ANNUAL REPORT
2025/26

BROWNS GROUP
BG
ESTD 1875

Browns
PLANTATIONS
HAPUGASTENNE

CONTENTS

FINANCIAL CALENDAR

	Date of Release
Interim Financial Reports	
Quarter ended 30th June 2025 (Unaudited)	15.08.2025
Quarter ended 30th September 2025 (Unaudited)	17.11.2025
Quarter ended 31st December 2025 (Unaudited)	11.02.2026
Quarter ended 31st March 2026 (Unaudited)	29.05.2026

Meetings	
28th Annual General Meeting	30.06.2021
29th Annual General Meeting	27.06.2022
30th Annual General Meeting	26.09.2023
31st Annual General Meeting	27.09.2024
32nd Annual General Meeting	25.09.2025
33rd Annual General Meeting	22.09.2026

FINANCIAL HIGHLIGHTS

For the year ended 31st March

	Group		
	2026	**2025**	**Variance - %**
Performance period ended (in LKR '000)			
Revenue	4,485,463	4,966,860	(9.69)
Profit before Interest and tax	360,795	893,103	(59.60)
Profit after tax	201,133	339,514	(40.76)
Total comprehensive Income	143,823	683,030	(78.94)
Financial position - as at 31st March (LKR '000)			
Non current assets	9,063,967	8,852,204	2.33
Current assets	1,208,530	1,094,123	10.38
Total assets	10,272,497	9,946,327	3.28
Current liabilities	1,498,344	1,758,365	(14.79)
Shareholders' fund	4,253,282	4,110,424	3.48
Stated capital	550,000	550,000	-
Capital employed	5,079,159	4,718,457	7.64
Key Financial Indicators			
Earnings per share (LKR)	4.32	7.29	(40.69)
Net assets per share (LKR)	91.83	88.75	3.48
Market price of a share (LKR)	54.50	44.90	21.38
Market capitalisation (LKR '000)	2,524,222	2,079,588	21.38
ROCE (%)	6.33%	18.28%	(65.35)
Current ratio (times)	0.81	0.62	30.65

CHAIRMAN'S MESSAGE

Dear Valued Stakeholders,

It is my privilege to present the Annual Report of Hapugastenne Plantations PLC ("HPL" or "the Company") for the financial year ended 2025/26. The year under review proved considerably more demanding than the one before it, testing the resilience of our operations across both the tea and rubber segments, even as we continued to advance our long-term sustainability and investment agenda.

A Year of Continued Recovery and New Challenges

Sri Lanka's broader macroeconomic environment continued to demonstrate resilience during the financial year under review. According to the Central Bank of Sri Lanka's Annual Economic Review 2025, real GDP growth was estimated at 5.0%, marking the second consecutive year of robust positive growth following the country's economic crisis. This enhancement was supported by all three major sectors - Agriculture (1.4%), Industry (7.8%), and Services (3.3%) thus reflecting the breadth of the ongoing recovery.

Inflation, which had been in deflationary territory through much of the first half of 2025, returned to positive territory from August 2025. CCPI-based headline inflation reached 2.1% year-on-year by December 2025, with the annual average at approximately -0.5%. The Central Bank maintained an accommodative monetary policy stance, enabling continued growth in private sector credit and supporting investment activity.

The Sri Lankan Rupee recorded a modest depreciation against the US Dollar during 2025, with the annual average exchange rate moving to approximately LKR 301–306 per USD, compared to LKR 300.89 in 2024. While this provided some relief for export earnings in local currency terms, continued input cost pressures and global price movements moderated the net benefit to plantation companies.

Cyclone Ditwah, which struck on 28th November 2025, caused catastrophic damage across Sri Lanka, claiming over 600 lives, displacing more than 100,000 people, and inflicting estimated physical damage of approximately USD 4.1 Bn (approximately 4% of GDP). Plantation regions in the High and Mid Grown sectors were particularly impacted, with significant damage to infrastructure, worker housing, and agricultural land. The event weighed heavily on production and operations in the final quarter of the financial year, and HPL, in solidarity with the affected communities, contributed to relief and recovery efforts.

On the international front, Sri Lanka successfully completed the Fourth, Fifth, and Sixth Reviews under the IMF's Extended Fund Facility (EFF) arrangement during the year, reflecting the sustained strength of the reform programme. Debt restructuring is nearing completion, and gross official reserves reached USD 6.1 Bn at end-September 2025, further reinforcing macroeconomic stability.

The Plantation Sector - Navigating Headwinds

Tea Industry

Sri Lanka's tea industry continued to operate in a challenging environment during the financial year under review. National tea production for 2025 reached 264.12 Mn kg, a marginal increase of 1.43 Mn kg over the previous year. However, a notable 8.1% volume contraction was recorded in the third quarter of 2025 due to supply-side pressures including rising input costs, labour shortages, and the Cyclone Ditwah impact in the fourth quarter.

National average tea prices experienced downward pressure during the period. The Colombo Auction average declined in both Rupee and US Dollar terms, with the national average price for the full year 2025 falling to Rs. 1,167.72 per kg (USD 3.88 per kg), compared to Rs. 1,225.17 per kg (USD 4.06 per kg) in 2024. The appreciation of the Rupee in certain quarters continued to weigh on auction averages, while global supply-demand dynamics added further pressure on Ceylon Tea prices.

National tea export volumes grew to 257.44 Mn kg in 2025, an increase of 11.65 Mn kg over the prior year, with total export revenue reaching USD 1.51 Bn (Rs. 453.28 Bn). Iraq remained the largest import market for Ceylon Tea, followed by Russia and Türkiye, underscoring the continued importance of Middle Eastern and Eurasian markets.

Rubber Industry

Sri Lanka's rubber industry continued to grapple with more deep-seated, structural challenges during the year under review, in contrast to the cyclical pressures weighing on tea. National rubber production is estimated at approximately 69,200 metric tons for 2025, broadly unchanged from the previous year but reflecting a sustained long-term decline, with the extent under rubber cultivation having contracted to approximately 84,000 hectares, down from over 133,000 hectares a decade earlier. Yields across the major plantation groups have fallen by close to 50% over the past five years, weighed down by an ageing tree stock, disease pressure, and rising labour and agro-chemical costs that have not been matched by corresponding gains in selling prices.

Rubber prices also softened during the period, impacting earnings from HPL's rubber segment, consistent with the broader weakness in domestic latex and Ribbed Smoked Sheet (RSS) prices amid subdued global demand and continued competition from lower-cost producing origins.

National exports of rubber and rubber-based products totalled USD 793.7 Mn for the first ten months of 2025, a decline of approximately 5.9% year-on-year, driven principally by weaker demand for pneumatic and retreaded tyres and tubes, which fell by over 15%, even as exports of industrial and surgical gloves proved comparatively more resilient. These industry-wide headwinds reinforce the importance of continued investment in processing efficiency and product diversification within our rubber segment.

Labour Costs

Labour costs remained a significant structural challenge for the plantation sector. The minimum daily wage for estate workers remained at Rs. 1,350, as gazetted in September 2024, placing continued upward pressure on production costs and profitability across the industry. The national minimum daily wage was further revised upwards to Rs. 1,200 from January 2026, maintaining overall labour cost pressures.

Financial and Operational Performance

The Group recorded a Gross Profit of Rs. 260 Mn for the year under review, compared to Rs. 638 Mn in the previous financial year, a decline of approximately 59%. Profit Before Taxation fell by approximately 75%, from Rs. 626 Mn in 2024/25 to Rs. 153 Mn in the year under review, while total revenue for the year was Rs. 4,485 Mn, down approximately 10% from Rs. 4,966 Mn recorded in the previous financial year. Correspondingly, Group net profit declined to Rs. 201.13 Mn from Rs. 339.51 Mn in the prior year, while Company net profit stood at Rs. 202.99 Mn, compared to Rs. 327.25 Mn in 2024/25.

Tea Production

Total tea sales volume for the year was 3,113,615 kg, a decrease of approximately 12% from 3,576,961 kg in 2024/25, while the Net Sales Average (NSA) per kg held broadly steady at Rs. 1,081.35, compared to Rs. 1,089.19 in the previous year, a marginal decline of 0.7%. On the crop side, estate tea crop for the year was 2,457,276 kg, down approximately 9% from 2,692,121 kg in the previous financial year, while bought leaf declined more sharply, by approximately 22%, to 795,777 kg from 1,024,366 kg. Total tea crop for the year under review was accordingly 3,253,053 kg, a reduction of 12% from 3,716,487 kg recorded in 2024/25.

Top-Performing Estates – Tea

The Company's best-performing tea estates during the year under review were Demodara and Galaboda. Demodara recorded a crop of 439,000 kg and a profit of Rs. 132 Mn, while Galaboda recorded a marginally higher crop of 444,000 kg and a profit of Rs. 69 Mn.

Rubber Production

Total rubber crop for the year was 760,052 kg, down 10% from 848,362 kg in the previous financial year. Latex production fell 10% to 722,453 kg from 804,823 kg, while scrap rubber production declined 16% to 36,144 kg from 43,539 kg. The Company's average rubber Net Sales Average (NSA) stood at Rs. 677.70 per kg for the year under review.

Capital Expenditure

Total capital expenditure for the year was Rs. 259 Mn, broadly in line with the Rs. 260 Mn invested in the previous financial year, reflecting our continued commitment to the long-term productive capacity of our estates even as short-term earnings came under pressure.

Of the total, Rs. 179 Mn was invested in field capital expenditure and the remaining Rs. 80 Mn in non-field capital expenditure.

Strategic Investments and Operational Focus

On the strategic investment front, the renovated Rubber Factory at Galaboda Estate, representing an investment of Rs. 21 Mn, commenced operations during the year under review, a milestone expected to support improved processing efficiency for our rubber segment going forward. We remain committed to continued investment in mechanisation and factory modernisation across our estates, as a means of enhancing efficiency, reducing dependency on manual labour, and strengthening the long-term competitiveness of both our tea and rubber operations.

All of our factories are certified under ISO 22000:2018 for food safety management and ISO 9001:2015 for quality management, while all estates continue to maintain Rainforest Alliance certification, with regular external audits ensuring continued compliance.

Sustainable Plantation Operations

As part of our continued commitment to sustainability and renewable energy, the solar power projects at Hapugastenne Tea, Galaboda, Alupola and Shawlands Estates were successfully completed and connected to the national grid during the year under review. In addition, the solar power projects at Oodowerre and Hatherleigh Estates are nearing completion and are expected to be commissioned shortly. These initiatives reflect our continued focus on enhancing energy efficiency, reducing our environmental footprint, and creating long-term value through sustainable operations.

Several estates, including Bibile, Adawatte, Dammeria B, Oodoowerre, and Madampe, have also established dedicated ground reservoirs and storage facilities for rainwater harvesting, further strengthening water security and environmental resilience across our operations.

Community Engagement

Our estates and the communities that surround them are deeply interconnected. HPL continued to invest in community welfare, infrastructure support, and skills development during the year under review. The welfare of our workforce — a significant proportion of whom reside in estate communities — remains a priority for the Company.

Following Cyclone Ditwah, we actively supported affected estate and surrounding communities, contributing to relief efforts and assisting in the restoration of essential services. We are proud of the solidarity demonstrated by our management and workforce during this difficult period.

Governance and Leadership

During the year under review, there were changes to the composition of the Board. Mr. N. Nanayakkara was appointed as an Executive Director with effect from 2nd April 2026, Mr. K. Sivanesan was appointed as an Independent Non-Executive Director with effect from 7th August 2026, while Mr. D. J. Ratwatte, Chief Executive Officer/Executive Director, resigned from the Board with effect from 31st March 2026. On behalf of the Board, I extend our sincere appreciation to Mr. Ratwatte for his contribution to the Company, and I warmly welcome Mr. N. Nanayakkara and Mr. K. Sivanesan to the Board. We remain committed to upholding strong corporate governance practices, in line with the listing rules of the Colombo Stock Exchange and the requirements of the Securities and Exchange Commission of Sri Lanka.

Further to the above, Mr. G.D.V. Perera, one of the Executive Directors of the Company, was appointed as the Chief Executive Officer with effect from 2 April 2026, following the resignation of Mr. D.J. Ratwatte. We extend our warmest congratulations to Mr. G.D.V. Perera on his appointment and look forward to his leadership and valuable contribution towards driving the Company's continued growth and success.

Future Outlook

The year under review was undeniably a challenging one, with declines across most of our key operational and financial indicators reflecting difficult conditions facing the broader Sri Lankan tea and rubber industries, including lower crop volumes and continued cost pressures. Nevertheless, the Board and management remain committed to our long-term strategy. Our continued investment in renewable energy, factory modernisation and productivity-enhancing initiatives during a difficult year reflects our confidence in the fundamentals of our business and our determination to position HPL for a stronger recovery as market conditions improve. We remain cautiously optimistic and are confident in our ability to continue delivering value to our shareholders, employees and the nation over the long term.

Appreciation

I take this opportunity to extend my sincere appreciation to my fellow Directors on the Board for their insightful guidance, strategic foresight and steadfast support throughout a challenging year under review.

I would also like to express my appreciation to the management team for their resilience and strategic vision in navigating a difficult operating environment. Equally, my gratitude goes to all our employees, whose commitment and hard work remain the foundation of our business.

Finally, I acknowledge our customers, partners, communities, regulators and shareholders for the continued trust placed in the Company, and for their support as we work to overcome challenges, make innovative investments, and create long-term value for all our stakeholders.

Dr. P. S. H. Uluwaduge
Chairman

Colombo
28th August 2026

OPERATIONS REVIEW

Hapugastenne Plantations PLC manages 16 reputed estates for Tea, Rubber and Cinnamon, with a total cultivation area exceeding 5,329.43 hectares. These estates are spread across various agro-climatic regions of Sri Lanka, contributing to the diversity of the Company's produce.

The financial year 2025/26 was a considerably more difficult year for Hapugastenne Plantations PLC (HPL) than the year before. Having navigated a broadly favourable operating environment in 2024/25, the Company faced a sharper set of headwinds this year: tea and rubber crop volumes fell across the board, the return of inflation and a weaker Rupee added to input costs in the second half of the year, and profitability came under significant pressure, with gross profit and profit before taxation both falling by more than half. Cyclone Ditwah, the worst storm to strike Sri Lanka in a century, caused severe disruption to the central highlands in late 2025, directly affecting many of the districts in which HPL's estates are located. Despite this, the Company continued to invest at pace in mechanisation, factory modernisation and renewable energy, and saw a change in its senior leadership during the year.

Global Economic Landscape

The global economy continued on a modest but uneven growth path through 2025. According to the IMF's October 2025 World Economic Outlook, global growth eased to around 3.2%, down from 3.3% in 2024, with growth in advanced economies holding near 1.5% and emerging market and developing economies expanding just above 4%. Global headline inflation continued to ease, falling to an estimated 4.5% in 2025 from 5.9% in 2024, with further moderation expected in 2026 as central banks in advanced economies converged more quickly toward target than their emerging-market counterparts.

Growth trends across advanced economies remained mixed. The United States remained relatively resilient on the back of consumer spending, though renewed and shifting US tariff measures, alongside broader policy uncertainty, weighed on investment and trade flows as the year progressed. The euro area saw a fragile recovery aided by disinflation and early interest-rate cuts. China's growth continued to soften moderately, weighed down by ongoing weakness in the property sector and subdued domestic consumer confidence, despite fiscal stimulus measures.

Several significant risks shaped the year under review. Heightened geopolitical tensions, including continuing conflict in the Middle East, exerted pressure on energy prices and global supply chains. Renewed trade disputes and tariff-related policy uncertainty presented further headwinds to global growth and investment flows. Inflationary pressures, while easing overall, persisted in some economies, and several central banks kept interest rates higher for longer than initially anticipated. Emerging markets, in particular, contended with tighter financial conditions and currency volatility. Longer-term structural challenges — elevated debt levels, the fiscal costs of ageing populations, and the demands of climate adaptation — continued to complicate the policy environment, alongside the disruptive potential of artificial intelligence on productivity and labour markets.

Global Tea Industry Overview

The global tea industry recorded stronger growth in 2025 than in the previous year. According to industry data, total global tea production reached approximately 7.27 Mn metric tonnes, a 2.5% increase over 2024's 7.09 Mn tonnes. China remained the dominant producer, with output of around 3.92 Mn tonnes (up 4.8% year-on-year), representing close to 54% of global production, followed by India at approximately 1.37 Mn tonnes (18.9%) and Kenya at around 549,000 tonnes (7.6%) — together, these three countries continued to account for more than 80% of global tea production. Global tea exports from producing countries rose by an estimated 2.1% to around 2.01 Mn tonnes, with Kenya remaining the leading exporter.

Estimates of the global tea market's overall value continued to vary widely across research providers depending on scope and methodology, with 2025 figures ranging from roughly USD 27 Bn to over USD 100 Bn, and projected CAGRs of between 4.5% and 7.4% through the next decade. Black tea remained dominant in global consumption, though green, herbal and specialty teas continued to gain market share, driven by increasing health consciousness and evolving consumer preferences. Sustainability considerations — including demand for organic, fair-trade and ethically sourced teas, together with a shift toward eco-friendly packaging — remained an important industry focus. Climate change continued to affect major tea-producing nations, including India and Sri Lanka, through erratic weather patterns, while ongoing geopolitical tensions, including conflict in the Middle East and continued disruption in the Red Sea, added further pressure to shipping costs and supply chains.

Global Rubber Industry Overview

The global rubber industry again faced a persistent supply-demand imbalance during 2025. According to the Association of Natural Rubber Producing Countries (ANRPC), global natural rubber production was expected to rise only marginally, by around 0.3% to approximately 14.9 Mn tonnes, while demand was projected to grow more quickly, by 1.8% to around 15.6 Mn tonnes — a shortfall of more than 665,000 tonnes and the fifth consecutive year of global deficit. Indonesia, the world's second-largest producer, was expected to see a substantial production decline of around 9.8% as farmers continued shifting toward more profitable crops such as oil palm, while Vietnam's output was expected to fall by a further 1.3%. Thailand, the largest producer, was one of the few major producers expected to grow output, by around 1.2%. Demand growth remained concentrated in China and India, with consumption in these two markets projected to rise by 2.5% and 3.4% respectively.

This persistent structural deficit continued to support elevated prices through much of the year, following the 13-year price high reached in late 2024. Estimates of the overall global rubber market's value for 2025 ranged broadly from approximately USD 48 Bn to USD 58 Bn across research providers, with most projecting continued expansion at CAGRs of between 4% and 8% over the next decade, driven by sustained demand from the automotive, construction and industrial manufacturing sectors, as well as growing use in medical and healthcare applications. Synthetic rubber continued to account for the larger share of the combined market by value, supported by ongoing demand from tyre manufacturing and the expanding electric-vehicle sector.

Sri Lankan Economic Landscape

Sri Lanka's economic recovery extended into a second consecutive year, with GDP growing by 5.0% in 2025, matching the strong growth recorded in 2024, according to the Department of Census and Statistics. Growth was led by the Industry sector, which expanded by 7.8%, followed by Services at 3.3%, while Agriculture recorded more modest growth of 1.4%, again underlining the sector-specific pressures facing plantation agriculture even as the wider economy strengthened. Growth momentum eased somewhat toward the end of the year, slowing to 4.8% in the fourth quarter from 5.4% in the third, as Cyclone Ditwah's disruption weighed on agricultural and industrial activity in the worst-affected provinces.

The inflation picture reversed course during the year under review. Having ended 2024 in deflation, and after troughing as low as -4.2% in February 2025, consumer prices returned to positive territory in August 2025 for the first time in eleven months, and headline inflation settled at 2.1% by December 2025 — still below the Central Bank's 4–6% target band, but a marked change from the deflationary conditions of the previous financial year. The Sri Lankan Rupee, having appreciated for two consecutive years through 2023 and 2024, gave back some of those gains during 2025, depreciating by 5.6% against the US Dollar for the year as a whole, which added to the cost of imported agrochemicals, machinery and fuel.

The most consequential development for the plantation sector was the landmark wage agreement signed in January 2026, raising the daily wage for estate workers from Rs. 1,350 to Rs. 1,750 — a Rs. 1,550 basic wage plus a Rs. 200 government-funded attendance allowance — effective from 1 January 2026, following through on a proposal in the 2026 Budget. This came on top of the substantial wage increase implemented in October 2024, representing a second major escalation in labour costs within eighteen months for this labour-intensive sector.

In late November and early December 2025, Cyclone Ditwah — described as the worst storm to strike Sri Lanka in a century — brought severe flooding and landslides to the central highlands, prompting a state of emergency across 22 of the country's 25 districts. The tea-growing districts of the central and Uva provinces were among the hardest hit, with widespread damage to roads, worker housing and estate infrastructure, and estimated national economic losses of up to USD 7 Bn, or roughly 7% of GDP. While industry bodies noted that damage to tea factories themselves was comparatively contained, the disruption to harvesting, transport and worker welfare was severe and fell during the peak of the December cropping period.

Sri Lanka Tea Industry Highlights

Sri Lanka's tea sector had a mixed year in 2025. National production for the first ten months of the year reached an estimated 220.98 Mn kg, up 3.3 Mn kg year-on-year, and the Tea Exporters Association of Sri Lanka had targeted export earnings of USD 1.5 Bn for the full year, building on 2024's record USD 1.435 Bn. However, momentum weakened as the year progressed: the third quarter saw an 8.1% year-on-year contraction in national 'Made tea' production amid rising input costs, labour shortages and constrained replanting, even as export volumes grew by 13.1% during the quarter on strong demand from markets including Iraq and Turkey. The average Colombo auction price eased by 3.6% during the quarter, from Rs. 1,207.94 to Rs. 1,164.21 per kilogram. The most significant disruption came in December 2025, when Cyclone Ditwah caused extensive damage across the central highlands' tea-growing districts, clouding the outlook for full-year national production and export earnings.

Sri Lankan Rubber Sector Highlights

The Sri Lankan rubber sector continued to face structural headwinds through 2025. National production remained under 71,000 tonnes annually, with the country ranking around 12th globally, well behind the leading Asian producers. Industry data pointed to a broader decline in plantation productivity nationally, with yields at several major rubber-growing groups falling to between roughly 600 and 660 kg per hectare during the year, down sharply from over 1,200–1,380 kg per hectare in 2020, reflecting ageing tree stock and rising production costs. Export earnings from rubber and rubber-based finished products eased by an estimated 5.6% to approximately USD 946 Mn in 2025, compared with USD 994 Mn in 2024, largely due to weaker demand for tyres and tubes, even as gloves and other value-added products continued to perform relatively well. Industry bodies have set a recovery target of USD 1.1 Bn in rubber export earnings for 2026.

Company's Business Operations

HPL entered the financial year 2025/26 following a comparatively strong prior year, but conditions proved considerably more difficult as the year progressed. Both the tea and rubber segments recorded double-digit declines in crop volumes, reflecting a combination of adverse weather - including the impact of Cyclone Ditwah in the central highlands - tighter input availability, and the broader pressures facing Sri Lanka's plantation sector. Despite these challenges, the Company continued to prioritise operational efficiency, disciplined field practices, and continued investment in mechanisation and renewable energy. There was a change in senior leadership form the April 2026.

Tea Segment Review

Total estate (green leaf) production declined by 9% to 2,457,276 kg during the year under review, from 2,692,121 kg in the previous financial year, reflecting the combined effects of adverse weather, including Cyclone Ditwah, and broader input cost pressures across the sector. Bought leaf crop recorded a sharper decline of 22%, falling to 795,777 kg from 1,024,366 kg in the prior year, consistent with the wider scarcity of green leaf reported across the industry. As a result, total tea production across all factories fell by 12% to 3,253,053 kg, from 3,716,487 kg in 2024/25.

Total tea sales volume declined by 12% to 3,113,615 kg, from 3,576,961 kg in the previous financial year, broadly in line with the fall in production. The Company's Net Sales Average (NSA) held up relatively well against this backdrop, easing only marginally by 0.7% to Rs. 1,081 per kilogram, from Rs. 1,089 in the prior year, reflecting continued price resilience even as national auction prices softened through the second half of the year.

Rubber Segment Review

The Company's rubber production also declined during the year, continuing the broader downward trend affecting Sri Lanka's national rubber output. Latex production fell by 10% to 722,453 kg, from 804,823 kg in the previous financial year, while scrap production declined by 16% to 36,144 kg, from 43,539 kg. Total rubber crop accordingly fell by 10% to 760,052 kg, from 848,362 kg in 2024/25.

The renovated rubber factory at Galaboda Estate commenced operations during the year, following an investment of Rs. 21 Mn, and is expected to support processing efficiency and product quality for the segment going forward.

Financial Performance

The decline in crop volumes, combined with softer pricing and rising input costs during the second half of the year, translated into a marked deterioration in profitability. Total revenue fell by 9.6% to Rs. 4,485 Mn, from Rs. 4,966 Mn in the previous financial year. Gross profit declined more sharply, by 59%, to Rs. 260 Mn, from Rs. 638 Mn, while profit before taxation fell by 75.2% to Rs. 153 Mn, from Rs. 626 Mn — a disproportionate decline relative to the fall in revenue and volumes, reflecting significant margin compression as costs, including labour, rose faster than realised prices.

Strategic Investments

Despite the pressure on profitability, HPL maintained its capital investment programme broadly in line with the previous year, deploying Rs. 259 Mn during 2025/26 compared with Rs. 260 Mn in 2024/25, underscoring the Company's continued commitment to long-term operational resilience even in a difficult year.

As part of its commitment to sustainability and renewable energy, the solar power projects at the Happugastenne Tea, Galaboda

Tea, Alupola and Shawlands Estates were successfully completed and connected to the national grid during the year. In addition, solar power projects at the Oodoowerra and Hatherleigh Estates are nearing completion and are expected to be commissioned shortly. These initiatives reflect the Company's continued focus on enhancing energy efficiency, reducing its environmental footprint and creating long-term value through sustainable operations. In the rubber segment, the renovated rubber factory at Galaboda Estate commenced operations following an investment of Rs. 21 Mn, supporting processing efficiency and product quality.

Climate Change

Climate variability continued to pose a material risk to HPL's plantation operations during 2025/26, most visibly through the direct impact of Cyclone Ditwah on the Company's estates and the wider central highlands in late 2025. Beyond this single severe event, the Company continues to face the more gradual challenges associated with rising temperatures, water scarcity, soil degradation, and disrupted planting and harvesting cycles, all of which threaten yields and supply chain stability over the longer term. In response, HPL remains focused on strengthening the climate resilience of its estates, including through continued investment in renewable energy and mechanisation that reduces the Company's reliance on increasingly costly and disrupted manual labour and diesel-powered operations.

SUSTAINABILITY REVIEW

At Hapugastenne Plantations PLC (HPL), sustainability is deeply embedded in the way we conduct our business and shape our future. It is a strategic priority that guides our decision-making, operational practices, and long-term growth. Our commitment to environmental responsibility, social progress, and economic sustainability enables us to create lasting value for our stakeholders while preserving natural resources for future generations.

Our sustainability strategy is built around the issues that matter most to both the Company and our stakeholders. Through continuous engagement with employees, customers, regulators, communities, and other stakeholder groups, our sustainability team works collaboratively to strengthen partnerships and drive meaningful progress.

Throughout the year, we remained focused on creating value by enhancing employee well-being, promoting a safe and inclusive workplace, conserving biodiversity, managing natural resources responsibly, and supporting the development of the communities in which we operate. These initiatives reinforce our commitment to delivering sustainable outcomes for our people, the environment, and society.

Commitment to Sustainability Excellence

HPL believes that maintaining internationally recognized certifications is an important demonstration of our commitment to responsible business practices and continuous improvement. These certifications provide assurance to our stakeholders that our plantation operations consistently meet globally accepted environmental, quality, and food safety standards.

All estates continue to maintain Rainforest Alliance certification, with regular external audits ensuring continued compliance. In addition, every factory is certified under ISO 22000:2018 for food safety management and ISO 9001:2015 for quality management, reflecting our ongoing commitment to operational excellence, product quality, and continuous improvement.

Protecting Children and Their Rights

Safeguarding children's rights remains a fundamental responsibility of HPL. Our Child Labour Policy is reinforced through awareness programmes conducted for employees and members of the surrounding communities. We also monitor school attendance to encourage regular education and identify potential risks of school dropouts at an early stage.

Estate Management works closely with Grama Niladhari officers, school principals, and police officers to ensure timely intervention whenever necessary. These collaborative efforts extend beyond the children of our employees to include children living in neighbouring communities, helping protect their right to education and overall well-being.

Environmental Stewardship

Environmental sustainability continues to be a key pillar of our operations. We consistently strengthen our environmental practices to address emerging challenges while promoting responsible resource management, innovation, and collaboration. Our objective is not only to minimize environmental impacts but also to create positive and lasting environmental outcomes.

Alignment with the Sustainable Development Goals (SDGs)

HPL remains committed to supporting the United Nations Sustainable Development Goals (SDGs). Our sustainability initiatives are aligned with internationally recognized priorities that promote environmental conservation, social development, and sustainable economic growth. These efforts contribute to building resilient communities while supporting responsible plantation management.

Preserving Biodiversity

Protecting biodiversity remains central to our environmental strategy. During the year, nearly 800 indigenous trees, including Kumbuk, Mee, Karanda, Avocado, and Jack, were planted across our estates to strengthen ecosystems, improve wildlife habitats, and enhance ecological resilience.

We also commenced the development of a wildlife corridor connecting the Sinharaja Forest Reserve with Depedene Estate. This initiative is designed to facilitate the safe movement of wildlife while supporting regional biodiversity conservation and ecological restoration.

Water Resource Management

Recognizing the increasing importance of water conservation in sustainable agriculture, HPL continues to invest in effective water management initiatives that enhance climate resilience and improve resource efficiency.

Pilot projects incorporating lock-and-spill technology have been introduced to improve rainwater retention within tea fields. At the same time, existing water storage facilities have been expanded to ensure a reliable water supply for irrigation and essential agricultural activities, including agrochemical applications.

Several estates, including Bibile, Adawatte, Dammeria B, Oodoowerre, and Madampe, have established dedicated ground reservoirs and storage facilities for rainwater harvesting. These investments strengthen water availability while supporting responsible water use throughout our plantation operations.

During the year under review, our rainwater harvesting programme successfully collected nearly 80,000 cubic meters of rainwater, contributing significantly to climate resilience and sustainable water resource management.

Soil Conservation

Maintaining healthy and productive soils is fundamental to sustainable plantation management. HPL regularly conducts soil testing to assess nutrient levels, soil acidity, and potential contamination, enabling targeted interventions that address the specific requirements of each estate.

Our soil conservation programme follows Good Agricultural Practices (GAP), incorporating erosion prevention measures, organic matter enhancement, and sustainable cultivation methods. These initiatives are further supported through awareness programmes and voluntary community activities that encourage responsible land management among employees and neighbouring communities.

By protecting soil quality, we enhance agricultural productivity while preserving ecosystem health and ensuring the long-term sustainability of our plantation operations.

Energy Management

As part of our commitment to reducing environmental impacts, HPL is actively pursuing opportunities to increase the use of renewable energy while reducing dependence on fossil fuels.

At Hapugastenne Plantations PLC, we completed the installation of an 811 kW DC capacity solar power project in 2025. The project is expected to reduce annual CO_2 emissions by 695.16 tCO_2, deliver environmental benefits equivalent to planting 11,587 trees, and save approximately 124.70 tons of coal per year. This initiative further strengthened our commitment to expanding the use of renewable energy while reducing our environmental impact.

Supporting these renewable energy initiatives, we implemented a comprehensive carbon emissions data collection programme to establish a robust baseline for monitoring greenhouse gas emissions. This programme laid the foundation for achieving formal carbon footprint certification in the medium term. Collectively, these initiatives demonstrated our continued commitment to

Managing Climate Change

Strengthening climate resilience remains a strategic priority. During the year, HPL initiated the implementation of a comprehensive carbon emissions data collection system to accurately measure and monitor greenhouse gas emissions across our operations.

This initiative will support future carbon footprint certification while enabling the Company to establish measurable emission reduction targets aligned with internationally recognized climate standards. These actions reinforce our commitment to climate action, operational efficiency, and long-term environmental sustainability.

Waste Management

Responsible waste management remains an integral component of our environmental stewardship. Our waste management strategy is centred on the principles of reducing, reusing, and recycling materials while ensuring proper waste segregation and environmentally responsible disposal practices.

These initiatives minimise landfill waste, improve resource efficiency, and support a circular approach to resource utilisation throughout our operations.

During the reporting period, HPL continued to strengthen employee and community awareness through comprehensive waste management education programmes. By encouraging environmentally responsible behaviour, we seek to foster sustainable practices that extend beyond our workplaces and contribute to healthier communities.

Supporting Our Employees

Our employees remain our greatest strength, and their health, safety, and well-being continue to be among our highest priorities. Guided by our "Always Safe Culture," HPL is committed to maintaining a workplace where every employee returns home safely each day.

Supported by strong leadership, the Company strives to achieve a zero-harm and zero-accident workplace by embedding safety into every operational activity, meeting, and business decision. Safety is regarded as a fundamental value that is never compromised for operational or financial reasons.

Workforce Health and Safety

HPL continues to strengthen workplace safety through comprehensive training and leadership development. The Company's "Always Safe Leadership" programme is mandatory for estate workers, factory employees, field officers, and welfare personnel, ensuring that all participants obtain certification and develop a thorough understanding of occupational health and safety requirements.

By equipping employees with the necessary knowledge and skills, the programme encourages proactive risk management, accident prevention, and shared responsibility for maintaining a safe working environment across all operations.

FINANCIAL REVIEW

The Group recorded a net profit after tax of LKR 201 million for the year ended 31st March 2026, despite operating in a challenging business environment. Revenue for the year amounted to LKR 4.49 billion, reflecting a 9.7% decrease compared to the previous year. The decline in revenue and profitability was primarily attributable to prevailing market conditions and challenging operating conditions. Nevertheless, continued focus on operational efficiency, disciplined cost management and prudent resource allocation enabled the Group to maintain profitability and strengthen its financial resilience.

Summary of key financial performance indicators:

			2025/26	2024/25	2023/24	2022/23	2021
Revenue	Revenue	(LKR Mn)	4,485	4,967	4,905	6,461	3,711
	Revenue growth	(%)	(9.7)	1.2	(31.7)	42.6	14.7
Profitability	Net profit after tax	(LKR Mn)	201	340	72	668	157
	EBIT margin	(%)	8.0	18.0	18.5	17.2	5.3
	Net profit margin	(%)	4.5	6.8	1.5	10.3	4.2
	Return on Equity	(%)	4.8	8.9	2.1	31.8	23.0
Liquidity	Current ratio	(times)	0.8	0.6	0.5	0.4	0.3
	Cashflow from operations	(LKR Mn)	(389)	(111)	471	547	185
	Debt/Capital ratio	(%)	26.5	24.4	31.3	29.2	70.4
	Interest cover	(times)	1.5	3.2	2.2	2.5	0.9
Efficiency	Assets turnover	(times)	0.4	0.5	0.6	1.0	0.8
Investments	Capital expenditure	(LKR Mn)	259	260	184	231	90
	Capital expenditure	(as a % of total assets)	2.5	2.6	2.1	2.9	1.9

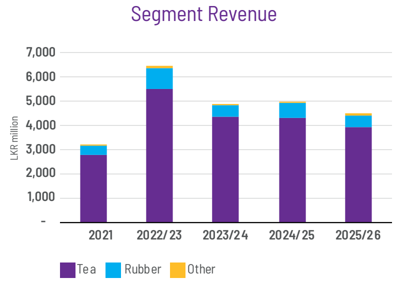
Segmental review:

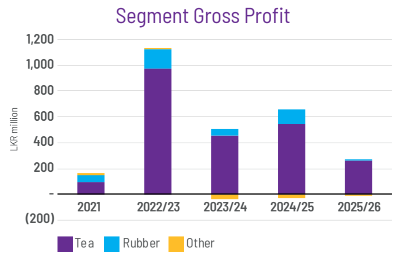
Tea:

The Group's revenue attributable to tea amounted to LKR 3,920 Mn for the year ended 31st March 2026, reflecting a decline of 9.4% compared to the previous year. The average selling price remained relatively stable at LKR 1,081 per kilogram, compared to LKR 1,089 per kilogram in the previous year, while sales volumes declined by 13.0% to 3,114 MT. Total tea production decreased to 3,255 MT from 3,719 MT in the previous year. The reduction in production and sales volumes resulted in gross profit declining to LKR 264 Mn from LKR 543 Mn. Despite the challenging performance during the year, the Tea segment remained the Group's primary revenue contributor, accounting for approximately 87% of the Group's revenue during the year under review.

Rubber:

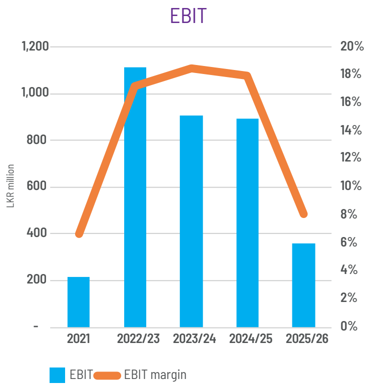
The Group's revenue from rubber amounted to LKR 513 Mn for the year ended 31st March 2026, reflecting a decline of 14.1% compared to the previous year. The average selling price decreased by 2.8% to LKR 678 per kilogram, while sales volumes declined by 12.4% to 749 MT, in line with the reduction in production to 759 MT from 848 MT in the previous year. These combined volume and price pressures, together with increased cost pressures, resulted in a significant decline in segment profitability, with gross profit reducing to LKR 7 Mn from LKR 120 Mn in the previous year. Rubber contributed approximately 11% to the Group's total revenue during the year under review.





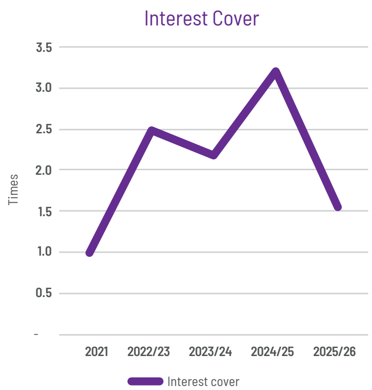
EBIT:

The Group recorded an EBIT of LKR 361 Mn for the year ended 31st March 2026, reflecting a significant decline of 59.6% compared to the previous year. The EBIT margin decreased to 8.0% from 18.0% in the prior year, primarily due to lower revenue, reduced production and sales volumes, and increased cost pressures during the year.



Finance cost:

The Group's finance costs decreased by 16% to LKR 234 Mn for the year ended 31st March 2026, compared to LKR 279 Mn in the previous year, reflecting the continued management of the Group's financing obligations. However, the significant decline in operating earnings resulted in interest cover reducing to 1.5 times from 3.2 times in the previous year. The Group continued to closely manage its financing requirements and maintain prudent financial discipline during the year.



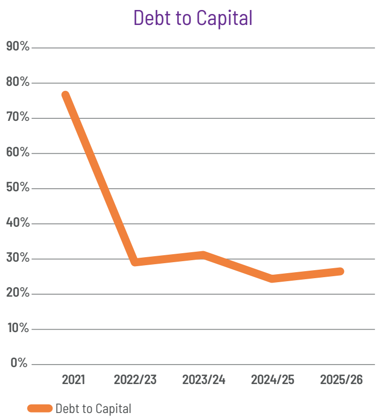
Taxation:

The Group tax reversal for the year amounted to LKR 47 Mn, reflecting a deferred tax reversal during the year, compared to a deferred tax charge of LKR 287 Mn in the previous year. The movement primarily reflects changes in the temporary differences arising from the Group's assets and liabilities during the year.

Capital Structure:

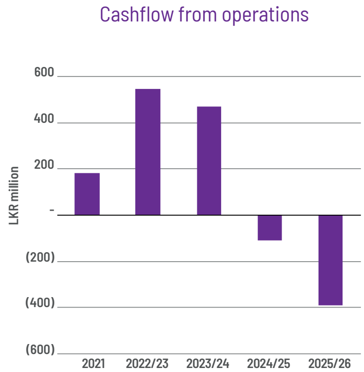
The Group's total borrowings stood at LKR 1,550 Mn as at 31st March 2026, reflecting a 15.6% increase compared to the previous year. The increase in borrowings was primarily attributable to bank financing obtained during the year to facilitate the settlement of intercompany balances.

Funds attributable to equity shareholders increased by 3.5% to LKR 4,291 Mn, further strengthening the Group's capital base and supporting its financial stability.



Liquidity and Working Capital :

The Group's net cash flow from operating activities amounted to a negative LKR 389 Mn for the year ended 31st March 2026, compared to a negative LKR 111 Mn in the previous year. The current ratio improved to 0.8 times from 0.6 times, reflecting an improvement in the Group's short-term liquidity position.



Assets:

Total assets of the Group increased by 3.3% to LKR 10.27 Bn as at 31st March 2026, compared to LKR 9.95 Bn in the previous year. The increase in the asset base was primarily attributable to the fair value gain on consumable biological assets amounting to LKR 0.44 Bn and the capitalisation of field development costs of LKR 0.18 Bn during the year, reflecting the Group's continued investment in the development and enhancement of its plantation assets.

Biological Assets:

Biological assets, comprising tea, rubber, cinnamon, ancillary crops and timber plantations, represented approximately 48% of the Group's total assets as at 31st March 2026. The increase in biological assets during the year was primarily attributable to a gain of LKR 346 Mn arising from the fair valuation of consumable biological assets and an increase of LKR 179 Mn arising from field development activities. These assets continue to represent a significant component of the Group's asset base and remain fundamental to its long-term sustainability and future revenue generation.

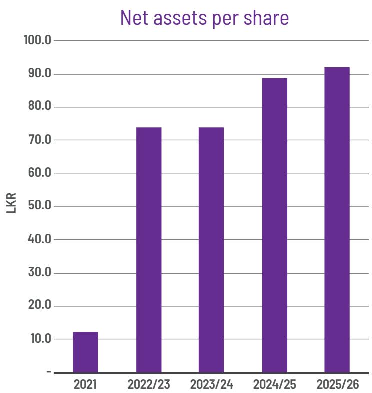
Capital expenditure:

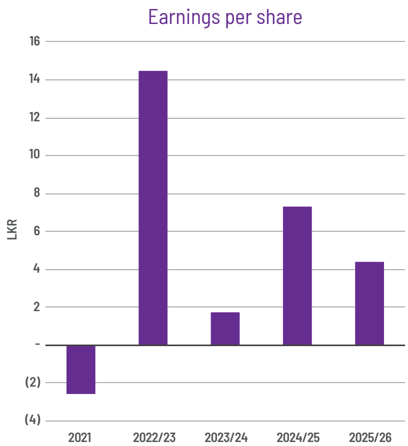
Capital expenditure in the year under review amounted to LKR 259 Mn.

Shareholder returns:

Earnings per share for the year decreased to Rs. 4.32 from Rs. 7.29 in the previous reporting period, reflecting the decline in the Group's profitability during the year. In contrast, net assets per share increased to Rs. 91.83 from Rs. 88.75, representing a 3.5% improvement and reflecting the continued strengthening of the Group's net asset base.

The closing market price of the Company's shares increased to Rs. 54.50 from Rs. 44.90 in the previous reporting period, representing a 21.4% increase. Return on equity decreased to 4.76% from 8.92%, in line with the lower





STATEMENT OF CORPORATE GOVERNANCE

Overview

The Board of Directors of Hapugastenne Plantations PLC recognises that the adoption and consistent application of sound corporate governance practices are fundamental to ensuring the Company's long-term sustainability and value creation. Therefore, in discharging its responsibilities, the Board ensures that appropriate governance structures, policies, and processes are in place to support effective oversight, risk management, and compliance with applicable legal and regulatory requirements.

The Company's corporate governance framework establishes a structured and disciplined approach to decision-making, and accountability. It provides a clear definition of roles and responsibilities between the Board, its committees, and management, thereby ensuring effective stewardship of the Company's affairs, whilst ensuring highest standards of integrity, transparency, and accountability in all aspects of its operations.

This Statement of Corporate Governance outlines the key structures, policies, and practices adopted by the Company to ensure effective governance throughout the financial year under review.

In conducting its affairs, the Company complies with the applicable provisions of the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange (CSE), rules and directives issued by the Securities and Exchange Commission of Sri Lanka (SEC), and other relevant laws and regulations governing its operations.

The Board of Directors

The Board is committed to maintaining the highest standards of corporate governance and regularly reviews the Company's governance practices to ensure alignment with evolving regulatory requirements and recognised best practices. In discharging its responsibilities, the Board is supported by a formal governance framework comprising Board-approved policies, charters and procedures governing matters relating to Board effectiveness, Board Committees, risk management, internal controls, business conduct and ethics, related party transactions, stakeholder engagement, corporate disclosures, whistleblowing and anti-bribery and corruption.

Through this framework, the Board seeks to ensure that the Company conducts its business in a responsible, transparent, and ethical manner while safeguarding the interests of shareholders and other stakeholders.

As at date, the Board comprises Eleven directors, including Eight Non-Executive Directors (NEDs) three of whom are Independent Directors (IDs) and three Executive Directors (EDs).

Profiles of the Directors, including their qualifications, experience, and areas of expertise, are set out on pages 53 to 57 of this Annual Report.

Board Charter

The Board Charter sets out the role, responsibilities, powers and functions of the Board of Directors and serves as the foundation of the Company's corporate governance framework. The Charter provides guidance on the matters reserved for the Board and establishes the framework within which the Board exercises leadership, governance and oversight of the Company.

The Board is responsible for providing strategic direction, ensuring effective governance and safeguarding the long-term interests of shareholders and other stakeholders. In discharging its responsibilities, the Board oversees the Company's business strategy, financial performance, risk management framework, internal control systems, sustainability initiatives and succession planning.

The Charter also establishes the responsibilities of the Company Secretary, the procedures relating to Board meetings and decision-making, standards of ethical conduct and requirements relating to Board composition, independence and performance evaluation.

The Board delegates specific responsibilities to Board Sub Committees while retaining overall responsibility for the stewardship and governance of the Company. Each Committee operates under Board-approved Terms of Reference, which clearly define its authority, responsibilities and reporting obligations. The Chairpersons of the respective Committees regularly report to the Board on matters considered and recommendations made.

The Board reviews the Charter and the Terms of Reference of its Committees periodically to ensure continued relevance.

Sub Committees

The Board has delegated specific responsibilities to its Sub-Committees under clearly defined Terms of Reference approved by the Board. This structured approach enables the effective incorporation of specialised expertise into Board deliberations, with Sub-Committees undertaking focused reviews and making considered recommendations to the Board, or exercising delegated authority where appropriate.

The establishment of these Sub-Committees enhances the Board's ability to effectively monitor key areas of the Company's operations, risk management processes, and internal control environment, while ensuring greater depth and rigour in governance oversight.

Accordingly, the Board has constituted the following subcommittees:

- The Board Audit Committee
- The Related Party Transactions Review Committee
- The Nominations & Governance Committee
- The Remuneration Committee

The composition and mandates of these Sub-Committees are determined in accordance with relevant regulations and terms of reference. Detailed reports of the respective Committees are included in this Annual Report on pages 40, 43, 44 and 59.

The Board Sub-Committees are empowered to seek any information required in the discharge of their responsibilities and have unrestricted access to management. They are also authorised to obtain independent professional advice, where necessary, at the Company's expense, and to invite members of senior management or other relevant personnel to attend meetings.

Board & Committee Meetings

The Board and its Audit and Related Party Transactions Review Committees meets at least once every quarter and its Nomination & Governance Committee and Remuneration Committees at least once every financial year and additionally as required to discharge its responsibilities. Provision is made for participation online where necessary and considered for purposes of quorum.

Meeting attendance of Directors who served the Board/ Committees during the financial year:

Director	Position	Board	BAC	RPTC	NGC	RC
Dr. P. S. H. Uluwaduge	Non-Executive/ Chairman	4/4	-	-	1/1	-
Mr. D. J. Ratwatte* (r.w.e.f. 31.03.2026)	Executive Director (CEO)	3/4	-	-	-	-
Mr. D. S. K. Amarasekera	Non-Executive Director	4/4	-	-	-	1/1
Ms. V. G. S. S. Kotakadeniya	Non-Executive Director	4/4	4/4	4/4	-	-
Mr. M. Gunawardena	Non-Executive Director	4/4	-	-	-	-
Mr. G. D. V. Perera	Executive Director	4/4	-	-	-	-
Mr. A. S. Perera	Executive Director	4/4	-	-	-	-
Mr. T. Dharmarajah	Independent Director	4/ 4	4/4	4/4	1/1	1/1
Mr. U. H. E. Silva	Independent Director	4/4	4/4	4/4	1/1	1/1
Dr. K. Mohottige	Independent Director	2/4	-	-	-	-
Mr. N. Nanayakkara (a.w.e.f. 02.04.2026)	Executive Director	-	-	-	-	-
Mr. K. Sivanesan (a.w.e.f. 07.08.2026)	Independent Director	-	-	-	-	-

The Board ensures that sufficient time and attention are devoted to the effective discharge of its duties and responsibilities and adequate time is being allocated to facilitate comprehensive and constructive discussions. In carrying out its responsibilities, the Board ensured that meetings are carried out giving due regard for the interests of shareholders and the Company.

Minutes of Sub-Committee meetings are regularly tabled before the Board, ensuring that all Directors are fully apprised of their deliberations and recommendations

Board & Sub-Committee Composition as at 31.3.2026

Name of Director	Independent/ Non - independent	Executive/ Non - executive	Board & Sub-Committee Composition: Board	AC	RPTRC	N&GC	RC	Date appointed to the Board	Tenure on the Board (Years)	Age
Dr. P. S. H. Uluwaduge	NID	NED	√*			√		30.03.2022	4	49
Mr. G. D. V. Perera	NID	ED/ CEO	√					27.06.2022	4	74
Mr. D. S. K. Amarasekara	NID	NED	√				√	30.03.2022	4	55
Ms. V. G. S. S. Kotakadeniya	NID	NED	√	√	√			30.03.2022	4	59
Mr. M. Gunawardena	NID	NED	√					23.10.2024	2	51
Mr. T. Dharmarajah	ID	NED	√	√*	√	√	√*	30.03.2022	4	70
Mr. A. S. Perera	NID	ED	√					27.12.2021	5	63
Mr U. H. E. Silva	ID	NED	√	√	√*	√*	√	19.04.2022	4	69
Dr. K. M. Mohottige	ID	NED	√					01.09.2024	1	62
Mr. N. R. Nanayakkara	NID	ED	√					02.04.2026	< 6 mts	23
Mr. K. Sivanesan	ID	NED	√	√	√	√	√	07.08.2026	< 6 mts	57
Mr. D. J. Ratwatte r.w.e.f. 31.03.2026	NID	ED	√					01.01.2015	10	

** Chairperson during the year under review*

The Roles of the Chairperson and the Executive Directors

The Company recognizes the importance of maintaining a clear separation between the leadership of the Board and the executive functions. This separation promotes an appropriate balance of authority, accountability, and independent oversight, and supports the effective functioning of the Company's corporate governance framework.

The Chairman, who is a Non-Executive Director, is responsible for providing leadership to the Board, ensuring its effectiveness, and promoting high standards of corporate governance. The Chairman facilitates constructive dialogue among Directors, ensures that adequate time is devoted to matters requiring Board consideration, and encourages active participation and objective judgment in Board deliberations.

The Board has delegated executive authority to the Executive Directors of the Company for the implementation of strategies approved by the Bord of Directors and for developing, recommending and implementing business plans and budgets in line with the strategy. The Management is accountable to the Board for the Company's operational and financial performance and provide a regular update on business activities, key risks, and strategic initiatives to the Board at Management Meetings and the Quarterly Board Meetings of the Company.

This clear division of responsibilities ensures that no individual has unfettered powers of decision-making and facilitates an effective system of checks and balances. The Board is therefore able to exercise independent oversight of management while supporting the achievement of the Company's strategic objectives and long-term sustainable growth.

The Board is satisfied that the current governance structure provides for an appropriate segregation of responsibilities between the Chairman and the Executive Board Members.

Financial Acumen

The Board collectively possesses a diverse range of skills, experience, industry knowledge, and professional expertise that enables it to effectively discharge its duties and responsibilities diligently. Additionally, the following Directors are members of professional accounting organizations and can offer guidance on matters of finance, drawing on their specialized knowledge on the subject:

- Mr. T. Dharmarajah
- Mr. K. Sivanesan
- Dr. P. S. H. Uluwaduge
- Mr. D. S. K. Amarasekera
- Mrs. S. Kotakadeniya

Board Balance

The Board maintains an appropriate governance structure that enables effective oversight of strategy, performance, risk management and internal controls. The Board further recognises that diversity contributes significantly to effective governance and effective decision-making. When new appointment to the

Board is considered, the Nominations and Governance Committee evaluates candidates based on merit, competence, experience and independence, while also considering diversity of skills and knowledge of the industry.

The Board believes that its current composition provides the necessary balance of skills, experience and independence to discharge its responsibilities effectively and in the best interests of shareholders and the Company.

The NEDs collectively bring an array of proven business experience and specialised expertise across a range of disciplines, thereby ensuring that the Board maintains an appropriate and balanced composition of skills and competencies. Their strong financial acumen enables them to provide objective and rigorous oversight of the integrity of the Company's financial reporting processes and internal control framework.

Drawing on their experience from serving on other boards, the Independent Directors contribute valuable external perspectives and constructive challenge, which support the continuous review and enhancement of governance practices in line with recognised best standards.

The Board observe the importance of maintaining an effective board balance and accordingly, due consideration is given to review the Board's composition over time, while preserving the depth of experience, institutional knowledge, and qualitative contributions provided by the Independent Directors in strengthening the Company's overall governance framework.

Independence of Directors

The Board recognises independence as a fundamental pillar of good governance and has structured its composition to promote objective and independent judgement in decision-making. The independence of the Directors has been determined in accordance with the Listing Rules of the CSE. For the year under review, Seven Non-Executive Directors were subject to an annual assessment of independence with requisite declarations of independence obtained in accordance with Section 9.8.5(a), wherein it was determined that three Non-Executive Directors on the Board were independent, and that the Board is considered to have the necessary balance as per listing rules and best practice.

Dr. P. S. H. Uluwaduge
Non-Executive Director / Chairman

Mr. D. S. K. Amarasekera
Non-Executive Director

Ms. V G S S Kotakadeniya
Non-Executive Director

Mr. M. Gunewardena
Non-Executive Director

Mr. T. Dharmarajah
Independent Director

Mr. U. H. E. Silva
Independent Director

Dr. K Mohottige
Independent Director

The Board wishes to disclose that after the year under review, in terms of Sec 9.8.3 (ix) of CSE Listing Rules, ID Mr. Thiyagarajah Dharmarajah, who joined the Board on 30th March 2022, was reclassified as a NED on reaching 70 years on 7th August 2026, for not meeting the age criteria of the CSE.

As have been notified by a shareholder, notwithstanding his reclassification as a NED, the Board has recommended that Mr. Dharmarajah be re-appointed in terms of Sec 211 of the Companies Act; and be re-designated as an ID subject to approval by the public shareholder of the Company.

Consequently, on 7th August 2026 in compliance with Sec 9.8.2 of the Listing Rules, with the recommendation of the NGC, the Board approved the appointment of Mr. Kanthimany Sivanesan as an ID effective from aforesaid date.

Conflict of Interest

Each Director holds continuous responsibility to determine whether he or she has a potential or actual conflict of interest arising from external associations, interests or personal relationships in material matters which are considered by the Board from time to time.

The Company has established procedures for the identification, disclosure, and management of conflicts of interest to ensure that such matters are appropriately addressed. The Directors make general disclosures of interests at the appointment, and thereafter quarterly disclosures which are tabled at board meetings for review by the Board to ensure integrity.

Appointments to the Board and Re-Elections

The appointment and re-election of Directors are subject to a rigorous review process undertaken by the Nominations & Governance Committee, which assesses each candidate against established criteria of fitness and propriety. This evaluation ensures that all individuals appointed to the Board possess the requisite integrity, competence, and professional standing to fulfil their responsibilities effectively. Following the Committee's review and formal recommendation, candidates are appointed to the

Board and subsequently presented to shareholders for ratification at the next Annual General Meeting.

The appointment of any new Director to the Board is announced to shareholders through the Colombo Stock Exchange in compliance with applicable regulatory requirements.

At each Annual General Meeting (AGM), one-third of the Directors, except for the Chairperson and Executive Directors will retire by rotation as per the stipulations outlined in the Company's Articles of Association and are eligible for re-election. The retiring Directors are those who have served the longest since their last re-election or re-appointment. Additionally, any new Director appointed during the year must stand for re-election at the subsequent AGM according to the Company's Articles of Association.

The re-election process for Directors offers shareholders the chance to review the Board's composition periodically. Shareholders receive advance notice of the names of Directors for re-election, enabling them to make informed decisions on their election. Annually, the Board examines the potential impact of extended Board tenures on Directors' independence and collectively assesses the re-election of such Board members. Details of the Directors standing for re-election at this year's Annual General Meeting are set out in the Report of the Board of Directors and the Notice of Meeting on pages 45 - 49 and 134.

If a Director chooses to resign prior to the completion of their appointed term, the Company requires that a formal written communication be obtained from the departing Director. This ensures that the circumstances and reasons surrounding any such early departure are properly documented and transparently recorded, in keeping with the Company's commitment to sound governance practices and accountability at the Board level.

Board Evaluations

The Board performs a periodic appraisal of its performance. A structured annual performance and self - evaluation was successfully conducted for the financial year under review.

The annual appraisal is conducted through a set of comprehensive, confidential assessment questionnaires completed by each director to evaluate the collective Board, its mandatory Sub-Committees, and individual directors. The criteria focused on strategic oversight, governance practices, balance of skills, and the timeline of information flow. The findings were independently reviewed by the Nominations and Governance Committee to drive future Board development.

This evaluation process, facilitated by the Company Secretaries, was designed to facilitate a thorough and objective assessment of Board effectiveness, governance practices, decision-making processes and the contributions of individual Directors.

The outcome of the evaluation confirmed that the Board and its Committees continue to operate effectively and discharge their responsibilities appropriately. Directors actively contributed to discussions and demonstrated a strong commitment to their duties. The enhanced focus on strategic matters, succession planning and long-term value creation was particularly welcomed and contributed positively to the effectiveness of Board deliberations.

Fit & Proper Criteria

The Company has established a Fit and Proper Criteria framework, in accordance with the Sec 9.7.4 and 9.7.5 of The Listing Rules of The Colombo Stock Exchange, which is applied at the time of appointment and assessed on an annual basis.

Under this framework, Directors are required to demonstrate honesty, integrity, and a sound reputation, and must not have been subject to any regulatory or legal sanctions that would render them unsuitable for their roles. They are also expected to possess the requisite qualifications, skills, experience, and independence of judgment necessary to contribute effectively to the management and oversight of the Company.

Annual Sign off on Internal Code on Business Conduct & Ethics

The Company has established an Internal Code of Business Conduct and Ethics in terms of the Sec 9.2.1 of the Listing rules that is applicable to Directors and staff, reflecting its commitment to maintaining the highest standards of integrity and ethical conduct.

The Code covers key areas including compliance with applicable laws and regulations, conflicts of interest, anti-bribery and corruption, confidentiality of information, and ethical business practices. It serves as a guide for decision-making and promotes a culture of integrity across the organisation. The Code is reviewed periodically to ensure its continued relevance and alignment with evolving regulatory requirements and governance best practices.

The Annual written declarations adhering to the Code have been duly obtained from all Directors for the financial year under review.

Information to the Board of Directors

The Board receives comprehensive, timely and relevant information to facilitate informed decision-making. The Company Secretary plays a key role in supporting the Board by ensuring the timely circulation of Board papers and other relevant information, thereby providing Independent Non-Executive Directors with adequate time to review and consider matters prior to Board meetings. Such information includes comprehensive management reports, financial and operational updates, capital expenditure proposals, strategic initiatives, and other matters requiring Board consideration and approval.

The Company continues to enhance its information systems to ensure the availability of high-quality, reliable, and meaningful management information to support Board deliberations. The Directors are also provided with periodic performance reports on a quarterly basis, together with Board and Sub-Committee minutes, ensuring continuous awareness of the Company's operational and financial performance, as well as key decisions and developments. Directors are entitled to seek independent professional advice, where necessary, in the discharge of their duties.

Company Secretary

LOLC Corporate Services (Private) Limited has been appointed as Company Secretaries whose members are registered company secretarial practitioners, including Attorneys at Law and a Chartered Governance Professional. They ensure that proper Board procedures are followed in line with applicable laws, rules, and regulations to ensure good governance. Their key responsibilities include :

- Ensure that the Company complies with its Articles of Association, applicable statutory and regulatory requirements and maintains standards of corporate governance.
- Monitor changes in relevant legislation and the regulatory environment and their impact on the Company; and facilitate regular updates to the Board on appropriate action required.
- Convene and administer Board and Sub Committee meetings; ensure decisions are accurately documented; and disseminate details of decisions.
- Assist in monitoring Board's compliance with internal policies.
- Facilitate communication between the board of directors and company shareholders, reporting in a timely and accurate manner.

Internal Control & Risk Management Framework

The Board of Directors are responsible for establishing and maintaining an effective system of internal controls across the Company and for reviewing its adequacy and effectiveness on an ongoing basis. This system is designed to manage key risks within an acceptable risk profile, in alignment with the Company's defined risk appetite, rather than to eliminate the risk of failure in achieving its business objectives. The system of internal controls seeks to safeguard Company assets, ensure the maintenance of proper accounting records, and support the preparation of reliable financial information.

The Company maintains a structured risk management framework for the identification, assessment, monitoring, and mitigation of risks across its operations. Risk management processes are integrated into business activities, with defined accountability for risk ownership and regular reporting to the Board and the Audit Committee. The internal audit function provides independent and objective assurance on the adequacy and effectiveness of the Company's internal control, risk management, and governance processes and operates with appropriate independence and reports functionally to the Audit Committee, which oversees its performance and effectiveness.

Audit activities are carried out based on a risk-based audit plan, including cyclical reviews across the Company's network of factories, enabling the timely identification of control weaknesses and the implementation of corrective actions. Following the Company's integration into the LOLC Group, internal audit functions are undertaken by the Group Enterprise Risk Management (ERM).

The Board and the Audit Committee ensure that the independence, objectivity, and scope of internal audit are maintained under this structure. The Audit Committee assists the Board in discharging its responsibilities by reviewing the effectiveness of the internal control and risk management systems, monitoring audit findings, and ensuring timely resolution of identified issues.

Based on the reviews performed and the assurances received from management, the internal audit function and the Board Audit Committee, the Board is satisfied that the Company's risk management and internal control systems were adequate and operated effectively, in all material respects, during the year under review. The systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable, and not absolute, assurance against material misstatement or loss.

Whistle Blowing

The Company has established a formal whistleblowing policy, which provides secure and confidential channels for employees and other stakeholders to report concerns regarding unethical conduct, financial impropriety, or violations of the Code.

The Company is committed to ensuring that individuals who raise concerns in good faith are protected from retaliation. All reported matters are reviewed and, where appropriate, escalated to the Audit Committee for oversight and necessary action.

No material whistleblowing complaints were reported or escalated to the Audit Committee during the year under review

Financial Reporting

The Board of Directors is responsible for ensuring the integrity, accuracy, and completeness of the Company's financial reporting and for maintaining a sound system of internal controls to support the preparation of reliable financial statements. The Company prepares its Financial Statements in accordance with applicable accounting standards, including [Sri Lanka Financial Reporting Standards (SLFRS)/International Financial Reporting Standards (IFRS)], and in compliance with relevant statutory and regulatory requirements.

Financial and non-financial information is disclosed on a timely basis through quarterly Financial Statements and the Annual Report. The Board Audit Committee (BAC) reviews the quarterly and annual Financial Statements to ensure the accuracy, consistency, and appropriateness of accounting policies, significant estimates, and judgements.

The Board Audit Committee also assesses the adequacy of disclosures and recommends the Financial Statements to the Board for approval. The Audit Committee further oversees the independence and performance of the external auditors and reviews the findings of the external audit process to ensure that appropriate action is taken on identified matters.

External Auditors

Messrs KPMG, Chartered Accountants, who serve as the Auditors of the Company, will retire at the conclusion of the AGM. The Board, based on the Audit Committee evaluation and recommendations, is satisfied that the External Auditors have remained independent and objective in accordance with applicable professional and regulatory requirements, including relevant ethical standards governing auditor independence.

Based on the recommendation of the Audit Committee, the Board recommends that of Messrs. KPMG, Chartered Accountants be duly appointed as Statutory Auditors of the Company for the ensuing financial year.at the forthcoming annual general meeting, at a fee to be decided upon by the Board

Shareholder Relations

The Board recognises the importance of maintaining an open and constructive dialogue with its stakeholders and is committed to maintaining open, transparent and effective communication with its shareholders. Material developments relating to the Company's operations, financial performance and corporate activities are promptly disclosed in accordance with applicable regulatory requirements to ensure that shareholders and the market are kept appropriately informed.

The Board regards the Annual General Meeting as an important forum for engagement with shareholders and encourages their active participation. The AGM provides shareholders with an opportunity to engage directly with the Board, to seek clarification on matters concerning the Company and exercise their rights in an informed manner.

The Notice of Annual General Meeting, together with all relevant accompanying documents, published on the Colombo Stock Exchange website and is made available to shareholders within the prescribed statutory timelines. Each resolution presented at the AGM is considered separately and is subject to shareholder approval through voting in accordance with the Company's Articles of Association and applicable statutory regulations.

The External Auditors are also present at the AGM to respond to questions and provide any professional clarification required in relation to the Financial Statements and the audit process.

In addition, shareholders may communicate directly with the Company through the dedicated contact channels provided in this Annual Report, including email and telephone facilities. The Company's website https://www.brownsplantations.lk/ features a dedicated "Investor Relations" where the Shareholders and investors can request for comprehensive information regarding the Company's performance.

Minimum Public Holding

Following the completion of the Mandatory Offer in April 2022, the Company did not meet the Minimum Public Holding requirement stipulated under Rule 7.13.1.i.(b) of the Listing Rules of the Colombo Stock Exchange and has remained non-compliant since December 2022.

Consequently, upon expiry of the prescribed grace period for rectification, the securities of the Company were transferred to the Second Board of the Colombo Stock Exchange with effect from 8 August 2023.

The Board continues to actively assess feasible alternatives to re-establish compliance with the Minimum Public Holding requirements. Pending such compliance, the Company remains committed to complying with all other applicable provisions of the Colombo Stock Exchange Listing Rules and to upholding the principles of good corporate governance in accordance with the Code of Best Practice on Corporate Governance.

Status of Compliance under the Code of Best Practice on Corporate Governance issued by the CA Sri Lanka to the extent of business exigency as required by the Group

Section		Compliance status	Company's Action
A. Directors			
A.1 The Board			
A.1	The Company to be headed by an effective Board to direct, lead and control the Company	✔	The Company is headed by an effective Board of Directors who are responsible and accountable for the stewardship function of the Company.
A.1.1.	Regular Board meetings	✔	The Board meets quarterly and as and when required Refer Directors' meetings and attendance on page 17.
A.1.2	The Board should be responsible for matters including implementation of business strategy, skills and succession of the management team, integrity of information, internal controls and risk management, compliance with laws and ethical standards, stakeholder interests, adopting appropriate accounting policies and fostering compliance with financial regulations and fulfilling other Board functions	✔	Powers specifically vested in the Board to execute their responsibility include: * Providing direction and guidance to the Company in the formulation of its strategies, with emphasis on the medium and long term, in the pursuance of its operational and financial goals. * Reviewing and approving annual budget plans. * Reviewing HR processes with emphasis on top management succession planning. * Monitoring systems of governance and compliance * Overseeing systems of internal control and risk management. * Determining any changes to the discretions/ authorities delegated from Board to executive levels. * Reviewing and approving major acquisitions, disposals and capital expenditure. * Approving any amendments to constitutional documents.
A.1.3	Act in accordance with the laws of the country and obtain professional advice as and when required.	✔	The Board seeks independent professional advice when deemed necessary. During the year under review, professional advice was sought on various matters,
A.1.4	Access to advice and services of the Company Secretary. Appropriate insurance cover as recommended by the Nominations Committee for the Board, Directors and KMPs.	✔	Refer - Role of the Company Secretary on page 21 The Company and its Key Management Personnel (KMP's) are covered under a Group Insurance Policy
A.1.5	Bring independent judgment on various business issues and standard of business conduct	✔	Collectively, the Non-Executive Directors bring a wealth of value adding knowledge, ranging from domestic and international experience to functional know-how, thus ensuring adequate Board diversity in accordance with principles of Corporate Governance. Furthermore, every member of the Board brings independent judgment on various business issues
A.1.6	Dedication of adequate time and effort	✔	Considering Non-Executive Directors' regular participation in meetings of Sub Committees for matters that require deliberation and decision in between the formal Board meetings, the Board estimates that Non-Executive Directors have devoted sufficient time for the Company during the year.

Section		Compliance status	Company's Action
A.1.7	One third of Directors can call for a resolution to be presented to the Board in the best interests of the Company.	✔	All Directors are encouraged to submit any items/ proposals to the agendas of the Board meetings.
A.1.8	Board induction and training	✔	In instances where Non-Executive Directors are newly appointed to the Board, they are apprised of the: * Values and culture * Operations of the Group and its strategies * Operating model * Policies, governance framework and processes * Responsibilities as a Director in terms of prevailing legislation * Important developments in the business activities of the Group
A.2 The Chairman			
A.2.1	Maintain a clear division between Chairman and the Chief Executive Officer	✔	The role of the Chairman is separated from that of the CEO which is in line with the best practices on Corporate Governance, ensuring that no Director has unfettered power or authority. This ensures the balance of power and authority
A.3 The Chairman's role			
A.3.1	The Chairman should ensure Board proceedings are conducted in a proper manner	✔	The Chairman being responsible for the running of the Board facilitates the effective discharge of Board proceedings and ensures that: * Effective participation of both Executive and Non- Executive Directors is secured * All Directors are encouraged to make effective contributions to proceedings * The views of Directors on issues under consideration are ascertained, and * The Board is in control of the affairs of the Company and alert to its obligations to all stakeholders
A.4. Financial acumen			
A.4	The Board should ensure the availability within it of those with sufficient financial acumen and knowledge to offer guidance on matters of finance	✔	Refer Board Member Profiles for more information.
A.5 Board balance			
A.5.1	The Board should include Non-Executive Directors of sufficient caliber.	✔	Refer Board Member Profiles section.
A.5.2	Three or two third of Non-Executive to the Board of Directors whichever is higher should be "independent"	✔	Of the eight Non-Executive Directors appointed three are independent as at date

Section		Compliance status	Company's Action
A.5.3	Definition of Independent Directors	✓	Independent Directors of the Company are independent of management and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgement
A.5.4	Declaration of Independent Directors	✓	Each Non-Executive Director has submitted a signed and dated declaration of his independence.
A.5.5	Board determinations on independence or non-independence of Non-Executive Directors on annual basis	✓	All Independent Directors of the Company met the criteria for independence specified in this rule during the year under review, subject to the change in status of Mr. T. Dharmarahaj after the year under review
A.5.6	Alternate Director	Not Applicable	
A.5.7	In the event the Chairman and the CEO are the same person, the Board should appoint one of the Independent Non- Executive Directors to be the 'Senior Independent Director' (SID)	Not Applicable	
A.5.9	The Chairman should hold meetings with the Non-Executive Directors only, without the Executive Directors being present, at least once each year.	✓	The Non- Executive Directors met without the Executive Directors being present on one occasion
A.5.10	Where Directors have concerns about the matters of the Company which cannot be unanimously resolved, they should ensure their concerns are recorded in the Board Minutes	✓	All the Board meeting proceedings are comprehensively recorded in the Board minutes.
A.6 Supply of information			
A.6.1	Board should be provided with timely information to enable it to discharge its duties	✓	The Board is provided with: * Information necessary to carry out their duties and responsibilities effectively and efficiently. * Information updates from management on topical matters, new regulations and best practices as relevant to the Company, * External and Internal Auditors' opinions * Experts and other external professional services * The services of the Company Secretaries. * Periodic performance reports.
A.6.2	Timely submission of the minutes, agenda and papers re-quired for the Board meeting	✓	Board agendas and necessary Board Papers and minutes are dispatched in advance of the Board meetings

Section		Compliance status	Company's Action
A.7 Appointment to the Board			
A.7.1	Formal and transparent procedure for Board appointments	✔	Board appointments follow a transparent and formal process under the purview of the NGC Committee.
A.7.2	Assessment of the capability of Board to meet strategic demands of the Company	✔	The Board annually assesses its own composition and skills, to ascertain whether the experience and exposure of its members are adequate to meet strategic demands and future needs of the Company. Currently, the Board comprises an appropriate mix of skills and experience to ensure its governance responsibilities are discharged effectively .
A.7.3	Disclosure of new Board member pro-file and interests.	✔	All appointments of new Directors are disclosed to the shareholders via the Colombo Stock Exchange in terms of the criteria set out by the rule.
A.8 Re-election			
A.8.1 / A.8.2	Re-election at regular intervals and should be subject to election and re- election by Shareholders.	✔	At each Annual General Meeting (AGM), one-third of the Directors, except for the Chairperson retire by rotation in terms of the Company's Articles of Association and are eligible for re-election. The retiring Directors are those who have served the longest since their appointment or re-election. Additionally, any new Director appointed during the year must stand for re-election at the subsequent AGM according to the Company's Articles of Association.
A.8.3	In the event a Director resigns prior to his appointed term, shall give reasons for resignation	✔	Resignations during the year were duly announced to the shareholders via the Colombo Stock Exchange.
A.9 Appraisal of Board performance			
A.9.1.	The Board should annually appraise it-self on its performance in the discharge of its key responsibilities	✔	The Board continued with its annual Board performance appraisal. This is a formalised process of self-appraisal, whereby each member assesses, on an anonymous basis, the performance of the Board
A.9.2.	The Board should also undertake an annual self-evaluation of its performance and that of its Committees.	✔	Evaluations were carried out under the areas of: Role clarity and effective discharge of responsibilities
A.9.3.	The Board should review the performance of each Director at the time of re-election	✔	Reviews are conducted annually and at re-election with guidance from the NGC
A.9.4	The Board should state how such performance evaluations have been conducted	✔	The performance evaluation is analysed to give the Board an indication of its effectiveness as well as areas that required addressing and/or strengthening. Despite the original anonymity of the remarks, the open and frank discussions that follow, including some Directors identifying themselves as the person making the remark, reflects the keenness of the Board.

Section		Compliance status	Company's Action
A.10 Disclosure of information in respect of Directors			
A.10.1	Profiles of the Board of Directors Directors' interests Board meeting attendance Board Committee memberships	✓	Refer Board profiles and Corporate Governance sections
A 11 Appraisal of CEO			
A 11	Appraisal of CEO	✓	Appraisal of performance of the Chief Executive Officer are carried by the NEDs annually.
B. DIRECTORS REMUNERATION			
B.1 Remuneration procedure			
B.1.1	The Board of Directors should set up a Remuneration Committee	✓	
B.1.2.	Remuneration Committee should consist exclusively of Non-Executive Directors	✓	
B.1.3.	The Chairman and members of the Remuneration Committee should be listed in the Annual Report each year	✓	Refer Remuneration Committee Report on page 43
B.1.4.	Determination of the remuneration of Non-Executive Directors	✓	Independent Directors receive a monthly retainer for devoting time and expertise for the benefit of the Company in their capacity as Directors. Additional fees are not paid for either chairing or being a member of a Committee. NEDs nominated by the parent entity do not receive any fees.
B.1.5	The Remuneration Committee should consult the Chairman about its proposals relating to the remuneration of other Executive Directors	✓	The remuneration of the Executive Directors are governed by the remuneration policy of the Group.
B.2 The level and make up of remuneration			
B.2.1-B.2.3	The Remuneration Committee should provide the packages needed to attract, retain and motivate Executive Directors and designed to promote the long term success of the Company The Remuneration Committee should judge where to position levels of remuneration of the Company, relative to other companies	✓	Remuneration Policy was reviewed by the Committee during the year under review.
B.2.4 / B.2.5	Comparison of remuneration with other Companies in the Group	✓	Consequent to the change in ownership of the Company, its compensation framework was revised in accordance with the Group policies and its plantation sector entities.

Section		Compliance status	Company's Action
B.2.7	Remuneration Committee should follow schedule E in designing schemes of performance-related remuneration	Not adopted	The remuneration scheme is in line with the Group policies.
B.2.8 / B.2.9	Compensation for termination of contracts of Directors	Not adopted	The compensation scheme is in line with the Group policies.
B.2.10	Level of remuneration of NEDs	✓	The fees paid to IDs s are based on Group policies which are periodically reviewed to ensure that they are on par with the market .
B.3 Disclosure of remuneration			
B.3	Disclosure of remuneration policy and aggregate remuneration	✓	Refer Report of the Board of Directors
C. Relations with Shareholders			
C.1 Constructive use of the Annual General Meeting (AGM) and conduct of General Meetings			
C.1.1	The Notice of AGM and related papers to be sent to shareholders as determined by the Statute, before the meeting.	✓	Notice of the AGM and related documents are sent to shareholders along with the Annual Report within the specified period. The contents of this Annual Report will enable existing and prospective stakeholders to make better informed decisions in their dealings with the Company.
C.1.2	Separate resolution to be proposed for each item , with options to vote for or against or withhold any voting item	✓	The proxy form provides shareholders with the option to direct their proxy to vote either for or against the resolution or withhold their vote.
C.1.3.	Counting of proxy votes	✓	As a matter of practice, proxy votes together with the votes of the shareholders present at the AGM are considered for each resolution.
C.1.4.	Heads of Board Committees to be available to answer queries	✓	Chairpersons of Board Committees are generally available at the Meeting to answer queries.
C.1.5	Summary of procedures governing voting at General meetings to be informed	✓	Refer Form of Proxy
C.2 Communication with Shareholders			
C.2.1 – C.2.7	Effective communication with shareholders	✓	Refer Shareholder Relations section in the Corporate Governance Section.
C.3 Major and Material Transactions			
C.3.1	Disclosure of all material facts involving any proposed acquisition, sale or disposition of assets	✓	All material and price sensitive information about the Company is promptly communicated to the Colombo Stock Exchange where the shares of the Company are listed, and released to the employees, press and shareholders.

Section		Compliance status	Company's Action
D. Accountability and Audit			
D.1. Financial reporting			
D.1.1.	The Board should present an annual report including financial statements that is true and fair, balanced and un-derstandable and prepared in accord-ance with the relevant laws and regula-tions and any deviation being clearly explained.	✔	This Annual report has been published as stipulated by the code
D.1.2.	Disclosure of interim and other price sensitive and statutorily mandated reports to regulators	✔	The Audit Committee together with the Board of Directors have taken all reasonable steps to ensure accuracy and timeliness of published information with a view of presenting the true and fair view of the interim and annual financial statements.
D.1.3	The Board should obtain compliance statements and declarations from the CEO and the CFO before approving the financial statements	✔	Declarations are obtained from the CFO that in his opinion the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company.
D.1.4	Declaration by the Directors that the Company has not engaged in any activities, which contravene laws and regulations, declaration of all material interests in contracts, equitable treatment of shareholders and going concern with supporting assumptions or qualifications as necessary	✔	Refer Corporate Governance and Annual Report of the Board of Directors
D.1.5.	Statement of Directors' Responsibility	✔	Refer Statement of Directors' Responsibility
D.1.6.	Management Discussion and Analysis	✔	Refer Operations Review Report
D.1.7.	Remedial action at Extraordinary General Meeting (EGM) if net assets fall below half of value of Shareholders funds	Not applicable	In the unlikely event that the net assets of the Company fall below a half of Shareholders funds, shareholders would be notified and the requisite resolution would be passed on the proposed way forward.
D.1.8	Disclosure of Related party Transactions	✔	Refer Notes to the Financial Statements
D.2. Risk Management and Internal Control			
D.2.1	Annual review of effectiveness of system of risk management and internal control and report to shareholders as required	✔	The Board has taken the necessary steps to ensure the integrity of the Group's accounting and financial reporting systems and internal control systems that remain effective via the review and monitoring of such systems on a periodic basis.
D.2.2	Robust assessment of the principal risks faced by the Company	✔	Refer Risk Report by ERM Section

Section		Compliance status	Company's Action
D.2.3.	Internal Audit Function	✓	After the transfer of ownership of the Company, the Internal Audit function is performed by the Group Enterprise Risk Management Department. The Auditors' report on the Financial Statements of the Company for the year under review is found in the financial information section of the Annual Report.
D.2.3/ D.2.4	Maintaining sound system of internal control	✓	Refer the Report of the Auditors
D.3 Audit Committee			
D.3.1.	The Audit Committee should comprise a minimum of three non-executive directors of whom at least two should be Independent. The Chairman of the Committee should be an Independent Non-Executive Director. At least one member should have recent and relevant experience in financial reporting and control.	✓	Refer Board Audit Committee Report on page 59
D.3.2.	The Audit Committee to have writ-ten terms of reference covering the salient aspects as stipulated in the section	✓	
D.3.3.	Duties and responsibilities of the Committee	✓	
D.4	**Risk Committee**		
D.4	Risk Committee	✓	Supported by the Enterprise Risk Management Department of the Group, the Board Audit Committee oversees the Company's internal control processes and the identification and management of risks.
D.5. Related Party Transactions Review Committee (RPTR Committee)			
D.5.1	Definition of a Related Party and Related Party Transactions	✓	
D.5.2	The RPTR Committee should comprise exclusively of non-executive directors with a minimum of three. Majority should be independent. The Chairman of the Committee should be an Independent Non-Executive Director.	✓	Refer the Report of the RPTR Committee on page 44 and Notes to the Financial Statements
D.4.3.	The RPTR Committee to have written terms of reference covering the salient aspects as stipulated in the section	✓	
D.6.	Code of Business Conduct and Ethics	✓	Refer the Corporate Governance Section

Section		Compliance status	Company's Action
D.7. Corporate Governance disclosure			
D.6.1.	The Directors should include in the Company's Annual Report a Corporate Governance Report	✔	Refer the Corporate Governance Section
E. Institutional Investors			
E.1. Shareholder voting			
E.1.1	A listed Company should conduct a regular and structured dialogue with shareholders based on a mutual understanding of objectives.	✔	The Company has a well-developed investor relations programme to address the information needs of investment institutions and analysts regarding the Company, its strategy, performance and competitive position
E.2. Evaluation of governance disclosures			
E.2.1.	When evaluating the company's governance arrangements, particularly those relating to the Board structure and composition, institutional investors should be encouraged to give due weight to all relevant factors drawn to their attention	✔	Institutional investors are informed of any changes to the governance structure. The Company conducts regular and structured dialogue with shareholders based on a mutual understanding of objectives. This is done via the Investor Relations team and through the AGM or other General Meetings as convened on a need basis.
F. Other investors			
F.1 Investing/divesting decisions			
F.1.1.	Individual shareholders, investing directly in shares of companies should be encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions	✔	The Company maintains an active dialogue with shareholders, potential investors, investment banks, stock brokers and other interested parties. Any concerns raised by a Shareholder are addressed promptly and forwarded, when necessary, to the Company Secretaries for consideration and advice.
F.2. Shareholder voting			
F.2.1	Individual shareholders should be encouraged to participate in General Meetings of Companies and exercise their voting rights.	✔	All steps are taken to facilitate the exercise of shareholder rights at AGMs, including the receipt of Notice of the AGM and related documents within the specified period. Shareholders exercise their voting rights for each resolution passed at the AGM. Individual shareholders investing directly in shares of the Company are encouraged to carry out adequate analysis and seek independent advice in all investing and/or divesting decisions. They are encouraged to participate at the AGM and any General Meetings that are convened and to exercise their voting rights and seek clarity, whenever required.

Section		Compliance status	Company's Action
G. Internet of things and Cyber security			
G.1. – G.5	A review with regard to the cyber environment to ensure that appropriate data and information governance processes and controls, e-commerce defences, proactive security and strong incident management processes across the business are in place.	✔	LOIT, a subsidiary of the Parent Company, LOLC Holdings PLC manages the cyber security of the Company and the Parent Company reviews and monitors the cyber environment of the Group.
H. Environment, Society and Governance			
H.1 – H.5.	ESG : Risk and Opportunities	✔	The Group is conscious of the direct and indirect impact on the environment due to its business activities. Every endeavor is made to minimize the adverse effect on the environment to ensure the sustainable continuity of our resources. In terms of application of SLFRS S1 and S2 disclosure requirements, the Group has utilised applicable reliefs permitted by ICASL.

Compliance with Section 9 of the Listing Rules issued by the Colombo Stock Exchange

Section	Principle	Effective date	Compliance and implementation
9.1.3	A statement Disclosure in the Annual report with regard to the extent of compliance with the Rule	01st October 2023	✅ As detailed below, during the year under review, the Company was compliant with the requirements of Section 9 of the Listing Rules of the Colombo Stock Exchange.
9.2.1	The Company shall disclose the fact of existence of the prescribed policies	01st October 2024	✅ The policies adopted by the Company are available on the Company Website https://www.brownsplantations.lk/.
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted	01st October 2024	✅ No waivers from, or exemptions to, the Internal Code of Business Conduct and Ethics were granted during the year. No material violations of the Code were reported.
9.2.3	(i) List of policies in place as per Rule 9.2.1, with reference to website (ii) Any changes to policies adopted	01st October 2024	✅ The policies were subject to an annual review to maintain relevance. Material changes made to the policies during the current year, are set out on pages 37-39.
9.2.4	The Company shall make available all such policies as set out in 9.2.1 to shareholders upon a written request being sent for such policy	01st October 2024	✅
9.3.1/ 9.3.2	The following Board subcommittees should be established and maintained at a minimum and shall function effectively: - a) Nominations & Governance Committee* b) Human Resource & Compensation Committee c) Audit Committee d) Related Party Transactions Review Committee	01st October 2023 (*01st October 2024)	✅ The required Subcommittees have been established and are functioning effectively. These Committees assist the Board with its role of oversight of the Company's performance, conformance and sustainability. Refer sec.9.11,9.12,9.13 and 9.14 below for details and the Committee Reports set out on pages 40, 43, 44, and 59
9.3.3	The Chairperson of the Board cannot be a Chairperson in any of the aforesaid subcommittees	01st October 2024	✅ The Chairperson of the board does not serve as the chair of any board subcommittees. All Board Sub-Committees are chaired by an Independent Director.
9.4.1	Maintenance of records of all resolutions and other information stipulated in section 9.4.1 of the listing rules and shall provide copies of the same at the request of the Exchange and or SEC	01st October 2023	✅ The Company Secretary maintains all records of resolutions and information relating to General Meetings.
9.4.2	Communication and relations with shareholders and investors	01st October 2024	✅ The Company has established methodologies to ensure effective communication and relations with shareholders. Details of same are set out in the Policy on Relations with Shareholders and Investors and Stakeholder Communication and Corporate Disclosure Policy adopted by the Company. Designated personnel have been identified as contact persons for such inquiries /communication. Any significant/material issues raised by the shareholders/ investors are escalated to the Board where necessary in a transparent manner. The Company conducted its shareholder meetings online / virtual means while complying with the guidelines issued by the CSE.

Section	Principle	Effective date	Compliance and implementation
9.5.1 & 9.5.2	A Policy on governing matters relating to the Board of Directors should be established with specific requirements prescribed by the Exchange (a) to (j) and to disclose the level of compliance or non-compliance with reasons/ remedial actions	01st October 2024	✓ The Company has revised its Board Charter to align with the requirements prescribed by the Exchange. Requirements set out in the Policy have been complied with, by the members of the Board.
9.6.1-4	Requirement for a SID	01st October 2023	✓ The appointment of a Senior Independent Director (SID) is not applicable to the Company. The Chairman of the Board, Dr. P. S. H. Uluwaduge, serves as a Non-Executive Director. The day-to-day management and operational responsibilities of the Company are entrusted to the Executive Directors, who oversee and manage the Company's business and affairs. Refer board composition on page 17
9.7.5	(a) Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria (b) Any non-compliance/s and remedial action taken	01st October 2023	✓ Annual declarations were obtained as per the requirement of Rule 9.7.4. and, the board members have complied with the relevant criteria. The said criteria were considered when recommending the re-election/appointment of directors retiring before the AGM. No non compliances were reported in this regard. ✓ Refer Board profiles and Directors' Report on page 53 to 57
9.8.1 & 9.8.2	Minimum number of Directors on the Board should be 5 and the total minimum number of Independent Directors should 2 or 1/3 of the Board, whichever is higher	01st October 2024	✓ The Board comprised the required 1/3 ratio of Independent Directors during the year under review.
9.8.3	A director shall not be considered independent if he/she does not fulfil the criteria defining independence under sections 9.8.3 and 9.8.4 of the Rules.	01st October 2023	✓ For the year under review, the Board has determined that the independence criteria set by these Rules have been met by the Independent Directors on the Board. After the year under review, Mr. T Dharmarajah (who joined the Board on 30th March 2022) attained the age 70 on 07th August 2026, was reclassified as a NED by the Board as he did not meet the age criteria set for independence. Mr. K. Sivanesan was appointed as an Independent Director of Hapugastenne Plantations PLC with effect from 07.08.2026. The Board has considered these appointments against the criteria in Listing Rules 9.8.3 and 9.8.4 and has determined that Mr. Sivanesan continues to be independent. Refer the Corporate Governance and NGC Reports on pages 16 - 22-and 40 to 42.

Section	Principle	Effective date	Compliance and implementation
9.8.5	The listed entity shall ensure; a) Each independent director submits a declaration with criteria specified by the Exchange b) The Board shall make an annual determination as to independence / non independence and set out the names of directors determined to be independent in the Annual Report c) If the Board determines that the independence of and independent director has been impaired against any criteria set out in 9.8.3 it shall make an immediate market announcement thereof	01st October 2023	The Company has established a process for determination of independence based on the requirements of this Rule. After the year under review, Mr. T Dharmarajah (who joined the Board on 30th March 2022) attained the age 70 on 07th August 2026, was reclassified as a NED by the Board as he did not meet the age criteria set for independence. Refer the Board of Directors Report and NGC Reports on pages 40 to 42
9.9	Alternate Director can be only appointed for a minimum period of one year under special circumstances and he/she should be of the same nature of Directorship	01st January 2024	No alternate Directors have been appointed to the Board during the year under review. The Related Clause of the Articles of Association of the Company was amended at an EGM held on 25th June 2024 .
9.10.1	Policy on the maximum number of directorships its board members shall be permitted to hold	01st October 2023	The policy adopted by the Company permits a director to hold office as director in any number of companies/ societies/bodies including subsidiaries and associates of the Company, subject to however, in the case of listed entities, such appointments being limited to 20, subject to avoiding conflicts of interest.
9.10.2	Immediate market announcement upon appointment of new director setting out resume, capacity of directorship, statement indicating if such appointment has been reviewed by the Nominations & Governance Committee	1st October 2023	Relevant Market announcements were made for all new appointments as per the criteria set out by the this rules
9.10.3	Immediate market announcement regarding any changes to the composition of the Board /subcommittees specified in Rule 9.3	01st October 2023	During the year under review, changes to the directorate, including committee composition were duly announced to the Exchange as per the criteria set out by this rule.
9.10.4	Details relating to Board Members	01st October 2023	Refer pages 53 to 57 for directors' profiles; pages 50 to 52 for directors' interests in contracts; pages 17 to 18 for details of Board and Committee membership/meeting attendance details;
9.11	Disclosure requirements regarding the Nominations and Governance Committee under Rule 9.11.6	01st October 2024	Refer the Nominations & and Governance Committee Report on pages 40 to 42.

Section	Principle	Effective date	Compliance and implementation
9.12	Disclosure requirements regarding the Remuneration Committee under Rule 9.12.8	01st October 2023	✅ The aggregate remuneration paid to executive and non executive directors is disclosed on page 115 of the report. Refer Report of the Remuneration Committee on page 43
9.13	Disclosure requirements regarding the Audit Committee under Rule 9.13.5	01st October 2024	✅ Refer Report of the Audit Committee on page 59 for further details.
9.14	Disclosure Requirements regarding the Related Party Transactions Review Committee under Rule 9.14.8.3	01st October 2023	✅ Refer Report of the Related Party Transactions Review Committee on page 44
9.14.1-19.14.2 -4	Composition of the Related Party Transactions Review Committee	01st April 2024	✅ The RPTR Committee comprises two Independent Directors and one Non Executive Director. Mr. U. H. E. Silva , Independent Director is the Chairperson of the Committee.
	Functions and general requirements	01st October 2023	✅ Refer report of the Related Party Transactions Review Committee for details on page 44
9.14.8 (1 -2)	Disclosure of non-recurrent Related Party Transactions exceeding 10% of the Equity or 5% of the Total Assets, whichever is lower Disclosure of recurrent Related Party Transactions exceeding 10% of the gross revenue/income	01st October 2023	✅ Refer Note no 32 to the Financial Statements There were no RPTs during the year which required Shareholder approval as set out in Rule 9.14.6. There were no RPTs during the year which required immediate market announcement as set out in Rule 9.14.7. During the year there were no acquisition or disposal of substantial assets from / to Related Parties.
9.14.8(4)	Affirmative declaration by the Board of Directors on compliance with RPT Rules or negative statement to that effect.	01st October 2023	✅ Refer Report of the Board of Directors on page 45 to 49.
9.17	Additional disclosures by Board of Directors under Rule 9.16	01st October 2023	✅ The relevant declarations by the Board of Directors are included in their report on pages 50 to 52.

CORPORATE GOVERNANCE POLICIES ADOPTED BY THE COMPANY

The Company has adopted corporate governance policies to ensure good governance and regulatory compliance and has reviewed and revised its existing policies in line with the Section 9.2.1 of the CSE Listing Rules. The detailed policies can be accessed on the Company's website www.brownsplantations.lk

Policy on Matters Relating to the Board of Directors

The Board of Directors of Hapugastenne Plantations PLC is responsible for providing strategic direction, overseeing financial performance, managing risks including sustainability-related risks and ensuring compliance with applicable laws and ethical standards. Sustainability is integrated into the Company's strategy, with the Board approving relevant policies and overseeing transparent reporting and stakeholder engagement on environmental, social and governance (ESG) matters. Committees are established where necessary to support these responsibilities with defined roles and accountability. The Board comprises a balanced mix of skills, experience, diversity and independence and meets regularly to ensure effective governance. Performance evaluations are conducted periodically, while comprehensive records are maintained and progress is reported to stakeholders, ensuring transparency and adherence to regulatory requirements and best practices.

Amended by the inclusion of Sec 10 on Disclosure of Interests and linked the Terms of Reference of Board Members as an annexure to the policy.

Policy on Board Committees

The Board of Directors of Hapugastenne Plantations PLC may establish Board and Management Committees to support its responsibilities, delegate authority and ensure effective governance. The Company is required to maintain key Board Committees, including the Nominations & Governance Committee, Talent Development & Remuneration Committee, Audit Committee, Related Party Transactions Review Committee, Integrated Risk Management Committee and Sustainability Committee, in line with the rules of the Colombo Stock Exchange and other relevant standards. Each committee operates under clearly defined terms of reference and comprises at least three directors, including a minimum of two Independent Directors. All committees are chaired by an Independent Director, who is not the Chairperson of the Board. Committees are expected to include members with relevant expertise, be supported by a designated Secretary and are encouraged to rotate membership to promote diverse perspectives. The activities of each committee are reported at the Annual General Meeting.

Policy on Corporate Governance, Nominations and Re-Election

The Policy on Corporate Governance, Nominations and Re-Election of Hapugastenne Plantations PLC sets out a clear and transparent framework for the appointment and re-election of Board members, ensuring strong governance and alignment with the Company's strategic objectives. The policy applies to all Board and committee appointments, with the Nominations and Governance Committee comprising mainly Independent, Non-Executive Directors responsible for identifying, evaluating and recommending candidates based on their skills, experience, independence, diversity and suitability. Re-election of Directors is based on regular performance evaluations and compliance with governance standards, with recommendations submitted to the Board and subject to approval by shareholders. The policy also ensures proper disclosure of candidate information and any potential conflicts of interest and is reviewed periodically to ensure continued relevance and alignment with regulatory requirements and best practice.

Policy on Remuneration

The Remuneration Policy of Hapugastenne Plantations PLC aims to attract, retain and motivate employees by providing competitive compensation aligned with market standards and the Company's performance.

Executive Directors are offered a combination of base salary, perquisites and performance-based bonuses, with remuneration levels reviewed annually and benchmarked against comparable companies. Non-Executive Directors receive a monthly retainer and meeting fees, along with additional fees for participation in Board Sub-Committees. Alternate Directors are paid per meeting in place of the Director they represent. The remuneration of the Chief Executive Officer is linked to performance and aligned with market practices. Bonuses for Executive Directors consist of both fixed and variable components, with the variable portion based on performance.

Policy on Internal Code on Business Conduct and Ethics

The Internal Code on Business Conduct and Ethics of Hapugastenne Plantations PLC outlines the expected ethical standards for directors and officers, focusing on integrity, loyalty, compliance with laws and accountability. It provides guidance on managing conflicts of interest, safeguarding confidential information, ensuring accurate financial reporting, proper use of Company assets and responsible trading in Company securities. Directors and officers are required to declare personal interests, avoid benefiting personally from Company opportunities and report any unethical or unlawful conduct without fear of retaliation. Compliance with all applicable laws is mandatory and any violations may result in disciplinary action. The Code also requires annual declarations of compliance and any waivers must be approved by the Board of Directors.

Amended Sec 7 on Trading in the Company's listed securities by related/connected parties, by deleting the exclusion clause for exemptions for trading during restricted days.

Policy on Risk Management and Internal Controls

Hapugastenne Plantations PLC, is committed to protecting its assets and investments through a strong risk management and internal control framework. This policy applies to all employees and functions and encourages stakeholders to uphold its principles. The Company regularly identifies and assesses a wide range of risks, including strategic, market, operational, regulatory, reputational and sector-specific risks and adopts appropriate measures such as avoidance, reduction, sharing, or acceptance to manage them. A strong control environment is maintained through established processes, clear segregation of duties, authorisation controls and physical safeguards. Compliance with applicable laws and industry standards is ensured, while responsibility for risk management is assigned to business unit heads, who regularly review the effectiveness of controls. Internal audits provide independent assurance on the adequacy of controls and all employees are required to promptly report any control weaknesses.

Policy on Relations with Shareholders and Investors

Hapugastenne Plantations PLC is committed to transparent, accurate and timely communication with its shareholders, investors and other stakeholders ensuring they receive all material information about the Company's governance, operations, financial performance and future prospects. Communication is managed through designated spokespersons and official channels such as the Company website, social media, press releases and annual general meetings with proper attention to confidentiality and regulatory compliance. The Company proactively addresses market rumours, provides access to analysts and the media and encourages shareholder engagement and feedback. Material information is disclosed promptly following a clear approval process while insiders are strictly regulated to prevent misuse of confidential data. Major developments and crisis situations are handled with special care, ensuring all stakeholders remain well informed. The Company regularly updates its policies and provides multiple channels for stakeholders to connect and stay informed.

Policy on Environmental, Social and Governance Sustainability

The Environmental, Social and Governance (ESG) Sustainability Policy of Hapugastenne Plantations PLC sets out the Company's commitment to responsible and sustainable business practices that balance economic growth, social responsibility and environmental protection. Guided by its vision and mission, the Company integrates sustainability into its operations through initiatives focused on employee well-being, community development, environmental conservation and strong corporate governance. The policy establishes clear targets up to 2030 across economic, environmental and social areas, including reducing emissions, promoting ethical sourcing, encouraging innovation and improving board diversity. Progress is measured using defined key performance indicators and is reported annually through the Sustainability Report, along with regular internal updates and stakeholder engagement to ensure transparency, accountability and continuous improvement.

Policy on Control and Management of Company Assets and Shareholder Investments

The Policy on Control and Management of Company Assets and Shareholder Investments of Hapugastenne Plantations PLC sets out the framework for the efficient management, protection and use of its assets and shareholder funds. It applies to all employees, management and Board members. The policy covers the classification, acquisition, use, verification, transfer, depreciation and disposal of assets, including physical, intangible and investment properties. All assets are recorded in a centralised register, assigned unique identification and managed through defined approval and documentation procedures. It also ensures that shareholder investments are utilised strategically, supported by proper reporting, risk management and governance oversight. Regular audits, employee training and annual policy reviews are carried out to maintain compliance, transparency and effectiveness.

Policy on Stakeholder Communication and Corporate Disclosures

The Stakeholder Communication and Corporate Disclosure Policy of Hapugastenne Plantations PLC ensures timely, accurate and transparent communication with all stakeholders, including regulators, shareholders, customers, employees, suppliers, creditors and the community, in compliance with applicable laws and Colombo Stock Exchange (CSE) requirements. The policy requires the fair disclosure of material information, prohibits selective disclosure and insider trading and ensures the confidentiality of unpublished sensitive information.

Communication is carried out through various channels such as financial reports, press releases, the Company's website, social media and direct engagement, with only authorised individuals permitted to speak on behalf of the Company. It also governs communication during blackout periods, promotes language accessibility for customers and ensures consistency in maintaining the Company's brand image across all platforms.

Policy on Anti-bribery and Corruption

The Anti-Bribery and Corruption Policy of Hapugastenne Plantations PLC outlines the Group's commitment to ethical conduct, transparency and accountability, ensuring that all operations are free from fraud and corruption. The policy applies to all employees (excluding interns) and defines fraud and corruption broadly to include bribery, extortion, facilitation payments, conflicts of interest and misuse of resources. It establishes clear procedures for prevention, detection, reporting and response. It emphasises strong leadership, effective internal controls, due diligence on third parties, mandatory training and protection for whistle-blowers. Responsibilities are clearly assigned across executive management, supervisors, the ERM team, IT and auditors, ensuring compliance with national and international regulations, including the Anti-Corruption Act No. 9 of 2023. Confidential reporting channels and investigation procedures are in place and any violations or acts of retaliation may result in disciplinary action.

Policy on Whistleblowing

The Whistleblowing Policy of Hapugastenne Plantations PLC promotes honesty, integrity and transparency by encouraging employees and stakeholders to report any unethical or illegal conduct without fear of retaliation. The policy covers fraud, misconduct, harassment, safety violations and breaches of laws or Company policies. Reports may be made to immediate supervisors or the Head of Enterprise Risk Management and will be handled with strict confidentiality. The Company ensures protection against retaliation and will take disciplinary action against any such conduct. All reports are subject to prompt, fair and impartial investigation, with appropriate action taken where necessary. This policy applies to all employees and stakeholders and is reviewed regularly to ensure its continued effectiveness.

REPORT OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

The Nominations and Governance Committee of Hapugastenne Plantations PLC was established as a key component of its Governance framework in compliance with the revised rules on Corporate Governance comprising the following Directors.

COMMITTEE COMPOSITION

As of 31st March 2026, the Nomination & Governance Committee comprised of the following Directors

Member	Directorship	23.03.2026
Mr. U. H. Ebert Silva	Independent Director / Chairman	1/1
Mr. T. Dharmarajah	Independent Director	1/1
Dr. P. S. H. Uluwaduge	Non-Executive Director	1/1

Subsequent to the reporting date, Mr. T. Dharmarajah was reclassified as a NED with effect from 07th August 2026 upon attaining the age of 70 and, accordingly, stepped down from the Nominations and Governance Committee. Mr. K. Sivanesan was appointed to the Committee as an ID with effect from the same date.

Meetings

The Committee met once during the year. Senior management attended the meeting by invitation to provide insights and facilitate informed decision-making. The NEDs were able to meet on two occasions to discuss matters concerning the Company and the functioning of the board without the presence of the Executive Directors.

Terms of Reference

The Nominations and Governance Committee operates under Board-approved Terms of Reference that define its authority, responsibilities, and scope of activities. The Committee assists the Board in reviewing Board composition, succession planning, director nominations, re-election and independence assessments, Board and Committee evaluations, and the oversight of the Company's corporate governance framework.

The Terms of Reference are reviewed periodically to ensure alignment with the Listing Rules of the Colombo Stock Exchange, applicable regulatory requirements, and evolving governance best practices.

ACTIVITIES DURING THE YEAR

Key activities undertaken by the Committee during the year included:

- Annual review of the Committee Terms of Reference.
- Review of the NGC compliance checklist.
- Review and recommendation of revisions to specified governance policies.
- Review and recommendation of the beneficial ownership information policy.
- Review of the corporate governance compliance report by the Company Secretaries
- Review of Board, Committee, Chairman, CEO, and individual Director evaluation processes.
- Review of directors proposed for re-election and reappointment.
- Review of annual independence, fit and proper, and Code of Ethics declarations.

Re-election of Directors

During the year, the Committee reviewed the service, contribution, expertise, attendance, fitness and propriety, independence, and other relevant commitments of the following Directors who are subject to re-election or reappointment :

Director	First appointed	Last Re-elected/ appointed	Board Committees served	Relationships	Shareholding
Mr. Niveyn Rauhul Nanayakkara	02.04.2026	-	-	-	Nil
Mr. Kanthimany Sivanesan	07.08.2026	-	Nominations & Governance Committee, Remuneration Committee Board Audit Committee & Related Party Transactions Review Committee	-	Nil
Mr. Don Soshan Kamantha Amarasekara	30.03.2022	September 2023	Remuneration Committeee	Appointed by the Parent Company	Nill
Mr. Uluvis Hewage Ebert Silva	19.04.2022	June 2022	Nominations & Governance Committee, Remuneration Committee Board Audit Committee & Related Party Transactions Review Committee	-	Nil
Mr. Ganegodage Dhamitha Vaamaka Perera	27.06.2022	Sep 2025	-	Appointed by the Parent Company	Nil
Mr. Thiyagarajaha Dharmarajah	30.03.2022	Sep 2024	Nominations & Governance Committee, Remuneration Committee Board Audit Committee & Related Party Transactions Review Committee	-	Nil

A special notice has been received from a shareholder in terms of Section 211 of the Companies Act No. 7 of 2007 proposing the passing of an Ordinary Resolution for the reappointment of Mr. G. D. V. Perera and Mr. T. Dharmarajah as Directors of the Company, notwithstanding that they have attained/over the age of 70 years.

In terms of the provisions of the Company's Articles of Association, the Committee has recommended to the Board the re-election / appointment of the aforesaid five directors:

Report of the Nominations and Governance Committee on the proposed re-appointment of Mr. T. Dharmarajah as an Independent Director of Hapugastenne Plantations PLC

The Nominations and Governance Committee having regard to the industry and the Group within which the Company operates, submits this report and its recommendation to the Board and shareholders in terms of applicable regulatory requirements, in respect of the proposed re-appointment of Mr. T Dharmarajah as an Independent Director of the Company.In evaluating this recommendation, the Committee has carefully considered a range of factors to ensure that the proposed appointment is in the best interests of the Company and its shareholders. The Committee's deliberations have considered the following:

1. The current and future strategic priorities of the Company, including opportunities presented by the evolving business environment and the requirement for the Board to be equipped with Directors who possess the requisite expertise, foresight, and leadership capabilities.

2. Regulatory requirements and ensuring compliance under the Companies Act No. 7 of 2007 (Companies Act), specifically, Section 210 of the Act which stipulates that individuals who have attained the age of seventy (70) years shall not be eligible for appointment as Directors unless such appointment is approved by a resolution of the shareholders under Section 211, declaring that the age limit shall not apply to the individual.

3. Compliance with the Colombo Stock Exchange Listing Rules, specifically the provisions on fitness and propriety, independence criteria, and the requirement for shareholder approval in the appointment of Independent Directors over the age of seventy (70) years.

4. Professional experience and leadership record of Mr. Dharmarajah, including insights into corporate finance and governance which are regarded as valuable assets to the Board.

5. Board composition and diversity, including the overall composition of the Board to ensure that it reflects a balanced mix of qualifications, skills, experiences, diversity in perspectives, professional backgrounds, and industry knowledge which is critical to effective governance and to aligning the Board's capabilities with the Company's strategic direction.

Contribution Since Appointment

In forming its recommendation, the Committee has also considered Mr. Dharmarajah's contribution to the Board since his appointment on 30th March 2022. During this period, he has demonstrated a strong capacity to add value through:

- thoughtful and independent contributions to Board deliberations, particularly on matters of Finance and Accounting, Risk Management, and Internal Control;
- the application of sound judgment and practical insight, drawn from his extensive senior leadership experience, which has enhanced the quality and depth of Board discussions; and
- constructive engagement with both fellow Directors and Management, marked by an objective, balanced, and governance-focused approach.

The Committee is of the view that Mr. Dharmarajah's presence has strengthened the Board's collective effectiveness and has positively contributed to its oversight responsibilities over the past year.

Board Evaluations

Members of the Board undertake an annual self evaluation. Responses are evaluated by the Committee and recommendations or concerns discussed with the Board at a meeting and appropriate actions taken.

The Committee is satisfied that the composition of the Board and its subcommittees reflects an appropriate balance of skills, experience, independence, diversity, and knowledge necessary to effectively discharge its duties. The Committee has also ensured that proper processes are in place for the appointment, re-election, and succession of Directors, thereby maintaining continuity and effective leadership.

The Committee has reviewed Management Reports confirming compliance with the CG Framework and confirm that all applicable requirements of Sec 9 of the Listing Rules have been met, as described in the Governance Report set out on pages 16.

Accordingly, the Committee is of the view that it has fulfilled its mandate effectively and contributed to maintaining high standards of corporate governance within the Company.

U. H . E . Silva
Chairman
Nominations and Governance Committee
28th August, 2026

REPORT OF THE REMUNERATION COMMITTEE

The Remuneration Committee is a subcommittee of the Board of Directors established to support the Board in ensuring that the Company's human resource policies and compensation structures are aligned with its strategic objectives, promote a high-performance culture, and are designed to attract, retain, and motivate high-calibre talent.

Remuneration Policy

The Committee is governed by a Policy which has vested it with powers to evaluate, assess and recommend to the Board for approval any fee, remuneration and ex gratia to be paid out to its directors based on the need of the Company to be competitive; the need to attract, motivate and retain talent and the need to encourage and reward high levels of performance with sound focus in bringing on board the best and the right talent to complement the Company's growth plans.

Committee Composition

As of 31st March 2026, the Remuneration Committee comprised of the following Directors

Member	Directorship	23.03.2026
Mr. T. Dharmarajah	Independent Director / Chairman	1/1
Mr. U. H. E. Silva	Independent Director	1/1
Mr. D. S. K. Amarasekara	Non Executive Director	1/1

Subsequent to the reporting date, Mr. T. Dharmarajah was reclassified as a Non-Independent Non-Executive Director with effect from 07th August 2026 upon attaining the age of 70 and, accordingly, stepped down from the Committee. Mr. K. Sivanesan was appointed to the Committee as an Independent Director and to serve in the capacity of Interim Chairman with effect from the same date.

Meetings

The Committee met once during the year, with adequate participation from all members. Senior management attended meetings by invitation as required to provide insights and facilitate informed decision-making.

Terms of Reference

The Remuneration Committee operates under a Board-approved Charter that defines its authority, responsibilities, and scope of activities.

The Committee assists the Board in establishing and reviewing remuneration policies and practices for Directors and Key Management Personnel, ensuring that remuneration arrangements are fair, transparent, aligned with the Company's Remuneration Policies, and consistent with applicable regulatory requirements and good governance practices.

Activities During the Year

During the year under review, the Committee carried out the following key activities:

i. Remuneration Review
Reviewed and recommended the remuneration packages of Executive Directors and senior management, ensuring alignment with performance, market benchmarks, and the Company's strategic objectives.

ii. Performance Evaluation
Assessed the performance of key management personnel against agreed performance targets and approved related incentive payments.

iii.Incentive and Reward Framework
Reviewed the effectiveness of the Company's incentive schemes to ensure they support the achievement of short-term and long-term business goals.

iv. Human Resource Policies
Monitored key human resource policies and practices, including employee engagement initiatives, talent management, and learning and development programmes.

v. Regulatory Compliance
Ensured that compensation practices and HR policies were in compliance with applicable laws, regulations, and governance standards.

The Remuneration Committee confirms that it has carried out its duties in accordance with its Terms of Reference and relevant regulatory requirements and assess that the Company's remuneration policies and human resource practices are consistent with the principles of fairness, transparency, and performance orientation. Further The Committee is satisfied that it has effectively discharged its responsibilities during the year under review.

Mr. K. Sivanesan
Chairman
Remuneration Committee
28th August, 2026

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Committee is a formally constituted sub-committee of the Board, established to ensure that all related party transactions of the Company are conducted in a transparent, fair, and arm's length manner, in the best interests of the Company and its stakeholders.

Composition

As at 31st March 2026, the Related Party Transactions Review Committee comprised the following Directors:

Member	Directorship	Attendance
Mr. U. H. E. Silva	Independent Director/ Chairman	4/4
Mr. T. Dharmarajah	Independent Director	4/4
Mrs. S. Kotakadeniya	Non Executive Director	4/4

After the year under review, on 7th August 2026 Mr. T. Dharmaraja was reclassified as a NED on reaching the age of 70 years in terms of the Listing Rules, while Mr. K. Sivanesan was appointed to the Committee as an Independent Director of the Company until such time Mr. Dharmarajah is reappointed and designated independent at the Annual General Meeting.

Meetings

The Committee held four meetings during the period under review for the purpose of reviewing related party transactions.

Chief Executive Officer, Executive Directors, Group Chief Financial Officer and Head of Finance attend the meetings to update the Committee and to provide all the necessary information with regard to related party transactions. The Committee, having reviewed the related party transactions during the period under review at its meetings, duly recorded and disseminated the minutes of the meetings to the Committee and to the Board of Directors.

There were no related party transactions, non-recurrent or recurrent, during the period under review requiring immediate announcement to the CSE.

A declaration by the Board of Directors as an affirmative statement of compliance with the Listing rules pertaining to RPTs is given on page 48 of this report.

Terms of Reference

The Related Party Transactions Review Committee operates under a Board-approved Charter that defines its authority, responsibilities, and scope of activities.

The Committee assists the Board in ensuring that Related Party Transactions are reviewed, approved, and monitored in compliance with applicable laws, accounting standards, and the Listing Rules of CSE, while safeguarding the interests of the Company and its shareholders.

The Charter is reviewed periodically and updated, where necessary, to reflect evolving regulatory requirements and governance best practices.

Information to the Board of Directors and to the Committee

The management provides complete, timely, adequate and relevant information to the Committee and the Board.

Review of Related Party Transactions

During the year under review, the Committee reviewed all related party transactions undertaken by the Company. The Committee confirms that:

Transactions entered into by the Company with related parties were in the ordinary course of business;

Such transactions were conducted on terms comparable to those with unrelated third parties;

No non-recurrent related party transactions requiring special shareholder approval were entered into during the year, and

Adequate systems and controls are in place to identify, record, and report related party transactions.

Details of related party transactions are disclosed in pages 113 to 115 of the Financial Statements

All transactions with related parties were computed having regard to the arm's length price. The calculation of the arm's length price is based on any one of the most appropriate methods as follows

- Comparable Uncontrolled Price Method [CUP]
- Re-sale Price Method [RPM]
- Cost Plus Method [CPLM]
- Profit Split Method [PSM]
- Transactional Net Margin Method [TNMR]

The Committee is satisfied that the Company has complied with all applicable regulatory requirements, including the Listing Rules and relevant accounting standards governing related party transactions and remains committed to upholding high standards of corporate governance and ensuring transparency and integrity in all related party dealings of the Company.

Mr. U. H. E. Silva
Chairman - Related Party Transactions Review Committee
28th August 2026

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Directors of Hapugastenne Plantations PLC have pleasure in presenting their 33rd Annual Report of the Company together with the audited financial statements for the year ended 31st March 2026.

The details set out herein provide the pertinent information required by the Companies Act No. 07 of 2007 (Companies Act), the Listing Rules of the Colombo Stock Exchange (CSE), Code of best practice on Related Party Transactions (RPT) published by the Securities and Exchange Commission of Sri Lanka (SEC), and the Code of Best Practice on Corporate Governance issued by CA Sri Lanka to the extent of business exigency as required by the Company and are guided by recommended best accounting practices.

Principal Activities and Business Review

The principal activities of Hapugastenne Plantations PLC are the cultivation, manufacture, and sale of tea and rubber, together with other diversified agricultural crops, across its estates situated in the Sabaragamuwa and Uva Provinces of Sri Lanka.

Tea remains the Company's principal product, cultivated, processed, and marketed globally as premium Ceylon Tea. In addition, the Company is engaged in the cultivation and processing of rubber, which is sold both as processed rubber and as latex direct from the plantations. The Company has further diversified its product base through the cultivation of cinnamon, pepper, cardamom, and sustainable timber, together with nursery plants and commercial forest plantations, reinforcing its commitment to sustainable and diversified agricultural operations.

During the year, the Company continued to focus on improving crop productivity, product quality and operational efficiency while managing the impact of climatic conditions, rising input costs and labour-related challenges. Strategic emphasis was placed on good agricultural practices, replanting and field development, responsible resource management, cost optimisation and employee welfare. The Company remains committed to strengthening the long-term sustainability and resilience of its plantation operations while creating value for shareholders and other stakeholders

.A comprehensive review of the Company's business performance, operating environment, financial results and future outlook is presented in the Chairman's Message (pages 3) Operations Review (pages 6) and Financial Review (pages 13). These sections, read in conjunction with the Audited Financial Statements, collectively provide a fair and comprehensive view of the state of affairs of the Company.

Financial Statements & Auditors' Report

The Financial Statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) and the requirements of the Companies Act No. 07 of 2007.

The Financial Statements together with the Independent Auditor's Report are set out on pages 65 to 126 of this Annual Report.

Accounting Policies

The accounting policies adopted in the preparation of the Financial Statements are given on pages 73 to 87. There were no changes in the accounting policies adopted except accounting policies mentioned in Note 3.1 to the Financial Statements

Financial Results

The financial results of the Group for the year ended 31 March 2026 are set out in the Audited Financial Statements.

The revenue generated by the Group for the year under review amounted to Rs. 4.4. Bn (Rs. 4.9 Bn- 2024/25) which is an 10% reduction compared to the previous year. An analysis of the revenue based on product segments is disclosed in note 35 to the financial statements on page 116.

The Group recorded a profit before taxation of LKR 153 Mn during the year under review. Further information on financial performance is provided in the Financial Review section and page 13 to the Financial Statements.

Taxation and Statutory Payments

The Company is liable to income tax at 30 percent for 2025/26 in terms of the Inland Revenue Act No. 45 of 2022 and amendments thereto. A detailed statement of the income tax rates applicable to the Company and a reconciliation of the accounting profits with the taxable profits are given in Note 9 to the financial statements on pages 90 to 91.

The Directors confirm that all known statutory dues, taxes, levies and other obligations payable by the Company, including employee-related statutory payments, have been paid when due or adequately provided for in the Financial Statements

Stated Capital and Reserves

The stated capital of the Company as at 31st March 2026 was Rs. 550 Mn (Rs. 550 Mn as at 31st March 2025).

The total reserves of the Company as at 31st March 2026 amounted to Rs. 4.23 Bn (Rs. 4.08 Bn -as at 31st March 2025). The movement in these reserves is shown in the statement of changes in equity on page 71.

Property, Plant and Equipment

The carrying value of property, plant and equipment of the Group as at 31st March 2026 was Rs.812 Mn (Rs. 843 Mn - as at 31st March 2025) The total expenditure on the acquisition of property, plant and equipment during the year in respect of new assets by the Company amounted to Rs.79 Mn (2024/25 Rs. 87 Mn). The movement of property, plant and equipment during the year is shown in note 13 of the financial statements on page 96 to 97.

Right of use assets amounting to Rs.3.34 Bn (Rs. 3.51 Bn - 2024/25 -) have been shown separately from property, plant and equipment as per SLFRS 16 – Leases.

Details of valuation of property, plant and equipment and investment property are provided in notes 13 to the financial statements on pages 96 to97 respectively.

Dividends

After considering the financial position, cash flow requirements, and investment needs of the Company, no dividends were recommended for the period under review.

Investor Information

The distribution and composition of shareholders including 20 largest shareholders, and information relating to share trading, market capitalisation, public holding percentage, and the number of public shareholders is set out in the Investor Information section of the Annual Report on pages 128 to 130.

Corporate Donations

Corporate Donations by the Company amounted to LKR 89,583 (2025–LKR 47,150). No donations were made for political purposes.

Employment Policy

The Company's employment policy is non-discriminatory in all aspects and respects individuals and provides career opportunities irrespective of gender, race or religion. Regular performance appraisal and evaluation schemes are in place and training, development and promotion opportunities are available to all employees who qualify.

The number of persons employed by the Company as at 31st March 2026 was 2,597 (as at 31st March 2025 - 2,868). There were no material issues pertaining to employees and industrial relations during the year under review.

Employees' Health & Safety

More attention has been given to employees' health and safety and several training programs have been conducted to educate, improve awareness and encourage good practices of safety and health by employees at all levels. A comprehensive evaluation of health and fire hazards was undertaken in all the factories by the Company's engineering division during the period under review and their recommendations have been implemented in full.

Directorate

The Board of Directors during the year under review comprised the following:

Dr. P. S. H. Uluwaduge
Non-Executive Director / Chairman

Mr. D. J. Ratwatte
Executive Director, CEO (resigned with effect from 31.03.2026)

Mr. D S K Amarasekara
Non-Executive Director

Mrs. S. Kotakadeniya
Non-Executive Director

Mr. M. Gunawardena
Non-Executive Director

Mr. G. D. V. Perera
Executive Director (redesignated as the CEO of the Company w. e.f. 02.04.2026)

Mr. A. S. Perera
Executive Director

Mr. T. Dharmarajah
Independent Director (status changed to Non-Executive Director on 7th August 2026 in terms of Rule 9.8.3.ix of the CSE)

Mr. U. H. E. Silva
Independent Director

Dr. K. Mohottige
Independent Director

Mr. N. R. Nanayakkara
Executive Director (a.w.e.f. 02nd April 2026)

Mr. K. Sivanesan
Independent Director a.w.e.f. 7th August 2026

Detailed profiles of the Board of Directors, are given on pages 53 to 57.

The Board records its appreciation to Mr. Dushanth Ratwatte who retired from office from 31st March 2026 for his valuable contribution as the Chief Executive Officer of the Company. The Board welcomes Mr Niveyn Nanayakkara and Mr Kanthimany Sivanesan and anticipate benefiting from their expertise in achieving significant growth.

Retirement of Directors and their Re-Election

With the recommendation of the Nominations & Governance Committee, the Board seeks re-election/re-appointment of the following directors:

In accordance with Article 94 of the Articles of Association of the Company Mr. N. R. Nanayakkara and Mr. K. Sivanesan will retire and offer themselves for re-election.

In accordance with Article 87 of the Articles of Association of the Company Mr. D. S. K. Amarasekara and Mr. U.H. E. Silva will retire by rotation and offer themselves for re-election

In terms of section 210, Mr. Ganegodage Dhamitha Vaamaka Perera, who is 74 years and Mr. Thiyagarajaha Dharmarajah, who reached 70 years on 7th August 2026 will retire and offer themselves for re-appointment. Special notice has been received from a shareholder in terms of Section 211 of the Companies Act No. 7 of 2007 proposing the passing of Ordinary Resolutions for the reappointment of these two directors, notwithstanding that they have attained/over the age of 70 years.

The Board further seeks the approval of the public shareholders to re-designated Mr. Dharmarajah as an ID.

The profiles of the above Directors are set out on page 53 to 57 of this Annual Report, and further details relating to their re-election/re-appointment are provided in the Report of the Nominations and Governance Committee on page 40 and in the Notice of Meeting.

Fit and Proper Assessment of Directors

Annual declarations were obtained from the Directors in compliance with rule 9.7.4 of the listing rules of the Colombo stock exchange, confirming their continuous adherence to the prescribed Fit and Proper Assessment criteria. Based on these declarations and the assessments carried out, the Board confirms that all Directors satisfy the Fit & Proper Assessment Criteria stipulated by the CSE and further confirm continuous compliance throughout the financial year and up to the date of signing.

Code of Ethics

The Company has adopted a Code of Business Conduct and Ethics applicable to all Directors and employees. The Code promotes the highest standards of integrity, ethical conduct, and professional behaviour and provides a framework for managing actual or potential conflicts of interest.

All Directors annually confirm their compliance with the Code. The Board confirms that no waivers were granted and that no material violations were recorded during the year.

Directors Interests in Contracts

The Company maintains an Interests Register in terms of Sec 192 and 193 of the Companies Act No. 7 of 2007 and is available for inspection upon request. The disclosures made by Directors have been noted by the Board, recorded in the minutes and entered into the Interest Register.

The Directors confirm that all material interests in contracts involving the Company have been disclosed to the Board and wherever any Director is materially interested in a contract or proposed contract with the Company, they would refrain from voting on such contracts. During the year under review, the Company did not enter into any contracts in which any Director was materially interested.

The declarations made by the directors confirm that there are no financial, business, family or other material/relevant relationship(s) between the Chairman and the Executive Director/CEO and/or amongst the other members of the Board.

Other directorships held by the Board Members in Sri Lanka are disclosed on pages 50 to 52.

Directors' Shareholding

Details of the Directors' shareholdings in the Company as at 31 March 2026 are provided below:

	As at 31.03.2026	As at 31.03.2025
Dr. P. S. H. Uluwaduge	Nil	Nil
Mr. D. J. Ratwatte	100	100
Mr. D. S. K. Amarasekara	Nil	Nil
Mrs. V. G. S. S. Kotakadeniya	Nil	Nil
Mr. M. Gunawardana	Nil	Nil
Mr. A. Perera	Nil	Nil
Mr. G.D.V. Perera	Nil	Nil
Mr. T. Dharmarajah	Nil	Nil
Mr. U. H. E. Silva	Nil	Nil
Dr. K. Mohottige	Nil	Nil
Mr. N Nanayakkara	Nil	Nil
Mr. K. Sivanesan	Nil	Nil

Directors' Remuneration

The remuneration of Directors is determined in accordance with the Company's approved remuneration policy and is designed to attract, retain and motivate individuals with the appropriate skills and experience.

Details of Directors' remuneration for the period ended 31st March 2026 are disclosed in Note31.2 to the Financial Statements on page 115. Further information on the remuneration framework and practices of the Company is set out in the Remuneration Committee Report on page 43.

Related Party Transactions

The Directors confirm that the Company is in compliance with the Listing Rules of the Colombo Stock Exchange relating to Related Party Transactions.

All Related Party Transactions entered into during the year were reviewed by the Related Party Transactions Review Committee to ensure that such transactions were conducted on normal commercial terms and were not prejudicial to the interests of the Company or its minority shareholders. More details in this regard are shown in the report of the Related Party Transactions Review Committee appearing on page 44 of this Annual Report.

In terms of LKAS 24, details of Related Party Transactions are disclosed in Notes 31 to the Financial Statements.

Corporate Governance

The Board of Directors is committed to upholding the highest standards of corporate governance and ensuring compliance with all applicable laws, regulations, and best practices. The Corporate Governance Report on pages 16 to 36 provide information to aid understanding of how the Company has applied the principles of corporate governance rules.

The Company is compliant with Section 9 of the Listing Rules of the Colombo Stock Exchange.

Internal Controls and Risk Management

The Board, through the Audit Committee, has reviewed the effectiveness of the Company's system of internal controls and risk management framework and is satisfied that appropriate controls and processes were in place throughout the year to support effective governance, safeguard assets, ensure compliance with applicable laws and regulations, and facilitate the reliable preparation of financial information.

The internal audit function of the Company is carried out by the Group Enterprise Risk Management (ERM) Team, which periodically reviews the adequacy and effectiveness of the Company's risk management and internal control processes against established policies and procedures. The findings of such reviews are reported to the Audit Committee, and any control deficiencies or areas requiring improvement are communicated to the relevant management personnel for timely remedial action. The implementation of agreed actions is monitored by the Audit Committee and reported to the Board, where appropriate.

Compliance with Laws and Regulations

The Company is committed to full compliance with all statutory obligations mandated by regulators. Through participation in various workshops/ forums and updates from the Company Secretaries and the Management, the Board of Directors keeps abreast of laws, rules, regulations and changes thereto, particularly to Listing Rules and applicable capital market provisions.

To the best of the knowledge of the Directors, the Company has not engaged in any activity that contravenes any applicable law or regulation, and has been in compliance with all prudential requirements, regulations and laws.

Furthermore, the Directors confirm that there were no fines which are material imposed on the Company by any Governmental or regulatory authority in the country.

Fair Treatment for Stakeholders

The Company has taken necessary measures to ensure fair and equitable treatment for all its stakeholders.

Events Occurring After Reporting Date

The Directors are not aware of any material events occurring after the reporting date which would require adjustment to or disclosure in the Financial Statements except those disclosed in Note 34.

Going Concern

Having reviewed the Company's financial position, cash flows and funding facilities, the Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, the financial statements have been prepared on a going concern basis.

External Auditors of the Company

Messrs KPMG, Chartered Accountants, served as the External Auditors of the Company during the year.

Having considered the recommendations of the Audit Committee, the Board recommends that Messrs. KPMG, Chartered Accountants be appointed as Auditors for the year 2026/2027 at a fee to be decided upon by the Board.

Audit and audit-related fees paid to the Auditors are disclosed in Note 08 to the Financial Statements.

Annual Report

The Board of Directors approved the Financial Statements on 28th August 2026. The appropriate number of copies of this report will be submitted to the Colombo Stock Exchange and to the Sri Lanka Accounting and Auditing Standards Monitoring Board.

Annual General Meeting

The Annual General Meeting will be held on 22nd September 2026 at 10.30 a.m. as a virtual meeting with arrangements for the on-line meeting platform made at LOLC Holdings PLC, No.100/1, Sri Jayawardenapura Mawatha, Rajagiriya.

By Order of the Board of Directors

Dr P S H Uluwaduge
Chairman

G D V Perera
Executive Director/CEO

LOLC Corporate Services (Private) Limited
Secretaries

28th August 2026

DIRECTORS' DECLARATION

Name of the Director	Directorates held in Sri Lanka	Nature of the Appointment
Dr. P. S. H. Uluwaduge	Hapugastenne Plantations PLC	Chairman
	Udapussellawa Plantations PLC	Chairman
	Tea Smallholder Factories PLC	Chairman
	Maturata Plantations Limited	Chairman
	Pussellawa Plantations Limited	Director
	Leapstitch Technologies (Private) Limited	Director
	Sun Yield Bio Ingredients (Pvt) Ltd	Director
	Galoya Plantations (Pvt) Limited	Director
	F L M C Plantations (Private) Limited	Director
	Ceylon Estate Teas (Private) Limited	Director
	Melfort Green Teas (Private) Limited	Director
	Browns Power Holdings (Pvt) Ltd	Director
	Browns Plantation Holdings (Pvt) Ltd	Director
	Browns Tea Brokers (Pvt) Ltd	Director
Mr. G. D. V. Perera	Hapugastenne Plantations PLC	Exc. Director
	Udapussellawa Plantations PLC	Exc. Director
	Tea Smallholder Factories PLC	Director
	Maturata Plantations Ltd	Director
	Sinharaja Eco Lodge	Director
Mr. D. S. K. Amarasekera	Browns Investments PLC	Non Exc. Director
	Dolphin Hotels PLC	Non Exc. Director
	Eden Hotel Lanka PLC	Non Exc. Director
	Hapugastenne Plantations PLC	Non Exc. Director
	Hotel Sigiriya PLC	Non Exc. Director
	Palm Garden Hotels PLC	Non Exc. Director
	Serendib Hotels PLC	Non Exc. Director
	Sierra Cables PLC	Non Exc. Director
	Tea Smallholder Factories PLC	Non Exc. Director
	Udapussellawa Plantations PLC	Non Exc. Director
	Maturata Plantations Ltd	Director
	Pussellawa Plantations Limited	Director
	F L P C Management (Pvt) Ltd	Director
	F L M C Plantations (Pvt) Ltd	Director
	Ceylon Estate Teas (Pvt) Ltd	Director
	Melforrt Green Teas (Pvt) Ltd	Director
Ms. V. G. S. Kotakadeniya	LOLC General Insurance PLC	Non Exc. Director
	Sierra Cables PLC	Non Exc. Director
	Hapugastenne Plantations PLC	Non Exc. Director
	Udapussellawa Plantations PLC	Non Exc. Director
	Maturata Plantations Ltd	Director
	Browns Metal & Sands (Pvt) Ltd	Director

Name of the Director	Directorates held in Sri Lanka	Nature of the Appointment
Mr. M. Gunawardena	Agstar PLC	Chairman
	Hapugastenne Plantations PLC	Non Exc. Director
	Udapussellawa Plantations PLC	Non Exc. Director
	Pussellawa Plantations Limited	Director
	Maturata Plantations LTD	Exc. Director
	Sri Lanka Institute of Nano Technology (SLINTEC)	Director
	Ceylon Estate Teas (Pvt) Ltd	Director
	FLMC Plantations (Pvt) Ltd	Director
	Melfort Green Teas (Pvt) Ltd	Director
	LOLC Advanced Technologies Industries LLC SPC	Director
	L O L C Advanced Technologies (Pvt) Ltd	Director
	Ceylon Graphene Technologies (Pvt) Ltd	Director
	Associated Battery Manufacturers (Ceylon) Ltd	Director
	Browns Pharma Ltd	Director
	Browns Agri Solutions (Pvt) Ltd	Director
	B I Commodities and Logistics (Pvt) Ltd	Director
	L O L C Geo Technologies (Private) Limited	Director
	Tropical Island Commodities (Private) Limited	Director
	Sri Spice (Private) Limited	Director
Mr. T. Dharmarajah	Eden Hotel lanka PLC	Independent Director
	Palm Garden Hotels PLC	Independent Director
	Serendib Hotels PLC	Independent Director
	Renuka City Hotels PLC	Independent Director
	Dolphin Hotels PLC	Independent Director
	Hotel Sigiriya PLC	Independent Director
	Udapussellawa Plantation PLC	Independent Director
	Hapugastenne Plantation PLC	Independent Director
	Tea Smallholder Factories PLC	Independent Director
	DHS Medical Group (Pvt) Limited	Director
	Management Applications (Pvt) Limited	Director
	Postgraduate Institute of Indigenous Medicine	Director
	Amerasekera & Company	Non Exc. Director
Mr. A. S. Perera	Hapugastenne Plantations PLC	Exc. Director
	Udapussellawa Plantations PLC	Exc. Director
	Tea Smallholder Factories PLC	Exc. Director
	Maturata Plantations Ltd	Director
	Pussellawa Plantations Ltd	Director
	Ceylon Estate Teas (Pvt) Ltd	Director
	F L M C Plantations (Pvt) Ltd	Director
	Melfort Green Teas (Pvt) Ltd	Director
	Newburgh Green Tea (Pvt) Ltd	Director
	Plantation Human Development Trust	Director

Name of the Director	Directorates held in Sri Lanka	Nature of the Appointment
Mr. N. R. Nanayakkara	Hapugastenne Plantations PLC	Exc. Director
	Udapussellawa Plantations PLC	Exc. Director
	Tea Smallholder Factories PLC	Exc. Director
	LOLC Technologies Limited	Director
	Browns EV (Pvt) Ltd	Director
	Browns Power Holdings (Pvt) Ltd	Director
	Browns Hotels & Resorts (Pvt) Ltd	Director
	Browns Plantation Holdings (Pvt) Ltd	Director
	Maturata Plantations Ltd	Director
	Pussellawa Plantations Ltd	Director
	Melfort Green Teas (Pvt) Ltd	Director
Mr. U. H. E. Silva	Hapugastenne Plantations PLC	Independent Director
	Udapussellawa Plantations PLC	Independent Director
	Tea Smallholder Factories PLC	Independent Director
Mr. K. Mohottige	Hapugastenne Plantations PLC	Independent Director
	Udapussellawa Plantations PLC	Independent Director
	Tea Research Institute of SL	Committee Member
	Ministry of Agriculture and Plantation Industries	Committee Member
	EDB	Director
Mr. K. Sivanesan	Browns Investments PLC	Senior Independent Director
	LOLC Holdings PLC	Independent Director
	Agstar PLC	Independent Director
	Hapugastenne Plantations PLC	Independent Director
	Udapussellawa Plantations PLC	Independent Director
	Tea Smallholder Factories PLC	Independent Director
	LOLC Life Assurance Limited	Independent Director
	Waharaka Energy (Private) Limited	Director

BOARD OF DIRECTORS

Dr. P.S.H. Uluwaduge

Non Executive Director/ Chairman

Member of the Board from 30th March 2022

Board Committees

Member - Nominations & Governance Committee

Dr. Pradeep Uluwaduge counts over twenty years of experience in the field of Human Resource Management and Development, Legal, Corporate Affairs & Plantations, both in Sri Lanka and overseas.

He has completed his bachelors of Laws degree (LL.B) with an honours pass from the Faculty of Law, master's in laws degree and earned his Ph.D in Management and Business Studies from the Faculty of Management and Finance, all from the University of Colombo. Dr. Uluwaduge took oaths as an Attorney at Law from the Supreme Court in Sri Lanka in 2003. He holds a postgraduate Diploma in Human Resource Management from the UK, and is a fellow member of the Institute of certified Management Accountants of Sri Lanka (FCMA,SL). Dr. Uluwaduge, is a Fellow Member of the Chartered Institute of Management Accountants (FCMA), UK and a member of the chartered Global Management Accountants (CGMA), USA. He is a Certified Professional Coach (CPC) from the Australian Federal University. Dr Uluwaduge is a life member of the Bar Association of Sri Lanka and a Member of the prestigious Singapore Academy of Law as well as a professional member of the Singapore Human Resource Institute. He was awarded the Honorary Fellow Membership by the National Institute of Plantation Management (NIPM), Sri Lanka.

Dr. Uluwaduge was awarded as the best under 40 Business Leader award by the Alumni Association of the Postgraduate institute of management (PIM) in 2016 and was a Council Member of the National chamber of commerce from 2017 to 2023. He is a visiting faculty member for the MBA Program, University of Colombo and a visiting supervisor for M.Phil / PhD Programme at the Business school, Sri Lanka Institute of Information Technology (SLIIT).

Dr. Uluwaduge currently functions as a Non-Executive Chairman of Browns Plantations cluster, which has become the world's largest Tea Producer and Exporter with its new acquisitions in Sri Lanka and Overseas. He serves on a number of boards of other subsidiaries of the LOLC Group including Browns Plantations Kenya Limited (a company incorporated in Scotland), Browns Plantations Tanzania Limited, Browns Plantations Rwanda Limited, Hapugastenne Plantations Plc., Udapussellawa Plantations Plc., Tea Smallholder Factories Plc, Maturata plantations Ltd, Pussellawa Plantations Ltd, Browns Ari Resort Maldives etc. Dr. Uluwaduge was the world's first plantation company chairman to receive the Climate Neutral Citizen Certification from the control union in the Netherlands.

Dr. Uluwaduge also functions as the Group Chief HR Officer and Group Chief Sustainability officer overseeing Human Resource Management and Development and Sustainability functions of the LOLC group, Covering both local and foreign operations.

Mr. D. J. Ratwatte

Executive Director/ CEO

Resigned with effect from 31st March 2026

Member of the Board from 2015

Mr. D.J. Ratwatte was appointed as an Executive Director/ Chief Operating Officer of this company and Udapussellawa Plantations PLC in the year 2015 and as a Director of Newburgh Green Teas (Pvt) Ltd a subsidiary of Hapugastenne Plantations PLC. Dushanth was elevated as the Chief Executive Officer of this Company and Udapussellawa Plantations PLC in January 2016. He served as Non-Executive Director of Finlays Colombo Ltd from May 2017 to April 2022.

Dushanth has over 37 years of hands-on experience in the plantation agri-business. He is a fellow member of the National Institute of Plantation Management, FIPM (SRI LANKA), Graduate and member of the Sri Lanka Institute of Directors (GSLID) and a Member of the Institute of Management of Sri Lanka MIM(SL).

Mr. D. S. K. Amarasekara

Non Executive Director

Member of the Board from 30th March 2022

Board Committees

Member - Remuneration Committee

Mr. Kamantha Amarasekara is a member of the Institute of Chartered Accountants of Sri Lanka and is an Attorney- at-Law of the Supreme Court of Sri Lanka. He also holds a degree in Business Administration from the University of Sri Jayewardenepura and began his career in the year 1998. Mr. Amarasekera is an eminent Tax Consultant and the Senior Tax and Legal Partner of M/s. Amarasekera & Company, a leading tax consultancy firm in the country.

In addition to his directorship in this company, his other key appointments are; Director Browns Investments PLC, Dolphin Hotels PLC, Eden Hotel Lanka PLC, Hotel Sigiriya PLC, Palm Garden Hotels PLC, Serendib Hotels PLC, Sierra Cables PLC, Hapugastenna Plantations PLC, Udapussellawa Plantations PLC, Tea Smallholder Factories PLC and several other subsidiaries of Browns Investments Group.

Mrs. V G S.S. Kotakadeniya

Non Executive Director

Member of the Board from 30th March 2022

Board Committees
Member - Board Audit Committee and RPTR Committee

Mrs. Sunjeevani Kotakadeniya was appointed to the Board on 11th February 2022. She is a distinguished finance professional with over three decades of senior leadership experience across diverse sectors,including banking & financial services (finance companies, factoring stock broking), insurance,fund management, manufacturing, hospitality, construction, renewable energy, agriculture & plantation and IT. She has extensive experience in strategy development, mergers and acquisitions, investment portfolio management, project management, IT and administration disciplines. Sunjeevani is a catalyst in business restructuring and process re-engineering driven change management leading several initiatives throughout her career .

She served as the Chief Financial Officer of the LOLC Group, overseeing the Group's local and international businesses' finance functions from January 2005 to June 2025 .

Her professional qualifications include; FCMA (UK), CGMA (USA), MBA [University of Colombo]

She currently serves on the Boards of Sierra Cables PLC, LOLC General Insurance PLC, Hapugastenne Plantations PLC, Udapussellawa Plantations PLC, Maturata Plantations Ltd, Browns Metal & Sands (Pvt) Ltd, Serendib Microinsurance PLC – Cambodia and NPH Investments Pvt Ltd – Maldives.

Mr. M. Gunawardana

Non Executive Director

Member of the Board from 23th October 2024

Mr. Manju Gunawardana counts over 25 years in Research and Innovation in various subject areas, including Nano technology, Advanced Material & Engineering. He started his career as electronics engineer and specialised in military electronics.

Mr. Gunawardana has worked in some of Sri Lanka's leading engineering companies, such as TOS Lanka Co Pvt Ltd and Orange Electric, as a Director Engineering and Head of Research responsible for product development and research management. He served as the CEO at CIC Precision Agriculture (Pvt) Ltd, Head of Research & Innovation at CIC Holdings PLC, and pioneered Precision Agriculture Technologies based on drone applications in Sri Lanka.

Mr. Gunawardana has worked as a principal Research Engineer at MAS Holdings, Sabre Technologies, and was responsible for real-time system design. Currently, he is the CEO of the Research and Innovation arm of LOLC as well as a Consultant Senior Research Scientist/Director at Sri Lanka Institute of Nano Technology (SLINTEC). Also, his contribution in unveiling Sri Lanka's pristine graphite to the world is so far remarkable, being the pioneer and founder of Ceylon Graphene Technologies Pvt Ltd (CGTL), Sri Lanka's first graphene and advanced material company, and he currently serves as CEO/ Director.

Mr. Gunawardana is the winner of multiple international awards, including 3 Geneva Innovation Congress Gold Medals and one Silver Medal. He has also twice won the national title as the Best Inventor in Sri Lanka. He is the Chairman of Browns Agri Solutions (Pvt) Ltd and Agstar PLC.

Mr. Gunawardana serves in the Boards of LOLC Advanced Technologies (Pvt) Ltd, , Associated Battery Manufacturers (Ceylon) Limited, Browns Pharma Limited , B I Commodities and Logistics (Pvt) Ltd, L O L C Geo Technologies (Private) Limited, Fortigrains Lanka (Pvt) Ltd, L O L C Eco Technologies (Pvt) Ltd, Tropical Island Commodities (Private) Limited, Sri Spice (Private) Limited, Hapugastenne Plantations PLC, Udapussellawa Plantations PLC, Pussellawa Plantations Limited, Maturata Plantations Ltd, Ceylon Estate Teas (Pvt) Ltd, F L M C Plantations (Pvt) Ltd, Melfort Green Teas (Pvt) Ltd, L O L C Advanced Technologies Industries LLC SPC and Sri Lanka Institute of Nano Technology (SLINTEC).

He also serves as the Chief executive officer of Ceylon Graphene Technologies (Pvt) Ltd, Chairman of Browns Agri Solutions (Pvt) Ltd and as Non Executive Chairman of Agstar PLC.

Mr. G. D. V. Perera

Executive Director/CEO

Re-designated with effect from 02nd April 2026

Member of the Board from 27th June 2022

Mr. Dhamitha Perera counts 55 years in Plantation management. He is a Fellow of The National Institute of Plantation Management (FIPM). On completing his school education at S. Thomas' College, Mt.Lavinia, between 1959 to 1971, his planting career started in July 1971 under Mackwoods Estates and Agencies Ltd. and was employed on estates under a Sterling Plantation Company. After the vesting of estates by the State in 1975 under LRC law, he rose to the ranks of Estate Manager, Visiting Agent and Board Director of JEDB Nuwara Eliya and was in charge of 17 estates.

He was selected and gained employment as The Controller of Production by The Commonwealth Development Corporation (CDC) of United Kingdom and was seconded to develop and manage large tea projects and factories in Tanzania. After a four years residential stint in Tanzania/ Kenya, he returned to Sri Lanka after the formation of Regional Plantation Companies. He was appointed Director-Plantations of Balangoda Plantations Ltd. under Forbes Ceylon Group and rose to the rank of CEO and Director of Agarapatana Plantations Ltd. and was also CEO and Director of Kotagala Plantations PLC. under the Lankem Ceylon Ltd. Group.

He also gained experience with Union Commodities Pvt Ltd, under Lankem Ceylon Ltd. where he was a Board Director managing a very large tea blending, warehousing complex and tea export/ value addition packaging company. He was also Director of seven different companies which came under the purview of Lankem Ceylon Ltd. He headed the prestigious Planter's Association of Ceylon as its Chairman from 2008 to 2010. He was a former Director of The Sri Lanka Tea Board. He was a Director of The Plantation Housing Development Trust for 10 years.

At present he serves as Director of this company in addition to being CEO/Executive Director of Udapussellewa Plantations PLC and CEO/Executive Director of Hapugastenne Plantations PLC., Executive Director of Maturata Plantations Ltd. and Director of Sinharaja Eco Lodge.

Mr. A. S. Perera

Executive Director

Member of the Board from 27th December 2021

Mr. A.S. Perera was appointed as a Non-Executive Chairman to the Board on the 27th of December 2021 until 30th March 2022 and he currently serves as an Executive Director of Hapugastenne Plantations PLC, Tea Small Holder Factories PLC, Pussellawa Plantations Ltd & Maturata Plantations Ltd, and Director of Melfort Green Teas Ltd, Newburgh Green Teas (Pvt) Ltd, FLMC Plantations (PVT) Ltd, Ceylon Estate Teas (PVT) Ltd, and Plantation Human Development Trust (PHDT). Mr. Perera has over 40 years of experience in the Plantation sector.

He is a Fellow of the Institute of Plantation Management (FIPM), Member of the Chartered Institute of Personal Management (CMIPM), Member of the Institute of management (MIM), Life member of the Organization of Professional Association (OPA).

In the corporate sector he has served as the Executive Director - Balangoda Plantations PLC, Director/CEO - Agalawatte Plantations PLC, Director AEN Oil Palm Ltd, Director of Mackply Industries Ltd, Rubber Research Board of Sri Lanka.

Mr. T. Dharmarajah

Independent Director

Member of the Board from 30th March 2022

*Re designated as Non Executive Director with effect from 07th August 2026

Board Committees

Chairperson - Board Audit Committee , Remuneration Committee

Member – RPTR Committee, and Nominations & Governance Committee

Mr. Thiyagarajah Dharmarajah is the Senior Partner (Audit & Assurance) at M/s Amerasekera & Company and serves as a Director of Renuka City Hotels PLC, Eden Hotel Lanka PLC, Palm Garden Hotels PLC, Serendib Hotels PLC, Dolphin Hotels PLC, Hotel Sigiriya PLC, Udapussellawa Plantation PLC, Hapugastenne Plantation PLC, Tea Smallholder Factories PLC, Management Applications (Pvt) Limited and DHS Medical Group (Private) Limited.

He is a Member of the Council of the University of Visual and Performing Arts, Postgraduate Institute of Indigenous Medicine and a member of the Standing Committee on Management Studies of the University Grants Commission. He was a director of DFCC Bank PLC, DFCC Vardhana Bank PLC, and Raigam Wayamba Salterns PLC, a Member of the Board of Management Postgraduate Institute of Management and Curriculum Development Committee of the National Institute of Education. He was also a Member of the Council of the Institute of Chartered Accountants of Sri Lanka and University of Sri Jayewardenepura. He was a former president of the Association of Accounting Technicians of Sri Lanka.

Mr. Dharmarajah holds a B.Sc. Management (Sp) Degree from the University of Sri Jayewardenepura and a Fellow Membership of the Institute of Chartered Accountants of Sri Lanka, Association of Accounting Technicians of Sri Lanka and Institute of Public Finance & Development Accountancy'.

Mr. U. H. E. Silva

Independent Director

Member of the Board from 19th April 2022

Board Committees

Chairperson - RPTR Committee, and Nominations & Governance Committee

Member – Board Audit Committee, Remuneration Committee

Mr. Ebert Silva has over 30 years of experience in Banking, Regulatory and Financial Reporting, Human Resource Management and Administration as a former official of the Central Bank of Sri Lanka. He joined CBSL in 1986 and has worked in the Bank Supervision, Employees' Provident Fund, Facilities Management departments and in the Centre for Banking Studies until his retirement in year 2017. He also functioned as an Independent Non-Executive Director of Commercial Leasing and Finance PLC.

He holds a B.Sc. degree in Business Administration from the University of Sri Jayawardenapura and has read for his M.A in Economics from the University of Ohio, USA.

He is also an associate member of the Institute of Bankers of Sri Lanka and serves as a Director of Udapussellawa Plantation PLC, Hapugastenne Plantation PLC, Tea Smallholder Factories PLC.

Dr K. Mohottige

Independent Director

Member of the Board from 1st September 2024

Dr. Keerthi Mohotti, the immediate past Director/ CEO of the Tea Research Institute of Sri Lanka (TRISL) is a Fellow and a Chartered member of the Institute of Biology Sri Lanka. He has obtained his PhD and BSc degrees from the University of Reading, UK and University of Peradeniya, Sri Lanka respectively.

Presently, he serves as a Technical Consultant to Colombo Tea Traders Association (CTTA) and Tea Exporters Association (TEA), Sri Lanka, the National Specialist on 'Mainstreaming Biodiversity into Agrobiodiversity' of the Food and Agriculture Organization of the United Nations (FAO), Sri Lanka and Sustainable Plantation Development Expert / Consultant to UNDP GEF Cycle 7 Project on 'Partnerships and innovative financing to mainstream biodiversity and sustainable land management in the wet and intermediate climatic zones in Sri Lanka' executed by the Ministry of environment and UNDP and UGC nominated Council member of the Rajarata University of Sri Lanka.

Over 33 years, Dr Mohotti has gained vast expertise in R&D, outreach, promotion, administration and services having served the tea, coconut and tobacco research institutes. His technical contribution in Boards, Technical Advisory Committees i. e. Ministry of Agriculture and Plantation Industries, Environment and Health, CTTA, TEA, EDB, PeTAC and SLSI. He has been a regular member of government delegations at FAO IGG on Tea, ISO, UNEP and IFOAM forums for problem solving, policy making, M&E, steering and standard setting committees where the benefits have been remarkable to the value chain of the Sri Lankan tea industry uplifting global product, environment and social standards.

Dr Mohotti is a Visiting Lecturer at many leading Universities and Postgraduate Institutes, postgraduate and undergraduate student supervisor and a resource person at NIPM and other technical institutes. He has served the UNDP GEF SGP Sri Lanka program as the National Steering Committee Chairman over 10 years, and the Institute of Biology Sri Lanka and Alumni Association of the Faculty of Agriculture of the University of Peradeniya as the President.

His R&D collaborations are multifaceted with leading academic and research institutes in the USA, UK, China, India, Japan, Korea, Switzerland, Iran and Israel. To his credit, he has over 120 publications, 625 citations, h-index of 9, i10 index of 9 and Presidential and many local and foreign prestigious awards on phytonematology, sustainable and green plant protection, biological control, biodiversity, organic, precise, regenerative, energy efficient, smart and responsible agriculture, occupational health, food standards and environmental medicine.

Mr. Mohottige serves on the Boards of Hapugastenne Plantations PLC, Udapussellawa Plantations PLC and as Directors of Tea Research Institute of Sri Lanka.

Mr. N. R. Nanayakkara

Executive Director

Member of the Board from 02nd April 2026

Niveyn is an emerging corporate leader, actively championing digital transformation initiatives across the LOLC Group. Operating within a globally diversified conglomerate, his directorial mandate uniquely bridges a vast and dynamic corporate portfolio with next-generation technological innovation.

He currently holds Directorship positions on the boards of Browns EV (Pvt) Ltd, Ishara Traders Motor Company (Pvt) Ltd, Browns Power Holdings (Pvt) Ltd, Browns Hotels & Resorts (Pvt) Ltd, Browns Plantation Holdings (Pvt) Ltd, Maturata Plantations Ltd, Pussellawa Plantations Ltd, Melfort Green Teas (Pvt) Ltd, Udapussellawa Plantations PLC, Hapugastenna Plantations PLC, Tea Smallholder Factories PLC and LOLC Technologies Limited.

At the board level, Niveyn drives sustainable growth and operational efficiency by championing the integration of Artificial Intelligence. He advocates for a "human-in-the-loop" framework; by balancing advanced automation with critical human judgment, this approach maximises productivity while ensuring rigorous risk management and operational integrity.

Niveyn's strategic vision is grounded in a strong financial and academic foundation where he holds a Bachelor of Commerce with a double major in Accounting and Finance from the University of Melbourne. His forward-thinking outlook is further cemented by global best practices in enterprise innovation, having completed a specialised corporate leadership and technology program hosted by Ernst & Young (EY) at both Stanford University and UC Berkeley.

Mr. K. Sivanesan

Independent Director

Member of the Board from 07th August 2026

Board Committees (with effect from 07th August 2026)
Interim Chairperson - Board Audit Committee and RPTR Committee

Member – Remuneration Committee and Nominations & Governance Committee

Mr. K. Sivanesan is a distinguished tax practitioner in Sri Lanka and currently serves as the Senior Partner and Head of Tax at Amerasekera & Co., Chartered Accountants. With over 25 years of extensive experience in taxation, he is widely recognized for his expertise in tax advisory, compliance, and regulatory matters.

He holds a Bachelor's Degree in Commerce from the University of Sri Jayewardenepura and is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). He is also a member of the Institute of Certified Management Accountants of Sri Lanka (CMA Sri Lanka).

Mr. Sivanesan serves as an Independent Non-Executive Director on the Boards of LOLC Holdings PLC, Browns Investments PLC, LOLC Life Assurance Limited, Hapugastenne Plantations PLC, Udapussellawa Plantations PLC, Tea Smallholder Factories PLC, Agstar PLC. He is a Director of Waharaka Energy (Private) Limited.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

The Board of Directors' responsibility in relation to preparation and presentation of the Financial Statements of Hapugastenne Plantations PLC is set out in the following statement.

The responsibility of the Independent Auditors in relation to the Financial Statements, including their opinion on whether the Financial Statement have been prepared in accordance with the requirements of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards (SLFRS/LKAS), and whether they give a true and fair view of the state of affairs of the Company as at the reporting date is set out in the Independent Auditors report on pages 65 to 68 of this Annual Report.

The Directors are responsible for the preparation and fair presentation of the Financial Statements and in discharging its responsibilities the Board ensures that:

- Appropriate accounting policies have been selected and applied consistently, and where necessary, judgments and estimates have been made on a reasonable and prudent basis;
- All applicable Accounting Standards (SLFRS/LKAS) have been complied with;
- Adequate accounting records are maintained in accordance with the provisions of the Companies Act, which are sufficient to disclose the financial position of the Company with reasonable accuracy;
- Effective systems of internal control and risk management are in place to provide reasonable assurance regarding reliability of financial reporting, safeguarding of assets, and the prevention and detection of fraud and other irregularities;
- Compliance with applicable laws, regulations, and regulatory requirements, including those of the Colombo Stock Exchange and other relevant supervisory authorities, is continuously monitored.

The Directors acknowledge their responsibility for maintaining adequate accounting records which disclose with reasonable accuracy, the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act, No. 07 2007 and all applicable legislation.

The Board is assisted in its oversight responsibilities by the Audit Committee, which reviews the financial reporting process, the effectiveness of internal controls, and the independence and performance of the external auditors.

The Directors are of the opinion that the Company has adequate resources to continue in operation for the foreseeable future and have, accordingly applied the going concern basis in preparing these Financial Statements;

The Directors further confirm that, to the best of their knowledge:

- All statutory payments due to the Government and other regulatory authorities have been made or, where relevant, adequately provided for;
- There are no material departures from the applicable accounting standards in the preparation of the Financial Statements;
- All material information required by the external auditors has been provided, and there are no undisclosed material transactions.

On behalf of the Board of Directors

Dr. P. S. H. Uluwaduge
Chairman
28th August, 2026

REPORT OF THE BOARD AUDIT COMMITTEE

The Board Audit Committee of Hapugastenne Plantations PLC is constituted in compliance with the Listing Rules of the Colombo Stock Exchange. This Report sets out the manner in which the Company has complied with the requirements applicable to the Audit Committee during the financial year ended 31st March 2026.

Composition

As at 31st March 2026, the Board Audit Committee comprised the following Directors:

Member	Directorship	Attendance
Mr. T. Dharmarajah	Independent Director / Chairman	4/4
Mr. U. H. E. Silva	Independent Director	4/4
Mrs. S. Kotakadeniya	Non Executive Director	4/4

The Chairman of the Board Audit Committee, Mr T Dharmarajah, is a fellow member of the Institute of Chartered Accountants of Sri Lanka. The Committee members collectively possess an appropriate blend of financial expertise, accounting knowledge, business acumen, and familiarity with financial reporting frameworks, internal controls, risk management, and regulatory compliance necessary to discharge the Committee's oversight responsibilities.

Members are committed to maintaining and enhancing their financial knowledge through continuous professional development, keeping abreast of evolving accounting standards, regulatory changes, and emerging risks affecting the Company's financial position.

After the year under review, Mr. T. Dharmarajah was reclassified as a Non-Executive Director with effect from 07th August 2026 upon attaining the age of 70 and, accordingly, stepped down from the Board Audit Committee, while Mr. K. Sivanesan was appointed as an Independent Director of the Company and to serve in the capacity of Interim Chairman of the Committee until such time Mr. Dharmarajah is reappointed and designated independent at the Annual General Meeting.

Meetings

Four Audit Committee meetings were held during the year under review. The attendance of individual members is set out in the composition table above.

Chief Executive Officer, Executive Directors, Head of Finance, External Auditors and Internal Auditors attended meetings by invitation. Senior management and other relevant officials were also invited to attend as necessary, facilitating constructive dialogue on identified risks, control weaknesses, operational challenges, and the timely implementation of mitigation measures.

Terms of Reference

The Audit Committee operates under a Board-approved Charter that clearly defines its purpose, scope, authority, composition, duties, and responsibilities and serves as the governing framework for the Committee in discharging its oversight responsibilities.

The Charter is reviewed periodically to ensure its continued relevance and alignment with applicable regulatory requirements, corporate governance standards, and emerging best practices. Any revisions deemed necessary are considered and approved by the Board.

Functions of the Board Audit Committee

During the year, in the discharge of its duties, the Committee, among other matters:

- Reviewed the Company's quarterly and annual Financial Statements prior to their submission to the Board for approval, with particular attention to changes in or the implementation of significant accounting policies, significant management judgements, unusual transactions, and compliance with Sri Lanka Accounting Standards and other applicable legal and regulatory reporting requirements;
- Oversaw the Company's compliance with financial reporting requirements, the disclosure requirements of the Listing Rules, the Companies Act No. 7 of 2007, the SEC Act, and other relevant financial reporting regulations;
- Assessed the independence and performance of the External Auditors and made recommendations to the Board regarding their appointment, re-appointment, remuneration, and terms of engagement;
- Reviewed the scope and results of the internal and external audits and the effectiveness, independence, and objectivity of the auditors;
- Oversaw the adequacy and effectiveness of the Company's internal controls and risk management processes to ensure they meet the requirements of the Sri Lanka Auditing Standards, including controls relevant to information technology systems and the prevention of leakage of material, price-sensitive information to unauthorised persons;
- Reviewed the risk policies adopted by the Company and assessed the overall control environment, including business continuity arrangements;
- Reviewed related party transactions and situations giving rise to actual or potential conflicts of interest brought to its attention;

- Obtained assurance from the Chief Executive Officer and Chief Financial Officer regarding the maintenance of proper financial records and the true and fair presentation of the Company's financial statements, and regarding the adequacy and effectiveness of the Company's risk management and internal control systems; and
- Reviewed and approved the Internal Audit Plan for the ensuing financial year.

Internal Audit Function

The Company's internal audit function is carried out by the Enterprise Risk Management (ERM) Division of the LOLC Group, which maintains a dedicated Plantation Audit team, including two Plantation Specialists who provide technical advisory support on plantation management and agricultural practices.

In line with Group-level auditing protocols, the internal audit approach has moved to factory-based audits designed to identify control gaps in each operation, process, and procedure at estate level. The audit scope covers four main domains: internal controls over field management, factory operations, staff and worker administration, and office operations, including multi-crop operations where applicable. Factory audits are conducted on an annual cycle, with follow-up reviews in the subsequent year.

In addition, technical reviews are conducted on specific operational practices and recurring issues across the Company, and investigations and incident-management activities are undertaken as required to identify risks, process enhancements, and mitigation actions. The internal audit scope also extends to Head Office departments providing support services to the Company, covered based on risk and requirement, with all departments audited at least once every two years.

The BAC is satisfied that the internal audit function operates free from conditions that would impair its ability to carry out its activities independently and objectively, and that it is appropriately resourced to evaluate and report on the adequacy, integrity, and effectiveness of the Company's system of internal control, risk management, and governance.

Following quarterly review of internal audit reports submitted by the ERM Division, the BAC oversaw the effectiveness of internal controls across the Company and the Group. At the end of the financial year, the ERM Division submitted an Internal Audit Plan for the forthcoming financial year, presented by the Deputy General Manager – Enterprise Risk Management, which the Committee reviewed and approved. This risk-based plan addresses key compliance, financial, and operational matters significant to the Company's overall performance.

Risk Management and Internal Control

Based on the reviews conducted during the year, including internal audit reports, discussions with management, and the assurances referred to in Section 7 below, the BAC is of the view that the Company's system of risk management and internal control, both at Company and Group level, is adequate and effective in all material respects for the year under review.

The Company operates within the plantation and agri-business sector, which is inherently exposed to a range of external and internal risk factors. The Board recognises that the effective management of these risks is essential to safeguarding stakeholder value and supporting the long-term sustainability of the Company.

To this end, the Board has established a structured risk management framework, supported by Management and overseen by the Audit Committee, to identify, assess, monitor, and mitigate risks that may materially impact the Company's operations, financial performance, and strategic objectives.

The Internal auditors regularly update the Audit Committee and the Board regarding the effectiveness of the Company's risk management and internal control systems. The Board ensures that appropriate measures are in place to address emerging and existing risks.

Assurance from the CFO and the CEO

The BAC confirms that it has received assurance from the Chief Financial Officer and Chief Executive Officer of the Company that the Company's financial records have been properly maintained and that the Financial Statements give a true and fair view of the Company's operations and financial position, and regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

Compliance with Financial Reporting Requirements

Having reviewed the Company's quarterly and annual Financial Statements, the accounting policies applied, and the quality and adequacy of management information provided to it, the BAC is of the opinion that the Financial Statements of the Company for the year ended 31st March 2026 have been prepared and presented in compliance with the Sri Lanka Accounting Standards, the requirements of the Companies Act No. 7 of 2007, the SEC Act, and other applicable financial reporting regulations.

External Audit

Messrs KPMG, Chartered Accountants, served as the External Auditors of the Company during the year.

The Audit Committee has made its own determination of the independence of the External Auditors and is satisfied, on the basis of the Declaration of Independence obtained from the auditors, that Messrs KPMG are independent, having found no evidence of any interest on their part in the results published in the Company's Financial Statements other than in their capacity as External Auditors, nor any reason to believe that such independence has been impaired during the year.

The Audit Committee confirms that it has obtained written assurance from Messrs KPMG, confirming that they are and have been independent throughout the conduct of the audit engagement, in accordance with the terms of all relevant professional and regulatory requirements.

During the year under review the Auditors were paid Rs. 7,638,000/- as audit fees.

Conclusion

The Board Audit Committee is satisfied that it has discharged its responsibilities during the year under review, and has kept the Board informed of matters within its remit through quarterly reporting.

K Sivanesan
Chairperson of the Board Audit Committee
28th August 2026

CHIEF EXECUTIVE OFFICER'S AND GROUP CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

The Financial Statements of the Company are prepared in compliance with the following regulations;

- Sri Lanka Accounting Standards (SLFRS/LKAS) issued by The Institute of Chartered Accountants of Sri Lanka
- The Companies Act No. 07 of 2007
- Sri Lanka Accounting & Auditing Standards Act No.15 of 1995
- Code of Best Practice on Corporate Governance issued by CA Sri Lanka.

The Company has used the Accounting policies appropriately to prepare its Consolidated Financial Statements in a consistent manner except unless otherwise stated in the Notes accompanying the Financial Statements. No deviations from the prescribed Accounting Standards were reported in their adoption. The Audit committee of the Company has reviewed significant accounting policies and estimates that involved a high degree of judgement and complexity. The Comparative information has been provided whenever required to comply with the current presentation.

The Board and the Management hereby confirms that they are responsible for preparation and presentation of these financial statements which give a true and fair view of the financial performance and position of the Company. The relevant estimates and judgements were made on a prudent and reasonable basis. For this purpose, proper and adequate measures have been taken to adopt a system of internal controls and accounting records, which are reviewed and updated on a regular basis.

The Company continuously updates its accounting controls to ensure prudence and completeness of the financial statements which ensures that the accounting records are free from error and omission. The existing internal controls are regularly reviewed and updated in order to ensure that they function properly.

All procedure manuals are updated whenever necessary and they are easily accessible to all the staff.

The Financial Statements of the Company and its subsidiaries for the financial year end of 31st March 2026 were audited by Messrs. KPMG, Chartered Accountants. Periodic internal audits have been conducted by the internal auditors of the Company to provide reasonable assurance that the Company has followed its established policies and procedures consistently. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting.

The internal and external auditors of the Company are invited to join the quarterly Audit Committee meetings as and when required to review the performance or to discuss on the audit procedures adopted. Major audit observations and issues regarding any internal controls are discussed with the management during the meetings. Both auditors have free and full access to the members of the Audit committee to discuss any matters of substance.

G D V Perera
Chief Executive Officer

I Iqbal
Group Chief Financial Officer
28th August 2026

ENTERPRISE RISK MANAGEMENT

Hapugastenne Plantations PLC recognises that effective risk management is fundamental to protecting stakeholder value, supporting sustainable growth and maintaining resilience in an increasingly complex operating environment. As a diversified plantation company with operations spanning the mid-grown and high-grown regions of Sri Lanka, the Company is exposed to a range of strategic, agricultural, environmental, operational, financial, regulatory and reputational risks. Accordingly, risk management is integrated into the Company's governance, strategic planning and operational decision-making processes.

The Company's Risk Management Policy establishes a structured approach for identifying, assessing, managing, monitoring and reporting risks that may affect its sustainability, profitability, operations and reputation. The framework applies across cultivation, processing, distribution, workforce management and community engagement activities. Its principal objectives include protecting crops, assets and human resources; maintaining financial stability amid market volatility and cost pressures; promoting sustainable agricultural practices; ensuring reliable reporting and regulatory compliance; and strengthening resilience against climate-related and market uncertainties.

Risk Governance and Oversight

The Board of Directors retains overall responsibility for overseeing the Company's enterprise risk management arrangements, principally through the Audit Committee. Risk management and internal audit activities are supported by the relevant LOLC Group functions, which maintain reporting lines to the Company's Audit Committee and the LOLC Group Integrated Risk Management Committee. These arrangements facilitate independent oversight, structured escalation and informed consideration of material risk exposures.

The Company follows the three lines of defence model. Operational management and process owners constitute the first line and retain primary responsibility for identifying and managing risks within their respective areas. The Enterprise Risk Management function serves as the second line by facilitating the risk management process, monitoring exposures and providing independent oversight. Internal Audit functions as the third line by independently reviewing the adequacy and effectiveness of internal controls and risk mitigation measures.

Risk Identification and Assessment

Risk identification and assessment are undertaken with reference to the likelihood and potential impact of events that could impede the achievement of the Company's objectives. The assessment process covers both existing and emerging risks and supports the prioritisation of resources and mitigating actions according to the significance of each exposure.

Agricultural and environmental risks remain among the Company's most significant areas of concern. Unpredictable rainfall, drought, water scarcity, excessive rainfall, landslides, soil erosion, frost and rising temperatures can affect crop volumes, quality, field operations and employee wellbeing. Productivity may also be affected by declining soil fertility, ageing tea and rubber plants , inadequate replanting, pest and disease outbreaks, poor-quality planting material and environmental degradation. The Company seeks to manage these exposures through sound agronomic practices, soil and water conservation, shade management, appropriate crop husbandry, responsible use of agricultural inputs, biodiversity protection and the gradual adoption of climate-resilient and sustainable cultivation practices.

Operational risks include labour shortages, absenteeism, workforce migration, skills gaps, occupational health and safety incidents, machinery breakdowns, power interruptions and disruptions to transportation and the supply of essential inputs. Seasonal production variability and the cost of replanting and field development may also affect operational efficiency and cash flows. The Company manages these risks through operational planning, preventive maintenance, process controls, employee training, safety programmes, supply-chain monitoring and business continuity arrangements.

Market and financial risks mainly arise from movements in tea and rubber prices, exchange rates, interest rates and the cost of labour, fertiliser, energy and other operating inputs. Demand may also be influenced by global economic conditions, geopolitical developments, competition from other producing countries and changing consumer preferences for sustainably produced, traceable and specialty teas. Management therefore monitors market and financial indicators, working-capital requirements, cost performance and liquidity while pursuing productivity improvements, cost optimisation and prudent resource allocation.

Compliance risk is managed through ongoing attention to applicable labour, environmental, land-lease, food-safety, export and trade requirements. The Company also recognises the importance of maintaining relevant industry and sustainability certifications, accurate documentation, product traceability and compliance with market-specific requirements governing chemical residues and product quality.

Environmental, social and governance risks encompass employee welfare, occupational health and safety, environmental stewardship, community relations, land encroachment, product quality, transparency and stakeholder expectations. The Company remains committed to responsible plantation management, employee and community wellbeing, ethical conduct and the progressive integration of sustainability considerations into business planning and operational practices.

Risk Mitigation and Internal Controls

Depending on the nature, materiality and complexity of each exposure, the Company adopts appropriate risk avoidance, reduction, transfer, sharing or acceptance strategies. Key risk indicators and significant exposures are monitored and reported through the established governance structure, enabling management and the relevant oversight committees to evaluate the effectiveness of mitigation measures and initiate corrective action where necessary.

The Company's internal control framework includes segregation of duties, delegated authority limits, transaction and process approvals, payment validation and dual-approval procedures. It is further supported by standard operating procedures, business continuity and disaster recovery arrangements, complaint-management processes, buyer-feedback monitoring and periodic reviews of identified risks and controls. These measures are intended to protect Company assets, support reliable financial and operational reporting, promote compliance and reduce the likelihood of operational disruption, fraud and error.

Risk awareness is reinforced through communication, training and capacity-building initiatives. Process owners are responsible for ensuring that employees understand the policies, procedures and controls relevant to their functions. Training requirements identified by the Board, Audit Committee, management, Enterprise Risk Management function or process owners are addressed in coordination with the Human Resources and other relevant functions. Fraud-prevention awareness and the prompt reporting of control weaknesses or breaches form part of the Company's risk-aware culture.

Current Issues Facing the Tea Plantation Sector

The Sri Lankan tea plantation sector continues to face pressure from climate variability, rising labour and input costs, workforce shortages, international price competition and increasingly stringent sustainability and product-compliance requirements. The aforesaid places pressure on producer margins at a time when wage, fertiliser, energy, transport and estate-development costs remain elevated. The sector remains sensitive to exchange-rate movements, global supply and demand conditions and political or economic instability in key importing markets.

Climate change presents a structural long-term challenge through erratic rainfall, higher temperatures, drought, intense rainfall, soil degradation and increased pest and disease risks. At the same time, migration and reduced interest among younger generations in estate-based employment are contributing to labour scarcity and creating a need for mechanisation, workforce reskilling and alternative operating models. Global buyers are also placing greater emphasis on traceability, maximum residue limits, responsible labour practices, emissions reduction and credible sustainability certification. These conditions require plantation companies to strengthen climate resilience, improve field and factory productivity, modernise operations, develop employee capabilities and pursue value addition while maintaining the distinctive quality and reputation of Ceylon Tea.

Outlook

The Company will continue to strengthen its enterprise risk management framework in line with changes in its operating environment and stakeholder expectations. Priority will be placed on improving climate resilience, workforce productivity, operational efficiency, cost discipline, business continuity and compliance while advancing sustainable agricultural practices and responsible management of natural resources.

Through active Board oversight, clearly assigned risk ownership, independent assurance, continuous monitoring and timely reporting, Hapugastenne Plantations PLC seeks to manage uncertainty in a disciplined manner and position the business for sustainable long-term value creation.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Hapugastenne Plantations PLC

Report on the Audit of the Financial Statements

Opinion

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

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

Basis of Opinion

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

Key Audit Matters

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

Measurement of Biological Assets

(Refer to Note 3.3.3 material accounting policies and explanatory Note 15 to the financial statements).

Risk Description

The Company/Group has reported consumable biological assets carried at fair value less estimated cost to sell at harvest, amounting to Rs. 3,144 Million and bearer biological assets amounting to Rs.1,748 Million as at 31st March 2026. The valuation of consumable biological assets require significant levels of judgments and technical expertise in selecting appropriate valuation models and assumptions. Changes in the key assumptions used such as discount rate, value per cubic feet and available timber quantity used for the valuation of consumable biological assets could have a material impact on the fair value gain or loss for the period and the carrying value of consumable biological assets as of the reporting date. Management engaged an independent external valuation expert to assist in determining the fair value of the consumable biological assets.

Bearer biological assets mainly include mature and immature tea, rubber and other trees in identified plantation fields. Inappropriate transfer from immature to mature plantations has a significant

KPMG

impact on the carrying value of the bearer plants and the reported profits as capitalization of costs will cease from the point of transfer and the mature plantations are depreciated over the useful lives of the plants. As per the industry practice, transfer of immature plantations to mature plantation fields happens at the point of commencement of commercial harvesting. The actual point of which commercial harvesting could start depends on the soil condition, weather patterns and plant breed.

We considered measurement of biological assets as a key audit matter because the valuation of consumable biological assets involved significant judgment exercised by the management and external valuation expert and were subjected to significant level of estimation uncertainty and management bias. Further, immature to mature transfer required significant management judgment in determining the point at which a plant is deemed ready for commercial harvesting.

Our audit procedures for Consumable Biological Assets included;

- Assessing the objectivity, competence and qualifications of the external valuation expert engaged by the management.
- Challenging the key assumptions and methodology used in the valuation, in particular the discount rate and average market price.
- Verifying the mathematical accuracy of the consumable biological assets valuation.
- Assessing the adequacy of the disclosures in the financial statements including the description and appropriateness of the inherent degree of subjectivity and the key assumptions.

Our audit procedures for Bearer Biological Assets included;

- Obtaining schedules of costs incurred and capitalized under immature plantations as well as costs transferred to mature plantations by each estate and reconciling those balances to the general ledger on sample basis, verifying the reconciling items and obtaining explanations from management for any significant variances identified.
- Checking immature to mature cost transfer worksheet for selected estates to understand whether the amounts transferred during the period were consistent with the Company's accounting policy and industry norms.
- Testing the impairment assessment performed by the management, by challenging the impairment indicators identified and the judgements involved in impairment assessment.
- Assessing the adequacy of the related disclosures in the financial statements and consistency with the accounting policies.

Valuation of Retirement benefit obligation

(Refer to Note 3.4.1.2 material accounting policies and explanatory Note 27 to the financial statements).

Risk Description

The Group/Company has recognized retirement benefit obligation of Rs. 991 Million as at 31st March 2026. The valuation of the retirement benefit obligation requires significant judgment and estimation to be applied across numerous assumptions, including salary increases and discount rate. Minor changes in those assumptions could have a significant effect on the financial performance and financial position of the Group. 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 recognized in the financial statements as well as estimation uncertainty involved in determining the amounts.

Our audit procedures included;

- Assessing the competency, objectivity and capability of the independent actuary engaged by the Group.
- Reading the external valuer's report and understanding the key estimates made and the approach taken by the valuer in determining the present value of the retirement benefit obligation.
- Testing the samples of the employees' details used in the computation to the human resource records.
- Assessing the key assumptions used in the valuation, in particular the discount rate, staff turnover rate and future salary increment rate.
- Involving internal valuation specialist to verify the accuracy of the retirement benefit obligation.
- Assessing the adequacy of the disclosures made in the financial statements including sensitivity analysis.

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 our auditor's report thereon.

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

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

Responsibilities of Management and Those Charged with Governance 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

KPMG

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

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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2599.

KPMG
Colombo, Sri Lanka

28th August 2026

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March

		Group		Company	
Rs.'000	**Note**	**2026**	**2025**	**2026**	**2025**
Revenue	5	4,485,463	4,966,860	4,485,463	4,965,219
Cost of sales		(4,224,756)	(4,328,836)	(4,219,979)	(4,315,940)
Gross profit		**260,707**	**638,024**	**265,484**	**649,279**
Other income	6	213,442	198,097	213,370	177,172
Change in fair value of biological assets	15.4	432,832	497,732	432,832	497,732
Administrative expenses		(519,677)	(418,689)	(519,327)	(417,272)
Other operating expenses	15.1.1	(26,509)	(22,061)	(26,509)	(22,061)
Profit from operations		**360,795**	**893,103**	**365,850**	**884,850**
Finance income	7	26,856	11,824	22,622	7,276
Finance costs	7	(233,754)	(278,771)	(233,049)	(277,841)
Net finance costs		**(206,898)**	**(266,947)**	**(210,427)**	**(270,565)**
Profit before taxation	8	**153,897**	**626,156**	**155,423**	**614,285**
Tax reversal/(expense)	9	47,236	(286,642)	47,575	(287,027)
Profit for the year		**201,133**	**339,514**	**202,998**	**327,258**
Other comprehensive income/(expenses)					
Items that will never be classified to profit or loss:					
Remeasurement loss of retirement benefit obligations	27	(81,871)	(100,651)	(81,871)	(99,628)
Deferred tax on remeasurement of retirement benefit obligations	25	24,561	30,195	24,561	29,888
Gain on revaluation of lease hold right of land	11	-	303,592	-	303,592
Deferred tax on revaluation of lease hold right of land	25	-	(91,077)	-	(91,077)
Gain on revaluation of motor vehicles	13	-	287,796	-	287,796
Deferred tax on revaluation of motor vehicles	25	-	(86,339)	-	(86,339)
Other comprehensive income/(expense), net of income tax		**(57,310)**	**343,516**	**(57,310)**	**344,232**
Total comprehensive income for the year		**143,823**	**683,030**	**145,688**	**671,490**
Profit attributable to:					
Owners of the company		200,168	337,467	202,998	327,258
Non-controlling interests		965	2,047	-	-
Profit for the year		**201,133**	**339,514**	**202,998**	**327,258**
Total comprehensive income attributable to:					
Owners of the company		142,858	681,313	145,688	671,490
Non-controlling interests		965	1,717	-	-
Total comprehensive income for the year		**143,823**	**683,030**	**145,688**	**671,490**
Basic earnings per share (Rs.)	10	4.32	7.29	4.38	7.07

Figures in brackets indicate deductions

The Accounting Policies and Notes on pages 73 to 126 form an integral part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 31st March

		Group		Company	
Rs.'000	**Note**	**2026**	**2025**	**2026**	**2025**
ASSETS					
Non-current assets					
Right of use assets	11	3,342,816	3,509,903	3,342,816	3,509,903
Immovable estate assets on finance lease (other than bare land)	12	4,318	8,588	4,318	8,588
Tangible assets other than biological assets	13	812,450	843,234	792,986	820,602
Intangible assets	14	1,595	2,670	1,595	2,670
Bearer biological assets	15.1	1,747,631	1,695,592	1,747,631	1,695,592
Consumable biological assets	15.2	3,144,046	2,780,229	3,144,046	2,780,229
Investments in subsidiary	16	-	-	35,003	35,003
Lease rental receivable	17	11,111	11,988	11,111	11,988
Total non-current assets		9,063,967	8,852,204	9,079,506	8,864,575
Current assets					
Non-harvested produce crop on bearer biological assets	15.3	8,674	13,084	8,674	13,084
Lease rental receivable	17	878	913	878	913
Inventories	18	448,120	688,242	447,490	687,287
Trade and other receivables	19	534,599	279,098	523,494	260,682
Amounts due from related companies	20	2,765	2,272	19,349	18,159
Cash and cash equivalents	21	213,494	110,514	125,513	28,913
Total current assets		1,208,530	1,094,123	1,125,398	1,009,038
Total assets		**10,272,497**	**9,946,327**	**10,204,904**	**9,873,613**
EQUITY AND LIABILITIES					
Capital and reserves					
Equity	22	550,000	550,000	550,000	550,000
Retained earnings		1,146,712	1,003,854	1,127,343	981,655
Revaluation reserve	23	2,556,570	2,556,570	2,556,570	2,556,570
Equity attributable to owners of the company		4,253,282	4,110,424	4,233,913	4,088,225
Non-controlling interest	36	37,298	36,333	-	-
Total equity		**4,290,580**	**4,146,757**	**4,233,913**	**4,088,225**
Non-current liabilities					
Interest-bearing borrowings	24	616,675	166,671	616,675	166,671
Deferred tax liabilities	25	1,901,862	1,973,659	1,896,730	1,968,866
Deferred income	26	174,554	182,354	173,965	181,693
Retirement benefit obligations	27	990,615	910,158	990,615	906,422
Lease liabilities	28	799,867	808,363	799,867	808,363
Total non-current liabilities		**4,483,573**	**4,041,205**	**4,477,852**	**4,032,015**
Current liabilities					
Interest bearing borrowings	24	249,996	99,996	249,996	99,996
Lease liabilities	28	24,190	20,791	24,190	20,791
Trade and other payables	29	541,855	563,711	536,650	558,719
Amounts due to related companies	30	143,720	602,163	143,720	602,163
Bank overdraft	21	538,583	471,704	538,583	471,704
Total current liabilities		1,498,344	1,758,365	1,493,139	1,753,373
Total liabilities		**5,981,917**	**5,799,570**	**5,970,991**	**5,785,388**
Total equity and liabilities		**10,272,497**	**9,946,327**	**10,204,904**	**9,873,613**

The Accounting policies and Notes on pages 73 to 126 form an integral part of the Financial Statements.
These Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

Sisira Pushpakumara
Head of Finance

The Board of Directors is responsible for the preparation and fair presentation of these Financial Statements.
Approved and signed for and on behalf of the Board of Directors of Hapugastenne Plantations PLC.

Dr. P. S. H. Uluwaduge
Chairman
28th August, 2026
Colombo,

G D V Perera
Director/CEO

STATEMENT OF CHANGES IN EQUITY - GROUP

As at 31st March

Rs.'000	Attributable to equity holders of parent				Non-controling interest	Total Equity
	Stated Capital	Retained Earnings	Revaluation Reserve	Total		
As at 1st April 2024	550,000	736,513	2,142,598	3,429,111	34,616	3,463,727
Profit for the year	-	337,467	-	337,467	2,047	339,514
Other comprehensive income/(expense) net of tax	-	(70,126)	413,972	343,846	(330)	343,516
Total comprehensive income/(expense) for the year	**-**	**267,341**	**413,972**	**681,313**	**1,717**	**683,030**
As at 31st March 2025	550,000	1,003,854	2,556,570	4,110,424	36,333	4,146,757
As at 1st April 2025	**550,000**	**1,003,854**	**2,556,570**	**4,110,424**	**36,333**	**4,146,757**
Profit for the year	-	200,168	-	200,168	965	201,133
Other comprehensive income/(expense) net of tax	-	(57,310)	-	(57,310)	-	(57,310)
Total comprehensive income for the year	**-**	**142,858**	**-**	**142,858**	**965**	**143,823**
As at 31st March 2026	**550,000**	**1,146,712**	**2,556,570**	**4,253,282**	**37,298**	**4,290,580**

STATEMENT OF CHANGES IN EQUITY - COMPANY

As at 31st March

Rs.'000	Stated Capital	Retained Earnings	Revaluation Reserve	Total Equity
As at 1st April 2024	550,000	724,137	2,142,598	3,416,735
Profit for the year	-	327,258	-	327,258
Other comprehensive expense net of tax	-	(69,740)	413,972	344,232
Total comprehensive income for the year	**-**	**257,518**	**413,972**	**671,490**
As at 31st March 2025	550,000	981,655	2,556,570	4,088,225
As at 1st April 2025	**550,000**	**981,655**	**2,556,570**	**4,088,225**
Profit for the year	-	202,998	-	202,998
Other comprehensive income/(expense) net of tax	-	(57,310)	-	(57,310)
Total comprehensive income for the year	**-**	**145,688**	**-**	**145,688**
As at 31st March 2026	**550,000**	**1,127,343**	**2,556,570**	**4,233,913**

Figures in brackets indicate deductions.
The Accounting policies and Notes on pages 73 to 126 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

For the year ended 31st March

		Group		Company	
Rs.'000	**Note**	**2026**	**2025**	**2026**	**2025**
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		153,897	626,156	155,423	614,285
Adjustments for					
Finance costs		233,049	278,703	233,049	277,841
Interest income		(8,458)	(4,708)	(4,224)	(160)
Provision for retirement benefit obligations	27	157,804	150,412	157,464	149,891
Depreciation and amortisation	8	380,993	380,620	377,825	376,956
Net exchange gain		(17,693)	(7,048)	(18,398)	(7,116)
Amortisation of capital grants	26	(10,538)	(10,953)	(10,466)	(10,881)
Provision for impairment of trade and other receivables	19.1	2,366	1,837	1,975	1,837
Provision for slow-moving and obsolete inventories	18.1	6,740	4,128	6,415	4,128
Impairment of consumable biological assets	15.2.3	-	1,830	-	1,830
Net impairment of bearer biological assets	15.1.1	26,509	22,061	26,509	22,061
Gain on fair valuation of consumable biological assets	15.4	(432,832)	(497,732)	(432,832)	(497,732)
Profit on disposal of property,plant and equipments	6	-	(24,785)	-	(4,193)
Operating Profit before working capital changes		**491,837**	**920,521**	**492,740**	**928,747**
Changes in Inventories		233,382	(106,625)	233,382	(111,210)
Changes in Trade and other receivables		(257,867)	101,744	(264,787)	101,301
Changes in Amounts due from related companies		(493)	(2,272)	(1,190)	14,585
Changes in Trade and other payables		(21,649)	(64,783)	(21,157)	(66,129)
Changes in Amounts due to related companies		(458,443)	(673,600)	(458,443)	(673,600)
Cash (used)/generated from operations		**(13,233)**	**174,985**	**(19,455)**	**193,694**
Retirement benefit obligation paid	27	(159,218)	(104,076)	(155,142)	(103,508)
Interest paid		(216,731)	(181,463)	(216,731)	(181,463)
Net cash flows used in operating activities		**(389,182)**	**(110,554)**	**(391,328)**	**(91,277)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		-	10,200	-	7,000
Field development expenditure incurred on bearer biological assets	15.1	(161,178)	(155,649)	(161,178)	(155,649)
Field development expenditure incurred on consumable biological assets	15.2	(17,852)	(16,569)	(17,852)	(16,569)
Purchase of property, plant and equipment	13	(79,554)	(87,690)	(79,554)	(87,690)
Lease rent received		2,080	2,080	2,080	2,080
Interest received		8,458	4,708	4,224	160
Proceeds from sales of timber	15.2	91,277	21,511	91,277	21,511
Net cash used in investing activities		**(156,769)**	**(221,409)**	**(161,003)**	**(229,157)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Capital payment of lease liabilities		(20,690)	(17,049)	(20,690)	(17,049)
Government grants received	26	2,738	6,828	2,738	6,828
Proceeds from interest-bearing borrowings	24	750,000	300,000	750,000	300,000
Repayment of interest-bearing borrowings	24	(149,996)	(54,179)	(149,996)	(54,179)
Net cash generated from financing activities		**582,052**	**235,600**	**582,052**	**235,600**
Net increase/(decrease) in cash and cash equivalents		36,101	(96,363)	29,721	(84,834)
Cash and cash equivalents at the beginning of the year		(361,190)	(264,827)	(442,791)	(357,957)
Cash and cash equivalents at the end of the year	**21**	**(325,089)**	**(361,190)**	**(413,070)**	**(442,791)**

Figures in brackets indicate deductions.

The Accounting policies and Notes on pages 73 to 126 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March

1. REPORTING ENTITY

1.1. Domicile and legal form

Hapugastenne Plantations PLC is a Public Limited Liability Company incorporated and domiciled in Sri Lanka, under the Companies Act No. 17 of 1982 in terms of the provisions of the Conversion of Public Corporations or Government- Owned Business Undertaking into Public Companies Act No. 23 of 1987 and re-registered under the Companies Act No. 7 of 2007. The registered office of the Group is located at Level 11, Browns Capital Building, No 19 Dudley Senanayake Mawatha, Colombo 08 and plantations are situated in the planting districts of Rathnapura, Badulla and Monaragala.

The Consolidated Financial Statements of the Group as at and for the year ended 31st March 2026 comprise the Financial Statements of the Company and its subsidiary (together referred to as the 'Group' and individually as 'Group entities').

The Company's parent undertaking is Browns Power Holdings (Private) Limited and the ultimate parent undertaking and controlling party is LOLC Holdings PLC.

1.2. Principal activities and nature of operations

The Company is primarily involved in the cultivation, manufacturing and sale of Tea, Rubber and other agricultural produce and the subsidiary Newburgh Green Teas (Private) Limited is engaged in the manufacturing and sale of green tea.

2. BASIS OF PREPARATION

2.1. Statement of Compliance

The Consolidated Financial Statements of the Group and Separate Financial Statements of the Company, as at 31 March 2026 and for the year then ended, have been prepared and presented in accordance with Sri Lanka Accounting Standards (SLFRS and LKAS), as issued by the Institute of Chartered Accountants of Sri Lanka.

The Accounting Standards comprise:

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

2.1.1. STATEMENT OF PRESENTATION

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

2.2. Approval of Financial Statements by Directors

The Financial Statements were authorised for issue by the Board of Directors on 28th August 2026.

2.3. Basis of Measurement

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

- Leasehold right to Bare Land of JEDB/SLSPC estates has been revalued as described in Note 11 - Right of use Assets
- Freehold motor vehicles have been revalued as described in Note 13.
- Consumable Mature Biological Assets are measured at fair value less costs to sell as per LKAS 41 - Agriculture (Note 15.2).
- Liability for Retirement Benefit Obligations is recognised as the present value of the defined benefit obligation based on actuarial valuation as per LKAS 19 - Employee benefits (Note 27).
- Agriculture produce harvested from biological assets is measured at fair value as per LKAS 41 - Agriculture (Note 15.3).

2.4. Functional and Presentation Currency

The Consolidated Financial Statements are presented in Sri Lankan Rupees, which is the Group's functional currency. All financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand Rupee, unless stated otherwise.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31st March

2.5. Presentation of Financial Statements

The assets and liabilities of the Group presented in the statement of financial position are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern.

2.6. Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by LKAS 1 - Presentation of Financial Statements.

2.7. Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern in the foreseeable future and they do not foresee a need for liquidation or cessation of trading.

2.8. Use of Estimates and Judgements

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

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

Estimates and underlying assumption are reviewed on an ongoing basis. Revision to accounting estimates are recongnised in the period in which the estimates are revised and in any future period affected.

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

Note 11 - Right-of-use asset

Note 13 - Tangible Assets other than Biological Assets

Note 13 - Freehold motor vehicles

Note 15.2 – Consumable Biological Assets

Note 25 - Deferred Tax Liabilities

Note 27 - Retirement Benefit Obligations

Note 28 - Lease Liabilities

2.9. Determination of Fair Values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. Several of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

When measuring fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable or the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 inputs are inputs that are not based on observable market data (unobservable inputs).

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

Fair values have been determined for measurement and disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

2.10. Fair value of non- financial assets

The fair value used by the Group in the measurement of non financial assets is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or, in the absence of a principal market, in the most advantageous market that is accessible by the Group for the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)
For the year ended 31st March

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

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

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

3. MATERIAL ACCOUNTING POLICIES

Except as stated below, the Group has consistently applied all the accounting policies set out below to all periods presented in these Financial Statements.

3.1. Basis of consolidation

3.1.1. Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. From 1st January 2020, in determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

3.1.2. Non-controlling interest

The proportion of the profits or losses after taxation applicable to outside shareholders of subsidiary companies is included under the heading 'Non-controlling interest' in the Statement of Profit or Loss and Comprehensive Income. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interest even if doing so causes the non-controlling interest to have a deficit balance.

The interest of the minority shareholders in the net assets employed of these companies is reflected under the heading 'Non-controlling interest' in the Consolidated Statement of Financial Position.

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. Adjustments to non- controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)
For the year ended 31st March

3.1.3. Subsidiaries

Subsidiaries' are investees controlled by the Group. The Group 'controls' an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The group controls an investee if, and only if, the Group has

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

When assessing control of an investee, an investor shall consider the purpose and design of the investee in order to identify the relevant activities, how decision about the relevant activities are made, who has the current ability to direct those activities and who receives returns from those activities.

When an investee's purpose and design are considered, it may be clear that an investee is controlled by means of equity instruments that give the holder proportionate voting rights, such as ordinary shares in the investee. In this case, in the absence of any additional arrangements that alter decision making, the assessment of control focuses on which party, if any, is able to exercise voting rights sufficient to determine the investee's operating and financing policies. The investor that holds a majority of those voting rights, in the absence of any other factors, controls the investee.

Therefore, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee including:

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the above.

The Financial Statements of the Subsidiary are included in the Financial Statements from the date that control effectively commences until the date that control effectively ceases.

The Group Financial Statements comprise a consolidation of the Financial Statements of the Company and its subsidiary incorporated in Sri Lanka, Newburgh Green Teas (Private) Limited (53.85%).

The total profit/loss of the Subsidiary is included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, and the proportion of the profit or loss after taxation applicable to outside shareholders is shown under the heading 'Non- Controlling Interest'. All assets and liabilities of the Company and its Subsidiary are included in the Consolidated Statement of Financial Position. The interest of the outside shareholders in the net assets of the Group is stated separately in the Consolidated Statement of Financial Position within Equity under the heading 'Non-Controlling Interest.

3.1.4. Loss of Control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value as at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee, fair value through other comprehensive income or fair value through profit or loss depending on the level of influence retained.

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

3.1.5. Transactions eliminated on consolidation

Intra-group balances, and income and expenses arising from intra- group transactions are eliminated in preparing the Financial Statements. Unrealised losses are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

3.2. Foreign Currency

3.2.1. Foreign Currency Transactions

Transactions in currencies other than the Company's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions.

At each reporting date, monetary items denominated in foreign currencies are translated at the closing rate. Non- monetary items measured at fair value are translated at the rates prevailing on the date when the fair value was determined.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31st March

Non-monetary items measured at historical cost are translated at the rates prevailing on the date of transaction.

Exchange differences arising on the settlement of monetary items and on the translation of monetary items are included in profit or loss for the period.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences which are recognised in other comprehensive income.

3.3. Assets and the bases of their valuation

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

3.3.1. Property, Plant and Equipments

3.3.1.1. Recognition and Measurement

Property, plant and equipments are stated at cost less accumulated depreciation and accumulated impairment losses, except for Bare Land on Lease and Motor vehicles which are stated at revalued amounts less subsequent accumulated depreciation.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

3.3.1.2. Owned Assets

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of self- constructed assets includes the cost of materials, direct labour, and any other costs directly attributable to bringing the asset to the working condition for its intended use. This also includes the cost of dismantling and removing the items and restoring at the site on which they are located and borrowing cost on qualifying assets.

3.3.1.3. Land Development Cost

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

3.3.1.4. Capital Work-in-Progress

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

3.3.1.5. Subsequent Cost

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

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

3.3.1.6. Borrowing Cost

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset which takes a substantial period of time to get ready for its intended use or sale, are capitalised as a part of the asset. The amounts of the borrowing costs which are eligible for capitalisation are determined in accordance with LKAS 23 - Borrowing Costs. Borrowing costs that are not capitalised are recognised as expenses in the period in which they are incurred and charged to the Statement of Profit or Loss and Other Comprehensive Income.

3.3.1.7. Depreciation and Amortisation

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31st March

reasonably certain that the Company will obtain ownership by the end of the lease term.

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

Hapugastenne Plantations PLC (Company)

Asset Category	Useful life
Improvements to buildings	Over 40 years
Motor Vehicles	Over 05 years
Plant and Machinery	Over 13 years
Furniture and Fittings	Over 10 years
Equipment	Over 08 years
Computer equipment	Over 05 years
Latrines	Over 10 years
Water, Sanitation and Electricity	Over 20 years
Workers, Housing	Over 40 years
Farm Road	Over 40 years

Immovable Assets on Finance Lease from JEDB/ SLSPC are being amortised in equal amounts over the following useful life/ remaining useful life:

Asset Category	Useful life
Bare Land	Over 53 years
Improvements to Land	Over 30 years
Mature Plantations	Over 30 years
Buildings	Over 25 years
Machinery	Over 15 years
Other vested assets	Over 25 years

Newburgh Green Teas (Private) Limited ('Subsidiary')

Asset Category	Useful life
Improvements to buildings	Over 10 years
Motor vehicles	Over 05 years
Plant and machinery	Over 13 years
Furniture and fittings	Over 10 years
Equipment	Over 08 years
Computer equipment	Over 05 years
Farm road	Over 40 years

Depreciation of an asset begins when it is available for use, whereas depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised.

3.3.1.8. De-recognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss and upon disposal of the assets.

3.3.1.9. Cost model

The Company applies cost model to Property, Plant and Equipment except for lease hold bare lands and motor vehicles records at cost of purchase or construction together with any incidental expenses thereon, less accumulated depreciation and any accumulated impairment losses.

3.3.1.10. Revaluation model

The Company applies revaluation model for the entire classes of right to use asset related to land and freehold motor vehicles with effect from 1st January 2022. Such right to use asset related to land and freehold motor vehicles are carried at a revalued amount, being their fair value at the date of revaluation.

Right to use asset related to land and freehold motor vehicles of the Company are revalued at once in every three years on a roll over basis to ensure that the carrying amounts do not differ materially from the fair values at the reporting date. On revaluation of an asset, any increase in the carrying amount is recognised in Other Comprehensive Income and accumulated in equity, under revaluation reserve or used to reverse a previous revaluation decrease relating to the same asset, which was charged to profit or loss. In this circumstance, the increase is recognised as income to the extent of the previous write down. Any decrease in the carrying amount is recognised as an expense in profit or loss or debited in the Other Comprehensive Income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognised in other Comprehensive Income reduces the amount accumulated in equity under revaluation reserves. Any balance remaining in the revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the assets.

3.3.2. Intangible Assets

An intangible asset is recognised if it is probable that economic benefits attributable to the assets will flow to the entity and cost of the assets can be measured reliably and carried at cost less accumulated amortisation and accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)
For the year ended 31st March

3.3.2.1. Software
Purchased software is recognised as an intangible asset and is amortised on a straight-line basis over its useful life.

The estimated useful life is as follows:

Asset Category	Useful life
Enterprise Resource Planning System	08 years

3.3.3. Biological Assets
Biological assets are classified as Bearer Biological assets and Consumable Biological assets. Bearer Biological assets include tea and rubber trees, those that are not intended to be sold or harvested but are however used to grow for harvesting agricultural produce from such Biological assets. Consumable Biological assets include managed timber trees (those that are to be sold as Biological assets).

Biological assets are further classified into Mature Biological assets and Immature Biological assets. Mature Biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature Biological assets are those that have not yet attained harvestable specifications.

3.3.3.1. Recognition and Measurement
The Company recognises the Biological assets when, and only when, the Company controls the assets as a result of past events, it is probable that future economic benefits associated with the assets will flow to the Company and the fair value or cost of the assets can be measured reliably.

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

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

3.3.3.2. Bearer Biological Assets
The costs of land preparation, rehabilitation, new planting, replanting, crop diversification, inter-planting, fertilizing, etc. incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. Biological assets (Tea, Rubber fields) which come into bearing during the period, are transferred to mature plantations. These immature plantations are shown at direct costs attributable.

Permanent impairment to Bearer Biological Assets is charged to the Statement of Profit or Loss and Other Comprehensive Income in full and reduced the net carrying amounts of such assets in the period of occurrence after ascertaining the loss.

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

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

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

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

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

Tea .... Over 33 years

Rubber .... Over 20 years

Coconut.. Over 50 years

Cinnamon.. Over 20 years

Pepper.. Over 20 years

No depreciation is provided for Immature Plantations

3.3.3.6. Consumable Biological Assets
The fair value of timber trees is measured using Discounted Cash Flow (DCF) method taking into consideration the current market prices of timber applied to expected timber content of a tree at maturity.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)
For the year ended 31st March

The main variables in DCF model are as follows:

Variable	Comment
Timber Content	Estimated based on physical verification of girth, height and considering the growth of each species, and factoring in all the prevailing statutory regulations enforced against harvesting of timber coupled with the forestry plan of the Company.
Economic Useful life	Estimated based on the normal life span of each species by factoring in the forestry plan of the Company
Selling Price	Selling prices of managed timber have been taken based on market price and industry professional expert opinion
Discount Rate	Discount rate reflects the possible variations in the Cash flows and the risk related to the biological assets.
Currency	Sri Lankan Rupees

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

3.3.3.7. Non-harvested Produce crop on Bearer Biological Assets

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

When deriving the estimated quantity, the Company limits it to one harvesting cycle and the quantity is ascertained based on the last day of the harvest in the immediately preceding cycle. In order to ascertain the fair value of produce growing on trees, 50% of the estimated crop in that harvesting cycle is considered.

For the valuation of the produce, the Company uses the bought leaf rate (current month) less cost of harvesting and transport.

3.3.4. Financial Instruments

3.3.4.1. Recognition and Initial Measurement

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

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not an FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3.3.4.2. Classification and subsequent measurement

3.3.4.2.1.Financial Assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

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

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

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

a) **Business model assessment:** The group makes an assessment of the objectives of the business model in which a financial asset is held as a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related

NOTES TO THE FINANCIAL STATEMENTS (Contd.)
For the year ended 31st March

liabilities or expected cash outflows or realising cash flows through the sale of the assets.

- How the performance of the portfolio is evaluated and reported to the Group's management.
- The risks that affect the performance of the business model (and the financial assets held within the business model) and how those risks are managed;
- The frequency, volume and timing of sales of financial assets in prior periods, the reason for such sale and expectation about future sales activity.

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

b) Assessment whether contractual cash flows are solely payment of principal and interest

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

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

- Contingent events that would change the amount or timing of cash flows - Terms that may adjust the contractual coupon rate, including variable rate features - Prepayment and extension features; and
- Terms that limits the Group's claim to cash flows from specific assets (e.g. non-recourse features)

The prepayment feature is consistent with the solely payment of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding which may include reasonable addition compensation for early termination of the Contract.

Subsequent measurement and gains and losses:

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

3.3.4.2.2. Financial Liabilities

(i) Classification, subsequent measurement and gain and loss Financial liabilities are classified as measured at amortised cost of FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.3.4.3. Derecognition

3.3.4.3.1. Financial Assets

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

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

3.3.4.3.2. Financial Liabilities

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31st March

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

3.3.4.4. Impairment – Financial Assets

3.3.4.4.1. Financial Instruments

The Group recognises loss allowances for ECLs on:

- Financial assets measured at amortised cost and Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

  When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when:

- The debtor is unlikely to pay its credit obligation to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The financial asset is more than 360 days past due.

3.3.4.4.2. Measurement of ECLs

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

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

3.3.4.4.3. Presentation of allowance for ECL in the statement of financial position

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

3.3.4.4.4. Write-off

For individual customers, the Group has a policy of writing off the gross carrying amount as approved by the Board of Directors based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write- off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. Evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

3.3.4.4.5. Non-derivative Financial Assets

Financial assets not classified as at FVTPL were assessed at each reporting date to determine whether there was objective evidence of impairment.

Objective evidence that financial assets were impaired included:

- Default or delinquency by a debtor;
- Restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- Indications that a debtor or issuer would enter bankruptcy;
- Adverse changes in the payment status of borrowers or issuers;
- The disappearance of an active market for a security because of financial difficulties; or
- Observable data indicating that there was a measurable decrease in the expected cash flows from a Group of financial assets.

For an investment in an equity instrument, objective evidence of impairment included a significant or prolonged decline in its fair value below its cost. The Group considered a decline of 20% to be significant and a period of nine months to be prolonged.

3.3.4.5. Impairment of Non- Financial Assets

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)
For the year ended 31st March

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

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

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

3.3.5. Inventories

3.3.5.1. Agricultural Produce harvested from Biological Assets

Agricultural produce harvested from Biological Assets is measured at its 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.

3.3.5.2. Agricultural Produce after further processing

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

3.3.5.3. Input Material,

Consumables and Spares Valued at actual cost on weighted average basis.

3.3.5.4. 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.

3.3.6. Trade and Other Receivables

Trade receivables are stated at the amounts they are estimated to realise inclusive of provisions for bad and doubtful debts. Other receivables and dues from related parties are recognised at cost less provision for bad and doubtful receivables.

3.3.7. Cash & Cash Equivalents

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

3.3.8. Leases

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

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be
- Physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision- making rights that are most relevant to changing how and for What purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
- The Company has the right to operate the asset; or
- The Company designed the asset in a way that predetermines how and for what purpose it will be used.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31st March

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand- alone prices.

3.3.8.1. As a Lessee

The Company recognises a right- of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. With effect from 1st January 2022, Right of use assets relating to lands and motor vehicles are measured at fair values. Right to use asset related to land and right to use asset related to motor vehicles are revalued once in every three years on a rollover basis to ensure that the carrying amount do not differ materially from the fair values at the reporting date.

The right-of-use asset is depreciated using the straight- line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right- of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

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

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

- Fixed payments, including in- substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

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

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

3.4. Liabilities and Provisions

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

Liabilities classified as current liabilities on the Statement of Financial Position are those which fall due for payment on demand or within one year from Statement of Financial Position date. Non-current liabilities are those balances that fall due for payment after one year from Statement of Financial Position date. All known liabilities have been accounted for in preparing these Financial Statements.

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation.

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)
For the year ended 31st March

3.4.1. Employee Benefits

3.4.1.1. Defined Contribution Plans - Employees' Provident Fund and Employees' Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

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

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

3.4.1.2. Defined Benefit Plan - Retirement Gratuity

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

The provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19 - Employee Benefits. However, under the payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continued service.

The key assumptions used in determining the Retirement Benefit Obligations are given in Note 27.

3.4.2. Commitments and Contingent Liabilities

Contingent Liabilities are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Company's control.

3.4.3. Deferred Income

3.4.3.1. Government Grants and Subsidies

Government grants are recognised where there is a reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related assets. When the grants are related to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that are intended to compensate.

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

3.4.4. Trade and Other Payables

Trade and other payables are obligations to pay for goods or services that have been acquired in ordinary course of business from Suppliers. Trade and other payables are stated at cost.

3.4.5. Ordinary Shares

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

3.5. Statement of Profit or Loss and Other Comprehensive Income

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

3.5.1. Revenue

Revenue Recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over goods to a customer.

Revenue principally comprises of tea auction sales. The Group considers sales and delivery of services as one performance

NOTES TO THE FINANCIAL STATEMENTS (Contd.)
For the year ended 31st March

obligation and recognises revenue when it transfers control to the customer.

Disaggregation of revenue
SLFRS 15 requires an entity to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

3.5.1.1. Sale of Goods
Revenue from the sale of goods in the course of ordinary activities is measured at invoice value net of brokerage, sale expenses and other levies related to revenue. Revenue from sale of goods is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

3.5.1.2. Interest Income
Interest Income is recognised as the interest accrued (taking into account the effective yield on the asset) unless collectability is in doubt.

3.5.1.3. Rental income
Rental income arising from operating leases is recognised on an accrual basis.

3.5.1.4. Gain 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 Profit or Loss.

3.5.2. Expenditure Recognition

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

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

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

3.5.2.3.1. Current Taxes
Current tax expenses for the current and comparative periods are measured at the amount paid or expected to be payable to the Commissioner General of Inland Revenue on taxable income for the respective year of assessment computed in accordance with the provisions of the Inland Revenue Act, No. 24 of 2017 as amended by the Inland Revenue Act, No.45 of 2022 enacted by the reporting date. The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, Contingent Liabilities and Contingent assets.

3.5.2.3.2. Deferred Taxation
Deferred taxation is recognised using the Balance Sheet liability method, 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 not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)
For the year ended 31st March

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.

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 benefit will be realised.

Deferred tax assets and deferred tax liabilities are offset, if legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

3.6. Statement of Cash Flows

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

3.7. Segmental Reporting

Segmental information is provided for the different business segments of the Group. Business segmentation has been determined based on the nature of goods provided by the Group after considering the risk and rewards of each type of product.

Revenue and Expenditure directly attributable to each segment are allocated to the respective segments. Revenue and Expenditure not directly attributable to a segment are allocated on the basis of their resource utilisation, wherever possible. Unallocated items comprise mainly income accrued and expenses incurred at Head office level.

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.

The activities of the segments are described in Note 35 to the Financial Statements.

3.8. Related Party Transactions

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

3.9. Earnings per Share

The Company presents Earnings per Share (EPS) data for its ordinary shares. 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.

3.10. Events after the Reporting Date

The materiality of the events after the reporting date has been considered and appropriate adjustments and provisions have been made in the Financial Statements wherever necessary.

4. ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT REPORTING DATE

The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) has issued several new accounting standards and amendments/ improvements to existing standards. These new standards are set to become effective in the coming years. Early application of these standards are allowed, but the Group has not early adopted any of the new or amended standards in the preparation of these financial statements.

Accordingly, the Group has not applied these standards in preparing these Financial Statements..

- SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information
- SLFRS S2 – Climate Related Disclosure
- SLFRS 18 – Presentation and Disclosure in financial statements

Amendments to SLFRS 9 and SLFRS 7 – Classification and Measurement of Financial Instruments

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31st March

5. REVENUE

5.1. Revenue streams

Rs.'000	Note	Group 2026	Group 2025	Company 2026	Company 2025
Revenue from contracts with customers - sale of goods		4,485,463	4,966,860	4,485,463	4,965,219
Total gross revenue	**5.2**	**4,485,463**	**4,966,860**	**4,485,463**	**4,965,219**

5.2. Major products

Rs.'000	Note	Group 2026	Group 2025	Company 2026	Company 2025
Sale of produce					
Tea		3,920,153	4,324,394	3,920,153	4,322,753
Rubber		513,150	597,071	513,150	597,071
Others	5.4	52,160	45,395	52,160	45,395
		4,485,463	**4,966,860**	**4,485,463**	**4,965,219**

5.3. Timing of revenue recognition

Rs.'000	Note	Group 2026	Group 2025	Company 2026	Company 2025
Products transferred at a point in time		4,485,463	4,966,860	4,485,463	4,965,219
		4,485,463	**4,966,860**	**4,485,463**	**4,965,219**

5.4 Revenue classified as 'Others' above, mainly comprises of intercrop sales, nursery and timber plants sales during the year.

5.5 Performance obligations

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

Type of product	Nature and timing of satisfaction of performance obligation	Revenue recognition under SLFRS 15
Tea	The Company is selling made tea to customers through brokers at the Colombo Tea Auction.	Revenue from tea is recognised at the time of confirmation of sale at the auction.
Other agricultural produce	The Company is selling rubber latex, timber, cinnamon,nursery plants and other agricultural produce to customer at the plantations	Revenue from sale of other crops is recognised at the point in time when the control of the goods has been transferred to the customer,generally at the estates.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)
For the year ended 31st March

6. OTHER INCOME

		Group		Company	
Rs.'000	Note	2026	2025	2026	2025
Amortisation of capital grants	26	10,538	10,953	10,466	10,881
Profit on disposal of property, plant and equipment		-	24,785	-	4,193
Rent income		117,233	111,909	117,233	111,909
Revenue share income from eco power		31,914	30,980	31,914	30,980
Sales of other trees		41,138	9,667	41,138	9,667
Sundry income		12,619	9,803	12,619	9,542
		213,442	**198,097**	**213,370**	**177,172**

7. NET FINANCE COSTS

		Group		Company	
Rs.'000	Note	2026	2025	2026	2025
Finance income					
Interest income		8,458	4,708	4,224	160
Exchange gain		18,398	7,116	18,398	7,116
		26,856	11,824	22,622	7,276
Finance costs					
Interest on term loans and overdrafts		(79,748)	(52,553)	(79,748)	(52,553)
Interest on related party short term loans		(38,667)	(114,221)	(38,667)	(113,359)
Interest on government lease rent	28	(109,739)	(104,688)	(109,739)	(104,688)
Interest on other leases	28	(4,895)	(7,241)	(4,895)	(7,241)
Exchange loss		(705)	(68)	-	-
		(233,754)	(278,771)	(233,049)	(277,841)
Net Finance Costs		**(206,898)**	**(266,947)**	**(210,427)**	**(270,565)**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)
For the year ended 31st March

8. PROFIT BEFORE TAXATION

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

		Group		Company	
Rs.'000	**Note**	**2026**	**2025**	**2026**	**2025**
Directors remuneration		10,949	15,731	10,949	15,731
External auditor's remuneration		7,926	7,633	7,638	7,345
Depreciation and amortisation					
Right of use assets	11	182,680	167,313	182,680	167,313
Immovable estate assets on finance lease	12	4,270	6,348	4,270	6,348
Tangible assets (other than biological assets)	13	110,338	124,876	107,170	121,212
Intangible assets	14	1,075	1,216	1,075	1,216
Bearer biological assets	15	82,630	80,867	82,630	80,867
Total depreciation and amortisation		**380,993**	**380,620**	**377,825**	**376,956**
Provision/(reversal) for impairment of trade and other receivables	19.1	2,366	1,837	1,975	1,837
Provision for slow-moving and obsolete Inventories	18.1	6,740	4,128	6,415	4,128
Provision for impairment of bearer biological assets	15.1.1	26,509	22,061	26,509	22,061
Impairment of consumable biological assets	15.2	-	1,830	-	1,830
Personnel costs					
Salaries and wages		2,122,555	1,955,166	2,122,555	1,952,223
Retirement benefit obligation - gratuity - workers		130,365	126,228	130,025	125,707
- other Staff		27,439	24,184	27,439	24,184
Defined contribution plans - EPF/ESPS/CPPS/ETF		161,320	150,800	161,320	150,359
Donations		90	47	90	47

9. TAX EXPENSES

		Group		Company	
Rs.'000	**Note**	**2026**	**2025**	**2026**	**2025**
Deferred tax charge	25	(47,236)	286,642	(47,575)	287,027
		(47,236)	**286,642**	**(47,575)**	**287,027**

9.1. Current tax expense

In accordance with the provisions of the Inland Revenue (Amendment) Act No. 14 of 2023, the Company has calculated its income tax on profits from both the "Agro processing" and "Investment income" at the standard tax rate of 30%.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the year ended 31st March

9.2. Reconciliation between accounting profit and taxable income

		Group		Company	
Rs.'000	**Note**	**2026**	**2025**	**2026**	**2025**
Accounting profit before taxation		153,897	626,156	155,423	614,285
Fair value gain on biological assets	15.4	(432,832)	(497,732)	(432,832)	(497,732)
Aggregate disallowable expenses		685,554	674,399	686,924	670,074
Aggregate allowable expenses		(415,794)	(395,071)	(410,438)	(391,677)
Exempt profit from business income		(174,304)	(161,842)	(175,904)	(158,123)
Taxable income / (Tax loss) from business		**(183,479)**	**245,910**	**(176,827)**	**236,827**
Other sources of income		148,707	145,776	147,304	143,049
Total assessable income		**(34,772)**	**391,686**	**(29,523)**	**379,876**
Loss incurred during the year		183,479	-	176,827	-
Tax losses claimed during the year	9.3	(148,707)	(391,686)	(147,304)	(379,876)
Taxable income		**-**	**-**	**-**	**-**
Tax at 30%		-	-	-	-
Total income tax expense		**-**	**-**	**-**	**-**

9.3. Accumulated tax losses

	Group		Company	
Rs.'000	**2026**	**2025**	**2026**	**2025**
At the beginning of the year	1,031,006	2,748,497	1,013,584	2,728,785
Adjustment in respect of previous years	6,082	542	-	(8,978)
Loss incurred during the year	183,479	-	176,827	-
Tax losses expired during the year	(347,164)	(1,326,347)	(347,164)	(1,326,347)
Tax losses claimed during the year	(148,707)	(391,686)	(147,304)	(379,876)
At the end of the year	**724,696**	**1,031,006**	**695,943**	**1,013,584**

The Group has unutilised tax losses available for set-off against future taxable profits, subject to the provisions of the Inland Revenue Act. The details of such losses and their expiry are as follows:

Group

Year of Assessment	Loss Carried Forward (Rs.)	Expiry Year of Assessment
2021/22	460,068	2027/28
2023/24	81,149	2029/30
2025/26	183,479	2031/32
Total	**724,696**	

Company

Year of Assessment	Loss Carried Forward (Rs.)	Expiry Year of Assessment
2021/22	460,068	2027/28
2023/24	59,048	2029/30
2025/26	176,827	2031/32
Total	**695,943**	

NOTES TO THE FINANCIAL STATEMENTS (Contd.)
As at 31st March

10. EARNINGS PER SHARE

Basic earnings per share is computed based on the profit/loss attributable to ordinary shareholders divided by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period adjusted for the effects of diluted potential ordinary shares.

	Group		Company	
Rs.'000	2026	2025	2026	2025
Earnings attributable to the ordinary shareholders (Rs.000)	200,168	337,467	202,998	327,258
Weighted average number of ordinary shares (nos.) for basic earning per share (000)	46,316	46,316	46,316	46,316
Basic earnings per share (Rs.)	4.32	7.29	4.38	7.07

There were no potential dilutive ordinary shares outstanding at any time during the year. Therefore, diluted earnings per share is same as basic earnings per share shown above.

11. RIGHT OF USE ASSETS

Group/Company

	2026				2025				
Rs.'000	Building	Land	Plant and Machinery	Total	Building	Land	Motor Vehicles	Plant & Machinery	Total
Cost/Revaluation									
At the begning of the year	44,646	3,480,600	14,749	3,539,995	44,646	3,535,716	47,000	14,749	3,642,111
Revaluation gain	-	-	-	-	-	303,592	-	-	303,592
Transfer of accumulated amortisation	-	-	-	-	-	(479,763)	-	-	(479,763)
Remeasurement of lease liability	-	15,593	-	15,593	-	121,055	-	-	121,055
Transfer to tangible assets	-	-	-	-	-	-	(47,000)	-	(47,000)
At the end of the year	**44,646**	**3,496,193**	**14,749**	**3,555,588**	**44,646**	**3,480,600**	**-**	**14,749**	**3,539,995**
Accumulated amortisation									
At the begning of the year	25,299	-	4,793	30,092	13,390	324,170	47,000	4,982	389,542
Transfer of accumulated amortisation	-	-	-	-	-	(479,763)	-	-	(479,763)
Charge for the year	8,929	172,645	1,106	182,680	11,909	155,593	-	1,106	168,608
Adjustments	-	-	-	-	-	-	-	(1,295)	(1,295)
Transfer to tangible assets	-	-	-	-	-	-	(47,000)	-	(47,000)
At the end of the year	**34,228**	**172,645**	**5,899**	**212,772**	**25,299**	**-**	**-**	**4,793**	**30,092**
Carrying value									
At the end of the year	**10,418**	**3,323,548**	**8,850**	**3,342,816**	**19,347**	**3,480,600**	**-**	**9,956**	**3,509,903**

11.1. Land on lease from JEDB/SLSPC

Leases have been executed for a period of 53 years. All of these leases are retroactive to 22nd June 1992, the date of formation of the Company. The leasehold rights to the land on all of these estates have been taken into the books of the Company on 22nd June 1992 immediately after formation of the Company, in terms of the ruling obtained from the Urgent Issues Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka. The Company remeasured its right-of-use asset relating to the estate lands in line with the requirements of SLFRS 16 - "Leases" and the application guidance issued by the Institute of Chartered Accountants of Sri Lanka w.e.f. 1st January 2019.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

As at 31st March

11.1.1. Revaluation

The Company changed its accounting policy relating to the measurement of the Right-of-use asset on land from the cost model to the revaluation model with effect from 1st January 2022. Accordingly, valuations have been carried out as at 1st January 2022 and 31st March 2025, and the resulting fair value changes have been recognized in other comprehensive income. The fair value measurement is categorised as a Level 3 valuation based on SLFRS 13 – 'Fair Value Measurement'.

Valuation techniques and significant unobservable inputs used in the valuation

(a) Valuation technique

The valuation was carried by Mr.W.M.Chandrasena, an independent Chartered Valuation Surveyor. The effective date of the valuation was 31st March 2025. In ascertaining the fair value of right-of-use asset of lands, a physical observation was carried out covering all the estates by the valuer.

The fair value of righ-of-use asset relating to land has been derived based on the combmination of both income approach and market approach based valuations as explained below.

Fair value of the leasehold right of each estate including plantation assets have been estimated initially using contractor's method of valuation with reference to the values expected to be realized based on freehold prices of estates determined using sales comparison approach (Market based valuation). Annual equivalent of the realization value for each estate has been calculated by decapitalizing these freehold values. The annual equivalent is then capitalized using the estimated discount rate for the remaining lease term (19 years) to arrive at the fair value of the leasehold right of estates.

An independent fair value for plantation assets have been derived with reference to the fair values of estates using income method taking into consideration of the expectations of independent market participants. This fair value has been allocated between the land and plantation assets at the ratio of 40% : 60%.

The fair value of plantation assets calculated using the income approach above is then reduced from the fair value of the total estate arrived at based on the contractor's method valuation. The residual value has been considered as the fair value of the leasehold right of land. Following table summaries the values assigned to the Right-of -use asset of each estate.

Leasehold lands under right of use assets

Company	Estate	Location	Land Extent (Ha)	Revaluation as 31st March 2025 Rs.'000
Hapugastenne Plantations PLC	Adawatte	Passara	663.89	153,900
	Alupola	Ratnapura	1,048.00	194,000
	Bibile	Passara	754.58	181,000
	Dammeria A	Passara	385.67	130,000
	Dammeria B	Passara	1,224.14	379,000
	Demodera	Haliella	1,109.25	185,000
	Depdene	Rakwana	1,036.75	132,000
	Galbode	Ratnapura	948.63	151,000
	Hapugastenne	Ratnapura	1,302.25	353,700
	Hatherleigh	Rakwana	683.94	104,000
	Hopton	Passara	1,267.97	234,000
	Lellopitiya	Ratnapura	523.91	131,000
	Madampe	Rakwana	1,009.64	323,000
	Nahavila	Haliella	273.69	91,000
	Newburgh	Haliella	340.66	99,000
	Oodoowerre	Haliella	674.50	131,000
	Rookatenne	Haliella	600.84	192,000
	Shawlands	Passara	550.63	159,000
	Springwood	Rakwana	1,183.55	157,000
				3,480,600

NOTES TO THE FINANCIAL STATEMENTS (Contd.)
As at 31st March

(b) Significant unobservable inputs and its sensitivity

Fair values appearing in the statement of financial position are sentisitive to changes in significant unobservable assumptions disclosed below. Sensitivity of these values to changes in the assumptions are discosed below.

Input	Range	Change	Impact on fair value		Amount
			Increase	Decrease	Rs.
Free hold value per hectar (Rs.'000)	443-1,626	+10%	✓		712,400
		-10%		✓	(719,600)
Discount rate	8.5%-12%	+1%	✓		902,400
		-1%		✓	(999,600)

11.2 Plant and machinery

This represent machines obtained by the Company on lease terms. The lease term of machinery is 5 years.

11.3 The carrying value of right-of-use asset on land that would have been carried at initial valuation less accumulated amortisation is as follows;

	Company	Company
Rs.'000	2026	2025
Right of use asset - Land	725,419	746,263
	725,419	**746,263**

12. IMMOVABLE ESTATE ASSETS ON FINANCE LEASE (OTHER THAN BARE LAND)

Group / Company

In terms of the ruling of the UITF of the Institute of Chartered Accountants of Sri Lanka, all immovable assets in these 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 8th March 1995 that these assets would be taken at their book values as they appear in the books of the JEDB/SLSPC, on the day immediately preceding the date of the formation of the Company. These assets are taken into the 22nd June 1992 balance sheet and depreciated as follows:

Rs.'000	Improvements to lands	Other	Mature	Buildings	Plant and Machinery	Total 2026	Total 2025
Cost							
At the beginning of the year	31,966	1,413	331,227	133,146	69,809	567,561	567,561
At the end of the year	**31,966**	**1,413**	**331,227**	**133,146**	**69,809**	**567,561**	**567,561**
Accumulated amortisation							
At the beginning of the year	31,966	1,134	322,918	133,146	69,809	558,973	552,625
Charge for the year	-	26	4,244	-	-	4,270	6,348
At the end of the year	**31,966**	**1,160**	**327,162**	**133,146**	**69,809**	**563,243**	**558,973**
Written-down value							
As at 31st March	**-**	**253**	**4,065**	**-**	**-**	**4,318**	**8,588**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

As at 31st March

Investment in plantation assets which were immature at the time of handing over to the Company by way of estate leases is shown under mature plantations (revalued as a 22nd June 1992) in this note. Further, investment in such immature plantations to bring them to maturity in shown under note 15. Following table specifies the values at which leasehold building were taken in to financial statement as at 22nd June 1992.

Leasehold buildings under immovable estate assets on finance lease (other than bare lands)

Company	Estate name	Location	No. of buildings	Revaluation as at 22nd June 1992 Rs.'000
Hapugastenne Plantations PLC	Adawatte	Passara	191	10,774
	Alupola	Ratnapura	202	4,910
	Bibile	Passara	101	3,384
	Dammeria A	Passara	184	2,908
	Dammeria B	Passara	212	21,021
	Demodera	Haliella	265	5,053
	Depdene	Rakwana	73	1,895
	Galbode	Ratnapura	192	5,130
	Hapugastenne	Ratnapura	346	7,079
	Hatherleigh	Rakwana	22	3,970
	Hopton	Passara	247	17,847
	Lellopitiya	Ratnapura	74	5,535
	Madampe	Rakwana	171	5,762
	Nahavila	Haliella	84	294
	Newburgh	Haliella	141	4,415
	Oodoowerre	Haliella	148	6,055
	Rookatenne	Haliella	305	10,410
	Shawlands	Passara	64	10,986
	Springwood	Rakwana	129	5,718
				133,146

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

As at 31st March

13. TANGIBLE ASSETS (Other than Biological Assets)

13.1. Group

	Freehold Assets						Leasehold Assets	Grant Funded Assets				Sub Total	Capital Work in Progress	Total	
Rs.'000	Motor Vehicles	Plant and Machinery	Furniture and Fittings	Equipment	Mini Hydro Project	Computer and Equipment	Improvement to Buildings	Latrines	Water, Sanitation and Electricity	Workers Housing	Others			2026	2025
Cost/Revaluation															
At the beginning of the year	294,597	830,411	14,076	103,223	704	71,157	276,967	35,315	52,179	146,394	92,967	1,917,990	28,475	1,946,465	1,812,657
Revaluation gain	-	-	-	-	-	-	-	-	-	-	-	-	-	-	287,796
Additions during the year	2,168	11,187	880	7,683	-	6,661	7,896	-	-	-	-	36,475	43,079	79,554	87,690
Transfer of accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(254,782)
Transfers from CWIP tangible assets	-	-	-	887	-	-	4,352	-	-	896	-	6,135	(6,135)	-	-
Transfer from right of use assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	47,000
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(33,896)
At the end of the year	**296,765**	**841,598**	**14,956**	**111,793**	**704**	**77,818**	**289,215**	**35,315**	**52,179**	**147,290**	**92,967**	**1,960,600**	**65,419**	**2,026,019**	**1,946,465**
Accumulated depreciation															
At the beginning of the year	148	659,064	10,323	65,387	704	62,855	110,682	35,313	47,048	69,350	42,357	1,103,231	-	1,103,231	1,216,680
Transfer of accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(254,782)
Depreciation during the year	54,080	30,190	616	7,254	-	3,038	8,016	2	1,187	3,684	2,271	110,338	-	110,338	124,876
Transfers from tangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	47,000
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(30,543)
At the end of the year	**54,228**	**689,254**	**10,939**	**72,641**	**704**	**65,893**	**118,698**	**35,315**	**48,235**	**73,034**	**44,628**	**1,213,569**	**-**	**1,213,569**	**1,103,231**
Written-down value															
At the end of the year	**242,537**	**152,344**	**4,017**	**39,152**	**-**	**11,925**	**170,517**	**-**	**3,944**	**74,256**	**48,339**	**747,031**	**65,419**	**812,450**	**843,234**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

As at 31st March

13.2. Company

	Freehold Assets						Leasehold Assets	Grant Funded Assets				Sub Total	Capital Work in Progress	Total	
Rs.'000	Motor Vehicles	Plant and Machinery	Furniture and Fittings	Equipment	Mini Hydro Project	Computer and Equipment	Improvement to Buildings	Latrines	Water, Sanitation and Electricity	Workers Housing	Others			2026	2025
Cost/Revaluation															
At the beginning of the year	294,450	771,832	13,782	95,271	704	70,057	262,600	35,315	52,179	146,394	90,624	1,833,208	28,475	1,861,683	1,705,296
Revaluation gain	-	-	-	-	-	-	-	-	-	-	-	-	-	-	287,796
Additions during the year	2,168	11,187	880	7,683	-	6,661	7,896	-	-	-	-	36,475	43,079	79,554	87,690
Transfer of accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(254,782)
Transfers from CWIP tangible assets	-	-	-	887	-	-	4,352	-	-	896	-	6,135	(6,135)	-	-
Transfer from right of use assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	47,000
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(11,317)
At the end of the year	**296,618**	**783,019**	**14,662**	**103,841**	**704**	**76,718**	**274,848**	**35,315**	**52,179**	**147,290**	**90,624**	**1,875,818**	**65,419**	**1,941,237**	**1,861,683**
Accumulated depreciation															
At the beginning of the year	-	615,961	10,100	57,446	704	61,757	101,965	35,313	47,048	69,350	41,437	1,041,081	-	1,041,081	1,136,158
Transfer of accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(254,782)
Depreciation during the year	54,080	27,450	606	7,254	-	3,038	7,657	2	1,187	3,684	2,212	107,170	-	107,170	121,212
Transfer from right of use assets	-	-										-	-	-	47,000
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,507)
At the end of the year	**54,080**	**643,411**	**10,706**	**64,700**	**704**	**64,795**	**109,622**	**35,315**	**48,235**	**73,034**	**43,649**	**1,148,251**	**-**	**1,148,251**	**1,041,081**
Written-down value															
At the end of the year	**242,538**	**139,608**	**3,956**	**39,141**	**-**	**11,923**	**165,226**	**-**	**3,944**	**74,256**	**46,975**	**727,567**	**65,419**	**792,986**	**820,602**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)
As at 31st March

13.3. Revaluation of motor vehicles

The Board of Directors of the Company decided to change its accounting policy related to the measurement of motor vehicles from the cost model to the revaluation model with effect from 1st January 2022. For this purpose, valuations have been carried out by a valuation specialist, LOLC Motors Limited, as at 1st January 2022 and 31st March 2025. These valuations have been classified as Level 3 fair valuations in line with SLFRS 13 – 'Fair Value Measurement'.

In determining the fair value of these motor vehicles, the specialist has considered the market comparison approach which considers the market values of vehicles with similar age and condition.

Following significant unobservable inputs were used in determining the fair values of these motor vehicles.

Unobservable input	Value (Rs.'000)	Fair value Sensivity
Market value	50 - 28,000	Fair value is positively corelated to the market value determined

13.3.1 Sensitivity analysis

Significant unobservble inputs used in the valuation are sensitive to the fair value of motor vehicles. Below table summerises the fair value sensitivity to the market prices.

Unobservable input	Value (Rs.'000)	Change	Sensitivity (Rs.'000)
Market value	50 - 28,000	10% Increase	14,595
		10% Decrease	(14,595)

13.3.2 Carrying amount of motor vehicles had it being carried at cost less accumulated depreciation.

Unobservable input	Company 2026	Company 2025
Motor vehicles	7,379	6,890
	7,379	**6,890**

13.4. Property, plant and equipment with a cost of Rs. 942 Mn (2024/25 – Rs. 925 Mn) at Group level and Rs. 885 Mn (2024/25 – Rs. 874 Mn) at Company level have been fully depreciated and continue to be in use.

13.5. The assets shown above are those movable and immovable assets vested in the Company by gazette notification at the date of formation of the Company (22nd June 1992) and all investments in tangible assets are investments made by the Company since its formation. The assets taken over by way of estate leases are set out in notes 11 & 12.

13.6. The Group/Company had no contractual commitments for the acquisition of property, plant and equipment as at the reporting date. (2024/25 - Nil)

13.7. There were no brorrowing costs capitalized during the period.

13.8. Capital work in progress represents costs incurred by the Company in respect of the development of the rubber factory at Galabode Estate and the roof development costs relating to the solar power project at the estates as at 31 March 2026.

13.9. There are no items of property, plant and equipment of the Group and the Company pledged as security for liabilities as at the reporting date (2024/25- Nil).

NOTES TO THE FINANCIAL STATEMENTS (Contd.)
As at 31st March

Buildings under tangible assets (other than biological assets)

Company	Estate name	Location	No. of buildings	Cost as at 31st March 2026 Rs.'000
Hapugastenne Plantations PLC	Adawatte	Passara	20	7,458
	Alupola	Ratnapura	22	16,685
	Bibile	Passara	6	5,052
	Dammeria A	Passara	7	566
	Dammeria B	Passara	9	5,058
	Demodera	Haliella	16	12,129
	Depdene	Rakwana	2	2,904
	Galbode	Ratnapura	29	32,534
	Hapugastenne	Ratnapura	20	50,369
	Hatherleigh	Rakwana	22	30,990
	Hopton	Passara	13	14,993
	Lellopitiya	Ratnapura	4	16,727
	Madampe	Rakwana	13	13,148
	Nahavila	Haliella	4	1,034
	Newburgh	Haliella	11	2,362
	Oodoowerre	Haliella	19	6,420
	Rookatenne	Haliella	4	8,795
	Shawlands	Passara	4	5,533
	Springwood	Rakwana	8	20,500
	Others	Ingiriya	5	21,591
				274,848
Newburgh Green Teas (Private) Limited		Haliella	4	14,367
				289,215

14. INTANGIBLE ASSETS

Rs.'000	Group 2026	Group 2025	Company 2026	Company 2025
Computer software				
Cost				
At the beginning of the year	69,756	69,756	67,199	67,199
Additions during the year	-	-	-	-
At the end of the year	69,756	69,756	67,199	67,199
Accumulated Depreciation				
At the beginning of the year	67,086	65,870	64,529	63,313
Amortisation during the year	1,075	1,216	1,075	1,216
At the end of the year	68,161	67,086	65,604	64,529
Written Down Value	**1,595**	**2,670**	**1,595**	**2,670**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)
As at 31st March

15. BIOLOGICAL ASSETS

15.1. Bearer biological assets

Group/Company

		Immature Bearer Biological Assets			Total	
Rs.'000	**Note**	**Tea**	**Rubber**	**Others**	**2026**	**2025**
Cost						
At the beginning of the year		199,657	324,688	45,248	569,593	496,195
Additions during the year		110,057	37,475	13,646	161,178	155,649
Transfers to mature during the year		(50,751)	(22,383)	(17,188)	(90,322)	(81,515)
Reclassified to Consumable Biological Assets		-	-	-	-	(736)
		258,963	339,780	41,706	640,449	569,593
Provision for impairment	15.1.1	(43,909)	(141,081)	(10,136)	(195,126)	(168,617)
At the end of the year		**215,054**	**198,699**	**31,570**	**445,323**	**400,976**

	Mature Bearer Biological Assets			Total	
Rs.'000	**Tea**	**Rubber**	**Others**	**2026**	**2025**
Cost					
At the beginning of the year	1,076,883	916,591	235,952	2,229,426	2,147,911
Transfers from immature during the year	50,751	22,383	17,188	90,322	81,515
At the end of the year	**1,127,634**	**938,974**	**253,140**	**2,319,748**	**2,229,426**
Accumulated amortisation					
At the beginning of the year	480,390	390,272	64,148	934,810	853,943
Charge for the year	31,367	42,316	8,947	82,630	80,867
At the end of the year	511,757	432,588	73,095	1,017,440	934,810
Written-down value	615,877	506,386	180,045	1,302,308	1,294,616
Total bearer biological assets	**830,931**	**705,085**	**211,615**	**1,747,631**	**1,695,592**

These are investments in immature/mature bearer biological assets since the formation of the Company. The assets (including plantation assets) taken over by way of estate leases are set out in Note 12. Further investment in immature plantations taken over by way of these leases are shown in the above note.

15.1.1. Provision for impairment of bearer biological assets

Considering the inadequate growth compared to the expected growth the Company has performed an impairment assessment on immature biological assets and identified that some of these are not grown up to the expected level/untappable. Consequent to this, following provision for impairment has been recognised.

	Provision for impairment-immature			Total	
Rs.'000	**Tea**	**Rubber**	**Others**	**2026**	**2025**
At the beginning of the year	23,611	141,081	3,925	168,617	146,556
Provision for the year	20,298	-	6,211	26,509	22,061
At the end of the year	**43,909**	**141,081**	**10,136**	**195,126**	**168,617**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

As at 31st March

15.2. Consumable biological assets

Group/Company

Rs.'000	Note	2026	2025
Immature Consumable Biological Assets			
Cost			
At the beginning of the year		70,179	53,610
Additions during the year		17,852	16,569
Transfers to mature during the year		(2,200)	-
		85,831	70,179
Provision for impairment	15.2.3	(1,830)	(1,830)
At the end of the year		84,001	68,349
Mature Consumer Biological Assets			
At the beginning of the year		2,711,880	2,237,385
Transfers from immature during the year		2,200	-
Reclassified from Bearer Biological Assets		-	736
Change in fair value less cost to sell:			
- Due to price changes		437,242	(3,812)
- Due to physical changes		-	(147,101)
- Due other changes		-	646,183
Decrease due to harvest		(91,277)	(21,511)
At the end of the year		3,060,045	2,711,880
Total consumable biological assets		3,144,046	2,780,229

As per LKAS 41 - Agriculture, the Company has valued its managed timber plantations at fair value less cost to sell. Managed timber plantations as at 31st March 2026 comprised approximately 2,765.30 hectares (31st March 2025 : 2,765.30 hectares), which are in the range of newly established plantations that are over 30 years old.

Managed trees which are less than four years old considered to be immature consumable biological assets amounting Rs.84 Mn as at 31st March 2026 (31st March 2025 : Rs.68.3 Mn).The cost of immature trees is treated as approximate to fair value particularly on the ground that little biological transformation has taken place and impact of the biological transformation on price is not material. When such plantation becomes mature, additional investments to bring them to maturity are transferred from immature to mature.

15.2.1. Measurement of fair value

The mature consumable biological assets were valued using Discount Cash Flow method. In ascertaining the fair value of timber, physical verification was carried out covering all the estates.

The fair value measurement of biological assets has been categorised as level 3 fair value based on the inputs to the valuation technique used.

Key assumptions used in the valuation are:

1. Harvesting is approved by the Plantation Management and Monitoring Division and Forest Department as per the forestry management plan.
2. The prices adopted are net of expenditure/ timber price per feet range from Rs. 125 to Rs. 50,000.
3. Risk-adjusted discount rate is 15% (2024/25 : 15%). Fair value would increase if discount rate was low and fair value would decrease if discount rate was high (Risk Premium 4%).
4. Selling price of managed timber has been taken based on market price and industry professional expert opinion. Fair value would increase if timber prices were high and fair value would decrease if timber prices were low.

The valuation, as presented in the valuation model based on the net present value, takes into account the long-term exploitation of the timber plantation. Because of the inherent uncertainty associated with the valuation at fair value of the biological assets due to the volatility of the variables, their carrying value may differ from their realisation value. The Board of Directors retains their view that commodity markets are inherently volatile and their long-term price projection are highly unpredictable. Hence, the sensitivity analysis regarding selling price and discount rate variation as included in this note allows every investor to reasonably challenge the financial impact of the assumptions used in the LKAS 41-Agriculture against their own assumptions.

The biological assets of the Company are mainly cultivated in leased lands. When measuring the fair value of the biological assets, it was assumed that these concessions can and will be renewed in normal circumstances. Timber content expects to be realised in future and is included in the calculation of the fair value that takes into account the age of the timber plants and not the expiration date of the lease.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

As at 31st March

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

Regulatory and environmental risks

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

Supply and demand risk

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

Climate and other risks

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

15.2.2. Sensitivity Analysis

Sensitivity variation on sales price

Values appearing in the Statement of Financial Position are sensitive to price changes with regard to the average sales prices applied. Simulations made for timber prices show that an increase or decrease of 10% of the future selling prices has the following effect on the net present value of the mature consumable biological assets.

	-10%	+10%
As at 31st March 2026	(306,004)	306,004
As at 31st March 2025	(271,188)	271,188

Sensitivity Variation on discount rate

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

	-1%	+1%
As at 31st March 2026	242,187	(217,568)
As at 31st March 2025	218,587	(195,083)

15.2.3 Provision for impairment of immature consumable biological assets

Considering the inadequate growth compared to the expected growth, the Company has performed an impairment assessment on immature consumable biological assets. Consequent to this, provision for impairment has been recognized.

Rs.'000	2026	2025
At the beginning of the year	1,830	-
Provision for the year	-	1,830
At the end of the year	**1,830**	**1,830**

15.3. Non-harvested Produce on Bearer Plants

	2026	2025
At the beginning of the year	13,084	10,622
Change in fair value less cost to sell	(4,410)	2,462
At the end of the year	**8,674**	**13,084**

15.4. Change in Fair Value of Biological Assets

Rs.'000	Note	2026	2025
Change in fair value of consumable biological assets less cost to sell	15.2	437,242	495,270
Change in fair value of produce on bearer biological assets less cost to sell	15.3	(4,410)	2,462
Total change in fair value of biological assets		**432,832**	**497,732**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)
As at 31st March

16. INVESTMENTS IN SUBSIDIARY

Company

	No. of shares	Holding %	Cost 2026 Rs.'000	No. of shares	Holding %	Cost 2025 Rs.'000
Newburgh Green Teas (Private) Limited	3,500,250	54%	35,003	3,500,250	54%	35,003
			35,003			**35,003**

As discussed in note 34.1 to these financial statements, the Board of Directors of the subsidiary has resolved to cease the operation of the subsidiary company.

As at 31 March 2026, the net assets of the subsidiary are higher than the carrying amount of the Company's investment in the subsidiary. Accordingly, no impairment provision has been recognised in respect of the investment.

17. LEASE RENTAL RECEIVABLE

Group/Company

Rs.'000	Receivable within 1 year	Receivable after 1 year	Receivable overdue	Total 2026	Receivable within 1 year	Receivable after 1 year	Receivable overdue	Total 2025
Gross rental receivable	2,080	37,440	-	39,520	2,080	39,520	-	41,600
Less: unearned finance income	(1,202)	(26,329)	-	(27,531)	(1,167)	(27,532)	-	(28,699)
Net investment	**878**	**11,111**	**-**	**11,989**	**913**	**11,988**	**-**	**12,901**

During the year 2004, the Company subleased the non-current assets of one of its estates to a third party for the balance period of 41 years. Under the sublease agreement, the Company has transferred substantially all the risks and rewards associated with ownership of such assets to sublessee other than the legal title. Hence, the Company has treated this as a sublease arrangement. The balance represents the net investment income receivable from the sublessee;

Moreover, under the said agreement, the sublessee has absorbed into employment, all employees except executives engaged in the estate at the date of the agreement.

Furthermore, as per the sublease agreement the sublessee has agreed to pay the retiring benefits of such employees as provided for in the agreement. The Company has obtained a bank guarantee in respect thereof. However, in the case of any breach of the terms of the sublease agreement, all employees would be deemed to be those of the Company.

In addition to the above the Company has subleased a factory building and machinery to its subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

As at 31st March

18. INVENTORIES

		Group		Company	
Rs.'000	Note	2026	2025	2026	2025
Nursery plants stock		5,096	12,562	5,096	12,562
Produce stock		310,393	426,246	310,068	425,921
Consumables, spares and others		143,607	253,670	142,977	253,040
		459,096	692,478	458,141	691,523
Provision for slow-moving and obsolete inventories	18.1	(10,976)	(4,236)	(10,651)	(4,236)
		448,120	688,242	447,490	687,287

18.1. Provision for slow-moving and obsolete inventories

	Group		Company	
Rs.'000	2026	2025	2026	2025
At the beginning of the year	4,236	3,631	4,236	3,631
Provision made during the year	6,740	4,128	6,415	4,128
Write off during the year	-	(3,523)	-	(3,523)
At the end of the year	**10,976**	**4,236**	**10,651**	**4,236**

19. TRADE AND OTHER RECEIVABLES

		Group		Company	
Rs.'000	Note	2026	2025	2026	2025
Produce debtors		142,682	70,919	142,682	70,919
Advances and prepayments		57,962	60,223	57,962	60,223
With holding tax receivable		7,915	6,167	7,915	6,167
Value added tax receivable		20,065	4,504	20,065	4,504
Other debtors		324,827	153,771	313,715	135,739
		553,451	295,584	542,339	277,552
Less: Provision for impairment	19.1	(18,852)	(16,486)	(18,845)	(16,870)
		534,599	279,098	523,494	260,682

19.1. Provision for Impairment

		Group		Company	
Rs.'000	Note	2026	2025	2026	2025
At the beginning of the year		16,486	20,307	16,870	20,691
Provision/(Reversal) for impairment during the year		2,366	1,837	1,975	1,837
Write off during the year	19.3	-	(5,658)	-	(5,658)
At the end of the year		**18,852**	**16,486**	**18,845**	**16,870**

19.2. The Group's exposure to credit risk and impairment loss related to Trade and other receivables are disclosed in Note 38.

19.3. There is no enforcement activities relating to the write-off of debtors during the year.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)
As at 31st March

20. AMOUNT DUE FROM RELATED COMPANIES

Rs.'000	Group		Company	
Newburgh Green Tea (Private) Limited.	-	-	16,584	15,887
Browns Investments PLC	2,272	2,272	2,272	2,272
Browns Properties (Pvt) Ltd	493	-	493	-
	2,765	**2,272**	**19,349**	**18,159**

Amount due from related companies stated above are unsecured and the settlement occurs in cash on demand. The above Note should be read in conjunction with, note 31 to Financial Statements.

21. CASH AND CASH EQUIVALENTS

Rs.'000	Note	Group 2026	Group 2025	Company 2026	Company 2025
Favourable Balances					
Short-term deposits	21.1	78,396	75,867	-	-
Cash at bank and in hand		135,098	34,647	125,513	28,913
		213,494	110,514	125,513	28,913
Unfavourable Balances					
Bank overdraft	21.2	(538,583)	(471,704)	(538,583)	(471,704)
Cash and cash equivalents as per the statement of cash flows		**(325,089)**	**(361,190)**	**(413,070)**	**(442,791)**

21.1 Short-term deposits include short-term fixed deposits, which mature in less than three months.

21.2 The securities pledged have been disclosed in Note 24.2 to the Financial Statements.

21.3 The cash and cash equivalents are held at bank's which are rated within the range of "AA-(lka)" to "BBB(lka)" based on fitch rating sri lanka.

22. STATED CAPITAL

Rs	Note	Group 2026	Group 2025	Company 2026	Company 2025
46,315,790 Ordinary shares		550,000,000	550,000,000	550,000,000	550,000,000
Golden share held by Secretary to the Treasury	22.1	10	10	10	10
		550,000,010	**550,000,010**	**550,000,010**	**550,000,010**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)
As at 31st March

22.1. 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 a normal ordinary shareholder, in terms of the Articles of Association 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 subleasing, ceding or assigning its rights in part or all of the lands 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 meeting once in three months to meet him or his nominee to discuss matters of the Company of interest to the state of the Government.

(c) The Golden Shareholder and or his nominee shall be entitled to inspect the books of accounts of the Company after giving two weeks' written notice to the Company.

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

(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.

23. REVALUATION RESERVE

Revaluation reserve consists of revaluation gain (net of tax) on right to use asset of land and freehold motor vehicles.

	Group/Company	
Rs.'000	**2026**	**2025**
Balance at the beginning of the year	2,556,570	2,142,598
Cumulative change in fair value	-	591,388
Tax charged on change in fair value	-	(177,416)
Balance at the end of the year	**2,556,570**	**2,556,570**

24. INTEREST-BEARING BORROWINGS

	Group/Company	
Rs.'000	**2026**	**2025**
At the beginning of the year	266,667	20,846
New loans obtained during the year	750,000	300,000
Repayments during the year	(149,996)	(54,179)
Balance at the end of the year	**866,671**	**266,667**
Current laibilities	249,996	99,996
Non current laibilities	616,675	166,671

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

As at 31st March

Group/Company

		2026					2025				
Rs.'000	Note	Repayable within 1 year	Repayable within 1 to 5 years	Repayable after 5 years	Total Repayable after 1 year	Total	Repayable within 1 year	Repayable within 1 to 5 years	Repayable after 5 years	Total Repayable after 1 year	Total
Long-Term Loans	24.1	249,996	616,675	-	616,675	866,671	99,996	166,671	-	166,671	266,667
		249,996	**616,675**	**-**	**616,675**	**866,671**	**99,996**	**166,671**	**-**	**166,671**	**266,667**

24.1. Long-Term Loans

Rs.'000	Repayable within 1 year	Repayable within 1 to 5 years	Repayable after 5 years	Repayable after 1 year	Total 2026	Total 2025	Rate of interest	Terms of Repayment	Securities Pledged
Pan Asia Bank PLC	99,996	66,675	-	66,675	166,671	266,667	AWPLR+1.5	In 36 equal monthly installments of Rs.8,333,333 each commenced from 29.12.2024.	Mortgage over Hopton Estate
Seylan Bank PLC	150,000	550,000	-	550,000	700,000	-	AWPLR+1.25	In 60 equal monthly installments of Rs.12,500,000 each commenced from 20.12.2025.	Mortgage over Dammeria Estate
	249,996	**616,675**	**-**	**616,675**	**866,671**	**266,667**			

24.2. Nature of liability

Rs.'000	Facility	Outstanding Rs. Mn	Security
Bank Overdraft			
DFCC Bank PLC	100	92	Corporate Guarantee from Udapussellawa Plantations PLC for Rs. 100 Mn.
Commercial Bank of Ceylon PLC	35	28	Concurrent Primary Mortgage over stocks and debts in favor of Commercial Bank - Rs. 35 Mn. together with the Concurrent Primary Mortgage for Rs. 40 Mn over the leasehold rights of three estates namely Adawatte, Demodera and Shawlands in favour of Sampath Bank PLC, NDB Bank PLC and Commercial Bank of Ceylon PLC.
Seylan Bank PLC	200	220	Mortgage over Dammeria Estate
Hatton National Bank PLC	180	177	Primary Mortgage - Hapugastenne Tea Estate.
Nation Trust Bank PLC	25	22	
Total		**539**	

25. DEFERRED TAX LIABILITIES

		Group		Company	
Rs.'000	Note	2026	2025	2026	2025
At the beginning of the year		1,973,659	1,539,796	1,968,866	1,534,311
Charge/(reversal) recognised in profit or loss	25.4	(47,236)	286,642	(47,575)	287,027
Charge/(reversal) recognised in other comprehensive income	25.4	(24,561)	147,221	(24,561)	147,528
At the end of the year		**1,901,862**	**1,973,659**	**1,896,730**	**1,968,866**

Deferred Tax is provided using the liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The deferred tax rate is calculated at the effective rate of 30% (2024/25 – 30%) for the Company and 30% (2024/25 -30%) for the subsidiary as at 31st March 2026.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)
As at 31st March

25.1. Group

Rs.'000	2026 Taxable / (Deductible) temporary differences	2026 Tax effect on Temporary differences	2025 Taxable / (Deductible) temporary differences	2025 Tax effect on Temporary differences
Temporary difference on:				
Biological assets at fair value	3,144,046	943,214	2,780,229	834,069
Tangible assets other than biological assets	384,181	115,254	427,545	128,264
Bearer biological assets	1,747,631	524,289	1,695,592	508,678
Retirement benefit obligations	(933,636)	(280,091)	(817,126)	(245,138)
Right of use assets	743,505	223,052	775,566	232,670
Lease liability	(824,057)	(247,217)	(829,154)	(248,746)
Lease rental receivable	45,564	13,669	28,927	8,678
Tax losses carried forward	(695,943)	(208,783)	(1,013,584)	(304,075)
Provision for slow-moving and obsolete inventories	(10,976)	(3,293)	(4,236)	(1,271)
Provision for trade and other receivables	(18,852)	(5,657)	(16,486)	(4,947)
	3,581,463	**1,074,437**	**3,027,273**	**908,182**
On remeasurement of retirement benefit obligations	(81,871)	(24,561)	(100,651)	(30,195)
Revaluation gain on leaseholdight right of land	2,599,312	779,794	3,123,288	936,986
Revaluation gain on motor vehicles	240,641	72,192	528,954	158,686
	6,339,545	**1,901,862**	**6,578,864**	**1,973,659**

25.2. Company

Rs.'000	2026 Taxable / (Deductible) temporary differences	2026 Tax effect on Temporary differences	2025 Taxable / (Deductible) temporary differences	2025 Tax effect on Temporary differences
Temporary difference on:				
Biological assets at fair value	3,144,046	943,214	2,780,229	834,069
Tangible assets other than biological assets	366,741	110,022	408,216	122,465
Bearer biological assets	1,747,631	524,289	1,695,592	508,678
Retirement benefit obligations	(933,636)	(280,091)	(814,412)	(244,324)
Right of use assets	743,505	223,052	775,566	232,670
Lease liability	(824,057)	(247,217)	(829,154)	(248,746)
Lease rental receivable	45,564	13,669	28,927	8,678
Tax losses carried forward	(695,943)	(208,783)	(1,013,584)	(304,075)
Provision for slow-moving and obsolete inventories	(10,651)	(3,195)	(4,236)	(1,271)
Provision for trade and other receivables	(18,845)	(5,655)	(16,870)	(5,062)
	3,564,355	**1,069,305**	**3,010,274**	**903,082**
On remeasurement of retirement benefit obligations	(81,871)	(24,561)	(99,628)	(29,888)
Revaluation gain on leaseholdight right of land	2,599,312	779,794	3,123,288	936,986
Revaluation gain on motor vehicles	240,641	72,192	528,954	158,686
	6,322,437	**1,896,730**	**6,562,888**	**1,968,866**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

As at 31st March

25.3. Deferred tax assets not recognized

Upon considering the favorable market changes, the Board of Directors evaluated the future profitability of the Company. The Board of Directors assumed that the market price of tea and rubber would be changed favorably or would be maintained at the same level. Accordingly, the deferred tax asset on accumulated losses have been recognized up to the extent of forecasted future profits as at 31st March 2026.

Group

	2026		2025	
Rs.'000	**Temporary differences**	**Tax effect**	**Temporary differences**	**Tax effect**
Accumulated tax losses	28,753	8,626	17,422	5,227
	28,753	**8,626**	**17,422**	**5,227**

Company

	2026		2025	
Rs.'000	**Temporary differences**	**Tax effect**	**Temporary differences**	**Tax effect**
Accumulated tax losses	-	-	-	-
	-	-	-	-

25.4 Deferred tax charge/(reversal) for the period due to temporary differences

	Group		Company	
Rs.'000	**2026**	**2025**	**2026**	**2025**
Deferred tax charge/(reversal) to profit or loss				
Due to change in the temporary differences	(47,236)	286,642	(47,575)	287,027
	(47,236)	**286,642**	**(47,575)**	**287,027**
Deferred tax charge/(reversal) to other comprehensive income				
Due to change in the temporary differences	(24,561)	147,221	(24,561)	147,528
	(24,561)	**147,221**	**(24,561)**	**147,528**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)
As at 31st March

26. DEFERRED INCOME

	Group		Company	
Rs.'000	**2026**	**2025**	**2026**	**2025**
Deferred Grants and Subsidies				
At the beginning of the year	182,354	186,479	181,693	185,746
Grants received for the year	2,738	6,828	2,738	6,828
Amortisation for the year	(10,538)	(10,953)	(10,466)	(10,881)
At the end of the year	**174,554**	**182,354**	**173,965**	**181,693**

The Company has received funding from the Plantation Housing and Social Welfare Trust and Plantation Reform Project for the development of workers' facilities such as re roofing of line rooms, latrines, water supply, sanitation, etc. The amounts spent are included under the relevant classification of property,plant and equipment and the grant component is reflected under deferred income. When the Company has complied with the conditions attached to the grants and subsidies, the grant will be credited to deferred income and amortised over the useful life of the respective asset. Grants related to income are deducted in reporting the related expenses.

27. RETIREMENT BENEFIT OBLIGATIONS

	Group		Company	
Rs.'000	**2026**	**2025**	**2026**	**2025**
Workers and Staff				
At the beginning of the year	910,158	763,171	906,422	760,411
Provisions made during the year	239,675	251,063	239,335	249,519
Payments made during the year	(159,218)	(104,076)	(155,142)	(103,508)
At the end of the year	**990,615**	**910,158**	**990,615**	**906,422**
Movement in the present value of defined benefit obligations				
At the beginning of the year	910,158	763,171	906,422	760,411
Interest cost	100,047	95,309	99,707	95,051
Current service cost	57,757	55,103	57,757	54,840
Benefit paid	(159,218)	(104,076)	(155,142)	(103,508)
Remeasurement loss of retirement benefit obligations	81,871	100,651	81,871	99,628
At the end of the year	**990,615**	**910,158**	**990,615**	**906,422**

	Group		Company	
Rs.'000	**2026**	**2025**	**2026**	**2025**
Expenses recognised in the statement of profit or loss				
Current service cost	57,757	55,103	57,757	54,840
Interest cost	100,047	95,309	99,707	95,051
	157,804	**150,412**	**157,464**	**149,891**
Loss recognised in the Other Comprehensive Income				
Remeasurement of retirement benefit obligations	81,871	100,651	81,871	99,628
	81,871	**100,651**	**81,871**	**99,628**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

As at 31st March

The actuarial valuation has been carried out by Actuarial and Management Consultants (Private) Limited as at 31st March 2026. Assumptions used in the actuarial valuataion are given below.

Company	2026	2025	
i) Rate of Interest	11.00%	11.00%	per annum
ii) Rate of salary increase			
- Workers	11.00%	10.50%	per annum
- Estate Staff	10.00%	10.00%	per annum
- Executive	8.00%	10.00%	per annum
iii) Retirement age	60	60	years
iv) Staff Turnover-Range	2% - 7%	2% - 7%	

A long-term Treasury Bond rate of 11% p.a. (2025 - 11% p.a.) has been used to discounted future liabilities taking into consideration remaining working life of eligible employees.

Company

The actuarial present value of the accrued benefits as at 31st March 2026 is Rs. 990,614,555 (31.03.2025 - Rs. 906,422,334). This item is grouped under retirement benefit obligation in the Statement of Financial Position. The liability is not externally funded.

The Company has considered the impact on the defined benefit obligations due to changes in economic factors as a result of the prevailing macroeconomic conditions, with support of the independent actuarial expert.

As per the guidelines issued by the Institute of Chartered Accountants of Sri Lanka, the discount rates have been adjusted to match the characteristics of the gratuity payment liability and the resulting yield to maturity for the purpose of valuing Employee benefit obligations as per LKAS 19.

Further, the salary increment rates of 8%, 10% and 11% are considered appropriate and are in line with the Company's targeted future salary increments, taking into account the current market conditions, prevailing inflation rates and the impact of changes in relevant regulations.

Subsidiary

	2026	2025	
i) Rate of Interest	-	12.50%	per annum
ii) Rate of salary increase	-	10%	per annum
iii) Retirement age	-	60	years

27.1 Sensitivity of assumptions used

A quantitative sensitivity analysis for significant assumptions used by the Company as at 31st March 2026 is as shown below:

Effect on retirement benefit obligations

	Discount Rate	Salary Escalation Rate	Attrition Rate
Increase by one percentage point	(76,213)	90,817	934
Decrease by one percentage point	87,077	(80,749)	(1,042)

The sensitivity analysis above have been determined on a method that extrapolates the impact on employee benefit obligation as a result of reasonable changes in key assumptions occurring at the end of reporting period.

Weighted average duration of retirement benefit obligation

	2026	2025
Staff	8 years	8.7 years
Worker	9 years	9.1 years

27.2. Maturity Profile

The following payments are expected contributions to the retirement benefit obligation in future year:

Rs.'000	2026	2025
Within one year	93,968	87,508
Between 2 to 5 years	426,818	415,404
More than 5 years	2,812,913	2,577,725
	3,333,699	**3,080,637**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)
As at 31st March

28.LEASE LIABILITIES

Group/Company

Rs. '000	2026					2025				
	Finlays Instant Teas (Pvt) Ltd	Commercial Bank of Ceylon PLC	JEDB / SLSPC	Browns Power Holding (Pvt) Ltd	Total	Finlays Instant Teas (Pvt) Ltd	Commercial Bank of Ceylon PLC	JEDB / SLSPC	Browns Power Holding (Pvt) Ltd	Total
At the beginning of the year	347	2,257	801,639	24,911	829,154	547	5,391	686,000	33,210	725,148
Remeasurement of lease liability	-	-	15,593	-	15,593	-	-	121,055	-	121,055
Interest for the year	-	80	109,739	4,815	114,634	-	374	104,688	6,867	111,929
Paid during the year	(200)	(2,337)	(117,621)	(15,166)	(135,324)	(200)	(3,508)	(110,104)	(15,166)	(128,978)
At the end of the year	**147**	**-**	**809,350**	**14,560**	**824,057**	**347**	**2,257**	**801,639**	**24,911**	**829,154**
Maturity Analysis of lease liability										
Current	147	-	9,483	14,560	24,190	200	2,257	7,983	10,351	20,791
Non-current	-	-	799,867	-	799,867	147	-	793,656	14,560	808,363
	147	**-**	**809,350**	**14,560**	**824,057**	**347**	**2,257**	**801,639**	**24,911**	**829,154**
Analysis of lease liability										
Less than one year	147	-	9,483	14,560	24,190	200	2,257	7,983	10,351	20,791
One to five years	-	-	44,867	-	44,867	147	-	44,867	14,560	59,574
More than 5 years	-	-	755,000	-	755,000	-	-	748,789	-	748,789
Total	**147**	**-**	**809,350**	**14,560**	**824,057**	**347**	**2,257**	**801,639**	**24,911**	**829,154**
Maturity Analysis of Undiscounted cash flows										
Less than one year	147	-	118,708	16,682	135,537	200	2,338	114,362	15,166	132,066
One to five years	-	-	474,830	-	474,830	347	-	571,809	16,683	588,839
More than 5 years	-	-	1,691,582	-	1,691,582	-	-	1,744,017	-	1,744,017
Total	**147**	**-**	**2,285,120**	**16,682**	**2,301,949**	**547**	**2,338**	**2,430,188**	**31,849**	**2,464,922**
Amount recognised in the statement of profit or loss and other comprehensive income										
As lease interest cost	**-**	**80**	**109,739**	**4,815**	**114,634**	**-**	**374**	**104,688**	**6,867**	**111,929**
Amount recognised in the statement of cash flows										
As cash outflows	**200**	**2,337**	**117,621**	**15,166**	**135,324**	**200**	**3,508**	**110,104**	**15,166**	**128,978**

The leases of the estates have been amended, with effect from 11th June 1996 to an amount substantially higher than the previous lease rental of Rs. 500/- per estate per annum. The first rental payable under the revised basis is Rs. 13.566 mn from 11th June 1996 to 10th June 1997. This amount is to be inflated annually by the Gross Domestic Product (GDP) deflator, and is in the form of a contingent rental.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)
As at 31st March

29. TRADE AND OTHER PAYABLES

	Group		Company	
Rs.'000	**2026**	**2025**	**2026**	**2025**
Trade creditors	112,878	168,490	112,868	168,470
Payable to employees	187,140	192,350	187,000	192,057
VAT/NBT/PAYEE/ESC payables	46,452	10,033	46,452	10,033
Dividend payable	200	200	200	200
Accrued expenses and other creditors	195,185	192,638	190,130	187,959
	541,855	**563,711**	**536,650**	**558,719**

30. AMOUNTS DUE TO RELATED COMPANIES

		Group		Company	
Rs.'000	**Note**	**2026**	**2025**	**2026**	**2025**
Amounts due to related companies - interest-bearing	30.1	33,601	449,651	33,601	449,651
Amounts due to related companies - non-interest-bearing	30.2	110,119	152,512	110,119	152,512
		143,720	**602,163**	**143,720**	**602,163**

30.1. Amounts due to related companies- Interest bearing

		Group		Company	
Rs.'000	**Interest Rate per annum**	**2026**	**2025**	**2026**	**2025**
LOLC Holdings PLC	AWPLR+ 7.5	11,522	-	11,522	-
Browns Power Holdings Limited	AWPLR+ 7.5	12,301	20,528	12,301	20,528
Udapussellawa Plantations PLC	AWPLR+ 2.5	9,778	429,123	9,778	429,123
		33,601	**449,651**	**33,601**	**449,651**

Loans stated above are unsecured and the settlement occurs in cash on the date of maturity.

30.2. Amounts due to related companies - Non-interest bearing

	Group		Company	
Rs.'000	**2026**	**2025**	**2026**	**2025**
Pussellawa Plantations Limited	35,423	-	35,423	-
LOLC Technology Service Limited	9,241	29,506	9,241	29,506
Maturata Plantations Limited	22,668	16,553	22,668	16,553
LOLC Corporate Services Private Limited	300	300	300	300
Agstar PLC	27,222	106,153	27,222	106,153
Tea Small Holder Factories PLC	15,265	-	15,265	-
	110,119	**152,512**	**110,119**	**152,512**

Amounts due to related companies stated above are unsecured, free of interest and the settlement occurs in cash on demand.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)
As at 31st March

31. RELATED PARTY TRANSACTIONS

31.1. Transaction with Related Companies

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 (LKAS) 24 - Related Party Disclosure, the details of which are reported in this note.

	Relationship	Details of Transactions	Transaction Amount		Balance as at		Interest Rate
Rs.'000			2026	2025	2026	2025	
Udapussellawa Plantations PLC	Common control	Interest expenditure	(35,333)	(86,322)	(9,778)	(429,123)	2026 : AWPLAR+2.5 (2025 : AWPLAR+2.5)
		Fund transfers	(300,000)	260,000			
		Sales	(154,523)	(136,248)			
		Transfer of loan payable	650,000	-			
		Reimbursement of expenditure	259,201	148,864			
Newburgh Green Teas (Private) Limited	Subsidiary	Rent received	7,804	-	16,584	15,887	AWPLR+6.5
		Interest income	-	862			
		Fund transfers	(13,000)	(22,000)			
		Reimbursement of expenditure	5,893	4,281			
Maturatal Plantations Limited	Common Control	Reimbursement of expenditure	27,031	(55,344)	(22,668)	(16,553)	
		Settlements	(28,608)	12,000			
		Sales	(41,419)	-			
		Staff reimbursement	52,047	54,168			
		Building rent	(15,166)	(15,166)			
Tea Smallholder Factories PLC	Common Contro	Reimbursement of expenditure	154	-	(15,265)	-	
		Settlements	(1,487)	-			
		Sales	(16,039)	-			
		Staff reimbursement	2,107	-			
Pussellawa Plantations Limited	Common Control	Reimbursement of expenditure	29,960	-	(35,423)		
		Settlements	(68,334)	-			
		Sales	(20,464)	-			
		Staff reimbursement	23,415	-			
Browns Investment PLC	Intermediate Parent	Loans/ Funds received	170,000	-	2,272	2,272	AWPLR+7.5
		Loans Settlements	(170,000)	79,050			
		Loan Interest	-	(15,144)			
		Reimbursement of expenditure	-	(3,743)			
		Settlements	-	208,410			
Browns Properties (Pvt) Ltd	Affiliated Company	Reimbursement of expenditure	53,622	-	493	-	
		Settlements	(53,129)	-	-	-	
LOLC Holdings PLC	Ultimate Parent	Interest expenditure	(55)	-	(11,522)		
		Service cost	(5,445)	-			
		Staff reimbursement	(2,064)	-			
		Reimbursement of expenditure	(3,958)	-			
LOLC Technology Service Ltd	Affiliated Company	Service cost	(23,235)	(12,533)	(9,241)	(29,506)	-
		Settlements	43,500	5,000			
LOLC General Insurance PLC	Affiliated Company	Service cost	(12,927)	(19,066)	-	-	-
		Settlements	12,927	19,066			
LOLC Life Assurance Limited	Affiliated Company	Service cost	(6,110)	(7,376)	-	-	-
		Settlements	6,110	7,376			

Rs.'000	Relationship	Details of Transactions	Transaction Amount 2026	Transaction Amount 2025	Balance as at 2026	Balance as at 2025	Interest Rate
Browns Power Holding (Pvt) Limited	Parent Company	Service cost	(14,369)	(26,483)	(12,301)	(20,528)	AWPLR+7.5
		Reimbursement of expenditure	(8,936)	(8,638)			
		Staff payments	(24,124)	(47,198)			
		Interest expenditure	-	(16,582)			
		Management fee	(80,126)	(8,589)			
		Settlements	135,782	140,432			
B Commodities ME (FZE)	Affiliated Company	Loans settled on behalf of the Company	-	-	-	-	
		Settlements	-	206,820			
LOLC Corporate Services Private Limited	Affiliated Company	Service cost	(1,200)	(1,200)	(300)	(300)	-
		Settlements	900	900			
Agstar PLC	Affiliated Company	Material Cost	(97,239)	(182,959)	(27,222)	(106,153)	-
		Settlements	176,170	76,806			

31.2. Transactions with key management personnel

According to Sri Lanka Accounting Standard (LKAS) 24 - Related Party Disclosures, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Board of Directors (including Executive and Non-Executive Directors) has been classified as key management personnel of the Company.

Rs.'000	2026	2025
Short-term Employee benefits		
Total remuneration paid to key management personnel	10,949	15,731
	10,949	**15,731**

31.3. Pricing policies

Purchases of goods and services from Related Parties were made at normal trading terms on arms' length basis.

32. CAPITAL COMMITMENTS

There are no capital commitments as at the date of the Statement of Financial Position.

33. CONTINGENT LIABILITIES

33.1. Litigation with UB Finance Company Limited

UB Finance Company Limited (UBL) has filed a case against Hapugastenna Plantations PLC (HPL) in the District Court of Colombo in relation to a sale of the Palm Garden office related to the title of the land. HPL has raised a jurisdictional objection to the plaint and the Supreme Court refused leave to the petitioner and as such HPL can now proceed to trial in the District Court based on its amended answer and raise a jurisdiction objection. This case is still in progress and the company's lawyers are not in a position to ascertain the outcome of the case as at the date of the statement of Financial Position.

33.2 Corporate Guarantee

Hapugastenne Plantations PLC has issued a Corporate Guarantee on behalf of Udapussellawa Plantations PLC amounting to Rs. 100,000,000/-

There are no contingent liabilities as at the reporting date other than those disclosed above.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)
As at 31st March

34. EVENTS OCCURRING AFTER REPORTING DATE

Subsequent to the reporting date,no material circumstances have arisen which required adjustments to or disclosure in these Financial Statements except for the below.

34.1 Operation of the Subsidiary

The Board of Directors of the subsidiary Company Newburgh Green Teas (Private) Limited resolved to cease the operation and liquidate the Company. However, the shareholders' approval is not granted as of the date of this report. The Group did not consider this as an adjusting event and therefore, no adjustments were made to the Financial Statements other than this disclosure.

35. SEGMENTAL ANALYSIS

Group

	Tea		Rubber		Other		Total	
Rs.'000	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**
Segment results								
Revenue	3,920,153	4,324,394	513,150	597,071	52,160	45,395	4,485,463	4,966,860
Operating expenses								
Revenue expenditure	3,202,086	3,337,333	448,907	428,052	62,255	70,261	3,713,248	3,835,646
Depreciation/amortisation	317,559	310,118	45,552	43,800	-	-	363,111	353,918
Other non-cash expenses	136,679	133,879	11,718	5,393	-	-	148,397	139,272
Gross profit/(loss)	263,829	543,064	6,973	119,826	(10,095)	(24,866)	260,707	638,024
Other operating income							213,442	198,097
Change in fair value of biological assets							432,832	497,732
Administration expenses							(519,677)	(418,689)
Other operating expenses							(26,509)	(22,061)
Net finance cost							(206,898)	(266,947)
Profit before tax							**153,897**	**626,156**
Segment assets								
Non-current assets	8,655,285	8,462,660	408,682	389,544	-	-	9,063,967	8,852,204
Current assets	1,192,294	1,081,314	16,236	12,809	-	-	1,208,530	1,094,123
	9,847,579	9,543,974	424,918	402,353	-	-	10,272,497	9,946,327
Segment liabilities								
Non-current liabilities	4,435,019	3,999,875	48,554	41,330	-	-	4,483,573	4,041,205
Current liabilities	1,470,792	1,732,855	27,552	25,510	-	-	1,498,344	1,758,365
	5,905,811	5,732,730	76,106	66,840	-	-	5,981,917	5,799,570
Segment capital expenditure								
Cost	**221,109**	**212,476**	**37,475**	**47,432**	**-**	**-**	**258,584**	**259,908**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)
As at 31st March

Company

	Tea		Rubber		Other		Total	
Rs.'000	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**	**2026**	**2025**
Segment results								
Revenue	3,920,153	4,322,753	513,150	597,071	52,160	45,395	4,485,463	4,965,219
Operating expenses								
Revenue expenditure	3,200,817	3,328,625	448,907	428,052	62,255	70,261	3,711,979	3,826,938
Depreciation/amortisation	314,391	306,452	45,552	43,800	-	-	359,943	350,252
Other non-cash expenses	136,339	133,357	11,718	5,393	-	-	148,057	138,750
Gross profit/(loss)	**268,606**	**554,319**	**6,973**	**119,826**	**(10,095)**	**(24,866)**	**265,484**	**649,279**
Other operating income							213,370	177,172
Change in fair value of biological assets							432,832	497,732
Administration expenses							(519,327)	(417,272)
Other operating expenses							(26,509)	(22,061)
Net finance cost							(210,427)	(270,565)
Profit from operating activities							**155,423**	**614,285**
Segment assets								
Non-current assets	8,670,824	8,475,031	408,682	389,544	-	-	9,079,506	8,864,575
Current assets	1,109,162	996,229	16,236	12,809	-	-	1,125,398	1,009,038
	9,779,986	9,471,260	424,918	402,353	-	-	10,204,904	9,873,613
Segment liabilities								
Non-current liabilities	4,429,298	3,990,685	48,554	41,330	-	-	4,477,852	4,032,015
Current liabilities	1,465,587	1,727,863	27,552	25,510	-	-	1,493,139	1,753,373
	5,894,885	5,718,548	76,106	66,840	-	-	5,970,991	5,785,388
Segment capital expenditure								
Cost	**203,257**	**212,476**	**37,475**	**47,432**	**-**	**-**	**258,584**	**259,908**

35.1. Basis for segmentation

The Group has the following three strategic divisions, which are its reportable segments. These sectors offer different products and services.

Reportable segments	Operations
Tea	Cultivation, processing and sale of tea.
Rubber	Cultivation, processing and sale of rubber
Other	Cultivation and sale of diversified crops and nursery plants etc

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

As at 31st March

36. GROUP COMPOSITION

Subsidiary Name	Holding percentage 2026	Holding percentage 2025
Newburgh Green Teas (Private) Limited	53.85%	53.85%

36.1. Non-controlling interests (NCI)

Name	Principal place of business	Operating Segment	Ownership interests held by NCI 2026	Ownership interests held by NCI 2025
Newburgh Green Teas (Private) Limited	Sri Lanka	Manufacturing and selling green tea	46.15%	46.15%

Summarised financial information of Newburgh Green Teas (Private) Limited, prepared in accordance with LKAS and SLFRSs is given below:

Rs.'000	2026	2025
Revenue	-	1,641
Profit/(loss) for the period	2,091	4,436
Other comprehensive income/(expenses)	-	(716)
Total comprehensive income	2,091	3,720
Total comprehensive income attributable to NCI	**965**	**1,717**
Non-current assets	19,466	39,515
Current assets	89,661	100,586
Non-current liabilities	5,722	25,716
Current liabilities	21,783	35,657
Net assets	81,622	78,728
Net assets attributable to NCI	**37,298**	**36,333**
Cash flows from operating activities	2,845	(18,302)
Cash flows from investing activities	2,408	5,021
Cash flows from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	**5,253**	**(13,281)**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)
As at 31st March

37. FINANCIAL INSTRUMENTS

37.1. Fair value hierarchy for financial assets carried at fair value

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level I: 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: 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.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Group determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, in comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates. The objective of the valuation technique is to arrive at a fair value determination that reflects the price of the financial instrument as at the reporting date, that would have been determined by the market participants acting at arm's length.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

As at 31st March

Analysis of financial instruments by measurement basis

The fair values of financial assets and liabilities, together with carrying amounts shown in the Statement of Financial Position, are as follows.

Group

		Carrying amount				
Rs.'000	Note	FVTPL	FVTOCI-Debt Instruments	FVTOCI-Equity Instruments	Financial assets at amortised cost	Other financial liabilities
31st March 2026						
Financial assets not measured at fair value						
Trade receivables	19	-	-	-	142,682	-
Amounts due from related companies	20	-	-	-	2,765	-
Lease rental receivable	17	-	-	-	11,989	-
Cash and cash equivalents	21	-	-	-	213,494	-
		-	**-**	**-**	**370,930**	**-**
Financial liabilities not measured at fair value						
Trade payables	29	-	-	-	-	112,868
Lease liabilities	28	-	-	-	-	824,057
Amounts due to related companies	30	-	-	-	-	143,720
Interest bearing borrowings	24	-	-	-	-	866,671
Bank overdraft	21	-	-	-	-	538,583
		-	**-**	**-**	**-**	**2,485,899**
31st March 2025						
Financial assets not measured at fair value						
Trade receivables	19	-	-	-	70,919	-
Amounts due from related companies	20	-	-	-	2,272	-
Lease rental receivable	17	-	-	-	12,901	-
Cash and cash equivalents	21	-	-	-	110,514	-
		-	**-**	**-**	**196,606**	**-**
Financial liabilities not measured at fair value						
Trade payables	29	-	-	-	-	168,490
Lease liabilities	28	-	-	-	-	829,154
Amounts due to related companies	30	-	-	-	-	602,163
Interest bearing borrowings	24	-	-	-	-	266,667
Bank overdraft	21	-	-	-	-	471,704
		-	**-**	**-**	**-**	**2,338,178**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)
As at 31st March

Company

		Carrying amount				
Rs.'000	**Note**	**FVTPL**	**FVTOCI-Debt Instruments**	**FVTOCI-Equity Instruments**	**Financial assets at amortised cost**	**Other financial liabilities**
31st March 2026						
Financial assets not measured at fair value						
Trade receivables	19	-	-	-	142,682	-
Amounts due from related companies	20	-	-	-	19,349	-
Lease rental receivable	17	-	-	-	11,989	-
Cash and cash equivalents	21	-	-	-	125,513	-
		-	**-**	**-**	**299,533**	**-**
Financial liabilities not measured at fair value						
Trade payables	29	-	-	-	-	112,868
Lease liabilities	28	-	-	-	-	824,057
Amounts due to related companies	30	-	-	-	-	143,720
Interest bearing borrowings	24	-	-	-	-	866,671
Bank overdraft	21	-	-	-	-	538,583
		-	**-**	**-**	**-**	**2,485,899**
31st March 2025						
Financial assets not measured at fair value						
Trade receivables	19	-	-	-	70,919	-
Amounts due from related companies	20	-	-	-	18,159	-
Lease rental receivable	17	-	-	-	12,901	-
Cash and cash equivalents	21	-	-	-	28,913	-
		-	**-**	**-**	**130,892**	**-**
Financial liabilities not measured at fair value						
Trade payables	29	-	-	-	-	168,470
Lease liabilities	28	-	-	-	-	829,154
Amounts due to related companies	30	-	-	-	-	602,163
Interest bearing borrowings	24	-	-	-	-	266,667
Bank overdraft	21	-	-	-	-	471,704
		-	**-**	**-**	**-**	**2,338,158**

The Company does not anticipate the fair value of the above to be significantly different to their carrying values and considers the impact as not material for disclosures.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)
As at 31st March

38. FINANCIAL RISK MANAGEMENT

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

*** Credit risk**

*** Liquidity risk**

*** Market risks (Including currency risk and interest rate risk)**

This note present qualitative and quantitative information about the Group's exposure to each of the above risks, The Group's objectives, policies and procedures for measuring and managing those risks.

Risk management framework
The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established on identify and analyses the risk faced by the group, to set appropriate risk limits and controls and to monitor risk and adherence to limits. Risk management policies and system are reviewed regularly to reflect changes in market conditions and Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined constructive control environment in which all employees understand their roles and obligations.

The Group's audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the audit committee.

Credit risk
Credit risk is the risk of financial loss to the Group, if a customer or counter party to a financial instrument fails to meet its contractual obligation, and arises principally from the Group's receivables from customers and from investments in debt securities.

The Group is exposed to credit risk from its operating activities (primarily trade receivables), other advances including loans and advances to staff/workers, and from its financing activiaties, including deposits with banks and other financial instruments.

The carrying amount of financial assets represents the maximum credit exposure.

Risk exposure
The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts. Maximum exposure to credit risk as at the reporting date was as follows:

	Group		Company	
Rs.'000	**2026**	**2025**	**2026**	**2025**
Amounts due from related company	2,765	2,272	19,349	18,159
Trade and other receivables	447,745	208,204	436,640	189,788
Lease rental receivable	11,989	12,901	11,989	12,901
Cash and cash equivalents	213,494	110,514	125,513	28,913
	676,905	**333,891**	**594,403**	**249,761**

Impairment losses on financial assets recognised in profit or loss were as follows:

	Group		Company	
Rs.'000	**2026**	**2025**	**2026**	**2025**
Impairment provision on trade and other receivables	2,366	1,837	1,975	1,837

Credit quality of financial assets
An analysis of the credit quality of trade receivables that were neither past due nor impaired and the aging of trade receivables that were past due but not impaired as at reporting date are as follows:

	Group		Company	
Rs.'000	**2026**	**2025**	**2026**	**2025**
Trade receivables(Gross)				
Neither past due not impaired	-	-	-	-
Past due but not impaired				
1- 30 days	142,682	70,919	142,682	70,919
31-90 days	-	-	-	-
91- 120 days	-	-	-	-
Total not impaired trade receivables	**142,682**	**70,919**	**142,682**	**70,919**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

As at 31st March

Trade and other receivables

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

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

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

The Group does not require collateral in respect of most trade and other receivables.

Amounts due from related companies

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each related party.

The Group does not require a provision for impairment in respect of amounts due from related parties.

Cash and cash equivalents

The Group has held cash and cash equivalents of Rs. 213,494,135/- as at 31st March 2026 (31st March 2025:Rs.110,513,689/-) which represent its maximum credit credit exposure on these assets.

Liquidity risk

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

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

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

Liquidity risk management

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

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

As at 31st March

The table below summarises the maturity profile of the financial liabilities based on contractual undiscounted payments including future interest payments .

Group

Rs.'000	Carrying Amount	Less than 1 year	More than 1 year	Total
As at 31st March 2026				
Non-derivative financial liabilities				
Interest-bearing borrowings	866,671	328,969	727,573	1,056,542
Lease liabilities	824,057	135,537	2,166,412	2,301,949
Trade payables	112,878	112,878	-	112,878
Amounts due to related companies	143,720	143,720	-	143,720
Bank overdraft	538,583	538,583	-	538,583
	2,485,909	**1,259,687**	**2,893,985**	**4,153,672**
As at 31st March 2025				
Non-derivative financial liabilities				
Interest-bearing borrowings	266,667	122,025	181,249	303,274
Lease liabilities	829,154	132,066	2,332,856	2,464,922
Trade payables	168,490	168,490	-	168,490
Amounts due to related companies	602,163	602,163	-	602,163
Bank overdraft	471,704	471,704	-	471,704
	2,338,178	**1,496,448**	**2,514,105**	**4,010,553**

Company

Rs.'000	Carrying Amount	Less than 1 year	More than 1 year	Total
As at 31st March 2026				
Non-derivative financial liabilities				
Interest-bearing borrowings	866,671	328,969	727,573	1,056,542
Lease liabilities	824,057	135,537	2,166,412	2,301,949
Trade payables	112,868	112,868	-	112,868
Amounts due to related companies	143,720	143,720	-	143,720
Bank overdraft	538,583	538,583	-	538,583
	2,485,899	**1,259,677**	**2,893,985**	**4,153,662**
As at 31st March 2025				
Non-derivative financial liabilities				
Interest-bearing borrowings	266,667	122,025	181,249	303,274
Lease liabilities	829,154	132,066	2,332,856	2,464,922
Trade payables	168,470	168,470	-	168,470
Amounts due to related companies	602,163	602,163	-	602,163
Bank overdraft	471,704	471,704	-	471,704
	2,338,158	**1,496,428**	**2,514,105**	**4,010,533**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

As at 31st March

Market risk

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

Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which borrowings are denominated and the respective functional currencies of lenders. The currency in which these transactions are primarily denominated is US Dollar.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument fluctuates because of changes in market interest rates.

Group

	Nominal Amount	
Rs.'000	**2026**	**2025**
Fixed Rate Financial Instruments		
Financial Assets	78,396	75,867
Financial Liabilities	-	-
Variable Rate Financial Instruments		
Financial Assets	-	-
Financial Liabilities	1,690,728	1,095,821

Company

	Nominal Amount	
Rs.'000	**2026**	**2025**
Fixed Rate Financial Instruments		
Financial Assets	-	-
Financial Liabilities	-	-
Variable Rate Financial Instruments		
Financial Assets	-	-
Financial Liabilities	1,690,728	1,095,821

NOTES TO THE FINANCIAL STATEMENTS (Contd.)
As at 31st March

Operational risk

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

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

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

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

39. CAPITAL MANAGEMENT

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

The Group manages its capital structure and make adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group 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 Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings by total equity. Total borrowings including non-current and current borrowings as shown in the statements of financial position. Total equity is calculated as 'Total equity' in the statements of financial position.

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

	Group		Company	
Rs.'000	**2026**	**2025**	**2026**	**2025**
Non current liabilities	4,483,573	4,053,639	4,477,852	4,044,679
Current liabilities	1,498,344	1,758,365	1,493,139	1,753,373
Less : Cash and cash equivalents	(213,494)	(110,514)	(125,513)	(28,913)
Net debts	5,768,423	5,701,490	5,845,478	5,769,139
Total equity	4,290,580	4.146,757	4,233,913	4,088,225
Debt to equity ratio (Gearing ratio)	1.34	1.37	1.38	1.41

TEN YEAR SUMMARY

Period ended 31st March / 31st December

Rs.'000	2016	2017	2018	2019	2020	2021	2022/23	2023/24	2024/25	2025/26
Performance										
Revenue	3,010,317	3,911,865	3,351,806	3,039,796	3,235,690	3,710,664	6,460,982	4,905,298	4,966,860	4,485,463
Gross profit/(loss)	35,867	451,578	(49,552)	(293,097)	161,009	61,713	1,135,686	473,023	638,024	260,707
Profit/(loss) before interest and tax	(141,146)	358,328	(205,785)	(272,897)	215,600	198,454	1,110,779	907,883	893,103	360,795
Interest	(119,232)	(127,625)	(193,998)	(174,866)	(216,696)	(229,995)	(424,342)	(373,497)	(266,947)	(206,898)
Profit/(loss) before tax	(260,378)	230,703	(399,783)	(447,763)	(1,096)	(31,541)	686,437	534,386	626,156	153,897
Taxation	(30,542)	(105,221)	51,112	(194,335)	(126,774)	188,210	(18,258)	(462,282)	(286,642)	47,236
Net Profit/(loss)	(229,837)	125,482	(348,671)	(642,098)	(127,870)	156,669	668,179	72,104	339,514	201,133
Other comprehensive income/(expense)	73,396	51,988	(3,161)	16,047	72,192	(32,768)	2,048,962	(68,384)	343,516	(57,310)
Total comprehensive income/(expense) for the year	(156,441)	177,470	(351,832)	(626,051)	(55,678)	123,901	2,717,141	3,720	683,030	143,823

Assets and liabilities	2016	2017	2018	2019	2020	2021	2022/23	2023/24	2024/25	2025/26
Non current assets	3,918,920	4,068,841	4,103,965	4,226,489	4,320,463	4,054,902	7,143,554	7,814,871	8,852,204	9,063,967
Current assets	668,003	689,687	605,523	530,019	644,344	616,149	900,482	1,067,145	1,094,123	1,208,530
Total assets	4,586,923	4,758,528	4,709,488	4,756,508	4,964,807	4,671,051	8,044,036	8,882,016	9,946,327	10,272,497
Current liabilities	1,552,124	1,537,749	1,802,315	2,317,166	2,423,453	2,210,681	2,031,326	2,225,873	1,758,365	1,498,344
Non current liabilities	1,366,926	1,381,435	1,419,661	1,764,699	1,922,389	1,717,504	2,552,703	3,192,416	4,041,205	4,483,573
Long term borrowings	147,069	116,408	178,126	79,157	166,659	58,662	20,846	-	166,671	616,675
Retirement benefit obligations	713,840	649,647	699,140	746,827	717,498	822,061	769,558	763,171	910,158	990,615

Share capital and reserves	2016	2017	2018	2019	2020	2021	2022/23	2023/24	2024/25	2025/26
Stated capital	550,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000	550,000
Revaluation reserve	277,116	267,345	257,682	-	-	-	2,142,598	2,142,598	2,556,570	2,556,570
General reserve	790,237	975,712	624,671	69,307	21,886	149,267	725,356	736,513	1,003,854	1,146,712
Total shareholders' fund	1,617,354	1,793,057	1,432,352	619,307	571,886	699,267	3,417,954	3,429,111	4,110,424	4,253,282
Non-controling interest	50,520	46,287	55,159	55,336	47,079	43,599	42,053	34,616	36,333	37,298

Financial ratios	2016	2017	2018	2019	2020	2021	2022/23	2023/24	2024/25	2025/26
ROCE - %	(3.54)	8.61	(5.00)	(6.58)	5.07	7.14	25.52	23.48	18.28	6.33
Current ratio - times	0.43	0.45	0.34	0.23	0.27	0.28	0.44	0.48	0.62	0.81
Debt equity ratio - times	0.40	0.40	0.55	2.14	2.66	1.64	0.41	1.53	1.37	1.37
Interest cover - times	(1.18)	2.81	(1.06)	(1.56)	0.99	0.86	2.49	2.19	3.20	1.54
Total assets to current liabilities - %	33.84	32.32	38.27	48.72	48.81	47.33	25.30	25.06	17.68	14.59

Investors ratios	2016	2017	2018	2019	2020	2021	2022/23	2023/24	2024/25	2025/26
Earnings/(loss) per share - Rs	(5.11)	2.67	(7.72)	(13.98)	(2.58)	3.43	14.46	1.72	7.29	4.32
Price earnings ratio	(3.05)	11.24	(2.11)	(1.11)	(7.09)	13.09	3.04	19.15	6.16	12.61
Market price of a share - Rs	15.60	30.00	16.30	15.50	18.30	44.90	44.00	32.90	44.90	54.50
Market capitalisation - Rs.'000	722,526	1,389,474	754,947	717,898	847,583	2,079,579	2,037,904	1,523,796	2,079,588	2,524,222
Net assets per share - Rs	34.92	38.71	30.93	13.37	12.35	15.10	73.80	74.04	88.75	91.83

Operating ratios	2016	2017	2018	2019	2020	2021	2022/23	2023/24	2024/25	2025/26
Annual turnover growth - %	(2.78)	29.95	(14.32)	(9.31)	6.44	14.68	74.12	(11.41)	1.26	(9.69)
No of employees	6,752	6,734	7,746	7,183	6,501	5,549	5,549	3,065	2,868	2,597
Turnover per employee - Rs.'000	445.84	580.91	432.71	423.19	497.72	668.71	1,164.35	1,600.42	1,731.82	1,727.17
Fixed assets to Turnover Ratio - %	0.77	0.96	0.82	0.72	0.75	0.92	0.90	0.63	0.56	0.50

INVESTOR INFORMATION

Stock Exchange

The Issued Ordinary Shares of Hapugastenne Plantations PLC are listed on the Colombo Stock Exchange of Sri Lanka.

Distribution of ordinary shareholding

	2026			2025		
	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%
1-1000	21,109	2,412,382	5.21	21,139	2,421,868	5.23
1001-10,000	136	416,689	0.90	134	379,964	0.82
10,001-100,000	20	519,077	1.12	23	546,316	1.18
100,001-1,000,000	0	0	0.00	0	0	0.00
Over 1,000,000	2	42,967,642	92.77	2	42,967,642	92.77
Total	**21,267**	**46,315,790**	**100.00**	**21,298**	**46,315,790**	**100.00**

	2026			2025		
	No. of shareholders	No. of shares	%	No. of shareholders	No. of shares	%
Non-residents	15	1,298,605	2.80	16	1,298,724	2.80
Residents	21,252	45,017,185	97.20	21,282	45,017,066	97.20
Total	**21,267**	**46,315,790**	**100.00**	**21,298**	**46,315,790**	**100.00**
Individuals	21,177	3,038,528	6.56%	21,201	3,061,709	6.72
Institutions	90	43,277,262	93.44%	97	43,254,081	93.28
Total	**21,267**	**46,315,790**	**100.00**	**21,298**	**46,315,790**	**100.00**

Golden shareholder

The Golden Share of Rs. 10/- is currently held by the Secretary to the Treasury and should be owned either directly by the Government or by a 100% Government - owned Company.

Information on shares

		2026	2025	2024	2023	2021
Highest price during the year	Rs.	87,80	57.00	50.00	76.50	65.80
	Date	01/10/2025	01/01/2025	17/07/2023	28/09/2022	30/12/2021
Lowest price during the year	Rs.	41.10	28.00	28.00	16.80	13.00
	Date	07/04/2025	03/09/2024	28/02/2024	04/04/2022	23/04/2021
Closing price	Rs.	54.50	44.90	32.90	44.00	44.90
Trade Volume	Nos.	4,853	4,257	2,605	581	2,112
Share Volume	Nos.	1,144,499	1,904,934	517,820	119,565	43,101,631
Turnover	Rs.	67,946,245	87,314,913	19,646,384	5,817,714	1,231,964,230

Twenty major shareholders

		2026	
	Name of Shareholder	**No. of Shares**	**%**
1	LOLC FINANCE PLC/BROWNS POWER HOLDINGS (PRIVATE) LIMITED	41,680,942	89.99%
2	BETA HOLDINGS LIMITED	1,286,700	2.78%
3	PEOPLE'S LEASING & FINANCE PLC/MR. F.B.R.D. SILVA	71,000	0.15%
4	MR B.A. GUNASINGHE	70,432	0.15%
5	MR.A. SITHAMPALAM	38,000	0.08%
6	PEOPLE'S LEASING & FINANCE PLC/MR.L.K.N.K.KULAWARDENA	33,925	0.07%
7	HATTON NATIONAL BANK PLC/ RUWAN PRASSANA SUGATHADASA	33,124	0.07%
8	COCOSHELL ACTIVATED CARBON COMPANY (PRIVATE) LIMITED	31,000	0.07%
9	HATTON NATIONAL BANK PLC/ANUJA CHAMILA JAYASINGHE	28,226	0.06%
10	MR. K. MOHAMED RIHAN	25,901	0.06%
11	MR. A. PRIYANTHA KUMARA	23,127	0.05%
12	PEOPLE S LEASING AND FINANCE PLC/N.ANOSHAN	20,001	0.04%
13	MR. S.R.P. WANIGASURIYA	20,000	0.04%
14	MR. L.K.R.D. KULAWARDENA	18,087	0.04%
15	MR. H.U. SHASANKA	16,021	0.03%
16	HATTON NATIONAL BANK PLC/RAVINDRA ERLE RAMBUKWELLE	15,000	0.03%
17	MERCHANT BANK OF SRI LANKA & FINANCE PLC 01	15,000	0.03%
18	ASSETLINE FINANCE PLC/M.S.HIRIPITIYA	13,346	0.03%
19	DR. A.A.M. DHARMADASA	12,602	0.03%
20	MISS S.E. SATARASINGHE	12,300	0.03%
	Total	**43,464,734**	**93.83%**
	Other shareholders	2,851,056	6.17%
	Issued share capital	**46,315,790**	**100%**

		2025	
	Name of Shareholder	**No. of Shares**	**%**
1	LOLC FINANCE PLC/BROWNS POWER HOLDINGS (PRIVATE) LIMITED	41,680,942	89.99%
2	BETA HOLDINGS LIMITED	1,286,700	2.78%
3	MR B.A. GUNASINGHE	70,432	0.15%
4	SEYLAN BANK PLC / JAYANTHA DEWAGE	40,000	0.09%
5	MR.A. SITHAMPALAM	38,000	0.08%
6	PEOPLE'S LEASING & FINANCE PLC/MR.L.K.N.K.KULAWARDENA	33,925	0.07%
7	HATTON NATIONAL BANK PLC/ RUWAN PRASSANA SUGATHADASA	33,124	0.07%
8	COCOSHELL ACTIVATED CARBON COMPANY (PRIVATE) LIMITED	31,380	0.07%
9	HATTON NATIONAL BANK PLC/ANUJA CHAMILA JAYASINGHE	29,132	0.06%
10	MR. H.A. NASAR	26,379	0.06%
11	ALLIED SECURITY SERVICES (PVT) LTD	24,265	0.06%
12	MR. A. PRIYANTHA KUMARA	23,127	0.05%
13	MR. S.R.P. WANIGASURIYA	20,000	0.04%
14	MR. P. SOMADASA	19,447	0.04%
15	HATTON NATIONAL BANK PLC/RAVINDRA ERLE RAMBUKWELLE	19,000	0.04%
16	MR. L.K.R.D. KULAWARDENA	18,087	0.04%
17	MR. M.I. ABDUL HAMEED	17,400	0.04%
18	DIALOG FINANCE PLC/M.C.S.K.MEDIWATHTHA	16,046	0.03%
19	MERCHANT BANK OF SRI LANKA & FINANCE PLC/G.M.G.GUNAWARDHANA & W.K.N.ASIRI	14,133	0.03%
20	MR. H.L. PRIYANTHA	13,952	0.03%
		43,455,471	**93.82%**
		2,860,319	6.18%
		46,315,790	**100%**

Minimum public holding

	As at 31.03.2026	As at 31.03.2025
Float adjusted market capitalisation (Rs)	252,134,549	207,708,348
Public holding % of the stated capital	9.989%	9,988%
Number of public shareholder	21.263	21,292
Number of shares held by public shareholders	4,626,522	4,626,322

The Company is not compliant with the Minimum Public Holding required under Rule 7.13.1.i.b and therefore is exploring opportunities to comply with the Listing Rules of the Colombo Stock Exchange.

SEGMENTAL INFORMATION

Period ended 31st March / 31st December

Revenue extent - hectares	2016	2017	2018	2019	2020	2021	2022/23	2023/24	2024/25	2025/26
Tea	3,821.68	3,818.09	3,764.27	3,705.07	3,688.15	3,713.31	3,574.49	3,661.67	3,522.21	3,455.52
Rubber	1,447.06	1,436.31	1,531.48	1,490.61	1,532.09	1,616.12	1,558.42	1,525.47	1,640.87	1,504.56
Total	**5,268.74**	**5,254.40**	**5,295.75**	**5,195.68**	**5,220.24**	**5,329.43**	**5,132.91**	**5,187.14**	**5,163.08**	**4,960.08**

Production - Kg'000	2016	2017	2018	2019	2020	2021	2022/23	2023/24	2024/25	2025/26
Tea	5,753	5,674	5,353	4,967	4,723	4,902	4,399	3,734	3,719	3,255
Rubber	1,227	1,335	1,239	1,252	1,397	1,399	1,409	950	848	759

GSA - Rs	2016	2017	2018	2019	2020	2021	2022/23	2023/24	2024/25	2025/26
Tea - per Kg	440.27	588.53	538.09	519.52	602.49	583.57	1,196.46	1,064.46	1,089.19	1,081.35
Rubber - per Kg	219.48	314.64	250.16	243.90	299.01	416.84	602.51	562.59	696.99	677.70

Revenue - Rs.'000	2016	2017	2018	2019	2020	2021	2022/23	2023/24	2024/25	2025/26
Tea	2,561,411	3,398,676	2,941,156	2,566,215	2,785,781	3,061,088	5,531,669	4,345,660	4,324,394	3,920,153
Rubber	255,975	405,528	299,542	297,606	402,229	585,396	835,300	520,441	597,071	513,150
Others	192,931	107,661	111,108	175,975	47,680	64,180	94,013	39,197	45,395	52,160
Total	**3,010,317**	**3,911,865**	**3,351,806**	**3,039,796**	**3,235,690**	**3,710,664**	**6,460,982**	**4,905,298**	**4,966,860**	**4,485,463**

Gross profit/(loss)	2016	2017	2018	2019	2020	2021	2022/23	2023/24	2024/25	2025/26
Tea	(69,426)	327,263	(75,787)	(388,144)	93,374	(99,391)	975,455	459,906	543,064	263,829
Rubber	(7,287)	83,069	(12,925)	(44,408)	58,291	143,493	152,292	48,084	119,826	6,973
Others	112,580	41,246	39,160	139,455	9,344	17,611	7,939	(34,967)	(24,866)	(10,095)
Total	**35,867**	**451,578**	**(49,552)**	**(293,097)**	**161,009**	**61,713**	**1,135,686**	**473,023**	**638,024**	**260,707**

VALUE ADDED STATEMENT

Period ended 31st March

Rs.'000	2026	%	2025	%
Turnover	4,485,463		4,966,860	
Other income	646,274		695,829	
Total revenue	5,131,737	100	5,662,689	100
Cost of materials and services bought	1,958,344	38	2,489,686	44
	3,173,393	**62**	**3,173,003**	**56**
Distribution of value added				
A To employees as remuneration	2,441,679	77	2,256,378	71
B To government	-	-	-	-
C To lenders of capital	206,898	7	266,947	8
D Retained in the business	-	-	-	-
Provision for depreciation	380,993	12	380,620	12
Profit retained	143,823	5	269,058	8
	3,173,393	**100**	**3,173,003**	**100**

GLOSSARY

bps
Basis points.

COP
Cost of Production. Generally refers to the cost of producing one kilo of produce (Tea/Rubber).

Crop
The total produce harvested.

Current Ratio
Current Assets divided by current liabilities.

Dividend Cover
Profit attributable to shareholders divided by gross dividend.

Earnings Per Share
Profit attributable to ordinary shareholders divided by the number of ordinary shares in issue and ranking for dividend.

Extent in bearing
The extent of land from which crop is being harvested.

GSA
Gross Sale Average. Average sale price obtained (over a period of time for a kilo of produce) before any deductions such as Brokerage fees.

HACCP
Hazard Analysis and Critical Control Point System. Internationally accepted food safety standard.

Immature Plantation
The extent of plantation which is under development and is not being harvested.

Infilling
A method of field development whereby planting of individual plant is done in order to fill the vacancies of existing revenue fields.

Interest Cover
Profit before Gross Interest and Tax divided by net interest cost.

ISO
International Organization for Standardization.

Market Capitalization
Number of shares issued multiplied by the market value of each share

Mature Plantation
The extent of plantation from which crop is being harvested.

Mn
Million.

Net Assets
Sum of Fixed Assets and Current Assets less total liabilities.

Net Assets per Share
Net Assets divided by the number of Ordinary Shares in issue.

NSA
Net Sale Average. Average sale price obtained (over a period of time) after deducting Brokerage fees, etc.

Price Earnings Ratio
Market Price of a share divided by earnings per share.

Rs '000
Rupees Thousands.

Return on Equity
Attributable profits divided by average shareholders' funds.

VP Tea
Vegetatively Propagated Tea.

Yield (YPH)
The average crop per unit extent of land over a given period of time (usually kgs. per hectare per year).

YOY
Year on year.

Notes

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty Third Annual General Meeting of Hapugastenne Plantations PLC (the Company) will be held as a virtual meeting on Tuesday, 22nd September 2026 at 10:30 a.m.

The business to be brought before the Meeting will be to:

1. Receive and consider the Annual Report of the Board of Directors including the Financial Statements for the financial year ended 31st March 2026 together with the Report of the Auditors thereon.
2. Re-elect as a Director, Mr. N. R. Nanayakkara who retires in terms of Article 94 of the Articles of Association of the Company.
3. Re-elect as a Director, Mr. K. Sivanesan who retires in terms of Article 94 of the Articles of Association of the Company.
4. Re-elect as a Director Mr. D. S. K. Amarasekara who retires by rotation in terms of Articles 87 of the Articles of Association of the Company.
5. Re-elect as a Director Mr. U.H. E. Silva who retires by rotation in terms of Articles 87 of the Articles of Association of the Company
6. Re-appoint Mr. G. D. V. Perera who is seventy-four years of age, as a Director of the Company, for which the passing of the following resolution is recommended:

   THAT in terms of Section 211 of the Companies Act No. 07 of 2007, the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. G. D. V. Perera who is 74 years of age and that he be re-appointed as a Director of the Company
7. Re-appoint Mr. T. Dharmarajah who is seventy years of age, as a Director of the Company, for which the passing of the following resolutions is recommended:

   a. THAT in terms of Section 211 of the Companies Act No. 07 of 2007, the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. T Dharmarajah, who is 70 years of age and that he be appointed a Director of the Company.

   b. THAT Mr. T Dharmarajah be designated as an Independent Non-Executive Director of the Company in terms of Section 9.8.3 (ix) of the Listing Rules of the Colombo Stock Exchange.

   The recommendation of the Nominations and Governance Committee detailing the reason and rationale for its recommendation to re-appoint Mr. Dharmarajah, are set out on pages 41-42 of this report and the Circular to the Shareholders.
8. Appoint Messrs. KPMG, Chartered Accountants as the Auditors of the Company for the ensuing Financial year and to authorize the Directors to determine their remuneration.
9. Approve in terms of Companies (Donations) Act No. 26 of 1951 the making of donations by the Directors as determined by them for the current Financial Year and until the next Annual General Meeting of the Company.

By Order of the Board
HAPUGASTENNE PLANTATIONS PLC

LOLC Corporate Services (Private) Limited
Secretaries Colombo
31st August 2026

FORM OF PROXY

I/We...holder of (NIC/REG. No.)

of...

being a member/members of Hapugastenne Plantations PLC hereby appoint ....

....(NICNo...) of...

.... or failing him/her,

Dr. P S H Uluwaduge	or failing him
Mr. D S K Amarasekera	or failing him
Mrs. S. Kotakadeniya	or failing her
Mr. M. Gunawardena	or failing him
Mr. G D V Perera	or failing him
Mr. A S Perera	or failing him
Mr. T Dharmarajah	or failing him
Mr. U H E Silva	or failing him
Dr. K. Mohottige	or failing him
Mr. N R Nanayakkara	or failing him
Mr. K Sivanesan	

as my/our proxy to represent me/us and vote on my/our behalf at the Thirty Third Annual General Meeting of the Company to be held on 22nd September 2026 at 10:30 a.m. and at any postponement or adjournment thereof and at every poll which may be taken in consequence of thereof.

I/We, the undersigned, hereby direct my/our proxy to vote for me/us and on my/our behalf on the specified Resolution as indicated by the letter "X" in the appropriate cage:

		FOR	AGAINST	ABSTAINED
i	To re-elect as a Director Mr. N R Nanayakkara who retires in terms of Article 94 of the Articles of Association of the Company	○	○	○
ii	To re-elect as a Director Mr. K Sivanesan who retires in terms of Article 94 of the Articles of Association of the Company	○	○	○
iii	To re-elect as a Director, Mr. D. S. K. Amarasekara who retires by rotation in terms of Article 87 of the Articles of Association of the Company.	○	○	○
iv	To re-elect as a Director, Mr. U. H. E. Silva who retires by rotation in terms of Article 87 of the Articles of Association of the Company	○	○	○
v	To re-appoint as a Director, Mr. G D V Perera in terms of Sec. 211 of the Companies Act No. 7 of 2007.	○	○	○
vi	To re- appoint as a Director, Mr. T Dharmarajah in terms of Sec. 211 of the Companies Act No. 7 of 2007.	○	○	○
vii	To designate Mr. T Dharmarajah as an Independent Non-Executive Director of the Company, in terms of Sec. 9.8.3 (ix) of the Listing Rules of the Colombo Stock Exchange.	○	○	○
viii	To appoint M/s KPMG Chartered Accountants as Auditors and to authorise the Directors to determine their remuneration.	○	○	○
ix	To approve in terms of Companies (Donations) Act No. 26 of 1951 the making of donations by the Directors as determined by them for the current Financial Year and until the next Annual General Meeting of the Company.	○	○	○

Signed on this .... day of Two Thousand and Twenty-Six (2026).

....

Signature/s of Shareholder/s

NOTE: INSTRUCTIONS AS TO COMPLETION OF THE FORM OF PROXY ARE NOTED ON THE REVERSE.

INSTRUCTIONS AS TO COMPLETION

1. Please perfect the Form of Proxy by filling in legibly your full name and address, signing in the space provided and filling in the date of signature.
2. The completed Form of Proxy should be deposited at No. lodged at No. 100/1 Sri Jayawardenepura Mawatha, Rajagiriya OR forwarded to the email address: corporateservices@lolc.com not later than 48 hours before the time appointed for the holding of the Meeting.
3. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.
4. If the appointor is a company or corporation, the Form of Proxy should be executed under its Common Seal or by a duly authorised officer of the company or corporation in accordance with its Articles of Association or Constitution.
5. If this Form of Proxy is returned without any indication of how the person appointed as Proxy shall vote, then the Proxy shall exercise his/her discretion as to how he/she votes or, whether or not he/she abstains from voting.

STAKEHOLDER FEEDBACK FORM

We value your opinions and feedback. We invite you to share your thoughts to help us enhance our governance, operations, financial condition, and future prospects. Please take a moment to fill out this form with your comments and suggestions. Your feedback will be treated confidentially and used solely for the purpose of improving our stakeholder communication and overall performance.

Contact Information

Name: ....

Email: ....

Phone: ....

Company/Organization: ....

WHICH STAKEHOLDER GROUP/S DO YOU BELONG TO? (You may tick more than one)

- [ ] Shareholder
- [ ] Customer
- [ ] Community
- [ ] Public Authority
- [ ] Employee
- [ ] Student
- [ ] Regulatory Body
- [ ] Journalist
- [ ] Service Provider
- [ ] Supplier
- [ ] Special Interest Group

General Feedback

1. How would you rate your overall satisfaction with the Company's communication practices?

- [ ] Very Satisfied
- [ ] Satisfied
- [ ] Neutral
- [ ] Dissatisfied
- [ ] Very Dissatisfied

2. How often do you feel the Company provides timely and accurate information?

- [ ] Always
- [ ] Often
- [ ] Sometimes
- [ ] Rarely
- [ ] Never

3. How effective do you find the Company's use of its website and social media for communication?

- [ ] Very Effective
- [ ] Effective
- [ ] Neutral
- [ ] Ineffective
- [ ] Very Ineffective

Specific Feedback

1. **What specific aspects of the Company's communication do you find most useful?**

- [ ] Financial Reports
- [ ] Annual Reports
- [ ] Press Releases
- [ ] Investor Briefings
- [ ] Social Media Updates
- [ ] Website Content
- [ ] Other (please specify):

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2. **How would you rate the accessibility of the Company's spokespersons for providing information and responding to queries?**

- [ ] Very Accessible
- [ ] Accessible
- [ ] Neutral
- [ ] Inaccessible
- [ ] Difficult to Access

3. **How effectively does the Company address your concerns and queries?**

- [ ] Very Effective
- [ ] Effective
- [ ] Neutral
- [ ] Ineffective
- [ ] Very Ineffective

Forward-Looking Information & Major Developments

1. **How useful do you find the Company's forward-looking comments and information on future prospects?**

- [ ] Very Useful
- [ ] Useful
- [ ] Neutral
- [ ] Not Useful
- [ ] Not Useful at All

2. **How effectively does the Company handle the communication of major corporate developments (e.g., mergers, acquisitions, new products)?**

- [ ] Very Effectively
- [ ] Effectively
- [ ] Neutral
- [ ] Ineffectively
- [ ] Very Ineffectively

Crisis Communication & Confidentiality

1. How confident are you in the Company's ability to manage crisis communications?

- [ ] Very Confident
- [ ] Confident
- [ ] Neutral
- [ ] Not Confident
- [ ] Not Confident at All

2. How well does the Company maintain the confidentiality of sensitive information?

- [ ] Very Effectively
- [ ] Effectively
- [ ] Neutral
- [ ] Ineffectively
- [ ] Very Ineffectively

Additional Comments

Please provide any additional comments or suggestions you have for improving the Company's communication practices.

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Submission

Please return the completed form to:

Investor Relations/ Communications

Hapugastenne Plantations PLC
Level 11, Browns Capital Building,
No. 19, Dudley Senanayake Mawatha,
Colombo 08

Email: SisiraP@brownsplantations.com

CORPORATE INFORMATION

Name of Company

Hapugastenne Plantations PLC

Company Registration Number

PQ 62

Legal Form

Public Quoted company with limited liability incorporated in Sri Lanka on 11th June 1992 Ordinary shares listed on the Colombo Stock Exchange.

Principal Activities and nature of operation

Cultivation, manufacture and sale of tea, rubber, coconut and other crops.

Financial Year ended

31st March

Directors

Dr. P. S. H. Uluwaduge
Non-Executive Director (Chairman)

Mr. D. S. K. Amarasekera
Non-Executive Director

Mrs. V. G. S. S. Kotakadeniya
Non-Executive Director

Mr. T. Dharmarajah
Non-Executive Director

Mr. U. H. Ebert Silva
Independent Director

Mr. G.D.V. Perera
Executive Director / CEO

Mr. A. S. Perera
Executive Director

Mr. K.M. Mohotti
Independent Director

Mr. M.S. Gunawardana
Non-Executive Director

Mr. N. Nanayakkara
(appointed w.e.f. 02.04.2026)
Executive Director

Mr. K. Sivanesan
(appointed w.e.f. 07.08.2026)
Independent Director

Mr. D. J. Ratwatte
(resigned w.e.f. 31.03.2026)
Chief Executive Officer /Executive Director

Audit Committee

Mr. K. Sivanesan
Mr. U. H. Ebert Silva
Ms. V. G. S. S. Kotakadeniya

Related Party Transaction Review Committee

Mr. U. H. Ebert Silva
Mr. K. Sivanesan
Mr. T. Dharmarajah
Ms. V. G. S. S. Kotakadeniya

Remuneration Committee

Mr. K. Sivanesan
Mr. U. H. Ebert Silva
Mr. D. S. K. Amarasekara

Nominations & Governance Committee

Mr. U. H. Ebert Silva
Mr. K. Sivanesan
Dr. P. S. H. Uluwaduge

Secretaries

L O L C Corporate Services (Pvt) Ltd
100/1, Sri Jayawardenapura Mawatha,
Rajagiriya.
Telephone : +94 11 7 248 248 or
11 7 248 512

Investor Relations

Mr. Sisira Pushpakumara -
Head Of Finance
Tel: +94 11 7474524
Email : SisiraP@brownsplantations.com

Communications

Mr. Susaan Bandara -
Group Chief Officer Marketing Communications
Tel: +94 11 7797203
Email : SusaanB@lolc.com

Registrars

S S P Corporate Services (Pvt) Ltd.,
101, Inner Flower Road, Colombo 3.
Telephone : +94 11 2573894
Fax : 0112573609

Registered Office/Head Office

Level 11, Browns Capital Building
No. 19, Dudley Senanayake Mawatha,
Colombo 08
Telephone .+94 (0)11 769 5500
Fax +94 (0)11 767 5004
Email : hplupl@brownsplantations.com

Auditors

KPMG
32A, Sir Mohamed Macan Markar Mawatha,
P.O. Box 186, Colombo 03
Tel: 0115426426, Fax : 0112541249

Bankers

Commercial Bank of Ceylon PLC
Standard Chartered Bank
DFCC Bank PLC
Hatton National Bank PLC
Nations Trust Bank PLC
Seylan Bank PLC
Sampath Bank PLC

HAPUGASTENNE PLANTATIONS PLC
Level 11, Browns Capital Building
No. 19, Dudley Senanayake Mawatha,
Colombo 08.

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