PROPELLED TO NEW HEIGHTS

AGARAPATANA PLANTATIONS PLC

ANNUAL REPORT 2023/24

PROPELLED TO NEW HEIGHTS

From embracing new techniques to implementing efficient processing methods, our commitment to innovation has reshaped the landscape of our operations. In propelling ourselves to new heights, we remain grounded in our commitment to ethical and environmentally-friendly business practices, fostering a harmonious relationship between progress and planet.

By aligning our growth with environmental consciousness, we not only ensure the longevity of our plantation, but also contribute positively to the surrounding ecosystems. These responsible practices are a reflection of our unwavering commitment to excellence and growth in the dynamic tea industry. Over the past year, our company, driven by innovation and a relentless pursuit of quality, has been propelled to new heights, thus setting the stage for an even more promising future.

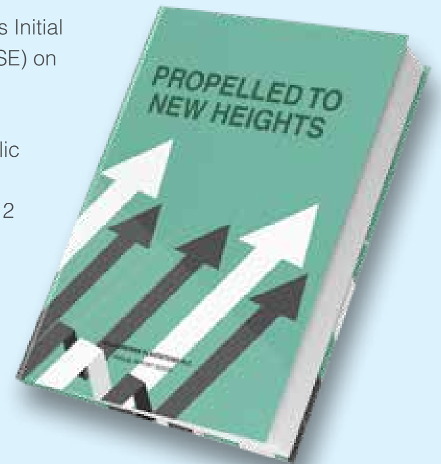
CONTENTS

INTRODUCTION

On 10th August 2023, Agarapatana Plantations Limited marked a historic change by debuting its Initial Public Offering (IPO), and was listed on the Diri Savi Board of the Colombo Stock Exchange (CSE) on 4th September 2023 as Agarapatana Plantations PLC, following its over-subscribed IPO.

APL published its first integrated report in the financial year 2022/23, as a preliminary to its public listing and the current annual report has continued using the integrated reporting framework to report on the performance of the Company and its subsidiary, Waverly Power (Pvt) Ltd, for the 12 months period of 1st April 2023 to 31st March 2024. As APL has voluntarily adopted integrated reporting, the primary objective is to facilitate greater transparency for shareholders, potential investors and other stakeholders regarding the Company's activities, management of resources and ESG practices.

This in depth information provides our stakeholders with much greater insights into not only the immediate financial status of the APL Group, but also regarding the progress of its growth strategy, its ethical business practices and its potential for growth.



BOARD RESPONSIBILITY STATEMENT

The Board of Agarapatana Plantations PLC take full responsibility for the accuracy of this report and to the best of our knowledge, this report complies with the Integrated Reporting principles and guidelines.

Our assurance on this report extends to the Company's financial statements and other quantitative and qualitative data provided in this report for the reporting period. The extent of our assurance for this report is further supported by the following statutory reports.

- Independent Auditors' Report on **pages 76 to 79**
- Statement of Directors' Responsibilities on **page 74**

FEEDBACK ON THIS REPORT

Please direct any feedback regarding this report to:

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Designation	:	Director Finance
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FORWARD-LOOKING STATEMENTS

All forward-looking statements, with regards to Agarapatana Plantations PLC, including its operations, plans and financials, are contingent on external and internal changes and may change without notice. APL does not undertake to update or revise any of these forward-looking statements publicly, whether to reflect new information or future events or otherwise.

NAVIGATION ICONS

Financial Capital

Human Capital

Manufactured Capital

Intellectual Capital

Natural Capital

Social Capital

BASIS OF PREPARATION AND PRESENTATION

REPORTING BOUNDARY

The reporting boundary of this integrated annual report covers only APL and its fully owned subsidiary, Waverly Power (Pvt) Ltd. These are also the financial reporting entities, for the purpose of setting the boundary for financial reporting, which is presented as Company and Consolidated formats in the financial statements and audited accounts for the financial year 2023/24.

SIGNIFICANT FRAMEWORKS AND METHODS

In addition to the Integrated Reporting Framework, this report uses the following standards :

- The Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka
- The International Financial Reporting Standards - IFRS Foundation
- The Code of Best Practice issued by the Institute of Chartered Accountants of Sri Lanka

PROCESS TO DETERMINE MATERIAL TOPICS

A review of the previous year's annual report and the operating environment and performance of the Company, were conducted by the senior management of APL prior to identifying and listing potential material topics for disclosure. Potential material topics were identified under each of the six capitals as well as governance and risk management requirements.

The Managing Director of Lankem Tea & Rubber Plantations (Pvt) Ltd, the Chief Executive Officer, the Director Finance and other senior managers participated in this review to contribute diverse viewpoints, including perspectives of key stakeholders.

PRIORITISATION AND SELECTION OF MATERIAL TOPICS

The highest priority topics under good governance and each of the capitals, were selected for disclosure as tabulated below. These topics were deemed essential to achieve short and mid-term strategic objectives as well as for the sustainability of the Group.

LIST OF MATERIAL TOPICS

Material Topic	Chapter	Page Number
Good Governance & Growth Strategy	• Chairman's Message	14
	• MD's Review	17
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	• Governance System	54
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Environmental & Social Sustainability	• Natural Capital	46
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FINANCIAL HIGHLIGHTS

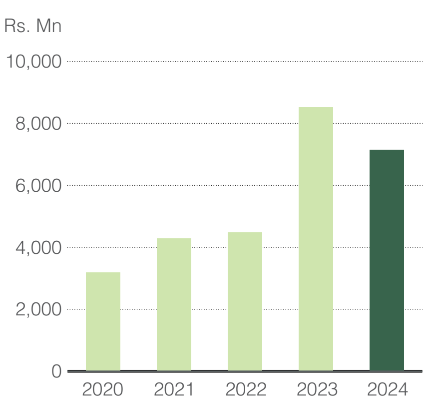
	GROUP			COMPANY		
	2023/24 Rs. Mn	2022/23 Rs. Mn	% Change	2023/24 Rs. Mn	2022/23 Rs. Mn	% Change
Results for the year						
Revenue	7,215	8,550	(16%)	7,153	8,518	(16%)
Gross Profit	877	2,681	(67%)	831	2,656	(69%)
Operating Profit before Finance Cost	1,033	2,656	(61%)	999	2,635	(62%)
Profit before Tax	759	2,386	(68%)	743	2,387	(69%)
Profit after Tax	465	1,737	(73%)	454	1,783	(75%)
Total Comprehensive Income	146	1,649	(91%)	135	1,696	(92%)
At the year end						
Shareholders' Funds	4,173	3,279	27%	4,209	3,327	27%
Ratios						
Gross Profit (%)	12.16	31.36	(61%)	11.62	31.18	(63%)
Current Ratio (times)	1.44	1.04	38%	1.44	1.03	40%
Acid Test Ratio (times)	1.02	0.44	132%	1.01	0.40	153%
Borrowings/Total Assets (%)	12.96	17.00	(24%)	12.43	15.80	(21%)
Per Share						
Earnings (Rs.)	1.00	4.17	(76%)	0.97	4.28	(77%)
Net Assets (year end) (Rs.)	8.35	7.86	6%	8.42	7.98	6%

REVENUE
YOY Decrease in Revenue
16% ▼

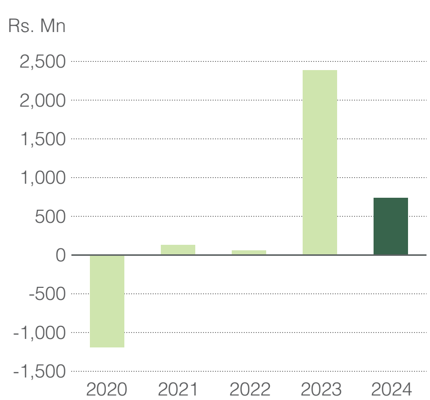
PROFIT BEFORE TAX
YOY Decrease in PBT
69% ▼

SHAREHOLDERS' FUNDS
YOY Increase in Shareholders' Funds
27% ▲

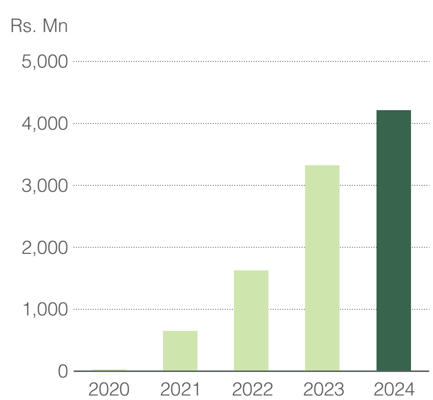
REVENUE



PBT

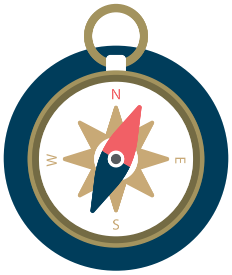


SHAREHOLDERS FUNDS



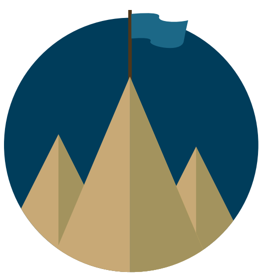
ABOUT THE COMPANY

VISION



To be the foremost producer of high quality tea in full conformity with desired quality requirements

MISSION

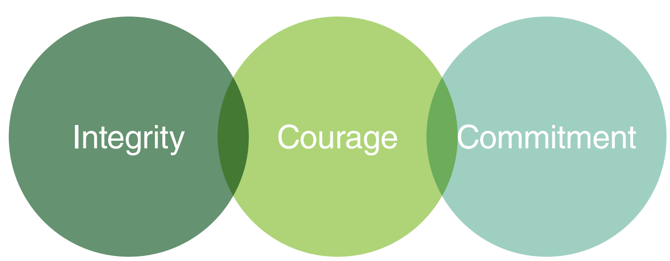


To produce the highest quality Tea whilst protecting and preserving the environment and safeguarding the interest of the community with whom we work, improving our asset base, developing our employee base and providing value to our shareholders

BUSINESS OBJECTIVES

To lead the way in the technical and innovative development of the Tea industry and operate with responsibility towards society and the community

CORE VALUES



HISTORY

The plantation industry in Sri Lanka was initiated by the British to cultivate tea, rubber, and coconut as commercial crops in the early 19th century, which they owned and managed. In the mid-70s', the Sri Lankan government implemented land reforms and nationalised the predominantly sterling-owned commercial plantations. This led to the establishment of two government organisations, the Sri Lanka State Plantations Corporation (SLSPC) and Janatha Estates Development Board (JEDB), to oversee the management of the plantations.

In 1992, the government recognised the burden the plantations posed and made the decision to privatise them once again. To facilitate this process, the government formed 22 Regional Plantation Companies, including Agarapatana Plantations Ltd (APL), incorporated in the same year. Initially, the management was privatised, and later the shares of the regional plantation companies were offered to private entities.

Formation of Agarapatana Plantations PLC

The estates were allocated in a manner that most of the 22 Regional Plantation Companies had plantations with multiple crops in different geographical locations. However, Agarapatana Plantation's estates were solely on the high-grown tea segment, with 11 estates situated in the Agras Valley categorised as the Western High in the Nuwara Eliya District, and the remaining 9 estates in the Uva High category located in Haputale region, Badulla District. Agarapatana Plantations comprises 20 estates, making it one of the few plantations exclusively dedicated to high-grown tea.

In recent times, we embraced technological advancements in agriculture. Currently, we are venturing into a transformative path in agriculture, placing significant emphasis on innovative technology. Today, we stand as a symbol of excellence and sustainability in the agricultural industry.

MANAGING AGENT

Lankem Tea and Rubber Plantations (Pvt) Ltd (LT&RP), is the Managing Agent of Agarapatana Plantations PLC.

PARENT

Lankem Developments PLC is the parent entity of Agarapatana Plantations PLC, holding 56.25% of the issued capital.

OUR JOURNEY

1992
Agarapatana Plantations Limited was incorporated

2019
Mechanical harvesting was piloted

2019
All factories and gardens obtained Rainforest Alliance certification, except for Glenanore and Gonamotawa which are mainly manufacturing bought leaf, sourced from small holders

2022
Acquired Waverly Power (Pvt) Ltd

2023
Successfully conducted an Initial Public Offering (IPO)

2023
Listed on the Colombo Stock Exchange

ABOUT THE COMPANY

OUR ESTATES, PRODUCTS, CERTIFICATIONS AND WORKFORCE

APL covers a total area of 10,192 hectares, with 6,412 hectares under tea cultivation and 17 processing centers. These centers include facilities for rotorvane small leaf manufacturing, Orthodox leafy manufacturing, and 3 refuse tea processing centers. All processing centers of Agarapatana are ISO 22000:2018 certified, and all processing centers excluding Glenanore and Gonamotawa, which manufactures smallholder leaf, are Rainforest Alliance certified. Additionally, Agarapatana possesses a commercial timber reserve of 935 hectares valued at Rs. 1.8 Bn.

It is noteworthy that APL is one of the few mono-crop companies in the plantation sector, with all of the tea extent located in the "High Grown" districts of Nuwara Eliya and Badulla, which fall within the Western and Uva High elevational categories. The principal activities of the company are the cultivation, manufacture and sale of black tea.

1. Albion	
Extent	586.00
Factory Type	Rotorvane
Factory Capacity (Made tea per annum)	1,080,000
No. of Workers	614
Certifications	ISO & RA Certified

2. Balmoral	
Extent	423.50
Factory Type	Rotorvane
Factory Capacity (Made tea per annum)	1,320,000
No. of Workers	383
Certifications	ISO & RA Certified

3. Diyagama East	
Extent	499.17
Factory Type	Rotorvane
Factory Capacity (Made tea per annum)	1,380,000
No. of Workers	325
Certifications	ISO & RA Certified

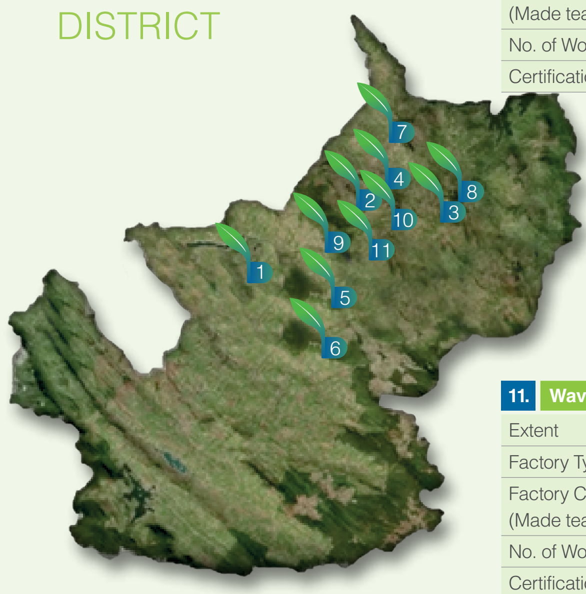
4. Diyagama West	
Extent	858.29
Factory Type	Rotorvane
Factory Capacity (Made tea per annum)	1,500,000
No. of Workers	592
Certifications	ISO & RA Certified

5. Glasgow	
Extent	411.50
Factory Type	Rotorvane
Factory Capacity (Made tea per annum)	1,320,000
No. of Workers	328
Certifications	ISO & RA Certified

6. Hauteville	
Extent	574.00
Factory Type	Rotorvane
Factory Capacity (Made tea per annum)	1,320,000
No. of Workers	524
Certifications	ISO & RA Certified

7. Holmwood	
Extent	254.89
Factory Type	No factory
Factory Capacity (Made tea per annum)	-
No. of Workers	144
Certifications	RA Certified

AGRAS VALLEY REGION - NUWARA ELIYA DISTRICT



8. New Portmore	
Extent	226.39
Factory Type	No factory
Factory Capacity (Made tea per annum)	-
No. of Workers	144
Certifications	RA Certified

9. Sandringham	
Extent	224.70
Factory Type	Refuse Tea
Factory Capacity (Made tea per annum)	840,000
No. of Workers	256
Certifications	ISO & RA Certified

10. Torrington	
Extent	415.00
Factory Type	Leafy
Factory Capacity (Made tea per annum)	360,000
No. of Workers	227
Certifications	ISO & RA Certified

11. Waverley	
Extent	445.25
Factory Type	Rotorvane
Factory Capacity (Made tea per annum)	1,500,000
No. of Workers	334
Certifications	ISO & RA Certified

HAPUTALE REGION - BADULLA DISTRICT

1.	Beauvais
Extent	357.18
Factory Type	Refuse Tea
Factory Capacity (Made tea per annum)	360,000
No. of Workers	248
Certifications	ISO & RA Certified

5.	Haputale
Extent	941.96
Factory Type	Rotorvane
Factory Capacity (Made tea per annum)	1,500,000
No. of Workers	735
Certifications	ISO & RA Certified

6.	Kahagalla
Extent	400.93
Factory Type	Refuse Tea
Factory Capacity (Made tea per annum)	540,000
No. of Workers	216
Certifications	ISO & RA Certified

2.	Dambatenne
Extent	873.00
Factory Type	Rotorvane
Factory Capacity (Made tea per annum)	1,800,000
No. of Workers	658
Certifications	ISO & RA Certified

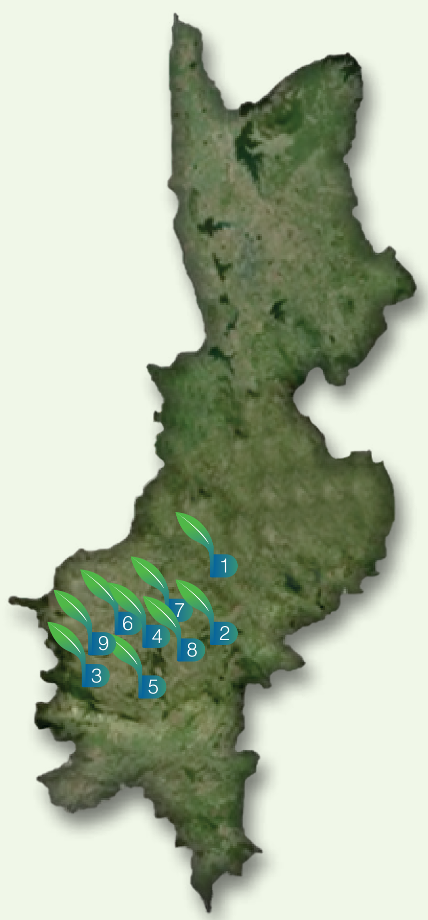
7.	Nayabedde
Extent	498.70
Factory Type	Rotorvane
Factory Capacity (Made tea per annum)	1,200,000
No. of Workers	585
Certifications	ISO & RA Certified

3.	Glenanore
Extent	552.05
Factory Type	Leafy
Factory Capacity (Made tea per annum)	1,320,000
No. of Workers	362
Certifications	ISO & RA Certified (Garden Only)

8.	Pita Ratmalie
Extent	667.78
Factory Type	Rotorvane
Factory Capacity (Made tea per annum)	1,200,000
No. of Workers	452
Certifications	ISO & RA Certified

4.	Gonamotava
Extent	267.00
Factory Type	Rotorvane
Factory Capacity (Made tea per annum)	720,000
No. of Workers	296
Certifications	ISO & RA Certified (Garden Only)

9.	Udaveriya
Extent	715.13
Factory Type	No factory
Factory Capacity (Made tea per annum)	-
No. of Workers	93
Certifications	N/A



AGARAPATANA ATTRACTIONS

APL tea estates extend into some of the most beautiful and historic locations in the country that are major tourist attractions, including scenic locations in both the Agras Valley and Haputale regions. The iconic Lipton Seat is located within Dambatenne estate. The estates in the Agras region border the Horton Plains natural reserve. These sites hold immense value for tourism, particularly the rapidly developing Haputale region, which is becoming a popular destination adjacent to Ella.

Agarapatana estates near Haputale are located in close proximity of attractions such as the Nine Arch Bridge, Ella and Ravana Ella, Horton Plains including Sri Lanka's tallest waterfall Bambarakanda Ella and the Devil's Staircase situated on the road to Udaveriya. Agarapatana estates on the Agras Valley side, provide access to Sri Lanka's second highest mountain, Kirigalpotta. These estates also border the Horton Plains, where an entrance is being constructed to accommodate trekkers and naturalists interested in nature and wildlife.

Horton Plains Entrance - Diyagama East Estate

Dambatenne Estate

APL's Dambatenne Estate is a unique historical landmark inextricably interwoven with the history of Ceylon Tea. The estate was originally owned by Sir Thomas Lipton from 1890s until his demise in the early 1930s. This is where the globally renowned Lipton Tea brand began and with it the legacy of Ceylon Tea. Tea from Dambatenne Estate is still sold under the Bandara Eliya garden mark and continues to command high prices due to its unique flavour, colour and aroma, and continuing quality standards.

Situated in the Badulla district in the Uva province of Sri Lanka, Dambatenne Estate has a total land extent of 873 ha. The Estate comprises Bandara Eliya, Dambatenne, Deaculla, Mousakellie and Mahakanda divisions, that range in elevation from 1,509m to 1,936m, contributing to distinct flavours due to the different climatic conditions.

Lipton's Seat is a historic tourist location and an unparalleled experience for visitors. Named after Sir Thomas Lipton, Lipton's Seat is the highest point in the Badulla district towering over a precipice with a sheer descent of 6,000 ft. Visitors to Lipton's Seat travel through beautifully maintained tea estates to reach this vantage point on the Poonagala Hills, to a panoramic view of Sri Lanka's lush green tea gardens, rolling hills, and cascading waterfalls.

Lipton Seat - Dambatenne Estate

Besides tea, the Estate is home to jungle/patana land (107.6 ha), watersheds (29.1 ha) secondary forests and a rich biodiversity, that APL continues to protect and nurture as a notational inheritance.

APL is committed to promote sustainable tourism and will continue to protect and maintain these rare and beautiful natural assets of our estate for the benefits of future generations.

AGARAPATANA BUNGALOWS

APL has many beautiful and historic tea estate bungalows that are maintained in excellent condition giving visitors a glimpse of a long forgotten colonial past. Originally these managers bungalows were given to British Tea Planters, as employment privileges for taking up challenging employment in a distant colony. These beautiful bungalows were luxurious residences surrounded by sprawling gardens and sweeping views of the estates.


Manager's Bungalow - Gonamotawa Estate

AGARAPATANA TEA CENTERS

The Agarapatana Tea Centers has been constructed to showcase the Company's finest tea to local and foreign visitors. Tea Centres allows visitors to sample and purchase a range of tea from Agarapatana.


Tea Center - Haputale Estate

WAVERLY POWER (PVT) LTD

Waverly Power (Pvt) Ltd is APL's fully owned subsidiary, acquired in September 2022 to support the Company's plans to enter the renewable energy industry. This mini hydro power plant that has a capacity of one megawatt sells all its electricity to the national grid of the Ceylon Electricity Board (CEB) generating a new source of revenue for the Company. The power plant has 6 years left in its current power purchase agreement with the CEB, with the potential to renew the agreement for another 15 years from 2030.


Waverly Hydropower Plant

OUR BUSINESS MODEL

INPUT	OUR CAPITALS	OUTPUT
As at 1st April 2023: Debt **Rs. 1,234 Mn** Equity **Rs. 3,327 Mn**	**Financial capital** Our financial capital comprises of equity and debt.	As at 31st March 2024: Debt **Rs. 1,171 Mn** Equity **Rs. 4,209 Mn**
Total value of biological and all other tangible assets as at 1st April 2023: **Rs. 6,504 Mn**	**Manufactured Capital** Our manufactured capital comprises tea and timber plantations, factories and hydropower plants.	Total value of biological and all other tangible assets as at 31st March 2024: **Rs. 6,717 Mn**
Fostering a culture of innovation & creativity	**Intellectual Capital** Our intellectual capital is primarily our garden marks and the tacit and technical knowledge of our employees.	Our intellectual capital base is our expertise on plantation management and cultivation of tea. Estate trademarks are another unique intellectual property adding value to APL tea. APL is also a pioneer in experimenting with mechanised tea plucking. We continue to focus on developing the intellectual capital of the Company through employee training and innovations.
Protecting & preserving our natural resources through sustainable practices	**Natural Capital** Our natural capital comprises the land, waters, flora and fauna of our estates.	Our environmental policies are aimed at conserving, protecting and enhancing the highly sensitive and climatically important natural capital within our estates.
Fostering strong relationships with communities through active management	**Social Capital** Our social capital comprises a network of relationships with many different stakeholders.	We actively manage the stakeholder relationships on which our business depends, including communities, regulators, suppliers, brokers and buyers. We thrive to deliver a quality product adhering to international standards (RA/ISO). We look after our communities and sustain them through various activities. We conduct our business as an ethical operator, adhering to industry best practices.
Our total human capital base as at 1st April 2023: **8,495**	**Human Capital** Our human capital comprises all grades of personnel from top management to field workers.	Our total human capital base as at 31st March 2024: **8,077**

EXECUTIVE REVIEW

ELEVATING LEADERSHIP

Our path of ascent is fuelled by the alignment of our strategy with our goals, and by the impeccable decision making displayed by our leaders

CHAIRMAN'S MESSAGE

We are starting a new chapter of growth, guided by a clear vision and a well-planned strategy, that is executed by professional plantation specialists

S D R Arudpragasam
Chairman

It gives me great pleasure to welcome our shareholders to the 32nd Annual General Meeting (AGM) of Agarapatana Plantations PLC and to present the Annual Report and Audited Financial Statements for the year ended 31st March 2024. This is also the first AGM of the Company since its listing on the Diri Savi Board of the Colombo Stock Exchange in September 2023, under the name Agarapatana Plantations PLC (AGPL). The IPO was was opened for subscription as scheduled on 10th August 2023 and was oversubscribed within the day. Therefore, I take this opportunity to thank all of you who made the choice to become shareholders of APL, and for your confidence in me and the Board of Directors.

In the first year of public listing APL has continued to maintain growth in profitability in spite of external uncertainties. APL reported a profit of Rs. 454 Mn for the year and the APL Group, which includes Waverly Power (Pvt) Ltd, recorded a profit of Rs. 465 Mn. I urge our shareholders to consult the Financial Capital chapter of this report for greater details of the Company's financial status.

GOVERNANCE AND COMPLIANCE

APL's entire governance and risk management framework was carefully reviewed prior to the IPO and any improvements to accommodate the more stringent governance requirements as a public listed company, were instituted prior to the listing. However, even after the IPO, the Board and the Company Secretaries continued to appraise the governance framework for any improvements.

I am pleased to report that as at the end of the current financial year, to the best of my knowledge, APL has met all statutory good governance requirements. APL has also adopted the Code of Best Practice on Corporate Governance 2017 jointly issued by Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission.

The Board discharged its responsibilities during the year by meeting as scheduled to review external developments and the Company's financial and operational status. The Board held discussions with senior management and continually monitored the risk environment. Agarapatana has also established four Board sub committees for financial oversight, related party transactions oversight and for nominations and remuneration of Board members. These Board sub committees met regularly and made recommendations to the Board.

Monthly management meetings were held to review estate operations against budgets and monthly targets, to enable closer financial and operational monitoring, and to provide strategic guidance towards achieving annual targets.

SRI LANKA'S ECONOMY

The Sri Lankan economy continued to contract in 2023, but at a lower rate than in 2022, due to a revival in the last two quarters of 2023. As per the Central Bank's Annual Economic Review 2023, the GDP growth for 2023 is estimated at negative 2.3%, which is an improvement from the negative 7.3% reported in 2022. While economic growth in the first two quarters of the year continued to contract, in the 3rd and 4th quarters of 2023, the Sri Lankan economy grew by 1.6% and 4.5%. This positive performance helped to reduce the annual contraction to negative 2.3%.

Overall, in 2023, agricultural activities grew by 2.6% against 2022, while industrial and services activities contracted by 9.2% and 0.2 %, respectively. The recovery of the agriculture sector from the 4.2% contraction of 2022 was mainly driven by availability of fertiliser, other agrochemical inputs and fuel. Rice, other perennial crops, fruits, vegetables, and fishing were the main contributors to growth, while tea, rubber and coconut outputs contracted by 1.5%, 7.7%, and 3.6% respectively, largely due to the adverse impact of weather anomalies.

TEA MARKET

Compared to the price increase of tea in 2022, rupee tea prices slumped, from March 2023, following the appreciation of the Sri Lankan Rupee and continued to weaken in the backdrop of a volatile currency, causing tea revenues of many plantation companies to decline against the previous year.

However, at a national level, US dollar earnings from tea exports increased in 2023, reflecting higher export prices despite a decline in export volumes. The country's tea exports in 2023 declined to 242 Mn kgs, from 250 Mn kgs in 2022. Export value of tea on the other hand, increased to US$ 1,310 Mn from US$ 1,259 Mn in 2022. The main export market for Ceylon Tea remained the Middle East, but exports declined from 114 Mn kgs in 2022 to 111 Mn kgs. However, the value of exports increased from US$ 531 Mn to US$ 562 Mn. CIS countries are the next major export market for Ceylon Tea, where exports again declined from 41 Mn kgs to 36 Mn kgs in 2023, and the value of exports also declined from US$ 219 Mn to US$ 199 Mn. Exports to EU countries, which is the third largest market for Ceylon Tea, increased from 22 Mn kgs, to 23 Mn kgs, and export earnings also increased from US$ 148 Mn, to US$ 162 Mn.

APL achieved a 9% increase in its tea outputs in 2023 compared to 2022, indicating the effectiveness of our crop management practices. However, the exchange rate volatility of 2023/24, caused our tea income to reduce.

With regards to the new financial year, analysts predict that global outputs would increase by 1.5% to 3%. However, in Sri Lanka, probable El Niño effects and rising input costs including labour, fertiliser prices and more stringent tax policies, could stifle tea outputs. We can also anticipate continued volatility in global tea prices due to ongoing trade restrictions on Russia and Iran, weak economic conditions in Turkey, and the added cost of rerouting trade from the Red Sea. Therefore, we will remain vigilant of macro developments to benefit from any opportunities and focus on cost management in our estates.

CHAIRMAN'S MESSAGE

CORPORATE SOCIAL RESPONSIBILITY

We have continued to maintain our tradition of caring for, and providing many welfare facilities for our estate communities, while also protecting the invaluable natural environment under our care. A great deal of information regarding these activities are provided in the Social Capital and Natural Capital chapters of this report, for your interest.

APPRECIATIONS

As APL commences a new chapter in its history as a Public Quoted Company, I am aware that our success is reliant on the goodwill and support of our key stakeholders. Hence, I again thank our shareholders for becoming a part of our journey and assure them of our commitment to create sustainable returns on investments. Our achievements during the year would not have been possible without the total commitment of our management and all employees, as well as our Company Secretaries, and I thank all of you and look forward to your continued sincere cooperation. My colleagues on the Board have been the strength behind the Company and I fully appreciate their efforts. On behalf of the Board of Directors, I also thank the officials of the Securities and Exchange Commission, the Colombo Stock Exchange, and the managers for the IPO, Capital Alliance Partners Limited, for their guidance during the year.

I would also like take this opportunity to remember with great respect, the late Mr. Algarajah Rajaratnam for his services to the Company. Mr. Rajaratnam was on the Board of APL since 1996 and was also the Chairman of the Ultimate Parent Company, The Colombo Fort Land & Building PLC (CFLB). He provided steadfast guidance to the CFLB Group during his tenure. We shall always remember him for his contributions to the Company and the Group.

S D R Arudpragasam
Chairman

29th August 2024

MANAGING DIRECTOR'S REVIEW

Our strategy for revenue growth and risk resilience is being deployed across our estates to sustain steady growth into the future

S S Poholiyadde
Managing Director

MANAGING DIRECTOR'S REVIEW

In the first year of its public listing, APL was focused on laying the groundwork to accelerate its growth strategy by prioritising administrative and operational improvements that are essential for sustained growth. Overall, I am pleased with our progress in this regard and also with APL's financial performance.

As APL is a monocrop cultivator of tea, the Company's financial performance is more dependent on tea prices. Therefore, in the current financial year, APL's profitability declined vis-à-vis the previous year, due to lower tea prices. However, I would like to stress that APL's tea outputs have increased against the previous financial year by 9% while the national output only increased by 2%, which demonstrates that the dip in bottom-line is due to lower international tea prices. A key objective of APL's growth strategy is to mitigate APL's vulnerability to commodity market price fluctuations, while maintaining financial growth.

STRATEGIC PROGRESS

APL's lands, which are all located in the highlands of Sri Lanka, are ideal for tea cultivation. As much as 50% of APL's Agras region lands are above 5,000 ft in elevation, where commercial cultivations are prohibited due to obvious environmental concerns. This significantly limits APL's opportunities for crop diversification.

Therefore, APL's growth strategy is aimed at achieving financial growth by increasing outputs and containing costs by generating our own renewable energy, mechanising harvesting and other field activities wherever possible, automating our tea factories, and replacing older low yielding seedling bushes with high yielding Vegetatively Propagated cultivar. These interventions can significantly increase production efficiencies to increase revenues and profitability. As APL can manufacture both rotorvane and orthodox tea, we can also change the product mix to maximise on global market prices.

In the current financial year, we allocated IPO funds prioritising efficiency improvement initiatives, and to upgrade existing factory infrastructure. We also recruited a Resident Director for the Agras region to maintain continuous and close oversight over all operations in our Agras estates. We are increasing bought leaf quantities to add to our own production. Therefore, I am confident our tea outputs will continue to increase, provided there are no major developments that derail the tea industry.

As the only viable option for crop diversification, we have invested in 935 ha of commercial timber cultivations, which we will manage for better returns.

The second component of our strategy is to generate our own energy. By generating our own hydropower and solar energy for factory operations, we will make significant savings and also avoid production risks due to energy uncertainty. During the current financial year, we entered into an agreement to set up solar systems for 10 of our factories, and we have also taken steps to commence a new mini hydropower plant. The benefits of these investments will start accruing to our profits over the short to medium term.

The third component of our growth strategy is to enter APL into the completely new business of tea tourism. APL has excellent potential for this, given the wonderful climate, scenic natural environment, tea trails and tourist attractions within close proximity, and also well maintained, historic bungalows.
In the current financial year, we made preparations for tourism services and we anticipate this business to take off in the new financial year. Our Agras estates comprise the longest individual part of the EU funded Pekoe Trail. Therefore, we are preparing to take advantage of the Pekoe Trail when it attracts visitors.

ENGAGING OUR PEOPLE

This was a critical year for APL, to engage all levels of employees into our growth strategy. We established direct communications between the management and all levels of employees to identify communication gaps and employee concerns. Productivity Committees have been established in each estate to directly communicate with all grades of employees. For the welfare of our workers, particularly our female tea harvesters, we built common rooms in each estate to relax and have their meals. We also built toilets in the field. These facilities were constructed with an eco-friendly concept using natural material to blend into the natural environment and retain the beauty of our estates.

POLYTHENE ELIMINATION

Another significant initiative during the year, in collaboration with the police and local authorities, is the "Making Lipton Seat Polythene Free" project. Preserving the pristine beauty of our highlands is vital for sustainable tourism and also for the wellbeing of our communities. We have already eliminated polythene in our factories and we will gradually eliminate polythene from Dambatanne Estate by educating the 4,650 estate population.

OUTLOOK AND PLANS

In general, we maintain a positive outlook for APL in the new financial year with the country's economic conditions improving and tourism arrivals also set to increase. Provided there is no significant domestic or global disruptions, we will continue to maintain our growth strategy as planned. Many of the factory improvements, as well as imports of new harvesting and pruning machines, are scheduled for 2024/25. APL's internal systems and mindset of employees are also now aligning to strategic objectives. Therefore, we can reasonably anticipate steady improvements to APL's financial performance.

APPRECIATIONS

APL has now commenced a new era of transformation and growth as a public quoted company and this has entailed many internal changes and adjustments, while also accommodating unprecedented external volatility. The Chairman and the Board of Directors have stood behind this change process giving it credence and guidance. The entire APL team, including all estate employees as well as staff, all Head Office and Regional Office staff, and the management team, have contributed unstintingly to make this year a success. Therefore, I thank all of them for their support and for their hard work. I would also like to thank our bankers, brokers, suppliers, the Planters' Association and the Employers' Federation for their advice and support. I am confident APL and all our business partners and stakeholders have a bright future ahead, as APL continues to grow.

S S Poholiyadde
Managing Director

Lankem Tea & Rubber Plantations
(Pvt) Ltd - Managing Agents

29th August 2024

OPERATIONS REVIEW BY CEO

Agarapatana Plantations has maintained production growth to become one of the largest producer of made tea among RPCs in the High Grown Category

D R Madena
Director/ Chief Executive Officer

I am pleased to report that APL has performed in line with targets allocated for the year, under the Company's growth strategy.

While the Agras region enjoyed balmy weather, the Uva region faced the onslaught of El Nino related extreme rainfall from October 2023 to January 2024. This was excessive for tea bushes and also caused productivity to decline due to difficulties in plucking under slippery conditions. Extreme rain was followed by drought. In spite of these physical difficulties, APL increased its total tea outputs by 9% year-on-year.

I am also extremely pleased to report that APL became No. 1 among RPCs with regards to the quantity of made tea, in the High Grown Category. Despite the inclement weather outputs of APL increased by 9%, while the national output only increased by 2%.

OPERATING COSTS

All costs continued to increase although at a lower rate than the previous year. However, mechanisation and automation have contributed towards reductions of labour costs and we have commenced a renewable energy programme that will slash our energy costs.

CAPITAL INVESTMENTS

Our capital costs increased year-on-year, in line with the strategic investment plan. This included two 2,500 kw generators for the Dambatanne factory and Balmoral factory. An MOU was signed for the installation of solar panels for 10 of our tea factories. Another large expense was to overhaul the entire vehicle fleet of 50 vehicles, as import restrictions have prevented imports of new vehicles.

EMPLOYEE PRODUCTIVITY

As discussed in the Human Capital chapter, many new initiatives were introduced during the year to enhance employee satisfaction to improve productivity. We set up productivity committees in each of our estates that meet once a month with the management to address all issues pertaining to employees.

MECHANISATION

The mechanically harvested extent increased to 10% during this financial year, Currently 75% of pruning operations are also mechanised.

FACTORY MODERNISATION

Factory development plans are aimed at fully automating all our factories. In the current financial year, we obtained estimates to replace tea dryers with more modern, higher capacity driers, as the existing driers are unable to meet peak season production runs.

REPLANTING

Currently 60% of the total extent is seedling tea bushes, which need to be replaced due to age, to maintain productivity. We continued the replanting of seedling extent with high yielding VP in the current financial year. The replanting programme will make a major contribution towards sustaining revenues into the future, due to the higher yields from VP cultivar, coupled with the faster mechanical harvesting model.

CAPACITY UTILISATION

We commenced green leaf purchasing from small holders to increase factory utilisation. While the average factory utilisation increased to 60% during the year, we could not meet our bought leaf targets due to the intense competition from many smaller private factories. We are therefore, looking into ways and means to enhance our bought leaf quantities in the new financial year.

GOOD AGRICULTURAL PRACTICES

During the year, we prioritised soil improvements and soil conservation through the correct application of fertiliser and by expanding the irrigation system by using solar powered sprinklers and gravity fed systems using harvested rain water stocks.

COMMUNITY AND ENVIRONMENT

APL has also continued its many community welfare and environmental conservation activities. Please refer the Social Capital and Natural Capital chapters for details.

APPRECIATIONS

I would like to thank my entire team of management, staff and estate employees for their cooperation and hard work during this year of transition. I would also like to thank the Chairman and the Managing Director for their unfailing support at all times. I am grateful to our buyers and suppliers for their loyalty and I look forward to continuing our trusted relationship in the new financial year.

D R Madena
Director/ Chief Executive Officer

29th August 2024

BOARD OF DIRECTORS

Left to Right :

D.R. Madena

K. Mohideen

S.S. Poholiyadde

A. M. de S. Jayaratne

S.D.R. Arudpragasam
C.P.R. Perera

P.M.A. Sirimane
G.K.B. Dasanayaka

Anushman Rajaratnam (Absent)

BOARD OF DIRECTORS

S.D.R. Arudpragasam - Chairman

Non-Executive Director

Mr. S.D.R. Arudpragasam joined the Board in 1996 and was appointed Chairman in May 2013. Mr. S. D. R. Arudpragasam whilst being associated with The Colombo Fort Land & Building Group of companies since 1982 and having served on the Board of The Colombo Fort Land & Building PLC (CFLB) since the year 2000 and as Deputy Chairman from 2011 was appointed Chairman CFLB with effect from 1st July 2022. He also serves as Chairman of several subsidiaries of CFLB and holds the position of Chairman, Lankem Ceylon PLC and Chairman/Managing Director of E.B. Creasy & Company PLC in addition to holding other Directorships within the CFLB Group.

Mr. S.D.R. Arudpragasam is a Fellow of the Chartered Institute of Management Accountants (U.K.).

C.P.R. Perera - Deputy Chairman

Independent Non-Executive Director

Mr. C.P.R. Perera joined the Board in 2005 and was appointed Deputy Chairman in May 2013. He was appointed to the Board of The Colombo Fort Land & Building PLC (CFLB) in May 2013 and as Deputy Chairman with effect from 1st July 2022. He serves on the Boards of several subsidiaries of CFLB Group and also holds directorships in other private and public companies. He retired as Chairman of Forbes & Walker Ltd and its subsidiary companies in June 2005 after almost 44 years of service. He is also a past Chairman of the Sri Lanka Tea Board, Sri Lanka Insurance Corporation, PERC and Bank of Ceylon. Mr. Perera having held the Office of Chairman of Ceylon Tea Brokers PLC until 1st April 2022 continues to serve as an Independent Non-Executive Director of the said Company. Mr. Perera has served as a Committee Member of the Ceylon Chamber of Commerce, The Planters Association of Ceylon, and on the Committee of Management of the Ceylon Planters Provident Society.

S.S. Poholiyadde

Executive Director

Mr. S.S. Poholiyadde joined the Board on 07th September 2018 and currently holds the position of Managing Director, Lankem Tea & Rubber Plantations (Pvt) Ltd (LT&RP), Managing Agents of Kotagala Plantations PLC and Agarapatana Plantations PLC.

Mr. Poholiyadde is the former Managing Director of the Plantations Sector and Head of Group Human Resources of the Richard Pieris Group. He was also the former CEO/ Executive Director of Kegalle Plantations PLC, Namunukula Plantations PLC, Maskeliya Plantations PLC and an Executive Director of AEN Palm Oil Processing (Pvt) Ltd. He has over four decades of experience in the Plantation Industry.

He is the past Chairman of the Planters' Association of Ceylon, Former Chairman of the Colombo Rubber Traders' Association and has served as Chairman of the Plantation Services Group of the Employers Federation of Ceylon (EFC). He was also a member of the Board of Directors of the Sri Lanka Tea Board and the Rubber Research Board. He has also served as a Council Member of the Ceylon Chamber of Commerce.

Mr. Poholiyadde is a Fellow of the National Institute of Plantation Management.

D.R. Madena - Chief Executive Officer

Executive Director

Mr. Madena commenced his career with Janatha Estates Development Board in 1987 prior to privatisation and his experience spans over 37 years in the high grown western and eastern Regions.

With the privatisation of the Management in 1992, he joined Kotagala Plantations which was then managed by George Steuart Management Services as an Assistant Manager and was subsequently promoted as a Manager.

He continued to serve Kotagala Plantations under the management of Lankem Tea and Rubber Plantations (Pvt) Ltd (LT&RP) and functioned as the Manager from 2000 to 2005 of the Stonycliff Cluster which is one of the most prestigious properties of Kotagala Plantations.

In 2005, he was assigned to Dambatenne Estate which is one of the prime properties of Agarapatana Plantations PLC (APL) and held the positions of Manager / Senior Manager / General Manager / Regional General Manager.

He was appointed as an Alternate Director of APL in 2013 and to the Directorate of LT&RP in 2018.

Mr. Madena was appointed to the Board of APL and also to the position of Chief Executive Officer on 1st November 2019.

Anushman Rajaratnam

Non-Executive Director

Mr. Anushman Rajaratnam was appointed to the Board on 1st October 2019. He is at present the Group Managing Director of The Colombo Fort Land & Building PLC (CFLB). In addition, he serves on the Boards of several subsidiary companies of the CFLB Group. Prior to joining the CFLB Group, he worked overseas for a leading global Accountancy Firm.

Mr. Anushman Rajaratnam holds a Bachelor of Science degree in Economics from the University of Surrey, UK, and MBA from the Massachusetts Institute of Technology, USA.

P.M.A. Sirimane

Independent Non-Executive Director

Mr. P.M.A. Sirimane was appointed to the Board of Agarapatana Plantations PLC on 20th September 2022.

He is a Fellow of the Institute of Chartered Accountants of Sri Lanka and also holds a Master's in Business Administration from the University of Swinburne, Victoria, Australia. Mr. Sirimane serves on the Board of The Colombo Fort Land & Building PLC (CFLB) and also serves on the Boards of several subsidiary companies in the CFLB Group. Amongst other senior positions he has functioned as Managing Director/CEO of Mercantile Leasing Ltd, Group Finance Director of United Tractor & Equipment Ltd, Chief Finance Officer of Sri Lanka Telecom Ltd, and Director of SLT Hong Kong Ltd. He has served as a Member of several Committees of the Institute of Chartered Accountants of Sri Lanka and was an ex-officio member of the International Leasing Association.

BOARD OF DIRECTORS

G.K.B. Dasanayaka

Independent Non-Executive Director

Mr. G.K.B. Dasanayaka was appointed to the Board of Agarapatana Plantations PLC on 20th September 2022.

He is an Attorney-at-Law by profession. After a brief period at the unofficial Bar, Mr. Dasanayaka joined the Employers Federation of Ceylon (EFC) in 1979 and was Director General/CEO of the EFC from 2000 - 2006. His areas of work and expertise involved representing employers at International and National Level on Labour and related social issues, Employment Law, Employee Relations and Training & Development of Human Resources. He is an Honorary Life Member of the Chartered Institute of Personnel Management (Sri Lanka).

Mr. Dasanayaka worked with the International Labour Organisation (ILO) as a Senior Professional Specialist (Employer's activity) for the South Asian Region from 2007 to 2015. Since leaving the ILO, he offers consultancy services in employment related subjects.

Kowdu Mohideen

Executive Director

Mr. Kowdu Mohideen was appointed to the Board of Agarapatana Plantations PLC on 20th September 2022.

He is a Fellow of the Institute of Chartered Accountants of Sri Lanka and The Chartered Institute of Management Accountants (UK). He commenced his career at M/s Ernst & Young, Sri Lanka and later moved to various Commercial Sectors both locally and overseas.

He possesses a wide exposure in the areas of Plantation Industry, Hyper Market Operations, Fast Food Industry, Investment & Finance and Manufacturing spanning over 25 years in local and overseas companies during which period he has held several senior positions in Finance and Management including the position of Director, Finance & IT in a local Company and has also served as Managing Director in a Super Market operation overseas.

Having extensive experience in the field of Finance, Mr. Kowdu Mohideen joined the Lankem Plantations Group in the year 2012 as General Manager - Finance. He currently holds the position of Director - Finance and heads the Financial Management Unit of the Plantations Sector which comprises of several Companies including two Regional Plantation Companies.

A. M. de S. Jayaratne

Independent Non-Executive Director

Mr. A. M. de S. Jayaratne was appointed to the Board of Agarapatana Plantations PLC on 18th November 2022.

He is a former Chairman of Forbes & Walker Limited, Colombo Stock Exchange, Ceylon Chamber of Commerce and The Finance Commission. He also served as Sri Lanka's High Commissioner in Singapore.
Mr. Jayaratne is a Director of several listed and unlisted companies. He holds a Bachelor of Science Degree in Economics and is a Fellow of the Institute of Chartered Accountants of England and Wales and of Sri Lanka.

MANAGING OUR CAPITAL

GROWING PROSPERITY

As the wind blows beneath our wings, we set course for a specific trajectory of prosperity, perseverance and performance

OPERATING ENVIRONMENT

The plantation sector remained vulnerable to significant macroenvironmental threats during 2023/24 emanating from the domestic economy, as well as global geopolitics, which negatively impacted demand and prices for commodities including tea, in addition to the unavoidable outcomes of climate change. Nevertheless, APL's farsighted growth strategy enabled effective responses to safeguard the Company from these external threats

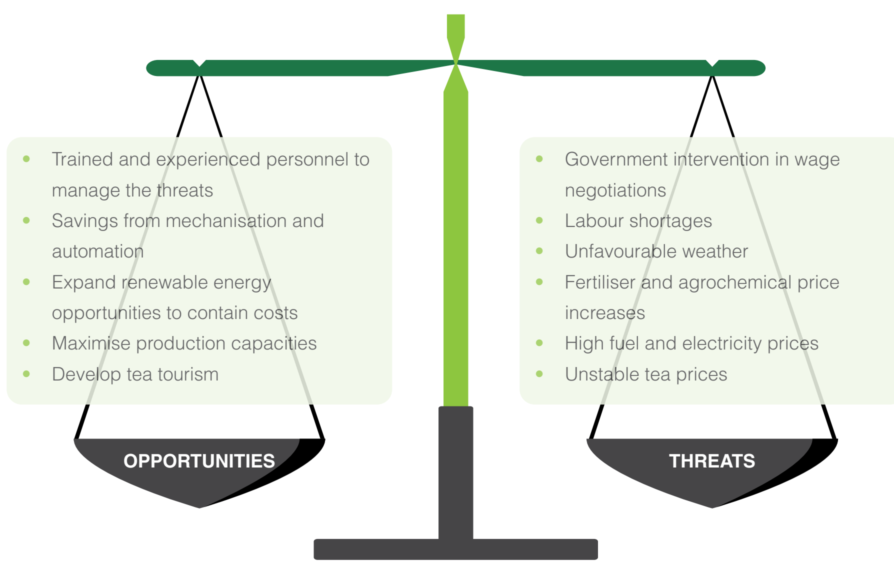

Factory - Haputale Estate

THREATS AND OPPORTUNITIES

The macroeconomic environment of the current financial year (2023/24) demonstrated a gradual improvement from the extreme instability of the previous financial year (2022/23), with key economic indicators such as the rate of inflation, exchange rate and interest rates, all stabilising. The rate of inflation gradually declined although costs continued to increase at a lower rate, continuously putting pressure on profit margins. However, the more stable and lower rate of inflation made cashflow management comparatively easier. The gradual rupee appreciation was a major contributor towards containing the cost of living due to the high level of dependence on imported inputs such as fertiliser, agrochemicals, equipment and machine parts. The market interest rates commenced a slow decline in the second half of the year, following Central Bank rate adjustments, which also contributed towards containing costs.

On the downside, plantation companies lost the benefit of the rupee depreciation of 2022/23, in the form of higher rupee income. The plantation sector income shot up in the previous year from record prices for tea, due to the unprecedented rupee depreciation. In the current financial year, this advantage was lost. The ongoing war between Russia and Ukraine and the war in the Gaza Strip, also caused demand and price fluctuations of tea, as Russia and the Middle East are the two major buyers of Ceylon Tea. In addition, the plantation sector was also hit by extreme weather, which caused operating difficulties, while also making it harder to maintain quality of tea leaves. The sector also suffered from labour shortages as labour outmigration from estates increased during the year, with estate youth moving out for alternative employments.

APL responded effectively to these external threats by stringently managing its costs, while optimising the Company's available resources, and by continuing to expand the Company's modernisation strategy.



MAJOR THREATS FACED BY AGARAPATANA PLANTATIONS

Unfavourable weather

Extreme rainfall during the year interfered in the normal growth and development of tea bushes and also made it difficult to pluck tea leaves.

Labour outmigration

During the 30 year period between 1992 and 2022, APL saw its labour force cut down by over half (63%). This is a reflection of the entire plantation industry. APL was one of the first plantation companies in Sri Lanka to acknowledge this shift in estate labour and to initiate mechanisation in its tea estates. This quick response has contained the harmful impact of labour losses to a great extend within APL estates.

	1992	2022/23	2023/24	% Change
Total employees (including management, staff and plantation workers)	22,000	8,495	8,077	(5%)

Taxes

Taxes remained high following the corporate tax rate increase during the last year, from 14% to 30%.

	2021/22	2022/23	2023/24	% Change
Income tax expense – Recognised in the Profit or Loss Rs. Mn	18	17	0	(100%)
Deferred tax expense – Recognised in the Profit or Loss Rs. Mn	14	588	290	(51%)
Income tax expense – Total Rs. Mn	32	605	290	(52%)

Fertiliser price increases

Import restrictions and fertiliser shortages ended in the current financial year. However, fertiliser prices remained high, which put up the cost of production.

	2021/22	2022/23	2023/24	% Change
Fertiliser Cost - Rs./MT	29,250	585,000	169,000	(71%)

Fuel and electricity price increases

The cost of energy, which increased by 70% year-on-year in the previous financial year, moderated to an increase of 48% in the current financial year. However, in order to address this risk in the future, APL has already operationalised its renewable energy plans to contain this cost going forward. Please refer the Manufactured Capital chapter for details.

	2021/22	2022/23	2023/24	% Change
Power Cost - Rs. Mn	90	153	226	48%

OPPORTUNITIES

APL's capability to manufacture two types of tea – rotorvane and orthodox - made it possible to capitalise on market demand and prices for different types of tea. However, during 2023/24, average tea prices decreased by 25% mainly due to unfavourable market conditions.

Commodity Type	2021/22	2022/23	2023/24	% Change
Average tea price Rs/kg	590	1,296	976	(25%)

In addition, APL has continued to strengthen its in-house skills and capabilities through the recruitment of specialists and consultants, which is contributing towards better management of available resources. The ongoing modernisation strategy is also generating cost savings and efficiency gains through automation and mechanisation.

FINANCIAL CAPITAL

Faced with a multiplicity of dynamic risks in the operating environment, including lower prices compared to last year for its only plantation crop which is tea, APL's priority in managing its financial capital during the current financial year, was to contain costs and to maximise profitability. This was achieved through multiple efficiency initiatives that are now making headway, including mechanisation and automation. In addition, it was essential to invest towards future financial sustainability through better management and new revenue sources

STRENGTHENING OUR FINANCIAL CAPITAL

APL financial capital base continued to improve in the current financial year with its shareholders' equity increasing from sustained profitability and capital infusion while debts were contained within manageable levels. This improvement was achieved primarily through cost savings from efficiency gains through the Company's ongoing mechanised tea plucking program and factory automation and upgrades.

Mechanised Plucking - Haputale Estate

MECHANISATION

At present, approximately Rs. 75 Mn has been spent on the procurement of plucking machines and mechanised harvesting was extended to 609 hectares, approximately 10% of the total tea extent.

This has resulted in substantial savings of over Rs. 100 per kg of made tea on estates where the operation is well established. In addition to the saving on workers, another benefit is that available hand pluckers can be deployed more efficiently in manageable extents, thereby increasing the number of plucking rounds which will lead to higher yields and better leaf. A large extent of revenue tea which had been abandoned in the past, has now been rehabilitated and brought back into production after the commencement of machine harvesting. This is gradually increasing production volumes and revenue. Whilst the national production volume increase compared to the previous season is at 2%, the company has achieved an estate crop increase of 15%, demonstrating the gains through mechanisation.

INVESTMENTS INTO RENEWABLE ENERGY

APL acquired Waverley Power (Pvt) Ltd, a mini hydropower plant, in September 2022. The plant supplies electricity to the national grid and represents a new source of revenue.

APL is also contemplating to install solar power energy solutions to all factory estates as part of the cost reduction strategy in the forthcoming financial years.

Financial Capital Base

	2021/22	2022/23	2023/24	% Change
Company - Total equity (Rs. Mn)	1,630	3,327	4,209	27%
Company - Total debt (Rs. Mn)	1,613	1,234	1,172	(5%)
Group - Total equity (Rs. Mn)	-	3,279	4,172	27%
Group - Total debt (Rs. Mn)	-	1,353	1,234	(9%)

Company	2021/22	2022/23	2023/24
Earnings per share (EPS)	0.09	4.28	0.97
Interest coverage (Times)	1.27	10.65	3.91
Return on Assets (ROA)	0.00	0.23	0.05
Return on Equity (ROE)	0.02	0.54	0.11
Gearing ratio	0.99	0.37	0.28
Current ratio	0.46	1.03	1.44

Group	2022/23	2023/24
Earnings per share (EPS)	4.17	1.00
Interest coverage (Times)	9.85	3.78
Return on Assets (ROA)	0.22	0.05
Return on Equity (ROE)	0.53	0.11
Gearing ratio	0.41	0.30
Current ratio	1.04	1.44

Quarterly Performance - Company	2023/24				2022/23
	1st Qtr End	2nd Qtr End	3rd Qtr End	4th Qtr End	
Revenue (Rs. Mn)	2,086	3,857	5,373	7,153	8,518
Gross Profit (Rs. Mn)	253	452	527	831	2,656
Profit after Tax (Rs. Mn)	109	228	250	454	1,783
Shareholders' Funds (Rs. Mn)	3,436	4,302	4,324	4,209	3,327
Total Assets (Rs. Mn)	7,932	8,585	8,707	9,425	7,813
Earnings per Share (Rs.)	0.26	0.46	0.50	0.97	4.28
Net Assets per Share (Rs.)	8.24	8.61	8.65	8.42	7.98

REVENUE

Revenue of the Company decreased by 16% in the current financial year mainly due to the decline in tea prices. However the Company able to increase its output by 9%.

	2021/22	2022/23	2023/24	% Change
Company (Rs. Mn)	4,487	8,518	7,153	(16%)
Group (Rs. Mn)	N/A	8,550	7,215	(16%)

Segmental Revenue – Group

	2022/23	2023/24	% Change
Tea	8,518	7,153	(16%)
Hydro Power	32	62	93%
Total	8,550	7,215	(16%)

Net Assets per Share

Rs. 7.98

2022/23

Rs. 8.42

2023/24

Earnings per Share

Rs. 4.28

2022/23

Rs. 0.97

2023/24

Revenue

Rs. 7,153 Mn

Tea

Rs. 62 Mn

Hydro Power

Total

Rs. 7,215 Mn

FINANCIAL CAPITAL

GROSS PROFIT

Gross Profit of both Company and Group decreased during the year with the gross profit of the Company decreased by 69% and 67% respectively year on year to Rs. 831 Mn and Rs. 877 Mn mainly due to the decrease in tea prices.

	2021/22	2022/23	2023/24	% Change
Company (Rs. Mn)	63	2,656	831	(69%)
Group (Rs. Mn)	N/A	2,681	877	(67%)

PROFIT FROM OPERATIONS

Operational profits of the Company continued to decrease by 69% to Rs. 743 Mn.

	2021/22	2022/23	2023/24	% Change
Company (Rs. Mn)	60	2,387	743	(69%)
Group (Rs. Mn)	N/A	2,386	759	(68%)

DEFERRED TAX EXPENSES

	2021/22	2022/23	2023/24	% Change
Recognise in the Profit or Loss (Rs. Mn)	14	588	290	(51%)
Recognise in the Other Comprehensive Income (Rs. Mn)	61	(37)	(136)	268%

PROFIT FOR THE YEAR

The Company's profit before tax decreased by 69% to Rs. 743 Mn, while the profit after tax decreased by 75% to Rs. 454 Mn.

The Group reported a profit before tax of Rs. 759 Mn, which is a decrease of 68% against the previous year, while the profit after tax decreased by 73% to Rs. 465 Mn.

	2021/22	2022/23	2023/24	% Change
Profit before tax - Company (Rs. Mn)	60	2,387	743	(69%)
Profit after tax - Company (Rs. Mn)	28	1,783	454	(75%)
Profit before tax - Group (Rs. Mn)	N/A	2,386	759	(68%)
Profit after tax - Group (Rs. Mn)	N/A	1,737	465	(73%)

FINANCIAL POSITION

Assets

The total assets of the Group increased by 20% to Rs. 9,523 Mn during the year. This growth was primarily due to the capital infusion through IPO and also due to the improved performance.

	2021/22	2022/23	2023/24	% Change
Company (Rs. Mn)	6,638	7,813	9,425	21%
Group (Rs. Mn)	N/A	7,956	9,523	20%

Cash Flow

Cashflows were managed prudently to enable timely payments to suppliers for continuing efficient operations.

Company	2021/22	2022/23	2023/24	Increase/ (Decrease)	% Change
Net Cash flow from/(used in) Operating Activities (Rs. Mn)	(337)	925	312	(613)	(66%)
Net Cash flow from/(used in) Investing Activities (Rs. Mn)	(54)	(555)	(269)	286	51%
Net Cash flow from/(used in) Financing Activities (Rs. Mn)	335	(177)	644	821	464%

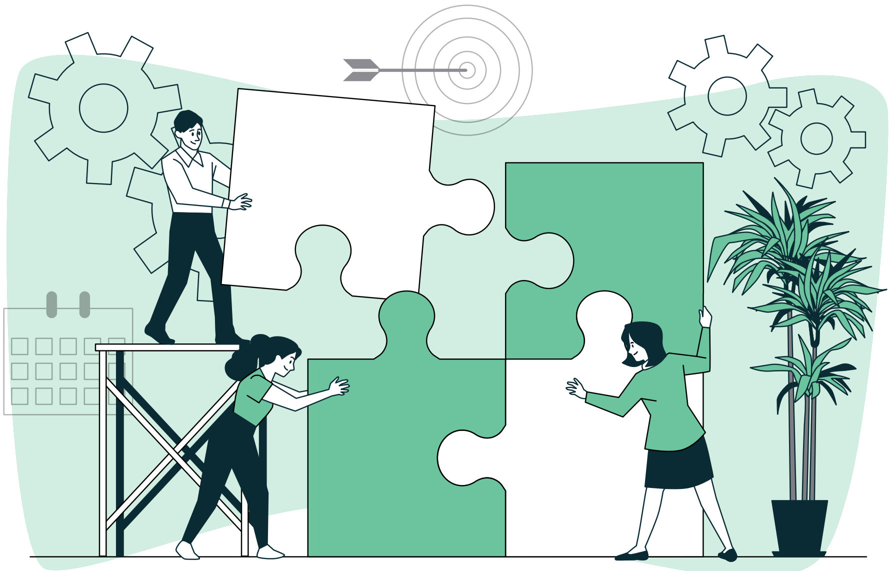
Group	2021/22	2022/23	2023/24	Increase/ (Decrease)	% Change
Net Cash flow from/(used in) Operating Activities (Rs. Mn)	N/A	941	378	(563)	(59%)
Net Cash flow from/(used in) Investing Activities (Rs. Mn)	N/A	(587)	(269)	318	54%
Net Cash flow from/(used in) Financing Activities (Rs. Mn)	N/A	(172)	600	772	448%

OUTLOOK AND PLANS

APL strides towards its strategic growth plans by investing new capital from the IPO to retire high cost borrowings while also investing in modernisation plans. This clearly depicts the road map stipulated in the IPO. The Company is already well into the process of expanding its share of renewable energy, and is also developing tourism revenue opportunities. During the current financial year, the Company also achieved significant efficiency gains, which can be expected to increase in the new financial year, thereby containing the middle line.

Therefore, we are confident of withstanding further macro instability in the future.

HUMAN CAPITAL



Developing its human capital was a priority for APL during the 12 months under review in order to align the Company's human resources with the Company's growth plans. Therefore, a new human resource strategy that was developed through a participatory approach, was implemented. The Company also focused on engaging employees at all levels by improving communications and reporting structures to enable better understanding among management and employees, and also improving field and office facilities for employees

As a plantation company, our employees are essential for daily operations and future sustainability of the Company. Therefore, improving existing human resource management systems to overcome external challenges by improving administrative structures as well as competency development, was a priority during the year. It is noteworthy that all fields and factories except for factories which undertake smallholder leaf operation are Rainforest Alliance accredited. Further all tea factories are ISO certified, demonstrating the high quality of human resource management within the Company.

8,077

Total number of employees 2023/24

WORKER SHORTFALL IN 2023

APL experienced a worker shortfall of 3,686 in 2023. Our decision to mechanise was the correct choice as the labour outmigration continues in the estates and as the Company has correctly adopted mechanisation, the Company now only needs to expand mechanisation. APL was one of the first plantation companies in Sri Lanka to introduce mechanised plucking in a commercial scale and is working towards digitizing operation.

Progress of machine harvesting

During privatisation in 1992, APL had a workforce of nearly 22,000. However, due to labour outmigration, the workforce has continued to decline. This reduction has had a significant impact on production, particularly in the area of plucking where there is a shortage of required workers. Recognising this challenge and exploring available technology, APL took the initiative in 2019 to introduce mechanical harvesting on a commercial scale.

APL is using available technology, deploying motorised harvesters, to harvest leaf to the maximum, at a lower cost, whilst maintaining accepted levels of leaf quality. This initiative is keeping with international trends, where not only tea, but agriculture in general, is being modernised and widely automated.

Currently, the average daily earnings of a machine operator exceeds Rs. 2,000/- during the cropping season, averaging well over Rs. 1,150/- over the season. Though there was initial resistance to the deployment of machines, for fear of reduced workdays for manual pluckers, such concerns have now subsided, with employees being continuously sensitised on the benefits of mechanisation and the assurances that machine harvesting is being undertaken only to fill the void created by the shortage of pluckers, not with the intention of replacing hand pluckers with machines.

Female workers are increasingly engaging in using machines and are found to perform better. Every effort is being made to enhance their employment status. This is a motivational factor which could attract the younger generation back to estate employment.

The perception that the survival of the industry depends on changing the current estate model to a smallholder type system could be negated by efficient machine harvesting. Such systems, more often than not, have mostly resulted in neglect and abandonment of tea land, along with a marked decline in yields. The estates are national assets, situated in some of the most fertile areas in the country. Social problems could also arise from fragmentation and distribution of land.

Mechanised Plucking - Gonamotawa Estate

COMPLIANCE STATEMENT

APL is pleased to report full compliance for the financial year 2023/24 with all applicable labour laws and regulations and all statutory payments. For the financial year under review, all statutory employee related payments have been made.

Compliance with anti-child labour and forced labour regulations

APL does not use any form of child labour, or forced labour in any of its activities. The Company collaborates with the National Child Protection Authority and the Labour Department to prevent child abuse and to protect the rights of children in its estates and is fully compliant with national laws and regulations preventing child labour and forced/bonded labour.

Child Development Center - Diyagama West Estate

Child Development Center - Beauvais Estate

RESTRUCTURING HUMAN RESOURCE POLICIES AND PROCEDURES

As human resources are essential for plantation operations, APL has reviewed its existing human resource management policies and systems with the objective of retaining its employees and developing their skills and competencies.

The HR reorganisation process which commenced in 2023/24, reviewed all human resource administration procedures and systems. The Company adopted a participatory approach to identify gaps, weaknesses and improvements, followed by re-evaluation of human resource management policies of the Company, to implement policy changes as required.

APL gives prominence to gender equality in its human resource management policies but provides opportunities for training and career growth for all employees. Formal, Board approved, policies and processes that comply with applicable laws and industry best practices, have been deployed with regards to all key human resource management aspects such as recruitment, termination, industrial relations, grievance management, performance assessments and training and development. These policies were reviewed and updated where necessary.

Our procedures are in line with Sri Lankan labour laws of Sri lanka.

HUMAN CAPITAL

DISCUSSIONS ON HR INITIATIVES

During the year, regular discussions were held with all levels of employees and we are in the process of improving our procedures. The strategies developed by the management are being continually improved through these discussions.

PROPOSED NEW HR INITIATIVES

1. TRAINING

Reputed bodies such as the Employers Federation Of Ceylon (EFC) , Tea Research Institute (TRI) and the National Institute of Plantation Management (NIPM) have been providing training as well as in house training on a more frequent basis. Further, we have recruited consultants on a permanent basis to assist the employees on certain technical matters.

2. INSTALLING ATM MACHINES IN ESTATES

The Company is working with a vendor to issue debit cards and install ATM machines in estates to enable easy access to wages for all employees, as and when required. This is to ensure the overall improvement in household cash management of all employees. It will be beneficial to individual workers, females in particular, to access their earnings easily, which was not possible in the traditional payment method. Management is also considering more frequent payments, which we have identified as a necessity to the workers. We also believe this would reduce alcoholism and earnings being misused.

3. CREATION OF SUCCESSION PLANS FOR THE OFFICE, FACTORY AND FIELD

Succession pipelines are already being developed for key positions in the plantations.

4. TALENT ACQUISITION FROM ESTATES

Talent acquisition will be done by finding talented individuals within the estates. Once they are identified the Estate Management can obtain their services for the betterment of the estate rather than outsourcing the same. We are also trying to identify the available talent within the immediate families of employees. The literacy levels of the estate community have improved and retention of the estate community is also a possibility through this process.

5. APPRECIATION OF ESTATE STAFF

Any achievement on estate related to productivity enhancement will be recognised through a letter by the Estate Management, as we have created a structure to identify and appreciate.

Human Resources Information System (HRIS)

An HRIS system has been introduced to better manage HR aspects and also to digitise the salaries.

HUMAN RESOURCES PROFILE

APL had a total human capital base of 8,077, as of end March 2024, inclusive of its executive management, clerical and other staff and estate workers.

Employees by category

Employee category	2022/23	2023/24	% change
Executives	71	65	(8%)
Clerical, Technical & Other Staff	523	496	(5%)
Workers	7,901	7,516	(4%)
Total	**8,495**	**8,077**	**(4%)**

Total employees by region, gender, age and service period for 2023/24

		Workers	Clerical, Technical & Other Staff	Executives	Total
Region Wise	Agras	3,871	296	22	4,189
	Uva	3,645	187	21	3,853
	Head Office	-	13	22	35
Total		**7,516**	**496**	**65**	**8,077**
Gender Wise	Male	3,106	356	58	3,304
	Female	4,410	140	7	4,773
Total		**7,516**	**496**	**65**	**8,077**
Age Distribution	Below 30 Years	392	52	8	452
	30 - 45 Years	3,604	226	27	3,857
	Over 45 Years	3,520	218	30	3,768
Total		**7,516**	**496**	**65**	**8,077**
Service Distribution	Below 5 Years	1,337	189	24	1,550
	5 - 15 Years	2,086	168	20	2,274
	Over 15 Years	4,093	139	21	4,253
Total		**7,516**	**496**	**65**	**8,077**

INDUSTRIAL RELATIONS

Currently all plantation companies are under the Wages Board Ordinance. All employees in APL estates have freedom of association and have access to the management to communicate any concerns or requests. The Company did not experience any serious industrial disputes during the reporting period. Operational changes are communicated to all employees upon receiving approval of the corporate management. Managers are responsible for communicating such changes to their respective teams and are required to give adequate notice to employees prior to any changes being implemented.

PPEs for Pluckers - Diyagama East Estate

WAGES

Wages are governed by the Wages Board Ordinance, but the staff are under a staff collective agreement

In addition, salaries and benefits of other employees are based primarily on the Shop and Office Employees Act, EPF Act, ETF Act and the Payment of Gratuity Act.

The Company contributes 12% of an employees' basic salary to the Employees Provident Fund / Estate Staff Provident Society / Ceylon Planters Provident Society and a further 3% to the Employees Trust Fund as specified under the Act, and make provision for Gratuity annually, for all employees who have been employed by the Company.

HUMAN CAPITAL

Employee Benefits

At APL, we prioritise the well-being and safety of our workforce across all facets of their roles. Recognising the diverse needs and challenges faced by our employees, we have crafted a comprehensive suite of benefits aimed at fostering a healthy, safe, and rewarding work environment for all.

Type of benefits	Estate workers	Staff and Executives - (Estates and HO)
Medical insurance	No	Yes
Workmen Compensation	Yes	Yes
Maternity Benefits	Yes	Yes
Holiday Pay	Yes	No
Free name on statutory holidays for workers	Yes	No

Tea harvesters: Through a range of benefits including annual medical checkups and on-field training sessions aimed at enhancing their skills and productivity, we empower our tea harvesters to thrive in their roles. Additionally, the provision of field restrooms ensures their comfort and convenience throughout the workday, enhancing their overall job satisfaction.

We also celebrate the birthdays of our tea harvesters in the fields, fostering a sense of camaraderie and appreciation within our close-knit community.

Chemical sprayers : Our chemical sprayers play a vital role in maintaining the integrity of our plantations while minimising environmental impacts. In addition to providing essential Personal Protective Equipment (PPEs) to safeguard against chemical exposure, we have pioneered the provision of on-site bathing facilities. This thoughtful amenity allows our sprayers to cleanse themselves thoroughly after their shifts, mitigating the risk of chemical contamination to themselves and their families. Moreover, we prioritise their health by offering regular blood checkups and ensure early detection of any potential health concerns.

Factory workers: Our factory workers receive fire drill training and the essential PPEs free of charge and equip them with the knowledge and tools necessary to navigate potential hazards with confidence.

Tea allowance: All employees receive a tea allowance as a gesture of appreciation.

Educational support for children of workers

We believe in investing in the future generations of our workforce by offering scholarships for the children of our workers who have been selected for local university, empowering them to pursue higher education and realise their full potential. Additionally, we provide specialised training in the field, factory and the office and employment opportunities for the educated children of our workers, thereby fostering intergenerational mobility and empowering our workforce to build a brighter future for themselves and their families.

Conducting Grade 5 Scholarship Classes - Hauteville Estate

Health facilities

We prioritise the health and well-being of our workforce by maintaining hospitals staffed with qualified EMAs and offering basic medicines at no cost to workers. In times of emergency, transportation is readily available.

We extend special care to pregnant mothers, offering them easy work leave to attend clinics and ensuring regular check-ups by estate EMAs and midwives. Following childbirth, we grant leave for breastfeeding, with designated breast corners established in child development centers across our estates.

Other benefits

In times of loss, we stand by our workers and pensioners, covering the cost of coffins and providing support for their needs.

GRIEVANCE MANAGEMENT

The APL grievance management system covers all employees including estate workers. Employees who report a grievance will not be subject to retaliation or adverse consequences. All grievances and their resolutions are documented in a centralised system and confidentiality is maintained, except where disclosure is required by law.

Report grievance to immediate supervisor → Immediate supervisor will investigate the grievance → Immediate supervisor communicates the outcome to employee and takes corrective action if required → If dissatisfied, employee can appeal to GM-HR, or to an external dispute resolution process, such as mediation or arbitration.

- Employees can report their grievance to their immediate supervisor, verbally or in writing
- The immediate supervisor will investigate the grievance promptly and impartially, and all parties involved will be given an opportunity to provide their side of the story.
- The immediate supervisor will communicate the outcome of the investigation to the employee who reported the grievance. If appropriate, corrective action will be taken to prevent a recurrence.
- Employees who are dissatisfied with the outcome of the grievance process may have the option to appeal to the General Manager Human Resources or to an external dispute resolution process, such as mediation or arbitration.

PERFORMANCE EVALUATION, REWARDS AND RECOGNITION

Productivity committee

All estates have individual Productivity Committees. The objective of the productivity committees is to enhance overall productivity within the organisation by implementing strategic initiatives and fostering collaboration among teams and to address grievances.

Continuous performance monitoring

- **Performance Evaluation for Deputy Managers and Assistant Managers:** Deputy Managers and Assistant Managers will do a quarterly Performance Evaluation Presentation in respect of their Divisions, in the presence of the CEO and Director Operations. During the current financial year, performance evaluations were conducted for all employees, including managers, office staff and estate workers.
- **Setting clear monthly targets:** Monthly targets are being given.
- **Continuous HR Audits:** All HR aspects will be complied with along with legal compliance and work place safety.
- **Monitor estate labour availability:** Reporting formats have been introduced to track estate staff vacancies (track staff availability) and monitor labour availability through bi-annual physical verification. The movements are recorded and verified bi-annually.
- **Data base of personnel information:** A standardised Personnel Information Format has been introduced for all executives and staff members across the estates. This ensures a comprehensive data base of personal information of employees.

OCCUPATIONAL HEALTH AND SAFETY

All health and safety systems across estates were reviewed and improvements in line with compliance requirements will be implemented. Emergency preparedness at estates will be improved.

In addition:

- **Tea Harmony Centers:** Tea Harmony Centers have been built in estates for estate workers to take their meals and tea. These units are constructed using eco-friendly methods and provide safe shelter for workers to take a break from work.
- **Nature - Friendly Rest Rooms :** These toilets have been set up in all estates to meet sanitation needs of employees, including women employees and have been constructed with eco friendly materials.
- The medical insurance scheme will be significantly upgraded for hospitalisation and personal accidents.
- Personal Protective Equipment (PPE) is provided to agrochemical sprayers free of charge.
- PPEs were provided to pluckers who has 70% attendance.
- There is a dedicated bathing facility for chemical sprayers.
- Workers and Chemical Sprayers are provided regular, free medical check-ups.

Tea Harmony Center - Beauvais Estate

TRAINING AND DEVELOPMENT

The training plan for the year focused on enhancing skills of Assistant Managers on labour laws, ISO and RA certification requirements, agricultural practices and operational knowledge. Training on how to use the HRIS was also prioritised to fast track the digitisation of HR administration.

APL provides training and development opportunities for all employee categories, including estate workers, based on an annual training calendar, which is structured according to skill gaps identified during performance evaluations and the Company's strategic objectives.

Gender Champion Programme for Agras Workers

Training programmes conducted during the year

	Training	Focused Group
1	TOT Training for Plucking	Managers
2	Plucking Operation training	Assistant Managers
3	Training on Machine Plucking	Machine Plucking operators
4	Training on Shear Plucking	Shear Pluckers
5	Training on Tea processing	Factory Staff
6	Training on Rain Forest Alliance Standard	Executives, Staff, Workers
7	Training on Integrated Pests management	Workers and Staff
8	Training on safe handling of Agro chemicals storage and transporting	Storekeepers and Drivers
9	Productivity Committee training	Productivity Committee members
10	Celebrating Family programme training	100 Worker's family
11	Red Cross training on First Aid	Health & Safety Committee
12	Fire Drill training	Factory Workers and Staff
13	Training on usage of PPE	Chemical sprayers / Factory workers
14	Gender equity Committee training	Gender equity Committee members
15	Grievance Committee training	Grievance Committee members
16	Access and Address Committee training	Access and Address Committee members
17	M.O.G Programme training	Worker's families

Training for Pluckers - Beauvais Estate

Chemical Sprayers Training - Diyagama West Estate

Fire Drill - Nayabedde Estate

EMPLOYEE ENGAGEMENT EVENTS DURING THE YEAR

Annual Trip - Head Office Staff

Inter Plantations Rugby 7s - APL Team

RPC Commitment:

At Indian Housing, we prioritise the well-being and convenience of our employees throughout every phase of their journey with us. As part of our commitment to fostering a supportive environment, we offer comprehensive assistance to ensure their housing needs are met seamlessly.

1. **NBRO Report Assistance:**

Understanding the importance of regulatory compliance and safety, we assist our employees financially in obtaining the necessary National Building Research Organisation (NBRO) reports. This ensures that their housing arrangements adhere to all necessary standards and regulations, providing peace of mind for both employees and their families.

2. **Survey Plans on Company Account:**

To streamline the process of securing housing, we take the initiative to arrange survey plans through our company account. This not only simplifies the administrative aspects but also ensures that employees have access to accurate and reliable documentation for their housing requirements.

3. **Site Clearing on Company Account:**

Recognising the significance of a conducive living environment, we undertake the responsibility of site clearing on the company account. This ensures that employees have access to well-prepared sites for construction or habitation, facilitating a smooth transition into their new homes.

At Indian Housing, our dedication to employee satisfaction extends beyond the workplace, encompassing every aspect of their lives, including housing. Through these commitments, we aim to alleviate any burdens associated with housing procurement, allowing our employees to focus on their professional endeavours with confidence and peace of mind.

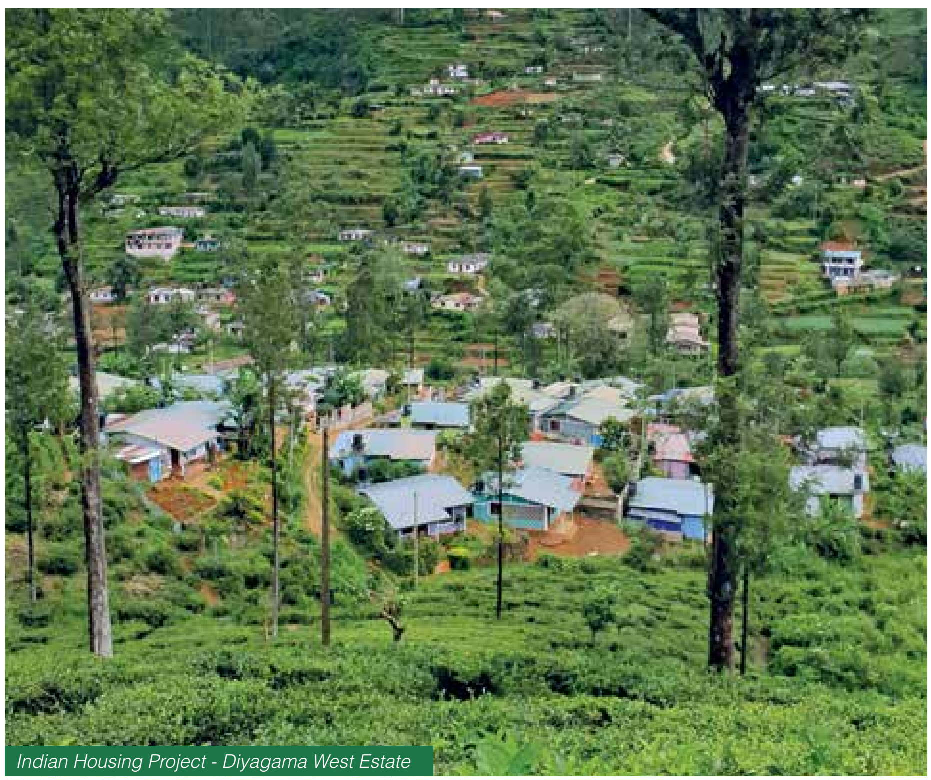
APL Workers' Housing Initiative

APL has embarked on a pioneering housing program for its estate workers in collaboration with the Plantation Housing Development Trust (PHDT) to uplift communities and fostering sustainable development.

The program is supported by both the Indian and Sri Lankan governments, with each house receiving Rs. 2.8 Mn from the Indian government and an additional Rs. 400,000 from the Sri Lankan government. Through strategic partnerships with regional plantation companies, APL has secured 10 perches of land, free of charge, per house. The PHDT facilitated the implementation of the housing program through their expertise.

Infrastructure support

APL has prioritised the holistic development of its workforce by providing essential infrastructure facilities such as piped water and three-phase electricity. These critical amenities not only enhance the quality of life for residents but also lay the foundation for sustainable growth and development.



Indian Housing Project - Diyagama West Estate

PLANS FOR THE FUTURE

APL will continue the changes to its human resource management systems in the new financial year to improve oversight of operational aspects and to better monitor compliance with regards to domestic labour laws as well as international accreditations. A key aspect of this process will be the transition into the HRIS system with more employees trained on using the system, to improve human resource administration aspects through real time data.

MANUFACTURED CAPITAL

As a dedicated cultivator of high grown tea and a manufacturer of black tea, APL's primary assets are biological assets, which are tea bushes and tea nurseries. Other assets include tangible assets such as tea factories and equipment used in the manufacturing process. APL owns 14 tea factories with the capability to manufacture rotorvane, and orthodox teas and reduced 3 tea factories. These manufacturing assets are used to produce the final manufactured capital of black tea. The Company also maintains commercial forests to produce timber.

In addition to its traditional agricultural produce of tea and timber, APL has recently diversified into the renewable energy sector and produces hydropower. The Company currently owns two hydro power plants as part of its main productive assets, one of which is managed by its fully owned subsidiary Waverly Power (Pvt) Ltd.

The focus during the year, was to optimise available manufacturing facilities by improving workflows, automating systems and increasing capacity utilisation whenever possible and by adopting more cost efficient as well as environmentally safer alternatives, such as increasing hydro power capacity and initiating solar power projects. The benefits of these efforts will accrue in the future, in the form of cost savings and increased efficiencies that will be reflected in the bottom line of the Company

BIOLOGICAL ASSETS

Tea plants

APL has a total tea extent of 6,412 hectares. Out of this, almost 60% is seedling tea and 40% is vegetatively propagated tea. Estates in the Agras region accounts for 58% of the total tea extent while the balance extent, is situated in the Haputale Region.

Commercial forestry

The Company has almost 935 Ha of forestry under a timber harvesting program for a period of 5 years, approved by the Forestry Conservator of Sri Lanka.

Asset Type	Extent (Ha)	2021/22 Rs. Mn	2022/23 Rs. Mn	2023/24 Rs. Mn	% Change
Tea plantations	6,412	2,226	2,237	2,229	0%
Timber plantations	935	1,439	1,533	1,832	20%

Timber Plantation - Balmoral Estate

Tea Plantation - Diyagama West Estate

Investment in biological assets

A major share of APL's capital expenditure is directed towards maintaining its biological assets in optimum condition in the form of good agricultural practices, including replanting. These continuous investments contribute towards maximising the yields from tea while also maintaining quality of tea leaves.

The Company's replanting program plans to annually replace 2% of the tea extent with vegetatively propagated tea. This will result in a major improvement to both production volumes and leaf quality. In addition, a major infilling programme is underway to increase the number of bushes to achieve an increase in the yield per hectare.

Type of activity	2021/22 Rs. Mn	2022/23 Rs. Mn	2023/24 Rs. Mn	% Change
Good agricultural practices	423	1,451	1,302	(10%)
Tea replanting	30	21	24	14%
Timber and other replanting	14	10	16	60%

Bush Sanitation - Hauteville Estate

Tea Nursery - Nayabedde Estate

OTHER TANGIBLE ASSETS

Factories

Agarapatana has 17 fully-equipped tea factories which have already obtained ISO 22000 certification for food health safety and manufacturing quality. Further, all factories except for Glenanore and Gonamotawa factories which manufacture smallholders leaf, have already obtained Rain Forest Alliance Certification.

	No of factories	Location	Capacity per annum (Made Tea Kg)
Rotorvane tea factories	11	Nuwara Eliya/Badulla	15.1 Mn
Orthodox tea factories	3	Nuwara Eliya/Badulla	2.4 Mn
Refuse tea factories	3	Nuwara Eliya/Badulla	1.7 Mn

Made tea

By increasingly expanding mechanised harvesting APL has successfully increased its tea outputs. During the current financial year the Company produced 6.8 Mn kgs of tea.

Hydropower plants

The 1 megawatt Waverley hydro power plant, operated by Agarapatana Plantations' subsidiary Waverley Power (Pvt) Ltd, which is supplying power to the national grid.

The Diyagama West Estate hydro power plant is exclusively used for estate consumption including the factory.

Status of tangible assets

Asset Type	2021/22 Rs. Mn	2022/23 Rs. Mn	2023/24 Rs. Mn	% Change
Manufactured products inventory (Made black tea)	323	623	553	(11%)
Buildings	1,438	1,448	1,465	1%
Plant and Machinery	452	513	676	32%
Furniture & Fittings	10	10	11	10%
Tools & Equipment	87	143	205	43%
Vehicles	358	358	381	6%
Others	156	157	155	(1%)
Total	2,824	3,252	3,446	6%

MANUFACTURED CAPITAL

INVESTMENT IN TECHNOLOGY

Mechanisation

By the end of the current financial year, 451 tea harvesting machines were used by APL estates. The company continues to use the internationally renowned Japanese made Ochiai tea harvesters, which we have been able to procure at subsidised and competitive prices. These harvesters have been found to be more durable and efficient compared to the Chinese made Kawasaki and Mitsubishi machines. So far, around Rs. 75 Mn has been spent on the procurement of machines.

Use of drones

Successful trials were conducted on the use of drones for foliar application of nutrients as well as fungicides for the control of Blister Blight.

Factory automation

Factory automation, mainly conveyorisation, continued during the year. This was done in conformity with international food safety standards to reduce spillage and maintain quality consistency. An additional benefit is the need for lower manpower in factories. The Company is reallocating workers towards important agricultural work instead.

Technology investments

Type of activity	2021/22 Rs. Mn	2022/23 Rs. Mn	2023/24 Rs. Mn	% Change
Mechanisation initiatives	6	47	17	(64%)
Plant and machinery	4	62	162	161%
Computers and other digital devices	-	3	21	600%
Total	10	112	200	79%


Drone Spraying - Haputale Estate


Factory - Gonamotawa Estate

PLANS FOR THE FUTURE

APL will continue its modernisation strategy by replacing older machinery and equipment with modern machinery and the latest technologies to increase production of tea and to make its tea factories state of the art processing centres. Mechanised harvesting will be expanded to bring 30% of the total revenue extent under machine harvesting. APL has been evaluating solar power options during the year and plans to introduce solar power in the new financial year and expand the use of solar energy in future.

INTELLECTUAL CAPITAL

In the rapidly digitizing world, intellectual assets are as valuable as traditional physical assets and represent a Company's ability to grow and compete internationally. APL is actively taking measures to enhance its existing intellectual assets through training and development, and by encouraging innovative solutions

APLs' business specialisation is high grown tea. The Company has a long history of cultivating, processing and selling high grown black tea. This long practice has created a unique intellectual asset base of tacit and technical knowledge regarding the tea industry, which is encapsulated within APL's management and staff, and is transmitted through organisation traditions and continuous training. In addition, Agarapatana garden marks are trademarks owned by the Company that are unique intellectual assets.

Organisational knowledge

Our collective knowledge regarding the cultivation, manufacture and sale of black tea is passed down to new generations through inhouse training. We have also commenced the use of external consultants, as well as facilitating specialised knowledge transfer through technical institutions, such as the Tea Research Institute, to inject new knowledge into our employees. It is noteworthy that out of APL's total tea extent, 60% is seedling tea and 40% is vegetatively propagated tea (VP tea), which represents specialised knowledge and practices for optimum upkeep.

Garden marks

Our garden marks verify the origination estates of different types of APL tea, and validates the authenticity of our tea. Therefore, buyers of our tea, carrying our brand and garden marks, are assured of the location and production of their tea purchases. The garden marks also represent distinct characteristics and flavours of tea from different tea estates due to the different elevations and climatic conditions.

Among the estates in the Agras Valley, notable ones with a distinguished reputation include Balmoral, Diyagama East, Diyagama West, Glasgow and Hauteville. In the Uva region, Dambatenne holds a special place in the history of the Sri Lankan tea industry. Dambatenne, owned by the Lipton family and planted by Sir Thomas Lipton, played a significant role in establishing the renowned Lipton trademark for tea.

Estate	Garden Mark
Albion	Albion
Balmoral	Clydesdale
Diyagama East	Diyagama East
Diyagama West	Diyagama West
Glasgow	Agra Ouvah
Hauteville	Hauteville
Sandringham	Sandringham
Torrington	Torrington
Waverley	Waverley
Beauvais	Beauvais
Dambatenna	Bandara Eliya
Gonamotawa	Gonamotawa
Glenenore	Glenenore
Haputale	Kelliebedde
Kahagalla	Kahagalla
Pita Ratmalie	Pita Ratmalie
Nayabedde	Nayabedde

Innovation and modernisation

Modernisation through the integration of new technological solutions is a corner stone of our growth strategy and this was continued during the current financial year. The Company continued to use different harvesting machines and techniques in tea estates and trained employees on the use of modern harvesting machines, while factory improvements also continued.

The ERP system improvements and the use of the Human Resource Information System have significantly enhanced operational management, while experiments with the use of drones are ongoing. Please refer the chapters on Human Capital and Manufactured capital for further details.

FUTURE PLANS

APL's intellectual capital base will continue to expand as the Company evolves into a modern tea producer with increased automation and mechanisation. The Company encourages innovative ideas from its staff and is also open to new methods and scientific approaches from external experts.

NATURAL CAPITAL

APL considers it a prime responsibility to protect its natural environment and conserve its natural resources. In addition to complying with all environmental regulations, APL also complies with the Rainforest Alliance (RA) and UTZ certification to demonstrate its commitment to protecting bio diversity and eco systems. As part of its environmental protection initiatives APL continued to invest in renewable energy, expanding forest cover and deploying initiatives to manage climate change impacts

ENVIRONMENTAL POLICIES

APL has a full range of environmental policies extending across all its operations that are reviewed annually to align with global standards, as well as domestic environmental regulations and good agricultural practices. The Company's environmental policies are:

- Policy on adopting environmentally friendly agricultural practices
- Policy on chemical use
- Policy on harvesting commercial timber
- Policy on fire prevention in open areas
- Policy on prevention of hunting, capturing, trapping and rearing of wild animals : this policy is specifically aimed at protecting the wildlife in our lands from trappers, poachers and hunters.
- Renewable energy policy
- Wildlife Policy
- Water Conservation Policy
- Environment Policy
- Waste Management Policy

OUR NATURAL CAPITALS

As a planation company, the natural environment is the very basis of our existence, as land, water and air are essential for our business. Therefore, our sustainability is inextricably interlinked with the welfare of our natural environment. We are fully conscious of this survival nexus, which is why we have a long tradition of environmental protection, while harnessing the environment for our production purposes.

Land

10,192 ha Total Land Extent	**6,412 ha** Revenue Extent	**935 ha** Timber Extent

Conservation Areas

21.59 ha Natural Forest	**2.42 ha** Wetland Reservation	**2.78 ha** Railway Reservation
135.78 ha River Reservation	**32.5 ha** Landslide prone Reservation	**77.74 ha** Slope Reservations


Horton Plains View - Diyagama East Estate

INVESTMENT ON CONSERVATION

During the current financial year too, APL maintained its financial investments towards sustainable environmental practices, including complying with international accreditations.

Conservation activity	2021/22 Rs. Mn	2022/23 Rs. Mn	2023/24 Rs. Mn	% Change
1. Complying with environmental regulations	0	1	1	0%
2. Complying with additional multiple environmental protection accreditations	3	4	1	(75%)
3. Sustainable agricultural practices	423	1,451	1,302	(10%)
4. Waste management	25	27	9	(67%)
5. Biodiversity protection	1	1	-	(100%)
6. Conducting environmental impact assessments	2	3	8	167%
Total	454	1,487	1,321	(11%)

Regulatory compliance 2023/24

APL complied with all relevant environmental regulations, and all Environmental Protection Licenses (EPL) were renewed for each of our factories by the Central Environmental Authority.

RESPONDING TO CLIMATE CHANGE

Climate change impacts in the form of extreme weather conditions persisted during the 12 months under review. As an agribusiness dependent on climate conditions, APL is responding to this growing threat by strengthening its ongoing climate change management initiatives which includes:

- Rainwater harvesting
- Introducing gravity fed irrigation to estates in the Agras Region to water the tea fields
- In estates where this solution cannot be deployed, the Company is planning to harness solar power to introduce solar powered water pumps

RENEWABLE ENERGY

A key component of APL's sustainable business model is the gradual transition to renewable energy. The company is currently undertaking necessary modifications at the Diyagama West hydro power plant to enhance its power generation. Additionally, during the year, the company commenced installing solar panels at 10 factories. Further, the Diyagama East hydro power project is in the pipeline. Waverly Power (Pvt) Ltd, which was acquired in 2022, is utilised for the generation and sale of hydropower for the national grid, resulting in a new source of revenue.

In addition, Agarapatana tea factories use briquette and sawdust for tea firing, instead of fossil fuels.

Hydro Power Plant - Diyagama West Estate

NATURAL CAPITAL

Energy conservation initiatives

As part of its ongoing energy conservation efforts, APL continued to use LED bulbs for factories, bungalows and staff quarters. We also encourage the use LP gas in staff and estate workers' houses. In Addition, the Company converted its tea dryers for biofuels using uprooted rubber trees instead of fossil fuels.

CIRCULAR ECONOMY INITIATIVES

The ongoing circular economy initiatives were maintained during the year, including the production of compost from solid waste and rainwater harvesting in fields and factories.

ENVIRONMENTALLY FRIENDLY AGRICULTURAL PRACTICES

APL adopts best practices with regards to managing its tea estates that include many environmentally friendly agricultural practices that are aimed at protecting the soil and water resources. These include:

- Establishing riparian Buffer Zones in all Estates for protection of drinking water
- Buffer Zones have been established in all Eco Systems & all human activity areas
- Planting Bamboo along the all Aquatic Eco Systems
- Soil Conservation Practices

WASTE MANAGEMENT

Employees are continually trained to maintain waste management practices including adhering to designated garbage collection points and segregation of garbage for the disposal of biodegradable and other solid waste. Waste water treatment systems were maintained and all factory waste water was filtered. Greywater and sewage are not discharged into aquatic ecosystems.

Horton Plains Bordering Diyagama East & Udaveriya Estates

BIODIVERSITY PROTECTION INITIATIVES

Our biodiversity protection efforts are mainly focused on conservation areas. These forest lands are home to many land and aquatic animals and endemic plant species. Our initiatives include but are not limited to:

Protecting mini jungles	Preventing Hunting, Capturing, Trapping & Rearing of Wild Animals
Trees growing above 5,000ft are not harvested	Demarcating and maintain 'no chemical spray zones'

Making Dambatenne polythene free

Dambatenne estate, which is located near the Lipton Seat, is a major tourist attraction and during the current financial year, APL mobilised a polythene free environment campaign at the estate. The objective is to maintain the pristine beauty of the natural environment of the estate and prevent environmental pollution. Employees and staff are being trained to dispose of polythene correctly and are made aware of the negative environmental impacts of polythene pollution. As a result, visitors to the area, including tourists, can continue to enjoy the scenic beauty of the region, thereby retaining its potential as a tourist destination.

Tree planting

Adding to the natural capital of the region, APL commenced a tree planting programme along a 6km stretch of the Agra Oya. The Company is planting Kumbuk and Mee trees along the waterway to protect the river banks while also supporting natural eco systems.

PLANS FOR THE FUTURE

While continuing its ongoing environmental practices and good agricultural practices, APL will focus more on renewable energy generation, mainly through solar power, and climate change management, in the near future. These efforts are aimed at not only generating financial returns for the Company but also improving the Company's contribution towards environmental sustainability.

SOCIAL CAPITAL

APL's social capital base expanded in the current financial year, following the oversubscribed IPO, which increased its shareholder/investor community. As a listed company, APL is fully committed to safeguard its brand image and goodwill, to protect shareholder interests and to continue creating value for all stakeholders. Therefore, in the current year APL expanded efforts towards strengthening its ethical business brand by building partnerships, supporting communities and continually engaging with key stakeholders

The APL brand represents a long-standing heritage of integrity in business and social relationships that have created a strong foundation of goodwill and trust. The Company has an impeccable record in all its business dealings, which has led to a network of long-term business contacts that are essential for business continuity. Meanwhile, the Company's tradition of caring for its estate communities from birth to death, makes it a responsible and socially conscious business, that has been validated through international ethical accreditations.

REGULATORY COMPLIANCE

APL is fully committed to total compliance with all applicable regulations. During the current financial year, APL did not face any fines, or penalties for delays, or noncompliance with any laws and regulations pertaining to human rights, customer health and safety and labelling and marketing.

BEYOND REGULATORY COMPLIANCE

APL has a long-standing tradition of self-funded social welfarism that goes well beyond regulatory requirements. The Company also maintains international quality of manufacturing within its tea factories. By investing in globally recognised accreditations, APL has independently confirmed its quality systems, and socially responsible operations. During the current financial year, we maintained international accreditations to communicate APL brand's ethical and high-quality systems.

Tea Tasting Session - Balmoral Estate

QUALITY CERTIFICATIONS

All APL tea factories are ISO certified.

ISO 22000:2018 - Ensures the quality of food safety management systems used in tea manufacturing at APL tea factories. Therefore, buyers and consumers of APL teas are independently assured of the highest quality and safety of tea, purchased from APL.

ISO 9001:2015 - Validates the quality management systems and processes at APL tea factories to consistently and correctly manufacture the highest quality of tea.

AGRAS

Estate	ISO 9001:2015	ISO 22000:2018
Diyagama West	✓	✓
Glasgow	✓	✓
Balmoral	✓	✓
Diyagama East	✓	✓
Torrington		✓
Sandringham		✓
Hauteville		✓
Waverley		✓
Albion		✓

UVA

Estate	ISO 9001:2015	ISO 22000:2018
Nayabedde	✓	✓
Dambatenna	✓	✓
Haputale	✓	✓
Gonamotawa		✓
Kahagalla		✓
Pita Ratmalie		✓

Ethical certifications

All APL estates including factories and field operations are RA and UTZ certified except for factories which produce smallholder leaf.

ENGAGING WITH OUR STAKEHOLDERS

We identify key stakeholders as those groups that have a highest impact and influence on the Company and its business continuity. These include regulators, shareholders, employees, banks, suppliers and buyers. We are also expanding engagements with international accreditation agencies as that have gained an importance with regards to brand credibility. Our engagements during the year with key stakeholder groups are summarised below.

Stakeholder category	How we ensure meaningful engagement
The Managing Agent: Lankem Tea and Rubber Plantations (Pvt) Ltd (LT&RP)	Regular meetings were conducted to update our parent regarding the Company's operations
Golden shareholder	All statutory communications were conducted on time through the Plantation Management & Monitoring Division, under the purview of the Ministry of Plantation Industries
Ultimate parent: The Colombo Fort Land & Building PLC	Regular communications were conducted through the Chairman and the Board of Directors
Other shareholders	All statutory disclosures were made on time for shareholders including: • The annual report • Quarterly Financial Statements • Annual General Meeting • All material disclosures were sent to the Colombo Stock Exchange and published on the stock exchange website • We also accommodate shareholder inquiries through our company secretaries • The Company website has been improved to provide more information regarding the Company to the shareholders
Subsidiary - Waverley Power (Pvt) Ltd	Regular management meetings were conducted
Banks	We engaged regularly with our banking services providers for financial requirements during the year
Buyers and Brokers	We maintained two-way communications with key buyers and brokers for market information
Employees	During the current financial year we emphasised strengthening our relationships with all grades of employees. Please refer the Human Capital chapter for details on how we engaged with our employees during the year
Trade Unions	We continue to maintain a close rapo with all trade unions
Resident Communities	We continued to conduct many welfare programmes for estate communities and estate children including health and welfare programmes, as well as educational support for children. (APL estates are home to a resident estate population of over 44,000)
Suppliers	We continuously evaluate our suppliers and their products to ensure that the company maintains high quality while remaining competitive in terms of pricing.
Certification/ Accreditation Bodies	We engaged with ISO and RA accreditation bodies for audits and evaluations
Government and non-governmental organisations engaged in social welfare	We engaged with external organisations such as 1. Plantation Human Development Trust (PHDT) 2. Ministry of Plantation Industries 3. Divisional Secretariat 4. Central Environmental Authority through correspondence and also through meetings as and when required
Industry associations - Membership in associations	We participated in negotiations with regards to industry related matters. APL has membership in the following trade associations 1. The Planters Association of Ceylon 2. Ceylon Tea Traders Association 3. Employers' Federation of Ceylon 4. Tea Research Institute

SOCIAL CAPITAL

CONSUMER ENGAGEMENT

We revamped our tea center in Haputale to create the best atmosphere for visitors to enjoy APL tea. As tourist numbers increase, we anticipate increased visitors to the tea center, which is now better equipped for tourism. Further we commenced a tea window at our head office and a tea boutique was commenced at The Palms - Beruwala.

COMMUNITY WELFARE ACTIVITIES

APL provides a range of community welfare benefits directly through the Company and also by partnering government and non-government agencies.

Preschool Activity - Glenanore Estate

HEALTH AND WELLNESS INITIATIVES

Health Screening Programmes

Health camps were conducted for estate communities.

Health Camp - Balmoral Estate

EDUCATION SUPPORT

We maintain fully equipped Child Development Centres with Diploma holding Child Development Officers, that are made available free of charge for estate children. We also distribute exercise books to school going estate children every year to support their education.

Educational events

- A home gardening programme was conducted in collaboration with the PHDT Social Mobilisation Programme
- Household cash management programmes were held for the workers and their families in collaboration with the PHDT

Other community social engagement activities

- Organising community sports activities
- Celebrating Children's' day in all estates
- Organising a programme to celebrate International Womens Day on the estates

PLANS FOR THE FUTURE

APL will continue to enhance value for all stakeholders through its business activities as well as social welfare activities. Compliance with international accreditations will remain a priority to communicate our ethical business model to the world.

ENTERPRISE GOVERNANCE

ASCENDING GOVERNANCE

We manoeuvre the rungs of continued growth by focusing on executing the right strategy, liaising with the right partners, collaborating with the right people and making the right choice

GOVERNANCE SYSTEM

As a responsible corporate citizen, APL continually reviews its governance framework against industry best practices as well as regulatory changes. The governance framework of APL complies with the Listing Rules of the Colombo Stock Exchange and the Companies Act No. 07 of 2007 and other applicable laws and regulations. APL has also adopted the Code of Best Practice on Corporate Governance to integrate best practices in good governance within its governance framework.

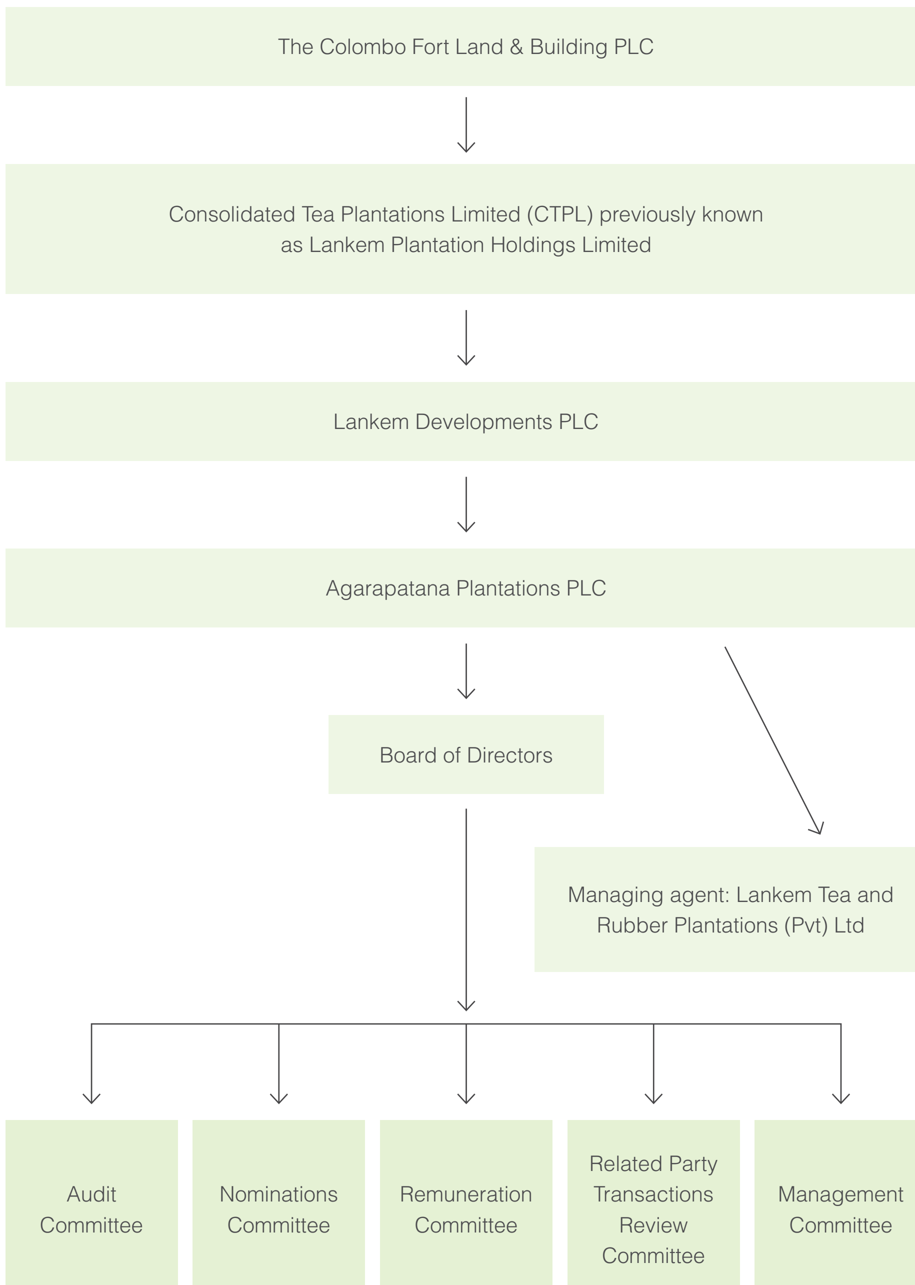
The Board of Directors are the final authority of the Company and provides oversight for the Company's strategic direction, as well as managing risks and good governance. The Board has appointed sub-committees to assist in its deliberations. The sub committees are the Audit Committee, Remuneration Committee, Nominations Committee and the Related Party Transactions Review Committee. In addition, a Management Committee has been established with the participation of Directors and managers.

APL's Managing Agent is Lankem Tea and Rubber Plantations (Pvt) Ltd (LT&RP). The Immediate Parent Entity of APL is Lankem Developments PLC and the Intermediate Parent Entity of APL is Consolidated Tea Plantations Limited (CTPL), previously known as Lankem Plantation Holdings Limited. The Ultimate Parent Entity of APL is The Colombo Fort Land & Building PLC (CFLB).

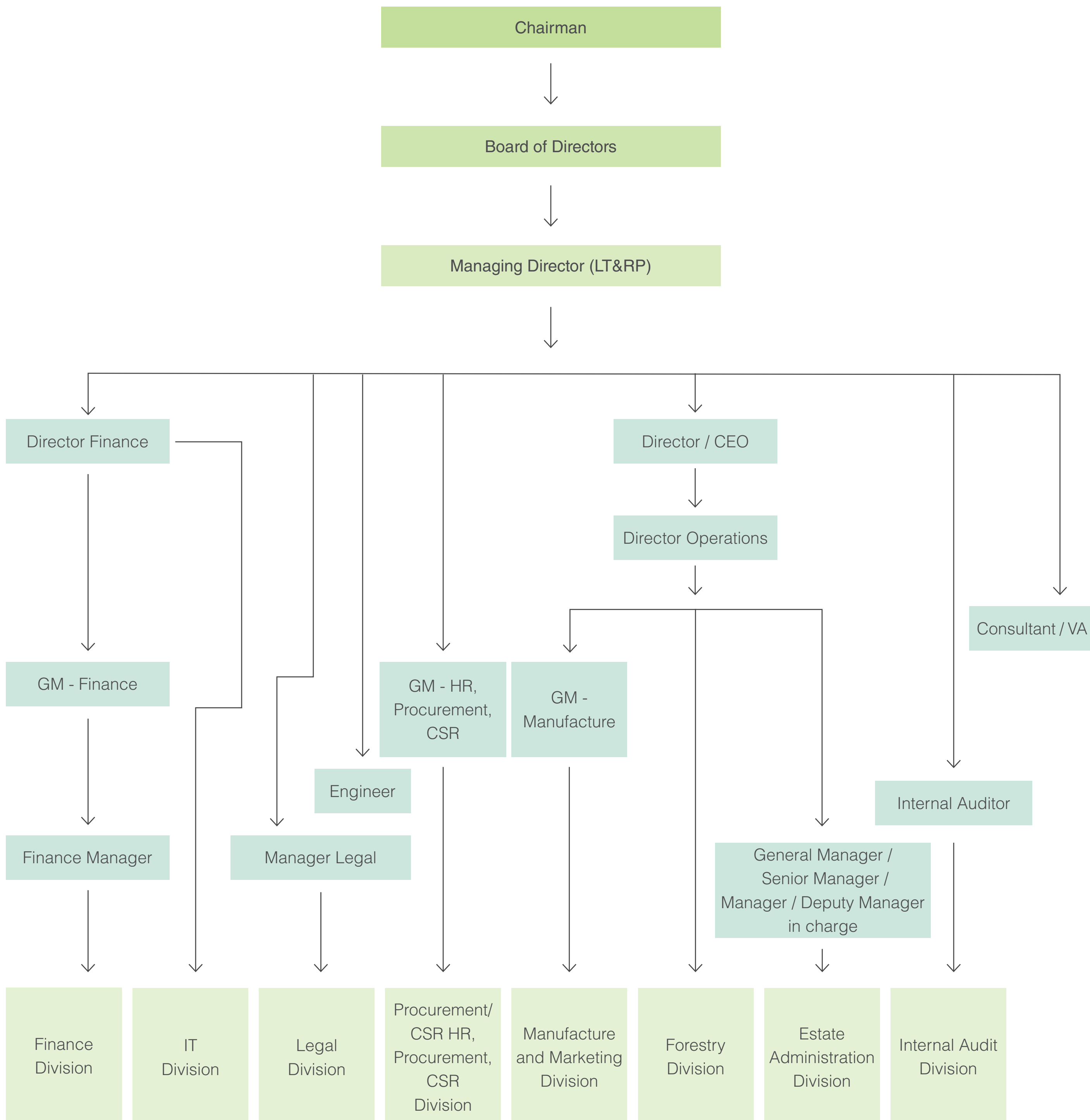
APL's Chairman is a Non-Executive Director and the powers of the Chairman and the highest executive have been separated.

The Board capabilities are strengthened with the combination of executive Directors, Non-Executive Directors and Independent Non-Executive Directors with diverse backgrounds. The Governance structure has been improved by introducing new management positions and recruiting experienced and qualified management personnel for professional management across functional aspects. In addition, the Company's governance processes have also been significantly strengthened by the introduction of layers of supervision along the organisational hierarchy and introducing reporting and monitoring systems. These measures have improved the level of statutory compliance of the Company.

GOVERNANCE STRUCTURE



ORGANISATION STRUCTURE



GOVERNANCE SYSTEM

COMPLIANCE STATUS

The Company is in compliance with the corporate governance practices recommended by The Institute of Chartered Accountants of Sri Lanka and the Listing Rules of the Colombo Stock Exchange. Given below is a demonstration as to how we adhere to Corporate Governance practices.

Corporate Governance Principle	Company's Adherence
	Directors
Composition of the Board	The Board is in compliance with the listing rules and includes a mix of skills, qualifications and experiences to provide adequate insights and technical knowledge to guide the Company. The Board is committed to adhere to various business practices in order to further establish the Company as a good corporate citizen that values responsibility. The strategic options, implementation and risk control strategies are closely monitored in order to deliver better results. During the financial year the Board consisted of three Executive Directors and six Non-Executive Directors, four of whom were Independent. The Directors possess a strong balanced blend of skills and experience to offer guidance in core areas important to APL. The names of the Directors who held office during the financial year are given below. Brief profiles of the Directors appear on pages 24 to 26. S.D.R. Arudpragasam - Non - Executive (Chairman) C.P.R. Perera - Independent Non - Executive (Deputy Chairman) S.S. Poholiyadde - Executive D.R. Madena - Executive (Chief Executive Officer) Anushman Rajaratnam - Non - Executive P.M.A. Sirimane - Independent Non - Executive G.K.B. Dasanayaka - Independent Non - Executive K. Mohideen - Executive (Director Finance) A.M. de S. Jayaratne - Independent Non - Executive Each Non-Executive Director has submitted a declaration of independence/ non-independence for the year. The Board has determined the independence/ non-independence of each Non–Executive Director. Mr. C.P.R. Perera has served on the Board for more than nine years. He is a Director on the Boards of other Companies in which a majority of the Directors of the Company are Directors and also has significant shareholdings in another. He serves on the Board of the Ultimate Parent Company, The Colombo Fort Land and Building PLC (CFLB) and holds Directorships on certain subsidiaries of CFLB and has served on some of those subsidiaries for a period exceeding nine years. Further, Mr. C.P.R. Perera is over 70 years of age. The Board however having considered the fact that Mr. C.P.R. Perera is not involved in the operational matters of the Company and having taken into consideration all other circumstances listed in the Listing Rules pertaining to the Criteria for Defining Independence is of the opinion that Mr. C.P.R. Perera is nevertheless Independent. Mr. A.M. de S. Jayaratne is a Director of the Ultimate Parent Company, The Colombo Fort Land and Building PLC (CFLB) and serves on the Boards of several subsidiaries of CFLB. He has served on the Board of the Ultimate Parent and on several of its subsidiaries for over a period of nine years. He is a Director of certain such subsidiary companies of which a majority of the Directors serve on another and also has significant shareholdings in another. Further, Mr. A.M. de S. Jayaratne is over 70 years of age. The Board however having considered the fact that Mr. A.M. de S. Jayaratne is not involved in the Operational matters of the Company and having taken into consideration all other circumstances listed in the Listing Rules pertaining to the Criteria for Defining Independence is of the opinion that Mr. A.M. de S. Jayaratne is nevertheless Independent. Mr. P.M.A. Sirimane is a Director of the Ultimate Parent Company, The Colombo Fort Land and Building PLC (CFLB) and serves on the Boards of several subsidiaries of CFLB. He had been employed by a subsidiary of the Ultimate Parent Company, during the period of three years immediately preceding his appointment to the Board of the Company. Mr. Sirimane has served on some of these subsidiaries for over a period of nine years. He is a Director of certain such subsidiary companies of which a majority of the Directors serve on the Board of another and is on the Boards of certain Companies which has significant shareholdings in another. The Board however, having considered the fact that Mr. P.M.A. Sirimane is not involved in the Operational matters of the Company, and having taken into consideration all other circumstances listed in the Listing Rules pertaining to the criteria for defining Independence is of the opinion that Mr. P.M.A Sirimane is nevertheless Independent. Mr. G.K.B. Dasanayaka serves on the Boards of certain subsidiaries of The Colombo Fort Land & Building PLC (CFLB). He is a Director of certain such subsidiary companies of which a majority of the Directors serve on the Board of another, and is on the Boards of certain companies within the CFLB Group which have significant shareholdings in another. Further, Mr. G.K.B. Dasanayaka is over 70 years of age. The Board however having considered the fact that Mr. G.K.B. Dasanayaka is not involved in the Operational matters of the Company, and having taken into consideration all other circumstances listed in the Listing Rules pertaining to the criteria for defining Independence is of the opinion that Mr. G.K.B. Dasanayaka is nevertheless independent.

Corporate Governance Principle	Company's Adherence
	Directors
Decision making of the Board	The Board has met on seven occasions during the year under review. In addition to Board Meetings, matters are referred to the Board and decided by Resolutions in writing. The number of meetings of the Board and the individual attendance by members is shown below.

Name of Director	No. of meetings attended
Mr. S.D.R. Arudpragasam	7/7
Mr. C.P.R. Perera	7/7
Mr. S.S. Poholiyadde	7/7
Mr. D.R. Madena	7/7
Mr. Anushman Rajaratnam	5/7
Mr. P.M.A. Sirimane	5/7
Mr. G.K.B. Dasanayaka	7/7
Mr. K. Mohideen	7/7
Mr. A.M. de S. Jayaratne	6/7

The Board is responsible for:-

- Ensuring the conduct of the Company's affairs in the best interest of its stakeholders.
- Identifying Strategic options implementation and monitoring their success.
- Appointment of the Directors, ensuring staff succession and determining remuneration of senior executives and staff in consultation with the respective Committees.
- Ensuring an effective internal control system.
- Ensuring a proactive risk management system.
- Ensuring compliance with highest ethical standards and legal standards.
- Approval of major capital investments, acquisitions, expansions and budgets.
- Approval of interim and annual financial statements for publication.

The Directors have made themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions.

Corporate Governance Principle	Company's Adherence
Fit & Proper Assessment	The Company's fit and proper assessment for Directors is in line with the guidelines set out in the Listing Rules and include criteria on honesty, integrity and reputation, competence and capability and financial soundness. The Chairman and Directors satisfy the fit and proper assessment criteria stipulated in the Listing Rules of the CSE.
Company Secretaries	The Company and all Directors may seek advice from Corporate Managers & Secretaries (Pvt) Ltd who are qualified to act as Secretaries as per the provisions of the Companies Act No.07 of 2007.
Independent Judgement	The Board of Directors at all times exhibit high standards of integrity, commitment and independence of judgement.
Obtaining independent professional advice	Advice is sought from independent experts whenever the Board deems it necessary. The Directors are updated on the changes in the plantation industry as well as on the general aspects which may affect the Company's operations.

GOVERNANCE SYSTEM

Corporate Governance Principle	Company's Adherence
	Directors
Managing Agents	The Board of Directors has delegated the management of Plantations and the task of achieving the strategic objectives set out by the Board to the managing agents, Lankem Tea & Rubber Plantations (Pvt) Ltd (LT&RP). The Board of LT&RP meets frequently and review the progress towards achieving the budgets and discuss the operational issues. The successful implementation of the Capital Expenditure programmes and focusing on the development strategies are also key priorities.
Financial Acumen	The Board comprises of five finance professionals who possess the knowledge and the competence to offer the Board the necessary guidance on matters relating to finance.
Supply of Information on a timely manner	Prior to each meeting all Directors are given a file of Board Papers which includes Summarised Financial Statements, operational statistics, performance reviews, sales reports, Schedules of Capital Expenditure and a Progress Report, covering all significant issues with the comparatives of prior year and budget. This information is provided at least 7 days prior to the meeting which gives Directors adequate time for qualitative deliberation and analysis.
Nomination Committee/ Appointments to the Board	New Directors are proposed for appointment by the Nomination Committee in consultation with the Chairman of the Company in keeping with the provisions of the Articles of Association of the Company in relation to same and in compliance with the Rules on Corporate Governance. The Board thereon approves the Appointment of Directors. The Nomination Committee comprises of Mr. A.M. de S. Jayaratne, Chairman, Mr. C.P.R. Perera, Independent Non-Executive Directors and Mr. S.D.R. Arudpragasam, Non-Executive Director.
Disclosure of appointments of New Directors to the Shareholders	The new appointments are made available to shareholders by making announcements to the Colombo Stock Exchange.
Re-election of Directors	In terms of the Articles of Association of the Company, a Director appointed to the Board holds office until the next Annual General Meeting, at which he seeks re-election by the shareholders. The Articles require one-third of the Directors in office (excluding the Managing Director and the Appointed Directors) to retire by rotation at each Annual General Meeting. The Directors who retire are those who have been longest in office since their last election. Retiring Directors are eligible for re-election by the shareholders.

Corporate Governance Principle	Company's Adherence
	Relations with Shareholders
Annual General Meeting	The Company always welcomes the active participation of the shareholders at the Annual General Meeting. Questions put up by the shareholders are answered thus promoting a healthy dialogue. The required number of days' notice has been given to the shareholders in terms of the Companies Act No.7 of 2007 and the Articles of Association of the Company.
Communication with Shareholders	The Company publishes the Annual Report in order to communicate information to the shareholders in a timely manner.
Major Transactions	There have been no transactions during the year under review which fall within the definition of "Major Transactions" as set out in the Companies Act No.07 of 2007.

Corporate Governance Principle	Company's Adherence
	Relations with Shareholders
Price Sensitive Information	Due care is exercised with respect to share price sensitive information.
Others	The Company maintains a website under the name www.lankemplantations.lk which offers, information on the Company and its affairs. The Company's principal communicator with all its stakeholders is its Annual Report. The shareholders are free to communicate with the Company. Whenever possible, the Company implements their suggestions.

Corporate Governance Principle	Company's Adherence
	Accountability and Audit
Financial Reporting	The Board attaches high priority to timely publication of the annual results with comprehensive details (both financial & non-financial) going beyond statutory requirements. This enables both existing and prospective shareholders to make fair assessments on the Company's performance and future prospects. The financial statements are prepared in accordance with Sri Lanka Accounting Standards. The Company's accounting formats and procedures are in compliance with the procedures laid down by the regulatory authorities.
Disclosures	The Annual Report of the Board of Directors is on pages 67 to 69 of this report. The Statement of Directors responsibilities for the financial reporting is on page 74 and the Auditors' Report on the financial statements is on the pages 76 to 79 of this annual report.
Going Concern	The Board of Directors after reviewing the financial position and the cash flow of the Company are of the opinion that the Company has adequate resources to continue operations well in the foreseeable future. Therefore, the Board adopts the going concern basis in preparing Financial Statements.
Internal Control	The Directors are responsible for maintaining an effective internal control system and proactive risk management strategy. Internal controls cover both financial and operational matters and risk management to safeguard the assets of the Company. The risk management strategy of the Company is on pages 64 to 66 of this report. The Company also ensures that effective internal and external audit procedures are followed and the Board reviews the reports in order to maintain the progress of the systems and results.
Internal Audit	The Internal Audit division comprises of an Internal Auditor and Assistants who report directly to the Executive Directors. The Audit Committee is apprised of any pertinent matters. Internal Auditors are empowered to examine and review the financial reporting systems, internal control procedures, accounting policies and compliance with accounting standards. It also reviews the adequacy of systems for compliance with legal, regulatory and ethical requirement and company policies.
External Audit	The Company maintains a professional relationship with the external auditors, M/S Ernst & Young. This ensures their objectivity, independence and compliance with regulatory and ethical requirements.
Audit Committee	The Audit Committee Report is set out on pages 71 to 72 of this Report.

GOVERNANCE SYSTEM

Corporate Governance Principle	Company's Adherence
	Director's Remuneration
Remuneration Committee	The Remuneration Committee Report is set out on page 70 of this report.
Disclosure of Remuneration	Aggregate remuneration paid to the Executive and Non-Executive Directors is disclosed in Note 35.2 to the Financial Statements on page 127 of this report.

Corporate Governance Principle	Company's Adherence
	Related Party Transactions
Related Party Transactions Review Committee	The Related Party Transactions are disclosed in Note 35.1, 35.2 to the Financial Statements. The Related Party Transactions Review Committee Report is set out on pages 126 to 127 of this report.

Corporate Governance Principle	Company's Adherence
	Others
Management Committees	The Management Committee comprises of Directors, Consultants, General Managers and Deputy General Managers. Meetings are held once a month where a review in detail is carried out on the performance of each individual estate based on both financial and relevant non-financial indicators.
Compliance with Legal Requirements	The Board of Directors through the Company's Legal & Finance divisions makes every endeavour to ensure that the business complies with all laws and regulations.
Social & Environmental Matters	The Company has for many years recognised the benefits that accrue from responsible employment, environmental and community policies which are dealt with in detail in the Chairman's Review, Managing Directors' Review (LT&RP) and CEO's Review.
Rights of Employees /Other Stakeholders	The Company identifies the rights of employees. Several employee performance enhancing mechanisms such as performance appraisals and training initiatives are in place for the career building of our employees. A series of best practices and techniques are now embedded in the business and applied intelligently within the organisation. Constant responsiveness to all stakeholder interests and an effective risk management process are critical success factors to ensure that the governance process will continue to add value in the future. The Extent to which the good Corporate Governance practices are adopted in the Company is given as above in this report.

DIRECTORS' OTHER DIRECTORSHIPS

The details pertaining to the names of the Companies (in Sri Lanka) in which the Directors serve as a Director or Key Management Personnel is givan below.

Abbreviations:

C	- Chairman	**GMD**	- Group Managing Director
DC	- Deputy Chairman	**MD**	- Managing Director
EC	- Executive Chairman	**JMD**	- Joint Managing Director
EX	- Executive Director	**CEO**	- Chief Executive Officer
NE	- Non-Executive Director	**D**	- Director
INE	- Independent Non-Executive Director	**Alt**	- Alternate Director

COMPANIES	Mr. S.D.R. Arudpragasam	Mr. C.P.R. Perera	Mr. S.S. Poholiyadde	Mr. Anushman Rajaratnam	Mr. D.R. Madena	Mr. P.M.A. Sirimane	Mr. G.K.B. Dasanayake	Mr. K. Mohideen	Mr. A.M. de S. Jayaratne
The Colombo Fort Land and Building PLC*	✓ C/NE	✓ DC/INE		✓ GMD/EX		✓ INE			✓ INE
C M Holdings PLC*	✓ C/NE			✓ NE					✓ INE
York Arcade Holdings PLC*	✓ C/NE			✓ NE					✓ INE
Lankem Ceylon PLC*	✓ C/NE			✓ EX		✓ INE	✓ INE		
Lankem Developments PLC*	✓ C/NE	✓ INE	✓ NE	✓ NE		✓ INE		✓ NE	✓ INE
Kotagala Plantations PLC*	✓ C/NE	✓ DC/INE	✓ EX	✓ NE		✓ INE	✓ INE	✓ EX	✓ INE
E.B. Creasy & Company PLC*	✓ C/MD/EX					✓ NE			✓ INE
Muller & Phipps (Ceylon) PLC*	✓ C/NE					✓ NE			
Laxapana PLC (Formerly known as Laxapana Batteries PLC)*	✓ C/NE					✓ NE			
Beruwala Resorts PLC*	✓ C/NE	✓ DC/INE		✓ NE					
Marawila Resorts PLC*	✓ C/NE	✓ DC/INE		✓ NE					
Sigiriya Village Hotels PLC*	✓ C/NE	✓ DC/INE		✓ NE					
C W Mackie PLC*	✓ NE	✓ NE		✓ NE					✓ INE
ACME Printing & Packaging PLC*	✓ NE			✓ NE		✓ INE	✓ INE		
Colombo Fort Investments PLC*	✓ C/NE			✓ NE		✓ INE			✓ INE
Colombo Investment Trust PLC*	✓ C/NE			✓ NE		✓ INE			✓ INE
Alliance Five (Private) Limited*	✓ C			✓ D		✓ D	✓ D		
American Lloyd Travels Limited*	✓ D			✓ D					
Associated Farms (Private) Limited*	✓ C								
ACME Packaging Solutions (Pvt) Limited*	✓ D			✓ D		✓ D	✓ D		
B.O.T. Hotel Services (Private) Limited*	✓ C								✓ D
C. W. M. Hotels Holdings Limited*	✓ D			✓ D					✓ D
Candy Delights Limited*	✓ C/MD					✓ D			✓ D
Capital Investments Limited*	✓ D								
Capital Leasing Company Limited*	✓ C			✓ D		✓ D			
Century Investments and Finance Limited	✓ D								
Ceyflex Rubber Limited*	✓ C					✓ D			
Ceylon Tapes (Private) Limited*	✓ C			✓ D		✓ D	✓ D		
Ceytape (Private) Limited*	✓ C			✓ D		✓ D	✓ D		
Colombo Fort Group Services (Pvt) Limited*	✓ D			✓ D		✓ D			
Colombo Fort Holdings Limited*	✓ D								
Colombo Fort Hotels Limited*	✓ C			✓ D					

GOVERNANCE SYSTEM

COMPANIES	Mr. S.D.R. Arudpragasam		Mr. C.P.R. Perera		Mr. S.S. Poholiyadde		Mr. Anushman Rajaratnam		Mr. D.R. Madena		Mr. P.M.A. Sirimane		Mr. G.K.B. Dasanayake		Mr. K. Mohideen		Mr. A.M. de S. Jayaratne	
Colombo Fort Properties (Private) Limited*							✓	D										
Colombo Fort Travels Limited*	✓	D																
Colombo Residencies (Private) Limited	✓	D																
Colonial Motors (Ceylon) Limited*	✓	DC					✓	D									✓	C
Company Holdings (Private) Limited	✓	D																
Consolidated Commercial Investments (Pvt) Ltd							✓	D										
Consolidated Holdings (Private) Limited	✓	D					✓	D										
Consolidated Tea Plantations Limited*	✓	D	✓	D	✓	D	✓	D			✓	D			✓	D	✓	D
Corporate Systems Limited*	✓	C																
Creasy Plantation Management Limited*	✓	D																
Darley Butler & Company Limited*	✓	C/MD									✓	D					✓	D
E B Creasy Ceylon (Private) Limited*	✓	C									✓	D						
E. B. Creasy Logistics Limited*	✓	C									✓	D						
E.B. Creasy Trading Limited*	✓	D																
Far Eastern Exports (Colombo) Limited*	✓	D					✓	D										
Financial Trust Limited							✓	D										
Fortland Finance Limited	✓	C																
Galle Fort Hotel (Private) Limited*	✓	D					✓	D										
Gardian Asset Management Limited*	✓	D																
Great Eastern Resorts Ltd							✓	D										
Group Three Associates (Private) Limited*	✓	C																
Horton Plains Resorts and Spa Limited							✓	D										
Imperial Hotels Limited*	✓	C					✓	D										
J.F. Packaging Limited*	✓	C					✓	D			✓	D	✓	D				
JF Ventures Limited*	✓	C					✓	D			✓	D	✓	D				
Kiffs (Private) Limited*	✓	C					✓	D			✓	D						
Lanka Special Steels Limited*	✓	C									✓	D						
Lankem Agrochemicals Limited*	✓	C					✓	D										
Lankem Cargo Storage Limited*	✓	D					✓	D										
Lankem Chemicals Limited*	✓	C					✓	D										
Lankem Consumer Products Limited*	✓	C					✓	D										
Lankem Exports (Private) Limited*	✓	C																
Lankem Minerals Limited*	✓	D					✓	D			✓	D	✓	D				
Lankem Paints Limited*	✓	C					✓	D										
Lankem Plantation Services Limited*	✓	D																
Lankem Research Limited*	✓	C					✓	D										
Lankem Tea & Rubber Plantations (Pvt) Limited*	✓	C	✓	D	✓	MD	✓	D	✓	D	✓	D			✓	D	✓	D
Lankem Technology Services Limited*	✓	C																
Maitland & Knox (Private) Limited	✓	D					✓	D										
Mayfield Investments (Private) Limited*							✓	D										
Motor Mart Ceylon (Private) Limited*	✓	D					✓	D										
Muller & Phipps (Health Care) Limited (Formerly known as Pettah Pharmacy (Pvt) Ltd)*	✓	C									✓	D						

COMPANIES	Mr. S.D.R. Arudpragasam	Mr. C.P.R. Perera	Mr. S.S. Poholiyadde	Mr. Anushman Rajaratnam	Mr. D.R. Madena	Mr. P.M.A. Sirimane	Mr. G.K.B. Dasanayake	Mr. K. Mohideen	Mr. A.M. de S. Jayaratne
Nature's Link Limited*	✓ C								
Nutriklim (Ceylon) Limited	✓ D								
Oakley Investments (Private) Limited	✓ D			✓ D					
Property and Investment Holdings (Private) Ltd	✓ D			✓ D					
Rubber & Allied Products (Colombo) Limited*	✓ C	✓ D	✓ D	✓ D		✓ D		✓ D	✓ D
Sherwood Holidays Limited*	✓ C								
Sigiriya Resorts Limited				✓ D					
SunAgro Farms Limited*	✓ C			✓ D					
SunAgro LifeScience Limited*	✓ C			✓ D		✓ D	✓ D		
Sunrise Resorts Limited				✓ D					
Teacom (Private) Limited*	✓ C			✓ D					
Transways (Private) Limited				✓ D					
Tropical Beach Resorts Limited				✓ D					
Udaveriya Plantations Limited	✓ D			✓ D					
Unicom Clearing and Forwarding (Private) Ltd*	✓ C			✓ D					
Union Commodities (Private) Limited*	✓ C		✓ D	✓ D		✓ D		✓ D	✓ D
Union Commodities Exports (Pvt) Limited*	✓ C			✓ D					
Union Commodities Teas (Pvt) Limited*	✓ C			✓ D					
Union Group (Private) Limited*	✓ D			✓ D					
Union Investments (Private) Limited*	✓ D			✓ D					✓ D
Voyages Ceylan (Private) Limited*				✓ D					
Waverly Power (Private) Limited*	✓ C	✓ D	✓ D	✓ D		✓ D		✓ D	✓ D
Weligama Hills Limited	✓ D			✓ D					
York Conventions (Private) Limited				✓ D					
York Hotel Management Services Limited*	✓ C								
York Tours Limited*				✓ D					
Sterling Steels (Pvt) Limited (Formerly known as BlueScope Lysaght Lanka (Pvt) Ltd)*	✓ C					✓ D			
Kelani Valley Canneries Limited*				✓ D					
Sunquick Lanka (Pvt) Limited*				✓ D					
Sunquick Lanka Properties (Pvt) Limited*				✓ D					
ACL Cables PLC									✓ D
Mireka Capital Land (Pvt) Limited									✓ D
Overseas Realty (Ceylon) PLC									✓ C
Innovest Investments (Pvt) Limited									✓ D
Insite Holdings (Pvt) Ltd		✓ D							
Insite Factories (Pvt) Ltd		✓ D							
Ceylon Tea Brokers PLC		✓ D							
Logicare (Pvt) Limited		✓ D							
Tempest P E Partners (Pvt) Limited		✓ D							

Note: the Companies marked * are Subsidiaries or Associates of The Colombo Fort Land & Building Group.

MANAGING THE RISKS

As the macro environment continued to change during the 12 months under review, APL's risk landscape also continued to evolve. The government's economic reforms resulted in significant improvements to the operating environment with the rate of inflation being brought under control and the interest rates gradually declining towards the latter part of the year. Nevertheless, the plantation sector was exposed to a range on ongoing risks including climate change risks and labour shortage risks, which worsened during the year. Therefore, the Company continually monitored its risk landscape to identify changes to risk factors and emerging risks.

A key risk response that continued from the previous financial year was the overhaul in the management and reporting structure, and ongoing improvements to the ERP system, which have resulted in more effective and proactive management of different classes of risks.

RISK MANAGEMENT REPORT FOR THE YEAR

Stakeholder category	Risk description	Potential impact	Response to risk	Risk rating
Social Capital				
Governance/ compliance risk	Regulatory compliance lapses can lead to fines and penalties and loss of licenses	High	• All outstanding employee statutory payments were settled • Monthly reporting, record keeping and monitoring with regards to statutory employee payments was strengthened • The Company's legal division also monitors compliance with all regulatory requirements • Compliance levels with quality assurance standards in factories are being improved	Low
Energy costs	Rising fuel and electricity costs have increased operating costs	Medium	• APL is increasingly adopting renewable energy options	Decreasing risk
Community welfare related risks	Estate communities reside in estates and face risks of poverty, health etc.	Low	• Community health camps were conducted • Other community welfare programs are ongoing	Low
Reputational risk	The credibility of the Company may be impacted due to a range of reasons	Low	• APL is ISO certified for food safety and processes • We improved compliance with all national regulations in the current year • We comply with international accreditations • Any customer and supplier complaints are resolved immediately • Employee grievances management was improved in the current year	Low
Financial Capital				
Interest rate risk	Interest rates remain comparatively high and impacts costs	Medium	• We negotiate better terms on loans	
Foreign exchange risk	Costs of imports remained high	Medium	• Cost management systems have been deployed including mechanisation and automation • Wastage is being minimised through more stringent management of resources	
Liquidity risk	Shortage of funds	High	• APL does not face a significant liquidity risk	Low
Natural Capital				
Climate change risk	Extreme weather caused tea outputs to decline	High	• Prudent agriculture practices, are used to minimise drought effects and proactive planning has helped the Company to minimise the risk of adverse weather conditions	High

Stakeholder category	Risk description	Potential impact	Response to risk	Risk rating
Environmental impact risks	Negative impacts on the environment can result in fines and reputational damage	Low	• The company complies with all environmental regulations and inspections • The Company complies with additional environmental accreditations such as RA and UTZ	Low
Manufactured Capital				
Commodity market risk	Global tea price fluctuations impact our earnings	High	• We have invested in international accreditations to obtain better market access for our tea • Our tea and tea factories are ISO certified for quality • Our tea portfolio is diversified and includes rotorvane and orthodox black tea to spread the market risk	High
ICT risks	Loss of data and breakdown of systems due to cyber attacks	Low	• Internal controls on IT safety were reviewed • Back up systems are maintained • Contracts with established agents for licensed software were renewed	Low
Plant and equipment risk	Risk of machinery breakdowns	Low	• Insurance policies for our assets were renewed • We buy from the best suppliers to ensure quality goods • The factories in the estates and other infrastructure are maintained regularly and upgraded when required • Factories are also upgraded under the Rainforest alliance/ ISO standards	Low
Human Capital				
Operational risks	Ineffective processes can lead to low productivity and waste, and prevent achievement of strategic objectives	Medium	• The management structure has been improved • Reporting and monitoring systems are being improved • Productivity committees have been set up • Training is being provided to improve efficiency and productivity and reduce wastage • Performance evaluations have been introduced for all deputy managers and assistant managers for their estates and divisions • Monthly target setting and reviewing have been improved • The use of the Human Resource Information System is being improved for better administration • Solutions for problems relating to IT/digitalization, in the estates due to signal losses, are now being reviewed with the assistance of external expertise	Low
Industrial disputes	Industrial action by trade unions	Low	• All statutory payments were settled • Many initiatives were introduced to engage with employees during the current financial year. Please refer the Human Capital chapter.	Low
Labour losses	Outmigration of estate labour	High	• Employee welfare facilities were improved (Please refer Human Capital chapter for greater details) • Mechanisation and automation were expanded	High

MANAGING THE RISKS

RISK MANAGEMENT SYSTEM

The Company's adopts an integrated risk management concept where risk management is integrated into the overall governance, internal controls and strategy planning and implementation process across the entire organisation and all activities. The Board is directly involved in the risk identification, assessment and management process, with feedback from the senior management. Internal controls are reviewed regularly and external factors are monitored continually to identify emerging risks.

Risk management framework

The 3 lines of defence

We have adopted the 3-lines of defence model to manage our risks

First Line of Defence – Management

- Operational management is responsible for maintaining effective internal controls and for executing risk and control procedures on a day-to-day basis.

Second Line of Defence

- This refers to risk management and compliance functions to help build and/or monitor the first line-of-defence controls.

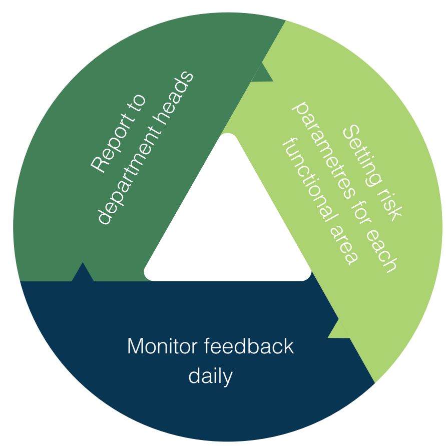
Third Line of Defence – Audit

- Internal Audit provides advice and recommendations regarding processes.
- External Auditors - External auditors are responsible for expressing an opinion on the fairness (accuracy within a degree of materiality) of the financial statements in conformity with accounting standards.

Risk review process and reporting structure

APL has continually improved its risk review and reporting systems by improving top down and bottom up communications and by expanding the reach of the ERP system for better quality data. The Company is also investing in training for all grades of employees for better job awareness and technical knowledge to mitigate or report risks, wherever they may arise.

The formal risk review and reporting process comprises:



Effectiveness of internal controls

APL maintains close oversight of internal controls that are reviewed regularly by the Board to ensure effectiveness. Internal audits are conducted regularly and the findings are reported to the Board. In addition, the Company complies with multiple accreditation requirements that also imposes another layer of controls.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Agarapatana Plantations PLC (formerly known as Agarapatana Plantations Limited) present their Report together with the Audited Financial Statements for the year ended 31st March 2024. The details set out herein include the pertinent information required by the Companies Act No.07 of 2007 and are guided by recommended best practices.

PRINCIPAL ACTIVITIES, BUSINESS REVIEW / FUTURE DEVELOPMENTS

The principal activities of the Company are cultivation, manufacture and sale of Tea. The principal activity of the subsidiary is disclosed in the Notes (Note 1.2) to the Financial Statements in this report. A review of the Company's business and its performance during the year with comments on financial results and future developments is contained in the Chairman's Review, Managing Director's Review (LT&RP), CEO's Review, Operational and Financial Review sections of this Annual Report. These Reports together with the financial statements reflect the state of affairs of the Company.

The Directors to the best of their knowledge and belief confirm that the Company has not engaged in any activities that contravene laws, regulations and prudential requirements and that there are no material non-compliances.

INITIAL PUBLIC OFFERING AND LISTING OF THE SHARES OF THE COMPANY WITH THE COLOMBO STOCK EXCHANGE

The Company was listed on the Diri Savi Board of the Colombo Stock Exchange on 4th September 2023, through an Offer for Subscription of Eighty Three Million Seventy Thousand One Hundred and Eleven (83,070,111) new Ordinary Shares at an issue price of Rupees Nine (Rs. 9.00) which raised a sum of Rs. 747,630,999/-.

Following the Initial Public Offer, the Stated Capital of the Company is Rs. 2,478,067,694/- represented by 500,000,000 Ordinary Shares and One Golden Share.

Consequent to the Listing of the Company, the Company changed its status to a Public Limited Company from a Limited Company and accordingly the name of the Company was changed to Agarapatana Plantations PLC with effect from 27th October 2023.

FINANCIAL STATEMENTS

The Financial Statements of the Company are given on pages 80 to 134.

AUDITORS' REPORT

The Auditors' Report on the Financial Statements is given on Pages 76 to 79.

ACCOUNTING POLICIES

The Accounting Policies adopted in the preparation of the Financial Statements are given on pages 87 to 103.

INTEREST REGISTER

Directors Interest in Transactions

The Directors have made general disclosures as provided for in Section 192 (2) of the Companies Act No.07 of 2007. Arising from this, details of contracts in which they have an interest are disclosed in Note 35 to the financial statements on pages 126 to 130.

During the financial year the Company has not entered into any contracts in which the Directors have had a material interest.

Neither the Directors nor their close family members have had any material business relationships with other Directors.

DIRECTORS INTEREST IN SHARES

The Directors of the Company who have an interest in the shares of the Company have disclosed their shareholdings and any acquisitions/disposals to the Board in compliance with Section 200 of the Companies Act No. 07 of 2007.

Details pertaining to Directors' direct shareholdings are set out below:

Name of Director	No. of Shares as at 31/03/2024	No. of Shares as at 31/03/2023
Mr. S.D.R. Arudpragasam	3,946,400	Nil
Mr. C.P.R. Perera	168,900	Nil
Mr. S.S. Poholiyadde	2,000,000	Nil
Mr. D.R. Madena	28,000	Nil
Mr. Anushman Rajaratnam	1,000,000	Nil
Mr. G.K.B. Dasanayaka	20,400	Nil
Mr. K. Mohideen	285,000	Nil
Mr. A.M. de S. Jayaratne	200,000	Nil

DIRECTORS' REMUNERATION

The Directors' remuneration in respect of the Group for the Financial Year 2023/24 is disclosed in Note 35 to the Financial Statements.

CORPORATE DONATIONS

No donations were made during the year.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

DIRECTORATE

The names of the Directors who held office during the financial year are listed below.

Brief profiles of the Directors currently in office appear on pages 24 to 26.

Mr. S.D.R. Arudpragasam - Chairman - Non-Executive Director

Mr. C.P.R. Perera - Deputy Chairman - Independent Non-Executive Director

Mr. S.S. Poholiyadde - Executive Director

Mr. D.R. Madena - Chief Executive Officer - Executive Director

Mr. Anushman Rajaratnam - Non-Executive Director

Mr. P.M.A. Sirimane - Independent Non-Executive Director

Mr. G.K.B. Dasanayaka - Independent Non-Executive Director

Mr. K. Mohideen - Executive Director

Mr. A.M. de S. Jayaratne - Independent Non-Executive Director

In terms of Articles 92 and 93 of the Articles of Association Mr. P.M.A. Sirimane retires by rotation and being eligible, offers himself for re-election.

Mr. C.P.R. Perera who is over seventy years of age retires and offers himself for reappointment under and by virtue of the Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. S.D.R. Arudpragasam who is over seventy years of age retires and offers himself for reappointment under and by virtue of the Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. A.M. de S. Jayaratne who is over seventy years of age retires and offers himself for reappointment under and by virtue of the Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

Mr. G.K.B. Dasanayaka who has attained the age of seventy years retires and offers himself for reappointment under and by virtue of the Special Notice received from a shareholder of the Company which is referred to in the Notice of Meeting.

ENTERPRISE GOVERNANCE

Adoption of good governance practices has become an essential requirement in today's corporate culture. The practices carried out by the Company are given in the Corporate Governance Statement on pages 54 to 63.

AUDITORS

The Financial Statements of the Company for the year have been audited by, Messrs. Ernst & Young Chartered Accountants, the retiring Auditors who have expressed their willingness to continue as Auditors of the Company and are recommended for reappointment. In accordance with the Companies Act No.07 of 2007, a resolution to reappoint them and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

The Auditors, Messrs. Ernst & Young were paid Rs. 6.7 Mn (2022/23 - Rs. 6.3 Mn) as audit fees by the Company. In addition, they were paid Rs. 0.9 Mn (2022/23 - Rs. 3.2 Mn) by the Company for non-audit related work, which consisted mainly of tax related work. As far as the Directors are aware the Auditors do not have any relationship (other than that of an Auditor) with the Company. The Auditors do not have any interests in the Company.

REVENUE

The revenue of the Group for the year was Rs. 7,215 Mn (2022/23 - Rs. 8,550 Mn). The Revenue of the Company for the year was Rs. 7,153 Mn which comprises Rs. 3,943 Mn from the Agras Valley Region (2022/23 - Rs. 4,316 Mn) and Rs. 3,210 Mn from the Haputale Region (2022/23 - Rs. 4,202 Mn).

RESULTS

The Group made a Profit before tax of Rs. 759 Mn (2022/23 - Rs. 2,386 Mn).The Company made a Profit before tax of Rs. 743 Mn against a profit before tax of Rs. 2,387 Mn in 2022/23.

MANAGING AGENTS & MANAGEMENT FEE

Lankem Tea & Rubber Plantations (Pvt) Limited (LT&RP) a subsidiary of Consolidated Tea Plantations Limited, continue to manage the affairs of the Company. The Managing Agents LT&RP did not charge Managing Agent's Fees in the year under review. (2022/23 - Nil).

DIVIDENDS

The Board of Directors do not recommend a Dividend for the year under review.

INVESTMENTS

Investments made by the Group and the Company are given in Note 10 to the Financial Statements on pages 110 to 113.

PROPERTY, PLANT & EQUIPMENT

During the year 2023/24 the Company / Group invested Rs. 306 Mn (2022/23 - Rs. 159 Mn) in Property Plant & Equipment and other Capital Expenditure which includes Rs. 39 Mn in replanting expenditure (2022/23 - Rs. 31 Mn). Further, the Directors are of the opinion that the net amounts at which Property, Plant & Equipment appear in the Statement of Financial Position are not greater than their market value as at 31st March 2024. Information relating to movements in Property, Plant & Equipment and other Capital Expenditure are given in Notes 6,7,8 and 9 to the Financial Statements.

RESERVES

The total reserves of the Group as at 31st March 2024 amount to Rs. 1,695 Mn (2022/23 - Rs. 1,548 Mn).

The total reserves of the Company as at 31st March 2024 amount to Rs. 1,731 Mn comprising Timber Reserve of Rs. 1,700 Mn (2022/23 - Rs. 1,409 Mn), Retained Loss of Rs. 510 Mn (31st March 2023 - Retained Loss of Rs. 381 Mn) Revaluation Reserve - Rs. 724 Mn (31st March 2023 - Rs. 750 Mn) and Fair Value Reserve of Rs. 182 Mn (31st March 2023 - Rs. 182 Mn). The movements are shown in the Statement of Changes in Equity in the financial Statements.

STATED CAPITAL

The Stated Capital of the Company as at 31st March 2024 was Rs. 2,478,067,694/- represented by 500,000,000 Ordinary Shares and One Golden Share.

INITIAL PUBLIC OFFERING (IPO)

The utilisation of IPO Proceeds as at 31st March 2024 is as follows.

Objective No.	Objective as per Prospectus	Amount allocated as per Prospectus Rs.	Proposed Date of Utilization as Per Prospectus	Amount allocated upon the receipt of proceeds in Rs.	As a % of total proceeds	Amount Utilized in the Objective Rs.	% of proceeds utilised against allocation (B)	Clarification if not fully utilised including where the funds are invested
1	Purchase of modern equipment to develop APL factories to "State of the Art - Processing Centers"	672,630,999	FY 2023/24 – FY 2024/25	672,630,999	90%	29,439,750	4%	Funds are invested in Fixed Deposits
2	Settlement of high-cost term loans	75,000,000	FY 2023/24	75,000,000	10%	75,000,000	100%	N/A

TAXATION

The Company is liable to income tax at the rate of 30% on its agro processing activities and agro farming profits of the Company is exempted for the year of assessment 2023/24. All other sources of income are liable for income tax at the rate of 30% Further details of Taxation are given in Note 29 to the Financial Statements.

RELATED PARTY TRANSACTIONS

The Related Party Transactions presented in the Financial Statements are disclosed in Note 35 from pages 126 to 130.

SHARE INFORMATION

Information relating to earnings and net assets is given on pages 5, 80, 81, 124, 139 and 140.

EVENTS OCCURRING AFTER THE REPORTING DATE

No circumstances have arisen since the Reporting date that would require adjustments to or disclosure in the Financial Statements other than those disclosed in Note 34 to the Financial Statements on page 126.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital Commitments and Contingent Liabilities as at the date of the Statement of Financial Position are disclosed in Notes 19, 31 and 33 to the Financial Statements on pages 117, 118 and 125 respectively.

EMPLOYMENT POLICY

The Company's recruitment and employment policy is non-discriminatory. The occupational health and safety standards receive substantial attention. Appraisals of individual employees are carried out in order to evaluate their performance and realise their potential. This process benefits the Company and the employees. The number of persons employed by the Company at the year end was 8,077 (2022/23 – 8,495).

SHAREHOLDERS

It is the Company's policy to endeavour to ensure equitable treatment to its shareholders.

STATUTORY PAYMENTS

The Directors to the best of their knowledge and belief are satisfied that all statutory payments due in relation to employees and the Government have been made and where relevant provided for.

ENVIRONMENTAL PROTECTION

The Company's business activities can have direct and indirect effects on the environment. It is the Company's policy to minimise any adverse effects its activities have on the environment and to promote co-operation and compliance with the relevant authorities and regulations. We confirm that the Company has not undertaken any activities which have caused or are likely to cause detriment to the environment.

INTERNAL CONTROL

The Directors acknowledge their responsibility for the Company's system of internal control. The system is designed to give assurance regarding the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information generated. However, any system can ensure only reasonable, and not absolute, assurance that errors and irregularities are either prevented or detected within a reasonable period of time.

The Board is satisfied with the effectiveness of the system of internal control for the period up to the date of signing the Financial Statements.

GOING CONCERN

As noted in the Statement of Directors' Responsibilities on page 74, the Directors have adopted the going concern basis in preparing these Financial Statements.

For and on behalf of the Board,

S.S. Poholiyadde
Director

K. Mohideen
Director

By Order of the Board

Corporate Managers & Secretaries (Private) Ltd.
Secretaries

29th August 2024

REPORT OF THE REMUNERATION COMMITTEE

The Remuneration Committee of the Company consist of three members;

Mr. A.M. de S. Jayaratne - Chairman, Independent Non-Executive Director

Mr. C.P.R. Perera - Independent Non-Executive Director

Mr. S.D.R. Arudpragasam - Non-Executive Director

The key objective of the Committee is to attract, motivate and retain qualified and experienced personnel and to ensure that the remuneration of executives at each level of management is competitive and are rewarded in a fair manner based on their performance.

The Committee analyses and reviews the remuneration packages of the key management personnel prior to the determination of such packages and guidelines are set for the compensation structures of the Management Staff.

Some members of the Board participate in the deliberations where appropriate.

It is ensured that the remuneration of executives at each level of management is competitive, and they are rewarded in a fair manner based on their performance.

The Remuneration Committee met once during the financial year.

The details on the aggregate remuneration of the Executive and Non-Executive Directors is given in Note 35 to the financial Statements.

A.M. de S. Jayaratne
Chairman
Remuneration Committee

29th August 2024

REPORT OF THE AUDIT COMMITTEE

The Audit Committee Report focuses on the activities of the Company for the year under review, which the Committee has reviewed and monitored as to provide additional assurance on the reliability of the Financial Statements through a process of independent and objective views.

COMPOSITION

The Audit Committee of the Company comprise of the following members.

Mr. A.M. de S. Jayaratne, Chairman - Independent Non-Executive Director

Mr. C.P.R. Perera - Independent Non-Executive Director

Mr. P.M.A. Sirimane - Independent Non-Executive Director

The Committee has varied experience and financial expertise with high standing of integrity and business acumen in order to carry out their role efficiently and effectively. The Chairman of the Committee is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and of England & Wales.

The Company's Secretaries, Corporate Managers & Secretaries (Private) Limited function as the Secretaries to the Audit Committee.

ROLE OF THE AUDIT COMMITTEE

The Audit Committee reviews and advises the Company to ensure that the financial reporting system is in adherence with the Sri Lanka Accounting Standards and other regulatory and statutory requirements. It also reviews the adequacy of internal controls and the business risks.

The Committee peruses the operational reviews and assesses the future prospects of the business operations and the fact that the going concern assumption used in the preparation of the Financial Statements is appropriate.

The Committee has reviewed the quarterly accounts and the annual accounts for the year ended 31st March 2024.

TERMS OF REFERENCE

The Committee is governed by the specific terms of reference set out in the Audit Committee Charter. The Committee focuses on the following objectives in discharging its responsibilities taking into consideration the terms of reference together with the requirements of the Listing Rules of the Colombo Stock Exchange.

(a) Risk Management

(b) Efficiency of the system of internal controls

(c) Independence and objectivity of the external (statutory) Auditors

(d) Appropriateness of the principal accounting policies used

(e) Financial Statement integrity

MEETINGS AND ATTENDANCE

The Audit Committee has met on four occasions during the financial year ended 31st March 2024 and the attendance was as follows:

Mr. A.M. de S. Jayaratne – Chairman	3/4
Mr. C.P.R. Perera	4/4
Mr. P.M.A. Sirimane	3/4

Further the matters which come under the purview of the Audit Committee are also decided by resolutions in writing.

Senior management personnel of the Company and the Managing Agent, Lankem Tea & Rubber Plantations (Pvt) Ltd attend the Audit Committee meetings by invitation. Matters of importance and concern are reported to the Board of Directors.

RISK MANAGEMENT AND INTERNAL CONTROL

The Directors are responsible for maintaining an effective internal control system and proactive risk management strategy. Internal controls cover both financial and operational matters and risk management to safeguard the assets of the Company and the Group. The risk management strategy of the Company is on pages 64 to 66 of this report.

COMPLIANCE

The Committee obtained representations from the senior management personnel of the Company and the Managing Agent, Lankem Tea & Rubber Plantations (Pvt) Ltd on the operations and finance of the Company including the adequacy of provisions made for possible liabilities. Further the Committee has reviewed reports tabled by the Company on the compliance status with regard to relevant financial, secretarial and statutory requirements.

INTERNAL AUDIT

The Internal Audit division comprises of the Internal Audit Manager and Assistants who report directly to the Executive Directors. They are empowered to examine and review the financial reporting systems, internal control procedures, accounting policies and compliance with accounting standards. It also reviews the adequacy of systems for compliance with legal, regulatory and ethical requirement and company policies.

EXTERNAL AUDIT

The Company has appointed Messrs. Ernst & Young as its external auditor and the services provided by them are segregated between audit/assurance services and other advisory services such as tax consultancy.

The Audit Committee has reviewed the non-audit services provided by the External Auditors to the Company and the Group to ensure that their independence as Auditors has not been compromised.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee has determined that Ernst & Young, Auditors are independent on the basis that they do not carry out any management related functions of the Company. The Audit Committee also reviews the professional fees of the External Auditors.

The Audit Committee has concurred to recommend to the Board of Directors the re- appointment of Ernst & Young as Auditors for the financial year ending 31st March 2025, subject to the approval of the shareholders at the Annual General Meeting.

CONCLUSION

The Audit Committee is of the view that adequate controls are in place to safeguard the Company's assets and that the financial position and the results disclosed in the audited accounts are free from any material misstatements.

A.M. de S. Jayaratne
Chairman
Audit Committee

29th August 2024

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee (RPTRC) is entrusted with the responsibility of ensuring that the interests of all the stakeholders of the Company are protected in all related party transactions.

COMPOSITION

The Related Party Transactions Review Committee of Agarapatana Plantations PLC comprises of the following members:

Mr. A.M. de S. Jayaratne - Chairman - Independent/Non-Executive Director

Mr. C.P.R. Perera - Independent/Non-Executive Director

Mr. P.M.A. Sirimane - Independent/Non-Executive Director

The Company's Secretaries Corporate Managers & Secretaries (Private) Limited functions as the Secretaries to the Related Party Transactions Review Committee.

MEETINGS OF THE COMMITTEE

The Related Party Transactions Review Committee of the Company has met on four occasions during the financial year ended 31st March 2024 and the attendance was as follows:

Mr. A.M. de S. Jayaratne – Chairman	3/4
Mr. C.P.R. Perera	4/4
Mr. P.M.A. Sirimane	3/4

In addition to these meetings, Related Party Transactions were referred to the members of the Related Party Transactions Review Committee and were reviewed and recommended by Resolutions in writing. Other members of the Board and the Management were present at discussions where appropriate. The proceedings of the Related Party Transactions Review Committees were regularly reported to the Board of Directors.

POLICIES, PROCEDURES AND FUNCTIONS OF THE COMMITTEE:

The Policies and Procedures adopted by the Related Party Transactions Review Committee when reviewing and recommending transactions are consistent with Section 9 of the Listing Rules of the Colombo Stock Exchange.

The Functions of the Committee are as follows;

- Review all proposed Related Party Transactions (Except for exempted transactions)
- Determining whether the relevant Related Party Transaction is fair to, and in the best interests of the Company and its stakeholders.
- Obtain updates on previously reviewed Related Party Transactions from Senior Management and approve any material changes.
- Establish guidelines for Senior Management to follow in ongoing dealings with related parties.
- Direct the transactions for Board approval / Shareholder approval as deemed appropriate.
- Ensuring that immediate market disclosures and disclosures in the Annual Report as required by the applicable rules and regulations are made in a timely and detailed manner.

CONCLUSION

The Related Party Transactions Review Committee has reviewed the Related Party Transactions entered into during the financial year under review and has communicated its comments and observations to the Board of Directors.

The Committee is free to seek external professional advice on matters within their purview when necessary.

The Board of Directors have also declared in the Annual Report that there were no recurrent or non-recurrent related party transactions which exceeded the respective thresholds mentioned in Section 9 of the Colombo Stock Exchange Listing Rules. The Company has complied with the requirements of the Listing Rules on Related Party Transactions.

A.M. de S. Jayaratne
Chairman
Related Party Transactions Review Committee

29th August 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The responsibilities of the Directors in relation to the Financial Statements of the Company are detailed below. The responsibility of the Auditors' in relation to the Financial statements is set out in the Independent Auditors' Report appearing on pages 76 to 79.

The Directors are responsible under the provisions of the Companies Act to ensure compliance with the requirements set out therein to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company as at the end of the financial year and of the Profit & Loss of the Company for the financial year. The Directors confirm that in preparing the Financial Statements, appropriate accounting policies have been selected and applied consistently, reasonable and prudent judgements and estimates have been made and Sri Lanka Accounting Standards have been followed.

The Directors are responsible for ensuring that the Company keeps sufficient accounting records to disclose with reasonable accuracy the financial position of the Company and for ensuring that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards and provide the information required by the Companies Act No. 07 of 2007. They are also responsible for taking reasonable measures to safeguard the assets of the Company, and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to the prevention and detection of fraud and other irregularities.

The Directors are required to prepare the Financial Statements and to provide the Auditors with every opportunity to undertake whatever inspections they consider appropriate to enable them to submit their audit report.

The Directors confirm that they have complied with these requirements. They have a reasonable expectation, after making enquiries and following a review of the Company's budget for the ensuing year, including cash flows and borrowing facilities, that the Company has adequate resources to continue in operational existence for the foreseeable future, and therefore have continued to adopt the going concern basis in preparing the accounts.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge all statutory payments relating to employees and the Government that were due in respect of the Company as at the reporting date have been provided for and fully paid.

On behalf of the Board

S. S. Poholiyadde
Director

K. Mohideen
Director

Colombo
29th August 2024

FINANCIAL INFORMATION

ELEVATING FINANCIAL INSIGHTS

We strengthen the momentum of our flight through the valuable insights on performance and future prospects afforded through our financial statements for the year under review

INDEPENDENT AUDITORS' REPORT

Building a better
working world

Ernst & Young
Chartered Accountants
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RdeS/GS/WAD

TO THE SHAREHOLDERS OF AGARAPATANA PLANTATIONS PLC

Report on The Audit of the Financial Statements

Opinion

We have audited the financial statements of Agarapatana Plantations PLC ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the statement of financial position as at March 31, 2024, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at March 31, 2024, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

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

Key audit matters

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

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	How our audit addressed the key audit matter
As disclosed in Note 19 to the financial statements, the Group's retirement benefit obligation amounted to Rs. 1.791 Mn and represented 34% of the Group's total liabilities as of 31 March 2024. The value of the retirement benefit obligation was based on the actuarial valuation carried out by an external actuary engaged by the Group. This was a key audit matter due to : • The materiality of the reported retirement benefit obligation balance; and • The degree of management judgements, assumptions and estimation uncertainties associated with measurement of the retirement benefit obligation. Key areas of significant assumptions, judgements and estimates used in assessing the value of the retirement benefit obligation included judgements involved in ascertaining the discount rate and future salary / wage growth rate as disclosed in Note 19 to the financial statements.	Our audit procedures included the following key procedures: • assessed the competence, capability and objectivity of the external actuary engaged by the Group. • checked the completeness and accuracy of the data used in the valuation of retirement benefit obligations by agreeing key information to source documents and accounting records. • read the external actuary's report and identified the key estimates made and the approach taken by the actuary in determining the value of the retirement benefit obligation. • assessed the reasonableness of the significant judgements, assumptions and estimates made by the external actuary such as discount rate and future salary / wage growth rate in measuring the value of the retirement benefit obligation. We also assessed the adequacy of the disclosures made in note 19 to the financial statements.

Key audit matter	How our audit addressed the key audit matter
As of 31 March 2024, the Group's bearer biological assets amounted to Rs. 2,229 Mn and represented 23% of the Group's total assets. Bearer Biological Assets comprised of Rs. 325 Mn Immature Plantations and Rs. 1,904 Mn of Mature plantations, as disclosed in Note 8 to the financial statements. This was a key audit matter due to : • the materiality of the reported bearer biological asset balance; and • The degree of judgement involved in identification of costs to be capitalised as immature plantations, point at which transfers are to be made from immature plantations to mature plantations and identification of possible indicators of impairment, as disclosed in Note 8 to the financial statements.	Our audit procedures included the following key procedures: • Obtained an understanding of management's expense allocation process and evaluated the design of relevant key controls over the identification of expenses to be capitalised in relation to immature plantations. • Tested the significant expenses incurred by examining related invoices, capital expenditure authorisations and other corroborative evidence. • Tested transfer of immature plants to respective matured plantation categories by examining ageing profile of immature plantations • Assessed the reasonableness of depreciation provided on the matured plantations by performing independent computations. • Inspected the ageing profile of the immature biological assets as of the reporting date to ensure that possible indicators of impairment have been identified, assessed for probable impairment charges/ losses accounted for in the financial statements. We also assessed the adequacy of the disclosures made in note 8 to the financial statements.
Assessment of consumable biological assets are carried at fair value. The fair value of such assets were determined by an external valuer engaged by the Group. This was a key audit matter due to : • the materiality of the reported fair value of consumable biological assets which amounted to Rs.1,832 Mn representing 19% of the Group's total assets as of the reporting date; and • the degree of assumptions, judgements and estimation uncertainties associated with fair valuation of consumable biological assets and the complexity of the valuation process. Key areas of significant judgments, estimates and assumptions used in assessing the fair value of consumable biological assets, as disclosed in Notes 3.4.6.4 and 9 to the financial statements, included judgements involved in ascertaining the appropriate valuation technique and estimates such as: • Discount rate • Expected timber volume • Price per cubic foot	Our audit procedures included the following key procedures: • assessed the competence, capability and objectivity of the external valuer engaged by the Group. • read the external valuer's report and identified the key estimates made and the valuation approaches taken by the valuer in determining the fair value of consumable biological assets. • assessed the completeness and accuracy of the key data used by the external valuer, by tracing those to the underlying books and records maintained by the Group. This also included assessing the appropriateness & consistency of the application of the formula used for deriving the expected timber volume. • assessed the reasonableness of significant assumptions, judgements and estimates made by the valuer such as discount rate, expected timber volume, price per cubic foot and valuation technique in assessing the fair value of consumable biological assets. Our procedures included comparing with the industry practices that are generally used in determining fair value of consumable biological assets. We also assessed the adequacy of the disclosures made in Notes 3.4.6.4 and 9 to the financial statements.

INDEPENDENT AUDITORS' REPORT

Building a better
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Other information included in The Company's 2024 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

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

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

Responsibilities of management and those charged with governance

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Classify 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 internal controls of the Company and the Group.

- 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, action 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 M-2448.

29th August 2024

Colombo

STATEMENT OF FINANCIAL POSITION

As at 31st March	Note	GROUP 2024 Rs.	GROUP 2023 Rs.	COMPANY 2024 Rs.	COMPANY 2023 Rs.
ASSETS					
Non Current Assets					
Right-of-use Assets	6	142,680,624	155,168,890	142,680,624	155,168,890
Freehold Property, Plant & Equipment	7	1,810,053,404	1,668,133,153	1,715,212,347	1,559,692,921
Bearer Biological Assets	8	2,228,650,233	2,236,928,013	2,228,650,233	2,236,928,013
Consumable Biological Assets	9	1,832,487,373	1,532,913,464	1,832,487,373	1,532,913,464
Other Non Current Financial Assets	10	36,322,364	36,322,364	1,820,000	1,820,000
Intangible Assets	10A	338,742,754	338,742,754	-	-
Investment in Subsidiary	10B	-	-	433,999,888	433,999,888
		6,388,936,749	5,968,208,637	6,354,850,465	5,920,523,175
Current Assets					
Produce on Bearer Biological Assets	11	19,546,449	23,264,936	19,546,449	23,264,936
Inventories	12	922,074,889	1,151,747,526	922,074,889	1,151,747,526
Trade and Other Receivables	13	767,427,845	602,729,615	760,818,468	544,581,390
Amounts due from Related Companies	14	603,071,475	125,465,622	555,504,487	88,666,185
Short Term Investment		743,251,471	35,961,695	743,251,471	35,961,695
Cash & Bank Balances	15	78,798,441	48,570,900	68,818,564	48,529,045
		3,134,170,569	1,987,740,294	3,070,014,325	1,892,750,777
TOTAL ASSETS		9,523,107,318	7,955,948,931	9,424,864,790	7,813,273,952
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	16	2,478,067,694	1,730,436,695	2,478,067,694	1,730,436,695
Fair Value Reserve of Financial Assets at FVOCI		(184,392,897)	(184,392,897)	(181,708,468)	(181,708,468)
Timber Reserve	9.1	1,699,717,304	1,409,064,302	1,699,717,304	1,409,064,302
Revaluation Reserve	17	723,775,555	750,438,738	723,775,555	750,438,736
Retained Profit /(Loss)		(544,307,523)	(426,661,056)	(510,427,670)	(381,382,173)
TOTAL EQUITY		4,172,860,133	3,278,885,782	4,209,424,415	3,326,849,092
Non Current Liabilities and Deferred Income					
Interest Bearing Loans & Borrowings	18	262,875,374	588,880,011	223,147,374	525,340,677
Retirement Benefit Obligations	19	1,791,113,186	1,198,673,423	1,791,113,186	1,198,673,423
Deferred Income	20	174,149,963	183,604,928	174,149,963	183,604,928
Lease Liabilities	21	121,279	123,686	121,279	123,686
Deferred Tax Liability	29.4	947,961,076	798,987,451	890,126,024	737,193,392
		3,176,220,878	2,770,269,500	3,078,657,826	2,644,936,107
Current Liabilities					
Interest Bearing Loans & Borrowings	18	716,294,731	538,108,548	693,422,731	494,755,882
Lease Liabilities	21	2,407	2,226	2,407	2,226
Trade and Other Payables	22	1,167,733,402	1,098,280,462	1,158,103,747	1,088,915,811
Amounts due to Related Companies	23	30,535,754	31,639,347	30,305,091	31,488,000
Income Tax Payable		4,511,443	12,998,598	-	12,257,388
Bank Overdraft	15	254,948,571	225,764,469	254,948,571	214,069,444
		2,174,026,307	1,906,793,650	2,136,782,548	1,841,488,753
TOTAL EQUITY AND LIABILITIES		9,523,107,318	7,955,948,931	9,424,864,790	7,813,273,952
Net Assets per Share		8.35	7.86	8.42	7.98

These Financial Statements are in compliance with the requirements of the companies Act No 07 of 2007.

N Fernando
Finance Manager

The Board of Directors is responsible for these Financial Statements. Authorised and signed for and on behalf of the Board of Directors of Agarapatana Plantations PLC.

S S Poholiyadde
Director

K Mohideen
Director

The Accounting Policies and Notes on Pages 87 through 134 form an integral part of the Financial Statements.

29th August 2024
Colombo

STATEMENT OF PROFIT OR LOSS

For the Year ended 31st March	Note	GROUP 2024 Rs.	GROUP 2023 Rs.	COMPANY 2024 Rs.	COMPANY 2023 Rs.
Revenue	24	7,214,937,403	8,550,440,492	7,153,269,193	8,518,203,937
Cost of Sales		(6,337,495,833)	(5,869,211,184)	(6,322,656,691)	(5,862,434,066)
Gross Profit		877,441,570	2,681,229,308	830,612,502	2,655,769,871
Gain on change in fair value of biological assets	11.2	299,664,900	115,820,815	299,664,900	115,820,815
Other Income	25	129,536,318	127,742,185	135,802,996	131,936,164
Administrative Expenses		(391,336,980)	(320,287,632)	(384,975,907)	(319,525,193)
Finance Income	26	117,572,766	51,450,346	117,572,766	50,517,566
Finance Cost	27	(273,459,911)	(269,614,538)	(255,542,924)	(247,363,146)
Profit Before Tax	28	759,418,663	2,386,340,484	743,134,333	2,387,156,076
Income Tax Expense	29	(294,395,144)	(649,088,377)	(289,509,845)	(604,625,086)
Net Profit for the year		465,023,519	1,737,252,106	453,624,488	1,782,530,990
Earnings per Share	30	1.00	4.17	0.97	4.28

The Accounting Policies and Notes on Pages 87 through 134 form an integral part of the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

For the Year ended 31st March	Note	GROUP 2024 Rs.	GROUP 2023 Rs.	COMPANY 2024 Rs.	COMPANY 2023 Rs.
Profit for the year		465,023,519	1,737,252,106	453,624,488	1,782,530,990
Other Comprehensive Income / (Loss)					
Other comprehensive Income/(Loss) that will not to be reclassified to profit or loss in subsequent periods					
Net Gain/ (loss) on financial assets at fair value through OCI	10.2	-	650,000	-	650,000
Tax Effect		-	-	-	-
		-	650,000	-	650,000
Remeasurement gain/(loss) on defined benefit plan	19	(455,257,378)	(123,876,304)	(455,257,377)	(123,876,304)
Tax Effect		136,577,213	37,162,891	136,577,213	37,162,891
		(318,680,165)	(86,713,413)	(318,680,164)	(86,713,413)
Tax Effect on Fair Value Reserve		-	(2,684,429)	-	-
		-	(2,684,429)	-	-
Net other comprehensive Income/ (loss) not to be reclassified to profit or loss in subsequent periods		(318,680,165)	(88,747,842)	(318,680,164)	(86,063,413)
Other comprehensive income / (loss) for the year, net of tax		(318,680,165)	(88,747,842)	(318,680,164)	(86,063,413)
Total comprehensive income / (loss) for the year, net of tax		146,343,354	1,648,504,265	134,944,324	1,696,467,577
Profit for the Year Attributable to;					
Equity Holders of the Parent		465,023,519	1,737,252,106	-	-
Non Controlling Interest		-	-	-	-
Profit for the year		465,023,519	1,737,252,106	-	-
Total Comprehensive Income Attributable to ;					
Equity Holders of the Parent		146,343,354	1,648,504,265	-	-
Non Controlling Interest		-		-	-
Total comprehensive income / (loss) for the year, net of tax		146,343,354	1,648,504,265	-	-

The Accounting Policies and Notes on Pages 87 through 134 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY - GROUP

	Stated Capital Rs.	Fair Value Reserve of Financial Assets at FVOCI Rs.	Timber Reserve Rs.	Revaluation Reserve Rs.	Retained Profit/(Loss) Rs.	Total Rs.
Balance as at 30th September 2022	1,730,436,695	(182,358,468)	1,319,130,778	777,101,919	(2,013,929,409)	1,630,381,517
Net Profit for the year	-	-	-	-	1,737,252,106	1,737,252,106
Other comprehensive income/ (loss)for the year, net of tax	-	650,000	-	-	(86,713,413)	(86,063,413)
Gain on change in fair value of Consumable Biological Assets	-	-	103,408,123	-	(103,408,123)	-
Realised gain on harvested Valuable Timber Trees	-	-	(13,474,599)	-	13,474,599	-
Transfer from Revaluation Reserve	-	-	-	(38,090,259)	38,090,259	-
Deferred Tax impact on Fair value reserve	-	(2,684,429)	-	-		(2,684,429)
Deferred Tax effect on Revaluation Reserve	-	-	-	11,427,076	(11,427,076)	-
Balance as at 31st March 2023	1,730,436,695	(184,392,897)	1,409,064,302	750,438,736	(426,661,056)	3,278,885,780
Balance as at 01st April 2023	1,730,436,695	(184,392,897)	1,409,064,302	750,438,736	(426,661,056)	3,278,885,780
Issue of Shares	747,630,999	-	-	-	-	747,630,999
Net Profit / (Loss) for the year	-	-	-	-	465,023,519	465,023,519
Other comprehensive income/ (loss) for the year, net of tax	-	-	-	-	(318,680,165)	(318,680,165)
Gain / (loss) on change in fair value of Consumable biological assets	-	-	303,383,387	-	(303,383,387)	-
Realised gain on harvested valuable timber trees	-	-	(12,730,385)	-	12,730,385	-
Transfer from Revaluation Reserve	-	-	-	(38,090,259)	38,090,259	-
Deferred Tax impact on Fair value reserve	-	-	-	-	-	-
Deferred Tax effect on Revaluation Reserve	-	-	-	11,427,078	(11,427,078)	-
Balance as at 31st March 2024	2,478,067,694	(184,392,897)	1,699,717,304	723,775,555	(544,307,523)	4,172,860,133

Fair value reserve of Financial Assets (FVOCI)

Fair value reserve of Financial Assets-(FVOCI) which includes the fair value adjustment for the financial assets (FVOCI).

Timber Reserve

The timber reserve relates to change in fair value of managed trees which includes commercial timber plantations cultivated on estates.

Revaluation reserve

The revaluation reserve relates to the change in fair value of all buildings in APL Group.

The Accounting Policies and Notes on Pages 87 through 134 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN EQUITY - COMPANY

	Stated Capital Rs.	Fair Value Reserve of Financial Assets at FVOCI Rs.	Timber Reserve Rs.	Revaluation Reserve Rs.	Retained Profit/(Loss) Rs.	Total Rs.
Balance as at 01st April 2022	1,730,436,695	(182,358,468)	1,319,130,778	777,101,919	(2,013,929,409)	1,630,381,515
Net Profit / (Loss) for the year	-	-	-		1,782,530,990	1,782,530,990
Other comprehensive income/ (loss)for the year, net of tax	-	650,000	-	-	(86,713,413)	(86,063,413)
Gain / (loss) on change in fair value of Consumable biological assets	-	-	103,408,123	-	(103,408,123)	-
Realised gain on harvested valuable timber trees	-	-	(13,474,599)		13,474,599	-
Transfer from Revaluation Reserve	-	-	-	(38,090,259)	38,090,259	-
Deferred Tax effect on Revaluation Reserve	-	-	-	11,427,076	(11,427,076)	-
Balance as at 31st March 2023	1,730,436,695	(181,708,468)	1,409,064,302	750,438,736	(381,382,173)	3,326,849,092
Issue of Shares	747,630,999					747,630,999
Net Profit / (Loss) for the year	-	-	-		453,624,488	453,624,488
Other comprehensive income/ (loss)for the year, net of tax	-	-	-	-	(318,680,164)	(318,680,164)
Gain / (loss) on change in fair value of Consumable biological assets	-	-	303,383,387	-	(303,383,387)	-
Realised gain on harvested valuable timber trees	-	-	(12,730,385)	-	12,730,385	-
Transfer from Revaluation Reserve	-	-		(38,090,259)	38,090,259	-
Deferred Tax effect on Revaluation Reserve	-	-	-	11,427,078	(11,427,078)	-
Balance as at 31st March 2024	2,478,067,694	(181,708,468)	1,699,717,304	723,775,555	(510,427,670)	4,209,424,415

Fair value reserve of Financial Assets (FVOCI)

Fair value reserve of Financial Assets-(FVOCI) which includes the fair value adjustment for the financial assets (FVOCI).

Timber Reserve

The timber reserve relates to change in fair value of managed trees which includes commercial timber plantations cultivated on estates.

Revaluation reserve

The revaluation reserve relates to the change in fair value of all buildings of the APL.

The Accounting Policies and Notes on Pages 87 through 134 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

For the Year ended 31st March	Note	GROUP 2024 Rs.	GROUP 2023 Rs.	COMPANY 2024 Rs.	COMPANY 2023 Rs.
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES					
Net Profit before Taxation		759,418,663	2,386,340,484	743,134,333	2,387,156,076
ADJUSTMENTS FOR					
Interest Income	26	(117,572,766)	(50,517,566)	(117,572,766)	(50,517,566)
Interest Expenses	27	273,459,911	269,614,537	255,542,924	247,363,146
Retirement Benefit Obligations - Provision	19	280,302,764	236,472,534	280,302,764	236,472,534
Depreciation	6,7,8	207,113,729	185,112,291	193,514,554	178,313,115
(Gain) / Loss on Fair Valuation of Biological Assets	11.2	(299,664,900)	(115,820,815)	(299,664,900)	(115,820,815)
Amortization Capital Grants	25	(9,454,965)	(9,360,723)	(9,454,965)	(9,360,473)
Profit on Disposal of Property, Plant & Equipment		(1,831,215)	-	(1,831,215)	-
(Profit) / Loss from sale of Valuable Timber Trees	25	(21,467,750)	(24,488,787)	(21,467,750)	(24,488,787)
Provision for Impairment of Trade & Other Receivable		12,321,157	-	12,321,157	-
Provision for Surcharges		65,300,903	106,698,825	65,300,903	106,698,825
Operating Profit / (Loss) before Working Capital Change		1,147,925,532	2,984,050,780	1,100,125,040	2,955,816,056
(Increase) / Decrease in Inventories		229,672,637	(677,893,918)	229,672,637	(677,893,918)
(Increase) / Decrease in Trade & Other Receivables		(174,412,178)	(280,604,245)	(225,951,027)	(267,005,022)
(Increase) / Decrease in Amount due from Related Companies		(466,838,302)	339,834,132	(466,838,302)	332,599,276
Increase / (Decrease) in Trade & Other Payables		4,152,059	(590,272,329)	3,887,033	(588,133,937)
Increase / (Decrease) in Amounts due to Related Companies		(11,871,168)	20,481,309	(1,182,909)	2,797,101
Cash Generated From / (Used In) Operations		728,628,579	1,795,595,729	639,712,471	1,758,179,556
Retirement Benefit Obligations - Payments		(143,120,378)	(553,604,187)	(143,120,378)	(553,604,187)
Interest Received		117,572,766	50,517,566	117,572,766	50,517,566
Interest Paid		(305,233,036)	(322,932,304)	(287,316,049)	(301,032,913)
Payment of Income Tax		(19,938,667)	(28,937,824)	(14,864,594)	(28,939,912)
Net Cash from/(used in) Operating Activities		377,909,264	940,638,980	311,984,216	925,120,110
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES					
Investment in Subsidiary		-	(433,999,888)	-	(433,999,888)
Net cash and cash equivalents on acquisition of subsidiary	10 B	-	(11,143,145)	-	-
Investment in Field Development		(30,542,695)	(27,459,756)	(30,542,695)	(27,459,756)
Investment in Timber	9	(8,920,907)	(3,614,847)	(8,920,907)	(3,614,847)
Proceeds from Sale of Valuable Timber Trees		34,198,136	37,963,385	34,198,136	37,963,385
Proceeds from Sale of Property, Plant & Equipment		2,372,881	-	2,372,881	-
Purchase of Property, Plant & Equipment		(266,493,782)	(148,621,882)	(266,493,782)	(128,067,617)
Net Cash from/(used in) Investing Activities		(269,386,368)	(586,876,133)	(269,386,368)	(555,178,723)

The Accounting Policies and Notes on Pages 87 through 134 form an integral part of the Financial Statements.

STATEMENT OF CASH FLOWS

For the Year ended 31st March	Note	GROUP		COMPANY	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES					
Payment of Leases		(2,226)	(2,058)	(2,226)	(2,058)
Grants Received		-	400,000	-	400,000
Proceeds from Issue of shares		747,630,999	-	747,630,999	-
Proceeds from Term Loans		1,142,677,358	858,256,490	1,142,677,358	836,196,490
Repayment of Term Loans		(1,290,495,812)	(1,031,010,137)	(1,246,203,812)	(1,013,475,507)
Net Cash from / (Used in) Financing Activities		599,810,319	(172,355,705)	644,102,319	(176,881,075)
Net Increase/ (Decrease) in Cash and Cash Equivalents		708,333,215	181,407,142	686,700,167	193,060,313
Cash & Cash Equivalent at the beginning of the year	A	(141,231,874)	(322,639,017)	(129,578,704)	(322,639,017)
Cash & Cash Equivalent at the end of the year	B	567,101,341	(141,231,874)	557,121,463	(129,578,704)

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
NOTE A				
Cash & Cash Equivalents at the beginning of the year				
Short Term Investments	35,961,695	45,567,123	35,961,695	45,567,123
Cash in Hand	440,157	1,299,030	440,157	1,299,030
Cash at Bank	48,130,743	46,489,006	48,088,888	46,489,006
Bank Overdraft	(225,764,469)	(415,994,176)	(214,069,444)	(415,994,176)
	(141,231,874)	(322,639,017)	(129,578,704)	(322,639,017)
NOTE B				
Cash & Cash Equivalents at the end of the year				
Short Term Investments	743,251,471	35,961,695	743,251,471	35,961,695
Cash in Hand	1,381,457	440,157	1,381,457	440,157
Cash at Bank	77,416,984	48,130,743	67,437,107	48,088,888
Bank Overdraft	(254,948,571)	(225,764,469)	(254,948,571)	(214,069,444)
	567,101,341	(141,231,874)	557,121,464	(129,578,704)

The Accounting Policies and Notes on Pages 87 through 134 form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1 Domicile and legal form

Agarapatana Plantations PLC is a limited liability company incorporated and domiciled in Sri Lanka. It was incorporated on 22nd June 1992 under the Companies Act No. 17 of 1982 (The Company was re-registered under the Companies Act No. 07 of 2007) in terms of the provisions of the Conversion of Public Corporation and Government-Owned Business Undertakings into Public Companies under Public Companies Act No. 23 of 1987.

The registered office of the Company is located at No. 53-1/1, Sir Baron Jayathilaka Mawatha, Colombo 01 and Plantations are situated in the planting districts of Badulla and Nuwara Eliya.

The Consolidated Financial Statements of Agarapathana Plantations PLC comprises the Company and its Subsidiary namely Waverley Power (Pvt) Ltd (together referred to as the 'Group').

1.2 Principal activities and the nature of the operations

During the year, the principal activities of the company were the cultivation, manufacture and sale of black tea.

Principal activity of the subsidiary in the group as follows.

Company	Relationship to Business	Nature of the business/ business/ Principal Place	Registered Office
Waverly Power (Pvt) Ltd	Fully owned subsidiary	Generating electricity for the national grid	No 53-1/1, Sir Baron Jayathilaka Mw, Colombo 01

1.3 Parent enterprise

The Company is a subsidiary of Lankem Developments PLC, whose ultimate parent enterprise is The Colombo Fort Land & Building PLC.

1.4 Date of Authorisation for issue

The Financial Statements of Agarapatana Plantations PLC for the year ended 31st March 2024 were authorised for issue in accordance with a resolution of the board of directors on 29th August 2024.

1.5 Responsibility for Financial Statements

The responsibility of the directors in relation to the Financial Statements is set out in the Statement of Directors' responsibility report in the Annual Report.

2. BASIS OF PREPERATION

2.1 Statement of Compliance

The Financial Statements of the Company and the Group comprise the Statement of Profit or Loss, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flow together with Accounting Policies and Notes to the Financial Statements (the "Consolidated Financial Statements") have been prepared in accordance with Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, which requires compliance with the Sri Lanka Accounting Standards promulgated by the Institute of Chartered Accountants of Sri Lanka (CASL) and with the requirements of the Companies Act No. 07 of 2007. The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board (IASB).

2.2 Basis of Measurement

These Consolidated Financial Statements have been prepared in accordance with the historical cost convention other than following items in the Financial Statements.

- Managed Consumable biological assets are measured at fair value.
- Harvestable Agricultural Produce growing on bearer biological assets are measured at fair value.
- Defined Benefit Obligation is measured using projected unit credit method.

That have been measured at fair value and where appropriate, specific policies are explained in the succeeding notes.

No adjustments have been made for inflationary factors in the Financial Statements.

2.3 New accounting standards, interpretations and amendments adopted by the company

The following amendments and improvements do not have a significant impact on the Company's financial statements during the year ended 31st March 2024.

- SLFRS 17 – Insurance contracts
- Amendments to LKAS 8 - Definition of Accounting Estimates
- Amendments to LKAS 12 Taxation - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to LKAS 1 - Disclosure of Accounting Policies
- Amendments to LKAS 1 - Classification of Liabilities as Current or Non-current

2.4 Functional and Presentation Currency

The Financial Statements are presented in Sri Lankan Rupees (Rs.), which is the Group's functional and presentation currency. All financial information presented in Sri Lankan Rupees has been given to the nearest rupee, unless stated otherwise.

2.5 Materiality and aggregation

Each material class of similar items is presented separately in the Consolidated Financial Statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

2.6 Going Concern

The Consolidated Financial Statements have been prepared on the assumption that The group is a going concern. The Directors have made an assessment of the Group's ability to continue as a going concern in the foreseeable future. Furthermore, board is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as going concern and they do not intend either to liquidate or to cease operations of Group. Therefore, the Consolidated Financial Statements continue to be prepared on the going concern basis.

Basis of Consolidation

The Consolidated Financial Statements comprise the Financial Statements of the Group and its subsidiary as at 31st March 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

At the Company level investments in subsidiaries are recognised at cost. The preparation of investments in subsidiaries is recognised at cost in the separate financial statements.

Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any Non-Controlling Interest in the acquiree. For each business combination, the Group elects whether it measures the Non-Controlling Interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition - related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Comparative information

The accounting policies set out below are consistent with those used in the previous year. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

3.2 Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period.

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period.

Or

- There is no right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

3.3 Fair Value Measurement

The Company measures financial instruments and non-financial assets at fair value at each statement of financial position date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Freehold property plant and equipment under revaluation model (Building) - Note 7
- Consumable biological assets - Note 9
- Produce on bearer biological assets - Note 11
- Financial Instruments (including those carried at amortised cost) - Note 10
- Retirement benefit obligation - Note 19

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. The fair value measurement 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 for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as buildings, Consumable biological assets, and significant liabilities, such as retirement benefit obligation. Involvement of external valuers is decided upon annually by the Management Committee after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management Committee decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.4 Property Plant & Equipment

3.4.1 Recognition and measurement

Initial Recognition

Property, Plant and Equipment is recognised if it is probable that future economic benefit associated with the assets will flow to the Company and cost of the asset can be reliably measured.

Items of Property, Plant and Equipment are measured at cost (or at fair value in the case of buildings), less accumulated depreciation and accumulated impairment losses, if any.

Subsequent Measurement

The group revalues its buildings which are measured at its fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

On revaluation of buildings, any increase in the revaluation amount is credited to the revaluation reserve in shareholder's equity unless it off sets a previous decrease in value of the same asset that was recognised in the Statement of statement of profit or loss. A decrease in value is recognised in the Statement of statement of profit or loss where it exceeds the increase previously recognised in the revaluation reserve.

This revaluation policy does not apply to Waverly Power (Pvt) Ltd. in this reporting period.

3.4.2 Owned assets

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

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

Buildings are measured at fair value less accumulated depreciation on buildings and impairment charged subsequent to the date of the revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. The company's policy is to revalue Buildings once in every four years.

Other property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

Capital work in progress is transferred to the respective asset accounts at the time, the asset is ready for utilisation or at the time the asset is commissioned.

3.4.3 Leased assets

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company recognises lease liabilities to make lease payments and right-of-use assets representing the right of use the underlying assets.

Short-term leases and leases of low-value assets

The Company does not contain the short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and low values assets.

3.4.3.1 Right-of-use assets

The company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term.

If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

a) Amortisation

The leasehold rights of assets taken over from JEDB/SLSPC are amortised in equal amounts over the shorter of the remaining lease periods and the useful lives as follows:

	No. of Years	Rate (%)
Right to use of land	53	1.89
Improvements to land	30	3.33
Mature Plantations - Tea	30	3.33
Roads & Bridges	40	2.50
Buildings	25	4.00
Fences & Securities	20	5.00
Machinery	15	6.67
Water supply	20	5.00
Power Augmentation	20	5.00
Vested Tea	30	3.33

If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

3.4.3.2 Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate (i.e. for an example JEDB/SLSPC Government lease rentals linked with GDP Deflator), and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in Note 21 to the financial statements.

3.4.4 De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised and gains are not classified as revenue.

3.4.5 Land improvement cost

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

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

Permanent impairments to land development costs are charged to the Statement of Profit or Loss in full or reduced to the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

3.4.6 Biological Assets

Biological assets are classified in to mature biological assets and immature biological assets. Mature biological assets are those that have attained harvestable specifications or are able to sustain regular harvests. Immature biological assets are those that have not yet attained harvestable specifications. Tea and other plantations are classified as biological assets.

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

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

3.4.6.1 Bearer Biological Assets

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

The cost of land preparation, rehabilitation, new planting, replanting, crop diversification, inter planting and fertilizing, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads. The expenditure incurred on bearer biological assets (Tea) which comes into bearing during the year, is transferred to mature plantations.

3.4.6.2 Infilling Cost on Bearer Biological Assets

Where infilling results in an increase in the economic life of the relevant field beyond its previously assessed standard of performance, the costs are capitalised in accordance with LKAS 16 and depreciated over the useful life at rates applicable to mature plantation.

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

3.4.6.3 Borrowing Cost

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset, which takes a substantial period of time to get ready for its intended use or sale are capitalised as a part of the asset.

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

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

Borrowing costs to be capitalised towards the field development activities are determined based on the effective borrowing rate applied to the average carrying amount of the qualifying immature asset (excluding interest). Effective borrowing rate is determined as a percentage of total borrowing costs over outstanding average borrowings. The capitalisation will cease when the crops are ready for commercial harvest.

The capitalisation rate of 19.71 % (2023 – 19.59%) was used.

Borrowing Costs amounting to Rs. 31,773,125/- (2023 – Rs. 53,669,767/-) have been capitalised as part of the cost of the immature plantations.

3.4.6.4 Consumable Biological Assets

Consumable biological assets includes managed timber trees those that are to be harvested as agricultural produce or sold as biological assets. Expenditure incurred on consumable biological assets (managed timber trees) is measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial. The fair value of timber trees are measured using DCF method taking in to consideration the current market prices of timber, applied to expected timber content of a tree at the maturity by an independent professional valuer. All other assumptions and sensitivity analysis are given in Note 9.

The main variables in Market approach model concerns

Variable	Comment
Timber content	Estimated based on physical verification of girth, height and considering the growth of each species in different geographical regions. Factor all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the Company
Selling price	Estimated based on prevailing Sri Lankan market price. Factor all the conditions to be fulfill in bringing the trees in to saleable condition. Here, the valuer has considered timber prices published by State Timber Corporation as the sector benchmark as the appropriate basis for determining the fair value of the subject timber trees.
Planting cost	Estimated costs for the further development of immature areas are deducted.
Economic useful life	Estimated based on the normal life span of each species by factoring the forestry plan of the Company

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

Impairments to Biological Assets are charged to the Profit or Loss Statement in full and reduced to the net carrying amounts of such asset in the year of occurrence after ascertaining the loss.

3.4.6.5 Nursery Plants

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

3.4.6.6 Produce on Bearer Biological Assets

In accordance with LKAS 41, company recognise agricultural produce growing on bearer plants at fair value less cost to sell. Change in the fair value of such agricultural produce recognised in profit or loss at the end of each reporting period.

For this purpose, quantities of harvestable agricultural produce ascertained based on harvesting cycle of each crop category by limiting to one harvesting cycle based on last day of the harvest in the immediately preceding cycle. Further, 50% of the crop in that harvesting cycle considered for the valuation.

For the valuation of the harvestable agricultural produce, the company uses the following price formulas.

- Tea – Bought Leaf rate (current month) less cost of harvesting & transport.

3.4.6.7 Intangible Assets

3.4.6.7.1 Goodwill

Goodwill represents the excess of the cost of any acquisition of a subsidiary over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Carrying amount of the goodwill arising on acquisition of subsidiaries is presented as an intangible and the goodwill on an acquisition of an equity accounted investment is included in the carrying value of the investment.

3.4.7 Depreciation and amortisation

(a) Depreciation

Depreciation is recognised in Statement of profit or loss on a straight-line basis over the estimated useful economic lives of each part of an item of Property, Plant & Equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Assets held under 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. Lease period of land acquired from JEDB/SLSPC will be expired in year 2045. The estimated useful lives for the current and comparative periods are as follows:

	No. of Years	Rate (%)
Buildings	26 - 40	2.5 - 3.85
Roads	25	4
Plant & Machinery	13 1/3	7.5
Motor Vehicles	5	20
Equipment	8	12.5
Furniture & Fittings	10	10
Sanitation, Water & Electricity Supply	20	5

Mature Plantations (Replanting and New Planting)

	No. of Years	Rate (%)
Tea	33 1/3	3.00
Rubber	20	5.00
Cinnamon	25	4.00

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date on which the asset classified as held for sale or is derecognised. Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted prospectively, if appropriate. Mature plantations are depreciated over their useful lives or unexpired lease period, whichever is lower.

No depreciation is provided for immature plantations.

3.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.5.1 Financial assets

3.5.1.1 Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash and short-term deposits, investments, trade and other receivables, available for sale financial assets.

3.5.1.2 Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

a) Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

And

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial Asset at amortised cost comprise of trade receivables, amounts due from related parties, deposits, advances and other receivables.

b) Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling.

And

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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

c) Financial assets at fair value through OCI

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument- by instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company's financial assets fair value through OCI includes investments in quoted and unquoted shares which included under other non-current financial assets.

d) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

3.5.1.3 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired

Or

- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

  (a) the Company has transferred substantially all the risks and rewards of the asset, or

  (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

3.5.1.4 Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

3.5.2 Financial Liabilities

3.5.2.1 Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

3.5.2.2 Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as described below:

a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

b) Financial instruments at amortised cost

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the Profit or Loss Statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortization process.

Financial liabilities comprise interest bearing loans and borrowings, trade payables, other payables, and amounts due to related parties.

3.5.2.3 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss

3.5.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Financial risk management objectives and policies have been disclosed under Note 36.

3.6 Inventories

a) Finished goods manufactured from agricultural produce of biological assets

These are valued at the lower of cost and estimated net realisable value. Net realisable value is the estimated selling price at which stocks can be sold in the ordinary course of business after allowing for cost of realisation and/or cost of conversion from their existing state to saleable condition.

b) Input materials, Spares and consumables

At average cost.

c) Growing Crop Nurseries

At the cost of direct materials, direct labour and an appropriate proportion of directly attributable overheads.

3.7 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, deposits and bank overdrafts that are repayable on demand form and integral part of the Company's cash management and are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

3.8 Impairment of Non-Financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.9 Liabilities and provisions

Provisions are recognised when the Company 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 Company 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 Profit or Loss Statement net of any reimbursement.

3.10 Employees' benefits

(a) Defined contribution plans – Employees' Provident Fund and Employees' Trust Fund

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

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

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

(b) Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability recognised in the Financial Statements in respect of defined benefit plan is the present value of the defined benefit obligation at the Reporting date. The defined benefit obligation is calculated annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using the interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised as in retained earnings through comprehensive income. Past service costs are recognised immediately in Statement of Profit or Loss.

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

The Liability is not externally funded.

The key assumptions used in determining the retirement benefit obligations are given in Note 19.

3.11 Capital commitments and contingencies

Capital commitments and contingent liabilities of the Company have been disclosed in the respective Notes to the Financial Statements.

3.12 Events occurring after the reporting period

All material events after the Statement of Financial Position date have been considered where appropriate; either adjustments have been made or adequately disclosed in the Financial Statements.

3.13 Earnings per share

The Company 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 or 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.

3.14 Deferred income - Grants and subsidies

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

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the Statement of Profit or Loss over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments.

3.15 Statement of Profit or Loss

For the purpose of presentation of Statement of Profit or Loss, the function of expenses method is adopted as it represents fairly the elements of the Company's performance.

3.15.1 Revenue

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

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

Revenue from contract with customers

Sale of Plantation produce

Revenue from sale of plantation produce is recognised at the point in time when the control of the goods is transferred to the customer. Black tea produce is sold at the Colombo Tea Auction and the highest bidder whose offer is accepted shall be the buyer, and a sale shall be completed at the fall of the hammer, at which point control is transferred to the customer.

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

Rendering Services

Service income from Group comprised with sale of hydro energy to the Ceylon Electricity Board (CEB). Revenue from sale of hydro energy recognised at the point of hydro energy releases to the national grid at a pre-determined unit price.

3.15.2 Other Source of Revenue

Revenue recognition criteria for the other source of income as follows;

- Rental Income

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

- Dividend Income

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

- Interest Income

  Interest income is recognised based on effective interest method.

Interest income on financial assets at FVTPL is recognised as part of net gains or losses on these financial instruments.

Interest income of financial assets at amortised cost is calculated by using the effective interest method and is recognised as finance income.

3.15.3 Expenses

All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency is charged to revenue in arriving at the profit or loss for the year.

3.15.4 Financing income and finance cost

Finance income comprises interest income on funds invested. Interest income is recorded using the Effective Interest Rate (EIR) method.

Finance expenses comprise interest payable on borrowing. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

The interest expense component of finance lease payment is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.15.5 Taxes

3.15.5.1 Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. 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.

3.15.5.2 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.

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be 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 outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

3.16 Statement of cash flows

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

3.17 Segment reporting

Segmental information is provided for the different business segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

Since the individual segments are located close to each other and operate in the same industrial environment, the need for geographical segmentation has no material impact.

The activities of the segments are described in Note 24 in the Notes to the Financial Statements. The company transfers products from one industry segment for use in another. Inter-segment transfers are based on fair market prices.

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

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. Unallocated items comprise mainly interest bearing loans, borrowings, and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one accounting period.

All operating segments' operating results are reviewed regularly to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4. USE OF ESTIMATES AND JUDGMENTS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and 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.

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

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes.

4.1 Taxation

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the company operates and generates taxable income.

According to The Inland Revenue (Amendment) Bill, to amend the Inland Revenue Act, No. 45 of 2022, Agro Farming is exempt from income tax for a period of 5 years effective from 01 April 2019 and Agro processing is liable at 30%. Accordingly, where applicable, the company has separated its income and expenses as Agro farming and Agro Processing and applied the respective tax rates. Agarapatana Group's Provision for taxation is based on the profit for the year adjusted for taxation purposes in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and the amendments thereto.

4.2 Deferred Tax

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 Significant judgement was required to determine the total provision for current, deferred and other taxes pending the issue of tax guidelines on the treatment of the adoption of SLFRS in the financial statements and the taxable profit for the purpose of imposition of taxes. Uncertainties exist, with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these financial statements. The Group recognised assets and liabilities for current deferred and other taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income, deferred and tax amounts in the period in which the determination is made.

The details of deferred tax computation is given in Note 29.4 to the Financial Statements.

4.3 Retirement Benefit Obligations

The present value of the retirement benefit obligation determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period.

In determining the appropriate discount rate, management considers the interest rates of Sri Lanka government bonds with maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables. Future salary increases are based on expected future inflation rate and expected future salary increase rates of the Company.

Further details about Retirement benefit obligations are provided in Note 19.

4.4 Fair Valuation of Consumable Biological Assets

The fair value of managed timber depends on number of factors that are determined on a discounted cash flow method using various different financial and non-financial assumptions. The growth of the trees is determined by various biological factors that are highly unpredictable. Any change to the assumptions will impact the fair value of biological assets. All assumptions are reviewed at each reporting period. Key assumptions and sensitivity analysis of the biological assets are given in Note 9.

4.5 Bearer Biological assets

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

The cost of land preparation, rehabilitation, new planting, replanting, crop diversification, inter planting and fertilizing, etc., incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads. The expenditure incurred on bearer biological assets which comes into bearing during the year, is transferred to mature plantations.

4.6 IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. The Company applies significant judgement in identifying uncertainties over income tax treatments. Since the Company operates in a complex environment, it assessed whether the Interpretation had an impact on its financial statements. The Company determined that it is probable that its tax treatments will be accepted by the taxation authorities. The Interpretation did not have an impact on the financial statements of the Company.

4.7 Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the company's stand-alone credit rating.

5. SRI LANKA ACCOUNTING STANDARDS (SLFRS / LKAS) ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

5.1 Classification of Liabilities as Current or Non-current - Amendment to LKAS 1

Amendments to LKAS 1 relate to classification of liabilities with covenants as current or non-current. The amendments clarify that if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. The requirements apply only to liabilities arising from loan arrangements.

The amendments are effective for annual periods beginning on or after 1st January 2024. The amendments are not expected to have a material impact on the Group financial statement.

5.2 Disclosures: Supplier Finance Arrangements – Amendments to LKAS 7 and SLFRS 7

The amendments clarify the characteristics of supplier finance arrangements and require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements.

The amendments are effective for annual periods beginning on or after 1st January 2024. The amendments are not expected to have a material impact on the Group financial statement.

5.3 Lease Liability in a Sale and Leaseback - Amendment to SLFRS 16

The amendments to SLFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. A seller-lessee applies the amendment retrospectively in accordance with LKAS 8 to sale and leaseback transactions entered after the date of initial application.

The amendments are effective for annual periods beginning on or after 1st January 2024. The amendments are not expected to have a material impact on the Group financial statement.

5.4 SLFRS 17 – Insurance contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

SLFRS 17 is effective for annual reporting periods beginning on or after 1st January 2026, with comparative figures required. Early application is permitted, provided the entity also applies SLFRS 9 and SLFRS 15 on or before the date it first applies SLFRS 17.

The amendments are not expected to have a material impact on the Group financial statement.

5.5 International Tax Reform—Pillar Two Model Rule - Amendments to LKAS 12

The amendments to LKAS 12 introduce a mandatory exception in LKAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. An entity is required to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments are effective for annual periods beginning on or after 1st January 2024. The amendments are not expected to have a material impact on the Group financial statement.

6. RIGHT-OF-USE ASSETS

	Note	GROUP 2024 Rs.	GROUP 2023 Rs.	COMPANY 2024 Rs.	COMPANY 2023 Rs.
Right- of-use assets-Land	6.1	136,571,245	143,074,638	136,571,245	143,074,638
Right-of-use assets-Immovable Leased Bearer Biological Assets	6.2.1	4,971,899	10,939,852	4,971,899	10,939,852
Right-of-use assets- Other Property, Plant and Equipment	6.2.2	1,137,480	1,154,400	1,137,480	1,154,400
		142,680,624	155,168,890	142,680,624	155,168,890

6.1 Right-of-use assets - Land - Group and Company

"Right-To-Use of Land on Lease" was previously accounted under Statement of Alternative Treatment (SoAT) issued by the Institute of Chartered Accountants of Sri Lanka dated 21st August 2013. However, with effect from 1st January 2019, "Right-of-use assets — Land" have been accounted for in accordance with SLFRS 16. "Right-of-use assets - Land" have been executed for all estates for a period of 53 years. The unexpired period of the lease as at the Statement of Financial Position date is 21 years.

This Right-of-use assets - Land is amortised over the remaining lease term or useful life of the right whichever is shorter and is disclosed under non current assets.

	GROUP 2024 Rs.	GROUP 2023 Rs.	COMPANY 2024 Rs.	COMPANY 2023 Rs.
Cost				
At the beginning of the year	341,588,181	341,588,181	341,588,181	341,588,181
At the end of the year	341,588,181	341,588,181	341,588,181	341,588,181
Amortisation				
At the beginning of the year	198,513,543	192,010,151	198,513,543	192,010,151
Amortisation for the year	6,503,393	6,503,393	6,503,393	6,503,393
At the end of the year	205,016,936	198,513,543	205,016,936	198,513,543
Written Down Value	136,571,245	143,074,638	136,571,245	143,074,638

6.2 Right-of-use assets - Immovable Assets - Group and Company

At the time of privatisation of plantation estates, all immovable assets in these estates (Note 6.2.1 and Note 6.2.2) have been taken into the books of the Company retroactive to 22nd June 1992 under finance lease. However, SLFRS 16 - Leases was applicable with effect from 1st January 2019, and therefore, these assets have accounted in accordance with such standard with effect from 1st January 2019.

6.2.1 Right-of-use assets-Immovable Leased Bearer Biological Assets - Group and Company

	Coffee, Pepper, Cardamom Rs.	Mature Plantations Rs.	Vested Tea Rs.	2024 Rs.	2023 Rs.
Cost					
As at 1st April	305,380	179,092,900	1,222,661	180,620,941	180,620,941
Additions	-	-	-	-	-
As at 31st March	305,380	179,092,900	1,222,661	180,620,941	180,620,941
Amortisation					
As at 1st April	305,380	168,153,048	1,222,661	169,681,089	163,387,564
Amortisation for the year	-	5,967,953	-	5,967,953	6,293,525
As at 31st March	305,380	174,121,001	1,222,661	175,649,042	169,681,089
Written Down Value	-	4,971,899	-	4,971,899	10,939,852

Note : Investment in plantations assets which were immature at the time of handing over to the Company by way of estate leases are shown under immature plantations (revalued as at 22nd June 1992).

However, since then all such investments in Immature Plantations attributable to JEDB/SLSPC period have been transferred to Mature Plantations. These mature tea were classified as bearer biological assets in terms of LKAS 16 – Property, Plant & Equipment. The carrying value of the bearer biological assets leased from JEDB/SLSPC is recognised at cost less amortisation. Further investments in such plantations to bring them to maturity are shown in Note 08.

6.2.2 Right-of-use assets-Immovable Leased Assets (other than right-to-use land and bearer biological assets)

Group & Company

	Improvements to Land Rs.	Unimproved Land Rs.	Roads & Bridges Rs.	Buildings Rs.	Fences and Securities Rs.	Machinery Rs.	Water Supply Rs.	Power Augmentation Rs.	Other Vested Assets Rs.	2024 Rs.	2023 Rs.
Cost											
As at 1st April	5,406,507	997,894	677,397	62,634,210	48,598	8,201,289	6,158,249	971,614	30,500	85,126,258	85,126,258
Additions	-	-	-	-	-	-	-	-	-	-	-
As at 31st March	5,406,507	997,894	677,397	62,634,210	48,598	8,201,289	6,158,249	971,614	30,500	85,126,258	85,126,258
Depreciation											
As at 1st April	5,406,507	-	520,892	62,634,210	48,598	8,201,289	6,158,249	971,614	30,500	83,971,859	83,909,785
Depreciation for the year		-	16,920	-	-	-	-	-	-	16,920	62,074
As at 31st March	5,406,507	-	537,812	62,634,210	48,598	8,201,289	6,158,249	971,614	30,500	83,988,779	83,971,859
Written Down Value	-	997,894	139,585	-	-	-	-	-	-	1,137,480	1,154,400

7. FREEHOLD PROPERTY, PLANT & EQUIPMENT

Group

	Buildings at Valuation Rs.	Water Supply Rs.	Plant & Machinery Rs.	Motor Vehicles Rs.	Equipment &Tools Rs.	Furniture & Fittings Rs.	Roads Rs.	Capital Work in Progress Rs.	Total 2024 Rs.	Total 2023 Rs.
Cost or Valuation										
Balance as at 1st April 2023	1,534,241,293	84,045,085	665,486,479	364,603,700	145,190,591	9,553,826	69,314,689	3,352,866	2,875,788,529	2,501,332,932
Acquisition through Business Combinations	-	-	-	-	-	-	-	-	-	246,387,980
Additions	16,618,012	-	162,355,889	26,579,249	62,301,679	1,138,232	-	853,590	269,846,651	130,861,975
Transfer In/(Out)	-	-	-	(3,250,000)	-	-	-	(3,352,869)	(6,602,869)	(2,794,357)
Balance as at 31st March 2024	1,550,859,305	84,045,085	827,842,368	387,932,949	207,492,270	10,692,058	69,314,689	853,587	3,139,032,311	2,875,788,529
Accumulated Depreciation										
Balance as at 1st April 2023	190,634,025	65,960,756	484,796,655	343,192,182	74,110,560	8,881,626	40,079,572	-	1,207,655,376	973,965,034
Acquisition through Business Combinations	-	-	-	-	-	-	-	-	-	124,348,570
Charge for the year	54,721,250	3,126,330	35,825,700	14,206,993	13,192,303	186,731	2,772,558	-	124,031,865	109,341,772
Disposals	-	-	-	(2,708,333)	-	-	-	-	(2,708,333)	-
Balance as at 31st March 2024	245,355,275	69,087,086	520,622,355	354,690,842	87,302,863	9,068,357	42,852,130	-	1,328,978,908	1,207,655,376
Carrying Value										
As at 31st March 2024	1,305,504,030	14,957,999	307,220,013	33,242,107	120,189,407	1,623,701	26,462,560	853,587	1,810,053,404	-
As at 31st March 2023	1,343,607,268	18,084,329	180,689,824	21,411,518	71,080,031	672,200	29,235,117	3,352,866	-	1,668,133,153

Company

	Buildings at Valuation Rs.	Water Supply Rs.	Plant & Machinery Rs.	Motor Vehicles Rs.	Equipment &Tools Rs.	Furniture & Fittings Rs.	Roads Rs.	Capital Work in Progress Rs.	Total 2024 Rs.	Total 2023 Rs.
Cost or Valuation										
Balance as at 1st April 2023	1,448,176,577	84,045,085	513,912,992	358,113,950	142,930,565	9,553,826	69,314,689	3,352,866	2,629,400,550	2,501,332,932
Additions	16,618,012		162,355,889	26,579,249	62,301,679	1,138,232	-	853,587	269,846,648	130,861,975
Disposals	-	-	-	(3,250,000)	-	-	-	-	(3,250,000)	-
Transfer In/(Out)	-	-	-	-	-	-	-	(3,352,866)	(3,352,866)	(2,794,357)
Balance as at 31st March 2024	1,464,794,588	84,045,085	676,268,881	381,443,199	205,232,244	10,692,058	69,314,689	853,587	2,892,644,332	2,629,400,550
Accumulated Depreciation										
Balance as at 1st April 2023	170,429,450	65,960,756	373,958,541	336,702,432	73,695,252	8,881,626	40,079,572	-	1,069,707,629	973,965,034
Charge for the year	52,590,707	3,126,330	24,457,688	14,206,993	13,091,682	186,731	2,772,558	-	110,432,689	95,742,595
Disposals	-	-	-	(2,708,333)	-	-	-	-	(2,708,333)	-
Balance as at 31st March 2024	223,020,157	69,087,086	398,416,229	348,201,092	86,786,934	9,068,357	42,852,130	-	1,177,431,985	1,069,707,629
Carrying Value										
As at 31st March 2024	1,241,774,431	14,957,999	277,852,652	33,242,107	118,445,310	1,623,701	26,462,560	853,587	1,715,212,347	-
As at 31st March 2023	1,277,747,127	18,084,329	139,954,451	21,411,518	69,235,313	672,200	29,235,117	3,352,866	-	1,559,692,921

7.1 Fair Value Hierarchy

7.1.1 Accounting Judgements, Estimates and Assumptions related to Revaluation of Buildings

The Company measures buildings at revalued amounts with changes in fair value being recognised in other comprehensive income and in the statement of changes in equity. The Company engaged an independent valuation specialist to determine fair value of buildings as at 31st December 2019.

The Buildings on leasehold land were revalued by Mr. A.A.M Fathihu, Chartered Valuation Surveyor as of 31st December 2019 and the results of such valuation have been incorporated in these financial statements as at that date. Such assets were valued on the basis of gross replacement cost (GRC). Fair value is determined by reference to market based evidence. The surplus arising from the revaluation has been transferred to the revaluation reserve.

Following key significant unobservable (Level 3) inputs were used for the valuation of buildings,

Type of Asset	Fair Value as at 31st March 2020	Method of Valuation	Significant Unobservable Inputs	Estimates for Unobservable Inputs (Weighted Average)	Sensitivity of Fair Value to Unobservable Inputs
Buildings	1,377,072,100	Cost Approach	Estimated price per square foot	Rs.665/- per square foot	Positively correlated sensitivity

7.1.2 The carrying amount of revalued buildings, if they were carried at cost less depreciation, would be as follows;

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Cost	516,685,218	516,685,218	516,685,218	516,685,218
Accumulated depreciation	(178,993,884)	(163,851,933)	(178,993,884)	(163,851,933)
Carrying value	337,691,334	352,833,285	337,691,334	352,833,285

7.1.3 The cost of fully depreciated assets, but still in use of the company amounts to Rs. 768 Mn as of 31st March 2024 (As at 31st March 2023 - Rs. 635 Mn). Fully depreciated asset breakup,

As at 31st March	GROUP 2024 Rs.	COMPANY 2024 Rs.
Furniture & Fittings	8,052,343	8,052,343
Plant & Machinery	313,984,976	313,984,976
Tools & Equipments	83,405,780	83,158,174
Motor Vehicles	348,053,858	341,564,108
Water & Sanitation	21,520,893	21,520,893
	775,017,850	768,280,494

8. BEARER BIOLOGICAL ASSETS

Description	Immature Plantations			Mature Plantations			2024	2023
	Tea	Other	Total	Tea	Other	Total		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost								
At the beginning of the year	348,868,409	106,945,098	455,813,505	2,282,527,961	44,199,375	2,326,727,336	2,782,540,841	2,701,411,318
Additions	55,308,742	7,007,078	62,315,820	193,509,432	-	193,509,432	255,825,252	110,531,903
Transfer In/(Out)	(193,509,432)	-	(193,509,432)	-	-	-	(193,509,432)	(29,402,380)
At the end of the year	210,667,719	113,952,176	324,619,893	2,476,037,393	44,199,375	2,520,236,768	2,844,856,661	2,782,540,841
Depreciation								
At the beginning of the year	-	-	-	541,594,844	4,017,984	545,612,828	545,612,828	475,901,300
Charge for the year	-	-	-	68,475,839	2,117,761	70,593,600	70,593,600	69,711,528
At the end of the year	-	-	-	610,070,683	6,135,745	616,206,428	616,206,428	545,612,828
Written Down Value	210,667,719	113,952,176	324,619,893	1,865,966,710	38,063,630	1,904,030,340	2,228,650,233	2,236,928,013

a) These are investments in immature/ mature plantations since the privatisation of the estates. The assets (including plantation assets) taken over by way of estate leases are set out in Note 06. Further investment in immature plantations taken over by way of these leases are shown in the above notes. When such plantations become mature, the additional investments since taken over to bring them to maturity are transferred from immature to mature under this note.

The Company has elected to measure the bearer biological assets at cost using LKAS 16 – Property, Plant & Equipment.

b) Borrowing costs amounting to Rs. 31.773,125/- (2023 - Rs. 53,669,767/-) have been capitalised as part of the cost of the immature plantations. Capitalisation will cease when crops are ready for harvest.

9. CONSUMABLE BIOLOGICAL ASSETS

	GROUP		COMPANY	
	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.
At the beginning of the year	1,532,913,464	1,439,365,093	1,532,913,464	1,439,365,093
Increased due to Development	8,920,907	3,614,847	8,920,907	3,614,847
Decreased due to Harvesting	(12,730,385)	(13,474,599)	(12,730,385)	(13,474,599)
Gain/(loss) arising from changes in fair value	303,383,387	103,408,123	303,383,387	103,408,123
At the end of the year	1,832,487,373	1,532,913,464	1,832,487,373	1,532,913,464

Managed timber plantation was measured at fair value initially as at 31st March 2013 and subsequently. The corresponding gain/(loss) was recognised in the statement of profit or loss.

9.1 Timber Reserve

Fair value surplus or deficit is recognised as a separate equity component in the company's or group's statement of changes in equity, which will be available for distribution at the point of realisation of the consumable biological assets. The realisation is as follows:

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
At the beginning of the year	1,409,064,302	1,319,130,778	1,409,064,302	1,319,130,778
Gain recognised during the year	303,383,387	103,408,123.00	303,383,387	103,408,123
Realised gain on harvested valuable timber trees	(12,730,385)	(13,474,599)	(12,730,385)	(13,474,599)
At the end of the year	1,699,717,304	1,409,064,302	1,699,717,304	1,409,064,302

Managed trees include commercial timber plantations cultivated on estates. The cost of immature trees is treated as approximate fair value particularly on the ground of little biological transformation has taken place and impact of the biological transformation on price is not material. When such Plantations become mature, the additional investments since taken over to bring them to maturity are transferred from Immature to Mature.

The fair value of matured managed trees were ascertained in accordance with SLFRS 13. The valuation was carried by Mr. A.A.M Fathihu, FIV, chartered valuation surveyors, using Discounted Cash Flow (DCF) methods. In ascertaining the fair value of timber, a physical verification was carried out covering all the estates.

The carrying amount of biological assets pledged as securities for liabilities as at the date of the statement of financial position is nil (2022/23 - nil).

INFORMATION ABOUT FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)

Non Financial Assets	Valuation Technique	Unobservable Inputs	Range of Unobservable Inputs (Probability weighted average) 2024	2023	Relation of Unobservable Inputs to Fair Value
Consumable Biological Assets	Discounted Cash Flow Method The valuation model considers present value of future net cash flows expected to be generated by the plantation from the timber content of managed timber plantation on a tree per-tree basis.	Discount Rate	Age to harvest 5 years or below - 15% Age to harvest 6 to 15 years - 16% Age to harvest 15 years or above 17%	Age to harvest 5 years or below - 21.5% Age to harvest 6 to 15 years - 22.5% Age to harvest 15 years or above - 23.5%	The higher the discount rate, the lesser the fair value
		Optimum rotation (Maturity)	25 years	25 years	Lower the rotation period, the higher the fair value
		Volume at rotation	19.4 - 88.5 cu.ft.	19.4 - 88.5 cu.ft.	The higher the volume, the higher the fair value
		Price per cu.ft.	Rs.390/- to Rs.1,231/-	Rs.390/- to Rs.1,231/-	The higher the price per cu. ft. the higher the fair value

9.1 Timber Reserve (Contd.)

Other key assumptions used in valuation.

1 The harvesting is approved by the PMMD and the Forest Department based on the Forestry Development Plan.

2 The prices adopted are net of expenditure

3 Though the replanting is a condition precedent for harvesting' yet the costs are not taken in to consideration.

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

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

9.2 Sensitivity Analysis

Sensitivity variation - sales price

Values as appearing in the Statement of Financial Position are very sensitive to price changes with regard to the average sales prices applied. Simulations made for 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:

	Rs. -10%	Rs. +10%
As at 31st March 2024	(183,428,430)	183,428,430
As at 31st March 2023	(153,439,026)	153,439,026

Sensitivity Variation - Discount Rate

Values as appearing in the Statement of Financial Position are very sensitive to changes of the discount rate applied. Simulations made for timber trees show that a rise or decrease by 1% of the estimated future discount rate has the following effect on the net present value of biological assets:

	Rs. -1%	Rs. +1%
As at 31st March 2024	42,001,677	(39,554,223)
As at 31st March 2023	30,837,385	(29,277,517)

The carrying amount of biological assets pledged as securities for liabilities are Nil for the year (2023 - Nil).

There are no commitments for the development or acquisition of biological assets.

10. OTHER NON CURRENT FINANCIAL ASSETS

Upon initial recognition, the Group occasionally elects to classify irrevocably some of its equity investments held for strategic purpose, as equity instruments at FVOCI when they meet the definition of Equity under LKAS 32 "Financial Instruments: Presentation" and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss instead directly transferred to retained earnings at the time of derecognition. Dividends are recognised in the statement pf profit or loss in "Net other operating income" when the right of the payment has been established.

10.1 Financial assets at fair value through OCI

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Investment in quoted companies				
Beruwala Resorts PLC	1,820,000	1,820,000	1,820,000	1,820,000
Agarapatana Plantations PLC	13,948,098	13,948,098	-	-
Investment in unquoted companies				
Union Commodities (Pvt) Ltd	-	-	-	-
Colombo Fort Hotels Ltd	20,554,266	20,554,266	-	-
Total financial assets at fair value through OCI	36,322,364	36,322,364	1,820,000	1,820,000
10.2 Net (loss) / gain on financial assets at fair value through OCI	-	650,000	-	650,000

10.3 Fair Value Hierarchy for financial assets at fair value through OCI

	Date of Valuation	Level 1 (Quoted prices in active markets) Rs.	Level 2 (Significant observable inputs) Rs.	Level 3 (Significant unobservable inputs) Rs.
Investment in quoted equity shares	31st March 24	1,820,000	13,948,098	-
Investment in unquoted equity shares	31st March 24	-	20,554,266	-
Total		1,820,000	34,502,364	-
Investment in quoted equity shares	31st March 23	1,820,000	-	-
Investment in unquoted equity shares	31st March 23	-	34,502,364	-
Total		1,820,000	34,502,364	-

10 A INTANGIBLE ASSETS

Goodwill

Goodwill represents the excess of the cost of any acquisition of a subsidiary over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Carrying amount of the goodwill arising on acquisition of subsidiaries is presented as an intangible assets and the goodwill on an acquisition of an equity accounted investment is included in the carrying value of the investment.

10 A INTANGIBLE ASSETS (CONTD.)

Impairment Testing on Goodwill

The Group tests the goodwill for impairment annually and assess for any indication of impairment to ensure that its carrying amount does not exceed the recoverable amount. If an impairment loss is identified, it is recognised immediately to the Statement of statement of profit or loss. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to groups of cash generating units that are expected to benefit from the synergies of the combination.

	Goodwill Rs.	2024 Total Rs.	2023 Total Rs.
Cost			
As at 1st April	338,742,754	338,742,754	-
Acquisition during the year		-	338,742,754
As at 31st March	338,742,754	338,742,754	338,742,754
Accumulated Amortisation			
As at 1st April	-	-	-
Amortization charge for the year	-	-	-
As at 31st March	-	-	-
Written down value			
As at 31st March	338,742,754	338,742,754	338,742,754

10 B. INVESTMENTS IN SUBSIDIARY

Agarapatana Plantations PLC holds 7,800,000 (100%) ordinary shares of Waverly Power (Pvt) Ltd amounting 433,999,888/-.

	No. of Shares	Holding %	COMPANY 2024 Rs.	COMPANY 2023 Rs.
Waverly Power (Pvt) Ltd	7,800,000	100	433,999,888	433,999,888
			433,999,888	433,999,888
Cash at Bank			9,979,877	41,855
Bank Overdraft			-	(11,185,000)
Cash and Cash Equivalents			9,979,877	(11,143,145)

Summarised statement of profit or loss of Subsidiary

For the period/ year ended 31st March	WAVERLY POWER (PVT) LTD 2024 Rs.	2023 Rs.
Revenue	61,668,210	52,355,555
Gross Profit	4,097,179	32,418,668
Finance & Other Charges	(18,626,239)	(32,573,318)
Profit/(Loss) before Taxation	15,984,478	(519,309)
Summarised statement of Financial Position of Subsidiary		
Non Current Assets	137,020,933	146,281,742
Current Assets	71,514,054	113,114,881
Total Assets	208,534,987	259,396,623
Capital & Reserves	87,198,155	92,753,801
Long Term Liabilities	76,080,398	82,588,884
Current Liabilities	45,256,434	84,053,939
Total Equity & Liabilities	208,534,987	259,396,623
Summarised statement of Cash Flow of Subsidiary		
Net Cash flow from operating activities	66,548,725	28,200,649
Net Cash flow from financing activities	(44,915,678)	(20,554,266)
Net Cash flow from investment activities	-	(4,556,590)
Total Net Cash flows	21,633,047	3,089,793

11. PRODUCE ON BEARER BIOLOGICAL ASSETS

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
As at 1st April	23,264,936	10,852,244	23,264,936	10,852,244
Change in fair value less cost to sell	(3,718,487)	12,412,692	(3,718,487)	12,412,692
As at 31st March	19,546,449	23,264,936	19,546,449	23,264,936

11.1 Fair Value Hierarchy for Non Financial Assets

Group / Company

Non financial asset type	Date of Valuation	Level 1 (Quoted prices in active markets) Rs.	Level 2 (Significant observable inputs) Rs.	Level 3 (Significant unobservable inputs) Rs.
Produce on Bearer Biological Assets	31st March 24	-	19,546,449	-
Produce on Bearer Biological Assets	31st March 23	-	23,264,936	-

11.2 Gain/(Loss) on Changes in Fair Value of Biological Assets

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Gain/(loss) arising from Consumable Biological Assets - Note 9	303,383,387	103,408,123	303,383,387	103,408,123
Gain/(loss) arising from Produce on Bearer Biologic Assets - Note 11	(3,718,487)	12,412,692	(3,718,487)	12,412,692
Total Change in Fair Value of Biological Assets	299,664,900	115,820,815	299,664,900	115,820,815

12. INVENTORIES

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Input Materials	275,100,890	406,122,549	275,100,890	406,122,549
Nurseries	5,077,568	6,179,509	5,077,568	6,179,509
Produce Tea	552,882,981	622,552,013	552,882,981	622,552,013
Spares & Consumables	89,013,450	116,893,455	89,013,450	116,893,455
	922,074,889	1,151,747,526	922,074,889	1,151,747,526

13. TRADE & OTHER RECEIVABLES

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Trade Debtors	201,690,281	208,099,216	195,910,798	151,439,827
Employee Related Debtors	88,160,542	62,073,848	88,160,542	62,073,848
Deposits, Advances & Prepayments	364,637,377	217,128,469	363,807,483	215,639,633
Other Debtors	79,659,454	76,030,492	79,659,454	76,030,492
VAT Recoverable	44,630,194	44,600,868	44,630,194	44,600,868
Income Tax Receivable	2,607,206	-	2,607,206	-
WHT Receivable	3,567,227	-	3,567,227	-
	784,952,280	607,932,893	778,342,903	549,784,668
Less : Provision for Impairment	(17,524,435)	(5,203,278)	(17,524,435)	(5,203,278)
	767,427,845	602,729,615	760,818,468	544,581,390

14. AMOUNTS DUE FROM RELATED COMPANIES

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Sherwood Holidays Ltd	146,712	93,740	146,712	93,740
Waverly Power (Pvt) Ltd	-	-	7,357,812	18,125,363
Consolidated Tea Plantations Ltd	214,257,726	6,451,376	214,257,726	6,451,376
Lankem Tea and Rubber Plantations (Pvt) Ltd	27,781,707	14,675,452	27,781,707	14,675,452
Lankem Ceylon PLC	48,052,290	48,052,290	-	-
Lankem Developments PLC	168,121,857	38,629,607	161,249,347	31,757,097
Union Commodities (Pvt) Ltd	20,537,444	17,078,012	20,537,444	17,078,012
Rubber & Allied Products (Colombo) Ltd	124,173,740	-	124,173,740	-
Colombo Fort Group Services (Pvt) Ltd	-	485,147	-	485,147
	603,071,475	125,465,622	555,504,487	88,666,185

15. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Favourable cash and bank balances				
Cash at Bank	75,992,593	42,954,283	66,012,716	42,912,428
Cash in Hand	1,381,457	440,157	1,381,457	440,157
Cash in Transit	1,424,391	5,176,460	1,424,391	5,176,460
	78,798,441	48,570,900	68,818,564	48,529,045
Unfavourable bank balances				
Bank Overdraft	254,948,571	225,764,469	254,948,571	214,069,444
	(176,150,130)	(177,193,569)	(186,130,007)	(165,540,399)

16. STATED CAPITAL

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Value of Issued and Fully Paid Shares				
At the beginning of the year	1,730,436,695	1,730,436,695	1,730,436,695	1,730,436,695
Value of ordinary shares issued under Initial Public Offering	747,630,999	-	747,630,999	-
At the end of the year	2,478,067,694	1,730,436,695	2,478,067,694	1,730,436,695

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

	2024 No. of Shares	2023 No. of Shares
Ordinary shares at the beginning of the year	416,929,889	416,929,889
Ordinary shares issued under Initial Public Offering	83,070,111	-
Ordinary shares at the end of the year	500,000,000	416,929,889
Golden Share held by the Treasury which has special rights	1	1

17. REVALUATION RESERVE

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
At the beginning of the year	750,438,736	777,101,919	750,438,736	777,101,919
Transfer to retained earnings	(26,663,181)	(26,663,181)	(26,663,181)	(26,663,181)
At the end of the year	723,775,553	750,438,736	723,775,553	750,438,736

The above revaluation reserve consists of net surplus resulting from the revaluation of buildings as described in Note 7 to these financial statements. This unrealised amount cannot be distributed to shareholders until it is disposed of.

18. INTEREST BEARING LOANS & BORROWINGS

18.1 Long Term Loans

Description	Repayable within 1 Year Rs.	Repayable within 2-5 years Rs.	Repayable after 5 Years Rs.	Repayable after 1 Years Rs.	2024 Rs.	2023 Rs.	Facility Details (Note 18.3)
Bank of Ceylon - Rs. 200 Mn	-	-	-	-	-	33,333,320	
Commercial Bank of Ceylon PLC - Rs. 500 Mn	51,024,000	34,853,459	-	34,853,459	85,877,459	136,901,459	I
Sampath Bank PLC - Rs. 500 Mn	83,400,000	41,300,000	-	41,300,000	124,700,000	215,050,000	II
Seylan Bank PLC - Rs. 50 Mn	10,900,000	15,748,547		15,748,547	26,648,547	34,648,547	III
Bank of Ceylon - Rs. 250 Mn	45,454,560	56,818,159	-	56,818,159	102,272,719	147,727,253	IV
Bank of Ceylon - Rs. 50 Mn	-	-	-	-	-	29,545,448	
Bank of Ceylon - Rs. 31 Mn	-	-	-	-	-	1,494,111	
Bank of Ceylon - Rs. 72 Mn	-	-	-	-	-	34,022,003	
Bank of Ceylon - Rs. 68 Mn	22,924,076	5,731,019		5,731,019	28,655,095	51,579,170	V
Bank of Ceylon - Rs. 13 Mn	5,616,253	-	-	-	5,616,253	10,109,255	VI
Bank of Ceylon - Rs. 5 Mn	-	-	-	-	-	585,900	
Bank of Ceylon - Rs. 75 Mn	25,000,000	2,555,667	-	2,555,667	27,555,667	50,472,341	VII
Seylan Bank PLC - Rs. 4 Mn	-	-	-	-	-	166,775	
Seylan Bank PLC - Rs. 3 Mn	-	-	-	-	-	679,495	
Seylan Merchant Bank PLC - Rs. 68 Mn	13,387,503	34,090,450	-	34,090,450	47,477,954	58,898,100	VIII
Seylan Merchant Bank PLC - Rs. 57 Mn	8,563,110	32,050,073	-	32,050,073	40,613,183	51,985,271	IX
	266,269,503	223,147,374	-	223,147,374	489,416,876	857,198,448	

18.2 Short Term Loans

Description	Repayable within 1 Year Rs.	Repayable within 2-5 Years Rs.	Repayable after 5 Years Rs.	Repayable after 1 Years Rs.	2024 Rs.	2023 Rs.	Facility Details (Note 18.3)
Forbes and Walkers Tea Brokers (Pvt) Ltd - Rs. 200 Mn	-	-	-	-	-	62,490,280	
Sri Lanka Tea Board - Rs. 100 Mn	-	-	-	-	-	100,407,831	
Amana Bank PLC - Rs. 180 Mn	180,000,000	-	-	-	180,000,000	-	X
Bank of Ceylon - Rs. 50 Mn	16,887,900	-	-	-	16,887,900	-	XI
Bank of Ceylon - Rs. 200 Mn	180,265,328	-	-	-	180,265,328	-	XII
Forbes and Walkers Tea Brokers (Pvt) Ltd - Rs. 50 Mn	50,000,000	-	-	-	50,000,000	-	XIII
	427,153,228	-	-	-	427,153,228	162,898,111	
Grand Total	693,422,731	223,147,374	-	223,147,374	916,570,104	1,020,096,559	

18.3 Details of the interest bearing loans and borrowing facilities

Facility details	Rate of Interest	Terms of Repayment
I	Rs. 500 Mn - AWPLR + 3%	48 monthly instalments commencing from 21/01/2022
II	Rs. 500 Mn - AWPLR + 3.5%	71 instalments of Rs. 6,950,000/- and a final instalment of Rs. 6,550,000/- commencing from 26/04/2019
III	Rs. 50 Mn - 16%	84 instalments commencing from 30/11/2018
IV	Rs. 250 Mn - AWPLR + 3.5%	72 monthly instalments commencing from 03/05/2020 including six months capital grace period
V	Rs. 68 Mn - 6.93%	36 monthly instalments commencing from 13/04/2020
VI	Rs. 13 Mn - 6.93%	36 monthly instalments commencing from 10/03/2020
VII	Rs. 50.47 Mn - AWPLR + 3%	36 monthly instalments commencing from 30/04/2023
VIII	Rs. 68 Mn - 16%	60 monthly instalments commencing from 30/07/2022
IX	Rs. 57 Mn - 18%	60 monthly instalments commencing from 31/07/2022
X	Rs. 180 Mn - 11%	Within 2 months commencing from 11/03/2024
XI	Rs. 50 Mn - AWPLR + 2.5%	Within 2 months
XII	Rs. 200 Mn - AWPLR + 2.5%	Within 4 months
XIII	Rs. 50 Mn - 19%	12 weekly instalments of Rs. 4,166,666/- commencing from 03/04/2024

18.4 Changes in liabilities arising from financing activities

	01st April 2023 Rs.	Cash flows Rs.	31st March 2024 Rs.
Current interest-bearing loans and borrowings (excluding items listed below)	494,755,882	198,666,849	693,422,731
Current obligations under leases	2,226	181	2,407
Non-current interest-bearing loans and borrowings (excluding items listed below)	525,340,677	(302,193,303)	223,147,374
Non-current obligations under leases	123,686	(2,407)	121,279
	1,020,222,472	(103,528,681)	916,693,790

19. RETIREMENT BENEFIT OBLIGATIONS

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
At the beginning of the year	1,198,673,423	1,129,917,707	1,198,673,423	1,129,917,707
Provision for the year - Interest Cost	221,754,583	169,487,656	221,754,583	169,487,656
- Current Service Cost	58,548,181	66,984,878	58,548,181	66,984,878
Actuarial (Gain) / Loss due to changes in financial assumptions	614,692,005	(121,158,964)	614,692,005	(121,158,964)
Actuarial (Gain) / Loss due to experience adjustment	(159,434,628)	245,035,267	(159,434,628)	245,035,267
Payments made during the year	(143,120,378)	(291,593,122)	(143,120,378)	(291,593,122)
At the end of the year	1,791,113,186	1,198,673,423	1,791,113,186	1,198,673,423

According to the valuation done based on the full actuarial valuation carried out by a professionally qualified actuary firm M/s. Actuarial and Management Consultants (Pvt) Ltd as at 31st March 2024, the liability is Rs.1,791,113,186/-. If the Company had provided for gratuity for all employees on the basis of 14 days wages for workers and a half month salary for staff for each completed year of service for the year ended 31st March 2024, the liability would have been Rs. 1,968,671,768,/- (2023 - Rs. 2,131,308,807/-) Hence, there is a contingent liability of Rs.177,558,584/- which would crystalise only if the Company ceases to be a going concern.

Waverly Power (Pvt) Ltd receives all staff and labour from Agarapatana Plantations PLC. Therefore, retirement benefit liabilities are not taken into consideration by Waverly Power (Pvt) Ltd in their financial statements.

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

19. RETIREMENT BENEFIT OBLIGATIONS (CONTD.)

The following payments are expected from the defined benefit plan obligation in future years.

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Within next 12 months	216,543,137	177,983,616	216,543,137	177,983,616
Between 2 and 5 years	550,308,981	446,701,578	550,308,981	446,701,578
Beyond 5 years	1,024,261,068	573,988,228	1,024,261,068	573,988,228
	1,791,113,186	1,198,673,423	1,791,113,186	1,198,673,423

The weighted average duration of the Defined Benefit plan obligation at the end of the reporting period is 7.4 years and 8.6 years for staff and workers respectively.

The key assumptions used by Actuarial & Management Consultants (Pvt) Limited include the following;

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
(i) Rate of Interest	12.0%	18.5%	12.0%	18.5%
(ii) Rate of Salary Increase				
Workers	10% (per annum)	10% (per annum)	10% (per annum)	10% (per annum)
Staff	25% + 5% (Once in 3 years)	25% + 5% (Once in 3 years)	25% + 5% (Once in 3 years)	25% + 5% (Once in 3 years)
(iii) Retirement Age				
Workers	60 years	60 years	60 years	60 years
Staff	60 years	60 years	60 years	60 years
(iv) Daily Wage Rate	Rs. 1,000/-	Rs. 1,000/-	Rs. 1,000/-	Rs. 1,000/-

Sensitivity Analysis

Values appearing in the financial statements are very sensitive to the changes of financial and non financial assumptions used. A sensitivity was carried out as follows;

	GROUP		COMPANY	
	Impact on Retirement Benefit Obligation			
A one percentage point change in the discount rate	+1%	-1%	+1%	-1%
As at 31st March 2024	(128,470,751)	146,435,388	(128,470,751)	146,435,388
As at 31st March 2023	(67,673,629)	75,435,102	(67,673,629)	75,435,102
A one percentage point change in the salary increment rate	+1%	-1%	+1%	-1%
As at 31st March 2024	152,960,966	(136,322,877)	152,960,966	(136,322,877)
As at 31st March 2023	84,357,149	(76,395,981)	84,357,149	(76,395,981)

20. DEFERRED INCOME

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Deferred Grants and Subsidies				
Cost				
At the beginning of the year	342,850,415	342,450,415	342,850,415	342,450,415
Additions during the year	-	400,000	-	400,000
At the end of the year	342,850,415	342,850,415	342,850,415	342,850,415
Amortisation				
At the beginning of the year	159,245,487	149,885,014	159,245,487	149,885,014
Amortisation for the year	9,454,965	9,360,473	9,454,965	9,360,473
At the end of the year	168,700,452	159,245,487	168,700,452	159,245,487
Net carrying amount at the end of the year	174,149,963	183,604,928	174,149,963	183,604,928

The Company has received funding from the Plantation Housing and Social Welfare Trust, Asian Development Bank and Plantation Reform Project for the development of worker welfare facilities such as re-roofing of line rooms, latrines, water supply and sanitation etc. The funds received from Sri Lanka Tea Board are utilised for Tea replanting. The amounts spent are included under the relevant classification of Property, Plant and Equipment and Bearer Biological Assets and the grant component is reflected under Deferred Grants and Subsidies.

21. LEASE LIABILITIES

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Lease liability on right-of-use assets - Land	123,686	125,912	123,686	125,912
	123,686	125,912	123,686	125,912

21.1 Lease liability on right-of-use assets - Land

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
At the beginning of the year	125,912	127,970	125,912	127,970
Accretion of interest	10,274	10,442	10,274	10,442
Payments	(12,500)	(12,500)	(12,500)	(12,500)
At the end of the year	123,686	125,912	123,686	125,912
Current	2,407	2,226	2,407	2,226
Non Current	121,279	123,686	121,279	123,686

21.1.1 Maturity analysis of lease liability on right - of use assets- Land is as follows;

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Payable within one year				
Gross liability	12,500	12,500	12,500	12,500
Finance cost allocated to future periods	(10,093)	(10,274)	(10,093)	(10,274)
Net liability transferred to current liabilities	2,407	2,226	2,407	2,226
Payable within two to five years				
Gross liability	62,500	62,500	62,500	62,500
Finance cost allocated to future periods	(47,177)	(48,333)	(47,177)	(48,333)
Net liability	15,323	14,167	15,323	14,167
Payable after five years				
Gross liability	187,500	200,000	187,500	200,000
Finance cost allocated to future periods	(81,544)	(90,481)	(81,544)	(90,481)
Net liability	105,956	109,519	105,956	109,519
Current	2,407	2,226	2,407	2,226
Non Current	121,279	123,686	121,279	123,686

22. TRADE & OTHER PAYABLES

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Trade Creditors	83,653,348	169,053,534	83,653,348	169,053,511
Payable to Employees	180,097,724	168,404,633	180,097,724	168,404,633
EPF/ETF/CPPS/ESPS Payable	49,926,534	47,459,403	49,926,534	47,459,403
Provision for EPF/ETF/ESPS/Gratuity Surcharges	47,600,000	70,802,143	47,600,000	70,802,143
Broker Advances	317,385,830	233,181,092	317,385,830	233,181,092
Other Creditors	489,069,966	409,379,656	479,440,311	400,015,028
	1,167,733,402	1,098,280,462	1,158,103,747	1,088,915,811

23. AMOUNTS DUE TO RELATED COMPANIES

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Creasy Plantation Management Ltd	4,597,598	4,612,598	4,597,598	4,612,598
Kotagala Plantations PLC	4,460,273	8,604,802	4,460,273	8,604,802
Lankem Ceylon PLC	4,324,782	1,572,648	4,324,782	1,572,648
Colombo Fort Group Services (Pvt) Ltd	455,149	151,347	224,486	-
E B Creasy & Co. PLC	16,697,953	16,697,953	16,697,953	16,697,953
	30,535,754	31,639,347	30,305,091	31,488,000

24. REVENUE

24.1 Summary

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Tea	7,153,269,193	8,518,203,937	7,153,269,193	8,518,203,937
Hydro Power	61,668,210	32,236,555	-	-
	7,214,937,403	8,550,440,492	7,153,269,193	8,518,203,937

24.2 Segment Information

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Segmental Revenue				
Tea	7,153,269,193	8,518,203,937	7,153,269,193	8,518,203,937
Hydro Power	61,668,210	32,236,555	-	-
Revenue	7,214,937,403	8,550,440,492	7,153,269,193	8,518,203,937
Segmental Profit Before Tax				
Tea	736,867,655	2,382,962,097	743,134,333	2,387,156,076
Hydro Power	22,551,250	3,378,387	-	-
Profit Before Tax	759,418,905	2,386,340,484	743,134,333	2,387,156,076
Segmental Assets and Liabilities				
Segmental Assets				
Tea	9,417,506,980	7,699,891,454	9,424,864,790	7,813,273,952
Hydro Power	208,749,264	256,057,477	-	-
	9,626,256,244	7,955,948,931	9,424,864,790	7,813,273,952
Goodwill on Consolidation	338,742,754	338,742,754		
Investment in Subsidiary	-	-	433,999,888	433,999,888
Segmental Liabilities				
Tea	5,215,440,372	4,513,364,654	5,215,440,374	4,486,424,860
Hydro Power	113,893,446	163,698,496	-	-
	5,329,333,819	4,677,063,151	5,215,440,374	4,486,424,860

25. OTHER INCOME

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Amortisation of Capital Grants	9,454,965	9,360,473	9,454,965	9,360,473
Factory / Towers Lease Rent	17,918,111	29,923,709	18,541,789	30,517,688
Profit from sale of Valuable Timber Trees	21,467,750	24,488,787	21,467,750	24,488,787
Income from Sale of Other Trees	37,910,805	29,795,196	37,910,805	29,795,196
Profit on Disposal of Property, Plant & Equipment	1,831,215	-	1,831,215	-
Others	40,953,471	34,174,020	46,596,471	37,774,020
	129,536,318	127,742,185	135,802,996	131,936,164

26. FINANCE INCOME

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Interest Income	117,572,766	51,450,346	117,572,766	50,517,566
	117,572,766	51,450,346	117,572,766	50,517,566

27. FINANCE COST

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Overdraft Interest	48,075,181	53,747,001	46,653,930	50,045,744
Interest Charge on Guarantees	2,752,134	7,782,303	2,752,134	7,782,303
Interest on Leases	10,274	155,342	10,274	10,442
Term Loan Interest	164,440,599	197,723,690	147,944,863	179,318,455
Related Party Loan Interest	282,041	381,881	282,041	381,881
Interest charged by the Tea Brokers	87,935,455	63,494,089	87,935,455	63,494,089
Other Interest	1,737,353	-	1,737,353	-
	305,233,036	323,284,305	287,316,049	301,032,914
Amount Capitalised	(31,773,125)	(53,669,767)	(31,773,125)	(53,669,767)
	273,459,911	269,614,538	255,542,924	247,363,146

28. PROFIT FROM OPERATING ACTIVITIES IS STATED AFTER CHARGING

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Consultancy /Director Fees	36,342,944	27,368,935	36,342,944	27,368,935
Auditor's Remuneration	7,974,585	6,519,080	7,708,000	6,319,080
Depreciation				
Freehold Property Plant and Equipment	124,031,865	109,341,772	110,432,689	95,742,595
Bearer Biological Assets	70,593,600	69,711,528	70,593,600	69,711,528
Right-of-use assets - Land	6,503,393	6,503,393	6,503,393	6,503,393
Right-of-use assets - Immovable Lease assets of JEDB / SLSPC estates	5,984,873	6,355,599	5,984,873	6,355,599
Others				
Defined Benefit Plan Cost - Retiring Gratuity	280,302,764	236,472,534	280,302,764	236,472,534
Defined Contribution Plan Cost - EPF,ETF,ESPS & CPPS	303,066,164	293,202,504	303,066,164	293,202,504
Wages & Staff Cost	2,979,775,656	2,496,717,462	2,979,775,656	2,496,717,462

29. INCOME TAX EXPENSES

29.1 The major components of income tax expenses for the year ended 31st March are as follows.

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Statement of Profit and Loss				
Current Tax Expenses				
Current Income Tax Charge (29.2)	8,844,306	17,771,877	-	16,686,116
Under/(Over) Provision of Income Tax for the previous years	-	210,469	-	210,469
Deferred Income Tax				
Amount originated during the year transferred to statement of profit or loss due to the income tax rate change	-	152,418,506	-	135,980,772
Amount originated during the year transferred to statement of profit or loss	285,550,838	478,687,525	289,509,845	451,747,729
	294,395,144	649,088,377	289,509,845	604,625,086

29.2 Reconciliation of Accounting Profit to Income Tax Expense

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Accounting Profit /(Loss) Before Tax	759,418,663	2,386,340,484	743,134,333	2,387,156,076
Aggregate disallowable items	656,459,078	602,507,234	608,051,515	588,518,163
Aggregate allowable items	(723,897,653)	(1,489,343,353)	(753,378,673)	(1,479,770,250)
Business Profit /(Loss)	691,980,088	1,499,504,364	597,807,175	1,495,903,989
Tax exempt income/(loss) from Agro Farming	334,631,303	838,405,152	334,631,303	838,405,152
Taxable income/(loss) from Agro Processing	204,386,521	596,344,349	204,386,521	596,344,349
Taxable income/(loss) from power generation	29,481,020	4,935,277	-	-
Investment Income	176,361,177	69,525,483	176,361,177	69,525,483
Total Statutory Income	744,860,021	1,509,210,261	715,379,001	1,504,274,984
Tax losses brought forward and utilised	(380,747,698)	(623,202,673)	(380,747,698)	(623,202,673)
Taxable Income /(Loss)	364,112,323	886,007,588	334,631,303	881,072,311
Income Tax @ 14%	-	345,469	-	-
Income Tax @ 24%	-	16,686,116	-	16,686,116
Income Tax @ 30%	8,844,306	740,292	-	-
Income Tax expense charged to Statement of Profit or Loss	8,844,306	17,771,877	-	16,686,116

29.3 Accumulated Tax Losses

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Tax losses bought forward	1,405,592,200	2,028,794,873	1,405,592,200	2,028,794,873
Loss for the year (Note 29.2)	(15,288,747)	-	(15,288,747)	-
Losses set off during the year	(380,747,698)	(623,202,673)	(380,747,698)	(623,202,673)
Tax losses carried forward	1,009,555,755	1,405,592,200	1,009,555,755	1,405,592,200

29.4 Deferred Tax Liability

	GROUP				COMPANY			
	2024		2023		2024		2023	
	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.
As at 1st April	2,663,291,506	798,987,451	1,983,387,646	202,359,882	2,457,311,308	737,193,392	1,777,407,448	186,627,782
Amount originated during the year transferred to statement of profit or loss due to the income tax rate change.	-	-	-	152,418,506	-	-	-	135,980,772
Amount originated during the year transferred to statement of profit or loss.	951,836,126	285,550,838	803,780,164	478,687,525	965,032,816	289,509,845	893,579,486	451,747,729
Amount originated during the year transferred to statement of other comprehensive income.	(455,257,377)	(136,577,213)	(123,876,304)	(34,478,462)	(455,257,377)	(136,577,213)	(123,876,304)	(37,162,891)
As at 31st March	3,159,870,255	947,961,075	2,663,291,506	798,987,451	2,967,086,749	890,126,024	2,457,311,308	737,193,392

Composition of Deferred Tax Liability/(Asset)

	GROUP				COMPANY			
	2024		2023		2024		2023	
	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.	Temporary Difference Rs.	Tax Effect Rs.
Right of use assets	142,680,624	42,804,187	142,680,624	42,804,187	142,680,624	42,804,187	142,680,624	42,804,187
Property, Plant and Equipment	1,551,929,428	465,578,828	1,508,835,109	423,026,307	1,359,145,923	407,743,777	1,302,854,911	390,856,473
Biological Assets	4,061,137,606	1,218,341,282	3,495,129,949	1,075,478,781	4,061,137,606	1,218,341,282	3,495,129,949	1,048,538,985
Retirement Benefit Obligations	(1,791,113,185)	(537,333,955)	(1,077,644,564)	(323,293,369)	(1,791,113,185)	(537,333,955)	(1,077,644,564)	(323,293,369)
Lease Liability	(123,686)	(37,106)	(117,412)	(35,224)	(123,686)	(37,106)	(117,412)	(35,224)
Carried forward Tax Losses	(790,975,982)	(237,292,795)	(1,405,592,200)	(418,993,231)	(790,975,982)	(237,292,795)	(1,405,592,200)	(421,677,660)
Provision for Bad Debts	(13,664,551)	(4,099,366)	-	-	(13,664,551)	(4,099,366)	-	-
Net Deferred Tax Liability/(Asset)	3,159,870,254	947,961,075	2,663,291,506	798,987,451	2,967,086,749	890,126,024	2,457,311,308	737,193,392

The effective tax rate used to calculate deferred tax liability for all temporary differences as at 31st March 2024 is 30% (2023 - 30%).

30. EARNINGS PER SHARE

Computation of the earnings/(loss) per share is based on the profit after taxation for the year divided by the weighted average number of ordinary shares outstanding during the year.

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Amount used as the numerator				
Net profit / (loss) for the year after taxation	465,023,519	1,737,252,106	453,624,488	1,782,530,990
Amount used as the denominator				
Weighted average number of ordinary shares outstanding during the period	465,387,454	416,929,889	465,387,454	416,929,889

31. CAPITAL COMMITMENTS

Followings are the capital commitments approved as at the date of Financial Position.

	2024 Rs. Mn	2023 Rs. Mn
A. Field Development	125.1	112.9
B. Machinery & Factory Development	307.1	214.4

32. SECURITIES PLEDGED

The Following assets have been pledged as securities for loans and other facilities.

	Nature of Assets	Facility Rs.	Nature of Liability	Carrying Amounts of Assets Pledged 2024 Rs.	Carrying Amounts of Assets Pledged 2023 Rs.	Included Under
32.1	A) A primary mortgage over leasehold rights of Glenanore and Haputale Estates including machinery fixed each of these estates. Overdraft Agreement	200 Mn	Bank Overdraft from Bank of Ceylon	31,524,533	32,145,678	Property, Plant & Equipment
	B) Tri partite agreement with borrower, bank and the tea broker John Keells PLC	250 Mn	Term Loan from Bank of Ceylon			
	C) A primary mortgage over leasehold rights of Glenanore and Haputale Estates including machinery fixed each of these estates	75 Mn	Term Loan from Bank of Ceylon			
	D) A primary mortgage over leasehold rights of Glenanore and Haputale Estates including machinery fixed each of these estates	200 Mn	Short Term Loan from Bank of Ceylon			
	E) A primary mortgage over leasehold rights of Glenanore and Haputale Estates including machinery fixed each of these estates	50 Mn	Short Term Loan from Bank of Ceylon			
32.2	Mortgage over leasehold rights over the estate land and buildings, fixed & floating assets of Diyagama East Estate	50 Mn	Term Loan from Seylan Bank PLC	6,929,525	7,260,127	Property, Plant & Equipment
32.3	Duly accepted letter of offer supported by Board Resolution. General terms and conditions relating to term loans. Deposit of original title deeds and plan relating to the Dambetenne Estate	500 Mn	Term Loan from Commercial Bank of Ceylon PLC	-	-	-
		20 Mn	Bank Overdraft from Commercial Bank of Ceylon PLC	-	-	-
32.4	Mortgage over leasehold rights over the estate land and Factory building of Diyagama West Estate	500 Mn	Term Loan from Sampath Bank PLC	4,646,421	5,125,316	Property, Plant & Equipment
32.5	Original certificates of registration of the vehicles	68 Mn	Term Loan from Seylan Merchant Bank PLC	-	-	-
32.6	Original certificates of registration of the vehicles	57 Mn	Term Loan from Seylan Merchant Bank PLC	-	-	-

33. CONTINGENCIES

No known contingent liabilities exist as at the date of financial position other than the matter disclosed in notes 19 to the financial statement.

34. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting date, no materiel circumstances have arisen which required adjustments to or disclosure in these Financial Statements except for the below.

On 13th August 2024, the Department of Labour issued an Extraordinary Gazette No. 2397/27 under the wage board ordinance, proposing an amendment to the minimum rate of daily wage. Accordingly, it was proposed a daily wage rate of Rs. 1,350/- including the daily budgetary relief allowance and a productivity based incentive of Rs. 350/- for workers in the Tea Growing and Manufacturing Trade, bringing the total daily wage to Rs. 1,700/-. Further, any objection to the aforesaid proposal will be received by the Chairman of the Wages Board until 12.00 noon on 28th August 2024.

35. RELATED PARTY DISCLOSURES

35.1 Details of significant Related Party Disclosures are as follows;

Transactions with the parent and related entities

Company

	Name of the Company	Relationship	Name of Director	Nature of Transaction	Amount Debited / (Credited)		Balance as at 31st March	
					2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
1.	Lankem Tea & Rubber Plantations (Pvt) Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Settlements	33,324,548	69,997,892	27,781,708	14,675,452
			Mr. C.P.R. Perera	Advances given	27,781,708	14,675,452		
			Mr. S.S. Poholiyadde	Professional Consultancy Fee Charged	(48,000,000)	(72,000,000)		
			Mr. Anushman Rajaratnam					
			Mr. D.R. Madena					
			Mr. K. Mohideen					
			Mr. P.M.A. Sirimane					
			Mr. A.M. de S. Jayaratne					
2.	Lankem Ceylon PLC	Affiliated Company	Mr. S.D.R. Arudpragasam	Interest charge on bank guarantee	(2,752,133)	(4,582,303)	(4,324,782)	(1,572,648)
			Mr. Anushman Rajaratnam	Share of group expenses reimbursed	(36,400,000)	(38,750,000)		
			Mr. P.M.A. Sirimane	Acquisition of Shares	-	(189,179,438)		
			Mr. G.K.B. Dasanayaka	Settlements	36,400,000	235,769,094		
3.	Kotagala Plantations PLC	Affiliated Company	Mr. S.D.R. Arudpragasam	Transfer of inter company balances	-	(9,239,839)	(4,460,273)	(8,308,152)
			Mr. C.P.R. Perera	Advances received	-	(7,155,437)		
			Mr. S.S. Poholiyadde	Settlements	(173,190,567)	-		
			Mr. Anushman Rajaratnam	Interest Charged	16,038,446	-		
			Mr. A.M. de S. Jayaratne	Advances Given	161,000,000	-		
			Mr. P.M.A. Sirimane					
			Mr. G.K.B. Dasanayaka					
			Mr. K. Mohideen					
4.	Creasy Plantation Management Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Settlements	15,000	11,000	(4,597,598)	(4,612,598)
5.	Sherwood Holidays Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Rent and bungalow upkeep expenses	2,398,699	5,175,401	146,712	93,740
				Settlements	(2,345,726)	(28,491,903)		
				Transfer of inter company balances	-	9,239,839		
6.	Waverley Power (Pvt) Ltd	Subsidiary	Mr. S.D.R. Arudpragasam	Rent charged	623,678	593,979	7,357,812	18,125,363
			Mr. Anushman Rajaratnam	Transfer of inter company balances	-	(2,400,000)		
			Mr. P.M.A. Sirimane	Operational Management Fee Charged	5,643,000	3,600,000		
			Mr. C.P.R. Perera	Advances Given	5,965,770	18,765,689		
			Mr. A.M. de S. Jayaratne	Settlements	(23,000,000)	(3,000,000)		
			Mr. S.S. Poholiyadde					
			Mr. K. Mohideen					

Name of the Company		Relationship	Name of Director	Nature of Transaction	Amount Debited / (Credited)		Balance as at 31st March	
					2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
7.	Lankem Developments PLC	Immediate Parent	Mr. S.D.R. Arudpragasam	Interest charge on bank guarantee	-	(3,200,000)	161,249,346	31,757,097
			Mr. C.P.R. Perera	Advances given	111,864,071	29,963,839		
			Mr. Anushman Rajaratnam	Transfer of inter company balances	-	2,400,000		
			Mr. P.M.A. Sirimane	Acquisition of Shares	-	(244,820,450)		
			Mr. A.M. de S. Jayaratne	Settlements	-	246,420,450		
			Mr. S.S. Poholiyadde	Interest charged	17,628,178	1,793,258		
			Mr. K. Mohideen					
8.	Union Commodities (Pvt) Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Interest charged	3,459,431	3,686,815	20,537,443	17,078,012
			Mr. Anushman Rajaratnam	Advances given	-	55,000,000		
			Mr. P.M.A. Sirimane	Settlements	-	(40,000,000)		
			Mr. A.M. de S. Jayaratne					
			Mr. S.S. Poholiyadde					
			Mr. K. Mohideen					
9.	Colombo Fort Group Services (Pvt) Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	IT/HR support service expenses	(4,271,866)	(3,208,443)	(224,486)	485,147
			Mr. Anushman Rajaratnam	Settlement	3,562,233	5,973,293		
			Mr. P.M.A. Sirimane	Advances given	-	485,147		
10.	Ceylon Tea Brokers PLC	Affiliated Company	Mr. C.P.R. Perera	Broker advances received	(417,335,923)	(380,951,223)	13,923,531	15,119,954
				Broker advances recovered	402,215,969	414,265,324		
				Sale of tea	632,298,009	439,743,965		
				Sales proceeds received	(618,374,479)	(424,624,010)		
11.	E B Creasy & Co. PLC	Affiliated Company	Mr. S.D.R. Arudpragasam	Share of group expenses reimbursed	(30,000,000)	(30,000,000)	(16,697,953)	(16,697,953)
			Mr. P.M.A. Sirimane	Settlements	30,000,000	15,001,308		
			Mr. A.M. de S. Jayaratne					
12.	Consolidated Tea Plantations Ltd	Intermediate Parent Company	Mr. S.D.R. Arudpragasam	Interest charged	10,365,440	33,071,805	214,257,726	6,451,376
			Mr. C.P.R. Perera	Advances given	293,440,910	6,451,376		
			Mr. Anushman Rajaratnam	Settlements	(96,000,000)	(429,511,604)		
			Mr. A.M. de S. Jayaratne					
			Mr. S.S. Poholiyadde					
			Mr. P.M.A. Sirimane					
			Mr. K. Mohideen					
13.	Rubber & Allied Products (Colombo) Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Advances given	125,000,000	-	124,173,740	-
			Mr. C.P.R. Perera	Settlements	(13,325,000)	-		
			Mr. Anushman Rajaratnam	Interest charged	12,498,740	-		
			Mr. A.M. de S. Jayaratne					
			Mr. S.S. Poholiyadde					
			Mr. P.M.A. Sirimane					
			Mr. K. Mohideen					

35.2 Transaction with the key management personnel of the company or parent

Consultancy /Director Fees paid to key management personnel Rs. 36,342,944

There were no material transactions with the Key Management Personnel of the company and its parent other than those disclosed in Notes 14, 23 and 35.1 to the Financial Statements.

35.3 Details of significant Related Party Disclosures are as follows;

Group

Agarapatana Plantations PLC

	Name of the Company	Relationship	Name of Director	Nature of Transaction	Amount Debited / (Credited) 2024 Rs.	Amount Debited / (Credited) 2023 Rs.	Balance as at 31st March 2024 Rs.	Balance as at 31st March 2023 Rs.
1.	Lankem Tea & Rubber Plantations (Pvt) Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Settlements	33,324,548	69,997,892	27,781,708	14,675,452
			Mr. C.P.R. Perera	Advances given	27,781,708	14,675,452		
			Mr. S.S. Poholiyadde	Professional Consultancy Fee Charged	(48,000,000)	(72,000,000)		
			Mr. Anushman Rajaratnam					
			Mr. D.R. Madena					
			Mr. K. Mohideen					
			Mr. P.M.A. Sirimane					
			Mr. A.M. de S. Jayaratne					
2.	Lankem Ceylon PLC	Affiliated Company	Mr. S.D.R. Arudpragasam	Interest charge on bank guarantee	(2,752,133)	(4,582,303)	(4,324,782)	(1,572,648)
			Mr. Anushman Rajaratnam	Share of group expenses reimbursed	(36,400,000)	(38,750,000)		
			Mr. P.M.A. Sirimane	Acquisition of Shares	-	(189,179,438)		
			Mr. G.K.B. Dasanayaka	Settlements	36,400,000	235,769,094		
3.	Kotagala Plantations PLC	Affiliated Company	Mr. S.D.R. Arudpragasam	Transfer of inter company balances	-	(9,239,839)	(4,460,273)	(8,308,152)
			Mr. C.P.R. Perera	Advances received	-	(7,155,437)		
			Mr. S.S. Poholiyadde	Settlements	(173,190,567)	-		
			Mr. Anushman Rajaratnam	Interest Charged	16,038,446	-		
			Mr. A.M. de S. Jayaratne	Advances Given	161,000,000	-		
			Mr. P.M.A. Sirimane					
			Mr. G.K.B. Dasanayaka					
			Mr. K. Mohideen					
4.	Creasy Plantation Management Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Settlements	15,000	11,000	(4,597,598)	(4,612,598)
5.	Sherwood Holidays Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Rent and bungalow upkeep expenses	2,398,699	5,175,401	146,712	93,740
				Settlements	(2,345,726)	(28,491,903)		
				Transfer of inter company balances	-	9,239,839		
6.	Lankem Developments PLC	Immediate Parent	Mr. S.D.R. Arudpragasam	Interest charge on bank guarantee	-	(3,200,000)	161,249,346	31,757,097
			Mr. C.P.R. Perera	Advances given	111,864,071	29,963,839		
			Mr. Anushman Rajaratnam	Transfer of inter company balances	-	2,400,000		
			Mr. P.M.A. Sirimane	Acquisition of Shares	-	(244,820,450)		
			Mr. A.M. de S. Jayaratne	Settlements	-	246,420,450		
			Mr. S.S. Poholiyadde	Interest charged	17,628,178	1,793,258		
			Mr. K. Mohideen					

	Name of the Company	Relationship	Name of Director	Nature of Transaction	Amount Debited / (Credited)		Balance as at 31st March	
					2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
7.	Union Commodities (Pvt) Ltd	Affiliated Company	Mr. S.D.R.Arudpragasam	Interest charged	3,459,431	3,686,815	20,537,443	17,078,012
			Mr. Anushman Rajaratnam	Advances given	-	55,000,000		
			Mr. P.M.A. Sirimane	Settlements	-	(40,000,000)		
			Mr. A.M. de S. Jayaratne					
			Mr. S.S. Poholiyadde					
			Mr. K. Mohideen					
8.	Colombo Fort Group Services (Pvt) Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	IT/HR support service expenses	(4,271,866)	(3,208,443)	(224,486)	485,147
			Mr. Anushman Rajaratnam	Settlement	3,562,233	5,973,293		
			Mr. P.M.A. Sirimane	Advances given	-	485,147		
9.	Ceylon Tea Brokers PLC	Affiliated Company	Mr. C.P.R. Perera	Broker advances received	(417,335,923)	(380,951,223)	13,923,531	15,119,954
				Broker advances recovered	402,215,969	414,265,324		
				Sale of tea	632,298,009	439,743,965		
				Sales proceeds received	(618,374,479)	(424,624,010)		
10.	E B Creasy & Co. PLC	Affiliated Company	Mr. S.D.R. Arudpragasam	Share of group expenses reimbursed	(30,000,000)	(30,000,000)	(16,697,953)	(16,697,953)
			Mr. P.M.A. Sirimane	Settlements	30,000,000	15,001,308		
			Mr. A.M. de S. Jayaratne					
11.	Consolidated Tea Plantations Ltd	Intermediate Parent Company	Mr. S.D.R. Arudpragasam	Interest charged	10,365,440	33,071,805	214,257,726	6,451,376
			Mr.C.P.R. Perera	Advances given	293,440,910	6,451,376		
			Mr. Anushman Rajaratnam	Settlements	(96,000,000)	(429,511,604)		
			Mr. A.M. de S. Jayaratne					
			Mr. S.S. Poholiyadde					
			Mr. P.M.A. Sirimane					
			Mr. K. Mohideen					
12.	Rubber & Allied Products (Colombo) Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Advances given	125,000,000	-	124,173,740	-
			Mr. C.P.R. Perera	Settlements	(13,325,000)	-		
			Mr. Anushman Rajaratnam	Interest charged	12,498,740	-		
			Mr. A.M. de S. Jayaratne					
			Mr. S.S. Poholiyadde					
			Mr. P.M.A. Sirimane					
			Mr. K. Mohideen					

35.3 Details of significant Related Party Disclosures are as follows; (Contd.)

Waverly Power (Pvt) Ltd

	Name of the Company	Relationship	Name of Director	Nature of Transaction	Amount Debited (Credited)		Balance as at 31st March	
					2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
1	Lankem Ceylon PLC	Affiliated Company	Mr. S.D.R. Arudpragasam	Settlements	-	(271,930)	48,052,290	48,052,290
			Mr. Anushman Rajaratnam					
			Mr. P.M.A. Sirimane					
			Mr. G.K.B. Dasanayaka					
2.	Lankem Developments PLC	Intermediate Parent	Mr. S.D.R. Arudpragasam	Settlement	-	(2,400,000)	6,872,510	6,872,510
			Mr. C.P.R. Perera					
			Mr. Anushman Rajaratnam					
			Mr. P.M.A. Sirimane					
			Mr. A.M. de S. Jayaratne					
			Mr. S.S. Poholiyadde					
			Mr. K. Mohideen					
3	Colombo Fort Group Services (Pvt) Ltd	Affiliated Company	Mr. S.D.R. Arudpragasam	Expenses	(79,316)	(68,592)	(230,663)	(151,347)
			Mr. Anushman Rajaratnam					
			Mr. P.M.A. Sirimane					

35.4 Recurrent and non-recurrent related party transactions

Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceed 10% of the consolidated revenue of the Group as per 31st March 2023 audited financial statements, which require additional disclosure in the 2023/24 Annual Report under Colombo Stock Exchange Listing Rule 9.14.8(2).

Non-Recurrent related party transactions

There were no non-recurrent related party transactions the aggregate value of which exceeded 10% of the Equity or 5% of the Total Assets, whichever is lower of the Group as per 31st March 2023 audited financial statements, which require additional disclosure in the 2023/24 Annual Report under Colombo Stock Exchange Listing Rule 9.14.8(1).

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Company operations. The Company has trade and other receivables, cash and short term deposits that arrive directly from its operations. Accordingly, the Company has exposure to namely Credit Risk, Liquidity Risk and Interest Rate Risk from its use of financial instruments. This note presents information about the Company exposure to each of the above risks, the Company objectives, policies and processes for measuring and managing risk.

Credit risk

This is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arise principally from the Company receivable from customers.

Liquidity risk

Liquidity risk arises when the Company is unable to meets its financial obligations due to insufficient cash flow situations. The Company approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company reputation.

Interest rate risk

Interest rate risk is the potential for losses that may arise due to adverse movement of interest rates, mainly on floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company has not engaged in any interest rate swap agreements.

36.1 Financial Risk Management Framework

The Board of Directors has the overall responsibility for the establishment and oversight of the Company financial risk management framework which includes developing and monitoring the Company financial risk management policies. The Company financial risk management policies are established to identify, quantify and analyse the financial risks faced by the Company, to set appropriate risk limits and controls and to monitor financial risks and adherence to limits. Financial risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Audit Committee of the Company oversees how management monitors compliance with the Company financial risk management policies and procedures and reviews the adequacy of the financial risk management framework in relation to the risks faced by the Company.

36.2 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arise principally from the Company's receivable from customers and from its financing activities including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

36.2.1 Trade and Other Receivables

The Company's exposure to credit risk is influenced by the individual characteristics of each customer. The Company's credit policy is monitored at the Board level. The new customers are analysed individually for credit worthiness before Company's standard payment and delivery terms and conditions are offered. Company review includes external ratings, when available and in some cases, bank references, purchases limit etc. which also subject to under review on quarterly basis. The past experience of the Management is considered when revisions are made to terms and conditions.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

The maximum exposure to credit risk for trade receivables of the company at the reporting date is Rs.17.5 Mn. The Company has a minimal credit risk of its trade receivables as the repayment is guaranteed within seven days by the Tea auction systems.

As at 31st March 2024	Trade and other Receivables					
	Days past due					
	Current Rs.	61 - 120 days Rs.	121 - 180 days Rs.	181 - 365 days Rs.	> 365 days Rs.	Total Rs.
Expected credit loss rate		5%	10%	20%	50%	
Estimated total gross carrying amount at default	-	-	-	-	17,524,435	17,524,435

As at 31st March 2023	Trade and other Receivables					
	Days past due					
	Current Rs.	61 - 120 days Rs.	121 - 180 days Rs.	181 - 365 days Rs.	> 365 days Rs.	Total Rs.
Expected credit loss rate		5%	10%	20%	50%	
Estimated total gross carrying amount at default	-	-	-	-	5,203,278	5,203,278

36.2.2 Investments

Credit risks from invested balance with the financial institutions are managed by the Board of Directors. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to them. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure.

36.2.3 Cash and Cash Equivalents

The Company held cash and Cash Equivalents of Rs. 68.8 Mn as at 31st March 2024 (2023 – Rs. 48.5 Mn) which represents its maximum credit exposure on these assets.

36.3 Liquidity Risk

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

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

The Company does not concentrate on a single financial institution, thereby minimising the exposure to liquidity risk through diversification of funding sources. The Company aims to fund investment activities of the individual and Company level by funding the long term investments with long term financial sources and short term investments with short term financing. Where necessary the Company consults the Treasury Department and Strategic Business Development Unit in Parent Company for scrutinising the funding decisions.

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

As at 31st March 2024	Less than 3 Months Rs.	3 to 12 Months Rs.	2 to 5 years Rs.	>5 years Rs.	Total Rs.
Interest bearing loans & borrowings	354,088,290	507,264,870	337,693,710	-	1,199,046,870
Trade and other payables	1,093,990,056	46,360,694	-	-	1,140,350,750
	1,448,078,346	553,625,564	337,693,710	-	2,339,397,620

As at 31st March 2023	Less than 3 Months Rs.	3 to 12 Months Rs.	2 to 5 years Rs.	>5 years Rs.	Total Rs.
Interest bearing loans & borrowings	318,268,564	176,487,318	525,340,677	-	1,020,096,559
Trade and other payables	1,049,815,820	39,099,991	-	-	1,088,915,811
	1,368,084,384	215,587,309	525,340,677	-	2,109,012,370

36.4 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk & other price risk such as equity price risk. Financial instruments affected by market risk include loans & borrowings, deposits & derivative financial instruments.

36.4.1 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligations with floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company has not engaged in any interest rate swap agreements.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's Profit Before Tax is affected through the impact on floating rate borrowings as follows:

	Increase/ decrease in Interest rate	Effect on profit before tax Rs.
2024	+1%	(14,850,894)
	-1%	14,850,894
2023	+1%	(20,931,320)
	-1%	20,931,320

36.4.2 Capital Management

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

The gearing ratio at the reporting date is as follows.

	GROUP		COMPANY	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Interest Bearing Loans & Borrowing				
Current Portion	716,294,731	538,108,548	693,422,731	494,755,882
Payable After One Year	262,875,374	588,880,011	223,147,374	525,340,677
Liability to make Lease Payment				
Current portion	2,407	2,226	2,407	2,226
Payable After one year	121,279	123,686	121,279	123,686
Bank Overdraft	254,948,571	225,764,469	254,948,571	214,069,444
	1,234,242,361	1,352,878,940	1,171,642,361	1,234,291,915
Equity				
Equity	4,172,860,133	3,278,885,782	4,209,424,415	3,326,849,092
Equity & debts	4,631,764,722	4,631,764,722	5,381,066,776	4,561,141,008
Gearing ratio	27%	29%	22%	27%

36.5 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 such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

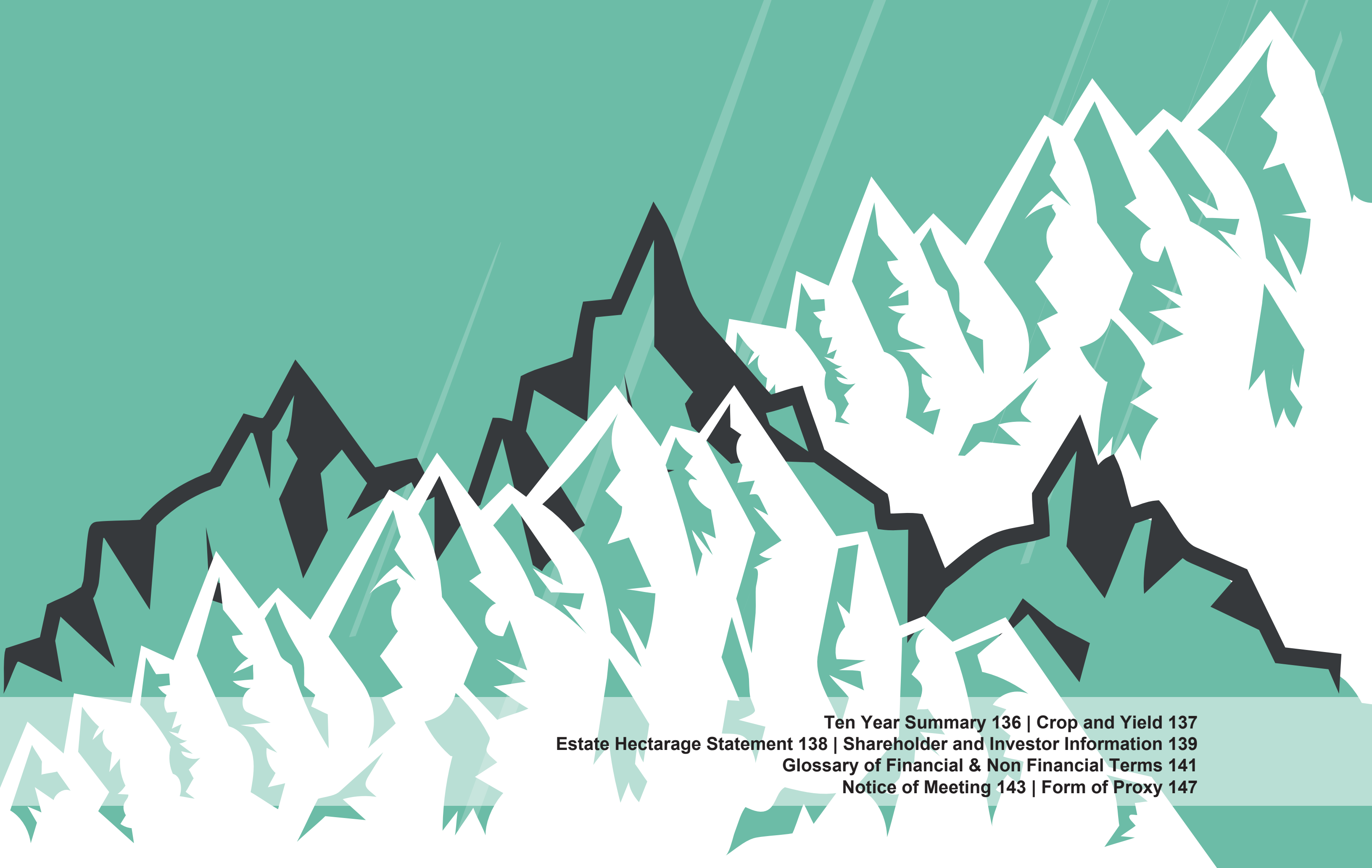
- Requirements for appropriate segregation of duties, including the independent authorisation of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- Requirements for the reporting of operational losses and proposed remedial actions.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance when this is effective.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the Management and summaries are submitted to the senior management of the Group.

SUPPLEMENTARY INFORMATION

AUGMENTING INSIGHT

As we reach the precipice of our success for the year, we reflect on the projects, activities, people and perceptions that have helped us reach the peak and that continue to strengthen our further ventures



TEN YEAR SUMMARY

	2023/24 Rs. '000	2022/23 Rs. '000	2021/22 Rs. '000	2020/21 Rs. '000	2019/20 Rs. '000	2018/19 Rs. '000	2017/18 Rs. '000	2016/17 Rs. '000	2015/16 Rs. '000	2014/15 Rs. '000
Trading Results										
Revenue	7,153,269	8,518,204	4,486,527	4,291,538	3,187,556	3,995,018	4,667,281	3,437,590	3,462,322	3,536,788
Gross Profit/ (Loss)	830,613	2,655,770	63,209	170,680	(1,035,462)	190,624	669,514	92,840	(75,449)	(148,841)
Gain on change in fair value of Biological Assets	299,665	115,821	158,117	269,956	197,795	54,865	103,801	95,632	77,257	106,579
Other Income	135,803	131,936	158,365	87,491	56,114	51,804	76,788	105,297	44,809	41,816
Operating Profit/ (Loss) before Management Fee & Interest	998,677	2,634,519	281,381	386,263	(909,570)	174,564	732,960	202,989	(62,523)	(186,297)
Profit/ (Loss) before Tax	743,134	2,387,156	59,907	135,430	(1,194,392)	(103,162)	541,921	27,697	(208,230)	(395,318)
Profit/ (Loss) after Tax	453,624	1,782,531	27,833	189,596	(1,211,934)	(102,942)	511,469	27,693	(206,965)	(394,974)
Other Comprehensive Income/ (Loss)	(318,680)	(86,063)	489,135	72,933	776,174	(83,107)	(130,142)	213,113	236,739	5,430
Total Comprehensive Income/ (Loss)	134,944	1,696,468	516,969	262,529	(435,761)	(186,049)	381,327	240,806	29,774	(389,543)
Statement of Financial Position										
Non Current Assets	6,354,850	5,920,523	5,361,441	5,333,865	5,166,391	4,173,817	4,043,842	3,669,023	3,420,538	3,244,369
Current Assets	3,070,014	1,892,751	1,276,903	1,348,667	734,703	908,099	1,133,539	739,403	663,967	781,811
	9,424,865	7,813,274	6,638,344	6,682,533	5,901,094	5,081,916	5,177,381	4,408,426	4,084,505	4,026,180
Stated Capital	2,478,068	1,730,437	1,730,437	1,270,787	910,787	910,787	910,787	667,787	667,787	667,787
Reserves	2,241,784	1,977,795	1,913,874	1,835,818	1,667,032	731,185	674,066	570,407	491,153	416,500
Retained Profit/ (Loss)	(510,428)	(381,382)	(2,013,929)	(2,452,842)	(2,546,585)	(1,174,977)	(931,810)	(1,209,477)	(1,371,029)	(1,326,150)
Shareholders' Funds	4,209,424	3,326,849	1,630,382	653,763	31,234	466,995	653,044	28,717	(212,089)	(241,863)
Deferred Income	174,150	183,605	192,565	197,098	203,195	208,755	217,479	225,296	233,994	231,184
Interest Bearing Borrowings - Non current	223,147	525,341	740,018	753,168	920,224	849,869	1,118,961	567,827	552,448	504,060
Retirement Benefit Obligations	1,791,113	1,198,673	1,129,918	1,557,599	1,531,479	1,341,107	1,177,097	1,019,104	1,120,988	1,225,068
Lease Liability	121	124	126	128	130	143	145	146	148	149
Deferred Tax Liability	890,126	737,193	186,628	112,097	159,138	-	-	-	-	-
Current Liabilities	2,136,783	1,841,489	2,758,707	3,408,679	3,055,694	2,215,046	2,010,656	2,567,336	2,389,016	2,307,582
	9,424,865	7,813,274	6,638,344	6,682,533	5,901,094	5,081,916	5,177,381	4,408,426	4,084,505	4,026,180
Net Cash Flow										
From/ (Used in) Operating Activities	311,984	925,120	(336,731)	(92,217)	(142,796)	82,054	(7,592)	346,272	32,418	(278,271)
From/ (Used in) Investing Activities	(269,386)	(555,179)	(53,934)	(87,892)	(125,311)	(134,825)	(294,843)	(138,260)	(135,302)	(139,302)
From/ (Used in) Financing Activities	644,102	(176,881)	335,210	252,703	242,273	(108,929)	644,575	(197,901)	36,025	295,273
Increase/ (Decrease) in Cash & Cash Equivalents	686,700	193,060	(55,455)	72,594	(25,834)	(161,700)	342,140	10,111	(66,859)	(123,362)

CROP AND YIELD

Estate	Production (Kg '000)					Yield Per Ha (Kg)				
	2023/24	2022/23	2021/22	2020/21	2019/20	2023/24	2022/23	2021/22	2020/21	2019/20
Agras valley Region										
Albion	365	321	393	463	475	820	723	885	1,037	935
Balmoral	355	315	370	427	421	1,112	986	1,159	1,322	1,293
Diyagama East	334	291	357	399	359	938	841	1,041	1,163	1,045
Diyagama West	665	549	584	667	628	1,055	864	920	1,050	988
Glasgow	305	268	345	366	332	929	817	1,059	1,138	1,064
Hauteville	592	451	561	556	620	1,214	926	1,150	1,141	1,272
Holmwood	149	114	155	170	156	779	598	809	892	818
New Portmore	114	109	137	158	134	678	651	820	941	770
Sandringham	195	157	173	168	176	1,096	894	1,028	1,034	1,096
Torrington	318	300	231	219	256	970	763	939	947	875
Waverley	301	256	325	337	363	820	699	886	926	963
Sub Total	3,691	3,131	3,631	3,930	3,919	972	815	983	1,070	1,034
Haputale Region										
Beauvais	183	165	168	156	135	714	646	657	614	580
Dambatenne	598	574	624	630	483	1,606	1,533	1,666	1,681	1,291
Glenenore	671	879	901	777	533	985	973	979	931	883
Gonamotawa	354	320	346	320	220	1,127	854	984	937	758
Haputale	382	366	472	522	372	1,013	972	1,234	1,351	1,104
Kahagalla	164	166	204	207	167	642	653	790	899	731
Nayabedde	423	360	383	362	305	1,376	1,193	1,252	1,207	1,201
Pita Ratmalie	285	256	292	312	348	784	702	802	857	781
Udaveria	28	28	44	43	54	108	110	170	168	291
Sub Total	3,088	3,114	3,434	3,329	2,617	959	886	992	1,011	899
Company Total	6,779	6,246	7,065	7,259	6,536	966	845	987	1,045	981

ESTATE HECTARAGE STATEMENT

Estate	Planting District	Extent (ha)			
		Revenue Extent	Immature Extent	Other Area	Total
Agras valley Region					
Albion	Nuwara Eliya	444.84	2.00	139.16	586.00
Balmoral	Nuwara Eliya	319.20	-	104.30	423.50
Diyagama East	Nuwara Eliya	356.08	-	143.09	499.17
Diyagama West	Nuwara Eliya	630.17	-	228.12	858.29
Glasgow	Nuwara Eliya	328.71	-	82.79	411.50
Hauteville	Nuwara Eliya	487.30	-	86.70	574.00
Holmwood	Nuwara Eliya	191.11	-	63.78	254.89
New Portmore	Nuwara Eliya	167.65	-	58.74	226.39
Sandringham	Nuwara Eliya	177.48	4.00	43.22	224.70
Torrington	Nuwara Eliya	222.61	2.50	189.89	415.00
Waverley	Nuwara Eliya	366.95	-	78.30	445.25
Sub Total		3,692.10	8.50	1,218.09	4,918.69
Haputale Region					
Beauvais	Badulla	253.84	1.00	102.34	357.18
Dambatenne	Badulla	372.13	-	500.87	873.00
Glenannore	Badulla	342.98	5.00	204.07	552.05
Gonamotava	Badulla	192.22	2.75	72.03	267.00
Haputale	Badulla	383.31	2.00	556.67	941.98
Kahagalla	Badulla	257.57	-	143.36	400.93
Nayabedde	Badulla	297.28	-	201.42	498.70
Pita Ratmalie	Badulla	363.90	-	303.88	667.78
Udaveria	Badulla	257.34		457.79	715.13
Sub Total		2,720.57	10.75	2,542.43	5,273.75
Company Total		6,412.67	19.25	3,760.52	10,192.44

SHAREHOLDER AND INVESTOR INFORMATION

Distribution of Shareholding

No. of Shares Held			As at 31st March 2024 No. of Shareholders	No. of Shares	%
1	-	1,000	22,100	6,189,463	1.24
1,001	-	10,000	1,019	5,170,824	1.03
10,001	-	100,000	598	14,384,977	2.88
100,001	-	1,000,000	54	17,536,668	3.51
Over		1,000,000	29	456,718,068	91.34
			23,800	500,000,000	100.00

Analysis of Ordinary Shareholders

	As at 31st March 2024 No. of Shareholders	Total Holdings	%
Individuals	23,691	45,954,289	9.19
Institutions	109	454,045,711	90.81
	23,800	500,000,000	100.00

Public Holding

The Percentage of shares held by the public as at 31st March 2024 was 23.31%. (31st March 2023 - 10.00%)

Public Shareholders

The number of Public Shareholders as at 31st March 2024 was 23,771. (31st March 2023 - 21,443)

Float Adjusted Market Capitalisation

The applicable option under Colombo Stock Exchange Rule 7.13.1(i) (b) on minimum public holding is option 2 and the Float Adjusted Market Capitalisation as of 31st Match 2024 was Rs. 862,470,000/-.

Market Value of Shares

The market value of the Company's ordinary shares was

	2024 (Rs.)	2023 (Rs.)
Highest	10.20	N/A
Lowest	6.70	N/A
Market value as at the year end	7.40	N/A

SHAREHOLDER AND INVESTOR INFORMATION

20 Major Shareholders

		31/03/2024		31/03/2023	
		No. of Shares	%	No. of Shares	%
1	LANKEM DEVELOPMENTS PLC	281,228,778	56.25	281,228,778	67.45
2	SEYLAN BANK PLC/SENTHILVERL HOLDINGS (PVT) LTD	27,616,647	5.52	-	-
3	E.B. CREASY & COMPANY PLC	26,541,327	5.31	26,541,327	6.37
4	SECRETARY TO THE TREASURY	23,284,644	4.66	23,284,644	5.58
5	KOTAGALA PLANTATIONS PLC	20,756,712	4.15	20,756,712	4.98
6	CORPORATE MANAGERS & SECRETARIES (PVT) LIMITED	8,500,000	1.70	8,500,000	2.04
7	LANKEM TEA & RUBBER PLANTATIONS (PVT) LIMITED	7,295,345	1.46	7,295,345	1.75
8	THE COLOMBO FORT LAND AND BUILDING PLC	6,485,358	1.30	6,455,458	1.55
9	UNION COMMODITIES (PVT) LIMITED	6,336,721	1.27	6,336,721	1.52
10	C M HOLDINGS PLC	5,886,888	1.18	3,888,888	0.93
11	MR. SRI DHAMAN RAJENDRAM ARUDPRAGASAM	3,946,400	0.79	-	-
12	UNION INVESTMENTS (PVT) LIMITED	3,875,400	0.78	250,000	0.06
13	COLOMBO FORT INVESTMENTS PLC	3,549,600	0.71	250,000	0.06
14	DARLEY BUTLER & COMPANY LIMITED	3,280,152	0.66	14,411,270	3.46
15	CORPORATE STRATEGIC SERVICES (PVT) LIMITED	3,114,600	0.62	3,000,000	0.72
16	WAVERLY POWER (PVT) LIMITED	2,500,100	0.50	2,500,100	0.60
17	COLOMBO INVESTMENT TRUST PLC	2,474,600	0.49	250,000	0.06
18	SENKADAGALA FINANCE PLC/M.M.FUAD	2,050,000	0.41	-	-
19	J.B. COCOSHELL (PVT) LTD	2,014,856	0.40	-	-
20	MR. SUNIL SOMINDRANATH POHOLIYADDE	2,000,000	0.40	-	-
	TOTAL	442,738,128	88.55	404,949,243	97.13

GLOSSARY OF FINANCIAL AND NON FINANCIAL TERMS

FINANCIAL TERMS

Accounting Policies

The specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting financial statements

Contingent Liabilities

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise

Current Ratio

Current Assets divided by Current Liabilities. A measure of liquidity

Deferred Taxation

The tax effect of temporary differences deferred to/from other periods, which would only qualify for inclusion on a tax return at a future date

Dividends

Distribution of profits to holders of equity investments in proportion to their holdings of a particular class of capital

Earnings per Share

Profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the period

EBITDA

Earnings before Interest, Tax, Depreciation and Amortisation

Gearing

Proportion of borrowings to capital employed

Interest Cover

Profit Before Tax plus net finance cost and goodwill amortisation divided by net finance cost. Measure of an entity's debt service ability

Net Assets per Share

Shareholders' Funds divided by the number of ordinary shares in issue. A basis of share valuation

Related parties

Parties who could control or significantly influence the financial and operating policies of the business

Segment

Constituent business units grouped in terms of similarity of operations and locations

Value Additions

The quantum of wealth generated by the activities of the Company measured as the difference between turnover and the cost of materials and services bought in

Working Capital

Capital required to finance the day-to-day operations computed as the excess of current assets over current liabilities

NON FINANCIAL TERMS

COP

Cost of producing a kilo of Tea

HACCP

Hazard Analysis Critical Control Point system. A standard for safety of foods

Immature Plantations

The extent of plantation which is not taken into the bearing and is in the process of development

ISO

International Standard Organisation

Mature Plantations

The extent of plantation from which crop is being harvested

NSA

Net Sales Average. Measures the average value of net selling price of a kilo of Tea

Seedling Tea

Tea grown from a seed

TRI

Tea Research Institute

VP Tea

Vegetatively Propagated. Tea grown from cutting of branch of a tea plant

YPH

Yield Per Hectare. The measure of average yearly output of produce from a hectare of mature plantation

NOTES

NOTICE OF MEETING

Notice is hereby given that the Thirty Second Annual General Meeting of Agarapatana Plantations PLC will be held on 27th September, 2024, at 11.00 a.m. and conducted as a Virtual Meeting from 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01 for the following purposes:

1. To receive and consider the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March 2024 with the Report of the Auditors thereon.

2. To re-elect as a Director Mr. P.M.A. Sirimane who retires in accordance with Articles 92 and 93 of the Articles of Association.

3. To reappoint Mr. C.P.R. Perera who is over seventy years of age as a Director. Special notice has been received from a Shareholder of the intention to pass a resolution which is set out below in relation to his reappointment. (see Note No. 5)

4. To reappoint Mr. S.D.R. Arudpragasam who is over seventy years of age as a Director. Special notice has been received from a Shareholder of the intention to pass a resolution which is set out below in relation to his reappointment. (see Note No. 6)

5. To reappoint Mr. A.M. de S. Jayaratne who is over seventy years of age as a Director. Special notice has been received from a Shareholder of the intention to pass a resolution which is set out below in relation to his reappointment. (see Note No. 7)

6. To reappoint Mr. G.K.B. Dasanayaka who has attained the age of seventy years as a Director. Special notice has been received from a Shareholder of the intention to pass a resolution which is set out below in relation to his reappointment. (see Note No. 8)

7. To authorise the Directors to determine contributions to charities.

8. To re-appoint as Auditors, Messrs. Ernst & Young and to authorise the Directors to determine their remuneration.

9. **Special Business:**

   To consider and if thought fit to pass the following Special Resolution to amend the Articles of Association of the Company in compliance with the Listing Rules of the Colombo Stock Exchange in the manner following:

   Special Resolution

   Resolved –

   "That the existing Article 78 (a) be deleted and the following be substituted therefor:

   78 (a) The Directors shall not be less than five (05) nor more than twelve (12) in number. Subject to the provisions of the Act and these presents, the Company may from time to time, by Special Resolution, increase or reduce the number of Directors."

   "That the existing Article 101 be deleted in its entirety and the following be substituted therefor:

   101(1) A Director may by notice in writing left at the Office, appoint any person to be his Alternate to act in his place for such period as the appointor may stipulate and such appointment shall become effective upon approval thereof by the Board, provided however that:-

   (a) An Alternate Director shall only be appointed in exceptional circumstances and for a maximum period of one (01) year from the date of appointment.

   (b) If an Alternate Director is appointed by a Non-Executive Director such Alternate should not be an Executive of the Company.

   (c) If an Alternate Director is appointed by an Independent Director, the person so appointed should meet the Criteria of Independence specified in the Listing Rules of the Colombo Stock Exchange and the Company shall satisfy the requirements relating to the minimum number of Independent Directors specified in the Listing Rules. The Nominations and Governance Committee of the Company shall review and determine that the person so nominated as the Alternate would qualify as an Independent Director before such appointment is made.

(d) The Company shall make an immediate Market Announcement on the Colombo Stock Exchange regarding the appointment of an Alternate Director. Such Market Announcement shall include the following:

i) the exceptional circumstances leading to such appointment

ii) the information on the capacity in which such Alternate Director is appointed, i.e. whether as an Executive, Non Executive or Independent Director.

iii) The time period for which he/she is appointed, which shall not exceed one (1) year from the date of appointment and

iv) a statement by the Company indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Company.

(2) A person appointed to be an Alternate Director shall not in respect of such appointment be entitled to receive any remuneration from the Company, nor be required to hold any share qualification, but the Board may repay the Alternate Director such reasonable expenses as he may incur in attending and returning from meetings of the Directors which he is entitled to attend or which he may otherwise properly incur in or about the business of the Company or may pay such allowances as the Board may think proper in respect of these expenses.

(3) An Alternate Director shall be entitled to receive notices (on his giving an address for such notices to be served upon him) of all meetings of the Directors and to attend and vote as Director at any such meeting at which the Director appointing him is not personally present and generally at such meeting to perform all the functions of his appointor as a Director in the absence of such appointor.

(4) If an Alternate Director is also a Director in his own right he shall have at any Board meeting two (2) votes, one (1) vote in his own right and one (1) vote in his capacity as an Alternate Director.

(5) An Alternate Director shall ipso facto cease to be an Alternate Director on the happening of any of the following events;

(a) Upon the Appointor's resumption of duties as a Director;

(b) If the appointment of the Alternate Director is revoked by notice in writing left at the office by his appointor;

(c) If his appointor ceases for any reason to be a Director; Provided that if any Director retires by rotation but is re-elected at the meeting at which such retirement took effect, any appointment made by him pursuant to this Article which was in force immediately prior to his retirement shall continue to operate after his re-election as if he had not so retired;

(d) If the Alternate Director shall have a receiving order made against him or compounds with his Creditors or is adjudicated an insolvent;

(e) If the Alternate Director be lunatic or becomes of unsound mind;

(f) If the Alternate Director resigns by a notice in writing given under his hand to the Company;

(g) If he becomes subject to any of the provisions of Article 91 of these presents which, if he were a Director of the Company, would render his office vacated;

(h) If the Board resolves that the appointment of the Alternate Director be terminated; provided that such termination shall not take effect until the expiration of thirty (30) days after the date of the resolution of the Board.

(6) A Director shall not vote on the question of the approval of an Alternate Director to act for him or on the question of the termination of the appointment of such an Alternate Director under the forgoing sub-clause of this Article, and if he does so his vote shall not be counted; nor for the purpose of any resolution for either of these purposes shall he be counted in the quorum present at the meeting.

(7) The attendance of any Alternate Director at any meeting subject to (6) above, including Board Committee meetings shall be counted for the purpose of quorum."

By Order of the Board,

CORPORATE MANAGERS & SECRETARIES (PRIVATE) LTD.

Secretaries

Colombo

29th August 2024

NOTICE OF MEETING

Notes:

1. A member of the Company who is entitled to attend and vote may appoint a proxy to attend and vote instead of him or her. A proxy need not be a member of the Company.
2. A Form of Proxy is enclosed for this purpose. The instrument appointing a proxy must be deposited at the Registered Office of the Company's Secretaries, Corporate Managers & Secretaries (Private) Limited at No.8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01, not less than forty-eight hours before the time fixed for the meeting.
3. Members are encouraged to vote by Proxy through the appointment of a member of the Board of Directors to represent them and vote on their behalf. Members are advised to complete the Form of Proxy and their voting preferences on the specified resolutions to be taken up at the meeting and submit the same to the Company Secretaries in accordance with the instructions given on the reverse of the Form of Proxy.
4. Please refer the "Circular to Shareholders" dated 29th August 2024 for further instructions relating to the Annual General Meeting and for joining the Meeting virtually.
5. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

   Resolved –

   "That Mr. C.P.R. Perera who is eighty years of age be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Mr. C.P.R. Perera."
6. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

   Resolved –

   "That Mr. S.D.R. Arudpragasam who is seventy three years of age be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Mr. S.D.R. Arudpragasam."
7. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

   Resolved –

   "That Mr. A.M. de S. Jayaratne who is eighty four years of age be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Mr. A.M. de S. Jayaratne."
8. Special Notice has been received by the Company from a shareholder giving notice of the intention to move the following Resolution as an Ordinary Resolution at the Annual General Meeting:

   Resolved –

   "That Mr. G.K.B. Dasanayaka who has attained the age of seventy years be and is hereby reappointed a Director of the Company and it is further specially declared that the age limit of seventy years referred to in Section 210 of the Companies Act No.7 of 2007 shall not apply to the said Director, Mr. G.K.B. Dasanayaka."

FORM OF PROXY

I/We* .... of

………...

being a member/ members* of Agarapatana Plantations PLC, hereby appoint ………………….............………………………………………….………

.... of ....

.... whom failing

1. Sri Dhaman Rajendram Arudpragasam of Colombo or failing him
2. Chrisantha Priyange Richard Perera of Colombo or failing him
3. Denham Rohan Madena of Colombo or failing him
4. Sunil Somindranath Poholiyadde of Colombo or failing him
5. Anushman Rajaratnam of Colombo or failing him
6. Parakrama Maithri Asoka Sirimane of Colombo or failing him
7. Gotabaya Kiri Bandara Dasanayaka of Colombo or failing him
8. Kowdu Mohideen of Colombo or failing him
9. Ajit Mahendra de Silva Jayaratne of Colombo

as my/our *proxy to represent me/us*,and to vote as indicated hereunder for me/us* and on my/our* behalf at the Thirty Second Annual General Meeting of the Company to be held on 27th September 2024 at 11.00 a.m. and at any adjournment thereof and at every poll which may be taken in consequence thereof

		For	Against
1.	To receive and consider the Annual Report of the Board of Directors and the Statement of Accounts for the year ended 31st March 2024 with the Report of the Auditors thereon.		
2.	To re-elect Mr. P.M.A. Sirimane as a Director.		
3.	To re-appoint Mr. C.P.R. Perera as a Director.		
4.	To re-appoint Mr. S.D.R. Arudpragasam as a Director.		
5.	To re-appoint Mr. A.M. de S. Jayaratne as a Director.		
6.	To re-appoint Mr. G.K.B. Dasanayaka as a Director.		
7.	To authorise the Directors to determine contributions to charities.		
8.	To re-appoint as Auditors, Messrs. Ernst & Young and to authorise the Directors to determine their remuneration.		
9.	Special Business: To amend the Articles of Association of the Company as set out in the Notice of Meeting.		

Signed this ………………………………..……….…… day of …………………………………..………Two Thousand and Twenty Four.

....

Signature(s)

Note: *Please delete the inappropriate words.

1. A Proxy need not be a member of the Company.
2. If no words are struck out or there is in view of the Proxy doubt (by reason of the way in which the instructions contained in the Form of Proxy have been completed) as to the way in which the Proxy should vote, the Proxy will vote as he thinks fit.
3. Instructions as to completion are noted on the reverse hereof.

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION

1. Please write legibly, your name, address and date, and sign in the space provided.
2. The completed Form of Proxy should be received at the Registered Office of the Company's Secretaries, Corporate Managers & Secretaries (Pvt) Ltd at 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01, not less than 48 hours before the time appointed for the holding of the meeting.
3. In the case of a Company/Corporation, this Form of Proxy shall be executed either under its Common Seal or by its Attorney or by an Officer on behalf of such Company/ Corporation duly authorised in writing.
4. In the case of Proxy signed by an Attorney, the relevant Power of Attorney must be deposited at the Registered Office of the Company's Secretaries for registration.

CORPORATE INFORMATION

NAME OF THE COMPANY

Agarapatana Plantations PLC

(Formerly known as Agarapatana Plantations Limited and Status and Name Change effective from 27th October 2023)

LEGAL FORM

A Public Quoted Company with Limited Liability

DATE OF INCORPORATION

22nd June 1992

COMPANY REGISTRATION NO.

PQ 00287376

PRINCIPLE ACTIVITIES

Cultivation, Manufacture and Sale of Tea

STOCK EXCHANGE LISTING

The Ordinary Shares of the Company are listed with the Colombo Stock Exchange of Sri Lanka with effect from 4th September 2023

REGISTERED OFFICE

53 1/1, Sir Baron Jayatilaka Mawatha, Colombo 01

E-MAIL

info@lankemplantations.lk

WEB

www.lankemplantations.lk

DIRECTORS

Mr. S.D.R. Arudpragasam - Chairman

Mr. C.P.R. Perera - Deputy Chairman

Mr. S.S. Poholiyadde

Mr. D.R. Madena - Chief Executive Officer

Mr. Anushman Rajaratnam

Mr. P.M.A. Sirimane

Mr. G.K.B. Dasanayaka

Mr. K. Mohideen

Mr. A.M.de S. Jayaratne

SENIOR MANAGEMENT

S. S. Poholiyadde - Managing Director (LT&RP) - F.I.P.M

D. R. Madena - Chief Executive Officer

K. Mohideen - Finance Director - F.C.A, F.C.M.A (UK)

J. R. Weerakoon - Director Operations - F.I.P.M, BSc. Plantations Management

N. Goonetilleke - Consultant / Visiting Agent - N.I.P.M

M. Ganeshan - Head of Internal Audit

G. Srishankar - General Manager Manufacture

G.R.N Perera - General Manager Finance - A.C.M.A (UK)

J. Karunadasa - General Manager Human Resources / Commercial & Corporate Certifications - MBA (UK), HND (ICBT), HND (NIBM)

S. Bandaranayake - Consultant / Engineer

SECRETARIES

Corporate Managers & Secretaries (Private) Limited
8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01

AUDITORS

Ernst & Young
Chartered Accountants,
Rotunda Towers,
No. 109, Galle Road, Colombo 03

BANKERS

Bank of Ceylon

Amana Bank PLC

Commercial Bank of Ceylon PLC

Nations Trust Bank PLC

Sampath Bank PLC

Hatton National Bank PLC

SUBSIDIARY

Waverly Power (Pvt) Ltd

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AGARAPATANA PLANTATIONS PLC

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