



WATAWALA

Vitality Unleashed



Watawala Plantations PLC
Annual Report 2023-24



Soaring to New Heights

As we reflect on the past year, Watawala Plantations has demonstrated exceptional adaptability and vitality, embodying our theme, 'Vitality Unleashed: Thriving Through Innovation'. This year has been a testament to our resilience as we faced global uncertainties with a proactive approach and innovative solutions that have not only sustained us but propelled us forward.

Our efforts have been concentrated on harnessing cutting-edge technologies and sustainable practices that secure not just immediate gains but long-term prosperity. This report delves into our strategic decisions, operational achievements, and the milestones that define our commitment to excellence and sustainability.

We invite you to explore the pages of this report, which not only recount our progress and the challenges we've surmounted but also outline our path forward—a path marked by continuous innovation and relentless pursuit of growth and community engagement. Join us in celebrating a year of substantial transformation and steady growth that sets a robust foundation for the future.

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About Us

A member of the Sunshine Group, Watawala Plantations PLC (WATA) is an agri-business company focused on palm oil and dairy operations. Apart from palm oil and dairy, the company also has a diversified portfolio of field crops including tea, rubber, coconut and cinnamon among others. The company is Sri Lanka's largest and only RSPO (Roundtable on Sustainable Palm Oil) certified palm oil producer.

Core Business Activities

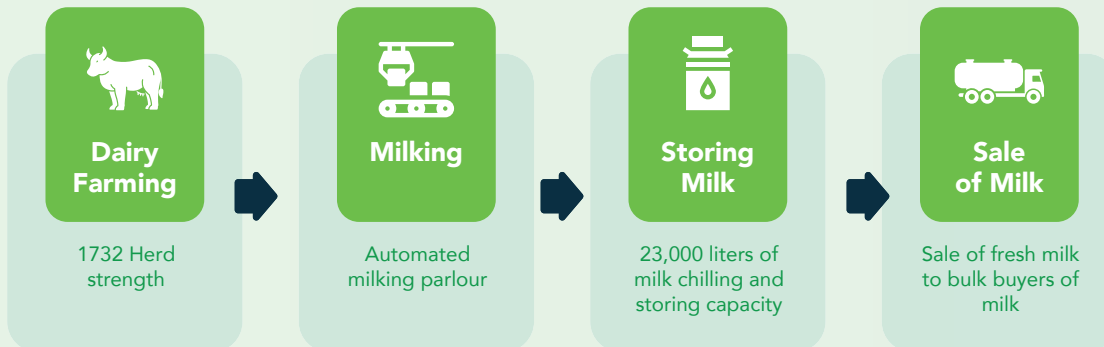
GRI 2-6

Cultivation of oil palm and production and sale of palm oil



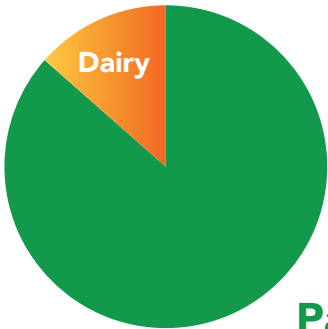
Our presence along the palm oil value chain

Production of Fresh Milk

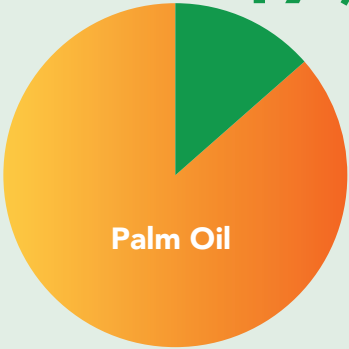


Our presence along the dairy value chain

Revenue Contribution FY 23/24



Palm Oil
83%



Milk
17%

Palm Oil

Non-core Business Activities

Tea Cultivation

The Group cultivates 136.46 Ha of high and low grown tea across three estates.

E state T		ea Extent
Homadola	Low Country 5	4.2 Ha
Talangaha	Low Country	11.26 Ha
Lonach U	p Country	71 Ha

Cinnamon Cultivation and Processing

The group's cinnamon cultivation extends across 119.97 Ha of its four estates. The Company also operates a cinnamon peeling and processing facility at Homadola Estate producing a variety of cinnamon grades, cinnamon oil and cinnamon cut quills for bulk buyers across Sri Lanka.

Coconut Cultivation

Coconut is cultivated on 27.68 Ha in Homadola and Royston Estates and sold in bulk to buyers across Sri Lanka.

Rubber Cultivation

Rubber is cultivated on 139.8 Ha across two estates, Homadola and Nakiyadeniya.

Bungalow Rental

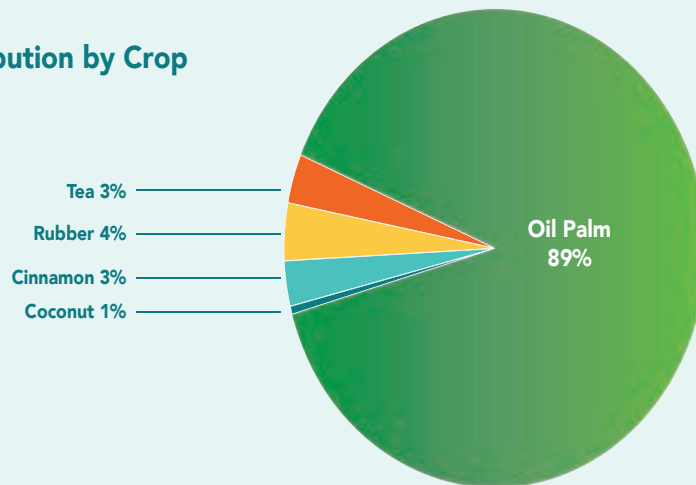
WATA owns and operates two luxury estate bungalows which is rented out to foreign and local tourists.

 **Lonach**  **Stokesland**

Maize Baling

The company operates a maize baling center at Hulannuge. Maize silage is sold to Group Company Watawala Dairy for Cattle feed.

Land Distribution by Crop




Our Commitment to Quality

Our commitment to ensuring excellence in all aspects of our operation is reflective from the wide range of product and process certifications and accreditations we have obtained. This commitment to excellence is one of our key differentiators.



Oil Palm

- RSPO certification for all three estates and palm oil mill
- ISO 50001:2018 Energy Management Systems Certificate for the palm oil mill
- ISO 45001:2018 Occupational Health and Safety certification for palm oil mill
- ISO 14001:2015 Environmental Management Systems



Dairy

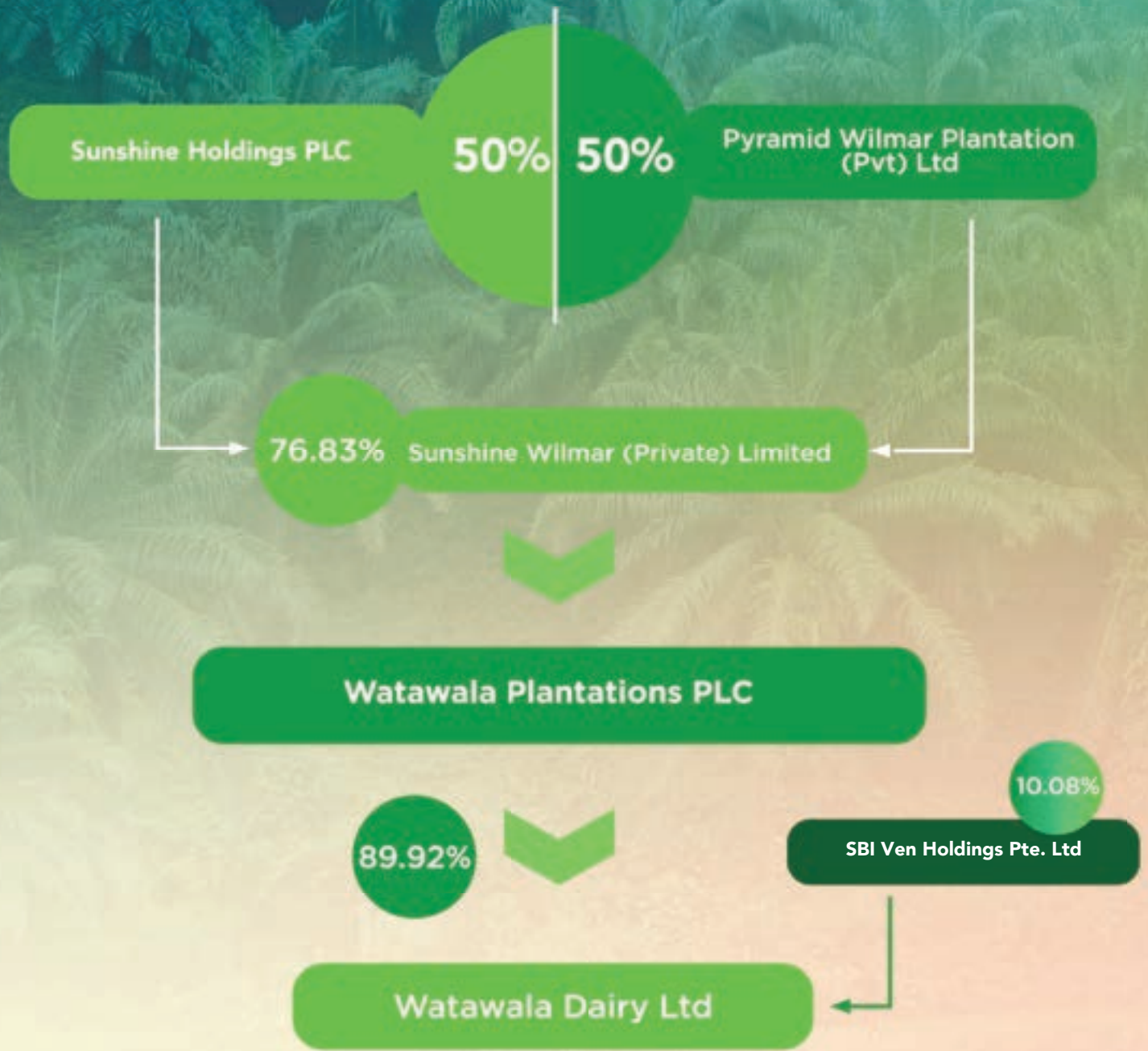
- Fully automated, state-of-the-art DAIRYMASTER milking parlour system
- DAPH approved animal feed manufacturer



In Good Hands

Our Commitment to Quality

Organisation Structure





Our Journey of Growth

WATA's success is characterized by its ability to make bold strategic moves and its unrelenting focus on driving quality. Key milestones from our journey thus far are highlighted below;



1992

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



1996

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



1998

- Launch of Tea Brand Zesta



2007/08

- Awarded Business Super Brand status



2006/07

- Expansion of oil palm plantation



2004/05

- Collaboration with Tata Teltley UK to expand global reach



2003/04

- Introduction of "Watawala Kahata" tea brand



2002/03

- Obtained ISO 9002:1994 and HACCP certification



2010/11

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



2011/12

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



2013/14

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



2014/15

- Installation of steam turbine at the palm oil mill





2018/19

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



2017/18

- Watawala Dairy Ltd commences commercial operations
- Divested net assets of LKR 1856 Bn relating to upcountry tea operations to Hatton Plantations PLC



2015/16

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



2019/20

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



2020/21

- Obtained RSPO certification for all palm estates



2021/22

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



2022/23

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



2023/24

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



Our Social & Economic Impact

WATA contributes to the socio-economic development of Sri Lanka through its multi-faceted business operation as well as its firm commitment to empowering rural communities across its value chains.

Direct Economic Impact

6 GRI 201-1

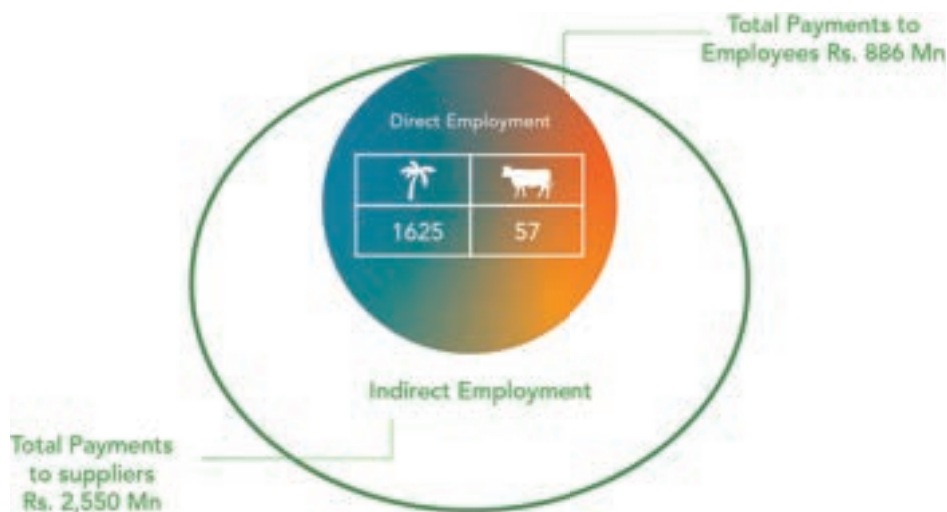
Statement of value added

As at 31 March (Rs.. Mn)

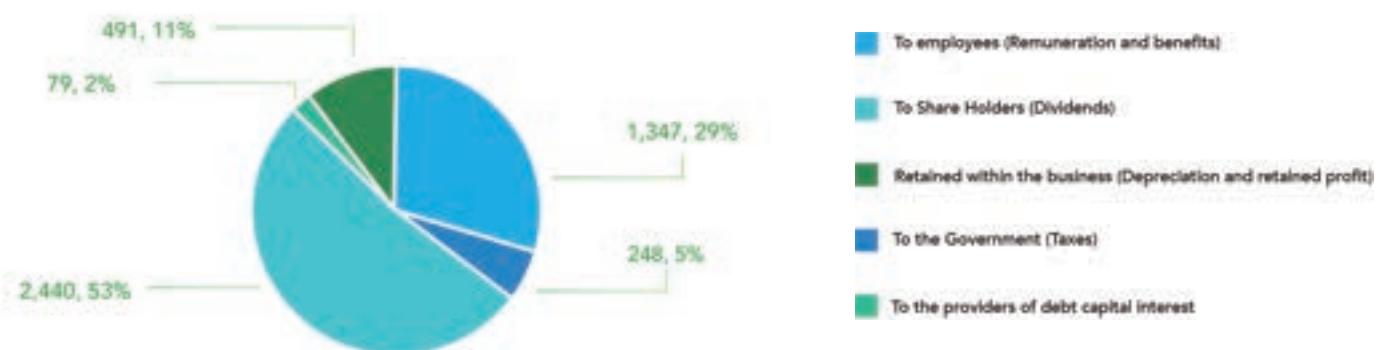
	Group		Company	
	2023/24	2022/23	2023/24	2022/23
Total revenue	8,321	8,768	6,867	7,574
Other Income	61	(35)	(156)	(489)
Finance income	184	139	220	126
Gain on changes in fair value of biological assets	40	(132)	(15)	14
Administration and establishment expenses	(4,002)	(4,675)	(2,600)	(3,587)
Value Addition	4,604	4,065	4,316	3,638

Sustainable livelihoods

WATA generates both direct and indirect employment opportunities with employment to 1,709 individuals in the Company. In addition to creating livelihoods the company continues to invest in the socio-economic development of its communities through ongoing community investments.



Distribution of Value Added



Import Substitution

WATA's core business activities, significantly contribute to saving foreign exchange by supporting import substitution in key industries including edible oils and fresh milk.



As the single largest oil palm producer in Sri Lanka, WATA produces approximately 10% of the country's edible oil requirement



WDL accounts for 1.5% of Sri Lankan domestic milk production

Palm Oil Production in FY 23/24
15,790 MT

Fresh Milk Production in FY 23/24 5.7 Mn Litres

Saving forex through import substitution

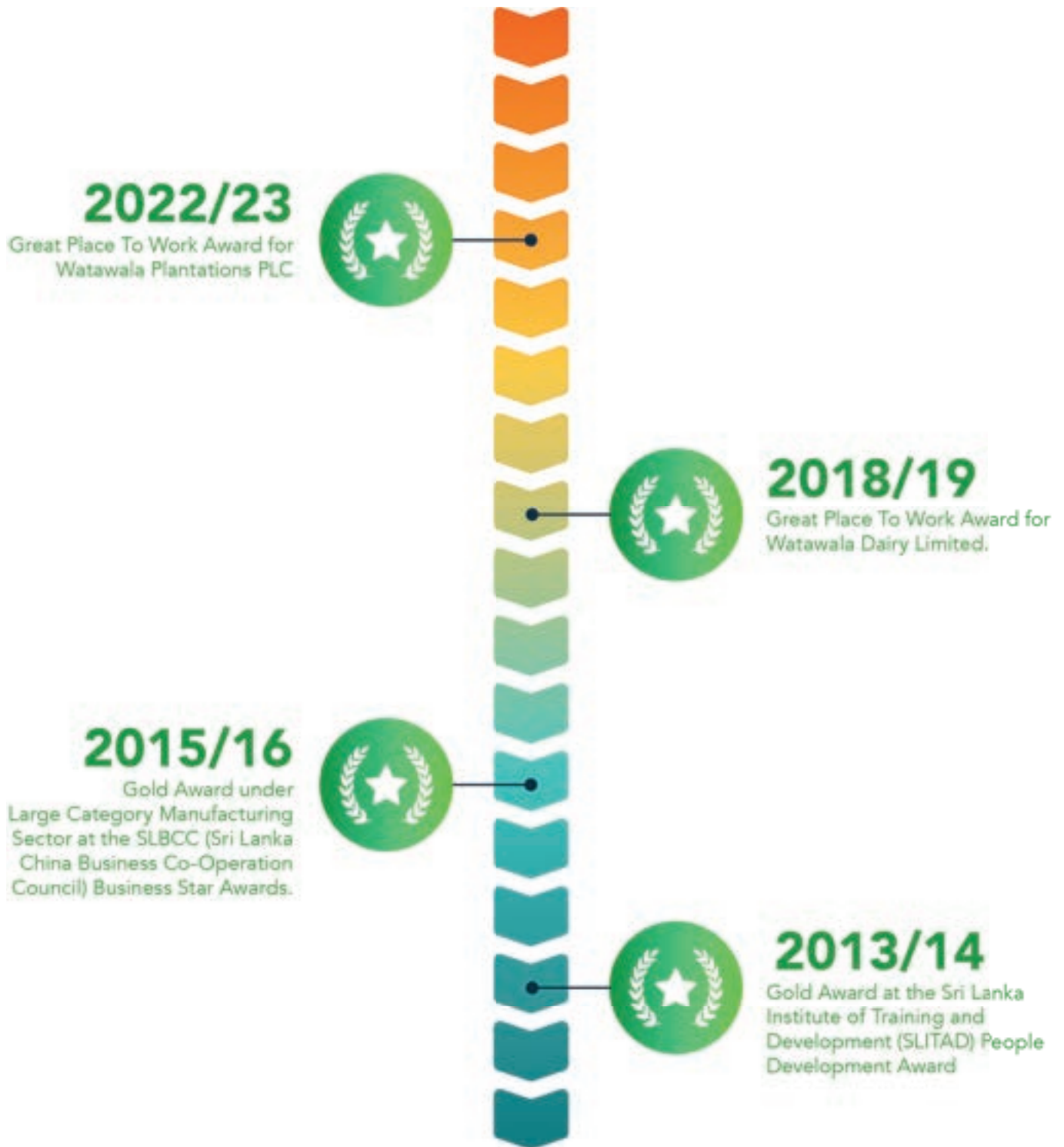
Community Infrastructure

WATA continues to invest in its communities, investing in social infrastructure such as estate roads, housing and sanitary and drinking water facilities for estate communities. In FY 2023/24 WATA invested Rs. 27 Mn in community infrastructure.

One house constructed for an estate worker	Rs. 1.8 spent on renovation of the palmgrove badminton court and gym
Rs. 1.1 Mn spent on hospital infrastructure development	Rs. 19.4 Mn spent on estate roads maintenance
Rs. 1.5 Mn for a Kovil renovation	Rs. 1.9 spent on a new CEB transformer

Awards and Accolades

WATA has been the recipient of a multitude of awards and accolades over the years, a true testament to our steadfast commitment to excellence in all aspects of its operation.



Financial Highlights

Financial Performance		FY 2024/23	FY 2022/23	%
Revenue	Rs. Mn	8,321	8,768	-5%
Gross Profit Margin	%	38%	40%	-5%
Operating Profit	Rs. Mn	2,661	2,931	-9%
Profit before Tax	Rs. Mn	2,766	2,953	-6%
Net Profit	Rs. Mn	2,345	2,332	1%
Basic Earnings per share	Rs.	11.60	11.63	0%
Cash flow from Operations	Rs. Mn	3,786	2,730	39%
Interest Cover	Time	34	25	36%
Return on Equity (ROE)	%	38%	36%	6%
Return on Capital Employed (ROCE)	%	32%	37%	-14%
Financial Position				
Total Assets	Rs. Mn	9,431	8,834	7%
Total Debt	Rs. Mn	533	277	92%
Total Shareholder Funds	Rs. Mn	6,189	6,280	-1%
Net Assets Per Share	Rs.	30.44	30.89	-1%
Debt/Equity Ratio	%	9%	4%	125%
Debt/Total Assets	%	6%	3%	100%
Current Ratio	%	2.28	2.86	-20%
Quick Asset Ratio	%	1.82	1.86	-2%
Market/ Shareholder Information				
Market Price per share on 31 st March	Rs.	88.70	74.50	19%
Market Capitalization	Rs. Mn	18,033	15,146	19%
Enterprise Value	Rs. Mn	18,059	14,848	22%
Price Earnings Ratio	Times	7.65	6.41	19%
Dividend Payout	%	103%	120%	-35%
Dividend Per Share	Rs.	12.00	14.00	-14%
Dividend Yield	%	14%	19%	-26%



Non-Financial Highlights

			2024/23
Human Capital	Total employees	No.	1,782
	Payments to employees	Rs. million	886
	Employee retention rate	%	89
	Female representation	%	34
	New recruits	No.	35
	Investment in training	Rs. million	6
	Total training hours	Hours	2,609
	Average training hours/employee	Hours	106
	Workplace injuries	No.	0
	Union representation	%	62
	Manufactured Capital	Property, plant and equipment	Rs. million
Investment in capex		Rs. million	290
Investment in automation and digitization		Rs. million	13
Intellectual Capital	Average length of employee service	Years	18
Natural Capital	Raw material consumption	MT	33,812
	Energy consumption	GJ	211,526
	Energy intensity	GJ per unit	138.88
	Water consumption	M3	53,788
	Solid waste generation	MT	63,510
	Carbon footprint	tCO2e	15,601
Social and Relationship Capital	Investment in community	Rs. million	27
	Payments to suppliers	Rs. Million	2,550
	Proportional spending to local suppliers	%	89

About the Report

Reporting Frameworks Adopted

Financial Reporting

- Sri Lanka Accounting Standards (SLFRS/LKAS) issued by CA Sri Lanka
- Companies Act No. 7 of 2007
- Listing Rules of the Colombo Stock Exchange (CSE)
- Securities and Exchange Commission of Sri Lanka (SEC) Act No. 19 of 2021

Sustainability Reporting

- GRI Standards 2021- Referencing Option
- IIRC International Integrated Reporting Framework

Corporate Governance

- Listing Requirements of the Colombo Stock Exchange
- Code of Best Practice on Corporate Governance issued by the CA Sri Lanka and SEC

Watawala Plantations PLC and its subsidiaries (herein after referred to as the "Group") present herewith its 9th Integrated Report, a balanced and comprehensive review of the Group's financial, social and environmental performance and impacts during the year.

Scope and Boundary

GRI 2-2

The report covers the operations of Watawala Plantations PLC and its subsidiary Watawala Dairy Limited. Financial and sustainability data have been collected from all operational locations including subsidiaries and presented in consolidated form. In instances where consolidation is not possible it is clearly stated thus at the point of disclosure. We apply the principle of materiality in determining content for our Integrated Report. This report therefore focuses on issues that have a material impact on our ability to deliver sustainable value to shareholders and key stakeholders. The process for determining material issues is detailed on page 62 of this Report, along with the material topics on page 62.

Reporting Period and Frequency

GRI 2-3

This report covers the period from 1st April 2023 to 31st March 2024 which is the Group's annual reporting cycle and builds on the Group's previous Annual

Report for the period ending 31st March 2023.

Restatement of Information

GRI 2-4

There was no restatement of information from the previous reporting period April 1st 2022 to 31st March 2023.

External Assurance

GRI 2-5

External assurance on financial information contained in this report has been obtained by independent external auditor Messrs KPMG, Chartered Accountants. The assurance report is set out in page 150 of this report.

Forward- looking statements

This report contains forward-looking statements, which are based on reasonable assumptions by the management. However, there can be no assurance that forward-looking statements will prove to be accurate and Watawala Plantations PLC undertakes no obligation to update or be accountable for forward-looking statements in circumstances should change.

Navigating our Report

Throughout the report we have sought to describe how we have created value for our stakeholders by leveraging our capitals. The following icons have been used to highlight the capital-linkages and to improve readability



Feedback

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

Mr. Dhammika Laksiri
Financial Controller
Watawala Plantations PLC
Phone: +94 11 477 2505
e-mail: dhammika.laksiri@sunshineholdings.lk

Directors' Responsibility

Watawala Plantations PLC's Board of Directors acknowledges ultimate responsibility for ensuring the integrity of this Report. We hereby confirm that this Report addresses all relevant material matters and fairly represents the Group's integrated performance. The Report is approved and authorized for publication.

Signed on behalf of the Board,

Sunil G Wijesinha
Chairman
29th May 2024



Chairman's Message

FY 2023/24 was a challenging year amidst a painful but essential economic reform program implemented by the Government to stabilize a flailing economy. Notwithstanding these challenging conditions, your company performed well, recording a PAT of Rs. 2.3 Billion and declaring a total dividend of Rs. 15 per share for the financial year ended 31 March 2024. The resolute performance despite the challenges is a testament to the Group's dynamic strategy and operational prowess.

Operating Context

After six consecutive quarters of negative growth, Sri Lanka's economy displayed tentative signs of recovery in 2023, with the economic reform programme implemented by the Sri Lankan authorities yielding notable results, particularly towards the latter part of the year. GDP recorded positive growth in the third and fourth quarters of 2023, resulting in the annual contraction being limited to 2.3% compared to the significant contraction of 7.3% observed in 2022. Domestic inflation meanwhile declined significantly, reaching single digits in July 2023 after the historically high levels that prevailed in 2022. Foreign exchange liquidity pressures eased after the International Monetary Fund's Extended Fund Facility (IMF-EFF) approval in March 2023, continuing import restrictions and increased inflows from export proceeds, workers' remittances and tourist earnings. The gradual easing of liquidity conditions



supported the appreciation of the Sri Lankan Rupee and stabilised the exchange rate following significant volatility in 2022. Meanwhile, Interest rates were adjusted downward by the Central Bank of Sri Lanka (CBSL) in response to easing inflationary pressures.

The progress achieved in stabilizing macroeconomic fundamentals is commendable; however, as expected, the reform programme has been painful, with reverberating impacts on the Group's operating environment. Income tax and VAT rate adjustments

impacted disposable income levels, negatively impacting demand conditions in our key sectors. Sourcing critical inputs such as animal feed remained a challenge during the early part of the year due to import restrictions, although this settled with the easing of restrictions. The removal of these restrictions commencing June 2023 meanwhile contributed to a dampening of prices, particularly in the palm oil sector. Upward revision of energy prices also contributed to higher energy costs across our

operations.

Driving sustainable Growth

Having successfully overcome the challenges of fertilizer and cattle feed shortages in FY 2022/23, we shifted our focus to increasing yields and quality in our core operations during the year. As discussed further in the CEO's review, efforts to this end resulted in notable yield increases in oil palm and dairy segments during the year. We have long understood the need to diversify our revenue bases to build resilience against economic and regulatory uncertainties. Therefore, efforts to develop a diversified pool of crops continued during the year, with resources being allocated to ancillary crops such as tea, rubber, coconut and cinnamon. We also continued exploring opportunities to move up the agri-business value chain by establishing a state-of-the-art Cinnamon Processing factory in Udugama, Galle. In addition to strengthening our presence in the lucrative Ceylon Cinnamon segment, we expect this initiative to play an essential role in enhancing the quality of cinnamon exports from the country by setting a benchmark for smaller producers.

Strategic interventions to the management and operational structure of Watawala Dairy implemented during the previous two years have also started to bear fruit, with the company witnessing a notable improvement in performance during the year. With the Government recognizing the dairy industry as a priority sector for development, we see significant growth potential. We will continue investing in our dairy

operation to consolidate its market position further.

ESG Focus

As a responsible corporate entity, environmental, social and governance considerations have always been a part of our business strategy. An articulated environmental sustainability policy and specific environmental management targets that go well beyond regulatory requirements ensure that environmental best practices are incorporated into all aspects of our operation. As an RSPO (Round Table for Sustainable Palm Oil) certified operation, WATA is committed to conserving, protecting, and enhancing ecosystems within and surrounding its operations and ensuring oil palm's responsible cultivation and processing. We do so by adopting sustainable agricultural practices and taking proactive action to preserve the biodiversity in our surrounding areas. Resource circularity is practised extensively, and we produced over 1,618 tonnes of compost for our plantations at our compost production facility at Nakiyadeniya from organic by-products from our dairy operation. We are exploring novel technology to improve our effluent management system, thereby minimizing the negative impact of Palm Oil Mill Effluents (POME) on the environment. We remain committed to moving towards greener energy sources and continue to explore renewable energy sources to meet our energy needs. 96% of our energy requirement in the palm oil milling operation is met through biomass generated from fresh fruit bunch waste. WATA commenced the sale of RSPO credits during the

financial year and earned Rs.. 50 Million by sale of RSPO credits in FY 2023/24.

We reinforced our long-term commitment to our communities, including estate communities, during the year with a structured "CSR and Village Integration Strategy" launched during the year. This multi-faceted strategy aims to create lasting bonds with our communities through impactful CSR and village integration initiatives in healthcare, sports and fitness, education and community engagement. During the financial year 2023/24, such integration activities benefited over 8,543 beneficiaries.

Governance Aspects

Strong governance is a hallmark of our operation and has been one of the key reasons for us to remain resilient amidst volatility. During the year, several changes to the Corporate Governance landscape were brought about by regulatory authorities, including changes to listing rules issued by the Securities and Exchange Commission, revisions to the Code of Best Practice on Corporate Governance by the Institute of Chartered Accountants of Sri Lanka and the issue of SLFRS Sustainability Standards by the institute of Chartered accountants. The Board has carefully reviewed these changes and plans to comply with them in full by the dates specified therein.

We also continued to strengthen our governance and risk management processes and practices. A critical development during the year was the appointment of an Internal Audit & Compliance Officer at Sunshine

Holdings with an overall mandate to strengthen governance and compliance. In-house and external training is also provided to employees on various aspects of corporate governance and risk management. Meanwhile, several of our managers have participated in overseas training programmes in Malaysia as part of our on-going efforts to incorporate best practices into all aspects of our operation.

Future Focus

As the economy gradually moves beyond its recovery phase, the palm oil and dairy industries have the potential to play a significant role in driving growth through import substitution, employment generation and value chain development. Therefore, we are excited about our prospects and remain focused on driving sustainable growth to create multi-stakeholder value. With ESG considerations increasingly driving consumer sentiments, our long-term focus on sustainable practices ideally places us to become the preferred producer in the segments we operate in.

A key constraint in our growth trajectory, however, is the continuation of the ban on oil palm cultivation. While we face no immediate threat due to the age of our oil palm plantation, long-term prospects not only for WATA but also for the plantation industry as a whole are impacted by policy inconsistency regarding oil palm cultivation. We therefore,

once again urge the authorities to consider science-based evidence and take definitive policy action accordingly. Other challenges prevail; the proposed plantation sector wage-hike will likely impact profitability in the upcoming year. Meanwhile, with WATA's current tax exemption on agriculture income which expired on 31 March 2024, profitability will likely be pressured further.


Acknowledgements

Finally, I sincerely appreciate my colleagues on the board for their unstinted guidance and support. On behalf of the board, I congratulate the group's leadership team and acknowledge their untiring efforts,

which enabled the group to successfully navigate a challenging year. To our employees, my heartfelt appreciation for their inspiring dedication and drive. Last but not least, I take this opportunity to thank all our valuable stakeholders, including shareholders, customers, suppliers, and other partners, for continuing to believe in us.



Sunil G Wijesinha
Chairman
29 May 2024



“Strong governance is a hallmark of our operation and has been one of the key reasons for us to remain resilient amidst volatility”



CEO's Message

Dear Shareholder,

As discussed in detail in our Chairman's review, the operating environment remained challenging during the year, exerting significant pressure on the Group's operations and financial performance.

Notwithstanding these challenging operating conditions, we remained steadfast in our commitment towards achieving operational excellence and building long-term resilience. Notable increases in both crop and milk yields were achieved during the year as a direct result of efforts to enhance productivity and efficiency. Our automation and our diversification strategies will continue to reap benefits in terms of higher revenue and broader market presence in years to come. Our sustainability ethos that permeates through everything we do meanwhile continued to enhance stakeholder value whilst setting the stage for future growth opportunities.

Financial performance

Amidst the challenging operating conditions that prevailed during the year, Group revenue decreased by 5% to Rs.. 8,321 Million in FY 2023/24. The dip in revenue was mainly on account of a 9% decline in revenue in the plantation sector. Despite a notable increase in yields per hectare and total crop during the year, revenue from the oil palm sector declined to Rs.. 6,867 Million in FY 23/24 as compared to Rs.. 7,574 Million in FY 22/23 due to a sharp drop in palm oil prices during the year. Dairy sector revenue on the



other hand increased by 22% to Rs.. 1,454 million in FY 2023/24 supported by an increase in both volume and price.

Gross profits at Group level amounted to Rs.. 3,155 Million, a 11% decline compared to FY 2022/23. The decrease was mainly due to lower margins in the oil palm sector as a result of the sharp decline in prices during the year. The dairy sector meanwhile recorded a notable improvement in margins due to the increased availability of cattle feed in the second half of the year and the resultant reduction in cost and increase in milk yield.

Operating margins continued to be impacted by the decline in selling price of palm oil and the inclusion of the Social Security Contribution Levy which came into effect in October

2022. Consequently, Group Operating profits witnessed a 9% decline to Rs.. 2,661 Million during the year. Notwithstanding these challenges the Group recorded a PAT of Rs.. 2,345 Million for the FY 2023/24 as compared to a PAT of Rs.. 2,332 Million in FY 2022/23.

Strategic Focus in FY 2023/24

With declining prices and cost increases continuing to pressure margins in the palm oil segment, we remained focused on maximizing yields from our existing oil palm extent through efficiency and productivity gains. To this end we continued to adopt agricultural best practices, introducing several best practices such as palm sanitization program to enhance yields and quality of

our crops. As a result of these efforts WATA recorded its highest ever oil palm yield of 16.8 MT per hectare during the financial year FY 2023/24. Several improvements to mill infrastructure were also carried out to increase processing efficiency and product quality. Meanwhile, we also continued with our efforts to develop ancillary crops such as tea, rubber coconut and cinnamon as part of our ongoing diversification drive. A key achievement during the year was the opening of our state-of-the-art cinnamon processing center in Udugama, Galle. The cinnamon processing center which follows good manufacturing practices signifies our foray into the cinnamon value-added segment and is expected to bring about significant returns in the upcoming years.

In our dairy operation too we continued to focus on improving yields and quality by improving cattle health and nutrition. During the year several investments were made to improve the conditions of cattle sheds to further improve the living conditions of cattle. Meanwhile, as part of our long-term efforts to build a high-quality replacement herd we expanded our heifer herd during the year. Efficient management of feed operations remained a key focus amidst rising feed prices and several improvements were also carried out to increase efficiency and better manage our feed operations.

We also progressed on our digitization drive during the year, with the implementation of SAP Business One HANA Enterprise Resource Planning (ERP) platform and iHarvest, a locally

developed plantation sector specific digital platform. The implementation of the ERP platform will enable us to further streamline our operation with access to critical real-time information thereby resulting in significant cost savings, greater transparency of field operations, better planning of operations and improved harvesting cycles. The implementation of "iHarvest" meanwhile will connect us to a growing digitally enabled plantation eco-system to collectively address common issues facing the sector and drive the next-level transformation in Sri Lanka's agriculture sector.

Increasing labour productivity and retaining skilled workers within the industry remains a key priority amidst growing concerns of labour shortages. Accordingly, we focused on targeted skill development programs for employees at all levels in both the plantation and dairy sectors. Meanwhile, several team building exercises were carried out throughout the year to further enhance our employee value proposition.

Outlook

With the Sri Lankan economy starting to show tangible signs of recovery towards the end of 2023, we are confident of our prospects for FY 2024/25 and beyond. The stabilization of macro-economic fundamentals is expected to reduce inflationary pressures and positively impact demand conditions in both the plantation and dairy sectors in the short to medium term. The downward trend in fertilizer prices too is encouraging and is expected

to positively impact our financial performance in the forthcoming year.

Despite these positive developments, policy inconsistency, particularly in relation to the cultivation of oil palm remains a key challenge, hampering the significant growth potential of the oil palm sector. We therefore urge the relevant authorities to take a holistic view of the industry, and take a decisive step in the right direction.

Going forward we remain focused on our multi-pronged strategy of maximizing yields in core crops while actively pursuing diversification opportunities in growth industries such as the dairy business and cinnamon value-added business. We will also continue to hone our operation to put sustainability front and center of all we do.

Acknowledgements

In closing I wish to take this opportunity to place on record my sincere appreciation to the Chairman and Board of Directors for their consistent support and guidance. I also extend my heartfelt appreciation to our management team and employees for their untiring dedication and commitment. Our performance as a Group is a reflection of your efforts. Last but not least I wish to thank our business partners, shareholders and other stakeholders who continue to stand with us. Your confidence in us, drives us to achieve greater heights.



V Govindasamy
Director / Acting CEO
29 May 2024

Together We Thrive

Spirit of the Workforce



Board of Directors



Mr. Sunil G. Wijesinha
Chairman



Mr. V. Govindasamy
Director



Mr. M. S. Mawzoon
Director



Mr. S. G. Sathasivam
Director



Mr. H. D. Abeywickrama
Director



Mr. M. R. Rao
Director



Mr. A. R. Rasiah
Director



Mr. M. R. Mihular
Director



Mr. M.T. Siddique
Director



Mr. A. Herath
Director

Board of Directors

Name	Mr. Sunil G. Wijesinha	Mr. V. Govindasamy	Mr. M. S. Mawzoon	
Position	Chairman	Director	Director	
Status	Non-Executive/Independent	Non Executive/ Non-Independent	Non-Executive/ Non-Independent	
Age	74 Years	60 Years	53 Years	
Qualifications/ Business Experience	<p>MBA from Postgraduate Institute of Management, University of Sri Jayawardenapura.</p> <p>Fellow Member of the Chartered Institute of Management Accountants (UK).</p> <p>Fellow Member of the Institute of Management Services (UK).</p> <p>Associate Member of the Institution of Engineers, Sri Lanka.</p>	<p>Holds a MBA from University of Hartford, USA.</p> <p>Bachelor of Science in Electrical Engineering, University of Hartford, USA.</p> <p>Fellow Member of the Institute of Certified Professional Managers of Sri Lanka.</p>	<p>Thirty one years experience in various business industries.</p>	
Other Key Positions	<p>Past President National Chamber of Commerce of Sri Lanka</p> <p>Past Chairman Employers' Federation of Ceylon</p> <p>Chairman Watawala Dairy Ltd. RIL Property PLC SC Securities (Pvt) Ltd.</p> <p>Director BizEx Consulting (Pvt) Ltd. Sampath Centre Ltd.</p>	<p>Past Chairman Employers Federation of Ceylon The Ceylon Chamber of Commerce</p> <p>Deputy Chairman Sunshine Holdings PLC</p> <p>Chairman / Director Healthguard Pharmacy Limited Sunshine Healthcare Lanka Limited Sunshine Consumer Lanka Limited Watawala Dairy Limited Sunshine Wilmar (Private) Limited Sunshine Foundation for Good Tata Communications Lanka Limited TAL Lanka Hotels PLC Ceylon Property Development Limited Softlogic Life Insurance PLC 1990 Suwaseriya Foundation Sunshine Tea (Private) Limited Lanka Island Resorts Ltd.</p>	<p>Managing Director Pyramid Wilmar (Pvt)Ltd. Pyramid Wilmar Oils & Fats (Pvt) Ltd. Pyramid Lanka (Pvt) Ltd.</p> <p>Chairman / Director Pyramid Wilmar Plantations (Pvt) Ltd. Wressle Holdings (Pvt) Ltd. Pyramid Holdings (Pvt) Ltd. Sunshine Wilmar (Pvt) Ltd. Watawala Dairy Limited Joyspree Lanka Holdings (Pvt) Ltd. Pyramid Gama (Pvt) Ltd. Perennial Real Estate Lanka (Pvt) Ltd. P R E H Properties (Pvt) Ltd. Shangri-La Hotels Lanka (Pvt) Ltd. Shangri-La Investments Lanka (Pvt) Ltd. Ltd. One Galle Face Property Management (Pvt) Ltd. The Phone Company (Pvt) Ltd. Pyramid Oils and Logistics (Pvt) Ltd. Pyramid Oil Mills (Pvt) Ltd. Pyramid Warehousing (Pvt) Ltd. Forture Green (Pvt) Ltd. Melsta Gama (Pvt) Ltd.</p>	

	Mr. S. G. Sathasivam	Mr. H.D. Abeywickrama	Mr. M.R. Rao
Director	Director	Director	Director
Non-Executive/ Non-Independent	Non-Executive/ Non-Independent	Non-Executive/Independent	Non-Executive/ Non- Independent
46 Years	46 Years	63 Years	72 Years
	<p>Holds a MBA from Kellogg School of Management, Northwestern University, USA</p> <p>Graduated from the London School of Economics & Political Science, UK</p>	<p>Graduate of the Air Command & Staff College at Air University, Maxwell Air Force Base, Alabama, USA.</p> <p>Graduate of the Royal College of Defense Studies, London UK.</p> <p>Master of Arts degree in International Studies from King's College, the University of London.</p> <p>Master of Science degree in Management from the Kotalawala Defense University, Sri Lanka.</p>	<p>Fellow member of the Institute of Chartered Accountants of India.</p> <p>Commerce graduate from Mumbai University.</p>
	<p>Former President Sri Lanka Chamber of Pharmaceutical Industry (SLCPI)</p> <p>Committee Member Ceylon Chamber of Commerce (CCC)</p> <p>Group CEO / Director Sunshine Holdings PLC</p> <p>Director Healthguard Pharmacy Limited Sunshine Healthcare Lanka Limited Lina Manufacturing (Private) Limited Lina Spiro (Private) Limited Norris Canal Properties (Private) Limited Sunshine Packaging Lanka Limited Sunshine Consumer Lanka Limited Sunshine Wilmar (Private) Limited Lamurep Investments Limited Lamurep Properties Limited Sunshine Tea (Private) Limited Century Properties Limited</p>	<p>Director Watawala Dairy Limited Brandix Lanka Limited Capitol Towers Limited</p>	<p>Director Shree Renuka Sugars Limited Adani Wilmar Limited Gokak Sugars Limited GMR Hyderabad International Airport Limited Sumeru Global Holdings and Services (Private) Limited Sumeru Software Solutions (Private) Limited Pyramid Lanka (Private) Limited Pyramid Wilmar (Private) Limited Pyramid Wilmar Oils & Fats (Private) Limited Wilmar Tea Lanka (Pvt) Ltd. Perennial Real Estate Lanka (Private) Limited PREH Properties (Private) Limited Sunshine Wilmar (Private) Limited Orion Fund Pte. Ltd.. Orion Fund II Pte. Ltd. Art of Living Foundation Ltd., Australia</p> <p>Commissioner PT Gold Energy Mines Ltd..</p> <p>Trustee The Art of Living, India</p>

Name	Mr. A. R. Rasiah	Mr. M. R. Mihular	Mr. M. T. Siddique	
Position	Director	Director (Appointed w.e.f. 12 Dec 2023)"	Director (Appointed w.e.f. 12 Dec 2023)	
Status	Non-Executive/Independent	Non-Executive/Independent	Non-Executive /Independent	
Age	78 Years	67 Years	34 Years	
Qualifications/ Business Experience	<p>Fellow Member of the Institute of Chartered Accountants of Sri Lanka</p> <p>Finalist of the Institute of Chartered Management Accountants (UK)</p> <p>Forty year experience in Finance</p>	<p>Fellow Member of the Institute of Chartered Accountants of Sri Lanka and is a Fellow Member of the Chartered Institute of Management Accountants (CIMA) – UK.</p> <p>Completed International Executive Education programs at INSEAD, France, Harvard Business School and the London Business School, UK. Has over 45 years of industry experience.</p>	<p>Holds a Bachelor's (Honours) in Finance and Accounting from the University of Nottingham. Member of the Association of Chartered Certified Accountants. Associate Member at Sri Lanka Institute of Directors and Member at International Chamber of Commerce.</p>	
Other Key Positions	<p>Chairman Hela Group of Companies</p> <p>Director Sunshine Tea (Pvt) Ltd. Gestetner of Ceylon PLC Clindata Lanka (Pvt)Ltd. Synteract Lanka (Pvt) Ltd. Fintek Managed Solutions (Pvt) Ltd. E. B. Creasy & Co. PLC The Colombo Fort Land & Building Company PLC Gordon Frazer Bosanquet and Skrine Limited Century Properties Limited</p>	<p>Chairman Bairaha Farms PLC</p> <p>Director Melstacorp PLC Sunshine Holdings PLC Sunshine Tea (Pvt) Ltd. LTL Holdings Ltd. DAMRO Holdings Ltd. Nestle Lanka Limited Agility Innovation (Pvt) Ltd.</p> <p>Past Positions Chairman-Middle East and South Asia Regional Board at KPMG, Director at the International Accounting Standards Board, Director at The International Ethics Standards Board for Accountants, President & Member at Chartered Institute of Management Accountants (Sri Lanka), Managing Partner at KPMG Sri Lanka, Managing Partner at KPMG Maldives, and Member-Global Council at KPMG International Ltd..</p>	<p>Director Pyramid Wilmar (Pvt) Ltd. Fortune Green (Pvt) Ltd. Pyramid Holdings (Pvt) Ltd. Melsta Gama (Pvt) Ltd. Pyramid Gama (Pvt) Ltd.</p> <p>Alternate Director Sunshine Wilmar (Private) Limited Perennial Real Estate Lanka (Pvt) Ltd. P R E H Properties (Pvt) Ltd.</p> <p>Chief Operating Officer Pyramid Lanka (Pvt) Ltd. Pyramid Wilmar Oils & Fats (Pvt) Ltd. Pyramid Wilmar Plantations (Pvt) Ltd.</p>	

	Mr. A. Herath	Mr. N. B. Weerasekera	Mr. L. C. Leong
	"Director (Appointed w.e.f. 12 Dec 2023)"	Director (Resigned w.e.f. 18 Nov 2023)	Director (Resigned w.e.f. 5 Dec 2023)
	Non-Executive/Independent	Non-Executive/Independent	Non-Executive/Non-Independent
	60 Years	64 Years	50 Years
	Fellow member of the Institute of Chartered Accountants of Sri Lanka, Chartered Global Management Accountant, Bachelor of Science degree from the University of Colombo, MBA from the University of Strathclyde in the United Kingdom and a Master of Arts in Financial Economics from the University of Colombo. Has over 30 years of experience as a Chartered Accountant.	Thirty nine years in Business Management and Finance Fellow Member of the Chartered Institute of Management Accountants, UK. MA in Economics from University of Colombo BSc (Hons) in Physics from the University of Peradeniya	Bachelor of Accountancy - Nanyang Technological University Chartered Accountant - Institute of Singapore Chartered Accountants
	Former Ernst and Young (EY) Senior Partner and Head of Consulting for Sri Lanka and Maldives. Director Colombo Stock Exchange Central Depository System (Pvt) Ltd. SYNAPSYS Ltd. Durdans Medical and Surgical Hospitals (Pvt) Ltd. Cargills Bank Limited Senkadagala Finance PLC		

Corporate Management Team

Vish Govindasamy (Acting Chief Executive Officer)

Professional with a distinguished career spanning over several decades, holds an MBA and a Bachelor of Science in Electrical Engineering from the University of Hartford, USA. He is a Fellow Member of the Institute of Certified Professional Managers of Sri Lanka, highlighting his commitment to excellence in management. At 60 years old, he brings a wealth of experience and expertise to our organization. His previous roles include Chairman of the Employers Federation of Ceylon and the Ceylon Chamber of Commerce. Currently, he serves as Deputy Chairman of Sunshine Holdings PLC and holds chairmanship and directorship positions in numerous companies, including Healthguard Pharmacy Limited, Sunshine Healthcare Lanka Limited, and Watawala Plantations PLC, among others. His extensive leadership in various sectors underscores his capability to steer our company towards continued success.

Fergus Stanley (Business Consultant, Watawala Dairy)

Born on a dairy farm in Ireland and with hands-on experience in setting up a Dairy Farm in Estonia, Fergus is an expert in Dairy Farming. He has over 30 years of experience in dairy farms and business engagements.

Dhammika Laksiri (Financial Controller Watawala Plantations & Watawala Dairy)

Dhammika is an experienced finance professional with exposure

to plantations, manufacturing, Information Technology and Assurance & Advisory services for over 24 years. He is a Fellow CA member with B. Sc. (Accountancy) Sp. (Hons) from University of Sri Jayewardenapura.

Gayan Dehideniya (Senior HR Business Partner – Watawala Plantations & Watawala Dairy)

Gayan is an HR generalist with over 11 years of experience in multiple industries. He gained experience in construction, apparel manufacturing and retail industries throughout his career. His Masters in Human Resource Management and Bachelors in Human Resource Development provides him with a solid background for his career in the HR field. Exposure in multiple industries has given him the knowledge to understand and connect with people at all levels.

Prasanna Premachandra (Deputy General Manager – Estate Operations, Watawala Plantations)

Prasanna has over 26 years of experience in Plantations Management. Exposure to Tea growing and manufacturing in Assam – India and Kenya.

He holds a diploma in Human Resources Management from London Business School and qualified in 'Plantation Accountancy and Financial Management' and 'Language Proficiency' by National Institute of Plantation Management. He is presently reading for Bsc. In Business Management at Open University of Sri Lanka.

Thanushka Kaluwa Handi (Senior Manager – Mill Operations, Watawala Plantations)

Thanushka counts 18 years' experience in the field of Process Engineering in manufacturing organizations. He holds a B.Sc. (Eng) from the University of Moratuwa specialized in Chemical & Process Engineering. He started his career as a Management Trainee at Pelawatte Sugar Industries Ltd. In 2005 and was appointed a Chemical Engineer.

He joined Watawala in 2007 as the Assistant Mill Engineer. He holds a Diploma in Manufacturing Management from NIBM, and is presently reading for an MBA from the University of Ruhuna.

Dimantha Samarasinghe (Senior Manager – Homadola Estate, Watawala Plantations)

Counts 28 years of experience related to plantation industry both as a planter and an industrialist. Started the career as a Trainee Assistant Manager and rose through the ranks of Deputy Manager, Manager and Senior Manager. He held the position of General Manager at AEN Palmoil Processing (Pvt) Ltd before re-joining the plantations. He has managed every value stage of rubber and oil palm i.e from planting, harvesting, manufacturing to selling of end product. Holds a Diploma in Personal Management and Industrial Relations and reading for an Msc. in Management at Sir John Kotelawala Defense University. Joined Watawala in 2021.

Nilantha Senevirathne **(Manager – Nakiyadeniya Estate, Watawala Plantations)**

Comments the planting carrier as management trainee with Watawala Plantation from 2002 August and reached to position as manager in the year 2019 ,with having the professional qualification NIPM Diploma in Agriculture, Accounting and Financial Management, Language Proficiency with process with Advance National Diploma in Human Resources Management at NIBM.

Kolitha De Mel **(Mill Manager - Mill Operations)**

Kolitha has over 20 year experience in engineering & manufacturing management in food processing both locally & overseas. He holds a B. Eng. in Electrical & Electronics from the University of Pacific-Central America, and an MBA & Executive MSc. in Project management from Asia e University, Malaysia. He started his career at Camso Loastar as a Trainee Engineer in 2001 and joined Watawala in 2023 as the Mill Manager.

Positha Lokugamage **(Manager Corporate Affairs - Watawala Plantations & Watawala Dairy)**

Holds a Bachelor of Business (BBUS) Double Major in Marketing & Business Management (Second Upper) from the Edith Cowan University, Perth, Australia.

Joined Sunshine Holdings PLC as an Assistant Manager of Digital Marketing (to manage digital platforms in Healthguard Retail Stores), and moved up the ladder to Head Marketing for Healthguard with the overall management of Brand marketing, Digital & Exclusive Product Portfolio

Management. (GNC, SWISSE, Oceans Health, Swiss Energy). Joined Watawala in 2022 to Head Corporate Brand Management.

Asanke Ekanayake **(Manager - Talangaha Estate, Watawala Plantations)**

Asanke counts 16 years' experience in the plantation sector. He started his career in 2008 as a Trainee Assistant Manager at the Houpe Estate, Kahawatte managed by Kahawatte Plantations PLC. He served as a Senior Assistant Manager at Agalawatte Plantations prior to joining Watawala Plantations in 2017 as an assistant manager at the Nakiyadeniya Estate. He holds a general MBA from the Vern University, Croatia.

Kevin Jansz **(Business Analyst / Project Manager - Watawala Plantations & Watawala Dairy)**

Kevin holds a B.Sc. in Business Administration (Business Economics) Sp. (First Class) from the University of Sri Jayewardenepura, and an MBA in Finance from the University of Bedfordshire. He is also a CIMA passed finalist.

He started his career at Moody's Analytics Knowledge Services (now Acuity Knowledge Partners), and supported Buy-Side and Sell-Side Asset Managers in the US and UK. He joined Watawala in 2021.

Supun Priyantha Jayasekara **(IT Business Partner - Watawala Plantations & Watawala Dairy)**

Supun is an experienced IT professional with over a decade of experience with expertise across various sectors including automobile, healthcare, and plantations. Holding a Bachelor's degree in Information Technology

from the University of Colombo, he possesses a strong foundation in his IT career. His extensive exposure in diverse industries equips him with the capability to comprehend and resolve a wide range of issues effectively.

Maheel De Silva **(Internal Auditor - Watawala Plantations & Watawala Dairy)**

Maheel is an experienced audit professional counting over 20 years of experience in Audit and Finance. He currently serves as the Internal Auditor. Maheel has a strong background in aiding organizations with the identification, understanding, and assessment of risks, as well as conducting internal audit functions. He is a Passed Finalist of the Institute of Chartered Accountants of Sri Lanka and holds membership in the Association of Accounting Technicians (AAT) of Sri Lanka.

Lasantha Weerasinghe **(Manager – Royston Estate, Watawala Plantations)**

Holds all-round Management and Administrative experience as an Estate Superintendent, Manager Operations, and Consultant in the plantation industry for more than 30 years covering tea, rubber, coconut and horticultural crops including up and low country, black and green tea manufacturing. Holds an M.Sc. in Plantation Crop Management from the University of Peradeniya, a B.Sc. (Hons) in Plantation Management from the Wayamba University.

Corporate Management Team



Vish Govindasamy
Acting Chief Executive Officer



Fergus Stanley
Business consultant,
Watawala Dairy



Dhammika Laksiri
Financial Controller - Watawala
Plantations & Watawala Dairy



Gayan Dehideniya
Senior HR Business Partnerig – Watawala
Plantations & Watawala Dairy



Prasanna Premachandra
Deputy General Manager -
Estate Operations, Watawala Plantations



Thanushka Kaluwa Handi
Senior Manager – Mill
Operations, Watawala Plantations



Dimantha Samarasinghe
Senior Manager – Homadola Estate,
Watawala Plantations



Nilantha Senevirathne
Manager – Nakiyadeniya Estate,
Watawala Plantations



Kolitha De Mel
Manager – Mill Operations,
Watawala Plantations



Positha Lokugamage
(Manager Corporate Affairs -
Watawala Plantations
& Watawala Dairy)



Asanke Ekanayake
Manager - Talangaha
Estate, Watawala Plantations



Kevin Jansz
Business Analyst / Project
Manager - Watawala Plantations
& Watawala Dairy



Supun Jayasekara
IT Business Partnering - Watawala
Plantations & Watawala Dairy



Lasantha Weerasinghe
Manager – Royston Estate,
Watawala Plantations



Maheel De Silva
Internal Auditor, Watawala Plantations
& Watawala Dairy

Corporate Governance

The Board of Directors holds the ultimate responsibility for overseeing the strategic direction, internal controls, financial reporting, risk management, and operations of the Watawala Plantations PLC. Sound corporate governance structures, policies, systems, and processes, along with regular reporting, facilitate the fulfillment of these duties by the Board while fostering a robust business model that consistently delivers sustainable value to stakeholders. These governance mechanisms are continuously refined to adapt to external shifts in legal, regulatory, and voluntary standards, as well as internal needs, ensuring their effectiveness in an ever-changing operational environment. The Board is tasked with creating a governance framework to drive sustainable growth. It sets the overall strategy to increase the company's long-term value and oversees its execution. By offering independent, informed, and effective judgment and leadership in decision-making, the Board ensures that strategy, risk management, internal controls, performance, and sustainable development are seamlessly integrated and appropriately balanced.

Code of Conduct and Ethics

The Company's Code of Conduct sets out the standard of conduct expected of all employees. The Board is not aware of any material violations of any of the provisions of the Code of Conduct and Ethics/ Standard of Conduct by any Director or employee of WATA.



Changes impacting Corporate Governance

- Listing Rule #9 on Corporate Governance by the Colombo Stock Exchange with effective dates for compliance set out for specific provisions from 1st October 2023 to 1st October 2024.
- Issue of the revised Code of Best Practice on Corporate Governance 2023 by the Institute of Chartered Accountants of Sri Lanka
- Issue of SLFRS Sustainability Standards by the institute of Chartered accountants which are effective for reporting periods beginning on or before January 2025
- The Board has reviewed the changes required to governance structures and processes and plan to comply by the dates specified herein.

Governance Framework

Regulatory	Voluntary Standards, Codes & Frameworks	Internal Documents
<ul style="list-style-type: none"> • Sri Lanka Accounting Standards (SLFRS/LKAS) issued by CA Sri Lanka • Companies Act No. 7 of 2007 • Listing Rules of the Colombo Stock Exchange (CSE) • Securities and Exchange Commission of Sri Lanka (SEC) Act No. 19 of 2021 	<ul style="list-style-type: none"> • Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants 2017 • Integrated Reporting Framework • Global Reporting Initiative Standards 	<ul style="list-style-type: none"> • Articles of Association • Board Charter • Code of Conduct • Policy framework

Key Governance Practices

- A balance of power established with a majority of non-executive directors of whom 5 are independent
- An Independent Non-Executive Director is the Chairman
- Annual rotation of a minimum of 1/3 of the Non-Executive Directors
- Shareholders have right to call for special meeting

Board Composition

Executive Directors	2
Non-Executive, Independent	5
Non-Executive, Non-independent	3



Highlights 2023/24

Board Composition

The Board consists of 10 Directors, appointed by shareholders during the Annual General Meeting. Among them, there are 8 Non-Executive Directors, with 5 fulfilling the independence criteria outlined in Corporate Governance Listing Rule #9. This composition of both executive and non-executive directors, along with a diverse range of skills and experiences, enables impartial and well-informed discussions on matters brought before the Board.

Name	Shareholding	Role	AC	RC	RPTRC	NGC	No. of Appointments at Public Listed entities
Mr. Sunil. G. Wijesinha	1	Chairman	○	○	○	○	1
Mr. V. Govindasamy	Nil	Acting CEO					3
Mr. S. G. Sathasivam	Nil	Executive, Non-Independent Director				○	1
Mr. Sajaad Mawzoon	Nil	Non-Executive, Non-Independent				○	0
Mr. Thanveer Siddique	Nil	Non-Executive, Non-Independent					0
Mr. M. Ramachandra Rao	Nil	Non-Executive, Non-Independent		○			0
Mr. Reyaz Mihular	Nil	Non-Executive, Independent					3
Mr. Albert Rasiah	10,000	Non-Executive, Independent	⊕		⊕		3
Mr. Harsha Abeywickrama	Nil	Non-Executive, Independent		⊕		⊕	0
Mr. Arjuna Herath	Nil	Non-Executive, Independent	○		○	○	1
Chairman	Member	AC – Audit Committee RC – Remuneration Committee			RPTRC – Related Party Transaction Review Committee	NGC - Nominations and governance Committee	

Appointments & Exits

Directors are appointed by the shareholders at the Annual General Meeting (AGM), following a formal and transparent process. Appointments are made based on recommendations made by the Board of Directors.

The Nominations and Remuneration Committee makes recommendations to the Board in this regard having considered the combined knowledge, experience and diversity of the Board in relation to the Company's strategic plans and any gaps thereof. In compliance with the Articles of Association of the company, 1/3 of the Non-Executive Directors will retire from office on a rotational basis at each AGM. The Nominations and Remuneration Committee recommends the Directors for re-election, and approval by the Board, having assessed the Board's skill and knowledge composition in meeting the strategic demands of the company. A director appointed by the Board to fill a casual vacancy arisen since the previous AGM, will offer himself for re-election at the next AGM. All appointments and resignations are communicated to the CSE. Appointment communications include a brief resume of the director.

Determining Independence of Non-Executive Directors

For 2023/24, the Independence of the Directors is determined by the Board based on the annual declarations submitted by the Non-Executive Directors in accordance with the Listing Rule 7 of the Colombo Stock Exchange. This is replaced by the Corporate Governance Rule #9 and provisions relating to the new criteria

for independence become effective on 1st October 2024 which will necessitate changes in the classification of Independent Directors due to age related provisions. The reclassification will be carried out by the date specified in Rule #9.

All Directors qualify against the criteria for independence as per Rule 7.10.4 of the Listing Rules and the Board, based on declarations submitted by the said Directors has determined that they are Independent Directors.

Role of the Chairman and CEO

The separation of roles between the Chairman and CEO ensures a balanced distribution of power within the Board. The Chairman's responsibilities encompass determining meeting frequency, setting agendas, chairing meetings, ensuring Board members are adequately informed for decision-making, and fostering effective participation among all members. On the other hand, the Chief Executive Officer is tasked with executing strategies within the established policy framework and in adherence to regulatory standards.

Role of the Company Secretary

Company secretarial services are rendered by Corporate Services (Private) Limited, who oversee the organization of meetings, distribution of Board documents, minute-taking, and submission of required filings. They also provide crucial guidance to directors concerning board protocols and legal obligations related to their roles. Furthermore, they are entrusted with coordinating Annual

General Meetings, Extraordinary General Meetings, shareholder communications, and disclosures to the Colombo Stock Exchange. The appointment and dismissal of Corporate Services (Private) Limited are decisions made collectively by the entire Board.

Board Subcommittees

<i>Audit Committee (Refer page 124 for Audit Committee Report)</i>
<p>Mandate:</p> <ul style="list-style-type: none"> • Reviews the integrity of financial statements in accordance with Sri Lanka Financial Reporting Standards. • Ensure compliance with legal and regulatory requirements of the Companies Act and other relevant financial reporting related regulations and requirements. • Assess the External Auditor’s independence and performance. • Review adequacy and effectiveness of risk management
<p>Composition: 3 Independent, non-Executive Directors, of whom two are Chartered Accountants.</p>
<i>Remuneration Committee (Refer page 121 for Remuneration Committee Report)</i>
<p>Mandate: The Committee assists the Board in determining a suitable remuneration package.</p>
<p>Composition: 2 Independent, Non-Executive Directors, and 1 Non-Independent, Non-Executive Director</p>
<i>Related Party Transactions Review Committee (Refer page 127 for Related Party Transactions Review Committee Report)</i>
<p>Mandate: To ensure on behalf of the Board that all Related Party Transactions of the Group are consistent with the Code of Best Practice on Related Party Transactions issued by the SEC.</p>
<p>Composition: 3 Independent, Non-Executive Directors</p>
<i>Nomination and Governance Committee (Refer page 123 for Related Party Transactions Review Committee Report)</i>
<p>Mandate: To overseeing matters related to the nomination of Key Management personal including Directors, governance, and board composition, ensuring alignment with regulatory requirements and best practices.</p>
<p>Composition: 3 Independent, Non-Executive Directors, 1 Non-Independent, Non-Executive director, 1 Non-Independent, Executive director</p>
<i>Group Management Committee</i>
<p>Composition: members of the Corporate Management whose designations are given on pages 30-31</p>

Managing conflicts of interest

Directors are required to declare their business interests on appointment and update thereafter and the Company Secretaries maintain a register of Directors' Interests. Directors are disclosed on page 25 to 29. Directors do not participate in the meeting when related party matters are discussed, absenting themselves from the Board room for the duration of the discussion.

Related party transactions are reviewed quarterly by the Related Party Transactions Review Committee who approve the transactions and ensure appropriate disclosures in line with regulatory requirements. Related party transactions are disclosed in

Note 36 to the financial statements on page 220.

Effective Meetings

Board meetings are held quarterly in accordance with an annual calendar prepared by the Company Secretaries, with provision for additional meetings as maybe required. The agenda for the meeting is determined by the Chairman and the Company Secretary with inputs where needed from the CEO. Relevant Board papers are circulated to the Directors seven days prior to the meeting allowing sufficient time for review and clarification. Performance oversight, risk management and review of financial statements are regular items on the

agenda of the Board.

Key Management Personnel (KMP) attend Board meetings on invitation to make presentations and update the Board on material issues that impact the business. They are also available for clarifications that may be required by Board members. Board minutes are circulated to members within 2 weeks and are formally notified.

Meeting Attendance

Attendance of Directors at meetings is given below,

Name	Status	Eligibility	Attended	Date appointed	Date Resigned
Mr. S. G. Wijesinha	Chairman Non-Executive/ Independent	5	5		
Mr. V. Govindasamy	Non-Executive/ Non-Independent	5	5		
Mr. M. S. Mawzoon	Non-Executive/Non-Independent	5	5		
Mr. N. B. Weerasekera	Non-Executive/ Independent	3	2		18 Nov 2023
Mr. H. D. Abeywickrama	Non-Executive/ Independent	5	5		
Mr. M.R Rao	Non-Executive/ Non-Independent	5	4		
Mr. A. R. Rasiah	Non-Executive/ Independent	5	2		
Mr. C. L. Loo	Non-Executive/Non-Independent	3	3		5 Dec 2023
Mr. S.G. Sathasivam	Non-Executive/ Non-Independent	5	4		
Mr. A Herath	Non-Executive/ Independent	2	2	12 Dec 2023	
Mr. M. R. Mihular	Non-Executive/ Independent	2	2	12 Dec 2023	
Mr. M. T. Siddique	Non-Executive/ Independent	2	1	12 Dec 2023	

Induction & Training for Directors

On appointment, Directors are provided with an orientation pack with all relevant external and internal regulation documents and a tour of the estate, palm oil factory premises and dairy farm. The Board of Directors recognize the need to keep abreast of current developments affecting the sector both globally and locally with reference to regulatory changes and the country's economy. They

undertake training and professional development by attending seminars workshops/conferences, participating as speakers at events, using web-based learning resources and reading regulatory updates etc

Evaluations

Appraisal of CEO

The performance of the Chief Executive Officer is evaluated twice a year, via a mid-year and

year-end appraisal by the Board against predetermined goals and criteria which are agreed and set with the CEO at the beginning of the year. Remuneration is based on performance.

Board Evaluations

The Chairman evaluates the Board Members, and their independence periodically.

Remuneration Policy

The Board is assisted by the Remuneration Committee in determining remuneration of Directors. The level of remuneration reflects the experience and level of responsibilities undertaken by the Director concerned.

Accountability & Audit

The Board approved the quarterly reports prior dissemination to the public through the CSE and the corporate website. The Audit Committee reviews the financial statements and recommends the financial statements for approval by the Board. The following reports set out further information required by the Code:

The Directors' Report on page 129 (including the declaration that the company is a going concern)

The Statement of Directors' Responsibility on page 129

Report of the Auditors on page 150-154

External Auditor

The External Auditor is appointed by the shareholders at the Annual General Meeting. The Audit Committee monitors and reviews the External Auditor's independence, objectivity and the effectiveness of the audit process considering relevant professional and regulatory requirements.

Assignment of non-audit services to External Auditors is reviewed by the Audit Committee who determine

whether the potential impairment of independence and objectivity of the External Auditor in carrying out his duties and responsibilities.

Oversight of Subsidiaries

Chairman and other directors sit on the Boards of subsidiaries and provides feedback to the main Board on matters of concern.

Finance and Human Resources functions have regular meetings with heads of corresponding functions in the subsidiaries to ensure harmonization and sharing of best practice.

Internal audit co-ordinates with internal auditors of the respective subsidiaries to ensure that audits are conducted in line with expected standards and in line with the agreed audit plans.

Relations with Shareholders

The Group engages with Shareholders through multiple channels. These include the Annual General Meeting (AGM), annual report, interim financial statements, the Company website and via the CSE's website. Shareholders also have the opportunity to ask questions, comment or make suggestions to the Board through the Company Secretaries and at the Annual General Meeting. All significant issues and concerns of Shareholders are referred to the Board with the views of the Management.

Constructive use of Annual General Meeting (AGM)

Shareholders are encouraged

to participate at the AGM and the Chairman, Board members and Chairpersons of Board Sub-committees are available for discussion at the AGM and respond to questions directed to them by the Chairman. Additionally, KMPs of the Group are also present to assist the directors in this regard.

Notice of the AGM, the Annual Report and Accounts and any other resolution together with the corresponding information that may be set before the shareholders at the AGM, are circulated to shareholders minimum 15 days prior to the AGM. Separate resolutions for each item of business, facilitating voting on each of such issue, separately. Voting procedures at the AGM are circulated to the shareholders in advance. The Company has an effective mechanism to record and count all proxy votes lodged for each resolution. In the event there are a significant proportion of the votes cast against a resolution, the Board will take steps to understand the reasons behind the vote results and determine if any actions are required.

Given below is the status of compliance with the CSE Listing Rules – section 7-10 and the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka in 2023.

Reference to ICASL Code & CSE Listing	Corporate Governance Principle	How we Comply	Compliance Status
Directors			
A.1	The Board		
A. 1.1	Board Meetings	Held every quarter and special meetings held as and when necessary.	☑
A1.2	Role of the Board	<ul style="list-style-type: none"> • Focus on developing strategies for business development and to provide guidance to the management • Sets the budget for the financial year and reviews progress at the monthly meetings. • Approving capital expenditure • Ensures that effective internal control and risk management framework is in place 	☑
A. 1.3	Compliance with laws and access to independent professional advice	<p>The Board seeks independent professional advice when deemed necessary, particularly before making any decisions which could have a significant impact on the Company.</p> <p>Further the Board is always mindful of the new laws/ regulations which are implemented and ensures compliance with same.</p>	☑
A 1.4	Access to advice from the Company Secretary Indemnifying the Board, Directors and key management personnel	All directors have access to the advice of the Company Secretary.	☑
A 1.5	Independent judgment of the Directors	Board comprises mainly of independent professionals who in turn exercise independent judgement in discharging their duties.	☑
A 1.6	Dedicating adequate time and effort	Regular Board meetings and sub-committee meetings are scheduled well in advance and Board papers circulated 1 week prior to the meetings, giving adequate time to prepare.	☑

A.1.7	Calls for resolutions	Resolutions are passed for all Board approvals and minutes are kept.	<input checked="" type="checkbox"/>
A.1.8	Training of Directors	At the time a Director is appointed a letter confirming such appointment together with details on the duties of a Director in terms of the Act and Listing Rules are forwarded to them. All Directors have considerable experience in the industry. Relevant local and foreign training opportunities are made available.	<input checked="" type="checkbox"/>
A.2.0	Segregation of Roles of Chairman & CEO	Please refer Chairman and CEO on page 37.	<input checked="" type="checkbox"/>
A.3	Chairman's Role	The Chairman ensures that meetings are conducted in an orderly manner and that each Board Member and Member of staff is given an opportunity to present his views/ concerns on matters.	<input checked="" type="checkbox"/>
A.4	Financial Acumen	Members of the Board and Management have sufficient financial knowledge and thus are able to provide guidance on financial matters.	<input checked="" type="checkbox"/>
A.5	Board Balance		
A.5.1/ A.5.2/A.5.3 & A.5.5	Presence of Non-Executive Directors Independence of Non-Executive Directors	Please refer details in page 37.	<input checked="" type="checkbox"/>
A.5.4	Annual Declaration of Independence by the Non-Executive Directors	Annual declarations citing their independence is obtained by the secretary annually.	<input checked="" type="checkbox"/>
A.5.6	Alternate Director to a Non-Executive Director	No Alternate Directorships at 31 March 2024.	<input checked="" type="checkbox"/>
A.5.7/5.8	Senior Independent Director	No Senior Independent Director.	<input checked="" type="checkbox"/>

A.5.9	Chairman meeting with the Non-Executive Directors	When required the Executive Directors and Members of staff are excused from meetings	<input checked="" type="checkbox"/>
A.5.10	Recording concerns	Concerns of Directors are recorded in minutes even in the case of disagreement.	<input checked="" type="checkbox"/>
A.6	Supply of Information		
A.6.1	Obligation of the Management to provide appropriate and timely information	Board Papers and Committee papers are provided at least one week before the meeting	<input checked="" type="checkbox"/>
A.6.2	Board papers to be provided 7 days prior to Board Meeting	Board papers are provided one week prior to the Board meeting.	<input checked="" type="checkbox"/>
A.7	Appointments to the Board		
A.7.1 / A.7.2	Nomination and Governance Committee and the assessment of composition of the Board	All new appointments are informed to the CSE as per existing regulations. Appointments are undertaken by the Board of Directors. The Board's skills and knowledge is assessed periodically and informed to the Directors.	<input checked="" type="checkbox"/>
A.7.3	Disclosure of Appointment of a New Director	Disclosure pertaining to any new appointments are made to the CSE within two market days from the date of such appointment. The disclosure includes a brief profile of the Director and whether the Director is an Independent/ Non-Executive / Executive Director.	<input checked="" type="checkbox"/>
A.8	Re-election		
A.8.1 / A.8.2	Re-election	1/3 of the Non-Executive Directors will retire from office on a rotational basis at each AGM. The Nominations and Governance Committee recommends the Directors for re-election, and approval by the Board.	<input checked="" type="checkbox"/>
A.8.3	Resignation	In the event of a resignation, a letter of resignation is provided by the Director.	<input checked="" type="checkbox"/>
A.9	Appraisal of Board Performance		

A.9.1/A.9.2/ A.9.3/A.9.4	Appraisals of the Board and the sub committees	The Board's skills and knowledge is self-assessed and by Chairman.	<input checked="" type="checkbox"/>
A.10	Disclosure of Information in Respect of Directors		
A.10.1	Profiles of the Board of Directors and other related information	The names of the Directors of the Board and their profiles are given on page 26-29	<input checked="" type="checkbox"/>
A.11	Appraisal of Chief Executive Officer		
A.11.1/A.11.2	Setting of the annual targets and the appraisal of the CEO	The performance of the CEO is reviewed twice a year by the Board based on the strategic targets set for the year.	<input checked="" type="checkbox"/>
B. Directors' Remuneration			
B.1	Remuneration Procedure		
B.1.1	Set up a Remuneration Committee with agreed terms of reference	Refer Directors' Remuneration on page 185 The Report of the Remuneration Committee on pages 121 - 122 gives the composition of the Committee and a description of its activities during the year.	<input checked="" type="checkbox"/>
B.1.2	Remuneration Committee to consist of Non-Executive Directors only	Consists of 3 Non-Executive Directors	
B.1.3	List names of Remuneration Committee in Annual Report	Please refer page 36	<input checked="" type="checkbox"/>
B.1.4	Determination of the remuneration of the Non-Executive Directors	Remuneration of the Non-Executive Directors is decided by the Board in consultation with the Chairman.	<input checked="" type="checkbox"/>
B.2	The Level & Makeup of Remuneration		

B.2.1/B.2.2/ B.2.3/B.2.4	The level and makeup of the remuneration of Directors and comparison of remuneration with other companies	Remuneration levels have been designed to attract, retain and motivate Directors while remaining within the industry standards.	<input checked="" type="checkbox"/>
B.2.5	Performance based remuneration	No performance-based remuneration since the Executive Directors do not get involved in day to day operations.	<input checked="" type="checkbox"/>
B.2.6	Executive share options	No share options offered.	
B.2.7	Designing schemes of performance-based remuneration	Refer the Report of the Remuneration Committee on page 121	<input checked="" type="checkbox"/>
B.3	Disclosure of Remuneration		
B.3.1	Disclosure of Remuneration	Report of the Remuneration Committee on page 121 Notes 9 and 36.2 in the financial statements on page 121	<input checked="" type="checkbox"/>
C. Relations with Shareholders			
C.1	Constructive use of AGM and Conduct of Meetings		
C.1.1	Dispatch of Notice of AGM and related papers to shareholders	Notice of Meeting, the Agenda for the Annual General Meeting and the Annual Report are circulated to shareholders prior to 14 days as required by the Articles of Association and the Code.	<input checked="" type="checkbox"/>
C.1.2	Separate resolution for substantially separate issues.	Separate resolutions are passed for each matter taken up at the AGM	<input checked="" type="checkbox"/>
C.1.3	Accurate recording and counting valid proxy appointments received for general meeting	Valid proxies are listed together with the number of shares held by the shareholder appointing the proxy.	<input checked="" type="checkbox"/>
C.1.4	Availability of Chairman of Board Committees at the Annual General Meeting	The Chairmen of the Board Committees are present to answer any queries of the shareholders directed to them by the Chairman of the Company.	<input checked="" type="checkbox"/>

C.1.5	Summary of Notice of General Meetings and procedures governing voting at General Meetings	A summary of the procedure on voting is given in the Notice of Meeting.	<input checked="" type="checkbox"/>
C.2	Communications with shareholders		
C.2.1 to C.2.7	Communications with Shareholders	<p>The AGM and EGM (if any) are used as the method for communicating with the shareholders.</p> <p>All quarterly and annual financial information and other important matters as required for by the Act and the Listing Rules are shared by way of disclosures through the CSE.</p> <p>The Company Secretaries/ Registrars are the main contact people for the shareholders.</p> <p>All major concerns of the shareholders are brought to the notice of the Board at the AGM and at Board/ Sub-committee meetings.</p> <p>All queries of shareholders are answered at the AGM and all shareholders are given the opportunity to express their views/concerns.</p>	<input checked="" type="checkbox"/>
C.3	Major & Material Transactions		
C.3.1 & C.3.2	Disclosure of Major Transactions	<p>There were no matters which were identified as Major Transactions during the year as such no disclosure has been made in this regard.</p> <p>In the event there are Major Transactions, relevant disclosures and relevant shareholder approvals are obtained.</p>	<input checked="" type="checkbox"/>
D. Accountability & Audit			
D.1.1	Annual Report	Refer Accountability & Audit on page 41	<input checked="" type="checkbox"/>

D.1.2	Interim and price sensitive reports to public and regulators	<p>In preparing annual and quarterly Financial Statements, the Company complies with the requirements of the;</p> <ul style="list-style-type: none"> • Companies Act No. 07 of 2007, • Sri Lanka Accounting Standards and • Listing Rules of the Colombo Stock Exchange. <p>The annual and interim Financial Statements were published within the time periods prescribed by the Listing Rules of the Colombo Stock Exchange.</p>	<input checked="" type="checkbox"/>
D.1.3	Director/CEO/FC Declaration	Directors' and Financial Controller's responsibility statement	<input checked="" type="checkbox"/>
D.1.4	Directors' Report declarations	Refer Annual Report of the Board of Directors on page 116.	<input checked="" type="checkbox"/>
D.1.5	Statements on responsibilities for preparation of financial statements and internal control	<p>Refer the following:</p> <ul style="list-style-type: none"> • Statement of Board responsibility for preparation of financial statements – page 129 • Statement from Auditors on their reporting responsibilities – page 153 	<input checked="" type="checkbox"/>
D.1.6	Management discussion & analysis	Refer annual report pages from 19 to 23 which provides a comprehensive management discussion and analysis of the Group's operations	<input checked="" type="checkbox"/>
D.1.7	Serious loss of capital	Shareholders will be informed of a serious loss of capital in the event it happens.	<input checked="" type="checkbox"/>
D.1.8	Related Party transactions	<p>Refer the following disclosures on Related Party Transactions:</p> <ul style="list-style-type: none"> • Related Party Transactions Review Committee Report on page 127 • Annual Report of the Board of Directors on page 116 • Note 36 to the financial statements 	<input checked="" type="checkbox"/>

D.2	Risk Management & Internal Control		
D.2.1	Monitor, review and report on financial, operational and compliance risk and internal control systems	<p>The following reports provide details on compliance with these requirements:</p> <ul style="list-style-type: none"> • Risk Report on page 71-74 • Risk & Internal Control on page 125 • Audit Committee Report on page 124 	<input checked="" type="checkbox"/>
D.2.2	Confirm assessment of the principal risks of the company		<input checked="" type="checkbox"/>
D.2.3	Internal Audit		<input checked="" type="checkbox"/>
D.2.4	Require Audit Committee to carry out reviews of & Board responsibility for disclosures		<input checked="" type="checkbox"/>
D.2.5	Compliance with Directors' responsibilities as set out by the Code		<input checked="" type="checkbox"/>
D.3	Audit Committee		
D.3.1	Establish an Audit Committee comprising wholly of Non-Executive directors of which at least 2 must be independent	Audit Committee comprises 3 non-executive directors of whom 3 are independent. Refer Audit Committee on page 124.	<input checked="" type="checkbox"/>
D.3.2	Written Terms of Reference for Audit Committee	The Audit Committee has a written Terms of Reference summarized in the Audit Committee Report on page 124.	<input checked="" type="checkbox"/>
D.3.3	Disclosures	The Audit Committee Report with required disclosures are given on page 124.	<input checked="" type="checkbox"/>
D.4	Related Party Transactions Review Committee		

D.4.1/D.4.2/ D.4.3 9.3.2	Related Party Transactions Review Committee	Refer <ul style="list-style-type: none"> • Related Party Transactions Review Committee on page 127 • Report of the Related Party Transactions Review Committee on page 127 	<input checked="" type="checkbox"/>
D.5	Code of Business Conduct & Ethics		
D.5.1	Board declaration for compliance with Code	Refer Code of Ethics on page 34.	
D.5.2	Price sensitive information	Material and price sensitive information is promptly disclosed to the CSE by the Company Secretaries.	<input checked="" type="checkbox"/>
D.5.3	Monitor Share purchase by Directors/ KMPs	Refer the Related Party Transactions Committee Report on page 127.	<input checked="" type="checkbox"/>
D.5.4	Chairman’s statement	Refer the Chairman’s Message on Corporate Governance on page 20 and The Board of Directors’ Statement on Internal Controls on pages 19 to 20.	<input checked="" type="checkbox"/>
D.6	Corporate Governance disclosures	The Corporate Governance Report on pages 39 to 41 together with its Annexes comply with this requirement.	<input checked="" type="checkbox"/>
E. Institutional Investors			
E.1.1	Institutional investors	The proxies of the major institutional investors, such as the major shareholder are obtained.	<input checked="" type="checkbox"/>
E.2	Evaluation of Governance Disclosures	Information required for evaluation of governance structures is provided in the Annual Report.	<input checked="" type="checkbox"/>
F. Other Investors			
F1	Investing and divesting decision	We seek to provide sufficient information to investors through the annual report, quarterly financial statements and announcements to the CSE to assist investors with their investment and divestment decision.	<input checked="" type="checkbox"/>

F.2.	Encouraging shareholder participation	Refer Shareholder Relations on page 41	<input checked="" type="checkbox"/>
G. Internet of things and cyber security			
G.1	Identify connectivity and related cyber risks	We proactively update firewalls and take precaution against cyber security threats.	
H. Environment, Society & Governance			
H	Environment, society and governance	Refer ESG Reporting from page 66 to page 68	<input checked="" type="checkbox"/>
H.1	Consider the impact of sustainability risks and opportunities in the business model, operations and short, medium and long term plans to build resilience and report the same to the Board.	We consider the impact of sustainability related risks and opportunities.	<input checked="" type="checkbox"/>
H.2	Continuously engage with and consider the views of its stakeholders to better understand and manage the company's sustainability/ ESG risk and opportunities.	The Company continuously engages with its stakeholders to consider the views and manage concerns to manage its reputation and to preserve its social license to operate.	<input checked="" type="checkbox"/>
I. Special Considerations for Listed Companies			
I.1	Listed entities shall establish and maintain policies relating to its governance and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the entity on its website.	Policies are being reviewed and revised prior to publishing their details on the Company's website. We expect to have this completed by the effective date specified by the CSE which is 1st October 2024.	<input checked="" type="checkbox"/>
I.2	Listed entities shall establish and maintain a formal policy governing matters relating to the board of directors.		

Section 9 – Corporate Governance

Rule Ref	Disclosure Requirement	Page Ref.
9.1.3	Statement confirming the extent of compliance with the Corporate Governance Rules	42-51
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted	Effective 1 st October 2024
9.2.3 (i)	List of policies in place as per Rule 9.2.1, with reference to website	Effective 1 st October 2024
9.2.3 (ii)	Any changes to policies adopted	Effective 1 st October 2024
9.4.2	The policy on effective communication and relations with shareholders and investors The contact person for such communication The policy on relations with shareholders and investors on the process to make all Directors aware of major issues and concerns of shareholders	41
9.5.2	Confirmation on compliance with the requirements of the Policy on matters relating to the Board of Directors. If non-complied reasons for the same with proposed remedial action.	36
9.6.3	Report of SID demonstrating the effectiveness of duties	Not applicable
9.6.4	Rationale for appointing SID	Not applicable
9.7.5	Statement on Directors and CEO satisfying Fit and Proper Assessment Criteria Any non-compliance/s and remedial action taken	123
9.8.5	Names of Directors determined to be 'independent'	36

<p>9.10.4</p>	<p>Directors details</p> <ul style="list-style-type: none"> – name, qualifications and brief profile – nature of his/her expertise in relevant functional areas – whether either the Director or Close Family Members has any material business relationships with other Directors – whether Executive, Non-Executive and/or independent Director – total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or KMP stating whether listed or unlisted, whether functions as executive or non-executive (If the directorships are within the Group names need not be disclosed) – number of Board meetings attended – names of Board Committees in which the Director serves as Chairperson or a member – Attendance of board committee meetings – TOR and powers of SID 	<p>26-29</p>
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<p>9.11.6</p>	<p>Nominations and Governance Committee Report</p> <ul style="list-style-type: none"> – Signed by Chairperson – Names of chairperson and members with nature of directorship – Date of appointment to the committee – Availability of documented policy and processes when nominating Directors – Requirement of re-election at regular intervals at least once in 3 years – Board diversity – Effective implementation of policies and processes relating to appointment and reappointment of Directors – Details of directors re-appointed – Board Committees served Date of first appointment Date of last re-appointment – Directorships or Chairpersonships and other principal commitments, present and held over the preceding three years – Any relationships – close family member, more 10% shareholding – Performance of periodic evaluation of board – Process adopted to inform independent directors of major issues. – Induction / orientation programs for new directors on corporate governance, Listing Rules, securities market regulations or negative statement – Annual update for all directors on corporate governance, Listing Rules, securities market regulations or negative statement – Compliance with independence criteria – Statement on compliance with corporate governance rules, if non-compliant reasons and remedial actions 	<p>Effective date 1st October 2024</p>
<p>9.12.8</p>	<p>Remuneration Committee Report</p> <ul style="list-style-type: none"> – Names of chairperson and members with nature of directorship – Remuneration policy – The aggregate remuneration of the Executive and Non-Executive Directors. 	<p>121 - 122</p>

<p>9.13.5</p>	<p>Audit Committee Report</p> <ul style="list-style-type: none"> – Names of chairperson and members with nature of directorship – Status of risk management and internal control – company and group – Statement on CEO and CFO assurance on operations and finances – Opinion on compliance with financial reporting requirements, information requirements Listing Rules, Companies Act, SEC Act and any other requirements. – Availability of formal Audit Charter – Internal audit assurance and summary of the work internal audit – Details demonstrating effective discharge of functions and duties – Statement on external auditors’ assurance on their independence – Confirmation on determining auditor’s independence 	<p>124-126</p>
<p>9.14.8 (1)</p>	<p>Related Party Disclosures</p> <p>Non-recurrent RPT exceeding 10% of the Equity or 5% of the Total Assets, whichever is lower (in the specified format)</p> <ul style="list-style-type: none"> – Name of the RP Relationship – Value of RPT – Value as % of equity and total assets – Terms and Conditions – Rationale 	<p>pg 220</p>
<p>9.14.8 (2)</p>	<p>Recurrent RPT exceeding 10% of the gross revenue/income (in the specified format)</p> <ul style="list-style-type: none"> – Name of the RP Relationship – Nature of RPT – Value of aggregate RPT – Value as % of gross income – Terms and Conditions 	<p>pg 220</p>
<p>9.14.8 (3)</p>	<p>Related Party Transactions Review Committee Report</p> <ul style="list-style-type: none"> – Names of the Directors comprising the Committee – Statement that committee has reviewed RPTs and communicated comments/observations to the Board – Policies and procedures adopted by the Committee 	<p>127-128</p>

9.14.8 (4)	Affirmative declaration by the Board of Directors on compliance with RPT Rules or negative statement to that effect.	127
9.16	<p>Additional disclosures by Board of Directors Declaration on following.</p> <ul style="list-style-type: none"> – All material interests in contracts and have refrained from voting on matters in which they were materially interested – Reviewed of the internal controls covering financial, operational and compliance controls and risk management and obtained reasonable assurance of their effectiveness and successful adherence, and, if unable to make any of these declarations an explanation on why it is unable to do so; – Made themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions; – disclosure of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations. 	129

The Strategic Report

Our Business Model

The model below depicts how we deliver value to our multiple stakeholders by strategically leveraging our capital inputs.

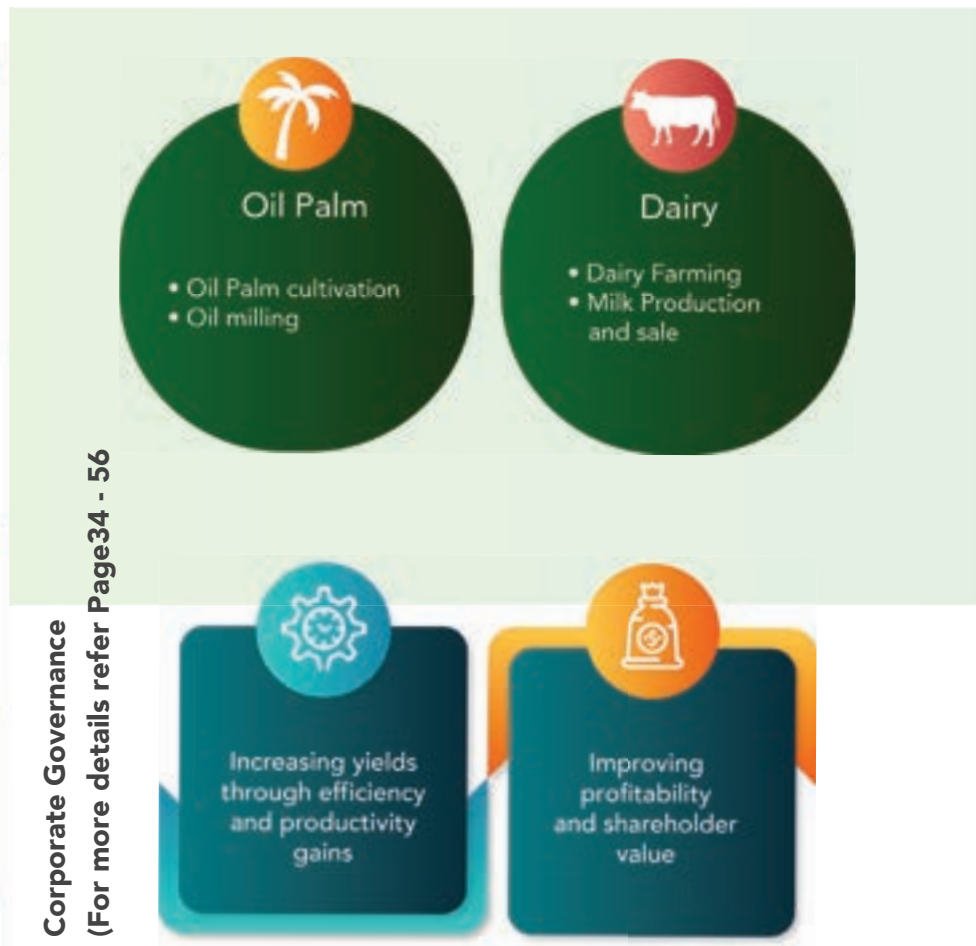
Value Drivers

Capital Inputs



Value Creation Process

Business Segments



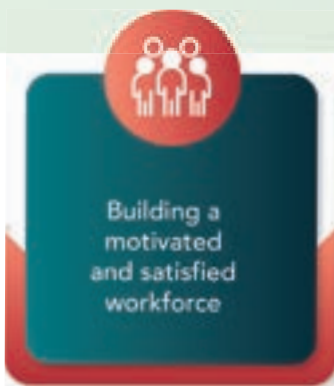
Corporate Governance
(For more details refer Page34 - 56)



Diversified Crops

- Tea Cultivation
- Rubber Cultivation
- Coconut Cultivation
- Maize cultivation
- Cinnamon Cultivation

Corporate Governance
(For more details refer Page 34 - 56)



Building a motivated and satisfied workforce



Fostering A Responsible Business

Value Delivered

Outputs	Outcomes	Relevant SDG
Fresh Fruit Bunches 57,003 MT Crude Palm Oil 14,515 MT Palm Kernel Oil 1,276 MT Palm Kernel Cake 3,230 MT Milk Production 5.7 Mn Litres PAT LKR 2,345 Mn Training hours 1,323 for 58 Executive Employees Solid Waste 63,510 MT Emissions 15,601 tCO ₂ e Compost Production 5,004 MT Renewable Energy Generated 468,876 kWh	<u>Shareholders</u> Sustainable returns through diversified revenue streams (Refer Financial Capital on page 83) <u>Customers</u> Consistent product quality (Refer Social and Relationship Capital Report on page 86) <u>Employees</u> Sustainable employment opportunities (Refer Human Capital Report on page 91) <u>Suppliers</u> Stronger partnerships that generate mutual value (Refer Social and Relationship Capital Report on page 86) <u>Community</u> Sustainable, progressive estate communities (Refer Social and Relationship Capital Report on page 86)	      







Responding to Our Stakeholders

Ongoing stakeholder engagement enables us to remain attuned to evolving stakeholder expectations and respond proactively to these expectations. In determining which stakeholders to engage with, we place priority on those who most impact and are most impacted by our operations. A high-level overview of the Group’s stakeholder engagement activities during the year is presented below:



WHY
We Engage

HOW
We Engage

 <p>Suppliers</p> <p><small>Innovative supply solutions through strategic partnerships</small></p>	<p>To ensure a efficient and sustainable supply chain and minimize supply chain disruptions</p>	<ul style="list-style-type: none"> • Regular training programs on product quality standards, personal safety protocols and procurement standards • Annual due diligence and audits on key suppliers • Contract negotiations • One- on-one meetings with key suppliers
 <p>Group Companies</p> <p><small>Innovative supply solutions through strategic partnerships</small></p> <p><small>Ultimate parent Sunway Holdings PLC</small></p> <p><small>Subsidiary Watawala Dairy Ltd</small></p>	<p>To drive synergies and ensure policy alignment across Group</p>	<ul style="list-style-type: none"> • Scheduled Board meetings • Circulation of Board Papers, Board Meeting minutes and other relevant information • Monthly performance review meetings • Quarterly performance review meetings • Group Finance, HR, IT meetings for overall strategic direction
 <p>Resident communities</p> <p><small>In our estates, we contribute to the well-being of our residents</small></p>	<p>To attract and retain workers from the community and to achieve our corporate social</p>	<ul style="list-style-type: none"> • Periodic 'community days' and idea sharing forums (minimum one per quarter) • Engagement through CSR activities • Company sponsored vocational training
 <p>Regulator</p>	<p>To ensure regulatory compliance</p>	<ul style="list-style-type: none"> • Timely regulatory reporting as required by regulator • Meeting/ visits as required
 <p>Certification/ Accreditation Bodies</p> <p><small>RSPO, ISO</small></p>	<p>To align our processes and products with global best practices and standards and thereby build customer confidence.</p>	<ul style="list-style-type: none"> • Annual audits by accrediting Agencies • Participation in knowledge sharing sessions and meetings conducted by accreditation bodies
 <p>Industry Bodies</p> <p><small>Understand and address industry challenges</small></p> <p><small>Accreditation Organizations FAIM, CMA, FICCI, IAHN</small></p> <p><small>Trade associations</small></p>	<p>To strengthen the industry through collaboration and knowledge sharing.</p>	<ul style="list-style-type: none"> • Industrial training opportunities for selected undergraduates from leading local universities • Industrial visits • Collaborative research projects • Participation in industry forums/ workshops/ symposiums

Determining Material Issues

Process to determine material topics

GRI 3-1

Material topics are those that impact our value creation process in the short, medium and long term. We have a systematic approach to determining our material matters which involves assessing risks, opportunities and threats in terms of relative importance to stakeholders and impact on our operations. The material issues thus identified and prioritized form the basis of our strategy, risk management practices and reporting practices.



Determining Material Topics

GRI 3-1 Process to determine material topics

Risk Management Processes

- Selection of topics
- Identifying key stakeholders
- Identifying impacts
- Prioritizing the topics
- Approval by senior management

1. As the first step, we reviewed the topics from the GRI Standards 2021 and selected topics deemed material by the CEO and the senior management team. This selection was based on our UNSDG policy commitments, our sustainability/ethical accreditation criteria, and our business activities.
2. Secondly, we identified our key stakeholder groups and their expectations.
3. Thirdly, potential and real, positive and negative impacts on human rights and our stakeholders, the environment and the economy were identified. This impact assessment was influenced mainly by the views of our regulators, employees, communities and buyers, as understood by the senior management.
4. Thereafter the most impactful topics for disclosure were prioritized and selected.
5. Finally, the topics were approved by the senior management team including the CEO and Financial Controller.

GRI 3-2 List of material topics

The list of topics selected as material is given below.

Please note that our responses to GRI 3-3 Management of Material Topics is disclosed under the specific disclosures, for which the page numbers are provided in the GRI Index on page 132 of this report.

Topic number	Material topic
GRI 201	Economic Performance 2016
GRI 301	Materials 2016
GRI 302	Energy 2016
GRI 303	Water and effluents 2018
GRI 304	Biodiversity 2016
GRI 305	Emissions 2016
GRI 306	Waste 2020
GRI 401	Employment 2016
GRI 403	Occupational Health & Safety 2018
GRI 404	Training and Education 2016

Strategy

Vision

To be the most admired Plantation company in Sri Lanka



Purpose

Growing Watawala Plantations to be the industry leader

Strategic Priorities FY 2023/24		KPIs	
Improve profitability and shareholder value		FY 23/24	Target (FY 2027/28)
Focus areas and key	<ul style="list-style-type: none"> Increase profitability by enhancing margins through cost optimization and productivity improvement Revenue growth through volume growth Explore options for revenue diversification into value added products 	Oil palm planted extent – 3,393.27 hectares	Oil palm planted extent – 3,600 hectares
	<ul style="list-style-type: none"> Optimizing fertilizer cost by application of a mix of organic and inorganic fertilizer, soil mapping and site-specific fertilizer application Reduction in feed cost per litre of milk produced Reduction in transport cost by upgrading crop and fertilizer transport agri vehicles 	Number of milking cows 945	Number of milking cows 1,200
Increase yields through efficiency and productivity gains			
Focus areas and key	<ul style="list-style-type: none"> Improve labour productivity on oil palm plantation through harvester training programs, providing feedback on harvest quality, monitoring harvesting rounds, and establishment of estate audit and field bunch checkers 	Oil palm yield 18.8 MT/hectare	Oil palm yield 22 MT/hectare
	<ul style="list-style-type: none"> Achieving a higher oil extraction rate by optimal harvesting, collection of loose fruit, increasing milling efficiency by use of advanced technology, reducing waste and oil losses in milling operations 	Oil extraction rate 23.7%	Oil extraction rate 26.3%
	<ul style="list-style-type: none"> Increase in daily milk yield per cow by increasing the number of milkers, improving herd genetics and controlling mortality Reducing mill shutdown and downtime through regular maintenance and factory upgrades 	Milk yield 19.2 litres/day/ cow	Milk yield 25 litres/day/ cow
Building a motivated and satisfied workforce			
Focus areas and key	<ul style="list-style-type: none"> Ensuring a safe working environment 	% of female employees 34%	
	<ul style="list-style-type: none"> Providing above industry remuneration and attractive incentive schemes Ongoing training and skill development opportunities 	Community Projects 28	
	<ul style="list-style-type: none"> Building paths for career progression and ensuring a strong leadership pipeline 	Zero accidents	Zero accidents
Increase yields through efficiency and productivity gains			
Focus areas and key	<ul style="list-style-type: none"> Strict compliance with industry certifications including RSPO and ISO certifications Focused efforts to reduce carbon and water footprints 	Energy generated - 468,875 kWh	
	<ul style="list-style-type: none"> Ensuring proper disposal of waste including proper disposal of oil mill effluent and cattle slurry Responsible use of fertilizer and agri chemicals with chemical-free buffer zone of 10 meters along water bodies and recognized terrestrial habitats Zero burning policy and no deforestation Ensuring sustainable agriculture and animal husbandry practices 	Water consumption – 53,788.27 m ³	
	<ul style="list-style-type: none"> Community development through village development activities and enhancing livelihoods Youth development through training opportunities in dairy operation 	Number of trees planted 900	

11.5 Integrating Sustainability

Our sustainability ethos is integrated into our operation through policy commitments that are directly linked to the United Nations Sustainability Development Goals (UNSDGs). Our policy commitments are embedded into the organization through a streamlined process that is aimed at fostering an organizational culture that prioritizes sustainability. Our Sustainability commitments together with the process for embedding policy commitments



Our sustainability commitments directly contribute to several of the United Nations Sustainability Development Goals (UNSDGs).

Navigation
Icon



Community Integration

We prioritize the integration of local, small-scale suppliers into our supply chain, thereby creating income opportunities for rural and estate families. Moreover, the company actively invests in community infrastructure and implements various community development projects aimed at supporting livelihoods, improving community health, and enhancing education. Through ongoing Corporate Social Investment (CSI) projects, Watawala Plantations PLC continues to support the surrounding estate community, demonstrating a steadfast commitment to the well-being and prosperity of the areas in which it operates.



Gender Equality

In FY24, 34% of our employees were female. We continue to work towards creating an empowering and supportive culture for our female employees to thrive.



Renewable Energy Drive

We contribute to clean energy through the implementation of renewable energy projects, which power our business activities and effectively decrease our reliance on electricity and fossil fuels. We therefore continue to invest in bio mass, solar energy, hydro power.



Driving Innovation

We continuously invest in innovative technology to drive greater efficiency and sustainability. Meanwhile we engage closely with industry stakeholders to build industry-wide knowledge on global best practices.



		Navigation Icon
<p>3 GOOD HEALTH AND WELL-BEING</p> 	<p>Ensuring Employee wellbeing</p> <p>In addition to having in place a stringent health and safety policy the company has obtained ISO 45001:2018 - Occupational health and safety certification for the palm oil mill to ensure the highest health and safety standards.</p>	
<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<p>Responsible consumption of resources</p> <p>Watawala Plantations PLC is the first South Asian company to receive the RSPO Principles and Criteria (P&C) certification for its palm oil mill in the Galle District. The company has also obtained RSPO certification for the entire value chain covering the entire plantation extent and palm oil mill making it the only palm oil company to obtain RSPO certification for its entire palm oil supply chain.</p>	
<p>13 CLIMATE ACTION</p> 	<p>Climate Action</p> <p>A robust environmental policy ensures that we monitor our carbon footprint and proactively take action to minimize our emissions. We use the latest RSPO Palm GHG calculator and GHG Protocol accounting standard to map our Green House Gas emissions.</p>	
<p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> 	<p>Strong Governance</p> <p>Our robust governance mechanisms are aimed at ensuring accountability across all levels of our organization.</p>	
<p>17 PARTNERSHIPS FOR THE GOALS</p> 	<p>Strong partnerships</p> <p>We continue to build strong partnerships with government and non-government organisations; academic and research organisations and trade associations to drive synergies and have a greater impact on sustainability goals.</p>	

Risk and Opportunities

Risk management is a critical function for WATA as the variables are many and inherently volatile with a significant impact on the financial and operational outcomes. WATA is supported by its parent company, Sunshine Holdings to institutionalise risk management throughout the WATA Group as set out graphically alongside, creating a culture of risk awareness.

Risk Governance

The Board bears responsibility for setting in place a risk management framework for the WATA Group and the Audit Committee is charged with detailed oversight of this function. Risk assessment is done centrally at the SUN Group level for all business segments. Additionally, there is an executive Risk Committee of WATA that also concurs with the executive risk committee of Sunshine Holdings that also looks at risk from a Group perspective. A dedicated Risk Manager supports the function, providing the analysis and updates on a regular basis.

A risk management system developed with the consultation of the Audit Committee and Risk Review Committee is also implemented across the Group. Headline risks including political/ regulatory risks, external risks, strategic risks and business risks are all assessed and managed by this committee. Internal controls are formally established at both WATA & WDL and internal audit is outsourced to EY. WATA & WDL has a dedicated internal auditor who reports

to the SUN Group Internal Audit & Compliance Officer who reports to the SUN Group Internal Audit Committee.

Risk Management Processes

WATA Risk Committee has a risk Terms of Reference (TOR) which was issued by the CEO on 28th December 2021. The TOR covers the purpose and mandate, power, authority and responsibilities, membership and composition, content of discussion and conduct and code of values.

The risk structure follows a bottom-up approach from each level of business – Udugama estate, oil palm mill, and farm. As shown alongside, there are two risk committees for WATA – Regional Risk Committee and Head Office Risk Committee. WDL has only the Head Office Risk Committee. The WPL Regional Risk Committee is held quarterly at the estate level and identified risks are brought to

the attention of the Head Office Risk Committee. The Risk Committee meeting is held quarterly to identify and update the committee on new risks as well as removal of risks which are deemed obsolete and any changes in risk profiles.

The risk matrix is updated by adding new risks, removing risks which are not a risk, updating the risk impact and likelihood. A qualitative risk assessment is followed rather than a quantitative risk assessment. Minutes of the risk committee meetings are shared after the risk meeting. The Company risk presentations with the risk matrix are presented to the SUN Group Risk Committee quarterly.

Impact / Severity	1	(Catastrophic/ Extreme)	5	10	15	20	25
	2	(Major/Very High Impact)	4	8	12	16	20
	3	(Moderate/ High Impact)	3	6	9	12	15
	4	(Minor Impact)	2	4	6	8	10
	5	(Low/ Insignificant Impact)	1	2	3	4	5
			(Rare/ Remote Occur)	(Unlikely to Occur)	(Possible to Occur)	(Likely to Occur)	(Almost certain to Occur)
			1	2	3	4	5
				Occurrence/Likelihood			

Improvements in 2023/24

With the issue of the IFRS Sustainability Standards in June 2023 followed by the issue of SLFRS S1 and S2 in January 2024, we have commenced our journey to adopt the standards with a study and adapting our risk registers to capture the data. Our intermediary solution is set out on page 71 and 74.



Our Principal Risks

Watawala Plantations PLC

Related Risk	Risk description	Implication/consequences	Risk Control Measure/Mitigation Action	Effectiveness of the mitigation	Impact/Severity	Occurrence/Likelihood	Score	Priority (as per risk grid)
Market Risks	Drop in domestic palm oil demand	<ul style="list-style-type: none"> Buyers setting a lower oil price arbitrarily instead of basing it on the previously followed price formula Difficulty in sale of palm oil Buyer demanding stringent quality standards Stock build up Drop in revenue and profit 	<ul style="list-style-type: none"> Customer diversification Obtaining market insights on demand for refined palm oil and customers' demand for better price negotiation Increasing product quality 	L	4	3	12	High
	Investment risk	<p>Breakdown of mill operations. Failure of investments/ inability to achieve investment objectives, reduction in future profitability and sustainability of the Company.</p>	<ul style="list-style-type: none"> Mill development to achieve optimal operations performance Evaluation of all investment proposals and getting advice from experts Adopting a stringent approval procedure for capital expenditure based on the investment and expected pay back Maintain cash flow and budgetary control systems for effective monitoring Closely monitor project progress to ensure deliverables are achieved within the given budgets and timeliness 	M	3	2	6	Medium
Risk IT	Information Systems risk	<ul style="list-style-type: none"> Delays in ERP project closure System errors resulting in inaccurate information Risks associated with data security Software downtime 	<ul style="list-style-type: none"> Introduction of sound IT policy, IS policy and close supervision thereon. Planned ERP project closure and subsequent vendor agreements for support service and maintenance. Development of reports to highlight outliers, duplicated / erroneous entries, integration checks prior to payments Frequent system testing and engagement with users Replaced devices at end user level. Shifted data to AZURE Cloud and implemented AZURE AD and Defender for data security. 	M	4	2	8	Medium
	Technological risk	<p>Increase productivity by replacement of obsolete technology with new and efficient technology. Investment in new technological plants, machineries and advanced information technology to ensure a smooth flow of information for control purposes.</p>	<ul style="list-style-type: none"> Continuous investments in new machinery and trials on new harvesting methods Exploring mechanization of estate functions Proactive requirement planning 	M	3	2	6	Medium

Operational Risks		Strategic Risks						
Mill labour related disputes	Non-compliance to Company policies by mill employees. Engage in discussions with the management for labour matters instead of resorting to trade union action.	Inability for management to execute plans Disruptions to smooth functioning of the mill	Engagement with mill employees Conducting awareness of labour laws to mill workers	M	4	2	8	Medium
Volatility of global palm oil prices	Price volatility arising due to fluctuations in demand and supply forces in the global crude palm oil market	Revenue shortfalls against the budgets.	Continuous monitoring of global CFO prices, monitoring conditions which would affect the Government decisions to revise the import duty. Larger contract volumes during higher prices to advantage from seasonal price changes. Improve productivity and quality.	L	4	3	12	High
Government ban on oil palm	Inability to replant oil palm due to Government ban on oil palm planting	Aging oil palm crop and delays in replanting Drop in yield due to difficulties in harvesting older tall palms	Engage with government agencies, representations, lobbying via the Planters Association Implementation of CEA report on oil palm by Plantation Ministry was challenged by way of writ application in Court of Appeal An FR petition was filed to challenge the CEA report in Supreme Court Increase bought crop to increase palm oil production	L	5	2	10	High
Social pressure against oil palm expansion	Opposition by various groups against oil palm cultivation and expansion that hinders the organic growth	Opportunity cost of maintaining unproductive rubber and tea fields	Public awareness campaigns on the benefits of oil palm cultivation and daily use of palm oil, village integration programs, engagement with pressure groups, RSPO certification, introducing small holder cultivation of oil palm after removal of ban on oil palm cultivation. Pulse check of stakeholders in response to campaigns conducted by the Company	M	3	2	6	Medium
Special Commodity Lev, (SCL) changes	Price volatility due to a change in the import duty on crude palm oil.	Revenue & PAT shortfalls against budgets	Entering into forward agreements with buyers	L	5	1	5	Medium

Watawala Dairy Limited

	Related Risk	Implication/consequences	Risk Control Measure/Mitigation Action	Effectiveness of the mitigation	Impact/Severity	Occurrences/Likelihood	Score	Priority (as per risk grid)
Market Risks	Inflation risk and foreign currency risk	<ul style="list-style-type: none"> Increase in cost of cattle feed and feed cost fluctuations due to volatile exchange rate Volatile price of fuel, energy, medicines and other materials Volatility in cost of all purchased business materials 	<ul style="list-style-type: none"> Production of cattle concentrate at the farm to reduce cost of concentrate and to maintain quality of concentrate Proactive cost mitigation strategies and informed purchasing decisions Operations restructuring to increase efficiency VAT registration to claim input VAT w.e.f. 1st January 2024 	M	3	2	6	Medium
		<ul style="list-style-type: none"> Hardware and software failure Single point of failure of server at milking parlour 	<ul style="list-style-type: none"> Introduced sound IT policy, IS policy and close supervision. Vendor agreements for support service and maintenance. Vendor support for hardware troubleshooting. Regular updating of virus scanners. Firewalls were implemented 	H	3	1	3	
Operational Risks	Risk of loss of feed inventory	<ul style="list-style-type: none"> Feed stock losses due to animal attacks Financial loss due to feed stock damages 	<ul style="list-style-type: none"> Proper storage of feed to minimize damage from environmental elements Maintaining the farm fence to minimize risk of wild boar attacks Supervision of feed storage areas and daily monitoring 	H	3	2	6	Medium
	Breakdown of the milking parlour and other machinery	<ul style="list-style-type: none"> Loss of milk production and life threat to the milking cows 	<ul style="list-style-type: none"> Regular maintenance, service agreements, importing and maintaining a stock of milking parlour spares 	H	5	1	5	Medium
	Labour unrest and demands, attrition	<ul style="list-style-type: none"> Loss of productivity and efficiency Worker demands for higher pay due to inflation Staff turnover disrupting routine operations 	<ul style="list-style-type: none"> Increase engagement, regular training sessions and optimization of cadre planning. Joint Consultative (JCC) meetings with employees. Accommodating training students to backfill attrition. Filling vacancies as required from the trained students' pool. 	M	2	2	4	Medium
	Liquidity pressure	<ul style="list-style-type: none"> Limited liquidity pressurizing cash flows High borrowing cost via bank overdraft and loans and consequent reduction in profit Need for more credit facilities 	<ul style="list-style-type: none"> Maintaining efficient treasury management Active negotiation for credit facilities Reduction in feed inventory to reduce cash tied in working capital and in-house production of concentrate with optimal purchase quantities. Pursue further cost savings 	M	3	4	12	High
Liquidity Risks	High interest rate	<ul style="list-style-type: none"> High borrowing cost resulting in reduced profitability 	<ul style="list-style-type: none"> Interest rates are continuously monitored Maintaining efficient treasury management. Optimizing feed inventory to reduce cash tied in working capital. 	L	2	2	4	Medium

Strategic Risks							
Reduction in milk price over reduction in milk cost of production	<ul style="list-style-type: none"> • Not meeting revenue targets • Drop in profitability due to price reduction over the cost reduction • Difficulties in managing cashflows 	<ul style="list-style-type: none"> • Increase number of customers • Maintain quality of milk to maintain milk price • Cordial relations and frequent communication with customers. 	L	3	3	9	High
Availability of sufficient cattle feed and ability to purchase desired quantity and quality of cattle feed	<ul style="list-style-type: none"> • Loss of milk production, and harm to bovine health due to shortage of feed and inconsistent feeding • Higher cost for sudden feed purchases with limited bargaining power and disruption to planned cash flows • Sub optimal feed quality providing insufficient nutrition 	<ul style="list-style-type: none"> • Determining the maize prices by evaluating the market at weekly feed meetings and exploring alternative feed items • Tweaking the feed formulas; better negotiation of feed prices, and importing feed material • Closely monitoring seasonality of feed cultivation and shortages. Forecasting feed requirement and proactive stock build-up and use • Continue purchase of maize silage 	H	4	2	8	Medium
Change in consumer behaviour	<ul style="list-style-type: none"> • Drop in consumption of liquid fresh milk and value-added dairy products 	<ul style="list-style-type: none"> • Proactively obtain market insights from WDL's customers to keep abreast of change in end consumer behaviour • AIDA lobby for imposition of VAT on dairy products 	L	3	2	6	Medium
Maintaining quality of milk	<ul style="list-style-type: none"> • Lower milk price and revenue • Risk of poor-quality milk compelling customer to stop purchase 	<ul style="list-style-type: none"> • Use of good quality feed ration, pursuing industry best practices, staff training. • In-house testing of milk quality and soliciting customer feedback. • Proposed set up of mini lab at farm to test feed and milk on a weekly basis to monitor toxin material in raw materials. 	H	4	1	4	Medium

Sustainability Related Risks & Opportunities

Our risk management process has so far focused mainly on qualitative assessments with a few top risks qualified. We will be extending the quantifying of risks in 2024/25 to enable assessment of risks in accordance with SLFRS S1 and S2.

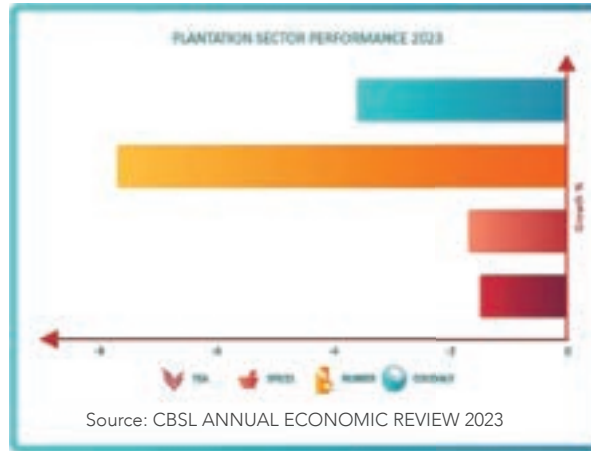
WATA	Sustainability Related Risks & Opportunities				Other Sustainability Related Risks
	Climate Related Risks		Sustainability Related Risks & Opportunities		
Risk/Opportunity	Reducing and reusing water for mill operations, and rainwater harvesting	Global warming and prolonged drought (risk)	Workforce Health & Safety (risk)		
Description	<p>Generation of steam for production by use of biomass, thereby reducing grid and fossil fuel-based energy consumption.</p> <p>Generating electricity via a steam powered turbine to reduce grid electricity consumption.</p> <p>Generation of steam for production by use of biomass, thereby reducing grid and fossil fuel-based energy consumption.</p> <p>Generating electricity via a steam powered turbine to reduce grid electricity consumption.</p>	<p>Increase in global and local temperature reducing oil palm yield and increasing the need for water to be artificially supplied to palms.</p> <p>Slowing down of the fruit ripening process and loss of crop and oil yield due to prolonged drought.</p>	<p>Managing workforce health and safety to prevent injury and fatality, increase productivity, and maintain sound workforce relations.</p>		
Physical/ Transition Risk	Physical risk	Physical risk	N/A		
Impact in 2023/24	<p>Rs. 18.0 Mn – saving</p> <p>Total energy Cost also to include</p> <p>Take both – risk and opportunity – price it/ value for both.</p>	<p>Loss of production – cost, lack of water for estate – cost.</p> <p>Opportunity – sometimes no opportunity. Don't look for it always.</p>	Rs. 13.8 Mn invested in personal protective equipment		
Potential adjustment to assets and liabilities in 2024/25	Currently, evaluating opportunities to increase generation of renewable energy to meet mill and effluent management.	None	None		
Strategies	<p>Maintain biomass boiler in optimal working condition to generate sufficient steam to meet the mill operations requirement and generate electricity via a turbine.</p> <ul style="list-style-type: none"> Processing and cleaning of wastewater generated from mill process for reuse in the production process. Rainwater is harvested to meet the water requirements without tapping into stream water. 	Pursuing RSPO's sustainable cultivation and estate management practices	Pursuing RSPO's sustainable cultivation and estate management practices		
Short, Medium and Long Term Impact	<p>Mill energy consumption: Biomass: 97% Grid: 2% Steam turbine: 1%</p> <p>Short term impact – reducing electricity consumption and energy bill.</p> <p>Medium term impact – ability to meet energy requirement by self</p> <p>Long term impact – preserving and reducing fossil fuel use, and ensuring going concern in the backdrop of rising cost of fossil fuel-based energy</p>	<p>Short term impact – no cost of obtaining water for mill operations.</p> <p>Medium term impact – maintaining a sustainable source of water at no cost.</p> <p>Long term impact – sustainable source of water for mill operations when water has become a costly resource.</p>	<p>Short term impact – loss of productivity, production delays, and higher costs</p> <p>Medium term impact – loss of production, productivity and issues with industrial</p> <p>Long term impact – lack of sound workforce relations and attraction of workforce as a safe working environment.</p>		

WDL		Sustainability Related Risks & Opportunities					
		Climate Related Risks			Other Sustainability Related Risks		
Risk/Opportunity	Ecological Impacts (opportunity)	Water consumption management (opportunity)	Food Safety (Risk)	Workforce Health & Safety (risk)			
Description	Ecological impact due to generation of large and concentrated amounts of cattle waste.	Reducing and reusing water for cleaning, and rainwater harvesting	Maintaining milk quality and free from pathogens, chemicals, and spoilage.	Managing workforce health and safety to prevent injury and fatality, increase productivity, and reduce worker turnover.			
Physical/Transition Risk	Physical risk	Physical risk	Physical risk	Physical risk			
Impact in 2023/24	Rs.. 1.6 Mn Rs.. 1960 Mn	To be quantified in 2024/25	To be quantified in 2024/25	Rs.. 1.5 Mn			
Potential adjustment to assets and liabilities in 2024/25	Rs.. 2 Mn	Currently, evaluating a system to reuse water for cleaning the milking parlour.	Rs.. 2 Mn	None			
Strategies	<ul style="list-style-type: none"> • Further investment in cattle effluent management and conversion of effluent to a value-added product in the form of compost. • Further develop compost by adding other organic matter and microbes to increase nutritional content. 	<ul style="list-style-type: none"> • Reuse of water used for cleaning the milking parlour. • Rainwater is harvested to meet the water requirements. • Ensuring wastewater is properly managed without entering natural streams. 	<ul style="list-style-type: none"> • Ensuring daily dispatch of milk to customers chilled at 4°C. • Testing feed quality by use of an NIR machine prior to feeding. • Sound herd management and daily herd monitoring by the in-house veterinary surgeon. 	<ul style="list-style-type: none"> • Providing training and personal protective equipment for employees. • Maintaining a pool of paid trainees to fill future vacancies and provide on-the-job training as a social service. 			
Short, Medium and Long Term Impact	<p>Short term impact – reduce cost of effluent management and conversion of waste to a resource.</p> <p>Medium term impact – generation of a revenue stream.</p> <p>Long term impact – sound effluent management above statutory requirements whilst increasing local production of high-value compost and creation of a new business venture.</p>	<p>Short term impact – reduce cost.</p> <p>Medium term impact – reduce cost and meet water requirement.</p> <p>Long term impact – reduce cost and reduce impact of a drought by reducing water consumption footprint, and cost involved with improper wastewater management.</p>	<p>Short term impact – no loss of revenue due to disposal of contaminated or spoilt milk, and ability to charge a premium price.</p> <p>Medium term impact – premium price and customer satisfaction.</p> <p>Long term impact – maintaining brand of product quality in the eyes of the customer and business sustainability.</p>	<p>Short term impact – loss of productivity, production delays, and higher costs</p>			

Operating Environment

Plantation Sector

The plantation sector continued to face considerable challenges during the year due to adverse weather conditions which impacted outputs of tea, rubber and coconut. Rising cost of production driven by inflationary pressures meanwhile continued to impact margins and profitability of the sector while labour shortages are a growing concern across plantation companies.



Key Market Developments Impacting Plantation Sector	Impact
<p>Sluggish Economic Conditions</p> <p>The economy continued to witness a contraction during the first two quarters of 2023 before witnessing a gradual recovery towards the last two quarters of 2023. As a result, economic conditions and by extension disposable income levels remained sluggish during the year.</p>	Negative
<p>Removal of Import Restrictions</p> <p>The gradual removal of import restrictions during the year together with the appreciation of the Rupee reduced the price and increased availability of chemical fertilizers.</p>	Positive
<p>Rupee Appreciation</p> <p>The Sri Lankan Rupee which depreciated by 44.8% against the US Dollar in 2022, appreciated by 12.1% in 2023 as the acute shortages in FOREX liquidity witnessed in 2022 eased.</p>	Positive
<p>Labour Shortages</p> <p>Labour shortages in the plantation sector is a persisting issue. This has been exacerbated by the migration of skilled labour due to high levels of migration from the country.</p>	Negative
<p>Policy if the Ban on Palm Oil Cultivation</p> <p>The ban on oil palm cultivation effected in April 2021 remained in force during FY2023/24.</p>	Negative

Oil Palm

The palm oil industry in Sri Lanka currently meets around 10% of the domestic edible oil demand. The remainder of the demand is met

through coconut oil and imported cooking oils. Palm oil prices declined sharply in 2023 due to lower global prices and subdued domestic demand conditions.

Cinnamon

Sri Lanka is the world's largest producer and exporter of pure cinnamon, accounting for 90% of the global market. In 2022 the EU

granted Geographical Indication (GI) certification to Ceylon Cinnamon. The certification acts as a source of competitive advantage, helping increase market differentiation and product turnover for the spice, while allowing for a premium price from the consumer.

Tea

Tea export prices remained buoyant throughout 2023 despite a decline in export volumes. Tea production during the year meanwhile continued to be impacted by adverse weather conditions as well as the lagged effect of the now revoked fertilizer ban. Increasing cost of production

continues to be a key concern in the industry.

Dairy Industry

Domestic milk production accounts for approximately 30% of the Nation’s total demand, with total milk production (cow milk and buffalo milk) amounting to 504,153,360 liters in 2023 (Source: Department of Census and Statistics). The sector plays an important role not only in enhancing food security in the country but also by providing employment opportunities to around 300,000 small-scale farmers across the country. Considering the importance of the sector to the national economy the Government

has identified the sector as a priority sector and mooted a special program to increase milk production by 53%, in 5 years, with the participation of the private sector.

Rubber

Weaker global and domestic demand for raw rubber dampened rubber prices in 2023, although a price uptick was witnessed during the early part of 2024. Domestic rubber production meanwhile continued to decline due to the combined effect of adverse weather conditions, the spread of Pestalotiopsis disease and low productivity levels.

Key Market Developments Impacting Dairy Sector	Impact
<p>Rising Energy Costs Electricity tariffs were revised three times in 2023, with two upward revisions in February (66%) and October (18%) and a downward revision in July 2023. (14%). The increase in energy costs has had an impact on production costs.</p>	Negative
<p>Easing of Shortages in Cattle Feed Severe shortages of cattle feed witnessed in 2022 eased during the year as availability of maize improved due to better domestic harvests and the removal of import restrictions. Meanwhile, the appreciation of the Rupee also supported some stabilization of sharply escalating input costs.</p>	Positive
<p>VAT Hike Fresh milk production and fresh milk-based products which were previously VAT exempt, are liable for 18% VAT, with effect from January 1st, 2024, negatively impacting sector profitability and exacerbating vulnerabilities.</p>	Negative

Plantation sector

Overview

Despite the sector recording its highest ever oil palm crop production during the year, performance was impacted by subdued domestic demand and a dip in palm oil prices. Despite these challenging conditions, the plantation sector recorded a revenue and profit before tax of Rs. 6,867 and Rs. 2,404 million respectively.

Contribution to Group

	FY2023/24	As a % of Group Total
Revenue	6,867	82%
Profits	2,404	NA
Total Assets	8,925	74%
Employees	1,724	97%

Market Review

- According to import data, the volume of palm oil imports in 2022 and 2023 were significantly below the import volumes in prior years. However, import volume in 2023 was 47% higher than in 2022. The decrease in the import volume of palm oil is due to the overall drop in volume of edible oil imports which is attributed to the drop in economic activity due to the economic crisis and Covid pandemic.
- Palm oil price decreased by 19% due to lower domestic demand.
- Meanwhile, cost of production per Kg, decreased by 10% due to cost reduction and drop in fertilizer price.
- Continued uncertainty surrounding policy on oil palm cultivation remains a key barrier to growth prospects

	2023/24	2022/23	% Increase/ Decrease
Price	428	526	-19%
Cost of Production (Rs.. Kg)	250	278	-10%
Crop produced (MT)	57,072	52,472	9%
Yield per Hectare (MT/ hectare)	16.8	15.7	7%

Performance

Despite a notable increase in yields per hectare and total crop during the year, revenue from the plantation sector declined by 9% to Rs. 6,867 million in FY 2023/24 due to a sharp drop in palm oil prices during the year. Meanwhile, segmental profits increased by Rs. 68 million and recorded a 3% increase to Rs. 2,404 million during the period under review.

Strategic focus and key initiatives in FY 2023/24

- Driving process efficiencies through field mechanization and factory automation.
- Continued emphasis on improving crop yields through the adoption of good agronomy practices which included a crop sanitation programme to improve bunch formation and reduce stresses on the palm.
- Improvements to mill infrastructure to increase processing efficiency and product quality. Key investments during the year included the commencement of the project to increase the palm oil mill ramp crop storage capacity, increasing the crop transport vehicle fleet and road maintenance of harvester paths.
- Several quality improvement initiatives were carried out at the mill including providing feedback to harvesters on quality of crop received.
- Commenced evaluation of a new palm oil effluent management system.
- Rs.. 19 Mn invested in improving employee facilities including staff quarters and worker housing.

Dairy

Overview

As the second largest non-government fresh milk producer, WDL contributes to over 1.3% of domestic cow milk production. The sector witnessed a turnaround performance during the year recording a 22% revenue growth despite posting a net loss of Rs.. 139 Mn

Contribution to Group

	FY2023/24	As a % of Group Total
Revenue	1,454	18%
Profits	(139)	N/A
Total Assets	3,177	26%
Employees	57	3%

Market Review

- Domestic milk production accounts for approximately 30% of the nation's total demand
- Drop in disposable consumer income driven by the country's economic condition and the imposition of higher taxes impacted consumer demand in the dairy industry
- Production costs meanwhile continued to soar with the high cost of electricity and appreciation of the Rupee leading to an increase in costs related to animal feed, vitamins and minerals.
- With rising production costs impacting the viability of small- scale farms, over 14,000 small scale farms were estimated to have shut down during the impacting supply conditions
- Cow milk production dipped 1.9% YoY whilst buffalo milk production increased 6.6% YoY in 2023 resulting in a dip in total milk production of 0.5% in 2023

	2023/24	2022/23	% Increase/ Decrease
Total Milk Production (Litres)	5.7 Mn	5.3Mn	8%
Milk Yield per cow (Litres/ Day)	19.2	17.5	10%
Average number of milkers	945	990	-5%
Days of silage stock	153	179	-15%
Feed cost per litre of milk sold	199	195	2%

Performance

Dairy sector revenue increased 22% to Rs..1,454 million in FY 2023/24 supported by an increase in both volume and price. The availability of cattle feed improved significantly compared to the previous year and the farm was able to procure better quality feed at a lower cost in 2H which resulted in cattle feed costs decreasing in 2H FY24. However, the cost of cattle feed increased during the year due to holding and consumption of higher cost feed in 1H which was procured previously. Consequently, GP margins improved during the year. Consequently, WDL witnessed a commendable turnaround during the year despite recording a net loss of Rs.. 139 Million compared to the loss of Rs.. 334 Million in FY 2022/23.

Strategic focus and key initiatives in FY 2023/24

- Continued focus on increasing milk yields by improving cattle health and nutrition. During the year investments were made to improve the conditions of cattle sheds to improve the living conditions of cattle
- Ongoing focus on improving the quality of milk
- Several heifers were purchased during the year as part of ongoing efforts to build a high-quality replacement herd
- Greater focus on controlling feed wastage to manage cost of feed. This included reorganizing the feed shed to increase efficiency and better manage feed operations
- Strategic emphasis on building feed sustainability

OPPORTUNITIES

Current domestic milk supply meets only 30% of the nations demand indicating significant growth potential

Shifting consumer preferences towards fresh milk over imported powdered milk

RISKS

Impact of VAT driven price increase on demand for milk amidst lower disposable income levels

Availability and cost of key inputs such as feed, medicines and vaccines

Aging herd

Change in end consumer behaviour towards consumption of dairy in the long term

WAYFORWARD

Whilst continuing to focus on increasing milk yields in the short term, we remain focused on building the herd and improving herd genetics in the medium to long term. Achieving feed sustainability whilst procuring higher quality feed at a lower cost will also be a key priority.

Financial Capital

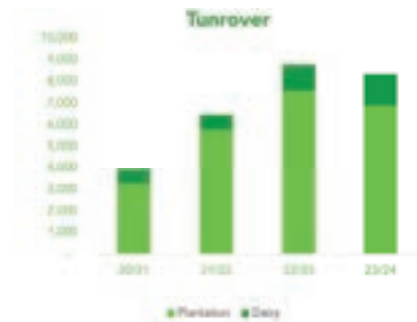
- Delivered healthy profits despite the downturn in the economy
- Revenue from oil palm contracted by 9% despite an increase in volume as the prices declined due to reduced demand.
- Dairy sector reported a revenue growth of 22%
- Sale of RSPO credits amounting to Rs.. 50 Mn

(Rs..Mn)	Oil Palm			Dairy			Group		
	23/24	22/23	%	23/24	22/23	%	23/24	22/23	%
Revenue	6,867	7,574	-9%	1,454	1,195	22%	8,321	8,768	-5%
Profit after tax	2,404	2,336	3%	(139)	(321)	57%	2,345	2,332	1%
Assets	8,925	8,602	4%	3,177	3,008	6%	9,431	8,834	7%
Liabilities	2,418	2,050	18%	1,109	799	39%	3,034	2,331	30%
ROA	27%	27%		-5%	-11%		26%	26%	
ROE	37%	35%		-7%	-15%		38%	36%	

Profitability



Stability

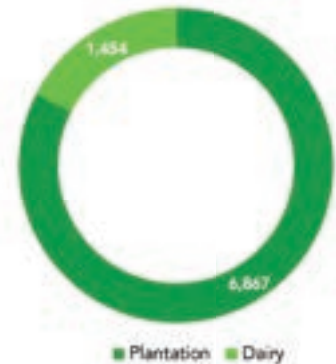


Revenue

The Group reported a 5% contraction in revenue as price for palm oil recorded a decline of 22% due to lower demand. Revenue from palm oil which contributed to 83% of the Group’s top line declined by 9% to reach Rs. 6,867 Mn, despite a 9% increase in crop volume achieved by an improved yield. Revenue from the dairy sector amounted to Rs. 1,454 Mn, recording a 22% growth supported by an increase in both volume and price. Total revenue recorded for the year by the Group amounted to Rs. 8,321 Mn, against a revenue of Rs. 8,768 Mn reported in the previous year.

from the increased availability of cattle feed in the second half of the year, allowing the farm to procure higher-quality feed at a lower cost.

Accordingly, the gross profit for the year recorded by the Group contracted by 11% to reach Rs.. 3,155 Mn.



Gross Profit

The plantation sector reported a gross profit of Rs.. 3,240 Mn, a 13% decline compared to the previous year driven mainly by the sharp decrease in the price.

Other Income

The Group reported other income of Rs. 61 Mn driven mainly by the sales proceeds of Rs. 50 Mn received by the sale of RSPO credits.

Operating costs and operating profit

The Group administrative expenses increased by 23% to reach Rs.. 444 Mn, on the back of the necessary salary adjustments carried out during the year. The selling and distribution costs increased by 91% to reach Rs.. 151 Mn due to the inclusion of the Social Security Contribution Levy which came into effect on 1st October 2022. Accordingly, the operating



The dairy sector reported a 13% improvement in gross loss, reducing it to Rs.. 147 million. This improvement was driven by better margins, resulting

profit margin of the Group weakened marginally to 32% from the previous years' 33%. The Group went on to report an operating profit of Rs. 2,661 Mn compared to Rs. 2,931 Mn reported in the previous year.

Net Finance Expenses

Interest income for the year increased by 32% to reach Rs. 184 Mn on the back of an increase in short-term investments. Meanwhile the interest expenses came down 32% to Rs. 79 Mn as the interest rates witnessed a significant decline during the year. Consequently, the Group reported a net interest income of Rs. 105 Mn, an increase of more than 4 folds compared to the previous year.

Pre and Post tax profits

The Group reported a pretax profit of Rs. 2,766 Mn, a contraction of 6% due to the decline in the top line and the increased operational costs. The tax charged for the year declined by 32% to reach Rs. 421 Mn due to the deferred tax provision created last year. Accordingly, the Group recorded a net profit of Rs. 2,345 Mn, recording a marginal growth of 1% compared to the previous year.

Asset Base

The total assets of the Group amounted to Rs. 8,834 Mn at the end of the previous financial year increased by 7% to reach Rs. 9,431 Mn as at 31st March 2024. This increase was mainly driven by a Rs. 919 Mn increase in the short-term investments. Non-current assets, which amounted to 71% of the total asset base increased by 5% to Rs. 6,674 Mn. The asset turnover which

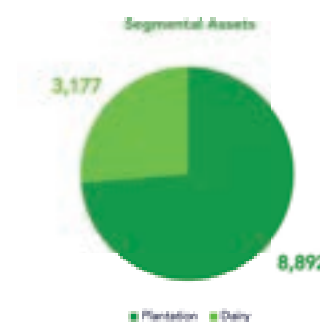
stood at 0.99 times at the close of the previous year declined marginally to 0.88 times on the back of the increased assets and reduced revenue.

Capital and Liabilities

Total equity which amounted to Rs. 6,503 Mn at the beginning of the year declined by 2% to reach Rs. 6,397 Mn on the back of the dividend payments made during the year. Total liabilities increased by 30% to reach Rs.9,431 Mn due to fresh borrowings of Rs. 155 Mn obtained during the year, higher lease liability arising from the increase in right-of-use land assets and increase in tax liabilities. Accordingly, the gearing of the Group increased to 8% from previous year's 4%.

Cash Flow

The Group's liquidity levels remained healthy with cash and cash equivalents of Rs. 797 Mn by end-year. Net cash inflow from operating activities increased by 39% to Rs.3,786 Mn on the back of reduced inventory, trade and other receivables. The Group recorded a net cash outflow of Rs. 1,491 Mn from investing activities due to cash directed to short term investments. The Group reported a net cash outflow of Rs. 2,375 Mn from financing activities. Consequently, the Group recorded a net cash outflow of Rs. 81 Mn during the year compared to the cash outflow of Rs. 629 Mn during the previous year.



Social and Relationship Capital



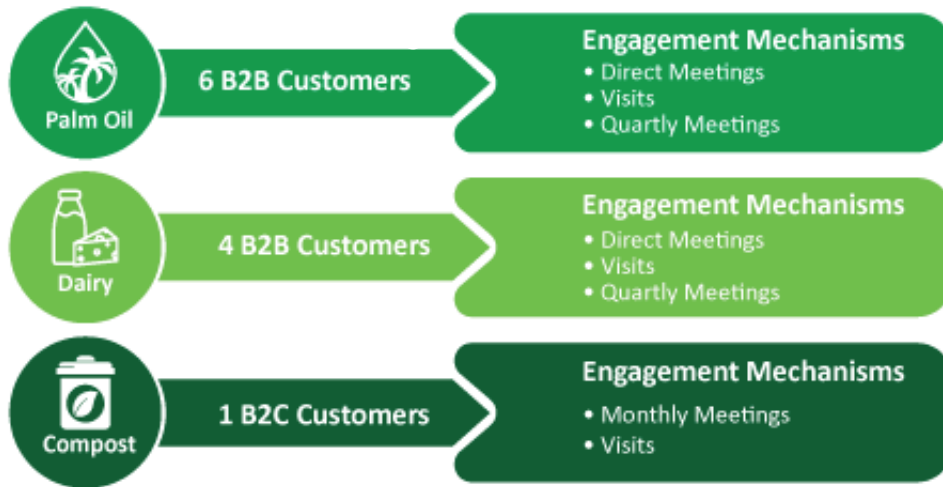
Our primary stakeholders, customers, suppliers, and the community, play a critical role in our value creation process. As a result, we are committed to maintaining positive and mutually beneficial relationships by offering attractive value propositions. Investing in these relationships not only enhances our brand value but also delivers tangible financial benefits, including higher customer retention rates, reduced labour turnover, and increased operational efficiency within our supply chain.

Value Additions in 2023/24



Engaging with Our Customer Base

Our customer base comprises of B2B customers for both palm oil and dairy and direct customers for products such as compost. Our relationships with customers are built on the solid foundations of reliability and quality. This approach has allowed us to retain our customers and maintain consistently high levels of customer satisfaction. A key component of our customer management strategy is ongoing engagement with the customer base.



We prioritize the health and hygiene of our products and implement stringent quality controls throughout the manufacturing process. Through rigorous assessments, we aim to ensure the safety and quality of our products, thereby fostering trust and loyalty among our clientele. Further, maintaining trust among stakeholders is paramount for the Group. We uphold this trust by adhering to the highest ethical standards in all our business dealings. Integrity, honesty, and transparency are core elements of our operations, and we strictly comply with all applicable laws and group policies and terms of our contracts with customers. We maintain a zero-tolerance approach towards corruption, including bribery, embezzlement, extortion, fraud, or any other form of illegal or unethical conduct.

Our Customer Value Proposition

Suppliers

Our supplier network comprises of a diverse range of individuals and corporates, small and medium-sized enterprises (SMEs), as well as local and international corporations. These suppliers provide essential inputs such as fresh fruit bunches, fertilizers,

Consistent Superior Quality	Our palm oil products adhere to the high-quality standards set by Pyramid Wilmar, and our dairy products also meet rigorous quality standards that is expected by our customers.
Reliable and Uninterrupted Supply	We have steadily increased our oil palm production by enhancing the yield through various innovative yield techniques to guarantee continues supply to our customers. Additionally, we maintain relations with third-party oil palm suppliers.
Engagement	We maintain continuous engagement with our customers and value their input, enabling us to foster long-standing relationships and consistently meet customer expectations.

agro inputs, packaging materials, and other necessary supplies. Over the years, we have cultivated these relationships meticulously to establish a robust and dependable supply chain, which in turn enables us to maintain seamless operations.

	2023/24
No. of local suppliers	502
No. of foreign suppliers	16
Payments to local suppliers	Rs.. 2,268 Mn
Payments to foreign suppliers	Rs.. 282 Mn

We procure Fresh Fruit Bunches (FFB) from 3 Regional Plantation Companies and 2 small-scale plantations. Additionally, we engage with 300 other suppliers who offer various materials and services necessary for our operations.

Our commitment to sustainability extends to our supplier network, and we maintain a close collaboration with them to promote sustainable practices. We conduct thorough assessments of suppliers during the onboarding process to ensure compliance with all regulatory requirements, and we continue to conduct periodic assessments thereafter. Moreover, we actively participate in supplier development initiatives by sharing our expertise in agriculture and processing, thereby enhancing the quality of the products we procure while also increasing their productivity.

Initiatives to strengthen supply chain
<ul style="list-style-type: none"> Maintaining collaborative relationships Sharing market insights, providing feedback on product quality and performance, and collaborating on process improvements to drive efficiency and reduce costs.
<ul style="list-style-type: none"> Support for supplier development Offering assistance in technological developments and sustainable practices. Also include providing training, access to resources, and sharing best practices.
<ul style="list-style-type: none"> Recognition and incentives Awards, bonuses, or preferential treatment for top-performing suppliers.
<ul style="list-style-type: none"> Support in mitigating risks Assistance in managing risks such as market fluctuations, natural disasters, or regulatory changes can help build resilience in the supply chain. This could involve sharing risk mitigation strategies, providing insurance coverage, or collaborating on contingency plans.

Industry Partnerships

We engage in active collaboration with the following professional bodies to nurture the growth and development of our industry. Our involvement with these organizations enables us to contribute to industry progress while offering our employees

Supplier Selection Process



opportunities to exchange knowledge and expertise with their counterparts. Through our active participation in these forums, we underscore our dedication to fostering innovation and excellence within our industry.

- Spices & Allied Products Producers and Traders Association
- Sri Lanka - Australia - New Zealand Business Council
- Ceylon Chamber of Commerce
- Colombo Rubber Traders' Association
- Colombo Tea Traders Association
- National Chamber of Commerce
- Planters' Association of Ceylon
- All Island Dairy Association
- Large Dairy Farm Association
- Sri Lanka Food Processors Association
- National Chamber of Exporters

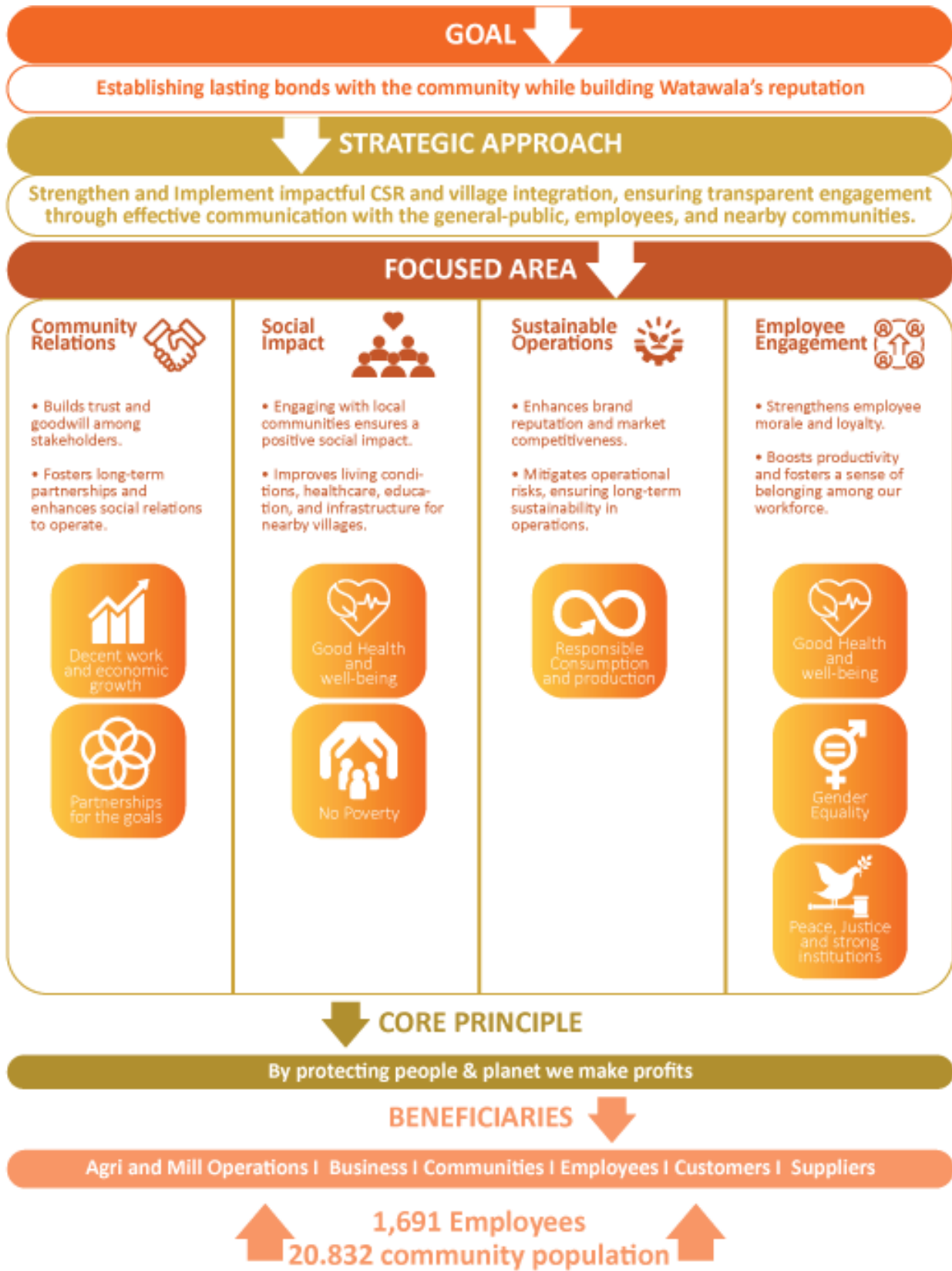
into our overall corporate strategy. Watawala Plantations has reinforced its dedication to community development by integrating through its "CSR and Village Integration Strategy" outlined through 2025. This initiative, launched during the year is aimed at enriching the living conditions of the estate community while enhancing the Watawala brand image.

We recognize the interdependent relationship we share with the estate community and are dedicated to enhancing their standard of living. We work with the estate communities to achieve social sustainability through socio economic development and empowerment. Listed below are such initiatives carried out during the year.

Community Engagement

Our commitment to the welfare of our estate worker community is integrated

Areas of focus	Healthcare	Sports & Fitness	Education	Engagement
No. of beneficiaries	2,120+	1,210+	1,403+	3,000+
Projects carried out	<ul style="list-style-type: none"> • Health camps for regional estates in collaboration with regional hospitals • Eye clinics for Estate Staff and community • Dental clinic at the Talangaha Estate 	<ul style="list-style-type: none"> • Renovating the Palm Grove Badminton Court 	<ul style="list-style-type: none"> • Women's day health and awareness session for Estate Staff • Donation of schoolbooks for the children of Estate Staff • Awarding of scholarships to the children of Associates and Staff 	<ul style="list-style-type: none"> • Regional : Children's Day event 2,000+ participants • Awurudu Uthsawaya for 1,000+ people



Human Capital



The Group has a workforce comprising 1709 employees, the majority of whom are estate workers (88%), these individuals hold a crucial role in our operations and value creation process. Our holistic approach to employee

engagement includes empowering them through skill development initiatives and enhancing their social standing, thereby elevating the quality of life of all employees. Investments in human capital not only yield financial

returns through enhanced productivity but also enrich our intellectual capital by enhancing our skills, expertise and knowledge pool.

NO POVERTY

GOOD HEALTH AND WELL-BEING

DECENT WORK AND ECONOMIC GROWTH

GENDER EQUALITY

- Rs.5.5 Mn Training Investment
- 1323 of training hours provided to 58 executives

- 207 new recruits
- 12 promotions



- Rs.1,347 Mn payments to employees

- Basic salary growth of 24%

HR Governance

All aspects of Human Resource management are guided by Group’s comprehensive HR policy framework while the Employee Code of Conduct sets out clear guideline on expected professional and ethical conduct of all employees. All policies and procedures are developed to provide structure, consistency, control, fairness and transparency in managing human resources while ensuring that we create a dynamic team that is aligned to our corporate values and philosophy. Further, we comply with the overarching policies of our parent, Sunshine Holdings PLC while also implementing specific policies tailored to our business needs.

OneHR, the centralized HR department, serves as the central hub for all HR activities within the Group. It provides strategic direction, standardizes processes, and ensures consistency across business lines. OneHR acts as a liaison between HR Business Partners (HRBPs) and different departments, coordinating efforts to meet organizational objectives. The HRBPs’ are Integrated into business units and serve as strategic consultants to business leaders through OneHR. They work in close partnership with OneHR to align HR initiatives with business objectives, address the unique requirements of their units, and ensure the effective implementation of HR policies and programs.

HR Policies that are in place are,

- Compensation and Benefits policy
- Equal Employment Opportunity policy
- Anti-Harassment and Anti-Discrimination Policy
- Training and Development Policy
- Whistle blower Protection policy
- Data Privacy and Confidentiality Policy

Team Profile

Our team comprises of 1709 individuals representing diversity in age and capabilities. 94.5% of personnel are employed on a permanent basis while the remaining are hired on contract basis for non-critical functions. Profile of our team is given alongside.

	Male	Female	Total
By Sector			
Plantations	1,091	561	1,652
Dairy	49	8	57
By Contact			
Permanent	1,034	515	1,549
Contract	56	47	103
Trainee	0	0	0
Intern	0	1	1

Mobility During 2023/24

Industrial Relations

6 trade unions are currently active, representing approximately 92% of our workforce. We uphold the employees' right to freedom of association and endeavour to foster positive relations through open communication and engagement. Collaborating closely with trade union representatives, we address employee grievances and concerns in a timely and effective manner.

Employees are given approximately 15 days of notice regarding any significant operational changes.

Remuneration and other Benefits

Typically, the Collective Agreement between the estate union and the management sets out the estate worker's wages and benefits. And remuneration of other employees is in keeping with industry rates and governed by the Shop and Office Employees Act. All remuneration packages adhere to applicable labor laws and regulations, ensuring that the standard entry-level compensation offered aligns with the minimum wage defined by labor laws. During the year there were no incidents of noncompliance.

Beyond remuneration, as shown alongside we offer a variety of additional benefits and rewards comprising both fixed and variable components, all designed to retain necessary talent and inspire and uphold high morale.

Total staff cost for the year amounted to Rs. 1,347 Mn (2022/23 : Rs. 1,213 Mn).

Employee Group	Benefits
Executives and staff – Head Office	<ul style="list-style-type: none"> • Insurance • Medical facility • Mobile allowance • Conveyance allowance
Executives - Estates	<ul style="list-style-type: none"> • Billet Allowance • Medical facility • Mobile Allowance • Fuel/Traveling/Vehicle • Accommodation • Utility Payments
Staff - Estates	<ul style="list-style-type: none"> • Medical facility • Tea Allowance • Accommodation • Utility payments
Associates, Plantation workers	<ul style="list-style-type: none"> • Housing • Watter • Tea allowance • Free medicinal drugs • Medical facility • Free clinics • Childcare facilities for children below 5 • Wheat flour • Death donation

Performance Management, Recognition and Career Progression

All staff and management grades undergo annual evaluations based on Key Performance Indicators (KPIs), although this process excludes estate labor. Estate staff are assessed manually, whereas executive staff are evaluated using the online HR system. These evaluations incorporate both divisional and individual KPIs to ensure alignment between the Company's goals and those of our employees.

Employees who demonstrate strong performance are acknowledged and rewarded through salary increments and promotions. A monthly cash incentive program recognizes contributions to productivity, while innovation is honored separately via an independently evaluated Employee Recognition Scheme (ERS). Exceptional contributions are further recognized through quarterly and annual awards programs.

The Group has a well-defined succession plan in place to facilitate career progression and strive to align personal goals with our organizational goals. Outstanding employees are recognized and given the opportunities to progress in their careers. During the year 12 employees were promoted.

Training and Development

We offer ongoing training and development opportunities to equip our employees with essential skills and knowledge. These training needs are determined during performance appraisals and are aligned with organizational goals and accreditation standards. Additionally, employee requests for training made during performance evaluations are also considered when formulating the training calendar.

	2023/24
Total investment in training – Rs. Million	5.5
Total No. of training hours	1,383
No. of employees received training	386
Average hours of training per employee	106

These training programs can be broadly categorized into:

- Sending employees to overseas training sessions
- Conducting internal and external training sessions
- Providing training on Standard Operating Procedures (SOPs)
- Offering new employee induction programs
- Facilitating access to LinkedIn Learning

Training programs carried out during the year are,

- Advanced Microsoft Excel
- Sustainability reporting
- Accounting standards related to consolidated financial statements
- Developing leaders in finance
- Microsoft Office training
- Diploma in Applied Taxation
- emPOC2023 Conference & Wilmar Plantation training
- Workshop on Commercial Forestry and Wood Management in Plantation Industry
- PIPOC Conference & Wilmar Plantation training
- SAP training
- Training on managing union demands and strikes
- Stores management
- Executive Development Programme

Employee Health and Safety

Health and safety standards and guidelines are clearly defined in our Health and Safety policy to ensure a safe work environment for all employees. We have implemented and maintain rigorous health and safety controls and standards across all premises, aligning with international best practices and all relevant regulatory requirements. Additionally, the Collective Agreement with trade unions includes provisions for access to medical facilities and

a safe work environment. All staff members are entitled to medical allowances and annual medical check-ups as part of their compensation package. Further, our adherence to the RSPO certification underscores our commitment to maintaining high safety standards.

We have established Safety and Health Committees (SHCs) in our workplaces to enhance employee involvement in health and safety matters.

The sustainability team oversees the responsibility of identifying potential occupational health and safety hazards by investigating physical, ergonomic, biological, chemical and psychological conditions, and prepares and maintains the Hazard Identification Risk Assessment & Risk Control chart (HIRARC) with inputs from the estate management and other staff. Apart from the annual revision, if necessary, the HIRARC also revised after an incident occurs.

The Following health and safety services are offered by the Group,

- A compulsory annual medical surveillance for all mill employees
- Availability of a medical personnel for consultation if necessary
- Medical insurance

Work Related Injuries	No.	Rate
Fatalities due to work-related injuries		0%
High - consequence work-related injuries		0%
Recordable work-related injuries		0.64%
Total recordable incident rate (TRIR)		0.64%
Fatality rate		0%
Near miss frequency rate (NMFR)		Not measured

Training on occupational health and safety

- First aid training
- Personnel protective equipment training
- Fire training
- Occupational health and safety training
- Chemical and pesticides application/ handling training
- Material safety data sheet training
- Defensive drive training
- Fertilizer application training

Employee Engagement

To motivate our team effectively, we prioritize fostering a sense of teamwork and camaraderie. Our open-door policy is integral to this effort, promoting engagement and encouraging collaboration. By valuing the input of every employee, we aim to create an inclusive environment where everyone feels heard and appreciated. We hold events throughout the year to provide employees with opportunities to pursue interests outside of work and participate in community service activities.

- New Year Festival Celebration
- Business Review Meeting
- Udugama Perahera
- Vesak Festival Celebration
- Annual Award Ceremony
- Bana/ Pirith in 3 Estates
- Professional Day
- Mid year performance appraisal
- Worlds Children’s Day Celebration

- Stationary giveaway
- Christmas Celebration
- Thaipongal Day Celebration
- Independence Day Celebration
- Blood Donation campaign
- Women’s Day Celebration

Diversity and Inclusion

In line with our policy framework, culture, and values, fostering a diverse and inclusive environment remains a top priority at the Group.

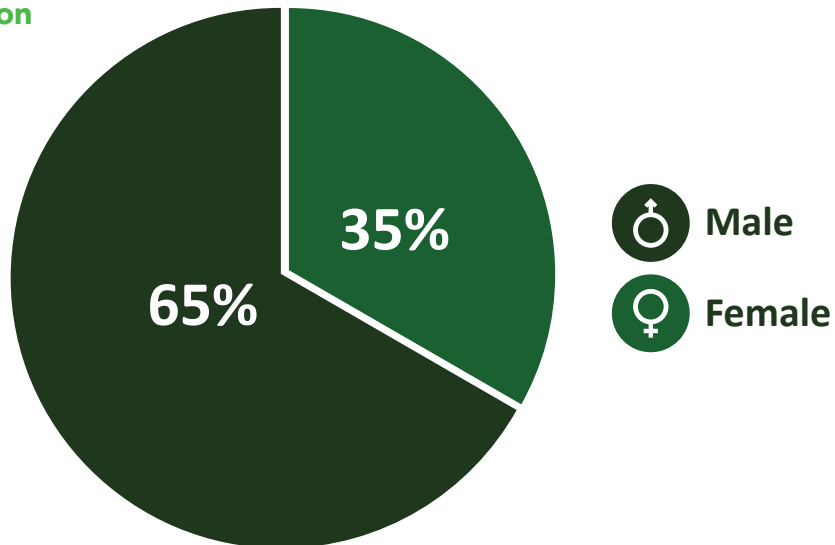
We are committed to upholding a zero-tolerance stance against racism, ensuring that every employee feels respected and valued. This commitment is integral to our aim to create a workplace where diversity thrives, and inclusion is the norm.

The Group upholds the principles of equality and fairness in all aspects of its operations, including recruitment,

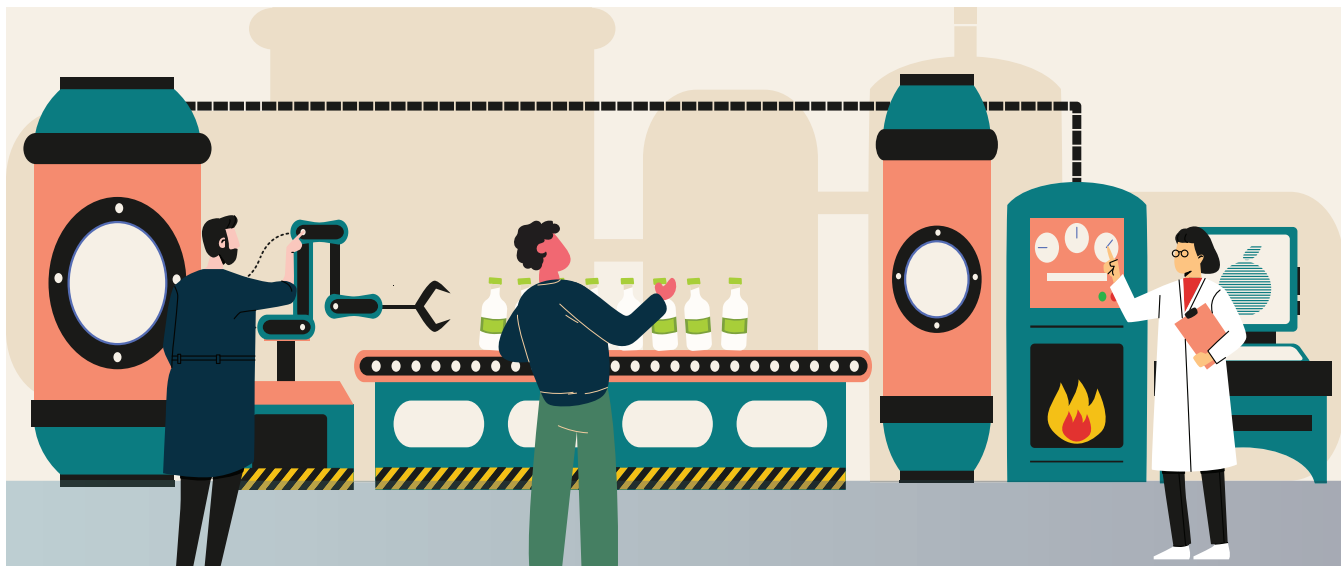
reward structures, training, and career progression opportunities. As an equal opportunity employer, we are committed to ensuring that all individuals are treated fairly and without discrimination based on factors such as gender, ethnicity, religion, or any other characteristic protected by law. Our policies such as Grievance Handling policy and Whistle blower Policy ensure that the Group maintains its zero-tolerance stance.

At Watawala, regardless of gender, all employees and workers are paid equally based on their roles and experience.

Workforce Representation



Manufactured Capital



The Group’s manufactured capital plays a pivotal role in achieving our strategic objectives, enabling efficiency, high product quality, and robust processes that enhance decision-making. We have continued to invest in our Manufactured Capital, emphasizing both physical and digital infrastructure, with a particular focus on factory development and automation.



Value Additions in 2023/24

- Rs. 113 Mn investment in motor vehicles
- Rs. 14 Mn investment in plant and machinery

- 24 new recruits
- 12 promotions



- Continuous investment in digital infrastructure

- Commenced evaluation of a new palm oil effluent treatment system at the palm oil mill

Our consistent delivery of high-quality output is underpinned by the strength of our manufactured capital. As of the end of the year, The Group's manufactured capital stood at Rs. 2.6 billion, representing 27%

of total assets. The Group has continued to invest in enhancing its manufacturing capabilities, which include factories, palm oil mill, machinery, equipment, and digital infrastructure. During the year, capital

expenditure amounted to Rs. 290 Mn primarily representing investments in buildings and agriculture motor vehicles.

Segmental Analysis of Groups' Manufactured Capital

Rs. Mn	2023/24	2022/23
Plantations	1,213	1,139
Dairy	1,343	1,344
Depreciation charge		
Plantations	203	195
Dairy	73	76

Manufactured Capital by Type (Rs. Mn)	
Plant & Machinery	468
Buildings	1,479
Motor Vehicles	125
Equipment	34
Furniture and Fittings	26
Other	423
Total	2,556

Enhancing manufactured Capital

The Group dedicates substantial financial resources to the maintenance

and enhancement of our manufactured capital, ensuring the high quality of

our products and the fulfilment of customer expectations.


Segmental Analysis of Groups' Capital Expenditure

Rs. Mn	2023/24	2022/23
Plantations	357	445
Dairy	185	165


During the year, we initiated a project to increase the capacity of the crop-holding area at the palm oil mill. We also invested Rs. 96 million in agriculture motor vehicles for the estate and palm oil mill. Meanwhile, we commenced exploring a new effluent management system for the oil palm mill.

Our Processing Facilities

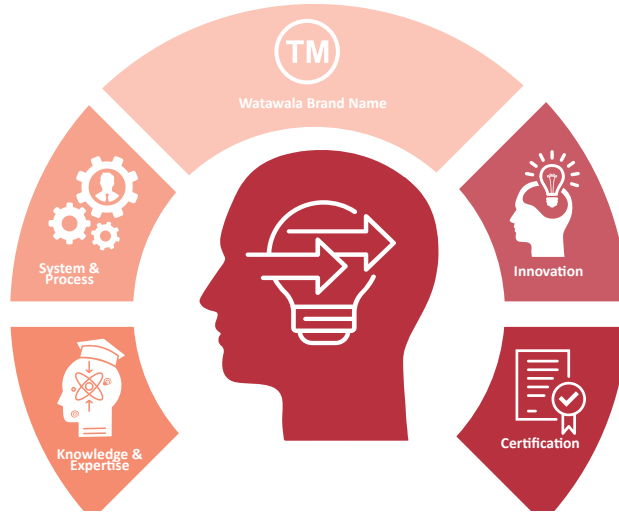
Oil palm Mill

	<p>Our palm oil mill situated in the Nakiyadeniya Estate, Udugama, is equipped with the latest palm oil milling technology and state-of-the-art machinery to ensure the highest quality standards and operational efficiency.</p>
Processing Capacity	20 MT per hour of FFB
Certifications	<ul style="list-style-type: none"> • ISO 45001:2018 - Occupational health and safety • ISO 50001:2018 – Energy management systems • ISO 14001:2015 – Environmental management systems • Roundtable on Sustainable Palm Oil (RSPO) certification
Modifications/capacity expansions carried out during 2023/24	Commenced expansion of the crop holding ramp for the palm oil mill

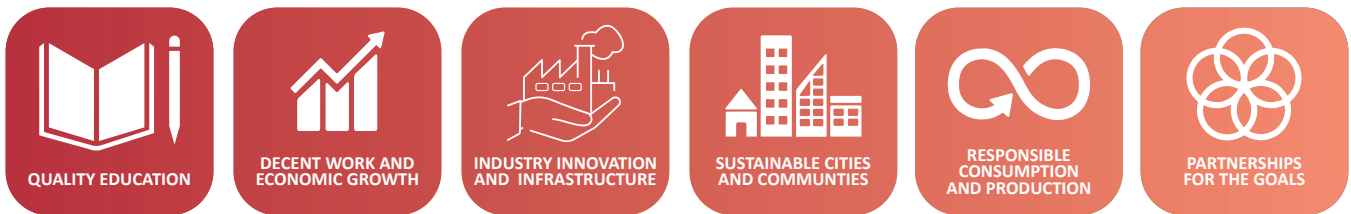
Dairy Processing Plant

	<p>The dairy farm has a fully computerized, state-of-the-art milking parlour system equipped to monitor each animal's yield and quality of the milk produced. The double raw rapid exit milking parlour which can milk 40 cows at a time and is one of the most advanced milking parlour's in Sri Lanka at present.</p>
Chilling and storage capacity	23,000 Litres/daily

Intellectual Capital



Our intellectual capital is vital in driving us toward our strategic aspirations, especially amidst prevailing uncertainties and challenges in the operating environment. Our brand, tacit knowledge and expertise, systems and processes, along with our innovative capabilities, enable us to achieve our strategic goals while meeting the expectations of our stakeholders.



Value Additions in 2023/24

- Upgrading of the ERP system with strategic upgrades

- Enhancing the productivity and efficiency of the oil palm mill by real-time analytics for timely and informed decision-making



- Driving technological advancements to achieve better productivity and efficiency

- Enhancing knowledge of estate and mill workforce by providing training in Malaysia productivity and efficiency

Brand Visibility

Systems and Processes

We remain dedicated to streamlining our processes, consistently upgrading our systems to incorporate the latest technologies. Our focus remains on enhancing productivity and efficiency across operations. During the year

we enhanced our technological framework by introducing strategic upgrades and customizations to our ERP and business applications. These improvements were meticulously designed to expand our digitization

and digitalization efforts, significantly boosting efficiency and productivity across our operations.

Listed below are some initiatives carried out to upgrade Groups' systems and processes

Area	Task
Human Resource Management	<ul style="list-style-type: none"> • Streamlining the digital muster and task management by minimizing manual inputs and enhancing task allocation efficiency • Intelligent attendance system to increase accuracy by use of "iHarvest" • OneHR system for entire HR digital practices from performance management to leave application, etc.
Palm Oil Mill Operations	<ul style="list-style-type: none"> • Real-time analytics for timely and informed decision making • Real-time visibility for incoming crop data and dispatches
Dairy Operations	<ul style="list-style-type: none"> • Dairy Master: milking parlour production system • SAP system: financial management • NIR testing facility • Weighbridge integration

Knowledge and Expertise

Our ability to attract and retain the essential skill sets needed to meet and exceed customer expectations is driven by our efficient recruitment process and comprehensive employee

value proposition. Additionally, the Group's unwavering commitment to investing in training and development has enhanced our team members' skills, reflected in the exceptional

quality of our product deliverables. As a result, the knowledge and experience of our team members are crucial to our value-creation process.

Innovation and Operational Excellence

Innovation in products and processes is crucial for retaining our customer base and driving sustainable growth. As a group, we strive to foster a learning culture where innovation is encouraged and rewarded at all levels of the organization. These innovations are recognized and appreciated at

the quarterly Town Hall meetings where staff members have received certificates and cash rewards.

The following initiatives were carried out during the year,

Palm Oil operations	<ul style="list-style-type: none"> • Optimizing fertilizer cost by application of a mix of organic and inorganic fertilizer, soil mapping and site-specific fertilizer application • Use of a steam-powered turbine to reduce electricity consumption from the grid • Implement yield-taking and yield-making activities to improve yield • Improve crop quality and strengthening crop grading • Fleet management system to track machinery productivity
Dairy operations	<ul style="list-style-type: none"> • Reducing cattle mortality • Reducing feed cost, sourcing higher quality feed, and in-house feed mixing • Transport cost deducting on investing own fleet

Certifications

Given below is a list of certifications we complied with during the year covering areas related to product quality, health and safety and sustainability. These certifications facilitate benchmarking with global industry best practices, ensuring that our processes evolve continuously to the highest standards for the respective products or processes. These certificates support our brands, enhancing customer confidence in our production processes.

Certification	Watawala Plantations	Watawala Dairy
RSPO	<input checked="" type="checkbox"/>	
ISO 14001 Environmental management system	<input checked="" type="checkbox"/>	
ISO 45001:2018	<input checked="" type="checkbox"/>	
ISO 50001 Energy management System	<input checked="" type="checkbox"/>	
RSPO Kernel Crusher Plant Supply chain	<input checked="" type="checkbox"/>	
Environmental Protection License	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Natural Capital

Our business activities not only rely on but also significantly impact natural resources such as land and water resources. We therefore not only have a compelling economic rationale but also a moral obligation to protect and enrich our natural resources. As an RSPO certified operation, we adhere to stringent RSPO conditions that ensure the highest standards in social and environmental management.

Our Natural Capital FY 2023/24			
Land Resources		FY 22/23	FY 23/24
• Homadola Estate	hectares	1,367.77	1,367.77
• Talangaha Estate	hectares	1,725.34	1,725.34
• Nakiyadeniya Estate	hectares	1,713.80	1,713.80
• Royston Estate	hectares	17.43	17.43
Total Land Extent	hectares	4,824.34	4,824.34
Energy Consumption (GRI 302-4)			
• Non-Renewable Sources	GJ	4,874.28	11,301.97
• Renewable Sources	GJ	126,421.40	200,224.44
Water Consumption (GRI 303-5)			
	M3	32,453	53,788

Value Additions in 2023/24

- 23% of energy requirement met through renewable sources

- 88.8% of organic waste reused in production process



- Continuous effort for biodiversity conservation

- 5.55% reduction in emissions

Environmental Governance

A robust environmental governance system is in place to drive the Group’s environmental agenda. The Group’s sustainability commitments are articulated through a comprehensive suite of policies, SOP’s and management plans. Estate Management Units (EMU’s) have been established in each of our estates and are responsible for engaging with all

relevant stakeholders to coordinate management plans and initiatives across our operations. Periodic audits are carried out to verify compliance with EMS (Environmental Management System) and to determine if the EMS has been implemented properly.

Environmental Policies in Place include;

- Environment policy
- Zero burning policy
- Sustainable agricultural policy
- Energy management policy



Land Management

As a RSPO certified operation, WATA is committed to conserving, protecting, and enhancing ecosystems within and surrounding its operations by ensuring sustainable management of natural resources. This includes soil management, sustainable management of forests, combating desertification, halting and reversing land degradation and biodiversity loss.

- Adoption of integrated pest management approach that includes a combination of natural and mechanical pest reduction tactics. Chemical control methods are used minimally.
- Increasing the carbon content of soil with the use of organic fertilizer
- Use of cover crops, stone terraces, live terraces and draining system to reduce soil erosion, control weed development and improve soil quality.

Soil Management

We ensure sustainable agricultural practices are adopted across all our estates to maintain soil quality. Soil management practices adopted in our estates include;

- Ensuring that only approved fertilizers and agrochemicals that meet international quality and safety standards are used on our plantations.

SOP's relating to Biodiversity Conservation

- Management of riparian buffers and enforcement for road and bridge design to minimize fragmenting biological corridors such as riparian buffers
- Monitoring water quality, riparian buffers, and water body buffers (including areas planted with oil palm) and to monitor quality of in-coming water and outgoing supply.
- Management of steep areas (including oil palm areas) to prevent slope failure and unmitigated erosion.
- For land clearance and preparation of hilly areas (contouring)
- For road and drain design to minimise erosion

Biodiversity Conservation

(GRI 304-2)

Our approach to biodiversity conservation which is based on globally accepted HCV (High Conservation Value) management mechanisms, involves a three-step approach as depicted below.



Clearly defined policies and SOP's with regards to biodiversity conservation ensure that RSPO guidelines and national regulations are strictly adhered to and that progress is tracked and monitored on an ongoing basis. Over the years we have built significant institutional capacity within our organization to drive our conservation efforts. Meanwhile, we continue to closely partner with government and local communities to drive broader conservation initiatives.

Total protected area under Watawala Plantations GRI 304-3

The Protected Areas (PA) around Watawala Plantations include the Biosphere Forest Reserve Kanneliya-Dediyagala-Nakiyadeniya Complex (KDN), the Pattaramoraketiya, Nerugalkanda and Malambure Forest Reserves. Talangaha and Homadola estates boundaries overlap with the KDN complex and the Nerugalkanda Forest Reserve, both of which are Protected Areas.

The total extent of HCV management area is approximately 525.39 ha., representing 10.75% of the total Watawala concession.

There was no deterioration of the protected areas under our care during the year reflecting the effectiveness of our habitat protection measures.

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

*HCV 1: Concentrations of biological diversity including endemic species, and rare, threatened or endangered (RTE) species that are significant at global, regional or national levels.

HCV 2: Large landscape-level ecosystems, ecosystem mosaics and

Intact Forest Landscapes (IFL) that are significant at global, regional or national levels, and that contain viable populations of the great majority of the naturally occurring species in natural patterns of distribution and abundance.

HCV 3: Rare, threatened, or endangered ecosystems, habitats or refugia.

HCV 4: Basic ecosystem services in critical situations, including protection of water catchments and control of erosion of vulnerable soils and slopes.

HCV 5: Sites and resources fundamental for satisfying the basic necessities of local communities or Indigenous people (for livelihoods, health, nutrition, water), identified through engagement with these communities or Indigenous people. MEC|WATA: HCV Assessment Report, Udugama, Galle District, Sri Lanka

HCV 6: Sites, resources, habitats and landscapes of global or national

cultural, archaeological or historical significance, and/or of critical cultural, ecological, economic or religious/ sacred importance for the traditional cultures of local communities or indigenous peoples, identified through engagement with these local communities or indigenous people.

IUCN Red List species and national conservation list species with habitats in Watawala Region GRI 304-4

The Watawala region is home to over 112 species of amphibians, reptiles mammals and birds. The following have been identified as protected species.

	No. of species
Critically Endangered plants	8
Endangered plants	11
Vulnerable plants	25
Endangered animal species	2
Vulnerable animal species	2

Energy management is a critical element of our climate agenda and we have clear targets to increase energy efficiency and reduce emissions across our operations. This includes targeted efforts to optimize energy consumption, reduce energy waste and increase the use of renewable energy sources. We comply with ISO 50001 enabling continual improvement in energy performance

Energy Management

across our operation. Meanwhile, a clearly articulated energy policy for Nakiyadeniya Palm Oil Mill (NPOM) ensures strict compliance with all regulatory requirements pertaining to energy and emission management.

Our Energy Policy aims to;

- Engineering know-how, ensuring energy conservation, efficiency and utilizing appropriate renewable energy
- Encourage employees to actively engage in energy conservation measures by providing awareness and necessary resources to achieve objectives and targets
- Take energy efficiency evaluation dimensions into account in our new designs, investments, process changes, facility upgrades and equipment purchases
- Ensure our operations comply with all applicable legal, regulatory and other requirements those relate to our energy use
- Communicate our policy to appropriate stakeholders at all levels internally and externally to ensure its contents are understood and all are committed and contributing for continual improvement in reviewing energy targets, achievement and revising
- Promote renewable energy initiatives to conserve natural resources

Energy reviews are carried out periodically to identify significant energy uses (SEUs) within the factory premises. The task requires detailed quantitative and qualitative analysis of each energy source also enabling us to measure our energy footprint on an ongoing basis. Meanwhile, energy performance is measured and monitored against 7 energy performance indicators.

Energy Consumption within the Organization (GRI 302-1)			
Type of Fuel			
Non Renewable			
- Diesel	GJ	3,551.824	
- Petrol	GJ	435.842	
Renewable			
- Bio gas	GJ	-	
- Solar	GJ	-	
- Biomass		200,224.44	
Electricity (GRID)	GJ	5,626.354	
Mill Turbine		1,687.95	
Total Energy Consumption		211,526.41	

Operation/ Section	Energy Share %	Type of energy used
Boiler	35%	Biomass
Kernel Plant	18%	Electricity
Press	14.3%	Electricity
EFB Press	10.9%	Electricity
Nut Plant	9.2%	Electricity
Decanter	5.3%	Electricity
Biogas Plant	4.6%	Biomass
Sterilizer	1.8%	Biomass
Effluent Plant	0.9%	Electricity

* Basis for measurement: fuel - measurement calculated based on meter reading when issuing fuel, energy - measurement calculated based on meter readings and invoices.

Energy Intensity GRI 302-3

	Homadola Estate	Nakiyadeniya Estate	Talangaha Estate	Palm Oil Mill
FFB (Kg)	10,544,550	22,491,930	24,035,640	NA
Total Energy Used (GJ)	1,170.94	1,167.65	1,222.73	8,041.65
Energy Intensity (Kg/GJ)	9,005.231	19,262.58	19,657.32	138.88

	Petrol total L	Petrol mass (M3 * 752.5)	Mass in Giga gram	NCV	Energy/TJ	GJ	
	13,074.3	9,838.41075	0.009838411	44.3	0.435841596	435.842	
	Diesel Total	Diesel mass (840)	Mass in Gg	NCV	Energy/TJ	GJ	
	98,334	82,600.56	0.08260056	43	3.55182408	3,551.824	

	Petrol	Petrol mass (M3*752.5)	Mass in Giga gram	NCV	Energy/TJ	GJ	
HMD	3,484.3	2,621.93575	0.002621936	44.3	0.116151754	116.1518	
NKD	4,396	3,307.99	0.00330799	44.3	0.146543957	146.544	
TLG	5,194	3,908.485	0.003908485	44.3	0.173145886	173.1459	
Mill	0	0	0	44.3	0	0	
	Petrol	Petrol mass (M3*752.5)	Mass in Giga gram	NCV	Energy/TJ	GJ	
HMD	24,350	20,454	0.020454	43	0.879522	879.522	
NKD	24,759	20,797.56	0.02079756	43	0.89429508	894.2951	
TLG	24,026	20,181.84	0.02018184	43	0.86781912	867.8191	
Mill	25,199	21,167.16	0.02116716	43	0.91018788	910.1879	
	Petrol	Diesel	Grid	Biomass	Total Energy	FFB	Intensity
HMD	24,350	20,454	0.020454	43	0.879522	879.522	9,005.231
NKD	24,759	20,797.56	0.02079756	43	0.89429508	894.2951	19,262.58
TLG	24,026	20,181.84	0.02018184	43	0.86781912	867.8191	19,657.32
Mill	25,199	21,167.16	0.02116716	43	0.91018788	910.1879	
Total	435.8415962	3,551.82408	7,314.3036	200,224.44	11,602.96928		

Water Management

GRI 303-1 and GRI 303-2

As a plantation company water is a critical input resource in our operation. The palm oil mill operation too requires a considerable volume of water during the extraction process of crude palm oil from fresh fruit bunches. Palm oil mill effluent (POME), the main organic waste from our operation meanwhile includes biochemical oxygen demand (BOD) and chemical oxygen demand (COD) which can contaminate water bodies if not responsibly treated. Furthermore, the Watawala region controls part of the catchment area for Gin Ganga which is the main raw water source for the Greater Galle Water Supply Scheme. Preserving the supply and quality of our water resources is therefore of critical importance for the long-term viability of our operation.

Water conservation is practised across our estates and milling operation. Sustainable agricultural practices such as the use of cover crops and preservation of catchment areas have been adopted in addition to practices such as rainwater harvesting and water recycling to conserve water and

enhance water efficiency. Meanwhile, buffer zones play an important role in filtering herbicides and suspended solids from contaminating water bodies.

We also carry out water and effluent tests on a regular basis to ensure that

water and effluent quality parameters set by regulatory standards are stringently maintained. 24 sampling points are maintained across our operation at strategic locations to test water quality.

Water Conservation practices at WPL

- Mucana is used as a cover crop
- Buffer zones and Riparian zones are established as per the width of the rivers
- Native indigenous trees are planted along the streamlines to act a filter
- Application of weedicides and fertilizers are prohibited in the buffer and riparian zones
- Water catchment areas and HCV forest have been identified and they have been protected
- Man-made lake have been constructed for the rainwater harvesting
- Rainwater harvesting and deep drainage are used to store the rainwater
- In waterlogged locations, Kumbuk and Nadun plants are planted
- A catchment area and chemical-free zone of 60 meters around the water body is preserved
- Land contour maps are reviewed
- Training and awareness to all employees and their families about the importance of conserving water and the ways of doing it

Water Withdrawal by Source (GRI 303-3)		Water Discharge by Source (GRI 303-4)	
	m3		m3
Surface Water	53,788.270	Surface Water	50,649.080
Ground Water	0	Ground Water	0
Seawater	0	Seawater	0
Produced water	0	Third Party Water	0
Third Party Water	0		
Total Water Withdrawal	53,788.270	Total water discharge	
Total water withdrawal from all areas with water stress	0	Total water discharge to all areas with water stress	50,649.080
Total water withdrawal from	0	Total water Discharge to	0
I. Freshwater ($\leq 1,000$ mg/L Total Dissolved Solids)		I. Freshwater ($\leq 1,000$ mg/L Total Dissolved Solids)	
II. Other water ($> 1,000$ mg/L Total Dissolved Solids)	0	II. Other water ($> 1,000$ mg/L Total Dissolved Solids)	0
Total Water Consumption (Total water withdrawn – total water discharge) GRI 303-5			
3,139.190 m3			

Material Management

Key raw materials used in our operation include oil palm fresh fruit bunches, fertilizer, animal feed, and animal medicine. Material management remains a key focus amidst rising raw material prices. We therefore continue to explore material circularity within our operation to increase the proportion of recycled material used in the operation. An onsite composting facility has been established at Nakiyadeniya to manufacture organic fertilizer from waste generated through our operations. Meanwhile, kernel shells, fibre and empty fruit bunches are used as biomass for the boiler at the Nakiyadeniya palm oil mill.

Materials Used (GRI 301-1, GRI 301-2)

	Quantity/ Kg	% of recycled Material used
Non-Renewable Materials Used	4,124,276	12.20
Chemical Fertilizer	4,124,276	12.20
Renewable Materials Used	29,688,115	87.80
Compost	4,017,955	11.88
Palm kernel shell (mill boiler)	3,987,740	11.79
Decanter cake	4,986,810	14.75
Palm fruit fiber	7,310,850	21.62
EFB	7,896,570	23.35
Cow dung	1,488,190	4.40

Waste Management

GRI 306-1 and 306-2

Waste management is a critical environmental concern in the oil palm industry due to the relatively high amount of Palm Oil Mill Effluent (POME) generated from the milling process. Unless properly treated POME releases a large amount of GHG gases while also negatively impacting surrounding land and water bodies. To ensure such negative impact from POME is prevented, anaerobic and aerobic bacterial treatment systems integrated with modern separation processes followed by industrial scale ponding systems and land application, have been adopted widely by WATA to treat POME before being released to the environment. 88.8% of the organic waste generated in our estates meanwhile is also re-used as fuels for the mill or as organic fertilizer for our crops. Meanwhile, responsible waste management practices are adopted across our operations to identify, segregate, store and dispose of other waste in the least harmful way to the environment.

Waste Generated (GRI 306-3)					
Non Hazardous Waste			Hazardous Waste		
Type	Amount Generated		Type	Amount Generated	
Damaged or unripen/ overripe FFB	0 tons		Cotton rags	Not Measured	
EFB	7,896.570 MT		Used oil/ lubricants	600 L	
Fruit fiber and shells	Palm fruit fiber 7310.850		E-waste	Not Measured	
	Palm kernel Shell (Mill boiler) 3,987.740 MT				
Kernel cake	3,230 MT		Empty weedicide/ chemical cans	900 Kg	Dispose for incineration
Boiler ash	Not Measured				
Decanter cake	4,986.810				
Leftover food	Not Measured				
Waste polythene & lunch sheet	Not Measured				
Paper waste/ cardboard	Not Measured				
Glass waste	Not Measured				

Waste Management Practices at WATA



Over 700 employees participated in programs on environmental aspects including the importance of responsible waste management.

Waste by Disposal method		
Waste Diverted from Disposal (GRI 306-4)		
Re-used in operation	Tons	29,688.115
Recycled	Litres	600
Waste directed to disposal (GRI 306-5)		
Incineration	Kgs	900
Landfill	Kgs	-

Emissions

GHG emissions from our estate and mill operation is a result of the combustion of fossil fuel used in transportation and fertilizer application. To combat emissions arising from open burning, we have adopted a zero-burning policy for all oil palm estates. Focused efforts to reduce our dependence on fossil fuels meanwhile has enabled us to take meaningful action towards reducing GHG emissions.

Direct (Scope 1) GHG Emissions* GRI 305-1

Source	tCo2e
PK Crusher	3,540.89
Fuel Mill	75.54
POME	3,115.01
Land Conversion	6,097.69
Fertilizer	956.73
N2O From Fertilizer	1,382.15
Fuel Estates	432.54
Total Direct (Scope 1) GHG Emissions	15,600.55

Indirect (Scope 2) GHG Emissions* (GRI 305-2)

Location	tCo2e
Grid Electricity	666.06
Total Indirect (Scope 2) GHG Emissions	

Other indirect (Scope 3) GHG emissions* GRI 305-3

	tCo2e
Nil	Nil
Total total Indirect (Scope 3) GHG Emissions	

*We used the latest RSPO PalmGHG calculator and GHG Protocol accounting standard to map our GHG emissions.

GHG emissions intensity GRI 305-4

	FY 2022/23	FY 2023/24
tCO2e/t FFB	0.18	0.17
tCO2e/ha	2.36	2.71



Rooted in Growth

Our Commitment to Sustainability

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

The Board of Directors of Watawala Plantations PLC takes pleasure in presenting its Annual Report to the shareholders for the financial year ended 31 March 2024, together with the audited financial statements of the Company, consolidated financial statements of the Group for the said year and the Auditor's Report on those financial statements, conforming to the requirements of the Companies Act No.07 of 2007 and Listing Rules of the Colombo Stock Exchange (CSE). The Report is also guided by their commended best practices on Corporate Governance.

Watawala Plantations PLC is a public limited liability company incorporated in Sri Lanka in 1992 under the Previous Companies Act No.17 of 1982 and re-registered as required under the provisions of the Companies Act No.07 of 2007. The re-registration number of the Company is PQ 65.

The issued shares of the Company were listed on the Main Board of the Colombo Stock Exchange in Sri Lanka in 1997.

The Registered Office and Head Office of the Company is located at No.60, Dharmapala Mawatha, Colombo 03, Sri Lanka.

The Financial Statements were reviewed and approved by the Board of Directors on 29 May 2024.

Statutory Disclosures Section 168 of the Companies Act No.07 of 2007, requires the following information to be published in the Annual Report prepared for the year under review.

Disclosure requirements	Reference to the companies Act No. 07 of 2007	Disclosure reference for compliance	Page
The nature of the business of the Company and the Group	Section 168(1)(a)(i)	About Us	4-6
The classes of business in which the company has an interest, whether as a shareholder of another company or otherwise	Section 168(1)(a)(ii)	Note 19 to the Financial Statements– Investments in subsidiaries	204
Financial statements for the accounting period completed and signed in accordance with Section 151 & 152	Section 168(1)(b)	The Financial Statements of the Company and the Group for the year ended 31 March 2024 duly signed by the Financial Controller and two Directors	158
Auditor's report on the Financial Statements of the Company and the Group	Section 168(1)(c)	Independent Auditors' Report	150-154
Any change in accounting policies made during the accounting period	Section 168(1)(d)	Note 301 to the Financial Statements– Changes in Accounting Policies	164
Particulars of entries in the interests register made during the accounting period	Section 168(1)(e)	Note 36 to the Financial Statements– Related Party Transactions	220
Remuneration and other benefits of Directors during the accounting period	Section 168(1)(f)	Note 9 to the Financial Statements– Expenses by Nature	185

Total amount of donations made by the Company or the Group during the accounting period	Section168(1)(g)	The Group did not make any donations for the year under review	89, 93
Names of the persons holding office as Directors of the Company as at the end of the accounting period and the names of any persons who ceased to hold office as Directors of the Company during the accounting period	Section168(1)(h)	Board Profiles	26 - 29
Amounts payable by the Company to the person or firm holding office as Auditor of the Company as audit fees and as a separate item, fees payable by the Company for other services provided by that person or firm;	Section168(1)(i)	Note 9 to the Financial Statements– Expenses by Nature	185
Particulars of any relationship (other than that of auditor) which the auditor has with or any interests which the auditor has in, the Company or any of its subsidiaries	Section168(1)(j)	The Company's Auditors during the period under review were Messrs KPMG, Chartered Accountants The auditors do not have any relationship or interest with the Company or Group other than that of an Auditor	150 - 154
Signed on behalf of the Board by two Directors and the Company Secretary	Section168(1)(k)		120

In addition to the above, the following information is disclosed. The details are provided with in notes to the Annual Report, which form and integral part of the Annual Report of the Board of Directors.

Disclosure	Note reference	Page
Principal activities and significant changes to the nature of business	About Us Watawala Plantations PLC holds 89.9% direct take in Watawala Dairy Ltd. The principal activities of the Group during the period continued to be cultivation, manufacture and sale of crude palm oil and Dairy farming.	4 - 6
Review of operations and future developments	Chairman’s Message Audited Financial Statements	19 - 21 155 - 229
Financial Statements	The Financial Statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards laid down by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and comply with the requirements of Companies Act No.07 of 2007 and the Listing Rules of the Colombo Stock Exchange	155 - 229
Directors’ Responsibility for Financial Reporting	The Statement of Directors’ Responsibility for Financial Reporting	129
Significant accounting policies	Note 3 to the Financial Statements–Significant Accounting Policies	164 - 180
Going concern	Note 2.7 to the Financial Statements–Going concern	163
Income	Note 3.11 to the Financial Statements–Segmental Analysis by principal activities and other income	181 - 184
Financial results and appropriations	Statement of Profit or loss Statement of Comprehensive Income Statement of Financial Position Statement of Changes in Equity Statement of Cash Flows	155 156 157, 158 159, 160 161
Stated capital and reserves	Statement of Changes in Equity	159, 160
Dividend on ordinary shares	Note 12 to the Financial Statements–Dividends per share	188
Taxation	Note 10 to the Financial Statements–Income tax expense Note 30 to the Financial Statements–Deferred income tax liability	186, 187 216 - 218

Capital expenditure	The total capital expenditure on purchase and construction of property, plant and equipment and expenditure incurred on immature plantations by the Group and the Company as at 31 March 2024 amounted to Rs..326 Mn and Rs.. 253 Mn respectively (2022/23 Group: Rs.. 418 Mn and Company: Rs.. 380 Mn). Details are given in Notes 14, 15, 16 and 17 to the Financial Statements	189 - 203
Property, plant and equipment	Note 14 to the Financial Statements–Property, plant and equipment	189 - 193
Statutory payments	The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments in relation to the Government and the employees have been made up to date	185, 186
Events after the reporting date	Notes 37 to the Financial Statements–Events occurring after the reporting date	221
Register of Directors and Secretaries	As required under Section 223 (1) of the Companies Act No.07 of 2007, the Company maintains a Register of Directors and Secretaries which contains the name, surname, former name (if any), residential address, business occupation, dates of appointment and dates of resignation (if applicable) of each Director and the Secretary. Particulars of entries in the interest register are set out in Note 36 to the Financial Statements	220, 221
Historical information	Information relating to earnings, dividend, net assets and market capitalization is given in the Historical Financial Information, investor information	239 - 241
Shareholdings	Investors Information	239 - 241
Equitable treatment to shareholders	The Company has always ensured that all shareholders are treated equitably	34 - 41
Environmental protection	To the best of knowledge of the Board, the Group has complied with the relevant environmental laws and regulations. The Company has not engaged in any activity that is harmful or hazardous to the environment.	104 - 114
Directors' interests in transactions	Notes 36 to the Financial Statements–Related Party Transactions The Related Party Transactions have been complied with Rule 9.3.2 of the Listing Rules and the code of Best practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section13(c) of the Securities and Exchange Commission of Sri Lanka Act No.36 of 1987.	220 - 222
Directors' emoluments	Note 9 to Financial Statement	185
Corporate governance	Corporate Governance Report	34 - 56
Directors' meetings	Corporate Governance Report	34 - 56

Risk management and internal control	Risk management and internal control	69 - 76
Insurance and indemnity	Ultimate parent, obtained an insurance policy to cover Directors' and Officers' liability	-

Notice of Annual General Meeting

The Thirtieth (31st) Annual General Meeting (AGM) of the Watawala Plantations PLC (Company) will be held online via a virtual platform on Friday 28th June 2024 at 10.15 AM.

Acknowledgement of the Contents of the Report

As required by Section 168(1) (k) of the Companies Act No.07 of 2007, the Board of Directors hereby acknowledges the contents of this Annual Report.



V Govindasamy
Director



Sunil G Wijesinha
Chairman



Corporate Services (Pvt) Ltd
Secretaries, Watawala Plantations PLC

29 May 2024

Report of The Remuneration Committee

Terms of Reference

The Remuneration Committee forms a key part of the governance framework of the Group and carries the mandate to oversee the compensation and benefits policies adopted by the Group, and in doing so, review and recommend overall remuneration strategy, policies and performance-based pay plans. Furthermore, it reviews performance, compensation and benefits of the Directors, CEO, COO, and key management who support and implement decisions at an apex level.

The Group is able to attract, motivate, and retain key talent with the Group's compensation and benefits policy which is compliant with applicable laws and regulations. The evaluation of performance of Directors, CEO, COO, and key management was considered in determining remuneration whilst also using market comparators for similar positions and in accordance with the Company's Compensation and Benefits policy.

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

Composition

The Committee is made up of three Directors namely;

H.D. Abeywickrama—Chairman
(Non-Executive, Independent)

S. G. Wijesinha-(Non-Executive,
Independent)

M. R. Rao-(Non-Executive, Non-
Independent)

Corporate Services (Pvt.) Limited acts as the Secretary to the Remuneration Committee. The minutes of the Remuneration Committee approved by the said Committee is circulated and affirmed by the Board of Directors.

Purpose/ Objectives Of The Committee

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

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

Key Areas of Focus

Remuneration policy for Key Management Personnel - Review and approve the overall remuneration policy, and practices of Watawala Plantations PLC and Watawala Dairy Limited. Remuneration levels are reviewed annually by the Remuneration Committee through a process that considers individual, business unit and overall performance of the Group and market practices.

Remuneration structure - Set and review all components of the remuneration and other benefits of the Chief Executive Officer, Chief Operating Officer, Directors and such other Senior Management as the Board may determine whilst ensuring the integrity of the Group's compensation and benefits programmed is maintained. The Committee continues to provide analysis and advice to ensure key management personnel remuneration is competitive in the marketplace. The Committee has the authority to seek external independent professional advice on matters within its purview.

Performance evaluation - Review and approve the performance appraisal for the Chief Executive Officer, Chief Operating Officer, Directors, and Senior Management. A significant portion of executives' total potential remuneration is performance related in order to drive the right behaviour to optimize Group performance.

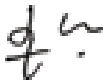
Non-Executive Directors' Fees

Non-Executive Directors receive fees for services on Board and Board Committees. Non-Executive Directors do not receive short-term incentives and do not participate in any long-term incentive schemes.

The fees for the Non-Executive Directors are recommended by the Remuneration Committee to the Board for their approval, after considering input from the Executive Directors.

The Directors emoluments are disclosed on Note 9 to the Financial Statements.

On behalf of the Remuneration Committee;



H.D. Abeywickrama
Chairman
Remuneration Committee

29 May 2024

Nominations and Governance Committee

Terms Of Reference

The Charter determines the terms of reference for the Nominations and Governance Committee. The Nominations and Governance Committee (“the Committee”) is established in accordance with Rule 9.11 of the CSE Listing Rules. The Committee is responsible for overseeing matters related to the nominations of Key Management personnel including Directors, governance, and board composition, ensuring alignment with regulatory requirements and best practices.

Composition

The Committee is made up of five Directors namely;

H.D. Abeywickrama–Chairman (Non-Executive, Independent)

S.G.Wijesinha-(Non-Executive, Independent)

A. Herath-(Non-Executive, Independent).Appointed on 12 December 2023

M. S. Mawzoon - (Non-Executive, Non - Independent)

S. G. Sathasivam(Executive, Non - Independent)

Corporate Services (Pvt) Limited acts as the Secretary to the Nomination and Governance Committee. The minutes of the Nomination and Governance Committee approved by the said Committee are circulated and affirmed by the Board of Directors.

Scope and Authority

The Committee’s scope includes evaluating the appointment and recommending Directors to the Board and its Committees. It is responsible for recommending the re-appointment/re-election of Directors, considering their contributions, qualifications, and external commitments.

The Committee shall establish transparent procedures for the evaluation, selection, and appointment/re-appointment of Directors. It shall provide advice and recommendations to the board or the chairman (as the case may be) on any such appointments. It shall consider the selection and appointment of a chairman in case a vacancy arises.

Review the Board and Committee structures, sizes, and compositions for effective governance.

The Committee oversees the periodic evaluation of Board and CEO performance, ensuring effective discharge of responsibilities. It also develops succession plans for Board and Key Management Personnel.

Recommend the overall corporate governance framework, aligning with regulatory requirements and best practices. The Committee reviews and updates corporate governance policies/framework in line with regulatory and legal developments. It receives reports from Management on corporate governance compliance, deviations/non-compliances, and rationale.

Recommend insurance cover to be taken in respect of all directors and other key management personnel indemnity and insurance cover.

Meetings and Minutes

The Nominations and Governance Committee met once during the year. Members and attendance at meetings held during the year ended 31 March 2024 are given below:

H. D. Abeywickrama	1 of 1 meeting
S. G. Wijesinha	1 of 1 meeting
M. S. Mawzoon	1 of 1 meeting
S. G. Sathasivam	1 of 1 meeting
A. Herath	0 of 0 meeting

On behalf of the Nomination and Governance Committee;



H.D. Abeywickrama - Chairman – Nomination and Governance Committee

29 May 2024

Report of The Audit Committee

Role of the Audit Committee

The terms of reference “Charter” provides a clear understanding of the Committee’s role, structure, processes, and membership requirements. This conveys the framework for the Committee’s organization and responsibilities that can be referred to by the Board, committee members, Management, and External and Internal Auditors. The Audit Committee reviews the Charter quarterly and updates it to reflect the views that the members of the Audit Committee express in the independent discharge of their duties.

Composition

The Audit Committee comprises three (3) members, including the Chairman, are Independent Non-Executive Directors.

A. R. Rasiah – Chairman (Independent, Non-Executive Director)

S.G. Wijesinha - (Independent, Non-Executive Director)

A. Herath - (Independent, Non-Executive Director). Appointed on 12 December 2023

N. B. Weerasekara (Independent, Non-Executive Director). Resigned with effect from 18 November 2023

M. T. Siddique (Independent, Non-Executive Director). Ceased with effect from 5 December 2023

Profiles of the members are given on pages 26 to 29. Corporate Services (Pvt) Limited functions as the secretary to the Audit Committee.

Meetings and Minutes

The number of meetings the Committee holds is influenced by its objectives and scope of activities, and the size and nature of the business.

The Audit Committee met five times during the year.

Members and attendance at meetings held during the year ended 31 March 2024 are given below:

A. R. Rasiah	4 of 5 meeting
S.G.Wijesinha	5 of 5 meeting
N. B. Weerasekera	4 of 4 meeting
M. T. Siddique	2 of 4 meeting
A. Herath	1 of 1 meeting

The Chief Executive Officer and Financial Controller shall normally attend meetings of the Audit Committee. On the invitation of the Audit Committee, the Engagement Partner of the Company’s External Auditors, Messrs KPMG attended one committee meetings.

The Audit Committee shall report to the Board.

Responsibilities

The Audit Committee undertakes, on behalf of the Board, responsibility for ensuring the integrity of the Company's financial reports by having oversight of internal control, the financial reporting process and compliance with regulatory matters as given in the Audit Committee Charter. It sets out high standards of corporate disclosure, corporate responsibility, integrity and accountability to the shareholders.

Tasks of the Audit Committee

In fulfilling its responsibilities, following activities were carried out by the Audit Committee during the financial year ended 31 March 2024.

Financial Reporting

Reviewed the quarterly and year-to-date financial results of the Group and the relevant announcements to Colombo Stock Exchange (CSE), focusing particularly on significant changes to accounting policies and practices and compliance with financial reporting and accounting standards prior to the consideration by the Board.

Reviewed the annual report and the annual audited Financial Statements of the Company and the Group prior to submission to the Board for approval. The review was to ensure that the financial reporting and disclosures are in compliance with the Sri Lanka Accounting Standards, the provisions of Companies Act No.7 of 2007, listing requirements of Colombo Stock Exchange and any other relevant legal and regulatory requirements.

In the review of the annual audited Financial Statements, the Committee discussed with the Chief Executive Officer, Financial Controller and External Auditor the significant accounting policies, estimates and judgments applied in preparing these reports, the accounting principles and reporting standards that were applied and the impact of the items to the Financial Statements.

Internal Control and Risk Management and Internal Audit

The Committee reviewed the risk management process and discussed the inherent risks faced by the business as they affect financial reporting. The principal risks and uncertainties are outlined in the relevant section on pages 71 and 74.

The Committee has an ongoing process for reviewing the effectiveness of the system of internal controls and of the internal audit function. During the year, it reviewed and approved the annual internal audit plan prepared taking into consideration the required controls and risks attached to different areas of operation. It also reviewed the reports from the internal audit team summarizing the audit findings and recommendations and describing actions taken by Management to address any shortfalls. It reviewed the level and nature of outstanding audit weaknesses and invited Management to the Committee to further understand progress where it felt it was necessary.

External Audit

Reviewed with the External Auditors their audit scope, audit strategy, and audit plan for the year and their proposed fees for the statutory audit.

Reviewed the external audit reports and areas of concern highlighted in the Management Letter including Management's responses to the findings of the External Auditors.

Discussed with External Auditors the significant accounting and auditing issues, impact of new or proposed changes in accounting standards and regulatory requirements applicable to the Group.

Assessed the independence and objectivity of the External Auditors during the year in carrying out statutory audit for the Group and prior to the appointment of the External Auditors for provision of any non-audit services. The Audit Committee also received report from the External Auditors confirming that there were no circumstances and relationship that create threats to their independence and that the ethical requirements have been complied with.

The Auditors have expressed their willingness to continue in office. The Audit Committee at a meeting held on 22 May 2024 recommended that they be reappointed as Auditors. A resolution to reappoint the Auditors and to authorize the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Regulatory Compliance

Reviewed the procedures established by Management for compliance with the requirements of regulatory bodies. The Chief Executive Officer along with the Financial Controller submitted to the Audit Committee on a quarterly basis, are portion the extent to which the Group was in compliance with mandatory statutory requirements.

Audit Committee Effectiveness

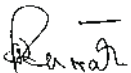
The Committee prepares and reviews with the Board an annual performance evaluation of the Committee. The findings of the review ensure that the Board is satisfied that the Committee is operating effectively, and meeting all applicable legal and regulatory requirements.

Conclusion

The Committee is of the view that adequate controls and procedures are in place to provide reasonable assurance that the Group's assets are safeguarded and the financial position of the Group is well monitored. The Audit Committee concurs that the adoption of the going concern premise in the preparation of the Financial Statement is appropriate.

The Audit Committee recommends to the Board of Directors that the Financial Statements as submitted be approved.

On behalf of the Audit Committee;



A. R. Rasiah

Chairman–Audit Committee

29 May 2024

Report of The Related Party Transactions Review Committee

Composition of the Committee

The Related Party Transactions Review Committee was established in accordance with the Code of Best Practice on Related Party Transactions, issued by the Securities and Exchange Commission of Sri Lanka and Section 9 of the Listing Rules of the Colombo Stock Exchange. The Committee comprises three [3] members, including the chairman, are Independent Non-Executive Directors.

A. R. Rasiah – Chairman (Independent, Non-Executive Director)

S.G.Wijesinha - (Independent, Non-Executive Director)

A. Herath - (Independent, Non-Executive Director), Appointed on 12 December 2023

N. B. Weerasekara (Independent, Non-Executive Director). Resigned with effect from 18 November 2023

M. T. Siddique (Independent, Non-Executive Director). Ceased with effect from 5 December 2023

Policies and procedures adopted for reviewing related party transactions:

The Committee reviewed all related party transactions except for the following transactions:

1. Recurrent, routine transactions which are of trading or revenue nature
2. Payment of dividend, issue of securities
3. Grant of options and the issue of securities pursuant to the exercise of options under an employee share option scheme
4. A transaction in marketable securities carried out in the open market where the counterparty's identity is unknown to the company at the time of the transaction
5. Directors fees and remuneration, and employment remuneration

The Committee established guidelines for the Senior Management to follow, for recurrent related party transactions, in its ongoing dealings with the related parties. At the year end, the Committee carried out a review and assessed ongoing relationships with the related parties to determine whether they are in compliance with the Committee's guidelines and that the related party transactions remain appropriate.

The Committee also determined whether to obtain the approval of the Board of Directors for a related party transaction considering the factors such as the impact of the proposed transaction on the independence of the Directors, and whether the related party transaction requires immediate market disclosure.

It was also ensured that Committee members did not have any conflict of interest with regard to the proposed related party transactions.

Meetings

The Committee met four times during the year (once a calendar quarter). Attendance of the Committee members at each of these meetings is as follows:

A. R. Rasiah	3 of 4 meeting
S.G.Wijesinha	4 of 4 meeting
N. B. Weerasekera	3 of 3 meeting
M. T. Siddique	2 of 3 meeting
A. Herath	1 of 1 meeting

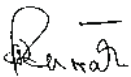
Meeting and Minutes

Corporate Services (Pvt) Limited act as the Secretary to the Related Party Transaction Review Committee. The minutes of the Committee approved by the said Committee, are circulated and agreed by the Board of Directors.

Statement of Compliance

The Committee has reviewed the related party transactions during the financial year and communicated the comments/observations to the Board of Directors. Information complied as required under Section 9 of the Listing Rules are presented under Note 36 to the Financial Statements

On behalf of the Related Party Transactions Review Committee,



A. R. Rasiah

Chairman–Related Party

Transactions Review Committee

29 May 2024

Statement of Directors' Responsibility

The following statement, which should be read in conjunction with the Auditors' Statement of their responsibilities set out in their report, is made with a view to distinguish the respective responsibilities of the Directors and of the Auditors, in relation to the Financial Statements.

The Directors are required by the Companies Act No.07 of 2007, to prepare Financial Statements for each financial year, which give 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 and loss for the financial year. The Directors are required to prepare these Financial Statements on going concern basis, unless it is not appropriate.

Since the Directors are satisfied that the Company has resources to continue in business for the foreseeable future, the Financial Statements continue to be prepared on the said basis.

The Directors consider that in preparing the Financial Statements on pages 155 to 229 the Company Used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimated that all accounting standards, which they consider to be applicable, are followed.

The Directors are responsible for ensuring that the Company keeps accounting records, which will disclose with reasonable accuracy the financial position, and profit and loss of the

Company and which will enable them to ensure that Financial Statements comply with the Companies Act No.07 of 2007.

The Directors are generally responsible for taking such steps that are reasonable for them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors are confident that they discharged their responsibility asset out in this statement. They also confirm that to the best of their knowledge all statutory payments payable by the Company as at the statement of financial position date, are paid or where relevant, provided for.

By Order of the Board.



V. Govindasamy
Director



Sunil G. Wijesinha
Chairman

29 May 2024

Directors' and Financial Controller's Responsibility Statement

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

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

The Board of Directors and Financial Controller of the Company accept responsibility for the integrity and objectivity of these financial statements. The estimates and judgments relating to the Financial Statements were made on a prudent and reasonable basis, in order that the Financial Statements give a true and fair view of the state of affairs, the forms and substance of transactions and that the Company's state of affairs is reasonably presented. To ensure this, the Company has taken proper and sufficient care in installing a system of internal controls and accounting records, for safeguarding

assets and for preventing and detecting fraud as well as other irregularities, which is reviewed, evaluated, and updated on an ongoing basis. Our Internal Auditors have conducted periodic

Audits to provide reasonable assurance that the established policies and procedures of the Company were consistently followed. However, there are inherent limitations that should be recognized in weighing the assurance provided by any system of internal controls and accounting.

The Financial Statements of the Company were audited by Messrs KPMG, Chartered Accountants and their report is given on pages 150 to 154 of this Annual Report.

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

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



V. Govindasamy
Director



Dhammika Laksiri
Financial Controller

29 May 2024

GRI Content Index

Statement of use	Watawala Plantations PLC has reported in accordance with the GRI Standards for the period 1st April 2023 to 31st March 2024
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Agriculture, Aquaculture and Fishing Sectors 2022

GRI standard/ other source	Disclosure	Location	Omission			GRI sector standard ref No
			Requirement(s) omitted	Reason	Explanation	
General disclosures						
	2-1 Organizational details		A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	2-2 Entities included in the organization’s sustainability reporting					
	2-3 Reporting period, frequency and contact point					
	2-4 Restatements of information					
	2-5 External assurance					
	2-6 Activities, value chain and other business relationships					
	2-7 Employees					
	2-8 Workers who are not employees					
	2-9 Governance structure and composition					
	2-10 Nomination and selection of the highest governance body					
	2-11 Chair of the highest governance body					
	2-12 Role of the highest governance body in overseeing the management of impacts					
	2-13 Delegation of responsibility for managing impacts					
	2-14 Role of the highest governance body in sustainability reporting					

	2-15 Conflicts of interest					
	2-16 Communication of critical concerns					
	2-17 Collective knowledge of the highest governance body					
	2-18 Evaluation of the performance of the highest governance body					
	2-19 Remuneration policies					
	2-20 Process to determine remuneration					
	2-21 Annual total compensation ratio					
	2-22 Statement on sustainable development strategy					
	2-23 Policy commitments					
	2-24 Embedding policy commitments					
	2-25 Processes to remediate negative impacts					
	2-26 Mechanisms for seeking advice and raising concerns					
	2-27 Compliance with laws and regulations					
	2-28 Membership associations					
	2-29 Approach to stakeholder engagement					
	2-30 Collective bargaining agreements					
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics					
	3-2 List of material topics					
Economic Performance						
GRI 3: Material Topics 2021	3-3 Management of material topics					13.2.1

GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed					13.22.2
	201-2 Financial implications and other risks and opportunities due to climate change					13.2.2
	201-3 Defined benefit plan obligations and other retirement plans					
	201-4 Financial assistance received from government					
Market Presence						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage					13.22.3
	202-2 Proportion of senior management hired from the local community					13.22.4
Indirect economic impacts						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported					13.22.3
	203-2 Significant indirect economic impacts					13.22.4
Procurement practices						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers					
Anti-corruption						
GRI 3: Material Topics 2021	3-3 Management of material topics					13.26.1

GRI 3: Material Topics 2021	3-3 Management of material topics					13.26.1
GRI 205: Anti- corruption 2016	205-1 Operations assessed for risks related to corruption					13.26.2
	205-2 Communication and training about anti-corruption policies and procedures					13.26.3
	205-3 Confirmed incidents of corruption and actions taken					13.26.4
Anti-competitive behaviour						
GRI 3: Material Topics 2021	3-3 Management of material topics					13.25.1
GRI 206: Anti- competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices					13.25.2
Tax						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 207: Tax 2019	207-1 Approach to tax					
	207-2 Tax governance, control, and risk management					
	207-3 Stakeholder engagement and management of concerns related to tax					
	207-4 Country-by-country reporting					
Materials						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 301: Materials 2016	301-1 Materials used by weight or volume					
	301-2 Recycled input materials used					
	301-3 Reclaimed products and their packaging materials					

Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics					13.25.1
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices					13.25.2
Tax						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 302: Energy 2016	302-1 Energy consumption within the organization					
	302-2 Energy consumption outside of the organization					
	302-3 Energy intensity					
	302-4 Reduction of energy consumption					
	302-5 Reductions in energy requirements of products and services					
Water and effluents						
GRI 3: Material Topics 2021	3-3 Management of material topics					13.7.1
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource					13.7.2
	303-2 Management of water discharge-related impacts					13.7.3
	303-3 Water withdrawal					13.7.4
	303-4 Water discharge					13.7.5
	303-5 Water consumption					13.7.6

Biodiversity						
GRI 3: Material Topics 2021	3-3 Management of material topics					13.3.1
GRI 304:EO Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas					13.3.2
	304-2 Significant impacts of activities, products and services on biodiversity					13.3.3
	304-3 Habitats protected or restored					13.3.4
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations					13.3.5
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics					13.1.1
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions					13.1.2
	305-2 Energy indirect (Scope 2) GHG emissions					13.1.3
	305-3 Other indirect (Scope 3) GHG emissions					13.1.4
	305-4 GHG emissions intensity					13.1.4
	305-5 Reduction of GHG emissions					13.1.6
	305-6 Emissions of ozone-depleting substances (ODS)					13.1.7
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions					13.1.8
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics					13.8.1

GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts					13.8.2
	306-2 Management of significant waste-related impacts					13.8.3
	306-3 Waste generated					13.8.4
	306-4 Waste diverted from disposal					13.8.5
	306-5 Waste directed to disposal					13.8.6
Supplier environmental assessment						
	3-3 Management of material topics					
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria					
	308-2 Negative environmental impacts in the supply chain and actions taken					
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 401: Employment 2016	401-1 New employee hires and employee turnover					
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees					
	401-3 Parental leave					
Labour/management relations						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 402: Labour/Management Relations 2016	402-1 Minimum notice periods regarding operational changes					
Occupational health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics					13.19.1

GRI 305: Emissions 2016	403-1 Occupational health and safety management system					13.19.2
	403-2 Hazard identification, risk assessment, and incident investigation					13.19.3
	403-3 Occupational health services					13.19.4
	403-4 Worker participation, consultation, and communication on occupational health and safety					13.19.5
	403-5 Worker training on occupational health and safety					13.19.6
	403-6 Promotion of worker health					13.19.7
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships					13.19.8
	403-8 Workers covered by an occupational health and safety management system					13.19.9
	403-9 Work-related injuries					13.19.10
	403-10 Work-related ill health					13.19.11
Training and education						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee					
	404-2 Programs for upgrading employee skills and transition assistance programs					
	404-3 Percentage of employees receiving regular performance and career development reviews					
Diversity and equal opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics					13.15.1

GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees					13.15.2
	405-2 Ratio of basic salary and remuneration of women to men					13.15.3
Non-discrimination						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken					13.15.4
Freedom of association and collective bargaining						
GRI 3: Material Topics 2021	3-3 Management of material topics					13.18.1
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk					13.18.2
Child labour						
GRI 3: Material Topics 2021	3-3 Management of material topics					13.17.1
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour					13.17.2
Forced or compulsory labour						
GRI 3: Material Topics 2021	3-3 Management of material topics					13.16.1
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour					13.16.2

Security practices						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures					
Rights of indigenous peoples						
GRI 3: Material Topics 2021	3-3 Management of material topics					13.14.1
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples					13.14.2
Local communities						
GRI 3: Material Topics 2021	3-3 Management of material topics					13.12.1
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs					13.12.2
	413-2 Operations with significant actual and potential negative impacts on local communities					13.12.3
Supplier social assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 3: Material Topics 2021	414-1 New suppliers that were screened using social criteria					
	414-2 Negative social impacts in the supply chain and actions taken					
Supplier social assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics					

GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria					
	414-2 Negative social impacts in the supply chain and actions taken					
Public policy						
GRI 3: Material Topics 2021	3-3 Management of material topics					13.24.1
GRI 415: Public Policy 2016	415-1 Political contributions					13.24.2
Customer health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics					13.10.1
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories					13.10.2
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services					13.10.5
Marketing and labelling						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling					
	417-2 Incidents of non-compliance concerning product and service information and labelling					
	417-3 Incidents of non-compliance concerning marketing communications					

Marketing and labelling						
GRI 3: Material Topics 2021	3-3 Management of material topics					
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data					

Additional sector disclosures

Sector standard ref #	Disclosure	Location
Natural Ecosystem Conversion		
13.4.1	3-3 Management of material topics	
13.4.2	percentage of production volume from land owned, leased or managed by the organization determined to be deforestation- or conversion-free, by product, and describe the assessment methods used.	
13.4.3	For products sourced by the organization, report the following by product: the percentage of sourced volume determined to be deforestation- or conversion-free, and describe the assessment methods used; - the percentage of sourced volume for which origins are not known to the point where it can be determined whether it is deforestation- or conversion-free, and describe actions taken to improve traceability.	
13.4.4	Report the size in hectares, the location, and the type of natural ecosystems converted since the cutoff date on land owned, leased, or managed by the organization.	
13.4.5	Report the size in hectares, the location, and the type of natural ecosystems converted since the cut-off date by suppliers or in sourcing locations.	
Soil Health		
13.5.1	3-3 Management of material topics	
Pesticides use		
13.6.1	3-3 Management of material topics	

13.6.2	Report the volume and intensity of pesticides used by the following toxicity hazard levels: <ul style="list-style-type: none"> - Extremely hazardous; - Highly hazardous; - Moderately hazardous; - Slightly hazardous; - Unlikely to present an acute hazard. 	
Food Security		
13.9.1	3-3 Management of material topics	
13.9.2	Report the total weight of food loss in metric tons and the food loss percentage, by the organization’s main products or product category, and describe the methodology used for this calculation.	
Food Security		
13.10.4	Report the percentage of production volume from sites certified to internationally recognized food safety standards, and list these standards	
13.10.5	Report the number of recalls issued for food safety reasons and the total volume of products recalled.	
Land and Resource Rights		
13.10.4	Report the percentage of production volume from sites certified to internationally recognized food safety standards, and list these standards	
13.12.2	List the locations of operations, where land and natural resource rights (including customary, collective, and informal tenure rights) may be affected by the organization’s operations	
13.13.3	Report the number, size in hectares, and location of operations where violations of land and natural resource rights (including customary, collective, and informal tenure rights) occurred and the groups of rights holders affected.	
Rights of indigenous peoples		
13.14.3	List the locations of operations where indigenous peoples are present or affected by activities of the organization.	
13.14.4	Report if the organization has been involved in a process of seeking free, prior, and informed consent (FPIC) from indigenous peoples for any of the organization’s activities, including, in each case:	
Non-discrimination and equal opportunity		
13.15.5	Describe any differences in employment terms and approach to compensation based on workers’ nationality or migrant status, by location of operations.	
Living Income and Living Wage		

13.21.1	3-3 Management of material topics	
13.21.2	Report the percentage of employees and workers who are not employees and whose work is controlled covered by collective bargaining agreements that have terms related to wage levels and frequency of wage payments at significant locations of operation	
13.21.3	Report the percentage of employees and workers who are not employees and whose work is controlled paid above living wage, with a breakdown by gender	
Supply chain traceability		
13.23.1	3-3 Management of material topics	
13.23.2	Describe the level of traceability in place for each product sourced, for example, whether the product can be traced to the national, regional, or local level, or a specific point of origin (e.g., farms, hatcheries, and feed mill levels)	
13.23.3	Report the percentage of sourced volume certified to internationally recognized standards that trace the path of products through the supply chain, by product and list these standards	
13.23.4	Describe improvement projects to get suppliers certified to internationally recognized standards that trace the path of products through the supply chain to ensure that all sourced volume is certified.	

Topics in the applicable GRI Sector Standards determined as not material

Topic	Explanation	
Agriculture, Aquaculture and Fishing Sectors 2022		
Animal Health and Welfare		

SASB Standard - Meat, Poultry & Dairy

Sustainability Disclosure Topics & Metrics

Table 1. Sustainability Disclosure Topics & Metrics

Topic	Metric	Category	Unit of Measurement	Code	Response/ Ref. Page No.
Greenhouse Gas Emissions	Gross global Scope 1 emissions	Quantitative	Metric tons (t) CO ₂ -e	FB-AG-110a.1	
	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	n/a	FB-AG-110a.2	
Energy Management	(1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	FB-AG-130a.1	
Water Management	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic metres (m ³), Percentage (%)	FB-AG-140a.1	
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	n/a	FB-AG-140a.2	
	Number of incidents of non-compliance associated with water quality permits, standards and regulations	Quantitative	Number	FB-AG-140a.3	
Land Use & Ecological Impacts	Amount of animal litter and manure generated, percentage managed according to a nutrient management plan	Quantitative	Metric tons (t), Percentage (%)	FB-MP-160a.1	
	Percentage of pasture and grazing land managed to conservation plan criteria	Quantitative	Percentage (%) by hectares	FB-MP-160a.2	
	Animal protein production from confined animal feeding operations	Quantitative	Metric tons (t)	FB-MP-160a.3	
Animal & Feed Sourcing	Percentage of animal feed sourced from regions with High or Extremely High Baseline Water Stress	Quantitative	Percentage (%) by weight	FB-MP-440a.1	
	Percentage of contracts with producers located in regions with High or Extremely High Baseline Water Stress	Quantitative	Percentage (%) by contract value	FB-MP-440a.2	
	Discussion of strategy to manage opportunities and risks to feed sourcing and livestock supply presented by climate change	Discussion and Analysis	n/a	FB-MP-440a.3	

Table 2. Activity Metrics

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE	Response/ Page No.
Number of processing and manufacturing facilities	Quantitative	Number	FB-MP-000.A	
Animal protein production, by category; percentage outsourced	Quantitative	Various, Percentage (%)	FB-MP-000.B	

SASB Standard - Meat, Poultry & Dairy

Sustainability Disclosure Topics & Metrics

Table 1. Sustainability Disclosure Topics & Metrics

Topic	Metric	Category	Unit of Measurement	Code	Response/ Ref. Page No.
Green house Gas Emissions	Gross global Scope 1 emissions	Quantitative	Metric tons (t)CO ₂ -e	FB-AG-110a.1	
	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	n/a	FB-AG-110a.2	
	Fleet fuel consumed, percentage renewable	Quantitative	Gigajoules(GJ), Percentage(%)	FB-AG-110a.3	
Energy Management	(1) Operational energy consumed, (2) percentage grid electricity and (3) percentage renewable	Quantitative	Gigajoules(GJ), Percentage(%)	FB-AG-130a.1	
Water Management	(1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic metres(m ³), Percentage(%)	FB-AG-140a.1	
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	n/a	FB-AG-140a.2	
	Number of incidents of non-compliance associated with water quality permits, standards and regulations	Quantitative	Number	FB-AG-140a.3	
Ingredient Sourcing	Identification of principal crops and description of risks and opportunities presented by climate change	Discussion and Analysis	n/a	FB-AG-440a.1	
	Percentage of agricultural products sourced from regions with High or Extremely High Baseline Water Stress	Quantitative	Percentage(%) by cost	FB-AG-440a.2	

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE	Response/ Page No.
Production by principal crop	Quantitative	Metric tons	FB-AG-000.A	
Number of processing facilities	Quantitative	Number	FB-AG-000.B	
Total land area under active production	Quantitative	Hectares	FB-AG-000.C	
Cost of agricultural products sourced externally	Quantitative	USD	FB-AG-000.D	

Financial Calender

1. INTERIM QUARTERLY REPORTS

Listing rule: 7.4 (a) (i) (1) Submission of unaudited condensed interim financial statements to CSE as per listing rule

Period	Listing Rules	Date of released 2023/24	Date of released 2022/23
01st Quarter	Within 45 days of the end of quarter	03 August 2023	03 August 2022
2nd Quarter	Within 45 days of the end of quarter	09 November 2023	10 November 2022
3rd Quarter	Within 45 days of the end of quarter	13 February 2024	13 February 2023
4th Quarter	Within 60 days of the end of quarter	29 May 2024	24 May 2023

2. AUDITED FINANCIAL STATEMENTS

Listing rule: 7.5 (a) Submission of audited financial statements within five months from year ended

Meeting	Financial Year	Date of released	AGM
14th Annual General Meeting	2006/07	30 May 2007	22 June 2007
15th Annual General Meeting	2007/08	14 June 2008	07 July 2008
16th Annual General Meeting	2008/09	15 June 2009	14 July 2009
17th Annual General Meeting	2009/10	11 June 2010	07 July 2010
18th Annual General Meeting	2010/11	16 June 2011	08 July 2011
19th Annual General Meeting	2011/12	12 June 2012	06 July 2012
20th Annual General Meeting	2012/13	17 June 2013	09 July 2013
21st Annual General Meeting	2013/14	05 June 2014	30 June 2014
22nd Annual General Meeting	2014/15	08 June 2015	30 June 2015
23rd Annual General Meeting	2015/16	09 June 2016	30 June 2016
24th Annual General Meeting	2016/17	05 June 2017	29 June 2017
25th Annual General Meeting	2017/18	04 June 2018	28 June 2018
26th Annual General Meeting	2018/19	06 June 2019	27 June 2019
27th Annual General Meeting	2019/20	03 June 2020	26 June 2020
28th Annual General Meeting	2020/21	02 June 2021	25 June 2021
29th Annual General Meeting	2021/22	02 June 2022	24 June 2022
30th Annual General Meeting	2022/23	01 June 2023	23 June 2023
31st Annual General Meeting	2023/24	04 June 2024	28 June 2024



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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF WATAWALA PLANTATIONS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Watawala Plantations PLC ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the statement of financial position as at 31st March 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies set out on pages 155 to 229.

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 31st March 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 Company in accordance with the Code of Ethics for professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

1. Measurement of Biological Assets

Refer to the significant accounting policies in note 3.7 and explanatory Notes 16 and 17 to the financial statements.

Risk Description

The Group has reported bearer biological assets amounting to LKR 2,423 Mn and biological assets livestock carried at fair value amounting to LKR 1,166 Mn as at 31st March 2024.

Bearer biological assets mainly include mature and immature palm oil, tea and other trees in identified plantation fields. Inappropriate transfer from immature to mature plantations has a significant impact on the carrying value of the bearer plants and the reported profits as capitalization of costs will cease from the point of transfer and the mature plantations are depreciated over the useful lives of the plants.

As per the industry practice, transfer of immature plantations to mature plantation fields happens at the point of commencement of commercial harvesting. The actual point of which commercial harvesting could start depends on the soil condition, weather patterns and plant breed.

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Principals: S.R.I. Perera FCA(UK), LL.B, Attorney-at-Law, H.S. Gunawardene ACA, Ms. P.R. Ziyari FCA (UK), FDT K. Sumanaratne ACMA(UK)



The biological assets livestock include cattle, which are measured at fair value less cost to sell. The management has used internally developed discounted cash flow method to calculate the fair value of the Group's biological assets as at the reporting date. The calculation of the fair value of biological assets involves significant degree of judgments, particularly in respect of expected production, market prices of raw milk, expected costs and discounting factor.

We considered measurement of biological assets as a key audit matter due to the magnitude of the value of bearer biological assets and significant management judgment involved in determining the point at which a plant is deemed ready for commercial harvesting. Further, valuation of livestock biological assets involved significant assumptions and judgments in determining the fair value which could be subject to error or potential management bias.

Our audit procedures included for bearer biological assets;

- Obtaining an understanding of the process of immature to mature transfer and testing the design, implementation and operating effectiveness of management key internal controls in relation to bearer biological assets.
- Obtaining schedules of costs incurred and capitalized under immature plantations as well as cost transferred to mature plantations by each estate and reconciling those balances to the general ledger on sample basis, verifying the reconciling items and obtaining explanations from management for any significant variances identified.

- Physical verification of fields on sample basis and cross checking with the classification of immature and mature plantations.
- Testing immature to mature cost transfer worksheet for selected estates to check whether the amounts transferred during the year were consistent with the company accounting policy and industry norms.

Our audit procedures included for livestock biological assets;

- Obtaining and understanding of the process of valuation and testing the design, implementation and operating effectiveness of management key controls relation to the valuation of livestock.
- Challenging the methodologies adopted in the valuation of livestock with reference to the requirements of the prevailing accounting standards.
- Challenging the key assumptions and methodology used in the valuation, in particular the discount rate, average milk production, selling price of milk, average cost per cow, weight and selling price of the cattle in evaluating the appropriateness of the valuation methodology and discount rate used.
- Evaluating the accuracy, completeness and reasonableness of the data and inputs used for the valuation of livestock and evidence for physical verification of cows during the year.
- Comparing the discount rate, normal life cycle of a milking cow, milking yield per lactation with available industry data.

- Evaluating the adequacy of the Group's disclosures relating to biological assets in the financial statements regarding the degree of judgment and estimation involved and the sensitivity of the assumptions and estimates.

2. Valuation of Retirement Benefit Obligation

Refer to the significant accounting policies in Note 3.10.2 and explanatory Note 29 of the financial statements

Risk Description

The Group has recognized retirement benefit obligation of Rs 370 Mn as at 31st March 2024. The retirement benefit obligation of the Group is significant in the context of the total liabilities of the Group. The valuation of the Group's retirement benefit obligation requires significant judgment and estimation to be applied across numerous assumptions, including salary increases and discount rate. Small changes in those assumptions could have a significant effect on the financial performance and financial position of the Group. Management engaged an independent actuary to assist them in the computation of retirement benefit obligation.

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

Our audit procedures included;

- Assessing the competency, objectivity and capabilities of the independent actuary engaged by the management.



- Testing the samples of the employees' details used in the computation to the human resource records and performed re-computation of sample of post-employment benefit liabilities with the assistance of our internal valuation specialist.
- Challenging the key assumptions used in the valuation, in particular the discount rate, inflation rate, future salary increases and mortality rates.
- Evaluating the accuracy, completeness and reasonableness of the employee data used for the calculation of retirement benefit obligations.
- Comparing the discount rate, inflation rate, mortality rate and future salary increases to market available data.
- Assessing the adequacy of the disclosures made to the financial statements in accordance with the relevant accounting standards.

3. Impairment assessment of Investments in Subsidiaries

Refer to the significant accounting policies in Note 3.8.6 and explanatory Note 19 of the financial statements.

Risk Description

The Company has recorded investments in subsidiaries amounting to LKR 2,131 Mn as at 31st March 2024. Additionally, the Company has recognized LKR 397 Mn as provision for impairment of investments in subsidiaries as at 31st March 2024.

Investments which do not generate adequate returns may be an indication of impairment. Due to the value of investments being material in the Financial Statements, it will have significant impact on the financial performance of the Company. The Management performed the impairment assessment for subsidiaries with indicators of impairment and determined their recoverable amounts based on value-in-use calculations.

We have identified the impairment of investments in subsidiaries as a key audit matter due to the magnitude of the amounts recognized in the Financial Statements as at 31st March 2024. In addition, these areas were significant to our audit because the impairment assessment process involves significant management judgements and required the management to make various assumptions in the underlying cash flow forecasts and valuation methodology.

Our audit procedures included;

- Obtaining an understanding of management's impairment assessment process.
- Evaluating the carrying amounts and the recoverable amount of each investment in order to identify impairment indications as per accounting standards.
- Assessing the management's basis used to determine the recoverable amounts of these investments by our own expectations based on our knowledge of the investments and experience of the industry in which those operate.
- Engaging our own internal experts where applicable to assess the reasonability of the valuation techniques, forecasts and assumptions used.
- Assessed the accuracy of management's assumptions comparing with externally derived data as well as our own assessments in relation to key inputs such as projected economic growth, competition, cost inflation and discount rates.



- Assessed the adequacy of disclosures in the Financial Statements in relation to impairment of investments in subsidiaries.

Other Information

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

Our opinion on the financial statements does not cover the other information and we 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 for the Financial Statements

Management is responsible for the

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from

fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged

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

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

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

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and

explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3029.

Chartered Accountants
Colombo, Sri Lanka
31 May 2024

Consolidated statement of profit or loss

(all amounts in Sri Lankan Rupees thousands)

For the year ended 31 March	Note	Group		Company	
		2024	2023	2024	2023
Revenue	5	8,320,903	8,768,041	6,867,145	7,573,816
Cost of sales		(5,166,312)	(5,229,956)	(3,627,334)	(3,830,727)
Gross profit	5	3,154,591	3,538,085	3,239,811	3,743,089
Other income/(expenses)	6	61,000	(34,827)	(155,528)	(488,825)
Gain/(loss) on changes in fair value of biological assets	7	39,989	(132,494)	(15,259)	14,455
Administrative expenses		(444,194)	(361,067)	(431,149)	(347,059)
Selling and distribution expenses		(150,672)	(78,952)	(150,672)	(78,952)
Operating profit		2,660,714	2,930,745	2,487,203	2,842,708
Finance income	8	183,771	138,938	219,828	126,116
Finance costs	8	(78,639)	(116,195)	(61,962)	(43,886)
Net Finance Income		105,132	22,743	157,866	82,230
Profit before income tax	9	2,765,846	2,953,488	2,645,069	2,924,938
Income tax/(expenses)	10	(421,110)	(621,698)	(241,215)	(589,299)
Profit for the year		2,344,736	2,331,790	2,403,854	2,335,639
Profit is attributable to					
Equity holders of the parent		2,358,770	2,364,292	2,403,854	2,335,639
Non-controlling interests		(14,034)	(32,502)	-	-
		2,344,736	2,331,790	2,403,854	2,335,639
Earnings per share (LKR)	11	11.60	11.63	11.82	11.49

Figures in brackets indicate deductions

The financial statements are to be read in conjunction with the related notes, which form a part of the consolidated financial statements of the Group set out on pages 162 to 229.

Consolidated statement of other comprehensive income

(all amounts in Sri Lankan Rupees thousands)

For the year ended 31 March	Note	Group		Company	
		2024	2023	2024	2023
Profit for the year		2,344,736	2,331,790	2,403,854	2,335,639
Items that will not be re-classified to profit or loss					
Actuarial loss on retirement benefit obligations	29	(15,005)	(115,073)	(13,040)	(99,074)
Deferred Tax on actuarial loss on retirement benefit obligations	31	4,305	32,922	3,912	29,722
Total other comprehensive expense for the year (net of tax)		(10,700)	(82,151)	(9,128)	(69,352)
Total comprehensive income for the year		2,334,036	2,249,639	2,394,726	2,266,287
Total comprehensive income attributable to:					
Equity holders of the parent		2,348,229	2,283,430	2,394,726	2,266,287
Non-controlling interest		(14,193)	(33,791)	-	-
		2,334,036	2,249,639	2,394,726	2,266,287

Figures in brackets indicate deductions

The financial statements are to be read in conjunction with the related notes, which form a part of the consolidated financial statements of the Group set out on pages 162 to 229.

Consolidated statement of financial position

(All amounts in Sri Lankan Rupees thousands)

As at 31 March	Note	Group		Company	
		2024	2023	2024	2023
Assets					
Non-current assets					
Right of use assets	13	359,850	243,876	363,888	247,273
Property, plant and equipment	14	2,555,913	2,483,314	1,212,638	1,139,489
Intangible assets	15	48,143	47,437	48,009	45,768
Bearer biological assets	16	2,422,978	2,566,272	2,374,489	2,515,252
Biological assets - consumable	17.1	70,086	44,269	-	-
Biological assets - livestock	17.2	1,165,589	893,071	-	-
Investment fund	18	51,393	53,283	51,393	53,283
Investment in subsidiaries	19	-	-	2,131,217	2,211,342
Total non-current assets		6,673,952	6,331,522	6,181,634	6,212,407
Current assets					
Inventories	20	559,813	874,627	242,106	331,502
Biological assets-produce on bearer plants	17.4	70,867	86,126	70,867	86,126
Current tax assets		38,752	33,719	38,752	33,719
Trade and other receivables	21	334,734	497,448	234,758	440,865
Loan given to related company	22	-	-	170,000	270,000
Amount due from related companies	23	31,747	149,147	289,143	369,455
Short term investments	24	924,030	4,870	923,169	4,870
Cash and cash equivalents	25	797,421	856,990	774,475	853,193
Total current assets		2,757,364	2,502,927	2,743,270	2,389,730
Total assets		9,431,316	8,834,449	8,924,904	8,602,137
Equity and liabilities					
Capital and reserves					
Stated capital	26	511,848	511,848	511,848	511,848
Retained earnings		5,676,862	5,768,337	5,995,104	6,040,082
Equity attributable to equity holders of the company		6,188,710	6,280,185	6,506,952	6,551,930
Non-controlling interest		208,611	222,804	-	-
Total equity		6,397,321	6,502,989	6,506,952	6,551,930
Non-current liabilities					
Interest bearing borrowings	27	39,090	1,231	-	-
Lease Liabilities	28	401,592	272,394	411,297	282,129
Retirement benefit obligations	29	370,065	337,389	322,284	295,954
Deferred income and capital grants	30	36,726	39,084	36,726	39,084
Deferred tax liability	31	978,449	805,550	715,956	726,238
Total non-current liabilities		1,825,922	1,455,648	1,486,263	1,343,405

As at 31 March	Note	Group		Company	
		2024	2023	2024	2023
Current liabilities					
Interest bearing borrowings	27	89,511	1,277	-	-
Lease Liabilities	28	3,170	1,637	2,810	1,277
Trade and other payables	32	916,493	808,176	810,620	704,707
Amount due to related companies	33	9,669	818	9,669	818
Current tax liabilities		108,590	4,458	108,590	-
Bank overdrafts	25	80,640	59,446	-	-
Total current liabilities		1,208,073	875,812	931,689	706,802
Total liabilities		3,033,995	2,331,460	2,417,952	2,050,207
Total equity and liabilities		9,431,316	8,834,449	8,924,904	8,602,137

These financial statements are to be read in conjunction with the related notes, which form a part of the consolidated financial statements of the Group set out on pages 162 to 229.

It is certified that the financial statements have been prepared in compliance with the requirements of the Companies Act No 07 of 2007.



Dhammika Laksiri
Financial controller

The Board of Directors is responsible for the preparation and presentation of these financial statements. Approved and signed for and on behalf of Directors of Watawala Plantations PLC.



V Govindasamy
Director
29 May 2024
Colombo



Sunil G Wijesinha
Chairman

Statement of changes in equity - Group

(all amounts in Sri Lankan Rupees thousands)

	Note	Stated capital	Retained earnings	Total	Non controlling interest	Total Equity
Balance at 1 April 2022		511,848	6,345,936	6,857,784	241,887	7,099,671
Profit for the year		-	2,364,292	2,364,292	(32,502)	2,331,790
Actuarial loss on retirement benefit obligations		-	(113,462)	(113,462)	(1,611)	(115,073)
Deferred tax on actuarial loss on retirement benefit obligations		-	32,600	32,600	322	32,922
Total comprehensive income for the year		-	2,283,430	2,283,430	(33,791)	2,249,639
Transactions with owners of the Company, recognised directly in equity						
Effect on changes in effective holding in the subsidiary			(14,708)	(14,708)	14,708	-
Dividends paid	12	-	(2,846,321)	(2,846,321)	-	(2,846,321)
Total transactions with owners		-	(2,861,029)	(2,861,029)	14,708	(2,846,321)
Balance at 31 March 2023		511,848	5,768,337	6,280,185	222,804	6,502,989
Balance at 1 April 2023		511,848	5,768,337	6,280,185	222,804	6,502,989
Profit for the year			2,358,770	2,358,770	(14,034)	2,344,736
Actuarial loss on retirement benefit obligations		-	(14,807)	(14,807)	(198)	(15,005)
Deferred tax on actuarial loss on retirement benefit obligations		-	4,266	4,266	39	4,305
Total comprehensive income for the year		-	2,348,229	2,348,229	(14,193)	2,334,036
Transactions with owners of the Company, recognised directly in equity						
Dividends paid	12		(2,439,704)	(2,439,704)	-	(2,439,704)
Total transactions with owners		-	(2,439,704)	(2,439,704)	-	(2,439,704)
Balance at 31 March 2024		511,848	5,676,862	6,188,710	208,611	6,397,321

Figures in brackets indicate deductions

The financial statements are to be read in conjunction with the related notes, which form a part of the consolidated financial statements of the Group set out on pages 162 to 229.

Statement of changes in equity - Company

(all amounts in Sri Lankan Rupees thousands)

	Note	Stated capital	Retained earnings	Total equity
Balance at 1 April 2022		511,848	6,620,116	7,131,964
Profit for the year		-	2,335,639	2,335,639
Actuarial loss on retirement benefit obligations		-	(99,074)	(99,074)
Deferred tax on actuarial loss on retirement benefit obligations		-	29,722	29,722
Total comprehensive income for the year		-	2,266,287	2,266,287
Transactions with owners of the Company, recognised directly in equity				
Dividends paid	12	-	(2,846,321)	(2,846,321)
Total transactions with owners		-	(2,846,321)	(2,846,321)
Balance at 31 March 2023		511,848	6,040,082	6,551,930
Balance at 1 April 2023		511,848	6,040,082	6,551,930
Profit for the year		-	2,403,854	2,403,854
Actuarial loss on retirement benefit obligations		-	(13,040)	(13,040)
Deferred tax on actuarial loss on retirement benefit obligations		-	3,912	3,912
Total comprehensive income for the year		-	2,394,726	2,394,726
Transactions with owners of the Company, recognised directly in equity				
Dividends paid	12	-	(2,439,704)	(2,439,704)
Total transactions with owners		-	(2,439,704)	(2,439,704)
Balance at 31 March 2024		511,848	5,995,104	6,506,952

Figures in brackets indicate deductions

The financial statements are to be read in conjunction with the related notes, which form a part of the consolidated financial statements of the Group set out on pages 162 to 229.

Consolidated Statement of cash flows

(all amounts in Sri Lankan Rupees thousands)

For the year ended 31 March	Note	Group		Company	
		2024	2023	2024	2023
Cash flows from operating activities					
Profit before taxation		2,765,846	2,953,488	2,645,069	2,924,938
<i>Adjustments for:</i>					
Depreciation and amortisation	9	411,943	412,213	333,799	317,922
Provision for retirement benefit obligations	9.1	82,210	45,739	71,484	39,926
Loss / (Profit) on disposal of property, plant and equipment	6	13,839	(8,707)	13,839	(328)
Impairment of leasehold right	6	-	88,671	-	-
Impairment on investment in subsidiary	6	-	-	80,125	405,719
Gain on fair valuation of consumable biological assets	7	(25,817)	(10,486)	-	-
Gain on fair valuation of produce on bearer plants	7	15,259	(14,455)	15,259	(14,455)
(Gain) / Loss on fair valuation of livestock	7	(29,431)	157,435	-	-
Income from investment fund	18	(7,110)	(4,657)	(7,110)	(4,657)
Provision for slow-moving inventories	20	(100,894)	(5,443)	-	-
Amortisation of capital grants	6	(2,358)	(2,358)	(2,358)	(2,358)
Unrealised exchange gain		(3,145)	-	(3,145)	-
Net finance cost	8	(105,132)	(22,743)	(157,866)	(82,230)
Profit before working capital changes		3,015,210	3,588,697	2,989,096	3,584,477
Changes in working capital					
- Inventories		415,708	(624,541)	89,396	(138,437)
- Trade and other receivables		162,714	(241,100)	206,107	(211,248)
- Amount due from related companies		117,480	(148,892)	80,312	(365,354)
- Amount due to related companies		8,851	(30,441)	8,851	(36,243)
- Trade and other payables		108,316	228,304	105,914	164,717
Cash generated from operations		3,828,199	2,772,027	3,479,676	2,997,912
Interest paid	8	(16,957)	(34,963)	(310)	(2,990)
Interest received	8	183,771	138,938	219,828	126,116
Income tax paid		(144,806)	(109,521)	(144,029)	(108,037)
Retirement benefit obligations paid	29	(64,539)	(36,052)	(58,194)	(29,728)
Net cash generated from operating activities		3,785,668	2,730,429	3,496,971	2,983,273
Cash flows from investing activities					
Additions to property, plant and equipment	14	(289,562)	(354,005)	(216,675)	(315,705)
Additions to intangible assets	15	(12,517)	(26,864)	(12,517)	(26,864)
Additions to bearer biological assets	16	(36,177)	(64,052)	(36,177)	(64,052)
Proceeds from disposal of biological assets (Livestock)	17	63,122	57,870	-	-
Proceeds from sale of property, plant and equipment		-	27,408	-	408
Additions to livestock	17	(306,209)	(165,176)	-	-
Investment made through short/long term investments	18 & 24	(1,419,160)	-	(1,418,299)	-
Withdrawals made through short/long term investments	18 & 24	509,000	533,731	509,000	501,628
Investment in leasehold right		-	(68,796)	-	-
Investment in subsidiary		-	-	-	(433,796)
Loan given / (paid) to related company		-	-	100,000	(270,000)
Net cash used in investing activities		(1,491,503)	(59,884)	(1,074,668)	(608,381)
Cash flows from financing activities					
Dividends paid	12	(2,439,704)	(2,846,321)	(2,439,704)	(2,846,321)
Loan obtained during the period	27	154,900	-	-	-
Repayment of borrowings	27	(28,807)	(410,201)	-	(45,500)
Repayment of lease liabilities	28	(61,317)	(43,492)	(61,317)	(42,412)
Net cash used in financing activities		(2,374,928)	(3,300,014)	(2,501,021)	(2,934,233)
Decrease in cash and cash equivalents		(80,763)	(629,469)	(78,718)	(559,341)
Cash and cash equivalents at the beginning of year		797,544	1,427,013	853,193	1,412,534
Cash and cash equivalents at the end of year	25	716,781	797,544	774,475	853,193

Figures in brackets indicate deductions

These financial statements are to be read in conjunction with the related notes, which form a part of the consolidated financial statements of the Group set out on pages 162 to 229.

Notes to the financial statement

(all amounts in Sri Lankan Rupees thousands)

1. REPORTING ENTITY

1.1 Domicile and legal form

Watawala Plantations PLC (the Company) is a public limited liability company incorporated and domiciled in Sri Lanka under the Companies Act No. 17 of 1982 in terms of the provisions of the Conversion of Public Corporations or Government Owned business undertaking into Public Companies Act No. 23 of 1987 and re-registered under the Companies Act No. 7 of 2007. The registered office of the Company is located at No. 60, Dharmapala Mawatha, Colombo 03. The Plantations are situated in the Udugama, Galle District in the Southern Province.

The Consolidated Financial Statements of the Group as at and for the year ended 31st March 2024 comprise the Financial Statements of the Company and its subsidiary Watawala Dairy Ltd. (together referred to as the 'Group')

1.2 Principal activities and nature of operations

The Company is primarily engaged in cultivation, manufacture and sale of crude palm oil. Its subsidiary Watawala Dairy Ltd is engaged in dairy farming and manufacturing value added products.

The plantations are situated in

the Udugama, Galle District in the Southern Province whereas Watawala Dairy Ltd's operations are situated in Hatton.

1.3 Parent and ultimate parent enterprise

The immediate parent of Watawala Plantations PLC is Sunshine Wilmar (Private) Limited and ultimate parent is Sunshine Holdings PLC.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Consolidated Financial Statements of the Group and the separate Financial Statements of the Company comprise the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows, together with the notes to the Financial Statements and material Accounting Policies which have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs/ LKASs) promulgated by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and with the requirements of the Companies Act No. 07 of 2007 and Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995. These Financial Statements, except information on Cash Flows, have been prepared

following the accrual basis of accounting.

2.2 Approval of Financial Statements by Directors

The Consolidated Financial Statements were authorized for issue by the Board of Directors on 29th May 2024.

2.3 Basis of Measurement

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

- Consumable Biological Assets are measured at fair value less costs to sell as per LKAS 41: Agriculture.
- Liability for Retirement Benefit Obligation is recognized as the present value of the defined benefit obligation based on actuarial valuation as per LKAS 19: Employee Benefits
- Agriculture produce harvested from biological assets are measured at fair value as per LKAS 41: Agriculture.

2.4 Functional and Presentation Currency

The Consolidated Financial Statements are presented in Sri Lankan Rupees which is the Group's functional

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

currency. All financial information presented in Sri Lankan Rupees has been rounded to the nearest rupee, unless stated otherwise.

2.5 Presentation of Financial Statements

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

2.6 Materiality and Aggregation

Each material class of similar items is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by LKAS 1: Presentation of Financial Statements. Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position, only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on net basis, or to realize the assets and settle the liability simultaneously.

2.7 Going Concern

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

2.8 Use of Estimates and Judgements

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

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

Estimates and underlying assumption are reviewed on ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

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

Note 14 -Property, plant and equipment

Note 17.1 - Consumable Biological Assets.

Note 17.4 - Agriculture produce on bearer plants

Note 28 - Lease liabilities

Note 29 - Retirement Benefit Obligations

Note 31 - Deferred tax liability

2.9 Determination of fair values

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

The fair value of a liability reflects its non-performance risk. Several of the Group's accounting policies and disclosures require the determination of fair value, for both financial and nonfinancial assets and liabilities.

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

Level 1: inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

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

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

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

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

2.10 Fair value of non-financial asset

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

is accessible by the Group for the asset or liability.

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

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

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

3.1 Changes in Material Accounting Policies

The group has adopted the following disclosures from 1st April 2023.

3.1(a) Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to LKAS 12) from 1st April 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences - e. g. leases. For leases, the Group is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the Group applies the amendments to transactions that occur on or after the beginning of the earliest period presented. The Group previously accounted for deferred tax on leases by applying the 'integrally linked' approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments,

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the Statement of Financial Position because the balances qualify for offset under LKAS 12. There was also no impact on the opening retained earnings as at 1st April 2022 as a result of the change.

3.1(b) Material Accounting Policy Information

The Group also adopted Disclosure of Accounting Policies (Amendments to LKAS 1) from 1st April 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. Management reviewed the accounting policies and made updates to the information disclosed in Note 3 Material accounting policies (2023: Significant accounting policies) in certain instances in line with the amendments.

3.2 Basis of consolidation

The Financial Statements of the Company and Group comprise the Financial Statements of the Company and its Subsidiaries for the year ended 31st March 2024.

3.2.1 Business combinations

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

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

The consideration transferred in the acquisition is generally measured at fair value, as which are the identifiable net assets acquired. Any goodwill that arises is tested

annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

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

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

3.2.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

Investment in subsidiary are initially recognized at cost and subsequently accounted at cost less any impairment losses in the separate financial statements of the company.

3.2.3 Non-controlling interests ("NCI")

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

3.2.4 Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other

components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3.2.5 Transactions eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief executive office. The executive committee of the Company assesses the financial performance and position of the Company and its subsidiaries and makes strategic decisions.

3.4 Foreign currency translations

Transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the

exchange rates prevailing at the dates of the transactions.

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

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

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

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

3.5 Assets and Bases of their Valuation

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

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

assets are those which the Group intends to hold beyond a period of one year from the reporting date.

3.6 Property, Plant and Equipment

3.6.1. Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, except for Bare Land on Lease which is stated at revalued amount on 18th June 1992 less subsequent accumulated depreciation and accumulated impairment losses.

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

3.6.1.1 Owned Assets

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

3.6.2 Land Development Costs

Permanent land development costs are the costs incurred in making major infrastructure development and building new access roads on leasehold lands. These costs have been capitalised and amortised over the remaining lease period. Permanent impairment to land development costs are charged to the profit or loss statement in full or reduced to the net carrying amounts of such assets in the year of occurrence after ascertaining the loss.

3.6.3 Capital Work-in-Progress

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

3.6.4 Leases

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

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

- the contract involves the use of an identified asset which may be specified explicitly or implicitly

and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified

- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1st April 2019.

At inception or on re-assessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. Where the lease agreement includes an annual adjustment on

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

a variable such as GDP deflator, the Group shall annually reassess the liability considering such variable and recognised the amount of remeasurement of the lease liabilities as an adjustment to the right-of-use asset.

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

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

certain remeasurements of the lease liability.

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

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

- Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is

reasonably certain to exercise an extension option, and penalties for yearly termination of a lease unless the Group is reasonably certain not to terminate yearly.

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

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Group presents right-of-use assets that do not meet the definition of investment in right of use assets and lease liabilities in 'lease liabilities' in the statement of financial position.

3.6.5 Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

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

3.6.6 Borrowing Costs

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

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

3.6.7 Depreciation and amortisation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern

of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

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

Company	Freehold assets (Years)	Leasehold assets (Years)
Right to use of land	-	53
Improvements to land	-	30
Vested other assets	-	30
Buildings	40	21
Plant and machinery	13	13
Equipment	8	-
Computer equipment	4	-
Computer software	6	-
Furniture and fittings	10	-
Motor vehicles	5	5
Sanitation, water and electricity	20	20
Roads and bridges	40	21
Fences and security lights	3	-
Mini hydro plants	-	10

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

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

Group

Watawala Dairy Limited

Freehold assets are depreciated using similar rates as the parent entity. The right to use land and assets acquired from Watawala Plantations PLC are depreciated over the shorter of useful life or the remaining period of the lease.

Residual values of these assets and useful lives are reviewed and adjusted if appropriate. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

3.6.8 Derecognition

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

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

3.6.9 Intangible Assets

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

3.6.9.1 Software

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

The estimated useful life is as follows:

Asset Category	Useful life
Enterprise Resource Planning System	6 years

3.7 Biological Assets

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

Consumable Biological assets include managed timber trees (those that are to be sold as Biological assets) and livestock of Cattle.

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

3.7.1 Recognition and Measurement

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

The Bearer Biological assets are measured at cost less accumulated

depreciation and accumulated impairment losses, if any, in terms of LKAS 16 - Property, Plant and Equipment.

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

The livestock are initially measured at cost and subsequently fair valued at each reporting date.

3.7.2 Bearer Biological Assets

The costs of land preparation, rehabilitation, new planting, replanting, crop diversification, interplanting, fertilising and so on incurred between the time of planting and harvesting (when the planted area attains maturity), are classified as immature plantations. These immature plantations are shown at direct costs plus attributable overheads including interest attributable to long-term loans used for financing immature plantations. The expenditure incurred on Bearer Biological assets (Palm oil, Tea, Cinnamon, Rubber, Coconut, Maize, Turmeric, Grass and Avocado) which comes into bearing

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

During the year, is transferred to mature plantations.

Permanent impairments to Bearer Biological Assets are charged to the Statement of Profit or Loss and Other Comprehensive Income.

3.7.2.1 Infilling Cost on Bearer Biological Assets

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

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

3.7.2.2 Growing crop nurseries

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

3.7.2.3 Depreciation

Mature Plantations (Replanting and New Planting) are depreciated on a straight line basis over the expected period of their commercial harvesting.

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

Company	Freehold assets (Years)	Leasehold assets (Years)
- Tea	33	30
- Rubber	20	20
- Palm oil	20	20
- Cinnamon	30	-
- Caliantra	15	-
- Grass	5	-
- Coconut	33	-

No depreciation is provided for Immature Plantations.

3.7.3 Consumable Biological Assets

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

The main variables in DCF model are as follows:

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

3.7.4 Livestock

Livestock are measured at their fair value less estimated costs to dispose with any change therein recognised in Statement of profit or loss and other comprehensive income. Estimated costs to dispose includes all costs that would be necessary to dispose the asset such as transport cost, commission etc. Fair value of livestock is determined on yield basis valuation which considers the present value of net cash flows expected to be generated throughout the lactation lifecycle of the cattle. The expected net cash flows are discounted using a risk adjusted discounted rate.

Farming costs such as feeding, labour costs; pasture.

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(all amounts in Sri Lankan Rupees thousands)

maintenance, veterinary services are expensed as incurred. The cost of purchase of cattle plus transportation charges are capitalised as part of livestock.

3.7.5 Non Harvested Produce Crop on Bearer Biological Assets

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

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

For the valuation of the produce, the Company uses value of unharvested fresh fruit bunches (FFB) of Oil Palm is measured using the actual price used to purchase FFB from out growers and the value of the unharvested green leaves is measured using the bought-leaf rate (current month) less cost of

3.8 Financial Instruments

3.8.1 Recognition and Initial Measurement

On initial recognition, a financial asset is classified as measured at: amortised cost or FVTPL.

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

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

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets.

On initial recognition, the Group may irrevocably designate a financial assets that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

a) Business model assessment:

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

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

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

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

The Group makes an assessment of the objectives of the business model in which a financial asset is held as a

portfolio level because this best reflects the way the business is managed and information is provided to the management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management.
- The risks that affect the performance of the business model (and the financial assets held within the business model) and how those risks are managed;
- The frequency, volume and timing of sales of financial assets in prior periods, the reason for such sale and expectation about future sales activity.
- Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss statements. Any gain or loss on derecognition is recognised in profit or loss

3.8.2 Financial Liabilities

Financial Liabilities - Classification, subsequent measurement and gains and losses.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

3.8.3 Derecognition

(a) Financial Assets

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

(b) Financial Liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss statement.

3.8.4 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial

position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.8.5 Impairment - Financial Assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost
- Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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

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

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

Presentation of allowances for ECL in the statement of financial position

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

Measurement of ECLs

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

Credit-impaired financial asset

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

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

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- It is probable that the borrower

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

will enter bankruptcy or other financial deorganisation; or

- The disappearance of an active market for a security because of financial difficulties.

Write-off

For individual customers, the Group has a policy of writing off the gross carrying amount as approved by the Board of Directors based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. Evidence of impairment included a significant or prolonged decline in its fair value below its cost.

3.8.6 Impairment of Non-Financial assets

The carrying amounts of the Group's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is

the greater of its value in use and its fair value less costs to sell. 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (Company of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications

that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

3.9 Liabilities and Provisions

A provision is recognised in the Consolidated Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

3.10 Employee Benefit

3.10.1 Defined Contribution Plans

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

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Employees Provident Fund (EPF) / Estate Staff's Provident Society (ESPS) / Ceylon Planter's Provident Society (CPPS)

The Group and employee collectively contribute 12% and 10% respectively on the salary of each employee to the each of the contribution plans.

Employees Trust Fund (ETF)

The Group contributes 3% of the salary of each employee to the Employees' Trust Fund.

3.10.2 Retirement Benefit Obligations

The retirement benefit plan adopted is as required under the Payment of Gratuity Act No.12 of 1983 and the Indian Repatriate Act No. 34 of 1978 to eligible employees. This item is grouped under Employee Benefits in the Statement of Financial Position. Provision for Gratuity on the Employees of the Company is based on an actuarial valuation, using the Projected Unit Credit (PUC) method as recommended by Sri Lanka Accounting Standards No.19 "Employee Benefits". The actuarial valuation was carried out by a professionally qualified firm of actuaries, Messer's Actuarial and Management Consultants (Private) Limited as at 31st March 2024.

However, according to the Payment of Gratuity Act No.12 of 1983, the liability for payment to an employee arises only after the completion of 5 years continued services.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in OCI.

When benefits of a plan are changed or when plan is curtailed the resulting change in benefit that relate to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gain or losses on the settlement of a defined benefit plan when a settlement occurs.

The liability is not externally funded.

3.11 Inventories

3.11.1 Agricultural Produce harvested from Biological Assets

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

3.11.2 Agricultural Produce after further processing

Further processed output of Agricultural Produce is valued at the lower of cost and estimated net realisable value, after making due allowances for obsolete and slow-moving items. Net realisable

value is the estimated selling price at which stocks can be sold in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

3.11.3 Input Material, Consumables and Spares

Valued at actual cost on weighted average basis.

3.12 Cash and Cash Equivalents

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

3.13 Contingent Liabilities

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

3.14 Deferred Income Government

Grants and Subsidies Government grants are recognised where there is a reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related assets. When the grants are related to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that are intended to compensate.

Grants related to Property, Plant and Equipment other than grants received for forestry are initially deferred and allocated to income on a systematic basis over the useful life of the related Property, Plant and Equipment.

Grants received for forestry are initially deferred and credited to Statement of Profit or Loss and Other Comprehensive Income immediately the related blocks of trees are harvested.

3.15 Statement of Profit or Loss and Other Comprehensive Income

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

3.15.1 Revenue Recognition

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

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

The following specific criteria are used for the purpose of recognition of revenue;

The Group revenue principally comprises sale of Palm Oil and Fresh Milk. Revenue is recognised point in time as the products are provided.

The Group considers sales and delivery of products as one performance obligation and recognises revenue when it transfers control to the customer.

Disaggregation of revenue IFRS 15 requires an entity to disaggregate revenue from contracts with customers into categories that depict how the nature, amount,

timing, and uncertainty of revenue and cash flows are affected by economic factors.

3.15.2 Sale of Goods

Revenue from the sale of goods is recognised when the identified performance obligations are satisfied i.e. the Company transfers control over a good or services to a contract. Revenue is measured based on the consideration specified in a contract with a customer.

3.15.3 Interest Income

Interest income is recognised as it accrues in the income statement. For all financial instruments measured at amortised cost and interest bearing financial assets classified as FVTOCI the interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. For interest bearing financial assets carried at fair value, interest is recognised on discounted cash flow method. Interest income is included under finance income in the income statement.

3.15.4 Gain and Losses on Disposal

Gains and losses on disposal of an item of Property, Plant and Equipment are determined by comparing the net sales proceeds

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

with the carrying amounts of Property, Plant and Equipment and which are recognised within other operating income in the Statement of Profit or Loss

3.16 Operating Expenses

All expenses incurred in the day-to-day operations of the business and in maintaining the property, plant and equipment in a state of efficiency have been charged to the Statement of Profit or Loss and Other Comprehensive Income in arriving at the profit/(loss) for the year.

Provision has also been made for impairment of non-financial assets, slow-moving stocks, overgrown nurseries, all known liabilities and depreciation on property, plant and equipment.

3.17 Finance Costs

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

the term of the lease.

3.18 Income Tax Expense

Income Tax expense comprising current and deferred tax. Income tax expense is recognised in Statement of Profit or Loss and Other Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

3.18.1 Current Taxes

Current tax expenses for the current and comparative periods are measured at the amount paid or expected to be payable to the Commissioner General of Inland Revenue on taxable income for the respective year of assessment computed in accordance with the provisions of the Inland Revenue Act, No. 24 of 2017 as amended by the Inland Revenue (amendment) Act, No.45 of 2022 enacted by the reporting date.

3.18.2 Deferred Taxation

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

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting

nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

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

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax assets and deferred tax liabilities are offset, if legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

3.19 Statement of Cash Flows

The Statement of Cash Flows

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

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

3.20 Segmental Reporting

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

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

Assets and Liabilities directly attributable to each segment are allocated to the respective segments. Assets and Liabilities which are not directly attributable to a segment are allocated on a reasonable basis wherever possible. The activities of the segments are described in note 5 to the Financial Statements on pages 181 to 183.

3.21 Related Party Transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether or not a price is being charged. A detailed Related Party Transaction analysis is presented in note 36.

3.22 Earnings per Share

The Group presents Earnings per Share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

3.23 Events after the Reporting Date

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

4. New and Amended Standards and Interpretations

The Institute of Chartered Accountants of Sri Lanka has issued the following amendments to Sri Lanka Accounting Standards (SLFRSs/ LKASs)

which will become applicable for financial periods beginning on or after 1 April 2024

Accordingly, the Company has not applied these amendments in preparing these Financial Statements. The following amendments are not expected to have a significant impact on the Company's Financial Statements.

- Classification of liabilities as current or non-current (Amendments to LKAS 1).

Under the existing LKAS 1 requirement, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

- Non-current Liabilities with Covenants – Amendments to LKAS 1

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

- Lease Liability in a Sale and Leaseback – Amendments to SLFRS 16

- Supplier Finance Arrangements – Amendments to LKAS 7 and SLFRS 7

- Lack of Exchangeability – Amendments to LKAS 21

Further, the Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards (SLFRSs / LKASs) which will become applicable for financial periods beginning on or after 1st April 2025. Accordingly, the Company has not applied these standards in preparing these Financial Statements.

- SLFRS S1 - General Requirements for Disclosures of Sustainability related Financial Information

- SLFRS S2 - Climate-Related Disclosures

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

5. Segmental analysis by principal activities

The analysis of the performance by the principal activities, is as follows:

5.1.1 Revenue streams

For the year ended 31 March	Note	Group		Company	
		2024	2023	2024	2023
Revenue from contracts with customers-sale of goods	5.1.2	8,320,903	8,768,041	6,867,145	7,573,816
Total Gross Revenue		8,320,903	8,768,041	6,867,145	7,573,816

5.1.2 Major products

For the year ended 31 March	Group		Company	
	2024	2023	2024	2023
Revenue				
Palm oil & allied products	6,866,911	7,573,251	6,867,145	7,573,816
Dairy Farming	1,453,992	1,194,790	-	-
	8,320,903	8,768,041	6,867,145	7,573,816
Gross profit / (loss)				
Palm oil & allied products	3,301,432	3,706,759	3,239,811	3,743,069
Dairy Farm	(146,841)	(168,674)	-	-
	3,154,591	3,538,085	3,239,811	3,743,069

A Segment is a distinguishable component of the group that is engage either in providing product or services (Business Segments), or in providing products or services within a particular economic environment (geographical segments), which is subject to risks and rewards that are different from those of other segments. Segment information is presented in respect of the Group's business. There are no distinguishable components to be identified as geographical segments for the group. The business segments are reported based on the Group management and reporting structure.

5.1.3 Performance Obligation

Information about the Group's performance obligations are summarized as follows

Type of product/ services	Nature and timing of satisfaction of performance obligation	Revenue recognition under SLFRS 15
Plantation Sale of plantation produce	The Company is selling Green Leaf to customers after placing a sales order and revenue from tea is recognized at the time of dispatching the respective order.	Revenue from sale of other crops are recognized at the point in time when the control of the goods has been transferred to the customer generally upon delivery of the goods to the location specified by the customer and the acceptance of the goods by the customer.
Dairy farming Fresh Milk	Customer obtains the control of Fresh Milk after the customer acknowledgement at the dispatch point.	Revenue from fresh milk is recognized at the point in time when the control of the goods has been transferred to the customer generally upon delivery of the goods to the location specified by the customer and the acceptance of the goods by the customer

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

5.2 Segmental analysis by principal activities - Group

For the year ended 31 March	Palm Oil		Dairy		Other		Inter segment adjustments		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Revenue	6,867,145	7,573,816	1,453,992	1,194,790	-	-	(234)	(565)	8,320,903	8,768,041
Gross profit/(loss)	3,239,811	3,743,089	(146,841)	(168,674)	-	-	61,621	(36,330)	3,154,591	3,538,085
Other operating income/(expense)	71,530		254,472	(45,130)	(242,317)	(157,322)	17,304	35,131	100,989	(167,321)
Administrative expenses	(431,149)	(347,059)	(14,245)	(14,052)	-	-	1,200	44	(444,194)	(361,067)
Selling and distribution expenses	(146,332)	(66,540)			(4,340)	(12,412)			(150,672)	(78,952)
Operating profit/(loss)	2,733,860	3,329,490	93,386	(227,856)	(246,657)	(169,734)	80,125	(1,155)	2,660,714	2,930,745
Net finance (cost) / income	157,866	82,230	(52,734)	(60,602)	-	-	-	1,115	105,132	22,743
Profit/(loss) before tax	2,891,726	3,411,720	40,652	(288,458)	(246,657)	(169,734)	80,125	(40)	2,765,846	2,953,488
Tax expenses	(236,847)	(573,569)	(179,895)	(32,400)	(4,368)	(15,729)	-	-	(421,110)	(621,698)
Profit/(loss) for the year	2,654,879	2,838,151	(139,243)	(320,858)	(251,025)	(185,463)	80,125	(40)	2,344,736	2,331,790
Other Comprehensive Income										
Actuarial loss on retirement benefit obligation	(13,040)	(99,074)	(1,965)	(15,999)	-	-	-	-	(15,005)	(115,073)
Tax on actuarial loss on retirement benefit obligation	3,912	29,722	393	3,200	-	-	-	-	4,305	32,922
Total other comprehensive expense	(9,128)	(69,352)	(1,572)	(12,799)	-	-	-	-	(10,700)	(82,151)
Total comprehensive income/ (expense) for the year	2,645,751	2,768,799	(140,815)	(333,657)	(251,025)	(185,463)	80,125	(40)	2,334,036	2,249,639
Segment assets										
Segment assets	5,822,572	5,434,399	3,177,052	3,007,603	431,692	392,447	-	-	9,431,316	8,834,449
Segment liabilities	1,879,238	1,491,185	1,109,329	799,068	45,328	41,207	-	-	3,033,995	2,331,460
Other segment items										
Capital expenditure	251,617	392,290	379,097	165,176	13,751	52,631	-	-	644,465	610,097
Depreciation	261,321	267,767	77,746	90,979	55,339	41,206	-	-	394,406	399,952
Amortisation	16,006	10,731	641	714	890	816	-	-	17,537	12,261

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

5.3 Segmental analysis by principal activities - Company

For the year ended 31 March	Palm Oil		Other		Total	
	2024	2023	2024	2023	2024	2023
Revenue	6,867,145	7,573,816	-	-	6,867,145	7,573,816
Gross profit	3,239,811	3,743,089	-	-	3,239,811	3,743,089
Other income/(expense)	71,530	-	(242,317)	(474,370)	(170,787)	(474,370)
Administrative expenses	(431,149)	(347,059)	-	-	(431,149)	(347,059)
Selling and distribution expenses	(146,332)	(66,540)	(4,340)	(12,412)	(150,672)	(78,952)
Operating profit/(loss)	2,733,860	3,329,490	(246,657)	(486,782)	2,487,203	2,842,708
Net finance income	157,866	82,230	-	-	157,866	82,230
Profit/(loss) before tax	2,891,726	3,411,720	(246,657)	(486,782)	2,645,069	2,924,938
Tax expenses	(236,847)	(573,569)	(4,368)	(15,730)	(241,215)	(589,299)
Net profit/(loss)	2,654,879	2,838,151	(251,025)	(502,512)	2,403,854	2,335,639
Other Comprehensive Income						
Actuarial loss on retirement benefit obligation	(13,040)	(99,074)	-	-	(13,040)	(99,074)
Tax on actuarial loss on retirement benefit obligation	3,912	29,722	-	-	3,912	29,722
Total other comprehensive expense	(9,128)	(69,352)	-	-	(9,128)	(69,352)
Total comprehensive income/(expense) for the year	2,645,751	2,768,799	(251,025)	(502,512)	2,394,726	2,266,287
Segment assets						
Segment assets	8,493,212	8,209,690	431,692	392,447	8,924,904	8,602,137
Segment liabilities						
Segment liabilities	2,372,624	2,009,000	45,328	41,207	2,417,952	2,050,207
Other segment items						
Capital expenditure	251,617	392,290	13,752	14,331	265,369	406,621
Depreciation	261,321	267,767	55,582	38,608	316,903	306,375
Amortisation	16,006	10,731	890	816	16,896	11,547

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

6 Other income

For the year ended 31 March	Note	Group		Company	
		2024	2023	2024	2023
(Loss)/ profit on disposal of property, plant and equipment		(13,839)	8,707	(13,839)	328
Amortisation of capital grants	30	2,358	2,358	2,358	2,358
Factory rental		9,900	9,000	9,900	9,000
Rent income		5,591	3,969	5,591	6,076
Income from increase in net assets value in the investment fund and short term investment	18	-	16,787	-	15,527
Profit on sale of green leaf	6.1	5,935	28,428	5,935	28,428
Loss from maize projects	6.2	-	-	(146,657)	(128,741)
Impairment of lease hold right	15.1	-	(88,671)	-	-
RSPO Credit sales		50,159	-	50,159	-
Impairment on investment in subsidiary	19.1	-	-	(80,125)	(405,719)
Income (loss) from sundry operations		896	(15,405)	11,150	(16,082)
		61,000	(34,827)	(155,528)	(488,825)

For the year ended 31 March	Group		Company	
	2024	2023	2024	2023
6.1 Net profit from green leaf operation				
Income from green leaf sale	146,500	174,491	146,500	174,491
Less : Costs incurred on green leaf operation	(140,565)	(146,063)	(140,565)	(146,063)
	5,935	28,428	5,935	28,428
6.2 Net loss from maize operation				
Income from maize operation	-	-	70,393	216,439
Less : Costs incurred on maize operation	-	-	(217,050)	(345,180)
	-	-	(146,657)	(128,741)

7 Gain / (loss) on changes in fair value of biological assets

For the year ended 31 March	Note	Group		Company	
		2024	2023	2024	2023
Fair value (loss) / gain on produce on bear plants	17.4	(15,259)	14,455	(15,259)	14,455
Fair value gain on Consumable biological assets	17.1	25,817	10,486	-	-
Fair value gain / (loss) on livestock	17.2	29,431	(157,435)	-	-
		39,989	(132,494)	(15,259)	14,455

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

8 Net Finance Expense

For the year ended 31 March	Note	Group		Company	
		2024	2023	2024	2023
(i) Finance costs					
- Exchange loss		3,145	-	3,145	-
- Interest on long term loans		13,448	69,970	-	1,160
- Interest on bank overdrafts		3,509	5,290	310	1,833
- Interest on lease liabilities	28	58,537	40,935	58,507	40,893
		78,639	116,195	61,962	43,886
(ii) Finance income					
-Interest income on related party loan		-	-	37,402	2,896
-Interest income on short-term bank deposits		183,771	138,938	182,426	123,220
		183,771	138,938	219,828	126,116
Net finance income		105,132	22,743	157,866	82,230

9. Profit before income tax

Profit before income tax is stated after charging all the expenses including following.

For the year ended 31 March	Note	Group		Company	
		2024	2023	2024	2023
Auditors' remuneration					
- Audit		2,744	2,450	2,240	2,000
- Audit related		928	184	928	184
- Non audit		150	1,431	150	986
Amortization - Right to use of assets	13	17,537	12,261	16,896	11,547
Depreciation					
- Immovable leased assets		36	782	-	782
- Amortization intangible assets	15	11,811	7,703	10,276	6,403
- Property, plant and equipment	14	203,088	194,725	129,687	118,846
- Biological assets - bearer		179,471	196,742	176,940	180,344
Directors' emoluments		14,120	14,352	12,990	13,063
Staff costs	9.1	1,347,197	1,213,311	1,275,597	1,143,110

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

9.1 Staff costs

For the year ended 31 March	Note	Group		Company	
		2024	2023	2024	2023
Wages and salaries		1,065,534	946,966	1,009,642	890,518
Defined contribution plan		134,453	140,606	129,471	132,666
Defined benefit plan	29	82,210	45,739	71,484	39,926
Workers' profit share bonus		65,000	80,000	65,000	80,000
		1,347,197	1,213,311	1,275,597	1,143,110

10 Income tax expenses

For the year ended 31 March	Note	Group		Company	
		2024	2023	2024	2023
Income Tax charge for the year	10.1	252,619	113,537	252,619	108,370
Over provision with respect of prior year		(8,713)	(13,373)	(5,034)	(13,373)
Deferred tax recognised in the income statement	31	177,204	521,534	(6,370)	494,302
Taxes included in statement of profit /loss		421,110	621,698	241,215	589,299
Deferred tax recognised in other comprehensive income		(4,305)	(32,922)	(3,912)	(29,722)
Taxes included in total comprehensive income		416,805	588,776	237,303	559,577

As per the Inland Revenue (Amendment) Act No. 45 of 2022, Profit from the business of "Agro Farming" will continue to be exempt from income tax up to 2023/24 under the Inland Revenue (Amendment) Act No.45 of 2022.

As per Inland Revenue (Amendment) Act No 45 of 2022, the Company has calculated its profits from both "Agro processing" and "Investment income" for the year ended 31st March 2024, applying the tax rate of 30%.

Watawala Dairy Limited enjoys a tax exemption period of five years from the year in which the Company commences to make profits or any year of assessment not later than two years reckoned from the date of commencement of commercial operations whichever is earlier, under section 17(2) of the Board of Investment of Sri Lanka, Law No: 4 of 1978 and in accordance with the provision of the Inland Revenue Act No. 24 of 2017.

After the expiration of the tax exemption period, the profit and income of the Company shall be charged at the rate of twenty percent (20%) for any year of assessment immediately succeeding the last date of the tax exemption period during which the profit and income of the entity is exempted from income tax. The Company is entitled for tax exemption period only up to 2023/2024 as per the agreement entered with Board of Investment of Sri Lanka.

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

10.1 Reconciliation of accounting profit to income tax

For the year ended 31 March	Group		Company	
	2024	2023	2024	2023
Profit before taxation	2,765,846	2,953,488	2,645,069	2,924,938
Less : Income from other sources	(239,115)	(179,525)	(235,320)	(160,385)
Add : Disallowable Expenses	983,349	678,838	908,532	411,991
Less : Allowable Expenses	(459,142)	(552,485)	(337,325)	(257,137)
Adjusted Profit for the year	3,050,938	2,900,316	2,980,956	2,919,407
Add : Income from other sources	235,320	179,525	235,320	160,385
Total Statutory/Taxable Income	3,286,258	3,079,841	3,216,276	3,079,792
Less: Setoff against taxable income	(44,165)	(11,126)	-	-
Less: Statutory/Taxable income-Agro farming (exempted)	(2,400,030)	(2,078,873)	(2,374,213)	(2,437,156)
Total Statutory/Taxable Income-Agro processing	842,063	989,842	842,063	642,636
Income Tax Expense				
Tax at 14%	-	30,986	-	30,986
Tax at 24%	-	21,776	-	19,479
Tax at 30%	252,619	60,775	252,619	57,905
	252,619	113,537	252,619	108,370

10.2 Group Accumulated Tax Losses

As at 31 March	GROUP	
	2024	2023
Balance as at 1st April	1,413,775	1,423,692
Adjustment in respect of prior year	3,299	1,143
Losses for the year	-	66
Losses set-off during the year	(44,165)	(11,126)
	1,372,909	1,413,775

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

11 Earnings per share

Basic earnings per share has been calculated by dividing the profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

For the year ended 31 March	Group		Company	
	2024	2023	2024	2023
Calculation of Earnings per share				
Net profit attributable to shareholders	2,358,770	2,364,292	2,403,854	2,335,639
Weighted average number of ordinary				
Shares in issue (thousands)	203,309	203,309	203,309	203,309
Basic earnings per share (LKR)	11.60	11.63	11.82	11.49

11.1 Diluted earnings per share

There were no potentially dilutive ordinary shares as at 31 March 2024 and there have been no transactions involving ordinary shares or potential ordinary shares as at the reporting date which would require restatement of earnings per share.

12 Dividends per share

For the year ended 31 March	Group and Company	
	2024	2023
Calculation of dividend per share		
Final dividend		
Final dividend paid LKR 4.00 (2023-LKR 8)	813,232	1,626,469
Interim dividend		
Interim dividend paid LKR 8.00 (2024-LKR 6)	1,626,472	1,219,852
	2,439,704	2,846,321
Number of ordinary shares (thousand)	203,309	203,309
Dividend paid per share (LKR)	12.00	14.00

Notes to the financial statements (contd)*(all amounts in Sri Lankan Rupees thousands)***13 Right to use of assets**

As at 31 March	Group		Company	
	2024	2023	2024	2023
Cost				
Balanced as at 1 April	366,949	346,807	361,684	341,509
Remeasurement of lease liabilities:	133,511	20,175	133,511	20,175
Adjustments	-	(33)	-	-
	500,460	366,949	495,195	361,684
Accumulated amortisation				
As at 1 April	123,073	110,812	114,411	102,864
Charge for the year	17,537	12,261	16,896	11,547
	140,610	123,073	131,307	114,411
Carrying value as at 31st March	359,850	243,876	363,888	247,273

The leases of JEDB/SLSPC estates handed over to the Company for a period of 53 years have all been executed. The leasehold rights to the land on all these estates have been taken into the books of the Company as at 18 June 1992 immediately after formation of the Company. The bare land has been recorded at the value established for each land by valuation specialist, Mr. D. R. Wickramasinghe, just prior to the formation of the Company.

The Group has applied SLFRS-16 for leasehold assets recorded in the financial statements.

14 Property, Plant and Equipment

As at 31 March	Note	Group		Company	
		2024	2023	2024	2023
Immovable estate assets on finance lease (other than land)	14.1.1 & 14.1.2	-	36	-	-
Property, plant and equipment	14.2.1 & 14.2.2	2,555,913	2,483,278	1,212,638	1,139,489
		2,555,913	2,483,314	1,212,638	1,139,489

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

14.1.1 Immovable estate assets on lease - Group

	Improvements to land	Other vested assets	Roads and bridges	Water supply	Buildings	Mini-hydro power plant	Machinery	Total
Cost								
As at 1 April 2022	1,135	1,201	5	89	35,894	1,042	23,208	62,574
As at 1 April 2023	1,135	1,201	5	89	35,894	1,042	23,208	62,574
As at 31st March 2024	1,135	1,201	5	89	35,894	1,042	23,208	62,574
Accumulated amortisation								
As at 1 April 2022	1,125	393	5	89	35,894	1,042	23,208	61,756
Charge for the year	10	772	-	-	-	-	-	782
As at 31 March 2023	1,135	1,165	5	89	35,894	1,042	23,208	62,538
As at 1 April 2023	1,135	1,165	5	89	35,894	1,042	23,208	62,538
Charge for the year	-	36	-	-	-	-	-	36
As at 31st March 2024	1,135	1,201	5	89	35,894	1,042	23,208	62,574
Net Carrying value								
As at 31st March 2024	-	-	-	-	-	-	-	-
As at 31 March 2023	-	36	-	-	-	-	-	36

(a) Assets in estates that are held under leasehold right to use have been taken in to books of the Company retrospectively from 18 June 1992. For this purpose the Board of Directors of the Company decided at its meeting on 8 March 1995 that those assets would be taken at their book value as they appeared in the books of the JEDB / SLSPC, on the day immediately preceding the date of formation of the Company.

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

14.1.2 Immovable estate assets on lease - Company

	Improvements to land	Other vested assets	Water supply	Buildings	Machinery	Total
Cost						
As at 1 April 2022	1,135	1,088	89	33,192	23,163	58,667
As at 1 April 2023	1,135	1,088	89	33,192	23,163	58,667
As at 31 March 2024	1,135	1,088	89	33,192	23,163	58,667
Accumulated amortization						
As at 1 April 2022	1,125	316	89	33,192	23,163	57,885
Charge for the year	10	772	-	-	-	782
As at 31 March 2023	1,135	1,088	89	33,192	23,163	58,667
As at 1 April 2023	1,135	1,088	89	33,192	23,163	58,667
Charge for the year	-	-	-	-	-	-
As at 31 March 2024	1,135	1,088	89	33,192	23,163	58,667
Net Carrying value						
As at 31 March 2024	-	-	-	-	-	-
As at 31 March 2023	-	-	-	-	-	-

(a) Assets in estates that are held under leasehold right to use have been taken in to books of the Company retrospectively from 18 June 1992. For this purpose the Board of Directors of the Company decided at its meeting on 8 March 1995 that those assets would be taken at their book value as they appeared in the books of the JEDB / SLSPC, on the day immediately preceding the date of formation of the Company.

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

14.2.1 Property, Plant and Equipment - Group

	Land	Buildings	Motor vehicles	Plant and machinery	Equipment	Computer	Furniture and fittings	Others	Capital work in progress	Total
Cost										
As at 1 April 2022	-	1,501,223	349,601	1,209,444	124,363	15,603	31,363	254,912	110,928	3,597,437
Additions during the year	166,042	81,617	11,204	4,851	7,092	4,792	10,837	16,671	50,899	354,005
Transfers during the year	-	119,087	-	-	-	-	-	-	(119,087)	-
Disposals made during the year	-	-	(4,178)	-	(7,954)	(274)	(5,430)	-	(7,774)	(25,610)
As at 31 March 2023	166,042	1,701,927	356,627	1,214,295	123,501	20,121	36,770	271,583	34,966	3,925,832
As at 1 April 2023	166,042	1,701,927	356,627	1,214,295	123,501	20,121	36,770	271,583	34,966	3,925,832
Additions during the year	-	75,539	112,753	14,190	1,329	5,353	7,098	15,117	58,183	289,562
Transfers during the year	-	50,322	-	-	-	-	-	-	(50,322)	-
Disposals made during the year	-	(16,826)	(22,151)	-	-	-	-	-	-	(38,977)
As at 31 March 2024	166,042	1,810,962	447,229	1,228,485	124,830	25,474	43,868	286,700	42,827	4,176,417
Accumulated depreciation										
As at 1 April 2022	-	236,337	254,216	614,701	67,411	10,406	13,438	59,384	-	1,255,893
Charge for the year	-	44,288	49,098	74,477	12,347	2,877	4,115	7,523	-	194,725
Disposals made during the year	-	-	(3,164)	-	(1,458)	(171)	(3,271)	-	-	(8,064)
As at 31 March 2023	-	280,625	300,150	689,178	78,300	13,112	14,282	66,907	-	1,442,554
As at 1 April 2023	-	280,625	300,150	689,178	78,300	13,112	14,282	66,907	-	1,442,554
Charge for the year	-	54,195	43,785	71,051	12,306	2,938	3,479	15,334	-	203,088
Disposals made during the year	-	(2,987)	(22,151)	-	-	-	-	-	-	(25,138)
As at 31 March 2024	-	331,833	321,784	760,229	90,606	16,050	17,761	82,241	-	1,620,504
Net carrying value										
As at 31 March 2024	166,042	1,479,129	125,445	468,256	34,224	9,424	26,107	204,459	42,827	2,555,913
As at 31 March 2023	166,042	1,421,302	56,477	525,117	45,201	7,009	22,488	204,676	34,966	2,483,278

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

14.2.2 Property, Plant and Equipment - Company

	Land	Buildings	Motor vehicles	Plant and machinery	Equipment	Computer	Furniture and fittings	Others	Capital work in progress	Total
Cost										
As at 1 April 2022	-	381,885	302,988	928,554	38,159	13,861	19,059	90,345	53,484	1,828,335
Additions during the year	166,042	4,060	11,204	-	5,169	4,792	9,683	16,669	98,086	315,705
Transfer during the year	-	119,087	-	-	-	-	-	-	(119,087)	-
Disposals made during the year	-	-	(2,638)	-	-	(236)	-	-	-	(2,874)
As at 31 March 2023	166,042	505,032	311,554	928,554	43,328	18,417	28,742	107,014	32,483	2,141,166
As at 1 April 2023	166,042	505,032	311,554	928,554	43,328	18,417	28,742	107,014	32,483	2,141,166
Additions during the year	-	52,657	95,802	12,270	1,275	4,981	7,098	15,082	27,510	216,675
Transfer during the year	-	50,322	-	-	-	-	-	-	(50,322)	-
Disposals made during the year	-	(16,826)	(22,151)	-	-	-	-	-	-	(38,977)
As at 31 March 2024	166,042	591,185	385,205	940,824	44,603	23,398	35,840	122,096	9,671	2,318,864
Accumulated depreciation										
As at 1 April 2022	-	89,135	206,273	517,294	25,148	8,792	7,923	31,061	-	885,626
Charge for the year	-	12,880	43,410	52,892	3,084	2,865	2,132	1,583	-	118,846
Disposals made during the year	-	-	(2,638)	-	-	(157)	-	-	-	(2,795)
As at 31 March 2023	-	102,015	247,045	570,186	28,232	11,500	10,055	32,644	-	1,001,677
As at 1 April 2023	-	102,015	247,045	570,186	28,232	11,500	10,055	32,644	-	1,001,677
Charge for the year	-	19,901	41,771	49,097	3,686	2,877	2,684	9,671	-	129,687
Disposals made during the year	-	(2,997)	(22,151)	-	-	-	-	-	-	(25,138)
As at 31 March 2024	-	118,929	266,665	619,283	31,918	14,377	12,739	42,315	-	1,106,226
Carrying value										
As at 31 March 2024	166,042	472,256	118,540	321,541	12,685	9,021	23,101	79,781	9,671	1,212,638
As at 31 March 2023	166,042	403,017	64,509	358,368	15,096	6,917	18,687	74,370	32,483	1,139,489

14.2.3 The gross carrying values of fully depreciated property plant and equipment as at 31 March 2024 are as follows

As at 31 March	Group		Company	
	2024	2023	2024	2023
Motor vehicles	269,892	245,356	269,892	245,356
Plant and machinery	617,618	561,471	617,618	561,471
Equipment	31,450	28,591	31,450	28,591
Computer	12,826	11,660	12,826	11,660
Furniture and fittings	11,053	10,048	11,053	10,048
Others	8,580	8,580	8,580	8,580
	951,419	865,706	951,419	865,706

14.2.4 Capital Work in Progress

The cost of incompleting projects as at 31 March 2024 are included in the capital work in progress incurred for Palm oil mill factory developments and calf shed developments.

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

15 Intangible assets

As at 31 March	Group				Company				
	2024		2023		2024		2023		
	Capital Work in progress	Software	Leasehold right	Total	Total	Capital Work in progress	Software	Total	Total
Cost									
As at 1 April	42,409	44,029	88,671	175,109	59,574	42,409	36,741	79,150	52,286
Additions during the year	12,517	-	-	12,517	115,535	12,517	-	12,517	26,864
Transfers during the year	(54,626)	54,626	-	-	-	(54,626)	54,626	-	-
Write off during the year	-	-	(88,671)	(88,671)	-	-	-	-	-
	300	98,655	-	98,955	175,109	300	91,367	91,667	79,150
Accumulated amortization/impairment									
As at 1 April	-	39,001	88,671	127,672	31,298	-	33,382	33,382	26,979
Amortization during the year	-	11,811	-	11,811	7,703	-	10,276	10,276	6,403
Write off during the year	-	-	(88,671)	(88,671)	88,671	-	-	-	-
	-	50,812	-	50,812	127,672	-	43,658	43,658	33,382
Net carrying value as at 31 March	300	47,843	-	48,143	47,437	300	47,709	48,009	45,768

15.1 The Group has written off leasehold right acquired from Moragoda Agro Services (Pvt) Ltd during the year ended 31st March 2024.

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

16.2 Investments after Formation of the Company

As at 31 March	Group		Company	
	2024	2023	2024	2023
Immature plantations (Note 16.2.1)	157,827	140,936	158,758	141,867
Mature plantations (Note 16.2.2)	2,261,287	2,410,149	2,215,731	2,362,212
Growing Crop Nurseries (Note 16.2.3)	-	11,173	-	11,173
	2,419,114	2,562,258	2,374,489	2,515,252

16.2.1 Immature plantations

	2024					2023				
	Oil palm	Rubber	Tea	Others	Total	Oil palm	Rubber	Tea	Others	Total
Group										
Cost										
As at 1 April	-	-	29,795	111,141	140,936	81,156	11,169	11,900	100,265	204,490
Additions during the year	-	-	4,343	43,007	47,350	19,140	-	17,895	18,065	55,100
Transfers to mature plantations during the year	-	-	-	(30,459)	(30,459)	(100,296)	(11,169)	-	(7,189)	(118,654)
As at 31 March	-	-	34,138	123,689	157,827	-	-	29,795	111,141	140,936
Company										
Cost										
As at 1 April	-	-	29,795	112,072	141,867	81,156	11,169	11,900	101,196	205,421
Additions during the year	-	-	4,343	43,007	47,350	19,140	-	17,895	18,065	55,100
Transfers to mature plantations during the year	-	-	-	(30,459)	(30,459)	(100,296)	(11,169)	-	(7,189)	(118,654)
As at 31 March	-	-	34,138	124,620	158,758	-	-	29,795	112,072	141,867

16.2.2 Mature plantations

	2024					2023				
	Oil palm	Rubber	Tea	Others	Total	Oil palm	Rubber	Tea	Others	Total
Group										
Cost										
As at 1 April	3,355,584	128,071	249,861	181,587	3,915,103	3,255,288	116,902	249,861	164,692	3,786,743
Additions	-	-	-	-	-	-	-	-	9,706	9,706
Transfer in during the year	-	-	-	30,459	30,459	100,296	11,169	-	7,189	118,654
As at 31 March	3,355,584	128,071	249,861	212,046	3,945,562	3,355,584	128,071	249,861	181,587	3,915,103
Accumulated Depreciation										
As at 1 April	(1,224,728)	(68,073)	(123,289)	(88,864)	(1,504,954)	(1,061,669)	(63,344)	(116,286)	(67,065)	(1,308,364)
Charge for the year	(163,021)	(5,715)	(5,001)	(5,584)	(179,321)	(163,059)	(4,729)	(7,003)	(21,779)	(196,570)
As at 31 March	(1,387,749)	(73,788)	(128,290)	(94,448)	(1,684,275)	(1,224,728)	(68,073)	(123,289)	(88,864)	(1,504,954)
Net Carrying Amount	1,967,835	54,283	121,571	117,598	2,261,287	2,130,856	59,998	126,572	92,723	2,410,149

Notes to the financial statements (contd)*(all amounts in Sri Lankan Rupees thousands)*

	2024					2023				
	Oil palm	Rubber	Tea	Others	Total	Oil palm	Rubber	Tea	Others	Total
Company										
Cost										
As at 1 April	3,355,584	128,071	158,943	97,734	3,740,332	3,255,288	116,902	158,943	80,839	3,611,972
Additions	-	-	-	-	-	-	-	-	9,706	9,706
Transfer in during the year	-	-	-	30,459	30,459	100,296	11,169	-	7,189	118,654
As at 31 March	3,355,584	128,071	158,943	128,193	3,770,791	3,355,584	128,071	158,943	97,734	3,740,332
Accumulated Depreciation										
As at 1 April	(1,224,728)	(68,073)	(64,716)	(20,603)	(1,378,120)	(1,061,669)	(63,344)	(59,525)	(13,410)	(1,197,948)
Charge for the year	(163,021)	(5,715)	(5,151)	(3,053)	(176,940)	(163,059)	(4,729)	(5,191)	(7,193)	(180,172)
As at 31 March	(1,387,749)	(73,788)	(69,867)	(23,656)	(1,555,060)	(1,224,728)	(68,073)	(64,716)	(20,603)	(1,378,120)
Net Carrying Amount	1,967,835	54,283	89,076	104,537	2,215,731	2,130,856	59,998	94,227	77,131	2,362,212

16.2.3 Growing Crop Nurseries

	Group		Company	
	2024	2023	2024	2023
As at 31 March				
As at 1 April	11,173	11,928	11,173	11,928
Transfer during the year	(11,173)	(755)	(11,173)	(755)
As at 31 March	-	11,173	-	11,173

(i) Investments in bearer plants since the formation of the Company have been classified as shown above and mainly includes tea and cinnamon plantations. Bearer plants are stated at cost less accumulated depreciation and impairment in accordance with LKAS 16 Property, plant & equipment.

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

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

17 Biological assets**17.1 Consumable biological assets- Group**

As at 31 March	Mature plantations	Total
Cost/Fair value		
As at 31 March 2022	33,783	33,783
Gain on fair value less cost to sell	10,486	10,486
As at 31 March 2023	44,269	44,269
Gain on fair value less cost to sell	25,817	25,817
As at 31 March 2024	70,086	70,086

17.1.1 Measurement of Fair value

The valuation of consumable biological assets was carried by Mr. Weerasinghe Chandrasena, an independent Incorporated Valuation Surveyor, using Discounted Cash Flows (DCF) method. The Valuation Report dated 31st March 2024 has been prepared based on the physically verified timber statistics provided by the Group.

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

a) Fair Value hierarchy

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

b) Level 3 fair Value

Breakdown of total gains and losses recognized in respect of Level 3 fair value of consumable biological assets.

As at 31 March	Group	
	2024	2023
Gain included in Profit or loss for the year	25,817	10,486
Total Gain	25,817	10,486

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

(c) Valuation techniques and significant unobservable input

Following table shows the valuation techniques used in measuring Level 3 fair value of consumable biological asses as well as the significant unobservable inputs used for the valuation as at 31st March 2024.

Type		Significant Unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Standing timber	Discounted cash flow	Determination of Timber Content	The estimated fair value at the time of harvesting of each specific species is sensitive of the following variables,
Standing timber older than 4 years.	<p>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 .</p> <p>Expected cash flows are discounted using a risk-adjusted discount rate of 17.6% (2023: 24.50%). Following factors have been considered in determining the risk premium;</p> <ul style="list-style-type: none"> - The illiquid nature of The plantations prior to maturity - A lack of market evidence as to the value of biological assets through their life cycle - Risk relations to diseases and fire affecting the biological assets -Adoption of conservative valuation approach 	<p>Timber trees in inter-crop areas and pure crop areas have been identified field-wise and species were identified and harvestable trees were separated, according to their average girth and estimated age. Timber trees that have not come up to a harvestable size are valued working out the period that would take for those trees to grow up to a harvestable size.</p> <p>Determination of Price of Timber</p> <p>Trees have been valued as per the current timber prices per cubic meter based on the industry average prices logs sawn timber at the popular timber traders in Sri Lanka.</p> <p>In this exercise, following factors have been taken into consideration</p> <ol style="list-style-type: none"> a) Cost of obtaining approval of felling, b) Cost of felling and cutting into logs. c) Cost of transportation. 	<ul style="list-style-type: none"> - the estimated timber content (The higher the volume, the higher the fair value) - the estimated timber prices per cubic meter (The higher the price per cu. ft., the higher the fair value) - the estimated selling related costs (Lower the selling related costs, the higher the fair value) - the estimated maturity age (Lower the rotation period, the higher the fair value) - the risk-adjusted discount rate, (The higher the discount rate, the lesser the fair value)

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

Type	Valuation technique used	Significant Unobservable Inputs	Inter-relationship between key unobservable inputs and fair value measurement
		d) Sawing cost.	
		e) Cost of sale	
		f) Exclusion of trees located in restricted area specialized in the circular No. 2019/01 dated on 6 November 2019 issued by Ministry of Plantation Industries.	
		Price range per cu.ft. is LKR 350/- to LKR 1000/- (2023- LKR 350/- to LKR 1000/-)	
		Risk-adjusted discount rate.	
		2024 - 17.6% (2023 - 24.5%).	

17.1.2 Sensitivity Analysis

Sensitivity variation on sales price

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

	-10%	2024	+10%
Timber	63,077	70,086	77,095
Total	63,077	70,086	77,095

Sensitivity variation on discount rate

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

	-1%	2024	+1%
Timber	72,956	70,086	67,419
Total	72,956	70,086	67,419

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

17.2 Biological assets - Livestock

Livestock is measured on initial recognition at each reporting date at its fair values less point of sale costs. Fair value of livestock is determined at the best available estimates for livestock with similar attributes. Any gain or loss arising on initial recognition of livestock at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs is included in statement of income in the period in which it arises.

As at 31 March 2024 livestock comprised 1732 cattle (2023 - 1760 cattle)

17.2.1 Valuation techniques and significant unobservable input

Following table shows the valuation techniques used in measuring Level 3 fair value of bearer biological assets livestock as well as the significant unobservable inputs used for the valuation as at 31st March 2024.

Type	Valuation technique used	Significant Unobservable Inputs	Inter-relationship between key unobservable inputs and fair value measurement
Livestock	Discounted cash flow	Determination of selling price	
Livestock comprises cattle	The valuation model considers present value of future net cash flows expected to be generated by the cattle based on lactation-wise annual milking averages and costs incurred. Expected cash flows are discounted using a risk-adjusted discount rate of 18.75% (2023: 26.15%).	Selling price has been determined based on the market prices.	The estimated fair value would increase / (decrease)
		Determination of cost per cow	- the estimated milking prices were higher / (lower)
		Cost per cow has been determined based on the adjusted cost during the year.	- the estimated yield per cow were higher / (lower)
		Determination of discount factor	- the risk-adjusted discount rate were higher / (lower)
		Risk adjusted discount rate of 18.75% (2023-26.15%) has been use for the valuation.	
		Determination of yield	
		Yield has been determined based on the actual milk production in each lactation.	

As at March	Group	
	2024	2023
As at 1 April	893,071	943,200
Disposal made during the year	(63,122)	(57,870)
Additions during the year	306,209	165,176
Change in fair value less cost to sell	29,431	(157,435)
As at 31 March	1,165,589	893,071

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

17.2.2 Sensitivity Analysis

The fair value measurements of Livestock have been categorised as Level 3 fair values based on assumptions.

Sensitivity Analysis

Sensitivity variation on sales price

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

	-10%	2024	+10%
	LKR	LKR	LKR
Livestock	523,589	1,165,589	1,807,588
Total	523,589	1,165,589	1,807,588

Sensitivity variation on cost

Values as appearing in the statement of financial position are sensitive to cost changes with regard to the average cost applied. Simulations made for livestock show that an increase or decrease by 10% of the estimated future cost has the following effect on the fair value of biological assets:

	-10%	2024	+10%
	LKR	LKR	LKR
Livestock	1,705,032	1,165,589	626,146
Total	1,705,032	1,165,589	626,146

Sensitivity variation on discount rate

Values as appearing in the Statement of Financial Position are sensitive to changes of the discount rate applied. Simulations made for livestock show that an increase or decrease by 1% of the estimated future discount rate has the following effect on the fair value of biological assets:

	-1%	2024	+1%
	LKR	LKR	LKR
Livestock	1,192,697	1,165,589	1,139,462
Total	1,192,697	1,165,589	1,139,462

Sensitivity variation on yield

Values as appearing in the Statement of Financial Position are sensitive to changes of milk yield rate. Simulations made for livestock show that an increase or decrease by 1% of the estimated future yield rate has the following effect on the fair value of biological assets:

	-1%	2024	+1%
	LKR	LKR	LKR
Livestock	1,071,628	1,165,589	1,260,156
Total	1,071,628	1,165,589	1,260,156

Notes to the financial statements (contd)*(all amounts in Sri Lankan Rupees thousands)***17.3 The Group is exposed to the following risks relating to its agricultural activities.****Regulatory and environmental risks**

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

Supply and demand risk

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

Climate change and other risks

The Group's timber plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces and livestock are exposed to the risk of diseases. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections, regular visit by regional veterinary surgeon appointed by government, industry pest and disease surveys, in house herd manager and veterinary service.

17.4 Biological assets**Biological assets-Produce on bearer plants**

As at 31 March	Group		Company	
	2024	2023	2024	2023
As at 1 April	86,126	71,671	86,126	71,671
Change in fair value	(15,259)	14,455	(15,259)	14,455
	70,867	86,126	70,867	86,126

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

Tea - Three days crop (50% of 6 days cycle), Oil palm - five days crop (50% of 10 days cycle)

Produce that grows on mature bearer plantations are measured at fair value less cost to sell. The value of the unharvested green leaves is measured using the Tea commissioner's formula for bought leaf and the value of unharvested fresh fruit bunches (FFB) of Oil Palm is measured using the actual price used to purchase FFB from out growers.

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

18. Investment Fund

As at 31 March	Group and Company	
	2024	2023
As at 1 April	53,283	72,313
Funds withdraw during the year	(9,000)	(23,687)
Fair value gain for the year	7,110	4,657
	51,393	53,283

The fund comprises investment made in Hatton National Bank Custody Trustee Services. The average yield for the year was 13.20% (2023 -12.67%).

19 Investments in subsidiaries

	% Holding	No of Shares	Company	
			2024	2023
Watawala Dairy Limited	90%	308,934,362	2,528,390	2,528,390
Moragoda Agro Services (Private) Limited	100%	100	-	88,671
			2,528,390	2,617,061
Provision for impairment of investment in subsidiaries (Note 19.2)			(397,173)	(405,719)
			2,131,217	2,211,342

19.1 Movements of investment in subsidiary

As at 31 March	2024	2023
Balance as at 1 April	2,617,061	2,163,390
Additions during the year	-	453,671
Write off during the year	(88,671)	-
	2,528,390	2,617,061

Notes to the financial statements (contd)*(all amounts in Sri Lankan Rupees thousands)***19.2 Provision for impairment of investments in subsidiaries**

As at 31 March	Company	
	2024	2023
Balance as at 1st April	405,719	-
Provision made during the year	80,125	405,719
Write off during the year	(88,671)	-
	397,173	405,719

The provision for impairment on investment in subsidiary is as at 31 March 2024 is attributable to Watawala Dairy Limited:

	Company	
	2024	2023
Watawala Dairy Limited (Note 19.2.1)	397,173	317,048
Moragoda Agro Services (Pvt) Ltd (Note 19.2.2)	-	88,671
	397,173	405,719

19.2.1 Watawala Dairy Limited

The recoverable value of Watawala Dairy Limited was estimated based on values in use calculations

Significant unobservable input	Value of use input
Average growth rate	13%
Discount rate	17.17%
Term	5 years (terminal value thereafter)

Above assumptions have been determined based on the historical performance of the company

19.2.2 Moragoda Agro Services (Private) Limited

The Company has written off the investment made in Moragoda Agro Services (Pvt) Ltd during the year ended 31st March 2024.

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

19.2 Summarised financial information of material subsidiary (Watawala Dairy Limited)

	2024	2023
Non-current assets	2,678,906	2,385,429
Current assets	498,146	622,174
Total assets	3,177,052	3,007,603
Non-current liabilities	349,365	121,978
Current liabilities	759,964	677,090
Total liabilities	1,109,329	799,068
Revenue	1,453,992	1,194,790
Loss for the year	(139,243)	(320,858)
Total comprehensive income	(140,815)	(333,657)

20 Inventories

As at 31 March	Group		Company	
	2024	2023	2024	2023
Produce stock	98,218	120,784	98,218	120,784
Raw materials, spares and consumables	567,932	759,286	143,888	210,718
	666,150	880,070	242,106	331,502
Less: Provision for slow moving inventories	(106,337)	(5,443)	-	-
	559,813	874,627	242,106	331,502

Notes to the financial statements (contd)*(all amounts in Sri Lankan Rupees thousands)***21 Trade and other receivables**

As at 31 March	Group		Company	
	2024	2023	2024	2023
Trade receivables	102,497	87,804	8,155	43,474
Employee advances	30,610	23,888	29,499	22,975
Prepayments and advances	120,263	201,960	116,100	197,744
Taxes recoverable-net	61,068	98,817	60,708	98,775
Other receivables	20,296	84,979	20,296	77,897
	334,734	497,448	234,758	440,865

(i) Taxes receivable represents Value Added Tax claimable on export inputs and Withholding taxes paid at source on interest income.

(ii) Employee advances are recovered from payroll within 10 months.

22 Loan given to related company

As at 31 March	Company	
	2024	2023
As at 1 April	270,000	-
Loan granted during the year	-	270,000
Loan settled during the year	(100,000)	-
	170,000	270,000

The Company has granted short-term loans which is repayable on demand to Watawala Dairy Limited at an interest rate of AWPLR - 0.25% during the year ended 31 March 2023.

23 Amounts due from Related parties

As at 31 March	Group		Company	
	2024	2023	2024	2023
Trade receivables				
Pyramid Lanka (Pvt) Ltd	20,528	149,147	20,528	149,147
Pyramid Wilmar (Pvt) Ltd	10,922	-	10,922	-
Pyramid Wilmar Oils & Fats (Pvt) Ltd	297	-	297	-
Other receivables				
Watawala Dairy Limited	-	-	257,396	220,308
	31,747	149,147	289,143	369,455

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

24 Short term investments

	Group		Company	
	2024	2023	2024	2023
Investment in Capital Alliance Investment Grade Fund	310,752	4,870	309,891	4,870
Investment in NDB Wealth Management Limited	613,278	-	613,278	-
	924,030	4,870	923,169	4,870

- 24.1** Short-term investment represents investment made in Capital Alliance Investment Grade Fund and investment in NDB Wealth Management Limited. Average yield of investments in Capital Alliance investment was 12% (2023: 28.3%) and investment in NDB Wealth Management Limited was 11%.

25 Cash and cash equivalents

For the purposes of the cash flows statement, the year-end cash and cash equivalents comprise of the following:

As at 31 March	Note	Group		Company	
		2024	2023	2024	2023
Bank overdrafts		(80,640)	(59,446)	-	-
Cash and bank balances	25.1	797,421	856,990	774,475	853,193
		716,781	797,544	774,475	853,193

25.1 Cash and bank balances

As at 31 March	Group		Company	
	2024	2023	2024	2023
Cash at bank	80,757	369,610	58,102	369,014
Cash in hand	1,806	568	1,514	443
Short term bank deposits	714,858	486,812	714,859	483,736
	797,421	856,990	774,475	853,193

26 Stated capital

As at 31 March	Group and Company	
	2024	2023
203,308,634 ordinary shares including one (1) golden share (2022: 203,308,634)	511,848	511,848
	511,848	511,848

Notes to the financial statements (contd)*(all amounts in Sri Lankan Rupees thousands)***The Golden Shareholder**

The Golden Share is currently held by the Secretary to the Treasury and should be owned either directly by the Government of Sri Lanka or by a 100% Government owned public company. In addition to the rights of the normal ordinary shareholder, the Golden Shareholder has the following rights:

- i) The concurrence of the Golden Shareholder will be required for the Company to sublease any of the estate land leased / to be leased to the Company by the Janatha Estate Development Board / Sri Lanka State Plantation Corporation. (JEDB/ SLSPC)
- ii) The concurrence of the Golden Shareholder will be required to amend any clause in the Articles of Association of the Company which grant specific rights to the Golden Shareholder.
- iii) The Golden Shareholder, or his nominee will have the right to examine the books and accounts of the Company at any time with two weeks written notice.
- iv) The Company will be required to submit a detailed quarterly accounts report to the Golden Shareholder in a specified format within 60 days of the end of each quarter. Additional information relating to the Company in a specified format must be submitted to the Golden Shareholder within 90 days of the end of the each fiscal year.
- v) The Golden Shareholder can request the Board of Directors of the Company to meet with him / his Nominee, once every quarter to discuss issues related to the Company's operation of interest to the Government.

27 Interest bearing borrowings**27.1 Movement of borrowings during the year:**

As at 31 March	Lease	Term loan	2024 Total	2023 Total
Group				
As at 1 April	2,508	-	2,508	372,575
Additions during the year	-	154,900	154,900	-
Interest capitalized during the year	-	-	-	40,134
Repaid during the year	(1,029)	(27,778)	(28,807)	(410,201)
	1,479	127,122	128,601	2,508

As at 31 March	Term loan	2024 Total	2023 Total
Company			
As at 1 April	-	-	45,500
Repaid during the year	-	-	(45,500)
	-	-	-

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

27.2 Analysis of borrowings by year of repayment

As at 31 March	Group		Company	
	2024	2023	2024	2023
Repayable within one year				
Term loans	88,233	-	-	-
Lease	1,278	1,277	-	-
	89,511	1,277	-	-
Repayable after one year				
Term loans	38,889	-	-	-
Lease	201	1,231	-	-
	39,090	1,231	-	-
Total borrowings	128,601	2,508	-	-

27.3 Lender-wise Summary

	Note	Outstanding liability			Outstanding liability		
		Repayable within one year	Repayable after one year	Balance as at 31 March 2024	Repayable within one year	Repayable after one year	Balance as at 31 March 2023
Group							
Peoples Bank	27.3.1	33,333	38,889	72,222	-	-	-
Peoples Bank Import Loan	27.3.2	54,900	-	54,900	-	-	-
Hatton National Bank PLC-Lease	27.3.3	1,278	201	1,479	1,277	1,231	2,508
		89,511	39,090	128,601	1,277	1,231	2,508

27.3.1 Peoples Bank

Purpose

For working capital financing

Year	Original amount	Interest rate % p.a.	Outstanding liability			Outstanding liability			Repayment terms
			2023/ 2024	2022/ 2023		2022/ 2023			
			Repayable within one year	Repayable after one year	Balance as at 31 March 2024	Repayable within one year	Repayable after one year	Balance as at 31 March 2023	
2023/24	100,000	AWPLR - 0.25%	33,333	38,889	72,222	-	-	-	To be paid 36 equal monthly instalments commencing from May 2023
Sub total			33,333	38,889	72,222	-	-	-	
Security	Unsecured								

Notes to the financial statements (contd)*(all amounts in Sri Lankan Rupees thousands)***27.3.2 Peoples Bank****Purpose**

For working capital financing

Year	Original amount	Interest rate % p.a.	Outstanding liability 2023/ 2024			Outstanding liability 2022/ 2023			Repayment terms
			Repayable within one year	Repayable after one year	Balance as at 31 March 2024	Repayable within one year	Repayable after one year	Balance as at 31 March 2023	
2023/24	54,900	13%	54,900	-	54,900	-	-	-	To be paid within 6 months commencing from December 2023
Sub total			54,900		54,900.	-	-	-	

27.3.3 Hatton National Bank PLC**Purpose**

To purchase a lorry with chasis

Year	Original amount	Interest rate % p.a.	Outstanding liability 2023/ 2024			Outstanding liability 2022/ 2023			Repayment terms
			Repayable within one year	Repayable after one year	Balance as at 31 March 2024	Repayable within one year	Repayable after one year	Balance as at 31 March 2023	
2020/21	6,387	11,7%	1,278	201	1,479	1,277	1,231	2,508	60 equal monthly instalments commencing from August 2020
			1,278	201	1,479	1,277	1,231	2,508	
Security	Absolute ownership of the leased vehicles								

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

28 Lease Liabilities

As at 31 March	Group		Company	
	2024	2023	2024	2023
Lease liability				
Balance as at 1 April	274,031	256,413	283,406	264,750
Remeasurement of lease liabilities	133,511	20,175	133,511	20,175
Interest charged for the year	58,537	40,935	58,507	40,893
Less: payments made during the year	(61,317)	(43,492)	(61,317)	(42,412)
	404,762	274,031	414,107	283,406

Analysis of net lease liabilities - Group

As at 31 March	2024		2023	
	Current	Non-current	Current	Non-current
Gross liability	3,170	401,592	1,637	272,394
Net liability to lessor	3,170	401,592	1,637	272,394

Analysis of net lease liabilities - Company

As at 31 March	Company		Company	
	2024		2023	
	Current	Non-current	Current	Non-current
Gross liability	2,810	411,297	1,277	282,129
Net liability to lessor	2,810	411,297	1,277	282,129

Leasehold rights can be analysed as follows:

Group	Analysis of Lease liability			
	0- 1 years	2 - 5 years	More than 5 years	Total
As at 31 March 2024	3,170	7,253	394,339	404,762
As at 31 March 2023	1,637	4,020	268,374	274,031

Notes to the financial statements (contd)*(all amounts in Sri Lankan Rupees thousands)***Company**

Analysis of Lease liability	0- 1 years	2 - 5 years	More than 5 years	Total
As at 31 March 2024	2,810	6,053	405,244	414,107
As at 31 March 2023	1,277	4,020	278,109	283,406

Maturity analysis of contractual undiscounted cash flow

	0- 1 years	2 - 5 years	More than 5 years	Total
Group				
As at 31 March 2024	59,275	231,279	598,390	888,944
Company				
As at 31 March 2024	58,075	226,479	598,390	882,944
Group				
As at 31 March 2023	41,211	164,846	700,594	906,651
Company				
As at 31 March 2023	42,411	169,646	720,994	933,051

Group

	2024	2023
Amount recognised in the statement of profit or loss and other comprehensive income		
Interest on lease liability	58,537	40,935
Amortization of right to use assets	17,536	12,261
Amount recognised in statement of cash flow		
Total cash outflows for lease	61,317	43,492

Company

Amount recognised in the statement of profit or loss and other comprehensive income		
Interest on lease liability	58,537	40,935
Amortization of right to use assets	16,896	11,547
Amount recognised in statement of cash flow		
Total cash outflows for lease	61,317	42,412

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

29 Retirement benefit obligations

The movement in the retirement benefit obligation over the year is as follows:

	Group		Company	
	2024	2023	2024	2023
As at 31 March				
As at 1 April	337,389	212,629	295,954	186,682
Current service cost for the year	62,420	13,845	54,753	11,924
Interest cost for the year	19,790	31,894	16,731	28,002
Actuarial gain for the year	15,005	115,073	13,040	99,074
Benefits paid	(64,539)	(36,052)	(58,194)	(29,728)
	370,065	337,389	322,284	295,954

The charge to the statement of profit or loss and other comprehensive income is as follows:

	Group		Company	
	2024	2023	2024	2023
Current service cost	62,420	13,845	54,753	11,924
Interest cost	19,790	31,894	16,731	28,002
Total included in the staff cost	82,210	45,739	71,484	39,926
Actuarial loss recognised in the statement of other comprehensive income	15,005	115,073	13,040	99,074

An actuarial valuation for defined benefit obligation was carried out as at 31 March 2024 by Mr. M.Poopalanathan, of Messrs. Actuarial and Management Consultants (Private) Limited, a firm of professional actuaries. The valuation method used by the actuaries to value the obligation is the 'Projected Unit Credit Method', a method recommended by the Sri Lanka Accounting Standard LKAS - 19 on "Employee Benefits"

The following assumptions and data were used in valuing the defined benefit obligation by the actuarial valuer: A long term Treasury Bond rate of 11% p.a. (2023:18.50%) has been used to discount future liabilities taking into consideration of the remaining working life of eligible employees.

Notes to the financial statements (contd)*(all amounts in Sri Lankan Rupees thousands)*

- (i) Interest rate - 11% (2023 - 18.5%)
(5 year Government bond rate has been decreased from 18.5% to 11% as at the year end. Hence the Group has taken 11% as the rate of interest.)
- (ii) Rate of salary increase
- Estate staff 5% p.a (2023: 10% p.a),
- Estate management and head office staff 15.3% every year
- (iii) Retirement age 60 years (2023: 60 years)
- (iv) The company will continue its business for a foreseeable future.
- (v) No of employees
Company 1,452 (2023 - 1,363)
Group 1,709 (2023 - 1,626)
- (vi) Weighted average duration of defined benefit obligation
- Staff 10.3 (2023 - 6.9)
- Workers 10.3 (2023 - 7.58)

The following breakdown is expected to be paid in future years under Retirement benefit obligation plan

As at 31 March	Group		Company	
	2024	2023	2024	2023
Within the next 12 months	43,895	35,764	39,534	33,794
Between 1-5 years	115,005	106,206	103,895	91,777
Between 5-10 years	101,573	105,967	89,707	95,780
Beyond 10 years	109,592	89,452	89,147	74,603
Total	370,065	337,389	322,283	295,954

Sensitivity analysis

In order to illustrate the significance of the salary / wage escalation rate and the discount rate assumed in this valuation as at 31 March 2024, a sensitivity analysis was carried out for all employees assuming the following salary/wage escalation rate and discount rate.

Sensitivity analysis

As at 31 March	Group		Company	
	2024	2023	2024	2023
1% increase in discount rate	345,655	316,787	301,845	278,332
1% decrease in discount rate	397,804	360,535	345,428	315,699
1% increase in salary increment rate	399,003	362,185	346,446	317,115
1% decrease in salary increment rate	344,208	315,046	300,616	276,835

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

30 Deferred income and capital grants

As at 31 March	Group/Company	
	2024	2023
Cost		
As at 1 April	94,299	94,299
	94,299	94,299
Accumulated amortization		
As at 1 April	55,215	52,857
Amortization during the year	2,358	2,358
	57,573	55,215
Carrying value as at 31 March	36,726	39,084

Funds have been received from the Plantation Human Development Trust (PHDT) and Ministry of Estate Infrastructure for workers' welfare facilities including re-roofing of line rooms, latrines, water supply, sanitation, etc. Grants received from the Ministry of Estate Infrastructure for construction of crèches, farm roads and community centers are also included above. The amounts spent have been capitalised under the relevant property, plant and equipment category. The capital grants are amortised on a straight-line basis over the useful life of the respective asset.

31 Deferred tax liability

As at 31 March	Group		Company	
	2024	2023	2024	2023
As at 1 April	805,550	316,938	726,238	261,658
Charge / (Reversal) in statement of profit or loss	177,204	521,534	(6,370)	494,302
Reversal in other comprehensive income	(4,305)	(32,922)	(3,912)	(29,722)
	978,449	805,550	715,956	726,238

Deferred tax is calculated for the temporary differences between carrying value and tax written down value of non-current assets and liabilities as analysed by each taxable activity.

Notes to the financial statements (contd)*(all amounts in Sri Lankan Rupees thousands)*

31.1 The reconciliation of tax effect arising from the temporary differences related to carrying amounts of assets and liabilities of the statement of financial position is as follows:

	2024		2023	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
Group				
Property plant and equipment	(1,079,784)	(257,552)	(1,059,830)	(257,056.00)
Biological assets	(3,658,653)	(968,377)	(2,563,570)	(746,222.00)
Tax losses carried forward	477,396	95,480	399,418	79,883.00
Lease liability	404,762	121,429	274,031	82,209.00
Right of use asset	(359,850)	(107,955)	(243,876)	(73,162.00)
Provisions	106,337	21,267	-	-
Retirement benefit obligations	370,065	106,241	337,389	97,073.00
Capital grants	36,727	11,018	39,084	11,725.00
	(3,703,000)	(978,449)	(2,817,354)	(805,550)
Company				
Property plant and equipment	(421,260)	(126,378)	(456,887)	(137,066)
Biological assets	(2,374,489)	(712,347)	(2,335,078)	(700,523)
Lease liability	414,107	124,232	283,406	85,022
Right of use asset	(363,888)	(109,166)	(247,273)	(74,182)
Retirement benefit obligations	322,283	96,685	295,954	88,786
Capital grants	36,726	11,018	39,084	11,725
	(2,386,521)	(715,956)	(2,420,794)	(726,238)

Deferred tax assets and liabilities are measured based on the tax rates that have been enacted or substantially enacted by the end of the reporting period. The Group has used effective tax rate of 30% for Agri Sector and 20% for Dairy Farming as at 31 March 2024. (2023 - 30% Agri and 20% Dairy farming)

The deferred tax asset on accumulated tax losses of the subsidiary have been recognized only up to the extent of forecasted future taxable profits. Therefore the company has not recognized deferred tax asset on following tax losses.

	Group	
	2024	2023
Unused tax losses for which no deferred tax assets has been recognised	895,513	1,014,357
Deferred tax impact @ 20%	179,103	202,871

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

31.2 Deferred tax change for the year due to change in tax rate and other temporary differences.

	Group		Company	
	2024	2023	2024	2023
Due to change in effective tax rate	-	472,055	-	472,055
Due to change in temporary difference	172,899	16,557	(10,282)	(7,475)
	172,899	488,612	(10,282)	464,580

	Group		Company	
	2024	2023	2024	2023
Deferred tax originated / (charged) to profit or loss	-	-	-	-
Due to change in the effective tax rate	-	491,374	-	491,374
Due to change in the temporary differences	177,204	30,160	(6,370)	2,928
	177,204	521,534	(6,370)	494,302
Deferred tax originated / (charged) to other comprehensive income				
Due to change in the effective tax rate	-	(19,319)	-	(19,319)
Due to change in the temporary differences	(4,305)	(13,603)	(3,912)	(10,403)
	(4,305)	(32,922)	(3,912)	(29,722)

32 Trade and other payables

	Group		Company	
	2024	2023	2024	2023
As at 31 March				
Trade payables	283,187	353,617	206,984	257,740
Employee related dues	78,941	86,389	77,649	86,389
Advance received from customers	64,336	-	64,336	-
Provisions and accruals	152,812	163,228	142,510	160,357
Other payables	337,217	204,942	319,141	200,221
	916,493	808,176	810,620	704,707

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

33 Amount due to related parties

	Group		Company	
	2024	2023	2024	2023
Other payables				
Sunshine Holdings PLC	9,515	818	9,515	818
Sunshine Consumer Lanka Limited	117		117	
Sunshine Healthcare Limited	37	-	37	-
	9,669	818	9,669	818

34 Commitments

There are no material commitments as at the reporting date where require disclosures in the financial statements.

35 Contingent liabilities

As at 31 March	Group		Company	
	2024	2023	2024	2023
Bank guarantees	5,000	10,000	-	-
	5,000	10,000	-	-

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

36 Related party transactions

36.1

Name of the company	Nature of relationship	Name of Directors	Nature of Transaction	Transaction amount		Balance as at 31 March	
				2024	2023	2024	2023
Pyramid Lanka (Pvt) Ltd	Affiliate	Mr. M.S. Mawzoon	Sales	977,855	6,870,323	20,258	149,147
		Mr. M.T. Siddique	Settlements	(1,106,744)	(6,697,195)	-	-
		Mr. M.R. Rao					
Pyramid Wilmar (Pvt) Ltd	Affiliate	Mr. M.S. Mawzoon	Sales	3,245,708	-	10,922	-
		Mr. M.T. Siddique	Settlements	(3,234,786)	-	-	-
		Mr. M.R. Rao					
Pyramid Wilmar Oils & Fats (Pvt) Ltd	Affiliate	Mr. M.S. Mawzoon	Sales	2,057,414	-	297	-
		Mr. M.T. Siddique	Settlements	(2,057,117)	-	-	-
		Mr. M.R. Rao					
Sunshine Consumer Lanka Limited	Affiliate	Mr. Vish Govindasamy	Settlements	117	-	(117)	-
		Mr. N.B. Weeraselena		-	-		
Sunshine Holdings PLC	Parent	Mr. Vish Govindasamy	Service Cost	(117,165)	(95,151)	(9,515)	(818)
		Mr. G. Sathasivam	Settlements	107,650	101,477		
		Mr. H.D. Abeywickrama					
Watawala Dairy Limited	Subsidiary	Mr. Sunil G. Wijesinha	Interest	37,402	2,896	257,396	220,308
		Mr. Vish Govindasamy	Purchases	(195,991)	(84,402)	170,000	270,000
		Mr. M.S. Mawzoon	Loan (settled) / granted	(100,000)	270,000		
			Sales & Rent	72,478	226,538		
			Management fees	(1,200)	(1,200)		
			Receipts	124,399	78,177		
Sunshine Healthcare Lanka Limited	Affiliate	Mr. V. Govindasamy	Settlements	-	134	(37)	-
		Mr. G. Sathasivam	Service provided	(37)			
Healthguard Pharmacy Limited	Affiliate	Mr. V. Govindasamy	Sales during the year	-	1,148	-	-
		Mr. S. G. Sathasivam	Cash receipts during the year	-	(1,403)		
		Mr. H. D. Abeywickrama					
		Mr. D. A. Cabral					
		Mr. Karan Shishoo					

The directors have disclosed the nature of their interests in contracts and proposed contracts with the Company at meetings of the directors.

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

- 36.2** Key management personnel include the Board of Directors and the Executive Committee of the Group / Company. The compensation paid or payable to key management personnel are as follows:

As at 31 March	Group		Company	
	2024	2023	2024	2023
Salaries and other short term benefit	29,344	33,757	28,214	32,347

36.3 Major transactions with related parties

The following recurrent related party transactions were taken place during the year ended 31 March 2024 in the course of business where the aggregate value of series of recurrent transactions exceeds 10% of gross revenue and the non recurrent transactions exceeds 10% of equity or 5% of total assets as per the financial statements for the year ended 31st March 2024.

		recurrent transactions	party recurrent transactions during the financial year	recurrent transactions as % of group revenue
Pyramid Lanka (Pvt) Ltd	Affiliate	Sales	977,855	14.2%
Pyramid Wilmar (Pvt) Ltd	Affiliate	Sales	3,245,708	47.3%
Pyramid Wilmar Oil & Fats (Pvt) Ltd	Affiliate	Sales	2,057,414	30.0%

37 Events after the reporting date

No events have occurred after the reporting date, which would require adjustments to or disclosure in the financial statements other than the following:

37.1 Final dividend declared

The Board of Directors of the Company has declared a final dividend of LKR 7.0 per share for the financial year ended 31 March 2024.

As required by Section 56 of the Companies Act No. 07 of 2007, the Board of Directors of the Company satisfied the solvency test in accordance with Section 57, prior to declaring the final dividend.

In accordance with the LKAS 10, Events after the reporting period, the final dividend has not been recognised as a liability in the Financial Statements as at 31 March 2024.

37.2 Revision to the Daily Wage Rate

The Wages Board through its Extraordinary Gazette No 2385/14 dated 21st May 2024 revised the minimum daily wage to LKR 1,700/- comprising of a minimum daily base wage of LKR 1,350/- and a daily special allowance of LKR 350/- for workers in tea and rubber growing and manufacturing trade. Since the Gazette was issued subsequent to the financial reporting period, the Company did not consider the increased wage rate in determining the retirement benefit obligation as at 31 March 2024.

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

38 Financial risk management

Financial risk factors

The Group is exposed to a variety of financial risks. These include market risk, credit risk, liquidity risk and operational risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seek to minimise potential adverse effects on the Group's financial performance. Based on our economic outlook and the Group's exposure to these risks, the Board of directors approves various risk management strategies from time to time.

38.1 (a) Interest rate risk

Interest rate is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises mainly from the borrowings. The fluctuation in the Average Weighted Prime Lending Rate (AWPLR) results in the effective interest rate of the borrowings usually without a corresponding change in the fair value. The Group analyses the interest rate exposure on a dynamic basis by monitoring AWPLR.

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group as follows

	Group		Company	
	2024	2023	2024	2023
Financial assets				
Investment fund	51,393	53,283	51,393	53,283
Loan given to related party	-	-	170,000	270,000
Short term investment	924,030	4,870	923,169	4,870
Short term bank deposits	714,858	486,812	714,859	483,736
	1,690,281	544,965	1,859,421	811,889
Financial Liabilities				
Interest bearing borrowings	128,601	2,508	-	-
Bank overdrafts	80,640	59,446	-	-
	209,241	61,954	-	-

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates as at the reporting date would have increased / (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Basic point	Group		Company	
		2024	2023	2024	2023
Increase	+100	(14,810)	(4,830)	(18,594)	(8,119)
Decrease	-100	14,810	4,830	18,594	8,119

Notes to the financial statements (contd)*(all amounts in Sri Lankan Rupees thousands)***Capital management**

The Board's policy is to maintain a strong capital base so as to maintain shareholder, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and level of dividends to ordinary shareholders.

The Company debt to adjusted capital ratio at the end of the reporting period was as follows:

As at 31 March	Group		Company	
	2024	2023	2024	2023
Total Liabilities	3,033,995	2,331,460	2,417,954	2,050,207
Less: Cash and Cash Equivalents	(797,421)	(856,990)	(774,475)	(853,193)
Net Debt	2,236,574	1,474,470	1,643,479	1,197,014
Total Equity	6,397,321	6,502,989	6,506,950	6,551,930
Net Debt to Equity Ratio	35.0%	22.7%	25.3%	18.3%

38.1 (b) Price risk

The Group is exposed to the commodity price risk of mainly milk and palm oil. The Group monitors commodity price and inventory levels to minimize the impact. Further, forward sales agreements are entered into to minimise the exposure.

	-10%	2024	+10%	-10%	2023	+10%
Revenue	6,180,431	6,867,145	7,553,860	6,816,434	7,573,816	8,331,198
Total	6,180,431	6,867,145	7,553,860	6,816,434	7,573,816	8,331,198

38.2 Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions and outstanding balances from customers. For banks and financial institutions, only independently rated parties are accepted. No independent risk ratings are available for customers. Credit control assess the credit quality of the customers taking into account its financial position, past performance and other factors. Credit limits are set and the utilisation of credit limits is regularly monitored.

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Company has invested its cash in the banks which have credit ratings higher than "BBB".

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

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

As at 31 March	Group		Company	
	2024	2023	2024	2023
Trade receivables	102,497	87,804	8,155	43,474
Employee advances	30,610	23,888	29,499	22,975
Other receivables	20,296	84,979	20,296	77,897
Amounts due from related companies	31,747	149,147	289,143	369,455
Loan given to related party	-	-	170,000	270,000
Balances with banks	795,615	856,422	772,961	852,750
	980,765	1,202,240	1,290,054	1,636,551

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from individual customers as at 31st March 2024.

Group	Weighted average loss rate %	Gross carrying amount	Impairment loss allowance	Credit Impaired
31st March 2024				
Past due (0-60 days)	100	102,497		No
Past due (61-120 days)				No
Past due (121-364 days)				No
More than 1 year				No
	100	102,497		
31st March 2023				
Past due (0-60 days)	100	87,804		No
Past due (61-120 days)				No
Past due (121-364 days)				No
More than 1 year				No
	100	87,804		

Notes to the financial statements (contd)*(all amounts in Sri Lankan Rupees thousands)*

Company	Weighted average loss rate %	Gross carrying amount	Impairment loss allowance	Credit impaired
31st March 2024				
Past due (0-60 days)	100	8,155		No
Past due (61-120 days)				No
Past due (121-364 days)				No
More than 1 year				No
	100	8,155		
31st March 2023				
Past due (0-60 days)	100	43,474		No
Past due (61-120 days)				No
Past due (121-364 days)				No
More than 1 year				No
	100	43,474		

38.3 Liquidity risk

Cash flow forecasting is performed in the Group which monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs at all times. Such forecasting takes into consideration, the Group's debt financing plans.

The table below analyses the Group's financial liabilities and financial assets into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

The following are the contractual maturities of financial liabilities.

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

Group	Carrying amount	Contractual cash flows (excluding interest)	12 Months or less	2-3 Years	4-5 Years	More than 5 Years
31 March 2024						
Non-Derivative Financial Liabilities:						
Interest bearing borrowings	128,601	128,601	34,611	93,990	-	-
Trade and other payables	916,493	916,493	916,493	-	-	-
Lease Liabilities	404,762	888,944	59,275	115,640	115,640	598,389
Amount due to related companies	9,669	9,669	9,669	-	-	-
	1,459,525	1,943,707	1,020,048	209,630	115,640	598,389
31 March 2023						
Non-Derivative Financial Liabilities:						
Interest bearing borrowings	2,508	2,508	1,277	1,231	-	-
Trade and other payables	808,176	808,176	808,176	-	-	-
Lease Liabilities	274,031	906,651	41,211	82,423	82,423	700,594
Amount due to related companies	818	818	818	-	-	-
	1,085,533	1,718,153	851,482	83,654	82,423	700,594
Company						
Company	Carrying amount	Contractual cash flows (excluding interest)	12 Months or less	2-3 Years	4-5 Years	More than 5 Years
31 March 2024						
Non-Derivative Financial Liabilities:						
Trade and other payables	810,620	810,620	810,620	-	-	-
Lease Liabilities	414,107	882,944	59,275	115,640	115,640	592,389
Amount due to related companies	9,669	9,669	9,669	-	-	-
	1,234,396	1,703,233	879,564	115,640	115,640	592,389
31 March 2023						
Non-Derivative Financial Liabilities:						
Interest bearing borrowings	-	-	-	-	-	-
Trade and other payables	704,707	704,707	704,707	-	-	-
Lease Liabilities	283,406	933,051	42,411	84,823	84,823	720,994
Amount due to related companies	818	818	818	-	-	-
	988,931	1,638,576	747,936	84,823	84,823	720,994

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

38.4 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.

39 Fair values of financial instrument

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

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

Level II: Valuation techniques based on observable inputs, either directly – i.e. as prices or indirectly – i.e. derived from prices. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

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

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

Group - As at 31 March 2024	Fair value through profit or loss	Amortised cost	Fair value through other comprehensive income	Total carrying amount	Level 1	Level 2	Level 3	Total Fair value
Financial assets measured at fair value								
Investment fund	51,393	-	-	51,393	-	51,393	-	51,393
	51,393	-	-	51,393	-	51,393	-	51,393
Financial assets not measured at fair value								
Trade and other receivables	-	334,734	-	334,734	-	-	334,734	334,734
Amounts due from related company	-	31,747	-	31,747	-	-	31,747	31,747
Short term investments	-	924,030	-	924,030	-	924,030	-	924,030
Cash at banks and in hand	-	797,421	-	797,421	-	797,421	-	797,421
	-	2,087,932	-	2,087,932	-	1,721,451	366,481	2,087,932
Total financial assets	51,393	2,087,932	-	2,139,325	-	1,772,844	366,481	2,139,325
Financial liabilities not measured at fair value								
Interest bearing borrowings	-	128,601	-	128,601	-	128,601	-	128,601
Trade and other payables	-	916,493	-	916,493	-	-	916,493	916,493
Lease Liabilities	-	404,762	-	404,762	-	-	404,762	404,762
Amount due to related companies	-	9,669	-	9,669	-	-	9,669	9,669
Bank overdrafts	-	80,640	-	80,640	-	80,640	-	80,640
	-	1,540,165	-	1,540,165	-	209,241	1,330,924	1,540,165
Total financial liabilities	-	1,540,165	-	1,540,165	-	209,241	1,330,924	1,540,165

Group - As at 31 March 2023	Fair value through profit or loss	Amortised cost	Fair value through other comprehensive income	Total carrying amount	Level 1	Level 2	Level 3	Total Fair value
Financial assets measured at fair value								
Investment fund	53,283	-	-	53,283	-	53,283	-	53,283
	53,283	-	-	53,283	-	53,283	-	53,283
Financial assets not measured at fair value								
Trade and other receivables	-	497,448	-	497,448	-	-	497,448	497,448
Amounts due from related company	-	149,147	-	149,147	-	-	149,147	149,147
Short term investments	-	4,870	-	4,870	-	4,870	-	4,870
Cash at banks and in hand	-	856,990	-	856,990	-	856,990	-	856,990
	-	1,508,455	-	1,508,455	-	861,860	646,595	1,508,455
Total financial asset	53,283	1,508,455	-	1,561,738	-	915,143	646,595	1,561,738
Financial liabilities not measured at fair value								
Interest bearing borrowings	-	2,508	-	2,508	-	2,508	-	2,508
Lease Liabilities	-	274,031	-	274,031	-	-	274,031	274,031
Trade and other payables	-	808,176	-	808,176	-	-	808,176	808,176
Amount due to related companies	-	818	-	818	-	-	818	818
Bank overdrafts	-	59,446	-	59,446	-	59,446	-	59,446
	-	1,144,979	-	1,144,979	-	61,954	1,083,025	1,144,979
Total financial liabilities	-	1,144,979	-	1,144,979	-	61,954	1,083,025	1,144,979

Notes to the financial statements (contd)

(all amounts in Sri Lankan Rupees thousands)

Company - As at 31 March 2024	Fair value through Profit or loss	Amortised cost	Fair value through other comprehensive income	Total carrying amount	Level 1	Level 2	Level 3	Total Fair value
Financial assets measured at fair value								
Investment fund	51,393	-	-	51,393	-	51,393	-	51,393
	51,393	-	-	51,393	-	51,393	-	51,393
Financial assets not measured at fair value								
Trade and other receivables	-	234,758	-	234,758	-	-	234,758	234,758
Loan given to related company	-	170,000	-	170,000	-	-	170,000	170,000
Amounts due from related company	-	289,143	-	289,143	-	-	289,143	289,143
Short term investments	-	923,169	-	923,169	-	923,169	-	923,169
Cash at banks and in hand	-	774,475	-	774,475	-	774,475	-	774,475
	-	2,391,545	-	2,391,545	-	1,697,644	693,901	2,391,545
Total financial assets	51,393	2,391,545	-	2,442,938	-	1,749,037	693,901	2,442,938
Financial liabilities not measured at fair value								
Lease Liabilities	-	414,107	-	414,107	-	-	414,107	414,107
Trade and other payables	-	810,620	-	810,620	-	-	810,620	810,620
Amount due to related companies	-	9,669	-	9,669	-	-	9,669	9,669
	-	1,234,396	-	1,234,396	-	-	1,234,396	1,234,396
Total financial liabilities	-	1,234,396	-	1,234,396	-	-	1,234,396	1,234,396
Company - As at 31 March 2023								
	Fair value through Profit or loss	Amortised cost	Fair value through other comprehensive income	Total carrying amount	Level 1	Level 2	Level 3	Total Fair value
Financial assets measured at fair value								
Investment fund	53,283	-	-	53,283	-	53,283	-	53,283
	53,283	-	-	53,283	-	53,283	-	53,283
Financial assets not measured at fair value								
Trade and Other receivables	-	440,865	-	440,865	-	-	440,865	440,865
Loan given to related Company	-	270,000	-	270,000	-	-	270,000	270,000
Amounts due from related company	-	369,455	-	369,455	-	-	369,455	369,455
Short term investments	-	4,870	-	4,870	-	4,870	-	4,870
Cash at banks and in hand	-	853,193	-	853,193	-	853,193	-	853,193
	-	1,938,383	-	1,938,383	-	858,063	1,080,320	1,938,383
Total financial asset	53,283	1,938,383	-	1,991,666	-	911,346	1,080,320	1,991,666
Financial liabilities not measured at fair value								
Lease Liabilities	-	283,406	-	283,406	-	-	283,406	283,406
Trade and other payables	-	704,707	-	704,707	-	-	704,707	704,707
Amount due to related companies	-	818	-	818	-	-	818	818
	-	988,931	-	988,931	-	-	988,931	988,931
Total financial Liabilities	-	988,931	-	988,931	-	-	988,931	988,931

Crop & Yields

PRODUCTION - KILOS - '000

	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15
TEA										
Watawala	93	86	114	-	-	-	-	1,893	2,489	2,754
Hatton	-	-	-	-	-	-	-	3,459	4,297	4,402
Lindula	-	-	-	-	-	-	-	1,835	2,323	2,881
Udugama	89	99	116	122	101	125	187	235	303	274
TEA - TOTAL	182	185	230	122	101	125	187	7,422	9,412	10,311
Rubber	42	70	70	75	58	-	-	-	268	325
Palm Oil	15,790	13,697	13,763	10,925	11,490	11,870	10,775	10,662	9,008	8,854

YIELD PER HECTARAGE (KILOS)

	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15
TEA										
Watawala	1,308	1,208	801	-	-	-	-	1,269	1,373	1,533
Hatton	-	-	-	-	-	-	-	1,224	1,441	1,624
Lindula	-	-	-	-	-	-	-	1,152	1,444	1,523
Udugama	1,357	1,512	1,106	1,871	1,543	1,535	1,428	1,475	1,871	1,761
TEA - TOTAL	1,332	1,354	1,767	1,871	1,543	1,535	1,428	1,213	1,439	1,569
Rubber	299	424	539	623	486	-	-	-	629	625
Palm Oil	4,653	3,274	3,468	3,202	3,455	3,768	3,678	3,786	3,294	3,757

Historical Financial Information

	Group 2014/15 Rs.'000	Company 2014/15 Rs.'000	Group 2015/16 Rs.'000	Company 2015/16 Rs.'000	Group 2016/17 Rs.'000	Company 2016/17 Rs.'000	Group 2017/18 Rs.'000	Company 2017/18 Rs.'000	Group 2018/19 Rs.'000
INCOME STATEMENT									
Revenue	6,848,491	6,773,635	6,298,769	6,228,002	6,501,765	6,392,956	4,948,755	4,764,455	3,081,760
Cost of sales	(6,048,447)	(5,975,837)	(5,445,406)	(5,376,764)	(4,828,579)	(4,689,441)	(3,695,137)	(3,360,797)	(1,941,278)
Gross profit	800,044	797,798	853,363	851,238	1,673,186	1,703,515	1,253,618	1,403,658	1,140,482
Other Operating income	119,151	119,151	134,192	134,192	146,851	142,808	231,185	149,223	96,337
Administrative expenses	(369,572)	(367,487)	(378,502)	(375,960)	(326,336)	(324,227)	(335,132)	(327,309)	(200,355)
Distribution expenses	-	-	-	-	-	-	-	-	-
Management fees	-	-	-	-	-	-	-	-	-
Operating profit	549,623	549,462	669,051	669,470	1,493,701	1,522,096	1,149,671	1,225,572	1,036,464
Net finance cost	(85,874)	(85,919)	(78,895)	(78,834)	(47,620)	(76,279)	13,567	50,510	(114,468)
Profit / (loss) before Tax	463,749	463,543	590,236	590,636	1,446,081	1,445,817	1,163,238	1,276,082	921,996
Tax expense	(73,002)	(72,978)	(72,486)	(72,415)	(220,422)	(276,156)	(224,570)	(225,546)	(158,985)
Profit / (loss) for the year	390,747	390,565	517,750	518,221	1,225,659	1,229,661	938,668	1,050,536	763,011
Profit from discontinued operations	-	-	-	-	-	-	-	-	-
Profit for the year	390,747	390,565	517,750	518,221	1,225,659	1,229,661	938,668	1,050,536	763,011
Other Comprehensive Income									
Available for sale investment	-	-	10,763	10,763	-	-	-	-	-
Actuarial gain/(loss) on gratuity	19,854	19,854	102,714	102,714	92,604	88,451	35,656	33,803	(26,324)
Tax on actuarial gain/(loss) on gratuity	(3,022)	(3,022)	(15,585)	(15,585)	(8,845)	(8,845)	(3,380)	(3,380)	3,034
Total other comprehensive income for the year (net of tax)	16,832	16,832	97,892	97,892	83,759	79,606	32,276	30,423	(23,090)
Total comprehensive income for the year	407,579	407,397	615,642	616,113	1,309,418	1,309,267	970,944	1,080,959	739,921
Attributable to:									
Equity holders of the Company	407,579	407,397	615,642	616,113	1,309,298	1,309,267	999,173	1,080,959	815,888
Minority interests	-	-	-	-	(800)	-	(28,229)	-	(75,897)
Total Comprehensive income for the year	407,579	407,397	615,642	616,113	1,309,418	1,309,267	970,944	1,080,959	739,921
BALANCE SHEET									
Non Current Assets									
Right to use of assets	212,543	212,543	205,508	205,508	198,473	191,774	80,079	73,619	77,120
Immovable estate assets on finance lease	142,033	142,033	124,574	124,574	107,474	102,984	-	-	-
Property, Plant and equipment	1,921,745	1,921,745	1,835,454	1,835,454	2,423,768	1,770,618	2,048,247	611,642	2,200,469
Intangible Assets	-	-	-	-	-	-	24,844	23,367	24,925
Bearer Plants	2,743,030	2,743,030	2,794,625	2,794,625	2,955,251	2,850,482	2,489,334	2,358,929	2,673,393
Biological assets-consumables	566,967	566,967	608,995	608,995	648,831	607,707	37,966	-	38,356
Biological assets-Live stock	40,256	40,256	275,335	275,335	24,944	-	539,602	-	662,620
Investment in Fund	220,262	220,262	234,369	234,369	258,319	258,319	288,595	288,595	312,051
Investment in subsidiaries	-	852	-	852	-	627,352	-	627,352	-
Investment in debenture	-	-	-	-	-	-	-	-	-
Available for sale financial Assets	10,882	10,882	21,645	21,645	21,645	21,645	-	-	-
Total Non Current Assets	5,857,718	5,858,570	5,852,705	5,853,557	6,638,705	6,430,881	5,508,647	3,983,504	5,988,934

Company	Group	Company	Group	Company	Group	Company	Group	Company	Group	Company	Group
2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2022/23	2022/23	2022/23	2023/24	2023/24
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
2,588,459	3,326,800	2,743,634	3,933,523	3,284,840	6,474,661	5,782,074	8,768,041	7,573,816	8,320,903	6,967,345	
(1,279,111)	(2,041,076)	(1,583,852)	(2,008,091)	(1,406,774)	(2,911,046)	(2,249,639)	(5,229,956)	(3,850,727)	(5,366,312)	(3,627,335)	
1,309,348	1,285,724	1,359,782	1,925,432	1,878,066	3,563,615	3,532,435	3,538,085	3,743,089	3,354,591	3,239,810	
58,742	118,546	71,954	143,556	90,331	301,223	58,893	(34,827)	(488,825)	100,989	(70,717)	
(191,698)	(238,185)	(216,765)	(250,894)	(238,908)	(318,063)	(305,117)	(361,067)	(347,059)	(444,394)	(433,443)	
-	-	-	-	-	-	-	(78,952)	(78,952)	(150,672)	(50,672)	
1,176,392	1,166,085	1,214,971	1,818,094	1,729,489	3,346,775	3,286,211	2,930,745	2,842,708	2,660,714	2,487,202	
4,366	(173,986)	(54,204)	(66,438)	(30,732)	(14,973)	11,772	22,743	82,230	105,152	57,865	
1,180,558	992,099	1,160,767	1,751,656	1,698,757	3,331,802	3,297,383	2,953,488	2,924,938	2,765,846	2,645,067	
(159,009)	(175,599)	(175,686)	(88,820)	(41,284)	125,997	332,599	(621,698)	(589,299)	(421,110)	(241,215)	
1,021,549	816,500	985,081	1,662,836	1,657,473	3,457,799	3,429,782	2,331,790	2,335,639	2,344,736	2,403,852	
1,021,549	816,500	985,081	1,662,836	1,657,473	3,457,799	3,429,782	2,331,790	2,335,639	2,344,736	2,403,852	
(21,674)	(11,976)	(11,782)	25,364	19,198	60,043	55,431	(15,073)	(99,074)	(15,005)	(13,040)	
3,034	1,649	1,649	(5,881)	(2,688)	(6,742)	(5,820)	32,922	29,722	4,305	3,992	
(18,640)	(10,327)	(10,133)	21,283	16,510	53,301	49,611	(82,351)	(69,352)	(10,700)	(9,281)	
1,002,909	806,173	974,948	1,684,719	1,673,983	3,511,100	3,479,393	2,249,639	2,266,287	2,334,036	2,394,724	
1,002,909	821,232	974,948	1,684,719	1,673,983	3,508,549	3,479,393	2,283,430	2,266,287	2,358,770	2,403,852	
-	(15,059)	-	-	-	2,551	-	(33,791)	-	(4,034)	-	
1,002,909	806,173	974,948	1,684,719	1,673,983	3,511,100	3,479,393	2,249,639	2,266,287	2,344,736	2,403,852	
70,898	241,440	235,459	238,853	231,362	235,995	238,645	243,876	247,273	359,850	363,888	
667,751	2,173,402	695,786	2,109,979	702,205	2,342,362	943,491	2,483,314	1,139,489	2,555,913	1,212,638	
18,839	23,533	18,224	11,230	15,091	28,276	25,307	47,437	45,768	48,143	48,009	
2,546,832	2,722,149	2,615,292	2,709,996	2,689,454	2,698,963	2,631,545	2,566,272	2,585,252	2,422,978	2,374,489	
-	31,657	-	32,857	-	33,783	-	44,269	-	70,086	-	
-	695,538	-	749,339	-	943,200	-	893,071	-	1,165,589	-	
312,051	343,725	343,725	149,686	149,686	72,313	72,313	53,283	53,283	51,393	51,393	
627,352	-	1,868,242	-	1,867,390	-	2,363,390	-	2,211,342	-	2,151,217	
174,088	-	-	-	-	-	-	-	-	-	-	
4,417,811	6,231,444	5,776,728	6,009,940	5,584,988	6,354,892	6,074,691	6,331,522	6,292,407	6,673,952	6,181,634	

	Group 2014/15 Rs.'000	Company 2014/15 Rs.'000	Group 2015/16 Rs.'000	Company 2015/16 Rs.'000	Group 2016/17 Rs.'000	Company 2016/17 Rs.'000	Group 2017/18 Rs.'000	Company 2017/18 Rs.'000	Group 2018/19 Rs.'000
Current Assets									
Inventories	693,086	693,086	637,773	637,773	732,988	686,138	291,830	191,788	143,089
Biological assets-growing crops on bearer plants					35,757	35,452	29,343	28,750	31,271
Current Tax Assets									
Trade and other receivables	491,241	488,348	560,954	560,866	537,899	438,380	391,205	327,896	313,198
Loan given to related party								10,000	-
Amounts due from Related parties					279,735	279,735	10,511	10,511	21,998
Investments in Unit Trusts			564,597	564,597	-	-	-	-	-
Short term investment									
Cash and cash equivalents	77,031	67,832	130,178	113,730	888,143	861,945	180,264	142,834	204,001
Total Current Assets	1,256,358	1,249,066	1,893,502	1,876,966	2,473,822	2,301,650	902,753	786,059	713,477
Total Assets	7,114,076	7,307,636	7,746,207	7,730,523	9,112,527	8,732,531	6,411,400	4,699,563	6,702,411
Capital and reserves									
Stated capital	460,000	460,000	460,000	460,000	460,000	460,000	460,000	460,000	460,000
Retained earnings	3,822,741	3,822,629	4,320,050	4,320,409	5,298,935	5,298,343	2,911,785	2,992,979	3,275,437
Non Controlling Interest									
Total equity attributable to equity holders of the company	4,282,741	4,282,629	4,780,050	4,780,409	5,758,935	5,758,343	3,371,785	3,452,979	3,735,437
Minority interests	-	-	-	-	291,200	-	262,971	-	187,074
Total equity	4,282,741	4,282,629	4,780,050	4,780,409	6,050,135	5,758,343	3,634,756	3,452,979	3,922,511
Non-current liabilities									
Long term borrowings	187,500	187,500	388,741	388,741	325,006	325,006	1,305,797	97,936	111,324
Obligations under finance lease obtained from SLPC/JEDB	342,526	342,526	336,296	336,296	328,412	328,412	125,790	125,790	125,976
Retirement benefit obligation	1,005,185	1,005,185	976,639	976,639	908,192	882,705	193,981	171,150	242,717
Deferred income and capital grants	213,610	213,610	203,569	203,569	193,528	193,528	243,659	50,872	193,105
Net Deferred tax liability	206,954	207,040	267,005	267,040	331,382	331,217	354,763	354,798	376,417
Total Non-current liabilities	1,955,775	1,955,861	2,172,250	2,172,285	2,086,320	2,060,868	2,223,990	800,526	2,049,539
Current liabilities									
Short-term borrowings	183,809	183,809	148,751	148,751	118,318	118,318	33,623	33,230	144,483
Obligations under finance lease obtained from SLPC/JEDB	6,210	6,210	6,460	6,460	6,720	6,720	2,799	2,799	2,911
Trade and other payables	671,541	665,127	610,617	594,618	688,426	630,019	439,008	369,911	411,150
Amount Due to related parties									27,614
Current tax payable	14,000	14,000	28,079	28,000	162,608	158,263	40,636	40,118	33,450
Bank Overdraft							36,588	-	110,753
Total Current liabilities	875,560	869,146	793,907	777,829	976,072	913,320	552,654	446,058	730,361
Total Liabilities	2,831,335	2,825,007	2,966,157	2,950,114	3,062,392	2,974,188	2,776,644	1,246,584	2,779,900
Total Equity & Liabilities	7,114,076	7,307,636	7,746,207	7,730,523	9,112,527	8,732,531	6,411,400	4,699,563	6,702,411

Company	Group	Company	Group	Company	Group	Company	Group	Company	Group	Company	Group
2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2022/23	2022/23	2022/23	2023/24	2023/24
Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
100,790	85,134	105,881	111,270	71,301	245,923	193,065	874,627	331,502	559,813	242,106	
30,831	41,797	41,711	52,688	51,953	71,671	71,671	86,126	86,126	70,867	70,867	
			15,267	15,267	20,670	20,670	33,719	33,719	38,752	38,752	
258,619	302,533	259,639	292,304	258,687	256,348	229,617	497,448	440,865	334,734	234,758	
222,259		200,195	-	262,000	-	-	-	270,000	-	170,000	
21,918	73,902	100,225	486	37870	255	4301	149,147	369,455	31,747	289,143	
-			207,467	207,467	514,914	482,811	4,870	4,870	924,030	923,369	
189,064	186,553	185,247	407,955	389,394	1,427,013	1,432,534	856,990	853,193	797,421	774,475	
833,481	756,099	892,768	1,087,437	1,293,939	2,536,803	2,414,478	2,502,927	2,389,730	2,757,364	2,743,270	
5,251,292	6,987,543	6,669,496	7,097,377	6,878,927	8,891,895	8,489,369	8,834,449	8,602,137	9,431,316	8,924,904	
460,000	511,848	511,848	511,848	511,848	511,848	511,848	511,848	511,848	511,848	511,848	
3,543,722	4,086,294	4,516,370	4,550,561	4,970,501	6,345,936	6,620,116	5,768,337	6,040,082	5,676,862	5,995,302	
4,003,722	4,598,142	5,028,218	5,062,409	5,482,349	6,857,784	7,131,964	6,280,385	6,551,930	6,188,710	6,506,950	
-					241,887		222,804		208,611		
4,003,722	4,598,142	5,028,218	5,062,409	5,482,349	7,099,671	7,131,964	6,502,989	6,551,930	6,397,321	6,506,950	
63,382	572,748	208,450	372,561	45,500	227,505	-	1,231	-	39,090	-	
125,976	242,897	242,897	248,386	247,138	254,050	263,351	272,394	282,129	401,592	411,297	
211,653	278,340	243,760	271,507	240,086	212,629	186,682	337,389	295,954	370,065	322,284	
48,515	142,550	46,157	91,996	43,799	41,442	41,442	39,084	39,084	36,726	36,726	
376,417	379,335	379,335	431,554	382,825	316,938	261,658	805,550	726,238	978,449	715,956	
825,943	1,615,870	1,120,599	1,415,804	959,348	1,052,564	753,133	1,455,648	1,343,405	1,825,922	1,486,263	
33,890	190,987	98,723	225,119	115,000	145,070	45,500	1,277	-	89,511	-	
2,911	1,078	1,078	2,108	1,102	2,363	1,399	1,637	1,277	3,170	2,810	
351,463	336,613	270,199	366,266	321,128	559,994	520,112	808,176	704,707	916,493	810,622	
	321	321	-	-	31,259	37,061	818	818	9,669	9,669	
33,363	52,560	52,560	-	-	774	-	4,458	-	108,590	108,590	
-	211,972	97,798	25,671	-	-	-	59,446	-	80,640	-	
421,627	773,531	520,679	619,164	437,230	739,460	604,072	875,812	706,802	1,208,073	931,691	
1,247,570	2,389,401	1,641,278	2,034,968	1,396,578	1,792,024	1,357,205	2,331,460	2,050,207	3,033,995	2,417,954	
5,251,292	6,987,543	6,669,496	7,097,377	6,878,927	8,891,895	8,489,369	8,834,449	8,602,137	9,431,316	8,924,904	

	Group 2014/15 Rs.'000	Company 2014/15 Rs.'000	Group 2015/16 Rs.'000	Company 2015/16 Rs.'000	Group 2016/17 Rs.'000	Company 2016/17 Rs.'000	Group 2017/18 Rs.'000	Company 2017/18 Rs.'000	Group 2018/19 Rs.'000
CASH FLOW									
Cash generated/(used in) from/to operations	1,352,709	1,351,364	1,012,402	1,000,231	1,594,718	1,720,938	1,665,205	1,773,844	1,465,716
Net cash inflow/(outflow) from operating activities	1,118,598	1,117,208	835,038	822,789	1,376,538	1,475,399	1,271,659	1,424,133	1,199,004
Net cash inflow/(outflow) from investing activities	(608,804)	(608,804)	(254,164)	(254,364)	(185,448)	(294,059)	(1,682,928)	(596,037)	(705,517)
Net cash inflow/(outflow) from financing activities	(592,568)	(592,568)	138,815	138,815	(396,019)	(396,019)	(296,610)	(1,541,207)	(543,915)
Increase/(decrease) in cash and cash equivalents	(82,774)	(84,364)	719,689	707,440	795,071	785,321	(707,879)	(714,111)	(50,428)
OPERATING RATIOS									
Annual turnover growth %	10	10	(8)	(8)	3	3	(24)	(25)	(38)
Profit Growth %	(6)	(6)	51	51	113	113	(26)	(17)	(19)
Turnover per employee (Rs.'000)	628	621	590	583	646	655	850	3,124	1,625
FINANCIAL RATIOS									
Return on equity %	9.52	9.51	12.88	12.89	21.64	22.74	28.69	31.31	18.86
Current ratio (Times)	1.43	1.44	2.39	2.41	2.53	2.52	1.63	1.61	0.98
Debt equity ratio (Times)	0.17	0.17	0.18	0.38	0.13	0.14	0.40	0.08	0.35
Interest cover (Times)	6.40	6.40	8.49	8.49	31.37	19.95	11.02	14.48	9.05
Total assets to current liabilities %	12%	12%	10%	10%	11%	10%	9%	9%	11%
Dividend payout ratio	29%	29%	29%	29%	27%	27%	38%	35%	59%
INVESTOR RATIOS									
Annualised earning per share (Rs.)	1.72	1.72	2.60	2.60	5.18	5.20	4.16	4.52	3.80
Price earning share (Times)	12.11	12.12	8.82	8.81	4.71	4.70	7.35	6.39	4.17
Dividend paid per share (Rs.)	0.50	0.50	0.75	0.75	1.50	1.50	1.60	1.60	2.25
Dividend cover (Times)	3.44	3.44	3.47	3.47	3.45	3.46	2.60	2.83	1.69
Market Capitalization (Rs.'000)	4,733,340	4,733,340	4,567,673	4,567,673	5,774,675	5,774,675	5,807,802	5,807,802	3,717,807
Net assets value per share (Rs.)	18.10	18.10	20.20	20.20	25.56	24.33	18.09	17.38	18.59

Company 2018/19 Rs.'000	Group 2019/20 Rs.'000	Company 2019/20 Rs.'000	Group 2020/21 Rs.'000	Company 2020/21 Rs.'000	Group 2021/22 Rs.'000	Company 2021/22 Rs.'000	Group 2022/23 Rs.'000	Company 2022/23 Rs.'000	Group 2023/24 Rs.'000	Company 2023/24 Rs.'000
1,253,139	1,255,698	1,259,938	2,319,100	2,139,520	3,816,011	3,709,863	2,772,027	2,997,912	3,828,199	3,479,676
1,107,730	934,269	1,045,705	2,352,623	2,011,924	3,810,629	3,734,534	2,730,429	2,983,273	3,785,668	3,496,971
(562,304)	(524,721)	(721,178)	(321,910)	(306,394)	(1,025,717)	(727,328)	(59,884)	(608,381)	(1,491,503)	(1,074,668)
(494,196)	(528,215)	(436,242)	(1,423,010)	(1,403,485)	(1,740,813)	(1,984,066)	(3,300,014)	(2,934,233)	(2,374,928)	(2,501,021)
51,230	(18,667)	(11,715)	407,703	302,045	1,044,729	1,023,340	(629,469)	(559,341)	(80,763)	(78,718)
(46)	8	6	18	20	65	76	35	31	(5)	(9)
(3)	9	(3)	109	72	108	108	-36	-35	4	8
1,615	2,170	1,790	2,692	2,248	3,917	4,208	5,392	5,557	4,869	4,729
25.05	17.53	19.39	33.27	30.53	51.20	48.79	35.82	34.59	37.89	36.94
1.98	0.98	1.71	1.76	2.96	3.43	4.00	2.86	3.38	2.28	2.94
0.06	0.22	0.11	0.17	0.07	0.09	0.04	0.04	0.04	0.08	0.06
282.38	6.70	22.41	27.37	56.28	47.97	74.24	25.22	64.77	25.31	15.76
8%	1%	8%	9%	6%	8%	7%	10%	8%	13%	10%
44%	7%	6%	73%	74%	53%	53%	120%	122%	158%	135%
5.08	4.10	4.86	8.18	8.15	17.01	16.87	11.63	11.49	11.60	11.82
5.08	4.98	4.13	6.98	7.00	5.49	5.53	6.50	6.48	7.69	7.50
2.25	0.30	0.30	6.00	6.00	9.00	9.00	14.00	14.00	16.00	16.00
2.26	13.67	16.20	1.36	1.36	1.89	1.87	0.82	0.82	0.73	0.74
3,717,807	4,066,173	4,066,172	11,608,923	11,608,923	18,968,696	18,968,696	15,146,493	15,146,493	18,033,476	18,033,476
19.92	22.62	24.73	24.90	26.97	33.73	35.08	30.89	32.23	30.44	32.01

Investor Information

1. STOCK EXCHANGE LISTING

The issued shares of Watawala Plantations PLC are listed with the Colombo Stock Exchange (CSE) in Sri Lanka.

As at 31 March	Group	
	2024	2023
Total numbers of shareholders	18,328	18,568
Total numbers of shares	203,308,634	203,308,634

2. DISTRIBUTION OF SHAREHOLDING

2.1 Distribution of shareholding as at 31 March 2024

Number of Shareholders	Holdings	Total Holdings
9,676	1 - 1,000 shares	52.79%
8,252	1,001 - 10,000 shares	45.02%
351	10,001 - 100,000 shares	1.92%
45	100,001 - 1,000,000 shares	0.25%
4	Over 1,000,000	0.02%
18,328	Total	100.00%

2.2 Analysis of shareholders

Categorise of Shareholders	As at 31 March 2024				As at 31 March 2023			
	Shareholders Number	%	Holdings Number	%	Shareholders Number	%	Holdings Number	%
Residents	18,285	99.77%	201,453,102	99.09%	18,528	99.77%	201,384,953	99.05%
Non-Residents	43	0.23%	1,857,453	0.91%	43	0.23%	1,923,681	0.95%
Total	18,328	100.00%	203,310,555	100.00%	18,571	100.00%	203,308,634	100.00%
Individuals	18,069	98.59%	36,295,584	17.85%	18,458	99.39%	38,712,134	19.04%
Institutions	259	1.41%	167,014,971	82.15%	113	0.61%	164,596,500	80.96%
Total	18,328	100.00%	203,310,555	100.00%	18,571	100.00%	203,308,634	100.00%

2.3 Directors' shareholding

The number of shares held by the Board of Directors are as follows:

As at 31 March	2024	2023
S G Wijesinha (Chairman)	1	1
V Govindasamy (Acting CEO w.e.f. 1 October 2023)	Nil	Nil
N B Weerasesera (Resigned w.e.f 18 November 2023)	n/a	Nil
M S Mawzoon	Nil	Nil
H D Abeywickrama	Nil	Nil
M R Rao	Nil	Nil
A R Rasiyah	10,000	10,000
C L Loo (Alternate; M T Siddique) (Resigned w.e.f 5 December 2023)	n/a	Nil
S G Sathasivam	Nil	Nil
A Herath (Appointed w.e.f. 12 December 2023)	Nil	n/a
M R Mihular (Appointed w.e.f. 12 December 2023)	Nil	n/a
M T Siddique (Appointed w.e.f. 12 December 2023)	Nil	n/a

2.4 Chief Executive Officers' shareholding

As at 31 March	2024	2023
B N Pananwala (Resigned w.e.f 30 September 2023)	Nil	Nil

3. PUBLIC SHAREHOLDINGS

	Requirement by CSE	As at 31 March 2024	Comply with CSE Rule 713.1 (a)	Requirement by CSE	As at 31 March 2023	Comply with CSE Rule 713.1 (a)
Option	4	4	yes	4	4	Yes
Float adjusted market capitalisation	Above LKR 2.5Bn	LKR 4.81Bn	yes	Above LKR 2.5Bn	LKR 3.51Bn	Yes
The percentage of shares held by the public	10%	23.16%	yes	10%	23.17%	Yes
Number of shareholders representing public holding	500	18,325	yes	500	18,568	Yes

4. SHARE TRADING INFORMATION FOR LAST FIVE YEARS (FROM 1 APRIL TO 31 MARCH)

	2024	2023	2022	2021	2020
Highest price (LKR)	94.50	117.00	196.00	65.60	28.00
Lowest price (LKR)	72.00	51.00	49.40	36.30	17.40
As at 31 March (LKR) (Last trade: 31.03.2024)	88.70	74.50	93.30	5730	20.00
Number of transactions	24,084	39,567	51,688	14,826	2,048
Number of shares traded	36,263,633	35,388,228	62,123,552	172,666,233	13,068,014
Value of shares traded (LKR)	1,254,906,747	3,049,818,758	6,559,493,300	3,992,444,857	249,968,553

5. INVESTOR RATIOS AND OTHER INFORMATION AS AT 31 MARCH

	2024	2023	2022	2021	2020
Earnings per share (LKR)	11.60%	11.49	16.87	8.15	4.86
Dividend per share (LKR)	12.00	14.00	9.00	6.00	0.30
Dividend pay out (%)	103%	122%	53%	74%	6%
Net asset per share (LKR)	32.01	32.23	35.08	26.97	24.73
Number of Shares as at 31 March	203,308,634	203,308,634	203,308,634	203,308,634	203,308,634
Market Capitalisation (LKR)	18,033,475,747	15,146,493,233	18,968,695,552	11,608,923,001	4,066,172,680

6. DIVIDEND PAYMENTS

2023/24 - Interim dividend - LKR 8.00 per share was paid on 8 December 2023

2022/23 - Final dividend - LKR 4.00 per share was paid on 18 July 2023

7. TWENTY (20) LARGEST SHAREHOLDERS AS AT 31 MARCH (VOTING SHARES)

Name	31 March 2024		31 March 2023	
	Number of shares held	%	Number of shares held	%
Sunshine Wilmar (Private) Limited	156,207,043	76.83	156,207,043	76.83
Sri Lanka Insurance Corporation LTD-Life Fund	2,418,295	1.19	2,418,295	1.19
K. C. Vignarajah	2,331,412	1.15	2,486,108	1.22
Vyjayanthi & Company Limited	1,011,674	0.50	1,011,674	0.50
T. T. T AL Nakib (Deceased)	700,000	0.34	700,000	0.34
N. Mulje	559,354	0.28	559,354	0.28
Deutsche Bank AG Singapore A/C 02	553,480	0.27	713,480	0.35
Jayampathi Divale Bandaranayake	500,250	0.25	640,250	0.31
Jayampathi Divale Bandaranayake	500,000	0.25	-	-
Perera and Sons Bakers (Pvt) Limited	500,000	0.25	-	-
Sugath Weeraratne	372,839	0.18	305,700	0.15
Mohamed Imtizam Abdul Hameed	354,085	0.17	354,085	0.17
Assetline Finance Limited	340,000	0.17	-	-
Bagwan Wassiamal Kundanmal	327,418	0.16	327,418	0.16
Sri Lanka Insurance Corporation Ltd-General Fund	312,832	0.15	312,832	0.15
Upali Amarasinghe	275,000	0.14	-	-
Alliance Finance Company PLC	256,165	0.13	-	-
Palliya Guruge Nadeeshan Danidu Gunathilake	250,000	0.12	-	-
Rubber Investment Trust LTD	233,000	0.11	-	-
Union Investments Private Ltd	220,881	0.11	-	-
Jasbinderjit Kaurpiara Singh	220,000	0.11	-	-
Sub Total	168,443,728	82.85	166,036,239	81.67
Other Shareholders	34,864,906	17.15	37,272,395	18.33
Grand Total	203,308,634	100.00	203,308,634	100.00

Glossary

ACCOUNTING POLICIES

The specific principles, bases, conventions, rules, and practices adopted by an enterprise in preparing and presenting financial statements.

WATA

CSE identification code for the Company.

ACCURAL BASIS

Recording revenues and expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period.

GSA

The Gross Sales Average. This is the average sales price obtained (over a period of time, for a kilo of produce) before any deductions such as Brokerage, etc.

NSA

The Net Sales Average. This is the average sale price obtained (over a period of time) after deducting Brokerage fees, etc.

COP

The Cost of Productions. This generally refers to the cost of producing per kilo of produce (Tea / Rubber /Palm Oil)

CPO

Crude Palm Oil

AMORTISATION

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

EBITDA

Earning before interest, tax, depreciation and amortisation.

VALUE ADDITIONS

The quantum of wealth generated by the activities of the Company and its application.

EARNING PER SHARE - EPS

Profit attributable to ordinary shareholders divided by the number of ordinary shares in ranking for dividend.

ENTERPRISE VALUE - EV

Market capitalisation plus debt, minority interest & preferred shares minus total cash and cash equivalents.

ENTERPRISE MULTIPLE - EM

Enterprise Value (EV) divided by Earnings before Interest Tax Depreciation and Amortisation (EBITDA)

MARKET VALUE ADDED - MVA

Shareholders' funds divided by the market value of shares

PRICE EARNINGS RATIO - PE

Market price of a share divided by earnings per share.

MARKET CAPITALISATION

Number of Shares issued multiplied by the market value of each share at the year end.

NET ASSETS

Sum of fixed assets and current assets less total liabilities.

NET ASSETS PER SHARE

Net assets at the end of the period divided by the number of ordinary shares in issues.

RETURN ON EQUITY

Attributable profits divided by average shareholders' funds.

INTEREST COVER

Profit before tax plus interest charges divided by interest charges.

DIVIDEND COVER

Profit attributable to shareholders divided by gross dividend.

DIVIDEND PAYOUT

Profit paid out to shareholders as dividends as a percentage of profits made during the year.

RELATED PARTIES

Parties who could control or significantly influence the financial and operating policies of the Company.

CONTINGENT LIABILITIES

Conditions or situations at the balance sheet date, the financial effects of which are to be determined by future events, which may or may not occur.

PHDT

Plantation Human Development Trust

WORKING CAPITAL

Current assets exclusive of liquid funds and interest-bearing financial receivables less operating liabilities and non-interest-bearing provisions.

TOTAL BORROWINGS

Total borrowings consist of interest-bearing liabilities, fair-value derivatives, accrued interest expenses and prepaid interest income, and trade receivables with recourse.

NET BORROWINGS

Total borrowings less liquid funds.

CASH EQUIVALENTS

Liquid investments with original maturities of three months or less.

CURRENT RATIO

Current assets divided by current liabilities

DEBT TO EQUITY RATIO

Borrowing divided by equity

GEARING RATIO

Interest bearing capital divided by total capital (interest bearing and non-interest bearing)

TURNOVER PER EMPLOYEE

Consolidated turnover of the Company for the year divided by the number of employees employed at the year end.

EXTENT IN BEARING

The extent of land. From which crop is being harvested. Also see "Immature Plantation"

CROP

The total produce harvested during a financial year

IMMATURE PLANTATIONS

The extent of plantation that is under-development and is not being harvested.

MATURE PLANTATIONS

The extent of plantation from which crop is being harvested. Also see "Extent in Bearing".

IN FILLING

A method of field development whereby planting of individual plants is done in order to increase the yield of a given field, whilst allowing the field to be harvested.

REPLANTING

A method of field development where an entire unit of land is taken out of "bearing" and developed by way of uprooting the existing trees/bushes and replanting with new trees/bushes.

YIELD (YPH)

The average crop per unit extent of land over a given period of time (usually kgs per hectare per year)

ISO

International Standards Organisation

HACCP

Hazard Analysis Critical Control Point System. Internationally accepted food safety standard.

5S

A Japanese management technique on the organisation of the workplace. 5s stands for Seiri (Sorting), Seiton (Organising), Seiso (Cleaning), Seiketsu (Standardisation), Shitsuke (Sustenance).

YOY :

Year on Year

FFB :

Fresh Fruit Bunches (Palm oil)

ROCE :

Return on Capital Employed

CAPEX :

Capital Expenditure

NED :

Non-Executive Director

INED :

Independent, Non-Executive Director

RPTRC :

Related Party Transactions and Review Committee

NRC :

Nominations and Remuneration Committee.

AC :

Audit Committee

RSPO :

Roundtable on Sustainable Palm Oil

KMP :

Key Management Personnel

TOR :

Term of Reference

Notice of Meeting

General Meeting ("AGM") of Watawala Plantations PLC (the "Company") will be held online via a virtual platform on Friday, the 28th day of June 2024 at 10.15 a.m. and the business to be brought before the meeting will be as follows:

1. To receive and consider the Annual Report of the Board of Directors, together with the audited financial statements of the Company, for the financial year ended 31st March 2024 and the report of the auditors thereon.
2. To declare a final cash dividend of Rs. 7.00/- per share as recommended by the Board of Directors.
3. To propose the following resolution as an ordinary resolution for the appointment of Mr. M. R. Rao as a Director, who will retire on 23rd June 2024 upon the expiration of one year since the passing of the ordinary resolution at the annual general meeting held on 23rd June 2023, re-appointing him as a director in terms of section 211 (1) of the Companies Act No. 7 of 2007:

"Ordinary resolution

IT IS HEREBY RESOLVED THAT the age limit referred to in section 210 of the Companies Act No. 7 of 2007 shall not apply to Mr. M. R. Rao who has attained the age of seventy two (72) years and that he be appointed as a director of the Company."

4. To re-elect Mr. A. Herath Director of the Company, who retires in terms of article 28(2) of the articles of association of the Company.
5. To re-elect Mr. M. R. Mihular, Director of the Company, who retires in terms of article 28(2) of the articles of association of the Company.
6. To re-elect Mr. M. T. Siddique, Director of the Company, who retires in terms of article 28(2) of the articles of association of the Company.
7. To re-elect Mr. H. D. Abeywickrama, Director of the Company, who retires by rotation in terms of article 30 of the articles of association of the Company.
8. To propose the following as Special Resolutions to amend the Articles of Association of the Company to be in line with the Listing Rules of the Colombo Stock Exchange that are currently in force:

"Whereas the Listing Rules (Corporate Governance Rules) of the Colombo Stock Exchange require certain provisions to be included into the Articles of Association of The Company in relation to the appointment of Alternate Directors; The following resolution is being proposed as a Special Resolution in accordance therewith.

IT IS HEREBY RESOLVED THAT Article 28 (4) to Article 28 (8) of the Articles of Association of The Company be deleted in its entirety and the following new articles be substituted therefor, numbered accordingly;

28(4) 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 (1) 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 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 announcement on the Colombo Stock Exchange regarding the appointment of an Alternate Director. Such 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.

meeting, including a Board Committee Meeting shall be counted for the purpose of quorum.

- 28(5) 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, provided that the Board may repay the Alternate Director such reasonable expenses as he may incur in attending and returning from meetings of the Board which he is entitled to attend or as 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.
- 28(6) 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 Board 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.
- 28(7) 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.
- 28(8) An Alternate Director shall ipso facto cease to be an Alternate Director on the happening of any of the following events:
- (a) if the appointment of the Alternate Director is revoked by his appointor;
 - (b) 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;
 - (c) if the Alternate Director resigns by a notice in writing given under his hand to The Company;
 - (d) 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;
 - (e) if he becomes subject to any of the provisions of Article 101 of these Presents which, if he were a Director of The Company, would render his office vacated.

place of any Executive Director of The Company shall not by virtue of such appointment assume the functions of his appointor as an executive of the Company, unless the Board shall otherwise determine."

Special Resolution 02

"Whereas the Listing Rules (Corporate Governance Rules) of the Colombo Stock Exchange requires the board of directors of a listed entity to consist of a minimum of five (05) directors; The following resolution is being proposed as a Special Resolution in accordance therewith.

IT IS HEREBY RESOLVED THAT Article 28 (1) of the Articles of Association of The Company be deleted in its entirety and the following new article be substituted therefor, numbered accordingly;

- 28(1) Unless otherwise determined by a Special Resolution of the shareholders of The Company, the number of Directors shall be not less than five (05) and not more than nine (09)."
- 9. To re-appoint M/s KPMG Chartered Accountants as Auditors of the Company until the conclusion of the next Annual General Meeting to audit the financial statements of the Company for the year ending 31st March 2025 and to authorize the Directors to determine their remuneration therefor.
 - 10. To authorize the Directors to determine the contributions to charities.

By order of the Board



Corporate Services (Private) Limited
Secretaries

On this Fourth (04th) day of June 2024
Colombo

Note:

Any shareholder entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote/speak in his/her stead and a form of proxy is sent herewith for this purpose. A proxy need not be a shareholder of the Company. A completed form of proxy must be deposited at the registered office of the Company, at No. 60, Dharmapala Mawatha, Colombo 03 or e-mailed to dhammika.jaksiri@sunshineholdings.lk or coroprateservices@coroprateservices.lk **not less than 48 hours before the time appointed for the holding of the meeting.**

The meeting is to be held in line with the guidelines given by the Colombo Stock Exchange and the health authorities and as per the applicable laws.

- (i) The shareholders who wish to participate at the meeting will be able to join the meeting through audio or audio and visual means via Zoom. In order for us to forward the access information necessary for participation at the meeting, which shall include the meeting identification number, access password, and access telephone number, please forward the duly completed registration form including your e-mail address and contact telephone number to the registered address of the Company **not less than 48 hours** before the time appointed for the holding of the meeting, so that the login information could be forwarded to the e-mail addresses so provided.
- (ii) If the Company is unable to post this Notice due to any situation beyond its control, then this Notice will be published in one issue of a daily newspaper in the Sinhala, Tamil and English Form of Proxy and Registration Form will also be published on the website of the Colombo Stock Exchange <https://cse.lk/pages/company-profile/company-profile.component.html?symbol=WATA.N0000> and the website of the Company (<https://watawalaplantations.lk/>).
- (iii) Proxy forms are forwarded to the shareholders together with the Notice of Meeting and Registration form. Proxy forms have been uploaded to the Company's website (<https://watawalaplantations.lk/>) and should be duly completed as per the instructions given therein and sent to the registered address of the Company or e-mailed to dhammika.laksiri@sunshineholdings.lk or corprateservices@corporateservices.lk **not less than 48 hours** before the time appointed for the holding of the meeting and the proxy so appointed shall participate at the meeting through audio or audio visual means only.
- (iv) The shareholders who are unable to participate at the AGM via Zoom could send their queries, if any, to email address dhammika.laksiri@sunshineholdings.lk or corprateservices@corporateservices.lk at any time before the meeting time and the responses to the same will be included in the minutes of the meeting.
- (v) Voting in respect of the items specified in the agenda to be passed will be registered by using the audio or audio and visual means (Zoom) or a designated ancillary online application. All of such procedures will be explained to the shareholders prior to the commencement of the meeting.

For any questions please contact Mr. Dhammika Laksiri of Watawala Plantations PLC on 0114772505 during office hours.

Form of Proxy

.....
being a shareholder/shareholders of Watawala Plantations PLC.

do hereby appoint

- | | |
|---------------------------|-----------------|
| 1. Mr. M. R. Mihular | or failing him, |
| 2. Mr. V. Govindasamy | or failing him, |
| 3. Mr. S. G. Sathasivam | or failing him, |
| 4. Mr. H. D. Abeywickrama | or failing him, |
| 5. Mr. M. R. Rao | or failing him, |
| 6. Mr. M. S. Mawzoon | or failing him, |
| 7. Mr. A. Herath | or failing him, |
| 8. Mr. M. T. Siddique | or failing him, |

..... of

as my/our proxy to represent me/us and to speak and to vote on my/our behalf at the annual general meeting of the Company to be held on the Twenty Eighth (28th) day of June 2024 at 10.15a.m. and at any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against	Abstain
1. To receive and consider the annual report of the board of Directors together with the audited financial statements of the company and the Group for the year ended 31st March 2024 and the report of the auditors thereon.			
2. To declare a final cash dividend of Rs. 7 per share as recommended by the Board of Directors.			
3. To appoint Mr. M. R. Rao as a Director who has attained the age of seventy two (72) years.			
4. To re-elect Mr. A. Herath as a Director who retires in terms of article 28(2) of the articles of association of the Company.			
5. To re-elect Mr. M. R. Mihular as a Director who retires in terms of article 28(2) of the articles of association of the Company.			
6. To re-elect Mr. M. T. Siddique as a Director who retires terms of article 28(2) of the articles of association of the Company.			
7. To re-elect Mr. H. D. Abeywickrama as a Director who retires by rotation in terms of article 30 of the articles of association of the Company.			
8. To pass Special Resolution O1 In relation to amending the provisions on the appointment of Alternate Directors of the Company to be in line with the listing rules. To pass Special Resolution O2 In relation to amending the provision on the minimum number of directors of the Company to be in line with the listing rules.			

	For	Against	Abstain
9. To re-appoint KPMG (Chartered Accountants), who are deemed to be re-appointed as auditors of the Company until the conclusion of the next AGM of the Company in terms of section 158 (1) of the Companies' Act, to audit the financial statements of the Company for the year ending 31st March 2025 and to authorize the Directors to determine their remuneration therefor			
10. To authorize the Directors to determine the contributions to charities.			

Dated this _____ day of _____, 2024.

Signature of Shareholder

Shareholder's NIC

Proxy holder's NIC

- (a) A proxy need not be a member of the Company.
- (b) Instructions regarding completion appear on the overleaf.

Note: Please delete the inappropriate words.

INSTRUCTION ON COMPLETION OF THE FORM OF PROXY

1. Kindly complete the form of proxy after filling in legibly your full name and address and sign in the space provided. Please fill in the date of signature.
2. A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy who need not be a shareholder, to attend and vote instead of him.
3. In the case of a corporation, the form must be completed under its common seal, which should be affixed and attested in the manner prescribed by the articles of association.
4. If the form of proxy is signed by an Attorney, the relevant Power of Attorney should also accompany to the completed form of proxy, in the manner prescribed by the articles of association.
5. The completed form of proxy should be deposited at the registered office of the Company, No. 60, Dharmapala Mawatha, Colombo 03 or e-mailed to dhammika.laksiri@sunshineholdings.lk or coroprateservices@coroprateservices.lk not less than 48 hours before the time appointed for the holding of the meeting.

Corporate Information

Name of the Company

Watawala Plantations PLC

Legal form

A public company with limited liability registered under Companies Act No 17 of 1982 and re-registered under the Companies Act No. 07 of 2007 and quoted on the Colombo Stock Exchange

Date of Incorporation

18 June 1992

Registration No

PQ 65

Accounting Year

31 March

Directors

S G Wijesinha (Chairman)
 V Govindasamy (Acting CEO w.e.f. 1 October 2023)
 N B Weerasekera (Resigned w.e.f 18 November 2023)
 M S Mawzoon
 H D Abeywickrama
 M R Rao
 A R Rasiyah
 C L Loo (Alternate: M T Siddique) (Resigned w.e.f 5 December 2023)
 S G Sathasivam
 A Herath (Appointed w.e.f. 12 December 2023)
 M R Mihular (Appointed w.e.f. 12 December 2023)
 M T Siddique (Appointed w.e.f. 12 December 2023)

Chief Executive Officer

Binesh N. Pananwala (Resigned w.e.f 30 September 2023)

Secretaries & Registrars

Corporate Services (Private) Limited
 No 216, De Saram Place, Colombo 10
 Tel: +94 114 605 100

Auditors

KPMG (Chartered Accountants)
 No 32A, Sir Mohomad Macan Markar
 Mawatha, Colombo 03

Bankers

Standard Chartered Bank Ltd
 Hatton National Bank PLC
 Commercial Bank of Ceylon PLC
 DFCC Bank PLC
 Seylan Bank PLC
 State Bank of India
 National Development Bank PLC
 Indian Overseas Bank

Lawyers

FJ & G De Saram
 (Attorneys-at-Law)
 No 216, De Saram Place, Colombo 10

Nithya Partners
 (Attorneys-at-Law)
 No. 97/A, Galle Road, Colombo 03

Registered Office

No.60, Dharmapala Mawatha,
 Colombo 03, Sri Lanka

Tel: +94 114 702 400
 E-mail: watawala@sunshineholdings.lk
 Web: www.watawalaplantations.lk

