future improvements.



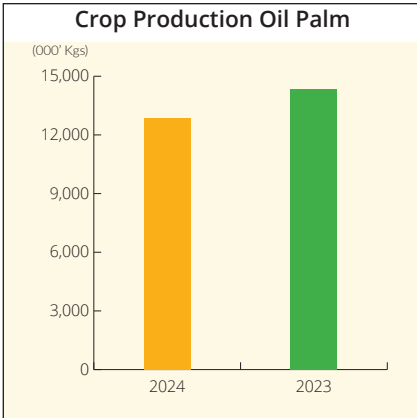
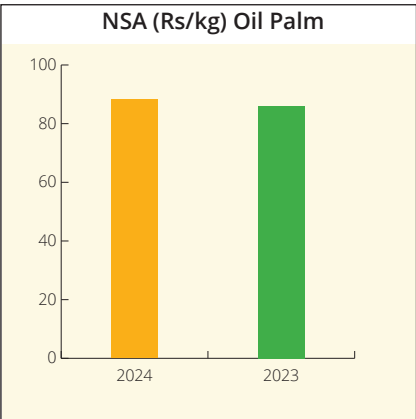
Oil Palm

The Oil Palm sector of the country has shown resilience despite prevailing challenges including government policies, price fluctuations etc. The sector highlights its strategic importance towards future sustainability and growth opportunities. The company has continued to demonstrate positive contribution towards the company's overall performance in the year under review, despite a decline in revenue. The segmental revenue for 2024 stood at

Rs. 1,069 million, reflecting a decrease of Rs. 157 million from Rs. 1,226 million recorded in the previous year. The segmental profit for the year was Rs. 605 million which is a decline of Rs. 149 million, when compared with Rs. 754 million recorded in 2023, primarily due to drop in crop production from 14,335,010 Kgs to 12,881,860 Kgs. However, the Net Sales Average for the segment increased from Rs. 85.58 in 2023 to Rs. 88.26 in the current year.

The Company has continued to focus on adopting sustainable agricultural practices to increase efficiencies and productivity and also improving crop yield on existing cultivated lands through proper fertilizer application and enriching soil quality etc amidst the unfavorable government policies on oil palm including cultivation ban.

The appreciable financial performance of the Oil Palm segment has mainly attributed towards the company's profitability during the year.



Product Diversification

Currently, the company has diversified its portfolio into various other crops including coconut, cinnamon, coffee, and other ancillary crops to sustain future operation of the company. It is important to note that most of these diversified crops are still in their immature stage. The management has planned to further expand the diversified crop cultivations on the feasible lands paving the way for sustainable growth of the company.

The Company also manages commercial timber plantations which currently spans over 336.81 hectares consisting of commercial timber species like Grandis Eucalyptus, Albizzia, Alstonia and Gravellia. As at the end of FY2024, the value of the consumable biological assets was Rs. 904 million. The company is continually exploring possible opportunities to add value to the timber cultivation with feasible expansion to optimize the use of company resources.

Financial Review of the Company

The Company has achieved a net profit of Rs. 781 million after tax in 2024 with a significant increase from Rs. 530 million recorded during the previous financial year.

Summary of key financial performance indicators:

Performance Measure	2020	2021	2022	2023	2024
Revenue (Rs. 000)	2,832,331	3,867,404	5,127,380	5,120,166	4,839,661
Revenue Growth YOY (%)	5%	37%	33%	(0.1%)	(5.4%)
Gross Profit (Rs.000)	274,448	895,518	1,589,952	711,185	850,118
Gross Profit Margin	10%	23%	31%	14%	18%
EBIT (Rs.000)	619,763	1,084,901	1,802,122	1,142,471	1,122,977
EBIT Growth YOY (%)	2373%	75%	66%	(36%)	(1.7%)
Capital Expenditure (Rs.000)	249,180	494,660	609,447	784,298	775,823
Cash Flow from Operations (Rs. 000)	(1,446,753)	(386,347)	444,198	975,054	1,027,364
Total Debts (Rs.000)	25,000	612,400	300,391	NIL	NIL

During the period under review, the company recorded an annual turnover of Rs. 4,839 million, marking the third-highest revenue achieved over the past five years. The revenue growth was primarily driven by the performance of the Tea and Oil Palm segments. Over the past five years, the company's revenue has grown by 70%, reflecting significant improvements in overall performance.

Gross profit has also demonstrated a 20% increase compared to the previous year, with the gross profit margin rising to 18%. Earnings before interest and tax (EBIT) improved to Rs. 1,122 million in 2024, largely attributed to increased market prices, enhanced productivity, and efficiency measures implemented by the management.

The company's sustained investment in replanting, factory renovations, and plant and machinery upgrades has played a crucial role in strengthening current performance and ensuring future growth. Additionally, stringent cost management strategies have enabled the company to maintain positive cash flows from operations, overcoming previous cash flow constraints and reinforcing financial stability.

Replanting & Sustainability

Capital Expenditure

The company continued its commitment to long-term sustainability and growth through significant investments in replanting, factory renovations, and infrastructure upgrades. A total of Rs. 775 million was invested in these initiatives during the year, compared to Rs. 784 million in the previous year. The accelerated replanting program and capital investments were strategically undertaken to enhance future productivity and ensure business sustainability, despite financial and operational challenges.

In 2024, a total of 307.36 hectares of rubber was replanted, an increase from 297.62 hectares in the prior year. Additionally, 24.90 hectares of tea were replanted during the year. As part of the company's ongoing Replanting Program, preparations are underway to replant a further 340.68 hectares in 2025. The required planting materials will be sourced from four central nurseries established at Ambetenna, Clyde, Niriella, and Peenkande Estates.

The company invested over Rs. 60.8 million in 2024 for building renovations, plant and machinery upgrades, vehicle acquisitions, and equipment enhancements, reinforcing its commitment to operational efficiency and infrastructure development.

Sustainability and way forward

Productivity and operational efficiency remain key strategic priorities in driving the company's sustainable growth. The management continues to emphasize the importance of ongoing replanting initiatives for Tea and Rubber, along with commercial timber plantations, even amidst challenging conditions such as the pandemic. Investments in field and factory development, coupled with the adoption of advanced agricultural practices, have been instrumental in enhancing productivity and improving the quality of produce.

While rising labor costs and production expenses continue to exert pressure on margins in the Rubber sector, the upward momentum in tea and rubber prices presents an opportunity for the company to mitigate these challenges and achieve its strategic objectives.

Looking ahead, the future of the plantation industry lies in value addition and operational efficiencies. Accordingly, the company's corporate strategies are directed to drive the continuous development of its core plantation businesses while pursuing diversification-led growth to ensure long-term sustainability.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Directors of Agalawatte Plantations PLC have pleasure in presenting the Annual Report together with the Audited Financial Statements of the Company for the year ended 31st December 2024 and the Auditor's report thereon.

The Board of Directors approved this report at the Board meeting held on 26th May 2025.

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 Holdings (Pvt) Ltd, the holding company of Agalawatte Plantations PLC is the parent undertaking of the Company as at 31st December 2024 and holds 80.00% of stake as at 31st December 2024.

The financial statements of the Company are given on pages 39 to 97.

Auditors' Report

The Auditors' report on the financial statements is given on pages 36 to 38.

Accounting Policies

The accounting policies adopted in the preparation of the financial statements are given on pages 45 to 59.

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 06 to 07 and Management Discussion & Analysis on pages 10 to 13.

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 have 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 17 & 23.

Board Sub-Committee

The Audit Committee, Remuneration Committee and Related Party Transaction Review Committee function as Board sub committees, with Directors who possess the requisite qualifications and experience.

The Company established Nominations and Governance Committee in compliance with Rule 9.11 of the CSE Listing Rules, on 24th September 2024.

Directorate

The members of the Board during the financial year ended 31st December 2024 were as follows.

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

Mr. S.M.S.S. Bandara (Independent Non-Executive Director)
(appointed on 19/09/2024)

Mr. D.S. Muthukudaarachchi (Independent Non-Executive Director)
(appointed on 19/09/2024)

Mr. H.D.P. Gamage (Independent Non-Executive Director)
(appointed on 19/09/2024)

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. R.K.A. Ranaweera (Independent Non-Executive Director)
(resigned on 19/09/2024)

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. S.M.S.S. Bandara, Mr. D.S. Muthukudaarachchi & Mr. H.D.P. Gamage were appointed to the Board on 19th September 2024. In terms

of Article 98 of the Articles of Association, the shareholders will be requested to re-elect them at the Annual General Meeting.

Mr. R.K.A. Ranaweera ceased to be on the Board with effect from 19th September 2024.

Status of Mr. A S Amarasuriya who was an Independent Non-Executive Director of the Company changed to be in comply with Rule 9.8.3. of CSE Listing Rules, on 24th September 2024. Mr. A S Amarasuriya is now a Non-Independence Non-Executive Director of the Company.

The Profiles of the Board of Directors of the company as at 31st December 2024 are set out on pages 08 to 09 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 31 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 2024 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

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. 5, 881,700/- as audit fees and Rs. 2,318,192/- 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:

	2024 Rs.	2023 Rs.
Earnings per share	5.00	3.40
Net assets per share	28.00	25.69

Segment Reporting

A segmental analysis of the activities of the Company is given in note 37 to the Financial Statements.

Related Party Transactions

Details of related party transactions of the Company are given on note 31 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 2024.

Recurrent related party Transactions which in aggregate value exceeds 10% of the revenue of the Company as per the audited financial statements for the year ended 31st December 2024 were disclosed in Note no 31.4 to the Financial Statements.

Capital Expenditure

The total capital expenditure on acquisition of property, plant and equipment and biological assets of the Company Rs. 775 million (2023 - Rs. 784 million).

Contingent Liabilities and Capital Commitments

There were no material contingent liabilities or capital commitments as at 31st December 2024.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

Dividends

For the financial year 2024, following dividends were paid,

First Interim Dividend of Rs 2/- per share for 2024 paid on 10th Dec 2024

Second Interim Dividend of Rs 1/50 per share for 2024 paid on 27th Mar 2025

Personnel

The Company had in its employment 3,705 (2023: 3672) persons as at 31st December 2024.

Share Trading Information

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

Information relating to the trading of the Company's shares during 2024 are given below:

	2024 Rs.	2023 Rs.
Market value per share -High	48.90	39.00
Market value per share – Low	29.10	27.20
Market value per share - 31 Dec	46.60	32.60

Shareholder Information

As at 31st December 2024, the Company had 14,432 registered shareholders. An analysis of the shareholding, distribution and names of the 20 Major shareholders are given in the Shareholders Information section on Page 98 to 99.

Float adjusted market capitalization

The Company had a float adjusted market capitalization of Rs. 1,456.25 million and 14,431 public shareholders as at 31st December 2024. 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.

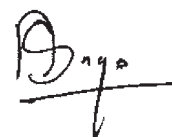
Donations

There were no donations given during the year ended 31st December 2024.

Notice of Annual General Meeting

The Notice of the 30th Annual General Meeting of the Company appears on page 108.

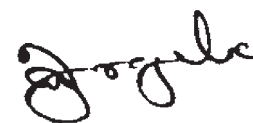
For and on behalf of the Board



W.A. Arosha Asanga
Director



L.R.W.S. Rajasekara
Director



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

26th May 2025
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 2024. 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

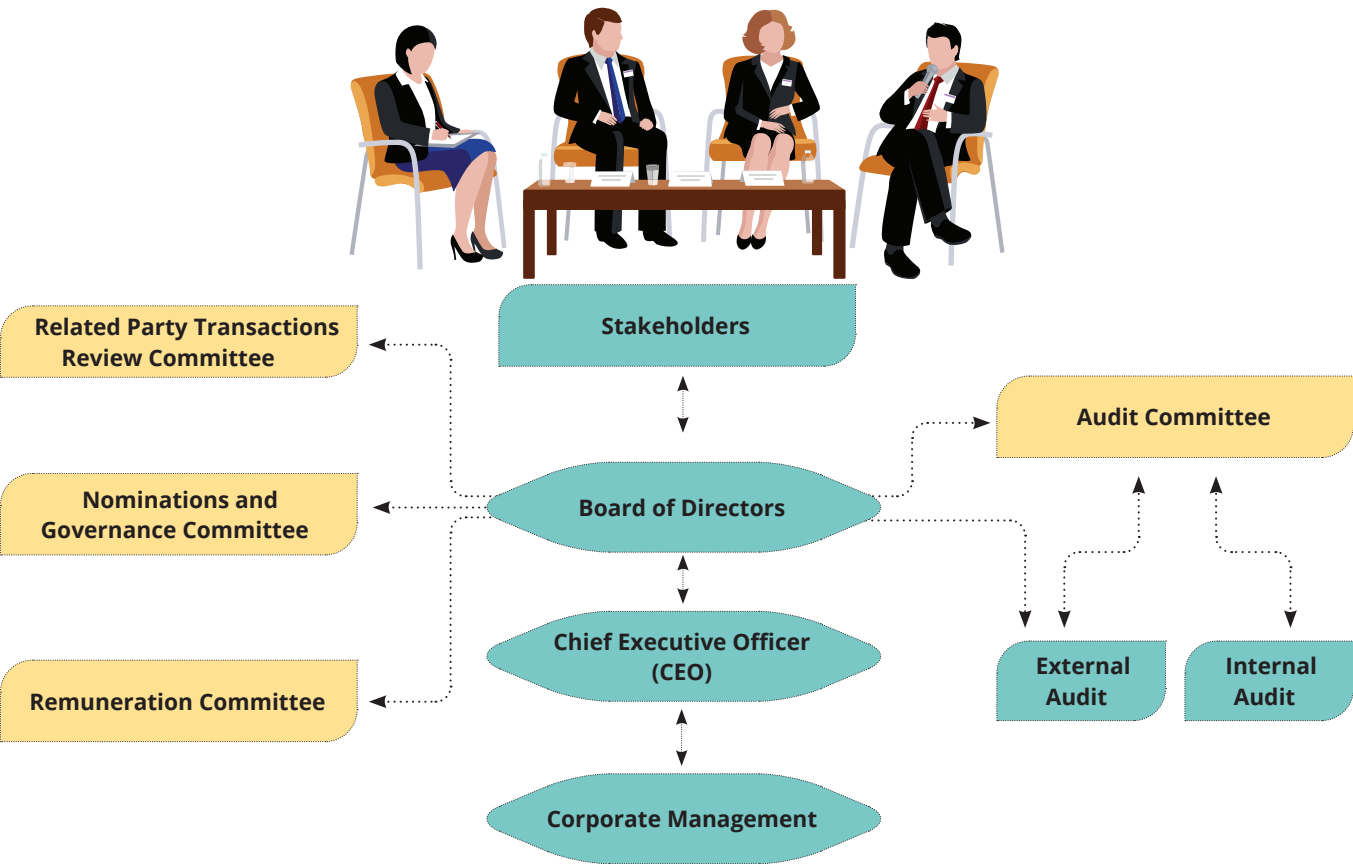
to strengthen its role and responsibilities in order to enhance transparency and accountability and emphasize its commitment to the long term growth and sustainability of the company.

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 2024, 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 08 to 09.

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	2/4
Mr. D. S. Muthukudaarachchi	Appointed w.e.f. 19/09/2024	Non-Executive Director	Yes	2/4
Mr. H. D.P Gamage	Appointed w.e.f. 19/09/2024	Non-Executive Director	Yes	1/4
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	3/4
Mr. R. K. A. Ranaweera	Appointed w.e.f. 20/09/2017 Resigned w.e.f. 19/09/2024	Non-Executive Director	Yes	2/4

Board Meetings

The Board meetings have been scheduled on a regular basis during the year 2024 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, advises 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 (formed on 24/09/2024)

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 2024 comprised of:

Mr. S.M.S.S. Bandara

*Chairman, Independent Non-Executive Director
(appointed on 24/09/2024)*

Mr. D.S. Muthukuaarachchi

*Independent Non-Executive Director
(appointed on 24/09/2024)*

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 30 to 31.

Remuneration Committee

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

Mr. S.M.S.S. Bandara

*Chairman, Independent Non-Executive Director
(appointed on 24/09/2024)*

Mr. H.D. Gamage

*Independent Non-Executive Director
(appointed on 24/09/2024)*

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 29.

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 2024 are as follows.

Mr. S.M.S.S. Bandara

Chairman, Independent Non-Executive Director

(appointed on 24/09/2024)

Mr. D.S. Muthukuaarachchi

Independent Non-Executive Director
(appointed on 24/09/2024)

Mr. W.A.A. Asanga

Non-Independent Non-Executive Director

The related party transactions review committee report on page 28 describes the activities carried out during the financial year.

Nominations and Governance Committee

Nominations and Governance Committee was established on 24/09/2024 and consists of the following Directors, all of whom are Non-Executive Directors:

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 32.

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 24 to 27.

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

Compliance

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

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

CORPORATE GOVERNANCE

CSE listing rules Section	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.	Complied
7.6(xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes	Complied
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
9.2.1	Policies	Complied
9.3	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	Chairperson and CEO	Complied
9.6.3	Senior Independent Director (SID)	Not Applicable
9.7.1	Fitness of Directors and CEO	Complied
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

CSE listing rules Section	Provision	Level of compliance
9.8.3	Criteria for determining independence	Complied
9.8.5	Disclosure relating to Criteria for determining independence	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
9.12.1-5	Remuneration Committee, policy on Executive Directors' remuneration, policy on Non-Executive Directors' remuneration and written Terms of Reference of the 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	Audit and Risk Functions	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 Company wishes to sustain.

Key objectives of risk management

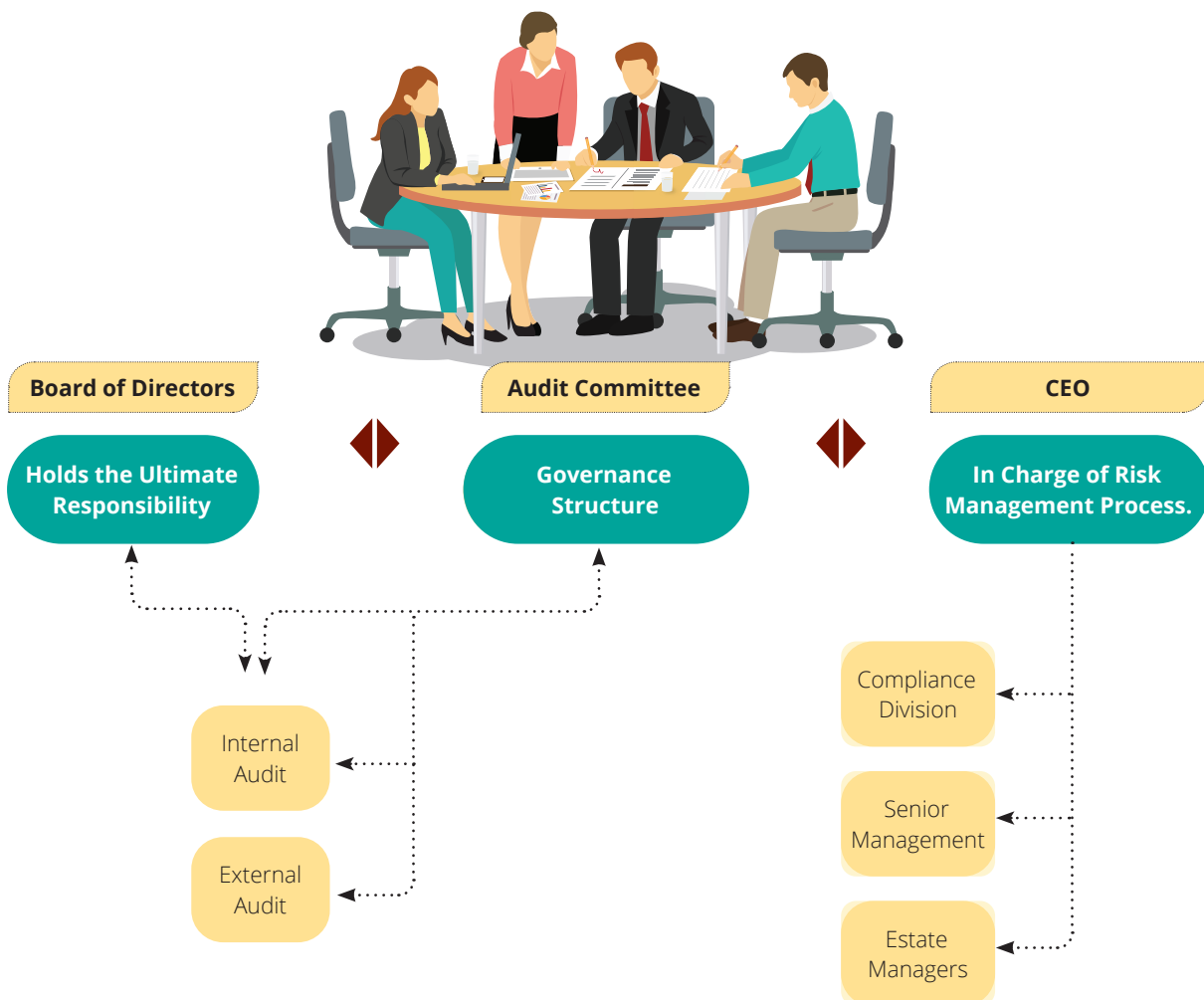
The company aims to achieve the following key objectives by implementation of an effective risk management process management,

- 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.

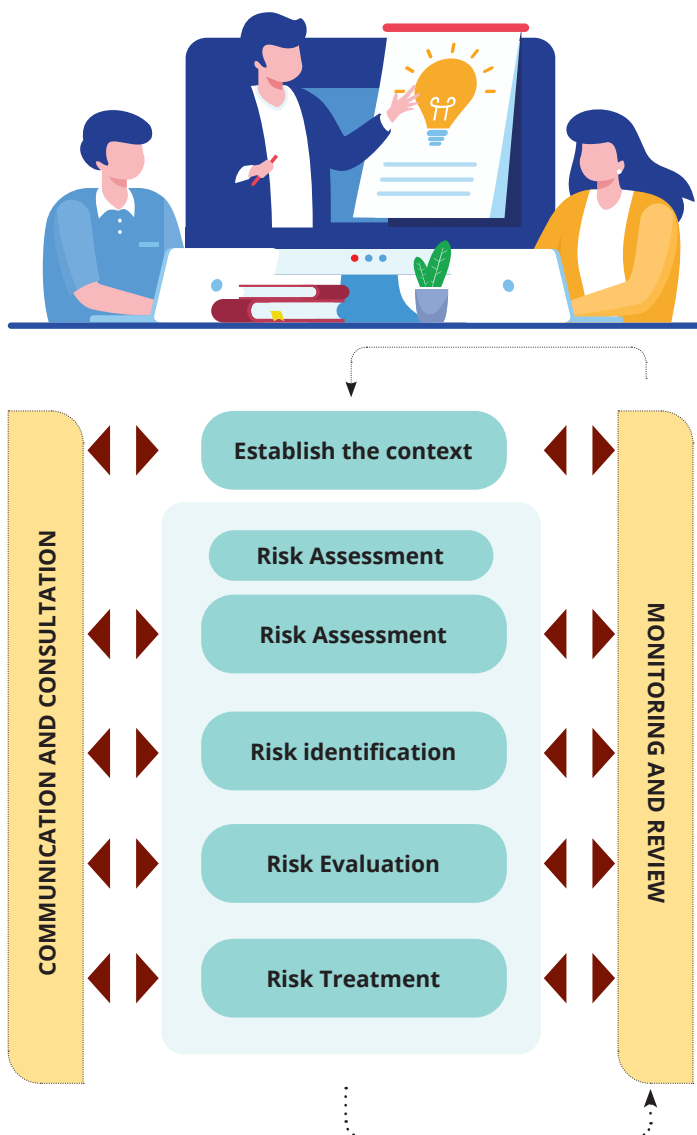
Risk management structure of the company is as follows.



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:



Establish the context

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

Identify the risk

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

Analyze the risk

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

Evaluate the risk

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

Treat the risk

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

Communicate & consult

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

Monitor & review

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

RISK MANAGEMENT

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

Risk	Potential Impact	Risk Minimization Strategies	Risk rating
Risk of Land acquisition The risk exposed to the acquisition of productive land for public purposes	Reducing the cultivation extent of land for the company	Continuous replanting program on productive land areas. Discussion and negotiation to enable losses to be minimized Compensation claims to be lodged for any land acquired	Overall Rating: Low Probability of occurrence: Low Severity of Impact: Low
Operational risks			
Risk of High Staff Turnover/ Worker Migration 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	Implementation of better HR practices to attract and retain workers. Continuous training & skill development programs. Implement social and welfare programs to motivate the community towards the plantation industry.	Overall Rating: Medium Probability of occurrence: Moderate Severity of Impact: High
Ineffective accounting and information systems Ineffective internal information, inaccurate information and lack of timely information	Loss of investor confidence Delay in decision making Non-compliances	Implementing a sound system of internal controls. Technology driven information system & new integrated accounting system introduced. Deploy qualified and experienced staff	Overall Rating: Medium Probability of occurrence: Moderate Severity of Impact: High
Risk of fraud Misappropriation of assets, frauds and misstatements of Financial statements	Impact on the income and profitability Loss of reputation Non-compliances	Sound internal controls & information system Effective internal audit measures & controls Better HR practices	Overall Rating: Medium Probability of occurrence: Moderate Severity of Impact: High
Legal & Regulatory Risk Non- Compliance with all legal, Company, secretarial, stock market and other regulations	Penalties Loss of reputation Demotivation of employees	Sound internal control and information system Qualified and experienced staff Better supervision	Overall Rating: Medium Probability of occurrence: Moderate Severity of Impact: High
Information Technology Cyber Security	Loss of data	Secured backup systems Use of antivirus and firewall software	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 2024.

Mr. S.M.S.S. Bandara

Chairman, Independent Non-Executive Director

(appointed on 24/09/2024)

Mr. D.S. Muthukuaarachchi

Independent Non-Executive Director

(appointed on 24/09/2024)

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 08 to 09 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 2024
Mr.S.M.S.S.Bandara (Chairman)	Independent Non-Executive Director	Appointed on 24th September 2024	3/4
Mr. D.S. Muthukuaarachchi	Independent Non-Executive Director	Appointed 24th September 2024	0/4
Mr. W.A. A. Asanga	Non-Independent Non-Executive Director	Appointed on 31st July 2017	3/4
Mr. R.K.A. Ranaweera	Independent Non-Executive Director	Resigned w.e.f 19th September 2014	1/4
Mr. A.S. Amarasuriya	Non- Independent Non-Executive Director	Resigned w.e.f 19th September 2024	1/4
Mr. L.R.W.S. Rajasekara	Non-Independent Non-Executive Director	Resigned w.e.f 24th September 2024	0/4

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. 31 to the Financial Statements; page No 85 to 89 of this Annual Report.

On behalf of the Related Party Transactions Review Committee

S. S. S. Bandara

S.M.S.S Bandara

Chairman- Related Party Transactions Review Committee

26th May 2025

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 2024 in conformity with the listing rules of Colombo Stock Exchange.

Mr. S.M.S.S. Bandara

Chairman, Independent Non-Executive Director

(appointed on 24/09/2024)

Mr. H.D.P Gamage

Independent Non-Executive Director

(appointed on 24/09/2024)

Mr. A.S. Amarasuriya

Non-Independent Non-Executive Director

Mr. R. K. A. Ranaweera

Independent Non-Executive Director

(resigned on 19/09/2024)

Mr. W. A. A. Asanga

Non-Independent Non-Executive Director

(resigned on 24/09/2024)

Brief profiles of the committee members are given on page 08 to 09 of this Annual Report.

Charter of the Remuneration Committee

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

Meetings of the Remuneration Committee

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

Attendance at the meetings is as follows.

Members	Status	Committee Member Since	Attendance at meetings during 2024
Mr. S.M.S.S. Bandara (Chairman)	Independent Non-Executive Director	Appointed on 24th September 2024	2/2
Mr. H.D.P Gamage	Independent Non-Executive Director	Appointed on 24th September 2024	0/2
Mr. A.S Amarasuriya	Non-Independent Non-Executive Director	31st July 2017	2/2

Remuneration Policy

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

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

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

Non-executive Directors

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

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

On behalf of the Remuneration Committee



S.M.S.S Bandara

Chairman- Remuneration Committee

26th May 2025

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 2024 in conformity with the listing rules of Colombo Stock Exchange.

Mr. S.M.S.S. Bandara

*Chairman, Independent Non-Executive Director
(appointed on 24/09/2024)*

Mr. D.S. Muthukuaarachchi

*Independent Non-Executive Director
(appointed on 24/09/2024)*

Mr. L.R.W.S. Rajasekara

Non-Independent Non-Executive Director

Brief profiles of the committee members are set out on page 08 to 09 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 2024, there were five 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 2024
Mr. S.M.S.S. Bandara (Chairman)	Independent Non-Executive Director	Appointed on 24th September 2024	1/5
Mr. D.S. Muthukuaarachchi	Independent Non-Executive Director	Appointed 24th September 2024	0/5
Mr. L.R.W. S. Rajasekara	Non-Independent Non-Executive Director	31st July 2017	5/5
Mr. R.K.A. Ranaweera	Independent Non-Executive Director	Resigned w.e.f 19th September 2024	4/5
Mr. A.S. Amarasuriya	Non-Independent Non-Executive Director	Resigned w.e.f 19th September 2014	4/5

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;

- oversee the preparation, presentations and adequacy of disclosures in the financial statements, as per the Sri Lanka Accounting Standards (LKASs/SLFRSs)
- Ensure compliance with rules and regulations which include financial reporting requirements, information requirements of the Companies Act and relevant related regulations.
- Confer with the management and the independent external auditors about the financial statements.
- 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 2024, 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 2025

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

Composition of the Nominations and Governance Committee

The Nominations and Governance Committee of the Agalawatte Plantations Plc was constituted by the Board of Directors on 24th September 2024 in compliance with the new listing rules of the Colombo Stock Exchange consisting of three Non-Executive Directors.

Mr. S.M.S.S. Bandara

*Chairman, Independent Non-Executive Director
(appointed on 24/09/2024)*

Mr. D.S. Muthukudaarachchi

*Independent Non-Executive Director
(appointed on 24/09/2024)*

Mr. R.P.L. Ramanayake

*Non-Independent Non-Executive Director
(appointed on 24/09/2024)*

Brief profiles of the committee members are given on page 08 to 09 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 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 2024
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.

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 2025

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 material 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 material 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 36 to 38 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 2025

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 37, 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 2024 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 regarded to implement appropriate & sufficient internal control with a view to prevent and detect frauds, errors and other irregularities.

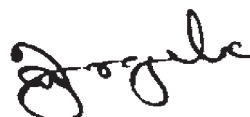
The Board and the audit committee closely liaised with the Auditors, M/S KPMG, Chartered Accountants, and provided relevant information and facilitate to the best of their knowledge to carry out the reviews, tests and examination that they consider appropriate and necessary for the

performance of their responsibilities.

The Directors 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 2025



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 REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Agalawatte Plantations PLC ("the Company"), which comprise the statement of financial position as at 31st December 2024, and the statement of profit and 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 39 to 97 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 2024, 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.

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 recognised retirement benefit obligation of Rs. 902 million as at 31 December 2024.</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>Our audit procedures included,</p> <ul style="list-style-type: none"> Assessing the competency, objectivity and capabilities of the independent actuary engaged by the Company. Testing the samples of the employees' details used in the computation to the human resource records. Involving internal valuation specialist to verify the accuracy of the retirement benefit obligation. Assessing the key assumptions used in the valuation, in particular the discount rate, mortality rate and future salary increment rate. Assessing the adequacy of the disclosures made in the financial statements including sensitivity analysis.

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.

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

T. J. S. Rajakarier FCA
W. K. D. C. Abeyratne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R.W.M.O.W.D.B. Rathnadiwakara FCA

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

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyad FCMA (UK), FCIT, K. Somasundaram ACMA (UK), R. G. H. Raddella ACA, Ms. D. Corea Dharmaratne



Measurement of Consumable Biological Assets

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

Risk Description	Our Audit Responses
<p>The Company has reported consumable biological assets carried at fair value less estimated cost to sell at harvest amounting to Rs. 912 million as at 31 December 2024.</p> <p>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.</p> <p>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.</p>	<p>Our audit procedures included,</p> <ul style="list-style-type: none"> ➤ 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.

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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is

a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material



if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 2025

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31st December		2024	2023
	Note	Rs. 000	Rs. 000
Revenue	5	4,839,661	5,120,166
Cost of sales		(3,989,543)	(4,408,981)
Gross profit		850,118	711,185
Other income	6	344,058	426,882
Change in fair value of biological assets	7	125,654	152,161
Administration expenses		(190,982)	(138,729)
Other expenses	8	(5,871)	(9,028)
Results from operating activities		1,122,977	1,142,471
Finance income	9.1	12,255	86
Finance costs	9.2	(101,482)	(130,481)
Net finance costs	9	(89,227)	(130,395)
Share of profit of equity accounted investee, net of tax	18	90,162	131,542
Profit before taxation	10	1,123,912	1,143,618
Income tax expenses	11.1	(342,423)	(612,925)
Profit for the year		781,489	530,693
Other comprehensive income			
<i>Items that will not be Reclassified to Profit or Loss;</i>			
Actuarial loss on retirement benefit obligations	28.2	(155,215)	(80,891)
Deferred tax on other comprehensive income	11.2	46,565	24,267
Other comprehensive expense for the year, net of tax		(108,650)	(56,624)
Total comprehensive income for the year		672,839	474,069
Basic earnings per share (Rs.)	12.1	5.00	3.40

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 45 to 97.

STATEMENT OF FINANCIAL POSITION

As at 31st December		2024	2023
	Note	Rs. 000	Rs. 000
ASSETS			
Non-current assets			
Right of use assets	14	770,532	672,686
Property, plant and equipment	15	659,944	650,711
Bearer biological assets	16	4,165,805	3,569,711
Consumable biological assets	17	912,405	813,852
Investment in joint venture	18	537,023	497,191
Total Non-current assets		7,045,709	6,204,151
Current assets			
Produce on bearer biological assets	19	21,432	16,757
Inventories	20	468,111	503,685
Trade and other receivables	21	146,732	92,816
Amount due from related parties	22	16,883	107,717
Cash and cash equivalents	23	469,513	159,583
Total current assets		1,122,671	880,558
Total assets		8,168,380	7,084,709
EQUITY AND LIABILITIES			
Stated capital and reserves			
Stated capital	24	2,258,125	2,258,125
Retained earnings		2,116,659	1,756,320
Total equity		4,374,784	4,014,445
Non-current liabilities			
Lease liabilities	26	857,141	738,120
Deferred tax liabilities	27	1,276,014	980,156
Retirement benefit obligations	28	902,383	714,545
Deferred income	29	292,334	250,897
Total non current liabilities		3,327,872	2,683,718

As at 31st December		2024	2023
	Note	Rs. 000	Rs. 000
Current liabilities			
Trade and other payables	30	455,574	379,146
Lease liabilities	26	10,150	7,400
Total current liabilities		465,724	386,546
Total liabilities		3,793,596	3,070,264
Total equity and liabilities		8,168,380	7,084,709

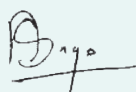
The financial statements are to be read in conjunction with the related notes, which form a part of the Financial Statements pages 45 to 97.

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 2025

STATEMENTS OF CHANGES IN EQUITY

For the Year Ended 31st December		Stated Capital	Retained Earnings	Total
	Notes	Rs 000	Rs 000	Rs 000
Balance at 1 January 2023		2,258,125	1,282,251	3,540,376
Total comprehensive income for the year				
Profit for the year		-	530,693	530,693
Other comprehensive expense for the year, net of tax	11.2	-	(56,624)	(56,624)
		-	474,069	474,069
Balance as at 31 December 2023		2,258,125	1,756,320	4,014,445
Balance as at 1 January 2024		2,258,125	1,756,320	4,014,445
Total comprehensive income for the year				
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)
Balance as at 31 December 2024		2,258,125	2,116,659	4,374,784

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 45 to 97.

STATEMENT OF CASH FLOWS

For the Year Ended 31st December		2024	2023
	Note	Rs. 000	Rs. 000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,123,912	1,143,618
Adjustments for :			
Share of profit of equity accounted investee	18	(90,162)	(131,542)
Gain on changes in fair value of biological assets	7	(125,654)	(152,161)
Depreciation and amortisation	10	199,738	198,001
Write off of obsolete inventories	8	2,046	-
Write off of other receivables	8	359	-
Gain on disposal of Property, plant and equipment	6	(8,238)	(7,691)
Gain on disposal of trees	6	(238,187)	(299,876)
Provision for retirement benefit obligations	28.2	143,195	133,557
Provision for unsettled gratuity payable	28.1	8,339	3,894
Interest expenses	9.2	101,482	130,481
Interest income	9.1	(12,255)	(86)
Write back of Payable	6	(13,157)	(72,918)
Amortisation of capital grants	6	(3,333)	(3,548)
Operating profit before working capital changes		1,088,085	941,729
Working capital changes			
Decrease in inventories		33,528	224,894
Increase in trade and other receivables		(54,275)	(4,322)
Decrease in amounts due from related parties		90,834	111,295
Increase/(Decrease) in trade and other payables		89,585	(7,114)
Decrease in amounts due to related parties		-	(50,491)
Cash generated from operations		1,247,757	1,215,991
Interest paid		(101,482)	(130,482)
Gratuity paid	28.1	(118,911)	(110,456)
Net cash generated from operating activities		1,027,364	975,053

STATEMENT OF CASH FLOWS

For the Year Ended 31st December		2024	2023
	Note	Rs. 000	Rs. 000
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in bearer biological assets	16	(712,182)	(744,140)
Investment in consumable biological assets	17.2	(2,844)	(1,384)
Purchase of property, plant and equipment	15.2	(60,833)	(38,774)
Proceeds from disposal of property, plant and equipment		8,644	8,320
Proceeds from sales of trees		265,963	303,876
Capital grant received	29	44,770	66,338
Interest income received		12,255	86
Dividend received		50,330	59,208
Net cash used in investing activities		(393,897)	(346,470)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term borrowings	25	-	(300,391)
Dividends paid to shareholders		(312,500)	-
Capital lease rental paid during the year	26.5	(11,037)	(11,219)
Net cash used in financing activities		(323,537)	(311,610)
Net increase in cash and cash equivalents		309,930	316,973
Cash and cash equivalents at beginning of the year		159,583	(157,390)
Cash and cash equivalents at end of the year (a)	23	469,513	159,583
(a) Analysis of cash and cash equivalents at end of the year			
Cash in hand and at bank	23	469,513	159,583

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 45 to 97.

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 Holdings (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 2024 is set out in detail in the statement of directors' responsibility.

The Financial statements of the Company for the year ended 31st December 2024 were authorized for issue in accordance with resolution of the Board of Directors on 26th May 2025.

2. BASIS OF PREPARATION

2.1. Statement of compliance

The Financial Statements of the Company, have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs), laid down by the Institute of Chartered Accountants of Sri Lanka. These Financial Statements, except for information on cash flows, have been prepared following 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 comprising Material accounting policies and other explanatory information.

NOTES TO THE FINANCIAL STATEMENTS

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.	19
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 34.

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.

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 of use assets' 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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 derecognized. 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”.

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 paramount, 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.

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. 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 and service.

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 as amended subsequently by Inland Revenue (Amendment) Act No 10 of 2021 and Inland Revenue Act no 45 of 2022.

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.

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 37 in the Notes to the Financial Statements.

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 31.

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 1st January 2025 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.

➤ Other accounting standards

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

➤ Lack of Exchangeability
(Amendments to IAS 21)

The amendments clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. The amendments apply to annual reporting periods beginning on or after 1 January 2025.

➤ 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. These standards will become effective for the Company from 1 January 2025. No financial impact is expected on the Company except for additional disclosures.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st December		2024	2023
	Note	Rs. 000	Rs. 000
5 REVENUE			
Revenue streams			
Revenue from contracts with customers		4,839,661	5,120,166
Total revenue		4,839,661	5,120,166
5.1 Disaggregation of revenue from contracts with customers			
In the following table, revenue from contracts with customers is disaggregated by major products and timing of revenue recognition.			
Major products			
Rubber		939,294	759,516
Tea		1,797,058	2,284,864
Oil palm		1,069,067	1,226,785
Other revenue		1,034,242	849,001
Total revenue		4,839,661	5,120,166
Timing of revenue recognition			
Products transferred at point in time		4,839,661	5,120,166
Total revenue		4,839,661	5,120,166
Revenue classified as 'other revenue' above, mainly comprise revenue generated from Labookellie tea center.			
As at 31st December		2024	2023
	Note	Rs. 000	Rs. 000
5.2 Contract balances			
The following table provides information about receivables from contracts with customers and contract liabilities.			
Receivables, which are included in "trade and other receivables"	21	13,493	13,068
Contract liabilities	30	-	-

5.3 Performance obligations

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

Type of products	Nature and timing of satisfaction of performance obligation	Revenue recognition under SLFRS 15
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 Labookellie tea center.	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 Labookellie tea center.

For the Year Ended 31st December		2024	2023
	Note	Rs. 000	Rs. 000
6 OTHER INCOME			
Amortisation of capital grants	29	3,333	3,548
Gain on sale of trees		238,187	299,876
Gain on sale of property, plant and equipment		8,238	7,691
Restaurant income	6.1	19,393	19,047
Write back other payable		13,157	72,918
Sundry income	6.2	61,750	23,802
		344,058	426,882
6.1	Restaurant income is recorded after charging all the relevant expenses incurred in order to generate the restaurant sales.		
6.2	Sundry income mainly consists of safari hire income generated from Labookellie Tea Centre.		

For the Year Ended 31st December		2024	2023
	Note	Rs. 000	Rs. 000
7 CHANGE IN FAIR VALUE OF BIOLOGICAL ASSETS			
Consumable biological assets	17.1	120,979	157,825
Produce on bearer biological assets	19	4,675	(5,664)
		125,654	152,161
8 OTHER EXPENSES			
Write off of other receivables		359	-
Write off of obsolete inventories		2,046	-
Other expenses		3,466	9,028
		5,871	9,028

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st December		2024	2023
	Note	Rs. 000	Rs. 000
9	NET FINANCE COSTS		
9.1	Finance income		
	Interest income from investment	12,255	86
		12,255	86
9.2	Finance costs		
	Interest expense on lease 26.4	100,292	79,124
	Interest expense on bank overdrafts	1,190	51,357
		101,482	130,481
	Net finance costs recognised in profit or loss	(89,227)	(130,395)
10	PROFIT BEFORE TAXATION		
	Profit before taxation is stated after charging all the expenses including the followings;		
	Directors' remunerations	7,050	5,700
	Auditors' remunerations - Audit fees	5,882	5,347
	- Non audit services	2,318	441
	Depreciation / Amortisation		
	- Right to use assets 14	34,962	26,551
	- Property, plant and equipment 15.2	51,194	57,486
	- Bearer biological assets 16.2.2	113,582	113,964
	Personnel costs		
	- Salaries and Wages	1,274,517	1,291,351
	- Defined benefit plan costs 28.2	143,195	133,557
	- Defined contribution plan cost - EPF / CPPS / ESPS and ETF	242,158	268,308

For the Year Ended 31st December

	Note	2024 Rs. 000	2023 Rs. 000
11 INCOME TAX EXPENSES			
11.1 Amounts recognised in profit or loss			
Income tax expense on current year's profit	11.3	-	-
Origination of temporary differences	27	342,423	612,925
Total tax expense recognised in the Statement of profit or loss		342,423	612,925
11.2 Amounts recognised in OCI			
Actuarial loss on retirement benefit obligations	28.2	(155,215)	(80,891)
Deferred tax on other comprehensive income	27	46,565	24,267
		(108,650)	(56,624)
11.3 Reconciliation between accounting profit and taxable income			
Accounting profit before tax		1,123,912	1,143,618
Other sources of income and exempt income		(62,961)	(97,148)
Share of profit from equity accounted investee		(90,162)	(131,542)
		970,789	914,928
Aggregate disallowable expenses		533,308	525,725
Aggregate allowable expenses		(1,101,371)	(885,623)
		402,726	555,030
Other sources of income liable for tax		12,255	86
Total statutory income		414,981	555,116
Tax losses claimed during the year	11.5	(414,981)	(555,116)
Taxable income		-	-
Income tax @ 30%		-	-
11.4 Reconciliation of effective tax rate			
Profit before tax		1,123,912	1,143,618
Tax using the Company's domestic tax rate		30%	30.00%
Tax effect of:			
-Other sources of income and exempt income		-2%	-2.55%
-Share of profit from equity accounted investee		-2%	-3.45%
-Aggregate disallowable expenses		14%	13.79%
-Aggregate allowable expenses		-29%	-23.23%
-Other sources of income liable for tax		0%	0.00%
-Tax losses claimed during the year		-11%	-14.56%
Origination and reversal of temporary differences		30%	53.60%
		30%	53.60%

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31st December		2024	2023
		Rs. 000	Rs. 000
11.5	Accumulated tax losses		
	Tax losses brought forward	1,535,523	2,125,431
	Adjustment in respect of previous years	(165,445)	(34,792)
	Tax losses expired during the year	(772,733)	-
	Tax losses claimed during the year	(414,981)	(555,116)
	Tax losses carried forward	182,364	1,535,523

11.6 Applicable rates of income tax

In accordance with the provisions of the Inland Revenue (Amendment) Act No. 45 of 2022, the Company has calculated its income tax on profits from both the "Business income" and "Investment income" at the standard tax rate of 30%.

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;

For the Year Ended 31st December		2024	2023
	Profit for the year, attributable to the owners of the Company (Rs.000)	781,489	530,693
	Weighted average number of ordinary shares (Nos '000)	156,250	156,250
	Basic earnings per share (Rs.)	5.00	3.40

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.

For the Year Ended 31st December		2024	2023
		Rs. 000	Rs. 000
13	DISTRIBUTIONS MADE AND PROPOSED		
	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	-

As at 31st December		2024	2023
		Rs. 000	Rs. 000
14	RIGHT OF USE ASSETS		
	Land on lease from JEDB/SLSPC		
	Balance as at 1 January	910,709	659,561
	Remeasurement during the year	132,808	251,148
	Balance as at 31 December	1,043,517	910,709
	Accumulated amortisation		
	Balance as at 1 January	238,023	211,472
	Charge for the year	34,962	26,551
	Balance as at 31 December	272,985	238,023
	Carrying value as at 31 December	770,532	672,686

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

No adjustments have been made to the Financial statements in respect of the lands acquired as the compensation receivable on these acquisitions are not known and the transactions pertaining to those acquisitions have been incomplete as at 31 December 2024.

As at 31st December		2024	2023
	Note	Rs. 000	Rs. 000
15	PROPERTY, PLANT AND EQUIPMENT		
Immovable (JEDB/SLSPC) assets on finance lease (other than bare land)	15.1	-	-
Tangible assets other than biological assets	15.2	659,944	650,711
		659,944	650,711

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
Capitalized value (22 June 1992)					
As at 31 December 2023	14,275	46,430	11,259	4,282	76,246
As at 31 December 2024	14,275	46,430	11,259	4,282	76,246
Accumulated amortisation					
As at 31 December 2023	14,275	46,430	11,259	4,282	76,246
As at 31 December 2024	14,275	46,430	11,259	4,282	76,246
Carrying value					
As at 31 December 2023	-	-	-	-	-
As at 31 December 2024	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

15.2 Tangible assets other than biological assets

As at 31st December	2024					
	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
Freehold assets						
Cost						
Balance as at 1 January	729,383	347,680	374,257	36,272	95,320	33,527
Additions during the year	32,785	8,310	6,872	109	6,827	4,408
Transfers from CWIP	3,641	3,407	-	-	-	-
Disposal during the year	-	(728)	(993)	-	-	-
Balance as at 31 December	765,809	358,669	380,136	36,381	102,147	37,935
Accumulated Depreciation						
Balance as at 1 January	271,752	212,625	359,922	29,635	81,475	19,620
Charge for the year	15,799	17,434	5,332	435	9,328	2,866
Disposal during the year	-	(322)	(993)	-	-	-
Balance as at 31 December	287,551	229,737	364,261	30,070	90,803	22,486
Carrying value						
As at 31 December	478,258	128,932	15,875	6,311	11,344	15,449

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 and Rathnapura regions as at 31 December 2024.

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 except assets disclosed under note 15.2.7.

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. 60.8 million (2023 - Rs. 38.7 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 2024 (2023 - Nil).

2023										
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	Rs. 000
9,301	1,625,740	727,545	343,008	375,833	31,866	90,866	31,234	2,564	1,602,916	
1,522	60,833	-	4,302	12,828	2,644	4,454	2,293	12,253	38,774	
(7,048)	-	1,838	370	1,546	1,762	-	-	(5,516)	-	
-	(1,721)	-	-	(15,950)	-	-	-	-	-	
3,775	1,684,852	729,383	347,680	374,257	36,272	95,320	33,527	9,301	1,625,740	
-	975,029	257,198	193,386	365,137	29,315	70,479	17,349	-	932,864	
-	51,194	14,554	19,239	10,106	320	10,996	2,271	-	57,486	
-	(1,315)	-	-	(15,321)	-	-	-	-	(15,321)	
-	1,024,908	271,752	212,625	359,922	29,635	81,475	19,620	-	975,029	
3,775	659,944	457,631	135,055	14,335	6,637	13,845	13,907	9,301	650,711	

15.2.5 Temporarily Idle property, plant and equipment

There are no temporarily idle property, plant or equipment as at the reporting date. (2023 - Nil)

15.2.6 Fully depreciated property, plant and equipment in use

Property, plant and equipment with a cost of Rs. 477 Mn (2023 - Rs.459 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.

As at 31st December	2024					2023				
	Tea Rs. 000	Rubber Rs. 000	Oil palm Rs. 000	Others Rs. 000	Total Rs. 000	Tea Rs. 000	Rubber Rs. 000	Oil palm Rs. 000	Others Rs. 000	Total Rs. 000
16 BEARER BIOLOGICAL ASSETS										
On finance lease (Note 16.1)	-	-	-	-	-	-	-	-	-	-
Investments after formation of the Company (Note 16.2)	978,335	2,920,131	263,763	3,576	4,165,805	842,218	2,420,191	303,454	3,848	3,569,711
	978,335	2,920,131	263,763	3,576	4,165,805	842,218	2,420,191	303,454	3,848	3,569,711
16.1 On finance lease										
Cost										
Balance as at 1 January	80,925	203,448	-	-	284,373	80,925	203,448	-	-	284,373
Balance as at 31 December	80,925	203,448	-	-	284,373	80,925	203,448	-	-	284,373
Accumulated Amortization										
Balance as at 1 January	(80,925)	(203,448)	-	-	(284,373)	(80,925)	(203,448)	-	-	(284,373)
Balance as at 31 December	(80,925)	(203,448)	-	-	(284,373)	(80,925)	(203,448)	-	-	(284,373)
Carrying Amount as at 31 December	-	-	-	-	-	-	-	-	-	-
As at 31st December										
16.2 Investments after formation of the Company										
Immature plantations						16.2.1	2,754,579			2,200,089
Mature plantations						16.2.2	1,309,007			1,264,877
Growing crop nurseries						16.2.3	102,219			104,745
							4,165,805			3,569,711

As at 31st December	2024					2023				
	Tea Rs. 000	Rubber Rs. 000	Oil palm Rs. 000	Others Rs. 000	Total Rs. 000	Tea Rs. 000	Rubber Rs. 000	Oil palm Rs. 000	Others Rs. 000	Total Rs. 000
16.2.1 Immature plantations										
Balance as at 1 January	527,934	1,670,998	338	819	2,200,089	383,403	1,127,143	3,622	819	1,514,987
Additions during the year	147,755	566,880	73	-	714,708	174,779	548,357	962	-	724,098
Transfer during the year	(41,671)	(118,547)	-	-	(160,218)	(30,248)	(4,502)	(4,246)	-	(38,996)
Balance as at 31 December	634,018	2,119,331	411	819	2,754,579	527,934	1,670,998	338	819	2,200,089
16.2.2 Mature plantations										
Cost										
Balance as at 1 January	510,970	1,413,977	795,292	8,388	2,728,627	480,722	1,457,329	791,046	8,388	2,737,485
Transfer during the year	41,671	118,547	-	-	160,218	30,248	4,502	4,246	-	38,996
Disposal during the year	-	(19,161)	-	-	(19,161)	-	(47,854)	-	-	(47,854)
Balance as at 31 December	552,641	1,513,363	795,292	8,388	2,869,684	510,970	1,413,977	795,292	8,388	2,728,627
Accumulated Depreciation										
Balance as at 1 January	223,179	743,036	492,176	5,359	1,463,750	208,433	730,015	452,623	5,086	1,396,157
Charge for the year	15,771	57,775	39,764	272	113,582	14,746	59,392	39,553	273	113,964
Disposal during the year	-	(16,655)	-	-	(16,655)	-	(46,371)	-	-	(46,371)
Balance as at 31 December	238,950	784,156	531,940	5,631	1,560,677	223,179	743,036	492,176	5,359	1,463,750
Carrying Amount Mature Plantations	313,691	729,207	263,352	2,757	1,309,007	287,791	670,941	303,116	3,029	1,264,877
16.2.3 Growing Crop Nurseries										
Balance as at 1 January	26,493	78,252	-	-	104,745	24,661	60,042	-	-	84,703
Net addition / (transfer) during the year	4,133	(6,659)	-	-	(2,526)	1,832	18,210	-	-	20,042
Balance as at 31 December	30,626	71,593	-	-	102,219	26,493	78,252	-	-	104,745
Total	978,335	2,920,131	263,763	3,576	4,165,805	842,218	2,420,191	303,454	3,848	3,569,711

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		2024		2023	
		Extent-Ha	Rs. 000	Extent-Ha	Rs. 000
Uprooting					
- Tea		56.98	15,792	7.07	9,726
Planting					
- Tea		24.90	59,294	99.21	83,129
- Rubber		307.36	232,346	297.62	181,518
Upkeep					
- Tea		102.86	72,669	108.57	81,884
- Rubber		1,352.72	334,533	1,097.99	366,866
- Oil Palm		1.00	74	4.90	962
- Mixed Crop		-	-	0.61	13
		1,845.82	714,708	1,615.97	724,098

As at 31st December		2024		2023	
	Note	Rs. 000		Rs. 000	
17 CONSUMABLE BIOLOGICAL ASSETS					
Mature consumable biological assets	17.1	904,776		809,067	
Immature consumable biological assets	17.2	7,629		4,785	
		912,405		813,852	
17.1 Mature consumable biological assets					
Balance as at 1 January		809,067		653,759	
Harvested trees during the year		(25,270)		(2,517)	
		783,797		651,242	
Change in fair value less costs to sell	17.3	120,979		157,825	
Balance as at 31 December		904,776		809,067	

As at 31st December		2024	2023
		Rs. 000	Rs. 000
17.2	Immature consumable biological assets		
	Balance as at 1 January	4,785	3,401
	Additions during the year	2,844	1,384
	Balance as at 31 December	7,629	4,785

Managed trees which are less than five years old are considered to be immature consumable biological assets, amounting Rs.7.6 Million as at 31 December 2024. 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 assets as well as the significant unobservable inputs used for the valuation as at 31st December 2024.

Type	Valuation technique used	Significant Unobservable Inputs	Inter-relationship between key unobservable inputs and fair value measurement
Standing timber	Discounted cash flows	Determination of timber content	The estimated fair value would increase/ (decrease) if;
Standing timber older than 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.	
		Determination of price of timber	
		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.	
		Risk-adjusted discount rate	
		2024- 15.5% (Risk Premium - 3.5%)	- the risk-adjusted discount rate were lower/(higher).
		2023- 16.4% (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:

As at 31st December	-10%	2024	+10%
	Rs. 000	Rs. 000	Rs. 000
Timber	814,299	904,776	995,254
Total	814,299	904,776	995,254

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:

As at 31st December	-1%	2024	+1%
	Rs. 000	Rs. 000	Rs. 000
Timber	952,892	904,776	861,161
Total	952,892	904,776	861,161

NOTES TO THE FINANCIAL STATEMENTS

18 INVESTMENT IN JOINT VENTURE

As at 31st December	Percentage of holding		2024	2023
	2024	2023	Rs. 000	Rs. 000
AEN Palm Oil Processing (Private) Limited	33.33%	33.33%	537,023	497,191
			537,023	497,191
Balance as at 1 January			497,191	424,857
Share of profit of equity accounted investee, net of tax			90,162	131,542
Dividend received from investee			(50,330)	(59,208)
Balance as at 31 December			537,023	497,191

18.1 Summarized information of the Joint Venture

18.1.1 AEN Oil Palm Processing (Private) Limited

The Company has invested in 33.33% of stated capital of AEN Oil Palm Processing (Pvt) Ltd, a Joint Venture involved in the business of processing crude Palm Oil. The 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	2024	2023
	Rs. 000	Rs. 000
Current assets, including cash and cash equivalents	1,022,738	736,772
Non current assets	1,117,650	1,202,842
Current liabilities, including tax payable	(394,014)	(348,822)
Non current liabilities, including deferred tax liabilities	(135,306)	(99,219)
Total Equity	1,611,068	1,491,573
Group's carrying amount of the investment	537,023	497,191

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>	2024 Rs. 000	2023 Rs. 000
Revenue	8,337,250	8,704,292
Cost of sales	(7,701,948)	(8,034,887)
Other income	28,389	42,066
Administration expenses including depreciation	(304,364)	(262,718)
Selling & distributions expenses	(2,017)	(1,468)
Finance cost	(2,777)	(6,881)
Profit before taxation	354,533	440,404
Income tax expense	(84,049)	(45,777)
Profit for the year	270,484	394,627
Total comprehensive income for the year	270,484	394,627
Company's share of profit before tax	118,178	146,801
Company's share of profit after tax	90,162	131,542
Number of shares invested (Nos)	699,027	699,027
Dividend received	50,330	59,208

19 PRODUCE ON BEARER BIOLOGICAL ASSETS

<i>As at 31st December</i>	2024 Rs. 000	2023 Rs. 000
Balance as at 1 January	16,757	22,421
Change in fair value less cost to sell	4,675	(5,664)
Balance as at 31 December	21,432	16,757

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.

20 INVENTORIES

<i>As at 31st December</i>	2024 Rs. 000	2023 Rs. 000
Input materials	179,537	223,898
Inventory at labookellie tea center	35,830	23,321
Harvested crops :		
- Tea	204,625	210,682
- Rubber	46,329	44,180
Consumables and spares	1,790	1,604
	468,111	503,685

NOTES TO THE FINANCIAL STATEMENTS

21 TRADE AND OTHER RECEIVABLES

<i>As at 31st December</i>	2024	2023
	Rs. 000	Rs. 000
Produce trade receivables	13,493	13,068
Advances, deposits and prepayments	116,808	70,866
WHT receivables	16,431	8,882
	146,732	92,816

22 AMOUNT DUE FROM RELATED COMPANIES

<i>As at 31st December</i>	2024	2023
	Rs. 000	Rs. 000
D R Industries (Pvt) Ltd	671	2,112
D R Investment (Pvt) Ltd	-	45,060
D.R.Home Appliances (Pvt) Ltd	-	4,449
D.R.Wooden Furniture (Pvt) Ltd	-	1,591
D.R Rubber Products (Pvt) Ltd	-	267
Mackply Industries (Pvt) Ltd	-	604
D.R. Manufacturing (Pvt) Ltd	-	2,596
D R Export (Pvt) Ltd	-	1,898
Damro Leisure (Pvt) Ltd	-	10,137
Glenco Company (Pvt) Ltd	-	31
AEN Oil Palm Processing (Pvt) Ltd	16,212	34,438
Marino Beach (Pvt) Ltd	-	4,534
	16,883	107,717

23 CASH AND CASH EQUIVALENTS

<i>As at 31st December</i>	2024	2023
	Rs. 000	Rs. 000
Favorable balances		
Cash in hand	9,597	6,003
Cash at banks	459,916	153,580
Cash and cash equivalents for the purpose of cash flows	469,513	159,583

24 STATED CAPITAL

As at 31st December	No of Shares		2024	2023
	2024	2023	Rs. 000	Rs. 000
Balance as at 1 January	156,250,000	156,250,000	2,258,125	2,258,125
Balance as at 31 December	156,250,000	156,250,000	2,258,125	2,258,125

24.1 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 2A, 2B, 3c (i), 3c (ii), 25A, 127A, 127B, 127C and 128 of the Company in which the Golden Shareholder's rights are given (Articles 2A).
- 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 2B).
- 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 3c (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 3c (ii)).
- "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 25A)."
- 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 127A).
- 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 127B).
- 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 127C).
- 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 128).

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

25 LOANS AND BORROWINGS

<i>As at 31st December</i>	2024	2023
	Rs. 000	Rs. 000
Balance as at 1 January	-	300,391
Repayments during the year	-	(300,391)
Balance as at 31 December	-	-

26 LEASE LIABILITY

<i>As at 31st December</i>	2024	2023
	Rs. 000	Rs. 000
Net liability to lessor of JEDB / SLSPC	867,291	745,520
	867,291	745,520
26.1 Net liability to lessor of JEDB / SLSPC		
Balance as at 1 January	745,520	505,592
Remeasurement during the year	132,808	251,148
	878,328	756,740
Repayments during the year	(111,329)	(90,344)
Interest expense for the year	100,292	79,124
Balance as at 31 December	867,291	745,520
26.2 Analysis of net lease liability		
Current liability	10,150	7,400
Non current liability	857,141	738,120
	867,291	745,520
26.3 Maturity analysis of undiscounted cash flows		
Amount payable within one year	115,635	98,413
Amount payable after one year and less than five years	462,539	393,650
Amount payable after five years	1,792,338	1,623,806
	2,370,512	2,115,869
26.4 Amount recognised in the statement of profit or loss		
Interest expense for the year	100,292	79,124
Amortisation of right to use assets	34,962	26,551
	135,254	105,675

As at 31st December	2024 Rs. 000	2023 Rs. 000
26.5 Amount recognised in the statement of cash flows		
Interest repaymnet during the year	100,292	79,124
Capital repaymnet during the year	11,037	11,219
	111,329	90,344

As at 31st December	2024 Rs. 000	2023 Rs. 000
27 DEFERRED TAX LIABILITIES		
Balance as at 1 January	980,156	391,498
Origination / reversal of temporary difference		
- Recognised in profit or loss	342,423	612,925
- Recognised in other comprehensive income	(46,565)	(24,267)
Balance as at 31 December	1,276,014	980,156

27.1 Reconciliation of Deferred tax effect on temporary differences

As at 31st December	2024		2023	
	Temporary Difference Rs. 000	Tax Effect Rs. 000	Temporary Difference Rs. 000	Tax Effect Rs. 000
Property, plant and equipment	356,670	107,001	353,365	106,010
Right of use assets	770,532	231,160	672,686	201,806
Bearer biological assets	4,165,805	1,249,742	3,569,711	1,070,913
Consumable biological assets	912,405	273,722	813,852	244,156
Retirement benefit obligation	(902,383)	(270,715)	(714,545)	(214,364)
Lease Liabilities	(867,291)	(260,187)	(745,520)	(223,656)
Tax losses carried forward	(182,364)	(54,709)	(682,364)	(204,709)
	4,253,374	1,276,014	3,267,185	980,156

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 (Amendment) Act, No. 45 of 2022. The deferred tax liability is calculated at the effective tax rate of 30% (2023- 30%) for the Company as at 31 December 2024.

NOTES TO THE FINANCIAL STATEMENTS

27.2 Deferred Tax Asset / Assessment of Recoverability

The Management carefully analyzed the availability of the future taxable profits against which the unused tax losses can be utilised. In this assessment the Company estimated the profitability using the internal budgets and plans in a conservative manner.

The unutilised tax losses of Rs. 182 Mn (2023 - Rs. 682 Mn) Mn out of total tax losses of Rs. 182 Mn (2023 - Rs. 1,536) Mn have been considered for the deferred tax based on the probable future taxable profits available.

Deferred tax is an estimate computed based on the assumptions and available information as at the reporting date. Hence these estimates are subject to change based on further developments, for which assumptions have been considered at the time of estimation (i.e. further clarifications to the new IRD act). Such changes to the estimates will be adjusted during the period the change occurs.

As at 31st December	2024		2023	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Unrecognised deferred tax assets				
Tax losses carried forward	-	-	853,159	255,948
	-	-	853,159	255,948

28 RETIREMENT BENEFIT OBLIGATIONS

As at 31st December	2024	2023
	Rs. 000	Rs. 000
28.1 Movement in the present value of the retirement benefit obligations		
Provision for Gratuity		
Balance as at 1 January	644,548	548,188
Amount recognised in the profit or loss	143,195	133,557
Actuarial loss recognised in other comprehensive income	155,215	80,891
	942,958	762,636
Benefits paid during the year	(84,685)	(87,337)
Transfer of unsettled gratuity claimed during the year	(22,693)	(30,751)
Balance as at 31 December	835,580	644,548
Unsettled Gratuity Payable		
Balance as at 1 January	69,997	58,471
Unsettled gratuity claimed during the year	22,693	30,751
Adjustment to under provision of gratuity payable	8,339	3,894
Benefits paid during the year	(34,226)	(23,119)
Balance as at 31 December	66,803	69,997
Grand total as at 31 December	902,383	714,545

The provision for retirement benefits obligations as at 31 December 2024 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”.

<i>For the Year Ended 31st December</i>		2024	2023
		Rs. 000	Rs. 000
28.2	Expenses recognised in the Profit or loss and Other comprehensive income.		
	Statement of Profit or Loss		
	Current service costs	60,049	32,142
	Interest Costs	83,146	101,415
		143,195	133,557
	Statement of Other comprehensive income		
	Actuarial loss for the year	155,215	80,891
		155,215	80,891

<i>As at 31st December</i>		2024	2023
28.3	Key Assumptions used by actuary include following:		
	a) Rate of Discount	12.0%	12.9%
	A Long-term treasury bond rate 12.00% p.a. (2023 - 12.9% p.a.) was used to discount future liabilities taking into consideration remaining working life of employees.		
	b) Retirement Age	60 years	60 years
	c) Mortality - Staff	A 1967/70 Mortality Table	
	- Worker	A 1949/52 Mortality Table	
	d) Turnover Rate (Age 20-55)	2% - 7%	2% - 7%
	e) Weighted average duration of defined benefit obligation - Staff	10 Years	10.5 years
	- Worker	10 Years	9.0 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.

As at 31st December		2024		2023	
Discount Rate	Salary Escalation Rate	Present value of defined benefit obligation	Change	Temporary Difference	Resent value of defined benefit obligation
		Rs. 000	Rs. 000	Rs. 000	Rs. 000
One percentage point increase		768,688	(66,892)	595,164	(49,384)
One percentage point decrease		912,800	77,220	701,337	56,789
	One percentage point increase	915,784	80,204	703,957	59,409
	One percentage point decrease	764,971	(70,609)	592,098	(52,449)

28.5 Maturity analysis

As at 31st December		2024		2023	
		Defined Benefit Obligation		Defined Benefit Obligation	
		Staff	Workers	Staff	Workers
		Rs. 000	Rs. 000	Rs. 000	Rs. 000
Within the next 12 months		5,756	85,877	4,677	71,771
Between 1-5 years		29,048	200,797	30,598	151,497
Beyond 5 years		46,885	467,217	59,298	326,707
Total		81,689	753,891	94,573	549,975

As at 31st December	2024	2023
	Rs. 000	Rs. 000

29 DEFERRED INCOME

Capital grants

Balance as at 1 January	323,911	257,573
Grants received during the year	44,770	66,338
Balance as at 31 December	368,681	323,911

Accumulated Amortisation

Balance as at 1 January	73,014	69,466
Amortization for the year	3,333	3,548
Balance as at 31 December	76,347	73,014
Total unamortised capital grants as at 31 December	292,334	250,897

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.

<i>As at 31st December</i>		2024	2023
		Rs. 000	Rs. 000
30	TRADE AND OTHER PAYABLES		
	Trade creditors	92,548	60,359
	Employee related payables	100,163	95,065
	Other creditors	262,863	223,722
		455,574	379,146

31 RELATED PARTY DISCLOSURES

31.1 Parent and ultimate controlling party

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

31.2 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 Holding (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.

31.3 Transactions with Related Companies

Name of the Company	Nature of Relationship	Name of the Directors	Nature of the Transactions	Transaction Amount		Balance as at 31st December	
				2024 Rs. 000	2023 Rs. 000	2024 Rs. 000	2023 Rs. 000
Mackply Industries (Private) Limited	Affiliated Company	Mr.R.P.L.Ramanayake	Sales	382	3,029	-	604
		Mr.W.A.A.Asanga	Funds received	(986)	(6,412)		
		Mr.G.P.N.A.G.Gunathilaka	Purchase	(498)	-		
		Mr.L.R.W.S.Rajasekara	Purchase settlement	498	-		
Melfort Green Teas (Pvt) Ltd	Affiliated Company	Mr.W.A.A.Asanga	Purchase	(165)	(692)	-	-
		Mr.G.P.N.A.G.Gunathilaka	Purchase settlement	165	810		
		Mr.L.R.W.S.Rajasekara					
AEN Oil Processing (Private) Limited	Joint venture	Mr.G.P.N.A.G.Gunathilaka	Oil palm sales	1,069,067	1,226,785	16,212	34,438
			Funds received	(1,087,293)	(1,226,331)		
D R Industries (Pvt) Ltd	Affiliated company		Dividend received	50,330	59,208		
		Mr. G.P.N.A.G.Gunathilake	Purchase	(352,129)	(47,704)	671	2,112
		Mr. W.A.A.Asanga	Purchase settlement	350,066	103,220		
		Mr. L.R.W.S.Rajasekara	Sales	28,091	1,564		
D R Export (Pvt) Ltd	Affiliated company	Mr. R.P.L.Ramanayake	Funds received	(27,469)	(94,699)		
		Mr. W.A.A.Asanga	Sales	14,873	7,799	-	1,898
			Funds received	(16,771)	(7,020)		
Plyestra Furniture (Pvt) Ltd	Affiliated company	Mr. W.A.A.Asanga	Purchase	(21,662)	-	-	-
		Mr. R.P.L.Ramanayake	Purchase settlement	22,773	-		
Damro Holdings (Pvt) Ltd	Parent company		Sales	32,361	(2,366)		
			Funds received	(33,472)	-		
		Mr. W.A.A.Asanga	Sales	8,340	-	-	-
		Mr. R.P.L.Ramanayake	Funds received	(8,340)	(789)		
		Mr.G.P.N.A.G.Gunathilaka					

Name of the Company	Nature of Relationship	Name of the Directors	Nature of the Transactions	Transaction Amount			Balance as at 31st December	
				2024 Rs. 000	2023 Rs. 000	2023 Rs. 000	2024 Rs. 000	2023 Rs. 000
D R Home Appliances (Pvt) Ltd	Affiliated Company	Mr. R.P.L.Ramanayake	Purchases	(2,605)	(10,041)	-	-	4,449
		Mr. A.N. Pathirawasam	Purchase settlement	2,616	13,562	-	-	-
		Mr. W.A.M.S.H. Hemantha	Sales	991	694	-	-	-
D R Transport Services (Pvt) Ltd	Affiliated Company		Funds received	(5,451)	-	-	-	-
		Mr. W.A.A.Asanga	Vehicle service cost, repair expenses, transport charges, etc	(35,830)	-	-	-	-
			Settlements	35,830	-	-	-	-
Damro Exports (Pvt) Ltd	Affiliated company	Mr. R.P.L.Ramanayake	Funds Received	-	(118,109)	-	-	-
		Mr. G.P.N.A.G.Gunathilaka	Tea Purchase & Packing Cost	(377,207)	(658,165)	-	-	-
			Purchase settlement	377,207	719,866	-	-	-
D R Wooden Furniture (Pvt) Ltd	Affiliated Company	Mr. W.A.A.Asanga	Sale of Firewood, log	1,289	33,658	-	-	1,591
		Mr. R.P.L.Ramanayake	Funds received	(3,097)	(32,067)	-	-	-
			Purchases	(269)	-	-	-	-
D R Manufacturing (Pvt) Ltd	Affiliated company		Purchase settlement	486	-	-	-	-
		Mr. W.A.A.Asanga	Sale of rubber trees	54,791	14,886	-	-	2,596
		Mr. R.P.L.Ramanayake	Funds received	(56,828)	(12,280)	-	-	-
D R Management Services (Pvt) Ltd	Affiliated company		Purchase of furnitures	(559)	-	-	-	-
		Mr. R.P.D. Ramanayake	Purchases	665	-	-	-	-
		Mr. R.P.L.Ramanayake	Purchase settlement	(665)	(936)	-	-	-
Marino Leisure Holdings (Pvt) Ltd	Affiliated company	Mr. W.A.A.Asanga	Purchases	(13,312)	(3,661)	-	-	4,532
		Mr. R.P.L.Ramanayake	Purchase settlement	8,780	8,031	-	-	-
		Mr.L.R.W.S.Rajasekara				-	-	-

NOTES TO THE FINANCIAL STATEMENTS

Name of the Company	Nature of Relationship	Name of the Directors	Nature of the Transactions	Transaction Amount			Balance as at 31st December	
				2024 Rs. 000	2023 Rs. 000	2023 Rs. 000	2024 Rs. 000	2023 Rs. 000
F L M C Plantations (Pvt) Ltd	Affiliated Company	Mr. G.P.N.A.G.Gunathilake	Purchases	(70,469)	(95,994)	-	-	-
		Mr. W.A.A.Asanga	Purchase settlement	70,469	101,379			
		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)	(12)			
		Mr. W.A.A.Asanga	Settlement	(34)	(79,265)			
		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)	(372,763)	-	-	45,060
		Mr. W.A.A.Asanga	Purchase settlement	-	462,718			
DR Advertising (Pvt) Ltd	Affiliated company	Mr.W.A.A.Asanga	Purchases	(628)	-	-	-	-
			Purchase settlement	628	-			
D R Security Service (Pvt) Ltd	Affiliated Company	Mr. G.P.N.A.G.Gunathilake	Purchases	(18,627)	-	-	-	-
			Purchase settlement	18,627	-			
D R Rubber Products (Pvt) Ltd	Affiliated company	Mr. G.P.N.A.G.Gunathilake	Purchases	(267)	-	-	-	267
		Mr.W.A.A.Asanga	Purchase settlement	-	350			
Damro Leisure (Pvt) Ltd	Affiliated company	Mr. R.P.L.Ramanayake	Funds received	(99,685)	(52,557)	-	-	10,137
		Mr.W.A.A.Asanga	Funds given	89,548	62,677			
Glenco Company (Pvt) Ltd	Affiliated Company	Mr.G.P.N.A.G.Gunathilaka	Sales	-	31	-	-	31
			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.

31.4 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 2023. 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 Oil Processing (Private) Limited	Joint venture	Oil palm sales	1,069,067	22%	Ordinary course of business

31.5 Non-recurrent related party transactions

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets which ever is lower of the Company as per audited Financial Statements 2023.

32 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

33 COMMITMENTS

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

34 CONTINGENT LIABILITIES

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

35 FINANCIAL RISK MANAGEMENT

35.1 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.

35.2 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

35.2.1 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>		2024	2023
	Note	Rs. 000	Rs. 000
Produce trade receivables	21	13,493	13,068
Amounts due from related parties	22	16,883	107,717
Cash at bank	23	459,916	153,580
Total credit risk exposure		490,292	274,365

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 is as follows,

<i>As at 31st December</i>	2024	2023
	Rs. 000	Rs. 000
Neither past due not impaired	13,493	13,068
Past due :		
1-30 days	-	-
Over 30 days	-	-
Total trade receivables	13,493	13,068

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. 460 Mn As at 31 December 2024 (2023 : 154 Mn) which represents its maximum credit exposure on these assets.

As at 31st December	2024 Rs. 000	2023 Rs. 000
Cash at bank having credit ratings		
AAA to AA-	458,377	152,040
BBB	1,539	1,540
	459,916	153,580

35.2.2 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.

NOTES TO THE FINANCIAL STATEMENTS

Exposure to liquidity risk

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

	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
As at 31 December 2024						
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
As at 31 December 2023						
Lease liability	26	745,520	2,115,869	24,604	73,809	2,017,456
Trade and other payables	30	379,146	379,146	94,786	284,360	-
		1,124,666	2,495,015	119,390	358,169	2,017,456

35.2.3 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,

As at 31st December	Carrying Amounts	
	2024 Rs. 000	2023 Rs. 000
Fixed rate instruments		
Lease liability	867,291	745,520
	867,291	745,520
Variable rate instruments		
Financial liabilities	-	

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.

35.2.4 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.

35.2.5 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.

NOTES TO THE FINANCIAL STATEMENTS

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

As at 31st December		2024	2023
		Rs. 000	Rs. 000
Total liabilities		3,793,596	3,070,264
Less: Cash and cash equivalents	23	(469,513)	(159,583)
Net debts		3,324,083	2,910,681
Total equity		4,374,784	4,014,445
Debt to Equity ratio(Gearing Ratio)		0.76	0.73

36 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.

36.1 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	2024			
	Financial assets at amortised cost	Other financial liabilities	Carrying Amount	Fair Value
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Financial assets not measured at fair value				
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
Total	499,889	-	499,889	499,889
Financial liabilities not measured at fair value				
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

As at 31st December	2023			
	Financial assets at amortised cost	Other financial liabilities	Carrying Amount	Fair Value
	Rs. 000	Rs. 000	Rs. 000	Rs. 000
Financial assets not measured at fair value				
Produce trade receivables	13,068	-	13,068	13,068
Amounts due from related parties	107,717	-	107,717	107,717
Cash and cash equivalents	159,583	-	159,583	159,583
Total	280,368	-	280,368	280,368
Financial liabilities not measured at fair value				
Trade and other payables	-	379,146	379,146	379,146
Lease liability	-	745,520	745,520	745,520
	-	1,124,666	1,124,666	1,124,666

37 SEGMENTAL ANALYSIS

Statement of Profit or Loss

	Tea						Rubber						Oil palm						Others						Total					
	2024		2023		2024		2023		2024		2023		2024		2023		2024		2023		2024		2023		2024		2023		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	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000	Rs. 000
For the Year Ended 31st December																														
Revenue	1,797,058	2,284,864			939,294	759,516			1,069,067	1,226,785			1,034,242	849,001			4,839,661								4,839,661				5,120,166	
Cost of sales	(1,635,777)	(2,211,533)			(1,062,935)	(1,135,583)			(463,583)	(472,672)			(827,248)	(589,193)			(3,989,543)								(3,989,543)				(4,408,981)	
Segment Results	161,281	73,331			(123,641)	(376,067)			605,484	754,113			206,994	259,808			850,118								850,118				711,185	
Unallocated																														
Other income																	344,058								344,058				426,882	
Change in fair value of biological assets																	125,654								125,654				152,161	
Administration expenses																	(190,982)								(190,982)				(138,729)	
Other expenses																	(5,871)								(5,871)				(9,028)	
Results from operating activities																	1,122,977								1,122,977				1,142,471	
Finance income																	12,255								12,255				86	
Finance costs																	(101,482)								(101,482)				(130,481)	
Share of profit of equity accounted investee, net of tax																	90,162								90,162				131,542	
Profit before taxation																	1,123,912								1,123,912				1,143,618	
Income tax expense																	(342,423)								(342,423)				(612,925)	
Profit for the year																	781,489								781,489				530,693	

Statement of Financial Position

	Tea		Rubber		Oil palm		Others		Unallocated		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	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	1,235,365	1,064,823	2,840,687	2,556,993	1,520,229	1,271,292	-	-	1,449,428	1,311,043	7,045,709	6,204,151
current assets	244,100	168,183	561,301	403,863	300,387	200,795	-	-	16,883	107,717	1,122,671	880,558
Total assets	1,479,465	1,233,006	3,401,988	2,960,856	1,820,616	1,472,087	-	-	1,466,311	1,418,760	8,168,380	7,084,709
Non-current liabilities	734,619	584,023	1,689,237	1,402,431	904,016	697,264	-	-	-	-	3,327,872	2,683,718
Current liabilities	102,807	84,118	236,403	201,998	126,514	100,430	-	-	-	-	465,724	386,546
Total liabilities	837,426	668,141	1,925,640	1,604,429	1,030,530	797,694	-	-	-	-	3,793,596	3,070,264
Capital Expenditure												
Field development	151,888	176,611	560,221	566,567	73	962	-	-	2,844	1,384	715,026	745,524
Property, plant and equipment	18,437	11,400	42,396	27,374	-	-	-	-	-	-	60,833	38,774
Total	170,325	188,011	602,617	593,941	73	962	-	-	2,844	1,384	775,859	784,298
Total Depreciation/ Amortization	34,043	32,495	99,790	102,013	62,249	60,745	-	-	3,656	2,748	199,738	198,001

37.1

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 Labookellie tea centre.

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

For the Year Ended 31st December	2024	2023
The percentage of shares held by the public (%)	20.00	20.00
Number of public shareholders	14,431	14,957
Number of shares	31,250,000	31,250,000
Minimum public holding requirement		
Float adjusted market capitalisation as at 31.12.2024 (Rs.)	1,456,250,000	

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	12,757	88%	2,512,455	2%	6	46%	920	0%	1.61%	0.00%
1001 To 10000 Shares	1223	8%	4,635,620	3%	4	31%	12,554	0%	2.97%	0.01%
10001 To 100000 Shares	400	3%	11,389,415	7%	1	8%	20,000	1%	7.29%	0.01%
100001 to 1000000	38	0%	8,988,936	6%	1	8%	120,000	3%	5.75%	0.08%
Over 1,000,000 Shares	1	0%	125,000,000	82%	1	8%	3,570,100	96%	80.00%	2.28%
	14,419	100%	152,526,426	100%	13	100%	3,723,574	100%	97.62%	2.38%

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	(%)
1 To 1000 Shares	49	23%	18,043	0%	12,714	89%	2,495,332	11%	12,763	88%	2,513,375	2%
1001 To 10000 Shares	81	38%	380,173	0%	1,146	8%	4,268,001	18%	1,227	9%	4,648,174	3%
10001 To 100000 Shares	59	28%	2,234,066	2%	342	2%	9,175,349	40%	401	3%	11,409,415	7%
100001 to 1000000	22	10%	5,465,554	4%	17	0%	3,643,382	16%	39	0%	9,108,936	6%
Over 1,000,000 Shares	1	0%	125,000,000	94%	1	0%	3,570,100	15%	2	0%	128,570,100	82%
	212	100%	133,097,836	100%	14,220	100%	23,152,164	100%	14,432	100%	156,250,000	100%

04. Market Value Analysis

	2024	2023
Highest	48.90	39.00
Lowest	29.10	27.20
Closing price	46.60	32.60

05. TWENTY (20) LARGEST SHAREHOLDERS AS AT 31ST DECEMBER 2024

Name	No of Shares held	% of the holding
DAMRO HOLDINGS (PRIVATE) LIMITED	125,000,000	80.00
MISS SONIA WIN-YEN NG	3,570,100	2.28
HATTON NATIONAL BANK PLC/MUSHTAQ MOHAMED FUAD	859,538	0.55
COMMERCIAL BANK OF CEYLON PLC/G.S.N.PEIRIS	760,000	0.49
SEYLAN BANK PLC/MOHAMED MUSHTAQ FUAD	529,473	0.34
MR. SUGATH WEERARATNE	500,000	0.32
SEYLAN BANK PLC/R.A.RISHARD	447,555	0.29
MR. GONALAGODAGHE BUWANeka DINUWAN THILAKARATNE	398,736	0.26
MR. GEETH THINETH MAPALANA	300,000	0.19
DFCC BANK PLC/B. SUTHARSHAN	255,000	0.16
MR. KIRIWATTUDUWAGE DON ARUNA SHANTHA DEEPTHI KUMARA	250,000	0.16
MR. HETTI ARACHCHIGE RUWAN SAMANTHA	236,177	0.15
MERCHANT BANK OF SRI LANKA & FINANCE PLC/A.C.SENANKA	224,548	0.14
MR. MOHAMED SUBAIR FOUZAL HAQQUE	224,383	0.14
MR. ARUNASALAM SITHAMPALAM	210,000	0.13
MERCHANT BANK OF SRI LANKA & FINANCE PLC 01	208,325	0.13
DR. ATHUGODAGE ARUNA MAHESH DHARMADASA	206,103	0.13
DFCC BANK PLC/MR.P.PRANAVAN	200,000	0.13
PMF FINANCE PLC/M.I.I.MARIKAR	200,000	0.13
MR. ANTON VASANTHAKUMAR EMMANUEL	199,300	0.13
	134,779,238	86.26
Balance Held by 14,412 shareholders	21,470,762	13.74
	156,250,000	100.00

The Golden Share Holder

The Golden share of Rs 10/- is currently held by the Secretary of the Treasury and should be owned either directly by the Government of Sri Lanka or by a 100% Government owned Public Company. In addition to the rights of the normal shareholder, the Golden Shareholder has specific rights according to the Articles of Association of the company which are specified in note 24.1

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	No. of Workers
			Immature	Mature	Immature	Mature	Immature	Mature	Immature	Mature		
		Ha	Ha	Ha	Ha	Ha	Ha	Ha	Ha	Ha		
RATNAPURA DISTRICT												
Peenkande	Rubber	1,328			295.78	585.89			0.61	7.75	593.64	40
	Oil Palm						141.31				141.31	
Doloswella	Tea	871	40.39	68.51							68.51	28
	Rubber				173.92	262.94					262.94	
Kiribathgala	Rubber	819			203.88	272.21				9.98	282.19	18
	Oil Palm						53.67				53.67	
Noragalla	Tea	133	15.70	58.57							58.57	4
Watapotha	Tea	365	12.52	33.68							33.68	5
	Rubber				22.37	52.43					52.43	
Niriella	Tea	932	1.00	8.08							8.08	
	Rubber				113.58	308.49				47.94	356.43	
	Oil Palm						35.52				35.52	
Delgoda	Tea	7									-	
	Rubber					2.02					2.02	
KALUTARA DISTRICT												
Culloden	Rubber	1,232			176.65	291.32				6.65	298	17
	Oil Palm						393.6				394	
Ambetenna	Rubber	613			89	108.4					108	6
	Oil Palm						285.96			0.16	286	
Clyde	Rubber	616			190.49	200.89				14	215	10
Kiriwanaketiya	Rubber	768			131.61	232.50				3	236	12
	Oil Palm						1	45.76			46	
Mohamedi	Tea	724		10.80						8.81	20	8
	Rubber				70.24	158.64					159	
	Oil Palm						197.18				197	
Pimbura	Rubber	370			57.60	53.31				5	59	7
	Oil Palm						169.86				170	
NUWARA ELIYA DISTRICT												
Labookellie	Tea	539	34	274					0.5	66	340	25
Frotoft	Tea	1,016	28	379						184	563	25
Weddemulle	Tea	771	27	245					3	168	443	26
		11,104	159	1,078	1,525	2,529	1	1,323	4	522	5,481	231
					Tea		Rubber		Oil palm		Other	
Total Mature Extent (Ha)					1,078		2,529		1,323		522	
Total Immature Extent (Ha)					159		1,525		1		4	
Total Planted Extent (Ha)					1,237		4,054		1,324		526	
Total Extent (Ha)					11,104							

No. of Workers	Crop (KG)			Yield Kg/Ha	Factory Elevation m	Made Tea Production KG	Factory Capacity Kg	Building Information						
								No of Buildings	Buildings/ Bungalow Gardens/ Roads/other etc., (Ha)	Value of the Buildings (Rs.) as per books				
	Workers	Tea	Rubber								Oil			
397		283,102		483	318		7,000	114	176.16	20,267,721				
			1,533,840	10,854										
347	361,031	96,204		5,270	150-300	335,211	13,500	17	262.86	50,023,767				
				-				15		19,939,342				
258		119,097		437.52			2,000	90	177.65	5,111,605				
			490,250	9,135										
85	273,079			4,662				45	36.18	8,338,258				
105	136,512			4,053				21	25.01	5,800,407				
		26,668		509										
	47,059			5,824				187	326.58	6,396,177				
		139,818		453										
			406,530	11,445										
					180-252		12,500	17	3.89	10,233,560				
	-	-	-											
257		152,159		516	46		2,000	138	291.55	29,124,687				
			4,248,370	10,794										
95		36,203		332				17	98.14	1,328,894				
			1,710,510	5,982										
119		89,584		456	30-100		1,600	37	135	4,199,160				
134		117,733		504	90-122		2,500	67	291.99	6,364,795				
			375,160	8,198										
139	34,174			3,370										
		74,303		468				9	253.53	2,123,855				
			2,102,960	10,665										
48		24,125		438				17	66.24	1,211,113				
			2,013,240	11,852										
350	1,260,564			4,605	1535	454,714	12,500	480	156	37,574,877				
525	1,625,744			4,293	1205	370,252	15,000	439	154	24,197,564				
418	1,021,287			4,168	1327	247,941	11,000	773	65	29,867,934				
3,277	4,759,450	1,158,996	12,880,860			1,408,118	79,600.00	2,483	2,520	262,103,717				

	Tea	Rubber	Oil palm
Total Crop (kg)	4,759,450	1,158,996	12,880,860
Total NSA (Rs/kg)	1,130	985	88
Tota COP (Rs /kg)	1,105	1,076	33

	Tea
Tea Production (Made Tea)	
Estate Crop (Kg)	988,072
Bought Crop (Kg)	489,538
	1,477,610

ESTATE MANAGEMENT TEAM

Estate	Name	Position	Crop Type
Ambetenna	Mr. Nuwan Dhanushka Mohottala	Snr Asst. Superintendent	Rubber & Oil Palm
Clyde	Mr. WG Lalindra Dhananjana	Deputy Manager	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. RP Kasun S Rajapakse	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. V Duminda Gayan Abeysundara	Snr. Asst. Superintendent	Rubber & Tea
Frotoft	Mr. A Chanaka Perera	Asst General Manager	Tea
Labookellie	Mr. Nirash Palliyaguruge	Superintendent	Tea
Weddemulle	Mr. Dhushantha Chathura Bandara	Divisional 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.

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).

GLOSSARY

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

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@msl.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 30th Annual General Meeting of the shareholders of AGALAWATTE PLANTATIONS PLC will be held on 27th June 2025 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 2024 together with the Report of the Auditors thereon.

2. ELECTION OF DIRECTORS

1. To elect Mr. M.P.K. Udugampola, Director appointed since the last Annual General Meeting, in terms of Article No. 69 of the Articles of Association (Resolution 1).
2. To elect Mr. S.M.S.S. Bandara, Director appointed since the last Annual General Meeting, in terms of Article No. 69 of the Articles of Association (Resolution 2).
3. To elect Mr. D.S. Muthukudaarachchi, Director appointed since the last Annual General Meeting, in terms of Article No. 69 of the Articles of Association (Resolution 3).
4. To elect Mr. H.D.P. Gamage, Director appointed since the last Annual General Meeting, in terms of Article No.69 of the Articles of Association (Resolution 4).

3. RE- ELECTION OF DIRECTORS

To re-elect Mr. L.R.W.S. Rajasekara- 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 05)

4. 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 06)

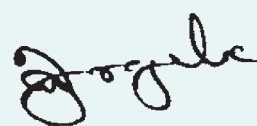
5. RE- APPOINTMENT OF AUDITORS

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 07)

6. DONATIONS

To authorize the Directors to determine donations for charities for the ensuing year. (Resolution 08)

By Order of the Board



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

Colombo
26th May 2025

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. 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. S.M.S.S. Bandara	or failing him
Mr. D.S. Muthukudaarachchi	or failing him
Mr. H.D.P. Gamage	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 30th Annual General Meeting of the Company to be held on 27th June 2025 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 2024 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
To elect Mr. M.P.K. Udugampola, Director appointed since the last Annual General Meeting, in terms of Article No. 69 of the Articles of Association of the Company. (Resolution No.: 01)	<input type="checkbox"/>	<input type="checkbox"/>
To elect Mr. S. M. S. S. Bandara, Director appointed since the last Annual General Meeting, in terms of Article No. 69 of the Articles of Association of the Company. (Resolution No.: 02)	<input type="checkbox"/>	<input type="checkbox"/>
To elect Mr. D. S. Muthukudaarachchi, Director appointed since the last Annual General Meeting, in terms of Article No. 69 of the Articles of Association of the Company. (Resolution No.: 03)	<input type="checkbox"/>	<input type="checkbox"/>
To elect Mr. H. D. P. Gamage, Director appointed since the last Annual General Meeting, in terms of Article No. 69 of the Articles of Association of the Company. (Resolution No.: 04)	<input type="checkbox"/>	<input type="checkbox"/>
To re-elect Mr. L. R. W. S. Rajasekara - 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.: 05)	<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. "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.: 06)	<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.: 07)	<input type="checkbox"/>	<input type="checkbox"/>
To authorize the Directors to determine donations for charities for the ensuing year. (Resolution No.: 08)	<input type="checkbox"/>	<input type="checkbox"/>

Mark your preference with 'X'

Signed on this day of 2025.

.....
 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** with the subject title **"APL AGM PROXY"** to reach us not later than 48 hours prior to the time scheduled for the AGM.

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and produced by
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Agalawatte Plantations PLC (APL)

361 Kandy Road, Nittambuwa