



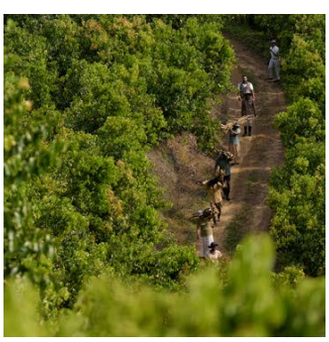


ANNUAL REPORT

2025 - 2026

KAHAWATTE

CEYLON TEA, SPICE AND COFFEE GROWERS

Our Vision

Our Vision is to "build a **diversified tea focused agribusiness** that delivers value **sustainably** and **ethically.**

Our Mission

Our Mission is building an uniquely Sri Lankan agribusiness with emphasis on adding value to **Ceylon Tea, Rubber, Spices, Specialty fruits & herbs,** in a symbiotic partnership with **communities and nature.**

Our Core Values

The philosophy of the founder Chairman of the Company is that **'Business as a Matter of Human Service'.**
This philosophy, which is strengthened by the pillars of **Quality, Tradition, Our Customer, Ethics, Integrity** and **Sustainability,** form the core values of the Kahawatte Plantations.

Cover Page Story

"Kahawatte Plantations is committed to producing the finest quality Tea, Cinnamon and Rubber whilst driving agricultural innovation to help conserve the environment and empower our communities."

Financial Highlights

	12 Months 31st Mar.2026 Rs'000"	15 Months 31st Mar.2025 Rs'000"	**% Increase / (Decrease)**
Revenue	4,543,075	6,790,324	-33%
Operating Profit	125,638	692,996	-82%
Net Profit/(Loss)	(74,998)	94,841	-179%
Total Comprehensive Income	155,109	88,591	75%
Non-Current Assets	5,801,512	5,244,488	11%
Shareholder's Funds	1,106,209	951,100	16%
Stated Capital	1,698,952	1,698,952	0%
Earnings /(Loss) Per Share -(Rs)	(0.75)	0.95	-179%
Net Assets per Share	11.13	9.57	16%

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Financial Calendar

Interim Financial Statements for The Three Months ended 30 June 2025	15th August 2025
Interim Financial Statements for The Six Months ended 30 September 2025	04th November 2025
Interim Financial Statements for the Nine Months ended 31 December 2025	13th February 2026
Interim Financial Statements for the Twelve Months ended 31 March 2026	29th May 2026
Annual Report – 2025/26	4th August 2026
33rd Annual General Meeting	25th August 2026

Estate Information

Kahawatte Region

Chief Operating Officer - Mr. Chaminda Gunarathna (w.e.f. 01/01/2024)
Cluster-Heads - Mr. Sugath Galgamuwa & Mr. Kusal Siriwardena (w.e.f. 11/01/2024) and D. M Prageeth Wanigasekara and Mr. H. Dilanka Nayanajith (w.e.f. 01/07/2026)

Estate	Manager In Charge	Crop	Total Extent (Ha)	Postal Address	No. of Buildings	
					Factory	* Other Buildings
Ekkerella	Mr. Janitha Wijerathne (w.e.f. 01/04/2025)	Tea cum Rubber & Cinnamon	751.03	Ekkerella Estate, Opanayake	1	276
Endane	Mr. Prageeth Wanigasekera (w.e.f. 25/02/2024)	Tea cum & Cinnamon	650.56	Endane Estate, Kahawatte	2	944
Houpe	Mr. Madushan-ka Jayawansha (w.e.f. 01/01/2023)	Tea cum Rubber & Cinnamon	747.82	Houpe Estate, Kahawatte	1	889
Hunuwella	Mr. Kusal Siriwardhana (w.e.f. 30/12/2025)	Tea cum Rubber & Cinnamon	992.50	Hunuwella Estate, Opanayake	3	733
Opata	Mr. Sugath Galgamuwa (w.e.f. 25/02/2024)	Tea cum Rubber & Cinnamon	829.00	Opata Estate, Kahawatte	2	944
Pelmadulla	Mr. H.D Nayanajith (w.e.f. 01/01/2025)	Tea cum Rubber & Cinnamon	856.45	Pelmadulla Estate, Kahawatte	2	944
Poronuwa	Mr. Oshan Nissanka (w.e.f.08/09/2025)	Tea cum Rubber & Cinnamon	813.03	Poronuwa Estate, Kahawatte	2	567
Rilhena	Mr. Saminda De Silva (w.e.f. 10/12/2025)	Tea cum Rubber & Cinnamon	811.84	Rilhena Estate, Pelmadulla	1	737

Nawalapitiya Region

Chief Operating Officer - Mr. Chaminda Gunarathna (w.e.f. 01/01/2024)
Cluster-Heads - Mr. Abhisheka Samarakoon - w.e.f. 11/01/2024, Mr. Lasantha Ediriweera - w.e.f - 01/06/2025 & Mr. Mervyn Ratnadason - w.e.f - 20/10/2025

Estate	Manager In Charge	Crop	Total Extent (Ha)	Postal Address	No. of Buildings	
					Factory	* Other Buildings
Barcaple	Mr. Udesh Senevirathne (w.e.f. 01/08/2023)	Tea	624.00	Barcaple Estate, Kataboola		444
Craighead	Mr. Akila Gunaratne (w.e.f. 01/06/2025)	Tea	679.09	Craighead Estate, Udahentenne	2	888
Galamuduna	Mr. L L J Ediriweera (w.e.f. 01/06/2025)	Tea	639.65	Galamuduna Estate, Dolosbage	1	516
Imboolpittia	Mr. M S L Madhushanka (w.e.f. 27/07/2023)	Tea	861.00	Imboolpittia Estate, Nawalapitiya	1	750
Kataboola	Mr. Mervyn Ratnadason (w.e.f. 20/10/2025)	Tea	988.12	Kataboola Estate, Kataboola	2	1309
Queensberry	Mr. Lakshitha De Silva (w.e.f. 01/03/2026)	Tea	415.00	Queensberry Estate, Kataboola	1	592
Westhall	Mr. Abisheka Samarakoon (w.e.f. 01/03/2023)	Tea	945.00	Westhall Estate, Kataboola	1	504
					24	11,626

* Other buildings include of offices, bungalows, workers quarters and child development centers

Reflections by the Chairman

Reflections by the Chairman

For Sri Lanka, 2025 was a year of consolidation. The economy built on its 2024 recovery, holding its course through global uncertainty, commodity-price volatility, and, in the final quarter, the devastation of Cyclone Ditwah.

Your Company met the year with resilience and entrepreneurial agility, delivering a credible performance for 2025/26: revenue of Rs. 4.5 billion and a positive total comprehensive income of Rs. 155 million, notwithstanding a loss after tax of Rs. 75 million. The near-term outlook is constructive although volatile due to external factors; through it, Kahawatte Plantations PLC remains committed to social and environmental sustainability, and to safeguarding the Company's long-term viability without compromise to the values on which it was built.

Global Economy - Macroeconomic Variables

The global economy proved broadly resilient through much of 2025, expanding an estimated 2.9% to 3.4% on the strength of an AI-driven investment boom, easing trade tensions, and moderating inflation that allowed major central banks to begin cutting rates. It entered 2026 with cautious optimism — but momentum reversed after conflict erupted in the Middle East in late February 2026, disrupting shipping routes and lifting energy and freight costs. Growth forecasts for 2026 were duly cut, to around 3.1% (IMF) and 2.5% (World Bank), the slowest pace since the pandemic, with inflation edging higher and risks tilted to the downside, even as continued AI investment offers some support.

Sri Lanka Economy and the Asian Region

At home, Sri Lanka sustained its recovery through 2025, the economy expanding by around 4.5% to 5.0%, inflation stabilising after a period of deflation, and the external position strengthening to its healthiest in years — a record current-account surplus, higher reserves, record exports, and robust remittances. Monetary conditions remained accommodative, with the policy rate held at 7.75% and private-sector credit growing strongly. The Central Bank looks for growth of 4% to 5% in 2026, though external agencies are more cautious in the face of global headwinds.

Plantation Industry

Tea: For the industry, 2025 closed as a broadly stable year in volume but softer in price. National export volume rose 3.2% and export revenue increased 4.6% to Rs. 452.46 billion, even as production contracted 1.4% and auction realisation softened across all elevations in calendar 2025, the National Average slipping to Rs. 1,167.72 (USD 3.88). Iraq, Russia, and Turkey remained our three largest destinations. The year's final quarter was disrupted by Cyclon Ditwah, which imposed a significant human toll, with dislocation of several communities and infrastructural damage.

Beneath the year's figures lies a longer story. Ceylon Tea crop remains structurally below pre-2020 levels, with national output of 264.1 million kilogrammes against 300 million kilogrammes in 2019. That constrained supply, together with Ceylon's quality positioning, has held prices above competing origins

These developments underline the importance of a more proactive tea plantation development plan, with more productive integration of academia and agriculture for climate adaptation, innovation and technology led efficiency.

Rubber : The global natural-rubber market remained in structural deficit through 2025, output rising just 0.7% to 15.0 million metric tons against demand nearing 15.6 million. Southeast Asian stagnation, ageing tree stock, and weather disruption sustained the shortfall, while Middle East tensions firmed synthetic substitutes and underpinned prices. Domestically, your Company operates within a niche, quality-focused segment, supplying specialty crepe grades.

Cinnamon: Our Ceylon Cinnamon strategy is now translating into tangible results. Sri Lanka commands close to 90% — some USD 260 million — of the global trade in true Ceylon Cinnamon by value, and the Company's sustained investment in cultivating, processing, and marketing genuine Ceylon Cinnamon, distinct from Cassia, delivered strong gains in both volume and price this year. It is a segment whose character rewards patience, and one for which Kahawatte is now firmly positioned.

Company Performance

In FY2025/26, Kahawatte Plantations PLC recorded a loss after tax of Rs. 75 million — a 13.4% improvement on the twelve months ended 31 March 2025 — and returned to a positive total comprehensive income of Rs. 155 million, against a total comprehensive expense of Rs. 92.8 million in the corresponding period a year earlier.

Tea & Rubber delivered a positive, reduced, gross profit of Rs. 110 million and Rs. 16 million respectively, while Cinnamon contributed Rs. 34 million on the back of a 23.31% increase in production , evidence that the Company's strategic initiatives are taking root.

These results carry the substantial weight of higher wage costs, following statutory wage revisions of 35% in the previous year and a further 15% in this one. Labour is the largest single component of cultivation and production costs across tea, rubber, and cinnamon, and its rise placed considerable pressure on profitability amid moderating prices and intensifying competition from lower-cost origins.

Capital Development

Since 2012, we have invested over Rs. 2.66 billion in replanting our core crops — a commitment to growth measured not in seasons but in decades. Such investment is vital to the quality and productivity on which the reputation of our plantations rests.

Awards and Achievements

Throughout 2025/26, our tea and rubber processing centres consistently secured premier prices at auction, and several estates earned prestigious industry honours, among them the Coffee Farmer of the Year award. Such recognition is, above all, a tribute to the people who tend our fields and factories, and to the consistent quality of what they produce.

Human Resource Development and Social Responsibility

Our people, and the communities that live around our sixteen estates, remain at the very heart of the Company's success. Working with the MJF Charitable Foundation, we advanced early-childhood development, education, worker housing, and occupational safety — and stood alongside the families struck by the Ditwah landslide at Craighead Estate. In seasons of hardship, the measure of an institution is found less in its accounts than in its stewardship of people and nature.

Future Strategies and Challenges

Your Board turns to 2026/27 clear-eyed about the challenges before us and confident in the Company's direction.

In tea, we must defend the Orthodox premium — the Company's most durable competitive asset — as African producers convert CTC capacity to erode our price advantage. The Board favours a value-led posture: one that positions for scarcity pricing without ceding mid-range demand, anchored in our heritage of purity and

Reflections by the Chairman *(Contd...)*

quality and supported by early entry into high-value channels such as cold extraction and premium bubble-tea bases.

In rubber, a global supply deficit and firm substitution economics remain supportive, and our leadership in specialty crepe underpins resilient realisations. The task now is to convert pricing strength into durable margin through disciplined cost management, profitability having narrowed even as revenue grew.

In cinnamon, patience is delivering momentum. Our commitment to genuine Ceylon Cinnamon — origin-protected, and distinct in every respect from Cassia — has driven the volume and price gains recorded this year, and we intend to build on it toward higher-margin value addition.

Across all three crops, the pressures are real and persistent — geopolitical instability and successive statutory wage revisions chief among them. We meet them not by retreat but by deepening what endures: climate resilience, agroforestry at Rilhena Estate, and the broader sustainability practices that safeguard long-term shareholder value.

Prospects for the Industry

We approach FY2026/27 with measured confidence, tempered by a softer start to the tea crop and by live trade and logistics risks, yet assured that quality-led positioning will carry the Company forward. The consumer landscape increasingly prizes what is conscious, authentic, and sustainable — qualities that sit naturally with the provenance and integrity of Ceylon Tea.

In rubber, the structural forces remain in our favour: a persistent global supply deficit born of ageing tree stock and climate pressure, and substitution economics that reward natural rubber over synthetics, together sustaining firm prices.

Ceylon Cinnamon offers a distinctive, origin-protected avenue for growth, and Industry is targeting USD 300 million in exports for 2026, with a longer-term roadmap of higher-margin value addition already under construction. Coffee, too, holds real long-term promise through our outgrower model.

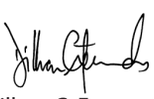
Supported by Dilmah and the MJF Charitable Foundation, Kahawatte Plantations PLC remains committed to the responsible stewardship of people and nature. The challenges before us — rural economic decline, inequality, and a changing climate — are larger than any single company, and will yield only to a unified, industry-wide response. Our own contribution will be decided, as it always has been, by our willingness to adapt to the changing preferences of those we serve.

Appreciation

As we step into another year, I offer my sincere gratitude to my colleagues on the Board and in Senior Management, whose counsel and unwavering support guided the Company to a commendable performance across every front; and I record my appreciation to all our stakeholders for their cooperation throughout the year under review.

To our shareholders, I extend my heartfelt thanks for the confidence you continue to place in us as we navigate turbulent conditions while holding fast to our values. We remain indebted to our late Chairman, Mr Merrill J. Fernando, and remain uncompromising in honouring his legacy.

We will go on building a people-focused, uniquely Sri Lankan agribusiness — dedicated to adding value to Ceylon Tea, Cinnamon, Rubber, other spices, and renewable energy — through a symbiotic partnership that makes of business a matter of human service, guided always by the principles of ethics and sustainability.



Dilhan C. Fernando

Chairman

4th August 2026

Reflections by the Chief Executive Officer

Dear Shareholders,

Your continued support and trust remain the foundation on which Kahawatte Plantations PLC is being built. Together we are shaping a distinctly Sri Lankan agribusiness dedicated to adding value to Ceylon Tea and Cinnamon, Rubber, specialty crops and renewable energy — through a symbiotic partnership with our communities and stakeholders, and a deepening commitment to environmental stewardship. The year ended 31st March 2026 tested that foundation. Revenue and margins came under sustained pressure, yet the strategic direction set in earlier years held firm, and the Company enters the new financial year with a leaner cost base, a materially restructured debt maturity profile , short-term borrowings reduced , gearing down and a portfolio far better diversified than it was three years ago.

That diversification is now visible in the operating results rather than only in intent. Our portfolio spans tea, rubber, cinnamon, coffee and specialty produce, complemented by cash-flow-generating consumable biological assets and renewable energy initiatives. During the year we further strengthened the Specialty Teas range with investment in advanced processing machinery, upgraded the Cinnamon Processing Centre into a state-of-the-art Peeling Centre, and progressed the foundation for a Central Coffee Processing facility in partnership with smallholder farmers through the Market Development Facility (MDF) – Australia. Work also advanced on new crops including pentadesma, macadamia and coconut, alongside community farming programmes in cinnamon and coffee that extend our value chain beyond our own land bank.

The consumer landscape, globally and domestically, continues to shift towards health and wellness, convenience and premiumisation — trends our agricultural brand portfolio is positioned to serve as a vertical supplier to value-added exporters and producers. Realising that position fully is the work of the year ahead: lifting our tea gross sale average above the National Elevation Average, restoring estate-leaf share, and converting the cinnamon and coffee investments into earnings. The results reported here reflect a year of consolidation rather than growth, and I would not characterise them otherwise. What they also reflect is a Company that has used a difficult year to strengthen the platform, and a team whose dedication through it deserves the Board's and my sincere acknowledgement.

Management Analysis

Overall, Company Performance

Strategic interventions undertaken in recent years to build resilience through the rationalisation and optimisation of our core businesses enabled the Company to navigate a demanding year with agility, even as trading conditions across our principal crops tightened materially.

KWPL recorded Revenue of Rs. 4,543 million for the accounting year ended 31st March 2026. Measured on a comparable twelve-month basis against the year ended 31st March 2025 ,the truer reflection of underlying performance given the change in the reporting cycle the contraction was held to 17%, a resilient outcome in a year defined by softer market volumes and sustained cost-side pressure.

Gross Profit from operating activities stood at Rs. 176 million, representing a 55% reduction on the same like-for-like twelve-month basis. This movement was driven principally by factors external to day-to-day operations: the pass-through of lower realised volumes, an incremental worker/staff wages & related gratuity cost of Rs. 300 million, and rising supply-chain input prices. Encouragingly, the production efficiencies secured through disciplined execution of our operational strategy absorbed a meaningful share of this pressure , without them the compression would have been materially deeper and these same interventions provide the platform from which we expect margin recovery as volumes and pricing stabilize.

Against this backdrop, the Company made significant progress on the elements of performance within its control. Finance costs were reduced by 36.2% against a comparable twelve-month basis last year, supported by securing lower interest rates on restructure and disciplined management of borrowings, while administrative activities were further optimised. The Company also consciously curtailed reliance on fair valuation gains on consumable biological assets, which were 28% lower period-on-period — a deliberate step towards earnings of higher quality and greater transparency. The provision for retirement benefit obligations decreased by Rs. 45 million, with the net reduction in the charge to the Statement of Profit or Loss amounting to Rs. 25 million.

The Company consequently recorded a Loss Before Tax of Rs. 33 million. A disproportionate tax burden arising from deferred taxation carried this through to a Loss After Tax of Rs. 75 million, an improvement of 13.4% against the comparable twelve-month basis against the year ended 31st March 2025. Notwithstanding this, Total Comprehensive Income for the year ended 31st March 2026 stood at Rs. 155 million, an 267% like-for-like twelve-month basis & an 75% improvement period-on-period, reflecting the strength of the Company's underlying asset base.

Taken together, the year's outcome reflects the interaction of opposing forces. Improved gross and net sales averages in tea, disciplined cost of production, materially lower finance and borrowing costs, and the deliberate avoidance of undue fair valuation gains provided support. Against these, sharply lower volumes and revenue and a steep deferred tax charge weighed on performance. The Board views the reporting year as one of consolidation, with the cost base repositioned and the balance sheet strengthened for recovery as commodity prices normalise.

Segmental Results

Tea – The year unfolded against a national backdrop of broadly stable output of 264.1 Mn/kg over the calendar year, but materially softer realisation, with the National Sales Average (NSA) falling Rs 57.45 to Rs 1,167.72/kg across every elevation. During the last quarter sector-wide, exporters were unable to schedule shipments to Iran and Iraq as vessel movements reached a near-total halt amid tensions in West Asia; heightened risk premia, surging freight and shipment costs and vessel delays further constrained tea exports, while the Iran "tea for oil" arrangement remained inactive, and competition intensified from lower-priced origins and India's blended-tea exports.

Against these conditions, the Company's strategic presence across the low-grown and mid-grown sectors, with a marginal high-grown exposure, provided a structural buffer positioning KWPL to capture diverse global market shifts and cushioning the impact of the geopolitical disruption that weighed on the wider industry.

Within that environment, management made a deliberate choice to defend quality and margin rather than chase volume. Bought-leaf intake was curtailed sharply & bought green leaf fell 34.9% while estate leaf was held to –8.7% , lifting out-turn toward 23% and protecting the integrity of the Company's made-tea profile. This sat alongside a quality-improvement programme spanning plucking, production and delivery, and disciplined cost-of-production management under a consumer-centric revitalisation initiative. The consequence was a planned reduction in throughput, with made-tea volume down 16.1% against the 12-month period and 35% against the 15-month, concentrated in the low country- Kahawatte revenue declined 26.6% against Nawalapitiya's 7.0%, reflecting the sharper bought-leaf pullback.

These results reflect a deliberate, forward-looking repositioning of the tea segment, undertaken against an unusually demanding external backdrop. Softer auction values, a firmer rupee through the first half, a heavier plainer-tea mix, and the impact of Cyclone Ditwah on the High and Mid Grown sectors in the fourth quarter of Calander 2025 each weighed on the period's outcome, alongside a Rs 190 Mn rise in labour costs - the single largest component of cultivation and production cost. That the segment absorbed this combination of market, weather, and cost pressures while continuing to invest in quality and long-term productivity speaks to the underlying strength of the operation.

Reflections by the Chief Executive Officer *(Contd...)*

The Gross Sales Average (GSA) held at Rs 1,146.14/kg, within Rs 7.11 of the National Elevation Average despite the pricing environment, moving Rs 20.90 on the period, Rs 92.82/kg against the 12-month comparative, and Rs 28.94/kg against the 15-month. Revenue stood at Rs 3,674.5 million, and segment gross profit at Rs Rs 109.6 million — a result that, while below the Rs 281.0 million (71.9%) and Rs 576.2 million (84.0%) comparatives for the 12- and 15-month periods respectively, and against revenue declines of 17.4% and 38.3%, establishes a disciplined base from which the segment is well positioned to rebuild as auction conditions normalise and the FY2026/27 quality and out-turn targets take effect

The quality-led positioning was externally affirmed with 9 Gold and 12 Silver awards at the 10th Asia Pacific Tea Competition 2025, with Craighead the region's best-performing Western Medium Orthodox factory at a GSA of Rs 1,231.55/kg. Sustaining that standard through a year of significant agricultural and market difficulty is a meaningful outcome, and leaves the Company positioned to convert quality into realisation as trading conditions normalise.

Rubber – The global natural rubber market held in structural deficit through 2025. Production rose just 0.7% to 15.0 million metric tons against demand nearing 15.6 million, sustaining firm prices. Nationally, Latex Crepe 1X gained 4.0% to Rs 1,000 per kg, while RSS 1 eased 4.8% to Rs 714.

Against this backdrop, the Company's rubber segment delivered a resilient performance, with revenue of Rs 619.3 million — up 12.3% against the 12 months ended 31 March 2025 — on higher volume produced of 668,893 kg (+6.4%) and sold quantity of 673,907 kg (+5.6%), representing a modest 7.9% variance against the longer 15-month comparative. Encouragingly, KWPL achieved a Net Sales Average of Rs 919.04 per kg, an improvement of 7.8% on the 12-month period and 11.6% on the 15-month, while the Company's Latex Crepe 1X commanded a premium Rs 1,064.73 per kg. These pricing gains were underpinned by sustained main-grade improvement, disciplined tapper deployment in the face of unfavourable weather, maintained production levels, and active production-cost management — a clear reflection of operational focus.

Margins were tempered over the period, with Gross Profit moving Rs 10.3 million (38.6%) against the 12-month comparative and Rs 6.5 million (28.6%) against the 15-month, as successive wage revisions carrying an incremental wage cost of Rs 36 Mn, together with geopolitically driven input-cost escalation, temporarily outpaced the strong gains achieved in revenue and price. With these cost pressures now clearly identified, margin recovery stands as a well-defined operational priority for FY2026/27, and the Company enters the new year with cost management as its central strategic lever and a firm platform of volume and price momentum on which to build.

Diversified Crops - During 2025/26, revenue from other crops — principally Cinnamon and Timber tree sales — accounted for approximately 5.5% of total Company revenue. Segment revenue grew by 71.8% against the twelve months ended 31 March 2025 and by 35.1% against the fifteen-month period ended 31 March 2025, lifting the combined Cinnamon and Timber segment from an operational loss of Rs 21.5 million to an operational profit of Rs 50.8 million. Gross profit improved substantially, rising by Rs. 66 Mn or 427% against the fifteen months ended 31 March 2025, and by Rs. 73 Mn or 337% against the twelve months ended 31 March 2025.

Cinnamon – Within the diversified segment Cinnamon, identified as a strategic crop with major potential to generate sustainable revenue, delivered a decisive turnaround in 2025/26. Production rose 23.31% and sales volumes 25%, while the net sale average improved 20% to Rs 2,656 per kilo, lifting segment revenue to approximately Rs 189 million with a gross profit of Rs. 34 million on the back of a 23.31% increase in production. The strategic measures initiated to strengthen the segment's revenue-generating capacity have moved it from an operational loss into profit in spite of an Rs 10M Million incremental wage impact , as anticipated. Attention now turns to strengthening the Cinnamon Processing Centre and scaling the Cinnamon Experience value-addition suite, which are expected to consolidate sustainable mid-to-long-term returns for the Company.

Capital Development Focused Strategy-

A plantation renews itself only through replanting. Your Company invested Rs 183 Mn in field development during the year .The strongest annual commitment in over five years, against Rs 125.94 Mn across the preceding fifteen months bringing cumulative investment since 2012 to Rs 2,660 Mn.

• **Achievements of the Year** -Tea absorbed Rs 122.4 Mn(66.93%) investment to renew an ageing field base, while coffee drew Rs 36.99 Mn (20.23%) ,Cinnamon Rs 13.27 Mn (7.26%) & balance by other crops from the cumulative investment base of Rs 183Mn. Further a Rs 84.64 Mn converted from immature to mature status during the year — led by cinnamon (Rs 56.57 Mn) as the 2019–22 programme completed into record Alba prices, and by coffee (Rs 20.75 Mn) the first seven coffee fields of the 2021 vintage, which established the Company's first commercial coffee revenue line, and Rubber (Rs 4.77Mn) & balance from Tea .

• **Opportunities in Immature Plantations** - Rs 481.97 Mn -The immature book grew 17.79% to a record Rs 481.97 Mn capital committed to the ground and not yet earning. Tea holds Rs 246.79 Mn (51.21%), coffee Rs 93.76Mn(19.45%) , cinnamon Rs 68.72 Mn (14.26%) , rubber Rs 47.63 Mn (9.8%) and other crops Rs 25 Mn (5.20%) and bringing this extent into bearing on schedule is the highest-value operational task before the Company.

Company Strategies

Pursuit of low-hanging revenue opportunities for the company with stakeholder mindshare improvement for sustainable support;

Harnessing the potential of KWPL, your Company advanced its rebranding initiative during the year and revitalised its strategic outlook alongside it. The renewed direction is anchored in a clear set of short, medium and long-term strategies, drawn vertically from the MJF Group's philosophy of conducting business as a matter of human service, and underpinned throughout by a commitment to environmental protection.

Specialty Tea ,as a prime focused strategy, enhancing product quality which is already signaling improvements against elevation averages & consolidation in specialty tea markets

Our Sustainability Strategy centres on the transformative potential of our core business segments Tea, Rubber and Cinnamon, together with emerging segments such as Coffee delivered through a community-inclusive operating model. By extending contract plucking, tapping, peeling and coffee farming opportunities to surrounding communities, we have created livelihoods, engaged households and generated community income during the year under review, embedding shared value into the way we do business.

The Cinnamon Experience is KWPL's value-addition strategy for cinnamon, taking the Company beyond raw and processed sales into higher-margin branded product lines and a complementary hospitality suite. Product streams comprise cinnamon oil distilled at the Company's Cinnamon Oil Centre, value-added by-products such as sticks, outer bark and powder, and graded tender parts and quill material sold externally. The hospitality offering is built around visitor engagement with the cinnamon estate and its processing heritage, encompassing estate visits, bungalow stays and guided processing tours.

Specialty coffee processing and out-grower network - A modern processing centre established at Craighead Estate with the Market Development Facility, supported by the distribution of 10,000 seedlings among 160 smallholder farmers - building a durable out-grower network across the Nawalapitiya region, while the initiative has already received National level recognition by being bestowed of the Coffee Farmer of the Year award.

Agriculture Innovations Nucleus, strategic initiatives directed at strengthening long-term competitiveness.

Reflections by the Chief Executive Officer *(Contd...)*

• **Cinnamon development and certification** - Global G.A.P. certification renewed for a second consecutive year and ISO 22000 achieved for the cinnamon processing centre with UNIDO grant support, alongside facility renovation to international standards and the training of 20 field officers under GIZ - positioning the Company to convert certification into realised price premiums.

• **Digital transformation of plantation management** - A satellite-imagery survey of all tea and cinnamon fields completed with the University of New England, Australia, consolidated into a digital dashboard integrating over fifteen years of field data, enabling evidence-based operational and capital allocation decisions.

• **Tea and cinnamon based agroforestry** - An agroforestry blueprint developed with the Global Green Growth Institute, Rajarata University and the University of Peradeniya, with a 10-hectare model under establishment at Rilhena Estate to diversify income and strengthen climate resilience.

• **Bamboo processing and sustainable cultivation** - An underutilised factory factory building at Ekkarella Estate converted into a bamboo processing centre with Una Gama (Pvt) Ltd, producing eco-friendly construction materials and opening a capital-light route to monetising marginal estate land.

• **Biochar research for sustainable tea cultivation** - Field research underway at Craighead Estate via partnership to identify the optimal biochar-to-fertiliser ratio, with the objective of reducing fertiliser dependence and lowering cost of production.

Conservation and Sustainability Strategies

• Diversification into Renewable Energy

Energy self-sufficiency remains central to our decarbonisation strategy. Four mini-hydro plants at Wellandura, Craighead, Kataboola and Queensberry, with a combined capacity of 358 kW, generated in excess of 481,000 kWh during the year, while a solar portfolio of 870 kWp across Houpe, Kataboola, Craighead and Rilhena contributed 681,831 kWh of clean energy. A 3 MW ground-mounted solar project with the MJF Charitable Foundation is under implementation, supported by a Rs 600 Mn renewable energy grant, and our four rooftop installations have been consolidated with three further partnership projects established. Together these investments reduce grid dependence, displace fossil fuel use and directly lower Scope 1 and Scope 2 emissions.

• Emission Management

Our carbon footprint for the year stood at 8,711.18 tCO_2e, a reduction of 2,762.82 tCO_2e or 24.1% against the prior year, with reductions recorded across all three scopes - Scope 1 down 21.3%, Scope 2 down 16.6% and Scope 3 down 35.6%. Improved field practices and processing efficiencies underpinned the direct emission reduction, while early gains from renewable energy and closer engagement across the supply chain drove the balance. The assessment was again independently verified by the Sri Lanka Climate Fund under ISO 14064:2018 and calculated on GHG Protocol methodology, and confirms that the Company's transition from measurement to action is now delivering results.

• Biodiversity Assessment - Windsor Forest Division

In partnership with Dilmah Conservation, a comprehensive biodiversity assessment was completed at the Windsor Forest Division of Galamuduna Estate, covering nine taxonomic groups. The study recorded 680 species - 407 fauna including 140 endemics, and 273 flowering plants including 84 endemics - of which 217 species, or 32%, are nationally threatened, with amphibians the most vulnerable group at over 80% threatened. Three principal habitat types were identified: montane forest, grassland and stream systems. The assessment establishes the baseline data required to guide habitat conservation, invasive species control and the responsible development of nature-based tourism on the estate.

Endana Nature Corridor

The Endane Biodiversity Corridor, launched in 2018 by the late Merrill J. Fernando, remains the flagship restoration initiative undertaken jointly with Dilmah Conservation. Spanning 24.3 hectares at Endana Estate, the corridor reconnects the fragmented Iharakanda and Walankanda Forest Reserves, supported by a dedicated nursery nurturing 13,804 seedlings across 173 species, of which 85 are globally threatened. Managed through the One Earth Field Station at Endana, the project integrates surrounding communities through organic farming, nursery management and beekeeping, with a Payment for Ecosystem Services scheme linking sustainable land use to local livelihoods. It stands as a national model for community-based habitat restoration.

Agroforestry at Rilhena Estate

The agroforestry model established at Rilhena Estate, in collaboration with Dilmah Conservation and the Agriculture Innovation Nucleus, marks a deliberate move away from monoculture towards a diversified planting system. The transition strengthens biodiversity, soil health, water management, pest and disease resistance and overall climate resilience, while cash crops including durian, rambutan, Garcinia and pepper are being established alongside forest species to create supplementary income. The model has been designed as a replicable template for extension across our other estates.

One Earth Centre for Climate Research & Adaptation

Situated at over 1,600 metres above sea level at Queensberry Estate in Nawalapitiya, the One Earth Centre is Sri Lanka's first private-sector-led climate change research station and has operated since 2017 in partnership with Dilmah Conservation. Its research addresses the impact of ammonia and nitrogen pollution on tropical ecosystems, air quality and greenhouse gas measurement, including international collaboration across South Asia. The Centre also serves as the Bee Research and Project Hub through the "Bee a Keeper" initiative, supports camera-trap biodiversity monitoring, and sustains research partnerships with the Universities of Peradeniya, Colombo, Sabaragamuwa and Rajarata alongside an active programme of workshops for schools, universities and community groups.

Looking Ahead

The Company will deepen its emission reduction effort in alignment with Sri Lanka's national climate targets, advancing renewable energy adoption, refining processing efficiency and strengthening collaborative action across the value chain. Independent third-party verification will continue to underpin the credibility and transparency of our reported performance, and conservation will remain integral to - rather than adjacent to - the way we manage our plantations.

Outlook for 2026/27

As outlined in the Chairman's review, 2026/27 is expected to be a challenging yet promising year for the Company.

We believe the future is not inherited but deliberately built. Our focus is on a transformative blueprint for your Company - one grounded in clarity of purpose, mature judgement, and disciplined execution.

We therefore approach the coming year with cautious optimism: alert to the headwinds, but equally attentive to the opportunities for diversification and growth within our core crops. KWPL's encouraging first-quarter performance in 2026/27 reinforces this confidence, and with a clear strategic focus on our key growth areas, we are laying a firm foundation for the year ahead.



Binesh Pananwala

Chief Executive Office

Kahawatte Plantations PLC

4th August 2026

Corporate Governance

Corporate governance is the framework of rules, relationships, systems, and processes within and by which authority is exercised and controlled in an organization. It encompasses the mechanisms by which the Company, its Board, and its management are held accountable to shareholders and other stakeholders, ensuring transparency, integrity, and fairness in the conduct of its affairs. Sound corporate governance practices are integral to sustainable value creation, as they build stakeholder confidence, strengthen risk oversight, and support long-term business resilience.

This Report sets out the corporate governance framework of Kahawatte Plantations PLC and describes how the Company has applied the governing principles and complied with the relevant regulatory requirements, including the Listing Rules of the Colombo Stock Exchange (CSE) and the Code of Best Practice on Corporate Governance issued by CA Sri Lanka, during the financial year under review.

Company's Approach to Good Governance

The Company aspires to conform to high standards of governance encompassing best practices in Corporate Governance, and business sustainability by ensuring greater transparency, business integrity, professionalism, and ethical values in the best interests of all stakeholders.

Board of Directors role and focus

The Board assumes the leadership role for upholding high standards of professionalism and ethics aspiring to the vision of its late Chairman, Mr. Merrill J Fernando. The Board's primary responsibilities encompass the oversight of business operations, effective governance of key affairs, articulating the vision and mission, approving business strategies and objectives, evaluating performance, assessing major risks, and ensuring compliance with relevant laws and regulations.

The Company's business and operations are managed under the supervision of the Board which consists of members with experience and knowledge in the diverse areas of business in which the Company is engaged, with specific acumen in terms of commercial, financial and industrial expertise.

The Board, collectively, as well as the Directors individually, recognize their duty to comply with laws of the country which are applicable to the Company. The Board of Directors ensures that procedures and processes are in place to ensure that the Company complies with all applicable laws and regulations. Directors have the power to obtain independent professional advice as deemed necessary, in furtherance of their duties, at the Company's expense.

Composition of the Board

The Company is governed by a well-structured and balanced Board of Directors that reflects the Company's commitment to strong corporate governance and ethical leadership. The composition of the Board is defined in accordance with the Company's Articles of Association and prevailing regulatory requirements, including those set forth under the Colombo Stock Exchange (CSE) Listing Rules on Corporate Governance.

As at 31st March 2026, the Board of Kahawatte Plantations PLC comprised eight (8) Board Members. Seven (7) of them were Non-Executive Directors including the Non-Executive Chairman Mr. Dilhan C Fernando. Messrs. Dilantha S. Seneviratne, Dr. Madawala A. Wijeratne and Mr. B. Rohith P. Peiris act as Independent Directors during the reporting period as per the Listing Rules of the Colombo Stock Exchange. Mr. Himendra S Ranaweera stepped down from the Board on 19th August 2025 after serving the Company for over 18 years.

Directors exercise their independent judgement, promoting constructive board deliberations and objective evaluation of the performance of the Company. Mr. Dilhan C Fernando, the Chairman, Mr. Malik J Fernando, Mr. Darshana Gunasekera and Ms. Minette Perera also hold directorships in several other companies within the MJF Group of companies.

The existing composition of the Board reflects a judicious mix of knowledge, skills, experience, and diversity. Adequate measures are in place to safeguard the independence of the Board, reinforcing its ability to make objective and impartial decisions. Detailed profiles of the Board of Directors, encompassing their individual experiences and expertise, can be found on pages 18 to 19 of this Report.

Chairman and Chief Executive Officer

The roles of the Chairman and Chief Executive Officer are separate with a clear distinction of responsibilities, which ensures balance of power and authority.

Mr. Dilhan Fernando, the younger son of Late Merrill J Fernando, functions as the non-executive Chairman of the Board of Directors. Mr. Binesh Pananwala as the Chief Executive Officer of the Company oversees the day-to-day management affairs of the Company and is accountable to the Board for the exercise of authorities delegated by the Board and for the performance of the Company. CEO chairs the weekly Business Review Meetings and the monthly Performance Review Meetings which are held at the regional offices.

Board Meetings and Attendance

Board meetings are held on quarterly basis with the flexibility to arrange additional meetings when required. The Board met four times during the year. The Board's functions include the assessment of the adequacy and effectiveness of internal controls, compliance with applicable laws and regulations, review of management and operational information, adoption of annual and interim accounts before they are published, review of exposure to key business risks, strategic direction of operational and management units, approval of annual budgets, monitoring progress towards achieving the budgets, approvals relating to key appointments, sanctioning major capital expenditure etc.

Directors receive complete information related to agenda items in advance. The Chairman actively fosters an environment of open and candid debate among all Directors during each Board meeting. Directors are encouraged to freely express their views. Decisions are reached either unanimously or by consensus and any dissenting views raised by Directors are duly recorded in the meeting minutes, ensuring transparency and accountability in the decision-making process.

Attendance at Meetings

Director	Status	Board	RPT	RC	NGC	AC
Dilhan C. Fernando	Chairman / NED	03/04	-	-	-	-
Malik J. Fernando	NED	03/04	-	-	-	-
Himendra S. Ranaweera (resigned on 19.08.2025)	NED	01/01	-	-	-	-
Binesh N. Pananwala	ED	04/04	-	-	-	-
Minette D.A. Perera	NED	04/04	04/04	01/01	01/01	06/06
J. Darshana N. Gunasekera	NED	03/04	-	-	-	-
Dilantha S. Seneviratne	NEID	04/04	04/04	01/01	01/01	06/06
Dr. Madawala A. Wijeratne	NEID	04/04	04/04	01/01	01/01	05/06
Mr. B. Rohith P. Peiris	NEID	04/04	-	-	01/01	-
Total number of meetings		04	04	01	01	06

NED : Non-Executive Director/NEID: Non-Executive Independent Director

Board and Sub Committee Evaluations

The effectiveness of the Board and its Subcommittees is assessed annually through a comprehensive evaluation process. This includes a mandatory self-assessment completed by all Directors, who provide valuable feedback on the Board's composition, dynamics, and overall

Corporate Governance *(Contd...)*

performance to ensure continuous improvement in governance and decision-making.

Evaluation of the Performance of the Chairman and the CEO

The performance of the Chairman and CEO are evaluated by the Members of the Board. This assessment is benchmarked against the Company's strategic goals, operational targets, and key performance indicators established at the start of the year.

Following the evaluation, the Board submits its recommendations to the Remuneration Committee, which considers any adjustments to CEO's compensation, ensuring alignment with performance outcomes, long-term value creation, and shareholder expectations

Determination of Directors Independence

Independence of Directors is determined by the Board, based on annual declarations submitted by Directors in accordance with the requirements of the Listing Rules of the CSE and with due consideration of any impairment in independence owing to extended Board tenures. All Independent Non-Executive Directors of the Company as at 31st March 2026, were deemed independent in character and judgement, devoid of any relationships or circumstances that could compromise their independence or judgement.

Appointment, Re-election and Resignation of Directors

Directors are appointed by the shareholders at the Annual General Meeting (AGM), following a formal process and based on recommendations made by the Board. The Nominations and Governance Committee makes recommendations to the Board on all board nominations based on consideration of the combined skills, knowledge, fitness, propriety, character, experience and diversity of the Board.

In compliance with the Articles of Association of the Company, one third of the Directors are subject to retirement by rotations at each Annual General Meeting. The eligibility of retiring Directors for re-election is reviewed by the Nominations Committee, considering their performance, active engagement in Board proceedings, and their strategic contribution to the Company. Following the review by the Nominations and Governance Committee and the recommendation of the Board, Mr. J. Darshana N. Gunasekera and Mr. Dilantha S Seneviratne will retire by rotation in terms of the Article 25(1) of the Articles of Association of the Company and being eligible, offers themselves for re-election at the AGM.

Director appointments are communicated to the shareholders through due notice to Colombo Stock Exchange. These communications include a brief resume of the Director disclosing relevant expertise, key appointments, shareholding and whether he is Executive, Independent or Non- Independent.

Resignations or removal, if any, of Directors and the reasons thereof are informed promptly to the Colombo Stock Exchange together with a statement confirming whether or not there are any matters that need to be brought to the attention of shareholders.

Managing conflicts of Interest

All Directors of the Company are held to the highest standards of integrity and ethical conduct and as part of their fiduciary responsibility, are expected to act in the best interests of shareholders and stakeholders at all times. Each Director is expected to demonstrate unwavering commitment to ethical leadership by avoiding any circumstances be it real, perceived, or potential that may give rise to a conflict of interest.

To this end, Directors are obligated to exercise sound, independent judgment and proactively disclose any actual or potential conflicts of interest without delay. The responsibility for overseeing conflict-of-interest disclosures lies with the Related Party Transactions Review Committee (RPTRC), which plays a critical role in maintaining objectivity and governance integrity.

The Committee rigorously evaluates each disclosure, taking into account the nature, significance, and implications of the conflict, and provides clear recommendations for mitigation or recusal as necessary.

In line with global best practices and the principles of good governance, any Director with a personal interest in a matter under discussion is required to recuse or excuse themselves from related deliberations and decisions. This disciplined approach reinforces stakeholder trust and preserves the independence, impartiality, and effectiveness of the Board.

Directors Remuneration

Company's remuneration policy aims at aligning the remuneration of Executive Directors/the CEO, Key Management Personnel (KMP) and employees with the Company's strategic objectives linking compensation to both individual and collective performance. The Policy establishes the guiding principles on remuneration specific to the CEO, Executive Directors and Non-Executive Directors as well as Executives and Employees; and the role of the Remuneration Committee.

In line with the policy, remuneration structures for Executive Directors are designed to be consistent with prudent risk-taking and ensures that total remuneration is appropriately balanced to include a combination of fixed remuneration, perquisites, and variable remuneration to promote the Company's competitiveness and to support the execution of the Company's strategy. A similar performance-oriented framework applies to Key Management Personnel (KMP), with remuneration packages designed to reward leadership, strategic execution, and long-term contributions to the Company's success. For confidentiality reasons, the total compensation ratio of the highest-paid executive is not publicly disclosed.

The Remuneration Committee is tasked with regularly reviewing the effectiveness of the Company's remuneration schemes to ensure that the selected measures and structures foster the Company's business strategy and long-term financial success. Meanwhile, Non-Executive Directors receive a fixed fee for their participation on the Board and its respective Committees. These fees are benchmarked against industry standards and reviewed annually to ensure competitiveness and fairness, while preserving their independence and impartiality.

Division of Responsibilities

The leadership structure of the Company is designed to uphold robust governance while ensuring effective strategic execution. The Board is chaired by a Non-Executive Chairman, while the Chief Executive Officer (CEO) serves as an Executive Director responsible for the day-to-day management of the Company. This structure ensures strong leadership while maintaining an appropriate separation of powers and responsibilities.

To maintain appropriate checks and balances and avoid undue concentration of authority, the Chairman and CEO are supported by a seasoned leadership team, including Executive Directors, CFO, COO, and Key Management Personnel (KMP), each responsible for specific operational and strategic domains. While the Chairman leads the Board in its oversight role, CEO, Executive Directors and senior management are tasked with the execution of Board-approved strategies. They provide in-depth operational insight and lead performance monitoring across the business.

Board Sub Committees

To facilitate focused attention on specific areas of review and in pursuance of the Listing Rules of the Colombo Stock Exchange on Corporate Governance, the Board of Kahawatte Plantations PLC has appointed Four Sub Committees, the Audit Committee, Remuneration Committee, Nominations and Governance Committee and the Related Party Transactions Review Committee.

Audit Committee

The Audit Committee consists of three (3) Non-Executive Directors, two (2) of whom are Independent Non-Executive Directors.

Mr. Dilantha S. Seneviratne, who is a Non-Executive Independent Director and a member of two recognized professional accounting bodies, functions as the Chairman of the Committee. Dr. M. A. Wijeratne, a Non-Executive Independent Director, and Ms. Minette D. A. Perera Non-Executive Director continue to serve the Committee as members.

The Report of the Audit Committee appears on page 28-29.

Corporate Governance *(Contd...)*

Nominations and Governance Committee

The Nominations and Governance Committee consists of four (4) Non-Executive Directors. Three (3) of whom are Independent Non-Executive Directors. Mr. B. Rohith P. Peiris, an Independent Non-Executive Director, was appointed as the Chair on 19th August 2025. Dr. M. A. Wijeratne stepped down as its chair on 18th August 2025 but continues to serve as a member together with Ms. Minette D. A. Perera and Mr. Dilantha S. Seneviratne.

The Report of the Nominations and Governance Committee is given on page 31 of this Annual Report.

Remuneration Committee

The Remuneration Committee consists of three (3) Non-Executive Directors, two (2) of whom are Independent Non-Executive Directors. Mr. Dilantha S. Seneviratne, who is a Non-Executive Independent Director, functions as the Chairman of the Committee. Ms. Minette D. A. Perera and Dr. M.A. Wijeratne are the remaining members.

The Report of the Remuneration Committee is given on page 29 of this Annual Report.

Related Party Transactions Review Committee

The Related Party Transaction Review Committee consists of three (3) Non-Executive Directors. Its chaired by an Independent Non-Executive Director. Ms. Minette D. A. Perera and Dr. M.A. Wijeratne serve as members.

The Report of the Related Party Transactions Review Committee is given on page 30 of this Annual Report.

Financial Reporting

The Board aims to provide and present a balanced assessment of the Company's position and prospects in compliance with the Sri Lanka Accounting Standards (LKAS / SLFRS) and the relevant Statutes and has established formal and transparent processes for financial reporting and internal controls.

The Statement of Directors' Responsibilities for Financial Reporting is given on page 27 of this Report.

Internal Controls

The Board is responsible for the Company's internal controls. In this respect controls are established for safeguarding the Company's assets, making available accurate and timely information and imposing greater discipline on decision making. The process is strengthened by regular internal audits. The internal audit specifically focuses on internal controls and procedures in the areas of finance, operations, human resources, payroll management and relevant legal and regulatory compliance.

Strategy and Risk Management

The Board holds overarching responsibility for ensuring that risk management and internal control frameworks remain effective, resilient, and aligned with the Company's strategic objectives. In fulfilling this duty, the Board defines the risk appetite and provides strategic oversight for the design and implementation of systems to identify, assess, and mitigate risks that may affect operational continuity, reputation, or financial performance. Operational execution of this mandate is delegated to the Board Audit Committee (BAC) with the support of the Risk Manager who is tasked with the responsibility of implementing the Enterprise Risk and Opportunity Management (EROM) framework across all business units and acts as the primary liaison between first and second lines of defense to embed risk identification, evaluation, and mitigation processes throughout the organisation. This ensures that risk management is fully integrated into strategic planning and fosters a proactive, risk-aware culture.

The BAC provides high level oversight by obtaining independent assurance from both internal and external auditors on the adequacy and integrity of the Company's risk and control systems. Where weaknesses are identified, the Committee recommends appropriate remedial actions to the Board to enable timely corrective measures and continuous improvement.

The Board of Directors retains overall responsibility for the governance of sustainability and climate-related risks and opportunities. The Company also identifies, assesses, and manages sustainability-related risks and opportunities that could reasonably be expected to affect its cash flows, access to finance, or cost of capital over the short, medium, and long term. These considerations are embedded within the Company's enterprise risk management framework and are reviewed periodically by senior management and the Board. The climate-related risks and opportunities, including physical risks and transition risks, are assessed as part of the Company's overall risk management process. Climate-related considerations are integrated into strategic planning, operational decision-making, and investment evaluations, particularly where they may impact agricultural productivity, asset values, operating costs, regulatory compliance, and long-term business resilience.

More details are given in the Risk Management Report in pages 22 to 26

Disclosure and Continuous Improvement

The Board acknowledges that sustainability and climate-related reporting is an evolving area and is committed to the progressive adoption of SLFRS S1 and SLFRS S2 with effect from April 2027, taking into account regulatory guidance, industry best practices, and the availability of reliable data. Relevant disclosures are included within the Corporate Governance Report, Risk Management Report, and Management Discussion and Analysis, where such matters are material to the Company's financial position and future prospects.

The Company will continue to strengthen its governance structures, internal controls, and reporting processes to ensure that sustainability and climate-related disclosures are accurate, balanced, and aligned with international best practice.

Company Secretary

The Company Secretary plays a pivotal role in supporting the effectiveness and integrity of the Company's corporate governance framework. Acting as a trusted advisor to the Board, the Company Secretary ensures that all governance processes align with statutory obligations, regulatory requirements, and best practices in corporate governance. This includes the coordination of Board and Sub-committee meetings, accurate recording and communication of Board decisions, and the maintenance of statutory records in line with applicable laws and listing requirements.

In addition, the Company Secretary facilitates the onboarding of new Directors and oversees ongoing training to ensure the Board remains abreast of evolving governance and regulatory developments. Serving as the key liaison between the Board, senior management, shareholders, and regulators, the Company Secretary also provides independent guidance on governance procedures and compliance matters. All Board members have full and unrestricted access to the Company Secretary, helping to ensure informed, transparent, and accountable decision-making at the highest level.

M J F Corporate Services Pvt Ltd functions as the Secretary of the Company.

Key responsibilities of the Board

The Board bears the ultimate responsibility for ensuring that the Company upholds the highest standards of regulatory compliance across all aspects of its operations. In fulfilling this responsibility, the Board provides strategic oversight to ensure that compliance is embedded within the Company's systems, policies, and culture. This includes reviewing and approving key compliance frameworks, consistently monitoring regulatory developments, and ensuring that management has implemented effective mechanisms to identify, assess, and respond to emerging compliance risks.

The Board also plays a critical role in fostering a culture of integrity and accountability, where ethical conduct and legal compliance are prioritized at every level of the organization. Through its committees, the Board ensures that all statutory filings, disclosures, and governance obligations are met in a timely and transparent manner.

During the financial period 2025/26, the Board ensured full adherence to the revised Section 9 of the Colombo Stock Exchange (CSE)

Corporate Governance *(Contd...)*

Listing Rules on Corporate Governance, thereby reaffirming Company's ongoing commitment to ethical business conduct and sound governance.

In compliance with Section 9.2.1 of the Listing Rules of the Colombo Stock Exchange, the Company has adopted 12 policies. Shareholders may request the complete policies by submitting a written request to the Company Secretary at legal@dilmahtea.com

Each policy is integrated into the Company's daily operations, ensuring that all employees and stakeholders are well-informed of their roles and responsibilities. Mandatory training sessions are ongoing to ensure that everyone understands the policies and their practical applications. Going forward, all policies will be reviewed on an annual basis, to ensure they remain effective and relevant. This review process will include assessing the outcomes, identifying areas for improvement, and incorporating any changes in regulations or industry standards.

There were no incidents regarding non-compliance of laws and regulations reported in the reporting year.

Corporate Disclosure and Shareholder Relationship

The Company is committed to providing timely and accurate disclosure of all price sensitive information, financial results and significant developments to all shareholders, the Colombo Stock Exchange and where necessary, to the general public. Shareholders are provided with Annual Report and, the Company disseminates to the market, Interim Financial Statements in accordance with the Listing Rules of the Colombo Stock Exchange.

The Annual General Meeting provides a platform for shareholders to discuss and seek clarifications on the activities of the Company.

Disclosures as per Compliance with Section 168 (1) of the Companies Act No. 7 of 2007, Listing Rules Section 7.6 on Continuing Listing Requirements , Section 9 on Corporate Governance for Listed Companies issued by the Colombo Stock Exchange and CA Sri Lanka Code on Best Practices for Corporate Governance (2023) disclosures are made in Annexures to this Report from Pages 11 to 17.

Annual General Meeting

the Annual General Meeting (AGM) serves as a key forum for shareholders to engage directly with the Company's leadership, review the Company's financial and operational performance, and participate in important decision-making processes.

Shareholders are provided with the opportunity to ask questions, vote on key resolutions, including the appointment or reappointment of Directors, approval of dividends, and the appointment of auditors. To ensure meaningful and informed participation, the Annual Report, AGM detailed voting instructions are distributed to shareholders at least 15 working days in advance. This enables shareholders to review and consider all relevant information prior to the meeting and exercise their rights effectively. Kahawatte Plantation PLC's next AGM is scheduled to be held on 25th August 2026.

By Order of the Board

Kahawatte Plantations PLC



Dilhan C Fernando

Chairman

4th August 2026

Colombo

Appendix

Section	Requirement	Compliance Status	Reference (within the Report)	Page
168 (1) (a)	The nature of the business together with any change thereof	Compliant	Annual Report of the Board of Directors on the Affairs of the Company	20
168 (1) (b)	Signed financial statements of the Company	Compliant	Financial Statements	39-83
168 (1) (c)	Auditors' Report on financial statements	Compliant	Independent Auditor's Report	32-38
168 (1) (d)	Accounting policies and any changes therein	Compliant	Note 2 and Note 3 to the Financial Statements	43-52
168 (1) (e)	Particulars of the entries made in the Interests Register	Compliant	Annual Report of the Board of Directors on the Affairs of the Company	20
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company	Compliant	Note 29 & 8 to the Financial Statements	77
168 (1) (g)	Corporate donations made by the Company	Compliant	Annual Report of the Board of Directors on the Affairs of the Company	21
168 (1) (h)	Information on the Directorate of the Company during and at the end of the accounting period	Compliant	Annual Report of the Board of Directors on the Affairs of the Company	20
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	Compliant	Note 7 to the Financial Statements and Annual Report of the Board of Directors on the Affairs of the Company	56&71
168 (1) (j)	Auditors' relationship or any interest with the Company	Compliant	Report of the Audit Committee	28-29
168 (1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	Compliant	Statement of Directors' Responsibilities	27

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

MANDATORY PROVISIONS - FULLY COMPLIANT

CSE Rule Reference	Corporate Governance Principles	Compliance Status	Reference (within the Report)	Page
7.6 (i)	Names of persons who were Directors of the Entity	Compliant	Annual Report of the Board of Directors on the Affairs of the Company	20
7.6 (ii)	Principal activities of the entity during the year, and any changes therein	Compliant	Annual Report of the Board of Directors on the Affairs of the Company	20
7.6 (iii)	Twenty largest Shareholders and the percentage of such shares held	Compliant	Information to Shareholders and Investors	84
7.6 (iv)	Float adjusted market capitalization, public holding percentage, no. of public shareholders and minimum	Compliant	Information to Shareholders and Investors	85
7.6 (v)	Directors' and CEO's(MD's) holding in shares	Compliant	Information to Shareholders and Investors	85
7.6 (vi)	Material foreseeable risk factors of the entity	Compliant	Risk Management Report	22-26
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Compliant	There were no material issues pertaining to employees and industrial relations	
7.6 (viii)	Extents, locations, valuations, number of buildings	Compliant	Note 14 to the Financial Statements./ Estate Information	02-61
7.6 (ix)	Number of shares representing the Entity's stated capital.	Compliant	Note 20 to the Financial Statements	67
7.6 (x)	Shareholder Distribution Schedule including percentage of total holding in given categories	Compliant	Information to Shareholders and Investors.	84
7.6 (xi)	Ratios and Market Price Information	Compliant	Ten Year Summary	86
7.6 (xii)	Changes in Entity's fixed assets and market value of land	Compliant	Note 14 to the Financial Statements	60-62
7.6 (xiii)	If during the financial year the entity has raised funds either through a public issue, rights issue or private placement.	Not Applicable		
7.6 (xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes.	Not Applicable		
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules.	Compliant	Corporate Governance Report	8-17
7.6 (xvi)	Related party transactions exceeding 10% of Equity or 5% of total assets of the Entity as per audited financial statements, whichever is lower.	Not Applicable	Note no 29.3	77
7.6 (xvii) to (xxii)	Disclosures pertaining to Foreign Currency denominated Securities, Sustainable Bonds, Perpetual debt Securities, Infrastructure Bonds, Compliant Debt Securities and/or High Yield Corporate Debt Securities listed on the CSE.	Not Applicable		

COMPLIANCE WITH SECTION 9 OF THE LISTING RULE OF THE COLOMBO STOCK EXCHANGE ON CORPORATE GOVERNANCE
MANDATORY PROVISIONS - FULLY COMPLIANT

CSE Rule Reference	Corporate Governance Principles	Compliance Status	The Company's Extent of Adoption
9.1.3	A statement confirming compliance with Corporate Governance Rules.	Compliant	The Annual Report of Board of Directors on the Affairs of the Company.
9.2.1	Policies	Compliant	The Company has established and continues to maintain 12 policies as mandated by the CSE.
9.3	Board Committees	Compliant	The Company has established Nominations and Governance Committee, Remuneration Committee, Audit Committee and Related Party Transactions Review Committee.
9.3.3	Chairperson of Board Committees	Compliant	Chairperson of Board Committees is not the Chairperson of the Board.
9.4.1	Meeting Procedures	Compliant	Company maintains records of all resolutions passed at General Meetings.
9.4.2	Communication and Relations with shareholders	Compliant	The Company has a Shareholder Communication and Relations policy. The Company contact person is mentioned on the company website.
9.5	Policy on matters relating to the Board of Directors	Compliant	The Company maintains a Policy on Matters relating to the Board of Directors.
9.6.2	Chairperson and CEO	Compliant	The position of Chairperson and CEO are held by separate individuals.
9.6.3	Senior Independent Director	Not Applicable.	Not Applicable since the Company's Chairman is a Non-Executive Director.
9.6.3. (b)	Senior Independent Director	Not Applicable	Not Applicable since the Company's Chairman is a Non-Executive Director.
9.6.3. (c)	Senior Independent Director	Not Applicable	Not Applicable since the Company's Chairman is a Non-Executive Director.
9.6.3. (e)	Senior Independent Director	Not Applicable	Not Applicable since the Company's Chairman is a Non-Executive Director.
9.7.1 and 97.4	Fitness of Directors and CEO	Compliant	The Directors and the CEO have provided the declaration confirming that they satisfy the Fit and Proper Assessment Criteria set out in the Listing Rules.
9.7.5	Disclosure in the Annual Report	Compliant	Annual Report of the Board of Directors on the Affairs of the Company from Page 20-22 provides the relevant disclosure.
9.8.1	Minimum number of Directors	Compliant	The Board consisted of 8 Directors as at 31st March 2026.
9.8.2	Independent Directors	Compliant	Three Directors are Independent.
9.8.3	Independent Directors	Compliant	All NEDs have submitted their confirmations on Independence as per the criteria set by the Company, which is in line with the regulatory requirements.
9.8.5	Disclosure relating to Directors	Compliant	Each ID signed and submitted a declaration regarding his/her independence. The Board assessed the independence declared by the Director.
9.9	Alternate Director	Not applicable	There are no alternate directors appointed by any of the board members.
9.10.(1)	Disclosure relating to Directors	Compliant	The Policy on matters relating to the Board of Directors state that the maximum number of Directorships in listed companies which can be held by a Director is twenty.

9.10.(1)	Disclosure relating to Directors	Compliant	The Policy on matters relating to the Board of Directors state that the maximum number of Directorships in listed companies which can be held by a Director is twenty.
9.10.2	Disclosure relating to Directors	Compliant	Disclosed the appointments of new Directors to the Colombo Stock Exchange, together with a brief resume of the Director, capacity of directorship and if they hold any relevant interest in shares of the Listed Entity. Appointments are reviewed by the Nominations and Governance Committee and recommended to the Board. Please refer pages 18-19 for the brief resume of each Director.
9.10.3	Disclosure relating to Directors	Compliant	All changes to Board Committees were immediately informed to the Colombo Stock Exchange.
9.10.4	Disclosure relating to Directors	Compliant	Pages 18 and 19 of the Annual Report contains the relevant information.
9.11.1-3	Nominations and Governance Committee	Compliant	Refer the Nominations and Governance Committee Report on page 31
9.11.4	Composition of the Nominations and Governance Committee	Compliant	Refer the Nominations and Governance Committee Report on page 31
9.11.5	Functions of the Nominations and Governance Committee	Compliant	Refer the Nominations and Governance Committee Report on page 31
9.11.6	Disclosures in Annual Report	Compliant	Refer the Nominations and Governance Committee Report on page 31
9.12. 1	Remuneration Committee	Compliant	Refer the Remuneration Committee Report on page 29. The remuneration paid to Directors is given in note 29 to the financial statements on page 77 .
9.12.6	Composition of the Remuneration Committee	Compliant	Refer the Remuneration Committee Report on page 29
9.12.7	Functions of Remuneration Committee	Compliant	Refer the Remuneration Committee Report on page 29
9.12.8	Disclosure in the Annual Report relating to Remuneration Committee	Compliant	Refer the Remuneration Committee Report on page 29
9.13.1	Composition of Audit Committee	Compliant	Refer the Audit Committee Report on page 28
9.13.4	Audit Committee Functions	Compliant	Refer the Audit Committee Report on page 28-29
9.13.5	Disclosure in the Annual Report relating to Audit Committee	Compliant	Refer the Audit Committee Report on page 28-29
9.14. 2	Composition of the Related Party Transactions Review Committee	Compliant	Refer the Related Party Transactions Review Committee Report on page 30
9.14.3	Functions of Related Party Transactions Review Committee	Compliant	Refer the Related Party Transactions Review Committee Report on page 30
9.14.4	Related Party Transactions Review Committee Meetings	Compliant	Refer the Related Party Transactions Review Committee Report on page 30
9.14.7	Immediate Disclosures for Non-recurrent RPTs above threshold	Not Applicable	Refer the Related Party Transactions Review Committee Report on page 30
9.14.8 (1)	Details and disclosures pertaining to Non-Recurrent .RPTs above threshold in the Annual Report	Not Applicable	Refer the Related Party Transactions Review Committee Report on page 30
9.14.8 (2)	Details and disclosures pertaining to Recurrent RPTs above threshold in the Annual Report.	Compliant	Refer the Related Party Transactions Review Committee Report on page 30 and Note 29 to the Financial Statements
9.14.8 (3)	The Report by the Related Party Transactions Review Committee.	Compliant	Refer the Related Party Transactions Review Committee Report on page 30
9.14.8 (4)	An affirmative declaration by the Board of Directors regarding compliance with the rules pertaining to RPTs	Compliant	Please refer the Annual Report of Board of Directors on the Affairs of the Company on pages 20-22
9.17	Additional Disclosures	Compliant	Please refer the Annual Report of Board of Directors on the Affairs of the Company on pages 20-22

COMPLIANCE WITH THE CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE ISSUED BY CA SRI LANKA (ISSUED IN 2023) VOLUNTARY PROVISIONS

The Company is compliant with almost the full 2023 Code of Best Practice on Corporate Governance issued by the CA Sri Lanka

Code Reference	Requirement	Compli-ance Status	Reference (within the Report)	Page
A. Directors				
A.1	An effective Board should direct, lead and control the Company	Compliant	Board of Directors	18-19
A.1.1	Regular Board meetings, provide information to the Board on a structured and regular basis	Compliant	Corporate Governance Report	8
A.1.2	Role and Responsibilities of the Board	Compliant	Corporate Governance Report	8
A.1.3	Compliance with the laws of the country and agreed to obtain independent professional advice		The Board, collectively, as well the Directors individually, recognize their duty to comply with laws of the country which are applicable to the Company. The Board of Directors ensures that procedures and processes are in place to ensure that the Company complies with all applicable laws and regulations Directors have the power to obtain independent professional advice as deemed necessary, in furtherance of their duties, at the Company's expense.	
A.1.4	Access to advice and services of the Company Secretary	Compliant	Corporate Information	72
A.1.5	Independent judgment of the Directors	Compliant	Corporate Governance Report	8-11
A.1.6	Dedicate adequate time and effort to matters of the Board and the Company	Compliant	Corporate Governance Report	8-11
A.1.7	Calls for resolutions by at least 1/3rd of Directors	Compliant	Corporate Governance Report	8-11
A.1.8	Board induction and Training	Compliant	Report of the Nomination and Governance Committee	31
A.2	Division of responsibilities of Chairman and CEO	Compliant	Corporate Governance Report	9
A.3	Chairman's role in preserving good corporate governance	Compliant	Corporate Governance Report	9
A.4	Availability of financial acumen	Compliant	Board of Directors	18-19
A.5	Board Balance	Compliant	Annual Report of the Board of Directors on the Affairs of the Company	20-22
A.5.1	The Board should include sufficient number of NEDs	Compliant	Annual Report of the Board of Directors on the Affairs of the Company	20-22
A . 5 . 2 . & A.5.3	Independence of Directors	Compliant	Annual Report of the Board of Directors on the Affairs of the Company	20-22
A.5.4	Annual declaration of independence by Directors	Compliant	Corporate governance report	8-11
A.5.5	Annual determination of independence of NEDs		Non-Executive Directors have submitted declarations regarding their independence /non-independence.	8-11
A.5.6	Appointment of Alternate Directors	Not Applicable	Notice of Annual General Meeting - Special Resolution	
A.5.7 & A.5.8	Requirement to appoint Senior Independent Director (SID)	Not Applicable	Not Applicable since the Company's Chairman is a Non-Executive Director	
A.5.9	Chairman's meetings with Non-Executive Directors	Compliant	Corporate Governance Report	8-11
A.5.10	Recording of dissent in minutes	Compliant	Corporate Governance Report	8-11
A.6	Supply of Information to the Board	Compliant	Corporate Governance Report	8-11
A.7.1	Establishing a Nominations and Governance Committee, Chairman and Terms of Reference	Compliant	Report of the Nomination and Governance Committee	31
A.7.2	Annual assessment of Board composition	Compliant	Report of the Nomination and Governance Committee	31

A.7.3	Disclosures on appointment of new directors	Compliant	Board of Directors	18-19
A8	Directors to submit themselves for re-election	Complaint	Corporate Governance report	8-11
A9	Appraisal of Board and sub-Committee Performances	Compliant	Report of the Nomination and Governance Committee	31
A10	Annual Report to disclose specified information regarding Directors	Compliant	Directors Interests, RPT (Note 29) to the Financial State-ments	20-75-76

B. Directors Remuneration

B.1	Establish process for developing policy on executive and director remuneration	Compliant	Report of the Remuneration Committee	29
B.2	The Level and Make up of Remuneration	Compliant	Report of the Remuneration Committee	29
B.3	Disclosures related to remuneration in Annual Report Remuneration Policy statement Aggregate Board remuneration paid	Compliant	Report of the Remuneration Committee	29

C. Relation with Shareholders

C.1	Constructive use of the AGM & Other General Meetings	Compliant	Notice of Annual General Meeting	88
C.2	Communication with shareholders	Compliant	Notice of Annual General Meeting	88
C.3	Disclosure of major and material transac-tions	Compliant	Note 29 to the Financial Statements	75-76

D. Accountability and Audit

D.1	Present a balanced and understandable assessment of the Company's financial position, performance, and prospects	Compliant	Financial Statements	39-83
D.1.1	The board should present an annual report including financial, prepared in accordance with the relevant laws and regulations	Compliant	Annual Report of the Board of Directors on the Affairs of the Company	20-22
D.1.2	Balanced and understandable communication	Compliant	Financial Calendar	1
D.1.3	CEO's & CFO's approval on financial statements prior to Board approval	Compliant	Statement of Directors' Responsibility	27
D.1.4	Directors Report declarations	Compliant	Annual Report of the Board of Directors on the Affairs of the Company	20-22
D.1.5	Statement of Directors Responsibility, statement on internal controls and Auditors' Report	Compliant	Statement of Directors' Responsibility	27
D.1.6	Management Discussion & Analysis	Compliant	Reflections by the Chairman and CEO	3-7

D.1.7	In the event the net assets of the Company fall below 50% of the value of the Company's shareholders' funds, the directors shall forthwith summon an extraordinary general meeting of the company to notify shareholders of the position and of remedial action being taken	Not Applicable	Not Applicable	
D.1.8	Related Party Transactions	Compliant	Note 29 to the Financial Statements	75-76
D.2	Process of risk management and a sound system of internal control to safeguard shareholders' investments and the Company's assets	Compliant	Risk Management Report	22-26
D.3	Audit Committee	Compliant	Audit Committee Report	28-29
D.4	Risk Committee	Compliant	Risk Management Report	22-26
D.5	Related Party Transactions Review Committee	Compliant	Related Party Transactions Review Committee Report	30
D.6	Code of Business Conduct and Ethics	Compliant	Risk Management Report	22-26
D.7	Corporate Governance Disclosures	Compliant	Corporate Governance Report	8-11
D.4	Risk Committee	Compliant	Risk Management Report	22-26
D.5	Related Party Transactions Review Committee	Compliant	Related Party Transactions Review Committee Report	30
D.6	Code of Business Conduct and Ethics	Compliant	Risk Management Report	22-26
D.7	Corporate Governance Disclosures	Compliant	Corporate Governance Report	8-11

Shareholders

E&F	Institutional and other investors relationship	Compliant	Annual General Meeting Notice	88
G	IT & Cyber security controls	Compliant	Risk Management Report	22-26
H	Principals of Sustainability Reporting	Compliant	Reflections by the Chairman and CEO and Risk Mangemnt Reports	3-7-& 22-26
I	Policies relating to its governance	Compliant	Corporate Governance Report	8-11

1.7 ADDITIONAL CROSS-REFERENCE
Section 9 – Corporate Governance (CSE Listing Rules)

CSE Rule Reference	Corporate Governance Principle	Compliance Status	Company's Extent of Adoption	Reference within the Report	Page
9.1.3	Statement confirming compliance with Corporate Governance Rules	Compliant	Please refer to the Annual Report of Board of Directors on the Affairs of the Company on pages 20-22	Corporate Governance Report	8-11
9.2.1	Policies	Compliant	Sustainability, risk management and environmental policies	Corporate Governance Report	8-11
9.3	Board Committees	Compliant	Board Committees support oversight of sustainability and climate-related risks	Corporate Governance Report	8-11
9.6.2	Chairman and CEO	Compliant	Clear segregation of duties supports effective sustainability and climate oversight refer division of responsibilities	Corporate Governance Report	9
9.8	Board Composition	Compliant	Board composition ensures appropriate skills to oversee sustainability and climate matters	Board of Directors	18-19
9.17	Additional Disclosures	Compliant	Please refer to the Annual Report of Board of Directors on the Affairs of the Company	Annual Report of Board of Directors	20-22

Board of Directors

Mr. Dilhan C. Fernando

Non Executive Director/ Chairman

Mr. Dilhan C Fernando was appointed, to the Board of Kahawatte Plantations PLC in September 2008 as a Non- Executive Director. He is the current Chairman of Kahawatte Plantations Plc being so appointed on 31.07.2023 according to the wishes of his father Late Merrill J. Fernando to carry forward his legacy in the tea sector.

Mr. Fernando had his secondary education at Stonyhurst College, England and graduated from the London School of Economics with a BSc (Hons) in Economics. He was appointed as an Adjunct Professor of Practice for the School of Business & Law at the Edith Cowan University in Australia. In 2025, Edith Cowan University further recognised his leadership in ethical business and sustainability by awarding him the Honorary Doctor of Business, Honoris Causa.

Mr. Dilhan Fernando's efforts have focused on bringing tea to a new generation with innovations like tea gastronomy, t- Lounges and by enhancing knowledge in tea through the Dilmah School of Tea. He also nurtures his father's pledge to make business a matter of human service through the work of the MJF Charitable Foundation and Dilmah Conservation. Mr. Fernando currently chairs the Biodiversity Sri Lanka Platform which was pioneered by Dilmah Conservation together with the Ceylon Chamber of Commerce and IUCN (International Union for Conservation of Nature). He is the Chairman of the United Nations Global Compact in Sri Lanka, a corporate sustainability initiative by the UN.

He is also the Co- Chair of MJF Holdings Pvt Ltd and Chairman of Dilmah Ceylon Tea Company Plc, a non-executive independent director of Aitken Spence Plantation Management PLC, Cargo Boat Development Company PLC, and holds directorship in several other Private Limited Companies both nationally and internationally.

Mr. Binesh N Pananwala

Executive Director/ Chief Executive Officer

Mr. Pananwala was appointed, to the Board of Kahawatte Plantations PLC on 01st July 2024 and is the current CEO of Kahawatte Plantations PLC.

Prior to joining the Company, Mr. Pananwala was holding the position of Chief Executive Officer at Watawala Plantations PLC and Watawala Dairy Ltd of Sunshine Holdings Plc. He currently holds the position of President All Island Dairy Association. He counts over 32 years' experience in the plantation sector covering Tea, Rubber, Dairy Industry, Oil Palm industry and other export development crops. Mr. Pananwala started his career as a Trainee Assistant Superintendent under the Janatha Estate Development Board in the year 1992 and was raised to the position of Chief Executive Officer.

He is business development professional with a M.Sc. in Crop Science from the University of Peradeniya and an MBA from the Manipal (Sikkim) University.

Mr. Malik J. Fernando

Non Executive Director

Mr. Malik J. Fernando was appointed to the Board of Kahawatte Plantations PLC in January 2001 as a Non-Executive Director.

Mr. Malik J Fernando is the elder son of late Merrill J. Fernando, he joined the Dilmah following his graduation with Honors in Business Management and Entrepreneurship from Babson College, USA, and spent over two decades contributing to Dilmah's growth across production, branding, quality assurance and international markets.

Beyond tea, Mr. Malik is the Founder of Resplendent Ceylon, Sri Lanka's leading experiential luxury hospitality brand. Drawing directly on the world of Ceylon tea, his first venture — Ceylon Tea Trails — was the world's first resort set on working tea estates and became Sri Lanka's inaugural member of Relais & Chateaux, the global fellowship of outstanding independent hotels and restaurants. He went on to develop Cape Weligama and Wild Coast Tented Lodge, completing a celebrated "tea, sea and safari" circuit that is now regarded as a defining luxury travel experience in Sri Lanka. The three properties remain the only Sri Lankan members of the Relais & Chateaux fellowship. At the inaugural Michelin Keys Awards for Hotels, the collection was recognised with six Michelin Keys across the portfolio — three for Ceylon Tea Trails, two for Wild Coast Tented Lodge and one for Cape Weligama.

Ceylon Tea Trails and Cape Weligama have both featured on the Conde Nast Traveller Gold List. In June of this year Cape Weligama became the first property in Sri Lanka to achieve the Conde Nast Traveller Triple Crown recognized in the Hot List, the Readers' Choice Awards, and the Gold List. Three of the most respected accolades in Global Travel.

Mr. Malik is also the Founder of the Sri Lanka Tourism Alliance, recognised by Skift as a global case study in private sector crisis response, and serves as Chair of the Pekoe Trail, Sri Lanka's first long-distance walking trail across the Central Highlands, named one of National Geographic's Top 20 Travel Adventures of 2024.

Mr. Fernando is also a executive Director of Dilmah Ceylon Tea Company Plc, and a non-executive director of Elpitiya Plantations PLC, Printcare Ceylon PLC, Thalawakelle Tea Estates PLC. He holds directorships in several other Private Companies both locally and internationally.

Ms. Minette D. A. Perera

Non Executive Director

Ms. Minette D. A. Perera was the former Group Finance Director of the MJF Group and was appointed to the Board of Kahawatte Plantations PLC in January 2001 as a Non-Executive Director.

Ms. Perera is a Fellow member of the Institute of Chartered Accountants of Sri Lanka, the Chartered Institute of Management Accountants of UK and the Association of Chartered Certified Accountants of UK. She is also a Registered Company Secretary.

She was the Group Finance Director of M J F Group of Companies for over 12 years and retired from her post on 31st March 2013. Ms. Perera has over 40 years of working experience in Financial Management having worked in leading local and international companies in the positions of CFO and Finance Director.

She currently serves on the Board of Dilmah Ceylon Tea Company Plc as a Non-Executive Director, First Capital Treasuries PLC and Elpitiya Plantations PLC. She is also a Non-Executive Independent Director of Janashakthi PLC. She holds directorships in several other unlisted Companies.

Mr. Himendra S. Ranaweera

Non-Executive Director

(resigned on 19th August 2025)

Mr. Himendra S. Ranaweera was appointed to the Board of Kahawatte Plantations PLC in September 2008 as a Non- Executive Director.

Mr. Ranaweera is the Deputy Chairman of Dilmah Ceylon Tea Company PLC and has been with the group for over 30 years. He also serves as a Director in a number of Companies of the MJF Group.

He counts over 50 years of experience and expertise in Operations Management both in Sri Lanka and overseas.

Mr. Darshana Gunasekera

Non Executive Director

Mr. Darshana Gunasekera was appointed to the Board of Kahawatte Plantations Plc on 31.07.2023 as a Non-Executive Independent Director.

Mr. Darshana Gunasekera serves as the Group Finance Director of the MJF Group and as an Executive Director of Dilmah Ceylon Tea Company PLC since October 2020, having joined the Group as Chief Fi-

Board of Directors *(Contd...)*

nancial Officer of Dilmah Ceylon Tea Company PLC in 2015.

A seasoned finance and business leader with over 25 years of cross sector experience having held senior leadership roles across FMCG, Manufacturing, Tea, Leisure, plantations, renewable energy, apparel, financial services, and international shared services.

He also maintains a strategic interest in a purpose-driven start-up in the circular economy space, where he contributes to shaping its sustainability agenda, ESG integration, and long-term value creation. In addition, Mr. Gunasekera currently chairs the Integrity and Ethics Committee of the International Chamber of Commerce, Sri Lanka (ICC SL), and serves on its Executive Committee on Policy Advocacy, actively promoting ethical business conduct and sound corporate governance, transformation, investor relations, supply chain finance, and general management across both local and multinational corporations.

He is a Fellow Member of the Chartered Institute of Management Accountants (UK), Fellow member of the Association of Chartered Certified Accountants (UK), and Chartered Global Management Accountant (CGMA) of the American Institute of Certified Public Accountants. Mr. Gunasekera also holds a B.Sc. degree in Physical Science from the University of Sri Jayewardenepura and a Postgraduate Diploma in Marketing from the Chartered Institute of Marketing (UK). Member of the Sri Lankan Institute of Directors (SLID).

Mr. Gunasekera serves on the boards of several other listed public companies, including Dilmah Ceylon Tea Company PLC, Bank of Ceylon and Thalawakelle Tea Estates PLC, and holds directorships in a number of private companies both in Sri Lanka and internationally.

Mr. Dilantha Stephen Seneviratne

Non Executive Independent

Mr. Dilantha S Seneviratne was appointed to the Board of Kahawatte Plantations PLC on 01.01.2024 as a Non-Executive Independent Director.

Mr. Seneviratne is a Fellow of the Institute of Chartered Accountants of Sri Lanka (FCA) and a Fellow of the Institute of Certified Management Accountants (FCMA) with over 37 years of post-qualifying experience in Finance, corporate Management & Commercial operations in the plantation /corporate sector.

He served as a Director at Hayleys Plantation Services (Pvt) Ltd, and Director/ Chief Executive Officer, of Talawakelle Tea Estates PLC and has over 21years experience in the plantation sector.

He was also the Chairman of the CSR Steering Committee of Ceylon Chamber of Commerce. And has served as a Trustee Director Plantation Housing Development Trust, member Plantation Sector Sub Committee of Employers Federation of Ceylon and Planters Association sub committees, and Steering Committee on IAS 41 – Agriculture of the Institute of Chartered Accountants of Sri Lanka.

Dr. Madawala Arachchillage Wijeratne

Non Executive Independent

Dr. M. A. Wijeratne was appointed to the Board of Kahawatte Plantations PLC on 24.01.2024 as a Non-Executive Independent Director.

Dr. Wijeratne holds a Ph. D from Wye College, University of London and has served in the Tea Research Institute (TRI) as Principal Research Officer, Head of the TRI Low Country Center and Agronomy Division and the Additional Director, TRI.

He has over 37 years of experience in research in the tea industry and is also the Convenor/ Secretary of the Consultative Committee on Research of TRI, a Member of the Working groups on Climate change of the FAO/IGG on tea and Research and Development of the CTTA/ Ceylon Tea Road Map 2030 and holds memberships in several Boards, Taskforces, Committees related to Agriculture, Tea, Climate Change and Sustainable Energy, Universities & R&D institutes.

He has received several international gold medals and national awards for research and inventions. He also holds patents for invention of the Commercialized Selective Tea Harvester and Collapsible Tea Plucking Basket, Hand Pruner and Deep Fertilizer Applicator. He has received an award for "Excellence in Tea Research" in 2012 for his contributions to Tea Research in Sri Lanka. There are over 125 publications in international and national journals and books to his credit.

He has also worked as a foreign advisor for the Chinese Academy of Agricultural Sciences relating to a Climate Change Project.

Mr. Baminahannadige Rohith Probodha Peiris

Non Executive Independent

Mr. Rohith Peiris, was appointed to the Board of Kahawatte Plantations Plc on 24th March 2025 as a Non-Executive Independent Director.

He is a seasoned professional and Fellow of the National Institute of Plantation Management of Sri Lanka. He has accumulated over four decades of expertise in tea and forestry plantation management and processing across Sri Lanka and Rwanda.

His tenure at Rwanda-based producer company Sorwathe Ltd, since 2008, saw notable achievements including diversification of tea production and numerous international accolades, alongside successful oversight of award-winning CSR initiatives.

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

The Directors of Kahawatte Plantations PLC have the pleasure of presenting their Annual Report together with the Audited Financial Statements of the Company for the period ended 31st March 2026. This Annual Report of the Board on the affairs of the Company contains the information required in terms of the Companies Act No. 07 of 2007 ("the Companies Act"), the Listing Rules of the Colombo Stock Exchange (CSE), the Code of Best Practice on Corporate Governance (2023) issued by the Institute of Chartered Accountants of Sri Lanka and is guided by recommended best practices.

General

Kahawatte Plantations PLC is a Public Limited Liability Company which was incorporated under the Companies Act No. 17 of 1982 on 15 June 1992, listed on the Colombo Stock Exchange in the year 1998 and re-registered as per the Companies Act, No. 07 of 2007 on 26th December 2007 under Company Registration No PQ 109.

Principal activities of the Company

The Company's principal activities, which remained unchanged during the period, were cultivation, manufacturing and sale of Tea, Rubber, Cinnamon, Coffee and other agricultural crops and to improve, manage, develop, make use of and in any manner whatsoever exploit land, other immovable property, resources of land, water resources, and solar power etc.

Review of performance during the period under review

A review of the affairs of the Company and its performance during the period, financial results, future strategies and prospects are contained in the Reflections by the Chairman (page 3-4) and the Reflections from the Chief Executive Officer (pages 5 to 7).

The Financial Statements for the period from 1 April 2025 to 31 March 2026 are being presented to the shareholders at the Annual General Meeting for their consideration and approval.

Financial Statements

The Financial Statements were reviewed and approved by the Board of Directors on 04th August 2026. The Financial Statements of the Company are given on pages 39 to 83.

Summarized Financial Results

	12 Months 31st Mar.2026 Rs'000	15 Months 31st Mar.2025 Rs'000
Revenue	4,543,075	6,790,324
Net Profit/ Loss	(74,998)	94,841
Total Comprehensive Income	155,109	88,591
Accumulated Losses	(1,094,490)	(1,088,448)

Auditor's Report

The Independent Auditor's, Messrs. KPMG, Chartered Accountants carried out an audit on the Financial Statements of the Company for the period ended 31 March 2026, and the Report of the Auditors on the Financial Statements of the Company is given on pages 32 to 38.

Accounting Policies

The Accounting Policies adopted by the Company in the preparation of Financial Statements are given on pages 43 to 53 and are consistent with those of the previous period.

Directors

The names of the Directors who held office as at the reporting date are given herewith and their brief profiles appear on pages 18 to 19.

Members of the Board

Mr. Dilhan C. Fernando	- Non-Executive Chairman
Mr. Binesh N. Pananwala	- Chief Executive Officer
Mr. Malik J. Fernando	- Non-Executive Director
Mr. Himendra S. Ranaweera (resigned on 19.08.2025)	- Non-Executive Director
Ms. Minette D.A. Perera	- Non-Executive Director
Mr. J. Darshana N. Gunasekera	- Non-Executive Director
Mr. Dilantha S. Seneviratne	- Non-Executive Independent Director
Dr. Madawala A. Wijeratne	- Non-Executive Independent Director
Mr. B. Rohith P. Peiris	- Non-Executive Independent Director

Mr. Dilhan C. Fernando functions as the Chairman of Kahawatte Plantations PLC as the successor to his father Late Merrill J Fernando. Mr. Binesh N. Pananwala is the CEO.

Mr. J. Darshana N. Gunasekera and Mr. Dilantha S. Seneviratne retires by rotation at the Annual General Meeting in terms of Article 25(1) of the Articles of Association and being eligible, offer themselves for re-election.

The Nominations and Governance Committee has reviewed and recommended the nominations and re-elections of the Members to the Board and other key management personnel. The report of the Nominations and Governance Committee is given on page 31.

Interest Register

The Company maintains an Interest Register in terms of the Companies Act No. 7 of 2007. The names of Directors who were directly or indirectly interested in a contract or a related party transaction with the Company during the accounting period under review are given in Note 29 to the Financial Statements on pages 75 to 76.

Directors' Remuneration

The aggregate remuneration paid to Non-Executive Directors during the period was Rs. 3,484,000 /- (2024/25: Rs. 3,875,000/-) paid as short-term employee benefits.

Board Sub-Committees

The Board, while assuming the overall responsibility and accountability for the affairs in the management of the Company, has appointed an Audit Committee, Remuneration Committee, Nominations and Governance Committee and the Related Party Transactions Review Committee as its Sub-Committees as mandated by the Listing Rules of the CSE.

The Committee Reports are given on pages 28 and 31 of this report.

Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company to present a true and fair view of the state of its affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, The Companies Act and the Listing Rules of the Colombo Stock Exchange. The Statement of Di-

Annual Report of the Board of Directors on the Affairs of the Company *(Contd...)*

rectors' Responsibility for Financial Reporting is given on page 27 which forms an integral part of the Annual Report of the Board of Directors.

Auditors

Messrs. KPMG, Chartered Accountants, served as the Auditors during the period under review. The Auditors do not have any interest in the Company other than as Auditors and consultants on tax compliance and other non-audit services.

The statutory audit fees payable to the Auditors for the financial period under review are Rs. 4,840,000/- (2024/25: Rs. 4,400,000/-) and other audit fees is Rs. Nil - (2024/25: Rs. 800,000).

The fee payable to the Auditors for non-audit services provided during the period under review is Rs. 1,059,000./- (2024/25: Rs. 1,030,349/-)

The Auditors have expressed their willingness to continue in office. A resolution to re-appoint the Auditors and to authorize the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Internal Controls and Risk Management

The Directors acknowledge their responsibility for the Company's system of internal controls. The system is designed to give assurance, inter alia, regarding the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information generated. However, any system can only ensure reasonable and not absolute assurance that errors and irregularities are either prevented or detected within a reasonable time period. The Board, having reviewed the system of internal controls, is satisfied with the effectiveness of these controls for the period up to the date of signing the Financial Statements.

All internal controls which include financial controls, operational and compliance controls and risk management have been reviewed by the Board of Directors. Board has obtained reasonable assurance of the effectiveness of the existing controls. The Audit Committee has oversight over the risk management function and is supported by the Senior Management, internal and external auditors' recommendation.

Donations

The Company did not make any donations during the period under review.(2024/25 Nil).

Stated Capital

The Stated Capital of the Company is Rs. 1,698,952,641/- represented by 99,406,691 Ordinary Shares and One (01) Golden Share.

Golden share

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

Public Holdings

The percentage of shares held by the public as at 31st March 2026 was 16.43% and the number of shareholders representing the public holding was 19,773. As per Section 7.13.1 (i) (b) of the Listing Rules of the Colombo Stock Exchange (CSE), a Listed Entity on the Diri Savi Board is required to maintain a minimum public holding as specified in the said Rule. The Company being an entity listed on the Diri Savi Board satisfy the minimum public holding requirement as set out therein.

Directors' Shareholding

	As at 31/03/2025	As at 31/03/2026
Mr. Dilhan C Fernando	-	-
Mr. Malik J Fernando	-	-
Mr. Binesh N Pananwala	-	-
Ms. M D A Perera	4,000	4,000
Mr. J Darshana N Gunasekera	-	-
Mr. Dilantha S Seneviratne	-	-
Dr. M.A. Wijeratne	-	-
Mr. Rohith P Peiris	-	-

Indirect shareholdings of the Directors of the Company are as follows.

Mr. Malik J Fernando, Mr. Dilhan C Fernando and Mr. Himendra S Ranaweera are Directors of Forbes Plantations (Pvt) Ltd, which held 50,955,581 shares equivalent to 51.26% of the shares constituting the Stated Capital of the Company.

Mr. Malik J Fernando, Mr. Dilhan C Fernando and Mr. Himendra S Ranaweera are Directors of MJF Teas (Pvt) Ltd, which held 19,516,886 shares equivalent to 19.63% of the shares constituting the Stated Capital of the Company.

Mr. Malik J Fernando, Ms. Minette D A Perera, Mr. Dilhan C Fernando Mr. J Darshana N Gunasekera and Mr. Himendra S Ranaweera are Directors of Dilmah Ceylon Tea Company PLC, which held 12,571,800 shares equivalent to 12.65% of the shares constituting the Stated Capital of the Company.

Major Shareholders, Distribution Schedule and other information

Information on the twenty largest shareholders of the Company, the distribution schedule of the number of shareholders and percentage of their total holdings, percentage of shares held by the public, the number of shareholders who held the Public holding and market values per share as per the Listing Rules of the Colombo Stock Exchange are given on pages 84 to 85 under Investor Information.

Corporate Governance

The Board of Directors is committed towards maintaining an effective Corporate Governance Framework by implementing systems and structures required to ensure best practices in Corporate Governance. The manner in which the Company has complied with Section 9 of the Listing Rules of the Colombo Stock Exchange (CSE) on Corporate Governance are given in the Corporate Governance section of this Report (Page 8 to 17).

Directors' Meeting

Details of Board meetings, Sub-Committee meetings and Directors' attendance are given on page 8.

Related Party Transactions

The Company's transactions with Related Parties, given in Note 29 to the Financial Statements, have complied with the Colombo Stock Exchange Listing Rule 9.14 and the Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

Reserves

The movements of reserves during the period are given under the Statement of Changes in Equity on page 41.

Property, Plant and Equipment

Details of Property Plant and Equipment and changes during the period are given in Note 14 to the Financial Statements.

Annual Report of the Board of Directors on the Affairs of the Company *(Contd...)*

Employees and Industrial Relations

The Company has a structure and a culture that recognizes the aspirations, competencies and commitment of employees. Career growth and advancement within the Company is promoted. The number of persons employed by the Company at financial period end was 3,568 (2024/25- 3,535).

Land Holdings

The Company does not own any freehold land.

Events occurring after the Reporting date

No material circumstances have arisen since the reporting date, which would require adjustment to, or disclosure in the Financial Statements.

Statutory Payments

The Directors confirm that to the best of their knowledge all statutory payments in relation to taxes and duties and in relation to employees have been made promptly on the due dates.

Exposure to Risk

The Company has a structured risk management process in place to support its operations. The Audit Committee plays a major role in this process. The Risk Management Report on pages 22 to 26 elaborates these practices and the risk factors.

Policies

In compliance with Rule 9.2.1 of the listing rules, the Company has articulated its governance practices in the form of 12 policies . These policies are available for viewing at https://www.kahawatteplanta-tions.lk/governance-policies.html

Compliance with Laws & Regulations

To the best of the knowledge and belief of the Directors, the Company has not engaged in any activities contravening the laws & regulations of the country.

Going Concern

The Directors, after making necessary inquiries and reviews including reviews of the Company's budget for the ensuing year, capital expenditure requirements, future prospects and risks, cash flows and borrowing facilities, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the going concern basis has been adopted in the preparation of the Financial Statements.

Annual General Meeting

The Annual General Meeting will be held at 10.00 a.m. on 25th August 2026 at the Board Room of MJF Group, No. 111, Negombo Rd, Peliyagoda as a fully virtual meeting. The Notice of the Annual General Meeting appears on page 88.

By Order of the Board
Kahawatte Plantations PLC



Dilhan C Fernando
Chairman



Binesh N Pananwala
Director/Chief Executive Officer



J Darshana N Gunasekera
Director



M J F Corporate Services Pvt Ltd
Company Secretaries
On this 4th day of August 2026
at Colombo

Risk Management

Kahawatte Plantations PLC ("KWPL") manages one of the largest land banks among Sri Lanka's Regional Plantation Companies, operating sixteen estates across the island's upcountry, mid-country and low-country zones. That scale is a source of strategic strength, but it also exposes the Company to climate variability, labour-market pressures, commodity-price volatility and evolving ESG and regulatory expectations.

Structured management of risk and opportunity is therefore central to how KWPL runs its business. Risk considerations are built into strategic planning, capital allocation decisions and operational routines, which helps the Company protect margins and cash generation through commodity and climate cycles. The same framework identifies opportunities arising from responsible land stewardship , certification premiums, cinnamon & other crop diversification and improved yields from healthier soils.

1. Governance & Risk Environment

KWPL operates an Enterprise Risk Management (ERM) framework to identify, evaluate, manage and disclose risks affecting cash flows, financing, asset values and long-term enterprise value. The Board holds ultimate responsibility and delegates oversight to the Board Audit Committee ("BAC"), while Sustainability- and climate-related risks sit within the same framework, with SLFRS S1 & S2 adoption planned from financial period beginning on 1st April 2027.

Governance runs through Three Lines of Defense:

First Line - Operational Control	Second Line - Risk Oversight	Third Line - Independent Assurance
Estate teams across all 16 estates own and manage risks — generating data, executing mitigation and escalating changes.	Corporate Management and the Central Risk team, with the CFO as Risk Champion, set approaches, maintain the register and report to the BAC.	In-house Internal Audit (reporting to the BAC) and the external auditors provide independent assurance on governance, risk and controls.

Our FY2025/26 Risk Environment

• **Climate variability:** above-average monsoon rainfall heightened physical risk (floods, slope instability) and affected yields and harvesting cycles.

• **Labour & wage pressures**: structural labour decline, migration and the sector-wide wage revision materially increased estate operating costs, sharpening the focus on productivity and mechanisation.

• **Geopolitical, forex & supply chain**: Middle East and Red Sea / Suez disruption dampened auction demand, delayed shipments and raised freight, fuel and imported-input costs, while driving USD strength and LKR volatility. Advancing regulation (e.g. EUDR) added buyer due-diligence requirements.

2. Risk Management Process

Risk management runs as a continuous cycle→Identify→Assess →Respond →Monitor→Report→Review - bottom-up from all 16 estates through Cluster to Corporate, with top-down challenge from the BAC and alignment to ERM principles. Registers are tabled to the BAC at least quarterly, and every risk is assessed for both its downside and the opportunity it carries.

1 Identify	2 Evaluate	3 Respond	4 Monitor
Capture internal & external events affecting objectives at estate, cluster and corporate level.	Score Severity × Likelihood (1–5), map to priority bands and test against risk appetite.	Avoid, reduce, transfer or accept — via controls, insurance, agronomy and capital allocation.	Track control effectiveness and residual risk; refresh ratings and escalate breaches.
1st Line — Estate Managers (16 estates)	2nd Line — Central Risk team; CFO as Risk Champion	Corporate Senior Management; Board / BAC approve	3rd Line — Internal & External Audit assure the BAC

Risk appetite & capacity. KWPL holds a low appetite for safety, compliance, environmental and reputational exposures; a measured appetite for strategic investment, diversification and technology; and a high appetite for nature-positive and renewable-energy opportunities. Capacity is held through insurance, financing headroom and business-continuity provisions; thresholds are reaffirmed annually by the Board and monitored quarterly.

Priority Bands

Band	Score	Management action
Ultra High	15 – 25	Immediate Board / BAC attention; response funded and tracked.
High	9 – 14	Strong mitigation and enhanced monitoring; reported to the BAC quarterly.
Medium	4 – 8	Managed through established operational controls and Cluster review.
Low	2 – 3	Managed at source through routine estate-level controls.
Insignificant	1	Monitored periodically and retained on the register.

Risk Matrix - Risks Plotted by Risk Code •

Severity ↓ / Likelihood →	Rare (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost Certain (5)
Catastrophic (5)	Medium (5)	High (10)	Ultra High (15)	Ultra High (20)	Ultra High (25)
Very High (4)	Medium (4)	Medium (8)	High (12)	Ultra High (16)	Ultra High (20)
Moderate (3)	CR1 Low (3)	SR2 SR4 FR3 FR4 OR3 OR4 Medium (6)	SR1 High (9)	OR1 CSRR1 High (12)	Ultra High (15)
Minor (2)	Low (2)	Medium (4)	FR1 FR2 Medium (6)	Medium (8)	High (10)
Insignificant (1)	Insignificant (1)	SR5 FR5 CR2 Low (2)	SR3 Low (3)	OR2 Medium (4)	Medium (5)

3. Risk Universe & Portfolio

Exposures are classified into a consistent risk universe for enterprise-wide comparability. Climate and sustainability risk is treated as a cross-cutting driver & all 17 risks are scored and plotted on the Risk Matrix above.

Risk Category	Codes	Risk Components	No.	Scored	Monit.
Strategic	SR1–SR5	Crop & yield; selling prices; product quality; geopolitical instability; reputational.	5	5	0
Financial	FR1–FR5	Liquidity & working capital; finance cost; impairment of biological assets; foreign currency & supply chain; credit.	5	5	0
Operational	OR1–OR4	Declining work force & attrition; end-to-end data flow; IT & cyber security; industrial accidents / PPE.	4	4	0
Compliance	CR1–CR2	Legal, regulatory & gratuity; environmental & industrial relations.	2	2	0
Climate & Sustainability	CSRR1	Climate change & sustainability (physical & transition).	1	1	0
Total Risk Universe			17	17	0

4. How Risk Management Supports Value Creation

The framework is not solely defensive. By anticipating sector pressures and responding with structured, funded actions, KWPL converts exposure into measurable operational and financial outcomes.

Key Risks	Risk Management Actions	Value Outcomes
Climate & extreme weather	Climate adaptation, drainage & slope works, resilient varieties, renewable energy.	Stable earnings and continuity through volatile climate cycles.
Input-cost & forex volatility	Forward and bulk procurement, local sourcing, treasury monitoring, energy self-generation.	Protected margins and reduced exposure to imported-input inflation.
Labour shortages & wage escalation	Workforce planning, welfare and housing investment, mechanisation and multi-skilling.	Higher productivity and cost efficiency across all 16 estates.
Geopolitical & price pressures	Market and buyer diversification, premium & specialty mix, contingency planning.	Diversified growth and resilient price realisation.
Compliance, safety & ESG	Governance & BAC oversight, safety protocols, certification and SLFRS S1 & S2 readiness.	Stakeholder confidence, market access and a stronger licence to operate.

5. Principal Risks, Mitigation & Opportunities - FY2025/26

Ratings reflect the BAC review for the 12 months ended 31 March 2026, with movement relative to FY2024/25. Each Risk Code corresponds to its plotted position on the Risk Matrix (Section 2) and its classification in the Risk Universe (Section 3).

7.5	No	Risk factor	Catogory	Rating 2025/26	Movement	Response & Mitigating Actions	Opportunities Arising
SR1	1	Crop & Yield	Strategic	High	Merged	Disease-resistant, climate-adapted cultivars at highest-risk estates; soil conservation and early-warning surveillance; agronomic best practice including irrigation and nutrient management; prioritised replanting of low-yielding fields; Enhance labour deployment policies; broader crop diversification; quarterly Cluster review of outbreak incidence and yield performance.	Lower agrochemical costs; stronger Rainforest certification and auction-price realisation; higher productivity protects margins and long-term asset value.
SR2	2	Unfavorable Selling Prices (Tea / Rubber / Cinnamon)	Strategic	Medium	Static	Deepen long-term buyer relationships; expand premium/specialty mix; grow the crepe-rubber and record Alba-grade cinnamon lines; diversify export markets.	Higher, less-correlated margins; competitor-origin disruption can lift Ceylon auction share.
SR3	3	Product Quality	Strategic	Low	Static	Stringent quality control; routine soil/water/plant testing; worker training in harvesting, handling and storage; monthly out-turn tracking.	Consistent quality supports premium certification and direct-buyer contracts.
SR4	4	Geopolitical Instability	Strategic	Medium	Static	Diversify export markets and buyers; disciplined treasury monitoring and conversion timing; refreshed contingency plans for shipping/freight disruption.	New-market access; competitor-origin disruption can lift Ceylon share.
SR5	5	Reputational	Strategic	Low	Static	Ethics programme and zero-tolerance policy; regular reputational assessments; crisis-communication protocol maintained.	ESG leadership and transparent reporting strengthen reputation.
FR1	6	Liquidity & Working Capital	Financial	Medium	Merged	Cash-flow forecasting to the auction cycle; working-capital discipline; diversified facilities; monthly liquidity review against Board thresholds.	Renewable income and KWPL credibility provide liquidity headroom and green-financing access.
FR2	7	Finance Cost	Financial	Medium	Static	Favourable loan terms on KWPL's financial-governance track record; strict cost management; funding diversification toward grants/green financing.	Easing rates improve debt economics; sustainability-linked lending accesses preferential margins.

7.5	No	Risk factor	Catogory	Rating 2025/26	Movement	Response & Mitigating Actions	Opportunities Arising
FR3	8	Impairment of Biological Assets	Financial	Medium	Static	Regular valuation review of biological assets; agronomic and replanting programmes; yield/price scenario sensitivity built into impairment testing.	Replanting with resilient varieties and inter-cropping protects long-term asset value.
FR4	9	Foreign Currency & Supply-Chain Cost	Financial	Low	Merged	Continuous FX monitoring; local/organic sourcing (BioChar) as a natural hedge; forward/bulk procurement with buffer stocks; supplier and logistics diversification.	LKR depreciation lifts export realisations; resilient supply chains and self-generation (BioChar) cut cost.
FR5	10	Credit	Financial	Low	Static	Auction settlement via CTTA/CRTA-registered brokers under CBA oversight; guarantor-secured staff advances with periodic ageing review.	Auction-based settlement maintains strong receivables quality.
OR1	11	Declining Work Force (incl. Attrition)	Operational	High	Static	Workers: welfare, housing and performance rewards; succession planning; mechanisation and multi-skilling. Staff: competitive rewards and career development to curb attrition.	Welfare and mechanisation lift productivity, offsetting wage escalation; retention builds capability.
OR2	12	Agri Digitization End-to-end Data Flow	Operational	Medium	New	Extend online field-data and attendance capture to all 16 estates; progress ERP roll-out; strengthen data-integrity controls and backups.	Enables digital transformation and assurance-ready ESG data ahead of SLFRS S1 & S2.
OR3	13	IT Risk & Cyber Security	Operational	Medium	Static	Firewalls, access controls and staff training; offsite/cloud backups tested regularly; physical IT security; periodic vulnerability reviews.	Secure digital transformation and assurance-ready ESG data.
OR4	14	Industrial Accidents / PPE	Operational	Medium	Static	Health-and-safety protocols and regular training; emergency-response procedures; comprehensive insurance; incident logging at Cluster level.	Strong safety culture cuts absenteeism and liability and supports certification.
CR1	15	Legal, Regulatory & Gratuity	Compliance	Low	Static	Governance and BAC oversight; labour, tax and reporting controls; actuarial review and provisioning for statutory gratuity obligations.	Strong governance underpins investor confidence; sound compliance protects standing.
CR2	16	Environmental & Industrial Relations	Compliance	Low	Static	Constructive collective bargaining with trade unions; clear dispute-resolution mechanisms; reinforced environmental compliance across estates.	Enables more effective operation within the plantation ecosystem.
CSRR1	17	Climate Change & Sustainability	Climate & Sustainability	High	Static	Climate-resilient land management; drainage and slope-stabilisation works; crop diversification across tea, rubber, cinnamon and coffee; expanded solar and mini-hydro generation.	Resilient agriculture lifts productivity; renewables create a non-crop revenue and cost buffer.

Note: all 17 risks above are scored and plotted on the Risk Matrix. FR3 (Impairment of Biological Assets) and OR2 (Agri Digitization End-to-end Data Flow) are newly identified in FY2025/26 and carry a "Not assessed" prior-year rating pending their first formal assessment; FR1, FR4 and SR1 (Crop & Yield) each consolidate two former risks.

Spotlight: Geopolitical, Forex & Climate Pressures

- **Auction & forex:** instability in key buying regions and Red Sea / Suez disruption can dampen tea and rubber price realisation, delay offtake and raise freight, while USD strength and LKR volatility affect realisations and imported-input costs. Mitigation: treasury monitoring, optimised conversion timing and local sourcing as a natural hedge.

- **Supply chain & input costs:** forward and bulk procurement with buffer stocks, supplier and market diversification, alternative logistics and renewable self-generation.

- **Climate:** physical and transition risks are managed through climate-resilient agriculture, resource efficiency and traceability-led market positioning.

6. Opportunities Arising from Risks

Code	Opportunity	Linked Risks	KWPL Initiative / Response	Board Appetite
OPP-1	Renewable Energy & Low-Carbon Transition	CSRR1	Green-energy projects under way, including 3MW ground-mounted solar and mini-hydro generation.	High
OPP-2	Crop Diversification & Value Addition	SR1, SR2	Specialty crepe-rubber franchise; record Alba-grade cinnamon; coffee expansion.	High
OPP-3	Certification & ESG Market Access	CR2, CSRR1	Certification & traceability; SLFRS S1 & S2 alignment; EUDR readiness.	Med–High
OPP-4	Mechanisation & Digital Transformation	OR1, OR2	Online field-data & attendance capture; ERP; estate-level mechanisation.	Med–High
OPP-5	Nature-Positive & Biodiversity Value	CSRR1, SR5	Denewaka agroforestry; Endane Nature Corridor; One Earth Centre.	High
OPP-6	Climate-Resilient Agriculture	CSRR1, SR1	Rainwater harvesting; soil fertility improvement & water management; disease-resistant varieties.	Med–High
OPP-7	Sustainability-Linked & Green Financing	FR1, FR2	Group credibility with financiers; green financing for sustainability projects.	Medium

7. Future Readiness & Outlook

KWPL is committed to adopting SLFRS S1 and S2 from financial period beginning on or after April 2027, strengthening climate data collection and scenario analysis, enhancing sustainability metrics and targets, and expanding disclosures in line with regulatory developments.

The operating environment is expected to remain dynamic, driven by geopolitical volatility, climate disruption and evolving regulation. KWPL remains confident in navigating it through strong governance, a diversified crop portfolio, disciplined operations and a long-term focus — prioritising operational resilience, crop and market diversification, mechanisation and digitalisation, climate-resilient agriculture and renewable-energy expansion — to create sustainable long-term value for all stakeholders.

Statement of Directors' Responsibilities

The following statement sets out the responsibilities of the Directors in relation to the financial statements of the Company prepared in accordance with the provisions of the Companies Act No. 7 of 2007.

The responsibility of the Independent Auditor in relation to the financial statements is set out in the Report of the Auditors given on pages 32 to 38 of the Annual Report.

As per the provisions of Sections 150 (1) and 151 of the Companies Act No. 7 of 2007, the Directors are required to prepare financial statements for each financial year, which should give a true and fair view of the state of affairs of the Company as at the reporting date and its profit or loss for the financial period then ended, and such financial statements of the Company shall comply with any regulations made under the Companies Act, which specifies the form and content of financial statements and any requirements which apply to the Company's financial statements under any other written law.

In preparing the financial statements, the Directors are responsible for ensuring that appropriate accounting policies have been selected and applied consistently, reasonable and prudent judgments and estimates have been made, and all applicable accounting standards have been complied with.

The Directors are also required to ensure that the Company has adequate resources to continue in operation to justify applying the going concern basis in preparing these financial statements. Further, the Directors have a responsibility to ensure that the Company maintains sufficient accounting records to disclose with accuracy, the financial position of the Company.

The Financial Statements presented in this Report have been prepared based on Sri Lanka Accounting Standards (SLFRS/LKAS) and are consistent with the underlying books of account and are in conformity with the requirements of Sri Lanka Accounting Standards, Companies Act No. 7 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange. The Directors have also implemented effective and comprehensive systems of internal control for identifying, recording, evaluating and managing the significant risks faced by the Company throughout the year.

The financial statements of the Company have been certified by the Chief Financial Officer of the Company, the officer responsible for their preparation as required by the Section 150 (1) (b) and they have also been signed by two Directors of the Company as required by Section 150(1)(c) of the Companies Act.

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

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

By Order of the Board

Kahawatte Plantations PLC



M J F Corporate Services Pvt Ltd
Company Secretaries
4th August 2026
Colombo

Report of the Audit Committee

Composition

The Audit Committee, appointed by and responsible to the Board of Directors comprise of three (3) Non-Executive Directors two (2) of whom are 'Independent' as per the listing rules of the Colombo Stock Exchange.

Mr. Dilantha S. Seneviratne Non-Executive Independent Director functions as its chairman with Dr. M.A. Wijeratne Non-Executive Independent Director and Ms. Minette D.A. Perera as its members. The Secretary to the Board functions as the Secretary to the Committee.

Brief profiles of each member are provided on pages 18 to 19 of this report. Their individual and collective financial knowledge and business acumen and the independence of the Committee, are brought to bear on their deliberations and judgments on matters that come within the Committee's purview.

Meetings of the Audit Committee

The Committee convened six (6) times during the reporting period between 01st April 2025 and 31st March 2026. The Committee had quarterly formal meetings to discuss the annual Financial Statements for the financial year under review.The Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and other Senior Managers, including the Internal Audit Executives attended the meetings of the Audit Committee by invitation.

Name of the Member	INED/NED	Eligible to Attend	Attended
Dilantha S. Seneviratne	Independent Non-Executive Director/Audit Committee Chairman	06	06
Minette D.A. Perera	Non-Executive Director	06	06
Dr. M.A. Wijeratne	Independent Non-Executive Director	06	05

Scope of the Audit Committee

- Oversee the preparation, presentation and review of the quarterly and annual financial statements, including the quality, transparency, integrity, accuracy and compliance with accounting standards, law and regulations, prior to tabling the same for the approval of the Board of Directors
- Assess the adequacy and effectiveness of the internal control environment in the Company and ensure that appropriate action is taken by management on the recommendations of the internal auditors and to prevent the leakage of material information to the unauthorized persons
- Review and assess the Company's Risk Management Process on quarterly basis.
- Monitoring the independence and performance of the Company's External Auditors and providing an avenue of communication among the External Auditors, Management and the Board. Recommend the appointment, re-appointment and removal of the External Auditors including their remuneration and terms of engagement by assessing qualifications, expertise, resources and independence
- Obtain and review assurance received from the CEO, CFO and other Key Management Personnel, as relevant, that the financial records have been properly maintained, and the financial statements give a true and fair view of the Company's operations and finances
- The Committee reviewed the procedures established by the Management to comply with regulatory requirements and is satisfied that the Company adheres to the financial reporting requirements under the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange, and the Securities and Exchange Commission Act.
- Review the revised policy decisions relating to adoption of new and revised Sri Lanka Accounting Standards (SLFRS/LKAS) applicable to the Company and make recommendation to the Board of Directors.

Charter of the Audit Committee

The Audit Committee Charter is periodically reviewed and revised with the concurrence of the Board of Directors to make sure that new developments relating to the functions of the Committee are updated. The Terms of Reference of the Committee are clearly defined in the Charter of the Committee. The 'Rules on Corporate Governance' under the Listing Rules of the Colombo Stock Exchange and 'Code of Best Practice on Corporate Governance' issued by the Institute of Chartered Accountants of Sri Lanka in 2023, further regulate the composition, roles and functions of the Committee.

Internal Audit and Control

The Audit Committee is of the view that the internal controls prevalent within the Company are satisfactory and provide a reasonable assurance that the financial position of the Company is well monitored and the assets safeguarded. The Committee regularly reviews the scope of the internal audit function and the audit programmes proposed, together with any intermediate or long-term audit plans. Internal Audit division regularly reported to the Committee on the adequacy and effectiveness of internal controls in the Company and compliance with laws and regulations and established policies and procedures of the Company. Follow-up action was taken on the recommendations of the internal auditors and any other significant follow-up matters were documented and presented to the Committee on a quarterly basis by the Head of Internal Audit of the Company.

Risk management

The Committee reviewed and assessed the risk management process, strategies and risk threshold levels. The Committee obtained and reviewed statements from the Management identifying their respective major Business risks, mitigatory action taken or contemplated for management of these risks.

External Audit

During the year under review, the Committee held meetings with the External Auditor to review the nature, approach, scope of the audit, Audit Plan and the Audit Management Letters of the Company. Actions taken by the Management in response to the issues raised, as well as the effectiveness of the internal controls in place, were discussed with the Management. Remedial action was recommended wherever necessary. Further, External Auditors expressed their judgment on the acceptability of the accounting principles adopted by the Company.

The Committee reviewed the non-audit services provided by the External Auditors to ensure that the independence of the External Auditors has not been compromised. The Committee is satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest. Due consideration has been given to the nature of the services provided by the Auditors and the level of audit and non-audit fees received by the Auditors. Preclearance was given for these services. The Committee also reviewed the arrangements made by the Auditors to maintain their independence and confirmation has been received from the

Auditors of their compliance with the independence guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka. The current auditors, Messrs. KPMG (Chartered Accountants), were initially appointed as External Auditors in 2008 and continue to hold that position at present. Partner rotation takes place periodically, and the most recent rotation occurred in 2024.

The Committee has recommended to the Board of Directors that KPMG, Chartered Accountants be re- appointed the Auditors for the year ending 31st March 2027 subject to the approval of the shareholders at the Annual General Meeting. The Audit Committee will be making its recommendations to the Board of Directors on the fees payable to the Auditors for approval by the Board.

Compliance

The Committee has obtained written assurance from CEO and CFO of the Company on the status of the Company's operations and finances. Further, the Committee obtained periodic representations from the CEO and CFO of the Company on the adequacy of provisions made for possible liabilities and reviewed reports tabled by Company certifying their compliance with relevant statutory requirements. The Committee obtained regular updates from the legal department of the Company and ensured that the Company adheres to and complies with all relevant laws, rules and regulations of the country.

The Committee continues to monitor compliance with Sri Lanka Accounting Standards (SLFRS/LKAS) and keeps the Board informed at regular intervals. The Committee seeks the advice of Messrs. KPMG to assess and review the existing Accounting Policies adopted by the Company.

Dilantha S Seneviratne
Chairman
Audit Committee
4th day of August 2026
Colombo

Report of the Remuneration Committee

The Remuneration Committee ("the Committee") of the Company has been established in compliance with the Governance Rules stipulated in Section 9 of the Listing Rules of the Colombo Stock Exchange.

Committee Composition

The Remuneration Committee comprises of three (3) Non-Executive Directors, two (2) of whom are independent in terms of the Listing Rules of the Colombo Stock Exchange. Mr. Dilantha S. Seneviratne, who is a Non-Executive Independent Director functions as the Chairman of the Committee. Ms. Minette D. A. Perera and Dr. M.A. Wijeratne continues to serve as members. Mr. Himendra Ranaweera was a member until his resignation from the Board on 19th August 2025. The Secretary to the Board functions as the Secretary of the Committee.

Role of the Committee

The Remuneration Committee, appointed by the Board of Kahawatte Plantations Plc is responsible for setting the Company's policy on compensation and benefits, and overseeing its implementation. It is also mandated to review significant Human Resource policies that influence the Company's performance. The Committee specifically reviews remuneration of the Chief Executive Officer, Executive Directors and Senior Members of the management as it is designated to consider.

The Committee is also responsible to lay down guidelines and parameters for the compensation and benefit structure of all management staff of the Company.

Committee Meetings

The Committee held one meeting during the year under review. The Chief Financial Officer attended the meeting of the Committee by invitation.

Attendance at the meetings is given below.

Name of the Member	INED/NED	Eligible to Attend	Attended
Dilantha S. Seneviratne	Independent Non-Executive Director/ Committee Chairman	01	01
Minette D.A. Perera	Non-Executive Director	01	01
Dr. M.A. Wijeratne	Independent Non-Executive Director	01	01

Policy

The Remuneration Policy of the Company is formulated to attract and retain high-caliber personnel and motivate them to develop and implement the business strategy in order to optimize long term shareholder value creation. The remuneration packages of the Company are aligned to individual performance, industry norms and to strategic priorities.

All Non-Executive Directors receive a fee for serving on the Board and its sub-committees. They do not receive any performance-related incentive payments.

Activities in 2025/26

During the year the Committee reviewed the performance of the Director/Chief Executive Officer, Chief Operating officer on the targets set in the previous year and determined the bonus payable and the annual increments.

Reviewed the compensation parameters of the Senior Management and implemented market corrections where necessary.

Recommended the bonus payable and annual increments to be paid based on the ratings of the Performance Management System.

Mr. Dilantha S. Seneviratne
Chairman -Remuneration Committee
04th August 2026
Colombo

Report of the Related Party Transactions Review Committee

The Related Party Transactions Review Committee ("the Committee") of the Company has been established in compliance with the Governance Rules stipulated in Section 9 of the Listing Rules of the Colombo Stock Exchange, and as per the Code of Best Practice on Related Party Transactions' issued by The Institute of Chartered Accountants of Sri Lanka.

Committee Composition

The Related Party Transactions Review Committee of Kahawatte Plantations PLC comprises three (3) Non-Executive Directors and two (2) of whom are independent as per the Listing Rules of the Colombo Stock Exchange.

Mr. Dilantha S. Seneviratne functions as its Chairman. The other members of the Committee as at the reporting date are Dr. M.A. Wijeratne and Ms. Minette D.A. Perera who continue to serve as members of the Committee. The Secretary to the Board functions as the Secretary of the Committee.

Role and Purpose

The Related Party Transactions Review Committee (RPTRC) is responsible for reviewing all Related Party Transactions (RPTs) of Kahawatte Plantations PLC prior to such transactions being entered into, or where a transaction is conditional upon such review, prior to completion. The Committee assists the Board in ensuring that RPTs are conducted on an arm's length basis, with due regard to transparency, fairness, and the interests of all shareholders. Further, the Committee considers the impact of RPTs on the Company's ability to create, preserve, and sustain value over the short, medium, and long term.

The Committee met four times during the period between 1st April 2025 and 31st March 2026, once each quarter.

Governance, Policies and Review Process

Name of the Member	INED/NED	Eligible to Attend	Attended
Dilantha S. Seneviratne	Independent Non-Executive Director/ Committee Chairman	04	04
Minette D.A. Perera	Non-Executive Director	04	04
Dr. M.A. Wijeratne	Independent Non-Executive Director	04	04

The Committee reviews RPTs in accordance with the CSE Listing Rules and the Company's Related Party Transactions Policy.

During the year under review, all RPTs entered into by the Company were Recurrent Related Party Transactions carried out on an arm's length basis, in accordance with regulatory requirements and/or market-determined pricing. Accordingly, no individual approvals beyond the established review process were required.

In reviewing RPTs, the Committee considers:

- The nature and terms of the transaction;
- The value and aggregate value of transactions with each related party during the financial year;
- Compliance with arm's length principles;
- Applicable disclosure requirements and approval thresholds.

The Committee ensures that RPTs are conducted in a manner that promotes accountability, safeguards minority shareholder interests, and maintains market confidence.

The Committee also recognises that its oversight of Related Party Transactions forms part of the Company's broader governance and sustainability-related disclosure framework. In particular, the Committee's oversight supports:

Transparency and integrity in governance and business conduct disclosures;

The Board's oversight of sustainability-related risks and opportunities arising from related party relationships;

The Committee co-ordinates with Management and the Audit Committee to ensure that disclosures relating to RPTs are aligned with information presented elsewhere in the Annual Report.

Guidelines in respect of Recurrent Related Party Transactions have been established and communicated to Management to ensure consistent application in dealings with Related Parties.

Related Party Transactions during the year under review

Details of the Recurrent RPTs entered into by the Company during the period are disclosed in Note 29 to the Financial Statements.

The Related Party Transactions Review Committee reviewed the RPTs of the Company on a quarterly basis and communicated its comments and observations to the Board of Directors.

During the period ended 31 March 2026, there were no Non-Recurrent Related Party Transactions exceeding the threshold requiring immediate market disclosure or disclosure in the Annual Report, in accordance with Sections 9.14.7 and 9.14.8 of the Listing Rules of Colombo Stock Exchange.

Further, there were Recurrent Related Party Transactions exceeding the thresholds that require disclosures in the Annual Report under Section 9.14.8 of the Listing Rules of Colombo Stock Exchange which are disclosed in Note 29 to the Financial Statements.

The Committee in its review process recognized the adequacy of the content and quality of the information forwarded to its members by the Management.

Declarations

The Committee reviewed the disclosures made by each of the members of the Board on transactions in which he/she is interested or which are proposed to be entered into with a related party on a quarterly basis. The declarations made by them on compliance with regulatory requirements as set out in the Listing Rules pertaining to Related Party Transactions are recorded in an Interest Register maintained by the Company.

An affirmative declaration by the Board of Directors confirming compliance with the Listing Rules pertaining to Related Party Transactions is given on page 30 of the Annual Report.

Dilantha S Seneviratne
Chairman
Related Party Transaction Review Committee
4th August 2026
Colombo

Report of the Nomination and Governance Committee

The Nominations and Governance Committee ("the Committee") of the Company has been established in compliance with the Governance Rules stipulated in Section 9 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance 2023 issued by The Institute of Chartered Accountants of Sri Lanka.

Committee Composition

The Nominations and Governance Committee appointed by the Board of Directors of Kahawatte Plantations PLC comprises four (4) Non-Executive Directors, three (3) of whom are Independent Non-Executive Directors.

Dr. M. A. Wijeratne functioned as the Chairman of the Committee until 18th August 2025. Mr. B. Rohith P. Peiris was appointed Chairman of the Committee with effect from 19th August 2025. Ms. Minette D. A. Perera and Mr. Dilantha S. Seneviratne are the remaining members. The Secretary to the Board functions as the Secretary to the Committee.

Role of the Committee

The role of the Nominations and Governance Committee is governed by Terms of Reference approved by the Board of Directors, which have been developed in line with Rule 9.11.5 of the Listing Rules of the Colombo Stock Exchange. Accordingly, the Committee is delegated authority by the Board to review the Board's composition and diversity, formulate and implement the policy for nominating candidates for election as Directors by the Shareholders, make recommendations to the Board on the appointment of Directors and members to Board Committees, and assess the independence and commitment of Independent Non-Executive Directors.

The Committee is also responsible for succession planning for Directors, the Chief Executive Officer and senior executives, leadership training and development, and oversight of matters relating to corporate governance. The Committee seeks to enhance the effectiveness of the Board by supporting the Company's strategic direction while fostering the confidence of shareholders, investors and other stakeholders.

The Committee performed its duties with responsibility, integrity and independence, ensuring that nomination and governance processes remained transparent, objective and compliant with applicable corporate governance requirements.

Committee Meetings

The Committee held one meeting during the year under review.

Attendance at the meeting is set out below.

Name of the Member	INED/NED	Eligible to Attend	Attended
B. Rohith P. Peiris	Independent Non-Executive Director/ Committee Chairman	01	01
Dr. M. A. Wijeratne	Independent Non-Executive Director	01	01
Dilantha S. Seneviratne	Independent Non-Executive Director	01	01
Minette D. A. Perera	Non-Executive Director	01	01

Activities during the Year 2025/26

During the year, the Committee reviewed and evaluated the profiles of the Directors retiring by rotation and recommended their re-election to the Board.

There were no new nominations to the Board requiring review by the Committee during the year.

The Committee also reviewed the structure and composition of the Board Sub-Committees.

Board performance evaluations were carried out, and the findings were discussed by the Board. The evaluation covered the performance of the Board, its Committees, the Chairman and the Chief Executive Officer.

The Company's policies were reviewed during the year, and no amendments were considered necessary.

The Committee reviewed the independence of the Directors against the criteria set out in the Listing Rules. It confirmed that declarations of independence had been obtained from all Independent Directors and concluded that each continued to satisfy the applicable independence criteria.

The Committee ensured that the Corporate Governance Rules stipulated by the Colombo Stock Exchange were adhered to by the Board and the Company throughout the year. It also satisfied itself that the Board possesses an appropriate balance of diversity, experience, skills, age and gender to enable it to discharge its responsibilities effectively.

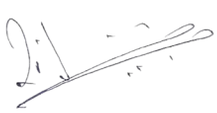
Reappointments / Re-elections

In terms of the Articles of Association of the Company, one-third of the Directors retire by rotation at each Annual General Meeting. Directors so retiring are eligible to offer themselves for re-election.

Accordingly, having considered their performance and valuable contribution to the Board, the Committee recommends the re-election of Mr. J Darshana N Gunasekera and Mr. Dilantha S. Seneviratne, who retire by rotation and, being eligible, offer themselves for re-election at the Annual General Meeting to be held on 25th August 2026.

Directors appointed by the Board to fill casual vacancies arising since the previous Annual General Meeting are required to offer themselves for election at the next Annual General Meeting. There were no such appointments during the year.

The Committee confirms that it has complied with the Corporate Governance requirements stipulated in the Listing Rules of the Colombo Stock Exchange. Further details are provided in the Corporate Governance Report on pages 8 to 11.



B. Rohith P. Peiris
Chairman
Nomination and Governance Committee

4th August 2026
Colombo

Independent Auditor's Report

KPMG
(Chartered Accountants)
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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF KAHAWATTE PLANTATIONS PLC

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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T. J. S. Rajakarier FCA
W. K. D. C. Abeyrathne FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R. G. H. Raddella ACA
W. W. J. C. Perera FCA
G. A. U. Karunaratne FCA
R. H. Rajan FCA
A.M.R.P. Alahakoon ACA
Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA
Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F R Ziyard ACA, FCMA (UK), FCIT, K. Somasundaram ACMA (UK), Ms. D Corea Dharmaratne

Independent Auditor's Report

Valuation of Consumable Biological Assets

*(*Refer to Note 3.3.3.5 material accounting policies and explanatory Note 15.1 to the Financial Statements.)

Risk Description	Our Audit Responses
The Company has reported consumable biological assets amounting to Rs. 1,759 million as at 31st March 2026, representing 27% of the total assets. Consumable biological assets comprised of Rs. 33 million of young plants and Rs. 1,726 million of standing timber. The fair value of the consumable biological assets was based on the valuation carried out by the external valuation expert engaged by the Company. The valuation of consumable biological assets requires significant levels of judgments and technical expertise in selecting appropriate valuation models and assumptions. Changes in the key assumptions used such as discount rate, value per cubic feet and available timber quantity used for the valuation of standing timber 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. Accordingly, this was considered as a key audit matter.	Our audit procedures included among others. ▪ Challenging the key assumptions and methodology used in the valuation, in particular the discount rate, average market price and expected timber content at the harvest and evaluating the appropriateness of those assumptions. ▪ Assessing the objectivity and independence of the external valuation expert and the competence and qualification of the external expert engaged by the Company. ▪ Involving internal valuation specialist to verify the accuracy of the fair valuation of the consumable biological assets. ▪ Comparing the average market price to historical data and market available data. ▪ Verifying the mathematical accuracy of the consumable biological asset valuation. ▪ Assessing the adequacy of the related disclosures in the financial statements including the description and appropriateness of the inherent degree of subjectivity and the key assumptions in accordance with the relevant accounting standards.

Independent Auditor's Report *(Contd...)*

Valuation of Retirement Benefit Obligations

*(*Refer to Note 3.4.1.1 material accounting policies and explanatory Note 25 to the financial statements.)

Risk Description	Our Audit Responses
The Company has recognized retirement benefit obligations of Rs. 687 million as at 31st March 2026. The value of the retirement benefit obligations was based on the actuarial valuation carried out by an external actuary engaged by the Company. The valuation of the Company's retirement benefit obligations 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 material impact on the financial performance and financial position of the Company. Accordingly, this was considered as a key audit matter.	Our audit procedures included among others. ▪ Assessing the competency, objectivity and capabilities of the external actuary engaged by the Company. ▪ Testing the samples of the employees' details used in the computation to the human resource records. ▪ Evaluating the reasonableness of the total annual salaries used in the computation by comparing to the historical data. ▪ Challenging the key assumptions used in the valuation, in particular the discount rate and future salary increases. ▪ Comparing the discount rate, mortality rate and future salary increases to market available data. ▪ Involving internal valuation specialist to verify the accuracy of the retirement benefit obligations. ▪ Assessing the adequacy of the disclosures made in the financial statements including sensitivity analysis in accordance with the relevant accounting standards.

Independent Auditor's Report *(Contd...)*

Revaluation of Plant and Machinery

(Refer to Note 3.3.2.1 material accounting policies and explanatory Note 14 to the financial statements.)

Risk Description	Our Audit Responses
The Company has revalued its Plant & Machinery and reported a net carrying value of Rs.639 Mn and a revaluation gain of Rs. 161 Mn net of tax as at 31st March 2026. The Company has engaged an independent professional Valuer with appropriate expertise to determine the fair value of the Plant & Machinery in accordance with recognized industry standards. Machinery are valued at fair value at the reporting date using a market approach. The fair values of machinery are dependent on the valuation methodology adopted and the inputs considered in the valuation model. Factors such as prevailing market conditions, the individual nature, condition of each machineries and the expected future income for each property directly impact fair values. We identified this as a key audit matter because of the magnitude of the amounts recognized in the financial statements and significant judgments and estimates involved in assessing the fair value of the Plant & Machinery.	Our audit procedures included among others. ▪ Assessing the objectivity, independence, competence and qualifications of the external valuer. ▪ With the assistance of our own internal valuation specialists assessing the key assumptions applied and conclusions made in deriving the fair value of the machinery. In addition to that, we have assessed the valuation methodologies with reference to recognized industry standards. ▪ Assessing the adequacy of disclosures in relation to fair value of Plant & Machinery in the financial statements in accordance with the relevant accounting standards.

Independent Auditor's Report *(Contd...)*

Management assessment of the Company's ability to continue as going concern

(Refer to Note 2.7 material accounting policies and explanatory Note 35 to the financial statements.)

Risk Description	Our Audit Responses
The Company has recorded a loss of Rs. 75 million during the period ended 31st March 2026 and as of that date, accumulated losses amounted to Rs. 1,094 million. Further, the Company's current liabilities exceeded its current assets by Rs. 584 million as at the reporting date. The Company has total loans and borrowings amounting to Rs. 1,527 million, of which Rs. 379 million are due for repayment within the next 12 months. The management's use of the going concern basis of accounting is a fundamental assumption in preparing these financial statements. Despite the generating net profit and recording positive operating cash flows for the period, the Company's ability to continue as a going concern is dependent upon the management's future plans and financial strategies, which support the assertion that the Company will have sufficient resources to continue as a going concern. The assessment of going concern involved significant judgement, especially in relation to the assumptions used in forecasting future cash flows. Accordingly, this was considered as a key audit matter.	Our audit procedures included among others. ▪ Obtaining and evaluating the appropriateness of management assessment of going concern. ▪ Obtaining the cash flow projections covering period of not less than twelve months from the reporting period end date and challenging the reasonableness of the key assumptions. ▪ Assessing the adequacy of disclosures in the financial statements in relation to the use of going concern assumption for the preparation of financial statements of the Company in accordance with the relevant accounting standards.

Independent Auditor's Report *(Contd...)*

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Independent Auditor's Report *(Contd...)*

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3544.

CHARTERED ACCOUNTANTS
Colombo, Sri Lanka
04th August 2026

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Period ended	Note	12 Months 31.03.2026 Rs.'000	15 Months 31.03.2025 Rs.'000
Revenue	5	4,543,075	6,790,324
Cost of Sales		(4,366,149)	(6,097,090)
Gross Profit		**176,926**	**693,234**
Other Income	6	77,637	97,298
Change in Fair Value of Biological Assets	15.4	135,296	188,907
Administrative Expenses		(264,221)	(286,443)
Operating Profit	7	**125,638**	**692,996**
Finance Income	8	457	3,077
Finance Cost	9	(159,310)	(339,003)
Net Finance Cost		(158,853)	(335,926)
Profit/(Loss) before Tax		**(33,215)**	**357,070**
Income Tax Expense	10	(41,783)	(262,229)
Profit/(Loss) for the Period		**(74,998)**	**94,841**
Other Comprehensive Income			
Items that will not be Reclassified to the Profit or Loss;			
Remeasurement of Retirement Benefit Obligation	25.4	98,509	(8,929)
Deferred Tax (Charge)/Reversal on Remeasurement of Retirement Benefit Obligation	10.5.1	(29,553)	2,679
Surplus on Revaluation of Plant & Machinery		230,216	-
Deferred Tax Charge on Revaluation of Plant & Machinery	10.5.1	(69,065)	-
Other Comprehensive Income for the Period, net of tax		**230,107**	**(6,250)**
Total Comprehensive Income for the Period		**155,109**	**88,591**
Basic Earnings/(Loss) Per Share	11	(0.75)	0.95

The Figures in brackets indicate deductions.

The Accounting Policies and Notes on pages 43 to 83 form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at	Note	31.03.2026 Rs.'000	31.03.2025 Rs.'000
ASSETS			
Non Current Assets			
Leasehold Right to Bare Land of JEDB/SLSPC Estates	12	234,968	237,533
Immovable Leased Assets of JEDB/SLSPC Estates (Other than Bare Land and Biological Assets)	13	-	7,900
Property, Plant & Equipment	14	1,557,676	1,131,073
Biological Assets	15	4,008,869	3,867,982
		5,801,513	5,244,488
Current Assets			
Produce on Bearer Biological Assets	15.3	25,585	23,406
Inventories	16	363,555	457,975
Trade and Other Receivables	17	318,147	225,451
Amounts due from Related Parties	18	4,696	999
Cash and Cash Equivalents	19	55,722	100,098
		767,705	807,929
Total Assets		6,569,218	6,052,417
Equity			
Stated Capital	20	1,698,952	1,698,952
Revaluation Reserve	21	501,747	340,596
Accumulated Losses		(1,094,490)	(1,088,448)
		1,106,209	951,100
LIABILITIES			
Non Current Liabilities			
Deferred Income	22	855,893	865,755
Deferred Tax Liability	23	1,167,782	1,027,382
Interest Bearing Loans and Borrowings	24	1,148,877	455,065
Retirement Benefit Obligations	25	687,048	732,529
Net Liability to Lessor of JEDB/SLSPC Estates	26	251,564	245,106
		4,111,164	3,325,837
Current Liabilities			
Trade and Other Payables	27	719,620	633,124
Amounts due to Related Parties	28	53,428	59,986
Interest Bearing Loans and Borrowings	24	378,563	787,900
Net Liability to Lessor of JEDB/SLSPC Estates	26	2,857	2,398
Bank Overdraft	19	197,377	292,072
		1,351,845	1,775,480
Total Liabilities		5,463,009	5,101,317
Total Equity and Liabilities		6,569,218	6,052,417
Net Assets Per Share		11.13	9.57

The Figures in brackets indicate deductions.
It is certified that the Financial Statements have been prepared & presented in compliance with the requirements of the Companies Act No.7 of 2007.

The Accounting Policies and Notes on pages 43 to 83 form an integral part of these Financial Statements.

Vinesh Athukorala
Chief Financial Officer

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

Binesh N Pananwala
Director / Chief Executive Officer
04th August 2026
Colombo, Sri Lanka

J Darshana N Gunasekera
Director

STATEMENT OF CHANGES IN EQUITY

For the Period Ended

	Stated Capital Rs.'000	Revaluation Reserve Rs.'000	Accumulated Losses Rs.'000	Total Rs.'000
Balance as at 01 January 2024	**1,698,952**	**340,596**	**(1,177,039)**	**862,509**
Profit for the Period	-	-	**94,841**	**94,841**
Other Comprehensive Income				
Remeasurement of Defined Benefit Obligation, net of tax	-	-	(6,250)	(6,250)
Balance as at 31 March 2025	**1,698,952**	**340,596**	**(1,088,448)**	**951,100**
Balance as at 01 April 2025	**1,698,952**	**340,596**	**(1,088,448)**	**951,100**
Loss for the Year	-	-	**(74,998)**	**(74,998)**
Other Comprehensive Income				
Remeasurement of Defined Benefit Obligation, net of tax	-	-	68,956	68,956
Surplus on Revaluation of Plant & Machinery, Net of tax	-	161,151	-	161,151
Balance as at 31 March 2026	**1,698,952**	**501,747**	**(1,094,490)**	**1,106,209**

The Figures in brackets indicate deductions.

The Accounting policies and notes on pages 43 to 83 form an integral part of these Financial Statements.

STATEMENT OF CASH FLOWS

For the Period ended

	Note	12 Months 31.03.2026 Rs.'000	15 Months 31.03.2025 Rs.'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/ (Loss) before Tax for the period		(33,215)	357,070
Adjustments for:			
Depreciation/Amortization	7	300,544	380,903
Impairment Losses on Inventories	7	1,273	3,017
Write-off of Bearer Biological Assets	7	25,427	9,248
Write-off of Capital Work In Progress	7	2,260	1,058
Write-off of Consumable Biological Assets		1,331	-
Write-off of young plants - Consumable Biological Assets	7	-	1,586
Gain on Sale of Property, Plant and Equipment		(1,980)	-
Interest Expense	9	159,310	339,003
Interest Income	8	(457)	(3,077)
Provision for Retirement Benefit Obligations	25.3	166.534	191.927
Change in Fair Value of Biological Assets	15.4	(135,296)	(188,907)
Change in Consumable Biological Assets due to harvest	15.1	35.001	19.804
Amortization of Deferred Income	22	(17,301)	(23,182)
Write-off of Other Receivables	7	-	826
Write-back of Other Payables	6	-	(1,345)
Operating Profit before Working Capital Changes		503,431	1,087,931
Change in Inventories		94,420	142,906
Change in Trade and Other Receivables		(92,697)	(85,743)
Change in Amounts due from Related Parties		(3,697)	11,258
Change in Trade and Other Payables		105,485	36,985
Change in Amounts due to Related Parties		(6,558)	(186,605)
Cash generated from Oparating Activities		600,384	1,006,732
Net Interest paid		(121,669)	(288,390)
Payment of Retirement Benefit Obligations	25 & 27	(126,932)	(206,158)
Net Cash from Operating Activities		351,783	512,184
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in Immature Bearer Biological Assets	15.2	(182,872)	(125,937)
Investment in young plants - Consumable Biological Assets	15.1	(8,080)	(8,765)
Purchase of Property, Plant & Equipment	14.1	(359,517)	(113,558)
Proceeds from disposal of Property, Plant and Equipment		3,600	-
Interest Income received		457	327
Net Cash used in Investing Activities		(546,412)	(247,933)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Bank Borrowings	24.3	775,000	446,000
Repayments of Bank Borrowings	24.3	(500,901)	(643,840)
Grants Received	22	7,439	629,247
Proceeds from Intercomapny Borrowings	24.4	20,481	19,160
Repayments of Intercompany Borrowings	24.4	-	(65,000)
Lease Rentals Paid to JEDB/SLSPC	26.1	(36,717)	(41,940)
Lease payments to Central Finance PLC	24.5	(20,355)	(24,860)
Net Cash generated from Financing Activities		244,947	318,767
Net Increase in Cash & Cash Equivalents		50,318	583,019
Cash & Cash Equivalents at the beginning of the period		(191,974)	(774,992)
Cash & Cash Equivalents at the end of the period	19	(141,656)	(191,974)

The Figures in brackets indicate deductions.
The Accounting policies and notes on pages 43 to 83 form an integral part of these Financial Statements.

Notes to the Financial Statements

For the year ended 31st March

1. REPORTING ENTITY

1.1 Domicile and Legal form

Kahawatte Plantations PLC is a Public Limited Liability Company incorporated and domiciled in Sri Lanka, under the Companies Act No 17 of 1982 (The Company re- registered under the Companies Act No.7 of 2007) in terms of the provisions of the Conversion of Corporations and Government Owned Businesses Undertakings in to Public Companies Act No 23 of 1987. The registered office of the Company is located at No 111, Negombo Road, Peliyagoda, and Plantations are situated in the planting regions of Kahawatte and Nawalapitiya. Ordinary shares of the Company are listed on the Colombo Stock Exchange.

1.2 Principal Activities and Nature of Operations

The Company is involved in the cultivation, manufacturing and sale of Tea, Rubber, Cinnamon, Coffee and other agricultural crops and to improve, manage, develop, make use of and in any manner whatsoever exploit land, other immovable property, resources of land, water resources, and solar power etc.

1.3 Immediate and Ultimate Parent Enterprise

The Company's parent undertaking is Forbes Plantations (Private) Limited, and the ultimate parent company is MJF Holdings (Private) Limited which are incorporated in Sri Lanka.

1.4 Management Contract

The Company is presently managed by Forbes Plantations (Private) Limited. The Management Agreement which came into effect from 17 August 1997 is initially for a period of five years and with a provision for extension by a further period by mutual consent of both parties.

Consequent to the agreement reached by the company with the Ministry of Plantation Industries JEDB and SLSPC on 4 August 2003 the basis of Management Fees was restructured to base on Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA).

1.5 Authorization for Issue

The Financial Statements were authorized for issue by the Board of Directors on **04th August 2026**

1.6 Responsibility for Financial Statements

The Board of Directors is responsible for the preparation and presentation of the financial statements.

1.7 Number of Employees

The number of employees at the end of the year was 3,568 (2024/25: 3,535). There were no material issues pertaining to employees and industrial relations for the year ended 31st March 2026.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

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

The Accounting Standards along with FAQs issued are available at the website of CA Sri Lanka www.casrilanka.com.

2.2 Basis of Measurement

These Financial Statements have been prepared in accordance with the historical cost convention basis except for the following material items in the Statement of Financial Position.

- Plant and Machinery , which have been measured as more fully described in Note 14.
- Consumable Mature Biological Assets are measured at fair value less cost to sell as per LKAS 41 - Agriculture.
- Liability for Retirement Benefit Obligation is recognized at the present value of the Retirement Benefit Obligation based on actuarial valuation as per LKAS 19 - Employee Benefits.
- Produce on Bearer Biological Assets is measured at fair value as per LKAS 41 – Agriculture.

2.3 Functional and Presentation Currency

These Financial Statements are presented in Sri Lankan Rupees (Rs.), which is the Company's functional and presentation currency. All financial information presented in Sri Lankan Rupees has been given to the nearest thousand, unless stated otherwise. There was no change in the Company's presentation and functional currency during the year under review.

2.4 Presentation of Financial Statements

The assets and liabilities of the Company presented in the Statement of Financial Position are grouped by nature and listed in an order that reflects their relative liquidity and maturity pattern.

2.5 Comparative Information

Comparative information including quantitative narrative and descriptive information as relevant is disclosed in respect of previous period in the financial statement. The comparative information is reclassified whenever necessary to confirm with the currents period's classification in order to provide better presentation.

2.6 Offsetting

Assets and liabilities or income and expenses, are not offset unless required or permitted by Sri Lanka Accounting Standards.

2.7 Going Concern

The Company has prepared the financial statements for the year ended 31 March 2026 on the basis that it will continue to operate as a going concern. Based on available information, the management has assessed prevailing macroeconomic conditions and its effect on the Company in determining the going concern basis for preparation of financial statements.

The management has formed judgment that the Company has adequate resources to continue in operational existence for the foreseeable future. In determining the above, significant management judgement, estimates and assumptions, the impact of the macroeconomic uncertainties, including tea and rubber price volatilities, supply chain disruptions

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

For the year ended 31st March

and interest rate volatilities have been considered as of the reporting date and disclosed under Note 35.

2.8 Materiality and Aggregation

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

Financial Assets and Financial Liabilities are offset, and the net amount reported in the Statement of Financial Position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on net basis, or to realize the assets and settle the liability simultaneously.

2.9 Use of Estimates and Judgments

The preparation of the Financial Statements in conformity with Sri Lanka Accounting Standards (LKASs and SLFRSs) re quires the management to make judgments, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates and judgmental decisions.

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

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

- Note 3.3.2.1 - Fair value of plant and machinery
- Note 3.2.4.a - Useful lifetime of the property, plant, and equipment
- Note 3.5.5.4 - Impairment on non-financial assets.
- Note 3.4.1.1 - Measurement of defined benefit obligation : key actuarial assumptions
- Note 3.4.2 - Provision, Contingent Liabilities, and Contin gent Assets
- Note 35 - Going concern basis
- Note 15.1 - Consumable Biological Assets
- Note 15.3 - Produce on Bearer Biological Assets
- Note 23 - Deferred Tax Liabilities

2.10 Fair Value Measurement

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 Company has access at that date. The fair value of a liability reflects its non-performance risk.

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

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

Level 1 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 for the assets 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).

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.
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 categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Fair values have been determined for measurement and dis closure 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.

Fair value of non-financial assets

The fair value used by the Company 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 Company for the asset or liability. 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.

The fair value of an asset or a liability is measured using the assumptions that market participants would act in their eco nomic best interest when pricing the asset or liability. A fair value measurement of a non-financial asset takes into account a market participants ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

For the year ended 31st March

3 MATERIAL ACCOUNTING POLICIES

3.1 Material Accounting Policy Information

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

3.2 Foreign Currency

3.2.1 Foreign Currency Transactions

Transactions in foreign currencies are translated to Sri Lankan Rupees at the rates of exchange prevailing at the date of the transactions.

At each reporting date, monetary items denominated in foreign currencies are translated into local currencies at the rates of exchange prevailing at the reporting, while non-monetary items are reported at the rates prevailing at the date of the transactions were affected.

The exchange difference arising on the translations are recognized in the Statement of Profit or Loss.

3.3 Assets and Bases of their Valuation

Assets classified as Current Assets in the Statement of Financial Position are Cash and Bank balances and those which are expected to be realized 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 be yond a period of one year from the reporting date.

3.3.1 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.

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.

3.3.1.1 Right of Use Asset

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use as set 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.

Right of use assets are subsequently amortized using a 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 remeasurements of the lease liability.

If ownership of the leased asset transferred to the Company at the end of the lease period or the cost reflect the exercise of a purchase option, amortization is calculated using the estimated useful life of the asset.

Lease Liabilities

At the commencement date of the lease, the Company recognizes lease liability measured at the present value of lease payment to be made over the lease term. The lease payment includes fixed payments (including in-substance fixed payments) less any lease incentive receivables, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payment also includes the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the incremental borrowing rate. After the commencement date, amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of the lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short term leases

The Company applies the short-term lease recognition ex emption to leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases of low-value assets are recognized as expense on a straight -line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

For the year ended 31st March

3.3.2 Property, Plant and Equipment

3.3.2.1 Recognition and Measurement

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

The Property, Plant and Equipment except plant and machinery are recorded at cost less accumulated depreciation and impairment losses.

The cost of property, plant and equipment is the cost of purchase or construction together with any other expenses directly attributable to bringing the assets to its working condition for its intended use.

Expenditure incurred for the purpose of acquiring, extending or improving assets of permanent nature by means of which to carry on the businesses or to increase the earning capacity of the business has been treated as capital expenditure. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

A revaluation of plant and machinery is done every 3 years or when there is a substantial difference between the fair value and the carrying amount of the plant and machinery, and is undertaken by professionally qualified valuers. Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation re serve, except to the extent that it reverses a revaluation de crease of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. The Company engages independent professional valuer Mr. Chandrasena Chartered Valuation Surveyor to assess fair value of plant and machinery in terms of Sri Lanka Accounting Standard on "Fair Value Measurement" (SL FRS13). Based on the valuation techniques and inputs used, plant & machinery was classified at level 3 in the fair value hierarchy.

The valuation techniques, significant unobservable inputs, key assumptions used to determine the fair value of the plant and machinery, and sensitivity analysis are provided in Note 14.

3.3.2.2 Subsequent Expenditure

The Cost of replacing part of an item of Property, Plant and Equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. Such cost includes the cost of replacing component parts of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. The cost of the day-to-day servicing of Property, Plant and Equipment are recognized in Statement of Profit or Loss as incurred.

3.3.2.3 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 transferred to the respective asset accounts at the time of first utilization or at the time of the asset is commissioned.

3.3.2.4 De-recognition

The carrying amount of an item of Property, Plant and Equipment is de-recognized on disposal; or when no future eco nomic benefits are expected from its use or disposal. Gains or losses on de-recognition are recognized in Statement of Profit or Loss.

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 recognized net within other income in Statement of Profit or Loss.

3.3.2.5 Permanent Land Development Costs

Permanent land development costs are cost incurred in making major infrastructure development and building new access roads on leasehold lands. These costs have been capitalized and depreciated over the earlier of the end of the useful life of the asset or remaining lease period. Permanent impairments to land development costs are charged to the Statement of Profit or Loss in full and reduced to the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

3.3.3 Biological Assets

Biological assets are classified as Bearer Biological Assets and Consumable Biological Assets. Bearer Biological Assets include tea, rubber, oil palm and other diversify crops those that are not intended to be sold or harvested but are however used to grow for harvesting agricultural produce from such Biological Assets. Consumable Biological Assets include managed live trees those that are to be sold as Biological Assets.

Biological assets are further classified in to 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 recognizes the Biological assets when, and only when, the entity controls the assets as a result of past events, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably.

The expenditure incurred on bearer biological asset fields, which are bearing during the year, has been transferred to mature plantations. Expenditure incurred on consumable biological assets is recorded at cost at initial recognition and thereafter at fair value at the end of reporting date.

The Bearer Biological assets are measured at cost less accumulated amortization and accumulated impairment losses, if any, in terms of LKAS 16 - Property, Plant and Equipment as per the option provided by the ruling issued by the Institute of Chartered Accountants of Sri Lanka.

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

For the year ended 31st March

The managed live 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 - Agriculture. The cost is treated as approximation to fair value of young plants (age below 5 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 cost of land preparation, rehabilitation, new planting, re-planting, crop diversifying, inter-planting and fertilizing, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads, including interest attributable to long term loans used for financing immature plantations.

Permanent impairments to Bearer Biological Assets are charged to the Statement of Profit or Loss in full and reduce the net carrying amounts of such assets in the year 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 capitalized 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 capitalized are amortized 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 capitalized are charged to the Statement of Profit or Loss in the year in which they are incurred.

3.3.3.4 Growing Crop Nurseries

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

3.3.3.5 Consumable Biological Assets

The managed live trees are measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41 - Agriculture. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial. The fair value of live 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 the maturity by an independent professional valuer.

The main variables in DCF model concerns

Variable	Comment
Currency	Sri Lankan Rupees (LKR)
Volume at rotation	Estimate based on physical verification of girth, height and considering the growth of each species. Factor all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the Company.
Economic Useful Life/Optimum Rotation	Estimated based on the normal life span of each species by factoring the forestry plan of the Company.
Selling price	Estimated based on prevailing Sri Lankan market price. Factor all the conditions to be fulfilled in bringing the trees in to saleable condition.
Discount Rate	Discount rate reflects the possible variations in the Cash flows and the risk related to the biological assets.

3.3.3.6 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 capitalized as a part of the asset.

Borrowing costs that are not capitalized are recognized as expenses in the period in which they are incurred and charged to the Statement of Profit or Loss.

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

Borrowing costs incurred in respect of specific loans that are utilized for field development activities have been capitalized as a part of the cost of the relevant immature plantation. The capitalization will cease when the crops are ready for commercial harvest.

3.3.4 Depreciation and Amortization

a) Depreciation

Depreciation is calculated by using a straight-line method on the cost or revalued amounts of all property, plant and equipment, in order to write off such amounts over the estimated useful economic life of such assets. The leased assets are depreciated over the shorter of the lease term and their useful lives.

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

For the year ended 31st March

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

Asset Category	No. of Years
Improvement to lands and buildings	Over 10-40 Years
Water Links/ Roads	Over 20 Years
Plant and Machinery	Over 13 1/3 -20 Years
Motor Vehicles	Over 05 Years
Equipment	Over 08 Years
Solar Panel System	Over 10-20 years
Furniture and Fittings	Over 10 Years
Mature Plantations	
Tea	Over 33 1/3 Years
Rubber	Over 20 Years
Other Crops	Over 3-25 Years

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized. Leased assets are depreciated over the shorter of the leased term and their useful lives.

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

b) Amortization

The leasehold rights of assets taken over from JEDB / SLSPC are being amortized in equal amounts, over the shorter of lease period and economic useful lives as follows:

Asset Category	No. of Years
Bare Land	Over 53 Years
Water Links/ Roads	Over 20 Years
Land Development Cost	Over 30 Years
Buildings	Over 25 Years
Improvement to Land	Over 30 Years
Water Supply Scheme	Over 33 Years
Mature Plantations	
Tea	Over 30 Years
Rubber	Over 20 Years
Minor Crops	Over 3-25 Years

Amortization of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is de-recognized. Amortization methods, useful lives and residual values are re-assessed at the reporting date. Mature plantations are amortized over their useful lives or unexpired lease period, whichever is lower.

3.3.5 Produce on Bearer Biological Assets

The Company recognizes 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-Agriculture and measured at fair value less costs to sell. Changes in the fair value of such agricultural produce is recognized in Statement of 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.

3.3.6 Inventories

Agricultural Produce harvested from Biological Assets

Agricultural produce harvested from Biological Assets are measured at their fair value less cost to sell at the point of harvest. The finished and semi-finished inventories from agricultural produce are valued by adding the cost of conversion to the fair value of agricultural produce.

Agricultural Produce after further processing

Further processed output of Agricultural Produce are valued at the lower of cost and estimated net realizable value, after making do allowance for obsolete and slow-moving items. Net realizable value is the price at which stocks can be sold in the normal course of business after allowing for estimated costs of conversion and the estimated costs necessary to bring them to a saleable condition.

The cost incurred in bringing the inventories to its present lo cation and conditions are accounted using the following cost formulas:

Input Material, Spares and Consumables

At actual cost on weighted average basis.

3.3.7 Trade and Other Receivables

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

3.3.8 Cash and Cash Equivalents

Cash and Cash Equivalents are defined as cash in hand, demand 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

3.4 Liabilities and Provisions

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 the reporting date.

All known liabilities have been accounted for in preparing these Financial Statements. Provision and liabilities are recognized when the Company has a legal or constructive ob-

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

For the year ended 31st March

ligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.4.1 Employee Benefits

3.4.1.1 Defined Benefit Plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognized in the Financial Statements in respect of defined benefit plan is the present value of the defined benefit obligation at the Reporting date. The defined benefit obligation is calculated annually using the Projected Unit Credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using the interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised as in retained earnings through comprehensive income. Past ser vice costs are recognised immediately in Statement of Profit or Loss.

The Company carries out actuarial valuation once in every year. The actuarial valuation was carried out by a professionally qualified firm of actuaries, Messrs Piyal S. Goonetilleke & Associates as at 31st March 2026.

The provision has been made for retirement gratuities from the first year of service for all employees, in conformity with LKAS 19, Employee Benefits. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The Liability is not externally funded.

The key assumptions used in determining the retirement benefit obligations are given in Note 25.

3.4.1.2 Defined Contribution Plans - Provident Funds and Trust Fund

The Company contributes 12% on consolidated salary of the employees to Ceylon Planters' Provident Society (CPPS)/Estate Staff's Provident Society (ESPS)/ Employees' Provident Fund (EPF).

All the employees of the Company are members of the Employees' Trust Fund, to which the Company contributes 3% on the consolidated salary of such employees.

3.4.1.3 Short-term employee benefits

The costs of all short-term employee benefits (that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service) are recognized during the period in which the employee renders the related service. The accruals for employee entitlements to benefits such as salaries, bonuses and annual leave represent the amounts which the Company has a present obligation to pay as a result of the employee's services and the obligation can be measured reliably. The accruals have been calculated at undiscounted amounts based on current salary levels at the reporting date.

3.4.2 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money 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 and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote. Contingent assets are disclosed, where inflow of economic benefit is probable.

3.4.3 Trade and Other Payables

Trade and other payables are stated at their amortized costs.

3.4.4 Deferred Income

Grants and Subsidies

Grants are recognized 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 recognized as deferred income and released to income in equal amounts over the expected useful life of the related assets. When the grants relate to an expense item, it is recognized 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 consumer biological assets are initially deferred and allocated to income on a systematic basis over the useful or unexpired lease period life of the related Property, Plant and Equipment, more fully mentioned in Note 22 to the Financial Statements.

Grants related to revenue expenditure are recognized in the Statement of Profit or Loss in the year which it is receivable

3.4.5 Ordinary Shares

Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with LKAS 12-Income Taxes.
The Stated Capital of the Company is Rs. 1,698,952,641/- divided into No. 99,406,691 Ordinary Shares and One (01) Golden Share

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

For the year ended 31st March

3.4.6 Revaluation Reserve

Revaluation Reserve of the Company consist of the revaluation gain recognized from fair valuation of Plant and Machinery owned by the Company.

3.5 Financial Instruments

3.5.1 Recognition and Initial Measurement

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

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

3.5.2 Classification and Subsequent Measurement

3.5.2.1 Financial Assets

On initial recognition, a financial asset is classified as measured at; amortized cost;

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

A financial asset is measured at amortized 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 Company 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 liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
– How the performance of the portfolio is evaluated and reported to the Company's management.
– The risks that affect the performance of the business model (and the financial assets held within 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 Company'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 Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers;

- Contingent events that would change the amount or timing of cash flows
- Terms that may adjust the contractual coupon rate, including variable rate features
- Prepayment and extension features; and
- Terms that limits the Company'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.

c) Subsequent Measurement and Gains and Losses:

Financial assets at amortised cost. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income and impairment are recognized in Statement of Profit or Loss. Any gain or loss on derecognition is recognized in Statement of Profit or Loss.

3.5.2.2 Financial liabilities

3.5.2.2.1 Classification, Subsequent Measurement and Gains and Losses

Financial liabilities are classified as measured at amortized cost or FVTPL. Other financial liabilities are subsequently measured at amortized cost using effective interest method. Interest expense and foreign exchange gains and losses are recognized in Statement of Profit or Loss. Any gain or loss on derecognition is also recognized in Statement of Profit or Loss.

3.5.3 Derecognition

3.5.3.1 Financial Assets

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

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

For the year ended 31st March

retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized 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.

3.5.3.2 Financial Liabilities

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

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

3.5.4 Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.5.5 Impairment – Financial Assets

Non-derivative Financial Assets

3.5.5.1 Financial Instruments

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

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

• the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or the financial asset is more than 90 days past due.

3.5.5.2 Measurement of Expected Credit Losses (ECLs)

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

3.5.5.3 Credit-impaired financial assets

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

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

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

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

3.5.5.4 Write-off

The gross carrying amount of financial assets is written-off when the Company has known reasonable expectation of recovering a financial asset in its entirely or a portion there of. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures to recovery of amounts due.

Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an as set is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's value in use and its fair value less cost to sale 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 assets is considered impaired and is written down to its' re coverable amount.

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

Impairment loss of continuing operations are recognized in the Statement of Profit or Loss in those expense categories consistent with the function of the impaired asset.

A previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized in the Statement of Profit or Loss.

Statement of Profit or Loss and Other Comprehensive Income

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

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

For the year ended 31st March

3.5.6 Revenue and Income Recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when it transfers control to a customer.

The Company generates revenue primarily from the sale of tea, rubber and other agricultural produce. The revenue is recorded at invoice value net of brokerage, sale expenses and other levies related to revenue. The Company recognizes revenue when it transfers control over good to a customer. The Company considers sale of tea, rubber and other agricultural produce as one performance obligation and recognizes 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.

3.5.6.1 Gain and Losses on Disposal

Gains and losses on disposal of an item of Property, Plant & Equipment are determined by comparing the net sales proceeds with the carrying amounts of Property, Plant & Equipment and are recognized within 'other operating income' in the Statement of Profit or Loss.

3.5.6.2 Interest Income

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

3.5.6.3 Other Income

Other income is recognized on an accrual basis.

3.5.7 Expenditure Recognition

All expenses incurred in running the business and in maintaining the Property, Plant and Equipment in a state of efficiency is charged to the Statement of Profit or Loss.

3.5.8 Finance Income / Finance Expense

Interest income is recognized as it accrues, using the effective interest method.

Finance costs comprise interest expense on borrowings and borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset. These are recognized in Statement of Profit or Loss using the effective interest method.

3.5.9 Income Tax

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

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 Asset.

3.5.9.1 Current Tax

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. 45 of 2022 as amended by subsequent legislation enacted or substantively enacted by the reporting date. Relevant details are disclosed in Note 10 to the Financial Statements.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted on the reporting date.

3.5.9.2 Deferred Tax

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts and tax bases used for taxation purposes.

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

The principal temporary differences arise from depreciation on Property, Plant and Equipment, tax losses carried forward and provisions for defined benefit obligations.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are re viewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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.

3.5.9.3 Tax Exposures

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

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

3.6 Segmental Information

A Segment is a distinguishable component of the Company that is engaged in providing services, which is subject to different risks and rewards.

The Company's core business is manufacturing and sale of Tea and this line of business accounts for the entire operation of the company. The Company's business is located in different geographical locations where the risks and re- wards related to each segment could be identified.

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

Assets and Liabilities directly attributable to each segment

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

For the year ended 31st March

are allocated intact to the respective segments. Assets and Liabilities, which are not directly attributable to a segment, are allocated on a reasonable basis whenever possible.

3.7 Related Party Transactions

Disclosure has been made in respect of the transaction 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 a price is being charged.

A detailed Related Party Transaction analysis in presented in Note 29 to the Financial Statements

3.8 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 and dividends received and government grants received are classified as investing cash flows while dividends paid is classified as financing cash flows for the purpose of presenting the Statement of Cash Flows.

3.9 Events Occurring After the Reporting Period

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

3.10 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.

3.11 Commitment and Contingencies

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of one or more uncertain future events, which are beyond the company's control. Contingent Liabilities are disclosed in Note 34 to the Financial Statements. Commitments are disclosed in Note 33 to the Financial Statements.

4 NEW STANDARDS AND CHANGES TO ACCOUNTING STANDARDS NOT EFFECTIVE AS AT THE 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 Company has not early adopted any of the new or amended standards in the preparation of these financial statements.

4.1 SLFRS 18 Presentation and Disclosure in Financial Statement

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

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

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

4.2 Other accounting standards

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

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

4.3 General requirements for disclosure of sustainability related financial information (SLFRS S1) and climate related disclo sures (SLFRS S2)\

In June 2023, the International Sustainability Standards Board (ISSB) released its first two sustainability disclosure standards, IFRS S1 and IFRS S2. During the year, CA Sri Lanka issued the localised standards based on these IFRSs designated as SLFRS S1 SLFRS S2. These standards will become effective for the Company from 1st April 2027. No financial impact is expected on the Company except for additional disclosures.

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

For the Period ended

5. REVENUE		12 Months 31.03.2026 Rs.'000	15 Months 31.03.2025 Rs.'000
5.1 Revenue Streams			
Revenue from Contracts with customers		4,543,075	6,790,324
Total Revenue		4,543,075	6,790,324

5. 2 Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by major products and timing of revenue recognition.

	Note	12 Months 31.03.2026 Rs.'000	15 Months 31.03.2025 Rs.'000
5.2.1 Major Products			
Tea		3,674,516	5,932,382
Rubber		618,558	672,834
Other Revenue	5.2.1.a	250,001	185,108
Total Revenue		4,543,075	6,790,324

5.2.1.a Revenue classified as 'other revenue' above, mainly comprise revenue generated from Cinnamon sales and Timber Tree sales.

5.2.2 Timing of Revenue Recognition		
Product transferred at a point in time	4,543,075	6,790,324
	4,543,075	6,790,324

5.3 Perfomance Obligations

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

Type of products/services	Nature and timing of satisfaction of performance obligation	Revenue recognition under SLFRS 15
Tea and Rubber	The Company is selling made tea and rubber to customers through brokers at Colombo Tea and Rubber Auction.	Revenue from tea and rubber is recognised at the time of confirmation of sale at the auction.
Other Revenue	The Company is selling, Cinnamon and Timber Tree to the customers 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.

5.4 Segmental Information

Principal Crops	Tea		Rubber		Others		Total	
(a) Segment Revenue	12 Months 31.03.2026 Rs.'000	15 Months 31.03.2025 Rs.'000	12 Months 31.03.2026 Rs.'000	15 Months 31.03.2025 Rs.'000	12 Months 31.03.2026 Rs.'000	15 Months 31.03.2025 Rs.'000	12 Months 31.03.2026 Rs.'000	15 Months 31.03.2025 Rs.'000
Revenue	3,674,516	5,932,382	618,558	672,834	250,001	185,108	4,543,075	6,790,324
Cost of Sales	(3,564,877)	(5,246,538)	(602,158)	(649,869)	(199,114)	(200,683)	(4,366,149)	(6,097,090)
Segment Results	109,639	685,844	16,400	22,965	50,887	(15,575)	176,926	693,234
Unallocated								
Other Income							77,637	97,298
Administrative Expenses							(264,221)	(286,443)
Gain on Fair valuation of biological assets							135,296	188,907
Operating Profit							125,638	692,996
Net Finance Cost							(158,853)	(335,926)
Profit/ (Loss) from Ordinary Activities before Income Tax Expenses							(33,215)	357,070
Income Tax Expenses							(41,783)	(262,229)
Profit/ (Loss) for the period							(74,998)	94,841
Remeasurement of Retirement Benefit Obligation							98,509	(8,929)
Deferred Tax on Remeasurement of Retirement Benefit Obligation							(29,553)	2,679
Surplus on Revaluation of Plant & Machinery							230,216	-
Deferred Tax Charge on Revaluation of Plant & Machinery							(69,065)	-
Other ComprehensivIncome Income for the Period, net of tax							230,107	(6,250)
Total Comprehensive Income for the Period							155,109	88,591

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

As at 31 March

5.4 Segmental Information (Contd...)

	Tea		Rubber		Others		Total	
	31.03.2026	31.03.2025	31.03.2026	31.03.2025	31.03.2026	31.03.2025	31.03.2026	31.03.2025
(b) Segmental Assets	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Non Current Assets	2,616,458	2,188,771	830,182	882,376	2,305,473	2,165,088	5,752,113	5,236,234
Current Assets	501,773	505,708	49,022	35,971	33,773	24,759	584,568	566,438
	3,118,231	2,694,478	879,204	918,346	2,339,246	2,189,847	6,336,681	5,802,672
Unallocated								
Non Current Assets							49,400	8,254
Current Assets							183,137	241,493
Total Assets							6,569,218	6,052,417
Capital Expenditure								
- Allocated	177,740	133,395	6,905	7,097	65,387	106,708	250,032	247,200
- Unallocated	-	-	-	-	-	-	300,437	-
							550,469	247,200
Depreciation / Amortization								
- Allocated	204,757	269,525	66,392	87,090	20,458	21,347	291,607	377,961
- Unallocated	-	-	-	-	-	-	8,937	2,941
							300,544	380,902
Non Current Liabilities								
- Allocated	1,256,154	1,290,374	538,352	553,017	-	-	1,794,506	1,843,391
- Unallocated	-	-	-	-	-	-	2,316,658	1,482,446
							4,111,164	3,325,837
Current Liabilities								
- Allocated	507,996	450,162	179,429	158,504	-	-	682,475	608,666
- Unallocated	-	-	-	-	-	-	669,370	1,166,814
							1,351,845	1,775,480
Total Liabilities	1,764,150	1,740,536	712,831	711,521	-	-	5,463,009	5,101,317

(d) Basis for segmentation

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

Reportable Segments	Operations
Tea	Cultivation, processing and sale of tea leaves and made tea
Rubber	Cultivation, processing, sale of rubber.
Other	Cultivation and sale of diversified crops such as sale of timber trees and cinnamon

There are varying levels of integration between each segment.

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

For the Period ended

6. OTHER INCOME

	12 Months 31.03.2026 Rs.'000	15 Months 31.03.2025 Rs.'000
Amortization of Capital Grants	16,382	22,083
Rent Income	9,149	9,832
Annual Income from Mini Hydro Power Project	14,844	21,412
Deferred Income from Mini Hydro Power Project	919	1,099
Sale of Latex	11,248	16,059
Shared Service Income	4,154	4,491
Sundry income	7,510	10,534
Sale of Rubber Trees	14,881	10,443
Profit/(loss) from disposal of Fixed Assets	1,980	-
Net income from preliminary Bungalow Oparations	(3,430)	-
Write-back of Other Payables	-	1,345
	77,637	97,298

7. PROFIT FROM OPERATING ACTIVITIES

Is stated after charging all expenses including the following,	12 Months 31.03.2026 Rs.'000	15 Months 31.03.2025 Rs.'000
Directors' Emoluments	32,134	28,700
Auditors' Remuneration - Statutory Audit fees	4,840	4,400
- Other Audit fees	-	800
- Non Audit fees and expenses	1,059	1,030
Depreciation/Amortization		
- Leasehold Right to Bare Land	11,970	13,801
- Immovable Leased Assets other than Bare Land	7,900	10,874
- Property, Plant and Equipment	159,250	202,653
- Bearer Biological Assets	121,423	153,575
Impairment Losses on Inventories	1,273	3,017
Write-off of Other Receivables	-	826
Write-off of Immature Plantation	25,427	9,248
Write-off of young plants - Consumable Biological Assets	-	1,586
Write-off of Consumable Biological Assets	1,331	-
Write-off of Capital Work In Progress	2,260	1,058
Personnel Cost includes,		
- Defined Benefit Plan Cost - Retirement Benefit Obligations		
- Current Service Cost	89,618	82,627
- Interest Cost	76,916	109,300
- Defined Contribution Plan Cost - EPF, ETF, CPPS and ESPS -	208,757	228,002

8. FINANCE INCOME

	12 Months 31.03.2026 Rs.'000	15 Months 31.03.2025 Rs.'000
Interest Income	457	327
Exchange Gain	-	2,750
	457	3,077

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

For the period ended

9. FINANCE COST

	12 Months 31.03.2026 Rs.'000	15 Months 31.03.2025 Rs.'000
Interest Expense on Government Lease	34,227	39,517
Interest Expense on Other Lease	11,033	16,653
Interest Expense on Bank Overdrafts	19,323	96,580
Interest Expense on Term Loans	110,164	190,956
Corporate Guarantee Charges	991	13,171
	175,738	356,877
Less: Borrowing costs capitalized on bearer biological assets	(16,428)	(17,874)
	159,310	339,003

10. TAXATION

	Note	12 Months 31.03.2026 Rs.'000	15 Months 31.03.2025 Rs.'000
Amounts recognised in Profit or Loss			
Current tax expense on Taxable Income	10.2	-	-
Under/(Over) provision respect of prior period		-	-
Deferred tax expense	10.5	41,783	262,229
		41,783	262,229

10.2 Reconciliation of Accounting Profit to Current Income Tax Expense

Accounting Profit/(Loss) Before Taxation	(33,215)	357,070
Adjustments for Year End Change	-	7,986
Adjusted Profit for Tax Purpose	(33,215)	365,056
Aggregate Disallowable Expenses	723,930	1,210,564
Aggregate Allowable Expenses	(595,072)	(773,783)
Taxable Profit/(Loss) From Business	95,642	801,837
Other Sources of Taxable Income	457	214
Total Statutory Income	96,099	802,051
Tax Losses (Claimed)/Incurred During the Period	(96,099)	(802,051)
Total Taxable Income	-	-

10.3 Applicable Income Tax Rate

As per Inland Revenue Act No. 24 of 2017 and subsequent amendments thereto, the Company has calculated its profit from business including both Agro Farming and Ago Processing and Investment Income for the period ended 31st March 2026, applying the standard tax rate of 30%.

Profit derived from the business of Agro Farming have been exempted from the income tax up to the year 2023/24 under the Inland Revenue (Amendment) Act No. 45 of 2022. The exemption expired after the year 2023/24 and income from Agro farming taxed at the standard rate of 30% starting from the year 2024/25.

10.4 Accumulated Tax Losses

	31.03.2026 Rs.'000	31.03.2025 Rs.'000
Tax losses brought forward	359,873	2,666,299
Adjustment in respect of previous years	(10,173)	(60,075)
Tax loss expiring during the period	-	(1,444,300)
Tax losses (claimed)/incurred during the Period	(96,099)	(802,051)
Tax losses as at the end of the period	253,601	359,873

10.5 Deferred Tax Expense

	Note	12 Months 31.03.2026 Rs.'000	15 Months 31.03.2025 Rs.'000
Deferred tax charge to Profit or Loss	23.1	41,783	262,229
Deferred tax reversal/(charge) to Other Comprehensive Income	10.5.1	98,617	(2,679)
		140,400	259,550

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

For the Period ended

10.5.1 Deferred tax charge/(reversal) to Other Comprehensive Income

	12 months			15 months		
	31.03.2026			31.03.2025		
	Before Tax	Tax (expense)/ reversal	Net of Tax	Before Tax	Tax (expense)/ reversal	Net of Tax
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Deferred Tax (Charge)/Reversal on Retirement Benefit Obligation	98,509	(29,553)	68,956	(8,929)	2,679	(6,250)
Deferred Tax Charge on Revaluation of Plant & Machinery	230,216	(69,065)	161,151	-	-	-
Total Deferred Tax (charge)/reversal to Other Comprehensive Income	328,725	(98,617)	230,107	(8,929)	2,679	(6,250)

11. EARNINGS/ (LOSS) PER SHARE

11.1 Basic earnings/ (loss) Per Share

The computation of the Basic Earnings /(Loss) Per Share is based on Profit/ (Loss) attributable to ordinary shareholders for the period divided by the weighted average number of ordinary shares outstanding during the period and calculated as follows;

	31.03.2026 12 months	31.03.2025 15 months
For the period ended		
Profit/(Loss) for the period, attributable to the owners of the Company (Rs.000)	(74,998)	94,841
Weighted-average number of ordinary shares outstanding during the period (Nos) ('000)	99,407	99,407
Basic Earnings/(Loss) Per Share (Rs)	(0.75)	0.95

11.2 Diluted Earning/(Loss) Per Share

The calculation of diluted Profit/(loss) Per Share is based on Profit/(loss) attributable to ordinary shareholders and weighted average number of ordinary shares outstanding after adjusting for the effect of all dilutive potential ordinary shares.
There were no potential dilutive ordinary shares outstanding at any time during the period/previous year. Hence, diluted earnings per share is same as basic earnings per share.

12. LEASEHOLD RIGHT TO BARE LAND OF JEDB/SLSPC ESTATES

a) The leasehold right to the land on all sixteen estates have been taken in to the books of the Company as at 15 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. For this purpose, the Board decided at its meeting held on 8 March 1995 that these bare lands would be revalued, at the value established for these lands, by the valuation specialist Mr. D. R. Wickramasinghe, just prior to the formation of the Company. The value taken into 15 June 1992, Balance Sheet and the written down values are given in note 12.(c) below;

b) Lease agreement have been executed for sixteen estates out of the sixteen estates handed over to company by JEDB/SLSPC as at 31 March 2026.

c) At Carried Value

	Life of the Asset	15/06/1992 Rs'000	31.03.2026 Rs.'000	31.03.2025 Rs.'000
Cost				
Leasehold Right to Land of JEDB / SLSPC Estates	53 years	322,427	439,122	402,022
Remeasurement of Lease Liability			9,405	37,100
			448,527	439,122
Accumulated Amortization				
As at beggining of the period			201,589	187,788
Amortization for the Period			11,970	13,801
As at the end of the period			213,559	201,589
Carrying amount as at the end of the period			234,968	237,533

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. The value of the Right of Use Asset has been considered as the deemed cost as at the transition date of SLFRS 16.

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

As at 31 March

13 IMMOVABLE LEASED ASSETS (OTHER THAN BARE LAND)

	Notes	31.03.2026 Rs.'000	31.03.2025 Rs.'000
Immovable leased bearer biological assets	13.1	-	7,864
Immovable Leased Assets (Other than Lease hold right to bare Land & biological Assets)	13.2	-	36
		-	7,900

13.1 IMMOVABLE LEASED BEARER BIOLOGICAL ASSETS

As more fully explained in Note 12 although all JEDB/SLSPC estate leases have not been executed to date in terms of the ruling of the UITF all immovable assets in these estates under leases have been taken into the books of the Company retroactive to 15 June 1992. For this purpose the Board decided at its meeting on 08th March 1995 that these assets would be taken into the books at their book values as they appear in the books of the JEDB / SLSPC, as the case may be, on the day immediately preceding the date of formation of the Company. These assets have been taken into the 15 June 1992, Balance Sheet and the written down values are as follows;

	Mature Plantations			Total 31.03.2026	Total 31.03.2025
	Tea Rs'000	Rubber Rs'000	Minor Crop Rs'000	Rs'000	Rs'000
Capitalized Value 22 June 1992	254,049	79,305	4,094	337,448	337,448
Accumulated Amortization					
As at beginning of the period	246,185	79,305	4,094	329,584	318,913
Amortization for the Period	7,864	-	-	7,864	10,671
As at the end of the period	254,049	79,305	4,094	337,448	329,584
Carrying amount as at the end of the period	-	-	-	-	7,864

Investments in Immature Plantations at the time of handing over to the company as at 15 June 1992 by way of estate leases were shown under Immature Plantations. However, since then all such investments in Immature Plantations have been transferred to Mature Plantations. The carrying value of the bearer biological assets leased from JEDB/SLSPC is recognised at cost less amortization.

13.2 IMMOVABLE LEASED ASSETS (OTHER THAN LEASEHOLD RIGHT TO BARE LAND & BIOLOGICAL ASSETS)

	Improvements to land Rs'000	Buildings Rs'000	Water Supply Rs'000	31.03.2026 Rs'000	31.03.2025 Rs'000
Capitalized as at Value 22 June 1992	6,448	24,459	5,364	36,271	36,271
Accumulated Amortization					
As at 1 January	6,448	24,459	5,328	36,235	36,032
Amortization for the period	-	-	36	36	203
At the end of the period	6,448	24,459	5,364	36,271	36,235
Carrying amount	-	-	-	-	36

Since, there is no future lease liabilities for these assets, the carrying value as at 1st January 2019 has been considered as the remeasured value in accordance with SLFRS 16.

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

As at 31 March

14 PROPERTY, PLANT AND EQUIPMENT

	Notes	31.03.2026 Rs.'000	31.03.2025 Rs.'000
Freehold Assets	14.1	1,534,365	1,092,151
Leasedhold Assets	14.2	23,311	38,922
		1,557,676	1,131,073

14.1 Freehold Assets

Cost / Valuation

	Useful Life of the Asset	As at 01/04/2025 Rs'000	Additions Rs'000	Revaluation Rs'000	Revaluation Reversal of depreciation Rs'000	Disposal Rs'000	Write Off Rs'000	Transfers Rs'000	As at 31/03/2026 Rs'000	As at 31/03/2025 Rs'000
Improvements to Land and Buildings	10-40 years	598,741	2,867	-		-	-	83,128	684,736	598,741
Plant and Machinery	13 1/3 - 20 years	721,699	8,498	230,216	(331,520)	-	-	7,642	636,535	721,699
Solar Power System	10 - 20 years	32,301	2,406				-	49,295	84,003	32,301
Motor Vehicles	5 years	138,523	3,881	-		(3,600)	-	-	138,804	138,523
Equipment	8 years	219,404	6,151	-		-	-	2,285	227,840	219,404
Furniture and Fittings	10 years	16,851	789	-		-	-	-	17,640	16,851
Water / Link Roads	20 years	113,237	548	-		-	-	-	113,785	113,237
Capital Work-in-Progress		137,933	334,377	-		-	(2,260)	(142,350)	327,701	137,933
		1,978,689	359,517	230,216	(331,520)	(3,600)	(2,260)	-	2,231,043	1,978,689

Accumulated Depreciation — **Written Down Value**

	As at 01/04/2025 Rs'000	Charge for the period Rs'000	Revaluation Reversal of depreciation	Disposal Rs'000	Transfers Rs'000	As at 31/03/2026 Rs'000	As at 31/03/2026 Rs'000	As at 31/03/2025 Rs'000
Improvements to Land and Buildings	254,458	21,836		-	-	276,294	408,442	344,283
Plant and Machinery	234,375	97,411	(331,520)	-	(266)	-	636,535	487,324
Solar Power System	2,633	2,507		-	-	5,140	78,863	29,668
Motor Vehicles	127,018	5,353		(1,980)	-	130,391	8,413	11,505
Equipment	182,284	12,111		-	266	194,661	33,179	37,120
Furniture and Fittings	13,375	537		-	-	13,912	3,728	3,476
Water / Link Roads	72,395	3,885		-	-	76,280	37,505	40,842
Capital Work-in-Progress	-	-		-	-	-	327,701	137,933
	886,538	143,640	(331,520)	(1,980)	-	696,678	1,534,365	1,092,151

14.2 Leasehold Assets

Cost

	Useful Life of the Asset	As at 01/04/2025 Rs'000	Additions Rs'000	Disposal Rs'000	Transfers Rs'000	As at 31/03/2026 Rs'000	As at 31/03/2025 Rs'000
Motor Vehicles	5 years	78,056	-	-	-	78,056	78,056
		78,056	-	-	-	78,056	78,056

Accumulated Depreciation — **Written Down Value**

	As at 01/04/2025 Rs'000	Charge for the period Rs'000	Disposal Rs'000		As at 31.03.2026 Rs'000	As at 31/03/2026 Rs'000	As at 31/03/2025 Rs'000
Motor Vehicles	39,134	15,611	-	-	54,745	23,311	38,922
	39,134	15,611	-	-	54,745	23,311	38,922

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

As at 31 March

14.3 Other Disclosures

a) 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 (15 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 12 and 13 to the Financial Statements.

b) No borrowing Cost has been capitalized in respect of Property, Plant & Equipment for the period ended 31st March 2026.

c) The Initial cost of the fully depreciated items of Property, Plant and Equipment which are still in use as at 31st March 2026 are as follows,

Assets	**31.03.2026 Rs.'000**	31.03.2025 Rs.'000
Improvements to Land & Buildings	590	590
Plant & Machinery	40,402	11,199
Furniture & Fittings	11,814	11,543
Tools & Equipment	155,082	144,296
Motor Vehicles	124,130	107,475
Sanitation/Water Supply	15,724	15,148
	347,742	290,251

d) Capital Work-in-Progress include the Work-in-Progress pertaining to Improvements to Land and Building, and Plant and Machinery. During the period the Company has written off Rs. 2.2 Mn Capital Work-in-Progress (2024/25 - Rs. 1.05 Mn)

e) There are no restrictions on the title of the PPE of the Company as at the reporting date.

f) During the financial period , the Company acquired PPE to the aggregate value of Rs. 359.51 Mn (2024/25- Rs. 113.58 Mn) by means of cash.

g) Improvements to Land & Buildings under tangible assests as follows,

Estate Name	Location	Number of buildings	Cost Rs'000
Ekkerella	Opanayake	277	12,708
Endane	Kahawatte	946	60,321
Houpe	Kahawatte	890	52,850
Hunuwella	Opanayake	736	54,593
Opata	Kahawatte	946	31,812
Pelmadulla	Kahawatte	946	30,685
Poronuwa	Kahawatte	569	27,514
Rilhena	Pelmadulla	738	32,304
Wellandura	Kahawatte	591	24,673
Barcaple	Kataboola	444	16,026
Craighead	Udahentenne	890	34,972
Galamuduna	Dolosbage	517	32,996
Imboolpittia	Nawalapitiya	751	41,585
Kataboola	Kataboola	1,311	50,512
Queensberry	Kataboola	593	23,363
Westhall	Kataboola	505	21,185
Land Improvement & Others		-	136,639
Total		11,650	684,736

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

As at 31 March

14 PROPERTY, PLANT & EQUIPMENT (Continued)

h) **Revaluation of Plant & Machinery**

The Company uses the revaluation model of measurement for Plant & Machinery. The Company engaged chartered valuation surveyor Mr. Chandrasena (FIV SL, MRICS UK) independent valuer, to determine the fair value of Plant & Machinery.

i. Fair value hierarchy

The fair value measurement for all of the plant and machinery have been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

ii. Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the revalued amounts of plant & machinery, as well as the significant unobservable inputs used.

Valuation Technique	Significant Unobservable Inputs	Inter Relationship Between Significant Unobservable Inputs and Fair Value Measurement
Comparable method:	The cost of replacing an existing asset with a substantially identical equivalent, after taking into consideration, the depreciation due to use, age and obsolescence through market changes. (Rs. 5,500 - Rs. 26,100,000)	The Estimated fair value would increase/ (decrease) if: Open market values were higher/(lower);

i) If property, plant and equipment were stated in the historical cost basis (without revaluing), their net book amounts would be as follows ;

As at	31/03/2026 Rs.'000	31/03/2025 Rs.'000
Cost	900,788	882,485
(-) Accumulated depreciation	(602,981)	(620,717)
Carrying Value	297,806	261,768

15 BIOLOGICAL ASSETS

	Notes	31/03/2026 Rs.'000	31/03/2025 Rs.'000
Consumable Biological Assets	15.1	1,758,510	1,653,645
Bearer Biological Assets	15.2	2,250,359	2,214,337
		4,008,869	3,867,982

15.1 Consumable Biological Assets

	31/03/2026 Rs.'000	31/03/2025 Rs.'000
Cost of Young Plants		
As at the end of the period	24,564	17,385
Additions	8,080	8,765
Write off	-	(1,586)
As the end of the period	32,644	24,564
Standing Timber - Consumable Biological Assets		
As at the end of the period	1,629,081	1,466,397
Change in fair value less cost to sell	133,117	182,488
Write Offs	(1,331)	
Decrease due to Harvest & Fallen trees	(35,001)	(19,804)
As at the end of the period	1,725,866	1,629,081
Total Consumable Biological Assets	1,758,510	1,653,645

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

As at 31 March

15 BIOLOGICAL ASSETS (Continued)

a) Measurement of fair values

i) Fair Value hierarchy

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

ii) Level 3 fair values

The following table shows the valuation techniques used in measuring fair values, as well as significant unobservable inputs used.

Type	Valuation Technique used	Significant unabservable inputs	Inter relationship between key unobservable inputs and fair value measurement
Standing Timber (Age Over 4 years)	**Discounted Cash flows;** Discounted Cash flows; The valuation model considers the present value of net cashflows expected to be generated by the plantation from the timber content of managed timber plantation on a tree per tree basis. The expected net cashflows are discounted using a risk adjusted discount rate.	The prices adopted are net of expenditure/timber price per cubic feet range from Rs. 100 to Rs. 1,200. Risk Adjusted Discount Rate - 14% (2024/25 - 14%). (Risk premium 3.5%).	Fair value would increase if timber prices were high and fair value would decrease if timber prices were low. Fair value would increase if discount rate was low and fair value would decrease if discount rate was high.

Managed trees which are less than four years old considered to be immature consumable biological assets amounting Rs.32.6 million as at 31st March 2026 (2024/25: Rs.24.5 million). 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.

The future cash flows are determined by reference to current timber prices without considering the future increase of timber price. Trees have been valued as per the current timber prices per cubic feet net of expenditure based on the market prices timber trees. Selling price of managed timber has been taken based on market price and industry professional expert opinion.

The valuations, as presented in the external valuation models based on net present values, take into account the long-term exploitation of the timber plantations. Because of the inherent uncertainty associated with the valuation at fair value of the biological assets due to the volatility of the variables, their carrying value may differ from their realizable value. The Management retains their view that commodity markets are inherently volatile and that long term price projections are highly unpredictable. Hence, the sensitivity analysis regarding selling price and discount rate variations as included in this note allows every investor to reasonably challenge the financial impact of the assumptions used in the LKAS 41 against his own assumptions.

Managed Trees owned by Company were valued at fair value by chartered valuation surveyor Mr. Chandrasena (FIV SL, MRICS UK) as at 31st March 2026.

b) Risk management strategy related to agricultural activities

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

i. Regulatory and environmental risks

The Company is subject to laws and regulations in the country. The Company has established environmental policies and procedures aimed at compliance with local environmental and other laws.

ii. Supply and demand risk

The Company is exposed to risk arising from fluctuations in price and sales volumes of timber. The Company manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analysis for projected harvest volumes and pricing.

iii. Climate and other risks

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

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

As at 31 March

15 BIOLOGICAL ASSETS (Continued)

c) Sensitivity Analysis

i. Sensitivity variation on sales price

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

	-10% Rs'000	0% Rs'000	+10% Rs'000
As at 31 March 2026	1,585,923	1,758,510	1,931,097
As at 31 March 2025	1,490,737	1,653,645	1,816,553

ii. Sensitivity variation on Discount Rate

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

	-1% Rs'000	0% Rs'000	+1% Rs'000
As at 31 March 2026	1,838,830	1,758,510	1,685,622
As at 31 March 2025	1,736,075	1,653,645	1,579,101

15.2 Bearer Biological Assets

Cost	Life of the Asset	As at 01/04/2025 Rs'000	Additions Rs'000	Transfers Rs'000	Writeoffs Rs'000	As at 31/03/2026 Rs'000	As at 31/03/2025 Rs'000
Mature Plantations							
-Tea	33 1/3 years	1,383,312	-	2,556	-	1,385,868	1,383,312
- Rubber	20 years	1,355,864	-	4,773	-	1,360,637	1,355,864
- Minor Crop	3-25 years	385,437	-	77,320	-	462,757	385,437
Immature Plantations							
- Tea		154,596	118,660	(2,556)	(23,901)	246,799	154,596
- Rubber		45,502	6,905	(4,773)	-	47,634	45,502
- Minor Crop		209,072	57,307	(77,320)	(1,526)	187,533	209,072
		3,533,783	182,872	-	(25,427)	3,691,228	3,533,783

Accumulated Depreciation	As at 01/04/2025 Rs'000	Charge for the period Rs'000	As at 31/03/2026 Rs'000	Written Down Value As at 31/03/2026 Rs'000	As at 31/03/2025 Rs'000
Mature Plantations					
- Tea	574,638	46,576	621,214	764,654	808,674
- Rubber	648,465	58,534	706,999	653,638	707,399
- Minor Crop	96,343	16,313	112,656	350,101	289,094
Immature Plantations					
- Tea	-	-	-	246,799	154,596
- Rubber	-	-	-	47,634	45,502
- Minor Crop	-	-	-	187,533	209,072
	1,319,446	121,423	1,440,869	- 2,250,359	2,214,337

These are investments in plantations since the formation of the Company. The assets (including plantation assets) taken over by way of estate leases are set out in Notes 12 and 13. Further, investment to immature plantation taken over by way of these leases are shown in the above note. When such plantations came in to bearing, the additional investments since taking over to bring them to bearing was transferred from immature to mature plantations under this note. A corresponding transfer was made from immature to mature plantations being the investment undertaken by JEDB/SLSPC on the particular plantation prior to the formation of the Company under Note 13.

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

As at 31 March

15.2 Bearer Biological Assets (Continued)

The Company has performed an impairment assessment on immature biological assets and identified that some of immature plantations are non-existing and / or uneconomical. Accordingly, the management has performed a calculation of write offs on such immature fields based on the costs incurred after considering the recoverable amount of economical fields based on fair value less cost to sell. As a result, the Company has decided to write off Rs 25.4 Mn (2024/25- 9.2 Mn) as at 31st March 2026.

According to option granted by the institute of chartered accountants of Sri Lanka on valuation of bearer biological assets, the Company has measured these assets in accordance with LKAS 16 "Property Plant & Equipment".

Minor crops include Cinnamon, Macadamia etc., carried at cost less accumulated depreciation & impairment.

There was Rs 16.4 Mn Borrowing costs (2024/25 - Rs 17.9 Mn) incurred on term loan utilized to finance replanting expenditure of tea and rubber have been capitalized.

15.3 Produce on bearer biological Assets	31.03.2026 Rs.'000	31.03.2025 Rs.'000
At the beginning of the period	23,406	16,987
Change in fair value less cost to sell	2,179	6,419
As at the end of the period	25,585	23,406

15.4 Change in fair value of Biological Assets	Note	31.03.2026 Rs.'000	31.03.2025 Rs.'000
Change in fair value of consumable biological assets less cost to sell	15.1	133,117	182,488
Change in fair value of produce on bearer biological assets less cost to sell	15.3	2,179	6,419
		135,296	188,907

16 INVENTORIES	Note	31.03.2026 Rs.'000	31.03.2025 Rs.'000
Growing Crop Nurseries		17,442	28,187
Produce Crops (Tea, Rubber and Other)	16.2	272,511	379,100
Input Materials and Consumables		83,961	59,774
		373,914	467,061
Provision for impairment of Input Materials and Consumables	16.1	(10,359)	(9,086)
		363,555	457,975

16.1 Provision for impairment of Input Materials and Consumables

At the beginning of the period	9,086	6,069
Provision for slow-moving and obsolete stocks	1,273	3,017
As at the end of the period	10,359	9,086

16.2 Produce Crops (Tea, Rubber and Others)

Agriculture produce (Green Leaf etc.)	7,021	8,496
Finished goods (Tea, Rubber & Other)	265,490	370,604
	272,511	379,100

17 TRADE & OTHER RECEIVABLES	Note	31.03.2026 Rs.'000	31.03.2025 Rs.'000
Trade Debtors		195,419	89,500
Staff & Labour Receivables		35,390	38,124
Prepayments and Deposits		18,899	28,295
WHT Receivable		6,380	5,545
Hydro Power Income Receivable		2,806	2,633
Other Receivable		59,252	61,353
		318,147	225,451

17.1 Produce debtors

Trade Receivables Includes Related Party Balances due from, Forbes and Walker Commodity Brokers (Private) Limited amounting Rs.22.9 Mn (2024/25 - Rs.9.7 Mn), Forbes and Walker Tea Brokers (Private) Limited amounting Rs. 165.3 Mn (2024/25 -Rs. 74.5 Mn) and MJF Beverages (Private) Limited amounting to Rs. 5.7 Mn (2024/25 Rs. 4.4 Mn).

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

As at 31 March / 31 December

18	AMOUNTS DUE FROM RELATED PARTIES	Relationship	31.03.2026 Rs.'000	31.03.2025 Rs.'000
	MJF Beverages (Private) Limited	Affiliate Company	315	604
	Ceylon Tea Farmers (Private) Limited	Affiliate Company	1,020	-
	MJF Tea Gardens (Private) Limited	Affiliate Company	129	-
	Patiagama Estate (Private) Limited	Affiliate Company	378	-
	Dilmah Ceylon Tea Comapany PLC	Affiliate Company	2,854	395
			4,696	999

19	CASH AND CASH EQUIVALENTS	Note		
	Favorable cash and cash equivalents Balances			
	Cash at Bank		54,876	99,444
	Cash in Hand		846	655
			55,722	100,098
	Unfavorable cash and cash equivalent Balances			
	Bank Overdraft	19.1	(197,377)	(292,072)
	Cash & Cash equivalents for the purpose of Statement of Cash Flows		(141,656)	(191,974)

19.1	Bank Overdraft			
	Seylan Bank PLC - A/C No 1	Note 19.1 (a)	62,812	59,250
	Seylan Bank PLC - A/C No 2	Note 19.1 (a)	29,998	29,999
	Commercial Bank of Ceylon PLC	Note 19.1 (b)	103,703	134,362
	Union Bank PLC		-	2
	Hatton National Bank PLC	Note 19.1 (c)	864	-
	Nation Trust Bank PLC	Note 19.1 (d)	-	68,459
			197,377	292,072

19.1 (a)

Bank	- Seylan Bank PLC
Facility	- Rs 110 Mn.
Purpose	- Finance the Working Capital requirements
Rate of Interest	- AWPLR+1.75% . subject to further revisions in line with future reductions in market
Security	- Primary Mortgage Bond over leased hold rights of Estate Land, Buildings & Fixed Assets at - Imboolpitiya Estate - Kataboola Estate - Kataboola Estate - Kadeinlena Division

19.1 (b)

Bank	- Commercial Bank of Ceylon PLC
Facility	- Rs150 Mn.
Purpose	- Finance the Working Capital requirements
Rate of Interest	- AWPLR+0.5%
Security	- Primary & subsequent Mortgage Bond over leasehold rights of Property at Craighead Estate

19.1 (c)

Bank	-Hatton National Bank PLC
Facility	- Rs 50 Mn.
Purpose	- Finance the Working Capital requirements
Rate of Interest	- AWPLR+0.5%
Security	- Clean Basis

19.1 (d)

Bank	- Nations Trust Bank PLC
Facility	- Rs 100 Mn.
Purpose	- Finance the Working Capital requirements
Rate of Interest	- AWPLR
Security	- Tripartite Agreement with Forbes and Walker Tea Brokers, Rs. 10 Mn weekly Prompt directed to Nations Trust Bank PLC

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

As at 31 March

20. STATED CAPITAL

	Note	As at 31 March 2026 Number of Shares	As at 31 March 2026 Value of Shares Rs.	As at 31 March 2025 Number of Shares	As at 31 March 2025 Value of Shares Rs.
Fully Paid Ordinary Shares					
Ordinary Shares		99,406,691	1,698,952,631	99,406,691	1,698,952,631
Golden Share held by Secretary to the Treasury	20.1	1	10	1	10
		99,406,692	1,698,952,641	99,406,692	1,698,952,641

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

20.1 Golden Shareholder

The Golden Share has been allotted to the Secretary to the Treasury by capitalization of revaluation reserve on 1 August 1995. The Articles of Association of the Company embodies the specific rights assigned to the Golden Shareholder on behalf of the State of Democratic Socialist Republic of Sri Lanka. Following special right are vested with the Golden Shareholder;

a) The Company shall obtain the written consent of the Golden Shareholder prior to sub-leasing, ceding or assigning its rights in part or all of the 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 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 agree 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 Golden Shareholder and the Company.

20.2 Shares Issued by way of Private Placement

The Company Issued 19,516,886 No. of Ordinary Voting Shares of the Company by way of a Private Placement on 31st December 2020 to MJF Teas (Private) Limited at a consideration of Rs. 41/- per Private Placement Share, by Capitalizing a total sum of Rs. 800,192,326 due and payable by the Company to MJF Teas (Private) Limited including the payable amounts assigned by MJF Exports (Private) Limited and Forbes Plantations (Private) Limited.

21 REVALUATION RESERVE

	31.03.2026 Rs.'000	31.03.2025 Rs.'000
At the beginning of the period	340,596	340,596
Surplus on Revaluation of Plant & Machinery	161,151	
At the end of the period	501,747	340,596

21.1 Nature and purpose of Revaluation Reserve

The revaluation reserve relates to freehold Plant and Machinery which has been revalued by the Company. On revaluation an asset, any increase in the carrying amount is recognized in revaluation reserve in equity through statement of comprensive income or used to reverse a previous loss on revaluation of the same asset, which was charged to the profit or loss. Any balance remaining in the revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

As at 31 March

22	DEFERRED INCOME	31.03.2026 Rs.'000	31.03.2025 Rs.'000
	Grants and Subsidies		
	At the beginning of the period	849,052	241,888
	Grants received	7,439	629,247
		856,491	871,135
	Amortization	(16,382)	(22,083)
	As at the end of the period	840,109	849,052
	Deferred Income		
	At the beginning of the period	16,703	17,802
	Amortization	(919)	(1,099)
	At the end of the period	15,784	16,703
	Total Carrying amount as at the end of the period	855,893	865,755

The above represents the following :

The funds received from the Plantation Human Development Trust (Plantation Housing and Social Welfare Trust) and Asian Development Bank (ADB) are for the development of workers welfare facilities.

The funds received from the MJF Charitable Foundation is to further a primary objective of the Company for Solar power renewable energy projects as part of sustainability initiatives

The amounts spent are capitalized under the relevant classification of Property, Plant & Equipment and the corresponding grant component is reflected under deferred grants and subsidies and amortised over useful life span of the related asset.

23	DEFERRED TAX LIABILITIES	Note	31.03.2026 Rs.'000	31.03.2025 Rs.'000
	As at 01 January		1,027,382	767,832
	Originated during the period - recognized in profit or loss	23.1	41,783	262,229
	Originated/(Reversed) during the period- recognized in other comprehensive income	23.2	98,617	(2,679)
	At the end of the period		1,167,782	1,027,382
23.1	**Provision / (Reversal) during the period recognized in Profit or Loss**			
	Due to change in the temporary differences		41,783	262,229
			41,783	262,229
23.2	**Provision/(Reversal) during the period recognized in Other Comprehensive Income**			-
	Deferred Tax Charge on Revaluation of Plant & Machinery		69,065	-
	Due to change in the temporary differences		29,553	(2,679)
			98,618	(2,679)

23.3 Reconciliation of Deffered tax effect on temporary differences	31.03.2026		31.03.2025	
	Temporary Differences Rs.'000	**Tax Effect Rs.'000**	Temporary Differences Rs.'000	Tax Effect Rs.'000
On Property Plant and Equipment and Bearer Biological Assets	3,187,928	956,378	2,982,776	894,833
On Retirement gratuity	(780,778)	(234,234)	(841,971)	(252,591)
On Tax loss carried forward	(253,601)	(76,080)	(359,873)	(107,962)
On Biological Assets at fair value	1,758,509	527,553	1,653,645	496,094
On Leasehold Right To Bare land	(19,452)	(5,835)	(9,971)	(2,991)
	3,892,606	1,167,782	3,424,606	1,027,382

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes based on the provision of the Inland Revenue (Amendment) Act, No. 45 of 2022. The deferred tax liability is calculated at the effective tax rate of 30% (2024/25- 30%) for the Company as at 31st March 2026.

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

As at 31 March

23 DEFERRED TAX LIABILITIES (Continued)

23.4 Deferred Tax Asset / Assessment of Recoverability

The Company recognized a deferred tax asset consequent to the changes in the Inland Revenue Act No. 24 of 2017. As per the Inland Revenue Act No. 24 of 2017, 100% of taxable income is allowed to be deducted against the tax losses incurred. According to the transitional provisions of the new Act, the brought forward tax loss can be claimed against taxable income for a period of 6 years commencing from the year of assessment 2018/19.

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

The unutilized tax losses of Rs. 254 Mn (2024/25 -Rs. 360 Mn) have been considered for the deferred tax based on the probable future taxable profits available.

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

24 INTEREST BEARING LOANS AND BORROWINGS

		Notes	31.03.2026 Rs.'000	31.03.2025 Rs.'000
24.1	Amount payable after one year	24.6	1,148,877	455,065
24.2	Amount payable within one year	24.7	378,563	787,900
			1,527,439	1,242,965

24.3 Bank Borrowings

Balance at the beginning of the period	828,578	1,026,418
Borrowings obtained	775,000	446,000
Repayments	(500,901)	(643,840)
Balance at the end of the period	1,102,677	828,578

24.4 Intercompany Borrowings

	31.03.2026 Rs.'000	31.03.2025 Rs.'000
Balance at the beginning of the period	370,343	416,183
Borrowings obtained	20,481	19,160
Repayments	-	(65,000)
Balance at the end of the period	390,041	370,343

24.5 Lease Liability

	31.03.2026 Rs.'000	31.03.2025 Rs.'000
At the beginning of the period	44,044	52,251
Addition	-	-
Interest expense	11,033	16,653
Repayments	(20,355)	(24,860)
At the end of the period	34,722	44,044

24.5.1 Amount recognised in the statement of profit or loss

Interest expense for the period	11,033	16,653
	11,033	16,653
Depreciation expense for the period	15,611	19,514
	15,611	19,514

24.5.2 Amount recognised in the statement of cash flows

Repayments	20,355	24,860
	20,355	24,860

24.5.3 Maturity Analysis of Undiscounted cash flows

Less than one year	18,252	20,355
One to five years	28,435	46,687
Total	46,687	67,042

Payment terms of lease facilities - 61 monthly installments. Effective interest rate 26.42%-26.98% p.a.

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

As at 31 March

24.6 Interest Bearing Loans and borrowings- Payable after one year

24.6.1 Term Loan Payable - Bank Loan

Lender	31.03.2026 Rs.'000	31.03.2025 Rs.'000
Hatton National Bank PLC	482,597	276,796
Commercial Bank PLC	45,000	82,130
Sampath Bank PLC	293,750	-
	821,347	358,926

24.6.2 Term Loan Payable - Related Party Loan

MJF Exports (Private) Limited	252,027	26,486
MJF Charitable Foundation	50,611	34,930
	302,637	61,417

24.6.3 Lease Liability

Central Finance PLC	24,892	34,722
Total Interest Bearing Loans and Borrowings- Payable after one year	1,148,877	455,065

24.7 Interest Bearing Loans and borrowings- Payable within one year

	31.03.2026 Rs.'000	31.03.2025 Rs.'000
24.7.1 Term Loan Payable - Bank Loans		
Commercial Bank PLC	37,130	255,448
Hatton National Bank PLC	169,200	69,204
Nations Trust Bank PLC	-	100,000
Standard Chartered Bank Limited	-	45,000
Sampath Bank PLC	75,000	
	281,330	469,652

24.7.2 Term Loan Payable - Related Party Loans

MJF Exports (Private) Limited	79,504	305,045
MJF Charitable Foundation	7,899	3,881
	87,403	308,926

Interest rates and the terms of the repayments of the Related party loans are given in note 29.1

24.7.3 Lease Liability

Central Finance PLC	9,830	9,322
Interest Bearing Loans and Borrowings- Payable within one year	378,563	787,900

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

As at 31 March

24.8 Interest rates, Securities & the terms of the repayments of the bank loans are given below,

Bank	Loan Amount (Rs. Mn)	Interest Rate p.a.	Terms of the Repayment	Security	31.03.2026 Rs '000	31.03.2025 Rs '000
Commercial Bank PLC	475	AWPLR+0.5%	Short Term Loan 01 month, extendable upto maximum 03 months	Mortgage over Lease-hold right of Craighead Estate for Rs. 85.3 Mn Tripartite Agreement with Forbes and Walker Tea Brokers - Rs. 30 Mn weekly Prompt directed to commercial bank	82,130	337,578
	200	AWPLR + 2%	In 60 equal monthly installments of Rs. 3,378,000 of capital payment & interest commencing from 02.09.2019 & Recommenced In January 2022 after Covid- Relief moratoriums			
	150	AWPLR + 1.5%	In 60 equal monthly installments of Rs. 2,500,000 of capital payment & interest commencing from 25.10.2023			
Hatton National Bank PLC	346	AWPLR+0.5%	In 59 equal monthly instalments of Rs 5,767,000 and final instal-ment of Rs 5,747,000 together with interest	Clean basis	651,797	346,000
	400	AWPLR+0.25%	In 47 equal monthly instalments of Rs 8,333,000 and final instal-ment of Rs 8,349,000 together with interest			
Standard Chartered Bank Limited	300	Weekly AWPLR - 0.25%	In 20 equal quarterly installments of Rs. 15,000,000 of capital pay-ment & Interest each commencing from 01.10.2019 & recommenced on 15.10.2022 after Covid- Relief moratoriums	Corporate Guarantee from MJF Holdings Limited Rs. 60 Mn (Released as at 22nd Oct 2025)	-	45,000
Sampath Bank PLC	375	AWPLR+0.25%	In 60 equal monthly instalments of Rs 6,250,000 together with interest	Tripartite Agreement with Forbes and Walker Tea Brokers - Rs. 20 Mn weekly Prompt directed to Sampath Bank	368,750	-
Nations Trust Bank PLC (Facility settled w.e.f. 4th June 2026)	100	AWPLR	Short Term extendable upto maxi-mum 03 months	Tripartite Agreement with Forbes and Walker Tea Brokers - Rs. 10 Mn weekly prompt direct-ed to NTB	-	100,000

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

As at 31 March

25	RETIREMENT BENEFIT OBLIGATIONS	Note	31.03.2026 Rs.'000	31.03.2025 Rs.'000
	Estate Employees	25.1	634,976	683,667
	Head Office Staff	25.2	52,072	48,862
			687,048	732,529

25.1 Estate Employees - Movement in the present value of retirement benefit obligations

At the beginning of the period		683,667	630,932
Current Service Cost		83,889	76,221
Interest Cost		71,785	103,328
Remeasurement of retirement benefit obligations		(99,095)	2,719
		740,246	813,200
Payments		(86,121)	(111,552)
Transferred to arrears gratuity payable	27	(19,149)	(17,981)
As at the end of the period		634,976	683,667

25.2 Head Office Staff - Movement in the present value of retirement benefit obligations

At the beginning of the period		48,862	36,467
Current Service Cost		5,729	6,406
Interest Cost		5,131	5,972
Remeasurement of retirement benefit obligations		586	6,210
		60,308	55,055
Payments		(8,236)	(6,194)
As at the end of the period		52,072	48,862

25.3 Amount recognised in the statement of profit or loss

Current Service Cost		89,618	82,627
Interest Cost		76,916	109,300
		166,534	191,927

25.4 Amount recognised in the statement of Other Comprehensive Income

Experience Loss/(Gain) arising during the period		(32,969)	(87,786)
Loss/(Gain) due to changes in assumptions during the period		(65,540)	96,715
Actuarial Loss/ (Gain) on remeasurement of retirement benefit obligations		(98,509)	8,929

The provision for retirement benefits obligations as at 31 March 2026 is based on the actuarial valuation carried out by Mr. Piyal S. Goonathileke & Associates, using the "Projected Unit Credit" (PUC) method, the method recommended by the Sri Lanka Accounting Standard – LKAS 19 on "Employee Benefits".

25.5	Key Assumptions used by actuary include following:	31.03.2026	31.03.2025
	a) Rate of Interest (Discount rate)	10.5%	10.5%
	A Long-term treasury bond rate 10.5% p.a. (2024/25- 10.5% p.a.) was used to discount future liabilities taking into consideration remaining working life of employees.		
	b) Retirement Age	60 Years	60 Years
	c) Mortality Rates (Age 20-59) - up to 1984 Mortality table	0.11% - 1.3%	0.11% - 0.90%
	d) Turnover Rate (Age 20-59) - Staff	1%-6%	1%-6%
	- Workers	5%-12%	5%-12%
	e) The Company will continue as a going concern		

25.6 Sensitivity Analysis - Discount Rate & Salary Increment Rate

A quantitative sensitivity analysis for significant assumptions used by the Company as at 31 March 2026 is as shown below:

	31.03.2026		31.03.2025	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
1% Change in Discount rate	-1%	+1%	-1%	+1%
Present Value of Retirement Benefit Obligation	731,289	650,091	785,272	689,144
1% Change in Salary Increment Rate	-1%	+1%	-1%	+1%
Present Value of Retirement Benefit Obligation	650,439	730,047	690,034	779,357

The sensitivity analysis above has been determined on a method that extrapolates the impact on Retirement Benefit Obligations as a result of reasonable changes in key assumptions occurring at the end of reporting period.
No. of Employees as at the period end is disclosed under Note 1.7

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

As at 31 March

25 RETIREMENT BENEFIT OBLIGATIONS (Continued)

The following payments are expected contributions to the Retirement Benefit Obligations in future years using undiscounted cash flows:

	31.03.2026 Rs.'000	31.03.2025 Rs.'000
Within one year	77,143	82,050
Between 1 to 5 years	429,735	436,995
Beyond 5 years	841,101	824,276
	1,347,979	1,343,321

Weighted average duration of defined benefit obligation	31.03.2026 No. of years	31.03.2025 No. of years
Staff - Head Office	8.9	9.4
Staff - Estate	10.1	10.7
Workers	6.3	5.7

26 NET LIABILITY TO LESSOR OF JEDB / SLSPC ESTATES

	31.03.2026 Rs.'000	31.03.2025 Rs.'000
Payable within one year	2,857	2,398
Payable after one year	251,564	245,106
	254,420	247,505

26.1 Movement in Net Liability to Lessor of JEDB/SLSPC Estates

At the beginning of the period	247,505	212,828
Remeasurement of lease liability	9,405	37,100
Interest expense	34,227	39,517
Payments	(36,717)	(41,940)
As at the end of the period	254,420	247,505

26.2 Amount recognised in the statement of profit or loss and other comprehensive income

Interest expense	34,227	39,517
Amortization of ROU assets	11,970	13,801
	46,197	53,318

26.3 Amount recognised in the statement of cash flows

Repayments	36,717	41,940
	36,717	41,940

26.4 Maturity Analysis of Undiscounted cash flows

Less than one year	37,034	35,678
One to five years	148,135	142,712
More than 5 years	527,730	544,088
Total	712,898	722,478

26.5 The rental payable under the JEDB/SLSPC lease is Rs. 36.7 Million per annum until 14 June 2045 and this amount to be inflated annually by Gross Domestic Production (GDP) Deflator. The future liability will be remeasured annually based on the inflated annual lease rental.

	Gross Liability Rs.'000	Future Liability Rs.'000	Net Liability Rs.'000
At the beginning of the period	722,479	(474,973)	247,505
Interim remeasurement of ROU as at 1/7/2025	36,374	(26,968)	9,405
Repayments	(36,717)	-	(36,717)
Interest expense for period	-	34,227	34,227
As at the end of the period	722,135	(467,715)	254,420

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

As at 31 March

27 TRADE AND OTHER PAYABLES

	Note	31.03.2026 Rs.'000	31.03.2025 Rs.'000
Trade Payables	27.1	34,446	43,944
Staff Salaries & Wage Payables		241,069	240,667
Arrears Gratuity Payable		93,731	109,442
Loan Interest Payable		2,304	9,923
Fertilizer Chemical Suppiler Payable		75,154	71,891
VAT Payable		48,303	-
Government of Statutory Bodies		8,552	6,514
Provision & Accrued Charges		54,689	40,053
Advances and Refundable Deposits		41,436	20,666
Other Creditors		119,936	90,024
		719,620	633,124

27.1 During the perod Rs. 32.57 Mn (2024/25- Rs 48.49 Mn) has been paid under Arrears Gratuity Payable

28 AMOUNTS DUE TO RELATED PARTIES

	Relationship	31.03.2026 Trading Rs.'000	31.03.2026 Non Trading Rs.'000	31.03.2026 Balance Rs.'000	31.03.2025 Trading Rs.'000	31.03.2025 Non Trading Rs.'000	31.03.2025 Balance Rs.'000
Forbes & Walker Tea Brokers (Private) Limited	Affiliate Company	-	-	-	-	-	-
MJF Exports (Private) Limited	Affiliate Company	26,597	-	26,597	39,659	-	39,659
MJF Holdings (Private) Limited	Ultimate Parent	19,098	-	19,098	16,989	-	16,989
MJF Charitable Foundation	Affiliate Company	7,732	-	7,732	3,338	-	3,338
		53,428	-	53,428	59,986	-	59,986

29 RELATED PARTY TRANSACTIONS

29.1 Transactions with related parties

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in Sri Lanka Accounting Standard (LKAS) 24 - Related Party Disclosure, the details of which are reported in this note.

Mr. Malik J Fernando, Ms. Minette D A Perera, Mr. Dilhan C Fernando, Mr D S Seneviratne, Mr.J Darshana N Gunasekera, Mr. M A Wijeratne,Mr. Binesh Neomal Pananwala and Mr. B R P Peiris who are Directors of the Company as at 31 March 2026, have direct or indirect interest in all or some of the transactions as stated below. They either individually or indirectly have share ownership and /or, hold Directorates in such related companies.

				2025/26			2024/25	
	Name of the Related Party	Relationship	Nature of the Transactions	Aggregate value of the RPTs entered during the period (Rs '000) (12 Months)	Aggregate Value of the RPTs as a % of Revenue	Terms & conditions of RPT	Aggregate value of the RPTs entered during the period (Rs '000) (15 Months)	Aggregate Value of the RPT as a % of Net Revenue
	MJF Holdings (Private) Limited	Ultimate Parent	-Corporate Guarantee charges - Expenses reimbursements	(990) (203,784)	0.01% 3.00%	1.5 % p.a. on Gurantee value Reimbursement of expenses	(13,171) (214,516)	0.26% 4.16%
	MJF Exports (Private) Ltd	Affiliate	- Expenses reimbursements - Short Term Loan Settled - Interest on Term loan - Interest on Houpe Estate Solar Power Loan	(9,523) - (26,913) (3,311)	0.14% 0.00% 0.40% 0.05%	Reimbursement of expenses AWPLR+0.5% and AWPLR+1% Fixed rate of 10.5% p.a.	(6,834) (65,000) (42,119) (4,136)	0.13% 1.26% 0.82% 0.08%
	MJF Beverages (Private) Ltd	Affiliate	- Rent Income - Other Income Refuse Tea sale - Other Expenses	2,657 15,783 (482)	0.04% 0.23% 0.01%	Rs.664,335 per quarter (LY Rs.603,941) At commercial terms Reimbursement of expenses	3,020 18,137 (8,723)	0.06% 0.35% 0.17%
	Dilmah Propeties (Private) Ltd	Affiliate	- Office Rent	(1,504)	0.03%	2,535 square foot @ Rs 40/- with VAT per month from April 2025 to March 2026 2,535 square foot @ Rs 30/- with VAT per month from Jan 2024 to March 2025	(1,394)	0.03%
	PCL Solutions (Private) Ltd	Affiliate	- Supply of Plastic Boxes and equipments	(9,297)	0.26%	At arms length prices	(13,263)	0.00%
	Dilmah Ceylon Tea Company PLC	Affiliate	- Secretarial Charges - Expenses reimbursements - Sale of Cinnamon	(42) (1,923) -	0.00% 0.03% 0.00%	As per agreed rates Reimbursement of expenses At market price	(210) (3,845) 284	0.00% 0.07% 0.01%
	MJF Tea Gardens (Private) Ltd	Affiliate	- Dunkeld Estate Shared Service Income - Expenses reimbursements	2,176 15,657	0.03% 0.23%	Shared Service Income - 165,600/= p.m. effective from 01st Nov '2025 Reimbursement of expenses	2,208 1,878	0.04% 0.04%
	MJF Charitable Foundations	Affiliate	-Term Loan received for Denawaka Bunglow Renovation -Term Loan received for Roof Solar Projects - Interest on Term Laon Received for Roof Solar Projects - Interest on Loan recived to Denawaka Bunglow Renovation - Grant Received for Solar Power Project - Grant Received for Building projects	20,480 - (3,688) (563) - -	0.30% 0.00% 0.05% 0.01% 0.00% 0.00%	9.1% p.a. AWPLR + 1% p.a. AWPLR + 1% 9.1% p.a. To further a primary objective of the company for Solar power renewable energy projects as part of sustainability initiatives To further Estate Employee Welfare projects	- 19,160 (3,567) 600,000 29,247	0.00% 0.37% 0.07% 11.64% 0.57%

29 RELATED PARTY TRANSACTIONS (Contd...)

				2025/26			2024/25	
	Name of the Related Party	Relationship	Nature of the Transactions	Aggregate value of the RPTs entered during the period (Rs '000) (12 Months)	Aggregate Value of the RPTs as a % of Revenue	Terms & conditions of RPT	Aggregate value of the RPTs entered during the period (Rs '000) (15 Months)	Aggregate Value of the RPT as a % of Net Revenue
	Ceylon Tea Farmers (Private)Ltd	Affiliate	Park Estate Factory - Shared Service Income	2,176	0.03%	Shared Service Income - 165,600/= p.m. effective from 01st Nov '2025	2,208	0.04%
			-Reimbursement expenses	4,370	0.06%	138,000/= p.m. up to 31st Oct 2024.	(791)	0.02%
						Reimbursement expenses	-	
			-Temporary Loans Given	(17,400)	0.26%	11.75% p.a.	-	
			-Temporary Loans Settlement	17,400	0.26%			
			-Interest on Temporary Loans	264	0.00%			
	Patiagama Estate (Private) Ltd	Affiliate	- Kelburn Estate shared servicer fee income	206	0.00%	Shared Service Income revised fee of Rs. 15,000/- + VAT w.e.f.1st 1st Novem-	89	0.00%
			-Reimbursement expenses	291	0.00%	ber 2024		
						Reimbursement expenses	-	0.00%
	Forbes & Walker Commodity Brokers (Private) Ltd	Affiliate	- Entering of sales contracts	441,528	6.50%	According to the terms & conditions of	524,753	10.18%
			- Brokerage charges	(4,415)	0.07%	Colombo Brokers Association	(5,242)	0.10%
			- Warehouse charges	(1,624)	0.02%		(2,145)	0.04%
	Forbes & Walker Tea Brokers (Private) Ltd	Affiliate	- Entering of sales contracts	3,710,453	54.64%	According to the terms & conditions of	5,993,758	116.30%
			- Brokerage Paid	(37,105)	0.55%	colombo Brokers Association	(59,938)	1.16%
			- Other charges	(12,293)	0.18%		(16,632)	0.32%
			- Interest on prompt advances	-	0.00%		(15,761)	0.31%
			- Prompt advances received	-	0.00%		2,067,200	40.11%
			- Prompt advances received repaid	-	0.00%		(2,280,959)	44.26%

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

As at 31 March

29.2 Disclosure of Recurrent Related party Transactions as per CSE 9.14.8 Rules

There were recurrent related party transactions which in aggregate value exceeds 10% of the revenue of the Company as per 31 March 2025 audited financial statements, which required additional disclosures in the 2025/26 Annual Report under Colombo Stock Exchange Listing Rule 9.14.8 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act. Accordingly, the above disclosure in Note No. 29.1 was made in the Annual Report for the period ended 31 March 2026;

29.3 Disclosure of Non-recurent Related party Transactions as per CSE 9.14.8 Rules

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets which-ever is lower of the Company as per 31 March 2025 audited financial statements, which required additional disclosures in the 2025/26 Annual Report under Colombo Stock Exchange listing Rule 9.14.8 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13(c) of the Securities and Exchange Commission Act.

29.4 Transactions with related parties are carried out in the ordinary course of business on a arms length basis with normal Commercial terms.

29.5 Amounts due to and due from the above Companies are disclosed in note 17.1, 18, 24 and 28 and of the face of the statement of Financial Position .

29.6 Corporate Guarantees given by Related Party companies as at 31st March 2026 are disclosed under Notes 19.1 and 24.8.

29.7 There were no transaction with Close Family Members during the period ended 31st March 2026.

29.8 Compensation of 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, key management personnel include members of the Board of Directors of the Company, the Ultimate Parent Company MJF Holdings Limited and Parent Company, Forbes Plantations (Pvt) Ltd.

	2025/26 Rs.'000 (12 Months)	2024/ 25 Rs.'000 (15 Months)
Short term employee benefits	32,134	28,700
Long term employee benefits	-	-
Post employment benefits	-	-
Total	32,134	28,700

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

As at 31 March

30 **Financial Risk Management**

(i) Overview

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

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

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

(ii) Risk management framework

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

Credit Risk

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

Exposure to Credit Risk

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

	Carrying Amount	
	31.03.2026	31.03.2025
	Rs.'000	Rs.'000
Trade and Other Receivables	292,867	191,611
Amount due from Related Company	4,696	999
	297,563	192,610

Management of Credit Risk

Trade and other receivables

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

The Company limits the exposure to credit risk from the trade receivables due to the establishment of maximum payment period of 7 days from the tea brokers. More than 90% of the Company customers have been transacting through the related party brokering companies for over the years, and none of these customers' balances have been written off or are credit impaired at the reporting date. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or end-user customer, their geographic location, industry, trading history with the company and existence of previous financial difficulties. The Company trades only with recognized, credit-worthy third parties. In addition, receivable balances are monitored on an ongoing basis with the results that the Company's exposure to bad debts is not significant. The Company does not require collateral in respect of most of trade and other receivables.

Credit quality of Financial Assets

A analysis of the credit quality of trade receivables that were neither past due nor impaired and the ageing of trade receivables that were past due but not impaired as at 31st March 2026 is as follows

	Carrying Amount	
As at	**31.03.2026**	31.03.2025
	Rs.'000	Rs.'000
Neither past due not impaired	195,419	89,500
Past due but not impaired		
Total trade receivables	195,419	89,500

Amounts due from related companies

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

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

As at 31 March

30 Financial Risk Management (Continued)

Balances with Banks

The Company held balances with banks of Rs. 55 Mn As at 31st March 2026 (2024/25 : Rs 99 Mn) which represents its maximum credit exposure on these assets.

	31.03.2026 Rs.'000	31.03.2025 Rs.'000
Cash at Bank having credit ratings	54,862	99,443
AAA+ , AA- to A	14	1
CCC+, CC+	54,876	99,444

The above has been derived as per the Company's risk management policy of using the carrying values in the Statement of Financial Position. There were no off - balance sheet exposures as at the date. This does not include the exposure that would arise in the future as a result of changes in values.

Risk response to credit risk on financial investments

- The Company's investment policy prohibits non-graded investments, unless specifically authorised.
- Regularly review credit worthiness of counterparties and take necessary actions if required.
- Appropriate actions are implemented when the investments are expected to be high credit risk.

(iv) Liquidity Risk

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

The Company maintains the following lines of credit,

- Rs 110 Mn, , 150Mn, 100 Mn & 50Mn Overdraft facilities that is secured by a letter of negative pledge over the Company's unencumbered assets.
- Term loan facilities as depicted in Note 24.

The table below summaries the maturity profile of the financial liabilities based on contractual undiscounted payments.

	Carrying Amount Rs.'000	Less than 1 year Rs.'000	More than 1 year Rs.'000	Total Rs.'000
As at 31 March 2026				
Financial Liabilities (Non- Derivative)				
Interest Bearing Borrowings	1,527,439	373,867	1,148,877	1,529,743
Liability to JEDB/SLSPC Estates	254,420	37,034	675,865	712,898
Amounts Due to Related Company	53,428	53,428	-	53,428
Trade and Other Payables	678,184	678,184	-	678,184
Bank overdraft	197,377	197,377	-	197,377
Total	2,710,847	1,346,888	1,824,741	3,171,629

	Carrying Amount Rs.'000	Less than 1 year Rs.'000	More than 1 year Rs.'000	Total Rs.'000
As at 31 March 2025				
Financial Liabilities (Non- Derivative)				
Interest Bearing Borrowings	1,242,965	797,823	455,065	1,252,888
Gross Liability to JEDB/SLSPC Estates	247,505	35,678	686,800	722,478
Amounts Due to Related Company	59,986	59,986	-	59,986
Trade and Other Payables	612,458	612,458	-	612,458
Bank overdraft	292,072	292,072	-	292,072
Total	2,454,986	1,798,017	1,141,865	2,939,883

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

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

As at 31 March

30 Financial Risk Management (Continued)

(v) Market risk

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

(a) Currency risk

The Company is exposed to currency risk only on purchases that are denominated in a currency other than Sri Lankan Rupees (LKR). The Foreign currencies in which these transactions primarily denominated are United Stated Dollars (USD).

Since the frequency of the transaction done in foreign currency is very low, the Company is not exposed to a higher degree of currency risk.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in the market interest rate relates primarily to the Company's long-term debt obligations with floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

At the reporting date, the company's interest-bearing financial instruments and respective interest cost were as follows

	31.03.2026 (Rs.'000)				31.03.2025 (Rs.'000)			
	Variable Interest Cost	**Fixed Interest Cost**	**Total Interest Cost**	**Carrying Amount as at 31st March**	Variable Interest Cost	Fixed Interest Cost	Total Interest Cost	Carrying Amount as at 31st Dec
Financial liabilities								
Net Liability to Lessor of JEDB/SLSPC Estates	34,227	-	34,227	254,420	39,517	-	39,517	247,505
Bank Overdrafts	19,323	-	19,323	197,377	96,580	-	96,580	292,072
Term Loans	110,164	11,033	121,197	1,527,439	190,956	16,653	207,609	1,242,965
	163,714	11,033	174,747	1,979,237	340,224	16,653	356,877	1,782,541

Sensitivity Analysis

If the interest rates would have been higher /(lower) by 100 basis points and all other variables were held constant, the profit before tax for the period ended 31 March 2026 would have Increased/(decreased) as follow

	Increase/(decrease) in basis points	**+/(-) Rs.'000**
Increase	+100	(18,809)
Decrease	-100	18,809

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

As at 31 March

30 Financial Risk Management (Continued)

(vi) Operational risk

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

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

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

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

(vii) Capital management

The Company's policy is to maintain a strong capital base so as to maintain shareholder, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and level of dividends to ordinary shareholders.

The Management seeks to maintain a lower level of gearing to go in line with the risk limits they have set for the Company based on the Company's risk capacity. Accordingly, the borrowings are kept at a minimum level and considerable part of the borrowings comprise Bank Overdrafts with variable interest rates & Short-Term loans with variable interest rates being used only to manage the working capital requirements of day to day operations and finance the acquisition or construct of capital assets of the Company.

The Company's Net Debt to Equity ratio at the end of the reporting period was as follows:

	31.03.2026 Rs.'000	31.03.2025 Rs.'000
Total Liabilities	5,463,008	5,101,317
(-) Cash and Cash Equivalents	(55,722)	(100,098)
	5,407,285	5,001,219
Total Equity	1,106,209	951,100
Net Debt to Equity Ratio	489%	526%

31 FAIR VALUE MEASUREMENT

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

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

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

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

Fair values of Financial Assets and Financial Liabilities that are traded in active markets are based quoted market prices or dealer price quotations for all other financial instruments the company determines fair value using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, 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 reflect the price of the financial instrument at the reporting date, that would have determined by the market participants acting at the arm's length.

Further information about the assumptions made in measuring fair value is included in the following Notes

- Note 14 Property Plant and Equipment
- Note 15 Biological Assets

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

As at 31 March

31 FAIR VALUE MEASUREMENT (Continued)

31.1 Fair value versus carrying value

The following table sets out the fair values of financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which each fair value measurement is categorized. The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows

It does not include fair value information of financial assets & liabilities not measured at fair value, if the carrying amount is reasonable approximation of fair value.

As at 31st March 2026	Carrying Amount Rs.'000	Level I Rs.'000	Level II Rs.'000	Level III Rs.'000	Total Rs.'000
Assets carried at amortised cost					
Trade and other receivables	292,867	-	-	292,867	292,867
Amounts Due from Related Party	4,696	-	-	4,696	4,696
Cash and Cash Equivalents	55,722	-	55,722	-	55,722
	353,285	-	55,722	297,563	353,285
Other Financial liabilities					
Interest bearing Loans and Borrowings	1,527,439	-	-	1,527,439	1,527,439
Net Liability to JEDB/SLSPC Estates	254,420	-	-	254,420	254,420
Amounts Due to related Companies	53,428	-	-	53,428	53,428
Trade and Other Payables	678,182	-	-	678,182	678,182
Bank Overdraft	197,377	-	197,377	-	197,377
	2,710,848	-	197,377	2,513,470	2,710,848

As at 31st March 2025	Carrying Amount Rs.'000	Level I Rs.'000	Level II Rs.'000	Level III Rs.'000	Total Rs.'000
Assets carried at amortised cost					
Trade and other receivables	191,611	-	-	191,611	191,611
Amounts Due from Related Party	999	-	-	999	999
Cash and Cash Equivalents	100,098	-	100,098	-	100,098
	292,708	-	100,098	192,610	292,708
Other Financial liabilities					
Interest bearing Loans and Borrowings	1,242,965	-	-	1,242,965	1,242,965
Net Liability to JEDB/SLSPC Estates	247,505	-	-	247,505	247,505
Amounts Due to related Companies	59,986	-	-	59,986	59,986
Trade and Other Payables	612,458	-	-	612,458	612,458
Bank Overdraft	292,072	-	292,072	-	292,072
	2,454,986	-	292,072	2,162,914	2,454,986

31.2 Fair value hierarchy of the Financial Instruments carried at Fair Value

The Company does not account for any financial instruments carried at fair value as at the reporting date.

32 Reconciliation of Liabilities Arising From Financing Activities

Sri Lanka Accounting Standard - LKAS 7 (Statement of Cash flows), requires an entity to disclose information that enables users of Financial Statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Accordingly, changes in liabilities arising from financing activities for the year ended 31st March 2026 are disclosed below.

The funds borrowed by the Company are given in Note 24 and 26.

	31.03.2026 Rs.	31.05.2025 Rs.
Balance as at 01st April	1,490,470	1,707,680
Net Cash Flows from Financing Activities	244,947	318,767
Non Cash Changes	46,443	(535,977)
At the end of the period	1,781,859	1,490,470

NOTES TO THE FINANCIAL STATEMENTS *(Contd...)*

As at 31 March

33 CAPITAL COMMITMENTS

There were no material capital commitments as at the reporting date. However, the budgeted capital development program for the next year is approximately Rs. 222.5 Mn.

34 CONTINGENT LIABILITIES AND COMMITMENTS

There were no material contingent liabilities and commitments as at the reporting date.

35 GOING CONCERN

Despite the challenges of recent worker wage increase, geo-political uncertainties etc. , the Company has been able to contained the loss for the period for Rs 75 Mn during the year ended 31st March 2026 and as of that date, accumulated losses amounted to Rs 1,094 Mn (31st March 2025: Loss of LKR 1,088 Mn). Further, Company has been able to keep a positive Operational Cash Flows from operating activities Rs. 351 Mn for the period ended 31 March 2026 compared Rs. 512 Mn recorded for the 15 months period ended 31 March 2025.

Further, the Company's net current liability position improved by 40% compared to the previous period, with current liabilities exceeding current assets by Rs 584 million as of 31st March 2026, compared to LKR 978 million as of 31 March 2025. The Company was able to settle loans and borrowings (due within 12 months) to Rs. 379 Mn as at 31st March 2026 compared to Rs. 788 Mn as at 31st March 2025.

As a result of the significant turnaround in business, the Company was able to also negotiate favorable terms with financial institutions for beneficial funding terms without requiring external securities such as corporate guarantees or borrowing covenants, and by securing future cash flow-based collateral, which reflects increased confidence from banks. Further, despite extreme economic challenges in the past years, the Company has successfully met its obligations through internally generated operational cash flows and continues to meet its commitments after the reporting date.

In assessing the appropriateness of the use of going concern basis of accounting in the preparation of financial statements has conducted a comprehensive review of the Company's affairs including, but not limited to:

- The cash flow forecast of the Company for the period up to next 12 months"
- The Company's continued ability to settle statutory payables and other liabilities as they fall due and are payables"
- Revenue and profitability forecasts for the Company for not only the next financial year, but beyond 31st March 2027

Further to the significant business turnaround for the current period, Rigorous strategies have been implemented to increase capacity, unlock new revenue-generating avenues in the renewable energy segment, and enhance quality with the intent to increase gross profit and resultant profitability and reduce accumulated losses. Moreover, the Board of Directors has no plans to liquidate the Company or cease operations in the near future. To improve the Company's financial position, Management has also taken several proactive steps in business sustainability and expect positive impacts to the operations.

As a result of the significant business turnaround as described above, the Management continue to have a confidence & reasonable expectation that the Company will have adequate resources to continue in its operations for at least the next 12 months. Therefore, going concern basis of accounting is considered very much appropriate and firmly believe that the Company will be able to continue as a going concern into the foreseeable future and, accordingly, the Financial Statements of the Company have been prepared on a going concern.

36 EVENTS OCCURING AFTER THE REPORTING DATE

Subsequent to the reporting date, no material circumstances have arisen which requires adjustments to or disclosure in these financial statements.

Information to Shareholders and Investors

1 STOCK EXCHANGE LISTING

The issued Ordinary Shares of Kahawatte Plantations PLC are listed with the Colombo Stock Exchange

2 DISTRIBUTION OF SHAREHOLDINGS

Range		31 March 2026				31 March 2025			
From	**To**	No. of Shares Holders	%	No .of Shares Held	%	No. of Shares Holders	%	No. of Shares Held	%
1	1,000	19,107	96.61%	2,890,234	2.91%	19,133	96.33%	2,890,036	2.91%
1,001	10,000	500	2.53%	1,799,065	1.81%	544	2.74%	1,968,512	1.98%
10,001	100,000	146	0.74%	4,318,871	4.34%	159	0.80%	4,397,969	4.42%
100,001	1,000,000	21	0.11%	6,222,458	6.26%	20	0.10%	4,774,974	4.80%
1,000,001	and over	4	0.02%	84,176,064	84.68%	5	0.03%	85,375,201	85.88%
Total		19,778	100.00%	99,406,692	100.00%	19,861	100.00%	99,406,692	100.00%

3 CATEGORIES OF SHAREHOLDERS

No. of Shares Held	31 March 2026				31 March 2025			
	No. of Shares Holders	%	No. of Shares Held	%	No. of Shares Holders	%	No. of Shares Held	%
Local Individuals	19,667	99.44%	12,853,873	12.93%	19,734	99.36%	12,847,173	12.92%
Local Institutions	103	0.52%	86,522,724	87.04%	119	0.60%	86,526,574	87.04%
Foreign Individuals	8	0.04%	30,095	0.03%	8	0.04%	32,945	0.03%
Foreign Institutions	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Total	19,778	100.00%	99,406,692	100.00%	19,861	100.00%	99,406,692	100.00%

4 MAJOR SHAREHOLDERS

	Name of the Shareholder	As at 31 March 2026		As at 31 March 2025	
		No. of Shares Held	%	No. of Shares Held	%
01	FORBES PLANTATIONS (PRIVATE) LTD	50,955,581	51.26%	50,955,581	51.26%
02	MJF TEAS PRIVATE LIMITED	19,516,886	19.63%	19,516,886	19.63%
03	DILMAH CEYLON TEA COMPANY PLC	12,571,800	12.65%	12,571,800	12.65%
04	MR. T.L.M. NAWASH	1,131,797	1.14%	1,196,961	1.20%
05	MR. S.N.C.W.M.B.C. KANDEGEDARA	842,886	0.85%	802,139	0.81%
06	SANASA GENERAL INSURANCE COMPANY LTD	832,183	0.84%	-	0.00%
07	MRS. H.M.A.R.K. KALUHENDIWELA	685,947	0.69%	650,947	0.65%
08	SAMPATH BANK PLC/SENTHILVERL HOLDINGS (PVT) LTD	501,250	0.50%	-	0.00%
09	MR. S. YUSOOF	400,000	0.40%	500,000	0.50%
10	DR. A.A.M. DHARMADASA	340,295	0.34%	340,295	0.34%
11	MR. N.R.S.M.R.A. GIRAGAMA	273,020	0.27%	247,959	0.25%
12	SENKADAGALA FINANCE PLC/K.R.A.L.KAHATAPITIYA	261,992	0.26%	100,000	0.10%
13	MISS. S.N.C.W.M.T.R. KANDEGEDARA	250,000	0.25%	250,000	0.25%
14	BANK OF CEYLON A/C CEYBANK UNIT TRUST	221,147	0.22%	1,133,973	1.14%
15	DR. L.U. EDIRISINGHE	171,385	0.17%	97,452	0.10%
16	MR. W.A.S.P. DE SARAM	164,395	0.17%	1	0.00%
17	ASSETLINE FINANCE PLC/H.A.S.P.KUMARA	158,275	0.16%	68,635	0.07%
18	COMMERCIAL BANK OF CEYLON PLC/R.H.P. JANADHEERA	152,000	0.15%	46,000	0.05%
19	MR. M.M.C. COORAY	150,100	0.15%	100,100	0.10%
20	ASSETLINE FINANCE PLC/C.H.LIYANAGE	149,998	0.15%	149,998	0.15%
	Total of Major Shareholders	89,730,937	90.27%	88,728,727	89.26%
	Others	9,675,755	9.73%	10,677,965	10.74%
	Grand Total	99,406,692	100.00%	99,406,692	100.00%

Information to Shareholders and Investors *(Contd...)*

5 STATEMENT OF EACH DIRECTOR'S & CEO'S HOLDING IN SHARES OF THE EQUITY

	No. of Shares Held	31 March 2026		31 March 2025	
		No. of Shares Holders	%	No. of Shares Holders	%
	Directors				
01	Mr. Dilhan C Fernando	Nil	-	Nil	-
02	Mr. Malik J Fernando	Nil	-	Nil	-
03	Mr. J Darshana N Gunasekera	Nil	-	Nil	-
04	Ms. Minette D A Perera	4,000	0.005	4,000	0.005
05	Mr. Himendra S. Ranaweera (Resigned on 19.08.2025)	Nil	-	Nil	-
06	Mr. D S Seneviratne	Nil	-	Nil	-
07	Mr. M A Wijeratne	Nil	-	Nil	-
08	Mr. B R P Peiris	Nil	-	Nil	-
	Director Chief Executive Officer				
01	Mr. Binesh N Pananwala	Nil	-	Nil	-

6 Public Holding

	As at 31 March 2026	As at 31 March 2025
The percentage shares held by the Public	16.43%	16.46%
Total no.of shareholders who hold the public holding %	19,773	19,856

7 Market Value

	31.03.2026		31.03.2025	
Highest	Rs. 26.50	23-MAY-25	Rs.28.50	03-FEB-2025
Lowest	Rs. 16.00	18-MAR-26	Rs.14.80	07-MAR-2025
Last Traded	Rs. 18.00	31-MAR-26	Rs. 22.80	28-MAR-25

8 Share Trading

	31.03.2026	31.03.2025
No.of Transactions	5,798	11,778
No.of Shares traded	7,133,260	17,305,465
Value of shares traded (Rs.)	166,050,973	369,155,945

9 Float adjusted market capitalization

The Float-adjusted market capitalization as at 31st March 2026 - Rs. .293,956,650
The Float adjusted market capitalization of the Company falls under Option 2 of Rule 7.13.1 (i) (b) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

10 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 of Sri Lanka or by a 100% Government owned public Company.

TEN YEAR SUMMARY

As at 31st March / 31st December	31 March 2026	31 March 2025	2023	2022	2021	2020	2019	2018	2017	2016
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
	12 Months	15 Months	12 Months							
TRADING RESULTS										
Revenue	4,543,075	6,790,324	5,153,626	6,261,316	4,267,216	2,979,643	2,730,645	3,105,691	3,784,762	2,775,758
Other Income	77,637	97,298	92,569	139,543	75,399	52,581	64,558	91,887	56,690	32,010
Operating profit / (Loss) before Int,other income	125,638	692,996	161,601	958,234	89,340	(274)	(175,626)	(39,956)	223,925	(20,427)
Net Finance cost	(158,853)	(335,926)	(438,890)	(397,623)	(183,806)	(237,544)	(275,835)	(241,583)	(201,261)	(136,873)
Taxation	(41,783)	(262,229)	(302,255)	(248,573)	(11,732)	(7,949)	(58,093)	32,648	(4,628)	18,846
Net profit / (Loss)	(74,998)	94,841	(579,544)	312,038	(106,198)	(245,767)	(509,554)	(248,891)	18,037	(138,454)
Total Comprehensive Income	155,109	88,591	(676,405)	392,805	11,348	(294,593)	(189,329)	(163,699)	104,321	(14,200)
BALANCE SHEET										
Funds Employed										
Stated Capital	1,698,952	1,698,952	1,698,952	1,698,952	1,698,952	1,698,952	898,760	898,760	898,760	898,760
Revaluation Reserve	501,747	340,596	340,596	340,596	279,277	268,356	268,356	-	-	-
Revenue Reserves	(1,094,490)	(1,088,448)	(1,177,039)	(500,634)	(832,120)	(832,547)	(537,954)	(31,430)	132,269	27,948
Total Equity	1,106,209	951,100	862,509	1,538,914	1,146,109	1,134,761	629,162	867,330	1,031,029	926,708
Deffered Income	855,893	865,755	259,690	275,172	288,448	284,211	300,960	311,373	317,912	318,397
Deffered Tax Liability	1,167,782	1,027,382	767,832	511,052	140,795	140,795	140,795	30,572	49,351	30,630
Retirement Benefit Obligations	687,048	732,529	667,399	506,542	518,467	604,139	496,254	540,057	603,298	659,359
Net Liability to Lessor	251,564	245,106	211,110	143,030	133,491	129,887	127,762	73,063	74,703	76,280
Long Term Loans	1,148,877	455,065	374,473	380,374	576,049	585,373	678,694	283,344	367,344	501,588
Non Current Liabilities	4,111,640	3,325,837	2,280,504	1,816,170	1,657,250	1,744,405	1,744,464	1,238,409	1,412,609	1,586,254
	5,217,373	4,276,937	3,143,013	3,355,084	2,803,359	2,879,166	2,373,626	2,105,738	2,443,637	2,512,962
Assets Employed										
Non-Current Assets	5,801,513	5,244,488	5,189,239	4,811,271	4,512,714	4,432,874	4,496,383	4,038,111	3,960,188	3,740,488
Current Assets	767,705	807,929	792,709	954,503	571,961	603,847	534,844	548,281	617,132	580,042
Current Liabilities	(1,351,845)	(1,775,480)	(2,838,935)	(2,410,690)	(2,281,316)	(2,157,555)	(2,657,600)	(2,480,653)	(2,133,684)	(1,807,568)
	5,217,373	4,276,937	3,143,013	3,355,084	2,803,359	2,879,166	2,373,627	2,105,739	2,443,637	2,512,962
Key Indicators										
Operating Profit %	2.77%	10.21%	3.14%	15.30%	2.09%	-0.01%	-6.43%	-1.29%	5.92%	('0.74%)
Current Ratio	0.57	0.46	0.28	0.40	0.25	0.28	0.20	0.22	0.29	0.32
Return on Shareholder's Fund	-6.8%	10.0%	-67.2%	20.3%	-9.3%	-21.7%	-81.0%	-28.8%	1.7%	(15%)
Basic Earnings / (Loss) per Share	(0.75)	0.95	(5.83)	3.14	(1.07)	(3.07)	(6.38)	(3.12)	0.23	(1.73)
Net Assets per Share	11.13	9.57	8.68	15.48	11.53	11.42	7.88	10.86	12.91	11.60
Production (kg '000)										
Tea	3,052	4,694	4,020	4,385	5,568	4,202	4,222	4,450	5,083	4,785
Rubber	668	816	637	878	1,111	1,147	971	1,061	976	1,096

Corporate Information

Name of Company
Kahawatte Plantations PLC
(Formerly known as Kahawatte Plantations Ltd)

Legal Form
A Public Quoted Public Company with limited liability. Incorporated in Sri Lanka on 15th June 1992

Company Registration Number
PQ 109

Accounting Year End
31st March

Stock Exchange Listing
The ordinary shares of the Company are listed on the Colombo Stock Exchange of Sri Lanka

Principle Line of Business
The Company is involved in the cultivation, manufacturing and sale of Tea, Rubber, Cinnamon, Coffee and other agricultural crops and to improve, manage, develop, make use of and in any manner whatsoever exploit land, other immovable property, resources of land, water resources, and solar power etc.

Directors

Mr. Dilhan C Fernando	- Non-Executive Chairman
Mr. Malik J Fernando	- Non-Executive Director
Ms. Minette D A Perera	- Non-Executive Director
Mr. Himendra S Ranaweera	- Non-Executive Director (resigned on 19.08.2025)
Mr. J Darshana N Gunasekera	- Non-Executive Director
Mr. Dilantha S Seneviratne	- Non-Executive Independent Director
Dr. M A Wijeratne	- Non-Executive Independent Director
Mr. B Rohith P Peiris	- Non-Executive Independent Director

Chief Executive Officer
Mr. Binesh N Pananwala- Executive Director

Managing Agent
Forbes Plantations (Pvt) Limited, No. 111,
Negombo Road, Peliyagoda

Registrar
Corporate Solutions Unit
Central Depository Systems (Pvt)Ltd
Ground Floor
No. M&M Center, Ground Floor,
341/5 Kotte Road, Rajagiriya
Tel: 0112 356 456
w.e.f. 01.01.2024
Email :registrars@cse.lk

Secretaries
M J F Corporate Services (Pvt) Ltd
No. 111, Negombo Road, Peliyagoda.
Tel : +94 11 482 2336
Email :legal@dilmahtea.com

Registered Office
No.111, Negombo Road,
Peliyagoda, Sri Lanka.
Tel: +94 011 482 2000 | +94 0114724963
E-Mail: info@kwpl.lk

Bankers
Commercial Bank of Ceylon PLC
Seylan Bank PLC
Nation Trust Bank
Hongkong and Shanghai Banking Corporation Ltd
Standard Chartered Bank
Hatton National Bank PLC
Sampath Bank PLC
Bank of Ceylon PLC

Auditors
Messrs KPMG Chartered Accountants,
No. 32 A,
Sir Mohamed Macan Markar Mawatha,
Colombo 3,
Sri Lanka.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN of the Thirty Third (33rd) Annual General Meeting of Kahawatte Plantations PLC scheduled to be convened on 25th August 2026 at 10.00 a.m. as a fully virtual meeting from the broad casting venue at the Board Room of MJF Group, 111 Negombo Road, Peliyagoda, for the following purposes:

1. Read the notice convening the meeting.

2. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the Statement of Accounts for the period ended 31st March 2026 and the Report of the Auditors thereon.

3. To re-elect as a Director Mr. J. Darshana N. Gunasekera who retires by rotation in terms of Article 25(1) of the Articles of Association of the Company.

4. To re-elect as a Director Mr. Dilantha S. Seneviratne who retires by rotation in terms of Article 25(1) of the Articles of Association of the Company.

5. To re-appoint the retiring Auditors Messrs. KPMG, Chartered Accountants as the Company's Auditors and to authorize the Directors to determine their remuneration.

6. To ratify the donations made during the period ended 31.03.2026 and to authorize the Directors to determine donations up to the date of the next Annual General Meeting.

Special - Note : A Circular to the Shareholders consisting of additional information pertaining to above notice will be published in below link.

https://www.cse.lk/company-profile?symbol=KAHA.N0000

By Order of the Board
KAHAWATTE PLANTATIONS PLC



M J F Corporate Services Pvt Ltd
Company Secretaries

04th August 2026
at Colombo

Notes:

1. A shareholder is entitled to appoint a Proxy to attend and vote at the meeting on his/her behalf.
2. A Proxy need not be a shareholder of the Company.
3. A Form of Proxy accompanies this Notice.
4. The completed Proxy should be delivered to the Registered Office of the company, Kahawatte Plantations PLC, No. 111, Negombo Road, Peliyagoda or duly signed, scanned and emailed to agm_egm_registrars@cds.lk at least 48 working hours before the meeting.

Form of Proxy

I/We* ..... NIC No..... of

.....

being a shareholder /shareholders of KAHAWATTE PLANTATIONS PLC hereby appoint.....

..... NIC No..... of

..... or failing him*

Mr. Dilhan Crishantha Fernando or failing him*
Mr. Binesh Neomal Pananwala or failing him*
Mr. Malik Joseph Fernando or failing him*
Mr. Jamuni Darshana Naynatha Gunasekera or failing him*
Ms. Minette Delicia Anne Perera or failing her*
Mr. Dilantha Stephen Seneviratne or failing him*
Dr. Madawala Arachchillage Wijeratne or failing him*
Mr. Baminahannadige Rohith Probodha Peiris

as my/our* proxy to represent me/us*, to speak and to vote as indicated hereunder for me/us* and on my/our* behalf at the Annual General Meeting of the Company to be held on 25th August 2026 at 10.00 a.m. and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof.

	For	Against
1. To receive and consider the Report of the Board together with the financial statements of the Company and the Auditors Report thereon	☐	☐
2. To re-elect as a Director Mr. J. Darshana N. Gunasekera who retires by rotation in terms of Article 25(1) of the Articles of Association as a Director.	☐	☐
3. To re-elect as a Director Mr. Dilantha S. Seneviratne who retires by rotation in terms of Article 25(1) of the Articles of Association as a Director.	☐	☐
4. To re-appoint the retiring Auditors Messrs. KPMG, Chartered Accountants as the Company's Auditors and to authorize the Directors to determine their remuneration.	☐	☐
5. To ratify the donations made during the period ended 31.03.2026 and to authorize the Directors to determine donations up to the date of the next Annual General Meeting.	☐	☐

Signed on this ..... day of ..... Two Thousand and Twenty Six.

.....
Signature of Shareholder/s

Instructions for completion are in the following page:

Instructions for completion

Kahawatte Plantations PLC - Annual Report 2025/26

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.

2. The completed Proxy should be delivered to the Registered Office of the Company, Kahawatte Plantations PLC, No. 111, Negombo Road, Peliyagoda or duly signed, scanned and emailed to agm_egm_registrars@cds.lk at least 48 working hours before the meeting.

3. The Proxy shall -

   (a) In the case of an individual be signed by the shareholder or by his attorney, and if signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not al ready been registered with the Company.

   (b) In the case of a Company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the Company or corporate / statutory body in accordance with its Arti cles of Association or the Constitution or the Statute (as applicable).

4. Please indicate with a 'cross' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his/her discretion will vote as he/she thinks fit.

Our Policies

Quality Policy

We, at Kahawatte Plantations are totally dedicated and committed to produce agribusiness products, that will surpass customer expectations.

We believe that our people, empowered in a learning organization, are our most valuable asset in the value creation process, who should be respected and appropriately rewarded for achieving excellence in everything they do to enhance quality.

We hold ourselves to the highest standards of honesty and integrity and require our suppliers to conform to enable us ensure the quality of our products. We enjoy leading the way in creating best practices with "Passion for Excellence"

Health, Safety & Environment Policy

We, at Kahawatte Plantations firmly believe that respecting our people and planet Earth is a core value in achieving our vision and pledge ourselves to continuously improve our health and safety of our people while setting standards and guidelines to protect and preserve the environment.

We believe that to achieve excellence in everything we do; the health and safety of our people is of paramount importance and it will enhance the productivity, personal growth and our socio economic standing.

We believe that all development should be sustainable while preventing planet Earth, which belongs to our future generations.

We commit ourselves to be proactive in ensuring a healthy and safe workplace by establishing necessary systems and processes to eliminate preventable accidents and set up an environment friendly business practices. We enjoy leading the way in "Respecting Our People and Planet Earth"

Human Resource Policy

We believe that our people are the most valuable asset in driving the Company towards creating the best value agribusiness enterprise and that our people should be given opportunities to thrive in a Learning Organization.

We hold ourselves to the highest standards of honesty and integrity and expect our leaders to be living examples.

We will be leading the way in setting Global best practices in Human Resource Management and Development for continuous improvement. We shall demonstrate our passion for excellence in empowering people in a Learning Organization in order to be "An Employer of Choice"

KAHAWATTE

CEYLON TEA, SPICE AND COFFEE GROWERS

Kahawatte Plantations Plc
111, Negombo Road, Paliyagoda.
Tel: +94 114 822 000 / +94 11 472 4963