BOGAWANTALAWA

CLIMATE POSITIVE AND BEYOND

WORLD'S 1ST CLIMATE POSITIVE TEAS

CLIMATE POSITIVE

BOGAWANTALAWA

ANNUAL REPORT

2024-25

About Us

Vision

Bogawantalawa Tea Estates PLC aspires to be the world's best tea growing and marketing company.

Mission

To be a company where people share the responsibility and commitment to attain excellence in managing the resources on a sustainable basis by providing customers with high-quality products and services whilst developing our employees and protecting the environment.

Contents

Financial Calendar 2024/2025

FINANCIAL STATEMENTS DATE

1st Quarter	13/08/2024
2nd Quarter	12/11/2024
3rd Quarter	13/02/2025
4th Quarter	29/05/2025

ANNUAL REPORT 2024/2025

31st Annual General Meeting	27/09/2024
32nd Annual General Meeting	30/09/2025

BOGAWANTALAWA TEA ESTATES PLC
Annual Report 2024/25
online at http://www.bogawantalawa.com

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Thirty Second (32nd) Annual General Meeting of Bogawantalawa Tea Estates PLC will be held by way of electronic means on Tuesday 30th September 2025 at 10.00 a.m. centered at Metrocorp Building, 1st Floor, No. 150A, Nawala Road, Nawala, Nugegoda and the business to be brought before the Meeting will be:

1. Ordinary Business

1.1 To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the Statement of Accounts for the year ended 31st March 2025 with the Report of the Auditors thereon.

1.2 To re-elect as a Director, Mr. L J Ambani who retires by rotation in terms of Articles 89 & 90 of the Articles of Association of the Company.

1.3 To re-elect as a Director, Mr. C M O Haglind who retires by rotation in terms of Articles 89 & 90 of the Articles of Association of the Company.

1.4 To re-elect as a Director, Mr. K V N De Silva who retires in terms of Article 96 of the Articles of Association of the Company.

1.5 To pass the ordinary resolution set out below to re- appoint Mr. D J Ambani who is 72 years of age, as a Director of the Company;

"**IT IS HEREBY RESOLVED THAT** the age limit stipulated in Section 210 of the Companies Act No.07 of 2007 shall not apply to Mr D J Ambani who is 72 years of age and that he be and is hereby re-appointed a Director of the Company."

1.6 To pass the ordinary resolution set out below to re- appoint Mr D A de S Wickramanayake who is 75 years of age, as a Director of the Company;

"**IT IS HEREBY RESOLVED THAT** the age limit stipulated in Section 210 of the Companies Act No.07 of 2007 shall not apply to Mr D A de S Wickramanayake who is 75 years of age and that he be and is hereby re-appointed a Director of the Company."

1.7 To authorize the Directors to determine donations for the ensuing year.

1.8 To re-appoint Messrs. BDO Partners, Chartered Accountants as Auditors of the Company and to authorize the Directors to determine their remuneration.

2. Special Business

To consider and, if thought fit, to pass the following Special Resolution to amend the Articles of Association of the Company.

"IT IS HEREBY RESOLVED THAT

(a) the existing heading, 'Resolution in lieu of Meeting' and the Article 58 be deleted in its entirety, and the following new heading and the Article 58 be substituted therefor;

METHODS OF HOLDING GENERAL MEETINGS

58. (1) A General Meeting of shareholders may be held either—

(i) by a number of shareholders who constitute a quorum, being assembled together at the place, date, and time appointed for the meeting; (hereinafter sometimes referred to as the physical meeting); or

(ii) by means of audio, or audio and visual communication by which all shareholders participating and constituting a quorum can simultaneously hear each other throughout the meeting (hereinafter sometimes referred to as Electronic Meeting); or

(iii) by a meeting held both physically and electronically (called Hybrid Meetings); or

(iv) by means of a resolution in writing signed by not less than Eighty-Five per centum (85%) of the Shareholders who would be entitled to vote on a resolution at a meeting of Shareholders, who together hold not less than Eighty-Five per centum (85%) of the votes entitled to be cast on that resolution, shall be valid as if it had been passed at a General Meeting of those Shareholders.

Notice of Meeting

(2) The Board shall determine whether a General Meeting is to be held as a physical General Meeting as referred to in 58. (1)(i) or held as an electronic General Meeting as referred to in 58. (1)(ii) or held as a Hybrid General Meeting, both physically and electronically, as referred to in 58. (1)(iii) or by a Resolution in writing as referred to in 58. (1)(iv).

(3) The Board shall specify in the notice calling the general meeting whether the meeting will be physical or electronic or hybrid or by a Resolution in writing. Such notice shall also specify the time, date, and place and/or electronic platform(s) of the General Meeting, as it is determined.

(4) (i) When conducting an Electronic General Meeting, the Board shall enable persons to simultaneously attend by electronic means, with no member necessarily in physical attendance at the Electronic General Meeting. The members or their proxies present shall be counted in the quorum for, and entitled to vote at, the general meeting in question.

(ii) If it appears to the Chairman of the General Meeting that the electronic platform(s), facilities, or security at the Electronic General Meeting have become inadequate for the purposes referred to herein then the Chairman may, without the consent of the meeting, interrupt to resolve such inadequacy where possible or adjourn the General Meeting. All business conducted at that General Meeting up to the time of that adjournment shall be valid and the provisions of Article 63 shall apply to that adjournment.

(iii) In relation to an Electronic General Meeting, the right of a member to participate in the business of any General Meeting shall include, without limitation, the right to speak, vote on a poll, be represented by a proxy, and have access (including electronic access) to all documents which are required by the Act or these Articles to be made available for/at the meeting.

(b) the existing Article 81.(i) be deleted in its entirety and be replaced with the following new Article 81(i).

81 (i). The Board of Directors shall consist of not be less than five (5) nor more than nine (9) in number.

(c) the existing Article 122 be deleted in its entirety and replaced with the following new Article 122:

ALTERNATE DIRECTORS

122. (i)

(a) Subject to the Statutes and other laws applicable in respect of the composition of the Board, a Director may, due to exceptional circumstances, by notice in writing under his hand delivered to the Secretary, nominate an individual to be appointed as an Alternate Director of the Company for a maximum period of one (1) year from the date of appointment to attend to the duties of the Director in his absence.

(b) Such Alternate Director shall be entitled to receive notices of all meetings of Directors and to attend and vote as Director at any such meeting at which the Director appointing him is not personally present and to exercise the rights of the appointer at meetings of the Board.

(c) The attendance of any Alternate Director at any meeting, including a Board committee meeting, at which the appointer is absent, shall be counted for the purpose of quorum at such meeting.

(ii) The appointment of an Alternate Director shall be subject to the approval of the Board.

(iii) If an Alternate Director is appointed for a Non-Executive Director, such Alternate Director shall not be an executive of the Company.

(iv) If an Alternate Director is appointed to represent an Independent Non-Executive Director, such Alternate Director shall meet the criteria for independence specified in the Listing Rules of the Colombo Stock Exchange.

(d) the existing Article 125 be deleted in its entirety and replaced with the following new Article 125:

125. Subject to Article 122(i) hereof, an Alternate Director shall ipso facto cease to be an Alternate Director on the occurrence of any of the following events:

(i) If his appointer ceases for any reason to be a Director. Provided that if any Director retires by rotation but is re-elected at the meeting at which such retirement took effect, any appointment made by him pursuant to this Article which was in force immediately prior to his retirement shall continue to operate after his re-election as if he had not so retired;

(ii) If the appointment of the Alternate Director is revoked by his appointer by a notice in writing delivered to the Secretary;

(iii) If the Board resolves that the appointment of the Alternate Director be terminated on a date determined by it prior to the completion of the period of one (1) year.

(iv) If he become prohibited by law from acting as alternate Director including

a) If he is convicted of any offense under the Act punishable by imprisonment; or

b) If he is convicted of any offense involving dishonest or fraudulent acts whether in Sri Lanka or elsewhere.

(v) If he resigns by writing under his hand left at the Office.

(vi) If he ceases to hold office in terms of Section 207 of the Act.

(vii) If he becomes disqualified from being a Director in terms of Section 202 of the Act.

(e) the following words be added at the end of Article 159 :

The Company may serve notice by electronic mail to an electronic mail account notified by the shareholder in writing or any other acceptable means, to the Company or to the Central Depository System (Pvt) Ltd. Where electronic mail is used, the document or notice shall be deemed to have been received by the shareholder upon the dispatch of same by the Company through electronic mail.

(f) the existing Article 165 be deleted in its entirety and replaced with the following new Article 165:

Any notice required to be or which may be given by advertisement shall unless otherwise require by statute be published in Sinhala, Tamil and English national daily newspapers. The Company may if so permitted by statute, publish any notice required to be given to the shareholders on the official website of the Company and/or on the official website of the Colombo Stock Exchange (if the Company is listed on the Colombo Stock Exchange)."

By Order of the Board
Bogawantalawa Tea Estates PLC

Sgd.
P W CORPORATE SECRETARIAL (PVT) LTD
Director/Secretaries

28th August 2025
Colombo

Notes:
1. A shareholder entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of him/her.
2. A Proxy need not be a shareholder of the Company.
3. A Form of Proxy is enclosed for this purpose.
4. The completed form of Proxy should be deposited at the Registered Office of the Company, Metrocorp Building, 1st Floor, No. 150 A , Nawala Road, Nawala, Nugegoda, not less than Thirty Six (36) hours before the time fixed for the commencement of the Meeting.

Chairman's Statement

It gives me great pleasure to present the Annual Report and Audited Financial Statements of Bogawantalawa Tea Estates PLC for the financial year ended 31st March 2025. Despite a challenging operating environment both locally and globally, the Company remained resilient and delivered a commendable profit for the year under review.

THE TEA INDUSTRY CONTEXT

According to the Central Bank of Sri Lanka, the national economy rebounded in 2024, recording a 5% growth after two consecutive years of contraction. The agricultural sector grew by 1.2%, with tea contributing positively through a 1.7% growth rate. Total black tea production reached 262.2 million kilograms, up from 256.1 million kilograms in the previous year.

However, the industry faced significant challenges:

- The wage increase implemented in September 2024 added considerable cost pressures.
- Unpredictable and inconsistent weather patterns, a result of the global climate change crisis, continued to disrupt yields.
- The lingering impact of the government ban on oil palm cultivation constrained opportunities for diversification and profitability.

COMPANY PERFORMANCE

In this difficult backdrop, Bogawantalawa Tea Estates PLC demonstrated resilience and adaptability.

- Total production reached 3.9 million kilograms, slightly lower than the 4.1 million kilograms produced in the prior year, primarily due to weather conditions.
- Nevertheless, the Company achieved a total comprehensive income of Rs. 754.9 million, up from Rs. 556.1 million in the previous financial year—this after absorbing Rs. 241.1 million in additional wage costs.
- The Net Sale Average (NSA) improved by 15%, delivering a turnover of Rs. 5,009 million, driven by our estates' continued focus on quality, productivity, and stronger engagement with key buyers at the Colombo auctions.
- Capital expenditure amounted to Rs. 251 million, directed towards factory modernization, tea in-filling programmes, new planting of spices, forestry and timber cultivation, and other strategic development initiatives.

DRIVEN BY OUR VALUES: PEOPLE AND PLANET

At Bogawantalawa, our core values of Trust, Commitment, and Teamwork continue to shape every aspect of our operations. These values serve as the foundation for both operational discipline and our broader purpose of creating long-term value.

Sustainability is not a side initiative—it is central to our business model:

- We are proud to be the world's first tea company to offer Climate Positive teas, produced from operations that are fully net-zero and powered by 100% renewable energy.
- Guided by the UN Sustainable Development Goals, our approach encompasses regenerative agriculture, circular resource use, and biodiversity conservation.
- In 2024, our leadership was recognized with the Sustainable Tea Manufacturing Award at the North American Tea Sustainability Awards, underscoring our global leadership.
- We have invested in mini-hydropower and solar infrastructure, ensuring long-term emissions reductions and resilience against future shocks.

Our social sustainability agenda remains equally strong, spanning child development, healthcare, education, nutrition, and housing, benefiting more than 10,000 estate families.

While oil palm expansion has been halted due to the national ban, we have repurposed 500 hectares of low-country estates into an Organic Spice Zone. This strategic diversification aligns with climate-smart agricultural practices, creates rural employment, and strengthens our export portfolio. Several additional projects are in the pipeline, each aligned with the three pillars of sustainability: People, Planet, and Profit.

MODERNIZING OUR PLANTATIONS

Future readiness is a cornerstone of our strategy. We are modernizing estate management through digital transformation and mechanization.

- Building on the success of mechanized tea plucking, we are actively exploring drone technology for precision agronomy, real-time field supervision, and targeted application of fertilizers and pesticides.
- Enhanced use of technology will not only improve productivity but also strengthen our commitment to safe, efficient, and environmentally responsible farming practices.

DEVELOPING FOR THE FUTURE

We see immense potential to expand our premium product portfolio. Demand for pesticide-free and organic teas continues to grow globally, and we have responded by:

- Expanding organic cultivation areas.
- Converting additional tea lands to certified organic production.
- Producing organic green and black teas tailored for discerning international buyers.

These strategies are complemented by ongoing community development programmes, designed to uplift worker families not just as a social obligation, but as an integral part of our long-term growth strategy.

FUTURE OUTLOOK

Looking ahead, we anticipate continued challenges from global geopolitical tensions, tariff uncertainties, and climate-related risks. However, we are confident in our ability to adapt and thrive.

Our priorities will include:

- Driving cost efficiency, productivity gains, and mechanization.
- Strengthening the outgrower model and partnerships with smallholder suppliers.
- Investing in innovation, digitization, automation, and R&D.
- Deepening our commitment to sustainable and climate-smart agriculture.

These initiatives will help us protect margins, capture new market opportunities, and ensure sustained value creation for shareholders.

IN CONCLUSION

On behalf of the Board of Directors, I wish to express my deepest gratitude to:

- Our dedicated employees, whose hard work and loyalty underpin our achievements.
- Our shareholders, brokers, suppliers, customers, and business partners for their continued trust and collaboration.
- My fellow Board members for their invaluable guidance and support.

Despite wage hikes, climate shifts, and market volatility, we delivered resilient performance through high-margin growth, cost discipline, and climate-smart practices. We now look ahead with confidence to accelerating replanting, expanding premium markets, and building enduring value for our people, our shareholders, and the environment.

Sgd.
D J Ambani
Chairman

28th August 2025

Financial Highlights

For the year ended 31 March	2024/2025 Rs. '000s	2023/2024 Rs. '000s	Change %
Turnover	**5,150,007**	4,970,425	4%
Gross Profit	**1,195,072**	552,663	116%
Profit/(Loss) before tax	**1,240,036**	483,509	156%
Taxation	**(197,096)**	97,157	(303%)
Profit/(Loss) after tax	**1,042,940**	580,666	80%
Other Comprehensive Income/ (Expenses)	**(272,151)**	(24,600)	(1006%)
Total Comprehensive income /(Expenses) for the year	**770,789**	556,066	39%
Total Assets	**9,345,236**	7,893,756	18%
Total Equity	**4,084,558**	3,313,769	23%
Total Value Added	**3,652,332**	3,386,585	8%
Rs per share			
Earnings per share	**12.45**	6.93	
Net assets per share	**48.77**	39.57	
Market value per share	**52.10**	37.00	
Dividend per share	**-**	1.50	

Value Added Statement

For the year ended 31 March	2024/2025 Rs. '000s	2023/2024 Rs. '000s
Turnover	**5,150,007**	4,970,425
Other Income	**576,520**	398,355
Total Revenue	**5,726,527**	5,368,780
Cost of Bought Material and Service	**2,074,195**	1,982,195
	3,652,332	3,386,585
Distribution of Value Added		
To Employees as Remuneration	**2,396,134**	2,355,014
To Government	**160,491**	140,322
To Lenders of Capital	**97,081**	130,528
Retained in the Business	**998,627**	760,720
	3,652,332	3,386,585
Retained in the Business		
Provision for Depreciation & Amortization	**227,838**	204,654
Profit Retained	**770,789**	556,066
	998,627	760,720

Financial Review

OPERATING ENVIRONMENT

During FY 2024/25, Sri Lanka's plantation industry operated within a mixed environment. Global tea demand remained steady, while the Colombo Auction Net Sales Average (NSA) reflected a year-on-year increase in LKR terms. On the domestic front, the industry was impacted by a significant increase in estate wages, although inputs availability remained comparatively stable relative to the fertilizer-constraint years.

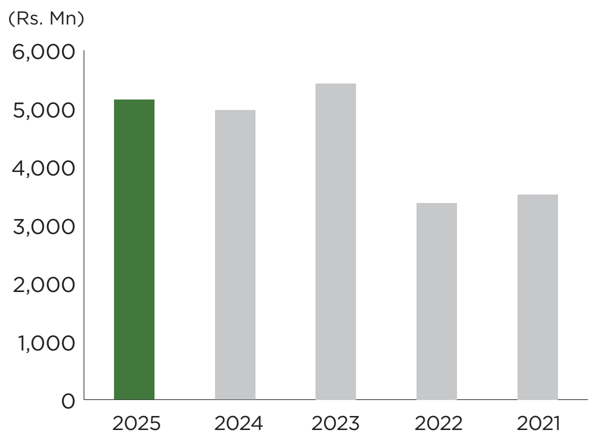
Within this context, BTE pursued a disciplined approach to cost management, optimised production across its predominantly Up-Country portfolio, and executed strategic commercial initiatives to safeguard its price and quality premiums.

PRODUCTION

BTE's production base continues to be predominantly Up Country, with 98.6% of made tea volume from the Up-Country region and 1.4% from the Low Country region. The focus through the year was on field productivity, quality enhancement, and tighter harvest discipline to align supply with market demand for premium high grown liquors.

The total extent in bearing in the Up-Country region is 3,366.60ha with 61% of the extent in the Bogawantalawa Region and 39% in Hatton region. The yield for the year for the Up-country region was 1,132 per kg while the Norwood Estate achieving the highest yield of 1,327 per kg for the Company. The total production for the year was 3.9 MTs as against 4.1 MTs previous year. The total production for the Company declined by 4% from last year due to llargely attributed to weather-related disruptions across high-grown planting region.

TURNOVER



REVENUE, COST OF PRODUCTION AND GROSS MARGIN

Group revenue increased to Rs. 5,150 Mn (FY 2023/24: Rs. 4,970 Mn), supported by a higher NSA. The NSA improved to Rs. 1,192/kg (FY 2023/24: Rs. 1,038/kg), reflecting better price realization at the auction and through direct/forward sales. BTE continued to prioritize quality and brand reputation in key export channels to protect pricing power.

Relief in certain input categories and continuous efficiency initiatives to reduce the cost of production to Rs. 960/kg (FY 2023/24: Rs. 998/kg). As a result, Cost of Sales reduce to to Rs. 3,955 Mn (FY 2023/24: Rs. 4,418 Mn) despite topline growth, driving a notable gross margin expansion year on year.

PROFITABILITY

The Company delivered a marked improvement in profitability during FY 2024/25, reversing the trend of subdued margins in the prior year. Revenue growth, combined with stringent cost discipline and lower unit production costs, enabled a step-up in operating leverage and earnings quality.

- Profit before tax (PBT): Rs. 1,240 Mn (FY 2023/24: Rs. 484 Mn), representing a growth of over 156% year-on-year. This improvement was driven primarily by higher NSA realizations, reduced cost of production, and better absorption of fixed costs.

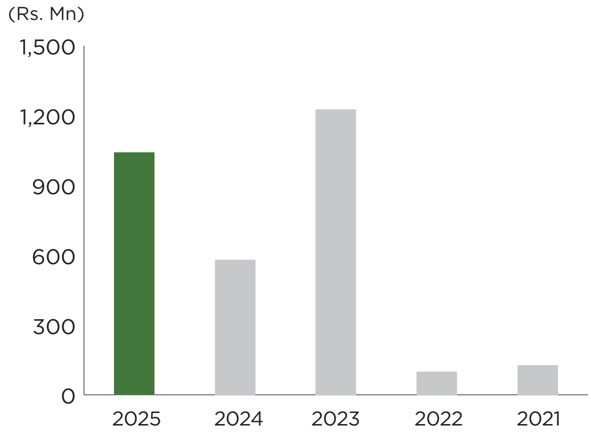
- Profit after tax (PAT): Rs. 1,043 Mn (FY 2023/24: Rs. 581 Mn), reflecting a near doubling of net profitability despite wage pressures during the year.

Gross profit margins benefited from the reduction in cost of sales, while disciplined overhead management helped preserve operating margins.

Overall, profitability in FY 2024/25 underscores the effectiveness of BTE's strategy to focus on premium quality, operational efficiency, and disciplined financial management. The strengthened earnings base provides resilience against future cost headwinds and positions the Company to deliver sustainable value to shareholders.

Financial Review

PAT

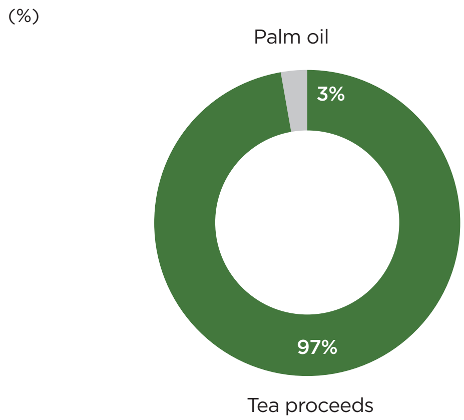


SEGMENT ANALYSIS

Tea remained the dominant contributor to revenue, accounting for over 97% of turnover. Segment revenue rose to Rs. 5,009 Mn (FY 2023/24: Rs. 4,808 Mn), driven by higher NSA realizations. Profitability improved meaningfully as COP declined to Rs. 960/kg, enhancing gross margins. The Company's high-grown positioning ensured strong auction premiums and brand recognition in export markets.

The Oil palm segment contributed Rs. 141 Mn (FY 2023/24: Rs. 162 Mn), reflecting a 13% decline due to lower market prices and softer yields. Despite the topline contraction, proactive cost management helped the segment remain margin-accretive. Palm oil continues to provide diversification benefits to BTE's portfolio, though tea remains the primary earnings

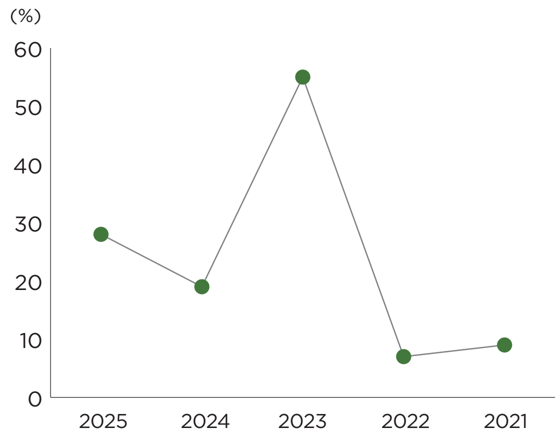
SEGMENT ANALYSIS



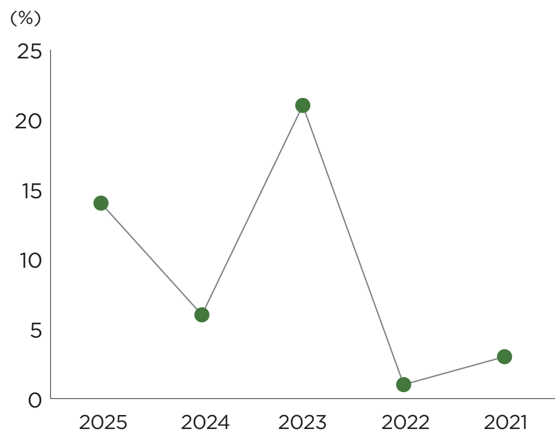
BALANCE SHEET AND RETURN

Total assets increased to Rs. 9,345 Mn (FY 2023/24: Rs. 7,894 Mn) reflecting capex in field development and factory efficiency projects alongside working capital growth in line with higher activity. Shareholders' funds rose to Rs. 4,085 Mn (FY 2023/24: Rs. 3,314 Mn), supported by earnings retention. Return metrics strengthened materially with ROA 14.4% (FY 2023/24: 6.3%) and ROE 28.2% (FY 2023/24: 18.7%).

ROE



ROA



WORKING CAPITAL

The current asset and current liabilities at the end of the year under review were Rs. 2,836 Mn and Rs. 963 Mn respectively. Comparatively the figures were Rs. 1,940 Mn and Rs. 837 Mn previous year. The current ratios exceeded 2.0 times consecutive couple of years, demonstrating our ability to meet short-term obligations smoothly.

WORKING CAPITAL

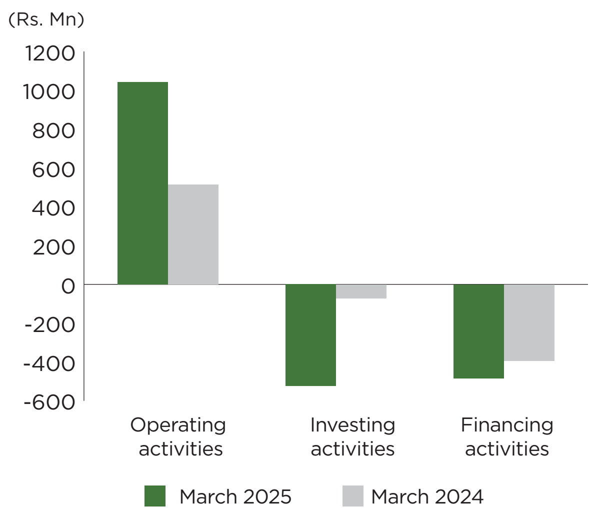
DEBT AND FINANCE COST

The Company's borrowings consist of interest bearing loans and borrowings, debentures and short term bank overdrafts. As at the end of the financial year 2024/25, the total loans and borrowings decreased by 38% against the previous year, due to a loan and debenture repayment of Rs. 324 Mn (2023/24 – Rs. 125 Mn). The total net finance cost for the Company was Rs. 249 Mn for the year with Rs. 117 Mn being the lease interest to JEDB/SLSPC.

CAPITAL EXPENDITURE

The Company invested Rs. 251 Mn on capital expenditure during the year (2023/24 – Rs. 287 Mn). This comprised of Rs. 202 Mn on field development, Rs. 49 Mn on factory development and other capital expenditure.

CASH FLOWS FROM OPERATING, INVESTING & FINANCING ACTIVITIES



CASH FLOW

After adjustments for non-cash items the total cash for the Company was Rs. 1,553 Mn and the cash generated from operations was Rs. 1,042 Mn for the year. There was a net increase in cash and cash equivalents of Rs. 34 Mn compared to a net increase of Rs. 48 Mn previous year.

EARNINGS PER SHARE

The earnings per share recorded at Rs 12.45 in 2024/25 as against Rs 6.93 in previous year.

RISKS AND MITIGATIONS

Key risks included wage inflation, weather variability affecting high-grown crops, and exchange rate volatility impacting export realizations and input costs. Mitigations focused on mix and quality management, forward sales where appropriate, price-risk awareness, and continuous productivity improvements.

FUTURE OUTLOOK

Looking ahead, management expects the operating landscape to remain mixed, shaped by both opportunities and risks. On the positive side, global tea demand is expected to remain stable while the Colombo auction NSA continues to offer scope for premium positioning of high grown teas. On the other hand, elevated estate wages and weather related uncertainties will continue to test the resilience of plantation companies.

BTE's priorities for FY 2025/26 will focus on four key areas:

- Quality and Market Positioning: Sustained emphasis on premium quality standards to protect and expand NSA premiums, strengthen brand equity, and secure market share.
- Productivity and Mechanisation: Continued investment in mechanisation and field management practices in suitable terrain to offset higher wage costs and improve labour efficiency.
- Operational Efficiency: Expansion of factory energy efficiency initiatives, waste heat recovery, and digital monitoring to further reduce unit processing costs and enhance sustainability credentials.
- Financial Discipline: Prudent working capital management and targeted capex to reinforce cash generation, strengthen the balance sheet, and deliver consistent returns to shareholders.

Overall, BTE enters FY 2025/26 with a stronger earnings base, enhanced return metrics, and a sharper focus on cost discipline and sustainable growth. The Company is confident of leveraging its high grown estate portfolio to capture opportunities, manage risks, and create long term value for stakeholders.

Sustainability Report

SUSTAINABILITY REPORT 2024

At Bogawantalawa Tea Estates PLC, environmental sustainability stands as a cornerstone of our three-pillar commitment to sustainable development, alongside social and economic responsibility. We proudly hold the distinction of being the world's first tea-growing, manufacturing, and marketing company to offer uncompensated Climate Positive Teas produced from uncompensated Climate Positive facilities. Our leadership extends to operating on net-zero energy and 100% renewable energy, harnessing solar and self-generated hydropower to power all operations. This unwavering commitment to environmental stewardship reflects our deep-rooted philosophy to preserve natural ecosystems, reduce our carbon footprint, and innovate in regenerative agriculture and circular resource management.

Recognizing the urgency underscored by the United Nations Sustainable Development Goals (SDGs) and the escalating global challenges to achieving them by 2030, Bogawantalawa has embedded sustainability into its organizational DNA. Our environmental initiatives go beyond compliance—they drive continuous improvement across the tea value chain, from ethical cultivation to sustainable manufacturing and responsible consumption. Through climate-smart agricultural practices, comprehensive ecosystem preservation, and renewable energy integration.

Our stewardship is further strengthened by internationally recognized certifications, including Rainforest Alliance, Fairtrade, Organic, and ISO standards, underscoring our commitment to the highest levels of sustainability. By blending innovation with tradition, BTE continues to set new global benchmarks for environmental sustainability in the tea industry, ensuring a resilient and thriving future for our estates, communities, and the planet.

INTERNATIONAL RECOGNITION FOR SUSTAINABLE EXCELLENCE

In 2024, BTE was honored with the prestigious Award for Sustainable Tea Manufacturing at the North American Tea Sustainability Awards, held during the North American Tea Conference (NATC) in Ontario, Canada. This landmark accolade marked the company's first recognition from the North American region and further cemented its global leadership in sustainability. The award celebrates Bogawantalawa Teas' unwavering dedication to environmental stewardship and sustainable manufacturing practices, highlighting the Company's pioneering achievements as the World's First Uncompensated Climate-Positive Tea Company.

Figure 2 -Net Zero certificate

Figure 1 -Award for Sustainable Tea Manufacturing

CARBON FOOTPRINT AND CLIMATE ACTION

Since 2010, we have strategically focused on reducing GHG emissions across our value chain. All assessments are conducted under ISO 14064-1:2018 and verified per ISO 14064-3:2019, covering cradle-to-shipping emissions across Scope 1, 2, and 3 categories.

Emissions have been significantly reduced through a range of initiatives, including the adoption of efficient technologies, energy optimization, organic practices, waste reduction, packaging improvements, and employee

CLIMATE POSITIVE CERTIFIED

Sri Lanka Climate Fund (Pvt) Ltd certifies that

Bogawantalawa Tea Estates PLC &

Bogawantalawa Tea Ceylon (Pvt) Ltd.

No.153, Nawala Road, Narahenpita, Colombo 5

has reached status of Climate Positive by fulfilling requirements of Climate Positive Certification System.

The requirements of Certification System include; retention of excessive carbon credits after GHG emission offsetting, commitment for renewable energy, commitment for afforestation and reforestation, management practices for climate positive.

Certificate Number : SLCF/CPC/005
Certification Date : 03.04.2025
Assessment Period : 01.01.2024 – 31.12.2024
Validity Period : 03.04.2025 – 31.03.2026

Chief Executive Officer
Sri Lanka Climate Fund (Pvt) Ltd

SLCF

Sri Lanka Climate Fund (Pvt) Ltd, "Sobadam Piyasa", No. 416/C/1, Robert Gunawardana Mawatha, Battaramulla. Phone: 011 2053065 E-mail: info@climatefund.lk

Figure 2 -Climate Positive certificate

engagement. We achieved Carbon Neutral Status in 2017 and have continuously held Climate Positive Certification since 2019.

100% RENEWABLE ENERGY: A MILESTONE IN SUSTAINABLE ENERGY STEWARDSHIP

Since 2019, BTE has proudly upheld its status as a global leader in renewable energy by being the first tea company to achieve certification for 100% Renewable Energy. This certification, independently verified and endorsed by the Sri Lanka Climate Fund (SLCF), confirms our complete elimination of fossil fuel dependency across all estate operations from cultivation to processing. The meticulous Energy Balance Sheet we maintain tracks all energy inputs and outputs, including electricity, firewood, and fuel, ensuring transparent and accurate sustainability accounting.

The most recent Net Zero Energy Certification, renewed in March 2024 and valid until March 2026, affirms our net-zero energy footprint as both a compliance benchmark and a strategic achievement. Over more than a decade, BTE has made substantial investments in renewable energy infrastructure and operational efficiency. Mini-hydropower plants have been harnessing natural water flows to supply clean energy to our estates. Complementing this, we have integrated large-scale solar photovoltaic (PV) systems into estate infrastructure, enabling further reductions in grid electricity consumption. Energy-efficient technologies across all tea manufacturing centers ensure we minimize energy wastage while maintaining premium product quality.

Net ZERO Energy Facility

NET ZERO ENERGY CERTIFICATION

Sri Lanka Climate Fund (Pvt) Ltd certifies that

Bogawantalawa Tea Estates PLC &
Bogawantalawa Tea Ceylon (Pvt) Ltd.
No.153, Nawala Road, Narahenpita, Colombo 05

has achieved status of Net Zero Energy consumption by harnessing their own renewable energy during the time period of

01.01.2024 – 31.12.2024

Certificate Number : SLCF/NEC/005
Certification Date : 03.04.2025
Validity Period : 03.04.2025 – 31.03.2026

Chief Executive Officer
Sri Lanka Climate Fund (Pvt) Ltd

SLCF

Sri Lanka Climate Fund (Pvt) Ltd, "Sobadam Piyasa", No. 416/C/1, Robert Gunawardana Mawatha, Battaramulla.
Phone: 011 2053065 E-mail: info@climatefund.lk

Figure 3 -Net Zero certificate

Our strategic vision extends beyond these measures as we progress toward sustainable fuelwood self-sufficiency by 2030, cultivating dedicated plantations of fast-growing biomass species that simultaneously restore ecological function and provide renewable thermal energy.

As a pioneering force in Sri Lanka's tea industry, we recognize that our ability to create long-term value is intrinsically tied to the well-being of the estates and communities in which we operate. Our Corporate Social Responsibility (CSR) initiatives are strategically integrated with our core business activities, enabling us to amplify their collective impact. This holistic approach drives stronger, more resilient sustainability outcomes while meaningfully contributing to environmental conservation and social upliftment across our value chain.

54
Environment related activities conducted

32
Education/Training and Development

44
Medical/ Health and Safety

300+
Nutrition & Healthy eating habits

24
Community Development Engagement

Sustainability Report

We are committed to ethical and socially responsible business practices that foster inclusive development, empower communities, and drive positive, lasting transformation within and beyond our areas of operation.

HIGHLIGHTS FOR THE YEAR 2024/2025

We currently oversee the maintenance more than **10,200** houses, ensuring their proper upkeep and functionality. It is important to note that all permanent workers within our organization are eligible to avail themselves of the housing facility provided.

We have provided nourishment to more than **1,400** children under the age of 5 who are registered in Child Development Centers located in all estates. Our commitment to their well-being includes ensuring they receive proper nutrition and support for their growth and development.

We regularly conduct check-ups for over **2,000** children under the age of 5. During these check-ups, we meticulously measure their weight and height to assess their nutritional status. This comprehensive monitoring allows us to ensure the overall nutritional well-being of children residing in the entire estates

We have engaged a team of **35** qualified child development officers who are actively involved in various developmental activities with children. These officers play a crucial role in conducting awareness programs for workers, providing support to 12 Estate Medical Assistance, and assisting with various health-related initiatives. Their expertise and dedication contribute significantly to the overall well-being and development of the community.

We are proud to sponsor the education of **32** school-going female students, providing comprehensive support for their academic journey. This sponsorship covers various aspects, including tuition fees, stationery, school fees, and transportation to and from school.

We take pride in maintaining a diverse workforce, with **61%** of our workers being women and 39% men. Plucking activities are carried out by both men and women, reflecting our commitment to gender equality in employment. We strongly believe in providing equal opportunities for both men and women, including equal access to education and training opportunities.

Furthermore, we are delighted to share that **50%** of women hold key positions in the administration committee of our Community Development Forums. Their active involvement and leadership have significantly contributed to the efficiency and effectiveness of our programs.

A network of more than **58** Child Development Centers (CDCs) is actively operating across all divisions, catering to the care and well-being of children under 5 years old. Each CDC is equipped with its own vegetable garden, which serves as a sustainable source of fresh produce. Our dedicated Child Development Officers (CDOs) take pride in utilizing these homegrown vegetables to prepare nutritious mid-day meals for the children enrolled in the CDCs.

We are dedicated to ensuring the protection and rights of children living in the tea gardens through our Child Protection Policy, which was adopted in 2019 with the valuable technical support of Save the Children. This policy continues to be applied to all children under our care. In line with our commitment, we have recently signed an agreement with The Center for Child Rights and Business. This partnership further strengthens our efforts to safeguard the well-being and rights of our children. Through this collaboration, we aim to implement robust measures and initiatives that promote a safe and nurturing environment for the children in our care.

We are proud to announce that we have successfully provided over **9,000** direct water connections to houses, ensuring easy access to clean water for the residents. Additionally, more than **9,800** houses now have their own latrine facilities, promoting sanitation and hygiene practices within the communities.

To further enhance water accessibility, we have facilitated the installation of pipe water supply for housing units and public water hydrants in close proximity. These efforts aim to make water readily available for daily use and emergencies.

Investor Information

1. STOCK EXCHANGE LISTING

The Ordinary Shares of the Company are listed on the Colombo Stock Exchange in Sri Lanka

Ordinary Shares

Stated Capital Rs 586,250,010

2. 20 MAJOR SHAREHOLDERS OF THE COMPANY

	NAME	31ST MARCH 2025			31ST MARCH 2024		
			NO OF SHARES	(%)		NO OF SHARES	(%)
1	Metropolitan Resource Holdings Limited	53,889,067			53,889,067		
	Commercial Bank Of Ceylon PLC / Metropolitan Resource Holdings Limited.	11,812,500	65,701,567	78.45	11,812,500	65,701,567	78.45
2	Mr. D.A.De.S. Wickramanayake		9,485,580	11.33		9,614,580	11.48
3	Sandwave Limited		701,467	0.84		1,016,352	1.21
4	Mrs. F.F. Haniffa		256,007	0.31		-	-
5	Dr. R.D. Bandaranaike & Mrs. A.D.Bandaranaike		196,909	0.24		196,909	0.24
6	Hatton National Bank PLC/Mushtaq Mohamed Fuad		135,841	0.16		10,000	0.01
7	Seylan Bank PLC/Mohamed Mushtaq Fuad		133,369	0.16		-	-
8	Mr. M.F. Shabdeen		129,000	0.15		-	-
9	J.B. Cocoshell (Pvt) Ltd		100,000	0.12		-	-
10	Mrs. K.G.M. Pieris		100,000	0.12		100,000	0.12
11	Thread Capital (Private) Limited		79,828	0.10		-	-
12	Mr. D.S.A. Jayatileke		71,448	0.09		71,448	0.09
13	Mr. M.H.M. Zarook		68,500	0.08		50,157	0.06
14	Commercial Bank Of Ceylon PLC/Metrocorp (Pvt) Ltd		63,750	0.08		63,750	0.08
15	Senkadagala Finance PLC/M.M.Fuad		59,261	0.07		2,661	0.00
16	Kelmarsh Investments Limited		57,831	0.07		57,831	0.07
17	Katunayake Garments Limited.		56,575	0.07		56,575	0.07
18	Mr. R.M. Sangani		56,016	0.07		-	-
19	Mr. M.M. Fuad		54,000	0.06		-	-
20	Mr. K.P.A. Premalal		53,000	0.06		60,000	0.07
			77,559,949	92.61		77,001,830	91.94
	OTHERS		6,190,051	7.392		6,748,170	8.06
	Total		83,750,000	100.00		83,750,000	100.00

3. DISTRIBUTION OF ORDINARY SHAREHOLDERS

31ST MARCH 2025					31ST MARCH 2024				
From	To	No. of Holders	No. of Shares	%	From	To	No. of Holders	No. of Shares	%
1	- 1,000	17,912	3,989,917	4.76	1	- 1,000	17,955	3,999,497	4.78
1,001	- 10,000	325	1,007,119	1.20	1,001	- 10,000	339	1,054,516	1.26
10,001	- 100,000	66	2,013,224	2.40	10,001	- 100,000	51	1,561,256	1.86
100,001	- 1,000,000	6	1,552,593	1.85	100,001	- 1,000,000	3	802,232	0.96
Over 1,000,000		3	75,187,147	89.78	Over 1,000,000		4	76,332,499	91.14
Total		**18,312**	**83,750,000**	**100.00**	**Total**		**18,352**	**83,750,000**	**100.00**

4. CATEGORIES OF SHAREHOLDERS

Category	31ST MARCH 2025			31ST MARCH 2024		
	No of Holders	No of Shares	%	No of Holders	No of Shares	%
Local Individuals	18,209	16,110,599	19.24	18,260	15,717,120	18.77
Local Institutions	88	66,842,916	79.81	77	66,421,915	79.31
Foreign Individuals	13	37,187	0.04	12	37,490	0.04
Foreign Institutions	2	759,298	0.91	3	1,573,475	1.88
Total	**18,312**	**83,750,000**	**100.00**	**18,352**	**83,750,000**	**100.00**

	Category	As at March	
		2025	2024
5.	Earning per share (Rs)	12.45	6.93
6.	Dividend Per Share (Rs)	-	1.50
7.	Net Assets per share (Rs)	48.77	39.57
8.	Price earning ratio	4.18	5.34
9.	Return on capital employed	0.18	0.09

10. MARKET VALUE OF SHARES

Category	As at March	
	2025	2024
Highest during the year	Rs. 68.00	Rs. 55.00
	29.01.2025	26.07.2023
Lowest during the year	Rs. 32.00	Rs. 33.30
	28.08.2024	30.11.2023
As at end of the year	Rs. 52.10	Rs. 37.00
Number of Transactions during the year	6,673	2,698
Number of Shares traded during the year	6,762,999	1,247,636
Value of shares traded during the year (Rs.)	337,283,711	55,117,034

11. The Public Holding Percentage - 10.13%

12. Total number of shareholders who hold the Public Holdings as at 31st March 2025 - 18,306

13. The Float adjusted market capitalization as at 31st March 2025 – Rs. 442,170,356

14. The Ordinary Voting Shares of Bogawantalawa Tea Estates PLC were transferred from the Main Board to the Diri Savi Board with effect from 2nd July 2018. Subsequently, with effect from 7th August 2024, the Ordinary Voting Shares of the Company were transferred from the Diri Savi Board to the Second Board. Thereafter, with effect from 17th December 2024, the securities of the Company were transferred out of the Second Board of the CSE upon compliance with the minimum public holding requirement in terms of Rule 7.13.1 (i) of the CSE Listing Rules.

The Float adjusted market capitalization of the Company falls under Option 2 of Rule 7.13.1(i) (b) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

Investor Information

15. DEBENTURE

Company has issued 10,000,000 Debentures at Rs 85 (15% discounted from the par value) and raised Rs 850,000,000/-. Tenure of the debentures will be 5 , 6 and 7 years and the purpose of the issue was settlement of high cost debt, field development activities and factory development.

15.1. Interest rates of the debentures

	Tenor	Coupon interest rate	Annual effective rate	Interest rate of comparable government security
Type B	6 years	13.25%	16.52%	11.23%
Type C	7 years	13.50%	16.85%	13.25%

15.2. Market prices & issue prices of debentures recorded during the period ended 31st March 2024 are as follows

	Issue Price	Highest Price	Lowest Price	Last Traded Price	Last Traded Date
Type B	85	Not Traded	Not Traded	Not Traded	N/A
Type C	85	Not Traded	Not Traded	Not Traded	N/A

15.3. Debt Security related ratios

Category	As at March	
	2025	2024
Current ratio	2.94	2.32
Quick ratio	2.09	1.66
Interest cover	5.97	5.14

Board of Directors

MR. D J AMBANI

Mr. Dinesh Jamnadas Ambani is the present Chairman of the following companies:

- Metropolitan Resource Holdings Limited and its subsidiary Ceylon Tea Gardens Ltd.
- Bogawantalawa Tea Estates PLC
- Bogawantalawa Tea Ceylon (Pvt) Ltd
- Metrocorp (Pvt) Ltd,
- Megatech (Pvt) Ltd.
- Eco Power Group
- Ceylon Bungalows (Pvt) Ltd.
- Metropolitan Group

He is a Director of the following companies

- Ceylon Tea Trails
- Office Network (Pvt) Ltd
- Areva Investments (Pvt) Ltd.

MR. L J AMBANI

Mr. Lalithkumar Jamnadas Ambani is a fellow Member of the Chartered Institute of Management Accountants and an Associate member of the Sri Lanka Institute of Chartered Accountants. He is the Chairman of Office Network (Pvt) Ltd and he functions as Co-Chairman of Bogawantalawa Tea Estates PLC and Deputy Chairman of Metropolitan Group.

He is a Director of the following companies:

- Bogawantalawa Tea Ceylon (Pvt) Ltd
- Metrocorp (Pvt) Ltd
- Megatech (Pvt) Ltd
- Metropolitan Resource Holdings Limited
- Eco Power Group
- Areva Investments (Pvt) Ltd
- Ceylon Bungalows (Pvt) Ltd.

MR. C M O HAGLIND

Mr. Carl Michael Oscarsson Haglind has a MSc from Stockholm School of Economics. He is Director of Eco Power, Bogawantalawa Tea Ceylon (Pvt) Ltd, Gourmet Teas and Compose Software. Prior to this he was the Vice President of Manpower in Sweden.

MR. S A S JAYASUNDARA (Resigned on 31.12.2024)

Mr. Sudath Ajitha Samaradivakara Jayasundara has a Bachelor of Law (LL.B) from the University of Colombo and is an Attorney-at-Law & Notary Public, having an active practice in the Civil Courts of Sri Lanka. He also holds a Diploma in International Relations (BCIS).

He currently works and holds the following positions:

- Chairman of Shraddha Media Network (Guaranteed) Ltd
- Board Director of Harishchandra Mills, Matara
- Board Director of Sithara Ltd
- Board Director of Metropolitan Resource Holdings PLC
- Board Director / Acting Chairman of Bimputh Finance PLC and
- Director of Enterprise Technologies (Pvt) Ltd
- Chairman of Blue Diamond Jewelry worldwide PLC
- Chairman of Lanka Transformers (Private) Limited, Lanka Transformers Holdings (Private) Limited and Lanka Transformers Galvanizing (Private) Limited.

MR. D A DE S WICKRAMANAYAKE

Mr. Don Ariyaseela De Silva Wickramanayake is the present Chairman/Managing Director of Master Divers (Pvt) Ltd. , Director of Pelwatte Sugar Industries Ltd, Chairman of Pelwatte Diary Industries, Chairman of Mawbima Lanka Foundation and Director of Aitken Spence Plantation Managements PLC. Currently he is a Member of University Grant Commission Standing Committee on Agriculture, Veterinary Medicine and Animal Science , Advisory Board Member of Sabaragamuwa University, Council Member of Ocean University, Faculty Representative for the Faculty of Technology, University of Colombo, former Council member of Uva Wellassa University and Council member of National Institute of Fisheries and Nautical Engineering. He is also the Former Chairman of National Livestock Development Board, former Chairman of State Engineering Corporation and former Member of the council University of Ruhuna.

Mr Wickramanayake has published the book WHY HAMBANTOTA (Regarding Port of Hambantota)

MR L H MUNASINGHE

Mr Lalith Hemantha Munasinghe holds a Diploma in Business Management at the World View Institute. Mr Munasinghe counts over 40 years of experience in the plantation sector and prior to joining Bogawantalawa Tea Estates PLC, held the position of Director / Deputy Chief Executive Officer at Talawakelle Tea Estates PLC a member of the Hayleys Group. He has followed a leadership development programme at the Indian School of Business (ISB).

Board of Directors

MS S H MUNASINGHE

Ms. Subhashini Munasinghe is a finance professional with over 16 years of experience and more than 10 years within leadership roles setting strategic direction, monitoring risk, diving financial reporting compliance and managing overall operations.

Ms. S. Munasinghe presently serves as an Independent Non-Executive Director on the board of directors of Central Finance PLC. She was also a Council Member, advising on risk management and internal controls at the University of Kelaniya until February 2025. She had previously been the Chief Executive Officer of the Sri Lanka Institute of Directors and a Director within the Audit and Assurance practice at PricewaterhouseCoopers, Sri Lanka. Her experience includes working at Deloitte's London Office in the UK for almost 5 years.

Ms. S. Munasinghe is an Associate Member of the Institute of Chartered Accountants of England and Wales (ICAEW) as well as the Institute of Chartered Accountants in Sri Lanka (ICASL) and she holds a BSc (Hons) in Economics and Accounting from the University of Bristol in the UK.

MR N DE SILVA

Mr N De Silva is a seasoned Coach, Trainer, and Mentor in Business Communication and Personal Development, currently Visiting Faculty at the Postgraduate Institute of Management (PIM) and Advisory Board Member of FireX. An Engineer by profession with a B.Sc. (Hons) from the UK and an MBA from PIM, he was honored with the "Achievers Award" for outstanding service to the profession, business, and society.

He has over 34 years' experience in ICT, including leadership roles as CEO of Metropolitan Computers and Head of HR and ICT at Metropolitan Group. A Past President of CSSL and Sri Lanka Computer Vendors Association, he has also contributed to national and regional ICT bodies like CINTEC and the Asian ICT Confederation. A Toastmasters leader, guest lecturer, and conference speaker in Sri Lanka and India, he has trained professionals from Dialog, WSO2, Seylan Bank and Chevron.

Directors' Responsibility for Financial Reporting

The following statement sets out responsibility of the Directors in relation to the Financial Statements of the Company and its subsidiaries prepared in accordance with the provisions of the Companies Act No. 07 of 2007.

The responsibility of the Independent Auditor in relation to the Financial Statements is set out in the Report of the Auditors given on page 48 of the Annual Report.

As per the provisions of sections 151, 153(1) and (2), 150(1) and 152(1) of the Companies Act No. 07 of 2007, the Directors are required to prepare Financial Statements for each financial year, which should give a true and fair view of the state of affairs of the Company and its subsidiaries as at the reporting date and its profit or loss for the financial year then ended, ensure that they are completed within six months or such extended period as may be determined by the Registrar General of Companies, certified by the person responsible for the preparation of the Financial Statements that it is in compliance with the said Companies Act and dated and signed on behalf of the Board by two Directors of the Company.

In terms of Section 166(1) read together with Sections 168(1)(b) and (c) and Section 167(1) of the Companies Act, the Directors shall cause a copy of the aforesaid Financial Statements together with the Annual Report of the Board of Directors of the Company prepared as per Section 166(1) of the Companies Act to be sent to every shareholder not less than fifteen working days before the date fixed for holding the Annual General Meeting. The above obligation is discharged by the Directors by making available the Annual Report on the Company's official website and the Colombo Stock Exchange website in terms of Rule 7.5(b) of the Listing Rules of the Colombo Stock Exchange. As per the said Rule printed copies of the Annual Report will be made available to the shareholders on request.

In preparing the Financial Statements, the Directors are responsible to ensure that appropriate accounting policies have been selected and applied consistently, reasonable and prudent judgments and estimates have been made and all applicable accounting standards have been complied with.

The Directors are also required to ensure that the Company and its subsidiaries have adequate resources to continue in operation to justify applying the going concern basis in preparing these Financial Statements.

Further, the Directors have a responsibility to ensure that the Companies within the Group maintain sufficient accounting records to disclose with reasonable accuracy, the financial position of the Company and the subsidiaries.

Financial Statements prepared and presented in this Report have been prepared based on Sri Lanka Accounting Standards (SLFRS/LKAS) and are consistent with the underlying books of account and are in conformity with the requirements of Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange.

The Directors have also implemented effective and comprehensive systems of internal control for identifying, recording, evaluating and managing the significant risks faced by the Company throughout the year, which is primarily handled through the Audit Committee.

The Directors have taken appropriate steps to ensure that the Company and its subsidiaries maintain proper books of accounts and the financial reporting system is directly reviewed by the Directors at their regular meetings and also through the Audit Committee.

The Board of Directors also approves the Interim Financial Statements prior to their release following a review and recommendation by the Audit Committee.

The Board of Directors accepts responsibility for the integrity and objectivity of the Financial Statements presented in this Annual Report.

The Financial Statements of the Company and its subsidiaries have been certified by the Chief Financial Officer of the Company, the officer responsible for their preparation as required by the Section 152 (1) (b) and they have also been signed by two Directors of the Company as required by Section 152 (1) (c) of the Companies Act.

The Directors to the best of their knowledge and belief, are satisfied and all statutory payments in relation to all relevant regulatory and statutory authorities, which were due and payable by the Company and the Subsidiary as at the reporting date have been paid and where relevant, provided for.

The Directors are of the view that they have discharged their responsibilities as set out in this statement.

By Order of the Board
Bogawantalawa Tea Estates PLC

Sgd.
L J Ambani
Co-Chairman

28th August 2025

Chairman's, Executive Director's and Acting Chief Financial Officer's Responsibility Statement

The Financial Statements of Bogawantalawa Tea Estates PLC as at 31 March 2025 are prepared and presented in compliance with the requirements of the following:

- Sri Lanka Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka.
- Companies Act No. 07 of 2007.
- Sri Lanka Auditing and Assurance Standards Act No. 15 of 1995.
- Listing Rules of the Colombo Stock Exchange.
- Code of Best Practice on Corporate Governance – 2023 issued jointly by The Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.
- Regulations of the Securities and Exchange Commission of Sri Lanka.

The accounting policies used in preparing the Financial Statements are appropriate, consistently applied, and in line with the prescribed Accounting Standards. There are no departures from such standards in their adoption. Significant accounting estimates and judgements, involving complexity and a high degree of subjectivity, were discussed with the External Auditors and the Audit Committee.

The Board of Directors and the Acting Chief Financial Officer of the Company accept full responsibility for the integrity and objectivity of these Financial Statements. Estimates and judgements have been made on a prudent and reasonable basis to ensure that the Financial Statements give a true and fair view of the state of affairs, the form and substance of transactions, and the overall position of the Company.

The Company have established and maintained effective internal controls and accounting systems designed to safeguard assets, prevent and detect fraud and irregularities, and ensure the accuracy of financial records. These controls and systems are reviewed, evaluated, and updated on an ongoing basis. Internal Auditors carry out periodic audits to provide reasonable assurance that policies and procedures are consistently followed, subject to inherent limitations of any internal control system.

The Financial Statements of the Company have been audited by independent external auditors, Messrs BDO Partners, Chartered Accountants, whose report appears on pages 48 to 51 of this Annual Report.

The Audit Committee meets periodically with the Internal Audit Team and the External Auditors to review audit plans, assess the performance of auditors, and discuss reports on internal controls and financial reporting matters. Both the External and Internal Auditors have unrestricted access to the Audit Committee to discuss any matters of substance. The Audit Committee also reviews the independence of the External Auditors and ensures that non-audit services provided do not impair such independence.

We confirm that the Company have complied with all applicable laws, regulations, and guidelines and that there are no material litigations against the Company other than those disclosed in Note 40 to the Financial Statements in this Annual Report.

Sgd.
L J Ambani
Co-Chairman

Sgd.
L H Munasinghe
Executive Director

Sgd.
N B Bogahalanda
Acting Chief Financial Officer

28th August 2025

Directors' Statement on Internal Controls

This statement is made in compliance with the requirement to publish the Directors' Statement on Internal Controls in accordance with the Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka.

The Board of Directors is responsible for establishing and maintaining a sound system of internal controls to safeguard shareholders' investments and the Company's assets. The Board has implemented a comprehensive process to identify, evaluate, and manage significant risks faced by the Company. This process covers enhancing the internal control framework as necessary when there are changes in the Company's business environment, operations, or regulatory requirements. The system of internal controls is subject to regular review by the Board.

The Board believes that the existing system of internal controls is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with applicable accounting standards, regulatory requirements, and best practices.

To ensure the effective functioning of internal controls, the Board has implemented the following measures:

- Board Committees have been appointed to assist in evaluating the effectiveness of Company operations in line with corporate strategies and the annual budget.
- The Management Audit & System Review Division (MA & SRD) carries out reviews of internal controls across the Company and its subsidiaries based on an annual audit plan approved by the Audit Committee. Audit findings are submitted to the Audit Committee for discussion at periodic meetings.
- The Audit Committee reviews internal control issues identified by MA & SRD and management, evaluating their adequacy and effectiveness. The Committee also assesses risk management processes and internal control systems, with a focus on the scope and quality of internal audits. Minutes of Audit Committee meetings are tabled at Board meetings for discussion.

During the financial year under review:

The Company adopted new processes to comply with updated Sri Lanka Accounting Standards (LKAS and SLFRS), including SLFRS S1 and S2 Sustainability Disclosure Standards, ensuring proper recognition, measurement, presentation, and disclosure. Continuous monitoring is in place to ensure accurate and effective reporting of these processes.

Observations made by the External Auditors on the Company's internal control system have been considered, and corrective actions have been implemented where necessary.

CONCLUSION

The Board acknowledges that the system of internal controls is designed to manage rather than eliminate the risk of failure to achieve the Company's objectives, and can only provide reasonable, not absolute, assurance against material misstatement or loss.

The Board confirms that the Company's financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external publication. This has been carried out in accordance with the Sri Lanka Accounting Standards, the Companies Act No. 07 of 2007, and the Listing Rules of the Colombo Stock Exchange.

By order of the Board,
Bogawantalawa Tea Estates PLC

Sgd.
L J Ambani
Co-Chairman

Sgd.
L H Munasinghe
Executive Director

Sgd.
S H Munasinghe
Chairperson – Audit Committee

28th August 2025

Management Team

Mr. L.H. Munasinghe	Executive Director
Mr. M.F. Majeed	Chief Executive Officer
Dr. Y.M.T.K. Bandara	Director - Low Country Operations, Sustainability, Research & Development
Mr. R.A.J. Guneratne	General Manager - Marketing
Mr. K.J. Jayabrendra	General Manager - Auditing and System Monitoring
Mr. R.K.W. D.M.R.T.N.B. Bogahalanda	Acting Chief Financial Officer
Mr. U.S. Waidyatilleke	Senior Manager - Certification and Quality Assurance
Mr. M.G.A. Nadeeshan	Senior Manager - Projects
Mr. H.G. Augustus	Manager - Human Resources
Mrs. M.S. Weerasooriya	Senior Legal Officer
Mr. A.S. Samuel	Manager - Administration
Mrs. T.H.D.T.N. Thirimanne	Assistant Manager - CSR

ESTATE LEVEL

Mr. W.N.D. De Alwis	General Manager - Kotiyagalla Estate
Mr. R. Winter	General Manager - Bogawana Estate
Mr. R.M. Samarakoon	General Manager - Lethenty Estate
Mr. G.L.C. De Silva	General Manger - Norwood Estate
Mr. H.I. Wijayasundara	Deputy General Manager - Anhettigama Estate
Mr. R.L. Manoj	Deputy General Manager - Campion Estate
Mr. M.S.Z. Imthiaz	Deputy General Manager - Wanarajah Estate
Mr. K.G.M.N. Gamage	Senior Manager - Loinorn Estate
Mr. S.M.S.D. Seneviratne	Manager - Bogawantalawa Estate
Mr. S.N. Liyanage	Manager - Fetteresso
Mr. H.K.M. De Silva	Acting Manager - Osborne Estate
Mr. K.P. Prabaharan	Acting Manager - Poyston Estate

Corporate Governance

The Board of Directors of Bogawantalawa Tea Estates PLC (BTE) are committed to the highest standards of corporate governance, transparency and business behavior to protect the interest of our stakeholders. The Directors confirm that the Company has already implemented action to comply with the Rules on Corporate Governance contained in the listing rules of the Colombo Stock Exchange.

THE BOARD OF DIRECTORS

The Directors of the Board are responsible for the formation of overall business strategies, policies and setting standards and ensuring the implementation of them, setting goals and targets in short, medium and long term basis. The Directors review progress quarterly and during the year under review they met on four occasions.

Attendance at these meetings was:

Mr. D J Ambani............ 4/4
Mr. L J Ambani............ 4/4
Mr. C M O Haglind............ 4/4
Mr. D A D S Wickramanayake............2/4
Mr. S A S Jayasundara 2/4
(Resigned on 31st December 2024)
Mr L H Munasinghe............ 4/4
Ms S H Munasinghe............ 3/4
Mr K V N De Silva............1/4
(Appointed on 1st January 2025)

The Board reviews and approves the Annual Budget, actual performance against the budget, grants approval for capital expenditure and any other project proposals. Separate sub committees are set up by the Board for Investment decisions and special projects. The recommendation from these sub committees are forwarded to the Board for the final approval at a Board meeting.

COMPOSITION OF THE BOARD

The Board comprises a well-balanced mix of individuals whose capabilities are aligned with the scale, complexity, and strategic positioning of the business. To ensure that no individual or group of individuals is able to dominate the decision-making process, the Board of Bogawantalawa Tea Estates PLC maintains an appropriate structure, consisting of 03 Executive Directors, 02 Non-Executive Directors and 02 Independent Non-Executive Directors, one of whom serves as the Senior Independent Director.

This composition ensures a robust balance of perspectives, enabling effective oversight and sound governance. Collectively, the Directors bring a diverse and in-depth mix of business skills, sectoral experience, and strategic insight, contributing meaningfully to Board deliberations and decisions. Complete profiles of the Board of Directors are available on pages 19 of the report.

INDEPENDENCE OF NON-EXECUTIVE DIRECTORS

Independence of Directors is determined by the Board based on annual declarations submitted by the Non-Executive Directors in accordance with the Listing Rules of the Colombo Stock Exchange. Independence Non-Executive Directors are able to exercise their independent judgement as they do not participate in day-to-day management nor have any business relationships with the Company.

In accordance with Rule 9.6.3 of the Listing Rules of the Colombo Stock Exchange, the Board of Directors of the Company appointed Mr. K. V. N. De Silva, Independent Non-Executive Director, as the Senior Independent Director of the Company with effect from 1st January 2025.

This appointment follows the resignation of Mr. S. A. S. Jayasundara from the Board, who previously held the position of Senior Independent Director. His resignation was effective from 31st December 2024.

The requirement to appoint a Senior Independent Director arose as the Co-Chairmen of the Company are Executive Directors, and the Board is committed to ensuring compliance with the Listing Rules and maintaining sound corporate governance practices.

In compliance with Rule 9.8.5(a) of the Colombo Stock Exchange Listing Rules, all Independent Directors have submitted a signed and dated declaration confirming their independence, in the format prescribed in Appendix 9A of the Listing Rules.

The Board of Directors has access to expert professional advice as and when required.

ANNUAL ASSESSMENT OF BOARD COMPOSITION / RE-ELECTION

An annual self-evaluation is carried out by the Board to ensure diversity of expertise and effectiveness of the Board composition.

Corporate Governance

One third (1/3rd) of the Directors, except the Managing Director retire by rotation and come up for re appointment by the shareholders at the AGM. Profiles of the Directors are provided to shareholders to make informed decisions.

Any resignations or new appointments to the Board are informed to the shareholders by the Company Secretaries through the Colombo Stock Exchange. In relation to appointments, a brief resume of the Director will also be included in the announcement. All new directors are subject to re-election by the Shareholders at the next AGM.

NORMINATION AND SELECTION OF THE BOARD AND COMITTEES

The Board is constituted by the Shareholders to oversee BTE's overall functioning and to ensure that shareholders' long-term interests are being served. The Company established its own Nominations and Governance Committee in compliance with Rule 9.11 of the CSE Listing Rules on 23rd September 2024.

DUTIES AND RESPONSIBILITIES OF THE BOARD

The Board of Directors, as the apex governing body of BTE is responsible for defining the Company's vision, mission, core values, and strategic direction. It exercises oversight and provides guidance to ensure that management and all employees operate in alignment with the Company's strategic objectives.

The Board is accountable for ensuring that all operations of the Company are conducted in strict compliance including all divisional heads review the progress for the most recent quarter and the performance against budget and last year. Further the next quarters forecast and the forecast for the year are discussed and agreed upon at each meeting. Estate wise details are analysed and recommendations are made to the Board. All capital expenditure, other project proposals, budgets are initially reviewed at this meeting and referred to the Board at the Board Meeting for formal approval and/or ratification wherever necessary. In addition there is also a Management Committee consisting the Chairman / Directors and the Senior Management Team which meets every month to review progress, approval for payments and recommendations to the Board for any Board papers.

AUDIT COMMITTEE

An Audit Committee is formed at the Company level and the members of the Audit Committee (AC) are as follows:

Ms S H Munasinghe
Chairperson AC (Independent Non Executive Director)

Mr S A S Jayasundara
Member AC (Independent Non Executive Director)
Resigned on 31st December 2024

Mr C M O Haglind
Member AC (Non Executive Director)

Mr K V N De Silva
Member AC (Independent Non Executive Director)
Appointed on 1st January 2025

Attendance at the AC meetings was:

Ms S H Munasinghe 4/4
Mr. S A S Jayasundara 1/4
(Resigned on 31st December 2024)
Mr. C M O Haglind 4/4
Mr K V N De Silva 2/4
(Appointed on 1st January 2025)

The Audit Committee, is responsible, for reviewing policies and procedures of Internal Control, Risk Review and Control reports, planning and audit completion reports from the Company's external auditors and ensuring that the Company has an embedded process of identifying risks, both financial and operational. The Committee ensures that risks, so identified, are managed via a well-defined action plan.

The Committee is also responsible for the consideration and appointment of external auditors, the maintenance of a professional relationship with them, reviewing accounting principles, policies and practices adopted in the preparation of public financial information and examining all documents representing the final financial statements.

The Chief Financial Officer, General Manager Auditing and System Monitoring and relevant operational divisional heads attend the meeting by invitation. The decisions of the Audit Committee are reported to the Directors at the Board Meetings.

The report from the Chairperson of the Audit Committee is on page no 34.

REMUNERATION COMMITTEE

The Remuneration Committee is set up at Company level and the members of the Remuneration Committee (RC) are as follows

Ms S H Munasinghe
Chairperson RC (Independent Non Executive Director)
Appointed on 1st April 2024

Mr S A S Jayasundara
Member RC (Independent Non Executive Director)
Resigned on 31st December 2024

Mr C M O Haglind
Member RC (Non Executive Director)

Mr K V N De Silva
Member RC (Independent Non Executive Director)
Appointed on 1st January 2025

Attendance at the RC meetings was:

Ms S H Munasinghe 1/1
Mr. S A S Jayasundara 0/1
(Resigned on 31st December 2024)
Mr. C M O Haglind 1/1
Mr K V N De Silva..1/1
(Appointed on 1st January 2025)

The Remuneration Committee is responsible for the recommendation of the remuneration payable to the Chairman, Executive Directors and Chief Executive Officer and sets guidelines for the remuneration of the Senior Management within the Company, to the Board of BTE PLC. The Board makes the final determination upon consideration of such recommendations. The remuneration recommendations are based on the present market rates.

The gross amount paid as directors emoluments for the year is disclosed under notes to the financial statements – note no 12 Page 78.

The report from the Chairperson of the Remuneration Committee is on page no 36.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee is set up at Company level and the members of the Related Party Transactions Review Committee (RPTRC) are as follows:

Ms S H Munasinghe
Chairperson RPTRC (Independent Non Executive Director)
Appointed on 1st April 2024

Mr S A S Jayasundara
Member RPTRC (Independent Non Executive Director)
Resigned on 31st December 2024

Mr L H Munasinghe
Member RPTRC (Executive Director)

Mr K V N De Silva
Member RPTRC (Independent Non Executive Director)
Appointed on 1st January 2025

The Committee is entrusted with evaluating and considering all transactions with related parties of the company except the exempted transactions as per the Listing Rules of the CSE in order to ensure the related parties are treated on par with other shareholders and constituents of the Company and related party transactions are evaluated according to the applicable rules and regulations. To this end the Committee shall ensure that necessary processes are in place to identify, approve, disclose and monitor related party transactions according to the provisions contained in the Board approved Related Party Transactions Policy pertaining to the company and its subsidiaries.

Attendance at the RPTRC meetings was:

Ms S H Munasinghe... 4/4
Mr. S A S Jayasundara 1/1
(Resigned on 31st December 2024)
Mr L H Munasinghe.. 4/4
Mr K V N De Silva..2/4
(Appointed on 1st January 2025)

The report from the Chairperson of the Related Party Transactions Review Committee is on page no 35.

NOMINATIONS AND GOVERNANCE COMMITTEE

The Nominations and Governance Committee is set up at Company level and the members of the Nominations and Governance Committee (NGC) are as follows:

Ms S H Munasinghe
Chairperson NGC (Independent Non-Executive Director)
Appointed on 23rd September 2024

Mr S A S Jayasundara
Member NGC (Independent Non-Executive Director)
Resigned on 31st December 2024

Mr C M O Haglind
Member NGC (Non-Executive Director)
Appointed on 23rd September 2024

Mr K V N De Silva
Member NGC (Independent Non-Executive Director)
Appointed on 1st January 2025

Corporate Governance

The Committee is entrusted with establishing and maintaining a formal procedure for the appointment of new Directors and re-election of Directors. To this end the Committee shall establish and maintain a set of criteria for selection of Directors, periodic evaluation of Directors and the CEO and develop succession plan for Board of Directors and Key Management Personnel. Further the Committee reviews and recommends the overall corporate governance framework of the Company.

Attendance at the NGC meetings was:

Ms S H Munasinghe 1/1

Mr. S A S Jayasundara...0/1

(Resigned on 31st December 2024)

Mr. C M O Haglind...1/1

Mr K V N De Silva..1/1
(Appointed on 1st January 2025)

The report from the Chairperson of the Nominations and Governance Committee is on page no 37.

POLICIES

The Company has adopted the following policies with effect from 23rd September 2024 and has uploaded them to the Company's website

1. Policy on Matters Relating to The Board of Directors
2. Policy on Board Committees
3. Policy on Corporate Governance, Nominations and e-election
4. Policy on Remuneration
5. Policy on Internal Code of Business Conduct and Ethics
6. Policy on Risk Management and Internal Controls
7. Policy on Investor Relations
8. Policy on Environment, Social and Governance
9. Policy on Asset Management
10. Policy on Corporate Disclosure
11. Policy on Whistleblowing
12. Policy on Anti-Bribery and Corruption

COMPANY SECRETARY

The Company Secretary plays a crucial role in ensuring the effectiveness of the Board and its governance framework. As a trusted advisor to the Board, the Company Secretary is responsible for providing guidance on corporate governance practices, regulatory compliance, and Board procedures. Directors have unrestricted access to the Company Secretary.

INTERNAL CONTROL

Board has endeavored to ensure that control systems, designed to safeguard the Company's assets and maintain proper accounting records that facilitate the production and availability of reliable information, are in place and are functioning as planned.

An internal audit and monitoring division is set up to monitor whether all internal control systems, processes and procedures are followed Any issues relating to controls, productivity, efficiency, effectiveness are discussed at the monthly review meetings with respective operational managers. All operational and financial functions and approval levels are clearly defined and controlled by the officers with proper segregation of duties. All purchases for major inputs, capital expenditure and disposals are handled by a committee at Center Office and recommend to the Chief Executive Officer. Payments to major suppliers of estates are made from Head Office. All sales proceeds are collected at Head Office and the required funds are released for remuneration and local purchases to operational units. Actual utilization of funds released are monitored by obtaining certified statements from respective operational managers.

COMPLIANCE WITH LEGAL REQUIREMENTS

The Board is conscious of its responsibility to the Shareholders, the Government and the Society in which it operates and is unequivocally committed to upholding ethical behavior in conducting its business. The Board, through the Company's Administrative, Human Resource and Finance Divisions, strives to ensure that the businesses of the Company comply with the laws and regulations of the country. The Board of Directors ensure that all financial statements are prepared in accordance with the Sri Lanka Accounting Standards and conform to the requirements of the Colombo Stock Exchange.

RELATIONS WITH THE COMMUNITY

The Board is conscious of the principles of good citizenship and the operational dimensions of the BTE PLC's social programmes. The Human Resources division of the Company is set up at Head Office in Nugegoda with regional coordinating officers.

CORPORATE GOVERNANCE Compliance Table (Colombo Stock Exchange – Listing Rules)

CSE Rule Reference	Corporate Governance Principles	Complience Status	The Company's Extent of Adoption
9.2.1	Policies	Compliant	The Company has adopted the following policies, and has uploaded them to the Company's website in accordance with the Corporate Governance Rules of the Colombo Stock Exchange; 1. Policy on Matters Relating to The Board of Directors 2. Policy on Board Committees 3. Policy on Corporate Governance, Nominations and e-election 4. Policy on Remuneration 5. Policy on Internal Code of Business Conduct and Ethics 6. Policy on Risk Management and Internal Controls 7. Policy on Investor Relations 8. Policy on Environment, Social and Governance 9. Policy on Asset Management 10. Policy on Corporate Disclosure 11. Policy on Whistleblowing 12. Policy on Anti-Bribery and Corruption The Company will provide any of the above policies to its shareholders upon a written Request.
9.3.1	Board Committees	Compliant	The Company has established Nominations and Governance Committee, Remuneration Committee, Audit Committee and Related Party Transactions Review Committee
9.3.2	Board sub committees' composition, responsibilities and disclosures	Compliant	All Committees comply with the required rules. Please refer the respective Committee Reports.
9.3.3	Chairperson of Board Committees	Compliant	Chairperson of Board Committees is not the Chairperson of the Board
9.4.1	Meeting Procedures	Compliant	Company maintains records of all resolutions passed at General Meetings.
9.4.2	Communication and Relations with shareholders	Compliant	The Company has a Shareholder and Investor Communication policy, which is published on its corporate website.
			The contact person is mentioned.
			The policy includes a process whereby Directors are informed of major issues and concerns of shareholders.
9.5	Policy on matters relating to the Board of Directors	Compliant	The Company maintains a Policy on Matters relating to the Board of Directors.
9.6.1	Chairperson and CEO	Compliant	The Chairperson and the CEO of the Company is not the same person.
9.6.3	Senior Independent Director	Compliant	The Company appointed a Senior Independent Director (SID) since the Co-Chairman are Executive Directors.

Corporate Governance

CSE Rule Reference	Corporate Governance Principles	Complience Status	The Company's Extent of Adoption
9.6.3 (b)	Senior Independent Director	Compliant	The SID holds a meeting once a year with the Independent Directors without the presence of other Directors to discuss matters and concerns relating to the Company.
9.6.3 (c)	Senior Independent Director	Compliant	The SID holds a meeting once a year with the Non-Executive Directors without the presence of the Chairperson to appraise the Chairperson's performance.
9.6.3 (e)	Senior Independent Director	Compliant	The SID has made a disclosure demonstrating the effectiveness of duties of the SID in the report of the SID on page 33.
9.6.4	Rationale for appointing Senior Independent Director	Compliant	The rationale is given in the Statement of the Senior Independent Director.
9.7.1	Fitness of Directors and CEO	Compliant	The Company ensures that the persons recommended by the Nominations and Governance Committee fulfill the assessment criteria set out in the Listing Rules
9.7.2	Fitness of Directors and CEO	Compliant	
9.7.4	Fitness of Directors and CEO	Compliant	The Directors and the CEO has provided the declaration confirming that they satisfy the Fit and Proper Assessment Criteria during the financial year and as at the date of such confirmation.
9.7.5	Disclosures in the Annual Report	Compliant	Annual Report of the Board of Directors from pages 19 to 20 provide the relevant disclosure.
9.8.1	Minimum number of Directors	Compliant	The Board consists of 7 Directors.
9.8.2	Minimum No of Independent Directors	Compliant	Two Directors are Independent
9.8.3	Criteria for determining independence	Compliant	All NEDs have submitted their confirmations on Independence as per the criteria set by the company which is In line with the regulatory requirements.
9.8.5	Independent Directors' annual declaration on independence status	Compliant	Each ID signed and submitted a declaration regarding his/her independence. The Board assessed the Independence declared by the Director.
9.9	Alternate Directors	N/A	The Board does not have any Alternate Directors.
9.10.1	Disclosure relating to Directors	Compliant	The Policy on Matters Relating to the Board of Directors state that the maximum number of Directorships in listed companies which can be held by a director is Twenty (20).
9.10.2	Disclosure relating to Directors	Compliant	Disclosed the appointments of new Directors to the Colombo Stock Exchange, together with a brief resume of Director, capacity of directorship and if they hold any relevant interest in shares of the Listed Entity. Appointments are reviewed by the Nominations and Governance Committee and recommended to the Board. Please refer pages 37 to 38 for the brief resume of each Director.

CSE Rule Reference	Corporate Governance Principles	Complience Status	The Company's Extent of Adoption
9.10.3	Immediate Market Announcement on changes to board and committee	Compliant	All changes to the composition of the Board of Directors and Board Committees were immediately informed to the Colombo Stock Exchange.
9.10.4	Disclosure relating to Directors	Compliant	Pages 19 to 20 of the Annual Report contains the relevant information.
9.11.3	Nominations and Governance Committee	Compliant	The Company has its own Nominations and Governance Committee which has clearly defined Terms of Reference. Refer the Nominations and Governance Committee Report on page 37.
9.11.4	Composition of the Nominations and Governance Committee	Compliant	The Nominations and Governance Committee comprises 2 Independent Non-Executive Directors and 1 Non-Executive Director. The Chairperson is an Independent Director.
9.11.5	Functions of the Nominations and Governance Committee	Compliant	Refer the Nominations and Governance Committee Report on page 37.
9.11.6	Disclosure in the Annual Report	Compliant	Refer the Nominations and Governance Committee Report on page 37.
9.12.1	Remuneration Committee	Compliant	Refer the Remuneration Committee Report on page 36.
9.12.5	Remuneration Committee	Compliant	The Remuneration Committee has written Terms of Reference.
9.12.6	Composition of the Remuneration Committee	Compliant	The Remuneration Committee of the Company comprises two Independent Non-Executive Directors and one Non-Executive Director. The Chairperson is an Independent Director.
9.12.7	Functions of Remuneration Committee	Compliant	The remuneration Committee recommends the remuneration payable to the Executive Directors and the CEO. The aggregate remuneration paid to Directors is given in note 12 to the financial statements on page 78. Refer Remuneration Committee Report on page 36.
9.12.8	Disclosure in the Annual Report relating to Remuneration Committee	Compliant	
9.13.1	Composition of Audit Committee	Compliant	The Audit Committee comprises two Independent Non Executive Directors and one Non-Executive Director. The Committee has well defined Terms of Reference defining its scope, authority and duties. Refer Audit Committee Report on page 34.
9.13.4	Audit Committee Functions	Compliant	
9.13.5	Disclosure in the Annual Report relating to Audit Committee	Compliant	
9.14.1	Composition of the Related Party Transactions Review Committee (RPTRC)	Compliant	RPTRC comprises three Directors out of which two Directors are Independent. The Chairperson is an Independent Director.
9.14.2	Composition of the Related Party Transactions Review Committee (RPTRC)	Compliant	Please see the Report of the Related Party Transactions Review Committee in page 35.

Corporate Governance

CSE Rule Reference	Corporate Governance Principles	Complience Status	The Company's Extent of Adoption
9.14.3	Functions of RPTRC	Compliant	Please refer the Report of the Related Party Transaction Review Committee in page 35.
9.14.4	RPTRC Meetings	Compliant	The Committee meets on a quarterly basis. During the financial year 2024/25, The Committee met four times to review the related party transactions.
9.14.5	Review of all proposed Related Party Transactions in advance and Review material changes to previously reviewed Related Party Transaction	Compliant	The Related Party Transactions Review Committee, reviews all related party transactions, while also considering any material changes to previously reviewed transactions under Rule 9.14.5. They assess transaction details, and Director independence, and may establish guidelines for ongoing deals, conducting annual compliance reviews. Refer the Related Party Transaction Review Committee Report on Page 35.
9.14.6	Shareholders approval for Related Party Transactions and Immediate Market Announcement of Related Party Transactions	Compliant	There were no such transactions that required shareholder approval or immediate disclosure to the CSE.
9.14.7		Compliant	
9.14.8	The Report by the Related Party Transaction Review Committee	Compliant	Please refer the Report of the Related Party Transaction Review Committee on page 35.
9.14.8 (4)	An affirmative declaration by the Board of Directors	Compliant	Please refer the Annual Report of Board of Directors for an affirmative statement of compliance on pages 99 to 100.
9.14.9	Acquisition and Disposal of Assets from/to related parties	Compliant	There were no such transactions that required shareholder approval
9.17	Additional Disclosures	Compliant	Please refer the Report of the Board of Directors on pages 19 to 20.

Statement by the Senior Independent Director

In accordance with Section 9.6.3 of the Listing Rules of the Colombo Stock Exchange, the Board of Directors of Bogawantalawa Tea Estates PLC appointed me as the Senior Independent Director (SID) with effect from 01st January 2025. I continue to serve in this capacity to date.

Section 9.6.3 of the Listing Rules and the Code of Best Practice on Corporate Governance 2023, issued by the Institute of Chartered Accountants of Sri Lanka, state that where the Chairman and CEO are the same person or where the Chairman is not an Independent Director, a Senior Independent Director shall be appointed.

The Co-Chairman of the Bogawantalawa Tea Estates PLC are Executive Directors.

ROLE OF THE SENIOR INDEPENDENT DIRECTOR

The SID plays a key role in supporting the Co-Chairmen on governance matters and serves as an additional point of contact for shareholders, especially in situations where normal channels have failed to resolve concerns or where such contact may be inappropriate.

The SID also ensures that the views of Non-Executive Directors are conveyed to the Board and promotes a culture of open and effective discussion.

The SID is available to all Directors and employees for confidential discussions on matters concerning the Company, if the need arises.

ACTIVITIES DURING THE YEAR

In line with corporate governance requirements, I chaired several meetings during the year and exercised my independent judgement on key matters where necessary.

Meetings were conducted with Non-Executive Directors, without the presence of Executive Directors, where the performance of the Co-Chairmen and Executive Directors was evaluated.

Additionally, I participated in meetings involving only Independent Directors to discuss matters related to the governance and strategic direction of the Company.

The outcomes and key observations of these discussions were shared with the Co-Chairmen and the Board for consideration and appropriate action.

Bogawantalawa Tea Estates PLC remains committed to upholding high standards of corporate governance and transparency to drive stakeholder value and long-term sustainability.

I am confident that I have discharged the responsibilities entrusted to me as the Senior Independent Director in accordance with the relevant corporate governance codes and guidelines.

Sgd.
K.V.N. De Silva
Senior Independent Director
Bogawantalawa Tea Estates PLC

28th August 2025

Report of the Audit Committee

The Audit Committee of Bogawantalawa Tea Estates PLC consists of the following Non-Executive Directors.

Ms S H Munasinghe
Chairperson AC (Independent Non Executive Director)
(Appointed on 1st April 2024)

Mr S A S Jayasundara
Member AC (Independent Non Executive Director)
(Resigned on 31st December 2024)

Mr C M O Haglind
Member AC (Non Executive Director)

Mr K V N De Silva
Member AC (Independent Non Executive Director)
(Appointed on 1st January 2025)

The Audit Committee's role and duties include;

- the review of internal control systems,
- assist the board of directors in its oversight of the preparation of the financial statements in conformity with SLFRS, Companies Act No. 7 of 2007, rules and regulations of CSE and SEC,
- overview of the company's processes for monitoring compliance with laws & regulations and risk assessments,
- make recommendations to the board on the appointment of external auditors and recommend their remuneration and terms of engagement.

The Audit Committee operates under a formal Charter, which is periodically reviewed and updated with the approval of the Board of Directors. Its composition, roles, and responsibilities are defined in line with the Colombo Stock Exchange Listing Rules on Corporate Governance and the Code of Best Practice on Corporate Governance issued by CA Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

The Audit Committee met four times during the year under review. The Chief Financial Officer, General Manager Audit and System Monitoring, sector senior management personnel, Executive Director, Chief Executive Officer were invited and attended to deliberate proceedings.

The Audit Committee reviewed the management letter issued by the external auditors at the audit committee meeting and also considered and verified the independence of the external auditors Messers BDO partners, Chartered Accountants. The Audit Committee reviewed the nature of the non-audit function related to tax that external auditors have undertaken to ensure that it did not compromise their independence.

The audit committee is strongly supported by the internal audit reports and external audit segment wise management letters. The internal audits have been carried out for the financial year covering estates, other administrative units and specific areas of attention are decided by the Executive Director based on the audit committee proposals and board directions. Audit supervisory committee has been set up consisting senior management team to scrutinize the audit reports and exceptional reports generated by the computerized management information system. The exceptional reports and the alerts are generated by the management information system and automatically emailed to the respective management levels copy to the General Manager Audit and System Monitoring regularly. Matters arising from such reports, that require attention to internal control aspects are scrutinized by the General Manager – Audit and System Monitoring, who obtain clarifications from the management where necessary and issue the required guidelines to improve systems & controls. The deliberations are reported to the Audit Committee. Audit Supervisory Committee had discussed report findings and implemented the recommendations with the respective sector managers and estate managers. These reports have been reviewed by the audit committee along with the explanations given by the estate management and members of the senior management who participated at these audit committee meetings. At the meetings, the Committee reviewed the effectiveness of the internal control systems and the Group's approach to its exposure to the business and financial risks.

The committee studied the processes that are in place to safeguard the assets of the company.

The committee noted that a comprehensive set of Management accounts and progress reports are produced on a monthly basis highlighting all key performance indications and reviewed by the Senior Management. The Directors review the performance at the pre- Board meetings followed by the Board Meetings held quarterly on a pre-determined dates agreed.

The committee reviewed the audited financial statements including the annual report for the year 2024/25. The audit committee has recommended to the Board of Directors that Messers BDO partners, Chartered Accountants be continued as the external auditors for the year ending 31st March 2026 as well.

Sgd.
S H Munasinghe
Chairperson-Audit Committee

28th August 2025

Report of the Related Party Transactions Review Committee

COMPOSITION

Related Party Transactions Review Committee (RPTRC) comprises of three (3) Board members. The Chairperson of the Committee is an Independent Director. The composition of the Committee is as follows:

Ms S H Munasinghe
Chairperson RPTRC (Independent Non Executive Director) (Appointed on 1st April 2024)

Mr S A S Jayasundara
Member RPTRC (Independent Non Executive Director) (Resigned on 31st December 2024)

Mr C M O Haglind
Member RPTRC (Non Executive Director)

Mr K V N De Silva
Member RPTRC (Independent Non Executive Director) (Appointed on 1st January 2025)

CHARTER OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee was formed by the Board of Directors as per the provisions contained in Section 9 of the Listing Rules of the Colombo Stock Exchange (CSE), to ensure that the Company complies with the rules pertaining to related party transactions as set out in the CSE Listing Rules. The composition and the scope of work of the Committee are in conformity with the provisions of the said Section in the Listing Rules.

The Terms of Reference of the Related Party Transactions Review Committee is reviewed annually by the Board of Directors.

The primary purpose of the Committee is to evaluate and consider all transactions with related parties of the company, in order to ensure that related parties are treated on par with other shareholders and constituents of the company.

The Committee carries out the following duties and responsibilities:

- Reviewing, evaluate and to determine the advisability of any Related Party Transactions except for transactions set out in Rule 9.5 of the Listing Rules of the CSE, that require consideration by the Committee under the Related Party Policy of the Company.
- Approving or rejecting Related Party Transactions upon the required internal approvals being obtained.
- Determining whether the relevant Related Party Transaction is fair to, and in the best interests of, the Company and its stakeholders; and
- Recommending to the Board what action, if any, should be taken by the Board with respect to any Related Party Transaction.
- Recommending to the Board where necessary, that the approval of the shareholders of the Company be obtained by way of a Special Resolution, prior to the concerned transaction being entered into as specified in Section 9.1 and 9.4 of the Listing Rules.

COMMITTEE GUIDING PRINCIPLES

The Committee is entrusted with evaluating and considering all transactions with related parties of the Company except the exempted transactions as per the Listing Rules of the CSE in order to ensure the related parties are treated on par with other shareholders and constituents of the Company and related party transactions are evaluated according to the applicable rules and regulations. To this end the Committee shall ensure that necessary processes are in place to identify, approve, disclose and monitor related party transactions according to the provisions contained in the Board approved Related Party Transactions Policy pertaining to the Company and its subsidiaries.

The Committee is required to carry out the aforementioned approval of the related parties and related party transactions in line with the Colombo Stock Exchange and/or Securities and Exchange Commission of Sri Lanka, the Companies Act requirements and the Sri Lanka Accounting Standards.

COMMITTEE MEETINGS

The Committee met Four (4) times during the year under review. The quorum for a meeting is two (2) members.

The proceedings of the Committee meetings have been regularly reported to the Board of Directors.

METHODOLOGY USED BY THE COMMITTEE

In carrying out the duties of the Committee, the Committee is required to avoid 'conflicts of interest', which may arise from any transaction of the Company with any person, particularly with related parties, ensure arm's length dealings with related parties whilst also ensuring adherence to the corporate governance

Report of the Related Party Transactions Review Committee

directions which requires the Company to avoid engaging in transactions with related parties, in a manner that would grant such parties 'more favorable treatment' than accorded to other constituents of the Company.

The Committee will also be guided by the Listing Rules of the CSE pertaining to related party transactions, the Board approved Related Party Transactions Policy and the Terms of Reference of the Committee.

RELATED PARTY TRANSACTIONS DURING THE YEAR 2024/25

During the year 2024/25, there were recurrent and related party transactions that exceeded the respective thresholds for disclosure in the annual report mentioned in the Listing Rules of the Colombo Stock Exchange.

Details of other related party transactions entered into by the Company during the above period is disclosed in note 40 to the financial statements.

DECLARATION

A declaration by the Board of Directors in the Annual Report as a negative statement that no related party transaction falling within the ambit of the Listing Rules was entered into by the Company during 2024/25 is given on page 99 of the Annual Report.

Sgd.
S H Munasinghe
Chairperson - Related Party Transactions Review Committee
28th August 2025

Report of the Remuneration Committee

The Remuneration Committee of the Company is formed in compliance with the CSE Listing Rules.

COMPOSITION

The Committee comprises a combination of Independent Non executive Directors and a Non executive Director.

The names of the Directors , their status of independence at the meetings are as follows

Ms S H Munasinghe
Chairperson RC (Independent Non Executive Director)
(Appointed on 1st April 2024)

Mr S A S Jayasundara
Member RC (Independent Non Executive Director)
(Resigned on 31st December 2024)

Mr C M O Haglind
Member RC (Non Executive Director)

Mr K V N De Silva
Member RC (Independent Non Executive Director)
(Appointed on 1st January 2025)

ROLE OF THE COMMITTEE

The Remuneration Committee is responsible for the recommendation of the remuneration payable to the Chairman, Executive Directors and Chief Executive Officer and sets guidelines for the remuneration of the Senior Management within the Company, to the Board of BTE PLC. The Board makes the final determination upon consideration of such recommendations. The gross amount paid as directors emoluments for the year is disclosed under note to the financial statements on Page 78.

REMUNERATION POLICY

The Remuneration Policy is to attract and retain experienced and highly qualified work force. The remuneration recommendations are based on the present market rates and performance evaluation criteria of the Company.

COMMITTEE MEETINGS

The Committee held its meeting for the year on 18th March 2025.

Sgd.
S H Munasinghe
Chairperson - Remuneration Committee

28th August 2025

Report of the Nominations and Governance Committee

COMPOSITION

The Nominations and Governance Committee ("the Committee") of Bogawantalawa Tea Estates PLC was established in accordance with the requirements of the Listing Rules of the Colombo Stock Exchange (CSE) and the Code of Best Practice on Corporate Governance issued by CA Sri Lanka. The Committee is appointed by and reports directly to the Board of Directors.

The Committee comprises two Independent Non-Executive Directors and Non-Executive Director, ensuring independence and objectivity in discharging its duties.

The members who served on the Committee during the financial year are as follows,

- Ms. S.H. Munasinghe an Independent Non-Executive Director was appointed as the Chairperson of the Committee on 23rd September 2024.
- Mr. S.A.S. Jayasundara who served as a member of the Nominations and Governance Committee resigned on 31st December 2024.
- Mr. C.M.O. Haglind a Non-Executive Director was appointed as a member of the Committee on 23rd September 2024.
- Mr. K.V.N. De Silva an Independent Non-Executive Director was appointed as a member of the Committee on 01st January 2025.

DUTIES OF THE COMMITTEE

The Committee operates under a formal Terms of Reference approved by the Board, and its key duties include:

- To evaluate and recommend the appointment of Directors to the Board and Committees, considering the required skills, experience and qualifications necessary.
- To consider and recommend (or not recommend) the re-election of current directors taking into account the combined knowledge, experience, performance and contribution made by the Director to meet the strategic demands of the Company and the discharge of the Board's overall responsibilities and the number of directorships held by the Director in other listed and unlisted companies and other principal commitments.
- To establish and maintain a formal and transparent procedure to evaluate, select and appoint/ re appoint Directors of the Company.
- To establish and maintain a set of criteria for selection of Directors such as academic / professional qualifications, skills, experience and key attributes required for eligibility taking into consideration the nature of the business of the Company and industry specific requirements.
- To establish and maintain a suitable process for the periodic evaluation of the performance of Board Directors and the CEO of the Company to ensure their responsibilities are satisfactorily discharged.
- To consider if a Director is able to and has been adequately carrying out his or her duties as a Director, taking in to consideration the number of Listed Company Boards on which the Director is represented and other principal commitments.
- To review the succession plans for the Board of Directors and key Management Personnel.
- Review and recommend the overall corporate governance framework of the Company taking into account the Listing Rules and other applicable regulatory requirements and industry best practices.
- To review and update the corporate governance policies/ framework in line with regulatory and legal developments relating to same.
- To receive reports from the Management on compliance of the corporate governance framework of the Company including the Company's compliance with provisions of the Securities and Exchange Commission Act, Listing Rules of the Colombo Stock Exchange and other applicable laws and reasons for any deviations or non-compliances.

DISCLOSURE OF ACTIVITIES

The Board performance evaluation was carried out and discussed at Board meetings. Any major issues relating to the Company are updated to the Independent Directors by the Co-Chairmen. Special Board meetings are called if the need arises to discuss any important or critical matters.

Newly appointed Directors were given an induction to the Company prior to their first Board meeting. The orientation program includes inviting the Directors to the factories and estates to gain an understanding of the operations of the Company and its subsidiaries.

Requirements as per the Listing Rules and applicable rules and regulations are informed to the new Directors. Existing Directors are regularly updated with corporate

Report of the Nominations and Governance Committee

governance requirements, Listing Rules and other applicable laws.

All Non-Executive Directors have submitted declarations regarding their independence or non-independence and the committee confirmed their independence.

All Directors completed a declaration of fitness and propriety as required by the Listing Rules of the CSE and the committee made a determination as to their fitness and propriety.

The Company has adopted the following policies, with effect from 1st October 2024, and has uploaded them to the Company's website in accordance with the Corporate Governance Rules of the Colombo Stock Exchange.

1. Policy on Matters Relating to The Board of Directors
2. Policy on Board Committees
3. Policy on Corporate Governance, Nominations and e-election
4. Policy on Remuneration
5. Policy on Internal Code of Business Conduct and Ethics
6. Policy on Risk Management and Internal Controls
7. Policy on Investor Relations
8. Policy on Environment, Social and Governance
9. Policy on Asset Management
10. Policy on Corporate Disclosure
11. Policy on Whistleblowing
12. Policy on Anti-Bribery and Corruption

REVIEWED AND RECOMMENDED THE FOLLOWING CHANGES TO THE BOARD

The following Director appointments to the Boards were recommended following a careful review of each Director's qualifications, experience, compliance with fit and proper requirements, and, where applicable, independence criteria.

The appointment of Mr. K.V.N. De Silva as an Independent Non-Executive Director with effect from 1st January 2025.

One Third (1/3) of the all the directors except the Managing Director and those who have been appointed to the Board since the last Annual General Meeting, retire by rotation in terms of the Articles of Association and being eligible submit themselves for re-election at the Annual General Meeting.

Accordingly, the Committee has recommended to re-elect Mr. L.J Ambani – Non-Executive Director as per Articles 89 and 90 of the Articles of Associations to the Board at the Annual General Meeting to be held on 30th September 2025, based on his performance and the contribution made to achieve the objectives of the Board. Mr. L.J Ambani was appointed to the Board on 5th September 2002, and last re-election was on 27th September 2023. His directorships and other principal commitments are given in the profile on page 19.

The Committee has recommended to re-elect Mr. C.M.O. Haglind – Non-Executive Director as per Article 89 and 90 of the Articles of Associations to the Board at the Annual General Meeting to be held on 30th September 2025. Mr. C.M.O. Haglind was appointed to the Board on 24th February 2000, and last re-election was on 23rd September 2022. His directorships and other principal commitments are given in the profile on page 19.

The Committee has recommended to re-elect Mr. K.V.N. De Silva – Independent Non-Executive Director as per Article 96 of the Articles of Associations to the Board at the Annual General Meeting to be held on 30th September 2025. Mr. K.V.N. De Silva was newly appointed to the Board on 1st January 2025. His directorships and other principal commitments are given in the profile on page 20.

The Committee has recommended to re-appoint Mr. D.A.De.S. Wickramanayake – Non-Executive Director who is over seventy years and who retire in terms of Section 210 of the Companies Act No. 7 of 2007. Mr. D.A.De.S. Wickramanayake was appointed to the Board on 9th July 2002 and his last re-appointment was on 27th September 2024. His directorships and other principal commitments are given in the profile on page 19.

Due to the invaluable contribution made to the Board as a result of his experience, industry knowledge and business acumen, the Committee has recommended to re-appoint Mr. D.J. Ambani – Non Executive Director who is over seventy years and who will retire in terms of Section 210 of the Companies Act No. 7 of 2007 to the Board at the Annual General Meeting to be held on 30th September 2025. Mr. D.J. Ambani was appointed to the Board on 4th December 1995 and his last re-appointment was on 27th September 2024. His directorships and other principal commitments are given in the profile on page 19.

The Corporate Governance requirements stipulated under the Listing Rules of the Colombo Stock Exchange are met by the Company and details are given in pages 29 to 32.

Sgd.
S H Munasinghe
Chairperson – Nominations and Governance Committee

28th August 2025

Risk Management

RISK MANAGEMENT PROCESS & APPROACH

The process of risk management consists of identification, analysis, assessment, prioritization, monitoring of risk and either acceptance or mitigation of uncertainty in Business decision-making.

Our approach to risk management is to have built in internal control systems to business processes, outcome of regular discussions, review meetings and comprehensive reporting.

Responsibilities for the Risk

The Board of Directors of Bogawantlawa Tea estates PLC:

- bears overall responsibility to exercise prudent risk management mechanisms.
- identifies principle risks faced by the company and ensure implementation of appropriate system to manage such risks.
- designates key management personnel and defines their areas of responsibility to manage risks
- reviews risk management strategy periodically and formulate mitigating actions considering internal and external environmental changes.

Company Audit Committee review probable risk elements at its meeting and report to the Board of Directors.

Area of Risk	Our main concern over	Impact to the Company performance	Key Mitigating Actions
Climate Change & Environmental Factors	Increased frequency of extreme weather events such as droughts and high rainfall, more number of wet days leading to unpredictable agricultural conditions.	• Fluctuations in crop yields and quality, impacting revenue stability • Long-term sustainability risks due to climatic uncertaintyw	• Adopt sustainable agricultural practices • Diversify into climate-resilient crops • Invest in research and development for climate adaptation strategies
Labour Costs	Rising wage demands, including government-mandated increases (e.g., a 35% wage hike), significantly increasing operational expenses.	Increased production costs, reduced competitiveness in global markets, and pressure on profit margins.	• Implement productivity-based incentive schemes • Improve operational efficiency to offset cost increases • Invest in automation to reduce dependence on manual labour
Labour Availability in Tea Plantations	Maintaining sufficient labour for critical field and factory operations remains a concern due to migration trends and waning interest in estate work	Shortages lead to delays in plucking, resulting in overgrown leaf, compromised quality, and reduced production volumes. Long-term bush health and yield also face adverse impacts.	• Introduced productivity-linked incentives to attract and retain workers • Invested in mechanisation to reduce manual labour dependency • Launched training programs for machinery handling • Improved compliance and welfare standards • Extended Revenue Share Model coverage

Risk Management

Area of Risk	Our main concern over	Impact to the Company performance	Key Mitigating Actions
Scarcity of Quality Firewood for Manufacture	Limited availability of good-quality firewood required for consistent and efficient tea drying operations.	• Increased production costs due to reliance on alternative sources • Reduced efficiency in the drying process, potentially affecting tea quality • Extended manufacturing hours	• Engage in reforestation and sustainable firewood cultivation initiatives • Invest in R&D to explore alternative, energy-efficient drying technologies • Outsource drier operations where feasible to manage resource use effectively
Changes in government policy	Government restrictions such as the ban on oil palm cultivation can directly affect estate crop strategies.	• Increased regulatory compliance costs • Uncertainty in long-term planning and investment	• Diversify raw material sourcing to reduce dependency on restricted crops • Engage in policy dialogue through industry associations • Explore viable alternative crops or revenue-generating activities
Lack of In-House Oil Palm Processing Facility	Although BTE has mature oil palm plantations, it lacks an in house oil mill, resulting in total dependence on external mills located in the southern region.	• Significant transport costs to down south oil mills • Arbitrary deductions in quantity and quality by external buyers • Lower bargaining power and vulnerability to reduced purchase prices • Limited control over processing timelines and output quality	• BTE has initiated the construction of an in-house oil mill within the region to reduce transport costs and improve quality and pricing control

Annual Report of the Board of Directors on the Affairs of the Company

The Directors of Bogawantalawa Tea Estates PLC has pleasure in presenting to the shareholders their Annual Report on the affairs of the Company together with the Audited Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiaries for the financial year ended 31st March 2025 conforming to all relevant statutory requirements.

This Report provides the information as required by the Companies Act, No.07 of 2007, Listing Rules of the Colombo Stock Exchange and the recommended Best Practices.

GENERAL

Bogawantalawa Tea Estates PLC is a public limited Company which was incorporated under the Companies Act No.17 of 1982 as a public Company on 22nd June 1992. Pursuant to the requirements of the new Companies Act No. 7 of 2007, the Company was re-registered on 8th April 2008 and bears registration number PQ 124. Accordingly, the name of the Company was changed to Bogawantalawa Tea Estates PLC.

The ordinary shares of the Company are listed on the Diri Savi Board of the Colombo Stock Exchange.

The Company's has also issued 10 million Rated Senior Unsecured Redeemable Debentures at a par value of SLR Rs.100/- which are listed on the Main Board of the Colombo Stock Exchange.

The company registered office was changed from No. 153, Nawala Road, Narahenpita to Metrocorp Building, 1st Floor, No. 150 A, Nawala Road, Nawala, Nugegoda effective on 02nd July 2025.

PRINCIPAL ACTIVITIES OF THE COMPANY AND REVIEW OF PERFORMANCE DURING THE YEAR

The principal activity of the Company, which is cultivation and processing of Tea, Rubber and Oil Palm, remained unchanged.

There have been no significant changes in the nature of activities of the Company and its subsidiaries during the financial year under review.

REVIEW OF BUSINESS

A review of the business of the Company and its performance during the year with comments on financial results and future strategies and prospects are contained in the Chairman's review (pages 6 to 7).

This report together with the Financial Statements reflect the state of affairs of the Company.

FINANCIAL STATEMENTS`

The Financial Statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards comprising Sri Lanka Financial Reporting Standards (SLFRS) and the Sri Lanka Accounting Standards (LKAS) laid down by The Institute of Chartered Accountants of Sri Lanka and comply with the requirements of the Companies Act No.7 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The aforesaid Financial Statements, duly signed by the Chief Financial Officer and two Directors on behalf of the Board are included in this Annual Report and form an integral part of this Annual Report of the Board of Directors.

Summarized Financial Results

Year ended	2025 Rs.'000	2024 Rs.'000
Revenue	5,150,007	4,970,425
Net Profit / (Loss) for the year	1,042,940	580,666
Carried forward Profit / (Loss)	3,448,350	2,677,224

INDEPENDENT AUDITORS' REPORT

The Report of the Independent Auditors on the Financial Statements is on pages 48 to 51.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Financial Statements are given on pages 56 to 76 There were no significant changes to the accounting policies used by the Company during the year under review vis-à-vis those used in the previous year.

DIRECTORS

The names of the Directors who held office as at the end of the accounting period are given below and their brief profiles appear on pages 19 to 20.

Executive Directors

Mr. D J Ambani - Co-Chairman
Mr. L J Ambani - Co-Chairman
Mr. L H Munasinghe - Executive Director

Non - Executive Directors

Mr. C M O Haglind - Director
Mr. D A De S Wickramanayake - Director
*Ms. S H Munasinghe - Director
(Appointed with effect from 1st April 2024)

*Mr. S A S Jayasundara -
Director (Resigned with effect from 31st December 2024)

Annual Report of the Board of Directors on the Affairs of the Company

*Mr. K V N De Silva -
Director (Appointed with effect from 1st January 2025)

* Independent Non-Executive Director

CHANGES IN THE DIRECTORATE DURING THE YEAR

Resignations

Mr. S. A. S. Jayasundara resigned from the Board with effect from 31st December 2024.

New Appointments

Ms. S. H. Munasinghe and Mr. K. V. N. De Silva were appointed to the Board with effect from 1st April 2024 and 1st January 2025, respectively.

In view of both Co-Chairmen of the Company serving as Executive Directors, Mr. K. V. N. De Silva was appointed as the Senior Independent Director of the Company with effect from 1st January 2025, succeeding Mr. S. A. S. Jayasundara, who previously held the position until his resignation effective 31st December 2024.

RETIREMENT BY ROTATION AND RE-ELECTION OF DIRECTORS / ANNUAL ASSESSMENT OF CONTINUING DIRECTORS

Mr. L. J. Ambani and Mr. C. M. O. Haglind retire by rotation in terms of Articles 89 and 90 of the Articles of Association and, being eligible, are recommended by the Board of Directors for re-election.

Mr. K. V. N. De Silva retires in accordance with Article 96 of the Articles of Association and, being eligible, is recommended by the Board for re-election.

RE-APPOINTMENT OF DIRECTORS ABOVE THE AGE OF 70 YEARS

Mr D J Ambani, who is 72 years of age, and vacates office at the conclusion of the Annual General Meeting in terms of Section 210(2)(b) of the Companies Act No.7 of 2007, is recommended by the Board, for re-appointment as a Director under Section 211 of the Companies Act, specially declaring that the age limit stipulated in Section 210 of the Companies Act shall not apply to the said Director.

Mr D A de S Wickramanayake, who is 75 years of age, and vacates office at the conclusion of the Annual General Meeting in terms of Section 210(2)(b) of the Companies Act No.7 of 2007, is recommended by the Board, for re-appointment as a Director under Section 211 of the Companies Act, specially declaring that the age limit stipulated in Section 210 of the Companies Act shall not apply to the said Director.

FIT AND PROPER ASSESSMENT OF DIRECTORS

In terms of Rule 9.7.4 and Rule 9.8.5 of the Listing Rules of the Colombo Stock Exchange, declarations were obtained from the Directors confirming that they have continuously satisfied the Fit and Proper Assessment Criteria stipulated in the Listing Rules throughout the financial year under review and as at the date of such declarations.

ADDITIONAL DISCLOSURES PERTAINING TO DIRECTORS

(i) Material Business relationships

None of the Directors or close family members have any material business relationships with other Directors of the Company

(ii) Other directorships held by the Directors

Other directorships held by Directors are disclosed on pages 19 and 20.

(iii) Review of Internal Controls

The Directors have through the Audit Committee, conducted a review of the internal controls covering financial, operational and compliance control, risk management and thereby obtained reasonable assurance of their effectiveness and successful adherence therewith.

BOARD MEETINGS

Four (4) Board Meetings of the Company were held during the year under review and the Directors' attendance at those Meetings is set out on page 25.

DECLARATION UNDER THE LISTING RULES, ON RELATED PARTY TRANSACTIONS

The Directors declare that the Company is in compliance with the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the Financial Year ended 31st March 2025.

DIRECTORS' REMUNERATION

The Directors' remuneration is disclosed under key management personnel compensation in Note 12 to the Financial Statements on page 78.

DIRECTORS' INTERESTS IN CONTRACTS AND INTERESTS REGISTER

The Company maintains an Interests Register in terms of the Companies Act No. 07 of 2007, which is deemed to form part and parcel of this Annual Report and is available for inspection upon request.

All related party transactions which encompasses the transactions of Directors who were directly or indirectly interested in a contract or a related party transaction with the Company during the accounting period are recorded in the Interests Register in due compliance with the provisions of the Companies Act.

The Directors declare that all material interests in contracts involving the Company have been disclosed to the Board and whenever any Director was materially interested in a contract or a proposed contract with the Company, they have refrained from voting on such contracts. It is further declared that during the year under review, the Company did not enter into any contracts in which any Director was materially interested.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the Financial Statements of the Company which reflect a true and fair view of the state of affairs.

The Directors are of the view that the Statement of Financial Position, Statement of Profit or Loss, Statement of Changes in Equity, Cash Flow Statement and Notes to Financial Statements appearing on pages 52 to 105 have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the amendments thereto and the Listing Rules of the Colombo Stock Exchange.

The Statement of Directors' Responsibility for Financial Reporting is given on page 21.

INDEPENDENT AUDITORS

Company

Messrs BDO Partners, Chartered Accountants served as the Auditors during the year under review. Based on the written representations made by the Auditors, they do not have any interest in the Company other than that of Auditors and provider of tax related services.

A total amount of Rs. 2,665,855 is payable by the Company to the Auditors for the year under review.

Based on the recommendations of the Audit Committee a resolution to re-appoint the Auditors and authorizing the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

STATED CAPITAL

The Stated Capital of the Company as at 31st March 2025 is Rs. 586,250,010/-.

The number of shares issued by the Company stood at Rs. 83,750,000 fully paid ordinary shares and 01 Golden Share as at 31st March 2025 (which was the same as at 31st March 2024).

There were no changes in the Stated Capital of the Company during the year.

DIRECTORS' SHAREHOLDING

The relevant interests of Directors in the shares of the Company as at 31st March 2025 and 31st March 2024 are as follows.

Year ended	Shareholding as at 31/03/2025	Shareholding as at 31/03/2024
Mr. D J Ambani	-	-
Mr. L J Ambani		-
Mr. C M O Haglind	-	-
Mr. D A de S Wickramanayake	**9,485,580**	9,614,580
Mr. S J S Jayasundera (Resigned w.e.f. 31st December 2024)	-	-
Mr. L H Munasinghe	-	
Ms. S H Munasinghe		
Mr. K V N De Silva		

SHAREHOLDERS

There were 18,312 shareholders registered as at 31st March 2025 (18,352 shareholders as at 31st March 2024).

MAJOR SHAREHOLDERS, DISTRIBUTION SCHEDULE AND OTHER INFORMATION

Information on the distribution of shareholding, analysis of shareholders, market values per share, earnings, dividends, net assets per share, twenty largest shareholders of the Company and the public holding as per the Listing Rules of the Colombo Stock Exchange is published on page 16 to 18 under Investor Information.

RESERVES

The movement of reserves during the year are given under the Statement of Changes in Equity on page 54.

LAND HOLDINGS

The book value of property, plant and equipment as at the date of the Statement of Financial Position amounted to Rs. 490,883,965 (2024 – Rs. 487,037,521/-)

Annual Report of the Board of Directors on the Affairs of the Company

The extents, locations, valuations and the number of buildings of the Company's land holdings are given in Note 17.

The movement of fixed assets during the year is given in Note 17 to the financial statements.

INVESTMENTS

Information on investments held by the Company are given in Notes 21 and 26 on pages 88 and 90 respectively.

DIVIDENDS

A final dividend of Rs.2/- per share was paid to all shareholders for the year under review.

STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief are satisfied that all statutory payments due to the Government, other regulatory institutions and related to employees have been paid on their due dates or where relevant have been provided for in the Financial Statements.

COMPLIANCE WITH LAWS AND REGULATIONS

The Board has taken appropriate measures to keep itself informed of applicable laws, rules, and regulations, including updates to the Listing Rules and relevant capital market regulations, through regular updates and discussions facilitated by the Directors.

To the best of the Directors' knowledge and belief, there were no material instances of non-compliance with laws or regulations during the year under review, and no material fines or penalties were imposed on the Company by any governmental or regulatory authority.

DONATIONS

The Company made donations amounting to Rs. 210,000 (2024 – Rs 302,000/-) during the year under review for charitable purposes.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

No event of material significance that require adjustments to the Financial Statements, has occurred subsequent to the Reporting period other than those disclosed in Note 42 to the Financial Statements on page 102.

CORPORATE GOVERNANCE

The Corporate Governance practices and principles with respect to the management and operations of the Company are set out on page 25 of this report. The Directors confirm that the Company has complied with the Rules on Corporate Governance contained in the Listing Rules of the Colombo Stock Exchange.

An Audit Committee, Remuneration Committee, Related Party Transactions Review Committee and Nominations and Governance Committee function as Sub-Committees of the Board. The members of these Committees possess the requisite qualifications and experience. The composition of the said Committees is as follows:

Audit Committee

Ms. S H Munasinghe - Chairperson

Mr. S A S Jayasundara – Member (Resigned on 31st December 2024)

Mr. C M O Haglind – Member

Mr K V N De Silva – Member (Appointed on 1st January 2025)

Remuneration Committee

Ms. S H Munasinghe - Chairperson

Mr. S A S Jayasundara – Member (Resigned on 31st December 2024)

Mr. C M O Haglind – Member

Mr K V N De Silva – Member (Appointed on 1st January 2025)

Related Party Transactions Review Committee

Ms. S H Munasinghe - Chairperson

Mr. S A S Jayasundara – Member (Resigned on 31st December 2024)

Mr. L H Munasinghe - Member

Mr K V N De Silva – Member (Appointed on 1st January 2025)

Nominations and Governance Committee

Ms. S H Munasinghe - Chairperson

Mr. S A S Jayasundara – Member (Resigned on 31st December 2024)

Mr. C M O Haglind – Member

Mr K V N De Silva – Member (Appointed on 1st January 2025)

The Company's approach to corporate governance reflects its strong commitment to protecting and enhancing stakeholder value in a sustainable manner, underpinned by a robust framework of policies and practices. This framework is supported by prudent internal controls that promote professionalism, integrity, and accountability across all levels of the organization — including the Board of Directors, Management, and employees.

The Corporate Governance Statement on pages 25 to 32 explains the measures adopted by the Company during the year.

CORPORATE SOCIAL RESPONSIBILITY
The Company continued its Corporate Social Responsibility Program, details of which are set out on pages 12 to 15 .of this Report.

ENVIRONMENTAL PROTECTION
After making adequate enquiries from the management, the Directors are satisfied that the Company operates in a manner that minimizes the detrimental effects on the environment and provides products and services that have a beneficial effect on the customers and the communities within which the Company operates.

COMPLIANCE WITH THE MINIMUM PUBLIC HOLDING REQUIREMENT OF THE COLOMBO STOCK EXCHANGE
The Company's public holding percentage dropped below 10% during the quarter ended 31st December 2023, following the purchase of 145,802 shares by Mr. D. A. De S. Wickramanayake, Non-Executive Director.

Subsequently, on 9th December 2024, Mr. Wickramanayake divested 129,000 shares held in his name, resulting in a reduction of his shareholding from 11.48% to 11.33%.

Following this transaction, the public float of the Company increased to 10.13%, thereby ensuring compliance with the minimum public holding requirement applicable to entities listed on the Diri Savi Board of the Colombo Stock Exchange.

GOING CONCERN
The financial statements are prepared on going concern principles. After making adequate enquires from the management, the Directors are satisfied that the Company has adequate resources to continue its operations in the foreseeable future.

SPECIAL BUSINESS TO BE TRANSACTED AT THE ANNUAL GENERAL MEETING
The Directors in the Notice of Meeting have placed before the shareholders under "Special Business" amendments to certain Articles of the Articles of Association of the Company.

(a) Article 58 is amended to facilitate meetings of shareholders to be held in addition to physical meetings as per the present Article ; by means of audio or audio and visual communication ; thereby providing the Board to have the option to determine whether a General Meeting of shareholders would be held as a physical meeting, electronic meeting or as a hybrid meeting.

(b) Currently, the minimum number of Directors shall not be less than three (03). The recent amendments to Listing Rules required the minimum number to be increased to five (05). The amendment is to be in line with the new rule.

(c) The Listing Rules recently amended the circumstances under which / the period for which an Alternate Director may be appointed. The amendment is in line with the rule.

(d) Additional methods were brought in to serve notice on shareholders.

(e) Further provision in terms of the Rules that publication by advertisement must be done in all three languages in a national newspaper. Publication of notice was further enhanced if permitted by law, to be done via the official website of the Company and/or the official website of the Colombo Stock Exchange so long as the Company is listed on the Colombo Stock Exchange.

ANNUAL GENERAL MEETING
The Annual General Meeting will be held by way of electronic means on 30th September 2025 at 10.00 a.m. The Notice of the Annual general Meeting appears on Page 05.

ACKNOWLEDGMENT
The Board of Directors have approved for Audited Financial Statements together with the Annual Report of the Board of Directors under the reviews which form part of the Annual Report.

Sgd.
L J Ambani
Co-Chairman

Sgd.
L H Munasinghe
Executive Director

Sgd.
P W Corporate Secretarial (Pvt) Ltd
Secretaries

28th August 2025

Financial Statements

Independent Auditor's Report

Tel : +94-11-2421878-79-70
+94-11-2387002-03
Fax : +94-11-2336064
E-mail : bdopartners@bdo.lk
Website : www.bdo.lk

Chartered Accountants
"Charter House"
65/2, Sir Chittampalam A Gardiner Mawatha
Colombo 02
Sri Lanka

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF BOGAWANTALAWA TEA ESTATES PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Bogawantalawa Tea Estates PLC ("the Company"), which comprise the statement of financial position as at 31st March 2025, and the 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 a summary of material accounting policy information as set out on pages 56 to 105.

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of the Company as at 31st March 2025, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of the 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.

Key Audit Matters

1 VALUATION OF CONSUMABLE BIOLOGICAL ASSETS

The Company has consumable biological assets carried at fair value amounting to Rs.1,591 Mn. The biological assets, Eucalyptus Grandis Mature and Immature Timber Trees of the Company, were inspected and valued by an independent external valuer as at 31st March 2025.

The valuation of consumable biological assets requires significant levels of judgment and technical expertise, including the use of discounted cash flow models and selecting appropriate assumptions. Changes in the key assumptions used such as discount rate and available timber quantity to value the Company's consumable biological assets could have a material impact on the statement of profit or loss and the value of consumable biological assets. Accordingly, the valuation of consumable biological assets has been considered as a Key Audit Matter.

Related Disclosures

Refer to Note 19 of the accompanying the Financial Statements.

How Our Audit Addressed the Key Audit Matter

Our audit procedures included the following:

- Assessed the key assumptions and methodology used in the valuation, in particular the discount rate, average market price and yield per hectare;
- Verified the mathematical accuracy of the consumable biological assets valuation;
- Assessed the objectivity of the external valuation expert and the competence and qualification of the external expert, and
- Assessed the adequacy of the disclosures in the Financial Statements, including the description and appropriateness of the inherent degree of subjectivity and the key assumptions.

2 MEASUREMENT OF BEARER BIOLOGICAL ASSETS

The bearer biological assets are a significant non-current asset of the Company representing 27% of the total assets consisting of Rs. 2,574 Mn as mature and immature plantations as at 31st March 2025.

Assessing the valuation of the bearer biological assets in the Financial Statements is a key audit matter due to the magnitude of the balance and its significance to total assets. Further, the identification of costs to be capitalised as immature plantations, involves the management's judgment, regarding the point at which transfers should be made from immature plantations to mature plantations and for the identification of triggers of impairment (if any).

Related Disclosures

Refer to Note 18 of the accompanying Financial Statements.

How Our Audit Addressed the Key Audit Matter

Our audit procedures included the following:

- Assessed the processes and controls in place to ensure proper identification of the expenses incurred relating to immature plantations;
- Verified the significant amounts capitalised (including labour and other acceptable costs) by examining related invoices, capital expenditure authorisations and other corroborative evidences;
- Assessed the timely transfer of matured plants to respective matured plantation categories by examining the ageing profile of immature plantations;
- Reviewed the reasonableness of depreciation provided on the matured plantations by performing independent computations, and
- Assessed the adequacy of the disclosures in the Financial Statements.

3 VALUATION OF RETIREMENT BENEFIT OBLIGATION

The Company has recognised the retirement benefit obligation of Rs. 1,349 Mn as at 31st March 2025. The retirement benefit obligation of the Company is significant in the context of the total liabilities of the Company. The valuation of the Company's retirement benefit obligation requires significant judgment and estimation to be applied across numerous assumptions, including salary increases and discount rate. Small changes in those assumptions could have a significant impact on the financial performance and financial position of the Company. Management engaged an independent actuary to assist them in the computation of the retirement benefit obligation. We considered the computation of the retirement benefit obligation to be a key audit matter due to the magnitude of the amounts recognised in the Financial Statements as well as estimation uncertainty involved in the assessment of the obligation.

Related Disclosures

Refer to Note 31 of the accompanying Financial Statements.

How Our Audit Addressed the Key Audit Matter

Our audit procedures included the following:

- Assessed the competency, objectivity and capabilities of an independent actuary engaged by the management;
- Assessed the appropriateness of the key assumptions used in the valuation, in particular, the discount rate, inflation rate, future salary increases and mortality rates;
- Assessed the accuracy, completeness and reasonableness of the employee data used for the calculation of retirement benefit obligation, and
- Assessed the adequacy of the disclosures made in the Financial Statements in accordance with the relevant accounting standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the Financial Statements and the Auditor's Report thereon.

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

In connection with our audit of the Financial Statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially consistent with the Financial Statements or our knowledge obtained during the audit, or otherwise whether it appears to be materially misstated. If, based

Independent Auditor's Report

upon 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 the Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of the 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 it 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 4639.

Sgd.
CHARTERED ACCOUNTANTS

Colombo
28th August 2025

NV/cc

Statement of Comprehensive Income

For the year ended 31st March	Note	2024/2025 Rs.	2023/2024 Rs.
Revenue	7	**5,150,007,295**	4,970,425,007
Cost of sales	8	**(3,954,934,906)**	(4,417,761,764)
Gross profit		**1,195,072,389**	552,663,243
Gain on fair value of biological assets	19	**259,580,936**	135,931,345
Other income	9	**316,938,717**	262,423,641
		1,771,592,042	951,018,229
Administration and other expenses		**(246,134,203)**	(239,313,088)
Management fee expenses		**(36,013,493)**	(111,333,343)
Net finance expense	11	**(249,408,465)**	(116,863,047)
		(531,556,161)	(467,509,478)
Profit before taxation	12	**1,240,035,881**	483,508,751
Income tax expenses	13	**(197,096,085)**	97,157,417
Profit for the year		**1,042,939,796**	580,666,168
Items that will be re-classified to profit or loss		**-**	-
Items that will not be re-classified to profit or loss			
Valuation gains on equity instruments at fair value through other comprehensive income	21	**(337,537)**	4,197,319
Remeasurement of retirement benefit obligation	31.1	**(388,304,940)**	(41,138,877)
Deferred tax impact on retirement benefit obligation	35	**116,491,482**	12,341,663
Total other comprehensive income for the year, net of tax		**(272,150,995)**	(24,599,895)
Total comprehensive income for the year		**770,788,801**	556,066,273
Basic earnings per share	14.1	**12.45**	6.93

Figures in brackets indicate deductions.
The material accounting policy information and notes from pages 56 to 105 form an integral part of these financial statements.

Colombo
28th August 2025

Statement of Financial Position

As at 31st March	Note	2025 Rs.	2024 Rs.
ASSETS			
Non-current assets			
Right-of-use assets	16	**1,776,684,832**	1,457,255,743
Tangible assets other than bearer biological assets	17	**490,883,965**	498,642,496
Bearer biological assets	18	**2,573,622,885**	2,476,502,178
Consumable biological assets	19	**1,590,849,869**	1,443,599,033
Capital work-in-progress	20	**12,721,927**	12,724,627
Investments in equity shares	21	**64,957,119**	65,294,656
Total non-current assets		**6,509,720,597**	5,954,018,733
Current assets			
Produce on bearer plants	22	**38,402,824**	22,446,877
Inventories	23	**782,566,882**	530,972,903
Trade and other receivables	24	**506,407,910**	432,720,702
Amounts due from related parties	25	**7,334,489**	2,947,423
Short-term investments	26	**1,301,106,978**	785,131,369
Cash and cash equivalents	27	**199,696,558**	165,517,631
Total current assets		**2,835,515,641**	1,939,736,905
Total assets		**9,345,236,238**	7,893,755,638
EQUITY AND LIABILITIES			
Equity			
Stated capital	28	**586,250,010**	586,250,010
Retained earnings		**3,448,350,393**	2,677,224,055
Fair value reserve of financial assets at fair value through other comprehensive income		**49,957,119**	50,294,656
Total equity		**4,084,557,522**	3,313,768,721
Non-current liabilities			
Interest bearing borrowings	29	**26,859,922**	47,789,136
Debentures	30	**223,685,581**	439,251,375
Retirement benefit obligation	31	**1,349,386,819**	934,112,779
Grants and subsidies	32	**49,354,393**	57,450,373
Deferred income	33	**187,626,242**	197,007,553
Lease liabilities	34	**2,303,885,178**	1,863,450,310
Deferred tax liability	35	**157,038,084**	204,278,658
Total non-current liabilities		**4,297,836,218**	3,743,340,184
Current liabilities			
Trade and other payables	36	**595,387,127**	511,768,272
Debentures	30	**231,803,318**	242,276,655
Amounts due to related parties	37	**4,449,914**	788,238
Current portion of interest bearing borrowings	29	**19,943,559**	81,813,568
Income tax payable		**111,258,579**	-
Total current liabilities		**962,842,497**	836,646,733
Total liabilities		**5,260,678,715**	4,579,986,917
Total equity and liabilities		**9,345,236,238**	7,893,755,638
Contingencies and commitments	38 & 39		

Figures in brackets indicate deductions.
The material accounting policy information and notes from pages 56 to 105 form an integral part of these financial statements.

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act No.07 of 2007.

Sgd.
Mr. T. N. B. Bogahalanda
Acting Chief Financial Officer

The Board of Directors is responsible for the preparation of these financial statements.
Approved and signed for and on behalf of the Board of Directors of Bogawantalawa Tea Estates PLC.

Sgd.
Mr. L. J. Ambani
Co Chairman

Sgd.
Mr. L.H. Munasinghe
Executive Director

Colombo
28th August 2025

NV/cc

Statement of Changes in Equity

Description	Note	Stated capital Rs.	Fair value reserve of financial assets at FVTOCI* Rs.	Retained earnings** Rs.	Total Rs.
Balance as at 1st April 2023	28	586,250,010	46,097,337	2,250,980,101	2,883,327,448
Comprehensive income for the year					
Profit for the year		-	-	580,666,168	580,666,168
Other comprehensive income		-	4,197,319	(28,797,214)	(24,599,895)
Dividend paid during the year				(125,625,000)	(125,625,000)
Total comprehensive income for the year		-	4,197,319	426,243,954	430,441,273
Balance as at 31st March 2024		586,250,010	50,294,656	2,677,224,055	3,313,768,721
Comprehensive income for the year					
Profit for the year		-	-	1,042,939,796	1,042,939,796
Other comprehensive income		-	(337,537)	(271,813,458)	(272,150,995)
Total comprehensive income for the year		-	(337,537)	771,126,338	770,788,801
Balance as at 31st March 2025		586,250,010	49,957,119	3,448,350,393	4,084,557,522

* Fair value reserve of financial assets at fair value through other comprehensive income (FVTOCI) relates to the changes in investment in equity shares.

** Retained earnings are the cumulative net earnings of a company after accounting for dividend payments.

Figures in brackets indicate deductions.

The material accounting policy information and notes from pages 56 to 105 form an integral part of these financial statements.

Colombo
28th August 2025

Statement of Cash Flows

For the year ended 31st March	Note	2024/2025 Rs.	2023/2024 Rs.
Cash flows from operating activities			
Net profit before taxation		**1,240,035,881**	483,508,751
Adjustments for:			
Depreciation/amortisation	12	**227,837,757**	204,654,199
Interest income	11	**(127,687,566)**	(176,955,075)
Lease interest	11	**-**	297,760
Interest expense	11	**91,947,731**	120,407,394
Lease interest to JEDB/SLSPC	34.1	**212,101,866**	163,290,550
Provision for retirement benefit obligation - gratuity	31.1	**185,863,417**	198,477,410
Provision for retirement benefit obligation - gratuity for deserters (workers)	36.1	**16,236,810**	53,666,560
Amortisation of grants and subsidies	32	**(8,095,980)**	(9,087,087)
Gain on fair value of consumable biological assets	19	**(259,580,936)**	(135,931,345)
Gain on produce - biological assets - Tea	22	**(15,955,947)**	304,579
Amortisation of net income from operating rights given to LRL	9	**(9,381,311)**	(9,381,311)
Bearer biological asset written off	18.1	**-**	134,683
		1,553,321,722	893,387,068
Operating income before working capital changes			
(Increase)/decrease in inventories		**(251,593,979)**	69,671,793
Increase in trade and other receivables		**(73,687,208)**	(88,021,553)
(Increase)/decrease in due from related parties		**(4,387,066)**	1,048,139
Increase/(decrease) in trade and other payables		**118,246,948**	(38,315,216)
Increase in due to related parties		**3,661,676**	788,238
Cash generated from operations		**1,345,562,093**	838,558,469
Interest paid	30	**(77,196,357)**	(92,722,053)
WHT setoff		**(16,586,598)**	-
Gratuity paid	31	**(158,894,317)**	(182,429,408)
Gratuity paid - deserters (workers)	36.1	**(50,864,903)**	(50,592,401)
Net cash generated from operating activities		**1,042,019,918**	512,814,607
Cash flows from investment activities			
Investment in bearer biological assets - immature plantations	18	**(202,492,467)**	(233,858,075)
Growing crop nurseries	18	**1,139,686**	(3,575,585)
Harvesting of timber plantations	19	**114,620,891**	49,931,345
Additions to biological assets - nursery	19.1	**(2,290,791)**	4,976,456
Acquisition of property, plant and equipment	17	**(46,452,217)**	(58,881,314)
Net capital expenditure incurred	20	**2,700**	409,624
(Investment)/proceeds in short-term investments	26	**(388,288,043)**	(7,057,809)
Interest received		**-**	176,955,075
Net cash used in investing activities		**(523,760,241)**	(71,100,283)
Cash flows from financing activities			
Grants received	32	**-**	584,000
Payments of lease rentals	34.2.1	**-**	(3,610,237)
Payments made to lessor of JEDB/SLSPC estates	34.1	**(160,491,023)**	(140,322,256)
Receipts from interest bearing borrowings	29.1	**(82,799,222)**	-
Payments of long-term borrowings		**-**	(125,079,586)
Payments of debentures		**(240,790,505)**	-
Dividend payment		**-**	(125,625,000)
Net cash used in financing activities		**(484,080,750)**	(394,053,079)
Net increase in cash and cash equivalents		**34,178,927**	47,661,245
Cash and cash equivalents at the beginning of the year		**165,517,631**	117,856,386
Cash and cash equivalents at the end of the year (Note A)		**199,696,558**	165,517,631
Cash and cash equivalents at the end of the year			Note A
Cash and bank balances	27.1	**199,696,558**	165,517,631
		199,696,558	165,517,631

Figures in brackets indicate deductions.

The material accounting policy information and notes from pages 56 to 105 form an integral part of these financial statements.

Colombo
28th August 2025

Material Accounting Policy Information to the Financial Statements

1. CORPORATE INFORMATION

1.1. Domicile and legal form

Bogawantalawa Tea Estates PLC (BTE PLC) formerly known as Bogawantalawa Plantations Limited (BPL), is a public limited liability company, listed in the Colombo Stock Exchange, incorporated and domiciled in Sri Lanka, under the Companies Act No.17 of 1982 which later was replaced with the Companies Act No. 07 of 2007, in terms of the provisions of the Conversion of Corporations and Government Owned Business Undertakings into Public Companies Act No.23 of 1987. The registered office of the Company is located at No. 150 A, Nawala Road, Nawala, Nugegoda, and the plantations are situated in the planting regions of Bogawantalawa and Deraniyagala.

1.2. Principal activities and nature of operations

The Company is primarily engaged in the cultivation, manufacture and sale of tea, rubber, palm oil and forestry.

1.3. Name of immediate and ultimate parent enterprise

The Company's immediate parent undertaking is Metropolitan Resource Holdings Limited, and the ultimate parent undertaking is Metrocorp (Pvt) Ltd.

Management contract

The Company is managed by Metropolitan Resource Holdings Limited. The management agreement which came into effect from 01st January 1996 was initially for a period of five years with provision to extend by a further period on the mutual consent of both parties.

1.4. Date of authorisation for issue

The Financial Statements of Bogawantalawa Tea Estates PLC, for the year ended 31st March 2025 were authorised for issue by the Board of Directors on 28th August 2025.

2. BASIS OF PREPARATION

2.1. Statement of compliance

The Financial Statements of the Company have been prepared and presented in accordance with Sri Lanka Accounting Standards, which comprise Sri Lanka Accounting Standards (LKASs/SLFRs), relevant interpretations of the Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which are collectively referred to as SLASs and are in compliance with the requirements of the Companies Act No. 07 of 2007 and the amendments thereto, and provide appropriate disclosures as required by the Listing Rules of the Colombo Stock Exchange.

The Company has not adopted any inappropriate accounting treatments which are not in compliance with the requirements of the SLASs, and regulations governing the preparation and presentation of the Financial Statements.

2.2. Basis of measurement

The Financial Statements of the Company have been prepared on the historical cost basis except for the following material items in the statement of financial position.

Items	Measurements basis	Note No.
Consumable biological assets	Stated at valuation	19
Produce on bearer plants	Stated at valuation	22
Right-of-use of assets	Stated at valuation	16
Retirement benefit obligations	Liability for defined benefit obligations is recognised as the present value of the defined benefit obligation plus unrecognised actuarial gains, less unrecognised past service cost and unrecognised actuarial losses.	31

2.3. Use of estimates and judgments

The preparation of Financial Statements in conformity with LKASs/SLFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

2.4. Comparative information

Previous period's figures and notes have been re-classified wherever necessary to conform to the current year's presentation.

2.5. Materiality and aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by LKAS 1: Presentation of Financial Statements. Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position, only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously.

2.6. Offsetting

Assets and liabilities, and income and expenses, are not offset unless it is required or permitted by SLFRSs/ LKASs.

2.7. Going concern

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

2.8. Responsibility for Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the Financial Statements of the Company as per the provision of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting Standards.

2.9. Changes in accounting standards and standards issued but not yet effective

2.9.1. Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but are 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.

A. New Standards and Amendments Issued but not yet Effective or Early Adopted in 2025

Lack of Exchangeability

The amendments to LKAS 21 "The Effects of Changes in Foreign Exchange Rates" clarifies the approach that should be taken by preparers of financial statements when they are reporting foreign currency transactions, translating foreign operations, or presenting financial statements in a different currency, and there is a long-term lack of exchangeability between the relevant currencies.

The amendments include both updates to guidance to assist preparers in correctly accounting for foreign currency items and increase the level of disclosure required to help users understand the impact of a lack of exchangeability on the financial statements.

The amendments:

- introduce a definition of whether a currency is exchangeable, and the process by which an entity should assess this exchangeability.
- provide guidance on how an entity should estimate a spot exchange rate in cases where a currency is not exchangeable.
- require additional disclosures in cases where an entity has estimated a spot exchange rate due to a lack of exchangeability, including the nature and financial impact of the lack of exchangeability, and details of the spot exchange rate used and the estimation process.
- give additional disclosure requirements providing useful information about the additional level of estimation uncertainty, and risks arising for the entity due to the lack of exchangeability.

The amendments to LKAS 21 are effective for accounting periods on or after 01st January 2025, with earlier application permitted.

Sustainability disclosure standard

SLFRS S1 on "General Requirements for Disclosure of Sustainability-related Financial Information" (SLFRS S1) and SLFRS S2 on "Climate-related Disclosures" (SLFRS S2)

Due to the investors growing demand for ESG information, the International Sustainability Standards Board (ISSB) released its first two sustainability disclosure standards, IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures).

Material Accounting Policy Information to the Financial Statements

As a local accounting standard setter, CA Sri Lanka issued the localised standards based on these IFRSs designated as SLFRS S1 & SLFRS S2 during the year 2024.

B. The Following Amendments are Effective for the Period Beginning 01st January 2026

Amendments to the classification and measurement of Financial Instruments

Amendments to IFRS 9 "Financial Instruments" clarify that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice to derecognise financial liabilities settled using an electronic payment system before the settlement date.

Other clarifications include the classification of financial assets with ESG linked features via additional guidance on the assessment of contingent features. Clarifications have been made to non-recourse loans and contractually linked instruments.

Additional disclosures are introduced for financial instruments with contingent features and equity instruments classified at fair value through other comprehensive income.

Mandatorily effective for annual reporting periods beginning on or after 01st January 2026.

Contracts referencing nature-dependent electricity

Amendments to IFRS 9 and IFRS 7 are to the own-use requirements, and hedge accounting requirements, together with related disclosures. The scope of the amendments is narrow, and only if contracts meet the specified scoping characteristics will they be in the scope of the amendments. This publication outlines the amendments, together with a summary of the rationale behind the proposals, and considerations for entities when implementing the amendments.

Mandatorily effective for annual reporting periods beginning on or after 01st January 2026.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

3.1. Foreign currencies

3.1.1. Functional and presentation currency

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the entities operate ('the functional currency'). The Financial Statements are presented in Sri Lankan Rupees, which is the Company's functional and presentation currency.

3.1.2. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation when the items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'net finance income/expenses'.

3.2. Property, plant and equipment

3.2.1. Measurement

Items of property, plant and equipment other than bare land are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The Company elected the exemption to measure land and buildings recognised previously at revalued amounts as deemed cost with effect from 01st April 2011 in accordance with provisions of SLFRS 1. Accordingly, land and buildings are stated at deemed cost less accumulated depreciation.

The cost of property, plant and equipment comprises expenditure directly attributable to the acquisition of the item. These 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, removing and restorating, and the obligation which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

3.2.2. Depreciation

Depreciation of assets begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Land is not depreciated.

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

Assets held under finance leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets unless it is reasonably certain that the Company will have ownership by the end of the lease term. The estimated useful lives for the current and comparative periods are as follows:

Freehold assets

Buildings	Over 40 years
Water projects and sanitation	Over 20 years
Plant and machinery	Over 13 and 1/3 years
Motor vehicles	Over 05 years
Equipment	Over 08 years
Furniture and fittings	Over 10 years

Bearer biological assets (replanting and new planting)

Tea	Over 33 and 1/3 years
Rubber	Over 20 years
Coconut	Over 08 years
Palm oil	Over 30 years

Right-of-use assets

Plant and machinery	Over 13 and 1/3 years
Motor vehicles	Over 05 years
Equipment	Over 08 years

The useful life, residual values and depreciation method of assets are reviewed and adjusted, if required, at the end of each financial year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other income' in the statement of comprehensive income.

Identifiable interest costs on borrowings to finance the construction of property, plant and equipment are capitalised during the period of time that is required to complete and prepare the asset for its intended use.

3.2.3. Amortisation of leasehold right

The leasehold rights over assets taken over from JEDB/SLSPC are being amortised in equal amounts over the following years. (Lower of lease period and economic useful life)

Right-of-use asset - Land	Over 22.25 years (remaining lease period)
Buildings	Over 25 years
Plant and machinery	Over 15 years
Water supply scheme	Over 20 years
Mature plantation (both tea and rubber)	Over 30 years

3.2.4. Leases

The Company assesses at the contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

3.2.4.1. Right-of-use assets

The Company recognises right-of-use assets at the commencement date of a 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 cost incurred, and lease payments made at or before the commencement date less any lease incentive received.

Material Accounting Policy Information to the Financial Statements

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset is transferred to the Company at the end of the lease period or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

3.2.4.2. Lease liabilities

At the commencement date of the lease, the Company recognises lease liability measured at the present value of lease payment to be made over the lease term. The lease payment includes fixed payments (including in-substance fixed payments) less any lease incentive receivables, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payment also includes the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease terms reflect the Company exercising the option to terminate.

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 because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of the lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of the lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

3.2.5. Permanent land development costs

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

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

Permanent impairment to land development costs is charged to the statement of comprehensive income in full or reduced to the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

3.2.6. Repairs and maintenance

Repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. This cost is depreciated over the remaining useful life of the related asset.

3.3. Non-current assets held for sale and discontinued operations

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale only when the sale is highly probable, and the asset is available for immediate sale in its present condition. In the statement of comprehensive income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations. Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

3.4. Biological assets

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

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, rubber, palm oil, other plantations and nurseries are classified as biological assets.

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), is classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads, including interest attributable to long-term loans used for financing immature plantations. The expenditure incurred on bearer biological assets (tea, rubber fields) which come into bearing during the year, is transferred to mature plantations. Expenditure incurred on consumable biological assets is recorded at cost at initial recognition and thereafter, at fair value at the end of each reporting period.

Biological assets are further classified as bearer biological assets and consumable biological assets.

3.4.1. Bearer biological assets

Bearer biological assets include tea, rubber and palm oil trees that are not intended to be sold or harvested but are grown for harvesting agricultural produce from such 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 and equipment.

3.4.2. Harvestable agricultural produce on bearer biological assets

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

For this purpose, quantities of harvestable agricultural produce are ascertained based on the 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 is 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 and transport
- Rubber – latex price (95% of current RSS1 price) less cost of tapping and transport

3.4.3. Consumable biological assets

Consumable biological assets include managed timber trees that are to be sold as biological assets. The managed timber trees are 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 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 off consumable biological assets is included in the statement of comprehensive income for the period in which it arises.

Consumable biological assets represent Eucalyptus Grandis timber trees that the Company grows and manages in its plantations. The Eucalyptus Grandis timber tree matures after 17 years and as per best harvesting practices, the trees can be harvested when they are 20 years old.

Eucalyptus Grandis trees at their initial stage (i.e., up to five years from the date of planting) are measured at cost.

The fair value of timber trees is measured using the Discounted cash flow (DCF) method taking into consideration the current market prices of timber, applied to expected timber content of trees at maturity by an independent professional valuation surveyor T.M.H. Mutaliph, incorporated valuer A.I.V. (Sri Lanka).

Grandis trees are measured at the directors' assessment of their fair value at each reporting date, after considering and making necessary adjustments to the independent valuer's report to reflect the requirements of the Sri Lanka Accounting Standard with respect to valuation. In the absence of market-based valuation measures, the fair value of biological assets is determined using the net present value of the expected future cash flows (discounted at a risk adjusted rate).

All other assumptions and sensitivity analysis are given in Note 19 to the Financial Statements.

The main variables in the DCF model are:

Variable	Comments
Currency	Sri Lankan Rupees
Timber content	Estimate based on physical verification of girth, height and consideration of the growth of each species in different geographical regions
Economic useful life	Estimate based on the normal life span of each spice by factoring the forestry plan of the Company
Selling price	Estimates based on price quotation extracted from timber corporation net of all the direct expenses, incurred in bringing the trees into saleable condition (Stumpage value)
Discount rate	Discount rate reflecting the possible variations in the cash flows and the risk related to the biological assets

Material Accounting Policy Information to the Financial Statements

3.4.4. Growing crop nurseries

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

3.4.5. 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 and depreciated over the useful life at rates applicable to mature plantations. Infilling costs that are not capitalised have been charged to the statement of comprehensive income in the year in which they are incurred.

3.5. Borrowing costs

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

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

3.6. Intangible assets

3.6.1. Licenses

Separately acquired licenses are shown at historical cost. Licenses acquired in a business combination are recognised at fair value at the acquisition date. Licenses have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of licenses over their estimated useful lives which is 10 years.

3.6.2. Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life of 02 years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, which will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. These directly attributable costs include the software development and employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed 02 years.

Costs relating to development of software are carried in capital work-in-progress until the software is available for use.

Other development expenditures that do not meet the above criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

3.7. Capital work–in–progress

The cost of capital work-in-progress is the cost of purchase or construction together with any related expenses thereon.

Expenditure incurred on capital work-in-progress of permanent nature or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

Capital work-in-progress is transferred to the respective asset accounts at the time of first utilisation or at the time the asset is commissioned.

3.8. Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or a company of assets (the "cash generating unit, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.9. Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow-moving items. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Manufactured inventories cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and estimated cost necessary to make the sale.

Inventory element	Valuation method
Input material	At average cost
Growing crop-nurseries	At the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads
Agricultural produce harvested from biological assets	Agricultural produce harvested from biological assets are measured at their fair value less cost to sell at the point of harvest. The finished and semi-finished inventories from agricultural produce are valued by adding the cost of conversion to the fair value of agricultural produce.
Spares and consumables	At average cost

3.10. 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.

3.10.1. Financial assets

3.10.1.1. Initial recognition and measurement

Financial assets are classified, at initial recognition, and 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 and trade and other receivables.

3.10.1.2. 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
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely the payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Financial instruments at amortised cost comprise trade receivables, amounts due from related parties, 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
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely the 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. The Company does not have any debt instruments at fair value through OCI.

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.

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 the 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.

3.10.1.3. Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired,
- 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 the 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.

3.10.1.4. 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).

3.10.1.5. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

3.11. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown in current liabilities in the statement of financial position.

3.12. Stated capital

3.12.1. Classification

Ordinary shares with discretionary dividends are classified as equity. Other shares are classified as equity or liability according to the economic substance of the particular instrument. Distribution to holders of a financial instrument classified as an equity instrument is charged directly to equity.

3.12.2. Share issue expenses

Incremental costs directly attributable to the issuance of new shares or options are shown in equity as a deduction, net of tax from the proceeds.

3.12.3. Dividend to shareholders of the Company

Dividend distribution to the shareholders is recognised as a liability in the Financial Statements in the period in which the dividends are approved by the shareholders.

3.13. Financial liabilities

3.13.1. 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.

The financial liabilities include trade and other payables, bank overdrafts, debentures and loans and borrowings.

3.13.1.1. 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 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.

Material Accounting Policy Information to the Financial Statements

(b) Financial liabilities 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 Profit or loss statement 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, income tax payables and amounts due to related parties.

3.13.1.2. 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.

3.14. Debenture

Financial Liabilities at amortised cost financial instruments issued by the Company that are not designated at fair value through profit or loss, are classified as financial liabilities at amortised cost, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares at amortised cost using the EIR method.

After initial recognition, such financial liabilities are substantially measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR. The EIR amortisation is included in "interest expenses" in the income statement. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process. Currently, the Company has recorded debenture issued as financial liabilities at amortised cost.

3.15. Employee benefits

3.15.1. Defined benefit plan – gratuity

A defined benefit plan defines an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as years of service and compensation. The defined benefit plan comprises the gratuity provided under the payment of Gratuity Act No. 12 of 1983.

The liability recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the date of the statement of financial position together with adjustments for unrecognised past service costs. The defined benefit obligation is calculated every year by independent actuaries, Messrs. Actuarial and Management Consultants (Private) Limited using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using appropriate interest rates by the actuarial valuer.

Past-service costs are recognised immediately in the statement of comprehensive income unless the changes to the defined benefit plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

The following assumptions based on which the results of the actuarial valuation was determined, are included in Note No. 31 to the Financial Statements.

The key assumptions used by the actuary include the following:

a.	Average rate of interest		- 12% (Per annum)	(Previous year 13.00% Per annum)
b.	Average rate of salary increases	- Worker	- 10.00% (Once in two years)	(Previous year 10.00%)
		- Staff	- 8.00% (Per annum)	(Previous year 11.00%)
c.	Average retirement age	- Workers	- 60 years	(Previous year 60 years)
		- Staff	- 60 years	(Previous year 60 years)
d.	Daily wage rate		- Rs.1,350/-	(Previous year Rs. 1,000/-)

e. The Company will continue in business as a going concern.

3.15.2. Defined contribution plans

For defined contribution plans, such as Ceylon Plantation Provident Society (CPPS) / Estate Staff Provident Society (ESPS), Employees' Provident Fund (EPF) and Employees' Trust Fund (ETF), the Company contributes 12% or 15% and 3% respectively, of the employees' basic or consolidated wage or salary. The Company has no further payment obligation once the contributions have been paid. The Company and the employees are members of these defined contribution plans.

3.15.3. Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company.

3.15.4. Termination benefits

Termination benefits are payable whenever an employee's service is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

3.16. Provisions

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

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

Provisions for the asset retirement obligations are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision by passage of time is recognised as finance cost.

3.17. Contingent liabilities and contingent assets

The Company does not recognise a contingent liability but discloses its existence in the Financial Statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

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

3.18. Deferred revenue

3.18.1. Government grants and subsidies

Government grants are recognised where there is a reasonable assurance that the grant will be received and all attached conditions will be compiled with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant

Material Accounting Policy Information to the Financial Statements

on a systematic basis to the costs that are 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-monitory grants, the asset and the grant are recorded at gross nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual instalments. Where loans or similar assistance is provided by the government or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as an additional government grant.

Grants related to property, plant and equipment other than grants received for biological assets are initially deferred and allocated to the statement of comprehensive income on a systematic basis over the useful life of the related property, plant and equipment.

Assets are amortised over their useful lives or unexpired lease period, whichever is lower.

Government grant related to the biological assets which are measured at fair value less cost to sell is directly charged to the carrying value of such assets in accordance with the applicable financial framework.

3.18.2. Net income from operating rights given

The net income raised on giving up of operating rights to Lalan Rubbers (Pvt) Ltd is recognised as income in the statement of comprehensive income over a period of 42 years respectively, which is the period of operating lease in agreements.

3.19. Tax expense

Income tax expense comprises current, deferred tax and other statutory taxes. Income tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in the statement of changes in equity.

a) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the tax on dividend income.

The provision for income tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the Inland Revenue Act. No. 24 of 2017 and subsequent amendments thereto.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to the Commissioner General of Inland Revenue.

b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset the current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle the current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax assets and liabilities are not discounted.

The net increase in the carrying amount of deferred tax liability net of deferred tax asset is recognised as deferred tax expense and conversely any net decrease is recognised as reversal to deferred tax expense, in the statement of comprehensive income.

c) Tax on dividends

Dividends distributed out of taxable profit of the local companies are subject to 15% final withholding tax.

d) Sales taxes

Revenues, expenses and assets are recognised net of the amount of sales tax except for the following.

- sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable
- receivables and payables that are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of other receivables or other payables in the statement of financial position.

e) IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation requires the following:

- the Company to determine whether uncertain tax treatments should be considered separately, or together, based on which approach provides better predictions of the resolution;
- the Company to determine if it is probable that the tax authorities will accept the uncertain tax treatment, and
- if it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty.

This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgment in identifying uncertainties over income tax treatments. The Company assessed whether the Interpretation had an impact on its Financial Statements. Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions. The Company determined, based on its tax compliance that it is probable that its tax treatments will be accepted by the taxation authorities.

3.20. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. Under SLFRS 15, revenue is recognised upon satisfaction of performance obligation.

The Company is in the business of cultivation, manufacture and sale of black tea, rubber and other crops (Plantation produce). 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 the customer.

3.20.1. Sale of goods

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

3.20.2. Interest income

Interest income is recognised based on the 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.

Material Accounting Policy Information to the Financial Statements

3.20.3. Rental income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

3.20.4. Gains and losses on disposal

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the net sales proceeds with the carrying amounts of property, plant and equipment and are recognised within 'other operating income' in the statement of comprehensive income.

3.20.5. Amortisation of Government grants received

An unconditional government grant related to a biological asset is recognised in the statement of comprehensive income as other income when the grant becomes receivable.

Other government grants are recognised initially as deferred income at fair value when there is a reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant and are then recognised in the statement of comprehensive income as other income on a systematic basis over the useful life of the asset.

Grants that compensate for expenses incurred are recognised in the statement of comprehensive income as other income on a systematic basis in the same periods in which the expenses are recognised.

3.20.6. Gains arising from changes in fair value of biological assets

Gains or losses arising on initial recognition of biological assets at fair value less estimated point of sale costs are recognised in the statement of comprehensive income. Gains or losses arising on change in fair value due to subsequent measurements are recognised in the statement of comprehensive income in the period in which they arise.

3.20.7. Dividend income

Dividend income is recognised in the statement of comprehensive income on the date the entity's right to receive payment is established.

3.21. Expenditure recognition

Expenses are recognised in the statement of comprehensive income on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

For the purpose of presenting the statement of comprehensive income, the directors are of the opinion that the function of expenses method presents fairly the elements of the Company's performance, and hence, this presentation method is adopted.

3.22. Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

3.23. Comparatives

Where necessary, comparative figures have been adjusted to conform to the changes in presentation of the Financial Statements for the current year.

3.24. Related party disclosures

3.24.1. Transactions with related parties

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard 24. The pricing applicable to such transactions is based on the assessment of the risk and pricing model of the Company and is comparable with what is applied to transactions between the Company and its unrelated customers.

3.24.2. Transactions with key management personnel

According to Sri Lanka Accounting Standard 24 "Related Party Disclosures", key management personnel, are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors (including executive and non-executive directors), personnel holding designation of general manager and above positions and their immediate family members have been classified as key management personnel of the Company.

The immediate family member is defined as the spouse or a dependent. A dependent is defined as anyone who depends on the respective Director for more than 50% of his/her financial needs.

3.25. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

Accordingly, the segment comprises tea, rubber, palm oil and others as described in Note No. 46 to the Financial Statements.

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 the interest bearing borrowings, finance lease liability to the government 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.

3.26. Events after the reporting date

All material events after the reporting date have been considered and where appropriate, adjustments or disclosures, have been made in the respective notes to the Financial Statements.

4. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities are exposed to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

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

Market risk consists of:

- fair value interest rate risk – risk that the value of a financial instrument will fluctuate due to changes in market interest rates.
- cash flow interest rate risk – risk that future cash flows associated with a financial instrument will fluctuate. In the case of a floating rate debt instrument, such fluctuations result in a change in the effective interest rate of the financial instrument, usually without a corresponding change in its fair value.
- price risk – risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

Credit risk – risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Liquidity risk (funding risk) – risk that an entity will encounter difficulty in raising funds to meet the commitments associated with financial instruments.

4.1. Cash flow and fair value interest rate risk

The Company has cash and bank balances including deposits placed with creditworthy licensed banks and financial institutions. The Company manages the interest rate risks by actively monitoring the yield curve trend and interest rate movement for the various cash and bank balances.

The Company's borrowings comprise borrowings from financial and non-financial institutions and debentures. The Company's interest rate risk objective is to manage an acceptable level of rate fluctuation on the interest expense. In order to achieve this objective, the Company targets a composition of fixed and floating borrowings based on assessment of its existing exposure and desirable interest rate profile. The Company analyses the interest rate exposure on a dynamic basis.

4.2. Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities. Individual risk limits are set, based on internal or external ratings. The utilisation of credit limits is regularly monitored.

Material Accounting Policy Information to the Financial Statements

The Company places its cash and cash equivalents with a number of creditworthy financial institutions. The Company's policy limits the concentration of financial exposure to any single financial institution. The maximum credit risk exposure of the financial assets of the Company is approximately their carrying amounts as at the date of the statement of financial position.

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

As at 31 March	2025 Rs.	2024 Rs.
Trade receivables	**156,882,219**	122,644,940
Short-term investments	**1,301,106,978**	785,131,369
Amounts due from related parties	**7,334,489**	2,947,423
Cash and cash equivalents	**199,696,558**	165,517,631
	1,665,020,243	1,076,241,363

4.2.1. Trade and other receivables

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from individual customers as at 31st March 2025.

As at 31 March 2025	Weighted average loss rate %	Gross carrying amount Rs.	Impairment loss allowance	Credit Impaired
Past due 1 to 30 days	-	156,882,219	-	No
Past due 31 to 180 days	-	-	-	No
Past due more than 180 days	100	-	-	No
		156,882,219		
As at 31 March 2024				
Past due 1 to 30 days	-	122,644,940	-	No
Past due 31 to 180 days	-	-	-	No
Past due more than 180 days	100	-	-	No
		122,644,940		

4.2.2. Investments

Credit risks from invested balance 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 the potential counterparty's failure.

The Company held short term investments of Rs.1,301 Mn as at 31st March 2025 (2024 - Rs. 785 Mn) which represent the maximum credit exposure on these assets.

4.2.3. Amount due from related parties

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

The Company held amounts due from related parties of Rs.7.3 Mn as at 31st March 2025 (2024 - Rs.2.9 Mn) which represent its maximum credit exposure on these balances.

4.2.4. Cash and cash equivalents

The Company held cash and cash equivalents of Rs.200 Mn as at 31st March 2025 (2024 - Rs. 166 Mn) which represent its maximum credit exposure on these assets.

The following table shows the credit ratings of the main banks with whom the Company has invested.

Bank	Credit rating
Sampath Bank PLC	AA-
Hatton National Bank PLC	AA-
Commercial Bank of Ceylon PLC	AA-
Bank of Ceylon	AA-
National Development Bank PLC	A
Seylan Bank PLC	A+
Nations Trust Bank PLC	A

4.3. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient liquid funds to meet its financial obligations.

In the management of liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows. Due to the dynamic nature of the underlying business, the Company aims at maintaining flexibility in funding by keeping both committed and uncommitted credit lines available.

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the date of the statement of financial position to the contractual maturity date. Lease liability and debentures were disclosed as undiscounted cash flows.

As at 31st March 2025	0 - 1 month	2 - 3 Months	4 - 12 months	1 - 5 Years	More than 5 Years	Total
Trade and other payables	**123,367,342**	**369,007,402**	**103,012,383**	**-**	**-**	**595,387,127**
Amount due to related parties	**4,449,914**	**-**	**-**	**-**	**-**	**4,449,914**
Interest bearing borrowings	**1,744,638**	**3,489,276**	**14,709,645**	**26,859,922**	**-**	**46,803,481**
Lease liability	**-**	**52,680,497**	**185,698,752**	**1,059,165,913**	**5,408,195,344**	**6,705,740,505**
Debenture	**23,117,005**	**-**	**260,545,757**	**244,978,088**	**-**	**520,668,471**
Total	**144,706,520**	**425,177,175**	**563,966,537**	**1,331,003,922**	**5,408,195,344**	**7,873,049,498**

As at 31st March 2024	0 - 1 month	2 - 3 Months	4 - 12 months	1 - 5 Years	More than 5 Years	Total
Trade and other payables	139,383,183	234,744,614	137,640,476	-	-	511,768,273
Amount due to related parties	788,238	-	-	-	-	788,238
Interest bearing borrowings	9,114,439	18,228,878	54,463,850	47,795,537	-	129,602,704
Lease liability	-	35,403,560	124,797,549	744,085,365	5,074,683,847	5,978,970,321
Debenture	23,117,005	-	294,865,352	520,668,471	-	838,650,827
Total	172,402,865	288,377,052	611,767,227	1,312,549,373	5,074,683,847	7,459,780,363

Material Accounting Policy Information to the Financial Statements

4.4. Market Risk

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

This is addressed through a policy of geographical diversification of export sales. Separate managers are allocated to the business hubs based on the positioning of the global tea buyers of the Company. Such managers keep in close touch with foreign agents/buyers. Further, the Company operates in domestic markets through local distributors, supermarkets, and the tea shop. Constant and active awareness of changing market conditions is the key to mitigating such risks.

Capital expenditure and working capital expenditure requirements of the Company are financed through internally generated cash flows as well as external financing arrangements. Management has arranged financial facilities with several financial institutions to support future financial requirements.

4.4.1. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings. The fluctuation in the Average Weighted Prime Lending Rate (AWPLR) results in the effective interest rate of the borrowings usually without a corresponding change in the fair value.

The Monetary Policy Board of the Central Bank of Sri Lanka, decided to maintain the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) of the Central Bank at their current levels of 8.50 percent and 9.50 percent, respectively. The Board arrived at this decision after carefully assessing the current and expected macroeconomic developments and possible risks on the domestic and global fronts with a view to maintaining inflation at the targeted level of 5 percent over the medium term while supporting the economy to reach its potential. While the medium term inflation outlook remains compatible with the current level of policy interest rates and inflation expectations are well anchored, the Board observed the need for a further reduction in market lending interest rates in line with policy interest rates and other benchmark interest rates, which is imperative for the easing of domestic monetary conditions and domestic economic recovery.

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:

As at 31 March	2025	2024
Financial liabilities		
Interest bearing borrowings	**46,803,481**	129,602,704
Debenture	**455,488,899**	681,528,030
	502,292,380	811,130,734

Interest Rate Sensitivity

A reasonably possible change in interest rates as at the reporting date would have increased / (decreased) profit or loss by the amounts shown below. Within all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings as follows:

Company	Increase/ decrease in Interest rate	Effect on profit before tax
2025	**+ 1%**	**(8,079,959)**
	- 1%	**8,079,959**
2024	+ 1%	(7,218,447)
	- 1%	7,218,447

5. CAPITAL MANAGEMENT RISK

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

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

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

As at 31 March	2025 Rs.	2024 Rs.	2023 Rs.
Borrowings	**502,292,380**	811,130,734	911,578,876
Total equity	**4,084,557,522**	3,313,768,721	2,883,327,448
Gearing Ratio	**12%**	24%	32%

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

6.1. Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

6.1.1. Estimated useful lives of property, plant and equipment

The Company reviews annually the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation charge and decrease the property, plant and equipment's carrying value.

6.1.2. Taxation

i. Income taxes

Judgment is involved in determining the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for tax matters based on the estimates of whether additional taxes will be due. If the final outcome of these tax matters results in a difference in the amounts initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made.

ii. Deferred tax

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised. This involves judgment regarding future financial performance of a particular entity in which the deferred tax asset has been recognised.

iii. IFRIC Interpretation 23 Uncertainty over income tax treatment

The Company applies significant judgment in identifying uncertainties over income tax treatments. The Company assessed whether the Interpretation had an impact on its Financial Statements. Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions. The Company determined, based on its tax compliance that it is probable that its tax treatments will be accepted by the taxation authorities.

6.1.3. Fair valuation of consumable biological assets - timber

The fair value of timber trees is measured using the DCF method taking into consideration the available log and tree prices in city centers less point-of-sale-costs applied to expected timber content of a tree at maturity and changes in fair value reflected in the statement of comprehensive income.

6.1.4. Fair value of derivatives and other financial instruments

Certain financial instruments such as investments, derivative financial instruments and certain elements of borrowings are carried on the statement of financial position at fair value, with changes in fair value reflected in the statement of comprehensive income.

Fair values are estimated by reference in part to published price quotations and in part by using valuation techniques. The fair value of financial instruments that are not traded in an active market is determined by using the valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each financial reporting period.

6.1.5. Impairment of non-current assets

The Company tests annually the indicators to ascertain whether non-current assets (including intangibles) have suffered any impairment, in accordance with the accounting policy stated in Note No. 3.8. These calculations require the use of estimates.

6.1.6. Defined benefit plan – gratuity

The present value of the defined benefit plan depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for defined benefit plan include the discount rate, future salary increase rate, mortality rate, withdrawal and disability rates and retirement age. Any changes in these assumptions will impact the carrying amount of the defined benefit plan. The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows, expected to be required to settle the defined benefit plan. In determining the appropriate discount rate, the Company considers the interest yield of long-term government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related defined benefit plan. Other key assumptions for the defined benefit plan are based in part on current market conditions (Note No. 3.15.1).

6.1.7. Provisions

The Company recognises provisions when they have a present legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The recording of provisions requires the application of judgments about the ultimate resolution of these obligations. As a result, provisions are reviewed at each statement of financial position date and adjusted to reflect the Company's current best estimate.

6.1.8. Contingent liabilities

Determination of the treatment of contingent liabilities in the Financial Statements is based on the management's view of the expected outcome of the applicable contingency. The Company consults with legal counsel on matters related to litigation and other experts both within and outside the Company with respect to matters in the ordinary course of business.

6.1.9. Impairment of trade receivables

The Company applies the SLFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's customers.

Notes to the Financial Statements

7. REVENUE

	2024/2025 Rs.	2023/2024 Rs.
7.1 Industry segment		
Tea proceeds - Auction sales	**5,008,878,470**	4,808,020,659
Palm oil	**141,128,825**	162,404,348
	5,150,007,295	4,970,425,007

8. COST OF SALES

	2024/2025 Rs.	2023/2024 Rs.
Tea proceeds - Auction sales	**3,825,771,241**	4,313,630,863
Palm oil	**129,163,665**	104,130,901
	3,954,934,906	4,417,761,764

9. OTHER INCOME

	Note	2024/2025 Rs.	2023/2024 Rs.
Income from leasing of bungalows and renting land for communication towers and hydro power project		**41,983,829**	48,486,708
Revenue share income from Eco Power (Pvt) Ltd		**3,094,128**	5,504,106
Income from Sapumalkande tea factory		**4,550,000**	1,050,000
Income received from sale of redundant items		**3,161,085**	1,221,276
Amortisation of grants	Note 32	**8,095,980**	9,087,087
Income from operating rights given to LRL	Note 33.1	**9,381,311**	9,381,311
Income from Noori and Maliboda tea factories		**17,922,363**	14,492,525
Estimation changes in useful life of machineries		**-**	9,779,762
Profit on sale of refuse tea		**127,631,639**	131,105,141
Revenue share of Tea Trails (Pvt) Ltd		**10,773,153**	2,431,065
Gain/(loss)on fair value of produce on bearer plants - Tea	Note 22	**15,955,947**	(304,579)
Net income from solar project		**9,826,957**	13,327,501
Others		**8,162,325**	16,861,738
Dividend		**54,000,000**	-
Income from Illuktanne tea factory		**2,400,000**	-
		316,938,717	262,423,641

10. MANAGEMENT FEE EXPENSES

	2024/2025 Rs.	2023/2024 Rs.
Previous year's total comprehensive income net of tax	**556,066,273**	1,272,579,543
Less: Gain on fair value of biological assets	**(135,931,345)**	(99,246,110)
	420,134,928	1,173,333,433
Management fee to managing agent including applicable taxes	**36,013,493**	111,333,343

Notes to the Financial Statements

As per the agreement entered into with the managing agent Metropolitan Resource Holdings Limited, the management fee is computed based on the total comprehensive income net of tax, less the gain/(loss) on fair valuation as given below.

- 6% of the previous year's total comprehensive income for the year net of tax, less the gain/(loss) on fair valuation, up to Rs.100 Mn.
- 8% of the previous year's total comprehensive income for the year net of tax, less the gain/(loss) on fair valuation slabs over and above Rs.100 Mn up to Rs.200 Mn.
- 10% of the previous year's total comprehensive income for the year, net of tax less the gain/(loss) on fair valuation over Rs.200 Mn and above.

11. NET FINANCE EXPENSE

	2024/2025 Rs.	2023/2024 Rs.
Finance income		
Interest income	**127,687,566**	176,955,075
Finance expenses		
Interest on finance leases	**-**	(297,760)
Interest on bank overdrafts	**(3,766,539)**	(10,375,837)
Lease interest to JEDB/SLSPC	**(280,015,323)**	(163,290,550)
Interest on long-term loans	**(10,664,145)**	(29,892,034)
Interest on debentures	**(82,650,024)**	(89,961,941)
Net finance expense	**(249,408,465)**	(116,863,047)

12. PROFIT BEFORE TAXATION

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

		2024/2025 Rs.	2023/2024 Rs.
Directors' emoluments		**39,516,668**	31,572,883
Auditor's remuneration	- Audit services	**2,665,855**	3,632,578
Depreciation/amortisation on:			
- Right of use assets	- land	**(69,388,960)**	(53,128,010)
	- motor vehicle	**-**	1,628,674
- Immovable (JEDB/SLSPC) estate assets on finance lease (other than right-of-use land)		**(5,976)**	(5,976)
- Property, plant and equipment		**54,210,749**	47,276,339
- Bearer biological assets		**105,669,096**	102,615,200
Staff costs			
- Retirement benefit obligations (including provision for bolted workers)		**197,817,652**	252,143,970
- Salaries and wages		**2,186,624,732**	2,093,425,075
- EPF and ETF		**11,691,676**	9,445,400

13. INCOME TAX EXPENSES

	Note	2024/2025 Rs.	2023/2024 Rs.
13.1 Current income tax expense			
Current income tax on profit for the year		**127,845,177**	-
		127,845,177	-
13.2 Deferred tax expense			
Origination of temporary differences	35	**69,250,908**	(97,157,417)
		69,250,908	(97,157,417)
Total tax expense		**197,096,085**	(97,157,417)

13.3 Reconciliation of accounting profit to current income tax expense

Numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate disclosing also the basis on which the applicable tax rate is computed, are given below:

	2024/2025 Rs.	2023/2024 Rs.
Statutory tax rate	**30%**	14%/30%
Accounting profit	**1,240,035,881**	483,508,751
Tax expense on accounting profit @ 14%	**-**	33,845,613
Tax expense on accounting profit @ 30%	**372,010,764**	72,526,313
Add : Tax effect of disallowable expenses in determining taxable income	**146,851,240**	162,356,642
Less : Tax effect of allowable expenses in determining taxable income	**(582,598,944)**	(133,402,569)
Add : Tax effect of adjusted loss from trade or business	**-**	(104,313,523)
Add : Tax on interest income	**38,306,270**	53,086,523
Less : Tax effect of tax loss set off in determining taxable income	**153,275,846**	(84,098,998)
Current income tax expense charge to the statement of comprehensive income	**127,845,177**	-

Notes to the Financial Statements

14. EARNINGS PER ORDINARY SHARE

14.1 Basic earnings per ordinary share

The calculation of basic earnings per ordinary share has been done based on net profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue as at the reporting date and calculated as follows:

	2024/2025 Rs.	2023/2024 Rs.
Net profit attributable to ordinary shareholders (Rs.)	**1,042,939,796**	580,666,168
Weighted average number of ordinary shares in issue (Nos.)	**83,750,001**	83,750,001
Basic earnings per ordinary share (Rs.)	**12.45**	6.93

14.2 Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share is based on net profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding after adjustment for the effect of all dilutive potential ordinary shares. There were no potentially dilutive shares outstanding at any time during the year/previous year. Therefore, basic earnings per share and diluted earnings per share are the same for the current and previous years.

15. DIVIDEND PER SHARE

	2024/2025 Rs.	2023/2024 Rs.
Dividend paid (Rs.)	**-**	125,625,000
No. of ordinary shares in issue (Nos.)	**83,750,001**	83,750,001
Dividend per ordinary share (Rs.)	**-**	1.50

16. RIGHT-OF-USE ASSETS

	Note	As at 31.03.2025 Rs.	As at 31.03.2024 Rs.
Right-of-use asset - land	16.1	**1,776,603,218**	1,457,168,153
Right-of-use asset JEDB/SLSPC estate assets	16.2	**81,614**	87,590
Right-of-use assets - motor vehicle	16.3	**-**	-
Written down value		**1,776,684,832**	1,457,255,743

16.1 Right-of-use asset - land

JEDB/SLSPC estates allocated to the Company have been handed over to, and are being operated by the Company. Lease deeds of all estates have been executed. All leases signed are retroactive to 22nd June 1992, the date of formation of the Company. The leasehold rights to use of bare land on all estates have been taken into the books of the Company on 22nd June 1992 immediately after the formation of the Company in terms of the ruling on this matter obtained from the Urgent Issue Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka. For this purpose, the Board decided at its meeting on 08th March 1995 that the values attached to the right-of-use land would be those determined by Valuation Specialist, Mr. D. R.Wickramasinghe, just prior to the formation of the Company. The valuation report referred to above was not subjected to a land survey.

	As at 31.03.2025 Rs.	As at 31.03.2024 Rs.
Capitalised value		
Revaluation as at 22nd June 1992	**1,717,192,800**	1,422,050,066
Re-measurement of lease liability	**388,824,025**	295,142,734
Balance at the end of the year	**2,106,016,825**	1,717,192,800
Amortisation		
Balance at the beginning of the year	**(260,024,647)**	(206,896,637)
Amortisation for the year	**(69,388,960)**	(53,128,010)
Balance at the end of the year	**(329,413,607)**	(260,024,647)
Written down value	**1,776,603,218**	1,457,168,153

The leasehold right to use of bare land is being amortised by equal amounts over a 53 year period and the unexpired period of the lease, as at the date of the statement of financial position is, 20.25 years.

16.2 Right of use asset JEDB/SLSPC estate assets

As more fully explained in Note 16.1, all JEDB/SLSPC estate lease deeds have been executed to date. In terms of the ruling of the UITF of the Institute of Chartered Accountants of Sri Lanka which prevailed at the time of privatisation of plantation estates, all immovable assets in the JEDP/SLSPC estates under finance leases have been taken into the books of the Company retroactive to 22nd June 1992. For this purpose, the Board decided at its meeting on 08th March 1995, that these assets be revalued at their book values as they appear in the books of the JEDB/SLSPC, on the day immediately preceding the date of the Company being formed. These assets are taken into the statement of financial position as at 22nd June 1992 and amortised as follows:

16.2.1 Capitalised value

	Buildings Rs.	Plant and machinery Rs.	Total Rs.
Revaluation as at 22nd June 1992	64,948,134	13,272,826	78,220,960
Balance as at 31st March 2024	64,948,134	13,272,826	78,220,960
Balance as at 31st March 2025	64,948,134	13,272,826	78,220,960

Notes to the Financial Statements

16.2.2 Amortisation

	Buildings Rs.	Plant and machinery Rs.	Total Rs.
Balance at the beginning of the year	(64,860,544)	(13,272,826)	(78,133,370)
Amortisation for the year	(5,976)	-	(5,976)
Balance at the end of the year	(64,866,520)	(13,272,826)	(78,139,346)
16.2.3 Written down value as at 31st March 2025	81,614	-	81,614
16.2.4 Written down value as at 31st March 2024	87,590	-	87,590

16.2.5 Assets are amortised in equal annual amounts over the following periods:

Mature plantations/improvements to land (Note 18)	- 30 years
Buildings	- 25 years
Plant and machinery	- 15 years

As per the JEDB/SLSPC lease agreement entered into with the Government in 1992, lease rentals were payable on right-of-use asset - land and other depreciable assets. As the lease rentals applicable to other depreciable assets have been fully settled considering the values of those assets, Management believes that the remaining lease rental payables are purely applicable to right-of-use asset – land.

16.3 Right-of-use assets - motor vehicle

	As at 31.03.2025 Rs.	As at 31.03.2024 Rs.
Cost		
Balance at the beginning of the year	**27,099,745**	27,099,745
Transferred to freehold assets	**-**	-
Balance at the end of the year	**27,099,745**	27,099,745
Amortisation		
Balance at the beginning of the year	**27,099,745**	25,471,071
Amortisation for the year		1,628,674
Transferred to freehold assets	**-**	-
Balance at the end of the year	**27,099,745**	27,099,745
Written down value	**-**	-

17 TANGIBLE ASSETS OTHER THAN BEARER BIOLOGICAL ASSETS

	Buildings	Plant and machinery	Motor vehicles	Water sanitation	Equipment	Furniture and fittings	Others	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
17.1.1 Cost								
Balance at the beginning of the year	355,734,718	908,958,370	93,848,978	172,001,022	93,763,407	24,647,789	103,574,253	1,752,528,537
Additions during the year	1,221,188	21,858,403	2,766,500	8,172,762	1,914,533	1,945,950	8,572,881	46,452,217
Written off & Disposal		(69,636,485)	(3,741,040)					(73,377,525)
Balance at the end of the year	356,955,906	861,180,288	92,874,438	180,173,784	95,677,940	26,593,739	112,147,134	1,725,603,229
17.1.2 Accumulated depreciation								
Balance at the beginning of the year	140,741,854	699,458,023	85,359,485	140,306,331	76,092,137	9,517,924	102,410,287	1,253,886,041
Charge for the year	8,764,426	27,737,174	3,208,646	6,171,113	5,212,625	917,245	2,199,519	54,210,749
Written off & Disposal		(69,636,485)	(3,741,040)					(73,377,525)
Balance at the end of the year	149,506,280	657,558,712	84,827,091	146,477,444	81,304,762	10,435,169	104,609,806	1,234,719,265
17.1.3 Written down value as at 31st March 2025	207,449,626	203,621,576	8,047,347	33,696,340	14,373,178	16,158,570	7,537,328	490,883,964
17.1.4 Written down value as at 31st March 2024	214,992,864	209,500,347	8,489,493	31,694,691	17,671,270	15,129,865	1,163,966	498,642,496

17.1.5 The residual values and useful lives of the above assets have been evaluated at the end of the year and changes in any of those estimations have not been recognised. The Company has evaluated both internal and external indicators of impairment of long lived assets and has not identified the presence of any such indicators at the end of the financial year. The management is confident that there is no estimation uncertainty at the date of the statement of financial position that would have a significant risk of causing material adjustment to the carrying value of assets and liabilities within the financial year.

17.1.6 The assets shown above are those movable and immovable assets vested in the Company by Gazette Notification on the date of formation of the Company (22nd June 1992) and all investments in tangible assets by the Company since its formation. The assets taken over by way of estate leases are set out in Note 16 above.

17.1.7 Cost of property, plant and equipment of the Company as at the reporting date includes the fully depreciated assets amounting to Rs. 600,521,188/-.

17.1.8 Information of the freehold building of the Company is disclosed below as required under Rule 7.6 (VIII) of the Colombo Stock Exchange listing rules.

Location/Estate	Square feet	No. of buildings	Cost as at 31.03.2025 Rs.	Net book value as at 31.03.2025 Rs.
Kotiyagala	10,422	218	28,923,420	13,539,790
Bogawana	10,201	144	12,655,309	6,811,908
Campion	25,536	192	20,620,777	9,653,379
Norwood	35,689	156	40,759,435	25,742,393
Wanarajah	36,624	218	17,325,487	9,784,575
Lethenty	8,231	188	40,178,649	28,022,370
Bogawantalawa	25,292	139	18,937,314	11,395,290
Fetteresso	3,545	126	12,693,317	7,503,313
Loinorn	31,391	103	11,421,830	6,425,292
Osborne	2,323	128	25,888,044	20,405,484
Poyston	31,203	90	4,194,439	1,568,575

During the year, the Company spent Rs. 1,221,188 on building improvements for the Norwood and Fetteresso Estate. This will lead to a change in the cost of the building, but neither the square footage nor the number of buildings will change.

18. BEARER BIOLOGICAL ASSETS

	Immature plantations		Mature plantations: Before formation of the Company		Mature plantations: After formation of the Company		Total	
	As at 31.03.2025 Rs.	As at 31.03.2024 Rs.	As at 31.03.2025 Rs.	As at 31.03.2024 Rs.	As at 31.03.2025 Rs.	As at 31.03.2024 Rs.	As at 31.03.2025 Rs.	As at 31.03.2024 Rs.
18.1 Cost								
Balance at the beginning of the year	**525,357,164**	507,060,919	**555,387,492**	555,387,492	**2,738,680,711**	2,523,253,564	**3,819,425,367**	3,585,701,975
Additions during the year	**202,492,467**	233,858,075	**-**	-	**-**	-	**202,492,467**	233,858,075
Less: Written off - Palm oil	**-**	(134,683)	**-**	-	**-**	-	**-**	(134,683)
Transfers in/(out)	**(9,367,118)**	(215,427,147)	**-**	-	**9,367,118**	215,427,147	**-**	-
Balance at the end of the year	**718,482,513**	525,357,164	**555,387,492**	555,387,492	**2,748,047,829**	2,738,680,711	**4,021,917,834**	3,819,425,367
18.2 Depreciation								
Balance at the beginning of the year	**-**	-	**539,120,173**	528,325,011	**808,479,743**	713,605,809	**1,347,599,916**	1,241,930,820
Charge for the year	**-**	-	**9,318,184**	10,795,162	**94,913,890**	94,873,934	**104,232,074**	105,669,096
Balance at the end of the year	**-**	-	**548,438,357**	539,120,173	**903,393,633**	808,479,743	**1,451,831,990**	1,347,599,916
18.3 Written down value	**718,482,513**	525,357,164	**6,949,135**	16,267,319	**1,844,654,196**	1,930,200,968	**2,570,085,844**	2,471,825,451
Growing crop nurseries							**3,537,041**	4,676,727
Less: Write off - Overgrown palm oil plants							**-**	-
Total written down value							**2,573,622,885**	2,476,502,178

There are investments in immature/mature plantations since the formation of the Company. The assets (including plantation assets) taken over by way of estate leases are set out in Note 16. Investment in mature plantations taken over by way of these leases is also shown in the above note.

The Company has decided to measure the bearer biological assets at cost using LKAS 16 - Property, plant and equipment.

18.4 Borrowing cost incurred in respect of replanting of tea, runner and other crops amounting to Rs.9,130,519/- (2023/2024-Rs.36,739,846/-) has been capitalised to immature plantation during the year.

19. CONSUMABLE BIOLOGICAL ASSETS - MANAGED TIMBER PLANTATIONS

	Note	As at 31.03.2025 Rs.	As at 31.03.2024 Rs.
Balance at the beginning of the year		**1,421,529,981**	1,335,529,981
Decrease due to harvesting		**(114,620,891)**	(49,931,345)
Gain on fair valuation		**259,580,936**	135,931,345
		1,566,490,026	1,421,529,981
Increase due to new planting	19.1	**13,943,295**	13,760,688
Growing crop nurseries		**10,416,548**	8,308,364
Balance at the end of the year		**1,590,849,869**	1,443,599,033
19.1 Biological assets at initial stage			
Cost			
Balance at the beginning of the year		**13,760,688**	27,045,508
Add : Additions during the year		**182,607**	-
Less : Transfers (out) to bearer biological assets immature plantation		**-**	(13,284,820)
Balance at the end of the year		**13,943,295**	13,760,688

19.2 The biological assets, Eucalyptus Grandis mature and immature timber trees of the Company were inspected and valued by Mr. T.M.H. Mutaliph, independent Valuer as at 31st March 2025. Accordingly, the fair value of these trees has been determined as being Rs.1,810,082,294/- as at 31st March 2025.

The fair value is determined as being the net present value of expected future cash flows (discounted at a risk adjusted rate level 3). Significant assumptions used for the calculation are as follows:

a) Trees will reach maturity, 20 years after planting and further 35% of the existing inventory of trees will be thinned out during the next 02 to 05 years with clear fell at 20 years.

b) Trees have been valued as per the current timber prices in the domestic market based on the price list of the State Timber Corporation and prices of timber trees sold by estates and prices of logs and sawn timber sold by popular timber traders in Sri Lanka.

c) Future cash flows are determined by references to current timber prices without considering the inflationary effect.

d) The ongoing costs of growing the trees which are deducted in determining the net cash flows are constant in real terms.

e) A discounting rate of 11.50% per annum is applied to the estimated cash flows. The rate was determined in regard to the following:

(i) The weighted average long term bond rate

(ii) The adjusted risk premium by considering

- Specific provision made in the “FMP” and the valuation schedule
- The illiquid nature of the plantations prior to maturity
- A lack of market evidence as to the value of biological assets through their life cycle
- Risk relations to diseases and fire affecting the biological assets
- Adoption of conservative valuation approach

Notes to the Financial Statements

f) Biological assets at initial stage

The Company has separately identified biological assets at their initial stage (that is Eucalyptus Grandis below 5 years from the date of planting) and has valued them at cost due to the fact that the fair value of those assets cannot be measured reliably.

19.2.1 Changes in fair value of biological assets

	As at 31.03.2025 Rs.	As at 31.03.2024 Rs.
Changes in fair value of consumer biological assets (Note 19)	**259,580,936**	135,931,345
Changes in fair value of produce on bearer biological assets (Note 19)	**15,955,947**	(304,579)
	275,536,883	135,626,766

19.2.2 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) 2025	2024	Relationship of Unobservable Inputs to Fair Value
Managed timber	Discounted cash flows	- Discounting rate	**11.50%**	12.50%	The higher the discount rate, the lesser the fair value
		- Maturity for Harvesting	**20 Years**	20 Years	Lower the rotation period, the higher the fair value
		- Volume at rotation	**25-190 cu.ft**	25-190 cu.ft	The higher the volume, the higher the fair value
		- Price per Cubic Meter	**Rs. 60/- to Rs. 2,300/-**	Rs. 60/- to Rs. 2,300/-	Higher the price per cu. Ft., the higher the fair value

19.3 Potential risks - timber plantations

The Company is exposed to the following risks in relation to timber plantations.

a) Supply and demand risk

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

b) Regulatory and environmental risks

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

c) Climate and other risks

The Company's timber plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The Company has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industrial pest and disease surveys. The Company also insures itself against natural disasters such as floods, land slides and hurricanes.

19.4 Sensitivity analysis

19.4.1 Sensitivity variation on sales price

Net present value of the biological assets as appearing in the statement of financial position are very sensitive to the changes in the average sales prices applied. Simulations made for timber show an increase or decrease by 10% of the estimated future selling price while other variables remained unchanged, and has the following effect on the net present value of biological assets:

	+10% Rs.	0% Rs.	-10% Rs.
Managed timber	1,723,343,139	1,566,490,026	1,409,628,892

19.4.2 Sensitivity variation on discount rate

Net present value of the biological assets as appearing in the statement of financial position are very sensitive to changes if the discount rate is applied. Simulations made for timber show that an increase or decrease by 1% of the estimated future discount rate has the following effect on the net present value of biological assets:

	10.50% Rs.	11.50% Rs.	12.50% Rs.
Managed timber	1,571,680,414	1,566,490,026	1,561,410,711

20. CAPITAL WORK-IN-PROGRESS

	As at 31.03.2025 Rs.	As at 31.03.2024 Rs.
Balance at the beginning of the year	**12,724,627**	13,134,251
	12,724,627	13,134,251
Less: Capitalised during the year	**(2,700)**	(409,624)
Balance at the end of the year	**12,721,927**	12,724,627

Capital working progress balance shows factory roof improvements cost for solar panel project. As per agreement, the company did not receive ownership of the solar project. Until the operation period, the company will categorise this improvement cost as CWIP.

Notes to the Financial Statements

21. INVESTMENTS IN EQUITY SHARES

	Percentage holding	As at 31.03.2025 Rs.	As at 31.03.2024 Rs.
Investments in unquoted equity shares	11%		
Tea Trails (Pvt) Ltd			
Balance at the beginning of the year		**65,294,656**	61,097,337
Changes in fair value recognised in other comprehensive income		**(337,537)**	4,197,319
Balance at the end of the year		**64,957,119**	65,294,656

The Company has received 1,500,000 ordinary shares of Rs.10/- each free of charge from Tea Trails (Pvt) Ltd, as promoter shares. A corresponding entry has been credited to the income statement in the year 2005/2006. The Company has measured the fair value using level 3 inputs.

21.1 Recognised fair value measurements

a. Fair value hierarchy

The fair value measurement of equity investments have been categorised as level 3 fair value based on the inputs to the valuation technique used.

This note explains the judgments and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the Financial Statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standards.

	Level I	Level II Rs.	Level III Rs.	Total Rs.
As at March 2025				
Equity Investment at FVOCI	-	-	64,957,119	64,957,119
As at March 2024				
Equity Investment at FVOCI	-	-	65,294,656	65,294,656

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. For transfers in and out of level 3 measurements see above.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

b. Valuation techniques used to determine fair values

This valuation method is used to compare the company's net assets available to common shareholders relative to the sale price of stock. The stock price per share can be found as the amount listed as such through the secondary market.

c. Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in the fair value measurements of equity investments at FVOCI.

Non Financial Assets	Unobservable Inputs	Range of Unobservable Inputs (Probability weighted average) 2025	2024	Relationship of Unobservable Inputs to Fair Value
Equity investment at FVOCI Tea Trails (Pvt) Ltd	Adjusted average price to book value ratio of listed comparable peer companies	**0.78**	0.75	The higher the price to book value ratio, the higher the fair value

d. Sensitivity variation unobservable input (using 1% estimated variation)

	As at 31.03.2025 Rs.	As at 31.03.2024 Rs.
Unobservable input - increase by 1%	**65,606,690**	65,947,603
Unobservable input - value as stands	**64,957,119**	65,294,656
Unobservable input - decrease by 1%	**64,307,548**	64,641,709

22. PRODUCE ON BEARER PLANTS

	As at 31.03.2025 Rs.	As at 31.03.2024 Rs.
Balance at the beginning of the year	**22,446,877**	22,751,456
Changes in fair value less cost to sell	**15,955,947**	(304,579)
Balance at the end of the year	**38,402,824**	22,446,877

The volume of produce growing on bearer plants are measured using the estimated crop of the last harvesting cycle of the year as given below.

Tea - Four days crop (50% of 8 days cycle), Oil palm - five days crop (50% of 10 days cycle)

Produce that grows on mature bearer plantations are measured at fair value less cost to sell. The value of the unharvested green leaves is measured using the Tea commissioner's formula for bought leaf and the value of unharvested fresh fruit bunches (FFB) of Oil Palm is measured using the actual price used to purchase FFB from outside growers.

23. INVENTORIES

	As at 31.03.2025 Rs.	As at 31.03.2024 Rs.
Input materials	**199,550,796**	236,940,663
Harvested crops	**583,016,086**	294,032,240
	782,566,882	530,972,903

Notes to the Financial Statements

24. TRADE AND OTHER RECEIVABLES

	As at 31.03.2025 Rs.	As at 31.03.2024 Rs.
Trade	156,882,219	122,644,940
Deposits, prepayments and others	349,525,691	217,767,570
Staff advances	-	64,120,324
Advance Company tax recoverable	-	17,926,245
Withholding tax recoverable	-	10,261,623
	506,407,910	432,720,702

25. AMOUNTS DUE FROM RELATED PARTIES

Name of the related party	Relationship	As at 31.03.2025 Rs.	As at 31.03.2024 Rs.
Metropolitan Resource Holdings Limited	Immediate parent	-	-
Bogawantalawa Tea Ceylon (Pvt) Ltd	Related entity	86,769	137,080
Lanka Mother and Child Support Foundation	Related entity	38,684	538,503
Eco Power (Pvt) Ltd	Related entity	939,016	1,132,115
Tea Trails (Pvt) Ltd	Related entity	1,803,225	-
Office Networks (Pvt) Ltd	Related entity	343,304	358,294
Lush Agro (Pvt) Ltd	Related entity	1,900,779	-
Metrocorp (Pvt) Ltd	Ultimate parent	2,222,712	781,431
		7,334,489	2,947,423

26. SHORT-TERM INVESTMENTS

	As at 31.03.2025 Rs.	As at 31.03.2024 Rs.
26.1 Short-Term Investment Type		
Unit Trust	640,578,152	253,355,862
Fixed Deposits / Commercial Papers	660,528,827	531,775,507
	1,301,106,978	785,131,369

	As at 31.03.2025 Rs.	As at 31.03.2024 Rs.
26.1.1 Breakdown of Investment by Intuitions		
First Capital Holdings PLC	**640,578,152**	253,355,862
Metrocorp (Pvt) Ltd (Commercial papers)	**-**	61,618,582
LOLC Holdings PLC	**329,750,620**	-
Vallibel Finance PLC	**80,000,000**	
JB Financials (Pvt) Ltd	**250,778,206**	470,156,925
	1,301,106,978	785,131,369

27. CASH AND CASH EQUIVALENTS

	As at 31.03.2025 Rs.	As at 31.03.2024 Rs.
27.1 Favourable balances		
Cash in hand	**771,900**	1,709,533
Cash at bank	**198,924,658**	163,808,098
	199,696,558	165,517,631

28. STATED CAPITAL

	As at 31.03.2025	As at 31.03.2024
28.1 Number of shares		
No. of ordinary shares including one golden share held by the Treasury which has special rights	**83,750,001**	83,750,001
28.2 Value of shares		
Value of ordinary shares including the value of one golden share held by the Treasury which has special rights (Rs.)	**586,250,010**	586,250,010

28.3 The golden shareholder

The golden share is currently held by the Secretary to the Treasury and should be owned either directly by the Government of Sri Lanka or by a 100% Government owned public company. In addition to the rights of the normal ordinary shareholders, in terms of the articles of the Company, the following special rights are vested with the golden shareholder.

a) The Company shall obtain the written consent of the golden shareholder prior to sub-leasing, ceding or assigning its rights in part or all of the land leased/to be leased to the Company by the JEDB/SLSPC.

b) The golden shareholder shall be entitled to call upon the Board of Directors once in three months to meet him or his nominee to discuss matters of the Company to the state.

c) The golden shareholder and his nominee shall be entitled to inspect the books of accounts of the Company after giving two weeks written notice to the Company.

d) The Company should submit to the golden shareholder, within 60 days of the end of each quarter, a quarterly report relating to the performance of the Company during the said quarter in a pre-specified format agreed to by the golden shareholder and the Company.

e) The Company shall submit to the golden shareholder, within 90 days of the end of each fiscal year, information related to the Company in a pre-specified format agreed to by the golden shareholder and the Company.

29. INTEREST BEARING BORROWINGS

	Note	2024/2025 Amount repayable within 1 year Rs.	2024/2025 Amount repayable within 2 - 5 years Rs.	2024/2025 Amount repayable after 5 years Rs.	2024/2025 Amount repayable after 1 year Rs.	2024/2025 Balance as at 31.03.2025 Rs.	2023/2024 Amount repayable within 1 year Rs.	2023/2024 Amount repayable within 2 - 5 years Rs.	2023/2024 Amount repayable after 5 years Rs.	2023/2024 Amount repayable after 1 year Rs.	2023/2024 Balance as at 31.03.2024 Rs.
Term loans	29.1	19,943,559	26,859,922	-	26,859,922	46,803,481	81,813,568	47,789,136	-	47,789,136	129,602,704
Total		19,943,559	26,859,922	-	26,859,922	46,803,481	81,813,568	47,789,136	-	47,789,136	129,602,704

29.1 Term loans

	Note	Balance as at 01.04.2024 Rs.	New loans obtained Rs.	Repayments Rs.	Balance as at 31.03.2025 Rs.
Commercial Bank of Ceylon PLC	29.1.1	50,381,700	-	(50,381,700)	-
Hatton National Bank PLC	29.1.2	11,475,000	-	(11,475,000)	-
Nations Trust Bank PLC	29.1.3	67,746,004	-	(20,935,655)	46,810,349
		129,602,704	-	(82,792,355)	46,810,349

	Interest rate (p.a)	Loan No.	Amount of repayments per month Rs.	Total facility Rs.	Balance as at 01.04.2024 Rs.	New loans obtained Rs.	Repayments Rs.	Balance as at 31.03.2025 Rs.
29.1.1 Commercial Bank of Ceylon PLC								
Term loan	AWPLR+2.5%	2376348	200,000,000	109,982,000	26,632,000	-	(26,632,000)	-
Term loan	AWPLR+1.5%	2843506	95,000,000	87,083,300	23,749,700	-	(23,749,700)	-
Term loan	AWPLR+2%	2934892	25,000,000	300,000,000	-	-	-	-
			320,000,000	497,065,300	50,381,700	-	(50,381,700)	-
29.1.2 Hatton National Bank PLC								
Term loan - Solar project	AWPLR+2.5%	09720/10405	1,630,000	88,650,000	11,475,000	-	(11,475,000)	-
				88,650,000	11,475,000	-	(11,475,000)	-
29.1.3 Nations Trust Bank PLC								
NTB short-term loan	AWPLR+2%	30157	-	156,000,000	10,346,004	-	(4,135,655)	6,210,349
Term loan 2	AWPLR+2%	29930	1,400,000	84,000,000	57,400,000	-	(16,800,000)	40,600,000
				240,000,000	67,746,004	-	(20,935,655)	46,810,349

Details of the assets pledged are disclosed in Note No. 45 to the financial statements.

Notes to the Financial Statements

30. DEBENTURES

The Company has issued 10,000,000 Debentures at Rs. 85 (15% discounted from the par value) and raised Rs.850,000,000/-. Tenure of the debentures will be 5, 6 and 7 years and the purpose of the issue was settlement of high cost debt, field development activities and factory development.

	As at 31.03.2025 Rs.	As at 31.03.2024 Rs.
Balance at the beginning of the year	**681,528,030**	656,896,586
Accrual of interest	**91,947,731**	117,353,497
	773,475,761	774,250,083
Less: Settlement of interest (Coupon)	**(77,196,357)**	(92,722,053)
Less: Settlement of capital	**(240,790,505)**	-
Balance at the end of the year	**455,488,899**	681,528,030

Type	Tenor	coupon interest rate	Annual effective rate	No of debenture allocated	Face value	Value of issued	Fair Value as at 31.03.2025
Type B	6 years	13.25%	16.52%	2,296,070	22,960,700	195,165,950	**231,803,318**
Type C	7 years	13.50%	16.85%	2,296,070	22,960,700	195,165,950	**223,685,581**
				7,000,000	70,000,000	595,000,000	**455,488,899**

Financial liabilities at amortised cost and financial instruments issued by the Company that are not designated at fair value through profit or loss, are classified as financial liabilities at amortised cost where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares at amortised cost using the EIR method.

After initial recognition, such financial liabilities are substantially measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR. The EIR amortisation is included in "interest expenses in the statement of comprehensive income. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process. Currently, the Company has recorded debentures issued as financial liabilities at amortised cost.

31. RETIREMENT BENEFIT OBLIGATIONS

	Note	As at 31.03.2025 Rs.	As at 31.03.2024 Rs.
Balance at the beginning of the year		**934,112,779**	876,925,900
Provision for the year	31.1	**574,168,357**	239,616,287
		1,508,281,136	1,116,542,187
Payments made during the year		**(158,894,317)**	(182,429,408)
Balance at the end of the year		**1,349,386,819**	934,112,779

31.1 Expenses recognised in the statement of comprehensive income and other comprehensive income for the year ended 31st March 2025.

	As at 31.03.2025 Rs.	As at 31.03.2024 Rs.
Recognised in the statement of comprehensive income		
Current service cost	**64,428,756**	36,246,118
Interest cost	**121,434,661**	162,231,292
	185,863,417	198,477,410
Recognised in the other comprehensive income		
Actuarial gain	**388,304,940**	41,138,877
Total net defined benefit obligation as at end of the year	**574,168,357**	239,616,287

31.2 Provision for gratuity for the financial year 2024/2025 has been determined based on the latest actuarial valuation report issued on 03rd June 2025 which was done by Actuarial & Management Consultants (Pvt) Ltd. The provision in respect of gratuity liabilities of existing employees as at 31st March 2025 is Rs. 1,349,386,818/-. If the Company had provided for gratuity on the basis of fourteen days wages and half month salary for each completed year of service in line with the payment of Gratuities Act No. 12 of 1983, the liability would have been Rs.1,579,725,440/-. Hence, there is a contingent liability of Rs. 230,338,621/- which would crystallise only if the Company ceases to be a going concern.

31.3 The key assumptions used by the actuary are disclosed in Note No. 3.15.1 to the Financial Statements.

31.4 Sensitivity analysis

In order to illustrate the significance of the salary/wage escalation and discount rate used in the actuarial valuation as at 31st March 2025, the sensitivity analysis has been carried out as follows:

Discount rate	Salary escalation rate	Present value of defined benefit obligation Rs.	
1% increase	As given in the report	1,243,308,556	864,719,488
1% decrease	As given in the report	1,470,866,749	1,013,249,249
As given in the report	1% increase	1,477,865,917	1,019,200,240
As given in the report	1% decrease	1,235,617,398	858,572,127

32. GRANTS AND SUBSIDIES

	As at 31.03.2025 Rs.	As at 31.03.2024 Rs.
Balance at the beginning of the year	**57,450,373**	65,953,460
Grants and subsidies received during the year	**-**	584,000
Total grants and subsidies available for amortisation	**57,450,373**	66,537,460
Amortisation for the year	**(8,095,980)**	(9,087,087)
Balance at the end of the year	**49,354,393**	57,450,373

32.1 The following is a detailed explanation of the above grants and subsidies.

a) Asian Development Bank - Plantation development project

The funds received are utilised for rehabilitation (tarring and concreting) of internal roads and minor upgrading of tea factories.

b) Plantation human development project

The funds are utilised for reroofing of worker houses, development of workers welfare facilities and improvement of institutional facilities.

c) The funds received from the Tea Board are for the construction of CTC tea factory at Wanarajah and Kotiyagala grounds

The amounts spent are capitalised under the relevant classification of property, plant and equipment and the corresponding grant component is reflected under deferred grants and subsidies and is amortised over the useful life span of the asset.

33. DEFERRED INCOME

	Note	As at 31.03.2025 Rs.	As at 31.03.2024 Rs.
Net income from operating rights given to Lalan Rubbers (Pvt) Ltd	33.1	**187,626,242**	197,007,553
		187,626,242	197,007,553
33.1 Net income from operating rights given to Lalan Rubbers (Pvt) Ltd			
Gross carrying amount at the beginning of the year		**197,007,553**	206,388,864
Amortisation for the year		**(9,381,311)**	(9,381,311)
Net carrying amount at the end of the year		**187,626,242**	197,007,553

34. LEASE LIABILITIES

	Note	As at 31.03.2025 Rs.	As at 31.03.2024 Rs.
Lease liability on right-of-use asset - Land	34.1	**2,303,885,178**	1,863,450,310
		2,303,885,178	1,863,450,310
Payable within one year		**-**	-
Payable after one year		**2,303,885,178**	1,863,450,310
34.1 Lease liability on right-of-use asset - Land			
Gross liability			
Balance at the beginning of the year		**1,863,450,310**	1,545,339,282
Accretion of interest		**212,101,866**	163,290,550
Less : Repayments during the year		**(160,491,023)**	(140,322,256)
Remeasurement of lease liability		**388,824,025**	295,142,734
Balance at the end of the year		**2,303,885,178**	1,863,450,310

	As at 31.03.2025 Rs.	As at 31.03.2024 Rs.
34.1.1 Maturity analysis		
Amount payable within one year		
Gross liability	**238,379,249**	160,201,109
Finance costs allocated to future years	**(268,746,153)**	(211,811,952)
Accretion of interest	**30,366,904**	51,610,843
Net liability shown under current liabilities	**-**	-
Amount payable after one year and within five years		
Gross liability	**1,059,165,913**	744,085,365
Finance costs allocated to future years	**(1,094,077,058)**	(895,744,937)
Accretion of interest	**34,911,146**	151,659,572
Net liability	**-**	-
Amount payable after five years		
Gross liability	**5,408,195,344**	5,074,683,847
Finance costs allocated to future years	**(3,104,310,167)**	(3,211,233,537)
Net liability	**2,303,885,177**	1,863,450,310
Net liability payable after one year shown under non-current liabilities	**2,303,885,177**	1,863,450,310
Total net liability	**2,303,885,177**	1,863,450,310

Lease instalment for the year 2024/2025 is less than the interest in the amortisation schedule within the next twelve months. Therefore, no payment would be made out of the ROU liability within the next twelve months. Hence, no current liability is recognised regarding the lease liability.

Notes to the Financial Statements

35. DEFERRED TAX LIABILITY

	As at 31.03.2025 Rs.	As at 31.03.2024 Rs.
Balance at the beginning of the year	**204,278,658**	313,777,738
Recognised in the statement of comprehensive income	**69,250,908**	(97,157,417)
Recognised in the statement of other comprehensive income	**(116,491,482)**	(12,341,663)
Balance at the end of the year	**157,038,084**	204,278,658
On temporary difference of property, plant and equipment	**378,843,000**	375,073,290
On retirement benefit obligation gratuity	**(1,452,399,202)**	(1,071,753,255)
On tax loss carried forward	**-**	(510,919,487)
On biological assets	**2,173,571,219**	2,352,173,250
On grants	**(49,354,393)**	(57,450,373)
On net lease liability	**(527,200,345)**	(406,194,567)
	523,460,279	680,928,859
Deferred tax liability	**157,038,084**	204,278,658

Deferred tax liabilities are measured based on the tax rates that have been enacted or substantially enacted by the end of the reporting period. The effective tax rate used to calculate deferred tax liability for all the temporary differences as at 31 March 2025 is 30% (2024/25 - 30%).

36. TRADE AND OTHER PAYABLES

	Note	As at 31.03.2025 Rs.	As at 31.03.2024 Rs.
Trade creditors		**369,007,402**	234,744,614
Payable to deserters workers	36.1	**103,012,383**	137,640,476
Accruals and other payables		**123,367,342**	139,383,182
		595,387,127	511,768,272
36.1 Payable to deserters workers			
Balance at the beginning of the year		**137,640,476**	134,566,317
Provision made during the year		**11,954,235**	53,666,560
Transfer from RBO		**4,282,575**	-
Payment made during the year		**(50,864,903)**	(50,592,401)
Balance at the end of the year		**103,012,383**	137,640,476

37. AMOUNT DUE TO RELATED PARTIES

Name of the related party	Relationship	As at 31.03.2025 Rs.	As at 31.03.2024 Rs.
Ceylon Bungalows	Related entity	**18,734**	11,334
Bogawantalawa Tea Ceylon (Pvt) Ltd	Related entity	**4,419,798**	765,481
Bogawantalawa Agro Industries	Related entity	**-**	41
Ceylon Tea Gardens Limited	Related entity	**11,382**	11,382
		4,449,914	788,238

38. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

38.1 Contingent liabilities

There were no known contingent liabilities existing as at the reporting date.

38.2 Contingent assets

There were no contingent assets as at the reporting date.

39. UNRECOGNISED CONTRACTUAL COMMITMENTS

There have been no capital commitments contracted but not provided for, or authorised by the Board but not contracted for, outstanding as at the date of the statement of financial position.

40. RELATED PARTY DISCLOSURES

40.1 Substantial shareholding and ultimate parent company

The Company is a subsidiary of Metropolitan Resource Holdings Limited, which holds 78.45% of ordinary shares of the Company. In the opinion of the directors, the Company's ultimate parent company as at the date of the statement of financial position is Metrocorp (Pvt) Ltd.

40.2 Key management personnel information

The Directors of the Company have interests in the transactions detailed below and some Directors held the post of Director of these related companies during the year. The transactions listed below have been carried out under normal commercial terms.

Mr. D. J. Ambani, Mr. C. M. O. Haglind, Mr. L. J. Ambani and Mr. S. A. S. Jayasundara, the Directors of the Company are also Directors of the following companies and have had transactions as disclosed in Note 40.3.1 given below.

40.3 Related party transactions

The Company has a related party relationship with its related group of companies as disclosed below. The following transactions have been carried out with related parties during the year ended 31st March 2025 under normal commercial terms.

40.3.1 Transactions with companies in which Directors of the Company hold other directorships

The Company has carried out transactions with entities where the Chairman or a Director of the Company is the Chairman or a Director of such entities as detailed below:

40.3.1.1 Transactions with immediate parent company and ultimate parent company

Name of parent Company	Name of directors	Nature of transaction	Amount 2024/2025 Rs.	Amount 2023/2024 Rs.
Ultimate parent				
Metrocorp (Pvt) Ltd (MPL)	Mr. D. J. Ambani	Expenses incurred by MPL	**6,971,795**	13,976,179
		Funds received against the expenses incurred by the Company	**5,530,514**	13,255,776
Immediate parent				
Metropolitan Resource Holdings Limited (MRH)	Mr. D.J. Ambani Mr. L.J.Ambani	Settlements of outstanding by MRH	-	1,501,440
	Mr. C.M.O.Haglind Mr. S.A.S.Jayasundara	Expenses incurred by the Company on behalf of MRH.	-	1,507,712

Notes to the Financial Statements

40.3.1.2 Transactions with other related companies

Name of parent Company	Name of directors	Nature of transaction	Amount	
			2024/2025 Rs.	2023/2024 Rs.
Bogawantalawa Tea Ceylon (Pvt) Limited (BTC)	Mr. D. J. Ambani Mr. C.M.O. Haglind	Funds received as reimbursement of expenses made by the Company	**9,368,805**	5,919,108
	Mr. L. J. Ambani	Expenses incurred by the Company	**5,663,876**	1,869,509
Office Network (Pvt) Ltd (ONL)	Mr. L. J. Ambani	Expenses incurred by the Company on behalf of ONL	**505,248**	3,411,299
		Settlement made by ONL	**520,238**	3,418,295
Tea Trails (Pvt) Ltd (TTPL)	Mr. D. J. Ambani	Income received for renting out bungalows (including VAT and NBT)	**20,993,699**	20,355,938
		Revenue share income (including VAT and NBT)	**-**	-
		Settlements made by TTPL	**19,190,474**	20,355,938
Eco Power (Pvt) Ltd (EPPL)	Mr. D. J. Ambani Mr. L. J. Ambani	Settlements made by EPPL	**11,416,973**	5,516,811
		Expenses incurred by the Company on behalf of EPPL	**11,223,674**	6,648,925
		Lease rental received	**-**	-
Ceylon Bungalows (CB)	Mr. D. J. Ambani	Expenses incurred by the Company on behalf of CB	**26,134**	174,143
		Settlement made by CB	**33,534**	195,930
Lanka Mother & Child (LMCF)	Mr. D. J. Ambani Mr. L. J. Ambani	Expenses incurred by the Company on behalf of LMCF	**496,637**	407,182
		Settlement made by LMCF	**996,456**	-
Lush Agro (Pvt) Ltd	Mr. D. J. Ambani Mr. L. J. Ambani	Expenses incurred by the Company on behalf of Lush	**2,264,087**	1,534,278
		Settlement made by Lush	**363,267**	1,534,319
		Purchase and payment from Lush	**474,290,689**	484,839,531

40.3.2 Transactions with key management personnel (KMP) of the Company or parent

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company as well as its related parties, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

a) Loans to Directors

No loans have been given to the directors of the Company or its parent company.

b) Compensation to key management personnel

	2024/2025 Rs.	2023/2024 Rs.
Short-term employment benefits	**39,516,668**	31,572,883

c) The Company has not incurred any amount as termination benefits or post employment benefits on account of the key managerial personnel during the year.

40.3.3 Amounts receivable and payable to related parties are disclosed in Notes 25 and 37 to the Financial Statements.

41. OPERATING AGREEMENT WITH LALAN RUBBERS (PVT) LTD

The Company had entered into an operating agreement (OA) with Lalan Rubbers (Pvt) Ltd., (LRL) effective from 19th March 2003 whereby LRL would operate and manage the rubber division of the Company from 01st April 2003. Consequently, LRL would meet all capital and operating costs of the rubber division from 01st April 2003 and would be entitled to keep all revenues obtained by the division from that date.

As per the terms of the operating agreement, a payment of approximately Rs.278.25 million was made by LRL to Bogawantalawa Tea Estates PLC (BTE PLC) in consideration for the operating rights obtained and of which Rs.120 million was received in the year 2002/2003. Balance payment was received in three instalments of Rs.52.75 million each during the years, 2004, 2005 and 2006 respectively.

LRL also took over the retiring gratuity liability of employees of the rubber division estimated at Rs.46.8 million (at actuarial value), the capital and future interest payments of the long-term loans of Rs.105.3 million payable to the Commercial Bank of Sri Lanka and 48.21 % of the future annual land lease payments that would be required to be made by BTE PLC to Janatha Estate Development Board (JEDB) and Sri Lanka State Plantations Corporation (SLSPC) until the terms of these leases expire. Accordingly, the retiring gratuity liability of Rs.46.8 million and the long-term loans of Rs.105.3 million have been treated as amounts due from LRL and recognised as income during the year 2002/2003 as LRL had agreed to pay these liabilities on behalf of the Company.

The Secretary, Ministry of Plantation Industries (letter Ref. MP1/9/2/6/9 BPL/SL dated 10th February 2010 addressed to the Company) informed the Company that the golden shareholder had granted covering approval to sublease the 13 rubber estates which had been transferred to Lalan Rubbers (Pvt) Ltd under the operating agreement in 2003 without prior approval of the golden shareholder. Accordingly, the Company entered into a sublease agreement with Lalan Rubbers (Pvt) Ltd on 12th February 2010, and a further payment of Rs. 110 million was made by Lalan Rubbers (Pvt) Ltd to the Company. However, all the assets and liabilities pertaining to those estates subleased to Lalan Rubbers (Pvt) Ltd continue to be reflected in the books of the Company (other than gratuity liability) as this is considered an operating lease.

Notes to the Financial Statements

In addition to the above subleasing transaction, the Company entered into a joint venture (JV) transaction with LRL based on a MOU during the financial year of 2012/2013 as described below. However, the approval from the golden shareholder has not yet been received in this regard as at the date of the statement of financial position.

The Company entered into the Memorandum of Understanding (MOU) with Lalan Rubbers (Pvt) Ltd, (LRL) effective from 01st October 2012 to 21st June 2045 whereby LRL would operate and manage a total area of approximately 973 hectares comprising Anhettigama, Miyanawita and Maliboda estates. Consequently, LRL would be responsible for all day to day operations of the properties. However, all the movable assets in the properties would remain the property of BTE PLC.

As per the terms of the MOU, during the initial period of 5 years of this MOU, LRL invested a sum equivalent to rupees three hundred and sixty six million (Rs. 366,000,000/-) for the purpose of developing the properties by tea/rubber replanting, tea/rubber new planting and undertaking agricultural programs according to the initial plan. For and in consideration of the rights of use granted to LRL in respect of the properties, LRL shall pay to BTE a sum calculated by reckoning the amount payable in respect of the extent of land comprising the properties as a fraction of the total sum of money payable by BTE in terms of the said Indenture bearing No. 1524, as rental for the entirety of the extent of land leased to the BTE by the lessor viz. nine hundred and seventy three (973) hectares out of sixteen thousand two hundred and twenty (16,220) hectares viz:- 973/16,220;

A further sum calculated in the following manner shall be paid by LRL to BTE PLC:

Having deducted the lease rental as aforesaid, if the use of the properties by LRL yields a profit to LRL calculated in accordance with Sri Lanka Accounting Standards and applicable law, a sum equivalent to 45% of the said profit after deducting any previous losses incurred through the use of the properties and a sum equivalent to 25% of the effective tax benefits received by LRL with regard to the capital allowances connected to the project.

42. EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

42.1 Authorization of final dividend

The Board of Directors of the Company has authorised an interim dividend of two rupee (Rs.2.00/-) per ordinary share amounting to Rs.167,500,002/- on 16th July 2025.

42.2 Type B debenture settlement

On 24th July 2025, the Company settled a debenture issue of LKR 229,607,000/- which was outstanding as at 31st March 2025. The settlement was made in accordance with the terms and conditions of the debenture issue. The debenture was redeemed at par. As a result of this settlement, the Company's long-term borrowings decreased by LKR 229,607,000/-. The impact of this settlement on the Company's financial position and results of operations for the current financial year is not considered material.

There have been no other material events occurring after the statement of financial position date that require adjustment or disclosure in the financial statements.

43. PRICING POLICY

Sales and purchases of goods and services to/from related parties were made at normal trading terms on an arms length basis. Management fee provisions were made as per contractual arrangements.

44. COMPARATIVE INFORMATION

Comparative information of the Company has been reclassified wherever necessary to conform with the current year's presentation/ classification.

45. ASSETS PLEDGED

The following assets of the Company have been pledged as collaterals to the respective financial institutions concerned for interest bearing loans obtained by the Company.

Name of the financial institution/purpose of facility	Nature of the facility	Facility granted Rs.	Balance outstanding as at 31.03.2025 Rs.	Securities pledged
Nations Trust Bank				
a) To meet working capital requirements	Term Loan	156,000,000	**6,210,349**	Mortgage over the income generated through Asia Siyaka Tea broker.
b) To meet working capital requirements	Term Loan	84,000,000	**40,600,000**	

46. SEGMENTAL ANALYSIS BY PRINCIPAL BUSINESS ACTIVITIES

	Tea		Rubber		Palm Oil		Unallocated		Total	
	2024/2025 Rs.	2023/2024 Rs.	2024/2025 Rs.	2023/2024 Rs.	2024/2025 Rs.	2023/2024 Rs.	2024/2025 Rs.	2023/2024 Rs.	2024/2025 Rs.	2023/2024 Rs.
46.1.1 Segmental results										
Revenue	5,008,878,470	4,808,020,659	-	-	141,128,825	162,404,348	-	-	5,150,007,295	4,970,425,007
Cost of sales	(3,825,771,241)	(4,313,630,863)	-	-	(129,163,665)	(104,130,901)	-	-	(3,954,934,906)	(4,417,761,764)
Gross profit	1,183,107,229	494,389,796	-	-	11,965,160	58,273,447	-	-	1,195,072,389	552,663,243
Add : Gain on fair value of consumable biological assets	-	-	-	-	-	-	259,580,936	135,931,345	259,580,936	135,931,345
Other income	127,631,639	131,105,141	-	-	-	-	189,307,078	131,318,500	316,938,717	262,423,641
Less: Unallocated expenses	-	-	-	-	-	-	(531,556,161)	(467,509,480)	(531,556,161)	(467,509,480)
Profit before taxation	1,310,738,868	625,494,937	-	-	11,965,160	58,273,447	(82,668,147)	(200,259,635)	1,240,035,881	483,508,749
Less : Taxation	-	-	-	-	-	-	(197,096,085)	97,157,417	(197,096,085)	97,157,417
Net profit for the year	1,310,738,868	625,494,937	-	-	11,965,160	58,273,447	(279,764,232)	(103,102,218)	1,042,939,796	580,666,166
46.1.2 Segmental assets										
Non-current assets	3,420,768,129	2,755,110,801	828,177,653	855,322,273	457,272,067	467,020,506	1,803,502,748	1,872,367,831	6,509,720,597	5,949,821,411
Current assets	1,074,620,124	760,956,738	-	-	19,626,693	15,975,008	1,741,268,824	1,162,805,159	2,835,515,641	1,939,736,906
	4,495,388,253	3,516,067,539	828,177,653	855,322,273	476,898,760	482,995,514	3,544,771,572	3,035,172,990	9,345,236,238	7,889,558,317
46.1.3 Segmental liabilities										
Non-current liabilities	1,372,936,838	1,007,256,756	-	-	-	-	2,924,899,380	3,087,859,161	4,297,836,218	4,095,115,917
Current liabilities	366,789,218	240,180,696	-	-	-	-	596,053,279	404,285,608	962,842,497	644,466,304
	1,739,726,056	1,247,437,452	-	-	-	-	3,520,952,659	3,492,144,769	5,260,678,715	4,739,582,221
46.1.4 Segmental expenses										
46.1.4.1 Capital expenditure	56,091,635	91,346,588	-	22,633,115	6,027,029	9,939,307	186,826,020	184,246,420	248,944,684	308,165,429
46.1.4.2 Depreciation/ Amortization	146,509,502	124,015,506	56,028,593	52,137,110	15,775,469	15,775,469	9,524,195	15,780,012	227,837,759	207,708,097

47. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

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

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

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

As at 31st March 2025	Total Carrying Amount Rs.	Level I Rs.	Level II Rs.	Level III Rs.	Total Fair Value Rs.
Financial assets					
Trade and other receivables	506,407,910	-	-	506,407,910	506,407,910
Amounts due from related parties	7,334,489	-	-	7,334,489	7,334,489
Cash and cash equivalents	199,696,558	-	199,696,558	-	199,696,558
	713,438,957	-	199,696,558	513,742,399	712,229,681
Financial liabilities					
Trade and other payables	595,387,127	-	-	595,387,127	595,387,127
Amounts due to related parties	4,449,914	-	-	4,449,914	4,449,914
Interest bearing borrowings	46,803,481	-	46,803,481	-	46,803,481
Debenture	455,488,899	-	455,488,899	-	455,488,899
	1,102,129,421	-	502,292,380	599,837,041	1,102,129,421

As at 31st March 2024	Total Carrying Amount Rs.	Level I Rs.	Level II Rs.	Level III Rs.	Total Fair Value Rs.
Financial assets					
Trade and other receivables	432,720,702	-	-	432,720,702	432,720,702
Amounts due from related parties	2,947,423	-	-	2,947,423	2,947,423
Cash and cash equivalents	165,517,631	-	165,517,631	-	165,517,631
	601,185,756	-	165,517,631	435,668,125	601,185,756
Financial liabilities					
Trade and other payables	511,768,272	-	-	511,768,272	511,768,272
Bank overdrafts	788,238	-	-	788,238	788,238
Interest bearing borrowings	129,602,704	-	129,602,704	-	129,602,704
Debenture	681,528,030	-	681,528,030	-	681,528,030
	1,323,687,244	-	811,130,734	512,556,510	1,323,687,244

Ten Year Summary

Period	2015/16 Rs .000	2016/17 Rs .000	2017/18 Rs .000
Profit & Loss			
Turnover	2,820,868	2,809,814	3,436,635
Gross Profit	(9,711)	158,861	438,082
Financing Cost	(73,563)	(113,604)	(117,965)
Profit before interest & tax (PBIT)	77,127	212,263	484,727
Profit before tax	3,563	94,298	366,763
Profit after tax	3,456	94,163	163,564
Profit & (Loss) for the Period / Total Comprehensive income for the year, net of tax	110,228	207,592	220,502
Assets & Liabilities			
Property plant & Equipment	3,298,024	3,522,054	3,798,988
Investment	78,300	78,300	78,300
Current Assets	692,429	613,277	709,523
Creditors - Falling Due within one year	(758,116)	(993,874)	(1,092,337)
Non Current & Deferred Liabilities	(1,382,492)	(1,155,614)	(1,240,792)
Provision for terminal benefits	(733,660)	(662,201)	(631,237)
Working Capital	(65,687)	(380,597)	(382,815)
Total Assets	3,986,268	4,135,332	4,565,965
Total Liabilities	(2,874,269)	(2,811,691)	(2,964,367)
Equity			
Stated Capital	586,250	586,250	586,250
Retained Earning	525,749	737,391	1,015,348
Other Reserves			
Total Equity	1,111,999	1,323,641	1,601,598
Operating Ratios			
Operating Profit Margin %	(0.34)	5.65	12.75
Return on Share Holders Funds %	10.43	17.05	15.08
Fixed Asset Turnover Ratio	0.88	0.82	0.94
Turnover per Employee (Rs.)	303,940	328,441	436,620
Production (In '000 Kgs./ Nuts)			
Tea	6,310	5,207	5,459
Palm Oil			
Liquidity ratio			
Current Ratio	0.91	0.62	0.65
Quick Ratio	0.54	0.25	0.22
Fixed Assets to Current Assets (times)	4.76	5.74	5.35
Interest Cover	1.05	1.87	4.11
Investors Ratios			
Earnings per Share	0.04	1.12	1.95
Price Earnings Ratio	232.65	7.03	8.19
Net Asset Value per Share (Rs.)	13.28	15.80	19.12
Equity to Assets %	27.90	32.01	35.08
Market Price	9.60	7.90	16.00
Market Capitalization (Rs. '000)	804,000	661,625	1,340,000

2018/19 Rs .000	2019/20 Rs .000	2020/21 Rs .000	2021/22 Rs .000	2022/23 Rs .000	2023/24 Rs .000	2024/25 Rs .000
3,055,841	2,979,757	3,525,090	3,377,524	5,427,130	4,970,425	**5,150,007**
68,818	(253,122)	302,984	224,715	1,595,220	552,663	**1,195,072**
(138,390)	(334,275)	(347,592)	(261,548)	(257,442)	(116,863)	**(249,408)**
138,237	(170,249)	501,009	304,265	1,691,582	600,372	**1,489,444**
(154)	(505,822)	153,417	42,717	1,434,139	483,509	**1,240,036**
17,364	(412,668)	124,482	99,715	1,227,782	580,666	**1,042,940**
(132,817)	(474,101)	127,813	200,301	1,272,580	556,066	**770,789**
4,128,656	5,635,498	5,140,162	5,269,575	5,424,495	5,888,724	**6,444,763**
108,786	204,571	42,941	37,875	61,097	65,295	**64,957**
782,091	1,187,759	1,153,275	1,059,116	1,921,148	1,939,737	**2,835,516**
(1,301,788)	(1,405,038)	(1,349,787)	(1,153,728)	(727,550)	(836,647)	**(962,842)**
(1,351,227)	(3,203,114)	(2,594,148)	(2,690,953)	(2,918,937)	(2,809,227)	**(2,948,449)**
(819,325)	(932,471)	(981,996)	(911,137)	(876,926)	(934,113)	**(1,349,387)**
(519,697)	(217,279)	(196,512)	(94,613)	1,193,598	1,103,090	**1,872,673**
4,982,474	6,823,258	6,336,379	6,366,566	7,406,741	7,893,756	**9,345,236**
(3,472,341)	(5,540,624)	(4,925,931)	(4,755,818)	(4,523,413)	(4,579,987)	**(5,260,679)**
586,250	586,250	586,250	586,250	586,250	586,250	**586,250**
893,396	658,913	796,256	1,001,623	2,250,980	2,677,224	**3,448,350**
30,487	37,471	27,941	22,875	46,097	50,295	**49,957**
1,510,133	1,282,634	1,410,447	1,610,748	2,883,327	3,313,769	**4,084,558**
2.25	(8.49)	8.60	6.65	29.39	11.12	**23.21**
(8.54)	(33.95)	9.49	13.26	56.63	17.95	**20.84**
0.77	0.61	0.65	0.65	1.01	0.88	**0.84**
378,620	379,732	447,858	437,617	739,089	797,693	**863,805**
5,172	5,228	5,462	4,920	3,813	4,050	**3,900**
			1,344	1,561	1,971	**1,924**
0.60	0.85	0.85	0.92	2.64	2.32	**2.94**
0.26	0.60	0.57	0.61	1.78	1.66	**2.09**
5.28	4.74	4.46	4.98	2.82	3.04	**2.27**
1.00	(0.51)	1.44	1.16	6.57	5.14	**5.97**
0.21	(4.93)	1.49	1.19	14.66	6.93	**12.45**
52.57	(1.81)	7.94	8.40	3.07	5.34	**4.18**
18.03	15.32	16.84	19.23	34.43	39.57	**48.77**
30.31	18.80	22.26	25.30	38.93	41.98	**43.71**
10.90	8.90	11.80	10.00	45.00	37.00	**52.10**
912,875	745,375	988,250	837,500	3,768,750	3,098,750	**4,363,375**

Corporate Information

Name of the Company
Bogawantalawa Tea Estates PLC

Date of incorporation
22nd June 1992

Company Registration No.
PQ 124

Legal Form
Quoted Public Company

Stock Exchange Listing
The ordinary shares of the company are listed on the Stock Exchange in Sri Lanka

Directors
Mr. D J Ambani (Co-Chairman)

Mr L J Ambani (Co-Chairman)

Mr. C M O Haglind

Mr. D A D S Wickramanayake

Mr. S A S Jayasundara
(Resigned on 31st December 2024)

Mr L H Munasinghe

Ms S H Munasinghe

Mr K V N De Silva
(Appointed on 1st January 2025)

Secretaries
P W Corporate Secretarial (Pvt) Ltd
No 3/17, Kynsey Road, Colombo 08.
Telephone : 4 897 711 / 4 897 722
Fax : 4 740 588 E mail : pwcs@pwcs.lk

Registered Office
Metrocorp Building, 1st Floor, No. 150 A, Nawala Road,
Nawala, Nugegoda, Sri Lanka.
Telephone : 2 510 000 Fax 2 510 178 E mail : info@bpl.lk

Auditors
BDO Partners
Chartered Accountants
65/2, Sir Chittampalam A Gardiner Mawatha
Colombo 2.

Bankers
Commercial Bank of Ceylon PLC
Hatton National Bank
Nations Trust Bank
Bank of Ceylon
National Development Bank
Sampath Bank
Seylan Bank

Form of Proxy

I/We*...

(NIC / Passport / Company Reg. No. ....) of...

.... being a shareholder/s* of Bogawantalawa

Tea Estates PLC hereby appoint ....

(NIC/Passport No..) of.. or failing him/her*:

Mr. Dinesh Jamnadas Ambani	of Colombo or failing him*
Mr. Lalithkumar Jamnadas Ambani	of Colombo or failing him*
Mr. Carl Michael Oscarsson Haglind	of Sweden or failing him*
Mr. Don Ariyaseela De Silva Wickramanayake	of Colombo or failing him *
Mr. Lalith Hemantha Munasinghe	of Colombo or failing him*
Ms. Subhashini Harshi Munasinghe	of Colombo or failing her *
Mr. Kuda Vidanage Niranjan De Silva	

as my/our * Proxy to vote as indicated hereunder for me/us* and on my/our* behalf at the Thirty Second (32nd) Annual General Meeting of the Company to be held by electronic means on 30th September 2025 and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof:

	For	Against
Ordinary Business		
Resolution 1 To re-elect Mr. L J Ambani who retires by rotation in terms of Article Nos. 89 & 90 of the Articles of Association of the Company, as a Director.		
Resolution 2 To re-elect C M O Haglind who retires by rotation in terms of Article Nos. 89 & 90 of the Articles of Association of the Company, as a Director.		
Resolution 3 To re-elect Mr. K V N De Silva who retires in terms of Article No. 96 of the Articles of Association of the Company, as a Director.		
Resolution 4 To pass the ordinary resolution as set out under item 1.5 of the Notice of Meeting to re-appoint Mr. D J Ambani who is 72 years of age, as a Director of the Company.		
Resolution 5 To pass the ordinary resolution as set out under item 1.6 of the Notice of Meeting to re-appoint Mr. D A de S Wickramanayake who is 75 years of age, as a Director of the Company.		
Resolution 6 To authorize the Directors to determine donations for the ensuing year.		
Resolution 7 To re-appoint Messrs. BDO Partners, Chartered Accountants as Auditors of the Company and authorize the Directors to determine their remuneration.		
Special Business To pass the special resolution as set out under item 2 of the Notice of Meeting to amend the Articles of Association of the Company.		

In witness my/our* hands this .... day of .... Two Thousand and Twenty Five.

....

Signature of Shareholder/s

* Please delete the inappropriate words.
Instructions as to completion appear on the reverse.

INSTRUCTIONS AS TO COMPLETION

1. This Form of Proxy must be deposited at the Registered Office of the Company at Metrocorp Building, 1st Floor, No. 150 A, Nawala Road, Nawala, Nugegoda not less than Thirty Six (36) hours before the time fixed for the Meeting.
2. In perfecting the Form of Proxy please ensure that all details are legible.
3. If you wish to appoint a person other than a Director of the Company as your proxy, please insert the relevant details in the space provided.
4. Please indicate with an 'X' in the space provided, how your proxy is to vote on the resolution. If no indication is given, the proxy in his discretion will vote as he thinks fit.
5. In the case of a Company/Corporation, the proxy must be under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association.
6. In the case of a Proxy signed by an Attorney, the Power of Attorney must be deposited at The Secretaries' Office (i.e. P W Corporate Secretarial (Pvt) Ltd., 3/17, Kynsey Road, Colombo 8) for registration.
7. In the case of joint holders the Form of Proxy must be signed by the first holder..

Metrocorp Building,
1st Floor, 150A, Nawala Road, Nugegoda.
Telephone: +94 11 2510 000 | Fax: +94 11 2510178
E mail: info@bpl.lk | Web: www.bogawantalawa.com

Climate Activator Certified

FAIRTRADE

USDA ORGANIC

LK-BIO-149
Non-EU Agriculture

70005 00L