ANNUAL REPORT
2025/26

Browns
PLANTATIONS
UDAPUSSELLAWA

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FINANCIAL CALENDAR

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

Meetings

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

FINANCIAL HIGHLIGHTS

For the year ended 31 March

	Group	Company		
Performance period ended (in LKR '000)	**2026**	**2026**	**2025**	**Variance - %**
Revenue	**5,891,554**	**3,260,836**	3,353,305	-3%
Profit before Interest and tax	**529,290**	**514,222**	686,139	-25%
Profit after tax	**1,206,749**	**551,204**	580,989	-5%
Total comprehensive Income	**1,136,203**	**480,731**	**934,361**	**-49%**
Financial position - as at 31st March (LKR '000)				
Non current assets	**6,458,360**	**5,263,973**	4,054,054	30%
Current assets	**2,945,629**	**2,134,255**	3,028,133	-30%
Total assets	**9,403,989**	**7,398,228**	7,082,187	4%
Current liabilities	**1,372,719**	**885,453**	1,066,809	-17%
Shareholders' fund	**5,165,373**	**4,544,720**	4,063,989	12%
Stated capital	**340,000**	**340,000**	340,000	0%
Capital employed	**7,072,936**	**5,474,765**	4,177,798	31%
Key Financial Indicators				
Earnings per share (LKR)	**60.41**	**28.41**	29.95	-5%
Net assets per share (LKR)	**266.27**	**234.28**	209.49	12%
Market price of a share (LKR)	**143.00**	**143.00**	130.25	10%
Market capitalisation (LKR '000)	**2,774,057**	**2,774,057**	2,526,720	10%
ROCE (%)	**10.20**	**11.31**	16.9	-33%
Current ratio (times)	**2.14**	**2.41**	2.84	-15%

Udapussellawa Plantations PLC acquired a controlling interest in Tea Smallholders Factories PLC on 09th June 2025. Accordingly, the Group financial information for the current period incorporates the results of Tea Smallholders Factories PLC from the date of acquisition.

As Tea Smallholders Factories PLC was not part of the Group during the corresponding comparative period, comparative Group figures and related variance analysis are not presented for the current reporting period. Consequently, the Group's current-period results are not directly comparable with the corresponding prior-year figures.

CHAIRMAN'S MESSAGE

Dear Shareholders,

On behalf of the Board of Directors, it is my privilege to present the Annual Report and Audited Financial Statements of Udapussellawa Plantations PLC (UPL) for the financial year ended 31st March 2026. This year has been one of resilience and transition; navigating a complex macroeconomic environment, in the continued aftermath of Cyclone Ditwah, and a challenging plantation sector landscape, while simultaneously advancing our Group's strategic priorities and successfully delivering strong Group-level performance.

A Year of Continued Recovery and New Challenges

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

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

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

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

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

The Plantation Sector - Navigating Headwinds

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

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

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

Labour costs remained a significant structural challenge for the plantation sector. The minimum daily wage for estate workers remained at Rs. 1,350, as gazetted in September 2024, placing continued upward pressure on production costs and profitability across the industry. A further wage increase became effective from 1st January 2026, amounting to Rs. 400 per day, of which Rs. 200 was borne by the Company as an increase in basic wage and Rs. 200 was payable by the Government of Sri Lanka as an incentive.

Rubber prices also softened during the period, impacting earnings from our Yatawatte estate, while the recovery in coconut production provided a modest offset.

Financial and Operational Performance

At the Company level, UPL recorded revenue of Rs. 3.26 Bn for the financial year 2025/26, a marginal decline of 2.8% from Rs. 3.35 Bn in the previous year. Gross profit declined to Rs. 606.6 Mn, compared to Rs. 726.2 Mn in the prior year, reflecting the dual pressures of

lower tea auction prices and sustained cost headwinds. Profit before taxation for the Company was Rs. 652.3 Mn, compared to Rs. 882.9 Mn in the previous financial year. Company net profit was Rs. 551.2 Mn. The results reflect a challenging year for our plantation operations, and the Board and management have worked diligently to mitigate these pressures.

Tea Production: UPL's total tea production for the year under review was 2.98 Mn kg, a slight decline of 1.8% from 3.03 Mn kg in the previous year. Estate crop contributed 2.86 Mn kg, while bought leaf accounted for 0.12 Mn kg. Duckwari, Court Lodge, and Madulkelle were the three highest-producing estates during the year. The Company's Net Sale Average (NSA) at the Colombo Auction was Rs. 994.28 per kg, compared to Rs. 1,057.19 per kg in the previous financial year, reflecting the softer price environment.

Rubber: Our rubber operations at Yatawatte Estate delivered a noteworthy performance. Rubber production grew by 17.9% to 69,802 kg during the year under review, compared to 59,221 kg in the previous year. However, the NSA for rubber declined by 10.3% to Rs. 643.32 per kg from Rs. 716.85 per kg, reflecting softer global rubber prices during the period.

Coconut: Coconut production at Yatawatte recorded a modest recovery of 2.9% to 493,858 nuts during the year under review, compared to 479,935 nuts in the previous financial year, following the significant setback experienced in 2024/25 due to infestations and adverse weather.

Capital Expenditure: The Company invested a total of Rs. 365.9 Mn in capital expenditure during the year, comprising Rs. 14.3 Mn in field investments and Rs. 351.5 Mn in non-field assets. These strategic investments reflect our commitment to enhancing factory and infrastructure capacity, supporting operational efficiency and long-term productivity.

Strategic Investments and Operational Focus

UPL continued to pursue its strategy of operational modernisation and efficiency improvement during the year. We remain focused on reducing our dependency on manual labour through targeted mechanisation of field operations, and on upgrading factory infrastructure to enhance the quality and consistency of our teas. The significant non-field capital expenditure during the year reflects our commitment to this agenda.

We also continued to invest in sustainability certifications, including maintaining our Rainforest Alliance and ISO standards, which underpin our market access and brand positioning in premium export markets. Climate-resilient agricultural practices, including shade tree management, soil conservation, and water efficiency initiatives, remain integral to our estate management approach.

Sustainable Plantation Operations

Sustainability remains at the heart of UPL's operating philosophy. We continued to promote climate-resilient agriculture across our estates, recognising that the long-term viability of our business is inextricably linked to the health of our natural environment.

Our focus on diversified crop management — encompassing tea, rubber, and coconut — allows us to build greater resilience into our operations against climate variability. We also continued to advance our environmental management practices, including responsible waste management, water conservation, and biodiversity protection across our estate lands.

Community Engagement

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

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

Governance and Leadership

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

Further to the above, Mr. G.D.V. Perera, one of the Executive Directors of the Company, was appointed as the Chief Executive Officer with effect from 2nd April 2026, following the resignation of Mr. D.J. Ratwatte.

We extend our warmest congratulations to Mr. G.D.V. Perera on his appointment and look forward to his leadership and valuable contribution towards driving the Company's continued growth and success.

Future Outlook

Looking ahead, the operating environment for Sri Lanka's plantation sector is expected to remain challenging in the near term, with continued pressure on auction prices, elevated labour costs, and the ongoing recovery from Cyclone Ditwah. At the same time, the gradual improvement in the broader macroeconomic environment, continued growth in international demand for Ceylon Tea, and the strengthening of our Group through strategic acquisitions provide grounds for cautious optimism.

UPL will continue to focus on operational efficiency, quality enhancement, mechanisation, and sustainability as the pillars of our strategy going forward. We are committed to delivering long-term value for all our stakeholders — shareholders, employees, suppliers, and the communities we serve, as we build a more resilient and competitive business.

Appreciation

I wish to record my sincere gratitude to the Board of Directors for their steadfast guidance and counsel throughout the year. I extend my appreciation to the management team and our estate managers for their commitment and diligence in navigating a demanding year with professionalism and dedication.

To our workforce, whose hard work on our estates forms the foundation of everything we do, I offer my heartfelt thanks. To our shareholders, customers, suppliers, and all stakeholders — thank you for your continued trust and partnership. Together, we remain committed to building a resilient, sustainable, and prosperous future for Udapussellawa Plantations PLC.



P. S. H. Uluwaduge
Chairperson
28th August 2026
Colombo

OPERATIONS REVIEW

Udapussellawa Plantations PLC (UPL) manages a portfolio of well-respected tea, rubber, and coconut estates, encompassing a total cultivated area of over 5,530 hectares. Spread across diverse agro-climatic regions of Sri Lanka, these estates underpin the Company's ability to produce a wide range of high-quality agricultural products for export as well as for internal consumption.

The financial year 2025/26 was one of the most eventful in recent memory for UPL and for Sri Lanka's plantation sector as a whole. The year began against a backdrop of firming domestic demand and a stabilising currency, but conditions shifted materially in its second half as inflation returned after an extended period of deflation, the Rupee gave back some of its recent gains, and the largest wage increase in years was agreed for estate workers. Cyclone Ditwah, the worst storm to strike the island in a century, caused severe disruption to the central highlands in late 2025, directly affecting the regions in which several of the Company's estates are located. Despite these headwinds, UPL continued to advance its strategic priorities — improving production efficiency, deepening market engagement, accelerating mechanisation, and maintaining prudent treasury management — while completing its first full year with Tea Smallholders Factories PLC as part of the Group.

Global Economic Overview

The global economy showed continued but slowing momentum in 2025. According to the IMF's October 2025 World Economic Outlook, global growth eased to around 3.2%, down from 3.3% in 2024, with advanced economies growing near 1.5% and emerging market and developing economies expanding just above 4%. Global headline inflation continued its descent, easing to an estimated 4.5% in 2025 from 5.9% in 2024, with advanced economies converging toward central bank targets more quickly than emerging markets.

Regional divergence persisted. The United States remained resilient on the back of robust consumer spending, while the Eurozone recorded more subdued growth. Among major emerging markets, India maintained a strong growth trajectory while China's expansion continued to soften amid property-sector strain and tepid domestic demand. Renewed trade policy uncertainty was a defining feature of the year, as shifting US tariff measures and broader protectionist pressure weighed on global trade flows even as front-loaded shipments briefly supported activity in some regions. Elevated geopolitical tensions, including conflict in the Middle East, added further pressure to energy markets and global supply chains. Against this backdrop, the IMF flagged fiscal vulnerability, debt sustainability, and the disruptive potential of climate change and artificial intelligence as continuing focal points for the global economic agenda.

Sri Lankan Economic Overview

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

The inflation picture reversed course during the year. After an extended deflationary period that had persisted through much of 2024 and into early 2025 — CCPI inflation troughed as low as -4.2% in February 2025 — consumer prices returned to positive territory in August 2025 for the first time in eleven months, and headline inflation settled at 2.1% by December 2025, still below the Central Bank's 4–6% target band. The Sri Lankan Rupee, having appreciated through 2023 and 2024, gave back some of those gains during 2025, depreciating by 5.6% against the US Dollar for the year as a whole.

The most consequential development for the plantation sector was the landmark wage agreement signed in January 2026, raising the daily wage for estate workers from Rs. 1,350 to Rs. 1,750 — comprising a Rs. 1,550 basic wage plus a Rs. 200 government-funded attendance allowance — effective from 1 January 2026 and payable from February 2026, following through on a proposal in the 2026 Budget. This came on top of the 35% increase implemented in October 2024, representing a second major escalation in labour costs within eighteen months for this labour-intensive industry.

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

was comparatively contained — mainly transport disruption and machinery damage rather than structural loss — the human and operational toll on plantation communities was severe, and harvesting and logistics were disrupted through the peak of the December cropping period.

Impact on Udapussellawa Plantations PLC

For UPL, the operating environment turned markedly more challenging as the year progressed. The return of inflation and the Rupee's depreciation increased the cost of fuel, transport, fertiliser and imported agrochemicals and machinery in the second half of the year, reversing the cost relief the Company had enjoyed during 2024's deflationary months, even as the weaker Rupee offered some support to export earnings. The wage agreement effective January 2026 sharply increased the Company's largest single cost line for the remainder of the financial year, adding further urgency to UPL's ongoing shift toward mechanisation and more productive labour models. Cyclone Ditwah disrupted harvesting, factory logistics and worker welfare at estates in the central highlands during December 2025; while the Company's estates avoided the most severe structural damage reported elsewhere in the sector, the disruption contributed to the modest decline in full-year tea volumes. Taken together, these developments reinforced the importance of the Company's continuing investment in productivity, diversification and climate resilience.

Global Tea Market

Estimates of the global tea market's size in 2025 again varied widely across research houses depending on scope and methodology — ranging from approximately USD 26.7 Bn to over USD 290 Bn when combined at-home and out-of-home consumption is included — but all projections pointed to continued steady growth, with forecast CAGRs through the next decade ranging from roughly 4.4% to 6.8%. Black tea remained the dominant category, holding a market share estimated at over 50% in 2025, while ready-to-drink, herbal and specialty tea formats continued to be the fastest-growing segments as health-conscious and convenience-driven consumption trends deepened. Asia-Pacific remained the leading region by both production and consumption.

Sri Lankan Tea Market

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

Global Rubber Market

The global natural rubber market continued to expand in 2025, with estimates of market size ranging broadly from USD 18 Bn to USD 33 Bn across research providers, and projected CAGRs of roughly 3.5% to 5.9% through the next decade. More significantly, 2025 marked a fifth consecutive year of global supply deficit, with demand estimated at approximately 15.6 Mn metric tonnes against production of around 14.9 Mn metric tonnes — a shortfall exceeding 665,000 tonnes. This persistent deficit, compounded by ageing plantations across major producing countries and tightening EU deforestation-regulation compliance requirements, kept prices elevated: natural rubber briefly surpassed USD 2.00 per kilogram in early 2025 before easing to a range-bound USD 1.85 per kilogram (TSR20) expected into 2026. Asia-Pacific, led by Thailand, Indonesia and Vietnam, remained the dominant region in both production and consumption.

Sri Lankan Rubber Market

Sri Lanka's rubber sector continued to face structural headwinds in 2025, with national production estimated at under 71,000 tonnes annually and the country ranking around 12th globally, well behind the leading Asian producers. Industry data pointed to a broader decline in plantation productivity, with yields at several major rubber-growing groups falling to between roughly 600 and 660 kg per hectare in 2025, down sharply from over 1,200–1,380 kg per hectare in 2020, reflecting ageing tree stock and rising production costs. Export earnings from rubber and rubber-based finished products eased by an estimated 5.6% to approximately USD 946 Mn in 2025, compared with USD 994 Mn in 2024, largely due to weaker demand for tyres and

tubes, even as gloves and other value-added products continued to perform relatively well. Industry bodies have set a recovery target of USD 1.1 Bn in rubber export earnings for 2026.

Sri Lankan Coconut Market

The Sri Lankan coconut industry delivered a standout performance in 2025, with export earnings reaching approximately USD 1.2 Bn for the full year — a 43% increase on the previous all-time high recorded in 2024 — according to the Ceylon Chamber of Coconut Industries. Industry representatives attributed the growth primarily to higher international prices and continued demand for value-added coconut products, such as coconut milk, coconut oil and desiccated coconut, rather than to increased export volumes. Domestic supply remained tight throughout the year: raw nut prices at auction reached historic highs — as much as Rs. 181,916 per 1,000 nuts in April 2025 — as production continued to lag the industry's target yield, reinforcing a 'value over volume' dynamic across the sector that mirrored the pricing gains seen in UPL's own coconut segment.

Company Performance

During the financial year 2025/26, UPL's operational performance reflected the crosscurrents affecting the broader plantation sector — a modest decline in tea volumes, a strong recovery in rubber production, and continued price-led growth in the coconut segment — while the Group recorded its first full year of consolidated results including Tea Smallholder Factories PLC, acquired on 09th June 2025.

Tea Segment Performance

Total tea production, comprising both estate and bought-leaf crop, declined by 1.8% to 2,980,465 kg in 2025/26, from 3,033,730 kg in the prior year. Production from estate leaves fell by 1.2% to 2,863,062 kg. Tea gross quantity sold eased by 1.2% to 2,846,086 kg. Despite the volume decline, the Net Sales Average (NSA) fell by 6.0% to Rs. 994.28 per kilogram, from Rs. 1,057.19 in the previous year, in line with the softer Colombo auction pricing environment described above.

Performance varied across the Company's nine tea estates. Duckwari (+9.8%) and Concordia (+6.4%) recorded the strongest volume gains, while Waldemar (-13.4%), Park (-6.5%) and Blairlomond (-8.2%) saw the sharpest declines, consistent with the uneven impact of weather disruption, including Cyclone Ditwah, across the Company's estates in the second half of the year.

Estate	2025/26 (Kg)	2024/25 (Kg)	Change
Blairlomond	274,176	298,780	-8.2%
Delmar	332,892	336,867	-1.2%
Gordon	187,128	189,085	-1.0%
Waldemar	265,573	306,511	-13.4%
Concordia	335,112	315,008	+6.4%
Court Lodge	401,479	418,809	-4.1%
Park	387,289	414,305	-6.5%
Duckwari	407,840	371,450	+9.8%
Madulkelle	388,976	382,915	+1.6%
Total	2,980,465	3,033,730	-1.8%

Rubber Segment Performance

The Company's rubber operations, based at the Yatawatte estate, delivered a strong year. Production rose by 17.9% to 69,801.8 kg, from 59,220.94 kg in 2024/25, continuing the recovery that began the previous year as the severity of the PESTA leaf disease continued to ease. Sold quantity increased by 18.6% to 68,674 kg. The Net Sales Average for rubber declined by 10.3% to Rs. 643.32 per kilogram, from Rs. 716.85 in the prior year, broadly in line with softer domestic rubber pricing even as global natural rubber prices remained firm for much of the year. UPL's volume recovery stood in encouraging contrast to the wider Sri Lankan rubber sector, where national output and plantation yields continued to decline.

Coconut Segment Performance

Coconut production at Yatawatte increased by 2.9% to 493,858 nuts, from 479,935 nuts in 2024/25, while sold quantity rose more sharply, by 8.5%, to 506,002 nuts. The segment's Net Sales Average improved by 10.7% to Rs. 131.22 per nut, from Rs. 118.50 in the prior year, reflecting the tight domestic coconut market and firm pricing described in the national market overview above.

Capital Expenditure

The Company's capital expenditure programme shifted decisively toward non-field investment during 2025/26. Field capital expenditure declined by 42.0% to Rs. 14.3 Mn, from Rs. 24.7 Mn in the prior year, while non-field capital expenditure increased more than four-fold, to Rs. 351.5 Mn from Rs. 76.2 Mn — consistent with continued progress on the Company's previously announced rooftop solar energy initiative and other factory-level modernisation projects. This marked shift in the capital expenditure mix reflects UPL's ongoing commitment to mechanisation, energy cost reduction and long-term operational resilience.

SUSTAINABILITY REVIEW

Our Commitment to Sustainable Growth

At Udapussellawa Plantations PLC (UPL), sustainability is not a separate program—it is core to our operations. Our long-term success depends on balancing economic growth, environmental conservation, and social responsibility. Over the years, we have integrated responsible practices across all estates to:

- Create enduring value for stakeholders
- Protect biodiversity
- Empower our people
- Support surrounding communities

The 2025/26 financial year marked significant progress in this journey. Our actions—including ecological restoration, water resource conservation, workforce safety, community development, and low-carbon transition—reflect a deep commitment to responsible plantation management and creating value for all stakeholders.

Two key priorities have always been central to UPL: promoting diversity and inclusion within our workforce, and safeguarding the rights and welfare of children in the communities we serve. These principles shape our efforts to create a fair and respectful workplace for all employees, while ensuring that every child has access to education and protection.

Diversity and Inclusion

UPL is dedicated to equal opportunity and a workplace free from discrimination based on gender, ethnicity, disability, or background. Our inclusive hiring practices promote fairness and representation at every level, supported by welfare initiatives that advance social equity and ensure every employee feels valued and respected.

Child Protection

Protecting the rights and well-being of children is core to our social responsibility. To this end, the Company has introduced awareness programmes on child rights and a comprehensive Child Labour Policy to prevent exploitation. Our estate welfare teams actively track school drop-out rates, working closely with Grama Niladhari officers, school principals, and local police. These collaborative interventions help us uphold every child's right to education and provide the support they need to thrive.

Sustainability Certifications and Compliance

UPL's operations are aligned with internationally recognised sustainability and quality standards, underscoring our commitment to excellence and responsible conduct. Each estate proudly maintains Rainforest Alliance certification, verified through regular audits that confirm adherence to stringent environmental and social requirements. Additionally, all factories operate under the strict frameworks of ISO 22000:2018 (Food Safety Management) and ISO 9001:2015 (Quality Management). Together, these certifications reflect our dedication to continuous improvement, operational integrity, and sustainable practices across the entire organisation.

Environmental Conservation

UPL recognizes its fundamental role as a steward of the natural environment. We are dedicated to protecting and enhancing the ecosystems within our operational areas. Our conservation efforts centre on biodiversity restoration, responsible land management, water stewardship, and minimizing our environmental footprint. Through these actions, we aim to ensure that our plantations coexist with nature and remain sustainable for future generations.

Transition to Low-Impact Operations

In line with our commitment to environmental conservation, UPL is advancing initiatives to minimize our ecological footprint. A significant milestone is the planned installation of solar energy systems across all factory rooftops, representing a deliberate move toward harnessing clean and renewable energy. Complementing this, we have introduced a comprehensive carbon emissions data collection programme that establishes the essential foundation for achieving formal carbon footprint certification in the medium term. Together, these steps reflect our unwavering dedication to sustainable operations and climate responsibility.

Integrated Landscape Management

In line with our commitment to environmental conservation, UPL is advancing initiatives to minimize our ecological footprint.

At Udapussellawa Plantations PLC, we completed the installation of a 970.7 kW DC capacity solar power project in early 2026. The project is expected to reduce annual CO_2 emissions by 836.63 tCO_2, deliver environmental benefits equivalent to planting 13,868 trees, and save an estimated 149.26 tons of coal per year. This initiative strengthened our commitment to expanding renewable energy adoption and reducing our environmental footprint.

Complementing these efforts, we implemented a comprehensive carbon emissions data collection programme that established the essential foundation for achieving formal carbon footprint certification in the medium term. Together, these initiatives demonstrated our unwavering dedication to sustainable operations and climate responsibility.

Water Management

UPL has achieved considerable progress in sustainable water usage through its rainwater harvesting programme. During the financial year under review, the programme collected nearly 3,000 cubic meters of rainwater. This initiative supports the Company's efforts to reduce dependency on external water sources while strengthening resilience against erratic weather patterns.

Responsible Land Use and Soil Conservation

A cornerstone of UPL's responsible land use is soil conservation. The Company's approach is firmly rooted in Good Agricultural Practices (GAP), ensuring that every aspect of land stewardship supports the long-term health and productivity of its plantations. To this end, UPL has adopted practices that safeguard soil quality and prevent degradation across its estates. Techniques such as contour planting, cover cropping, mulching, and the introduction of native tree species work together to reduce erosion, preserve essential nutrients, and maintain soil structure. By prioritising these measures, the Company protects the land for current cultivation while ensuring its vitality for future generations. This mindful stewardship actively promotes ecological balance, supports biodiversity, and fortifies the long-term sustainability of UPL's plantations.

To cultivate a culture of sustainability, the Company regularly conducts awareness programmes and organises voluntary community work sessions. These initiatives educate the workforce and engage the wider community, fostering shared responsibility for sustainable land management and the preservation of vital natural resources.

Waste Management

The Company adheres to established waste management principles, with reduction, reuse, and recycling forming integral components of our environmental strategy. In support of this commitment, we have deployed innovative waste management education programmes designed to encourage responsible disposal and resource recovery. These initiatives promote a culture of proper segregation and recycling across our estates. Programme components include awareness sessions on source reduction, segregation of biodegradable and non-biodegradable materials, composting of organic matter for use as natural fertiliser, and safe hazardous waste disposal. By engaging both employees and surrounding communities, we aim to advance sustainable waste practices that reduce environmental impact and foster a circular economy within our operations.

Workforce Health and Safety

The safety and health of our workforce remains an unwavering and non-negotiable priority for UPL. During the financial year ended 31st March 2026, we successfully delivered comprehensive Occupational Health and Safety (OHS) training to over 2000 employees across our estates. This training encompassed First Aid certification, workplace hazard awareness, and emergency preparedness protocols, embedding a culture of safety throughout our operations.

In parallel, we have proactively expanded our wellness initiatives through targeted health programmes tailored to workforce needs. These included specialised eye check-up camps at Delmar Estate, Ayurvedic medical camps at Delmar, Concordia, and Madulkelle Estates, and health camps focused on non-communicable disease prevention at Delmar and Waldemar Estates. Recognising the ongoing threat of infectious diseases, we also conducted tuberculosis screening clinics at Waldemar and Delmar Estates to ensure early detection and intervention.

Together, these comprehensive health interventions serve the dual purpose of promoting preventive healthcare and facilitating timely medical treatment. Through these efforts, we strive to ensure employees maintain optimal health, remain productive, and continue as fully engaged contributors to the Company's success. This holistic approach underscores our dedication to a safe, healthy, and supportive work environment.

Empowering Communities

Community development remains a key pillar of the Company's sustainability strategy, underscoring its deep commitment to the well-being and upliftment of estate communities. By forging strong partnerships with NGOs and local authorities, the Company delivers targeted initiatives that empower individuals and enhance household resilience. Collectively, these programmes support the long-term prosperity and resilience of the communities living within our estates.

Nutrition Support Programmes

The Company's nutrition support initiatives focus on enhancing health and well-being by addressing the dietary requirements of vulnerable groups, thereby contributing to stronger, healthier communities. During the year under review, we provided nutritional support to 1,215 families.

Self-Employment Training Workshops

The Company delivers practical training workshops designed to provide community members with essential skills for self-employment, thereby promoting economic independence and

sustainable livelihoods. During the financial year 2025/26, a total of 25 such workshops were organized, with 472 community members participating.

Health Awareness and Medical Camps

Health awareness campaigns and medical camps are conducted on a regular basis to promote preventive care, facilitate early diagnosis, and improve access to medical services—ultimately enhancing community health. During the year under review, UPL organized 12 medical camps that included general health check-ups, cancer screening, oral health examinations, eyesight tests, and well-women clinics.

Home Gardening Promotion

The Company further promotes home gardening practices that enhance household food security and generate supplementary income, thereby contributing to broader socio-economic stability. To date, UPL has organized 32 such programmes, including those conducted during the year under review.

FINANCIAL REVIEW

Overview

Udapussellawa Plantations PLC ("the Company") recorded a net profit after tax of LKR 551 Mn for the year ended 31 March 2026, on revenue of LKR 3.3 Bn. Performance for the year reflected softer tea prices and a lower non-cash fair value gain on biological assets, which together weighed on operating margins, while the Company's balance sheet strengthened further on the back of continued debt reduction and equity growth. The acquisition of Tea Smallholders Factories PLC, completed on 30 June 2025, contributed positively to the Group's results for the first time during the year.

Financial Highlights

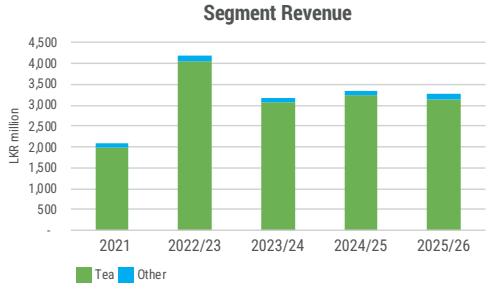
			2025/26 Group	2025/26 Company	2024/25	2023/24	2022/23	2021
Revenue	Revenue	(LKR Mn)	5,892	3,261	3,353	3,160	4,195	2,081
	Revenue growth	(%)	-	-2.8	6.1	(24.7)	101.6	11.0
Profitability	Net profit after tax	(LKR Mn)	1,207	551	581	795	1,035	241
	EBIT margin	(%)	9.0	15.8	20.5	27.3	28.6	11.5
	Net profit margin	(%)	20.5	16.9	17	25.2	24.7	11.6
	Return on Equity	(%)	23.4	12.1	14.3	28.9	67.9	41.5
Liquidity	Current ratio	(times)	2.1	2.4	2.8	4.0	1.8	0.4
	Cashflow from operations	(LKR Mn)	752	594	1,053	378	726	131
	Debt/Capital ratio	(%)	0.00	0.00	0.1	0.6	8.8	42.3
	Interest cover	(times)	231	1,686	87.1	135.3	33.2	3.5
Efficiency	Assets turnover	(times)	0.6	0.4	0.5	0.6	1.2	0.8
Investments	Capital expenditure	(LKR Mn)	436	366	101	61	90	31
	Capital expenditure	(as a % of total assets)	4.6	4.9	1.4	1.2	2.0	1.3

Segmental Review

Tea

Revenue from the tea segment amounted to LKR 3,130 Mn for the year, a decline on the previous financial year. The decrease was primarily attributable to a 6% reduction in the net average selling price, to LKR 994 per kg from LKR 1,057 per kg, compounded by a 1% fall in the quantity of tea sold.

Despite these market challenges, the tea segment delivered a gross profit of LKR 557 Mn for the year. Tea remained the Company's principal source of income, contributing 96% of total revenue and underscoring its continued strategic importance to the Company's operations.

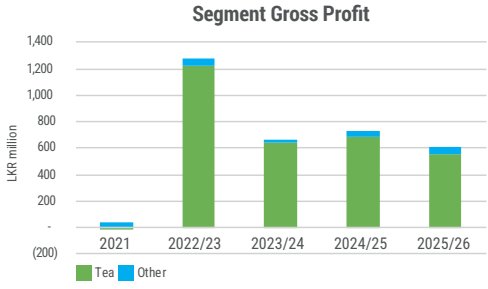


Other Crops

Revenue from other crops — coconut and rubber — amounted to LKR 131 Mn for the year, an increase of 14% on the previous financial year.

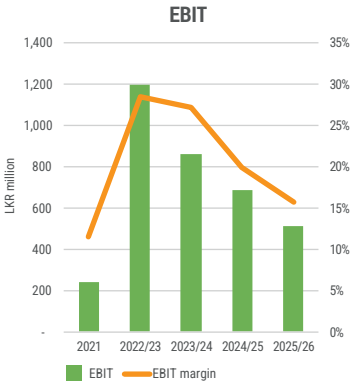
Rubber revenue rose from LKR 42 Mn to LKR 45 Mn, driven by a 19% increase in sales volume that offset a 10% decline in the average net selling price. Coconut revenue rose from LKR 55 Mn to LKR 66 Mn, supported by both higher sales volumes and an improved average net selling price.

Gross profit from ancillary crops (excluding coconut and rubber) increased to LKR 14.7 Mn, from LKR 11.2 Mn in the prior year, reflecting improved profitability across the Company's other ancillary crop operations.



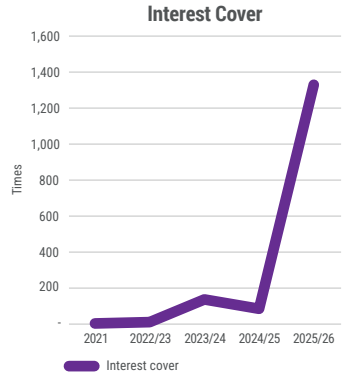
EBIT

Earnings Before Interest and Tax (EBIT) declined by 25% to LKR 514 Mn, from LKR 686 Mn in the previous financial year, with the EBIT margin contracting to 16% from 20%. The decline was primarily attributable to a lower fair value gain on consumable biological assets recognised during the year; underlying operating earnings remained positive, but the smaller non-cash fair value adjustment weighed on overall EBIT.



Net Finance Income

Net finance income fell by 30% to LKR 138 Mn, from LKR 197 Mn in the previous year, mainly due to lower interest income following the settlement of current account balances with related companies, which reduced interest-bearing balances during the year.



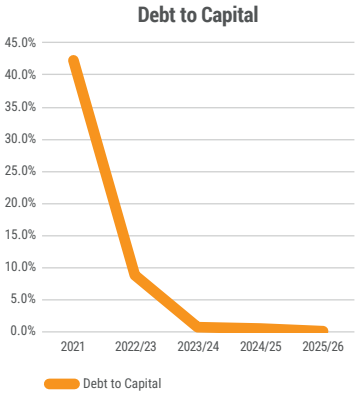
Taxation

Tax expense for the year totalled LKR 101 Mn, comprising a corporate income tax provision of LKR 132 Mn partly offset by a deferred tax reversal of LKR 31 Mn.

Capital Structure

The Company's capital structure remained strong, supported by a significant reduction in borrowings and continued growth in shareholders' equity. Total borrowings fell by 85% to LKR 0.8 Mn, from LKR 5.5 Mn in the previous financial year, reflecting a prudent approach to debt management. Shareholders' equity increased by 12%, or LKR 481 Mn, primarily driven by profit earned during the year.

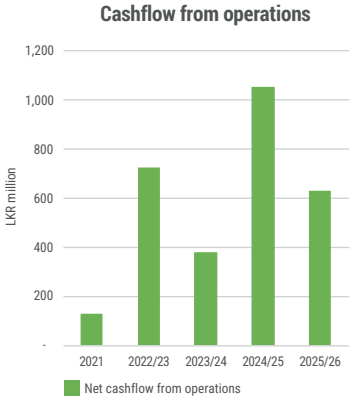
As a result, the debt-to-capital ratio improved significantly to 0.02%, from 0.14% in the previous financial year, further strengthening the Company's capital position and maintaining a low level of financial leverage.



Liquidity & Working Capital

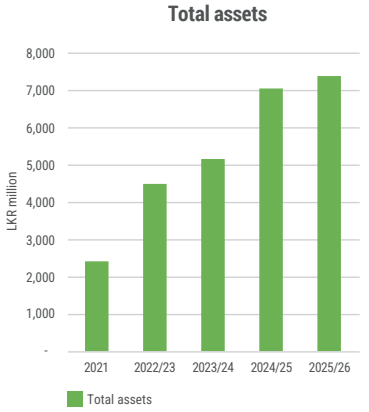
The Company maintained a sound liquidity position during the year, notwithstanding a reduction in operating cash flows. Net cash generated from operating activities amounted to LKR 594 Mn, compared with LKR 1,053 Mn in the previous financial year, reflecting lower operating cash generation.

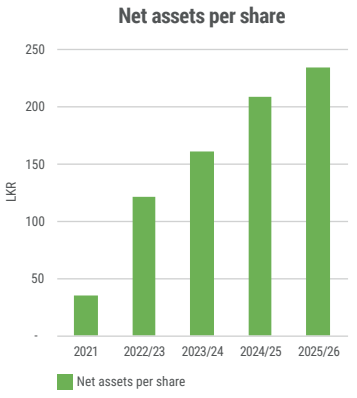
The current ratio declined marginally to 2.4 times, from 2.8 times, mainly due to changes in the composition of working capital. Current assets nonetheless continued to comfortably exceed current liabilities.

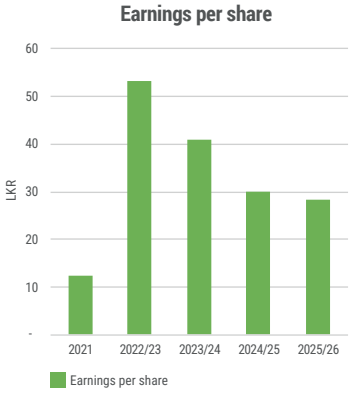


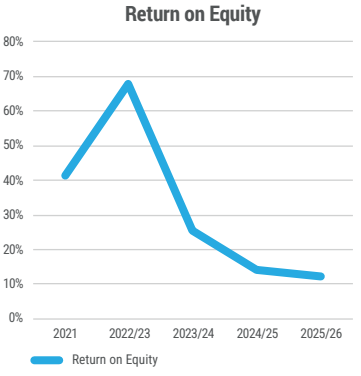
Assets

Total assets increased by LKR 316 Mn to LKR 7.4 Bn as at 31 March 2026. The growth was primarily attributable to an increase in the fair value of consumable biological assets, together with capital expenditure incurred on property, plant and equipment during the year, reflecting the Company's continued focus on maintaining and enhancing its productive asset base.









Biological Assets

Biological assets — comprising tea, coconut, rubber, cinnamon, ancillary crops and timber plantations — represented 31% of the Company's total asset base as at 31 March 2026. Their carrying value increased by LKR 213 Mn during the year, primarily driven by an upward fair value adjustment on consumable biological assets, underscoring their continued significance to the Company's long-term value and operational sustainability.

Capital Expenditure

Capital expenditure for the year amounted to LKR 366 Mn, directed primarily towards sustainable rooftop solar power systems, productivity enhancement initiatives, and the upgrading and replacement of key property, plant and equipment. These investments are expected to improve operational efficiency, support cost optimisation, and reinforce the Company's long-term sustainability objectives.

Shareholder Returns

Earnings per share (EPS) for the year amounted to LKR 28, compared with LKR 30 in the previous financial year, while net assets per share increased significantly to LKR 234 from LKR 209, reflecting growth in shareholders' equity and the Company's improved financial position.

The Company's share price closed at LKR 143.00 as at 31 March 2026, compared with LKR 130.25 in the previous year, demonstrating improved market valuation. Return on equity (ROE) for the year stood at 12.1%, reflecting the Company's ability to generate returns on shareholders' funds.

Subsidiary Company Financial Performance

Following the acquisition of Tea Smallholders Factories PLC on 09th June 2025, the subsidiary contributed positively to the Group's financial performance during the reporting period. For the nine-month period since acquisition, Tea Smallholders Factories PLC recorded revenue of LKR 2.6 Bn and a gross profit of LKR 38 Mn amid challenging operating conditions, together with a profit before tax of LKR 203 Mn

This was supported by other income of LKR 126 Mn and net finance income of LKR 5 Mn, while an increase in the fair value of investment properties of LKR 183 Mn made a significant contribution to overall profitability. As a result, the subsidiary recorded a profit after tax of LKR 141 Mn for the period since acquisition, strengthening the Group's earnings base and enhancing the value derived from vertical integration within the tea value chain.

STATEMENT OF CORPORATE GOVERNANCE

Overview

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

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

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

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

The Board of Directors

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

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

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

Profiles of the Directors, including their qualifications, experience, and areas of expertise, are set out on pages 50 to 54 of this Annual Report.

Board Charter

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

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

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

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

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

Sub Committees

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

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

Accordingly, the Board has constituted the following subcommittees:

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

The composition and mandates of these Sub-Committees are determined in accordance with relevant regulations and terms of reference. Detailed reports of the respective Committees are included in this Annual Report on pages 38,40,41 and 56.

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

Board & Committee Meetings

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

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

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

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

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

Board & Sub-Committee Composition as at 31.3.2026

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

** Chairperson during the year under review*

The Roles of the Chairperson and the Executive Directors

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

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

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

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

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

Financial Acumen

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

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

Board Balance

The Board maintains an appropriate governance structure that enables effective oversight of strategy, performance, risk management and internal controls. The Board further recognises that diversity contributes significantly to effective governance and effective decision-making. When new appointment to the Board is considered, the Nominations and Governance Committee evaluates candidates based on merit, competence, experience and independence, while also considering diversity of skills and knowledge of the industry.

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

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

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

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

Independence of Directors

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

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

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

Ms. V G S S Kotakadeniya
Non-Executive Director

Mr. M. Gunewardena
Non-Executive Director

Mr. T. Dharmarajah
Independent Director

Mr. U. H. E. Silva
Independent Director

Dr. K Mohottige
Independent Director

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

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

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

Conflict of Interest

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

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

Appointments to the Board and Re-Elections

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

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

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

The re-election process for Directors offers shareholders the chance to review the Board's composition periodically. Shareholders receive advance notice of the names of Directors for re-election, enabling them to make informed decisions on their election. Annually, the Board examines the potential impact of extended Board tenures on Directors' independence and collectively assesses the re-election of such Board members. Details of the Directors standing for re-election at this year's Annual General Meeting are set out in the Report of the Board of Directors and the Notice of Meeting on page 42 and 128.

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

Board Evaluations

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

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

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

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

Fit & Proper Criteria

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

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

Annual Sign off on Internal Code on Business Conduct & Ethics

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

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

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

Information to the Board of Directors

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

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

Company Secretary

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

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

Internal Control & Risk Management Framework

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

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

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

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

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

Whistle Blowing

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

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

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

Financial Reporting

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

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

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

External Auditors

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

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

Shareholder Relations

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

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

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

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

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

Minimum Public Holding

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

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

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

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

Section		Compliance status	Company's Action
A. Directors			
A.1 The Board			
A.1	The Company to be headed by an effective Board to direct, lead and control the Company	✓	The Company is headed by an effective Board of Directors who are responsible and accountable for the stewardship function of the Company.
A.1.1.	Regular Board meetings	✓	The Board meets quarterly and as and when required Refer Directors' meetings and attendance on page 15.
A.1.2	The Board should be responsible for matters including implementation of business strategy, skills and succession of the management team, integrity of information, internal controls and risk management, compliance with laws and ethical standards, stakeholder interests, adopting appropriate accounting policies and fostering compliance with financial regulations and fulfilling other Board functions	✓	Powers specifically vested in the Board to execute their responsibility include: * Providing direction and guidance to the Company in the formulation of its strategies, with emphasis on the medium and long term, in the pursuance of its operational and financial goals. * Reviewing and approving annual budget plans. * Reviewing HR processes with emphasis on top management succession planning. * Monitoring systems of governance and compliance * Overseeing systems of internal control and risk management. * Determining any changes to the discretions/ authorities delegated from Board to executive levels. * Reviewing and approving major acquisitions, disposals and capital expenditure. * Approving any amendments to constitutional documents.
A.1.3	Act in accordance with the laws of the country and obtain professional advice as and when required.	✓	The Board seeks independent professional advice when deemed necessary. During the year under review, professional advice was sought on various matters,
A.1.4	Access to advice and services of the Company Secretary. Appropriate insurance cover as recommended by the Nominations Committee for the Board, Directors and KMPs.	✓	Refer - Role of the Company Secretary on page 20 The Company and its Key Management Personnel (KMP's) are covered under a Group Insurance Policy
A.1.5	Bring independent judgment on various business issues and standard of business conduct	✓	Collectively, the Non-Executive Directors bring a wealth of value adding knowledge, ranging from domestic and international experience to functional know-how, thus ensuring adequate Board diversity in accordance with principles of Corporate Governance. Furthermore, every member of the Board brings independent judgment on various business issues
A.1.6	Dedication of adequate time and effort	✓	Considering Non-Executive Directors' regular participation in meetings of Sub Committees for matters that require deliberation and decision in between the formal Board meetings, the Board estimates that Non-Executive Directors have devoted sufficient time for the Company during the year.
A.1.7	One third of Directors can call for a resolution to be presented to the Board in the best interests of the Company.	✓	All Directors are encouraged to submit any items/ proposals to the agendas of the Board meetings.

Section		Compliance status	Company's Action
A.1.8	Board induction and training	✓	In instances where Non-Executive Directors are newly appointed to the Board, they are apprised of the: * Values and culture * Operations of the Group and its strategies * Operating model * Policies, governance framework and processes * Responsibilities as a Director in terms of prevailing legislation * Important developments in the business activities of the Group
A.2 The Chairman			
A.2.1	Maintain a clear division between Chairman and the Chief Executive Officer	✓	The role of the Chairman is separated from that of the CEO which is in line with the best practices on Corporate Governance, ensuring that no Director has unfettered power or authority. This ensures the balance of power and authority
A.3 The Chairman's role			
A.3.1	The Chairman should ensure Board proceedings are conducted in a proper manner	✓	The Chairman being responsible for the running of the Board facilitates the effective discharge of Board proceedings and ensures that: * Effective participation of both Executive and Non- Executive Directors is secured * All Directors are encouraged to make effective contributions to proceedings * The views of Directors on issues under consideration are ascertained, and * The Board is in control of the affairs of the Company and alert to its obligations to all stakeholders
A.4. Financial acumen			
A.4	The Board should ensure the availability within it of those with sufficient financial acumen and knowledge to offer guidance on matters of finance	✓	Refer Board Member Profiles for more information.
A.5 Board balance			
A.5.1	The Board should include Non-Executive Directors of sufficient caliber.	✓	Refer Board Member Profiles section.
A.5.2	Three or two third of Non-Executive to the Board of Directors whichever is higher should be "independent"	✓	Of the eight Non-Executive Directors appointed three are independent as at date
A.5.3	Definition of Independent Directors	✓	Independent Directors of the Company are independent of management and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgement

Section		Compliance status	Company's Action
A.5.4	Declaration of Independent Directors	✓	Each Non-Executive Director has submitted a signed and dated declaration of his independence.
A.5.5	Board determinations on independence or non-independence of Non-Executive Directors on annual basis	✓	All Independent Directors of the Company met the criteria for independence specified in this rule during the year under review, subject to the change in status of Mr. T. Dharmarahaj after the year under review
A.5.6	Alternate Director	Not Applicable	
A.5.7	In the event the Chairman and the CEO are the same person, the Board should appoint one of the Independent Non- Executive Directors to be the 'Senior Independent Director' (SID)	Not Applicable	
A.5.9	The Chairman should hold meetings with the Non-Executive Directors only, without the Executive Directors being present, at least once each year.	✓	The Non- Executive Directors met without the Executive Directors being present on one occasion
A.5.10	Where Directors have concerns about the matters of the Company which cannot be unanimously resolved, they should ensure their concerns are recorded in the Board Minutes	✓	All the Board meeting proceedings are comprehensively recorded in the Board minutes.
A.6 Supply of information			
A.6.1	Board should be provided with timely information to enable it to discharge its duties	✓	The Board is provided with: ✱ Information necessary to carry out their duties and responsibilities effectively and efficiently. ✱ Information updates from management on topical matters, new regulations and best practices as relevant to the Company, ✱ External and Internal Auditors' opinions ✱ Experts and other external professional services ✱ The services of the Company Secretaries. ✱ Periodic performance reports.
A.6.2	Timely submission of the minutes, agenda and papers re-quired for the Board meeting	✓	Board agendas and necessary Board Papers and minutes are dispatched in advance of the Board meetings
A.7 Appointment to the Board			
A.7.1	Formal and transparent procedure for Board appointments	✓	Board appointments follow a transparent and formal process under the purview of the NGC Committee.
A.7.2	Assessment of the capability of Board to meet strategic demands of the Company	✓	The Board annually assesses its own composition and skills, to ascertain whether the experience and exposure of its members are adequate to meet strategic demands and future needs of the Company. Currently, the Board comprises an appropriate mix of skills and experience to ensure its governance responsibilities are discharged effectively .

Section		Compliance status	Company's Action
A.7.3	Disclosure of new Board member pro-file and interests.	✓	All appointments of new Directors are disclosed to the shareholders via the Colombo Stock Exchange in terms of the criteria set out by the rule.
A.8 Re-election			
A.8.1 / A.8.2	Re-election at regular intervals and should be subject to election and re- election by Shareholders.	✓	At each Annual General Meeting (AGM), one-third of the Directors, except for the Chairperson retire by rotation in terms of the Company's Articles of Association and are eligible for re-election. The retiring Directors are those who have served the longest since their appointment or re-election. Additionally, any new Director appointed during the year must stand for re-election at the subsequent AGM according to the Company's Articles of Association.
A.8.3	In the event a Director resigns prior to his appointed term, shall give reasons for resignation	✓	Resignations during the year were duly announced to the shareholders via the Colombo Stock Exchange.
A.9 Appraisal of Board performance			
A.9.1.	The Board should annually appraise it-self on its performance in the discharge of its key responsibilities	✓	The Board continued with its annual Board performance appraisal. This is a formalised process of self-appraisal, whereby each member assesses, on an anonymous basis, the performance of the Board
A.9.2.	The Board should also undertake an annual self-evaluation of its performance and that of its Committees.	✓	Evaluations were carried out under the areas of: Role clarity and effective discharge of responsibilities
A.9.3.	The Board should review the performance of each Director at the time of re-election	✓	Reviews are conducted annually and at re-election with guidance from the NGC
A.9.4	The Board should state how such performance evaluations have been conducted	✓	The performance evaluation is analysed to give the Board an indication of its effectiveness as well as areas that required addressing and/or strengthening. Despite the original anonymity of the remarks, the open and frank discussions that follow, including some Directors identifying themselves as the person making the remark, reflects the keenness of the Board.
A.10 Disclosure of information in respect of Directors			
A.10.1	Profiles of the Board of Directors Directors' interests Board meeting attendance Board Committee memberships	✓	Refer Board profiles and Corporate Governance sections
A 11 Appraisal of CEO			
A 11	Appraisal of CEO	✓	Appraisal of performance of the Chief Executive Officer are carried by the NEDs annually.

Section		Compliance status	Company's Action
B. DIRECTORS REMUNERATION			
B.1 Remuneration procedure			
B.1.1	The Board of Directors should set up a Remuneration Committee	✓	
B.1.2.	Remuneration Committee should consist exclusively of Non–Executive Directors	✓	
B.1.3.	The Chairman and members of the Remuneration Committee should be listed in the Annual Report each year	✓	Refer Remuneration Committee Report on page 40
B.1.4.	Determination of the remuneration of Non-Executive Directors	✓	Independent Directors receive a monthly retainer for devoting time and expertise for the benefit of the Company in their capacity as Directors. Additional fees are not paid for either chairing or being a member of a Committee. NEDs nominated by the parent entity do not receive any fees.
B.1.5	The Remuneration Committee should consult the Chairman about its proposals relating to the remuneration of other Executive Directors	✓	The remuneration of the Executive Directors are governed by the remuneration policy of the Group.
B.2 The level and make up of remuneration			
B.2.1-B.2.3	The Remuneration Committee should provide the packages needed to attract, retain and motivate Executive Directors and designed to promote the long term success of the Company The Remuneration Committee should judge where to position levels of remuneration of the Company, relative to other companies	✓	Remuneration Policy was reviewed by the Committee during the year under review.
B.2.4 / B.2.5	Comparison of remuneration with other Companies in the Group	✓	Consequent to the change in ownership of the Company, its compensation framework was revised in accordance with the Group policies and its plantation sector entities.
B.2.7	Remuneration Committee should follow schedule E in designing schemes of performance-related remuneration	Not adopted	The remuneration scheme is in line with the Group policies.
B.2.8 / B.2.9	Compensation for termination of contracts of Directors	Not adopted	The compensation scheme is in line with the Group policies.
B.2.10	Level of remuneration of NEDs	✓	The fees paid to IDs s are based on Group policies which are periodically reviewed to ensure that they are on par with the market .

Section		Compliance status	Company's Action
B.3 Disclosure of remuneration			
B.3	Disclosure of remuneration policy and aggregate remuneration	✓	Refer Report of the Board of Directors on page 42
C. Relations with Shareholders			
C.1 Constructive use of the Annual General Meeting (AGM) and conduct of General Meetings			
C.1.1	The Notice of AGM and related papers to be sent to shareholders as determined by the Statute, before the meeting.	✓	Notice of the AGM and related documents are sent to shareholders along with the Annual Report within the specified period. The contents of this Annual Report will enable existing and prospective stakeholders to make better informed decisions in their dealings with the Company.
C.1.2	Separate resolution to be proposed for each item , with options to vote for or against or withhold any voting item	✓	The proxy form provides shareholders with the option to direct their proxy to vote either for or against the resolution or withhold their vote.
C.1.3.	Counting of proxy votes	✓	As a matter of practice, proxy votes together with the votes of the shareholders present at the AGM are considered for each resolution.
C.1.4.	Heads of Board Committees to be available to answer queries	✓	Chairpersons of Board Committees are generally available at the Meeting to answer queries.
C.1.5	Summary of procedures governing voting at General meetings to be informed	✓	Refer Form of Proxy
C.2 Communication with Shareholders			
C.2.1 – C.2.7	Effective communication with shareholders	✓	Refer Shareholder Relations section in the Corporate Governance Section.
C.3 Major and Material Transactions			
C.3.1	Disclosure of all material facts involving any proposed acquisition, sale or disposition of assets	✓	All material and price sensitive information about the Company is promptly communicated to the Colombo Stock Exchange where the shares of the Company are listed, and released to the employees, press and shareholders.
D. Accountability and Audit			
D.1. Financial reporting			
D.1.1.	The Board should present an annual report including financial statements that is true and fair, balanced and un-derstandable and prepared in accord-ance with the relevant laws and regula-tions and any deviation being clearly explained.	✓	This Annual report has been published as stipulated by the code
D.1.2.	Disclosure of interim and other price sensitive and statutorily mandated reports to regulators	✓	The Audit Committee together with the Board of Directors have taken all reasonable steps to ensure accuracy and timeliness of published information with a view of presenting the true and fair view of the interim and annual financial statements.

Section		Compliance status	Company's Action
D.1.3	The Board should obtain compliance statements and declarations from the CEO and the CFO before approving the financial statements	✓	Declarations are obtained from the CFO that in his opinion the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company.
D.1.4	Declaration by the Directors that the Company has not engaged in any activities, which contravene laws and regulations, declaration of all material interests in contracts, equitable treatment of shareholders and going concern with supporting assumptions or qualifications as necessary	✓	Refer Corporate Governance and Annual Report of the Board of Directors
D.1.5.	Statement of Directors' Responsibility	✓	Refer Statement of Directors' Responsibility on page 55
D.1.6.	Management Discussion and Analysis	✓	Refer Operations Review Report on page 6
D.1.7.	Remedial action at Extraordinary General Meeting (EGM) if net assets fall below half of value of Shareholders funds	Not applicable	In the unlikely event that the net assets of the Company fall below a half of Shareholders funds, shareholders would be notified and the requisite resolution would be passed on the proposed way forward.
D.1.8	Disclosure of Related party Transactions	✓	Refer Note 33 in the Notes to the Financial Statements
D.2. Risk Management and Internal Control			
D.2.1	Annual review of effectiveness of system of risk management and internal control and report to shareholders as required	✓	The Board has taken the necessary steps to ensure the integrity of the Group's accounting and financial reporting systems and internal control systems that remain effective via the review and monitoring of such systems on a periodic basis.
D.2.2	Robust assessment of the principal risks faced by the Company	✓	Refer Enterprise Risk Management Review on page 60
D.2.3.	Internal Audit Function	✓	After the transfer of ownership of the Company, the Internal Audit function is performed by the Group Enterprise Risk Management Department. The Auditors' report on the Financial Statements of the Company for the year under review is found in the financial information section of the Annual Report.
D.2.3/ D.2.4	Maintaining sound system of internal control	✓	Refer the Report of the Auditors
D.3 Audit Committee			
D.3.1.	The Audit Committee should comprise a minimum of three non-executive directors of whom at least two should be Independent. The Chairman of the Committee should be an Independent Non-Executive Director. At least one member should have recent and relevant experience in financial reporting and control.	✓	Refer Board Audit Committee Report on page 56

Section		Compliance status	Company's Action
D.3.2.	The Audit Committee to have writ-ten terms of reference covering the salient aspects as stipulated in the section	✓	
D.3.3.	Duties and responsibilities of the Committee	✓	
D.4	**Risk Committee**		
D.4	Risk Committee	✓	Supported by the Enterprise Risk Management Department of the Group, the Board Audit Committee oversees the Company's internal control processes and the identification and management of risks.
D.5. Related Party Transactions Review Committee (RPTR Committee)			
D.5.1	Definition of a Related Party and Related Party Transactions	✓	Refer the Report of the RPTR Committee on page 41 and Note 33 in the Notes to the Financial Statements.
D.5.2	The RPTR Committee should comprise exclusively of non-executive directors with a minimum of three. Majority should be independent. The Chairman of the Committee should be an Independent Non-Executive Director.	✓	
D.4.3.	The RPTR Committee to have written terms of reference covering the salient aspects as stipulated in the section	✓	
D.6.	Code of Business Conduct and Ethics	✓	Refer the Corporate Governance Section
D.7. Corporate Governance disclosure			
D.6.1.	The Directors should include in the Company's Annual Report a Corporate Governance Report	✓	Refer the Corporate Governance Section
E. Institutional Investors			
E.1. Shareholder voting			
E.1.1	A listed Company should conduct a regular and structured dialogue with shareholders based on a mutual understanding of objectives.	✓	The Company has a well-developed investor relations programme to address the information needs of investment institutions and analysts regarding the Company, its strategy, performance and competitive position
E.2. Evaluation of governance disclosures			
E.2.1.	When evaluating the company's governance arrangements, particularly those relating to the Board structure and composition, institutional investors should be encouraged to give due weight to all relevant factors drawn to their attention	✓	Institutional investors are informed of any changes to the governance structure. The Company conducts regular and structured dialogue with shareholders based on a mutual understanding of objectives. This is done via the Investor Relations team and through the AGM or other General Meetings as convened on a need basis.

Section		Compliance status	Company's Action
F. Other investors			
F.1 Investing/divesting decisions			
F.1.1.	Individual shareholders, investing directly in shares of companies should be encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions	✓	The Company maintains an active dialogue with shareholders, potential investors, investment banks, stock brokers and other interested parties. Any concerns raised by a Shareholder are addressed promptly and forwarded, when necessary, to the Company Secretaries for consideration and advice.
F.2. Shareholder voting			
F.2.1	Individual shareholders should be encouraged to participate in General Meetings of Companies and exercise their voting rights.	✓	All steps are taken to facilitate the exercise of shareholder rights at AGMs, including the receipt of Notice of the AGM and related documents within the specified period. Shareholders exercise their voting rights for each resolution passed at the AGM. Individual shareholders investing directly in shares of the Company are encouraged to carry out adequate analysis and seek independent advice in all investing and/or divesting decisions. They are encouraged to participate at the AGM and any General Meetings that are convened and to exercise their voting rights and seek clarity, whenever required.
G. Internet of things and Cyber security			
G.1. – G.5	A review with regard to the cyber environment to ensure that appropriate data and information governance processes and controls, e-commerce defences, proactive security and strong incident management processes across the business are in place.	✓	LOIT, a subsidiary of the Parent Company, LOLC Holdings PLC manages the cyber security of the Company and the Parent Company reviews and monitors the cyber environment of the Group.
H. Environment, Society and Governance			
H.1 – H.5.	ESG : Risk and Opportunities	✓	The Group is conscious of the direct and indirect impact on the environment due to its business activities. Every endeavor is made to minimize the adverse effect on the environment to ensure the sustainable continuity of our resources. In terms of application of SLFRS S1 and S2 disclosure requirements, the Group has utilised applicable reliefs permitted by ICASL.

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

Section	Principle	Effective date	Compliance and implementation
9.1.3	A statement Disclosure in the Annual report with regard to the extent of compliance with the Rule	01st October 2023	✓ As detailed below, during the year under review, the Company was fully compliant with the requirements of Section 9 of the Listing Rules of the Colombo Stock Exchange.
9.2.1	The Company shall disclose the fact of existence of the prescribed policies	01st October 2024	✓ The policies adopted by the Company are available on the Company Website https://www.brownsplantations.lk/.
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted	01st October 2024	✓ No waivers from, or exemptions to, the Internal Code of Business Conduct and Ethics were granted during the year. No material violations of the Code were reported.
9.2.3	(i) List of policies in place as per Rule 9.2.1, with reference to website (ii) Any changes to policies adopted	01st October 2024	✓ The policies were subject to an annual review to maintain relevance. Material changes made to the policies during the current year, are set out on pages 35 to 37
9.2.4	The Company shall make available all such policies as set out in 9.2.1 to shareholders upon a written request being sent for such policy	01st October 2024	✓
9.3.1/ 9.3.2	The following Board subcommittees should be established and maintained at a minimum and shall function effectively: - a) Nominations & Governance Committee* b) Human Resource & Compensation Committee c) Audit Committee d) Related Party Transactions Review Committee	01st October 2023 (*01st October 2024)	✓ The required Subcommittees have been established and are functioning effectively. These Committees assist the Board with its role of oversight of the Company's performance, conformance and sustainability. Refer sec.9.11,9.12,9.13 and 9.14 below for details and the Committee Reports set out on pages 38,40,41 and 56
9.3.3	The Chairperson of the Board cannot be a Chairperson in any of the aforesaid subcommittees	01st October 2024	✓ The Chairperson of the board does not serve as the chair of any board subcommittees. All Board Sub-Committees are chaired by an Independent Director.
9.4.1	Maintenance of records of all resolutions and other information stipulated in section 9.4.1 of the listing rules and shall provide copies of the same at the request of the Exchange and or SEC	01st October 2023	✓ The Company Secretary maintains all records of resolutions and information relating to General Meetings.
9.4.2	Communication and relations with shareholders and investors	01st October 2024	✓ The Company has established methodologies to ensure effective communication and relations with shareholders. Details of same are set out in the Policy on Relations with Shareholders and Investors and Stakeholder Communication and Corporate Disclosure Policy adopted by the Company. Designated personnel have been identified as contact persons for such inquiries /communication. Any significant/material issues raised by the shareholders/ investors are escalated to the Board where necessary in a transparent manner. The Company conducted its shareholder meetings online /virtual means while complying with the guidelines issued by the CSE.

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

Section	Principle	Effective date	Compliance and implementation
9.5.1 & 9.5.2	A Policy on governing matters relating to the Board of Directors should be established with specific requirements prescribed by the Exchange (a) to (j) and to disclose the level of compliance or non-compliance with reasons/remedial actions	01st October 2024	✓ The Company has revised its Board Charter to align with the requirements prescribed by the Exchange. Requirements set out in the Policy have been complied with, by the members of the Board.
9.6.1-4	Requirement for a SID	01st October 2023	✓ The appointment of a Senior Independent Director (SID) is not applicable to the Company. The Chairman of the Board, Dr. P. S. H. Uluwaduge, serves as a Non-Executive Director. The day-to-day management and operational responsibilities of the Company are entrusted to the Executive Directors, who oversee and manage the Company's business and affairs. Refer board composition on page 17
9.7.5	(a) Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria (b) Any non-compliance/s and remedial action taken	01st October 2023	✓ Annual declarations were obtained as per the requirement of Rule 9.7.4. and, the board members have complied with the relevant criteria. The said criteria were considered when recommending the re-election/appointment of directors retiring before the AGM. No non compliances were reported in this regard. ✓ Refer Board profiles and Directors' Report on page 42 to 46
9.8.1 & 9.8.2	Minimum number of Directors on the Board should be 5 and the total minimum number of Independent Directors should 2 or 1/3 of the Board, whichever is higher	01st October 2024	✓ During the year under review, the Board comprised 1/3 ratio of independent directors
9.8.3	A director shall not be considered independent if he/she does not fulfil the criteria defining independence under sections 9.8.3 and 9.8.4 of the Rules.	01st October 2023	✓ For the year under review, the Board has determined that the independence criteria set by these Rules have been met by the Independent Directors on the Board. After the year under review, Mr. T Dharmarajah (who joined the Board on 30th March 2022) attained the age 70 on 07th August 2026, was reclassified as a NED by the Board as he did not meet the age criteria set for independence. Mr. K. Sivanesan was appointed as an Independent Director of Udapussellawa Plantations PLC with effect from 07.08.2026. The Board has considered these appointments against the criteria in Listing Rules 9.8.3 and 9.8.4 and has determined that Mr. Sivanesan continues to be independent. Refer the Corporate Governance and NGC Reports on pages 15 to 21 and 38 respectively

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

Section	Principle	Effective date	Compliance and implementation
9.8.5	The listed entity shall ensure; a) Each independent director submits a declaration with criteria specified by the Exchange b) The Board shall make an annual determination as to independence / non independence and set out the names of directors determined to be independent in the Annual Report c) If the Board determines that the independence of and independent director has been impaired against any criteria set out in 9.8.3 it shall make an immediate market announcement thereof	01st October 2023	✓ The Company has established a process for determination of independence based on the requirements of this Rule. After the year under review, Mr. T Dharmarajah (who joined the Board on 30th March 2022) attained the age 70 on 07th August 2026, was reclassified as a NED by the Board as he did not meet the age criteria set for independence. Refer the Board of Directors Report and NGC Reports on pages 42 to 46 and 38 respectively.
9.9	Alternate Director can be only appointed for a minimum period of one year under special circumstances and he/she should be of the same nature of Directorship	01st January 2024	✓ No alternate Directors have been appointed to the Board during the year under review. The Related Clause of the Articles of Association of the Company was amended at an EGM held on 25th June 2024 .
9.10.1	Policy on the maximum number of directorships its board members shall be permitted to hold	01st October 2023	✓ The policy adopted by the Company permits a director to hold office as director in any number of companies/ societies/bodies including subsidiaries and associates of the Company, subject to however, in the case of listed entities, such appointments being limited to 20, subject to avoiding conflicts of interest.
9.10.2	Immediate market announcement upon appointment of new director setting out resume, capacity of directorship, statement indicating if such appointment has been reviewed by the Nominations & Governance Committee	1st October 2023	✓ Relevant Market announcements were made for all new appointments as per the criteria set out by the this rules
9.10.3	Immediate market announcement regarding any changes to the composition of the Board /subcommittees specified in Rule 9.3	01st October 2023	✓ During the year under review, changes to the directorate, including committee composition were duly announced to the Exchange as per the criteria set out by this rule.
9.10.4	Details relating to Board Members	01st October 2023	✓ Refer pages 50 to 54 for directors' profiles; page 44 for directors' interests in contracts; pages 16 to 17 for details of Board and Committee membership/meeting attendance details;

Section	Principle	Effective date	Compliance and implementation
9.11	Disclosure requirements regarding the Nominations and Governance Committee under Rule 9.11.6	01st October 2024	✓ Refer the Nominations & and Governance Committee Report on pages 38 to 39
9.12	Disclosure requirements regarding the Remuneration Committee under Rule 9.12.8	01st October 2023	✓ The aggregate remuneration paid to executive and non executive directors is disclosed on page 113 of the report. Refer Report of the Remuneration Committee on page 40
9.13	Disclosure requirements regarding the Audit Committee under Rule 9.13.5	01st October 2024	✓ Refer Report of the Audit Committee on pages 56 to 58 for further details.
9.14	Disclosure Requirements regarding the Related Party Transactions Review Committee under Rule 9.14.8.3	01st October 2023	✓ Refer Report of the Related Party Transactions Review Committee on page 41
9.14.1-19.14.2-4	Composition of the Related Party Transactions Review Committee	01st April 2024	✓ The RPTR Committee comprises two Independent Directors and one Non Executive Director. Mr. U. H. E. Silva , Independent Director is the Chairperson of the Committee.
	Functions and general requirements	01st October 2023	✓ Refer report of the Related Party Transactions Review Committee for details on page 41
9.14.8 (1 -2)	Disclosure of non-recurrent Related Party Transactions exceeding 10% of the Equity or 5% of the Total Assets, whichever is lower Disclosure of recurrent Related Party Transactions exceeding 10% of the gross revenue/income	01st October 2023	✓ Refer Note no 33 to the Financial Statements There were no RPTs during the year which required Shareholder approval as set out in Rule 9.14.6. There were no RPTs during the year which required immediate market announcement as set out in Rule 9.14.7. During the year there were no acquisition or disposal of substantial assets from / to Related Parties.
9.14.8(4)	Affirmative declaration by the Board of Directors on compliance with RPT Rules or negative statement to that effect.	01st October 2023	✓ Refer Report of the Board of Directors on pages 42 to 46
9.17	Additional disclosures by Board of Directors under Rule 9.16	01st October 2023	✓ The relevant declarations by the Board of Directors are included in their report on Page 47

CORPORATE GOVERNANCE POLICIES ADOPTED BY THE COMPANY

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

Policy on Matters Relating to the Board of Directors

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

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

Policy on Board Committees

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

Policy on Corporate Governance, Nominations and Re-Election

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

Policy on Remuneration

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

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

Policy on Internal Code on Business Conduct and Ethics

The Internal Code on Business Conduct and Ethics of Udapussellawa Plantations PLC outlines the expected ethical standards for directors and officers, focusing on integrity, loyalty, compliance with laws and accountability. It provides guidance on managing conflicts of interest, safeguarding confidential information, ensuring accurate financial reporting, proper use of Company assets and responsible trading in Company securities. Directors and officers are required to declare personal interests, avoid benefiting personally from Company opportunities and report any unethical or unlawful conduct without

fear of retaliation. Compliance with all applicable laws is mandatory and any violations may result in disciplinary action. The Code also requires annual declarations of compliance and any waivers must be approved by the Board of Directors.

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

Policy on Risk Management and Internal Controls

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

Policy on Relations with Shareholders and Investors

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

Policy on Environmental, Social and Governance Sustainability

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

Policy on Control and Management of Company Assets and Shareholder Investments

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

Policy on Stakeholder Communication and Corporate Disclosures

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

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

Policy on Anti-bribery and Corruption

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

Policy on Whistleblowing

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

REPORT OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

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

COMMITTEE COMPOSITION

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

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

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

Meetings

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

Terms of Reference

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

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

ACTIVITIES DURING THE YEAR

Key activities undertaken by the Committee during the year included:

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

Re-election of Directors

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

Director	First appointed	Last Re-elected/ appointed	Board Committees served	Relationships	Shareholding
Mr. Niveyn Rauhul Nanayakkara	02.04.2026	-	-	-	Nil
Mr. Kanthimany Sivanesan	07.08.2026	-	Nominations & Governance Committee, Remuneration Committee Board Audit Committee & Related Party Transactions Review Committee	-	Nil
Mr. Don Soshan Kamantha Amarasekara	30.03.2020	September 2023	Remuneration Committee	Appointed by the Parent Company	Nill
Mr. Uluvis Hewage Ebert Silva	07.05.2020	June 2022	Nominations & Governance Committee, Remuneration Committee Board Audit Committee & Related Party Transactions Review Committee	-	Nil
Mr. Ganegodage Dhamitha Vaamaka Perera	09.05.2025	Sep 2025	-	Appointed by the Parent Company	Nil
Mr. Thiyagarajaha Dharmarajah	30.03.2022	Sep 2024	Nominations & Governance Committee, Remuneration Committee Board Audit Committee & Related Party Transactions Review Committee	-	Nil

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

The Committee recommends the re-election/appointment of the aforesaid Directors.

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

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

1. The current and future strategic priorities of the Company, including opportunities presented by the evolving business environment and the requirement for the Board to be equipped with Directors who possess the requisite expertise, foresight, and leadership capabilities.
2. Regulatory requirements and ensuring compliance under the Companies Act No. 7 of 2007 (Companies Act), specifically, Section 210 of the Act which stipulates that individuals who have attained the age of seventy (70) years shall not be eligible for appointment as Directors unless such appointment is approved by a resolution of the shareholders under Section 211, declaring that the age limit shall not apply to the individual.
3. Compliance with the Colombo Stock Exchange Listing Rules, specifically the provisions on fitness and propriety, independence criteria, and the requirement for shareholder approval in the appointment of Independent Directors over the age of seventy (70) years.
4. Professional experience and leadership record of Mr. Dharmarajah, including insights into corporate finance and governance which are regarded as valuable assets to the Board.
5. Board composition and diversity, including the overall composition of the Board to ensure that it reflects a balanced mix of qualifications, skills, experiences, diversity in perspectives, professional backgrounds, and industry knowledge which is critical to effective governance and to aligning the Board's capabilities with the Company's strategic direction.

Contribution Since Appointment

In forming its recommendation, the Committee has also considered Mr. Dharmarajah's contribution to the Board since his appointment on 30.03.2022. During this period, he has demonstrated a strong capacity to add value through:

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

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

Board Evaluations

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

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

The Committee has reviewed Management Reports confirming compliance with the CG Framework and confirm that all applicable requirements of Sec 9 of the Listing Rules have been met, as described in the Corporate Governance Report set out on pages 15 to 21.

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



U. H . E . Silva

Chairman

Nominations and Governance Committee

28th August, 2026

REPORT OF THE REMUNERATION COMMITTEE

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

Remuneration Policy

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

Committee Composition

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

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

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

Meetings

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

Terms of Reference

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

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

Activities During the Year

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

i. Remuneration Review

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

ii. Performance Evaluation

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

iii.Incentive and Reward Framework

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

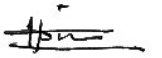
iv. Human Resource Policies

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

v. Regulatory Compliance

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

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



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

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

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

Composition

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

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

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

Meetings

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

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

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

A declaration by the Board of Directors as an affirmative statement of compliance with the Listing rules pertaining to RPTs is given on page 34 of this report.

Terms of Reference

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

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

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

Information to the Board of Directors and to the Committee

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

Review of Related Party Transactions

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

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

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

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

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

Details of related party transactions are disclosed in page 111 of the Financial Statements

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

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

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



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

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

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

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

Principal Activities and Business Review

The principal activities of Udapussellawa Plantations PLC are the cultivation, manufacture, and sale of tea,rubber,coconut and forestry products, operating mainly in the central province.

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

A comprehensive review of the Company's business performance, operating environment, financial results and future outlook is presented in the Chairman's Message (pages 3) Operations Review (pages 6) and Financial Review (pages 12). These sections, read in conjunction with the Audited Financial Statements, collectively provide a fair and comprehensive view of the state of affairs of the Company.

Financial Statements & Auditors' Report

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

The Financial Statements together with the Independent Auditor's Report are set out on pages 62 to 121 of this Annual Report.

Accounting Policies

The accounting policies adopted in the preparation of the Financial Statements are given on pages 70 to 84. There were no changes in the accounting policies adopted compared to the previous reporting period.

Financial Results

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

The revenue generated by the Group for the year under review amounted to Rs. 5,892 Mn and Company for the year under review amounted to Rs. 3,261 Mn (2024/2025 - Rs. 3,353 Mn) which is an 3% reduction compared to the previous year. An analysis of the revenue based on major products is disclosed in note 5.2 to the financial statements on page 85.

The Group recorded a profit before taxation of Rs. 1,370 Mn and Company recorded a profit before taxation of Rs. 652 Mn during the year under review. Further information on financial performance is provided in the Financial Review section.

Taxation and Statutory Payments

The Company is liable to income tax at 30 percent (2025/2026 - 30 percent) in terms of the Inland Revenue Act No. 45 of 2022 and amendments thereto. A detailed statement of the income tax rates applicable to the Company and a reconciliation of the accounting profits with the taxable profits are given in Note 9 to the financial statements on page 87.

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

Stated Capital and Reserves

The stated capital of the Company as at 31st March 2026 was Rs. 340 Mn (as at 31st March 2025 - Rs. 340 Mn) with 19.39 Mn shares in issue.

The total reserves of the Group/Company as at 31st March 2026 amounted to Rs. 1,133 Mn (as at 31st March 2025 - Rs. 1,133 Mn). The movement in these reserves is shown in the statement of changes in equity on page 68.

Property, Plant and Equipment

The carrying value of property, plant and equipment of the Group as at 31st March 2026 was Rs. 1,740 Mn and Company as at 31st March 2026 was Rs. 758 Mn (as at 31st March 2025 was Rs. 467 Mn). The total expenditure on the acquisition of property, plant and equipment during the year in respect of new assets by the Company amounted to Rs. 352 Mn (2024/25 Rs. 76 Mn). The movement of property, plant and equipment during the year is shown in note 13 of the financial statements on pages 92 to 93.

Right of use assets amounting to Rs.1,390 Mn in the Group) and Rs. 1,389 Mn in the Company. (2024/2025 - Rs. 1,474 Mn) have been shown separately from property, plant and equipment as per SLFRS 16 – Leases.

Details of valuation of property, plant and equipment and investment property are provided in notes 13 and 16 to the financial statements on pages 92 and 98 respectively.

Dividends

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

Investor Information

The distribution and composition of shareholders including 20 largest shareholders, and information relating to share trading, market capitalisation, public holding percentage, and the number of public shareholders is set out in the Investor Information section of the Annual Report on pages 123 to 125.

Corporate Donations

The Company has not made any donations during the year under review.

Employment Policy

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

The number of persons employed by the Company as at 31st March 2026 was 2,192 (as at 31st March 2025 - 2,382). There were no material issues pertaining to employees and industrial relations during the year under review.

Employees' Health & Safety

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

Directorate

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

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

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

Mr. D S K Amarasekara
Non-Executive Director

Mrs. S. Kotakadeniya
Non-Executive Director

Mr. M. Goonewardena
Non-Executive Director

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

Mr. A. S. Perera
Executive Director

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

Mr. U. H. E. Silva
Independent Director

Dr. K. Mohottige
Independent Director

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

Mr. K. Sivanesan
Independent Director (a.w.e.f. 07th August 2026)

Detailed profiles of the Board of Directors, are given on pages 50 to 54.

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

Retirement of Directors and their Re-Election

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

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

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

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

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

The profiles of the above Directors are set out on pages 50 to 54 of this Annual Report, and further details relating to their re-election/ re-appointment are provided in the Report of the Nominations and Governance Committee on pages 38 to 39 and in the Notice of Meeting.

Fit and Proper Assessment of Directors

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

Code of Ethics

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

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

Directors Interests in Contracts

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

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

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

Other directorships held by the Board Members in Sri Lanka are disclosed on pages 47 to 49.

Directors' Shareholding

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

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

Directors' Remuneration

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

Details of Directors' remuneration for the period ended 31st March 2026 are disclosed in Note 33.2 to the Financial Statements on page 113. Further information on the remuneration framework and practices of the Company is set out in the Remuneration Committee Report on page 40.

Related Party Transactions

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

All Related Party Transactions entered into during the year were reviewed by the Related Party Transactions Review Committee to ensure that such transactions were conducted on normal commercial terms and were not prejudicial to the interests of the Company or its minority shareholders. More details in this regard are shown in the report of the Related Party Transactions Review Committee appearing on page 41 of this Annual Report.

In terms of LKAS 24, details of Related Party Transactions are disclosed in Notes 33 to the Financial Statements.

Corporate Governance

The Board of Directors is committed to upholding the highest standards of corporate governance and ensuring compliance with all applicable laws, regulations, and best practices. The Corporate Governance Report on pages 15 to 21 provide information to aid understanding of how the Company has applied the principles of corporate governance rules.

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

Internal Controls and Risk Management

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

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

Compliance with Laws and Regulations

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

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

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

Fair Treatment for Stakeholders

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

Events Occurring After Reporting Date

The Directors are not aware of any material events occurring after the reporting date which would require adjustment to or disclosure in the Financial Statements except those disclosed in Note 36.

Going Concern

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

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

External Auditors of the Company

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

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

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

Annual Report

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

Annual General Meeting

The Annual General Meeting will be held on 22nd September 2026 at 11:00 a.m. as a virtual meeting with arrangements for the on-line meeting platform made at LOLC Holdings PLC, No.100/1, Sri Jayawardenapura Mawatha, Rajagiriya.

By Order of the Board of Directors

Dr P S H Uluwaduge
Chairman

G D V Perera
Executive Director/CEO

LOLC Corporate Services (Private) Limited
Secretaries

28th August 2026

DIRECTORS' DECLARATION

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

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

Name of the Director	Directorates held in Sri Lanka	Nature of the Appointment
Mr. U. H. E. Silva	Hapugastenne Plantations PLC	Independent Director
	Udapussellawa Plantations PLC	Independent Director
	Tea Smallholder Factories PLC	Independent Director
Mr. K. Mohottige	Hapugastenne Plantations PLC	Independent Director
	Udapussellawa Plantations PLC	Independent Director
	Tea Research Institute of SL	Committee Member
	Ministry of Agriculture and Plantation Industries	Committee Member
	EDB	Director
Mr. K. Sivanesan	Browns Investments PLC	Senior Independent Director
	LOLC Holdings PLC	Independent Director
	Agstar PLC	Independent Director
	Hapugastenne Plantations PLC	Independent Director
	Udapussellawa Plantations PLC	Independent Director
	Tea Smallholder Factories PLC	Independent Director
	LOLC Life Assurance Limited	Independent Director
	Waharaka Energy (Private) Limited	Director

BOARD OF DIRECTORS

Dr. P.S.H. Uluwaduge

Non Executive Director/ Chairman

Member of the Board from 30th March 2022

Board Committees

Member - Nominations & Governance Committee

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

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

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

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

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

Mr. D. J. Ratwatte

Executive Director/ CEO

Resigned with effect from 31st March 2026

Member of the Board from 2015

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

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

Mr. D. S. K. Amarasekara

Non Executive Director

Member of the Board from 30th March 2022

Board Committees

Member - Remuneration Committee

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

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

Mrs. V G S.S. Kotakadeniya

Non Executive Director

Member of the Board from 30th March 2022

Board Committees

Member - Board Audit Committee and RPTR Committee

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

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

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

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

Mr. M. Gunawardana

Non Executive Director

Member of the Board from 23th October 2024

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

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

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

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

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

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

Mr. G. D. V. Perera

Executive Director/CEO

Re-designated with effect from 02nd April 2026

Member of the Board from 27th June 2022

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

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

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

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

Mr. A. S. Perera

Executive Director

Member of the Board from 27th December 2021

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

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

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

Mr Anusha Perera Presently is a Committee Member of the Ceylon Rubber Traders' Association of Sri Lanka (CRTA) and Spices & Allied Products Producers' &Traders' Association of Sri Lanka (SAPPTA). He has previously served as the Vice Chairman of the Spices & Allied Products Producers' &Traders' Association of Sri Lanka (SAPPTA)., and as a Committee Member of the Colombo Tea Traders' Association of Sri Lanka (CTTA).

Mr. T. Dharmarajah

Independent Director

Member of the Board from 30th March 2022

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

Board Committees

Chairperson - Board Audit Committee , Remuneration Committee

Member – RPTR Committee, and Nominations & Governance Committee

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

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

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

Mr. U. H. E. Silva

Independent Director

Member of the Board from 19th April 2022

Board Committees

Chairperson - RPTR Committee, and Nominations & Governance Committee

Member – Board Audit Committee, Remuneration Committee

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

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

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

Dr K. Mohottige

Independent Director

Member of the Board from 1st September 2024

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

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

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

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

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

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

Mr. N. R. Nanayakkara

Executive Director

Member of the Board from 02nd April 2026

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

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

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

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

Mr. K. Sivanesan

Independent Director

Member of the Board from 07th August 2026

Board Committees (with effect from 07th August 2026)

Interim Chairperson - Board Audit Committee and RPTR Committee

Member – Remuneration Committee and Nominations & Governance Committee

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

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

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

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

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

The responsibility of the Independent Auditors in relation to the Financial Statements, including their opinion on whether the Financial Statement have been prepared in accordance with the requirements of the Companies Act No. 07 of 2007 and Sri Lanka Accounting Standards (SLFRS/LKAS), and whether they give a true and fair view of the state of affairs of the Company as at the reporting date is set out in the Independent Auditors report on pages 62 to 65 of this Annual Report.

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

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

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

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

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

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

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

On behalf of the Board of Directors



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

REPORT OF THE BOARD AUDIT COMMITTEE

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

Composition

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

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

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

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

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

Meetings

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

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

Terms of Reference

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

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

Functions of the Board Audit Committee

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

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

financial records and the true and fair presentation of the Company's financial statements, and regarding the adequacy and effectiveness of the Company's risk management and internal control systems; and

- Reviewed and approved the Internal Audit Plan for the ensuing financial year.

Internal Audit Function

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

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

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

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

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

Risk Management and Internal Control

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

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

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

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

Assurance from the CFO and the CEO

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

Compliance with Financial Reporting Requirements

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

External Audit

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

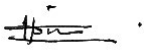
The Audit Committee has made its own determination of the independence of the External Auditors and is satisfied, on the basis of the Declaration of Independence obtained from the auditors, that Messrs KPMG are independent, having found no evidence of any interest on their part in the results published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

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

During the year under review the Auditors were paid Rs. 5,186,000/- as audit fees.

Conclusion

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



K Sivanesan

Chairperson of the Board Audit Committee

28th August 2026

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

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

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

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

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

The Company continuously updates its accounting controls to ensure prudence and completeness of the financial statements which ensures that the accounting records are free from error and omission. The existing internal controls are regularly reviewed and updated in order to ensure that they functions properly. All procedure manuals are updated whenever necessary and they are easily accessible to all the staff.

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

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

Both auditors have free and full access to the members of the Audit committee to discuss any matters of substance.



Mr. G.D. V. Perera
Chief Executive Officer



Mr. I. Iqbal
Group Chief Financial Officer

28th August 2026

ENTERPRISE RISK MANAGEMENT

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

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

Risk Governance and Oversight

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

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

Risk Identification and Assessment

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

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

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

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

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

Environmental, social and governance risks encompass employee welfare, occupational health and safety, environmental stewardship, community relations, land encroachment, product quality,

transparency and stakeholder expectations. The Company remains committed to responsible plantation management, employee and community wellbeing, ethical conduct and the progressive integration of sustainability considerations into business planning and operational practices.

Risk Mitigation and Internal Controls

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

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

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

Current Issues Facing the Tea Plantation Sector

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

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

Outlook

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

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

KPMG
(Chartered Accountants)
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Colombo 00300, Sri Lanka.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Udapussellawa Plantations PLC

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Measurement of Biological Assets

(Refer to Note 3.3.4 material accounting policies and explanatory Note 15 to the financial statements).

Risk Description

The Company/Group has reported consumable biological assets carried at fair value less estimated cost to sell at harvest, amounting to Rs. 1,855 Million and bearer biological assets amounting to Rs. 463 Million as at 31st March 2026. The valuation of consumable biological assets requires significant levels of judgments and technical expertise in selecting appropriate valuation models and assumptions. Changes in the key assumptions used such as discount rate, value per cubic feet and available timber quantity used for the valuation of consumable biological assets could have a material impact on the fair value gain or loss for the period and the carrying value of consumable biological assets as of the reporting date. Management engaged an independent external valuation expert to assist in determining the fair value of the consumable biological assets.

Bearer biological assets mainly include mature and immature tea, rubber and other trees in identified plantation fields. Inappropriate transfer from immature to mature plantations has a significant impact on the carrying value of the bearer plants and the reported profits as capitalization of costs will cease from the point of transfer and the mature plantations are depreciated over the useful lives of the plants. As per the industry practice, transfer of immature plantations to mature plantation fields happens at the point of commencement of commercial harvesting. The actual point of which commercial harvesting could start depends on the soil condition, weather patterns and plant breed.

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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
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A.M.R.P. Alahakoon ACA
H.U.S.T Dayananda FCA
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

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

Our audit procedures for Consumable Biological Assets included;

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

Our audit procedures for Bearer Biological Assets included;

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

Valuation of Retirement benefit obligation

(Refer to Note 3.4.1. material accounting policies and explanatory Note 29 to the financial statements).

Risk Description

The Group and the Company have recognized retirement benefit obligation of Rs. 1,008 Million and Rs. 958 Million as at 31st March 2026. The valuation of the retirement benefit obligation requires significant judgment and estimation to be applied across numerous assumptions, including salary increases and discount rate. Minor changes in those assumptions could have a significant effect on the financial performance and financial position of the Group and the Company. Management engaged an independent actuary to assist them in the computation of the Retirement benefit obligation.

We considered the computation of the retirement benefit obligation to be a key audit matter due to the magnitude of the amounts recognized in the financial statements as well as estimation uncertainty involved in determining the amounts.

Our audit procedures included;

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

Valuation of lands and buildings under Investment Properties

(Refer to Note 3.3.3. material accounting policies and explanatory Note 16 to the financial statements).

Group's investment properties include lands and buildings carried at fair value amounting to Rs. 996 Million as at 31st March 2026. The fair value of land and buildings were determined by external valuers engaged by the management. We considered valuation of investment properties as a key audit matter because the degree of the assumptions, judgments, and estimation uncertainties associated with the fair valuation of lands and buildings using the income approach.

KPMG

Key areas of significant judgments, estimates and assumptions used in assessing the fair value of lands and buildings included judgment involved in ascertaining the appropriate valuation techniques and estimates such as monthly lease rental, capitalization rate and discount rate.

Our audit procedures included;

- Assessing the competency, capability and objectivity of the external valuers engaged.
- Read the external valuer's report and understand the key estimates made and the valuation approaches taken by the valuer in determining the valuation of each property.
- Assessing the reasonableness of significant assumptions, judgements and estimates made by the valuer such as monthly lease rental, capitalization rate, discount rate and valuation techniques as relevant in assessing the fair value of each property.
- Assessing the adequacy of the disclosures made 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 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 therein, we are required to communicate the matter to those charged with governance and we have nothing to report in this regards.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

KPMG
Colombo, Sri Lanka
28th August 2026

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st March

		Group*	Company	
Rs.'000	**Note**	**2026**	**2026**	**2025**
Revenue	5	5,891,554	3,260,836	3,353,305
Cost of sales		(5,201,156)	(2,654,265)	(2,627,115)
Gross profit		**690,398**	**606,571**	**726,190**
Other income	6	186,668	106,344	89,103
Change in fair value of biological assets	15.4	209,765	209,765	313,571
Administrative expenses		(557,541)	(408,458)	(442,725)
Profit from operations		**529,290**	**514,222**	**686,139**
Finance income	7	145,599	138,400	204,609
Finance costs	7	(2,287)	(305)	(7,882)
Net finance income		**143,312**	**138,095**	**196,727**
Gain on bargain purchase	17	514,673	-	-
Change in fair value of Investment Property	16	182,798	-	-
Profit before taxation	8	**1,370,073**	**652,317**	**882,866**
Tax expenses	9	(163,324)	(101,113)	(301,877)
Profit for the year		**1,206,749**	**551,204**	**580,989**
Other comprehensive income/(expenses)				
Items that will never be classified to profit or loss:				
Gain on revaluation of lease hold right of land	11	-	-	438,017
Deferred tax charged on revaluation of lease hold right of land	27	-	-	(131,405)
Gain on revaluation of motor vehicles	13	-	-	122,588
Deferred tax charged on revaluation of motor vehicles	27	-	-	(36,776)
Remeasurement loss of retirement benefit obligations	29	(100,780)	(100,676)	(55,788)
Deferred tax effect on remeasurement of retirement benefit obligations	27	30,234	30,203	16,736
Other comprehensive income/(expenses) for the year, net of income tax		**(70,546)**	**(70,473)**	**353,372**
Total comprehensive income for the year		**1,136,203**	**480,731**	**934,361**
Profit attributable to :				
Owners of the company		1,171,912	551,204	580,989
Non-controlling interest		34,837	-	-
Profit for the period		**1,206,749**	**551,204**	**580,989**
Total comprehensive income attributable to:				
Owners of the company		1,101,384	480,731	934,361
Non-controlling interest		34,819	-	-
Total comprehensive income for the period		**1,136,203**	**480,731**	**934,361**
Basic earnings per share (Rs.)	10	60.41	28.41	29.95

* As disclosed in Note 17, the company obtained control over the subsidiary acquired on 09th June 2025. Accordingly, no consolidated financial statements were prepared as at 31st March 2025. (comparable period)

Figures in brackets indicate deductions.

The Accounting Policies and notes on pages 70 to 121 form an integral part of the Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 31st March

		Group*	Company	
Rs.'000	**Note**	**2026**	**2026**	**2025**
ASSETS				
Non-current assets				
Right-of-use assets	11	1,390,454	1,388,589	1,473,850
Immovable estate assets on finance lease (other than bare land)	12	1,621	1,621	4,645
Tangible assets other than biological assets	13	1,740,137	758,131	467,303
Intangible assets	14	11,571	4,268	2,700
Bearer biological assets	15.1	463,018	463,018	470,829
Consumable biological assets	15.2	1,855,075	1,855,075	1,634,727
Investment Property	16	996,000	-	-
Non-Current Financial Assets	18.1	434	-	-
Other Non-Current Assets	19.1	50	-	-
Investment in subsidiary	17	-	793,271	-
Total non-current assets		6,458,360	5,263,973	4,054,054
Current assets				
Produce on bearer plants	15.3	9,376	9,376	18,182
Inventories	20	881,540	386,090	581,940
Trade and other receivables	21	678,549	433,260	278,487
Amounts due from related company	22	25,041	9,778	417,225
Cash and cash equivalents	23	1,351,123	1,295,751	1,732,299
Total current assets		2,945,629	2,134,255	3,028,133
Total assets		9,403,989	7,398,228	7,082,187
EQUITY AND LIABILITIES				
Stated Capital	24	340,000	340,000	340,000
Revaluation reserve	25	1,132,548	1,132,548	1,132,548
Retained earnings		3,692,825	3,072,172	2,591,441
Equity Attributable to equity holders of the company		5,165,373	4,544,720	4,063,989
Non controlling Interest		464,521	-	-
Total equity		5,629,894	4,544,720	4,063,989
Non-current liabilities				
Deferred tax liabilities	27	1,316,719	933,599	995,014
Deferred income	28	76,860	76,493	81,726
Retirement benefit obligations	29	1,007,745	957,911	873,921
Lease liabilities	30	52	52	728
Total non-current liabilities		2,401,376	1,968,055	1,951,389
Current liabilities				
Lease liabilities	30	784	784	4,783
Amounts due to related companies	31	306,568	185,449	164,936
Current tax liabilities		94,810	90,662	160,407
Trade and other payables	32	945,513	608,558	736,683
Bank overdraft	23.2	25,044	-	-
Total current liabilities		1,372,719	885,453	1,066,809
Total liabilities		3,774,095	2,853,508	3,018,198
Total equity and liabilities		9,403,989	7,398,228	7,082,187

* As disclosed in Note 17, the company obtained control over the subsidiary acquired on 09th June 2025. Accordingly, no consolidated financial statements were prepared as at 31st March 2025. (comparable period)

Figures in brackets indicate deductions.

The Accounting Policies and notes on pages 70 to 121 form an integral part of the Financial Statements.

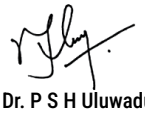
These Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.



Sisira Pushpakumara
Head Of Finance

The Board of Directors is responsible for the preparation and fair presentation of these Financial Statements.

Approved and signed for and on behalf of the Board of Directors of Udapussellawa Plantations PLC.



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



G D V Perera
Chief Executive Officer / Executive Director

STATEMENT OF CHANGES IN EQUITY - GROUP

As at 31st March

Rs. '000	Stated Capital	Revaluation Reserve	Retained Earnings	Total	Non-Controling interest	Total Equity
As at 01st April 2025	340,000	1,132,548	2,591,441	**4,063,989**	**-**	**4,063,989**
On acquisition of subsidiary	-	-	-	**-**	**429,702**	**429,702**
Profit for the year	-	-	1,171,912	**1,171,912**	**34,837**	**1,206,749**
Other comprehensive income/(expenses)	-	-	(70,528)	**(70,528)**	**(18)**	**(70,546)**
As at 31st March 2026	**340,000**	**1,132,548**	**3,692,825**	**5,165,373**	**464,521**	**5,629,894**

STATEMENT OF CHANGES IN EQUITY - COMPANY

As at 31st March

Rs. '000	Stated Capital	Revaluation Reserve	Retained Earnings	Total
As at 01st April 2024	340,000	740,124	2,049,504	**3,129,628**
Profit for the year	-	-	580,989	**580,989**
Other comprehensive income/(expenses)	-	392,424	(39,052)	**353,372**
As at 31st March 2025	**340,000**	**1,132,548**	**2,591,441**	**4,063,989**
As at 01st April 2025	340,000	1,132,548	2,591,441	**4,063,989**
Profit for the year	-	-	551,204	**551,204**
Other comprehensive income/(expenses)	-	-	(70,473)	**(70,473)**
As at 31st March 2026	**340,000**	**1,132,548**	**3,072,172**	**4,544,720**

Figures in brackets indicate deductions.

The Accounting Policies and notes on pages 70 to 121 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

For the year ended 31st March

		Group	Company	
Rs.'000	Note	2026	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation		1,370,073	652,317	882,866
Adjustments for				
Finance income		(140,315)	(133,116)	(200,745)
Finance costs	7	2,287	305	7,882
Exchange gain	7	(5,284)	(5,284)	(3,864)
Retirement benefit obligations provision	29	149,955	144,487	141,455
Depreciation and amortisation	8	216,878	167,589	129,420
Provision for impairment of Consumable Biological Assets	15.2.1	-	-	1,029
Provision for impairment of immature bearer biological assets	15.1.1	197	197	27,729
Amortization of staff loans		24	-	-
Amortisation of capital grants	28	(5,248)	(5,233)	(3,999)
Profit on disposal of property, plant & equipment	6	-	-	(22,251)
Gain on fair valuation of biological assets	15.4	(209,765)	(209,765)	(313,571)
Provision for impairment of trade and other receivables	17.1	171	-	131
Reversal of impairment of related party receivables	22.1	(11,897)	(11,897)	-
Provision for slow-moving and obsolete stocks	20.1	3,517	3,517	3,110
Change in fair value of investment property	16	(182,798)	-	-
Gain on bargain purchase	17	(514,673)	-	-
Operating profit before working capital changes		673,122	603,117	649,192
Changes in Inventories		186,330	192,333	(97,933)
Changes in Trade and other receivables		(280,726)	(149,489)	(111,003)
Changes in Amounts due from related company		404,080	419,344	266,695
Changes in Trade and other payables		2,322	(128,125)	299,265
Changes in Amounts due to related companies		132,437	20,513	155,613
Cash flows generated from operations		1,117,565	957,693	1,161,829
Retirement benefit obligations payments	29	(163,825)	(161,173)	(78,198)
Income tax payments		(202,070)	(202,070)	(30,000)
Finance costs paid		(1,982)	-	(556)
Net cash flows generated from operating activities		749,688	594,450	1,053,075
CASH FLOWS FROM INVESTING ACTIVITIES				
Field development expenditure incurred on bearer biological assets	15.1	(12,560)	(12,560)	(18,979)
Field development expenditure incurred on consumable biological assets	15.2	(1,777)	(1,777)	(5,747)
Purchase/construction of property, plant and equipment	13	(420,136)	(351,526)	(76,209)
Proceeds on disposal of property, plant & equipment		-	-	23,015
Interest income received		140,315	133,116	114,423
Harvest of consumable biological assets	15.2	-	-	83,004
Investment in Subsidiary	17.1.2	(856,770)	(793,271)	-
Net cash flows used in from investing activities		(1,150,928)	(1,026,018)	119,507
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of interest-bearing borrowings	26	-	-	(10,404)
Repayment of leases	30	(4,980)	(4,980)	(4,980)
Net cash flows used in financing activities		(4,980)	(4,980)	(15,384)
Net increase/(discrease) in cash & cash equivalents		(406,220)	(436,548)	1,157,198
Cash and cash equivalents at the beginning of the period		1,732,299	1,732,299	575,101
Cash and cash equivalents at the end of the period-Note A	**23**	1,326,079	1,295,751	1,732,299
Note A				
Cash and cash equivalents		1,351,123	1,295,751	1,732,299
Bank overdraft		(25,044)	-	-
Cash and cash equivalents at the end of the period-Note A		1,326,079	1,295,751	1,732,299

Figures in brackets indicate deductions.

The Accounting Policies and notes on pages 70 to 121 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March

1. REPORTING ENTITY

1.1. Domicile and legal form

Udapussellawa 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 Level 11, Browns Capital Building, No.19 Dudley Senanayake Mawatha, Colombo 08 and Plantations are situated in the planting districts of Nuwara Eliya and Matale.

The ordinary shares of the Group and Company are listed on the Colombo Stock Exchange of Sri Lanka.

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

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

1.2. Principal activities and nature of operations

The Company is primarily involved in the cultivation, manufacturing and sale of Tea, Rubber and other agricultural produce and the subsidiary Tea Smallholder Factories PLC is engaged in the processing green leaf and sale of processed black tea.

2. BASIS OF PREPARATION

2.1. Statement of Compliance

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

The Accounting Standards comprise:

Sri Lanka Financial Reporting Standards ("SLFRS");

Sri Lanka Accounting Standards ("LKAS");

Statements of Recommended Practices (SoRPs);

Statement of Alternate Treatment (SoATs) and

Financial Reporting Guidelines issued by the CA Sri Lanka

2.2.Statement of Presentation

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

2.3. Approval of Financial Statements by Directors

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

2.4. Basis of Measurement

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

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

2.5. Functional and Presentation Currency

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

2.6. Presentation of Financial Statements

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

NOTES TO THE FINANCIAL STATEMENTS contd.

For the year ended 31st March

2.7. Materiality and Aggregation

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

2.8. Going Concern

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

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

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

Note 11 - Right-of-use asset on land and motor vehicle

Note 13 - Tangible Assets other than Biological Assets

Note 15.2 – Consumable Biological Assets

Note 27 - Deferred Tax Liabilities

Note 29 - Retirement Benefit Obligations

Note 30 - Lease Liabilities

Note 35 – Contingent Liabilities

2.10. Determination of Fair Values

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

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

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

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

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

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

The Group recognizes transfer between levels of the Fair value hierarchy at the end of the reporting period during which the change has occurred.

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

2.11. Fair value of non-financial assets

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

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

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

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

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3. MATERIAL ACCOUNTING POLICIES

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

3.1. Basis of Consolidation

3.1.1. Business combinations

The Group has prepared consolidated financial statements for the first time in the current financial year following the acquisition of control over its subsidiary.

The subsidiary has been consolidated using its latest financial statements as at 30th June 2025.

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. From 09th June 2025, in determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

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

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

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

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is no remeasured and settlement

is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

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

3.1.2. Non-controlling interest

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

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

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

3.1.3. Subsidiaries

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

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

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

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

When an investee's purpose and design are considered, it may be clear that an investee is controlled by means of equity instruments that give the holder proportionate voting rights, such as ordinary

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shares in the investee. In this case, in the absence of any additional arrangements that alter decision making, the assessment of control focuses on which party, if any, is able to exercise voting rights sufficient to determine the investee's operating and financing policies. The investor that holds a majority of those voting rights, in the absence of any other factors, controls the investee.

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

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

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

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

The Group Financial Statements comprise a consolidation of the Financial Statements of the Company and its subsidiary incorporated in Sri Lanka, Tea Smallholder Factories PLC (75.27%).

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

3.1.4. Loss of Control

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value as at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee, fair value through other comprehensive income or fair value through profit or loss depending on the level of influence retained. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

3.1.5. Transactions eliminated on consolidation

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

3.2. Foreign Currency

3.2.1. Foreign Currency Transactions

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

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

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

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

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

3.3. Assets and the bases of their valuation

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

3.3.1. Property, Plant and Equipment

3.3.1.1. Recognition and Measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, except for Motor vehicles which are stated at revalued amounts less subsequent accumulated depreciation.

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

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3.3.1.2. Owned Assets

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

3.3.1.3. Land Development Cost

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

These costs have been capitalised and amortised over the remaining lease period. Permanent impairment to land development costs are charged to the profit or loss statement in full or reduced to the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

3.3.1.4. Capital Work-in-Progress

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

3.3.1.5. Subsequent Cost

The cost of replacing part of an item of property, plant and 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 Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

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

3.3.1.6. Borrowing Cost

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

3.3.1.7. Depreciation and Amortisation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life/remaining useful life of each part of an item of property, plant and 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 Group will obtain ownership by the end of the lease term.

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

Company

Asset Category	Useful life
Improvements to buildings	Over 40 years
Motor Vehicles	Over 05 years
Plant and Machinery	Over 13 years
Furniture and Fittings	Over 10 years
Equipment	Over 08 years
Computer equipment	Over 05 years
Latrines	Over 10 years
Water, Sanitation and Electricity	Over 20 years
Workers, Housing	Over 40 years
Farm Road	Over 40 years
Solar Power System	Over 15 years

Subsidiary

Asset Category	Useful life
Building	Over 40 years
Plant and Machinery	Over 10 years
Furniture and fittings	Over 10 years
Motor Vehicles	Over 05 Years
Equipment	Over 10 years
Computer Equipment	Over 03 Years

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For the year ended 31st March

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

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

Depreciation of an asset begins when it is available for use, whereas depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised. Depreciation method, useful lives and residual values are reviewed at each financial period end and adjusted if appropriate.

3.3.1.8. De-recognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss, and upon disposal of the revalued assets, the amount included in revaluation surplus reserve is transferred to retained earnings.

When revalued assets are disposed, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

3.3.1.9 Cost model

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

3.3.1.10 Revaluation model

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

a revalued amount, being their fair value at the date of revaluation. Right to use asset related to land and freehold motor vehicles of the Company are revalued at once in every three years on a roll over basis to ensure that the carrying amounts do not differ materially from the fair values at the reporting date. On revaluation of an asset, any increase in the carrying amount is recognised in Other Comprehensive Income and accumulated in equity, under revaluation reserve or used to reverse a previous revaluation decrease relating to the same asset, which was charged to profit or loss.

In this circumstance, the increase is recognised as income to the extent of the previous write down. Any decrease in the carrying amount is recognised as an expense in profit or loss or debited in the Other Comprehensive Income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognised in other Comprehensive Income reduces the amount accumulated in equity under revaluation reserves. Any balance remaining in the revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the assets.

3.3.2. Intangible Assets

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

3.3.2.1. Software

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

The estimated useful life is as follows:

Asset Category	Useful life
Enterprise Resource Planning System	8 years

3.2.2.2 Goodwill

Goodwill represents the future economic benefits attributable to the five tea factories, namely Hingalgoda, Broadlands, Halwitigala, Neluwa and Kurupanawa, which were transferred to the Tea smallholder factories PLC by the Government of Sri Lanka and for which the related future economic benefits could not be separately identified and recognised. Accordingly, such benefits are recognised as goodwill under intangible assets.

Goodwill is not amortised and is tested for impairment annually and whenever there is an indication of impairment. For the purpose of impairment testing, goodwill is allocated to the relevant cash-generating unit. The recoverable amount of the cash-generating unit is determined based on the higher of its fair value less costs of disposal and its value in use. Where value in use is applied, the recoverable amount is determined based on the estimated future cash flows expected to be generated by the five factories, discounted to their present value using an appropriate discount rate. Any

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impairment loss identified is recognised immediately in profit or loss.

3.3.3. Investment Property

Basis of recognition

Investment properties are measured initially at cost, including transaction costs

Basis of measurement

The carrying value of an investment properties includes the cost of replacing part of an existing investment properties, at the time that cost is incurred if the recognition criteria are met and excludes the costs of day to- day servicing of the investment properties. Subsequent to initial recognition, the investment properties are stated at fair values, which reflect market conditions at the reporting date.

Gains or losses arising from changes in fair value are included in the income statement in the year in which they arise. Fair values are revaluated at least every 3 years by an accredited external, independent valuer. The most recent revaluation was carried out on 31 December 2025.

Derecognition

Investment properties are derecognised when disposed, or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on retirement or disposal are recognised in the income statement in the year of retirement or disposal.

Transfer of Investment properties

Transfers are made to or from investment properties only when there is a change in use for a transfer from investment property to owner occupied property or inventory (WIP), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property or inventory (WIP), the Company and the Group account for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. Where Group companies occupy a significant portion of the investment property of a subsidiary, such investment properties are treated as property, plant and equipment in the consolidated financial statements, and accounted for using accounting policy for property, plant and equipment.

3.3.3.1. Non-harvested Produce crop on Bearer Biological Assets

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

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

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

3.3.4. Biological Assets

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

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

3.3.4.1. Recognition and Measurement

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

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

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

3.3.4.2. Bearer Biological assets

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

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

3.3.4.3. Infilling Cost on Bearer Biological Assets

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

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

3.3.4.4. Growing crop nurseries

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

3.3.4.5. Depreciation

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

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

Tea	Over 33 years
Rubber	Over 20 years
Coconut	Over 50 years
Cinnamon	Over 20 years
Pepper	Over 20 years

No depreciation is provided for Immature Plantations

3.3.4.6. Consumable Biological Assets

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

The main variables in DCF model are as follows:

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

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

3.3.5 Financial Instruments

3.3.5.1. Recognition and Initial Measurement

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

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

3.3.5.2. Classification and subsequent measurement

3.3.5.2.1. Financial Assets

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

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

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

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

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

a) Business model assessment:

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets.
- How the performance of the portfolio is evaluated and reported to the Group management.
- The risks that affect the performance of the business model (and the financial assets held within the business model) and how those risks are managed;
- The frequency, volume and timing of sales of financial assets in prior periods, the reason for such sale and expectation about future sales activity.

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

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

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

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

- Contingent events that would change the amount or timing of cash flows - Terms that may adjust the contractual coupon rate, including variable rate features - Prepayment and extension features; and
- Terms that limits the Group claim to cash flows from specific assets (e.g. non-recourse features)
- The prepayment feature is consistent with the solely payment of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding which may include reasonable addition compensation for early termination of the Contract.

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

Subsequent measurement and gains and losses:

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

3.3.5.2.2. Financial Liabilities

(i) Classification, subsequent measurement and gain and loss

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

3.3.5.3. Derecognition

3.3.5.3.1. Financial Assets

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

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all

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or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

3.3.5.3.2. Financial Liabilities

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

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

3.3.5.4. Offsetting

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

3.3.5.5. Impairment – Financial Assets

3.3.5.5.1. Financial Instruments

The Group recognises loss allowances for ECLs on:

- Financial assets measured at amortised cost and

  Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

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

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

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

3.3.5.5.2. Measurement of ECLs

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

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

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

3.3.5.5.4. Write-off

For individual customers, the Group has a policy of writing off the gross carrying amount as approved by the Board of Directors based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. Evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

3.3.5.5.5. Non-derivative Financial Assets

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

Objective evidence that financial assets were impaired included:

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

3.3.6. Impairment of Non-Financial Assets

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

NOTES TO THE FINANCIAL STATEMENTS contd.

For the year ended 31st March

largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

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

3.3.7. Inventories

3.3.7.1. Agricultural Produce harvested from Biological Assets

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

3.3.7.2. Agricultural Produce after further processing

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

3.3.7.3. Input Material, Consumables and Spares

Valued at actual cost on weighted average basis.

3.3.7.4. Growing Crop Nurseries

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

3.3.8. Trade and Other Receivables

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

3.3.9. 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.

3.3.10. Leases

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

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether,

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

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

NOTES TO THE FINANCIAL STATEMENTS contd.

For the year ended 31st March

3.3.10.1. As a Lessee

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

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

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

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

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

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

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

3.3.10.2. Short term leases

The Company has elected not to recognize right of use assets and lease liabilities for 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.

3.4. Liabilities and Provisions

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

Liabilities classified as current liabilities on the Statement of Financial Position are those which fall due for payment on demand or within one year from Statement of Financial Position date.

Non-current liabilities are those balances that fall due for payment after one year from Statement of Financial Position date. All known liabilities have been accounted for in preparing these Financial Statements.

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

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

3.4.1. Employee Benefits

3.4.1.1. Defined Contribution Plans - Employees' Provident Fund, Ceylon Planters Provident Society and Employees'Trust fund

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

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

NOTES TO THE FINANCIAL STATEMENTS contd.

For the year ended 31st March

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

3.4.1.2. Defined Benefit Plan - Retirement Gratuity

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

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

The key assumptions used in determining the Retirement Benefit Obligations are given in note 29.

3.4.2. Commitments and Contingent Liabilities Contingent

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

3.4.3. Deferred Income

3.4.3.1. Government Grants and Subsidies

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

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

3.4.4. Trade and Other Payables

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

3.4.5. Ordinary Shares

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

3.5. Statement of Profit or Loss and Other Comprehensive Income

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

3.5.1. Revenue

Revenue Recognition

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

Revenue principally comprises of tea auction sales. The Group considers sales and delivery of services as one performance obligation and recognises revenue when it transfers control to the customer.

Disaggregation of revenue

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

3.5.2. Sale of Goods

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

NOTES TO THE FINANCIAL STATEMENTS contd.

For the year ended 31st March

3.5.3. Interest Income

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

3.5.4. Rental income

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

3.5.5. Gain and Losses on Disposal

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

3.5.6. Expenditure Recognition

3.5.6.1. Operating Expenses

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

3.5.6.2. 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.

3.5.6.3. Tax Expense

Income Tax expense comprises current and deferred tax. Income tax expense is recognised in the Statement of Profit or Loss and Other

Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

3.5.6.3.1. Current Taxes

Current tax expenses for the current and comparative periods are measured at the amount paid or expected to be payable to the Commissioner General of Inland Revenue on taxable income for the respective year of assessment computed in accordance with the provisions of the Inland Revenue Act, No. 24 of 2017 as amended by the Inland Revenue Act, No. 14 of 2023 enacted by the reporting date. The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under LKAS 37 Provisions, Contingent Liabilities and Contingent assets.

3.5.6.3.2. Deferred Taxation

Deferred taxation is recognised using the Balance Sheet liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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

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

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regard as a net package (net lease liability) for the purpose of recognising deferred tax.

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

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

3.6. Statement of Cash Flows

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

3.7. Segmental Reporting

Segmental information is provided for the different business segments of the Group. Business segmentation has been determined

NOTES TO THE FINANCIAL STATEMENTS contd.

For the year ended 31st March

based on the nature of goods provided by the Group after considering the risk and rewards of each type of product.

Revenue and Expenditure directly attributable to each segment are allocated to the respective segments. Revenue and Expenditure not directly attributable to a segment are allocated on the basis of their resource utilisation, wherever possible.

Unallocated items comprise mainly income accrued and expenses incurred at Head office level.

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

The activities of the segments are described in note 37 to the Financial Statements.

3.8. Related Party Transactions

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

3.9. Earnings per Share

The Group 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 Group by the weighted average number of ordinary shares outstanding during the period.

3.10. Events after the Reporting Date

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

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

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

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

- SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information
- SLFRS S2 – Climate Related Disclosure
- SLFRS 18 – Presentation and Disclosure in financial statements
- Amendments to SLFRS 9 and SLFRS 7 – Classification and Measurement of Financial Instruments

NOTES TO THE FINANCIAL STATEMENTS contd.

For the year ended 31st March

5. REVENUE

Rs.'000	Note	Group 2026	Company 2026	Company 2025
5.1 Revenue streams				
Revenue from contracts with customers - sale of goods	5.2	**5,891,554**	**3,260,836**	**3,353,305**
5.2 Major products				
Sale of produce				
Tea		**5,760,754**	**3,130,036**	3,238,753
Coconut/Rubber		**111,494**	**111,494**	99,106
Others	5.4	**19,306**	**19,306**	15,446
		5,891,554	**3,260,836**	**3,353,305**
5.3 Timing of revenue recognition				
Products transferred at a point in time		**5,891,554**	**3,260,836**	3,353,305
		5,891,554	**3,260,836**	**3,353,305**

5.4 Revenue classified as 'Others' above, mainly comprises revenue generated from sale pepper and cinnamon, intercrop sales,nursery and coconut husks sales during the year.

5.5 Performance obligations

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

6. OTHER INCOME

Rs.'000	Note	Group 2026	Company 2026	Company 2025
Amortisation of capital grants	28	**5,248**	**5,233**	3,999
Rent income		**136,281**	**94,037**	59,953
Net margin on sale of fertilizer		**16,793**	**-**	-
Gain on Sales of Fixed Assets		**-**	**-**	22,251
Sundry income		**28,346**	**7,074**	2,900
		186,668	**106,344**	**89,103**

NOTES TO THE FINANCIAL STATEMENTS contd.

For the year ended 31 March

7. NET FINANCE INCOME

	Group	Company	
Rs.'000	**2026**	**2026**	**2025**
Finance income			
Interest income from short term investment	100,111	97,782	114,423
Interest income on related party receivables	35,334	35,334	86,322
Interest income on other loans	4,870	-	-
Exchange gain	5,284	5,284	3,864
	145,599	**138,400**	**204,609**
Finance costs			
Overdraft interest	(1,982)	-	-
Interest expenses on related party	-	-	(6,632)
Interest expenses on borrowings	-	-	(556)
Government lease interest expense	(7)	(7)	(6)
Interest expense on other leases	(298)	(298)	(688)
	(2,287)	**(305)**	**(7,882)**
Net finance income	**143,312**	**138,095**	**196,727**

8. PROFIT BEFORE TAX

Is stated after charging all the expenses including the following:

		Group	Company	
Rs.'000	**Note**	**2026**	**2026**	**2025**
Directors' remuneration		9,951	7,540	10,487
Statutory audit fees		8,021	5,186	4,650
Depreciation and amortisation				
Right of use assets	11	85,328	85,261	52,381
Immovable estate assets on finance lease	12	3,024	3,024	3,819
Bearer biological assets	15.1	20,174	20,174	18,062
Tangible assets (other than biological assets)	13	106,920	57,698	53,686
Intangible assets	14	1,432	1,432	1,472
Total depreciation and amortisation		**216,878**	**167,589**	**129,420**
Personnel costs				
Defined contribution plans - Provident funds & ETF		84,340	64,227	95,288
Salaries and wages		1,243,972	1,104,468	832,399
Provision for retiring gratuity - Workers		131,213	126,061	124,538
- Staff		18,742	18,426	16,917
Provision for impairment of trade and other receivables	21.1	171	-	131
Provision of slow-moving and obsolete stocks	20.1	3,517	3,517	3,110
Donation		33	33	80

NOTES TO THE FINANCIAL STATEMENTS contd.

For the year ended 31st March

9. TAX EXPENSE Group/Company

		Group	Company	
Rs.'000	**Note**	**2026**	**2026**	**2025**
Provision for the year	9.2	148,958	137,228	202,974
Over provision in respect of previous year		(4,903)	(4,903)	-
Deferred tax charge /(reversal)	27	19,269	(31,212)	98,902
		163,324	**101,113**	**301,876**

9.1 Current Tax Expense

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

9.2 Reconciliation between accounting profit and taxable income

		Group	Company	
Rs.'000	**Note**	**2026**	**2026**	**2025**
Accounting profit before taxation		1,370,073	652,317	882,866
Fair value gain on biological assets	15.4	(209,765)	(209,765)	(313,571)
Gain on bargain purchase	17.1.2	(514,673)	-	-
Change in fair value of investment property		(182,798)	-	-
Aggregate allowable expenses		(359,608)	(275,700)	(160,138)
Aggregare disallowable expenses		466,356	312,989	302,261
Exempt profits from business		(314,000)	(249,569)	(283,298)
Profit from business taxable		**255,585**	**230,272**	**428,120**
Other sources of income		266,264	227,153	363,067
Total assessable income		**521,849**	**457,425**	**791,187**
Tax losses claimed during the period	9.3	(25,321)		(114,605)
Taxable income		**496,528**	**457,425**	**676,582**
Income taxable at 30%		496,528	457,425	676,582
		496,528	457,425	676,582
Income Tax at 30%		148,958	137,228	202,974
Total income tax expense		**148,958**	**137,228**	**202,974**

9.3 Accumulated tax losses

	Group	Company	
Rs.'000	**2026**	**2026**	**2025**
As at 1st April	-	-	117,837
On acquisition of subsidiary	6,187	-	-
Adjustment in respect of previous years	-	-	(3,232)
Tax losses arising during the year	19,134		
Tax losses claimed during the year	(25,321)	-	(114,605)
At the end of the year	**-**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS contd.

For the year ended 31 March

10. EARNINGS PER SHARE

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

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

	Group	Company	
	2026	2026	2025
Profit attributable to the ordinary shareholders (Rs.000)	1,171,912	551,204	580,989
Weighted average number of ordinary shares for basic earnings per share (000)	19,399	19,399	19,399
Basic earnings per share (Rs)	60.41	28.41	29.95

There were no potential dilutive shares outstanding at any time during the year/previous year. Hence, Diluted Earnings per Share is same as Basic Earnings per Share.

11. RIGHT OF USE ASSETS

11.1 Group

As at 31st March	2026		
Rs.'000	Land	Plant and Machinery	Total
Cost			
At the beginning of the year	1,458,000	22,265	1,480,265
On acqusition of subsidiary	3,083		3,083
At the end of the year	**1,461,083**	**22,265**	**1,483,348**
Accumulated amortisation			
At the beginning of the year	-	6,415	6,415
Charge for the year	83,659	1,669	85,328
On acqusition of subsidiary	1,151		1,151
At the end of the year	**84,810**	**8,084**	**92,894**
Carrying value			
At the end of the year	**1,376,273**	**14,181**	**1,390,454**

NOTES TO THE FINANCIAL STATEMENTS contd.

As at 31st March

11.2 Company

Rs.'000	2026			2025		
	Land	Plant and Machinery	Total	Land	Plant and Machinery	Total
Cost						
At the beginning of the year	**1,458,000**	**22,265**	**1,480,265**	1,184,094	22,265	1,206,359
Revaluation gain	**-**	**-**	**-**	438,017	-	438,017
Transfer of accumulated amortisation	**-**	**-**	**-**	(164,111)	-	(164,111)
At the end of the year	**1,458,000**	**22,265**	**1,480,265**	**1,458,000**	**22,265**	**1,480,265**
Accumulated amortisation						
At the beginning of the year	**-**	**6,415**	**6,415**	**113,399**	**4,746**	**118,145**
Charge for the year	**83,592**	**1,669**	**85,261**	50,712	1,669	52,381
Transfer of accumulated amortisation	**-**	**-**	**-**	(164,111)	-	(164,111)
At the end of the year	**83,592**	**8,084**	**91,676**	**-**	**6,415**	**6,415**
Carrying value						
At the end of the year	**1,374,408**	**14,181**	**1,388,589**	**1,458,000**	**15,850**	**1,473,850**

11.3 Land on lease

The subsidiary's Right-of-Use (ROU) Asset represents its right to use the leasehold land on which the Karawita Tea Factory is located. The land is held under a 50-year lease agreement commencing on 15 August 1997. As at the reporting date, the remaining lease term is 21 years. The factory situated on the leased land was subsequently sub-leased to a third party under a Sub-Lease Agreement dated 8 November 2021.

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

11.3.1 Revaluation

The Group changed its accounting policy relating to the measurement of Right-of -use asset on the land from the cost model to revaluation model with effect from 1st January 2022.In line with this policy, revaluations are carried out once every three years. Accordingly, a valuation has been carried out as at 31st March 2025 and the resulting fair value change has been recognized in the other comprehensive income. The fair value measurement is categorised as a Level 3 valuation based on SLFRS 13 - "Fair Value Measurment".

Valuation techniques and significant unobservable inputs used in the valuation

(a) Valuation technique

The valuation was carried by Mr.W.M.Chandrasena, an independent Chartered Valuation Surveyor. The effective date of the valuation was 31st March 2025. In ascertaining the fair value of right-of-use asset of lands, a physical observation was carried out covering all the estates by the valuer.'The fair value of righ-of-use asset relating to land has been derived based on the combination of both income approach and market approach based valuations as explained below.

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

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

The fair value of plantation assets calculated using the income approach above is then reduced from the fair value of the total estate arrived at based on the contractor's method valuation. The residual value has been considered as the fair value of the leasehold right of land.

NOTES TO THE FINANCIAL STATEMENTS contd.

As at 31st March

Leasehold Land:

Group	Estate name	Location	No of Ha.	As at 31 st March 2025 Rs' 000
Udapussellawa Plantations PLC	Blairlomond	Udapussellawa	589.75	**111,000**
	Alnwick	Udapussellawa	374.00	**117,000**
	Delmar	Udapussellawa	628.82	**211,000**
	Gordon	Udapussellawa	398.75	**110,000**
	Waldemar	Udapussellawa	368.50	**121,000**
	Concordia	Nuwara Eliya	426.80	**150,000**
	Courtlodge	Nuwara Eliya	407.16	**112,000**
	Park	Nuwara Eliya	402.15	**108,000**
	Duckwari	Matale	637.86	**140,000**
	Madulkelle	Matale	854.14	**200,000**
	Yatawatte	Matale	442.11	**78,000**
				1,458,000
Tea Smallholder Factories PLC	Karavita	Rathnapura	2.02	**3,083**
				1,461,083

(b) Significant unobservable inputs and its sensitivity

Fair values appearing in the statement of financial position are as at 31st March 2025 sentisitive to changes in significant unobservable assumptions disclosed below. Sensitivity of these values to changes in the assumptions are discosed below.

Input	Range	Change	Impact on fair value		Amount
			Increase	Decrease	Rs.'000
Free hold value per hectar (Rs.000)	224-485	+10%	✓		**194,000**
		-10%		✓	**(148,000)**
Discount rate	8.5% - 12%	+1%	✓		**469,000**
		-1%		✓	**(620,400)**

11.4 Plant and machinery

This represents machines obtained on lease during the year ended 31st December 2021. The lease term of these machines is 5 years.

11.5 The carrying value of right-of-use land that would have been carried at initial cost less accumulated amortisation is as follows,

	Group	Company	
Rs.'000	2026	2026	2025
Right of use asset - Land	209,987	208,122	218,746
	209,987	**208,122**	**218,746**

NOTES TO THE FINANCIAL STATEMENTS contd.

As at 31st March

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

In terms of Group/Company the ruling of the UITF of the Institute of Chartered Accountants of Sri Lanka, all immovable assets in these estates under finance leases have been taken into the books of the Company retroactive to 22nd June 1992. For this purpose, the Board decided at its meeting on 8th March 1995 that these assets would be taken at their book values as they appear in the books of the JEDB/SLSPC, on the day immediately preceding the date of formation of the Company. These assets are taken into 22nd June 1992 Statement of Financial Position and depreciated as follows:

Rs.'000	Improvement to Land	Other Vested Assets	Mature Plantations	Buildings	Plant and Machinery	Total 2026	Total 2025
Cost							
At the beginning of the year	5,364	155	126,711	46,165	14,829	193,224	193,224
At the end of the year	**5,364**	**155**	**126,711**	**46,165**	**14,829**	**193,224**	**193,224**
Accumulated amortisation							
At the beginning of the year	5,364	155	122,066	46,165	14,829	188,579	184,760
Charge for the year	-	-	3,024	-	-	3,024	3,819
At the end of the year	**5,364**	**155**	**125,090**	**46,165**	**14,829**	**191,603**	**188,579**
Written down value							
At the end of the year	**-**	**-**	**1,621**	**-**	**-**	**1,621**	**4,645**

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

Leasehold buildings:

Company	Estate name	Location	No of buildings	Revaluation Rs.'000
Udapussellawa Plantations PLC	Blairlomond	Udapussellawa	227	4,955
	Alnwick	Udapussellawa	233	4,109
	Delmar	Udapussellawa	76	4,287
	Gordon	Udapussellawa	212	6,211
	Waldemar	Udapussellawa	149	3,254
	Concordia	Nuwara Eliya	344	4,818
	Courtlodge	Nuwara Eliya	217	3,553
	Park	Nuwara Eliya	359	5,097
	Duckwari	Matale	138	4,605
	Madulkelle	Matale	205	2,826
	Yatawatte	Matale	39	2,450
				46,165

13. TANGIBLE ASSETS (other than biological assets)

13.1 Group

Rs.'000	Freehold Assets							Grant-Funded Assets								
	Land	Motor Vehicles	Building	Plant and Machinery	Furniture and Fittings	Equipment	Computer Hardware	Improvements to leasehold Buildings	Workers Housing	Water, Sanitation and Electricity	Farm Roads	Latrines	Solar Power System	Total	Capital work in progress	Total 2026
Cost / Revaluation																
At the beginning of the year		123,165	-	419,795	9,359	87,762	30,434	226,689	115,336	16,621	16,041	15,758	-	1,060,960	16,387	1,077,347
Additions during the year		38,135	-	24,868	1,079	25,650	6,157	22,399	-	-	-	-	97,766	216,054	204,282	420,336
On acquisition of subsidiary	170,901	83,986	571,496	370,218	37,052	-	21,277	-	-	-	-	-	-	1,254,930	9,661	1,264,591
Transfers - from /(to)	-	1,515	2,320	161,020	-	48	-	28,441	-	-	-	-	-	193,344	(193,344)	-
Transfer to intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,000)	(3,000)
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(200)	(200)
At the end of the year	**170,901**	**246,801**	**573,816**	**975,901**	**47,490**	**113,460**	**57,868**	**277,529**	**115,336**	**16,621**	**16,041**	**15,758**	**97,766**	**2,725,288**	**33,786**	**2,759,074**
Accumulated depreciation																
At the beginning of the year	-	-	-	343,703	5,789	43,728	28,665	95,052	56,237	15,084	6,028	15,758	-	610,044	-	610,044
Depreciation charge for the year	-	28,955	19,379	39,489	2,045	5,353	2,094	5,945	2,977	263	420	-	-	106,920	-	106,920
on acqusition of subsidiary	-	70,671	12,913	176,876	22,624		18,889				-	-	-	301,973	-	301,973
At the end of the year	**-**	**99,626**	**32,292**	**560,068**	**30,458**	**49,081**	**49,648**	**100,997**	**59,214**	**15,347**	**6,448**	**15,758**	**-**	**1,018,937**	**-**	**1,018,937**
Written down value																
At the end of the year	**170,901**	**147,175**	**541,524**	**415,833**	**17,032**	**64,379**	**8,220**	**176,532**	**56,122**	**1,274**	**9,593**	**-**	**97,766**	**1,706,351**	**33,786**	**1,740,137**

13.2 Company

Rs.'000	Freehold Assets						Grant-Funded Assets								
	Motor Vehicles	Plant and Machinery	Furniture and Fittings	Equipment	Computer Hardware	Improvements to leasehold Buildings	Workers Housing	Water, Sanitation and Electricity	Farm Roads	Latrines	Solar Power System	Total	Capital work in progress	Total 2026	Total 2025
Cost / Revaluation															
At the beginning of the year	123,165	419,795	9,359	87,762	30,434	226,689	115,336	16,621	16,041	15,758	-	1,060,960	16,387	1,077,347	1,030,247
Additions during the year	38,135	24,868	505	25,650	6,157	22,399	-	-	-	-	97,766	215,480	136,246	351,726	76,209
Revaluations gain	-		-	-	-	-	-	-	-	-	-	-	-	-	122,588
Transfers - from /(to)	-	92,668	-	48	-	28,441	-	-	-	-	-	121,157	(121,157)	-	-
Transfer to intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	(3,000)	(3,000)	-
Transfer of accumulated depreciation	-	-	-		-	-	-	-	-	-	-	-	-	-	(123,826)
Disposals during the year	-	-	-		-	-	-	-	-	-	-	-	(200)	(200)	(27,871)
At the end of the year	**161,300**	**537,331**	**9,864**	**113,460**	**36,591**	**277,529**	**115,336**	**16,621**	**16,041**	**15,758**	**97,766**	**1,397,597**	**28,276**	**1,425,873**	**1,077,347**
Accumulated depreciation															
At the beginning of the year	-	343,703	5,789	43,728	28,665	95,052	56,237	15,084	6,028	15,758	-	610,044	-	610,044	706,581
Depreciation charge for the year	25,362	16,241	518	5,353	619	5,945	2,977	263	420	-	-	57,698	-	57,698	53,686
Transfer of accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(123,826)
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(26,397)
At the end of the year	**25,362**	**359,944**	**6,307**	**49,081**	**29,284**	**100,997**	**59,214**	**15,347**	**6,448**	**15,758**	**-**	**667,742**	**-**	**667,742**	**610,044**
Written down value															
At the end of the year	**135,938**	**177,387**	**3,557**	**64,379**	**7,307**	**176,532**	**56,122**	**1,274**	**9,593**	**-**	**97,766**	**729,855**	**28,276**	**758,131**	**467,303**

NOTES TO THE FINANCIAL STATEMENTS contd.

As at 31st March

13.3 Revaluation of motor vehicles

The Board of Directors of the Group decided to change its accounting policy related to the measurement of motor vehicles from cost model to revaluation model with effect from 1st January 2022..In line with this policy, revaluations are carried out once every three years. Accordingly, a valuation has been carried out as at 31st March 2025 by a valuation specialist "LOLC Motors Limited". This valuation has been classified as a level 3 fair valuation in line with SLFRS 13- "Fair Value Measurement".

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

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

Unobservable input	Range (Rs;000)	Fair value Sensivity
Market value	60-23,000	Fair value is positively corelated to the market value determined

13.3.1 Sensitivity analysis

Significant unobservble inputs used in the valuation as at 31st March 2025 are sensitive to the fair value of company motor vehicles. Below table summerises the fair value sensitivity to the market prices.

Unobservable input	Range (Rs.000)	Change	Sensitivity (Rs.'000)
Market value	60-23,000	10% Increase	12,317
		10% Decrease	(12,317)

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

	Group	Company	
Rs.'000	2026	2026	2025
Motor vehicle	52,648	38,135	392
	52,648	38,135	392

13.4 Property, Plant and Equipment with a cost of Rs. 587 Mn company and Rs.780 Mn group (2024/25 : Rs. 382 Mn) have been fully depreciated and continued to be in use by the Group/ Company.

13.5 The assets shown above are those movable and immovable assets vested in the Company by gazette notification at the date of formation of the Company (22nd June 1992) and all investments in tangible assets by the Company since its formation.

The assets taken over by way of estate leases are set out in notes 11.2 & 12.

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

13.7 Capital work in progress represents cost incurred by group on Building, Plant and Machinery and company Building and solar power projects. as at 31st March 2026.

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

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As at 31st March

14. INTANGIBLE ASSETS

14.1 Computer Software

	Group	Company	
Rs.'000	2026	2026	2025
Cost			
At the beginning of the year	33,445	33,445	33,445
On acquisition of subsidiary	2,000	-	-
Transfer from Property plant and Equipment	3,000	3,000	-
At the end of the year	**38,445**	**36,445**	**33,445**
Accumulated amortisation			
At the beginning of the year	30,745	30,745	29,273
On acquisition of subsidiary	2,000	-	-
Charge for the year	1,432	1,432	1,472
At the end of the year	34,177	32,177	30,745
Written-down value	**4,268**	**4,268**	**2,700**

14.2 Good will-Subsidiary

	Group	Company	
Rs.'000	2026	2026	2025
Cost			
On acquisition of subsidiary	7,303	-	-
At the end of the year	**7,303**	**-**	**-**
Total intangible assets	**11,571**	**4,268**	**2,700**

15. BIOLOGICAL ASSETS

15.1 Bearer biological assets Group/Company

Rs.'000		IMMATURE BEARER BIOLOGICAL ASSETS				Total	Total
	Note	Tea	Rubber	Coconut	Others	2026	2025
Cost							
At the beginning of the year		91,162	11,732	10,834	9,340	123,068	132,473
Additions during the year		7,173	1,981	1,920	1,486	12,560	18,979
Transfers to mature bearer biological assets		-	-	-	-	-	(28,384)
		98,335	**13,713**	**12,754**	**10,826**	**135,628**	**123,068**
Provision for impairment	15.1.1	(32,821)	(2,787)	-	(5,433)	(41,041)	(40,844)
At the end of the year		**65,514**	**10,926**	**12,754**	**5,393**	**94,587**	**82,224**

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As at 31st March

Rs.'000	MATURE BEARER BIOLOGICAL ASSETS				Total	Total
	Tea	Rubber	Coconut	Others	2026	2025
Cost						
At the beginning of the year	557,258	25,344	62,504	15,369	**660,475**	632,091
Transfers from Immature bearer biological assets	-	-	-	-	-	28,384
At the end of the year	**557,258**	**25,344**	**62,504**	**15,369**	**660,475**	**660,475**
Accumulated amortisation						
At the beginning of the year	242,106	7,206	18,550	4,008	**271,870**	253,808
Charge for the year	14,943	1,583	1,562	2,086	**20,174**	18,062
At the end of the year	**257,049**	**8,789**	**20,112**	**6,094**	**292,044**	**271,870**
Written-down value	**300,209**	**16,555**	**42,392**	**9,275**	**368,431**	**388,605**
Total bearer biological assets	**365,723**	**27,481**	**55,146**	**14,668**	**463,018**	**470,829**

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

15.1.1 Provision for impairment of bearer biological assets

Considering the inadequate growth compared to the expected growth, the Company has performed an impairment assessment on immature biological assets. Consequent to this, provision for impairment has been recognized.

Rs.'000	Tea	Rubber	Coconut	Others	2026	2025
At the beginning of the year	**32,624**	**2,787**	**-**	**5,433**	**40,844**	13,115
Provision during the year	**197**	**-**	**-**	**-**	**197**	27,729
At the end of the year	**32,821**	**2,787**	**-**	**5,433**	**41,041**	**40,844**

15.2 Consumable biological assets-Group/Company

Rs.'000	Note	2026	2025
Immature consumable biological assets			
Cost			
At the beginning of the year		**32,772**	28,868
Additions during the year		**1,777**	5,747
Provision for the year	15.2.1	**-**	(1,029)
Transfers to mature during the year		**-**	(814)
At the end of the year		**34,549**	**32,772**
Mature consumable biological assets			
At the beginning of the year		**1,601,955**	1,369,292
Transfer from immature during the year		**-**	814
Change in fair value;			
Due to price changes		**-**	(13,446)
Due to physical changes		**-**	88,906
Due to other changes		**218,571**	239,393
Decrease due to harvest		**-**	(83,004)
At the end of the year		**1,820,526**	**1,601,955**
Total consumable biological assets		**1,855,075**	**1,634,727**

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15.2.1 Provision for impairment of consumable biological assets

Considering the inadequate growth compared to the expected growth, the Company has performed an impairment assessment on immature consumable biological assets. Consequent to this, provision for impairment has been recognized.

Rs.'000	2026	2025
At the beginning of the year	1,029	-
Provision during the year	-	1,029
At the end of the year	**1,029**	**1,029**

As per LKAS 41, the Company has valued its managed timber plantations at fair value less cost to sell. Managed timber plantations as at 31st March 2026 comprised approximately of 413.55 hectares (2024/25: 413.55 hectares).

Managed trees which are less than four years old are considered to be Immature consumable biological assets amounting to Rs. 34.5 Mn as at 31st March 2026 (2024/25: Rs. 32.8 Mn). The cost of immature trees is treated as approximate to fair value particularly on the ground that little biological transformation has taken place and impact of the biological transformation on price is not material. When such plantations are mature, additional investments to bring them to maturity are transferred from immature to mature.

15.2.2 Measurement of fair value

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

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

Key assumptions used in the valuation are :

1. Harvesting is approved by the Plantation Management and Monitoring Division and Forestry Department as per the forestry management plan.
2. The prices adopted are net of expenditure / Timber price per cubic feet range from Rs. 200 to Rs. 1,000
3. Risk-adjusted discount rate is 15% (2024/25: 15%). Fair value would increase if discount rate was low and fair value would decrease if discount rate was high.
4. Selling Price of managed timber have been taken based on market price and industry professional expert opinion. Fair value would increase if timber prices were high and fair value would decrease if timber prices were low.

The valuation was carried by independent valuer Mr. W. M. Chandrasena, Chartered Valuation Surveyor, In ascertaining the fair value of timber as of 31st March 2026 covering all the estates.

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

The biological assets of the Company are mainly cultivated in leased lands. When measuring the fair value of the biological assets it was assumed that these concession can and will be renewed in normal circumstances. Timber content expects to be realised in future and is included in the calculation of the fair value that takes into account the age of the timber plants.

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

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and industry pest and disease surveys. The Company also insures itself against natural disasters such as floods, landslides and hurricanes.

15.2.3 Sensitivity Analysis

Sensitivity Variation on Sales Price

Values appearing in the Statement of Financial Position are sensitive to price changes with regard to the average sales prices applied. Simulations made for timber prices 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.

Rs.'000	-10%	+10%
As at 31st March 2026	(182,053)	182,053
As at 31st March 2025	(160,196)	160,196

Sensitivity variation on discount rate

Values appearing in the Statement of Financial Position are sensitive to changes of discount rate applied. Simulations made for discount rate 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.

Rs.'000	-1%	+1%
As at 31st March 2026	140,307	127,134
As at 31st March 2025	148,615	(130,371)

15.3 Non-harvested produce on bearer plants Group/Company

Rs.'000	2026	2025
At the beginning of the year	18,182	19,464
Change in fair value less cost to sell	(8,806)	(1,282)
At the end of the year	**9,376**	**18,182**

15.4 Change in fair value of biological assets

Rs.'000	2026	2025
Change in fair value of consumable biological assets less cost to sell	218,571	314,853
Change in fair value of non-harvested produce on bearer plants	(8,806)	(1,282)
Total change in fair value of biological assets	**209,765**	**313,571**

16. INVESTMENT PROPERTIES

Rs.'000	2026
Acquisition of Subsidiaries	813,202
Net gain from fair value remeasurement	182,798
At the end of the year	**996,000**

16.1 Valuation Details of Investment Property

Investment properties or the Group were valued by a qualified professional valuer as at 31st December 2025, details of which are as follows

The land under Karawita Tea Factory has been obtained on a 50 year lease from Mr. E.J. Wijewardena, commencing 15th August 1997. On 08th November 2021, the factory was leased out to a Sub-Lessee through a Sub-Lease Agreement. The property was revalued by Mr. K.T.D. Tissera, Chartered Valuation Surveyor as at 08th November 2021 and thereafter the property has been classified as an investment property.The property was revalued by Mr. W.M. Chandrasena, RICS – Chartered Valuers, Chartered Valuation Surveyor as on 31st December 2025.

New Panawenna Tea Factory, located in the Rathnapura region, was leased out to a Lessee on 01st February 2024. The property was revalued by Mr. W.M. Chandrasena, RICS – Chartered Valuers, Chartered Valuation Surveyor as on 31st December 2025 and thereafter the property has been classified as an investment property.

NOTES TO THE FINANCIAL STATEMENTS contd.

As at 31st March

Fair value of the investment property situated at No 77A, New Nuge Road, Peliyagoda has been obtained on a long term lease from the Urban Development Authority of Sri Lanka for a period of 99 years commencing 1st April 1999 with the eligibility for renewal for a further period of 99 years. The property ascertained by independent valuations carried out by Mr. W.M. Chandrasena, RICS – Chartered Valuers- Chartered Valuation Surveyors as at 31 December 2025. Investment property were appraised in accordance with LKAS 40 and international Valuation Standards published by the International Valuation Standards Committee (IVSC), by the independent valuers.

16.2 Accounting Judgements, Estimates and Assumptions related to Valuation of Investment Property - Subsidiary

In determining the fair value, the current condition of the property, future usability and associated redevelopment requirements have been considered. Additionally the valuer has made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are approximated within appropriate range of values.

The valuations as of 31st December 2025 contained a higher estimation of uncertainty as there were fewer market transactions which are ordinarily a strong source of evidence regarding fair value. The value reflected represents the best estimate based on the market conditions that prevailed, which in valuers' considered opinion, meets the requirements in SLFRS-13 Fair Value Measurement.

Information on fair value measurement on investment property as at 31st December 2026 using significant unobservable inputs (level 3) is given below.

Investment Property situated at No. 77 A, New Nuge Road, Peliyagoda

Type of Asset	Fair Value as at 31st December 2026	Method of Valuation	Significant Unobservable Inputs	Estimated Monthly Lease Rental	Estimated discount rate	Capitalization rate	Sensitivity of Fair Value to Unobservable Inputs
Land & Building	546,000,000	Income Approach	Monthly Lease Rental, Capitalization Rate, Discount rate	Rs. 2,957,311.50 -Rs. 3,260,435.93 per month	12%	8.5%	Positively correlated to the estimated monthly lease rental and capitalization rate, Negatively correlated to the discount rate

Investment Property situated in Karawita, Ratnapura

Type of Asset	Fair Value as at 31st December 2026	Method of Valuation	Significant Unobservable Inputs	Estimated Monthly Lease Rental	Estimated discount rate	Capitalization rate	Sensitivity of Fair Value to Unobservable Inputs
Buildings	213,000,000	Income Approach	Monthly Lease Rental, Capitalization Rate, Discount rate	Rs. 1,150,000 per month	12%	8.8%	Positively correlated to the estimated monthly lease rental and capitalization rate, Negatively correlated to the discount rate

NOTES TO THE FINANCIAL STATEMENTS contd.

As at 31st March

Investment Property situated in Kahawatte, Ratnapura

Type of Asset	Fair Value as at 31st December 2026	Method of Valuation	Significant Unobservable Inputs	Estimated Monthly Lease Rental	Estimated discount rate	Capitalization rate	Sensitivity of Fair Value to Unobservable Inputs
Land & Buildings	237,000,000	Income Approach	Monthly Lease Rental, Capitalization Rate, Discount rate	Rs. 882,000 - Rs. 1,241,062.57 per month	12%	8.5%	Fair value is positively correlated with the estimated monthly lease rental and capitalization rate and negatively correlated with the discount rate

16.3 Fair Value Hierarchy

The fair value of property was determined by external independent property valuer having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The fair value measurement for all of properties has been categorised as level 03 fair value based on the input to the valuation technique used.

16.4 Rental Income earned and direct operating expenses incurred on Investment Properties

Rs.'000	2026
Rental Income	55,979
	55,979

* The Company has not incurred any direct operating expenses in the current year in connection with the Investment properties.

Future minimum rentals receivable as at 31st March 2026

Rs.'000	2026
Within one year	60,255
After one year but not more than five years	209,347

17. INVESTMENT IN SUBSIDIARY

17.1 Acquisition of Tea Smallholder Factories PLC

On 3rd April 2025, company acquired 11,276,839 ordinary voting shares of Tea Smallholder Factories PLC, representing approximately 37.59% of the Tea Smallholder Factories PLC total issued ordinary shares, at a consideration of Rs. 35.00 per share. Subsequently, on 09th June 2025, Company acquired a further 11,304,474 ordinary voting shares through the mandatory offer process, in accordance with the Takeovers and Mergers Code of Sri Lanka.

Following these acquisitions, Company aggregate shareholding in the Tea Smallholder Factories PLC increased to 75.27% of the total issued ordinary shares, thereby obtaining control and becoming the majority shareholder of the Tea Smallholder Factories PLC.

Accordingly, following the acquisition of control, Tea smallholder Factories PLC has been accounted for as a subsidiary of the Company and its financial results have been consolidated into the Group financial statements with effect from 30th June 2025. For practical reasons, considering the timing of the acquisition and the availability of financial information, the consolidation was performed based on the latest available financial statements of Tea smallholder Factories PLC as at 30th June 2025.

Unquoted Investment	% Holding	No. of Shares	Value (Rs.000)
Tea Smallholder Factories PLC	75.27%	22,581,313	793,271

NOTES TO THE FINANCIAL STATEMENTS contd.

As at 31st March

17.1.1 Consideration transferred

Rs'000	
Assets	
Inventories	489,447
Trade and Other Receivables	103,981
Other Current Assets	10,604
Income Tax Recoverable	6,096
Cash in Hand and at Bank	2,246
Property, Plant and Equipment	962,618
Right of Use Assets	1,932
Investment Property	813,202
Intangible Assets	7,303
Non-Current Financial Assets	805
Other Non-Current Assets	74
	2,398,310
Liabilities	
Trade and Other Payables	202,294
Amounts due to Related Parties	9,195
Other Current Liabilities	4,215
Bank Overdraft	65,745
Deferred Tax Liabilities	332,670
Employee Benefit Liabilities	46,163
Deferred Grants and Subsidies	382
	660,664
Fair Value of Identifiable net assets Acquired	1,737,646

17.1.2 Gain on bargain purchase

Result of the acquisition of the above subsidiary is as follows	
Fair value of consideration	793,271
Non Controlling Interest	429,702
Gain on bargain purchase	514,673

17.1.3 Net cash used in acquisition

Purchase consideration paid	(793,271)
Cash & cash equivalents acquired	2,246
Bank Overdraft	(65,745)
Net cash outflow	(856,770)

18. NON-CURRENT FINANCIAL ASSETS-Subsidiary

18.1 Loans to Executives

Rs'000	2026
On acquisition of subsidiary	1,344
Recoveries	(371)
At the end of the year	973
Receivable within one year	539
Receivable after one year	
Receivable between one and five years	434
	973

19. OTHER NON-CURRENT ASSETS-Subsidiary

19.1 Prepaid Staff Cost

Rs'000	2026
On acquisition of subsidiary	74
Additions	-
Amortisation	(24)
At the end of the year	50

NOTES TO THE FINANCIAL STATEMENTS contd.

As at 31st March

20. INVENTORIES

		Group	Company	
Rs.'000	**Note**	**2026**	**2026**	**2025**
Nursery stock		3,784	3,784	7,096
Produce stock - Tea		683,691	241,929	341,179
Produce stock - Others		537	537	1,861
Consumables and spares		194,306	140,618	238,124
		882,318	**386,868**	**588,260**
Less: Provision for obsolete and slow-moving stock	20.1	(778)	(778)	(6,320)
		881,540	**386,090**	**581,940**

20.1 Provision for obsolete and slow-moving stocks

	Group	Company	
Rs.'000	**2026**	**2026**	**2025**
At the beginning of the year	6,320	6,320	3,210
Write-off during the year	(9,059)	(9,059)	-
Provision during the year	3,517	3,517	3,110
At the end of the year	**778**	**778**	**6,320**

21. TRADE AND OTHER RECEIVABLES

		Group	Company	
Rs.'000	**Note**	**2026**	**2026**	**2025**
Trade debtors		307,017	133,992	59,778
Tax receivable		87,898	87,898	11,407
Advances and prepayments		41,282	41,282	38,383
Loans to Executives		539	-	-
Other debtors*		243,459	170,219	169,050
		680,195	**433,391**	**278,618**
Less : Provision for impairment	21.1	(1,646)	(131)	(131)
		678,549	**433,260**	**278,487**

*Other debtors as at 31st March 2026 include amounts receivable from bought leaf suppliers, as well as other items such as rent receivable and similar operational balances

21.1 Provision for impairment

		Group	Company	
Rs.'000	**Note**	**2026**	**2026**	**2025**
At the beginning of the year		131	131	35,702
On acquisition of subsidiary		2,827	-	-
Recovery for the year		(210)	-	-
Provision during the year		171		131
Write-off during the year	21.2	(1,273)	-	(35,702)
At the end of the year		**1,646**	**131**	**131**

21.2 There is no enforcement activities relating to the write-off of debtors during the year.

NOTES TO THE FINANCIAL STATEMENTS contd.

As at 31st March

22. AMOUNT DUE FROM RELATED COMPANY

		Group	Company	
Rs.'000	**Note**	**2026**	**2026**	**2025**
Hapugastenne Plantations PLC		25,041	9,778	429,122
Provision for impairment	22.1	-	-	(11,897)
		25,041	**9,778**	**417,225**

22.1 Provision for impairment

	Group	Company	
Rs.'000	**2026**	**2026**	**2025**
At the beginning of the year	11,897	11,897	11,897
Reversal made during the year	(11,897)	(11,897)	-
At the end of the year	**-**	**-**	**11,897**

23. CASH AND CASH EQUIVALENTS

23.1 Favourable balances

		Group	Company	
Rs.'000	**Note**	**2026**	**2026**	**2025**
Cash in hand		322	220	312
Short term investments	23.3	1,275,916	1,224,626	1,606,745
Cash at bank		74,885	70,905	125,242
Cash and cash equivalent as per the statement of Financial Position		**1,351,123**	**1,295,751**	**1,732,299**

23.2 Unfavourable balances

	Group	Company	
Rs.'000	**2026**	**2026**	**2025**
Bank Overdraft	(25,044)	-	-
Cash and cash equivalent as per the statement of Cash Flows	**1,326,079**	**1,295,751**	**1,732,299**

23.3 Short term investment represents investment in Commercial papers which are maturing with in one month to three months.

The securities pledged have been disclosed in Note 26.1 to the Financial Statements.

24. STATED CAPITAL

		Group	Company	
Rs.'000	**Note**	**2026**	**2026**	**2025**
18,398,850 Ordinary shares		340,000,000	340,000,000	340,000,000
Golden share held by the Secretary to the Treasury	24.1	10	10	10
		340,000,010	**340,000,010**	**340,000,010**

NOTES TO THE FINANCIAL STATEMENTS contd.

As at 31st March

24.1 The Golden Shareholder

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

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

(b) The Golden Shareholder shall be entitled to call upon the Board of Directors meeting once in three months to meet him or his nominee to discuss matters of the Company of interest to the state of the Government.

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

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

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

25. REVALUATION RESERVE

Revaluation reserve represents the change in fair value of right-of-use assets related to lands, and free hold motor vehicles.

	Group	Company	
Rs.'000	**2026**	**2026**	**2025**
At the beginning of the year	1,132,548	1,132,548	740,124
Cumulative change in fair value	-	-	560,605
Tax charged on change in fair value	-	-	(168,181)
At the end of the year	**1,132,548**	**1,132,548**	**1,132,548**

26. INTEREST-BEARING BORROWINGS

	Group	Company	
Rs.'000	**2026**	**2026**	**2025**
Balance at the beginning of the year	-	-	10,404
Repayments during the year	-	-	(10,404)
At the end of the year	**-**	**-**	**-**

26.1 Securities pledged

The following assets have been pledged as security for liabilities:

Company	Facility Rs. Mn	Outstanding Rs. Mn	Security
Bank Overdraft			
DFCC Bank PLC	100	-	Corporate Guarantee from Hapugastenne Plantations PLC for Rs. 100 Mn.

NOTES TO THE FINANCIAL STATEMENTS contd.

As at 31st March

27. DEFERRED TAX LIABILITIES

	Group	Company	
Rs.'000	**2026**	**2026**	**2025**
At the beginning of the year	**995,014**	**995,014**	**744,666**
Charge /(Reversal) recognised in profit or loss	19,269	(31,212)	98,903
On acquisition of Subsidiary	332,670	-	-
Charge/(reversal) recognised in other comprehensive income	(30,234)	(30,203)	151,445
At the end of the year	**1,316,719**	**933,599**	**995,014**

Deferred tax liability

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 rate of 30% (2024/25-30%) for the Group as at 31st March 2026.

27.1 The deferred tax liability is recognized on following temporary differences

GROUP

	2026	
RS.'000	**Taxable / (deductible) temporary differences**	**Tax effect on temporary differences**
Temporary difference on:		
Consumable biological assets at fair value	1,855,075	556,523
Tangible assets other than biological assets	1,086,227	325,868
Bearer biological assets	463,018	138,905
Retirement benefit obligations	(976,030)	(292,809)
Right of Use Assets	1,390,454	417,136
Lease liability	(836)	(251)
Investment Properties	647,000	194,100
Others	(368)	(109)
Provision for trade and other receivables	(1,646)	(494)
Provision for inventories	(778)	(233)
Lease rental receivable	27,724	8,317
	4,489,840	**1,346,953**
On remeasurement of retirement benefit obligations	(100,780)	(30,234)
	4,389,060	**1,316,719**

NOTES TO THE FINANCIAL STATEMENTS contd.

As at 31st March

COMPANY

RS.'000	2026 Taxable / (deductible) temporary differences	2026 Tax effect on temporary differences	2025 Taxable / (deductible) temporary differences	2025 Tax effect on temporary differences
Temporary difference on:				
Consumable biological assets at fair value	1,855,075	556,523	1,634,727	490,418
Tangible assets other than biological assets	406,207	121,862	262,870	78,861
Bearer biological assets	463,018	138,905	470,829	141,249
Retirement benefit obligations	(926,196)	(277,859)	(856,982)	(257,096)
Right of Use Assets	1,388,589	416,577	234,291	70,287
lease liability	(836)	(251)	(5,511)	(1,653)
Provision for trade and other receivables	(131)	(39)	(131)	(39)
Provision for inventories	(778)	(233)	(6,320)	(1,896)
Lease rental receivable	27,724	8,317	20,801	6,240
	3,212,672	**963,802**	**1,754,574**	**526,371**
Revaluation of land on lease	-	-	1,368,700	410,610
Revaluation of motor vehicles	-	-	249,226	74,769
On remeasurement of retirement benefit obligations	(100,676)	(30,203)	(55,788)	(16,736)
	3,111,996	**933,599**	**3,316,712**	**995,014**

27.2 Deferred tax charge for the year due to temporary differences

Rs.'000	Group 2026	Company 2026	Company 2025
Deferred tax charge / (reversal) to profit or loss			
Due to change in the temporary differences	19,269	(31,212)	98,903
	19,269	**(31,212)**	**98,903**
Deferred tax charge / (reversal) to other comprehensive income			
Due to change in the temporary differences	(30,234)	(30,203)	151,445
	(30,234)	**(30,203)**	**151,445**

28. DEFERRED INCOME

Rs.'000	Group 2026	Company 2026	Company 2025
At the beginning of the year	81,726	81,726	85,725
On acquisition of subsidiary	382	-	-
Amortisation for the year	(5,248)	(5,233)	(3,999)
At the end of the year	**76,860**	**76,493**	**81,726**

The Subsidiary has received the grant from Sri Lanka Tea Board under programmes aimed at the modernization of Tea Factories including the automation of manufacturing processes and compliance with Continuous Quality Certification (CQC) requirements.

The Company has also 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 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 and Equipment and the grant received for such is reflected under Deferred Income. When the

NOTES TO THE FINANCIAL STATEMENTS contd.

As at 31st March

Group has complied with the conditions attached to the grants and subsidies, the grants will be credited to the Statement of Profit or Loss and Other Comprehensive Income over the useful life of the respective assets.

29. RETIREMENT BENEFIT OBLIGATIONS

	Group	Company	
Rs.'000	**2026**	**2026**	**2025**
At the beginning of the year	873,921	873,921	754,876
On acquisition of Subsidiary	46,163	-	-
Provision made during the year	250,735	245,163	197,243
Payments made during the year	(163,825)	(161,173)	(78,198)
Transfer	751	-	-
At the end of the year	**1,007,745**	**957,911**	**873,921**
Movement in the present value of retirement benefit obligations			
At the beginning of the year	873,921	873,921	754,876
On acquisition of Subsidiary	46,163	-	-
Interest cost during the year	100,911	96,131	94,360
Current service cost during the year	49,044	48,356	47,095
Benefit paid during the year	(163,825)	(161,173)	(78,198)
Transfers	751	-	-
Remeasurement loss of retirement benefit obligations	100,780	100,676	55,788
At the end of the year	**1,007,745**	**957,911**	**873,921**
Expenses recognised in the statements of profit or loss			
Current service cost	49,044	48,356	47,095
Interest cost	100,911	96,131	94,360
	149,955	**144,487**	**141,455**
Expenses recognised in the statement of other comprehensive income			
Remeasurement loss of retirement benefit obligations	**100,780**	**100,676**	**55,788**

The actuarial valuation for the Group was carried out by Actuarial & Management Consultants (Private) Limited as at 31st March 2026.

The key assumptions used by the Actuary include the following.

	Subsidiary	Company	
	2026	**2026**	**2025**
i) Rate of interest - per annum	10%	11%	11%
ii) Rate of salary increase:			
Workers - per annum	6%	11%	10.5%
Staff - per annum	6%	10%	10%
Executives - per annum	6%	8%	10%
iii) Retirement age - years	60	60	60
iv) Staff turnover-range	10%-19%	2%-7%	2%-7%

A long -term Treasury Bond rate of 11% p.a (2024/25-11% p.a) has been used to discounted future liabilities taking in to consideration remaining working life of eligible employees.

The actuarial present value of the accrued benefits as at 31st March 2026 are Rs.1,008 Mn group and Rs.958 Mn company. Rs. 958 Mn (2025/26: Rs.874 Mn). This item is grouped under Retirement Benefit Obligations in the Statement of Financial Position. The liability is not externally funded.

NOTES TO THE FINANCIAL STATEMENTS contd.

As at 31st March

Sensitivity of assumptions used

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

Group

Rs.'000	Discount rate	Salary escalation rate
Effect on retirement benefit obligations		
Increase by one percentage point	(75,279)	89,030
Decrease by one percentage point	85,215	(79,873)

Company

Rs.'000	Discount rate	Salary escalation rate
Effect on retirement benefit obligations		
Increase by one percentage point	(72,971)	86,347
Decrease by one percentage point	82,693	(77,381)

The sensitivity analysis above has been determined on a method that extrapolates the impact on Retirement Benefit Obligations as a result of reasonable changes in key assumptions occurring at the end of reporting period.

The following payments are expected contributions to the Retirement Benefit Obligations in future years:

	Group	Company	
Rs.'000	2026	2026	2025
Within one year	68,833	62,344	76,912
Between 1 to 5 years	477,586	448,917	394,660
Beyond 5 years	2,521,525	2,506,850	2,321,227
	3,067,944	3,018,111	2,792,799
Weighted average duration of defined benefit obligation			
Staff	5.1Years	7.5 Years	7.6 Years
Worker	5.5 years	9.0 Years	9.0 Years

NOTES TO THE FINANCIAL STATEMENTS contd.

As at 31st March

30. LEASE LIABILITIES

Rs.'000	2026			2025		
	JEDB / SLSPC	Commercial Bank PLC	Total	JEDB / SLSPC	Commercial Bank PLC	Total
At the beginning of the year	53	5,458	5,511	55	9,742	9,797
Interest expense for the year	7	298	305	6	688	694
Paid during the year	(8)	(4,972)	(4,980)	(8)	(4,972)	(4,980)
At the end of the year	**52**	**784**	**836**	**53**	**5,458**	**5,511**
Maturity analysis of lease liability						
Current	-	784	784	-	4,783	4,783
Non Current	52	-	52	53	675	728
Total	**52**	**784**	**836**	**53**	**5,458**	**5,511**
Analysis of lease liability						
Less than one year	-	784	784	-	4,783	4,783
One to five years	3	-	3	3	675	678
More than 5 years	49	-	49	50	-	50
Total	**52**	**784**	**836**	**53**	**5,458**	**5,511**
Maturity analysis of undiscounted cash flows						
Less than one year	8	809	817	8	5,087	5,095
One to five years	30	-	30	30	693	723
More than 5 years	127	-	127	127	-	127
Total	**165**	**809**	**974**	**165**	**5,780**	**5,945**

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

Rs.'000	Group	Company	
	2026	2026	2025
As lease interest cost	305	305	694
As lease deprecation cost	85,328	85,261	52,381
Amount recognised in the statement of cash flows as cash outflows	(4,980)	(4,980)	(4,980)

31. AMOUNTS DUE TO RELATED COMPANIES

Rs.'000	Note	Group	Company	
		2026	2026	2025
Amount due to related companies - non-interest-bearing	31.1	306,568	185,449	164,936
		306,568	**185,449**	**164,936**

NOTES TO THE FINANCIAL STATEMENTS contd.

As at 31st March

31.1 Amount due to related companies - non-interest-bearing

	Group	Company	
Rs.'000	**2026**	**2026**	**2025**
Browns Investments PLC	102,570	30,000	30,000
Browns Properties (Private) Limited	34,642	34,642	37,954
LOLC Corporate service (Private) Limited	300	100	100
Mathurata Plantions Limited	29,633	29,049	16,147
Browns Power Holdings (Private) Limited	120,949	82,266	80,735
Tea Smallholders Factories PLC- TSFL	-	479	-
Pussellawa Plantations LTD	3,504	3,499	-
LOLC Holding PLC	6,713	5,414	-
AgStar PLC	8,257	-	-
	306,568	**185,449**	**164,936**

The above amounts are unsecured, free of interest and the settlement occurs in cash on demand.

32. TRADE AND OTHER PAYABLES

		Group	Company	
Rs.'000	**Note**	**2026**	**2026**	**2025**
Trade creditors		434,187	193,447	371,877
Accrued expenses		69,535	69,535	104,389
Payable to employees		151,514	151,514	143,457
Amount due to other companies	32.1	36,092	36,092	36,092
Other creditors		254,185	157,970	80,868
		945,513	**608,558**	**736,683**

32.1 This represents the amount payable to previouse owners and related companies of the previous owners.

NOTES TO THE FINANCIAL STATEMENTS contd.

As at 31st March

33. RELATED PARTY TRANSACTIONS

33.1 The Group 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:

Group	Relationship	Details of transactions	Transaction amount 2026	Balance as at 2026	Interest rate
			Rs.'000	Rs.'000	
Hapugastenne Plantations PLC	Common Directors	Interest income	35,333	25,041	AWPLAR+2.5%
		Fund transfers	300,000		
		Sales	170,562		
		Rembursment of expenditure	(262,450)		
		Transfer of loan Payable	(650,000)		
		Material cost	1,022		
		Service cost	63		
		Settlement	1,487		
		Provision for impairment	11,897		
Browns Investments PLC	Intermediate parent	Reimbursement of expenditure	(72,570)	(102,570)	
		Investment in commercial papers	997,280	1,275,916	10%-12%
		Withdrawal of commercial papers	(1,328,109)		
		Interest income on commercial papers	100,111		
		Interest income received on commercial papers	(100,111)		
Browns Power Holdings (Private) Limited	Parent Company	Reimbursement of expenditure	(215,214)	(120,949)	
		Settlement	175,000		
Browns Properties (private) Limited	Intermediate Parent	Service cost	(188)	(34,642)	
		Settlement	3,500		
Mathurata Plantation Limited	Common Directors	Reimbursement of expenditure	(57,968)	(29,633)	
		Material cost	1,022		
		Service cost	77		
		Settlement	43,383		
Pussellawa plantations Limited	Common Directors	Reimbursement of expenditure	(49,154)	(3,504)	
		Material cost	1,362		
		Service cost	82		
		Settlement Received	180,235		
LOLC Holding PLC	Ultimate parent	Reimbursement of expenditure	(21,192)	(6,713)	
		Settlement	14,479		
AgStar Cropcare (Private) Limited	Affiliated Company	Material cost	(185)	-	
		Settlement	185		
LOLC Life Assurance Limited	Affiliated Company	Service cost	(2,376)	-	
		Settlement	2,376		
LOLC General Insurance PLC	Affiliated Company	Service cost	(7,108)	-	
		Settlement	7,108		
LOLC Motores Limited	Affiliated Company	Service cost	(315)	-	
		Settlement	315		
LOLC Corporate Service (Private) Limited	Affiliated Company	Service cost	(2,400)	(300)	
		Settlement	2,200		
Agstar PLC	Affiliated Company	Material cost	(166,427)	(8,257)	
		Settlement	158,170		

NOTES TO THE FINANCIAL STATEMENTS contd.

As at 31st March

Company	Relationship	Details of transactions	Transaction amount		Balance as at		Interest rate
			2026	2025	2026	2025	
			Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Hapugastenne Plantations PLC	Common Directors	Interest income	35,333	86,322	9,778	429,122	AWPLAR+2.5%
		Fund transfers	300,000	(260,000)			
		Sales	154,523	136,248			
		Rembursment of expenditure	(259,102)	(148,865)			
		Transfer of loan Payable	(650,000)				
		Provision for impairment	11,897	-		(11,897)	
Browns Investments PLC	Intermediate Parent	Loans/ Funds received	-	-	(30,000)	(30,000)	
		Reimbursement of expenditure	-	(30,261)			
		Settlement	-	349			
		Investment in commercial papers	945,990	-	1,224,626	1,606,745	10%-12%
		Withdrawal of commercial papers	(1,328,109)				
		Interest income on commercial papers	97,782	114,423			
		Interest income received on commercial papers	(97,782)	(114,423)			
Browns Power Holdings (Private) Limited	Parent Company	Reimbursement of expenditure	(176,531)	(138,545)	(82,266)	(80,735)	
		Settlement	175,000	67,045			
Browns Properties (private) Limited	Intermediate Parent	Service cost	(188)	(37,954)	(34,642)	(37,954)	
		Settlement	3,500	-			
Maturata Plantations Limited	Common Directors	Reimbursement of expenditure	(52,902)	(24,147)	(29,049)	(16,147)	
		Settlement	40,000	8,000			
Pussellawa plantations Limited	Common Directors	Reimbursement of expenditure	996	-	(3,499)	-	
		Settlement Received	(4,495)	-	-	-	
Tea Smallholders Factories PLC	Common Directors	Reimbursement of expenditure	1,214	-	(479)	-	
		Settlement Received	(1,693)	-	-	-	
LOLC Holding PLC	Ultimate Parent	Reimbursement of expenditure	(5,414)	-	(5,414)	-	
AgStar PLC	Affiliated Company	Material cost	(136,658)	(72,637)	-	-	
		Settlement	136,658	72,637	-	-	
AgStar Cropcare (Private) Limited	Affiliated Company	Material cost	(185)	(3,830)	-	-	
		Settlement	185	3,830	-	-	
LOLC Life Assurance Limited	Affiliated Company	Service cost	(2,376)	(3,591)	-	-	
		Settlement	2,376	3,591	-	-	
LOLC General Insurance PLC	Affiliated Company	Service cost	(7,108)	(7,483)	-	-	
		Settlement	7,108	7,483	-	-	
LOLC Motors Limited	Affiliated Company	Service cost	(315)	(251)	-	-	
		Settlement	315	251	-	-	
LOLC Corporate Service (Private) Limited	Affiliated Company	Service cost	(1,200)	(1,200)	(100)	(100)	
		Settlement	1,200	1,100	-	-	

NOTES TO THE FINANCIAL STATEMENTS contd.

As at 31st March

33.2 Transactions with key management personnel

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

	Group	Company	
Rs.'000	2026	2026	2025
Short-term employee benefits			
Total remuneration paid to key management personnel	9,951	7,540	10,487
	9,951	7,540	10,487

33.3 Pricing Policies

Purchases of goods and services from Related Parties were made at normal trading terms on arms' length basis.

34. COMMITMENTS

There are no commitments at the date of the Statement of Financial Position.

35. CONTINGENT LIABILITIES

35.1 Corporate guarantee

'Udapussellawa Plantation PLC has issued a Corporate Guarantee on behalf of Hapugastenne planttions PLC amounting to Rs. 100,000,000 with effect from 4th December 2014.

There are no contingent liabilities as at the reporting date other than those disclosed above.

36. EVENTS OCCURRING AFTER REPORTING DATE

There were no other events occurred after the reporting date that require adjustments to / disclosure in the financial statements .

NOTES TO THE FINANCIAL STATEMENTS contd.

As at 31st March

37. SEGMENTAL ANALYSIS

GROUP

Rs.'000	Tea 2026	Coconut/Rubber 2026	Other 2026	Total 2026
Segmental result				
Revenue	**5,760,754**	**111,494**	**19,306**	**5,891,554**
Operating expenses				
Revenue expenditure	(4,779,954)	(68,584)	(4,516)	(4,853,054)
Depreciation/amortisation	(200,514)	(5,365)	-	(205,879)
Other non-cash expenses	(139,392)	(2,831)	-	(142,223)
Gross profit	**640,894**	**34,714**	**14,790**	**690,398**
Other operating income				186,668
Change in fair value of biological assets				209,765
Administration expenses				(557,541)
Net finance income				143,312
Gain on bargain purchase				514,673
Change in fair value of Investment Property				182,798
Profit before tax				1,370,073
Segment assets				
Non-current assets	6,294,184	120,192	43,984	6,458,360
Current assets	2,567,697	12,049	365,883	2,945,629
	8,861,881	132,241	409,867	9,403,989
Segment liabilities				
Non-current liabilities	2,248,088	13,435	139,853	2,401,376
Current liabilities	887,722	12,852	472,145	1,372,719
	3,135,810	26,287	611,998	3,774,095
Segment capital expenditure				
Cost	**430,920**	**3,901**	**1,486**	**436,307**

NOTES TO THE FINANCIAL STATEMENTS contd.

As at 31st March

COMPANY

	Tea		Coconut/Rubber		Other		Total	
Rs.'000	2026	2025	2026	2025	2026	2025	2026	2025
Segmental result								
Revenue	3,130,036	3,238,753	111,494	99,106	19,306	15,446	3,260,836	3,353,305
Operating expenses								
Revenue expenditure	(2,284,122)	(2,299,681)	(68,584)	(64,915)	(4,516)	(4,210)	(2,357,222)	(2,368,806)
Depreciation/amortisation	(153,108)	(114,492)	(5,365)	(7,579)	-	-	(158,473)	(122,071)
Other non-cash expenses	(135,739)	(133,613)	(2,831)	(2,625)	-	-	(138,570)	(136,238)
Gross profit	557,067	690,967	34,714	23,987	14,790	11,236	606,571	726,190
Other operating income							106,344	89,103
Change in fair value of biological assets							209,765	313,571
Administration expenses							(408,458)	(442,725)
Net finance income							138,095	196,727
Profit before tax							652,317	882,866
Segment assets								
Non-current assets	5,099,797	3,968,833	120,192	81,871	43,984	3,350	5,263,973	4,054,054
Current assets	1,756,323	2,535,382	12,049	8,758	365,883	483,993	2,134,255	3,028,133
	6,856,120	6,504,215	132,241	90,629	409,867	487,343	7,398,228	7,082,187
Segment liabilities								
Non-current liabilities	1,814,767	1,800,238	13,435	11,791	139,853	139,360	1,968,055	1,951,389
Current liabilities	400,456	724,711	12,852	7,443	472,145	334,655	885,453	1,066,809
	2,215,223	2,524,949	26,287	19,234	611,998	474,015	2,853,508	3,018,198
Segment capital expenditure								
Cost	360,476	54,709	3,901	4,824	1,486	1,048	365,863	95,188

37.2 Basis for segmentation

The Group has the following three strategic divisions, which are its reportable segments. These sectors offer different products and services.

Reportable Segments	Operations
Tea	Cultivation, processing and sale of tea
Coconut/Rubber	Cultivation, processing, sale of coconut and rubber
Other	Cultivation and sale of diversified crops and nursery plants etc.

There are varying levels of integration between each segment. Inter-segment pricing is determined on an arm's length basis.

38. FINANCIAL INSTRUMENTS

38.1 Fair value hierarchy for financial assets carried at fair value

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

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

Level II: Valuation techniques based on observable inputs, either directly - i.e. as prices or indirectly - i.e. derived from prices. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

NOTES TO THE FINANCIAL STATEMENTS contd.

As at 31st March

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

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Group determines fair values using valuation techniques.

Valuation techniques include net present value and discounted cash flow models, in comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates. The objective of the valuation technique is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, that would have been determined by the market participants acting at arm's length.

38.2 Fair Value Hierarchy for Financial Assets Carried at Fair Value

Analysis of financial instruments by measurement basis

The fair values of financial assets and liabilities, together with carrying amounts shown in the Statement of Financial Position, are as follows.

GROUP

Rs.'000	Note	Carrying amount				
		FVTPL	FVTOCI- Debt Instruments	FVTOCI-Equity Instruments	Financial assets at amortised cost	Other financial liabilities
31st March 2026						
Financial assets not measured at fair value						
Trade receivables	21	-	-	-	307,017	-
Amounts due from related companies	22	-	-	-	25,041	-
Cash and cash equivalents	19	-	-	-	1,326,079	-
Non current financial assets	18.1	-	-	-	434	-
		-	-	-	1,658,571	-
Financial liabilities not measured at fair value						
Trade payables	32	-	-	-	-	434,187
Lease liability	30	-	-	-	-	836
Amounts due to related companies	31	-	-	-	-	306,568
Bank overdraft	23.2					25,044
		-	-	-	-	766,635

NOTES TO THE FINANCIAL STATEMENTS contd.

As at 31st March

COMPANY

Rs.'000	Note	Carrying amount				
		FVTPL	FVTOCI- Debt Instruments	FVTOCI-Equity Instruments	Financial assets at amortised cost	Other financial liabilities
31st March 2026						
Financial assets not measured at fair value						
Trade receivables		-	-	-	133,992	-
Amounts due from related companies	22	-	-	-	9,778	-
Cash and cash equivalents	19	-	-	-	1,295,751	-
		-	-	-	1,439,521	-
Financial liabilities not measured at fair value						
Trade payables	32	-	-	-	-	193,447
Lease liability	30	-	-	-	-	836
Amounts due to related companies	31	-	-	-	-	185,449
		-	-	-	-	379,732
31st March 2025						
Financial assets not measured at fair value						
Trade receivables		-	-	-	59,778	-
Amounts due from related companies	22	-	-	-	417,225	-
Cash and cash equivalents	19	-	-	-	1,732,299	-
		-	-	-	2,209,302	-
Financial liabilities not measured at fair value						
Trade payables	32	-	-	-	-	371,877
Lease liability	30	-	-	-	-	5,511
Amounts due to related companies	31	-	-	-	-	164,936
		-	-	-	-	542,324

The Company does not anticipate the fair value of the above to be significantly different to their carrying values and considers the impact as not material for disclosures.

NOTES TO THE FINANCIAL STATEMENTS contd.

As at 31st March

39. FINANCIAL RISK MANAGEMENT

Overview

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

- Credit risk
- Liquidity risk
- Market risks

(including currency risk and interest rate risk)

This note presents qualitative and quantitative information about the Group exposure to each of the above risks, the Group 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 Group risk management framework.

The Group risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group activities. The Group, 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 Group audit committee oversees how management monitors compliance with the Group risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Credit risk

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

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

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

Risk exposure

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

	Group	Company	
Rs.'000	**2026**	**2026**	**2025**
As 31st March			
Amounts due from related companies	25,041	9,778	417,225
Trade receivables	307,017	133,992	59,778
Cash and cash equivalents	1,326,079	1,295,751	1,732,299
	1,658,137	**1,439,521**	**2,209,302**

Impairment losses on financial assets and contract assets recognised in profit or loss were as follows.

	Group	Company	
Rs.'000	**2026**	**2026**	**2025**
Impairment losses on trade and other receivables	131	131	131
Impairment gain on amount due from related party	(11,897)	(11,897)	-
	(11,766)	**(11,766)**	**131**

Credit quality of financial assets

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

	Group	Company	
Rs.'000	**2026**	**2026**	**2025**
Trade receivables			
Neither past due not impaired	-	-	-
Past due but not impaired			
1- 30 Days	307,017	133,992	59,778
Total not impaired trade receivables	**307,017**	**133,992**	**59,778**

NOTES TO THE FINANCIAL STATEMENTS contd.

As at 31st March

Trade and other receivables

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

The Group limits the exposure to credit risk from the trade receivables due to the establishment of a maximum payment period of seven days from the tea brokers.

More than 85% of the Group customers have been transacting with the Company for over four years,and none of these custommers balances have been written off or are credit impaired except for amounts recorded under other receivables,. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or end-user customer, their geographic location, industry, trading history with the Company and existence of previous financial difficulties.

The Group trades only with recognised, credit-worthy third parties. It is the Group policy that all clients who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables balances are monitored on an ongoing basis with the results that the Group exposure to bad debts is not significant.

Amounts due from related companies

The Group exposure to credit risk is influenced mainly by the individual characteristics of each related party.

Cash and cash equivalents

The Group has held cash at bank and short term investments of LKR :1,326,079,122 as of 31st March 2026(2024/25: 1,732,299,248) which represents its maximum credit exposure on these assets. The credit ratings of all the banks in the Group are above the " A" rating.

Liquidity risk

Liquidity risk is the risk that the Group 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 Group reputation.

The Group policy is to hold cash and undrawn committed facilities at a level sufficient to ensure that the Group has available funds to meet its short-and medium-term capital and funding obligations, including organic growth and acquisition activities, and to meet any unforeseen obligations and opportunities. The Group holds cash and undrawn committed facilities to enable the 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 capital cash flows from operations.

Liquidity risk management

The Group objective is to maintain a balance between continuity of funding and flexibility through the use of multiple sources of funding including 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 summarises the maturity profile of the financial liabilities based on contractual undiscounted payments excluding future interest payments.

GROUP

Rs.'000	Carrying amount	Less than 1 year	More than 1 year	Total
As at 31st March 2026				
Non-derivative financial liabilities				
Lease liability	836	784	52	836
Interest-bearing loans & borrowings	-	-	-	-
Trade payables	434,187	434,187	-	434,187
Amounts due to related companies	306,568	306,568	-	306,568
Bank overdraft	25,044	25,044	-	25,044
	766,635	766,583	52	766,635

NOTES TO THE FINANCIAL STATEMENTS contd.

As at 31st March

COMPANY

Rs.'000	Carrying amount	Less than 1 year	More than 1 year	Total
As at 31st March 2026				
Non-derivative financial liabilities				
lease liability	836	784	52	836
Interest-bearing loans & borrowings	-	-	-	-
Trade payables	193,447	193,447	-	193,447
Amounts due to related companies	185,449	185,449	-	185,449
	379,732	379,680	52	379,732
As at 31st March 2025				
Non-derivative financial liabilities				
lease liability	5,511	5,095	850	5,945
Interest-bearing loans & borrowings	-	-	-	-
Trade payables	371,877	371,877	-	371,877
Amounts due to related companies	164,936	164,936	-	164,936
	542,324	541,908	850	542,758

Market risk

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

Currency risk

The Group has no any currency risk, since there are no any foreign currency instruments as at the reporting date.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument fluctuates because of changes in market interest rates.

.The Group exposure to interest rate risk as at 31st March 2026 is limited to financial assets and liabilities disclosed below.

	Group	Company	
	Nominal Amount	Nominal Amount	
Rs.'000	2026	2026	2025
Fixed Rate Financial Instruments			
Financial Assets	1,351,123	1,295,751	1,732,299
Financial Liabilities	-	-	-
Variable Rate Financial Instruments			
Financial Assets	-	-	-
Financial Liabilities	-	-	-

NOTES TO THE FINANCIAL STATEMENTS contd.

As at 31st March

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group operations.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial actions
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance when this is effective

Compliance with the Company standards is supported by a programme of periodic reviews undertaken by Internal Audit and also finance team. The results of Internal Audit reviews are discussed with the Management, summaries submitted to the senior Management of the Company.

40. CAPITAL MANAGEMENT

The primary objective of the Group capital management is to ensure that it maintains a strong financial position and healthy capital ratios in order to support its business and maximize shareholder value.

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

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings by total equity. Total borrowings including non-current and current borrowings as shown in the statements of financial position. Total equity is calculated as 'Total equity' in the statements of financial position.

The Debt to Equity ratio at the end of the reporting periods is as follows:

	Group	Company	
Rs.000	**2026**	**2026**	**2025**
Total liabilities	3,774,095	2,853,510	3,018,198
Less : Cash and cash equivalents	(1,351,123)	(1,295,751)	(1,732,299)
Net debts	2,424,464	1,557,759	1,285,899
Total Equity	5,629,894	4,544,720	4,063,989
Net debt to Equity Ratio	0.43	0.34	0.32

TEN YEAR SUMMARY

	Company									Group
Rs.'000	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
Performance										
Revenue	1,620,095	2,226,762	1,894,743	1,629,811	1,875,150	2,081,171	4,195,223	3,160,463	3,353,305	5,891,554
Gross Profit / (loss)	(28,314)	366,464	55,317	(178,037)	110,811	22,443	1,273,886	661,867	726,190	690,398
Profit / (loss) from operations	(168,433)	334,271	(4,642)	(151,475)	208,011	240,258	1,199,281	861,889	686,139	529,290
Interest income / (expenses)	(41,711)	(47,024)	(79,402)	(59,919)	(65,022)	(67,269)	(36,094)	170,402	196,727	143,312
Profit / (loss) before tax	(210,145)	287,247	(84,044)	(211,394)	142,989	172,989	1,163,187	1,032,291	882,866	1,370,073
Taxation	(28,344)	19,426	34,738	(134,792)	(33,532)	68,292	(128,550)	(236,925)	(301,877)	(163,324)
Net profit /(loss)	(181,801)	267,821	(118,782)	(346,186)	109,457	241,281	1,034,637	795,366	580,989	1,206,749
Other comprehensive income	69,324	55,479	(10,520)	4,203	68,973	(50,291)	658,842	(36,427)	353,372	(70,546)
Total comprehensive income	(112,477)	323,301	(129,301)	(341,983)	178,430	190,990	1,693,479	758,939	934,361	1,136,203

	Company									Group
Rs.'000	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
Assets & Liabilities										
Non-current assets	1,883,986	1,948,688	1,921,652	2,048,205	2,203,586	2,119,944	3,146,962	3,320,317	4,054,054	6,458,360
Current assets	378,147	411,370	512,976	370,821	374,335	313,641	1,342,230	1,861,520	3,028,133	2,945,629
Total assets	2,262,133	2,360,058	2,434,629	2,419,026	2,577,921	2,433,585	4,489,192	5,181,837	7,082,187	9,403,989
Current liabilities	921,027	794,506	945,320	1,141,240	1,101,599	793,573	736,459	461,430	1,066,809	1,372,719
Non current liabilities	850,609	751,754	804,812	969,996	990,102	962,802	1,382,044	1,590,779	1,951,389	2,401,376
Long term borrowings	125,309	100,422	110,259	44,981	70,804	28,465	10,404	-	-	-
Retirement benefit obligations	617,530	547,727	591,053	642,110	610,523	718,024	749,000	754,876	873,921	1,007,745

	Company									Group
Rs.'000	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
Share Capital & Reserves										
Stated capital	340,000	340,000	340,000	340,000	340,000	340,000	340,000	340,000	340,000	340,000
Revaluation reserve	205,810	198,654	191,488	-	-	-	740,124	740,124	1,132,548	1,132,548
General reserve	(55,313)	275,144	153,010	(32,210)	146,220	337,210	1,290,565	2,049,504	2,591,441	3,692,825
Total shareholders' fund	490,497	813,798	684,498	307,790	486,220	677,210	2,370,689	3,129,628	4,063,989	5,165,373

	Company									Group
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
Financial Ratios										
ROCE - %	(8.70)	16.86	(0.23)	(7.39)	9.34	12.71	46.20	27.4	16.86	10.20
Current ratio - times	0.41	0.52	0.54	0.32	0.34	0.40	1.82	4.03	2.84	2.14
Debt equity ratio - times	0.85	0.58	0.73	1.44	1.08	0.12	0.75	0.47	0.00	-
Interest cover - times	4.04	7.11	(0.06)	(2.53)	3.20	3.57	33.23	135.3	87.1	231.43
Total assets to current liabilities - %	40.71	33.66	38.83	47.18	42.73	32.61	16.41	8.90	15.06	6.85

	Company									Group
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
Investors' Ratios										
Earnings per share - Rs	(9.37)	13.81	(6.12)	(17.85)	5.64	12.44	53.33	41.00	29.95	60.41
Price earnings ratio	(2.07)	3.08	(4.90)	(1.41)	5.67	4.84	1.45	1.79	4.35	2.30
Market price of a share - Rs	19.40	42.50	30.00	25.00	32.00	60.20	77.50	73.20	130.25	143.00
Market capitalisation - Rs'000	376,337	824,449	581,964	484,970	620,763	1,167,820	1,503,423	1,420,007	2,526,720	2,774,057
Net assets per share - Rs	25.28	41.95	35.29	15.87	25.06	34.91	122.21	161.33	209.49	266.27

	Company									Group
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
Operating Ratios										
Annual turnover growth - %	(5.67)	37.45	(14.91)	(13.98)	15.05	10.99	101.58	(24.67)	6.10	75.69
No of employees	5,251	4,937	5,126	4,925	4,709	4,269	3,080	2,639	2,382	2,543
Turnover per employee - Rs'000	308.53	451.04	369.63	330.93	398.21	487.51	1,362.09	1,197.60	1,407.77	2,316.77
Fixed assets to turnover ratio - %	0.86	1.14	0.99	0.80	0.85	0.98	1.34	0.95	0.83	0.91

INVESTOR INFORMATION

1. Stock Exchange

The Issued Ordinary Shares of Udapussellawa Plantations PLC are listed with the Colombo Stock Exchange of Sri lanka.

2. Distribution of Ordinary Shareholdings

	2026			2025		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
1 - 1,000	11,909	1,045,038	5.39	11,813	1,031,707	5.32
1,001 - 10,000	133	372,544	1.92	134	391,694	2.02
10,001 - 100,000	24	490,238	2.53	21	484,419	2.50
100,001 - 1,000,000	-	-	-	-		-
over 1,000,000	1	17,491,031	90.17	1	17,491,031	90.17
Total	**12,067**	**19,398,851**	**100.00**	**11,969**	**19,398,851**	**100.00**

3. Distribution of Ordinary Shareholders

	2026			2025		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Non - Residents	7	31,873	0.16	12	33,370	0.17
Residents	12,060	19,366,978	99.84	11,957	19,365,481	99.83
Total	**12,067**	**19,398,851**	**100.00**	**11,969**	**19,398,851**	**100.00**
Individuals	11,997	1,684,114	8.68	11,897	1,700,216	8.76
Institutions	70	17,714,737	91.32	72	17,698,635	91.24
Total	**12,067**	**19,398,851**	**100.00**	**11,969**	**19,398,851**	**100.00**

4. Golden Shareholder

The Golden Share of Rs. 10/- is currently held by the Secretary to the Treasury and should be owned either directly by the Government or by a 100% Government - owned Company.

5. Information on Shares

		2025/26	2024/25	2023/24	2022/23	2021
Highest during the period	Rs.	194.75	156.00	101.00	170.00	102.50
	Date	(21/10/2025)	(30/01/2025)	(25/07/2023)	(28/09/2022)	(30/12/2021)
Lowest during the period	Rs.	115.00	65.30	61.00	30.10	19.00
	Date	(28/05/2025)	(03/09/2024)	(12/04/2023)	(06/04/2022)	(06/05/2021)
Closing price	Rs.	143.00	130.25	73.20	77.50	60.20
Trade Volume	No's	5,562	8,098	4,626	1,610	3,843
Share Volume	No's	1,138,838	1,932,857	863,941	231,621	19,950,255
Turnover	Rs.	171,002,700	207,192,965	67,349,607	19,306,731	862,322,532

6. Twenty major shareholders

	Name of shareholder	2026	
		No. of Shares	%
1	LOLC FINANCE PLC/BROWNS POWER HOLDINGS (PRIVATE) LIMITED	17,491,031	90.17
2	DR. T. JANARAJ (JOINTLY:MR. S. THANGARAJAH)	63,702	0.33
3	MR. A. A. MARIKAR (JOINTLY: MR. M. A MARIKAR)	43,000	0.22
4	HATTON NATIONAL BANK PLC/ ANUJA CHAMILA JAYASINGHE	35,992	0.19
5	MR. M.A.HUSSAIN	26,500	0.14
6	MR.M.Z. RASHEED	25,572	0.13
7	SEYLAN BANK PLC/EMILE JOSEPH GUNESEKERA & MICHELLE GENEIEVE	24,600	0.13
8	SEYLAN BANK PLC/KASMODERA LIYANAGE JANAKA PRASANNA LIYANAGE	20,677	0.11
9	MR.R.E.RAMBUKWELLE	19,000	0.10
10	MR. W.G. PREMARATNA (DECEASED)	18,600	0.10
11	MR. M.R. RASHEED	18,000	0.09
12	HATTON NATIONAL BANK PLC/ RAVINDRA ERLE RAMBUKWELLE	17,000	0.09
13	HATTON NATIONAL BANK PLC/RUWAN PRASSANA SUGATHADASA	16,416	0.08
14	DIALOG FINANCE PLC / JAYANETTI KORALAGE DILRUKSHI JAYATILLAKE & ANURA JAYATILLAKE	15,832	0.08
15	DR. G.S. PERERA	15,172	0.08
16	MR.W.T.P.K. DE SILVA	15,000	0.08
16	MR. A .D. SAMARANAYAKE	15,000	0.08
18	MR.B.M.MOLLOY (JOINTLY: MRS. C.E.SAMMLER)	14,600	0.08
19	MR. A .SITHAMPALAM	13,933	0.07
20	MR. V .VATHANATHEESAN	13,705	0.07
	Total	**17,923,332**	**92.39**
	Other shareholders	1,475,519	7.61
	Issued share capital	**19,398,851**	**100**

Twenty major shareholders (contd.)

	Name of shareholder	2025	
		No. of Shares	%
1.	L O L C FINANCE PLC/BROWNS POWER HOLDINGS (PRIVATE) LIMITED	17,491,031	90.17%
2.	DR. T. JANARAJ (JOINTLY WITH MR. S. THANGARAJAH)	71,109	0.37%
3.	MR. M. N. SINGA LAXANA	58,039	0.30%
4.	MR. A.A. MARIKAR (JOINTLY WITH MR, M.A. MARIKAR)	41,500	0.21%
5.	HATTON NATIONAL BANK PLC/ANUJA CHAMILA JAYASINGHE	35,992	0.19%
6.	MR. N. LAVALOJAN	32,037	0.17%
7.	SEYLAN BANK PLC/KASMODERA LIYANAGE JANAKA PRASANNA LIYANAGE	21,721	0.11%
8.	MR. R.E. RAMBUKWELLE	20,800	0.11%
9.	MR. W.G. PREMARATNA (DECEASED)	18,600	0.10%
10.	MRS. H.F.D.C. FONSEKA	17,272	0.09%
11.	HATTON NATIONAL BANK PLC/RAVINDRA ERLE RAMBUKWELLE	17,000	0.09%
12	HATTON NATIONAL BANK PLC/RUWAN PRASSANA SUGATHADASA	16,745	0.09%
13	MR. M.A. MARIKAR	15,500	0.08%
14	DR. G.S. PERERA	15,172	0.08%
15	MR. B.A. GUNASINGHE	15,000	0.08%
16	MR. B.M. MOLLOY (JOINTLY WITH MRS. C.E. SAMMLER)	14,600	0.08%
17	MR. A. SITHAMPALAM	13,933	0.07%
18	MR. A.D SAMARANAYAKE	13,000	0.07%
18	SEYLAN BANK PLC/A R INVESTMENTS (PVT) LTD	13,000	0.07%
20	HAMEEDIA STORES (PVT) LTD	11,500	0.06%
	Total	**17,953,551**	**92.59%**
	Other shareholders	1,445,300	7.41%
	Issued share capital	**19,398,851**	**100.00%**

7. Minimum public holding

	As at 31.03.2026	As at 31.03.2025
Float adjusted market capitalisation (Rs.)	271,992,435	247,717,702
Public holding% of the stated capital	9.804%	9.804%
Number of public shareholders	12,065	11,967
Number of shares held by public shareholders	1,902,045	1,902,045

The Company is not compliant with the Minimum Public Holding required under Rule 7.13.1.i.b and therefore is exploring opportunities to comply with the Listing Rules of the Colombo Stock Exchange.

VALUE ADDED STATEMENT

As at 31st March

	Group		Company	
Rs.'000	**2026**	**%**	**2025**	**%**
Turnover	**5,891,554**		3,353,305	
Other income	**396,433**		402,674	
Total revenue	**6,287,987**	**100**	**3,755,979**	**100**
Cost of materials and services bought	**4,000,485**	**64**	2,009,233	**53**
Value added	**2,287,502**	**36**	**1,543,772**	**47**
Distribution of value added				
A. To employees as remuneration	**1,478,267**	**65**	1,069,142	61
B. To Government	**148,958**	**7**	202,974	12
C. To Lenders of capital	**(143,312)**	**(6)**	(196,727)	(11)
D. Retained in the business				-
D1 Provision for depreciation	**216,878**	**9**	129,420	7
D2 Profit retained	**586,711**	**25**	541,937	31
	2,287,502	**100**	1,746,746	100

SEGMENTAL INFORMATION

As at 31st March

	Company									Group
Revenue extent - Hectares	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
Tea	3,251.62	3,263.96	3,199.61	3,179.76	3,184.98	3,173.36	3,151.71	3,167.21	3,148.35	3,071.76
Coconut	164.50	164.50	164.50	164.50	164.50	164.50	164.50	164.50	170.50	170.50
Rubber	38.50	30.50	30.50	35.50	55.50	65.50	55.50	60.50	55.50	55.50
Total	**3,454.62**	**3,458.96**	**3,394.61**	**3,379.76**	**3,404.98**	**3,403.36**	**3,371.71**	**3,392.21**	**3,374.35**	**3,297.76**

	Company									Group
Production	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
Tea - Kgs'000	3,844	3,780	3,606	3,184	3,376	3,358	3,650	2,968	2,959	4,848
Coconut - Nuts'000	834	654	862	1,040	551	795	1,227	857	480	494
Rubber - Kgs'000	17	21	25	22	25	34	61	44	59	70

	Company									Group
GSA - Rs	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
Tea - per Kg	406.57	566.27	518.82	489.56	567.53	573.63	1,098.96	985.33	1,078.04	1,127.97
Coconut - per nut	29.67	59.70	56.41	32.74	60.13	73.07	67.56	73.97	118.50	131.22
Rubber - per Kg	207.53	299.09	230.84	238.93	272.52	434.64	585.10	491.09	716.84	643.32

	Company									Group
Revenue - Rs'000	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
Tea	1,574,350	2,161,614	1,824,578	1,577,112	1,824,171	1,993,896	4,051,073	3,064,322	3,238,753	5,760,754
Coconut	26,482	47,496	53,760	40,220	40,445	69,400	118,007	84,889	99,106	111,494
Others	19,263	17,652	16,405	12,479	10,534	17,875	26,143	11,252	15,446	19,306
Total	**1,620,095**	**2,226,762**	**1,894,743**	**1,629,811**	**1,875,150**	**2,081,171**	**4,195,223**	**3,160,463**	**3,353,305**	**5,891,554**

	Company									Group
Gross profit - Rs'000	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
Tea	(44,967)	337,775	23,260	(189,787)	98,813	(16,053)	1,217,862	644,251	690,967	640,894
Coconut	1,487	14,266	17,346	2,907	4,135	24,524	36,942	15,159	23,987	34,714
Others	15,166	14,423	14,711	8,843	7,863	13,972	19,082	2,457	11,236	14,790
Total	**(28,314)**	**366,464**	**55,317**	**(178,037)**	**110,811**	**22,443**	**1,273,886**	**661,867**	**726,190**	**690,398**

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty Third Annual General Meeting of Udapussellawa Plantations PLC will be held as a virtual meeting on Tuesday, 22nd September 2026 at 11:00 a.m.

The business to be brought before the Meeting will be to:

1. Receive and consider the Annual Report of the Board of Directors including the Financial Statements for the financial year ended 31st March 2026 together with the Report of the Auditors thereon.
2. Re-elect as a Director, Mr. N. R. Nanayakkara who retires in terms of Article 94 of the Articles of Association of the Company.
3. Re-elect as a Director, Mr. K. Sivanesan who retires in terms of Article 94 of the Articles of Association of the Company.
4. Re-elect as a Director Mr. D. S. K. Amarasekara who retires by rotation in terms of Articles 87 of the Articles of Association of the Company.
5. Re-elect as a Director Mr. U.H. E. Silva who retires by rotation in terms of Articles 87 of the Articles of Association of the Company
6. Re-appoint Mr. G. D. V. Perera who is seventy-four years of age, as a Director of the Company, for which the passing of the following resolution is recommended:

   THAT in terms of Section 211 of the Companies Act No. 07 of 2007, the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. G. D. V. Perera who is 74 years of age and that he be re-appointed as a Director of the Company
7. Re-appoint Mr. T. Dharmarajah who is seventy years of age, as a Director of the Company, for which the passing of the following resolutions is recommended:

   a. THAT in terms of Section 211 of the Companies Act No. 07 of 2007, the age limit stipulated in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr. T Dharmarajah, who is 70 years of age and that he be appointed a Director of the Company.

   b. THAT Mr. T Dharmarajah be designated as an Independent Director of the Company in terms of Section 9.8.3 (ix) of the Listing Rules of the Colombo Stock Exchange.

   Refer recommendation of the NGC set out on page 39 and in the Circular to the Shareholders.
8. Appoint Messrs. KPMG, Chartered Accountants as the Auditors of the Company for the ensuing Financial year and to authorize the Directors to determine their remuneration.
9. Approve in terms of Companies (Donations) Act No. 26 of 1951 the making of donations by the Directors as determined by them for the current Financial Year and until the next Annual General Meeting of the Company.

By Order of the Board

UDAPUSSELLAWA PLANTATIONS PLC



LOLC Corporate Services (Private) Limited

Secretaries Colombo

31st August 2026

FORM OF PROXY

I/We.....holder of (NIC/REG.....No.)

of.....

being a member/members of Udapussellawa Plantations PLC hereby appoint .....

.....(NIC No.....) of.....

..... or failing him/her,

Dr. P S H Uluwaduge	or failing him
Mr. D S K Amarasekera	or failing him
Mr. G D V Perera	or failing him
Mr. A S Perera	or failing him
Mrs. V.G.S.S. Kotakadeniya	or failing her
Mr. T Dharmarajah	or failing him
Mr. U H E Silva	or failing him
Mr. N R Nanayakkara	or failing him
Mr K. Sivanesan	or failing him
Mr. M. Gunawardana	or failing him
Dr. K.M. Mohottige	

as my/our proxy to represent me/us and vote on my/our behalf at the Thirty Third Annual General Meeting of the Company to be held on 22nd September 2026 at 11:00 a.m. and at any postponement or adjournment thereof and at every poll which may be taken in consequence of thereof.

I/We, the undersigned, hereby direct my/our proxy to vote for me/us and on my/our behalf on the specified Resolution as indicated by the letter "X" in the appropriate cage:

		FOR	AGAINST	ABSTAINED
i	To re-elect as a Director Mr. N R Nanayakkara who retires in terms of Article 94 of the Articles of Association of the Company	◯	◯	◯
ii	To re-elect as a Director Mr. K Sivanesan who retires in terms of Article 94 of the Articles of Association of the Company	◯	◯	◯
iii	To re-elect as a Director, Mr. D. S. K. Amarasekara who retires by rotation in terms of Article 87 of the Articles of Association of the Company.	◯	◯	◯
iv	To re-elect as a Director, Mr. U. H. E. Silva who retires by rotation in terms of Article 87 of the Articles of Association of the Company	◯	◯	◯
v	To re-appoint as a Director, Mr. G D V Perera in terms of Sec. 211 of the Companies Act No. 7 of 2007.	◯	◯	◯
vi	To re- appoint as a Director, Mr. T Dharmarajah in terms of Sec. 211 of the Companies Act No. 7 of 2007.	◯	◯	◯
vii	To designate Mr. T Dharmarajah as an Independent Director of the Company, in terms of Sec. 9.8.3 (ix) of the Listing Rules of the Colombo Stock Exchange.	◯	◯	◯
viii	To appoint M/s KPMG Chartered Accountants as Auditors and to authorise the Directors to determine their remuneration.	◯	◯	◯
ix	To approve in terms of Companies (Donations) Act No. 26 of 1951 the making of donations by the Directors as determined by them for the current Financial Year and until the next Annual General Meeting of the Company.	◯	◯	◯

Signed on this ..... day of.....Two Thousand and Twenty-Six (2026).

.....
Signature/s of Shareholder/s

NOTE: INSTRUCTIONS AS TO COMPLETION OF THE FORM OF PROXY ARE NOTED ON THE REVERSE.

INSTRUCTIONS AS TO COMPLETION OF THE FORM OF PROXY

1. Please perfect the Form of Proxy by filling in legibly your full name and address, signing in the space provided and filling in the date of signature.
2. The completed Form of Proxy should be deposited at No. lodged at No. 100/1 Sri Jayawardenepura Mawatha, Rajagiriya OR forwarded to the email address: corporateservices@lolc.com not later than 48 hours before the time appointed for the holding of the Meeting.
3. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.
4. If the appointor is a company or corporation, the Form of Proxy should be executed under its Common Seal or by a duly authorised officer of the company or corporation in accordance with its Articles of Association or Constitution.
5. If this Form of Proxy is returned without any indication of how the person appointed as Proxy shall vote, then the Proxy shall exercise his/her discretion as to how he/she votes or, whether or not he/she abstains from voting.

Please fill in the following details:

Name : .....

Address : .....

: .....

: .....

Jointly with : .....

Share Folio No./CDS account no : .....

National Identity Card No : .....

STAKEHOLDER FEEDBACK FORM

We value your opinions and feedback. We invite you to share your thoughts to help us enhance our governance, operations, financial condition, and future prospects. Please take a moment to fill out this form with your comments and suggestions. Your feedback will be treated confidentially and used solely for the purpose of improving our stakeholder communication and overall performance.

Contact Information

Name: .....

Email: .....

Phone: .....

Company/Organization: .....

WHICH STAKEHOLDER GROUP/S DO YOU BELONG TO? (You may tick more than one)

☐ Shareholder	☐ Employee	☐ Service Provider
☐ Customer	☐ Student	☐ Supplier
☐ Community	☐ Regulatory Body	☐ Special Interest Group
☐ Public Authority	☐ Journalist	

General Feedback

1. **How would you rate your overall satisfaction with the Company's communication practices?**

☐ Very Satisfied
☐ Satisfied
☐ Neutral
☐ Dissatisfied
☐ Very Dissatisfied

2. **How often do you feel the Company provides timely and accurate information?**

☐ Always
☐ Often
☐ Sometimes
☐ Rarely
☐ Never

3. **How effective do you find the Company's use of its website and social media for communication?**

☐ Very Effective
☐ Effective
☐ Neutral
☐ Ineffective
☐ Very Ineffective

Specific Feedback

1. **What specific aspects of the Company's communication do you find most useful?**

- ☐ Financial Reports
- ☐ Annual Reports
- ☐ Press Releases
- ☐ Investor Briefings
- ☐ Social Media Updates
- ☐ Website Content
- ☐ Other (please specify):

_____

2. **How would you rate the accessibility of the Company's spokespersons for providing information and responding to queries?**

- ☐ Very Accessible
- ☐ Accessible
- ☐ Neutral
- ☐ Inaccessible
- ☐ Difficult to Access

3. **How effectively does the Company address your concerns and queries?**

- ☐ Very Effective
- ☐ Effective
- ☐ Neutral
- ☐ Ineffective
- ☐ Very Ineffective

Forward-Looking Information & Major Developments

1. **How useful do you find the Company's forward-looking comments and information on future prospects?**

- ☐ Very Useful
- ☐ Useful
- ☐ Neutral
- ☐ Not Useful
- ☐ Not Useful at All

2. **How effectively does the Company handle the communication of major corporate developments (e.g., mergers, acquisitions, new products)?**

- ☐ Very Effectively
- ☐ Effectively
- ☐ Neutral
- ☐ Ineffectively
- ☐ Very Ineffectively

Crisis Communication & Confidentiality

1. **How confident are you in the Company's ability to manage crisis communications?**

☐	Very Confident
☐	Confident
☐	Neutral
☐	Not Confident
☐	Not Confident at All

2. **How well does the Company maintain the confidentiality of sensitive information?**

☐	Very Effectively
☐	Effectively
☐	Neutral
☐	Ineffectively
☐	Very Ineffectively

Additional Comments

Please provide any additional comments or suggestions you have for improving the Company's communication practices.

_____

_____

Submission

Please return the completed form to:

Investor Relations/ Communications

Udapussellawa Plantations PLC,
Level 11, Browns Capital Building,
No. 19, Dudley Senanayake Mawatha,
Colombo 08

Email: SisiraP@brownsplantations.com

GLOSSARY

bps
Basis points.

COP
Cost of Production. Generally refers to the cost of producing one kilo of produce (Tea/ Rubber).

Crop
The total produce harvested.

Current Ratio
Current Assets divided by current liabilities.

Dividend Cover
Profit attributable to shareholders divided by gross dividend.

Earnings Per Share
Profit attributable to ordinary shareholders divided by the number of ordinary shares in issue and ranking for dividend.

Extent in bearing
The extent of land from which crop is being harvested.

GSA
Gross Sale Average. Average sale price obtained (over a period of time for a kilo of produce) before any deductions such as Brokerage fees.

HACCP
Hazard Analysis and Critical Control Point System. Internationally accepted food safety standard.

Immature Plantation
The extent of plantation which is under development and is not being harvested.

Infilling
A method of field development whereby planting of individual plants is done in order to fill the vacancies of existing revenue fields.

Interest Cover
EBIT divided by finance costs (gross).

ISO
International Organization for Standardization.

Market Capitalization
Number of shares issued multiplied by the market value of each share

Mature Plantation
The extent of plantation from which crop is being harvested.

Mn
Million.

Net Assets
Sum of Fixed Assets and Current Assets less total liabilities.

Net Assets per Share
Net Assets divided by the number of Ordinary Shares in issue.

NSA
Net Sale Average. Average sale price obtained (over a period of time) after deducting Brokerage fees, etc.

Price Earnings Ratio
Market Price of a share divided by earnings per share.

Rs '000
Rupees Thousands.

Return on Equity
Attributable profits divided by average shareholders' funds.

VP Tea
Vegetatively Propagated Tea.

Yield (YPH)
The average crop per unit extent of land over a given period of time (usually kgs. per hectare per year).

YOY
Year on year.

Return on Capital Employed (ROCE)
The definition for ROCE is EBIT / Capital Employed, where EBIT is Earnings Before Interest and Taxes and Capital Employed is sum of the values of Leases, Interest bearing borrowings and total equity.

CORPORATE INFORMATION

Name of Company

Udapussellawa Plantations PLC

Company Registration Number

PQ 63

Legal Form

Public Quoted company with limited liability incorporated in Sri Lanka on 11th June 1992 Ordinary shares listed on the Colombo Stock Exchange.

Principal Activities and nature of operation

Cultivation, manufacture and sale of tea, rubber, coconut and other crops.

Financial Year ended

31st March

Directors

Dr. P. S. H. Uluwaduge
Non-Executive Director (Chairman)

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

Mrs. V. G. S. S. Kotakadeniya
Non-Executive Director

Mr. M.S. Gunawardana
Non-Executive Director

Mr. G.D.V. Perera
Executive Director/CEO

Mr. A. S. Perera
Executive Director

Mr. T. Dharmarajah
Non-Executive Director

Mr. U. H. Ebert Silva
Independent Director

Mr. K.M. Mohotti
Independent Director

Mr. N. R. Nanayakkara
(appointed w.e.f. 02.04.2026)
Executive Director

Mr. K. Sivanesan
(appointed w.e.f. 07.08.2026)
Independent Director

Mr. D. J. Ratwatte
(resigned w.e.f. 31.03.2026)
Chief Executive Officer /Executive Director

Audit Committee

Mr. K. Sivanesan
Mr. U. H. Ebert Silva
Ms. V. G. S. S. Kotakadeniya

Related Party Transaction Review Committee

Mr. U. H. Ebert Silva
Mr. K. Sivanesan
Mr. T. Dharmarajah
Ms. V. G. S. S. Kotakadeniya

Remuneration Committee

Mr. K. Sivanesan
Mr. U. H. Ebert Silva
Mr. D. S. K. Amarasekara

Nominations & Governance Committee

Mr. U. H. Ebert Silva
Mr. K. Sivanesan
Dr. P. S. H. Uluwaduge

Secretaries

L O L C Corporate Services (Pvt) Ltd
100/1, Sri Jayawardenapura Mawatha,
Rajagiriya.
Telephone : +94 11 7 248 248 or
11 7 248 512

Investor Relations

Mr. Sisira Pushpakumara -
Head Of Finance
Tel: +94 11 7474524
Email : SisiraP@brownsplantations.com

Communications

Mr. Susaan Bandara -
Group Chief Officer Marketing Communications
Tel: +94 11 7797203
Email : SusaanB@lolc.com

Registrars

S S P Corporate Services (Pvt) Ltd.,
101, Inner Flower Road, Colombo 3.
Telephone : +94 11 2573894
Fax : 0112573609

Registered Office/Head Office

Level 11, Browns Capital Building
No. 19, Dudley Senanayake Mawatha,
Colombo 08
Telephone .+94 (0)11 769 5500
Fax +94 (0)11 767 5004
Email : hplupl@brownsplantations.com

Auditors

KPMG
32A, Sir Mohamed Macan Markar Mawatha,
P.O. Box 186, Colombo 03
Tel: 0115426426, Fax : 0112541249

Bankers

Commercial Bank of Ceylon PLC
Standard Chartered Bank
DFCC Bank PLC
Hatton National Bank PLC
Nations Trust Bank PLC
Seylan Bank PLC
Sampath Bank PLC

UDAPUSSELLAWA PLANTATIONS PLC
Level 11, Browns Capital Building
No. 19, Dudley Senanayake Mawatha, Colombo 08.

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