WATAWALA



WATAWALA PLANTATIONS PLC
ANNUAL REPORT 2025/26



At Watawala Plantations, we believe progress is forged through purpose, innovation, and responsible stewardship. As Sri Lanka's only RSPO-certified palm oil producer and a leading contributor to the nation's agricultural sector, we are uniquely positioned to address critical national priorities while creating sustainable value for our stakeholders.

Through sustainable cultivation practices, investments in advanced environmental management systems, and a relentless focus on operational excellence, we continue to strengthen the resilience and competitiveness of our palm oil and dairy businesses. As opportunities emerge to enhance domestic agricultural production and reduce reliance on imports, we stand ready to leverage our expertise, sustainability credentials, and proven operating model to contribute meaningfully to the nation's development.

Forging a Progressive Future is more than a theme. It embodies our commitment to advancing sustainable agriculture, supporting Sri Lanka's journey towards greater self-sufficiency, and creating enduring value for generations to come.

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ABOUT US



Watawala Plantations PLC is a leading Sri Lankan agribusiness company and part of Sunshine Holdings PLC.

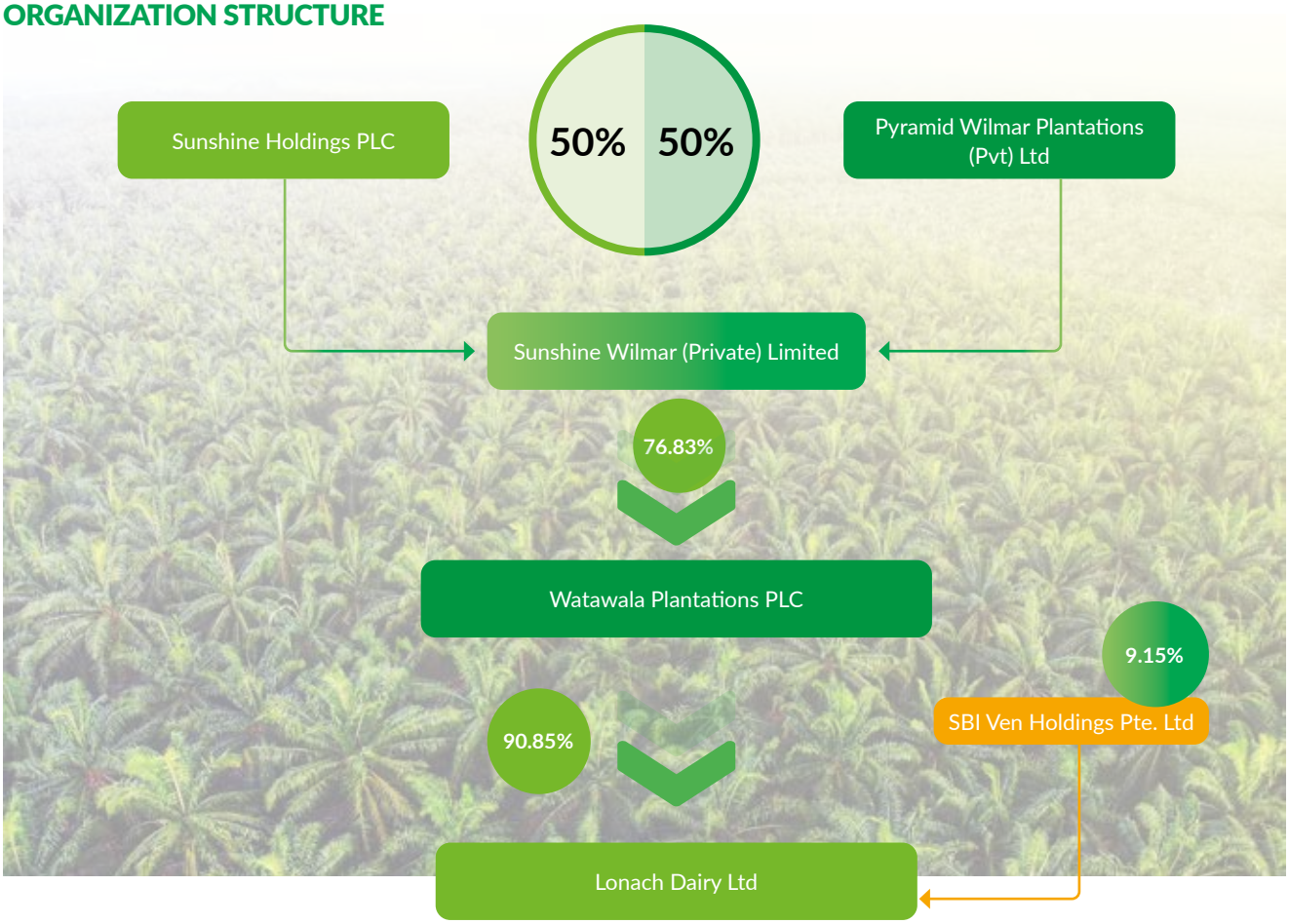
The company primarily operates as a palm oil producer (being the largest cultivator of oil palm in Sri Lanka) while managing a dairy farm and other plantation crops. Being the first RSPO (Roundtable on Sustainable Palm Oil) certified company in South Asia, it provides a competitive edge in the market, ensuring that oil palm products are produced without harming the environment, wildlife, or local communities.

Through integrated agronomic expertise, precision resource management, and sustainable mechanization, Watawala Plantations PLC adopts advanced strategies to maximise crop yields, operational efficiency, and market adaptability. Harnessing cutting-edge technology and data-driven agricultural insights, we continuously enhance productivity while proactively managing risks to mitigate macroeconomic challenges. With a strong emphasis on sustainability, innovation, and resilience, Watawala Plantations PLC remains well-positioned to drive long-term growth and deliver value across the agricultural sector in Sri Lanka.



ABOUT US

ORGANIZATION STRUCTURE



PALM OIL



Oil Palm Cultivation → **Palm Oil Production** → **Sale of Palm oil**

RSPO certification for all 3 estates, palm oil mill and kernel crushing plant
RSPO trademark license certification
ISO 14001:2015 – Environmental management system
ISO 45001:2018 – Occupational health and safety

DAIRY



Dairy Farming

Lonach Estate, Ginigathhena

1,562 herd strength

Total Mixed Ration (TMR) method is used to feed cattle, which is a proven method of improving the productivity of cows

Milking & Storage

Automated milking parlour with zero human contact

Capacity to chill and store 23,000 litres of milk

Sale of Milk

Sale of fresh milk to bulk buyers

CULTIVATED LAND AREA

Estate	Oil Palm (In Hectares)	Tea (In Hectares)	Cinnamon (In Hectares)	Coconut (In Hectares)	Rubber (In Hectares)
Homadola	668.85	48.93	49.44	10.25	97.16
Talangaha	1,352.56	11.26	22.14	-	-
Nakiyadeniya	1,372.34	-	40.60	-	42.64
Lonach	-	71.00	-	-	-
Total	**3,393.75**	**131.19**	**112.18**	**10.25**	**139.80**

OUR JOURNEY OF GROWTH

1992

- Incorporation of WATA following privatisation of 22 Regional Plantation companies
- Strategic joint venture with TGBL of India

1996

- Management of estates taken over by Estate Management Services (Pvt) Ltd.

1998

- Launch of Tea Brand Zesta

2011/12

- Commissioning of state-of-the-art tea factory in Lindula

2013/14

- Welcomed Pyramid Wilmar Plantations (Pvt) Ltd. as a third joint venture partner
- Installation of Effluent Treatment facility with bio-gas generation system at the palm oil mill

2014/15

- Installation of steam turbine at the palm oil mill

2015/16

- Entered into a joint-venture agreement with PADC Holdings, a subsidiary of Duxton Asset Management to set up a USD 11.5 Mn. dairy farm project on Lonach Estate

2017/18

- Watawala Dairy Ltd. commences commercial operations
- Divested net assets of Rs. 1,856 Mn relating to upcountry tea operations to Hatton Plantations PLC

2018/19

- Obtained ISO 45001:2018 (OH&S) for the Palm oil mill
- Established CSR brand Watawala Kalana Mithuru

2024/25

- Sustainability Performance Certificate
- Green House Gas Emission Reporting (ISO 14064-1)
- Great Place To Work certification
- Company name changed from Watawala Dairy Ltd. to Lonach Dairy Ltd.

2025/26

- Investment in high-capacity crop holding infrastructure with a hydraulically operated ramp and cage system
- Upgraded facilities for palm oil mill employees
- Installation of high capacity expeller and pressure leaf filter for improved kernel oil quality and extraction efficiency
- Installation of a pre-treatment system for palm oil mill effluent treatment

2002/03

- Obtained ISO 9002:1994 and HACCP certification

2003/04

- Introduction of "Watawala Kahata" tea brand

2004/05

- Collaboration with Tata Tetley UK to expand global reach

2006/07

- Expansion of oil palm plantation

2007/08

- Awarded with the Business Super Brand status

2010/11

- Installation of vertical sterilisers to improve process efficiency of palm oil mill

2019/20

- Launch of bottled milk brand "Pride of Lonach" to the retail market
- Introduction of Watawala Saru Pasa compost

2020/21

- Obtained RSPO certification for all oil palm estates

2021/22

- Obtained RSPO certification for palm oil mill
- Expansion of Pride of Lonach product portfolio with the introduction of Ghee and low fat milk
- Increase in production capacity and efficiency of palm oil mill through technology upgrades
- Obtained ISO 50001:2018-Energy Management Systems Certification for palm oil mill

2022/23

- Obtained ISO 14001:2015- Environmental Management Systems certification for Palm Oil mill
- Implementation of SAP Business One ERP System
- Implementation of field data management, checkroll and payment system iHarvest for agribusiness
- Launch of "Watawala goviya" to support farmers cultivate vegetables
- Divestment of Pride of Lonach bottled milk retail operations

2023/24

- Opened a state-of-the-art cinnamon peeling centre in Stokesland
- Commenced sale of RSPO credits
- Obtained DAPH approval for manufacturing of animal feed

OUR SOCIAL AND ECONOMIC IMPACT

OUR VALUE ADDITION

Rs. Mn	Company 2025/26	Company 2024/25	Group 2025/26	Group 2024/25
Revenue	**8,355**	6,616	**9,442**	7,800
Other Income	**301**	235	**110**	284
Gain/(loss) on changes in fair value of biological assets	**(3)**	(34)	**(373)**	(321)
Operating Overheads	**(2,985)**	(2,726)	**(3,482)**	(3,134)
Value Addition	**5,667**	**4,091**	**5,697**	**4,628**
Distribution of Value Added				
To Employees (Remuneration and Benefits)	**1,431**	1,297	**1,520**	1,377
To the Government (Taxes)	**1,363**	1,004	**1,363**	1,004
To Shareholders (Dividends)	**3,050**	4,473	**3,050**	4,473
To the providers of debt capital (Interest)	**153**	114	**199**	127
Retained within the business (Depreciation and retained profit)	**(330)**	(2,797)	**(436)**	(2,353)
	5,667	**4,091**	**5,697**	**4,628**

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FINANCIAL HIGHLIGHTS

For the year ended 31 March		2026	2025	%
Financial Performance				
Revenue	Rs. Mn	9,442	7,800	21%
Gross Profit Margin	%	51%	46%	
Operating Profit	Rs. Mn	3,749	2,874	30%
Profit before Tax	Rs. Mn	3,628	2,899	25%
Net Profit	Rs. Mn	2,330	1,885	24%
Basic Earnings per share	Rs.	2.34	1.89	24%
Cash Flow from Operations	Rs. Mn	3,267	3,118	8%
Interest Cover	Times	19	23	-17%
Return on Equity (ROE)	%	74%	39%	
Return on Capital Employed (ROCE)	%	69%	46%	

As of 31st March		2026	2025	%
Financial Position				
Total Assets	Rs. Mn	8,600	8,713	-1%
Total Debt	Rs. Mn	2,106	1,685	25%
Total Shareholders Funds	Rs. Mn	2,906	3,572	-19%
Net Assets Per Share	Rs.	2.81	3.51	-20%
Debt/Equity Ratio	%	70%	45%	
Debt/Total Assets	%	24%	19%	
Current Ratio	Times	0.65	0.96	
Quick Assets Ratio	Times	0.5	0.78	

As of 31st March		2026	2025	%
Market/shareholders information				
Market Price per share	Rs.	41.30	28.00	48%
Market Capitalization	Rs. Mn	41,983	28,463	48%
Enterprise Value	Rs. Mn	43,341	28,583	52%
Price Earnings Ratio	Times	18	15	19%
Dividend Payout	%	128%	233%	
Dividend Per Share	Rs.	3.0	4.4	-32%
Dividend Yield	%	7%	16%	

NON-FINANCIAL HIGHLIGHTS

For the year ended 31st March		2026	2025
Social and Relationship Capital			
Investment in Community	Rs. Mn	18.6	8.9
Payments to Suppliers	Rs. Bn	2.65	2.66
Proportional spending to local suppliers	%	91	95

For the year ended 31st March		2026	2025
Human Capital			
Total Employees	Nos.	1,468	1,585
Payments to employees	Rs. Mn	1,400	1,302
Employees retention rate	%	90	81
Female representation	%	31	34
New recruits	No.	95	47
Investment in training	Rs. Mn.	7.8	10
Total training	Hours	8,628	3,038
Average training/employees	Hours	7	1.9
Workplace injuries	Nos.	10	0
Union representation	Nos.	6	6

For the year ended 31st March		2026	2025
Manufactured Capital			
Property, plants and equipment	Rs. Mn	3,056	2,549
Investments in Capex	Rs. Mn	886	203
Investment in automation and digitization	Rs. Mn	7.9	9.3

For the year ended 31st March		2026	2025
Natural Capital			
Raw material consumption (Fertilizer)	Kg	2,763,644	2,688,858
Raw material consumption (Agrochemical)	Litre	6,304	5,626
Energy Consumption	GJ	266,364	217,620
Energy Intensity	GJ per unit	4.1	1.7
Water Consumption	m3	57,230	42,228
Solid waste generation*	Kg	21,927,092	1,390
Carbon footprint	tCO_2e	31,017	23,102

* *2026 figures include all by-products generated from the mill (decanter cake, Empty fruit bunches, nut shell and fibre, scrap metal) and household waste. 2025 figures include household waste only.*

ABOUT OUR INTEGRATED ANNUAL REPORT

OVERVIEW

(GRI 2-1,2-3)

Entering our 11th year of integrated reporting, Watawala Plantations PLC and its subsidiary, Lonach Dairy Limited, continue to refine how we measure and share our corporate journey. This Report provides a holistic look at our performance and value creation process during the financial year ending 31 March 2026.

Rather than viewing our business functions in isolation, this Report illustrates the clear interconnections between our strategy, governance, and sustainability principles. We detail how our operating model impacts the economy, the environment, and society over time, while outlining a resilient, forward-looking perspective designed to navigate future economic realities.

REPORTING FRAMEWORK

Reporting Dimension	Framework / Standard Applied
Integrated Reporting	Integrated Reporting Framework Guidelines for the presentation of Annual Reports issued by CA Sri Lanka
Sustainability & ESG	Global Reporting Initiative (GRI) Standards 2021 SLFRS S1 and S2 Sustainability Disclosure Standards Sustainable Development Goals (SDG)
Financial Reporting	Sri Lanka Financial Reporting Standards (SLFRSs) Sri Lanka Accounting Standards (LKASs)
Statutory Compliance	Companies Act No. 07 of 2007 Listing Requirements of the Colombo Stock Exchange
Corporate Governance	Code of Best Practice on Corporate Governance (CA Sri Lanka / SEC)

REPORTING PERIOD, SCOPE AND BOUNDARY

Reporting Period

This Report covers the financial and non-financial performance of the Group for the period from 1 April 2025 to 31 March 2026, maintaining consistency with our annual reporting cycle.

Operational Scope

The scope of this Report encompasses all core business operations of Watawala Plantations PLC and its subsidiary, Lonach Dairy Limited (collectively referred to as "the Group"). This includes entities over which we exercise direct operational and financial control.

Reporting Boundary

Extending beyond traditional financial reporting, our boundary encompasses non-financial performance, material risks, emerging opportunities, and outcomes. It includes impacts associated with key stakeholders across our value chain who significantly influence our capacity to create sustainable value.

Our Material Matters	Page Number
Our Strategy	(Pg 42 – 43)
Operating Environment	(Pg 62 – 65)
Material Issues	(Pg 49 – 61)
Financial Reporting	(Pg 143 – 215)
Stakeholder Relationships	(Pg 46 – 48)

SIX CAPITALS



MATERIALITY

The Group identifies its most critical issues through a structured, organization-wide materiality assessment. Grounded in the double-materiality principle, this process evaluates both the financial impacts of external factors on the Group and our own operational impacts on people and the environment. The assessment systematically weighs risks, opportunities, and macroeconomic trends against the six Integrated Reporting Capitals, ensuring we maximize value creation while mitigating value erosion for our stakeholders.

As an agribusiness diversified across the plantation and dairy sectors, we apply a robust, holistic approach to defining our material aspects, which are detailed on page 49 of this Report. By meticulously addressing these core priorities, we enhance our operational performance, strengthen our sustainability framework, uphold rigorous governance principles, and demonstrate accountability through unwavering regulatory compliance.

FORWARD-LOOKING STATEMENTS

This Report contains certain forward-looking statements regarding the future performance, strategic choices, and prospects of Watawala Plantations PLC and its subsidiary. While these statements reflect our best judgments, assumptions, and expectations at the time of compiling this Report, actual results may differ materially.

A variety of emerging risks, macroeconomic uncertainties, and external market factors beyond our control could cause outcomes to diverge from current projections. Accordingly, the Group provides no express or implied representation or warranty that the expectations or targets outlined in these forward-looking statements will be realized.

PRECAUTIONARY PRINCIPLE

We use the Precautionary Principle as our commitment to social and environmental decision-making, by taking mitigating action of potential risks, even in the absence of complete evidence or information, to ensure the long term viability of our operations and the sustainability of our capitals. This allows us to operate as a responsible corporate citizen, safeguarding our stakeholders, the environment, and the community we impact. Implementation of the precautionary principle helps us anticipate challenges and innovate solutions that reinforce our resilience promoting trust among our stakeholders.

COMBINED ASSURANCE (GRI 2-5)

Assurance for the reporting content embodied is reinforced by a carefully vetted combination of internal and external sources. Primarily, the reporting information was approved by the Board of Directors after addressing the chain of delegated responsibility. The mandatory independent review of the Financial Statements, including the notes to the accounts, has been provided by the Group's external auditors, Messrs KPMG Chartered Accountants. Please refer page for the assurance report. This external validation strengthens the credibility and transparency of the financial information presented in the report.

BOARD RESPONSIBILITY STATEMENT

Watawala Plantations PLC's Board of Directors acknowledges ultimate responsibility to ensure the integrity of the Integrated Annual Report providing a fairly balanced view of its performance in 2025/26 and is of the opinion that it addresses all material issues that it believes may have a bearing on the Group's capacity to create value over the short term. The Report was unanimously approved by the Board on 27 May 2026.

RE-STATEMENT OF INFORMATION

(GRI 2-4)

There is no restatement of financial or non-financial information which was audited last year, unless otherwise related to 2025/26 operations.



PRINT
Available on request

ONLINE
Available as PDF

FEEDBACK

(GRI 2-3)

We value your feedback as it enables us to continuously improve our reporting and encourage your comments to:

Mr. Lasantha Perera
Sector Financial Controller
Watawala Plantations PLC

Phone: +94 77 773 2744
e-mail: lasantha.perera@sunshineholdings.lk

CHAIRMAN'S MESSAGE

During the year under review, Watawala Plantations PLC remained focused on disciplined execution. Our approach centred on strengthening operational resilience, enhancing cost efficiency, and deepening local value creation.

Dear Stakeholders,

It is with great pleasure that I present the Annual Report of Watawala Plantations PLC for the financial year 2025/26, a year that marked not only continued resilience for our Company, but also an important phase in Sri Lanka's journey towards broader economic recovery.

NAVIGATING RECOVERY AMID STRUCTURAL REALITIES

Sri Lanka's macroeconomic recovery gathered cautious momentum during the year under review. Progress in fiscal consolidation, debt restructuring, and the stabilisation of foreign exchange markets contributed to improving economic fundamentals. Low single-digit inflation, alongside robust inflows from tourism and worker remittances, provided further support to this recovery trajectory.

However, despite GDP growth rebounding to approximately 5%, the operating environment remained constrained by elevated input costs and subdued consumer demand. Within this context, the plantation and agribusiness sectors continued to face structural pressures, while remaining cautiously optimistic about policy developments particularly the potential lifting of the ban on oil palm cultivation, which could significantly strengthen domestic edible oil production.

Agriculture is one of the most vital contributors to employment and the GDP; it is central to food security, rural economic empowerment, foreign exchange conservation, and long-term economic sovereignty. At a time when Sri Lanka continues to navigate import dependency and global commodity volatility, strengthening domestic agricultural production has become an economic imperative. Within this landscape, plantation and agribusiness enterprises have an especially significant role to play. Presently, the plantation sector continues to evolve beyond its traditional role, increasingly positioned as a critical contributor to modern food systems, sustainable resource management, and domestic industrial resilience.

The edible oil segment remains a particularly significant national concern. Sri Lanka continues to rely heavily on imported edible oils, exposing the economy to exchange rate pressures, global price fluctuations, and supply chain disruptions. Domestic production remains materially below national demand, reinforcing the urgent need for scalable, efficient, and sustainable local alternatives.

Oil palm, despite being among the world's most efficient oil-yielding crops per hectare, continues to operate within a complex and evolving policy environment in Sri Lanka. As discussions around land use, sustainability, and agricultural diversification continue, it is essential that policy evolution remains informed by science, economic pragmatism, and national food security priorities. Simultaneously, Sri Lanka's dairy sector continues to face structural production gaps, resulting in substantial import dependence that places additional strain on foreign exchange reserves. It is at the intersection of these two strategically significant sectors, edible oils and dairy that Watawala Plantations operates, positioning the Company not merely as a commercial enterprise, but as a contributor to broader national economic resilience.

During the year under review, Watawala Plantations PLC remained focused on disciplined execution. Our approach centred on strengthening operational resilience, enhancing cost efficiency, and deepening local value creation. At the same time, we accelerated productivity improvements through precision agriculture and strengthened integration across our value chains to mitigate exposure to external shocks.

DELIVERING A RESILIENT PERFORMANCE

The Company's resilience during the year reflects the strength of its operating model and management execution in an environment that remained demanding.

Despite persistent cost pressures and external volatility, Watawala Plantations demonstrated its ability to sustain performance through a disciplined focus on productivity enhancement, operational optimisation, and strategic efficiency improvements. The Watawala

> Our strategic focus remained centred on enhancing land productivity and agricultural yields through improved agronomic practices, operational optimisation, and disciplined resource management.

Plantations PLC Group reported revenue of Rs. 9,442 Mn, reflecting a 21% growth compared to last year's revenue of Rs. 7,800 Mn, demonstrating the resilience of our business model and the successful execution of our strategic priorities. The Group's bottom line also mirrored this strong performance, with Profit After Tax increasing by 24% to Rs. 2,330 Mn over the previous year, underscoring the operational discipline and value creation achieved during the year. These achievements are a testament to the strength of our strategy, the unwavering determination of our teams, and the dedication, agility, and collaborative spirit that define the Watawala team.

Our strategic focus remained centred on enhancing land productivity and agricultural yields through improved agronomic practices, operational optimisation, and disciplined resource management. At the same time, we continued to strengthen vertical integration across key value chains, enabling greater control over quality, efficiency, and value capture while improving our responsiveness to market dynamics.

Recognising the importance of competitiveness in an increasingly challenging environment, the Company placed strong emphasis on improving operational efficiency and cost discipline, ensuring that resources are deployed prudently to maximise returns. Complementing these efforts was a commitment to innovation-led agricultural transformation, embracing modern practices, technologies, and process improvements that will support sustainable growth and future readiness.

Underpinning these strategic priorities was a disciplined approach to capital allocation and robust risk oversight, enabling the Company to remain agile and resilient while preserving financial strength. Collectively, these priorities position the business to navigate sector complexities with confidence while laying the foundation for enduring and sustainable value creation.

Particular attention was also given to the policy environment surrounding oil palm cultivation, given its long-term implications for both the Company and Sri Lanka's edible oil security. We continue to advocate for balanced, evidence-based approaches that support sustainable agricultural development while recognising the economic importance of domestic production capability. Equally important is the continued strengthening of downstream processing and value extraction capabilities, enabling the Company to capture greater economic value while improving operational flexibility.

GOVERNANCE WITH LONG-TERM PURPOSE

The Board views Watawala's role through a lens that extends beyond conventional business performance.

Agriculture is inherently a long-horizon sector, shaped by biological production cycles, climatic variability, evolving policy landscapes, input cost fluctuations, and resource constraints that demand both resilience and strategic foresight. In navigating this complex operating environment, the Board worked closely with management to refine and reinforce the Company's strategic priorities, ensuring that near-term performance remains aligned with long-term value creation. The Board's stewardship throughout the year remained firmly focused on ensuring that Watawala continues to evolve as a resilient, future-ready agribusiness.

SUSTAINABILITY AS A STRATEGIC IMPERATIVE

Sustainability is not peripheral to agriculture it is foundational to its long-term viability. The health of our land, water systems, ecosystems, and surrounding communities directly shapes the resilience of our business. Responsible stewardship of these resources is therefore integral to sustainable value creation. Watawala's commitment to responsible palm oil production, aligned with internationally recognised sustainability standards, reflects our determination to lead with credibility and accountability. During the year, continued investment in environmental management systems, resource optimisation, waste management, and broader ESG integration further strengthened our sustainability agenda. Equally important is our social responsibility. The livelihoods of our employees, the well-being of rural communities, and the broader societal impact of our operations remain central to our long-term success.

DIVIDENDS

In view of this robust performance and our continued commitment to delivering sustainable shareholder returns, I am pleased to announce that the Directors have recommended a final dividend of Rs. 0.80/- per share for consideration at the Annual General Meeting. This is in addition to the interim dividend of Rs. 1.70/- per share paid earlier in the year. Accordingly, the total dividend for the year would amount to Rs. 2.50/- per share.

SHAPING THE FUTURE OF SRI LANKAN AGRIBUSINESS

As one of Sri Lanka's leading palm oil producers and an increasingly scaled dairy operator, the Company occupies a unique position within the national

CHAIRMAN'S MESSAGE

agricultural landscape. Our integrated business model spanning cultivation, production, processing, and value addition enables us to contribute meaningfully to reducing import dependency while creating economic value within the domestic economy. This positioning brings both opportunity and responsibility. The opportunity lies in building a stronger, more resilient agribusiness capable of capturing long-term growth in strategically essential sectors. The responsibility lies in ensuring that this growth is delivered sustainably, efficiently, and with due regard for the environmental and social ecosystems upon which agriculture depends.

Moving ahead Sri Lanka's agricultural future will be defined by its ability to modernise, scale, and embrace more efficient, technology-enabled operating models. Traditional approaches alone will not be sufficient to meet future food security needs or compete in increasingly complex operating environments. The Board has consistently supported the Company's progression toward more sophisticated and technology-enabled agricultural practices. Precision agriculture, data-driven farm management, mechanisation, and process enhancements are no longer optional differentiators they are essential capabilities for modern agribusiness competitiveness. These investments are expected to strengthen yield consistency, improve input utilisation, enhance cost efficiency, and create greater resilience across both plantation and dairy operations. The Board strongly supports the Company's transition toward more advanced agricultural practices, including precision farming, data-led decision-making, mechanisation, and improved production management systems. These capabilities are critical to enhancing yields, optimising resource utilisation, and improving cost efficiency. At the same time, continued investment in downstream processing and operational integration strengthens our ability to capture greater value from our agricultural operations while improving resilience across the value chain

Watawala is well positioned to be part of this transformation. The Board remains committed to supporting investments that enhance productivity, strengthen resilience, deepen sustainability, and expand the Company's contribution to national food security and economic stability. Our ambition remains clear to build an agribusiness that is commercially strong, environmentally responsible, operationally resilient, and strategically relevant to Sri Lanka's future.

APPRECIATION

As we reflect on the year, I extend my sincere appreciation to our management team for their disciplined execution, strategic leadership, and commitment in navigating a demanding operating environment.

I also wish to acknowledge our employees across plantations, production facilities, and corporate functions, whose dedication, resilience, and hard work continue to underpin the Company's performance and progress. To our shareholders, business partners, customers, regulators, and wider stakeholders, I thank you for your continued trust, confidence, and support. Finally, I acknowledge my fellow Board members for their stewardship, insight, and unwavering commitment to ensuring that Watawala remains positioned for long-term sustainable success.

As Sri Lanka continues its journey toward renewal, we remain confident in the enduring role Watawala Plantations can play in shaping a stronger and more self-reliant agricultural future.



Reyaz Mihular
Chairman

27 May 2026

ACTING CHIEF EXECUTIVE OFFICER'S REVIEW

> The performance reflects our continued focus on improving yields, enhancing harvesting efficiency, strengthening field accessibility, and maximising oil extraction from existing planted areas.

Dear Stakeholders,

FY 2025/26 marked a year of strong earnings growth and operational progress for Watawala Plantations PLC, demonstrating the strength of our palm oil platform, the continued development of our dairy operations, and the resilience of our diversified agribusiness model.

Against a backdrop of elevated input costs, evolving regulatory dynamics, and a challenging operating environment, we remained focused on disciplined execution, operational excellence, and long-term value creation. The results achieved during the year reflect the benefits of strategic investments made over the past several years, the commitment of our people, and the growing strength of our integrated agribusiness model.

As Sri Lanka's leading palm oil producer and a key participant in the domestic dairy sector, we remain uniquely positioned to contribute to national priorities around food security, import substitution, and sustainable agricultural development while delivering long-term value to our shareholders.

DELIVERING STRONG FINANCIAL AND OPERATIONAL PERFORMANCE

The Group delivered a resilient financial and operational performance during the year, demonstrating the effectiveness of our strategy and our ability to navigate a dynamic business environment.

Revenue reached Rs. 9.4 billion, reflecting stability across our core business segments despite external cost pressures. More significantly, operating profit increased by 30% compared to the previous year, driven by continued improvements in productivity, operational efficiency, and disciplined cost management.

Throughout the year, we faced elevated costs across fertiliser, animal feed, energy, logistics, and labour. However, our focus on yield optimisation, precision input management, mechanisation, and process improvements enabled us to mitigate many of these pressures and sustain profitability.

Our palm oil operations continued to serve as the primary earnings engine of the Group, while our dairy business strengthened its role as a strategic growth platform. Together, these businesses provide a balanced portfolio that combines current profitability with long-term growth potential.

PALM OIL: STRENGTHENING OUR CORE BUSINESS

Palm oil remained the primary driver of profitability and value creation during the year.

Production increased to 16,404 MT compared to 14,707 MT in the previous year. Revenue reached Rs. 8,355 million, while Profit After Tax increased by 69% to Rs. 2,570 million from Rs. 1,518 million in the previous year.

The performance reflects our continued focus on improving yields, enhancing harvesting efficiency, strengthening field accessibility, and maximising oil extraction from existing planted areas. Our emphasis on operational discipline and continuous improvement has enabled us to extract greater value from our plantation assets while maintaining the highest sustainability standards.

DAIRY OPERATIONS: BUILDING A PLATFORM FOR FUTURE GROWTH

Our dairy business continued to play an important strategic role in strengthening portfolio diversification and supporting domestic food production.

During the year, dairy production reached 4.8 million litres, generating revenue of Rs. 1,087 million. While the business recorded a Loss After Tax of Rs. 577 million, profitability was impacted by higher cost for effluent management. We are evaluating investments in environmental infrastructure, including enhanced effluent management systems, as well as continued investments in herd quality and operational capability.

These investments are necessary to support long-term scalability, productivity improvement, and sustainability performance. We remain confident in the long-term fundamentals of the dairy sector and its strategic importance to Sri Lanka's food security agenda.

EXECUTING WITH STRATEGIC CLARITY

Our strategic priorities during the year remained focused on strengthening long-term competitiveness through investments in productivity, technology, sustainability, and scale.

ACTING CHIEF EXECUTIVE OFFICER'S REVIEW

Digital transformation continues to serve as a critical enabler across the Group. The increasing integration of digital systems has enhanced visibility, traceability, operational planning, and decision-making, allowing us to manage our operations with greater precision and agility.

A central component of this strategy has been our continued transition toward precision agriculture. By leveraging data-driven agronomic practices, digital monitoring tools, and targeted input application, we are improving yield predictability, increasing resource efficiency, and enhancing overall plantation productivity.

Digital transformation continues to serve as a critical enabler across the Group. The increasing integration of digital systems has enhanced visibility, traceability, operational planning, and decision-making, allowing us to manage our operations with greater precision and agility.

SUSTAINABILITY AT THE CORE

Sustainability remains central to our business model and long-term strategy.

As Sri Lanka's only RSPO-certified palm oil producer, we continue to differentiate ourselves through our commitment to globally recognised sustainability standards and responsible agricultural practices.

During the year, we further strengthened our environmental stewardship through investments in advanced effluent management systems across both palm oil and dairy operations. These initiatives are designed to minimise environmental impact, improve resource efficiency, and support the long-term sustainability of our operations.

FUTURE FOCUS

Looking ahead, we remain optimistic about the opportunities ahead for both our business and the wider agricultural sector.

Sri Lanka continues to face significant structural deficits in edible oil and dairy production. Approximately 85% of edible oil demand and a substantial proportion of dairy requirements continue to be met through imports. These gaps represent both a national challenge and a significant opportunity for responsible domestic producers.

The anticipated easing of restrictions on palm oil presents a particularly significant opportunity. Palm oil remains one of the most productive and efficient oil crops globally, delivering superior yields per hectare compared to alternative vegetable oils while reducing pressure on land utilisation.

Subject to policy developments, our focus will be on responsibly expanding domestic palm oil production, improving plantation productivity, enhancing extraction efficiencies, and scaling dairy operations through productivity-led growth.

Our strong cash generation and disciplined approach to capital allocation provide the flexibility to invest in future growth opportunities while maintaining a prudent financial position.

A NOTE OF APPRECIATION

The achievements of this year would not have been possible without the dedication, resilience, and commitment of our people. I extend my sincere appreciation to the entire Watawala Plantations PLC team for their unwavering focus on excellence and continuous improvement.

I also wish to thank our Chairman and Board of Directors for their guidance, support, and stewardship throughout the year.

Finally, I extend my gratitude to our shareholders, customers, business partners, communities, and all other stakeholders for their continued trust and confidence in Watawala Plantations PLC.

As we enter the next phase of our journey, we remain committed to building Sri Lanka's leading sustainable agribusiness—one that advances food security, creates long-term stakeholder value, and contributes meaningfully to the nation's agricultural transformation.



Shyam Sathasivam
Acting Chief Executive Officer

27 May 2026

BOARD OF DIRECTORS

M R MIHULAR
Chairman
Non-Executive/ Independent

Age - 70

QUALIFICATIONS
- Fellow Member of The Institute of Chartered Accountants of Sri Lanka
- Fellow Member of the Chartered Institute of Management Accountants (CIMA) – UK.
- Completed International Executive Education programmes at INSEAD, France, Harvard Business School and the London Business School, UK.
- Has over 45 years of industry experience.

OTHER KEY POSITIONS
Bairaha Farms PLC
Chairman

Melstacorp PLC
Independent Non Executive Director

Sunshine Holdings PLC
Independent Non Executive Director

Lonach Dairy Limited
Chairman

Sunshine Consumer Lanka
Independent Non Executive Director

Sunshine Teas (Pvt) Ltd
Independent Non Executive Director

LTL Holdings Ltd
Independent Non Executive Director

Agility Innovation (Pvt) Ltd
Independent Non Executive Director

Sunshine Consumer Lanka Limited
Independent Non Executive Director

Aitken Spence PLC
Senior Independent Director

Aitken Spence Hotels PLC
Senior Independent Director

Brown Beach Hotels PLC
Senior Independent Director

Balangoda Plantations PLC
Senior Independent Director

Madulsima Plantations PLC
Senior Independent Director

Marino Leisure Holdings Ltd
Independent Non Executive Director

V GOVINDASAMY
Director
Non-Executive/ Non-Independent

Age - 62

QUALIFICATIONS
- Holds a MBA from University of Hartford, USA.
- Bachelor of Science in Electrical Engineering, University of Hartford, USA.
- Fellow Member of the Institute of Certified Professional Managers of Sri Lanka.

OTHER KEY POSITIONS
Lanka Island Resorts Limited
Director

Softlogic Life Insurance PLC
Director

Colombo Dockyard PLC
Director

Dialog Axiata Plc
Director

Central Bank Of Srilanka
Member Of Governing Board & Monetary Policy Board

United Motors Lanka PLC
Director

Saga Consultants Pvt Ltd
Director

Sunshine Holding PLC
Director

Lonach Dairy Limited
Director

Sunshine Wilmar Pvt Ltd
Director

M S MAWZOON
Director
Non-Executive/ Non-Independent

Age - 56

QUALIFICATIONS
- Thirty one years experience in various business industries

OTHER KEY POSITIONS
Pyramid Wilmar (Pvt) Ltd
Director

Pyramid Wilmar Oils & Fats (Pvt) Ltd
Director

Pyramid Lanka (Pvt) Ltd
Director

Pyramid Wilmar Plantations (Pvt) Ltd
Director

Wressle Holdings (Pvt) Ltd
Director

Pyramid Holdings (Pvt) Ltd
Director

Lonach Dairy Ltd
Director

Joyspree Lanka Holdings (Pvt) Ltd
Director

Pyramid Gama (Pvt) Ltd
Director

Perennial Real Estate Lanka (Private) Limited
Director

PREH Properties (Private) Limited
Director

Sunshine Wilmar (Private) Limited
Director

Shangri-La Hotels Lanka (Pvt) Ltd
Director

One Galle Face Property Management (Pvt) Ltd
Director

Shangri La Investments Lanka (Pvt) Ltd
Director

Pyramid Oil and Logistics (Pvt) Ltd
Director

Pyramid Warehousing (Pvt) Ltd
Director

Pyramid Ventures (Pvt) Ltd
Director

Fortune Green (Pvt) Ltd
Director

KPN Cement (Pvt) Ltd
Director

SMI Dwellings (Pvt) Ltd
Director

BOARD OF DIRECTORS

S G SATHASIVAM

Director
Executive/ Non-Independent

Age - 49

QUALIFICATIONS

- Holds a MBA from Kellogg School of Management, Northwestern University, USA
- Graduated from the London School of Economics & Political Science, UK

OTHER KEY POSITIONS

Lamurep Investments Ltd
Director
Lamurep Properties Ltd
Director
Healthguard Pharmacy Limited
Director
Sunshine Healthcare Lanka Limited
Director
Norris Canal Properties
Director
Sunshine Packaging Lanka Limited
Director
Sunshine Consumer Lanka Limited
Director
Sunshine Tea Pvt Ltd
Director
Century Properties Limited
Director
Lina Manufacturing Pvt Ltd
Director

A CABRAAL

Director
Non-Executive/ Independent

Age - 69

QUALIFICATIONS

- Fellow member of the Chartered Institute of Marketing – UK
- Holds MBA from University of Colombo
- Executive education alumnus of INSEAD – France

OTHER KEY POSITIONS

Healthguard Pharmacy Limited
Director
Sunshine Healthcare Lanka Limited
Director
Lina Manufacturing Pvt Ltd
Director
Sunshine Consumer Lanka Limited
Director
Sunshine Foundation For Good
Director
John Keells Holdings Plc
Director
Ceylon Beverage Holdings Plc
Director
CIC Feeds Pvt Ltd
Director
CIC Vetcare Pvt Ltd
Director
CIC Poultry Farms Pvt Ltd
Director
CIC Bio Security Breeder Farms Pvt Ltd
Director
Asiavet Lifesence Pvt Ltd
Director
Silvermill Investments Holdings Pvt Ltd
Director
Moose Clothing Colombo Pvt Ltd
Director
Lion Brewery Ceylon Plc
Director
Sunshine Tea Pvt Ltd
Director
Century Properties Ltd
Director
Sunshine Holdings Plc
Director

H D ABEYWICKRAMA

Director
Non-Executive/ Independent

Age - 66

QUALIFICATIONS

- Graduate of the Air Command and Staff College at Air University, Maxwell Air Force Base, Alabama, USA
- Graduate of the Royal College of Defense Studies, London UK
- Master of Arts degree in International Studies from King's College, the University of London
- Master of Science degree in Management from the Kotalawala Defense University, Sri Lanka

OTHER KEY POSITIONS

Lonach Dairy Limited
Director
Brandix Lanka Limited
Director
Capitol Towers Limite
Director

M R RAO
Director
Non-Executive/ Non-Independent

Age - 74

QUALIFICATIONS

- Fellow member of The Institute of Chartered Accountants of India
- Commerce graduate from Mumbai University

OTHER KEY POSITIONS

Shree Renuka Sugars Limited
Director

Adani Wilmar Limited
Director

Gokak Sugars Limited
Director

GMR Hyderabad International Airport Limited
Director

Sumeru Global Holdings and Services (Private) Limited
Director

Sumeru Software Solutions (Private) Limited
Director

Pyramid Lanka (Private) Limited
Director

Pyramid Wilmar (Private) Limited
Director

Pyramid Wilmar Oils & Fats (Private) Limited
Director

Wilmar Tea Lanka (Pvt) Ltd
Director

Perennial Real Estate Lanka (Private) Limited
Director

PREH Properties (Private) Limited
Director

Sunshine Wilmar (Private) Limited
Director

Orion Fund Pte. Ltd.
Director

Orion Fund II Pte. Ltd.
Director

Art of Living Foundation Ltd.., Australia
Director

A HERATH
Director
Non-Executive/ Independent

Age - 63

QUALIFICATIONS

- Fellow member of The Institute of Chartered Accountants of Sri Lanka Chartered Global Management Accountant
- Bachelor of Science degree from the University of Colombo
- MBA from the University of Strathclyde in the United Kingdom
- Master of Arts in Financial Economics from the University of Colombo
- Has over 30 years of experience as a Chartered Accountant

OTHER KEY POSITIONS

Colombo Stock Exchange
Director

Central Depository System Pvt Ltd
Director

Synapsys Ltd
Director

Durdans Medical and Surgical Hospitals Pvt Ltd
Director

Cargills Bank Limited
Director

Watawala Plantations PLC
Director

Senkadagala Finance PLC
Director

CSE Clear
Chairman

RIL Properties PLC
Chairman

United Motors Lanka PLC
Director

Sri Lanka Institute of Directors
Director

Board of Investment of Sri Lanka
Chairman (Resigned on 31 January 2026)

T SIDDIQUE
Director
Non-Executive/ Non-Independent

Age - 37

QUALIFICATIONS

- Holds a Bachelor's (Honours) in Finance and Accounting from the University of Nottingham.
- Member of the Association of Chartered Certified Accountants.
- Associate Member at Sri Lanka Institute of Directors and Member at International Chamber of Commerce.

OTHER KEY POSITIONS

Pyramid Wilmar (Pvt) Ltd
Director

Pyramid Wilmar Oils & Fats (Pvt) Ltd
Group Chief Operating Officer

Pyramid Lanka (Pvt) Ltd
Group Chief Operating Officer

Pyramid Wilmar Plantations (Pvt) Ltd
Group Chief Operating Officer

Pyramid Holdings (Pvt) Ltd
Director

Pyramid Gama (Pvt) Ltd
Director

Perennial Real Estate Lanka (Private) Limited
Director

PREH Properties (Private) Limited
Director

Sunshine Wilmar (Private) Limited
Director

Pyramid Warehousing (Pvt) Ltd
Director

Fortune Green (Pvt) Ltd
Director

KPN Cement Lanka (Private) Limited
Director

SMI Dwellings (Private) Limited
Director

Pyramid Ventures (Private) Limited
Director

CORPORATE MANAGEMENT TEAM



Shyam Sathasivam
Acting Chief Executive Officer



Fergus Stanly
Business Consultant, Lonach Dairy Ltd.



Lasantha Perera
Sector Financial Controller - Agri



Gayan Chathuranga Dehideniya
Senior Manager - HR Business Partnering



Prasanna Premachandra
Deputy General Manager - Operations



Viraj Weerasooriya
Senior Manager - ERP & Business Applications



Thanushka K H
Senior Manager - Palm Oil Mill



Vigneraja Nallathamby
Senior Manager – Procurement and Logistics



Nilan Dandeniya
Senior Manager - Plantation



Jeevantha Abeysekera
Manager - Plantation



Dilshan Madugoda
Acting Manager - Plantation

CORPORATE GOVERNANCE

The Board of Directors of Watawala Plantations PLC identifies and accepts that good governance is incumbent on an ethical culture, effective controls, competitive performance, and transparent and accurate disclosures. The long-term result, therefore, is an entity managed with visionary leadership for the sustainable development of the trade as well as the wellbeing of its people and the communities that surround the business. Collective responsibility for a well governed and sustainable Company therefore rests on the Board, as the apex body.

The Board has delegated monitoring of critical functions to Board Subcommittees but retains the final decision-making responsibility with the Board, in line with business strategy and objectives. Setting the overall strategy to increase the Company's value creation proposition, year on year, the Board offers independent, unbiased, and effective judgement and leadership in informed decision making. As the accountable body to the Company's shareholders and to a diverse segment of stakeholders, the Board is ultimately responsible for the seamless integration of all aspects of the operations to achieve sustainable results.

GOVERNANCE LANDSCAPE OF THE PLANTATION SECTOR

In addition to the amendments to the Listing Rules which we reported in FY 2025/26, the Government of Sri Lanka introduced several key regulatory requirements by formulating its National Policy on Plantation Sector in Sri Lanka, targeting enhanced productivity, improved global competitiveness, and strong sustainable practices.

Further, the Listing Rules amendments that focused on corporate governance, financial disclosures, and sustainability reporting, aligning with international standards, also spelt out expanded reporting on social and environmental impact, ESG requirements including reporting on carbon footprint, biodiversity conservation and ethical labour practices. The amendments also provide for plantation sector to issue Green and Sustainability Bonds under GSS+Bonds Regulatory Framework. Our Company, however, is currently not a Bond issuing entity.

More recently, in 2025, the Cabinet of Ministers approved legislative requirements with a view to modernising the plantation sector, where several key legislative reforms by way of Tea Control Act, Rubber Control Act, Coconut Development Act were introduced, alongside the Plantation Management Act, establishing a centralised legal framework. We are optimistic that these will regulate the industry and render positive results for the plantation sector.

CORPORATE GOVERNANCE FRAMEWORK AT WATA

Our Governance framework rests within the overarching governance structure of our parent company Sunshine Holdings PLC and is well within the Government specified rules and regulations. As a plantation sector Company, we are conscious of the responsibility that our operations should be limited in erosion and generous in mitigation and inputs, to ensure ecological balance in the environment, preservation of biodiversity, and sustainable in all our contributions towards the communities that we serve.

Over and above the strong ESG framework within which we operate, are the many international sustainability and climate action standards we adopt and practice. These convey our commitment to ensuring the conservation of the planet and preserving the wellbeing of all stakeholders for the long-term prosperity.

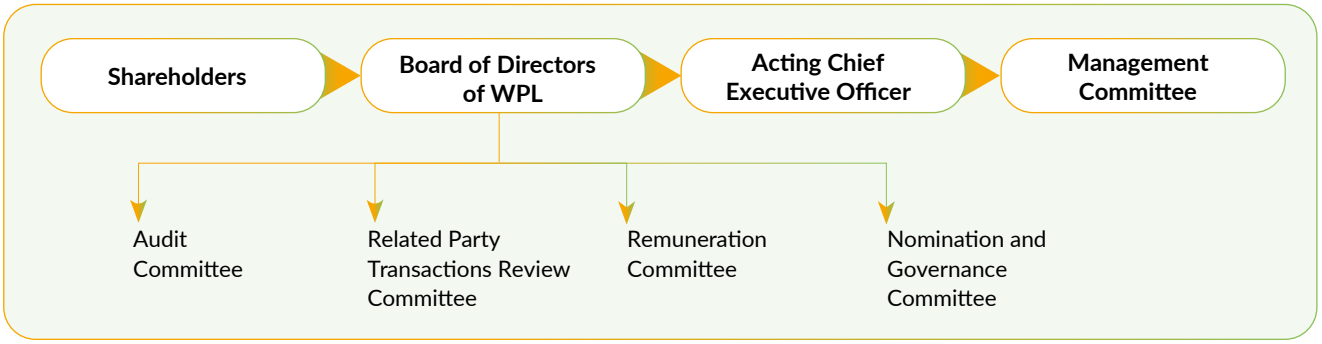
Our Corporate Governance structure rests on three key pillars.

Regulatory standards	Voluntary standards, codes and frameworks	Internal documents
• Sri Lanka Accounting Standards (SLFRS/LKAS) issued by CA Sri Lanka • Companies Act No. 07 of 2007 • Listing Rules of the Colombo Stock Exchange (CSE) • Securities and Exchange Commission of Sri Lanka (SEC) Act No. 19 of 2021	• Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants 2017 • Integrated Reporting Framework • Global Reporting Initiative Standards	• Articles of Association • Board Charter • Code of Conduct • Policy framework

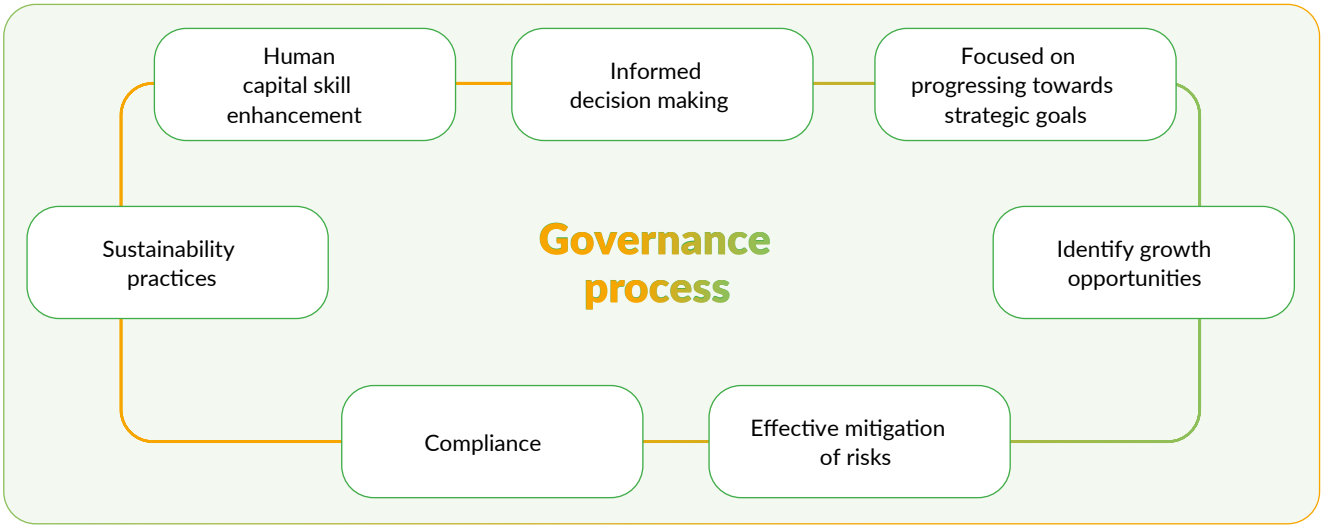
CORPORATE GOVERNANCE

CORPORATE GOVERNANCE STRUCTURE

(GRI 2-9)



GOVERNANCE PROCESSES



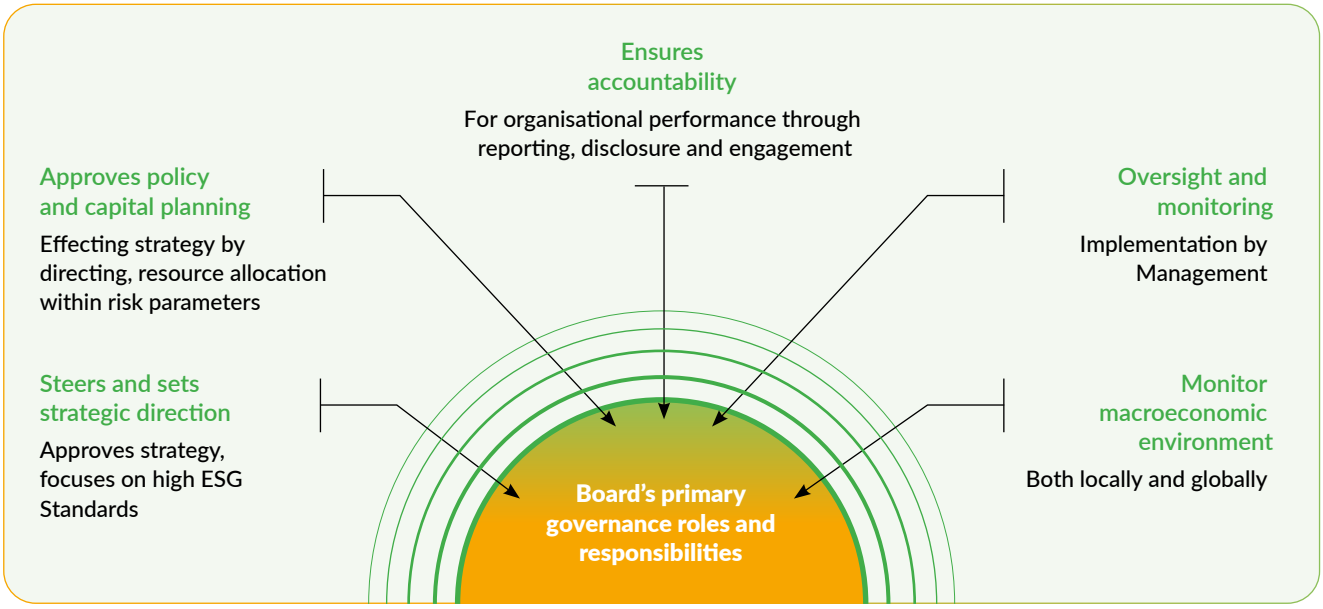
Integrated governance	Assurance mechanisms	Regulatory mechanisms
• Strategy Formulation and Decision Making • Human Capital Governance • IT Governance • Sustainability Governance • Tax Governance • Stakeholder Management and Effective Communication	• Internal Audit • Code of Conduct • Board Committees • Internal Controls • External Audit and Assurance • Whistleblower Policy	• Listing Rules of the Colombo Stock Exchange (CSE) • Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021 including directives and circulars • Companies Act No. 07 of 2007 • National Policies and International Standards • The Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka • Sri Lanka Financial Reporting Standards

THE BOARD OF DIRECTORS

Primary roles and responsibilities

(GRI 2-11, 2-12, 2-13)

The Board's primary responsibility is to formulate strategy, set the risk appetite, ensure ESG requirements are fully met, and uphold Company values by implementing internal policies in a structured manner.

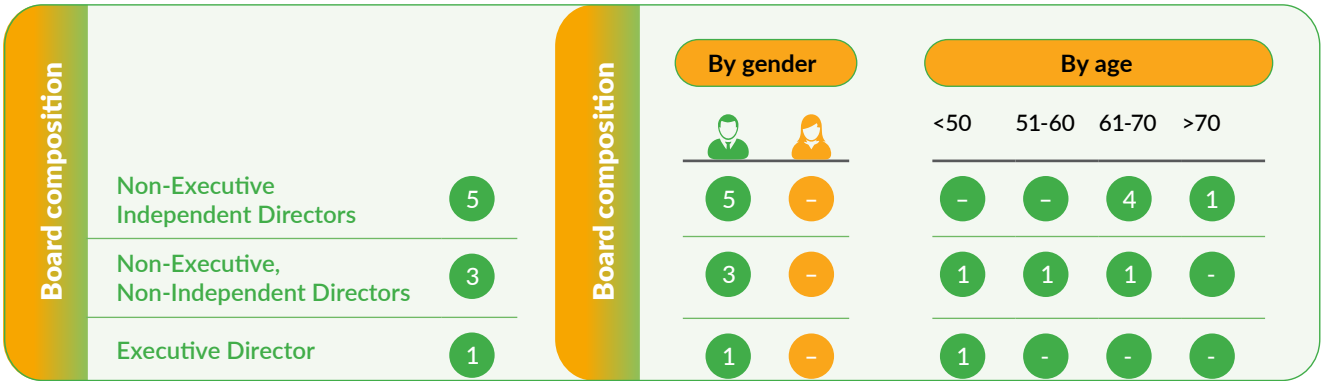


In carrying out its responsibilities, the Board encourages a culture of openness, productive dialogue and constructive dissent, facilitating an environment of employee empowerment and engagement in the decision-making process. The acting CEO is responsible for strategy and performance, supported by the Board and Corporate Management Team.

BOARD COMPOSITION

(GRI 2-9)

Reviewed to ensure the diversity of skill, knowledge, and experience are well represented to be in parallel with the requirements of the marketplace. Profiles of the Board members are set out on pages 19 - 21 and each individual is personally responsible to ensure that there are no potential conflicts of interests arising from any external associations or businesses.



CORPORATE GOVERNANCE

ROLES AND RESPONSIBILITIES

Chairman	Acting Chief Executive Officer
Leads the Board, retaining good corporate governance and ensures the Board works ethically, responsibly and in line with ESG Agenda	Accountable for implementation of strategic plan and driving performance and escalating any high-level risks/ issues to the Board
Setting an ethical tone for the Board for all dealings, internally and externally	Succession planning
Set up the Board's annual work plan and agendas in consultation with the Board Secretary and Acting CEO	Developing Watawala's strategy and budget for approval of the Board
Maintaining stakeholder trust built over the years and further augmenting their confidence in the Board	Monitoring and reporting to the Board on performance and compliance with laws and regulations
Monitoring the effectiveness of the Board and encouraging openness to ensure effectiveness of the Board	Monitor risk appetite and working within the allowable risk. Ensure Group culture permeates across all operations
Board Secretary	
Secretarial services to the Board are provided by Corporate Services (Private) Limited and the Board apprise of all laws and regulations and compliance thereof. The Secretaries maintain Minutes of Board meetings which is open for inspection by the Board Directors at any time. Shareholders have access to the Board Secretaries for any clarifications and queries.	

APPOINTMENT, EVALUATION, RE-ELECTION AND RESIGNATION OF BOARD DIRECTORS

(GRI 2-10)

Appointment	• Directors are appointed by the Shareholders at the Annual General Meeting (AGM) based on the recommendation of the Board, post a transparent process • Directors are also re-elected by the Shareholders, periodically • Nomination and Governance Committee (NGC) does the initial screening process and recommendations are escalated to the Board • On appointment, they are reported to CSE and to the Shareholders
Evaluation	• The Chairman evaluates the Board Members, and their independence periodically
Re-election/ Re-appointment	• Directors are eligible for re-election by the Shareholders at the next AGM • NGC evaluates the contribution of the Director and makes recommendations to the Board • A Director appointed to fill a casual vacancy is eligible to be elected to the Board at the AGM
Resignation/ Retirement	• Resignations, retirement, or removal of any Director is promptly advised to the CSE.

CHANGE OF CAPACITY OF DIRECTORS

Full Name	Capacity Change		Effective Date
	From	To	
M. R. Rao	Non-Independent Non-Executive Director	Independent Non-Executive Director	27th June 2025
S. G. Sathasivam	Non-executive	Executive Director, Acting Chief Executive Officer	27th June 2025

BOARD REFRESHMENT

(GRI 2-10)

Periodically, the Board welcomes fresh talent due to retirement, resignation or any other exigency that prompts the exit of a current Board Member. Such new appointments infuse new talent and fresh ways of thinking, that is required for a business that is relevant and sustainable.

THE BOARD SEATS HELD BY EACH DIRECTOR AS OF 31 MARCH 2026

Name of Director	Directorship Status in Watawala Plantations PLC	Number of Board Seats in Listed Companies	Number of Board Seats in Unlisted Companies
Mr R Mihular	Independent Non-Executive Director	8	7
Mr A Cabraal	Independent Non-Executive Director	4	14
Mr V Govindasamy	Non-Independent Non-Executive Director	5	4
Mr S G Sathasivam	Non-Independent Non-Executive Director	1	12
Mr H D Abeywickrama	Independent Non-Executive Director	-	2
Mr A Herath	Independent Non-Executive Director	1	5
Mr S Mawzoon	Non-Independent Non-Executive Director	-	21
Mr M R Rao	Non-Independent Non-Executive Director	-	16
Mr T Siddique	Non-Independent Non-Executive Director	-	12

BOARD MEETINGS

Board meetings are held on a quarterly basis on the annual calendar prepared by the Company Secretaries and with the flexibility to increase the number of meetings, depending on urgent or exigent requirements.

Chairman sets the Meeting Agenda for each Board Meeting with the support of the Company Secretary with inputs from the Acting CEO where necessary. This, together with Board Papers are circulated to the members of the Board seven days prior to the meeting. Key Management Personnel (KMP) attend Board meetings on invitation to make presentations and update the Board on material issues that impact the business. They are also available for clarifications that may be required by Board members.

At the Meeting, the Board takes up agenda items for discussion, evaluation and decision making.

Post the Board Meeting, minutes of the meeting are signed and circulated to members within two weeks and inserted to the minutes book by the Company Secretary.

CORPORATE GOVERNANCE

ATTENDANCE AT MEETINGS

Directors	Status	Board Meetings	Audit Committee (AC)	Nomination and Governance Committee (NGC)	Remuneration Committee (RC)	Related Party Transactions Review Committee (RPTRC)
Mr R Mihular	Independent Non-Executive Director	3	5	1	1	4
Mr A Cabraal	Independent Non-Executive Director	4				
Mr V Govindasamy	Non Independent Non-Executive Director	3				
Mr S G Sathasivam	Non Independent Non-Executive Director	3				
Mr H D Abeywickrama	Independent Non-Executive Director	2				
Mr A Herath	Independent Non-Executive Director	4	5	1	1	4
Mr S Mawzoon	Non-Independent Non-Executive Director	4		1		
Mr M R Rao	Non-Independent Non-Executive Director	4	4		1	3
Mr T Siddique	Non-Independent Non-Executive Director	4				

BOARD DIRECTORS ACCESS TO INFORMATION AND RESOURCES

(GRI 2-16)

Board Members received their Board Packs six days before the date of the Board Meeting. In addition, the Board Members have unrestricted access to any further information and resources as they deem necessary to make clear and informed decisions. On appointment, Directors are inducted and trained in all aspects of which focus on Corporate Governance, and all areas of ethical business practices and Company values.

INDUCTION AND TRAINING FOR BOARD OF DIRECTORS

An orientation pack is provided to all Directors on their appointment to the Board, containing laws and regulations applicable to the business and the internal processes to ensure compliance. It is crucial that the Directors are aware of local and global trends in relevance to the business and are provided with relevant training through a variety of methods to ensure ongoing professional development.

BOARD COMMITTEES

(GRI 2-10)

The Committee	Areas of Oversight	Composition 2025/26	More Information
Audit Committee (AC)	Financial Reporting Internal Control Internal Audit External Audit	Mr A Herath (Chairman) Mr R Mihular Mr M R Rao	AC Report on page 126
Nominations and Governance Committee (NGC)	Appointment of Key Resource Personnel (KRPs) and Directors Succession Planning Monitoring and evaluating the effectiveness of the Board, its composition and its Committees	Mr A Herath (Chairman) Mr R Mihular Mr S G Sathasivam (Resigned w.e.f. 27 May 2025) Mr S Mawzoon	NGC Report on pages 122 and 123
Remunerations Committee (RC)	Remuneration policy for KRPs Goals and Targets for KRPs Monitoring and evaluation of performance of Acting CEO and KRPs Approve annual salary increment and bonuses	Mr A Cabraal (Chairman) Mr A Herath Mr R Mihular Mr M R Rao Mr S Mawzoon Mr S G Sathasivam (Resigned w.e.f. 27 May 2025)	RC Report on page 120
Related Party Transactions Review Committee (RPTRC)	Review related party transactions	Mr A Herath (Chairman) Mr R Mihular Mr M R Rao	RPRTC Report on pages 129 and 130
Group Management Committee (GMC)	Manage and develop the business of the Company	Members of the Corporate Management	Refer page 22

SUSTAINABILITY GOVERNANCE

(GRI 2-2, 2-13, 2-14)

Beyond profitability, our stewardship extends to implementing sustainability practices which are at the core or all our operations and decision making. Our commitment towards environmental and biodiversity preservation, strengthening and empowering the communities, while upholding the highest standards of corporate governance and integrity, are reflected in the many initiatives we implemented in the ensuring year. The Board provides oversight to ensure these principles are successfully internalised to ingrain Environmental, Social and Governance (ESG) and have defined key performance indicators to measure our progress.

- The Board provides oversight and monitors the execution of the Group's ESG Framework.
- Identify ESG related risks, opportunities and impacts and recommend the implementation of appropriate measures to effectively address these dynamics.
- Review and provide guidance on ESG related policies and programs required to drive the Group's ESG Framework and strategy.
- Review emerging trends and issues in the ESG areas and assess potential impact on the Company.
- Review and approve the stakeholder engagement strategy which allows management to identify, understand and respond to stakeholders' legitimate concerns.

CORPORATE GOVERNANCE

INTERNAL CONTROL MECHANISMS FOR GOOD GOVERNANCE

The Committee	Areas of Oversight
Directors interests, related party transactions, conflicts of interest (GRI 2-15)	All Board Directors are expected to exercise the utmost good faith, honesty and integrity in all their dealings with or on behalf of the Company. They are required to always act in the best interests of the Company by disclosing real or perceived conflicts to the Board. As per the companies Act, all Directors on appointment and thereafter every quarter, are required to declare their direct, indirect, beneficial and non-beneficial interests in any contract or proposed contract. Such matters are recorded in the Directors' Interests Register, which is available for inspection as needed.
	Meanwhile, an affected Director is expected to excuse himself/herself from participating in any Board discussions and abstain from voting on matters of companies where he/she has an interest are being discussed. The Related Party Transactions Review Committee considers all transactions that require approval in line with the Group's Related Party Transactions Policy and in compliance with the relevant regulations. Related party transactions applicable to the Board are disclosed on page 129.
Board and Subcommittee appraisal (GRI 2-18)	An annual evaluation is conducted to assess the effectiveness of the Board as a whole. The process, which is led by the Chairman and administered by the Secretary, requires all Directors to assess the collective Board performance against selected criteria. Results are made available to the Nominations Committee for appropriate recommendations and for improvement, where necessary. Similarly, an annual assessment is conducted by each Subcommittee Chairman to assess effectiveness of the respective Committee under his/her purview.
	Areas Covered: Degree of fulfillment of Board's requirements, Quality of the Board, Effectiveness of the Board processes and meetings.
Responsible and fair remuneration (GRI 2-19 & 20)	The Board strives to ensure that remuneration is fair, responsible and transparent. The Remuneration Committee is tasked with making recommendations to the Board regarding remuneration of the Executive Directors and KRP's.
Responsible and fair remuneration	The remuneration packages are designed to attract and retain professionals with the requisite skills and experience. Accordingly, offers industry competitive remuneration with due consideration of the performance and risk factors associated with the job role. In this regard, remuneration structures include a variable pay component tied to the achievement of sustainable business objectives including ESG metrics.
	Remuneration of Executive Directors are compliant with the provisions of Schedule E of the Code of Best Practice on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka in 2017.
Succession planning	The Board, assisted by Remuneration Committee follows a formal Board Succession Procedure whereby potential KMP's are earmarked and on-boarded for further development. The Nomination Committee is responsible for reviewing Board succession.
Risk management and internal control	The Board is responsible for formulating and implementing effective risk management and internal control systems to safeguard stakeholder interests and the assets. Towards this end, the Board has adopted the enterprise-wide approach to risk management to ensure all risk categories are identified, assessed, managed and reviewed on an ongoing basis. For more details, please refer to the Risk Management Report on page 50.
Financial and business reporting	The Board provides oversight for ensuring that information regarding Watawala's financial position is conveyed to stakeholders in a timely and accurate manner. The Annual Report is the primary tool that documents the relevant information and as required by CSE rules, quarterly reports are Published.
	Prior to publishing, Annual reports and quarterly financial reports are scrutinised by the Audit Committee and subcommittees to the Board for their approval.

The Committee	Areas of Oversight
Compliance	The Company's commitment to compliance is underpinned by the parent Group policy framework that facilitates compliance with regulatory requirements and the early adoption of new regulatory requirements. The Company remained compliant with all relevant statutory and regulatory requirements. There were no reported incidents of noncompliance recorded in the year under review.
Audit	Internal Auditors assures the efficacy of the internal control environment while the external Auditors validates the integrity of 's financial position validating the integrity of 's decision making process. The Board Audit Committee on behalf of the Board reviews the plans and work output of both external and internal auditors, including coordinating activities to support the combined assurance model.
Workforce diversity and gender parity	A workforce with diverse skills, experiences, soft skills and business acumen, is a foundation for sustainable development of a business. The Company has implemented several policies to ensure diversity, equity and inclusion providing a healthy and safe workplace promoting the wellbeing of all its employees, across operational units and estates.
Responsible branding and stakeholder communications	The Board is guided by the Group marketing and communications policy in relation to branding and other external visibility initiatives. We do not engage in greenwashing in any of our communications.
Oversight of subsidiaries	Chairman and other Directors are represented on the Boards of subsidiaries and provides feedback to the main Board on matters of concern. Finance and Human Resources functions have regular meetings with heads of corresponding functions in the subsidiaries to ensure harmonisation and sharing of best practice. Internal audit co-ordinates with internal auditors of the respective subsidiaries to ensure that audits are conducted in line with expected standards and in line with the agreed audit plans.
External auditors	The External Auditor is appointed by the shareholders at the Annual General Meeting. The Audit Committee monitors and reviews the External Auditor's independence, objectivity and the effectiveness of the audit process considering relevant professional and regulatory requirements. Assignment of non-audit services to External Auditors is reviewed by the Audit Committee who determine whether the potential impairment of independence and objectivity of the External Auditor in carrying out his duties and responsibilities.
Communications with shareholders	The Board has established multiple channels to engage with shareholders including the Annual General Meeting (AGM), the annual report, interim Financial Statements, notification of key events through announcements in the CSE and a website. The annual report encourages shareholders to comment or make suggestions to the Board through the Secretaries, while the AGM serves as a platform to afford shareholders the opportunity to raise questions directly to the Company Board and the corporate management.
Constructive use of AGM	AGMs are conducted in a manner that adds value to the business and transparently disseminates information to the shareholders. The Board and the Audit are present to respond to any queries and clarify any grey areas. The process required to conduct a valid AGM are all addressed, pre and post the meetings and the outcome of the vote on each resolution is informed to the CSE, upon conclusion of the AGM.

CORPORATE GOVERNANCE

COMPLIANCE WITH CODE OF BEST PRACTICE ON CORPORATE GOVERNANCE – 2023

Subject	Rule/Code No	Compliance Requirement	Compliance Status	Section	Page No
The Board of Directors	A 1	Company to be headed by an effective Board to direct and control the company.	Complied	Profile of the Board	19-21
	A 1.1	Regular Board meetings and process of submitting information	Complied	Composition and attendance	28
	A 1.2	Roles & Responsibilities of the Board	Complied	Board Responsibility	19-21
	A 1.3	Act in accordance with the laws of the country and obtain professional advice as and when required	Complied	Annual Report of the Board of Directors	117-119
	A 1.4	Access to advise and services of Company Secretary	Complied	Communication with stakeholders	229-232
	A 1.5	Bring Independent judgment on various business issues and standards of business conduct	Complied	The Directors are permitted to get professional advice when necessary and the Directors of Wata group has obtained professional advice for certain matters during the year and coordinated through company secretaries.	
	A 1.6	Dedicate adequate time and effort to matters of the Board and the Company	Complied	Dates of regular Board meetings and Board Sub-Committee meetings are scheduled at the beginning of the year and the relevant papers are circulated a week prior to the meeting giving sufficient time for review. There is provision to circulate papers closer to the meeting on an exceptional basis.	
	A.1.7	Calls for resolutions	Complied	Any Director can call for a resolution to be presented to the Board if deemed necessary.	
	A 1.8	Board Induction and Training	Complied	Directors recognise the need for continuous training and expansion of their knowledge and skills to effectively discharge their duties and are encouraged to attend sessions of the Sri Lanka Institute of Directors and other corporate forums on relevant matters. As independent professionals, many of the Directors also conform to Continuing Professional Development requirements of their respective professional organisations. Board members are also given insights in to regulatory changes that may impact the industry at Board meetings.	
				Audit Committee members receive updates on regulatory and compliance changes relating to matters entrusted to the Committee on a quarterly basis to ensure that they are updated on regulatory requirements impacting reporting and risk management processes. They are also given insights in to organisation wide initiatives to strengthen internal controls, risk management and financial reporting processes at the same meetings.	

Subject	Rule/Code No	Compliance Requirement	Compliance Status	Section	Page No
Chairman and Acting Chief Executive Officer (CEO)	A 2	Chairman and Acting Chief Executive Officer's division of responsibilities to ensure a balance of power and authority	Complied	The Chairman does not involve himself in day-to-day operations of the Group and acts as an independent Non-Executive Director. The CEO executes powers given by the Chairman and the Board to run the operation.	
Chairman's Role	A 3	Facilitate the effective discharge of Board functions	Complied	The Chairman is responsible for conducting meetings effectively and he preserves order and implements board decisions taken.	
	A 3.1	Ensure Board proceedings are conducted in a proper manner	Complied	• The Chairman is responsible for following;	
				• Development of an appropriate agenda for Board meetings with the Company Secretaries	
				• Sufficiency of information in Board papers and timely availability of the same	
				• Induction programmes for newly appointed Directors to acquaint them with their duties and responsibilities and Corporate Governance structure of the Group	
				• Effective participation of Executive and Non-Executive Directors	
				• Directors are encouraged to seek additional information necessary to engage in discussion of agenda items and to request inclusion of matters of concern on the agenda	
				• Sufficient balance of power between Executive and Non-Executive Directors	
				• Views of directors are obtained and the minutes reflect the deliberations of the Board	
				• Board's control of the affairs of the company and its obligations to shareholders and stakeholders	
Financial Acumen	A 4	Availability of financial acumen within the Board	Complied	Refer Corporate Governance Report.	
Board Balance	A 5 & A 5.1	Non-Executive Directors	Complied	Eight (8) out of Nine (9) are Non-Executive Directors	
	A 5.2	Independent Non-Executive Directors	Complied	Five (5) out of Eight (8) Non-Executive Directors are independent	
	A 5.3	Independent Non-Executive Directors	Complied	All independent Non-Executive Directors are in fact free of any business with the group and are not involved in any activity that would affect to their independence.	
	A 5.4	Annual Declaration	Complied	Submitted the declarations as prescribed	
	A 5.5	Determination of independence of the Directors	Complied	The independence of Directors is determined based on declarations submitted by the Non-Executive Directors.	
Supply of Information	A 6.1	Provide appropriate & timely information to the Board	Complied	Directors are provided quarterly performance reports, minutes of review meetings and other relevant documents in advance to the board meeting	
	A 6.2	Adequate time for effective conduct of Board meeting	Complied	The minutes, agenda and reports for the board meeting are provided well before the meeting date.	

CORPORATE GOVERNANCE

Subject	Rule/Code No	Compliance Requirement	Compliance Status	Section	Page No
Appointments to the Board	A 7	Formal and transparent procedure for Board appointments	Complied	Nomination and Governance Committee makes recommendations to the Board on new Board appointments	
	A 7.1	Nomination and Governance Committee to make recommendations on new Board appointments	Complied	Nomination and Governance Committee makes recommendations to the Board on new Board appointments	
	A 7.2	Assessment of the capability of the Board to meet strategic demands of the company	Complied	Profile of the Board	19-21
	A 7.3	Disclosure of New Board member profile and interests	Complied	Profile of the Board	19-21
Re-election	A 8 – 8.2	Board members should be subject to election, and re-election by shareholders	Complied	Re-election of Directors	
Appraisal of Board performance	A 9 – 9.3	Existence of Board evaluation methods and execution	Complied	The Chairman & Remuneration Committee evaluates the performance of the Executive Directors	
Disclosure of information in respect of Directors	A 10 – 10.1	Profiles of Directors Directors' interests Board meeting attendance Board committee memberships	Complied	• Profile of the Board Members • Membership of sub-committees and attendance at Board and Subcommittee meetings • Remuneration paid to directors • Board seats held by each Director in listed and unlisted companies • Names of listed and non listed companies in Sri Lanka in which they serve as directors • Names of board committees in which the director serves as chairman or a member • Number of board meetings and committee meetings of the company attended during the year	
Appraisal of Acting CEO	A 11 – 11.2	Appraisal of the Acting Chief Executive Officer against the set strategic targets	Complied	Evaluation is done by the Chairman and Remuneration and Governance Committee based on the financial and non-financial targets set with the discussion of the committee.	
Directors' Remuneration	B 1	Establishment of the Nomination & Governance Committee and Remuneration Committee	Complied	Nomination and Governance Committee and Remuneration Committee report	120
	B 1 – 1.3	Membership of the Nomination and Governance Committee and Remuneration Committee to be disclosed and should only comprise of Non-Executive Directors	Complied	Discussed under sub committees	

Subject	Rule/Code No	Compliance Requirement	Compliance Status	Section	Page No
Disclosure of Remuneration	B 3.1	Disclose the remuneration policy and aggregate remuneration	Complied	Discussed under sub committees	
Relations with Shareholders	C 1 – C 1.1	Constructive Use of the Annual General Meeting (AGM) and Conduct of General Meetings	Complied	A Form of Proxy accompanies the Annual Report, when they are dispatched to the shareholders and made all efforts to encourage the shareholders to participate for the AGM.	
	C 1.2	Separate resolution to be proposed for each item	Complied	The Company propose a separate resolution at the AGM on each significant issue.	
	C 1.3	All valid proxy appointments received for general meetings are properly recorded and counted.	Complied	The Chairman makes an announcement of the proxies received at the commencement of the General Meeting.	
	C 1.4	Heads of Board subcommittees to be available to answer queries	Complied	Sub-committee Chairman's are present at the AGM	
	C 1.5	Notice of Annual General Meeting to be sent to shareholders with other papers as per statute	Complied	A copy of Annual Report including financials, Notice of Meeting and the form of Proxy are sent to shareholders 15 working days prior to the date of the AGM.	
Communication with Shareholders	C 2.1 - C 2.7	The board implement effective communication with shareholders	Complied	• Circulated through Notice of the Annual General Meeting • Investor relation officer are appointed and all contacts details are disclose in the annual report, notice of the annual general meeting and the company website.	
Major Transactions	C 3 - 3.3	Disclosure of all material facts involving any proposed acquisition, sale or disposal of assets	Complied	Major transactions of the Group were disclosed to all stakeholders through the Colombo Stock Exchange, print media, and the Company website	
Accountability & Audit	D 1.1	Accountability & audit	Complied	The Board recognises its responsibility to present a balanced and understandable assessment of the Group's financial position, performance and prospects in accordance with the requirements of the Companies Act No 07 of 2007. The Financial Statements included in this Annual Report are prepared and presented in accordance with Sri Lanka Financial Reporting Standards.	
	D 1.2	Disclosure of interim and other price-sensitive and statutorily mandated reports to Regulators	Complied	Annual Report of the Board of Directors	117-119
	D 1.3	Declaration by CEO and CFO	Complied	Acting Chief Executive Officer's and the Sector Financial Officer's Responsibility Statement	
	D 1.4	Declaration by the Directors that the company has not engaged in any activities, which contravene laws and regulations,	Complied	Annual Report of the Board of Directors	

CORPORATE GOVERNANCE

Subject	Rule/Code No	Compliance Requirement	Compliance Status	Section	Page No
		declaration of all material interests in contracts, equitable treatment of shareholders and going concern with supporting assumptions or qualifications as necessary			
	D 1.3 5	Statement of Directors' responsibility	Complied	• Directors' Responsibility report • Annual Report of the Board of Directors	132
	D 1.6	Management Review & Preview	Complied	• The Leadership Reports	
	D 1.7	Serious loss of capital	Complied	• Annual Report of the Board of Directors • Statement of Directors Responsibility	132
	D 1.8	Disclose the related party transactions	Complied	• Report of the Related Party Transactions Review Committee	129
Risk Management and Internal Control	D 2.1 D 2.2	Process of risk management and a system of internal control to safeguard shareholders' investments and the company's assets.	Complied	• Report of the Risk and ESG Committee • Report of the Audit Committee	131 126-128
Audit Committee	D 3.1	Audit Committee composition	Complied	Composition of Audit Committee	
	D 3.2	Terms of reference, duties and responsibilities	Complied	Clearly documented to Audit Committee charter	
	D 3.3	Audit Committee disclosures	Complied	Report of the Audit Committee	126-128
Risk Committee	D 4.1 - D 4.5	Risk Committee establishment, and their duties and responsibilities	Complied	Report of the Risk and ESG Committee	131
Related Party Transactions Review Committee	D 5.1 - D 5.3	Related Party Transactions Review Committee establishment, and their duties and responsibilities	Complied	Report of the Related Party Transactions Review Committee	129
Institutional Investors	E 1	Shareholder Voting	Complied	The Company makes every effort to maintain a regular and structured dialogue with institutional investors in order to improve their understanding of Company's operations.	
	E 2	Evaluation of Governance Disclosure	Complied	Institutional investors are kept apprised of the Company's governance practices through the Annual Report and new initiatives are highlighted at regular meetings to ensure that due weightage is given to good Corporate Governance.	
Other Investors	F1	Investing/Divesting decisions	Complied	Individual investors who directly invest on the shares of the Company are encouraged to obtain independent professional advice when investing on the shares of the Company.	

Subject	Rule/Code No	Compliance Requirement	Compliance Status	Section	Page No
	F2	Shareholder voting	Complied	Individual investors also are encouraged to get adequate analysis or seek advice on investing/divesting decisions. Also, they are summoned to exercise their voting rights at the AGM.	
Internet of Things and Cyber Security	G	Internet of Things and Cyber Security	Complied	Group IT policies by which the Company is governed, comprehensively covers the process to identify connections to the Company's network, Cyber Security Risk Identification and effectiveness of Cyber Security Risk Management.	
Sustainability: ESG Risk and Opportunities	H	Sustainability: ESG Risk and Opportunities	Complied	The board regularly evaluate the strengths and weaknesses created by the ESG factors and opportunities in the company's business model, operations, short- and medium-term planning and in its long-term strategy to ensure that the company remains resilient and able to deliver durable and sustainable value over the short, medium and long term in order to maintain the confidence and continued engagement of shareholders and all significant stakeholders.	
Special Considerations for Listed Entities	I	Establishment and Maintenance of Policies	Complied	Company has implemented the below mentioned policies and disclosed its existence and details of implementation on the Company website • Policy on the matters relating to the Board of Directors • Policy on Board Committees • Policy on Corporate Governance, Nominations and Re-election • Policy on Remuneration • Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Bank's listed securities • Policy on Risk management and Internal Controls • Policy on Relations with Shareholders and Investors • Policy on Environmental, Social and Governance Sustainability • Policy on Control and Management of Company Assets and Shareholder Investments • Policy on Corporate Disclosures • Policy on Whistle blowing • Policy on Anti-Bribery and Corruption	

CORPORATE GOVERNANCE

COMPLIANCE WITH CSE CONTINUING LISTING RULES – SECTION 7.6

Rule No.	Applicable Requirement	Compliance Status	Details	Page No
7.6 (i), (ii)	Names of persons who during the financial year were Directors and principal activities during the year	Complied	Report of the Board of Directors	117-119
7.6 a(iii), (iv)	Twenty largest Shareholders, float adjusted market capitalization, public holding percentage, no. of public shareholders and minimum required public shareholding	Complied	Share Information	226-227
7.6 (v)	Directors' and Acting CEO's holding in shares	Complied	Report of the Board of Directors	117-119
7.6.(vi)	Material foreseeable risk factors of the entity	Complied	Risk Management Framework	
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Complied	Human Capital	
7.6 (viii)	Extents, locations, valuations, number of buildings	Complied	Notes to the Financials	169-173
			Note - 19 Property, plant and equipment	186
7.6 (ix)	Number of shares representing the Entity's stated capital	Complied	Report of the Board of Directors	117-119
7.6 (x)	Shareholder Distribution Schedule including percentage of total holding in given categories	Complied	Share Information	226-227
7.6 (xi)	Ratios and Market Price Information	Complied	Investor Information	226-227
7.6(xii)	Changes in Entity's and subsidiaries fixed assets and market value of land	Complied	Notes to the Financials	169-173
			Note - 19 Property, plant and equipment	
7.6 (xiii)	If during the financial year the entity has raised funds either through a public issue, rights issue or private placement.	N/A	N/A	
7.6(xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes	N/A	N/A	
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules	Complied	Corporate Governance Report	117-133
7.6 (xvi)	Related party transactions exceeding 10% of Equity or 5% of total assets of the Entity as per audited financial statements, whichever is lower.	Complied	Refer Related party transaction	213
			Note - 24 Transaction with group entities	

COMPLIANCE WITH CSE CORPORATE GOVERNANCE PRINCIPLES – REVISED SECTION 9 OF THE LISTING RULES

Rule No.	Applicable Requirement	Compliance Status	Details	Page No
9.2.1	Policies	Complied	The Company website contains policies.	
9.3	Establishment of Board Committees (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee.	Complied	Corporate Governance Report	117-133
9.3.2	Composition and disclosures	Complied	Refer Board Committees reports	117-119
9.3.3	Chairperson of Board Committees	Complied	Refer Board Committees Reports	117-119

Rule No.	Applicable Requirement	Compliance Status	Details	Page No
9.4.1	Meeting Procedures	Complied	Refer Board Committees Reports	117-119
9.4.2	Communication and Relations with shareholders	Complied	Annual Report of Board of Directors	132
9.5	Policy on matters relating to the Board of Directors	Complied	Annual Report of Board of Directors	132
9.6.2	Chairperson and CEO	N/A	N/A	
9.6.3	Senior Independent Director	N/A	N/A	
9.6.4	Rationale for appointing a SID	N/A	N/A	
9.7.1 – 9.7.3	Fitness of Directors and CEO	Complied	Annual Report of Board of Directors	132
9.7.4	Annual declaration – Fit and Proper – Directors and CEO	Complied	Annual Report of Board of Directors	132
9.7.5	Disclosures in the Annual Report	Complied	Annual Report of Board of Directors	132
9.8.1	Minimum number of Directors	Complied	Annual Report of Board of Directors	132
9.8.2	Independent Directors ('IDs')	Complied	Nomination and Governance Committee Report	117-133
9.8.3	Determination of Independence	Complied	Annual Report of Board of Directors	132
9.8.5	Disclosure relating to Directors	Complied	Annual Report of Board of Directors	132
9.9	Alternate Directors	N/A	N/A	
9.10.1	Disclosure relating to Directors	Complied	Annual Report of Board of Directors Directors Profiles	132 19-21
9.10.2	Market announcement of appointing new directors	Complied	Annual Report of Board of Directors	
9.10.3	Market announcement for changing composition of Board of Directors and Board committees	Complied	Annual Report of Board of Directors	132
9.10.4	Disclosure relating to Directors profile	Complied	Directors Profiles	19-21
9.11.1-9.11.3	Nominations and Governance Committee (NGC)	Complied	NGC Report	117-133
9.11.4	Composition of the Nominations and Governance Committee	Complied	NGC Report	117-133
9.11.5	Function of the Nomination and Governance Committee	Complied	NGC Report	117-133
9.11.6	Annual report disclosure	Complied	NGC Report	117-133
9.12.1 – 9.12.5	Remuneration Committee	Complied	Remuneration Committee Report	120
9.12.6	Composition of Remuneration Committee	Complied	Remuneration Committee Report	120
9.12.7	Function of the Remuneration Committee	Complied	Remuneration Committee Report	120
9.12.8	Annual report disclosure	Complied	Remuneration Committee Report	120
9.13.1 – 9.13.2	Audit Committee and TOR	Complied	Audit Committee Report	126-128
9.13.3	Audit Committee Composition	Complied	Audit Committee Report	126-128
9.13.4	Audit Committee Functions	Complied	Audit Committee Report	126-128
9.13.5	Disclosure in the Annual Report relating to Audit Committee	Complied	Audit Committee Report	

CORPORATE GOVERNANCE

Rule No.	Applicable Requirement	Compliance Status	Details	Page No
9.14. 1 and 9.14.2	Composition of the Related Party Transactions Review Committee (RPTRC)	Complied	RPTRC Report	129-130
9.14.3	Functions of RPTRC	Complied	RPTRC Report	129-130
9.14.4	RPTRC Meetings	Complied	RPTRC Report	129-130
9.14.5	RPTRC duties and actions	Complied	RPTRC Report	129-130
9.14.6	Shareholder approvals	Complied	There were no proposed transactions which required to obtain shareholder approvals.	
9.14.7	Immediate Disclosures	Complied	There were no transactions which required for immediate disclosure.	
9.14.8	The Report by the Related Party Transaction Review Committee and Annual report disclosures	Complied	RPTRC Report	129-130
9.14.8(4)	An affirmative declaration by the Board of Directors	Complied	RPTRC Report	129-130
9.17	Additional disclosure	Complied	RPTRC Report	129-130

CONTENT OF THE ANNUAL REPORT AS PER SECTION 168 OF THE COMPANIES ACT NO. 7 OF 2007 (AMENDED IN 2025)

Section No.	Requirement	Compliance
168(1)(a)	The nature of the business together with any change thereof	Complied
168(1)(b)	Signed Financial Statements of the Company	Complied
168(1)(c)	Auditors' Report on Financial Statements	Complied
168(1)(d)	Accounting policies and any changes therein	Complied
168(1)(e)	Particulars of the entries made in the Interest Register	Complied
168(1)(f)	Remuneration and other benefits paid to Directors of the Company	Complied
168(1)(g)	Corporate donations made by the Company	Complied
168(1)(h)	Information on Directorate of the Company at the end of the accounting period	Complied
168(1)(i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	Complied
168(1)(j)	Auditors' relationship or any interest with the Company	Complied
168(1)(k)	Acknowledgment of the contents of this Report and signatures on behalf of the Board	Complied

PERFORMANCE REVIEW

42 Our Strategy

46 Stakeholder Engagement

49 Materiality and Material Topics

50 Risk Management

62 Operating Environment

66 Financial Capital

71 Social and Relationship Capital

76 Human Capital

81 Manufactured Capital

85 Intellectual Capital

89 Natural Capital

OUR STRATEGY

Watawala plantations plc has established itself as sri lanka's largest and only rspo-certified palm oil producer, delivering consistent revenue and margin growth over the past years. Building on this foundation and on the digital, agronomic, and operational investments made to date, our strategy for the period ahead is organised around three mutually reinforcing priorities. Estate excellence, mill performance, and sustainability. Together, these define how we will grow responsibly, protect our competitive position, and create long-term value for all stakeholders.

ESTATE EXCELLENCE

Our estate strategy is centred on extracting greater value from the land and workforce we already have. The primary lever is land productivity where we aim to maximise crop from the existing planted extent through improved harvesting discipline, adherence to optimal ripeness standards, and dedicated loose fruit collection. Reducing field-to-mill standing time will be a consistent operational focus, directly protecting oil quality and extraction rates.

Agronomic excellence underpins everything. We will implement science-backed nutrition programmes guided by regular leaf and soil sampling, ensuring fertiliser applications are targeted, efficient, and effective. Underperforming blocks will be progressively rehabilitated, and infrastructure such as road density in high-yield areas, drainage systems, and infield transport will be upgraded to support year-round field trafficability and mechanised operations.

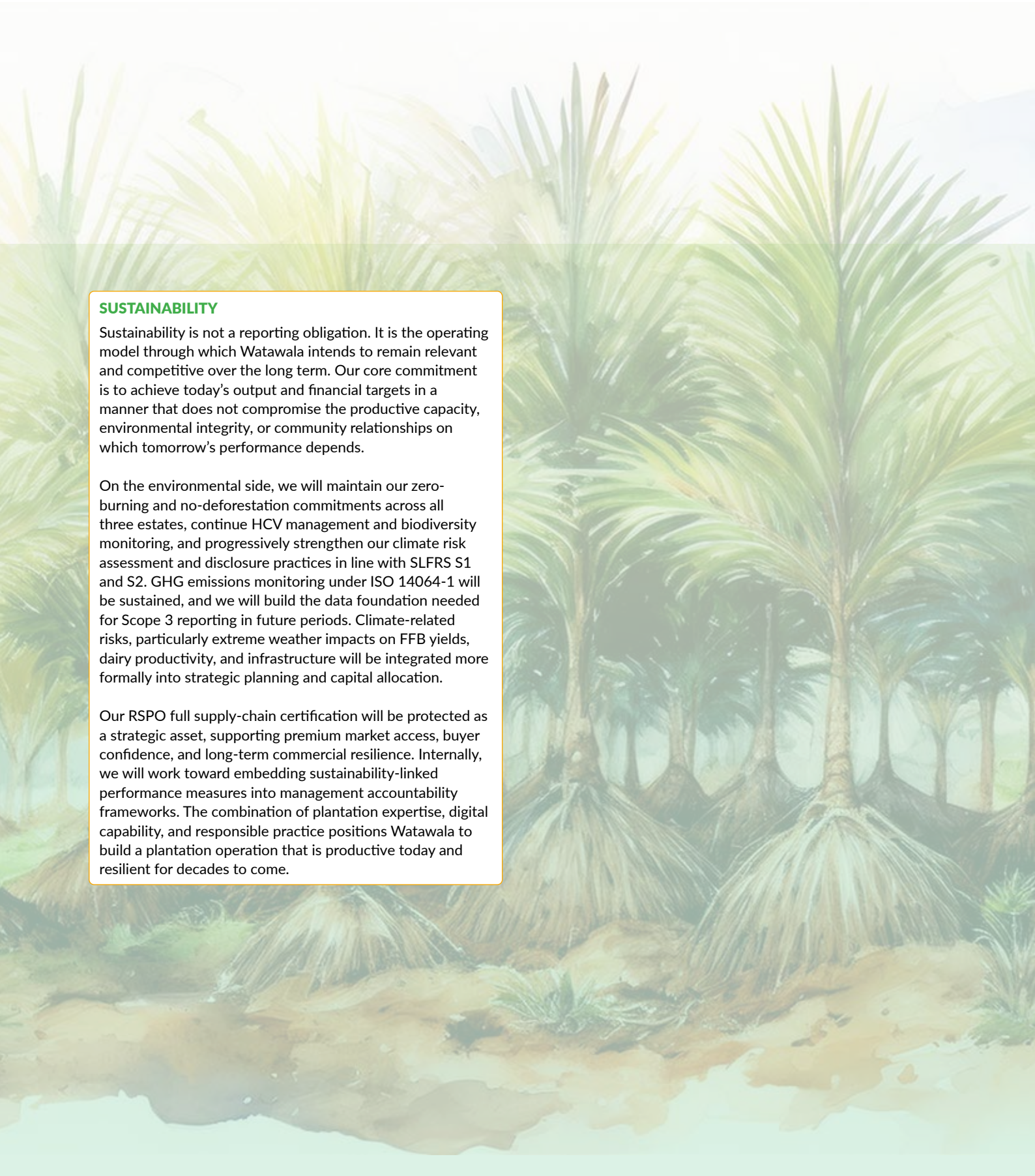
Labour productivity will be strengthened by doing more with a leaner, better-trained workforce. Digital tools including GIS-led field mapping, drone-based palm census, iHarvest operational records, and real-time KPI dashboards will give management the visibility to act on exceptions quickly and hold field teams accountable to measurable standards. FFB traceability from field to mill gate will be maintained and strengthened in line with our sustainability commitments. Investment in worker welfare, including housing upgrades and improved estate amenities, will support a happy and motivated workforce and productivity over the long term.

MILL PERFORMANCE

The palm oil mill is the critical value conversion point in our business, and its performance directly determines the Group's financial outcomes. Our mill strategy is built around three priorities which are efficiency, modernisation, and capacity.

In the near term, we will focus on maximising throughput from existing capacity while driving down unplanned downtime through improved maintenance discipline and operational planning. Over the short to medium term, aged machinery will be systematically replaced and upgraded with higher-capacity, more energy-efficient equipment thereby improving oil extraction rates, reducing losses, and enhancing product quality. As crop availability increases through estate productivity improvements, targeted capacity expansion will ensure the mill can absorb and convert higher FFB volumes without constraint.

Effluent management will be elevated from a compliance requirement to a value-creation opportunity. Enhanced effluent treatment systems, with a focus on biogas capture, will convert waste streams into renewable energy and organic inputs thereby reducing environmental impact, lowering operating costs, and strengthening our sustainability credentials with buyers and certification bodies.



SUSTAINABILITY

Sustainability is not a reporting obligation. It is the operating model through which Watawala intends to remain relevant and competitive over the long term. Our core commitment is to achieve today's output and financial targets in a manner that does not compromise the productive capacity, environmental integrity, or community relationships on which tomorrow's performance depends.

On the environmental side, we will maintain our zero-burning and no-deforestation commitments across all three estates, continue HCV management and biodiversity monitoring, and progressively strengthen our climate risk assessment and disclosure practices in line with SLFRS S1 and S2. GHG emissions monitoring under ISO 14064-1 will be sustained, and we will build the data foundation needed for Scope 3 reporting in future periods. Climate-related risks, particularly extreme weather impacts on FFB yields, dairy productivity, and infrastructure will be integrated more formally into strategic planning and capital allocation.

Our RSPO full supply-chain certification will be protected as a strategic asset, supporting premium market access, buyer confidence, and long-term commercial resilience. Internally, we will work toward embedding sustainability-linked performance measures into management accountability frameworks. The combination of plantation expertise, digital capability, and responsible practice positions Watawala to build a plantation operation that is productive today and resilient for decades to come.

VALUE CREATION

Value Drivers

Capital Inputs

Financial Capital

Shareholders' funds: Rs. **2,906** Mn
Debt: Rs. **2,106** Mn

Manufactured Capital

Palm Oil Mill
State-of-the-art milking parlour
Property Plant and Equipment: Rs. **3,057** Mn

Human Capital

1,246 WPL Employees
222 LDL Employees

Social and Relationship Capital

Estate communities

Intellectual Capital

Tacit knowledge systems, processes and standards
R & D capabilities

Natural Capital

Land Extent: **3,787.17 Ha.**
Water use: **57,230** m3
Energy consumption: **266,364** GJ

Value Creation Process

Business Segments

Oil Palm

Oil palm cultivation
Oil milling

Dairy

Dairy farming
Milk production and sale

Increasing yields through efficiency and productivity gains

Improving profitability and shareholder value

Diversified Crops

- Tea Cultivation
- Rubber Cultivation
- Coconut Cultivation
- Cinnamon Cultivation

Building a motivated and satisfied workforce

Fostering a responsible business

Outputs Process

Fresh Fruit Bunches
55,775 MT

Crude Palm Oil
15,207 MT

Palm Kernel Oil
1,197 MT

Palm Kernel Cake
2,661 MT

Milk Production
4.8 Mn Litres

PAT
Rs. **2,330** Mn

Training Hours
8,628

Solid Waste
21,927 MT

Emissions
31,017 tCO_2e

Compost
694 MT

Renewable Energy Generated (Electricity)
590,192 kWh

Outcomes

Shareholders
Sustainable returns through diversified revenue streams

(Refer Financial Capital page 66)

Customers
Consistent product quality

(Refer Social and Relationship Capital Report on page 71)

Employees
Sustainable employment opportunities

(Refer Human Capital Report on page 76)

Suppliers
Stronger partnerships that generate mutual value

(Refer Social and Relationship Capital Report on page 72)

Community
Sustainable, progressive estate communities

(Refer Social and Relationship Capital Report on page 73)

Relevant SDG

STAKEHOLDER ENGAGEMENT

Stakeholder Group	Type of engagement	Frequency	Areas of interest	Management Response	Relevant Capital
Shareholders	• Financial and Statutory disclosures – Quarterly and Annual Reports • Annual general meeting • Quarterly investment webinar held by Sunshine Holdings • Disclosures to CSE • Accessing key information through the Company Secretaries and engaging with Management.	Annual Quarterly Ad-hoc	• Profitability and returns • Long-term growth • Risk management • Transparency and disclosure • Regulatory compliance • Optimum capital allocation	• Consistent performance and governance • Disciplined operational diversification • Improved transparency and accountability in financial reporting	
Employees and trade unions	• Joint Consultative Committees (JCC) comprising of representatives from the Management and employees from the departments. • Performance Management Policy • Grievance mechanism • Clearly communicated open door policy • Weekly labour days and monthly JCC meetings with trade unions • Quarterly town hall meetings • Winners' empowerment meeting	Weekly Quarterly Monthly Ad-Hoc	• Adherence to labour laws and ethical standards • Social welfare • Grievance resolution • Occupational health and safety • Human and workers' rights • Continuous learning opportunities • Career progression	• Robust compliance frameworks • Transparent and confidential grievance handling process • Adherence to ISO 45001:2018 (Occupational Health and Safety (OH&S) Management Systems) • Proper succession planning • Training plans	
Customers B2B	• One-to-one meetings with B2B customers • Periodic customer satisfaction surveys, feedback • Forms, and complaint management process • Published material • Periodic awareness sessions on product usage • Safety, and sustainability • Mass and social media platforms • Packaging and labelling	On going	• Product quality and reliability • Sustainable and ethical sourcing • Responsiveness to complaints • Pricing and value for money • Innovation and improvement	• Stringent quality control systems • Efficient customer feedback and grievance handling mechanisms • Adherence to ISO 14001 – Environmental management systems • Investments in research and development	

Stakeholder Group	Type of engagement	Frequency	Areas of interest	Management Response	Relevant Capital
Suppliers	• Contract negotiations • One-to-one meetings	As and when necessary	• Fair procurement practices • Long-term partnership opportunities • Timely payments • Operational consistency	• Negotiation of clear payment terms and execute payments in a timely manner • Healthy relationships with suppliers • Long-term procurement plans	
Group Companies	• Schedule Board meetings • Circulation of Board papers, Board meeting minutes and other relevant information • Monthly performance review meetings • Quarterly performance review meetings • Group Finance, HR and IT meetings for overall strategic direction	Periodically	• Profitability and returns • Risk management • Regulatory compliance	• Consistent performance and governance	
Resident Communities	• Periodic community day • Engagement through CSR activities • Company approved vocational training	Periodically	• Employment opportunities • Skills development • Community well-being • Environmental impact • Long-term partnerships	• Adherence to ISO 14001 -Environmental management systems • CSR Activities	
Regulator	• Timely reporting • Meeting and visits	As statutorily necessary	• Regulatory compliance • Regulatory reporting • Transparency and accountability • Ethical business conduct	• Ethical governance practices • Transparent accountable reporting systems • Adherence to ISO standards	

STAKEHOLDER ENGAGEMENT

Stakeholder Group	Type of engagement	Frequency	Areas of interest	Management Response	Relevant Capital
 Certification and Accreditation Boards, RSPO, ISO	• Certification audits and assessments • Compliance reporting and documentation • Participation in training and capacity-building programmes • Engagement through industry forums and working groups • Awards and accolades submissions	Periodically/ As required by certification cycles	• Adherence to certification standards • Continuous improvement and innovation • Transparent reporting • Ethical and sustainable practices	• Maintenance of a proper compliance function • Regular audits • Timely reporting	
 Industry Bodies	• Participation in industry forums and associations • Joint initiatives and advocacy efforts • Policy dialogue and consultations • Benchmarking and best practice sharing • Representation of working groups and committees	As and when necessary	• Industry-wide policy and regulatory alignment • Innovation and competitiveness • Sustainable industry practices • Collective problem-solving	• Compliance with necessary regulatory requirements • Proper communication among industry peers	

MATERIALITY AND MATERIAL TOPICS

Topic Number	Material Topic	Relevant GRI	Capital	UN SDG
1	Economic Performance	GRI 201	Financial Capital	
2	Employment	GRI 401	Human Capital	
3	Occupational health & safety	GRI 403		
4	Training & education	GRI 404		
5	Materials	GRI 301	Natural Capital	
6	Energy	GRI 302		
7	Water & effluent	GRI 303		
8	Biodiversity	GRI 304		
9	Emissions	GRI 305		
10	Waste	GRI 306		

1 Issue Identification

- UN SDGs
- Sustainability and ethical standards
- Business activities
- Stakeholder feedback

2 Stakeholder Identification

Stakeholder groups most impacted by the identified issues are determined through an impact assessment.

3 Issue Assessment

An internal evaluation is conducted to assess potential impacts:

- Positive and negative effects
- Human rights considerations
- Stakeholder implications
- Environmental impact

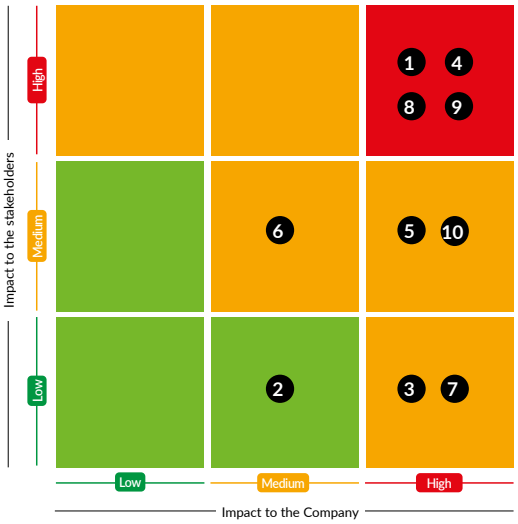
4 Issue Prioritisation

Key topics are prioritised based on their significance and impact, ensuring focus on the most material disclosures.

5 Management Review & Approval

Final prioritised topics are reviewed and approved by senior management, including:

- Acting CEO
- Sector Financial Controller



RISK MANAGEMENT

INTRODUCTION

An effective risk management framework is foundational for a sustainable business, in the current environment of evolving financial and regulatory landscape. Risks emanate from both external and internal sources based on market volatility, operational uncertainties, macroeconomic trends, and emerging threats. A comprehensive risk management approach based on our risk appetite therefore is essential, to ensure a sustainable business operation that contributes to financial strength and operational excellence. Risk management is also a key pillar in the corporate governance structure and defining mitigation strategies and disclosure parameters.

Global and domestic economic conditions are key contributory factors to the identification of risks and defining mitigation strategies, for our operations at Watawala Plantations PLC.

GLOBAL ECONOMIC ENVIRONMENT

The global economy continued to demonstrate resilience during the financial year 2025–2026, despite heightened geopolitical tensions, trade fragmentation, and evolving monetary policy conditions. According to the IMF World Economic Outlook (April 2026), global growth in 2025 was estimated at approximately 3.4%, reflecting steady but moderate expansion supported by improved financial conditions and technology-related investments. However, the outlook remains fragile, with global growth projected to moderate to around 3.1% in 2026 amid renewed geopolitical disruptions, particularly arising from conflicts in the Middle East, rising commodity prices, and persistent uncertainty in global trade dynamics. Advanced economies experienced subdued growth of around 1.5%–1.6%, constrained by tight financial conditions, slower demand recovery, and policy uncertainties. In contrast, emerging markets and developing economies continued to outperform, with growth exceeding 4%, although moderating slightly due to external vulnerabilities, including trade tensions, energy price volatility, and structural challenges in key economies. These developments highlight the uneven nature of the global recovery and underscore the importance of adaptive policy frameworks, strengthened fiscal buffers, and structural reforms to sustain growth and mitigate downside risks in an increasingly uncertain global environment.

SRI LANKAN ECONOMY

Sri Lanka's economy continued its gradual path toward stabilisation during the financial year 2025–2026, supported by ongoing structural reforms and continued engagement with international financial institutions. Economic activity showed moderate recovery momentum following the contractionary trends experienced in prior years, with GDP growth estimated in the range of 3.0%–3.5%, reflecting a steady but cautious rebound. Inflation remained relatively subdued compared to historical highs, supported by improved monetary discipline and stabilisation in domestic demand, although periodic pressures from energy prices and currency movements persisted. The Government's continued focus on fiscal consolidation, revenue enhancement, and the implementation of debt restructuring agreements contributed to improved macroeconomic stability. Foreign exchange liquidity improved alongside increased remittance inflows, tourism recovery, and multilateral funding support from the IMF and other development partners. However, debt sustainability concerns, external vulnerabilities, and structural weaknesses in key sectors continue to pose risks to the medium-term outlook. Overall, while the economic outlook remains cautiously optimistic, the sustainability of recovery will depend on the consistent implementation of reforms, external sector resilience, and the ability to manage ongoing macroeconomic risks.

SRI LANKAN ECONOMY AND PALM OIL INDUSTRY

Sri Lanka's economy showed gradual recovery in FY 2025–2026, supported by lower inflation, exchange rate stability, improved foreign exchange inflows (tourism and remittances), and continued international support. Progress in fiscal consolidation and debt restructuring helped boost investor confidence, although some macroeconomic risks remain.

Within this context, the palm oil industry remains strategically important but tightly regulated. The government continues to restrict expansion due to environmental concerns, while allowing controlled management of existing plantations.

The industry contributes to import substitution, saving around USD 15–20 million annually, and supports rural livelihoods, particularly in suitable wet zone regions. However, it faces challenges such as lower productivity, regulatory pressures, and growing environmental scrutiny.

To address these issues, stakeholders are focusing on sustainable practices, yield improvements, and alignment with environmental standards. The sector's future will depend on balancing economic benefits with sustainability and regulatory compliance.

RISK MANAGEMENT OVERSIGHT

The Board of Watawala Plantations PLC is ultimately responsible for overseeing risk management, ensuring the company's long-term sustainability, and mitigating risks across the business. The company has implemented several strategies to identify, assess, and address key risks, and continuously works towards improving its risk management framework. This includes monitoring market conditions, reviewing internal processes, and ensuring alignment with the company's strategic objectives. A collaborative approach between the Board and senior management helps in maintaining an effective risk management strategy across all levels of the organisation.

OUR APPROACH TO RISK IN 2025/26

The risk landscape for Watawala Plantations PLC has evolved significantly as Sri Lanka's economic conditions show signs of stabilisation. Several risks have abated with the

improvements in price levels, declining interest rates, and restored foreign exchange liquidity. However, some risks remain elevated due to broader market and industry dynamics. While the plantation sector has seen some stability, the flooding of cheap imports and global competition continues to challenge the local industry.

The Company faces price pressures from both domestic and international sources. Moreover, Government policies and fluctuating trends in global trade could significantly impact operations, presenting both challenges and opportunities. However, the anticipated recovery of the economy, along with the country's growing exports, hold significant growth potential for the Company.

Based on the approach, we identified the risk universe that impact the Company, within which we need to define our risk mitigations strategies.

Macroeconomic risk environment	
Global economic outlook	Global economic activity is expected to remain resilient, with growth projected at around 3.2%–3.3% over the medium term, supported by stabilising inflation, easing financial conditions, and gradual recovery in global trade, which is projected to expand by approximately 3%. This positive outlook provides opportunities for growth in exports and could support the Company's international expansion goals
Sri Lanka economic outlook	Sri Lanka's economy continued its recovery during the financial year, with positive GDP growth supported by improved macroeconomic stability, stronger external balances, and better foreign exchange liquidity. Despite these gains, challenges remain, including ongoing external debt restructuring, potential inflationary pressures, and fiscal limitations, which could affect costs, interest rates, and demand. The Company continues to closely monitor these developments to effectively manage risks and adjust its strategic direction.
Sectoral risk environment	
Agricultural and plantation industry risks	While the plantation sector continues to be a key contributor to the national economy and export earnings, it remains exposed to a range of structural and operational challenges. These include constraints on productivity, rising cost pressures, particularly labour, fertiliser, and energy costs and increasing competition from regional and global producers. In addition, the sector is highly vulnerable to climate change and unpredictable weather patterns, including droughts and excessive rainfall, which can adversely impact crop yields and quality.
Energy costs	High energy costs remain a key challenge for plantation operations, significantly impacting production and processing expenses. Despite some easing in global oil prices, domestic fuel, electricity, and transport costs continue to drive operational pressures. To address this, the Company is focusing on energy efficiency, optimising consumption, and exploring renewable and alternative energy solutions to manage cost volatility and support long-term sustainability.
Talent pipelines and workforce management	The migration of skilled labour due to domestic economic factors created a talent shortage. High inflation, wage pressure, and an unpredictable labour market continue to challenge the recruitment and retention of skilled personnel. Addressing talent management and enhancing employee value propositions are key priorities for the Company.
Resource depletion	The depletion of key resources such as soil quality, water, and plant health is a significant concern for the agricultural sector. However, Watawala Plantations PLC has implemented sustainable farming practices and invested in resource conservation to ensure long-term production. Innovative farming techniques and the development of resilient crop varieties are helping mitigate these risks.
Technological advancements	The Company has made significant investments in technology, particularly in precision agriculture and advanced farm management systems, aimed at enhancing operational efficiency and improving decision-making processes. These initiatives have contributed to reducing inefficiencies and mitigating risks associated with technological obsolescence. However, the broader plantation sector continues to face challenges in fully integrating technology across the value chain, including cultivation, processing, and distribution. This necessitates ongoing capital investment, capacity building, and system integration efforts to realise the full benefits of digital transformation.
Environmental and climate risks	Climate change and environmental risks such as extreme weather events (flooding, drought) present significant challenges for plantation management. The Company is focused on improving its sustainability practices to adapt to changing environmental conditions and mitigate any adverse effects on production.

RISK MANAGEMENT

Financial risk environment	
Market risk	Fluctuations in global commodity prices, as well as local economic conditions, can impact revenue and profitability. The Company must remain agile to respond to market changes and consumer demand fluctuations.
Interest rate and exchange rate risk	Fluctuations in interest and exchange rates continue to pose risks, affecting import costs, financing expenses, and overall profitability. Despite improved macroeconomic stability, potential volatility in global markets and local monetary policy may impact borrowing costs and liquidity. The Company actively manages these risks through close monitoring, prudent treasury practices, and cost optimisation measures.
Credit risk	Potential defaults from key customers or suppliers may expose the company to financial risk. Robust credit management policies are essential in minimising this risk.
Liquidity risk	Given the volatile nature of the market, maintaining adequate liquidity and a strong balance sheet is crucial. The Company focuses on managing working capital efficiently to avoid cash flow disruptions
Operational risk environment	
Health and safety	As a highly visible brand in the agricultural sector, ensuring the health and safety of employees is a key priority. This includes addressing risks related to workplace accidents, hazardous conditions, and ensuring compliance with local safety regulations.
Compliance	Adherence to regulatory frameworks and compliance with environmental laws is critical. Any lapses in compliance could result in fines, sanctions, or reputational damage. The Company continuously monitors and adapts to changing regulations.
Quality and fraud risk	Ensuring the highest product quality standards is essential to maintaining the Company's reputation. Additionally, fraud and error risks are mitigated through strict internal controls and audits.
Supply chain and logistics risk	The Company's supply chain may face disruptions from both internal and external sources, including transportation challenges, natural disasters, and supplier issues. Investment in reliable logistics partners and diversified supply sources helps mitigate these risks.
Strategic risk	
Government ban on oil palm	Government restrictions on oil palm expansion continue to limit long-term growth and scalability. However, increasing support for regulated replanting presents a strategic opportunity. Watawala Plantations PLC is well-prepared to leverage such policy shifts through its expertise, infrastructure, and sustainable practices. Replanting initiatives could enhance yields, improve land use, and boost productivity. The Company remains focused on aligning its strategy with evolving regulations while ensuring environmental compliance and long-term value creation.
Social pressure against oil palm expansion	Primarily stemming from environmental concerns, community opposition, and regulatory uncertainty.
Volatility of global palm oil prices	Global palm oil prices have a direct impact on the Company's financial performance, profitability, strategic decision, and the Company's ability to contribute towards sustainable initiatives both, community-wise, and nationally.
Drop in local palm oil demand and price	Impacts the Company's profitability and force adaptation and diversification.
Natural disasters, fire, labour sabotage	Interrupts production that impacts all areas of business and stakeholders.
Regulatory and compliance risk	The Company operates within a well-defined regulatory framework and is required to comply with a wide range of applicable laws, regulations, and industry standards. Non-compliance may result in legal penalties, financial loss, or reputational damage. To mitigate these risks, Watawala Plantations PLC maintains a robust compliance framework supported by established policies, procedures, and internal controls. Continuous monitoring, regular audits, and employee awareness initiatives are undertaken to ensure adherence to regulatory requirements and evolving legal obligations.

RISK ANALYSIS PROCESS

A comprehensive assessment of the macroeconomic risk environment provides us with the necessary insights into the risks the Company need to mitigate. For this purpose, we employ a dual-approach analysis process, SWOT Analysis and Porter's 5-Force Analysis, that qualitatively assess risks, strategically evaluating the risk incidents to mitigate and ensuring a holistic approach to identify, analyse and assess current and emerging risks.

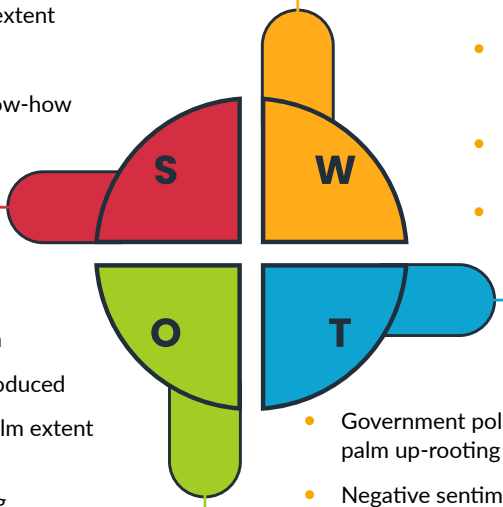
SWOT ANALYSIS

Strengths

- Nearly 3,400 Ha of mature oil palm extent
- Low solvency risk
- Access to technical and practical know-how

Weaknesses

- Aging crop profile, leading to potential yield constraints and higher replanting requirements
- Employee resistance to change and unionised labour
- Environment and social issues due to proximity to villages



Opportunities

- Use of automation and mechanization
- Improvement of quality of palm oil produced
- Improving access to the planted oil palm extent and improving harvesting
- Potential for replanting under evolving Government policy, enabling yield improvement and long-term productivity gains

Threats

- Government policy inconsistency and enforcement of oil palm up-rooting
- Negative sentiment towards oil palm
- Reduction/removal of palm oil special commodity levy
- Exposure to climate variability and adverse weather conditions affecting yields

PORTER'S 5-FORCE ANALYSIS



Buyer power

- Predominantly a B2B business with one major buyer and few small volume buyers
- Locally produced palm oil is cheaper than imported palm oil due to the buyers' price negotiation on duty component
- Ability to import palm oil if volume/ quality is below requirement

Supplier power

- Dependence on few fertiliser importers and price taking
- Exposure to global commodity price movements and exchange rate volatility makes the Company largely a price taker in procuring key inputs

Rivalry

- Domestic competition remains limited, with only a small number of local palm oil producers, resulting in relatively low direct rivalry
- Sri Lanka's position as a net importer of palm oil exposes the Company to indirect competition from international suppliers

Threat of substitutes

- Other imported edible oils, although at a higher cost
- Locally produced coconut oil

Threat of new entrants

- Government ban on oil palm planting has eliminated the threat of new entrants
- Limited land availability for new planting and social pressure for new planting

RISK MANAGEMENT

RISK MANAGEMENT PROCESS

On completion of the SWOT and the Porter's 5-Force Analyses, the Management developed the Terms of Reference and set up a Risk Management Committee which comprises of key personnel from the estates, the mill, and the Head Office. They are tasked with proactively identifying, assessing, reporting, and developing the risk mitigation strategy.

Members of the risk committee are responsible to educate employees on risk and encourage a bottom-up approach of risk reporting from all levels. The risk committee will meet on a quarterly basis to mitigate identified risks and monitor the success of risk control measures, identify any gaps for resolution, and reporting.

The Committee adopts a seven-step method of analysing risks, pertaining to the business.

ESTABLISH THE CONTEXT	• Define the scope of objectives (the activity, decision, project, programme or issue that requires analysis) • Identify relevant stakeholders/areas involved or impacted • Internal and/or external environment/factors
IDENTIFY	• Assess what could happen • How and where it could happen • Why could it happen • What is the impact or potential impact
ANALYSE	• Identify the causes, contributing factors and actual or potential consequences • Identify existing or current controls • Assess the likelihood and impact/consequence to determine the risk rating
EVALUATE	• Is the risk acceptable or unacceptable? • Does the risk need treatment or further action? • Do the opportunities outweigh the threats?
TREAT	• If existing controls are inadequate, identify further treatment options • Devise a treatment plan • Seek endorsement and support for treatment • Determine the residual risk rating once the risk is treated
COMMUNICATE AND CONSULT	• To ensures that those responsible for managing risk, and those with vested interests, understand the basis on which decisions are made, why particular treatment options are selected and why risks are accepted/tolerated
MONITOR AND REVIEW	• Continuous checks of effectiveness of risk controls and/or treatments, changes in context or circumstances, documentation and reporting

RISK REVIEW 2025/26

Operating within the robust risk management framework, we address the identified issues meticulously to monitor and proactively adjust strategies to address potential impacts on operations, growth, and profitability, as reflected in the table below:

Macroeconomic risk environment/ strategic risk

- Implementing a multi-faceted risk mitigation strategy, we commenced crop diversification to include cinnamon, cardamom, coconut, and tea, while investing in Lonach Dairy to enhance revenue streams.
- To improve long-term sustainability we adopted soil conservation methods, site-specific fertilisation, and carbon emission monitoring. As a RSPO certified Company, we comply with global environmental standards on sustainability.
- Adopted resource allocation optimisation, reducing waste through lean management principles. Cattle effluent was used for organic fertilisation, to some extent reducing dependency on synthetic fertilisers.
- Adjusted production strategies based on global commodity price trends exploring value-added processing for crops like cinnamon and coconut, to maintain profitability and reduce exposure to raw commodity price fluctuations.

Credit risk

- Market risk: Market risk for Watawala Plantations PLC involves exposure to changes in market prices, interest rates, and exchange rates, especially with fluctuations in global commodity prices and Sri Lanka's economic conditions. The company works closely with financial experts to manage these risks.
- Interest rate risk: Following the significant decline in interest rates in 2023 due to monetary policy easing by the Central Bank of Sri Lanka, interest rates have shown an upward trend more recently. This shift has increased the potential for higher borrowing costs and finance expenses. The company continues to closely monitor movements in both local and global interest rates and assesses the potential impact on its funding structure and overall financial performance, particularly in the context of further rate increases.
- Exchange rate risk: The Company faces exchange rate risk, particularly related to imports of raw materials and equipment. With the Sri Lankan rupee experiencing both devaluation and appreciation, the company has worked to mitigate this risk through hedging strategies and focusing on reducing dependency on imported materials when possible.

Interest rate and exchange rate risk

- Natura resource depletion: Deforestation and the depletion of natural resources such as water and land quality have the potential to impact the Company's operations. The Company has adopted sustainable practices, including reforestation efforts and water conservation initiatives, and restoring riparian zones to mitigate these risks.
- Climate change: Watawala Plantations PLC recognises the threat of climate change, especially in the context of unpredictable weather patterns affecting agricultural production. In response, the Company is adopting climate-resilient farming techniques and improving disaster preparedness.

Quality and fraud risk

- Compliance: The Company has a comprehensive compliance framework to adhere to all relevant laws, regulations, and international standards. Regular audits and reviews are conducted to ensure compliance with tax laws, environmental regulations, and labour standards.

Compliance

- Supply chain disruptions: The Company has faced supply chain challenges in recent years, particularly due to global shipping delays and local logistical issues. To mitigate these risks, Watawala Plantations PLC has diversified its supplier base and focused on building strong relationships with key suppliers.
- Energy costs: Rising energy prices have been a significant concern for many industries, including agriculture. The Company is working on initiatives to improve energy efficiency and explore renewable energy options to manage rising costs.
- Talent retention: The Company has faced challenges in retaining skilled labour due to changes in the economy and labour market. To address this, Watawala Plantations PLC is focusing on enhancing employee benefits, offering skill development programs, and fostering a positive working environment to retain and attract top talent.

To ensure long-term viability of the business, stakeholders in the palm oil industry are increasingly focusing on sustainability initiatives, such as adopting better land management practices, reducing greenhouse gas emissions, and aligning with national environmental goals. The future of the industry will depend on its ability to balance economic benefits with ecological responsibility and policy compliance. As Sri Lanka navigates its post-crisis recovery, the palm oil sector stands at a crossroads-offering both opportunities for growth and a test of the country's commitment to sustainable development.

For further information on Financial Risk Management, please refer to Note 38 on our Financial Statements at page 205.

RISK MANAGEMENT

OUR PRINCIPAL RISK

Serial Number	Category of risk	Related risk	Risk description	Implication/consequences
1	Strategic	Government ban on oil palm	Obstacles to palm oil expansion due to Government policy uncertainties such as red tape, suspensions etc.	• Non availability of new palms to replace the ageing palms resulting in lower yield and crop
2	Operational	Environmental impact due to operations	Environmental impact due to factory/mill operations such as pollution due to waste water (effluents)	• Loss of business reputation, social pressure against operations, possible lawsuit for breach of environmental laws.
3	Operational	Labour related risks & social issues	Unionized labour, reluctance to change, shortage of skills, lower labour productivity, crop losses, delays in transport to mill. Demand for higher pay. Falling of bunches from tall trees into villages and roadside.	• Labour unrest, strikes, lower productivity
4	Operational	Human capital risk	Lack of talent attraction, retention, development	• Loss of efficiency and productivity, inability to execute diversification and long-term business plans.
5	Financial	Inflation	Significant increase in price of fertilizer, fuel, and other raw materials	• Drop in profit
6	Financial	Volatility of global palm oil prices	Price volatility arises due to fluctuations in demand and supply forces in the global crude palm oil market.	• Possible revenue shortfalls against the budgets. • Currently, global palm oil prices are on a downward trend due to lower demand

Risk control measure/mitigation action	Effectiveness of the mitigation	Impact/ Severity	Occurrence/ Likelihood	Score	Priority (as per risk grid)
• Engagement with government agencies, including advocacy and policy representation through the Planters' Association. • Collaboration with the Planters' Association (PA) to support and conduct awareness sessions for professionals and the media on oil palm cultivation and its benefits. • Implementation of the Central Environmental Authority (CEA) report on oil palm by the Ministry of Plantation was challenged through a writ application filed in the Court of Appeal. • A Fundamental Rights (FR) petition has also been filed in the Supreme Court challenging the CEA report.	L	4	3	12	H
• Treatment of effluents, maintaining facultative ponds, following RSPO guidelines, proper planning, monitoring by sustainability team	H	4	3	12	L
• Training and development, incentive schemes to achieve targets, grievance handling procedure, engagement with unions, consultative committees. • Provide PPE for workers safety. • Provision of staff welfare packs, staff engagement. • Placing watchers for managing vehicular flow due to bunches falling on roadside	M	4	3	12	M
• Develop talent pipeline, develop performance related plans for existing cadre, relook at compensation and benefit structure, explore fast track programs, develop career path guidelines.	H	3	3	9	L
• Tracking movement in fertilizer cost and contracting with the fertilizer companies • Optimize use of fertilizer to obtain maximum benefit • Implementation of a cost mitigation plan to further reduce costs	M	3	3	9	M
• Continuous monitoring of global CPO prices, monitor conditions which would affect government decisions to revise import duty. • Larger contract volumes during higher prices to advantage from seasonal price changes • Improve productivity. • No foreseen drop in demand for palm oil	H	4	2	8	M

RISK MANAGEMENT

Serial Number	Category of risk	Related risk	Risk description	Implication/consequences
7	Operational	Risk of loss of harvest	Lower than expected crop due to reduced fertilizer application. Difficulties in harvesting in tall palms due to OP ban.	• Loss of crop and revenue
8	Operational	Land productivity	Ground conditions or soils not conducive for cultivation such as degraded land, increased acidity, steep terrain for a higher yield of oil palm.	• Lower yield per hectare, lesser revenues and profit
9	Financial	Investment risk	Failure of investments/ inability to achieve objectives, reduction in future profitability and sustainability of the Company. Investment risk from loss of crop from maize cultivation.	• Risk of not maximizing return on investment, making less than optimal decisions.
10	Operational	Technological risk	Increase productivity by replacement of obsolete technological with new technology. Investment in new technological plants, machineries and advanced information technology to ensure a smooth flow of information for control purposes.	• Risk of using outdated and inefficient systems by not keeping pace with the current technological developments • Escalating price of spare parts, delays in delivery, difficulty in procuring exact requirement of older machinery & equipment
11	Strategic	Climate change	Unfavorable weather patterns especially droughts can hinder the achievement of the expected crops.	• Lower crops leading to lower revenue and profit.
12	Strategic	Special Commodity Levy (SCL) changes	Price volatility due to change in import duty on crude palm oil.	• Possible revenue & PAT shortfalls against budgets

Risk control measure/mitigation action	Effectiveness of the mitigation	Impact/ Severity	Occurrence/ Likelihood	Score	Priority (as per risk grid)
• Continue application of synthetic fertilizer even at a higher cost to maintain crop • Application of EFB and decanter cakes to the fields.	H	3	2	6	M
• Soil mapping, site specific fertilizing, following advice of international Agri consultants, improving the leaf area index	M	3	2	6	M
• Inexcusable evaluation of all investment proposals and getting advice from experts. • Adopting a stringent approval procedure for capital expenditure, based on the level of investment and the expected payback. • Ensure availability and effective utilization of short term facilities where necessary. • Realistic investment made in capital development such as replanting, machinery and upgrading plant. • Maintain cash flow and budgetary control systems for effective monitoring. • Closely monitor the progress to ensure project deliverables are achieved within the given budgets and timelines. • Close follow-up on new ventures.	M	2	2	4	M
• Continuous investments in new machinery and experiments on new harvesting methods • Mechanization of estate functions to the highest possible extent • Proactive requirement planning • Conduct trainings for the executives	M	4	2	8	M
• Follow sustainable agricultural practices including RSPO recommendations to reduce stress on palms. Conservation of environment and water resources. • Forecasting weather patterns.	M	3	2	6	M
• Entering into forward agreements with buyers	M	4	1	4	M

RISK MANAGEMENT

Serial Number	Category of risk	Related risk	Risk description	Implication/consequences
13	Operational	Information Systems risk	Disruption to workflow from ERP system and iTechro. With the decentralized information system and accounting system we operate in, we have to ensure those systems are up to date and operate resourceful to satisfy our dynamic needs.	• Loss of data, risk associated with security, hardware, communication breakdowns and software downtime.
14	Operational	Natural disasters, fire, labour sabotage	Loss of revenues, assets and losses due to floods, lightning and fire due to natural and man-made reasons.	• Damage to assets, business disruptions
15	Compliance	Compliance with applicable legislation and internal policies	The Company is subject to special regulations and litigation risk will lead to loss of reputation as well as legal costs.	• Eliminate the non-compliance and reduce the inabilities to understand the legislative and statutory requirements.

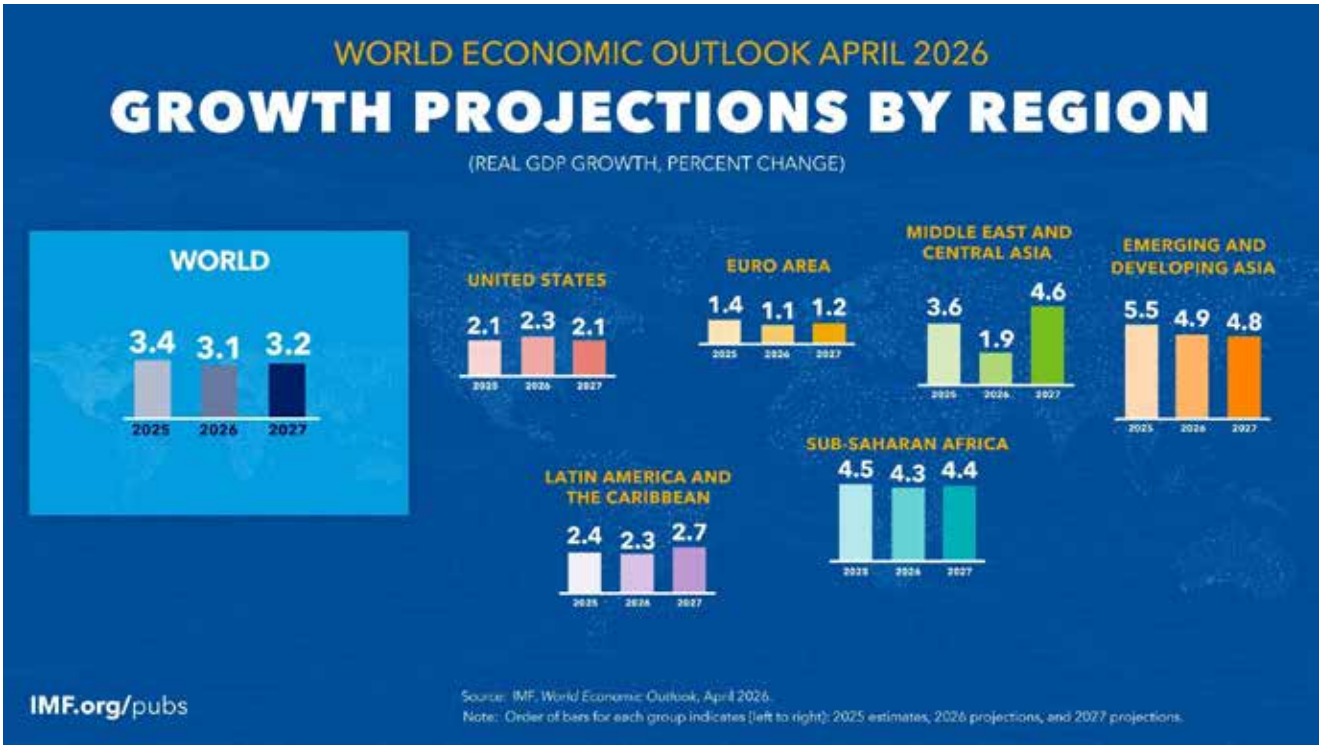
Risk control measure/mitigation action	Effectiveness of the mitigation	Impact/ Severity	Occurrence/ Likelihood	Score	Priority (as per risk grid)
• WPL ERP Production and test severs are hosted azure cloud . Daily server snap shots are automated to recover from Singapore region • IT policies are implemented for WPL and systems • Daily ERP backups are automated and quarterly restorations are completed • AMC agreement signed with PBSS & Itechro • Cloud firewall implemented for ERP system and antivirus implemented for the servers • Senior Manager – ERP & business application over look all systems continuously	H	3	1	3	L
• Adequate insurance covers, regular assessment of exposures by insurance agents, precautions against risks, valuation of motor vehicle to meet current market condition.	H	3	1	3	L
• The Company is developing a set of measures and internal controls to ensure its legal compliance, including compliance with laws. • Periodically review and monitor compliance status of statutory and other requirements. Seek expert consultant where necessary. • Monitor the legal requirements with regard to tax regularly. • Maintain strong compliance procedures ensuring accurate and complete tax returns.	H	3	1	3	L

OPERATING ENVIRONMENT

GLOBAL ECONOMY

The world economy showed an annual growth of 3.4% YoY in 2025, accelerating from 3.3% YoY growth in 2024.

A slowdown of global economic growth is estimated at 3.1% YoY in 2026, due to escalating geopolitical tensions, trade disputes, larger debts and fiscal deficits.



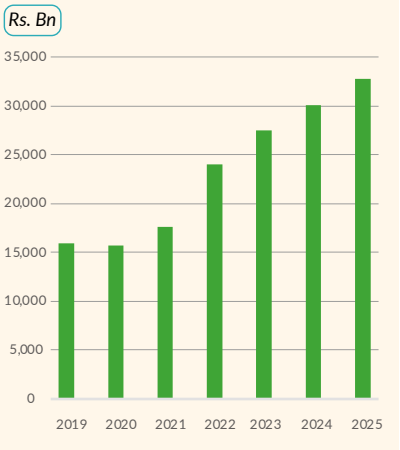
SRI LANKAN ECONOMY

Demonstrating notable resilience, the economy of Sri Lanka recorded a year-on-year GDP growth of 5% in 2025, maintaining the momentum achieved in 2024. This steady performance reflects the gradual recovery following the recent economic downturn. Growth was primarily driven by the industrial sector, which expanded by 7.8% year-on-year, followed by the services sector at 3.3%, and the agricultural sector at 1.4%. Within the industrial sector, the manufacturing sub-sector contributed 1.02% to overall GDP growth, indicating a progressive revival in production activities.

The sustained economic performance in 2025 was underpinned by several key developments. These include significant progress in debt restructuring, the continued implementation of reforms under the International Monetary Fund programme, a strong recovery in tourism and external sector inflows, and a notable stabilization of inflation.

Collectively, these factors have strengthened macroeconomic stability and supported the country's ongoing recovery trajectory.

GDP at Current Market Price



Source:
CBSL Annual Economic Review (2025)

OTHER ECONOMIC INDICATORS

Inflation

Monthly inflation entered positive trajectory since the mid-2025, recording CCPI at 2.1% YoY in December 2025.

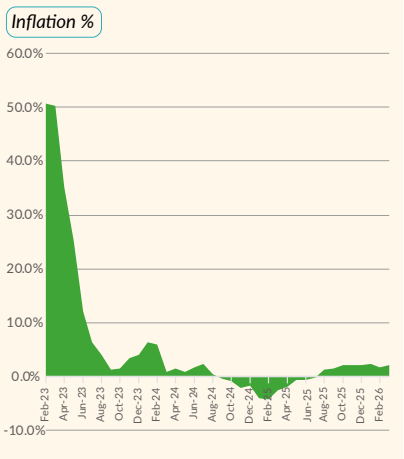
Current Account Surplus

A surplus was recorded at Rs. 1.7 Bn in 2025

Market Interest Rates

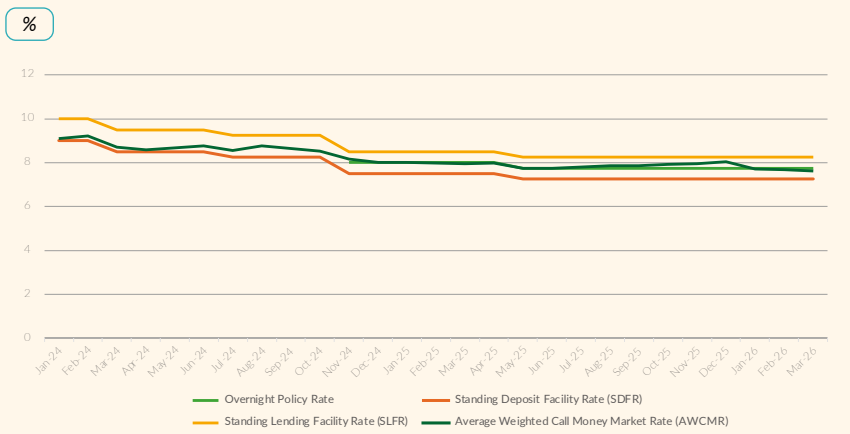
- The overnight policy rate (OPR) was kept unchanged at 7.75% in the 4th quarter of 2025.
- The Standard Deposit Facility Rate and Standard Lending Facility Rate was maintained at 7.25% and 8.25% respectively.

CCPI Based YoY Headline Inflation



Source:
Department of Census & Statistics

Policy Rates, Standing Facility Rates and AWCMR

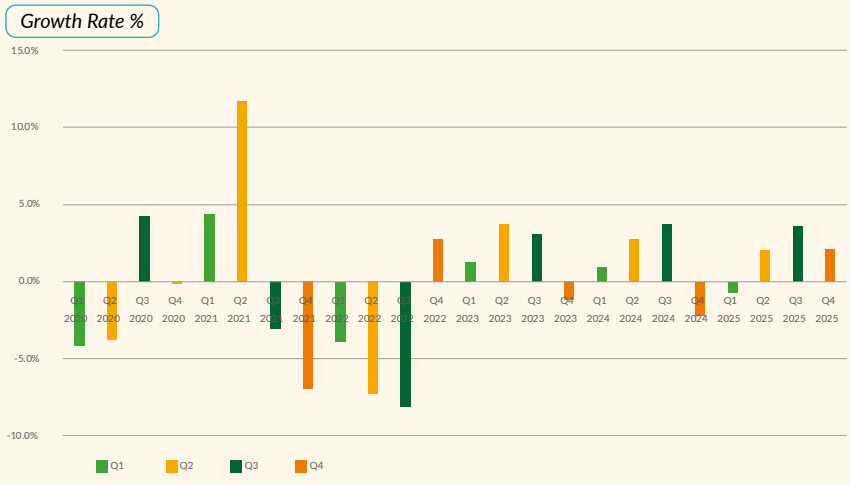


Source:
Central Bank of Sri Lanka

AGRICULTURE SECTOR

Sri Lanka's agricultural sector continues to play a vital role in the national economy, supporting a significant share of rural livelihoods. The sector employs approximately a quarter of the labour force and remains central to food security and socio-economic stability, particularly in rural communities. Key export-oriented crops such as tea, rubber, and coconut, alongside staple food production including paddy, underpin both foreign exchange earnings and domestic consumption. Despite its importance, the sector faces structural challenges including productivity constraints, climate variability, and input cost fluctuations, which have been further exacerbated by recent economic disruptions. Nevertheless, gradual recovery and modest growth have been observed, supported by increasing focus on sustainable practices, value addition, and technological adoption, positioning the sector for more resilient and inclusive development in the medium to long term.

Sectoral GDP Growth - Agriculture



Source:
Central Bank of Sri Lanka

POSITIVE SECTORAL DEVELOPMENTS & STRATEGIC TAILWINDS

The agricultural landscape in 2026 is characterized by a transition toward high-tech resilience and financial inclusivity. Despite recent environmental challenges, the following developments are driving a positive trajectory for the industry:

1. Strategic Capital Accessibility

The financial ecosystem for agriculture has seen a significant shift toward customized liquidity solutions. A synergistic approach between state and private financial institutions has expanded specialized credit lines, while a notable influx of foreign lender participation has introduced exclusive funding facilities. These instruments are designed to bridge the capital gap for smallholders and large-scale plantations alike, fostering long-term investment in yield-improving assets.

2. Targeted Policy Interventions

Government support remains a cornerstone of sectoral stability. Current subsidy programs have been modernized to provide direct facilitation to farmers, ensuring input affordability. A critical focus in 2026 has been the dedicated recovery facilitation for Ditwah-affected regions, showcasing a robust institutional commitment to restoring productivity in disrupted supply chains.

OPERATING ENVIRONMENT

3. Digital Transformation & Precision Agriculture

The sector is undergoing a profound technological evolution. The establishment of public data-driven ecosystems is now providing the infrastructure necessary for "smart" decision-making.

- AI Integration: Emerging AI-driven solutions are being integrated across the value chain—from predictive soil analysis to automated harvesting—optimizing resource allocation and minimizing waste.
- Data Infrastructure: High-integrity data sets are enabling more accurate forecasting, allowing the industry to mitigate risks before they manifest.

4. Robust Global Demand Trajectories

Building on the momentum of 2025, the appetite for high-value agricultural exports remains strong. We observe a sustained premiumization trend in several key segments:

- Coconut & Value-Added Derivatives: Continued global shift toward plant-based and "clean-label" ingredients.
- Seafood & F&B: Strengthening demand in Asian and European markets for traceable, high-quality proteins.
- Export Momentum: These dynamics have created a favorable trade balance for local producers, positioning the sector as a primary driver of foreign exchange earnings.

SECTORAL CHALLENGES & RISK LANDSCAPE

While the outlook remains cautiously optimistic, the agricultural sector is navigating a complex landscape of systemic risks. Addressing these challenges is paramount to ensuring long-term operational continuity and margin protection.

1. Climate-Induced Volatility

The escalating frequency of extreme weather events remains the most significant threat to the sector's stability. Sri Lanka's agricultural heartlands are increasingly vulnerable to a triad of climate risks: erratic rainfall, prolonged droughts, and flash flooding.

- Operational Impact: These patterns disrupt traditional crop cycles and cause physical damage to plantation infrastructure.
- Strategic Risk: Beyond immediate yield loss, climate instability poses a long-term threat to national food security and complicates the precision of supply chain forecasting.

2. Cost-Push Inflation & Supply Chain Fragility

The sector continues to grapple with volatile input dynamics. Rising global prices for fertilizers, seeds, and agrochemicals—compounded by periodic localized shortages—have placed immense pressure on producer margins.

- Investment Hurdle: Persistent high input costs serve as a deterrent for smallholder reinvestment and large-scale modernization, potentially leading to a stagnation in production levels if not managed through strategic procurement and efficiency gains.

3. Regulatory Flux & Policy Inconsistency

A historic lack of a long-term policy roadmap has created a landscape of regulatory uncertainty. Frequent shifts in agricultural policy and land-use regulations—often driven by short-term considerations—have traditionally hindered the sector's ability to attract long-term foreign and domestic direct investment.

- The Need for Stability: Achieving sustainable growth requires a consistent, evidence-based policy framework that prioritizes structural development over cyclical interventions.

4. Structural Misalignment with Global Markets

A significant portion of the local agricultural output remains production-driven rather than market-led. The industry frequently faces a disconnect where production decisions are made without sufficient regard for global price signals or evolving consumer preferences.

- Competitiveness Gap: This lack of market orientation limits the sector's ability to capture high-value export niches. Transitioning toward a "demand-first" model is essential to improving the income-generating potential of the entire value chain and enhancing global competitiveness.

1. Potential Policy changes

As of April 2026, the Sri Lankan government is actively reconsidering the 2021 ban on oil palm cultivation. An expert committee has recommended allowing new plantations specifically on marginal or degraded rubber lands rather than clearing new forests. This "sustainable intensification" approach aims to balance the 2020 environmental concerns (water usage and biodiversity loss) with the urgent need for domestic edible oil security.

2. Foreign Exchange and Import Pressure

Sri Lanka currently produces only about 20% of its annual edible oil requirement (approx. 280,000 MT oil requirement), with the shortfall met by imports that cost the country upwards of $35 million annually. With the global "Hormuz Crisis" in early 2026 driving up shipping and commodity costs, there is immense pressure from the Planters' Association to expand local cultivation to stabilize the rupee and reduce the import bill.

3. Global Biofuel Mandates and Price Anchors

Globally, the market is being driven by Indonesia's B45 biodiesel mandate (a 45% palm oil blend in fuel), which has diverted significant supply from the export market to domestic fuel use. This creates a "price floor" for 2026, keeping crude palm oil (CPO) prices firm even as production in Malaysia begins to recover from its cyclical resting phase.

4. EU Deforestation Regulation (EUDR)

A major global shift this year is the final preparation for the EU Deforestation Regulation (EUDR), set for full enforcement in late 2026. This requires every drop of oil to be traceable to a specific plot of land that was not deforested after 2020. For Sri Lanka, this means any future expansion must integrate high-tech mapping and RSPO (Roundtable on Sustainable Palm Oil) certification from day one to remain export competitive.

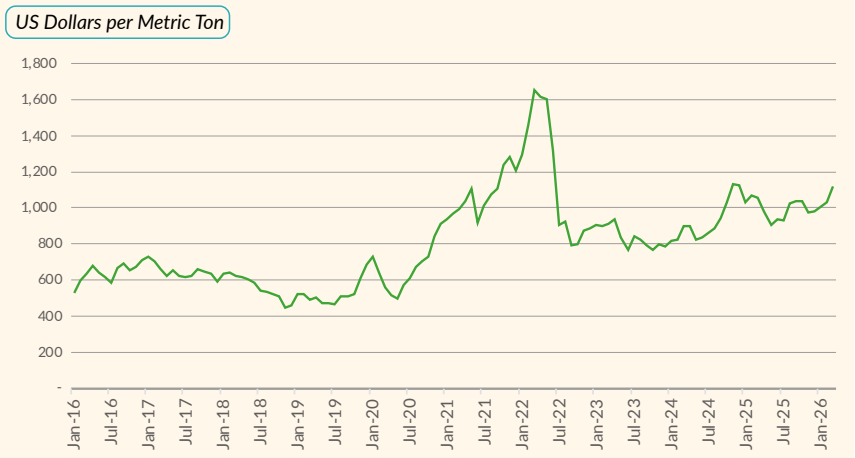
5. High-Yield Potential vs. Land Constraints

Local proponents highlight that oil palm is roughly 5 times more productive than coconut per hectare. In the 2026 outlook, the industry is pushing for a "replanting model" where under-performing rubber estates are converted. However, environmental groups continue to flag the high-water footprint—roughly 249 litres per day per plant—maintaining a tension between economic yield and local groundwater stability.

6. Supply Chain Volatility & Backwardation

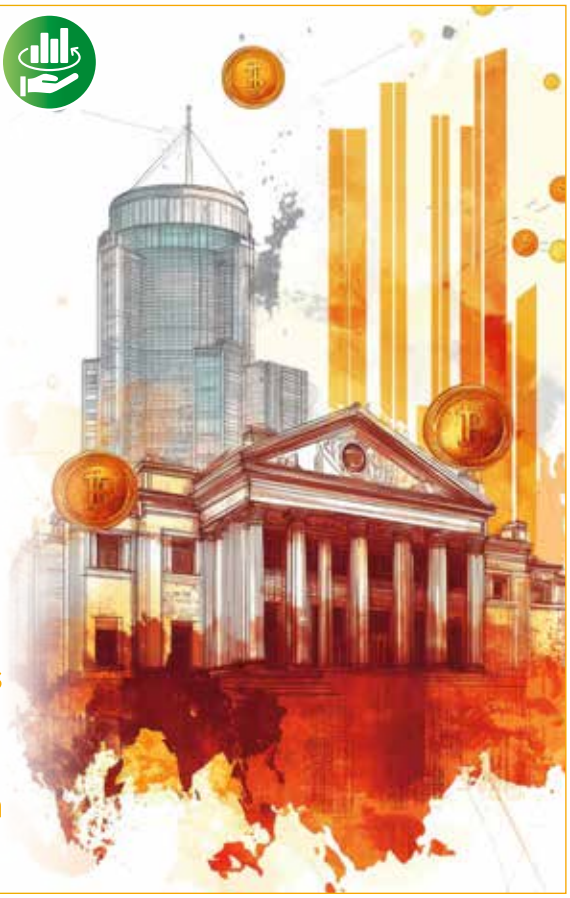
The global market is currently experiencing "backwardation," where spot prices (immediate physical delivery) are higher than future prices. This reflects a tight immediate supply due to 2025 climate disruptions and high fertilizer costs. Sri Lankan manufacturers (confectionery and bakery sectors) are facing a "buy-now" environment to avoid even higher costs later in the year.

Global price of Palm Oil



FINANCIAL CAPITAL

Sustaining economic resilience amidst evolving market dynamics, Watawala Plantations PLC continues to leverage its robust financial capital base to drive long-term stakeholder value. As a critical pillar of our integrated reporting framework, financial capital represents the pool of funds available to the company, optimized through prudent capital allocation, robust internal controls, and strategic investment governance. In a year characterized by shifting macroeconomic policies and climate-induced agricultural shifts, our disciplined financial stewardship has enabled us to safeguard balance sheet strength, sustain high-yielding crop diversification strategies, and secure reliable shareholder returns. This chapter details our financial performance, structural capital efficiency, and the strategic pathways we are deploying to ensure the long-term monetization and growth of our agricultural assets.



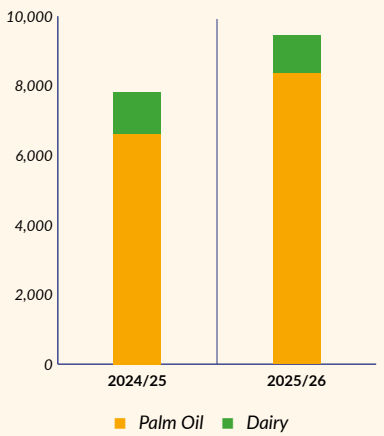
MANAGEMENT APPROACH (GRI 3-3)

Watawala Plantations PLC's management approach to Financial Capital focuses on maintaining structural resilience, executing disciplined capital allocation, and optimizing cost efficiencies across its diversified segments to deliver sustainable, long-term stakeholder value. Operating within a volatile macroeconomic environment, the Group actively mitigates inflationary and commodity market pressures by enhancing operational productivity and strengthening cost discipline to secure robust profitability and strong cash flow generation. These financial resources are systematically managed to strike an intentional balance between providing consistent shareholder returns through dividend distributions and reinvesting in long-term growth vectors, such as infrastructure modernization and sustainable agricultural practices. By continuously reinforcing its risk management frameworks, maintaining a defensive liquidity runway, and adhering to prudent debt management, the Group preserves a resilient balance sheet capable of navigating economic cycles and sustaining long-term market confidence.

REVENUE

Underscoring its structural resilience, Watawala Plantations delivered an impressive 21.1% YoY revenue expansion, propelled primarily by a standout performance within the palm

Segmental Revenue



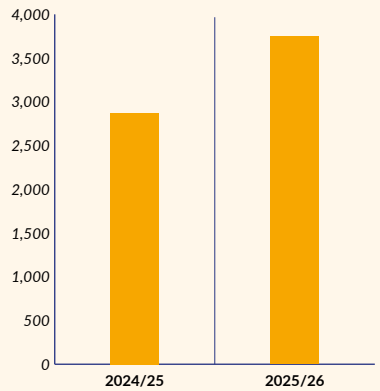
oil segment. This core business vertical achieved an outstanding milestone by generating Rs. 8.4 billion in revenue for 2025/26—reflecting a substantial 26.3% YoY growth. This top-line acceleration was driven by a dual-strengthening of both operational and market dynamics, characterized by higher sales volumes in Palm Oil reporting 8.1% YoY acceleration, alongside favorable global and domestic pricing trends for both Crude Palm Oil (CPO) and Kernel Palm Oil (KPO)

Conversely, the dairy business experienced localized market adjustments, with revenue contracting by 8.2% YoY to Rs. 1.1 billion. This decline was heavily attributable to temporary contractions in total milk production volumes 5% alongside a softening of average market selling prices during the financial year.

OPERATING PROFIT

Demonstrating strong core earnings capacity, the Group's consolidated operating profit (EBIT) grew significantly to close at Rs. 3,749 Mn in 2026, up from Rs. 2,874 Mn in the previous year. This strong 30.4% YoY expansion emphasizes the Group's heightened operational discipline, strategic resource allocation, and successful mitigation of systemic cost pressures across its primary Agribusiness verticals.

Operating Profit



GROSS PROFIT

Gross Profit (Rs. Mn)	2024/25	2025/26	Growth (YoY%)
Palm Oil	3,564	4,800	34.7%
Dairy	2.8	7.0	153.1%

Complementing the robust top-line momentum, the Group's cumulative Gross Profit (GP) margin expanded significantly to 51.0% in FY2025/26, up from 46.3% recorded in the previous financial year. This structural margin expansion reflects enhanced core profitability and successful operational discipline across the Agribusiness segments, which effectively countered systemic market headwinds.

- Palm Oil Segment: The palm oil business anchored the Group's bottom-line resilience, generating an exceptional gross profit of Rs. 4,800 Mn. The segment achieved a commanding gross profit margin of 57.5%, driven by higher Palm Oil market price realizations alongside increased Palm Oil sales volumes. This strong baseline profitability allowed the segment to comfortably absorb cost pressures that emerged during the fourth quarter stemming from increase in labour cost with salary increment, fertilizer cost increase etc.
- Dairy Segment: Reflecting aggressive cost-containment measures, the dairy business grew its gross profit to Rs. 7.04 Mn. Despite a cyclical drop in top-line revenue caused by softer farm-gate selling prices and lower milk yields, management successfully optimized the segment's cost of sales, engineering an 8.5% YoY reduction. This optimization was primarily driven by lower feed costs, securing a marginal improvement in the segment's gross profit margin to 0.7% and demonstrating strong operational agility amid localized market contractions.

- Palm Oil Segment: The palm oil business remained the undisputed anchor of Group operational profitability. The segment generated an EBIT of Rs. 4,232 Mn in 2026, marking an exceptional increase from the Rs. 3,024 Mn recorded in 2025. This performance was structurally driven by robust top-line revenue gains, amplified Palm Oil sales volumes, and favorable market price realizations. This strong commercial momentum allowed the segment to comfortably absorb rising administrative expenses (up 10.45% to Rs. 571 Mn) and elevated selling and distribution overheads (Rs. 181 Mn), while easily cushioning a minor non-cash loss of Rs. 3.4 Mn from biological asset fair value adjustments.
- Dairy Segment: The dairy business experienced deep margin compression, reporting an expanded operating loss of Rs. 584 Mn in 2026 compared to a loss of Rs. 222 Mn in 2025. While strict trading-level cost management and an 8.5% reduction in feed costs successfully protected core gross margins, the bottom line was severely impacted by indirect variables. Most notably, the segment absorbed a heavy Rs. 370 Mn non-cash charge stemming from downward fair value adjustments of biological assets. Performance was further hindered by cost on managing effluent treatment requirement of the operation and cyclical softening of average farm-gate selling prices, lower production volumes, and a 58.2% escalation in administrative overheads to Rs. 42.1 Mn.

FINANCIAL CAPITAL

NET FINANCE

The Group reported a net finance expense of Rs. 120 Mn in FY2025/26, compared to a net finance income of Rs. 25 Mn in the previous year. This acceleration was primarily driven by a substantial increase in interest expense incurred on term loans, leases and bank overdrafts.

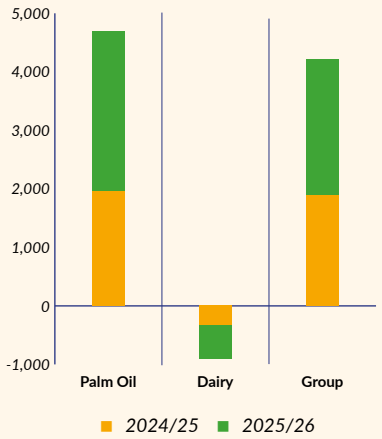


PROFIT AFTER TAX

Reflecting strong top-line conversion and improved structural efficiencies, the Group's consolidated Profit After Tax (PAT) delivered strong growth for the financial year ended 31 March 2026. This bottom-line expansion was achieved despite the burden of elevated financing costs and macroeconomic uncertainties that characterized the broader operating environment. The robust earnings performance directly translated into enhanced shareholder value, expanding Earnings Per Share (EPS) from Rs. 1.89 to Rs. 2.34.

- Consolidated Group Impact: On a consolidated level, the record-breaking performance of the plantation sector comfortably cushioned the cyclical downturn in dairy operations and expanding unallocated corporate expenses. The final net profit position underscores the structural strength of Watawala Plantations PLC's diversified agribusiness model, which effectively mitigates sector specific volatility to secure sustainable capital returns.

Profit/(loss) for the year



ASSETS AND LIABILITIES

Assets

The Group's total assets declined by 1.3% to Rs. 8.6 Bn as at 31 March 2026 (2025: Rs. 8.7 Bn). Non-current assets continued to represent the majority of the asset base, accounting for 76.0% of total assets (2025: 72.6%), reflecting the capital-intensive nature of plantation operations.

Biological assets remained the largest asset category at Rs. 2.85 Bn, representing 33.2% of total assets, while property, plant and equipment increased by 19.9% to Rs. 3.06 Bn, demonstrating the Group's continued investment in operational infrastructure and productive capacity.

Current assets declined by 13.5% to Rs. 2.1 Bn (2025: Rs. 2.4 Bn), mainly due to a reduction in cash and cash equivalents and short term investments. Despite this reduction, the Group maintained adequate working capital through trade & other receivables of Rs. 209.1 Mn, and Inventories of Rs. 451.0 Mn.

Capital

Total equity stood at Rs. 3.01 Bn as at 31 March 2026 compared to Rs. 3.75 Bn in the previous year, reflecting the impact of losses and distributions during the year. Retained earnings decreased to Rs. 2.39 Bn from Rs. 3.06 Bn.

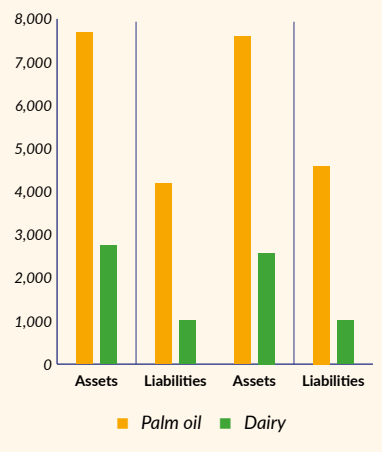
Despite the reduction in equity, retained earnings continued to constitute the largest component of shareholders' funds, representing approximately 79.5% of total equity. The Group maintained a solid capital base, supporting its long-term operational and investment requirements.

Liabilities

Total liabilities increased by 12.6% to Rs. 5.6 Bn (2025: Rs. 5.0 Bn), primarily driven by increases in trade and other payables and current borrowings. Non-current liabilities amounted to Rs. 2.4 Bn, while current liabilities increased to Rs. 3.2 Bn, accounting for 56.6% of total liabilities.

Loans and borrowings increased to Rs. 1.04 Bn (current and non-current combined) from previous Rs. 0.90 Bn. Trade and other payables increased to Rs. 1.37 Bn, reflecting higher operational obligations at year end.

Assets & Liabilities



CASH FLOW

Cash Flows from Operating Activities

The Group's core business segments proved highly effective at converting revenue momentum into raw operating cash.

- Working Capital Optimization: Total cash generated from operations reached Rs. 4,832 Mn, compared to Rs. 3,756 Mn in 2025. This was supported by a strong release of liquidity from trade receivables (Rs. 117 Mn cash inflow) and payables management (Rs. 184 Mn cash inflow)
- Tax and Financial Obligations: Operating cash flows absorbed significantly higher tax outlays during the year, with income tax payments surging to Rs. 1,303 Mn from Rs. 500 Mn in the prior year. Interest settlements also escalated to Rs. 200 Mn.
- Net Cash Generated: After accounting for tax, finance charges, and Rs. 63 Mn in retirement benefit obligations paid, the Group secured a robust Net Cash Flow from Operating Activities of Rs. 3,267 Mn (up from Rs. 3,118 Mn in 2024/25).

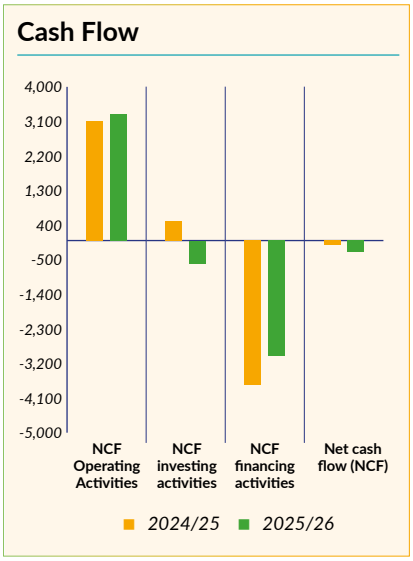
Cash Flows from Investing Activities

Reflecting its commitment to safeguarding long-term earnings capacity and upgrading Mill and estate capital requirements , the Group increased its capital deployment pace, leading to a net investing cash outflow of Rs. 596 Mn (reversing an investment inflow of Rs 519 Mn last year).

- Capital Expenditures: Principal long-term investments included Rs. 887 Mn directed into property, plant, and equipment (estate infrastructure and mill modernizations) and Rs 208Mn allocated to bearer biological assets.
- Investment Offsets: These strategic deployments were partially offset by capital cash inflows, including Rs. 274 Mn from the sale of property, plant, and equipment, Rs. 111 Mn from the disposal of livestock, and Rs. 75 Mn withdrawn from short/long-term investments.

Cash Flows from Financing Activities

Financing activities accounted for a net outflow of Rs. 3,003 Mn in 2026, compared to a higher net outflow of Rs. 3,750 Mn in the previous year.



- Shareholder Returns: In line with corporate commitments to sustain market confidence, the Group prioritized substantial shareholder distributions, allocating Rs. 3,050 Mn for dividend payments.
- Debt Management: The Group prudently balanced its external gearing by taking on Rs. 2,730 Mn in new loans while simultaneously repaying Rs. 2,592 Mn of outstanding borrowings to keep overall corporate leverage in an optimal posture.

RATIO ANALYSIS

Ratio	2025/26	2024/25
Return on Equity (ROE)	74%	39%
Debt/Equity Ratio	70%	45%
Liabilities to Assets Ratio	65%	57%
Current Ratio	65%	96%
Return on Capital Employed (ROCE)	69%	46%
Current Liabilities to Total Liabilities Ratio	50%	57%

FINANCIAL CAPITAL

FUTURE-FORWARD APPROACH FOR FINANCIAL SUSTAINABILITY



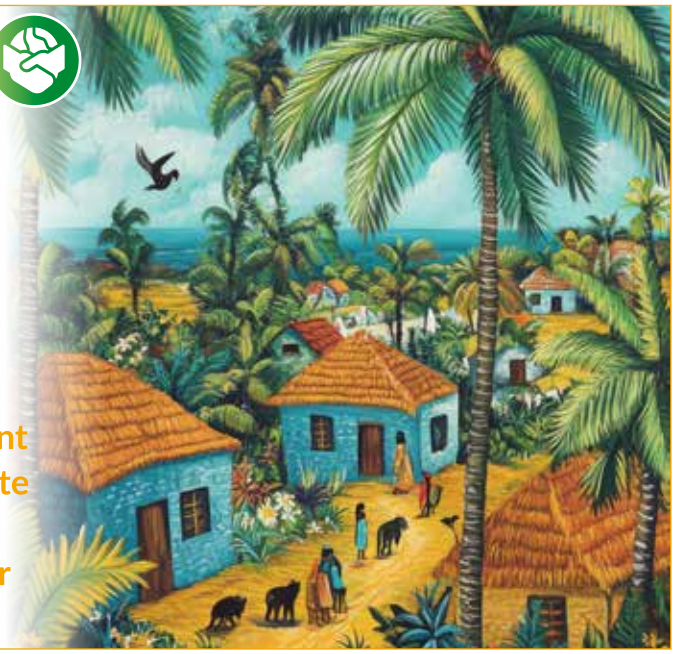
Looking ahead, the Group's priorities remain firmly focused on strengthening operational resilience, maintaining prudent financial discipline, and ensuring sustainable long-term growth. To achieve this, management will continue to focus on improving operational efficiency, strengthening cash flow generation, enhancing working capital management, and optimizing capital allocation across the Group. Particular emphasis will also continue to be placed on maintaining liquidity discipline, prudent debt management, and balancing reinvestment requirements with shareholder returns. In the short term, management remains focused on operational execution, profitability improvement, cash flow generation, and maintaining financial discipline. This disciplined focus was clearly reflected during the year through improved margins, stronger profitability, and healthy operating cash flows.

At the same time, the Group continues to invest in long-term growth drivers including mill and estate developments, productivity enhancement initiatives, dairy operations, and operational infrastructure. These investments are expected to strengthen future earnings capacity and support sustainable value creation over the long term. Recognizing the long investment cycles inherent within plantation and agricultural businesses, management remains committed to balancing near-term performance priorities with strategic investments that enhance operational resilience, sustainability, and long-term stakeholder value creation. Furthermore, the Group remains committed to investing in sustainable agricultural practices, yield enhancement initiatives, operational modernization, and staff training programs to improve resilience and strengthen future competitiveness.

In an evolving operating environment shaped by commodity price volatility, inflationary pressures, elevated financing costs, and broader macroeconomic uncertainty, the Group will continue to strengthen governance frameworks, risk management practices, and operational agility to support long-term financial sustainability and stakeholder confidence. Management continued to closely monitor pricing trends, biological asset performance, and input cost movements during the year to ensure timely operational responses and effective risk management. The diversified nature of the Group's operations further strengthened earnings resilience by reducing concentration risk and supporting stability across business segments. By continuing to focus on productivity enhancement, optimizing resource utilization, and strengthening cost discipline across plantation and dairy operations, the Group ensures it can adapt to evolving market conditions while sustaining operational performance.

SOCIAL AND RELATIONSHIP CAPITAL

At Watawala Plantations, our Social and Relationship Capital is rooted in the deep-seated connections we nurture with our estate communities, suppliers, partners, and customers. Grounded in mutual trust and collaborative progress, these relationships are fundamental to maintaining our social license to operate. By closely aligning our agribusiness operations with community empowerment and sustainable supply chains, we translate these meaningful partnerships into enduring, shared value that underpins our long-term resilience.



MANAGEMENT APPROACH (GRI 3-3)

Our approach to nurturing social and relationship capital is grounded in transparent, authentic communication and a deeply rooted ethical framework. We recognize that robust stakeholder engagement is a strategic imperative, critical to maintaining and extending our social license to operate.

This engagement philosophy is seamlessly embedded within a stringent corporate governance structure. Furthermore, the high visibility and reputation of our brand—amplified by the Group's recognized industry leadership—serves as a powerful catalyst in our efforts. By combining ethical governance with brand equity, we consistently enhance stakeholder trust and systematically create sustainable, long-term value across our entire network of social relationships.

CUSTOMERS

Uncompromising product reliability and quality form the bedrock of our strategic B2B relationships across our palm oil, dairy, and compost verticals. Through proactive client engagement and a steadfast commitment to our brand promise, we continue to cultivate deep-rooted customer loyalty and satisfaction. This relationship capital is safeguarded by rigorous quality control frameworks and exhaustive safety evaluations throughout our production chains, ensuring the highest standards of health, hygiene, and bio-safety. As a responsible agribusiness, our commercial partnerships are governed by an ingrained ethical compass-driving operational execution with absolute integrity, transparency, and fidelity to our contractual obligations.

Our Product Promise

1. CONSISTENT SUPERIOR QUALITY

- Rigorous quality standards
- Certified to Pyramid Wilmar quality benchmarks for all palm oil products
- Strict internal control processes ensure our dairy products meet the highest expected standards
- Zero-compromise quality checks at every stage

SOCIAL AND RELATIONSHIP CAPITAL



2. RELIABLE, CONTINUOUS SUPPLY

- Secure supply chain & enhanced production
- Utilizing innovative yield enhancement techniques (e.g., better materials, precision agriculture)
- Steadily increasing oil palm production from our own estates
- Maintaining robust, long-term relationships with verified suppliers to ensure redundancy



3. DEEP CUSTOMER ENGAGEMENT

- Proactive customer dialogue
- Maintaining multiple active continuous engagement channels (e.g., annual surveys, client portal)
- Dedicated team to value and analyze customer input, driving service improvement
- Fostering long-standing, mutually beneficial relationships based on trust and responsiveness

Customer Engagement Mechanism

Product	Customer segment	Engagement mechanism
Palm Oil	4 B2B Customers	Direct Meetings, Visits, and Quarterly Meetings
Dairy	6 B2B Customers	Direct Meetings, Visits, and Quarterly Meetings
Compost	23 B2C Customer	Monthly Meetings and Visits

SUPPLIERS

To sustain seamless and secure operations across our estates and processing facilities, we rely on a robust network of local and international partners. Our procurement ecosystem spans individual smallholders, SMEs, MSMEs, and large corporate entities. These suppliers deliver critical agricultural inputs—including fresh fruit bunches (FFB), fertilizers and essential agrochemicals—alongside vital factory maintenance and insurance services. We have meticulously nurtured these relationships to mitigate supply chain risks and guarantee operational continuity. Currently, our FFB sourcing network is anchored by strategic partnerships with 2 Regional Plantation Companies (RPCs) and 2 small-scale plantations.

Supplier Selection Process



IDENTIFY SOURCING REQUIREMENTS



DETERMINE CRITERIA FOR SUPPLIER SELECTION



EVALUATE AND SHORTLIST SUPPLIERS BASED ON SET CRITERIA



NEGOTIATION AND CONTRACTING



CONTINUOUS ENGAGEMENT

Initiatives to strengthen supplier engagement - FFB



1. MAINTAINING COLLABORATIVE RELATIONSHIPS

- Regular stakeholder meetings and forums to discuss sustainability goals and operational challenges
- Joint planning sessions for harvest schedules, logistics, and quality control



2. SUPPORT FOR SUPPLIER DEVELOPMENT

- Technical training on Good Agricultural Practices (GAP) and environmental stewardship
- Access to agronomic advisory services and field visits by sustainability officers

A significant portion of the annual expenditure is allocated to the procurement of fertilizers required to support the nutritional needs of oil palm plantations and optimize yields. Fertilizer requirements are determined by the Technical Team based on estate-specific agronomic factors, while supplier selection is conducted through a competitive sourcing process involving both technical and commercial evaluations.

Another key area of expenditure is the procurement of machinery and equipment. These purchases are subject to rigorous technical and commercial assessments to ensure the selection of suitable products at competitive prices. Where specialized requirements arise, sourcing is undertaken from leading overseas suppliers with proven expertise and extensive experience in serving large-scale plantation and agricultural operations, ensuring access to reliable, high-quality solutions that support operational excellence.

INDUSTRY PARTNERSHIP

Active collaboration with industry peers and apex bodies is a cornerstone of our corporate strategy, serving as a powerful driver of innovation, operational efficiency, and sustained competitive advantage. Through our leadership and active participation in key trade forums, we engage in policy advocacy, elevate our brand visibility, and provide our workforce with invaluable avenues for professional development and peer-to-peer knowledge sharing.

As a leading diversified agribusiness, our insights directly support policy formulation and champion the growth of the Sri Lankan plantation sector, with a specific focus on driving sustainable advancements within the oil palm industry.

We maintain strong, collaborative representation across major national chambers and trade associations, including:

- Palm Oil Industry Association of Sri Lanka
- Ceylon Chamber of Commerce
- Planters' Association of Ceylon
- Colombo Rubber Traders' Association
- Colombo Tea Traders Association
- All Island Dairy Association
- Large Dairy Farm Association

THE COMMUNITY AND CSR

The organisation engages communities through estate-level CDOs, welfare officers, estate management teams, HR, the sustainability team and the wider management team. Engagement is carried out through community events, welfare programmes, school and children's initiatives, health awareness, documentation support, religious and cultural programmes, environmental activities and employee-family support.

Our deep-rooted social license to operate is reflected in the extensive community ecosystem surrounding our Homadola, Talangaha, and Nakiyadeniya estates. The Company's direct footprint encompasses 1,422 resident families comprising 5,182

SOCIAL AND RELATIONSHIP CAPITAL

residents, while our broader socio-economic influence extends across Grama Niladhari (GS) divisions with a total population of 31,326 individuals.

To maintain harmonious relations and drive sustainable community development, the Company actively manages a structured network of institutional touchpoints. Our current engagement architecture includes:

- **Early Childhood Development:** 5 Child Development Centres (CDCs)/Early Child Development Centres (ECDCs) with 54 registered children and 42 daily average attendance
- **Educational Mobility:** A dedicated school transport network connecting student commuters to 15 regional schools.
- **Spiritual & Community Welfare:** Structured relationships with 24 registered religious institutions, including nutrition support (breakfast and lunch programmes) provided across 4 Sunday School temples.
- **Industrial Relations:** A collaborative, multi-union environment maintained through active engagement with 6 employee unions.
- **Collaboration:** Udugama Regional Hospital, MOH Yakkalamulla, the Development Officer and Nagoda AG, Red Cross, RSPO team, schools, temples and estate-level union representatives

The Company builds trust by combining visible delivery of CSR commitments with regular, structured engagement across employees, estate communities, schools, health stakeholders, religious institutions and local representatives. In FY 25/26, the CSR and welfare plan carried a budget of Rs. 19.55 Mn, demonstrating that stakeholder engagement is supported by allocated resources rather than handled as an ad-hoc activity.

Key CSR Initiatives in 2025/26

- Watawala Diri Daru stationery support for 20 schools (2025/26 Rs. 3.1 Mn)
- Regional Women's Day health camp (2025/26 Rs. 1.5 Mn)
  - Reinforced access to healthcare and built trust with public health stakeholders
- Provision of breakfast for Sunday School Children
- Support for the communities affected by Ditwah
- School cleaning programme reaching 180 participants
- Tree planting programmes
- ID and birth certificate support with Development Officer/Nagoda AG: 100 participants
- Religious/community engagement activities around Vesak and Poson
- Adolescence awareness programme for 140 students and parents at MOH Yakkalamulla
- Grade 1 school bag and stationery donations: 13 schools, 432 participants.
- Regional Children's Day activities with 2,000 participants
- Monthly donations (2025/26 2.5 Mn)
- The medical camp at Talangaha Training Center and first aid training
  - Strengthened health and safety readiness among employees and communities
- Watawala Pasal Dirigamana school transport service (2025/26 Rs. 4.1 Mn)
  - To support our workforce and enhance community resilience, the Company continues to facilitate educational access through the Watawala Pasal Dirigamana school transport service. According to recent human resources and industrial relations metrics, the initiative expanded its reach from 30 students in March to 42 students in April, effectively covering a transit route that connects families to 15 regional schools. This targeted support directly alleviates logistical burdens for employee families, cultivating long-term goodwill and aligning corporate citizenship with the everyday welfare of our communities.













19
CSR Activities

3,636
Participants in community focused events

467
Participants in employee engagement activities

155
YouTube subscriber

70
WhatsApp members

4,600
Facebook followers

49
TikTok followers

DRIVING ACCOUNTABILITY THROUGH STAKEHOLDER FEEDBACK

Our approach to community welfare is grounded in a dual strategy: a transparent grievance redressal mechanism and a proactive, data-driven assessment framework. This ensures that community investments are directly aligned with the verified needs of our workforce and estate residents.

Engagement Channel	Data Points Tracked	Strategic Utility & Operational Outcomes
The Labour Register (Grievance Redressal)	Estate, worker category, date, expected vs. actual settlement timelines, resolution status, and finalized solutions.	Tracks operational and community matters (housing, electrification, land issues, and hazard mitigation) from logging to closure, ensuring accountability.
IR & HR Analytics (Need Assessments)	Resident and family counts, sanitation facilities, CDC attendance, student transit headcounts, maternal data, and union membership.	Identifies priority regional needs, guides targeted CSR budget allocation, and benchmarks the expansion or improvement of social infrastructure.

Impact in Action:

During the reporting period, this structured loop successfully facilitated line room allocations, administrative support for domestic power connectivity, civil documentation processing (IDs/birth certificates), hazardous tree clearing, and the continuity of vital community assets like the school transport network and child welfare programmes. Unresolved items remain strictly monitored under open management files to guarantee follow-through.

HUMAN CAPITAL

Our workforce remains the bedrock of our operational resilience and long-term sustainability, guiding the Company through an evolving and challenging economic landscape. We are fundamentally committed to driving the socioeconomic advancement of our people through a holistic Employee Value Proposition (EVP) that harmonizes individual aspirations with strategic organizational objectives. At the core of this framework is a steadfast commitment to intensive skill development and elevating the dignity of our estate-level workers.



The majority of our workforce comprises Associates, accounting for 82%, while Executives and other category employees make up 9%, and Field Staff represent the remaining 9%, each playing a vital role in the success of our operations across both the oil palm and dairy sectors. Our human resource governance is guided by a combination of group-level policies from Sunshine Holdings and company-specific frameworks. These are built on strong ethical foundations, aligned with industry standards, applicable regulations, and Sri Lankan labour laws. We are committed to nurturing our human capital by ensuring fair compensation, safe and healthy working environments, and a positive workplace culture. Our approach goes beyond profit-making—focusing instead on the holistic well-being and development of our people. As we navigate a new era in plantation management, we actively monitor and adopt evolving industry trends to foster a dignified, inclusive workplace. We aim to provide equal opportunities for personal growth, aligned with the Company's long-term strategic goals.

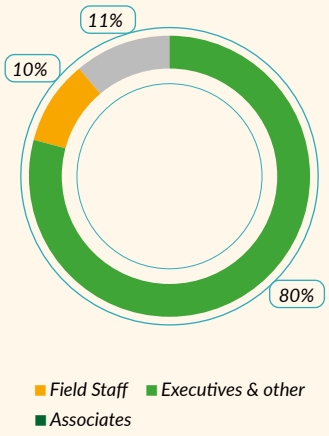
MANAGEMENT APPROACH (GRI 3-3)

At Watawala Plantations PLC, we view our workforce not merely as an operational necessity, but as our most vital strategic asset. Our management approach is anchored on a robust Human Resource governance and policy framework designed to nurture, develop, and safeguard this asset for the long term.

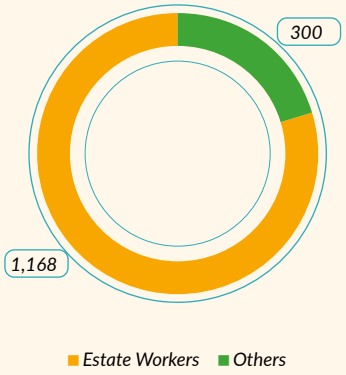
To ensure institutional consistency and ethical alignment, our HR policies and procedures are seamlessly integrated with those of the Sunshine Holdings Group. However, recognizing the unique socioeconomic landscape of the plantation sector, we deliberately engineer our processes to go beyond basic statutory and regulatory requirements. We actively benchmark our protocols against top-tier global and domestic industry standards, ensuring that our employee value proposition remains both progressive and competitive. This proactive governance structure covers the entire talent lifecycle—from equitable recruitment and comprehensive industrial relations to continuous worker dignity and health and safety compliance—ensuring operational resilience and sustained value creation across our estates and processing centers.

HR STATISTICS (GRI 2-7)

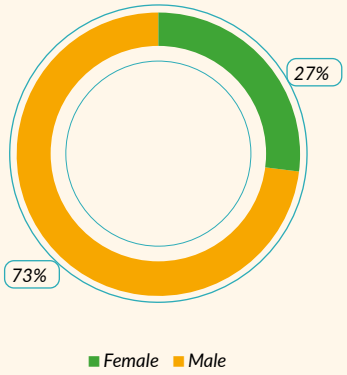
Workforce (%)



Workforce



Gender Representation (%)



	Male		Female		Total	
	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26
By Sector						
Plantations	846	856	519	390	1,365	1,245
Diary	210	210	10	12	220	222
By Employment						
Permanent	222	241	57	59	279	300
Contract	9	0	0	0	9	0
Daily Paid Workers	825	825	471	343	1,296	1,168
Intern	0	0	1	0	1	0

DIVERSITY, EQUITY AND INCLUSION

(GRI 3-3, 406-1, 408-1, 409-1)

The Company fosters a culture of equity, inclusion, and mutual respect, while upholding the dignity and well-being of all employees with a strong emphasis on occupational health and safety. A non-discriminatory working environment is maintained across all operations, ensuring equal opportunities for all employees. During the year under review, there were no reported incidents of discrimination, child labour, or forced labour, reflecting the Company's continued commitment to ethical labour practices and responsible employment standards.

INDUSTRIAL RELATIONS AND TRADE UNIONS

(GRI 2-30, 402-1, 407-1)

We actively champion an open and democratic workplace culture by safeguarding our employees' right to freedom of association. Our robust industrial relations ecosystem is highlighted by the fact that 92% of our estate-level workforce is unionized, holding membership across six independent Trade Unions that facilitate constructive dialogue and collective bargaining.

To ensure mutual respect and minimize operational friction during periods of transition, the Company maintains structured communication protocols for organizational changes:

- Union Representation: Six active Trade Unions acting as a unified collective voice.
- Workforce Integration: 92% union density within the estate sector.
- Change Management Notice: A formal fifteen (15) day advance notice is strictly mandated and issued to affected employees prior to implementing major operational alterations or geographical reassignments.

HUMAN CAPITAL

REMUNERATION, RECOGNITION AND REWARDS

(GRI 2-20, 2-22, 401-2)

Watawala Plantations PLC maintains a structured and transparent remuneration architecture designed to ensure fair compensation, statutory compliance, and competitive talent retention. The salaries of our estate-level staff are strictly determined by the industry's Collective Bargaining Agreement (CBA) and remain fully compliant with all national statutory requirements. Conversely, the remuneration of the executive cadre is governed primarily under the purview of the Shop and Office Employees Act, with all entry-level wages strictly adhering to or exceeding prevailing Sri Lankan labor laws. Beyond basic salary structures, the Company provides a comprehensive portfolio of welfare and fringe benefits tailored to reward, well-compensate, and retain our vital human capital over the long term.

Executives and Staff – Head Office

Benefits

- Comprehensive Insurance
- Enhanced Medical Facility
- Mobile communication allowance
- Conveyance stipend
- Fuel and traveling coverage
- Vehicle purchasing allowance

Executives – Estates

Benefits

- Billet living stipend
- Estate Medical Facility
- Mobile allowance
- Full fuel/traveling/ vehicle support
- Premium On-estate Accommodation
- Full utility payments (Electricity/ Telecom)
- Other essential commodities (e.g., Cleaning supplies)

Staff – Estates

Benefits

- Shared Medical Facility
- Complimentary Tea Packets
- Comfortable Accommodation
- Base utility payments
- Performance-based Incentive
- Death Donation Support
- Uniforms
- Scholarships for Children
- Book Vouchers for Children
- School bus for Children
- Annual Trip

Associates, Plantation workers

Benefits

- Secured Housing
- Guaranteed Water Access
- Tea allowance
- Free essential medicinal drugs
- Local Medical Facility
- Free health clinics
- Childcare facilities (below age 5)
- Vital wheat flour provision
- Death Donation Support
- Invigorating Annual events
- Scholarships for children
- PPE
- School bus for Children

PERFORMANCE MANAGEMENT

(GRI 404-3)

Watawala Plantations PLC utilizes a transparent performance management framework designed to systematically identify and reward employees who exceed operational expectations. For the executive and management cadres, performance is evaluated through a structured 180-degree appraisal system. At the field level, Associate productivity is monitored via digitized muster sheets that record precise time-scales and harvested crop volumes in real time. This digital integration ensures objective, data-driven, and continuous performance tracking. Exceptional contributions are rewarded dynamically through merit-based salary increments and volume-driven harvesting incentives. Furthermore, the Company fosters a culture of grassroots innovation through our formal Employee Recognition Scheme (ERS), with peak operational and innovative achievements celebrated at our structured Quarterly and Annual Award Ceremonies.

TRAINING AND DEVELOPMENT

(GRI 404-1, 404-2, 3-3)

Equipping our workforce with specialized capabilities to optimize productivity and cultivate a robust leadership succession pipeline is a core strategic priority. Watawala Plantations PLC implements holistic human capital development programs that encompass technical and soft skill training across all organizational cadres.

For the executive cadre, capability building is guided by structured annual development plans and targeted, need-based interventions identified during the performance appraisal process. Conversely, staff and associate cadres receive continuous, job-specific operational training. This includes mandatory pre-deployment training for all new recruits to ensure that field operations—which frequently involve handling specialized materials and equipment—are conducted safely, mitigating potential occupational and environmental risks. Extending our sustainability commitment across the value chain, the Company also conducts regular training and capacity-building sessions for our external business partners, empowering them to operate as efficient, value-added contributors to the broader plantation ecosystem.

EMPLOYEE HEALTH AND WELLBEING

(GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10, 3-3)

We prioritize a proactive safety culture, viewing robust OHS governance as fundamental to operational continuity and employee well-being.

Key Frameworks & Governance Protocols:

Institutional Policy & Compliance: Strict enforcement of safety controls across all estates and mills, aligning with statutory regulations, global best practices, and standard Collective Agreement mandates.

RSPO Certification: Serving as an independent verification of our benchmarked safety protocols and sustainable plantation management.

Medical & Welfare Provisions: Incorporation of medical allowances and proactive annual health check-ups within the standard employee compensation structure.

Risk Monitoring and Hazard Controls:

Safety and Health Committees (SHCs): Facilitating active worker participation and collaboration to build a transparent, ground-up safety culture.

Multidimensional Hazard Oversight: Active monitoring by our Sustainability Teams to isolate, investigate, and control ergonomic, biological, chemical, and psychological risks.

Dynamic HIRARC Matrix: Systematic enforcement of the Hazard Identification, Risk Assessment, and Risk Control chart. This framework undergoes mandatory annual revisions or immediate iterative updates if any risk parameter is breached.

WORK RELATED INJURIES

0%
FATALITIES DUE TO WORK-RELATED INJURIES

15
RECORDABLE WORK-RELATED INJURIES

0.86
TOTAL RECORDABLE INCIDENT RATE

0%
FATALITY RATE

0%
NEAR-MISS INCIDENT RATE

EMPLOYEE ENGAGEMENT

Actively engaging and mentoring our employees builds a highly motivated team, ensuring mutually beneficial sustainability for both our people and the organization.

Whistleblower Policy and Grievance Handling	Employee Engagement Events
Stemming from the Group policy, we implement a formal grievance handling process, whistleblower policy, and sexual harassment prevention policy which encourages employees to report their grievances at any time. 'Ayubowan Watawala' is a hotline, where employees could voice their concerns and recommendations without the fear of discrimination.	Celebratory events were held at regional level for all staff and their families. Poson Kalapaya and Children's Day were held for our employees in the Udugama Region (Talangaha, Nakiyadeniya, Homadola) In addition, health camps were held for employees in all three estates and mill Celebrating birthdays of all employees Celebrated Womens' Day in Udugama Region by conducting health camps and awareness sessions.

HUMAN CAPITAL

GENDER PARITY

(GRI 202-1, 401-3, 405-1, 405-2, 3-3)

We are an equal opportunity employer, committed to a diverse, equitable, and inclusive workplace. Progressing towards achieving gender parity and inculcating such values in the wider communities, is crucially important to the Company.

Female employees are provided equality in all aspects of employment, at recruitment, promotions, and leadership.

WORK RELATED INJURIES

7%
WOMEN IN MANAGEMENT FROM EXECUTIVE CADRE

25%
WOMEN AT EXECUTIVE LEVEL FROM EXECUTIVE CADRE

KEY HR INITIATIVES FOR FY 2026/27



1. Strengthening Palm Oil Industry Knowledge

- Enhance the technical and operational knowledge of front-line management teams through structured learning and development programs focused on palm oil cultivation, harvesting, and plantation management best practices.

2. Driving Workforce Productivity

- Improve worker productivity and operational efficiency by introducing innovative work methods, process improvements, and performance-focused operational practices across estates.

3. Fostering Constructive Union Partnerships

- Strengthen engagement and collaboration with trade unions to build positive industrial relations, facilitate effective dialogue, and achieve mutually beneficial outcomes for employees and the organization.

4. Enhancing Community Engagement and Social Impact

- Deepen relationships with regional communities through targeted Corporate Social Responsibility (CSR) and Industrial Relations (IR) initiatives, fostering stronger community partnerships and creating sustainable social value while strengthening the company's presence and reputation.

MANUFACTURED CAPITAL

Our manufactured capital is far more than a collection of physical assets; it is the dynamic engine that accelerates our production capabilities and empowers us to deliver superior value to our stakeholders. As we navigate an era of Future-Forward Transformation, we are deliberately evolving our physical infrastructure, advanced machinery, and digital technology to build a resilient, agile, and highly efficient operational ecosystem. By blending technological sophistication with agricultural excellence, Watawala Plantations ensures uncompromising product quality, enhanced supply chain reliability, and sustainable value creation for our customers, partners, and shareholders alike.



MANAGEMENT APPROACH

Watawala Plantations is strategically modernizing its manufactured capital to drive peak operational excellence and long-term resilience. By integrating advanced digital technology, mechanization, and smart upgrades across our physical infrastructure and machinery, we are significantly enhancing process efficiencies while sustaining uncompromising product quality. This technological evolution operates in tandem with our well-established eco-efficient production models, which utilize mature cleaner production methods, extensive renewable energy transitions, and circular waste-to-value frameworks across our industrial workflows. Through this deliberate pairing of technological sophistication and responsible resource management, we ensure our physical asset base maximizes yields while reinforcing a highly sustainable, future-ready agribusiness model.

PALM OIL PRODUCTION

Estate and plantation infrastructure	• Access roads (main roads, field roads, bridges) • Estate operating offices, divisional centers • Housing for workers and staff • Field drainage and irrigation systems • Harvesting platforms and field collection points • Field block fencing and signage
Processing facilities	• Palm oil mill and its their machinery (hydraulically operated and automated FFB unloading ramp, boiler, sterilizers, digester/ press, clarification) • Kernel crushing plant with modern pressure leaf filter • Waste treatment facilities (effluent treatment plant including methane capture) • Water treatment plants and supply systems • Oil purification and storage station
Building and Structures	• Administrative buildings (offices, canteens, stores) • Labour quarters and welfare facilities (volleyball court, gym) • Storage facilities (for tools, fertilisers, chemicals, PPE)

MANUFACTURED CAPITAL

Energy and Utilities	• Generators, steam turbine • Renewable energy installations (biomass boiler) • Electricity and water distribution systems
Mechanical and technical equipment	• Workshop tools and machinery • GIS and drone equipment
Transport and logistics assets	• Fleet of vehicles (tractors, lorries, harvest collection trucks)

PALM OIL MILL

Situated at the Nakiyadeniya Estate in Udugama, our palm oil mill stands as the operational core of our extraction vertical, seamlessly processing harvested Fresh Fruit Bunches (FFB) into high-quality Crude Palm Oil (CPO) and Palm Kernel Oil (PKO). Operating at a capacity of 18 MT of FFB per hour, the facility is continuously modernized to sustain peak productivity. In line with our future-forward transformation agenda, we implement systematic engineering upgrades across every critical stage of the production cycle—including sterilization, stripping, pressing, oil extraction, and settling—ensuring optimal oil extraction rates and minimized processing losses.

In tandem with our operational enhancements, the mill operates under a stringent environmental stewardship framework. We consistently upgrade our conventional effluent treatment systems to mitigate environmental impact and safeguard local ecosystems.

A definitive milestone in our green strategy is the final phase of development of our biogas plant, which embodies our circular economy ambitions by transforming organic manufacturing waste into clean energy. This project serves a vital dual purpose:

- Certification Alignment: It reinforces our compliance with the rigorous environmental and regulatory benchmarks required to maintain the prestigious Roundtable on Sustainable Palm Oil (RSPO) certification.
- Decarbonization Goals: It directly drives the Group's overarching ESG targets by capturing methane and other greenhouse gases (GHG), converting potential emissions into a sustainable power source, and substantially reducing our operational carbon footprint.

Certifications and Awards

- ISO 45001:2018 – Occupational health and safety
- ISO 14001:2015 – Environmental management systems
- Greenhouse gas verification opinion - in accordance with ISO 14064-3:2019
- Roundtable on Sustainable Palm Oil - RSPO certification

STRATEGY – PALM OIL PLANTATIONS AND MILL

Palm oil Mill

- Quality assurance throughout the supply chain
- Improvement of efficiency
- Operational excellence
  - Continuous upgrading of existing infrastructure and establishment of new facilities (laboratory, employee facilities, and office spaces)
  - Mechanization/automation of feasible areas of production process to minimize human errors and ensure safety concerns are addressed

Plantations

- WPL's estate strategy is anchored on two imperatives: Land productivity and labour productivity. Every initiative below serves one or both.
- Agronomic excellence & field rehabilitation. Block-by-block BMP programme to close the yield gap against site yield potential by vacancy infilling, corrective pruning, and nutrition programmes based on leaf/soil sampling, with mechanised fertiliser spreading.

- Harvesting discipline & crop recovery. Enforce 10–12 day harvesting intervals, minimum ripeness standards, and dedicated loose fruit collection. Reduce field-to-mill standing time. The highest-ROI yield lever on the estate with zero capital required.
- Labour optimisation & mechanisation. Separate cutting, carrying, and loose fruit collection roles. Restructure harvester incentives around quality and volume. Deploy infield FFB transport and mechanised fertiliser spreading where terrain permits.
- Infrastructure development. Upgrade road density in high-yield blocks to reduce carrying distance and enable mechanized infield transport. Improve drainage to protect root zone health and field trafficability year-round.
- Digital monitoring & traceability. Real-time digital field reporting, GIS/ drone block mapping, and operational KPI dashboards. FFB traceability from block to mill gate for sustainability compliance. Built around decision triggers and not data collection for its own sake.
- Worker welfare & housing. Housing upgrades including Indian-funded programme initiatives. Improved amenities and formal welfare audits. Labour retention is an operational risk — the cost of a missed harvest round exceeds most welfare investment paybacks.

STRATEGIC MANUFACTURED CAPITAL INITIATIVES: DRIVING FUTURE-FORWARD GROWTH

To operationalize our vision of a future-ready enterprise, Watawala Plantations continues to invest strategically in modernizing its physical asset base. The following initiatives bridge the gap between physical infrastructure, technological superiority, and employee well-being, paving the way for optimized efficiency and sustainable growth.

Completed Capital Projects – FY 2025/26

- Integrated crop unloading ramp with automated feeding system (January 2026): Engineered to streamline the critical interface between logistics and factory processing, this state-of-the-art facility has successfully eliminated unloading backlogs for transport lorries and tractors delivering Fresh Fruit Bunches (FFB) to the mill. This investment has significantly enhanced supply chain velocity, optimized processing timelines, and elevated daily operational throughput whilst enhancing the FFB quality assurance along the supply chain.
- Establishment of modern employee facility infrastructure: Completed a comprehensive, modern workforce facility designed to uplift the daily operational experience of our mill team. Featuring dedicated dining areas, advanced sanitary washrooms, first aid room, secure locker rooms, and comfortable restrooms, this new asset reinforces our steadfast commitment to international labor standards and robust occupational health and safety.
- 500 kVA generator: A new 500 kVA generator has been installed replacing the older low capacity generator, as the initial step of upgrading the power house to cater to the new mill capacity enhancements and improvement of the overall efficiency of the utility network.

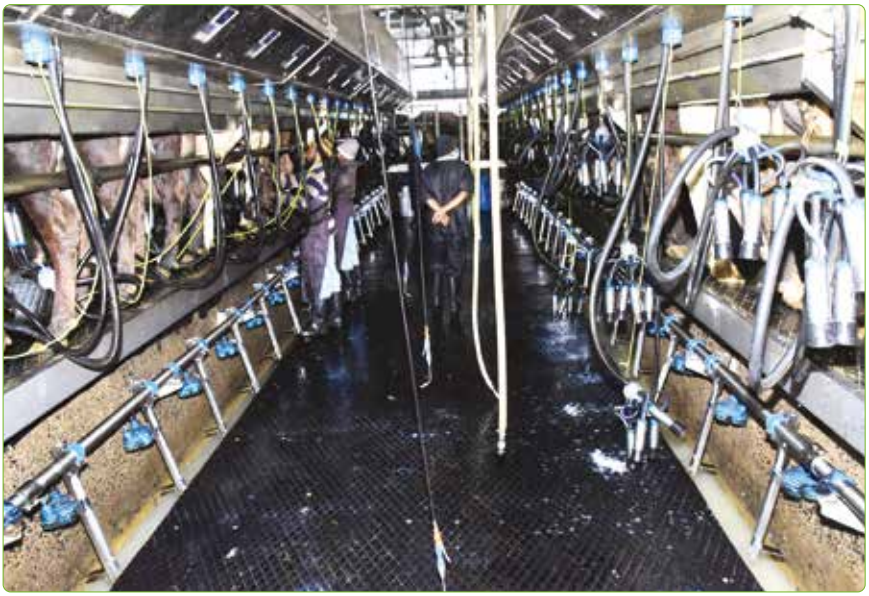


Ongoing & Future-Ready Investments

- Development of the utility-scale biogas plant (Target completion: FY 2026/27): Operating as a flagship initiative within our circular economy framework, this project is designed to treat mill effluent whilst generating purified biogas for electricity generation. By utilizing this biogas for captive power generation within the mill, we are making a definitive pivot toward energy self-sufficiency while substantially minimizing our operational carbon footprint and greenhouse gas (GHG) emissions.
- Construction of new office building and state-of-the-art laboratory: Progressing steadily on a facility that synthesizes modern, collaborative workspace design with advanced industrial science. While the new office spaces will enhance corporate agility, the centralized, state-of-the-art laboratory will serve as a critical technological driver for Watawala Plantations by unlocking two distinct competitive advantages:
  - Data-Driven Process Control: Enabling continuous, real-time tracking of critical product quality parameters, operational waste ranges, and environmental benchmarks.
  - Proactive Waste Minimization: Empowering technical teams with deep analytical insights to optimize input formulations, prevent process deviations, and minimize resource depletion at the source.

MANUFACTURED CAPITAL

DAIRY FARM



STRATEGY – DAIRY FARM

Lonach Dairy Limited remains a key pillar of the Group's diversification strategy, with a continued focus on strengthening its position as a reliable contributor to Sri Lanka's fresh milk supply. In line with national priorities of increasing local dairy production and reducing import dependency, the Group has adopted a targeted strategy centered on herd optimisation, productivity enhancement, and sustainable waste management.

A primary strategic priority during the year was the optimisation of the herd to support higher milk output. By improving herd composition through selective breeding, enhanced heifer development, and better livestock management practices, the Company aims to increase overall herd strength while maintaining optimal productivity levels. These efforts are complemented by a continued focus on improving feed efficiency, animal health, and housing conditions, ensuring that yield per animal is maximised even as the herd expands.

Sustainability remains an integral component of the dairy growth strategy. During the year, focused interventions were undertaken to address the management of slurry and wastewater generated from farm operations. The Company is progressing towards a circular resource model, where slurry is repurposed for agricultural applications as organic fertiliser, thereby contributing to soil enrichment and reducing reliance on chemical inputs. In addition, initiatives are underway to channel treated wastewater for integration into broader wastewater management systems, aligning with national environmental objectives and reinforcing responsible resource stewardship.

The Company continues to prioritise a structured and cost-efficient feed sourcing strategy, recognising feed as a critical driver of dairy productivity and margins. A balanced feed mix comprising locally sourced forage, maize silage, and nutritionally optimised concentrates are utilised to ensure consistent animal health and milk yield. Greater emphasis has been placed on strengthening feed supply chains to mitigate price volatility and supply disruptions. These efforts are complemented by ongoing improvements in feed formulation and ration management, ensuring optimal nutrient intake aligned with herd productivity targets.

Strategic Manufactured Capital Initiatives

Completed projects

1. Crop unloading ramp with automated feeding system
2. Employee facility building
3. Modern pre-treatment plant for effluent treatment
4. Installation of a new 500 kVA generator replacing the older lower capacity generator

Ongoing Projects

1. Office building
2. State-of-the-art laboratory
3. Secondary effluent treatment plant with methane capture system
4. Upgrading the power distribution system with higher capacity transformers

INTELLECTUAL CAPITAL

In FY2025/26, Watawala Plantations PLC continued to move beyond the foundational layer of digital adoption into a more structured, insight-driven phase of transformation. Building on the Company's core digital platforms, including ERP, Plantation Management System, and supporting connectivity infrastructure, the focus during the year was on strengthening data visibility, improving operational control, and building a more reliable digital foundation for future plantation management.



The Company's digital transformation approach remains clear: technology is not an end in itself, but a means through which agronomic expertise, field knowledge, and operational discipline are translated into measurable business performance. Digital initiatives pursued during 2025/26 were therefore aligned to improving crop recovery, reducing inefficiencies, strengthening financial control, enhancing management visibility, and preparing the organisation for future analytics-led and AI-enabled plantation management.

Input	Process	Output	Outcome
• Drone imagery and drone-based palm census across all estates • GIS platform and spatial data layers • 3D drone visualisation • Insight dashboards and analytical reporting • Plantation Management Systems and ERP • Digitally trained workforce • Emerging technologies	• Estate-wide drone image capture and palm census verification • Development and validation of GIS-led digital field master • 3D visualisation of estate areas was recently initiated • Consolidation of field, crop, labour, quality, and financial data • Continued strengthening of estate, mill, and finance data flows • Real-time auto-posting of weighbridge transactions to ERP • Digital fluency, GIS, dashboard, and analytics-related capability building • Evaluation of IoT-based monitoring and other digital agriculture options	• Improved visibility of palm stand count, field conditions, planted areas, and infrastructure • Progressively validated spatial records covering planted areas, vacant lands, infrastructure, roads, housing areas, and operational boundaries • Enhanced visual understanding of terrain, access, infrastructure, and land-use conditions • Dashboard-based visibility of performance trends, exceptions, and operational indicators • Improved operational and financial data for decision making • Automated transaction flow from weighbridge to ERP • Improved user confidence in systems and data interpretation • Future technology roadmap for real-time field and operational visibility	• Stronger baseline for crop budgeting, field validation, productivity analysis, and estate planning • Improved land-use visibility, better field-level reconciliation, and stronger foundation for per-hectare performance measurement • Additional support for field planning, infrastructure assessment, and operational reviews • Faster evidence-based decisions and improved management follow-up • Reduced manual consolidation, stronger controls, and improved reporting discipline • Improved data accuracy, reduced manual reconciliation, and stronger estate-to-finance control • Stronger culture of evidence-based management and digital adoption • Readiness for next-stage digital agriculture and AI-supported plantation management

INTELLECTUAL CAPITAL

OUR FOUR PILLARS OF DIGITAL PROGRESS

Watawala's digital transformation strategy is built around four interconnected pillars that support a more organised and data-driven plantation operating model.

Pillar	2025/26 Progress and Achievements
Precision Field Intelligence	• Drone imagery and drone-based palm census were completed across all estates, improving visibility of palm stand counts, field conditions, planted areas, infrastructure, and operational boundaries. • The Company progressed the development and validation of a GIS-led digital field master covering planted areas, vacant lands, infrastructure, roads, housing areas, and operational boundaries. • 3D drone visualisation was also recently initiated as an additional layer of field visibility to support terrain, access, and infrastructure-related assessments.
Analytics & Decision Intelligence	• Estate-level insight dashboards and analytical reports were strengthened to consolidate harvesting, crop, labour, quality, weighbridge, and financial information. Historical crop data, field performance trends, rainfall patterns, harvesting records, and operational observations are increasingly analysed to support crop budgeting and management planning. While predictive forecasting remains a future capability, current data and pattern analysis are already helping improve crop visibility, crop budgeting, and management review.
Platform Deepening & Integration	• iHarvest continued to support estate-level operational processes including harvesting records, crop movement, check-roll-related data, quality grading, and field monitoring. SAP Business One continued to support finance, procurement, inventory, and related business processes. • A key achievement during the year was the full integration of weighbridge transactions with SAP Business One, enabling weighbridge records to be auto-posted in real time. This improved data accuracy, reduced manual reconciliation, and strengthened operational and financial controls.
People & Culture of Data	• Digital fluency and data interpretation capabilities were strengthened across estate, mill, and administrative teams. GIS training, Excel-based analytical training, dashboard usage, and practical data review sessions helped users move beyond system operation toward more informed decision-making. Estate-level performance reviews are increasingly supported by data, dashboards, and evidence-led discussions.

PRECISION FIELD INTELLIGENCE - KNOWING THE LAND

In FY2025/26, Watawala Plantations PLC strengthened its field intelligence capability through drone imagery and drone-based palm census across all estates. These initiatives provided improved visibility of palm stand counts, planted areas, field conditions, infrastructure, land-use patterns, and operational boundaries.

The Company is now using these digital outputs, together with ground verification and operational inputs, to progress the development and validation of a GIS-led digital field master. This digital field master is intended to provide a more reliable spatial and operational baseline covering planted areas, vacant lands, infrastructure, roads, housing areas, and estate boundaries.

Once fully validated, the GIS-led field master will strengthen estate planning, land-use reconciliation, crop budgeting, productivity measurement, sustainability reporting, and field-level performance analysis. It will also support more accurate assessment of per-hectare indicators such as yield, cost, productivity, and operational coverage.

During the year, the Company also recently initiated 3D drone visualisation of estate areas as an additional field visibility layer. Although still at an early stage, this capability is expected to support better understanding of terrain, field access, infrastructure layout, land-use conditions, and operational constraints.

ANALYTICS AND DECISION INTELLIGENCE - ACTING ON DATA

FY2025/26 marked a continued shift in how management engages with operational performance, with stronger use of dashboards, analytical reports, and data-led reviews across estate, mill, and corporate functions.

The Company continued to consolidate data from iHarvest, SAP Business One, weighbridge transactions, quality grading, check-roll-related processes, harvesting records, crop movement, drone imagery, palm census outputs, and GIS mapping. This helped improve visibility of crop achievement, harvesting

productivity, harvesting intervals, labour utilization, field performance, quality trends, and cost-related indicators.

Historical crop data, field-level performance trends, rainfall patterns, harvesting records, and operational observations are also being analysed to support crop budgeting and management planning. While predictive crop forecasting is still under development, the current use of data and pattern analysis is helping management improve crop visibility, identify performance gaps, and make more informed planning decisions.

Insight dashboards and exception-based reporting are helping management identify delayed harvesting rounds, under-performing fields, crop recovery gaps, quality deviations, and other operational exceptions requiring timely intervention. This supports a gradual shift from delayed manual reporting to more timely, transparent, and evidence-based decision-making.

PLATFORM DEEPENING — STRENGTHENING THE DIGITAL BACKBONE

FY2025/26 saw continued strengthening of the Company's core digital platforms. iHarvest remained a key operational system supporting estate-level processes such as harvesting records, crop movement, quality grading, check-roll-related information, field monitoring, and operational reporting.

SAP Business One continued to support finance, procurement, inventory, and related business processes. A major platform achievement during the year was the full integration of weighbridge transactions with SAP Business One, enabling weighbridge records to be auto-posted in real time. This has improved data accuracy, reduced manual entry and reconciliation, strengthened operational and financial controls, and improved the timeliness of management information.

The Company also continued to strengthen data flows between estate operations, mill intake, quality, check-roll-related processes, finance, and reporting. These improvements are helping reduce manual consolidation, improve data reliability, and create stronger visibility across the estate-to-finance value chain.

In parallel, emerging technology options such as IoT-based monitoring are being evaluated to support future real-time operational visibility, predictive monitoring, and advanced plantation management.

PEOPLE AND A CULTURE OF DATA — THE HUMAN DIMENSION

In FY2025/26, Watawala Plantations PLC continued to invest in the human dimension of digital transformation by strengthening digital fluency, system usage, GIS capability, and data interpretation skills across estate, mill, and administrative teams.

Training and practical learning initiatives helped field supervisors, estate teams, harvest team leaders, and administrative staff move beyond basic system operation toward more confident use of data in daily decision-making. GIS training strengthened internal capability to work with spatial data, while Excel and dashboard-based analytical training improved practical data review and reporting capability.

Estate management performance reviews are increasingly supported by operational data, dashboards, and evidence-led discussions. This is helping build a culture where decisions are based on facts, trends, exceptions, and measurable performance indicators rather than delayed manual reports or informal observations.

Process Improvement Across Operations — Digitising the Value Chain

Digital platforms create value only when they improve how work is performed, reviewed, and controlled. During FY2025/26, Watawala continued to strengthen process discipline across the estate-to-finance value chain by improving data capture, reducing manual reconciliation, and increasing management visibility.

The full integration of weighbridge transactions with SAP Business One was a key improvement in this journey. Real-time auto-posting of weighbridge records strengthened data accuracy, improved control, and reduced manual reconciliation between operational and financial records.

The Company also continued to improve the use of iHarvest, Survey123 field inputs, Power Query-based consolidation, and analytical dashboards to support harvesting records, crop movement visibility, quality grading, labour-related information, harvesting interval monitoring, and operational performance review. These improvements are helping shorten reporting cycles, improve data integrity, and support faster corrective action across estate and mill operations.

INTELLECTUAL CAPITAL

End-to-End Process Digitisation — Before and After

The table below illustrates the transformation across the five core process stages that define Watawala's operational value chain.

Field Task Allocation	Harvesting & Crop Evacuation	Weighbridge & Mill Intake	Quality Grading & Dispatch	Finance & Reporting
Before	**Before**	**Before**	**Before**	**Before**
Manual block allocation by supervisor; paper muster sheets; no visibility of crop readiness or harvest intervals across gangs.	Gang movements tracked verbally or on paper; crop evacuation uncoordinated; delays caused by communication gaps.	Manual weighbridge tickets; data entered into spreadsheets; reconciliation done end-of-day with frequent discrepancies.	Quality grading recorded on paper forms; no real-time visibility of bunch quality trends across estates.	Finance and operational data reconciled manually; reporting lag of several days; errors common at handoff points.
After	**After**	**After**	**After**	**After**
iHarvest and operational data support improved visibility of harvesting records, field allocation, harvest intervals, and crop movement, helping management review field execution more effectively.	Gang harvesting progress, crop intake, extent coverage, and harvesting rounds are increasingly monitored through system data, field updates, Survey123 inputs, and analytical dashboards.	Weighbridge transactions are fully integrated with SAP Business One, enabling real-time auto-posting and reducing manual entry and reconciliation.	Quality grading data captured through iHarvest supports improved visibility of bunch quality trends and enables faster follow-up on quality-related issues.	Integration between operational and financial data has improved reporting discipline, reduced reconciliation effort, and strengthened estate-to-finance control.

DIGITAL LEADERSHIP AS A BRAND DIFFERENTIATOR

Digital maturity continues to strengthen Watawala Plantations PLC's position with customers, auditors, financial institutions, regulators, and business partners by reinforcing transparency, traceability, and sustainability credibility.

Drone-based palm census across all estates, GIS-led field master validation, 3D drone visualisation, digitally auditable operational records, and integrated ERP data are strengthening the Company's ability to support management decisions and sustainability commitments with verified information.

In an environment of increasing responsible sourcing requirements, audit expectations, productivity pressure, and stakeholder demand for transparency, these digital capabilities are evolving beyond operational tools into strategic assets that strengthen trust, accountability, and long-term competitiveness.

LOOKING AHEAD — THE ROAD TO AI-ENABLED PLANTATION MANAGEMENT

The digital investments made during FY2025/26 have strengthened the Company's foundation for the next phase of transformation. Drone imagery, palm census data, GIS-led field master validation, integrated ERP transactions, iHarvest operational data, dashboard-based insights, and growing data literacy are positioning Watawala to move toward more advanced analytics and AI-supported plantation management.

Future opportunities include improved crop forecasting, field performance benchmarking, optimised harvest scheduling, IoT-enabled field monitoring, and computer vision-assisted crop quality assessment. While some of these capabilities remain at an evaluation or development stage, the Company is building the data foundation, process discipline, and organisational capability required to adopt them meaningfully.

Through the continued combination of plantation expertise, spatial intelligence, digital platforms, and data analytics, Watawala Plantations PLC is building a more resilient, transparent, and future-ready plantation operating model.

NATURAL CAPITAL

At Watawala Plantations PLC, natural capital is not merely a resource to utilize, but a foundational engine of our future-forward transformation. As pioneering agricultural stewards, we recognise that long-term business resilience requires a shift from traditional practices to restorative, climate-smart agriculture. We are actively transforming our operations by integrating advanced environmental technologies, regenerative land management, and precision resource efficiency across our land, water, and biodiversity ecosystems.



Strategic Priority	Strategic Focus	Value Delivered	Relevant SDGs
Climate Change & Carbon Management	Reduce greenhouse gas emissions through renewable energy adoption, biomass utilisation, energy efficiency initiatives and carbon footprint monitoring.	Lower carbon footprint, enhanced climate resilience, reduced dependence on fossil fuels and progress towards net-zero ambitions.	
Sustainable Land & Soil Stewardship	Implement regenerative agriculture practices, soil conservation measures, riparian buffer management, erosion control and sustainable land use planning.	Improved soil fertility, enhanced agricultural productivity, reduced land degradation and long-term ecosystem resilience.	
Water Security & Resource Efficiency	Optimise water consumption, protect water resources, strengthen effluent treatment systems and safeguard natural waterways.	Improved water efficiency, enhanced water quality, reduced environmental impact and strengthened community water security.	
Biodiversity & Ecosystem Conservation	Protect High Conservation Value (HCV) areas, maintain ecological corridors, preserve wildlife habitats and strengthen biodiversity monitoring.	Conservation of critical ecosystems, protection of threatened species and preservation of natural capital assets.	
Circular Economy & Waste Management	Promote waste minimisation, segregation, recycling, biomass utilisation and responsible waste disposal practices.	Reduced landfill dependency, improved resource recovery, lower pollution levels and enhanced operational sustainability.	
Environmental Governance & Sustainable Innovation	Strengthen environmental governance through RSPO and ISO certifications, regulatory compliance, climate-smart technologies and data-driven environmental management.	Improved environmental performance, enhanced stakeholder confidence, operational resilience and future readiness.	

NATURAL CAPITAL

MANAGEMENT APPROACH (GRI 3-3)

At Watawala Plantations PLC, we are redefining natural capital management by shifting from reactive conservation to predictive ecosystem architecture. We hardwire international gold standards like RSPO, ISO 14001, directly into our operational infrastructure, using them as launchpads for systemic innovation. By leveraging advanced Geographic Information Systems (GIS) mapping, we don't just identify High Conservation Value (HCV) zones—we actively future-proof them.

By aligning our core strategies with progressive international sustainability benchmarks, we are minimizing our ecological footprint while actively accelerating the health of our surrounding communities and biomes. For Watawala, the future of agriculture lies in creating a self-sustaining loop where business growth and ecological vitality propel one another forward.

Our environmental strategy turns data into regenerative action through

- Climate Change & GHG: Reduces emissions through operational efficiency, renewable energy, methane management, energy conservation, and carbon footprint monitoring across estates and the mill.
- Land Management: Protects soil health and land use via erosion prevention, conservation planting, riparian buffers, sensitive area rehabilitation, frond stacking, fruit bunch mulching, and leguminous cover crops.
- Biodiversity: Conserves ecosystems by protecting High Conservation Value (HCV) areas, ecological corridors, and wildlife habitats while maintaining forest patches, man-made lakes, and water bodies.
- Water Management: Lowers water consumption, maintains water quality, monitors effluent discharge, and safeguards waterways using buffer zones and pollution prevention.
- Waste & Circular Economy: Manages waste through segregation, recycling, scheduled waste compliance, proper disposal, and resource recovery from operational by-products.
- Pollution & Chemical Use: Minimizes agrochemical and industrial impacts through responsible handling, controlled application via the spraying factor method, and monitoring to prevent soil and water contamination.
- Energy Efficiency: Improves estate and mill energy efficiency while utilizing renewable sources like a biomass boiler, and energy-saving technologies to reduce fossil fuel use.
- Compliance & Certifications: Aligns operations with national environmental regulations and international standards, including RSPO and ISO 14001.
- Stakeholder Engagement: Partners with employees, contractors, suppliers, smallholders, and local communities to build environmental awareness and collaborative sustainability.
- Continuous Improvement: Enhances performance through regular monitoring, audits, innovation, training, target setting, and transparent reporting.

GOVERNANCE

To accelerate our future-forward transformation, Watawala Plantations PLC has transitioned from traditional compliance to an agile, climate-resilient governance framework. This modern structure works in lockstep with our progressive Sustainability Policy, directly activating the United Nations Sustainable Development Goals (SDGs) as strategic business drivers rather than distant benchmarks. Our uncompromising operational discipline ensured zero environmental or regulatory violations during the review period—a baseline from which we continuously innovate.

POLICY FRAMEWORK

As our Sustainability Policy as the overarching mechanism, we work within several other key internal policies in managing our natural capital.



Reflecting a steadfast commitment to good governance and transparency, the organization adheres to the certifications and standards detailed below to ensure the preservation of natural capital.

1. RSPO Certification (Sustainable Palm Oil)

The Company is certified under the principles and criteria of the Roundtable on Sustainable Palm Oil. This certification ensures compliance with sustainable palm oil production practices, including environmental protection, responsible land use, biodiversity conservation, and fair labor practices. It also supports traceability within the supply chain through certified production and processing systems.

2. ISO Management System Standards

The Company maintains and aligns its operations with relevant International Organization for Standardization (ISO) standards, including:

- International Organization for Standardization 14001 (Environmental Management Systems) – ensuring systematic environmental impact control and continuous improvement.
- ISO 45001 (Occupational Health and Safety Management Systems) – supporting safe and healthy working conditions.

3. Legal and Regulatory Compliance

In addition to voluntary certifications, the Company ensures compliance with applicable national environmental laws, regulations, and permitting requirements related to emissions, waste management, water use, and land management.

4. Continuous Improvement and Audit Systems

Regular internal and external audits are conducted to maintain certification requirements and ensure ongoing compliance. Corrective and preventive actions are implemented to address gaps and strengthen sustainability performance over time.

5. Sustainability Reporting and Transparency

The Company supports transparent reporting practices aligned with RSPO requirements and ISO frameworks, ensuring stakeholders are informed of our environmental performance, risks, and improvement initiatives. In line with this commitment, greenhouse gas (GHG) accounting is conducted in accordance with ISO 14064-1 across all management operations, covering our mill and all three estates.

STRATEGIC LAND MANAGEMENT: REGENERATIVE INFRASTRUCTURE FOR TOMORROW

At Watawala Plantations PLC, driving a future-forward transformation means shifting from basic land maintenance to predictive, climate-smart ecosystem architecture. We recognize that long-term agricultural productivity is inextricably linked to the vitality of our underlying natural assets. To future-proof our operations, we have deployed an agile land management framework engineered to halt degradation, preserve soil microorganisms, combat desertification, and ensure preservation of biodiversity across our estates.

Soil conservation and management

We are moving away from generalized cultivation toward precision agronomy. Across our Homadola, Nakiyadeniya, and Talangaha Estates, we have implemented localized, scientifically rigorous soil conservation methodologies designed to eliminate erosion, elevate natural fertility, and optimize crop yields through advanced field diagnostics.

- Terracing & Landscape Analytics: Conducting detailed soil surveying, mapping, and estate slope identification to match agricultural practices to specific topographies.
- Empirical Erosion Control: Utilizing precise soil erosion measurements to establish highly targeted, structurally sound erosion control barriers and mitigation techniques.
- Nutrient Circularity & Remediation: Launching targeted remediation blueprints for underperforming land plots alongside the extensive application of organic fertilizers to structurally enrich soil biology.

Riparian zone management

Waterway protection has been elevated into an active biodiversity strategy. Rather than treating riparian zones as passive boundaries, we view them as critical, living defensive networks that filter pollutants and serve as vital wildlife corridors. We are systematically reinforcing the banks of our rivers, streams, and rills by planting indigenous species such as Kumbuk and Mee. This deliberate ecological intervention retains soil structure, maximizes water retention, and builds resilient, biodiverse buffer zones capable of thriving amidst changing climate patterns.

NATURAL CAPITAL

Environmental and social impact mitigation

The implementation of our transformed soil conservation plan yields systemic advantages that extend far beyond our estate borders:

Dimension	Operational Outcome	Long-Term Macro Impact
Environmental	• Mitigates soil erosion and run-off • Enriches soil structure & fertility	• Prevents sedimentation, protecting aquatic life • Accelerates plant growth & carbon sequestration
Social	• Stabilizes agricultural productivity • Builds reinforced, resilient topsoil	• Guarantees economic security for farming families • Controls natural disaster risks like floods & landslides

By unifying advanced science with a deep commitment to natural capital, Watawala is proving that the future of agriculture lies in creating a symbiotic loop where business growth and ecological health propel one another forward.

Key Measurements (Per Year)

1.2 cm
AVERAGE SOIL EROSION IN THE OIL PALM PLANTATION FIELDS

790,902 Kgs
OF ORGANIC MANURE APPLICATION

0.02 g/L (20 mg/L)
TOTAL SUSPENDED SOLIDS IN NEARBY STREAMS

8,221 MT
OF EFB APPLICATION AS MULCHING

Extent of the riparian and buffer established alongside streams

HCV Overlapping Management Area	GIS Extent in Homadola Estate (Ha)	GIS Extent in Nakiyadeniya Estate (Ha)	GIS Extent in Talangaha Estate (Ha)	Total of Each HCV Overlapping Area (Ha)
HCV 4 (River Buffer)	9.17	39.02	27.72	75.91
HCV 4 (River Buffer) and 4 (Steep Slope)	-	–	0.13	0.13
HCV 4 (Steep Slope)	35.09	5.70	14.69	55.49
HCV 4 (Water Bodies)	0.05	–	–	0.05
HCV 4 and 5 (River Buffer)	1.56	–	–	1.56
Total	**45.87**	**44.72**	**42.55**	**133.14**

NATURAL CAPITAL

ENERGY MANAGEMENT

(GRI 3-3, 302-1, 302-2, 302-3,302-4,302-5)

Our stewardship of natural resources has shifted from a framework of static compliance to a dynamic, forward-looking strategy. By reimagining how we consume, generate, and reclaim energy, we are actively decoupling our agricultural yields from environmental strain. Today, optimizing energy performance and integrating high-efficiency solutions are not merely cost-containment metrics—they are the catalysts for our long-term operational evolution.

Energy Policy: The Blueprint for Resource Evolution

Our Energy Policy serves as the operational compass guiding our transition toward a highly resilient, low-carbon future. We approach resource management through five clear commitments:

- **Advanced Engineering:** Harnessing modern technical capabilities to maximize conservation while actively scaling our renewable energy footprint.
- **Future-Proofed Capital:** Embedding strict energy-efficiency dimensions into the evaluation and lifecycles of all new investments, process designs, facility upgrades, and equipment procurement.
- **Empowered Stewardship:** Cultivating a shared ownership mindset by providing our teams with the insights and tools necessary to hit progressive conservation targets.
- **Proactive Alignment:** Ensuring our frameworks consistently anticipate and exceed evolving local and international regulatory benchmarks.
- **Collaborative Progress:** Maintaining transparent channels with internal and external stakeholders to drive collective commitment to continuous, iterative improvement.

Modernizing Our Operational Footprint

This strategic vision is actively realized across our primary operational hubs: **Homadola, Nakiyadeniya, and Talangaha Estates**, as well as the **Nakiyadeniya Palm Oil Mill.**

By shifting from historical, reactive practices to predictive, circular resource models, we focused our efforts on five key optimization mechanisms during the year:

Operational Pillar	Practice & Progression
Proactive Energy Reviews	Moving beyond basic auditing to implement continuous consumption mapping allowing us to identify structural inefficiencies and eliminate energy loss before it occurs.
Circular Biomass Integration	Maximizing the closed-loop potential of our Nakiyadeniya Palm Oil Mill by converting process by-products—palm kernel shells, empty fruit bunches (EFBs), and fiber into clean biomass fuel to generate processing steam and self-sustaining electricity.
Thermal Capture & Recovery	Minimizing thermodynamic waste by deploying advanced heat recovery systems across boilers and turbines, capturing and redirecting excess heat to boost systemic efficiency.
Next-Generation Infrastructure	Upgrading our physical footprint with energy-efficient motors, pumps, and smart lighting systems, utilizing Variable Frequency Drives (VFDs) to automatically modulate speeds based on real-time operational demand.
Precision Process Control	Utilizing strict process optimization including automated steam pressure monitoring, boiler efficiency tracking, and predictive maintenance to ensure our machinery operates at peak performance.

By blending resource efficiency with technological adoption, Watawala Plantations ensures that every unit of energy invested strengthens both our commercial resilience and our ecological balance, securing our position as a highly responsible corporate citizen.

NATURAL CAPITAL

Energy consumption within the organization

(GRI 302-1)

Source	Unit	2025/26	2024/25
Fossil fuel	GJ	5,414	5,000
Electricity	GJ	5,456	5,639
Renewable Energy from Biomass	GJ	255,453	234,642

Environmental and Social Impact

Our energy management initiatives seamlessly balance ecological responsibility with social value, focusing on efficiency, fossil fuel reduction, and renewable energy adoption.

Environmental Impact

By deploying energy-saving technologies and optimizing machinery operations, we minimize our environmental footprint and enhance resource conservation:

Energy Intensity

(GRI 32-3)

- Carbon Footprint Reduction: Utilizing organic process by-products—specifically fiber and shells as feeding material for our boilers—has successfully reduced our dependency on fossil fuels, lowering greenhouse gas emissions and mitigating climate change risks.
- National Grid Support: In light of Sri Lanka's ongoing energy crisis, our focus on optimizing machinery efficiency and reducing energy wastage serves a dual purpose. It lowers our operational footprint while actively reducing strain on the national power grid.

Social Impact

Our commitment to sustainable energy practices extends visible benefits to our workforce and neighboring communities:

- Workplace Safety: Optimizing equipment efficiency has improved operational performance while enhancing workplace safety by reducing employee exposure to hazardous emissions.
- Community Reinvestment: The financial stability achieved by lowering our structural energy costs allows us to deliberately reinvest resources into employee welfare programs and community development initiatives.
- Through these combined efforts, we ensure this natural resource is managed cost-efficiently, reinforcing our dedication to responsible business operations and long-term environmental sustainability.

Indicator	Unit	2025/26
Energy Consumption	GJ	266,364
Energy Intensity	GJ/MT	For CPO: 17.52
	GJ/MT	For FFB: 4.05

Financial savings from energy produced from renewable energy sources:
Rs. 907,122,577

Total energy consumption
266,364 GJ

Total grid energy consumption
1,515,661 kWh

Total energy produced from renewable energy:
590,192 kWh

Energy intensity
CPO 17.52 GJ/MT
FFB 4.05 GJ/MT

Total electricity consumption
per ton of FFB production
23.02 kWh/MT
per ton of CPO production
99.67 kWh/MT

Biomass consumption per ton of production
0.1774 MT/FFB MT

WATER MANAGEMENT

(GRI 3-3, 303-1,303-2,303-3,303-4,303-5)

Our water management policy focuses on optimizing water efficiency, conserving resources, and protecting natural water systems. This framework allows us to support environmental sustainability, improve agricultural productivity, and safeguard long-term community water security.

These sustained initiatives are concentrated across Homadola, Nakiyadeniya, and Talangaha Estates, and the Nakiyadeniya Palm Oil Mill.

Key Initiatives implemented during the year

- Implementation of water-saving initiatives and monitored water consumption in operational processes.
- Maintenance of effluent treatment and discharge monitoring systems to ensure compliance with environmental standards.
- Protection of waterways and riparian buffer zones to prevent contamination and soil erosion.

Water type	Standard
Drinking water	SLS 614 standards (pH, coliform and selected physical and chemical parameters)
Factory wastewater	SLS1461/2013 (APHA)
Up-rooting field	Total suspended solids, and total dissolved solids

SURFACE WATER
57,229,800 litres

GROUND WATER
NA

SEA WATER
NA

PRODUCED WATER
NA

THIRD PARTY WATER
NA

TOTAL WATER WITHDRAWAL
57,229,800 litres

Environmental and Social Impact

(GRI 303-2)

Environmental Impact

Our comprehensive water management plan directly protects local ecosystems by driving efficiency and eliminating resource degradation.

- Resource Optimization: By integrating targeted measures such as rainwater harvesting, improved irrigation techniques, and advanced wastewater treatment systems, we have significantly reduced water wastage while enhancing discharge water quality.
- Ecosystem Preservation: These combined interventions actively prevent water pollution and preserve natural water flow patterns, ensuring the long-term health and balance of surrounding habitats.

Social Impact

Our water conservation practices extend vital resource security to neighboring populations, fostering mutual resilience.

- Community Water Security: Our structural efforts safeguard a stable, reliable water supply for nearby communities, directly supporting their daily domestic needs and local agricultural activities.
- Climate Resilience: By actively mitigating the risk of water scarcity during dry seasons, these initiatives enhance the climate resilience of both the natural environment and the local populations who depend on it.

Indicator	Unit	2025/26	2024/25
Water Consumption	m3	57,230	42,228

TOTAL WATER CONSUMPTION FOR THE PRODUCTION PROCESS
57,229,800 Litres

WATER USAGE INTENSITY
0.869 L/FFB kg

TOTAL EFFLUENT WATER TREATED
44,885,000 Litres

WATER CATCHMENT AREA CONSERVED
307.17 Ha

NATURAL CAPITAL

WASTE AND EFFLUENTS MANAGEMENT

(GRI 3-3, 306-1, 306-2, 306-3, 306-4, 306-5)

The waste management system ensures the minimisation of environmental impacts, promoting resource efficiency contributing to community wellbeing through responsible waste identification, segregation, disposal and creating awareness as to the management of waste and effluents. We aim to achieve zero waste to landfill by 2030 by adopting sustainable disposal methods across all our properties. To achieve our objectives, we implemented several initiatives, successfully.

Key Initiatives implemented during FY

- **Waste identification and categorization**
  - Strengthened waste segregation, recycling, and responsible disposal practices for both general and scheduled waste.
- **Scheduled waste management**
  - Enhanced scheduled waste storage and handling procedures in compliance with regulatory requirements.
- **General waste management**
  - Encouraged composting and reuse of organic waste and biomass residues to minimize landfill disposal.

WASTE GENERATED IN THE PRODUCTION PROCESS

EFFLUENT WATER TREATED
44,885,000 Litres

HAZARDOUS WASTE

USED OIL/LUBRICANTS
1,220 Litres

EMPTY CHEMICAL CANS
940 Kgs

Indicator	Unit	2025/26	2024/25
Solid waste generation*	Kgs	21,927,092	1,390

**Note: 2025/26 includes all by-products generated from the mill (decanter cake, EFB, nut shell and fiber, metal scrap and household waste). 2024/25 includes only household waste.*

Waste disposal process

We adopt a four-way-process in disposing of waste.

Biodegradable waste produced in the manufacturing process (POME, Decanter cake) is used to fertilise the crops	All non-biodegradable waste is promptly disposed by collectors approved by the Central Environmental Authority
Waste water is tested and treated in a series of biological and physical treatment processes before being released to surrounding fields	POME which is generated in the production of Palm Oil is treated to prevent ground water and soil contamination

Waste by disposal method

(GRI 306-4, 306-5)

DIVERTED FROM DISPOSAL

RE-USED 19,595,252 Kgs
(boiler feeding materials and fiber)

RECYCLED 1,220 Litres

RECYCLED SOLID WASTE
60,750 Kgs

DISPOSED

INCINERATION 0 Kgs

LANDFILL 3,390 Kgs

WASTE CONVERSION TO ENERGY
(boiler feeding materials and fiber)
13,181,802 Kgs

WASTE TO FERTILISER
(empty fruit fiber)
6,413,450 Kgs

Environmental and Social impact

Our waste management initiatives minimize pollution, conserve resources, and enhance community well-being through practical, sustainable workflows.

Environmental Impact

Circular Economy Support: By minimizing waste generation and expanding recycling efforts, we reduce resource degradation and promote circularity.

Pollution Prevention: Active waste reduction keeps local ecosystems clean, safeguarding the natural environment for the future.

Social Impact

Community Empowerment: Targeted awareness campaigns enable employees and local communities to adopt responsible waste management practices.

Public Health Improvement: Fostering cleaner environments directly reduces local health hazards, driving positive social outcomes.

EMISSIONS MANAGEMENT

(GRI 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, SASB, FB-AG-110a.1)

We made measurable progress in lowering our emission levels during the year, advancing our strategic transition toward a net-zero business model by 2030.

Our FY 2025/26 emissions reduction was driven by two primary strategic shifts implemented across our estates and the palm oil mill:

- Renewable Energy Transition: Accelerating the shift toward renewable energy sources to displace fossil fuel dependency.
- Chemical Fertilizer Reduction and sustainable agriculture: To ensure responsible chemical reduction and advance sustainable agriculture, the Company applies fertilizers and agrochemicals based on agronomic recommendations and monitoring results. This is supported by promoting key soil conservation practices, including cover cropping, mulching, and erosion control measures.

Through these targeted field interventions, we have successfully curtailed our carbon footprint, reinforcing our long-term commitment to climate mitigation and sustainable agricultural practices.

Environmental and Social Impact

Greenhouse Gas (GHG) Emissions: Impact & Accountability

Systematically measuring and monitoring greenhouse gas emissions across our operations provides the critical data needed to manage our carbon footprint. By identifying key emission sources, we are able to deploy targeted reduction strategies, including energy efficiency upgrades, renewable energy integration, and optimized production processes.

Environmental Impact

Climate Mitigation: Our structured data tracking enables precise operational interventions that actively lower our overall carbon footprint and support global climate goals.

Air Quality Preservation: Minimizing industrial emissions directly reduces localized air pollution, preserving air quality and protecting the health of surrounding ecosystems.

Social Impact

Safeguarding Public Health: By proactively lowering emissions, we minimize the release of harmful air pollutants, directly supporting healthier living environments for our workforce and neighboring communities.

Stakeholder Trust & Resilience: Transparently reporting our GHG metrics demonstrates absolute alignment with international regulatory frameworks, strengthening stakeholder trust while securing long-term business resilience.

Indicator	Unit	2025/26	2024/25
Direct (Scope 1) GHG emissions	tCO_2e	30,368.12	22,544.99
Indirect (Scope 2) GHG emissions	tCO_2e	648.40	556.90
Total GHG emissions	tCO_2e	31,016.52	23,101.00
Emission intensity	GHG tCO_2e/ Rs. Mn. Revenue	3.71	0.34

Biodiversity Conservation

As responsible stewards of over 4,800 hectares of diverse agricultural land, we consider it our core duty to safeguard the ecosystems within our boundaries. To ensure targeted environmental protection, we conducted comprehensive biodiversity surveys across our holdings, meticulously documenting the resident flora and fauna.

Our conservation framework is strictly aligned with globally accepted High Conservation Value (HCV) management mechanisms, utilizing a structured, three-step approach to protect and manage these vital habitats:

IDENTIFICATION OF HCV AREAS

DEVELOPMENT OF AN HCV MANAGEMENT PLAN

DEVELOPMENT OF AN HCV MONITORING PLAN

RSPO guidelines and local regulations are strictly adhered to through clearly defined policies and SOPs, tracking progress and monitoring for gap-fixing. As a well-established plantation management Company, we possess a repository of institutional capacities to drive biodiversity conservation and protection. Our conservation methods are categorised into six HCV value management matrix, and are closely monitored for compliance.

NATURAL CAPITAL

HCV1 – Species diversity	Concentrations of biological diversity including endemic species, and rare, threatened or Endangered (RTE) species that are significant at global, regional or national levels
HCV2 – Landscape-level ecosystems and mosaics	Large landscape-level ecosystems, ecosystem mosaics and Intact forest landscapes (IFL) that are significant at global, regional or national levels, and that contain viable populations the great majority of the naturally occurring species in natural patterns of distribution and abundance
HCV3 – Ecosystems and habitat	Rare, threatened, or endangered ecosystems, habitats or refugia
HCV4 – Ecosystems services	Basic ecosystem services in critical situations including protection of water catchments and control of erosion of vulnerable soils and slopes
HCV5 – Community needs	Sites and resources fundamental for satisfying the basic necessities of local communities or indigenous peoples (for example for livelihoods, health, nutrition, water), identified through engagement with these communities or indigenous people
HCV6 – Cultural values	Sites, resources, habitats and landscapes of global or national cultural, archaeological or historical significance, and/or of critical cultural, ecological, economic or religious/sacred importance for the traditional cultures of local communities or indigenous peoples, identified through engagement with these local communities or indigenous people

Total Protected Areas Under Watawala Plantations PLC

(GRI 304-3)

Protected areas and key biodiversity and import bird areas around Watawala Plantations PLC include the Biosphere Forest Reserve Kanneliya, Dediyagala – Nakiyadeniya Complex (KDN), the Pattaramoraketiya, Nerugalkanda and Malambure Forest Reserves. Talangaha and Homadola estates boundaries overlap with the KDN complex and the Nerugalkanda Forest Reserve, both of which are protected areas. The total extent of HCV management area is approximately 525.39 Ha., representing 10.75% of the total land concession. There was no deterioration of the protected areas under our care during the year reflecting the effectiveness of our habitat protection measures.

Description of HCV Management Areas (HCVMA)	Combinations of HCV	Extent of HCVMA (Ha)
Mid – Succession MDF fragments that are isolated throughout Watawala Complex	HCV 1 and 3	109.55
Mid – Succession MDF fragments link to Protected Areas (KDN Complex)	HCV 1, 2 and 3	1.87
Riparian Reserves that are connected to fragments of mid succession MDF	HCV 1, 3 and 4 River Buffer (RB)	43.7
Mid – Succession MDF fragments with steep slopes (>25°)	HCV 1, 3 and 4 Steep Slope (SS)	80.69
Mid – Succession MDF fragments on steep slopes (>25°) and are connected to riparian reserves.	HCV 1, 3 and 4 Steep Slope (SS) and River Buffer (RB)	33.76
Mid – Succession MDF fragments that are connected to National Protected Areas with steep slopes (>25°)	HCV 1, 2, 3 and 4 Steep Slope (SS)	38.71
Mid – Late Succession MDF fragments that are connected to Protected Areas (KDN Complex) with steep slopes (>25°) and riparian reserves.	HCV 1, 2, 3 and 4 Steep Slope (SS) and River Buffer (RB)	153.59
Mid – Succession MDF fragment that is connected to National Protected Areas (the KDN Complex), is relatively steep with slopes (>25°) and has a water body in the forest	HCV 1, 2, 3 and 4 Steep Slope (SS) and Water Bodies (WB)	1.91
Water collected from river buffer that is used by local community in their daily necessity	HCV 4 River Buffer (RB) and 5	1.19
Areas with oil palm planted on steep slopes (>25°)	HCV 4 Steep Slope (SS)	44.48
Areas with oil palm planted along river buffer	HCV 4 River Buffer (RB)	14.17
Areas with oil palm planted in water bodies buffer	HCV 4 River Buffer (RB)	1.76
Points with water resources utilised by locals	HCV 5	525.39
Areas with Bodhi Trees, Shrines and Temples	HCV 6	

Threatened Species in Our Estates

(GRI 304-1, 304-2, 304-3, 304-4)

Protecting the rich and natural ecosystem essentially includes inventorising fauna and flora within the area under our stewardship, to identify the species according to the IUCN Red List. The Udugama region is home to over 112 species of amphibians, reptiles mammals and birds. The following have been identified as protected species.

Specie	Number
Critically endangered plants	8
Endangered plants	11
Vulnerable plants	25
Endangered animal species	2
Vulnerable animal species	2

The biodiversity and the landscape values are strictly protected in these areas, and we have created employee awareness on refraining from any land clearing, extraction, and other potentially damaging activities in the protected areas. We protect the natural streams used by the community for bathing and water extraction by strictly prohibiting the use of chemicals and harmful materials within these areas, and protect the natural marshy lands and ponds by establishing buffer zones and creating awareness of their ecological value.

MATERIAL MANAGEMENT

(GRI 301-1, 301-2, 301-3)

Increasing the use of renewable material in the processing and packing process are a vital link in the sustainable production process. We strive to minimise the use of non-renewable material in our operations.

Indicator	Material (Unit)	2025/26	2024/25
Raw Material Consumption	Fertilizer (Kgs)	2,763,644	2,688,858
	Agrochemical (Litres)	6,304	5,626

FUTURE FOCUS ON NATURAL CAPITAL

1. Alignment with Corporate Sustainability Vision

The Company's long-term strategy incorporates environmental stewardship as a core pillar alongside productivity and financial performance. Sustainability objectives such as emission reduction, biodiversity conservation, and resource efficiency are aligned with overall corporate goals and decision-making processes.

2. Climate-Resilient Business Planning

Climate-related risks such as extreme weather events, rainfall variability, and long-term temperature changes are considered in estate planning, replanting cycles, infrastructure development, and risk management frameworks. This ensures operational resilience and continuity under changing climate conditions.

3. Sustainable Land Use and Expansion Controls

Environmental considerations guide land use planning, including protection of conservation areas, riparian buffers, and environmentally sensitive zones. Any development activities are assessed for environmental impact to ensure responsible land management and long-term ecological balance.

4. Integration into Operational Systems

Environmental stewardship is embedded into daily operations through standard operating procedures (SOPs), environmental management systems, and continuous monitoring of key indicators such as emissions, water use, energy consumption, and waste generation.

NATURAL CAPITAL

5. Investment in Sustainable Technologies

Long-term strategy includes investment in cleaner technologies, energy efficiency improvements, renewable energy solutions, and resource optimization systems to reduce environmental impact while improving operational efficiency.

6. Compliance and Certification Framework

Sustainability standards and certification requirements, including Roundtable on Sustainable Palm Oil principles and International Organization for Standardization management systems, are integrated into strategic planning to ensure continuous compliance and improvement.

7. Stakeholder and Supply Chain Integration

Environmental stewardship extends across the value chain, including suppliers, contractors, and smallholders. Engagement programs and capacity-building initiatives ensure that sustainability principles are consistently applied beyond direct operations.

8. Performance Monitoring and Continuous Improvement

Key environmental performance indicators are tracked and reviewed at management level to support data-driven decision-making. Continuous improvement mechanisms, including audits, corrective actions, and sustainability reporting, ensure ongoing enhancement of environmental performance.

9. Long-Term Ecosystem Protection

The Company recognizes natural ecosystems as strategic assets. Biodiversity conservation, water resource protection, and soil health management are integrated into long-term land stewardship plans to maintain ecosystem services that support productivity and sustainability.

SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

1. BASIS OF PREPARATION

The sustainability-related financial disclosures of Watawala Plantations PLC have been prepared in accordance with SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 – Climate-related Disclosures, issued by the Institute of Chartered Accountants of Sri Lanka.

These disclosures are intended to provide decision-useful information to primary users regarding climate-related risks and opportunities that could reasonably be expected to affect the Group's cash flow, access to finance, or cost of capital over the short, medium, and long term.

The disclosures are presented alongside the Group's audited financial statements to ensure connectivity, consistency, and integration between financial and sustainability-related information.

1.1 Reporting entity, organizational boundary, and value chain

Watawala Plantations PLC is a flagship subsidiary of the Sunshine Group, and is Sri Lanka's largest and only RSPO-certified palm oil producer, committed to globally recognised Environmental, Social, and Governance (ESG) standards. The Company is an agri business enterprise with a diversified operation that encompasses oil palm, dairy, and plantation crops. Through integrated advanced agronomic methodologies, precision-driven resource management, and mechanised operations, the Company adopts strategies to optimise crop yields, operational efficiency, and market responsiveness. In addition to oil palm, the Company manages high-value plantation crops including tea, rubber, coconut, and cinnamon as a multi-sectoral agri business.

Organizational Boundary

This report encompasses the operations of Watawala Plantations PLC and its subsidiary Lonach Dairy Limited.

Climate-related disclosures are presented at the Group level to provide a consistent, comprehensive, and decision-useful view of climate-related matters across the organisation. Accordingly, Climate-Related Risks and Opportunities (CRROs) identified at the individual business line level are consolidated and reported at the Group (PLC) level. This approach enables a holistic assessment of the Group's overall exposure to climate-related risks and opportunities and supports integrated strategic and financial decision-making.

The assessment and reporting approach is aligned with the principles of SLFRS S2, ensuring that climate-related considerations are systematically incorporated into the Group's governance, strategy, risk management, and financial planning processes.

Each subsidiary across the Group has undertaken a structured process to:

- Identify Climate-Related Risks and Opportunities (CRROs) relevant to their operations
- Assess exposure across operational, regulatory, and market dimensions
- Prioritize material risks and opportunities based on potential impact

After identification and prioritization, a financial impact assessment has been conducted to evaluate the potential implications of these risks and opportunities on the Group's financial performance and position. This supports alignment with SLFRS S2 requirements for integrating climate-related considerations into financial disclosures and forward-looking financial planning.

Value Chain

Watawala Plantations PLC's value chain spans sourcing of agricultural inputs, cultivation, harvesting, processing, and sale of agri products, as well as dairy production and distribution across its two main operating segments: Agribusiness and Dairy.

The Group's value chain is mapped across three key stages:

- Upstream activities: supplier engagement, sourcing of fertilisers, agrochemicals and estate inputs, animal feed, inbound logistics, and material handling.
- Own operations: Cultivation and harvesting across approximately 3,394 Ha ; Fresh Fruit Bunch (FFB) collection; crude palm oil milling through an ISO 45001-certified palm oil mill with a capacity of 18 Mt/ Hour; estate management; and dairy farming operations through Lonach Dairy Limited managing a herd of over 1,550 dairy cows producing nearly 4.8 million litres of fresh milk annually.
- Downstream activities: sale of crude palm oil, palm kernel oil, and palm kernel cake to bulk commodity buyers and refineries; supply of fresh milk to domestic milk food manufacturers; and RSPO-certified sustainability credit sales (CSPO, CSPKO, CSPKE).

The Agribusiness segment is directly dependent on land, water, soil quality, rainfall patterns, and climatic conditions. Potential value-chain exposures include rainfall variability, water stress, changes in crop productivity, heat stress on dairy operations, fertiliser and agrochemical dependency, biodiversity and land-use considerations, wastewater and slurry management, and methane/ manure-related environmental impacts. At the same time, biomass, and biogas utilisation, sustainable land management, estate-level resource efficiency, and reforestation initiatives provide opportunities to strengthen climate resilience and improve environmental performance.

Downstream, buyer expectations on sustainable agriculture, product quality, traceability, responsible sourcing, and environmental stewardship significantly influence the Group. As the only plantation company in South Asia with full RSPO supply-chain certification, the Group supports responsible production and maintains strong market credibility.

1.2 Basis of materiality

The Group's climate-related materiality assessment during the reporting period was primarily based on quantitative assessment criteria, considering the potential operational and financial impacts of identified climate-related risks and opportunities across its operating segments. The assessment considered factors including potential impacts on

SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

operational continuity, cost structures, supply chain disruptions, and overall business resilience.

The materiality assessment process supported the identification and prioritisation of climate-related risks and opportunities considered most relevant to the Group's operations and long-term value creation. As the Group continues to strengthen its climate-related assessment methodologies and reporting processes, the incorporation of additional qualitative considerations and broader stakeholder perspectives may be further evaluated in future reporting periods.

Quantitative Materiality Thresholds

Metric	Materiality Threshold	Rationale for Selection
Impact to Statement of Comprehensive Income – Profit before tax	5%	Average Profit Before Tax (5 years)
Impact to Statement of Financial Position – Total assets	1%	Average Total Assets (5 years)

The Group will consider revising its selected materiality determination methodology if an alternative approach is identified that provides a more accurate and meaningful basis for assessing materiality.

1.3 Functional Currency

The Financial Statements of the Group are presented in Sri Lankan Rupees (Rs), which is the currency of the primary economic environment in which the Company operates. Financial information presented in Sri Lankan Rupees has been rounded to the nearest thousand unless indicated otherwise. There was no change in the Group's presentation and functional currency during the year under review.

1.4 Sources of Guidance

Non-financial disclosures have been prepared in reference to the following sources of guidance in identification and disclosure of CRROs;

- SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information
- SLFRS S2 – Climate-related Financial Disclosure Standard
- Sustainability Accounting Standards Board (SASB) – Agricultural Products Standard
- ISO 14064-1
- RSPO PalmGHG Calculator

1.5 Reporting period

The reporting period covers the financial year from 1 April 2025 to 31 March 2026, consistent with the Group's audited financial statements

1.6 Time Horizon

We assess material CRROs across short, medium and long-term to support informed decision making and strategic planning. The current reporting year is identified as financial year 2025/26.

Description	Time Horizon	Definition
Short term	1 year	Short term refers to the year 2026
Medium term	2 to 3 years	Year 2027-2028
Long term	Over 3 years	2029 onwards

Table No.01

1.7 Connected Information

SLFRS S1 and S2 section	Primary location of disclosures	Location of connected information
Governance	SLFRS S1 & S2 disclosures – pages 101 to 115	Corporate Governance at Sunshine Holdings PLC – pages 117 to 136 Board Risk & ESG Committee Report – page 131 Board Remuneration Committee Report – pages 120 to 121
Strategy		Our Strategy – page 42
Risk Management		Risk Management Report – page 131
Metrics & Targets		Natural Capital Report – page 89

1.8 Transitional Relief

The Watawala Plantations PLC has elected to utilize the transitional provisions available under SLFRS S1 and S2, as promulgated by CA Sri Lanka, in the preparation of its SLFRS sustainability-related financial disclosures for the current reporting year.

SLFRS S1 - Disclosure of information on only climate-related risks and opportunities

In the first annual reporting period in which an entity applies this standard, the entity is permitted to disclose information on only climate-related risks and opportunities (in accordance with SLFRS S2) and consequently apply the requirements in this standard only in so far as they relate to the disclosure of information on climate-related risks and opportunities.

SLFRS S1 -Disclosure of comparative information

In the first annual reporting period in which the entity applies this Standard, it is not required to disclose comparative information about its climate-related risks and opportunities; and in the second annual reporting period in which the entity applies this Standard, it is not required to disclose comparative information about its sustainability-related risks and opportunities, other than its climate-related risks and opportunities.

SLFRS S2 - Disclosure of Scope 3 greenhouse gas emissions

Entities must initially report only Scope 1 and Scope 2 emissions. Full compliance with Scope 3 emissions, becomes mandatory two years after the initial application date

SLFRS S2 - Disclosure of qualitative information regarding anticipated financial effects of climate-related risks and opportunities

Entities are permitted to defer the disclosure of qualitative information regarding anticipated financial effects for a period of two years following the mandatory application of the standard

SLFRS S2 - Disclosures on Climate resilience

Relief period of two years is granted to apply the requirements from the date of mandatory application to fully comply with climate resilience disclosure requirement.

1.9 Professional Judgements, Uncertainties and Proportionality

The Company's climate-related financial disclosures involve professional judgement and estimation due to the future-oriented and evolving nature of relevant risks and opportunities. The Company applies reasonable and supportable information available at the reporting date, without incurring undue cost or effort. The key areas involving professional judgement, measurement uncertainty, and forward-looking assumptions are listed below.

KEY AREAS OF PROFESSIONAL JUDGEMENT AND UNCERTAINTIES

The Company exercised professional judgement in areas of technical application due to the dependency of contextual interpretation. These judgments are critical to ensure that the disclosures are meaningful and aligned with the decision- making needs of primary users.

Key areas include:

- Materiality Threshold
- Definition of Value Chain
- Time Horizon Classification
- Identification of CRROs
- Quantifying the Financial Impact

Key Areas of Measurement Uncertainty

- GHG Emission Quantification
- GHG Emission Factors
- Physical Climate Risk Projection
- Likelihood of Occurrence of CRROs

KEY AREAS OF FORWARD-LOOKING STATEMENTS AND LIMITATIONS

- Expected Benefits of the Climate-related Opportunities
- Transforming the Existing Business Model

Commitment Going Forward

1. Improve the data collection system.
2. Evaluate the risks and opportunities based on the climate scenarios

1.10 Statement of Compliance

These disclosures represent Watawala Plantations PLC's first-year sustainability-related financial disclosures prepared in accordance with SLFRS S1 and SLFRS S2, applying the available transitional reliefs. For the current reporting period, the Group has applied the climate-first transitional relief and has therefore focused its disclosures on climate-related risks and opportunities in accordance with SLFRS S2, while applying SLFRS S1 only insofar as it relates to climate-related disclosures.

2. GOVERNANCE

2.1 Board Oversight Role

The Company's governance and risk management framework enables effective oversight and constructive challenge of strategies and business plans, while also providing appropriate supervision of how sustainability-related information is monitored and reported. The following is the current reporting structure, and the Company is in the process of further developing it. All Board committees of Watawala Plantations PLC are linked to and operate within the overarching governance structure of the Sunshine Holdings PLC Board committees, ensuring alignment of sustainability oversight, risk management, and ESG reporting across the Group.

SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES



ULTIMATE RESPONSIBILITY

The Board of Directors of the Company assumes ultimate responsibility for oversight of SRROs and CRROs for ensuring their integration into strategy, risk appetite, capital allocation, and performance management.

DELEGATION TO COMMITTEES

To ensure effective governance of SRROs & CRROs, the Board delegates oversight responsibilities to its sub-committee, the Risk & ESG Committee, with clearly defined accountabilities to strengthen governance. The roles and responsibilities as per the Terms of Reference for the committee are as follows:

- Oversee the process and integrity of disclosures made under SLFRS S1 and SLFRS S2, including monitoring of internal control systems and assurance processes supporting sustainability data.
- Oversee the development, approval, and monitoring of sustainability targets and transition plans.
- Review and recommend for Board approval the annual sustainability and climate disclosures, including assumptions, metrics and transition plans.
- Oversee how the company engages stakeholders in the identification and management of sustainability risks and opportunities, and ensure such engagement is considered in decision-making and reporting.
- The establishment and implementation of a risk management framework for the identification of financial and non-financial risks of the Group. Monitoring, assessment and development of strategies to manage and mitigate identified risks.
- Periodically reviewing the Group's risk management policy and disclosing, in relation to each reporting period, whether such a review has taken place.
- Carrying out any processes or procedures required by the Group's Risk Management Policy as amended from time to time.
- Review of compliance with the approved Risk Management Policy.
- Monitoring the organisation's risk profile - its ongoing and potential exposure to risks of various types.
- Ensure sustainability risks and opportunities are embedded in strategic planning, risk management and capital allocation.

The Committee consists exclusively of non-executive directors, and the Minimum number of members is two (2). The Chairman of the Committee is an independent non-executive director appointed by the Board. The Committee regularly assesses whether its members possess the skills necessary to oversee sustainability-related risks and opportunities. Where gaps are identified, appropriate training or external expertise is sought to build capability.

QUARTERLY COMMITTEE MEETINGS

The Committee convenes on a quarterly basis, and the attendance of the Committee is as follows.

Member	Mr. R Mihular (Committee chair)	Mr. S Renganathan	Ms. A Gunathilake
Attendance	4/4	4/4	4/4

2.2 Management Role

Senior management is responsible for the development, implementation, and oversight of the Group's sustainability strategy and related disclosures in the Annual Report. The Group Chief People and Corporate Communication Officer, in collaboration with the Group Chief Financial Officer, provides executive oversight of sustainability reporting, ensuring alignment with the Group's strategy, risk management framework, and stakeholder expectations.

Management is accountable for:

- Translating Board and Risk and ESG Committee guidance into sustainability priorities, targets, and action plans.
- Ensuring sustainability matters, including environmental, social, and governance risks and opportunities, are integrated into business planning and decision making.
- Reviewing sustainability related disclosures for accuracy, consistency, and completeness prior to submission to the Risk and ESG Committee and the Board.
- Ensuring sustainability information is prepared in line with applicable reporting frameworks and regulatory requirements.

The Manager – Environmental, Health and Safety (EHS) plays a key role in managing environmental and social performance, including monitoring

operational sustainability initiatives and coordinating non financial data relevant to the sustainability report.

Consideration of Climate-Related Trade-offs

The Board and management integrate climate-related risks and opportunities into the Group's strategic decision-making, including the evaluation of major investments and risk management processes. In instances where trade-offs arise between financial performance and sustainability objectives, the Group adopts a long-term value creation approach by prioritising environmentally and socially responsible outcomes. Such decisions reflect the Group's commitment to sustainable business practices, even where this may result in higher upfront costs or a short-term impact on profitability.

Responsibilities of the Supporting Teams

Supporting Team Role – Sustainability Data and Reporting

The Sustainability Reporting Team, supported by the Finance Team and Sector Financial Controllers, is responsible for the collection, consolidation, and preparation of sustainability related data and disclosures.

Key responsibilities include:

- Gathering sustainability data from business units and operational functions, including environmental, safety, and social metrics.
- Ensuring data quality through defined controls, documentation, and internal review processes.
- Supporting the integration of sustainability information with financial and risk reporting, where relevant.
- Preparing sustainability disclosures for management review, including narrative content, metrics, and progress against targets.
- Maintaining reporting processes, methodologies, and definitions to support consistency and comparability year on year.

The supporting teams work closely with management to ensure sustainability reporting is robust, transparent, and aligned with the Group's governance and risk management framework.

Board and Management skills and training

The members of the Risk and ESG Committee bring a diverse and complementary set of skills in corporate finance, risk management, audit, compliance, and ESG integration. Their broad exposure across multiple sectors and geographies enhances the Company's ability to oversee CRRO. (Refer to the Board of Directors and Profiles on pages 19 to 21 for more information)

With the purpose of enhancing awareness of SLFRS S2 and as a part of the Company's ongoing ESG and sustainability journey, Business Risk Management teams across all sectors participated in a training session with guidance from Deloitte.

The session focused on value chain mapping and the identification and financial quantification of Climate Related Risks and Opportunities (CRROs) to support alignment with SLFRS S2.

Remuneration linked to Sustainability Performance Metrics

As the Group is currently in the process of integrating climate-related targets into its overall strategy, executive and Board remuneration for the financial year under review was not formally linked to performance against sustainability-related metrics. The Company intends to incorporate sustainability-linked performance measures into its remuneration frameworks in forthcoming financial years, in alignment with its evolving corporate sustainability strategy.

Controls, Policies and Procedures

The Group's sustainability-related reporting and oversight is currently governed through the Audit Committee's Terms of Reference and the Group's existing risk management policies. Key sustainability controls include the Environmental Policy, No-Deforestation Policy, Zero Burning Policy, and RSPO Principles and Criteria compliance framework. As the Group continues to develop its sustainability governance capabilities, related policies, controls, and procedures will be further enhanced to streamline implementation, strengthen data collection processes, and support compliance with evolving reporting standards.

3. STRATEGY

Watawala Plantations PLC has identified climate-related risks as immediate and material to the Group's operations and financial performance, particularly in relation to regulatory developments, supply chain disruptions, resource availability, and physical climate impacts. Accordingly, the current SLFRS sustainability-related disclosures primarily focus on climate-related risks.

Climate-related opportunities have not been specifically assessed or disclosed at this stage due to the evolving nature of the Group's sustainability strategy, the absence of sufficiently mature evaluation frameworks and reliable data, as well as considerations relating to commercially sensitive information associated with potential strategic initiatives and investments. The assessment of climate-related opportunities will continue to evolve as the Group further strengthens its sustainability and climate governance processes.

SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

CRR 1	Extreme Weather Events	
CRR impact on Prospects	Description	Sri Lanka is increasingly experiencing the impacts of climate change, with a noticeable rise in the frequency and intensity of extreme weather events such as floods, droughts, landslides, storms, rising temperatures, and cyclones. The Paris Agreement indicates that global temperatures have already increased by more than 1°C compared to pre-industrial levels — in fact, between September 2023 and August 2024 the global average temperature exceeded pre-industrial levels by more than 1.5°C — amplifying the likelihood of severe climate disruptions. As a plantation agri business operating oil palm estates and a dairy operation, Watawala Plantations PLC recognises that these climate-driven events present material risks to our operations, supply chains, assets, employees, and communities.
	Physical Risk or Transition Risk	Physical Risk
	Time Horizon	Short, Medium and Long Term
	Define time horizon	Refer 1.6 Time Horizon
Business Model and Value Chain	Current Effects on Business Model and Value Chain	Palm Oil Operations: Diverse and extreme weather conditions disrupted transport of Fresh Fruit Bunches (FFB) from field to the palm oil mill, and reduced FFB quality, adversely affecting yields and overall product standards. Plantation Field Crops: Long-term climatic changes continue to reduce crop levels across tea, rubber, cinnamon, and coconut, impacting processing volumes and revenue generation. Dairy Operations: Heat stress adversely affected dairy cow productivity and milk yield. Adverse weather also affected feed quality, increasing input costs.
	Anticipated Effects on Business Model and Value Chain	The Company has experienced climate-related impacts including the washout of applied fertilizers during periods of intense rainfall, leading to nutrient losses, reduced fertilizer efficiency, and increased reapplication costs. In addition, high wind events have caused damage to estate infrastructure and operational assets. Over the longer term, changing climatic conditions could adversely affect crop yields and reduce processing volumes, potentially resulting in lower operational productivity and revenue losses across the value chain.
	Where is it Concentrated?	Palm Oil Operations: Exposure to changing rainfall patterns, flooding, and extreme heat may reduce FFB yields and oil extraction rates. All three estates (Homadola, Nakiyadeniya, Talangaha) are located in the Galle District low-country wet zone and are directly exposed. Dairy Operations (Lonach Dairy Limited): Heat stress risk to dairy herd productivity; feed supply chain vulnerabilities from climate variability. General: Operational disruption risks associated with damage to estate and farm infrastructure, the palm oil mill, and supply chain interruptions.

CRR 1	Extreme Weather Events	
Strategy and Decision Making	Plans to respond to in Strategy, Risk Management, Transition Plans and Climate-related Targets	Palm Oil and Plantation Operations: Continuous evaluation of long-term climate resilience measures relating to sourcing strategies, infrastructure vulnerability, agronomic adaptation (soil surveys, harvest road design, drainage systems, improving the mill infrastructure facilities), and operational continuity. Implementation of best agricultural practices, mechanised harvesting, and precision farm management to maintain FFB quality and yields despite climate variability. No-deforestation commitment and HCV Management Plans maintained across all estates. Dairy Operations: Evaluation of heat-stress mitigation measures for the dairy herd, feed management optimisation, and eco-friendly systems to improve herd resilience. Energy and Emissions: Continued investment in renewable energy (palm biomass boilers, biogas engine) and energy efficiency to reduce fossil fuel dependency and manage transition-related cost risks
	How the group is Resourcing and Plan to Resource Activities	Human Capital Development and Training: The Group places strong emphasis on continuously enhancing employee knowledge and capabilities in climate-related and sustainability areas. Training and awareness programmes are conducted across estates and the palm oil mill, covering climate risk management, energy efficiency, resource optimisation, and environmental stewardship. The Group also engages external subject matter experts for guidance on ESG practices and climate-related disclosures. Financial Investment and Resource Allocation: The Group continues to allocate financial resources towards climate-resilient infrastructure, renewable energy investments (biomass and biogas), precision agriculture technologies, and process optimisation initiatives. In FY25/26, Rs. 907 Mn of renewable energy was generated using palm biomass. As climate-related priorities evolve, the Group intends to further assess opportunities for dedicated investments and sustainable financing mechanisms.
	Progress (qualitative and quantitative)	Palm Oil Operations: Mechanised waste management system implemented, with recycled waste usage minimising landfill and maximising reuse of water and mulch. Oil extraction rate increased by 2.9% through operational improvements. RSPO certification maintained for the entire supply chain. Energy: Total energy consumption of 266,364 GJ in FY 2025/26. Renewable energy generated: 590,192 kWh. Financial savings from renewable energy sources: Rs. 907,122,577. GHG Emissions: Scope 1 emissions: 30,368 tCO_2e; Scope 2 emissions: 648 tCO_2e; Total: 31,016 tCO_2e.
Financial Effects	Current year financial effects to PL, BS and CF and Cost of Capital	No material impacts were identified during the reporting period in relation to the current year financial effects on the Profit & Loss Statement, Balance Sheet, Cash Flows, or Cost of Capital arising from the cyclone Ditwah.
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	Based on assessments performed during the reporting period, the Group has not identified any significant risk of material adjustments to the carrying value of assets and liabilities arising from climate-related matters in the next financial year. However, the limited availability of reliable forward-looking climate-related information constrains the Group's ability to quantitatively assess potential future impacts on asset carrying values. The Group will continue to monitor climate-related developments and enhance its climate risk assessment processes as additional data becomes available.
	Anticipated financial effect over short, medium and long term to PL, BS, CF and cost of capital	Refer Note 1.8 Transitional Relief

SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

CRR 1	Extreme Weather Events	
Judgements and Uncertainties	Judgements	The preparation of climate-related disclosures requires the application of management judgement in determining the identification, assessment, and prioritisation of climate-related risks and opportunities that may reasonably be expected to affect the Group's business model, strategy, operations, and financial performance. Key judgements applied during the reporting period included the determination of material climate-related risks relevant to the Group's operating segments, the assessment of operational exposure to physical climate risks (particularly extreme weather impacts on oil palm yields and dairy productivity), and the evaluation of potential financial and operational impacts. Management judgement was also applied in assessing the relevance of climate-related metrics, the scope of disclosures, and the extent to which climate-related considerations should be incorporated into governance, risk management, and strategic planning processes.
	Uncertainties	Climate-related disclosures involve inherent uncertainties due to evolving regulatory requirements, changing market conditions, the long-term nature of climate-related impacts, and limitations in the availability of reliable historical and forward-looking climate data specific to Sri Lanka's plantation and dairy sectors. These factors may affect the Group's ability to quantitatively assess potential future financial and operational impacts arising from climate-related risks and opportunities. The Group will continue to enhance its climate-related assessment and reporting processes as methodologies, data availability, and industry practices evolve.

Watawala Plantations PLC has not disclosed specific climate-related opportunities due to the evolving nature of the Group's assessment framework, but will continue to assess and enhance disclosures as its sustainability strategy develops.

4. RISK MANAGEMENT

4.1 Processes and Policies Relating to Climate-related Risks

Within Watawala Plantations PLC, climate-related risk considerations are integrated into existing internal governance structures, including the Board Audit Committee, approved risk management policies, and applicable environmental management standards (ISO 14001, ISO 14064-1, RSPO Principles and Criteria). These processes and policies collectively support the identification, assessment, prioritisation, monitoring, and management of climate-related risks and opportunities in line with SLFRS S2 requirements.

Identification

The Group's climate-related risk identification process is designed to capture risks and opportunities arising from changing climate patterns, regulatory developments, market transitions, technological advancements, and evolving stakeholder expectations.

At Watawala Plantations PLC, climate risk identification is embedded within existing internal processes. During the reporting period, the Group's approach was informed through:

- Review of national climate-related frameworks and guidance, including Sri Lanka's disaster management, climate adaptation, and resilience-related initiatives.
- Benchmarking against RSPO member sustainability practices and international plantation sector norms.
- Monitoring of the government's National Policy on Plantation Sector and associated legislative reforms (Tea Control Act, Rubber Control Act, Coconut Development Act, Plantation Management Act).
- Sector exposure assessments and operational monitoring across the three oil palm estates and the palm oil mill to identify climate variability impacts on FFB yields and mill operations.

The identified risks were further assessed using qualitative assessments and consideration of potential operational and financial impacts, enabling classification into high, medium, and low-risk categories across defined short-, medium-, and long-term time horizons.

While formal climate-related scenario analysis has not yet been conducted during the current reporting period, the Group has established a structured climate-related risk identification and prioritisation process that informs ongoing risk management activities and provides a foundation for future enhancement.

During the reporting period, extreme weather events were identified as the primary material climate-related risk driver impacting the Group's operations and value chain.

Inputs and Parameters the Company Use

I. Operational and Environmental Inputs

The Group utilises internally generated data to assess climate-related risks across its operations:

- GHG emissions data (Scope 1: 30,368.115 tCO_2e; Scope 2: 648.40 tCO_2e) measured using the

GHG Protocol, with ISO 14064-1 certification held for all management units.

- Energy consumption data (total: 266,364 GJ)
- FFB production volumes, oil extraction rates, and yield data across Homadola, Nakiyadeniya, and Talangaha estates.
- Water consumption (57,229.8 m^3) and wastewater discharge (44,885 m^3) data.
- Biodiversity and HCV monitoring data from estate surveys.

2. External and Market Drivers

Climate-related risks are further assessed considering external developments and market expectations, including:

- National environmental regulations and climate-related policies in Sri Lanka, including the oil palm phased-exit policy and plantation sector legislative reforms introduced in 2025.
- Climate hazard trends affecting operating locations in the Galle District, including flooding, extreme rainfall, and temperature increases.
- RSPO standards evolution and buyer expectations on sustainable palm oil sourcing.

3. Financial and Strategic Parameters

The Group evaluates the potential operational, financial, and strategic implications of climate-related risks using the following considerations:

- Sensitivity of FFB yields and palm oil revenue to weather variability.
- Capital investment requirements for energy efficiency, renewable energy, and climate-resilient plantation infrastructure.
- Potential financial impacts from operational disruptions due to extreme weather events.
- Effects on profitability, cost structures, and long-term business resilience.

Assessment

The Group assesses climate-related risks using three key dimensions: nature, likelihood, and magnitude/exposure.

Nature

Climate-related risks are categorised into physical and transition risks:

- Physical risks include both acute events (floods, extreme rainfall, heatwaves) and chronic climatic changes (rising temperatures, altered rainfall patterns). These may affect FFB yields, estate infrastructure, dairy herd productivity, and the palm oil mill operations.
- Transition risks arise from the transition to a lower-carbon economy and include policy developments (oil palm phased-exit policy, enhanced ESG disclosure requirements), changing buyer expectations for sustainable palm oil, and RSPO standards evolution.

Likelihood

The likelihood of climate-related risks is assessed using a combination of:

- Observed climate trends and weather-related events in Sri Lanka
- Emerging regulatory and market developments
- Operational exposure across manufacturing locations, supply chains, and distribution networks

Magnitude/Exposure

Magnitude is assessed by evaluating the potential impact of climate-related risks on:

- Disruptions to estate operations and FFB supply to the palm oil mill.
- Impacts on oil extraction rates, product quality, and revenue.
- Increases in energy, fertiliser, and compliance-related costs.
- Capital expenditure requirements for renewable energy and climate-resilient infrastructure.

Prioritization

The Group considers the following factors when prioritizing CRROs:

2. Operational criticality

Risks affecting core palm oil milling operations, FFB supply continuity, and dairy production are prioritised given their direct impact on Group revenue and profitability

3. Financial impact

Exposure to FFB yield reductions, energy cost increases, and operational disruptions are considered in assessing financial significance.

4. Regulatory exposure

The Group considers sensitivity to the oil palm phased-exit policy, CSE listing rule amendments on ESG reporting, and RSPO standards compliance requirements.

Monitoring

Climate-related risks and opportunities are monitored on an ongoing basis through:

- Regular monitoring of GHG emissions (ISO 14064-1 certified), energy consumption and resource utilisation across all estates and the palm oil mill.
- Structured sustainability data collection and internal reporting processes across all operational locations.
- Monitoring of climate-related indicators, including energy intensity, GHG emission trends, water consumption, and FFB yield data.
- Oversight of RSPO supply chain compliance and smallholder supplier monitoring.
- Periodic review of climate-related risks and opportunities as part of sustainability and enterprise risk management reporting processes.
- Reporting of significant risks and emerging trends to the Acting CEO and Board for timely decision-making and risk response actions.

Changes in the Process

There were no significant changes to the Group's climate-related risk identification, assessment, prioritization, or monitoring processes during the reporting period.

SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

b) Processes for Climate- Related Opportunities SLFRS S1 Paragraph 44, S2 Paragraph 25 (b)

The entity uses the same processes that apply to climate related risks to identify climate related opportunities, ensuring consistency and alignment across the framework. Potential opportunities are identified through monitoring market developments, emerging regulatory requirements, technological advancements, and shifts in stakeholder expectations. These opportunities are then evaluated for viability and commercial potential by the relevant governance bodies, with consideration given to any new risks or dependencies they may introduce. Relevant opportunities are incorporated into the Group's sustainability strategy and embedded within the broader business planning cycle.

As part of this process, the Group evaluates sustainability related opportunities that enhance long term value creation and support resilience across its business segments. These include opportunities in sustainable finance and investment, resource efficient and circular economy initiatives, renewable energy integration, and nature based solutions, all of which can contribute to lower operating costs, improved environmental performance, and strengthened stakeholder confidence.

The identification of these opportunities is informed by inputs such as the Group's sustainability information and KPIs such as environmental performance data across operational sites, waste and resource efficiency indicators, water use metrics. These insights support the Group's approach to integrating sustainability considerations into capital allocation, procurement decisions, operational planning, and product or service innovation in line with evolving regulatory expectations and stakeholder priorities.

Integration to Overall ERM

Climate-related risks and opportunities are integrated into the Group's overall Enterprise Risk Management framework. The Board, through the Audit Committee, reviews climate and ESG risks alongside financial and operational risks in its risk oversight mandate. Risk appetite for sustainability matters is set at Board level. The Acting CEO is responsible for ensuring sustainability risks are monitored and escalated appropriately, with the Corporate Management Team serving as the operational forum for risk review and response. The GHG emissions monitoring system (GHG Protocol / RSPO PalmGHG / ISO 14064-1) and environmental management system (ISO 14001) provide the underlying data infrastructure for climate risk monitoring.

5. Metrics and Targets

Cross Industry Metrics

Watawala Plantations PLC is committed to transparent and comprehensive disclosure of its climate-related metrics and targets. This section has been prepared in alignment with SLFRS S1 and SLFRS S2 requirements and outlines the Company's approach to measuring, monitoring, and managing greenhouse gas (GHG) emissions, together with the targets established to mitigate climate-related risks.

1) Greenhouse Gas Emissions (GHG)

Basis of Determination of Organizational Boundary and Operational Boundary.

To in line with the organizational policy and our commitment on environment, we have decided to quantify our GHG emission with in our operational boundary by implementing GHG reporting quality management system for our operational units as per the ISO 14064 – 1 standard. The GHG assessment report is prepared annually by integrating all the collected data according to the ISO 14064 – 1 standard. Since the operations are in three estates and a single palm oil mill located in Udugama in the Galle District, all three estates and the mill's operational boundary are considered and quantified for GHG emissions as those are the management units owned by Watawala Plantations PLC. All business areas are accounted for in managing the carbon footprint. The assets, although individually operationally controlled, are corporately managed by Watawala Plantations PLC.

The organizational boundary starts from estates' agricultural operations such as nursery management, land clearing, harvesting, fertilizing and FFB transporting, where the three estates namely Nakiyadeniya estate, Talangaha estate and Homadola estate located in Udugama, Galle and the Nakiyadeniya Palm Oil Mill which is the facility for manufacturing Crude Palm Oil and Palm Kernel from FFB supplied by own estates and out growers. It also covers the Compost Processing Center which belongs to the Nakiyadeniya estate and the Cinnamon Processing Center which belongs to the Homadola Estate.

Methodology used for the measurement and disclosure of GHG Emissions

Summary of GHG Emissions

Scope	2026 ($mtCO_2e$)
Scope 1 (excluding biogenic emission)	30,368.115
Scope 2	648.40
Scope 3 (Note: Refer Transitional Relief)	
Biogenic emission	27,346.67105

GHG Scope 1 and Scope 2 Emissions

Description	Greenhouse gas emissions (metric tonnes CO_2e) 2025/26		
	Scope 1	Scope 2	Total
Consolidated accounting group	30,368.115	648.40	31,016.515
Other investee (investment in associate, joint ventures)	-	-	-
Total (operational control approach)	30,368.115	648.40	31,016.515

Key Assumptions and Sources of GHG Measurement

Scope	Emission Sub-category	Activity	Data Source	Emission Factor	Source of GWP Values
	Generators	Back Up Generator for Electricity Generation	Fuel Issue Book/Issue reports SAP	CO2 74100Kg/TJ, CH4 10Kg/TJ N2O 0.6Kg/TJ	CO2 - 1 CH4 29.8 N2O 273
1	Grass Cutters/ Chain Saw	Grass Cutting, Tree Felling	Fuel Issue Book/Issue reports SAP	CO2 69300Kg/TJ, CH4 140Kg/TJ N2O 0.4Kg/TJ	CO2 - 1 CH4 29.8 N2O 273
1	Transport	Supervisory Vehicle, Raw Material Transport, Heavy Machineries	Vehicle Running Charts/ SAP Issue reports	Supervisory Cabs and Other Light Vehicles CO2 – 74100 Kg/TJ CH4 – 3.9 Kg/TJ N2O – 3.9 Kg/TJ Heavy Machineries CO2 – 74100 Kg/TJ CH4 – 4.15 Kg/TJ N2O – 28.6 Kg/TJ Motorcycles CO2 – 69300 Kg/TJ CH4 – 80 Kg/TJ N2O – 2 Kg/TJ	CO2 - 1 CH4 29.8 N2O 273

SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

Scope	Emission Sub-category	Activity	Data Source	Emission Factor	Source of GWP Values
1	Boiler - Mill	Biomass Boiler – Steam Generation	Assumptions Based on the Raw Material Input	CO2 - 100000 Kg/TJ CH4 - 30 Kg/TJ N2O – 4 Kg/TJ	CO2 - 1 CH4 27.2 N2O 273
1	CO_2 Fire Extinguishers		Refilling records		
1	Gas welding		SAP Issue reports	3.3846 Kg/TJ	1923.5
1	Wastewater treatment		Direct Flow Meter Reading Log Book	0.2 Kg CH4/ kg COD	CH4 27.2
1	Fertilizer		SAP Issue reports	Direct N2O Emission – 0.01 Indirect N2O Emission – 0.00225	N20 273
1	LPG		Bill Claims	CO2 - 56600Kg/TJ CH4 - 5 Kg/TJ N2O – 0.1 Kg/TJ	CO2 - 1 CH4 29.8 N2O 273
2	Purchased Electricity (National Grid)		Utility Bills	0.4278tCO2e/MWh	

2) Climate-related Physical Risks

The Group is currently in the process of assessing and quantifying the amount and percentage of assets and business activities vulnerable to climate-related physical risks across its operating sectors. As the Group continues to enhance its climate risk assessment methodologies, data collection processes, and internal capabilities, the relevant quantitative information will be disclosed in future reporting periods.

3) Climate-related Transition Risks

The Group is currently in the process of assessing and quantifying the amount and percentage of assets and business activities vulnerable to climate-related transition risks across its operating sectors. As the Group continues to strengthen its climate risk assessment methodologies, data collection processes, and internal capabilities, the relevant quantitative information will be disclosed in future reporting periods.

4) Climate-related Opportunities

The Group is currently in the process of assessing and quantifying the amount and percentage of assets and business activities aligned with climate-related opportunities across its operating sectors. As the Group continues to enhance its climate-related assessment methodologies, data collection processes, and internal capabilities, the relevant quantitative information will be disclosed in future reporting periods.

5) Capital Expenditure

The Group is currently in the process of assessing and quantifying the amount of capital expenditure deployed towards climate-related risks and opportunities across its operating sectors. As the Group continues to strengthen its climate-related assessment methodologies, internal processes, and data collection capabilities, the relevant quantitative information will be disclosed in future reporting periods.

6) Internal Carbon Pricing

The Group has not yet implemented an internal carbon pricing mechanism within its operations. However, the Group recognises the growing importance of carbon pricing as a strategic tool for managing climate-related risks and aligning with evolving sustainability practices and regulatory expectations.

Accordingly, the Group does not currently apply an internal carbon price in decision-making processes, and no internal carbon price per metric tonne of greenhouse gas emissions has been established during the reporting period.

7) Remuneration

The Group does not yet have a dedicated ESG-linked remuneration framework for the Board and Executive Management. However, the Group recognises the importance of aligning remuneration structures with sustainability-related objectives and is actively assessing the potential introduction of ESG-linked remuneration considerations in future reporting periods.

Industry Specific Metrics

Sustainability Accounting Standards Board (SASB) Index

A. Agribusiness

Agricultural Products Sustainability Accounting Standard (Version 2023-12)

Sustainability Disclosure Topics & Metrics

Topic	Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Greenhouse Gas Emissions	Gross global Scope 1 emissions	Quantitative	Metric tonnes (t) CO_2-e	FB-AG-110a.1	
	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	n/a	FB-AG-110a.2	
	Fleet fuel consumed, percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	FB-AG-110a.3	
Energy Management	(1) Operational energy consumed, (2) percentage grid electricity and (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	FB-AG-130a.1	
Water Management	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic metres (m^3), Percentage (%)	FB-AG-140a.1	
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and	n/a	FB-AG-140a.2	
	Number of incidents of non-compliance associated with water quality permits, standards and regulations	Quantitative	Number	FB-AG-140a.3	

SLFRS SUSTAINABILITY-RELATED FINANCIAL DISCLOSURES

Topic	Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Food Safety	Global Food Safety Initiative (GFSI) audit (1) non-conformance rates and (2) associated corrective action rates for (a) major and (b) minor non-conformances	Quantitative	Rate	FB-AG-250a.1	
	Percentage of agricultural products sourced from suppliers certified to a Global Food Safety Initiative (GFSI) recognised food safety certification programme	Quantitative	Percentage	FB-AG-250a.2	
	(1) Number of recalls issued and (2) total amount of food product recalled 1	Quantitative	Number, Metric tonnes (t)	FB-AG-250a.3	
Workforce Health & Safety	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees	Quantitative	Rate	FB-AG-320a.1	
Environmental & Social Impacts of Ingredient Supply Chain	(1) Percentage of agricultural products sourced that are certified to a third-party environmental or social standard, and (2) percentages by standard	Quantitative	Percentage (%) by cost	FB-AG-430a.1	
	Suppliers' social and environmental responsibility audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non conformances	Quantitative	Rate	FB-AG-430a.2	
	Discussion of strategy to manage environmental and social risks arising from contract growing and commodity sourcing	Discussion and Analysis	n/a	FB-AG-430a.3	
GMO Management	Discussion of strategies to manage the use of genetically modified organisms (GMOs)	Discussion and Analysis	n/a	FB-AG-430b.1	

Topic	Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Ingredient Sourcing	Identification of principal crops and description of risks and opportunities presented by climate change	Discussion and Analysis	n/a	FB-AG-440a.1	
	Percentage of agricultural products sourced from regions with High or Extremely High Baseline Water Stress	Quantitative	Percentage (%) by cost	FB-AG-440a.2	

Activity Metrics

Activity Metric	Category	Unit of Measure	Code	Disclosure reference and/or response
Production by principal crop2	Quantitative	Metric tonnes (t)	FB-AG-000.A	
Number of processing facilities3	Quantitative	Number	FB-AG-000.B	
Total land area under active production	Quantitative	Hectares	FB-AG-000.C	
Cost of agricultural products sourced externally4	Quantitative	Presentation currency	FB-AG-000.D	

CLIMATE-RELATED TARGETS

Given the evolving nature of the Group's climate-related assessment and reporting processes, formal climate-related targets have not been established for the current reporting period. The Group intends to further strengthen its climate-related data, governance, and assessment capabilities to support future target-setting initiatives.

GOVERNANCE AND COMPLIANCE

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

The Directors are pleased to present the Annual Report of your Company together with the Audited Financial Statements of Watawala Plantations PLC (the "Company"), and the Audited Consolidated Financial Statements of the Group for the year ended 31 March 2026 and the Independent Auditors' Report on page 140 conforming to all relevant statutory requirements.

The details set out herein provide information required by Section 168 of the Companies Act No. 07 of 2007 ('Companies Act') to be set out in the Annual Report of the Board of Directors on the Affairs of the Company and are guided by the Code of Best Practice on Corporate Governance 2023.

REVIEW OF BUSINESS

[Section 168 (1) (a)]

The nature of the business of the Company and its subsidiaries together with any change thereof during the accounting period.

- **Vision, Mission and Corporate Conduct**

The Company's vision and mission are provided on page 3. The Company's business activities have been carried out within the framework of the vision and mission statement, which reflects our commitment to the highest ethical standards and integrity as set out in the Code of Business

Conduct and Ethics, and in conformity with the corporate culture and the values of the Company stated on page 117 of this Report.

- **Principal business activities**

The Company is primarily engaged in cultivation, manufacture and sale of crude palm oil. Its subsidiary Lonach Dairy Ltd. is engaged in dairy farming and manufacturing value added products. The main activities of the business segments are described in the Portfolio Review pages on 4 to 5 of this Report.

There were no material changes in the nature of the business of the Company and the Group during the financial year. The Directors to the best of their knowledge and belief, confirm that the Company and the Group has not engaged in any activity that contravene laws and regulations.

- **Group structure**

The details of the Group structure have been given on page 4 of this Annual Report.

- **Review of operations of the Company and the Group**

The Group's businesses and their performance during the year, with comments on financial results, as well as future business developments are appraised in the Reflection from the Chairman (pages 14 to 16) and Financial Capital (pages 68 to 70) of this Report. Those also provide an overall assessment of the state of affairs of the Group and the Company with details of important events that took place during the period.

- **Future developments**

An overview of the future developments of the Company is presented in the Message from Board of Directors (pages 19 to 21) Reflections from our Acting Chief Executive Officer (pages 17 to 18) and Performance, Value Creation and strategies are presented across financial, social, environmental, and governance areas within the context of our operating environment.

FINANCIAL STATEMENTS

[Section 168 (1) (b)]

Completed and signed Financial Statements of the Company and the Group. The Financial Statements of the Company and the Group for the year ended 31 March 2026 have been prepared in accordance with the requirements of the Sri Lanka Accounting Standards (SLFRSs and LKASs) and comply with the requirements of the Companies Act No. 07 of 2007 and were duly certified by the Sector Financial Controller (the person responsible for the preparation of the financial statements) and were approved by two members of the Board as appearing on page 144. form an integral part of this Report.

- **Directors' responsibility for financial reporting**

In terms of Sections 150 (1), 151, 152 and 153 (1) and (2) of the Companies Act, the Board of Directors is responsible for the preparation of the Financial Statements of the Company and the Group, which reflect a true and fair view of the financial position and performance of the Company and the Group. In this regard, the Board of Directors wishes to confirm that the Consolidated Financial Statements appearing on pages 143 to 215 have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards as mandated by the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Companies Act. There were no changes to the accounting policies adopted in the previous year for the Company and the Group, other than those stated.

The Financial Statements of the Company and the Group for the year ended 31 March 2026, including comparatives for 2024/25, were approved and authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 May 2026. The appropriate number of copies of the Annual Report will be submitted to the CSE and to the Sri Lanka Accounting and Auditing Standards Monitoring Board within the statutory deadlines.

EXTERNAL AUDITORS AND THEIR INDEPENDENCE

[Section 168 (1) (c)(i) and (j)]

Auditors report on Financial Statements of the Company with a separate disclosure on amounts payable by the Company to Auditors as audit fees and fees for other services rendered during the accounting period and Auditors' relationship or any interest with the Company. The External Auditors, Messrs KPMG, who were appointed in accordance with a resolution passed at the 32 AGM, have expressed their opinion on pages 140 to 142 Details of their remuneration are given in Note 39

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

on page 211 to the Financial Statements. As far as the Directors are aware, the Auditors do not have any other relationship or any interest in contracts with the Company or the Group.

BOARD OF DIRECTORS

[Sections 168 (1) (e), (f), (h)]

The Directors of the Company, as at 31 March 2026, and their brief profiles are given on page 19. The names of all the Directors who held office anytime during the reporting year are given on page 120. The names of Directors who will retire and those who will seek reappointment at the forthcoming Annual General Meeting (AGM) are given in the Notice of Meeting on page 229.

- **Appraisal of Board performance**

The method used to appraise the performance of the Board of Directors is presented in the "Corporate Governance" section on page 23 and Performance Evaluations were obtained from the Board.

- **Directors' interests in contracts and proposed contracts**

Except as stated in Note 39.1 to the Financial Statements, during and at the end of the financial year 2025/26, none of the Directors were directly or indirectly interested in contracts or proposed contracts connected with the Company or the Group's business.

- **Directors' shareholdings**

Information of other directorships/ significant positions of the present Directors of the Company are given in the Investor Information presented on page 225.

- **Directors' interests and the Interests Register**

The relevant interests of each Director in the share capital of the Company have been notified by the Directors to the CSE in accordance with Section 7.8 of the Listing Rules and, accordingly, the relevant entries have been made in the Company's Interests Register which has been maintained as required by the Companies Act. This Annual Report also contains particulars of entries made in the Interests Registers of subsidiaries which are public companies or private companies that have not dispensed with the requirement to maintain an Interests Register as permitted by Section 30 of the Companies Act.

Particulars of entries in the Interests Register include interests in contracts. The Directors have all made a general disclosure to the Board as required by Section 192 (2) of the Companies Act and no additional interests have been disclosed by any Director.

- **Loans to Directors**

The Company has not granted any loans to the Directors.

- **Remuneration to Directors**

The details of Directors' fees and Directors' emoluments paid during the year are given on page 159.

- **Directors' meetings**

Details of Directors' meetings are presented on page 27.

DONATIONS AND CSR

[Section 168 (1) (g)]

During the year under review, the Company has not made any donations (2025 – Nil). The Corporate Social Responsibility initiatives of the Company are presented in 'Social and Relationship Capital' on page 71.

CORPORATE GOVERNANCE

Code of Best Practice D.1, D.1.1, D.1.4, D.4], [G.1, G.2, G.3]

The Board of Directors have placed emphasis on conforming to the best corporate governance practices and procedures. Accordingly, the Board has provided the necessary resources and installed appropriate processes and procedures in compliance with the relevant codes of best practice issued by the regulatory and professional bodies. The Board has ensured that the Company complied with the Code of Best Practice on Corporate Governance (2023). The measures taken in this regard and information to fulfil disclosure requirements of the above code, Directions and the Listing Rules of the Colombo Stock Exchange ('CSE') are set out on pages 38 to 40 of this Annual Report.

Further, the Directors declare that:

- The Company has not engaged in any activity which contravenes laws and regulations.
- All material interests in contracts involving the Company have been declared by the Directors and they have refrained from voting on matters in which they were materially interested.
- The Company has made all endeavours to ensure the equitable treatment of shareholders.
- The business is a going concern.
- A review, of internal controls covering Financial, Operational and Compliance Controls and Risk Management, has been conducted and the Directors have obtained reasonable assurance of their effectiveness and successful adherence.

INTERNET OF THINGS

Group IT policies by which the Company is governed, comprehensively covers the process to identify connections to the Company's network, Cyber Security Risk Identification and effectiveness of Cyber Security Risk Management. Related information is set out in the Corporate Governance Section on page 23.

DIVIDEND

The Directors recommend a final cash dividend of Rs. 0.80 per ordinary share. An interim dividend of Rs. 1.70 per ordinary share was paid during the financial year 2025/26. Prior to recommending the dividend and in accordance with Sections 56 (2) and (3) of the Companies Act, the Board signed a certificate stating that, in their opinion, based on available information, the Company will satisfy the solvency test immediately after the distribution is made and have obtained a certificate from the Auditors in terms of Section 57 of the Companies Act. Shareholder approval will be sought on the day of the AGM to declare and pay the final dividend as recommended.

STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments to the Government, other regulatory institutions, and related to employees have been made on time or have been provided for.

GOING CONCERN BASIS

The Board of Directors reviewed the business plans of the Company and the Group and is satisfied with the adequacy of resources to continue operations in the foreseeable future. Accordingly, the Financial Statements of the Company and the Group have been prepared on a going concern basis.

RELATED PARTY TRANSACTIONS

The Company's transactions with related parties in respect of the Company and the Group, for the financial year ended 31 March 2026, are given in Note 39 to the Financial Statements on page 212 of the Annual Report and have complied with Rule 9.3.2 of the Listing Rules and the Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13 (c) of the Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987.

INTERNAL CONTROL

The Board, through the involvement of the Senior Management, takes steps to gain assurances on the effectiveness of control systems in place. The Audit Committee receives regular reports on the adequacy and effectiveness of internal controls in the Group, compliance with laws and regulations, and established policies and procedures of the Company and the Group. The Board has direct access to the Chairman of the Audit Committee. This Committee reviews reports of the Internal Auditors too.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company has not engaged in any activity which is harmful to the environment and society. The Company has complied with statutory requirements and law of Sri Lanka in carrying out business operations.

SUSTAINABILITY

The Group pursues its business goals under a stakeholder model of business governance. As per this model, the Group has taken specific steps, particularly in ensuring the conservation of its natural resources and the environment as well as addressing material issues highlighted by stakeholders.

EMPLOYMENT

The Group has an equal opportunity policy and these principles are enshrined in specific selection, training, development and promotion policies, ensuring that all decisions are based on merit. The Group practices equality of opportunity for all employees irrespective of ethnic origin, religion, political opinion, gender, marital status, or physical disability.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

There have been no material events after the reporting date that require disclosure other than those disclosed in Note 42 to the Financial Statements.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at Watawala Plantations PLC via audio and visual technology, on 25th June 2026 at 02.30 p.m. The Notice of the Meeting relating to the 33rd Annual General Meeting is given on page 229.

ACKNOWLEDGEMENT OF THE CONTENTS OF THE REPORT

[Section 168 (1) (k)]

The Board of Directors do hereby acknowledge the contents of this Annual Report.



Reyaz Mihular
Chairman



S Sathasivam
Director

Corporate Services (Private) Limited
Secretaries and Registrars

27 May 2026

REPORT OF THE REMUNERATION COMMITTEE

The Remuneration Committee comprises Five (5) members. The Committee is chaired by Mr A Cabraal with Corporate Services (Private) Limited serving as the Secretaries to the Committee. The Acting Chief Executive Officer attend meetings by invitation. The Committee operates in compliance with the applicable provisions of the Listing Rules of the Colombo Stock Exchange, including Appendix 9A, and the Code of Best Practices on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

The Committee operates in accordance with the Board approved Remuneration Policy of the Group, which sets out the guiding principles on remuneration for Directors and Senior Management. The Remuneration Policy is aligned with the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance and is made available on the Company's website.

COMPOSITION OF THE COMMITTEE

Mr A Cabraal (Chairman)
Independent Non-Executive
(Appointed w.e.f. 09 April 2026)

Mr R Mihular (Member)
Independent Non-Executive

Mr A Herath (Member)
Independent Non-Executive

Mr M Rao (Member)
Independent Non-Executive
(Appointed w.e.f. 09 April 2026)

Mr S Mawzoon (Member)
Non-Independent Non-Executive

Mr S G Sathasivam (Member)
Non-Independent Non-Executive
(Resigned w.e.f. 27 May 2025)

The composition of the Committee ensures an appropriate balance of independence and experience, with the majority of members being Independent Non Executive Directors, enabling objective and unbiased decision making in accordance with corporate governance requirements. The Board is satisfied that the members of the Committee collectively possess the necessary skills, experience, governance expertise, and regulatory knowledge required to effectively discharge the Committee's responsibilities.

MEETINGS

The Committee met one (1) times for the financial year 2025/26. The attendance of the Committee members at each of these meetings is as follows;

ATTENDANCE

Mr R Mihular (Chairman)
Independent Non-Executive

1 of 1 meetings

Mr A Cabraal (Member)
Independent Non-Executive

1 of 1 meetings

Mr S Renganathan (Member)
Independent Non-Executive

1 of 1 meetings

KEY AREAS OF FOCUS

- Remuneration policy for Key Management Personnel – Review and approve the overall remuneration policy, strategy, and practices of the Group.
- Remuneration structure – Set and review all components of the remuneration and other benefits of the Chief Executive Officers, Chief Operating Officers, Executive Directors and such other Senior Management as the Board may determine whilst ensuring the integrity of the Group's compensation and benefits programme is maintained.
- Performance evaluation – Review and approve the performance appraisal for the Chief Executive Officers, Chief Operating Officers, Executive Directors, and Senior Management.
- Succession Planning – The committee reviewed succession plans for all Key Management Personnels and enquired from Management to ensure that a process of succession planning is in place for key executive positions.

PURPOSE/OBJECTIVES OF THE COMMITTEE

The objective of the Remuneration Committee ("the Committee") is to ensure that a consistent remuneration framework is adopted and practiced for Directors and Senior Management in the Group.

The Committee ensures that the Remuneration Policy of the Group is fair, transparent and competitive, and linked to business strategy to drive sustainable performance and entrepreneurship. The Committee appraises the performance of the senior management against the set goals and targets, to determine increments, bonuses, and other performance-based incentives.

EVALUATION OF THE COMMITTEE

The Committee carries out an annual self evaluation of its performance and effectiveness. The evaluation covers the adequacy of its oversight, effectiveness in discharging responsibilities under its Charter, quality of deliberations, and compliance with applicable governance requirements.

REPORT OF COMMITTEE

The Remuneration Committee forms a key part of the governance framework of the Group and carries the mandate to oversee the compensation and benefits policies adopted by the Group, and in doing so, review and recommend overall remuneration strategy, policies and performance-based pay plans. Furthermore, it reviews performance, compensation and benefits of the Directors, Group Chief Executive officer, Chief Executive Officers, Chief Operating Officers, and key management who support and implement decisions at an apex level. In carrying out its responsibilities, the Committee ensured that no Director or Key Management Personnel participated in any discussion or decision relating to his or her own remuneration.

The Company and the Group is able to attract, motivate, and retain key talent with the Group's compensation and benefits policy which is complied with applicable laws and regulations. The evaluation of performance of Directors, Chief Executive Officers, Chief Operating Officers, and key management was considered in determining remuneration whilst also using market comparators for similar positions and in accordance with the Company's Compensation and Benefits policy. The Committee ensured that the remuneration structures promote sustainable long term value creation while supporting sound and responsible risk management practices.

The Chairperson of the Committee reports on the developments which have taken place since the last Board meeting, if any, and updates the Board on various matters, as relevant and requested.

On behalf of the Remuneration Committee.



A Cabraal
Chairman

27 May 2026

REPORT OF THE NOMINATION AND GOVERNANCE COMMITTEE

The Nomination and Governance Committee (the Committee) comprises Four (4) members. The Committee is chaired by Mr A Cabraal with Corporate Services (Private) Limited serving as the Secretaries to the Committee. The Acting Chief Executive Officer attend meetings by invitation.

The Committee operates in compliance with the applicable provisions of the Listing Rules of the Colombo Stock Exchange, including Appendix 9A, and the Code of Best Practices on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

COMPOSITION OF THE COMMITTEE

Mr A Cabraal – (Chairman)
Independent Non-Executive
(Appointed w.e.f. 09 April 2026)

Mr R Mihular (Member) –
Independent Non-Executive

Mr A Herath (Member) –
Independent Non-Executive

Mr S Mawzoon (Member) –
Non-Independent Non-Executive

Mr S G Sathasivam (Member) –
Non-Independent Non-Executive

(Resigned w.e.f. 27 May 2025)

The composition of the Committee ensures an appropriate balance of independence and experience, with the majority of members being Independent Non Executive Directors, enabling objective and unbiased decision making in accordance with corporate governance requirements. The Board is satisfied that the members of the Committee collectively possess the necessary skills, experience, governance expertise, and regulatory knowledge required to effectively discharge the Committee's responsibilities.

MEETINGS

The Committee met one (1) times for the financial year 2025/26. The attendance of the Committee members at each of these meetings is as follows;

ATTENDANCE

Mr A Herath (Member)
Independent Non-Executive

1 of 1 meetings

Mr R Mihular (Member)
Independent Non-Executive

1 of 1 meetings

Mr S Mawzoon (Member)
Non-Independent Non-Executive

1 of 1 meetings

PURPOSE/OBJECTIVES OF THE COMMITTEE

The Committee will assist the Board of Directors to fulfil its responsibility by overseeing that:

1. The Board of Watawala Plantations PLC and its subsidiaries are composed of individuals who possess the qualifications, experience, and integrity necessary to effectively discharge their duties as Directors; and

2. The Group corporate governance framework is robust, forward looking, and aligned with both regulatory requirements and the Board's commitment to achieving the highest standards of governance excellence.

KEY AREAS OF FOCUS

- The Committee evaluates and recommends the appointment and re-appointment of Directors to the Board and its Committees, considering their contributions, qualifications, and external commitments.
- It establishes transparent procedures for the selection, evaluation, and appointment/re-appointment of Directors, ensuring gender diversity and industry-specific qualifications.
- The Committee advises the Board or the Chairperson on appointments, including the selection of a Chairperson in case of a vacancy, and develops succession plans for Board and Key Management Personnel.
- It oversees the annual evaluation of the performance and effectiveness of the Board, Board Committees, and Individual Directors, and reviews the Board and Committee structures to ensure their continued effectiveness and alignment with best practices.
- The Committee reviews and recommends the Corporate Governance Statement, ensures compliance with governance policies, and advises on indemnity and insurance cover for directors and key management personnel, with members abstaining from decisions about their own appointments.
- The Committee establishes and regularly updates robust succession plans for the Board and Key Management Personnel, identifying and nurturing internal talent pipelines while aligning leadership development with the organization's long-term strategic goals.
- Succession planning activities during the year under review focused on both Board level and Key Management Personnel roles, taking into account future business needs, leadership gaps, and long term strategic objectives of the Group.

EVALUATION OF THE COMMITTEE

The Committee carries out a self-evaluation of the performance and effectiveness of the Committee.

ACTIVITIES 2025/26

- Reviewed the composition of the Board and Board Committees and recommended changes where appropriate
- Evaluated the independence of Non Executive Directors in accordance with Appendix 9A of the Listing Rules
- The Committee assessed the skills, experience, diversity, and independence of current Board members and identified any gaps that needed to be filled.
- Reviewed the Corporate Governance framework and related policies to ensure compliance with revised regulatory requirements

DECLARATION

The Committee diligently adheres the corporate governance standards outlined in the Listing Rules of the CSE, ensuring full compliance with each provision. Independence assessments were carried out during the financial year in accordance with the criteria set out in Section Appendix 9A of the Listing Rules of the Colombo Stock Exchange, based on declarations submitted by Directors and other relevant information. Declarations submitted by Board Members under the Appendix 9A of the Listing Rules section 9 and following this review, it was ascertained that the Independent Directors of the Board, namely Mr D A Cabraal, Mr R Mihular, Mr A Herath and Mr M Rao effectively met the criteria for assessing independence.

CONCLUSION

During the financial year under review, the Nomination and Governance Committee assisted the Board in discharging its responsibilities relating to Board composition, corporate governance, succession planning, and compliance with applicable corporate governance requirements. The Committee remains committed to supporting the Board in identifying and recommending individuals who possess the requisite skills, experience, and competencies necessary to meet the strategic objectives of the Company and the Group. The Committee also strives to ensure that the Board and the Group continue to reflect appropriate diversity and promote equal opportunities in the best interests of all stakeholders.



A Cabraal
Chairman

Nominations and Governance Committee

27 May 2026

DIRECTORS' STATEMENT ON INTERNAL CONTROLS

The following statement is presented by the Board of Directors to be in line with Section 9.16 (ii) – Corporate governance requirements of Listing rules issued by Colombo stock exchange section D1.5 of the Code of Best Practices on Corporate Governance 2023 issued by The Institute of Chartered Accountants of Sri Lanka.

RESPONSIBILITY

The Board of Directors (Board) is responsible for the adequacy and effectiveness of the Internal Control system and sound risk management practices within the Company and Group in order to safeguard the shareholder's investment and the Company's assets. Internal controls over financial reporting are primarily designed to identify and highlight any deviations in the control environment including information systems, operational processes, control activities and monitoring. However, due to the inherent nature of the internal control mechanism, systems of internal control are intended to manage, rather than to eliminate the risk of failure to achieve business objectives. In view of this, the system of internal controls can only provide reasonable, but not absolute assurance against material misstatements of financial information or losses and frauds. The system of internal controls referred to in this Statement was in place and operating throughout the financial year under review and up to the date of approval of the financial statements.

The Board of Directors acknowledges its overall responsibility for the Group's system of internal control and risk management. The Board has established an ongoing and structured process for identifying, evaluating, and managing the significant risks faced by the Group within an acceptable risk appetite. This process is designed to provide reasonable assurance regarding the reliability and integrity of financial reporting, safeguarding of assets, compliance with applicable laws and regulations, and the effectiveness and efficiency of operations.

The adequacy and effectiveness of the system of internal control are reviewed on a continuous basis by the Board through the Board Audit Committee, with the assistance of the Internal Audit function. In this regard, the Board has reviewed the internal control deficiencies and improvement opportunities identified through internal audit reviews, management assessments, and reports submitted by the Board Audit Committee and other Board sub committees, and has directed management to take appropriate corrective actions to strengthen the internal control environment. In particular, the Board has reviewed the adequacy and effectiveness of internal controls over financial reporting (ICFR), including controls over the recording, processing, summarisation, and reporting of financial information, and is satisfied that such controls were appropriately designed and operating effectively during the year under review.

Management is responsible for implementing Board approved policies and procedures relating to risk management and internal control, including the identification and assessment of risks, the design and operation of suitable control activities, and the ongoing monitoring of such controls. The Board is of the view that, based on the reviews conducted during the year, the system of internal controls in place is sound and adequate to provide reasonable assurance regarding the preparation of financial statements in accordance with Sri Lanka Accounting Standards and relevant regulatory requirements, while recognising that no system of internal control can provide absolute assurance against material misstatement or loss.

The Board has implemented the following measures to obtain reasonable assurance that a sound and effective system of internal control is maintained across the Group:

- Board and Sub Committee Oversight

Several Board appointed Sub Committees, including those mandated under the revised Listing Rules of the Colombo Stock Exchange, are in place to assist the Board in ensuring that the Company and the Group's operations are conducted in accordance with approved corporate objectives, strategies, annual budgets, and overall business direction. The proceedings and key observations of these Committees are regularly reported to the Board.

- Policies, Procedures and Governance Framework

Board approved policies and procedures covering key functional, operational, financial, risk management, compliance, and information security areas have been established and implemented across the Group. This includes controls over information systems, data integrity, access management, change management, and cybersecurity, which support the reliability of operational and financial information. These policies are reviewed periodically to address emerging risks, align with evolving regulatory requirements, and reflect industry best practices. During the year, the Board reviewed key functional areas and strengthened the corporate governance, risk management, and information security policy framework in line with the requirements of Section 9.2 of the Listing Rules of the Colombo Stock Exchange.

- Internal Audit Function

The Internal Audit & Compliance Officer is responsible for coordinating and monitoring the internal audit function of the Company and the Group. The Internal Audit & Compliance function conducts independent and objective reviews of the adequacy and effectiveness of the Group's internal control systems, risk management processes, and compliance with policies and procedures. Internal audits are carried out on significant processes and subsidiaries based on a risk based annual audit plan approved by the Board Audit Committee, using a combination of sample testing and rotational audit techniques. Significant audit findings and instances of non compliance are reported to management and submitted to Board Risk & ESG Committee and to the Board Audit Committee for review and direction at its periodic meetings.

- Board Audit Committee Review

The Board Audit Committee reviews the outcomes of internal audits, external audits, and regulatory reviews, and evaluates the adequacy

and effectiveness of the Company and the Group's risk management, compliance and internal control systems. The Committee also monitors the implementation of corrective actions taken by management in response to identified control weaknesses. Particular emphasis is placed on the scope, quality, and independence of the internal audit function. Summary reports of the Audit Committee meetings are tabled at Board meetings for consideration.

- Risk Monitoring and Reporting

Key Risk Indicators (KRIs) have been identified for major operations and are consolidated into a Risk Dashboard, which is reviewed by the Board Risk & ESG Committee and the Board on a quarterly basis. This enables the Board to monitor emerging risks and assess the effectiveness of mitigation actions on an ongoing basis. The risk management framework also includes the identification and monitoring of fraud risk indicators. Controls and mitigating actions relating to fraud prevention, detection, and response are periodically reviewed by Management and the Board Audit Committee.

- Financial Reporting and Accounting Standards

The Company and the Group has implemented processes and controls to ensure compliance with Sri Lanka Accounting Standards (LKAS/SLFRS), including the adoption of new and amended standards. During the year, processes required to comply with the recognition, measurement, presentation, and disclosure requirements of SLFRS were reviewed and enhanced. The Group has also implemented the necessary risk monitoring and reporting processes to support compliance with SLFRS S1 and S2 and will continue to strengthen these processes to ensure full adoption within the prescribed timelines.

- Compliance Management

A structured compliance framework is in place, including a compliance checklist covering applicable laws, regulations, and regulatory directives. This checklist is signed off by the relevant Heads of Department, based on which the Compliance Officer presents periodic compliance status reports to the Board. This process supports proactive identification and management of compliance risks across the Group.

- External Audit and Continuous Improvement

Observations and recommendations made by the External Auditors in relation to the system of internal control are reviewed by the management and the Board Audit Committee, and appropriate corrective actions are implemented where necessary. The Board recognises that the system of internal control is a dynamic process and continues to enhance and refine controls in response to changes in the business environment, regulatory landscape, and risk profile of the Group.

CONCLUSION

The Board having implemented the above is aware that such systems are designed to manage rather than eliminate the risk of failure to achieve business objective and can only provide reasonable and not absolute assurance against material misstatements of loss.

The Board of Directors confirm that the financial reporting system of Watawala Plantations PLC has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes has been done in accordance with the Sri Lanka Accounting Standards, requirements of the Company's Act No 7 of 2007 and the Listing Rules of the Colombo Stock Exchange.



Reyaz Mihular
Chairman



Shyam Sathasivam
Director



Arjuna Herath
Chairman, Audit Committee

27 May 2026

REPORT OF THE AUDIT COMMITTEE

The Audit Committee comprised three (3) members during the financial year.

COMPOSITION

Mr A Herath (Chairman)
Independent Non-Executive

Mr R Mihular (Member)
Independent Non-Executive

Mr M R Rao (Member)
Independent Non-Executive

The Board is satisfied that the Committee members collectively possess the necessary financial literacy, skills, and experience in accounting and financial management, and that at least one member has recent and relevant financial expertise as required under the Listing Rules of the Colombo Stock Exchange. During the year under review, all members of the Audit Committee were Independent Non Executive Directors, and the Committee operated with full independence from executive management.

MEETINGS

The Audit Committee met Five (5) times during the year. Attendance of the Committee members at each of these meetings is as follows.

ATTENDANCE

Mr A Herath (Chairman)
Independent Non-Executive 5 of 5 meetings

Mr R Mihular (Member)
Independent Non-Executive 5 of 5 meetings

Mr M R Rao (Member)
Independent Non-Executive 4 of 5 meetings

SECRETARY TO THE COMMITTEE

Corporate Services (Private) Limited (the Company Secretary) functions as the Secretary to the Audit Committee and directly reports to the Board audit committee.

CHARTER OF THE COMMITTEE

The terms of reference of the Board Audit Committee are clearly defined in the Charter. The Charter of the Board Audit Committee approved by the Board is revisited and revised annually with the concurrence of the Board of Directors to ensure that new developments relating to the functions of the Committee are addressed and updated. The Audit committee charter was revised aligning with the newly introduced listing rules of CSE on Corporate governance, which became effective in phases since 1 October 2023. The updated charter was approved by the board in May 2025.

The Committee is accountable to the Board and reports on its activities regularly to the Board of Directors. The Committee has unrestricted access to information, cooperation from Management and discretion to invite any Director or Executive Officers to attend its meetings. The functions of the Committee are geared to assist the Board of Directors in its general oversight responsibilities in relation to financial reporting, internal controls, risk management, compliance, internal and external audit. The Composition, roles and functions of the Committee are in accordance with the Listing Rules on Corporate Governance of the Colombo Stock Exchange and the Code of Best practices on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka. The composition, authority, roles, and responsibilities of the Audit Committee are in compliance with the requirements of Section 9.16 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practices on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka.

AUTHORITY

The Committee has the explicit authority to investigate into any matter, full access to information and to obtain external professional advice at the Company's expense and discretion to invite management and directors to attend its meetings.

RESPONSIBILITIES OF THE AUDIT COMMITTEE

The primary objectives of the Audit Committee include:

- Reviewing of the financial information of the Company to ensure the Integrity of the Financial Reporting and compliance with reporting requirements stipulated under the Sri Lanka Accounting Standards, Companies act and other related regulations.
- Ensuring the Company's Financial Statements present a true and fair view.
- Review and evaluate company's risk management framework including the Risk policies adopted and direct on prompt corrective actions to mitigate the effects of specific risks in case such risks are at a point beyond the prudent levels decided by the committee on the basis of the Listed Entity's policies and regulatory requirements.
- Ensure that the Company adopts and guided with corporate governance requirements, promote ethical practices and establish confidential reporting procedures for whistleblowing in the best interest of all stakeholders.
- Company's ability to continue as going concern in the foreseeable future.
- Monitoring Independence and Performance of the External Auditor and Review non-audit services provided by the external auditor. Follow-up with the management on external audit findings and ensure that proper remedial actions taken as recommended.
- Review the internal audit and investigation reports and ensure the independence of the Internal Audit functions and that it is performed with impartiality, proficiency and due professional care.
- Review the adequacy and effectiveness of the Company's internal controls, including internal controls over financial reporting (ICFR), risk management systems, and governance processes, and assess controls in place to prevent misstatement, fraud, and unauthorised access to information.

MEETINGS

The proceedings of the Committee meetings are conducted in accordance

with the terms of the Board Audit Committee. The Acting Chief Executive Officer, Group Chief Finance Officer, Sector Financial Controllers and Internal Audit and Compliance Officer are regular attendees to the meetings by invitation. The External Auditors attend meetings on invitation to brief the Committee on external audit related and other specific matters.

During the year 2025/26, the Committee held four (4) meetings. Attendance of the members at meetings is set out in the table on page 28 of the Annual Report.

FINANCIAL REPORTING SYSTEM

In order for the Board to assure the integrity of the Financial Statements of the Company and the Group in the lines of significant financial reporting, disclosures, and judgments contained therein, the committee assisted the Board in its oversight responsibility. In carrying out this responsibility, the Committee reviewed the financial reporting processes, internal controls, and related assurances in place throughout the financial year under review and up to the date of approval of the Financial Statements. The assurance is assumed through an independent review of risks, controls and governance processes as well as the Committee has received assurance from the Acting Chief Executive Officer and the Sector Financial Controller of the Company/ Group that financial records have been properly maintained, and the financial statements give a true and fair view of the Company's/ Group's operations and finances. The Committee quarterly reviews the financial statements and annual financial statements are reviewed in consultation with the external and internal auditors prior to making recommendation to the Board for approval.

Further special emphasis was given on following aspect when reviewing the financial statements;

- Adequacy and effectiveness of the internal control system including information system controls and financial reporting process in place to provide reasonable assurance on accuracy and reliability of information reported.
- Consistency of the adopted accounting policies and practices and underlying assumptions for estimates and judgments.
- Compliance with Sri Lanka Accounting standards (SLFRS/ LKAS) as well as new accounting standards that came into effect during the year.
- Significant accounting decisions, disclosure of complex or unusual transactions and reporting issues together with management actions taken to resolve them.
- Tax advisory reviews, assessments and compliance with other regulatory requirements.

THE REPORT OF THE AUDIT COMMITTEE TO THE BOARD OF DIRECTORS OF SUNSHINE HOLDINGS PLC

The management of Watawala Plantations PLC is responsible for internal control and financial reporting, including the preparation of consolidated Financial Statements. Independent auditors are responsible for auditing these statements in accordance with auditing standards to ensure they fairly represent the Company/ Group's operations and financial position. The Audit Committee oversees and monitors these processes, and annually recommends to the Board an independent accounting firm to serve as the Company's external auditors.

To fulfill its obligations the Audit Committee carried out the following activities;

- Reviewed and discussed the consolidated Financial Statements for the financial year ended 31 March 2026 with management and the independent auditors
- Ensured the consolidated Financial Statements comply with Sri Lanka Financial Reporting Standards and accurately represent the Company's operations and financial position
- Coordinated with the Risk Committee to review procedures for identifying and managing business risks
- Assessed the operational effectiveness of internal controls
- Discussed and reviewed information system security measures implemented by management
- Reviewed compliance reports from Senior Management to monitor adherence to laws and regulations
- Evaluated the Company's ability to continue as a going concern based on the audited Financial Statements
- Reviewed and discussed annual and quarterly Financial Statements prior to their release, ensuring compliance with Sri Lanka Financial Reporting Standards and the Companies Act, No. 7 of 2007
- Examined internal audit reports and external audit findings to support the integrity of reported results
- Reviewed procedures established by management for regulatory compliance
- Recommended to the Board the approval of non-audit services to be granted to the external auditors
- Obtained a confirmation of independence from the external auditors and recommended KPMG Chartered Accountants as the independent auditors to audit and report on the annual consolidated Financial Statements

EXTERNAL AUDITOR

The Committee is satisfied that the independence of the external auditors, KPMG, has not been compromised by any events or services that could create a conflict of interest. The nature of services provided by the auditors and the level of audit and non-audit fees from Watawala Plantations PLC and its subsidiary were carefully considered. The Committee reviewed the arrangements made by the auditors to maintain their independence, receiving confirmation of compliance with the independence guidelines outlined in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka, the Companies Act No. 7 of 2007 and amended CSE listing rules. The Committee considered the audit partner rotation requirements and was satisfied that these were complied with during the year in accordance with regulatory

REPORT OF THE AUDIT COMMITTEE

and professional standards. The Committee also met with the external auditors without management present prior to the finalisation of the Financial Statements. The Committee maintains its independence from both the external and internal auditors of the Company and the Group.

INTERNAL AUDIT

The Committee monitors the effectiveness of internal audit function by reviewing the adequacy of the audit coverage, functions and resources of the internal audit department and ensures that the department has necessary authority to carry out its audits. It also ensures the independence of the Audit Function by appraising the activities it audited and that those were performed with impartiality, proficiency and due professional care.

The Committee approves the audit plan and methodology formulated by the Internal Audit & Compliance Officer and reviews its progress of implementation regularly. In addition, the Committee oversees the activities of the in-house internal audit team, ensuring alignment with the overall audit strategy, monitoring compliance with internal policies and regulatory requirements, and facilitating coordination between internal and external audit efforts. Performance of the internal audit function is quarterly appraised by the Committee against the Audit Plan and set key performance indicators. During the year special emphasis was given to enhance the scope of internal audit work in the areas of governance, emerging risks and controls, and information systems security. Significant findings of Internal Audits and other Assignments with recommendations to the management are considered and appropriate directions and recommendations have been issued by the Committee. Further the progress of follow-up actions on internal and external audit recommendations are monitored on a regular basis.

CONCLUSION

Based on the work performed during the year and the information presented to the Committee, the Audit Committee believes that adequate internal controls, including controls over financial reporting, were in place and operating effectively to provide reasonable assurance that the Company's assets are safeguarded and that the financial results present a true and fair view. The Audit Committee concurs that the adoption of the going concern premise in the preparation of the Financial Statements is appropriate. The Audit Committee recommended to the Board of Directors that the Financial Statements as submitted be approved. An independent evaluation of the effectiveness of the Committee was carried out by the Board during the year. Considering the overall conduct of the Committee and its contribution to the overall performance of the Company and the Group, the Committee has been rated as effective.



A Herath
Chairman
Audit Committee

27 May 2026

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Board's Related Party Transactions Review Committee (the "Committee") was established in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Related Party Transactions issued by the Institute of Chartered Accountants of Sri Lanka. The Committee comprised three (3) members during the financial year. The Committee was chaired by Mr A Herath and Corporate Services (Private) Limited (the Company Secretaries) serving as the Secretaries to the Committee.

COMPOSITION

Mr A Herath (Chairman)
Independent Non-Executive

Mr R Mihular (Member)
Independent Non-Executive

Mr M R Rao (Member)
Independent Non-Executive

This composition adheres to the requirements set forth by the Code and the Rules and the Code of Best Practice on Related Party Transactions issued by CA Sri Lanka. Brief profiles of the members can be found on pages 19 to 21 of this Annual Report.

During the financial year under review, all members of the Committee were Independent Non Executive Directors, and the Committee functioned with full independence from executive management.

SECRETARY TO THE COMMITTEE

The Company Secretary serves as the Secretary to the Committee.

MEETINGS

The Committee met four (04) times during the year. Attendance of the Committee members at each of these meetings is as follows.

Mr A Herath (Chairman)
Independent Non-Executive

4 out of 4 meetings

Mr R Mihular (Member)
Independent Non-Executive

4 out of 4 meetings

Mr M R Rao (Member)
Independent Non-Executive

3 out of 4 meetings

TERMS OF REFERENCE

The Committee's roles and functions are governed by Section 9 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Related Party Transactions issued by the Institute of Chartered Accountants of Sri Lanka, as approved by the Board of Directors.

FUNCTIONS OF THE COMMITTEE

The primary function of the Committee is to review all proposed related party transactions, other than those transactions explicitly exempted under Rule 9.5 of the Code, prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

The Committee carried out its responsibilities in respect of related party transactions entered into during the financial year under review and up to the date of approval of the Annual Report.

METHODOLOGY ADOPTED BY THE COMMITTEE

The Committee adopts a structured and transparent methodology in reviewing related party transactions in line with the Code of Best Practice on Related Party Transactions issued by CA Sri Lanka, ensuring that such transactions are conducted at arm's length, on normal commercial terms, and in the best interests of the Company and its shareholders. As such, the mandate of the Committee consists of inter alia the following:

- Adopt policies and procedures to review related party transactions of the Group.
- Review in advance all proposed related party transactions of the Group except those explicitly exempted in the Code. Any material changes to previously reviewed Related Party Transactions should also be reviewed by the Committee before completion.
- Determine whether such related party transactions require the approval of the Board and if necessary forward the same for their approval. In such instances Board approval must be obtained prior to entering into the transaction.
- If related party transactions are recurrent, the Committee shall establish guidelines for senior management to follow in its ongoing dealings with the relevant related party. Thereafter, the Committee on quarterly basis shall review and assess ongoing relationships with the related party to see that they are in compliance with the Committee's guidelines and that the related party transactions remain appropriate.
- Ensure that no Director of the Company shall participate in any discussion of a proposed related party transaction for which he or she is a related party, unless such Director is requested to do so by the Committee for the express purpose of providing information concerning the related party transaction to the Committee.
- The Committee ensures that all conflicts of interest are appropriately identified, disclosed, and managed, and that related party transactions are reviewed objectively and independently.
- If a transaction requires shareholder approval, it must be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction. When applying the Rules, the Committee should prioritise the economic substance of transactions over their legal form and technicality.
- Ensure that immediate market disclosures and disclosures in the Annual Report as required by the Listing Rules are made in a timely and detailed manner.

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

ACTIVITIES OF THE COMMITTEE IN 2025/2026

- The proceedings of the Committee meetings which mainly include activities under its mandate are reported to the Board of Directors. The Committee had four meetings during the year 2025/26 and details of attendance of the Committee members are set out above. The Group Chief Financial Officer, Sector Financial Controllers and Internal Audit and Compliance Officer of the Group are invited to attend meetings as and when required.
- Committee has been reported with all the related party transactions carried out for all four quarters and ensured all the transactions have been carried out at arm's length. The summary of the quarterly committee meetings were submitted and approved by the Board.
- An annual review of the Group Related Party Transactions Policy was carried out during the financial year under review to ensure continued compliance with regulatory requirements and best practices.
- There were no recurrent or non recurrent related party transactions during the year that exceeded the applicable thresholds specified in the Listing Rules of the Colombo Stock Exchange.

COMPLIANCE WITH THE CODE OF BEST PRACTICE ON RELATED PARTY TRANSACTIONS

The Committee confirms that during the financial year under review, the Company has complied with the principles and provisions of the Code of Best Practice on Related Party Transactions issued by the Institute of Chartered Accountants of Sri Lanka.

The Committee ensured that all related party transactions were reviewed in a timely manner, assessed for arm's length pricing, transparency, and fairness, and that appropriate approvals and disclosures were made in compliance with both regulatory and best practice requirements.

Accordingly, the Committee is satisfied that adequate processes and controls were in place to identify, review, approve, and disclose related party transactions in compliance with applicable regulatory requirements.

PROFESSIONAL ADVICE

The Committee is authorised to seek external professional advice on matters within its scope. The RPTs are audited by the Group's external auditors, Messrs. KPMG, as part of the annual audit process.

DISCLOSURES

A detailed disclosure of all the related party transactions including recurrent and non-recurrent related party transactions which are required to be disclosed under section 9.14.8 of the Listing Rules of the Colombo Stock Exchange has been made in page 38, to the financial statements given in page 143 to 215 to this Annual Report.

DECLARATION

Related party transactions that took place during the year in terms of the Sri Lanka Accounting Standards were reviewed and approved by the Related Party Transactions Review Committee and the Board of Directors, and were carried out in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Related Party Transactions issued by CA Sri Lanka. It may also be noted that there were no related party transactions that occurred during the financial year under review which required approval of the shareholders of the Company as determined in Rule 9.14.6 of the Listing Rules. Please refer the Annual Report of the Board of Directors on the Affairs of the Company, pages 212 to 214 for the declaration made by the Board of Directors, confirming that no related party transaction falling within the ambit of the Listing Rules which required an immediate market disclosure was entered into by the Company during year ended 31 March 2026.



A Herath
Chairman Related Party Transactions Review Committee

27 May 2026

REPORT OF THE RISK AND ESG COMMITTEE

COMPOSITION AND STRUCTURE

Risk and ESG oversight of Watawala Plantations PLC is carried out through a Risk and ESG Committee established at the parent level. The Committee comprises Independent Non-Executive Director and professional members.

The Committee functions as a Board sub-committee at the parent company level, providing oversight of risk management, compliance, and ESG matters across relevant entities through a structured governance and reporting framework.

The Committee is chaired by Mr. Reyaz Mihular, and Corporate Services (Private) Limited serves as Secretaries to the Committee. The Chief Executive Officer attends meetings by invitation, while members of senior management, including the Chief Financial Officer, Internal Audit and Compliance Officer, and Business Heads, attend as required.

MEETINGS

The Committee met four (4) times for the financial year 2025/26.

MANDATE AND SCOPE

The Risk and ESG Committee is established in line with Section D.4 of the Code of Best Practice on Corporate Governance 2023.

The Committee supports the company and its subsidiaries, by providing independent oversight of:

- Enterprise-wide risk management frameworks
- Compliance with applicable laws and regulations
- ESG and sustainability governance, including climate-related disclosures under SLFRS/IFRS S1 and S2
- Internal control and assurance mechanisms relating to risk and ESG

The Committee ensures that risk management and ESG considerations are embedded into strategic decision-making processes at both Company and subsidiary levels.

Responsibilities in Relation to Watawala Plantations PLC

The Committee:

- Reviews key financial and non-financial risks relevant to plantation operations and ensures appropriate mitigation strategies are in place
- Monitors regulatory compliance specific to the Company and its sector
- Reviews risk assessments and compliance reports submitted by the management of the Company and subsidiary
- Oversees the Company's contribution to Group sustainability reporting and climate-related disclosures
- Evaluates the adequacy and effectiveness of internal control systems and risk management practices within the Company
- Provides recommendations and escalates significant matters to the Board of Watawala Plantations PLC, where appropriate

While the Committee operates at a higher organisational level, ultimate responsibility for risk management and compliance within Watawala Plantations PLC rests with its Board of Directors.

GOVERNANCE APPROACH

The Committee operates independently of management. Management provides necessary information and insights to facilitate effective oversight.

The Committee adopts a centralised but cascading governance approach, ensuring:

- Consistency in policies and frameworks across the company and subsidiary
- Adequate consideration of entity-specific risks and sector dynamics
- Proper reporting and accountability to the respective subsidiary Boards

CONCLUSION

During the year, the Committee reviewed the risk profiles and mitigation measures relevant to Watawala Plantations PLC.

The Committee is satisfied that:

- A robust risk management and compliance framework is in place within the Company
- Key risks are identified, monitored, and managed appropriately
- ESG considerations, including sustainability and climate-related matters, are increasingly integrated into business operations and reporting

The Committee remains committed to strengthening governance practices and supporting the Board in enhancing risk resilience, regulatory compliance, and long-term value creation.

On behalf of the Group Risk and ESG Committee.



Reyaz Mihular
Chairman

27 May 2026

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

This Statement of Directors' Responsibility is made to distinguish the respective responsibilities of the Directors and the External Auditors in relation to the Financial Statements of the Company and the Group and should be read in conjunction with the Independent Auditors' Report.

The Directors are responsible for the preparation and presentation of the Financial Statements of the Company and the Group in accordance with the requirements of Sections 150, 151, 152, 153 and other relevant provisions of the Companies Act No. 07 of 2007, so as to give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the financial performance and cash flows for the year then ended.

In fulfilling these responsibilities, the Directors are required to ensure that proper accounting records are maintained in accordance with Section 148 of the Companies Act, which accurately record and explain the transactions of the Company and the Group and enable the determination of the financial position with reasonable accuracy at any time.

The Directors accept responsibility for the integrity, objectivity, and reliability of the Financial Statements presented in this Annual Report. In preparing the Financial Statements, the Directors confirm that appropriate accounting policies have been selected and applied consistently, and that reasonable and prudent judgements and estimates have been made so that the substance of transactions is properly reflected.

The Directors further confirm that the Financial Statements have been prepared and presented in compliance with:

- Sri Lanka Accounting Standards (SLFRS/LKAS);
- Companies Act No. 07 of 2007; and
- Listing Rules of the Colombo Stock Exchange.

The Directors are of the opinion, based on their knowledge of the Company, its key operations, and specific inquiries made, that the Company and the Group have adequate resources to continue operations as a going concern for the foreseeable future. Accordingly, the Financial Statements have been prepared on a going concern basis.

The Directors have taken proper and sufficient steps to safeguard the assets of the Company and the Group and, in this regard, have established appropriate systems of internal control and accounting procedures to prevent and detect fraud, error, and other irregularities. These systems are reviewed and evaluated on an ongoing basis to ensure their continued effectiveness.

The Directors confirm that the Company satisfied the solvency test requirement under Section 56 of the Companies Act No. 07 of 2007 in respect of all dividends declared and paid during the year, and that the necessary solvency certificates have been obtained where required.

The External Auditors, Messrs. KPMG, Chartered Accountants, were provided with unrestricted access to all accounting records, books, documentation, and information necessary to enable them to carry out their audit and to express an independent opinion on the Financial Statements. The responsibilities of the Auditors are set out in the Independent Auditors' Report appearing on pages 140 to 142 of this Annual Report.

COMPLIANCE REPORT

The Directors confirm that, to the best of their knowledge and belief, all statutory payments relating to employees, the Government, and other relevant statutory authorities that were due as at the reporting date have been paid or, where applicable, adequately provided for in the Financial Statements.

By Order of the Board,



A.Herath
Chairman



S G Sathasivam
Director

27 May 2026

DIRECTOR'S AND SECTOR FINANCIAL CONTROLLER'S RESPONSIBILITY STATEMENT

The Financial Statements of Watawala Plantations PLC are prepared in compliance with the Sri Lanka Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, and the Listing Rules of the Colombo Stock Exchange. The accounting policies used in the preparation of the Financial Statements are appropriate and are consistently applied by the Company. There are no departures from the prescribed Accounting Standards in their adoption. Comparative information is reclassified wherever necessary to comply with the current presentation.

The significant accounting policies and estimates that involve a high degree of judgement and complexity were discussed with our External Auditors and the Audit Committee.

The Board of Directors and Sector Financial Controller of the Company accepts responsibility for the integrity and objectivity of these financial statements. The estimates and judgements relating to the Financial Statements were made on a prudent and reasonable basis, in order that the Financial Statements give a true and fair view of the state of affairs, the forms and substance of transactions and that the Company's state of affairs is reasonably presented. To ensure this, the Company has taken proper and sufficient care in installing a system of internal controls and accounting records, for safeguarding assets and for preventing and detecting fraud as well as other irregularities, which is reviewed, evaluated, and updated on an ongoing basis. Our Internal Auditors have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. However, there are inherent limitations that should be recognised in weighing the assurance provided by any system of internal controls and accounting.

The Financial Statements of the Company were audited by Messrs KPMG, Chartered Accountants and their report is given on pages 140 to 142 of this Annual Report.

The Audit Committee of the Company meets periodically with the internal audit team and the External Auditors to review their audit plans, assess the manner in which these Auditors are performing their responsibilities and to discuss their reports on, internal controls and financial reporting issues. To ensure complete independence, the External Auditors and the Internal Auditors have full and free access to the members of the Audit Committee to discuss any matters of substance.

We confirm that the Company has complied with all applicable laws , regulations, guidelines and that there are no material litigations that are pending against the Company.



S.G. Sathasivam
Director



Lasantha Perera
Sector Financial Controller

27 May 2026

GRI CONTENT INDEX

Statement of use Statement of use	Watawala Plantations PLC has reported with reference to the GRI Standards for the period 1 April 2025 to 31 March 2026
GRI 1 used	GRI 1: Foundation 2021

GRI standard/Other source	Disclosure		Location
General disclosures			
GRI 2: General Disclosures 2021	2-1	Organisational details	3-5
	2-2	Entities included in the organisation's sustainability reporting	12-13
	2-3	Reporting period, frequency and contact point	12,13
	2-4	Restatements of information	13
	2-5	External assurance	13
	2-6	Activities, value chain and other business relationships	4-5
	2-7	Employees	76-77
	2-8	Workers who are not employees	76-77
	2-9	Governance structure and composition	24-25
	2-10	Nomination and selection of the highest governance body	26-27, 29
	2-11	Chair of the highest governance body	25
	2-12	Role of the highest governance body in overseeing the management of impacts	25
	2-13	Delegation of responsibility for managing impacts	25,29
	2-14	Role of the highest governance body in sustainability reporting	23,29
	2-15	Conflicts of interest	30
	2-16	Communication of critical concerns	28
	2-17	Collective knowledge of the highest governance body	19-21
	2-18	Evaluation of the performance of the highest governance body	120
	2-19	Remuneration policies	30,120
	2-20	Process to determine remuneration	30,120
	2-22	Statement on sustainable development strategy	15-18
	2-23	Policy commitments	44-45,77
	2-24	Embedding policy commitments	44-45
	2-25	Processes to remediate negative impacts	44
	2-26	Mechanisms for seeking advice and raising concerns	44,46
	2-27	Compliance with laws and regulations	35-39
	2-28	Membership associations	34,73-75
	2-29	Approach to stakeholder engagement	46-48
	2-30	Collective bargaining agreements	77
GRI 3: Material topics 2021	3-1	Process to determine material topics	13,49
	3-2	List of material topics	49
Economic performance			
GRI 3: Material topics 2021	3-3	Management of material topics	66-70
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	8
	201-3	Defined benefit plan obligations and other retirement plans	202
	201-4	Financial assistance received from government	202
Materials			
GRI 3: Material topics 2021	3-3	Management of material topics	99
GRI 301: Materials 2016	301-1	Materials used by weight or volume	99
Energy			
GRI 3: Material topics 2021	3-3	Management of material topics	93

GRI standard/Other source	Disclosure		Location
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	93-94
	302-3	Energy intensity	93-94
	302-4	Reduction of energy consumption	93
Water and effluents			
GRI 3: Material topics 2021	3-3	Management of material topics	95
	303-2	Management of water discharge-related impacts	95
	303-3	Water withdrawal	95
	303-4	Water discharge	95
	303-5	Water consumption	95
Biodiversity			
GRI 3: Material topics 2021	3-3	Management of material topics	97-99
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	99
	304-2	Significant impacts of activities, products and services on biodiversity	97-98
	304-3	Habitats protected or restored	98-99
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	99
Emissions			
GRI 3: Material topics 2021	3-3	Management of material topics	97
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	97
	305-2	Energy indirect (Scope 2) GHG emissions	97
	305-4	GHG emissions intensity	97
Waste			
GRI 3: Material topics 2021	3-3	Management of material topics	96
	306-2	Management of significant waste-related impacts	96
	306-3	Waste generated	96
	306-4	Waste diverted from disposal	96
	306-5	Waste directed to disposal	96
Employment			
GRI 3: Material topics 2021	3-3	Management of material topics	76-80
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	77
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	78
Occupational health and safety			
GRI 3: Material topics 2021	3-3	Management of material topics	79
GRI 403: Occupational health and safety 2018	403-1	Occupational health and safety management system	79
	403-2	Hazard identification, risk assessment, and incident investigation	79
	403-3	Occupational health services	79
	403-5	Worker training on occupational health and safety	79
	403-9	Work-related injuries	79-80
Training and education			
GRI 3: Material topics 2021	3-3	Management of material topics	79
GRI 404: Training and education 2016	404-1	Average hours of training per year per employee	78-79

SASB STANDARD - AGRI PRODUCT

Topic	Accounting metric	Category	Code	Disclosure/page reference
Greenhouse Gas Emissions	Gross global Scope 1 emissions	Quantitative	FB-AG-110a.1	Refer to the Natural Capital, Environmental and Social Impact
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	FB-AG-110a.2	Initiated
	Fleet fuel consumed, percentage renewable	Quantitative	FB-AG-110a.3	Refer to the Natural Capital, Raw Materials Consumption under Value Creation
Energy Management	(1) Operational energy consumed, (2) percentage grid electricity, (3) percentage renewable	Quantitative	FB-AG-130a.1	Refer to the Natural Capital, Energy Management
Water Management	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	FB-AG-140a.1	Refer to the Natural Capital, Water Management
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	FB-AG-140a.2	Refer to the Natural Capital, Water Management, Environmental and Social Impact
	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	Quantitative	FB-AG-140a.3	None
Food Safety	Global Food Safety Initiative (GFSI) audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances	Quantitative	FB-AG-250a.1	Not Applicable
	Percentage of agricultural products sourced from suppliers certified to a Global Food Safety Initiative (GFSI) recognised food safety certification programme	Quantitative	FB-AG-250a.2	Not Applicable
	(1) Number of recalls issued and (2) total amount of food product recalled	Quantitative	FB-AG-250a.3	Not Applicable
Workforce Health and Safety	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR) for (a) direct employees and (b) seasonal and migrant employees	Quantitative	FB-AG-320a.1	Please refer Social & Relationship Capital
Environmental and Social Impacts of Ingredient Supply Chain	Percentage of agricultural products sourced that are certified to a third-party environmental and/or social standard, and percentages by standard	Quantitative	FB-AG-430a.1	Own Supply Base 100% certified by third party RSPO Standards
	Suppliers' social and environmental responsibility audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances	Quantitative	FB-AG-430a.2	Supplier Social Environmental Audit Own Crop → 100% Corrective Action Required Rate → 2% C

Topic	Accounting metric	Category	Code	Disclosure/page reference
GMO Management	Discussion of strategies to manage the use of genetically modified organisms (GMOs)	Discussion and Analysis	FB-AG-430b.1	Not Applicable
Ingredient Sourcing	Identification of principal crops and description of risks and opportunities presented by climate change.	Discussion and Analysis	FB-AG-440a.1	Please refer to the Risk Report and the Business reviews sections of this Report
	Percentage of agricultural products sourced from regions with high or extremely high Baseline water stress.	Quantitative	FB-AG-440a.2	Not Applicable
	Discussion of strategy to manage environmental and social risks arising from contract growing and commodity sourcing.	Discussion and Analysis	FB-AG-430a.3	Initiated

Activity Metric	Category	Code	Disclosure / Page Reference
Production by principal crop – Palm Oil	Quantitative	FB-AG-000.A	4
Production by principal crop – Tea	Quantitative	FB-AG-000.B	4
Production by principal crop – Coconut	Quantitative	FB-AG-000.C	4
Production by principal crop – Cinnamon	Quantitative	FB-AG-000.D	4
Production by principal crop – Rubber	Quantitative	FB-AG-000.E	4
Number of processing facilities	Quantitative	FB-AG-000.B	88
Total land area under active production	Quantitative	FB-AG-000.C	208

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FINANCIAL CALENDAR

1. INTERIM QUARTERLY REPORTS

Listing rule: 7.4 (a) (i) (1) Submission of unaudited condensed interim financial statements to CSE as per listing rule

Period	Listing Rules	Date of released 2025/26	Date of released 2024/25
01st Quarter	Within 45 days of the end of quarter	30 July 2025	01 August 2024
02nd Quarter	Within 45 days of the end of quarter	04 November 2025	11 November 2024
03rd Quarter	Within 45 days of the end of quarter	10 February 2026	05 February 2024
04th Quarter	Within 60 days of the end of quarter	27 May 2026	28 May 2025

2. AUDITED FINANCIAL STATEMENTS

Listing rule: 7.5 (a) Submission of audited financial statements within five months from year ended

Meeting	Financial Year	Date of released	AGM
14th Annual General Meeting	2006/07	30 May 2007	22 June 2007
15th Annual General Meeting	2007/08	14 June 2008	07 July 2008
16th Annual General Meeting	2008/09	15 June 2009	14 July 2009
17th Annual General Meeting	2009/10	11 June 2010	07 July 2010
18th Annual General Meeting	2010/11	16 June 2011	08 July 2011
19th Annual General Meeting	2011/12	12 June 2012	06 July 2012
20th Annual General Meeting	2012/13	17 June 2013	09 July 2013
21st Annual General Meeting	2013/14	05 June 2014	30 June 2014
22nd Annual General Meeting	2014/15	08 June 2015	30 June 2015
23rd Annual General Meeting	2015/16	09 June 2016	30 June 2016
24th Annual General Meeting	2016/17	05 June 2017	29 June 2017
25th Annual General Meeting	2017/18	04 June 2018	28 June 2018
26th Annual General Meeting	2018/19	05 June 2019	27 June 2019
27th Annual General Meeting	2019/20	03 June 2020	26 June 2020
28th Annual General Meeting	2020/21	02 June 2021	25 June 2021
29th Annual General Meeting	2021/22	02 June 2022	24 June 2022
30th Annual General Meeting	2022/23	01 June 2023	23 June 2023
31st Annual General Meeting	2023/24	06 June 2024	28 June 2024
32nd Annual General Meeting	2024/25	27 May 2025	27 June 2025
33rd Annual General Meeting	2025/26	29 May 2026	25 June 2026

INDEPENDENT AUDITOR'S REPORT

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TO THE SHAREHOLDERS OF WATAWALA PLANTATIONS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Watawala 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 31 March 2026, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies set out on pages 5 to 77.

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 at 31 March 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 Company in accordance with the Code of Ethics for professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company financial statements and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company financial statements 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.

1. Measurement of Biological Assets

Refer to the accounting policy and explanatory in Note 22 of the Financial statements.

Risk Description

The Group reported biological assets amounting to Rs. 2,853 Mn as at 31 March 2026. This includes bearer plants amounting to Rs. 2,093 Mn, consumable biological assets (timber) and livestock carried at fair value amounting to Rs. 157 Mn and Rs. 603 Mn respectively as at 31 March 2026.

Bearer plants mainly include mature and immature palm oil, tea 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 occurs at the point of commencement of commercial harvesting. The actual point of which commercial harvesting could commence depends on the soil condition, weather patterns and plant breed.

Livestock includes cattle which are measured at fair value less cost to sell. The management has used internally developed discounted cash flow methods to calculate the fair value of the Group's livestock as at the reporting date. The calculation of the fair value of livestock involves significant degree of judgment, particularly in respect of expected production, market prices of raw milk, costs and discounting factor.

We considered the measurement of bearer plants and livestock as a key audit matter due to the materiality of the balances involved and the significant management judgment required in determining when a plant reaches the stage of commercial harvesting. In addition, the valuation process of livestock involves the use of significant assumptions and estimates in determining fair value, which increases the risk of error or potential management bias.

Our audit procedures for bearer plants included;

- Obtaining an understanding of the process of immature to mature transfer and testing the design, implementation and operating effectiveness of management key internal controls in relation to bearer plants.

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

KPMG

- Obtaining schedules of costs incurred and capitalized under immature plantations as well as cost 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.
- Physical verification of fields on sample basis and cross checking with the classification of immature and mature plantations.
- Testing immature to mature cost transfer worksheet for selected estates to verify whether the amounts transferred during the year were consistent with the company accounting policies and the industry norms.

Our audit procedures for livestock included;

- Obtaining and understanding of the process of valuation and testing the design, implementation and operating effectiveness of management key controls relating to valuation of livestock.
- Challenging the methodologies adopted in the valuation of livestock with reference to the requirements of the prevailing accounting standards.
- Challenging the key assumptions and methodology used in the valuation, in particular the discount rate, average milk production, selling price of milk, average cost, weight and selling price of the cattle in evaluating the appropriateness of the valuation methodology and discount rate used.
- Evaluating the accuracy, completeness and reasonableness of the data and inputs used for the valuation of livestock and evidence for physical verification of cows during the year.
- Comparing the discount rate, normal life cycle of a milking cow, milking yield per lactation with available industry data.
- Evaluating the adequacy of the Group's disclosures relating to biological assets in the financial statements regarding the degree of judgment and estimation involved and the sensitivity of the assumptions and estimates.

2. Valuation of Retirement Benefit Obligation

Refer to the accounting policy and explanatory in Note 34 of the Financial statements.

Risk Description

The Group has recognized retirement benefit obligation of Rs. 571 Mn as at 31 March 2026. The retirement benefit obligation of the Group is significant in the context of the total liabilities of the Group. The valuation of the Group's retirement benefit obligation requires significant judgment and estimation to be applied across numerous assumptions, including salary increases and discount rate. Small changes in those assumptions could have a significant effect on the financial performance and financial position of the Group.

Management engaged an independent actuary to assist them in the computation of retirement benefit obligation.

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

Our audit procedures included;

- Assessing the competency, objectivity and capabilities of the independent actuary engaged by the management.
- Testing the samples of the employees' details used in the computation to the human resource records and performed re-computation of sample of post-employment benefit liabilities with the assistance of our internal valuation specialist.
- Challenging the key assumptions used in the valuation, in particular the discount rate, inflation rate, future salary increases and mortality rates.
- Evaluating the accuracy, completeness and reasonableness of the employee data used for the calculation of retirement benefit obligations.
- Comparing the discount rate, inflation rate, mortality rate and future salary increases to market available data.
- Assessing the adequacy of the disclosures made to the financial statements in accordance with the relevant accounting standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this Auditor's Report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

INDEPENDENT AUDITOR'S REPORT

control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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 2618.

Chartered Accountants
Colombo, Sri Lanka

03 June 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March	Notes	GROUP 2026 Rs. '000	GROUP 2025 Rs. '000	COMPANY 2026 Rs. '000	COMPANY 2025 Rs. '000
Revenue	9	**9,442,172**	7,800,043	**8,354,713**	6,615,956
Cost of sales		**(4,622,626)**	(4,192,626)	**(3,554,416)**	(3,051,505)
Gross profit		**4,819,546**	**3,607,417**	**4,800,297**	**3,564,451**
Other income	10	**110,028**	283,596	**301,260**	235,288
Loss on changes in fair value of biological assets	11	**(372,974)**	(321,221)	**(3,431)**	(34,357)
Administrative expenses		**(598,742)**	(547,672)	**(571,071)**	(521,903)
Selling and distribution expenses		**(184,030)**	(145,324)	**(184,030)**	(145,324)
Impairment loss on financial assets	12.2	**(25,226)**	(6,853)	**(10,811)**	(2,012)
Impairment on Investment in subsidiary		**-**	-	**(337,540)**	(693,677)
Operating profit		**3,748,602**	**2,873,943**	**3,994,674**	**2,402,466**
Finance income	13	**78,947**	151,348	**78,461**	162,911
Finance costs	13	**(199,444)**	(126,769)	**(153,077)**	(114,306)
Net finance (Cost)/ Income		**(120,497)**	**24,579**	**(74,616)**	**48,605**
Profit before tax		**3,628,105**	**2,898,522**	**3,920,058**	**2,451,071**
Income tax expenses	14	**(1,297,659)**	(1,013,613)	**(1,350,465)**	(932,801)
Profit for the year		**2,330,446**	**1,884,909**	**2,569,593**	**1,518,270**
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurement of retirement benefit liability		**(26,118)**	(98,364)	**(32,773)**	(88,108)
Related tax		**8,501**	28,483	**9,832**	26,432
Other comprehensive expense for the year, net of tax		**(17,617)**	**(69,881)**	**(22,941)**	**(61,676)**
Total comprehensive income for the year		**2,312,829**	**1,815,028**	**2,546,652**	**1,456,594**
Profit attributable to:					
Owners of the company		**2,383,195**	1,917,871	**2,569,593**	1,518,270
Non-controlling interests		**(52,749)**	(32,962)	**-**	-
		2,330,446	1,884,909	**2,569,593**	1,518,270
Total comprehensive income attributable to:					
Owners of the company		**2,365,091**	1,848,817	**2,546,652**	1,456,594
Non-controlling Interests		**(52,262)**	(33,789)	**-**	-
Total comprehensive income for the year		**2,312,829**	**1,815,028**	**2,546,652**	**1,456,594**
Earnings per share					
Basic/ Diluted earnings per share (Rs.)	16	**2.34**	1.89	**2.53**	1.49

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes, which form a part of the financial statements of the Company set out on pages 9 to 77.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March	Notes	GROUP 2026 Rs. '000	GROUP 2025 Rs. '000	COMPANY 2026 Rs. '000	COMPANY 2025 Rs. '000
Assets					
Property, plant and equipment	19	**3,056,601**	2,549,027	**1,818,514**	1,252,412
Intangible assets	20	**44,736**	47,054	**42,223**	44,458
Right of use assets	21	**582,608**	409,805	**587,124**	414,082
Biological assets	22	**2,852,895**	3,317,570	**2,048,909**	2,234,015
Investments in subsidiaries	24	**-**	-	**1,500,000**	1,437,540
Investment fund	23	**-**	5,127	**-**	5,127
Non-current assets		**6,536,840**	6,328,583	**5,996,770**	5,387,634
Inventories	26	**451,039**	381,264	**301,873**	201,681
Biological assets	22.4	**33,080**	36,510	**33,080**	36,510
Current tax assets	28	**10,057**	38,752	**10,057**	38,752
Trade and other receivables	27	**209,082**	351,404	**137,989**	224,350
Amounts due from related parties	29	**319,313**	326,304	**326,707**	553,519
Short-term investments	30	**292,194**	366,853	**288,713**	363,500
Cash and cash equivalents	31.1	**748,439**	883,479	**494,074**	880,648
Current assets		**2,063,204**	2,384,566	**1,592,493**	2,298,960
Total assets		**8,600,044**	8,713,149	**7,589,263**	7,686,594
Equity					
Stated capital	32	**511,848**	511,848	**511,848**	511,848
Retained earnings		**2,394,238**	3,060,570	**2,483,611**	2,986,589
Equity attributable to owners of the company		**2,906,086**	3,572,418	**2,995,459**	3,498,437
Non-controlling interests	32	**104,352**	174,821	**-**	-
Total equity		**3,010,438**	3,747,239	**2,995,459**	3,498,437
Liabilities					
Loans and borrowings	33.1	**375,000**	519,734	**375,000**	514,178
Lease liability	33.2	**538,608**	467,192	**547,957**	476,492
Retirement benefit obligation	34	**570,743**	487,763	**499,049**	423,072
Deferred income and capital grants	35	**31,817**	34,173	**31,817**	34,173
Deferred tax liabilities	25	**908,910**	983,077	**619,132**	641,823
Non-current liabilities		**2,425,077**	2,491,939	**2,072,953**	2,089,738
Trade and other payables	36	**1,368,350**	1,193,412	**1,232,698**	1,096,512
Current tax liabilities	28	**604,007**	582,509	**604,007**	582,509
Loans and borrowings	33.1	**669,753**	378,333	**633,767**	345,000
Lease liability	33.2	**36,257**	4,784	**36,257**	4,514
Bank overdraft	31.2	**486,161**	314,933	**14,120**	69,885
Current liabilities		**3,164,528**	2,473,971	**2,520,849**	2,098,420
Total liabilities		**5,589,606**	4,965,910	**4,593,804**	4,188,158
Total equity and liabilities		**8,600,044**	8,713,149	**7,589,263**	7,686,594
Net assets per share		**2.86**	3.51	**2.95**	3.44

The financial statements are to be read in conjunction with the related notes, which form a part of the financial statements of the Company set out on pages 9 to 77.

It is certified that the Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 7 of 2007.



Lasantha Perera
Sector Financial Controller

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



M R Mihular
Chairman



S G Sathasivam
Director

29 May 2026
Colombo

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group		Attributable to owners of the company			Non-controlling interests	Total equity
	Note	Stated capital Rs. '000	Retained earnings Rs. '000	Total Rs. '000	Rs. '000	Rs. '000
Balance as 1 April 2024		511,848	5,676,862	6,188,710	208,611	6,397,321
Total Comprehensive Income for the year						
Profit for the year		-	1,917,871	1,917,871	(32,962)	1,884,909
Other comprehensive income for the year		-	(69,054)	(69,054)	(827)	(69,881)
		-	1,848,817	1,848,817	(33,789)	1,815,028
Transaction with owners of the company						
Dividend paid to owners	17	-	(4,472,790)	(4,472,790)	-	(4,472,790)
Adjustment to dividend related to prior year	36	-	7,680	7,680	-	7,680
Balance as at 31 March 2025		511,848	3,060,570	3,572,418	174,821	3,747,239
Balance as 1 April 2025		511,848	3,060,570	3,572,418	174,821	3,747,239
Total Comprehensive Income for the year						
Profit for the year		-	2,383,195	2,383,195	(52,749)	2,330,446
Other comprehensive income for the year		-	(18,104)	(18,104)	487	(17,617)
			2,365,091	2,365,091	(52,262)	2,312,829
Transaction with owners of the company						
Dividend paid to owners	17	-	(3,049,630)	(3,049,630)	-	(3,049,630)
Acquisition of NCI of Subsidiary		-	18,207	18,207	(18,207)	-
Balance as at 31 March 2026		511,848	2,394,238	2,906,086	104,352	3,010,438

Company	Note	Stated capital Rs. '000	Retained earnings Rs. '000	Total Rs. '000
Balance as at 1 April 2024		511,848	5,995,104	6,506,952
Total Comprehensive Income for the year				
Profit for the year			1,518,270	1,518,270
Other comprehensive income for the year			(61,676)	(61,676)
			1,456,594	1,456,594
Transaction with owners of the company				
Dividend Paid to owners	17		(4,472,790)	(4,472,790)
Adjustment to dividend related to prior year	36		7,680	7,680
Balance as at 31 March 2025		511,848	2,986,589	3,498,436
Balance as at 1 April 2025		511,848	2,986,589	3,498,436
Total Comprehensive Income for the year				
Profit for the year			2,569,593	2,569,593
Other comprehensive income for the year			(22,941)	(22,941)
			2,546,652	2,546,652
Transaction with owners of the company				
Dividend paid to owners	17		(3,049,630)	(3,049,630)
Balance as at 31 March 2026		511,848	2,483,611	2,995,459

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes, which form a part of the financial statements of the Company set out on pages 9 to 77.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March	Notes	GROUP 2026 Rs. '000	GROUP 2025 Rs. '000	COMPANY 2026 Rs. '000	COMPANY 2025 Rs. '000
Cash flows from operating activities					
Profit before taxation		**3,628,105**	2,898,522	**3,920,058**	2,451,071
Adjustments for:					
Depreciation and amortisation	19,20,21,22	**396,037**	411,598	**312,828**	331,789
Provision for retirement benefit obligations	34	**119,926**	75,637	**101,614**	66,005
Profit on disposal of biological assets/ property, plant and equipment	10	**(66,099)**	(37,667)	**(66,099)**	(40,663)
Impairment on investment in subsidiary	24.2	**-**	-	**337,540**	693,677
Gain on fair valuation of consumable biological assets	22.2	**(7,074)**	(79,420)	**-**	-
Gain on fair valuation of produce on bearer plants	22.4	**3,431**	34,357	**3,431**	34,357
Loss on fair valuation of livestock	22.3	**376,617**	366,284	**-**	-
Income from investment fund	23.1	**(851)**	(3,734)	**(851)**	(3,734)
Provision for Doubtful Receivables	27	**25,226**	6,853	**10,811**	2,012
Provision for slow moving Inventory		**-**	(15,166)	**-**	-
Amortisation of capital grants	35	**(2,357)**	(2,553)	**(2,357)**	(2,553)
Unrealized Exchange Gain	13	**743**	(1,642)	**743**	(1,642)
Net finance (income)/ costs	13	**120,497**	(24,579)	**74,616**	(48,605)
Profit before working capital changes		**4,620,817**	3,628,490	**4,718,949**	3,481,714
Changes in working capital					
- Inventories	26	**(69,776)**	178,549	**(100,192)**	40,425
- Trade and other receivables	27	**117,096**	(23,523)	**75,550**	8,396
- Amount due from related companies	29	**6,991**	(294,557)	**226,812**	(264,376)
- Amount due to related companies	29.1	**-**	(9,669)	**-**	(9,669)
- Trade and other payables	36	**183,704**	276,919	**144,954**	285,892
Cash generated from operations		**4,858,833**	3,756,209	**5,066,072**	3,542,382
Interest paid	13	**(199,444)**	(81,963)	**(153,077)**	(69,500)
Income Tax paid	28	**(1,302,790)**	(499,817)	**(1,302,790)**	(499,817)
Retirement benefit obligations paid	34.1	**(63,064)**	(56,302)	**(58,410)**	(53,324)
		(1,565,298)	(638,082)	**(1,514,277)**	(622,641)
Net cash generated from operating activities		**3,293,535**	3,118,127	**3,551,796**	2,919,741
Cash flows from investing activities					
Additions to property, plant and equipment	19	**(886,993)**	(202,871)	**(865,552)**	(169,754)
Addition to Intangible assets	20	**(7,951)**	(9,330)	**(7,565)**	(6,513)
Additions to Bearer biological assets	22	**(4,400)**	(33,917)	**(4,400)**	(34,077)
Proceeds from disposal of biological assets (Livestock)	22.3	**111,257**	98,683	**-**	-
Proceeds from sale of biological assets/ property, plant and equipment		**273,561**	59,460	**273,561**	45,017
Withdrawals made through short/long term investments	30	**74,659**	592,468	**74,787**	594,961
Withdrawals from Investment Fund	23.1	**5,978**	50,000	**5,978**	50,000
Additions/ Disposal to livestock	22.3	**(203,764)**	(186,813)	**-**	-
Investment made in subsidiaries	24.1	**-**	-	**(400,000)**	-
Loan received from related party		**-**	-	**-**	170,000
Interest received	13	**67,862**	151,348	**67,377**	162,911
Net cash used in investing activities		**(596,406)**	519,028	**(882,430)**	812,545
Cash flows from financing activities					
Dividends paid	17	**(3,049,630)**	(4,472,789)	**(3,049,630)**	(4,472,789)
Loans obtained during the year	33.1	**2,729,615**	845,000	**2,570,000**	845,000
Repayment of borrowings	33.1	**(2,591,697)**	(117,220)	**(2,429,178)**	(28,986)
Advance payment for lease	33.2	**(82,910)**	-	**(82,910)**	-
Repayment of lease liabilities	33.2	**(8,776)**	(5,090)	**(8,456)**	(3,931)
Net cash used in financing activities		**(3,003,397)**	(3,750,099)	**(3,000,174)**	(3,660,706)
Increase/ (Decrease) in cash and cash equivalents		**(306,268)**	(112,944)	**(330,809)**	71,580
Movement in cash and cash equivalents					
At the beginning of year		**568,546**	681,490	**810,763**	739,183
(Decrease)/ Increase for the year		**(306,268)**	(112,944)	**(330,809)**	71,580
At the end of the year		**262,278**	568,546	**479,954**	810,763
Cash and cash equivalents		**748,439**	883,479	**494,074**	880,648
Bank overdrafts		**(486,161)**	(314,933)	**(14,120)**	(69,885)
At the end of the year	31	**262,278**	568,546	**479,954**	810,763

Figures in brackets indicate deductions.

The financial statements are to be read in conjunction with the related notes, which form a part of the financial statements of the Company set out on pages 9 to 77.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1. Domicile and legal form

Watawala Plantations PLC (the Company) is a public limited liability company incorporated and domiciled in Sri Lanka under the Companies Act No 17 of 1982 in terms of the provisions of the Conversion of Public Corporations or Government Owned business undertaking into Public Companies Act No 23 of 1987 and re-registered under the Companies Act No 7 of 2007. The registered office of the Company is located at No 60, Dharmapala Mawatha, Colombo 03. The Plantations are situated in the Udugama, Galle District in the Southern Province.

The Consolidated Financial Statements of the Group as at and for the year ended 31 March 2026 comprise the Financial Statements of the Company and its subsidiary Lonach Dairy Ltd, formerly known as "Watawala Dairy Ltd" (Together referred to as the 'Group')

Total staff strength of the Company and the Group on 31 March 2026 was as follows:

Group 1,469

Company 1,248

1.2. Consolidated and separate financial statements

The consolidated financial statements of Watawala Plantations PLC as at and for the year ended 31 March 2026 comprise the financial information of Company and its subsidiary (together referred to as "the Group" and encompass the Company and its subsidiaries (together referred to as the "Group")). The subsidiaries are listed in Note 1.4

The financial statements of all Companies in the Group are prepared for a common financial year, which ends on 31 March.

1.3. Parent Entity and Ultimate Parent Entity

The Immediate parent of Watawala Plantations PLC is Sunshine Wilmar (Private) Limited and ultimate parent is Sunshine Holdings PLC.

1.4. Principal activities and nature of operations

The Company is primarily engaged in cultivation, manufacture and sale of crude palm oil. Its subsidiary Lonach Dairy Ltd is engaged in dairy farming and manufacturing value added products.

The plantations are situated in the Udugama, Galle District in the Southern Province whereas Lonach Dairy Ltd's operations are situated in Hatton.

Entity	Principal Business Activity
Watawala Plantations PLC	Engaged in cultivation, manufacture and sale of crude palm oil
Subsidiary	
Lonach Dairy Ltd	Engaged in dairy farming

There were no significant changes in the nature of the principal activities of the Group during the financial year under review.

2. BASIS OF ACCOUNTING

2.1 Statement of compliance

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

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

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

2.2 Responsibility for Financial statements

The Board of Directors acknowledges this responsibility as set out in the 'Statement of Directors' Responsibility for Financial Statements', 'Annual Report of the Board of Directors' and in the statement appearing with the Statement of Financial Position of this Annual Report on pages 132, 133 and 144 respectively.

2.3 Approval of Financial Statements by Directors

The financial statements of the Group and the Company were authorised for issue by the Board of Directors in accordance with the resolution of the directors on 29th May 2026.

These financial statements include the following components:

- a Statement of Profit or Loss and Other Comprehensive Income providing information on the financial performance of the Group and the Company for the year under review; (Refer page 143).
- a Statement of Financial Position providing information on the financial position of the Group and the Company as at the year end; (Refer page 144).
- a Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Group and Company; (Refer page 145).

NOTES TO THE FINANCIAL STATEMENTS

- a Statement of Cash Flows providing information to the users, on the ability of the Group and Company to generate cash and cash equivalents and the needs of the entity to utilise those cash flows; (Refer page 146).

- Notes to the financial statements comprising material accounting policies and other explanatory information. (Refer pages 147 to 215)

2.4 Change in accounting policies

The Group have changed following accounting policies and applied in the consolidated financial statements as at and for the year ended 31 March 2026.

The Group has initiated a structured adoption pathway for IFRS S1 and S2, the sustainability and climate disclosure standards introduced by the International Sustainability Standards Board (ISSB), effective from 1 January 2025.These standards have been formally adopted in Sri Lanka by CA Sri Lanka as part of the SLFRS Sustainability Disclosure Standards, further highlighting the Group's alignment with both global expectations and national regulatory mandates. (Refer pages 101 to 115)

2.5 Materiality and Aggregation

Each item which is similar in nature is presented separately if material. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard LKAS 1 - Presentation of financial statements.

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

2.6 Going concern

The Group's financial statements have been prepared under the assumption of a going concern, as the Board of Directors is confident that the Group possesses sufficient resources to continue its operations into the foreseeable future. This confidence is based on directors' comprehensive assessment, which takes into account the uncertainties associated with the prevailing economic conditions, and their possible effects on the Group's business operations , profitability, liquidity and capital.

2.7 Rounding

All Financial information presented in Sri Lankan Rupees have been rounded to the nearest thousand (Rs '000) , except where otherwise indicated, as permitted by the Sri Lanka Accounting Standard - LKAS 1 on "Presentation of Financial Statements".

2.8 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the SOFP, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the Income Statement, unless required or permitted by an Accounting Standard or Interpretation (issued by the SLFRS Interpretations Committee and Standard Interpretations Committee) and as specifically disclosed in the Accounting Policies of the Group.

2.9 Comparative information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period in the Financial Statements in order to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability.

The presentation and classification of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year. (refer Note 45)

3. FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements of the group are presented in Sri Lankan Rupees (Rs.), which is the Group's functional currency.

4. BASIS OF MEASUREMENT

The financial statements have been prepared on the historical cost basis and applied consistently which no adjustments being made for inflationary factors affecting the financial statements except for the following material items in the Statement of Financial Position.

* Consumable Biological Assets are measured at fair value less costs to sell per LKAS 41: Agriculture

* Liability for Retirement Benefit Obligation is recognized 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 are measured at fair value as per LKAS 41: Agriculture

5. USE OF ESTIMATE AND JUDGMENTS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets, liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the

process of applying the Group's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's control and are reflected in the assumptions if and when they occur. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. Items with the most significant effect on the amounts recognised in these financial statements with substantial management judgement and/or estimates are collated below with respect to judgement/estimates involved.

a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 22 – Bearer Biological assets - Determining the transfer period from immature to mature plantation
- Note 25 – recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized;

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 March 2026 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 19 – Property, plant & equipments - Estimated useful life of assets
- Note 22.1 – Agriculture produce on bearer plants - Assumptions used to fair value of crops
- Note 22.2 – Consumable Biological assets - Determining the fair value of biological assets on the basis of significant unobservable inputs
- Note 34 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 14 – recognition of current tax expense;
- Note 22 – determining the fair value of biological assets on the basis of significant unobservable inputs;
- Note 33 – Lease liabilities - Determining the interest rates
- Note 40/41 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources
- Note 6.3 – Impairment of financial and non financial assets : key assumptions underlying recoverable amounts

C) Determination of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. Several of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

Level 1 : inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

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

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

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

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

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

d) 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 nonfinancial asset takes into account a market participants ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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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 minimizing the use of unobservable inputs.

6. MATERIAL ACCOUNTING POLICIES

Application of Accounting Policies

The Group has consistently applied the accounting policies for all periods presented in the financial statements, unless otherwise indicated.

6.1 Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

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

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

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

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

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non - controlling interests

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting period

The financial statements of all entities in the Group have a common financial year which ends on 31 March.

Consolidated Financial Statements / Separate Financial Statements

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling parties' perspective. The assets and liabilities of the acquired entity or business should be recorded at the book values as stated in the financial statements of the controlling party.

No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control

combination, to the extent of the continuation of the controlling party or parties' interests; and

Comparative amounts in the financial statements are presented using the principles as set out above as if the entities or businesses had been combined at the previous balance sheet date unless the combining entities or businesses first came under common control at a later date.

The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented (i.e. including the comparative period) or since the date when the combining entities or businesses first came under the control of the controlling party or parties, where this is a shorter period, regardless of the date of the common control combination. The consolidated income statement also takes into account the profit or loss attributable to the minority interest recorded in the consolidated financial statements of the controlling party.

Expenditure incurred in relation to a common control combination that is to be accounted for by using merger accounting is recognized as an expense in the period in which it is incurred. Such expenditure includes professional fees, registration fees, costs of furnishing information to shareholders, and salaries and other expenses involved in achieving the common control combination.

"Consolidation is performed in accordance with LKAS 27 and SLFRS 10. The principal consolidation entries are as follows:

(a) the effects of all transactions between the combining entities or businesses, whether occurring before or after the common control combination, are eliminated; and

(b) since the combined entity will present one set of consolidated financial statements, a uniform set of accounting policies is adopted which may result in adjustments to the assets, liabilities and equity of the combining entities or businesses."

6.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

6.3 Impairment of Assets

6.3.1 Financial instruments and contract assets

The Group/company recognises loss allowances for ECLs on financial assets measured at amortised cost.

Loss allowances for trade receivables is always measured at an amount equal to lifetime Expected Credit Loss (ECL).

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

The group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group/Company considers a financial asset to be in default when the past due days are more than 90 days and on,

– the debtors are unlikely to pay their credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any held); or

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

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

Measurement of ECLs

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

Credit-impaired financial assets

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

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

- significant financial difficulty of the borrower or issuer;

NOTES TO THE FINANCIAL STATEMENTS

- a breach of contract;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

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

6.3.2 Non - financial assets

At each reporting date, the Group/Company reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

7 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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 is allowed, but the Group has not early adopted any of the new or amended standards in the preparation of these financial statements.

7.1 SLFRS 18 Presentation and Disclosures in Financial Statements

SLFRS 18 will replace LKAS 1 Presentation of Financial Statements and is applicable for annual reporting periods beginning on or after 01 January 2027. The new accounting standard introduces the following key new requirements.

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

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

The Group is in the process of assessing the impact of the new accounting standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements

8. OPERATING SEGMENTS

Accounting policy

Operating segments are reported in a manner consistent with the internal reporting provided to the chief executive officer. The executive committee of the Company assesses the financial performance and position of the Company and its subsidiaries and makes strategic decisions

8.1 Segmental Reporting

The Group has a strategic division with three separate reportable segments.

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

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

Assets and Liabilities directly attributable to each segment are allocated to the respective segments. Assets and Liabilities which are not directly attributable to a segment are allocated on a reasonable basis wherever possible. The activities of the segments are described in Note 1.4 to the Financial Statements on pages 154 to 155.

8.2 Segmental analysis by principal activities

The analysis of the performance by the principal activities, is as follows:

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8.2.1 Segmental analysis by principal activities - Group

For the year ended 31 March	Palm Oil		Dairy	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue	**8,354,713**	6,615,956	**1,087,459**	1,184,087
Gross profit/(loss)	**4,800,297**	3,564,451	**7,040**	2,782
Other operating income/(expense)	**198,124**	157,072	**(179,023)**	88,492
Gain/Loss on changes in fair value of biological assets	**(3,431)**	(34,357)	**(369,543)**	(286,865)
Administrative expenses	**(571,072)**	(517,062)	**(27,671)**	(26,610)
Selling and distribution expenses	**(181,213)**	(139,385)	**-**	-
Impairment of loss on financial assets	**(10,810)**	(6,853)	**(14,415)**	-
Operating profit/(loss)	**4,231,895**	3,023,867	**(583,612)**	(222,201)
Net finance (cost) / income	**(74,616)**	48,605	**(45,881)**	(24,026)
Profit/(loss) before tax	**4,157,279**	3,072,470	**(629,494)**	(246,227)
Tax expenses	**(1,421,631)**	(1,119,222)	**52,806**	(80,811)
Profit/(loss) for the year	**2,735,648**	**1,953,250**	**(576,688)**	**(327,038)**
Other Comprehensive Income				
Actuarial gain/(loss) on retirement benefit obligation	**(32,773)**	(88,108)	**6,655**	(10,256)
Tax on actuarial gain/(loss) on retirement benefit obligation	**9,832**	26,432	**(1,331)**	2,051
Total other comprehensive income/(expense)	**(22,941)**	(61,676)	**5,324**	(8,204)
Total comprehensive income/(expense) for the year	**2,712,707**	1,891,572	**(571,364)**	(335,243)

Segmental analysis by principal activities - Company

For the year ended 31 March	Palm Oil		Other	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue	**8,354,713**	6,615,956	**-**	-
Gross profit	**4,800,297**	3,564,450	**-**	-
Other income/ (expense)	**198,124**	157,072	**103,136**	78,216
Gain/Loss on changes in fair value of biological assets	**(3,431)**	(34,357)	**-**	-
Administrative expenses	**(571,071)**	(517,062)	**-**	-
Selling and distribution expenses	**(181,213)**	(139,385)	**(2,817)**	(5,939)
Impairment of loss on financial assets	**(10,810)**	(6,853)	**(337,540)**	(693,677)
Operating profit/ (loss)	**4,231,895**	3,023,866	**(237,221)**	(621,400)
Net finance income/ (cost)	**(74,616)**	48,605	**-**	-
Profit/ (loss) before tax	**4,157,279**	3,072,471	**(237,221)**	(621,400)
Tax expenses	**(1,421,631)**	(1,119,221)	**71,166**	186,420
Net profit	**2,735,648**	1,953,250	**(166,055)**	(434,980)
Other Comprehensive Income				
Actuarial gain/(loss) on retirement benefit obligation	**(32,773)**	(88,108)	**-**	-
Tax on actuarial gain/(loss) on retirement benefit obligation	**9,832**	26,432	**-**	-
Total other comprehensive income/ (expense)	**(22,941)**	(61,676)	**-**	-
Total comprehensive income/(expense) for the year	**2,712,707**	1,891,574	**(166,055)**	(434,980)

Other		Inter segment adjustments		Total	
2026	2025	2026	2025	2026	2025
Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
-	-	-	-	**9,442,172**	7,800,043
-	-	**12,209**	40,184	**4,819,546**	3,607,417
103,136	78,216	**(12,209)**	(40,184)	**110,028**	283,596
-	-	-	-	**(372,974)**	(321,221)
-	-	-	-	**(623,968)**	(550,525)
(2,817)	(5,939)	-	-	**(184,030)**	(145,324)
(337,541)	(693,677)	**337,540**	693,677	**(25,226)**	(6,853)
(237,220)	(621,400)	**337,540**	693,677	**3,748,602**	2,873,943
-	-	-	-	**(120,497)**	24,579
(237,221)	(621,400)	**337,540**	693,677	**3,628,105**	2,898,522
71,166	186,420	-	-	**(1,297,659)**	(1,013,613)
(166,055)	**(434,980)**	**337,540**	**693,677**	**2,330,446**	**1,884,909**
-	-	-	-	**(26,118)**	(98,364)
-	-	-	-	**8,501**	28,483
-	-	-	-	**(17,617)**	(69,881)
(166,055)	(434,980)	**337,540**	693,677	**2,312,829**	1,815,028

Total	
2026	2025
Rs. '000	Rs. '000
8,354,713	6,615,956
4,800,297	3,564,451
301,260	235,288
(3,431)	(34,357)
(571,072)	(517,062)
(184,030)	(145,324)
(348,350)	(693,677)
3,994,674	2,402,466
(74,616)	48,605
3,920,058	2,451,071
(1,350,465)	(932,801)
2,569,593	1,518,270
(32,773)	(88,108)
9,832	26,432
(22,941)	(61,676)
2,546,652	1,456,594

NOTES TO THE FINANCIAL STATEMENTS

9. REVENUE

Accounting policy

SLFRS 15 - Revenue from contracts with customers, establishes a comprehensive framework for determining whether, how much and when revenue is recognised. The Group recognises revenue when it transfers control over goods or services to a customer. Judgement is used to determine the timing of transfer of control - at a point in time or over time.

A Revenue streams

The Group generates revenue from plantation and dairy operations.

9.1 Major products

For the year ended 31 March	GROUP		COMPANY	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue				
Palm oil products	**8,354,713**	6,615,956	**8,354,713**	6,615,956
Dairy Farming	**1,087,459**	1,184,087	-	-
Total	**9,442,172**	7,800,043	**8,354,713**	6,615,956

A Segment is a distinguishable component of the group that is engaged either in providing product or services (Business Segments), or in providing products or services within a particular economic environment (geographical segments), which is subject to risks and rewards that are different from those of other segments. Segment information is presented in respect of the Group's business. There are no distinguishable components to be identified as geographical segments for the group. The business segments are reported based on the Group management and reporting structure.

For the year ended 31st March	GROUP		COMPANY	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue from contracts with customers	**9,442,172**	7,800,043	**8,354,713**	6,615,956
	9,442,172	7,800,043	**8,354,713**	6,615,956

B Disaggregation of revenue from contracts with customers

In the following table, revenue from contacts with customers is disaggregated by primary geographical market and timing of revenue recognition.

For the year ended 31st March	GROUP		COMPANY	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Primary Geographic Markets				
Local	**9,442,172**	7,800,043	**8,354,713**	6,615,956
	9,442,172	7,800,043	**8,354,713**	6,615,956
Timing of revenue recognition				
Products transferred at a point in time	**9,442,172**	7,800,043	**8,354,713**	6,615,956
Revenue from contracts with customers	**9,442,172**	7,800,043	**8,354,713**	6,615,956

C Contract balances

These refer to the Group's rights to consideration for work completed but not billed at the reporting date. There were no contract balances as at the reporting date.

D Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over a good or service to a customer, at a point in time or over the time as appropriate.

The following table provides information about the nature and timing of the satisfaction of performance obligation in contacts with customers, including significant payment terms and related revenue recognition policies.

Type of product/ services	Nature and timing of satisfaction of performance obligation	Revenue recognition under SLFRS 15
Plantation		
Palm oil products	Customers obtain the control of the produce after the customer acknowledgment at the dispatch point.	Revenue is recognised point in time, at the time of dispatch after the customer acknowledgment.
Sale of plantation produce	The Company is selling other crops to customers after placing a sales order and revenue from tea is recognized at the time of dispatching the respective order.	Revenue from sale of other crops are recognized at the point in time when the control of the goods has been transferred to the customer generally upon delivery of the goods to the location specified by the customer and the acceptance of the goods by the customer.
Dairy farming		
Fresh Milk	Customer obtains the control of Fresh Milk after the customer acknowledgment at the dispatch point.	Revenue from fresh milk is recognized at the point in time when the control of the goods has been transferred to the customer generally upon delivery of the goods to the location specified by the customer and the acceptance of the goods by the customer.

10 OTHER INCOME

Accounting policy

Gains and losses on disposal of an item of property, plant & equipment

Profit or loss is determined by comparing the net sales proceeds with the carrying amounts of property, plant & equipment.

Grants

Grants are recognized initially as deferred income when there is a reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognized in Statement of Profit or Loss on a systematic basis in the periods in which the expenses are recognized. Grants that compensate the Group for the cost of an asset are recognized in Statement of Profit or Loss on a systematic basis over the useful life of the asset.

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Rent Income

The rental income primarily consists of property rent received from third parties, in addition to revenue generated from the entity's core business operations.

For the year ended 31st March	Note	GROUP 2026 Rs. '000	GROUP 2025 Rs. '000	COMPANY 2026 Rs. '000	COMPANY 2025 Rs. '000
Profit on disposal of property, plant and equipment		**66,099**	40,663	**66,099**	40,663
Amortisation of capital grants	35	**2,357**	2,553	**2,357**	2,553
Factory rental		**9,920**	6,542	**9,920**	6,542
Rent income		**6,625**	11,005	**6,430**	10,975
Profit/(loss) from sale of green leaf and other crops	10.1	**6,609**	32,789	**6,609**	32,789
Carbon credit sales		**13,208**	10,985	**13,208**	10,985
Income from sundry operations		**5,210**	179,059	**196,637**	130,781
Total		**110,028**	283,596	**301,260**	235,288

10.1 Profit/(loss) from sale of green leaf and other crops

Income from green leaf and other crops		**88,203**	145,648	**88,203**	145,648
Less : Costs incurred on green leaf and other crops operation		**(81,594)**	(112,859)	**(81,594)**	(112,859)
Total		**6,609**	32,789	**6,609**	32,789

11 GAIN/(LOSS) ON CHANGES IN FAIR VALUE OF BIOLOGICAL ASSETS

For the year ended 31st March	Note	GROUP 2026 Rs. '000	GROUP 2025 Rs. '000	COMPANY 2026 Rs. '000	COMPANY 2025 Rs. '000
Fair value loss on produce on bear plants	22.4	**(3,431)**	(34,357)	**(3,431)**	(34,357)
Fair value gain on Consumable biological assets	22.2	**7,074**	79,420	-	-
Fair value loss on livestock	22.3	**(376,617)**	(366,284)	-	-
Total		**(372,974)**	(321,221)	**(3,431)**	(34,357)

12 OPERATING PROFIT

Accounting policy

Operating profit is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs and income taxes.

For the year ended 31st March	Note	GROUP 2026 Rs. '000	GROUP 2025 Rs. '000	COMPANY 2026 Rs. '000	COMPANY 2025 Rs. '000
Auditors' remuneration					
- Audit		**3,400**	3,092	**2,775**	2,525
- Audit related		**355**	525	**355**	525
Amortization - Right to use of assets	21	**21,772**	20,875	**21,533**	20,633
Depreciation/ amortization					
- Amortization of Intangible assets	20	**10,269**	10,419	**9,800**	10,064
- Property, plant and equipment	19	**198,574**	203,886	**118,606**	126,541
- Biological assets - bearer	22.1	**165,422**	176,417	**162,889**	174,551
Provision for obsolete inventories	26.1	**-**	15,166	**-**	-
Directors' emoluments		**21,110**	22,270	**21,110**	22,000
Staff costs	12.1	**1,508,839**	1,378,077	**1,419,632**	1,297,598

12.1 Staff costs

Wages and salaries	**1,302,001**	1,176,289	**1,237,070**	1,110,717
Defined contribution plan	**47,498**	100,356	**41,650**	95,080
Defined benefit plan	**108,305**	75,636	**89,877**	66,005
Workers' profit share bonus	**51,035**	25,796	**51,035**	25,796
Total	**1,508,839**	1,378,077	**1,419,632**	1,297,598

Executive Directors' emoluments are included under Salaries, wages and other staff cost are also disclosed under compensation of Key Management Personnel in Note 40.1A.

12.2 Impairment loss on financial assets

For the year ended 31st March	GROUP 2026 Rs. '000	GROUP 2025 Rs. '000	COMPANY 2026 Rs. '000	COMPANY 2025 Rs. '000
Provision for Doubtful Receivables	**25,226**	6,853	**10,811**	2,012
Total	**25,226**	6,853	**10,811**	2,012

13 NET FINANCE COST

Accounting policy

The Group's finance income and finance costs include:

- interest income
- interest expenses
- the foreign currency gain or losses on financial assets and financial liabilities
- Interest income or expenses is recognized using the effective interest method.

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The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments to:

- the gross carrying amount of the financial assets; or
- the amortized cost of the financial liability.

For the year ended 31st March	Note	GROUP 2026 Rs. '000	GROUP 2025 Rs. '000	COMPANY 2026 Rs. '000	COMPANY 2025 Rs. '000
Finance costs					
Exchange loss		-	(1,642)	-	(1,642)
Interest on term loan		**(86,590)**	(52,905)	**(80,881)**	(43,165)
Interest on bank overdrafts		**(41,294)**	(2,788)	**(636)**	(182)
Interest on lease liabilities	34	**(71,560)**	(69,434)	**(71,560)**	(69,317)
Total		**(199,444)**	(126,769)	**(153,077)**	(114,306)
Finance income					
Exchange gain		**743**	-	**743**	-
Interest income on related party loan		-	-	-	13,491
Interest income on short-term bank deposits		**78,204**	151,348	**77,718**	149,420
Total		**78,947**	151,348	**78,461**	162,911
Net finance (Expense)/ Income		**(120,497)**	24,579	**(74,616)**	48,605

14 INCOME TAX EXPENSES

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in Statement of Profit or Loss except to the extent that it relates to a business combination, or items recognized directly in equity or in Other Comprehensive Income.

The Group has determined that interest and penalties relating 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.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the taxation authorities in respect of current year as well as any adjustment to the tax payable or receivable in respect of previous years. The tax rates and tax laws used to compute the amount of current tax assets and liabilities are those that are enacted or substantively enacted on the reporting date. Current income tax relating to items recognised directly in equity, is recognised in equity and not in the income statement.

Current tax assets and liabilities are offset only if certain criteria are met.

Management periodically evaluates positions taken in the tax returns, with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Management has used its judgement on the application of tax law including transfer pricing regulations involving identification of associated undertaking, estimation of respective arm's length prices and selection of appropriate pricing mechanism.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Refer Note 25 for detail accounting policy.

Accounting judgement, Estimates and Assumptions

The Group is subject to income tax and judgement is required to determine the total provision for current, deferred and other taxes due to the uncertainties that exist with respect to interpretation of the applicability of tax laws, at the time of preparation of these financial statements.

The deferred tax liabilities/ assets are disclosed under Note 25 to the financial statements.

For the year ended 31st March	Note	GROUP 2026 Rs. '000	GROUP 2025 Rs. '000	COMPANY 2026 Rs. '000	COMPANY 2025 Rs. '000
Income Tax charge for the year	14.1	**1,363,324**	1,004,304	**1,363,324**	1,004,304
Over provision with respect of prior years		**-**	(23,802)	**-**	(23,802)
Deferred tax recognised in the income statement	25	**(65,665)**	33,111	**(12,859)**	(47,701)
Taxes included in statement of profit /loss		**1,297,659**	1,013,613	**1,350,465**	932,801
Deferred tax recognised in other comprehensive income		**(8,501)**	(28,483)	**(9,832)**	(26,432)
Taxes included in total comprehensive income		**1,289,158**	985,130	**1,340,633**	906,369

The taxable profit of the Company is liable for income tax at the rate of 30% for the year ended 31st March 2026.

Lonach Dairy Limited enjoyed a tax exemption period of five years from the year in which the Company commences to make profits or any year of assessment not later than two years reckoned from the date of commencement of commercial operations whichever is earlier, under section 17(2) of the Board of Investment of Sri Lanka, Law No: 4 of 1978 and in accordance with the provision of the Inland Revenue Act No. 24 of 2017.

After the expiration of the tax exemption period, the profit and income of the Company shall be charged at the rate of twenty percent (20%) for any year of assessment immediately succeeding the last date of the tax exemption period during which the profit and income of the entity is exempted from income tax.

NOTES TO THE FINANCIAL STATEMENTS

14.1 Reconciliation of accounting profit to income tax

For the year ended 31st March	GROUP		COMPANY	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Profit before taxation	**3,628,105**	2,898,522	**3,920,058**	2,451,071
Less : Investment income/ other income	**83,556**	(368,248)	**(94,982)**	(221,088)
Add : Disallowable Expenses	**1,130,028**	1,682,580	**981,910**	1,253,849
Less : Allowable Expenses	**(687,891)**	(626,408)	**(357,556)**	(313,636)
Assessable income from business	**4,153,797**	3,586,444	**4,449,430**	3,170,196
Add : Other Income	**(90,784)**	177,483	**94,982**	177,483
Total Statutory/ Taxable Income	**4,063,013**	3,763,927	**4,544,412**	3,347,679
Tax losses claimed during the year	-	(90,424)	-	-
Statutory/ Taxable income - Agro Farming (Exempted)	-	(325,825)	-	-
Tax loss during the year	**481,399**	-	-	-
Total Statutory/ Taxable Income	**4,544,412**	3,347,679	**4,544,412**	3,347,679
Income Tax at 30%	**1,363,324**	1,004,304	**1,363,324**	1,004,304
	1,363,324	1,004,304	**1,363,324**	1,004,304

14.2 Group Accumulated Tax Losses

For the year ended 31st March	GROUP	
	2026	2025
	Rs. '000	Rs. '000
Balance as at 1st April	**178,209**	1,372,909
Adjustment in respect of prior year	**184,464**	(219,528)
Add : Tax loss for the year	**481,399**	250,504
Less : Tax Loss claimed during the Year	-	(90,424)
Less : Tax Loss expired during the Year	**(118,645)**	(1,135,253)
Total	**725,426**	178,208

Brought forward tax losses consist of losses generated from the year 2024/25 - Rs. 342.8 Mn, 2025/26 - Rs. 382.5 Mn from Lonach Dairy Limited.

15 ADJUSTED EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (Adjusted EBITDA)

Management has presented the performance measure adjusted EBITDA because it monitors this performance measure at a consolidated level and it believes that this measure is relevant to an understanding of the Group's financial performance. Adjusted EBITDA is calculated by adjusting profit from continuing operations to exclude the impact of taxation, net financier costs, depreciation, amortization, impairment losses/ reversals related to goodwill, intangible assets and property plant and equipment.

Adjusted EBITDA is not a defined performance measure in SLFRS. The Group's definition of adjusted EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities.

Reconciliation of adjusted EBITDA to profit from continuing operations - Group

	GROUP	
	2026	2025
	Rs. '000	Rs. '000
Profit for the year	**2,330,446**	1,884,909
Income tax expense	**1,297,659**	1,013,613
Profit before tax	**3,628,105**	2,898,522
Adjustment for:		
Net finance costs	**120,497**	24,579
Depreciation	**198,575**	235,179
Amortization	**197,463**	176,423
Adjusted EBITDA	**4,144,640**	3,334,703

16 BASIC/ DILUTED EARNINGS PER SHARE

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

16.1 Basic Earnings Per Share

The earnings per share is computed on the profit attributable to ordinary shareholders after tax and Non Controlling Interest divided by the weighted average number of ordinary shares during the year.

		GROUP		COMPANY	
For the period ended 31 March	Note	2026	2025	2026	2025
Profit for the year, attributable to the owners of the Company (Rs. '000)		**2,383,195**	1,917,871	**2,569,593**	1,518,270
Weighted average no of ordinary shares (basic) ('000)	16.1.1	**1,016,543**	1,016,543	**1,016,543**	1,016,543
Basic earnings per share (Rs)		**2.34**	1.89	**2.53**	1.49

16.1.1 Weighted Average No of Shares

	COMPANY	
	2026	2025
	'000	'000
Issued ordinary shares as at 1 April	**1,016,543**	203,309
Effect of the Share Split	**-**	813,234
Weighted average No of shares	**1,016,543**	1,016,543

16.2 Diluted earnings per share

The company had no dilutive ordinary shares outstanding as of 31 March 2026.

NOTES TO THE FINANCIAL STATEMENTS

17 DIVIDEND PER SHARE

Accounting policy

Dividend declared by the Board of Directors after the reporting date is not recognised as a liability and is disclosed as a note to the financial statements.

The Board of Directors of the Company has declared a final dividend of Rs 0.80 per share (2025 - final dividend of Rs. 1.30 per share) for the financial year ended 31 March 2026.

For the year ended 31 March	COMPANY 2026 Rs. '000	COMPANY 2025 Rs. '000
Final dividend		
Final dividend paid Rs. 1.30 (2025 - Rs. 1.40)	**1,321,506**	1,423,160
Interim dividend		
First Interim dividend paid Rs. 1.70 (2025 - Rs.1.60)	**1,728,124**	1,626,469
Second Interim dividend paid (2025 - Rs. 1.40)	**-**	1,423,160
Total dividend paid	**3,049,630**	4,472,789
Number of ordinary shares ('000)	**1,016,543**	1,016,543
Dividend paid per share (Rs.)	**3.00**	4.40

18 FINANCIAL ASSETS AND LIABILITIES

Financial Assets

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 at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; equity investment; or FVTPL (Fair value through profit or loss).

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

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

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

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

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment

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

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

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

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

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument.

Financial assets - Subsequent measurement and gains and losses

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

NOTES TO THE FINANCIAL STATEMENTS

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: trade and other payables and bank overdrafts.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Derecognition

a. Financial assets

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

b. Financial liabilities

The Group derecognised a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognised a financial liability when its terms are modified and the cash flows of the modified liability were substantially different, in which case a new financial liability based on the modified terms was 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) was recognised in profit or loss.

Classification of financial assets and financial liabilities

The following table provides a reconciliation between line item in the statement of financial position and categories of financial instruments.

	GROUP				COMPANY			
31-Mar-2026	Mandatorily at FVTPL	FVOCI - equity instruments	Amortised cost	Total carrying value	Mandatorily at FVTPL	FVOCI - equity instruments	Amortised cost	Total carrying value
	Rs. ' 000		Rs. ' 000	Rs. ' 000	Rs. ' 000		Rs. ' 000	Rs. ' 000
Financial assets not measured at fair value								
Trade and Other receivables	-	-	168,072	168,072	-	-	97,299	97,299
Amounts due from related company	-	-	319,313	319,313	-	-	326,707	326,707
Short term investments	-	-	292,194	292,194	-	-	288,713	288,713
Cash and bank balance	-	-	748,439	748,439	-	-	494,074	494,074
	-	-	1,528,018	1,528,018	-	-	1,206,793	1,206,793
Total financial assets	-	-	1,528,018	1,528,018	-	-	1,206,793	1,206,793
Tax receivables	-	-	41,010	41,010	-	-	40,689	40,689
Trade and other receivables	-	-	209,082	209,082	-	-	137,989	137,989
Financial liabilities not measured at fair value								
Interest bearing borrowings	-	-	1,044,752	1,044,752	-	-	1,008,767	1,008,767
Lease Liabilities	-	-	574,865	574,865	-	-	584,215	584,215
Bank overdraft	-	-	486,161	486,161	-	-	14,120	14,120
Trade and other payables	-	-	731,367	731,367	-	-	598,927	598,927
Total Financial liabilities	-	-	2,837,145	2,837,145	-	-	2,206,029	2,206,029

NOTES TO THE FINANCIAL STATEMENTS

	GROUP				COMPANY			
31-Mar-25	Mandatorily at FVTPL	FVOCI - equity instruments	Amortised cost	Total carrying value	Mandatorily at FVTPL	FVOCI - equity instruments	Amortised cost	Total carrying value
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
Financial assets measured at fair value								
Investment Fund	5,127	-	-	5,127	5,127	-	-	5,127
	5,127	-	-	5,127	5,127	-	-	5,127
Financial assets not measured at fair value								
Trade and Other receivables	-	-	313,638	313,638	-	-	186,898	186,898
Amounts due from related company	-	-	326,304	326,304	-	-	553,519	553,519
Short term investments	-	-	366,853	366,853	-	-	363,500	363,500
Cash at banks and in hand	-	-	883,479	883,479	-		880,648	880,648
	-	-	1,890,274	1,890,274	-	-	1,984,564	1,984,564
Total financial assets	5,127	-	1,890,274	1,895,400	5,127	-	1,984,564	1,989,691
Other receivables which are not financial assets								
Tax receivables	-	-	37,452	37,452	-	-	37,452	37,452
Trade and other receivables	-	-	351,404	351,404	-	-	224,350	224,350
Financial liabilities not measured at fair value								
Interest bearing borrowings	-	-	898,067	898,067	-	-	859,178	859,178
Lease Liabilities	-	-	471,976	471,976	-	-	481,006	481,006
Bank overdraft	-	-	314,933	314,933			69,885	69,885
Trade and other payables			478,206	478,206	-	-	393,550	393,550
Total Financial liabilities	-	-	2,163,182	2,163,182	-	-	1,803,620	1,803,620
Other Payabless which are not financial liabilities	-	-	399,355	399,355	-	-	396,268	396,268
Tax payables	-	-	315,853	315,853	-	-	306,692	306,692
Trade and other payables	-	-	715,208	715,208	-	-	702,960	702,960

19 PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Recognition and measurement

Property, Plant and Equipment are recorded at cost less accumulated depreciation and accumulated impairment losses if any.

The cost of Property, Plant and Equipment is the cost of purchase or construction together with any expenses incurred in bringing the asset to its working condition for its intended use.

Expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature by means of which to carry on the business or to increase the earning capacity of the business has been treated as capital expenditure. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

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

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Restoration costs

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

Capital work-in-progress

Capital work-in-progress is stated at cost and not depreciated. Depreciation on capital work-in-progress commences when the assets are ready for the intended use. These are expenses of a capital nature directly incurred in the construction of buildings, major plants/ machineries and system developments awaiting capitalization. Capital work-in-progress is stated at cost less any accumulated impairment loss.

Leasehold assets

The determination of whether an arrangement is, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Finance leases that transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit or Loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

The cost of improvements on leased hold property is capitalised and depreciated over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is lower.

Subsequent costs

The cost of replacing a component 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.

NOTES TO THE FINANCIAL STATEMENTS

De-recognition

The carrying amount of an item of property, plant and equipment is de-recognised on disposal; or when no future economic benefits are expected from its use. Gains and losses on de-recognition are recognised in Statement of Profit or Loss and gains are not classified as revenue.

Depreciation

Depreciation is recognised in Statement of Profit or Loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

Assets held under finance leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets unless it is reasonably certain that the Group will have ownership by the end of the lease term. Expected useful life of lease assets are determined by reference to comparable owned assets or over the term of lease, which is shorter. As no finite useful can be determined related carrying value of freehold land is not depreciated though it is subject to impairment testing.

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is de-recognised.

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

	Freehold Assets	Leasehold Assets
Right of use land		53 Years
Improvements to land		30 Years
Vested Other Assets		30 Years
Buildings	40 Years	23 Years
Plant and Machinery	13 Years	13 Years
Equipment	08 Years	
Computer Equipment	04 Years	
Computer Software	06 Years	
Furniture and Fittings	10 Years	
Motor Vehicles	05 Years	05 Years
Sanitation, water and electricity	20 Years	20 Years
Roads and Bridges	40 Years	40 Years
Fence and Security Lights	03 Years	03 Years

Depreciation methods, useful life and residual values are re-assessed at the reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Impairment of non financial assets

The carrying amount to groups non-financial assets are reviewed at each reporting date to determine if there is any indication of impairment. If any such indication exists, them the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date or more frequently, if events or changes in circumstances indicate that they might be impaired.

Calculation of recoverable amount

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and there risks specific to the asset. A cash generating unit is the smallest identifiable assets group that generate cash flows that are largely independent from other assets and groups.

Provision for / reversal of impairment

The carrying value of property plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceed the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognized in the statement of comprehensive income unless it reverses a previous revaluation surplus for the same asset.

Group	Opening					Closing				
	As at 1 Apr '24	Addition	Disposal	Transfer	As at 31 Mar '25	As at 1 Apr '25	Addition	Disposal	Transfer	As at 31 Mar '26
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
Cost										
Land	166,042	-	-	-	166,042	166,042	-	(166,042)	-	-
Buildings	1,810,963	1,682	-	20,921	1,833,566	1,833,566	-	(5,706)	52,960	1,880,820
Capital work in progress	42,827	108,337	(2,430)	(56,535)	92,199	92,199	721,603	-	(58,744)	755,058
Motor vehicles	447,229	28,714	(21,100)	-	454,843	454,843	118,621	(32,916)	-	540,548
Plant and machineries	1,228,485	25,972	-	-	1,254,457	1,254,457	6,480	-	5,784	1,266,721
Equipment	124,830	26,785	-	-	151,615	151,615	10,161	(1,487)	-	160,289
Computer equipments	25,474	6,178	-	7,337	38,989	38,989	5,685	-	-	44,674
Furniture and fittings	43,868	3,487	-	-	47,355	47,355	3,182	(3,620)	-	46,917
Others	286,700	1,716	-	28,277	316,693	316,693	21,261	(16,968)	-	320,986
Total	4,176,418	202,871	(23,530)	-	4,355,759	4,355,759	886,993	(226,739)	-	5,016,013

	Opening					Closing				
	As at 1 Apr '24	Addition	Disposal	Transfer	As at 31 Mar '25	As at 1 Apr '25	Addition	Disposal	Transfer	As at 31 Mar'26
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
Accumulated depreciation										
Buildings	331,833	57,252	-	-	389,085	389,085	57,693	(444)	-	446,334
Motor vehicles	321,784	40,213	(17,660)	-	344,337	344,337	42,687	(29,655)	-	357,369
Plant and machineries	760,230	69,747	-	-	829,977	829,977	62,738	-	-	892,715
Equipment	90,606	13,906	-	-	104,512	104,512	13,141	(1,472)	-	116,181
Computer equipments	16,050	4,934	-	-	20,984	20,984	6,581	-	-	27,565
Furniture and fittings	17,761	4,270	-	-	22,031	22,031	4,274	(2,169)	-	24,136
Others	82,241	13,564	-	-	95,805	95,805	11,460	(12,153)	-	95,112
Total	1,620,505	203,886	(17,660)	-	1,806,731	1,806,731	198,574	(45,893)	-	1,959,412

Reconciliation of carrying value	As at 31 Mar'26	As at 31 Mar'25
	Rs. ' 000	Rs. ' 000
Land	-	166,042
Buildings	1,434,486	1,444,480
Capital work in progress	755,058	92,199
Motor vehicles	183,179	110,506
Plant and machineries	374,006	424,480
Equipment	44,108	47,103
Computer equipments	17,109	18,005
Furniture and fittings	22,781	25,324
Others	225,874	220,888
Total	3,056,601	2,549,027

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Company	Opening					Closing				
	As at 1 Apr'24	Addition	Disposal	Transfer	As at 31 Mar'25	As at 1 Apr'25	Addition	Disposal	Transfer	As at 31 Mar'26
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
Cost										
Land	166,042				166,042	166,042		(166,042)		-
Buildings	591,185	1,682			592,867	592,867		(5,706)	46,531	633,692
Capital work in progress	9,671	75,634		(1,954)	83,351	83,351	720,534		(52,315)	751,570
Motor vehicles	385,205	28,714	(21,100)		392,819	392,819	99,593	(32,916)		459,496
Plant and machineries	940,824	25,972			966,796	966,796	6,480		5,784	979,060
Equipment	44,603	26,785			71,388	71,388	10,161	(1,487)		80,062
Computer equipments	23,398	5,764			29,162	29,162	4,341			33,503
Furniture and fittings	35,840	3,487			39,327	39,327	3,182	(3,620)		38,889
Others	122,096	1,716		1,954	125,766	125,766	21,261	(16,968)	-	130,059
Total	2,318,864	169,754	(21,100)	-	2,467,518	2,467,518	865,552	(226,739)	-	3,106,331

	Opening					Closing				
	As at 1 Apr'24	Addition	Disposal	Transfer	As at 31 Mar'25	As at 1 Apr'25	Addition	Disposal	Transfer	As at 31 Mar'26
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. '000
Accumulated depreciation										
Buildings	118,929	22,572			141,501	141,501	22,521	(444)		163,578
Motor vehicles	266,665	35,725	(17,660)		284,730	284,730	36,049	(29,655)		291,124
Plant and machineries	619,283	47,739			667,022	667,022	40,730			707,752
Equipment	31,918	5,553			37,471	37,471	6,858	(1,472)		42,857
Computer equipments	14,377	3,710			18,087	18,087	4,150			22,237
Furniture and fittings	12,739	3,478			16,217	16,217	3,482	(2,169)		17,530
Others	42,315	7,763			50,078	50,078	4,815	(12,154)		42,739
Total	1,106,226	126,541	(17,660)	-	1,215,106	1,215,106	118,605	(45,894)	-	1,287,817

Reconciliation of carrying value	As at 31 Mar'26	As at 31 Mar'25
	Rs. ' 000	**Rs. ' 000**
Land	-	166,042
Buildings	470,114	451,366
Capital work in progress	751,570	83,351
Motor vehicles	168,372	108,089
Plant and machineries	271,308	299,774
Equipment	37,205	33,917
Computer equipments	11,266	11,075
Furniture and fittings	21,359	23,110
Others	87,320	75,688
Total	1,818,514	1,252,412

19.2 Title restriction on property, plant and equipment

There are no restrictions that existed on the title of the property, plant and equipment of the Group as at the reporting date.

19.3 Acquisition of property, plant and equipment during the year

During the financial year, the Group acquired property, plant and equipment to the aggregate value of Rs. 887 Mn (2025- Rs. 203 Mn).

19.4 Capitalisation of borrowing costs

There is no capitalisation of borrowing cost relating to the acquisition of property, plant and equipment by the Group during the year (2025 - Nil).

19.5 Amount of contractual commitments for the acquisition of property, plant and equipment

The commitments for the acquisition of property, plant and equipment as at the reporting date has been disclosed in Note 42. (2025: Nil).

19.6 Impairment of property, plant and equipment

The Board of Directors has assessed the potential impairment loss of property, plant and equipment as at 31 March 2026. Based on the assessment, no impairment provision is required to be made in the financial statements as at the reporting date in respect of property, plant and equipment.

19.7 Temporarily idle property, plant and equipment

There are no temporarily idle property, plant and equipment as at the reporting date.

19.8 Compensation from third parties for items of property, plant and equipment

There were no compensation received / receivable from third parties for items of property, plant and equipment that were impaired, lost or given up.

20 INTANGIBLE ASSETS

Accounting policy

Recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Internally generated intangible assets, excluding capitalized development costs, are not capitalised and expenditure is reflected in the Statement of Profit or Loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit or Loss when the asset is de-recognised.

Computer software

Computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives and carried at its cost less accumulated amortisation and accumulated impairment losses. Costs associated with maintaining computer software programs are recognised as expense incurred.

Development costs that are directly attributable to the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognized as intangible assets and amortized over the useful lives.

NOTES TO THE FINANCIAL STATEMENTS

Directly attributable costs, capitalized as part of the software product include the software development employee cost and an appropriate portion of relevant overheads. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. When the computer software is an integral part of the related hardware which cannot operate without the specific software is treated as property, plant and equipment.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, is recognised in Statement of Profit or Loss as incurred.

Amortization

Amortization is recognized in Statement of Profit or Loss on a straight-line basis over the estimated useful lives of intangible assets, from the date on which they are available for use. The estimated useful lives are as follows;

	Useful Life
Enterprise Resource Planning System	06 Years

Group	Opening				Closing			
	As at 1 Apr'24	Addition	Transfer	As at 31 Mar'25	As at 1 Apr'25	Addition	Transfer	As at 31 Mar'26
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. '000
Cost								
Software	98,655	4,532	-	103,187	103,187	7,054	5,520	115,761
Capital work in progress	300	4,798	-	5,098	5,098	897	(5,520)	475
Total	98,955	9,330	-	108,285	108,285	7,951	-	116,236

Group	Opening				Closing			
	As at 1 Apr'24	Addition	Transfer	As at 31 Mar'25	As at 1 Apr'25	Addition	Transfer	As at 31 Mar'26
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
Accumulated amortization								
Software	50,812	10,419	-	61,231	61,231	10,269	-	71,500
Total	50,812	10,419	-	61,231	61,231	10,269	-	71,500

Total carrying value	As at 31 Mar'26	As at 31 Mar'25
	Rs. '000	Rs. '000
Software	**44,261**	41,956
Capital work in progress	**475**	5,098
Total	**44,736**	47,054

Company	Opening				Closing			
	As at 1 Apr'24	Addition	Transfer	As at 31 Mar'25	As at 1 Apr'25	Addition	Transfer	As at 31 Mar'26
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
Cost								
Software	91,367	1,716	-	93,083	93,083	6,668	5,520	105,271
Capital work in progress	300	4,797	-	5,097	5,097	897	(5,520)	474
Total	91,667	6,513	-	98,180	98,180	7,565	-	105,745
Accumulated depreciation								
Software	43,658	10,064	-	53,722	53,722	9,800	-	63,522
Total	43,658	10,064	-	53,722	53,722	9,800	-	63,522

Total carrying value	As at 31 Mar'26	As at 31 Mar'25
Software	41,749	39,361
Capital work in progress	474	5,097
Total	42,223	44,458

21 RIGHT OF USE ASSETS

Group

	Opening				Closing			
	As at 1 Apr'24	Addition	Re-measurement	As at 31 Mar'25	As at 1 Apr'25	Addition	Re-measurement	As at 31 Mar'26
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs.'000	Rs. '000
Cost								
Land - Capitalised value (18 June 1992)	500,460	-	70,830	571,290	571,290	-	17,926	589,216
Immovable estate assets on financial lease (other than land) (refer note 21.1)	62,574	-	-	62,574	62,574	-	-	62,574
Motor Vehicle						176,649		176,648
Total	563,034	-	70,830	633,864	633,864	176,649	17,926	828,439
Accumulated Amortizaion								
Land - Capitalised value (18 June 1992)	140,610	20,875	-	161,485	161,485	21,772	-	183,257
Immovable estate assets on financial lease (other than land) (refer note 21.1)	62,574	-	-	62,574	62,574	-	-	62,574
Motor Vehicle	-	-	-	-	-	-	-	-
Total	203,184	20,875	-	224,059	224,059	21,772	-	245,831

Total carrying value	As at 31 Mar'26	As at 31 Mar'25
	Rs. '000	Rs. '000
Land - Capitalised value (18 June 1992)	405,959	409,805
Immovable estate assets on financial lease (other than land) (refer note 21.1)	-	-
Motor Vehicle	176,649	-
Total	582,608	409,805

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Company '000	Opening				Closing			
	As at 1 Apr'24	Addition	Re-measurement	As at 31 Mar'25	As at 1 Apr'25	Addition	Re-measurement	As at 31 Mar'26
Cost								
Land - Capitalised value (18 June 1992)	495,191	-	70,830	566,021	566,021	-	17,926	583,947
Immovable estate assets on financial lease (other than land) (refer note 21.1)	58,667	-	-	58,667	58,667	-	-	58,667
Motor Vehicle	-	-	-	-	-	176,648	-	176,648
Total	553,858	-	70,830	624,688	624,688	176,648	17,926	819,262
Accumulated Amortizaion								
Land - Capitalised value (18 June 1992)	131,307	20,633	-	151,940	151,940	21,533	-	173,473
Immovable estate assets on financial lease (other than land) (refer note 21.1)	58,667	-	-	58,667	58,667	-	-	58,667
Motor Vehicle	-	-	-	-	-	-	-	-
Total	189,974	20,633	-	210,607	210,607	21,533	-	232,140

Total carrying value	As at 31 Mar'26	As at 31 Mar'25
Land Capitalised value (18 June 1992)	410,476	414,082
Immovable estate assets on financial lease (other than land)	-	-
Motor Vehicle	176,648	-
Total	587,124	414,082

The lease of JEDB/SLSPC estates handed over to Watawala Plantations PLC for the period of 53 years are all executed. The leasehold rights to the land on all these estates are taken in to the books as at 18 June 1992 immediately after formation of the Company in terms of a ruling obtained from the Urgent Issue Task Force (UITF) of the Institute of Chartered Accountants of Sri Lanka. The bare land are revalued at the value established for this land by valuation specialists, DR Wickramasinghe, just prior to the formation of the company.

The leasehold rights to land is recorded in accordance with the Statement of Recommended Practice for the Right-to-Use of land on lease which was approved by the Council of the Institute of Chartered Accountants of Sri Lanka on 19 December 2012. Corresponding liability is shown as a lease payable to JEDB/SLSPC.

21.1 Immovable Estate Assets on Finance Lease (Other than Land)- Group

	Improvements to Land	Other Vested Asset	Roads & bridges	Water Supply	Buildings	Mini-hydro Power Plant	Machinery	Total
Cost								
As at 31st March 2024	1,135	1,201	5	89	35,894	1,042	23,208	62,574
As at 31st March 2025	1,135	1,201	5	89	35,894	1,042	23,208	62,574
As at 31st March 2026	1,135	1,201	5	89	35,894	1,042	23,208	62,574
Accumulated Amortizaion								
As at 1st April 2024	1,135	1,201	5	89	35,894	1,042	23,208	62,574
Charge for the year	-	-	-	-	-	-	-	-
As at 31st March 2025	1,135	1,201	5	89	35,894	1,042	23,208	62,574

	Improvements to Land	Other Vested Asset	Roads & bridges	Water Supply	Buildings	Mini-hydro Power Plant	Machinery	Total
As at 1st April 2025	1,135	1,201	5	89	35,894	1,042	23,208	62,574
Charge for the year	-	-	-	-	-	-	-	-
As at 31st March 2026	1,135	1,201	5	89	35,894	1,042	23,208	62,574
Net Carrying Value								
As at 31st March 2026	-	-	-	-	-	-	-	-
As at 31st March 2025	-	-	-	-	-	-	-	-

Assets in estates that are held under leasehold right to use have been taken into books of the company retrospectively from 18 June 1992. For this purpose, the board of directors of the company decided at its meeting on 8 March 1995 that those assets would be taken at their book value as they appeared in the books of the JEDB/ SLSPC, on the day immediately preceding the date of formation of the company.

Immovable Estate Assets on Finance Lease (Other than Land)- Company

	Improvements to Land	Other Vested Asset	Water Supply	Buildings	Machinery	Total
Cost						
As at 31st March 2024	1,135	1,088	89	33,192	23,163	58,667
As at 31st March 2025	1,135	1,088	89	33,192	23,163	58,667
As at 31st March 2026	1,135	1,088	89	33,192	23,163	58,667
Accumulated Amortizaion						
As at 1st April 2024	1,135	1,088	89	33,192	23,163	58,667
Charge for the year	-	-	-	-	-	-
As at 31st March 2025	1,135	1,088	89	33,192	23,163	58,667
As at 1st April 2025	1,135	1,088	89	33,192	23,163	58,667
Charge for the year	-	-	-	-	-	-
As at 31st March 2026	1,135	1,088	89	33,192	23,163	58,667
Net Carrying Value						
As at 31st March 2026	-	-	-	-	-	-
As at 31st March 2025	-	-	-	-	-	-

22 BIOLOGICAL ASSETS

Accounting policy

Biological assets shall be qualified for recognition if the Group controls the assets as a result of past event. It is probable that future economic benefits associated with the assets will flow to the Group and fair value or cost of the asset can be measured reliably.

Due to the impracticality of segregation of balances, the Group do not classify the balances as current and non-current.

Livestock

A biological asset is a living animal or plant. Livestock are measured at their fair value less estimated costs to sell with any change therein recognised in Statement of Profit or Loss. Estimated cost to sell includes all costs that would be necessary to sell the assets such as transport cost, commission etc.

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The fair value of livestock is determined based on market prices of livestock of similar age, breed and genetic merit. The fair value represent the estimated amount for which cattle could be sold on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing where in the parties had each acted knowledgably, prudently and without compulsion.

Mature and immature plantations

The costs directly attributable to re-planting and new planting are classified as immature plantations up to the time of harvesting the crop.

The Group measures immature and mature plantations of bearer biological assets such as tea, rubber, oil palm etc. at its cost less any accumulated depreciation and any accumulated impairment losses. Nurseries are carried at cost as the fair value cannot be easily determined. The costs consist of direct materials, direct labour and appropriate proportion of other directly attributable overheads. Once the fair value of such a biological asset becomes reliably measurable, the Group measures it at its fair value less cost to sell.

All expenses incurred in land preparation, planting and development of crops up to maturity or up to the harvesting of the crop are capitalized as biological assets. All expenses subsequent to maturity are recognised directly in Statement of Profit or Loss. General charges incurred on the re-plantation and new plantations are apportioned based on the labour days spent on respective re-planting and new planting and capitalized on immature areas. The remaining portion of the general charges is expensed in the accounting period in which it is incurred.

Where infilling results in an increase in the economic life of a relevant field beyond its previously assessed standard of performance, the costs are capitalized and depreciated over the remaining useful life at rates applicable to mature plantations. Infilling costs that are not capitalized are charged to the Statement of Profit or Loss in the year in which they are incurred.

The cost of areas coming into bearing are transferred to mature plantations and depreciated over their useful lives as follows:

	Freehold	Leasehold
Tea	33 Years	30 Years
Rubber	20 Years	20 Years
Palm Oil	20 Years	20 Years
Cinnamon	30 Years	-
Caliandra	15 Years	-
Grass	5 Years	-
Coconut	33 Years	-

Timber plantation

Timber plantation is measured at fair value on initial recognition and at the end of each reporting period at fair value less cost to sell which includes all the cost that would be necessary to sell the assets including transportation costs.

Gain or loss arising on initial recognition of timber plantations at fair value less costs to sell and from the change in fair values less costs of plantations at each reporting date are included in the Statement of Profit or Loss for the period in which they arise. All costs incurred in maintaining the assets are included in Statement of Profit or Loss in the year in which they are incurred.

For the year ended 31 March		GROUP		COMPANY	
		2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Biological assets - Bearer	22.1	**2,092,991**	2,280,629	**2,048,909**	2,234,015
Biological assets - Consumable	22.2	**156,580**	149,506	**-**	-
Biological assets - Live stock	22.3	**603,324**	887,435	**-**	-
Total (Non current)		**2,852,895**	3,317,570	**2,048,909**	2,234,015
Biological assets - Produce on bearer plants	22.4	**33,080**	36,510	**33,080**	36,510
Total (Current)		**33,080**	36,510	**33,080**	36,510

22.1 Bearer Biological Assets

Group

	Opening				Closing				
	As at 1 Apr'24	Addition	Transfer	As at 31 Mar'25	As at 1 Apr'25	Addition	Transfer	Disposal	As at 31 Mar'26
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost									
Immature plantations									
Tea	34,138	4,680	-	38,818	38,818	1,976	-		40,794
Others	123,689	29,238	(100,811)	52,115	52,115	2,424	(18,859)	(17,992)	17,688
Total	157,827	33,918	(100,811)	90,933	90,933	4,400	(18,859)	(17,992)	58,482
Mature plantations									
Oil palm	3,355,584	-	-	3,355,584	3,355,584	-	-		3,355,584
Rubber	128,071	-	-	128,071	128,071	-	-		128,071
Tea	249,861	-	-	249,861	249,861	-	-		249,861
Others	212,046	-	100,811	312,858	312,858	-	18,859	(9,696)	322,021
	3,945,562	-	100,811	4,046,374	4,046,374	-	18,859	(9,696)	4,055,537
Mature plantations - On Lease									
Oil palm	31,667			31,667	31,667				31,667
Rubber	95,376			95,376	95,376				95,376
Tea	22,388			22,388	22,388				22,388
	149,431	-	-	149,431	149,431	-	-		149,431
Total	4,252,820	33,918	-	4,286,738	4,286,738	4,400	-	(27,688)	4,263,450

	Opening				Closing				
	As at 1 Apr'24	Charge for the year	Transfer	As at 31 Mar'25	As at 1 Apr'25	Charge for the year	Transfer	Disposal	As at 31 Mar'26
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Accumulated Mature plantation									
Oil palm	1,387,749	160,013	-	1,547,762	1,547,762	143,852	-	-	1,691,614
Rubber	73,788	5,846	-	79,634	79,634	5,474	-	-	85,108
Tea	128,290	7,009	-	135,299	135,299	6,949	-	-	142,248
Others	94,448	3,549	-	97,997	97,997	9,147	-	(1,071)	106,073
Total	1,684,275	176,417	-	1,860,692	1,860,692	165,422	-	(1,071)	2,025,042
Mature plantations On Lease									
Oil palm	31,667	-	-	31,667	31,667	-	-	-	31,667
Rubber	95,376	-	-	95,376	95,376	-	-	-	95,376
Tea	18,374	-	-	18,374	18,374	-	-	-	18,374
	145,417	-	-	**145,417**	**145,417**	-	-	-	**145,417**
Total	**1,829,692**	**176,417**	-	**2,006,109**	**2,006,109**	**165,422**	-	**(1,071)**	**2,170,459**

Total carrying value	**2026** Rs. '000	2025 Rs. '000
Immature plantations	**58,482**	90,933
Mature plantations	**2,030,495**	2,185,682
Mature plantations - On lease	**4,014**	4,014
Total	**2,092,991**	2,280,629

NOTES TO THE FINANCIAL STATEMENTS

22.1 BEARER BIOLOGICAL ASSETS

Company

	Opening				Closing				
	As at 1 Apr'24	Addition	Transfer	As at 31 Mar'25	As at 1 Apr'25	Addition	Transfer	Disposal	As at 31 Mar'26
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cost									
Immature plantations									
Tea	34,138	4,680	-	38,818	38,818	1,976	-	-	40,794
Others	124,620	29,397	(100,811)	53,048	53,048	2,424	(18,859)	(17,992)	18,621
Total	158,758	34,077	(100,811)	91,866	91,866	4,400	(18,859)	(17,992)	59,414
Mature plantations									
Oil palm	3,355,584	-	-	3,355,584	3,355,583	-	-	-	3,355,583
Rubber	128,071	-	-	128,071	128,072	-	-	-	128,072
Tea	158,943	-	-	158,943	158,943	-	-	-	158,943
Others	128,193	-	100,811	229,162	229,162	-	18,859	(9,696)	238,325
Total	3,770,791	-	100,811	3,871,760	3,871,760	-	18,859	(9,696)	3,880,924
Mature plantations - On Lease									
Oil palm	31,667	-	-	31,667	31,667	-	-	-	31,667
Rubber	95,376	-	-	95,376	95,376	-	-	-	95,376
Tea	10,185	-	-	10,185	10,185	-	-	-	10,185
	137,228	-	-	137,228	137,228	-	-	-	137,228
Total	4,066,777	34,077	-	4,100,854	4,100,854	4,400	-	(27,688)	4,077,566

	Opening				Closing				
	As at 1 Apr'24	Charge for the year	Transfer	As at 31 Mar'25	As at 1 Apr'25	Charge for the year	Transfer	Disposal	As at 31 Mar'26
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Accumulated depreciation									
Mature plantations									
Oil palm	1,387,749	160,019	-	1,547,768	1,547,768	143,852	-	-	1,691,620
Rubber	73,788	5,846	-	79,634	79,634	5,474	-	-	85,108
Tea	69,867	5,137	-	75,004	75,004	5,137	-	-	80,141
Others	23,656	3,549	-	27,205	27,205	8,426	-	(1,071)	34,560
Total	1,555,060	174,551	-	1,729,611	1,729,611	162,889	-	(1,071)	1,891,429
Mature plantations On Lease									
Oil palm	31,667	-	-	31,667	31,667	-	-	-	31,667
Rubber	95,376	-	-	95,376	95,376	-	-	-	95,376
Tea	10,185	-	-	10,185	10,185	-	-	-	10,185
	137,228	-	-	137,228	137,228	-	-	-	137,228
Total	1,692,288	174,551	-	1,866,839	1,866,839	162,889	-	(1,071)	2,028,657

Total carrying value	**2026**	**2025**
	Rs. '000	**Rs. '000**
Immature plantations	**59,414**	91,866
Mature plantations	**1,989,495**	2,142,149
Total	**2,048,909**	2,234,015

Investments in biological assets -plantations since the formation of the Company have been classified as shown above and includes bearer biological assets comprising mainly tea and palm plantations. Bearer biological assets together with any unmanaged biological assets are stated at cost.

BIOLOGICAL ASSETS

22.2 Biological assets – Consumables

Group

	2026 Rs. '000	2025 Rs. '000
Cost		
Balance as at 1 April	**149,506**	70,086
(Loss)/Gain arising from changes in fair value less costs to sell	**7,074**	79,420
Balance as at 31 March	**156,580**	149,506

- Discount rate 16.25% [2025 - 17.50%]
- Maturity for harvesting - 5 years [2025 - 4 years]

Immature consumer biological assets comprising trees under 5 years old are carried at cost less accumulated impairment losses.

22.2.1 Measurement of fair values

The valuation of consumable biological assets was carried by Mr Weerasinghe Chadrasena, an independent Incorporated Valuation Surveyor, using Discounted Cash Flows (DCF) methods. The Valuation Report dated 31 March 2026 has been prepared based on the physically verified timber statistics provided by the Group.

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

a) The fair value measurements for the timber have been categorised as Level 3 fair values based on the inputs to the valuation techniques used.

b) Level 3 fair values

The following table shows a breakdown of the total gains (losses) recognised in respect of Level 3 fair values (Timber)

	GROUP	
	2026 Rs. '000	2025 Rs. '000
Change in fair value (unrealised)	**7,074**	79,420

c) Valuation techniques and significant unobservable inputs

Following table shows the valuation techniques used in measuring Level 3 fair value of consumable biological assets as well as the significant

unobservable inputs used for the valuation as at 31 March 2026.

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Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Standing timber	Discounted cash flows	Determination of timber content	
Standing timber older than 4 years	The valuation model considers present value of future net cash flows expected to be generated by the plantation from the timber content of managed timber plantation on a tree-per-tree basis .	Timber trees in inter-crop areas and pure crop areas have been identified field-wise and spices were identified and harvestable trees were separated, according to their average girth and estimated age. Timber trees that have not come up to a harvestable size are valued working out the period that would take for those trees to grow up to a harvestable size.	The estimated fair value at the time of harvesting each specific species is sensitive to the following variables: - the estimated timber content (The higher the volume, the higher the fair value) - the estimated selling related costs (Lower the selling related costs, the higher the fair value) - the estimated maturity age (Lower the rotation period, the higher the fair value) – the estimated maturity age - the risk-adjusted discount rate. (The higher the discount rate, the lesser the fair value)
	Expected cash flows are discounted using a risk-adjusted discount rate of 16.25% (2025: 17.5%). Following factors have been considered in determining the risk premium;	**Determination of price of timber** Trees have been valued as per the current timber prices per cubic metre based on the industry average prices logs sawn timber at the popular timber traders in Sri Lanka.	
	- The illiquid nature of The plantations prior to maturity - A lack of market evidence as to the value of biological assets through their life cycle - Risk relations to diseases and fire affecting the biological assets - Adoption of conservative valuation approach	In this exercise, following factors have been taken into consideration a. Cost of obtaining approval of felling. b. Cost of felling and cutting into logs. c. Cost of transportation. d. Sawing cost. e. Cost of sale. f. Exclusion of trees located in restricted area specialized in the circular No. 2019/01 dated on 6 November 2019 issued by the Ministry of Plantation Industries. Price range per cu.ft. is Rs. 350-/ to Rs. 1,000/- (2025- Rs. 350/- to Rs. 1,000/-) Risk-adjusted discount rate. 2026 - 16.25% (2025 - 17.5%).	

22.2.2 Sensitivity analysis

The financial impact on the value appearing in the Statement of Financial Position due to change of selling price and variation of discount rate is given below.

Sensitivity variation sales price (using 10% estimated variation)

Simulations made for the timber show that a rise or decrease by 10% of the estimated future selling price has the following effect on the net present value of biological assets:

	2026 Rs. '000	2025 Rs. '000
Value stand as now	**156,580**	149,506
Value stand as at 10% (2025: 10%) positive variance	**172,238**	153,056
Value stand as at 10% (2025: 10%) negative variance	**140,922**	145,956

Sensitivity variation discount rate (using 1.0% variation)

Simulations made for the timber trees show that a rise or decrease by 1.0% of the discount rate has the following effect on the net present value of biological assets:

	2026 Rs. '000	2025 Rs. '000
Value stand as now	**156,580**	149,506
Value stand as at 1% positive variance	**143,499**	139,275
Value stand as at 1% negative variance	**171,252**	160,688

22.3 Biological assets – Live stock

Livestock is measured on initial recognition at each reporting date at its fair values less point of sale costs. Fair value of livestock is determined at the best available estimates for livestock with similar attributes. Any gain or loss arising on initial recognition of livestock at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs is included in statement of income in the period in which it arises.

Group	2026 Rs. '000	2025 Rs. '000
Balance as at 1 April	**887,435**	1,165,589
Addition	**203,765**	186,813
Disposals during the year	**(111,257)**	(98,683)
(Loss)/Gain arising from changes in fair value less costs to sell	**(376,617)**	(366,284)
Balance as at 31 March	**603,324**	887,435
As at 31 March 2026, Live stock comprised 1,562 cattle (2025 : 1,602)		

NOTES TO THE FINANCIAL STATEMENTS

22.3.1 Valuation techniques and significant unobservable inputs

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Livestock Livestock comprises cattle	**Discounted cash flows** The valuation model considers present value of future net cash flows expected to be generated by the cattle based on lactation-wise annual milking averages and costs incurred. Expected cash flows are discounted using a risk-adjusted discount rate of 17.49% (2025: 17.6%).	**Determination of selling price** Selling price has been determined based on the market prices **Determination of cost per cow** Cost per cow has been determined based on the adjusted cost during the year. **Determination of discount factor** Risk adjusted discount rate of 17.49% (2025-17.6%) has been use for the valuation. **Determination of yield** Yield has been determined based on the actual milk production in each lactation. **Risk-adjusted discount rate.** 2026 - 17.49% (2025 - 17.6%).	The estimated fair value would increase/(decrease): – the estimated milking prices were higher/(lower) – the estimated yield per cow were higher/(lower) – the risk-adjusted discount rate were higher/(lower)"

22.3.2 Sensitivity analysis

The fair value measurements of livestock have been categorised as Level 3 fair value based on assumptions used.

Sensitivity variation sales price (using 10% estimated variation)

Simulations made for livestock show that an increase or decrease by 10% of the estimated future selling price has the following effect on the fair value of biological assets:

	2026 Rs. '000	2025 Rs. '000
Value stand as now	**603,324**	887,435
Value stand as at 10% positive variance	**639,810**	1,169,363
Value stand as at 10% negative variance	**567,124**	605,506

Sensitivity variation Cost (using 10% variation)

Simulations made for livestock show that an increase or decrease by 10% of the estimated future cost has the following effect on the fair value of biological assets:

	2026 Rs. '000	2025 Rs. '000
Value stand as now	**603,324**	887,435
Value stand as at 10% positive variance	**589,408**	466,600
Value stand as at 10% negative variance	**617,193**	1,308,269

Sensitivity variation discount rate (using 1.0% variation)

Simulations made for livestock show that an increase or decrease by 1% of the estimated future discount rate has the following effect on the fair value of biological assets:

	2026 Rs. '000	2025 Rs. '000
Value stand as now	**603,324**	887,435
Value stand as at 1% positive variance	**631,486**	888,760
Value stand as at 1% negative variance	**577,031**	906,792

Sensitivity Variation on yield (using 1.0% variation)

	2026 Rs. '000	2025 Rs. '000
Value stand as now	**603,324**	887,435
Value stand as at 1% positive variance	**675,340**	968,453
Value stand as at 1% negative variance	**531,751**	807,038

22.4 Biological assets - Produce on bearer plants

LKAS 41-Ammended-Valuation of growing crops on bearer plants

The growing crops on bearer plants should be fair valued and recognised in the financial statements.

For the year ended 31 March	GROUP		COMPANY	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Balance as at 1 April	**36,510**	70,867	**36,510**	70,867
Faire Value change during the year	**(3,430)**	(34,357)	**(3,431)**	(34,357)
Balance as at 31 March	**33,080**	36,510	**33,080**	36,510

The volume of produce growing on bearer plants are measured considering the estimated crop of the last harvesting cycle of the year as follows,

Oil palm - five days crop (50% of 10 days cycle) and tea - three days crop

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

Risk management strategy related to agricultural activities

Regulatory and environmental risks

The Group is subject to laws and regulations in Sri Lanka. Management performs regular reviews to identify environmental risks and ensure that appropriate systems are in place to effectively manage those risks.

Supply and demand risk

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

Climate and other risks

The Group's plantations are exposed to risks arising from climate change, diseases, and other natural factors, while livestock is also exposed to disease-related risks. The Group has processes in place to monitor and mitigate these risks, including regular plantation visits to assess the health of trees, the engagement of in-house and government-appointed veterinary surgeons, and ongoing review of industry pest and disease trends.

NOTES TO THE FINANCIAL STATEMENTS

23 INVESTMENT FUND

See accounting policies in Note 18

23.1 Fair Value through Profit or Loss - FVTPL

	2026 Rs. '000	2025 Rs. '000
As at 1 April	**5,127**	51,393
Gain on increase in net asset value during the year	**851**	3,734
Funds transferred to short term deposit account	**(5,978)**	(50,000)
Carrying value as of 31 March	**-**	5,127

The fund comprises investment Hatton National Bank Custody Trustee Services. The average yield for the year was 12.8% (2025 : 12.8%)

The fund matured during the year and was transferred to a short-term deposit.

24 INVESTMENT IN SUBSIDIARIES

Accounting policy

Recognition and measurement

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commenced until the date on which control ceases.

In assessing whether there is any indication of impairment, the Company considers, among other factors, the net asset position and financial performance of the subsidiary. Where an impairment indicator exists, the recoverable amount of the investment is determined and an impairment loss is recognized to the extent that the carrying amount of the investment exceeds its recoverable amount.

Goodwill

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the Group's interest in the net fair value of identifiable assets and liabilities of acquired entity.

The excess of the purchase price over the carrying amount of non-controlling interest, when the Group increases its interest in an existing subsidiary, is recognized in equity.

Goodwill is tested annually for impairment, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups that are expected to benefit from the business combination which the goodwill arose.

24.1 Movement in Investment in Subsidiary

	2026					2025				
	% Holding	No of Shares	Cost	Impairment	Carrying Value	% Holding	No of Shares	Cost	Impairment	Carrying Value
			Rs. '000	Rs. '000	Rs. '000			Rs. '000	Rs. '000	Rs. '000
Lonach Dairy Limited	90.93%	343,960,630	2,928,390	(1,428,390)	1,500,000	90%	308,934,362	2,528,390	(1,090,850)	1,437,540
Total			2,928,390	(1,428,390)	1,500,000			2,528,390	(1,090,850)	1,437,540

Cost	2026 Rs. '000	2025 Rs. '000
Balance as at 1 April	**2,528,390**	2,528,390
Investment during the year	**400,000**	-
Balance as at 31 March	**2,928,390**	2,528,390

During March 26, the Company acquired an additional 0.93% interest in Lonach Dairy Limited , increasing its ownership from 90% to 90.93%. The carrying amount of Lonach Dairy limited's net assets in the Group's consolidated financial statements on the date of the acquisition was Rs. 1,561 Mn.

Carrying amount of NCI acquired (Rs. '000)	18,207
Consideration paid to NCI	-
A decrease in equity attributable to owners of the company (Rs. '000)	18,207

The decrease in equity attributable to owners of the company comprised, a decrease in retained earnings of Rs. 18.2 Mn.

24.2 Provision for impairment of investments in subsidiaries

	2026 Rs. '000	2025 Rs. '000
Balance as at 1 April	**1,090,850**	397,173
Provision made during the year	**337,540**	693,677
Balance as at 31 March	**1,428,390**	1,090,850

24.3 Lonach Dairy Limited

The recoverable value of Lonach Dairy Limited was estimated based on higher value between fair value less cost to sell and value in use. In the current year, the company value based on fair value less cost to sell amounting to Rs. 1.5 Bn (2025 : value in use).

The recoverable value estimation has changed from value in use calculation to fair value less cost to sell during the year ended 31 March 2026. The Company classified the fair value under level 3 on the fair value hierarchy.

The Company used following key assumptions in value in use calculation as at 31 March 2026.

Terminal Growth	3%
Discount rate	17.60%

Above assumptions have been determined based on the historical performance of the subsidiary.

24.3.1 Summarised financial information of material subsidiary (Lonach Dairy Limited)

	2026 Rs. '000	2025 Rs. '000
Non current assets	**2,095,442**	2,433,863
Current assets	**480,638**	312,821
Total assets	**2,576,080**	2,746,684
Non current liabilities	**361,473**	411,500
Current liabilities	**653,491**	602,704
Total liabilities	**1,014,964**	1,014,204
Revenue	**1,087,460**	1,184,087
Profit or loss for the year	**(576,687)**	(327,038)
Total comprehensive income	**(571,364)**	(335,242)

NOTES TO THE FINANCIAL STATEMENTS

25 DEFERRED TAXATION

Accounting policy

Deferred tax is recognised in respect of temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities

Deferred tax liabilities are recognised for all taxable temporary differences, except:

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses (if any), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax credits and unused tax losses carried forward can be utilised except; when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction, that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax relating to items recognised directly in equity are also recognised in equity, through other comprehensive income and not in the income statement.

25.1 Composition of net and gross deferred tax asset/(liability)

	GROUP		COMPANY	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Balance as at 1 April	**(983,077)**	(978,449)	**(641,823)**	(715,956)
Charge/(reversal) for the year recognised in profit or loss	**65,666**	(33,111)	**12,859**	47,701
Charge/(reversal) for the year recognised in other comprehensive income	**8,501**	28,483	**9,832**	26,432
Total	**(908,910)**	(983,077)	**(619,132)**	(641,823)

25.2 Reconciliation of Deferred Tax Liabilities and Deferred Tax Assets

Group	GROUP		COMPANY	
	Temporary Difference Rs. '000	Tax effect Rs. '000	Temporary Difference Rs. '000	Tax effect Rs. '000
Property, plant and equipment	**(1,402,942)**	(336,659)	**(1,146,098)**	(273,209)
Lease Creditor - ROU	**531,962**	159,589	**62,457**	19,184
Right to use asset	**(478,750)**	(143,171)	**-**	-
Biological assets - Bearer	**(2,092,991)**	(622,687)	**(3,164,052)**	(856,212)
Biological assets - Consumable	**(156,580)**	(31,316)	**(162,359)**	(32,472)
Retirement benefit obligation	**570,743**	164,054	**487,763**	139,860
Livestock	**(603,324)**	(120,663)	**-**	-
Debtors Provision	**32,079**	3,847	**4,841**	968
Inventory provision	**37,595**	8,552	**37,595**	8,552
Capital grants	**31,816**	9,545	**34,173**	10,252
Total	**(3,486,313)**	(908,910)	**(3,845,680)**	(983,078)

Company	2026		2025	
	Temporary Difference Rs. '000	Tax effect Rs. '000	Temporary Difference Rs. '000	Tax effect Rs. '000
Property, plant and equipment	**(626,642)**	(187,993)	**(439,895)**	(131,969)
Lease Creditor - ROU	**531,962**	159,589	**66,923**	20,077
Bearer biological assets - Plants	**(2,048,909)**	(614,673)	**(2,234,015)**	(670,204)
Right of use assets	**(474,204)**	(142,261)	**-**	-
Retirement benefit obligation	**499,049**	149,715	**423,072**	126,922
Provision for Inventory	**10,329**	3,099	**10,329**	3,099
Capital grants	**31,816**	9,545	**34,173**	10,252
Provision for Debtors	**12,823**	3,847	**-**	-
Total	**(2,063,778)**	(619,132)	**(2,139,413)**	(641,823)

NOTES TO THE FINANCIAL STATEMENTS

25.2.1 Movement in Temporary Difference

Group

	2026				2025			
	Balance as at 01 April Rs. '000	Recognised in profit or loss Rs. '000	Recognised in Other Comprehensive Income Rs. '000	Balance as at 31 March Rs. '000	Balance as at 01 April Rs. '000	Recognised in profit or loss Rs. '000	Recognised in Other Comprehensive Income Rs. '000	Balance as at 31 March Rs. '000
Taxable Temporary Differences								
Property, Plant and Equipment	(273,209)	(63,450)	-	(336,659)	(257,552)	(15,657)	-	(273,209)
Lease Creditor - ROU	19,184	140,405	-	159,589	13,474	5,710	-	19,184
Right of use assets	-	(143,171)	-	(143,171)	-		-	-
Total	(254,025)	(66,216)	-	(320,241)	(244,078)	(9,947)	-	(254,025)
Deductible Temporary Differences								
Biological assets - Bearer	(856,212)	233,524	-	(622,688)	(968,377)	112,165	-	(856,212)
Biological assets - Consumable	(32,472)	1,156	-	(31,316)	-	(32,472)	-	(32,472)
Retirement benefit obligation	139,860	15,693	8,501	164,054	106,241	5,136	28,483	139,860
Livestock	-	(120,663)	-	(120,663)	-	-	-	-
Debtors Provision	968	2,879	-	3,847	-	968	-	968
Inventory provision	8,552	-	-	8,552	21,267	(12,715)	-	8,552
Capital grants	10,252	(707)	-	9,545	11,018	(766)	-	10,252
Tax losses carried forward	-	-	-		95,480	(95,480)	-	-
Total	(729,052)	131,882	8,501	(588,669)	(734,371)	(23,164)	28,483	(729,052)
Net (Taxable) / Deductible Temporary Differences	(983,077)	65,666	8,501	(908,910)	(978,449)	(33,111)	28,483	(983,077)

Company

	2026				2025			
	Balance as at 01 April Rs. '000	Recognised in profit or loss Rs. '000	Recognised in Other Comprehensive Income Rs. '000	Balance as at 31 March Rs. '000	Balance as at 01 April Rs. '000	Recognised in profit or loss Rs. '000	Recognised in Other Comprehensive Income Rs. '000	Balance as at 31 March Rs. '000
Taxable Temporary Differences								
Property, Plant and Equipment	(131,969)	(56,023)	-	(187,992)	(126,378)	(5,591)	-	(131,969)
Lease Creditor - ROU	20,077	139,512	-	159,589	15,066	5,011	-	20,077
Right of use assets	-	(142,261)	-	(142,261)	-	-	-	-
Total	(111,892)	(58,772)	-	(170,664)	(111,312)	(580)	-	(111,892)
Deductible Temporary Differences								
Bearer biological assets - Plants	(670,204)	55,531	-	(614,673)	(712,347)	42,143	-	(670,204)
Retirement benefit obligation	126,922	12,961	9,832	149,715	96,685	3,805	26,432	126,922
Provision for Inventory	3,099	-	-	3,099		3,099	-	3,099
Capital grants	10,252	(707)	-	9,545	11,018	(766)	-	10,252
Provision for Debtors	-	3,847	-	3,847		-	-	-
Total	(529,931)	71,631	9,832	(448,468)	(604,644)	48,281	26,432	(529,931)
Net (Taxable) / Deductible Temporary Differences	(641,823)	12,859	9,832	(619,132)	(715,956)	47,701	26,432	(641,823)

Deferred tax assets and liabilities shall be measured based on the tax rates that have been enacted or substantially enacted by the end of the reporting period.The Group has used effective rate of 30% for Agri Sector and 20% for Dairy Farming as at 31 March 2026.

With the introduction of the Inland Revenue Act No. 24 of 2017 which became effective from 1 April 2018, the Company will have taxable income from the year ended 31 March 2020. As such, the Company will be eligible to claim its brought forward tax losses against its future taxable income within a period of 6 years.

Deferred tax liability arising from revaluation gain

No Deferred tax has been recorded from revaluation gain

25.3 Recoverability of Deferred Tax assets

The deferred tax asset on accumulated tax losses of the group can be recognised only upto the extent of forecasted future taxable profits. Although a projected profit is anticipated in the next financial year, the recognition of a deferred tax asset has not been made due to uncertainities surrounding the underlying the assumptions used in the forecast during the year ended 31 March 2026. Unrecognised deferred tax asset on accumulated tax losses amounted to Rs. 145 Mn as at 31 March 2026. (2025 - Rs. 35.6 Mn).

26 INVENTORIES

Accounting policy

Recognition and measurement

Inventories are measured at the lower of cost and net realizable value, after making due allowances for obsolete and slow moving items. The Group uses weighted average cost / actual cost in assigning the cost of inventories. The cost includes expenses in acquiring stocks, production and conversion cost and other costs incurred in bringing them to their existing location and condition.

The cost of each category of inventory is determined on the following basis;

- Raw materials and consumables are valued at cost on a weighted average basis
- Finished good and other sundry stocks are valued at actual cost

Net realisable value is the estimated selling price in the ordinary course of business less, the estimated cost of completion and the estimated costs necessary to make the sale.

		GROUP		COMPANY	
		2026	2025	2026	2025
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Produce Stock		**48,816**	35,535	**48,816**	35,535
Raw materials, spares and consumables		**439,818**	383,324	**263,386**	176,475
		488,634	418,859	**312,202**	212,010
Less : Provision for impairment of inventories	26.1	**(37,595)**	(37,595)	**(10,329)**	(10,329)
Total		**451,039**	381,264	**301,873**	201,681

26.1 Provision for impairment of inventories

Balance as at 1 April	**(37,595)**	(106,337)	**(10,329)**	(10,329)
Charge during the year	-	(15,166)	-	-
Write-off during the year	-	83,908	-	-
Balance as at 31 March	**(37,595)**	(37,595)	**(10,329)**	(10,329)

NOTES TO THE FINANCIAL STATEMENTS

27 TRADE AND OTHER RECEIVABLES

The accounting policy for trade and other receivables has been given in Note 18.

	Note	GROUP 2026 Rs. '000	GROUP 2025 Rs. '000	COMPANY 2026 Rs. '000	COMPANY 2025 Rs. '000
Trade Receivables		**98,340**	121,710	**18,996**	21,747
Less: Provision for Impairment of trade Receivables	27.1	**(32,079)**	(6,853)	**(12,823)**	(2,012)
		66,261	114,857	**6,173**	19,735
Employee advances		**28,802**	27,084	**28,802**	27,084
Prepayments and Advances		**45,667**	147,314	**41,406**	118,193
Taxes recoverable-net	27.2	**41,010**	37,766	**40,689**	37,452
Receivable on Budget Relief from GOSL*		**4,521**	-	**4,521**	-
Other receivables		**22,821**	24,383	**16,398**	21,886
Total		**209,082**	351,404	**137,989**	224,350

27.1 Provision for Impairment of trade Receivables

Balance as at 1 April	**6,853**	-	**2,012**	-
Charge during the year	**25,226**	6,853	**10,811**	2,012
Balance as at 31 March	**32,079**	6,853	**12,823**	2,012

27.2 Taxes recoverable-net

WHT Receivable	**6,393**	-	**6,054**	-
VAT Receivable	**34,617**	37,766	**34,635**	37,452
Total	**41,010**	37,766	**40,689**	37,452

*Due to the plantation workers wages adjustment a portion of wages are claiming from Government of Sri Lanka.

Employee advances are recovered from payroll within 10 months.

Credit and market risks, and impairment losses

Information about the Group's exposure to credit and market risks, and impairment losses for trade receivables is included in Note 40.

28 CURRENT TAX ASSETS/(LIABILITIES)

	GROUP 2026 Rs. '000	GROUP 2025 Rs. '000	COMPANY 2026 Rs. '000	COMPANY 2025 Rs. '000
Current tax assets	**10,057**	38,752	**10,057**	38,752
Current tax liabilities	**(604,007)**	(582,509)	**(604,007)**	(582,509)
Total	**(593,950)**	(543,757)	**(593,950)**	(543,757)
Balance as at 1 April	**(543,757)**	(69,838)	**(543,757)**	(69,838)
Current income tax expense	**(1,363,324)**	(1,004,304)	**(1,363,324)**	(1,004,304)
Changes in estimate relating to prior years	**-**	23,802	**-**	23,802
Set off against WHT	**10,341**	6,766	**10,341**	6,766
Payment during the year	**1,302,790**	499,817	**1,302,790**	499,817
Balance as at 31 March	**(593,950)**	(543,757)	**(593,950)**	(543,757)

29 AMOUNTS DUE FROM RELATED PARTIES

The accounting policy for amount due from related parties has been given in Note 18.

	GROUP		COMPANY	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Trade receivables				
Pyramid Lanka (Pvt) Ltd	**114,174**	131,766	**114,174**	131,766
Pyramid Wilmar (Pvt) Ltd	**48,244**	129,681	**48,244**	129,681
Pyramid Wilmar Oils & Fats (Pvt) Ltd	**156,895**	64,857	**156,895**	64,857
Other receivables				
Lonach Dairy Limited	-	-	**7,394**	227,215
	319,313	326,304	**326,707**	553,519

All outstanding balances are short term in nature and there were no special terms and conditions pertaining to the outstanding balances.

Credit and market risks, and impairment losses

Information about the Group's exposure to credit and market risks, and impairment losses for amount due from related parties is included in Note 38

29.1 LOAN GIVEN TO RELATED PARTY

	COMPANY	
	2026	2025
	Rs. '000	Rs. '000
As at 1 April	-	170,000
Loan settled during the year	-	(170,000)
As at 31 March	-	-

30 SHORT TERM INVESTMENT

	GROUP		COMPANY	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Investment in Capital Alliance Investment Grade Fund	**137,319**	317,362	**135,862**	316,029
Investment in NDB Wealth Management Limited	**2,851**	10,328	**2,851**	10,328
Investment In Fund - DFCC Repo	**150,000**	-	**150,000**	-
Short term bank deposits	**2,054**	39,163	**-**	37,143
	292,194	366,853	**288,713**	363,500

Institution	Fund	Yeild Rate
Capital Alliance Investment Ltd	Investment Grade Fund	9.70%
NDB Wealth Management Ltd	Money Fund	7.78%
DFCC Bank	Repo	7.4%

NOTES TO THE FINANCIAL STATEMENTS

31 CASH AND CASH EQUIVALENTS

Accounting policy

The accounting policy for cash and cash equivalents has been given in Note 18.

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand with a maturity of three months or less.

Statement of Cash Flows

The Statement of Cash Flows has been prepared using the Indirect Method of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard (LKAS) 7, Statement of Cash Flows.

Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalents include cash in-hand, balances with banks and short term deposits with banks.

For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts.

		GROUP		COMPANY	
		2026	2025	2026	2025
	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Bank Overdrafts	31.2	**(486,161)**	(314,933)	**(14,120)**	(69,885)
Cash and bank balances	31.1	**748,439**	883,479	**494,074**	880,648
Cash and cash equivalents in the statement of cash flows		**262,278**	568,546	**479,954**	810,763

31.1 CASH AND BANK BALANCES

	GROUP		COMPANY	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash at bank	**417,542**	195,969	**157,215**	193,183
Cash in hand	**1,211**	1,335	**1,196**	1,290
Short term bank deposits	**329,686**	686,175	**335,663**	686,175
	748,439	883,479	**494,074**	880,648

31.2 BANK OVERDRAFTS

	GROUP		COMPANY	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Hatton National Bank PLC	**35,666**	40,787	**8,925**	39,176
Standard Chartered Bank	**5,196**	31,359	**5,195**	30,709
Nations Trust Bank PLC	**49,426**	-	**-**	-
Peoples Bank	**245,908**	92,421	**-**	-
DFCC Bank	**149,965**	150,366	**-**	-
	486,161	314,933	**14,120**	69,885

32 CAPITAL AND RESERVES

Accounting policy

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.

32.1 Stated capital

	No of Shares			
	2026 '000	2025 '000	2026 Rs '000	2025 Rs '000
Balance as at 1 April	**1,016,543**	1,016,543	**511,848**	511,848
Balance as at 31 March	**1,016,543**	1,016,543	**511,848**	511,848

The Golden Shareholder

The Golden Share is currently held by the Secretary to the Treasury and should be owned either directly by the Government of Sri Lanka or by a 100% Government owned public company. In addition to the rights of the normal ordinary shareholder, the Golden Shareholder has the following rights:

i The concurrence of the Golden Shareholder will be required for the Company to sublease any of the estate land leased / to be leased to the Company by the Janatha Estate Development Board / Sri Lanka State Plantation Corporation. (JEDB/ SLSPC)

ii The concurrence of the Golden Shareholder will be required to amend any clause in the Articles of Association of the Company which grant specific rights to the Golden Shareholder.

iii The Golden Shareholder, or his nominee will have the right to examine the books and accounts of the Company at any time with two weeks written notice.

iv The Company will be required to submit a detailed quarterly accounts report to the Golden Shareholder in a specified format within 60 days of the end of each quarter. Additional information relating to the Company in a specified format must be submitted to the Golden Shareholder within 90 days of the end of the each fiscal year.

v The Golden Shareholder can request the Board of Directors of the Company to meet with him / his Nominee, once every quarter to discuss issues related to the Company's operation of interest to the Government.

32.2 Non-controlling interests

See accounting policies in Note 6.1.

NOTES TO THE FINANCIAL STATEMENTS

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations.

	Lonach Dairy Limited	
	2026	2025
	Rs. '000	Rs. '000
NCI percentage	**9.15%**	10.08%
Non-current assets	**2,095,442**	2,433,863
Current assets	**480,638**	312,821
Non-current liabilities	**(361,473)**	(411,500)
Current liabilities	**(653,491)**	(602,704)
Inter group elimination	**(420,276)**	2,035
Net assets	**1,140,840**	1,734,510
Net assets attributable to NCI	**104,352**	174,821

In March 26, the Group acquired an additional 0.93% interest in Lonach Dairy Limited, decreasing its NCI from 10.08%% to 9.15%

33 LOANS AND BORROWINGS

Accounting policy

(Refer Policy Note No 18)

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets which are assets that necessary take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Capitalisation of borrowing costs commences when it incurs expenditure for the asset, it incurs borrowing costs and it undertake activities that are necessary to prepare the asset for their intended use or sell. It ceases capitalization when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed. Capitalization of borrowing costs shall be suspended, if it suspends active development of a qualifying asset.

Group borrows funds generally and uses them for qualifying asset such as immature plantations of tea, rubber and oil palm or mill related capital expenditures. The Group determines the amount of borrowing costs eligible for capitalization by applying a capitalization rate to the expenditure on the above assets. For this purpose Group uses weighted average of the borrowing costs applicable to the general borrowings.

All other borrowing costs are recognised in Statement of Profit or Loss in the period in which they are incurred. Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalization.

Leases

At inception of a contract, the Group 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 Group uses the definition of a lease in SLFRS 16.

This policy is applied to contracts entered into, on or after 1 April 2019.

a. As a lessee

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

The Group 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.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain 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 Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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 Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

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

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

33.1 LOANS

		GROUP		COMPANY	
		2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
	Balance as at 1 April	**898,067**	128,601	**859,178**	-
	Loans obtained during the year	**2,729,615**	845,000	**2,570,000**	845,000
	Balance Reclassification	**-**	(1,478)	**-**	-
	Accrued Interest	**8,768**	43,164	**8,767**	43,164
Less:	Repayment during the year	**(2,591,697)**	(117,220)	**(2,429,178)**	(28,986)
	Balance as at 31 March	**1,044,753**	898,067	**1,008,767**	859,178
	Amount repayable within one year	**669,753**	378,333	**633,767**	345,000
	Amount repayable after one year	**375,000**	519,734	**375,000**	514,178
	Total	**1,044,753**	898,067	**1,008,767**	859,178

31.1.1 Analysis of Loans

Lender	Year	Loan Obtained Rs. '000	Repayable within one year Rs. '000	Repayable after one year Rs. '000	Balance as at 31 March 2026 Rs. '000	Purpose	Repayment terms
Samapth Bank	2025/26	508,767	133,767	375,000	508,767	To finance the palm oil mill ramp expansion	To be repaid in 8 equal bi-annaul installments
Commercial Bank	2025/26	2,070,000	500,000	-	500,000	For Working Capital purpose	Each loan to be repaid within 6 months from the date granted
Peoples Bank	2023/24	100,000	5,556	-	5,556	For import	36 equal monthly installments commening from June 2023.
DFCC Bank	2025/26	25,000	25,000	-	25,000	For Working Capital purpose	Each loan to be repaid within 6 months from the date granted
DFCC Bank	2025/26	5,430	5,430	-	5,430	For import	Payments within 6 months from the date of the loan granted.
Total		2,709,197	669,753	375,000	1,044,753		

33.2 LEASE LIABILITIES

		GROUP		COMPANY	
		2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
	Balance as at 1 April	**471,976**	404,762	**481,006**	414,110
	Remeasurement of lease liabilities	**17,926**	70,830	**17,926**	70,830
	Balance Reclassification	**-**	1,478	**-**	-
	Recognised during the year	**93,739**	-	**93,739**	-
	Interest charges	**71,560**	69,434	**71,560**	69,317
Less:	Repayment during the year	**(80,336)**	(74,528)	**(80,017)**	(73,251)
	Balance as at 31 March	**574,865**	471,976	**584,214**	481,006
	Amount repayable within one year	**36,257**	4,784	**36,257**	4,514
	Amount repayable after one year	**538,608**	467,192	**547,957**	476,492
	Total	**574,865**	471,976	**584,214**	481,006

33.2.1 Amounts recoginsed in profit or loss

Interest on lease liabilities	**71,560**	69,434	**71,560**	69,317
Deprecation on right of use assets	**21,772**	20,875	**21,533**	20,633

33.2.2 Amounts recoginsed in statement of cash flow

Advance payment for lease	**82,910**	-	**82,910**	-
Repayment of lease liabilities	**8,776**	5,090	**8,456**	3,931

33.2.3 Analysis of leases

Lender	Year	Lease Obtained Rs. '000	Repayable within one year Rs. '000	Repayable after one year Rs. '000	Balance as at 31 March 2026 Rs. '000	Purpose	Repayment terms
Commercial Bank	2025/26	25,170	8,390	16,081	24,471	Obtained to purchase vehicles for transportation purpose	To be repaid in 36 equal monthly installments
Sampath Bank	2025/26	68,569	22,856	41,903	64,760	Obtained to purchase vehicles for transportation and operational purpose	To be repaid in 36 equal monthly installments
Total		93,739	31,246	57,984	89,231		

34 EMPLOYEE BENEFITS

Accounting policy

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Employees' Provident Fund and Employees' Trust Fund is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts.
All the employees who are eligible for Employees' Provident Fund and Employees' Trust Fund are covered by relevant contribution funds in line with the respective statutes. Employer's contribution to the defined contribution plans are recognised as an expense in the Statement of Comprehensive Income when incurred.

The Group contributes 12% and 3% of gross emoluments to employees as Provident Fund and Trust Fund contribution respectively. All employees of the Group are members of the Employees' Provident Fund, Estate Staff Provident Society or Ceylon Planters' Provident Fund.

NOTES TO THE FINANCIAL STATEMENTS

Defined benefit plans

The liability recognised in the Statement of Financial Position in respect of defined benefit plan is the present value of the defined benefit obligation at the reporting date. Benefits falling due more than 12 months after the reporting date are discounted to present value. The defined benefit obligation is calculated annually by Independent Actuaries/ internally generated models using Projected Unit Credit (PUC) method as recommended by LKAS 19 - "Employee Benefits".

- Actuarial gains and losses in the period in which they occur have been recognised in the Statement of Other Comprehensive Income.

The Gratuity liability is not externally funded.

Gratuity liability is computed from the first year of service for all employees in conformity with Sri Lanka Accounting Standards 19 – "Employee Benefit". 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 Company is liable to pay gratuity in terms of the relevant statute.

Actuarial gains and losses

The re-measurements of the net defined benefit liability, which comprise actuarial gains and losses are recognized in Other Comprehensive Income.

When benefits of a plan are changed or when a plan is curtailed, resulting a change in benefits paid that relates to past service or the gain or loss curtailment is recognised immediately in profit or loss.

The Group recognises gains or losses on the settlement of the defined plan when the settlement occurs.

Short term benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

34.1 Defined Benefit Obligations (PVDBO)

	GROUP		COMPANY	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Liability for defined benefit obligation at 1 April	**487,763**	370,065	**423,072**	**322,284**
Staff transfers	**11,621**	-	**11,737**	-
Included in profit or loss				
Current service cost	**54,651**	31,266	**43,338**	26,890
Interest cost	**53,654**	44,371	**46,539**	39,115
Total	**108,305**	75,637	**89,877**	66,005
Included in OCI				
Actuarial (gains)/losses on PVDBO	**26,118**	98,363	**32,773**	88,107
	26,118	98,363	**32,773**	88,107
Benefits paid	**(63,064)**	(56,302)	**(58,410)**	(53,324)
Liability for defined benefit obligation at 31 March	**570,743**	487,763	**499,049**	423,072

The details of the actuaries involved in carrying out the valuation as at 31 March 2026 are as follows:

Company	Data of valuation	Valuation method	Details of the actuary
Watawala Plantations PLC Lonach Dairy Limited	31-Mar-26	Projected Unit Credit Method	Mr. M. Poopalanathan, Messrs Actuarial and Management Consultants (Private) Limited

34.2 Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	Discount rate		Salary Increment rate	
	2026	2025	2026	2025
	%	%	%	%
Watawala Plantations PLC				
- Employees	**10**	11	**10.75 -12.20**	11.5 - 15

The retirement age for the group is 60 years. (2025: 60 years)

As per the guidelines issued by the Institute of Chartered Accountants of Sri Lanka, the discount rates have been adjusted to convert the coupon bearing yield to a zero coupon yield to match the characteristics of the gratuity payment liability and the resulting yield to maturity for the purpose of valuing Employee benefit obligations as per LKAS 19.

Total No. staff of the Company and the Group on 31 March 2026 was as follow:

Group 1,469
Company 1,248

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

As at 31 March	GROUP		COMPANY	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
1% increase in discount rate	**532,539**	458,989	**463,378**	399,146
1% decrease in discount rate	**603,626**	520,038	**522,602**	449,819
1% increase in salary increment rate	**605,166**	521,612	**523,879**	451,152
1% decrease in salary increment rate	**530,581**	457,098	**461,740**	397,548

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Future Working Life Time	GROUP		COMPANY	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Within the next 12 months	**69,374**	49,901	**60,414**	45,789
Between 1 and 5 years	**197,047**	95,671	**180,976**	86,736
Between 5 and 10 years	**163,274**	121,137	**141,477**	108,560
Beyond 10 years	**136,337**	221,054	**108,465**	181,987
Total	**566,032**	487,763	**491,332**	423,072

Weighted Average duration of Defined Benefit Obligation

Staff 6.0 years

Workers 6.7 years

NOTES TO THE FINANCIAL STATEMENTS

34.3 Minimum Retirement Age of Workers

According to the Minimum Retirement Age of Workers Act No. 28 of 2021 certified on 17 November 2021, the retirement age of the employees in Sri Lanka has been extended. Accordingly, the Group/ Company has incorporated the impact of the same in to the computation.

35 DEFERRED INCOME AND CAPITAL GRANTS

Accounting policy

Government grants

The Government grants relating to the purchase of property, plant and equipment and biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses, are recognised initially as deferred income at fair value when there is a reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant and are then recognised in Statement of Profit or Loss as other income on a straight line basis over the expected lives of the related assets.

The grants that compensate the Group expenses or losses already incurred are recognised in Statement of Profit or Loss as other income of the period in which it becomes receivable and when the expenses are recognised.

	GROUP		COMPANY	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Balance as at 1 April	**34,173**	36,726	**34,173**	36,726
Amortised during the year	**(2,356)**	(2,553)	**(2,356)**	(2,553)
Balance as at 31 March	**31,817**	34,173	**31,817**	34,173

Funds had been received by Watawala Plantations PLC from the Plantation Human Development Trust (PHDT) and Ministry of Estate Infrastructure for Workers' welfare facilities including re-roofing of line rooms, latrines, water supply, sanitation, etc. The Grants received from the ministry of Estate Infrastructure for construction of crèches, farm roads and community centres, are also included above. The amounts spent have been included under the relevant classification of tangible fixed assets and the grant received is shown above. The Capital Grants are amortized on a straight line basis over the useful life of the respective asset.

36 TRADE AND OTHER PAYABLES

Accounting policy

The accounting policy for trade and other payables has been given in Note 18.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

Provisions are not recognised for future operating losses. The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation and the provision is reviewed at end of each reporting period and adjusted to reflect the current best estimate.

	Note	GROUP 2026 Rs. '000	GROUP 2025 Rs. '000	COMPANY 2026 Rs. '000	COMPANY 2025 Rs. '000
Trade and Other Payables		**387,327**	181,019	**276,915**	110,312
Employee related dues		**100,611**	102,593	**100,238**	101,808
Advance received from customers		**18,106**	74,740	**18,106**	74,740
Provisions and accruals		**225,323**	119,742	**203,668**	106,692
Other payables	36.1	**636,983**	715,318	**633,771**	702,960
Total		**1,368,350**	1,193,412	**1,232,698**	1,096,512

36.1 Other payables

Other payables		**491,280**	399,465	**491,167**	396,268
VAT Payable		**124,483**	108,348	**124,483**	99,982
WHT Payable		**213**	191,288	**201**	191,288
Other Tax Payable		**21,007**	16,217	**17,920**	15,422
Total		**636,983**	715,318	**633,771**	702,960

An amount of Rs. 7.68 Mn, representing unclaimed dividends related to fiscal years 2012/13 to 2017/18 and previously classified under " Other Payables" was reversed during the year 2024/25.

37 FAIR VALUE MEASUREMENT

Accounting policy

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.

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

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. 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.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short position at an ask price.

The best evidence of the fair value of a financial instrument or initial recognition is normally the transaction price- i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability not based on a valuation techniques for which any unobservable inputs are judged to be insufficient in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, threat difference is recognized in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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The Group measures the fair value using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurement. An analysis of the fair value measurement of financial and non-financial assets and liabilities are provided below:

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

When available, the Group measures the fair value of an instrument using active quoted prices or dealer price quotations (assets and long positions are measured at a bid price; liabilities and short positions are measured at an ask price), without any deduction for transaction costs. A market is regarded as active if transactions for asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

This category includes instruments valued using;

(a) quoted prices in active markets for similar instruments,

(b) quoted prices for identical or similar instruments in markets that are considered to be less active, or

(c) other valuation techniques in which almost all significant inputs are directly or indirectly observable from market data.

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

											Rs. '000
		GROUP					COMPANY				
			Fair value					Fair value			
31 March 2026	Classification	Carrying amount	Level 1	Level 2	Level 3	Total	Carrying amount	Level 1	Level 2	Level 3	Total
Financial Assets measured at Fair value											
Investment in subsidiary		-	-	-	-	-	1,500,000	-	-	1,500,000	1,500,000
Investment Fund	Fair value through P&L	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
Financial Assets not measured at Fair value											
Trade and other receivables	Amortized cost	168,072	-	-	168,072	168,072	97,300	-	-	97,300	97,300
Amounts due from related parties	Amortized cost	319,313	-	-	319,313	319,313	326,707	-	-	326,707	326,707
Short term investments	Amortized cost	292,194	-	-	292,194	292,194	288,713	-	-	288,713	288,713
Cash & cash equivalents	Amortized cost	748,439	-	748,439	-	748,439	494,074		494,074	-	494,074
		1,528,017	-	748,439	779,579	1,528,017	1,206,795	-	494,074	712,721	1,206,795
Financial Liabilities not measured at Fair value											
Loans and borrowings	Other financial liabilities	1,044,752	-	-	1,044,752	1,044,752	1,008,767	-	-	1,008,767	1,008,767
Bank overdraft	Other financial liabilities	486,161		486,161	-	486,161	14,120	-	14,120	-	14,120
Trade and other payables	Other financial liabilities	731,366	-	-	731,366	731,366	598,928	-	-	598,928	598,928
		2,262,279	-	486,161	1,776,118	2,262,279	1,621,815	-	14,120	1,607,695	1,621,815

		Rs. '000					Rs. '000				
		GROUP					COMPANY				
			Fair value					Fair value			
31 March 2025	Classification	Carrying amount	Level 1	Level 2	Level 3	Total	Carrying amount	Level 1	Level 2	Level 3	Total
Financial Assets measured at Fair value											
Investment Fund	Fair value through P&L	5,127	-	5,127	-	5,127	5,127	-	5,127		5,127
		5,127	-	5,127	-	5,127	5,127	-	5,127	-	5,127
Financial Assets not measured at Fair value											
Trade and other receivables	Amortized cost	313,638	-	-	313,638	313,638	186,898	-	-	186,898	186,898
Amounts due from related parties	Amortized cost	326,304	-	-	326,304	326,304	553,519	-	-	553,519	553,519
Short term investments	Amortized cost	366,853	-	-	366,853	366,853	363,500	-	-	363,500	363,500
Cash & cash equivalents	Amortized cost	883,479	-	883,479	-	883,479	880,648		880,648	-	880,648
		1,890,274	-	883,479	1,006,795	1,890,274	1,984,565	-	880,648	1,103,917	1,984,565
Financial Liabilities not measured at Fair value											
Loans and borrowings	Other financial liabilities	898,067	-	-	898,067	898,067	859,178	-	-	859,178	859,178
Bank overdraft	Other financial liabilities	314,933		314,933	-	314,933	69,885	-	69,885	-	69,885
Trade and other payables	Other financial liabilities	478,206	-	-	478,206	478,206	393,550	-	-	393,550	393,550
		1,691,206	-	314,933	1,376,273	1,691,206	1,322,614	-	69,885	1,252,728	1,322,614

38 Financial risk management

The Group has exposure to the following risks arising from financial instruments:

a. Credit risk (Note 38.2)

b. Liquidity risk (Note 38.3)

c. Market risk (Note 38.4)

d. Operational risk (Note 38.5)

38.1 Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's 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's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks 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.

38.2 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 obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

Impairment losses on financial assets and contract assets recognised in profit or loss were as follows.

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As at 31 March	GROUP		COMPANY	
	2026	2025	2026	2025
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Impairment loss on trade receivables and contract assets arising from contracts with customers	**25,226**	6,853	**10,810**	2,012
	25,226	6,853	**10,810**	2,012

Expected credit loss assessment for individual customers

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from individual customers.

As at 31 March 2026	GROUP			
	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
		Rs. '000	Rs. '000	Rs. '000
Less than 30 days	**0%**	**46,876**	-	-
More than 30 days but less than 60 days	**0%**	**19,297**	-	-
More than 60 days but less than 90 days	**0%**	**6,940**	-	-
More than 90 days	**100%**	**25,226**	**25,226**	**25,226**
		98,339	**25,226**	**25,226**

As at 31 March 2025	GROUP			
	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
		Rs. '000	Rs. '000	Rs. '000
Less than 30 days	0%	-	-	-
More than 30 days but less than 60 days	0%	-	-	-
More than 60 days but less than 90 days	0%	-	-	-
More than 90 days	100%	2,012	2,012	2,012
		2,012	2,012	2,012

Trade receivables and contract assets

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

The Group trades only with recognised, creditworthy parties. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit verification procedures and contractual agreements made for every high-value transactions. in addition, receivable balances are monitored on an ongoing basis with the results that the Group's exposure to bad debts is not significant.

The carrying amount of financial assets represent the maximum credit exposure. The maximum exposure to the credit risk as at 31 March 2026 is as follow:

As at 31 March,	GROUP		COMPANY	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Short Term Investments	**292,194**	366,853	**288,713**	363,500
Trade Receivables	**98,340**	121,710	**18,996**	21,747
Employee advances	**28,802**	27,084	**28,802**	27,084
Other receivables	**27,343**	24,383	**20,918**	21,886
Amount due from related parties	**319,313**	326,304	**326,707**	553,519
Cash and cash equivalents	**748,438**	883,479	**494,074**	880,648
Total	**1,514,430**	1,749,813	**1,178,211**	1,868,384

Amount due from related parties

The company's amounts due from related parties consists of the balances from subsidiary namely Lonach Dairy Limited amounted to Rs. 7.4 Mn (2025: Rs. 227.2 Mn).

Cash and cash equivalents

The Group held cash and cash equivalents of Rs. 748.4 Mn at 31 March 2026 (2025: Rs. 883.5 Mn). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA- to AA+ (2025:AA- to AA+), based on the ratings given by the rating agencies.

38.3 Liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

As at 31 March 2026

Group		Contractual cash flows				
	Carrying amount Rs. '000	Total Rs. '000	6 months or less Rs. '000	6- 12 months Rs. '000	More than 12 months Total Rs. '000	Total Rs. '000
Bank overdrafts	**486,161**	**486,161**	**486,161**	-	-	**486,161**
Loans and borrowings	**1,044,752**	**1,044,752**	**334,876**	**334,876**	**375,000**	**1,044,752**
Trade and other payables	**1,368,350**	**1,368,350**	**1,368,350**	-	-	**1,368,350**
Total	**2,899,263**	**2,899,263**	**2,189,387**	**334,876**	**375,000**	**2,899,263**

Company		Contractual cash flows				
	Carrying amount Rs. '000	Total Rs. '000	6 months or less Rs. '000	6- 12 months Rs. '000	More than 12 months Total Rs. '000	Total Rs. '000
Bank overdrafts	**14,120**	**14,120**	**14,120**	-	-	**14,120**
Loans and borrowings	**1,008,767**	**1,008,767**	**316,884**	**316,884**	**375,000**	**1,008,767**
Trade and other payables	**1,232,698**	**1,232,698**	**1,232,698**	-	-	**1,232,698**
Total	**2,255,585**	**2,255,585**	**1,563,702**	**316,884**	**375,000**	**2,255,585**

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As at 31 March 2025

Group		Contractual cash flows				
	Carrying amount	Total	6 months or less	6-12 months	More than 12 months Total	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Bank overdrafts	314,933	314,933	314,933	-	-	314,933
Loans and borrowings	898,067	898,067	189,167	189,167	519,734	898,067
Trade and other payables	1,193,412	1,193,412	1,193,412	-	-	1,193,412
Total	2,406,412	2,406,412	1,697,512	189,167	519,734	2,406,412

Company		Contractual cash flows				
	Carrying amount	Total	6 months or less	6-12 months	More than 12 months Total	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Bank overdrafts	69,885	69,885	69,885	-	-	69,885
Loans and borrowings	859,178	859,178	172,500	172,500	514,178	859,178
Trade and other payables	1,096,512	1,096,512	1,096,512	-	-	1,096,512
Total	2,025,575	2,025,575	1,338,897	172,500	514,178	2,025,575

38.4 Market risk

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

The Group uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the risk management committee. Generally, the Group seeks to apply hedge accounting to manage volatility in profit or loss.

Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of Group companies. The functional currency of Group companies are primarily Rupees. The currencies in which these transactions are primarily denominated are Euro, US dollars, Australian Dollar & Singapore Dollar.

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows.

As at 31 March 2026	GROUP		COMPANY		
	USD		Total		Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets					
Other investments (excluding derivatives)	-	292,194	292,194	288,713	288,713
Trade and other receivables	-	98,340	98,340	18,996	18,996
Amount due from related parties	-	319,313	319,313	326,707	326,707
Cash and cash equivalents	20,963	721,851	748,438	494,074	494,074
Total	20,963	1,431,698	1,458,285	1,128,491	1,128,491
Financial liabilities					
Loans and borrowings	-	1,619,617	1,619,617	1,592,981	1,592,981
Trade and other payables	-	1,368,350	1,368,350	1,232,698	1,232,698
Bank overdrafts	-	486,161	486,161	14,120	14,120
Total	-	3,474,127	3,474,127	2,839,800	2,839,800
Net exposure	20,963	(2,042,429)	(2,015,842)	(1,711,309)	(1,711,309)

As at 31 March 2025	GROUP		COMPANY		
	USD		Total		Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial assets					
Other investments (excluding derivatives)	-	366,853	366,853	363,500	363,500
Trade and other receivables	-	114,857	114,857	21,747	21,747
Amount due from related parties	-	326,304	326,304	553,519	553,519
Cash and cash equivalents	3,015	880,464	883,479	880,648	880,648
Total	3,015	1,688,478	1,691,493	1,819,414	1,819,414
Financial liabilities					
Loans and borrowings	-	1,370,043	1,370,043	1,340,184	1,340,184
Trade and other payables	-	1,193,412	1,193,412	1,096,511	1,096,511
Bank overdrafts	-	314,933	314,933	69,885	69,885
Total	-	2,878,388	2,878,388	2,506,580	2,506,580
Net exposure	3,015	(1,189,910)	(1,186,895)	(687,166)	(687,166)

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Interest rate risk

Interest rate risk is a key constitute of the market risk exposure of the Group due to adverse and unanticipated movements in future interest rate which arises from core business activities; granting of credit facilities, accepting deposits and issuing debt instruments.

Due to the nature of operations of the company, the impact of interest rate risk is mainly on the earnings of the company rather than the market value of portfolios. Several factors give rise to interest rate risk; among these are term structure risk, which arises due to the mismatches in the maturities of assets and liabilities; basis risk which is the threat to income arises due to differences in the bases of interest rates.

Exposure to interest rate risk

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

	GROUP		COMPANY	
As at 31 March	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Fixed-rate instruments				
Financial liabilities				
Loans and borrowings	**539,323**	1,070,044	**508,767**	1,040,184
	539,323	1,070,044	**508,767**	1,040,184
Variable-rate instruments				
Financial liabilities				
Loans and borrowings	**505,430**	300,000	**500,000**	300,000
Bank overdrafts	**486,161**	314,933	**14,120**	69,885
	991,591	614,933	**514,120**	369,885

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates as at the reporting date would have increased/ (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

		GROUP		COMPANY	
As at 31 March	Basis point	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Increase	+100	**(10,360)**	(83,605)	**(10,000)**	(71,142)
Decrease	-100	**10,360**	83,605	**10,000**	71,142

Capital management

The Board's policy is to maintain a strong capital base so as to maintain shareholder, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and level of dividends to ordinary shareholders.

The Group's debt to adjusted capital ratio at the end of the reporting period was as follows:

As at 31 March,	GROUP		COMPANY	
	2026 Rs. '000	2025 Rs. '000	2026 Rs. '000	2025 Rs. '000
Total Liabilities	**5,589,605**	4,965,912	**4,593,803**	4,188,158
Less: Cash and Cash Equivalents	**(748,439)**	(883,479)	**(494,074)**	(880,648)
Net Debt	**4,841,164**	4,082,433	**4,099,729**	3,307,510
Total Equity	**3,010,438**	3,747,239	**2,995,459**	3,498,437
Net Debt to Equity Ratio	**160.8%**	108.9%	**136.9%**	94.5%

38.5 Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks – e.g. those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and innovation. In all cases, Group policy requires compliance with all applicable legal and regulatory requirements.

The Board of Directors has established Board Integrated Risk Management Committee, which is responsible for the development and implementation of controls to address operational risk. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards;
- information technology and cyber risks; and
- risk mitigation, including insurance where this is cost-effective.

Compliance with Company standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the Company Operational Risk Committee, with summaries submitted to the Audit Committee and senior management of the Company.

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39 RELATED PARTY TRANSACTIONS

The Group carries out transactions in the ordinary course of its business with parties who are defined as related parties in LKAS 24 – "Related Party Disclosures", the details of which are reported below. The pricing applicable to such transactions is based on the assessment of risk and pricing model of the Group and is comparable with what is applied to transactions between the Group and its unrelated customers.

39.1 Key Management Personnel (KMP)

Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

KMP of the Company

The Board of Directors of the Company has been classified as KMP of the Company.

KMP of the Group

As the Company is the ultimate parent of the subsidiaries listed out on page 212, the Board of Directors of the Company has the authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly.

Accordingly, the Board of Directors of the Company is also KMP of the Group. Therefore, officers who are only Directors of the subsidiaries and not of the Company have been classified as KMP only for that respective subsidiary.

39.1.a. Compensation of key management personnel

For the year ended 31 March	GROUP		COMPANY	
	2026	**2025**	**2026**	**2025**
	Rs. '000	**Rs. '000**	**Rs. '000**	**Rs. '000**
Short term employee benefits	**21,110**	22,000	**21,110**	22,000
Total	**21,110**	22,000	**21,110**	22,000

No loans have been granted to the directors of the Company.

Transactions, arrangements and agreements involving KMP and their Close Family Members (CFM)

CFM of a KMP are those family members who may be expected to influence, or be influenced by, that KMP in their dealings with the entity. They may include KMP's domestic partner and children, children of the KMP's domestic partner and dependants of the KMP or the KMP's domestic partner. CFM are related parties to the Group/ Company.

There were no transactions, arrangements or agreements involving CFM during the year ended 31 March 2026.

39.2 Transactions with group entities

The Group entities include the subsidiaries and the associates of the Company.

Non-recurrent related party transactions

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31 March 2026 audited financial statements, which required additional disclosures in the 2025/26 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13 (c) of the Securities and Exchange Commission Act.

Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2026 audited financial Statements, which required additional disclosures in the 2025/26 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13 (c) of the Securities and Exchange Commission Act.

Name of the Company	Nature of Relationship	Name of Directors	Nature of transaction	Transaction amount	Transaction amount	Amount (payable)/ receivable	Amount payable/ receivable
				2026	2025	2026	2025
				Rs. '000	Rs. '000	Rs. '000	Rs. '000
Sunshine Holdings PLC	Ultimate Parent	Mr. D A Cabraal	Service cost	(157,534)	(168,113)	-	-
		Mr. V Govindasamy					
		Mr. G Sathasivam					
		Mr. R Mihular					
Sunshine Healthcare Lanka Ltd	Affiliate	Mr. D A Cabraal	Service Provided	-	(37)	-	(37)
		Mr. G Sathasivam					
Healthguard Pharmacy Ltd	Affiliate	Mr. D A Cabraal	Purchase	(131)	(971)	-	-
		Mr. G Sathasivam				-	
Sunshine Tea (Pvt) Ltd	Affiliate	Mr. D A Cabraal	Purchase	(222)	(620)	-	-
		Mr. S G Sathasivam	Rental expenses	-	(7,976)	-	-
		Mr. R Mihular	Sales	-	380	-	-
Sunshine Consumer Lanka Ltd	Affiliate	Mr. D A Cabraal	Asset Disposal	1,751	(476)	-	-
		Mr. S G Sathasivam	Purchase	(108)	-	-	-
		Mr. R Mihular	Rental expenses	(1,538)	-	-	-
Lonach Dairy Ltd	Subsidiary	Mr. V Govindasamy	Interest	-	13,491	7,394	227,215
		Mr. R Mihular	Purchases	(672)	(106,776)	-	-
		Mr. A Herath	Sales & Rent	11,609	34,387	-	-
		Mr. S Mawzoon	Management Fees	-	(1,200)	-	-
			Loans repayment	-	(170,000)	-	-
Pyramid Lanka (Pvt) Ltd	Affiliate	Mr. S Mawzoon	Sales	1,390,318	1,435,469	114,174	131,766
		Mr. M T Siddique					
		Mr. M R Rao					
Pyramid Wilmar (Pvt) Ltd	Affiliate	Mr. S Mawzoon	Sales	3,035,296	1,848,723	48,244	129,681
		Mr. M T Siddique					
		Mr. M R Rao					
Pyramid Wilmar Oil & Fats (Pvt) Ltd	Affiliate	Mr. S Mawzoon	Sales	5,185,623	3,450,167	156,895	64,857
		Mr. M T Siddique					
		Mr. M R Rao					

NOTES TO THE FINANCIAL STATEMENTS

Company name	Relationship	Nature of transaction	Transaction amount 2026 Rs. '000	Transaction amount 2025 Rs. '000	Amount payable/ receivable 2026 Rs. '000	Amount payable/ receivable 2025 Rs. '000
Lamurep Properties Limited	Affiliate	Rent	**27,227**	27,227		
Total			**27,227**	27,227	-	-

40 Commitments

There were no material contingencies and commitments as at the reporting date except for disclosures made.

41 Contingencies

Accounting policy

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised in profit or loss.

Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event, or if there is a present obligation as a result of a past event but either a payment is not probable or the amount cannot be reasonably estimated.

Use of Judgments and Estimates

Provisions and Contingencies

The Company receives legal claims against it in the normal course of business. Management has made judgment as to the likelihood of any claim succeeding in making provisions. The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depend on the due process in the respective legal jurisdictions.

Company

Corporate Guarantees:

As at 31 March	GROUP 2026 Rs. '000	GROUP 2025 Rs. '000	COMPANY 2026 Rs. '000	COMPANY 2025 Rs. '000
Bank guarantees	**28,700**	20,000	**23,700**	10,000
Total	**28,700**	20,000	**23,700**	10,000

Bank guarantees - Group

Bank Guarantees of Rs. 10 Mn to Lanka IOC PLC.
Bank Guarantees of Rs. 5 Mn to Serendib Flour Mills (Pvt) Ltd..
Bank Guarantees of Rs. 13.7 Mn to Sri Lanak Customs.

Pending Litigation and claims:

There are no litigations and claims as at the reporting date.

42 Events after the reporting period

Accounting policy

Events after the reporting period are those events, favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

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

Company/ Group

There have been no events subsequent to the reporting date, which would have any material effect on the company/group, other than the following;

43 Dividend Declaration

The Board of Directors of the Company has declared a interim dividend of Rs. 1.70 and final dividend of Rs. 0.80 per share for the financial year ended 31 March 2026.

As required by Section 56 of the Companies Act No. 07 of 2007, the Board of Directors of the company satisfied the solvency test in accordance with Section 57, prior to declaring the final dividend. A statement of solvency duly completed and signed by the Directors on May 27 , 2026 has been audited by Messrs. KPMG.

In accordance with the LKAS 10, Events after the reporting period, the final dividend has not been recognised as a liability in the financial statements as at 31 March 2026.

44 Comparative Information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period in the Financial Statements in order to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability

The presentation and classification of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

Following reclassification has been made for comparative amounts to facilitate comparison and better presentation

	GROUP			COMPANY		
	As previously Reported 2025 Rs. '000	Adjustment Rs. '000	Current Presentation 2025 Rs. '000	As previously Reported 2025 Rs. '000	Adjustment Rs. '000	Current Presentation 2025 Rs. '000
i) Reclassification of Revenue and Other Income						
Revenue	7,944,206	**(144,163)**	7,800,043	6,760,119	**(144,163)**	6,615,956
Other income	139,433	**144,163**	283,596	91,125	**144,163**	235,288
ii) Reclassification of Loans and borrowings and Lease liability						
Loans and borrowings	1,370,044	**(471,976)**	898,067	1,340,184	**(481,006)**	859,178
Lease liability	-	**471,976**	471,976	-	**481,006**	481,006
ii) Reclassification of Administration expenses and impairment loss on Financial Assets						
Administrative Expenses	550,525	**(6,853)**	543,672	523,915	**(2,012)**	521,903
Impairment loss on Financial Assets	-	**6,853**	**6,853**	-	**2,012**	2,012

45 Director's Responsibility

The Board of Directors is responsible for the preparation and presentation of the financial statements in accordance with Sri Lanka Accounting Standards and in compliance with the requirements of the Companies Act No 7 of 2007.

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CROP & YIELDS

PRODUCTION - KILOS - '000											
	2025/26	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16
TEA											
Watawala	**45**	92	93	86	114	-	-	-	-	1,893	2,489
Udugama	**56**	81	89	99	116	122	101	125	187	235	303
Tea - Total	**101**	**173**	**182**	**185**	**230**	**122**	**101**	**125**	**187**	**7,422**	**9,412**
Rubber	**19**	**20**	**42**	**70**	**70**	**75**	**58**				**268**
Palm Oil	**55,774**	**55,418**	**57,072**	**52,472**	**49,648**	**40,803**	**46,409**	**44,041**	**41,525**	**40,673**	**35,968**

YIELD PER HECTARAGE (KILO)											
	2025/26	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16
TEA											
Watawala	**638**	1,301	1,308	1,208	801	-	-	-	-	1,269	1,373
Hatton		-	-	-	-	-	-	-	-	1,224	1,441
Lindula		-	-	-	-	-	-	-	-	1,152	1,444
Udugama	**854**	1,242	1,357	1,512	1,106	1,871	1,543	1,535	1,428	1,475	1,871
Tea - Total	**741**	**1,272**	**1,332**	**1,354**	**1,767**	**1,871**	**1,543**	**1,535**	**1,428**	**1,213**	**1,439**
Rubber	**133**	**144**	**299**	**424**	**539**	**623**	**486**	**-**	**-**	**-**	**629**
Palm Oil	**16,435**	**16,330**	**16,817**	**15,654**	**15,468**	**13,843**	**16,057**	**16,359**	**15,637**	**15,966**	**14,310**

FINANCIAL REVIEW

	Group	Company	Group	Company	Group	Company	Group	Company
	2016/17	2016/17	2017/18	2017/18	2018/19	2018/19	2019/20	2019/20
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
INCOME STATEMENT								
Revenue	6,501,765	6,392,956	4,948,755	4,764,455	3,081,760	2,588,459	3,326,800	2,743,634
Cost of sales	(4,828,579)	(4,689,441)	(3,695,137)	(3,360,797)	(1,941,278)	(1,279,111)	(2,041,076)	(1,383,852)
Gross profit	**1,673,186**	**1,703,515**	**1,253,618**	**1,403,658**	**1,140,482**	**1,309,348**	**1,285,724**	**1,359,782**
Other Operating income/Gain/(loss) on changes in fair value of biological assets	146,851	142,808	231,185	149,223	96,337	58,742	118,546	71,954
Administrative expenses	(326,336)	(324,227)	(335,132)	(327,309)	(200,355)	(191,698)	(238,185)	(216,765)
Distribution expenses	-	-	-	-	-	-		
Operating profit	**1,493,701**	**1,522,096**	**1,149,671**	**1,225,572**	**1,036,464**	**1,176,392**	**1,166,085**	**1,214,971**
Net finance cost	(47,620)	(76,279)	13,567	50,510	(114,468)	4,166	(173,986)	(54,204)
Profit /(loss) before Tax	**1,446,081**	**1,445,817**	**1,163,238**	**1,276,082**	**921,996**	**1,180,558**	**992,099**	**1,160,767**
Tax expense	(220,422)	(216,156)	(224,570)	(225,546)	(158,985)	(159,009)	(175,599)	(175,686)
Profit /(loss) for the year	1,225,659	1,229,661	938,668	1,050,536	763,011	1,021,549	816,500	985,081
Profit for the year	**1,225,659**	**1,229,661**	**938,668**	**1,050,536**	**763,011**	**1,021,549**	**816,500**	**985,081**
Other Comprehensive Income								
Actuarial gain/(loss) on gratuity	92,604	88,451	35,656	33,803	(26,124)	(21,674)	(11,976)	(11,782)
Tax on acturail gain/(loss) on gratuity	(8,845)	(8,845)	(3,380)	(3,380)	3,034	3,034	1,649	1,649
Total other comprehensive income for the year (net of tax)	**83,759**	**79,606**	**32,276**	**30,423**	**(23,090)**	**(18,640)**	**(10,327)**	**(10,133)**
Total comprehensive income for the year	**1,309,418**	**1,309,267**	**970,944**	**1,080,959**	**739,921**	**1,002,909**	**806,173**	**974,948**
Attributable to:								
Equity holders of the Company	1,310,218	1,309,267	999,173	1,080,959	815,818	1,002,909	821,232	974,948
Minority interests	(800)	-	(28,229)	-	(75,897)	-	(15,059)	
Profit for the year	**1,309,418**	**1,309,267**	**970,944**	**1,080,959**	**739,921**	**1,002,909**	**806,173**	**974,948**
BALANCE SHEET								
Non Current Assets								
Right to use of assets	198,473	191,774	80,079	73,619	77,120	70,898	241,440	235,459
Immovable estate assets on finance lease	107,474	102,984	-		-	-		
Property, Plant and equipment	2,423,768	1,770,618	2,048,247	611,642	2,200,469	667,751	2,173,402	695,786
Intangible Assets	-	-	24,844	23,367	24,925	18,839	23,533	18,224
Bearer Plants	2,955,251	2,850,482	2,489,314	2,358,929	2,673,393	2,546,832	2,722,149	2,615,292
Biological assets-consumables	648,831	607,707	37,966	-	38,356	-	31,657	
Biological assets-Live stock	24,944	-	539,602	-	662,620	-	695,538	
Investment in Fund	258,319	258,319	288,595	288,595	312,051	312,051	343,725	343,725
Investment in subsidiaries	-	627,352	-	627,352	-	627,352		1,868,242
Investment in debenture			-	-	-	174,088		
Available for sale financial Assets	21,645	21,645	-	-	-	-		
Total Non Current Assets	**6,638,705**	**6,430,881**	**5,508,647**	**3,983,504**	**5,988,934**	**4,417,811**	**6,231,444**	**5,776,728**
Current Assets								
Inventories	732,988	686,138	291,830	191,788	143,089	100,790	151,314	105,851

Group	Company	Group	Company	Group	Company	Group	Company	Group	Company	Group	Company
2020/21	2020/21	2021/22	2021/22	2022/23	2022/23	2023/24	2023/24	2024/25	2024/25	2025/26	2025/26
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
3,933,523	3,284,840	6,474,661	5,782,074	8,768,041	7,573,816	8,320,903	6,867,145	7,800,043	6,760,119	9,442,172	8,354,713
(2,008,091)	(1,406,774)	(2,911,046)	(2,249,639)	(5,229,956)	(3,830,727)	(5,166,312)	(3,627,334)	(4,192,626)	(3,051,505)	(4,622,626)	(3,554,415)
1,925,432	**1,878,066**	**3,563,615**	**3,532,435**	**3,538,085**	**3,743,089**	**3,154,591**	**3,239,811**	**3,607,417**	**3,708,614**	**4,819,546**	**4,800,298**
143,556	90,331	101,223	58,893	(167,321)	(474,370)	100,989	(170,787)	(37,625)	(636,909)	(262,946)	297,829
(250,894)	(238,908)	(318,063)	(305,117)	(361,067)	(347,059)	(444,194)	(431,149)	(550,525)	(523,915)	(623,968)	(919,422)
				(78,952)	(78,952)	(150,672)	(150,672)	(145,324)	(145,324)	(184,030)	(184,030)
1,818,094	**1,729,489**	**3,346,775**	**3,286,211**	**2,930,745**	**2,842,708**	**2,660,714**	**2,487,203**	**2,873,943**	**2,402,466**	**3,748,602**	**3,994,674**
(66,438)	(30,732)	(14,973)	11,172	22,743	82,230	105,132	157,866	24,579	48,605	(120,497)	(74,616)
1,751,656	**1,698,757**	**3,331,802**	**3,297,383**	**2,953,488**	**2,924,938**	**2,765,846**	**2,645,069**	**2,898,522**	**2,451,071**	**3,628,105**	**3,920,058**
(88,820)	(41,284)	125,997	132,399	(621,698)	(589,299)	(421,110)	(241,215)	(1,013,613)	(932,802)	(1,297,659)	(1,350,465)
1,662,836	1,657,473	3,457,799	3,429,782	2,331,790	2,335,639	2,344,736	2,403,854	1,884,909	1,518,270	2,330,446	2,569,593
1,662,836	**1,657,473**	**3,457,799**	**3,429,782**	**2,331,790**	**2,335,639**	**2,344,736**	**2,403,854**	**1,884,909**	**1,518,270**	**2,330,446**	**2,569,593**
25,164	19,198	60,043	55,431	115,073	(99,074)	(15,005)	(13,040)	(98,364)	(88,108)	(26,118)	(32,773)
(3,881)	(2,688)	(6,742)	(5,820)	35,922	29,722	4,305	3,912	28,483	26,432	8,501	9,832
21,283	**16,510**	**53,301**	**49,611**	**(82,151)**	**(69,352)**	**(10,700)**	**(9,128)**	**(69,881)**	**(61,676)**	**(17,617)**	**(22,941)**
1,684,119	**1,673,983**	**3,511,100**	**3,479,393**	**2,249,639**	**2,266,287**	**2,334,036**	**2,394,726**	**1,815,028**	**1,456,594**	**2,312,829**	**2,546,652**
1,684,119	1,673,983	3,508,549	3,479,393	2,283,430	2,266,287	2,348,229	2,394,726	1,848,817	1,456,594	2,365,091	2,546,652
		2,551		(33,791)		(14,193)	-	(33,789)		(52,262)	
1,684,119	**1,673,983**	**3,511,100**	**3,479,393**	**2,249,639**	**2,266,287**	**2,334,036**	**2,394,726**	**1,815,028**	**1,456,594**	**2,312,829**	**2,546,652**
238,853	231,162	235,995	238,645	243,876	247,273	359,850	363,888	409,805	414,082	582,608	587,124
-	-	-	-	-	-	-	-				
2,109,979	702,205	2,342,362	943,491	2,483,314	1,139,489	2,555,913	1,212,638	2,549,027	1,252,412	3,056,600	1,818,513
19,230	15,091	28,276	25,307	47,437	45,768	48,143	48,009	47,054	44,458	44,736	42,223
2,709,996	2,619,454	2,698,963	2,631,545	2,566,272	2,515,252	2,422,978	2,374,489	2,280,629	2,234,015	2,092,991	2,048,909
32,857	-	33,783	-	44,269		70,086	-	149,506		156,580	
749,339	-	943,200	-	893,071		1,165,589	-	887,435		603,324	
149,686	149,686	72,313	72,313	53,283	53,283	51,393	51,393	5,127	5,127	-	-
	1,867,390	-	2,163,390	-	2,211,342	-	2,131,217		1,437,540	-	1,500,000
	-	-	-	-	-	-					
	-	-	-	-	-	-	-				
6,009,940	**5,584,988**	**6,354,892**	**6,074,691**	**6,331,522**	**6,212,407**	**6,673,952**	**6,181,634**	**6,328,583**	**5,387,634**	**6,536,839**	**5,996,770**
111,270	71,301	245,923	193,065	874,627	331,502	559,813	242,106	381,264	201,681	451,039	301,873

Financial Review

	Group	Company	Group	Company	Group	Company	Group	Company
	2016/17	2016/17	2017/18	2017/18	2018/19	2018/19	2019/20	2019/20
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Biological assets-growing crops on bearer plants	35,757	35,452	29,143	28,730	31,271	30,831	41,797	41,711
Current Tax Assets								
Trade and other receivables	537,199	438,380	391,205	327,396	313,198	258,619	302,533	259,639
Loan given to related pary				10,000	-	222,259		200,195
Amounts due from Related parties	279,735	279,735	10,311	10,311	21,918	21,918	73,902	100,225
Investments in Unit Trusts	-	-	-	-	-	-		
Short term investment								
Cash and cash equivalents	888,143	861,945	180,264	147,834	204,001	199,064	186,553	185,147
Total Current Assets	**2,473,822**	**2,301,650**	**902,753**	**716,059**	**713,477**	**833,481**	**756,099**	**892,768**
Total Assets	**9,112,527**	**8,732,531**	**6,411,400**	**4,699,563**	**6,702,411**	**5,251,292**	**6,987,543**	**6,669,496**
Capital and reseves								
Stated capital	460,000	460,000	460,000	460,000	460,000	460,000	511,848	511,848
Retained earnings	5,298,935	5,298,343	2,911,785	2,992,979	3,275,437	3,543,722	4,086,294	4,516,370
Non Controlling Interest								
Total equity attributable to equity holders of the company	**5,758,935**	**5,758,343**	**3,371,785**	**3,452,979**	**3,735,437**	**4,003,722**	**4,598,142**	**5,028,218**
Minority interests	291,200	-	262,971	-	187,074	-		
Total equity	**6,050,135**	**5,758,343**	**3,634,756**	**3,452,979**	**3,922,511**	**4,003,722**	**4,598,142**	**5,028,218**
Non-current liablilites								
Long term borrowings	325,006	325,006	1,305,797	97,936	1,111,324	63,382	572,748	208,450
Obligations under finance lease obtained from SLPC/JEDB	328,412	328,412	125,790	125,790	125,976	125,976	242,897	242,897
Retirement benefit obligation	908,192	882,705	193,981	171,130	242,717	211,653	278,340	243,760
Deferred income and capital grants	193,528	193,528	243,659	50,872	193,105	48,515	142,550	46,157
Net Deferred tax liability	331,182	331,217	354,763	354,798	376,417	376,417	379,335	379,335
Total Non-current liablilites	**2,086,320**	**2,060,868**	**2,223,990**	**800,526**	**2,049,539**	**825,943**	**1,615,870**	**1,120,599**
Current liablilites								
Short-term borrowings	118,318	118,318	33,623	33,230	144,483	33,890	190,987	98,723
Obligations under finance lease obtained from SLPC/JEDB	6,720	6,720	2,799	2,799	2,911	2,911	1,078	1,078
Trade and other payables	688,426	630,019	439,008	369,911	411,150	351,463	316,613	270,199
Amount Due to related parties					27,614		321	321
Current tax payable	162,608	158,263	40,636	40,118	33,450	33,363	52,560	52,560
Bank Overdraft			36,588	-	110,753	-	211,972	97,798
Total Current liablilites	**976,072**	**913,320**	**552,654**	**446,058**	**730,361**	**421,627**	**773,531**	**520,679**
Total Liabilities	**3,062,392**	**2,974,188**	**2,776,644**	**1,246,584**	**2,779,900**	**1,247,570**	**2,389,401**	**1,641,278**
Total Equity & Liabilities	**9,112,527**	**8,732,531**	**6,411,400**	**4,699,563**	**6,702,411**	**5,251,292**	**6,987,543**	**6,669,496**

CASH FLOW

Group	Company	Group	Company	Group	Company	Group	Company	Group	Company	Group	Company
2020/21	2020/21	2021/22	2021/22	2022/23	2022/23	2023/24	2023/24	2024/25	2024/25	2025/26	2025/26
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
52,688	51,953	71,671	71,671	86,126	86,126	70,867	70,867	36,510	36,510	33,080	33,080
15,267	15,267	20,679	20,679	33,719	33,719	38,752	38,752	38,752	38,752	10,057	10,057
292,304	258,687	256,348	229,617	497,448	440,865	334,734	234,758	351,404	224,350	209,082	137,989
-	262,000	-	-	-	270,000	-	170,000				
486	37,870	255	4,101	149,147	369,455	31,747	289,143	326,304	553,519	319,313	326,707
207,467	207,467	514,914	482,811	4,870	4,870	924,030	923,169	366,853	363,500	292,194	288,713
407,955	389,394	1,427,013	1,412,534	856,990	853,193	797,421	774,475	883,479	880,648	748,439	494,074
1,087,437	**1,293,939**	**2,536,803**	**2,414,478**	**2,502,927**	**2,389,730**	**2,757,364**	**2,743,270**	**2,384,566**	**2,298,960**	**2,063,204**	**1,592,493**
7,097,377	**6,878,927**	**8,891,695**	**8,489,169**	**8,834,449**	**8,602,137**	**9,431,316**	**8,924,904**	**8,713,149**	**7,686,594**	**8,600,043**	**7,589,263**
511,848	511,848	511,848	511,848	511,848	511,848	511,848	511,848	511,848	511,848	511,848	511,848
4,550,561	4,970,501	6,345,936	6,620,116	5,768,337	6,040,082	5,676,862	5,995,104	3,060,570	2,986,588	2,394,238	2,483,610
5,062,409	**5,482,349**	**6,857,784**	**7,131,964**	**6,280,185**	**6,551,930**	**6,188,710**	**6,506,952**	**3,572,418**	**3,498,436**	**2,906,086**	**2,995,459**
		241,887		222,804		208,611		174,821		104,352	
5,062,409	**5,482,349**	**7,099,671**	**7,131,964**	**6,502,989**	**6,551,930**	**6,397,321**	**6,506,952**	**3,747,239**	**3,498,436**	**3,010,438**	**2,995,459**
372,561	45,500	227,505	-	1,231	-	39,090	-	519,734	514,178	375,000	375,000
248,186	247,138	254,050	263,351	272,394	282,129	401,592	411,297	467,192	476,492	538,608	547,957
271,507	240,086	212,629	186,682	337,389	295,954	370,065	322,284	487,763	423,072	570,744	499,049
91,996	43,799	41,442	41,442	39,084	39,084	36,726	36,726	34,173	34,173	31,816	31,816
431,554	382,825	316,938	261,658	805,550	726,238	978,449	715,956	983,077	641,823	908,911	619,132
1,415,804	**959,348**	**1,052,564**	**753,133**	**1,455,648**	**1,343,405**	**1,825,922**	**1,486,263**	**2,491,939**	**2,089,738**	**2,425,079**	**2,072,954**
225,119	115,000	145,070	45,500	1,277	-	89,511	-	378,333	345,000	669,753	633,767
2,108	1,102	2,363	1,399	1,637	1,277	3,170	2,810	4,784	4,514	36,257	36,257
366,266	321,128	559,994	520,112	808,176	704,707	916,493	810,620	1,193,413	1,096,512	1,368,349	1,232,699
-	-	31,259	37,061	818	818	9,669	9,669	-	-	-	-
-	-	774	-	4,458	-	108,590	108,590	582,509	582,509	604,007	604,007
25,671	-	-	-	59,446	-	80,640	-	314,933	69,885	486,161	14,120
619,164	**437,230**	**739,460**	**604,072**	**875,812**	**706,802**	**1,208,073**	**931,689**	**2,473,972**	**2,098,420**	**3,164,527**	**2,520,850**
2,034,968	**1,396,578**	**1,792,024**	**1,357,205**	**2,331,460**	**2,050,207**	**3,033,995**	**2,417,952**	**4,965,911**	**4,188,158**	**5,589,606**	**4,593,804**
7,097,377	**6,878,927**	**8,891,695**	**8,489,169**	**8,834,449**	**8,602,137**	**9,431,316**	**8,924,904**	**8,713,149**	**7,686,594**	**8,600,043**	**7,589,263**

Financial Review

	Group	Company	Group	Company	Group	Company	Group	Company
	2016/17	2016/17	2017/18	2017/18	2018/19	2018/19	2019/20	2019/20
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash generated/(used in) from/to operations	1,594,718	1,720,938	1,665,205	1,773,844	1,465,716	1,253,139	1,255,698	1,259,938
Net cash inflow/(outflow) from operating activities	1,376,538	1,475,399	1,271,659	1,424,133	1,199,004	1,107,730	934,269	1,045,705
Net cash inflow/(outflow) from investing activities	(185,448)	(294,059)	(1,682,928)	(596,037)	(705,517)	(562,304)	(524,721)	(721,178)
Net cash inflow/(outflow) from financing activities	(396,019)	(396,019)	(296,610)	(1,541,207)	(543,915)	(494,196)	(528,215)	(436,242)
Increase/(decrease) in cash and cash equivalents	795,071	785,321	(707,879)	(714,111)	(50,428)	51,230	(118,667)	(111,715)
OPERATING RATIOS								
Annual turnover growth %	3	3	-24	-25	-38	-46	8	6
Profit Growth %	113	113	-26	-17	-19	-3	9	-3
Turnover per employee (Rs.'000)	646	655	850	3,124	1,625	1,615	2,170	1,790
FINANCIAL RATIOS								
Return on equity %	21.64	22.74	28.69	31.31	18.86	25.05	17.53	19.39
Current ratio (Times)	2.53	2.52	1.63	1.61	0.98	1.98	0.98	1.71
Debt equity ratio (Times)	0.13	0.14	0.40	0.08	0.35	0.06	0.22	0.11
Interest cover (Times)	31.37	19.95	11.02	14.48	9.05	282.38	6.70	22.41
Total assets to current liabilities %	11%	10%	9%	9%	11%	8%	11%	8%
Dividend payout ratio	27%	27%	34%	31%	55%	45%	7%	6%
INVESTOR RATIOS								
Annualised earning per share (Rs.)	1.21	1.21	0.95	1.03	0.82	1.00	0.82	0.97
Price earning share (Times)	4.71	4.70	7.15	6.39	4.17	5.08	4.98	4.13
Dividend paid per share (Rs.)	0.30	0.30	0.32	0.32	0.45	0.45	0.06	0.06
Dividend cover (Times)	4.03	4.03	2.97	3.23	1.83	2.23	13.63	16.15
Market Capitalization (Rs.'000)	5,774,675	5,774,675	5,807,802	5,807,802	3,717,807	3,717,807	4,066,173	4,066,172
Net assets value per share (Rs.)	5.67	5.66	3.32	3.40	3.67	3.94	4.52	4.95

*Per share ratios have been adjusted for the current number of shares in issue.

Group	Company	Group	Company	Group	Company	Group	Company	Group	Company	Group	Company
2020/21	2020/21	2021/22	2021/22	2022/23	2022/23	2023/24	2023/24	2024/25	2024/25	2025/26	2025/26
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
2,319,100	2,139,520	3,816,011	3,709,863	2,772,027	2,997,912	3,828,199	3,479,676	3,756,209	3,542,386	4,858,826	5,066,072
2,152,623	2,011,924	3,810,629	3,734,534	2,730,429	2,983,273	3,543,360	3,218,636	3,118,127	2,919,741	3,354,754	3,613,014
(321,910)	(306,394)	(1,025,717)	(727,328)	(59,884)	(608,381)	(1,343,023)	(890,132)	519,028	812,545	(586,065)	(872,089)
(1,423,010)	(1,403,485)	(1,740,183)	(1,984,066)	(3,300,014)	(2,934,233)	(2,316,391)	(2,442,514)	(3,750,099)	(3,660,706)	(3,074,958)	(3,071,735)
407,703	302,045	1,044,729	1,023,140	(629,469)	(559,341)	(116,054)	(114,010)	(112,944)	71,580	(306,268)	(330,809)
18	20	65	76	35	31	-5	-9	-6	-2	21	24
109	72	108	108	-36	-35	4	6	-22	-39	27	75
2,692	2,248	3,917	4,208	5,392	5,557	5,058	4,333	4,921	4,415	6,428	6,694
33.27	30.53	51.20	48.79	36.36	34.59	37.94	36.80	51.75	41.64	81.38	85.02
1.76	2.96	3.43	4.00	2.86	3.38	2.28	2.94	0.96	1.10	0.65	0.63
0.17	0.07	0.09	0.04	0.04	0.04	0.08	0.06	0.37	0.38	0.54	0.53
27.37	56.28	47.97	74.24	25.22	64.77	33.83	40.14	22.67	21.02	18.80	26.10
9%	6%	8%	7%	10%	8%	13%	10%	28%	27%	37%	33%
73%	74%	53%	53%	120%	122%	103%	101%	242%	295%	129%	119%
1.64	1.63	3.40	3.37	2.33	2.30	2.32	2.36	1.82	1.49	2.33	2.53
6.98	7.00	5.49	5.53	6.50	6.48	7.65	7.50	7.65	11.88	17.75	16.34
1.20	1.20	1.80	1.80	2.80	2.80	2.40	2.40	4.40	4.40	3.00	3.00
1.36	1.36	1.89	1.87	0.83	0.82	0.97	0.99	0.41	0.34	0.78	0.84
11,608,923	11,608,923	18,968,696	18,968,696	15,146,493	15,146,493	18,033,476	18,033,476	28,463,209	28,463,209	41,983,233	41,983,233
4.98	5.39	6.75	7.02	6.18	6.45	6.09	6.40	3.51	3.44	2.86	2.95

NUMBER OF PERMANENT BUILDINGS AVAILABLE AS AT 31.03.2026

Watawala Plantations PLC

Buildings	NO. OF BUILDINGS				
	HMD	TLG/OP	NKD	OPM	TOTAL
Factories	2	1	1	1	5
Bungalows	7	9	5	2	23
Senior Staff Bungalows	10	11	10	3	34
Junior Staff Bungalows	18	15	15	1	49
Double Barrack Lines	9	147	110	0	266
Single Barrack Lines	31	190	64	0	285
Twin Cottages	51	196	100	0	347
Single Cottages	0	27	122	0	149
Creches	5	7	1	0	13
Dispensary	1	1	2	0	4
Maternity Ward	0	0	0	0	0
Minor Buildings	19	21	17	2	59
Training Centers	0	1	0	0	1
Self Help Housing	244	64	0	0	308
Any Other Buildings (Ple. Specify) - EWHC Building/ Badminton Court/ Central Garage/ Community center/ Main Office/ GYM)	1	2	6	0	9

**TLG Tea Factory Leased Out

INVESTOR INFORMATION

1. STOCK EXCHANGE LISTING

The issued shares of Watawala Plantations PLC are listed with the Colombo Stock Exchange (CSE) in Sri Lanka.

	Company	
As at 31 March	2026	2025
Total numbers of shareholders	21,479	19,092
Total numbers of shares	1,016,543,166	1,016,543,166

2. DISTRIBUTION OF SHAREHOLDING

2.1 Distribution of shareholding as at 31 March 2026

Number of Shareholders	Holdings	Total Holdings
6,622	1-1,000 shares	30.83%
11,577	1,001-10,000 shares	53.90%
3,080	10,001-100,000 shares	14.34%
175	100,001-1,000,000 shares	0.81%
25	1,000,001 & Over	0.12%
21,479	**Total**	100.00%

2.2 Analysis of shareholders

Categorise of Shareholders	As at 31 March 2026				As at 31 March 2025			
	Shareholders		Holdings		Shareholders		Holdings	
	Number	%	Number	%	Number	%	Number	%
Residents	21418	99.72%	1,007,994,490	99.16%	19,042	99.74%	1,007,468,160	99.11%
Non-Residents	61	0.28%	8,548,676	0.84%	50	0.26%	9,075,006	0.89%
Total	**21,479**	**100.00%**	**1,016,543,166**	**100.00%**	**19,092**	**100.00%**	**1,016,543,166**	**100.00%**
Individuals	21,209	98.74%	180,876,777	17.79%	18,837	98.66%	182,584,635	17.96%
Institutions	270	1.26%	835,666,389	82.21%	255	1.34%	833,958,531	82.04%
Total	**21,479**	**100.00%**	**1,016,543,166**	**100.00%**	**19,092**	**100.00%**	**1,016,543,166**	**100.00%**

2.3 Directors' shareholding

The number of shares held by the Board of Directors are as follows

As at 31 March	2026	2025
M R Mihular (Chairman)	Nil	Nil
M S Mawzoon	Nil	Nil
S G Sathasivam	Nil	Nil
V Govindasamy	Nil	Nil
D A Cabraal	Nil	Nil
A Herath	Nil	Nil
M T Siddique	Nil	Nil
H D Abeywickrama	Nil	Nil
M R Rao	Nil	Nil

INVESTOR INFORMATION

2.4 Acting Chief Executive Officer's shareholding

As at 31 March	2026	2025
S G Sathasivam	Nil	Nil

3. PUBLIC SHAREHOLDINGS

	Requirement by CSE	As at 31 March 2026	Comply with CSE Rule 7.13.1 (a)	Requirement by CSE	As at 31 March 2025	Comply with CSE Rule 7.13.1 (a)
Option	4	4	Yes	4	4	Yes
Float adjusted market capitalisation	Above Rs. 7.5Bn	Rs. 9.73Bn	Yes	Above Rs. 2.5Bn	Rs. 6.59 Bn	Yes
The percentage of shares held by the public	10%	23.17%	Yes	10%	23.17%	Yes
Number of shareholders representing public holding	500	21,479	Yes	500	19,091	Yes

4. SHARE TRADING INFORMATION FOR LAST TWO YEARS (FROM 1 APRIL TO 31 MARCH)

	2026	2025
Highest price (Rs.)	49.80	160.0
Lowest price (Rs.)	36.70	28.0
As at 31 March (Rs.) (Last trade-31.03.2025)	41.30	28.0
Number of transactions	63,807	39,379
Number of shares traded	117,670,357	22,176,473
Value of shares traded (Rs.)	4,520,718,783	1,408,079,241

5. INVESTOR RATIOS AND OTHER INFORMATION AS AT 31 MARCH

	2026	2025
Earnings per share (Rs.)	2.34	1.89
Dividend per share (Rs.)	3.00	4.40
Dividend pay out (%)	128%	233%
Net asset per share (Rs.)	2.86	3.51
Number of Shares as at 31 March	1,016,543,166	1,016,543,166
Market Capitalisation (Rs.)	41,983,232,715	28,463,208,620

6. DIVIDEND PAYMENTS

2023/24 - Final Dividend - Rs. 1.40 (Restated) per share was paid on 29 May 2024
2024/25 - Interim Dividend - Rs.1.60 (Restated) per share was paid on 11 November 2024
2024/25 - Second Interim Dividend - Rs 1.40 per share was paid on 12 March 2025
2024/25 - Final Dividend - Rs 1.30 per share was paid on 4th July 2025
2025/26 - Interim Dividend - Rs.1.70 per share was paid on 20th November 2025

7 TWENTY (20) LARGEST SHAREHOLDERS AS AT 31 MARCH (VOTING SHARES)

Name	31 March 2026	
	No_of_Share	%
SUNSHINE WILMAR (PRIVATE) LIMITED	781,035,215	76.83
EST.OF LAT KANGASU CHELVADURAI VIGNARAJAH	11,334,560	1.12
MRS. LORRAINE ESTELLE MARLENE YASEEN	6,730,000	0.66
VYJAYANTHI & COMPANY LIMITED	5,058,370	0.50
MR. TALIB TAWFIQ TALIB AL-NAKIB (DECEASED)	3,500,000	0.34
MR. JAYAMPATHI DIVALE BANDARANAYAKE	3,316,475	0.33
MR. JAYAMPATHI DIVALE BANDARANAYAKE	3,313,780	0.33
RANAVAV HOLDINGS (PVT) LTD	3,088,310	0.30
MALSHIP CEYLON LTD	2,855,870	0.28
BANK OF CEYLON A/C NDB WEALTH GROWTH FUND	2,805,490	0.28
MRS. NANDINI MULJIE	2,796,770	0.28
MR. SUBRAMANIAM VASUDEVAN	2,251,130	0.22
MR. SUGATH WEERARATNE	2,236,542	0.22
MR. MOHAMED MACKY HASHIM	1,958,283	0.19
MRS. PALLE MULLE PAHALA GEDARA NILANTHI PRIYADARSHANI	1,928,446	0.19
DEUTSCHE BANK AG SINGAPORE A/C 2 (DCS CLT ACC FOR DEUTSCHE BANK AG SINGAPORE- PWM WM CLIENT)	1,914,590	0.19
MR. HANIF YUSOOF	1,855,503	0.18
MR. MOHAMED IMTIZAM ABDUL HAMEED	1,770,425	0.17
MR. SATHIENDRA RANJANAN MATHER	1,715,810	0.17
MR. AMARAKOON MUDIYANSELAGE WEERASINGHE	1,600,000	0.16
Sub Total	**843,065,569**	**82.93**
Other Shareholders	173,477,597	17.07
Grand Total	**1,016,543,166**	**100.00**

GLOSSARY

ACCOUNTING POLICIES
The specific principles, bases, conventions, rules, and practices adopted by an enterprise in preparing and presenting financial statements.

WATA
CSE identification code for the Company.

ACCRUAL BASIS
Recording revenues and expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

GSA
The Gross Sales Average. This is the average sales price obtained (over a period of time, for a kilo of produce) before any deductions such as Brokerage, etc

NSA
The Net Sales Average. This is the average sale price obtained (over a period of time) after deducting Brokerage fees, etc.

COP
The Cost of Productions. This generally refers to the cost of producing per kilo of produce (Tea / Rubber/ Palm Oil)

CPO
Crude Palm Oil

AMORTISATION
The systematic allocation of the depreciable amount of an intangible asset over its useful life

EBITDA
Earning before interest, tax, depreciation and amortisation.

VALUE ADDITIONS
The quantum of wealth generated by the activities of the Company and its application.

EARNING PER SHARE – EPS
Profit attributable to ordinary shareholders divided by the number of ordinary shares in ranking for dividend.

ENTERPRISE VALUE – EV
Market capitalisation plus debt, minority interest & preferred shares minus total cash and cash equivalents.

ENTERPRISE MULTIPLE – EM
Enterprise Value (EV) divided by Earnings before Interest Tax Depreciation and Amortisation (EBITDA)

MARKET VALUE ADDED – MVA
Shareholders' funds divided by the market value of shares

PRICE EARNINGS RATIO – PE
Market price of a share divided by earnings per share

MARKET CAPITALISATION
Number of Shares issued multiplied by the market value of each share at the year end.

NET ASSETS
Sum of fixed assets and current assets less total liabilities.

NET ASSETS PER SHARE
Net assets at the end of the period divided by the number of ordinary shares in issues.

RETURN ON EQUITY
Attributable profits divided by average shareholders' funds.

INTEREST COVER
Profit before tax plus interest charges divided by interest charges.

DIVIDEND COVER
Profit attributable to shareholders divided by gross dividend.

DIVIDEND PAYOUT
Profit paid out to shareholders as dividends as a percentage of profits made during the year.

RELATED PARTIES
Parties who could control or significantly influence the financial and operating policies of the Company

CONTINGENT LIABILITIES
Conditions or situations at the balance sheet date, the financial effects of which are to be determined by future events, which may or may not occur.

PHDT
Plantation Human Development Trust

WORKING CAPITAL
Current assets exclusive of liquid funds and interest-bearing financial receivables less operating liabilities and non-interest-bearing provisions.

TOTAL BORROWINGS
Total borrowings consist of interest bearing liabilities, fair-value derivatives, accrued interest expenses and prepaid interest income, and trade receivables with recourse.

NET BORROWINGS
Total borrowings less liquid funds.

CASH EQUIVALENTS
Liquid investments with original maturities of three months or less.

CURRENT RATIO
Current assets divided by current liabilities

DEBT TO EQUITY RATIO
Borrowing divided by equity

GEARING RATIO
Interest bearing capital divided by total capital (interest bearing and non-interest bearing)

TURNOVER PER EMPLOYEE
Consolidated turnover of the Company for the year divided by the number of employees employed at the year end.

EXTENT IN BEARING
The extent of land. From which crop is being harvested. Also see "Immature Plantation"

CROP
The total produce harvested during a financial year

IMMATURE PLANTATIONS
The extent of plantation that is underdevelopment and is not being harvested.

MATURE PLANTATIONS
The extent of plantation from which crop is being harvested. Also see "Extent in Bearing".

IN FILLING
A method of field development whereby planting of individual plants is done in order to increase the yield of a given field, whilst allowing the field to be harvested.

REPLANTING
A method of field development where an entire unit of land is taken out of "bearing" and developed by way of uprooting the existing trees/ bushes and replanting with new trees/bushes.

YIELD (YPH)
The average crop per unit extent of land over a given period of time (usually kgs per hectare per year)

ISO
International Standards Organisation

HACCP
Hazard Analysis Critical Control Point System. Internationally accepted food safety standard.

5S
A Japanese management technique on the organisation of the workplace. 5s stands for Seiri (Sorting), Seiton (Organising), Seiso (Cleaning), Seiketso (Standardisation), Shitsuke (Sustenance).

YOY
Year on Year

FFB
Fresh Fruit Bunches (Palm oil)

ROCE
Return on Capital Employed

CAPEX
Capital Expenditure

NED
Non-Executive Director

INED
Independent, Non-Executive Director

RPTRC
Related Party Transactions and Review Committee

NRC
Nominations and Remuneration Committee.

AC
Audit Committee

RSPO
Roundtable on Sustainable Palm Oil

KMP
Key Management Personnel

TOR
Term of Reference

NOTICE OF MEETING

Notice is hereby given that the Thirty Third (33rd) Annual General Meeting ("AGM") of Watawala Plantations PLC (the "Company") will be held online via a virtual platform on Thursday, the 25th day of June 2026 at 2.30 p.m. and the business to be brought before the meeting will be as follows :

1. To receive and consider the Annual Report of the Board of Directors, together with the audited financial statements of the Company, for the financial year ended 31st March 2026 and the report of the Auditors thereon.

2. To declare a final cash dividend of Rs. 0.80 per share as recommended by the Board of Directors.

3. To propose the following resolutions as ordinary resolutions for the re-appointment of Mr. M. R. Rao as a Director in terms of Section 211(1) of the Companies Act No. 7 of 2007, and to continue to be treated as an Independent Director in terms of Rule 9.8.3(ix) of the Listing Rules of the Colombo Stock Exchange, notwithstanding that he is over 70 years of age.

   3(a) Re-appointment in terms of section 211 (1) of the Act

   To propose the following resolution as an ordinary resolution for re-appointing Mr. M. R. Rao as a director in terms of section 211 (1) of the Companies Act No. 7 of 2007:

   "Ordinary Resolution

   IT IS HEREBY RESOLVED THAT the age limit referred to in section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. M. R. Rao who has attained the age of seventy four (74) years and that he be appointed as a director of the Company."

   3(b) Continue to be treated as an independent director in terms of Rule 9.8.3 (ix) of the Listing Rules

   WHEREAS, in accordance with Rule 9.8.3 (ix) of the Listing Rules, the Nominations and Governance Committee of the Company has evaluated and recommended that Mr. Rao, who is aged 74 years, be continued to be treated as an Independent Director to the Board, considering the justification and rationale supporting the opinion that Mr. Rao is independent notwithstanding his age;

   AND WHEREAS, the Board having duly considered the said justification and rationale has confirmed the recommendation of the Nominations and Governance Committee that Mr. Rao be continued to be treated as an Independent Director, in accordance with the said Rule 9.8.3 (ix) of the Listing Rules;

   Accordingly, IT IS HEREBY RESOLVED THAT the recommendation of the Nominations and Governance Committee along with the justification and rationale and the confirmation of the Board of Directors of the Company that Mr. M. R. Rao who has attained the age of 74 years, be continued to be treated as an Independent Director be and is hereby approved in accordance with Rule 9.8.3 (ix) of the Listing Rules of the Colombo Stock Exchange.

4. To propose the following resolutions as ordinary resolutions for the re-appointment of Mr. M. R. Mihular as a Director in terms of Section 211(1) of the Companies Act No. 7 of 2007, and to consider his appointment as an Independent Director in terms of Rule 9.8.3(ix) of the Listing Rules of the Colombo Stock Exchange, notwithstanding that he is over 70 years of age.

   4(a) Re-appointment in terms of section 211 (1) of the Act

   To propose the following resolution as an ordinary resolution for re-appointing Mr. M. R. Mihular as a director in terms of section 211 (1) of the Companies Act No. 7 of 2007:

   "Ordinary Resolution

   IT IS HEREBY RESOLVED THAT the age limit referred to in section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. M. R. Mihular who has attained the age of seventy (70) years and that he be appointed as a director of the Company."

   4(b) Appointing as an Independent Director in terms of Rule 9.8.3 (ix) of the Listing Rules

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

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

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

NOTICE OF MEETING

5. To re-appoint Mr. H. Abeywickarama as a Director of the Company, who retires by rotation in terms of article 30 of the articles of association of the Company.

6. To re-appoint M/s KPMG Chartered Accountants as Auditors of the Company until the conclusion of the next Annual General Meeting to audit the financial statements of the Company for the year ending 31st March 2027 and to authorize the Directors to determine their remuneration therefor.

7. To authorize the Directors to determine the contributions to charities.

By order of the Board

Corporate Services (Private) Limited
Secretaries

3rd June 2026
Colombo.

Note:

Any shareholder entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote/speak in his/her stead and a form of proxy is sent herewith for this purpose. A proxy need not be a shareholder of the Company. A completed form of proxy must be deposited at the registered office of the Company, at No. 60, Dharmapala Mawatha, Colombo 03 or e-mailed to lasantha.perera@sunshineholdings.lk or corporateservices@corporateservices.lk not less than 48 hours before the time appointed for the holding of the meeting

Meeting Guidelines

The meeting is to be held in line with the guidelines given by the Colombo Stock Exchange

(i) The shareholders who wish to participate at the meeting will be able to join the meeting through audio or audio and visual means via Zoom. In order for us to forward the access information necessary for participation at the meeting, which shall include the meeting identification number, access password, and access telephone number, please forward the duly completed registration form including your e-mail address and contact telephone number to the registered address of the Company not less than 48 hours before the time appointed for the holding of the meeting, so that the login information could be forwarded to the e-mail addresses so provided.

(ii) If the Company is unable to post this Notice due to any situation beyond its control, then this Notice will be published in one issue of a daily newspaper in the Sinhala, Tamil and English. The Form of Proxy and Registration Form will also be published on the website of the Colombo Stock Exchange (https://www.cse.lk/company-profile?symbol=WATA.N0000) and the website of the Company (https://watawalaplantations.lk/).

(iii) Proxy forms are forwarded to the shareholders together with the Notice of Meeting and Registration form. Proxy forms have been uploaded to the Company's website (https://watawalaplantations.lk/) and should be duly completed as per the instructions given therein and sent to the registered address of the Company or e-mailed to lasantha.perera@sunshineholdings.lk or corporateservices@corporateservices.lk not less than 48 hours before the time appointed for the holding of the meeting and the proxy so appointed shall participate at the meeting through audio or audio visual means only.

(iv) The shareholders who are unable to participate at the AGM via Zoom could send their queries, if any, to email address lasantha.perera@sunshineholdings.lk or corporateservices@corporateservices.lk at any time before the meeting time and the responses to the same will be included in the minutes of the meeting.

(v) Voting in respect of the items specified in the agenda to be passed will be registered by using the audio or audio and visual means (Zoom) or a designated ancillary online application. All of such procedures will be explained to the shareholders prior to the commencement of the meeting.

For any questions, please contact Mr. Lasantha Perera of Watawala Plantations PLC on 011 470 2400 during office hours.

FORM OF PROXY

*I/We..... of

.....

..... being a shareholder/shareholders of WATAWALA PLANTATIONS PLC do hereby appoint.

1.	Mr. M.R. Mihular	or failing him,
2.	Mr. V. Govindasamy	or failing him,
3.	Mr. S.G. Sathasivam	or failing him,
4.	Mr. H.D. Abeywickrama	or failing him,
5.	Mr. M. R. Rao	or failing him,
6.	Mr. M.S. Mawzoon	or failing him
7.	Mr. A. Herath	or failing him,
8.	Mr. M.T. Siddique	or failing him,
9.	Mr. D.A. Cabraal	or failing him,

..... of

.....

as my/our proxy to represent me/us and to speak and to vote on my/our behalf at the annual general meeting of the Company to be held on the Twenty Fifth (25th) day of June 2026 at 2.30 p.m. and at any adjournment thereof and at every poll which may be taken in consequence thereof.

		For	Against	Abstain
1.	To receive and consider the annual report of the board of Directors together with the audited financial statements of the Company and the Group for the year ended 31st March 2026 and the report of the auditors thereon.	☐	☐	☐
2.	To declare a final cash dividend of Rs. 0.80 per share as recommended by the Board of Directors.	☐	☐	☐
3 (a)	To re-appoint Mr. M. R. Rao as a Director who has attained the age of seventy four (74) years	☐	☐	☐
3 (b)	To continue to consider Mr. M. R. Rao as an Independent Director	☐	☐	☐
4 (a)	To re-appoint Mr. M. R. Mihular as a Director who has attained the age of seventy (70) years	☐	☐	☐
4 (b)	To approve Mr. M.R. Mihular as nevertheless independent upon him attaining the age of seventy (70) years	☐	☐	☐
5.	To re-appoint Mr. H. Abeywickarama Director of the Company, who retires by rotation in terms of Article 30 of the Articles of Association of the Company.	☐	☐	☐
6.	To re-appoint KPMG (Chartered Accountants) until the conclusion of the next AGM of the Company to audit the financial statements of the Company for the year ending 31st March 2027 and to authorise the Directors to determine their remuneration therefor	☐	☐	☐
7.	To authorise the Directors to determine the contributions to charities.	☐	☐	☐

Signed this ..... day of ..... Two Thousand and Twenty Six .....

*Signature/s

Note : Please delete the inappropriate words.

Form of Proxy

INSTRUCTIONS AS TO COMPLETION

1. Kindly complete the form of proxy after filling in legibly your full name and address and sign in the space provided. Please fill in the date of signature.

2. A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy who need not be a shareholder, to attend and vote instead of him.

3. In the case of a corporation, the form must be completed under its common seal, which should be affixed and attested in the manner prescribed by the articles of association.

4. If the form of proxy is signed by an Attorney, the relevant Power of Attorney should also accompany to the completed form of proxy, in the manner prescribed by the articles of association.

5. The completed form of proxy should be deposited at the registered office of the Company, No.60, Dharmapala Mawatha, Colombo 03 or e-mailed to lasantha.perera@sunshineholdings.lk or corporateservices@corporateservices.lk not less than 48 hours before the time appointed for the holding of the meeting.

CORPORATE INFORMATION

Name of the Company

Watawala Plantations PLC

Legal form

A public company with limited liability registered under Companies Act No 17 of 1982 and re-registered under the Companies Act No. 07 of 2007 and quoted on the Colombo Stock Exchange.

Date of Incorporation

18 June 1992

Registration No

PQ 65

Accounting Year

31 March

Directors

M R Mihular (Chairman)
M S Mawzoon
S G Sathasivam
V Govindasamy
A D Cabraal
A Herath
M T Siddique
H D Abeywickrama
M R Rao

Acting Chief Executive Officer

Mr. Shyam Govind Sathasivam, who was a non-executive director of the Company was appointed as the Acting Chief Executive Officer of the Company with effect from 27 May 2025

Secretaries & Registrars

Corporate Services (Private) Limited
No 216, De Saram Place, Colombo 10
Tel: +94 114 605 100

Auditors

KPMG (Chartered Accountants)
No 32A, Sir Mohomad Macan Markar Mawatha,
Colombo 03.

Bankers

Standard Chartered Bank Ltd
Hatton National Bank PLC
Commercial Bank of Ceylon PLC
Sampath Bank PLC
State Bank of India
DFCC Bank PLC
National Development Bank PLC
Nations Trust Bank PLC

Lawyers

FJ & G De Saram (Attorneys-at-Law)
No 216, De Saram Place, Colombo 10

D. L. & F. De Saram (Attorneys-at-Law)
No. 47, C.W.W. Kannangara Mawatha,
Alexandra Pl, Colombo 007

Nithya Partners (Attorneys-at-Law)
97/A,Galle Road, Colombo 03

Registered Office

No.60, Dharmapala Mawatha,
Colombo 03,
Sri Lanka
Tel: +94 114 702 400

E-mail: watawala@sunshineholdings.lk
Web: www.watawalaplantations.lk



Watawala Plantations PLC

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Colombo 03,
Sri Lanka.

Phone: +94 11 470 2416
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