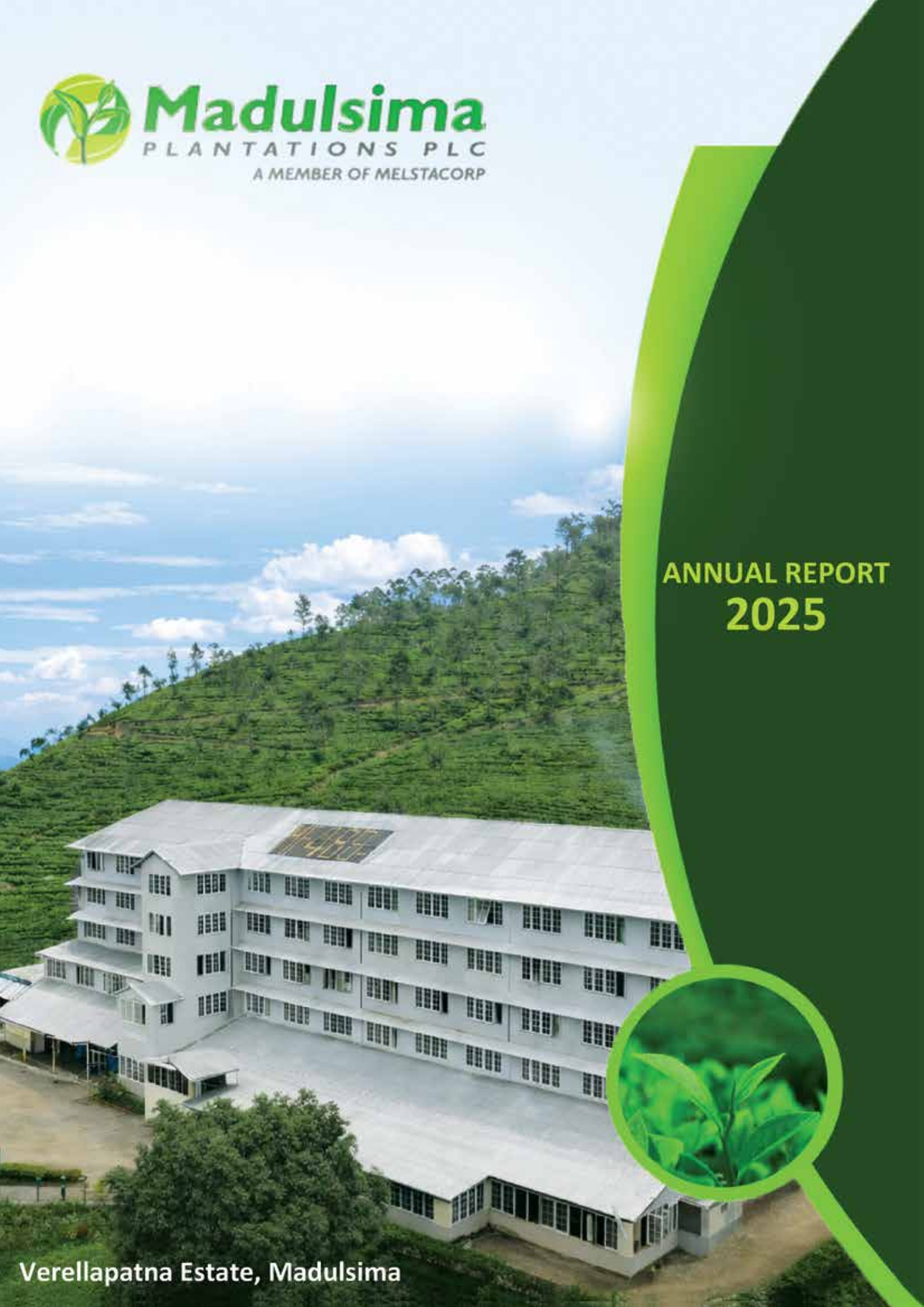
Madulsima
PLANTATIONS PLC
A MEMBER OF MELSTACORP

ANNUAL REPORT 2025



Verellapatna Estate, Madulsima

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OUR VISION

To be a trailblazer in the plantation industry by establishing ourselves as a dynamic and results-driven Tea Plantation Company, renowned for innovation, sustainability, and excellence.

OUR MISSION

- To Manage our Plantations as economically sustainable and environmentally responsible enterprises, continually enhancing their intrinsic and market value.
- To uplift the socio-economic standards of our workforce through fair employment practices, capacity building, and community development.
- To maximize value creation for our shareholders through operational excellence, strategic growth, and prudent financial stewardship.
- To evolve into a world-class Tea plantation company, recognized globally for superior quality, ethical practices, and industry leadership.

HISTORICAL BACKGROUND

The Company was originally incorporated as Madulsima Plantations Ltd on 22nd June 1992 by Certificate of Incorporation issued in terms of Section 15 (1) of the Company's Act No. 17 of 1982 read with Section 2 (2) of the Conversion of Public Corporation or Government Owned Business Undertakings into Public Companies Act No. 23 of 1987 and the order published in the Gazettte Extra Ordinary of the Democratic Socialist Republic of Sri Lanka dated 22nd June 1992.

The Company was thereafter re-registered under the Company's Act No. 07 of 2007 as Company No PQ 184 and a new Certificate of Incorporation was issued under the provision of Section 485 (6) of the Company's Act No. 7 of 2007 with the corporate name changed by operation of law to Madulsima Plantations PLC.

The first tranche of 51% (10.2 million shares) of the issued share capital of the Company was sold by the Secretary to the Treasury through the Colombo Stock Exchange on an "all or nothing" basis and was purchased by Stassen Exports (Pvt) Limited in February 1996.

The convertible Debentures of Rs.90 million issued in February 1996 to Distilleries Company of Sri Lanka were converted to 9 million ordinary shares on 30th November 1998 and were issued to the holder. As per the decision of the Government, 10% (2 million shares) of the shares of the Company belonging to the Secretary to the Treasury on behalf of the Government were distributed among the employees of the Company.

20% (4 million shares) of the shares of the Company belonging to the Secretary to the Treasury on behalf of the Government were sold to the public through the Colombo Stock Exchange.
16,949,673 shares belonging to the main shareholder, Stassen Exports (Pvt) Limited, were purchased by related party Melstacorp PLC on 22nd September 2017.

CORPORATE INFORMATION

Company	Madulsima Plantations PLC	
Legal Form	Public Listed Company	
Date of Incorporation	22nd June 1992	
Company Registration No.	P Q 184	
Registered Office	833, Sirimavo Bandaranaike Mawatha, Colombo 14.	
Board of Directors	Mr. D H S Jayawardena	Executive Chairman
	Mr. C R Jansz	Non-Independent Non-Executive Director
	Mr. K Dayaparan	Non-Independent Non-Executive Director
	Mr. M R Mihular	Senior Independent Director
	Dr. R A Fernando	Independent Non-Executive Director
	Mr. P A Jayatunga	Executive Director and Company Secretary
Secretary	Mr. P A Jayatunga 833, Sirimavo Bandaranaike Mawatha Colombo 14 Telephone : 011 2524734/011 2522871	
Registrars	Central Depository Systems (Pvt) Ltd Registrars Unit Ground Floor, M & M Center, # 341/5 Kotte Road Rajagiriya Telephone :+011 2356446	
Auditors	Messrs KPMG (Chartered Accountants) 32A, Sir Mohamed Macan Markar Mawatha Colombo 03.	
Bankers	Hatton National Bank Plc City Office 16, Janadhipathi Mawatha Colombo 01.	
Parent Company	Melstacorp PLC 110, Norris Canal Road Colombo 10.	

FINANCIAL HIGHLIGHTS

		2025	2024	Change %
Financial Performance				
Revenue	Rs. Million	4,379	4,685	(6.5)
Gross profit	Rs. Million	273	691	(60.5)
Operating profit	Rs. Million	671	1,005	(33.2)
Net finance cost	Rs. Million	(491)	(541)	(9.2)
Profit before tax	Rs. Million	180	464	(61.2)
Income tax expense	Rs. Million	(127)	(220)	(42.3)
Profit for the year	Rs. Million	52	244	(78.7)
Gross margin	%	6	15	(60.0)
Operating margin	%	15	21	(28.6)
Net profit margin	%	1	5	(80.0)
Return on total assets	%	6	11	(45.5)
Position / Key Ratio				
Total assets	Rs. Million	10,779	9,303	15.9
Long term interest-bearing borrowing	Rs. Million	4,856	4,660	4.2
Total equity	Rs. Million	650	(133)	588.7
Debt/Total assets	Times	0.51	0.56	(8.9)
Current ratio	Times	0.85	0.90	(5.6)
Shareholder Information				
Earning per share	Rs.	0.31	1.44	(78.5)
Net asset value per share	Rs.	3.84	(0.78)	(592.3)
Market price per share	Rs.	12.10	14.10	(14.2)
Market capitalization	Rs. Million	197	184	7.1
Value Addition				
To lenders of capital as interest	Rs. Million	491	541	(9.2)
To employees as remuneration	Rs. Million	2,501	2,179	14.8
Provision for depreciation	Rs. Million	184	181	1.7
Profit retained	Rs. Million	52	244	(78.7)

FINANCIAL CALENDAR

1st Quarter Interim Financial Report (Unaudited)	15th May 2025
2nd Quarter Interim Financial Report (Unaudited)	15th August 2025
3rd Quarter Interim Financial Report (Unaudited)	14th November 2025
4th Quarter Interim Financial Report (Unaudited)	27th February 2026
Annual Report For the Year 2025 (Audited)	27th May 2026
33rd Annual General Meeting	24th June 2026

BOARD OF DIRECTORS

MR. D H S JAYAWARDENA
EXECUTIVE CHAIRMAN

Consequent to the demise of Deshamanya D. H. S. Jayawardena, Mr. D. Hasitha S. Jayawardena was appointed as the Executive Chairman on 06th February 2025.

Mr. Jayawardena holds a Bachelor's Degree in Business Administration BBA (Hons) from the University of Kent in the United Kingdom.

He has also worked as an Intern at the Clinton Global Initiative Programme (CGI) in New York in 2007.

Mr. Jayawardena has over 13 years of experience in various diversified fields. He is the Group Chairman & Managing Director of Stassen Group of Companies, the Chairman of Melstacorp Group and DCSL Group. He is also a Director of Lanka Milk Foods Group, Zahra Exports (Pvt) Ltd., McSen Range (Pvt) Ltd. and several other companies.

MR. C R JANSZ
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Jansz holds a Diploma in Banking and Finance from London Metropolitan University, UK. He is a Chevening Scholar and an UN-ESCAP Certified Training Manager on Maritime Transport for Shippers.

Mr. Jansz specializes in the movement and finance of international trade.

He has been the Chairman of DFCC Bank PLC and Sri Lanka Shippers Council.

Mr. Jansz is the Chairman of Lanka Milk Foods Group, Melsta Hospitals Ragama (Pvt) Ltd, and the Deputy Chairman of Melstacorp Group. He is also a Director of Stassen Group, DCSL Group, Aitken Spence PLC and several other companies.

MR. K DAYAPARAN
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. K Dayaparan holds a Diploma in Marketing from The Chartered Institute of Marketing (UK).

Mr Dayaparan is a Per-Pro of Stassen Exports (Pvt) Ltd., and he is a Director of Lanka Milk Foods (CWE) PLC, Stassen Natural Foods (Pvt) Ltd, Balangoda Plantations PLC, Bogo Power (Pvt) Ltd and CBD Exports (Pvt) Ltd.

Mr Dayaparan has been a Past Chairman of The Coconut Products Manufacturers' & Exporters' Association and a past Committee Member of the Exporters' Association of Sri Lanka. He has more than 40 years of experience in the export sector.

MR. M R MIHULAR
SENIOR INDEPENDENT DIRECTOR

Mr. Mihular served as the Managing Partner of KPMG Sri Lanka & Maldives from 01st April 2012 to 31st March 2022 and was the Chairman of KPMG's Middle East & South Asia (MESA) Regional Cluster during the period from 01st October 2018 to 30th September 2021. Mr. Mihular previously served a term as the Chief Operating Officer of the MESA regional office. He also served on KPMG's Europe Middle East & Africa (EMA) Board and on the Global Council of KPMG International.

BOARD OF DIRECTORS (CONTINUED)

Mr. Mihular is a Past President and Fellow Member of the Institute of Chartered Accountants of Sri Lanka and is a Fellow Member of the Chartered Institute of Management Accountants (CIMA) – UK. He also served as the Chairman of the CIMA Sri Lanka. Mr. Mihular has completed International Executive Education programmes at INSEAD, France, Harvard Business School and the London Business School, UK.

Mr. Mihular served as a Board Member of the International Accounting Standards Committee (IASC) from 1996 to 2000. Subsequently he served on the IASC's Standing Interpretations Committee and as a Member of the IFRS Advisory Council of the International Accounting Standards Board. He also served as a Member of the International Ethics Standards Board for Accountants (IESBA) from 2018 to 2021.

Mr. Mihular presently serves as Chairman of Watawala Plantations PLC and Bairaha Farms PLC and as an Independent Non-Executive Director of Sunshine Holdings PLC, Melstacorp PLC, Sunshine Teas (Pvt) Ltd, Aitken Spence PLC, Aitken Spence Hotel Holdings PLC, Browns Beach Hotels PLC, Lonach Dairy Ltd, Agility Innovation (Pvt) Ltd, , LTL Holdings Ltd, Marino Leisure Holdings (Pvt) Ltd and as the Senior Independent Director of Balangoda Plantations PLC. He also serves as a Member of the Stakeholder Engagement Committee of the Central Bank of Sri Lanka.

DR. R A FERNANDO
INDEPENDENT NON-EXECUTIVE DIRECTOR

Dr. R A Fernando is an Alumni of the University of Cambridge having completed both a Post Graduate Certificate in Sustainable Business in 2008 and Master of Studies in Sustainability Leadership in 2014. He has an MBA from the University of Colombo. He holds a Doctor of Business Administration Degree from the European Business School in 2016. He completed the Advanced Management Program at the INSEAD Business School (France) and is an Executive in Residence since 2010.

In April 2010, he created the 21st Century Board Leadership Model-Masterclass for the Institute of Directors of Luxembourg which is running in Luxembourg and Sri Lanka. Dr Fernando published '21st Century Leadership to fight the code red for Business' in 2023 (Archway Publishing).

Dr. Fernando is the Chairman/CEO of Global Strategic Corporate Sustainability (Pvt) Ltd, which operates in Luxembourg and Sri Lanka. His career multinationals spanned 1981-2007 with Unilever, Reckitt Benckiser, SmithKline Beecham International covering Africa, Middle East and Asia. He was the first CEO of the Sri Lanka Institute of Nanotechnology 2008-2011 and Operations Director of the Malaysia Blue Ocean Strategy Institute 2011 – 2016. He was the first UN Global Compact focal point 2007 and set up the UNGC Sri Lanka Network. He serves on the Boards of Melstacorp PLC, Aitken Spence PLC, Distilleries Company of Sri Lanka PLC, Aitken Spence Hotel Holdings PLC, Browns Beach Hotels PLC, Elpitiya Plantations PLC, Balangoda Plantations PLC, UNGC Sri Lanka Network, Ceylon Graphene Technologies and Dilmah Ceylon Tea Company.

In 2007 "Global Strategy Leadership award" was presented to Dr Fernando by Professor Renee Aubergine of INSEAD at the World Strategy summit.

MR. P A JAYATUNGA
EXECUTIVE DIRECTOR

Mr. Jayatunga has been serving as the Company Secretary of Madulsima Plantations PLC and heading the Legal and Company Secretarial Department of Stassen Group for over 27 years.

He is an Attorney at Law with over 35 years of experience. He is also a Non- Independent Non-Executive Director of DFCC Bank PLC, and an Executive Director of Balangoda Plantations PLC.

MANAGEMENT TEAM

Head Office - Badulla

Chief Executive Officer	Mr. M A Fernando
Group Chief Financial Officer (Plantations)	Mr. A Samuel
Finance Manager	Mr. N Jayasinghe

Colombo Office

Director Operations	Maj. Gen. (Retd.) D Fernando
General Manager Finance (Plantations)	Mr. D S Heenatigalage
General Manager – Plantations Audit	Mr. T Ratnam

Company Secretarial & Legal Division

Company Secretary/Legal Officer	Mr. P A Jayatunga

Estate Managers

General Manager	Mr. S Wijerathne

Madulsima Region

Battawatte Estate	Mr. T Wijerathne - Superintendent
Cocogalla Estate	Mr. A Padmanadam - Deputy Manager -In Charge
El-teb Estate	Mr. D Gunarathne - Superintendent
Galloola Estate	Mr. S Ranawana - Senior Assistant Superintendent -In Charge
Mahadowa Estate	Mr. H Wijerathne - Superintendent
Roeberry Estate	Mr. C Jayarathne - Superintendent
Uvakellie Estate	Mr. S Mudannayake - Superintendent
Verellapatna Estate	Mr. S Narayanan - Superintendent

Bogawantalawa Region

Kew Estate	Mr. C Seneviratne - Superintendent
Kirkoswald Estate	Mr. S Wijerathne - General Manager
Theresia Estate	Mr. R Naotunna - Superintendent
Venture Estate	Mr. I Bogahawaththe - Deputy General Manager

CHAIRMAN'S REVIEW

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements for the year ended 31st December 2025 for Madulsima Plantations PLC. The year under review was defined by resilience, strategic realignment, sustainable agricultural practices and digital transformation, amidst many challenges in the industry.

Operational Context: Sri Lanka's Tea Industry in 2025

Sri Lanka's plantation sector continues to face a series of critical challenges that threaten its medium to long term commercial sustainability and capacity for value creation. These include high production costs, the persistent out- migration of labour with the plantation workforce declining by 10-15% annually, low soil productivity and land degradation.

Total tea production in Sri Lanka remained on par with levels recorded in 2024, with a total of 264 Mn/kgs against262 Mn/ Kgs. The year under review, also recorded an increase in volume across all three elevations compared to the corresponding period last year. The total National Average price of teas sold for the period January to December 2025 was Rs. 1,167.72 (USD 3.88) per kg, compared to Rs. 1,225.17 (USD 4.06) per kg for the same period in 2024, reflecting a decrease of Rs. 57.45 in Rupee terms and USD 0.18 in Dollar terms.

Macro-economic factors continued to challenge the industry with fluctuations in exchange rates and changing political climates in importing countries. The geo-political tensions in the Middle East and Russia, led to increased cost of input particularly the cost of fertilizer, chemicals, and fuel. Cost of production was further exacerbated by the mandated wage increase that was introduced in September '24.

The industry was also buffeted by volatile climate conditions with the onset of Cyclone Ditwah. The impact of Cyclone Ditwah was particularly severe as the Badulla region was one of the worst-affected districts. The Cyclone resulted in significant infrastructure damage, the disruption of workers, and significant agricultural impacts. An immediate result of the cyclone was the sharp drop in tea production with long term impacts including soil erosion, the loss of topsoil, and continued landslide risks.

It is in this broader context that Madulsima Plantations PLC was able to maintain a profit, whilst focusing on quality, operational efficiency, and sustainable practices despite the significant challenges.

Performance Overview

The company produced 3,943,202 kgs of Made Tea compared to 3,976,634 kgs in the previous year with a marginal decrease of 1% compared to the previous year. The Company's Gross Sale Average (GSA) declined by 2%, which is commendable when compared to the 4% decline recorded in the relevant Agro Climatic Elevation.

We achieved a revenue of Rs. 4,379 million in 2025, amounting to a 6.5% decline from the previous year. Profit before interest and tax (PBIT) stood at Rs. 671 million as compared to Rs. 1,005 million in 2024, despite a 35% wage hike with a wage impact of over Rs 345 million. These results for 2025 were achieved amid a decline in tea prices of approximately 4% in the Sri Lankan context, across all elevations where the company's tea estates are situated and significant cost pressures for which I am thankful to the Senior Management and the team

In addition to the above, our balance sheet was significantly strengthened during the year, enhancing shareholder value and positioning the Company for future growth through a revaluation gain of Rs. 1,049 million (net of tax: Rs. 735 million). The Company maintains a strong asset base, providing stability and capacity for strategic investments.

Our ability to maintain revenue with only a modest decline, improve net finance costs, whilst guaranteeing a profit, despite several macro-economic and external challenges, evidences the strength of our organizations capabilities, operational discipline, and the underlying health of our core business.

CHAIRMAN'S REVIEW (CONTINUED)

Dividends

To support continued investment in strategic initiatives, operational enhancements, and long-term value creation, the Board has decided not to recommend a dividend for 2025.

Outlook for 2026: Building on a Strong Foundation

Looking ahead, we are optimistic and focused on achieving operational excellence and sustainability. Our priorities are

1. **Regenerative Agriculture at Scale:** Deepening our commitment to practices that restore soil health, conserve water, and promote biodiversity, not only as an environmental imperative but as a strategic advantage.

2. **Carbon Credit Commercialization:** Advancing our carbon offset initiatives to register eligible plots under verified carbon standards, thereby creating a new, recurring revenue stream while contributing to global climate goals.

3. **Operational Excellence:** Continuing to invest in mechanization, workforce development, and process improvements to enhance productivity and margin resilience.

4. **Crop Diversification:** Introduction of new crops to ensure long term sustainability.

Gratitude and Personal Reflection

I present this review with a continued sense of honor in carrying forward the legacy of my beloved father, Deshamanya D. H. S. Jayawardena, former Chairman of Madulsima Plantations PLC. His vision, integrity, and unwavering commitment to excellence remain the guiding principles of this company. It is in his spirit that we continue to build a resilient, forward-looking organization. Even as we reflect on the past, I would also like to look to the future and take this opportunity to welcome our new Group Chief Executive Officer, Mr. Jude Fernando and wish him all the best as he takes on this new role.

Our performance in 2025 is a testament to the dedication of our employees, staff, and I extend my heartfelt gratitude to each of them.

I also extend my deepest gratitude to our brokers, buyers, and suppliers for their valued partnership and support and our shareholders and stakeholders for their continued trust and confidence in our journey.

Conclusion

The year 2025 demonstrated that Madulsima Plantations PLC is a resilient organization capable of delivering profitable results while advancing strategic priorities, even in the face of challenges. As always our commitment remains firm, to grow responsibly, innovate continuously, and contribute positively to Sri Lanka's plantation legacy and the communities we serve. Together, we look forward to a future of sustainable growth, enhanced value, and enduring excellence.

Sgd.
D. H. S. Jayawardena
Executive Chairman
27th May 2026

MANAGEMENT DISCUSSION & ANALYSIS

Managing Our Resources

Madulsima Plantations PLC recognises that long-term, sustainable value creation depends on the disciplined stewardship of multiple forms of capital. These resources are not merely operational inputs they are the foundation upon which we build stakeholder value and societal impact. Guided by integrated thinking, the Company manages and transforms six key capitals, each playing a distinct yet interconnected role in our strategy, operations, and future outcomes.

Capital	Description
Financial Capital	Funds generated through operations, investments, and financing activities that sustain operations, fuel growth, and deliver shareholder returns.
Manufactured Capital	Physical assets including tea and rubber factories, estates, machinery, utilities, and transport infrastructure that underpin operational performance.
Human Capital	The knowledge, skills, experience, wellbeing, and commitment of our people - the driving force behind operational excellence and long-term success.
Intellectual Capital	Organisational knowledge, innovation systems, technical expertise, and management practices that enhance our competitiveness and decision quality.
Social & Relationship Capital	Relationships with employees, shareholders, customers, suppliers, regulators, and communities that foster trust, collaboration, and shared value.
Natural Capital	Environmental resources — land, water, biodiversity, and ecosystems - that sustain our agricultural activities and demand responsible stewardship.

By actively managing these interdependent capitals, Madulsima Plantations strives to create enduring value - not only in financial terms but for people, society, and the planet.

Financial Capital

Madulsima Plantations PLC delivered a resilient performance in the financial year 2025, navigating a challenging operating environment shaped by subdued commodity prices, escalating input costs, and a landmark increase in plantation wages. The most significant financial impact of the year was the implementation of a revised plantations wage structure, which resulted in an incremental labour cost of Rs. 345 million compared to the prior year - a commitment that, while materially impacting short-term profitability, underscores the Company's long-standing dedication to the livelihoods of its workforce and the broader social contract underpinning sustainable plantation management. Notwithstanding this headwind, the Company sustained operations, preserved balance sheet integrity, and reported positive earnings - a testament to the underlying strength of its operational framework and management discipline.

MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

Financial Highlights

Earnings

Rs. 4,379 Mn **Revenue** ***2024: Rs. 4,685 Mn***	Rs. 671 Mn **EBIT** ***2024: Rs. 1,005 Mn***
Rs. 180 Mn **Profit before Tax** ***2024: Rs. 464 Mn***	Rs. 52 Mn **Profit After Tax** ***2024: Rs. 244 Mn***

Profitability

6% **Gross Profit Margin** ***2024: 15%***	15% **Operating Margin** ***2024: 21%***
1% **Net Profit Margin** ***2024: 5%***	0.41x **Assets Turnover** ***2024: 0.50x***

Liquidity

0.51 **Debt to Assets Ratio** ***2024: 0.56***	1.4x **Interest Cover** ***2024: 1.8x***
0.85x **Current Ratio** ***2024: 0.90x***	0.43x **Quick Asset Ratio** ***2024: 0.47x***

Value to Shareholders

Rs. 0.31 **Earnings Per Share** ***2024: Rs. 1.44***	Rs. 3.84 **Net Assets Per Share** ***2024: Rs. (0.78)***
Rs.12.10 **Market Price Per Share** ***2024: Rs.14.10***	39x **P/E Ratio** ***2024: Rs. 10x***

Revenue and Cost Structure

Total revenue for the year ended 31st December 2025 amounted to Rs. 4,379 million, compared to Rs. 4,685 million in 2024 a decline of approximately 7%, attributable to lower crop volumes and softer commodity prices in global tea market. Against this revenue decline, cost of sales increased to Rs. 4,106 million from Rs. 3,994 million in the prior year which is an increase of Rs. 112 million. This increase was driven almost entirely by the incremental wage costs. The Rs. 345 million wage increase compared to 2024 constitute the single largest cost driver of the year, compressing gross margins from 15% to 6%. On a like-for-like basis, the cost base would have reduced to approximately Rs. 3,761 million, excluding the impact of the wage increase which reflects the effectiveness of the Company's ongoing cost management initiatives across its estates.

Profit & Loss Summary

Profit from operations amounted to Rs. 671 million compared to Rs. 1,005 million in the previous year a reduction of 33%. The Rs. 345 million incremental wage cost is the primary driver of this contraction, accounting for the full extent of the decline in gross profit. Profit before taxation declined to Rs. 180 million from Rs. 464 million, while profit after tax stood at Rs. 52 million against Rs. 244 million in 2024. Administrative expenses also increased marginally to Rs. 144 million from Rs. 129 million, further weighing on operating performance. Had the wage adjustment not occurred, the Company's PBT and PAT would have been materially higher which is a reflection of the underlying operational resilience of the business.

MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

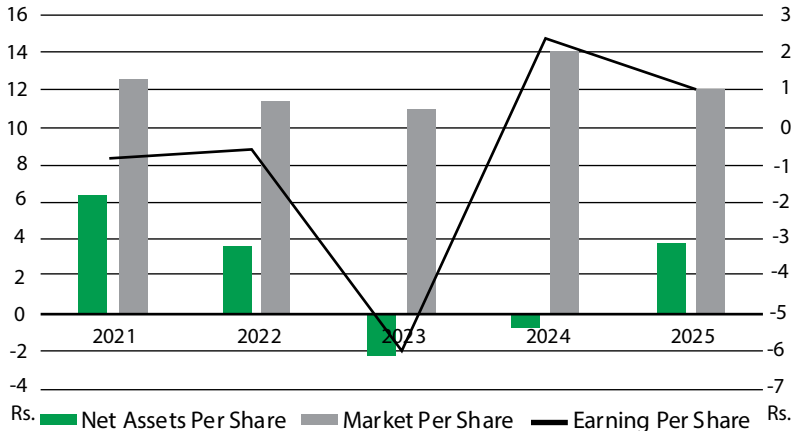
Financial Position

Total assets grew to Rs. 10,779 million as at 31st December 2025, up from Rs. 9,303 million in the prior year. Total equity improved significantly, turning from a negative Rs. 133 million in 2024 to a positive Rs. 650 million in 2025, which is a turnaround underpinned by asset revaluation reserves and sustained operational profitability.

Earnings Per Share and Shareholder Value

Earnings per Share (EPS) for the year stood at Rs. 0.31, compared to Rs. 1.44 in 2024. The decline is directly attributable to the Rs. 345 million incremental wage cost impact on net earnings. Total Comprehensive Income, however, amounted to Rs. 783 million, bolstered by a revaluation gain on the Company's asset base which materially enhanced shareholder value on a balance sheet basis. Net Assets per Share rose to Rs. 3.84 against negative Rs.0.78 in the previous year however the market price per share decreased from Rs.14.10 to Rs.12.10, and due P/E ratio declined from 10 to 38 times.

Key Indicators



Key Financial Ratios — 2025

Current assets stood at Rs. 1,039 million against current liabilities of Rs. 1,226 million. The Company continued to exercise prudent working capital management, maintaining adequate liquidity to sustain operations amidst industry challenges.

The Board and Management maintain a cautiously optimistic outlook for the period ahead. The Company's strategic priority is to harness the full potential of the good agricultural practices implemented across its estates in recent years, with a focus on product quality, value addition, and market development as key drivers of sustainable growth.

Manufactured Capital

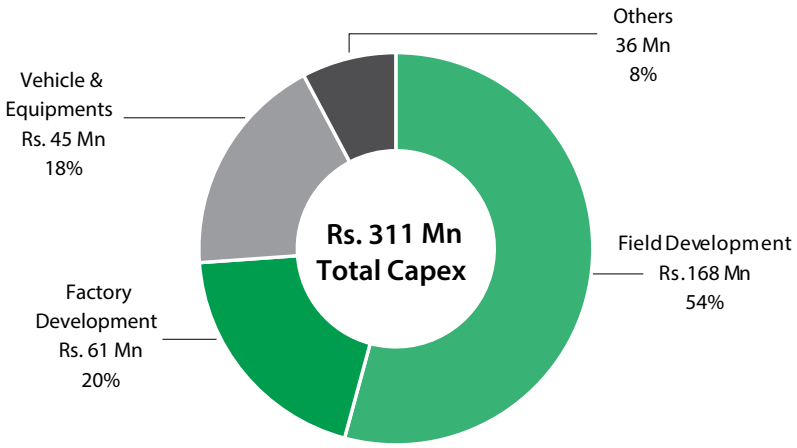
The Company continues to invest strategically in its physical infrastructure, expanding capacity, supporting diversification, and enhancing operational efficiency with the objective of creating long-term value for all stakeholders. Our Manufactured Capital encompasses tea factories, as well as tea, rubber, timber, and diversified crop plantations across our estates in the Uva and Central Provinces, covering a total extent of 5,433 hectares.

Capital Expenditure — 2025

In the financial year 2025, the Company invested Rs. 311 million in enhancing its manufactured capital, compared to Rs. 167 million in the prior year which is a 86% increase reflecting the Company's commitment to reinvestment and long-term asset development.

MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

Capital Expenditure Breakdown - 2025



Investment Category	Amount (Rs. Mn)
Field Development	168
Factory Development	61
Vehicles & Equipment	57
Other Investments	25
Total	**311**

Looking ahead, our strategic focus remains on operational excellence, sustainability, and resilience that will guide future capital allocation decisions, ensuring continued growth, efficiency, and long-term stability of the Company's physical asset base.

Human Capital

At Madulsima Plantations PLC, people are our most valuable asset. We are committed to fostering a positive, inclusive, and equitable work culture that aligns with our vision and mission. Our continued investment in employee capability, wellbeing, and professional development reflects our understanding that a motivated, skilled, and healthy workforce is key to the Company's progress and long-term sustainability.

Employee welfare initiatives include easy payment schemes for goods and equipment, distress loan facilities, death benefits, welfare and medical insurance schemes, recreational and sports activities, and support for religious programmes.

Learning and Development

Our approach to employee development is anchored in continuous learning. Training programmes are delivered through on-the-job, off-the-job, internal, external, and hands-on formats designed to sharpen skills, deepen knowledge, and build leadership capacity across the organisation. Training needs are identified through a structured annual process encompassing performance reviews, probationary assessments, and evaluations linked to role changes and promotions.

MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

Key Training Initiatives — 2025

- Collaborative field and factory training sessions with the Tea Research Institute of Sri Lanka (TRI) on best practices in tea cultivation and processing.
- Specialised mechanised harvesting training to improve operational efficiency and modernise field practices.
- Strategic review meeting in Ratnapura with leading tea brokering firms and Superintendents which focused on surpassing category elevation averages, achieving targeted Gross Sales Averages, and exploring new markets.
- TRI-delivered nursery technique, soil analysis, foliar analysis, root analysis, and Integrated Pest Management training for Executives and Field Staff.
- Employee Misconduct and Disciplinary Procedures training by the Employers' Federation of Ceylon.

Community Welfare — 2025 CSR Highlights

- Health and safety awareness programmes for workers and estate residents.
- Educational factory visits and sapling planting activities for children.
- Community celebrations for Christmas, Vesak, and Poson festivals.
- Distribution of school uniforms and Children's Day events.
- Launch of a home gardening project to promote sustainable food practices.
- Health, nutrition, and disease prevention outreach programmes.
- Facilitation of bank account openings and improved financial access, with a planned ATM installation.
- Staff recreational activities including cricket tournaments and staff get-togethers.
- Spiritual events including Pirith ceremonies and community blessings.

Future Outlook — Human Capital

Investment in our people will remain a strategic priority. The Company will continue to attract and retain talent, deepen skill competencies, and provide clear pathways for career progression, ensuring our workforce is equipped to perform effectively and contribute to our enduring success.

Intellectual Capital

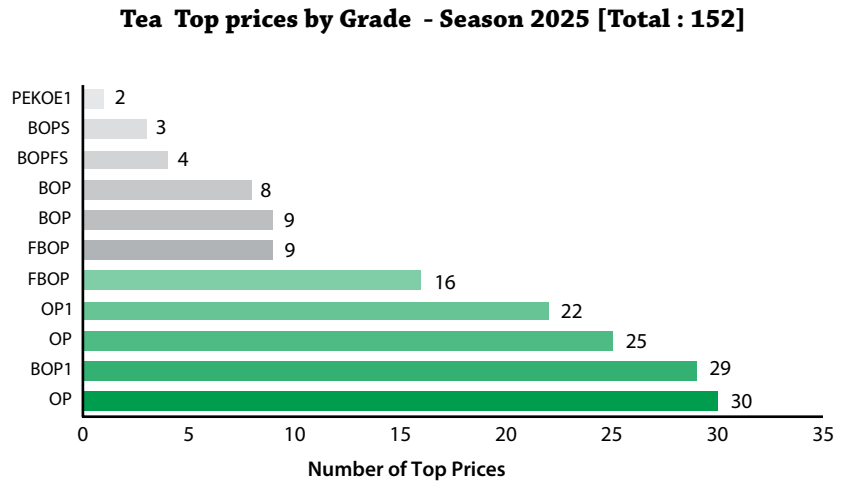
As a proud producer of Ceylon Tea, Madulsima Plantations PLC's Intellectual Capital embodied in its prestigious Tea Garden Marks, accumulated domain expertise, and well-established systems and processes continues to be a defining driver of competitive advantage in a dynamic global marketplace. The unique geographical characteristics of our estates further reinforce the enduring heritage and global appeal of the Ceylon Tea brand.

To maintain and enhance this advantage, the Company remains committed to: strategic investment in research, innovation, and skills development; nurturing a culture of entrepreneurship and continuous improvement; and advancing digital transformation across all operational functions.

Tea Top Prices — Season 2025

Our estates continued to excel, earning recognition for outstanding quality and innovation. Madulsima Plantations achieved 152 Top Prices during Season 2025 across 11 tea grades. The chart on the following page illustrates the distribution of top prices by grade:

MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)



Processes and Certifications

The Company maintains internationally recognised certifications, benchmarking its operations against global best practices:

Certification	Status	Validity
Rainforest Alliance (RA)	✓ Renewed	2026
Sustainable Agriculture Network (SAN)	✓ Active	2025
ISO 22000 – Food Safety Management	✓ Renewed	2026
Biodiversity Sri Lanka (Member)	✓ Active	Ongoing
Carbon Footprint Verified (ISO 14064-1)	✓ Achieved	2025

Investing in Digital Transformation

Madulsima Plantations is actively transitioning its estate operations to digital platforms, driving process efficiencies and enhancing stakeholder connectivity. Significant investments are being made in digitalising field and factory operations, integrating technology into the workplace of the future and supporting the Company's broader digital aspirations.

Social and Relationship Capital

At Madulsima Plantations PLC, our Social and Relationship Capital embodies the depth and quality of the relationships we cultivate with our diverse stakeholder base, including employees, estate communities, customers, suppliers, government entities, and industry partners. These relationships form the bedrock of our business resilience and are pivotal to the long-term sustainability of our operations.

Customer and Business Partner Relationships

Our customer relationships are anchored in quality assurance, ethical sourcing, reliability, and mutual growth. The Company upholds rigorous standards across its operations and maintains compliance with local and international certifications, including Rainforest Alliance and ISO standards, reinforcing confidence among our global clientele and value chain partners.

MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

Supplier Relationships

Sustainable and ethical supply chain relationships are central to our business philosophy. Our Supplier Policy ensures equal opportunities and a level playing field for all partners, regardless of their scale. We actively encourage responsible practices, maintain open communication channels, and support supplier development thereby creating value for both parties while enhancing supply network resilience and traceability.

Community Engagement and Development

Our commitment to social responsibility is reflected in the comprehensive development programmes implemented within our estate communities, in collaboration with the Plantation Human Development Trust (PHDT) and other stakeholders:

- Housing and Infrastructure Development: Continued investment in modern housing and estate infrastructure improvements.
- Health and Nutrition: Operation of childcare centres and preschools, nutritional feeding programmes, immunisation drives, cancer awareness campaigns, dental clinics, and maternal nutrition education.
- Education and Youth Empowerment: Partnerships to support school attendance and skill development programmes that empower youth.
- Disaster Preparedness: Landslide preparedness training and simulations in high-risk areas.
- Environmental Stewardship: Community-based conservation programmes covering sustainability awareness, reforestation, and biodiversity protection.

Our Commitment Moving Forward

As Madulsima Plantations PLC continues to grow, we remain deeply committed to nurturing strong, meaningful relationships with all stakeholders. Guided by integrity, empathy, and a long-term vision, the Company will continue to invest in partnerships that create inclusive value, strengthen community resilience, and ensure the sustained success of our business and those who depend on it.

Natural Capital

Madulsima Plantations PLC recognises that its long-term success is inseparable from the health and vitality of the natural environment in which it operates. Our commitment to environmental stewardship is grounded in the conviction that sustainable land management and ecological conservation are critical not only to productivity but to the wellbeing of future generations.

Environmental Governance and Compliance

The Company operates in strict adherence to the environmental standards prescribed by the Central Environmental Authority and other applicable regulatory bodies. Regular audits and assessments enable continuous monitoring of our environmental footprint across energy and water management, waste reduction, forest conservation, and biodiversity protection.

Biodiversity Conservation

In partnership with the Rainforest Alliance, Madulsima Plantations has demarcated 376 hectares as dedicated Biodiversity Conservation Areas, actively managed to enhance ecological integrity. These zones are GPS-mapped, multilingual-signposted, and safeguarded with five-metre chemical-free buffer zones. Our conservation areas encompass lakes, swamps, waterfalls, and marshlands, with restoration planting and wildlife corridor protection at the core of our biodiversity strategy.

MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)

Crop Diversification and Land Use

The Company has adopted a proactive crop diversification strategy. Low-yielding tea lands have been scientifically evaluated and selectively transitioned to high-value crops such as pepper, cinnamon, cardamom, coffee, and citrus, now cultivated across 30.9 hectares. Marginal lands are also utilised for fast-growing tree species for biomass energy.

Forestry Management

Production Forests

Our production forests, spanning 1,621 hectares, are managed under sustainable silvicultural principles. Over the past five years, 175,000 high-quality Eucalyptus trees have been planted over 171 hectares, contributing to climate resilience and carbon sequestration.

Protection Forests

The Company manages 376 hectares of protection forests across 12 estates. Key 2025 achievements include planting 2,000 native trees and strengthening water catchment management. The Roeberry Estate Nursery produces 25,000 seedlings annually, with native species now comprising 40% of output, up from 25% in 2020.

Harvesting of timber in production forests

In our production forests, every stage of timber harvesting, from felling to transportation, adheres strictly to the environmental regulations outlined in the National Environmental Act. We prioritize sustainability and environmental protection throughout the process, implementing various precautionary measures to mitigate potential impacts.

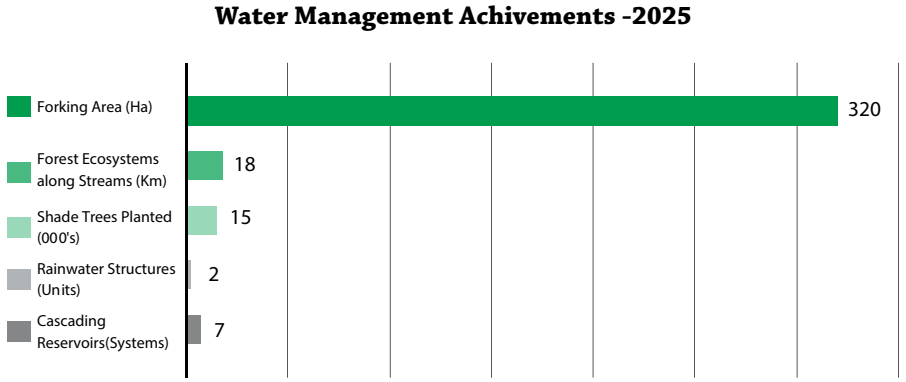
To minimize soil erosion and stabilize groundwater levels, we employ careful techniques during felling, clearing, and extraction activities. Furthermore, strict protocols are in place to ensure that all harvested areas are promptly replanted during the subsequent monsoon season. Additionally, we allocate resources to establish conservation forest areas in ecologically vulnerable zones, reinforcing our commitment to biodiversity conservation.

In line with our sustainability ethos, certain practices are strictly prohibited. This includes clear felling of trees in extents exceeding 2 hectares and any form of tree removal in sensitive catchment areas or steeply graded lands. By avoiding these activities, we prioritize the preservation of natural habitats and the integrity of our ecosystem.

Water Resource Management

Responsible water use is a high priority across all estate operations. Initiatives in 2025 include micro-scale cascading reservoir systems, forest-like vegetation along streams, contour draining, shade stand enhancement, and soil forking to support groundwater recharge.

MANAGEMENT DISCUSSION & ANALYSIS (CONTINUED)



Water Management Initiative	2025 Achievement
Forest-like ecosystems established along streams	18 km
Micro-scale cascading reservoir systems constructed	7 new systems
Rainwater harvesting structures added	2 units
High and low shade trees planted	8,200 trees
Contour draining coverage	100% of tea areas maintained
Soil forking and pruning material burying	Expanded to 320 Ha

Energy and Emissions Management

The Company is actively transitioning away from fossil fuels. Factories are being progressively optimised for biomass energy derived from dedicated tree crops, and solar power generation in the Uva region is being actively explored. These initiatives reduce greenhouse gas emissions and strengthen energy resilience.

Future Outlook — Natural Capital

Madulsima Plantations PLC remains unwavering in its commitment to environmental sustainability, climate resilience, and the responsible management of natural resources. Looking ahead, the Company will expand its renewable energy capacity, scale biodiversity and reforestation projects in partnership with global and national institutions, and strengthen climate-smart agricultural practices through training, innovation, and sustainable technology.

As steward of some of Sri Lanka's most ecologically sensitive plantation lands, Madulsima Plantations PLC is committed to setting a benchmark for excellence in natural capital management, protecting, restoring, and regenerating our environment while creating enduring value for our stakeholders and communities.

CORPORATE GOVERNANCE STATEMENT

Corporate Governance is the system by which companies are managed and controlled.

Corporate governance is constantly evolving, driven by significant environmental and societal shifts impacting business operations. These changes range from legal, political, and technological to subtle but profound influences on value chains, supply networks, and the crucial social license to operate. To build corporate resilience, it is vital for Companies to actively monitor this dynamic environment, understand stakeholder concerns, and identify potential vulnerabilities. Recognising this, the Company's Board is enhancing its governance, reporting, and risk management frameworks. This expanded scope facilitates robust oversight of key areas critical to the Company's performance, growth, and resilience. A sound corporate governance framework is fundamental, enabling the Board to effectively steer the Company towards its strategic objectives and oversee the operations. Underpinning this is a comprehensive policy framework that clearly articulates the Entity's values, reinforces regulatory compliance and best practices, and embeds the corporate ethos.

Madulsima Plantations PLC is committed to comply with the code of Best Practices of Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) & the Securities Exchange Commission of Sri Lanka (SEC) and the Listing Rules of the Colombo Stock Exchange. A comprehensive view of the Governance System in the Company is given below.

The Board of Directors and its Functions

The Company is governed by its Board of Directors who direct, lead, and supervise the business and affairs of the Company on behalf of its shareholders. The Board consists of six Directors, including the Executive Chairman, Senior Independent Director, an Executive Director, two Non-Independent Non-Executive Directors and an Independent Non-Executive Director. The composition of the Company's Board has been structured in accordance with the principles of good governance and long-term strategy. The Chairman is an Executive Director. Directors' independence has been determined in accordance with Listing Rule Section 9 of the Colombo Stock Exchange. Names of the members of the Board of Directors and their brief resumes are given on pages 5 - 6 and their roles are set out below.

Directors	**Directorship Status**	**Attendance**				
		Board Meetings	Audit Committee	Related Party Transactions Review Committee	Nominations and Governance Committee	Remuneration Committee
Mr. D Hasitha S Jayawardena	Executive Chairman	2/2				
Mr. C R Jansz	Non-Independent Non-Executive Director	2/2				
Mr. K Dayaparan	Non-Independent Non-Executive Director	2/2	4/4	4/4	2/2	2/2
Mr. M R Mihular	Senior Independent Director	1/2	4/4	4/4	2/2	2/2
Dr. R A Fernando	Independent Non-Executive Director	2/2	4/4	4/4	2/2	2/2
Mr. P A Jayatunga - appointed w.e.f. 17.02.2025	Executive Director/Company Secretary	2/2				

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

The Board meets when required to make all major decisions. Prior to each meeting the Directors are provided with all relevant management information and Board papers are submitted in advance on new investments, capital projects, company performance, and other issues which require specific Board approval.

The main functions of the Board:

- Conducting the business and facilitating executive responsibility for the management of the Company's affairs,
- Formulate short and long term strategies and monitor implementation,
- Identify the principal risks of the business and ensure adequate risk management policies in place.
- Institute effective internal control systems to safeguard the assets of the Company.
- Ensure compliance with rules and regulations.
- Approve the financial statements of the Company.

Executive Chairman

Mr. D Hasitha S Jayawardena was appointed as Executive Chairman upon the demise of the late Chairman Deshamanya D H S Jayawardena. As the Executive Chairman of Madulsima Plantations PLC, he plays a pivotal role in leading the Board by facilitating effective governance and ensuring the Board's decisions align with the Group's strategic vision. Combining executive leadership with his Board responsibilities, the Chairman provides clear guidance and direction to both the Board and Senior Management, fostering a culture of accountability and transparency. He is instrumental in setting the agenda for Board meetings, promoting constructive dialogue among Directors, and acting as the primary link between the Board and Executive Management to drive sustainable growth and value creation.

Mr Hasitha Jayawardena has vast experience in the Tea Trade including agriculture, production, trading and export. It is imperative that he holds an executive position in the Board of Madulsima Plantations PLC, so that he can leverage this experience to the benefit of the Company.

Chief Executive Officer

Mr. M A Fernando continues to function 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 has oversight into the overall strategy formulation of the Company, setting and executing the organization's strategy by driving the KPI's for delivery of sustainable returns.

Senior Independent Director

Given that the Chairman functions in an Executive capacity, the Company has appointed a Senior Independent Director (SID) as stipulated by the CSE Listing rules. The Senior Independent Director (SID) serves as an impartial point of contact for shareholders and Board members, providing a vital channel for open communication independent of the Executive Chairman and Management. This role supports effective governance by facilitating constructive dialogue, addressing any concerns that may arise, and helping to resolve potential conflicts within the Board. The Senior Independent Director also leads the evaluation of the Chairman's performance and acts as a trusted advisor to ensure that the Board functions with transparency, accountability, and balanced oversight.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Board Sub-Committees

To support the effective discharge of its responsibilities, the Board of Directors has established four Board Sub-Committees, each with clearly defined mandates aligned to regulatory requirements and best governance practices. These Board Sub-Committees provide focused oversight and expert guidance on key areas such as Audit, Risk, Remuneration, Related Party Transactions Review, Nominations and Governance. Operating under approved Terms of References, the Sub-Committees enhance Board effectiveness by facilitating in-depth analysis and recommendations on specialised matters.

Audit Committee

The Audit Committee assists the Board by overseeing the entity's compliance with financial reporting requirements, the Company's internal controls and risk management, and performance of the external auditors and internal auditors and regulatory compliance and ethics. The Group Internal Audit Division and the Plantations Internal Audit Division submit its reports regularly to the Audit Committee. The guidelines for the Internal Audit ensure that the assets of the Company are protected against any unauthorized use or misappropriation, proper records are maintained and reliable information is received. The Audit Committee Report on page 43 to 45 describes the activities carried out during the financial year.

Related Party Transactions Review Committee

All Related Party Transactions except for transactions set out in Rule 9.14.10 of the CSE Listing Rules are reviewed by the Related Party Transactions Review Committee. The Related Party Transactions Review Committee Report appears on page 49 to 50.

Nominations and Governance Committee

Board Appointments and Re-appointments, Board Structure and Composition, Board and CEO Evaluation, Corporate Governance Framework, Director Independence and Conflicts of Interest are the areas of oversight of the Nominations and Governance Committee. The Nominations and Governance Committee Report appears on page 46 to 47.

Remuneration Committee

The Remuneration Committee makes recommendations to the Board on the Company's framework of remunerating the key management personnel of the Company. The Remuneration Committee Report appears on page 48.

Management Committee

Plantations Executive Committee

Plantations Executive Committee, which consists of the Group Chief Exective Officer, Director Operations, Plantations Chief Executive Officers, and Group Chief Financial Officer (Plantations) is delegated with the responsibility of monitoring the progress and implementing the policies of the Company.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Compliances

Disclosure in terms of rule 9.10.4(e) of the Listing Rules on Corporate Governance issued by the Colombo Stock Exchange: Companies in which the directors of Madulsima Plantations PLC serve as Directors;

Mr. D H S Jayawardena

Chairman

- Melstacorp PLC
- Distilleries Company of Sri Lanka PLC
- Balangoda Plantations PLC
- Stassen Exports (Pvt) Ltd.
- Milford Exports (Ceylon) (Pvt) Ltd.
- Stassen Natural Foods (Pvt) Ltd.
- Stassen Foods (Pvt) Ltd.
- Ceylon Garden Coir (Pvt) Ltd.
- C B D Exports (Pvt) Ltd.

Director

- Pericyl (Pvt) Ltd.
- Lanka Milk Foods (CWE) PLC – Non-Independent / Non -Executive Director
- Lanka Dairies (Pvt) Ltd.
- Ambewela Livestock Company Limited
- Pattipola Livestock Company Limited
- Ambewela Products (Pvt) Ltd.
- United Dairies Lanka (Pvt) Ltd.
- Zahra Exports (Pvt) Ltd.
- Mcsen Range (Pvt) Ltd.
- Melsta Health (Pvt) Ltd.
- Melsta Hospitals Ragama (Pvt) Ltd.
- Melsta Hospitals Colombo North (Pvt) Ltd.
- DCSL Brewery (Pvt) Ltd.
- DSCL Breweries Lanka Limited
- Melsta House (Pvt) Ltd.
- DCSL Group Marketing (Pvt) Ltd.
- Mels Prestige Automobile (Pvt) Ltd.

Mr. C R Jansz

Chairman

- Lanka Milk Foods (CWE) PLC
- Ambewela Livestock Company Limited
- Ambewela Products (Pvt) Ltd
- Lanka Dairies (Pvt) Ltd.
- Pattipola Livestock Company Limited
- United Dairies Lanka (Pvt) Ltd.
- Melsta Hospitals Ragama (Pvt) Ltd.
- Melsta Hospitals Colombo North (Pvt) Ltd.

Deputy Chairman

- Melstacorp PLC

Executive Director

- Distilleries Company of Sri Lanka PLC
- Lanka Power Projects (Pvt) Ltd.
- Milford Holdings (Pvt) Ltd.

Director

- Aitken Spence PLC
- Balangoda Plantations PLC
- Pericyl (Pvt) Ltd.
- Indo Lanka Exports (Pvt) Ltd.
- Stassen Exports (Pvt) Ltd.
- Milford Exports (Ceylon) (Pvt) Ltd.
- C B D Exports (Pvt) Ltd.
- Ceylon Garden Coir (Pvt) Ltd.
- Stassen Foods (Pvt) Ltd.
- Stassen Natural Foods (Pvt) Ltd.
- DCSL Brewery (Pvt) Ltd.
- Melsta Health (Pvt) Ltd.
- Bogo Power (Pvt) Ltd.
- DCSL Breweries Lanka Limited

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Mr. M R Mihular

Chairman

- Watawala Plantation PLC
- Bairaha Farms PLC

Independent Non-Executive Director (Listed Companies)

- Sunshine Holdings PLC,
- Melstacorp PLC
- Aitken Spence PLC
- Aitken Spence Hotel Holdings PLC
- Browns Beach Hotels PLC
- Balangoda Plantations PLC

Independent Non-Executive Director

- Agility Innovation (Pvt) Ltd,
- Marino Leisure Holdings Ltd
- LTL Holdings Ltd.
- Sunshine Teas (Pvt) Ltd
- Lonach Dairy Ltd

Mr. P A Jayatunga

Non-Executive Director

- DFCC Bank PLC

Executive Director

- Balangoda Plantations PLC

Director

- Bogo Power (Pvt) Ltd
- Mels Autombile (Pvt) Ltd

Dr. R A Fernando

Independent Non-Executive Director

- Dilmah Ceylon Tea Company
- Aitken Spence Hotel Holdings PLC
- Aitken Spence PLC
- Elpitiya Plantations PLC
- Distilleries Company of Sri Lanka PLC
- Melstacorp PLC
- Ceylon Graphene Technologies Ltd
- Balangoda Plantations PLC
- Ceylon Asset Management Ltd
- Browns Beach Hotel PLC

Honorary Independent Director

- UN Global Compact Sri Lanka Network
- Global Strategic Corporate Sustainability (Pvt) Ltd

Mr. K Dayaparan

Executive Director

- Lanka Milk Food PLC

Non – Executive Director

- Balangoda Plantations PLC

Director

- Bogo Power (Pvt) Ltd
- Stassen Exports (Pvt) Ltd
- Stassen Natural Foods (Pvt) Ltd
- CBD Exports (Pvt) Ltd

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Levels of Compliance:

Compliance with the Companies Act No. 7 Of 2007

Section	Requirement	Disclosure Reference for Compliance	Compliance status
168 (1)(a)	Any change during the accounting period in the nature of business of the Company and the classes of business in which the Company has an interest	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (b)	Financial Statements of the Company for the accounting period completed and signed	Refer Financial Statements and Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (c)	Auditors Report on Financial Statements of the Company	Refer Financial Statements of this Annual Report	Compliant
168 (1) (d)	Change of accounting policies during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (e)	Particulars of entries in the interest register made during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (f)	Remuneration and other benefits paid to the Directors during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (g)	Total amount of donations made by the Company during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (h)	Directorate of the Company and the Group as at the end of accounting period along with the changes occurred during the accounting period	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (i)	Amounts payable to the Auditors as audit fees and fees payable for other related services provided by them	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (j)	Relationship or interest of the Auditors with the Company	Refer Annual Report of the Board of Directors of this Annual Report	Compliant
168 (1) (k)	Annual Report of the Board of Directors signed on behalf of the Board	Refer Annual Report of the Board of Directors of this Annual Report	Compliant

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Compliance with the Continuing Listing Requirements

Section 7.6 on the content of Annual Report issued by the Colombo Stock Exchange

CSE Rule	Requirement	Disclosure Reference for Compliance	Compliance status
7.6 i)	Names of Directors of the entity	Refer Corporate Information of this Annual Report	Compliant
7.6 ii)	Principal activities of the entity during the year under review	Refer Annual Report of the Board of Directors	Compliant
7.6 iii)	20 largest holders of voting and non-voting shares and the percentage of shares	Refer Investor Information of this Annual Report	Compliant
7.6 iv)	The float adjusted market capitalisation, Public Holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement	Refer Investor Information of this Annual Report	Compliant Except Minimum Public Holding Requirement
7.6 v)	Directors and CEO's holding in shares of the entity at the beginning and end of reporting year	Refer Investor Information of this Annual Report	Compliant
7.6 vi)	Information pertaining to material foreseeable risk factors	Refer Risk Management section of this Annual Report	Compliant
7.6 vii)	Details of material issues pertaining to employees and industrial relations	Refer Annual Report of the Board of Directors	Compliant
7.6 viii)	Extents, locations, valuations and the number of buildings of the entity's land holdings and investment properties	Refer Annual Report of the Board of Directors	Compliant
7.6 ix)	Number of shares representing the stated capital	Refer Investor Information of this Annual Report	Compliant
7.6 x)	Distribution schedule of the number of holders and the percentage of their total holding	Refer Investor Information of this Annual Report	Compliant
7.6 xi)	Ratios and market price information	Refer Investor Information of this Annual Report	Compliant
7.6 xii)	Significant changes in the entity's fixed assets and the market value of land	Refer Note 14, 15 and 16 to the Financial Statements of this Annual Report	Compliant
7.6 xiii)	Funds, (if any) raised either through a public issue, rights issue and private placement	The Company had no public issue, rights issue or private placement during the year under review	N/A
7.6 xiv)	Employee share option/purchase schemes	As at date, the Company has no share option/ purchase schemes made available to its Directors or employees	N/A
7.6 xv)	Corporate Governance Disclosures	Refer Corporate Governance Report of this Annual Report	Compliant
7.6 xvi)	Related Party Transactions	Refer Note 35 to the Financial Statements	Compliant

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Section 9 – Corporate Governance

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

CSE Rule	Requirement	Effective Date	How We Comply
9.1 Corporate Governance Rules			
9.1.1	Statement confirming the extent of compliance with the Corporate Governance Rules	01st October 2024	The extent of compliance with Section 9 of the Listing Rules of the Colombo Stock exchange on Corporate Governance Rules is tabulated in the table given below. Also refer 'Annual Report of the Board of Directors' of this Annual Report
9.2 Policies			
9.2.1	Listed Company shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Company on its website; a) Policy on the matters relating to the Board of Directors b) Policy on Board Committees c) Policy on Corporate Governance, Nominations and Re-election d) Policy on Remuneration e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities f) Policy on Risk management and Internal controls g) Policy on Relations with Shareholders and Investors h) Policy on Environmental, Social and Governance Sustainability i) Policy on Control and Management of Company Assets and Shareholder Investments j) Policy on Corporate Disclosures k) Policy on Whistleblowing l) Policy on Anti-Bribery and Corruption	01st October 2024	Compliant
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted	01st October 2024	N/A
9.2.3	i List of policies in place as per Rule 9.2.1, with reference to website ii Any changes to policies adopted	01st October 2024	Compliant
9.2.4	Listed Company shall make available all such policies to shareholders upon a written request being made for any such Policy	01st October 2024	Compliant

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

CSE Rule	Requirement	Effective Date	How We Comply
9.3 Board Committees			
9.3.1	Listed Company shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. The said Board committees at minimum shall include: (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee	01st October 2024	Compliant.
9.3.2	Listed Company shall comply with the composition, responsibilities and disclosures required in respect of the above-Board committees as set out in these Rules	01st October 2024	Refer 'How we Comply' under Rules 9.11, 9.12, 9.13 and 9.14 below
9.3.3	The Chairperson of the Board of Directors of the Company shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above	01st October 2024	Compliant
9.4 Principles of Democracy in Shareholder Dealings			
9.4.1 9.4.2	Listed Company shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Company. The Company shall provide copies of the same at the request of the Exchange and/or the Securities and Exchange Commission (SEC). a) The number of shares in respect of which proxy appointments have been validly made; b) The number of votes in favor of the resolution; c) The number of votes against the resolution; and d) The number of shares in respect of which the vote was directed to be abstained	01st October 2024	The Company Secretary maintains records of all resolutions of General Meetings and information related thereto
	a) Listed Company should have a policy on effective communication and relations with shareholders and investors b) Listed Company should disclose the contact person for such communication c) The policy on relations with shareholders and investors on the process to make all Directors aware of major issues and concerns of shareholders	01st October 2024	Compliant

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

CSE Rule	Requirement	Effective Date	How We Comply
9.5 Policy on matters relating to the Board of Directors			
9.5.1	Listed Company shall establish and maintain a formal policy governing matters relating to the Board of Directors and such policy shall include the matters listed under this Rule	01st October 2024	Compliant with the establishment of the Policy on matters relating to Board of Directors
9.5.2	Confirmation on compliance with the requirements of the Policy on matters relating to the Board of Directors. If non-Compliant reasons for the same with proposed remedial action	01st October 2024	Compliant with the establishment of the Policy on matters relating to Board of Directors
9.6 Chairperson and CEO			
9.6.1	The Chairperson of every Listed Company shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed by such Entity in terms of Rule 9.6.3 below	01st October 2024	Compliant Chairman is an Executive Director and SID has been appointed.
9.6.2	Where the Chairperson of a Listed Company is an Executive Director and/or the positions of the Chairperson and CEO are held by the same individual, such Entity shall make a Market Announcement within a period of one (1) month from the date of implementation of these Rules or an Immediate Market Announcement if such date of appointment and/or combination of the said roles falls subsequent to the implementation of these Rules	01st October 2024	Compliant Market announcement has been made following the appointment of an Executive Director as the Chairperson.
9.6.3	Report of Senior Independent Director demonstrating the effectiveness of duties	01st October 2024	Compliant. Refer Statement by The Senior Independent Director of this Annual Report
9.6.4	Rationale for appointing Senior Independent Director	01st October 2024	Compliant. Refer Corporate Governance Statement of this Annual Report
9.7 Fitness of Directors and CEOs			Compliant
9.7.1	Listed Company shall take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons as required in terms of the Listing Rules In evaluating fitness and propriety of the persons referred in these Rules, the Company shall utilise the 'Fit and Proper Assessment Criteria' set out in Rule 9.7.3 of the Listing Rules	01st October 2024	The Company Secretaries obtain annual declarations from the Directors of the Company to ensure that they are at all times be fit and proper persons as specified in the criteria given in Rule 9.7.3 of the Listing Rules of the CSE
9.7.2	Listed Company shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of these Rules before such nominations are placed before the shareholders' meeting or appointments are made	01st October 2024	Compliant

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

CSE Rule	Requirement	Effective Date	How We Comply
9.7 Fitness of Directors and CEOs (contd..)			
9.7.3	A Director or the CEO of a Listed Company shall not be considered as 'fit and proper' if he or she does not meet with the fit and proper assessment criteria specified under "Honesty, Integrity and Reputation", "Competence and Capability" and "Financial Soundness" as set out in Rule 9.7.3 (a), (b) and (c) respectively	01st April 2024	Refer 'How We Comply' under Rule 9.7.1 above
9.7.4	Listed Company shall obtain declarations from its Directors and CEO on an annual basis confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation	01st October 2024	Annual declarations from Directors confirming that each of them has continuously satisfied the fit and proper assessment criteria set out in the CSE revised Listing Rules were obtained as at 31st December 2025.
9.7.5	(a) Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria (b) Any non-compliance/s and remedial action taken	01st October 2024	Compliant Refer the 'Annual Report of the Board of Directors' of this Annual Report N/A
9.8 Board Composition			
9.8.1	The Board of Directors of a Listed Company shall, at a minimum, consist of five (05) Directors	01st October 2024	As of the date of the publication of this Annual Report, the Company consists of 6 Directors, thereby complying with the requirement stipulated under Rule 9.8.1 of the Listing Rules of the CSE
9.8.2	Minimum Number of Independent Directors: (a) The Board of Directors of a Listed Company shall include at least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors of the Company at any given time, whichever is higher (b) Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change	01st October 2024	Compliant
9.8.3	A Director shall not be considered independent if he/she does not meet the criteria for determining independence as set out in Rule 9.8.3 of the Listing Rules	Criteria 9.8.3 (i) to (viii) - 01st October 2023 Criteria 9.8.3 (ix) - 01st January 2025	Compliant in terms of Rule 9.1.4(3)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

CSE Rule	Requirement	Effective Date	How We Comply
9.8 Board Composition (contd..)			
9.8.5	a) Each Independent Director to submit a signed and dated declaration annually of his or her "independence" or "non-independence" against the criteria specified in Rule 9.8.3 of the Listing Rules and in the format in Appendix 9A of the said Rules (b) Make an annual determination as to the "independence" or "non-independence" of each Independent Director based on the Directors' declaration and other information available to it and shall set out the names of Directors determined to be 'independent' in the Annual Report (c) If the Board of Directors determines that the independence of an Independent Director has been impaired against any of the criteria set out in Rule 9.8.3, it shall make an immediate Market Announcement thereof	01st October 2024	The Independent Directors submit signed declarations annually with regard to their independence/non-independence against the specified criteria stipulated under Rule 9.8.3 of the Listing Rules of the CSE.
9.9 Alternate Directors			
9.9	If a Listed Company provides for the appointment of Alternate Directors, it shall be required to comply with the requirements set out in Rule 9.9 of the Listing Rules and such requirements shall also be incorporated into the Articles of Association of the Company	01st January 2024	Compliant
9.10 Disclosures Relating to Directors			
9.10.1	Listed Company shall disclose its policy on the maximum number of directorships it's Board members shall be permitted to hold in the manner specified in Rule 9.5.1. In the event such number is exceeded by a Director(s), the Company shall provide an explanation for such non-compliance in the manner specified in Rule 9.5.2 of the Listing Rules	01st October 2024	Compliant with the establishment of the Policy on matters relating to Board of Directors
9.10.2	Listed Company shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following: a brief resume of such Director; his/her capacity of directorship; and, Statement by the Company indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Company	01st October 2024	Compliant

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

CSE Rule	Requirement	Effective Date	How We Comply
9.10 Disclosures Relating to Directors (contd..)			
9.10.3	Listed Entities shall make an immediate Market Announcement regarding any changes to the composition of the Board of Directors or Board Committees referred to in Rule 9.3 above containing, at minimum, the details of changes including the capacity of directorship with the effective date thereof	01st October 2024	Would comply when the need arises
9.10.4	Directors details a) name, qualifications and brief profile b) nature of his/her expertise in relevant functional areas c) whether either the Director or Close Family Members has any material business relationships with other Directors d) whether Executive, Non-Executive and/or independent Director e) total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or KMP stating whether listed or unlisted, whether functions as executive or non-executive (If the directorships are within the Group names need not be disclosed) f) number of Board meetings attended g) names of Board Committees in which the Director serves as Chairperson or a member h) Attendance of board committee meetings i) Terms of Reference and powers of Senior Independent Directors	01st October 2024	a), b) and d) - Refer 'Board profiles' of this Annual Report c) - Based on the individual declarations obtained from the Directors, it was evident that none of the Directors or their close family members have material business relationships with other Directors of the Company. A Statement to this effect is included in the 'Annual Report of the Board of Directors' of this Annual Report e) - Refer 'Corporate Governance Report' of this Annual Report f) and g) - Refer 'Composition' and 'Details of Directors' Attendance at Board Meetings held during the financial year 2025 in the Corporate Governance Report of this Annual Report h) - Refer Committee Reports of this Annual Report i) - Refer Report of the SID of this Annual Report
9.11 Nominations and Governance Committee			
9.11.1	Listed Company shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11 of the Listing Rules	01st October 2024	Compliant
9.11.2	Listed Company shall establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee	01st October 2024	Compliant
9.11.3	The Nominations and Governance Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	01st October 2024	Compliant

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

CSE Rule	Requirement	Effective Date	How We Comply
9.11 Nominations and Governance Committee (contd..)			
9.11.4	(1) The members of the Nominations and Governance Committee shall; (a) comprise of a minimum of three (03) Directors of the Listed Company, out of which a minimum of two (02) members shall be Independent Directors of the Company (b) not comprise of Executive Directors of the Listed Company. (2) An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors (3) The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Company	01st October 2024	Compliant
9.11.5	The functions of the Nominations and Governance Committee	01st October 2024	Refer 'Nomination and Governance Committee Report' of this Annual Report
9.11.6	The Annual Report of a Listed Company shall contain a report of the Nominations and Governance Committee signed by its Chairperson Nominations and Governance Committee Report shall include the following: (a) Names of chairperson and members with nature of directorship (b) Date of appointment to the committee (c) Availability of documented policy and processes when nominating Directors (d) Requirement of re-election at regular intervals at least once in 3 years (e) Board diversity (f) Effective implementation of policies and processes relating to appointment and reappointment of Directors (g) Details of directors re-appointed Board Committees served Date of first appointment Date of last re-appointment Directorships or Chairpersonships and other principal commitments, present and held over the preceding three years Any relationships – close family member, more 10% shareholding (h) Performance of periodic evaluation of board	01st October 2024	Refer 'Nomination and Governance Committee Report' of this Annual Report

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

CSE Rule	Requirement	Effective Date	How We Comply
9.11 Nominations and Governance Committee (contd..)			
	(i) Process adopted to inform independent directors of major issues. (j) Induction / orientation programs for new directors on corporate governance, Listing Rules, securities market regulations or negative statement (k) Annual update for all directors on corporate governance, Listing Rules, securities market regulations or negative statement (l) Compliance with independence criteria (m) Statement on compliance with corporate governance rules, if non- compliant reasons and remedial actions		
9.12 Remuneration Committee			
9.12.2	Listed Company shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of the Listing Rules	01st October 2024	Compliant
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her own remuneration	01st October 2024	Refer 'Remuneration Committee Report' of this Annual Report
9.12.4	Remuneration for Non-Executive Directors should be based on a policy which adopts the principle of non-discriminatory pay practices among them to ensure that their independence is not impaired	01st October 2024	Compliant Refer 'Remuneration Committee Report' of this Annual Report
9.12.5	Remuneration Committee shall have a written term of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	01st October 2024	Compliant Refer 'Remuneration Committee Report' of this Annual Report
9.12.6	(1) The members of the Remuneration Committee shall; (a) comprise of a minimum of three (03) Directors of the Listed Company, out of which a minimum of two (02) members shall be Independent Directors of the Company (b) not comprise of Executive Directors of the Listed Company (3) An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors	01st October 2024	Compliant Refer 'Remuneration Committee Report' of this Annual Report

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

CSE Rule	Requirement	Effective Date	How We Comply
9.12 Remuneration Committee (contd..)			
9.12.7	The functions of the Remuneration Committee	01st October 2024	Compliant Refer 'Remuneration Committee Report' of this Annual Report
9.12.8	Remuneration Committee Report shall contain the following: (a) Names of chairperson and members with nature of directorship (b) A statement regarding the Remuneration Policy (c) The aggregate remuneration of the Executive and Non-Executive Directors	01st October 2024	Compliant Refer 'Remuneration Committee Report' of this Annual Report Refer Note 09 to the Financial Statements of this Annual Report
9.13 Audit Committee			
9.13.1	Where Listed Company does not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Company shall additionally perform the Risk Functions set out in Rule 9.13 of the Listing Rules	01st October 2024	The Audit Committee of the Company also performs the risk functions
9.13.2	The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties	01st October 2024	Compliant
9.13.3	(1) The members of the Audit Committee shall; (a) comprise of a minimum of three (03) directors of the Listed Company, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors. (b) not comprise of Executive Directors of the Listed Company. (2) The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors. (3) The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market. (5) An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors. (6) Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of a Listed Company shall attend the Audit Committee meetings by invitation.	01st October 2024	Compliant Refer 'Audit Committee Report' of this Annual Report

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

CSE Rule	Requirement	Effective Date	How We Comply
9.13 Audit Committee (contd..)	(7) The Chairperson of the Audit Committee shall be a Member of a recognised professional accounting body		
9.13.4	The functions of the Audit Committee	01st October 2024	Refer 'Audit Committee Report' of this Annual Report
9.13.5	Disclosures in the Annual Report (1) Listed Company shall prepare an Audit Committee Report which shall be included in the Annual Report (2) The Audit Committee Report shall contain disclosures set out in Rule 9.13.5 (2)	01st October 2024	Compliant Refer 'Audit Committee Report' of this Annual Report
9.14 Related Party Transactions Review Committee			
9.14.1	Listed Company shall have a Related Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14 of the Listing Rules.	01st October 2024	Compliant Refer 'Related Part Transactions Review Committee Report' of this Annual Report
9.14.2	(1) The Related Party Transactions Review Committee shall comprise of a minimum of three (03) Directors of a Listed Company, out of which two (02) members shall be Independent Directors of the Company. It may also include executive directors, at the option of the Company. An Independent Director shall be appointed as the Chairperson of the Committee	01st October 2024	Compliant Refer 'Related Part Transactions Review Committee Report' of this Annual Report
9.14.3	The functions of the Related Party Transactions Review Committee	01st October 2024	Compliant Refer 'Related Part Transactions Review Committee Report' of this Annual Report
9.14.4	1) The Related Party Transactions Review Committee shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors. 2) The members of the Related Party Transactions Review Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions and where necessary, should obtain appropriate professional and expert advice from an appropriately qualified person.	01st October 2024	Compliant Refer 'Related Part Transactions Review Committee Report' of this Annual Report

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

CSE Rule	Requirement	Effective Date	How We Comply
9.14 Related Party Transactions Review Committee (contd..)			
	3) Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which are under review by the Committee. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction. 4) If a Director of a Listed Company has a material personal interest in a matter being considered at a Board Meeting to approve a Related Party Transaction as required in Rule 9.14.4(3), such Director shall not: (a) be present while the matter is being considered at the meeting; and, (b) vote on the matter		
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	01st October 2024	Compliant Refer 'Related Part Transactions Review Committee Report' of this Annual Report
9.14.6	Listed Company shall obtain Shareholder approval for the Related Party Transactions set out in Rule 9.14.6 of the Listing Rules	01st October 2024	There were no Related Party Transactions during the year which required shareholder approval The Company would comply with this Rule should a need arise
9.14.7	Listed Company shall make an immediate Market Announcement to the Exchange for the Related Party Transactions as set out in Rule 9.14.7 (a) and (b)	01st October 2024	There were no Related Party Transactions during the year which required an immediate Market Announcement The Company would comply with this Rule should a need arise
9.14.8 (1)	Related Party Disclosures Non-recurrent RPT exceeding 10% of the Equity or 5% of the Total Assets, whichever is lower (in the specified format)	01st October 2024	Compliant Refer 'Related Party Transactions Review Committee Report' and the 'Annual Report of the Board of Directors' of this Annual Report
9.14.8 (2)	Recurrent Related Party Transactions exceeding 10% of the gross revenue/income (in the specified format)	01st October 2024	Compliant Refer 'Related Party Transactions Review Committee Report' and the 'Annual Report of the Board of Directors' of this Annual Report

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

CSE Rule	Requirement	Effective Date	How We Comply
9.14.8 (3)	Related Party Transactions Review Committee Report Names of the Directors comprising the Committee Statement that committee has reviewed RPTs and communicated comments/ observations to the Board Policies and procedures adopted by the Committee	01st October 2024	Compliant Refer 'Related Part Transactions Review Committee Report' of this Annual Report
9.14.8 (4)	Affirmative declaration by the Board of Directors on compliance with RPT Rules or negative statement to that effect	01st October 2024	Compliant Refer 'Annual Report of the Board of Directors' of this Annual Report
9.14.9	Acquisition and disposal of assets from/to Related Parties Except for transactions set out in Rule 9.14.10, Listed Company shall ensure that neither the Company nor any of its subsidiaries, acquires a substantial asset from, or disposes of a substantial asset to, any Related Party of the Company without obtaining the approval of the shareholders of the Company by way of a Special Resolution	01st October 2024	N/A The Company has not acquired or disposed of any significant assets from/to Related Parties during the year under review The Company would comply with this Rule should a need arise.
9.16 Additional Disclosures			
	Additional disclosures by Board of Directors Declaration on the following: All material interests in contracts and have refrained from voting on matters in which they were materially interested Reviewed of the internal controls covering financial, operational and compliance controls and risk management and obtained reasonable assurance of their effectiveness and successful adherence and, if unable to make any of these declarations an explanation on why it is unable to do so; Made themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions; Disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations	01st October 2024	Compliant Refer 'Annual Report of the Board of Director' of this Annual Report

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

The Board of Directors of Madulsima Plantations PLC has the pleasure of presenting the Annual Report together with the Audited Financial Statement of the Company for the year ended 31st December 2025. The details set out herein provide the pertinent information requested under Section 168 of the Companies Act No. 07 of 2007, the Colombo Stock Exchange Listing Rules and the recommended best practices on Corporate Governance 2017 as amended in 2023 and issued by the Institute of Chartered Accountants of Sri Lanka and the best accounting practices.

Principle activities

The Company's principal activities, which remained unchanged during the year were: the cultivation, and processing of tea, rubber, forestry products, and other crops. The Company has 08 Tea Estates in Madulsima and 04 Tea estates in Bogawanthalawa regions consisting 3,262 hectares of Tea extent.

Parent company

The Company's parent undertaking and controlling party is Melstacorp PLC, which is incorporated in Sri Lanka as a Public Listed Company.

Going concern

Please refer note 40 to the Financial Statements in page 126.

Review of performance

A review of operational and financial performance, strategy and future outlook of the Company are described in greater detail in the Chairman's Review in pages 8 to 9 and Management Discussion & Analysis in pages 10 to 18 of the Annual Report.

Development and strategies

Developments and strategies are provided in the Chairman's Review on pages 8 to 9 and Management Discussion and Analysis Report on pages 10 to 18 in this Annual Report.

Financial statements

The Financial Statements of the Company for the year ended 31st December 2025 approved by the Board of Directors on 27th May 2026 are given on pages 61 to 129.

Auditors' report

The Auditors' Report on the Financial Statements is given in pages 56 to 60 of this Annual Report.

Accounting Policies and Changes During the Year

The Company prepared the Financial Statements in accordance with the Sri Lanka Accounting Standards (SLFRSs/ LKASs). There were no changes to the accounting policies adopted by the Company during the year. Accounting policies adopted in the preparation of the Financial Statements of the Company are given on pages 65 to 86.

Financial Results

Financial results and ratio analysis are given in Financial Highlights in page 4 and described in detail in the Chairman's Review in pages 8 to 9 and Management Discussion & Analysis in pages 10 to 18 of the Annual Report.

REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY (CONTINUED)

Revenue

The revenue generated by the Company during the year amounted to Rs. 4,379 million (2024 – Rs. 4,685million). An analysis of gross revenue based on the revenue stream are disclosed in Note 5 to the Financial Statements.

Profits and Appropriations

The Company reported a profit after tax of Rs. 52 million (2024 – Rs. 244 million).

Donations

The company did not make any donations during the year.

Capital Expenditure

The Company incurred a capital expenditure of Rs. 311 Mn (2024: Rs 167 Mn) of which Rs. 168Mn (2024: Rs. 148 Mn) has been invested on field development and Rs. 143 Mn (2024: Rs. 20 Mn) has been invested on upgrading factories, machinery, motor vehicles, and other capital assets.

Buildings & Investment Properties

The valuations, floor area and the number of buildings of the Company are as follows:

Estate	Location	Floor Area Sq. ft	Number of Buildings	Value (Rs.'000)
Battawatta	Madulsima	69,450	552	68,505
Cocogalla	Metigahatenne	64,364	303	72,509
El-Teb	Passara	101,347	1,030	103,514
Galloola	Madulsima	54,025	260	56,833
Mahadowa	Madulsima	116,136	737	122,663
Roeberry	Pitamaruawa	109,353	919	111,204
Uvakellie	Madulsima	22,761	303	17,770
Verellapathana	Madulsima	92,029	438	107,938
Kew	Bogawantalawa	76,702	613	72,056
Kirkoswald	Bogawantalawa	181,337	1,185	184,544
Theresia	Bogawantalawa	75,150	640	73,985
Venture	Norwood	99,086	573	112,568
Head office	Badulla	5,500	2	10,170
Total		**1,037,602**	**7,555**	**1,114,259**

Capital Commitments & Contingents Liabilities

Capital commitments and contingent liabilities are disclosed in Notes 37 to the Financial Statements.

REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY (CONTINUED)

Directorate

The following Directors held office during the year under review. Brief profiles of the Board of Directors are given on pages 5 to 6 of this Annual Report.

Mr. D. H. S. Jayawardena	–	Executive Chairman
Mr. C. R. Jansz	–	Non-Independent Non-Executive Director
Mr. K Dayaparan	–	Non-Independent Non-Executive Director
Mr. M R Mihular	–	Senior Independent Director
Dr. R A Fernando	–	Independent Non-Executive Director
Mr. P A Jayatunga	–	Executive Director/Company Secretary

Directors' Interests in Shares

No shares of the Company were held by the Directors of the Company, their spouses, or dependents at the beginning and at the end of the financial year.

Remuneration and other Benefits of Directors

The Directors remuneration and other benefits are disclosed in Note 35.5 to the Financial Statements in page 117.

Re-appointment & Re-election of Directors

Mr.C R Jansz and Mr. M R Mihular, who retire from the Board at the conclusion of the forthcoming Annual General Meeting in terms of Section 210 and 211 of the Companies Act No. 7 of 2007, have offered themselves for re-appointment. Mr. M R Mihular who reaches the age of 70 years on 18th June 2026 is to be considered as nevertheless independent in terms of sub clause (c) of Section 9.8.3 (ix) of the Listing Rules of the Colombo Stock Exchange.

Mr. K Dayaparan who retires by rotation has offered himself for re-election in terms of Article 92 of the Articles of Association.

Related Party Transactions

Related Party Transactions are disclosed in Note 35.1 to the Financial Statements in page 116. The Directors hereby confirms that the Rules pertaining to Related Party Transactions in accordance with Section 9.14.8 of the Listing Rules of the Colombo Stock Exchange have been complied with by the Company.

Interest Register

Directors' interests in the Company are disclosed in Note 35 to the Financial Statements and have been declared at meetings of the Directors. The Directors have no direct or indirect interest in any other contracts or proposed contracts of the Company. Furthermore, the Directors or Close Family Members of the Directors have no material business relationships with other Directors of the Company.

Shareholders and Investor Information

Distribution of Shareholdings as at 31st December 2025, Analysis Report of Shareholders, Market Statistics of Company's share and the list of 20 major shareholders are given on pages 130 and 131 of this Annual Report.

REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY (CONTINUED)

Employees and Industrial Relations

The number of persons employed by the Company as at 31st December 2025 was 4052 (2024: 4,214). Details of the Company's human resource initiatives are provided in the Human Capital section of the Management Discussion and Analysis section of the Annual Report.

There have been no material issues pertaining to employees and industrial relations of the Company.

Event Occurring after the Date of the Statement of Financial Position

Please refer to Note 41 for events occurring after the date of the Statement of Financial Position, which would require disclosure in the Financial Statement.

Matters Pertaining to the Golden Share

The Golden Share shall only be held by the Secretary to the Treasury in his official capacity and not in his name, for and on behalf of the Democratic Socialist Republic of Sri Lanka, or by a company in which the State of the Democratic Socialist Republic of Sri Lanka owns 99% or more of the issued share capital.

The Company shall obtain the written consent of the Golden Shareholders prior to sub-leasing, ceding, or assigning its rights in parts or all of the lands set out in Section 3A (1) of the Memorandum of Association.

The Articles of the Company as originally framed may from time be altered by special resolution, provided that the concurrence of Golden Shareholder in writing shall be first obtained to amend the definition of the words Golden Share and Golden Shareholder and Articles 2A, 2B, 3(C), 3(C)(1), 3(C)(2), 25A, 127A, 127B, 127C and 128

The Golden Share may be converted into an ordinary share with the concurrence of the Golden Shareholder and the concurrence of a majority of the shareholders.

The Golden Shareholder shall be entitled to call upon the Board of Directors of the Company once every three months if desired to meet with the Golden Shareholder and or his nominees, and the Directors if so called upon shall meet with the Golden Shareholder and or his nominees to discuss matters of the Company of interest to the State of the Democratic Socialist Republic of Sri Lanka.

The Golden Shareholder and or his nominee shall be entitled to inspect the books of accounts of the company after giving two weeks written notice to the Company.

Statutory Payments

The Directors, to the best of their knowledge and belief, are satisfied that all statutory obligations due to the Government and its employees have been duly paid or adequately provided for in the Financial Statements as confirmed in the Statement of Directors' Responsibility.

Auditors

The Financial Statements for the year have been audited by M/s KPMG, Chartered Accountants who offer themselves for reappointment. Fees paid to Auditors are disclosed on in Note 9 to the Financial Statements on page 88.

REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY (CONTINUED)

As far as the Directors are aware, the auditors do not have any relationship (Other than that of an Auditor) with the company other than those disclosed above. The auditors do not have any interest in the Company.

Annual General Meeting

The Annual General Meeting of the Company will be held as a virtual meeting at the 'Mini Auditorium', Melstacorp PLC, No 110, Norris Canal Road, Colombo 10, Sri Lanka on 24th June 2026 at 11.00 a.m. The Notice of Meeting appears on page 134 & 135 of the Annual Report.

For and on behalf of the Board of Directors,

Sgd.
C R Jansz
Director

Sgd.
K Dayaparan
Director

Sgd.
P A Jayatunga
Director/Company Secretary
27th May 2026

BOARD AUDIT COMMITTEE REPORT

Committee

The Audit Committee is responsible for assisting the Board in its oversight of the integrity of the Company's financial reporting, internal control systems, internal and external audit functions, and compliance with legal and regulatory requirements

The Board Audit Committee comprises two Independent Non-Executive Directors and one Non-Independent Non-Executive Director. The Chairman of the Audit Committee is Mr. M. Reyaz Mihular who is a Fellow Member of Institute of the Chartered Accountant of Sri Lanka and a Fellow Member of Chartered Institute of Management Accountants (CIMA) - UK. The other members of the Audit Committee comprise of Dr. R.A. Fernando, Independent Non-Executive Director, and Mr. K. Dayaparan, Non-Independent Non-Executive Director. Mr. P A Jayatunga functions as the Secretary to the Audit Committee. A brief profile of each member is given on pages 5 to 6.

Meetings

The Audit Committee functioned throughout the financial year and held four meetings in semi virtual mode. The attendance of the members at these meetings is as follows:

Name of the Director	**Attendance**
Mr. M R Mihular – Chairman – Senior Independent Director	4/4
Dr. R A Fernando – Independent Non-Executive Director	4/4
Mr. K Dayaparan – Non-Independent Non-Executive Director	4/4

The CEO, CFO, Group CEO of Melstacorp PLC and Group Financial Controller attended the meetings by invitation. Additionally, Senior Officers of the Group, as well as the Partner from Messrs. KPMG, Chartered Accountants, responsible for the Company's external audit, attended the meetings when necessary.

Terms of Reference

The Audit Committee Charter approved and adopted by the Board clearly sets out the terms of reference governing the Audit Committee ensuring the highest compliance with the Corporate Governance rules applicable to Listed Companies in accordance with the Rules of the CSE and the Code of Best Practice on Corporate Governance.

Role of the Audit Committee

- Ensuring the integrity and accuracy of the financial statements of the Company by reviewing significant accounting policies, complex transactions, and management judgments and that sound financial reporting systems are in place and are managed in order to give accurate, appropriate and timely information to the management, regulatory authorities and shareholders. The Committee ensures that quarterly and annual financial statements comply with Sri Lanka Accounting Standards, Companies Act No: 07 of 2007, the Continuing Listing Rules of the Colombo Stock Exchange and other applicable requirements.

- Overseeing the internal audit function, including approval of the audit charter, annual plans, and resources. The Committee assesses the effectiveness of internal controls and risk management processes, reviews significant findings, and ensures management implements timely corrective actions.

- Evaluating the independence, objectivity, and performance of external auditors, recommending appointments or removals, recommending remuneration, and monitoring coordination with internal audit. The Committee reviews policies on non-audit services to safeguard auditor independence.

- Reviewing the Company's risk management framework and internal controls to ensure significant risks and deficiencies are identified and addressed. The Committee monitors compliance with laws, regulations, and the Company's code of conduct, including procedures for whistleblowing, fraud detection, and reporting non-compliance.

BOARD AUDIT COMMITTEE REPORT (CONTINUED)

- Keeping the Board regularly informed of Committee activities, maintaining open communication with auditors, and preparing the Audit Committee Report for inclusion in the Annual Report, summarising how responsibilities were discharged and assurances received from management and auditors.

- Undertaking additional duties as assigned by the Board, including special investigations, reviewing internal controls to prevent the leakage of material information, evaluating its own performance, and annually reviewing and updating its Terms of Reference to ensure alignment with governance best practices and regulatory requirements.

Activities During the Financial Year

Financial Reporting and Financial Control

Reviewed the Company's quarterly and Annual Financial Statements, focusing on the following aspects:

- Adequacy of disclosures

- Consistency and appropriateness of the accounting policies adopted

- Major judgmental areas to ensure compliance with the Companies Act No. 7 of 2007

- Adherence to applicable Sri Lanka Accounting Standards, as well as compliance with the Listing Rules of the Colombo Stock Exchange.

- Compliance with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

- Discussion with management on future accounting developments likely to affect the Financial Statements

- Reviewed the integrity of the Company's published financial information, including all significant financial judgments and estimates made by management

Risks and Controls

The Committee obtained and reviewed the major business risks and mitigatory action taken or contemplated for each business sector of the Company. In particular, the Committee deliberated on the financial implications to the Company arising from the world market prices for Tea, labor issues, wage increases, etc., and appraised the Board as appropriate.

Internal Audit

The internal audit function of the Company was carried out by the Internal Audit Division. The Committee reviewed the effectiveness of the internal audit plan to ensure that it has been designed to provide reasonable assurance that the financial reporting system adopted by the Company can be relied upon in the preparation and presentation of the financial statements. The Committee also reviewed the findings of the Internal Auditors and their recommendations together with the management responses and regularly followed up the progress of implementation of such recommendations in order to enhance the overall control environment.

External Audit

The Committee reviewed and monitored the relationship with the External Auditors, including overseeing their appointment, independence, remuneration, tenure, rotation of the engagement partner, and engagement for non-audit services.

BOARD AUDIT COMMITTEE REPORT (CONTINUED)

The Committee also reviewed and discussed the Report of the Auditors and Management Letters issued by them to ensure that no limitations have been placed on their scope of work and conduct of the audit.

The Committee carried out an annual evaluation of the External Auditors to establish their independence and objectivity.

Compliance with Laws and Regulations and Reporting

- The Chairman of the Audit Committee reports to the Board at each meeting on the Committee's activities.
- The Annual Report includes the Board Audit Committee Report.
- The Chairman of the Audit Committee attends the Annual General Meeting.
- The Committee has obtained assurances from the CEO, CFO, and other Senior Management personnel that the financial records have been properly maintained and that the Financial Statements present a true and fair view of the Company's operations and financial position.

Re-appointment of External Auditors

The Committee reviewed all transactions with the External Auditors and ensured that no significant or material transactions existed between the External Auditors and any of the Companies within the Group. Furthermore, the Committee confirmed that the External Auditors do not hold any shares in the Company.

The Committee also obtained written assurance from the External Auditors, confirming that they have remained independent throughout the conduct of the audit engagement in accordance with all relevant professional and regulatory requirements.

Having considered the absence of significant transactions between the External Auditors and the Company, the lack of shareholding by the External Auditors, and the periodic rotation of the Audit Partner, the Committee noted that Messrs. KPMG, Chartered Accountants, are independent and eligible for re-appointment as the External Auditors of the Company.

In light of the above, the Committee recommends to the Board of Directors that Messrs KPMG, Chartered Accountants, be re-appointed as the External Auditors of the Company for the next financial year, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

Conclusion

The Audit Committee is satisfied that the Company's accounting policies, operational controls and risk management processes provide reasonable assurance that the affairs of the Company are managed in accordance with Company policies and that the Company's assets are properly accounted for and adequately safeguarded.

Furthermore, the Committee is of the opinion that the Company has complied with all applicable financial reporting requirements as stipulated under the Listing Rules of the Colombo Stock Exchange, the Companies Act No. 07 of 2007, the Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021, and other relevant statutory and regulatory provisions governing financial reporting.

Sgd.
M R Mihular
Chairman – Board Audit Committee
27th May 2026

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

Committee

The Nominations and Governance Committee of the Company was constituted by the Board of Directors w.e.f. 1st October 2024 in compliance with the new listing rules of the Colombo Stock Exchange consisting of three Non-Executive Directors and two of them are Independent. Independent Non-Executive Director Dr. R A Fernando is the Chairman. Mr. Riyaz Mihular and Mr. K Dayaparan serve as its members. The Secretary to the Board, Mr. P A Jayatunga functions as the Secretary to the Nominations and Governance Committee.

Meetings

The Nominations and Governance Committee met Four [02] times during the year 2025. The Attendance of the members at these meetings is as follows:

Name of the Director	Date of Appointment	Attendance
Dr. R A Fernando– Chairman – Independent Non-Executive Director	1st October 2024	2/2
Mr. M R Mihular – Senior Independent Director	1st October 2024	2/2
Mr. K Dayaparan – Non-Independent Non-Executive Director	1st October 2024	2/2

The Group CEO of Melstacorp PLC also attend these meetings by invitation when needed.

Responsibilities of the Committee

The function of the Committee is governed by the Nominations and Governance Committee Charter approved and adopted by the Board of Directors which have been developed in line with Rule 9.11.5 of the Listing Rules. Accordingly, the Committee is delegated with the authority by the Board to review the Board's composition and diversity, formulate and implement the policy for nominating Board candidates for election by Shareholders, make recommendations to the Board on the appointment of Directors and members to the Board committees, and assess Independent Non-Executive Director's independence and commitment. The Committee is also responsible for succession planning for Directors, CEO and senior executives, leadership training and development, and oversight of matters relating to corporate governance.

The Committee will perform its duties with responsibleness, ethics and independence. The Nominations and Governance Committee shall ensure that the nomination and remuneration procedures are transparent and fair in accordance with the corporate governance rules. The Nominations and Governance Committee will help enhance efficiency of the Board of Directors in steering the operation of the Company forward in line with new strategies and help build confidence among the shareholders, investors and all stakeholders.

Key Functions of the Committee

The Committee ensures that all recommendations are objective, transparent, and aligned with the long-term interests of the Company and its stakeholders. It supports the Board in maintaining the highest standards of governance by overseeing nominations, succession planning, and corporate governance practices.

During the financial year the Committee carried out the following key functions:

- Evaluated and recommended the appointment, re-appointment, and re-election of Directors to the Board and its Committees, considering performance, contribution, and external commitments.
- Maintained a formal and transparent procedure for the selection and appointment of Directors, based on professional qualifications, skills, experience, and strategic needs of the Company.
- Facilitated the periodic evaluation of the performance of the Board, its Committees, and the CEO to ensure responsibilities are effectively discharged.

NOMINATIONS AND GOVERNANCE COMMITTEE REPORT (CONTINUED)

- Reviewed and developed succession plans for the Board and Key Management Personnel to ensure continuity of leadershipand effective governance.
- Assessed the structure, size, and composition of the Board and Committees, ensuring a balance of skills, knowledge, experience, and diversity in line with the Company's strategic direction.
- Reviewed and recommended updates to the corporate governance framework, policies, and practices, ensuring compliance with the Colombo Stock Exchange Listing Rules, SEC Act, and evolving best practices.
- Monitored management reports on compliance with governance requirements and ensured corrective actions were implemented where necessary.
- Facilitated induction programs for newly appointed Directors and provided annual updates for existing Directors on governance, regulatory, and legal developments,

Independence of Directors

The Committee evaluated the independence of the current Board of Directors based on the declarations submitted by the respective Directors in accordance with the requirements of the Listing Rules of the Colombo Stock Exchange. The Committee determined that two out of six Directors were Independent as per the criteria set out on the Listing Rules of the Colombo Stock Exchange.

Re-election of Directors

The Articles of Association of the Company require that Directors, other than the Chairman, Chief Executive, Managing or Joint Managing Director, retire by rotation and, being eligible, submit themselves for re-election at the Annual General Meeting. Accordingly, Mr. K Dayaparan who retires by rotation has offered himself for re-election.

Mr. C R Jansz and Mr. M R Mihular, who retire from the Board at the conclusion of the forthcoming Annual General Meeting in terms of Section 210 and 211 of the Companies Act No. 7 of 2007, have offered themselves for re-appointment. Further, Mr. M.R. Mihular who reaches the age of 70 years on 18th June 2026 is to be considered as nevertheless independent in terms of sub clause (c) of Section 9.8.3 (ix) of the Listing Rules of the Colombo Stock Exchange.

None of the Directors who are being proposed for appointment or reelection, nor their family members, have any relationship with the other Directors of the Company or with shareholders holding more than 10% of the shares of the Company.

Having given due consideration to each Director's performance and contribution, the Board recommends that the said Directors are eligible for re-appointment and re-election, as the case may be.

The members of the Nominations and Governance Committee did not participate in the decisions relating to their own reappointments. For further information on the aforementioned Directors please refer the Annual

Report of the Board of Directors on pages 38 to 42 and the Corporate Governance report on pages 19 to 37.

Sgd.
Dr. R A Fernando
Chairman - Nominations and Governance Committee
27th May 2026

REMUNERATION COMMITTEE REPORT

Committee

The Remuneration Committee is established to assist the Board in overseeing the remuneration of the Company's Directors, senior executives, and Key Management Personnel. The Committee is empowered by the Board to recommend remuneration policies, frameworks, and practices that are aligned with the Company's strategic objectives, regulatory requirements, and best practice standards.

The Remuneration Committee appointed by and is responsible to its Board of Directors. It consists of two Independent Non-Executive Directors, namely Dr. R.A. Fernando, Independent Non-Executive Director, Mr. M. Reyaz Mihular Senior Independent Non-Executive Director, and Mr. K. Dayaparan, Non-Independent Non-Executive Director. Brief profiles of these Directors are given on pages 5 to 6. Dr. R A Fernando functions as the Chairman of the Remuneration Committee and Mr. P A Jayatunga functions as the Secretary.

Terms of Reference

The Remuneration Committee is governed by the Remuneration Committee Charter, which has been approved and adopted by the Board of Directors. It is responsible for determining the Remuneration Policy of the Key Management Personnel of the Company. The Remuneration Policy of the Company is based on the evaluation of individual performance. An annual assessment is carried out and increments and incentives are awarded based on the rating/ranking of each individual.

Meetings

The Remuneration Committee met Two [02] times during the year 2025. The Attendance of the members at these meetings is as follows:

Name of the Director	**Attendance**
Dr. R A Fernando– Chairman – Independent Non-Executive Director	2/2
Mr. M R Mihular – Senior Independent Director	2/2
Mr. K Dayaparan – Non-Independent Non-Executive Director	2/2

The Group CEO of Melstacorp PLC and the Director Operations – Plantations & General Manager HR and Administration also attend these meetings by invitation when needed.

Aggregate Remuneration of the Executive and Non-Executive Directors

Aggregate remuneration paid to the Executive Directors and Non-Executive Directors for the financial year has been disclosed under Note 35.5 on page 117 of the Annual Report.

Sgd.
Dr. R A Fernando
Chairman - Remuneration Committee
27th May 2026

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

Committee

The role of the Related Party Transactions Review (RPTR) Committee is to advise the Board on transactions with related parties, as defined by Sri Lanka Accounting Standard LKAS 24 and the Listing Rules of the Colombo Stock Exchange. In line with Rule 9.14 of the updated CSE Listing Rules, the Committee ensures that the Company conducts all related party transactions with due regard to the collective interests of its shareholders.

The Related Party Transactions Review Committee appointed by the Board of Directors comprises two Independent Non-Executive Directors and one Non-Independent Non-Executive Director.

Meetings

The Related Party Transactions Review Committee functioned throughout the financial year and held four meetings in semi virtual mode. The attendance of the members at these meetings is as follows:

Name of the Director	**Attendance**
Mr. M R Mihular – Chairman – Senior Independent Director	4/4
Dr. R A Fernando – Independent Non-Executive Director	4/4
Mr. K Dayaparan – Non-Independent Non-Executive Director	4/4

The CEO, CFO, Group CEO of Melstacorp PLC and Group Financial Controller also attend these meetings by invitation when needed.

Responsibilities of the Committee

The Committee's primary focus is to review all proposed Related Party Transactions before their execution or completion, in accordance with the procedures set out in Rule 9.14 of the Colombo Stock Exchange Listing Rules. The key responsibilities of the Committee include:

- Evaluate all proposed Related Party Transactions on a quarterly basis and recommend to management and the Board the appropriate course of action to ensure compliance with the Listing Rules of the Colombo Stock Exchange.
- Review any post-quarter confirmations on Related Party Transactions.
- Assess the thresholds for Related Party Transactions that require either shareholders' approval or immediate market disclosure, as applicable.
- Review and determine the criteria for identifying Key Management Personnel.
- Regularly report to the Board on the Committee's activities and findings.

Key Functions Performed During the Year

Policies and Procedures adopted

- Quarterly disclosures of any proposed Related Party Transactions, as well as confirmations of post-quarter transactions, were obtained from the Management. All such disclosures were tabled at each Related Party Transactions Review Committee meeting.
- Non-recurrent Related Party Transactions with an aggregate value exceeding the lower of 10% of the Company's equity or 5% of its total assets, based on the previous year's audited Financial Statements, were communicated to the Committee by the Management.
- Recurrent Related Party Transactions exceeding 10% of the Company's gross revenue, as per the previous year's audited Financial Statements, were similarly communicated to the Committee by the Management.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT (CONTINUED)

Review of Related Party Transactions

- The Committee has reviewed all related party transactions of the Company in respect of the financial year and communicated the activities of the Committee to the Board of Directors on a quarterly basis.
- Reviewed the thresholds for Related Party Transactions which require either shareholders' approval or immediate market disclosure and confirmed that there were no non- recurrent or recurrent related party transactions that exceeded the respective thresholds mentioned in the Listing Rules of the Colombo Stock Exchange requiring immediate announcement.
- Details of the related party transactions entered into by the Company during the year including recurrent and non-recurrent related party transactions are disclosed in Notes 21, 27, 33 and 35 of the financial statements.

Disclosures

The Committee hereby confirm that the requirements stipulated in Section 9.14 of the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions have been complied with.

Sgd.
M R Mihular
Chairman -Related Party Transactions Review Committee
27th May 2026

RISK MANAGEMENT

The Company operates in an evolving environment which exposes it to different types of risks especially being in the Agricultural Sector which is very sensitive to weather patterns. An effective risk management system is an important area of business management that would enable the company to proactively identify and address key risks to achieve an optimum balance between minimizing the risks and maximizing shareholder value. The Risk Management Process is designed to ensure the identification of any circumstances that would adversely affect the goals of the Company. Our Risk Management Process ensures that we accept or manage unavoidable risks and that uncertainties are minimized.

The Board of Directors holds responsibility for the risk management function of the Company, assisted by the audit committee which has oversight responsibility for matters relating to risks and internal control.



The Company has identified the importance of having a proactive approach in managing risk while maintaining a comprehensive system of internal controls to track and monitor the subsequent effects of each risk on Company's performance. The Company has adopted 'Three Lines of Defense Model' in managing its risks.

1st Line of Defense

- **Business Units -** Identify, assess and manage the risks on day-to-day basis ensuring consistantancy with company's goals and implement internal controls.

2nd Line of Defense

- **Audit Committee and Board -** Risk monitoring and providing guidance on risk mitigation and establishing risk management framework

3rd Line of Defense

- **Internal and External Audit -** Providing independent assurance of the effectiveness of the first two lines of defense and reporting to the Board and Audit Committee

RISK MANAGEMENT (CONTINUED)

Following are the key risks that the company is exposed to while carrying out its business activities and mitigation measures implemented.

Risk	Risk Assessment	Mitigating Strategies	Threat Probability
Environmental Risk	The variability of weather conditions influences crop outcomes. Adverse weather, shifts in ambient temperature, and natural calamities can all disrupt crop growth and development. These factors impact the quantity, quality, market positioning, and financial performance of agricultural products.	• Monitoring weather patterns and their impact on crop harvests. • Adoption of sustainable agricultural practices. • Constant examination and review of soil nutrient contents • Undertaking effective soil conservation measures. • Reservation of forests and watersheds	High
Human Resource	Low productivity, reduction in resident manpower, disruptions in achieving the targeted objectives.	• Providing welfare facilities and introducing participative housing projects to retain workers on plantations and improve their productivity. • Train and encourage Plantation Executives to acquire communication skills in resolving labour disputes. • Improve employee motivation, commitment, welfare, recognition and appreciation.	Moderate
Product Quality Risk	Inconsistency in quality of end products and its negative impact on prices and market share.	• Ensure safety and ethical standards in providing a quality consumable product. • Upgrade manufacturing process and factories to cater to the fluctuating market demand. • Monitor quality assurance measures	Moderate
Inflationary pressures	Cost of Production escalations from various factors, including government-imposed import restrictions, currency devaluation, wages and other macroeconomic measures enacted to navigate economic crises.	• Ongoing measures to improve cost efficiencies • Reducing reliance on high priced imported agrochemicals and nutrients • Crop diversification and value addition to improve margins	Moderate
Political Risk	The impact of political intervention, major industrial relations issues, regulatory changes, ad-hoc acquisitions of land etc. are constraints faced by the plantations industry.	• Maintaining a close engagement with the employees and other stakeholders. • Implementing human development policies	High

RISK MANAGEMENT (CONTINUED)

Risk	Risk Assessment	Mitigating Strategies	Threat Probability
Geo-political Risk	Changes in global political and economic conditions, trade policies, sanctions, conflicts, shipping disruptions, currency volatility, and inflationary pressures may adversely impact export demand, commodity prices, logistics, input costs, i.e. fertilizer, fuel, agrochemicals and supply chain continuity.	• Monitor global and regional developments. • Maintain close engagement with customers, brokers, suppliers and other industry stakeholders to proactively assess potential impacts. • Prudent cost management • Maintain adequate inventory levels of critical inputs • Regular review of business continuity and contingency plans to enhance operational resilience.	High
Interest Rate Risk	Fiscal and monitory policy changes have a direct impact on liquidity and production costs.	• Close monitoring of interest rate developments and negotiating with funding partners • Maintenance of biological assets in optimum condition to enhance productivity, turnover and generate cash-flows.	Moderate
Technology & IT Risk	Lack of accurate and timely information due to ineffective IT systems. Increase in digitization of operations pose a threat of loss of data and hacking.	• Strengthen software development with internal controls and IT security. • Overlooking by the group IT Division of the parent company, Melstacorp PLC • Implement a sound backup system • Use Licensed Software	Moderate
Inventory cycle	Liquidity is impacted as the industry is cyclical with long gestation periods.	• Produce stocks are monitored closely for speedy disposal. • Input stock levels are controlled to avoid obsolescence and theft. • High value input stocks such as fertilizer, firewood and packing materials are purchased on a need basis.	Moderate
Company Reputation Risk	The reputation of the company could be damaged by noncompliance, unethical behavior, and inconsistent product quality.	• Compliance with statutory requirements • Compliance with the code of corporate governance by all employees • Protection of the environment and adoption of sustainability initiatives • Employee health and safety and food safety procedures.	Moderate

REPORT OF THE SENIOR INDEPENDENT DIRECTOR

In compliance with Rule 9. 6. 3 of the Listing Rules of the Colombo Stock Exchange, the Board of Directors of the Company designated me as the Senior Independent Director (SID) of the Company with effect from 06th February 2025, following the appointment of Mr. D. Hasitha S. Jayawardena as the Executive Chairman of the Company.

The objective of the appointment of a Senior Independent Director is to ensure the greater independence element in proceedings of the Board and in all deliberations by the Board either at Board meetings or in resolutions circulated amongst the Board. The SID provides guidance to the Chairman on matters of governance of the Company and the role of the SID also provides emphasis to transparency on matters relating to governance and calls for a review of the effectiveness of the Board. The SID makes himself available to any Director or any employee to have confidential discussions on the affairs of the Company should the need arise.

The meeting of Non-Executive Directors without the presence of Executive Directors, as required under Rule 9.6.3 (b) of the Listing Rules of the Colombo Stock Exchange, convened during the year.

I have observed that the Non-Executive Directors, who form the majority of the Board of Directors, have continued to exert a constructive and positive influence on all deliberations and decision-making.

Sgd.
M R Mihular
Senior Independent Director
27th May 2026

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible under the Companies Act No. 07 of 2007, to ensure compliance of the requirements set out therein to prepare Financial Statements for each financial year giving a true and fair view of the state of the affairs of the Company as at the Reporting date and the profit of the Company for the financial year. The Directors are also responsible for ensuring that proper accounting records are kept to disclose, with reasonable accuracy, the financial position and enable preparation of the Financial Statements.

The Board accepts the responsibility for the integrity and objectivity of the Financial Statements presented. The Directors confirm that proper accounting records have been maintained and appropriate accounting policies have been selected and applied consistently in the preparation of such Financial Statements which have been prepared and presented in accordance with Sri Lanka Accounting Standards and provide information required by the Companies Act and the Listing Rules of the Colombo Stock Exchange.

Further, the Directors confirm that the Financial Statements have been prepared on a going concern basis and are of the view that sufficient funds and other resources are available within the Company to continue its operations and to facilitate planned future expansions and capital commitments. The Directors have taken adequate measures to safeguard the assets of the Company and in this regard have established appropriate systems of internal control with a view to preventing and detecting fraud and other irregularities. The External Auditors were provided with all information and explanations necessary to enable them to form their opinion on the Financial Statements.

Compliance Report

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

By Order of the Board,

Sgd.
P A Jayatunga
Director/Company Secretary
27th May 2026

INDEPENDENT AUDITOR'S REPORT

KPMG
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32A, Sir Mohamed Macan Markar Mawatha,
P. 0. Box 186,
Colombo 00300, Sri Lanka.

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TO THE SHAREHOLDERS OF MADULSIMA PLANTATIONS PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Madulsima Plantations PLC ("the Company"), which comprise the statement of financial position as at 31st December 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information set out on pages 61 to 129.

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

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for professional accountants issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance a 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 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 (CONTINUED)

01. Management assessment of the Company's ability to continue as Going concern

Refer to the explanatory Note 40 to the financial statements

Risk Description	Our Response
The Company has recorded a net profit of LKR 52 million during the year ended 31st December 2025 and as of that date, the accumulated losses amounted to LKR 8,229 million. As at the reporting date, the Company's, current liabilities exceeded its current assets by LKR 187 million. Further, the Company has loans and borrowings and an overdraft balance of LKR 622 million due within 12 months from 31st December 2025. However, the Directors of the Company are of the opinion that the going concern assumption is valid in preparation of financial statements, due to future growth potential of the Company and continuous financial support from the parent company. In assessing the Company's ability to continue as a going concern the management prepared a cash flow forecast which required the exercise of significant management judgments. We identified the assessment of the Company's ability to continue as a going concern as a key audit matter because the assessment of going concern is dependent upon certain management assumptions and judgements, in particular in relation to future cash flow forecast and the ability of the Company to obtain external financing, which may be subject to management bias.	Our audit procedures included: • Obtaining and evaluating the appropriateness of the management assessment of going concern. • Obtaining the Company's cash flow projections covering period of not less than twelve months from the reporting period end date and evaluating the key assumptions used in preparing the projections. • Inspecting the letter of support received from the parent Company after evaluating their ability and intent to provide the financial support to meet the liabilities of the Company as and when they fall due and payable. • Assessing the adequacy of disclosures in the financial statements (Note 40) in relation to Company's ability to continue as going concern.

02. Measurement of Consumable Biological Assets

Refer to the material accounting policy in Note 3.1.3.5 and explanatory Note 16 to the financial statements
The Company has reported consumable biological assets carried at fair value less estimated cost to sell at harvest, amounting to LKR 5,795 Million as at 31st December 2025.

Risk Description	Our Response
The commercially cultivated timber trees on estates, managed by the Company classify as consumable biological assets and are measured at each reporting date at fair value less estimated cost to sell at harvest. The valuation of consumable biological assets requires significant levels of judgments and technical expertise in selecting appropriate valuation models and assumptions. Changes in the key assumptions used such as discount rate, estimation of height/girth of trees used to arrive volume of timber and value per cubic foot used for the valuation of consumable biological assets, could have a material impact on the fair value gain or loss	Our audit procedures included, • Assessing the objectivity, independence, competence, qualifications and experience of the subject matter expert engaged by the management. • Physical verification of the actual girth and height pertaining to a selected sample of trees during our estate visits, in order to ascertain the accuracy of the average girth and height used in the valuation report.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Risk Description	Our Response
for the year and the carrying value of consumable biological assets as of the reporting date. Management engaged a subject matter expert who is an incorporated valuer and a member of The Institute of Valuers of Sri Lanka to perform an independent valuation of the consumable biological assets of the Company as at the reporting date. We considered measurement of consumable biological assets as a key audit matter due to the magnitude of the value and significant assumptions and judgments in determining the fair value which could be subject to error or potential management bias.	• Evaluating the key assumptions and methodology used in the valuation, in particular the discount rate, expected timber content at harvest, and the average market price. • Verifying the mathematical accuracy of the consumable biological asset valuation. • Assessing the adequacy of the disclosures in the Financial Statements, including the description and appropriateness of the inherent degree of subjectivity and the key assumptions.

03. Retirement Benefit Obligation

Refer to the material accounting policy in Note 3.2.1.2 and explanatory Note 28 to the financial statements The Company has recognized retirement benefit obligation of Rs. 1,384 Million as at 31st December 2025.

Risk Description	Our Response
The valuation of the Company's retirement benefit obligation requires significant judgment and estimation to be applied across numerous assumptions, including salary increases and discount rate. Minor changes in those assumptions could have a significant effect on the financial performance and financial position of the Company. Management engaged an independent actuary to assist them in the computation of retirement benefit obligation. We considered the computation of the retirement benefit obligation to be a key audit matter due to the magnitude of the amounts recognized in the financial statements as well as estimation uncertainty involved in determining the amounts.	Our audit procedures included, • Assessing the objectivity, independence, competence, qualifications and experience of the subject matter expert engaged by the Management. • Testing the samples of the employees' details used in the computation to the human resource records. • Assessing the key assumptions used in the valuation, in particular the discount rate, mortality rates and future salary increment rate. • Involving internal valuation specialist to verify the accuracy of the retirement benefit obligation. • Assessing the adequacy of the disclosures in financial statements.

04. Revaluation of Property, Plant and Equipment

Refer to the material accounting policy in Note 2.7.1 and explanatory Note 13 & 14 to the financial statements The Company has recognized revaluation gain of Rs. 1,049 Million as at 31st December 2025.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Risk Description	Our Response
The Company has engaged an independent professional Valuer with appropriate expertise to determine the fair value of the buildings, plant & machinery and motor vehicles in accordance with recognized industry standards. Above assets are valued at fair value using cost approach and market approach. The valuations require the exercise of the significant judgement and key among these judgements are; • The appropriate valuation methodology to apply based on the valuer's assessment of specialized nature of the assets; • Where replacement cost-based valuation methods are applied, what a modern equivalent asset cost would be; • Assessment of condition of the existing assets and the age; • Assessment of remaining useful lives and depreciation method; 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 property, plant and equipment.	Our audit procedures included, • Assessing the objectivity, independence, competence, qualifications and experience in the properties being valued by the external valuer. • Obtaining and inspecting the valuation reports prepared by independent valuer engaged by the Company. • With the assistance of our own internal valuation specialists assessing the key assumptions applied and conclusions made in deriving the fair value of the property, plant and equipment. 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 property, plant and equipment in the financial statements

Other Information

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

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

However, it should be noted that the Company's net assets are less than half of the stated capital and therefore faces a serious loss of capital situation in terms of Section 220 of the Companies Act No. 07 of 2007.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2618.

Sgd.
CHARTERED ACCOUNTANTS
Colombo, Sri Lanka
27th May 2026

STATEMENT OF PROFIT OR LOSS

For the year ended 31st December	Note	2025 Rs. '000	2024 Rs. '000
Revenue	5	4,379,194	4,684,545
Cost of Sales		(4,106,131)	(3,993,800)
Gross Profit		273,063	690,745
Gain on Change in Fair Value of Biological Assets	18.1	378,228	390,525
Other Income	6	195,544	100,907
Other Expences	7	(32,034)	(48,390)
Administrative Expenses		(143,961)	(128,790)
Profit From Operations		**670,840**	1,004,997
Finance Income		14,925	10,034
Finance Cost		(506,154)	(551,195)
Net Finance Costs	8	(491,229)	(541,161)
Profit Before Taxation	9	179,611	463,836
Income Tax Expense	10	(127,443)	(220,092)
Profit for the Year		**52,168**	243,744
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Net Change in Fair Value Through OCI Financial Assets	17	132	(37)
Actuarial Gain/(Loss) on Retirement Benefit Obligations	28.1	(4,976)	15,010
Tax Effect on Re-measurement of Retirement Benefit Obligations	29.1	1,493	(4,503)
Revaluation Gain on Property, Plant & Equipment	14.11	1,049,487	-
Tax Effect on Revaluation Gain	29.2	(314,846)	-
Total other comprehensive Income		**731,290**	10,470
Total Comprehensive Income		**783,458**	254,214
Basic Earnings Per Share	11	**0.31**	1.44

Figures in brackets indicate deductions.

The accounting policies and notes on pages 65 to 129 form an integral part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 31st December	Note	2025 Rs.'000	2024 Rs.'000
ASSETS			
Non Current Assets			
Right to use of Land	12	162,422	164,050
Immovable Leased Assets (Other than bare land)	13	500,023	272,418
Property, Plant & Equipment	14	1,970,787	1,148,893
Bearer Biological Assets	15	1,307,847	1,200,197
Consumable Biological Assets	16	5,794,753	5,399,809
Investment in Financial Assets - FVOCI	17	4,348	4,216
Total Non -Current Assets		9,740,180	8,189,583
Current Assets			
Produce on Bearer Biological Assets	18	7,622	5,993
Inventories	19	513,163	500,863
Trade and Other Receivables	20	283,523	176,350
Amounts Due from Related Companies	21	8,699	9,704
Cash and Cash Equivalents	22	225,858	420,026
Total Current Assets		1,038,865	1,112,936
TOTAL ASSETS		10,779,045	9,302,519
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	23	1,624,761	1,624,761
Revaluation Reserve	24	1,790,456	1,055,815
Fair Value Through OCI Reserve	25	3,132	3,000
Timber Reserve	26	5,460,898	5,084,299
Accumulated Losses		(8,228,795)	(7,900,881)
Total Equity		650,452	(133,006)
Non Current Liabilities			
Interest Bearing Loans & Borrowings	27	4,855,796	4,659,657
Retirement Benefit Obligations	28	1,383,560	1,322,848
Defferred Tax Liabilities	29	2,384,478	1,943,682
Deferred Income	30	101,387	109,566
Lease Liability to - SLSPC and JEDB	31	177,236	172,874
Total Non Current Liabilities		8,902,457	8,208,627
Current Liabilities			
Trade and Other Payable	32	538,080	562,656
Lease Liability to - SLSPC and JEDB	31	2,207	1,865
Amounts Due to Related Companies	33	63,652	55,030
Interest Bearing Loans & Borrowings	27	600,000	600,000
Bank Overdraft	22	22,197	7,347
Total Current Liabilities		1,226,136	1,226,898
Total Liabilities		10,128,593	9,435,525
TOTAL EQUITY & LIABILITIES		10,779,045	9,302,519
NET ASSETS PER SHARE		3.84	(0.78)

The accounting policies and notes on pages 65 to 129 form an integral part of the Financial Statements.
These Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.

Sgd.
D S Heenatigalage
General Manager - Finance

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

Sgd.
C R Jansz
Director
Colombo, 27th May 2026

Sgd.
K Dayaparan
Director

For the year ended 31st December 2025

	Note	Stated Capital Rs. '000	Revaluation Reserve Rs. '000	Fair value through OCI Reserve Rs. '000	Timber Reserve Rs. '000	Accumulated Losses Rs. '000	Total Equity Rs. '000
Balance as at 01st January 2024		1,624,761	1,055,815	3,037	4,691,956	(7,762,789)	(387,220)
Total Comprehensive Income for the Year							
Profit for the Year		-	-	-	-	243,744	243,744
Other Comprehensive Income/ (Expense)							
Actuarial Gain on Retirement Benefit Obligation (Net of Tax)		-	-	-	-	10,507	10,507
Net Change in Fair Value Through OCI Financial Assets	17	-	-	(37)	-	-	(37)
		1,624,761	1,055,815	3,000	4,691,956	(7,508,538)	(133,006)
Transferred to Timber Reserve	26	-	-	-	392,343	(392,343)	-
Balance as at 31st December 2024		1,624,761	1,055,815	3,000	5,084,299	(7,900,881)	(133,006)
Balance as at 01st January 2025		**1,624,761**	**1,055,815**	**3,000**	**5,084,299**	**(7,900,881)**	**(133,006)**
Total Comprehensive Income for the Year							
Profit for the Year		-	-	-	-	52,168	52,168
Other Comprehensive Income/ (Expense)							
Actuarial Loss on Retirement Benefit Obligation (net of Tax)		-	-	-	-	(3,483)	(3,483)
Net Change in Fair Value Through OCI Financial Assets	17	-	-	132	-	-	132
Revalaution Gain (net of Tax)		-	734,641	-	-	-	734,641
		-	**734,641**	**132**	**-**	**48,685**	**783,458**
Transferred to Timber Reserve	26	-	-	-	376,599	(376,599)	-
Balance as at 31st December 2025		**1,624,761**	**1,790,456**	**3,132**	**5,460,898**	**(8,228,795)**	**650,452**

Figures in brackets indicate deductions.

The accounting policies and notes on pages 65 to 129 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

For the year ended 31st December	Note	2025 Rs.'000	2024 Rs.'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profi Before Taxation		179,611	463,836
Adjustments for :			
Depreciation	12,13,14,15	184,868	180,980
Interest Income	8.1	(14,925)	(10,034)
Interest Expenses	8.2	506,154	551,195
Provision for Defined Benefit Plan Cost	28.1.1	197,589	225,206
Gain on Change in Fair Value of Biological Assets	18.1	(378,228)	(390,525)
Loss on Disposal of Mature Plants	7	5,242	-
Gain on PPE Disposals		(38,533)	-
Adjustment on unclaimed retiring gratuity	28.1	3,257	(73,705)
Write off of bearer plants		-	1,309
Amortization of Grants	30	(8,429)	(8,432)
Property, Plant & Equipment write off during the year	14	-	38,180
Operating Profit before Working Capital Changes		**636,606**	978,010
(Increase)/Decrease in Inventories		(12,300)	47,531
(Increase)/Decrease in Trade and Other Receivables		(107,173)	(36,251)
(Increase)/Decrease in Due from Related Companies		1,005	(9,520)
Increase/(Decrease) in Trade and Other Payable		(24,576)	105,131
Increase/(Decrease) in Due to Related Companies		8,622	(62,856)
Cash Generated from Operations		**502,184**	1,022,045
Interest Paid		(310,015)	(37,120)
Gratuity Paid	28.1	(145,110)	(165,666)
Net Cash Generated from Operating Activities		**47,059**	819,259
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Property, Plant and Equipment	14	(142,738)	(19,817)
Investments in Immature Plantations	15.2	(149,755)	(120,616)
Investment in Timber Plantations	16	(18,345)	(27,045)
Interest Received	8.1	14,925	10,034
Proceeds from PPE Disposals		41,502	-
Net Cash used in Investing Activities		**(254,411)**	(157,444)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital Payments to Lease Creditor- JEDB/SLSPC	31.1	(1,916)	(1,331)
Loan Obtained	27.1	-	5,186
Loans Repayment	27.1	-	(60,889)
Grants Received	30	250	-
Net Cash Used in Financing Activities		**(1,666)**	(57,034)
Net Decrease in Cash and Cash Equivalents		**(209,018)**	604,781
Cash and Cash Equivalents at the Beginning of the Year	**22**	**412,679**	(192,102)
Cash and Cash Equivalents at the End of the Year	**22**	**203,661**	412,679

Figures in brackets indicate deductions.
The accounting policies and notes on pages 65 to 129 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2025

1. CORPORATE INFORMATION

1.1 Reporting entity

Madulsima Plantations PLC is a Public Limited Liability Company incorporated and domiciled in Sri Lanka, under the Companies Act No. 17 of 1982 in terms of the provisions of the Conversion of Public Corporations or Government-Owned Business Undertaking into Public Companies Act No. 23 of 1987 and re-registered under the Companies Act No.07 of 2007. The registered office of the Company is located at No 833, Sirimavo Bandaranaike Mawatha, Colombo 14 and Plantations are situated in the Madulsima and Bogawantalawa regions.

1.2 Principal activities and nature of operations

The Company primarily is involved in the cultivation, manufacturing, and sale of Tea and other crops.

1.3 Immediate and ultimate parent enterprises

The Company's immediate parent Company is Melstacorp PLC, and the ultimate parent is Milford Exports (Ceylon) (Private) Limited which are incorporated in Sri Lanka.

1.4 Approval of the financial statements

The financial statements of the Company for the year ended 31st December 2025 were authorized for issue in accordance with resolution of the Board of Directors on 27th May 2026.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Statement of presentation

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

2.3 Responsibility for financial statements

The Board of Directors of the Company is responsible for the preparation and presentation of the financial statements of the Company as per the provisions of the Companies Act No. 07 of 2007 and SLFRSs and LKASs. The Board of Directors acknowledges their responsibility for financial statements as set out in the Annual Report of the Board of Directors, statement of Directors' Responsibility and the certification on the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2025

These Financial Statements include the following components:

- a Statement of Profit or Loss and Other Comprehensive Income providing the information on the financial performance of the Company for the year under review.
- a Statement of Financial Position providing the information on the financial position of the Company as at the year-end.
- a Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Company.
- a Statement of Cash Flows providing the information to the users, on the ability of the Company to generate cash and cash equivalents and utilisation of those cash flows.
- Notes to the Financial Statements comprising Material accounting policies and other explanatory information.

2.4 Basis of measurement

The financial statements have been prepared on historical cost basis except for the following material items in the statement of financial position:

Category	Items	Basis of measurement	Note
Assets	Building, plant & machinery and motor vehicles	Measured at cost at the time of acquisition and subsequently at revalued amounts which are the fair values at the date of revaluation	14
	Consumable mature biological assets	At fair value less costs to sell	16
	Agriculture produces growing on bearer biological assets	At fair value less costs to sell	18
	Investment in equity securities measured at FVOCI	At fair value	17
Liabilities	Retirement benifit obligation	Measuted at its present value based on actual valuation	28
	Lease liability and related Right of use assets	Measured at its present value of the lease payments.	12 & 31

2.5 Functional and presentation currency

The financial statements are presented in Sri Lankan Rupees which is the Company's functional currency. All financial information presented in Sri Lankan Rupees thousands (Rs.'000) has been rounded to the nearest rupee thousand, unless stated otherwise. There was no change in the Company's presentation and functional currency during the year under review.

2.6 Materiality and aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 1 on 'Presentation of Financial Statements' and amendments to the LKAS 1 on 'Disclosure Initiative'.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2025

Notes to the financial statements are presented in a systematic manner which ensures the understandability and comparability of financial statements of the Company. Understandability of the financial statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

2.7 Use of estimates and judgements

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

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, if the revision affects only that period or in the period of revision and future periods, if the revision affects both current and future periods and if any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes.

Critical accounting assumptions and estimation uncertainties	Note
Fair value of buildings, plant & machinery and motor vehicles	2.7.1
Useful lifetime of the property, plant, and equipment	2.7.2
Fair value of consumable biological assets	2.7.3
Fair value of agriculture produce harvested from biological assets	3.1.4
Fair value of investment in equity securities measured at FVOCI	17
Impairment on non-financial assets	3.1.5.5
Measurement of defined benefit obligation: key actuarial assumptions	2.7.4
Provisions for liabilities, commitments, and contingencies	2.7.5
Recognition of deferred tax assets	2.7.6
Going concern basis	40

2.7.1 Fair value of buildings, plant & machinery and motor vehicles

The Company measures buildings, plant & machinery and motor vehicles at revalued amounts with changes in fair value being recognised in equity through other comprehensive income (OCI). Valuations are performed every five years to ensure that the fair value of a revalued asset does not differ materially from it carrying amount. The Company engages independent professional valuer Mr. S.Sivaskantha, Chartered Valuation Surveyor to assess fair value of buildings, plant & machinery and motor vehicles in terms of Sri Lanka Accounting Standard on "Fair Value Measurement" (SLFRS13). Based on the valuation techniques and inputs used, buildings, plant & machinery and motor vehicles was classified at level 3 in the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2025

The valuation techniques, significant unobservable inputs, key assumptions used to determine the fair value of the buildings, plant & machinery and motor vehicles, and sensitivity analysis are provided in Note 14.10 to 14.12.

2.7.2 Useful lifetime of the property, plant, and equipment

The Company reviews the residual values, useful lives, and methods of depreciation of property, plant, and equipment at each reporting date. Judgement of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty. Refer Note 3.1.2.7. for more details.

2.7.3 Fair value of consumable biological assets

The Company measures consumable biological assets at fair value with changes in fair value being recognised in profit or loss. Valuations are performed ever year. The Company engages independent professional valuer Mr. W.M. Chandrasena, Chartered Valuation Surveyor to assess fair value of consumable biological assets in terms of Sri Lanka Accounting Standard on SLFRS13 and LKAS 41. Based on the valuation techniques and inputs used, consumable biological assets was classified at level 3 in the fair value hierarchy.

The valuation techniques, significant unobservable inputs, key assumptions used to determine the fair value of the consumable biological assets, and sensitivity analysis are provided in Note 16.1, 16.2 and 16.3.

2.7.4 Measurement of defined benefit obligation

The cost of defined benefit obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates, etc. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Refer Note 28 for the assumptions used to determine defined benefit obligations. Sensitivity analysis to key assumptions is disclosed in Note 28.2.

2.7.5 Provisions for liabilities and contingencies

Management has made judgments as to the likelihood of any claim succeeding in making provisions. The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depend on the due process in respective legal jurisdictions. Refer Note 37.

2.7.6 Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available and can be utilized against such tax losses. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies. Refer Note 29.5 for estimate and assumption used by the company in assessing recoverability of deferred tax assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2025

2.8 Determination of fair value

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

The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information is used to measure fair values, the Company assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SLFRS, including the level in the fair value hierarchy in which such valuations should be classified. When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data. (Unobservable inputs).

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

2.9 Comparative Information

Comparative information including quantitative, narrative, and descriptive information is disclosed in respect of the previous period in the financial statements to enhance the understanding of the current period's financial statements and to enhance the inter period comparability. The presentation and classification of the financial statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

3. MATERIAL ACCOUNTING POLICIES

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

3.1 Assets and the bases of their valuation

Assets classified as current assets in the statement of financial position are cash, bank balances and those which are expected to be 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 beyond a period of one year from the date of statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2025

3.1.1 Right to use of asset

3.1.1.1 Recognition

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in SLFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative standalone prices. However, for the leases of property, the Company has elected not to separate non- lease components and account for the lease and non-lease components as a single lease component.

3.1.1.2 ROU asset

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The Company applies the cost model for the subsequent measurement of the ROU asset and accordingly, the right-of use asset is depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

3.1.1.3 Depreciation expenses

Depreciation expenses has been charged to statement at profit or loss under cost of sales.

3.1.1.4 ROU Lease Liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.
The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2025

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

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

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

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

3.1.1.5 Interest expenses on lease liabilities

Interest expense is calculated by using the effective interest rate method and is recognised as finance expenses in the statement of profit or loss.

3.1.1.6 Presentation of ROU asset and lease liabilities

The Company presents right-of-use assets that do not meet the definition of investment property in 'right to use of land' and lease liabilities in 'lease liability' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short- term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.1.2 Property, plant and equipment

3.1.2.1 Recognition and measurement

Property, plant and equipment except building, plant & machinery and motor vehicle are stated at cost less accumulated depreciation and accumulated impairment losses, except for bare land on lease which is stated at revalued amount on 22nd June 1992 less subsequent accumulated depreciation and accumulated impairment losses.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2025

3.1.2.2 Owned assets

The cost of property, plant and equipment includes expenditures that are directly attributable to the acquisition of the asset. Such costs include the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. The cost of self-constructed assets includes the cost of materials and direct labor, any other cost directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as a part of that equipment.

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

Buildings, plant & machinery and motor vehicles are measured at fair value less accumulated depreciation on such assets and impairment charged subsequent to the date of the revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount and is undertaken by professionally qualified valuer for every five year. Other property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

3.1.2.3 Land improvement cost

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

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

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

3.1.2.4 Capital work-in-progress

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

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

3.1.2.5 Subsequent cost

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2025

The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit or loss and other comprehensive income as incurred.

3.1.2.6 Borrowing costs

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset which takes a substantial period of time to get ready for its intended use or sale, are capitalized as a part of the asset. The amounts of the borrowing costs which are eligible for capitalization are determined in accordance with LKAS 23 - Borrowing Costs.

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

3.1.2.7 Depreciation and amortization

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

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

Asset category	No of Years	Rate %
Improvements to building	40	2.5
Land improvement	49	2.04
Plant & machinery	15 to 20	6.66/ 5
Motor vehicles	5	20
Equipment	8	12.5
Computer	4	25
Furniture & fittings	10	10
Water projects & sanitation	20	5

Immovable assets on finance lease from JEDB/ SLSPC are being amortized in equal amounts over the following periods:

Asset category	No of years	Rate %
Bare land	53	1.89
Mature plantations – Tea	33	3.03
Buildings	25	4
Plant & machinery	15	6.67
Land development cost	53	1.89
Water supply scheme	30	3.33
Mini hydro scheme	10	10

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2025

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

Depreciation method, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

3.1.2.8 Derecognition

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss and the revalued assets are disposed, the amount included in revaluation surplus reserve is transferred to retained earnings.

3.1.3 Biological assets

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

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

3.1.3.1 Recognition and measurement

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

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

3.1.3.2 Bearer biological assets

The costs of land preparation, rehabilitation, new planting, replanting, crop diversification, interplanting, fertilizing and so on 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. The expenditure incurred on bearer biological assets (Tea, Rubber fields) which comes into bearing during the year, is transferred to mature plantations.

Permanent impairments to bearer biological assets are charged to the statement of profit or loss and other comprehensive income in full and reduced the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2025

3.1.3.3 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 depreciated over the newly assessed remaining useful economic life of the relevant mature plantation or unexpired lease period, whichever is lower.

Infilling costs that are not capitalized have been charged to the statement of profit or loss and other comprehensive income in the year in which they are incurred.

3.1.3.4 Depreciation

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

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

Asset category	No of Years	Rate %
Tea	33 1/3	3
Rubber	20	5
Coffee	10	10
Clovers	10	10
Cinnamon	10	10

No depreciation is provided for immature plantations.

3.1.3.5 Consumable biological assets

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

The main variables in DCF model are as follows:

Variable	Comment
Timber content	Estimated based on physical verification of girth, height and considering the growth of each species, and factoring in all the prevailing statutory regulations enforced against harvesting of timber coupled with the forestry plan of the Company.
Economic useful life	Estimated based on the normal life span of each species by factoring in the forestry plan of the Company.
Selling price	Selling price reflects the currently available market value.
Discount rate	Discount rate reflects the possible variations in the Cash flows and the risk related to the biological assets.
Currency	LKR

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2025

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

3.1.4 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 and is measured at fair value less costs to sell. Changes in the fair value of such agricultural produce is recognised in profit or loss at the end of each reporting period.

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

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

3.1.5. Financial instruments

3.1.5.1. Recognition and initial measurement

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

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

3.1.5.2.Classification and subsequent measurement financial assets

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

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

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

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2025

Financial assets - Business model assessment:

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity

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

Financial assets -Assessment whether contractual cash flows are solely payments of principal and interest

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

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

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2025

3.1.5.3. Financial assets - Subsequent measurement and gains and losses

Financial assets at amortised cost

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

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.1.5.4. Derecognition

Financial assets

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

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

Financial liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2025

3.1.5.5.Impairment policy

Non-derivative financial assets
Financial instruments and contract assets

The company recognizes loss allowances for ECLs on financial assists measured at amortise cost.

Loss allowances for trade receivables is always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

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

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 180 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

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

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

Credit-impaired financial assets

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2025

Presentation of allowance for ECL in the statement of financial position

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

Impairment Policy: Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

3.1.6. Inventories

3.1.6.1 Agricultural produce harvested from biological assets

Agricultural produce harvested from biological assets is measured at its fair value less cost to sell at the point of harvest. The finished and semifinished inventories from agricultural produce are valued by adding the cost of conversion to the fair value of agricultural produce.

3.1.6.2 Agricultural Produce after further processing

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2025

3.1.6.3 Input material, consumables and spares

Valued at actual cost on weighted average basis.

3.1.6.4 Growing crop nurseries

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

3.1.7 Cash and cash equivalents

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

3.2 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 statement of financial position date. Non-current liabilities are those balances that fall due for payment after one year from statement of financial position date. All known liabilities have been accounted for in preparing these financial statements.

Provisions are recognised when the Company has a binding present obligation. This may be either legal because it derives from a contract, legislation or other operation of law, or constructive because the Company created valid expectations on the part of third parties by accepting certain responsibilities. To record such an obligation, it must be probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation. The amount recognized as a provision and the indicated time range of the outflow of economic benefits are the best estimate (most probable outcome) of the expenditure required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation. Non-current provisions are discounted if the impact is material.

3.2.1 Employee Benefits

3.2.1.1 Defined contribution plans - Employees' provident fund and employees' trust fund

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

The Company contributes 12% of gross emoluments of the employees to Employees' Provident Fund (EPF)/Estate Staff Provident Society (ESPS). All of the employees are eligible for Employees' Trust Fund to which the Company contributes 3% of gross emoluments of such employees.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2025

3.2.1.2 Defined benefit plan - Retirement gratuity

A Defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated annually using the Projected Unit Credit (PUC) method. The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the reporting date in accordance with the advice of an actuary. Actuarial gains or losses arising are recognised in other comprehensive income in the period in which they arise. Past service costs are recognized immediately in the statement of profit or loss and other comprehensive income.

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

Remeasurements of the defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in OCI. The Company determines the interest expense on the defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of benefit payments. Interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

The key assumptions used in determining the retirement benefit obligation is given in Note 28.2.

3.2.2 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

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

3.2.3 Deferred income

3.2.3.1 Government grants and subsidies

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2025

Grants related to property, plant and equipment other than grants received for forestry are initially deferred and allocated to income on a systematic basis over the useful life of the related property, plant and equipment. Grants received for forestry are initially deferred and credited to statement of profit or loss and other comprehensive income immediately the related blocks of trees are harvested.

3.2.4 Ordinary shares

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

3.3 Statement of profit or loss and other comprehensive income

For the purpose of presentation of the statement of profit or loss and other comprehensive income, the Directors are of the opinion that function of expenses method presents fairly the elements of the Company's performance, and hence such presentation method is adopted in line with the provisions of LKAS 1 - Presentation of Financial Statements.

3.3.1. Revenue

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

The Company is in the business of cultivation, manufacture and sale of black tea and other crops (Plantation produce). Revenue from contracts with customers is recognized when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods before transferring them to customer.

a) Sale of Plantation produce

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

There is no element of financing present as the Company's sale of plantation produce are either on cash terms (Immediate payment or advance payment not exceeding 30 days) or on credit terms ranging from 7 to 15 days.

Revenue recognition criteria for the other revenue and income earned by the Company are as follows.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2025

b) Rental Income

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

c) Dividend Income

Dividend income is recognized when the right to receive payment is established.

3.3.2 Expenditure recognition

3.3.2.1 Operating expenses

All expenses incurred in the day-to-day operations of the business and in maintaining the property, plant and equipment in a state of efficiency have been charged to the statement of profit or loss and other comprehensive income in arriving at the profit/(loss) for the year. Provision has also been made for impairment of non-financial assets, slow-moving stocks, overgrown nurseries, all known liabilities and depreciation on property, plant and equipment.

3.3.2.2 Finance cost

Finance costs comprise interest expense on external borrowings and related party loans and payments made under operating leases. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received may be recognised as an integral part of the total lease expense, over the term of the lease.

3.3.2.3 Finance income

Interest income is recognized on an accrual basis, using the effective interest method.

3.3.2.4 Income tax expense

Income tax expense comprises both current and deferred tax. Income tax expense is recognized in income statement except to the extent that it relates to items recognized directly in equity, in which case is recognized in the statement of comprehensive income or statement of changes in equity, in which case it is recognized directly in the respective statements.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, Contingent Liabilities and Contingent Assets.

3.3.2.4.1 Current taxes

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and as amended subsequently by Inland Revenue (Amendment) Act No 10 of 2021 and Inland Revenue Act No 45 of 2022.

3.3.2.4.2 Deferred taxation

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2025

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

3.3.2.4.3 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.

3.4 Statement of cash flows

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

3.5 Segmental reporting

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2025

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

Assets and liabilities directly attributable to each segment are allocated to the respective segments. Assets and liabilities which are not directly attributable to a segment are allocated on a reasonable basis wherever possible. The activities of the segments are described in Note 42 to the Financial Statements.

3.6 Related party transactions

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

A detailed related party transaction analysis is presented in Note 35.

3.7 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.

3.8 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.

4. NEW STANDARDS AND CHANGES TO ACCOUNTING STANDARDS NOT EFFECTIVE AS AT THE REPORTING DATE

A number of new standards are effective for annual periods beginning on or after 01st January 2026 and earlier application is permitted. However, the Company has not early adopted the new or amended standards in preparing these financial statements.

General requirements for disclosure of sustainability related financial information (SLFRS S1) and climate related disclosures (SLFRS S2)

In June 2023 the International Sustainability Standards Board (ISSB) released its first two sustainability disclosure standards, IFRS S1 and IFRS S2. During the year, CA Sri Lanka issued the localised standards based on these IFRSs designated as SLFRS S1 SLFRS S2. These standards will become effective for the Company from 1 January 2026. No financial impact is expected on the Company except for additional disclosures.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2025

		2025 Rs.'000	2024 Rs.'000
5.	**REVENUE**		
5.1	**Revenue from contracts with customers**		
	Sale of Produce Tea	4,379,194	4,684,545
	Total Gross Revenue	**4,379,194**	4,684,545
5.2	**Timing of Revenue Recognition**		
	Products transferred at a point in time	4,379,194	4,684,545
	Total Revenue	**4,379,194**	4,684,545

5.3 Performance obligations

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

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

		2025 Rs.'000	2024 Rs.'000
6.	**OTHER OPERATING INCOME**		
	Amortization of Capital Grant	8,429	8,432
	Rent Income	64,118	51,567
	Sundry Income	122,997	40,908
		195,544	100,907
	Sundry income primarily comprises proceeds from minor crop sales and proceeds from sale of consumable biological assets.		
7.	**OTHER EXPENSE**		
	Expenditure on minor crops	25,178	35,742
	Other Miscellaneous expenses	1,614	12,648
	Loss of Mature Trees due to Cyclone Ditwah	5,242	-
		32,034	48,390
8 .	**NET FINANCE COST**		
8.1	**Finance Income**		
	Interest income	14,925	10,034
		14,925	10,034
8.2	**Finance Cost**		
	Overdraft Interest	-	6,604
	Term Loan Interest	482,595	522,075
	Interest Expense on ROU Liability (Note 31)	23,559	22,516
		506,154	551,195
	Net finance Cost	**(491,229)**	(541,161)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2025

	2025 Rs.'000	2024 Rs.'000
9. PROFIT BEFORE TAXATION		
Is stated after charging all expenses including the following		
Auditors'remunuration - Audit	3,415	3,250
- Non Audit	396	396
Directors Remuneration	5,000	1,172
Depreciation/ Amortization		
- Leasehold right to Bare Land of JEDB / SLSPC Estates (Note 12)	8,248	7,758
- Immovable Leased Assets of JEDB/SLSPC Estates (Note 13)	25,751	28,823
- Freehold Property Plant and Equipment (Note 14)	114,006	115,606
- Mature Plantations (Note 15.1)	36,863	28,793
Personnel cost		
- Salaries and Wages	1,941,157	1,631,354
- Defined Benefit Plan - Gratuity	197,589	225,206
- Defined Contribution Plans - EPF/ESPS/CPPS	362,393	322,474
- Impairment of Property Plant & Equipment	-	38,180
- Impairment of Mature Plantations	-	81
- Impairment of Immature Plantations	-	1,228
10. INCOME TAX EXPENSE		
10.1 Amounts recognised in Profit or Loss		
Deferred tax expense		
Current tax expense (Note 10.3)	-	-
Deferred tax expense (Note 29.3)	127,443	220,092
	127,443	220,092

10.2 Amounts recognized in Other Comprehensive Income

For the year ended 31st December 2025

	Value Before Tax	Tax Impact	Net of Tax
Item that will not be reclassified to profit or loss			
Actuarial Loss on Retirement Benefit Obligations	(4,976)	(1,493)	(3,483)
Revaluation Surplus on Land & Building and motor vehicles	1,049,487	314,846	734,641
	1,044,511	**313,353**	**731,158**
For the year ended 31st December 2024			
Item that will not be reclassified to profit or loss			
Actuarial Gain on Retirement Benefit Obligations	15,010	4,503	10,507
	15,010	**4,503**	**10,507**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st December 2025

	2025 Rs.'000	2024 Rs.'000
10.3 Reconciliation of accounting profit to taxable income		
Accounting profit before income tax expense	179,610	463,837
Aggregated Disallowed Items	331,159	464,226
Aggregated Allowable Items	(366,153)	(191,645)
Aggregated other source of exempt Income	(448,379)	(398,957)
Statutory (Loss)/Income from business	(303,763)	337,462
Other Source of Income	-	-
Total Statutory (Loss)/Income	(303,763)	337,462
Tax losses claimed during the year	-	(337,462)
Tax losses incurred during the year	303,763	-
Total Taxable Income	-	-
Income Tax @ 30% (2024 - 30%)	-	-
	-	-
10.4 Reconciliation of effective tax rate		
Profit/ (Loss) before tax	179,610	463,837
Tax using the Company's domestic tax rate	30%	30%
Tax effect of:		
- Aggregate disallowable expenses	55%	30%
- Aggregate allowable expenses	-61%	-12%
- Aggregated other source of exempt income	-75%	-26%
- Other sources of income liable for tax	0%	0%
- Tax losses claimed during the year	0%	22%
Origination and reversal of temporary differences	71%	47%

10.5 Applicable income tax rates as per the Department of Inland Revenue

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

10.6 Accumulated Tax losses		
Tax losses brought forward	239,630	3,007,357
Adjustment in respect of previous years	-	11,831
Tax Losses During the Year	303,763	-
Tax losses expired during the Year	(239,630)	(2,442,097)
Tax losses claimed during the year	-	(337,461)
Tax losses carried forward	**303,763**	239,630

10.7 Tax losses carried forward

Tax losses recognized above expires as follows.

For the year ended 31st December,	2025		2024	
Carried forward loss	**Rs.'000**	**Expiry date**	**Rs.'000**	**Expiry date**
2019/20	-	-	239,630	2025/26
2025/26	303,763	2031/32	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

11. BASIC EARNING PER SHARE

Basic earning per share has been calculated by dividing the earning/(Loss) for the year attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year and it is calculated as follows:

	2025	2024
Earning attributable to shareholders (Rs'000)	52,168	243,744
Weighted average number of Ordinary Shares in issue	169,501,097	169,501,097
Basic Earning per share (Rs.)	**0.31**	1.44

11.1 Diluted Earnings Per Share

There were no potential diluted ordinary shares outstanding at any time during the year. Therefore, Diluted Earning Per Share is the same as Basic Earning Per Share shown above.

	2025 Rs.'000	2024 Rs.'000
12. RIGHT OF USE LAND		
Cost		
Balance as at 01st January	305,419	284,672
Remeasurement During the Year	6,620	20,747
Balance as at 31st December	**312,039**	305,419
Accumulated Amortization		
Balance as at 01st January	141,369	133,611
Charge for the Year	8,248	7,758
Balance as at 31st December	149,617	141,369
Carrying value as at 31st December	**162,422**	164,050

The Right of Use - Lands consist of the lease rights on Janatha Estates Development Board/Sri Lanka State Plantations Corporation Estates. Leases have been executed for a period of 53 years. All these leases are retroactive to 22nd June 1992 the date of formation of the Company. The leasehold right to the land on all of these estates have been taken into the books of the Company on 22nd June 1992 immediately after formation of the Company, in terms of the ruling obtained from the Urgent Issues Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka.

12.1.1 Leasehold rights to bare land of JEDB / SLSPC estate assets acquired by the Government of Sri Lanka

The Government of Sri Lanka has initiated actions under provisions of the Land Acquisition Act No.28 of 1964, to acquire land from lands leased to the company in El-Teb, Mahadowa, Uvakallie and Veralapatana estates located in Madulsima Region.

The Government of Sri Lanka has already acquired a total land extent of 4.39 hectares (Refer Note A below).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

(A) List of lands acquired by the government as at 31st December 2025

Region	Estates	Purpose of Acquisition	Extent (Hactares)	Acquired Year
Madulsima	El-Teb	Lower Division No.01 Tamil School	0.81	2014
Madulsima	Mahadowa	Lower Division No.01 Tamil School	0.44	2014
Madulsima	Mahadowa	Hospital Development	0.81	2009
Madulsima	Mahadowa	Chengaladi Road Expansion	0.12	2015
Madulsima	Uvakellie	Tamil School	0.80	1995
Madulsima	Veralapatana	Expansion of Madulsima town	0.81	1999
Madulsima	Veralapatana	Police Station & Quarters	0.60	2003
Total			**4.39**	

No adjustments have been made to the Financial Statements in respect of these lands acquired as the compensation receivable on these acquisitions are not known and the Government valuation is pending as at 31st December 2025. Accordingly, the transactions pertaining to those acqusitions are incomplete as at 31st December 2025.

13. IMMOVABLE LEASED ASSETS OF JEDB/SLSPC ESTATES (OTHER THAN BARE LAND)

All immovable assets in the JEDB/SLSPC estates under finance lease have been taken in to the financial statements of Company retroactive to 22nd June 1992 For this purpose , the Board decided at its meeting on 08th March 1995 that these assets be restated at their book values as they appear in books, on the day immediately preceding the date of formation of company. The assets were taken into the Statement of Financial Position as at 22nd June 1992 and Amortized as follows.

	Mature Plantations Tea Rs.'000	Unimproved Lands Rs.'000	Buildings Rs.'000	Plant & Machinery Rs.'000	Water Supply Scheme Rs.'000	Mini Hydro Scheme Rs.'000	Total Rs.'000
Cost/Revaluation							
As at 01st January 2024	146,663	4,418	29,981	369,825	3,347	9,293	563,527
As at 31st December 2024	146,663	4,418	29,981	369,825	3,347	9,293	563,527
As at 01st January 2025	146,663	4,418	29,981	369,825	3,347	9,293	563,527
Revaluation reversal of depreciation	-	-	-	(124,784)	-	-	(124,784)
Revaluation Gain	-	-	-	253,356	-	-	253,356
As at 31st December 2025	**146,663**	**4,418**	**29,981**	**498,397**	**3,347**	**9,293**	**692,099**
Accumulated Amortization							
As at 01st January 2024	141,566	2,626	29,981	75,474	3,347	9,293	262,287
Charge for the Year	4,084	83	-	24,655	-	-	28,822
As at 31st December 2024	145,650	2,709	29,981	100,129	3,347	9,293	291,109
As at 01st January 2025	145,650	2,709	29,981	100,129	3,347	9,293	291,109
Charge for the Year	1,013	83	-	24,655	-	-	25,751
Revaluation reversal of depreciation	-	-	-	(124,784)	-	-	(124,784)
As at 31st December 2025	**146,663**	**2,792**	**29,981**	**-**	**3,347**	**9,293**	**192,076**
Net Carrying Value							
As at 31st December 2024	1,013	1,709	-	269,696	-	-	272,418
As at 31st December 2025	**-**	**1,626**	**-**	**498,397**	**-**	**-**	**500,023**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

13.1 These assets are being amortized in equal annual amounts over the following periods.

Mature Plantations -Tea	33 Years
Unimproved Lands	53 Years
Buildings	25 Years
Plant & Machinery	15 Years *
Water Supply Scheme	30 Years
Mini Hydro Scheme	10 Years

* The assets were revalued in 2025, and their depreciable lives have been presented from that date onward.

13.2 Fair value hierarchy

The fair value of the Buildings was determined by an external independent valuer, having appropriate recognized professional qualifications and experience in the category of the Buildings being valued. Based on the valuation techniques used it has been classified under Level 3 in fair value hierarchy. Valuation techniques and significant unobservable inputs are disclosed under Note 14.12. The value of Buildings which are carried forward from JEDB/SLSPC agreement as per Note 13 and subsequent improvement thereon has not been separately identified, due to inseparable nature and total revaluation gain on Buildings are recognised under Note 14.

The fair value of the Plant & Machinery was determined by an external independent valuer, having appropriate recognized professional qualifications and experience in the category of the Plant & Machinery being valued. Based on the valuation techniques used it has been classified under Level 3 in fair value hierarchy. Valuation techniques and significant unobservable inputs are disclosed under Note 14.12.

14. PROPERTY, PLANT & EQUIPMENT

COST/REVALUATION	As at 01st January 2025 Rs.'000	Additions / Transfer in Rs.'000	Disposals / Transfer out / Write-off Rs.'000	Revaluation Reversal of Depreciation Rs.'000	Revaluation Gain Rs.'000	As at 31st December 2025 Rs.'000	As at 31st December 2024 Rs.'000
AT COST							
Land Improvements	55,384	-	-	-	-	55,384	55,384
Water Projects & Sanitation	25,699	-	-	-	-	25,699	25,699
Equipment	85,610	11,608	-	-	-	97,218	85,610
Computer	16,626	1,264	-	-	-	17,890	16,626
Furniture & Fittings	6,593	162	-	-	-	6,755	6,593
	189,912	**13,034**	**-**	**-**	**-**	**202,946**	**189,912**
AT REVALUATION							
Improvements to Buildings	795,152	4,230	-	(157,757)	472,634	1,114,259	795,152
Plant & Machinery	500,480	61,276	-	(172,498)	188,628	577,886	500,480
Motor Vehicles	202,019	45,336	(39,475)	(149,879)	134,869	192,870	202,019
	1,497,651	**110,842**	**(39,475)**	**(480,134)**	**796,131**	**1,885,015**	**1,497,651**
Capital Work-in-Progress	1,393	88,296	(69,434)	-	-	20,255	1,393
Total Cost/Revaluation	**1,688,956**	**212,172**	**(108,909)**	**(480,134)**	**796,131**	**2,108,216**	**1,688,956**

ACCUMULATED DEPRECIATION

	As at 01st January 2025 Rs.'000	Charge for the Year Rs.'000	Disposals Transfer Out/ write off Rs.'000	Revaluation Reversal of Depreciation Rs.'000	As at 31st December 2025 Rs.'000	Carrying Value As at 31st December 2025 Rs.'000	Carrying Value As at 31st December 2024 Rs.'000
AT COST							
Land Improvements	22,158	1,589	-	-	23,747	31,637	33,226
Water Projects & Sanitation	24,596	267	-	-	24,863	836	1,103
Equipment	62,059	7,331	-	-	69,390	27,828	23,551
Computer	13,143	817	-	-	13,960	3,930	3,483
Furniture & Fittings	5,330	139	-	-	5,469	1,286	1,263
	127,286	10,143	-	-	137,429	65,517	62,626
AT REVALUATION							
Improvements to Buildings	125,987	31,770	-	(157,757)	-	1,114,259	669,165
Plant & Machinery	136,829	35,669	-	(172,498)	-	577,886	363,651
Motor Vehicles	149,961	36,424	(36,506)	(149,879)	-	192,870	52,058
	412,777	103,863	(36,506)	(480,134)	-	1,885,015	1,084,874
Capital Work-in-Progress	-	-	-	-	-	20,255	1,393
Total Cost/Revaluation	**540,063**	**114,006**	**(36,506)**	**(480,134)**	**137,429**	**1,970,787**	**1,148,893**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

14 PROPERTY, PLANT & EQUIPMENTS (CONTD.)

14.1 Vested immovable assets and estate lease assets

The assets shown above are those immovable assets vested in the company by way of Gazette notification on the date of formation of the Company (22nd June 1992) and all investments in tangible assets of 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.

14.2 Property, plant and equipment under construction

Capital work in progress represents the amount of expenditure recognised under property, plant and equipment during the construction of capital assets.

14.3 Capital work in progress written off

The Company has no any write off during the year which relates to the discontinued projects. (2024 - Rs.38,180,348/).

14.4 Title restriction on property, plant and equipment

There are no restrictions that existed on the title of the PPE of the Company as at the reporting date except assets disclosured under note 14.9.

14.5 Capitalisation of borrowing cost

There were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the year ended 31st December 2025. (2024 - Nil).

14.6 Temporarily Idle property, plant and equipment

There are no temporarily idle property, plant or equipment as at the reporting date. (2024 - Nil).

14.7 Impairment of property, plant and equipment

The Board of Directors has assessed the potential impairment loss of property, plant & equipment as at 31st December 2025. Based on the assessment, no impairment provision is required to be made in the Financial Statements as at the reporting date in respect of property, plant & equipment. (2024 - Nil).

14.8 Fully depreciated property, plant and equipment in use

Property, plant and equipment includes fully depreciated assets with a cost of Rs. 142.8 Mn (31st December 2024 - Rs. 166.6 Mn) which were in use during the year.

14.9 Property, plant and equipment pledged as security for liabilities

There are no property, plant and equipment pledged as security against borrowings as at the reporting date. (2024 Nil).

14.10 Valuation of Property, Plant and Equipment

The Company uses the revaluation model of measurement for Buildings, Plant & Machinery and Motor Vehicles in all of its 12 estates. The Company engaged Mr. S. Sivaskantha FIV (SL), MRICS (UK) Independent Chartered Valuation Surveyor, Membership No F/114, to determine the fair value of its Buildings, Plant & Machinery and Motor Vehicles. Fair value is determined by reference to market-based evidence. Valuations are based on open market rates, adjusted for any difference in the nature, location or condition of the specific property. The latest valuation was carried out as at 31st December 2025. The resulting surplus/deficit arising from the revaluation has been recognized in accordance with the Company's accounting policy on revaluation of property, plant and equipment.

14 PROPERTY, PLANT & EQUIPMENTS (CONTD.)

14.11 The details of Buildings, Plant & Machinery and Motor Vehicles which are stated at valuation are as follows,

Location	Method of Valuation	Effective date of Valuation	Name of the Independent Valuer	Revalued Amount	Net Book Value before revaluation	Revaluation Gain/(Loss)
Building	Cost Approach	31-12-2025	Mr. S. Sivaskantha FIV (SL),MRICS (UK)	1,114,259	641,625	472,634
Freehold Plant & Machinery (Note 14)	Cost Approach	31-12-2025	Independent Charted Valuation Surveyor, Membership No F/114.	577,886	389,258	188,628
Leasehold Plant & Machinery (Note 13)	Cost Approach	31-12-2025		498,397	245,041	253,356
Motor Vehicles	Market Approach	31-12-2025		192,870	58,001	134,869
				2,383,412	**1,333,925**	**1,049,487**

14.12 If property, plant and equipment were stated on the historical cost basis, their net book amounts would be as follows :

Carrying value of revalued Plant and Machinery if carried at historical cost is Rs. 517 Mn as at 31st December 2025.

Carrying value of revalued Motor Vehicles if carried at historical cost is Rs. 23 Mn as at 31st December 2025.

Carrying value of revalued Buildings if carried at historical cost is Rs. 620 Mn as at 31st December 2025.

14.12 Fair value measurement

14.12.1 Fair Value of Buildings

I Fair Value Hierarchy

The fair value of the Building was determined by an external independent property valuer, having appropriate recognized professional qualifications and experience in the category of the property being valued. The valuer provides the fair value of the property. Based on the valuation techniques used it has been classified under Level 3 in fair value hierarchy.

II Valuation technique and significant unobservable inputs (Level 3)

The following table shows the valuation technique used in measuring the fair value of buildings, as well as the significant unobservable inputs used;

Estate	Location (Region)	Fair Value as at 31 December 2025 (Rs.'000)	Method of Valuation	Significant Unobservable Inputs	Range of Estimates for unobservable inputs (Estimated Price per Sq. Ft.) (Rs.)	Inter-relationship between key unobservable inputs and fair value measurement
Battawatte	Madulsima	68,505	Cost Approach	Estimated Replacement cost per Sq. Ft.	1250 - 5250	Positively correlated sensitivity
Cocogalla	Metigahatenne	72,509	Cost Approach	Estimated Replacement cost per Sq. Ft.	1500 - 6750	Positively correlated sensitivity
Galloola	Madulsima	56,833	Cost Approach	Estimated Replacement cost per Sq. Ft.	1250 - 6500	Positively correlated sensitivity
Mahadowa	Madulsima	122,663	Cost Approach	Estimated Replacement cost per Sq. Ft.	1250 - 5250	Positively correlated sensitivity
Uvakellie	Madulsima	17,770	Cost Approach	Estimated Replacement cost per Sq. Ft.	1250 - 5000	Positively correlated sensitivity
Verellapatna	Madulsima	107,938	Cost Approach	Estimated Replacement cost per Sq. Ft.	1500 - 5250	Positively correlated sensitivity
El-Teb	Passara	103,514	Cost Approach	Estimated Replacement cost per Sq. Ft.	2000 - 5250	Positively correlated sensitivity
Roeberry	Pitamaruawa	111,204	Cost Approach	Estimated Replacement cost per Sq. Ft.	1750 - 5000	Positively correlated sensitivity
Kew	Bogawantalawa	72,056	Cost Approach	Estimated Replacement cost per Sq. Ft.	3000 - 6000	Positively correlated sensitivity
Kirkoswald	Bogawantalawa	184,545	Cost Approach	Estimated Replacement cost per Sq. Ft.	1000 - 6500	Positively correlated sensitivity
Theresia	Bogawantalawa	73,984	Cost Approach	Estimated Replacement cost per Sq. Ft.	1250 - 5250	Positively correlated sensitivity
Venture	Norwood	112,568	Cost Approach	Estimated Replacement cost per Sq. Ft.	1500 - 5500	Positively correlated sensitivity
Head Office	Badulla	10,170	Cost Approach	Estimated Replacement cost per Sq. Ft.	4000 - 5000	Positively correlated sensitivity
Total		**1,114,259**				

Cost Approach - This reflects the amount that would be required currently to replace the service capacity of an asset.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

14.12.2 Fair Value of Freehold and Leasehold Plant and Machinery

I Fair Value Hierarchy

The fair value measurement for all of Plant & Machinery has been categorized as level 03 fair value based on the input to the valuation technique used.

II Valuation technique and significant unobservable inputs (Level 3)

The following table shows the valuation technique used in measuring the fair value of Plant & Machinery, as well as the significant unobservable inputs used;

Type of Asset	Valuation technique	Significant unobservable input	Inter-relationship between key unobservable inputs and fair value measurement
Plant and Machinery	Cost Approach	Depreciated Replacement Cost	The higher the Depreciated Replacement Cost, the higher the fair value
	This reflects the amount that would be required currently to replace the service capacity of an asset	Rs. 7,500 - 125,000,000	

14.12.3 Fair Value of Motor Vehicles

I Fair Value Hierarchy

The fair value measurement for all of Motor Vehicles has been categorized as level 2 fair Value based on the input to the valuation technique used.

	Significant other observable inputs (Level II) Rs.'000	Total Rs.'000
Motor Vehicle	192,870	192,870
Fair value measurements at 31st December 2025	**192,870**	192,870

This reflects the market value of similar asset considering the current market transactions for identical or similar assets discounted for age and condition of the assets being revalued. The current market values of revalued motor vehicles range from Rs. 10,000/- to Rs. 179,000,000/-.

15. BEARER BIOLOGICAL ASSETS

15.1 Mature Plantations

Costs	Life of the Assets	As at 01st January 2025 Rs.'000	Additions/ Transfers in Rs.'000	Disposals/ Write off Rs.'000	As at 31st December 2025 Rs.'000	As at 31st December 2024 Rs.'000
- Tea	33 1/3 years	1,024,943	128,830	(6,260)	1,147,513	1,024,943
- Rubber	20 years	104,931	-	-	104,931	104,931
- Coffee	10 years	3,875	-	-	3,875	3,875
- Cloves	10 years	185	-	-	185	185
- Cinnamon	10 years	9,128	-	-	9,128	9,128
		1,143,062	**128,830**	**(6,260)**	**1,265,632**	**1,143,062**

	Accumulated Depreciation				Carrying Value	
	As at 01st January 2025 Rs.'000	Depreciation for the Year Rs.'000	Disposals / Write off Rs.'000	As at 31st December 2025 Rs.'000	As at 31st December 2025 Rs.'000	As at 31st December 2024 Rs.'000
- Tea	283,606	30,748	(1,018)	313,336	834,177	741,337
- Rubber	10,850	5,083	-	15,933	88,998	94,081
- Coffee	3,070	101	-	3,171	704	805
- Cloves	37	18	-	55	130	148
- Cinnamon	1,826	913	-	2,739	6,389	7,302
	299,389	**36,863**	**(1,018)**	**335,234**	**930,398**	**843,673**

Investments in bearer biological assets since the formation of the company have been classified as shown above and mainly includes tea and rubber plantations. Bearer plants are stated at cost less accumulated depreciation and impirment in accordance with LKAS 16 - Property, Plant and Equipment.

The immature plants are classified as mature plants when they are ready for commercial harvesting.

15.2 Immature Plantations

	As at 01st January 2025 Rs.'000	Additions During the Year Rs.'000	Transfer to Mature During the Year Rs.'000	As at 31st December 2025 Rs.'000	As at 31st December 2024 Rs.'000
- Tea	336,214	149,755	(128,830)	357,139	336,214
- Rubber	9,052	-	-	9,052	9,052
- Coffee	2,239	-	-	2,239	2,239
- Cloves	15	-	-	15	15
- Pepper	2,832	-	-	2,832	2,832
- Cardamon	6,071	-	-	6,071	6,071
- Cinnamon	101	-	-	101	101
	356,524	**149,755**	**(128,830)**	**377,449**	356,524
Carrying Value				**1,307,847**	1,200,197

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

		2025 Rs.'000	2024 Rs.'000
16.	**CONSUMABLE BIOLOGICAL ASSETS -TIMBER PLANTATIONS**		
	Balance as at 01st January	5,399,809	4,980,421
	Increase due to New Planting	18,345	27,045
	Gain on Change in Fair Value	376,599	392,343
	Balance as at 31st December	**5,794,753**	5,399,809

16.1 Measurement of Fair Value

The valuation of consumable biological assets was carried by Mr.W.M. Chandrasena,an indipendent valuation surveyor, using discounted cash flow (DCF) methods.The valuation report dated 31st December 2025 has been prepared based on the physically verified timber staistics provided by the company.

The future cash flows are determined by reference to current timber prices.

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

Regulatory and environmental risks

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

Supply and demand risk

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

Climate change and other risks

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

Fair Value Hierarchy

The fair value measurement for the consumable biological assets has been categorized as Level 3 fair value based on the inputs to the valuation technique used.

Non Financial Assets - Consumable Biological Assets

As at 31st December 2025	Date of valuation	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000
Assets measured at fair value				
Consumable Biological Assets - Timber	31st December 2025	-	-	5,794,753

In determining the fair value, highest and best use of timber, current condition of the trees and expected timber content at harvesting have been considered. Also, the valuers have made reference to market evidence of the company and the market prices of timber corporation,with appropriate adjustments for size and location.The appraised fair values are rounded with appropriate adjustments for size and location.The appraised fair values are rounded within the range of values.

16.2 Information About Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

Type	Valuation Technique	Unobservable Inputs	Range of Unobservable Inputs	Relationship of Unobservable inputs to Fair Value
Standing timber older than 4 years.	**DCF Method** The valuation model considers present value of future net cash flows expected to be generated by the plantation from the timber content of managed timber plantation on a tree per-tree basis.	Discounting factor Optimum rotation (Maturity) Price per Cu. Ft.	14.5% 25-35 Years Rs. 150/- Rs.700/- per Cu. Ft	The higher the discount rate,the lower the fair value Lower the rotation period, the higher the fair value. The higher the volume the higher the fair value The higher the price the higher the fair value
Young Plants (Age less than 4 years)	**Cost techniques;** The cost techniques consider the cost of creating a comparable plantation, taking in to account the cost of infrastructure, cultivation and preparation, buying and planting young trees with an estimate profit that would apply to this activity.	- Estimated cost of cultivation and preparation per hectare - Estimated cost of buying and planting young plants per hectare	Rs. 250,000 - Rs. 350,000 Rs. 62,000 - Rs. 65,000	The higher the cost higher the fair value The estimated fair value would increase (decrease) if; the estimated cost of infrastructure, cultivation and preparation and buying and planting trees were higher/ (lower).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

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 foot based on the price list of the State Timber Corporation and prices of timber trees sold by the estates.

Key assumption used in the Valuation

1. The harvesting will be approved by the PMMD and Forest Department based on the forestry development plan
2. The price adopted are net of expenditure
3. Though the replanting is a condition precedent for harvesting, yet the cost are not taken in to consideration.

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

16.3 Sensitivity analysis of assumptions used in the valuation of timber plantations

Sensitivity variation sales price

Values appearing in the Statement of Financial Position are sensitive to price changes with regard to the average sales prices applied. Simulations made for timber prices shows that an increase or decrease of 10% of the future selling prices has the following effect on the net present value of the Mature Consumable Biological Assets.

	-10%	+10%
Managed Timber	**Rs.'000**	**Rs.'000**
As at 31st December, 2025	(596,695)	596,695
As at 31st December, 2024	(557,843)	557,843

Sensitivity variation discount rate

Values appearing in the Statement of Financial Position are sensitive to changes of discount rate applied. Simulations made for discount rate shows that an increase or decrease by 1% of the future discounting rate has the following effect on the net present value of the Mature Consumable Biological Assets.

	-1%	+1%
Managed Timber	**Rs.'000**	**Rs.'000**
As at 31st December, 2025	132,283	(122,888)
As at 31st December, 2024	109,108	(100,888)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

		2025 Rs.'000	2024 Rs.'000
17.	**INVESTMENT IN FINANCIAL ASSETS - FVOCI**		
	Investment in unquoted companies		
	Investment in Bogo Power (Pvt) Ltd (3,500,000 Ordinary shares)	4,216	4,253
	Fair Value Change during the year	132	(37)
		4,348	4,216

Investment in ordinary shares of Bogo Power (Pvt) Ltd

The Company designated the investments shown below as equity securities at FVOCI because these equity securities represent investments that the Company intends to hold for the long term for strategic purposes.

No strategic investments were disposed of during the year 2025, and there were no transfers to any cumulative gain or loss within the equity relating to these investments.

The investment in ordinary shares of Bogo Power (Pvt) Ltd has been measured at fair value (Level 3) on a net assets value (Rs. 1.242 per share) basis and the fair value gain / (loss) has been classified as fair value reserve.

		2025 Rs.'000	2024 Rs.'000
18.	**PRODUCE ON BEARER BIOLOGICAL ASSETS**		
	Balance as at 01st January	5,993	7,811
	Change in fair value less cost to sell	1,629	(1,818)
	Balance as at 31st December	**7,622**	5,993

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

		2025 Rs.'000	2024 Rs.'000
18.1	**Gain /(Loss) On Fair Value Of Biological Assets**		
	Change in fair value of consumable biological assets less cost to sell (Note 16)	376,599	392,343
	Change in fair value of produce on bearer biological assets less cost to sell (Note 18)	1,629	(1,818)
	Total change in fair value of biological assets	**378,228**	390,525

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

		2025 Rs.'000	2024 Rs.'000
19.	**INVENTORIES**		
	Input Materials	106,199	112,014
	Growing Crop Nurseries	13,509	20,142
	Produce Stock	392,076	367,916
	Consumables & Spares	1,379	791
		513,163	500,863
20.	**TRADE AND OTHER RECEIVABLES**		
	Trade Receivable		
	Produce Debtors	56,772	95
	Other Receivables		
	Employee Related Debtors	78,170	83,486
	Value Added Tax Receivable	53,905	15,571
	With Holding Tax Receivable	20,925	17,421
	Income Tax Recoverable	6,517	6,517
	Deposits and Prepayments	8,118	16,981
	ACT Recoverable	41,035	41,035
	Other Debtors	82,057	59,220
		347,499	240,326
	Provision for Doubtful Debts	(63,976)	(63,976)
		283,523	176,350
20.1	**Provision for impairment of other receivables**		
	Balance at the begining of the year	63,976	63,976
	Balance at 31st December	**63,976**	63,976
21.	**AMOUNTS DUE FROM RELATED PARTIES**		
	Stassen Exports (Private) Limited	227	5
	Melstacorp PLC	184	184
	Balangoda Plantations PLC	7,808	6,663
	Bogo Power (Private) Limited	480	2,852
		8,699	9,704
22.	**CASH AND CASH EQUIVALENTS**		
22.1	**Favourable balance**		
	Cash at Bank and in Hand	225,858	420,026
		225,858	420,026
22.2	**Unfavorable balance**		
	Bank Overdraft	(22,197)	(7,347)
	Cash and Cash Equivalents for the Purpose of Cash Flows	**203,661**	412,679

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

		2025	2024
23.	**STATED CAPITAL**		
	Issued and fully paid number of shares		
	Ordinary Shares Including one Golden Share held by the Treasury which has Special right	169,501,097	169,501,097
		169,501,097	169,501,097
	Value of issued and fully paid shares		
	Ordinary Shares Including one Golden Share held by the Treasury which has Special right (Rs.'000)	1,624,761	1,624,761
		1,624,761	1,624,761

Rights, preferences and restrictions of classes of capital

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.

24. REVALUATION RESERVE (NET OF TAX)

The revaluation reserve relates to Buildings, motor vehicles and machinery which has been revalued by the Company.

	2025 Rs.'000	2024 Rs.'000
Balance at the beginning of year	1,055,815	1,055,815
Revaluation gain	1,049,487	-
Deferred tax on revaluation surplus	(314,846)	-
Balance at the end of year	**1,790,456**	1,055,815

Buildings, Plant and motor Machinery and Vehicles have been revalued by Mr. S. Sivaskantha FIV (SL), MRICS (UK) Independent Chartered Valuation Surveyor, Membership No F/114 as at 31st December 2025 and resulting surplus arising from the revaluation has been recognized in accordance with the Company's accounting policy on revaluation of property, plant and equipment.

25. FAIR VALUE TROUGH OCI RESERVE

This represents the cumulative net change in the fair value of equity securities designated as FVOCI until the investments are derecognised.

	2025 Rs.'000	2024 Rs.'000
Balance at the beginning of year	3,000	3,037
Changes in fair value	132	(37)
Balance at the end of year	**3,132**	3,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

		2025 Rs.'000	2024 Rs.'000
26.	**TIMBER RESERVE**		
	The timber reserve relates to valuation of consumable biological assets.		
	Balance at the beginning of year	5,084,299	4,691,956
	Transferred from retained earnings	376,599	392,343
	Balance at the end of year	**5,460,898**	5,084,299

27. INTEREST BEARING LOANS AND BORROWINGS

			2025 Rs.'000	2024 Rs.'000
27.1	**Movement of borrowings during the year.**	**Related Party**	**Total**	**Total**
	Balance at the beginning of year	5,259,657	5,259,657	4,801,285
	Obtained during the year	-	-	5,186
	Repaid during the year	(281,889)	(281,889)	(60,889)
	Balance as at 31st December	4,977,768	4,977,768	4,745,582
	Interest for he year	478,028	478,028	514,075
	Total Balance as at 31st December	5,455,796	5,455,796	5,259,657

		2025 Rs.'000	2024 Rs.'000
27.2	**Analysis of borrowings by year of repayment**		
	Repayable within one year		
	Related Party Loans	600,000	600,000
		600,000	600,000
	Repayable after one year		
	Related Party Loans	4,855,796	4,659,657
		4,855,796	4,659,657
	Total Borrowings	**5,455,796**	5,259,657

27. INTEREST BEARING LOANS AND BORROWINGS

27.3 Related Party Loans

	Facility Obtained Rs.'000	Interest rate one year	Repayable within one year Rs.'000	Repayable after one year Rs.'000	Balance as at 31 December 2025 Rs.'000	Repayment terms
Melstacorp PLC (Rs.200Mn)	200,000	AWPLR+0.5% (Monthly Review)	200,000	-	200,000	Capital to be repaid on flexible term and interest payable monthly.
Melstacorp PLC (Rs.50Mn)	50,000	AWPLR+0.5% (Monthly Review)	50,000	-	50,000	Capital to be repaid on flexible term and interest payable monthly.
Melstacorp PLC - Short Term Management Loan	-	AWPLR+0.5% (Monthly Review)	350,000	4,855,796	5,205,796	Capital has been granted for the purpose of refinancing the weekly deficit of working capital on the basis of immediate payment on demand.
			600,000	**4,855,796**	**5,455,796**	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

		2025 Rs.'000	2024 Rs.'000
28.	**RETIREMENT BENEFIT OBLIGATIONS**		
	Retirement Benefit Obligations	1,195,548	1,149,189
	Unclaimed Retiring Gratuity	188,012	173,659
	Total Retirement Benefit Obligations	**1,383,560**	1,322,848
28.1	**The movement in the retirement benefit obligation over the year is as follows:**		
	Balance at the beginning of the year	1,149,189	1,144,500
	Interest cost	137,903	162,628
	Current Service Cost	59,686	62,578
	Actuarial (Gain)/ Loss during the year	4,976	(15,010)
		1,351,754	1,354,696
	Payments made during the year	(106,767)	(165,666)
	Gratuity payable during the period	(49,439)	(39,841)
		1,195,548	1,149,189
	Unclaimed Retiring Gratuity		
	Balance at the beginning of the year	173,659	207,523
	Gratuity payable during the period	49,439	39,841
	Payments made during the year	(38,343)	-
	Adjustment on unclaimed retiring gratuity	3,257	(73,705)
	Total Unclaimed Retiring Gratuity	**188,012**	173,659
	Balance at the end of the year	**1,383,560**	1,322,848
28.1.1	**Provision recognized in the statement of Profit or Loss**		
	Interest Cost	137,903	162,628
	Current Service Cost	59,686	62,578
		197,589	225,206
28.1.2	**Provision recognized in the statement of other comprehensive income**		
	Actuarial loss/(gain) during the year	4,976	(15,010)
		4,976	(15,010)

An actuarial valuation for defined benefit obligation was carried out as at 31st December 2025 by Messrs Actuarial and Management Consultants (Private) Limited, a firm of professional actuaries. The valuation method used by the actuaries to value the obligation is the "Projected Unit Credit Method", a method recommended by the Sri Lanka Accounting Standard LKAS – 19 "Employee Benefits".

The Present Value of Retirement Benefit Obligation is carried out on annual basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

		2025 Rs.'000	2024 Rs.'000
28.2	**The following payments are expected from the retirement benefit obligations in future years.**		
	Within the next 12 months	84,757	89,234
	Between 1- 2 years	129,275	137,007
	Between 2 and 5 years	181,561	217,884
	Beyond 5 years	799,955	705,064
		1,195,548	1,149,189

The key assumptions used by Actuary Include Following.

		2025	2024
(i)	Discount rate	**10%**	12%

A Long-term treasury bond rate 10% p.a. (2024 - 12% p.a.) was used to discount future liabilities taking into consideration remaining working life of employees.

(ii)	Retirement Age		
	Workers	60 years	60 years
	Staff	60 years	60 years
(iii)	Staff Turnover	10%	10%

(iv) The Company will continue as a going concern

The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 8.9 years and 10.1 years for staff and workers respectively.

In addition to the above, demographic assumptions such as mortality, withdrawal and disability and retirement age were considered for the actuarial valuation. 1949/52 Mortality Table issued by the Institute of Actuaries, London and "A1967/70 Mortality Table" issued by the Institute of Actuaries was used to estimate the gratuity liability of the Company.

The actuarial present value of the accrued benefits as at 31st December 2025 is Rs. 1,195 Mn (2024: Rs.1,149 Mn). This item is grouped under Retirement Benefit Obligations in the Statement of Financial Position. The liability is not externally funded.

Sensitivity Analysis of assumptions used

Values appearing in the financial statements are very sensitive to the changes of financial and non financial assumptions used.The sensitivity was carried for the change of discount rate and salary/wage escalation rate. Simulation made for retirment obligation shows that a rise or decrease by 1% of the discount rate and salary/wage has the following effect on the retirment benefit obligation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

	2025		2024	
Discount Rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Sensitivity level	1%	1%	1%	1%
Impact on retirement benefit obligations Rs.('000)	(102,810)	118,638	(89,149)	101,832

	2025		2024	
Future Salary Increment rate	**Increase**	**Decrease**	**Increase**	**Decrease**
Sensitivity level	1%	1%	1%	1%
Impact on retirement benefit obligations Rs.('000)	98,384	(87,791)	105,034	(93,317)

		2025 Rs.'000	2024 Rs.'000
29.	**DEFERRED TAXATION**		
	Deferred tax assets (Note 29.1)	(488,094)	(498,469)
	Deferred tax liability (Note 29.2)	2,872,572	2,442,151
	Net Deferred tax liability	**2,384,478**	1,943,682
29.1	**Deferred tax assets**		
	Balance at the Beginning of the year	498,469	597,592
	Originated during the year-recognized in profit or loss	(11,868)	(94,620)
	(Reversal)/Originated during the year recognized in other comprehensive income	1,493	(4,503)
	Balance as at 31st December	**488,094**	498,469
29.2	**Deferred tax liabilities**		
	Balance at the Beginning of the year	2,442,151	2,316,679
	Originated during the year-recognized in profit or loss	115,575	125,472
	Originated during the year recognized in other comprehensive income	314,846	-
	Balance as at 31st December	**2,872,572**	2,442,151
29.3	**Provision for the year**		
	Deferred tax (reversal) / charged to profit or loss		
	Due to change in the temporary differences	127,443	220,093
		127,443	220,0923
	Deferred tax (reversal) / charged to other comprehensive income		
	Due to change in the temporary differences	313,353	4,503
		313,353	4,503

29.4 Deferred Taxation Reconciliation

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- 30%) for the Company as at 31st December 2025.

	2025		2024	
Deferred Tax Liability	**Temporary Differences Rs'000**	**Tax Effect Rs'000**	**Temporary Differences Rs'000**	**Tax Effect Rs'000**
Temporary difference on PPE	2,302,590	690,778	1,369,415	410,825
Temporary difference on Bearer biological assets	1,307,847	392,354	1,200,197	360,370
Temporary difference on Consumable biological assets	5,794,753	1,738,426	5,399,809	1,619,943
Temporary difference on Produced on bearer bilogical assets	7,622	2,287	5,993	1,798
Temporary difference on ROU Lands	162,422	48,727	164,050	49,215
As at 31st December	**9,575,236**	**2,872,572**	**8,139,464**	**2,442,151**
Deferred Tax Assets				
Temporary difference on Lease liability	(179,443)	(53,833)	(174,739)	(52,422)
Temporary difference on Provision for doubtful debts	(63,976)	(19,193)	(63,976)	(19,193)
Temporary difference on retirement benefit obligation	(1,383,560)	(415,068)	(1,322,848)	(396,854)
Carried forward tax losses	-	-	(100,000)	(30,000)
As at 31st December	**(1,626,979)**	**(488,094)**	**(1,661,563)**	**(498,469)**
Net Deferred Tax Liability as at 31st December	**7,948,257**	**2,384,478**	**6,477,901**	**1,943,682**

29.5 Unrecognised deferred tax assets

The Company recognised a deferred tax asset consequent to the changes in the Inland Revenue 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

The unutilized tax losses of Rs.Nil (2024 - Rs.100,000,000/-) out of tax losses of Rs.303,763,000/- (2024 - Rs. 239,629,659/-) have been considered for the deferred tax based on the probable future taxable profits available. Hence a deferred tax asset of Rs.91,128,900/- (2024 - Rs.41,888,898/-) has not been recognized in respect of unutilized tax losses as at 31st December 2025.

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.

		2025 Rs.'000	2024 Rs.'000
30.	**DEFERRED INCOME**		
	Deferred Grants and Subsidies		
	Balance at the beginning of the year	109,566	117,998
	Grants Received during the year	250	-
		109,816	117,998
	Amortization for the year	(8,429)	(8,432)
	Balance at the end of the year	**101,387**	109,566

The Company has received funding from the Plantation Housing and Social Welfare Trust, Tea Board Subsidy Fund, Plantation Reform Project, Estate Infrastructure Development Programme and the Plantation Development Support Project for the development of fields, factory and workers' welfare facilities such as re-roofing of line rooms, latrines, water supply and sanitation. The amounts spent are included under the relevant classification of Property, Plant & Equipment and the grant received for such is reflected under Deferred Income. When the Company has complied with the conditions attached to the grants and subsidies, the grants will be credited to the Statement of Profit or Loss over the useful life of the respective assets.

		2025 Rs.'000	2024 Rs.'000
31.	**NET LIABILITY TO LESSOR OF JEDB/SLSPC ESTATES**		
	Gross Liability		
	At the beginning of the year	174,739	155,323
	Remeasurement of Right-of-Use Asset	6,620	20,747
		181,359	176,070
	Interest charges for the year	23,559	22,516
	Payments made during the year (Note 31.1)	(25,475)	(23,847)
	Total Net Liability	**179,443**	174,739
	Maturity analysis of lease liability		
	Current	2,207	1,865
	Non Current	177,236	172,874
	Total	**179,443**	174,739

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

		2025 Rs.'000	2024 Rs.'000
31.1	**Leasehold rights can be analysised as follows**		
	Amount Payable within One Year	2,207	1,865
	Amount Payable after One Year and Less than Five Years	16,525	13,964
	Amount Payable More than Five Years	160,711	158,910
	Total Net Liability	**179,443**	**174,739**
	Amounts recognised in statement of profit or loss and other comprehensive income		
	Interest on lease liability	23,559	22,516
	Amortization of Leasehold right to Bare Land of JEDB / SLSPC Estates (Note 12)	8,248	7,758
	Amount recognized in statement of cashflows		
	Interest repayment during the year	23,559	22,516
	Capital repayment during the year	1,916	1,331
		25,475	23,843
	Maturity analysis of contractual undiscounted cashflows		
	Within one year	25,710	24,769
	1-2 years	25,710	23,159
	2-5 Years	77,130	75,916
	More than 5 years	366,368	377,724
		494,918	501,568
32.	**TRADE AND OTHER PAYABLES**		
	Trade Creditors	98,498	159,179
	Others Creditors	65,028	76,635
	Employee Related Creditors	256,092	279,613
	Accrued Expenses	118,462	47,220
		538,080	562,656
33.	**AMOUNTS DUE TO RELATED PARTIES**		
	Stassen Exports (Private) Limited	-	2,539
	Balangoda Plantations PLC	12,064	6,408
	Distilleries Company of Sri Lanka PLC	49,911	43,706
	Belventage (Private) Limited	1,676	2,376
	Melsta Technologies (Private) Limited	1	1
		63,652	55,030

34. CAPITAL COMMITMENTS

There were no material capital commitments as at the date of the Statement of Financial Position.

35. RELATED PARTY DISCLOSURES

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

35.1 Transactions with the Parent and Related entities

Company	Relationship	Nature of Transaction	Transaction Amount		Balance Payable as at 31st December	
			2025	2024	2025	2024
			Rs.'000	Rs.'000	Rs.'000	Rs.'000
Melstacorp PLC	Parent Company	Loan & Interest (AWPLR +0.5%)	(478,028)	519,449	(5,455,796)	(5,233,324)
		Settlements	255,556	-	-	
Other Related Parities						
Stassen Exports (Pvt) Ltd	Related Company	Expenses for the period	-	(14)	227	(2,534)
		Reimbursement of expenses	235	-		
		Settlements/Reversal	2,526	3,809		
Balangoda Plantations PLC	Related Company	Expences for the period	(15,503)	(17,607)	(4,256)	255
		Reimbursement of expenses	1,218	6,951		
		Settlements	9,774	34,208		
Distilleries Company of Sri Lanka PLC	Related Company	Expences for the period	(9,870)	(12,222)	(49,911)	(43,706)
		Settlements	3,665	53,034		
Bogo Power (Pvt) Ltd	Related Company	Settlements	8,112	7,378	480	2,852
		Revenue share	(20,000)	(20,000)		
		Rent Income	(6,992)	(5,950)		
		Income Received	24,292	25,950		
		Maintenance expenses	(7,784)	(4,534)		
		Dividend received	-	149		
Milford Exports Ceylon (Pvt) Ltd	Related Company	Loan Interest Paid	26,333	60,889	-	(26,333)
Melsta Technologies (Pvt) Ltd	Related Company	IT Services	-	(526)	(1)	(1)
		Payments	-	526		
Belvantage (Pvt) Ltd	Related Company	Implementation fee	-	(1,411)	(1,676)	(2,376)
		Settlements	700	1,388		
Formula World (Pvt) Ltd	Related Company	Expenditure for the period	-	(223)	-	-
		Settlements	-	1,466		

This note should be read in conjunction with Notes 21, 27 and 33 to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

35.2 Terms and conditions

Transactions with related parties are carried out in the ordinary course of business on an relevant commercial terms. Outstanding balances at the year end are unsecured and net settlement occurs in cash.

35.3 Non recurrent related party transactions

There were no non recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets which ever is lower of the Company as per 31 December 2025 audited Financial Statements.

35.4 Recurrent related party transactions

There were recurrent related party transactions which in aggregate value exceeds 10% of the gross revenue/income of the Company as of 31st December 2025 audited Financial Statements. Details of related party disclosures are as follows,

Company	Relationship	Nature of transaction	Amount	
For the year ended 31st December			2025	2024
			Rs.'000	Rs.'000
Melstacorp PLC	Parent Company	Loans & Interest	478,028	519,449
		Revenue as per the last audited financial statements	4,684,545	4,038,643
		Percentage on revenue	10%	13%

Transactions with related parties are carried out in the ordinary course of business on relevent commercial terms.

35.5 Transactions with the Key Management Personnel of the Company and parent

According to Sri Lanka Accounting Standard 24 - Related Party Disclosures, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company. Accordingly, the Board of Directors (including Executive and Non Executive) has been classified as key management personnel of the Company.

	2025	2024
	Rs.'000	Rs.'000
Director Remuneration	**5,000**	1,172

35.6 Other Related Party Transactions

Guarantees given by Distilleries Company of Sri Lanka PLC on behalf of the Company.

* Corporate Guarantee of Rs. 50 Mn. for Standard Chartered Bank overdraft facility
* Corporate Guarantee of Rs.160 Mn. For Hatton National Bank overdraft facility

36. 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 December 2025 are disclosed in the following page.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

	2025 Rs.'000	2024 Rs.'000
The funds borrowed by the Company are given in Note 27.		
Balance as at 01st January	5,259,657	4,801,285
Net Cash Flows from Financing Activities	(1,666)	(57,034)
Non Cash Changes	197,805	515,406
Balance as at 31st December	**5,455,796**	5,259,657

37. CONTINGENT LIABILITIES

There were no material contingent liabilities outstanding as at the year end except for the following:

- Several legal cases and disputes are pending against the company in Labour Tribunal and Courts. All these cases are being vigorously contested /prosecuted and our lawyers have advised that an evaluation of the likelihood of an unfavourable outcome and the amount or range of potential loss cannot be quantified or commented upon at this stage.
- The Inland Revenue Department has initiated an audit in relation to the Value Added Tax (VAT) of the Company for the financial year 2024. The Company is currently in the process of providing the required documentation and clarifications and the ultimate outcome and the financial impact, if any, cannot be determined at this stage.

38. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1 : Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2 : 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 3 : Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

As at 31st December 2025	Financial assets at amortised cost Rs.'000	FVTOCI - Equity Instruments Rs.'000	Other financial liabilities Rs.'000	Total carrying amount Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Fair value Rs.'000
Financial assets measured at fair value								
Investment in Equity Securities- FVOCI	-	4,348	-	4,348	-	-	4,348	4,348
Financial assets not measured at fair value								
Trade and other receivables	134,942	-	-	134,942	-	-	-	-
Amounts due from related party	8,699	-	-	8,699	-	-	-	-
Cash at banks and in hand	225,858	-	-	225,858	-	-	-	-
Total financial assets	369,499	4,348	-	373,847	-	-	4,348	4,348
Financial liabilities not measured at fair value								
Interest bearing borrowings	-	-	5,455,796	5,455,796	-	-	-	-
Trade and other payables	-	-	419,618	419,618	-	-	-	-
Amount due to related parties	-	-	63,652	63,652	-	-	-	-
Lease liability to SLSPC and JEDB	-	-	179,443	179,443	-	-	-	-
Bank overdrafts	-	-	22,197	22,197	-	-	-	-
Total financial liabilities	-	-	6,140,706	6,140,706	-	-	-	-

As at 31st December 2024	Financial assets at amortised cost Rs.'000	FVTOCI - Equity Instruments Rs.'000	Other financial liabilities Rs.'000	Total carrying amount Rs.'000	Level 1 Rs.'000	Level 2 Rs.'000	Level 3 Rs.'000	Total Fair value Rs.'000
Financial assets measured at fair value								
Investment in Equity Securities- FVOCI	-	4,216	-	4,216	-	-	4,216	4,216
Financial assets not measured at fair value								
Trade and other receivables	83,581	-	-	83,581	-	-	-	-
Amounts due from related party	9,704	-	-	9,704	-	-	-	-
Cash at banks and in hand	420,026	-	-	420,026	-	-	-	-
Total financial assets	513,311	4,216	-	517,527	-	-	4,216	4,216
Financial liabilities not measured at fair value								
Interest bearing borrowings	-	-	5,259,657	5,259,657	-	-	-	-
Trade and other payables	-	-	515,427	515,427	-	-	-	-
Amount due to related parties	-	-	55,030	55,030	-	-	-	-
Lease liability to SLSPC and JEDB	-	-	174,739	174,739	-	-	-	-
Bank overdrafts	-	-	7,347	7,347	-	-	-	-
Total financial liabilities	-	-	6,012,200	6,012,200	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

39. FINANCIAL RISK MANAGEMENT

39.1 Overview

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

- Credit risk
- Liquidity risk
- Market risks

(including currency risk and interest rate risk)

This note presents qualitative and quantitative information about the Company's exposure to each of the above risks, the Company's objectives and policies and procedures for measuring and managing those risks.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

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 risk 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.

39.2 Credit risk

Credit risk is the risk of financial loss to the Company, if a customer or counterparty to a financial instrument fails to meet its contractual obligation, and arises principally from the Company's receivables from customers and from investments in Equity securities.

The Company is exposed to credit risk from its operating activities (primarily trade receivables), other advances including loans and advances to staff/workers, and from its financing activities, including deposits with banks and other financial instruments.

The carrying amount of financial assets represents the maximum credit exposure.

39.2.1 Risk exposure

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts. Maximum exposure to credit risk as the reporting date was as follows.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

	2025 Rs.'000	2024 Rs.'000
Trade and Other Receivables	134,942	83,581
Amounts due from Related Companies	8,699	9,704
Cash and Cash Equivalents	225,858	420,026
	369,499	513,311

Impairment losses on financial assets and contract assets recognised in statement of financial position were as follows.

Impairment losses on trade and other receivables	63,976	63,976

39.2.2 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.

39.2.3 Cash and Cash Equivalents

The Company held cash at bank of Rs. 226 Mn as at 31st December 2025 (31st December 2024 - Rs.420 Mn) which represent its maximum credit exposure on these assets. The cash at bank with counterparties, which are rated AA- / AAA, based on fitch ratings.

39.3 Liquidity Risk

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

The Company's policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that the company has available funds to meet its medium term capital and funding obligations and to meet any unforeseen obligations. The Company holds cash and undrawn committed facilities to enable the company to manage its liquidity risk.

The Company monitors its risk to a shortage of funds using a daily cash management process. This process considers the maturity of both the Company's financial investments and financial assets (e.g. accounts receivable, other financial assets) and projected cash flows from operations.

Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of multiple sources of funding including bank loans and overdrafts.

The mixed approach combines elements of the cash-flow matching approach and the liquid assets approach. The business units attempt to match cash outflows in each time bucket against a combination of contractual cash inflows plus other inflows that can be generated through the sale of assets or other secured borrowings.

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

		Contratual cash flows					
	Carrying Amount Rs.'000	Cotractual Total Rs.'000	On demand Rs.'000	Less Than 12 Months Rs.'000	1 to 2 years Rs.'000	2 to 5 years Rs.'000	More than 5 Years Rs.'000
As at 31st December 2025							
Interest bearing loans & borrowing	5,455,796	7,176,064	-	1,115,027	1,058,387	1,001,747	4,000,903
Trade & other payables	419,618	419,618	419,618	-	-	-	-
Amount due to related companies	63,652	63,652	63,652	-	-	-	-
Bank Overdraft	22,197	22,197	22,197	-	-	-	-
Lease Liability to – SLSPC and JEDB	179,443	494,918	-	25,710	25,710	77,130	366,368
	6,140,706	**8,176,449**	**505,467**	**1,140,737**	**1,084,097**	**1,078,877**	**4,367,271**
As at 31st December 2024							
Interest bearing loans & borrowing	5,259,657	6,926,789	-	1,102,823	1,045,463	988,103	3,790,400
Trade & other payables	515,427	515,427	515,427	-	-	-	-
Amount due to related companies	55,030	55,030	55,030	-	-	-	-
Bank Overdraft	7,347	7,347	7,347	-	-	-	-
Lease Liability to – SLSPC and JEDB	174,739	501,568	-	24,769	23,159	75,916	377,724
	6,012,200	8,006,161	577,804	1,127,592	1,068,622	1,064,019	4,168,124

Management of Liquidity Risk

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company has access to approved short-term financing facilities from commercial banks, if required.

The Company monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables and it is estimated that the maturity of trade receivables as at the reporting date would occur in sufficient quantity and timing, given the historical trends, and currently available information which would enable the Company to meet its contractual obligations.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

39.4 Market Risk

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

39.4.1 Currency risk

The Company exposed to currency risk only on purchases that are denominated in a currency other than Sri Lankan Rs. (LKR). The foreign currencies in which these transaction primarily denominated are United Stated Dollar. (USD)

Since the frequency of the transaction done in foreign currencies are very low, the Company is not expose to a higher degree of currencies risk.

39.4.2 Interest Rate Risk

Interest rate risk mainly arises as a result of the Company having interest sensitive assets and liabilities which are directly impacted by changes in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The management monitors the sensitivities on regular basis and ensures that such risks are managed on a timely manner.

The interest rates have increased significantly after the reporting date, this may lead to substantial negative impact on the future profits of the Company.

(a) Exposure to interest rate risk

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

	As at 31st December 2025			As at 31st December 2024		
	Variable interest rate Rs.'000	Fixed interest rate Rs.'000	Total Rs.'000	Variable interest rate Rs.'000	Fixed interest rate Rs.'000	Total Rs.'000
Financial liabilities						
Loans and borrowings	5,455,796	-	5,455,796	5,259,657	-	5,259,657
Bank Overdraft	22,197	-	22,197	7,347	-	7,347
Maximum exposure	**5,477,993**	**-**	**5,477,993**	5,267,004	-	5,267,004

(b) Sensitivity analysis

The following table shows the estimated impact on profitability and equity by fluctuation of interest rates assuming that all other variables remain constant on the following financial assets. Floating rate instruments expose the Company to cash flow fluctuations.

	As at 31st December 2025 Variable-rate		As at 31st December 2024 Variable-rate	
	Impact on PBT Rs.'000	Impact on equity Rs.'000	Impact on PBT Rs.'000	Impact on equity Rs.'000
Increase in 100 basis points Financial liabilities				
Loans and borrowings	(54,558)	(38,191)	(52,597)	(36,818)
Bank Overdraft	(222)	(155)	(73)	(51)
	(54,780)	**(38,346)**	(52,670)	(36,869)
Decrease in 100 basis points Financial liabilities				
Loans and borrowings	54,558	38,191	52,597	36,818
Bank Overdraft	222	155	73	51
	54,780	**38,346**	52,670	36,869

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

39.4.3 Capital Management

The Company's policy is to retain a strong capital base so as to maintain investor, creditor & market confidence and to sustain future development of the business. Capital consists of share capital, reserves and retained earning . The Board of Directors monitors the return on capital, interest covering ratio and dividend to ordinary shareholders.

The gearing ratio at the reporting date is as follows.

	2025 Rs.'000	2024 Rs.'000
Total Liabilities	10,128,593	9,435,525
Less: Cash and cash equivalents	(225,858)	(420,026)
Net Debt	**9,902,735**	9,015,499
Equity	650,452	(133,006)
Gearing ratio	**15.22**	(67.78)

40. GOING CONCERN

The Company has recorded a net profit of LKR 52Mn during the year ended 31st December 2025 (2024 - LKR 244Mn) and the Company has accumulated losses of LKR 8,229Mn (2024 - LKR 7,901Mn). As at 31st December 2025, the Company's current liabilities exceeded its current assets by LKR 187Mn (2024: LKR 114Mn). The Company has loans and borrowings and an overdraft balance of LKR 622Mn (2024 - LKR 607Mn) due within 12 months from 31st December 2025.

Further as at 31st December 2025 the Company's net assets are less than half of the stated capital and therefore faces a serious loss of capital situation.

Notwithstanding this, the financial statements have been prepared on a going concern basis due to reliance on a letter of support, dated 26th May 2026, provided by the parent company, Melstacorp PLC.

Through this letter, Melstacorp PLC acknowledges that:

- there are no current plans for the payables to be called for a minimum period of 12 months from the date of signing the Company's 31st December 2025 financial statements, however, should they be called within the 12 months period referred to above, payments will only be required to the extent that they do not impact the entity's ability to meet its financial obligations as and when they fall due and payable.

- the ultimate parent entity also undertakes to provide financial assistance to the Company to ensure that it can pay its debts as and when they fall due and payable for a period of at least 12 months from the date of the signing these financial statements.

This undertaking is provided for a minimum of 12 months from the date of signing the financial statements for the year ended 31st December 2025.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

As at 31st December

In addition, through the letter of support, the Board of Directors of Melstacorp PLC also confirm that they do not have any intention to liquidate the Company or cease the operations for at least 12 months from the date of signing these financial statements.

Further the management plans to implement the following measures, which notably include,

- Expediting the process harvesting biological assets, with efforts being made to obtain the approval for a five-years ahead.

- Investing in advance machinery technologies, which have improved sorting precision and refinement, enhancing the overall quality and grading of the output tea.

Based on the strategies explained above, the forecasted cash flows and the letter of support from the Parent Company, the management of the Company is confident that the Company would remain operational and generate cash flows in the future.

Based on the above, the management is of the view that there is no significant doubt about the ability of the Company to continue as a going concern, and accordingly, the Financial Statements have also been prepared going concern basis of accounting.

41. EVENTS AFTER THE REPORTING DATE

Subsequent to the reporting period, no circumstances have arisen which would require adjustments to or disclosures in the financial statements as at 31st December 2025.

42. SEGMENTAL INFORMATION

Geographical Segment

	Madulsima Region				Bogowantalawa Region		Total	Total
	Uva High		Uva Medium		Western High			
	2025	2024	2025	2024	2025	2024	2025	2024
43.1 Segment Results	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue	1,579,114	1,759,805	631,835	775,572	2,168,245	2,149,168	4,379,194	4,684,545
Cost of Sales	(1,377,886)	(1,418,128)	(650,450)	(699,485)	(2,077,795)	(1,876,187)	(4,106,131)	(3,993,800)
Segment Results	201,228	341,677	(18,615)	76,087	90,450	272,981	273,063	690,745
Unallocated								
Other Operating Income							195,544	100,907
Administrative Expenses							(143,961)	(128,790)
Other Expenditure							(32,034)	(48,390)
Gain on Change in Fair Value of Timber Stock							378,228	390,525
Profit from Operating Activities							670,840	1,004,997
Net Finance Cost							(491,229)	(541,161)
Profit before Tax							179,611	463,836
Income Tax Expense							(127,443)	(220,092)
Profit for the Year							52,168	243,744
Other Comprehensive Income							731,290	10,470
Total Comprehensive Income							783,458	254,214

A segment is a distinguishable component of the Company that is engaged either in providing product or service (business segments),or in providing products or services within a particular economic environment (geographical segments),which is subject to risk and rewards that are different from those of other segments.The business segments are reported based on the geographical segments of the company.

42.2 Segment Assets	Madulsima Region				Bogowantalawa Region		Total	Total
	Uva High		Uva Medium		Western High			
	2025	2024	2024	2024	2025	2024	2025	2024
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Non Current Assets	107,884	102,372	43,945	51,360	258,073	232,334	409,902	386,066
Current Assets	211,043	231,403	86,258	106,838	339,692	273,323	636,993	611,564
	318,927	333,775	130,203	158,198	597,765	505,657	1,046,895	997,630
Unallocated								
Non Current Assets							9,330,278	7,803,517
Current Assets							401,872	501,372
Total Assets							10,779,045	9,302,519
42.3 Segment Liabilities								
Non Current Liabilities	562,684	559,683	329,589	321,212	723,199	685,230	1,615,472	1,566,125
Current Liabilities	134,505	172,389	47,898	96,490	203,589	191,686	385,992	460,565
Total Liabilities	697,189	732,072	377,487	417,702	926,788	876,916	2,001,464	2,026,690
Unallocated								
Non Current Liabilities							7,286,985	6,642,501
Current Liabilities							840,144	766,334
Total Liabilities							10,128,593	9,435,525
Capital Expenditure - Estate	53,999	50,777	19,043	19,302	189,830	93,758	262,873	163,837
- Unallocated							47,965	3,641
							310,838	167,478
Depreciation - Estate	72,027	65,315	33,411	35,502	65,548	64,464	170,986	165,281
- Unallocated							13,882	15,699
							184,868	180,980

SHAREHOLDER AND INVESTOR INFORMATION

Stock Exchange Listing

The issued Ordinary shares of Madulsima Plantations PLC are listed with the Colombo Stock Exchange of Sri Lanka. The Audited Financial Statements of the Company for the year ended 31st December 2025 have been submitted to the Colombo Stock Exchange.

Distribution of Shareholding as at 31 December 2025

No. of Shares held	No. of Shareholders	No. of Shareholders %	Total Holdings	Total Holding %
01.1-1,000	18,565	96.26	2,820,106	1.66
02.1,001-10,000	554	2.87	2,039,903	1.20
03.10,001-100,000	155	0.80	4,181,380	2.47
04. 100,001-1,000,000	10	0.05	2,430,079	1.43
05. Over 1,000,000 shares	4	0.02	158,029,629	93.24
Grand Total	**19,288**	**100.00**	**169,501,097**	**100.00**

Analysis of Shareholders

Category	No. of Shareholders	No. of Shareholders %	Total Holdings	Total Holding %
Individuals/ Local	19,168	99.38	11,049,307	6.52
Institutions/Local	109	0.57	158,286,211	93.38
Individuals/Foreign	9	0.05	96,489	0.06
Institutions/Foreign	2	0.01	69,090	0.04
Grand Total	**19,288**	**100.00**	**169,501,097**	**100.00**

- Public Holding Percentage as at 31st December 2025 – 9.6%
- Number of shareholders representing the above percentage – 19,285
- The float adjusted market capitalization as at 31st December 2025 – Rs.196,892,474
- The float adjusted market capitalization of the Company falls under Option 5 of Rule 7.13.1(a) of the Listing Rules of the Colombo Stock Exchange and the Company has not complied with the minimum public holding requirement applicable under the said opposition.

Market Statistics as at 31st December

	2025	2024
Number of shares	169,501,097	169,501,097
Earning per Share Rs	0.31	1.44
Net Asset per Share Rs	3.84	(0.78)
Highest Share Price Rs	14.50	16.00
Lowest Share Price Rs	11.00	10.40
Last traded Price Rs	12.10	14.10

SHAREHOLDER AND INVESTOR INFORMATION (CONTINUED)

Twenty (20) Largest Shareholders as at 31st December 2025

No	Name of the Shareholder	No. of Shares	%
1	MELSTACORP PLC	94,265,671	55.61
2	STASSEN EXPORTS (PVT) LIMITED	58,958,456	34.78
3	SECRETARY TO THE TREASURY	3,800,000	2.24
4	MR.H.M.P.S.HERATH	1,005,502	0.59
5	MR.S.PALIHAWADANA & MRS.R.S.DALUWATTA	819,363	0.48
6	THREAD CAPITAL (PRIVATE) LIMITED	315,000	0.19
7	DR.A.A.M.DHARMADASA	308,223	0.18
8	MR.D.N.P.RATHNAYAKE	200,000	0.12
9	SENKADAGALA FINANCE PLC/P.T.M.I.G.THILAKARATHNA	175,000	0.10
10	MR.T.A.C.MADUSHAN	144,000	0.08
11	PEOPLES LEASING AND FINANCE PLC/W.M.D.I.P.ABEYRATHNE	138,950	0.08
12	MR.M.R.LAFIR	115,000	0.07
13	MR.M.A.ASLAM	110,000	0.06
14	MR.L.H.R.PERERA	104,543	0.06
15	MR.J.A.P.D.JAYASURIYA	100,000	0.06
16	MR.A.V.R.DE SILVA JAYATHILAKE	100,000	0.06
17	MR.T..LOGANATHAN	99,189	0.06
18	MR.N.RAMESHRAJA	90,560	0.05
19	MR.M.S.ARUMGAM	79,411	0.05
20	MR.G.S.PERERA	75,043	0.04
	Sub Total	**161,003,911**	**94.99**
	Other Shareholders	**8,497,186**	**5.01**
	Grand Total	**169,501,097**	**100.00**

FINANCIAL INFORMATION 2025 & 2024

	2025 Rs. '000	2024 Rs. '000	2023 Rs. '000	2022 Rs. '000	2021 Rs. '000
Revenue	4,379,194	4,684,545	4,038,643	4,172,568	3,099,649
Profit before Income Tax Expences	179,611	463,836	(242,965)	88,548	(321,946)
Income Tax Expences	(127,443)	(220,092)	(796,455)	(292,033)	83,758
Profit after Income Tax expences	52,168	243,744	(1,038,260)	(203,485)	(238,188)
Accumulated loss brought forward	(7,900,881)	(7,762,789)	(6,144,937)	(5,690,592)	(5,077,361)
Accumulated loss carried forward	(8,228,795)	(7,900,881)	(7,762,789)	(6,144,937)	(5,690,592)
Non Current Assets	9,740,180	8,189,583	7,829,517	7,171,186	6,822,496
Current Assets	1,038,865	1,112,936	707,319	547,830	429,903
Current Liabilities	1,226,136	1,226,898	1,384,939	1,271,112	1,219,677
Defered Income	101,387	109,566	117,998	123,358	128,624
Non current Liabilities	8,902,457	8,208,627	7,539,107	5,836,955	4,966,281
Net Assets	650,452	(133,006)	(387,220)	610,948	1,066,442
Share Capital	1,624,761	1,624,761	1,624,760	1,624,760	1,624,760
Timber Reserve	5,460,898	5,084,299	4,691,956	4,072,530	3,779,541
Revaluation Reserve	1,790,456	1,055,815	1,055,815	1,055,815	1,349,934
Accumulate loss	(8,228,795)	(7,900,881)	(7,762,789)	(6,144,937)	(5,690,592)
Fair Value through OCI Reserve	3,132	3,000	3,036	2,780	2,798
Total Share Holder's Funds	650,452	(133,006)	(387,220)	610,948	1,066,442
Number of Shares (000)	169,501	169,501	169,501	169,501	169,501
Earning /(Loss) per share (Rs)	0.31	1.44	(6.13)	(1.20)	(1.41)
Net Assets per shares (Rs)	3.84	(0.78)	(2.28)	3.60	6.29

STATMENT OF VALUE ADDITION

	Year ended 31.12.2025		Year ended 31.12.2024	
	%	Rs.'000	%	Rs.'000
Revanue		4,379,194		4,684,545
Other Income		195,544		100,907
Total Revenue		4,574,738		4,785,452
Cost of Materials and Services Bought		1,345,335		1,640,532
Value Addition	**100**	**3,229,403**	**100**	**3,144,920**
DISTRIBUTION OF VALUE ADDITION				
A to Employee as remuneration	77	2,501,138	69	2,179,033
B to Lenders of Capital as interest	15	491,229	17	541,161
C Retained in Business				
C1 Provision for Depreciation	6	184,868	6	180,980
C2 Profit/(Loss) Retained	2	52,168	8	243,744
		3,229,403		**3,144,919**

PERFORMANCE OF ESTATES

Estate	Elevation	Year	Tea ha Extent	Total Crop kg	Yield Kg/ha	COP Rs/Kg	NSA Rs/Kg
Battawatte	Uva High	2025	188	231,698	983	1,037	1,045
		2024	186	247,424	1,147	941	1,030
Cocogalla	Uva High	2025	131	139,863	1,065	1,042	1,042
		2024	129	128,051	989	1,027	1,069
El Teb	Uva Medium	2025	299	292,502	873	1,073	1,019
		2024	298	374,337	1,052	1,032	1,034
Galloola	Uva High	2025	122	104,231	854	937	1,057
		2024	121	132,802	1,093	828	1,064
Mahadowa	Uva High	2025	424	349,827	820	975	994
		2024	444	376,392	885	900	1,016
Roeberry	Uva Medium	2025	416	291,862	694	1,120	993
		2024	415	311,124	749	1,010	1,038
Uvakellie	Uva High	2025	176	168,181	956	920	1,052
		2024	164	195,384	1,139	819	1,064
Verellapatna	Uva High	2025	219	387,551	1,510	891	1,009
		2024	218	470,321	1,751	784	1,046
Kew	Western High	2025	303	395,888	1,096	1,091	1,083
		2024	304	346,246	1,024	1,095	1,106
Kirkoswald	Western High	2025	458	621,878	1,025	1,129	1,120
		2024	459	599,509	1,094	1,084	1,153
Theresia	Western High	2025	297	611,680	1,218	1,079	1,097
		2024	300	490,138	1,171	1,022	1,134
Venture	Western High	2025	232	348,041	1,161	1,071	1,036
		2024	233	304,906	1,153	974	1,070

Region Wise Performance	2025	2024	2023	2022	2021
Total Production Kgs.					
Madulsima	1,965,715	2,235,835	2,336,706	2,494,389	3,481,175
Bogo	1,977,487	1,740,799	1,638,757	1,239,271	1,170,960
Total	3,943,202	3,976,634	3,975,465	3,733,660	5,252,135
Estate Crop Kgs.					
Madulsima	1,830,113	2,059,039	1,853,880	1,827,640	2,373,620
Bogo	1,433,612	1,432,917	1,362,385	1,204,911	1,547,992
Total	3,263,725	3,491,956	3,216,265	3,032,551	3,921,612
Yield (kg/ha)					
Madulsima	924	1,044	939	929	1,199
Bogo	1,111	1,106	1,059	934	1,178
Total	998	1,069	986	931	1,191
COP (Rs/Kg) Without Finance					
Madulsima	1,000	913	932	891	556
Bogo	1,096	1,049	1,076	1,071	706
Total	1,048	973	991	951	607
NSA (Rs./Kg)					
Madulsima	1,018	1,040	942	1,011	527
Bogo	1,091	1,123	1,034	1,075	569
Total	1,053	1,077	980	1,032	541
Profit/(Loss) Rs/Kg					
Madulsima	18	127	10	120	-29
Bogo	-5	74	-42	4	-137
Total	**5**	**104**	**-11**	**81**	**-66**

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Thirty Third (33rd) Annual General Meeting of MADULSIMA PLANTATIONS PLC will be held as a virtual meeting via an online meeting platform conducted from the "Mini Auditorium", Melstacorp PLC, # 110, Norris Canal Road, Colombo 10, Sri Lanka on Wednesday 24th June 2026 at 11.00 a.m. to consider and if thought fit to pass the following resolutions:

1. To receive and consider the Annual Report of the Directors and the Financial Statements of the Company for the year ended 31st December 2025 together with the Auditors' Report thereon.

2. To propose the following resolution as an ordinary resolution for the re- appointment of Mr. C R Jansz as a Director who has attained the age of seventy three (73) years.
   "Ordinary Resolution"
   IT IS HEREBY RESOLVED THAT the age limit referred in Section 210 of the Companies Act No. 07 of 2007(Companies Act) shall not apply to Mr. C R Jansz Director of the Company, who has attained the age of seventy three (73) years and that he be re-appointed as a director of the company.

3. To propose the following resolution as an ordinary resolution for the re- appointment of Mr. M R Mihular as a Director who has attained the age of seventy (70) years.
   "Ordinary Resolution"
   IT IS HEREBY RESOLVED THAT the age limit referred in Section 210 of the Companies Act No. 07 of 2007(Companies Act) shall not apply to Mr. M R Mihular Director of the Company, who has attained the age of seventy (70) years and that he be re-appointed as a director of the company.

4. To propose the following resolution as an ordinary resolution in accordance with sub clause (c) of Section 9.8.3 (ix) of the Listing Rules of the Colombo Stock Exchange, to approve Mr M R Mihular as nevertheless independent upon him attaining the age of seventy years.
   "Ordinary Resolution"
   WHEREAS in keeping with sub clause (a) to Section 9.8.3 (ix) of the Listing Rules of the Colombo Stock Exchange, the Nominations and Governance Committee along with the justification and rationale had recommended to the board of directors of the Company ("the Board") to consider Mr. M R Mihular as nevertheless independent upon him attaining the age of seventy years on 18th June 2026.

   WHEREAS the Board having duly considered the said justification and rationale has confirmed the recommendation of the Nominations and Governance Committee to consider Mr M R Mihular as nevertheless independent upon him attaining the age of seventy years;

   Accordingly, IT IS HEREBY RESOLVED THAT the recommendation of the Nominations and Governance Committee along with the justification and rationale and the confirmation of the board of directors of the Company to consider Mr M R Mihular as nevertheless independent upon him attaining the age of seventy years, be approved.

5. To re-elect Mr. K Dayaparan who retire by rotation at the Annual General Meeting in terms of Article 92 of the Articles of Association as a Director of the Company.

6. To re-appoint M/s KPMG, Chartered Accountants as the auditors of the Company in terms of Section 158 of the Companies Act No. 07 of 2007 and authorize the Board of Directors to determine the remuneration of the Auditors for the year ending 31st December 2026.

By order of the Board

Sgd.
Pradeep A Jayatunga
Company Secretary
27th May 2026
Colombo

NOTICE OF MEETING (CONTINUED)

Notes

1) The Thirty Third (33rd) Annual General Meeting of Madulsima Plantations PLC will be a virtual meeting held by participants joining in person or proxy and through audio or audio-visual means in the manner specified below:

i) Attendance of the Chairman and the Board of Directors

The Chairman, the Board of Directors, certain Key Management Personnel, the Company Secretary, and the External Auditors will be available **on the Virtual Platform on Wednesday, 24th June 2026 at 11.00 a.m.**

ii) Shareholder Participation

a. The Shareholders are encouraged to appoint a Director of the Company as their proxy to represent them at the meeting.

b. The Shareholders may also appoint any other persons other than a Director of the Company as their proxy and the proxy so appointed shall participate at the meeting through audio or audio-visual means only.

c. The shareholders who wish to participate in the meeting will be able to join the meeting through audio or audio-visual means. To facilitate this process, the shareholders are required to furnish the details of the shareholder and proxy holder, if any, by perfecting Annexure II to the circular to shareholders and forward same to Company Secretary via bplmplcompanysecretary@gmail.com or by facsimile on +94 11 254033, to reach the Secretary not less than two (02) days before the date of the meeting so that the meeting login information could be forwarded to the email address as provided. The circular to the shareholders will be posted to all the shareholders along with the Notice of Meeting and the Form of Proxy.

d. To facilitate the appointment of proxies, the Form of Proxy is attached hereto and the duly filled Form of Proxy should be sent to the Company Secretary via e-mail bplmplcompanysecretary@gmail.com or facsimile at +94 11 254033 or by post to the Registered Office of the Company, Madulsima Plantations PLC, # 833, Sirimavo Bandaranaike Mawatha, Colombo 14, Sri Lanka not less than forty – eight (48) hours before the time fixed for the meeting.

iii) Shareholder's queries

The shareholders are hereby advised that if they wish to raise any queries, such queries should be sent to the Company Secretary, via e-mail to bplmplcompanysecretary@gmail.com or facsimile at + 94 11 254033 or by post to the Registered Office of the Company, Madulsima Plantations PLC, # 833, Sirimavo Bandaranaike Mawatha, Colombo 14, Sri Lanka **not less than Two (02) days before the date of the meeting.** This is to enable the Company Secretary to compile the queries and forward same to the attention of the Board of Directors so that the same could be addressed at the meeting.

2) The Annual Report of the Company for the year 2025 will be available for perusal on the Company websites https://maduls.lk, http://melsta.com/our-core-sectors/plantation-services and the Colombo Stock Exchange website on www.cse.lk

If you wish to receive a printed copy of the Annual Report for the year 2025, please complete and forward us the Form of Request (Annexure 1) by post to the registered address of the Company, Madulsima Plantations PLC, # 833, Sirimavo Bandaranaike Mawatha, Colombo 14, Sri Lanka or email bplmplcompanysecretary@gmail.com or facsimile + 94 11 254033

NOTES

FORM OF PROXY

I/We.....of.....

.....being a shareholder / shareholders of Madulsima Plantations PLC hereby appoint

Don Hasitha Stassen Jayawardena*	of failing him
Cedric Royle Jansz*	or failing him
Kumarasamy Dayaparan*	or failing him
Mohamed Reyaz Mihular*	or failing him
Ravindra Ajith Fernando*	or failing him
Pradeep Arjuna Jayatunga*	or failing him

.....of.....

..... as my/our* proxy to represent me/us* and to vote on my/our behalf at the Thirty Third (33rd) Annual General Meeting of the Company to be held as a virtual meeting via online platform on Wednesday 24th June 2026 at 11.00 a.m. and at any adjournment thereof and at every poll which may be taken in consequence of the above said meeting. I/We* the undersigned hereby authorize my/our* Proxy to vote on my/our* behalf following the preference indicated below:

		For	Against
1.	To receive and consider the Annual Report of the Directors and the Financial Statements of the Company for the year ended 31st December 2025 together with the Auditors' Report thereon.	☐	☐
2.	To propose the following resolution as an ordinary resolution for the re- appointment of Mr. C R Jansz as a Director who has attained the age of seventy three (73) years. **Ordinary Resolution** IT IS HEREBY RESOLVED THAT the age limit referred in Section 210 of the Companies Act No. 07 of 2007(Companies Act) shall not apply to Mr. C R Jansz Director of the Company, who has attained the age of seventy three (73) years and that he be re-appointed as a director of the company.	☐	☐
3.	To propose the following resolution as an ordinary resolution for the re- appointment of Mr. M R Mihular as a Director who has attained the age of seventy (70) years. **Ordinary Resolution** IT IS HEREBY RESOLVED THAT the age limit referred in Section 210 of the Companies Act No. 07 of 2007(Companies Act) shall not apply to Mr. M R Mihular Director of the Company, who has attained the age of seventy (70) years and that he be re-appointed as a director of the company.	☐	☐
4.	To propose the following resolution as an ordinary resolution in accordance with sub clause (c) of Section 9.8.3 (ix) of the Listing Rules of the Colombo Stock Exchange, to approve Mr. M R Mihular as nevertheless independent upon him attaining the age of seventy years. **Ordinary Resolution** WHEREAS in keeping with sub clause (a) to Section 9.8.3 (ix) of the Listing Rules of the Colombo Stock Exchange, the Nominations and Governance Committee along with the justification and rationale had recommended to the board of directors of the Company ("the Board") to consider Mr. M R Mihular as nevertheless independent upon him attaining the age of seventy years on 18th June 2026; WHEREAS the Board having duly considered the said justification and rationale has confirmed the recommendation of the Nominations and Governance Committee to consider Mr M R Mihular as nevertheless independent upon him attaining the age of seventy years; Accordingly, IT IS HEREBY RESOLVED THAT the recommendation of the Nominations and Governance Committee along with the justification and rationale and the confirmation of the board of directors of the Company to consider Mr M R Mihular as nevertheless independent upon him attaining the age of seventy years, be approved.	☐	☐
5.	To re-elect Mr. K Dayaparan who retires by rotation at the Annual General Meeting in terms of Article 92 of the Articles of Association as a Director of the Company.	☐	☐
6.	To re-appoint M/s KPMG, Chartered Accountants as the auditors of the Company in terms of Section 158 of the Companies Act No. 07 of 2007 and authorize the Board of Directors to determine the remuneration of the Auditors for the year ending 31st December 2026.	☐	☐

* Please strike the inappropriate words.

Signed on this .....day of .....Two Thousand and Twenty Five.

.....	.....	.....
Shareholder's Signature	1st Joint Holder's Signature	2ndJoint Holder's Signature
Date.....	Date.....	Date.....

Instructions for Completion of Form of Proxy

1. Kindly perfect the Form of Proxy by filling in the mandatory details required above, signing in the space provided and filling in the date of signature.

2. If the Form of Proxy is signed by an Attorney, the relevant power of attorney should also accompany the proxy form for registration, if such power of attorney has not already been registered with the Company.

3. In the absence of any specific instructions as to voting, the proxy may use his/her discretion in exercising the vote on behalf of his appointor.

4. Duly filled Form of Proxy should be sent to reach the Company Secretary via-email to bplmplcompanysecretary@gmail.com, or facsimile on + 94 11 2540333 or by post to the registered address of the Company, Madulsima Plantations PLC, # 833, Sirimavo Bandaranaike Mawatha, Colombo 14, Sri Lanka not less than Two (02) working days before the date of the meeting.

Please provide the following details (mandatory):	
NIC/PP/Company Registration No. of the Shareholder/s	:.....
Folio No	:.....
Email address of the Shareholder/(s) or Proxy Holder (other than a Director appointed as proxy)	:.....
Mobile No's.	:.....
Fixed Line No.	:.....

