FORGING A PROGRESSIVE FUTURE

ANNUAL REPORT 2024/25

WATAWALA

FORGING A PROGRESSIVE FUTURE

In a world where change is constant, Watawala Plantations PLC is at the forefront. We are the architects of our future, actively shaping the dynamic business landscape by weaving sustainability into the very fabric of our operations.

This report showcases our dedication to environmental stewardship, actively regenerating ecosystems and minimising our footprint; our commitment to social responsibility, empowering our workforce and uplifting communities; our adherence to ethical governance, ensuring transparency and accountability in every decision we make. These core principles drive innovation, build resilience against future challenges and generate long-term value for all stakeholders.

Join us in forging a progressive future where prosperity and sustainability are inextricably linked, ensuring a legacy that transcends generations and creates a world where both people and planet flourish.

WATAWALA

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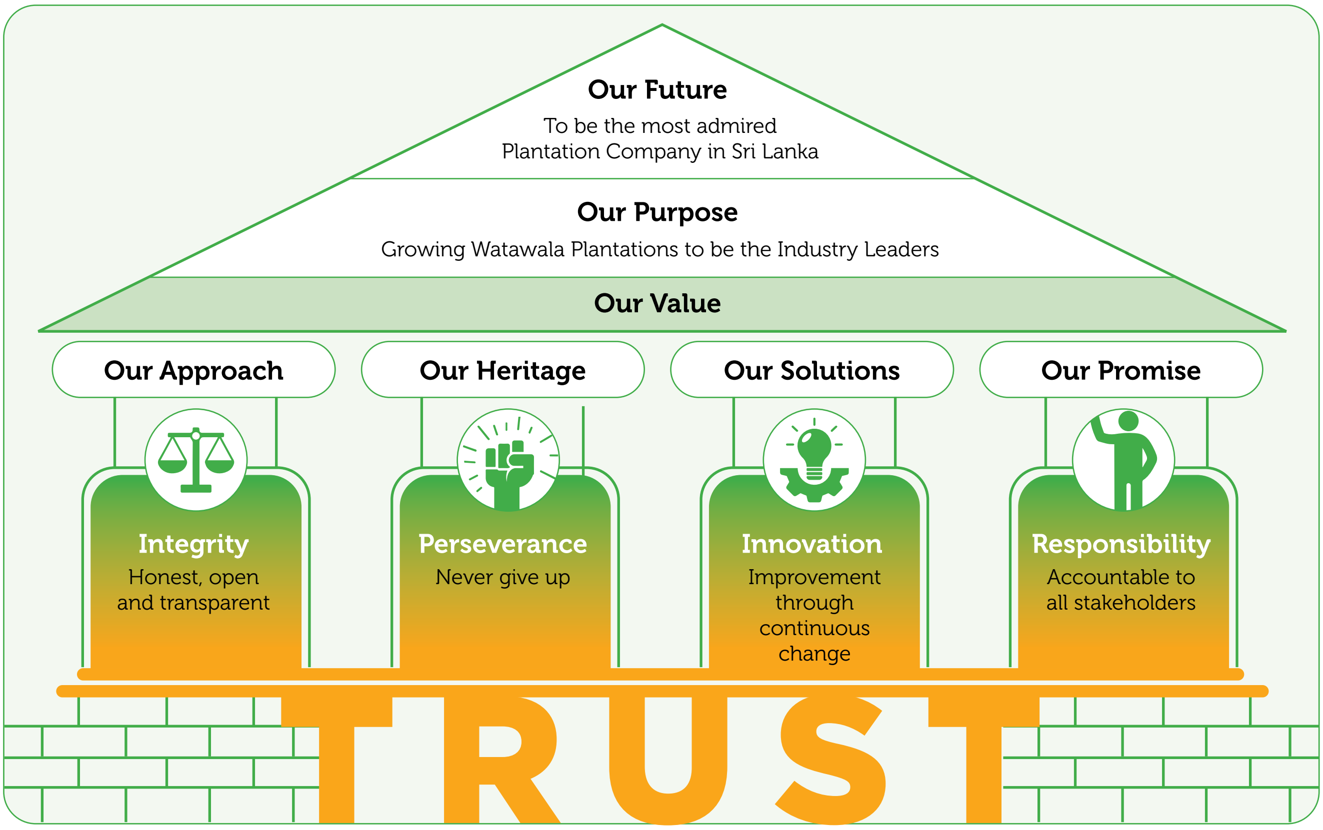
ABOUT US



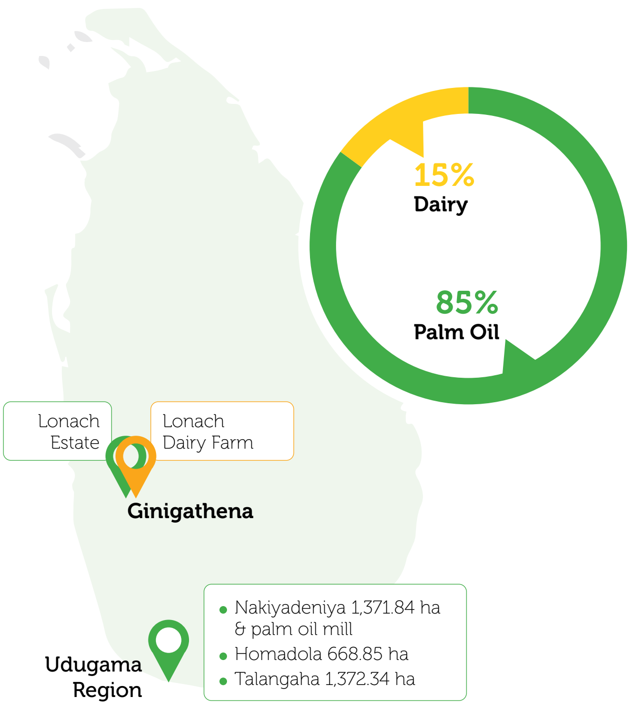
A CORPORATE OVERVIEW

Watawala Plantations PLC ("the Company") is a flagship subsidiary of the Sunshine Group, a leading agri-business enterprise in Sri Lanka, with a diversified operation that encompasses oil palm, dairy, and plantation crops. The Company is Sri Lanka's largest and only RSPO-certified palm oil producer, committed to globally recognised Environmental, Social, and Governance (ESG) standards that conduct its operations on sustainability principles.

Through integrated advanced agronomic methodologies, precision-driven resource management, and mechanised operations, we adopt strategies to optimise crop yields, operational efficiency, and market responsiveness. In addition to oil palm, we manage high-value plantation crops including tea, rubber, coconut, and cinnamon as a multi-sectoral agri-business.

Leveraging on cutting-edge technology, data-driven agricultural insights to enhance productivity, and managing risks effectively to mitigate macroeconomic uncertainties, we are well-positioned to drive continued growth in a resilient manner, in the agricultural sector in Sri Lanka.

REVENUE CONTRIBUTION



ABOUT US

CORE BUSINESS ACTIVITIES

Cultivation of oil palm and production and sale of palm oil

Our RSPO certified process

Cultivation of Oil Palm

3 Estates with a total extent of 3,393.75 Ha

Palm Oil Production

120,000 MT milling Capacity

Sale of Palm Oil

Sale of crude palm oil, palm kernel oil and palm kernel cake to bulk palm oil buyers in Sri Lanka

Our presence along the palm oil value chain

Our presence along the dairy value chain

Production of Fresh Milk

Dairy Farming

1,602
Herd strength

Milking

Automated milking parlour

Storing Milk

23,000 Liters of milk chilling and storing capacity

Sale of Milk

Sale of fresh milk to bulk buyers

Watawala Plantations PLC's primary activity is the cultivation of oil palm for the manufacture of palm oil, while our second largest business is the production of fresh milk. Our diversified crop portfolio also includes tea rubber, coconut and cinnamon.

Activity	Products	Quality accreditations	Markets
Oil palm cultivation 1. Homadola estate, Galle – 668.85 Ha 2. Nakiyadeniya estate, Galle – 1,372.34 Ha 3. Talangaha estate, Galle – 1,352.56 Ha	Palm fruit	RSPO certification renewal and extension to all 3 estates, palm oil mill and kernel crushing plant. RSPO trademark license certification for SL region.	Palm oil fruit is internally utilised for palm oil production.
Palm oil production Nakiyadeniya palm oil mill	Crude palm oil Palm kernel oil Palm kernel cake	ISO 14001 – Environmental management system ISO 50001:2018 certification for the palm oil mill ISO 45001:2018 certification for the palm oil mill	Bulk palm oil buyers in Sri Lanka
Bungalow rental	Hospitality	N/A	Local and foreign tourists
Dairy farming Lonach Estate, Ginigathena (capacity to chill and store 23,000 litres of milk)	Fresh milk	International best practices in the dairy industry: Total Mixed Ration (is a method of feeding dairy cattle. The purpose of feeding a TMR diet is that each cow can consume the required level of nutrients) Dairy Master: Automated milking process untouched by human hands	Bulk buyers of milk in Sri Lanka

ABOUT US

OTHER NON-CORE BUSINESSES

Tea cultivation

Activity	Products	Markets
Low country tea 1. Homadola estate, Udugama, Galle – 54.20 Ha. 2. Talangaha estates, Udugama, Galle – 11.26 Ha. **Up country tea** 1. Lonach estate, Ginigathena – 71.00 Ha.	Green leaf for orthodox black tea	Sold to private tea factories

Cinnamon cultivation

Activity	Products	Markets
Udugama 1. Homadola Estate – 36.88 Ha. 2. Talangaha Estate – 9.09 Ha. 3. Nakiyadeniya Estate – 14.86 Ha.	Cinnamon bark	Bulk buyers in Sri Lanka

Cinnamon processing

Activity	Products	Markets
1. Peeling and processing facility at Homadola Estate in Udugama, Galle.	• Grades C4, H1, Alba • Cinnamon chips – off grade • Cinnamon oil • Cinnamon cut quills	Bulk buyers in Sri Lanka

Coconut cultivation

Activity	Products	Markets
1. Homadola estate – 10.25 Ha. 2. Royston Estate – 17.43 Ha.	• Husked • De-husked coconut	Bulk sales to Sri Lankan buyers

Rubber cultivation

Activity	Products	Markets
1. Homadola estate – 97.16 Ha. 2. Nakiyadeniya estate – 42.64 Ha.	• Raw rubber milk	Sold to domestic bulk buyers

OUR COMMITMENT TO QUALITY

Our unwavering commitment to quality, sustainability, and operational excellence is recognised by the many product and process certifications we have achieved. This exemplifies our adherence to industry-best and globally accepted standards and best practices. Emphasis we place on excellence remains the key defining differentiator, strengthening our market leadership and positioning us as a Company in the forefront of innovation and responsible business practices. This is further highlighted in the way we contribute to the community that surround our plantations and the way we uplift livelihoods of our workforce.

OUR JOURNEY OF GROWTH

WATA's ability to adapt strategically and its unwavering focus on quality have been critical to its success. The key milestones in its journey are highlighted below:

1992

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

1996

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

1998

- Launch of Tea Brand Zesta

2011/12

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

2013/14

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

2014/15

- Installation of steam turbine at the palm oil mill

2015/16

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

2017/18

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

2018/19

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

2024/25

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

OUR JOURNEY OF GROWTH

2002/03

- Obtained ISO 9002:1994 and HACCP certification

2003/04

- Introduction of "Watawala Kahata" tea brand

2004/05

- Collaboration with Tata Tetley UK to expand global reach

2006/07

- Expansion of oil palm plantation

2007/08

- Awarded with the Business Super Brand status

2010/11

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

2019/20

- Launch of 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 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
- Divest pride of Lonach bottled milk to retail market

2023/24

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

OUR SOCIAL AND ECONOMIC IMPACT

The inputs of our multi-faceted business operations and the commitment to the communities we engage with, collaborated to deliver a positive socio-economic result in 2024 for the macroeconomic benefit of the country.

OUR VALUE ADDITION

	Group		Company	
For the year ended 31 March	2025 Rs. Mn.	2024 Rs. Mn.	2025 Rs. Mn.	2024 Rs. Mn.
Total revenue	7,944	8,321	6,760	6,867
Other income	139	61	91	(75)
Finance income	151	184	163	220
Gain/(Loss) on changes in fair value of biological assets	(321)	40	(34)	(15)
Administration expenses	(3,556)	(4,002)	(2,528)	(2,600)
Value addition	**4,357**	**4,604**	**4,452**	**4,397**

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.

2013/14
Gold Award at the Sri Lanka Institute of Training and Development (SLITAD) People Development Award

2015/16
Gold Award under Large Category Manufacturing Sector at the SLBCC (Sri Lanka China Business Co-Operation Council) Business Star Awards.

2018/19
Great Place To Work Award for Lonach Dairy Limited.

2023/24
Great Place To Work Award for Watawala Plantations PLC

LEADERSHIP AND STRATEGY

FINANCIAL HIGHLIGHTS

For the year ended 31 March		2025	2024	%
Financial performance				
Revenue	Rs. Mn.	7,944	8,321	-5
Gross profit margin	%	47%	38%	24
Operating profit	Rs. Mn.	2,874	2,661	8
Profit before tax	Rs. Mn.	2,899	2,766	5
Net profit	Rs. Mn.	1,885	2,345	-20
Basic earnings per share	Rs.	1.82	11.60	-84
Cash flow from operations	Rs. Mn.	3,202	3,543	-10
Interest cover	Time	23	34.00	-33
Return on equity (ROE)	%	53	38	39
Return on capital employed (ROCE)	%	46	32	44

As at 31 March		2025	2024	%
Financial position				
Total assets	Rs. Mn.	8,713	9,431	-8
Total debt	Rs. Mn.	1,370	533	157
Total shareholders' funds	Rs. Mn.	3,572	6,189	-42
Net assets per share	Rs.	3.5	6.1	-43
Debt/equity ratio	%	37	9	306
Debt/total assets	%	16	6	162
Current ratio	%	0.96	2.28	-58
Quick assets ratio	%	0.79	1.82	-57
Market/shareholders information				
Market price per share on 31 March	Rs.	28	88.70	-68
Market capitalisation	Rs. Mn.	28,463	18,033	58
Enterprise value	Rs. Mn.	28,583	18,059	58
Price earnings ratio	Times	19	7	146
Dividend payout	%	119	103	16
Dividend per share	Rs.	4.4	2.4	-83
Dividend yield	%	16	14	12

Note 01

Watawala Plantations PLC has subdivided the ordinary shares of the Company, amounting to two hundred three million, three hundred eight thousand, six hundred thirty-four (203,308,634) ("Pre-Subdivision Shares") into One billion, sixteen million, five hundred forty-three thousand, one hundred sixty-six (1,016,543,166) ordinary shares ("Post-Subdivision Shares") on the basis of one (01) pre-subdivision share held by each shareholder into five (5) ordinary shares.

Note 02

The weighted average number of ordinary shares outstanding during the year has been determined in accordance with the relevant accounting standards, incorporating the effect of the 5-for-1 share split that took place on 3 March 2025.

For the purposes of calculating Earnings Per Share (EPS) and Dividends Per Share (DPS), the number of shares has been retrospectively adjusted to reflect the share split. This approach ensures consistency and comparability of per-share metrics across all reporting periods.

NON-FINANCIAL HIGHLIGHTS

For the year ended 31 March

SOCIAL AND RELATIONSHIP CAPITAL

		2025
Investment in community	Rs. Mn.	8.9
Payments to suppliers	Rs. Bn.	4.7
Proportional spending to local suppliers	%	17

For the year ended 31 March

HUMAN CAPITAL

		2025
Total employees	Nos.	1,585
Payments to employees	Rs. Mn.	4,475
Employees retention rate	%	81
Female representation	%	34.19
New recruits	No.	47
Investment in training	Rs. Mn.	10
Total training	Hours	3,038
Average training/employees	Hours	1.9
Workplace injuries	Nos.	0
Union representation	Nos.	6

For the year ended 31 March

MANUFACTURED CAPITAL

		2025
Property, plants and equipment	Rs. Mn.	2,549
Investment in capex	Rs. Mn.	271
Investment in automation and digitisation	Rs. Mn.	5.7

For the year ended 31 March

NATURAL CAPITAL

		2025
Raw material consumption (Fields activities)	MT	8,313
Energy consumption	GJ	217,620
Energy intensity	GJ per unit	1.7
Water consumption	m^3	42,228
Solid waste generation	Kg	1,390
Carbon footprint	tCO_2e	23,102

ABOUT OUR INTEGRATED ANNUAL REPORT

INTRODUCTION

GRI 2-1, 2-3

We are pleased to present the 10th Integrated Annual Report 2024 ("the Report") of Watawala Plantations PLC and its subsidiary, Lonach Dairy Limited (the "Group"). It provides a comprehensive yet concise overview of the Group's performance during the financial year ending 31 March 2025. The report details our value creation process and strategies and presents relevant information across financial, social, environmental, and governance areas within the context of our operating environment. Furthermore, we offer our forward-looking perspective and share our aspirations for the future, acknowledging that these could be shaped by the economic realities of the ensuing year.

The Report provides an overview of the Group's strategy and functions, reflecting the interconnections between various units, that represents integrated reporting. It also highlights the Group's approach to value creation in the short, medium, and long-term, founded on good governance and sustainability principles, and how these aspects impact the economy, the environment, and the society, in the long term.

SCOPE AND BOUNDARY

GRI 2-2

The report covers the operations of Watawala Plantations PLC and its subsidiary Lonach Dairy Limited. Financial and non-financial performance of the Group are comprehensively covered in the Report. Building upon our previous report for the financial year ending 31 March 2024, the Report for the Financial Year (FY) 2024/25 encompasses the risks and opportunities arising from our business strategy and interaction with diverse stakeholders, how we create, preserve, or erode value through our business activities. All data, financial and sustainability, were collected from all operational locations including subsidiaries and presented in consolidated form, where possible. If consolidation was not possible, this is clearly communicated.

We aim to manage these complex business relationships and focus on material matters that define our success, which are:

- Our strategy on page 37
- Our operating context on pages 62 to 66
- Our material issues on pages 42 and 43
- Financial reporting on pages 127 to 206
- Our stakeholder relationships on pages 34 to 41

The Report is based on the International Integrated Reporting Council's (IIRC) Framework, which encompasses the six capitals and their combined output that assures sustainability of the Group and the wider community.

Financial capital
Manufactured capital
Intellectual capital
Human capital
Natural capital
Social and relationship capital

Our approach to reporting is guided by the following key frameworks, standards, and regulations across different reporting domains:

The regulation	Internal assurance	External assurance
Financial reporting, governance, risk management and operations		
• Sri Lanka Financial Reporting Standards • Companies Act No. 07 of 2007 • Listing requirements of Colombo Stock Exchange • Sri Lanka Accounting Standard • Code of Best Practice on Corporate Governance issued by CA Sri Lanka (2017) as amended.	Reporting to Audit Committee, Group Risk and Compliance Committee	An Independent Auditor confirming the accuracy of the Annual Financial Statements refer page 129.
Integrated reporting		
• International Framework of the International Integrated Reporting Council (IIRC) • A Preparer's Guide to Integrated Corporate Reporting issued by the ICASL • Handbook on Integrated Corporate Reporting issued by the ICASL		An Independent Assurance engagement on Integrated Reporting refer page 129.

ABOUT OUR INTEGRATED ANNUAL REPORT

The regulation	Internal assurance	External assurance
Sustainability Reporting		
• Global Reporting Initiative (GRI) Sustainability Reporting Standards • United Nation's Sustainable Development Goals. (UN SDGs)	Sustainability reporting assessment by the Group Sustainability Reporting System	
• Environmental, Social and Governance (ESG) disclosures through the framework and operations in conformity with the Principles of the United Nations Global Compact • Disclosure on Gender Parity Reporting issued by the ICASL • Sustainability Accounting Standards Board (SASB) Standards • IFRS S1 and S2	Carbon Footprint Assessment – refer page 104.	

MATERIALITY

A structured, organisation-wide materiality assessment process identifies the issues that are material to the Group. Based on the double-materiality principle, the process addresses both potential effects on the Group and its impacts on people and environment. The assessment systematically addresses risks, opportunities, macroeconomic trends, and other elements that influence materiality in co-relation to the Capitals, and the Group's ability to deliver value and mitigate erosion of value to its stakeholders. As a Group engaged in plantation and dairy product, we apply a robust and holistic approach to identifying key material aspects, which are documented on page 42 of the Report. We meticulously address these issues to enhance performance, strengthen our sustainability framework, adhere to strong governance principles, and demonstrating accountability through our regulatory compliance.

DISCLAIMER FOR THE PUBLICATION OF FORWARD – LOOKING STATEMENTS AND DATA

This report includes forward-looking statements regarding the Group's prospective performance that is within the management purview of the Group and anticipated uncertainties which are beyond the control of the Group. Actual outcomes may differ significantly from current expectations. The reader is advised to seek expert professional advice in all such aspects.

VALUE CREATION

Our value creation model details the inputs, outputs, and outcomes across the Capitals, and their responsible management in creating value. Integrated reporting assumes that the generation of financial capital is driven by the interdependent cohesiveness between financial and of non-financial interactions to create value for the Group and its stakeholders, while also consuming, developing, and transforming these capitals in the process.

PRECAUTIONARY PRINCIPLE

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

ABOUT OUR INTEGRATED ANNUAL REPORT

COMBINED ASSURANCE

GRI 2-5

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

BOARD RESPONSIBILITY STATEMENT

Watawala Plantations PLC's Board of Directors acknowledges ultimate responsibility to ensure the integrity of the Integrated Annual Report providing a fairly balanced view of its performance in 2024/25 and is of the opinion that it addresses all material issues that it believes may have a bearing on the Group's capacity to create value over the short term. The Report was unanimously approved by the Board on 27 May 2025.

NAVIGATING THE REPORT

For ease of navigation, the following Icon library cross-references the Capitals and their integration with the stakeholders, and strategy:

Capitals

Financial capital	Social and relationship capital	Human capital
Manufactured capital	Intellectual capital	Natural capital

GUIDING PRINCIPLES

The following principles were applied in preparing the Report to provide a credible review of our performance and operations.

- **Reliability** – Internal controls and processes currently implemented deliver reliability of both financial and non-financial information.
- **Conciseness** – We have covered all critical matters in a complete but a concise manner.
- **Authentic presentation** – A balanced view, based on positive or negative outcomes are reported in a faithful manner.
- **Materiality** – Material matters are identified and reported in a responsible manner.
- **Ensuring integrated reporting** – Icons are used to integrate the variety of topics that are reporting, giving connectivity of information.
- **Inclusion of international standards in reporting** – GRI tagging, SASB and TCFD are used to ensure compliance with the required international standards.

RE-STATEMENT OF INFORMATION

GRI 2-4

There is no restatement of financial or non-financial information which was audited last year, unless otherwise related to 2024/25 operations.

FEEDBACK

GRI 2-3

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

Ms Thanuja Wickramathilaka
Senior Manager Finance
Watawala Plantations PLC

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e-mail: thanuja.wickramathilaka@sunshineholdings.lk

MESSAGE FROM THE CHAIRMAN

The global economy experienced steady but sluggish growth with a projected 3.2% expansion in 2024. Advanced economies saw a slight improvement, while emerging markets experienced a modest slowdown. Inflation continued to decline, although services inflation remained persistent, requiring monetary adjustments. Geopolitical tensions and looming trade wars were challenging, generating varied fiscal strategies. Despite the odds, the global economy stayed resilient, with central banks focusing on price stability and sustainable growth.

Watawala Plantations PLC (the Company) achieved a resilient performance in the financial year 2024/25, despite a challenging economic landscape. It is with pleasure that I present the Integrated Annual Report and Audited Financial Statements for the Company for the year ended 31 March 2025.

SRI LANKA'S REMARKABLE RECOVERY

Surpassing a projected 4.4% growth, Sri Lanka's economy grew by 5%, largely driven by industrial expansion, particularly by the exponential growth in tourism and the sluggish revival of the construction industry. The fiscal deficit narrowed, supported by higher government revenue and reduced domestic borrowing, giving way to cautious optimism. The budget deficit declined to Rs. 86.6 Bn. in early 2025, compared to Rs. 129.3 Bn. in the same period in 2024. Foreign reserves rose to USD 6.53 Bn. by March 2025.

The first half of 2024, however, still felt the lingering effects of soaring input costs, escalated energy prices, and tight fiscal policy, which exerted significant pressure on profitability and demanded adaptability and resilience. Household incomes and employment levels remained below pre-crisis figures, and poverty rates stood at an alarming 24.5%.

We met these challenges head-on, with data-driven decision-making, re-evaluating our business model, and fostering a culture of innovation and inclusivity. This year has been a transformative period for the Company, despite global uncertainties and domestic challenges.

PALM OIL – STRENGTHENING OUR CORE

The palm oil sector remained a key driver of revenue generation in 2024/25 to our revenue streams. Operational efficiencies and cost management strategies were pivotal to ensuring sustainable profitability, although net profit margins saw a slight decline due to external economic pressures. Global palm oil prices stabilised in the latter part of 2024, gaining a firmer footing. Implementing precision agricultural techniques enhanced yield efficiency and product quality, minimising environmental erosion.

Expanding on our RSPO-certified sustainable practices, we invested in advanced milling technology, successfully increasing oil extraction by 2.9% and reducing waste.

DAIRY OPERATIONS

Innovation and growth marked Lonach Dairy Limited, attributable to the production of high-quality fresh milk, optimised by herd management and improved feed conversion rates. The eco-friendly systems and pasture management positioned us well for future expansion in the local dairy sector.

OUR EMPLOYEES

As the backbone of our operations, our employees are being prepared for the future within a non-discriminatory and inclusive environment, aligned with the policies and procedures of Sunshine Holdings Group, which is founded on industry best standards. Promoting equity and inclusion, retaining worker dignity, mutual respect, and placing priority on occupational health and safety, we regard our workforce as an invaluable asset and partners in our progress.

MESSAGE FROM THE CHAIRMAN

GOVERNANCE AND COMPLIANCE

We resolutely navigated market volatility with strategic foresight within a strong governance framework, which remains the cornerstone of our operations. Strictly adhering to the law of the land and regulatory requirements of governance and industry bodies applicable to the plantations sector and corporate governance, we adapted to the changes with careful and proactive assessment of our governance regime. The Board of Directors led from the front, comprehensively reviewing regulatory changes to ensure compliance within the prescribed timelines. We are committed to best practices in governance, strengthening stakeholder confidence in the Company and fostering meticulous adherence to an evolving corporate governance landscape.

ESG AND SUSTAINABILITY

As a plantation, it is critical that we maintain environmental balance, ensuring longevity and profitability while supporting our communities by contributing to improving their livelihoods. Our operations impact soil health, biodiversity, water management, and carbon footprint. We implemented several initiatives across our plantations to ensure that we remain an entity committed to and practically contributing to the conservation of our environment.

FUTURE FOCUS

We are optimistic about the stability of global palm oil prices, which showed stabilisation in 2024. We will focus on innovation, mechanisation, and optimising resource utilisation to enhance yield and product quality. To reduce our carbon footprint, we will further engage with renewable energy solutions and invest in smart agriculture, integrating AI-driven data analytics.

APPRECIATION

In closing, I wish to sincerely appreciate my colleagues on the Board for their unwavering guidance and support, and on behalf of the Board, I record my gratitude to the Group's leadership team and acknowledge their untiring efforts amidst challenging times, which enabled the Company to deliver a resilient performance.

To our employees, my heartfelt appreciation for their inspiring dedication and drive. I also take this opportunity to thank all our valued shareholders, customers, suppliers, and business partners, both local and global, for their confidence in Watawala Plantations PLC. My appreciation is extended to the regulatory and industry bodies, who tirelessly work towards creating a sustainable and plantation-conducive operating climate, providing us with an environment conducive to functioning as a sustainable business entity.

M R Mihular
Chairman

27 May 2025

ACTING CHIEF EXECUTIVE OFFICER'S REVIEW

The 2024/25 financial year was a pivotal chapter for Watawala Plantations PLC, marked by resilience, reinvention, and renewed purpose. Against the backdrop of Sri Lanka's post-crisis economic recalibration, we delivered strong results crossing Rs. 1.5 Bn. in profit after tax despite persistent volatility across currency markets, interest rates, and consumer demand.

Internally, we prioritised business continuity, local value creation, and operational agility. Externally, we navigated inflationary pressures, regulatory tightening, and global supply chain constraints. Yet, through disciplined execution, digital enablement, and cohesive leadership, we unlocked synergies across our portfolio and reinforced our position as a purpose-driven, diversified conglomerate.

MACROECONOMIC OUTLOOK AND NATIONAL CONTEXT

Sri Lanka's macro environment has entered a fragile but hopeful recovery phase. Debt restructuring negotiations, fiscal reforms, and the IMF Extended Fund Facility have laid a foundation but structural headwinds persist. The forex market stabilised marginally, though credit availability remains constrained.

Our outlook balances optimism with caution. The business community must advocate for predictable policy and streamlined regulation to sustain momentum. At Watawala Plantations PLC we will continue to align our strategy with national goals of self sufficiency in edible oils.

Sri Lanka's recovery was a springboard for the company to derive value from all its verticals, focusing on building team strength in each area. A key success factor is our optimism about the country's growth trajectory and our positive outlook on policy implementation.

A RESILIENT PERFORMANCE

In the context of macroeconomic headwinds and labour shortages, Watawala Plantations PLC delivered a stable performance. Our oil palm segment provided earnings stability, and ongoing investments in sustainable farming have strengthened our long-term competitiveness. Even as the global agribusiness market faced price corrections and climate volatility, we continued our pivot toward premiumisation, digitised traceability, and regenerative agricultural practices.

In the agribusiness sector, soil health analytics through Agri-tech partnerships yielded higher productivity and enhanced quality. As 90% of the edible oil requirement is currently imported, we recognise significant growth potential for palm oil production in Sri Lanka, provided there is a conducive policy environment. Maintaining a strong liquidity position, we implemented effective cost controls and diversified revenue streams.

ESG COMMITMENTS AND PROGRESS IN 2024/25

Group-wide ESG initiatives support our goals of local value addition, digital transformation, and ESG integration. Sustainability is built into our strategic and operational DNA, and this is reflected in the way we conduct business, manage our human capital, deliver stakeholder value, upskill the next generation, and uplift livelihoods in surrounding communities.

For a sustainable agribusiness, we focused on precision farming, ESG-compliant exports, and agri-tech integration. As we operate plantations, there is an inherent level of environmental erosion involved in translating efforts into a profitable business. To mitigate this, and to replace some of the resulting loss, we adopted a digitised approach to rota-management, harvesting, and transport to the mill. Similarly, a fully mechanised waste management system ensured recycled waste usage, minimising landfill and maximising reuse of water and mulch.

FUTURE FOCUS

Watawala Plantations PLC is the first palm oil mill in South Asia to achieve the coveted Roundtable on Sustainable Palm Oil (RSPO) certification, a testament to our commitment to sustainability practices. Building on this position of leadership, we plan to upgrade mill efficiency and modernise the nut plant with modern machinery in 2025. Currently, the mill has the capacity to handle 120,000 MTs of fresh fruit bunches per annum, producing 18,000 MTs of crude palm oil.

ACTING CHIEF EXECUTIVE OFFICER'S REVIEW

Nurturing the strong relationships we have built with our stakeholders remains a priority, including maintaining cordial and collaborative relationships with the trade unions that represent our workforce.

Our emphasis will be on inclusive growth, capital discipline, and digital enablement. As we navigate a new era, Watawala Plantations PLC is committed to being a regional champion of resilient, ethical, and future-focused business leadership.

APPRECIATION

I wish to thank the Chairman and the Board of Directors for their visionary leadership, timely advice, and consistent support in navigating 2024/25. I am thankful to the management team for their dedication and contribution to building a resilient business operation in a volatile environment. Our employees have made tireless efforts throughout this journey often amid personal challenges and I record my heartfelt gratitude to them.

As we confidently look forward to another successful year of growth, I wish to thank our shareholders, customers, and business partners for their continued trust in Watawala Plantations PLC.

Shyam Sathasivam
Acting Chief Executive Officer

27 May 2025

BOARD OF DIRECTORS

Mr M R Mihular

Chairman
Non-Executive/Independent

Age

68 years

Qualifications/business experience

- 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. Completed International Executive Education programmes at INSEAD, France, Harvard Business School and the London Business School, UK. Has over 45 years of industry experience.

Other key positions

Chairman

- Bairaha Farms PLC
- Lonach Dairy (Pvt) Ltd.

Director

- Melstacorp PLC
- Sunshine Holdings PLC
- Sunshine Tea (Pvt) Ltd.
- Sunshine Consumer Lanka (Pvt) Ltd.
- LTL Holdings Ltd.
- DAMRO Holdings Ltd.
- Aitken Spence PLC
- Aitken Spence Hotels PLC
- Brown Beach Hotel PLC
- Balangoda Plantation PLC
- Madulsima Plantation PLC
- Agility Innovation (Pvt) Ltd.

In the past, he served as the 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, Past 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.

Mr V Govindasamy

Director
Non Executive/Non-Independent

Age

61 years

Qualifications/business experience

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

Other key positions

Other Membership

- Employers Federation of Ceylon
- The Ceylon Chamber of Commerce

Member

- Governing Board and the Monetary Board of the Central Bank of Sri Lanka

Deputy Chairman

- Sunshine Holdings PLC

Director

- Healthguard Pharmacy Limited
- Sunshine Healthcare Lanka Limited
- Sunshine Consumer Lanka Limited
- Lonach Dairy Limited
- Sunshine Wilmar (Private) Limited
- Sunshine Foundation for Good
- TAL Lanka Hotels PLC
- Ceylon Property Development Limited
- Softlogic Life Insurance PLC
- 1990 Suwa Seriya Foundation
- Sunshine Tea (Private) Limited
- Lanka Island Resorts Ltd.
- United Motors Lanka PLC

Mr M S Mawzoon

Director
Non-Executive/Non-Independent

Age

54 years

Qualifications/business experience

- Thirty one years experience in various business industries

Other key positions

Managing Director

- Pyramid Wilmar (Pvt) Ltd.
- Pyramid Wilmar Oils & Fats (Pvt) Ltd.
- Pyramid Lanka (Pvt) Ltd.

Director

- Pyramid Wilmar Plantations (Pvt) Ltd.
- Wressle Holdings (Pvt) Ltd.
- Pyramid Holdings (Pvt) Ltd.
- Sunshine Wilmar (Pvt) Ltd.
- Lonach 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.
- 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.
- Art of Living Foundation Ltd. Australia

BOARD OF DIRECTORS

Mr S G Sathasivam
Director
Non-Executive/Non-Independent

Age

47 years

Qualifications/business experience

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

Other key positions

Former President
Sri Lanka Chamber of Pharmaceutical Industry (SLCPI)

Committee Member
Ceylon Chamber of Commerce (CCC)

Group CEO/Director
Sunshine Holdings PLC

Director
- Healthguard Pharmacy Limited
- Sunshine Healthcare Lanka Limited
- Lina Manufacturing (Private) Limited
- Lina Spiro (Private) Limited
- Norris Canal Properties (Pvt) Ltd.
- 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

Mr A Cabraal
Director
Non-Executive/Independent

Age

68 years

Qualifications/business experience

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

Other key positions

Chairman
- Lion Brewery (Ceylon) PLC
- Ceylon Beverage Holdings PLC
- Silvermill Investment Holdings (Pvt) Ltd.
- CIC Feeds (Pvt) Ltd.
- CIC Vetcare (Pvt) Ltd.
- CIC Poultry Farms (Pvt) Ltd.
- CIC Bio Security Breeders Farms (Pvt) Ltd.
- Healthguard Pharmacy Ltd.
- Sunshine Holdings PLC
- Lina Manufacturing (Pvt) Ltd.
- Lina Spiro (Pvt) Ltd.
- Sunshine Tea (Pvt) Ltd.

Director
- John Keells Holdings PLC
- Sunshine Consumer Lanka (Pvt) Ltd.
- Sunshine Foundation for Good

Member of the Board
- Ceylon Chamber of Commerce Management Committee of the Mercantile Services Provident Society
- Colombo Port City Economic Division

Mr H D Abeywickrama
Director
Non-Executive/Independent

Age

64 years

Qualifications/business experience

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

Other key positions

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

BOARD OF DIRECTORS

Mr M R Rao
Director
Non-Executive/Non-Independent

Age

73 years

Qualifications/business experience

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

Other key positions

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

Commissioner
- PT Gold Energy Mines Ltd.

Trustee
- The Art of Living, India

Mr A Herath
Director
Non-Executive/Independent

Age

61 years

Qualifications/business experience

- 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.

Other key positions

- Former Ernst and Young (EY) Senior Partner and Head of Consulting for Sri Lanka and Maldives.

Chairman/Director
- RIL Property PLC
- Board of Investment

Director
- Colombo Stock Exchange
- Central Depository System (Pvt) Ltd.
- SYNAPSYS Ltd.
- Durdans Medical and Surgical Hospitals (Pvt) Ltd.
- Cargills Bank Limited
- Senkadagala Finance PLC
- United Motors Lanka PLC
- Sri Lanka Institute of Directors
- CBL Investment Ltd.
- CSE Clear Ltd.

Mr T Siddique
Director
Non-Executive/Non-Independent

Age

35 years

Qualifications/business experience

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

Other key positions

Director
- Pyramid Wilmar (Pvt) Ltd.
- Fortune Green (Pvt) Ltd.
- Pyramid Holdings (Pvt) Ltd.
- Melsta Gama (Pvt) Ltd.
- Pyramid Gama (Pvt) Ltd.
- Pyramid Lanka (Pvt) Ltd.
- Pyramid Wilmar Oils & Fats (Pvt) Ltd.
- Pyramid Wilmar Plantations (Pvt) Ltd.
- Sunshine Wilmar (Private) Limited
- Perennial Real Estate Lanka (Pvt) Ltd.
- P R E H Properties (Pvt) Ltd.
- Pyramid Warehousing (Pvt) Ltd.

CORPORATE MANAGEMENT TEAM

Shyam Sathasivam
Acting Chief Executive Officer
(Appointed w.e.f. 27 May 2025)

Fergus Stanley
Business Consultant, Lonach Dairy Ltd.

Dhammika Laksiri
Sector Financial Controller for
Watawala Plantations PLC and Lonach Dairy Ltd.

Gayan Dehideniya
Senior HR Business Partner –
Watawala Plantations PLC and Lonach Dairy Ltd.

Prasanna Premachandra
Deputy General Manager – Estate Operations,
Watawala Plantations PLC

Viraj Weerasooriya
Senior Manager – ERP and Business Applications
Watawala Plantations PLC and Lonach Dairy Ltd.

CORPORATE GOVERNANCE

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

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

GOVERNANCE LANDSCAPE OF THE PLANTATION SECTOR

In addition to the amendments to the Listing Rules which we reported in FY 2024/25, the Government of Sri Lanka introduced several key regulatory requirements by formulating its National Policy on Plantation Sector in Sri Lanka, targeting enhanced productivity, improved global competitiveness, and strong sustainable practices.

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

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

CORPORATE GOVERNANCE FRAMEWORK AT WATA

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

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

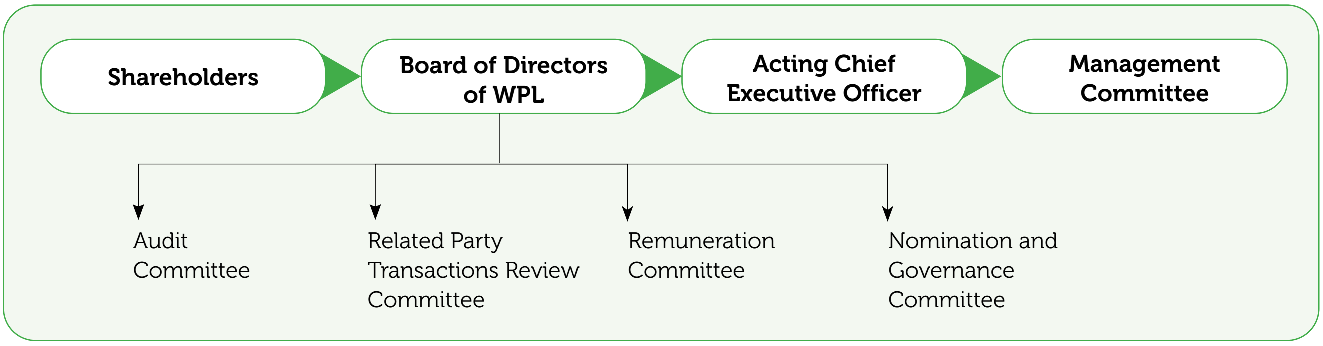
Our Corporate Governance structure rests on three key pillars.

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

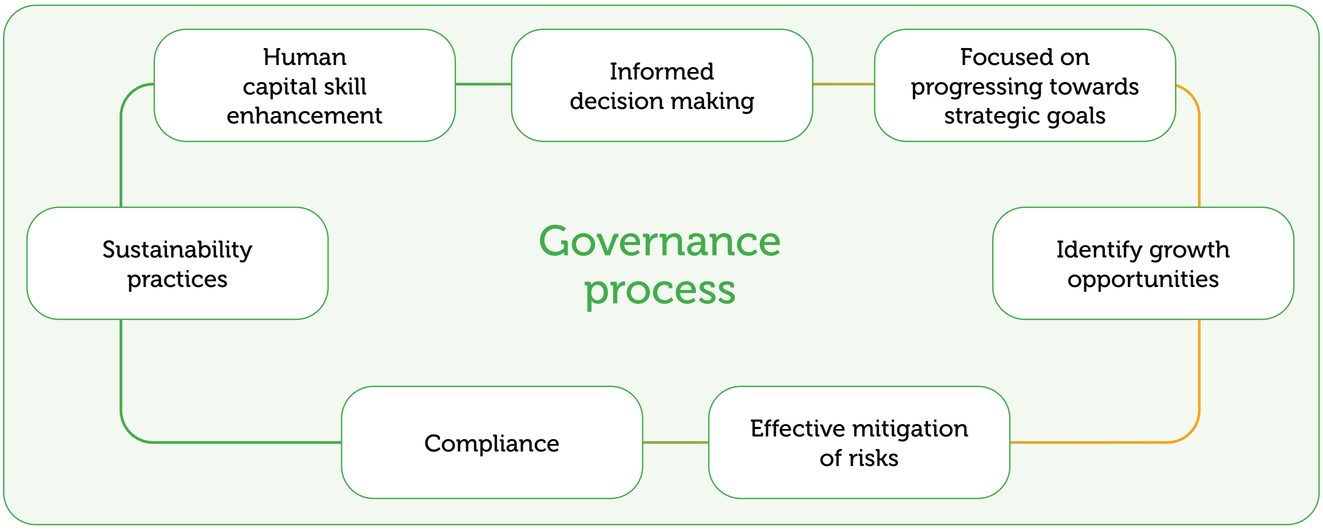
CORPORATE GOVERNANCE

CORPORATE GOVERNANCE STRUCTURE

GRI 2-9



GOVERNANCE PROCESSES



Integrated governance	Assurance mechanisms	Regulatory mechanisms
Strategy Formulation and Decision Making	Internal Audit	Listing Rules of the Colombo Stock Exchange (CSE)
Human Capital Governance	Code of Conduct	Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021 including directives and circulars
IT Governance	Board Committee	Companies Act No. 07 of 2007
Sustainability Governance	Internal Control	National Policies and International Standards
Tax Governance	External Audit and Assurance	The Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka
Stakeholder Management and Effective Communication	Whistleblower Policy	IFRS S1 and S2

CORPORATE GOVERNANCE

THE BOARD OF DIRECTORS

Primary roles and responsibilities GRI 2-11, 2-12, 2-13

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

Ensures accountability
For organisational performance through reporting, disclosure and engagement

Approves policy and capital planning
Effecting strategy by directing, resource allocation within risk parameters

Oversight and monitoring
Implementation by Management

Steers and sets strategic direction
Approves strategy, focuses on high ESG Standards

Monitor macroeconomic environment
Both locally and globally

Board's primary governance roles and responsibilities

In carrying out its responsibilities, the Board encourages a culture of openness, productive dialogue and constructive dissent, facilitating an environment of employee empowerment and engagement in the decision-making process.

Acting CEO is responsible for strategy and performance, supported by the Watawala Plantations PLC and the Corporate Management Team.

Board composition GRI 2-9

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

Board composition

Board composition	Number	By gender: Male	By gender: Female	By age: <50	51-60	61-70	>70
Non-Executive Independent Directors	4	4	–	–	–	4	–
Non-Executive, Non-Independent Directors	5	5	–	2	1	1	1

CORPORATE GOVERNANCE

Roles and responsibilities

Chairman	Acting Chief Executive Officer
Leads the Board, retaining good corporate governance and ensures the Board works ethically, responsibility and in line with ESG Agenda	Accountable for implementation of strategic plan and driving performance and escalating any high-level risks/ issues to the Board
Setting an ethical tone for the Board for all dealings, internally and externally	Succession planning
Set up the Board's annual work plan and agendas in consultation with the Board Secretary and Acting CEO	Developing 's strategy and budget for approval of the Board
Maintaining stakeholder trust built over the years and further augmenting their confidence in the Board	Monitoring and reporting to the Board on performance and compliance with laws and regulations
Monitoring the effectiveness of the Board and encouraging openness to ensure effectiveness of the Board	Monitor Risk appetite and working within the allowable risk Ensure Group culture permeates across all operations

Board Secretary

Secretarial services to the Board are provided by Corporate Services (Private) Limited and the Board apprise of all laws and regulations and compliance thereof. The Secretaries maintain Minutes of Board meetings which is open for inspection by the Board Directors at any time. Shareholders have access to the Board Secretaries for any clarifications and queries.

Appointment, evaluation, re-election and resignation of Board Directors

GRI 2-10

Appointment

- Directors are appointed by the Shareholders at the Annual General Meeting (AGM) based on the recommendation of the Board, post a transparent process
- Directors are also re-elected by the Shareholders, periodically
- Nomination and Governance Committee (NGC) does the initial screening process and recommendations are escalated to the Board
- On appointment, they are reported to CSE and to the Shareholders

Evaluation

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

Re-election/ Re-appointment

- Directors are eligible for re-election by the Shareholders at the next AGM
- NGC evaluates the contribution of the Director and makes recommendations to the Board
- A Director appointed to fill a casual vacancy is eligible to be elected to the Board at the AGM

Resignation/ Retirement

- Resignations, retirement, or removal of any Director is promptly advised to the CSE.

CORPORATE GOVERNANCE

Resignations, retirement and appointments in 2024/25

Directors/Secretary ceasing to hold office

Full name	Office: Director/ Secretary	Date on which he ceased to hold office	Reason
S G Wijesinha	Director/ Chairman	29 May 2024	Resigned
A R Rasiah	Director	29 May 2024	Resigned
M R Rao	Director	23 June 2024 28 June 2024	Retired and re-appointed

Appointment of Directors/Secretary to office

Full name	Office: Director/ Secretary	Date of appointment
A D Cabraal	Director	18 June 2024

Board refreshment

GRI 2-10

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

Board meetings

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

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

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

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

The Board Seats held by each Director as of 31 March 2025

Name of Director	Directorship Status in Watawala Plantations PLC	Number of Board Seats in Listed Companies	Number of Board Seats in Unlisted Companies
Mr R Mihular	Independent Non-Executive Director	8	7
Mr A Cabraal	Independent Non-Executive Director	4	10
Mr V Govindasamy	Non-Independent Non-Executive Director	4	8
Mr S G Sathasivam	Non-Independent Non-Executive Director	1	12
Mr H D Abeywickrama	Independent Non-Executive Director	0	3
Mr A Herath	Independent Non-Executive Director	3	6
Mr S Mawzoon	Non-Independent Non-Executive Director	0	21
Mr M R Rao	Non-Independent Non-Executive Director	0	16
Mr T Siddique	Non-Independent Non-Executive Director	0	12

CORPORATE GOVERNANCE

Attendance at meetings

Directors	Status	Board Meetings	Audit Committee (AC)	Nomination and Governance Committee (NGC)	Remuneration Committee (RC)	Related Party Transactions Review Committee (RPTRC)
Mr R Mihular	Independent Non-Executive Director	05	03	–	–	03
Mr A Cabraal	Independent Non-Executive Director	04	–	–	–	–
Mr V Govindasamy	Non Independent Non-Executive Director	05	–	–	–	–
Mr S G Sathasivam	Non-Independent Non-Executive Director	05	–	–	–	–
Mr H D Abeywickrama	Independent Non-Executive Director	05	–	–	01	–
Mr A Herath	Independent Non-Executive Director	05	04	–	–	04
Mr S Mawzoon	Non-Independent Non-Executive Director	05	–	–	–	–
Mr M R Rao	Non-Independent Non-Executive Director	05	03	–	01	03
Mr T Siddique	Non-Independent Non-Executive Director	05	–	–	–	–
Mr S G Wijesignhe (Resigned)	Independent Non-Executive Director	01	01	–	01	01
Mr A R Rasiah (Resigned)	Independent Non-Executive Director	01	01	–	–	01

Board Directors access to information and resources

GRI 2-16

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

Induction and training for Board of Directors

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

CORPORATE GOVERNANCE

Board Committees

GRI 2-10

The Committee	Areas of Oversight	Composition 2024/25	More Information
Audit Committee (AC)	Financial Reporting Internal Control Internal Audit External Audit	Mr A Herath (Chairman) Mr R Mihular Mr M R Rao	AC Report on pages 116 to 118
Nominations and Governance Committee (NGC)	Appointment of Key Resource Personnel (KRPs) and Directors Succession Planning Monitoring and evaluating the effectiveness of the Board, its composition and its Committees	Mr A Herath (Chairman) Mr R Mihular Mr S G Sathasivam (Resigned w.e.f. 27 May 2025) Mr S Mawzoon	NGC Report on pages 114 and 115
Remunerations Committee (RC)	Remuneration policy for KRPs Goals and Targets for KRPs Monitoring and evaluation of performance of Acting CEO and KRPs Approve annual salary increment and bonuses	Mr A Herath (Chairman) Mr R Mihular Mr M R Rao	RC Report on page 113
Related Party Transactions Review Committee (RPTRC)	Review related party transactions	Mr A Herath (Chairman) Mr R Mihular Mr M R Rao	RPRTC Report on pages 119 and 120
Group Management Committee (GMC)	Manage and develop the business of the Company	Members of the Corporate Management	Refer page 19

CORPORATE GOVERNANCE

SUSTAINABILITY GOVERNANCE GRI 2-2, 2-13, 2-14

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

The Board provides oversight and monitors the execution of the Group's ESG Framework.

Identify ESG related risks, opportunities and impacts and recommend the implementation of appropriate measures to effectively address these dynamics.

Review and provide guidance on ESG related policies and programs required to drive the Group's ESG Framework and strategy.

Review emerging trends and issues in the ESG areas and assess potential impact on the Company.

Review and approve the stakeholder engagement strategy which allows management to identify, understand and respond to stakeholders' legitimate concerns.

CORPORATE GOVERNANCE

INTERNAL CONTROL MECHANISMS FOR GOOD GOVERNANCE

Directors interests, related party transactions, conflicts of interest GRI 2-15	All Board Directors are expected to exercise the utmost good faith, honesty and integrity in all their dealings with or on behalf of the Company. They are required to always act in the best interests of the Company by disclosing real or perceived conflicts to the Board. As per the companies Act, all Directors on appointment and thereafter every quarter, are required to declare their direct, indirect, beneficial and non-beneficial interests in any contract or proposed contract. Such matters are recorded in the Directors' Interests Register, which is available for inspection as needed. Meanwhile, an affected Director is expected to excuse himself/herself from participating in any Board discussions and abstain from voting on matters of companies where he/she has an interest are being discussed. The Related Party Transactions Review Committee considers all transactions that require approval in line with the Group's Related Party Transactions Policy and in compliance with the relevant regulations. Related party transactions applicable to the Board are disclosed on page 119.
Board and Subcommittee appraisal GRI 2-18	An annual evaluation is conducted to assess the effectiveness of the Board as a whole. The process, which is led by the Chairman and administered by the Secretary, requires all Directors to assess the collective Board performance against selected criteria. Results are made available to the Nominations Committee for appropriate recommendations and for improvement, where necessary. Similarly, an annual assessment is conducted by each Subcommittee Chairman to assess effectiveness of the respective Committee under his/her purview. Areas Covered: Degree of fulfillment of Board's requirements, Quality of the Board, Effectiveness of the Board processes and meetings.
Responsible and fair remuneration GRI 2-19 & 20	The Board strives to ensure that remuneration is fair, responsible and transparent. The Remuneration Committee is tasked with making recommendations to the Board regarding remuneration of the Executive Directors and KRP's
Responsible and fair remuneration	The remuneration packages are designed to attract and retain professionals with the requisite skills and experience. Accordingly, offers industry competitive remuneration with due consideration of the performance and risk factors associated with the job role. In this regard, remuneration structures include a variable pay component tied to the achievement of sustainable business objectives including ESG metrics. Remuneration of Executive Directors are compliant with the provisions of Schedule E of the Code of Best Practice on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka in 2017.
Succession planning	The Board, assisted by Remuneration Committee follows a formal Board Succession Procedure whereby potential KMP's are earmarked and on-boarded for further development. The Nomination Committee is responsible for reviewing Board succession.
Risk management and internal control	The Board is responsible for formulating and implementing effective risk management and internal control systems to safeguard stakeholder interests and the assets. Towards this end, the Board has adopted the enterprise-wide approach to risk management to ensure all risk categories are identified, assessed, managed and reviewed on an ongoing basis. For more details, please refer to the Risk Management Report on page 50.
Financial and business reporting	The Board provides oversight for ensuring that information regarding 's financial position is conveyed to stakeholders in a timely and accurate manner. The Annual Report is the primary tool that documents the relevant information and as required by CSE rules, quarterly reports are Published. Prior to publishing, Annual reports and quarterly financial reports are scrutinised by the Audit Committee and subcommittees to the Board for their approval.

CORPORATE GOVERNANCE

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

CORPORATE GOVERNANCE

COMPLIANCE WITH CSE CONTINUING LISTING RULES – SECTION 7.6

Rule No.	Applicable requirement	Compliance Status	Details	Page No.
7.6 (i), (ii)	Names of persons who during the financial year were Directors and principal activities during the year	Compliant	Report of the Board of Directors	19
7.6 a (iii), (iv)	Twenty largest Shareholders, float adjusted market capitalisation, public holding percentage, no. of public shareholders and minimum required public shareholding	Compliant	Share Information	219
7.6 (v)	Directors' and CEO's (MD's) holding in shares	Compliant	Report of the Board of Directors	217
7.6.(vi)	Material foreseeable risk factors of the entity	Compliant	Risk Management Framework	50
7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Compliant	Human Capital	77
7.6 (viii)	Extents, locations, valuations, number of buildings	Compliant		210
7.6 (ix)	Number of shares representing the Entity's stated capital	Compliant	Report of the Board of Directors	216
7.6 (x)	Shareholder Distribution Schedule including percentage of total holding in given categories	Compliant	Investor Information	216
7.6 (xi)	Ratios and Market Price Information	Compliant	Investor Information	218
7.6(xii)	Changes in Entity's and subsidiaries fixed assets and market value of land	Compliant		135
7.6 (xiii)	If during the financial year the entity has raised funds either through a public issue, rights issue or private placement.	N/A	N/A	
7.6(xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes	N/A	N/A	
7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Listing Rules	Compliant	Corporate Governance Report	23
7.6 (xvi)	Related party transactions exceeding 10% of Equity or 5% of total assets of the Entity as per audited financial statements, whichever is lower.	Compliant	Refer Related Party Transaction	203

Compliance with CSE Corporate Governance Principles – Revised Section 9 of the Listing Rules

Rule No.	Applicable requirement	Compliance Status	Details	Page No.
9.2.1	Policies	Compliant	The Company website contains policies	–
9.3	Establishment of Board Committees (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee.	Compliant	Corporate Governance Report	113
9.3.2	Composition and disclosures	Compliant	Refer Board Committees reports	23, 109
9.3.3	Chairperson of Board Committees	Compliant	Refer Board Committees Reports	23, 109

CORPORATE GOVERNANCE

Rule No.	Applicable requirement	Compliance Status	Details	Page No.
9.4.1	Meeting Procedures	Compliant	Refer Board Committees Reports	23, 109
9.4.2	Communication and Relations with shareholders	Compliant	Annual Report of Board of Directors	23
9.5	Policy on matters relating to the Board of Directors	Compliant	Annual Report of Board of Directors	23, 109
9.6.2	Chairperson and CEO	N/A	N/A	–
9.6.3	Senior Independent Director	Compliant	Annual Report of Board of Directors	23, 109
9.6.4	Rationale for appointing a SID	N/A	N/A	
9.7.1 – 9.7.3	Fitness of Directors and CEO	Compliant	Annual Report of Board of Directors	23
9.7.4	Annual declaration – Fit and Proper – Directors and CEO	Compliant	Annual Report of Board of Directors	23
9.7.5	Disclosures in the Annual Report	Compliant	Annual Report of Board of Directors	23
9.8.1	Minimum number of Directors	Compliant	Annual Report of Board of Directors	23
9.8.2	Independent Directors ('IDs')	Compliant	Annual Report of Board of Directors	23
9.8.3	Determination of Independence	Compliant	Annual Report of Board of Directors	23
9.8.5	Disclosure relating to Directors	Compliant	Annual Report of Board of Directors	23
9.9	Alternate Directors	N/A	N/A	
9.10.1	Disclosure relating to Directors	Compliant	Annual Report of Board of Directors Directors Profiles	23
9.10.2	Market announcement of appointing new Directors	Compliant	Annual Report of Board of Directors	23
9.10.3	Market announcement for changing composition of Board of Directors and Board committees	Compliant	Annual Report of Board of Directors	–
9.10.4	Disclosure relating to Directors profile	Compliant	Directors Profiles	19
9.11.1-9.11.3	Nominations and Governance Committee (NGC)	Compliant	NGC Report	114
9.11.4	Composition of the Nominations and Governance Committee	Compliant	NGC Report	114
9.11.5	Function of the Nomination and Governance Committee	Compliant	NGC Report	114
9.11.6	Annual report disclosure	Compliant	NGC Report	114
9.12.1 – 9.12.5	Remuneration Committee	Compliant	Remuneration Committee Report	113
9.12.6	Composition of Remuneration Committee	Compliant	Remuneration Committee Report	113

CORPORATE GOVERNANCE

Rule No.	Applicable requirement	Compliance Status	Details	Page No.
9.12.7	Function of the Remuneration Committee	Compliant	Remuneration Committee Report	113
9.12.8	Annual report disclosure	Compliant	Remuneration Committee Report	113
9.13.1 – 9.13.2	Audit Committee and TOR	Compliant	Audit Committee Report	116
9.13.3	Audit Committee Composition	Compliant	Audit Committee Report	116
9.13.4	Audit Committee Functions	Compliant	Audit Committee Report	116
9.13.5	Disclosure in the Annual Report relating to Audit Committee	Compliant	Audit Committee Report	116
9.14. 1 and 9.14.2	Composition of the Related Party Transactions Review Committee (RPTRC)	Compliant	RPTRC Report	119
9.14.3	Functions of RPTRC	Compliant	RPTRC Report	119
9.14.4	RPTRC Meetings	Compliant	RPTRC Report	119
9.14.5	RPTRC duties and actions	Compliant	RPTRC Report	119
9.14.6	Shareholder approvals	Compliant	There were no proposed transactions which required to obtain shareholder approvals.	–
9.14.7	Immediate Disclosures	Compliant	There were no transactions which required for immediate disclosure	–
9.14.8	The Report by the Related Party Transactions Review Committee and Annual report disclosures	Compliant	RPTRC Report	119
9.14.8 (4)	An affirmative declaration by the Board of Directors	Compliant	RPTRC Report	119
9.17	Additional disclosure	Compliant	RPTRC Report	119

Content of the Annual Report as per Section 168 of the Companies Act No. 07 of 2007

Section No.	Requirement	Compliance	Page No.
168 (1) (a)	The nature of the business together with any change thereof	Complied	3
168 (1) (b)	Signed Financial Statements of the Company	Complied	139
168 (1) (c)	Auditors' Report on Financial Statements	Complied	135
168 (1) (d)	Accounting policies and any changes therein	Complied	143
168 (1) (e)	Particulars of the entries made in the Interest Register	Complied	111
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company	Complied	23
168 (1) (g)	Corporate donations made by the Company	Complied	–
168 (1) (h)	Information on Directorate of the Company at the end of the accounting period	Complied	23
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	Complied	149
168 (1) (j)	Auditors' relationship or any interest with the Company	Complied	149
168 (1) (k)	Acknowledgment of the contents of this Report and signatures on behalf of the Board	Complied	109

PERFORMANCE REVIEW

OUR STRATEGY

As Sri Lanka's leading agribusiness Company, and as the first RSPO certified plantation company in South Asia, we continued to focus on sustainable palm oil cultivation and dairy production, emphasising environmentally conscious agricultural practices.

WE FOCUSED ON SEVERAL KEY INITIATIVES IN 2024/25

Enhancing operational efficiency

Replacing block harvesting with gang harvesting increased efficiency and crop quality. This single transformation will positively impact the environment, increase economic value, which are foundational to the retention of RSPO certification and the wellbeing of the resident communities.

The Company invested in Infrastructure development to reduce carrying distance of the harvest and setting up demarcated pathways and stepping points are also planned to provide convenience to our workforce, thereby increasing their field productivity.

Oil extraction efficiency increased as automated processing reduced waste and maximised profitability as the FFBs reached the milling process within 24 hours of harvesting. The process ensured we extracted 24.6% oil from 100 kgs of palm fruits, as opposed to the previous 24.1%, and the speedy transferring of FFBs to the mill, producing better quality oil, circumventing acidity increase that results from transportation delays.

Enhanced effluent treatment capacity

Recycling both material waste and wastewater, a cutting-edge effluent disposal system was developed for full scale implementation in 2027. It is envisaged that it capacitated to significantly reduce ground water usage through purification and recycling of water. Material waste will be repurposed for energy generation, and when fully operational, the system will be a ground-breaking advancement in effluent management in the industry.

ESG and sustainability

We were privileged to gain the RSPO certification and ISO14001: 2015, 14064, 45001, 50001 certifications, that are a resounding testament to the application of sustainable practices across our plantations. While we deliver economic value, we diligently pursue environmentally sound operational practices, implement biodiversity-enhancing projects to decrease the effects of erosion, and invest in our communities to upgrade the wellbeing of our resident population. We will continue to apply these principles beyond profit objectives, to ensure a sustainable operation and a preserved planet for the future generation.

FUTURE FOCUS

We will focus on several key initiatives, as we make significant strides in expanding the oil palm operations and retain our market leadership.

Soil conservation through appropriate nutrition and fertilising in a mechanised environment will be crucial to increased productivity and quality of the oil. Usage of digitally monitored fertilising methods are planned to be implemented in the current financial year and beyond.

Primarily, we will address the harvesting process, implementing mechanisation to convert our operations from a conventional plantation to that of a mechanised plantation. Mechanisation tools will help in increasing productivity and the quality of oil, as the production line from harvesting, transporting, and milling reduced manual labour dependency, and improved yield consistency.

STAKEHOLDER ENGAGEMENT

Building strong and lasting relationships with our stakeholders is foundational to our operations, as we focus on the long term and sustainability. We nurture these valuable relationships through a well designed process to identify their evolving needs and concerns, and respond appropriately to ensure mutual benefit that will also permeate the community that we serve.

A high-level overview of the Group's stakeholder engagement activities during the year is as follows:

STAKEHOLDER ENGAGEMENT PROCESS

Stakeholder category	Why we engage	The engagement mechanism	Frequency
Shareholders	• To communicate the Company financial and operational performance. • To build trust in the Company through transparent communication.	• Statutory disclosures and the Annual Report • Quarterly financial information • Disclosures to the Colombo Stock Exchange • Annual general meeting • Accessing relevant information through the Company secretaries and approaching the Management • Quarterly investment webinar held by Sunshine Holdings	Annual Quarterly Ad-hoc
Employees and trade unions	• To continue to enhance employee value proposition • To address evolving labour market dynamics	• Joint Consultative Committees (JCC) comprising of representatives from the Management and employees from the departments. • Performance Management Policy • Grievance mechanism • Clearly communicated open door policy • Weekly labour days and monthly JCC meetings with trade unions • Quarterly town hall meetings • Winners empowerment meeting	Weekly Quarterly Monthly Ad-Hoc

STAKEHOLDER ENGAGEMENT

Our approach

The stakeholder engagement mechanism we implement identifies those most impacted by and are influential to our business. This allows us to identify, assess, and mitigate potential risks, and consolidates future interactions and collaboration, strengthening our operations and garnering long-term partnerships.

	Shareholder concerns	Our strategic value proposition	Relevant capital	Relevant SDG
	• Financial performance and returns on investment • Corporate governance and transparency • Strategic direction and long-term growth • Risk management and market positioning	• Delivering sustainable long-term value through responsible growth and innovation • Maintaining transparency and accountability in financial reporting • Strengthening investor confidence through consistent performance and governance	Financial capital	8 Decent work and economic growth 9 Industry, innovation and infrastructure 12 Responsible consumption and production

	Financial performance: Labor disputes, low morale, or high turnover can increase costs and reduce productivity.
	Reputation and ESG (Environmental, Social, Governance) Ratings: Poor labor practices can damage brand reputation and investor confidence.
	Operational continuity: Strikes or unresolved grievances can disrupt operations.
	Compliance and risk management: Ensuring adherence to labor laws and ethical standards is critical to avoid legal and regulatory penalties.
		• Your organisation's strategic value position in this context appears to be "Proactive Employee Engagement and Inclusive Governance", demonstrated by:
		• Key Initiatives:
		  • **Joint Consultative Committees (JCCs):** Promote shared decision-making and transparency.
		  • **Performance Management Policy:** Aligns employee goals with organisational objectives.
		  • **Grievance Mechanism and Open Door Policy:** Builds trust and ensures issues are addressed early.
		  • **Regular engagement forums:**
		    – Weekly Labour Days
		    – Monthly JCC Meetings
		    – Quarterly Town Halls
		    – Winners Empowerment Meetings
			Human capital	5 Gender equality
				8 Decent work and economic growth
				10 Reduced inequalities
				16 Peace, justice and strong institutions

STAKEHOLDER ENGAGEMENT

Stakeholder category	Why we engage	The engagement mechanism	Frequency
Customers B2B	To effectively address customer requirements, concerns, and pain points	• One-to-one meetings with B2B customers • Periodic customer satisfaction surveys, feedback forms, and complaint management process • Published material • Periodic awareness sessions on product usage, safety, and sustainability • Mass and social media platforms • Packaging and labelling	On Going
Suppliers	To ensure efficient and sustainable supply chain and minimise supply chain disruptions	Contract negotiations	As and when necessary
Group companies	To drive synergies and ensure policy alignment with the Group	• Schedule Board meetings • Circulation of Board papers, Board meeting minutes and other relevant information • Monthly performance review meetings • Quarterly performance review meetings • Group Finance, HR and IT meetings for overall strategic direction	
Resident communities	To attract and retain workers from the communities and achieve our corporate objectives	• Periodic community day • Engagement through CSR activities • Company approved vocational training	Periodically
Regulator	To ensure regulatory compliance	• Timely reporting, as required by the regulator • Meetings and visits, as and when required	As statutorily necessary
Certification and Accreditation Boards RSPO ISO	To align our operations and products with global best practices and standards, thereby build customer trust and satisfaction	• Certification audits and assessments • Compliance reporting and documentation • Participation in training and capacity-building programmes • Engagement through industry forums and working groups • Awards and accolades submissions	Periodically/ As required by certification cycles
Industry bodies	To strengthen the industry through collaboration and sharing of knowledge	• Participation in industry forums and associations • Joint initiatives and advocacy efforts • Policy dialogue and consultations • Benchmarking and best practice sharing • Representation in working groups and committees	

STAKEHOLDER ENGAGEMENT

	Shareholder concerns	Our strategic value proposition	Relevant capital	Relevant SDG
	• Product quality and reliability • Responsiveness to complaints • Transparency in communication • Sustainability and ethical sourcing • Ease of use and accessibility	Delivering high-quality, sustainable, and customer-centric solutions that build trust and long-term relationships	Social and Relationship Capital –Suppliers	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 17 PARTNERSHIPS FOR THE GOALS
	• Timely payments • Fair procurement practices • Long-term partnership opportunities • Ethical sourcing and sustainability expectations • Clear communication and transparency	Building resilient, ethical, and mutually beneficial supplier relationships that support long-term business continuity	Social and Relationship Capital – Customers	8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 17 PARTNERSHIPS FOR THE GOALS
	• Employment opportunities • Skills development • Community well-being • Environmental impact • Long-term partnerships	Empowering communities through inclusive development, skills enhancement, and shared value creation	Social and Relationship Capital	4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH 11 SUSTAINABLE CITIES AND COMMUNITIES
	• Compliance with laws and regulations • Transparency and accountability • Timely and accurate reporting • Ethical business conduct	Upholding the highest standards of compliance, transparency, and ethical governance to build trust and ensure long-term sustainability	Social and Relationship Capital	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
	• Adherence to certification standards • Continuous improvement and innovation • Transparent reporting • Ethical and sustainable practices	Demonstrating commitment to excellence, sustainability, and global standards to enhance brand credibility and stakeholder confidence		9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 17 PARTNERSHIPS FOR THE GOALS
	• Industry-wide policy and regulatory alignment • Innovation and competitiveness • Sustainable industry practices • Collective problem-solving	Driving industry-wide progress through collaboration, innovation, and shared responsibility	Social and Relationship Capital Industry Bodies	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 17 PARTNERSHIPS FOR THE GOALS

MATERIALITY AND MATERIAL TOPICS

GRI 3-1,3-2

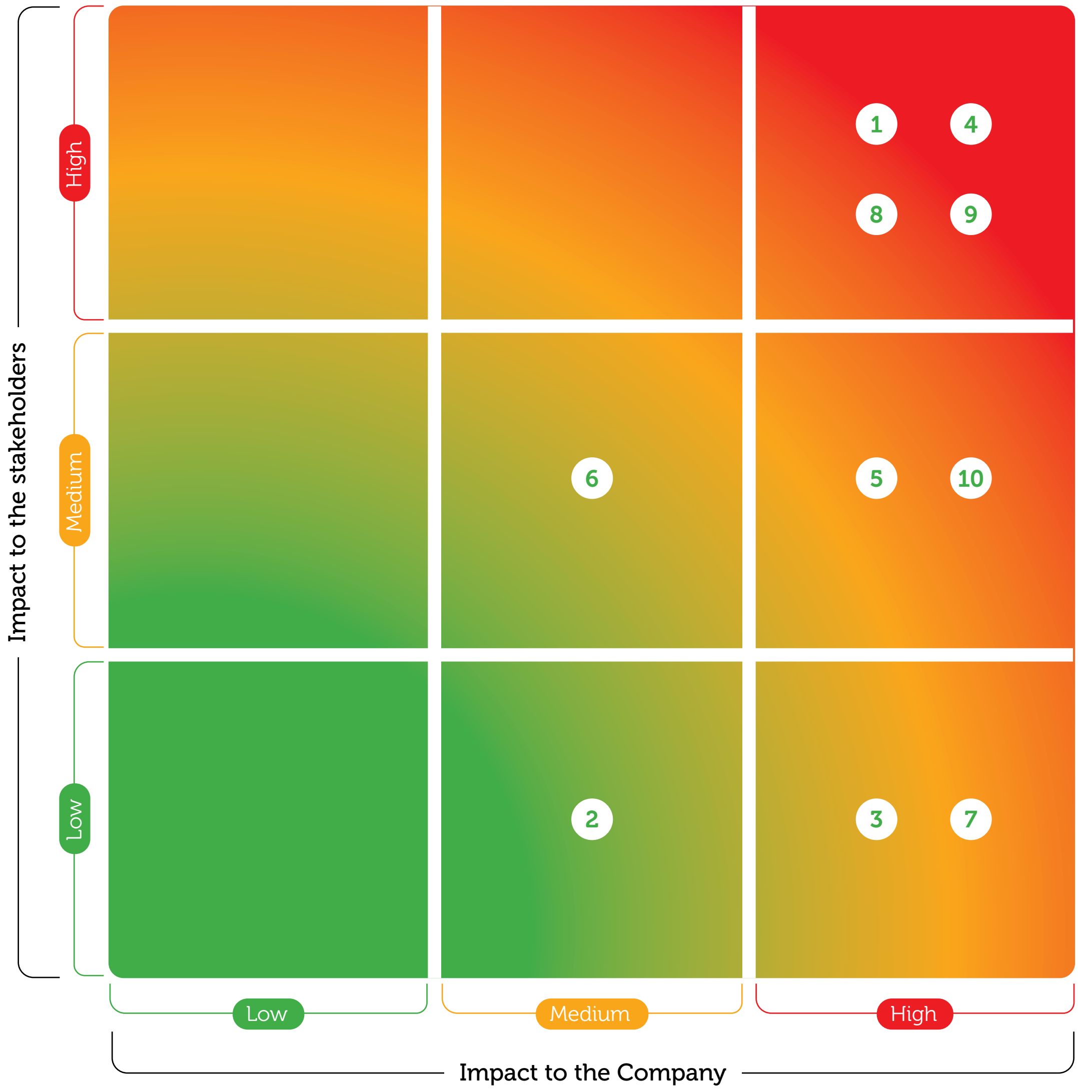
We identify material topics as those that the most significant impact on the business, the economy, the environment, and the communities, in the short, medium and the long term. Collaborating with our stakeholders, we carry out a systematic and in-depth study to identify, assess, prioritise the issues which are then submitted for management review and approval. Our strategy is based on the material issues we identify, which are then managed through a robust risk management and impact monitoring.

MATERIALITY AND IMPACT ASSESSMENT PROCESS

Identification of issues	A comprehensive list of issues are developed based on our commitment to the UN SDGs, sustainability and ethical accreditation criteria, business activities and feedback from the stakeholders.
Identifying stakeholder groups impacted by the issues	Based on the impact assessment, we identified the stakeholders who will mostly be impacted by the material topics.
Assessment of issues	An internal analysis is carried out to assess potential and realistic impacts, both positive and negative on human rights, the stakeholders, and the environment.
Prioritisation of issues	Most impactful topics for disclosure are prioritised and selected.
Management review	Prioritised topics are approved by the senior management team including the Acting CEO and the Sector Financial Controller.

	Material topic	Relevant GRI	For further information	Impact to the Company	Impact to stakeholders
1	Economic performance	GRI 201	Financial Capital	H	H
2	Materials	GRI 301	Natural Capital	M	L
3	Energy	GRI 302	Natural Capital	H	L
4	Water and effluents	GRI 303	Natural Capital	H	H
5	Biodiversity	GRI 304	Natural Capital and Sustainability	H	M
6	Emissions	GRI 305	Natural Capital	M	M
7	Waste	GRI 306	Natural Capital	H	L
8	Employment	GRI 401	Human Capital	H	H
9	Occupational health and safety	GRI 403	Human Capital	H	H
10	Training and education	GRI 404	Human Capital	H	M

MATERIALITY AND MATERIAL TOPICS



OUR COMMITMENT TO SUSTAINABILITY

Adopting a multi-faceted approach, we implement a comprehensive sustainability strategy as the foundation for economic, environmental, and social sustainability within the properties we operate and the resident communities thereon.

Our approach

A strong policy commitment combined with seamless alignment of the UN SDGs help us tackle critical challenges in a focused and diligent manner through a variety of initiatives implemented across our operations. Thirty-three years of expertise converge with cutting-edge technology and digitisation to create a sustainable and equitable future for our company and our diverse segment of stakeholders.

Aligning internal processes and practices to global standards

Ongoing Training of management and employees

Partnerships with external organisations to drive sustainability goals

Annual Sustainability audits

Mechanisms for seeking advice and raising concerns on sustainability issues

GRI 2-6

Robust engagement mechanisms including our grievance mechanism, whistle blower mechanism and conflict resolution mechanism together with a multitude of engagement channels including public consultations, OSHA committee meetings, labour days and JCC's enable stakeholders to raise concerns on any sustainability related issue. Ongoing engagement with accreditation agencies including RSPO facilitate opportunities to seek advice on sustainability related topics.

Processes to remediate negative impacts

GRI 3-3

Monitoring our impacts on an ongoing basis enable us to identify and proactively address negative impacts from our operation. Annual sustainability audits by accreditation agencies monitor impacts on an annual basis. Meanwhile social and environmental assessments are conducted prior to embarking on any significant project to ensure adequate measures are taken to mitigate or minimise any potential negative impacts.

OUR COMMITMENT TO SUSTAINABILITY

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

Ensuring employee wellbeing

- 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.

Community integration

- We prioritise 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.

Responsible consumption of resources

- 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 and carnal crushing plant making it the only palm oil company to obtain RSPO certification for its entire palm oil supply chain.

Climate action

- A robust environmental policy ensures that we monitor our carbon footprint and proactively take action to minimise our emissions. We use the latest RSPO Palm GHG calculator and GHG Protocol accounting standard to map our Green House Gas emissions.

Strong governance

- Our robust governance mechanisms are aimed at ensuring accountability across all levels of our organisation.

Strong partnerships

- 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.

OUR COMMITMENT TO SUSTAINABILITY

GOVERNANCE

The sustainability governance at the Company is structured around five key pillars creating synergistic interaction to maximise the effectiveness of the sustainability system. Resilience, efficiency, and long-term environmental and social responsibility are ensured, through this integrated method of sustainability governance.

Policy framework	Sustainable standard operating procedures	Sustainable management plans	Sustainable working instructions	Guidance for sustainable operations
• Sustainable agriculture policy • Zero burning policy • Occupational health and safety policy • Equal and fair policy • Reproductive & sexual rights policy • Environmental policy • Energy management policy	• Assessing the needs of new mothers • Boundary demarcation and maintenance • Chemical purchasing • Compliance monitoring and evaluation • Conflict resolution over land • Consultation and communication • Emergency preparedness • Erosion mitigation at steep terrain • First aid • Grievance handling • Handling sexual harassment • Integrated pest management • Medical surveillance conductance • Occupational health and safety • Committee meeting • Planting on steep land • Replanting • Riparian zone management • Smallholder • Social impact assessment • Storing • Waste management	• Chemical reduction plan • Environment conservation plan • Water management plan • Social impact assessment management plan • High conservation management plan • Remedial action plan • Road management plan • Soil conservation plan • Waste management plan • Energy management plan • Integrated pest management plan • Stores management plan • Continuous improvement plan	• Set of Instructions for sustainable oil palm operations	• First aid • Personnel protective equipment • Stores management • Waste management • Medical surveillance • Environment • Occupational health and safety consultation

This is underpinned by RSPO principles, as Asia's first and only RSPO certified Company.

MANAGING A SUSTAINABLE AGRICULTURAL OPERATION

Managing a sustainable agricultural operation at Watawala Plantations PLC involves a holistic approach that integrates environmental conservation, social responsibility, and economic resilience. We implement best practices in land management to prevent degradation, maintain soil fertility, and ensure long-term productivity. Water resources are used efficiently and responsibly, while waste is minimised through recycling and responsible disposal methods. Biodiversity is preserved by protecting natural habitats and promoting ecological balance within our estates. We prioritise the health and safety of our workforce, and engage closely with surrounding communities to support their development and wellbeing. Compliance with international standards such as RSPO ensures our operations meet rigorous sustainability criteria. By continuously monitoring our environmental performance and adopting innovative agricultural techniques, we strive to produce responsibly while safeguarding the natural resources that our business depends on.

COMMITMENT TO TRANSPARENCY

We are deeply committed to transparency in all aspects of our operations. We believe that open and honest communication with our stakeholders is essential for building trust and ensuring accountability. We provide regular updates on our sustainability performance, financial results, and compliance with environmental and social standards. Our commitment to transparency extends to our supply chain, where we ensure traceability and uphold ethical practices in sourcing materials. We actively engage with local communities, stakeholders, and regulatory bodies to address concerns and share information. Through transparent reporting, we aim to foster a culture of integrity and continuous improvement. By adhering to global standards and best practices, we reinforce our dedication to ethical and responsible business conduct.

RISK IDENTIFICATION AND COMPLIANCE

We prioritise proactive risk identification in both environmental and occupational safety and health (OSH) domains to ensure the wellbeing of our employees and the surrounding ecosystem. We conduct regular environmental impact assessments to identify potential risks such as deforestation, water contamination, and loss of biodiversity, implementing mitigation measures where necessary. In terms of OSH, we rigorously assess workplace hazards related to machinery, chemicals, and manual handling to safeguard our workforce. We ensure compliance with national and international safety standards, including ISO 45001, and continuously monitor the health and safety performance across all operations. Our risk identification process involves engaging employees at all levels, encouraging reporting of potential hazards and near-misses. By continuously identifying and managing these risks, we aim to maintain a safe working environment and minimise our environmental footprint, aligning with global sustainability goals and regulatory requirements.

COMMITMENT TO LONG TERM ECONOMIC AND FINANCIAL SUSTAINABILITY

We are firmly committed to ensuring long-term economic and financial sustainability through responsible and strategic business practices. Focusing on enhancing operational efficiency, optimising resource utilisation, and maintaining cost-effective production we ensure steady growth and profitability. Diversification of income streams, value addition, and continuous investment in technology and infrastructure strengthen our resilience against market fluctuations. We maintain strong financial governance and risk management frameworks to safeguard stakeholder interests and support informed decision-making. By fostering partnerships with smallholders and supporting inclusive growth, we contribute to rural economic development. Our long-term planning aligns with sustainability goals, ensuring that economic progress goes hand-in-hand with environmental stewardship and social responsibility. This integrated approach allows us to create enduring value for shareholders, employees, and communities while securing the future of our business.

PRESERVATION OF THE NATURAL RESOURCE

At Watawala Plantations PLC, the preservation of natural resources and areas with high conservation value (HCV) is a key component of our sustainability strategy. We are committed to protecting ecosystems that are critical for biodiversity, water regulation, and climate stability. Through regular environmental assessments, we identify and map HCV areas within and around our operations, ensuring that they are managed with care and kept free from harmful activities. Our conservation efforts include the protection of riparian buffers, forest patches, and habitats vital to native flora and fauna. We engage with environmental experts and local communities to enhance our understanding and management of these sensitive areas. Reforestation, soil conservation, and responsible water use are actively promoted to maintain the ecological integrity of our landscapes. By safeguarding natural resources and HCV areas, we contribute to the long-term sustainability of both our business and the broader environment.

Certification preservation – An Affirmation of our commitment

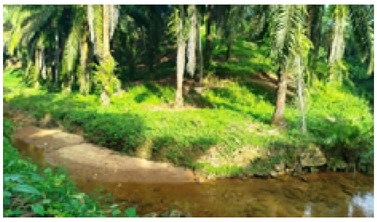
Achieving RSPO and ISO certifications in 2020 is not only a value addition to our Company but their preservation is an affirmation of our continued commitment to upholding international sustainability standards in our operations. Impacting the triple bottom line i.e. people, planet and prosperity, we practice the many principles the certifications mandatorily require for their preservation.

OUR COMMITMENT TO SUSTAINABILITY

Sustainability Initiatives in 2024/25

Initiative	Description
Zero burning in waste disposal and land preparation 	Open burning of agricultural waste is a major contributor to greenhouse gas emissions, exacerbating climate change and air pollution. We are dedicated to combating these issues by adopting zero burning practices. By incorporating agricultural residues back into the soil rather than burning them, we enhance soil organic matter and fertility. This commitment not only helps minimise greenhouse gas emissions but also fosters healthier communities and ecosystems. Avoiding open burning prevents the release of particulate matter and other harmful pollutants that degrade air quality and pose health risks to both humans and animals. Additionally, it preserves vital habitats for diverse organisms, promoting biodiversity that is essential for resilient ecosystems capable of adapting to climate change. Our zero burning initiative is part of a broader approach to sustainable agriculture, which includes practices such as crop rotation, cover cropping, and reduced tillage. These methods not only mitigate emissions but also strengthen the resilience and sustainability of agricultural systems. Join us in our commitment to a greener, healthier planet. A certain amount of the segregated waste is handed over to a licenced third party for disposal.
GHG Emission Reduction 	We have implemented GHG accounting strategies to assess the net greenhouse gas emissions from our agricultural operations. This allows us to identify significant sources of GHG emissions and take targeted actions to reduce them. Achieved ISO 14064-1 Certificate for all management units. We took several initiatives to minimise our carbon footprint, including: Adopting a circular economy: By reusing waste and optimising resource use, we reduce emissions and promote sustainability. Waste reuse: We implement strategies to repurpose agricultural waste, turning potential pollutants into valuable resources. Energy reuse: Our energy reuse strategies focus on maximising efficiency and reducing reliance on non-renewable energy sources. Through these efforts, we are committed to creating a more sustainable and environmentally friendly agricultural system. Creating GHG sinks through forest conservation: We have conserved forest vegetation within our plantations to create greenhouse gas (GHG) sinks, effectively minimising our net GHG emissions. By preserving these natural areas, we enhance carbon sequestration, capturing Co_2 from the atmosphere and storing it in the forest biomass.
Fair dealings and transparency with smallholders and other local businesses 	Our mission is to empower smallholders by sharing expert knowledge on oil palm best practices, fostering business growth and sustainability. Fair prices are paid through mutual agreements, ensuring transparent transactions. Policies, plans, and production details are made publicly accessible to maintain transparency with stakeholders. Stakeholder engagement is prioritised through consultations, incorporating their suggestions to enhance our ethical business practices. Additionally, equal opportunities are provided to local service providers to meet rising demands and requirements.

OUR COMMITMENT TO SUSTAINABILITY

Initiative	Description
Contribution to local sustainable development 	Supporting the community through cooperative societies and various empowerment programmes enhances livelihoods and boosts income generation. Water sources within the plantations are preserved and utilised by the surrounding community, ensuring the security and availability of drinking water without disturbances. Vegetation around water sources is maintained, and high conservation value forests are protected. An environmental stewardship culture is promoted throughout the organisation to safeguard the lives of rare, threatened, and endemic species. Moreover, nutrient availability for the community is enhanced through the development of aquaculture tanks within the plantation. Natural resources are secured for future generations.
Occupational Health and Safety 	Numerous programs have been implemented throughout operations to create a safe working environment for employees. The top priority is the health and safety of all personnel. Protective equipment is provided to employees at all levels, tailored to their specific risk types. Hazards and risks are assessed regularly through risk assessments and evaluations of accidents and incidents. Fire safety, first aid, and Occupational Health and Safety training and awareness sessions are conducted annually to enhance the health and safety culture across the organisation. Operational risks are minimised by implementing safe working instructions and best agricultural practices, reducing exposure to risks.
Riparian Zone Management 	Riparian zones play a crucial role in reducing soil erosion and acting as natural filters for pollutants, while also providing habitats and corridors for wildlife. To conserve these vital areas, we establish buffers along rivers, streams, and rills. By planting native species such as Kumbuk and Bamboo, we help retain soil structure and water along the edges of these waterways. Enhancing biodiversity through these buffer zones is a practical and effective approach to maintaining healthy riparian ecosystems
Research 	Research on environmental impacts is initiated by establishing bio indicators to compare species richness and diversity within ecosystems. Baseline data on species diversity drives measures for the enrichment and conservation of natural assets. The latest research assessed species diversity in oil palm cultivation and non-oil palm areas to determine diversity and establish baseline data for further impact assessments using bio indicators. Additionally, a Greenhouse Gas (GHG) emission assessment was conducted to obtain activity-wise emission data, identify emission shares from each source, and set reduction targets aligned with sustainability goals. Evaluations of sustainable energy utilisation and feasibility studies on current sustainable energy trends are also performed to adopt better practices for the future.
Training 	We ensure all our employees are competent enough to perform their task with minimising the impact on health and safety and the environment. We provide continuous awareness programs to keep employees well trained. Individual training need evaluations are taken to measure the key development areas and their effectiveness on the awareness provided.

We remain committed to implementing sustainability practices into our operations and as we move forward we will continue to embrace sustainability as not just a responsibility but a defining principle, fostering a greener, more resilient future for generations to come.

RISK MANAGEMENT

INTRODUCTION

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

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

GLOBAL ECONOMIC ENVIRONMENT

The global economy demonstrated notable resilience throughout the financial year 2024-2025, navigating persistent challenges stemming from geopolitical tensions and monetary policy tightening. According to the IMF World Economic Outlook (April 2025),global growth reached 3.3% in 2024, reflecting a modest deceleration from the previous year. Advanced economies experienced a sharper slowdown, with growth easing to 1.6%, influenced by restrictive financial conditions and uneven recovery across regions. In contrast, emerging markets and developing economies maintained relatively stronger momentum, growing at 4.3%, though headwinds such as China's property sector instability continued to weigh on performance. These dynamics underscore the widening disparities in recovery trajectories and the need for adaptive policy frameworks to sustain inclusive growth.

SRI LANKAN ECONOMY

Sri Lanka's economy continued its path toward stabilisation during the financial year 2024-2025, supported by ongoing structural reforms and international financial assistance. GDP growth is projected at 3.9% in 2025, reflecting a gradual recovery from previous contractions. Inflation has moderated significantly, with forecasts placing it at 3.1%, indicating improved price stability. The government's commitment to fiscal discipline, debt restructuring, and enhanced foreign exchange liquidity bolstered by support from the IMF, ADB, and World Bank has contributed to a more favorable macroeconomic environment. Despite persistent debt vulnerabilities, the outlook remains cautiously optimistic as reforms take hold and investor confidence begins to return.

SRI LANKAN ECONOMY AND PALM OIL INDUSTRY

In the financial year 2024-2025, Sri Lanka's economy continued its gradual recovery, building on the stabilisation efforts initiated in the previous year. GDP growth showed modest improvement, supported by declining inflation, improved foreign exchange liquidity, and enhanced investor confidence following progress in debt restructuring and fiscal reforms. Amid this broader economic context, the palm oil industry remained a strategically significant yet complex sector. Despite earlier policy decisions to phase out oil palm cultivation due to environmental concerns, the government adopted a more regulated licensing framework, not allowing expansion.

The palm oil sector contributed meaningfully to import substitution, saving approximately USD 17 Mn. in foreign exchange annually and fulfilling around 6% of the country's edible oil demand. It also supported rural employment and attracted capital investment, particularly in the wet zone low country regions, which are agro-climatically suitable for oil palm cultivation. However, the industry continued to face challenges, including below-average productivity compared to global standards.

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

RISK MANAGEMENT OVERSIGHT

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

RISK MANAGEMENT

OUR APPROACH TO RISK IN 2024/25

The risk landscape for Watawala Plantations PLC has evolved significantly as Sri Lanka's economic conditions show signs of stabilisation. Several risks have abated with the improvements in price levels, declining interest rates, and restored foreign exchange liquidity. However, some risks remain elevated due to broader market and industry dynamics. While the plantation sector has seen some stability, the flooding of cheap imports and global competition continues to challenge the local industry.

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

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

Macroeconomic risk environment	
Global economic outlook	The global output is expected to grow by 3.2% in 2024 and 2025, with world trade also expected to increase by 3%. This positive outlook provides opportunities for growth in exports and could support the Company's international expansion goals.
Sri Lanka economic outlook	Sri Lanka's GDP growth showed positive results in this financial year, and it is projected to grow. With the completion of domestic debt optimisation and a current account surplus, there is optimism in the economic environment. However, challenges remain with foreign debt restructuring and inflationary pressures, which may influence operational costs and consumer demand.
Sectoral risk environment	
Agricultural and plantation industry risks	While the plantation sector remains an essential contributor to the economy, it faces challenges in terms of productivity, cost control, and competition from international markets. Climate change, volatile weather patterns, and shifts in consumer demand also present operational risks to the sector.
Energy costs	The rapid increase in energy costs has been a significant concern for plantation operations. Sri Lanka saw a steep rise in energy costs over the past two years, and while oil prices are expected to decline globally in 2024, the country's energy situation remains a critical cost consideration. The Company is focusing on energy management, optimising energy usage, and exploring renewable energy options to mitigate the impact of rising costs.
Talent pipelines and workforce management	The migration of skilled labour due to domestic economic factors created a talent shortage. High inflation, wage pressure, and an unpredictable labour market continue to challenge the recruitment and retention of skilled personnel. Addressing talent management and enhancing employee value propositions are key priorities for the Company.
Resource depletion	The depletion of key resources such as soil quality, water, and plant health is a significant concern for the agricultural sector. However, Watawala Plantations PLC has implemented sustainable farming practices and invested in resource conservation to ensure long-term production. Innovative farming techniques and the development of resilient crop varieties are helping mitigate these risks.
Technological advancements	The Company has made significant investments in technology, especially in precision agriculture and farm management systems. These innovations are reducing operational inefficiencies and minimising risks related to technological obsolescence. However, the sector continues to face challenges in integrating technology across the entire supply chain, which requires continuous investments.
Environmental and climate risks	Climate change and environmental risks such as extreme weather events (flooding, drought) present significant challenges for plantation management. The Company is focused on improving its sustainability practices to adapt to changing environmental conditions and mitigate any adverse effects on production.

RISK MANAGEMENT

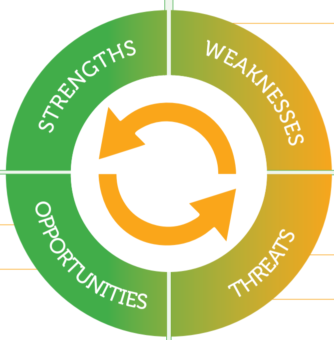
Financial risk environment	
Market risk	Fluctuations in global commodity prices, as well as local economic conditions, can impact revenue and profitability. The Company must remain agile to respond to market changes and consumer demand fluctuations.
Interest rate and exchange rate risk	The fluctuations in interest rates and the exchange rate remain a potential risk for the Company, especially considering the high import dependency for operational requirements and the impact of interest rate changes on financing costs.
Credit risk	Potential defaults from key customers or suppliers may expose the company to financial risk. Robust credit management policies are essential in minimising this risk.
Liquidity risk	Given the volatile nature of the market, maintaining adequate liquidity and a strong balance sheet is crucial. The Company focuses on managing working capital efficiently to avoid cash flow disruptions.
Operational risk environment	
Health and safety	As a highly visible brand in the agricultural sector, ensuring the health and safety of employees is a key priority. This includes addressing risks related to workplace accidents, hazardous conditions, and ensuring compliance with local safety regulations.
Compliance	Adherence to regulatory frameworks and compliance with environmental laws is critical. Any lapses in compliance could result in fines, sanctions, or reputational damage. The Company continuously monitors and adapts to changing regulations.
Quality and fraud risk	Ensuring the highest product quality standards is essential to maintaining the Company's reputation. Additionally, fraud and error risks are mitigated through strict internal controls and audits.
Supply chain and logistics risk	The Company's supply chain may face disruptions from both internal and external sources, including transportation challenges, natural disasters, and supplier issues. Investment in reliable logistics partners and diversified supply sources helps mitigate these risks.
Strategic risk	
Government ban on oil palm	Watawala Plantations PLC has had to adjust its business strategy, focusing on alternative crops and sustainable practices to mitigate risks associated with the Government's stance on palm oil.
Social pressure against oil palm expansion	Primarily stemming from environmental concerns, community opposition, and regulatory uncertainty.
Volatility of global palm oil prices	Global palm oil prices have a direct impact on the Company's financial performance, profitability, strategic decision, and the Company's ability to contribute towards sustainable initiatives both, community-wise, and nationally.
Special Commodity Levi (SCL) changes	Creates cost implications and market competitiveness.
Drop in local palm oil demand and price	Impacts the Company's profitability and force adaptation and diversification.
Natural disasters, fire, labour sabotage	Interrupts production that impacts all areas of business and stakeholders.
Regulatory and compliance risk	The Company ensure compliance with all relevant laws and regulations.

RISK MANAGEMENT

RISK ANALYSIS PROCESS

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

SWOT analysis



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

Weaknesses
- Aging crop profile
- Employee resistance to change and unionised labour
- Environment and social issues due to proximity to villages

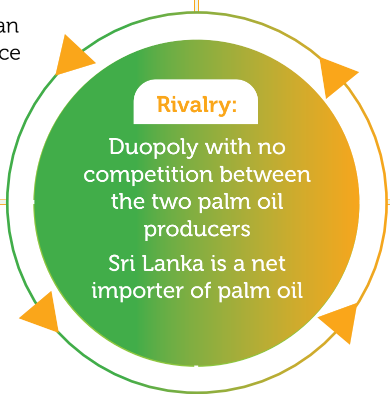
Opportunities
- Use of automation and mechanisation
- Improvement of quality of palm oil produced
- Improving access to the planted oil palm extent and improving harvesting

Threats
- Government policy inconsistency and enforcement of oil palm up-rooting
- Negative sentiment towards oil palm
- Reduction/removal of palm oil special commodity levy

Porter's 5-force analysis

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

Supplier power
- Dependence on few fertiliser importers and price taking



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

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

RISK MANAGEMENT PROCESS

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

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

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

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

RISK MANAGEMENT

RISK REVIEW 2024/25

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

Macroeconomic risk environment/ strategic risk

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

Interest rate and exchange rate risk

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

Quality and fraud risk

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

Credit risk

- **Market risk:** Market risk for Watawala Plantations PLC involves exposure to changes in market prices, interest rates, and exchange rates, especially with fluctuations in global commodity prices and Sri Lanka's economic conditions. The company works closely with financial experts to manage these risks.
- **Interest rate risk:** In 2023, interest rates declined significantly due to monetary policy adjustments by the Central Bank of Sri Lanka, which created an opportunity for cost reduction. However, the company continues to monitor the impact of global interest rate movements on its operations, particularly with the possibility of future rate increases globally.
- **Exchange rate risk:** The Company faces exchange rate risk, particularly related to imports of raw materials and equipment. With the Sri Lankan rupee experiencing both devaluation and appreciation, the company has worked to mitigate this risk through hedging strategies and focusing on reducing dependency on imported materials when possible.

Compliance

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

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

For further information on Financial Risk Management, please refer to Note 39 on our Financial Statements at page 196.

RISK MANAGEMENT

OUR PRINCIPLE RISK

Serial Number	Category of risk	Related risk	Risk description	Implication/consequences
1.	Strategic	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.
2.	Strategic	Government ban on oil palm	• Inability to replant oil palm due to Government ban on oil palm replanting	• Aging oil palm crop and delays in replanting • Drop in yield due to difficulties in harvesting older tall palms
3.	Operational	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
4.	Operational	Information Systems risk	• Erroneous entries from the newly implemented SAP ERP system and Itechro system, and its integration.	• System errors resulting in inaccurate information • Risks associated with data security • Software downtime
5.	Financial	High cost of fertiliser	• Lagging reduction in cost of fertiliser despite drop in global fertiliser price and appreciation of the Sri Lankan Rupee	• Higher cost of production • Less yield if less fertiliser is applied
6	Strategic	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

RISK MANAGEMENT

Risk control measure/mitigation action	Effectiveness of the mitigation	Impact/ Severity	Occurrence/ Likelihood	Score	Priority (as per risk grid)
• Continuous monitoring of global CPO 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	H
• 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	H
• Engagement with mill employees • Conducting awareness of labour laws to mill workers	M	4	2	8	M
• 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 • Replaced devices at end user level. • Shifted data to AZURE Cloud and implemented AZURE AD and Defender for data security.	M	4	2	8	M
• Blend of palm oil mill organic waste and inorganic fertiliser to maintain soil condition and maximise benefit of fertiliser applied. • Soil mapping, site specific fertilising, following advice of international agri consultants, improving the leaf area index.	L	3	2	6	M
• 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	M

RISK MANAGEMENT

Serial Number	Category of risk	Related risk	Risk description	Implication/consequences
7	Financial	Investment risk	• Breakdown of mill operations. • Failure of investments/ inability to achieve investment objectives, reduction in future profitability and sustainability of the Company.	• Risk of losing crop due to mill breakdowns • Risk of not maximising return on investment, making less than optimal decisions • Financial losses
8	Operational	Technological risk	• 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.	• Risk of using outdated and inefficient systems by not keeping pace with the current technological developments. • Escalating price of spare parts, delays in delivery, difficulty in procuring exact requirement of older machinery and equipment
9	Strategic	Special Commodity Levi (SCL) changes	• Price volatility due to a change in the import duty on crude palm oil.	• Revenue & PAT shortfalls against budgets
10	Financial	Foreign currency risk & inflation risk	• The risk that arises from changes in real value of domestic currency due to depreciation of the Rupee and due to inflation • Significant increase in price of fuel, energy, and other raw materials	• Failing to minimise risk associated with fluctuation in foreign currency rates in relation to proceeds, import payments • High cost of equipment, machinery, spares, and energy • Rapid cost escalations in all business components
11	Operational	Estate labour related disputes	• Lack of adaption to management initiatives for productivity improvement	• Disruptions to smooth functioning of the estate • Crop and revenue loss
12	Strategic	Drop in domestic palm oil demand resulting in a drop in palm oil price	• Drop in local crude palm oil demand due to lower demand from end customers resulting from economic slowdown. • Buyers setting the price below the global palm oil price-based formula due to lower demand.	• Buyer demanding stringent quality standards • Stock build up • Drop in revenue and profit

RISK MANAGEMENT

Risk control measure/mitigation action	Effectiveness of the mitigation	Impact/ Severity	Occurrence/ Likelihood	Score	Priority (as per risk grid)
• 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 timelines • Engaging dedicated consultants for the mill projects – mill ramp expansion project and effluent management project	M	3	2	6	M
• Continuous investments in new machinery and trials on new harvesting methods • Exploring mechanisation of estate functions • Proactive requirement planning	M	3	2	6	M
• Entering into forward agreements with buyers	L	5	1	5	M
• Purchasing time of assets are pre-arranged to minimise inflation and currency risk • Ensure effective utilisation by coordinating with treasury operations • Established a cost mitigation plan, and tracking its achievement • Relooked and continuing to evaluate operations to increase efficiency	M	2	2	4	M
• Proactive engagement with estate employees • Conducting awareness of productivity improvements	M	4	2	8	M
• Customer diversification • Obtaining market insights on demand for refined palm oil and customers' demand for better price negotiation • Increasing product quality	L	4	1	4	L

RISK MANAGEMENT

Serial Number	Category of risk	Related risk	Risk description	Implication/consequences
13	**Operational**	Human capital risk Labour related risks and social issues	• Increase in skilled and non-skilled migration. • Unrest amongst workers, pilferage, demand for higher pay due to increase in cost of living. • Unionised labour, strikes, reluctance to change, shortage of skills, low labour productivity. • Aging population of estate associates.	• Loss of efficiency and productivity, inability to execute diversification and long-term business plans • Disruptions to daily operations and loss of revenue • Labour unrest • Tendency for increased theft • Crop losses, delays in transport to mill • Lack of young generation interest in joining the workforce
14	**Strategic**	Natural disasters, fire, climate change	• Loss of revenue, assets and losses due to floods, lightning and fire due to natural disaster. • Excessive rain and droughts reducing crop. • Heavy rainfall impacting weevil population and crop pollination.	• Damage to assets, business disruptions • Financial losses • Lower crops leading to lower revenue and profit
15	**Compliance**	Compliance with applicable legislation and internal policies	• The Company is subject to regulations, and litigation risk will lead to loss of reputation as well as legal costs.	• Eliminate the non-compliance and reduce the inability to understand the legislative and statutory requirements.
16	**Operational**	Environmental impact due to operations	• Environmental impact due to factory/mill operations such as pollution due to waste-water (effluents).	• Loss of business reputation, social pressure against operations, possible lawsuit for breach of environmental laws.
17	**Financial**	Interest rate risk	• High cost of borrowing and change in value of investment due to a change in the absolute level of interest rates (AWPLR).	• High cost of borrowing • Impairment of investments • Failing to optimally utilise concessionary funding available to Plantation Companies

RISK MANAGEMENT

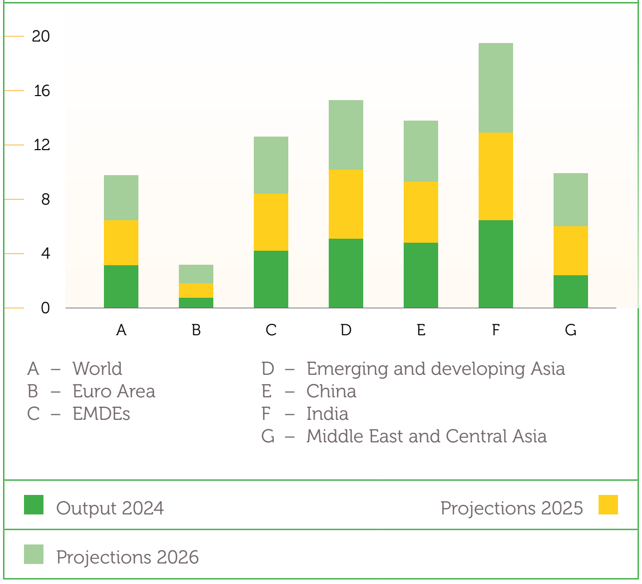
Risk control measure/mitigation action	Effectiveness of the mitigation	Impact/ Severity	Occurrence/ Likelihood	Score	Priority (as per risk grid)
• Develop talent pipeline, develop performance related plans for existing cadre, relook at compensation and benefit structure, explore fast track programs, and development of career path guidelines. • Training and development, incentive schemes to achieve targets, encourage use of grievance handling procedures, engagement with unions, consultative committees. • Proactive discussions with estate and mill associates. • Maintaining employee morale and motivation by outreach initiatives. • Minimising opportunities for theft. • Provide PPE for workers safety. • Command and control centre to monitor operations, CCTV coverage to prevent theft. • Verifications to ensure no fraudulent payments are made.	M	3	1	3	L
• Adequate insurance covers, regular assessment of exposures by insurance agents, precautions against risks, valuation of motor vehicle to meet current market condition. • Follow sustainable agricultural practices including RSPO recommendations to reduce stress on palms. Conservation of environment and water resources. • Forecasting weather patterns and future crop reduction due to low rainfall.	H	3	1	3	L
• Periodically review and monitor compliance status of statutory and other requirements. Seek expert consultancy where necessary. • Monitor legal requirements about tax regularly. • Maintain strong compliance procedures ensuring accurate and complete tax returns.	M	3	1	3	L
• Treatment of effluents, maintaining facultative ponds, following RSPO guidelines, proper planning, monitoring by sustainability team. • Implementation of a biogas effluent treatment system whilst also generating electricity by methane capture to manage palm oil mill effluent.	H	3	1	3	L
• Maintain an optimal balance between debt and equity – currently no debt. • Negotiation with financial institutions for subsidised fixed debt servicing arrangements. • Short term assets to be financed with short-term finance arrangements and long-term assets to be financed with the long-term arrangements. • Maintain efficient treasury management.	M	1	3	3	L

OPERATING ENVIRONMENT

GLOBAL ECONOMY

The global economy, grew by a 3.1% by the end of 2024, slightly lower than in 2023 and is expected to accelerate to 3.2% in 2025. Inflation is forecasted to be cooling off, unless impacted by tariff and trade wars. Geopolitical risks, global trade protectionism, US-China competition, regional wars, escalating cyber-attacks, technology decoupling between US and China significantly accelerating in scale and scope, emerging markets political crisis, and European region fragmentation could, however, are risk factors if unchecked, could contribute negatively to the global economy in the ensuing years.

World Economy – Growth and Projections %

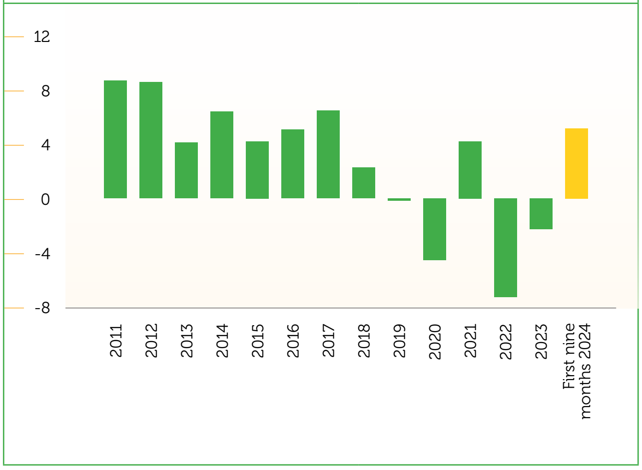


Post the pandemic, issues such as rising energy, food prices, and consumer insecurity culminated in a new global recession, the global inflation is estimated to have reached 5.76%, the highest annual increase in inflation since 1996.

SRI LANKA ECONOMY

Faster-than-expected macroeconomic stability ensured a 5% growth in 2024 led by the industry sector, after two consecutive years of degrowth. The country continued to implement structural reforms, raising its potential for growth in the medium and the long-term. Driven by the agriculture section 8.3%, industrial output surging by 25.5%, and service expansion of 57.5%, the economy significantly rebound from the historically the hardest economic debacle it experienced a few years ago.

Annual Real GDP Growth %

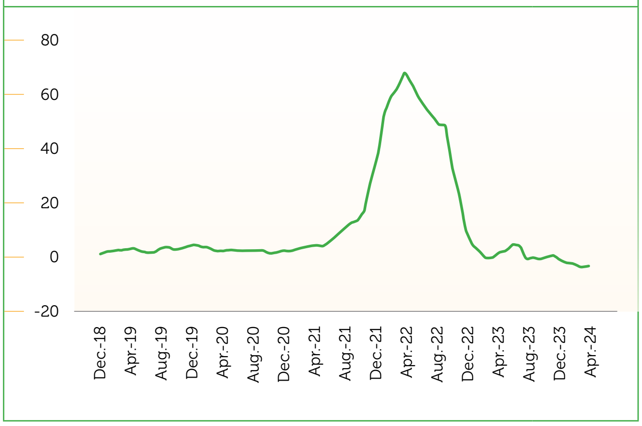


Source: CBSL Chart Pack December 2024

By the end of the year, deflation held steady at-4.0% reflecting a period of economic stabilisation. The current account remained a surplus bolstered by a steady inward remittance flow and tourism earnings while import restrictions on vehicles imports, remained.

Headline inflation – December 2024

CCPI based Y-o-Y Headline Inflation %



Source: CBSL Chart Pack 2024

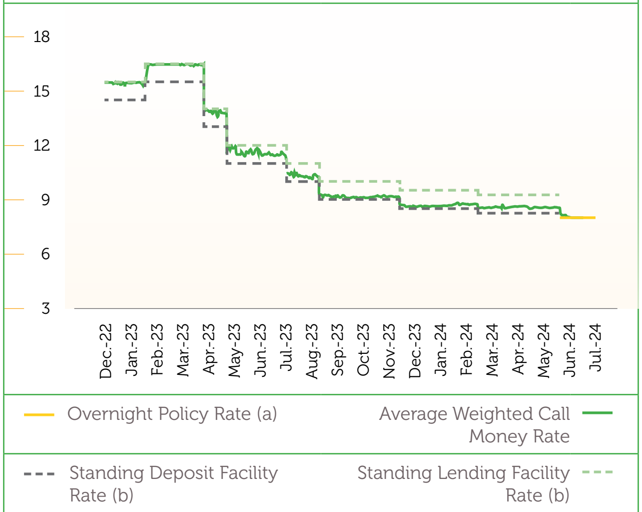
Market interest rates

The market interest rates were influenced by the Central Bank's monetary policies, underpinned by fostering economic recovery and stabilising the inflation. The regulator introduced a benchmark Overnight Policy Rate (OPR) of 8% in the fourth quarter of 2024, which remains as at March 2025 to manage inflation and support growth. The Standing Lending Facility Rate and the Standing Deposit

OPERATING ENVIRONMENT

Facility Rate were held at 8.50% and 7.50% respectively. These measures were a part of broader strategy to ensure price stability and encourage private sector credit growth.

Policy Interest Rate and AWCMR %



Source: CBSL Chart Pack 2024

Agricultural sector

Agriculture remains the most significant sector in Sri Lanka's economic development as an indicator for rural livelihoods, food security and export revenues. It is also the largest sector in the country employing a substantial portion of the population and contributing to national GDP, led by paddy, tea, rubber, coconut, and spice cultivation. Existential challenges such as labour shortages and unrest, demands for higher wages and compensation, competition from the global markets, were exacerbated by extraneous climate changes that impacted the sector periodically. Efforts were made to enhance productivity, be competitive in the global markets, adopt mechanisation and sustainable practices, and collaborating with the Government and the research institutions to diversity crops. The plantation sector remains vital to Sri Lanka's agricultural landscape and export economy.

The sector had an overall moderate growth of 1.2% in 2024, compared to 1.6% in 2023. Sector specifics are Tea by 1.7%, Rubber by 1.2%, and the Ceylon Chamber of Coconut Industries (CCCI) was established to revive and transform the coconut plantations, that experienced a set-back in 2024.

Sector opportunities

Opportunities	Trend and impact
Sri Lanka Rupee appreciation	Continued Sri Lanka rupee appreciation ease liquidity positions creating better access to financing, increased investments in mechanisation and technology, stability of operations, and the supply chain
Global market expansion	An increased demand for high quality tea, rubber, and spices enabled Sri Lanka to strengthen its position in international markets, by enhancing branding, forming mutually beneficial alliances, and strategic marketing,
Sustainability initiatives	The global shift towards green financing, sustainable and eco-friendly practices with attendant international certifications opened doors to adopt green technologies and attract environmentally conscious consumers and investors.
Technological advancements	Precision farming and planting automated systems combined with innovative technology improved productivity and reduced costs.
Diversification	The sector tapped into niche markets by diversifying into value-added products, specialty and health-centric teas, organic produce, and processed goods.
Government support	Policies aimed at improving infrastructure, providing financial incentives, and fostering public-private partnerships created a conducive environment for growth.
Attracting investors	Diversity and strong financial performance in certain agri-products, attracted domestic and foreign investors.

OPERATING ENVIRONMENT

Sector challenges

Labour	Retaining and attracting workers was a struggle as economic hardships of the previous years eroding purchasing power strained labour-management relations. Wage increases were implemented without comprehensive job evaluation, leading to unintended consequences.
Economic pressures	Variety of global scenarios resulted in fluctuating global market prices creating financial instability while operational costs escalated.
Sustainable practices	Traditional agricultural methods were no longer sufficient to address modern environmental challenges and climate change issues, and the global trend towards ecological conservation at source.
Worker health and safety	Although a mandatory need, maintaining a balance between the cost and well maintained infrastructure is a challenge.
Climate change	Climate change, characterised by long-term shifts in global temperatures, altered rain-fall patterns and weather patterns, is primarily driven by human activities. Its far-reaching and multifaceted consequences impact the environment, society, economy, and human health. Irregular weather patterns and climate change can disrupt agricultural production, impact crop yields and livestock production, leading to price increases, and increase food inflation. Between September 2023 and August 2024, the world experienced its hottest twelve-month heat-wave period, with continuing record-breaking temperatures. Sri Lanka was no exception. During this 12 months, the global average temperature exceeded the pre-industrial levels by more than 1.5 degrees Celsius, scorching crops and reducing yield. Among other crops, this adversely impacted palm oil production. With its worse-than-normal heat and unpredictability, this contributed to upward pressure on agricultural prices.

Agricultural exports

Agriculture sector contributes significantly to Sri Lanka's economy thereby to its GDP, food security, and livelihoods encompassing a large section of the population in its employment. Renowned for its Ceylon Tea, the country's other major agri products include rice, rubber, coconut, spices with special emphasis on cinnamon, pepper, and cardamom, fruits, and vegetables. Edible oil such as palm oil does not fare among the top layer of export crops but contributes to bolster export earnings with head room for future expansion.

Sustainable farming practices are being gradually introduced while adopting technology and mechanisation, supported by improved irrigation systems. Diversification, value addition, new market penetration, and upskilling the labour force intend to build resilience and sustainability to the sector, which the younger demographic is fast leaving.

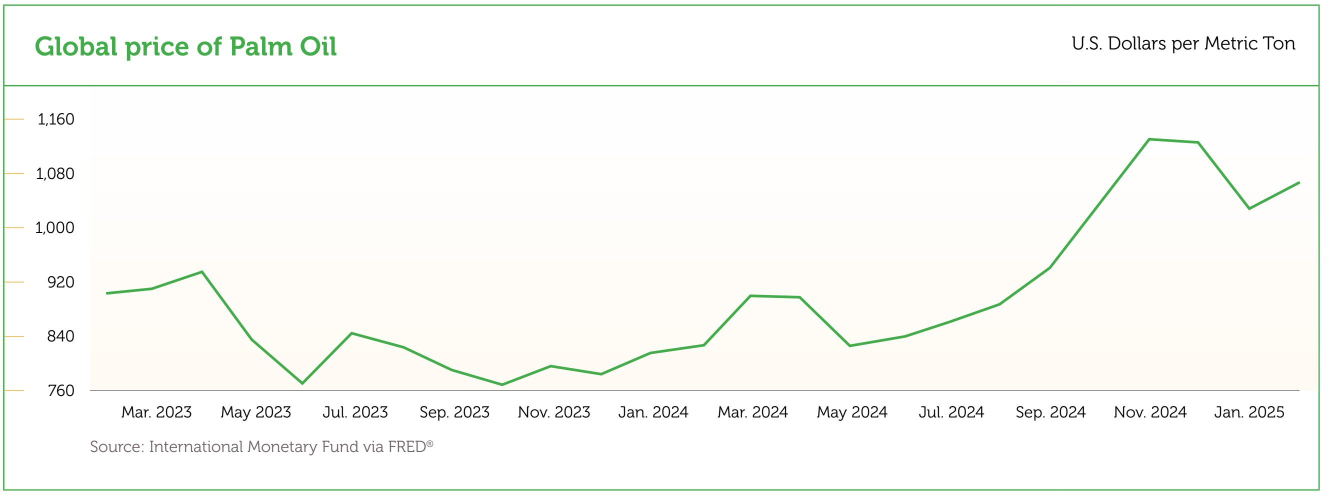
OPERATING ENVIRONMENT

Oil palm industry

Currently, the oil palm industry meets about 12% of the country's consumption demand, while the rest is imported. Outlook for the industry, however, is complex subject to various economic, environmental, and policy factors.

Policy decisions and restrictions	A previous policy decision to expand oil palm cultivation to include an extent of 20,000 hectares was reversed due to environmental concerns and activism. Thereafter, a ban on further oil palm cultivation was imposed with a phased-out exit within the next 10 years.
Economic significance	Catering to a 12% consumption demand the industry has saved approximately USD 17 Mn. in foreign exchange outflow for the economy. In addition, employment generation has upgraded livelihoods in the localities and attracted capital investment.
Environmental concerns	Issues inherent to the plantation sector, such as soil erosion, water depletion, and impacts on biodiversity attracted criticism and activism, necessitating further investigation for adoption of sustainable management practices to mitigate negative externalities.
Production potential	Although Sri Lanka's low country wet zone is suitable for oil palm cultivation, the average productivity is below global best average. With conducive policy frameworks and government support, the country can increase production and contribute to reduce foreign exchange outflow for imports.
Sustainability initiatives	While focusing on increasing production, care should be taken to address environmental and social impacts that include measures to prevent deforestation, water pollution, soil erosion, possible biodiversity loss, and reduce greenhouse gas emissions and other pollutants.

Global Price of Palm Oil



The balance between the economic benefits, environmental sustainability, and adherence to policy regulations will determine the future of the palm oil industry in Sri Lanka, while the industry needed to focus on improving productivity, adopting sustainable practices, and addressing concerns of various stakeholders on the impact of the industry on the environment, to stay viable for the long-term.

OPERATING ENVIRONMENT

Tea

Sri Lanka's tea production in 2024 saw a positive trend, reaching 260.16 million kilograms cumulatively from January to December, showing an increase of 6.07 million kilograms over a production of 256.09 million kilograms in 2023. High growns showed a negative variance while medium and low growns indicated a positive variance. The Western and Uva quality seasonal teas fared well, driven by steady prices and strong demand, while the others had a slower pace of demand. Low-grown teas also experienced a similar trend demand-wise and the currency volatility continued to impact on rupee prices. Export earnings topped Rs. 1.1 Bn. in the first ten months of 2024, as against Rs. 1 Bn. in 2023 Y-o-Y.

Rubber

Covering over 138,300 hectares of land and exporting 80,055,824 kgs of rubber products, the sector achieved a 7.7% increase in export earnings, garnering approximately USD 1 Bn. in 2024 with an export revenue target of USD 2.2 Bn. by 2030. Increased demand for industrial and surgical gloves is attributable to the increase. This is an important export product for Sri Lanka supporting over 150,000 workers primarily in the rural areas.

Climate conditions favourable to rubber prevailed while government policies supported plantations and Sri Lanka topped the exports in crepe rubber, ribbed smoked sheets (RSS), and latex concentrates.

Coconut

Coconut cultivations cover a 443,528 hectares of land, while value added exports earned USD 857 Mn. in 2024. The production experienced a significant drop of 33,1% in December 2024 mainly due to drought conditions, damage to plantations from wild animals, and weak fertilisation due to the price of fertiliser.

Dairy industry

The Sri Lankan dairy industry plays a crucial role in the country's agricultural economy, providing livelihoods to thousands of rural families. Despite its importance, the industry currently meets only around 40% of the national demand for milk, with the remainder being fulfilled through imports, primarily milk powder. Local production is driven by both large-scale dairy companies and smallholder farmers, with increasing government support aimed at improving breeding, feed quality, and milk collection infrastructure.

In recent years, there has been a noticeable shift in consumer preferences toward fresh, organic, and locally-produced dairy products. This trend, coupled with rising health awareness, presents a significant opportunity for growth. The government and private sector are working together to enhance productivity and reduce dependency on imports. With better access to technology, improved veterinary services, and investment in cold chain logistics, Sri Lanka's dairy sector has the potential to become more self-sufficient and sustainable in the coming years.

Cinnamon

The Government established a dedicated department to focus on growth and encourage Geographical Indication (GI) certified and value added cinnamon products to the potential main markets of India, Vietnam and Germany. Granted in 2022, the GI certification continues to play a pivotal role in differentiating Ceylon Cinnamon, which is of high quality and unique flavour. The country maintained is leadership position capturing 90% of the global market with its pure Ceylon Cinnamon brand. The industry supports over 70,000 smallholder growers providing employment to more than 350,000 persons, dominated by women, locally.

Cinnamon Gate is a specific project introduced by the Government focusing on modernising the industry and integrating cultural heritage of cinnamon harvesting with advanced technology while promoting agro-tourism. Featuring model cinnamon plantations and interactive demonstrations, it is expected to widen the markets for this sought-after spice. The year 2024 was a watershed year for the industry, as significantly enhanced focus was bestowed on the segment, showcasing the country's rich cultural heritage and commitment to sustainable agricultural practices.

In 2024, the operating environment in the country posed both opportunities and challenges. While globally political and trade war uncertainties were exacerbated by climate change impacting productivity and profitability, the plantation sector showed resilience and an agile ability to adapt adopting sustainable practices, leveraging modern technology, harnessing the power of digitisation, and enhance worker welfare. As the country navigates economic recovery, the plantation sector remains a vital contributor and a pillar of strength to empowering the economy while steadfastly focusing on uplifting rural livelihoods.

FINANCIAL CAPITAL

Watawala Plantations PLC demonstrated resilience and strategic adaptability amid the macroeconomic headwinds that buffeted the industry and evolving market dynamics. Our commitment to financial discipline, operational efficiency, value creation, and the focus on sustainable business practices held strong amid policy uncertainties and increased operational costs.

Managing the financial capital in a prudent manner is the cornerstone for a sustainable operation. To contain the external factors that affected our operations, we engaged in agricultural innovation, cost optimisation, and data-driven decision making, to ensure value creation for our stakeholders.

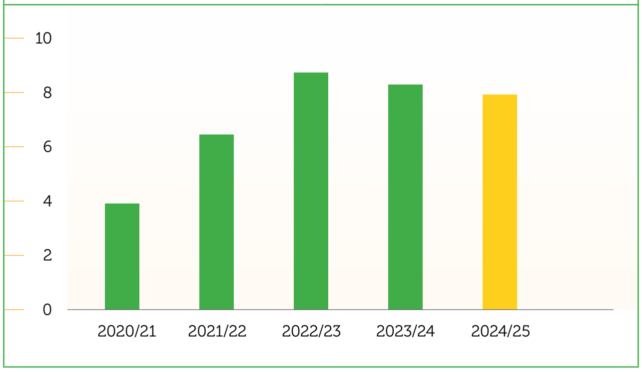
HIGHLIGHTS

- Delivered healthy profits despite the downturn in the economy
- Sale of RSPO credits amounting to Rs. 16 Mn.
- Dairy sector reported a revenue decline of 19%
- Revenue from palm oil contracted by 2% despite an increase in price as the volume declined

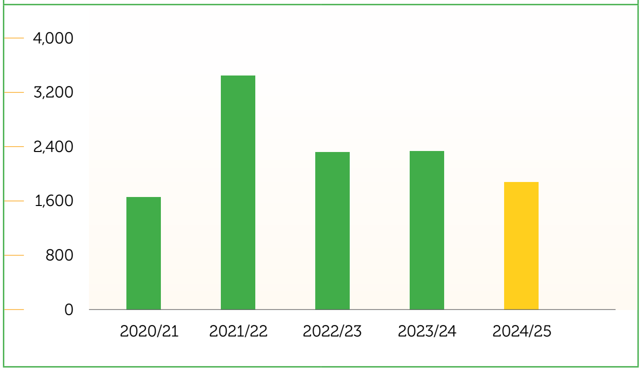
	Palm Oil			Dairy			Other			Inter segment adjustments			Group		
	2024/25 Rs. Mn.	2023/24 Rs. Mn.	%	2024/25 Rs. Mn.	2023/24 Rs. Mn.	%	2024/25 Rs. Mn.	2023/24 Rs. Mn.	%	2024/25 Rs. Mn.	2023/24 Rs. Mn.	%	2024/25 Rs. Mn.	2023/24 Rs. Mn.	%
Revenue	6,760	6,867	-2	1,184	1,454	-19	–	–	–	–	–	–	7,944	8,321	-5
Profit/(loss) for the year	1,953	2,655	-26	(327)	(139)	-135	(435)	(411)	-6	694	240	-189	1,885	2,345	-20
Assets	7,687	8,925	-14	2,747	2,800	-2	–	–	–	(1,720)	(2,294)	–	8,713	9,431	-8
Liabilities	4,188	2,418	73	1,014	994	-2	–	–	–	(236)	(378)	–	4,966	3,034	64
ROA (%)	25	30	–	-12	-5	–	–	–	–	–	–	–	22	25	–
ROE (%)	56	41	–	-19	-8	–	–	–	–	–	–	–	50	37	–

Profitability

Revenue Rs. Bn.



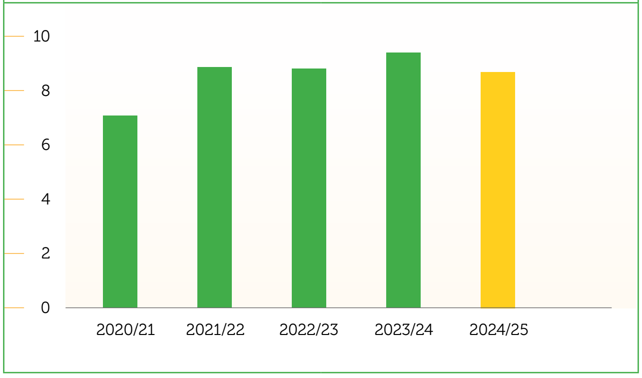
Profit after tax Rs. Mn.



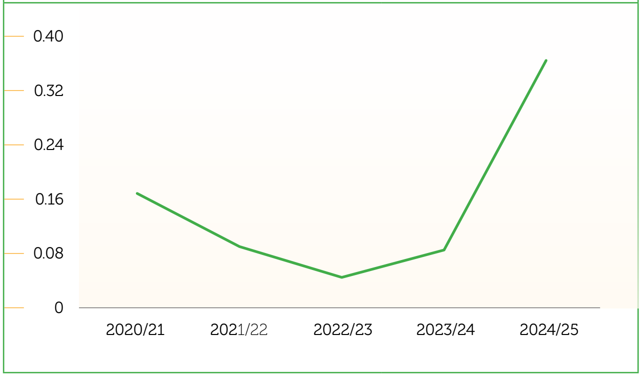
FINANCIAL CAPITAL

Stability

Total assets
Rs. Bn.



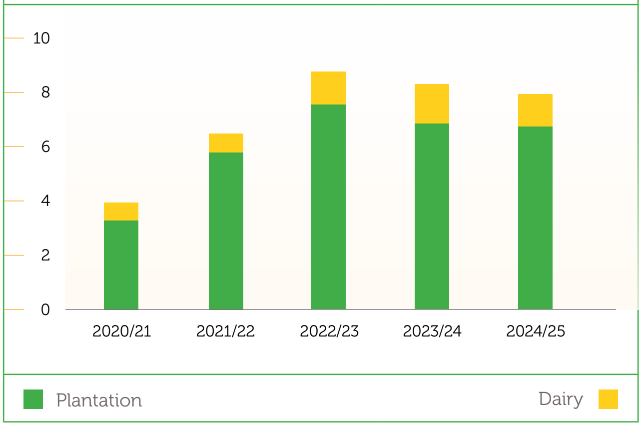
Debt equity ratio
Times



Revenue

The Group reported a 4% contraction in revenue due to decrease in sales volume. Revenue from palm oil, which contributed 85% of the Group's top line declined by 1.56% to reach Rs. 6,760 Mn., despite a 3% decrease in crop volume achieved by an decrease yield. Revenue from the dairy sector amounted to Rs. 1,184 Mn., recording an 18.57% decline, despite an decrease in both volume and price. Total revenue recorded for the year by the Group amounted to Rs. 7,944 Mn., against a revenue of Rs. 8,321 Mn. reported in the previous year.

Turnover
Rs. Bn.



Gross profit

The plantation sector reported a gross profit of Rs. 3,709 Mn, reflecting a 14% growth compared to the previous year, driven primarily by a reduction in organic fertiliser application.

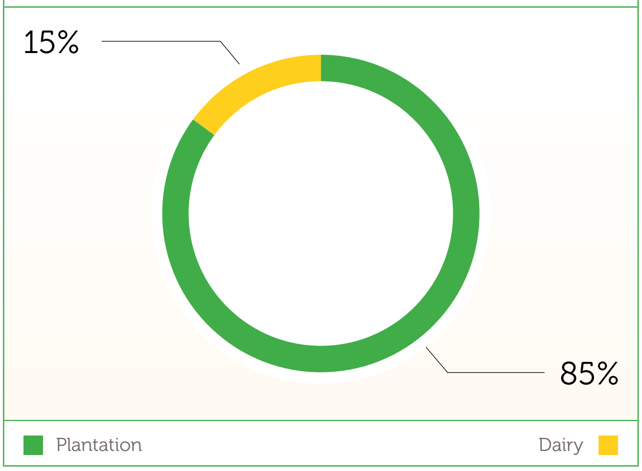
The dairy sector reported a 26% improvement in gross profit. The cost of sales dropped by 26%, primarily due to lower feed costs. The gross profit recoded as Rs. 2.7 Mn. compared to negative Rs. 146.8 Mn. recorded in the same period last year.

Accordingly, the gross profit for the year recorded by the Group increase by 19% to reach Rs. 3,751 Mn.

Other Income

The Group reported other income of Rs. 139 Mn. driven mainly due to profit on disposal of property, plant and equipment.

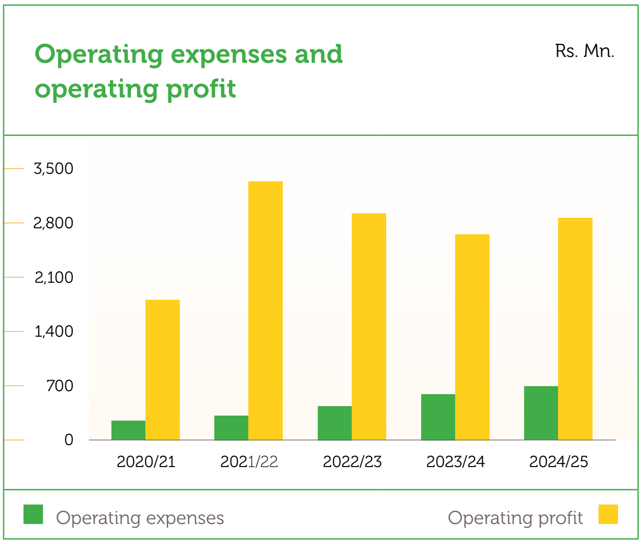
Contribution to revenue
%



FINANCIAL CAPITAL

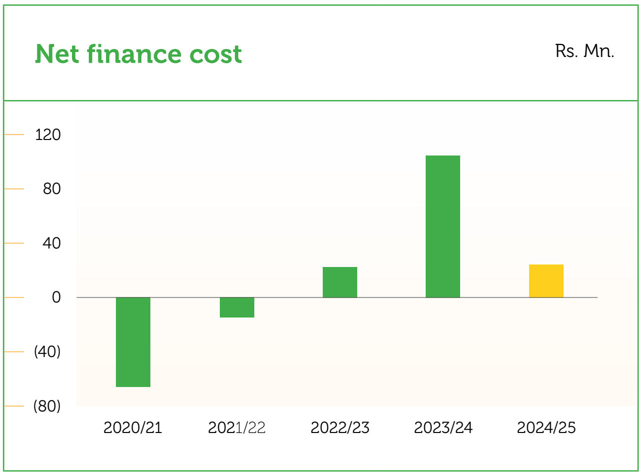
Operating costs and operating profit

The Group administrative expenses increased by 24% to reach Rs. 551 Mn., on the back of the necessary salary adjustments and recruitment carried out during the year. The selling and distribution costs decreased by 3.5% to reach Rs. 145 Mn. due to the inclusion of the Social Security Contribution Leavy which came into effect on 1 October 2022. Accordingly, the operating profit margin of the Group increased marginally to 36% from the previous years' 32%. The Group went on to report an operating profit of Rs. 2,874 Mn. compared to Rs. 2,661 Mn. reported in the previous year.



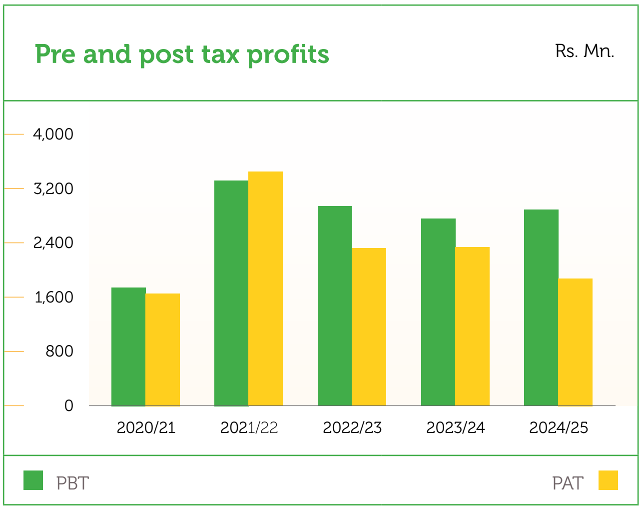
Net finance income

Interest income for the year decreased by 17% to reach Rs. 151 Mn. on the back of a decrease in short-term investments. Meanwhile the interest expenses increased 61% to Rs. 126 Mn. as the interest rates witnessed a significant growth during the year. Consequently, the Group reported a net interest income of Rs. 24 Mn. decrease 72% compared to the previous year.



Pre and post tax profits

The Group reported a pretax profit of Rs. 2,899 Mn, a contraction of 5% due to the decreased in revenue and due to cattle valuation loss. The tax charged for the year increased by 141% to reach Rs. 1,014 Mn. due to income tax rate change to 30%. Accordingly, the Group recorded a net profit of Rs. 1,885 Mn., recording a marginal decline of 20% compared to the previous year.



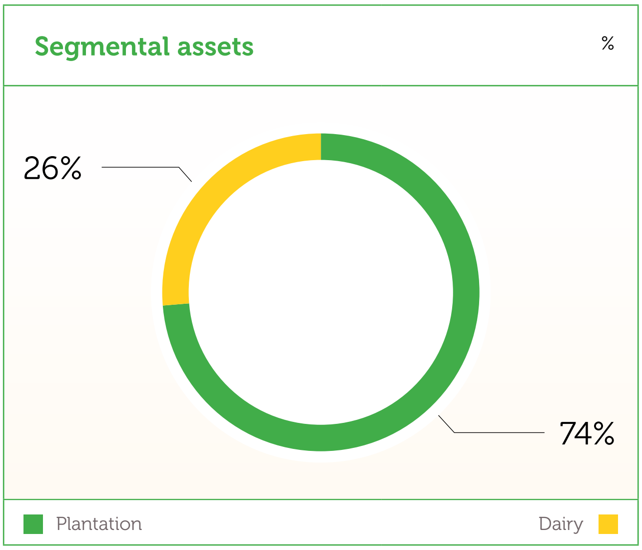
FINANCIAL CAPITAL

Asset base

The total assets of the Group amounted to Rs. 9,431 Mn. at the end of the previous financial year decreased by 8% to reach Rs. 8,713 Mn. as at 31 March 2025. This decrease was mainly driven by a Rs. 650 Mn. decrease in the cash and cash equivalent and inventories. Non-current assets, which amounted to 73% of the total asset base, decreased 5% to Rs. 6,329 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 deceased assets and reduced revenue.

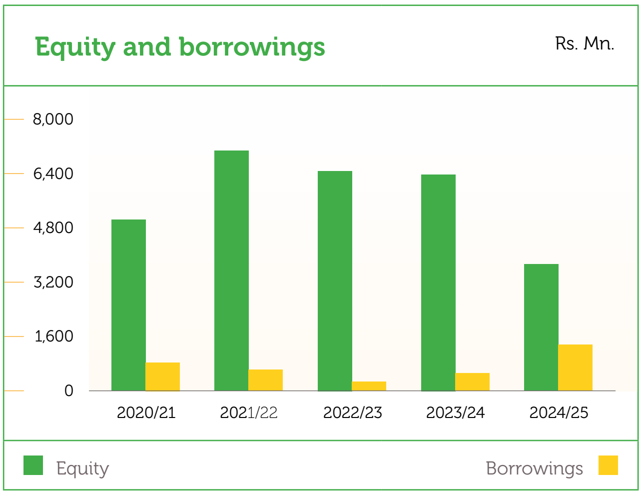
Capital and liabilities

Total equity which amounted to Rs. 6,397 Mn. at the beginning of the year declined by 41% to reach Rs. 3,747 Mn. on the back of the dividend payments made during the year. Total liabilities increased by 63% to reach Rs. 8,713 Mn. due to fresh borrowings of Rs. 845 Mn. obtained during the year, higher lease liability arising from the increase in right of use of land assets and increase in tax liabilities. Accordingly, the gearing of the Group increased to 37% from previous years' 8%.



Cash flow

The Group's liquidity levels remained healthy with cash and cash equivalents of Rs. 1,250 Mn. by end-year. Net cash inflow from operating activities decreased by 24% to Rs. 2,704 Mn. on the back of reduced inventory, trade and other receivables. The Group recorded a net cash flow of Rs. 435 Mn. investing activities, primarily driven by strategic withdrawal from short-term investments, reflecting prudent cash management and a focus on liquidity optimisation. The Group reported a net cash outflow of Rs. 3,750 Mn. from financing activities. Consequently, the Group recorded a net cash outflow of Rs. 610 during the year compared to the cash outflow of Rs. 116 Mn. during the previous year.



SOCIAL AND RELATIONSHIP CAPITAL

The stakeholder relationships we have nurtured over the years with our customers, business partners, suppliers, and the communities is our Social and Relationship Capital, creating mutual value and fostering enduring partnerships for the sustainability of our business.

Our Approach

Strong engagement based on transparent and authentic communication is our approach to managing these relationships, that is crucial to the continuance of the social license for the future of our Company. An ethical approach nestled within a strong governance structure and the high visibility of our brand enhanced by the Group's leadership in the industry, add significant value in our pursuit of building value into our many social relationships.

Value creation highlights

Input

- Rs. 4.7 Bn. paid to suppliers
- No Investments in the expansion of value-added crop cultivation
- Investment is quality and process development

Process

- Community development
- Customer relationship management
- Supplier engagement
- Supplier development

Output

- 299 new suppliers
- 41 new customers
- Well maintained facilities ensuring occupational health and safety.
- Ongoing efforts to nurture a diverse and inclusive organisational culture.

Outcome

- Loyal customers
- Strong supplier relationships
- Sustainable supply chain
- Empowered communities
- Enhanced product quality
- Cost saving and efficiency gains

Progress against strategy

Strategy

- Increase employment from local communities and capacity building
- Knowledge sharing with business partners
- Investment in CSR

Progress in 2024

- Hiring from the local community
- 10 awareness sessions conducted

SOCIAL AND RELATIONSHIP CAPITAL

Material topics

Economic performance

Company recognises that strong economic performance is intrinsically linked to the strength of its stakeholder relationships. In the financial year 2024/25, the Company maintained a stable economic foundation, recording a revenue of Rs. 6,760 Mn. and a gross profit increase of 14% year-on-year, despite external challenges. This financial resilience enabled continued investment in community development, employee welfare, and supplier engagement initiatives. By aligning economic goals with social responsibility, Watawala ensured that value creation extended beyond shareholders to include employees, local communities, and business partners reinforcing trust, transparency, and long-term sustainability across its operations.

Training and education

At Watawala Plantations PLC, developing employee capabilities is a strategic priority. We provide technical and soft skills training across all levels to enhance productivity and leadership potential. Executives follow structured or need-based training plans, while staff and associates receive continuous job-specific training. New recruits undergo mandatory safety training before field deployment. Additionally, we extend training and awareness programs to our business partners, strengthening their role in our value chain and supporting sustainable growth within the plantation industry.

Employment

Watawala Plantations PLC is committed to fostering a strong and meaningful relationship between the Company and its employees through a comprehensive employee engagement program. This initiative holistically addresses the spiritual, health, professional, family, work-life balance, and social aspects of employee well-being. We actively conduct targeted activities that promote wellness, personal growth, and community connection. In addition, a structured and transparent system for performance evaluation, recognition, and rewards has been implemented, along with succession planning to support career development. Various training sessions and awareness programs were also conducted to build capacity and enhance transparency in company processes, reinforcing our dedication to nurturing a motivated and empowered workforce.

Trade offs

Short term cost escalations in investing in nurturing our social and relationship capital, inevitably reaps benefits by way of strong brand reputation, increased stakeholder trust, and employee retention and engagement.

It provides opportunities for the Company to form international partnerships and gain certifications, as an ethical and trustworthy partner in the plantation industry.

Aligning with UN SDGs

1 NO POVERTY

- End poverty in all its forms everywhere

8 DECENT WORK AND ECONOMIC GROWTH

- Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

11 SUSTAINABLE CITIES AND COMMUNITIES

- Make cities and human settlement inclusive, safe, resilient and sustainable.

MANAGING OUR SOCIAL AND RELATIONSHIP CAPITAL

Engaging with our customers, suppliers, industry partners, and the community is based on a structured approach, which allows us to measure and monitor our impact, and work towards sustainable relationships for mutual benefit.

CUSTOMERS

Reliability and quality in our product are the foundation on which we base our B2B customer relationships for palm oil, dairy, and compost. Consistent engagement with the customers and delivering on the promise of quality have ensured customer satisfaction and strong customer loyalty.

SOCIAL AND RELATIONSHIP CAPITAL

Customer engagement mechanism

Product	Customer segment	Engagement mechanism
Palm Oil	6 B2B Customers	Direct Meetings, Visits, and Quarterly Meetings
Dairy	4 B2B Customers	Direct Meetings, Visits, and Quarterly Meetings
Compost	1 B2C Customer	Monthly Meetings and Visits

Rigorous quality control throughout the manufacturing processes ensures product health and hygiene, while comprehensive evaluations consistently maintains product safety. Produced for consumption, it is our ingrained values and ethics that guide our operations based on integrity, transparency, and contractual obligations.

Our product promise

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.

SUPPLIERS

The essential inputs to our plantation such as fresh fruit bunches (FFBs), fertilisers, agro-inputs, packaging material, firewood, external produce transport, and other necessary chemical materials are supplied by a diverse range of suppliers of both local and international origin. Similarly, we engage with insurance companies and building and equipment maintenance companies to ensure an uninterrupted and safe operation in our factories and other properties.

This encompasses individuals, corporates, SMEs and MSMEs, with whom we have meticulously nurtured strong relationships for a dependable and reliable supply chain network. We procure Fresh Fruit Bunches (FFB) from 3 Regional Plantation Companies and 2 small-scale plantations. We further engage with 300 other suppliers who offer various materials and services necessary for our operations.

Promoting sustainable practices

Onboarding

Our commitment to sustainability extends to our supplier network, in that, we emphasise the application of sustainable practices in their procurement and operations and conduct a comprehensive onboarding evaluation process to ensure the entity complies with all regulatory requirements. Once onboarded, periodic assessments are done to ensure continued compliance with sustainability practices.

Supplier selection process

Identify sourcing requirements	Determine criteria for supplier selection such as quality, financial stability, environmental and ethics and regulatory requirements	Evaluate and short list suppliers based on the set criteria	Negotiation and Contracting	Continuous engagement

SOCIAL AND RELATIONSHIP CAPITAL

Legal compliance

We diligently monitor that FFB providers, operational services and labour providers comply with all legal requirements, including land ownership details, while contractual obligations prohibit child, forced or trafficked labour practices. Contracts with FFB Suppliers are fair, legal and transparent and have an agreed timeframe for payments. Weighing equipment is verified by an independent third party on a regular basis. This can include Weighing Equipment Calibration and Stamping by the Government Authorities. Agreed payments are made in a timely manner and receipts specifying price, weight, deductions, and amount paid are intimated to the supplier through email correspondence.

SMEs and MSMEs

Engaging fairly and transparently, we support our SME and MSME supplier base to improve livelihoods by ensuring their inclusion in the palm oil value chain, and offer training to smallholders and out-growers in obtaining sustainable certification standards by maintaining their employee wellbeing.

We conducted knowledge-and-expertise-share sessions to develop our suppliers in agriculture and processing, enhancing the quality of products we procure for our operations, directly increasing their productivity in the long-term.

A grievance mechanism is in place for this segment, to escalate their concerns which are dealt with in a timely manner.

Certifications

Programmes has developed by the unit of certification to enhance productivity, quality, organisational and managerial competencies, and specific elements of RSPO certification, which contribute towards Sustainable Certification Training and Socialisation as required by company policies and procedures.

Initiatives to strengthen supplier engagement

Maintaining collaborative relationships

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

Support for supplier development

- Technical training on Good Agricultural Practices (GAP), RSPO compliance, and environmental stewardship.
- Access to agronomic advisory services and field visits by mill sustainability officers.
- Provision of seedlings, fertilisers, and tools to smallholders under fair financing schemes.

Recognition and incentives

- Annual evaluation for top-performing suppliers based on sustainability metrics and delivery performance.
- Premium pricing for FFB suppliers
- Public recognition in sustainability reports and community events.

Support in mitigating risks

- Early warning systems for fire, deforestation, and labour violations.
- Risk assessments and mitigation plans co-developed with suppliers.
- Emergency support during climate-related disruptions

SOCIAL AND RELATIONSHIP CAPITAL

Industry partnership

Driving innovation, efficiency, and competitive advantage, collaboration between our Company and the industry partners is an important aspect of our overall strategy where we lobby for policy, offer our employees the opportunity for growth by interaction with industry peers, and maintain our brand visibility. Our active participation in these forums serve as a catalyst for growth of the oil palm industry. We are active participants of :

- Spices and 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

The community and CSR

A goal oriented strategic approach defines the way we interact and build value into the communities surrounding us and the sustainable practices we employ to ensure productive livelihoods and overall wellbeing.

A total resident community population of 20,838, 5,266 families, and 19 Grama Niladhari divisions were accounted for, in 2024 in the Udugama Region, which encompasses Homadola, Talangaha, and Nakiyadeniya Estates. We employed 1,645 persons out of the total count.

Goal	Establishing lasting bonds with the community while building Watawala reputation
Approach	Strengthen and Implement impactful CSR and village integration activities with effective communications
Identify beneficiaries	Agri and mill operations, Business, Communities, Employees, Customers, Suppliers

A different approach

In 2024, we continued with the structured approach we implemented in 2023, that had garnered positive results for the Company where community interactions and CSRs were concerned. These included:

- Establishing a dedicated team for CSR activities
- Establish a calendar of Annual Activities
- Hold a Regional Event for great cohesion and interaction
- Well established communication channels
- Execute integration activities

SOCIAL AND RELATIONSHIP CAPITAL

Focus areas

We focused on four key areas for community development.

Focus area	What we did	Investment	Beneficiaries
Healthcare	Medical Health camp at Talangaha Estate with PHDT Medical Health camp at Homadola Estate with FPA "*Suwa Sewa* Center" Medical Surveillance – mill employees and chemical sprayers covering 310 nos.	Direct meetings, visits, and quarterly meetings	Estate communities
Infrastructure	Helping for roof repairing of Nakiyadeniya Estate Temple by providing labour Culvert repairs at Nakiyadeniya and Homadola Estates	Direct meetings, visits, and quarterly meetings	Estate communities
Engagement	Watawala *Poson Kalapya* *Singithi Avurudu* Festival at Nakiyadeniya and Homadola Estates	Monthly meetings and visits	4,500 people – 30 participants
Education	School Bus for children of Estate Employees Tellmbara school sports meet donation	Average cost Rs. 385,000	40 students

Communication reach

An interactive communication plan is foundational to our success with the resident community and a wider audience that connect with us on many e-platforms.

SMS **1,305** members

YouTube **3,651** views

WhatsApp **60** members

TikTok **12,000** post reach

Facebook **230,000** post reach

Followers **3,700**

FUTURE FOCUS

We will continue with the structured plan in engaging with our communities to add sustainable value for their development.

HUMAN CAPITAL

We are committed to meaningfully contributing to the socioeconomic development of our people, who are the driving force of resilience and the sustainability of our business in a challenging period. Our holistic employee value proposition aligns with both individual and organisational goals which is underpinned by skill development and enhancing dignity of estate workers.

Our approach

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

Value creation highlights

Input

- Work force of 1,585 employees that include 1,236 estate workers.
- Female representation of 34% reflecting our approach to gender-balanced equal opportunity provision.
- 99.4% permanent employees
- Combined expertise and knowledge that is deployed in the business.

Process

- To ensure optimal match for each requirement, employees are assigned to various roles, based on their knowledge, expertise, and skill.

Value created

- Continuous opportunities for learning and development.
- Compensation package in line with industry standards, notwithstanding the challenges encountered by the Company.
- Implementing fair incentive scheme to harvesters which enable to pay fairly based on the contribution.
- Well maintained facilities ensuring occupational health and safety.
- Ongoing efforts to nurture a diverse and inclusive organisational culture.

Outcome

- Employee loyalty
- Customer satisfaction
- Enhanced productivity and quality
- 3,038 hrs training hours
- 81% retention rate

Progress against strategy

Strategy

- Recruitment and retention
- Ensuring employee wellbeing and safety
- Empowering the workforce through training and development
- Diversity, equity, and inclusivity

Progress in 2024/25

- We recruited 47 and maintained 81% retention rate.
- There were no fatalities or life-threatening work-related injuries as we maintained employee health and wellbeing and recorded 6 minor injuries.
- 3038 hours of training: 410 males and 309 females trained: Invested Rs. 10 Mn.
- 34 % female recruits

Material topics

Employment

Occupational health and safety

Training and education

Trade offs

Investments in human capital yield financial returns in enhanced productivity and expand our intellectual capital, creating pools of expertise in various disciplines applicable to plantation management.

Developing the human capital uplifts the community well-being and fulfills are labour requirements as we depend on the surrounding community for recruitment, creating a sustainable value chain.

Aligning with UN SDGs

By nurturing our human capital, we align with the UN SDGs on six fronts.

1 NO POVERTY
- End poverty in all its forms everywhere

3 GOOD HEALTH AND WELL-BEING
- Ensure healthy lives and promote wellbeing for all at all ages.

8 DECENT WORK AND ECONOMIC GROWTH
- Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

5 GENDER EQUALITY
- Achieve gender equality and empower all women and girls.

MANAGING OUR HUMAN CAPITAL

GRI 406-1, 3-3

Our human resource policies and procedures are aligned with that of the Sunshine Holdings Group, and incorporate processes beyond the statutory and regulatory requirements, aligning with industry best standards. We offer employment in a non-discriminatory environment, promoting equity and inclusion, retaining worker dignity, mutual respect and with priority on occupational health and safety. A robust HR governance and policy framework supports in managing this asset, for the long term.

Child labour/forced or compulsory labour

GRI 3-3, 408-1, 409-1

There were no cases of child labour or forced labour or any reported incidents of discrimination during the year.

HUMAN CAPITAL

HR GOVERNANCE FRAMEWORK

The Company's HR management is founded on the Group's comprehensive policy framework based on fairness, transparency, and clearly defined areas of responsibility and accountability. The Employee Code of Conduct stipulates the required professional and ethical conduct of all employees.

OneHR, the centralised HR department continues to be the hub for all HR activities within the Group, providing strategic direction, standardised processes, and acts as the liaison between HR Business Partners (HRBPs) and other areas of the business, to ensure a cohesive collaboration and an optimum output. Working closely with OneHR HRBPs address the unique HR requirements of their units, to ensure successful implementation of HR polices and cordial execution of the requirements to mentor and nurture our human capital.

HR Policy Commitment

GRI 2-23

HR Policy Commitment

Rewards and Recognition	Employee Development	Ethics and Labour Practices	Health and Safety
Compensation and Benefits policy	Equal Employment Opportunity policy	Anti-Harassment and Anti-Discrimination Policy	Health and Safety Guidelines and Practices
	Training and Development Policy	Whistle blower Protection policy	
	Implementing the training plan by conducting Gap Analysis of employees	Data Privacy and Confidentiality Policy	

TEAM PROFILE

GRI 2-7, 2-8

Our Team is comprised of 1,585 individuals why are the key source of our competitive strength, representing diversity in age and capabilities. This includes 137 Executives, 143 Staff Officers, and 1,305 Associates. Out of this, 99.4% of are employed on permanent basis while others are hired on a contract basis for peripheral functions.

As an equal opportunity employer, we do not discriminate against employees based on gender, age, religion, race or any other factor.

	Male	Female	Total
By sector			
Plantations	1,011	520	1,531
Dairy	45	09	54
By employment			
Permanent	222	57	279
Contract	9	–	9
Daily paid workers	621	635	1,256
Intern	–	01	01

TEAM MOBILITY

GRI 202-1, 202-2, 401-1

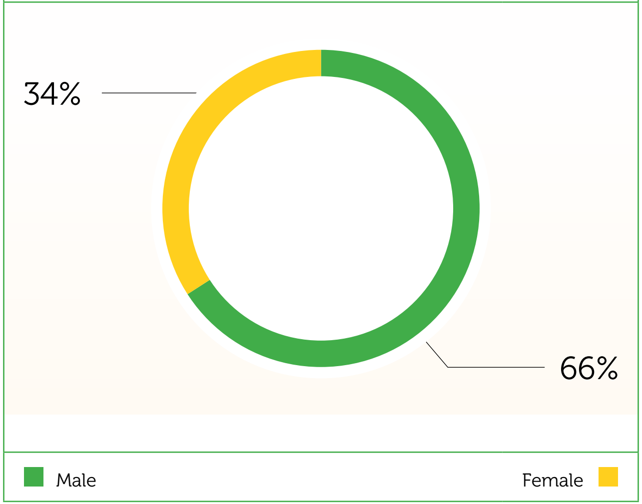
Aligning with our Group policy, we strive to attract talented personnel with the needed skill and expertise, by implementing a robust process that ensures equal opportunity, inclusivity, and diversity. When filling vacancies, we seek our internal talent, which offers career progression and sustainable HR practices. The year 2024 is marked with mass-migration and brain-drain. We, however, were able to maintain a retention of 81%, and 76 recruit talent.

47 new recruits joined the Company in 2024/25, while 81% employees retired and further employees resigned.

HUMAN CAPITAL

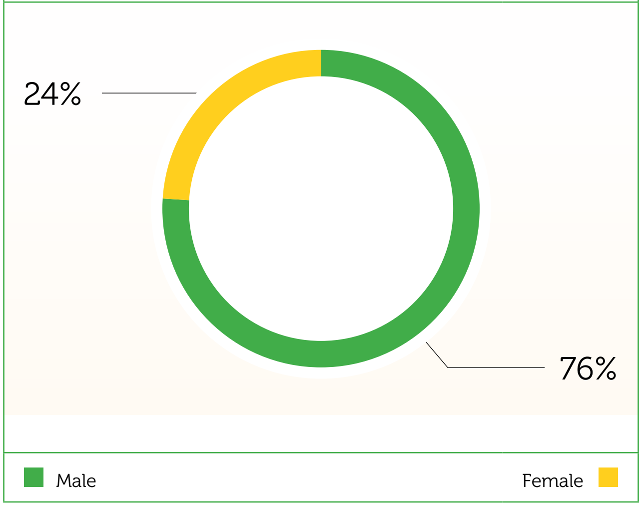
Recruitment by gender

%



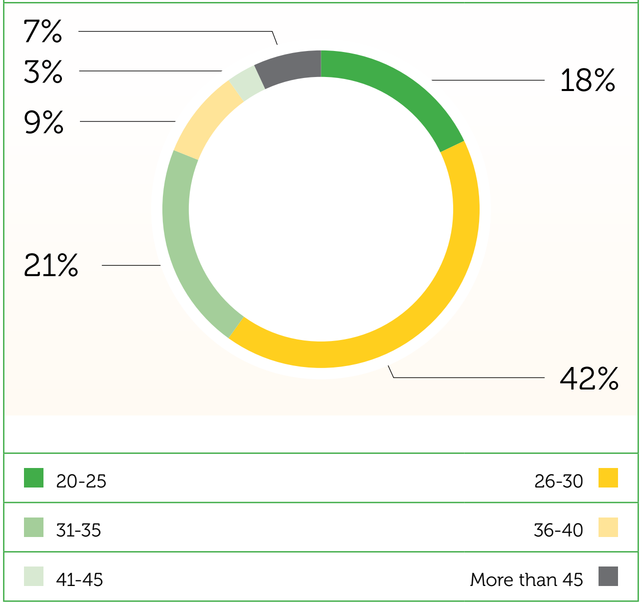
Resignation by gender

%



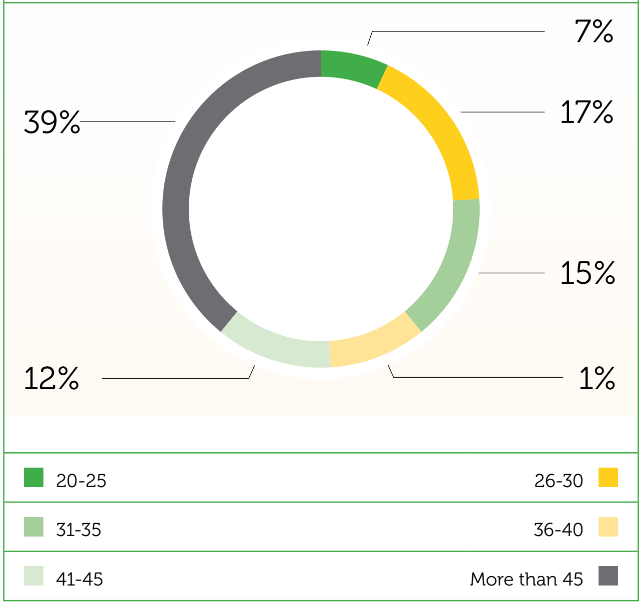
Recruitment by age

%



Resignation by age

%



HUMAN CAPITAL

INDUSTRIAL RELATIONS AND TRADE UNIONS

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

Preserving the right to freedom of association is a key criterion in our HR management, with 92% of our estate workforce gaining membership in to six Trade Unions. Fostering collaborative and productive relations through open communication and engagement, the Unions serve as a collective voice for mutual benefit.

Fifteen (15) days of notice is given to employees prior to implementing any significant operational changes, that necessitates movement of an employee.

REMUNERATION, RECOGNITION, AND REWARDS

GRI 2-20, 2-22, 401-2

Salaries of the staff are determined by the Collective Bargaining Agreement and complies with statutory requirements. Remuneration of the executive cadre is primarily governed by the Shop and Office Act, with the entry level wage complying with the labour laws. In addition, we provide a host of other benefits that are designed to well compensate and retain our valuable human capital.

Benefit schedule

Employee Group	Benefits
Executives and Staff – Head Office	• Insurance • Medical facility • Mobile allowance • Conveyance allowance • Fuel/Traveling • Vehicle allowance
Executives – Estates	• Billet allowance • Medical facility • Mobile allowance • Fuel/Traveling/Vehicle • Accommodation • Utility payments (Electricity/Telephone) • Other commodity (Bungalow cleaning materials etc..)
Staff – Estates	• Medical facility • Tea packets • Accommodation • Utility payments • Incentive
Associates, Plantation workers	• Housing • Water • Tea allowance • Free medicinal drugs • Medical facility • Free clinics • Childcare facilities for children below 5 • Wheat flour • Death donation • Annual events

PERFORMANCE MANAGEMENT

GRI 404-3

A transparent performance management scheme is applied in recognising our employees who contribute beyond their expectation to ensure a sustainable operation evaluating their performance through 180 degree evaluation. Associates productivity is managed through the digitised muster sheet, indicating time-scales and harvested crop-volumes. As such employee recognition is continuous, where strong performance is rewarded through salary increments or harvesting volume-based incentives. Innovation is recognised by the Employee Recognition Scheme (ERS) and exceptional achievements are rewarded at Quarterly and Annual Award Ceremonies.

TRAINING AND DEVELOPMENT

GRI 404-1, 404-2, 3-3

Equipping our employees with the right skills with a view to enhancing productivity and build a strong succession line up with leaderships acumen is a strategic priority. We develop our human capital in both, technical and soft skill training, encompassing all our cadres.

Executive cadre is subjected to an annual plan or need based training, dependent on the requirements escalated by their supervisors to HR departments. Staff and associate cadres are provided with continuous job-related training, including the new recruits who mandatorily are trained prior to deploying to field work, as their job functions often include handling material that can be adversely impactful, unless handled in a secure manner.

Additionally, we offer training and awareness sessions to our business partners, in empowering them to be a value-added partner to the plantation industry.

Please refer the table given at the end of this chapter that comprehensively documents the training programmes conducted in 2024/25.

EMPLOYEE HEALTH AND WELLBEING

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

The Health and Safety Policy clearly articulates the requirements to ensure a healthy and safe environment for all our employees and maintain a rigorous controls and standards across all our premises, aligning with international best practices and regulatory stipulations. Access to medical facilities and the provision of a safe working environment is further required by the Collective Agreement, and we provide medical allowance and annual medical and health checks as a part of our compensation package. RSPO certification, which we are proud to have achieved, underscores our commitment to a safe and healthy workplace with industry best safety standards.

Safety and Health Committees (SHCs) ensures employee collaboration in workplace health and safety, while the Sustainability Teams are mandated to identify, investigate, and apply the necessary safety standards for ergonomic, biological, chemical, and psychological impacts. The team is also tasked with the maintenance of Hazard Identification Risk Assessment and Risk Control Chart (HIRARC) with the inputs from all stakeholders. HIRARC is annually revised, unless and otherwise a risk incident occurs breaching the parameters of the HIRARC.

Work related injuries

0%	Fatalities due to work-related injuries
15	Recordable work-related injuries
0.86	Total recordable incident rate
0%	Fatality rate
0%	Near-miss incident rate

EMPLOYEE ENGAGEMENT

Active engagement with our employees is crucial in mentoring a highly motivated team with high morale and dedication. This is key to a mutual beneficial sustainability.

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

GENDER PARITY

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

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

Composition

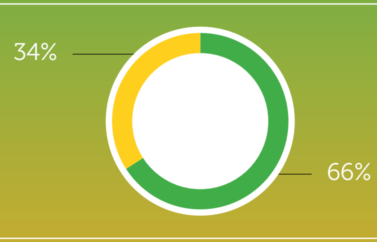
Female employees are provided equality in all aspects of employment, at recruitment, promotions, and leadership.

7%	Women in Management from Executive cadre
25%	Women at Executive Level From Executive Cadre
–	Women representation at Board Level

Recruitment

50 Male

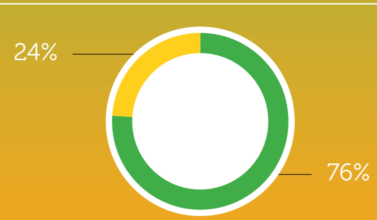
26 Female



Exits

124 Male

40 Female



Male Female

HUMAN CAPITAL

FUTURE FOCUS

Target	Future Focus
Talent acquisition	We're entering a new era of strategic planting shifting our focus from generalists to specialists. Our future talent acquisition efforts will prioritise attracting individuals with deep expertise and a clear passion for their chosen fields.
Employee retention	We're committed to cultivating a uniquely empowering and value-driven work environment one where our people are inspired to unleash their full potential, grow both personally and professionally, and truly thrive as they shape the future with us.
Learning and development	Our company is deeply focused on building a strong learning culture by developing dynamic platforms that empower employees to stay ahead with up-to-date knowledge, while also elevating their skillsets through modern, cutting-edge techniques. It's not just about learning it's about continuous evolution.
Remuneration, recognition and reward	We're dedicated to offering a well-rounded package of financial and non-financial benefits tailored to meet the diverse needs of our employees ensuring they feel valued, supported, and empowered both inside and outside the workplace.

Target	Future Focus
Employee wellbeing and safety	We strongly believe that true success stems from nurturing both the physical and mental well-being of our team. That's why our future focus is on introducing even more thoughtful and impactful initiatives to support holistic wellness ensuring our people feel balanced, resilient, and fully energised to thrive in every aspect of life.
Performance management	We firmly believe that a performance-driven culture, while demanding, delivers the most meaningful results. As we move forward, our focus will be on recognising and rewarding top performers, while also investing in the growth of average performers empowering them to overcome challenges and elevate their contributions through targeted support and development.
Employee engagement	By fostering a culture rooted in sharing, caring, and meaningful engagement across all levels and departments, we aim to strengthen the bonds between our employees building a more connected, collaborative, and unified workplace where everyone feels a sense of belonging and purpose.
Gender parity	Our company is actively committed to creating greater opportunities for female employees and advancing gender diversity especially by increasing female representation at the managerial level. We're focused on breaking barriers, empowering women to lead, and building a more inclusive and balanced leadership culture for the future.

HUMAN CAPITAL

				Executives		Staff		Associates		
Training topic	Training hours	Training hours	Method conducted	Male	Female	Male	Female	Male	Female	Total
SOP training for quality assistants	Quality Assistants	6	Presentations and practically	0	0	1	0	10	6	17
First aid training – NKD	Assistant Managers, Office Clerks, Field Officers, Associates	5.5	Presentations and practical	15	0	0	0	0	0	15
First aid training – HMD	Assistant Managers, Office Clerks, Field Officers, Associates	5.5	Presentations and practical	4	0	14	0	0	0	18
First aid training – TLG	Assistant Managers, Office Clerks, Field Officers, Associates	5.5	Presentations and practical	0	0	1	0	8	7	16
First aid training – MILL	Assistant Managers, Office Clerks, Field Officers, Associates	5.5	Presentations and practical	0	0	2	0	45	22	69
Fire training – Region	Assistant Managers, HR Executives, Field Officers, Office Clerks, Associates	2	Practically	0	0	1	0	11	9	21
Store keepers training	Store Keepers, Assistant Managers responsible for stores	96	Lectures	7	0	4	0	0	0	11
Waste management	Manager, Assistant Manager, Factory Officers and supervisors	2	PPT	10	0	0	0	0	0	10
Occupational health and safety	Managers, Assistant Managers, Executives, Field Staff, Office Staff	3	PPT							0
Waste management	Managers, Assistant Managers, Executives, Field Staff	2	PPT	15	0	0	0	0	0	15
Muster training – HMD	Field Officers, Associates	2.5	Oral	2	3	0	0	0	0	5
Occupational health and safety	Managers, Assistant Managers, Executives, Factory Officers, Associates	3	PPT	0	0	2	0			2
SOP training for quality assistants	Quality Assistants	12	Presentations and practically	0	0	1	0	11	14	26
Fire training	Mechanics	1	Practically	0	0	1	0	8	7	16
Muster training – HMD	Field Officer, Associates	0.5	Oral	0	1	0	0	0	0	1
Muster training – NKD	Associates	0.5	Oral	1	1	4	0	0	0	6
Fire training – Mill	Staff and Associates	1	Practically	2	2	0	0	0	0	4

MANUFACTURED CAPITAL

Our manufactured capital comprises the physical infrastructure, machinery, and technology that enable efficient oil palm cultivation, harvesting, and processing. Continuous investment in high-quality infrastructure is vital to ensure operational resilience, productivity, and sustainability across our plantations and the mill.

In the reporting year, we prioritised the modernisation of mill equipment, improvement of estate roads, and enhancements in worker welfare infrastructure.

Our manufactured capital forms the backbone of our plantation and milling operations, enabling us to optimise productivity, reduce environmental impacts, and ensure the wellbeing of our workers. Through consistent investment in infrastructure, machinery, and utilities, we support long-term value creation while complying with RSPO standards and contributing to several Sustainable Development Goals (SDGs).

A key strategic advantage, we have nurtured and continued to invest in our Manufactured Capital to increase revenue growth, improve service standards, ensure health and safety of our factory workforce and mitigate environmental impacts, focusing on physical and digital infrastructure on factory development and automation.

Our approach

Planned capacity expansion, market growth, and consistent delivery of high-quality products is underpinned by well managed manufactured capital, creating sustainable stakeholder value. As our primary business is palm oil production and dairy farming, elevation of performance of the plant and machinery by innovations, regular maintenance and upkeep of our property, are of significant value for uninterrupted process combined with health and safety. During the year, capital expenditure amounting to Rs. 244 Mn. was invested in our manufactured capital whilst spending Rs. 1,118 Mn. on the maintenance and upkeep. Our strategic focus is the enhancement of the existing capacities while wisely invest in and creating the most appropriate capital investments.

Value creation highlights

Input

- Plant infrastructure
- Machinery, plant and equipment
- Renewable energy plants
- Shareholders' funds: Rs. 3.4 Bn.

Process

- Investment in technology
- Capacity expansion
- Factory and equipment maintenance
- Technology upgrades
- Cost reduction initiatives

Output

- Investment of Rs. 450 Mn. in constructing an unloading bay, enhancing evaluation efficiency and product quality.
- Effective and responsible investments of the shareholder funds

Outcome

- High-quality products
- Improved productivity
- Enhanced efficiency
- Strong brand reputation
- Contribute to 5.5% of the National Edible Oil demand
- Contribute to 2% of the National Milk Production
- Financial stability and growth
- Creation of wealth

MANUFACTURED CAPITAL

Progress against strategy

Strategy

- Enhance productivity and product quality
- Digitisation and Mechanisation
- Embed ESG and sustainability across operations

Progress in 2024/25

- Loading bay construction, ensuring speedy evacuation of raw materials that result in enhanced evacuation efficiency, improved Mill utilisation and product quality.
- Embedding ESG and sustainability principles as the core of our operations to a trained workforce yielded many benefits, which are detailed in Integrating Sustainability at page 44.

Material topics

Energy

Water and effluents

Emissions

Waste

Occupational health and safety

Trade offs

Investments in the manufactured capital ensures an uninterrupted production process for a profitable business in a healthy and safe working environment, which eliminates risk to life and safeguards human rights, while adhering to RSOP mandated manufacturing standards.

Enhance resource efficiency

Our manufacturing processes are also focused of efficiently managing resources and waste minimisation which in turn returns sustainable outcomes such as productivity and reduced cost. Sustainability Performance Certificate to the palm oil mill of the PROMISE project, *Gold level* in *waste minimisation and resource savings* is an evidence for this move.

Aligning with UN SDGs

8 DECENT WORK AND ECONOMIC GROWTH

- Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

- Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- Ensure sustainable consumption and production patterns

MANUFACTURED CAPITAL

MANAGEMENT OF MANUFACTURED CAPITAL

Efficient management of manufactured capital is essential for a sustainable operation and organisational success, where production and propagation of palm oil are challenged. In the current macroeconomic landscape and the unpredictability of policy discussions surrounding the palm oil industry, it is an imperative that effective management of this vital capital is done involving diligence and forethought to ensure energy efficiency, waste reduction, and circular economy principles to ensure the manufacture capital contributes to environmental and social wellbeing.

We expedite prevention maintenance on a monthly basis on a planned manner, and continued with daily monitoring, speedily addressing any maintenance issues.

Optimising our assets through preventative maintenance schedules extends their lifecycle and ensures efficient performance, reducing downtime, increasing capacity utilisation, and maximising overall throughput for improved returns.

Segmental Analysis of Groups' manufactured capital is as follows:

	2024/25 Rs. Mn.	2023/24 Rs. Mn.
Plantations	967	941
Dairy	286	286
Depreciation charge		
Plantations	47	49
Dairy	21.9	21.6

PROCESSING FACILITIES

Palm Oil Mill

Situated at Nakiyadeniya Estate, Udugama, our palm oil mill is equipped with the latest palm oil milling technology and state-of-the-art machinery, ensuring high quality of production, operational efficiency, and health and safety of the workforce.

Processing capacity

20 MT of Oil Palm Fresh Fruit Bunches per hour

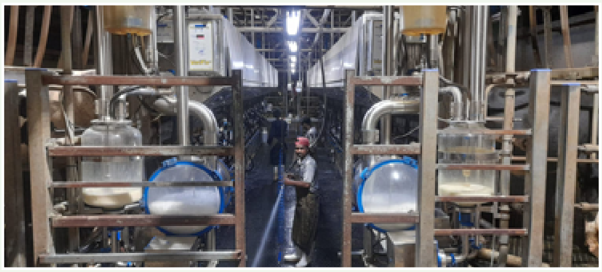
Certifications and awards

- ISO 45001:2018 – Occupational health and safety
- ISO 14001:2015 – Environmental management systems
- Roundtable on Sustainable Palm Oil (RSPO) certification
- PROMISE – Sustainability Performance Certification

Modifications/capacity expansions carried out during 2024/25

- Crop holding and handling ramp development (in progress)
- Effluent treatment plant development (in progress)
- Kernel crushing capacity development
- Kernel plant development with drying and Filtration (in progress)

Dairy Farm



Fully computerised to monitor each animal's yield and quality of milk, the daily farm is fitted with a double raw rapid exit milking parlour which milks 40 cows a-milking-process, and is considered currently the most advanced milking parlour in Sri Lanka.

Processing capacity

23,000 Liters per day

Modifications/capacity expansions carried out during 2024/25

As part of the ongoing development and modernisation efforts at the Lonach Dairy Farm, several key infrastructure expansions were successfully undertaken during the reporting period. These include the extension of the COE (Centre of Excellence) shed, the establishment of a dedicated vehicle yard to enhance operational logistics, the construction of a fully equipped laboratory to support quality control and research activities, and the development of a silage yard to improve fodder storage and feed management. These enhancements are aimed at strengthening the farm's operational efficiency, sustainability, and capacity for innovation.

MANUFACTURED CAPITAL

MANUFACTURED CAPITAL IN OIL PALM PLANTATIONS

Estate and plantation infrastructure	Processing facilities	Building and structures	Energy and utilities	Mechanical and technical equipment	Transport and logistics assets
• Access roads (main, field roads, bridges) • Housing for workers and staff • Field drainage and irrigation systems • Harvesting platforms and field collection points • Field Block fencing, signage, and fencing	• Palm oil mill(s) and their machinery (e.g., boilers, digesters, presses) • Kernel crushing plants • Waste treatment facilities (e.g., effluent ponds, biogas plants) • Water treatment plants and supply systems • Weighbridges	• Administrative buildings (offices, canteens, stores) • Labour quarters and welfare facilities (Volleyball court, Gym) • Storage facilities (for fertilisers, chemicals, PPE)	• Generators Steam Turbine • Renewable energy installations (biomas-to-Raboiler) • Electricity and water distribution systems	• Workshop tools and machinery • GIS and drone equipment	• Fleet of vehicles (tractors, lorries, harvest collection trucks)

VALUE ADDITION

Investing Rs. 450 Mn. and in line with our sustainability principles, and with a view to enhance operational efficiency and manufacturing capabilities, we are in the process of construction and installation of a state-of-the-art unloading bay, which built in efficient raw material evacuation timelines and enhanced production quality. We further commenced the advancement of the Mill effluent treatment system by installing a methane capture anaerobic treatment with tertiary treatments, an eco-friendly effluents disposal and recycling system that helped efficient energy and water management. Aligning with key strategic objectives, these initiatives drive improved productivity and optimise workflow efficiencies across manufacturing operations.

STRATEGIC PRIORITIES 2025/26

Company will navigate advanced adoptions of technology, processes and wisely invest in the strategic priorities to ensure sustainable value creation along the value chain whilst enhancing the efficiency and effectiveness of the manufactured capital.

Priority	Short term	Medium term	Long term
Quality assurance along the value chain	✓	✓	✓
Efficiency improvement of the supply chain		✓	✓
Process control and energy efficiency	✓	✓	✓
Operational excellence investments			✓
Sustainable waste management			✓
Sustainable certifications		✓	✓

MANUFACTURED CAPITAL

Summary of the manufactured capital investment 2024/25

Asset Category	Description	Strategic/GRI/RSPO Relevance	2024/25 Highlights
Palm oil mills	Core processing infrastructure for FFB to CPO and PK.	GRI 302 RSPO Criterion 4.4	Ramp expansion project in progress and Effluent Treatment Plant project started Raw material handling ramp expansion with hydraulically operated feeding system – Rs. 330 Mn. Effluent treatment plant development – initiated
Field infrastructure	Harvest roads, collection points, and bridges.	GRI 203-1 RSPO Criterion 4.3	Repaired 82 km of roads to improve harvesting transport
Transport equipment	FFB transport trucks, tractors, and loaders.	GRI 302 RSPO Criterion 4.6	During the year under review, significant improvements were made to the company's transportation and operational capabilities. A majority of the existing vehicles were replaced with more efficient models, contributing to enhanced reliability and reduced maintenance costs. Additionally, three backhoe loaders were procured to strengthen in-house material handling and land preparation activities. These strategic investments enabled a substantial reduction in fuel expenses and minimised reliance on rented vehicles, thereby improving cost-efficiency and operational autonomy.
Energy and utilities	Generators, water reservoir and treatment, biomass steam boiler, steam turbine.	GRI 302 RSPO Criteria 4.5, 7.3	Over 90% of the total energy requirement for the manufacturing is sourced by the self-fuel sufficient biomass steam boiler while contributing to 35% of the Electricity requirement of the Mill. Methane capturing effluent treatment plant development which has initiated will contribute to additional 20% of the electricity demand through the biogas engine.
Housing and welfare facilities	Worker quarters, clinics, sanitation, and water systems.	GRI 203-2 RSPO Criteria 6.1, 6.5	Renovated 03 housing blocks, Individual houses

FUTURE FOCUS

Factory automation and field mechanisation will be pursued to address labour shortage challenges in the industry. We will also focus on further digitisation and invest in infrastructure required for an uninterrupted production process which will also contribute to enhancing our product quality.

INTELLECTUAL CAPITAL

Our intellectual capital is essential for navigating our strategic aspirations amidst challenging operating conditions. We leverage our brand, tacit knowledge and expertise, systems, processes, and innovative capabilities to drive value creation, foster a data-driven culture, and achieve our strategic goals in a differentiating manner.

Our approach

In the oil palm industry, this translates to a strategic emphasis on specialised agronomic knowledge, innovation, and enhancing crop productivity within sustainable practices. We recognise the imperative to adapt to the unpredictability of climate change, the increasing environmental consciousness within our communities, and the need for effective solutions to challenges like soil erosion. Our approach is therefore centered on:

- Integrating specialised agronomic knowledge with innovative practices to enhance crop productivity sustainably.
- Continuously seeking and implementing strategies and technologies to enhance productivity.
- We overcome the challenges of unpredictable climate change through effective climate forecasting.
- Addressing the increasing environmental consciousness within our communities.

In 2024/25, our focus remained on integrating technology and strengthening core operational processes to unlock greater value across the estate operations. The following table captures how our key inputs were transformed into measurable outcomes that directly supported our strategic goals.

Value creation highlights

Input	Process	Output	Outcome
• Investment in SAP Business One (SAP B1) • Implementation of the iHarvest platform • Skilled and digitally trained workforce • Infrastructure upgrades (Wi-Fi and smart devices at field and estate premises) • Commitment to RSPO-aligned sustainable practices	• Deployed SAP B1 to digitise back-office functions such as finance, invoicing, and inventory • Used iHarvest to manage daily task allocation, crop evacuation, crops received at the mill, quality grading, and CPO dispatch. • Trained estate teams to use new digital tools and processes effectively • Implemented reliable connectivity and digital access for field teams through enhanced 4G, Wi-Fi, and state-of-the-art mobile devices • Maintained sustainable harvesting, environmental monitoring, and community-focused policies	• A unified view of financial and stock movements across the company • Real-time visibility into field activity and performance, crop movement, harvesting quality and dispatches. • A confident and digitally savvy workforce throughout the estates, mill, and back office • Seamless use of digital platforms like iHarvest across remote locations • RSPO-certified palm oil with traceable, ethical sourcing standards	• Improved accuracy, quicker reporting, and better business control • Greater productivity, better quality control, and timely decision-making • Increased accountability, minimised manual work, and digitally enabled workflows and processes. • Faster communication, real-time data updates, and reduced field delays • Strengthened market reputation and built trust with global stakeholders

INTELLECTUAL CAPITAL

Progress against strategy

Strategy

- Enhance Individual Productivity
- Optimise land use
- Mechanisation
- Expansion to capture a larger market share
- Embed ESG and Sustainability across operations

Progress in 2024/25

- By adopting digitised harvesting allocation
- Mechanisation helped in optimum land use producing 13,662 tons of oil palm.
- A digitalised muster sheet records individual work allocations, harvested volumes, and crop quality, enabling the Company to identify skill gaps and provide targeted training where needed.
- The digitalised muster sheet helps workers understand their performance levels and proactively seek skill development opportunities.
- A well trained workforce undeniably bolstered the expansion efforts and the Company's specialised oil used in the production of an edible application garnered a good share of the market generating Rs. 6.7 Bn. in revenue.
- Embedding ESG and sustainability principles as the core of our operations to a trained workforce yielded many benefits, which are detailed in Integrating Sustainability at page 44.

Material topics

Training and Education

Being a knowledge-driven agribusiness and plantation, Watawala Plantations PLC understands the importance of ongoing skill development and training to promote long-term employee engagement, operational effectiveness, and digital transformation. Since the advent of tools like iHarvest and SAP B1, investing in people has become strategically necessary.

Management Approach

We adopted a structured approach to training by:

- Hands-on training programs across estates to ensure effective ERP (SAP B1) and iHarvest use, focusing on change adoption and system familiarity.
- Digital literacy and IT orientation sessions for field staff, clerks, and supervisors to build confidence in using technology for daily tasks and reporting.
- Mentorship frameworks for estate supervisors and senior staff to encourage knowledge transfer, peer learning, and continuous professional growth.
- Partnerships with external trainers and global industry experts, including Wilmar Group affiliates, to introduce international best practices in plantation and digital process management.

Trade offs

Negative impacts on the financial capital by investing in digitalisation and mechanisation, and training and development is off-set by the long-term cost effectiveness and building band-width in intellectual capital.

Digitalisation contributes to paper-reduced operations, contributing to preserving natural resources, thereby curbing environmental erosion.

Well trained and equipped workforce is retained with the Company for mutual benefit of sustainable co-existence.

Aligning with UN SDGs

By nurturing our intellectual capital, we align with the UN SDGs on six fronts.

DIGITISATION AND DIGITAL TRANSFORMATION

Watawala Plantations PLC is committed to a comprehensive digital transformation to enhance its operations and future growth. This journey involves more than just technology implementation; it's about evolving our processes, empowering our people, and fostering a culture of continuous improvement.

We are not merely digitalising process, but transforming them includes enhancing digital platforms such as ERP (SAP B1) and Field system (iHarvest) and platforms to optimise workflows, improve data accuracy and visibility, and enhance decision-making across the operations.

Technology enhancement:

- Investing in and upgrading our technological infrastructure is crucial. This plan involves implementing advanced sensors and IoT devices for increase field-level productivity and enhance crop quality, supporting data-driven decision-making and strengthening our precision agriculture capabilities.
- Enhancing our ERP systems (SAP B1) and field-level software (iHarvest) to integrate data and streamline processes.

Process improvement:

- Digital transformation provides the opportunity to re-evaluate and improve our existing processes. We are focused on: Automating manual tasks to reduce errors and free up our workforce for more strategic activities.
- Optimising harvesting and milling processes through data-driven insights.

Change management:

- We recognise that successful digital transformation requires careful change management. This involves: Communicating the benefits of digital transformation to all stakeholders.
- Providing training and support to help employees adapt to new technologies and processes.
- Segregating clear roles and responsibilities

People adoption

- Our people are at the heart of our digital transformation. We are committed to: Empowering employees with the skills and knowledge they need to thrive in a digital environment.
- Fostering a data-driven culture where employees can access and utilise information to make informed decisions.

By focusing on these pillars, Watawala Plantations PLC aims to achieve operational excellence, enhance productivity, and drive sustainable growth in the years to come.

Brand visibility

We implemented strategic measures to augment our brand visibility in the domains of oil palm production and dairy farming by focusing our commitment to sustainability, innovation, and market engagement. We are the only entity in South Asia to be awarded the prestigious Roundtable on Sustainable Palm Oil (RSPO) certification, highlighting our strict adherence to international standards, and recognising the Company as a responsible and accountable corporate citizen operating within a strong sustainability framework.

The technological advancements we introduced to the dairy farming segment improved efficiency and product quality, while engagement with the community by direct sales, enhanced our visibility as a dependable and quality-focused dairy producer. Overcoming challenges such as feed shortages, the Company made a recovery, strengthening brand perception.

Overall, in 2024, we were able to consolidate our position as a leader in the agri business, that is visionary and forceful in its approach to innovation and implementation.

As a result of our digital advances, we also observed significant improvements in brand perception as well.

Change in harvesting method

In FY 2024/25, Watawala Plantations PLC reinforced its commitment to operational excellence and sustainability by introducing key changes to core field practices. The transition from conventional block harvesting to a more agile and efficient gang harvesting model was a significant milestone. This strategic shift enabled higher daily output, optimised labour deployment, and minimised crop losses caused by harvesting delays.

To complement this transformation, the Company accelerated the digitisation of field processes through platforms like iHarvest, enabling real-time crop monitoring, work force task allocation, and productivity tracking. These digital capabilities empowered estate managers and operational teams with timely insights, supporting data-driven decision-making and improved field performance.

Recognising that transformation extends beyond systems, we also implemented structured change management initiatives, including training sessions, stakeholder engagement, and field-level support to drive smooth adoption across all estates.

These efforts reflect Watawala's long-term vision of becoming a tech-enabled, sustainable plantation leader — a brand that exemplifies innovation, accountability, and continuous improvement.

From harvesting to milling – enhancing crop quality and processing efficiency

During FY 2024/25, Watawala Plantations PLC strongly emphasised continuous improvement in crop quality and processing efficiency. One key area of focus was reducing the time between harvesting and milling, a critical factor that directly impacts the quality of oil extracted.

By streamlining field evacuation processes and ensuring faster transport of Fresh Fruit Bunches (FFB) to the mill, we significantly minimised delays that can lead to increased Free Fatty Acid (FFA) levels. This helped preserve the freshness of the crop and ensured higher-quality oil output.

These improvements contributed to a 23% increase in oil yield per 100 kg of harvested nuts, reinforcing the value of timely, coordinated operations between field and mill teams. Our integrated efforts in crop evacuation and prompt processing reflect our ongoing commitment to quality, efficiency, and value maximisation across the production chain.

KNOWLEDGE AND EXPERTISE

Our parent Companies, Wilmar International, based in Indonesia, and Pyramid Wilmar, based in Sri Lanka, provide globally accepted expertise in oil palm production in particular and plantation management in general. The Company recruited top talent from our parent company in Indonesia to contribute to enhancing crop quality and local skill development.

The employee value proposition and the compensation package the Company offers allow us to recruit the best-in-class talent in plantation management from the market. We continuously train and upgrade our employees in many disciplines to ensure their personal development and retention with the Company.

CERTIFICATIONS

Certification	Watawala Plantations PLC	Lonach Dairy
RSPO	✓	
ISO 14001 Environmental Management System	✓	
ISO 45001:2018	✓	
RSPO Kernel Crusher Plant Supply Chain	✓	

FUTURE FOCUS

We will continue to invest in digitisation and operational enhancements, while strategically optimising land use to unlock greater value from our assets. Our commitment to structured training and development, including individual mentorship partnerships, ensures the consistent transfer of knowledge, skills, and best practices across teams.

This integrated approach drives efficiency, sustainability, and profitability across the entire value chain, reinforcing our position as a future-ready, performance-driven agribusiness.

NATURAL CAPITAL

Natural capital encompasses the environmental resources and ecosystem services that Watawala Plantations PLC relies upon for its operations, including land, water, biodiversity, air, and climate. As a company deeply rooted in agriculture, we recognise that the sustainability of our business is intrinsically linked to the health and resilience of these natural assets. Our commitment to preserving and enhancing natural capital is demonstrated through responsible land management, biodiversity conservation, efficient resource utilisation, and compliance with international sustainability standards. By integrating environmental stewardship into our core operations, we aim to minimise our ecological footprint, maintain long-term productivity, and support the wellbeing of surrounding ecosystems and communities.

CERTIFIED SUSTAINABLE CERTIFICATIONS

01. Roundtable on Sustainable Palm Oil (RSPO) – Since 2020

02. Environment Management Systems (ISO 14001) – Since 2020

03. Green House Gas Emission Reporting (ISO 14064-1)

04. Occupational Health and Safety Management Systems (ISO 45001) – Since 2020

Our approach

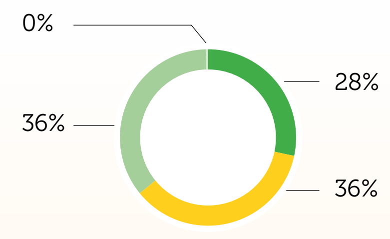
We integrate sustainability into every aspect of our operations, guided by global frameworks such as RSPO and ISO standards. Environmental protection is prioritised through responsible land use, conservation of biodiversity, and efficient resource management. We actively engage with local communities, supporting inclusive development and improving livelihoods through education, employment, and empowerment initiatives. Our operations are designed to minimise environmental impact while maximising long-term value for stakeholders. Health, safety, and welfare of our employees are central to our workplace culture. We promote transparency, ethical conduct, and continuous improvement across our supply chain. By aligning our business practices with the principles of sustainable development, we aim to create lasting positive impacts for people, planet, and profit.

NATURAL CAPITAL

Our natural capital

Land Resources	Measurement	2024/25	2023/24
Homodola Estate	Hectares	1,367.77	1,367.77
Thalangaha Estate	Hectares	1,725.34	1,725.34
Nakiyadeniya Estate	Hectares	1,713.80	1,713.80
Royston	Hectares	17.43	17.43
Total	**Hectares**	4824.34	4,824.34

Extent (Hectares) %



Value creation highlights

Input

- Raw materials consumption

Type	Unit	Quantity
Fertiliser	kg	2,559,668
Weedicides	L	5,244
Diesel	L	116,362
Petrol	L	15,172

- Electricity Energy consumption – 1.548 million kWh
- Water consumption – 42.2 million Liters

Process

- High Conservation Value (HCV) management
- Riparian and Buffer Zone Management
- Biodiversity conservation
- Regenerative agriculture practices
- Improved soil fertility
- Responsible waste, water, energy and emissions management

Output

- GHG Emissions **-23,101.89 tCO_2e**
- Wastewater discharged – **47,227.1 Mt**
- Solid waste – **1,390 kg**

Outcome

Credit type	Value of credits Rs. '000
CSPO	2,098
CSPKO	8,881
CSPKE	5

Progress against strategy

Strategy

- Optimise land usage
- Enhanced productivity and quality of palm oil
- Enforce ESG/Sustainability principles throughout operations
- Soil Management

Progress in 2024/25

- Conduct soil surveys, Focus on increasing productivity per hectare by practicing best agricultural practices, Design harvest roads, collection points, and drainage systems to reduce land waste and improve logistics.
- Digitisation of muster sheets, exponentially enhanced harvesting, and logistics improvement, improve the quality of oil
- Implementation of the new methodologies in material optimum usage.
- Implementation of the new agricultural best practices for improving soil fertility and soil conservation.

NATURAL CAPITAL

Material topics

- **Materials Consumption**
- **Energy Management**
- **Emissions Management**
- **Waste Management**
- **Biodiversity**

Trade offs

Responsible usage of the natural capital stimulates job creation, generation of economic activity, and infrastructure development, that are essential for national development, although in the long term, some extent of erosion is inevitable.

Usage of natural resources drives growth in many spheres, and as we embark on our operations based on sustainability practices, we mitigate eroding effects to a large extent.

Watawala Plantations PLC is committed to sustainable land management and strictly adheres to a no deforestation. Prior to any land clearing activities, the company conducts a comprehensive sustainability new clearing assessment to evaluate environmental, legal, and social factors. This assessment ensures that areas with High Conservation Value (HCV) or High Carbon Stock (HCS) are identified and protected, and that land development is limited to legally approved and environmentally suitable areas. By implementing this proactive approach, Watawala Plantations PLC ensures that no deforestation occurs as a result of its operations, aligning with global sustainability standards and reinforcing its dedication to responsible and ethical agricultural practices.

Aligning with UN SDGs

6 CLEAN WATER AND SANITATION

Ensure availability and sustainable management of water and sanitation for all.

- Prevent water pollution by treating effluent and runoff before discharge.
- Use riparian buffer zones and proper agrochemical application to protect waterways.
- Promote water-saving practices and rainwater harvesting.

7 AFFORDABLE AND CLEAN ENERGY

Ensure access to affordable, reliable, sustainable, and modern energy for all.

- Utilise palm biomass (shells, fibres, empty fruit bunches) for renewable energy.
- Invest in biogas recovery from palm oil mill effluent (POME).
- Increase energy efficiency in operations (aligning with ISO 50001).

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns.

- Implement sustainable certification schemes (e.g., RSPO, ISO).
- Reduce, reuse, and recycle waste from plantation and mill operations.
- Conduct Risk Assessment throughout the Supply Chain

13 CLIMATE ACTION

Take urgent action to combat climate change and its impacts.

- Monitor and reduce GHG emissions (e.g., through RSPO PalmGHG or ISO 14064).
- Avoid planting on Steep areas and high carbon stock areas.
- Enhance carbon sequestration through reforestation and conservation.

14 LIFE BELOW WATER

Conserve and sustainably use the oceans, seas, and marine resources for sustainable development.

- Prevent runoff of fertilisers and pesticides into rivers and streams.
- Maintain buffer zones areas
- Engage in watershed protection and restoration.

15 LIFE ON LAND

Protect, restore, and promote sustainable use of terrestrial ecosystems, manage forests sustainably, combat desertification, and halt biodiversity loss.

- Protect High Conservation Value (HCV) and High Carbon Stock (HCS) areas.
- Avoid deforestation; restore degraded lands.
- Support biodiversity conservation (e.g., through riparian corridors, fish diversity studies)

MANAGING OUR NATURAL CAPITAL

Our company manages natural capital in alignment with the RSPO Principles & Criteria and ISO standards such as ISO 14001 and ISO 50001 by integrating sustainability into every aspect of our operations. We identify and conserve High Conservation Value (HCV) and High Carbon Stock (HCS) areas through detailed environmental and biodiversity assessments using GIS and field surveys. Our ISO 14001-certified Environmental Management System guides the identification, control, and continuous improvement of our environmental performance, including soil conservation, water management, and waste reduction. To address energy use and climate impacts, we follow ISO 50001 guidelines and monitor greenhouse gas emissions using tools like RSPO Palm GHG, while optimising energy efficiency through biogas recovery and biomass reuse. We actively protect riparian buffers, support biodiversity through habitat preservation, and promote ecosystem services across our landscapes. Sustainable practices such as integrated pest management, cover cropping, and responsible effluent handling ensure the long-term health of soil and water resources. Through community engagement, stakeholder consultation, and transparent grievance mechanisms, we ensure that our natural capital management is socially inclusive, legally compliant, and ecologically sound.

Governance

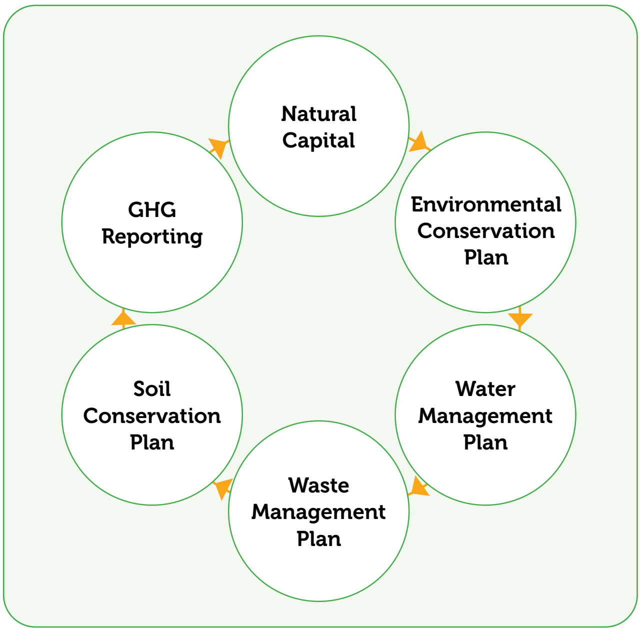
We have established a robust environmental governance framework to drive our management of the natural capital, which works in tandem with our Sustainability Policy that includes adherence to the requirements of the Sustainable Development Goal (SDGs). We have upheld strict compliance with all relevant laws and regulations, with no violations reported during the review period.

Please refer the section on Our Commitment to Sustainability at page 44 for a comprehensive account on our sustainability practices, that underpins the usage and preservation of our natural capital.

Policy framework

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

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



Land management

Enhancing land productivity is a strategic priority and we are 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, preservation of soil microorganisms, and mitigation exercises for curb biodiversity loss.

We have adopted the following practices to enhance land productivity:

Soil conservation and management

The key objectives of our methodology in soil conservation and management are to implement effective conservation measures that minimise soil erosion, enhance soil fertility, and promote sustainable land management practices, thereby safeguarding environmental quality, improving agricultural productivity, and supporting the well-being of surrounding communities, which we have implemented in Homadola, Nakiyadeniya, and Talangaha Estates.

NATURAL CAPITAL

Riparian zone management

Riparian zones play a crucial role in reducing soil erosion and acting as natural filters for pollutants, while also providing habitats and corridors for wildlife. To conserve these vital areas, we establish buffers along rivers, streams, and rills. By planting native species such as Kumbuk and Mee, we help retain soil structure and water along the edges of these waterways. Enhancing biodiversity through these buffer zones is a practical and effective approach to maintaining healthy riparian ecosystems

Further initiatives were implemented to achieve our objectives:

- Soil Surveying and mapping
- Identification of the soil in estates
- Soil Erosion measurements
- Implementation of soil erosion mitigation techniques
- Identification of slope of estate lands
- Establish Soil erosion control measures
- Remediation actions for identified poor areas
- Soil Nutrient Management
- Application of the organic fertiliser

Environmental and social impact mitigation

Our soil conservation plan plays a vital role in ensuring environmental sustainability and enhancing societal well-being. Environmentally, it reduces soil erosion, thereby preventing sedimentation in nearby water bodies, which helps maintain aquatic ecosystems and improves water quality. By enhancing soil fertility and structure, the plan supports healthier plant growth, promoting biodiversity and contributing to carbon sequestration, which aids in climate change mitigation. Socially, effective soil conservation ensures stable agricultural productivity, securing food supply and providing economic stability for farming communities. Additionally, it helps mitigate the risks of natural disasters such as landslides and floods, safeguarding both the environment and local communities.

Overall, implementing a soil conservation plan fosters a healthier ecosystem while supporting the livelihoods of those dependent on agriculture.

Key measurements (per year)

1.21 cm
Average soil erosion in the oil palm plantation fields

3,104 MT
Quantities of organic manure application

0.02 g/L (20 mg/L)
Total suspended solids in the nearby streams

Extent of the Riparian and buffer established alongside the streams
Please see below table

8,221 MT
Application of the EFB as mulching

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

NATURAL CAPITAL

ENERGY MANAGEMENT

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

We work within a strong policy structure in managing energy consumption, allowing us to be a responsible corporate citizen in consumption and usage. Our Energy Policy aims to:

- Engineering know-how, ensuring energy conservation, efficiency and utilising 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

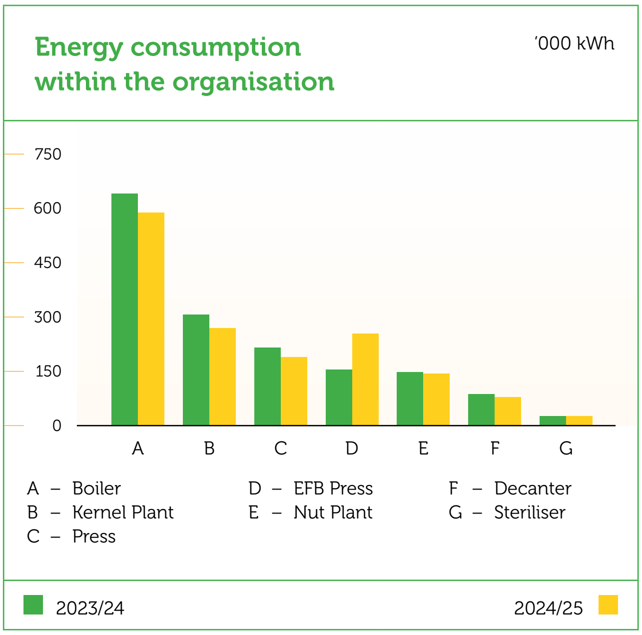
Optimising energy performance, reducing energy consumption, and integrating renewable energy solutions are the key objectives of our energy management exercise. Complying with international and local regulations, we ensured this natural resource was managed cost efficiently and ensuring environmental sustainability. Our efforts were concentrated at Homadola, Nakiyadeniya, Talangaha Estates, and at Nakiyadeniya Palm Oil Mill.

To achieve our objectives, we employed a set of key activities:

- **Energy review:** This is a proactive step toward optimising energy use, reducing costs, and minimising environmental impact, ultimately supporting both business growth and sustainability.
- **Biomass utilisation:** Palm oil mills efficiently utilise by-products like palm kernel shells, empty fruit bunches (EFBs), and fibre as biomass fuel to generate steam and electricity. This reduces dependency on fossil fuels.
- **Waste heat recovery systems:** Installing heat recovery systems in boilers and turbines helps capture excess heat to improve overall energy efficiency, reducing energy loss during processing.
- **Energy-efficient equipment:** Upgrading to energy-efficient motors, pumps, and lighting systems minimises energy consumption. Variable Frequency Drives (VFDs) are often used to optimise motor speed based on operational demand.
- **Process optimisation:** Fine-tuning processes such as steam pressure control, boiler efficiency monitoring, and scheduled maintenance ensures equipment operates at optimal efficiency, reducing energy wastage.

Energy consumption within the organisation

GRI 302-1



NATURAL CAPITAL

Energy intensity

GRI 32-3

Energy Usage	Homadola Estate	Nakiyadeniya Estate	Talangaha Estate	Palm Oil Mill
FFB (kg)	10,270,175	22,247,687	22,899,250	127,062,924 (Received)
Total energy used (GJ)	1,408	1,240	1,481	214,520
Energy intensity (GJ/FFB Mt)	0.137	0.0557	0.0646	1.688

Environmental and social impact

Environmental

Our energy management initiatives are focused on improving energy efficiency, reducing fossil fuel dependency, and promoting renewable energy adoption to minimise environmental impact. By implementing energy-saving technologies, optimising machinery operations, and utilising renewable energy sources such as fibre and shells using as feeding material for boiler, we have successfully reduced our carbon footprint and improved overall energy efficiency. These efforts have contributed to lowering greenhouse gas emissions, mitigating climate change risks, and conserving natural resources.

Sri Lanka's ongoing energy crisis has highlighted the urgent need for energy conservation and the adoption of renewable energy solutions. Implementing energy-saving practices in industries, such as optimising machinery efficiency and reducing energy wastage, helps reduce strain on the national power grid.

Social

From a social perspective, our energy management practices have enhanced workplace safety by reducing exposure to hazardous emissions and improving equipment efficiency. Furthermore, by lowering energy costs, we have achieved greater financial stability, which allows us to invest in employee welfare programmes and community development initiatives. Our commitment to sustainable energy practices continues to create positive environmental and social impacts, reinforcing our dedication to responsible business operations.

Key measurements

Financial savings from energy produced from renewable energy sources;

Rs. 573,431,877

Total energy consumption

217,619 GJ

Total grid energy consumption

1,566 kWh

Total energy produced from renewable energy:

303,663 kWh

Energy intensity

1.688 GJ/FFB Milled MT

Total electricity consumption per ton of production

22.43 kWh/MT

Biomass consumption per ton of production

0.149 Biomass MT/FFB MT

WATER MANAGEMENT

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

Responsible consumption

Optimising the use of water efficiency, conserving water resources, ensuring the protection of natural water systems, thereby supporting environmental sustainability while improving agricultural productivity and ensuring community water security for the long-term are the basis for or the key objectives of our water management policy. Our efforts were concentrated at Homadola, Nakiyadeniya, Talangaha Estates, and at Nakiyadeniya Palm Oil Mill.

To achieve our goals, we implemented several initiatives, continuous from previous years.

Key activities:

- To comply with existing national law, legal acts, regulations and national and regional requirements.
- Mitigation of flooding
- Monitoring of water quality and Quantity
- Minimising the water consumption and maximise the water usage efficiency

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

Water withdrawal by source

GRI 303-3,303-4,303-5

Surface water
42,228,100 Litres

Ground water

Sea water **NA**

Produced water **NA**

Third party water **NA**

Total water withdrawal
42,228,100 Litres

ENVIRONMENTAL AND SOCIAL IMPACT

GRI 303-2

Environmental

Our comprehensive water management plan is designed to ensure the efficient and sustainable use of water resources while minimising environmental impact. By implementing measures such as rainwater harvesting, improved irrigation techniques, and wastewater treatment systems, we have significantly reduced water wastage and enhanced water quality. This has contributed to the preservation of local ecosystems by preventing water pollution and maintaining natural water flow patterns.

Social

From a societal perspective, these efforts have ensured a stable water supply for nearby communities, supporting their agricultural activities and daily water needs. Additionally, our initiatives have helped reduce the risk of water scarcity during dry seasons, improving the resilience of both the environment and local populations. Through these sustainable practices, we continue to prioritise environmental conservation while positively impacting the well-being of society.

NATURAL CAPITAL

Key measurements

Total water consumption for the production process:
42,228,100 Litres

Water usage intensity
0.3323 L/FFB kg

Total effluent water treated
47,227,090 Litres

Water used from the rain water harvested
34,456 cubic meters

Water catchment area conserved
307.17 ha

WASTE AND EFFLUENTS MANAGEMENT

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

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

To achieve our objectives, we implemented several initiatives, successfully.

Key activities

- Waste identification and categorisation
- Scheduled waste management
- General waste management
- Awareness and training

Waste generated

The production process generated waste

Effluent water treated
47,227,090 Litres

Hazardous waste

Used oil/lubricants
2,200 Litres

E-waste **83 items**

Empty weedicide/chemical cans
900 kg

Waste disposal process

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

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

NATURAL CAPITAL

Waste by disposal method

GRI 306-4, 306-5

Waste volume by disposal method

Diverted from disposal

Re-used **18,956.893 Tons**

Recycled **2,200 Litres**

Disposed

Incineration **900 kg**

Landfill **1,390 kg**

Environmental and social impact

GRI 306-2

Our waste management initiatives have significantly contributed to reducing environmental pollution, conserving natural resources, and promoting community well-being. By minimising waste generation and enhancing recycling efforts, we actively support the circular economy. Moreover, the awareness campaigns have empowered employees and local communities to adopt responsible waste management practices, fostering positive social outcomes and improved public health. Through these dedicated efforts, Watawala Plantations PLC remains committed to driving sustainable development and ensuring a cleaner, healthier environment for future generations.

Key measurements

Waste disposal quantities disposed – As per National legal provisions by Central Environment Authority

- Solid waste (empty agrochemical cans, chemical residues cans) **900 kg**
- Scheduled waste (used hydraulic oils, used engine oils) **2,200 Litres**

Waste conversion to energy (boiler feeding materials)

10,731,303 kg/FFB kg

Waste to fertiliser (empty fruit fibres)

8,225,590 kg

EMISSIONS MANAGEMENT

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

We made progress in reducing emission levels to minimise our carbon footprint and transition towards a net-zero business model by 2030. Our ongoing initiatives in transitioning to renewable energy sources and systematically decreasing the use of chemical fertilisers a significant contributor to emissions in the agriculture sector, enabled us to reasonably curtail our emission in 2024. We implemented several initiatives across our estates and the palm oil mill towards achieving this.

Key activities

- Data collection and monitoring
- Emission source identification
- Emission calculation
- Data analysis and verification
- Reporting and documentation

NATURAL CAPITAL

ENVIRONMENTAL AND SOCIAL IMPACT

Environmental

By systematically measuring and monitoring greenhouse gas emissions across our operations, we have gained valuable insights into our carbon footprint. This has enabled us to identify key emission sources and implement targeted reduction strategies such as energy efficiency improvements, renewable energy adoption, and optimised production processes. Environmentally, these efforts contribute to reducing air pollution, improving local air quality, and mitigating climate change impacts.

Social

From a social perspective, our proactive emission reduction measures support healthier communities by minimising harmful pollutants that can affect public health. Additionally, by aligning with global climate goals and regulatory frameworks, we demonstrate our commitment to sustainable practices, enhancing trust among stakeholders. Our GHG emission reporting efforts reflect our dedication to creating a cleaner environment while promoting social well-being and long-term business resilience.

		2024/25	2023/24
Direct (Scope 1) GHG emissions	tCO_2e	22,544.99	21,842.94
Indirect (Scope 2) GHG emissions	tCO_2e	556.90	666.06
Total GHG emissions	tCO_2e	23,101	22,509
Emission intensity	GHG tCO_2e/ Rs. Mn. revenue	0.34	0.32

BIODIVERSITY CONSERVATION

GRI 304-2

As responsible stewards of over 4,800 hectares of biodiverse land, we hold it as our duty to safeguard the ecosystems within these areas. We conducted comprehensive biodiversity surveys across our lands, meticulously documenting the flora and fauna within our areas of stewardship. Our approach to biodiversity conservation is based on globally accepted HCV (High Conservation Value) management mechanisms, involving a three-step approach.

Identification of HCV Areas

Development of an HCV Management Plan

Development of an HCV Monitoring Plan

RSPO guidelines and local regulations are strictly adhered to through clearly defined policies and SOPs, tracking progress and monitoring for gap-fixing. As a well established plantation management Company, we possess a repository of institutional capacities to drive biodiversity conservation and protection.

Our conservation methods are categorised in to six HCV value management matrix, and are closely monitored for compliance.

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

NATURAL CAPITAL

TOTAL PROTECTED AREAS UNDER WATAWALA PLANTATIONS PLC

GRI 304-3

Protected areas and key biodiversity and import bird areas around Watawala Plantations PLC include the Biosphere Forest Reserve Kanneliya, Dediyagala – Nakiyadeniya Complex (KDN), the Pattaramoraketiya, Nerugalkanda and Malambure Forest Reserves. Talangaha and Homadola estates boundaries overlap with the KDN complex and the Nerugalkanda Forest Reserve, both of which are protected areas.

The total extent of HCV management area is approximately 525.39 ha., representing 10.75% of the total land concession. There was no deterioration of the protected areas under our care during the year reflecting the effectiveness of our habitat protection measures.

Description of HCV Management Areas (HCVMA)	Combinations of HCV	Extent of HCVMA
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 utilised by locals	HCV 5	525.39
Areas with Bodhi Trees, Shrines and Temples	HCV 6	

NATURAL CAPITAL

THREATENED SPECIES IN OUR ESTATES

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

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

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

The biodiversity and the landscape values are strictly protected in these areas, and we have created employee awareness on refraining from any land clearing, extraction, and other potentially damaging activities in the protected areas.

We protect the natural streams used by the community for bathing and water extraction by strictly prohibiting the use of chemicals and harmful materials within these areas, and protect the natural marshy lands and ponds by establishing buffer zones and creating awareness of their ecological value.

MATERIAL MANAGEMENT

GRI 301-1, 301-2, 301-3

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

		Unit	2024/25	2023/24
Renewable	Green leaf	Kg '000	359,728	413,275
Non-renewable	Fertilisers	Kg '000	2,688,858	3,542,646
	Pesticides	Litres	NA	NA
	Weedicides	Litres	5,625.65	6,071.72

FUTURE FOCUS

We will committedly continue to ensure responsible usage of the natural capital and preservation of biodiversity within the areas under our stewardship, and explore strategies to expand rainwater harvesting, and implement water conservation methods.
Land manages and productivity is a priority and we will engage in enhancing productivity without endangering the environment.

GOVERNANCE AND COMPLIANCE

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 2025, 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 the recommended 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 27 May 2025.

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	3
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 24 to the Financial Statements – Investments in subsidiaries	134
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 2025 duly signed by the Sector Financial Controller and two Directors	127
Auditor's report on the Financial Statements of the Company and the Group	Section 168 (1) (c)	Independent Auditors' Report	129
Any change in accounting policies made during the accounting period	Section 168 (1) (d)	Note 6 to the Financial Statements – Changes in Accounting Policies	140
Particulars of entries in the interests register made during the accounting period	Section 168 (1) (e)	Note 29 to the Financial Statements – Related Party Transactions	183
Remuneration and other benefits of Directors during the accounting period	Section 168 (1) (f)	Note 40.1 a to the Financial Statements – Expenses by Nature	203

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

Disclosure requirements	Reference to the Companies Act No. 07 of 2007	Disclosure reference for compliance	Page
Total amount of donations made by the Company or the Group during the accounting period	Section 168 (1) (g)	The Group did not make any donations for the year under review	–
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	Section 168 (1) (h)	Board Profiles	19
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;	Section 168 (1) (i)	Note 12 to the Financial Statements – Expenses by Nature	149
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	Section 168 (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	149
Signed on behalf of the Board by two Directors and the Company Secretary	Section 168 (1) (k)		112

In addition to the above, the following information is disclosed. The details are provided within notes to the Annual Report, which form an 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 stake in Lonach 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.	3
Review of operations and future developments	Chairman's Message Audited Financial Statements	15 133
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.	133
Directors' Responsibility for Financial Reporting	The Statement of Directors' Responsibility for Financial Reporting	121
Significant accounting policies	Note 1 and 46 to the Financial Statements – Summary of Significant Accounting Policies	137, 206
Going concern	Note 2.6 to the Financial Statements – Going concern	138
Income	Note 8.1 to the Financial Statements – Segmental Analysis by principal activities and other income	143

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

Disclosure	Note Reference	Page
Financial results and appropriations	Statement of Profit or Loss and Other Comprehensive Income Statement of Financial Position Statement of Changes in Equity Statement of Cash Flows	133 134 135 136
Stated capital and reserves	Statement of Changes in Equity	135
Dividend on ordinary shares	Note 17 to the Financial Statements – Dividends per share	154
Taxation	Note 14 to the Financial Statements – Income tax expense Note 25 to the Financial Statements – Deferred income tax liability	151 179
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 2025 amounted to Rs. 33.9 Mn. and Rs. 34.08 Mn. respectively (2023/24 Group: Rs. 47.35 Mn. and Company: Rs. 47.35 Mn.). Details are given in Notes 22 to the Financial Statements.	159
Property, plant and equipment	Note 19 to the Financial Statements – Property, plant and equipment	159
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	110
Events after the reporting date	Notes 43 to the Financial Statements – Events occurring after the reporting date	206
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.	217
Historical information	Information relating to earnings, dividend, net assets and market capitalisation is given in the Historical Financial Information, investor information	210
Shareholdings	Investors information	216
Equitable treatment to shareholders	The Company has always ensured that all shareholders are treated equitably	216
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.	95
Directors' interests in transactions	Notes 40 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 Section 13 (c) of the Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987.	202
Directors' emoluments	Note 40.1 a to Financial Statement	203
Corporate governance	Corporate Governance Report	23
Directors' meetings	Corporate Governance Report	25
Risk management and internal control	Risk management and internal control	50
Insurance and indemnity	Ultimate parent, obtained an insurance policy to cover Directors' and Officers' liability	61

CORPORATE GOVERNANCE

(Code of Best Practice D.1, D.1.1, D.1.4, D.4), (G.1, G.2, G.3)

The Board of Directors have placed emphasis on conforming to the best corporate governance practices and procedures. Accordingly, the Board has provided the necessary resources and installed appropriate processes and procedures in compliance with the relevant codes of best practice issued by the regulatory and professional bodies. The Board has ensured that the Company complied with the Code of Best Practice on Corporate Governance (2023). The measures taken in this regard and information to fulfil disclosure requirements of the above code, Directions and the Listing Rules of the Colombo Stock Exchange ("CSE") are set out on pages 33 to 35 of this Annual Report.

Further, the Directors declare that:

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

Appraisal of Board performance

The method used to appraise the performance of the Board of Directors is presented in the "Corporate Governance" section on page 31 and performance evaluations were obtained from the Board.

Internet of Things

Group IT policies by which the Company is governed, comprehensively covers the process to identify connections to the Company's network, Cyber Security Risk Identification and effectiveness of Cyber Security Risk Management. Related information is set out in Corporate Governance Section on page 91.

Compliance with laws and regulations

The Company has not engaged in any activity which is harmful to the environment.

Loans to Directors

The Company has not granted any loans to the Directors.

NOTICE OF ANNUAL GENERAL MEETING

The thirty second (32nd) Annual General Meeting (AGM) of the Watawala Plantations PLC (Company) will be held online via a virtual platform on Friday 27 June 2025 at 10.15am.

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.

M R Mihular
Chairman

S G Sathasivam
Director

Corporate Services (Pvt) Ltd.
Secretaries

Watawala Plantations PLC

27 May 2025

REPORT OF THE REMUNERATION COMMITTEE

The Remuneration Committee comprises Three (3) members. The Committee is chaired by Mr A Herath. The Acting Chief Executive Officer attend meetings by invitation. The Committee's Charter adheres to best practices and undergoes an annual review to incorporate current developments and other necessary considerations.

COMPOSITION OF THE COMMITTEE

Mr A Herath (Chairman/Member) – Independent Non-Executive (Appointed w.e.f. 29 May 2024)

Mr M R Mihular (Member) – Independent Non-Executive (Appointed w.e.f. 29 May 2024)

Mr M R Rao (Member) – Independent Non-Executive (Retired w.e.f. 23 June 2024 and re-appointed again from 28 June 2024)

Mr S G Wijesinha (Chairman/Member) – Independent Non-Executive (Resigned w.e.f. 29 May 2024)

Mr A R Rasiah (Member) – Independent Non-Executive (Resigned w.e.f. 29 May 2024)

Mr H D Abeywickrama (Member) – Independent Non-Executive (Resigned w.e.f. 29 May 2024)

MEETINGS

The Committee met on 29 May 2024 in the financial year 2024/25.

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 Company.

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

KEY AREAS OF FOCUS

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

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.

EVALUATION OF THE COMMITTEE

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

CONCLUSION

The Remuneration Committee formed a key part of the governance framework of the Company and carried the mandate to oversee the compensation and benefits policies adopted by the Company, and in doing so, reviewed and recommended overall remuneration strategy, policies and performance-based pay plans using market comparators for similar positions. Furthermore, it reviewed performance, compensation and benefits of the Directors, Acting Chief Executive Officer, Chief Operating Officer, and key management who support and implement decisions at an apex level.

On behalf of the Remuneration Committee.

A Herath
Chairman
Remuneration Committee

27 May 2025

REPORT OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

The Nomination and Governance Committee (the Committee) comprises Four (4) members. The Committee is chaired by Mr A Herath with Corporate Services (Private) Limited serving as the Secretaries to the Committee. The Group Chief Executive Officer attend meetings by invitation. The Committee's Charter adheres to best practices and undergoes an annual review to incorporate current developments and other necessary considerations.

COMPOSITION OF THE COMMITTEE

Mr A Herath – (Chairman) – Independent Non-Executive

Mr M R Mihular (Member) – Independent Non-Executive

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

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

Mr S G Wijesinghe (Member) – Non-Independent Non-Executive (Resigned w.e.f. 29 May 2024)

Mr H D Abeywickrama (Member) – Non-Independent Non-Executive (Resigned w.e.f. 29 May 2024)

MEETINGS

Throughout the financial year, the Committee conducted its business virtually and resolutions were passed in circulations.

PURPOSE/OBJECTIVES OF THE COMMITTEE

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

1. The Board of Watawala Plantations PLC and its subsidiary is composed of individuals who possess the qualifications, experience, and integrity necessary to effectively discharge their duties as Directors; and
2. The Company corporate governance framework is robust, forward-looking, and aligned with both regulatory requirements and the Board's commitment to achieving the highest standards of governance excellence.

KEY AREAS OF FOCUS

- The Committee evaluates and recommends the appointment and re-appointment of Directors to the Board and its Committees, considering their contributions, qualifications, and external commitments.
- It establishes transparent procedures for the selection, evaluation, and appointment/re-appointment of Directors, ensuring gender diversity and industry-specific qualifications.
- The Committee advises the Board or the Chairperson on appointments, including the selection of a Chairperson in case of a vacancy, and develops succession plans for Board and Key Management Personnel.
- It oversees the annual evaluation of the Board and Acting CEO performance, reviews the Board and Committee structures, and recommends the corporate governance framework and policies to align with regulatory requirements and best practices.
- The Committee reviews and recommends the Corporate Governance Statement, ensures compliance with governance policies, and advises on indemnity and insurance cover for Directors and Key Management Personnel, with members abstaining from decisions about their own appointments.

EVALUATION OF THE COMMITTEE

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

ACTIVITIES PERFORMED

- Pursuant to the Company's Articles of Association, the Committee carried out a fit and proper assessment of retirement and re-appointment of Board Members.
- All Board Members were assessed for their Independence/ Non-Independence at the beginning of the Financial Year. The criteria on Independence were reviewed against the relevant Directions of the Listing Rules of the Colombo Stock Exchange for the year 2025/26.
- The Committee assessed the skills, experience, diversity, and independence of current Board members and identified any gaps that needed to be filled.

REPORT OF THE NOMINATIONS AND GOVERNANCE COMMITTEE

- The Committee also assessed the nomination of new appointments Key Responsible Persons (KRP) against the criteria on fitness and propriety for KRP's as defined in the Group policies. Necessary competency, capability and integrity of the members have also been evaluated and recommended by the Committee for such appointments.
- The organisational structure of Company and Subsidiary was reviewed with a view to establishing a succession plan for the Key Management Personal. All new promotions granted during the year were also reviewed in line with the organisational structure.
- The Committee also undertook to perform the formal annual evaluation of its effectiveness.

DECLARATION

The Committee diligently adheres to the corporate governance standards outlined in the Listing Rules of the CSE, ensuring full compliance with each provision.

CONCLUSION

The Nominations & Governance Committee is dedicated to assisting the Board in identifying and recommending candidates who possess the necessary proficiencies, expertise, and familiarity, essential for meeting the strategic needs of the Company and the Group. Additionally, the Committee is committed to ensuring that both the Board and the Group reflect the desired diversity and opportunities for all stakeholders.

A Herath
Chairman
Nominations and Governance Committee

27 May 2025

REPORT OF THE AUDIT COMMITTEE

The Audit Committee comprises Three (3) members during the financial year. The Committee is chaired by Mr A R Rasiah up to 29 May 2024 and Mr A Herath after 29 May 2024.

COMPOSITION OF THE COMMITTEE

Mr A Herath (Chairman/Member)
Independent Non-Executive (Appointed w.e.f. 29 May 2024)

Mr M R Mihular (Member)
Independent Non-Executive (Appointed w.e.f. 29 May 2024)

Mr M R Rao (Member)
Independent Non-Executive (Retired w.e.f. 23 June 2024 and re-appointed again from 28 June 2024)

Mr A R Rasiah (Chairman/Member)
Independent Non-Executive (Resigned w.e.f. 29 May 2024)

Mr S G Wijesinha (Member)
Independent Non-Executive (Resigned w.e.f 29 May 2024)

This composition adheres to the requirements set forth by the Code and the Rules. Brief profiles of the members can be found on pages 19 to 21 of this Annual Report.

MEETINGS

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

Attendance

During the year 2024/25, the Committee held four (4) meetings. Attendance of the members at meetings is set out on the table on page 28 of the Annual Report:

Mr A Herath (Chairman/Member)
Independent Non-Executive (4 out of 4)

Mr M R Mihular (Member)
Independent Non-Executive (3 out of 3)

Mr M R Rao (Member)
Independent Non-Executive (1 out of 3)

SECRETARY TO THE COMMITTEE

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

CHARTER OF THE COMMITTEE

The terms of reference of the Board Audit Committee are clearly defined in the Charter. The Charter of the Board Audit Committee approved by the Board is revisited and revised annually with the concurrence of the Board of Directors to ensure that the new developments relating to the functions of the Committee are addressed and updated. The Audit committee charter was revised aligning with the newly introduced listing rules of CSE on Corporate governance, which became effective in phases since 01 October 2023. The updated charter was approved by the Board in May 2025.

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

AUTHORITY

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

RESPONSIBILITIES OF THE AUDIT COMMITTEE

The primary objectives of the Audit Committee include:

- Reviewing of the financial information of the company to ensure the Integrity of the Financial Reporting and compliance with reporting requirements stipulated under the Sri Lanka Accounting Standards, Companies Act No. 07 of 2007 and other related regulations.
- Ensuring the Company's Financial Statements present a true and fair view.

REPORT OF THE AUDIT COMMITTEE

- Review and evaluate the Company's risk management framework including the Risk policies adopted and direct prompt corrective actions to mitigate the effects of specific risks in the case such risks are at a point beyond the prudent levels decided by the committee on the basis of the Listed Entity's policies and regulatory requirements.
- Ensure that the Company adopts and guides corporate governance requirements, promotes ethical practices and establish confidential reporting procedures for whistleblowing for the best interest of all stakeholders.
- Company's ability to continue as going concern in the foreseeable future.
- Monitoring Independence and Performance of the External Auditor and Review non-audit services provided by the external auditor. Follow up with the management on external audit findings and ensure that proper remedial actions are taken as recommended.
- Review the internal audit and investigation reports and ensure the independence of the Internal Audit functions and that it is performed with impartiality, proficiency and due professional care.
- Review the adequacy and effectiveness of the Company's Internal Controls, Risk Management systems and Governance Processes and assess the controls in place to prevent the leakage of material information to unauthorised persons.

FINANCIAL REPORTING SYSTEM

For the Board to assure the integrity of the Financial Statements of the Company in the lines of significant financial reporting, disclosures, and judgements contained therein, the Committee assisted the Board in its oversight responsibility. The assurance is assumed through an independent review of risks, controls and governance processes as well as the Committee has received assurance from the Sector Financial Controller of the Company that financial records have been properly maintained, and the Financial Statements give a true and fair view of the Company's operations and finances. The Committee quarterly reviews the Financial Statements, and annual Financial Statements are reviewed in consultation with the external and internal auditors prior to making recommendations to the Board for approval.

Further special emphasis was given on the following aspect when reviewing the Financial Statements.

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

THE REPORT OF THE AUDIT COMMITTEE TO THE BOARD OF DIRECTORS OF WATAWALA PLANTATIONS PLC

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

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

- Reviewed and discussed the consolidated Financial Statements for the financial year ending 31 March 2025 with management and the independent auditors
- Ensured the Consolidated Financial Statements comply with Sri Lanka Financial Reporting Standards and accurately represent the Company's operations and financial position
- Coordinated with the Risk Committee to review procedures for identifying and managing business risks
- Assessed the operational effectiveness of internal controls
- Discussed and reviewed information system security measures implemented by management
- Reviewed compliance reports from Senior Management to monitor adherence to laws and regulations
- Evaluated the Company's ability to continue as a going concern based on the audited Financial Statements
- Reviewed and discussed annual and quarterly Financial Statements prior to their release, ensuring compliance with Sri Lanka Financial Reporting Standards and the Companies Act No. 07 of 2007
- Examined internal audit reports and external audit findings to support the integrity of reported results
- Reviewed procedures established by management for regulatory compliance

REPORT OF THE AUDIT COMMITTEE

- Recommended to the Board the approval of non-audit services to be granted to the external auditors
- Obtained confirmation of independence from the external auditors and recommended KPMG Chartered Accountants as the independent auditors to audit and report on the annual consolidated Financial Statements

EXTERNAL AUDITOR

The Committee is satisfied that the independence of the external auditors has not been compromised by any events or services that could create a conflict of interest. The nature of services provided by the auditors and the level of audit and non-audit fees from Watawala Plantations PLC and its subsidiaries were carefully considered. The Committee reviewed the arrangements made by the auditors to maintain their independence, receiving confirmation of compliance with the independence guidelines outlined in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka, the companies Act No. 07 of 2007 and amended CSE listing rules. The Committee also met with the external auditors without management present prior to the finalisation of the Financial Statements. The Committee maintains its independence from both the external and internal auditors of the Company and the Group.

INTERNAL AUDIT

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

The Committee approves the audit plan and methodology formulated by the Inhouse Internal Auditor and Outsource Internal Auditor (Messrs Ernst & Young) and reviews its progress of implementation regularly. Performance of the internal audit function is quarterly appraised by the Committee against the Audit Plan and set key performance indicators. During the year special emphasis was given to enhance the scope of internal audit work in the areas of governance, emerging risks & controls, and information systems security. The Inhouse Internal Auditor plays a major role in internal audit function by carrying out surprise audits and special investigations requested by management in addition the approved internal audit plan to ensure internal controls are in place. Further, he recommends improvement required to strengthen current internal controls and procedures. The committee reviewed several information security policies for implementation and reviewed the application system with the assistance of external consultants and presentations were made by the respective audit firm in this regard.

Significant findings of Internal Audits and other Assignments with recommendations to the management are considered and appropriate acclamations have been issued by the Committee. Further the progress of follow-up actions on internal and external audit recommendations are monitored on a regular basis.

CONCLUSION

The Committee believes that adequate controls and procedures are in place to provide reasonable assurance that the Company's assets are safeguarded and that the reported financial results present a true and fair view. The Audit Committee concludes that the adoption of the going concern premise in the preparation of the Financial Statements is appropriate. The Audit Committee recommended to the Board of Directors that the Financial Statements as submitted be approved.

An independent evaluation of the effectiveness of the Committee was carried out by the Board during the year. Considering the overall conduct of the Committee and its contribution to the overall performance of the company, the Committee has been rated as effective.

A Herath
Chairman
Audit Committee

27 May 2025

REPORT OF RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Board's Related Party Transactions Review Committee (the Committee) has been established in accordance with Section 9 of the Listing Rules of the Colombo Stock Exchange (the "Rules"). The Audit Committee comprises Three (3) members during the financial year. The Committee is chaired by Mr A Herath w.e.f. 29 May 2024.

COMPOSITION OF THE COMMITTEE

Mr A Herath (Chairman/Member)
Independent Non-Executive (Appointed w.e.f. 29 May 2024)

Mr M R Mihular (Member)
Independent Non-Executive (Appointed w.e.f. 29 May 2024)

Mr M R Rao (Member)
Independent Non-Executive (Retired w.e.f. 23 June 2024 and re-Appointed again from 28 June 2024)

Mr S G Wijesinha (Member)
Independent Non-Executive (Resigned w.e.f. 29 May 2024)

Mr A R Rasiah (Chairman/Member)
Independent Non-Executive (Resigned w.e.f. 29 May 2024)

This composition adheres to the requirements set forth by the Code and the Rules. Brief profiles of the members can be found on pages 19 to 21 of this Annual Report.

SECRETARY TO THE COMMITTEE

The Company Secretary serves as the Secretary to the Committee.

MEETINGS

The Committee met four (04) times during the year. Attendance of the members at meetings is set out on the table on page 28 of the Annual Report:

Attendance

Mr A Herath (Chairman/Member)
Independent Non-Executive (4 out of 4)

Mr M R Mihular (Member)
Independent Non-Executive (3 out of 3)

Mr M R Rao (Member)
Independent Non-Executive (1 out of 3)

TERMS OF REFERENCE

The Committee's roles and functions are governed by the Rules.

FUNCTIONS OF THE COMMITTEE

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

METHODOLOGY ADOPTED BY THE COMMITTEE

The methodology adopted by the Committee is set out in the Terms of Reference of the Committee approved by the Board of Directors and are in compliance with the requirements under the Listing Rules. As such, the mandate of the Committee consists of *inter alia* the following:

- Adopt policies and procedures to review related party transactions of the Group.
- Review in advance all proposed related party transactions of the Group except those explicitly exempted in the Code. Any material changes to previously reviewed Related Party Transactions should also be reviewed by the Committee before completion.
- Determine whether such related party transactions require the approval of the Board and if necessary forward the same for their approval. In such instances Board approval must be obtained prior to entering into the transaction.
- If related party transactions are recurrent, the Committee shall establish guidelines for senior management to follow in its ongoing dealings with the relevant related party. Thereafter, the Committee on quarterly basis shall review and assess ongoing relationships with the related party to see that they are in compliance with the Committee's guidelines and that the related party transactions remain appropriate.
- Ensure that no Director of the Company shall participate in any discussion of a proposed related party transaction for which he or she is a related party, unless such Director is requested to do so by the Committee for the express purpose of providing information concerning the related party transaction to the Committee.

REPORT OF RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

- If a transaction requires shareholder approval, it must be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.
- When applying the Rules, the Committee should prioritise the economic substance of transactions over their legal form and technicality.
- Ensure that immediate market disclosures and disclosures in the Annual Report as required by the Listing Rules are made in a timely and detailed manner.

ACTIVITIES OF THE COMMITTEE IN 2024/25

- The proceedings of the Committee meetings which mainly include activities under its mandate are reported to the Board of Directors. The Committee had four meetings during the year 2024/25 and details of attendance of the Committee members are set out above. The Group Chief Financial Officer, Sector Financial Controllers and Internal Audit and Compliance Officer of the Group are invited to attend meetings as and when required.
- Committee has been reported with all the related party transactions carried out for all four quarters and ensured all the transactions have been carried out at arm's length. The summary of the quarterly committee meetings were submitted and approved by the Board.
- Annual review of the Related party policy was conducted in May 2025 and same has been submitted and approved by the Board.
- There were no non-recurrent or recurrent RPT that exceeded the respective thresholds stated in the Listing Rules of the CSE.

PROFESSIONAL ADVICE

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

DISCLOSURES

A detailed disclosure of all the related party transactions including recurrent and non-recurrent related party transactions which are required to be disclosed under section 9.14.8 of the Listing Rules of the Colombo Stock Exchange has been made in Note 40 to the Financial Statements given in page 202 to 204 to this Annual Report.

DECLARATION

Related party transactions that took place during the year in terms of the Sri Lanka Accounting Standards are disclosed in the Financial Statements and have been approved by the Board of Directors and has thus complied with the rules pertaining to Related Party Transactions as set out in Section 9 of the listing rule of the CSE. It may also be noted that there were no related party transactions that occurred during the financial year under review which required approval of the shareholders of the Company as determined in Rule 9.14.6 of the Listing Rules. Please refer the Annual Report of the Board of Directors on the Affairs of the Company, pages 109 to 112 for the declaration made by the Board of Directors, confirming that no related party transaction falling within the ambit of the Listing Rules which required an immediate market disclosure was entered into by the Company during year ended 31 March 2025.

A Herath
Chairman
Related Party Transactions Review Committee

27 May 2025

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 113 to 136 the Company used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements 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 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 reasonably 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 as set 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.

S G Sathasivam
Director

A Herath
Chairman

27 May 2025

DIRECTOR'S AND SECTOR FINANCIAL CONTROLLER'S RESPONSIBILITY STATEMENT

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

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

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

The Financial Statements of the Company were audited by Messrs KPMG, Chartered Accountants and their report is given on pages 129 to 132 of this Annual Report.

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

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

S G Sathasivam
Director

Dhammika Laksiri
Sector Financial Controller

27 May 2025

GRI CONTENT INDEX

Statement of use	Watawala Plantations PLC has reported with reference to the GRI Standards for the period 1 April 2024 to 31 March 2025
GRI 1 used	GRI 1: Foundation 2021

GRI standard/Other source	Disclosure		Location
General disclosures			
GRI 2: General Disclosures 2021	2-1	Organisational details	
	2-2	Entities included in the organisation's sustainability reporting	12-14
	2-3	Reporting period, frequency and contact point	12-14
	2-4	Restatements of information	14
	2-5	External assurance	13
	2-6	Activities, value chain and other business relationships	4-5
	2-7	Employees	79
	2-8	Workers who are not employees	79
	2-9	Governance structure and composition	24, 25
	2-10	Nomination and selection of the highest governance body	26, 27, 29
	2-11	Chair of the highest governance body	25, 26
	2-12	Role of the highest governance body in overseeing the management of impacts	25, 26
	2-13	Delegation of responsibility for managing impacts	25, 26, 30
	2-14	Role of the highest governance body in sustainability reporting	23, 30
	2-15	Conflicts of interest	31
	2-16	Communication of critical concerns	28
	2-17	Collective knowledge of the highest governance body	19-21
	2-18	Evaluation of the performance of the highest governance body	112
	2-19	Remuneration policies	31, 113
	2-20	Process to determine remuneration	31, 113
	2-22	Statement on sustainable development strategy	15-18
	2-23	Policy commitments	44-47, 79
	2-24	Embedding policy commitments	44-47
	2-25	Processes to remediate negative impacts	44
	2-26	Mechanisms for seeking advice and raising concerns	44
	2-27	Compliance with laws and regulations	32
	2-28	Membership associations	38-41
	2-29	Approach to stakeholder engagement	38-41
	2-30	Collective bargaining agreements	80
GRI 3: Material topics 2021	3-1	Process to determine material topics	13, 42-43
	3-2	List of material topics	42-43
Economic performance			
GRI 3: Material topics 2021	3-3	Management of material topics	67-70
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	8
	201-3	Defined benefit plan obligations and other retirement plans	196
	201-4	Financial assistance received from Government	198
Materials			
GRI 3: Material topics 2021	3-3	Management of material topics	107
GRI 301: Materials 2016	301-1	Materials used by weight or volume	107

GRI CONTENT INDEX

GRI standard/Other source	Disclosure		Location
Energy			
GRI 3: Material topics 2021	3-3	Management of material topics	100
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	100
	302-3	Energy intensity	100
	302-4	Reduction of energy consumption	100
Water and effluents			
GRI 3: Material topics 2021	3-3	Management of material topics	102
	303-2	Management of water discharge-related impacts	103
	303-3	Water withdrawal	102-103
	303-4	Water discharge	102-103
	303-5	Water consumption	102-103
Biodiversity			
GRI 3: Material topics 2021	3-3	Management of material topics	105-106
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	106
	304-2	Significant impacts of activities, products and services on biodiversity	105
	304-3	Habitats protected or restored	105-106
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	106
Emissions			
GRI 3: Material topics 2021	3-3	Management of material topics	104-105
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	105
	305-2	Energy indirect (Scope 2) GHG emissions	105
	305-4	GHG emissions intensity	105
Waste			
GRI 3: Material topics 2021	3-3	Management of material topics	103-104
	306-2	Management of significant waste-related impacts	103-104
	306-3	Waste generated	103-104
	306-4	Waste diverted from disposal	103-104
	306-5	Waste directed to disposal	103-104
Employment			
	3-3	Management of material topics	77-85
GRI 3: Material topics 2021	401-1	New employee hires and employee turnover	80
GRI 401: Employment 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	81
Occupational health and safety			
GRI 3: Material topics 2021	3-3	Management of material topics	82
GRI 403: Occupational health and safety 2018	403-1	Occupational health and safety management system	82
	403-2	Hazard identification, risk assessment, and incident investigation	82
	403-3	Occupational health services	82
	403-5	Worker training on occupational health and safety	84-85
	403-9	Work-related injuries	78
Training and education			
GRI 3: Material topics 2021	3-3	Management of material topics	82
GRI 404: Training and education 2016	404-1	Average hours of training per year per employee	78

SASB STANDARD – AGRICULTURAL PRODUCTS

Topic	Accounting metric	Category	Code	Disclosure/page reference
Greenhouse Gas emissions	Gross global Scope 1 emissions	Quantitative	FB-AG-110a.1	Refer to the Natural capital, Environmental and Social Impact
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	FB-AG-110a.2	Initiated
	Fleet fuel consumed, percentage renewable	Quantitative	FB-AG-110a.3	Refer to the Natural capital, Raw Materials Consumption under Value Creation
Energy Management	(1) Operational energy consumed, (2) percentage grid electricity, (3) percentage renewable	Quantitative	FB-AG-130a.1	Refer to the Natural capital, Energy Management
Water Management	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	FB-AG-140a.1	Refer to the Natural capital, Water Management
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	FB-AG-140a.2	Refer to the Natural capital, Water Management, Environmental and Social Impact
	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	Quantitative	FB-AG-140a.3	None
Food safety	Global Food Safety Initiative (GFSI) audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances	Quantitative	FB-AG-250a.1	Not Applicable
	Percentage of agricultural products sourced from suppliers certified to a Global Food Safety Initiative (GFSI) recognised food safety certification programme	Quantitative	FB-AG-250a.2	
	(1) Number of recalls issued and (2) total amount of food product recalled 2	Quantitative	FB-AG-250a.3	
Workforce Health and safety	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR) for (a) direct employees and (b) seasonal and migrant employees	Quantitative	FB-AG-320a.1	Refer Social and Relationship Capital

SASB STANDARD – AGRICULTURAL PRODUCTS

Topic	Accounting metric	Category	Code	Disclosure/page reference
Environmental and social impacts of ingredient supply chain	Percentage of agricultural products sourced that are certified to a third-party environmental and/or social standard, and percentages by standard	Quantitative	FB-AG-430a.1	Own Supply Base 100% certified by third party RSPO Standards
	Suppliers' social and environmental responsibility audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances	Quantitative	FB-AG-430a.2	Supplier Social Environmental Audit Own Crop → 100% Corrective Action Required Rate → 2% C
GMO Management	Discussion of strategies to manage the use of genetically modified organisms (GMOs)	Discussion and Analysis	FB-AG-430b.1	Not Applicable
Ingredient Sourcing	Identification of principal crops and description of risks and opportunities presented by climate change.	Discussion and Analysis	FB-AG-440a.1	Please refer to the Risk Report and the Business reviews sections of this Report
	Percentage of agricultural products sourced from regions with high or extremely high Baseline water stress.	Quantitative	FB-AG-440a.2	Not Applicable
	Discussion of strategy to manage environmental and social risks arising from contract growing and commodity sourcing.	Discussion and Analysis	FB-AG-430a.3	initiated

Activity metric	Category	Code	Disclosure/Page reference
Production by principal crop – Palm Oil	Quantitative	FB-AG-000.A	4
Production by principal crop – Tea	Quantitative	FB-AG-000.B	4
Production by principal crop – Coconut	Quantitative	FB-AG-000.C	4
Production by principal crop – Cinnamon	Quantitative	FB-AG-000.D	4
Production by principal crop – Rubber	Quantitative	FB-AG-000.E	4
Number of processing facilities	Quantitative	FB-AG-000.B	88
Total land area under active production	Quantitative	FB-AG-000.C	208

FINANCIAL INFORMATION

FINANCIAL CALENDAR

1. INTERIM QUARTERLY REPORTS

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

Period	Listing Rules	Date of released 2024/25	Date of released 2023/24
01st Quarter	Within 45 days of the end of quarter	01 August 2024	03 August 2023
02nd Quarter	Within 45 days of the end of quarter	11 November 2024	09 November 2023
03rd Quarter	Within 45 days of the end of quarter	05 February 2025	13 February 2024
04th Quarter	Within 60 days of the end of quarter	28 May 2025	29 May 2024

2. AUDITED FINANCIAL STATEMENTS

Listing rule: 7.5 (a) Submission of Audited Financial Statements within five months from year ended

Meeting	Financial Year	Date of released	AGM
14th Annual General Meeting	2006/07	30 May 2007	22 June 2007
15th Annual General Meeting	2007/08	14 June 2008	07 July 2008
16th Annual General Meeting	2008/09	15 June 2009	14 July 2009
17th Annual General Meeting	2009/10	11 June 2010	07 July 2010
18th Annual General Meeting	2010/11	16 June 2011	08 July 2011
19th Annual General Meeting	2011/12	12 June 2012	06 July 2012
20th Annual General Meeting	2012/13	17 June 2013	09 July 2013
21st Annual General Meeting	2013/14	05 June 2014	30 June 2014
22nd Annual General Meeting	2014/15	08 June 2015	30 June 2015
23rd Annual General Meeting	2015/16	09 June 2016	30 June 2016
24th Annual General Meeting	2016/17	05 June 2017	29 June 2017
25th Annual General Meeting	2017/18	04 June 2018	28 June 2018
26th Annual General Meeting	2018/19	05 June 2019	27 June 2019
27th Annual General Meeting	2019/20	03 June 2020	26 June 2020
28th Annual General Meeting	2020/21	02 June 2021	25 June 2021
29th Annual General Meeting	2021/22	02 June 2022	24 June 2022
30th Annual General Meeting	2022/23	01 June 2023	23 June 2023
31st Annual General Meeting	2023/24	06 June 2024	28 June 2024
32nd Annual General Meeting	2024/25	27 May 2025	27 June 2025

INDEPENDENT AUDITOR'S REPORT

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TO THE SHAREHOLDERS OF WATAWALA PLANTATIONS PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Watawala Plantations PLC ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the statement of financial position as at 31 March 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies set out on pages 133 to 206.

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

Basis for opinion

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

Key Audit Matters

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

1. Measurement of Biological Assets

Refer to the accounting policy and explanatory in Note 22 of the financial statements.

Risk description

The Group has reported bearer biological assets amounting to Rs. 2,281 Mn. and biological assets livestock carried at fair value amounting to Rs. 887 Mn. as at 31 March 2025.

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 capitalisation 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.

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.

INDEPENDENT AUDITOR'S REPORT

KPMG

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 capitalised under immature plantations as well as cost transferred to mature plantations by each estate and reconciling those balances to the general ledger on sample basis, verifying the reconciling items and obtaining explanations from management for any significant variances identified.
- Physical verification of fields on sample basis and cross checking with the classification of immature and mature plantations.
- Testing immature to mature cost transfer worksheet for selected estates to verify whether the amounts transferred during the year were consistent with the company accounting policies and the industry norms.

Our audit procedures 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 relating to valuation of livestock.
- Challenging the methodologies adopted in the valuation of livestock with reference to the requirements of the prevailing accounting standards.
- Challenging the key assumptions and methodology used in the valuation, in particular the discount rate, average milk production, selling price of milk, average cost 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 accounting policy and explanatory in Note 34 of the financial statements.

Risk description

The Group has recognised retirement benefit obligation of Rs. 488 Mn. as at 31 March 2025. 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 recognised 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.

INDEPENDENT AUDITOR'S REPORT

KPMG

3. Impairment assessment of investment in subsidiary

Refer to the accounting policy and explanatory in Note 24 of the financial statements.

Risk description

The Company has recorded investment in subsidiary amounting to Rs. 2,528 Mn. as at 31 March 2025 and provision for impairment of investment in subsidiary of Rs. 1,091 Mn. as at 31 March 2025.

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 subsidiary with indications of impairment and determined the recoverable amounts based on value-in-use calculations.

We have identified the impairment of investment in subsidiary as a key audit matter due to the magnitude of the amounts recognised in the Financial Statements as at 31 March 2025. 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 amount of the investment by our own expectations based on our knowledge of the investment 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.
- Assessing the accuracy of management's assumptions and compared to 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.
- Assessing the adequacy of disclosures in the Financial Statements in relation to impairment of investment in subsidiary.

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,

INDEPENDENT AUDITOR'S REPORT

KPMG

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.

KPMG

Chartered Accountants
Colombo, Sri Lanka

3 June 2025

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March	Note	Group 2025 Rs. '000	Group 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Revenue	9	7,944,206	8,320,903	6,760,119	6,867,145
Cost of sales		(4,192,626)	(5,166,312)	(3,051,505)	(3,627,334)
Gross profit		**3,751,580**	**3,154,591**	**3,708,614**	**3,239,811**
Other income/(expense)	10	139,433	61,000	91,125	(75,403)
Gain/(Loss) on changes in fair value of biological assets	11	(321,221)	39,989	(34,357)	(15,259)
Administrative expenses		(550,525)	(444,194)	(523,915)	(431,149)
Selling and distribution expenses		(145,324)	(150,672)	(145,324)	(150,672)
Impairment of investment in subsidiary	24.2	–	–	(693,677)	(80,125)
Operating profit		**2,873,943**	**2,660,714**	**2,402,466**	**2,487,203**
Finance income	13	151,348	183,771	162,911	219,828
Finance costs	13	(126,769)	(78,639)	(114,306)	(61,962)
Net finance income		**24,579**	**105,132**	**48,605**	**157,866**
Profit before tax		2,898,522	2,765,846	2,451,071	2,645,069
Income tax expenses	14	(1,013,613)	(421,110)	(932,801)	(241,215)
Profit for the year		**1,884,909**	**2,344,736**	**1,518,270**	**2,403,854**
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurement of retirement benefit liability		(98,364)	(15,005)	(88,108)	(13,040)
Related tax		28,483	4,305	26,432	3,912
Other comprehensive income/(expense) for the year, net of tax		**(69,881)**	**(10,700)**	**(61,676)**	**(9,128)**
Total comprehensive income for the year		**1,815,028**	**2,334,036**	**1,456,594**	**2,394,726**
Profit attributable to:					
Owners of the Company		1,917,871	2,358,770	1,518,270	2,403,854
Non-controlling interest		(32,962)	(14,034)	–	–
Total comprehensive income for the year		**1,884,909**	**2,344,736**	**1,518,270**	**2,403,854**
Total comprehensive income attributable to:					
Owners of the Company		1,848,817	2,348,229	1,456,594	2,394,726
Non-controlling interest		(33,789)	(14,193)	–	–
Total comprehensive income for the year		**1,815,028**	**2,334,036**	**1,456,594**	**2,394,726**
Earnings per share					
Basic earnings per share (Rs.)	16	1.82	2.32	1.43	2.36

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form a part of the Financial Statements of the Company set out on pages 137 to 206.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Group		Company	
As at 31 March	Note	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Assets					
Property, plant and equipment	19	2,549,027	2,555,913	1,252,412	1,212,638
Intangible assets	20	47,054	48,143	44,458	48,009
Leasehold land	21	409,805	359,850	414,082	363,888
Biological assets	22	3,317,570	3,658,653	2,234,015	2,374,489
Investments in subsidiaries	24	–	–	1,437,540	2,131,217
Investment fund	23	5,127	51,393	5,127	51,393
Non-current assets		**6,328,583**	**6,673,952**	**5,387,634**	**6,181,634**
Inventories	26	381,264	559,813	201,681	242,106
Biological assets	22.4	36,510	70,867	36,510	70,867
Current tax assets	28	38,752	38,752	38,752	38,752
Trade and other receivables	27	351,404	334,734	224,350	234,758
Amounts due from related parties	29	326,304	31,747	553,519	459,143
Short-term investments	30	366,853	959,321	363,500	958,461
Cash and cash equivalents	31	883,479	762,130	880,648	739,183
Current assets		**2,384,566**	**2,757,364**	**2,298,960**	**2,743,270**
Total assets		**8,713,149**	**9,431,316**	**7,686,594**	**8,924,904**
Equity					
Stated capital	32	511,848	511,848	511,848	511,848
Retained earnings		3,060,570	5,676,862	2,986,588	5,995,104
Equity attributable to owners of the Company		**3,572,418**	**6,188,710**	**3,498,436**	**6,506,952**
Non-controlling interests	32	174,821	208,611	–	–
Total equity		**3,747,239**	**6,397,321**	**3,498,436**	**6,506,952**
Liabilities					
Loans and borrowings	33	986,926	440,682	990,670	411,297
Retirement benefit obligations	34	487,763	370,065	423,072	322,284
Deferred income and capital grants	35	34,173	36,726	34,173	36,726
Deferred tax liabilities	25	983,077	978,449	641,823	715,956
Non-current liabilities		**2,491,939**	**1,825,922**	**2,089,738**	**1,486,263**
Trade and other payables	36	1,193,412	916,493	1,096,512	810,620
Amounts due to related parties	37	–	9,669	–	9,669
Current tax liabilities	28	582,509	108,590	582,509	108,590
Loans and borrowings	33	383,117	92,681	349,514	2,810
Bank overdraft	31	314,933	80,640	69,885	–
Current liabilities		**2,473,971**	**1,208,073**	**2,098,420**	**931,689**
Total liabilities		**4,965,910**	**3,033,995**	**4,188,158**	**2,417,952**
Total equity and liabilities		**8,713,149**	**9,431,316**	**7,686,594**	**8,924,904**
Net assets per share		3.51	6.09	3.44	6.40

The Financial Statements are to be read in conjunction with the related notes, which form a part of the Financial Statements of the Company set out on pages 137 to 206.

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
Sector Financial Controller

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

M R Mihular
Chairman

S G Sathasivam
Director

27 May 2025
Colombo

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group

For the year ended 31 March 2025

	Attributable to owners of the Company				
	Stated capital Rs. '000	Retained earnings Rs. '000	Total Rs. '000	Non-controlling shareholders interest Rs. '000	Total equity Rs. '000
Balance as 1 April 2023	511,848	5,768,337	6,280,185	222,804	6,502,989
Total comprehensive income					
Profit for the year	–	2,358,770	2,358,770	(14,034)	2,344,736
Total other comprehensive expense for the year	–	(10,541)	(10,541)	(159)	(10,700)
Dividend paid to owners	–	(2,439,704)	(2,439,704)	–	(2,439,704)
Balance as at 31 March 2024	**511,848**	**5,676,862**	**6,188,710**	**208,611**	**6,397,321**
Balance as 1 April 2024	511,848	5,676,862	6,188,710	208,611	6,397,321
Total comprehensive income					
Profit for the year	–	1,917,871	1,917,871	(32,962)	1,884,909
Total other comprehensive expense for the year	–	(69,053)	(69,053)	(828)	(69,881)
Dividend paid to owners	–	(4,472,790)	(4,472,790)	–	(4,472,790)
Adjustment to dividend related to prior period (Refer Note 36)	–	7,680	7,680	–	7,680
Balance as at 31 March 2025	**511,848**	**3,060,570**	**3,572,418**	**174,821**	**3,747,239**

Company

For the year ended 31 March 2025

	Stated capital Rs. '000	Retained earnings Rs. '000	Total Rs. '000
Balance as 1 April 2023	511,848	6,040,082	6,551,930
Total comprehensive income			
Profit for the year	–	2,403,854	2,403,854
Total other comprehensive expense for the year	–	(9,128)	(9,128)
Dividend paid (for 2022/23)	–	(2,439,704)	(2,439,704)
Balance as at 31 March 2024	**511,848**	**5,995,104**	**6,506,952**
Balance as 1 April 2024	511,848	5,995,104	6,506,952
Total comprehensive income			
Profit for the year	–	1,518,270	1,518,270
Total other comprehensive expense for the year	–	(61,676)	(61,676)
Dividend paid to owners	–	(4,472,790)	(4,472,790)
Adjustment to dividend related to prior period (Refer Note 36)	–	7,680	7,680
Balance as at 31 March 2025	**511,848**	**2,986,588**	**3,498,436**

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form a part of the Financial Statements of the Company set out on pages 137 to 206.

CONSOLIDATED STATEMENT OF CASH FLOWS

		Group		Company	
For the year ended 31 March	Note	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Cash flows from operating activities					
Profit before taxation		2,898,522	2,765,846	2,451,071	2,645,069
Adjustments for:					
Depreciation and amortisation	19, 20, 21, 22	411,598	411,943	331,789	333,799
Provision for retirement benefit obligations	34	75,637	82,210	66,005	71,484
Loss/(Profit) on disposal of property, plant and equipment		(37,667)	13,839	(40,663)	13,839
Impairment on investment in subsidiary	34	–	–	693,677	80,125
Gain on fair valuation of consumable biological assets	22.2	(79,420)	(25,817)	–	–
Gain on fair valuation of produce on bearer plants	22.4	34,357	15,259	34,357	15,259
Loss/(Gain) on fair valuation of livestock	22.3	366,284	(29,431)	–	–
Income from investment fund	23	(3,734)	(7,110)	(3,734)	(7,110)
Provision for doubtful receivables	27	6,853	–	2,012	–
Provision for slow moving Inventory	26	(15,166)	(100,894)	–	–
Amortisation of capital grants	35	(2,553)	(2,358)	(2,553)	(2,358)
Unrealised exchange gain	13	(1,642)	(3,145)	(1,642)	(3,145)
Net finance income	13	(24,579)	(105,132)	(48,605)	(157,866)
Profit before working capital changes		**3,628,490**	**3,015,210**	**3,481,714**	**2,989,096**
Changes in working capital					
– Inventories	26	178,549	415,708	40,425	89,396
– Trade and other receivables	27	(23,523)	162,714	8,396	206,107
– Amount due from related companies	29	(294,557)	117,400	(264,376)	80,312
– Amount due to related companies	37	(9,669)	8,851	(9,669)	8,851
– Trade and other payables	36	276,919	108,316	285,892	105,914
Cash generated from operations		**3,756,209**	**3,828,199**	**3,542,382**	**3,479,676**
Interest paid	13	(81,963)	(75,494)	(69,500)	(58,817)
Income tax paid	33.1	(499,817)	(144,806)	(499,817)	(144,029)
Retirement benefit obligations paid	34.1	(56,302)	(64,539)	(53,324)	(58,194)
		(638,082)	**(284,839)**	**(622,641)**	**(21,040)**
Net cash generated from operating activities		**3,118,127**	**3,543,360**	**2,919,741**	**3,218,636**
Cash flows from investing activities					
Additions to property, plant and equipment	19, 21	(202,871)	(289,562)	(169,754)	(216,675)
Addition to Intangible assets	20	(9,330)	(12,517)	(6,513)	(12,517)
Additions to Bearer biological assets	22.1	(33,917)	(36,177)	(34,077)	(36,177)
Proceeds from disposal of biological assets (Livestock)	22.3	98,683	63,122	–	–
Proceeds from sale of property, plant and equipment		59,460	–	45,017	–
Investment withdrawals/(made) through short/long-term investments	30	592,468	(1,454,451)	594,961	(1,453,591)
Withdrawals made through short/long-term investments	23	50,000	509,000	50,000	509,000
Additions to livestock	17.2	(186,813)	(306,209)	–	–
Loan received from related companies	29.1	–	–	170,000	100,000
Interest received	13	151,348	183,771	162,911	219,828
Net cash generated from/(used) in investing activities		**519,028**	**(1,343,023)**	**812,545**	**(890,132)**
Cash flows from financing activities					
Dividends paid	17	(4,472,789)	(2,439,704)	(4,472,789)	(2,439,704)
Loans obtained during the year	33.1	845,000	154,900	845,000	–
Repayment of borrowings	33.1	(117,220)	(28,807)	(28,986)	–
Repayment of lease liabilities	33.1	(5,090)	(2,780)	(3,931)	(2,810)
Net cash used in financing activities		**(3,750,099)**	**(2,316,391)**	**(3,660,706)**	**(2,442,514)**
Increase/(Decrease) in cash and cash equivalents		**(112,944)**	**(116,054)**	**71,580**	**(114,010)**
Movement in cash and cash equivalents					
At the beginning of period		681,490	797,544	739,183	853,193
Increase/(Decrease) for the period		(112,944)	(116,054)	71,580	(114,010)
At the end of period		**568,546**	**681,490**	**810,763**	**739,183**
Cash and cash equivalents		883,479	762,130	880,648	739,183
Bank overdrafts		(314,933)	(80,640)	(69,885)	–
At end of period		**568,546**	**681,490**	**810,763**	**739,183**

Figures in brackets indicate deductions.

The Financial Statements are to be read in conjunction with the related notes, which form a part of the Financial Statements of the Company set out on pages 137 to 206.

NOTES TO THE FINANCIAL STATEMENTS

1 REPORTING ENTITY

1.1 Domicile and legal form

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

The Consolidated Financial Statements of the Group as at and for the year ended 31 March 2025 comprise the Financial Statements of the Company and its subsidiary Lonach Dairy Ltd. (together referred to as the "Group"), formerly known as "Watawala Diary Ltd." (together referred to as the "Group").

Total staff strength of the Company and the Group on 31 March 2025 was as follow:

Group	1,585
Company	1,355

1.2 Consolidated and separate Financial Statements

The Consolidated Financial Statements of Watawala Plantations PLC as at and for the year ended 31 March 2025 comprise the financial information of Company and its subsidiaries (together referred to as "the Group" and encompass the Company and its subsidiaries (together referred to as the "Group"). The subsidiaries are listed in Note 1.4.

The Financial Statements of all Companies in the Group are prepared for a common financial year, which ends on 31 March.

1.3 Parent entity and ultimate parent entity

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

1.4 Principal activities and nature of operations

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

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

There were no significant changes in the nature of the principal activities of the Group during the financial year under review.

2 BASIS OF ACCOUNTING

2.1 Statement of compliance

These Consolidated Financial Statements of the Group and the Separated Financial Statements of the Company which comprise Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRS's and LKAS's) laid down by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

2.2 Statement of Presentation

Further these Financial Statements have complied with the requirements of the Companies Act No. 07 of 2007. These provide appropriate disclosures as required by the listing rules of the Colombo Stock Exchange (CSE).

2.3 Responsibility for Financial Statements

The Board of Directors acknowledges this responsibility as set out in the "Statement of Directors' Responsibility for Financial Statements", "Annual Report of the Board of Directors" and in the statement appearing with the Statement of Financial Position of this Annual Report on pages 121, 122 and 134 respectively.

2.4 Approval of Financial Statements by Directors

The Financial Statements of the Group and the Company were authorised for issue by the Board of Directors in accordance with the resolution of the Directors on 30 May 2025.

2.5 Materiality and aggregation

Each item which is similar in nature is presented separately if material. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard LKAS 1 – Presentation of Financial Statements.

2.6 Going concern

The Group's Financial Statements have been prepared under the assumption of a going concern, as the Board of Directors is confident that the Group possesses sufficient resources to continue its operations into the foreseeable future. This confidence is based on directors' comprehensive assessment, which takes into account the uncertainties associated with the prevailing economic conditions, and their possible effects on the Group's business operations , profitability, liquidity and capital.

2.7 Rounding

All Financials information presented in Sri Lankan Rupees have been rounded to the nearest thousand (Rs. '000), except where otherwise indicated, as permitted by the Sri Lanka Accounting Standard – LKAS 1 on "Presentation of Financial Statements".

2.8 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the SOFP, only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously. Income and expenses are not offset in the Income Statement, unless required or permitted by an Accounting Standard or Interpretation (issued by the SLFRS Interpretations Committee and Standard Interpretations Committee) and as specifically disclosed in the Accounting Policies of the Group.

2.9 Comparative information

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period in the Financial Statements in order to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability.

The presentation and classification of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year (Refer Note 45).

3 FUNCTIONAL AND PRESENTATION CURRENCY

The Financial Statements of the group are presented in Sri Lankan Rupees (LKR), which is the Group's functional currency.

4 BASIS OF MEASUREMENT

The Financial Statements have been prepared on the historical cost basis and applied consistently which no adjustments being made for inflationary factors affecting the Financial Statements except for the following material items in the Statement of Financial Position.

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

5 USE OF ESTIMATE AND JUDGEMENTS

The preparation of the Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets, liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Group's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's control and are reflected in the assumptions if and when they occur. Estimates and underlining assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. Items with the most significant effect on the amounts recognised in these Financial Statements with substantial management judgement and/or estimates are collated below with respect to judgement/estimates involved.

NOTES TO THE FINANCIAL STATEMENTS

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the Financial Statements is included in the following notes:

- **Note 19** – Property, plant and equipment
- **Note 22.2** – Consumable biological assets
- **Note 22.4** – Agriculture produce on bearer plants
- **Note 33.2** – Lease liabilities
- **Note 34** – Retirement benefit obligations
- **Note 25** – Deferred tax liability

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 March 2025 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- **Note 34** – measurement of defined benefit obligations: key actuarial assumptions;
- **Note 14** – recognition of current tax expense;
- **Note 25** – recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised;
- **Note 22** – determining the fair value of biological assets on the basis of significant unobservable inputs;
- **Note 42** – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources
- **Note 6.3** – Impairment of financial and non-financial assets: key assumptions underlying recoverable amounts
- **Note 38** – Fair value measurement of Financial assets and liabilities

(C) Determination of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk. Several of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques.

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

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.

(d) Fair value of non-financial assets

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

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

A fair value measurement of a non-financial 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 minimising the use of unobservable inputs.

6 MATERIAL ACCOUNTING POLICIES

Application of accounting policies

The Group has consistently applied the accounting policies for all periods presented in the Financial Statements, unless otherwise indicated.

Changes in accounting policies

No new or amended material accounting policies or standards had been adopted during the year

6.1 Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

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

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

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

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

Subsidiaries

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

Non-controlling interests

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

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

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

Accounting period

The Financial Statements of all entities in the Group have a common financial year which ends on 31 March.

Consolidated Financial Statements/ Separate Financial Statements

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling parties' perspective. The assets and liabilities of the acquired entity or business should be recorded at the book values as stated in the Financial Statements of the controlling party.

No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party or parties' interests and

Comparative amounts in the Financial Statements are presented using the principles as set out above as if the entities or businesses had been combined at the previous balance sheet date unless the combining entities or businesses first came under common control at a later date.

The Consolidated Income Statement includes the results of each of the combining entities or businesses from the earliest date presented (i.e. including the comparative period) or since the date when the combining entities or businesses first came under the control of the controlling party or parties, where this is a shorter period, regardless of the date of the common control combination. The Consolidated Income Statement also takes into account the profit or loss attributable to the minority interest recorded in the Consolidated Financial Statements of the controlling party.

Expenditure incurred in relation to a common control combination that is to be accounted for by using merger accounting is recognised as an expense in the period in which it is incurred. Such expenditure includes professional fees, registration fees, costs of furnishing information to shareholders, and salaries and other expenses involved in achieving the common control combination.

Consolidation is performed in accordance with LKAS 27 and SLFRS 10. The principal consolidation entries are as follows:

(a) the effects of all transactions between the combining entities or businesses, whether occurring before or after the common control combination, are eliminated; and

(b) since the combined entity will present one set of Consolidated Financial Statements, a uniform set of accounting policies is adopted which may result in adjustments to the assets, liabilities and equity of the combining entities or businesses.

6.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates at the reporting date. The income and expenses of foreign operations are translated at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

6.3 Impairment of assets

6.3.1 Financial instruments and contract assets

The Group/Company recognises loss allowances for ECLs on financial assets measured at amortised cost.

Loss allowances for trade receivables is always measured at an amount equal to lifetime Expected Credit Loss (ECL).

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

The Group/Company considers a financial asset to be in default when

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

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

Measurement of ECLs

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

Credit-impaired financial assets

At each reporting date, the Group/Company assesses whether financial assets carried at amortised cost 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 have occurred.

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the Statement of Financial Position

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

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

6.3.2 Non-financial assets

At each reporting date, the Group/Company reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

7 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

NOTES TO THE FINANCIAL STATEMENTS

Lack of exchangeability (Amendments to LKAS 21)

The amendments will require companies to provide new disclosures to help users to the impact of using on estimated exchange rate on the financial statements. These disclosures might include:

- The nature and financial impacts of the currency not being exchanges
- The stop exchange rate used
- The estimation process
- Risk to company because the currency is not exchangeable

Amendments to LKAS 21 is not expected to have a significant impact on the Group's Consolidated Financial Statements.

SLFRS S1 General Requirements for Disclosure of Sustainability related Financial Information requires an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

SLFRS S2 Climate-related Disclosures is to requires an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

These standards will become effective for the Group from 1 April 2025. No financial impact is expected on the Group except for additional disclosures.

8 OPERATING SEGMENTS

Accounting policy

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

8.1 Segmental reporting

The Group has a strategic division with three separate reportable segments.

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

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

Assets and liabilities directly attributable to each segment are allocated to the respective segments. Assets and liabilities which are not directly attributable to a segment are allocated on a reasonable basis wherever possible. The activities of the segments are described in Note 8.2 to the Financial Statements on pages 144 and 145.

NOTES TO THE FINANCIAL STATEMENTS

8.2 Segmental analysis by principal activities

The analysis of the performance by the principal activities, is as follows:

8.2.1 Segmental analysis by principal activities – Group

For the year ended 31 March	Palm oil		Dairy	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Revenue	6,760,119	6,867,145	1,184,087	1,453,992
Gross profit/(loss)	3,708,614	3,239,811	2,782	(146,841)
Other operating income/(expense)	12,909	(80,125)	88,492	199,224
Gain/(Loss) on changes in fair value of biological assets	(34,357)	(15,259)	(286,865)	55,248
Administrative expenses	(523,915)	(431,149)	(26,610)	(14,245)
Selling and distribution expenses	(139,385)	(146,332)	–	–
Impairment of investment in subsidiary	–	–	–	–
Operating profit/(loss)	**3,023,867**	**2,566,946**	**(222,201)**	**93,386**
Net finance (cost)/income	48,605	157,866	(24,026)	(52,734)
Profit/(loss) before tax	3,072,472	2,724,812	(246,227)	40,652
Tax expenses	(1,119,222)	(236,847)	(80,811)	(179,895)
Profit/(loss) for the year	**1,953,250**	**2,487,965**	**(327,038)**	**(139,243)**
Other Comprehensive Income				
Actuarial gain/(loss) on retirement benefit obligation	(88,108)	(13,040)	(10,256)	(1,965)
Tax on actuarial gain/(loss) on retirement benefit obligation	26,432	3,912	2,051	393
Total other comprehensive income/(expense)	**(61,676)**	**(9,128)**	**(8,204)**	**(1,572)**
Total comprehensive income/(expense) for the year	**1,891,574**	**2,478,837**	**(335,243)**	**(140,815)**

8.2.2 Segmental analysis by principal activities – Company

For the year ended 31 March	Palm Oil		Other	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Revenue	6,760,119	6,867,145	–	–
Gross profit	3,708,614	3,239,811	–	–
Other operating income/(expense)	12,909	–	78,216	(75,403)
Gain/(Loss) on changes in fair value of biological assets	(34,357)	(15,259)	–	–
Administrative expenses	(523,915)	(431,149)	–	–
Selling and distribution expenses	(139,385)	(146,332)	(5,939)	(4,340)
Impairment of investment in subsidiary	–	–	(693,677)	(80,125)
Operating profit/(loss)	**3,023,866**	**2,647,071**	**(621,400)**	**(159,868)**
Net finance income/(cost)	48,605	157,866	–	–
Profit/(loss) before tax	3,072,471	2,804,937	(621,400)	(159,868)
Tax expenses	(1,119,221)	(236,847)	186,421	(4,368)
Net profit	**1,953,250**	**2,568,090**	**(434,980)**	**(164,236)**
Other comprehensive income				
Actuarial gain/(loss) on retirement benefit obligation	(88,108)	(13,040)	–	–
Tax on actuarial gain/(loss) on retirement benefit obligation	26,432	3,912	–	–
Total other comprehensive income/(expense)	**(61,676)**	**(9,128)**	**–**	**–**
Total comprehensive income/(expense) for the year	**1,891,575**	**2,558,962**	**(434,980)**	**(164,236)**

NOTES TO THE FINANCIAL STATEMENTS

	Other		Inter segment adjustments		Total	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
	–	–	–	(234)	7,944,206	8,320,903
	–	–	40,184	61,621	3,751,580	3,154,591
	78,216	(75,403)	(40,184)	17,304	139,433	61,000
	–	–	–	–	(321,221)	39,986
	–	–	–	1,200	(550,525)	(444,194)
	(5,939)	(4,340)	–	–	(145,324)	(150,672)
	(693,677)	(80,125)	693,677	80,125	–	–
	(621,400)	**(159,868)**	**693,677**	**160,250**	**2,873,942**	**2,660,714**
	–	–	–	–	24,579	105,132
	(621,400)	(159,868)	693,677	160,250	2,898,521	2,765,846
	186,420	(4,368)	–	–	(1,013,613)	(421,110)
	(434,980)	**(164,236)**	**693,677**	**160,250**	**1,884,909**	**2,344,736**
	–	–	–	–	(98,364)	(15,005)
	–	–	–	–	28,483	4,305
	–	**–**	**–**	**–**	**(69,880)**	**(10,700)**
	(434,980)	**(164,236)**	**693,677**	**160,250**	**1,815,028**	**2,334,036**

	Total	
	2025 Rs. '000	2024 Rs. '000
	6,760,119	6,867,145
	3,708,614	3,239,811
	91,125	(75,403)
	(34,357)	15,259
	(523,915)	(431,149)
	(145,324)	(150,672)
	(693,677)	(80,125)
	2,402,466	**2,487,203**
	48,605	157,866
	2,451,071	2,645,069
	(932,801)	(241,215)
	1,518,270	**2,403,854**
	(88,108)	(13,040)
	26,432	3,912
	(61,676)	**(9,128)**
	1,456,594	**2,394,726**

9 REVENUE

Accounting policy

SLFRS 15 – Revenue from contracts with customers, establishes a comprehensive framework for determining whether, how much and when revenue is recognised. The Group recognises revenue when it transfers control over goods or services to a customer. Judgement is used to determine the timing of transfer of control – at a point in time or over time.

A. Revenue streams

The Group generates revenue from plantation and daily operations.

9.1 Major products

For the year ended 31 March	Group 2025 Rs. '000	Group 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Revenue				
Palm oil products	6,760,119	6,866,911	6,760,119	6,867,145
Dairy farming	1,184,087	1,453,992	–	–
	7,944,206	**8,320,903**	**6,760,119**	**6,867,145**
Gross profit/(loss)				
Palm oil products	3,747,598	3,301,432	3,708,614	3,239,811
Dairy farm	3,982	(146,841)	–	–
	3,751,580	**3,154,591**	**3,708,614**	**3,239,811**

A Segment is a distinguishable component of the Group that is engaged either in providing product or services (Business Segments), or in providing products or services within a particular economic environment (geographical segments), which is subject to risks and rewards that are different from those of other segments. Segment information is presented in respect of the Group's business. There are no distinguishable components to be identified as geographical segments for the Group. The business segments are reported based on the Group management and reporting structure.

For the year ended 31 March	Group 2025 Rs. '000	Group 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Revenue from contracts with customers	7,944,206	8,320,903	6,760,119	6,867,145
	7,944,206	**8,320,903**	**6,760,119**	**6,867,145**

NOTES TO THE FINANCIAL STATEMENTS

B. Disaggregation of revenue from contracts with customers

In the following table, revenue from contacts with customers is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see Note 9).

For the year ended 31 March	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Primary geographic markets				
Local	7,944,206	8,320,903	6,760,119	6,867,145
	7,944,206	**8,320,903**	**6,760,119**	**6,867,145**
Timing of revenue recognition				
Products transferred at a point in time	7,944,206	8,320,903	6,760,119	6,867,145
Revenue from contracts with customers	**7,944,206**	**8,320,903**	**6,760,119**	**6,867,145**

C. Contract balances

These refer to the Group's rights to consideration for work completed but not billed at the reporting date. There were no contract balances as at the reporting date.

D. Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer, at a point in time or over the time as appropriate.

The following table provides information about the nature and timing of the satisfaction of performance obligation in contacts with customers, including significant payment terms and related revenue recognition policies.

Type of product/services	Nature of timing of satisfaction of performance obligations	Revenue recognition under SLFRS 15
Plantation		
Palm oil products	Customers obtain the control of the produce after the customer acknowledgement at the dispatch point.	Revenue is recognised point in time, at the time of dispatch after the customer acknowledgement.
Sale of plantation produce	The Company is selling Green Leaf to customers after placing a sales order and revenue from tea is recognised at the time of dispatching the respective order.	Revenue from sale of other crops are recognised 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 recognised 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

10 OTHER INCOME

Accounting policy

Gains and losses on disposal of an item of property, plant and equipment

Profit or loss is determined by comparing the net sales proceeds with the carrying amounts of property, plant and equipment.

Grants

Grants are recognised initially as deferred income when there is a reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in Statement of Profit or Loss on a systematic basis in the periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in Statement of Profit or Loss on a systematic basis over the useful life of the asset.

Gains and losses on the disposal of investments

Such gains and losses are recognised in Statement of Profit or Loss.

Dividend income

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

Rent income

The rental income primarily consists of property rent received from third parties, in addition to revenue generated from the entity's core business operations.

		Group		Company	
For the year ended 31 March	Note	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Profit/(Loss) on disposal of property, plant and equipment		37,667	(13,839)	40,663	(13,839)
Amortisation of capital grants	35	2,553	2,358	2,553	2,358
Factory rental		6,542	9,900	6,542	9,900
Rent income		11,005	5,591	10,975	5,591
Profit on sale of green leaf	10.1	32,789	5,935	32,789	5,935
Loss from maize projects	10.2	–	–	–	(146,657)
RSPO credit sales – CPO/KPO/PKE		10,985	50,159	10,985	50,159
Income/(loss) from sundry operations		34,892	896	(13,382)	11,150
		139,433	**61,000**	**91,125**	**(75,403)**

10.1 Profit on sale of green leaf

	Group		Company	
For the year ended 31 March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Income from green leaf sale	145,648	146,500	145,648	146,500
Less: Costs incurred on green leaf operation	(112,859)	(140,565)	(112,859)	(140,565)
	32,789	**5,935**	**32,789**	**5,935**

NOTES TO THE FINANCIAL STATEMENTS

10.2 Net profit/(loss) from maize operation

For the year ended 31 March	Group 2025 Rs. '000	Group 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Income from maize operation	–	–	–	70,393
Less: Costs incurred on maize operation	–	–	–	(217,050)
	–	**–**	**–**	**(146,657)**

The Company operated a maize baling center at Hulannuge. Maize silage was sold to Group Company Lonach Dairy for Cattle feed during the prior FY 2023/24.

11 GAIN/(LOSS) ON CHANGES IN FAIR VALUE OF BIOLOGICAL ASSETS

For the year ended 31 March	Note	Group 2025 Rs. '000	Group 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Fair value gain on produce on bearer plants		(34,357)	(15,259)	(34,357)	(15,259)
Fair value gain on consumable biological assets	22.2	79,420	25,817	–	–
Fair value loss on livestock	22.3	(366,284)	29,431	–	–
		(321,221)	**39,989**	**(34,357)**	**(15,259)**

12 OPERATING PROFIT

Accounting policy

Operating profit is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of equity-accounted investees and income taxes.

For the year ended 31 March	Note	Group 2025 Rs. '000	Group 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Auditors' remuneration					
– Audit		3,092	2,744	2,525	2,240
– Audit related		525	928	525	928
– Non-audit		–	150	–	150
Amortisation – Right-to-use of assets	21	20,875	17,536	20,633	16,896
Depreciation					
– Immovable leased assets		–	36	–	–
– Amortisation intangible assets		10,419	11,812	10,064	10,276
– Property, plant and equipment		203,887	203,089	126,541	129,687
– Biological assets – bearer	22.1	176,417	179,321	174,551	176,940
Provision for obsolete inventories		15,166	100,894	–	–
Impairment on receivables		6,853	–	2,012	–
Directors' emoluments		22,270	14,120	22,000	12,990
Staff costs	12.1	1,377,039	1,347,203	1,296,559	1,275,597

NOTES TO THE FINANCIAL STATEMENTS

12.1 Staff costs

For the year ended 31 March	Group 2025 Rs. '000	Group 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Wages and salaries	1,176,289	1,065,534	1,110,717	1,009,642
Defined contribution plan	100,356	134,453	95,080	129,471
Defined benefit plan	74,598	82,216	64,966	71,484
Workers' profit share bonus	25,796	65,000	25,796	65,000
	1,377,039	**1,347,203**	**1,296,559**	**1,275,597**

Executive Directors' emoluments are included under salaries, wages and other staff costs in Note 12.1 and also disclosed under Key Management Personnel.

13 NET FINANCE COSTS

Accounting policy

The Group's finance income and finance costs include:

- interest income
- interest expenses
- the foreign currency gain or losses on financial assets and financial liabilities
- Interest income or expenses is recognised using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instruments to:

- the gross carrying amount of the financial assets; or
- the amortised cost of the financial liability.

In calculating interest income and expenses, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial assets. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For the period ended 31 March	Note	Group 2025 Rs. '000	Group 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Finance costs					
Exchange gain		(1,642)	(3,145)	(1,642)	(3,145)
Interest on loan		(52,905)	(13,448)	(43,165)	–
Interest on bank overdrafts		(2,784)	(3,509)	(179)	(310)
Interest on lease liabilities	28	(69,438)	(58,537)	(69,320)	(58,507)
Total		**(126,769)**	**(78,639)**	**(114,306)**	**(61,962)**
Finance income					
Interest income on related party loan		–	–	13,491	37,402
Interest income under the effective interest method on:					
Interest income on short-term bank deposits		151,348	183,771	149,420	182,426
Total		**151,348**	**183,771**	**162,911**	**219,828**
Net finance income		**24,579**	**105,132**	**48,605**	**157,866**

NOTES TO THE FINANCIAL STATEMENTS

14 INCOME TAX EXPENSES

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in Statement of Profit or Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in Other Comprehensive Income.

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

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities consist of amounts expected to be recovered from or paid to the taxation authorities in respect of current year as well as any adjustment to the tax payable or receivable in respect of previous years. The tax rates and tax laws used to compute the amount of current tax assets and liabilities are those that are enacted or substantively enacted on the reporting date. Current income tax relating to items recognised directly in equity, is recognised in equity and not in the income statement.

Current tax assets and liabilities are offset only if certain criteria are met.

Management periodically evaluates positions taken in the tax returns, with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Management has used its judgement on the application of tax law including transfer pricing regulations involving identification of associated undertaking, estimation of respective arm's length prices and selection of appropriate pricing mechanism

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Refer Note 27 Trade and other receivables for detail accounting policy.

Accounting judgement, Estimates and Assumptions

The Group is subject to income tax and judgement is required to determine the total provision for current, deferred and other taxes due to the uncertainties that exist with respect to interpretation of the applicability of tax laws, at the time of preparation of these Financial Statements.

The deferred tax liabilities/assets are disclosed under Note 25 to the Financial Statements.

For the period ended 31 March	Note	Group 2025 Rs. '000	Group 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Income tax charge for the year		1,004,304	252,619	1,004,304	252,619
Over provision with respect of prior years		(23,802)	(8,713)	(23,802)	(5,034)
Deferred tax recognised in the income statement	25	33,111	177,204	(47,701)	(6,370)
Taxes included in statement of profit/loss		**1,013,613**	**421,110**	**932,801**	**241,215**
Deferred tax recognised in other comprehensive income		(28,483)	(4,305)	(26,432)	(3,912)
Taxes included in total comprehensive income		**985,130**	**416,805**	**906,369**	**237,303**

NOTES TO THE FINANCIAL STATEMENTS

As per Inland Revenue (Amendment) Act No 10 of 2021. Profit from the business of "Agro Farming" will continued to be exempt from income tax upto 2023/24 under the Inland Revenue (Amendment) Act No. 45 of 2022.

As per the Amendment Act, the Company has calculated its profits from "Agro processing" and "investment income for the year ended 31 March 2025, applying the rate of 30%.

Lonach 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.

14.1 Reconciliation of accounting profit to income tax

	Group		Company	
For the period ended 31 March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Profit before taxation	2,898,522	2,765,846	2,451,071	2,645,069
Less: Income from other sources	(368,248)	(239,115)	(221,088)	(235,320)
Add: Disallowable expenses	1,682,580	983,349	1,253,849	908,532
Less: Allowable expenses	(626,408)	(459,142)	(313,636)	(337,325)
Adjusted profit for the year	**3,586,444**	**3,050,938**	**3,170,196**	**2,980,956**
Add: Income from other sources	177,483	235,320	177,483	235,320
Total statutory/taxable income	**3,763,927**	**3,286,258**	**3,347,679**	**3,216,276**
Tax losses claimed during the year	(90,424)	(44,165)	–	–
Less: statutory/taxable income – Agro farming (exempted)	(325,825)	(2,400,030)	–	(2,374,213)
Total statutory/taxable income – Agro processing	**3,347,678**	**842,063**	**3,347,679**	**842,063**
Income tax expense				
Tax at 30%	1,004,304	252,619	1,004,304	252,619
	1,004,304	**252,619**	**1,004,304**	**252,619**

14.2 Group accumulated tax losses

	Group	
	2025 Rs. '000	2024 Rs. '000
Balance as at 1 April	1,372,909	1,413,775
Adjustment in respect of prior year	(219,528)	3,299
Losses for the year	250,504	–
Tax Loss claimed during the year	(90,424)	(44,165)
Expired tax losses during the year	(1,135,253)	–
	178,209	**1,372,909**

Brought forward tax losses consist of losses generated from Lonach dairy operations prior to commencement of the tax holiday period.

Tax losses amounting to Rs. 1.1 Bn., which were available for carryforward, expired on 1 April 2024 and can no longer be utilised against future taxable income.

NOTES TO THE FINANCIAL STATEMENTS

15 ADJUSTED EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION (ADJUSTED EBITDA)

Management has presented the performance measure adjusted EBITDA because it monitors this performance measure at a consolidated level and it believes that this measure is relevant to an understanding of the Group's financial performance. Adjusted EBITDA is calculated by adjusting profit from continuing operations to exclude the impact of taxation, net financier costs, depreciation, amortisation, impairment losses/reversals related to goodwill, intangible assets, property, plant and equipment and the premeasurement of disposal groups and share of profit of equity-accounted investees.

Adjusted EBITDA is not a defined performance measure in SLFRS. The Group's definition of adjusted EBITDA may not be comparable with similarly titled performance measures and disclosers by other entities.

Reconciliation of adjusted EBITDA to profit from continuing operations

	Group	
	2025 Rs. '000	2024 Rs. '000
Profit for the year	1,884,909	2,344,736
Income tax expense	1,013,613	421,110
Profit before tax	**2,898,522**	**2,765,846**
Adjustment for:		
Net finance income	(24,579)	105,132
Depreciation	235,179	254,374
Amortisation	176,423	179,321
Adjusted EBITDA	**3,334,703**	**3,304,674**

16 EARNINGS PER SHARE

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

16.1 Basic earnings per share

The earnings per share is computed on the profit attributable to ordinary shareholders after tax and non-controlling interest divided by the weighted average number of ordinary shares during the year.

		Group		Company	
For the period ended 31 March	Note	2025 Rs. '000	2024 Rs. '000 (Restated)	2025 Rs. '000	2024 Rs. '000 (Restated)
Profit for the year, attributable to the owners of the Company		1,917,871	2,358,770	1,456,594	2,403,854
Weighted average number of ordinary shares (basic)	16.1.1	1,016,543	1,016,543	1,016,543	1,016,543
Basic earnings per share (Rs.)		1.82	2.32	1.43	2.36

NOTES TO THE FINANCIAL STATEMENTS

16.1.1 Weighted average numbers of shares

	Group	
	2025 Rs. '000	2024 Rs. '000
Issued ordinary shares as at 1 April	203,309	203,309
Effect of the share split	813,235	813,235
Weighted average number of shares	**1,016,543**	**1,016,543**

16.2 Diluted earnings per share

The Company had no dilutive potential ordinary shares outstanding as at 31 March 2025.

17 DIVIDEND PER SHARE

Accounting policy

Dividend declared by the Board of Directors after the reporting date is not recognised as a liability and is disclosed as a Note to the Financial Statements.

The Board of Directors of the Company has declared a final dividend of Rs. 1.30 per share (2024 – final dividend of Rs. 1.40 per share-restated) for the financial year ended 31 March 2025.

	Group and Company	
For the period ended 31 March	2025 Rs. '000	2024 Rs. '000
Final dividend		
Final dividend paid Rs. 1.40 (2024 – Rs. 0.80 Restated)	1,423,160	813,232
Interim dividend		
First interim dividend paid Rs. 1.60 (2024 – Rs. 1.60 Restated)	1,626,469	1,626,472
Second interim dividend paid Rs. 1.40	1,423,160	–
Total dividend paid	**4,472,789**	**2,439,704**
Number of ordinary shares (thousand) (2024 Restated)	1,016,543	1,016,543
Dividend paid per share (Rs.)	4.40	2.40

NOTES TO THE FINANCIAL STATEMENTS

18 FINANCIAL ASSETS AND LIABILITIES

Financial assets

Recognition and initial measurement

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

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

Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI (Fair value through OCI) – debt investment; FVOCI – equity investment; or FVTPL (Fair value through profit or loss).

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

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

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

A debt investment is measured at FVOCI 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 payments of principal and interest on the principal amount outstanding.

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

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

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

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

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

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

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument.

NOTES TO THE FINANCIAL STATEMENTS

Financial assets – Subsequent measurement and gains and losses

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

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: trade and other payables and bank overdrafts.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Derecognition

a. Financial assets

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

The Group entered into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets were not derecognised.

b. Financial liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS

Classification of financial assets and financial liabilities

The following table provides a reconciliation between line item in the statement of financial position and categories of financial instruments.

31 March 2025	Group			Company		
	Mandatorily at FVTPL Rs. '000	Amortised cost Rs. '000	Total carrying value Rs. '000	Mandatorily at FVTPL Rs. '000	Amortised cost Rs. '000	Total carrying value Rs. '000
Financial assets measured at fair value						
Investment fund	5,127	–	5,127	5,127	–	5,127
	5,127	**–**	**5,127**	**5,127**	**–**	**5,127**
Financial assets not measured at fair value						
Trade and other receivables	–	313,952	313,952	–	186,898	186,898
Loan given to related company	–	–	–	–	–	–
Amounts due from related company	–	326,304	326,304	–	553,519	553,519
Short-term investments	–	366,853	366,853	–	363,500	363,500
Cash at banks and in hand	–	883,479	883,479	–	880,648	880,648
	–	1,890,558	1,890,588	–	1,984,564	1,984,564
Total financial assets	**5,127**	**1,890,588**	**1,895,714**	**5,127**	**1,984,564**	**1,989,691**
Other receivables which are not financial assets						
Tax receivables	–	37,452	37,452	–	37,452	37,452
Trade and other receivables	**–**	**351,404**	**351,404**	**–**	**224,350**	**224,350**
Financial liabilities not measured at fair value						
Interest bearing borrowings	–	898,067	898,067	–	859,178	859,178
Lease liabilities	–	471,976	471,976	–	481,006	481,006
Bank overdraft	–	314,933	314,933	–	69,885	69,885
Trade and other payables	–	478,206	478,206	–	393,550	393,550
Amount due to related companies	–	–	–	–	–	–
Total financial liabilities	**–**	**2,163,182**	**2,163,182**	**–**	**1,803,620**	**1,803,620**
Other payables which are not financial liabilities	–	399,355	399,355	–	396,268	396,268
Tax payables	–	315,853	315,853	–	306,692	306,692
Trade and other payables	**–**	**715,208**	**715,208**	**–**	**702,960**	**702,960**

NOTES TO THE FINANCIAL STATEMENTS

31 March 2024	Group			Company		
	Mandatorily at FVTPL Rs. '000	Amortised cost Rs. '000	Total carrying value Rs. '000	Mandatorily at FVTPL Rs. '000	Amortised cost Rs. '000	Total carrying value Rs. '000
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	–	273,666	273,666	–	174,050	174,050
Loan given to related company	–	–	–	–	170,000	170,000
Amounts due from related company	–	31,747	31,747	–	289,143	289,143
Short-term investments	–	959,322	959,322	–	958,461	958,461
Cash at banks and in hand	–	762,130	762,130	–	739,183	739,183
	–	**2,026,864**	**2,026,864**	**–**	**2,330,837**	**2,330,837**
Total financial assets	**51,393**	**2,026,864**	**2,078,257**	**51,393**	**2,330,837**	**2,382,230**
Other receivables which are not financial assets	–	–	–	–	–	–
Tax receivables	–	61,068	61,068	–	60,708	60,708
Trade and other receivables	**–**	**334,734**	**334,734**	**–**	**234,758**	**234,758**
Financial liabilities not measured at fair value						
Interest bearing borrowings	–	128,601	128,601	–	–	–
Lease liabilities	–	404,762	404,762	–	414,107	414,107
Bank overdraft	–	80,640	80,640	–	–	–
Trade and other payables	–	579,387	579,387	–	491,475	491,475
Amount due to related companies	–	9,668	9,668	–	9,668	9,668
Total financial liabilities	**–**	**1,203,058**	**1,203,058**	**–**	**915,250**	**915,250**
Other payables which are not financial liabilities	–	256,474	256,474	–	253,202	253,202
Tax payables	–	80,633	80,633	–	65,945	65,945
Trade and other payables	**–**	**337,107**	**337,107**	**–**	**319,147**	**319,147**

NOTES TO THE FINANCIAL STATEMENTS

19 PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Recognition and measurement

Property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses if any.

The cost of property, plant and equipment is the cost of purchase or construction together with any expenses incurred in bringing the asset to its working condition for its intended use.

Expenditure incurred for the purpose of acquiring, extending or improving assets of a permanent nature by means of which to carry on the business or to increase the earning capacity of the business has been treated as capital expenditure. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

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

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Restoration costs

Repairs and maintenance are charged to the Statement of Profit or Loss during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

Capital work-in-progress

Capital work-in-progress is stated at cost and not depreciated. Depreciation on capital work-in-progress commences when the assets are ready for the intended use. These are expenses of a capital nature directly incurred in the construction of buildings, major plants/ machineries and system developments awaiting capitalisation. Capital work-in-progress is stated at cost less any accumulated impairment loss.

Leasehold assets

The determination of whether an arrangement is, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Finance leases that transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit or Loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

The cost of improvements on leased hold property is capitalised and depreciated over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is lower.

Subsequent costs

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

De-recognition

The carrying amount of an item of property, plant and equipment is de-recognised on disposal; or when no future economic benefits are expected from its use. Gains and losses on de-recognition are recognised in Statement of Profit or Loss and gains are not classified as revenue.

Depreciation

Depreciation is recognised in Statement of Profit or Loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

Assets held under finance leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets unless it is reasonably certain that the Group will have ownership by the end of the lease term. Expected useful life of lease assets are determined by reference to comparable owned assets or over the term of lease, which is shorter. As no finite useful can be determined related carrying value of freehold land is not depreciated though it is subject to impairment testing.

Depreciation of an asset begins when it is available for use and ceases at the earlier of the dates on which the asset is classified as held for sale or is derecognised.

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

	Freehold assets	Leasehold assets
Right-of-use land		53 years
Improvements to land		30 years
Vested other assets		30 years
Buildings	40 years	23 years
Plant and machinery	13 years	13 years
Equipment	08 years	
Computer equipment	04 years	
Computer software	06 years	
Furniture and fittings	10 years	
Motor vehicles	05 years	05 years
Sanitation, water and electricity	20 years	20 years
Roads and bridges	40 years	40 years
Fence and security lights	03 years	03 years
Mini hydro plants		10 years

Depreciation methods, useful life and residual values are re-assessed at the reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Impairment of financial assets

The carrying amount to groups non-financial assets are reviewed at each reporting date to determine if there is any indication of impairment. If any such indication exists, them the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date or more frequently, if events or changes in circumstances indicate that they might be impaired.

Calculation of recoverable amount

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and there risks specific to the asset. A cash generating unit is the smallest identifiable assets group that generate cash flows that are largely independent from other assets and groups.

Provision for/reversal of impairment

The carrying value of property plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceed the estimated recoverable amount the assets are written down to their recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income unless it reverses a previous revaluation surplus for the same asset.

NOTES TO THE FINANCIAL STATEMENTS

Group

	Opening					Closing				
	As at 1 April 2023 Rs. '000	Addition Rs. '000	Disposal Rs. '000	Transfer Rs. '000	As at 31 March 2024 Rs. '000	As at 1 April 2024 Rs. '000	Addition Rs. '000	Disposal Rs. '000	Transfer Rs. '000	As at 31 March 2025 Rs. '000
Cost										
Land	166,042	–	–	–	166,042	166,042	–	–		166,042
Buildings	1,701,927	75,539	(16,826)	50,322	1,810,963	1,810,963	1,682	–	20,921	1,833,565
Capital work-in-progress	34,966	58,183	–	(50,322)	42,827	42,827	108,337	(2,430)	(56,535)	92,199
Motor vehicles	356,627	112,753	(22,151)	–	447,229	447,229	28,714	(21,100)	–	454,843
Plant and machineries	1,214,295	14,190	–	–	1,228,485	1,228,485	25,972	–	–	1,254,457
Equipment	123,501	1,329	–	–	124,830	124,830	26,785	–	–	151,615
Computer equipment	20,121	5,353	–	–	25,474	25,474	6,178	–	7,337	38,989
Furniture and fittings	36,770	7,098	–	–	43,868	43,868	3,487	–	–	47,355
Others	271,583	15,117	–	–	286,700	286,700	1,716	–	28,277	316,693
Total	**3,925,832**	**289,562**	**(38,977)**	**–**	**4,176,417**	**4,176,417**	**202,871**	**(23,530)**	**–**	**4,355,758**

	Opening					Closing				
	As at 1 April 2023 Rs. '000	Charge for the year Rs. '000	Disposal Rs. '000	Transfer Rs. '000	As at 31 March 2024 Rs. '000	As at 1 April 2024 Rs. '000	Charge for the year Rs. '000	Disposal Rs. '000	Transfer Rs. '000	As at 31 March 2025 Rs. '000
Accumulated depreciation										
Land	–	–	–	–	–	–	–	–	–	–
Buildings	280,625	54,195	(2,987)	–	331,833	331,833	57,252	–	–	389,085
Capital work-in-progress	–	–	–	–	–	–	–	–	–	–
Motor vehicles	300,150	43,785	(22,151)	–	321,784	321,784	40,213	(17,660)	–	344,337
Plant and machineries	689,178	71,052	–	–	760,230	760,230	69,747	–	–	829,977
Equipment	78,300	12,306	–	–	90,606	90,606	13,906	–	–	104,512
Computer equipment	13,112	2,938	–	–	16,050	16,050	4,934	–	–	20,984
Furniture and fittings	14,282	3,479	–	–	17,761	17,761	4,270	–	–	22,031
Other	66,907	15,334	–	–	82,241	82,241	13,564	–	–	95,805
Total	**1,442,554**	**203,089**	**(25,138)**	**–**	**1,620,504**	**1,620,504**	**203,887**	**(17,660)**	**–**	**1,806,731**

As at 31 March	2025 Rs. '000	2024 Rs. '000
Reconciliation of carrying value		
Land	166,042	166,042
Buildings	1,444,480	1,479,129
Capital work-in-progress	92,199	42,827
Motor vehicles	110,506	125,445
Plant and machineries	424,480	468,256
Equipment	47,103	34,224
Computer equipment	18,005	9,424
Furniture and fittings	25,324	26,107
Others	220,888	204,459
Total	**2,549,027**	**2,555,913**

NOTES TO THE FINANCIAL STATEMENTS

Company

	Opening					Closing				
	As at 1 April 2023 Rs. '000	Addition Rs. '000	Disposal Rs. '000	Transfer Rs. '000	As at 31 March 2024 Rs. '000	As at 1 April 2024 Rs. '000	Addition Rs. '000	Disposal Rs. '000	Transfer Rs. '000	As at 31 March 2025 Rs. '000
Cost										
Land	166,042	–	–	–	166,042	166,042	–	–	–	166,042
Buildings	505,032	52,657	(16,826)	50,322	591,185	591,185	1,682	–	–	592,867
Capital work-in-progress	32,483	27,510	–	(50,322)	9,671	9,671	75,634	–	(1,954)	83,351
Motor vehicles	311,554	95,802	(22,151)	–	385,205	385,205	28,714	(21,100)	–	392,819
Plant and machineries	928,554	12,270	–	–	940,824	940,824	25,972	–	–	966,796
Equipment	43,328	1,275	–	–	44,603	44,603	26,785	–	–	71,388
Computer equipment	18,417	4,981	–	–	23,398	23,398	5,764	–	–	29,162
Furniture and fittings	28,742	7,098	–	–	35,840	35,840	3,487	–	–	39,327
Others	107,014	15,082	–	–	122,096	122,096	1,716	–	1,954	125,766
Total	**2,141,166**	**216,675**	**(38,977)**	**–**	**2,318,864**	**2,318,864**	**169,754**	**(21,100)**	**–**	**2,467,518**

	Opening					Closing				
	As at 1 April 2023 Rs. '000	Charge for the year Rs. '000	Disposal Rs. '000	Transfer Rs. '000	As at 31 March 2024 Rs. '000	As at 1 April 2024 Rs. '000	Charge for the year Rs. '000	Disposal Rs. '000	Transfer Rs. '000	As at 31 March 2025 Rs. '000
Accumulated depreciation										
Buildings	102,015	19,901	(2,987)	–	118,929	118,929	22,573	–	–	141,502
Capital work-in-progress	–	–	–	–	–	–	–	–	–	–
Motor vehicles	247,045	41,771	(22,151)	–	266,665	266,665	35,725	(17,660)		284,730
Plant and machineries	570,186	49,097	–	–	619,283	619,283	47,739	–	–	667,022
Equipment	28,232	3,686	–	–	31,918	31,918	5,553	–	–	37,471
Computer equipment	11,500	2,877	–	–	14,377	14,377	3,710	–	–	18,087
Furniture and fittings	10,055	2,684	–	–	12,739	12,739	3,478	–	–	16,217
Other	32,644	9,671	–	–	42,315	42,315	7,763	–	–	50,078
Total	**1,001,677**	**129,687**	**(25,138)**	**–**	**1,106,226**	**1,106,226**	**126,541**	**(17,660)**	**–**	**1,215,106**

As at 31 March	2025 Rs. '000	2024 Rs. '000
Reconciliation of carrying value		
Land	166,042	166,042
Buildings	451,362	472,256
Capital work-in-progress	83,351	9,671
Motor vehicles	108,089	118,540
Plant and machineries	299,774	321,541
Equipment	33,917	12,685
Computer equipments	11,075	9,021
Furniture and fittings	23,110	23,101
Others	75,688	79,781
Total	**1,252,412**	**1,212,638**

NOTES TO THE FINANCIAL STATEMENTS

19.1 Title restriction on property, plant and equipment

There are no restrictions that existed on the title of the property, plant and equipment of the Group as at the reporting date.

19.2 Acquisition of property, plant and equipment during the year

During the financial year, the Group acquired property, plant and equipment to the aggregate value of Rs. 202,871 Mn. (2024 – Rs. 289,563 Mn.).

Capital work-in-progress

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

19.3 Capitalisation of borrowing costs

There is no capitalisation of borrowing cost relating to the acquisition of property, plant and equipment by the Group during the year (2024 – Nil).

19.4 Amount of contractual commitments for the acquisition of property, plant and equipment

The commitments for the acquisition of property, plant and equipment as at the reporting date has been disclosed in Note 41. (2024: Nil)

19.5 Impairment of property, plant and equipment

The Board of Directors has assessed the potential impairment loss of property, plant and equipment as at 31 March 2025. Based on the assessment, no impairment provision is required to be made in the Financial Statements as at the reporting date in respect of property, plant and equipment.

19.6 Property, plant and equipment pledged as security

Assets pledged as at 31 March 2025 are disclosed in Note 42.

19.7 Temporarily idle property, plant and equipment

There are no temporarily idle property, plant and equipment as at the reporting date.

19.8 Compensation from third parties for items of property, plant and equipment

There were no compensation received/receivable from third parties for items of property, plant and equipment that were impaired, lost or given up.

19.9 The gross carrying values of fully depreciated property plant and equipment as at 31 March 2025 are as follows:

	Group		Company	
For the period ended 31 March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Plant and machinery	872,502	617,618	745,060	617,618
Motor vehicles	292,810	311,777	281,351	269,892
Equipment	40,756	33,411	36,103	31,450
Computer equipment	19,264	14,243	16,045	12,826
Furniture and fittings	11,623	11,053	11,338	11,053
Others	246,030	15,952	127,305	8,580
Total	**1,482,985**	**1,004,052**	**1,217,202**	**951,419**

NOTES TO THE FINANCIAL STATEMENTS

20 INTANGIBLE ASSETS

Accounting policy

Recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the Statement of Profit or Loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit or Loss when the asset is de-recognised.

Computer software

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives and carried at its cost less accumulated amortisation and accumulated impairment losses. Costs associated with maintaining computer software programmes are recognised as expense incurred.

Development costs that are directly attributable to the production of identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets and amortised over the useful lives. Capital work in progress included costs incurred for the development of integrating technology and the strengthening core operational process in the organisation.

Directly attributable costs, capitalised as part of the software product include the software development employee cost and an appropriate portion of relevant overheads. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. When the computer software is an integral part of the related hardware which cannot operate without the specific software is treated as property, plant and equipment.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, is recognised in Statement of Profit or Loss as incurred.

Amortisation

Amortisation is recognised in Statement of Profit or Loss on a straight-line basis over the estimated useful lives of intangible assets from the date on which they are available for use. The estimated useful lives are as follows:

	Useful Life
Enterprise resource planning system	06 years

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

NOTES TO THE FINANCIAL STATEMENTS

Group

	Opening					Closing				
	As at 1 April 2023 Rs. '000	Addition Rs. '000	Write off Rs. '000	Transfer Rs. '000	As at 31 March 2024 Rs. '000	As at 1 April 2024 Rs. '000	Addition Rs. '000	Disposal Rs. '000	Transfer Rs. '000	As at 31 March 2025 Rs. '000
Cost										
Leasehold right	88,671	–	(88,671)	–	–	–	–	–	–	–
Software	44,029	–	–	54,626	98,655	98,655	4,532	–	–	103,187
Capital work-in-progress	42,409	12,517	–	(54,626)	300	300	4,798	–	–	5,098
Total	**175,109**	**12,517**	**(88,671)**	**–**	**98,955**	**98,955**	**9,330**	**–**	**–**	**108,285**

	Opening					Closing				
	As at 1 April 2023 Rs. '000	Charge for the year Rs. '000	Write off Rs. '000	Transfer Rs. '000	As at 31 March 2024 Rs. '000	As at 1 April 2024 Rs. '000	Charge for the year Rs. '000	Disposal Rs. '000	Transfer Rs. '000	As at 31 March 2025 Rs. '000
Accumulated amortisation										
Leasehold right	88,671	–	(88,671)	–	–	–	–	–	–	–
Software	39,001	11,812	–	–	50,812	50,812	10,419	–	–	61,231
Total	**127,672**	**11,812**	**(88,671)**	**–**	**50,812**	**50,812**	**10,419**	**–**	**–**	**61,231**

As at 31 March	2025 Rs. '000	2024 Rs. '000
Total carrying value		
Software	41,956	47,843
Capital work-in-progress	5,098	300
	47,054	**48,143**

Company

	Opening					Closing				
	As at 1 April 2023 Rs. '000	Addition Rs. '000	Write off Rs. '000	Transfer Rs. '000	As at 31 March 2024 Rs. '000	As at 1 April 2024 Rs. '000	Addition Rs. '000	Disposal Rs. '000	Transfer Rs. '000	As at 31 March 2025 Rs. '000
Cost										
Leasehold right	88,671	–	(88,671)	–	–	–	–	–	–	–
Software	36,741	–	–	54,626	91,367	91,367	1,716	–	–	93,083
Capital work-in-progress	42,409	12,517	–	(54,626)	300	300	4,797	–	–	5,097
Total	**167,821**	**12,517**	**(88,671)**	**–**	**91,667**	**91,667**	**6,513**	**–**	**–**	**98,180**

NOTES TO THE FINANCIAL STATEMENTS

	Opening					Closing				
	As at 1 April 2023 Rs. '000	Charge for the year Rs. '000	Write off Rs. '000	Transfer Rs. '000	As at 31 March 2024 Rs. '000	As at 1 April 2024 Rs. '000	Charge for the year Rs. '000	Disposal Rs. '000	Transfer Rs. '000	As at 31 March 2025 Rs. '000
Accumulated amortisation										
Leasehold right	88,671	–	(88,671)	–	–	–	–	–	–	–
Software	33,382	10,276	–	–	43,658	43,658	10,064	–	–	53,722
Total	**122,053**	**10,276**	**(88,671)**	**–**	**43,658**	**43,658**	**10,064**	**–**	**–**	**53,722**

	As at 31 March '25	As at 31 March '24
Total carrying value		
Software	39,361	47,709
Capital work-in-progress	5,097	300
	44,458	**48,009**

20.1 The Group has written off leasehold right acquired from Moragoda Agro Services (Pvt) Ltd. during the year ended 31 March 2024.

21 LEASEHOLD LAND

Leasehold right to land of JEDB/SLSPC estates

Right of use assets

Group

	Opening				Closing			
	As at 1 April 2023 Rs. '000	Addition Rs. '000	Re-measurement Rs. '000	As at 31 March 2024 Rs. '000	As at 1 April 2024 Rs. '000	Addition Rs. '000	Re-measurement Rs. '000	As at 31 March 2025 Rs. '000
Cost								
ROU –Capitalised value (18 June 1992)	366,949	–	133,511	500,460	500,460	–	70,830	571,290
Total	**366,949**	**–**	**133,511**	**500,460**	**500,460**	**–**	**70,830**	**571,290**

	Opening				Closing			
	As at 1 April 2023 Rs. '000	Charge for the year Rs. '000	Re-measurement Rs. '000	As at 31 March 2024 Rs. '000	As at 1 April 2024 Rs. '000	Charge for the year Rs. '000	Re-measurement Rs. '000	As at 31 March 2025 Rs. '000
Accumulated Amortisation	123,073	17,537	–	140,610	140,610	20,875	–	161,485
Total	**123,073**	**17,537**	**–**	**140,610**	**140,610**	**20,875**	**–**	**161,485**

As at 31 March	2025 Rs. '000	2024 Rs. '000
Total carrying value		
ROU – Capitalised value (18 June 1992)	409,805	359,850
Total	**409,805**	**359,850**

NOTES TO THE FINANCIAL STATEMENTS

Company

	Opening				Closing			
	As at 1 April 2023 Rs. '000	Addition Rs. '000	Re-measurement Rs. '000	As at 31 March 2024 Rs. '000	As at 1 April 2024 Rs. '000	Addition Rs. '000	Re-measurement Rs. '000	As at 31 March 2025 Rs. '000
Cost								
ROU – Capitalised value (18 June 1992)	361,684	–	133,507	459,191	459,191	–	70,830	566,021
Total	**361,684**	**–**	**133,507**	**459,191**	**459,191**	**–**	**70,830**	**566,021**

	Opening				Closing			
	As at 1 April 2023 Rs. '000	Charge for the year Rs. '000	Re-measurement Rs. '000	As at 31 March 2024 Rs. '000	As at 1 April 2024 Rs. '000	Charge for the year Rs. '000	Re-measurement Rs. '000	As at 31 March 2025 Rs. '000
Accumulated Amortisation	114,411	16,896	–	131,307	131,307	20,633	–	151,939
Total	**114,411**	**16,896**	**–**	**131,307**	**131,307**	**20,633**	**–**	**151,939**

As at 31 March	2025 Rs. '000	2024 Rs. '000
Total carrying value		
ROU – Capitalised value (18 June 1992)	414,082	363,888
Total	**414,082**	**363,888**

The lease of JEDB/SLSPC estates handed over to Watawala Plantations PLC for the period of 53 years are all executed. The leasehold rights to the land on all these estates are taken in to the books as at 18 June 1992 immediately after formation of the Company in terms of a ruling obtained from the Urgent Issue Task Force (UITF) of The Institute of Chartered Accountants of Sri Lanka. The bare land are revalued at the value established for this land by valuation specialists, D R Wickramasinghe, just prior to the formation of the Company.

The leasehold rights to land is recorded in accordance with the Statement of Recommended Practice for the Right-to-Use of land on lease which was approved by the Council of The Institute of Chartered Accountants of Sri Lanka on 19 December 2012. Corresponding liability is shown as a lease payable to JEDB/SLSPC. As at the reporting date, the remaining lease term is twenty years.

NOTES TO THE FINANCIAL STATEMENTS

22 BIOLOGICAL ASSETS

Accounting policy

Biological assets shall be qualified for recognition if the Group controls the assets as a result of past event. It is probable that future economic benefits associated with the assets will flow to the Group and fair value or cost of the asset can be measured reliably.

Livestock

A biological asset is a living animal or plant. Livestock are measured at their fair value less estimated costs to sell with any change therein recognised in Statement of Profit or Loss. Estimated cost to sell includes all costs that would be necessary to sell the assets such as transport cost, commission etc.

The fair value of livestock is determined based on market prices of livestock of similar age, breed and genetic merit. The fair value represent the estimated amount for which cattle could be sold on the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing where in the parties had each acted knowledgably, prudently and without compulsion.

Mature and immature plantations

The costs directly attributable to re-planting and new planting are classified as immature plantations up to the time of harvesting the crop.

Since the market determined prices or values are not available and for which alternative estimates of fair value are determined to be clearly unreliable, the Group measures immature and mature plantations of bearer biological assets such as tea, rubber, oil palm etc. at its cost less any accumulated depreciation and any accumulated impairment losses on initial recognition in line with the ruling given by the Institute of Chartered Accountants of Sri Lanka to measure bearer biological assets under LKAS 16 – Property, Plant and Equipment.

Nurseries are carried at cost as the fair value cannot be easily determined. The costs consist of direct materials, direct labour and appropriate proportion of other directly attributable overheads. Once the fair value of such a biological asset becomes reliably measurable, the Group measures it at its fair value less cost to sell.

All expenses incurred in land preparation, planting and development of crops up to maturity or up to the harvesting of the crop are capitalised as biological assets. All expenses subsequent to maturity are recognised directly in Statement of Profit or Loss. General charges incurred on the re-plantation and new plantations are apportioned based on the labour days spent on respective re-planting and new planting and capitalised on immature areas. The remaining portion of the general charges is expensed in the accounting period in which it is incurred.

Where infilling results in an increase in the economic life of a relevant field beyond its previously assessed standard of performance, the costs are capitalised and depreciated over the remaining useful life at rates applicable to mature plantations. Infilling costs that are not capitalised are charged to the Statement of Profit or Loss in the year in which they are incurred.

The cost of areas coming into bearing are transferred to mature plantations and depreciated over their useful lives as follows:

	Freehold	Leasehold
Tea	33 years	30 years
Rubber	20 years	20 years
Palm oil	20 years	20 years
Cinnamon	30 years	
Calliandra	15 years	
Grass	5 years	
Coconut	33 years	

Timber plantation

Timber plantation is measured at fair value on initial recognition and at the end of each reporting period at fair value less cost to sell which includes all the cost that would be necessary to sell the assets including transportation costs.

Gain or loss arising on initial recognition of timber plantations at fair value less costs to sell and from the change in fair values less costs of plantations at each reporting date are included in the Statement of Profit or Loss for the period in which they arise. All costs incurred in maintaining the assets are included in Statement of Profit or Loss in the year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March	Note	Group 2025 Rs. '000	Group 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Biological assets – Bearer	22.1	2,280,629	2,422,978	2,234,015	2,374,489
Biological assets – Consumables	22.2	149,506	70,867	–	–
Biological assets – Livestock	22.3	887,435	1,165,589	–	–
Total (Non current)		**3,317,570**	**3,658,653**	**2,234,015**	**2,374,489**
Biological assets – Produce on bearer plants (Current)	22.4	36,510	70,867	36,510	70,867
Total (Current)		**36,510**	**70,867**	**36,510**	**70,867**

22.1 Bearer biological assets

Group

	Opening				Closing			
	As at 1 April 2023 Rs. '000	Addition Rs. '000	Transfer Rs. '000	As at 31 March 2024 Rs. '000	As at 1 April 2024 Rs. '000	Addition Rs. '000	Transfer Rs. '000	As at 31 March 2025 Rs. '000
Cost								
Nurseries								
Immature plantations								
Tea	29,795	4,343	–	34,138	34,138	4,680	–	38,818
Others	111,141	43,007	(30,459)	123,689	123,689	29,237	(100,811)	52,115
	140,936	**47,350**	**(30,459)**	**157,827**	**157,827**	**33,917**	**(100,811)**	**90,933**
Mature plantations								
Oil palm	3,355,584	–	–	3,355,584	3,355,584	–	–	3,355,584
Rubber	128,071	–	–	128,071	128,071	–	–	128,071
Tea	249,861	–	–	249,861	249,861	–	–	249,861
Others	181,587	–	30,459	212,046	212,046	–	100,811	312,858
	3,915,103	–	**30,459**	**3,945,562**	**3,945,562**	–	**100,811**	**4,046,374**
Mature plantations – On lease								
Oil palm	31,667	–	–	31,667	31,667	–	–	31,667
Rubber	95,376	–	–	95,376	95,376	–	–	95,376
Tea	22,388	–	–	22,388	22,388	–	–	22,388
	149,431	**–**	**–**	**149,431**	**149,431**	**–**	**–**	**149,431**
Total	**4,205,470**	**47,350**	**–**	**4,252,820**	**4,252,820**	**33,917**	–	**4,286,738**

NOTES TO THE FINANCIAL STATEMENTS

	Opening				Closing			
	As at 1 April 2023 Rs. '000	Charge for the year Rs. '000	Transfer Rs. '000	As at 31 March 2024 Rs. '000	As at 1 April 2024 Rs. '000	Charge for the year Rs. '000	Transfer Rs. '000	As at 31 March 2025 Rs. '000
Accumulated amortisation								
Mature plantations								
Oil palm	1,224,728	163,021	–	1,387,749	1,387,749	160,013	–	1,547,762
Rubber	68,073	5,715	–	73,788	73,788	5,846	–	79,634
Tea	123,289	5,001	–	128,290	128,290	7,009	–	135,299
Others	88,864	5,584	–	94,448	94,448	3,549	–	97,997
Total	**1,504,954**	**179,321**	**–**	**1,684,275**	**1,684,275**	**176,417**	**–**	**1,860,692**
Mature plantations – On lease								
Oil palm	31,667	–	–	31,667	31,667	–	–	31,667
Rubber	95,376	–	–	95,376	95,376	–	–	95,376
Tea	18,374	–	–	18,374	18,374	–	–	18,374
	145,417	**–**	**–**	**145,417**	**145,417**	**–**	**–**	**145,417**
Total	**1,650,371**	**179,321**	**–**	**1,829,692**	**1,829,692**	**176,417**	**–**	**2,006,109**

As at 31 March	2025 Rs. '000	2024 Rs. '000
Total carrying value		
Growing crop nurseries	–	–
Immature plantations	90,933	157,827
Mature plantations	2,185,682	2,261,287
Mature plantations – on lease	4,014	3,864
Total	**2,280,629**	**2,422,978**

NOTES TO THE FINANCIAL STATEMENTS

Company

	Opening				Closing			
	As at 1 April 2023 Rs. '000	Addition Rs. '000	Transfer Rs. '000	As at 31 March 2024 Rs. '000	As at 1 April 2024 Rs. '000	Addition Rs. '000	Transfer Rs. '000	As at 31 March 2025 Rs. '000
Cost								
Nurseries								
Immature plantations								
Tea	29,795	4,343	–	34,138	34,138	4,680	–	38,818
Others	112,072	43,007	(30,459)	124,620	124,620	29,397	(100,811)	53,048
	141,867	**47,350**	**(30,459)**	**158,758**	**158,758**	**34,077**	**(100,811)**	**91,866**
Mature plantations								
Oil palm	3,355,584	–	–	3,355,584	3,355,584	–	–	3,355,583
Rubber	128,071	–	–	128,071	128,071	–	–	128,072
Tea	158,943	–	–	158,943	158,943	–	–	158,943
Others	97,734	–	30,459	128,193	128,193	–	100,811	229,162
	3,740,332	**–**	**30,459**	**3,770,791**	**3,770,791**	**–**	**100,811**	**3,871,760**
Mature plantations – On lease								
Oil palm	31,667	–	–	31,667	31,667	–	–	31,667
Rubber	95,376	–	–	95,376	95,376	–	–	95,376
Tea	10,185	–	–	10,185	10,185	–	–	10,185
	137,228	**–**	**–**	**137,228**	**137,228**	**–**	**–**	**137,228**
Total	**4,019,427**	**47,350**	**–**	**4,066,777**	**4,066,777**	**34,077**	**–**	**4,100,854**

	Opening				Closing			
	As at 1 April 2023 Rs. '000	Charge for the year Rs. '000	Transfer Rs. '000	As at 31 March 2024 Rs. '000	As at 1 April 2024 Rs. '000	Charge for the year Rs. '000	Transfer Rs. '000	As at 31 March 2025 Rs. '000
Accumulated amortisation								
Mature plantations								
Oil palm	1,224,728	163,021	–	1,387,749	1,387,749	160,019	–	1,547,768
Rubber	68,073	5,715	–	73,788	73,788	5,846	–	79,634
Tea	64,716	5,151	–	69,867	69,867	5,137	–	75,004
Others	20,603	3,053	–	23,656	23,656	3,549	–	27,205
Total	**1,378,120**	**176,940**	**–**	**1,555,060**	**1,555,060**	**174,551**	**–**	**1,729,611**

NOTES TO THE FINANCIAL STATEMENTS

	Opening				Closing			
	As at 1 April 2023 Rs. '000	Charge for the year Rs. '000	Transfer Rs. '000	As at 31 March 2024 Rs. '000	As at 1 April 2024 Rs. '000	Charge for the year Rs. '000	Transfer Rs. '000	As at 31 March 2025 Rs. '000
Mature plantations – On lease								
Oil palm	31,667	–	–	31,667	31,667	–	–	31,667
Rubber	95,376	–	–	95,376	95,376	–	–	95,376
Tea	10,185	–	–	10,185	10,185	–	–	10,185
	137,228	**–**	**–**	**137,228**	**137,228**	**–**	**–**	**137,228**
Total	**1,515,348**	**176,940**	**–**	**1,692,288**	**1,692,288**	**174,551**	–	**1,866,839**

As at 31 March	2025 Rs. '000	2024 Rs. '000
Total carrying value		
Immature plantations	91,866	158,758
Mature plantations	2,142,149	2,215,731
	2,234,015	**2,374,489**

Investments in biological assets – plantations since the formation of the Company have been classified as shown above and includes bearer biological assets comprising mainly tea and palm oil plantations. Bearer biological assets together with any unmanaged biological assets are stated at cost.

The requirement of recognition of bearer biological assets at its fair value less cost to sell under LKAS 41 was superseded by the ruling issued on 2 March 2012, by The Institute of Chartered Accountants of Sri Lanka. Accordingly, Watawala Plantations PLC, a subsidiary of the Company has elected to measure the bearer biological assets at cost using LKAS 16 – "Property, Plant and Equipment".

22.2 Biological assets – Consumables

Group

As at 31 March	2025 Rs. '000	2024 Rs. '000
Cost		
Balance as at 1 April	70,086	44,269
(Loss)/Gain arising from changes in fair value less costs to sell	79,420	25,817
Balance as at 31 March	**149,506**	**70,086**

– Discount rate 17.5% (2024 – 17.6%)
– Maturity for harvesting – 4 years (2024 – 4 years)

Immature consumer biological assets comprising trees under 5 years old are carried at cost less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

22.2.1 Measurement of fair values

The valuation of consumable biological assets was carried by Mr Weerasinghe Chadrasena, an independent Incorporated Valuation Surveyor, using Discounted Cash Flows (DCF) method. The Valuation Report dated 31 March 2025 has been prepared based on the physically verified timber statistics provided by the Group.

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

(a) The fair value measurements for the timber have been categorised as Level 3 fair values based on the inputs to the valuation techniques used. The fair value measurements of livestock have been categorised as Level 2 fair values based on observable market sales data.

(b) Level 3 fair values

The following table shows a breakdown of the total gains (losses) recognised in respect of Level 3 fair values (Timber).

	Group	
	2025 Rs. '000	2024 Rs. '000
Change in fair value (unrealised)	79,420	25,817

(c) Valuation techniques and significant unobservable inputs

Following table shows the valuation techniques used in measuring Level 3 fair value of consumable biological assets as well as the significant unobservable inputs used for the valuation as at 31 March 2025.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Standing timber Standing timber older than 4 years	**Discounted cash flows** 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 .	**Determination of timber content** Timber trees in inter-crop areas and pure crop areas have been identified field-wise and spices were identified and harvestable trees were separated, according to their average girth and estimated age. Timber trees that have not come up to a harvestable size are valued working out the period that would take for those trees to grow up to a harvestable size.	The estimated fair value at the time of harvesting each specific species is sensitive to the following variables: • the estimated timber content (The higher the volume, the higher the fair value) • the estimated selling related costs (Lower the selling related costs, the higher the fair value) • the estimated maturity age (Lower the rotation period, the higher the fair value) • the estimated maturity age • the risk-adjusted discount rate. (The higher the discount rate, the lesser the fair value)
	Expected cash flows are discounted using a risk-adjusted discount rate of 17.5% (2024: 17.6%). Following factors have been considered in determining the risk premium; • 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	**Determination of price of timber** Trees have been valued as per the current timber prices per cubic metre based on the industry average prices logs sawn timber at the popular timber traders in Sri Lanka." In this exercise, following factors have been taken into consideration (a) Cost of obtaining approval of felling. (b) Cost of felling and cutting into logs. (c) Cost of transportation. (d) Sawing cost. (e) Cost of sale. (f) Exclusion of trees located in restricted area specialised in the circular No. 2019/01 dated on 6 November 2019 issued by the Ministry of Plantation Industries. Price range per cu.ft. is Rs. 350-/ to Rs. 1,000/- (2024 – Rs. 350/- to Rs. 1,000/-) Risk-adjusted discount rate. 2025 – 17.5% (2024 – 17.6%).	

NOTES TO THE FINANCIAL STATEMENTS

22.2.2 Sensitivity analysis

The financial impact on the value appearing in the Statement of Financial Position due to change of selling price and variation of discount rate is given below:

Sensitivity variation sales price (using 10% estimated variation)

Simulations made for the timber show that a rise or decrease by 10% of the estimated future selling price has the following effect on the net present value of biological assets:

	2025 Rs. '000	2024 Rs. '000
Value stand as now	149,506	70,086
Value stand as at 10% (2025: 10%) positive variance	153,056	77,094
Value stand as at 10% (2025: 10%) negative variance	145,956	63,077

Sensitivity variation discount rate (using 1.0% variation)

Simulations made for the timber trees show that a rise or decrease by 1.0% of the discount rate has the following effect on the net present value of biological assets:

	2025 Rs. '000	2024 Rs. '000
Value stand as now	149,506	70,086
Value stand as at 1% positive variance	139,275	67,419
Value stand as at 1% negative variance	160,688	72,956

22.3 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.

Group

	As at 31 March 25	As at 31 March 2024
Balance as at 1 April	1,165,589	893,071
Additions during the year	186,813	306,209
Disposals during the year	(98,683)	(63,122)
(Loss)/Gain arising from changes in fair value less costs to sell	(366,284)	29,431
Balance as at 31 March	**887,435**	**1,165,589**

As at 31 March 2025, Livestock comprised 1,602 cattle (2024: 1,732)

NOTES TO THE FINANCIAL STATEMENTS

22.3.1 Valuation techniques and significant unobservable inputs

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Livestock Livestock comprises cattle	**Discounted cash flows** The valuation model considers present value of future net cash flows expected to be generated by the cattle based on lactation-wise annual milking averages and costs incurred. Expected cash flows are discounted using a risk-adjusted discount rate of 17.6% (2024: 18.75%).	**Determination of selling price** Selling price has been determined based on the market prices **Determination of cost per cow** Cost per cow has been determined based on the adjusted cost during the year. **Determination of discount factor** Risk adjusted discount rate of 17.6% (2024 – 18.75%) has been used for the valuation. **Determination of yield** Yield has been determined based on the actual milk production in each lactation. **Risk-adjusted discount rate** 2025 – 17.6% (2024 – 18.75%).	The estimated fair value would increase/(decrease): • the estimated milking prices were higher/(lower) • the estimated yield per cow were higher/(lower) • the risk-adjusted discount rate were higher/(lower)

22.3.2 Sensitivity analysis

The fair value measurements of livestock have been categorised as Level 3 fair value based on assumptions used.

Sensitivity variation sales price (using 10% estimated variation)

Simulations made for livestock show that an increase or decrease by 10% of the estimated future selling price has the following effect on the fair value of biological assets:

	2025 Rs. '000	2024 Rs. '000
Value stand as at 31 March	887,435	1,165,589
Value stand as at 10% positive variance	1,169,363	1,807,588
Value stand as at 10% negative variance	605,506	523,589

Sensitivity variation Cost (using 10% variation)

Simulations made for livestock show that an increase or decrease by 10% of the estimated future cost has the following effect on the fair value of biological assets:

	2025 Rs. '000	2024 Rs. '000
Value stand as at 31 March	887,435	1,165,589
Value stand as at 10% positive variance	466,600	626,146
Value stand as at 10% negative variance	1,308,269	1,705,032

Sensitivity variation discount rate (using 1.0% variation)

Simulations made for livestock show that an increase or decrease by 1% of the estimated future discount rate has the following effect on the fair value of biological assets:

	2025 Rs. '000	2024 Rs. '000
Value stand as at 31 March	887,435	1,165,589
Value stand as at 1% positive variance	868,760	1,139,462
Value stand as at 1% negative variance	906,792	1,192,697

NOTES TO THE FINANCIAL STATEMENTS

Sensitivity Variation on yield (using 1.0% variation)

	2025 Rs. '000	2024 Rs. '000
Value stand as at 31 March	887,435	1,165,589
Value stand as at 1% positive variance	968,453	1,260,156
Value stand as at 1% negative variance	807,038	1,071,628

22.4 Biological assets – Produce on bearer plants

LKAS 41 – Amended – Valuation of growing crops on bearer plants

The growing crops on bearer plants should be fair valued and recognised in the Financial Statements.

	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Balance as at 1 April	70,867	86,126	70,867	86,126
Faire Value change during the year	(34,357)	(15,256)	(34,357)	(15,259)
Balance as at 31 March	**36,510**	**70,870**	**36,510**	**70,867**

The volume of produce growing on bearer plants are measured considering the estimated crop of the last harvesting cycle of the year as follows:

Oil palm – Three days crop

Produce that grows on mature bearer plantations are measured at fair value less cost to sell. The value of the unharvested green leaves is measured using the Tea commissioner's formula for bought leaf and the value of unharvested fresh fruit bunches (FFB) of Oil Palm is measured using the actual price used to purchase FFB from out growers.

Risk management strategy related to agricultural activities

Regulatory and environmental risks

The Group is subject to laws and regulations in various countries in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws.

Supply and demand risk

The Group is exposed to risks arising from fluctuations in the price and sales volume. When possible, the Group manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analyses for projected harvest volumes and pricing.

Climate and other risks

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

NOTES TO THE FINANCIAL STATEMENTS

23 INVESTMENT FUND

See accounting policies in Note 18.

23.1 Investment fund measured at FVTPL

	Group and Company 2025 Rs. '000	Group and Company 2024 Rs. '000
As at 1 April	51,393	53,283
Funds transferred to short term deposit account	(50,000)	(9,000)
Gain on increase in net asset value during the year	3,734	7,110
Carrying value as at 31 March	**5,127**	**51,393**

The fund comprises investment in Hatton National Bank Custody Trustee Services. The average yield for the year was 12.8% (2024: 13.2%).

24 INVESTMENT IN SUBSIDIARIES

Accounting policy

Recognition and measurement

Subsidiaries are entities controlled by the Group. The Group "controls" an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commenced until the date on which control ceases.

Investments in subsidiaries are recognised at cost of acquisition and thereafter it is carried at cost less any impairment losses in the separate Financial Statements of the Company. The net assets of each subsidiary are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the investment is estimated and the impairment loss is recognised to the extent of its net assets loss.

Goodwill

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the Group's interest in the net fair value of identifiable assets and liabilities of acquired entity.

The excess of the purchase price over the carrying amount of non-controlling interest, when the Group increases its interest in an existing subsidiary, is recognised in equity.

Goodwill is tested annually for impairment, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or Groups that are expected to benefit from the business combination which the goodwill arose.

24.1 Movement in investment in subsidiary

	2025					2024				
	Holding	Number of shares	Cost	Impairment	Carrying value	Holding	Number of shares	Cost	Impairment	Carrying value
Unquoted										
Lonach Dairy Limited	90%	308,934,362	2,528,390	(1,090,850)	1,437,540	90%	308,934,362	2,528,390	(397,173)	2,131,217
			2,528,390	**(1,090,850)**	**1,437,540**			**2,528,390**	**(397,173)**	**2,131,217**

	2025 Rs. '000	2024 Rs. '000
Balance as at 1 April	2,528,390	2,617,061
Write off during the year	–	(88,671)
Carrying value as at 31 March	**2,528,390**	**2,528,390**

NOTES TO THE FINANCIAL STATEMENTS

24.2 Provision for impairment of investments in subsidiaries

	2025 Rs. '000	2024 Rs. '000
Balance as at 1 April	397,173	405,719
Provision made during the year	693,677	80,125
Write-off during the year	–	(88,671)
Carrying value as at 31 March	**1,090,850**	**397,173**

24.3 Lonach Dairy Limited

The recoverable value of Lonach Dairy Limited was estimated based on values in use calculations.

Significant unobservable input

	2025 %	2024 %
Terminal growth	3	3
Discount rate	17.60	17.17

Above assumptions have been determined based on the historical performance of the Company.

24.3.1 Sensitivity analysis

Sensitivity variation of Terminal Growth (using 1% estimated variation)

Sensitivity analyses performed in relation to the impairment assessment of the investment in the subsidiary indicate that a 1% increase or decrease in the estimated terminal growth rate would result in the following amount on the net carrying amount of the investment.

	2025 Rs. '000
Value stand as now	693,677
Value stand as at 1% positive variance	613,469
Value stand as at 1% negative variance	763,603

Sensitivity analyses performed in relation to the impairment assessment of the investment in the subsidiary indicate that a 1% increase or decrease in the Discount rate would result in the following amount on the net carrying amount of the investment.

	2025 Rs. '000
Value stand as now	693,677
Value stand as at 1% positive variance	809,952
Value stand as at 1% negative variance	559,996

NOTES TO THE FINANCIAL STATEMENTS

24.3.2 Summarised financial information of material subsidiary (Lonach Dairy Limited)

	2025 Rs. '000	2024 Rs. '000
Non-current assets	2,433,863	2,678,906
Current assets	312,821	498,146
Total assets	**2,746,684**	**3,177,052**
Non-current liabilities	411,500	349,365
Current liabilities	602,704	759,964
Total liabilities	**1,014,204**	**1,109,329**
Revenue	1,184,087	1,453,992
Loss for the year	(327,038)	(139,243)
Total comprehensive expense	(335,242)	(140,815)

25 DEFERRED TAXATION

Accounting policy

Deferred tax is recognised in respect of temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities

When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses (if any), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax credits and unused tax losses carried forward can be utilised except; when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction, that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax relating to items recognised directly in equity are also recognised in equity, through other comprehensive income and not in the income statement.

Accordingly, provision for taxation is made on the accounting profit for the year as adjusted for taxation purposes in accordance with the provisions of the applicable Inland Revenue Act. In estimating the provision for taxation, the Group had applied the provisions of Inland Revenue Act No. 24 of 2017 and the subsequent amendments thereto.

NOTES TO THE FINANCIAL STATEMENTS

25.1 Composition of net and gross deferred tax asset/(liability)

	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Balance as at 1 April	(978,449)	(805,550)	(715,956)	(726,238)
(Charge)/reversal for the year recognised in profit or loss	(33,111)	(177,204)	47,701	6,370
Reversal for the year recognised in other comprehensive income	28,483	4,305	26,432	3,912
	(983,077)	**(978,449)**	**(641,823)**	**(715,956)**

25.2 Deferred tax asset (gross)

	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Balance as at 1 April	249,071	122,768	122,769	111,351
Charge/(reversal) for the year recognised in profit or loss	(70,316)	126,303	36,551	11,418
Balance as at 31 March	**178,755**	**249,071**	**159,320**	**122,769**

25.3 Deferred tax liability (gross)

	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Balance as at 1 April	(1,227,520)	(838,724)	(838,725)	(837,590)
Charge/(reversal) for the year recognised in profit or loss	65,688	(388,796)	37,582	(1,135)
Balance as at 31 March	**(1,161,832)**	**(1,227,520)**	**(801,143)**	**(838,725)**

25.4 Net deferred tax assets/(liability)

Net deferred tax asset/(liability) – Note 25.1	**(983,077)**	**(978,449)**	**(641,823)**	**(715,956)**

25.5 Reconciliation of deferred tax liabilities and deferred tax assets

Group

	2025		2024	
	Temporary difference Rs. '000	Tax effect Rs. '000	Temporary difference Rs. '000	Tax effect Rs. '000
Property, plant and equipment	(1,146,098)	(273,209)	(1,079,784)	(257,552)
Lease creditor – ROU	62,457	19,184	44,912	13,474
Biological assets – Bearer	(3,164,052)	(856,212)	(3,658,653)	(968,377)
Biological assets – Consumable	(162,359)	(32,472)	–	–
Retirement benefit obligation	487,763	139,860	370,064	106,241
Provision for trade receivables	4,841	968	–	–
Provision for inventories	37,595	8,552	106,337	21,267
Capital grants	34,173	10,252	36,727	11,018
Tax losses carried forward	–	–	477,396	95,480
	(3,845,680)	**(983,077)**	**(3,703,000)**	**(978,449)**

Company

	2025		2024	
	Temporary difference Rs. '000	Tax effect Rs. '000	Temporary difference Rs. '000	Tax effect Rs. '000
Property, plant and equipment	439,895	131,968	421,260	126,378
Lease creditor – ROU	(66,923)	(20,077)	(50,219)	(15,066)
Bearer biological assets – Plants	2,234,015	670,204	2,374,489	712,347
Retirement benefit obligations	(423,072)	(126,922)	(322,283)	(96,685)
Provision for inventories	(10,329)	(3,099)	–	–
Capital grant	(34,173)	(10,252)	(36,726)	(11,018)
	2,139,413	**641,823**	**2,386,521**	**715,956**

Deferred tax assets and liabilities shall be measured based on the tax rates that have been enacted or substantially enacted by the end of the reporting period. The Group has used effective rate of 30% for Agri Sector and 20% for Dairy Farming as at 31 March 2025.

With the enactment of the Inland Revenue Act No. 24 of 2017, which became effective from 1 April 2018, the Company commenced generating taxable income from the financial year ended 31 March 2020. Accordingly, the Company was entitled to utilise its accumulated tax losses brought forward against future taxable profits within a period of six years, in line with the provisions of the Act. The tax exemption period applicable to the Company expired prior financial year. Consequently, income derived from dairy operations will be subject to income tax at a rate of 20%.

Deferred tax liability arising from revaluation gain

No deferred tax has been recorded from revaluation gain.

25.6 Recoverability of deferred tax assets

The deferred tax asset on accumulated tax losses of the Group can be recognised only upto the extent of forecasted future taxable profits. Although a projected profit is anticipated in the next financial year, the recognition of a deferred tax asset has not been made due to uncertainties surrounding the underlying the assumptions used in the forecast during the year ended 31 March 2025. Unrecognised deferred tax asset on accumulated tax losses amounted to Rs. 35.6 Mn. as at 31 March 2025. (2024 – Rs. 95.5 Mn.).

26 INVENTORIES

Accounting policy

Recognition and measurement

Inventories other than produce stock and nurseries are stated at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. The Group uses weighted average cost/FIFO formula in assigning the cost of inventories. The cost includes expenses in acquiring stocks, production and conversion cost and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less, the estimated cost of completion and the estimated costs necessary to make the sale.

The value of each category of inventory is determined on the following basis:

- Raw materials and consumables are valued at cost on a weighted average basis
- Nurseries are valued at cost.
- Agricultural produce harvested from biological assets are measured at fair value less cost to sell at the point of harvest.
- Other Sundry Stocks are valued at actual cost, WAC
- Finished good are valued at lower of cost or net realisable value

	Note	Group 2025 Rs. '000	Group 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Produce stock		35,535	98,218	35,535	98,218
Raw materials, spares and consumables		383,324	567,932	176,475	154,217
Total inventories		**418,859**	**666,150**	**212,010**	**252,435**
Provision for obsolete inventories	26.1	(37,595)	(106,337)	(10,329)	(10,329)
Carrying value as at 31 March		**381,264**	**559,813**	**201,681**	**242,106**

26.1 Provision for obsolete inventories

	Group 2025 Rs. '000	Group 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Balance as at 1 April	(106,337)	(5,443)	(10,329)	(10,329)
Charge during the year	(15,166)	(100,894)	–	–
Write-off during the year	83,908	–	–	–
Balance as at 31 March	**(37,595)**	**(106,337)**	**(10,329)**	**(10,329)**

27 TRADE AND OTHER RECEIVABLES

The accounting policy for trade and other receivables has been given in Note 18.

	Note	Group 2025 Rs. '000	Group 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Trade receivables		121,710	102,497	21,747	8,155
Provision for impairment		(6,853)	–	(2,012)	–
Carrying value		**114,857**	**102,497**	**19,735**	**8,155**
Employee advances		27,084	30,610	27,084	29,499
Prepayments and advances		147,314	120,263	118,193	116,100
Taxes recoverable – net	27.1	37,766	61,068	37,452	60,708
Other receivables		24,383	20,296	21,886	20,296
Total trade and other receivables		**351,404**	**334,734**	**224,350**	**234,758**

27.1 Taxes recoverable – net

WHT receivable		–	23,256	–	23,256
VAT receivable		37,766	37,812	37,452	37,452
Net total taxes receivables		**37,766**	**61,068**	**37,452**	**60,708**

Employee advances are recovered from payroll within 10 months.

Credit and market risks, and impairment losses

Information about the Group's exposure to credit and market risks, and impairment losses for trade receivables is included in Note 39.

NOTES TO THE FINANCIAL STATEMENTS

28 CURRENT TAX ASSETS/(LIABILITIES)

	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Current tax assets	38,752	38,752	38,752	38,752
Current tax liabilities	(582,509)	(108,590)	(582,509)	(108,590)
	(543,757)	**(69,838)**	**(543,757)**	**(69,838)**

	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Balance as at 1 April	(69,838)	33,719	(69,838)	33,719
Current income tax expense	(1,004,304)	(252,619)	(1,004,304)	(252,619)
Changes in estimate relating to prior years	23,802	4,256	23,802	5,033
Set off against WHT/ESC	6,766	–	6,766	–
Payment during the year	499,817	144,806	499,817	144,029
Balance as at 31 March	**(543,757)**	**(69,838)**	**(543,757)**	**(69,838)**

29 AMOUNTS DUE FROM RELATED PARTIES

The accounting policy for amount due from related parties has been given in Note 18.

	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Trade receivables				
Pyramid Lanka (Pvt) Ltd.	131,766	20,528	131,766	20,528
Pyramid Wilmar (Pvt) Ltd.	129,681	10,922	129,681	10,922
Pyramid Wilmar Oils & Fats (Pvt) Ltd.	64,857	297	64,857	297
Other receivables				
Lonach Dairy Limited	–	–	227,215	257,396
	326,304	**31,747**	**553,519**	**289,143**

All outstanding balances are short-term in nature and there were no special terms and conditions pertaining to the outstanding balances.

Credit and market risks, and impairment losses

Information about the Group's exposure to credit and market risks, and impairment losses for amount due from related parties is included in Note 41.

NOTES TO THE FINANCIAL STATEMENTS

29.1 Loan given to related party

	Company	
	2025 Rs. '000	2024 Rs. '000
As at 1 April	170,000	270,000
Loan settled during the year	(170,000)	(100,000)
	–	**170,000**
Total amount due from related parties	**553,572**	**459,143**

30 SHORT-TERM INVESTMENTS

	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Investment in Capital Alliance Investment Grade Fund	317,362	310,751	316,029	309,891
Investment in NDB Wealth Management Ltd.	10,328	613,278	10,328	613,278
Short-term bank deposits	39,163	35,292	37,143	35,292
	366,853	**959,321**	**363,500**	**958,461**

Institution	Fund	Yield rate
Capital Alliance Investment Ltd.	Investment Grade Fund	7.60%
NDB Wealth Management Ltd.	Money Fund	9.69%

31 CASH AND CASH EQUIVALENTS

Accounting policy

The accounting policy for cash and cash equivalents has been given in Note 18.

Cash and cash equivalents in the Statement of Financial Position comprise cash at banks and in hand with a maturity of three months or less.

Statement of Cash Flows

The Statement of Cash Flows has been prepared using the Indirect Method of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard (LKAS) 7, Statement of Cash Flows.

Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalents include cash in-hand, balances with banks and short term deposits with banks.

For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS

		Group		Company	
	Note	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Bank overdrafts	31.2	(314,933)	(80,640)	(69,885)	–
Cash and bank balances	31.1	883,479	762,129	880,648	739,183
Cash and cash equivalents in the Statement of Cash Flows		**568,546**	**681,489**	**810,763**	**739,183**

31.1 Cash and bank balances

		Group		Company	
	Note	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Cash at bank		195,969	80,757	193,183	58,102
Cash in hand		1,334	1,806	1,290	1,514
Short-term bank deposits		686,175	679,567	686,175	679,567
		883,479	**762,130**	**880,648**	**739,183**

31.2 Bank overdrafts

	Group		Company		
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	Security
Watawala Plantations PLC					
Hatton National Bank PLC	40,787	22,272	39.176	–	Corporate Guarantee of 50 Mn.
Standard Charted Bank	31,359	28,024	30,709	–	Unsecured
Peoples Bank	92,421	30,343	–	–	Corporate Guarantee from Watawala Plantations PLC
DFCC	150,366	–	–	–	Unsecured
	314,933	**80,640**	**69,885**	**–**	

32 CAPITAL AND RESERVES

Accounting policy

Ordinary shares

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

32.1 Stated capital

	Number of shares			
	2025 '000	2024 '000 (Restated)	2025 Rs. '000	2024 Rs. '000
Balance as at 1 April	1,016,543	203,309	511,848	511,848
Addition of shares on share split	–	813,234	–	–
Balance as at 31 March	1,016,543	1,016,543	511,848	511,848

The golden shareholder

The Golden share is currently held by the Secretary to the Treasury and should be owned either directly by the Government of Sri Lanka or by a 100% Government owned public company. In addition to the rights of the normal ordinary shareholder, the Golden Shareholder has the following rights:

i. The concurrence of the Golden Shareholder will be required for the Company to sublease any of the estate land leased/to be leased to the Company by the Janatha Estate Development Board/Sri Lanka State Plantation Corporation. (JEDB/SLSPC)

ii. The concurrence of the Golden Shareholder will be required to amend any clause in the Articles of Association of the Company which grant specific rights to the Golden Shareholder.

iii. The Golden Shareholder, or his nominee will have the right to examine the books and accounts of the Company at any time with two weeks written notice.

iv. The Company will be required to submit a detailed quarterly accounts report to the Golden Shareholder in a specified format within 60 days of the end of each quarter. Additional information relating to the Company in a specified format must be submitted to the Golden Shareholder within 90 days of the end of the each fiscal year.

v. The Golden Shareholder can request the Board of Directors of the Company to meet with him/his Nominee, once every quarter to discuss issues related to the Company's operation of interest to the Government.

32.1.1 Subdivision of shares

During the year, Watawala Plantations PLC has subdivided the ordinary shares of the Company, amounting to two hundred three million, three hundred eight thousand, six hundred thirty-four (203,308,634) ("Pre-Subdivision Shares") into one billion, sixteen million, five hundred forty-three thousand, one hundred sixty-six (1,016,543,166) ordinary shares ("Post-Subdivision Shares") on the basis of one (01) pre-subdivision share held by each shareholder into five (5) ordinary shares.

32.2 Non-controlling interests

See accounting policies in Note 6.1.

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI, before any intra-group eliminations.

	Lonach Dairy Limited	
31 March 2024	2025 Rs. '000	2024 Rs. '000
NCI percentage (%)	10.08	10.08
Non-current assets	2,433,863	2,678,906
Current assets	312,822	441,489
Non-current liabilities	(411,500)	(349,364)
Current liabilities	(602,704)	(703,307)
Inter group elimination	**2,030**	**2,035**
Net assets	1,734,511	2,069,759
Net assets attributable to NCI	**174,821**	**208,611**

33 LOANS AND BORROWINGS

Accounting policy

(Refer Policy Note 18).

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets which are assets that necessary take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Capitalisation of borrowing costs commences when it incurs expenditure for the asset, it incurs borrowing costs and it undertake activities that are necessary to prepare the asset for their intended use or sell. It ceases capitalisation when substantially all the activities necessary to prepare the qualifying asset for its intended use are completed. Capitalisation of borrowing costs shall be suspended, if it suspends active development of a qualifying asset.

Group borrows funds generally and uses them for qualifying asset such as immature plantations of tea, rubber and oil palm. The Group determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditure on the above biological assets. For this purpose Group uses weighted average of the borrowing costs applicable to the general borrowings.

All other borrowing costs are recognised in Statement of Profit or Loss in the period in which they are incurred. Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalisation.

Leases

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

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

a. As a lessee

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

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

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

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

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

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and

the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

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

The Group presents right-of-use assets that do not meet the definition of investment property in "property, plant and equipment" and lease liabilities in "loans and borrowings" in the Statement of Financial Position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

b. As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies SLFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SLFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight line basis over the lease term as part of "other revenue".

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SLFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Amount repayable after one year				
Loans	519,734	39,090	514,178	–
Lease liabilities	467,192	401,592	476,492	411,297
	986,926	**440,682**	**990,670**	**411,297**
Amount repayable within one year				
Loans	378,333	89,510	345,000	–
Lease liabilities	4,784	3,170	4,514	2,810
	383,117	**92,681**	**349,514**	**2,810**
Total loans	**898,067**	**128,601**	**859,178**	**–**
Total lease liabilities	**471,976**	**404,762**	**481,006**	**414,110**

33.1 Loans

	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Balance as at 1 April	128,601	2,508	–	–
Loans obtained during the year	845,000	154,900	845,000	–
Balance reclassification	(1,478)	–	–	–
Accrued interest	43,164	–	43,164	–
Less: Repayment during the year	(117,220)	(28,807)	(28,986)	–
Balance as at 31 March	**898,067**	**128,601**	**859,178**	**–**
Amount repayable within one year	378,333	89,510	345,000	–
Amount repayable after one year	519,734	39,091	514,178	–
Total	**898,067**	**128,601**	**859,178**	**–**

33.2 Lease liabilities

	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Balance as at 1 April	404,762	274,031	414,110	283,409
Remeasurement of lease liabilities	70,830	133,511	70,830	133,511
Balance reclassification	1,478	–	–	–
Interest charges	69,434	58,537	69,317	58,506
Less: Repayment during the year	(74,528)	(61,317)	(73,251)	(61,316)
Balance as at 31 March	**471,976**	**404,762**	**481,006**	**414,110**
Amount repayable within one year	4,784	3,170	4,514	2,810
Amount repayable after one year	467,192	401,592	476,492	411,300
Total	**471,976**	**404,762**	**481,006**	**414,110**

NOTES TO THE FINANCIAL STATEMENTS

Lender	Year	Rate	Loan obtained Rs. '000	Repayable after one year Rs. '000	Repayable within one year Rs. '000	Repayable after one year Rs. '000	Balance as at 31 March 2025 Rs. '000	Purpose	Repayment terms
DFCC	2024	11.50%	500,000	514,178	–	514,718	514,178	To finance the palm oil mill ramp expansion	Payment commence after a grace period of 47 months from the date of disbursement
Standard Charted Bank	2025	AWPLR -2.5%	300,000	–	300,000	–	300,000	For working capital purpose	Will be settled within 3 months
NTB	2025	7.95%	45,000	–	45,000	–	45,000	For working capital purpose	Will be settled within 3 months
Peoples Bank	2023/24	14%	–	–	33,333	5,556	38,889	For import	36 equal monthly instalments commencing from June 2023.
Total			845,000	514,178	**378,333**	**519,734**	**898,067**		

34 RETIREMENT BENEFIT OBLIGATIONS

Accounting policy

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Employees' Provident Fund and Employees' Trust Fund is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts.

All the employees who are eligible for Employees' Provident Fund and Employees' Trust Fund are covered by relevant contribution funds in line with the respective statutes. Employer's contribution to the defined contribution plans are recognised as an expense in the Statement of Comprehensive Income when incurred.

The Group contributes 12% and 3% of gross emoluments to employees as Provident Fund and Trust Fund contribution respectively. All employees of the Group are members of the Employees' Provident Fund, Estate Staff Provident Society or Ceylon Planters' Provident Fund.

Defined benefit plans

"The liability recognised in the Statement of Financial Position in respect of defined benefit plan is the present value of the defined benefit obligation at the reporting date. Benefits falling due more than 12 months after the reporting date are discounted to present value. The defined benefit obligation is calculated annually by Independent Actuaries/internally generated models using Projected Unit Credit (PUC) method as recommended by LKAS 19 – "Employee Benefits".

- Actuarial gains and losses in the period in which they occur have been recognised in the Statement of Other Comprehensive Income.
- The Gratuity liability is not externally funded.

Gratuity liability is computed from the first year of service for all employees in conformity with Sri Lanka Accounting Standards 19 – "Employee Benefit". However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continued service. The Company is liable to pay gratuity in terms of the relevant statute.

Actuarial gains and losses

The re-measurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised in Other Comprehensive Income.

When benefits of a plan are changed or when a plan is curtailed, resulting a change in benefits paid that relates to past service or the gain or loss curtailment is recognised immediately in profit or loss.

The Group recognises gains or losses on the settlement of the defined plan when the settlement occurs.

Short-term benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS

34.1 Retirement benefit obligations (PVRBO)

	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Liability for retirement benefit obligation at 1 April	370,065	337,389	322,284	295,954
Included in profit or loss				
Current service cost	31,266	62,420	26,890	54,753
Interest cost	44,371	19,790	39,115	16,731
	75,637	**82,210**	**66,005**	**71,484**
Included in OCI				
Actuarial (gains)/losses on PVRBO	98,363	15,005	88,107	13,040
	98,363	**15,005**	**88,107**	**13,040**
Benefits paid	(56,302)	(64,539)	(53,324)	(58,194)
Liability for retirement benefit obligation at 31 March	**487,763**	**370,065**	**423,072**	**322,284**

The details of the actuaries involved in carrying out the valuation as at 31 March 2025 are as follows:

Company	Data of valuation	Valuation method	Details of the actuary
Watawala Plantations PLC Lonach Dairy Limited	31 March 2025	Projected Unit Credit Method	Mr M Pooplanathan, Messrs Actuarial and Management Consultants (Private) Limited

34.2 Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	Discount rate		Salary increment rate	
	2025 %	2024 %	2025 %	2024 %
Watawala Plantations PLC				
– estate workers (every 3 years)	11	11	15	15
– estate staff (every 3 years)	11	11	15	5
– estate management and head office staff (every year)	11	11	12	15

The retirement age for the Group is 60 years. (2024: 60 years).

As per the guidelines issued by The Institute of Chartered Accountants of Sri Lanka, the discount rates have been adjusted to convert the coupon bearing yield to a long-term bond rate to match the characteristics of the gratuity payment liability and the resulting yield to maturity for the purpose of valuing employee benefit obligations as per LKAS 19.

Total number staff of the Company and the Group on 31 March 2025 was as follow:

Group	1,585
Company	1,355

NOTES TO THE FINANCIAL STATEMENTS

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations shown below:

	Group		Company	
As at 31 March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
1% increase in discount rate	458,989	345,655	399,146	301,845
1% decrease in discount rate	520,038	397,804	449,819	345,428
1% increase in salary increment rate	521,612	399,003	451,152	346,446
1% decrease in salary increment rate	457,098	344,208	397,548	300,616

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Maturity profile

	Group		Company	
As at 31 March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Within the next 12 months	49,901	43,895	45,789	39,534
Between 1 and 5 years	95,671	115,005	86,736	103,895
Between 5 and 10 years	121,137	101,573	108,560	89,707
Beyond 10 years	221,054	109,592	181,987	89,147
Total	**487,763**	**370,065**	**423,072**	**322,283**

Weighted average duration of retirement benefit obligations

Staff	6.4 years
Workers	6.6 years

34.3 Minimum retirement age of workers

According to the Minimum Retirement Age of Workers Act No. 28 of 2021 certified on 17 November 2021, the retirement age of the employees in Sri Lanka has been extended. Accordingly, the Group/Company has incorporated the impact of the same in to the computation. This change has been accounted for as a plan amendment in terms of paragraph 104 of LKAS-19 – Employee Benefits. Accordingly, past service cost relating to this plan amendment has been recognised as a reversal to profit or loss.

34.4 Minimum wage for the estate workers

As per the decision published in the Gazette on 10 September 2024, the Wages Board has determined the minimum daily wage to be Rs. 1,250/-, along with a budgetary relief allowance of Rs. 100/- for workers.

NOTES TO THE FINANCIAL STATEMENTS

35 DEFERRED INCOME AND CAPITAL GRANTS

Accounting policy

Government grants

The Government grants relating to the purchase of property, plant and equipment and biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses, are recognised initially as deferred income at fair value when there is a reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant and are then recognised in Statement of Profit or Loss as other income on a straight line basis over the expected lives of the related assets.

The grants that compensate the Group expenses or losses already incurred are recognised in Statement of Profit or Loss as other income of the period in which it becomes receivable and when the expenses are recognised.

	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Balance as at 1 April	36,726	39,084	36,726	39,084
Amortised during the year	(2,553)	(2,358)	(2,553)	(2,358)
Balance as at 31 March	**34,173**	**36,726**	**34,173**	**36,726**

Funds had been received by Watawala Plantations PLC from the Plantation Human Development Trust (PHDT) and Ministry of Estate Infrastructure for Workers' welfare facilities including re-roofing of line rooms, latrines, water supply, sanitation, etc. The Grants received from the Ministry of Estate Infrastructure for construction of crèches, farm roads and community centres, are also included above. The amounts spent have been included under the relevant classification of tangible fixed assets and the grant received is shown above. The Capital Grants are amortised on a straight line basis over the useful life of the respective asset.

36 TRADE AND OTHER PAYABLES

Accounting policy

The accounting policy for trade and other payables has been given in Note 18.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Profit or Loss net of any reimbursement.

Provisions are not recognised for future operating losses. The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation and the provision is reviewed at end of each reporting period and adjusted to reflect the current best estimate.

NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Trade payables	181,019	283,187	110,312	206,984
Employee related dues	102,593	78,940	101,808	77,649
Advance received from customers	74,740	64,336	74,740	64,336
Provisions and accruals	119,742	152,812	106,692	142,510
Other payables	715,318	337,218	702,960	319,141
Total trade and other payables	**1,193,412**	**916,493**	**1,096,512**	**810,620**
Other payables				
Other payables	399,465	256,581	396,268	253,196
VAT payable	108,348	80,633	99,982	65,945
WHT payable	191,288	–	191,288	–
Other tax payable	16,217	4	15,422	–
Total other payables	**715,318**	**337,218**	**702,960**	**319,141**

An amount of Rs. 7.68 Mn, representing unclaimed dividends related to fiscal years 2012/13 to 2017/18 and previously classified under "Other Payables", was reversed during the current financial year.

37 AMOUNTS DUE TO RELATED PARTIES

The accounting policy for amount due to related parties has been given in Note 18.

	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Other payables				
Sunshine Holdings PLC	–	9,515	–	9,515
Sunshine Consumer Limited	–	117	–	116
Sunshine Healthcare Limited	–	37	–	37
	–	**9,669**	**–**	**9,669**

All outstanding balances are short-term in nature and there were no special terms and conditions pertaining to the outstanding balances.

38 FAIR VALUE MEASUREMENT

Accounting policy

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

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

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as "active" if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short position at an ask price.

The best evidence of the fair value of a financial instrument or initial recognition is normally the transaction price– i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability not based on a valuation techniques for which any unobservable inputs are judged to be insufficient in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, threat difference is recognised in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The Group measures the fair value using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurement. An analysis of the fair value measurement of financial and non-financial assets and liabilities are provided below:

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

When available, the Group measures the fair value of an instrument using active quoted prices or dealer price quotations (assets and long positions are measured at a bid price; liabilities and short positions are measured at an ask price), without any deduction for transaction costs. A market is regarded as active if transactions for asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

This category includes instruments valued using;

(a) quoted prices in active markets for similar instruments,

(b) quoted prices for identical or similar instruments in markets that are considered to be less active, or

(c) other valuation techniques in which almost all significant inputs are directly or indirectly observable from market data.

Level 3:
inputs for the asset or liability that are not based on observable market data (unobservable inputs).This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

NOTES TO THE FINANCIAL STATEMENTS

		Group					Company				
			Fair value					Fair value			
31 March 2025	Classification	Carrying amount	Level 1	Level 2	Level 3	Total	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value											
Investment fund	Fair value through P&L	5,127	–	5,127	–	5,127	5,127	–	5,127		5,127
		5,127	**–**	**5,127**	**–**	**5,127**	**5,127**	**–**	**5,127**	**–**	**5,127**
Financial assets not measured at fair value											
Trade and other receivables	Amortised cost	313,900	–	313,900	–	313,900	186,845	–	186,845	–	186,845
Amounts due from related parties	Amortised cost	326,304	–	326,304	–	326,304	553,572	–	553,572	–	553,572
Short-term investments	Amortised cost	366,853	–	366,853	–	366,853	363,500	–	363,500	–	363,500
Cash and cash equivalents	Amortised cost	883,479	–	883,479	–	883,479	880,648		880,648	–	880,648
		1,890,535	**–**	**1,890,535**	**–**	**1,890,535**	**1,984,564**	**–**	**1,984,564**	**–**	**1,984,564**
Financial liabilities not measured at fair value											
Loans and borrowings	Other financial liabilities	1,370,043	–	1,370,043		1,370,043	1,340,184	–	1,340,184	–	1,340,184
Bank overdraft	Other financial liabilities	314,933		314,933	–	314,933	69,885	–	69,885	–	69,885
Trade and other payables	Other financial liabilities	478,206	–	478,206		478,206	393,550	–	393,550	–	393,550
		2,163,182	**–**	**2,163,182**	**–**	**2,163,129**	**1,803,620**	**–**	**1,803,620**	**–**	**1,803,620**

NOTES TO THE FINANCIAL STATEMENTS

31 March 2024	Classification	Group					Company				
			Fair value					Fair value			
		Carrying amount	Level 1	Level 2	Level 3	Total	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value											
Investment Fund	Fair value through P&L	51,393	–	51,393	–	51,393	51,393	–	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	Amortised cost	273,666	–	273,666	–	273,666	174,050	–	174,050	–	174,050
Loan given to related Company	Amortised cost	–		–	–	–	170,000		170,000	–	170,000
Amounts due from related parties	Amortised cost	31,747	–	31,747	–	31,747	289,143	–	289,143	–	289,143
Short-term investments	Amortised cost	924,030	–	924,030	–	924,030	923,169	–	923,169	–	923,169
Cash and cash equivalents	Amortised cost	797,421	–	797,421	–	797,421	774,475		774,475	–	774,475
		2,026,864	**–**	**2,026,864**	**–**	**2,026,864**	**2,330,837**	**–**	**2,330,837**	**–**	**2,330,837**
Financial liabilities not measured at fair value											
Loans and borrowings	Other financial liabilities	533,363	–	533,363		533,363	414,107	–	414,107	–	414,107
Bank overdraft	Other financial liabilities	80,640		80,640	–	80,640	–	–	–	–	–
Trade and other payables	Other financial liabilities	579,387	–	579,387		579,387	491,475	–	491,475	–	491,475
Amounts due to related parties	Other financial liabilities	9,668	–	9,668		9,668	9,668	–	9,668	–	9,668
		1,203,058	**–**	**1,203,058**	**–**	**1,203,058**	**915,250**	**–**	**915,250**	**–**	**915,250**

39 FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks arising from financial instruments:

a. Credit risk (Note 39.2)

b. Liquidity risk (Note 39.3)

c. Market risk (Note 39.4)

d. Operational risk (Note 39.5)

39.1 Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

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

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

NOTES TO THE FINANCIAL STATEMENTS

39.2 Credit risk

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

The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

Impairment losses on financial assets and contract assets recognised in profit or loss were as follows:

	Group		Company	
As at 31 March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Impairment loss on trade receivables and contract assets arising from contracts with customers	6,853	–	2,012	–
	6,853	**–**	**2,012**	**–**

Expected credit loss assessment for individual customers

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from individual customers.

	Group			
As at 31 March 2025	Weighted average loss rate %	Gross carrying amount Rs. '000	Loss allowance Rs. '000	Credit impaired Rs. '000
Less than 30 days	–	–	–	–
More than 30 days but less than 60 days	–	–	–	–
More than 60 days but less than 90 days	–	–	–	–
More than 90 days	100	6,853	6,853	6,853
		6,853	**6,853**	**6,853**

Trade receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit verification procedures and contractual agreements made for every high-value transactions. In addition, receivable balances are monitored on an ongoing basis with the results that the Group's exposure to bad debts is not significant.

The Group takes out Bank Guarantees to limit of risk of credit losses on trade receivables and contract assets. Further, the Group does not recognise impairment provision on account of Government debtors.

NOTES TO THE FINANCIAL STATEMENTS

The carrying amount of financial assets represent the maximum credit exposure. The maximum exposure to the credit risk as at 31 March 2025 is as follow:

	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Short-term investment	366,853	959,321	363,500	958,461
Trade receivables	114,857	102,497	19,735	8,155
Employee advances	27,084	30,610	27,084	29,499
Other receivables	24,383	20,296	21,886	20,296
Amount due from related parties	326,304	31,747	553,519	289,143
Loan give to related party	–	–	–	170,000
Cash and cash equivalents	883,479	762,130	880,648	739,183
	1,742,960	**1,906,601**	**1,866,425**	**2,214,736**

Amount due from related parties

The Company's amounts due from related parties consists of the balances from subsidiary namely Lonach dairy Ltd. amounted to Rs. 227.2 Mn. (2024: Rs. 257 Mn.).

Cash and cash equivalents

The Group held cash and cash equivalents of Rs. 883.5 Mn. at 31 March 2025 (2024: Rs. 762.1 Mn.). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA- to AA+ (2024:AA- to AA+), based on the ratings given by the rating agencies.

39.3 Liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

Group

		Contractual cash flows			
As at 31 March 2025	Carrying amount Rs. '000	6 months or less Rs. '000	6-12 months Rs. '000	More than 12 months Rs. '000	Total Rs. '000
Bank overdrafts	314,933	314,933	–	–	314,933
Loans and borrowings	1,370,043	433,721	29,565	1,217,892	1,681,179
Trade and other payables	1,193,413	1,193,413	–	–	1,193,413
	2,878,389	**1,942,067**	**29,565**	**1,217,892**	**3,189,525**

NOTES TO THE FINANCIAL STATEMENTS

Company

		Contractual cash flows			
	Carrying amount Rs. '000	6 months or less Rs. '000	6-12 months Rs. '000	More than 12 months Rs. '000	Total Rs. '000
Bank overdrafts	69,885	69,885	–	–	69,885
Loans and borrowings	1,340,184	389,118	29,565	1,231,706	1,650,389
Trade and other payables	1,096,511	1,096,511	–	–	1,096,511
	2,506,580	**1,555,514**	**29,565**	**1,231,706**	**2,816,785**

Group

As at 31 March 2024		Contractual cash flows			
	Carrying amount Rs. '000	6 months or less Rs. '000	6-12 months Rs. '000	More than 12 months Rs. '000	Total Rs. '000
Bank overdrafts	80,640	80,640	–	–	80,640
Loans and borrowings	533,363	46,943	45,737	440,683	533,363
Trade and other payables	916,493	916,493	–	–	916,493
Amount due to related parties	9,669	9,669	–	–	9,669
	1,540,165	**1,053,745**	**45,737**	**440,683**	**1,540,165**

Company

As at 31 March 2024		Contractual cash flows			
	Carrying amount Rs. '000	6 months or less Rs. '000	6-12 months Rs. '000	More than 12 months Rs. '000	Total Rs. '000
Loans and borrowings	414,110	1,405	1,405	411,300	414,110
Trade and other payables	810,620	810,620	–	–	810,620
Amount due to related parties	9,669	9,669	–	–	9,669
	1,234,399	**821,694**	**1,405**	**411,300**	**1,234,399**

39.4 Market risk

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

The Group uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the risk management committee. Generally, the Group seeks to apply hedge accounting to manage volatility in profit or loss.

Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of Group companies. The functional currency of Group companies are primarily LKR. The currencies in which these transactions are primarily denominated are Euro, US dollars, Australian Dollar & Singapore Dollar.

NOTES TO THE FINANCIAL STATEMENTS

Exposure to currency risk

The Company's exposure to currency risk is minimal. The summary quantitative data about the Group's exposure to currency risk as reported to the Management of the Group is as follows:

As at 31 March 2025	Group			Company	
	USD in LKR terms Rs. '000	LKR Rs. '000	Total Rs. '000	LKR Rs. '000	Total Rs. '000
Financial assets					
Other investments (excluding derivatives)	–	366,853	366,853	363,500	363,500
Trade and other receivables	–	114,857	114,857	19,735	19,735
Amount due from related parties	–	326,304	326,304	553,519	553,519
Cash and cash equivalents	3,015	880,464	883,479	880,648	880,648
	3,015	**1,688,478**	**1,691,493**	**1,817,401**	**1,817,401**
Financial liabilities					
Loans and borrowings	–	1,370,044	1,370,044	1,340,184	1,340,184
Trade and other payables	–	1,193,413	1,193,413	1,096,511	1,096,511
Amount due to related parties	–	–	–	–	–
Bank overdrafts	–	314,933	314,933	69,885	69,885
	–	**2,878,390**	**2,878,390**	**2,506,580**	**2,506,580**
Net exposure	**3,015**	**(1,189,912)**	**(1,186,897)**	**(689,179)**	**(689,179)**

As at 31 March 2024	Group			Company	
	USD in LKR terms Rs. '000	LKR Rs. '000	Total Rs. '000	LKR Rs. '000	Total Rs. '000
Financial assets					
Other investments (excluding derivatives)	–	959,322	959,322	958,461	958,461
Trade and other receivables	–	102,497	102,497	8,155	8,155
Amount due from related parties	–	31,747	31,747	289,143	289,143
Cash and cash equivalents	3,015	762,130	765,145	739,183	739,183
	3,015	**1,855,696**	**1,858,711**	**1,994,942**	**1,994,942**
Financial liabilities					
Loans and borrowings	–	533,363	533,363	414,110	414,110
Trade and other payables	–	916,493	916,493	810,620	810,620
Amount due to related parties	–	9,669	9,669	9,669	9,669
Bank overdrafts	–	80,640	80,640	–	–
	–	**1,540,165**	**1,540,165**	**1,234,399**	**1,234,399**
Net exposure	**3,015**	**315,531**	**318,546**	**760,543**	**760,543**

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Interest rate risk

Interest rate risk is a key constitute of the market risk exposure of the Group due to adverse and unanticipated movements in future interest rate which arises from core business activities; granting of credit facilities, accepting deposits and issuing debt instruments.

Due to the nature of operations of the Company, the impact of interest rate risk is mainly on the earnings of the Company rather than the market value of portfolios. Several factors give rise to interest rate risk; among these are term structure risk, which arises due to the mismatches in the maturities of assets and liabilities; basis risk which is the threat to income arises due to differences in the bases of interest rates.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows:

	Group		Company	
As at 31 March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Fixed-rate instruments				
Financial liabilities				
Loans and borrowings	1,070,044	533,363	1,040,184	414,110
	1,070,044	**533,363**	**1,040,184**	**414,110**
Variable-rate instruments				
Financial liabilities				
Loans and borrowings	300,000	–	300,000	–
Bank overdrafts	314,933	80,640	69,885	–
	614,933	**80,640**	**369,885**	**–**

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates as at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

		Group		Company	
	Basic points	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Increase	+100	(83,605)	(14,810)	(71,142)	(18,594)
Decrease	-100	83,605	14,810	71,142	18,594

Capital management

The Board's policy is to maintain a strong capital base so as to maintain shareholder, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and level of dividends to ordinary shareholders.

The Group's debt to adjusted capital ratio at the end of the reporting period was as follows:

	Group		Company	
	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Total liabilities	4,965,912	3,033,995	4,188,158	2,417,952
Less: Cash and cash equivalents	(883,479)	(762,130)	(880,648)	(739,183)
Net debt	4,082,432	2,271,866	3,307,510	1,678,769
Total equity	3,747,237	6,397,321	3,498,436	6,506,952
Net debt to equity ratio	108.9%	35.5%	94.5%	25.8%

39.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks – e.g. those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and innovation. In all cases, Group policy requires compliance with all applicable legal and regulatory requirements.

The Board of Directors has established Board Integrated Risk Management Committee, which is responsible for the development and implementation of controls to address operational risk. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards;
- information technology and cyber risks; and
- risk mitigation, including insurance where this is cost-effective.

Compliance with Company standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the Company Operational Risk Committee, with summaries submitted to the Audit Committee and Senior Management of the Company.

40 RELATED PARTY TRANSACTIONS

The Group carries out transactions in the ordinary course of its business with parties who are defined as related parties in LKAS 24 – "Related Party Disclosures", the details of which are reported below. The pricing applicable to such transactions is based on the assessment of risk and pricing model of the Group and is comparable with what is applied to transactions between the Group and its unrelated customers.

40.1 Key Management Personnel (KMP)

Key Management Personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

KMP of the Company

The Board of Directors of the Company has been classified as KMP of the Company.

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KMP of the Group

As the Company is the ultimate parent of the subsidiaries listed out on page 137, the Board of Directors of the Company has the authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly.

Accordingly, the Board of Directors of the Company is also KMP of the Group. Therefore, officers who are only Directors of the subsidiaries and not of the Company have been classified as KMP only for that respective subsidiary.

40.1.a Compensation of Key Management Personnel

For the year ended 31 March	Group 2025 Rs. '000	Group 2024 Rs. '000	Company 2025 Rs. '000	Company 2024 Rs. '000
Compensation of Key Management Personnel	22,270	14,120	22,000	12,990
	22,270	**14,120**	**22,000**	**12,990**

Compensation of the Group's Key Management Personnel includes salaries, non-cash benefits and contributions to a post-employment defined benefit plan.

No loans have been granted to the Directors of the Company.

Transactions, arrangements and agreements involving KMP and their Close Family Members (CFM)

CFM of a KMP are those family members who may be expected to influence, or be influenced by, that KMP in their dealings with the entity. They may include KMP's domestic partner and children, children of the KMP's domestic partner and dependants of the KMP or the KMP's domestic partner. CFM are related parties to the Group/Company.

There were no transactions, arrangements or agreements involving CFM during the year ended 31 March 2025.

40.2 Transactions with group entities

The Group entities include the subsidiaries and the associates of the Company.

Non-recurrent related party transactions

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets whichever is lower of the Company as per 31 March 2025 Audited Financial Statements, which required additional disclosures in the 2024/25 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13 (c) of the Securities and Exchange Commission Act.

Recurrent related party transactions

There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue of the Group as per 31 March 2025 Audited Financial Statements, which required additional disclosures in the 2024/25 Annual Report under Colombo Stock Exchange listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions under the Securities and Exchange Commission Directive issued under Section 13 (c) of the Securities and Exchange Commission Act.

NOTES TO THE FINANCIAL STATEMENTS

Transactions with related parties

Name of the Company	Nature of Relationship	Name of Directors	Nature of transaction	Transaction amount 2025 Rs. '000	Transaction amount 2024 Rs. '000	Amount (payable) /receivable 2025 Rs. '000	Amount (payable) /receivable 2024 Rs. '000
Sunshine Holdings PLC	Parent	Mr D A Cabral Mr V Govindasamy Mr S G Sathasiwam Mr M R Mihular	Service cost	(168,113)	(117,165)	–	(9,515)
			Settlement	177,628	107,650	–	–
Sunshine Healthcare Lanka Ltd.	Affiliate	Mr D A Cabral Mr S G Sathasiwam	Settlement	75	–	–	(37)
			Service Provided	(37)	(37)	–	–
Healthguard Pharmacy Ltd.	Affiliate	Mr D A Cabral Mr S G Sathasiwam	Purchase	(971)	–	–	–
			Settlement	971	–	–	–
Sunshine Tea (Pvt) Ltd.	Affiliate	Mr D A Cabral Mr S G Sathasiwam Mr M R Mihular	Purchase	(620)	–	–	–
			Gratuity	(1,198)	–	–	–
			Rental expenses	(7,976)	–	–	–
			Sales	380	–	–	–
			Settlement	9,415	–	–	–
Sunshine Consumer Lanka Limited	Affiliate	Mr D A Cabral Mr S G Sathasiwam Mr M R Mihular	Asset transfer	(476)	–	–	(117)
			Gratuity	(53)	–	–	–
			Settlement	646	117	–	–
Lonach Dairy Limited	Subsidiary	Mr V Govindasamy Mr M R Mihular Mr A Herath Mr S Mawzoon	Interest	13,491	37,402	227,215	257,396
			Purchases	(106,776)	(195,991)	–	–
			Sales and rent	34,387	72,478	–	–
			Management fees	(1,200)	(1,200)	–	–
			Net settlement	29,917	124,399	–	–
			Loans obtained	–	–	–	170,000
			Loans repayment	(170,000)	(100,000)	–	–
Pyramid Lanka (Pvt) Ltd.	Affiliate	Mr S Mawzoon Mr M T Siddique Mr M R Rao	Sales	1,435,469	977,855	131,766	20,258
			Settlements	(1,323,961)	(1,106,644)	–	–
Pyramid Wilmar (Pvt) Ltd.	Affiliate	Mr S Mawzoon Mr M T Siddique Mr M R Rao	Sales	1,848,723	3,245,708	129,681	10,922
			Settlements	(1,729,965)	(3,234,786)	–	–
Pyramid Wilmar Oil & Fats (Pvt) Ltd.	Affiliate	Mr S Mawzoon Mr M T Siddique Mr M R Rao	Sales	3,450,167	2,057,414	64,858	297
			Settlements	(3,385,607)	(2,057,117)	–	–

41 COMMITMENTS

There were no material commitments as at the reporting date.

42 CONTINGENCIES

Accounting policy

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised in profit or loss.

Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event, or if there is a present obligation as a result of a past event but either a payment is not probable or the amount cannot be reasonably estimated.

Use of judgments and estimates

Provisions and contingencies

The Company receives legal claims against it in the normal course of business. Management has made judgement as to the likelihood of any claim succeeding in making provisions. The time of concluding legal claims is uncertain, as is the amount of possible outflow of economic benefits. Timing and cost ultimately depend on the due process in the respective legal jurisdictions.

Company

Corporate guarantees:

The Company has given Corporate Guarantees to Lonach Dairy Limited

	Group		Company	
As at 31 March	2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Bank guarantees	20,000	5,000	10,000	–
Total	**20,000**	**5,000**	**10,000**	**–**

Bank guarantees – Group

Bank guarantees of Rs. 10 Mn. to Lanka IOC PLC

Bank guarantees of Rs. 10 Mn. to Serendib Flour Mills (Pvt) Ltd.

Pending litigation and claims:

There are no litigations and claims as at the reporting date.

43 EVENTS AFTER THE REPORTING PERIOD

Accounting policy

Events after the reporting period are those events, favourable and unfavourable, that occur between the reporting date and the date when the Financial Statements are authorised for issue.

All material events after the reporting date have been considered and where appropriate, adjustments or disclosures have been made in the respective Notes to the Financial Statements.

Company/Group

There have been no events subsequent to the reporting date, which would have any material effect on the Company/Group, other than the following:

44 DIVIDEND DECLARATION

The Board of Directors of the Company has paid interim dividends of Rs. 1.6 & 1.4 and declared a final dividend of Rs. 1.3 per share for the financial year ended 31 March 2025.

As required by Section 56 of the Companies Act No. 07 of 2007, the Board of Directors of the Company satisfied the solvency test in accordance with Section 57, prior to declaring the final dividend. A statement of solvency duly completed and signed by the Directors on 19 March 2025 has been audited by Messrs KPMG.

In accordance with the LKAS 10, Events after the reporting period, the final dividend has not been recognised as a liability in the Financial Statements as at 31 March 2025.

45 COMPARATIVE INFORMATION

Comparative information including quantitative, narrative and descriptive information is disclosed in respect of the previous period in the Financial Statements in order to enhance the understanding of the current period's Financial Statements and to enhance the inter period comparability.

The presentation and classification of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

Following reclassification has been made for comparative amounts to facilitate comparison and better presentation.

	Group			Company		
	Current presentation		As previously reported	Current presentation		As previously reported
	2025 Rs. '000	2024 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000	2024 Rs. '000
(i) Reclassification of short-term investment to cash and cash equivalent						
Short-term investment	366,853	959,321	924,030	363,500	958,461	923,169
Cash and bank balances	883,479	762,130	797,421	880,648	739,183	774,475

46 DIRECTORS' RESPONSIBILITY

The Board of Directors is responsible for the preparation and presentation of the Financial Statements in accordance with Sri Lanka Accounting Standards and in compliance with the requirements of the Companies Act No. 07 of 2007.

SUPPLEMENTARY INFORMATION

NUMBER OF PERMANENT BUILDINGS AVAILABLE AS AT 31 MARCH 2025

WATAWALA PLANTATIONS PLC

Buildings	Number of buildings				
	HMD	TLG/OP	NKD	OPM	Total
Factories	2	1	1	1	5
Bungalows	7	8	5	2	22
Senior Staff Bungalows	10	11	10	3	34
Junior Staff Bungalows	18	16	15	1	50
Double Barrack Lines	9	147	110	0	266
Single Barrack Lines	31	190	64	0	285
Twin Cottages	51	196	100	0	347
Single Cottages	0	27	122	0	149
Creches	5	7	1	0	13
Dispensary	1	1	2	0	4
Maternity Ward	0	0	0	0	0
Minor Buildings	19	21	17	2	59
Training Centers	0	1	0	0	1
Self Help Housing	244	64	0	0	308
Any Other Buildings (Ple. Specify) – EWHC Building/Badminton Court/Central Garage/ Community Center/Main Office/GYM)	1	2	6	0	9

**TLG Tea Factory Leased Out

ESTATE HECTARAGE STATEMENT

ESTATE HECTARAGE STATEMENT

Area (Ha)	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16
Tea Mature	63	65	65	65	65	65	65	105	4,224	4,364
Tea Immature	–	–	–	–	–	–	–	5	61	101
Tea	63	65	65	65	65	65	65	110	4,285	4,465
Rubber Mature	140	140	140	140	121	173	173	221	371	426
Rubber Immature	–	–	–	–	–	–	–	–	24	24
Rubber	140	140	140	140	121	173	173	221	395	450
Oil Palm Mature	3,394	3,394	3,393	3,393	2,947	2,890	2,890	2,656	2,547	2,401
Oil Palm Immature	–	–	–	–	414	490	490	940	724	756
Oil Palm	3,394	3,394	3,393	3,393	3,361	3,380	3,380	3,596	3,271	3,157
Fuelwood	–	–	–	–	–	–	–	–	1,058	1,067
Nursery	9	9	11	11	11	11	11	11	23	26
Minor crop	114	117	76	76	61	59	59	77	174	174
Other Area	1,088	1,082	1,138	1,138	1,187	1,118	1,118	812	2,813	3,098
Others	1,210	1,208	1,226	1,226	1,259	1,188	1,188	900	4,068	4,366
Company	4,807	4,807	4,824	4,824	4,807	4,807	4,807	4,827	12,018	12,438

CROP AND YIELD

PRODUCTION

	2024/25 Kilos '000	2023/24 Kilos '000	2022/23 Kilos '000	2021/22 Kilos '000	2020/21 Kilos '000	2019/20 Kilos '000	2018/19 Kilos '000	2017/18 Kilos '000	2016/17 Kilos '000	2015/16 Kilos '000	2014/15 Kilos '000
TEA											
Watawala	92	93	86	14	–	–	–	–	1,893	1,893	2,754
Hatton	–	–	–	–	–	–	–	–	3,459	2,489	4,402
Lindula	–	–	–	–	–	–	–	–	1,835	4,297	2,881
Udugama	81	89	99	116	122	101	125	187	235	303	274
Tea - Total	173	182	185	230	122	101	125	187	7,422	9,412	10,311
Rubber	20	42	70	70	75	58	–	–	–	268	325
Palm Oil	55,418	57,072	52,472	52,472	40,803	46,409	44,041	41,525	40,673	35,968	34,573

YIELD PER HECTARAGE (KILO)

	2024/25 Kilos '000	2023/24 Kilos '000	2022/23 Kilos '000	2021/22 Kilos '000	2020/21 Kilos '000	2019/20 Kilos '000	2018/19 Kilos '000	2017/18 Kilos '000	2016/17 Kilos '000	2015/16 Kilos '000	2014/15 Kilos '000
TEA											
Watawala	1,301	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	1,242	1,357	1,512	1,106	1,871	1,543	1,535	1,428	1,475	1,871	1,761
Tea – Total	1,272	1,332	1,354	1,767	1,871	1,543	1,535	1,428	1,213	1,439	1,569
Rubber	144	299	424	539	623	486	–	–	–	629	625
Palm Oil	16,330	16,817	15,654	15,468	13,843	16,057	16,359	15,637	15,966	14,310	16,061

HISTORICAL FINANCIAL INFORMATION

	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	Company 2018/19 Rs.'000
Income statement								
Revenue	6,298,769	6,228,002	6,501,765	6,392,956	4,948,755	4,764,455	3,081,760	2,588,459
Cost of sales	(5,445,408)	(5,376,764)	(4,828,579)	(4,689,441)	(3,695,137)	(3,360,797)	(1,941,278)	(1,279,111)
Gross profit	**853,361**	**851,238**	**1,673,186**	**1,703,515**	**1,253,618**	**1,403,658**	**1,140,482**	**1,309,348**
Other operating income/gain/(loss) on changes in fair value of biological assets	134,192	134,192	146,851	142,808	231,185	149,223	96,337	58,742
Administrative expenses	(318,502)	(315,960)	(326,336)	(324,227)	(335,132)	(327,309)	(200,355)	(191,698)
Distribution expenses	–	–	–	–	–	–	–	–
Management fees	–	–	–	–	–	–	–	–
Operating profit	**669,051**	**669,470**	**1,493,701**	**1,522,096**	**1,149,671**	**1,225,572**	**1,036,464**	**1,176,392**
Net finance cost	(78,815)	(78,834)	(47,620)	(76,279)	13,567	50,510	(114,468)	4,166
Profit/(loss) before tax	**590,236**	**590,636**	**1,446,081**	**1,445,817**	**1,163,238**	**1,276,082**	**921,996**	**1,180,558**
Tax expense	(72,486)	(72,415)	(220,422)	(216,156)	(224,570)	(225,546)	(158,985)	(159,009)
Profit/(loss) for the year	**517,750**	**518,221**	**1,225,659**	**1,229,661**	**938,668**	**1,050,536**	**763,011**	**1,021,549**
Profit from discontinued operations	–	–	–	–	–	–	–	–
Profit for the year	**517,750**	**518,221**	**1,225,659**	**1,229,661**	**938,668**	**1,050,536**	**763,011**	**1,021,549**
Other Comprehensive Income								
Available for sale investment	10,763	10,763	–	–	–	–	–	–
Actuarial gain/(loss) on gratuity	102,714	102,714	92,604	88,451	35,656	33,803	(26,124)	(21,674)
Tax on actuarial gain/(loss) on gratuity	(15,585)	(15,585)	(8,845)	(8,845)	(3,380)	(3,380)	3,034	3,034
Total other comprehensive income for the year (net of tax)	**97,892**	**97,892**	**83,759**	**79,606**	**32,276**	**30,423**	**(23,090)**	**(18,640)**
Total comprehensive income for the year	**615,642**	**616,113**	**1,309,418**	**1,309,267**	**970,944**	**1,080,959**	**739,921**	**1,002,909**
Attributable to:								
Equity holders of the Company	615,642	616,113	1,310,218	1,309,267	999,173	1,080,959	815,818	1,002,909
Minority interests	–	–	(800)	–	(28,229)	–	(75,897)	–
Total comprehensive income for the year	**615,642**	**616,113**	**1,309,418**	**1,309,267**	**970,944**	**1,080,959**	**739,921**	**1,002,909**

HISTORICAL FINANCIAL INFORMATION

	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	Group 2024/25 Rs.'000	Company 2024/25 Rs.'000
	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	6,867,145	7,944,206	6,760,119
	(2,041,076)	(1,383,852)	(2,008,091)	(1,406,774)	(2,911,046)	(2,249,639)	(5,229,956)	(3,830,727)	(5,166,312)	(3,627,334)	(4,192,626)	(3,051,505)
	1,285,724	**1,359,782**	**1,925,432**	**1,878,066**	**3,563,615**	**3,532,435**	**3,538,085**	**3,743,089**	**3,154,591**	**3,239,811**	**3,751,580**	**3,708,614**
	118,546	71,954	143,556	90,331	101,223	58,893	(34,827)	(488,825)	100,989	(170,787)	(181,789)	(636,909)
	(238,185)	(216,765)	(250,894)	(238,908)	(318,063)	(305,117)	(361,067)	(347,059)	(444,194)	(431,149)	(550,525)	(523,915)
	–	–	–	–	–	–	(78,952)	(78,952)	(150,672)	(150,672)	(145,324)	(145,324)
	–	–	–	–	–	–	–	–	–	–	–	–
	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**	**2,873,943**	**2,402,466**
	(173,986)	(54,204)	(66,438)	(30,732)	(14,973)	11,172	22,743	82,230	105,132	157,865	24,579	48,605
	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**	**2,898,522**	**2,451,071**
	(175,599)	(175,686)	(88,820)	(41,284)	125,997	132,399.00	(621,698)	(589,299)	(421,110)	(241,215)	(1,013,613)	(932,802)
	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**	**1,884,909**	**1,518,269**
	–	–	–	–	–	–	–	–	–	–	–	–
	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**	**2,403,854**	**1,884,909**	**1,518,269**
	–	–	–	–	–	–	–	–	–	–	–	–
	(11,976)	(11,782)	25,164	19,198	60,043	55,431	115,073	(99,074)	(15,005)	(13,040)	(98,364)	(88,108)
	1,649	1,649	(3,881)	(2,688)	(6,742)	(5,820)	35,922	29,722	4,305	3,912	28,483	26,432
	(10,327)	**(10,133)**	**21,283**	**16,510**	**53,301**	**49,611**	**(82,151)**	**(69,352)**	**(10,700)**	**(9,128)**	**(69,880)**	**(61,676)**
	806,173	**974,948**	**1,684,119**	**1,673,983**	**3,511,100**	**3,479,393**	**2,249,639**	**2,266,287**	**2,334,036**	**2,394,726**	**1,815,028**	**1,456,593**
	821,232	974,948	1,684,119	1,673,983	3,508,549	3,479,393	2,283,430	2,266,287	2,348,229	2,403,852	1,848,817	1,456,594
	(15,059)	–	–	–	2,551	–	(33,791)	–	(14,193)	–	(33,789)	–
	806,173	**974,948**	**1,684,119**	**1,673,983**	**3,511,100**	**3,479,393**	**2,249,639**	**2,266,287**	**2,334,036**	**2,403,852**	**1,815,028**	**1,456,594**

HISTORICAL FINANCIAL INFORMATION

	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	Company 2018/19 Rs.'000
Balance sheet								
Non-current assets								
Right to use of assets	205,508	205,508	198,473	191,774	80,079	73,619	77,120	70,898
Immovable estate assets on finance lease	124,574	124,574	107,474	102,984	–		–	–
Property, plant and equipment	1,835,454	1,835,454	2,423,768	1,770,618	2,048,247	611,642	2,200,469	667,751
Intangible assets	–	–	–	–	24,844	23,367	24,925	18,839
Bearer plants	2,794,625	2,794,625	2,955,251	2,850,482	2,489,314	2,358,929	2,673,393	2,546,832
Biological assets – consumables	608,995	608,995	648,831	607,707	37,966	–	38,356	–
Biological assets – Livestock	27,535	27,535	24,944	–	539,602	–	662,620	–
Investment in fund	234,369	234,369	258,319	258,319	288,595	288,595	312,051	312,051
Investment in subsidiaries	–	852	–	627,352	–	627,352	–	627,352
Investment in debenture	–	–	–	–	–	–	–	174,088
Available for sale financial assets	21,645	21,645	21,645	21,645	–	–	–	–
Total non-current assets	**5,852,705**	**5,853,557**	**6,638,705**	**6,430,881**	**5,508,647**	**3,983,504**	**5,988,934**	**4,417,811**
Current assets								
Inventories	637,773	637,773	732,988	686,138	291,830	191,788	143,089	100,790
Biological assets-growing crops on bearer plants	–	–	35,757	35,452	29,143	28,730	31,271	30,831
Current tax assets	–	–	–	–	–	–	–	–
Trade and other receivables	560,954	560,866	537,199	438,380	391,205	327,396	313,198	258,619
Loan given to related party	–	–	–	–	–	10,000	–	222,259
Amounts due from related parties	–	–	279,735	279,735	10,311	10,311	21,918	21,918
Investments in unit trusts	564,597	564,597	–	–	–	–	–	–
Short-term investment	–	–	–	–	–	–	–	–
Cash and cash equivalents	130,178	113,730	888,143	861,945	180,264	147,834	204,001	199,064
Total current assets	**1,893,502**	**1,876,966**	**2,473,822**	**2,301,650**	**902,753**	**716,059**	**713,477**	**833,481**
Total assets	**7,746,207**	**7,730,523**	**9,112,527**	**8,732,531**	**6,411,400**	**4,699,563**	**6,702,411**	**5,251,292**
Capital and reserves								
Stated capital	460,000	460,000	460,000	460,000	460,000	460,000	460,000	460,000
Retained earnings	4,320,050	4,320,409	5,298,935	5,298,343	2,911,785	2,992,979	3,275,437	3,543,722
Total equity attributable to equity holders of the Company	**4,780,050**	**4,780,409**	**5,758,935**	**5,758,343**	**3,371,785**	**3,452,979**	**3,735,437**	**4,003,722**
Minority interests	–	–	291,200	–	262,971	–	187,074	–
Total equity	**4,780,050**	**4,780,409**	**6,050,135**	**5,758,343**	**3,634,756**	**3,452,979**	**3,922,511**	**4,003,722**
Non-current liabilities								
Long term borrowings	388,741	388,741	325,006	325,006	1,305,797	97,936	1,111,324	63,382
Obligations under finance lease obtained from SLPC/JEDB	336,296	336,296	328,412	328,412	125,790	125,790	125,976	125,976
Retirement benefit obligation	976,639	976,639	908,192	882,705	193,981	171,130	242,717	211,653
Deferred income and capital grants	203,569	203,569	193,528	193,528	243,659	50,872	193,105	48,515
Net deferred tax liability	267,005	267,040	331,182	331,217	354,763	354,798	376,417	376,417
Total non-current liabilities	**2,172,250**	**2,172,285**	**2,086,320**	**2,060,868**	**2,223,990**	**800,526**	**2,049,539**	**825,943**

HISTORICAL FINANCIAL INFORMATION

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	Group 2024/25 Rs.'000	Company 2024/25 Rs.'000
241,440	235,459	238,853	231,162	235,995	238,645	243,876	247,273	359,850	363,888	409,805	414,082
–	–	–	–	–	–	–	–	–	–	–	–
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	2,549,027	1,252,412
23,533	18,224	19,230	15,091	28,276	25,307	47,437	45,768	48,143	48,009	47,052	44,458
2,722,149	2,615,292	2,709,996	2,619,454	2,698,963	2,631,545	2,566,272	2,515,252	2,422,978	2,374,489	2,280,631	2,234,015
31,657	–	32,857	–	33,783	–	44,269	–	70,086	–	149,506	–
695,538	–	749,339	–	943,200	–	893,071	–	1,165,589	–	887,435	–
343,725	343,725	149,686	149,686	72,313	72,313	53,283	53,283	51,393	51,393	5,127	5,127
–	1,868,242	–	1,867,390	–	2,163,390	–	2,211,342	–	2,131,217	–	1,437,540
–	–	–	–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–
6,231,444	**5,776,728**	**6,009,940**	**5,584,988**	**6,354,892**	**6,074,691**	**6,331,522**	**6,212,407**	**6,673,952**	**6,181,634**	**6,328,583**	**5,387,633**
151,314	105,851	111,270	71,301	245,923	193,065	874,627	331,502	559,813	242,106	381,264	201,681
41,797	41,711	52,688	51,953	71,671	71,671	86,126	86,126	70,867	70,867	36,510	36,510
–	–	15,267	15,267	20,679	20,679	33,719	33,719	38,752	38,752	38,752	38,752
302,533	259,639	292,304	258,687	256,348	229,617	497,448	440,865	334,734	234,758	351,351	224,297
–	200,195	–	262,000	–	–	–	270,000	–	170,000	–	–
73,902	100,225	486	37,870	255	4,101	149,147	369,455	31,747	289,143	326,357	553,572
–	–	–	–	–	–	–	–	–	–	–	–
–	–	207,467	207,467	514,914	482,811	4,870	4,870	924,030	923,169	327,690	326,357
186,553	185,147	407,955	389,394	1,427,013	1,412,534	856,990	853,193	797,421	774,475	922,641	917,791
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**	**2,384,565**	**2,298,960**
6,987,543	**6,669,496**	**7,097,377**	**6,878,927**	**8,891,695**	**8,489,169**	**8,834,449**	**8,602,137**	**9,431,316**	**8,924,904**	**8,713,148**	**7,686,593**
511,848	511,848	511,848	511,848	511,848	511,848	511,848	511,848	511,848	511,848	511,848	511,848
4,086,294	4,516,370	4,550,561	4,970,501	6,345,936	6,620,116	5,768,337	6,040,082	5,676,862	5,995,104	3,060,569	2,986,588
4,598,142	**5,028,218**	**5,062,409**	**5,482,349**	**6,857,784**	**7,131,964**	**6,280,185**	**6,551,930**	**6,188,710**	**6,506,952**	**3,572,417**	**3,498,436**
–	–	–	–	241,887	–	222,804	–	208,611	–	174,822	–
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**	**6,506,952**	**3,747,239**	**3,498,436**
572,748	208,450	372,561	45,500	227,505	–	1,231	–	39,090	–	–	–
242,897	242,897	248,186	247,138	254,050	263,351	272,394	282,129	401,592	411,297	986,926	990,670
278,340	243,760	271,507	240,086	212,629	186,682	337,389	295,954	370,065	322,284	487,763	423,072
142,550	46,157	91,996	43,799	41,442	41,442	39,084	39,084	36,726	36,726	34,173	34,173
379,335	379,335	431,554	382,825	316,938	261,658	805,550	726,238	978,449	715,956	983,077	641,823
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**	**2,491,939**	**2,089,737**

HISTORICAL FINANCIAL INFORMATION

	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	Company 2018/19 Rs.'000
Current liabilities								
Short-term borrowings	148,751	148,751	118,318	118,318	33,623	33,230	144,483	33,890
Obligations under finance lease obtained from SLPC/JEDB	6,460	6,460	6,720	6,720	2,799	2,799	2,911	2,911
Trade and other payables	610,617	594,618	688,426	630,019	439,008	369,911	411,150	351,463
Amount due to related parties							27,614	
Current tax payable	28,079	28,000	162,608	158,263	40,636	40,118	33,450	33,363
Bank overdraft					36,588	–	110,753	–
Total current liabilities	**793,907**	**777,829**	**976,072**	**913,320**	**552,654**	**446,058**	**730,361**	**421,627**
Total liabilities	**2,966,157**	**2,950,114**	**3,062,392**	**2,974,188**	**2,776,644**	**1,246,584**	**2,779,900**	**1,247,570**
Total equity and liabilities	**7,746,207**	**7,730,523**	**9,112,527**	**8,732,531**	**6,411,400**	**4,699,563**	**6,702,411**	**5,251,292**
CASH FLOW								
Cash generated/(used in) from/to operations	1,012,402	1,000,231	1,594,718	1,720,938	1,665,205	1,773,844	1,465,716	1,253,139
Net cash inflow/(outflow) from operating activities	835,038	822,789	1,376,538	1,475,399	1,271,659	1,424,133	1,199,004	1,107,730
Net cash inflow/(outflow) from investing activities	(254,164)	(254,164)	(185,448)	(294,059)	(1,682,928)	(596,037)	(705,517)	(562,304)
Net cash inflow/(outflow) from financing activities	138,815	138,815	(396,019)	(396,019)	(296,610)	(1,541,207)	(543,915)	(494,196)
Increase/(decrease) in cash and cash equivalents	719,689	707,440	795,071	785,321	(707,879)	(714,111)	(50,428)	51,230
Operating ratios								
Annual turnover growth (%)	(8)	(8)	3	3	(24)	(25)	(38)	(46)
Profit growth (%)	51	51	113	113	(26)	(17)	(19)	(3)
Turnover per employee (Rs. '000)	590	583	646	655	850	3,124	1,625	1,615
ROA (%)								
Financial ratios								
Return on equity (%)	12.88	12.89	21.64	22.74	28.69	31.31	18.86	25.05
Current ratio (Times)	2.39	2.41	2.53	2.52	1.63	1.61	0.98	1.98
Debt equity ratio (Times)	0.18	0.18	0.13	0.14	0.40	0.08	0.35	0.06
Interest cover (Times)	8.49	8.49	31.37	19.95	11.02	14.48	9.05	282.38
Total assets to current liabilities (%)	10	10	11	10	9	9	11	8
Dividend payout ratio (%)	29	29	27	27	38	35	59	44
Investor ratios								
Annualised earnings per share (Rs.)	2.60	2.60	5.18	5.20	4.16	4.52	3.80	5.08
Price earning share (Times)	8.82	8.81	4.71	4.70	7.15	6.39	4.17	5.08
Dividend paid per share (Rs.)	0.75	0.75	1.50	1.50	1.60	1.60	2.25	2.25
Dividend cover (Times)	3.47	3.47	3.45	3.46	2.60	2.83	1.69	2.26
Market capitalisation (Rs.'000)	4,567,673	4,567,673	5,774,675	5,774,675	5,807,802	5,807,802	3,717,807	3,717,807
Net assets value per share (Rs.)	20.20	20.20	25.56	24.33	18.09	17.18	18.59	19.92

HISTORICAL FINANCIAL INFORMATION

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	Group 2024/25 Rs.'000	Company 2024/25 Rs.'000
190,987	98,723	225,119	115,000	145,070	45,500	1,277	–	89,511	–	378,333	345,000
1,078	1,078	2,108	1,102	2,363	1,399	1,637	1,277	3,170	2,810	4,784	4,514
316,613	270,199	366,266	321,128	559,994	520,112	808,176	704,707	916,493	810,620	1,193,413	1,096,512
321	321	–	–	31,259	37,061	818	818	9,669	9,669	–	–
52,560	52,560	–	–	774	–	4,458	–	108,590	108,590	582,509	582,509
211,972	97,798	25,671	–	–	–	59,446	–	80,640	–	314,933	69,885
773,531	**520,679**	**619,164**	**437,230**	**739,460**	**604,072**	**875,812**	**706,802**	**1,208,073**	**931,689**	**2,473,972**	**2,098,420**
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**	**2,417,952**	**4,965,911**	**4,188,157**
6,987,543	**6,669,496**	**7,097,377**	**6,878,927**	**8,891,695**	**8,489,169**	**8,834,449**	**8,602,137**	**9,431,316**	**8,924,904**	**8,713,150**	**7,686,593**
1,255,698	1,259,938	2,319,100	2,139,520	3,816,011	3,709,863	2,772,027	2,997,912	3,831,187	3,582,821	3,840,122	3,542,382
934,269	1,045,705	2,152,623	2,011,924	3,810,629	3,734,534	2,730,429	2,983,273	3,785,511	3,496,971	3,422,827	3,152,886
(524,721)	(721,178)	(321,910)	(306,394)	(1,025,717)	(727,328)	(59,884)	(608,381)	(1,491,346)	(1,074,668)	283,768	648,721
(528,215)	(436,242)	(1,423,010)	(1,403,485)	(1,740,183)	(1,984,066)	(3,300,014)	(2,934,233)	(2,374,928)	(2,501,021)	(3,819,538)	(3,730,027)
(118,667)	(111,715)	407,703	302,045	1,044,729	1,023,140	(629,469)	(559,341)	(80,763)	(78,718)	(112,944)	71,580
8	6	18	20	65	76	35	31	-5	-9	-5	-2
9	(3)	109	72	108	108	-36	-35	4	6	-22	-39
2,170	1,790	2,692	2,248	3,917	4,208	5,392	5,557	5,058	4,333	4,829	4,265
						26	27	26	27	21	18
17.53	19.39	33.27	30.53	51.20	48.79	36.36	34.59	37.94	36.80	51.75	41.64
0.98	1.71	1.76	2.96	3.43	4.00	2.86	3.38	2.28	2.94	0.96	1.10
0.22	0.11	0.17	0.07	0.09	0.04	0.04	0.04	0.08	0.06	0.37	0.38
6.70	22.41	27.37	56.28	47.97	74.24	25.22	64.77	33.83	40.14	33.83	40.14
11	8	9	6	8	7	10	8	13	10	28	27
7	6	73	74	53	53	120	122	103	101	103	161
4.10	4.86	8.18	8.15	17.01	16.87	11.63	11.49	11.60	11.82	11.60	7.47
4.98	4.13	6.98	7.00	5.49	5.53	6.50	6.48	7.65	7.50	7.65	11.88
0.30	0.30	6.00	6.00	9.00	9.00	14.00	14.00	12.00	12.00	12.00	12.00
13.67	16.20	1.36	1.36	1.89	1.87	0.83	0.82	0.97	0.99	0.97	0.62
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	18,033,476	18,033,476
22.62	24.73	24.90	26.97	34.92	35.08	31.99	32.23	31.47	32.01	18.43	17.21

INVESTOR INFORMATION

1 STOCK EXCHANGE LISTING

The issued shares of Watawala Plantations PLC are listed with the Colombo Stock Exchange (CSE) in Sri Lanka.

	Group	
As at 31 March	2025	2024
Total numbers of shareholders	19,092	18,328
Total numbers of shares	1,016,543,166	203,308,634

2 DISTRIBUTION OF SHAREHOLDING

Distribution of shareholding as at 31 March 2025.

Number of shareholders	Holdings	Total Holdings %
4,694	1-1,000 shares	24.60
11,070	1,001-10,000 shares	57.98
3,120	10,001-100,000 shares	16.34
185	100,001-1,000,000 shares	0.97
21	1,000,001 & Over	0.11
19,092	**Total**	**100.00**

	As at 31 March 2025				As at 31 March 2024			
	Shareholders		Holdings		Shareholders		Holdings	
As at 31 March	Number	%	Number	%	Number	%	Number	%
Residents	19,042	99.74	1,007,468,160	99.11	18,285	99.77	201,453,102	99.09
Non-residents	50	0.26	9,075,006	0.89	43	0.23	1,857,453	0.91
Total	19,092	100.00	1,016,543,166	100.00	18,328	100.00	203,310,555	100.00
Individuals	18,837	98.66	182,584,635	17.96	18,069	98.59	36,295,584	17.85
Institutions	255	1.34	833,958,531	82.04	259	1.41	167,014,971	82.15
	19,092	100.00	1,016,543,166	100.00	18,328	100.00	203,310,555	100.00

INVESTOR INFORMATION

2.3 Directors' shareholding

The number of shares held by the Board of Directors are as follows:

As at 31 March	2025	2024
M R Mihular (Chairman) (Appointed w.e.f. 29 May 2024)	Nil	Nil
S G Sathasivam	Nil	Nil
V Govindasamy	Nil	Nil
M S Mawzoon	Nil	Nil
H D Abeywickrama	Nil	Nil
M R Rao	Nil	Nil
D A Cabral	Nil	N/A
A Herath (Appointed w.e.f. 12 December 2023)	Nil	Nil
M T Siddique (Appointed w.e.f. 12 December 2023)	Nil	Nil
S G Wijesinha (Chairman) (Resigned w.e.f. 29 May 2024)	N/A	1
A R Rasiah (Resigned w.e.f. 29 May 2024)	N/A	10,000
N B Weerasekera (Resigned w.e.f. 18 November 2023)	N/A	N/A
C L Loo (Alternate: M T Siddique) (Resigned w.e.f. 5 December 2023)	N/A	N/A

2.4 Chief Executive Officers' shareholding

As at 31 March	2025	2024
B N Pananwala (Resigned w.e.f. 30 September 2023)	–	Nil

Mr Shyam Govind Sathasivam, who was a Non-Executive Director of the Company has been appointed as an Executive Director of the Company with effect from 27 May 2025 and will be Acting Chief Executive Officer of the Company with effect from 27 May 2025.

3 PUBLIC SHAREHOLDINGS

	Requirement by CSE	As at 31 March 2025	Comply with CSE Rule 7.13.1 (a)	Requirement by CSE	As at 31 March 2024	Comply with CSE Rule 7.13.1 (a)
Option	4	4	Yes	4	4	Yes
Float adjusted market capitalisation	Above Rs. 2.5 Bn.	Rs. 6.59 Bn.	Yes	Above Rs. 2.5 Bn.	Rs. 4.18 Bn.	Yes
The percentage of shares held by the public	10%	23.17%	Yes	10%	23.16%	Yes
Number of shareholders representing public holding	500	19,091	Yes	500	18,325	Yes

INVESTOR INFORMATION

4 SHARE TRADING INFORMATION

	2024/25	2023/24
Highest price (Rs.) Note 01	160.0	94.50
Lowest price (Rs.)	28.0	72.00
As at 31 March (Rs.) (Last trade – 31.03.2025)	28.0	88.70
Number of transactions	16,326	24,084
Number of shares traded	22,176,473	16,263,833
Value of shares traded (Rs.)	1,408,079,241	1,254,906,747

Note 01

Watawala Plantations PLC has subdivided the ordinary shares of the Company, amounting to two hundred three million, three hundred eight thousand, six hundred thirty-four (203,308,634) ("Pre-Subdivision Shares") into One billion, sixteen million, five hundred forty-three thousand, one hundred sixty-six (1,016,543,166) ordinary shares ("Post-Subdivision Shares") on the basis of one (01) pre-subdivision share held by each shareholder into five (5) ordinary shares.

5 INVESTOR RATIOS AND OTHER INFORMATION AS AT 31 MARCH

	2025	2024
Earnings per share (Rs.) Note 02	1.82	2.32
Dividend per share (LKR Note 02	4.40	2.40
Dividend pay out (%)	242	103
Net asset per share (LKR)	3.51	6.09
Number of shares as at 31 March	1,016,543,166	1,016,543,166
Market capitalisation (LKR)	28,463,208,620	18,033,475,747

Note 02

The weighted average number of ordinary shares outstanding during the year has been determined in accordance with the relevant accounting standards, incorporating the effect of the 5-for-1 share split that took place on 3 March 2025.

For the purposes of calculating Earnings Per Share (EPS) and Dividends Per Share (DPS), the number of shares has been retrospectively adjusted to reflect the share split. This approach ensures consistency and comparability of per-share metrics across all reporting periods.

6 DIVIDEND PAYMENTS

2023/24 – Final dividend – Rs. 1.40 per share was paid on 5 July 2024

2024/25 – Interim dividend – Rs. 1.60 per share was paid on 27 November 2024

2024/25 – Second interim dividend – Rs. 1.40 per share was paid on 28 March 2025

INVESTOR INFORMATION

7 TWENTY (20) LARGEST SHAREHOLDERS AS AT 31 MARCH (VOTING SHARES)

Names	31 March 2025 Number of shares held (Note 03)	% of the holding
Sunshine Wilmar (Private) Limited	781,035,215	76.83
Est. of Lat Kangasu Chelvadurai Vignarajah	11,927,060	1.17
Sri Lanka Insurance Corporation Ltd. – Life Fund	11,091,475	1.09
Vyjayanthi & Company Limited	5,058,370	0.50
Mr Talib Tawfiq Talib Al-Nakib (Deceased)	3,500,000	0.34
Mr Jayampathi Divale Bandaranayake, Miss N B Bandaranayake	3,266,475	0.32
Mr Jayampathi Divale Bandaranayake, Miss I Bandaranayake	3,263,780	0.32
Mrs Nandini Muljie	2,796,770	0.28
Deutsche Bank Ag Singapore A/C 2 (Dcs Clt Acc For Deutsche Bank Ag Singapore – Pwm Wm Client)	2,467,400	0.24
Mr Subramaniam Vasudevan	2,251,130	0.22
Ranavav Holdings (Pvt) Ltd.	2,000,000	0.20
Mr Sugath Weeraratne	1,875,000	0.18
Mr Hanif Yusoof	1,865,503	0.18
Mr Mohamed Imtizam Abdul Hameed	1,770,425	0.17
Malship Ceylon Ltd.	1,684,555	0.17
Assetline Finance Limited/J.A.S.Priyantha	1,675,000	0.16
J B Cocoshell (Pvt) Ltd.	1,609,516	0.16
Mr Mohamed Macky Hashim	1,590,000	0.16
Perera and Sons Bakers (Pvt) Limited	1,250,000	0.12
Union Investments Private Ltd.	1,104,405	0.11
Sub total	843,082,079	82.94
Other shareholders	173,461,087	17.06
Grand total	1,016,543,166	100.00

GLOSSARY

Accounting policies
The specific principles, bases, conventions, rules, and practices adopted by an enterprise in preparing and presenting financial statements.

WATA
CSE identification code for the Company

ACCRUAL BASIS
Recording revenues and expenses in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period

GSA
The Gross Sales Average. This is the average sales price obtained (over a period of time, for a kilo of produce) before any deductions such as Brokerage, etc.

NSA
The Net Sales Average. This is the average sale price obtained (over a period of time) after deducting Brokerage fees, etc.

COP
The Cost of Productions. This generally refers to the cost of producing per kilo of produce (Tea/Rubber/Palm Oil)

CPO
Crude Palm Oil

AMORTISATION
The systematic allocation of the depreciable amount of an intangible asset over its useful life

EBITDA
Earnings 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
Borrowings 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), Seiketso (Standardisation), Shitsuke (Sustenance)

YOY
Year on Year

FFB
Fresh Fruit Bunches (Palm oil)

ROCE
Return on Capital Employed

CAPEX
Capital Expenditure

NED
Non-Executive Director

INED
Independent, Non-Executive Director

RPTRC
Related Party Transactions and Review Committee

NRC
Nominations and Remuneration Committee

AC
Audit Committee

RSPO
Roundtable on Sustainable Palm Oil

KMP
Key Management Personnel

TOR
Term of Reference

NOTICE OF MEETING

Notice is hereby given that the Thirty Second (32nd) Annual General Meeting ("AGM") of Watawala Plantations PLC (the "Company") will be held online via a virtual platform on Friday, the 27 June 2025 at 10.15am 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 31 March 2025 and the report of the auditors thereon.
2. To declare a final cash dividend of Rs. 1.30 per share as recommended by the Board of Directors.
3. To propose the following resolutions as ordinary resolutions for the re-appointment of Mr M R Rao as a Director in terms of Section 211 (1) of the Companies Act No. 07 of 2007, and to consider his appointment as an Independent Director in terms of Rule 9.8.3 (ix) of the Listing Rules of the Colombo Stock Exchange, notwithstanding the fact that he is over 70 years of age.

3 (a) Re-appointment in terms of Section 211 (1) of the Act

To propose the following resolution as an ordinary resolution for re-appointing Mr M R Rao as a Director in terms of Section 211 (1) of the Companies Act No. 07 of 2007:

"Ordinary Resolution

IT IS HEREBY RESOLVED THAT the age limit referred to in Section 210 of the Companies Act No. 07 of 2007 shall not apply to Mr M R Rao who has attained the age of seventy three (73) years and that he be appointed as a Director of the Company."

3 (b) Appointing as an Independent Director in terms of Rule 9.8.3 (ix) of the Listing Rules

WHEREAS, in accordance with Rule 9.8.3 (ix) of the Listing Rules, the Nominations and Governance Committee of the Company has evaluated and recommended the appointment of Mr Rao, who is aged 73 years, as an Independent Director to the Board, considering the justification and rationale supporting the opinion that Mr Rao is independent notwithstanding his age;

AND WHEREAS, the Board of Directors, having duly considered the recommendation of the Nominations and Governance Committee, and being satisfied with the justification and rationale provided, has resolved to approve the appointment of Mr Rao as an Independent Director, in accordance with the said Rule 9.8.3 (ix) of the Listing Rules;

Accordingly, IT IS HEREBY RESOLVED THAT the appointment of Mr M R Rao who has attained the age of 73 years, as an Independent Director be and is hereby approved in accordance with Rule 9.8.3 (ix) of the Listing Rules of the Colombo Stock Exchange.

4. To re-elect Mr V Govindasamy, Director of the Company, who retires by rotation in terms of article 30 of the articles of association of the Company.
5. To re-elect Mr M S Mawzoon, Director of the Company, who retires by rotation in terms of article 30 of the articles of association of the Company
6. To re-appoint Messrs 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 31 March 2026 and to authorise the Directors to determine their remuneration therefor.
7. To authorise the Directors to determine the contributions to charities.

By order of the Board

Corporate Services (Private) Limited
Secretaries

3 June 2025
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 thanuja.wickramathilaka@sunshineholdings.lk or coroprateservices@coroprateservices.lk not less than 48 hours before the time appointed for the holding of the meeting.

NOTICE OF MEETING

Meeting guidelines

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 thanuja.wickramathilaka@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 thanuja.wickramathilaka@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 **Ms Thanuja Wickramathilaka** of Watawala Plantations PLC on +94 76 342 2798 during office hours.

FORM OF PROXY

*I/We ....

of ....
being a shareholder/shareholders of WATAWALA PLANTATIONS PLC do hereby appoint

1. Mr M R Mihular	or failing him,
2. Mr V Govindasamy	or failing him,
3. Mr S G Sathasivam	or failing him,
4. Mr H D Abeywickrama	or failing him,
5. Mr M R Rao	or failing him,
6. Mr M S Mawzoon	or failing him,
7. Mr A Herath	or failing him
8. Mr M T Siddique	or failing him,
9. Mr D A Cabraal	

....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 Seventh (27th) day of June 2025 at 10.15am 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 31 March 2025 and the report of the auditors thereon.			
2. To declare a final cash dividend of Rs. 1.30 per share as recommended by the Board of Directors.			
3. (a) To appoint Mr M R Rao as a Director who has attained the age of seventy-three (73) years.			
(b) To consider the appointment of Mr M R Rao, who has attained the age of 73 years, as an Independent Director			
4. To re-elect Mr V Govindasamy as a Director who retires by rotation in terms of article 30 of the articles of association of the Company.			
5. To re-elect Mr M S Mawzoon as a Director who retires by rotation in terms of article 30 of the articles of association of the Company.			
6. 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 31 March 2026 and to authorise the Directors to determine their remuneration therefor.			
7. To authorise the Directors to determine the contributions to charities.			

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

....
*Signature/s

Note: Please delete the inappropriate words.

Instructions as to completion

1. Kindly complete the form of proxy after filling in legibly your full name and address and sign in the space provided. Please fill in the date of signature.
2. A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy who need not be a shareholder, to attend and vote instead of him.
3. In the case of a corporation, the form must be completed under its common seal, which should be affixed and attested in the manner prescribed by the articles of association.
4. If the form of proxy is signed by an Attorney, the relevant Power of Attorney should also accompany to the completed form of proxy, in the manner prescribed by the articles of association.
5. The completed form of proxy should be deposited at the registered office of the Company, No. 60, Dharmapala Mawatha, Colombo 03 or e-mailed to thanuja.wickramathilaka@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
M R Mihular (Chairman) (Appointed w.e.f. 29 May 2024)
S G Sathasivam
V Govindasamy
M S Mawzoon
H D Abeywickrama
M R Rao
A D Cabraal
A Herath
M T Siddique
S G Wijesinha (Resigned w.e.f. 29 May 2024)
A R Rasiah (Resigned w.e.f. 29 May 2024)

Acting Chief Executive Officer
Mr Shyam Govind Sathasivam, who was a Non-Executive Director of the Company will be Acting Chief Executive Officer of the Company with effect from 27 May 2025.

Secretaries and 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
State Bank of India
DFCC Bank PLC
National Development Bank PLC
People's Bank

Lawyers
FJ & G De Saram (Attorneys-at-Law)
No. 216, De Saram Place, Colombo 10

Nithya Partners (Attorneys-at-Law)
97/A, Galle Road, Colombo 03

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No. 60, Dharmapala Mawatha,
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Web: www.watawalaplantations.lk

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