Precision-led, Sustainability-led

AGARAPATANA PLANTATIONS PLC | ANNUAL REPORT 2025/26

Precision-led, Sustainability-led

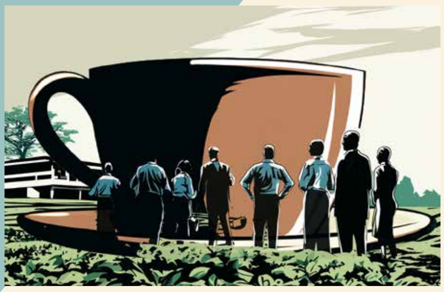
At Agarapatana Plantations PLC, our approach to excellence is guided by two principles that work as one: working with precision, and working to sustain.

Our precision-led practices enable us to act with accuracy, while our commitment to sustainability-led operations ensures that every action is responsible and enduring. Through technology-driven agriculture and conscious resource management, we continue to build operations that are both productive and resilient. Each decision is informed, each process refined, ensuring that progress is achieved without compromise.

We shape a system where efficiency and care are not separate, but integrated. Within this system, productivity thrives, and innovation endures; Agarapatana Plantations transforms with intentionality into an entity made to last, and made to flourish.

The future of agriculture demands both clarity and responsibility, and we move forward – precision-led, and sustainability-led.

Contents



Introduction

"Agarapatana Plantations PLC's (APL's) Integrated Annual Report for the financial year 2025/26 has been compiled to disclose the performance of the Company and it's subsidiary, Waverly Power (Pvt) Ltd. In preparing this report, the Company has complied with disclosure requirements of annual reporting and has also adopted the SLFRS Sustainability Disclosure Standards - SLFRS S1 & S2 for Climate Related Disclosures."

SOURCES OF GUIDANCE

- The Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka
- The International Integrated Reporting Standards 2021
- SLFRS Sustainability Disclosure Standards - SLFRS S1 & S2
- The Code of Best Practice issued by the Institute of Chartered Accountants of Sri Lanka
- The Listing Rules of the Colombo Stock Exchange

FORWARD-LOOKING STATEMENTS

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

Navigation Icons

- Financial Capital
- Human Capital
- Manufactured Capital
- Intellectual Capital
- Social Capital
- Natural Capital

Board Responsibility Statement

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

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

1. Independent Auditors' Report on pages 116 to 119

2. Statement of Directors' Responsibilities on page 114

Feedback:

Please direct any feedback regarding this report to:

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Basis of Preparation and Presentation

This chapter provides vital information pertaining the selection of material topics for discussion in this annual report.

Reporting Period

The reporting period of this report is the 12 months of 01st April 2025 to 31st March 2026, which is also the accounting period of the Company.

Scope and Boundary

The reporting boundary of this integrated annual report extends to the operations of Agarapatana Plantations PLC (APL) and its fully owned subsidiary, Waverly Power (Pvt) Ltd. These are also the financial reporting entities, for the purpose of setting the boundary for financial reporting, which is presented as Company and Consolidated formats in the financial statements and audited accounts for the financial year 2025/26.

The scope of this report extends to the Company's management of its six capitals of integrated reporting in order to explain how the Company created value during the year. The operations of Waverly Power (Pvt) Ltd is limited to the operation of a mini-hydro power plant located in APL's Waverly Estate and its entire power generation is sold to the national grid.

Materiality

Topics selected for discussion in this report, are those deemed materially significant in terms of financial health and also have a high level of impact on external stakeholders. These topics could reasonably be expected to impact the cash flows, access to finance, and/or cost of capital of the Company.

Changes to Material Topics

Material topics have not changed significantly from the previous year's (2024/25) list of material topics, as the Company has not changed it's strategic direction and external conditions remained fairly stable during 2025/26. However, the use of the double materiality principle in identifying material topics for the year under review has helped the Company to be more specific in its selection.

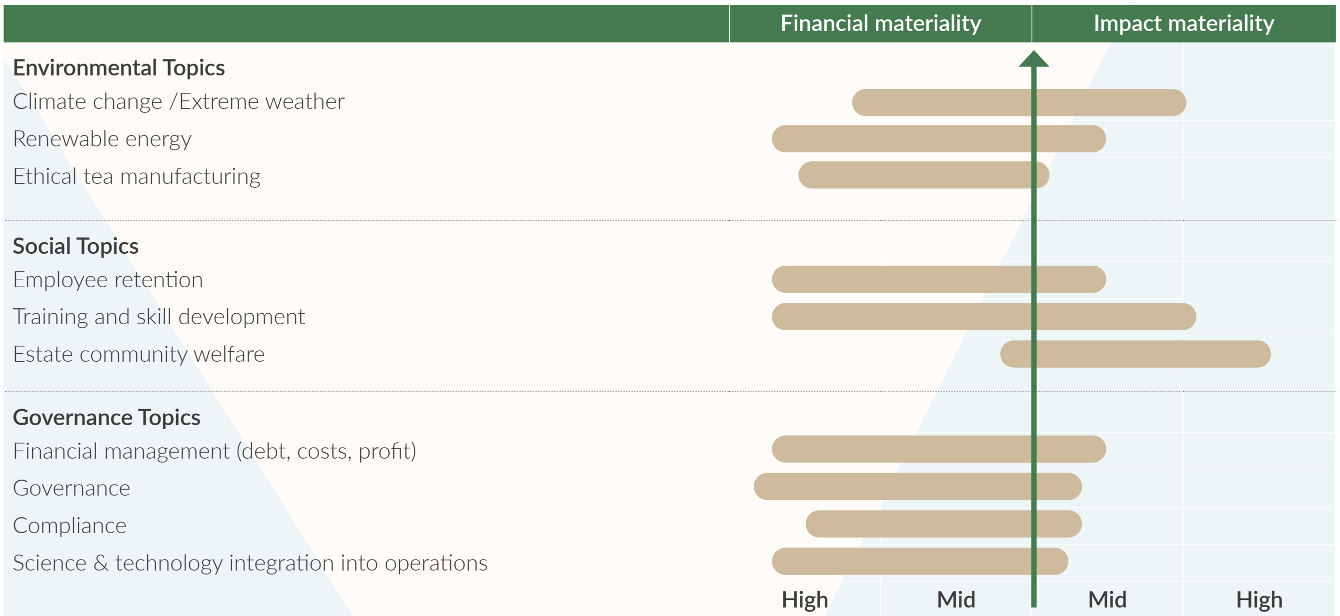
Selection and prioritisation of material topics

1. Topics for discussion were initially selected by identifying significant developments in the operating environment during the twelve months of the year, challenges faced by the Company, and strategically important topics, under the six capitals.
2. Material topics under climate change were identified separately, in order to comply with the Sustainability Disclosure Standards.
3. All available stakeholder feedback was also taken into account when identifying topics for disclosure.
4. The list of topics was also compared against the previous year's material topics to identify any significant changes.

APL's Materiality Map for 2025/26

Applying the double materiality principle

Both financial materiality and impact materiality concepts were applied to the list of material topics to select the final list of material topics.



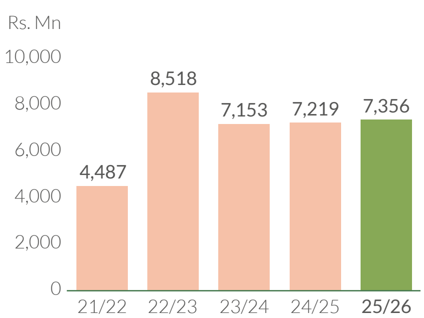
List of material topics and their location

Material topics	Chapter name	Page number
Governance	• Chairman's Message • Managing Director's Review • Operations Review by CEO • Operating Environment • Managing the Risks	16 19 22 28 99
Compliance	• Chairman's Message • Governance System	16 74
Financial management	• Financial Capital • SLFRS Sustainability-related Financial Disclosure	48 30
Employee retention and training	• Human Capital	52
Science and technology integration (for science-based agriculture and increased productivity)	• Intellectual Capital • Manufactured Capital	62 58
Climate change /Extreme weather	• SLFRS Sustainability-related Financial Disclosure • Natural Capital	30 65
Renewable energy	• SLFRS Sustainability-related Financial Disclosure • Intellectual Capital • Manufactured Capital	30 62 58
Community welfare	• Social Capital	68

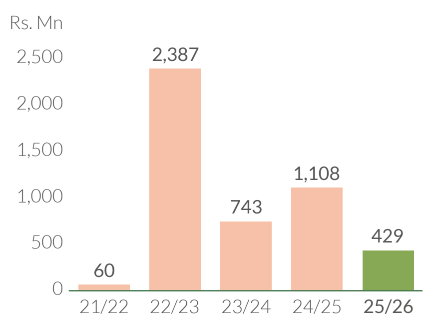
Financial Highlights

	Group			Company		
	2025/26 Rs. Mn	2024/25 Rs. Mn	% Change	**2025/26** Rs. Mn	2024/25 Rs. Mn	% Change
Results for the year						
Revenue	**7,437**	7,286	2	**7,356**	7,219	2
Gross Profit	**602**	1,339	(55)	**536**	1,300	(59)
Operating Profit before Finance Cost	**609**	1,273	(52)	**579**	1,237	(53)
Profit before Tax	**457**	1,138	(60)	**429**	1,108	(61)
Profit after Tax	**312**	801	(61)	**305**	790	(61)
Total Comprehensive Income	**107**	808	(87)	**100**	792	(87)
At the year end						
Shareholders' Funds	**4,122**	4,233	(3)	**4,101**	4,251	(4)
Ratios						
Gross Profit (%)	**8.10**	18.38	(56)	**7.29**	18.02	(60)
Current Ratio (times)	**1.37**	1.32	4	**1.34**	1.31	2
Acid Test Ratio (times)	**0.96**	0.83	16	**0.93**	0.81	15
Borrowings/Total Assets (%)	**12.81**	12.51	2	**12.91**	12.33	5
Dividend Payout Ratio (%)	**80.06**	93.18	(14)	**81.89**	94.95	(14)
Per Share						
Earnings (Rs.)	**0.62**	1.60	(61)	**0.61**	1.58	(61)
Net Assets (year end) (Rs.)	**8.24**	8.47	(3)	**8.20**	8.50	(4)

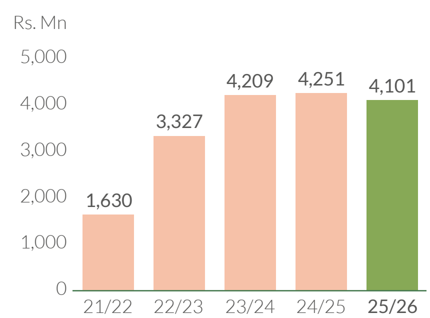
REVENUE



PROFIT BEFORE TAX



SHAREHOLDERS' FUNDS



Principle-led

GUIDED BY OUR UNWAVERING PRINCIPLES OF PRECISION, SUSTAINABILITY AND EXCELLENCE AT EVERY TURN, WE AT AGARAPATANA PLANTATIONS PLC WORK TO MAINTAIN AN EFFICIENT SYSTEM WHERE COLLABORATION GOES HAND IN HAND WITH PROGRESS. WE INNOVATE CONSTANTLY, AND ENSURE ENHANCED PRODUCTIVITY, SO THAT OUR FUTURE CONTINUES TO BE ONE OF UNBOUNDED VALUE

About the Company

VISION

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

MISSION

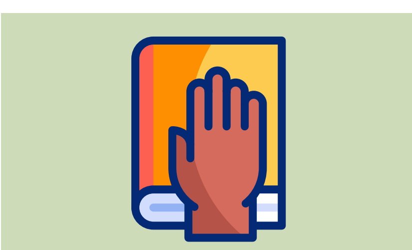
To produce the highest quality tea whilst protecting and preserving the environment and safeguarding the interest of the community with whom we work, improving our asset base, developing our employee base and providing value to our shareholders

BUSINESS OBJECTIVES

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

CORE VALUES

Integrity



Courage

Commitment

History and Journey

Agarapatana Plantations PLC (APL) was incorporated in 1992, when the Sri Lanka Government formed 22 Regional Plantation Companies (RPCs) after nationalisation of plantations in the 1970s. Initially, only the management was privatised, and later the shares of RPCs were offered to private entities. APL was allocated 20 estates entirely in the high-grown tea segment, with 11 estates situated in the Agras Valley categorised as the Western High in the Nuwara Eliya District, and 9 estates in the Uva High category located in Haputale region, in the Badulla District. Therefore, APL is one of the few plantations exclusively dedicated to high-grown tea.

Managing Agent

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

Parent

Lankem Developments PLC is the parent company of Agarapatana Plantations PLC, holding 57.65% of the issued capital.

HISTORICAL MILESTONES

1992	2019	2022	2023	2024
Agarapatana Plantations Limited was incorporated	Mechanical tea harvesting was started as a pilot project All factories and gardens obtained Rainforest Alliance certification, except for Glenanore and Gonamotawa which are mainly manufacturing bought leaf, sourced from small holders	Acquired Waverly Power (Pvt) Ltd	Successfully conducted an Initial Public Offering (IPO) and Listed on the Colombo Stock Exchange	Obtained Carbon Footprint Certification

Estates, Products, Certifications and Attractions

The principal activities of APL are the cultivation, manufacture and sale of black tea. The Company owns a total land area of 10,192 hectares and the total land area under active production is with 6,357 hectares under tea cultivation and 935 hectares of commercial forestry.

APL also owns 17 tea factories, including 11 factories for rotorvane small leaf manufacturing, 3 factories equipped for orthodox leafy manufacturing, and 3 refuse tea processing centres. All processing centres of Agarapatana are ISO 22000:2018 certified, and all processing centres excluding Glenanore and Gonamotawa, which manufactures smallholder leaf, are Rainforest Alliance certified.

1.	Albion
Extent	585.00
Factory Type	Rotorvane
Factory Capacity (Made tea per annum)	1,080,000
No. of Workers	646
Certifications	ISO & RA Certified

2.	Balmoral
Extent	423.50
Factory Type	Rotorvane
Factory Capacity (Made tea per annum)	1,320,000
No. of Workers	487
Certifications	ISO & RA Certified

3.	Diyagama East
Extent	499.75
Factory Type	Rotorvane
Factory Capacity (Made tea per annum)	1,380,000
No. of Workers	424
Certifications	ISO & RA Certified

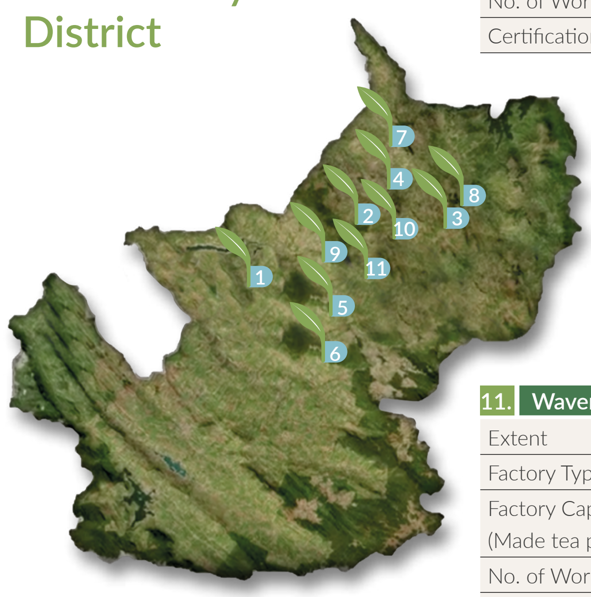
4.	Diyagama West
Extent	858.29
Factory Type	Rotorvane
Factory Capacity (Made tea per annum)	1,500,000
No. of Workers	848
Certifications	ISO & RA Certified

5.	Glasgow
Extent	411.50
Factory Type	Rotorvane
Factory Capacity (Made tea per annum)	1,320,000
No. of Workers	373
Certifications	ISO & RA Certified

6.	Hauteville
Extent	574.00
Factory Type	Rotorvane
Factory Capacity (Made tea per annum)	1,320,000
No. of Workers	711
Certifications	ISO & RA Certified

7.	Holmwood
Extent	254.89
Factory Type	No factory
Factory Capacity (Made tea per annum)	-
No. of Workers	149
Certifications	RA Certified

AGRAS VALLEY REGION - Nuwara Eliya District



8.	New Portmore
Extent	226.39
Factory Type	No factory
Factory Capacity (Made tea per annum)	-
No. of Workers	180
Certifications	RA Certified

9.	Sandringham
Extent	224.70
Factory Type	Refuse Tea
Factory Capacity (Made tea per annum)	840,000
No. of Workers	263
Certifications	ISO & RA Certified

10.	Torrington
Extent	415.00
Factory Type	Leafy
Factory Capacity (Made tea per annum)	360,000
No. of Workers	255
Certifications	ISO & RA Certified

11.	Waverly
Extent	445.25
Factory Type	Rotorvane
Factory Capacity (Made tea per annum)	1,500,000
No. of Workers	423
Certifications	ISO & RA Certified

1.	Beauvais
Extent	357.18
Factory Type	Refuse Tea
Factory Capacity (Made tea per annum)	360,000
No. of Workers	314
Certifications	ISO & RA Certified

5.	Haputale
Extent	941.98
Factory Type	Rotorvane
Factory Capacity (Made tea per annum)	1,500,000
No. of Workers	592
Certifications	ISO & RA Certified

6.	Kahagalla
Extent	400.93
Factory Type	Refuse Tea
Factory Capacity (Made tea per annum)	540,000
No. of Workers	242
Certifications	ISO & RA Certified

HAPUTALE REGION - Badulla District

2.	Dambatenne
Extent	873.00
Factory Type	Rotorvane
Factory Capacity (Made tea per annum)	1,800,000
No. of Workers	603
Certifications	ISO & RA Certified

7.	Nayabedde
Extent	498.70
Factory Type	Rotorvane
Factory Capacity (Made tea per annum)	1,200,000
No. of Workers	373
Certifications	ISO & RA Certified

3.	Glenanore
Extent	552.05
Factory Type	Leafy
Factory Capacity (Made tea per annum)	1,320,000
No. of Workers	431
Certifications	ISO & RA Certified (Garden Only)

8.	Pitaratmalie
Extent	667.78
Factory Type	Rotorvane
Factory Capacity (Made tea per annum)	1,200,000
No. of Workers	295
Certifications	ISO & RA Certified

4.	Gonamotawa
Extent	267.00
Factory Type	Leafy
Factory Capacity (Made tea per annum)	720,000
No. of Workers	279
Certifications	ISO & RA Certified (Garden Only)

9.	Udaveriya
Extent	715.13
Factory Type	No factory
Factory Capacity (Made tea per annum)	-
No. of Workers	146
Certifications	Organic JAS Certified

Estates, Products, Certifications and Attractions

Operational Procedures

The Company's operational procedures integrates Environmental, Social and Governance (ESG) sustainability into daily operational aspects. Employees and management are continually trained in the procedures that guide all personnel on using correct practices in all daily operations to ensure compliance at all times at all levels of the Company:

Tea Centres

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

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

Currently the Company operates six Tea Centres in the Haputale region.

Tea Centre - Bandarawela Railway Station

Bungalows

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

Managers' Bungalow - Diyagama East Estate

Our Subsidiary - Waverly Power (Pvt) Ltd

Waverly Power (Pvt) Ltd is APL's fully owned subsidiary, acquired in September 2022 to support the Company's plans to enter the renewable energy industry. The Company operates this mini hydropower plant located in Waverly estate with a capacity of one megawatt, The hydropower generated by the plant is sold to the national grid of the Ceylon Electricity Board (CEB) generating a new source of revenue for the Company. The power plant has four years left in its current power purchase agreement with the CEB, with the potential to renew the agreement for another 15 years from 2030.

Waverly Hydropower Plant

Business Model

GOOD GOVERNANCE AND RISK MANAGEMENT

- Regulatory compliance
- Codes of conduct
- Policies and procedures
- Operational standards
- ESG commitments

Status of Capitals as at 1st April 2025

Financial Capital

Equity
Rs. 4,251 Mn

Debt
Rs. 1,193 Mn

Manufactured Capital

Value of biological assets
Rs. 4,195 Mn

Other physical assets
Rs. 3,743 Mn

Intellectual Capital

Fostering a culture of innovation and creativity

Natural Capital

Total land area
10,192 Ha

Social Capital

We engage with key stakeholder groups to strengthen goodwill and brand recognition

Human Capital

Total workforce
7,021

VALUE CREATION IN FY 2025/26

Total made-tea output
6.2 Mn

Profitability
Rs. 305 Mn

Dividend payment
Rs. 250 Mn

Earning per share
Rs. 0.61

Revenue per employee
Rs. 857,116

Status of Capitals as at 31st March 2026

Financial Capital

Equity
Rs. 4,101 Mn

Debt
Rs. 1,333 Mn

Manufactured Capital

Value of biological assets
Rs. 4,287 Mn

Other physical assets
Rs. 3,586 Mn

Intellectual Capital

Our intellectual capital base is our expertise on plantation management and cultivation of tea. Estate trademarks are another unique intellectual property adding value to APL tea. APL is also a pioneer in experimenting with mechanised tea plucking. We continue to focus on developing the intellectual capital of the Company through employee training and innovations

Natural Capital

Total land area
10,192 Ha

Social Capital

Our high level of compliance with domestic regulations as well as international standards, has positioned APL as a sustainable tea brand. Our cooperative and professional interactions with stakeholders, have contributed towards strong business partnerships and good relationships that support our growth

Human Capital

Total workforce
8,582

Performance-led

AT AGARAPATANA PLANTATIONS PLC, PERFORMANCE LEADS OUR EVERY EFFORT AND SHAPES OUR EVERY OUTCOME. THROUGH DISCIPLINED EXECUTION AND A CLEAR FOCUS ON RESULTS, WE CONTINUE TO STRENGTHEN OUR STANDING, DELIVERING PROGRESS THAT IS MEASURED, MEANINGFUL, AND BUILT TO ENDURE

Chairman's Message

"APL posted a before-tax profit of Rs. 429 Mn and after-tax profit of Rs. 305 Mn for FY 2025/26, absorbing the impact of Cyclone Ditwah and wage pressures even as industry-wide tea prices declined despite higher output and exports. The Company is pressing for policy clarity on RPC lease extensions and wage stability, while advancing ESG and climate disclosure compliance, with a cautiously optimistic outlook supported by projected industry growth of 10–12% in 2026 "

The year under review has been a year of demonstrated resilience for Agarapatana Plantations PLC (APL) in the face of significant external challenges, and I am pleased to present the Annual Report and audited financial statements of the Company for the financial year 2025/26.

Your Company has made steady progress since the listing in 2023, and closed the current financial year with a before tax profit of Rs. 429 Mn and an after tax profit of Rs. 305 Mn. I am confident APL's financial results will continue to improve, as we move forward with our strategic plans for the Company.

TEA INDUSTRY PERFORMANCE

While Cyclone Ditwah in November 2025 was the most devastating climate event of the 12 months under review, in reality, our highland estates experienced continuous climate anomalies during the year, which lowered operational efficiency and production. The plantation industry has also had to absorb another wage increase of 15% from January 2026 on the heels of the 35% wage increase in September 2024.

Despite these challenges, the tea industry continued to generate commendable results. According to industry statistics, in the January to December 2025 calendar year, Sri Lanka's tea output increased to 264.12 Mn Kgs, surpassing the 2024 figure of 262.69 Mn Kgs, marking a 1.43 Mn Kg increase. All three elevations recorded an increase in volume compared to 2024.

While the industry sustained its outputs, prices could not be sustained. Prices at the Colombo Tea Auctions declined in 2025 with all three elevations recording a drop in Rupee and Dollar value, when compared to 2024. The National Average Sales Price for 2025 was Rs. 1,167.72 (USD 3.88) per kg, in comparison to Rs. 1,225.17 (USD 4.06) in 2024. This is an average decrease of Rs. 57.45 in Rupee value and USD 0.18 in Dollar Value.

However, export volumes, increased by 11.65 Mn kgs compared to 2024, reaching 257.44 Mn kgs. All tea categories recorded volume growth in exports during the year except for bulk tea. The decline in bulk tea exports reflect the industry's shift towards value addition.

Tea exports contributed Rs. 453.28 Bn (USD 1.51 Bn) in revenue to the national economy in 2025, compared to Rs. 433.47 Bn (USD 1.43 Bn) recorded in 2024, which is an Rs. 19.80 Bn increase in Rupee terms and USD 71.38 Mn growth in Dollar value.

A STABLE OPERATING ENVIRONMENT

Sri Lanka also enjoyed continued political and economic stability during the 12 months under review. While economic growth in the 2025 calendar year was abruptly disrupted by Ditwah, the impact was contained, as this occurred towards the tail end of the year. The country also rebounded rapidly, again, supported by the immediate, collective, socio-political response. We believe the continuation of this social, economic and political stability is necessary for the plantation industry's welfare, and we hope this status quo will continue, with no ad hoc decisions that interrupt industry plans and operations. In particular, we hope the plantation industry can expect wage stability over the next three years.

In this context of continued stability, I hope there will be a clear policy decision in the 2026/27 financial year, regarding the extension of the 53-year lease of the Regional Plantation Companies (RPCs). The current lease agreement expires in 2045, leaving the RPCs less than 19 years as a strategic planning time line. As the nature of our industry requires extremely long term planning and resource allocations, due to the long gestation period until return on investment, it is essential for plantation industry sustainability that we have clear and unambiguous national policy position regarding the extension of the leases.

On our part, we have already commenced deployment of long term strategic plans, and financial allocations, to rejuvenate and enhance APL's growth. These financial and capital investment plans will continue uninterrupted, and we will continue to provide employment and welfare facilities for our resident estate communities.

We regard the plantations under our stewardship as strategic national assets, and an essential buffer against accelerating climate change impacts. The plantation sector remains one of Sri Lanka's largest employers and a significant contributor to foreign exchange earnings. Our sustained investments in soil conservation, water management, reforestation, and biodiversity preservation strengthen environmental resilience and enhance the long-term productive capacity of these estates. Therefore, timely policy clarity would further reinforce investor confidence across the sector, and will also support of the Government's national development plans.

COMMITMENT TO SUSTAINABLE GROWTH

The Board and senior management remain firmly committed to embedding Environmental, Social and Governance (ESG) principles into APL's strategy and daily operations. Robust financial oversight and disciplined capital management have already strengthened the Company's financial health and resilience against external shocks.

Our investments in intellectual and manufactured capital are designed to support sustainable long-term value creation. Our long-standing environmental and social stewardship practices are now being aligned with international sustainability and ethical certification standards. Please refer the Manufactured Capital and Intellectual Capital chapters for further information regarding our investments into physical and intangible assets.

In fact, our responsible agricultural practices mitigated the impact of Cyclone Ditwah on our estates, while our established community welfare systems were instrumental in protecting estate residents during this crisis, well before formal interventions by the national authorities.

STATEMENT OF COMPLIANCE

APL has adopted the SLFRS Sustainability Disclosure Standards - SLFRS S1 & S2 in this report, and we have also established the necessary governance and risk management frameworks, including a dedicated ESG Management Committee, to oversee compliance with SLFRS S1 and S2 requirements. Emission monitoring across our value chain has commenced, and our strategy incorporates clear pathways toward Net Zero.

The Board maintained continuous oversight of compliance with all applicable laws and regulations during the year and all statutory payments were made on time. APL remains compliant with the Companies Act of 2007, and the Listing Rules of the Colombo Stock Exchange, as well as the Code of Best Practice on Corporate Governance (2017) jointly issued by CA Sri Lanka and the SEC.

APL's Board and it's subcommittees met regularly throughout the year to review financial performance, operational outcomes, strategy execution, and risk exposures. Monthly management reviews ensured disciplined monitoring of estate performance against targets. Please refer the Governance System chapter for further details regarding APL's level of compliance.

OUTLOOK

Sri Lanka's tea industry is projected to grow by 10%–12% in 2026 subject to favourable weather conditions. APL is fully supportive of this national objective and continues to strengthen its operational and strategic positioning accordingly.

We also support Government initiatives to establish a dedicated authority to restore and protect the central hill country. Protecting this vital ecosystem is essential for both national sustainability and the future of the plantation industry.

While global geopolitical uncertainties may continue to affect tea prices and demand, we are confident APL's strengthened financial position, continued investments in estates and people, and disciplined strategic execution will make it possible to navigate these challenges and deliver sustained returns to our shareholders.

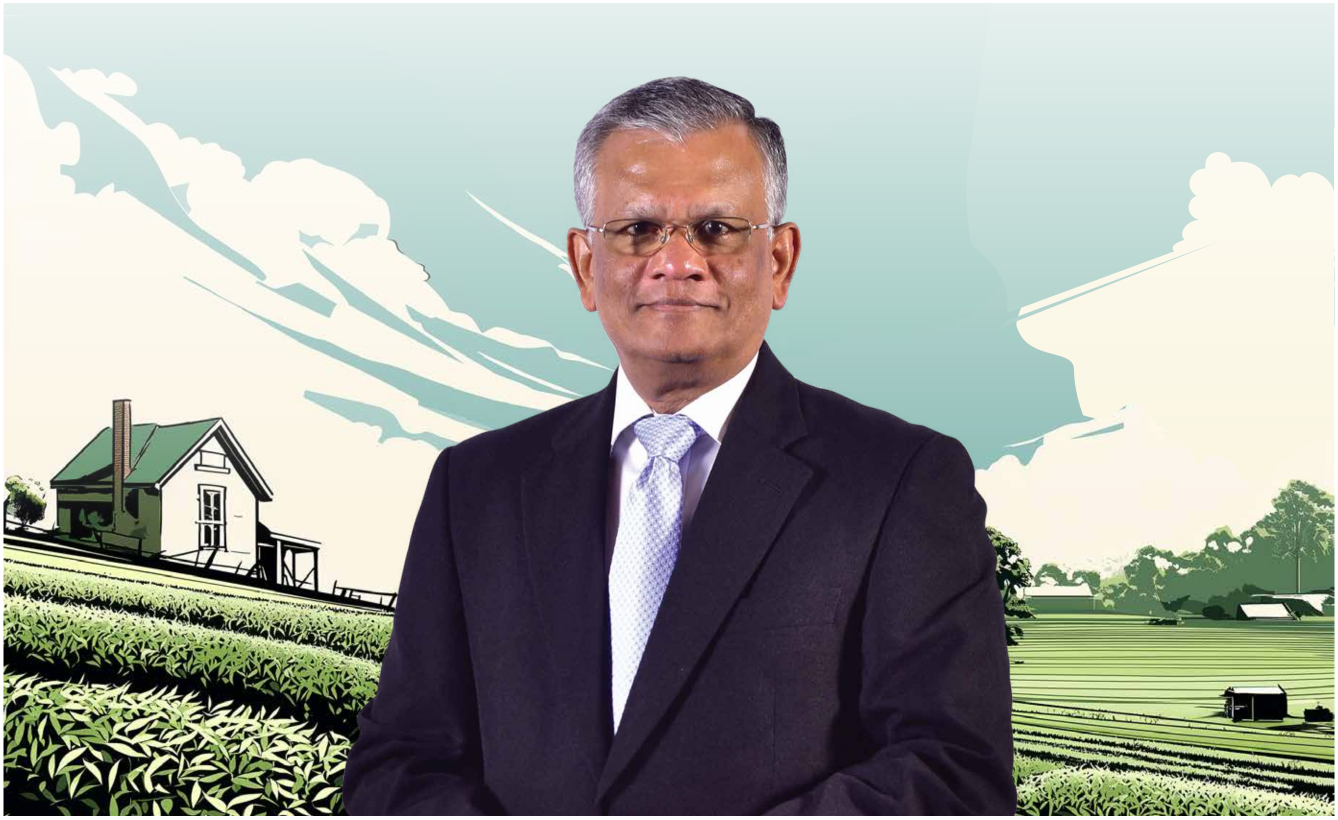
APPRECIATION

I extend my sincere appreciation to my fellow Board members for their guidance and dedication in steering APL through this unpredictable year. I thank our shareholders for their continued confidence and assure you of our unwavering commitment to enhancing long-term value. My gratitude also goes to the management team, employees, Company Secretaries, and all stakeholders for their dedication and support throughout the year. Together, we remain committed to advancing APL's legacy as a responsible steward of Sri Lanka's plantation heritage, and a resilient contributor to the national economy.

S.D.R. Arudpragasam
Chairman

28th August 2026

Managing Director's Review



"APL grew revenue by 2% to Rs. 7,356 Mn in FY 2025/26, but Profit After Tax fell 61% to Rs. 305 Mn due to a 4% drop in tea auction prices and two wage increases within two years. The Company continued investing for the future while advancing value-added tea, timber, and tourism diversification. Sustainability gains included ISO 14064-1 GHG certification for most estates and five carbon-neutral factories. Going forward, APL is adopting precision agriculture and a new ERP system"

I am pleased to report that APL has sustained profit growth for the financial year 2025/26 in spite of the challenges. Over the past six years, the Company's financial viability has stabilised, supported by consistent improvements in key financial indicators. The improvement to APL's liquidity position now translates to greater flexibility to invest for the future, while enhancing resilience to external shocks. In fact, even in the year under review, we invested Rs. 45 Mn in plant and machinery to upgrade tea factories and Rs. 89 Mn in renewable energy and Rs. 36 Mn in field development.

During the current financial year, tea outputs remained broadly in line with the previous year. However, profitability declined due to the combined impact of wage increases and lower tea prices. APL's total revenue increased by 2% year-on-year, to Rs. 7,356 Mn while profit after tax declined by 61% to Rs. 305 Mn.

As a monocrop plantation, global tea prices have an unavoidably high impact on APL. During the year, tea auction prices for the high grown sector, declined by 4% compared to the previous year. Meanwhile the Company also absorbed two wage increases within the span of just two financial years. This includes a 35% wage increase effective from September 2024 and a second wage increase of 15% in January 2026 under the Government's 2026 Budget proposals, to push-up wages from Rs. 1,350 to Rs. 1,750. In order to achieve this increase, the Government provided a daily allowance of Rs. 200 per worker, while the Regional Plantation Companies (RPCs) had to absorb another Rs. 200 per day, per worker. However, the real cost increase per worker, per day at APL was Rs. 230, in addition to the 35% increase.

Managing Director's Review

However, on a positive note, this agreement was reached on the basis of maintaining wage stability over the next three years. As part of this broader understanding, the Government has indicated considering the extension of lease agreements on RPC lands. In return, RPCs are expected to enhance productivity and performance. We appreciate the Government's inclusive approach to decision-making in relation to the plantation industry, and we are fully committed to transforming APL by adopting scientific, precision agriculture practices. In order to transition our estates to this new agricultural model we have already engaged a reputed expert to guide the Company.

Although APL has diversified it's revenue streams by investing in commercial timber plantations, recent regulatory changes prohibiting timber harvesting above 5,000 feet, has limited this revenue potential. Nearly half the Company's timber forests are now untouchable and only about Rs. 2,145 Mn worth of timber can be harvested. However, we are investing in value addition to enhance returns from timber. Instead of the traditional sale of entire trees, we are now adopting a value added model aimed at the booming construction industry, which will increase timber revenues significantly. Importantly, a component of the proceeds will be reinvested into timber replanting to create a sustainable revenue cycle for the future. Timber harvesting is done under strict regulatory guidelines of all government agencies, ensuring environmentally responsible timber revenues.

With regard to tea, labour shortages remain a key constraint, particularly as it is not feasible to fully mechanise and automate the entirety of the cultivation and harvesting. To tackle this reality, we will continue selectively and strategically integrating technology solutions into traditional plantation workflows, targeted at improving efficiency and increasing output per worker, thereby sustaining higher wage levels through enhanced productivity. This process will become more efficient going forward supported by our new cloud-based ERP system, which will enable better management of limited resources.

Another key strategic priority is to generate higher returns by transitioning from the traditional bulk sales model, to a value-added business platform. Since APL's listing on the Colombo Stock Exchange, we have been preparing for this shift by progressively investing in and upgrading our manufacturing infrastructure. During the year under review, we finalised APL's premium value-added tea range and will enter into that market in 2026. In addition, the Udaveriya Estate in the Haputale Region obtained the stringent JAS (Japanese Agricultural Standard), Organic Certification, positioning it as an accredited organic tea producer. Therefore, APL is now ready to diversify into new consumer markets, both locally and internationally. We are also developing innovative marketing channels aligned with global demand trends. Our objective is to transform APL's production model to manufacture a diverse range of value-added and bulk teas, while responding swiftly to shifts in market demand by aligning production capabilities with the ERP and market information systems.

Along with premium value-added tea branding, we intend taking advantage of the many scenic locations in APL estates, especially in the Haputale region with popular tourist attractions such as the Lipton Seat and Devil's Staircase as well as and ecotourism potential in Udaveriya Estate, which is adjoining the Horton Plains. We also will take advantage of the longest stretch of the Pekoe Trail, which cuts through APL estates.

With the launch of the Tea Boutique in the Bandarawela Railway Station in the current year, APL now operates six specialised tea centres offering visitors a range of premium highland tea from APL tea gardens. This network of tea centres, coupled with the proposed new retail branding, will play a central role in positioning APL as a tea specialist in both domestic and foreign retail markets over the medium term.

APL has also commenced its journey towards carbon neutrality and net-zero status by progressively transforming the value chain through renewable energy adoption, waste recycling, regenerative and precision agriculture, and environmentally friendly packaging. With the exception of Udaveriya Estate which is an organic tea producer and is certified under JAS, all other Agras and Haputale region estates have obtained GHG Verification Certification under the ISO 14064-1 standard. This system allows us to quantify greenhouse gas (GHG) emissions at all APL estates, to gradually reduce each estates carbon emissions. Already, in the current year, five of APL's factories achieved carbon-neutral certification.

APL also operates two hydropower projects at Waverly and Diyagama West estates. We expect to increase hydropower generation in the future, which will reduce the electricity costs of APL factories.

Notwithstanding all of the above strategic interventions, our strength is in human resource at all levels and it is essential we retain our employees. Therefore, we make all efforts to provide good working conditions for our employees and we also encourage our employees to participate in recreation activities and sports tournaments to strengthen morale.

Our estate communities are an indispensable component of estate operations, and we continue to support them in various ways, including granting scholarships to children of estate workers for higher education, to create progressive and sustainable relationships.

APPRECIATION

APL is steadily aligning with its planned transformation strategy, and I am grateful for the cooperation and support extended by all stakeholders in implementing these changes. The Chairman and Board of Directors have provided invaluable guidance in managing this transition.

I also extend my appreciation to the entire APL team, including management, estate employees, and staff, whose commitment is essential for this transformation. We value the contribution of all stakeholders who continue to play an important role in APL's journey and thank them all. I also acknowledge the valuable contributions of the Planters' Association of Ceylon and the Employers' Federation of Ceylon for their insights and expertise.

I invite all our stakeholders to continue partnering with APL in the new financial year as we advance our transformation and strengthen the Company for the future.

S.S. Poholiyadde
Managing Director

28th August 2026

Operations Review by CEO

"APL remained the largest high-grown tea producer among RPCs, with revenue up 2% to Rs. 7.4 Bn despite lower production and prices, and managed Cyclone Ditwah's impact relatively well through existing disaster response measures. Efficiency gains came from the new ERP, mechanisation, and renewable energy expansion, while future plans focus on organic/premium tea, OHS certification, and continued capital investment"

I am pleased to present the Operations Review of APL's tea estates in the Agras and Haputale regions, for the financial year 2025/26.

During the year under review, estate operational improvement strategies, factory developments, and field and factory accreditation programmes, progressed according to plan. In parallel, under our tea tourism strategy, selected estates have diversified into tourism and are generating new revenue streams. As a result, the productivity and financial performance of our estates have shown steady improvement.

OVERVIEW OF OPERATIONS

APL continued to retain its position as the largest producer of high-grown tea among the Regional Plantation Companies (RPCs), demonstrating our strength in this category. In comparison, against all three elevations, APL was ranked as the second-largest tea producer, among the RPCs.

However, total tea production for the year declined by a marginal 2% to 6.2 Mn kgs, compared to 6.3 Mn kgs in the previous year. This continued downturn in production in the current year is mainly due to unfavourable weather conditions. Extensive and intense rainfall in the highlands significantly reduced the number of sunny days required for optimal tea shoot growth. Consequently, harvest levels fluctuated in response to weather patterns, as estates had to carefully balance quality with quantity.

Overall tea revenue for the year, increased by 2% to Rs. 7.4 Bn. The average price for APL tea declined from Rs 1,098 per kilo in the previous financial year, to Rs. 1,069 per kilo. In the price ranking APL was at No. 9 among the high-grown sector RPCs. However, several of our estates continued to command premium prices at Auctions, reflecting their established reputation for quality. Estates such as Balmoral, Dambetenna, Nayabedde, Glasgow and Pitaratmalie achieved some of the highest Auction prices during the year.

With the opening of the new Tea Centre at the Bandarawela Railway Station, our estates now operate six tea centres in strategic tourist locations. The contribution from Waverly Power, our hydropower subsidiary, increased during the year through higher electricity sales to the national grid.

IMPACT OF CYCLONE DITWAH

I am happy to report that Cyclone Ditwah had a relatively mild impact on our estates compared to the rest of the highlands. This advantage can be attributed to the disaster response mechanisms already in place in all our estates, and our investments into climate adaptation and mitigation initiatives. Further details regarding the impact of Ditwah, are provided in the SLFRS Sustainability related Disclosures within this Annual Report.

IMPROVING OPERATIONAL EFFICIENCIES

Although all estates have not performed uniformly, I am pleased to report productivity improvements across a majority of our estates. The Productivity Committee concept has now been fully embedded within estate operational structures, providing a structured platform for dialogue between workers and management to address production bottlenecks and worker concerns.

In addition, the new ERP, which is more user-friendly, has made it possible for managers to efficiently monitor resources, production targets, and performance indicators. Internet connectivity has been established across all estates, though occasionally affected by highland weather conditions and power fluctuations. Estate management teams are also equipped with laptops, significantly enhancing connectivity and coordination. Therefore, I am confident operational efficiencies will continue to improve as new operational structures and systems take root.

MODERNISING OUR ESTATES

Labour shortages remain the most pressing challenge faced by our estates. Although APL had an estate workforce of approximately 8,500 during the year, optimal land utilisation would require nearly double this number. To address this constraint, estates are prioritising available labour for tea plucking and essential field operations. At the same time, we are expanding the use of specialised machinery, including harvesting machines, pruning equipment, and land augers where terrain permits. Digital weighing and payment systems are to be introduced to enhance transparency and operational control. We are also applying new agricultural techniques that are both environmentally friendly and more cost efficient.

Our tea factory development programme meanwhile, is replacing ageing machinery with modern, energy-efficient equipment. Please refer the Manufactured Capital chapter for information on our factory improvements during the year.

In support of resident estate communities, we are exploring banking partnerships to introduce debit or shopping card facilities, enabling workers to withdraw cash or purchase goods directly.

ENERGY SECURITY

We continued to diversify our energy portfolio through renewable sources. During the year, the number of factories equipped with solar power systems increased from seven to ten. Consequently, five tea factories were certified carbon neutral following carbon footprint audits.

MAINTENANCE OF ASSETS

Regular maintenance of tea fields and infrastructure remains essential to preserve soil health and sustain output levels. We adhere strictly to scheduled maintenance programmes to ensure our physical assets remain in optimal condition.

ESTATE COMMUNITY WELFARE

Our regular community welfare initiatives were intensified in response to the displacement and recovery needs of over 600 estate residents affected by the Ditwah cyclone. These disaster relief interventions included emergency shelter, food support and rehabilitation assistance. These were done in addition to the ongoing community welfare activities conducted by the Company. Further details are available in the Social Capital chapter of this Report.

PLANS FOR 2026/27

APL has established a clearly defined capital investment plan to upgrade infrastructure and integrate new technology solutions over the medium to long term, supported by annual budgets with well-defined KPIs and performance targets. We also intend to secure Occupational Health and Safety certification for all tea factories, while maintaining existing Rainforest Alliance and ISO certifications. Udaveriya Estate is now a certified organic tea producer and is ready to officially enter the organic tea market. We have also developed a range of premium artisanal teas that will debut in the retail market, in the new financial year. Therefore, APL is now poised to diversify into a new growth area, and I am confident APLs value creation capabilities will also improve as we continue our growth strategy.

In conclusion, I wish to express my sincere appreciation to the Chairman and the Board for their guidance and support throughout the year. I am especially grateful to the Managing Director for his continued leadership, as well as to the management team and all employees of APL for their dedication and contributions during the year. I look forward to working together to achieve our goals in the new financial year.

D.R. Madena
Director/Chief Executive Officer

28th August 2026

Board of Directors

S.D.R. ARUDPRAGASAM
Chairman
Non-Executive Director

S.S. POHOLIYADDE
Managing Director
Executive Director

D.R. MADENA
Chief Executive Officer
Executive Director

ANUSHMAN RAJARATNAM
Non-Executive Director

K. MOHIDEEN
Executive Director

K.G. PUNCHIHEWA
Independent Non-Executive Director

S.B. PERERA
Independent Non-Executive Director

S.D.R. ARUDPRAGASAM
Chairman
Non-Executive Director

Mr. S.D.R. Arudpragasam joined the Board in 1996 and was appointed Chairman in May 2013. Mr. S. D. R. Arudpragasam whilst being associated with The Colombo Fort Land & Building Group of Companies since 1982 and having served on the Board of The Colombo Fort Land & Building PLC (CFLB) since the year 2000 and as Deputy Chairman from 2011 was appointed Chairman CFLB with effect from 1st July 2022. He also serves as Chairman of several subsidiaries of CFLB and holds the position of Chairman, Lankem Ceylon PLC, C.W. Mackie PLC and C M Holdings PLC and Chairman/ Managing Director of E.B. Creasy & Company PLC in addition to holding other Directorships within the CFLB Group. He also functions as a member on several Board Subcommittees of the CFLB Group.

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

S.S. POHOLIYADDE
Managing Director
Executive Director

Mr. S.S. Poholiyadde joined the Board on 07th September 2018 and was appointed Managing Director on 25th September 2024. He also holds the position of Managing Director of Kotagala Plantations PLC & Managing Director, Lankem Tea & Rubber Plantations (Pvt) Ltd (LT&RP), Managing Agent of Kotagala Plantations PLC and Agarapatana Plantations PLC. He has over four decades of experience in the Plantation Industry. He was also appointed to the Board of The Colombo Fort Land and Building PLC on 1st January 2026.

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

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

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

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

D.R. MADENA
Chief Executive Officer
Executive Director

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

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

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

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

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

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

ANUSHMAN RAJARATNAM
Non-Executive Director

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

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

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

K. MOHIDEEN
Executive Director

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

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

Board of Directors

He possesses a wide exposure in the areas of Plantation Industry, Hyper Market Operations, Fast Food Industry, Investment & Finance and Manufacturing spanning over 25 years in local and overseas companies during which period he has held several senior positions in Finance and Management including the position of Director Finance & IT in a local Company and has also served as Managing Director in a Supermarket operation overseas.

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

K.G. PUNCHIHEWA

Independent Non-Executive Director

Mr. Kamal Punchihewa was appointed to the Board of Agarapatana Plantations PLC as an Independent Non-Executive Director on 1st November 2024. He began his career at M/s. B R De Silva & Co. Chartered Accountants, in 1983 and was appointed as a Partner in 1991.

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

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

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

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

In October 2016, he joined Browns Group as Group Chief Executive Officer – Plantation Sector, overseeing three regional plantation companies, and subsequently served as CEO of Maturata Plantations Limited within the same group until July 2020.

He joined Richard Pieris Group as Chief Financial Officer – Plantation Sector in August 2020 and was promoted to Chief Executive Officer of Maskeliya Plantations PLC in February 2021, a role he held alongside his existing responsibilities until March 2023.

He currently serves on the board of The Colombo Fort Land & Building PLC (CFLB) and on the boards of several other listed entities within The Colombo Fort Land & Building Group as an Independent Non-Executive Director, as well as on the boards of numerous unlisted entities within the CFLB Group.

He was appointed a member of the company's Board Sub-Committees effective 1 December 2024 and continues to act as Chairman or member of various sub-committees of several CFLB Group subsidiaries.

Mr. Punchihewa has been a Fellow of the Institute of Chartered Accountants of Sri Lanka (FCA) since 1988 and a member of CPA Australia since 2014.

S.B. PERERA

Independent Non-Executive Director

Mr. Shrihan B. Perera was appointed to the Board of Agarapatana Plantations PLC as an Independent Non-Executive Director on 31st December 2024. He was the Chief Executive Officer of Teejay Group from April 2018 to December 2019. He also served as the Chief Executive Officer of Brandix Apparel Solutions Limited from January 2010 to March 2018. Mr. Perera previously held positions of Group Financial Controller & Treasurer, Group Accounts Manager and Finance Director at Unilever Sri Lanka while counting overall experience over 30 years both with Engineering and Finance exposure in and amongst competitive conditions and multidimensional challenges. He has wide exposure in FMCG, Garment and Textile Manufacture and service industry.

Mr. Perera currently serves as an Independent Director of Teejay Lanka PLC, Teejay Lanka Prints (Private) Limited and Nubian Threads (Private) Limited. He also serves on the Boards of Fintrex Finance PLC, C.W. Mackie PLC and on the Board of The Colombo Fort Land & Building PLC (CFLB) and certain subsidiaries of CFLB.

Mr. Perera was appointed as a Member of the Board subcommittees of the Company with effect from 1st January 2025. In addition, he functions as the Chairman/Member of certain Board subcommittees of several subsidiary companies of the CFLB Group and other companies.

He holds a Bachelor of Science Degree in Mechanical Engineering Second Class Upper Honours from the University of Moratuwa and is a Fellow of the Chartered Institute of Management Accountants (CIMA/CGMA), UK.

Value-led

VALUE LEADS HOW WE AT AGARAPATANA PLANTATIONS PLC MANAGE WHAT MATTERS, AND DEFINES HOW WE SUSTAIN IT. ACROSS ALL CAPITALS, WE ACT WITH RESPONSIBILITY AND FORESIGHT, ENSURING EVERY RESOURCE CONTRIBUTES TO A BALANCED, RESILIENT, AND LONG-TERM SYSTEM

Operating Environment

"Sri Lanka recorded a commendable economic performance in 2025, with a GDP growth 5% for the year, compared to 4.9% in the corresponding period of 2024. Although Cyclone Ditwah caused island-wide disruptions to economic activity, early indicators in 2026 pointed to a swift recovery.

However, the plantation sector encountered several sector-specific challenges that heightened it's risk profile in 2025/26. These included a further wage increase in January 2026, the direct and indirect impacts of Cyclone Ditwah, residual uncertainty surrounding the Government's final decision on Regional Plantation Companies lease extensions, and escalating global trade tensions. The global environment remained volatile, marked by the continuing Russia–Ukraine war, unrest in the Middle East, and uncertain global tariff conditions."

THREATS AND OPPORTUNITIES

APL demonstrated strong resilience in navigating the unexpected external challenges that arose during the twelve months from 01st April 2025 to 31st March 2026. Despite both direct and indirect impacts, the Company maintained financial stability and operational effectiveness. APL continues to strengthen it's internal capabilities to withstand unavoidable external shocks while leveraging it's core strengths to capture emerging global opportunities.

Factory - Glasgow Estate

- **Climate change impacts**

  APL's high-grown tea estates experience excessive rainfall during the year, which adversely affecting both production volumes and quality. Cyclone Ditwah in November 2025 resulted in loss of life and physical damages, leading to operational losses. In addition, damage to national roads in the highlands and temporary closures disrupted transport to and from estates, while interruptions to public institutions caused further operational delays.

- **Labour shortages**

  The plantation sector in Sri Lanka continues to face large-scale labour outmigration. APL experienced continuous shortages of manual labour for field operations and harvesting, placing additional pressure on productivity.

- **Rising operating costs**

  The wage increase implemented in January 2026, following the earlier increase in September 2024, has significantly elevated overall labour costs. At the same time, energy prices, agrochemical costs, and tax burdens remained high, further increasing operating expenditure.

- **Aging tea crops**

  Many of Sri Lanka's colonial-era tea plantations are now characterised by aging seedling crops, resulting in declining yields and quality. APL is proactively addressing this challenge through systematic replanting and infilling programmes across its estates.

- **Declining soil fertility and stability in the hill country**

  In certain parts of the hill country, soil fertility and structural stability are deteriorating due to prolonged cultivation and increasingly intense rainfall patterns. APL is implementing targeted soil conservation and rehabilitation measures to mitigate these risks within its estates.

- **Softening tea prices**

  Average tea prices continued to soften during the 2025/26 financial year due to supply dynamics and geopolitical conditions. Low-grown teas, which account for 60.40% of Sri Lanka's total tea production, recorded a decrease of Rs. 69.12 per kg in 2025 compared to 2024. High-grown and

Mechanised Harvesting - Haputale Estate

medium-grown teas also experienced price declines of Rs. 40.77 and Rs. 38.66 per kg respectively, compared to the corresponding period in 2024. A sustained downward trend in prices in the new financial year would adversely affect APL's revenue performance. Furthermore, the oil-for-tea barter arrangement with Iran remains vulnerable due to US sanctions.

- **Geopolitical uncertainty**

  Iran is the largest buyer of low-grown tea and also imports a much smaller volume of high-grown tea from Sri Lanka under the oil for tea barter agreement between the two countries. In 2025, Iran was the 8th largest tea importer accounting for 10.39 Mn kgs representing a slight decrease from the 10.43 Mn kg exported in 2024. However, US sanctions on Iran now makes this trade arrangement uncertain. In addition, the continued Russian-Ukraine war also poses risks to Sri Lanka's tea industry and tea prices.

- **Lending rates in Sri Lanka**

  Although private sector credit demand continued to increase, lending rates remained stubbornly high in 2025, despite the Central Bank of Sri Lanka reducing its policy rate corridor by 25 basis points during the year. The Average Weighted Prime Lending Rate (AWPLR) of the commercial banking sector increased by 17 basis points year-on-year to 9.07% in the week ending 2 January, thereby representing relatively high financing costs for businesses.

Productivity Committee Meeting - Diyagama West Estate

OPPORTUNITIES

- The value added and retail tea markets present high-value, growth opportunities for APL
- Production of organic tea
- Investment into renewable energy for better energy management and also cost savings

MANAGING THE RISKS AND CAPTURING OPPORTUNITIES

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

- APL is now ready to diversify into value added and organic tea for the retail market, which marks a historic shift from the Company's traditional bulk tea sales at the Colombo Tea Auction
- Adjusting manufactured tea production with market demand and prices
- Continued mechanisation of field operations to reduce labour requirements
- Reallocation and rotation of labour to improve labour efficiency
- Replanting, replacing seedling tea with VP tea, good agricultural practices and enhancing climate change resilience of crops through improved agricultural practices
- Tea factory automation and digitisation of manual processes in the field
- Energy efficient machinery and renewable energy use
- Business diversification into tourism
- Crop diversification into timber

SLFRS Sustainability-related Financial Disclosures

This chapter presents APL's climate related disclosures as stipulated under the SLFRS Sustainability Disclosure Standards - SLFRS S1 & S2.

1. BASIS OF PREPARATION AND PRESENTATION

1.1 Reporting Entity, Organisation Boundary and Value Chain

The reporting entity is APL and the reporting boundary extends to the operations of APL and its fully owned subsidiary, Waverly Power (Pvt) Ltd.

Value chain

As a monocrop tea plantation, APL's value chain extends from cultivation, to harvesting, manufacturing and sale of high grown tea. Hydropower produced by Waverly Power (Pvt) Ltd, is incorporated into the production process of a portion of APL tea.

APL'S Value Chain

Stages of the value chain	Activities	
Cultivation Tea, timber	• Maintain plant nurseries • Replanting with VP cultivar • Training in agricultural practices	• Provide agricultural inputs (fertiliser) • Obtain sustainability certification for cultivation of tea
Harvesting Tea leaves, timber	• Training on proper harvesting techniques • Mechanised/Manual tea harvesting	• Timber harvesting • Collection of Green Leaf
Processing	• Manufacturing black tea • Sustainable manufacturing certification	• Training in quality and health and safety • Obtaining Quality certifications (ISO)
Packaging	• Purchasing Eco friendly packaging materials • Packaging to auction specifications	• Compliance with labelling requirements
Storage and transportation	• Transport to warehouses	• Transport to tea auction in Colombo
Sale in domestic market	• Tea and timber as sold in the local market	

Upstream Value Chain

The upstream value chain components:

- Bought green leaf
- Fertiliser
- Agrochemicals
- Fuelwood
- Electricity
- Labour

Key risks

- Agrochemical and fertiliser price volatility
- Agrochemical regulations
- Access to water and water regulations
- Volatility in fuelwood prices
- Energy cost volatility
- Labour relations/trade unions and wage increases

Downstream Value Chain

The downstream value chain components :

- Tea sales through the Colombo Tea Auction
- Retail sales at APL Tea Centres
- External warehousing and storage
- Transportation
- Certifications

Key risks

- Dependency on external service providers for transport and storage
- ESG compliance demands
- Market access barriers

Exclusions: Part of the value chain but not within the scope of this report

- Suppliers of green leaf
- Suppliers of other essential products and services (warehousing, transport, banking etc...)

The above categories have been excluded due to lack of data and control.

SLFRS Sustainability-related Financial Disclosures

1.2 Basis of Materiality

Climate related risks and opportunities (CRROs) selected for listing in this report, are those deemed materially significant in terms of financial health of the Company and also have an impact on external stakeholders. These topics could reasonably be expected to impact the cash flows, access to finance, and/or cost of capital of the Company. The Company has taken into consideration impact materiality alongside financial materiality to provide stakeholders a broader view on sustainability considerations. The financial materiality assessment integrates both quantitative and qualitative factors to determine the significance of potential financial effects arising from the CRROs.

Table 1 : Quantitative and qualitative criteria

<table>
<tr><th>Quantitative criteria</th><th>Qualitative criteria</th></tr>
<tr><td>
Ranking of impact
CRROs that have an impact of 10% or more, on the average PBT for the last 3 years, is considered as a significant climate related risk or opportunity.

A moderate risk or opportunity would have a 5% to 10% impact, while a minor incident would have 1% to 5% impact on the PBT.

<table>
<tr><th>Description</th><th>Financial Impact</th></tr>
<tr><td>Significant</td><td>10% or more, impact on profit before tax</td></tr>
<tr><td>Moderate</td><td>5% impact on profit before tax</td></tr>
<tr><td>Minor</td><td>1% impact on profit before tax</td></tr>
</table>
</td><td>
• Reputational Risk: The Company may face reputational damage due to negative press, or stakeholder impressions of adaptation on substandard ESG practices.

• Social License Risk: Stakeholder concerns on ESG matters could affect the social license to operate, ranging from community complaints and NGO concerns to outcomes of trade union action.

• Regulatory Risk: Non-compliance with evolving ESG regulations may lead to increased reporting requirements, supervisory warnings, and mandated corrective actions. In serious cases, it could result in financial penalties and legal action.
</td></tr>
</table>

1.3 Functional currency

These SLFRS Sustainability-related Financial Disclosures are presented in Sri Lankan Rupees, the Company's functional and presentation currency.

1.4 Sources of Guidance

- SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information
- Sustainability Accounting Standards Board (SASB) Agricultural products Sustainability Accounting Standard (Version 2023-12)
- Nationally Determined Contributions (NDCs) 3.0 (2026-2035) – Sri Lanka
- IPCC guideline issued in 2006
- Sri Lanka Energy Balance Report 2022 by Sri Lanka Sustainable Energy Authority
- Statistical Digest 2024 by Ceylon Electricity Board

1.5 Reporting Period

The reporting period of this report is the 12 months of 01 April 2025 to 31 March 2026, which is also the accounting period of the Company.

1.6 Time Horizon

Appended below is the time horizon for the management of climate related risks and opportunities. This is also the planning cycle of the Company.

Time horizon	Period	Definition
Short term	Up to 1 Year	Financial year 2026/27
Medium term	2 to 3 Years	Financial year 2027/28 to 2028/29
Long term	More than 3 Years	Beyond financial year 2029/30

1.7 Connected Information

To ensure connectivity and cohesiveness in disclosures, disclosures have been integrated with strategic objectives, risk management strategies and financial impacts, while also providing information under the capitals approach of integrated reporting.

Further information pertaining to the Company's overall governance practices, climate risk management initiatives and sustainability related information can be found under the chapters titled Governance System and Managing the Risks. In addition, the Natural

Capital chapter and the Intellectual Capital chapter provides information on many ongoing initiatives in APL estates to conserve and protect natural resources, having a bearing on managing climate change impacts.

1.8 Transitional Relief

The Company has adopted the Climate First reporting approach in the current annual report.

(a) **SLFRS S1 – Disclosure of information on only climate-related risks and opportunities:** In the first annual reporting period in which an entity applies this Standard, the entity is permitted to disclose information on only climate-related risks and opportunities (in accordance with SLFRS S2) and consequently apply the requirements in this Standard only in so far as they relate to the disclosure of information on climate-related risks and opportunities.

(b) **SLFRS S1 – Disclosure of comparative information:** In the first annual reporting period in which the entity applies this Standard, it is not required to disclose comparative information about its climate-related risks and opportunities; and in the second annual reporting period in which the entity applies this Standard, it is not required to disclose comparative information about its sustainability-related risks and opportunities, other than its climate-related risks and opportunities.

(c) **SLFRS S2 – Disclosure of Scope 3 greenhouse gas emissions:** Entities must initially report only Scope 1 and Scope 2 emissions. Full compliance with Scope 3 emissions, becomes mandatory two years after the initial application date.

(d) **SLFRS S2 – Disclosure of qualitative information regarding anticipated financial effects of climate-related risks and opportunities:** Entities are permitted to defer the disclosure of qualitative information regarding anticipated financial effects for a period of two years following the mandatory application of the standard.

(e) **SLFRS S2 – Disclosures on Climate resilience:** Relief period of two years is granted to apply the requirements from the date of mandatory application to fully comply with climate resilience disclosure requirement.

1.9 Significant Judgements, Uncertainties and Proportionality

Significant judgements, and uncertainties

As an agri-business, CRROs present significant forward-looking uncertainties to the Company due to weather dependence on cultivation, quality, yield and harvesting operations.

Climate-related transition risks arise from shifts in policy and regulations, technologies, market conditions, and consumer preferences. However, these shifts cannot be accurately predicted within a predefined timeline.

Meanwhile, physical climate risks stem from extreme weather events and long-term environmental changes are also unpredictable in terms of severity, duration, and location and time of impact. The Company is also dependent on availability of labour and third-party suppliers of critical inputs such as green leaf. Therefore, physical climate risks likely to impacts estate families/labour, and critical suppliers, will also lead to operational disruptions and loss of revenue. However, the Company has no control over these stakeholders.

Climate related opportunities from renewable energy and low-carbon technologies are also uncertain owing to unpredictability in regulatory changes, including tax and import regulations, and ever changing technological developments.

Scenario analysis and models to estimate climate risks and opportunities are dependent on historical data and forecasts, which may not remain accurate in the future. Data availability on market and technology development trends for specific products are also limited. Therefore, there is an inherent uncertainty in modelling climate risks and opportunities. Due to these reasons, judgements have been applied in making assessments.

SLFRS Sustainability-related Financial Disclosures

Table 1 : Significant judgements and uncertainties

Category	Assessment Methodology	Judgements & Uncertainties
Materiality	The materiality of CRROs were decided based on 1. The impact of CRROs on profit before tax and 2. The likelihood of the occurrence of the CRRO Refer Table 1, page 32	• The Company considered the probability of the occurrence of CRROs in identifying and prioritising material CRROs. As past events are not a guarantee of future events, this process, while influenced by past trends, was also based on judgements. CRROs selected as material are those deemed to have a higher probability of occurrence • With regard to transition risks, the regulatory, technological and market developments may not materialise, or may change significantly • It is not possible to accurately predict the exact geographic location, timing, and severity of climate-related physical risks to calculate their potential impact across different estates • Assessing the impact of non-financial factors (reputational, regulatory, social license risks, etc.) associated with both climate-related transition and physical risks involves inherent subjectivity
Time horizon classification	Time horizons are defined to align with the Company's strategic planning cycle	• Climate related events are unpredictable. Therefore, the Company cannot guarantee the occurrence of climate related events exactly within the given time horizon and the Company's planning cycles
Climate-related physical risks (this risk is in the form of extreme weather, such as excessive rainfall and prolonged drought)	The Company did not conduct a scenario analysis in the current financial year. Instead, physical risks were assessed by analysing monthly crop yields and generated revenues, against historical weather patterns. The Company internal data demonstrates that: • Rainfall intensity and duration beyond the optimum rainfall requirement for crop, for any given month, has historically resulted in lower production and therefore, lower revenue • Variation from optimal sunny days warmth also results in lower yields, lower quality and lower revenue	• The uncertainty lies in that the Company cannot predict the geographic location, duration and severity of future extreme weather phenomena. While past weather data is available to the Company for all its estates, future extreme weather events and its locations of occurrence, are essentially unpredictable • Therefore, the overall financial impact could only be broadly conjectured based on previous experiences and on judgements
Transition risks	Transition risks were estimated based on potential impact on revenue in the event the current status quo was maintained, ie assuming the Company does not comply with new climate related regulations and market trends **E.g. Regulatory changes:** Non-compliance would result in additional direct and indirect costs in the form fines, legal costs and loss of market credibility	• It is not possible to predict all possible regulatory changes, technological developments, and consumer and market trends within the given time frame • Therefore, judgements were made in assessing this risk, based on current market and regulatory conditions
Transition opportunities (Transition to renewable energy)	Transition opportunities were assessed through a cost assessment and funding availability to ensure financial sustainability in adopting opportunities • Funding availability and cost per unit of electricity from solar power vs cost per unit of electricity from the national grid, over the long term planning cycle	• Transition risks and opportunities are inherently unpredictable as global and domestic regulations and market conditions are subject to change • However, the Company has made judgements based on general trends. For instance, the Company anticipates increasing fossil-fuel based energy costs, due to geopolitical and domestic developments, and has made the decision to transition to renewable energy sources, starting with solar power

Proportionality

Under the SLFRS S1 & S2 proportionality mechanisms companies are permitted to tailor climate disclosures to the specific circumstances, capabilities, and data availability of the Company without requiring undue cost or effort in making said disclosures. Therefore, the Company has utilised the proportionality mechanism for the identification and assessment of CRROs and climate related opportunities, by utilising internally and externally available data and skills.

1.10 Statement of Compliance

This report represents sustainability-related financial disclosures for Agarapatana Plantations PLC and its subsidiary (collectively, the Group') for the year ended 31st March 2026. The Group's sustainability-related disclosures have been prepared in accordance with SLFRS Sustainability Disclosure Standards as issued by the Institute of Chartered Accountants of Sri Lanka.

2. GOVERNANCE

The objective of climate-related financial disclosures on governance, is to explain the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities (CRROs).

Board Oversight

The Board of Directors has overall responsibility for the oversight on CRROs.

The Audit Committee

The Audit Committee oversees the integrity and effectiveness of the Company's sustainability governance and reporting. Its key responsibilities include:

- Overseeing the development and implementation of the sustainability strategy, ensuring alignment with SLFRS Sustainability Disclosure Standards and global best practices.
- Ensuring effective processes to identify, assess, and manage Sustainability-Related Risks and Opportunities (SRROs), including Climate-Related Risks and Opportunities (CRROs).
- Monitoring organisational capabilities, including skills and competencies, to manage sustainability-related matters.
- Ensuring timely escalation of material SRROs and CRROs and keeping the Board informed for strategic decision-making.
- Overseeing the setting of sustainability targets and monitoring performance, including alignment with remuneration where appropriate.
- Advising the Board on emerging sustainability trends, regulatory developments, and related risks and opportunities.
- Overseeing sustainability reporting to ensure compliance, transparency, and alignment with best practices, including sustainability-related financial disclosures.
- Reviewing the scope and effectiveness of external assurance on sustainability disclosures.
- Assessing governance processes, internal controls, and the quality of sustainability-related information disclosed in the Annual Report.
- Reporting regularly to the Board on key sustainability and climate-related developments, risks, and progress.

Skills and Competencies

The Board determines whether appropriate skills and competencies are available to manage CRROs.

A questionnaire-based assessment was conducted to evaluate the competencies of the Board and Audit Committee members, alongside a dedicated learning session to enhance their understanding of Climate-Related Risks and Opportunities (CRROs).

Reporting to the Board

The Audit Committee reports on climate related topics to the Board every quarter.

Addressing CRROs in strategy making and major transactions

CRROs are being addressed in strategy making through feedback from estate management, material to risk assessments.

Monitoring and controls

The Company is considering how to integrate climate-related performance into the remuneration framework. Currently remuneration is not yet formally linked to specific CRROs.

However, the Board oversees the setting of targets related to CRROs through CRRO related KPIs which are monitored through the Estate Management and the ESG Management Committee, which meets on a regular basis. Remuneration policies of Key Management Personnel are also linked to performance targets, while other relevant employees are subject to annual performance evaluations against targets.

The Audit Committee reports to the Board on:

- Exposure to physical climate risks such as rainfall variability, temperature variances, and extreme weather events;
- Progress on climate adaptation initiatives, including renewable energy initiatives, water management and carbon footprint monitoring
- Compliance with climate-related regulations and ESG certification.

Management's Role

In 2025, the Company formally established an ESG Management Committee dedicated to address climate related risk monitoring and reporting. The ESG Committee is headed by the Chief Executive Officer and comprises representation from all departments. The Committee reports directly to the Audit Committee every quarter.

SLFRS Sustainability-related Financial Disclosures

The scope of the Committee extends to all business units and functions of the Company and the full range of ESG-related activities

The ESG Management Committee's responsibilities:

- Oversee the development and implementation of the Company's ESG and sustainability strategy, policies, and supporting processes.
- Integrate ESG principles into the Company's business model, operations, value chain, and corporate culture.
- Incorporate sustainability and climate-related risks and opportunities into the Company's overall risk management framework and set measurable targets.
- Guide business units in implementing ESG initiatives while strengthening internal capabilities and competencies.
- Monitor ESG performance, improve sustainability disclosures, and oversee sustainability reporting and external assurance processes.
- Engage stakeholders and provide updates and recommendations to the ESG Management Committee and Audit Committee on ESG matters, risks, and regulatory developments.

The CEO and the Director Operations of Agras Estates are responsible for the day-to-day assessment and management of climate-related risks and opportunities. This responsibility is coordinated through Estate Superintendents and Senior Management at the Colombo Head Office.

Policies and Procedures

CRROs are reflected in Board approved policies on environmental protection and the TOR of the ESG Management Committee.

3. STRATEGY

The objective of climate-related financial disclosures on strategy is to explain the Company's strategy for managing CRROs.

CLIMATE RELATED RISKS

Risk 1	Extreme Weather Events - Rainfall	
CRROs impact on Prospects	Description	Heavy rainfall and flooding are causing immediate impacts on the plantations, resulting in crop loss, disrupting the supply chain, and affecting the labour force and infrastructure
	Physical Risk or Transition Risk	Physical risk
	Time Horizon	Medium, long
	Define time horizon	Please refer Time Horizon on page 32
Business Model and Value Chain	Current Effects on Business Model and Value Chain	There is no material impact during current financial year
	Anticipated Effects on Business Model and Value Chain	• Lower crop yields: Excessive rainfall, prolonged droughts, and irregular weather cycles are expected to reduction of crop yields. In tea cultivation, excessive rainfall or prolonged drought affects bush health, reduces leaf flush (growth rate of emerging pluckable tender shoots), and disrupts optimal plucking intervals, leading to lower crop production volumes • Lower quality: Excessive rainfall occurrences significantly contribute towards the quality and crop yield of tea through mechanisms such as reduced photosynthesis, soil nutrient leaching, and increased pest and disease prevalence. For tea, this typically results in a diluted flavour • Lower tea plucker outturn: Excessive rain prevents tea pluckers from attending to harvesting due to difficulty in commuting and slippery nature of terrain • Increased need for drainage and water overflow infrastructure: Higher intensity and longer duration rainfall requires effective drainage structure to prevent soil erosion

Risk 1	Extreme Weather Events - Rainfall	
	Where is it Concentrated?	The impact was visible on supply chain, labour force and infrastructure Supply chain: Impact was due to small holders' inability to deliver green leaf due to inundated and damaged roads. Supply of other goods and services were also delayed due to damages to access roads to estates Labour force: Inability of estate labour to report to work due to flooding of estate roads and in few cases displacement of estate families Infrastructure: Estate infrastructure impacts was limited to estate roads that were flooded and/or damaged preventing transportation of green leaf, and labour. No plant and machinery was damaged
Strategy and Decision Making	Plans to respond in Strategy, Risk Management, Transition Plans and Climate-related Targets	The Company responds to such risks through: • Geohazard mapping /NBRO directives • Insurance cover for vehicles, plant and equipment • Adaption of good agricultural practices, including: - Building drainage - Desilting and maintenance of drains - Bamboo cultivation along river banks - Adoption of contour planting and soil conservation methods to mitigate erosion due to erratic rainfall • Regular maintenance of estate roads, housing, factories and other infrastructure • Installation of micro-climatic monitoring systems to assess temperature, rainfall, and humidity fluctuations, aiding proactive planning **Targets** The Company is in the process of setting targets
	How the Company seeks resources and plans to acquire/ have resourceful activities/ operations	The Company will utilise internal funds and estate labour in the implementation process of risk management measures
	Physical progress (qualitative and quantitative)	All scheduled field and drainage maintenance and repairs for the year concerned, completed on targets set in
Financial Effects	Current year financial effects to P&L (PL), Balance Sheet(BS) and Cash Flows (CF)	**Impact in 2025/26** There is no material impact during current financial year
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	The Company does not anticipate a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the Financial Statements
	Anticipated financial effect over short, medium and long term to PL, BS and CF	The Company utilises two year transitional relief on anticipated effects Refer Note 1.8 - Transitional relief under the basis of preparation

SLFRS Sustainability-related Financial Disclosures

Risk 1	Extreme Weather Events - Rainfall	
Climate resilience	Resilience Assessment	The Company utilises two year transitional relief on anticipated effects Refer Note 1.8 - Transitional relief under the basis of preparation
	How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out	The Company utilises the two year transitional relief for resilience assessment as for the conduct of the scenario analysis Refer Note 1.8 - Transitional relief under the basis of preparation
Judgements and Uncertainties	Judgements	Please refer Table 2 : Significant judgements and uncertainties
	Uncertainties	Please refer Table 2 : Significant judgements and uncertainties

Risk 2	Extreme Weather Events – Drought	
Strategy and Decision Making	Description	Extended periods of dry weather with little or no rainfall. The volume of rainfall during this period is below the minimum requirement of rainfall for plantation crops
	Physical Risk or Transition Risk	Physical risk
	Time Horizon	Medium, Long
	Define time horizon	Please refer Time Horizon on page 32
Business Model and Value Chain	Current Effects on Business Model and Value Chain	There is no material impact in the current financial year
	Anticipated Effects on Business Model and Value Chain	• Decline in tea crop yields: Drought reduces tea yields by causing severe physiological stress, disrupting metabolite production, reduced growth rate and limiting plant water absorption, leading to a drop in production. It causes stunted growth, temporary/chronic wilting, leaf drop defoliation, and scorching, particularly impacting the young clonal tea shoots due harvesting shortly • Decline in overall quality of tea: Drought reduces tea quality by causing physiological and bio changes in the plant, leading to lower levels of constituent compounds like polyphenols and amino acids, resulting in a less vibrant flavour and aroma. Key impacts include reduced photosynthetic activity and increased oxidative stress, which produce less tender, smaller, and fibrous leaves • Changes to plant nutritional needs: Drought reduces the nutritional needs of tea plants primarily by slowing metabolic activity to conserve resources. This inhibits the growth of tea plants • Increased need for water for cultivation: Due to the lack of rainwater, it becomes necessary to provide water to tea plantations by sourcing water through other means such as irrigated water, ground water or surface water sources, harvested rainwater which may however increase water stress within the area
	Where is it Concentrated?	• The impact become visible on the parts of crops due to inhibited growth/destruction from lack of water • Employees are also impacted due to the need for hydration for sustenance

Risk 2	Extreme Weather Events – Drought	
Strategy and Decision Making	Plans to respond in Strategy, Risk Management, Transition Plans and Climate-related Targets	The Company responds to such risks through: • Adaptation of key agricultural practices, including: - Shade trees within estates - Sprinkler irrigation - Gravity fed irrigation - Rainwater harvesting • Installation of micro-climatic monitoring systems to assess temperature, rainfall, and humidity fluctuations, aiding proactive planning **Targets** The Company plans to set targets as appropriate
	How the Company seeks Resources and plans to acquire/ undertake resourceful activities/ operations	• The Company will utilise estate labour in deploying ongoing drought resistant strategies across its estates • These activities will be funded through the Company's estate budgets
	Progress (qualitative and quantitative)	All targets on planting shade trees and maintaining different irrigation techniques and gravity fed irrigation systems have been met during the year. All rainwater harvesting points are well maintained and operational
Financial Effects	Current year financial effects to P&L (PL), Balance Sheet(BS) and Cash Flows (CF)	**Impact in 2025/26** There is no material impact during current financial year
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	The Company does not anticipate a significant risk of a material adjustment within the proceeding annual report period to the carrying amounts of assets and liabilities reported in the Financial Statements Refer Note 1.8 - Transitional relief under the basis of preparation
	Anticipated financial effect over short, medium and long term to P&L, BS and CF	The Company envisage to utilise the two year transitional relief on anticipated effects Refer Note 1.8 - Transitional relief under the basis of preparation
Climate change resilience	Resilience Assessment	The Company plans to utilise 02 year transitional relief Refer Note 1.8 - Transitional relief under the basis of preparation
	How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out	Not yet undertaken this financial year. The Company plans to utilise 02 year transitional relief on resilience assessment as for the conduct of the scenario analysis Refer Note 1.8 - Transitional relief under the basis of preparation
Judgements and Uncertainties	Judgements	Please refer Table 2 : Significant judgements and uncertainties
	Uncertainties	Please refer Table 2 : Significant judgements and uncertainties

CLIMATE RELATED OPPORTUNITIES

Opportunity 1	Transition to renewable energy	
CRROs impact on Prospects	Description	Investments in solar and hydro power systems and other renewable energies that can reduce greenhouse gas emissions and lower operational costs
	Physical Risk or Transition Risk	N/A
	Time Horizon	Short, medium, long term impact
	Define time horizon	Refer Time Horizon on page 32
Business Model and Value Chain	Current Effects on Business Model and Value Chain	The business model is being rationalised to accommodate the most cost effective renewable energy mix • Mini hydro power for factories • Solar energy for factories • Machinery upgrades for energy efficiency **Value chain impact** Attempts are being made to reduce the carbon footprint along the value chain • Green packaging • Waste recycling • Regenerative and precision agriculture • Emission monitoring • Transitioning factories towards carbon neutral status • Expanding timber cultivations and replacing harvested blocks by replanting
	Anticipated Effects on Business Model and Value Chain	**Impact on business model** • Operate the business by using diversified energy systems (instead of the traditional 100% dependence on fossil fuel and grid electricity) • Lower energy risk • Improved competitiveness/market access due to sustainable image **Value chain** • Involve multiple energy sources in the value creation process • Improved land and water utilisation in creating value (by allocating lands for energy plantations, climate resilient crops, use water for hydropower etc.) • Reduce or contain operating costs while expanding production
	Where is it Concentrated?	In the manufacturing operation
Strategy and Decision Making	Plans to respond in Strategy, Risk Management, Transition Plans and Climate-related Targets	**Strategy response** • Develop an energy mix of solar energy, hydro power, and fossil fuels to support the business **Risk management** • Generate renewable energy internally • Strictly manage budgets for sustainable funding **Targets** The Company is in the process of setting up targets for the next financial year

Opportunity 1	Transition to renewable energy	
	How the Company seeks resources and plans to acquire/ undertake resourceful activities/ operations	• Internal funding • Bank Loans
	Progress (qualitative and quantitative)	• FY 2025/26 targets for setting up solar panels have been met
Financial Effects	Current year financial effects to P&L, Balance Sheet (BS) and Cash Flows (CF)	Impact for 2025/26 of renewable energy transition There is no material impact during current financial year
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	The Company does not anticipate a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the Financial Statements
	Anticipated financial effect over short, medium and long term to PL, BS and CF	The Company utilises 02 year transitional relief on anticipated effects Refer Note 1.8 - Transitional relief under the basis of preparation
Climate change resilience	Resilience Assessment	The Company utilises 02-year transitional relief on resilience disclosures Refer Note 1.8 - Transitional relief under the basis of preparation
	How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out	The Company plans to utilise 02 year transitional relief on scenario analysis Refer Note 1.8 - Transitional relief under the basis of preparation
	Judgements	Please refer Table 2 : Significant judgements and uncertainties
	Uncertainties	Please refer Table 2 : Significant judgements and uncertainties

4. RISK MANAGEMENT

1 Processes and Policies Relating to Climate-related Risks

The climate related risk management process has been integrated into the overall ERM framework through continuous climate related data collection from estates, which are communicated regularly through established reporting structures.

Identified risks are evaluated based on their likelihood and potential impact on crop yield levels, quality attributes, costs and revenue. Financial impacts are assessed through crop yield levels and productivity variance analysis, revenue sensitivity analysis and cost impact analysis.

As an agribusiness, climate risk mitigation strategies are continuous and long term, except in the case of sudden extreme weather episodes that require immediate responses. For these situations, such as potential flood threats and landslides, the Company already has in place trained response teams in all estates and established procedures to trigger relocation of vulnerable communities and supply relief. The Company also engages with government agencies in identifying sudden climate-related threats to estate communities.

1.1 Identification of risks

Risk identification:

Continuous monitoring and data collection of rainfall, temperature, soil and crop related data at estate level

- Use of historical climate data and agronomic insights to detect variations in weather
- Collection of geohazard mapping data from national agencies pertaining to our estate locations and estate lands, in order to identify landslide and flood prone locations
- Monitoring water level data for rivers in the location of our estates and water level fluctuations in low lying areas
- Inclusion of regional and national weather warnings from national agencies
- Identification of potential impacts on different types of crops and elevations

1.1.1 Inputs and parameters

Parameters	Description	Inputs
Physical Risks - Acute	Extreme rainfall, floods, landslides, droughts	• Rainfall, flood and landslide data • River water level data • Replacement cost • Insurance premiums
Physical Risks - Chronic	Rising temperature, changes in established weather patterns, soil erosion and soil degradation, ageing tea bushes	• Temperature data • Soil fertility data • Replanting costs • VP cultivar cost
Transition risks	New climate change related regulations, market demand for emission certifications	• Emissions monitoring • Carbon footprint calculation
	Changes in global demand patterns for tea	• Sales volumes • Sales prices
	Shift towards renewable energy use	• Cost comparisons

1.1.2 Climate-related Scenario Analysis

The Company utilises transitional reliefs on scenario analysis under SLFRS S2, where Disclosures on Climate change resilience has a relief period of 02 years from the date of mandatory application, to fully comply with climate resilience disclosure requirement

1.2 Assessment

The Company assessed CRROs by identifying potential CRROs based on historical data on weather patterns and management judgement. These CRROs were assessed against the probability of occurrence within the given time horizon, and the possible financial impact of each CRRO was estimated. The CRROs were then ranked according to probability coupled with highest order of impact severity.

Identification

CRROs were identified based on historical climate related data and management experience

Assessment

Each CRRO was assessed against the likehood of occurence and potential financial impact

Prioritisation

CRROs were prioritised as those that were most likely to occur coupled with the highest level of financial impact

Nature

The nature of assessment included qualitative and quantitative criteria. Please refer page 32.

Likelihood

The likelihood of an occurrence of a CRRO was based on management judgement and historical data. CRROs that had a likelihood of occurrence probability of 71%-100%, were taken into consideration. For instance, extreme weather in the form of severe rainfall, was classified as a high probability climate risk, based on more recent weather patterns that demonstrate sudden deviations in rainfall patterns in the past number of years.

Likelihood of occurrence

Description	Probability of Occurrence
Likely	71% - 100%
Possible	36% - 70%
Unlikely	00% - 35%

Magnitude/Exposure

The CRROs with high probability of occurrence, as well as impact of over 1% on profit before tax, were prioritised.

Severity of the effect

Description	Financial Impact
Significant	10% impact to profit before Tax
Moderate	5% impact to profit before Tax
Minor	1% impact to profit before Tax

1.3 Prioritisation

In order to prioritise climate impact monitoring, the Company is integrating climate related risks into the overall Enterprise Risk Management framework. This includes continuous monitoring and documentation of climate data in tandem with quality attributes, crop production levels, labour availability, cost and revenue data. The Company's full ERP system was rolled out in 2025, which is also expected to support real time data collection and analysis.

1.4 Monitoring

The Company monitors climate related risks and opportunities through a number of mechanisms, but primarily through the ongoing Enterprise Risk Management process, as well as the ESG Management Committees recommendations.

1.5 Changes in the Process

This is the first attempt at SLFRS Sustainability-related Financial disclosures.

2. Processes and Policies Relating to Climate-related Opportunities

The processes the entity uses to identify, assess, prioritise and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities.

1. Identification of climate-related risks that could significantly impact the Company's costs, revenue and profitability, as well as and product portfolio and elevation/ geographically specific risks.
2. By developing strategic responses, adaptation and mitigation measures to address risks, the Company also identifies opportunities, such as the transition opportunity towards renewable energy. In addition, real time market trends are considered to identify product specific market opportunities.
3. Identified opportunities are assessed through,

- Technical feasibility assessments, including agronomic and geographic suitability and operational requirements
- Assessment of associated risks (including funding risks) and possible implementation difficulties
- Compliance assessments against environmental and other regulations and international accreditations
- Financial evaluation through cost-benefit analysis, return on investment (ROI), and payback period assessments
- Analysis of potential revenue enhancement, cost savings, or efficiency gains
- Evaluation of environmental and social benefits, including improved resource efficiency and reduced emissions

4. Opportunities are prioritised based on their potential to deliver optimal strategic, financial, and operational outcomes.

3. Integration to Overall ERM

The extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.

As an agri-business with a high dependency on weather patterns for cultivation and harvesting, the identification, assessment, and monitoring of climate-related risks have historically been embedded within core risk management practices. Therefore, climate-related risk management is integrated into the Company's overall ERM framework through a structured data collection process starting at estate level supported by clear reporting structures all the way to the Board.

Through the recently constituted ESG Management Committee, which is a cross functional team with representation from all key functions, a dedicated platform has now been operationalised with expertise across different fields, to integrate CRROs across all operational aspects.

5. METRICS AND TARGETS

Climate-related Metrics

APL has commenced climate risk monitoring in the current financial year and the climate-related metrics and targets disclosed enable users to assess how the Company monitors, manages, and progresses on material climate-related risks and opportunities. The Company has aligned this process with global climate goals, including near and long-term Science-Based Targets and the company's Net Zero roadmap.

In order to compile the required data, the Company monitors selected climate-related metrics relevant to its operations, including:

- Energy consumption within tea factories
- Fuel usage for estate operations and logistics
- Water usage in tea processing
- Fuel usage in timber harvesting and processing
- Water usage in timber harvesting and processing
- Fertiliser application efficiency and soil health indicators

Emission targets

The Company is in the process of setting targets.

CROSS INDUSTRY METRICS

Greenhouse Gas Emissions (GHG)

APL measures and discloses its greenhouse gas (GHG) emissions in alignment with the GHG Protocol, ISO 14064-1:2018, and SLFRS S2 requirements. The disclosures cover all consolidated operations under the operational control boundary and include Scope 1 and Scope 2 (location-based).

Basis of Determination of Organisational Boundary and Operational Boundary

The Company has selected the financial control approach for its measurement of GHG emissions.

Scope 1 (Direct Emissions)	Company vehicles, plant and machinery
Scope 2 (Indirect - Energy)	Electricity from the national grid

Methodology used for the measurement and disclosure of GHG Emissions

GHG Measurement Standards Applied

- Greenhouse Gas (GHG) Protocol: A Corporate Accounting and Reporting Standard (2004)
- GHG Protocol Scope 2 Guidance: an amendment to the GHG Protocol Corporate Standard

GHG Disclosures

- SLFRS S2 – Climate-related Disclosures

GHG Internal Verification

- ISO 14064-1:2018 – for internal emissions assurance and verification
- SBTi FLAG Guidance – for land-sector related emissions disclosures

Summary of GHG Emissions

Scope	2025/26 ($mtCO_2e$)
Scope 1	2,376.88
Scope 2	2,189.85
Total	**4,566.73**

GHG Scope 1 and Scope 2 Emissions

Scope	Greenhouse gas emissions (metric tonnes CO_2e) 2025/26	
	Scope 1 ($mtCO_2e$)	Scope 2 ($mtCO_2e$)
Consolidated accounting group	2,376.88	2,189.85
Other investee (investment in associate, joint ventures)	-	-
Total (Operational control approach)	**2,376.88**	**2,189.85**

Key Assumptions and Sources of GHG Measurement

Scope	Emission Sub-category	Activity	Data Source	Emission Factor	Source of GWP Values
Scope 1	Stationary combustion	Direct emission from stationary combustion (Generator)	Diesel Consumption Records	IPCC emission factor	IPCC 6th Assessment report(AR6)
Scope 1	Mobile combustion	Direct emission from mobile combustion transporting Diesel	Diesel Consumption Records	IPCC emission factor	IPCC 6th Assessment report(AR6)
		Direct emissions from mobile petrol	Petrol Consumption Records	IPCC emission factor	IPCC 6th Assessment report(AR6)
Scope 1	Process combustion	Direct emission from bio mass combustion (Firewood)	Firewood Usage Records	IPCC emission factor	IPCC 6th Assessment report(AR6)
Scope 1	Fugitive Emissions	Fugitive - CO_2 emissions from fire extinguishers	Fire Extinguishers Service Bills	Sri Lanka Energy balance 2024 by Sri Lanka Sustainable Energy Authority	IPCC 6th Assessment report(AR6)
Scope 2	Electricity Consumption	Indirect emission from imported electricity	Electricity Bills	Sri Lanka Energy balance 2024 by Sri Lanka Sustainable Energy Authority	IPCC 6th Assessment report(AR6)

Climate-related Physical Risks

CRRO	Description	Impact
Physical Risk - Acute	• Storms/high intensity rain • Floods • Landslides	The Company is currently in the process of quantifying the amount and percentage of assets or business activities vulnerable to climate-related physical risks, and this information will be presented in the next annual report
Physical Risk - Chronic	• Rising temperature • Soil degradation	The Company is currently in the process of quantifying the amount and percentage of assets or business activities vulnerable to climate-related physical risks, and this information will be presented in the next annual report

Climate-retaled Transition Risk

CRRO	Description	Impact
Transition risk	• New climate change related regulations • Market demand for emission certifications	The Company is currently in the process of quantifying the amount and percentage of assets or business activities vulnerable to climate-related physical risks, and this information will be presented in the next reporting period

Climate-related Opportunities

CRRO	Description	Impact
Renewable energy	• Rising awareness on climate change has created opportunities for renewable energy adoption	The Company is currently in the process of quantifying the amount and percentage of assets or business activities vulnerable to climate-related physical risks, and this information will be presented in the next reporting period

Capital Expenditure

Category	Capital Expenditure 2025/26
Renewable energy	• Investment in Solar Panels - Rs. 89 Mn

Internal Carbon Pricing

The Company has not set carbon pricing for its emissions.

Remuneration

Remuneration is currently not directly linked to CRROs.

Industry Specific Metrics

Industry-based metrics are aligned with the SLFRS S2 requirements and draw from the SASB Agricultural Products Standard, which provides sector relevant indicators covering emissions, energy, water, and land use.

SLFRS Sustainability-related Financial Disclosures

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) INDEX

Agricultural products Sustainability Accounting Standard (Version 2023-12)

Table 1: Sustainability Disclosure Topics & Metrics

Topic	Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Greenhouse Gas Emissions	Gross global Scope 1 emissions	Quantitative	Metric tonnes (t) CO_2-e	FB-AG-110a.1	2,376.88
	Discussion of long and short term strategy to manage Scope 1 emissions, emissions reduction targets, and performance against	Discussion and Analysis	N/A	FB-AG-110a.2	Page 65 - 67
	Fleet fuel consumed, percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	FB-AG-110a.3	Nil
Energy Management	1) Operational energy consumed, (2) percentage grid electricity and (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	FB-AG-130a.1	Nil
Water Management	(1) Total water withdrawn (2) Total water consumed percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic metres (m^3), Percentage (%)	FB-AG-140a.1	Currently we are not collecting this information
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	N/A	FB-AG-140a.2	
	Number of incidents of non-compliance associated with water quality permits, standards and regulations	Quantitative	Number	FB-AG-140a.3	
Food Safety	Global Food Safety Initiative (GFSI) audit (1) non-conformance rates and (2) associated corrective action rates for (a) major and (b) minor non-conformances	Quantitative	Rate	FB-AG-250a.1	The Company has not obtained GFSI-benchmarked certification (e.g., BRCGS, FSSC 22000, SQF) during the reporting period. Food safety and quality assurance are currently managed through ISO and Rainforest Alliance certification frameworks, which the Company considers appropriate to its current market and buyer requirements

Topic	Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
	Percentage of agricultural products sourced from suppliers certified to a Global Food Safety Initiative (GFSI) recognised food safety certification programme	Quantitative	Percentage (%) by cost	FB-AG-250a.2	
	(1) Number of recalls issued (2) total amount of food product recalled	Quantitative	Number, Metric tonnes (t)	FB-AG-250a.3	
Workforce Health & Safety	(1) Total recordable incident rate (TRIR) (2) Fatality rate, and (3) Near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees	Quantitative	Rate	FB-AG-320a.1	Currently we are not collecting this information
Environmental & Social Impacts of Ingredient Supply Chain	1) Percentage of agricultural products sourced that are certified to a third-party environmental or social standard, and (2) percentages by standard	Quantitative	Percentage (%) by cost	FB-AG-430a.1	0%
	Suppliers' social and environmental responsibility audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor nonconformances	Quantitative	Rate	FB-AG-430a.2	Nil
	Discussion of strategy to manage environmental and social risks arising from contract growing and commodity sourcing	Discussion and Analysis	N/A	FB-AG-430a.3	
GMO Management	Discussion of strategies to manage the use of genetically modified organisms (GMOs)	Discussion and Analysis	N/A	FB-AG-430b.1	We do not use GMOs in our operations
Ingredient Sourcing	Identification of principal crops and description of risks and opportunities presented by climate change	Discussion and Analysis	N/A	FB-AG-440a.1	0%

Table 2: Activity Metrics

Activity Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Production by principle crop	Quantitative	MT	FB-AG-100.A	6,199
Number of processing facilities	Quantitative	Number	FB-AG-100.B	17
Total land area under active production	Quantitative	Hectares	FB-AG-100.C	6,357
Cost of agricultural products sourced externally	Quantitative	Currency	FB-AG-100.D	410

Climate-related Targets

Targets have not been established for the current financial year (2025/26)

Financial Capital

"Despite a decline in auction tea prices for high-grown tea, coupled with wage increases, the plantation sector faced a sharp rise in fertiliser and agrochemical prices towards the latter part of the year due to the Middle East conflict. APL sustained it's revenue growth momentum. Although profitability declined as a result of higher operating costs and lower auction prices, the Company remained profitable for the sixth consecutive year"

Despite the reduction in earnings, the Board declared a dividend of Rs. 0.50 per share, for the financial year 2025/26, amounting to a total pay-out of Rs. 250 Mn, reflecting confidence in the Company's long-term financial strength. In addition, the balance sheet continued to strengthen as the Company progressively replaced high-interest-bearing debt with low-cost borrowings. APL also maintained a strong focus on cost containment initiatives, while continuing to benefit from renewable energy savings generated through both solar and hydropower investments.

UTILISATION OF IPO PROCEEDS AS AT 31ST MARCH 2026

The Company has allocated 90% of the funds from the August 2023 IPO towards purchasing modern equipment to develop APL's tea factories. As at end March 2026, approximately 4% of the allocated funds were utilised for this purpose, and the balance funds have been invested in fixed deposits, generating an additional interest income for the Company. The ongoing modernisation of APL's tea factories increasingly contributes to productivity and efficiency gains, thereby supporting the Company's profitability.

Approximately 10% of the IPO proceeds were allocated towards the settlement of high-cost term loans, and these funds were fully utilised during the 2023/24 financial year for this purpose. Consequently, the Company's continued efforts to retire high-interest-bearing debt have resulted in a sustained reduction in interest expenses.

CAPITAL INVESTMENTS IN 2025/26

During the financial year under review, the Company continued to invest in biological assets, factory modernisation, and operational infrastructure. Significant investments undertaken during the year included:

Rs. 36 Mn
INVESTMENT IN FIELD DEVELOPMENT

Rs. 149 Mn
INVESTMENT IN TOOLS AND EQUIPMENT

Rs. 113 Mn
INVESTMENT IN MOTOR VEHICLES

Rs. 45 Mn
INVESTMENT IN PLANT & MACHINERY

FINANCIAL CAPITAL BASE

The total debt of the Company was Rs. 1,333 Mn by end March 2026. The total equity was Rs. 4,101 Mn, compared to Rs. 4,251 Mn one year ago.

	2023/24 Rs. Mn	2024/25 Rs. Mn	2025/26 Rs. Mn	% change
Company - Total equity	4,209	4,251	4,101	(4%)
Company - Total debt	1,172	1,193	1,333	12
Group - Total equity	4,172	4,234	4,122	(3%)
Group - Total debt	1,234	1,223	1,333	9%

KEY PERFORMANCE INDICATORS

Company	2023/24	2024/25	2025/26	% change
Earnings per share (EPS)	0.97	1.58	0.61	(61%)
Interest coverage (Times)	3.91	9.58	3.86	(60%)
Return on Assets (ROA)	0.05	0.08	0.03	(63%)
Return on Equity (ROE)	0.11	0.19	0.07	(63%)
Gearing ratio	0.28	0.28	0.33	18%
Current ratio	1.44	1.31	1.34	2%

Group	2023/24	2024/25	2025/26	% change
Earnings per share (EPS)	1.00	1.60	0.62	(61%)
Interest coverage (Times)	3.78	9.46	4.00	(58%)
Return on Assets (ROA)	0.05	0.08	0.03	(63%)
Return on Equity (ROE)	0.11	0.19	0.08	(58%)
Gearing ratio	0.30	0.29	0.32	10%
Current ratio	1.44	1.32	1.37	4%

Financial Capital

FINANCIAL STATUS

Revenue

APL's total revenue increased slightly by 2% to Rs. 7,356 Mn in the 2025/26 financial year, from Rs. 7,219 Mn in the previous financial year. The Net Sale Average of the Company decreased by Rs. 29 per Kg which negatively impacted the revenue of the Company. Revenue from the sale of hydropower was Rs. 81 Mn during the year, which put total Group revenue at Rs. 7,437 Mn from Rs. 7,286 Mn in the previous year.

Segmental Revenue – Group

	2023/24 Rs. Mn	2024/25 Rs. Mn	2025/26 Rs. Mn	% change
Tea	7,153	7,219	7,356	2%
Hydro Power	62	67	81	21%
Total	7,215	7,286	7,437	2%

Gross Profit

The increase in the cost of sales to Rs. 6,820 Mn, from Rs. 5,918 Mn in the previous year, caused the Company's gross profit to decline to Rs. 536 Mn from Rs. 1,300 Mn in the previous year. The gross profit margin declined from 18 % to 7%. The wage increases of 35% & 15% occurred in September 2024 and January 2026 respectively resulted in an significant increase in cost of sales.

The consolidated gross profit for the year stood at Rs. 602 Mn compared to Rs. 1,339 Mn in the previous year.

	2023/24 Rs. Mn	2024/25 Rs. Mn	2025/26 Rs. Mn	% change
Company	831	1,300	536	(59%)
Group	877	1,339	602	(55%)

Profit from Operations

APL continued to invest in solar power to contain rising energy costs and the Company installed solar panels in three more tea factories during the year. In total 10 tea factories have now adopted solar power and the Company also benefits from hydropower. In addition, ongoing mechanisation of tea estates is generating savings on labour costs, while increasing field productivity.

However, cost of sales the Company increased by 15 % year-on-year to Rs. 6,820 Mn from Rs. 5,918 Mn, mainly due to increased cost of agricultural inputs and wage increases. Administrative expenses reduced slightly by Rs. 3 Mn. Finance cost increased by Rs. 21 Mn mainly due to the interest charged on the term loan obtained for the solar panel installation.

Consequently, the profit before tax declined to Rs. 429 Mn, from Rs. 1,108 Mn in the previous year.

The profit before tax of the Group came to Rs. 457 Mn compared to Rs. 1,138 Mn in the previous year.

	2023/24 Rs. Mn	2024/25 Rs. Mn	2025/26 Rs. Mn	% change
Profit before tax - Company	743	1,108	429	(61%)
Profit before tax - Group	759	1,138	457	(60%)

Income Tax Expenses

APL incurred Rs. 124 Mn Income Tax expenses for the year, compared to Rs. 318 Mn in the previous year.

	2023/24 Rs. Mn	2024/25 Rs. Mn	2025/26 Rs. Mn	% change
Income Tax Charge	-	-	88	100%
Deferred Tax Charge	290	318	36	(89%)

Profit for the year

APL closed the year with a after tax profit of Rs. 305 Mn, compared to Rs. 790 Mn profit of the previous year. Group profitability also declined to Rs. 312 Mn from Rs. 801 Mn.

	2023/24 Rs. Mn	2024/25 Rs. Mn	2025/26 Rs. Mn	% change
Profit after tax - Company	454	790	305	(61%)
Profit after tax - Group	465	801	312	(61%)

FINANCIAL POSITION

APL's total assets increase to Rs. 10,322 Mn from Rs. 10,287 Mn one year ago, with the Company's current assets at Rs. 2,763 Mn, down from Rs. 2,920 Mn. APL's assets included bearer biological assets to the value of Rs. 2,118 Mn and consumable biological assets valued at Rs. 2,145 Mn demonstrating future earning potential.

Total assets of the Group also increased to Rs. 10,401 Mn from Rs. 10,379 Mn.

Cash Flows

The Group maintained positive cash flows from operating activities during the year through planned management of its funds.

Company	2023/24 Rs. Mn	2024/25 Rs. Mn	2025/26 Rs. Mn	Increase/ (Decrease) Rs. Mn	% change
Net Cash flow from/(used in) Operating Activities	312	1,066	426	(640)	(60%)
Net Cash flow from/(used in) Investing Activities	(269)	(410)	(355)	55	13%
Net Cash flow from/(used in) Financing Activities	644	(796)	(64)	732	92%

Group	2023/24 Rs. Mn	2024/25 Rs. Mn	2025/26 Rs. Mn	Increase/ (Decrease) Rs. Mn	% change
Net Cash flow from/(used in) Operating Activities	378	1,084	426	(658)	(61%)
Net Cash flow from/(used in) Investing Activities	(269)	(403)	(314)	89	22%
Net Cash flow from/(used in) Financing Activities	600	(829)	(94)	735	89%

PLANS FOR THE FUTURE

To maximise crop potential, the Company intends to adopt precision agriculture practices while addressing labour shortages through increased mechanisation and the deployment of modern machinery. These initiatives are expected to enhance field productivity, improve harvesting efficiency, reduce crop losses, and optimise resource utilisation, thereby supporting higher yields and increased revenue generation.

In addition, the new cloud-based ERP system is expected to become fully operational in the forthcoming financial year, enabling the Company to access real-time and accurate data while ensuring centralised visibility and effective management of key operational processes. Improved data-driven decision-making, stronger coordination across functions, and enhanced operational efficiency are expected to support cost optimisation, faster response times, and improved overall business performance, contributing positively to profitability and revenue growth.

Human Capital

"Developing, retaining and motivating it's human resource base remains a strategic priority for APL, as an agribusiness that relies heavily on skilled human intervention across it's value chain. Accordingly, the Company has continued to strengthen dialogue and engagement mechanisms to foster mutual trust and cooperation, while cultivating a performance-driven work culture that rewards accountability, productivity and continuous improvement"

COMPLIANCE STATEMENT

APL is pleased to report full compliance for the financial year 2025/26 with all applicable labour laws and regulations and all statutory payments. For the financial year under review, all statutory employee related payments have been made.

Compliance with anti-child labour and forced labour regulations

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

Performance against strategic priorities in 2025/26

HR Priority	Status as at 31st March 2026
Streamlining HR Administration	
Digitisation and technology integration in HR administration	• A Cloud-based HR Information System (HRIS) has been implemented to streamline key HR functions, such as payroll management, attendance tracking, and performance evaluations • An employee Self-Service Portal was implemented allowing employees to access personal records, check leave balances, and manage HR-related requests online
Factory and Field Productivity Enhancements	
Skill Development & Training	• Capacity-building programmes were conducted to enhance technical expertise, resulting in greater efficiency and productivity across estates and factories
New screening system for recruitment	• A new recruitment process, emphasising academic qualifications is in place to improve quality of new recruits
Productivity Committee Concept (The Productivity Committee at is used to improve operational efficiency and employee engagement)	• The Committee, comprising cross-functional teams, has implemented measures to optimise resource utilisation, reduce waste, and enhance output quality. Regular meetings and feedback sessions were held during the year to increase the productivity
Fire Drill & Occupational Safety and Health (OSH) compliance	• All tea factories implemented fire drill and OSH programs which has reduced reported incidents compared to the previous year • Regular drills and training sessions have ensured that employees are well-prepared to handle emergencies

HUMAN RESOURCES PROFILE 2025/26

APL's total human capital base comprised 8,582, as at end March 2026, inclusive of its executive management, clerical and other staff and estate workers.

Employees by category

	Number of employees 2024/25	Number of employees 2025/26	% change
Executives	71	72	1%
Clerical, Technical & Other Staff	481	476	(1%)
Estate Workers	6,469	8,034	24%
Total	**7,021**	**8,582**	**22%**

Human Capital

Employees by location, gender, age and service period for 2025/26

		Workers	Clerical, Technical & Other Staff	Executives	Total
Region-wise	Agras	4,759	275	27	5,061
	Uva	3,275	181	21	3,477
	Head Office	-	20	24	44
	Total	**8,034**	**476**	**72**	**8,582**
Gender-wise	Male	3,832	342	61	4,235
	Female	4,202	134	11	4,347
	Total	**8,034**	**476**	**72**	**8,582**
Age Distribution	Below 30 Years	467	39	13	519
	30 - 45 Years	3,352	205	27	3,584
	Over 45 Years	4,215	232	32	4,479
	Total	**8,034**	**476**	**72**	**8,582**
Service Distribution	Below 5 Years	2,926	175	34	3,135
	5 - 15 Years	1,648	172	20	1,840
	Over 15 Years	3,460	129	18	3,607
	Total	**8,034**	**476**	**72**	**8,582**

RETENTION STRATEGY

APL is redefining job roles across it's estates to elevate both the professional standing and earning potential of it's workforce. The introduction of advanced machinery has enhanced productivity while creating opportunities for higher income generation.

In parallel, the Company continues to strengthen it's remuneration framework through improved salary structures, performance-based incentives and long-service recognition awards. Investment in continuous skill development remains a priority, ensuring employees are equipped to adapt to evolving operational demands.

Key Improvements to HR Administration

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

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

Industrial Relations

APL upholds the right to freedom of association across all it's estates, with the entire estate workforce represented through recognised trade unions, reflecting the Company's commitment to constructive social dialogue. During the reporting period, the Company did not experience any serious industrial disputes, underscoring the strength of it's employee relations framework.

Operational changes are communicated transparently by managers to their respective teams, with adequate notice provided prior to implementation. This structured communication process ensures clarity, minimises disruption, and fosters a climate of mutual trust and cooperation.

Wages

- **Estate workers:** Based on a 2026 Budget proposal, the Rs. 1,350 daily wage of an estate worker, was increased by Rs. 400 rupees, with the government contributing Rs. 200 and the Regional Plantation Companies (RPCs) contributing Rs. 200, to increase the daily wage of plantation workers to Rs. 1,750, effective from 01st January 2026. This package is structured as a base daily wage of Rs. 1,550 and an attendance incentive of Rs. 200. This follows the September 2024, minimum daily wage increase by 35%, to Rs. 1,350.
- **Estate staff:** The estate staff category come under a staff collective agreement. Under the collective agreement, the salaries of estate staff was increased by 20% effective from October 2025.
- **Other employees:** Salaries and benefits of other employees are based primarily on the Shop and Office Employees Act of 1954, EPF Act, ETF Act and the Payment of Gratuity Act.

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

Training programmes conducted during the year

Training programme	Target group
RA Standard requirements	Executives, Staff & Workers
IPM Strategy	Executives, Staff & Workers
Safe Handling of Agrochemicals	Executives, Staff & Workers
Awareness on use of PPEs	Workers
Occupational Health & Safety	All Workers
First Aid	All Workers
Fire Drill	Factory Workers
ISO Standard Requirements	Executives, Factory Staff & Factory Workers
GHG Standard Requirements	Executives & Staff

Performance Evaluations

Performance evaluations are conducted annually, ensuring accountability and alignment with strategic objectives. Employees are assessed against clearly defined Key Performance Indicators (KPIs), with structured feedback delivered through regular one-on-one discussions. This systematic approach not only identifies areas for improvement but also supports professional development and provides a clear pathway for career progression within the organisation.

Career Progress Paths

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

Health and Safety Initiatives

Regular safety training sessions were conducted and personal protective equipment (PPE) were provided, while enforcing strict safety protocols across all operations.

On-site medical facilities and periodic health check-ups are conducted and annual health screenings, including blood tests are conducted for chemical spraying workers.

Training Programme on Chemical Spraying - Haputale Estate

Human Capital

Grievance Management

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

Rewards and Recognition

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

Employment Benefits

APL offers a comprehensive and competitive benefits package designed to support both the financial wellbeing and social security of it's workforce. This includes overtime allowances, cash plucking incentives, and annual performance-based bonuses linked to overall Company performance.

In addition, employees benefit from medical insurance coverage, maternity leave entitlements, and childcare support, reflecting the Company's commitment to the long-term welfare of employees and their families.

Annual Trip - Head Office Staff

Inter Plantation Rugby Tournament

Other Benefits for Employees

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

APL Worker Housing Initiative

APL, in collaboration with the Plantation Human Development Trust (PHDT), is implementing an ongoing housing development programme for estate worker families, funded jointly by the Governments of India and Sri Lanka. Under this initiative, each housing unit receives Rs. 2.8 Mn from the Government of India and an additional Rs. 0.4 Mn from the Government of Sri Lanka.

APL has contributed 10 perches of land per house, free of charge, further strengthening its commitment to improving living standards across its estates. The PHDT has played a pivotal role in facilitating and overseeing the implementation of the programme, leveraging it's technical expertise and experience in estate community development to ensure its effective execution.

PLANS FOR THE FUTURE

In the new financial year, APL will continue to prioritise the digitisation of it's human resource administration processes, enhancing efficiency, transparency and data-driven decision-making. At the same time, the Company will strengthen oversight frameworks and refine feedback mechanisms to ensure greater accountability, responsiveness and employee engagement across it's estates.

Training Session for Pluckers - Haputale Estate

Manufactured Capital

"During the current financial year, APL advanced its ongoing factory development plan, designed with the dual objectives of maximising cost and capacity utilisation, while upholding the high-quality standards of APL tea. The tea factories also play a crucial role in reducing APL's carbon footprint, with the continued expansion of the solar power programme contributing to lower emissions throughout the year. Robust agricultural practices helped protect APL's biological assets from the effects of extreme rainfall and mitigated the impacts of Cyclone Ditwah in November 2025"

APL's manufactured asset base is twofold - biological assets, which are it's tea and timber plantations and physical assets, which includes inventories of made black tea, 17 factories with its plant and equipment, two mini hydro power plants and the Company's fleet of vehicles. During the current year, APL enhanced its manufactured asset base through factory improvements and maintenance and management of it's biological asset base.

IMPACT OF CYCLONE DITWAH

APL successfully limited the damage to it's physical and biological assets from the intense rainfall, flooding, and landslides caused by Cyclone Ditwah, thanks to proactive estate preparedness for extreme weather events. Ongoing investments in desilting drainage systems and the strategic planting of shade trees helped protect commercial crops and other assets by facilitating water runoff during high-intensity rainfall. Physical damage was largely contained, affecting only a few internal estate roads, some workers' quarters, and the Hauteville bridge. Further details can be found in the SLFRS Sustainability-related Financial disclosures.

BIOLOGICAL ASSETS

Tea plants

APL's total tea extent remained unchanged in 2025/26. This tea extent comprises approximately 61% seedling tea and 39% is vegetatively propagated (VP) tea. The 11 tea estates in the Agras region in the Nuwara Eliya District accounts for 58% of the total tea extent, while the balance extent, is situated in nine estates in Haputale, in the Badulla District.

Commercial forestry

APL has commercial Timber plantations in both the Agras region and in Haputale which has a value of Rs. 2,144 Mn as at 31st March 2026.

Asset Type	Extent (Ha)	Net Carrying value (Rs. Mn)			% change
		2023/24	2024/25	2025/26	
Tea plantations	6,357	2,229	2,195	2,118	(3%)
Timber plantations	935	1,832	1,977	2,144	8%

Investment in biological assets

Nineteen out of the twenty APL tea estates are fully compliant with the Rainforest Alliance Certification, and Udaveriya Estate is compliant with the JAS Organic Certification demonstrating environmentally friendly agricultural practices. In addition, the Company continued to invest in maintenance and upkeep of tea and timber fields.

Type of activity	2023/24 Rs. Mn	2024/25 Rs. Mn	2025/26 Rs. Mn	% change
Good agricultural practices	1,302	1,172	1,236	5%
Tea replanting	24	16	16	-
Timber and other replanting	16	22	20	(9%)

INVESTMENT ON OTHER PHYSICAL ASSETS

Asset Type	2023/24 Rs. Mn	2024/25 Rs. Mn	2025/26 Rs. Mn
Plant and Machinery	162	25	45
Tools and Equipment	62	253	149
Vehicles	27	82	113

Factories

APL tea factories are equipped to produce rotorvane, orthodox and refuse tea.

APL factories by type of tea

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

Under the ongoing factory development programme, the Company aims to enhance capacity utilisation and improve cost efficiencies by replacing older machinery with to modern., energy efficient machinery. Under the development plan, APL plans to automate the six factories: Diyagama West, Hauteville, Balmoral, Dambatanne, Glenanore and Nayabedde.

- During the year, the conveyorisation of the rolling room of the Nayabedda tea factory was completed.
- Automation of factories in Diyagama West and Glennanore estates, are on going.
- Udaveriya factory, which obtained JAS Organic Certification in the current financial year, is being converted into a modern organic tea manufacturing facility with imported machinery.

Manufactured Capital

Solar power

The transition to renewable energy continued in parallel with factory upgrading in 2025/26, and 10 out of the 17 APL tea factories had adopted solar power by the end of the current financial year.

Hydropower

The hydropower plant located in Waverly Estate is managed by APL's fully owned subsidiary Waverly Power (Pvt) Ltd. The electricity generated from this plant is sold to the national grid. The second mini hydro plant, located in the Diyagama West Estate powering the estate's rotorvane tea factory, is being upgraded during the year.

The third hydro power plant is planned to power up Diyagama East estate factory.

Tea Field - Hauteville Estate

Investment in vehicles

The Company is upgrading all lorries and tractors used to transport green leaf and made tea.

Status of physical assets

Asset Type	2023/24 Rs. Mn	2024/25 Rs. Mn	2025/26 Rs. Mn	% change
Manufactured products inventory (Made black tea)	553	752	569	(24%)
Buildings	1,465	2,136	2,144	-
Plant and Machinery	676	702	747	6%
Furniture and Fittings	11	11	11	-
Tools and Equipment	205	458	607	33%
Vehicles	381	464	577	24%
Others	155	155	157	1%
Total	**3,446**	**4,678**	**4,814**	**3%**

TECHNOLOGY INVESTMENTS

Technology investments into administration and field work have steadily increased with more labour saving devices used to replace traditional manual jobs. A significant investment in the current financial year was the new cloud-based ERP system and new harvesting machines.

APL estates are also in the process of digitising weighing of tea leaves.

Asset Type	2023/24 Rs. Mn	2024/25 Rs. Mn	2025/26 Rs. Mn	% change
Mechanisation initiatives	17	30	46	53%
Plant and machinery	162	26	45	73%
Computers and other digital devices	21	2	6	200%
Total	**200**	**58**	**97**	**67%**

Tourism infrastructure investments

High-end tea centres, featuring APL speciality tea, are a key component of APL's tea tourism strategy that cater to both passing traffic as well as tourists visiting popular attractions in the neighbourhood. In the current financial year, APL opened it's sixth tea centre with Nayabedda Estate commencing operations of a second tea centre at the Bandarawela Railway station, in addition to it's existing tea centre at the estate. Glenanore Estate also operates two tea centres with one located in Viharagala. Two other tea centres are located in Haputale, which operates a premium boutique outlet, and at Dambatenna.


Opening Ceremony - Tea Centre at Bandarawela Railway Station

PLANS FOR THE FUTURE

Given rising labour costs, automation and mechanisation is the most viable solution to sustain profitability, with available resources. Therefore, APL will continue to upgrade it's factories while also investing in both solar and hydro power. The Company is also planning to add value to it's timber through partial processing. In the new financial year, the Company will also continue to expand tourism infrastructure to expand it's tourism footprint.


Factory - Dambatenna Estate

Intellectual Capital

"The focus during the current year, was to improve alignment of agricultural practices with the latest scientific knowledge, emission controls and value addition. The Company is continually upgrading the knowledge of all grades of employees, in order to modernise the entire value chain and elevate the entire Company onto a higher-value platform"

APL is now in the cusp of a transformation from a traditional plantation company into a modern agri-business, and an indispensable component of this transformation is it's intellectual capital base. Within the current environment of extreme competition and volatility in global tea markets, APL's position is that production increases must be achieved while maintaining quality and ethical standards, in order to successfully enter new markets and command higher returns. Therefore, in the current financial year, the Company continued enhancing its intellectual capital base to facilitate this transition.

Training and upskilling

Given the wide-ranging changes required in the short term to enable the Company's rapid transformation, training has become an indispensable component to upskill employees at all levels and keep pace with global technological and agricultural developments. Accordingly, APL's ongoing, Company-wide, training programmes extend from senior corporate management to estate managers, department heads, field officers, and estate workers.

Specialised accreditations

APL has a suit of specialised, globally recognised, accreditations, that have contributed towards enhancing organisational knowledge through continuous training in specialised technical areas.

All APL estates, except Udaveriya Estate, are Rainforest Alliance certified, and all tea factories are ISO 22000:2018 - Food Safety certified, and seven factories are also certified for ISO 9001:2015 - Quality Management System. These accreditations are obtained through regular, independent audits, the knowledge of APL employees on international product quality and safety standards, and ethical business practices.

In the current financial year, the Udaveriya Estate obtained the Japanese Agricultural Standards (JAS) organic certification, which is a mandatory requirement for exporting organic produce to Japan. The certification is obtained following strict inspections of the entire supply chain of the estate.

APL factories are also aligning with global carbon emission controls. All estates (except Udaveriya) have obtained ISO 14064-1 GHG verification on their greenhouse gas (GHG) emissions calculations, and in the current financial year five factories were certified as carbon neutral, indicating the growing knowledge among our employees on managing APL's carbon footprint.

New retail brand

While the Agarapatana trademark and the Agarapatana tea garden marks are well known within the Colombo Tea Auction and international tea buying community, APL is now planning to enter the retail markets by developing it's own retail branding, thereby expanding it's intellectual asset base.

APL's tea specialists have already developed a portfolio of premium value added tea, comprising both single origin, hand plucked tea from it's internationally renowned tea gardens. The Company is now in the process of registering it's new tea brand under the National Intellectual Property Office, in order to protect future brand equity. The marketing campaign to launch APL new retail presence is planned for the new financial year.

Nayabedde Premium Tea Packs

APL is also developing it's own tourism brand through its tea centres and tourist bungalows.

Digital and technology innovations

Due to weather related disruptions of telecommunications, Sri Lanka's hill country estates face geographically specific challenges in adopting digital solutions. However, APL has put in place physical infrastructure to enable internet access for operational administration and communications. All estate offices are now interconnected and equipped with computers, and estate staff are being trained in digital applications, which has significantly improved information exchange on harvesting, factory production, weather conditions and labour availability.

- **ERP system:** A state-of-the-art ERP system was deployed during the current financial year interconnecting all estates, regional offices and the APL Corporate Head Office in Colombo. This has significantly enhanced visibility regarding the daily operational status of far flung estates in the hill country, to the corporate management in Colombo. Therefore, centralised coordination of APL's 20 estates in Nuwara Eliya and Badulla, is now becoming a reality. Over the short term, this is expected to improve both financial and operational efficiencies.

- **Use of Drones:** APL is now successfully deploying drones in it's estates for foliar fertiliser spraying and fungicide spraying. The strategic use of drones has significantly reduced the need for manual labour in this activity, thereby freeing up workers for the more higher value task of green leaf harvesting.

- **Mechanised harvesting:** APL is experimenting with limited application of mechanised harvesting by experimenting with different types of harvesting machines. Currently the Company is shifting to the adoption of single-person harvesting machines that are more energy efficient and are light weight.

- **Factory development:** APL's ongoing factory development programme is aimed at upgrading and eventually fully automating it's tea factories. Please refer the Manufactured Capital chapter for progress in the current financial year.

Intellectual Capital

Science-based good agricultural practices

APL's tea fields are being aligned with agricultural advisories issued by the Tea Research Institute (TRI) with the direct involvement of soil and plant specialists. Collectively, these modern, science-based practices will, over the long term, directly contribute towards enhancing resilience of APL estates towards extreme weather patterns, while also improving crop productivity and maximising land use.

- **Climate resilience:** APL's climate resilience strategy encompasses a range of measures. These include cultivation of shade trees, gradual replacement of seedling tea with specialised Vegetatively Propagated Cultivar for drought resistance and higher yield, correct drainage alignment and regular desilting of drains, and land risk mapping.

- **Water management:** APL estates apply drip irrigation and gravity fed irrigation systems in order to conserve water.

- **Optimising the energy mix:** APL has commenced adopting the energy mix recommended by the TRI to manage production expansion while minimising emissions and containing energy costs. Therefore, the Company is transitioning to an optimum energy mix of solar power, mini-hydro based hydro - electricity, fossil fuels and electricity from the national grid. Therefore, Gliricidia and Calliandra will be cultivated under TRI recommendations, while also expanding solar and hydro power. The objective is to ensure self-sustained factory operations.

- **Integrated pest management (IPM) systems:** IPM systems are being introduced in tea fields utilising a combination of chemical, biological and cultural techniques to ensure maximum outputs and quality of tea leaves, while complying with internationally recognised maximum residue levels.

- **Site specific fertiliser:** APL tea estates are developing site specific fertiliser formulae and applications, to address specific soil conditions, based on soil tests, to enhance soil nutrition. The leaves and topmost parts of the branches of Gliricidia and Calliandra plantations will be applied to tea fields as a green manure and mulch, adding nutrients to the soil and to conserve soil moisture. These leaves can also be used for compost due to good nitrogen fixation ability.

- **Infilling and replanting:** APL has an ongoing infilling operation to balance outputs with costs.

Plans for the future

APL will continue to enhance it's intellectual base by experimenting and adopting innovative agricultural applications and will expand the use of technological solutions such as modern machinery, renewable energy and digital applications, including Agentic Artificial Intelligence to manage production and good governance.

Natural Capital

"During the current financial year, APL continued it's range of environmental protection and conservation efforts that also contribute towards managing climate change impacts and the Company's commitment to achieving Net Zero status"

APL recognises that, alongside generating value through it's business activities, it has a responsibility to protect the natural environment of its hill country estates, which are located in ecologically sensitive areas. These estates serve as key stewards of the region's unique ecosystems and biodiversity. In acknowledgement of this duty, APL's management has put in place comprehensive measures to preserve this invaluable national heritage for future generations, embedding sustainable, environmentally friendly agricultural practices and targeted conservation initiatives at the heart of it's operations.

COMPLIANCE WITH ENVIRONMENTAL REGULATIONS 2025/26

APL is compliant with:

- The National Environmental Act
- Forest Ordinance
- Sector-specific guidelines issued by the Central Environmental Authority (CEA) and the Tea Board of Sri Lanka

In addition:

- All estates have valid Environmental Protection Licenses (EPLs)
- Monthly environmental audits were conducted internally
- Compliance with Carbon Footprint and Rainforest Alliance Certification standards
- Environmental Impact Assessments (EIAs) were conducted for all new development projects, reviewed and approved by the relevant authorities
- A centralised Compliance Monitoring System is in operations for real-time reporting and to initiate rectification of any lapses, with direct oversight by the Environmental Management Division
- Waste management processes are continually monitored and enforced

Natural Capital

OUR NATURAL CAPITALS

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

Land	
• Total land extent	10,192 ha
• Revenue Extent	6,357 ha
• Timber Extent	935 ha
• Conservation Areas	
- Natural Forest	21.59 ha
- Wetland Reservation	2.42 ha
- Railway Reservation	2.78 ha
- River Reservation	135.78 ha
- Landslide Prone Reservation	32.5 ha
- Slope Reservation	77.74 ha

Investment on conservation 2025/26

APL has continued to invest in environmental conservation as a core component of it's business model as a responsible steward of the natural capital under its protection.

Conservation activity	2023/24 Rs. Mn	2024/25 Rs. Mn	2025/26 Rs. Mn	% change
Complying with environmental regulations	1	2	1	(50%)
Complying with additional multiple environmental sustainability accreditations	1	9	5	(4%)
Sustainable agricultural practices	1,302	1,172	1,236	5%
Waste management	9	1	1	-
Biodiversity protection	-	1	1	-
Conducting environmental impact assessments	8	3	1	(67%)
Total	**1,321**	**1,188**	**1,245**	**5%**

Energy management initiatives

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

Renewable energy

- Three factories were equipped with solar power in the current financial year putting the total at ten factories. As a result seven factories in the Uva Region and three in the Agras Region are now utilising solar power
- Tea factories are also transitioning to biomass energy using briquets and sawdust
- APL has two mini-hydro power plants in operation. The mini-hydro in Diyagama West Estate supplies electricity to the factory. APL's subsidiary, Waverly Power (Pvt) Ltd, sells hydropower to the national grid
- A third mini hydro plant is planned for Diyagama East Estate

Water Conservation Initiatives

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

Circular economy initiatives

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

Environmentally friendly agricultural practices

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

Waste management practices

- Estate-level waste is segregated into biodegradable, recyclable, and hazardous categories
- All biodegradable waste is converted into organic compost, and non-biodegradable waste is sent to licensed recycling centres
- Agrochemical containers and hazardous waste is disposed safely and recorded, in line with regulatory standards
- Awareness drives to eliminate single-use plastics within estate operations and worker communities

Biodiversity protection initiatives

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

Environmental Conservation Projects

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

Estate Wetland Preservation Initiative

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

Bamboo planting along waterways

In order to protect river banks and mitigate extreme weather impacts, APL has conducted a large scale bamboo planting programme along the rivers flowing through Horton Plains and cutting across its estates.

Plans for the future

In the new financial year, APL will continue to expand its renewable energy strategy to cover more of it's tea factories. Ongoing environmentally friendly agricultural practices will also be expanded.

Social Capital

"In the current financial year, APL moved proactively to safeguard it's community from natural disasters and has consistently increased the value it has created for all it's stakeholder groups through it's business operations. All stakeholder relationships were underpinned by APL's corporate values and ethical business practices, strengthening trust and goodwill"

Stakeholder engagements

APL's stakeholder engagement approach is guided by professionalism, ethical conduct, and the pursuit of mutually beneficial relationships, while ensuring regulatory compliance and adherence to contractual obligations. The objective is to build trust, strengthen collaboration, and support the Company's long-term strategic goals. The Company is highly conscious of regulatory compliance in all transactions and communications with shareholders, employees, and customers, business partners and suppliers, as a key component of managing it's compliance and reputational risks.

Key stakeholder groups are identified and prioritised by senior management based on their influence on APL's operations and strategic objectives. Designated personnel manage communications with external stakeholders to ensure accuracy, professionalism, and regulatory compliance. Internally, a range of communication channels has been established to engage effectively with employees and trade unions.

Regulatory compliance

APL remains fully compliant with Sri Lanka Tea Board regulations, marketing standards and accreditation standards. The Company ensures that all product labeling, promotional materials, and certifications adhere to strict regulatory and ethical guidelines. There were no reported non-compliances in 2025/26. Regular internal and external audits are conducted to uphold product safety standards, integrity of the value chain and ethics of marketing practices.

Stakeholder category	How we ensured meaningful engagement in 2025/26
Regulators • Central Environmental Authority • Forest Department • Department of Labour • Sri Lanka Tea Board	• Timely regulatory reporting • Inspection visits to our factories were facilitated whenever requested • All statutory payments were made on time
The Managing Agent: Lankem Tea and Rubber Plantations (Pvt) Ltd (LT&RP)	Meetings were held with the managing agent regularly, to update them regarding the Company's operations
Golden shareholder	All statutory communications were conducted on time through the Plantation Management & Monitoring Division, under the purview of the Ministry of Plantation and Community Infrastructure
Ultimate parent: The Colombo Fort Land & Building PLC	Regular communications were conducted through the Chairman and the Board of Directors
Other shareholders	• APL paid a dividend of Rs. 0.50 per share during the year (Total dividend payment - Rs. 250 Mn) • The Annual Report was made available to all shareholders • Quarterly Financial Statements were published on the Colombo Stock Exchange website • Annual General Meeting was conducted • All material disclosures were submitted to the Colombo Stock Exchange • We also accommodate shareholder inquiries through our company secretaries • The Company website is also available to shareholders to provide more information about the Company
Subsidiary - Waverly Power (Pvt) Ltd	Regular management meetings were conducted
Banks	Regular meetings and communications were held with banking services providers
Buyers and Brokers	• Communications were maintained with key buyers and brokers to meet market demand • Buyer visits to estates and factories were organised
Employees	• Productivity Committee meetings were conducted regularly to engage with employees • APL supported all employees and their families affected by the Ditwah cyclone Please refer the Human Capital chapter for details on employee engagements during the year
Trade Unions	Trade union meetings are facilitated within estate premises and the management also conducted meetings with the unions when required
Resident Communities (APL estates are home to a resident estate population of over 44,000)	APL provided proactive support and rehabilitation for estate communities affected by Cyclone Ditwah. The Company also continued its ongoing welfare programmes.

Social Capital

Stakeholder category	How we ensured meaningful engagement in 2025/26
Suppliers	Suppliers and their products were evaluated to ensure that the Company maintains high quality, while remaining competitive in terms of pricing. Our supplier base comprises: • Green Leaf Suppliers • Agrochemical Suppliers • Fuel & Electricity Suppliers • Firewood Suppliers • Packing Material Suppliers • Machinery and Spare Parts Suppliers • Hardware Items Suppliers • Transporters
Certification/Accreditation Bodies	• Engagements were conducted with number of accreditation agencies for evaluations and audits throughout the year • Estate and factory visits were facilitated whenever requested • Relevant quantitative data and reports were submitted on time
Government and non-governmental organisations engaged in social welfare	• Following Cyclone Ditwah, APL supported all relief initiatives conducted in APL estates by external parties • Financial aid was contributed for Ditwah rehabilitation efforts in the country • Company resources were allocated for other welfare projects conducted by external agencies **Our partners during the current financial year were:** • National Disaster Management Centre • National Building Research Organisation (NBRO) • Plantation Human Development Trust (PHDT) • Ministry of Plantation and Community Infrastructure • Sri Lanka Tea Board (SLTB) • Central Environment Authority (CEA) • Divisional Secretariat • Pradeshiya Sabha
Industry associations	• The Managing Director was an active participant in wage negotiations with the Government through the Planters Association of Ceylon • APL participated in industry discussions regularly • APL provided data to support industry lobbying and public relations **Membership in associations** APL has membership in the following trade associations • The Planters' Association of Ceylon • Ceylon Tea Traders' Association • Employers' Federation of Ceylon • Tea Research Institute

Engaging with our customers

Our tea centres are the retail consumer outlets of the Company. In addition, the Company has regular meetings and communications with buyers and brokers, including accommodating buyer visits to the estates. APL also engages with all Colombo Auction participants in the sale of bulk tea.

APL quality standards

APL maintains international quality of manufacturing within it's tea factories, validated through globally recognised ISO accreditations for food safety and manufacturing practices.

Agras Region

ESTATE	ISO 22000:2018 - Food Safety Management System	ISO 9001:2015 - Quality Management System
Albion	Certified	
Balmoral	Certified	Certified
Diyagama East	Certified	Certified
Diyagama West	Certified	Certified
Glasgow	Certified	Certified
Hauteville	Certified	
Sandringham	Certified	
Torrington	Certified	

Haputale Region

ESTATE	ISO 22000:2018 - Food Safety Management System	ISO 9001:2015 - Quality Management System
Beauvais	Certified	
Dambatenne	Certified	Certified
Glenanore	Certified	
Gonamotawa	Certified	
Haputale	Certified	Certified
Nayabedde	Certified	Certified
Pitaratmalie	Certified	
Udaveriya	JAS Organic Certification	

Ethical certifications

In addition to quality certifications that verify manufacturing and food safety, all APL estates obtained Rainforest Alliance certification except for Udaveriya Estate. The ethical certifications attest to APL's socially and environmentally conscious business practices.

Community engagements

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

Silver Award - TAGS Annual Report Competition

Disaster relief

APL's disaster relief initiatives to support our estate communities commenced prior to the arrival of Cyclone Ditwah, with identification of high risk families and relocation of these families to temporary safe locations. Kovils and schools in the safe locations were organised to house the families numbering over 600 persons, with adequate food, living and sanitation facilities.

Currently, the Company is working with the Government Authorities to relocate these families to permanent housing in safe locations. Meanwhile, rehabilitation of estate roads, bridges and workers quarters was undertaken until such arrangements are made.

In addition, APL contributed Rs. 2.5 Mn in order to support housing rehabilitation of Ditwah victims.

Social Capital

Community infrastructure and housing

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

Housing Project - New Portmore Estate

Health and wellness initiatives

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

Health Camp - Balmoral Estate

Education and child care

The Company continued to provide free school supplies, scholarships, and financial aid to estate children as a key social development component. Children of workers selected for local universities receive Rs. 5,000 per month, until they graduate within four years.

The Child Development Centres (CDCs) in the estates were upgraded ensuring better early childhood education. Career guidance and skill development programmes were organised for estate youth.

Pre-school Activity - Diyagama West Estate

Women's Empowerment & Livelihood Development

Tea Harvesting - Dambatenne Estate

Plans for the future

In the upcoming financial year, APL plans to elevate it's social impact through a targeted marketing and branding initiative, highlighting it's premium teas in the retail sector. The Company will maintain a continuous focus on optimising it's value chain and business operations to deliver greater benefits to all stakeholders. Supporting community development, advancing women's empowerment, and fostering the education of estate children will continue to be central to APL's priorities.

Integrity-led

INTEGRITY GUIDES EVERY DECISION AT AGARAPATANA PLANTATIONS PLC AND SAFEGUARDS EVERY OUTCOME. WE OPERATE WITH TRANSPARENCY AND ACCOUNTABILITY FORMED BY STRONG GOVERNANCE, THUS ENSURING THAT OUR ACTIONS REMAIN ALIGNED WITH TRUST AND RESPONSIBILITY

Governance System

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

APL also prioritised continuous improvements to the Company's sustainable governance systems by commencing adoption of the SLFRS Sustainability-related Financial Disclosures during the year, as well as successfully completing the Rainforest Alliance, ISO certifications and Carbon Footprint audits.

IMPROVEMENTS TO GOVERNANCE SYSTEMS

BOARD OF DIRECTORS

The Board of Directors is the highest governing body of the Company and provides leadership and strategic direction, as well as ensuring management of risks and good governance. The Board comprised three Executive Directors and four Non-Executive Directors, two of whom are Independent Directors. The Board met six times during the year for review of performance and deliberations.

The profiles of the Board of Directors is given on pages 24 to 26 of this report.

BOARD SUBCOMMITTEES

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

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

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

MANAGEMENT COMMITTEE

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

MANAGING AGENT

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

PARENT AND ULTIMATE PARENT

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

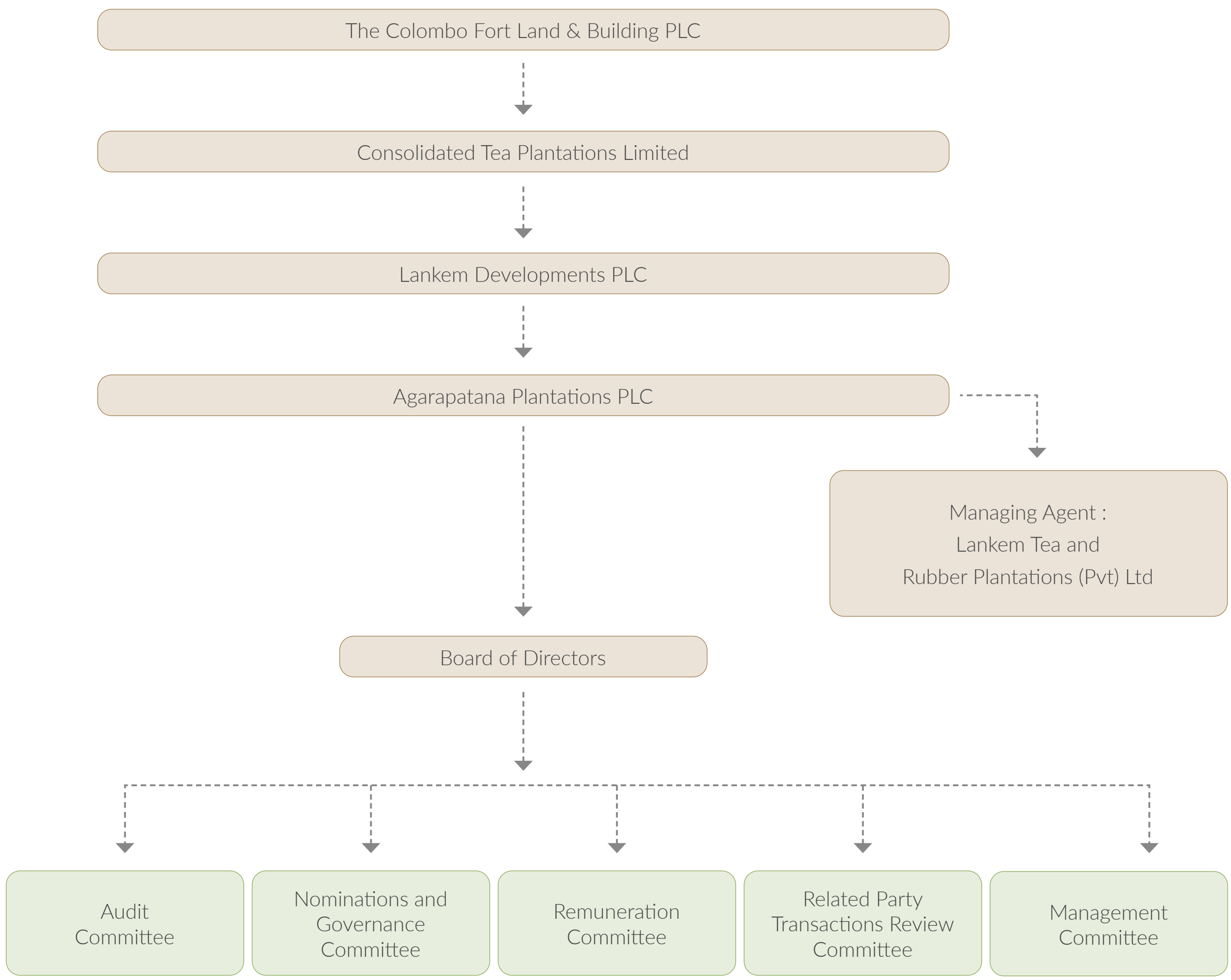
SEPARATION OF CHAIRMAN AND TOP EXECUTIVE

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

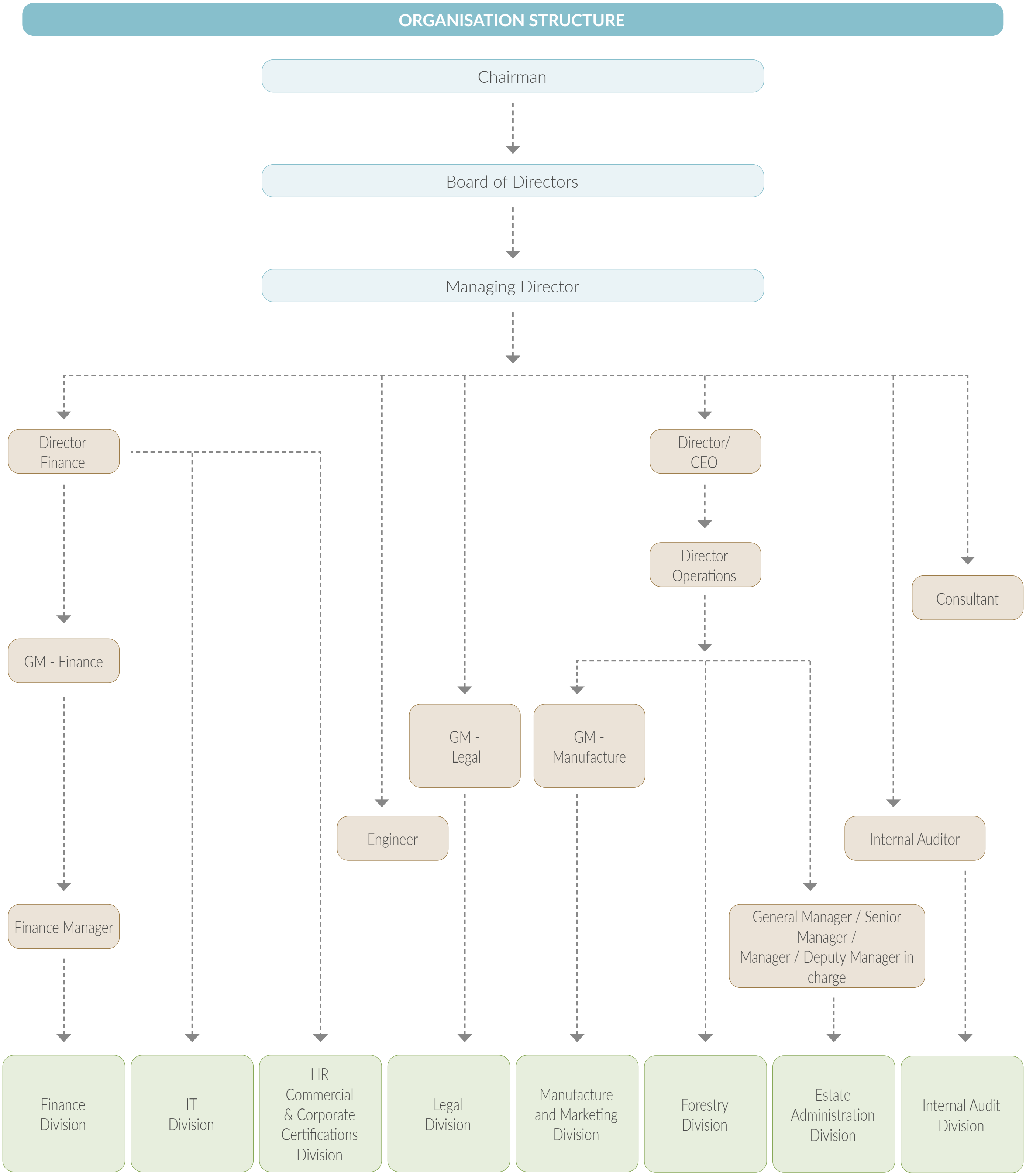
COMPOSITION OF THE BOARD

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

GOVERNANCE STRUCTURE



Governance System



COMPLIANCE STATUS

The Company is in compliance with the Listing Rules of the Colombo Stock Exchange and the Companies Act No. 07 of 2007. Given below is a demonstration as to how we adhere to good Corporate Governance practices.

<table>
<tr><th>Corporate Governance Principle</th><th>Company's Adherence</th></tr>
<tr><td colspan="2">Directors</td></tr>
<tr><td>Composition of the Board</td><td>The Board is in compliance with the Listing Rules and includes a mix of skills, qualifications and experiences to provide adequate insights and technical knowledge to guide the Company.

Currently the Board comprises of three Executive Directors and four Non-Executive Directors, two of whom are Independent. The Directors possess a strong balanced blend of skills and experience to offer guidance in core areas important to the Company.

The Board is committed to adhere to various business practices in order to further establish the Company as a good corporate citizen that values responsibility. The strategic options, implementation and risk control strategies are closely monitored in order to deliver better results.

Mr. S.D.R. Arudpragasam - Non-Executive (Chairman)
Mr. S.S. Poholiyadde - Executive (Managing Director)
Mr. D.R. Madena - Executive (Chief Executive Officer)
Mr. Anushman Rajaratnam - Non-Executive
Mr. K. Mohideen - Executive (Director Finance)
Mr. K.G. Punchihewa - Independent Non-Executive
Mr. S.B. Perera - Independent Non-Executive

Independence
Independent Non-Executive Directors have submitted signed and dated declarations of their independence/ non-independence to the Board.

The Board makes a determination annually as to the Independence or non independence of each Independent Non-Executive Director based on such declarations made on the defined criteria and other information available to the Board. The names of Directors determined to be "independent" are set out in the Annual Report.

Mr .K.G. Punchihewa and Mr. S.B. Perera, Independent Non- Executive Directors of the Company , meet the criteria for defining independence as set out in Listing Rule 9.8.3 of the Colombo Stock Exchange and were determined to be independent by the Board.</td></tr>
<tr><td>Decision making of the Board</td><td>The Board met on six occasions during the year under review.

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

The number of meetings of the Board and the individual attendance by members is shown below:

<table><tr><th>Name of Director</th><th>No. of Meetings attended</th></tr><tr><td>Mr. S.D.R. Arudpragasam</td><td>6/6</td></tr><tr><td>Mr. S.S. Poholiyadde</td><td>6/6</td></tr><tr><td>Mr. D.R. Madena</td><td>6/6</td></tr><tr><td>Mr. Anushman Rajaratnam</td><td>4/6</td></tr><tr><td>Mr. K. Mohideen</td><td>6/6</td></tr><tr><td>Mr. K.G. Punchihewa</td><td>6/6</td></tr><tr><td>Mr. S.B. Perera</td><td>5/6</td></tr></table></td></tr>
</table>

Corporate Governance Principle	Company's Adherence
	The Board is responsible for: • Ensuring the conduct of the Company's affairs in the best interest of it's stakeholders. • Identifying strategic options implementation and monitoring their success. • Appointment of the Directors, ensuring staff succession and determining remuneration of senior executives and staff in consultation with the respective Committees. • Ensuring an effective internal control system. • Ensuring a proactive risk management system. • Ensuring compliance with highest ethical standards and legal standards. • Approval of major capital investments acquisition expansions and budgets. • Approval of interim and annual financial statements for publication. • Ensuring compliance with the Company policies. The Directors have made themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions.
Chairman's Role	The Chairman is a Non-Executive Director and is responsible for steering the Board to preserve order and to facilitate the effective discharge of Board functions. He conducts Board proceedings in a manner which always ensures the following: • The effective participation of Directors. • Encourages an effective contribution from Directors within their respective capabilities, for the benefit of the Company. • Ascertains the views of Directors on issues under consideration. The Board is in complete control of the Company's affairs and is alert to it's obligation to all shareholders and other stakeholders.
Fit & Proper Assessment	The Company's fit and proper assessment for Directors is in line with the guidelines set out in the Listing Rules and include criteria on honesty, integrity and reputation, competence and capability and financial soundness. The Chairman, Directors and CEO satisfy the fit and proper assessment criteria stipulated in the Listing Rules of the CSE.
Company Secretaries	The Company and all Directors may seek advice from Corporate Managers & Secretaries (Pvt) Ltd who are qualified to act as Secretaries as per the provisions of the Companies Act No. 7 of 2007.
Obtaining independent professional advice	Advice is sought from independent experts whenever the Board deems it necessary. The Directors are updated on the changes in the plantation industry as well as on the general aspects which may affect the Company's operations.
Independent Judgement	The Board of Directors at all times exhibit high standards of integrity, commitment and independence of judgement. Each Director dedicates the time and effort necessary to carry out his responsibilities.
Managing Agent	The Board of Directors has delegated the management of Plantation and the task of achieving the strategic objectives set out by the Board to the managing agent, Lankem Tea & Rubber Plantations (Pvt) Ltd (LT&RP). The managing agent meets frequently and review the progress towards achieving the budgets and discuss the operational issues. The successful implementation of the Capital Expenditure programmes and focusing on the development strategies are also key priorities.
Financial Acumen	The Board comprises of five finance professionals who possess the knowledge and the competence to offer the Board the necessary guidance on matters relating to finance.

Corporate Governance Principle	Company's Adherence
Supply of Information	Prior to each meeting all Directors are provided with an Agenda and a file of Board Papers which includes summarised Financial Statements, operational statistics, performance reviews, sales reports, Schedules of Capital Expenditure and Progress Reports, covering all significant issues with the comparatives of prior year and budget. Minutes of all the Meetings are properly recorded and circulated amongst the Directors. This information is provided at least 7 days prior to the meeting which gives Directors adequate time for qualitative deliberation and analysis.
Nominations and Governance Committee/ Appointments to the Board	There is a formal and transparent procedure for the appointment of new Directors to the Board, which is in accordance with the recommendations made by the Nominations and Governance Committee in consultation with the Chairman and in compliance with the provisions of the Articles of Association of the Company, the Policies adopted by the Company and the Rules on Corporate Governance. The Board as a whole annually assesses the Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company. The findings of such assessments are taken into account when new Board appointments are considered and when incumbent Directors come up for re-election. Upon the appointment of a new Director to the Board, the Company makes the required disclosures of such Director to the shareholders by making announcements to the Colombo Stock Exchange. The Nominations and Governance Committee Report is set out on pages 110 to 112.
Disclosure of Appointments of New Directors to the Shareholders	The new appointments are made available to shareholders by making announcements to the Colombo Stock Exchange.
Re-election and Reappointment of Directors	In terms of the Articles of Association of the Company a Director appointed to the Board holds office until the next Annual General Meeting, at which he seeks re-election by the shareholders. The Articles require one-third of the Directors in office (excluding the Managing Director and the Appointed Directors) to retire by rotation at each Annual General Meeting. The Directors who retire are those who have been longest in office since their last election. Retiring Directors are eligible for re-election by the shareholders. The Nominations and Governance Committee of the Company has duly recommended to the Board the re-election and reappointment of the Directors at the forthcoming Annual General Meeting and the Board of Directors have duly approved the said re-election and reappointment of the Directors. Further the Members have refrained from participating in decision making relating to their own re-election/reappointment.
Relationship with Shareholders	
Constructive use of AGM/General Meetings	The Company always welcomes the active participation of the shareholders at the Annual General Meeting. Questions put up by the shareholders are answered thus promoting a healthy dialogue. The required number of days notice has been given to the shareholders in terms of the Companies Act No.7 of 2007 and the Articles of Association of the Company.
Communication with Shareholders	The Company publishes the Annual Report together with the Interim Reports in order to communicate information to the shareholders in a timely manner.
Major Transactions	There have been no transactions during the year under review which fall within the definition of "Major Transactions" as set out in the Companies Act.
Price Sensitive Information	Due care is exercised with respect to share price sensitive information.

Governance System

Corporate Governance Principle	Company's Adherence
Others	The Company maintains a website under the name https://lankemplantations.lk/agarapathana-plantations/ which offers, information on the Company and its affairs. The Company's principal communicator with all its stakeholders is its Annual Report and Quarterly Financial Statements. The shareholders are free to communicate with the Company. Whenever possible, the Company implements their suggestions. The policy on Relations with Shareholders and Investors is available on the Company's website https://lankemplantations.lk/agarapathana-plantations/ and the contact persons are mentioned. Major issues and concerns of shareholders are communicated to the Board by the Senior Management and the Corporate Secretaries.
Accountability and Audit	
Financial Reporting	The Board attaches high priority to timely publication of Quarterly and Annual results with comprehensive details (both financial & non-financial) going beyond statutory requirements. This enables both existing and prospective shareholders to make fair assessments on the Company's performance and future prospects. The financial statements are prepared in accordance with Sri Lanka Accounting Standards. The Company's accounting formats and procedures are in compliance with the procedures laid down by the regulatory authorities.
Disclosures	The Annual Report of the Board of Directors is on pages 102 to 105 of this report. The Statement of Directors responsibilities for the financial reporting is on page 114 and the Auditors' Report on the financial statements is on pages 116 to 119 of this annual report.
Going Concern	The Board of Directors after reviewing the financial position and cash flow of the Company are of the opinion that the Company has adequate resources to continue operations well in the foreseeable future. Therefore, the Board adopts the going concern basis in preparing Financial Statements.
Internal Control	The Directors are responsible for maintaining an effective internal control system and proactive risk management strategy. Internal controls cover both financial and operational matters and risk management to safeguard the assets of the Company. The risk management strategy of the Company is on pages 99 to 101 of this report. The Company also ensures that effective internal and external audit procedures are followed and the Board reviews the Reports in order to maintain the progress of the Systems and results.
Internal Audit	The Internal Audit division comprises of Head of Internal Audit and Assistants who report directly to the Managing Director. The Audit Committee is apprised of any pertinent matters. Internal Auditors are empowered to examine and review the financial reporting systems, internal control procedures, accounting policies and compliance with accounting standards. They also review the adequacy of systems for compliance with legal, regulatory and ethical requirement and company policies.
External Audit	The Company maintains a professional relationship with the external auditors, M/S Ernst & Young. This ensures their objectivity, independence and compliance with regulatory and ethical requirements.
Audit Committee	The Audit Committee Report is set out on pages 107 to 109 of this Report.
Directors' Remuneration	
Remuneration Committee	The Remuneration Committee Report is set out on page 106 of this Report
Disclosure of Remuneration	Aggregate remuneration paid to key management personnel is disclosed in Note 35.2 to the Financial Statements on page 173 of this report.
Related Party Transactions	
Related Party Transactions Review Committee	The Related Party Transactions are disclosed in Note 35 to the Financial Statements. The Report of the Related Party Transactions Review Committee appears on page 113.

Corporate Governance Principle	Company's Adherence
Others	
Management Committees	The Management Committee comprises of Directors, Consultants, General Managers and Deputy General Managers. Meetings are held once a month where a review in detail is carried out on the performance of each individual estate based on both financial and relevant non-financial indicators.
Compliance with Legal Requirements	The Board is conscious of it's responsibility to the shareholders, the Government and the Society in which it operates and is unequivocally committed to upholding ethical behaviour in conducting its business. The Board strives to ensure that the Company and it's subsidiary comply with the laws and regulations of the Country.
Social & Environmental Matters	The Company has for many years recognised the benefits that accrue from responsible employment, environmental and community policies which are dealt with in detail in the Chairman's Message, Managing Director's Review and CEO's Review.
Rights of Employees / Other Stakeholders	The Company identifies the rights of employees. Several employee performances enhancing mechanisms such as performance appraisals and training initiatives are in place for the career building of the employees. A series of best practices and techniques are now embedded in the business and applied intelligently within the organisation. Constant responsiveness to all stakeholder interests and an effective risk management process are critical success factors to ensure that the governance process will continue to add value in the future. The Extent to which the Corporate Governance practices are adopted in the Company is given as above in this report.
Compliance status with the Colombo Stock Exchange Listing Rules on Corporate Governance	The Company's compliance status with the Colombo Stock Exchange Listing Rules on Corporate Governance is disclosed on pages 82 to 94.
Company Policies	The Company has established a comprehensive suite of Corporate Policies that align with the Listing Rules of the Colombo Stock Exchange (CSE) and reflect the Company's commitment to ethical governance, transparency and sustainable business practices. These policies encompass key areas such as: • Matters relating to the Board of Directors. • Board Committees. • Corporate Governance, Nominations and Re-election. • Remuneration. • Internal Code of Business Conduct and Ethics. • Risk Management and Internal Controls. • Relations with shareholders and investors. • Environmental, Social and Governance (ESG) sustainability. • Control and Management of Company Assets and Shareholder Investments. • Corporate Disclosures. • Whistleblowing. • Anti-Bribery and Corruption. These policies are publicly accessible on the Company's website at https://lankemplantations.lk/agarapathana-plantations/

Adherence to the Corporate Governance Rules of the Colombo Stock Exchange

Rule		Adherence
9.2	**POLICIES**	
9.2.1	**Establish and maintain the following policies**	
	a. Matters relating to the Board of Directors b. Board Committees c. Corporate Governance, Nominations and Re-election d. Remuneration e. Internal Code of Business Conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities f. Risk management and Internal controls g. Relations with Shareholders and Investors h. Environmental, Social and Governance Sustainability i. Control and Management of Company Assets and Shareholder Investments j. Corporate Disclosures k. Whistleblowing l. Anti-Bribery and Corruption	Complied
9.2.2	Any waivers from compliance with the Internal code of business conduct and ethics or exemptions granted by the Listed Entity shall be fully disclosed in the Annual Report	Not Applicable
9.2.3	Listed entities shall disclose in it's Annual Report.	
	i. The list of policies that are in place in conformity Rule 9.2.1. above with reference to it's website. ii. Details pertaining to any changes to policies adopted by the Listed Entities in compliance with Rule 9.2 above	Complied
9.2.4	Listed Entities shall make available all such policies to shareholders upon written request being made for any such Policy.	Will be made available when requests are received.
9.2.5	i. If a Listed Entity fails to comply with Rule 9.2.1, the Exchange will issue a Notice of Show Cause, granting seven (7) Market Days to provide reasons for the non-compliance. ii. If no response is received within the given time or if the explanation is deemed insufficient, enforcement measures will follow as outlined below: a. A letter of warning will be issued by the Exchange. b. If the Entity fails to rectify the non-compliance within three (3) months from the date of the warning letter, a penalty of Rs. 250,000 will be imposed. iii. The Exchange will make a Market Announcement regarding the non-compliance, enforcement action, and penalty. The penalty must be settled within seven (7) Market Days from notification. Failure to do so will result in referral to the SEC under Section 65 of the SEC Act.	The Company is compliant with Rule 9.2.1 and therefore Rule 9.2.5 is not applicable
9.3	**BOARD COMMITTEES**	
9.3.1	**Establishment of Committee**	
	a) Nominations and Governance Committee	Complied
	b) Remuneration Committee	Complied
	c) Audit Committee	Complied
	d) Related Party Transactions Review Committee	Complied

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

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

Rule		Adherence
9.8.3	**Criteria for determining independence**	
	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. Provided that a person above the age of seventy (70) years may nevertheless be considered independent if compliant with Rule 9.8.3 (ix) (a) to (d) and the requirements of sub clauses (a), (b) and (c) shall be repeated at each Annual General Meeting of the Listed Entity in respect of any director over the age of seventy years whom the Listed Entity wishes to continue to treat as independent.	Complied

Rule		Adherence
9.8.5	**The Board of Directors of Listed Entities shall require:**	
	a) Each Independent Director to submit a signed and dated declaration annually	Complied
	b) Make an annual determination as to the "independence" of Independent Director and set out the names of Directors determined to be 'independent' in the Annual Report.	Complied
	c) If independence is impaired against any of the criteria set out in Rule 9.8.3, an immediate Market Announcement is required	Not applicable
9.8.6	**Enforcement Actions for Non-Compliance with Rules 9.8.1 and 9.8.2**	
	A. In the event a Listed Entity fails to comply with Rules 9.8.1 and/or 9.8.2 of these Rules B. Where a Listed Entity has failed to comply with Rules 9.8.1 or 9.8.2 and has not disclosed of such non-compliance to the Exchange or the market	Complied with Rule 9.8.1 and 9.8.2 Therefore 9.8.6 A and B Not Applicable
9.9	**ALTERNATE DIRECTORS**	
	Compliance with the following requirements and such requirements shall also be incorporated into the Articles of Association a) Alternate Directors shall only be appointed in exceptional circumstances and for a maximum period of one (1) year from the date of appointment. b) If an Alternate Director is appointed for a Non-Executive Director such alternate should not be an Executive Director. c) If an Alternate Director is appointed by an Independent Director, the person so appointed should meet the criteria of independence The Nominations and Governance Committee shall review and determine that the person nominated as the alternate would qualify as an Independent Director before such appointment is made. d) Immediate Market Announcement regarding the appointment of an Alternate Director e) Attendance of Alternate Director to be counted for the purpose of quorum at Board and Board Committee meetings.	Complied
9.10	**DISCLOSURES RELATING TO DIRECTORS**	
9.10.1	Disclose its policy on the maximum number of directorships in Listed Entities Board members shall be permitted to hold as per Rule 9.5.1. Non-compliance to be reported in the Annual Report. (maximum number of Listed Company Directorships – 25)	Complied
9.10.2	Market announcement on appointment of new Director (i - iii)	Complied
9.10.3	Immediate Market Announcement regarding any changes to the composition of the Board Committees (i - ii)	No changes to the Board Subcommittees during 2025/26

Rule		Adherence
9.10.4	**Disclosure in Annual Report - Directors' details**	
	• Name, qualifications and brief profile • Nature of his/her expertise in relevant functional areas • Whether either the Director or Close Family Members has any material business relationships with other Directors • Whether Executive, Non-Executive and/or independent Director • Total number and names of Companies in Sri Lanka in which the Director concerned serves as a Director and/or KMP stating whether listed or unlisted, whether functions as executive or non-executive (If the directorships are within the Group, names need not be disclosed) • Number of Board meetings attended • Names of Board Committees in which the Director serves as Chairperson or a member • Attendance of committee meetings	Complied
	• TOR and powers of SID	Not Applicable
9.10.5	**Non-Disclosure of Changes to Board and Committees**	
	a) Failure to disclose new appointments or changes to the Board of Directors b) Failure to disclose changes to the composition of Board Committees in terms of Rule 9.10.3 (ii)	Not Applicable
9.11	**NOMINATIONS AND GOVERNANCE COMMITTEE**	
9.11.1	Establishment of Nominations and Governance Committee	Complied
9.11.2	Maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee	Complied
9.11.3	Written terms of reference	Complied
9.11.4	**Composition**	
	(1) The members of the Nominations and Governance Committee shall; (a) Comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors. (b) Not comprise of Executive Directors of the Listed Entity (2) An Independent Director shall be appointed as the Chairperson (3) Identify Members in the Annual Report	Complied

Rule		Adherence
9.11.5	**Functions**	
	i) Evaluate the appointment of Directors to the Board of Directors and Board Committees ii) Recommend (or not recommend) the re-appointment/ re-election of current Directors iii) Establish and maintain a formal and transparent procedure to evaluate, select and appoint/re-appoint Directors iv) Establish and maintain a set of criteria for selection of Directors v) Establish and maintain a suitable process for the periodic evaluation of the performance of the Board of Directors and the CEO of the Entity to ensure that their responsibilities are satisfactorily discharged vi) Develop a succession plan for the Board of Directors and Key Management Personnel vii) Review the structure, size and composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities viii) Review and recommend the overall corporate governance framework of the Listed Entity taking into account the Listing Rules of the Exchange, other applicable regulatory requirements and industry/ international best practices ix) Periodically review and update the Corporate Governance Policies / Framework of the Entity in line with the regulatory and legal developments relating to same, as a best practice x) Receive reports from the Management on compliance with the corporate governance framework of the Entity including the Entity's compliance with provisions of the SEC Act, Listing Rules of the Exchange and other applicable laws, together with any deviations/non-compliances and the rational for same	Complied
9.11.6	**Disclosures in Annual Report**	
	Nominations & Governance Committee Report and contents to be incorporated - Sections (a)-(m)	
9.12	**REMUNERATION COMMITTEE**	Refer Page 74 of the Corporate Governance Report and the Remuneration Committee Report on Page 106
9.12.1	The term "remuneration" shall make reference to cash and all non-cash benefits whatsoever received	
9.12.2	Establishment of Remuneration Committee	
9.12.3	Establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her own remuneration.	
9.12.4	Remuneration for Non-Executive Directors should be based on a policy which adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired.	
9.12.5	Written terms of reference	
9.12.6	**Composition**	
	(1) The members of the Remuneration Committee shall; (a) Comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors. (b) Not comprise of Executive Directors of the Listed Entity (2) An Independent Director shall be appointed as the Chairperson.	

Rule		Adherence
9.12.7	**Functions**	Refer Page 74 of the Corporate Governance Report, the Remuneration Committee Report on Page 106 and Note 35 to the Financial Statements
	1) Recommend the remuneration payable to the Executive Directors and CEO of the Listed Entity and/or equivalent position thereof to the Board of the Listed Entity which will make the final determination upon consideration of such recommendations. 2) Engage any external Consultant or expertise that may be considered necessary to ascertain or assess the relevance of the remuneration levels applicable to Directors and CEO.	
9.12.8	**Disclosure in Annual Report**	
	a) Names of the Chairperson and members of the Remuneration Committee and the nature of directorships held by such members (or persons in the parent Company's Remuneration Committee in the case of a group Company); b) A statement regarding the remuneration policy; and, c) The aggregate remuneration of the Executive and Non-Executive Directors	
9.13	**AUDIT COMMITTEE**	Refer Audit Committee Report
9.13.1	Where Listed Entities do not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Listed Entities shall additionally perform the Risk Functions	Complied
9.13.2	**Written terms of reference**	Complied
9.13.3	**Composition**	
	(1) The members of the Audit Committee shall;	
	(a) Comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors.	Complied
	(b) Not comprise of Executive Directors of the Listed Entity	Complied
	(2) Quorum - requires that the majority of those in attendance to be independent directors.	Complied
	(3) Compulsorily to meet on a quarterly basis prior to recommending the financials to be released to the market.	Complied
	(4) An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.	Complied
	(5) Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation. Provided however where the Listed Entity maintains a separate Risk Committee, the CEO shall attend the Risk Committee meetings by invitation.	Managing Director and Director Finance were in attendance by invitation
	(6) The Chairperson of the Audit Committee shall be a Member of a recognised professional accounting body. Provided however, this Rule shall not be applicable in respect of Risk Committees where a Listed Entity maintains a separate Risk Committee and Audit Committee.	Complied
9.13.4	**Functions**	
	Detailed in Rule (1) (i) – (xiii) and (2)	Complied

Rule		Adherence
9.13.5	**Disclosures in Annual Report**	
	Audit Committee Report (a) Names of chairperson and members with nature of directorship (b) Status of risk management and internal control – Company and group (c) Statement on CEO and CFO assurance on operations and finances (d) Opinion on compliance with Financial reporting requirements, information requirements Listing Rules, Companies Act, SEC Act and any other requirements. (e) Availability of formal Audit Charter (f) Internal audit assurance and summary of the work internal audit function (g) Details demonstrating effective discharge of functions and duties (h) Statement on external auditors' assurance on their independence (i) Confirmation on determining auditor's independence	Refer Audit Committee Report
9.14	**RELATED PARTY TRANSACTIONS REVIEW COMMITTEE**	Refer Related Party Transactions Review Committee Report
9.14.1	**Establishment of Committee**	
	Listed Entities shall have a Related Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14 of these Rules	Complied
9.14.2	**Composition**	
	1) The Related Party Transactions Review Committee shall comprise of; • Minimum three (03) Directors out of which a minimum of two (02) members shall be Independent Directors • May comprise of Executive Directors • An Independent Director shall be appointed as the Chairperson	Complied
9.14.3	**Functions**	
	1) Committee shall be responsible for reviewing the Related Party Transactions 2) Objective - ensure that the interests of shareholders as a whole are taken into account when entering into Related Party Transactions. 3) The objective and the economic and commercial substance of the Related Party Transactions should take precedence over the legal form and technicality. 4) Establish and maintain a clear policy, procedure and process in place for the identification, clarification and reporting the Related Party Transactions on an end-to-end basis across the Entity's operations	Complied

Rule		Adherence
9.14.4	**General Requirements**	
	1) The Related Party Transactions Review Committee shall meet at least once a calender quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors. 2) Should ensure having access to, enough knowledge or expertise to assess or aspects of proposed Related Party Transactions, and where necessary obtain appropriate professional and expert advice from appropriately qualified person when necessary. 3) Board of Directors to approve RPT when required by the committee	Complied
	4) If a Director has a material personal interest in a matter being considered at a Board Meeting to approve a Related Party Transaction as required in Rule 9.14.4(3), such Director shall not: a) Be present while the matter is being considered at the meeting; and, b) Vote on the matter.	Not Applicable
9.14.5	**Review of Related Party Transactions by the Related Party Transactions Review Committee**	Complied
9.14.6	**Shareholder Approval**	Not Applicable
	1. Listed Entities shall obtain shareholder approval by way of a Special Resolution for the following Related Party Transaction. a) Non-recurrent transaction i) Transactions exceeding one third (1/3) of the Total Assets as per the latest Audited Financial Statements ii) Transactions exceeding one third (1/3) of the Total Assets as per the latest Audited Financial Statements when aggregated with other non- recurrent transactions entered into with the same Related Party during the same financial year iii) Acquisition of substantial asset from, or disposal of a substantial asset to, any Related Party of the Entity or its associates b) Recurrent transaction (i) One third (1/3) of the gross revenue (or equivalent term for revenue in the Income Statement) and in the case of group entity, consolidated group revenue of the Entity as per the latest Audited Financial Statements; or (ii) One third (1/3) of the gross revenue (or equivalent term for revenue in the Income Statement) and in the case of group entity consolidated group revenue of the Entity as per the latest Audited Financial Statements of the Entity, when aggregated with other recurrent transactions entered into with the same Related Party during the same Financial year; and; (iii) The transactions are not in the ordinary course of business and in the opinion of the Related Party Transactions Review Committee, are on terms favourable to the Related Party than those generally available to the public.	

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

Rule		Adherence
	(6) The competent independent advice required in terms of Rule 9.14.9 (4) shall include: a) Key assumptions, conditions or restrictions that impact the estimate value. b) The different valuation methodologies considered in valuing the subject asset/s and justification for adopting one or more of them in the valuation. c) Sources of information relied upon for the valuation. d) Identity of individuals participating in the valuation assignment and their qualifications. e) Confirmation of the independence of the parties participating in the advice. f) A statement as to whether the transaction is on usual commercial terms, in ordinary and usual course of business, fair and reasonable and in the interests of the Listed Entity and its shareholders.	Not Applicable
9.14.10	**Exempted Related Party Transactions**	Complied
	a) Subject to Rule 9.14.8 (2), transactions with Related Parties which are recurrent, of revenue or trading nature and which is necessary for day-to-day operations of a Listed Entity or its subsidiaries and, in the opinion of the Related Party Transactions Review Committee, terms are not favourable to the Related Party than those generally available to the public. b) The payment of dividend, issue of Securities by the Listed Entity by way of a capitalisation of reserves, the exercise of Rights, options or warrants (subject to Rules contained in Section 5 and 7 of these Rules), sub-division of shares or consolidation of shares. c) The grant of options, and the issue of Securities pursuant to the exercise of options, under an employee share option scheme/employees share purchase scheme (subject to Rule 5.6 of these Rules). d) A transaction in marketable securities carried out in the open market where the counterparty's identity is unknown to the Listed Entity at the time of the transaction. e) The provision or receipt of financial assistance or services, upon usual commercial terms and in the ordinary course of business, from a Company whose activities are regulated by any written law relating to licensed banks, Finance Companies or insurance Companies or are subject to supervision by the Central Bank of Sri Lanka or Insurance Board of Sri Lanka. f) Directors' fees and remuneration, and employment remuneration	
9.15	**PENALTIES FOR NON-COMPLIANCE WITH BOARD COMMITTEE COMPOSITION REQUIREMENTS**	Not Applicable
	A. When a Listed Entity fails to comply with Rules 9.11.4(1), 9.11.4(2), 9.12.6, 9.13.3(1), 9.13.3(4), 9.13.3(6), or 9.14.2 B. Where a Listed Entity has failed to comply with Rules 9.11.4(1), 9.11.4(2), 9.12.6, 9.13.3(1), 9.13.3(4), 9.13.3(6) or 9.14.2 and has not disclosed of such non-compliance to the Exchange or the market: • If non-compliance is rectified: (a) - (b) • If non-compliance is not rectified: (c) - (e)	Not Applicable

Rule		Adherence
9.17	**ADDITIONAL DISCLOSURES BY BOARD OF DIRECTORS**	
	i) Declared all material interests in contracts involving the entity and that they have refrained from voting on matters in which they were materially interested ii) Conducted a review of the internal controls covering financial, operational and compliance controls and risk management and obtained reasonable assurance of their effectiveness and successful adherence, and, if unable to make any of these declarations an explanation on why it is unable to do so; iii) Made arrangement to make themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions; iv) Disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations.	Complied. Refer Annual Report of the Board of Directors and Corporate Governance Report
9.18	**ENFORCEMENT PROCEDURE FOR NON-COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS**	
	a) Immediate Market Announcement on non-compliance in the event of failure to comply with any of the requirements contained in Rules 9.3.1, 9.8.1, 9.8.2(a), 9.11.4(1), 9.11.4(2), 9.12.6, 9.13.3(1), 9.13.3(4), 9.13.3(6) or 9.14.2 about such non-compliance within one (1) Market Day from the date of the non-compliance. Announcement shall be repeated on the first (1st) Market Day of each calendar month until the Entity becomes compliant with these Rules. b) The non-compliance must be rectified within three (03) months from the date of non-compliance. c) If not rectified within three months, the Entity's Securities shall be transferred to the Watch List immediately upon the expiration of the said period.. d) While the Securities are on the Watch List, Directors, CEO, their Close Family Members, parent Entity, and entities where they hold 50% or more voting rights, cannot transact in the Entity's Securities without prior SEC approval. This restriction continues for three (03) months after resignation or until compliance is restored - whichever is earlier. e) Upon being placed on the Watch List, the Entity must make a Market Announcement including: • The remedial action proposed within six (06) months. • The following statements: i) Any change in the plan will be announced within 1 Market Day after Board approval. ii) If the plan is not implemented within 6 months, trading will be suspended. iii) If suspension lasts more than 6 months, delisting will follow. f) At the first General Meeting following the transfer to the Watch List, shareholders must be informed of the non-compliance, remedial actions, and that continued failure will result in suspension and potential delisting. g) The outcome of the above General Meeting must be announced to the Market by the next Market Day, including any decisions made. h) The Entity must rectify non-compliance within six (06) months from the date of Watch List transfer. i) Failure to comply within six months will result in trading suspension. The Exchange will also announce the enforcement action and any penalties imposed. j) In addition to actions under 9.18(c) and 9.18(i), the Exchange shall impose penalties on the Listed Entity and/or its Directors as of the date of non-compliance. k) If suspension exceeds six (06) months, the Securities shall be delisted under Rule 11.3. l) The Exchange's decision to delist the Securities and any attached conditions shall be communicated to the SEC.	Not Applicable

DIRECTORS' OTHER DIRECTORSHIPS

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

Abbreviations:

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

COMPANIES	Mr. S.D.R. Arudpragasam		Mr. S.S. Poholiyadde		Mr. Anushman Rajaratnam		Mr. D.R. Madena		Mr. K. Mohideen		Mr. K.G. Punchihewa		Mr. S.B. Perera	
The Colombo Fort Land and Building PLC*	✓	C/NE	✓	NE	✓	GMD/EX					✓	INE	✓	INE
Agarapatana Plantations PLC*	✓	C/NE	✓	MD/EX	✓	NE	✓	CEO/EX	✓	EX	✓	INE	✓	INE
Kotagala Plantations PLC*	✓	C/NE	✓	MD/EX	✓	NE			✓	EX	✓	INE	✓	INE
Lankem Developments PLC*	✓	C/NE	✓	NE	✓	NE			✓	NE	✓	INE	✓	INE
C M Holdings PLC*	✓	C/NE			✓	NE								
York Arcade Holdings PLC*	✓	C/NE			✓	NE								
Lankem Ceylon PLC*	✓	C/NE			✓	EX					✓	INE	✓	INE
E.B. Creasy & Company PLC*	✓	C/MD/EX									✓	INE	✓	INE
Muller & Phipps (Ceylon) PLC*	✓	C/NE									✓	INE	✓	INE
Laxapana PLC*	✓	C/NE									✓	INE	✓	INE
Beruwala Resorts PLC*	✓	C/NE			✓	NE							✓	INE
Marawila Resorts PLC*	✓	C/NE			✓	NE							✓	INE
Sigiriya Village Hotels PLC*	✓	C/NE			✓	NE							✓	INE
J.F. Packaging PLC* (Formerly known as J.F. Packaging Limited. Name change effective from 09.01.2026 consequent to the Initial Public Offering of the Company)	✓	C/NE			✓	NE					✓	INE	✓	INE
C W Mackie PLC*	✓	C/NE			✓	NE							✓	INE
ACME Printing & Packaging PLC*	✓	NE			✓	NE					✓	SID		
Colombo Fort Investments PLC*	✓	C/NE			✓	NE								
Colombo Investment Trust PLC*	✓	C/NE			✓	NE								
Alliance Five (Private) Limited*	✓	C			✓	D					✓	D	✓	D
American Lloyd Travels Limited*	✓	D			✓	D								
Associated Farms (Private) Limited*	✓	C												
ACME Packaging Solutions (Private) Limited*	✓	D			✓	D								

Governance System

COMPANIES	Mr. S.D.R. Arudpragasam		Mr. S.S. Poholiyadde		Mr. Anushman Rajaratnam		Mr. D.R. Madena		Mr. K. Mohideen		Mr. K.G. Punchihewa		Mr. S.B. Perera	
B.O.T. Hotel Services (Private) Limited*	✓	C												
C. W. M. Hotels Holdings Limited	✓	D			✓	D								
Candy Delights Limited*	✓	C/MD												
Capital Investments Limited*	✓	D												
Capital Leasing Company Limited*	✓	C			✓	D								
Century Equity Trust Limited	✓	D												
Ceyflex Rubber Limited*	✓	C												
Ceylon Tapes (Private) Limited*	✓	C			✓	D					✓	D	✓	D
Ceytape (Private) Limited*	✓	C			✓	D					✓	D	✓	D
Colombo Fort Group Services (Private) Limited*	✓	D			✓	D								
Colombo Fort Holdings Limited*	✓	D												
Colombo Fort Hotels Limited*	✓	C			✓	D								
Colombo Fort Properties (Private) Limited*					✓	D								
Colombo Fort Travels Limited*	✓	D												
Colombo Residencies (Private) Limited	✓	D												
Colonial Motors (Ceylon) Limited*	✓	C/NE			✓	D								
Company Holdings (Private) Limited	✓	D												
Consolidated Commercial Investments (Private) Limited					✓	D								
Consolidated Holdings (Private) Limited	✓	D			✓	D								
Consolidated Tea Plantations Limited*	✓	D	✓	D	✓	D			✓	D	✓	D	✓	D
Consolidated Trust (Private) Limited					✓	D								
Corporate Systems Limited*	✓	C												
Creasy Plantation Management Limited*	✓	D												
Darley Butler & Company Limited*	✓	C/MD												
E.B. Creasy Ceylon (Private) Limited*	✓	C												
E.B. Creasy Logistics Limited*	✓	C												
E.B. Creasy Trading Limited*	✓	D												
E.B. Creasy Milk Foods Limited* (Striking Off in progress)	✓	C												
Far Eastern Exports (Colombo) Limited*	✓	D			✓	D								
Financial Trust Limited					✓	D								
Fortland Finance Limited	✓	C												
Galle Fort Hotel (Private) Limited*	✓	D			✓	D								
Guardian Asset Management Limited*	✓	D												
Great Eastern Resorts Ltd					✓	D								
Group Three Associate (Private) Limited*	✓	C												
Horton Plains Resorts and Spa Limited					✓	D								
Imperial Hotels Limited*	✓	C			✓	D								
JF Ventures Limited*	✓	C			✓	D					✓	D	✓	D

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

Governance System

COMPANIES	Mr. S.D.R. Arudpragasam		Mr. S.S. Poholiyadde		Mr. Anushman Rajaratnam		Mr. D.R. Madena		Mr. K. Mohideen		Mr. K.G. Punchihewa		Mr. S.B. Perera	
Union Commodities Teas (Private) Limited*	✓	C			✓	D								
Union Group (Private) Limited*	✓	D			✓	D								
Union Investments (Private) Limited*	✓	D			✓	D								
Voyages Ceylon (Private) Limited*					✓	D								
Waverly Power (Private) Limited*	✓	C	✓	D	✓	D			✓	D				
Weligama Hills Limited	✓	D			✓	D								
York Conventions (Private) Limited*					✓	D								
York Hotel Management Services Limited*	✓	C			✓	D								
York Tours Limited*					✓	D								
Cambodian Rubber Plantation Industries PTE Ltd					✓	D								
Consolidated Rubber Plantations PTE Ltd					✓	D								
Kelani Valley Canneries Limited					✓	D								
Sunquick Lanka (Pvt) Ltd					✓	D								
Sunquick Lanka Properties (Pvt) Ltd					✓	D								
Lanka Agro Plantations Limited					✓	D								
Plantation Human Development Trust											✓	D		
Fintrex Finance PLC													✓	NE
Teejay Lanka PLC													✓	INE
Teejay Lanka Prints (Private) Limited													✓	D
Teejay India Private Limited													✓	D
Teejay Mauritius Private Limited													✓	D
Nubian Threads Private Limited													✓	C

NOTES:

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

Mr. S.D.R. Arudpragasam was appointed as the Non-Executive Chairman of C.W. Mackie PLC with effective from 01.04.2026. Further, Mr. S.D.R. Arudpragasam was appointed as the Non-Executive Chairman of Colonial Motors (Ceylon) Limited with effect from 02.04.2026.

Mr. S.S. Poholiyadde was appointed as a Non-Executive Director to the Board of The Colombo Fort Land & Building PLC with effect from 01.01.2026.

Mr. Anushman Rajaratnam was appointed as the Managing Director of Union Commodities (Pvt) Ltd with effect from 16.05.2025. Further, Mr. Anushman Rajaratnam was appointed to the Board of Consolidated Trust (Private) Limited with effect from 23.03.2026.

Mr. K.G. Punchihewa ceased to be a Director of Plantation Human Development Trust with effect from 28.09.2025.

Mr. S.B. Perera resigned from the Boards of Ceytape (Private) Limited, JF Ventures Limited, Kiffs (Private) Limited, Alliance Five (Private) Limited and Teejay India Private Limited with effect from 10th May 2025 and from the Board of Teejay Mauritius Private Limited with effect from 31.05.2025.

Managing the Risks

APL's risk landscape remained largely stable during the financial year 2025/26. Strengthened internal controls helped mitigate operational risks, while external risks were mainly in the form of extreme weather events, rising operating costs, and global price volatility. Sri Lanka's economy continued its recovery path for most of the year, maintaining growth momentum supported by manageable interest rates and low inflation, which were conducive to economic activity

The most significant risk element of the year was Cyclone Ditwah, which triggered widespread flooding and landslides, resulting in significant displacement and economic disruption across the country. The plantation sector was inevitably affected, particularly estates located in the hill country. Initial estimates projected a decline in tea output up to one million kilograms of lost production, primarily due to infrastructure damage and worker displacement.

As Regional Plantation Companies began recovering from the impact of Ditwah, the sector faced a further wage increase effective January 2026. The full financial impact of this latest wage increase will materialise in the new financial year. Meanwhile, tea prices at the Colombo Tea Auctions remained below the previous year's levels, contributing to a decline in revenue.

Geopolitical tensions that escalated from April 2025 onwards, further heightened volatility in global tea markets. Unrest in Iran, and US sanctions on Iran, placed the Tea-for-Oil Barter Agreement between Sri Lanka and Iran under strain. The ongoing Russia–Ukraine war, has also heighted price unpredictability. In addition, the European Union Deforestation Regulation, scheduled to come into effect in 2026, imposed further compliance pressures on plantation companies.

Despite these challenges, APL remained steadfast in it's strategic direction, and continued it's investment programme aimed at improving production facilities and employee productivity. The Company's financial performance for the year reflects the effective implementation of it's strategies amid a challenging risk environment and underscores the strength of APL's risk management framework.

EMERGING RISKS IN THE NEW FINANCIAL YEAR

The plantation sector faces a rising risk environment in the new financial year, due to increased operational and financial risks compared to 2025/26. These include:

- The potential for tea prices to remain lower than the previous year, or to be more volatile due to global trade and geopolitical tensions, which increases revenue uncertainty in plantation companies
- The wage cost risk will increase significantly in the plantation sector from the new financial year, as companies must absorb the additional cost although tea prices may not keep pace
- Plantation companies may be saddled with varying levels of post-cyclone recovery costs in the new financial year
- As no firm and final decision has been announced regarding lease extensions of plantation lands, the element of uncertainty remains
- Climate change related weather anomalies can be expected to persist which would negatively impact both yield and quality
- The instability in the Middle East, which is the primary destination for Pure Ceylon Tea and the continuation of the Russian – Ukraine war, could increase global price volatility of tea, as well as shipping costs

RISK MANAGEMENT PROCESS

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

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

- The Board defines the Company's risk appetite with regard to investments, obtaining credit and other key operational areas, which guides the management on acceptable levels of risk exposure.
- The risk identification and assessment involve the senior management and feedback from all levels of the organisation hierarchy
- Risk responses are developed by the senior management and approved by the Board with implementation monitored by the Audit Committee

- Regular reports are submitted to the Audit Committee and the Board regarding existing and emerging risks as well as risk management initiatives

EFFECTIVENESS OF INTERNAL CONTROLS

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

Risk management report for 2025/26

Risk	Risk description	Potential impact	How we ensured meaningful engagement in 2025/26	Risk rating
Social Capital				
Government policy and regulatory risks	Government policy on plantation lease agreements, and new regulations impacting the plantation sector can impact APL's profitability. The continued lack of policy commitment from the Government will create uncertainty within the plantation industry and the entire tea industry including exporters, brokers and buyers.	High	• APL has complied with all applicable regulations • APL has commenced adoption of SLFRS Sustainability-related Financial Disclosures • APL has responded with continued capital investments to the Governments accommodative stance with regards to renewing the lease agreements of Regional Plantation Companies	Medium
Governance/ compliance risk	Regulatory compliance lapses can lead to fines and penalties and loss of licenses	High	• APL has complied with all applicable regulations • All outstanding employee statutory payments were settled • Monthly reporting, record keeping and monitoring with regard to statutory employee payments, was strengthened • Monthly HR Audits have been introduced • The Company's legal division also monitors compliance with all regulatory requirements • Compliance levels with quality assurance standards in factories are being improved	Low
Community welfare related risks	Estate communities reside in estates and face risks of poverty, health etc.	Low	• APL is working with the government to relocate families in climate vulnerable areas • Community health camps were conducted • Other community welfare programmes are ongoing	Low
Reputational risk	The credibility of the Company may be impacted due to a range of reasons	Low	• With the exception of one estate, all APL estates are already RA certified • APL is ISO certified for food safety and processes • We improved compliance with all national regulations in the current year • Any customer and supplier complaints are resolved immediately • Employee grievances management was improved in the current year	Low

Risk	Risk description	Potential impact	How we ensured meaningful engagement in 2025/26	Risk rating
Manufactured Capital				
Market risk	Demand and supply in international markets, directly affects tea prices	High	• APL is expanding its production from bulk tea to a range of value-added tea, to reduce dependency on bulk tea prices • APL is diversifying into tourism which is reducing dependency on one product	High
ICT risks	Loss of data and breakdown of systems due to cyber attacks	Low	• Internal controls on IT safety were reviewed • Backup systems are maintained • Contracts with established agents for licensed software were renewed	Low
Plant and equipment risk	Risk of machinery breakdowns	Low	• Insurance policies for our assets were renewed • We buy from the best suppliers to ensure quality goods • The factories in the estates and other infrastructure are maintained regularly and upgraded when required • Factories are also upgraded under the Rainforest Alliance/ ISO standards	Low
Financial Capital				
Interest rate risk	Interest rates increased	Medium	• High cost borrowings were replaced with low cost facilities	Low
Foreign exchange risk	Costs of imports increased in the current financial year	Medium	• Cost management systems have been deployed	Low
Liquidity risk	Shortage of funds	High	• APL does not face a significant liquidity risk • All capital investments are well planned	Low
Human Capital				
Operational risks	Ineffective processes can lead to low productivity and waste, and prevent achievement of strategic objectives	Medium	• Human resource administration had been continually improved. Please refer the Human Capital chapter for details • Gradual digitalisation of manual workflows, is improving efficiency	Medium
Industrial disputes	Industrial action by trade unions	Low	• APL's Productivity Committees in all estates are improving communications between management and employees • Reporting and monitoring systems are being improved	Low
Natural Capital				
Climate change risk	Extreme weather caused tea output to decline	High	• Adaption of good agricultural practices • Regular maintenance of the infrastructure • Obtain adequate insurance cover for physical assets	Medium

Annual Report of the Board of Directors

The Board of Directors of Agarapatana Plantations PLC present their Report together with the Audited Financial Statements for the year ended 31st March 2026. The details set out herein include the pertinent information required by the Companies Act No.07 of 2007, the Colombo Stock Exchange Listing Rules and are guided by recommended best practices.

PRINCIPAL ACTIVITIES, BUSINESS REVIEW / FUTURE DEVELOPMENTS

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

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

FINANCIAL STATEMENTS

The Financial Statements of the Company are given on pages 120 to 180.

AUDITORS' REPORT

The Auditors' Report on the Financial Statements is given on Pages 116 to 119.

ACCOUNTING POLICIES

The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 127 to 143.

INTEREST REGISTER

Directors' Interest In Transactions

The Directors have made general disclosures as provided for in Section 192 (2) of the Companies Act No.07 of 2007. These have been entered in the Interest Register which is maintained by the Company. The Company carries out transactions in the ordinary course of business with entities in which a Director of the Company is a Director and the said transactions are disclosed in Note 35 - Related Party Transactions on pages 172 to 175 Arising from this, details of contracts in which they have an interest are disclosed in Note 35 to the financial statements on pages 172 to 175.

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

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

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

DIRECTORS' INTEREST IN SHARES

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

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

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

Name of Director	No. of Shares as at 31/03/2026	No. of Shares as at 31/03/2025
Mr. S.D.R. Arudpragasam	NIL	NIL
Mr. S.S. Poholiyadde	2,000,000	2,000,000
Mr. D.R. Madena	28,000	28,000
Mr. Anushman Rajaratnam	NIL	NIL
Mr. K. Mohideen	274,086	285,000
Mr. K.G. Punchihewa	NIL	NIL
Mr. S.B. Perera	NIL	NIL

DIRECTORS' REMUNERATION

The Directors' remuneration in respect of the Group for the Financial Year 2025/26 is disclosed in Note 35 to the Financial Statements.

CORPORATE DONATIONS

No donations were made during the year.

DIRECTORATE

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

Brief profiles of the Directors appear on pages 24 to 26.

Mr. S.D.R. Arudpragasam - Chairman

Mr. S.S. Poholiyadde - Managing Director

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

Mr. Anushman Rajaratnam - Director

Mr. K. Mohideen - Director – Finance

Mr. K.G. Punchihewa - Director

Mr. S.B. Perera - Director

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

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

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

ENTERPRISE GOVERNANCE

Adoption of good governance practices has become an essential requirement in today's corporate culture. The corporate governance principals adhered by the Company are given on pages 74 to 98.

AUDITORS

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

The Auditors, Messrs. Ernst & Young were paid Rs. 6.9 Mn (2024/25 - Rs. 6.6 Mn) as audit fees by the Company. In addition, they were paid Rs. 1 Mn (2024/25 - Rs. 0.7 Mn) by the Company for non-audit related work, which consisted mainly of tax related work. In addition the Subsidiary is engaged with another Audit Firm. Audit fees in respect of this firm amounted to Rs. 0.39 Mn (2024/25 - Rs. 0.37 Mn). As far as the Directors are aware the Auditors do not have any relationship (other than that of an Auditor) with the Company. The Auditors do not have any interests in the Company.

REVENUE

The revenue of the Group for the year was Rs. 7,437 Mn (2024/25 - Rs. 7,286 Mn). The Revenue of the Company for the year was Rs. 7,356 Mn which comprises Rs. 4,014 Mn from the Agras Valley Region (2024/25 - Rs. 3,956 Mn) and Rs. 3,342 Mn from the Haputale Region (2024/25 - Rs. 3,263 Mn).

RESULTS

The Group made a profit before tax of Rs. 457 Mn (2024/25 - Rs. 1,138 Mn). The Company made a profit before tax of Rs. 429 Mn against a profit before tax of Rs. 1,108 Mn in 2024/25.

MANAGING AGENT & MANAGEMENT FEE

Lankem Tea & Rubber Plantations (Pvt) Ltd (LT&RP), a subsidiary of Consolidated Tea Plantations Limited, continues to manage the affairs of the Company. The Managing Agent LT&RP did not charge Managing Agent's Fees in the year under review. (2024/25- Nil).

DIVIDENDS

The Company paid an Interim Dividend of Rs. 0.50 per share for the year ended 31st March 2026 on 26th January 2026 to the shareholders registered as at the end of trading on 13th January 2026.

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

INVESTMENTS

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

PROPERTY, PLANT & EQUIPMENT

During the year 2025/26 the Group invested Rs. 355 Mn (2024/25 - Rs. 410 Mn) in Property, Plant & Equipment and other Capital Expenditure which includes Rs. 36 Mn in replanting expenditure (2024/25 - Rs. 38 Mn). Further, the Directors are of the opinion that the net amounts at which Property, Plant & Equipment appear in the Statement of Financial Position are not greater than their market value as at 31st March 2026. Information relating to movements in Property, Plant & Equipment and other Capital Expenditure are given in Notes 6, 7, 8, 9 to the Financial Statements.

RESERVES

The total reserves of the Group as at 31st March 2026 amount to Rs. 1,644 Mn (2024/25 - Rs. 1,756 Mn).

The total reserves of the Company as at 31st March 2026 amount to Rs. 1,623 Mn comprising Timber Reserve of Rs. 1,978 Mn (2024/25 - Rs. 1,831 Mn), Retained Loss of Rs. 1,286 Mn (2024/25 Retained Loss of Rs. 1,039 Mn), Revaluation Reserve - Rs. 1,111 Mn (2024/25 - Rs. 1,160 Mn) and Fair Value Reserve (loss) of Rs. 180 Mn (2024/25 - Rs. 179 Mn). The movements are shown in the Statement of Changes in Equity in the Financial Statements.

STATED CAPITAL

The Stated Capital of the Company as at 31st March 2026 was Rs. 2,478,067,694/- represented by 500,000,000 Ordinary Shares and One Golden Share.

INITIAL PUBLIC OFFERING (IPO)

The utilisation of IPO Proceeds as at 31st March 2026 is as follows.

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

TAXATION

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

RELATED PARTY TRANSACTIONS

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

The Related Party Transactions presented in the Financial Statements are disclosed in Note 35 from pages 172 to 175.

SHARE INFORMATION

Information relating to earnings, dividends, net assets, market value per share and share trading is given on pages 6, 120, 121, 123, 124, 170, 185 and 186.

EVENTS OCCURRING AFTER THE REPORTING DATE

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

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

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

EMPLOYMENT POLICY

The Company's recruitment and employment policy is non- discriminatory. The occupational health and safety standards receive substantial attention. Appraisals of individual employees are carried out in order to evaluate their performance and realise their potential. This process benefits the Company and the employees. The number of persons employed by the Company at the year end was 8,582 (2024/25 – 7,021).

SHAREHOLDERS

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

STATUTORY PAYMENTS

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

ENVIRONMENTAL PROTECTION

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

INTERNAL CONTROL

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

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

GOING CONCERN

As noted in the Statement of Directors' Responsibilities on page 114, the Directors have adopted the going concern basis in preparing these Financial Statements.

For and on behalf of the Board,

S.S. Poholiyadde Director	**K. Mohideen** Director

By Order of the Board

Corporate Managers & Secretaries (Private) Ltd.
Secretaries

28th August 2026

Report of the Remuneration Committee

The Remuneration Committee continues to play a pivotal role in shaping the Company's approach to executive and management compensation, serving as a cornerstone for attracting, retaining, and motivating the leadership talent who drive our strategic objectives.

During the year under review, the Committee remained steadfast in its mandate to develop, recommend, and oversee the Company's Remuneration Policy for Executive Directors and key management personnel, ensuring alignment with best practices in corporate governance and the Company's long-term sustainable growth.

In an increasingly dynamic business environment, we have worked diligently to ensure that our compensation frameworks remain tightly aligned with shareholder interests and organisational performance, while creating a differentiated reward architecture that incentivises long-term value creation.

Recognising that sound compensation policies extend beyond executive pay, the Committee also emphasised transparency, equity, and inclusive practices across all tiers of the workforce, reflecting our commitment to responsible corporate citizenship. As we navigate evolving economic conditions and shifting stakeholder expectations, including emerging ESG considerations, we conducted a thoughtful recalibration of our policies to ensure they adequately reflect the changing nature of work and future ambitions. Importantly, a Board approved non-discriminatory remuneration policy remains firmly in place for all Non-Executive Directors to safeguard their independence, enabling the continued recruitment of distinguished external talent without compromising oversight integrity.

REMUNERATION POLICY

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

KEY RESPONSIBILITIES AND DUTIES OF THE COMMITTEE

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

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

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

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

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

COMPOSITION

The Remuneration Committee of the Company comprise of the following members

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

Brief profiles of the Committee members are given on pages 24 to 26.

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

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

MEETINGS AND ATTENDANCE

The Remuneration Committee met on one occasion during the financial year.

The attendance of the Committee was as follows:

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

The Managing Director assists the Committee by providing relevant information and participating in the deliberations of the Committee.

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

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

K.G. Punchihewa
Chairman
Remuneration Committee

28th August 2026

Report of the Audit Committee

The primary objective of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities regarding the integrity of financial reporting. This includes the review of financial statements to ensure they are prepared in accordance with Sri Lanka Accounting and Auditing Standards, as well as regulatory compliance, covering the Group's compliance with financial reporting requirements under the Companies Act, Colombo Stock Exchange regulations, and SEC Act provisions. The Committee also monitors the Group's internal control systems and risk management frameworks through independent and objective reviews, while safeguarding the interests of shareholders and other related stakeholders. Additionally, the Committee oversees sustainability and ESG-related matters. The Committee has reviewed and monitored the financial review processes to provide additional assurance on the reliability of the financial statements.

COMPOSITION

The Audit Committee of the Company comprises of the following three members;

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

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

Brief profiles of the Audit Committee members are given on pages 24 to 26 of this Report.

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

ROLE OF THE AUDIT COMMITTEE

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

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

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

The Audit Committee reviewed the Quarterly Unaudited Financial Statements and the Annual Audited Financial Statements for the year ended 31st March 2026 and has recommended the Financial Statements for the approval of the Board of Directors.

CHARTER OF THE AUDIT COMMITTEE

The Committee is governed by the specific terms of reference set out in the Audit Committee Charter which has been reviewed by the Audit Committee and approved by the Board of Directors of the Company, in line with the Rules of Corporate Governance under the Listing Rules of the Colombo Stock Exchange.

The Terms of Reference of the Audit Committee was amended during the financial year ended 31st March, 2026 in line with the requirements of SLFRS S1 – General Requirements for Disclosure of Sustainability related Financial Information and SLFRS 2 – "Climate related Disclosures" and was duly approved by the Committee and the Board.

The Committee focuses on the following aspects in discharging its responsibilities taking into consideration the terms of reference together with the requirements of the Listing Rules of the Colombo Stock Exchange.

(a) Risk Management

(b) Efficiency of the system of internal controls

(c) Independence and objectivity of the External (Statutory) Auditors

(d) Appropriateness of the principal accounting policies used

(e) Financial Statement integrity

Report of the Audit Committee

MEETINGS AND ATTENDANCE

The Audit Committee has met in total on five occasions during the financial year ended 31st March, 2026.

Meeting attendance of the Audit Committee is as follows:

Mr. K.G. Punchihewa – Chairman	5/5
Mr. S.B. Perera	5/5
Mr. Anushman Rajaratnam	4/5

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

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

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

RISK MANAGEMENT INTERNAL CONTROL AND FINANCIAL REPORTING

The Directors are responsible for maintaining an effective internal control system and proactive risk management strategy.

The Committee has reviewed the Representation Letter from the Executive Management of the Company assuring that the Internal control measures cover both financial and operational matters and also adequate risk management measures are in place to safeguard the assets of the Company and the Group. The risk management strategy of the Company is given on pages 99 to 101 of this report. The Committee has also reviewed the Risk Management framework adopted by the Company.

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

SUSTAINABILITY AND ESG

In the financial year 2025/26 the Audit Committee expanded its focus on financial reporting on Sustainability and Environmental, Social and Governance (ESG) matters in line with its responsibilities for risk management, internal controls and the integrity of reporting. The Management Team regularly updated the Committee on how climate-related risks and opportunities (CRROs) are identified, evaluated and managed ensuring that such risks are properly addressed.

The Committee will continue its oversight to promote transparency and strengthen the reliability of sustainability reporting.

COMPLIANCE

The Committee received confirmation from the Managing Director and Director Finance on the Company's Operational and Financial status. This confirmation serves as the key endorsement from the Management of integrity and transparency of the financial records and the accuracy of the financial statements and they reflect the actual position of the Company's operations and financial position.

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

INTERNAL AUDIT

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

EXTERNAL AUDIT

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

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

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

During the year under review, the Audit Committee assessed the independence and effectiveness of the External Audit function and is satisfied that the independence of the External Auditors,

Messrs. Ernst & Young, has not been impaired by any event or service that gives rise to a conflict of interest. The Audit Committee reviewed the nature of services provided by the External Auditor and the level of audit.

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

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

The Audit Committee has recommended to the Board of Directors the re-appointment of Ernst & Young as Auditors for the financial year ending 31st March 2027, subject to the approval of the shareholders at the Annual General Meeting.

CONCLUSION

The Audit Committee, having reviewed Management's representations and conducted its own independent assessments, concludes that appropriate internal controls are established to protect the Company's assets and ensure the integrity of the financial position.

K.G. Punchihewa
Chairman
Audit Committee

28th August 2026

Nominations & Governance Committee Report

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

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

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

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

COMPOSITION

Nominations & Governance Committee of the Company comprises of the following members:

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

Brief profiles of the Members are given on pages 24 to 26 of the Annual Report.

MEETINGS AND ATTENDANCE

The Nominations & Governance Committee has met on 02 occasions during the financial year ended 31st March 2026 and the attendance was as follows:

Mr. K.G. Punchihewa - Chairman	2/2
Mr. S.B. Perera	2/2
Mr. Anushman Rajaratnam	1/2

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

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

KEY RESPONSIBILITIES & DUTIES OF THE COMMITTEE

The Committee oversees the corporate governance structure of the organisation, providing an overview of the principles, policies, and practices of the Board of Directors. This framework enables the Company to meet the governance requirements of the Colombo Stock Exchange (CSE), and the Securities and Exchange Commission of Sri Lanka (SEC).

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

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

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

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

COMMITTEE ACTIVITIES IN 2025/2026

Performance evaluations of the Board were conducted, reviewed by the Committee, and considered by the Board.

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

Annual update was given to the Directors on Corporate Governance, Listing Rules, securities market regulations and other applicable laws and regulations. Any major issues relating to the Company are communicated to the Directors and special meetings of the Board are held when the need arises to address such matters.

Mr. K.G. Punchihewa and Mr. S.B. Perera the Independent Non-Executive Directors have submitted their declarations and the said Independent Directors meet and continue to meet the criteria for independence as set out in Listing Rule 9.8.3 of the Colombo Stock Exchange and were determined to be independent by the Board.

RE-APPOINTMENTS/RE-ELECTIONS

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

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

Accordingly, respective members of the Committee whilst refraining from participating in recommending their own re-election or re-appointment, in terms of the Articles of Association of the Company recommended the re-election of Mr. K.G. Punchihewa who retires by rotation and the re-appointment of Mr. S.D.R. Arudpragasam and Mr. S.S. Poholiyadde who are over seventy years of age as Directors at the forthcoming Annual General Meeting to be held on 25th September 2026, based on their performance and the contribution made to achieve the objectives of the Board.

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

The Committee has also recommended to the shareholders the reappointment of Mr. S.S. Poholiyadde who is over seventy years of age and who retires in terms of Section 210 of the Companies Act No. 7 of 2007 in view of the extensive experience in the Plantation Industry, the management oversight skills and integrity.

Nominations & Governance Committee Report

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

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

Board Member	Date first appointed Director	Date last re-appointed / re-elected as a Director	Board Committees served on	Any relationships including close family relationships between the member and the Directors of Agarapatana Plantations PLC the Company or its shareholders holding more than ten per-centum (10%) of the shares of Agarapatana Plantations PLC
Mr. S.D.R. Arudpragasam - Chairman (Non–Executive)	15/05/1996	03/09/2025	Nominations & Governance Committee, Remuneration Committee (up to 31.12.2024)	Mr. S.D.R. Arudpragasam is a Director of Lankem Developments PLC which holds 57.65% of equity in Agarapatana Plantations PLC as at 31.03.2026
Mr. S.S. Poholiyadde Managing Director (Executive)	07/09/2018	30/09/2019		Mr. S.S. Poholiyadde is a Director of Lankem Developments PLC which holds 57.65% of equity in Agarapatana Plantations PLC as at 31.03.2026
Mr. K.G. Punchihewa - Director (Independent Non–Executive)	01/11/2024	03/09/2025	Audit Committee, RPTRC, Nominations & Governance Committee, Remuneration Committee	Mr. K.G. Punchihewa is a Director of Lankem Developments PLC which holds 57.65% of equity in Agarapatana Plantations PLC as at 31.03.2026

The names, qualifications, principal commitments and other Directorships or Chairmanships of the aforesaid Directors coming up for re-election or reappointment and of the rest of the Board members of Agarapatana Plantations PLC are given in their profiles on pages 24 to 26 and under the caption "Details of Directors' other Directorships" appearing on pages 95 to 98.

The Corporate Governance requirements stipulated under the Listing Rules of the CSE have been met. The Company's compliance status with the Colombo Stock Exchange Listing Rules on Corporate Governance is disclosed on pages 82 to 94.

K.G. Punchihewa
Chairman
Nominations and Governance Committee

28th August 2026

Report of the Related Party Transactions Review Committee

During the financial year ended 31st March 2026, the Related Party Transactions Review Committee (RPTC) of Agarapatana Plantations PLC discharged its mandate in strict accordance with Section 9.14 of the Colombo Stock Exchange (CSE) Listing Rules, the Companies Act No. 7 of 2007, and SLFRS/IAS 24 'Related Party Disclosures'. guided by the Company's commitment to uphold the highest standards of corporate governance and transparency.

The Committee exercised independent oversight over all related party arrangements entered into during the period. Each transaction was duly reviewed, authorised, and monitored to ensure it was conducted at arm's length, on normal commercial terms, and did not prejudice the interests of the Company or its shareholders, particularly the minority shareholders.

This Report reflect the Committee's dedication to promoting trust, accountability, and sound fiduciary stewardship among all stakeholders.

COMPOSITION

The Related Party Transactions Review Committee of the Company comprises of the following members.

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

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

Brief profiles of the Committee members are given on pages 24 to 26.

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

MEETINGS OF THE COMMITTEE

The Related Party Transactions Review Committee of the Company has met in total on five occasions during the financial year ended 31st March 2026 and the attendance of the Committee was as follows:

Mr. K.G. Punchihewa – Chairman	5/5
Mr. S.B. Perera	5/5
Mr. Anushman Rajaratnam	4/5

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

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

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

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

POLICIES, PROCEDURES AND FUNCTIONS OF THE COMMITTEE

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

The Functions of the Committee are as follows;

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

CONCLUSION

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

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

K.G. Punchihewa
Chairman
Related Party Transactions Review Committee

28th August 2026

Statement of Directors' Responsibilities

The responsibilities of the Directors in relation to the Financial Statements of the Company are detailed below. The responsibility of the Auditors' in relation to the Financial statements is set out in the Independent Auditors' Report appearing on page 116 to 119.

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

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

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

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

COMPLIANCE REPORT

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

On behalf of the Board

S.S. Poholiyadde	**K. Mohideen**
Director	Director

Colombo

28th August 2026

Discipline-led

DISCIPLINE SHAPES OUR FINANCIAL APPROACH AT AGARAPATANA PLANTATIONS PLC, STRENGTHENING OUR PERFORMANCE AND GUARANTEEING OUR FUTURE IN THE PROCESS. WITH MEASURED DECISIONS, WE ENSURE OUR RESULTS REFLECT STABILITY AND SUSTAINED VALUE CREATION

Independent Auditors' Report

Ernst & Young
Chartered Accountants
Rotunda Towers
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CY/GS/DLM/DRM

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AGARAPATANA PLANTATIONS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Agarapatana Plantations PLC ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the statement of financial position as at March 31, 2026, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at March 31, 2026, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

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

Key audit matters

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

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

Key audit matter	How our audit addressed the key audit matter
Measurement of Retirement Benefit Obligation As disclosed in Note 19 to the financial statements, the Group's retirement benefit obligation amounted to Rs. 2,599 Mn and represented 41% of the Group's total liabilities as of 31 March 2026. The value of the retirement benefit obligation was based on the actuarial valuation carried out by an external actuary engaged by the Group. This was a key audit matter due to : • the materiality of the reported retirement benefit obligation balance; and • Changes in key assumptions could result material movements in recognised liability. Key areas of assumptions, judgements and estimates used in assessing the value of the retirement benefit obligation included judgements involved in ascertaining the discount rate and future salary / wage growth rate as disclosed in Notes 3.10 and 19 to the financial statements.	Our audit procedures included the following key procedures • assessed the competence, capability and objectivity of the external actuary engaged by the Group. • Tested the data used in the valuation of retirement benefit obligations by agreeing key information to source documents and accounting records. • read the external actuary's report and identified the key estimates made and the approach taken by the actuary in determining the value of the retirement benefit obligation. • assessed the reasonableness of the judgements, assumptions and estimates made by the external actuary such as discount rate and future salary / wage growth rate in measuring the value of the retirement benefit obligation. We also assessed the adequacy of the disclosures made in notes 3.10 and 19 to the financial statements.

Key audit matter	How our audit addressed the key audit matter
Assessment of the carrying value of bearer biological assets As of 31 March 2026, the Group's bearer biological assets amounted to Rs. 2,118 Mn and represented 20% of the Group's total assets. Bearer Biological Assets comprised of Rs. 229 Mn Immature Plantations and Rs 1,888 Mn of Mature plantations, as disclosed in Note 8 to the financial statements. Measurement of Bearer Biological assets in the financial statements was a key audit matter due to following: This was a key audit matter due to : • The materiality of the reported bearer biological asset balance; and • identification of costs to be capitalised as immature plantations, the degree of management's judgment involved in, point at which transfers are to be made from immature plantations to mature plantations and identification of possible indicators of impairment, as disclosed in Note 3.4.6 and 8 to the financial statements.	Our audit procedures included the following key procedures: • Obtained an understanding of management's expense allocation process and the identification of expenses to be capitalised in relation to immature plantations. • Tested the significant expenses incurred by capital expenditure authorisations and other corroborative evidence. • Assessed the reasonableness of depreciation provided on the matured plantations by performing independent computations. • Inspected the ageing profile of the immature biological assets as of the reporting date to ensure that possible indictors of impairment have been identified, assessed for probable impairment charges/ losses accounted for in the financial statements. We also assessed the adequacy of the disclosures made in notes 3.4.6 and 8 to the financial statements.
Valuation of Consumable Biological Assets Assessment of consumable biological assets are carried at fair value. The fair value of such assets was determined by an external valuer engaged by the Group. This was a key audit matter due to : • the materiality of the reported fair value of consumable biological assets which amounted to Rs. 2,144 Mn representing 21% of the Group's total assets as of the reporting date; and • the degree of assumptions, judgements and estimation uncertainties associated with fair valuation of consumable biological assets and the complexity of the valuation process. Key areas of significant judgments, estimates and assumptions used in assessing the fair value of consumable biological assets, as disclosed in Notes 3.4.6.4 and 9 to the financial statements, included judgements involved in ascertaining the appropriate valuation technique and estimates such as: • Discount rate • Expected timber volume • Price per cubic foot	Our audit procedures included the following key procedures: • assessed the competence, capability and objectivity of the external valuer engaged by the Group. • read the external valuer's report and identified the key estimates made and the valuation approaches taken by the valuer in determining the fair value of consumable biological assets. • Agreed the key data used by the external valuer to the underlying books and records maintained by the group. This also included assessing the appropriateness & consistency of the application of the formula used for deriving the expected timber volume. • assessed the reasonableness of significant assumptions, judgements and estimates made by the valuer such as discount rate, expected timber volume, price per cubic foot and valuation technique in assessing the fair value of consumable biological assets. Our procedures included comparing with the industry practices that are generally used in determining fair value of consumable biological assets. We also assessed the adequacy of the disclosures made in Notes 3.4.6.4 and 9 to the financial statements.

Other information included in The Company's 2026 Annual Report

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

Independent Auditors' Report

Building a better working world

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

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

Responsibilities of management and those charged with governance

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- 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 internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is M-7752.

Ernst & Young

28th August 2026

Colombo

Statement of Financial Position

As at 31 March	Note	GROUP 2026 Rs.	GROUP 2025 Rs.	COMPANY 2026 Rs.	COMPANY 2025 Rs.
ASSETS					
Non Current Assets					
Right-of-use Assets	6	124,668,099	131,188,412	124,668,099	131,188,412
Freehold Property, Plant & Equipment	7	2,801,196,491	2,706,709,217	2,733,574,861	2,625,467,337
Bearer Biological Assets	8	2,118,168,651	2,194,697,689	2,118,168,651	2,194,697,689
Consumable Biological Assets	9	2,144,585,392	1,977,314,147	2,144,585,392	1,977,314,147
Other Non Current Financial Assets	10	31,320,265	45,735,064	3,900,000	4,810,000
Intangible Assets	10A	338,742,754	338,742,754	-	-
Investment in Subsidiary	10B	-	-	433,999,888	433,999,888
		7,558,681,652	7,394,387,283	7,558,896,891	7,367,477,473
Current Assets					
Produce on Bearer Biological Assets	11	24,382,881	22,519,173	24,382,881	22,519,173
Inventories	12	852,329,000	1,117,059,159	852,329,000	1,117,059,159
Trade and Other Receivables	13	671,044,115	561,966,121	661,573,051	554,449,419
Amounts due from Related Companies	14	580,297,190	540,574,218	524,479,105	486,498,436
Short Term Investment		653,081,798	689,499,955	653,081,798	689,499,955
Cash & Bank Balances	15	61,417,477	52,953,321	47,254,431	49,828,929
		2,842,552,461	2,984,571,946	2,763,100,268	2,919,855,071
TOTAL ASSETS		10,401,234,114	10,378,959,229	10,321,997,159	10,287,332,544
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	16	2,478,067,694	2,478,067,694	2,478,067,694	2,478,067,694
Fair Value Reserve of Financial Assets at FVOCI		(182,461,570)	(176,907,007)	(179,628,468)	(178,718,468)
Timber Reserve	9.1	1,978,075,684	1,830,586,286	1,978,075,684	1,830,586,286
Revaluation Reserve	17	1,110,601,400	1,160,364,578	1,110,601,400	1,160,364,578
Retained Profit /(Loss)		(1,262,560,321)	(1,058,282,041)	(1,286,193,874)	(1,039,129,451)
TOTAL EQUITY		4,121,722,887	4,233,829,511	4,100,922,436	4,251,170,639
Non Current Liabilities and Deferred Income					
Interest Bearing Loans & Borrowings	18	247,971,195	245,872,262	247,971,195	232,912,262
Retirement Benefit Obligations	19	2,599,732,378	2,209,860,469	2,599,732,378	2,209,860,469
Deferred Income	20	155,240,033	164,694,998	155,240,033	164,694,998
Lease Liabilities	21	115,859	118,676	115,859	118,675
Deferred Tax Liability	29.4	1,202,997,193	1,263,163,273	1,155,580,378	1,207,360,418
		4,206,056,660	3,883,709,678	4,158,639,844	3,814,946,823
Current Liabilities					
Interest Bearing Loans & Borrowings	18	808,292,888	654,626,084	808,292,888	637,826,084
Lease Liabilities	21	2,816	2,604	2,816	2,604
Trade and Other Payables	22	912,294,332	1,245,927,713	905,605,432	1,236,613,458
Amounts due to Related Companies	23	5,225,878	24,513,576	5,225,878	24,214,062
Income Tax Payable		70,908,920	13,791,191	66,578,132	-
Bank Overdraft	15	276,729,733	322,558,873	276,729,733	322,558,873
		2,073,454,568	2,261,420,040	2,062,434,879	2,221,215,082
TOTAL EQUITY AND LIABILITIES		10,401,234,114	10,378,959,229	10,321,997,159	10,287,332,544
Net Assets per Share		8.24	8.47	8.20	8.50

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

N. Fernando
Finance Manager

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

S. S. Poholiyadde
Director

K. Mohideen
Director

The Accounting Policies and Notes on Pages 127 through 180 form an integral part of the Financial Statements.

28th August 2026
Colombo

Statement of Profit or Loss

For the year ended 31 March	Note	GROUP 2026 Rs.	GROUP 2025 Rs.	COMPANY 2026 Rs.	COMPANY 2025 Rs.
Revenue	24	**7,436,690,557**	7,285,916,638	**7,355,769,020**	7,218,634,181
Cost of Sales		**(6,834,626,080)**	(5,946,763,038)	**(6,819,825,830)**	(5,918,298,259)
Gross Profit		**602,064,477**	1,339,153,600	**535,943,190**	1,300,335,922
Gain on change in fair value of biological assets	11.2	**149,353,106**	133,841,706	**149,353,106**	133,841,706
Other Income	25	**92,723,365**	112,208,264	**125,562,866**	137,595,844
Selling & Distribution Expenses		**-**	(110,000,000)	**-**	(110,000,000)
Administrative Expenses		**(357,868,070)**	(347,496,826)	**(354,558,837)**	(358,068,492)
Finance Income	26	**123,122,063**	145,044,900	**123,122,063**	133,116,159
Finance Cost	27	**(152,409,666)**	(134,595,826)	**(150,009,190)**	(129,154,520)
Profit Before Tax	28	**456,985,276**	1,138,155,818	**429,413,198**	1,107,666,619
Income Tax Expense	29	**(144,716,673)**	(336,696,703)	**(124,141,107)**	(317,737,194)
Net Profit for the year		**312,268,602**	801,459,115	**305,272,091**	789,929,424
Earnings per Share	30	**0.62**	1.60	**0.61**	1.58

The Accounting Policies and Notes on Pages 127 through 180 form an integral part of the Financial Statements.

Statement of Comprehensive Income

For the Year ended 31 March	Note	GROUP 2026 Rs.	GROUP 2025 Rs.	COMPANY 2026 Rs.	COMPANY 2025 Rs.
Profit for the year		312,268,602	801,459,115	305,272,091	789,929,424
Other Comprehensive Income / (Loss)					
Other comprehensive Income/(Loss) that will not to be reclassified to profit or loss in subsequent periods					
Net Gain/ (loss) on financial assets at fair value through OCI	10.2	(466,701)	9,412,700	(910,000)	2,990,000
Tax Effect		(189,985)	(1,926,810)	-	-
		(656,687)	7,485,890	(910,000)	2,990,000
Remeasurement gain/(loss) on defined benefit plan	19	(292,300,421)	(663,464,865)	(292,300,421)	(663,464,864)
Tax Effect		87,690,126	199,039,459	87,690,126	199,039,459
		(204,610,296)	(464,425,406)	(204,610,295)	(464,425,405)
Revaluation Surplus on Buildings		-	661,788,864	-	661,788,864
Tax Effect		-	(198,536,659)	-	(198,536,659)
		-	463,252,205	-	463,252,205
Net other comprehensive Income/ (loss) not to be reclassified to profit or loss in subsequent periods					
		(205,266,982)	6,312,689	(205,520,295)	1,816,800
Other comprehensive income / (loss) for the year, net of tax		(205,266,982)	6,312,689	(205,520,295)	1,816,800
Total comprehensive income / (loss) for the year, net of tax		107,001,620	807,771,804	99,751,796	791,746,224
Profit for the Year Attributable to;					
Equity Holders of the Parent		312,268,602	801,459,115	-	-
Non Controlling Interest		-	-	-	-
Profit for the year		312,268,602	801,459,115	-	-
Total Comprehensive Income Attributable to ;					
Equity Holders of the Parent		107,001,620	807,771,804	-	-
Non Controlling Interest		-	-	-	-
Total comprehensive income / (loss) for the year, net of tax		107,001,620	807,771,804	-	-

The Accounting Policies and Notes on Pages 127 through 180 form an integral part of the Financial Statements.

Statement of Changes in Equity - Group

	Stated Capital	Fair Value Reserve of Financial Assets at FVOCI	Timber Reserve	Revaluation Reserve	Retained Profit/(Loss)	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01st April 2024	2,478,067,694	(184,392,897)	1,699,717,304	723,775,555	(544,307,523)	4,172,860,133
Net Profit / (Loss) for the year	-	-	-	-	801,459,115	801,459,115
Dividends Paid					(746,802,427)	(746,802,427)
Other comprehensive income/ (loss) for the year, net of tax	-	7,485,890	-	463,252,205	(464,425,406)	6,312,689
Gain / (loss) on change in fair value of Consumable biological assets	-	-	130,868,982	-	(130,868,982)	-
Transfer from Revaluation Reserve	-	-	-	(38,090,259)	38,090,259	-
Deferred Tax effect on Revaluation Reserve				11,427,078	(11,427,078)	-
Balance as at 31st March 2025	2,478,067,694	(176,907,007)	1,830,586,286	1,160,364,578	(1,058,282,041)	4,233,829,510
Net Profit / (Loss) for the year	-	-	-	-	312,268,602	312,268,602
Dividends Paid					(250,000,000)	(250,000,000)
Other comprehensive income/ (loss) for the year, net of tax	-	(656,687)	-	-	(204,610,296)	(205,266,982)
Gain / (loss) on change in fair value of Consumable biological assets	-	-	147,489,398	-	(147,489,398)	-
Reclassification of Deferred Tax related to FVOCI reserve		4,050,222				4,050,222
Reclassification of Deferred Tax related to P&L		(8,948,098)			35,789,632	26,841,534
Transfer from Revaluation Reserve	-	-	-	(71,090,256)	71,090,256	-
Deferred Tax effect on Revaluation Reserve	-	-	-	21,327,077	(21,327,077)	-
Balance as at 31st March 2026	2,478,067,694	(182,461,570)	1,978,075,684	1,110,601,399	(1,262,560,321)	4,121,722,887

Fair value reserve of Financial Assets (FVOCI)

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

Timber Reserve

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

Revaluation reserve

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

The Accounting Policies and Notes on Pages 127 through 180 form an integral part of the Financial Statements.

Statement of Changes in Equity - Company

	Stated Capital	Fair Value Reserve of Financial Assets at FVOCI	Timber Reserve	Revaluation Reserve	Retained Profit/ (Loss)	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 01st April 2024	2,478,067,694	(181,708,468)	1,699,717,304	723,775,555	(510,427,670)	4,209,424,415
Net Profit / (Loss) for the year	-	-	-		789,929,424	789,929,424
Dividends Paid					(750,000,000)	(750,000,000)
Other comprehensive income/ (loss) for the year, net of tax	-	2,990,000	-	463,252,205	(464,425,405)	1,816,800
Gain / (loss) on change in fair value of Consumable biological assets	-	-	130,868,982	-	(130,868,982)	-
Transfer from Revaluation Reserve	-	-	-	(38,090,259)	38,090,259	-
Deferred Tax effect on Revaluation Reserve	-	-	-	11,427,078	(11,427,078)	-
Balance as at 31st March 2025	2,478,067,694	(178,718,468)	1,830,586,286	1,160,364,579	(1,039,129,451)	4,251,170,639
Net Profit / (Loss) for the year	-	-	-		305,272,091	305,272,091
Dividends Paid					(250,000,000)	(250,000,000)
Other comprehensive income/ (loss) for the year, net of tax	-	(910,000)	-	-	(204,610,295)	(205,520,295)
Gain / (loss) on change in fair value of Consumable biological assets	-	-	147,489,398	-	(147,489,398)	-
Transfer from Revaluation Reserve	-	-		(71,090,256)	71,090,256	-
Deferred Tax effect on Revaluation Reserve	-	-	-	21,327,077	(21,327,077)	-
Balance as at 31st March 2026	2,478,067,694	(179,628,468)	1,978,075,684	1,110,601,400	(1,286,193,874)	4,100,922,436

Fair value reserve of Financial Assets (FVOCI)

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

Timber Reserve

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

Revaluation reserve

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

The Accounting Policies and Notes on Pages 127 through 180 form an integral part of the Financial Statements.

Statement of Cash Flows

For the Year ended 31 March	Note	GROUP 2026 Rs.	GROUP 2025 Rs.	COMPANY 2026 Rs.	COMPANY 2025 Rs.
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES					
Net Profit before Taxation		456,985,276	1,138,155,818	429,413,198	1,107,666,619
ADJUSTMENTS FOR					
Interest Income	26	(123,122,063)	(145,044,900)	(123,122,063)	(133,116,159)
Interest Expenses	27	152,409,666	134,595,825	150,009,190	129,154,520
Retirement Benefit Obligations - Provision	19	386,407,850	328,949,425	386,407,850	328,949,425
Depreciation	6,7,8	309,599,165	225,128,600	295,978,915	211,529,425
(Gain) / Loss on Fair Valuation of Biological Assets	11.2	(149,353,106)	(133,841,706)	(149,353,106)	(133,841,706)
Amortisation Capital Grants	25	(9,454,965)	(9,454,965)	(9,454,965)	(9,454,965)
Profit on Disposal of Property, Plant & Equipment		-	(7,800,000)	-	-
Provision for Impairment		47,164,215	6,694,529	47,164,215	6,694,529
Provision for Surcharges		-	50,000,000	-	50,000,000
Operating Profit / (Loss) before Working Capital Change		1,070,636,038	1,587,382,627	1,027,043,235	1,557,581,688
(Increase) / Decrease in Inventories		264,730,159	(194,984,270)	264,730,159	(194,984,270)
(Increase) / Decrease in Trade & Other Receivables		(119,613,441)	198,745,573	(117,659,080)	199,674,521
(Increase) / Decrease in Amount due from Related Companies		(51,526,469)	62,566,109	(50,613,663)	69,006,051
Increase / (Decrease) in Trade & Other Payables		245,787,359	278,713,037	248,412,712	279,028,437
Increase / (Decrease) in Amounts due to Related Companies		(20,117,195)	(6,091,029)	(18,988,184)	(6,091,029)
Cash Generated From / (Used In) Operations		1,389,896,451	1,926,332,046	1,352,925,179	1,904,215,397
Retirement Benefit Obligations - Payments		(288,836,362)	(573,667,007)	(288,836,362)	(573,667,007)
Interest Received		123,122,063	145,044,900	123,122,063	133,116,159
Interest Paid		(162,135,474)	(153,511,735)	(159,734,998)	(147,278,373)
Payment of Taxes		(635,635,400)	(260,146,235)	(601,073,629)	(250,518,729)
Net Cash from/(used in) Operating Activities		426,411,278	1,084,051,970	426,402,253	1,065,867,448
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES					
Investment in Field Development		(16,108,551)	(24,322,486)	(16,108,551)	(24,322,486)
Investment in Timber	9	(19,781,846)	(13,957,792)	(19,781,846)	(13,957,792)
Sale of Investments Measured at FVOCI		40,789,632	-	-	-
Proceeds from Sale of Property, Plant & Equipment		-	7,800,000	-	-
Purchase of Property, Plant & Equipment		(319,198,505)	(372,104,456)	(319,198,505)	(372,104,456)
Net Cash from/(used in) Investing Activities		(314,299,270)	(402,584,734)	(355,088,902)	(410,384,734)

The Accounting Policies and Notes on Pages 127 through 180 form an integral part of the Financial Statements.

Statement of Cash Flows

For the Year ended 31 March	Note	GROUP 2026 Rs.	GROUP 2025 Rs.	COMPANY 2026 Rs.	COMPANY 2025 Rs.
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES					
Payment of Leases		(2,604)	(2,407)	(2,604)	(2,407)
Dividends Paid		(250,000,000)	(750,000,000)	(250,000,000)	(750,000,000)
Proceeds from Term Loans		2,468,358,004	1,105,468,104	2,468,358,004	1,105,468,104
Repayment of Term Loans		(2,312,592,266)	(1,184,139,863)	(2,282,832,266)	(1,151,299,863)
Net Cash from / (Used in) Financing Activities		(94,236,867)	(828,674,166)	(64,476,866)	(795,834,166)
Net Increase/ (Decrease) in Cash and Cash Equivalents		17,875,141	(147,206,930)	6,836,485	(140,351,452)
Cash & Cash Equivalents at the beginning of the year	A	419,894,403	567,101,341	416,770,011	557,121,464
Cash & Cash Equivalents at the end of the year	B	437,769,542	419,894,403	423,606,496	416,770,011

	GROUP 2026 Rs.	GROUP 2025 Rs.	COMPANY 2026 Rs.	COMPANY 2025 Rs.
NOTE A				
Cash & Cash Equivalent at the beginning of the year				
Short Term Investments	689,499,955	743,251,471	689,499,955	743,251,471
Cash in Hand	1,154,519	1,381,457	1,154,519	1,381,457
Cash at Bank	51,798,802	77,416,984	48,674,410	67,437,107
Bank Overdraft	(322,558,873)	(254,948,571)	(322,558,873)	(254,948,571)
	419,894,403	567,101,341	416,770,011	557,121,464

	GROUP 2026 Rs.	GROUP 2025 Rs.	COMPANY 2026 Rs.	COMPANY 2025 Rs.
NOTE B				
Cash & Cash Equivalent at the End of the year				
Short Term Investments	653,081,798	689,499,955	653,081,798	689,499,955
Cash in Hand	970,196	1,154,519	970,196	1,154,519
Cash at Bank	60,447,281	51,798,802	46,284,235	48,674,410
Bank Overdraft	(276,729,733)	(322,558,873)	(276,729,733)	(322,558,873)
	437,769,542	419,894,403	423,606,496	416,770,011

The Accounting Policies and Notes on Pages 127 through 180 form an integral part of the Financial Statements.

Notes to the Financial Statements

1. REPORTING ENTITY

1.1 Domicile and legal form

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

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

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

1.2 Principal activities and the nature of the operations

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

Principal activity of the subsidiary in the group as follows.

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

1.3 Parent enterprise

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

1.4 Date of Authorisation for issue

The Financial Statements of Agarapatana Plantations PLC for the year ended 31st March 2026 were authorised for issue in accordance with a resolution of the board of directors on 28th August 2026.

1.5 Responsibility for Financial Statements

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Basis of Measurement

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

- Managed Consumable biological assets are measured at fair value.
- Harvestable Agricultural Produce growing on bearer biological assets are measured at fair value.
- Other non current financial assets are measured at fair value.
- Buildings under property, plant & equipment is valued under revaluation model.
- Defined Benefit Obligation is measured using projected unit credit method.

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

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

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

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

2.4 Functional and Presentation Currency

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

2.5 Materiality and aggregation

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

2.6 Going Concern

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

Basis of Consolidation

The Consolidated Financial Statements comprise the Financial Statements of the Group and its subsidiary as at 31st March 2026. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

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

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

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

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

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

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

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

Business Combinations

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

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Comparative information

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

3.2 Current vs non-current classification

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

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

Or

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

All other assets are classified as non-current.

A liability is current when:

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

Or

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

The Company classifies all other liabilities as non-current.

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

3.3 Fair Value Measurement

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

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

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

- In the principal market for the asset or liability.

Or

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

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

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

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

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

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

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

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

External valuers are involved for valuation of significant assets, such as buildings, consumable biological assets, and significant liabilities, such as retirement benefit obligations. Involvement of external valuers is decided upon annually by the Management Committee after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management Committee decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

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

3.4 Property Plant & Equipment

3.4.1 Recognition and measurement

Initial Recognition

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

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

Subsequent Measurement

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

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

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

3.4.2 Owned assets

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

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

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

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

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

3.4.3 Leased assets

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

Company as a lessee

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

Short-term leases and leases of low - value assets

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

3.4.3.1 Right-of-use assets

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

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

a) Amortisation

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

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

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

3.4.3.2 Lease liabilities

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

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

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

3.4.4 De-recognition

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

3.4.5 Land improvement cost

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

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

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

3.4.6 Biological Assets

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

Biological assets are further classified as bearer biological assets and consumable biological assets. Bearer biological assets include tea trees, those that are not intended to be sold or harvested, however used to grow for harvesting agricultural produce from such biological assets. Consumable biological assets include managed timber trees those that are to be harvested as agricultural produce or sold as biological assets.

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

3.4.6.1 Bearer Biological Assets

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

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

3.4.6.2 Infilling Cost on Bearer Biological Assets

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

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

3.4.6.3 Borrowing Cost

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

Borrowing costs that are not capitalised are recognised as expenses in the period in which they are incurred and charged to the statement of profit or loss.

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

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

The capitalisation rate of 6.33 % (2025 – 9.94%) was used.

Borrowing Costs amounting to Rs. 9,725,808 /- (2025 – Rs. 18,123,853 /-) have been capitalised as part of the cost of the immature plantations.

3.4.6.4 Consumable Biological Assets

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

The main variables in Market approach model concerns

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

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

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

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

3.4.6.5 Nursery Plants

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

3.4.6.6 Produce on Bearer Biological Assets

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

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

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

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

3.4.6.7 Intangible Assets

3.4.6.7.1 Goodwill

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

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

3.4.7 Depreciation and amortisation

(a) Depreciation

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

	No. of Years	Rate (%)
Buildings	20 - 40	2.5 - 5
Roads	25	4.00
Plant & Machinery	13 1/3	7.50
Motor Vehicles	5	20.00
Equipment	8	12.50
Furniture & Fittings	10	10.00
Sanitation, Water & Electricity Supply	20	5.00

Mature Plantations (Replanting and New Planting)

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

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

No depreciation is provided for immature plantations.

3.5 Financial instruments

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

3.5.1 Financial assets

3.5.1.1 Initial Recognition and Measurement

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

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

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

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

3.5.1.2 Subsequent Measurement

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

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

a) Financial assets at amortised cost (debt instruments)

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

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

And

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

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

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

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

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

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

And

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

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

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

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

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

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

d) **Financial assets at fair value through profit or loss**

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

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

3.5.1.3 Derecognition

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

- The rights to receive cash flows from the asset have expired

Or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

3.5.1.4 Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

3.5.2 Financial Liabilities

3.5.2.1 Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

3.5.2.2 Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described below:

a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

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

b) Financial instruments at amortised cost

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

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

3.5.2.3 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

3.5.3 Offsetting of financial instruments

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

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

3.6 Inventories

a) Finished goods manufactured from agricultural produce of biological assets

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

b) Input materials, Spares and consumables

At average cost.

c) Growing Crop Nurseries

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

3.7 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, deposits and bank overdrafts that are repayable on demand form and integral part of the Company's cash management and are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

3.8 Impairment of Non-Financial Assets

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

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

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

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

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

3.9 Liabilities and provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement.

3.10 Employees' benefits

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

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

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

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

(b) Defined benefit plan

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

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised as in retained earnings through comprehensive income. Past service costs are recognised immediately in Statement of Profit or Loss.

The provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19 - Employee Benefits. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The Liability is not externally funded.

The key assumptions used in determining the retirement benefit obligations are given in Note 19.

3.11 Capital commitments and contingencies

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

3.12 Events occurring after the reporting period

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

3.13 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number or ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.14 Deferred income - Grants and subsidies

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

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

3.15 Statement of Profit or Loss

For the purpose of presentation of Statement of Profit or Loss, the function of expenses method is adopted as it represents fairly the elements of the Company's performance.

3.15.1 Revenue

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

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

Revenue from contract with customers

Sale of Plantation produce

Revenue from sale of plantation produce is recognised at the point in time when the control of the goods is transferred to the customer. Black tea produce is sold at the Colombo Tea Auction and the highest bidder whose offer is accepted shall be the buyer, and a sale shall be completed at the fall of the hammer, at which point control is transferred to the customer.

There is no element of financing present as the Company's sale of plantation produce are either on cash terms (Immediate payment or advance payment not exceeding 30 days) or on credit terms ranging from 7 to 15 days.

Notes to the Financial Statements

Rendering Services

Service income from Group comprised with sale of hydro energy to the Ceylon Electricity Board (CEB). Revenue from sale of hydro energy recognised at the point of hydro energy releases to the national grid at a pre-determined unit price.

3.15.2 Other Sources of Revenue

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

- Rental Income

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

- Dividend Income

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

- Interest Income

  Interest income is recognised based on effective interest method.

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

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

3.15.3 Expenses

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

3.15.4 Finance income and finance cost

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

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

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

3.15.5 Taxes

3.15.5.1 Current Income Tax

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

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.15.5.2 Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.16 Statement of cash flows

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

3.17 Segment reporting

Segmental information is provided for the different business segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

Since the individual segments are located close to each other and operate in the same industrial environment, the need for geographical segmentation has no material impact.

The activities of the segments are described in Note 24 to the Financial Statements. The company transfers products from one industry segment for use in another. Inter-segment transfers are based on fair market prices.

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

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

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

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

4. USE OF ESTIMATES AND JUDGMENTS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes.

4.1 Taxation

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

The prevailing tax rate was 30%.

4.2 Deferred Tax

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Significant judgement was required to determine the total provision for current, deferred and other taxes pending the issue of tax guidelines on the treatment of the adoption of SLFRS in the financial statements and the taxable profit for the purpose of imposition of taxes. Uncertainties exist, with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these financial statements. The Group recognised assets and liabilities for current, deferred and other taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income, deferred and tax amounts in the period in which the determination is made.

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

4.3 Retirement benefit obligations

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

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

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

4.4 Fair Valuation of Consumable Biological Assets

The fair value of managed timber depends on number of factors that are determined on a discounted cash flow method using various different financial and non-financial assumptions. The growth of the trees is determined by various biological factors that are highly unpredictable. Any change to the assumptions will impact the fair value of biological assets. All assumptions are reviewed at each reporting period. Key assumptions and sensitivity analysis of the biological assets are given in Note 9.

4.5 Bearer Biological assets

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

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

4.6 IFRIC Interpretation 23 - Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 - Income Taxes. The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex environment, it assessed whether the Interpretation had an impact on its financial statements. The Company determined that it is probable that its tax treatments will be accepted by the taxation authorities. The Interpretation did not have an impact on the financial statements of the Company.

4.7 Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the company's stand-alone credit rating).

5. SRI LANKA ACCOUNTING STANDARDS (SLFRS / LKAS) ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

5.1 SLFRS 17 - Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts, covering recognition, measurement, presentation, and disclosure. It replaces SLFRS 4 and applies to all types of insurance contracts, including life, non-life, direct insurance, reinsurance—as well as certain guarantees and financial instruments with discretionary participation features:

The standard is built around the General Measurement Model, supported by two supplementary approaches:

- Variable Fee Approach (VFA): for contracts with direct participation features
- Premium Allocation Approach (PAA): a simplified model mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1 January 2026, with comparative figures required. Early adoption is allowed if the entity also applies SLFRS 9 Financial Instruments and SLFRS 15 Revenue from Contracts with Customers by the date SLFRS 17 is first applied.

SLFRS 17 does not have a material impact on the financial statements.

5.2 SLFRS 18 - Presentation and Disclosure in Financial Statements

SLFRS 18, which replaces LKAS 1 introduces significant enhancements to the way financial information is organised and communicated. The standard establishes new categories and subtotals in the statement of profit or loss to improve consistency and comparability across entities. It also requires entities to disclose management-defined performance measures (as specified in the standard), together with clear explanations and reconciliations.

In addition, SLFRS 18 introduces strengthened requirements regarding the location, aggregation, and disaggregation of financial information. These changes are designed to ensure that financial statements present information more transparently and in a way that enhances users' understanding of an entity's financial performance and position.

SLFRS 18, and consequential amendments to the other accounting standards, are effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.

The potential impact of SLFRS 18 on the financial statements and the related notes is currently being identified and evaluated.

5.3 SLFRS 19 - Subsidiaries without public accountability:

SLFRS 19 introduces reduced disclosure requirements for subsidiaries that do not have public accountability but continue to apply the full SLFRS recognition and measurement principles.

The purpose of SLFRS 19 is to lessen the financial reporting burden on qualifying subsidiaries by simplifying disclosure requirements, while still ensuring that financial statements remain high-quality, consistent, and comparable for users.

SLFRS 19 applies to Specified Business Enterprises, as defined in the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. Subsidiaries that fall within this category and do not have public accountability are eligible to apply SLFRS 19.

The Standard becomes effective for annual reporting periods beginning on or after 1 January 2027. Early application is permitted.

The entity is not eligible to apply for SLFRS 19.

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

The amendments introduce enhancements to the classification, measurement, derecognition, and disclosure requirements for financial instruments. Their objective is to strengthen transparency, promote greater consistency in financial reporting, and respond to emerging market developments - particularly features such as sustainability linked terms and nature dependent electricity contracts.

These amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early application is permitted.

The amendments are not expected to have a material impact on the financial statements

6. RIGHT-OF-USE ASSETS

		GROUP		COMPANY	
	Note	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Right- of-use assets-Land	6.1	123,564,459	130,067,852	123,564,459	130,067,852
Right-of-use assets-Immovable Leased Bearer Biological Assets	6.2.1	-	-	-	-
Right-of-use assets- Other Property, Plant and Equipment	6.2.2	1,103,640	1,120,560	1,103,640	1,120,560
		124,668,099	131,188,412	124,668,099	131,188,412

6.1 Right-of-use assets - Land - Group and Company

"Right-To-Use of Land on Lease" was previously accounted under Statement of Alternative Treatment (SoAT) issued by the Institute of Chartered Accountants of Sri Lanka dated 21 August 2013. However, with effect from January 1, 2019, "Right-of-use assets—Land" have been accounted for in accordance with SLFRS 16. "Right-of-use assets - Land" have been executed for all estates for a period of 53 years. The unexpired period of the lease as at the Statement of Financial Position date is 19 years.

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

	GROUP		COMPANY	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Cost				
At the beginning of the year	341,588,181	341,588,181	341,588,181	341,588,181
At the end of the year	341,588,181	341,588,181	341,588,181	341,588,181
Amortisation				
At the beginning of the year	211,520,329	205,016,936	211,520,329	205,016,936
Amortisation for the year	6,503,393	6,503,393	6,503,393	6,503,393
At the end of the year	218,023,722	211,520,329	218,023,722	211,520,329
Written Down Value	123,564,459	130,067,852	123,564,459	130,067,852

6.2 Right-of-use assets - Immovable Assets - Group and Company

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

6.2.1 Right-of-use assets-Immovable Leased Bearer Biological Assets - Group and Company

	Coffee, Pepper, Cardamom Rs.	Mature Plantations Rs.	Vested Tea Rs.	2026 Rs.	2025 Rs.
Cost					
As at 1 April	305,380	179,092,900	1,222,661	180,620,941	180,620,941
As at 31 March	305,380	179,092,900	1,222,661	180,620,941	180,620,941
Amortisation					
As at 1 April	305,380	179,092,900	1,222,661	180,620,941	175,649,042
Amortisation for the year	-	-	-	-	4,971,899
As at 31 March	305,380	179,092,900	1,222,661	180,620,941	180,620,941
Written Down Value	-	-	-	-	-

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

However, since then all such investments in Immature Plantations attributable to JEDB/SLSPC period have been transferred to Mature Plantations. These mature tea were classified as bearer biological assets in terms of LKAS 16 – Property, Plant & Equipment. The carrying value of the bearer biological assets leased from JEDB/SLSPC is recognised at cost less amortisation. Further investments in such plantations to bring them to maturity are shown in Note 08.

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

Group & Company

	Improvements to Land	Unimproved Land	Roads & Bridges	Buildings	Fences and Securities	Machinery	Water Supply	Power Augmentation	Other Vested Assets	2026	2025
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost											
As at 1 April	5,406,507	997,894	677,397	62,634,210	48,598	8,201,289	6,158,249	971,614	30,500	**85,126,258**	85,126,258
As at 31 March	5,406,507	997,894	677,397	62,634,210	48,598	8,201,289	6,158,249	971,614	30,500	**85,126,258**	85,126,258
Amortisation											
As at 1 April	5,406,507	-	554,732	62,634,210	48,598	8,201,289	6,158,249	971,614	30,500	**84,005,699**	83,988,779
Amortisation for the year		-	16,920	-	-	-	-	-	-	**16,920**	16,920
As at 31 March	5,406,507	-	571,652	62,634,210	48,598	8,201,289	6,158,249	971,614	30,500	**84,022,619**	84,005,699
Written Down Value	-	997,894	105,745	-	-	-	-	-	-	**1,103,640**	1,120,560

7. FREEHOLD PROPERTY, PLANT & EQUIPMENT

Group

	Buildings at Valuation	Water Supply	Plant & Machinery	Motor Vehicles	Equipment & Tools	Furniture & Fittings	Roads	Capital Work in Progress	2026	2025
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost or Valuation										
Balance as at 1 April 2025	2,222,224,615	84,045,085	853,826,281	464,268,836	460,291,231	10,692,058	69,314,689	1,773,083	4,166,435,878	3,139,032,309
Additions	8,725,976	-	45,299,055	113,058,495	149,705,887	267,011	-	2,142,081	319,198,505	372,747,746
Revaluation gain	-								-	661,788,864
Disposals	-	-	-	-	-	-	-	-	-	(6,489,750)
Transfer In/(Out)	-	-	-	-	-	-	-	-	-	(643,290)
Balance as at 31 March 2026	2,230,950,591	84,045,085	899,125,336	577,327,331	609,997,118	10,959,069	69,314,689	3,915,164	4,485,634,383	4,166,435,879
Accumulated Depreciation										
Balance as at 1 April 2025	300,596,971	72,184,776	561,429,358	361,323,936	109,275,880	9,302,292	45,613,449	-	1,459,726,662	1,328,978,906
Charge for the year	88,467,589	3,022,110	41,410,621	34,645,043	54,235,779	246,286	2,683,802	-	224,711,230	137,237,506
Disposals	-	-	-	-	-	-	-	-	-	(6,489,750)
Balance as at 31 March 2026	389,064,560	75,206,886	602,839,979	395,968,979	163,511,659	9,548,578	48,297,251	-	1,684,437,892	1,459,726,662
Carrying Value										
As at 31 March 2026	1,841,886,031	8,838,199	296,285,357	181,358,352	446,485,459	1,410,491	21,017,439	3,915,164	2,801,196,491	-
As at 31 March 2025	1,921,627,644	11,860,309	292,396,923	102,944,900	351,015,351	1,389,766	23,701,241	1,773,083	-	2,706,709,217

7. FREEHOLD PROPERTY, PLANT & EQUIPMENT (CONTD.)

Company

	Buildings at Valuation	Water Supply	Plant & Machinery	Motor Vehicles	Equipment & Tools	Furniture & Fittings	Roads	Capital Work in Progress	2026	2025
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost or Valuation										
Balance as at 1 April 2025	2,136,159,901	84,045,085	702,252,794	464,268,836	458,031,205	10,692,058	69,314,689	1,773,083	**3,926,537,651**	2,892,644,332
Additions	8,725,976	-	45,299,055	113,058,495	149,705,887	267,011	-	2,142,081	**319,198,505**	372,747,746
Revaluation Gain	-								**-**	661,788,864
Transfer In/(Out)	-	-	-	-	-	-	-		**-**	(643,290)
Balance as at 31 March 2026	2,144,885,877	84,045,085	747,551,849	577,327,331	607,737,092	10,959,069	69,314,689	3,915,164	**4,245,736,156**	3,926,537,652
Accumulated Depreciation										
Balance as at 1 April 2025	276,131,311	72,184,776	427,855,221	361,323,936	108,659,330	9,302,292	45,613,449	-	**1,301,070,315**	1,177,431,985
Charge for the year	86,315,971	3,022,110	30,042,609	34,645,043	54,135,159	246,286	2,683,802	-	**211,090,980**	123,638,330
Balance as at 31 March 2026	362,447,282	75,206,886	457,897,830	395,968,979	162,794,489	9,548,578	48,297,251	-	**1,512,161,295**	1,301,070,315
Carrying Value										
As at 31 March 2026	1,782,438,595	8,838,199	289,654,019	181,358,352	444,942,603	1,410,491	21,017,439	3,915,164	**2,733,574,861**	-
As at 31 March 2025	1,860,028,590	11,860,309	274,397,573	102,944,900	349,371,875	1,389,766	23,701,241	1,773,083	**-**	2,625,467,337

7.1 Fair Value Hierarchy

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

The Company measures buildings at revalued amounts with changes in fair value being recognised in other comprehensive income and in the statement of changes in equity. The Company engaged an independent valuation specialist to determine fair value of buildings as at 31 March 2025.

The Buildings on leasehold land were revalued by Mr. A.A.M Fathihu, Chartered Valuation Surveyor as of 31 March 2025 and the results of such valuation have been incorporated in these financial statements as at that date. Such assets were valued on the basis of gross replacement cost (GRC). Fair value is determined by reference to market based evidence. The surplus arising from the revaluation has been transferred to the revaluation reserve. .

Following key significant unobservable (Level 3) inputs were used for the valuation of buildings,

Type of Asset	Fair Value as at 31 March 2025	Method of Valuation	Significant Unobservable Inputs	Estimates for Unobservable Inputs (Weighted Average)	Sensitivity of Fair Value to Unobservable Inputs
Buildings	1,860,549,000	Cost Approach	Estimated price per square foot	Rs.1,228/- per square foot	Positively correlated sensitivity

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

	GROUP		COMPANY	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Cost	516,685,218	516,685,218	516,685,218	516,685,218
Accumulated depreciation	(209,277,786)	(194,135,835)	(209,277,786)	(194,135,835)
Carrying value	307,407,432	322,549,383	307,407,432	322,549,383

7.1.3 The cost of fully depreciated assets, but still in use of the company amounts to Rs. 814 Mn as of 31 March 2026 (As at 31 March 2025 - Rs. 808 Mn). Fully depreciated assets breakup is as follows.

As At 31st March	GROUP	COMPANY
	2026	
	Rs.	Rs.
Furniture & Fittings	8,658,372	8,658,372
Plant & Machinery	326,179,612	326,179,612
Tools & Equipments	72,132,811	72,132,811
Motor Vehicles	382,532,175	382,532,175
Water & Sanitation	25,211,907	25,211,907
	814,714,877	814,714,877

8. BEARER BIOLOGICAL ASSETS

	Immature Plantations			Mature Plantations			2026	2025
	Tea	Other	Total	Tea	Other	Total		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost								
At the beginning of the year	179,553,496	121,888,110	301,441,605	2,541,662,021	44,199,375	2,585,861,396	**2,887,303,000**	2,844,856,661
Additions	25,722,062	112,298	25,834,359	73,491,968	-	73,491,968	**99,326,328**	108,070,967
Transfer In/(Out)	(73,491,968)	-	(73,491,968)	-	-	-	**(73,491,968)**	(65,624,628)
Provision for Impairment	-	(23,995,775)	(23,995,775)	-	-	-	**(23,995,775)**	-
At the end of the year	131,783,590	98,004,632	229,788,221	2,615,153,989	44,199,375	2,659,353,364	**2,889,141,585**	2,887,303,000
Depreciation								
At the beginning of the year	-	-	-	684,351,805	8,253,506	692,605,311	**692,605,311**	616,206,428
Charge for the year	-	-	-	76,249,861	2,117,761	78,367,622	**78,367,622**	76,398,883
At the end of the year	-	-	-	760,601,666	10,371,267	770,972,933	**770,972,933**	692,605,311
Written Down Value	131,783,590	98,004,632	229,788,221	1,854,552,323	33,828,108	1,888,380,431	**2,118,168,651**	2,194,697,689

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

The Company has elected to measure the bearer biological assets at cost using LKAS 16 – Property, Plant & Equipment.

b) Borrowing costs amounting to Rs. 9,725,808/- (2025 - Rs. 18,123,853 /-) have been capitalised as part of the cost of the immature plantations. Capitalisation will cease when crops are ready for harvest.

9. CONSUMABLE BIOLOGICAL ASSETS

	GROUP		COMPANY	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
At the beginning of the year	**1,977,314,147**	1,832,487,373	**1,977,314,147**	1,832,487,373
Increased due to Development	**19,781,846**	13,957,792	**19,781,846**	13,957,792
Gain/(loss) arising from changes in fair value	**147,489,398**	130,868,982	**147,489,398**	130,868,982
At the end of the year	**2,144,585,392**	1,977,314,147	**2,144,585,392**	1,977,314,147

Managed timber plantation was measured at fair value initially as at 31 March 2013 and subsequently. The corresponding gain/(loss) was recognised in the statement of profit or loss.

9.1 Timber Reserve

Fair value surplus or deficit is recognised as a separate equity component in the company's or group's statement of changes in equity, which will be available for distribution at the point of realisation of the consumable biological assets. The realisation is as follows:

	GROUP		COMPANY	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
At the beginning of the year	1,830,586,286	1,699,717,304	1,830,586,286	1,699,717,304
Gain recognised during the year	147,489,398	130,868,982	147,489,398	130,868,982
At the end of the year	1,978,075,684	1,830,586,286	1,978,075,684	1,830,586,286

Managed trees include commercial timber plantations cultivated on estates. The cost of immature trees is treated as approximate fair value particularly on the ground of little biological transformation has taken place and impact of the biological transformation on price is not material. When such Plantations become mature, the additional investments since taken over to bring them to maturity are transferred from Immature to Mature.

The fair value of mature managed trees were ascertained in accordance with SLFRS 13. The valuation was carried by Mr. A.A.M Fathihu, FIV, chartered valuation surveyor, using Discounted Cash Flow (DCF) method. In ascertaining the fair value of timber, a physical verification was carried out covering all the estates.

Information about Fair Value Measurements using significant unobservable inputs (Level 3).

Non Financial Assets	Valuation Technique	Unobservable Inputs	Range of Unobservable Inputs (Probability weighted average) 2026	2025	Relation of Unobservable Inputs to Fair Value
Consumable Biological Assets	Discounted Cash Flow Method The valuation model considers present value of future net cash flows expected to be generated by the plantation from the timber content of managed timber plantation on a tree per-tree basis	Discount Rate	Age to harvest 5 years or below - 13.5%	Age to harvest 5 years or below - 14%	The higher the discount rate, the lesser the fair value
			Age to harvest 6 to 15 years - 14.5%	Age to harvest 6 to 15 years - 15%	
			Age to harvest 15 years or above - 15.5%	Age to harvest 15 years or above - 16%	
		Optimum rotation (Maturity)	25 years	25 years	Lower the rotation period, the higher the fair value
		Volume at rotation	19.4 - 88.5 cu.ft.	19.4 - 88.5 cu.ft.	The higher the volume, the higher the fair value
		Price per cu.ft.	Rs.410/- to Rs.1,300/-	Rs.400/- to Rs.1,260/-	The higher the price per cu. ft. the higher the fair value

9.1 Timber Reserve (Contd.)

Other key assumptions used in valuation.

1 The harvesting is approved by the PMMD and the Forest Department based on the Forestry Development Plan.

2 The prices adopted are net of expenditure.

3 Though the replanting is a condition precedent for harvesting' yet the costs are not taken in to consideration.

The valuations, as presented in the external valuation models based on net present values, take into account the long term exploitation of the timber plantations. Because of the inherent uncertainty associated with the valuation at fair value of the biological assets due to the volatility of the variables, their carrying value may differ from their realisable value. The Board of Directors retains their view that commodity markets are inherently volatile and that long term price projections are highly unpredictable. Hence, the sensitivity analysis regarding selling price and discount rate variations as included in this note allows every investor to reasonably challenge the financial impact of the assumptions used in the LKAS 41 against his own assumptions.

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

9.2 Sensitivity Analysis

Sensitivity variation - sales price

Values as appearing in the Statement of Financial Position are very sensitive to price changes with regard to the average sales prices applied. Simulations made for timber show that a rise or decrease by 10% of the estimated future selling price has the following effect on the net present value of biological assets:

	Rs. -10%	Rs. +10%
As at 31 March 2026	(214,656,927)	214,656,927
As at 31 March 2025	(197,922,035)	197,922,035

Sensitivity variation - discount rate

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

	Rs. -1%	Rs. +1%
As at 31 March 2026	44,688,567	(42,292,366)
As at 31 March 2025	44,039,106	(41,511,120)

The carrying amount of biological assets pledged as securities for liabilities are Nil for the year (2025 - Nil).

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

10. OTHER NON CURRENT FINANCIAL ASSETS

Upon initial recognition, the Group occasionally elects to classify irrevocably some of its equity investments held for strategic purposes, as equity instruments at FVOCI when they meet the definition of Equity under LKAS 32 - "Financial Instruments: Presentation" and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss instead directly transferred to retained earnings at the time of derecognition. Dividends are recognised in the statement of profit or loss in "Other income" when the right of the payment has been established.

10.1 Financial assets at fair value through OCI

	GROUP		COMPANY	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Investment in quoted companies				
Beruwala Resorts PLC	3,900,000	4,810,000	3,900,000	4,810,000
Agarapatana Plantations PLC	-	13,948,098	-	-
Investment in unquoted companies				
Union Commodities (Pvt) Ltd	-	-	-	-
Colombo Fort Hotels Ltd	27,420,265	26,976,966	-	-
Total financial assets at fair value through OCI	31,320,265	45,735,064	3,900,000	4,810,000
10.2 Net (loss) / gain on financial assets at fair value through OCI	(656,687)	7,485,890	(910,000)	2,990,000

10.3 Fair Value Hierarchy for financial assets at fair value through OCI

	Date of Valuation	Level 1 (Quoted prices in active markets) Rs.	Level 2 (Significant observable inputs) Rs.	Level 3 (Significant unobservable inputs) Rs.
Investment in quoted equity shares	31-Mar-26	3,900,000	-	-
Investment in unquoted equity shares	31-Mar-26	-	27,420,265	-
Total		3,900,000	27,420,265	-
Investment in quoted equity shares	31-Mar-25	4,810,000	13,948,098	-
Investment in unquoted equity shares	31-Mar-25	-	26,976,966	-
Total		4,810,000	40,925,064	-

Notes to the Financial Statements

10 A. INTANGIBLE ASSETS

Goodwill

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

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

Impairment Testing on Goodwill

The Group tests the goodwill for impairment annually and assess for any indication of impairment to ensure that its carrying amount does not exceed the recoverable amount. If an impairment loss is identified, it is recognised immediately in the Statement of profit or loss. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to groups of cash generating units that are expected to benefit from the synergies of the combination.

Group	Goodwill	
	2026 Total Rs.	2025 Total Rs.
Cost		
As at 1st April	338,742,754	338,742,754
As at 31st March	338,742,754	338,742,754
Accumulated Amortisation		
As at 1st April	-	-
Amortisation charge for the year	-	-
As at 31 March	-	-
Written down value		
As at 31 March	338,742,754	338,742,754

10 B. INVESTMENT IN SUBSIDIARY

Agarapatana Plantations PLC holds 7,800,000 (100%) ordinary shares of Waverly Power (Pvt) Ltd amounting 433,999,888/-.

	No. of Shares	Holding %	Company 2026 Rs.	Company 2025 Rs.
Waverly Power (Pvt) Ltd	7,800,000	100	433,999,888	433,999,888
			433,999,888	433,999,888

	Waverly Power (Pvt) Ltd	
	2026	2025
	Rs.	Rs.
Summarised Statement of Profit or Loss of Subsidiary		
Revenue	80,921,537	67,282,457
Gross Profit	51,393,010	38,603,402
Finance & Other Charges	(3,121,532)	(6,162,315)
Profit/(Loss) before Taxation	53,988,410	52,953,913
Summarised Statement of Financial Position of Subsidiary		
Non Current Assets	97,738,212	144,630,781
Current Assets	79,471,722	65,565,893
Total Assets	177,209,934	210,196,674
Capital & Reserves	139,763,345	121,278,680
Long Term Liabilities	25,693,136	47,176,410
Current Liabilities	11,753,453	41,741,584
Total Equity & Liabilities	177,209,934	210,196,674
Summarised Statement of Cash Flows of Subsidiary		
Net Cash flow from operating activities	32,040,695	42,376,577
Net Cash flow from financing activities	(61,791,668)	(57,032,062)
Net Cash flow from investment activities	40,789,632	7,800,000
Total Net Cash Flows	11,038,659	(6,855,485)

11. PRODUCE ON BEARER BIOLOGICAL ASSETS

	GROUP		COMPANY	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
As at 1st April	22,519,173	19,546,449	22,519,173	19,546,449
Change in fair value less cost to sell	1,863,708	2,972,724	1,863,708	2,972,724
As at 31st March	24,382,881	22,519,173	24,382,881	22,519,173

11.1 Fair Value Hierarchy for Non Financial Assets

Group / Company

Non Financial Asset Type	Date of Valuation	Level 1 (Quoted prices in active markets) Rs.	Level 2 (Significant observable inputs) Rs.	Level 3 (Significant unobservable inputs) Rs.
Produce on Bearer Biological Assets	31-Mar-26	-	24,382,881	-
Produce on Bearer Biological Assets	31-Mar-25	-	22,519,173	-

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

	GROUP		COMPANY	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Gain/(loss) arising from Consumable Biological Assets - Note 9	147,489,398	130,868,982	147,489,398	130,868,982
Gain/(loss) arising from Produce on Bearer Biologic Assets - Note 11	1,863,708	2,972,724	1,863,708	2,972,724
Total Change in Fair Value of Biological Assets	149,353,106	133,841,706	149,353,106	133,841,706

12. INVENTORIES

	GROUP		COMPANY	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Input Materials	137,341,958	224,305,776	137,341,958	224,305,776
Nurseries	9,674,811	6,008,506	9,674,811	6,008,506
Produce Tea	569,061,369	751,739,200	569,061,369	751,739,200
Spares & Consumables	136,250,861	135,005,677	136,250,861	135,005,677
	852,329,000	1,117,059,159	852,329,000	1,117,059,159

13. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Trade Debtors	340,436,773	140,977,682	331,309,780	134,284,776
Employee Related Debtors	98,551,498	99,748,555	98,551,498	99,748,555
Deposits, Advances & Prepayments	155,029,963	243,521,083	154,685,892	242,784,787
Other Debtors	62,824,592	46,493,811	62,824,592	46,406,311
VAT Recoverable	44,630,194	44,630,194	44,630,194	44,630,194
Income Tax Receivable	-	2,607,206	-	2,607,206
WHT Receivable	4,325,506	8,206,554	4,325,506	8,206,554
	705,798,526	586,185,085	696,327,462	578,668,383
Less : Provision for Impairment	(34,754,411)	(24,218,964)	(34,754,411)	(24,218,964)
	671,044,115	561,966,121	661,573,051	554,449,419

14. AMOUNTS DUE FROM RELATED COMPANIES

	GROUP		COMPANY	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Sherwood Holidays Ltd	82,363	172,219	82,363	172,219
Waverly Power (Pvt) Ltd	-	-	19,521	849,018
Consolidated Tea Plantations Ltd	207,066,647	107,916,317	199,476,306	101,043,807
Lankem Tea and Rubber Plantations (Pvt) Ltd	24,100,671	-	24,100,671	-
Lankem Ceylon PLC	48,528,922	48,052,290	-	-
Lankem Developments PLC	568,282	23,566,964	568,282	23,566,964
Rubber & Allied Products (Colombo) Ltd	14,854,382	118,979,198	14,854,382	118,979,198
Kotagala Plantations PLC	29,221,538	89,067,723	29,221,538	89,067,723
ACME Printing & Packaging PLC	-	10,705,808	-	10,705,808
Lankem Minerals Limited	155,488,699	136,113,699	155,488,699	136,113,699
The Colombo Fort Land & Building PLC	113,300,337	6,000,000	113,300,337	6,000,000
	593,211,840	540,574,218	537,112,099	486,498,436
Less : Provision for Impairment	(12,914,650)	-	(12,632,993)	-
	580,297,190	540,574,218	524,479,105	486,498,436

15. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Favourable cash and bank balances				
Cash at Bank	55,608,439	49,548,097	41,445,393	46,423,705
Cash in Hand	970,196	1,154,519	970,196	1,154,519
Cash in Transit	4,838,842	2,250,704	4,838,842	2,250,704
	61,417,477	52,953,321	47,254,431	49,828,929
Unfavourable bank balances				
Bank Overdraft	276,729,733	322,558,873	276,729,733	322,558,873
	(215,312,256)	(269,605,552)	(229,475,302)	(272,729,944)

16. STATED CAPITAL

	GROUP		COMPANY	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Value of Issued and Fully Paid Shares				
At the beginning of the year	**2,478,067,694**	2,478,067,694	**2,478,067,694**	2,478,067,694
At the end of the year	**2,478,067,694**	2,478,067,694	**2,478,067,694**	2,478,067,694

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

	2026 No. of Shares	2025 No. of Shares
Ordinary shares at the beginning of the year	**500,000,000**	500,000,000
Ordinary shares at the end of the year	**500,000,000**	500,000,000
Golden Share held by the Treasury which has special rights	1	1

17. REVALUATION RESERVE

	GROUP		COMPANY	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
At the beginning of the year	**1,160,364,579**	723,775,553	**1,160,364,579**	723,775,553
Transfer to retained earnings	**(49,763,179)**	(26,663,179)	**(49,763,179)**	(26,663,179)
Net revaluation gain	-	463,252,205	-	463,252,205
At the end of the year	**1,110,601,399**	1,160,364,579	**1,110,601,399**	1,160,364,579

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

18. INTEREST BEARING LOANS & BORROWINGS

18.1 Long Term Loans - Company

Description	Repayable within 1 Year Rs.	Repayable within 2-5 Years Rs.	Repayable after 5 Years Rs.	Repayable after 1 year Rs.	Total As At 31.03.26 Rs.	Total As At 31.03.25 Rs.	Facility Details (Note 18.3)
Commercial Bank of Ceylon PLC - Rs. 500 Mn	-	-	-	-	-	34,853,459	
Sampath Bank PLC - Rs. 500 Mn	-	-	-	-	-	41,300,000	
Seylan Bank PLC - Rs. 50 Mn	-	-	-	-	-	15,748,547	
Bank of Ceylon - Rs. 250 Mn	-	-	-	-	-	56,818,161	
Bank of Ceylon - Rs. 68 Mn	-	-	-	-	-	5,731,019	
Bank of Ceylon - Rs. 13 Mn	-	-	-	-	-	1,123,251	
Bank of Ceylon - Rs. 75 Mn	-	-	-	-	-	20,657,084	
Bank of Ceylon - Rs. 303 Mn	46,646,148	247,971,195	-	247,971,195	294,617,343	200,000,000	I
Seylan Merchant Bank PLC - Rs. 68 Mn	-	-	-	-	-	34,090,450	
Seylan Merchant Bank PLC - Rs. 57 Mn	-	-	-	-	-	29,757,523	
Amana Bank PLC - Rs. 300 Mn	200,000,000			-	200,000,000	-	II
	246,646,148	247,971,195	-	247,971,195	494,617,343	440,079,494	

18.2 Short Term Loans - Company

Description	Repayable within 1 Year Rs.	Repayable within 2-5 Years Rs.	Repayable after 5 Years Rs.	Repayable after 1 year Rs.	Total As At 31.03.26 Rs.	Total As At 31.03.25 Rs.	Facility Details (Note 18.3)
Amana Bank - Rs. 180 Mn	-	-	-	-	-	180,000,000	
Amana Bank - Rs. 50 Mn	-	-	-	-	-	50,000,000	
Bank of Ceylon - Rs.150 Mn	150,000,000	-	-	-	150,000,000	150,000,000	III
Bank of Ceylon - Rs. 200 Mn	152,466,740	-	-	-	152,466,740	50,658,852	IV
Pan Asia Banking Corporation PLC - Rs. 150 Mn	150,000,000	-	-	-	150,000,000	-	V
Pan Asia Banking Corporation PLC - Rs. 50 Mn	50,000,000	-	-	-	50,000,000	-	VI
Pan Asia Banking Corporation PLC - Rs. 48 Mn	40,000,000	-	-	-	40,000,000	-	VII
Pan Asia Banking Corporation PLC - Rs. 23 Mn	19,180,000	-	-	-	19,180,000	-	VIII
	561,646,740	-	-	-	561,646,740	430,658,852	
Total Company	808,292,888	247,971,195	-	247,971,195	1,056,264,083	870,738,346	
Wavely Power (Pvt) Ltd							
Sampath Bank - Rs. 73 Mn	-	-	-	-	-	29,760,000	
Total Group	808,292,888	247,971,195	-	247,971,195	1,056,264,083	900,498,346	

18.3 Details of the interest bearing loans and borrowing facilities

Facility details	Rate of interest	Terms of repayment
I	Rs. 303 Mn - AWPLR+1.75%	84 monthly instalments commencing from July 2025
II	Rs. 300 Mn - AWPLR+2%	12 monthly instalments commencing from July 2026
III	Rs. 150 Mn - AWPLR+1%	Within 2 months
IV	Rs. 200 Mn - AWPLR+1%	Within 4 months
V	Rs. 150 Mn - AWPLR+1%	Within 4 months
VI	Rs. 50 Mn - AWPLR+1%	Within 4 months
VII	Rs. 48 Mn - AWPLR+1%	12 monthly instalments commencing from February 2026
VIII	Rs. 23 Mn - AWPLR+1%	12 monthly instalments commencing from February 2026

18.4 Changes in liabilities arising from financing activities

	01 April 2025 Rs.	Cash Flows Rs.	31 March 2026 Rs.
Current interest-bearing loans and borrowings (excluding items listed below)	637,826,084	170,466,804	808,292,888
Current obligations under leases	2,604	212	2,816
Non-current interest-bearing loans and borrowings (excluding items listed below)	232,912,262	15,058,933	247,971,195
Non-current obligations under leases	118,675	(2,816)	115,859
	870,859,625	185,523,133	1,056,382,758

19. RETIREMENT BENEFIT OBLIGATIONS

	GROUP		COMPANY	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
At the beginning of the year	2,209,860,469	1,791,113,186	2,209,860,469	1,791,113,186
Provision for the year - Interest Cost	243,084,651	214,933,582	243,084,651	214,933,582
Current Service Cost	143,323,199	114,015,843	143,323,199	114,015,843
Actuarial (Gain) / Loss due to changes in financial assumptions	110,575,590	171,120,238	110,575,590	171,120,238
Actuarial (Gain) / Loss due to experience adjustment	181,724,831	492,344,626	181,724,831	492,344,626
Payments made during the year	(288,836,362)	(573,667,007)	(288,836,362)	(573,667,007)
At the end of the year	2,599,732,378	2,209,860,469	2,599,732,378	2,209,860,469

According to the valuation done based on the full actuarial valuation carried out by a professionally qualified actuary firm M/s. Actuarial and Management Consultants (Pvt) Ltd as at 31st March 2026, the liability is Rs.2,599,732,378/-. If the Company had provided for gratuity for all employees on the basis of 14 days wages for workers and a half month salary for staff for each completed year of service for the year ended 31st March 2026, the liability would have been Rs.2,600,833,408/- (2025 - Rs.2,238,943,470/-). Hence, there is a contingent liability of Rs.1,101,030/- which would crystalise only if the Company ceases to be a going concern.

Waverly Power (Pvt) Ltd receives all staff and labour from Agarapatana Plantations PLC. Therefore, retirement benefit liabilities are not taken into consideration by Waverly Power (Pvt) Ltd in their financial statements.

The present value of retirement benefit obligation is carried out on annual basis.

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

	GROUP		COMPANY	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Within next 12 months	261,980,343	199,081,316	261,980,343	199,081,316
Between 2 and 5 years	769,458,841	649,800,007	769,458,841	649,800,007
Beyond 5 years	1,568,293,193	1,360,979,145	1,568,293,193	1,360,979,145
	2,599,732,377	2,209,860,468	2,599,732,377	2,209,860,468

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 8.0 years and 9.0 years for staff and workers respectively.

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

	GROUP		COMPANY	
	2026	2025	2026	2025
(i) Rate of Interest	10.5%	11.0%	10.5%	11.0%
(ii) Rate of Salary Increase				
Workers	10% (per annum)	10% (per annum)	10% (per annum)	10% (per annum)
Staff	20% + 10% (Once in 3 years)	25% + 5% (Once in 3 years)	20% + 10% (Once in 3 years)	25% + 5% (Once in 3 years)
(iii) Retirement Age				
Workers	60 years	60 years	60 years	60 years
Staff	60 years	60 years	60 years	60 years
(iv) Daily Wage Rate	Rs. 1,550/-	Rs. 1,350/-	Rs. 1,550/-	Rs. 1,350/-

19. RETIREMENT BENEFIT OBLIGATIONS (CONTD.)

Sensitivity Analysis

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

	GROUP		COMPANY	
	Impact on Retirement Benefit Obligation			
A one percentage point change in the discount rate	+1%	-1%	+1%	-1%
As at 31 March 2026	(198,298,869)	226,732,281	(198,298,869)	226,732,281
As at 31 March 2025	(171,120,238)	195,684,103	(171,120,238)	195,684,103
A one percentage point change in the salary increment rate	+1%	-1%	+1%	-1%
As at 31 March 2026	235,673,281	(209,499,272)	235,673,281	(209,499,272)
As at 31 March 2025	201,880,774	(179,440,827)	201,880,774	(179,440,827)

20. DEFERRED INCOME

	GROUP		COMPANY	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Deferred Grants and Subsidies				
Cost				
At the beginning of the year	342,850,415	342,850,415	342,850,415	342,850,415
At the end of the year	342,850,415	342,850,415	342,850,415	342,850,415
Amortisation				
At the beginning of the year	178,155,417	168,700,452	178,155,417	168,700,452
Amortisation for the year	9,454,965	9,454,965	9,454,965	9,454,965
At the end of the year	187,610,382	178,155,417	187,610,382	178,155,417
Net carrying amount at the end of the year	155,240,033	164,694,998	155,240,033	164,694,998

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

21. LEASE LIABILITIES

	GROUP		COMPANY	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Lease liability on right-of-use assets - Land	118,675	121,279	118,675	121,279
	118,675	121,279	118,675	121,279

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

	GROUP		COMPANY	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
At the beginning of the year	121,279	123,686	121,279	123,686
Accretion of interest	9,896	10,093	9,896	10,093
Payments	(12,500)	(12,500)	(12,500)	(12,500)
At the end of the year	118,675	121,279	118,675	121,279
Current	2,816	2,604	2,816	2,604
Non Current	115,859	118,675	115,859	118,675

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

	GROUP		COMPANY	
	2026	2025	2026	2025
	Rs.	Rs.	Rs.	Rs.
Payable within one year				
Gross liability	12,500	12,500	12,500	12,500
Finance cost allocated to future periods	(9,684)	(9,896)	(9,684)	(9,896)
Net liability transferred to current liabilities	2,816	2,604	2,816	2,604
Payable within two to five years				
Gross liability	62,500	62,500	62,500	62,500
Finance cost allocated to future periods	(44,574)	(45,926)	(44,574)	(45,926)
Net liability	17,926	16,574	17,926	16,574
Payable after five years				
Gross liability	162,500	175,000	162,500	175,000
Finance cost allocated to future periods	(64,566)	(72,898)	(64,566)	(72,898)
Net liability	97,934	102,102	97,934	102,102
Current	2,816	2,604	2,816	2,604
Non Current	115,859	118,675	115,859	118,675

22. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Trade Creditors	23,273,906	124,184,424	23,273,906	124,184,424
Payable to Employees	240,865,206	251,830,563	240,865,206	251,830,563
EPF/ETF/CPPS/ESPS Payable	72,295,801	60,865,911	72,295,801	60,865,911
Provision for EPF/ETF/ESPS/Gratuity Surcharges	1,490,624	28,608,829	1,490,624	28,608,829
Broker Advances	-	74,998,389	-	74,998,389
Dividend Payable	10,489,482	9,679,013	10,489,482	9,679,013
Other Creditors	563,879,313	695,760,589	557,190,413	686,446,334
	912,294,332	1,245,927,713	905,605,432	1,236,613,458

23. AMOUNTS DUE TO RELATED COMPANIES

	GROUP		COMPANY	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Creasy Plantation Management Ltd	4,575,598	4,586,598	4,575,598	4,586,598
Colombo Fort Group Services (Pvt) Ltd	650,280	555,680	650,280	256,167
E B Creasy & Co. PLC	-	16,697,953	-	16,697,953
Lankem Tea & Rubber Plantations (Pvt) Ltd	-	2,673,344	-	2,673,344
	5,225,878	24,513,576	5,225,878	24,214,062

24. REVENUE

24.1 Summary

	GROUP		COMPANY	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Tea	7,355,769,020	7,218,634,181	7,355,769,020	7,218,634,181
Hydropower	80,921,537	67,282,457	-	-
	7,436,690,557	7,285,916,638	7,355,769,020	7,218,634,181

24.2 Segment Information

	GROUP		COMPANY	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Segmental Revenue				
Tea	7,355,769,020	7,218,634,181	7,355,769,020	7,218,634,181
Hydropower	80,921,537	67,282,457	-	-
Revenue	7,436,690,557	7,285,916,638	7,355,769,020	7,218,634,181
Segmental Profit Before Tax				
Tea	388,379,192	1,074,736,293	429,413,198	1,107,666,619
Hydropower	68,606,084	63,419,525	-	-
Profit Before Tax	456,985,276	1,138,155,818	429,413,198	1,107,666,619
Segmental Assets and Liabilities				
Segmental Assets				
Tea	10,226,720,503	10,177,074,808	10,321,997,159	10,287,332,544
Hydropower	174,513,611	201,884,421	-	-
	10,401,234,113	10,378,959,229	10,321,997,159	10,287,332,544
Goodwill on Consolidation	338,742,754	338,742,754	-	-
Investment in Subsidiary	-	-	433,999,888	433,999,888
Segmental Liabilities				
Tea	6,246,629,204	6,035,312,884	6,221,074,723	6,036,161,904
Hydropower	32,882,021	109,816,834	-	-
	6,279,511,226	6,145,129,719	6,221,074,723	6,036,161,904

25. OTHER INCOME

	GROUP		COMPANY	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Amortisation of Capital Grants	9,454,965	9,454,965	9,454,965	9,454,965
Factory / Towers Lease Rent	23,614,552	29,775,102	23,614,552	29,775,102
Income from Sale of Other Trees	860,846	14,775,388	860,846	14,775,388
Profit on Disposal of Property, Plant & Equipment	-	7,800,000	-	-
Dividend Income	110,493	-	26,630,500	19,890,000
Others	58,682,509	50,402,810	65,002,003	63,700,389
	92,723,365	112,208,264	125,562,866	137,595,844

26. FINANCE INCOME

	GROUP		COMPANY	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Interest Income	123,122,063	145,044,900	123,122,063	133,116,159
	123,122,063	145,044,900	123,122,063	133,116,159

27. FINANCE COST

	GROUP		COMPANY	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Overdraft Interest	29,029,933	27,544,726	29,029,933	27,544,726
Interest on Leases	9,896	10,093	9,896	10,093
Term Loan Interest	123,290,866	101,695,388	120,993,140	96,268,776
Related Party Loan Interest	-	46,900	-	46,900
Interest charged by the Tea Brokers	9,702,029	23,407,878	9,702,029	23,407,878
Other Interest	102,750	14,694	-	-
	162,135,474	152,719,679	159,734,998	147,278,373
Amount Capitalised	(9,725,808)	(18,123,853)	(9,725,808)	(18,123,853)
	152,409,666	134,595,826	150,009,190	129,154,520

28. PROFIT FROM OPERATING ACTIVITIES IS STATED AFTER CHARGING

	GROUP		COMPANY	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Consultancy /Director Fees	31,859,850	36,240,459	31,859,850	36,240,459
Auditor's Remuneration	7,302,172	6,890,640	6,920,172	6,590,640
Depreciation				
Freehold Property Plant and Equipment	224,711,230	137,237,506	211,090,980	123,638,330
Bearer Biological Assets	78,367,622	76,398,883	78,367,622	76,398,883
Right-of-use assets- Land	6,503,393	6,503,393	6,503,393	6,503,393
Right-of-use assets - Immovable Lease assets of JEDB / SLSPC estates	16,920	4,988,819	16,920	4,988,819
Others				
Defined Benefit Plan Cost - Retiring Gratuity	386,407,850	328,949,425	386,407,850	328,949,425
Defined Contribution Plan Cost - EPF, ETF, ESPS & CPPS	361,635,239	314,621,114	361,635,239	314,621,114
Wages & Staff Cost	3,857,188,127	3,282,162,574	3,857,188,127	3,282,162,574

29. INCOME TAX EXPENSES

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

	GROUP		COMPANY	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Statement of Profit or Loss				
Current Tax Expenses				
Current Income Tax Charge (Note 29.2)	113,332,391	22,918,516	88,231,021	-
Deferred Income Tax				
Amount originated during the year transferred to statement of profit or loss	31,384,282	313,778,187	35,910,086	317,737,194
	144,716,673	336,696,703	124,141,107	317,737,194

29. INCOME TAX EXPENSES (CONTD.)

29.2 Reconciliation of Accounting Profit to Income Tax Expense

	GROUP		COMPANY	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Accounting Profit/(Loss) Before Tax	483,401,608	1,138,155,818	429,413,198	1,107,666,619
Aggregate disallowable items	747,444,255	753,739,312	732,127,291	708,940,137
Aggregate allowable items	(853,799,348)	(1,093,784,231)	(845,539,835)	(1,081,159,641)
Tax losses claimed during the year	(145,019,314)	(735,447,115)	(145,019,314)	(735,447,115)
Business Profit/(Loss)	232,027,201	62,663,784	170,981,340	-
Investment Income	130,147,432	133,548,515	123,122,063	133,116,038
Tax losses claimed during the year	-	(133,116,038)	-	(133,116,038)
Taxable Income	362,174,633	63,096,261	294,103,403	-
Income Tax @ 30%	108,652,390	18,928,879	88,231,021	-
WHT Payment on Dividend Income	4,680,001	3,989,637	-	-
Income Tax expense charged to Statement of Profit or Loss	113,332,391	22,918,516	88,231,021	-

29.3 Accumulated Tax Losses

	GROUP		COMPANY	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Tax losses bought forward	140,989,314	1,009,555,755	140,989,314	1,009,555,755
Adjustment to the brought forward tax losses	4,030,000	(3,288)	4,030,000	(3,288)
Losses set off during the year	(145,019,314)	(868,563,153)	(145,019,314)	(868,563,153)
Tax losses carried forward	-	140,989,314	-	140,989,314

29.4 Deferred Tax Liability

	GROUP				COMPANY			
	2026		2025		2026		2025	
	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.
As at 1 April	4,210,544,247	1,263,163,273	3,159,870,255	947,961,076	4,024,534,728	1,207,360,418	2,967,086,749	890,126,024
Amount originated during the year transferred to statement of profit or loss	104,614,278	31,384,283	1,045,927,292	313,778,187	119,700,288	35,910,086	1,059,123,982	317,737,194
Amount originated during the year transferred to statement of other comprehensive income	(305,167,878)	(91,550,363)	4,746,700	1,424,010	(292,300,421)	(87,690,126)	(1,676,000)	(502,800)
As at 31 March	4,009,990,647	1,202,997,193	4,210,544,247	1,263,163,273	3,851,934,593	1,155,580,378	4,024,534,728	1,207,360,418

Composition of Deferred Tax Liability/(Asset)

	GROUP				COMPANY			
	2026		2025		2026		2025	
	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.
Right of use assets	122,799,854	36,839,956	131,188,412	39,356,524	124,668,099	37,400,430	131,188,412	39,356,524
Property, Plant and Equipment	2,264,232,115	679,269,634	2,240,091,413	672,027,423	2,111,363,803	633,409,141	2,074,005,334	622,201,600
FVTOCI Investments	-	-	6,422,700	1,926,810	-	-	-	-
Biological Assets	4,287,136,924	1,286,141,077	4,194,531,009	1,258,359,303	4,287,136,924	1,286,141,077	4,194,531,009	1,258,359,303
Retirement Benefit Obligations	(2,599,732,378)	(779,919,714)	(2,209,860,469)	(662,958,141)	(2,599,732,378)	(779,919,714)	(2,209,860,469)	(662,958,141)
Lease Liability	(118,675)	(35,603)	(121,279)	(36,384)	(118,675)	(35,603)	(121,279)	(36,384)
Fair Value Reserve	7,055,984	2,116,795	13,500,740	4,050,222	-	-	-	-
Carried forward Tax Losses	-	-	(140,989,315)	(42,296,794)	-	-	(140,989,315)	(42,296,794)
Provision for Bad Debts	(71,383,179)	(21,414,954)	(24,218,964)	(7,265,689)	(71,383,179)	(21,414,954)	(24,218,964)	(7,265,689)
Net Deferred Tax Liability/(Asset)	4,009,990,647	1,202,997,193	4,210,544,247	1,263,163,273	3,851,934,593	1,155,580,378	4,024,534,728	1,207,360,418

The effective tax rate used to calculate deferred tax liability for all temporary differences as at 31 March 2026 is 30% (2025 - 30%)

Deferred tax related to items charged or credited directly to OCI During the year		
Remeasurement gain/(loss) on defined benefit plan	(87,690,126)	(199,039,459)
Revaluation Surplus on Buildings	-	198,536,659
Total	(87,690,126)	(502,800)

30. EARNINGS/(LOSS) PER SHARE

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

	GROUP		COMPANY	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Amount used as the numerator				
Net profit / (loss) for the year after taxation	312,268,602	801,459,115	305,272,091	789,929,424
Amount used as the denominator				
Weighted average number of ordinary shares outstanding during the period	500,000,000	500,000,000	500,000,000	500,000,000
Basic Earnings Per Share (Rs.)	0.62	1.60	0.61	1.58

30.1 Diluted Earnings Per Share

The Calculation of diluted earnings per share is based on the profit attributable to owners of the parent and the weighted average number of ordinary shares outstanding after the adjustment for the effect of all dilutive potential ordinary shares.

There were no potentially dilutive ordinary shares outstanding at any time during the year/previous year.

31. CAPITAL COMMITMENTS

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

	2026 Rs.	2025 Rs.
A. Field Development	78.1 Mn	74.1 Mn
B. Machinery & Factory Development	396.7 Mn	412.3 Mn

32. SECURITIES PLEDGED

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

Company

		Nature of Assets	Facility Rs.	Nature of Liability	Carrying Amounts of Assets Pledged 2026 Rs.	Carrying Amounts of Assets Pledged 2025 Rs.	Included Under
32.1	A)	A primary mortgage over leasehold rights of Glenanore and Haputale Estates including machinery fixed each of these estates. Overdraft Agreement	200 Mn	Bank Overdraft from Bank of Ceylon	30,282,043	30,903,288	Property, Plant & Equipment
	B)	A primary mortgage over leasehold rights of Glenanore and Haputale Estates including machinery fixed each of these estates	200 Mn	Short Term Loan from Bank of Ceylon	30,282,043	30,903,288	

		Nature of Assets	Facility	Nature of Liability	Carrying Amounts of Assets Pledged		Included Under
					2026	2025	
			Rs.		Rs.	Rs.	
	C)	A primary mortgage over leasehold rights of Glenanore and Haputale Estates including machinery fixed each of these estates	150 Mn	Short Term Loan from Bank of Ceylon	30,282,043	30,903,288	Property, Plant & Equipment
	D)	A mortgage over Solar Panels, Inverters and other related equipment in ten tea factories	303 Mn	Term Loan from Bank of Ceylon	278,136,608	214,189,329	
32.2	A)	A primary floating mortgage over leasehold rights of Damabtanne Estate including buildings, machinery fixed of this estate	48 Mn	Short Term Loan from Pan Asia Banking Corporation PLC	8,345,229	-	Property, Plant & Equipment
	B)	A primary floating mortgage over leasehold rights of Damabtanne Estate including buildings, machinery fixed of this estate	23 Mn	Short Term Loan from Pan Asia Banking Corporation PLC	8,345,229	-	
	C)	A primary floating mortgage over leasehold rights of Damabtanne Estate including buildings, machinery fixed of this estate	150 Mn	Short Term Loan from Pan Asia Banking Corporation PLC	8,345,229	-	
	D)	A primary floating mortgage over leasehold rights of Damabtanne Estate including buildings, machinery fixed of this estate	50 Mn	Short Term Loan from Pan Asia Banking Corporation PLC	8,345,229	-	
	E)	A primary floating mortgage over leasehold rights of Damabtanne Estate including buildings, machinery fixed of this estate	233 Mn	Bank Overdraft from Pan Asia Banking Corporation PLC	8,345,229	-	
32.3	A)	A primary mortgage over leasehold rights of Balmoral Estate	100 Mn	Bank Overdraft from Amana Bank PLC	5,582,006	-	Property, Plant & Equipment
	B)	An additional mortgage over leasehold rights of Balmoral Estate	300 Mn	Term Loan from Amana Bank PLC	5,582,006	-	

33. CONTINGENCIES

No known contingent liabilities exist as at the date of financial position other than the matter disclosed in notes 19 to the financial statement.

34. EVENTS AFTER THE REPORTING PERIOD

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

35. RELATED PARTY DISCLOSURES

Company

35.1 Details of significant Related Party Disclosures are as follows;

Transactions with the parent and related entities

	Name of the Company	Relationship	Name of Director	Nature of Transaction	Amount Debited / (Credited) 2026 Rs.	Amount Debited / (Credited) 2025 Rs.	Balance as at 31st March 2026 Rs.	Balance as at 31st March 2025 Rs.
1.	Lankem Tea & Rubber Plantations (Pvt) Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Settlements	2,673,344	17,544,948	24,100,671	(2,673,344)
			Mr. Anushman Rajaratnam	Advances given	23,238,829	-		
			Mr. S.S. Poholiyadde	Professional Consultancy Fee Charged	-	(48,000,000)		
			Mr. D.R. Madena	Interest Charged	861,842	-		
			Mr. K. Mohideen					
2.	Kotagala Plantations PLC	Affiliated Company	Mr. S.D.R. Arudpragasam	Transfer of inter company balances	-	6,691,678	29,221,538	89,067,723
			Mr. Anushman Rajaratnam	Advances Given	105,993,960	76,950,712		
			Mr. S.S. Poholiyadde	Settlements	(173,143,829)	-		
			Mr. K. Mohideen	Interest Charged	7,303,684	9,885,506		
			Mr. K.G. Punchihewa					
			Mr. S.B. Perera					
3.	Creasy Plantation Management Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Settlements	11,000	11,000	(4,575,598)	(4,586,598)
4.	Sherwood Holidays Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Rent and bungalow upkeep expenses	2,673,121	2,760,573	82,363	172,219
				Settlements	(2,762,977)	(2,735,066)		
5.	Waverly Power (Pvt) Ltd	Subsidiary	Mr. S.D.R. Arudpragasam	Rent charged	831,659	792,056	19,521	849,018
			Mr. Anushman Rajaratnam	Operational Management Fee Charged	14,514,000	13,183,550		
			Mr. S.S. Poholiyadde	Advances Given	269,665	2,515,600		
			Mr. K. Mohideen	Settlements	(16,444,821)	(23,000,000)		
6.	Lankem Developments PLC	Immediate Parent Company	Mr. S.D.R. Arudpragasam	Advances given	10,022,495	40,846,256	568,282	23,566,964
			Mr. Anushman Rajaratnam	Transfer of inter company balances	-	49,638,414		
			Mr. S.S. Poholiyadde	Settlements	(33,021,177)	(243,444,461)		
			Mr. K. Mohideen	Interest charged	-	15,277,408		
			Mr. K.G. Punchihewa					
			Mr. S.B. Perera					
7.	Colombo Fort Group Services (Pvt) Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	IT/HR support service expenses	(6,861,680)	(6,197,601)	(650,280)	(256,167)
			Mr. Anushman Rajaratnam	Settlements	6,467,567	6,165,921		
8.	E B Creasy & Co. PLC	Affiliated Company	Mr. S.D.R. Arudpragasam	Share of group expenses reimbursed	-	(30,000,000)	-	(16,697,953)
			Mr. K.G. Punchihewa	Settlements	16,697,953	30,000,000		
			Mr. S.B. Perera					

	Name of the Company	Relationship	Name of Director	Nature of Transaction	Amount Debited / (Credited)		Balance as at 31st March	
					2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
9.	Consolidated Tea Plantations Ltd	Intermediate Parent company	Mr. S.D.R. Arudpragasam	Interest charged	23,650,010	14,026,553	199,476,306	101,043,807
			Mr. Anushman Rajaratnam	Advances given	424,217,341	1,621,079		
			Mr. S.S. Poholiyadde	Settlements	(322,434,853)	(128,861,550)		
			Mr. K. Mohideen	Professional Consultancy Fee Charged	(27,000,000)	-		
			Mr. K.G. Punchihewa					
			Mr. S.B. Perera					
10.	Rubber & Allied Products (Colombo) Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Settlements	(111,587,535)	(21,675,000)	14,854,382	118,979,198
			Mr. Anushman Rajaratnam	Interest charged	7,462,719	16,480,458		
			Mr. S.S. Poholiyadde					
			Mr. K. Mohideen					
11.	ACME Printing & Packaging PLC	Affiliated Company	Mr. S.D.R. Arudpragasam	Advances given	-	20,000,000	-	10,705,808
			Mr. Anushman Rajaratnam	Settlements	(12,196,356)	(11,480,438)		
			Mr. K.G. Punchihewa	Interest charged	1,490,547	2,186,247		
12.	The Colombo Fort Land & Building PLC	Ultimate Parent Company	Mr. S.D.R. Arudpragasam	Building Rent Charged	(10,885,500)	(10,885,500)	113,300,337	6,000,000
			Mr. Anushman Rajaratnam	Advances Given	300,000,000	6,000,000		
			Mr. K.G. Punchihewa	Settlements	(192,114,500)	10,885,500		
			Mr. S.B. Perera	Interest charged	10,300,337	-		
			Mr. S.S. Poholiyadde (Appointed w.e.f. 01/01/2026)					
13.	Lankem Minerals Limited	Affiliated Company	Mr. S.D.R. Arudpragasam	Advances given	-	125,000,000	155,488,699	136,113,699
			Mr. Anushman Rajaratnam	Interest charged	19,375,000	11,113,699		

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

	Rs.
Consultancy /Director Fees paid to key management personnel	31,859,850

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

Group

Agarapatana Plantations PLC

35.3 Details of significant Related Party Disclosures are as follows;

	Name of the Company	Relationship	Name of Director	Nature of Transaction	Amount Debited / (Credited)		Balance as at 31st March	
					2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
1.	Lankem Tea & Rubber Plantations (Pvt) Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Settlements	2,673,344	17,544,948	24,100,671	(2,673,344)
			Mr. Anushman Rajaratnam	Advances given	23,238,829	-		
			Mr. S.S. Poholiyadde	Professional Consultancy Fee Charged	-	(48,000,000)		
			Mr. D.R. Madena	Interest Charged	861,842	-		
			Mr. K. Mohideen					
2.	Kotagala Plantations PLC	Affiliated Company	Mr. S.D.R. Arudpragasam	Transfer of inter company balances	-	6,691,678	29,221,538	89,067,723
			Mr. Anushman Rajaratnam	Advances Given	105,993,960	76,950,712		
			Mr. S.S. Poholiyadde	Settlements	(173,143,829)	-		
			Mr. K. Mohideen	Interest Charged	7,303,684	9,885,506		
			Mr. K.G. Punchihewa					
			Mr. S.B. Perera					
3.	Creasy Plantation Management Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Settlements	11,000	11,000	(4,575,598)	(4,586,598)
4.	Sherwood Holidays Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Rent and bungalow upkeep expenses	2,673,121	2,760,573	82,363	172,219
				Settlements	(2,762,977)	(2,735,066)		
5.	Lankem Developments PLC	Immediate Parent Company	Mr. S.D.R. Arudpragasam	Advances given	10,022,495	40,846,256	568,282	23,566,964
			Mr. Anushman Rajaratnam	Transfer of inter company balances	-	49,638,414		
				Acquisition of Shares				
			Mr. S.S. Poholiyadde	Settlements	(33,021,177)	(243,444,461)		
			Mr. K. Mohideen	Interest charged	-	15,277,408		
			Mr. K.G. Punchihewa					
			Mr. S.B. Perera					
6.	Colombo Fort Group Services (Pvt) Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	IT/HR support service expenses	(6,861,680)	(6,197,601)	(650,280)	(256,167)
			Mr. Anushman Rajaratnam	Settlements	6,467,567	6,165,921		
7.	E B Creasy & Co. PLC	Affiliated Company	Mr. S.D.R. Arudpragasam	Share of group expenses reimbursed	-	(30,000,000)	-	(16,697,953)
			Mr. K.G. Punchihewa	Settlements	16,697,953	30,000,000		
			Mr. S.B. Perera					
8.	Consolidated Tea Plantations Ltd	Intermediate Parent company	Mr. S.D.R. Arudpragasam	Interest charged	23,650,010	14,026,553	199,476,306	101,043,807
			Mr. Anushman Rajaratnam	Advances given	424,217,341	1,621,079		
			Mr. S.S. Poholiyadde	Settlements	(322,434,853)	(128,861,550)		
			Mr. K. Mohideen	Professional Consultancy Fee Charged	(27,000,000)	-		
			Mr. K.G. Punchihewa					
			Mr. S.B. Perera					

	Name of the Company	Relationship	Name of Director	Nature of Transaction	Amount Debited / (Credited)		Balance as at 31st March	
					2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
9.	Rubber & Allied Products (Colombo) Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Settlements	(111,587,535)	(21,675,000)	14,854,382	118,979,198
			Mr. Anushman Rajaratnam	Interest charged	7,462,719	16,480,458		
			Mr. S.S. Poholiyadde					
			Mr. K. Mohideen					
10.	ACME Printing & Packaging PLC	Affiliated Company	Mr. S.D.R. Arudpragasam	Advances given	-	20,000,000	-	10,705,808
			Mr. Anushman Rajaratnam	Settlements	(12,196,356)	(11,480,438)		
			Mr. K.G. Punchihewa	Interest charged	1,490,547	2,186,247		
11.	Lankem Minerals Limited	Affiliated Company	Mr. S.D.R. Arudpragasam	Advances given	-	125,000,000	155,488,699	136,113,699
			Mr. Anushman Rajaratnam	Interest charged	19,375,000	11,113,699		
12.	The Colombo Fort Land & Building PLC	Ultimate Parent Company	Mr. S.D.R. Arudpragasam	Building Rent Charged	(10,885,500)	(10,885,500)	113,300,337	6,000,000
			Mr. Anushman Rajaratnam	Advances Given	300,000,000	6,000,000		
			Mr. K.G. Punchihewa	Settlements	(192,114,500)	10,885,500		
			Mr. S.B. Perera	Interest charged	10,300,337	-		
			Mr. S.S. Poholiyadde (Appointed w.e.f. 01/01/2026)					

Waverly Power (Pvt) Ltd

	Name of the Company	Relationship	Name of Director	Nature of Transaction	Amount Debited / (Credited)		Balance as at 31st March	
					2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
1.	Lankem Ceylon PLC	Affiliated Company	Mr. S.D.R. Arudpragasam	Interest charged	4,960,306	-	48,528,922	48,052,290
			Mr. Anushman Rajaratnam	Settlements	(4,483,674)	-		
2.	Consolidated Tea Plantations Ltd	Intermediate Parent Company	Mr. S.D.R. Arudpragasam	Advance Received	-	6,872,510	7,590,341	6,872,510
			Mr. C.P.R. Perera	Interest charged	717,831	-		
			Mr. Anushman Rajaratnam					
			Mr. S.S. Poholiyedde					
			Mr. P.M.A. Sirimane					
			Mr. K. Mohideen					
3.	Colombo Fort Group Services (Pvt) Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Expenses	-	(68,850)	-	(299,513)
			Mr. Anushman Rajaratnam	Settlements	299,513	-		
			Mr. P.M.A. Sirimanne					

35.4 Recurrent & non-recurrent related party transactions

Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceed 10% of the consolidated revenue of the Group as per 31st March 2025 audited financial statements, which require additional disclosure in the 2025/26 Annual Report under Colombo Stock Exchange Listing Rule 9.14.8(2).

Non-Recurrent related party transactions

There were no non-recurrent related party transactions the aggregate value of which exceeded 10% of the Equity or 5% of the Total Assets, whichever is lower of the Group as per 31st March 2025 audited financial statements, which require additional disclosure in the 2025/26 Annual Report under Colombo Stock Exchange Listing Rule 9.14.8(1).

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Credit risk

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

Liquidity risk

Liquidity risk arises when the Company is unable to meets its financial obligations due to insufficient cash flow situations. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company reputation.

Interest rate risk

Interest rate risk is the potential for losses that may arise due to adverse movement of interest rates, mainly on floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company has not engaged in any interest rate swap agreements.

36.1 Financial Risk Management Framework

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

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

36.2 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arise principally from the Company's receivable from customers and from its financing activities including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

36.2.1 Trade and Other Receivables

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

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

The maximum exposure to credit risk for trade and other receivables of the company at the reporting date is Rs. 34.7 Mn. The Company has a minimal credit risk of its trade receivables as the repayment is guaranteed within seven days by the Tea auction systems.

As at 31 March 2026	Trade and other Receivables Days past due					
	Current Rs.	61 - 120 days Rs.	121 - 180 days Rs.	181 - 365 days Rs.	> 365 days Rs.	Total Rs.
Expected credit loss rate	-	5%	10%	20%	50%	-
Estimated total gross carrying amount at default	-	-	-	-	34,754,411	34,754,411

As at 31 March 2025	Trade and other Receivables Days past due					
	Current Rs.	61 - 120 days Rs.	121 - 180 days Rs.	181 - 365 days Rs.	> 365 days Rs.	Total Rs.
Expected credit loss rate	-	5%	10%	20%	50%	-
Estimated total gross carrying amount at default	-	-	-	-	24,218,964	24,218,964

36.2.2 Investments

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

36.2.3 Cash and Cash Equivalents

The Company held cash and Cash Equivalents of Rs. 47.2 Mn as at 31st March 2026 (2025 – Rs. 49.8 Mn) which represents its maximum credit exposure on these assets.

36.3 Liquidity Risk

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

The Company does not concentrate on a single financial institution, thereby minimising the exposure to liquidity risk through diversification of funding sources. The Company aims to fund investment activities of the Company level by funding the long term investments with long term financial sources and short term investments with short term financing. Where necessary the Company consults the Treasury Department in Parent Company for scrutinising the funding decisions.

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

As at 31st March 2026	Less than 3 months Rs.	3 to 12 months Rs.	2 to 5 years Rs.	>5 years Rs.	Total Rs.
Interest bearing loans & borrowings	233,579,492	700,738,477	277,727,739	-	1,212,045,708
Trade and other payables	855,745,716	49,859,716	-	-	905,605,432
	1,089,325,208	750,598,193	277,727,739	-	2,117,651,140

As at 31st March 2025	Less than 3 months Rs.	3 to 12 months Rs.	2 to 5 years Rs.	>5 years Rs.	Total Rs.
Interest bearing loans & borrowings	179,830,412	539,491,235	286,742,644	-	1,006,064,291
Trade and other payables	1,190,706,162	45,907,296	-	-	1,236,613,458
	1,370,536,574	585,398,531	286,742,644	-	2,242,677,749

36.4 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk & other price risk such as equity price risk. Financial instruments affected by market risk include loans & borrowings, deposits & derivative financial instruments.

36.4.1 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company has not engaged in any interest rate swap agreements.

Interest rate sensitivity

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

	Increase/ decrease in Interest rate	Effect on profit before tax Rs.
2026	+1%	(8,166,209)
	-1%	8,166,209
2025	+1%	(7,412,506)
	-1%	7,412,506

36.4.2 Capital Management

The Group's policy is to retain a strong capital base so as to maintain investor, creditor & market confidence and to sustain future development of the business. Capital consists of share capital, reserves, retained earning & non-controlling interest of the Group. The Board of Directors monitors the return on capital, interest cover ratio, dividend to ordinary shareholders.

The gearing ratio at the reporting date is as follows.

	GROUP		COMPANY	
	2026 Rs.	2025 Rs.	2026 Rs.	2025 Rs.
Interest bearing borrowing				
Current portion	808,292,888	654,626,084	808,292,888	637,826,084
Payable After one year	247,971,195	245,872,262	247,971,195	232,912,262
Liability to make Lease Payment				
Current portion	2,816	2,604	2,816	2,604
Payable After one year	115,860	118,676	115,859	118,675
Bank Overdraft	276,729,733	322,558,873	276,729,733	322,558,873
Total Debt	1,333,112,492	1,223,178,499	1,333,112,491	1,193,418,498
Equity				
Equity	4,121,722,887	4,233,829,510	4,100,922,436	4,251,170,639
Equity & debts	5,454,835,379	5,457,008,010	5,434,034,927	5,444,589,137
Gearing ratio	24%	22%	25%	22%

36.5 Operational risk

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

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

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.

Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.

Requirements for the reporting of operational losses and proposed remedial actions.

- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance when this is effective.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the Management and summaries are submitted to the senior management of the Group.

Insight-led

FOR AGARAPATANA PLANTATIONS PLC, INSIGHT IS KEY TO SUSTAINABLE AND PRECISE GROWTH. EACH DETAIL ADDS CLARITY AND DEPTH, BRINGING TOGETHER THE ELEMENTS THAT DEFINE OUR JOURNEY AND REINFORCING OUR COMMITMENT TO TRANSPARENCY

Ten Year Summary

	2025/26 Rs. '000	2024/25 Rs. '000	2023/24 Rs. '000	2022/23 Rs. '000	2021/22 Rs. '000	2020/21 Rs. '000	2019/20 Rs. '000	2018/19 Rs. '000	2017/18 Rs. '000	2016/17 Rs. '000
Trading Results										
Revenue	**7,355,769**	7,218,634	7,153,269	8,518,204	4,486,527	4,291,538	3,187,556	3,995,018	4,667,281	3,437,590
Gross Profit/ (Loss)	**535,943**	1,300,336	830,613	2,655,770	63,209	170,680	(1,035,462)	190,624	669,514	92,840
Gain on change in fair value of Biological Assets	**149,353**	133,842	299,665	115,821	158,117	269,956	197,795	54,865	103,801	95,632
Other Income	**125,563**	137,596	135,803	131,936	158,365	87,491	56,114	51,804	76,788	105,297
Operating Profit/ (Loss) before Finance Cost	**579,422**	1,236,821	998,677	2,634,519	281,381	386,263	(909,570)	174,564	732,960	202,989
Profit/ (Loss) before Tax	**429,413**	1,107,667	743,134	2,387,156	59,907	135,430	(1,194,392)	(103,162)	541,921	27,697
Profit/ (Loss) after Tax	**305,272**	789,929	453,624	1,782,531	27,833	189,596	(1,211,934)	(102,942)	511,469	27,693
Other Comprehensive Income/ (Loss)	**(205,520)**	1,817	(318,680)	(86,063)	489,135	72,933	776,174	(83,107)	(130,142)	213,113
Total Comprehensive Income/ (Loss)	**99,752**	791,746	134,944	1,696,468	516,969	262,529	(435,761)	(186,049)	381,327	240,806
Statement of Financial Position										
Non Current Assets	**7,558,897**	7,367,477	6,354,850	5,920,523	5,361,441	5,333,865	5,166,391	4,173,817	4,043,842	3,669,023
Current Assets	**2,763,100**	2,919,855	3,070,014	1,892,751	1,276,903	1,348,667	734,703	908,099	1,133,539	739,403
Total Assets	**10,321,997**	10,287,332	9,424,865	7,813,274	6,638,344	6,682,533	5,901,094	5,081,916	5,177,381	4,408,426
Stated Capital	**2,478,068**	2,478,068	2,478,068	1,730,437	1,730,437	1,270,787	910,787	910,787	910,787	667,787
Reserves	**2,909,049**	2,812,232	2,241,784	1,977,795	1,913,874	1,835,818	1,667,032	731,185	674,066	570,407
Retained Profit/ (Loss)	**(1,286,194)**	(1,039,129)	(510,428)	(381,382)	(2,013,929)	(2,452,842)	(2,546,585)	(1,174,977)	(931,810)	(1,209,477)
Shareholders' Funds	**4,100,922**	4,251,171	4,209,424	3,326,849	1,630,382	653,763	31,234	466,995	653,044	28,717
Deferred Income	**155,240**	164,695	174,150	183,605	192,565	197,098	203,195	208,755	217,479	225,296
Interest Bearing Laons & Borrowings - Non current	**247,971**	232,912	223,147	525,341	740,018	753,168	920,224	849,869	1,118,961	567,827
Retirement Benefit Obligations	**2,599,732**	2,209,860	1,791,113	1,198,673	1,129,918	1,557,599	1,531,479	1,341,107	1,177,097	1,019,104
Lease Liability	**116**	119	121	124	126	128	130	143	145	146
Deferred Tax Liability	**1,155,580**	1,207,360	890,126	737,193	186,628	112,097	159,138	-	-	-
Current Liabilities	**2,062,435**	2,221,215	2,136,783	1,841,489	2,758,707	3,408,679	3,055,694	2,215,046	2,010,656	2,567,336
Total Equity and Liabilities	**10,321,997**	10,287,332	9,424,865	7,813,274	6,638,344	6,682,533	5,901,094	5,081,916	5,177,381	4,408,426
Net Cash Flow										
From/ (Used in) Operating Activities	**426,402**	1,065,867	311,984	925,120	(336,731)	(92,217)	(142,796)	82,054	(7,592)	346,272
From/ (Used in) Investing Activities	**(355,089)**	(410,385)	(269,386)	(555,179)	(53,934)	(87,892)	(125,311)	(134,825)	(294,843)	(138,260)
From/ (Used in) Financing Activities	**(64,477)**	(795,834)	644,102	(176,881)	335,210	252,703	242,273	(108,929)	644,575	(197,901)
Increase/ (Decrease) in Cash & Cash Equivalents	**6,836**	(140,351)	686,700	193,060	(55,455)	72,594	(25,834)	(161,700)	342,140	10,111

Crop and Yield

Estate	Production (Kg '000)					Yield Per Ha (Kg)				
	2025/26	2024/25	2023/24	2022/23	2021/22	2025/26	2024/25	2023/24	2022/23	2021/22
Agras valley Region										
Albion	**458**	393	365	321	393	**1,039**	895	820	723	885
Balmoral	**370**	371	355	315	370	**1,159**	1,163	1,112	986	1,159
Diyagama East	**264**	297	334	291	357	**755**	851	938	841	1,041
Diyagama West	**569**	585	665	549	584	**903**	928	1,055	864	920
Glasgow	**255**	259	305	268	345	**801**	789	929	817	1,059
Hauteville	**571**	617	592	451	561	**1,174**	1,268	1,214	926	1,150
Holmwood	**136**	147	149	114	155	**735**	772	779	598	809
New Portmore	**140**	115	114	109	137	**833**	683	678	651	820
Sandringham	**155**	161	195	157	173	**872**	916	1,096	894	1,028
Torrington	**171**	192	318	300	231	**701**	750	970	763	939
Waverly	**310**	298	301	256	325	**845**	812	820	699	886
Sub Total	**3,399**	3,436	3,691	3,131	3,631	**923**	928	972	815	983
Haputale Region										
Beauvais	**168**	178	183	165	168	**659**	703	714	646	657
Dambatenne	**523**	510	598	574	624	**1,416**	1,371	1,606	1,533	1,666
Glenanore	**507**	638	671	879	901	**817**	928	985	973	979
Gonamotawa	**375**	380	354	320	346	**1,028**	1,017	1,127	854	984
Haputale	**376**	395	382	366	472	**1,012**	1,042	1,013	972	1,234
Kahagalla	**182**	159	164	166	204	**706**	617	642	653	790
Nayabedde	**359**	351	423	360	383	**1,249**	1,181	1,376	1,193	1,252
Pitaratmalie	**285**	267	285	256	292	**799**	735	784	702	802
Udaveria	**25**	22	28	28	44	**96**	84	108	110	170
Sub Total	**2,801**	2,901	3,088	3,114	3,434	**889**	881	959	886	992
Company Total	**6,199**	6,337	6,779	6,246	7,065	**909**	908	966	845	987

Estate Hectarage Statement

Estate	Planting District	Extent (ha)			
		Revenue Extent	Immature Extent	Other Area	Total
Agras valley Region					
Albion	Nuwara Eliya	440.44	0.80	143.76	585.00
Balmoral	Nuwara Eliya	319.20		104.30	423.50
Diyagama East	Nuwara Eliya	349.08		150.67	499.75
Diyagama West	Nuwara Eliya	630.17		228.12	858.29
Glasgow	Nuwara Eliya	318.71		92.79	411.50
Hauteville	Nuwara Eliya	486.50		87.50	574.00
Holmwood	Nuwara Eliya	185.11		69.78	254.89
New Portmore	Nuwara Eliya	167.65		58.74	226.39
Sandringham	Nuwara Eliya	177.47	4.00	43.23	224.70
Torrington	Nuwara Eliya	222.86	0.25	191.89	415.00
Waverly	Nuwara Eliya	366.95		78.30	445.25
Sub Total		3,664.14	5.05	1,249.08	4,918.27
Haputale Region					
Beauvais	Badulla	254.84		102.34	357.18
Dambatenne	Badulla	369.35		503.65	873.00
Glenanore	Badulla	341.98	6.00	204.07	552.05
Gonamotawa	Badulla	192.22	2.75	72.03	267.00
Haputale	Badulla	374.81		567.17	941.98
Kahagalla	Badulla	257.57		143.36	400.93
Nayabedde	Badulla	287.83		210.87	498.70
Pitaratmalie	Badulla	356.44		311.34	667.78
Udaveria	Badulla	257.34		457.79	715.13
Sub Total		2,692.38	8.75	2,572.62	5,273.75
Company Total		6,356.52	13.80	3,821.70	10,192.02

Shareholder and Investor Information

Distribution of Shareholding

No. of Shares Held	As at 31st March 2026			As at 31st March 2025		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 - 1,000	23,073	6,422,300	1.28	22,586	6,317,293	1.26
1,001 - 10,000	976	3,828,746	0.76	881	3,980,468	0.80
10,001 - 100,000	347	9,399,320	1.88	453	12,987,307	2.60
100,001 - 1,000,000	46	11,369,688	2.28	71	19,253,911	3.85
Over 1,000,000	19	468,979,946	93.80	23	457,461,021	91.49
	24,461	500,000,000	100.00	24,014	500,000,000	100.00

Analysis of Ordinary Shareholders

No. of Shares Held	As at 31st March 2026			As at 31st March 2025		
	No. of Shareholders	Total Holding	%	No. of Shareholders	Total Holding	%
Individuals	24,381	31,273,575	6.25	23,912	42,520,322	8.50
Institutions	80	468,726,425	93.75	102	457,479,678	91.50
	24,461	500,000,000	100.00	24,014	500,000,000	100.00

Public Holding

The Percentage of shares held by the public as at 31st March 2026 was 35.29%. (31st March 2025 - 34.49%)

Public Shareholders

The number of Public Shareholders as at 31st March 2026 was 24,443. (31st March 2025 - 23,994)

Float Adjusted Market Capitalisation

The applicable option under Colombo Stock Exchange Rule 7.13.1(i) (b) on minimum public holding is option 1 and the Float Adjusted Market Capitalisation as of 31st March 2026 was Rs. 2,646,750,000/-.

Market Value of Shares

The market value of the Company's ordinary shares was

	31.03.2026 (Rs.)	31.03.2025 (Rs.)
Highest	24.30	13.50
Lowest	12.10	6.80
Market value as at the year end	15.00	13.10

Shareholder and Investor Information

20 Major Shareholders as at 31st March 2026

		31.03.2026		31.03.2025	
		No. of Shares	%	No. of Shares	%
1	LANKEM DEVELOPMENTS PLC	288,228,878	57.65	281,228,778	56.25
2	SAMPATH BANK PLC/SENTHILVERL HOLDINGS (PVT) LTD	83,516,980	16.70	61,728,461	12.35
3	SENTHILVERL HOLDINGS (PVT) LTD	29,894,340	5.98	29,894,340	5.98
4	SECRETARY TO THE TREASURY	23,284,644	4.66	23,284,644	4.66
5	C M HOLDINGS PLC	7,123,593	1.42	5,886,888	1.18
6	UNION INVESTMENTS (PRIVATE) LIMITED	6,664,400	1.33	3,875,400	0.78
7	HATTON NATIONAL BANK PLC/SRI DHAMAN RAJENDRAM ARUDPRAGASAM	6,503,813	1.30	6,503,813	1.30
8	SEYLAN BANK PLC/W.D.N.H.PERERA	3,351,473	0.67	1,569,574	0.31
9	LANKEM TEA & RUBBER PLANTATIONS (PVT) LIMITED	2,795,345	0.56	7,295,345	1.46
10	COLOMBO FORT INVESTMENTS PLC	2,220,000	0.44	3,450,000	0.69
11	COLOMBO INVESTMENT TRUST PLC	2,140,000	0.43	2,450,000	0.49
12	CORPORATE MANAGERS & SECRETARIES (PVT) LTD	2,000,000	0.40	6,000,000	1.20
13	MR. SUNIL SOMINDRANATH POHOLIYADDE	2,000,000	0.40	2,000,000	0.40
14	LANKEM CEYLON PLC	1,760,204	0.35	1,760,204	0.35
15	N P CAPITAL LTD	1,734,124	0.35	-	-
16	COLOMBO FORT GROUP SERVICES (PVT) LTD	1,582,452	0.32	1,582,452	0.32
17	MR. SUPUN ASIRI THALANGAMA	1,550,500	0.31	1,225,000	0.25
18	CORPORATE HOLDINGS (PRIVATE)LIMITED A/C NO.01	1,314,600	0.26	1,314,600	0.26
19	OAKLEY INVESTMENTS (PRIVATE) LIMITED	1,314,600	0.26	1,314,600	0.26
20	FINANCIAL TRUST LIMITED	827,708	0.17	827,708	0.17
	TOTAL	469,807,654	93.96	443,191,807	88.66

Glossary of Financial and Non Financial Terms

FINANCIAL TERMS

Accounting Policies

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

Contingent Liabilities

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

Current Ratio

Current Assets divided by Current Liabilities. A measure of liquidity

Deferred Taxation

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

Dividends

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

Earnings per Share

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

EBITDA

Earnings before Interest, Tax, Depreciation and Amortisation

Gearing

Proportion of borrowings to capital employed

Interest Cover

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

Net Assets per Share

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

Related parties

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

Segment

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

Value Additions

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

Working Capital

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

NON FINANCIAL TERMS

COP

Cost of producing a kilo of Tea

HACCP

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

Immature Plantations

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

ISO

International Standard Organisation

Mature Plantations

The extent of plantation from which crop is being harvested

NSA

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

Seedling Tea

Tea grown from a seed

TRI

Tea Research Institute

VP Tea

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

YPH

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

Notice of Meeting

Notice is hereby given that the Thirty Fourth Annual General Meeting of Agarapatana Plantations PLC will be held on 25th September, 2026, at 12.00 noon and conducted as a Virtual Meeting from 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01 for the following purposes, namely:

1. To receive and consider the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March 2026 with the Report of the Auditors thereon.
2. To re-elect as a Director Mr. K.G. Punchihewa who retires in accordance with Articles 92 and 93 of the Articles of Association.
3. To re-appoint Mr. S.D.R. Arudpragasam who is over seventy years of age as a Director. Special Notice has been received from a Shareholder of the intention to pass a resolution which is set out below in relation to his reappointment. (see Note No. 6)
4. To re-appoint Mr. S.S. Poholiyadde who has attained the age of seventy years as a Director. Special Notice has been received from a Shareholder of the intention to pass a resolution which is set out below in relation to his reappointment. (see Note No. 7)
5. To authorise the Directors to determine contributions to charities.
6. To re-appoint as Auditors, Messrs. Ernst & Young, Chartered Accountants and to authorise the Directors to determine their remuneration.

By Order of the Board,

CORPORATE MANAGERS & SECRETARIES (PRIVATE) LIMITED

Secretaries

Colombo
28th August, 2026

Notes:

1. A member of the Company who is entitled to attend and vote may appoint a proxy to attend and vote instead of him or her. A proxy need not be a member of the Company.
2. A Form of Proxy is enclosed for this purpose.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company's Secretaries, Corporate Managers & Secretaries (Private) Limited at No. 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01, not less than forty-eight hours before the time fixed for the meeting.
4. Members are encouraged to vote by Proxy through the appointment of a member of the Board of Directors to represent them and vote on their behalf. Members are advised to complete the Form of Proxy and their voting preferences on the specified resolutions to be taken up at the meeting and submit the same to the Company Secretaries in accordance with the instructions given on the reverse of the Form of Proxy.
5. Please refer the "Circular to Shareholders" dated 28th August 2026 for further instructions relating to the Annual General Meeting and for joining the Meeting virtually.
6. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

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

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

Notes

Form of Proxy

I/We* .... of

....

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

.... of ....

....…............................. whom failing

1. Sri Dhaman Rajendram Arudpragasam	of Colombo or failing him
2. Sunil Somindranath Poholiyadde	of Colombo or failing him
3. Denham Rohan Madena	of Colombo or failing him
4. Anushman Rajaratnam	of Colombo or failing him
5. Kowdu Mohideen	of Colombo or failing him
6. Kamal Gardiye Punchihewa	of Colombo or failing him
7. Shrihan Blaise Perera	of Colombo

as my/our *proxy to represent me/us*,and to vote as indicated hereunder for me/us* and on my/our* behalf at the Thirty Fourth Annual General Meeting of the Company to be held on 25th September 2026 at 12.00 noon and at any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
1. To receive and consider the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March 2026 with the Report of the Auditors thereon		
2. To re-elect Mr. K.G. Punchihewa as a Director		
3. To re-appoint Mr. S.D.R. Arudpragasam as a Director		
4. To re-appoint Mr. S. S. Poholiyadde as a Director		
5. To authorise the Directors to determine contributions to charities		
6. To re-appoint as Auditors, Messrs. Ernst & Young, Chartered Accountants and to authorise the Directors to determine their remuneration		

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

Signature(s)

Note: *Please delete the inappropriate words.

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

Form of Proxy

INSTRUCTIONS AS TO COMPLETION

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

Corporate Information

Name of the Company

Agarapatana Plantations PLC

Legal Form

A Public Quoted Company with Limited Liability

Date of Incorporation

22nd June 1992

Company Registration No.

PQ 00287376

Principle Activities

Cultivation, Manufacture and Sale of Tea

Stock Exchange Listing

The Ordinary Shares of the Company are listed with the Colombo Stock Exchange of Sri Lanka with effect from 4th September 2023

Registered Office

53 1/1, Sir Baron Jayatilaka Mawatha, Colombo 01

E-mail

info@lankemplantations.lk

Web

https://lankemplantations.lk/agarapathana-plantations/

Directors

Mr. S. D. R. Arudpragasam - Chairman

Mr. S. S. Poholiyadde - Managing Director

Mr. D. R. Madena - Chief Executive Officer

Mr. Anushman Rajaratnam

Mr. K. Mohideen - Director - Finance

Mr. K. G. Punchihewa

Mr. S. B. Perera

Senior Management

S. S. Poholiyadde - Managing Director - F.I.P.M

D. R. Madena - Chief Executive Officer

K. Mohideen - Finance Director - F.C.A, F.C.M.A (UK)

N. H. R. C. Perera - Director Operations

L. S. K. Hettiarachchi - Consultant - BSc Hons (LK), PhD (UK), C.Chem., F.I.P.M

M. Ganeshan - Head of Internal Audit

G. Srishankar - General Manager Manufacture

G. R. N. Perera - General Manager Finance - A.C.M.A (UK)

D. Iddamalgoda - General Manager Legal - MHRM (Kelaniya), LLB (Sri Lanka), B Sc. (Marine Science)

S. Bandaranayake - Consultant / Engineer

Secretaries

Corporate Managers & Secretaries (Private) Limited

8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01

Auditors

Ernst & Young
Chartered Accountants,
Rotunda Towers,
No. 109, Galle Road, Colombo 03

Bankers

Bank of Ceylon

Amana Bank PLC

Pan Asia Banking Corporation PLC

Commercial Bank of Ceylon PLC

Nations Trust Bank PLC

Sampath Bank PLC

Hatton National Bank PLC

Subsidiary

Waverly Power (Pvt) Ltd

Designed & produced by

emagewise

Digital Plates & Printing by Softwave Printing and Publishing (Pvt) Ltd.

AGARAPATANA PLANTATIONS PLC
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